

I. Introduction

"Business has only two basic functions – Marketing and Innovation", Peter F. Drucker stated (Nov 1909 - Nov 2005). Most marketing plan, most likely, is attacked by economist in terms of validity. Without any support, marketing plan is subjected to boasting own ideas at risk of company budget, it is therefore not convincing at all. That's why we included enormous statistics, data & facts in this report to demonstrate the feasibility of our plan.

In this case, we got an innovative business – Youth Club, which is merely the first mover in this mixed-entertainment industry. So we got the Innovation part, but what about Marketing?

Perhaps most marketing newcomer & managing director will ask the same question: Does it really worthwhile to spend million, or even billion of dollars in advertising / marketing?

We have conducted statistics analysis – linear regression model & correlation (*Refer to appendix 1.1 & 1.2*) and figure out a close relationship between advertising / marketing expenses and net profit. Both examined entertainment-type listed firm produced satisfactory result, $r_{(a)} = 0.724$ & $r_{(b)} = 0.936$ indicates a very strong positive linear relationship between net profit and advertising / marketing expenses for Firm A & Firm B respectively. In other words, \$1 of selling expenses can produce ~\$0.784 & ~\$1.356 of net profit for Firm A & Firm B respectively. The prove make spending on advertising / marketing worthwhile and enhance the convincing power of our plan.

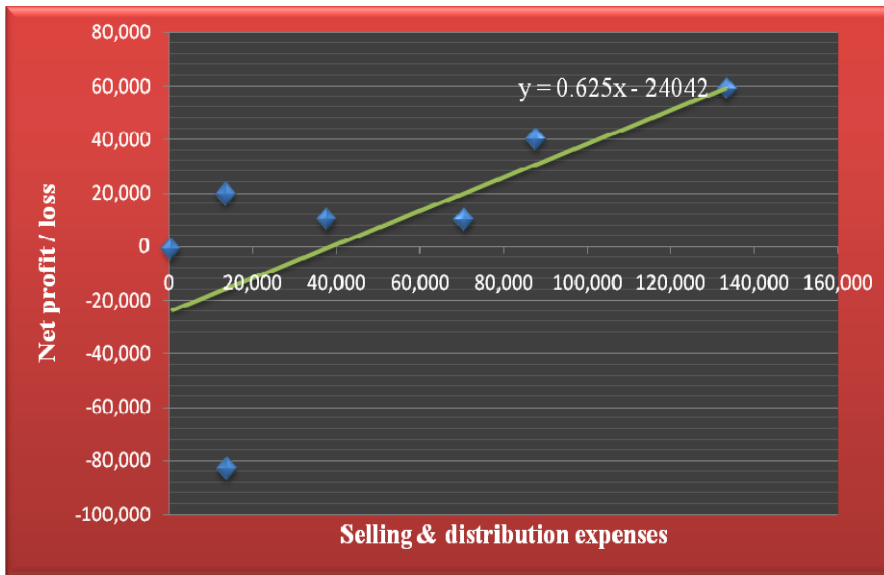


Figure 1.1
Linear regression model analysis on net profit and selling & distribution expenses of Rojam Entertainment Holdings Limited (8075.HK)

$r^2_{(A)} = 0.525$ implies about 52% of the sample variability in net profit is explained by its linear dependence on marketing expenditure.

Net profit = c+0.784 Selling expenses, \$1 selling expenses can produce ~\$0.784 net profit

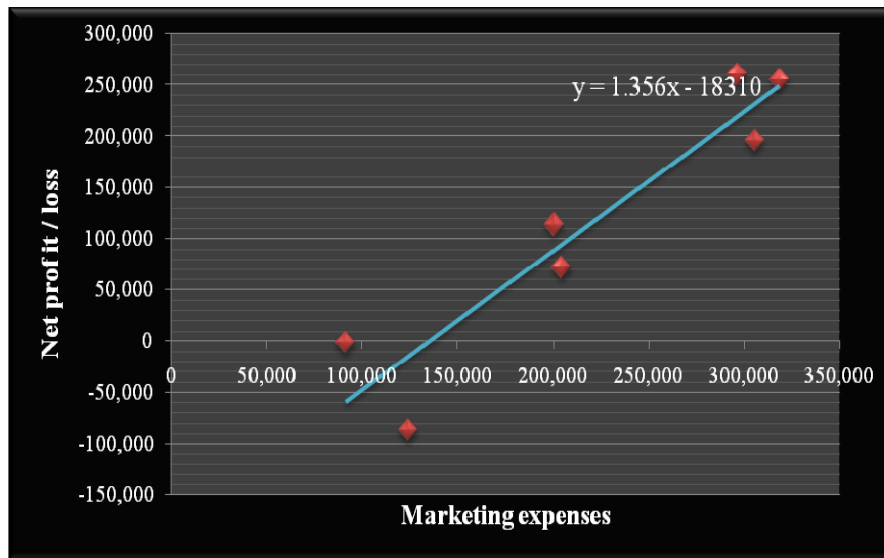


Figure 1.2
Linear regression model analysis on net profit and marketing expenses of Playmates Holdings Limited (635.HK)

$r^2_{(B)} = 0.876$ implies about 88% of the sample variability in net profit is explained by its linear dependence on marketing expenditure.

Net profit = c+ 1.356 Selling expenses, \$1 selling expenses can produce ~\$1.356 net profit

II. Communication Market Analysis

Competitive Analysis

Youth Club is a groundbreaking entertainment business in Hong Kong, which may only have indirect rival. Nevertheless, we can regard some similar entertainment industries as its competitors. Karaoke Box, Disco, Café, Community Youth Centre...etc can all be classified as its competitors, though neither of them is direct competitors. A brief understanding can be obtained from the diagram below:

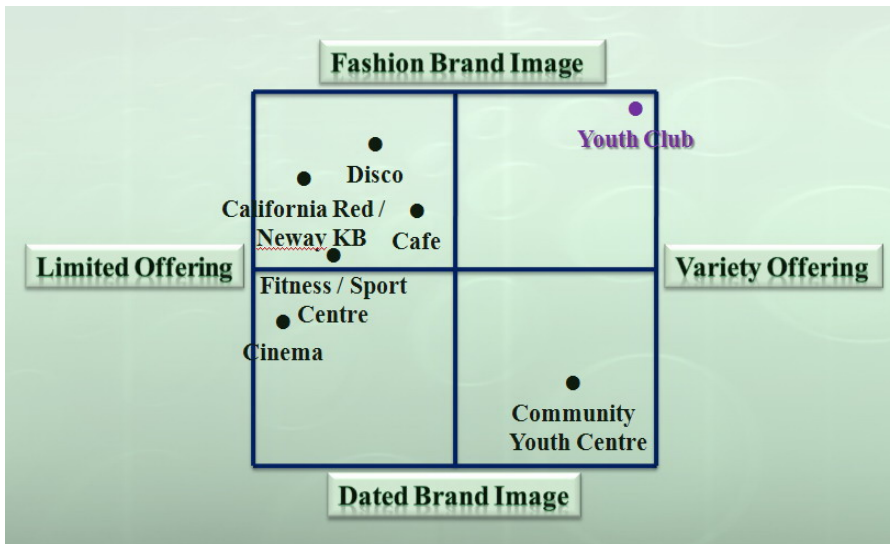


Figure 2.1
Competitive Analysis –
Youth Club positioning compare
to other competitors

Here, we choose to analyze Karaoke Box and Community Youth Centre since we think their target customers are likely to overlap with Youth Club, thus more appropriate. Now we are going to analysis their marketing strategies one by one, especially in the areas of advertising and other promotional mix.

Karaoke Box: California Red & Newway are the two major players, they offered tremendous innovative marketing campaigns which aims to renovate the business, such as K-Buffer, K-Lunch, (Refer to appendix 2.1) and differentiate the high-end user segment by Newway CEO, Redbox. However, compare to Youth Club, it' service offering is still very limited, which at most just karaoke, refreshment and games. Sometimes it can offer film & football match watching, but usually need to sacrifice others entertainment.

In the part of advertising and communication, they heavily spend on celebrities to promote their new marketing campaign or features such as multi-voice channel, new song...etc (Refer to

<http://www.youtube.com/watch?v=DFf4mNuwrxM> <http://www.youtube.com/watch?v=3gs3OfPQdls>

<http://www.youtube.com/watch?v=1Ou9exiGmOM>) No matter for TV Commercial, poster, PR events or even sales promotion, significant focus is put on the celebrities. (Refer to appendix 2.1 & 2.2) They believe celebrities arouse attention, and sales automatic follows.

But it is by no means of flourishing market, both Neway & California Red notice that HK market may not have enough potential to further develop, so they try to open up the market in Southeast Asia, especially in Mainland & Malaysia. Dr. Suek Chai Kit also states in his PhD paper that karaoke is a fashion industry which is every changing. (*Refer to Appendix 2.4*) According to the publications of HK Trade Development Council, (*Refer to Appendix 2.5*) HK Karaoke Box industry is facing challenge from regulations of anti-smoking too, the sales is expected to decrease in coming years, structural change is unavoidable.

Community Youth Centre: As community youth centre is normally not profit- oriented organization, their budget and effort in marketing communications is relatively low. They mainly rely on internet website to release information and communicate with its customers, poster and leaflet are also used yet limited to geographical boundaries. (*Refer to appendix 2.3*) The performance varies from one to one, those relatively large scale organizations like YMCA, Caritas tends to attract more customers, the root problem is its' non-profit making characteristics. Not only the marketing communication budget, it also got limited capacity and spaces, and is not as trendy as youngster demands.

Opportunity Analysis

Nowadays, people like talking about collective memories, karaoke box is also one of them. Without doubt, karaoke box grows up with many youngsters. Our venture, Youth Club, is planning to go into this market.

Karaoke box is a fashion industry, as quoted from the founder of Neway Karaoke box. Special characteristic exists – trendiness. To study this market deeply, let look back to the early 90's. The first karaoke box in HK was launched in 1991, which was called Big Echo (Closed). (*Refer to appendix 2.6*) Through getting the first mover advantages, Big Echo have a good fortune at that time and set the trend of karaoke. Numbers of

new entrants entered, including Nicam(Closed), California Red, Top-One(Closed), Neway, and V-mix(Closed). At the peak, this market has the sales turnover beyond 14 to 15 billion annually. As time flies, the market follow the business cycle, becomes mature and starts declining, which cause some players to expel. (*Refer to appendix 2.7*) Today the karaoke market in HK, shared by Neway and California Red, is highly saturated and the competition is keen, of course, new entrants seem unbelievable.

In addition to marketing factors, some uncontrollable incidents occurred in recent 10 years speed up the decline of karaoke box. For instances, Asia economic crisis in 1997, Dot-com bubble burst in 2000, SARS outbreak in 2003 and the latest Anti-Smoke ordinance in restaurants. Up to now, only 2 firms can still survive, California Red and Neway. Although the market is declining from annual turnover 14 billion to 10 billion right now, it does not mean our teenagers consume less. A survey conducted by HKU revealed that on average, teenagers will consume \$2400 per month and some of them even will spend \$3600. (*Refer to appendix 2.8*) Another survey conducted by the HK Statistic and Census Department, (*Refer to appendix 2.9*) disclosing that HK has almost 908,600, a great proportion of people who are aged in between 15-24. Our own survey, (*Refer to appendix 2.11*) also shows teenagers demand new amusements and curious things.

All of the above statistics turn out two points which result in our product's opportunity. These two facts are: Teenagers market is not shrinking, but karaoke market is; and the ineffective marketing communication. To explain the first statement, we could refer to the survey about the consumption habit of youngster. In recent years, we observed that the trend of youth spending has diverted from mainly going to karaoke box to participating in different kinds of entertainment, such as TV games like X-box, NDS, Play-Station 3 and Play-Station Portable, sports like dancing, and other amusements like cafes, bistros. The attraction of

karaoke have declined and is no longer the only choice to amuse, other ideas like health consciousness, self-expression and freedom chasing are springing up.

Secondly, too commonly used advertising campaigns make promotion dollars worthless. Generally speaking, both California Red and Neway use similar strategies to approach to their target market, including the use of celebrities in advertisements, discounts, exclusive rights on playing songs, and K-buffet. However, these promotion campaigns are no longer effective and become ad-clutter, which means the advertising impact is low. These two areas are unfilled or underserved right now, they are absolutely our competitive advantages.

At first, Youth Club provides a significantly new experience to teenagers. We position ourselves as a diversified amusement park. Many entertainments will be served, like Karaoke, dancing, climbing, café, TV games and computers with internet connection. All of these are in parallel with our motto, which is “Choosing what you want at once”

To make noise and get our target’s attention and retention, our promotions must need to smash up the ad-clutter. In our focus group, we have discussed the karaoke advertisements, and participants commented that these are not attractive to them as they are all in similar format and content. In contrast, they would like to see some comedy and creative advertisements. Moreover, in the age of Web 2.0, using internet to advertise is inevitable and is a good way to approach to our customers & make noise in the community. Apart from this, we also observe the trend of climbing up street culture. For instance, hip-hop dancing, Lolita performance and capture life incident on video. These are what young people will do and thus, we have designed extraordinary functions to suit this market. In the following, we will illustrate how we use these competitive advantages to design our advertisements and promotional campaigns.

Target Market Analysis

No business can serve every need of every customer, that's why we need to define our target market. Our target market are classify into two segments, both are in the age group of 18-35. They tend to have large exposure to internet, at 25 Dec 2006, Time magazine posted "You" as Time's Person of the Year, (*Refer to appendix 2.10*) the power of the internet is undoubtedly strong in 21st century, we should not neglect it when we want to promote our product, more details will be given in the later part of this report.

The first segment is the innovators/early adopters which prefer to try something new, they are get used to the traditional entertainment. Rather than focus on one area, they like to choose multi-entertainment at the same time. We have conducted a survey, (*Refer to appendix 2.11*) and we found out that about 60% of the interviewees do not have a specific target when they want to hang out, over 71% of the respondents said they are willing to try something new apart from old day entertainments. These figures show that pure karaoke/filming/others traditional entertainment can no longer fulfill their needs and wants. And if we can provide a mixed entertainment at once, it is absolutely a better choice for them to have fun. 38% of the interviewees are willing to pay 11-20% additional fee, and 25% of them even accept 21-40%, with the demographic statistics we collected, we can conclude that it is really feasible with attractive profit margin.

Another segment is the fanatic/performers, this is referred as those hip-pop dancers, break dance, bands, singers...etc. We have launched a small scale focus group on few fanatic/performers and we found out that generally they found difficulties in finding venue with affordable fee to practice or to perform their arts.

Even sometimes Leisure and Cultural Services Department, community youth centre can provide venues at low prices, the equipment are very limited. Two members of a band said they are willing to try Youth Club

and visit frequently provided the fee is not excessively higher than traditional entertainment. (e.g.: Karaoke)

Talking about the media exposure, they are more or less the same as other teenagers, which in tough with internet, TV and radio the most.

Positioning Analysis

In this case, the virtual firm “Youth Club” is just started in December 2006, brand awareness is supposed to be low. It is therefore not suitable and feasible to predict the perception created in consumer minds regarding its positioning. Nevertheless, we will suggest appropriate positioning strategy in next part.

III. Positioning Strategy

Youth Club has positioned itself as a centre of chic culture. Positioning refers to the way the product is defined by consumers on important attributes, which involves implanting the brand’s unique benefits and differentiation in customers’ minds.

Adopting Blue Ocean Strategy in the positioning process is a trend for organization to step out from the fierce competition in its own industries. The "ocean" refers to the market or industry. "Blue oceans" are untapped and uncontested markets, which provide little or no competition for anyone who would dive in, since the markets are not crowded. This idea is to do something different from everyone else, producing something that no one has yet seen, thereby creating a "blue ocean". An essential concept is that the innovation in product, service, or delivery must raise and create value for the market, while simultaneously reducing or eliminating features or services that are less valued by the current or future market.

As indicated by our motto, “Choosing what you want at once”. Youth Club has captured and integrated various essential parts of different industries to enlarge the existing market boundary for the saturating

karaoke industry. In order to position Youth Club at a unique place in customers' mind, it provides much more entertainment and leisure activities with a slightly higher price. This is also match with our survey, in which most of the interviewees are willing to pay 11 to 20 % additional fee for having the choice to shift between two kinds or more of entertainment in one visit. In addition, the major targets for entertainment are karaoke, filming and café in this survey. In the meanwhile, most of the interviewee has the intentions to try something new apart from traditional entertainment. Thus it would be the differentiation that Youth Club to set itself apart from competitors. Beyond karaoke, activities such as sports, band show, dance competition, party etc. can be enjoyed simultaneously within Youth Club, which can offer a bundle of benefits that are valued to its target segment. Beyond the ordinary target customers of karaoke industry, these amenities can also attract other sources of customers such as band fever and diversified party animals.

IV. Objectives

Brand Awareness

Creating brand awareness is one of key steps in promoting a product. As a newly launched youth entertainment firm, creating brand awareness is especially important for customer to identify Youth Club among the competitors in youth entertainment field.

Our target is to make over 70% of our target customers be able to identify the brand name & logo of Youth Club and 50% be able to recall uniqueness of our service provided. Our uniqueness is "Choosing what you want at once", by providing a central, interactive, trendy and health venue for young people.

Peer influence is influential in consumer decision making process. Building customers' trust on the brand is therefore necessary for customers to recommend to their peers. This trust would be achieved through

credibility in the promotion activities.

To increase brand awareness, 3 major methods would be adopted: broadcasting TVC, posting flat advertisement in MTR and uploading performance events in YouTube, details will be given in later parts.

Differentiation

Differentiation is critical for every new firm to compete in the market, consumers got inertia and it is not likely for them to patronize a new firm if there is no significant difference with the old one. In order to beat competitor and make success, the product should have uniqueness when compare to competitors. Youth Club offering whole range of entertainment with trendy decoration and design, the special lighting effect also create a comfortable environment when compare to competitors in the market.

It is undoubtedly got the uniqueness physically, but it would need to communicate to the market that it is different from others. We shall not presume that consumers know everything, rather, we should tell them via different channels in IMC. “Choosing what you want at once” is the key.

Induce trial

After all, if the consumers don't patronize, a business is still fail. The next step for Youth Club is to generate trial among young people. Before it can attract a long queue outside the gateway, the first thing is to let each consumer to try it out. When customers get good experience they will start to build up brand loyalty and recommend to others. To encourage trials, coupon of counterfoils, sweepstakes with attractive gift and discount can be used, more information will be given in the later part of the report.

Positive brand image

The brand image influences significantly when consumer make consumption decision, it's important to

clearly define it. The Youth Club image is defined as trendy, but it is easily mix up with the improper operated disco and bar, which is associated with triad and drug abuse. Therefore we got to establish a positive brand image to differentiate Youth Club from them. The brand name could be promoted through ads on TVC, and it could associate its image through sponsoring sport events and music concerts...etc

V. Advertising

TVC Storyboard



Ad design: Even we can spend million,

Part 1 - Dream: *Everyone's dream*

Shot 1: A young man dated with 4 pretty girls.

(Voice-over: 每個男人都想...)

Shot 2&3: A boy play happily with his video game console and got full mark in the exam.

(Voice-over: 每個細路都想...)

Shot 4: A dog having plentiful & variety meal.

(Voice-over: 連狗...都想)

Part 2 - Sad reality: *Everyone's reality*

Shot 5: Back to reality, a family watching the **Dream TVC** happily.

(Voice-over: 但係...)

(Background music: Sad music)

Shot 6: The husband was sad with his horrid wife.

Shot 7: The boy was annoying with his homework – multiple choice answer sheets.

Shot 8: The dog feel depressed with the tasteless pet food.

Part 3 - “Choosing what you want at once”

Shot 9: The “sad dog” screen become blurred and start speaking out the slogan.

(Voice-over: 點解做人做狗都無得揀, 黎 Youth Club 過百樣野比你揀, 你喺得出 o 既野都有得玩)

Shot 10: Repeat the brand

(Voice-over: Youth Club)

or billion in a TVC, recruiting famous celebrities to show up in the Ad, if it cannot arouse audience's attention, the money is wasted at all. That's why we choose an exaggeration style in our TVC. We want to emphasis our principal idea - “Choices”, that's why we have **Part 1 – Dream** to show the paradise of “Free to choose”. In contrast, for **Part 2 – Sad reality**, we demonstrate the hell of “No choices”, together with our

violinist to play the sad music “Meditation” the message delivering effect should be satisfactory. In **Part 3 - “Choosing what you want at once”**, we use voice-over to briefly describe the nature of Youth Club for the ease of audience’s understanding and at the end mention the brand name again for memorability.

In terms of Means- End Chain Theory, it is: 

Noted that there is no screen showing the service provided by Youth Club for 2 reasons, first, audience may not have great interest to know all about it in 30sec TVC, also, it can keep a mystical effect for consumers to search related information later on.

Appeal & Execution Framework: Humor, emotional & musical appeals are effective in both getting attention and keeping ads in customers’ mind as revealed by our survey. (*Refer to appendix 2.11*) That’s why we have used all these appeal in our TVC. Emotional appeal is mainly used in **Part 1 – Dream** & Humor appeal is mainly used in **Part 2 – Sad reality**, the musical appeal is used in **Part 2** to further strengthen the humor effect and attract attention. Slice of life is used, such as the boy doing homework, the young man dating girls...etc. Dramatization is used for the dog, such as the plentiful meal, beautiful clothes...etc. Informative presentation is showed at the end to clarify its business.

Message strategy: Unlike other commodity, people go to karaoke box mainly because of the emotional preference in the evoked set. That means when evaluating which karaoke box he/she wants to go, the person will follow his/her emotional ranking rather than rational. To build up a person’s preference and our brand awareness, we decided to use affective strategy. Our ad wants to stir up the sense of weakness when facing no freedom and choices on amusement and thereby, emphasizing our product benefit - “Choosing what you want at once”. Apart from the content of the voice-over, we perform a household song – Méditation to

strengthen the effect, (Jules Massenet, opera “Thais”). This music is well-known and commonly used in tragedy, which in turns makes a better retention in the consumer’s mind.

Target audience, media selection

As our first objective is to get brand awareness, we would select various media to ensure the effects of the campaign can achieve our objective. Our target audience is the youth in HK who aged 18 - 35 who like enjoyment, music, party and any trendy matter. By considering some variables like reach, usage and frequency and cost, we have decided to adopt the following vehicles to approach our target audiences. These include TVC, Radio ad, Print ad on MTR and magazine and Internet. We would not choose printed newspapers as the cost is too high with comparable lower reach, because fewer and fewer young people read printed newspaper traditionally. Here is our media mix.

TVC: Even it is the fact that there is fewer TV audience nowadays, but it is still a significant vehicle which has great impact in the society. According to a survey conducted by Breakthrough Ltd., (*Refer to appendix 5.1*) over 52% of teenagers spend 1-2 hours to watch TV every day, and some of them even spend 3-4 hours.

For the channel selection, TVB is the most appropriate choices, the total coverage of TVB in HK, on average, has over 1,968,000 people watching its program at the golden time on every weekday as quoted by TVB. (*Refer to appendix 5.2*) The ad will be placed between 20:00 to 2200; and 24:00 to 02:00 as most teenagers nowadays prefer sleep late & watch TV at night. (*Refer to appendix 5.3*) Although the cost may be high, it can provide a good mass-market coverage with low cost per exposure.

Radio: The trend of listening radio has not decreased, at least in the teenagers’ mind. According to the breakthrough’s survey, over 75% teenagers will listen to the radio for 1-3 hours per day, especially at night.

Moreover, through this survey we found that CRHK radio 2 holds the greatest number of audience with over 55%, in another survey made by the broadcasting authority of HK, also shows that almost 20% of people will listen, (Refer to appendix 5.4) therefore, we planned to put our ad on there.

Printed Advertisement

To expose more, appropriate magazines with the readership of teenagers should be chosen. According to the survey conducted by Breakthrough Ltd., young people like to read magazine regularly, with above 30% of youth magazine like Milk and Monday and over 33% of entertainment magazine like TVB weekly respectively, and therefore, we put them into our media mix.

MTR: According to our primary survey data, (*Refer to appendix 2.11*) more than half of interviewees think that MTR is the best tools to place ad in terms of attractiveness when comparing with other transportation in HK. In order to have a tremendous effect, we plan to divide our advertising content of MTR into two phases. The first phase is the outburst phase. We decide to put our ad at Mong Kok Station, with formats include putting several pillars at platform and wall level and half Track 12-sheet advertising with PSD in front of the 12-sheets and bunting at platform level OR 2 x bulkhead at the same platform level. Although the cost is quite high, the noise can be made accordingly.

Putting ad at Mong Kok provide the highest reach to approach our customers, as it has the greatest weekly average passenger flow with about 851,000 passengers, according to the statistic of JCDecaux Pearl & Dean. (*Refer to appendix 5.5*) For the second phase, we plan to use the student package offered by the MTR. This package aims at targeting the student and teenagers by covering 14 stations in various school districts such as Kowloon Tong, North Point. This second phase is used as a supplementary to reinforce our target market.

Internet: According to the media guide 2006, internet is the only media vehicle with double digit growth, with surprisingly 64% growth. (*Refer to appendix 5.6*) On the same survey, it shows that internet can reach more people than any HK magazines. (*Refer to appendix 5.6*) Referring to the statistic of Synovate ltd. HK, (*Refer to appendix 5.7*) more and more firm use online advertising nowadays.

Furthermore, people in HK, especially for the youngsters, spend more time on internet than before.

According to the Statistic and Census Department, there are 3.1 million of accounts nowadays (*Refer to appendix 5.8*). Another statistic conducted by Venous Schler Stevenson Commercial Industry forecast 2006, found that people prefer spending on internet rather than everything (*Refer to appendix 5.9*). Focusing on teenagers, they also prefer to spend their time on the internet, according to a recent survey, 60 % teenagers spend 6 to 10 hours a day on internet during summer holidays. (*Refer to appendix 5.10*)

Online advertising therefore is an essential in today world, particularly in the teen's market.

According to the result of our survey, over 34% and 42% of young people visit forum and use MSN frequently, which further indicate internet advertising effectiveness. To increase the reach of the ads to young people, we decide to advertise on the following websites, they are Uwants.com, Yahoo! and atnext.com respectively. According to the Web Information Company, Alexa.com, it shows that Yahoo!, Uwants.com and atnext.com are ranked in the top 10 most popular websites in terms of traffic. (*Refer to appendix 5.11*) Another reason for choosing Yahoo! is because it provides a comprehensive support to advertisers. Rather than banners and skyscrapers, Yahoo! provides lots of way for firms to advertise, such as search marketing function. When people search some key words on Yahoo!, such as "Karaoke", and "Places to go" etc, they can find the hyperlink of Youth Club easily on the top of the page.

Besides, there is a trend for online newspaper, referring to a survey by the CUHK, there are increasing 10% of people do not read printed newspapers but rather to read on web. (*Refer to appendix 5.12*) Referring to the popularity of HK websites, atnext.com ranks no.1 among all online Chinese News and Current Events portal, with over 1,542,790 unique users monthly, (*Refer to appendix 5.13*) which in turn prove that it has the highest reach to approach our target market. It also houses the city's top news daily, Apple Daily Online, Sudden Weekly, Top Weekly Magazines, Next magazines, Easy Finder and Eat & Travel Weekly. More importantly, it matches with our target market in which approximately 59% of its audiences are those who aged in between 15-30. (*Refer to appendix 5.13*)

Finally, compared to other markets, HK Internet users have the highest volume of visits to Net Communities & Chat (HK 16.6% compared to US 11.9% w/ending 7/7/07), according to the study conducted by Hitwise.com, a professional weblog analysis organization. (*Refer to appendix 5.14*)

There are lots of web communities in the internet, like discuss.com.hk and she.com. However, we choose to advertise on uwants.com is because it is a continuous growing web community. According to our survey and a statistic of webpage traffic counting firm, cnzz.com, it reveals that uwants.com has over 280,000,000 average page views per month. (*Refer to appendix 5.15*) Also, over 96% of visitors of uwants.com are aged fewer than 35, (*Refer to appendix 5.16*) lots of gimmicks are launching recently and we believed that it will become more and more popular.

VI. Public Relations (PR)

Steppingstone to Star

As indicated by its name, this event is to facilitate the talents to become famous star. We would refer the

talents to artiste management firm. Road show performance in crowded area like MongKok would be organized and it is also aimed to make noise in the public. To make noise, we should not neglect the internet power like YouTube, for details we can refer to the case of “Bus uncle”. For the performance, time is fixed and it could be in group or individual.

People can show off their talents just like band show, hip-pop, or having a drama show...etc. The winners will be selected according to the “Views” rate in YouTube, and can be refer to our client company or music publishing, multimedia production firm ...etc. At the same time, we can promote Youth Club’s performance zone too. The TVC can be broadcast in the event again so as to promote brand awareness & brand recall.

Net meeting

According to the Youth Opinion Polls, about 55.5% of young people always use MSN to chat with others.

(Refer to appendix 6.1) Our survey result also shows that 43% of the interviewed youngsters use MSN to chat with others everyday. It seems that net meeting is playing an important role nowadays and should not be omitted. Hence we suggest co-operating with Microsoft messenger in this way: when people login to messenger successfully, the tab/shortcut on left hand side will have a column showing Youth Club brand logo. MSN users within the same contact list can do online reservation by themselves and meet together in Youth Club at reserved time. The tab/shortcut can also enter to our website to check out event details.

Sponsorship

Sponsorship is a good way to promote positive brand image of Youth Club rather than just a place to hang-out. We can sponsor some famous band to organize a large scale party, annual performance festival and or sport events to increase its brand awareness. Actually when we look at HK, it is not difficult to find

out that these types of events can always be very successful. (*Refer to appendix 6.2 & 6.3*)

For performance festival, it can invite the famous band in the industry to hold a concert-liked event, during the events we can deliver some advertising specialties. They are useful articles imprinted with the brand name. This includes towels, pens, key rings...etc and can facilitate brand recall. For sport competition we suggest to sponsor the cycling competition since it seems to be a commonly-known activity with development potential as HK representatives can often win prizes in world-wide tournament.

VII. Sales Promotion

Sweepstakes

Sweepstakes attract consumers by giving them the chance to win something, provided the prize must be attractive enough to fascinate them to join. In recent years, electronic products have been prevailed over HK, for example, PSP, NDS and Wii. (*Refer to Appendix 7.1*) If we can use trendy electronic products (e.g.: iPhone, PS3) as the prize of sweepstakes, it can absolutely attract our target customers - teenagers.

Also, some malls will use sweepstakes to increase customer's shopping incentive and it could be a chance.

We can offer the prize to the malls, for example, the prize enables people free to consume in Youth club for whole week. Both brand awareness trial could be done in this case.

Discount

"YC" is abbreviated from Youth Club, we can offer discount for people whose abbreviation name consists of "Y" and "C". For example, a person named Yau Chung Wai, and his abbreviation name is YCW, so he can get the special discount, brand awareness can also be promoted in this way.

Cash Coupon

Cash Coupons can induce early trial of a new brand and is one of our sales promotion tools. We can offer cash coupon with Tom Lee Music and Adidas. As Youth Club has band rooms and sport centre, the customers of Tom Lee Music or Adidas are also our target. We can offer cash coupon if they can show the counterfoils of Tome Lee Music or Adidas. For mutual benefits, our customers can also have cash coupon in Tom Lee Music or Adidas if they show the counterfoils of Youth Club. Another special coupon to the Whampoa Garden and Kwai Fong residents can be used, this type of special coupon allow the residents to enjoy more attractive discount. By offering coupon, it is not only helped to create brand awareness when residents see the brand name on the coupon, but also stimulate their trial.

VIII. Scheduling

Our whole timeline is targeted to have concentrated advertising at the beginning to create brand awareness & noise, followed by inducing trial. The brief schedule for our IMC promotion campaigns are as follows, they are subject to change when necessary:

Promotion campaign	2007		2008									
	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct
TVC												
Ad on MTR												
Ad on Newspaper(online)												
Ad on Magazines/Radio												
Ad on internet/forum												
Net meeting(MSN)												
Steppingstone to Star												
Cash Coupon												
Sweepstakes												
Discount												

IX. Budgeting

We assume the total budget to be ~\$5,000,000 according to the major items outlined in the plan, they are not absolute number and are subject to change with regards to the scale of promotion required.

Budget Allocation of \$5,000,000						
Media selected	Ads details		Frequency	Period	Cost HKD	% of budget
	Format	Duration				
TVB	TV ads	30 sec	1 time/night	1 month, 20 times	1,040,000	
Radio 903	Sound ads	30 sec	3 times/night	1 month	\$378 000	
Milk			1 page/issue	2 months, 8 issues	*264,000	
New Monday			1 page/issue	2 months, 8 issues	*264,000	
TVB weekly	Full page		1 page/issue	2 months, 8 issues	264,000	
Uwants.com	Main page Banner w728 x h90	/	/	6 months	\$72 000	
Yahoo!	Word Searching	/	/	/	**\$20,000/20000 clicks	
MTR	Phase 1, power zones at Mong Kok			4 weeks	\$1,380,000	
	Phase 2, School package			2 weeks	\$168,000	
aTnext.com	Rectangle graphic ads				\$30000	
PR functions: -Steppingstone to Star - Net meeting - Sponsorship					***\$ 750000	15 % (estimate)
Sales Promotion: - Sweepstakes - Discount - Cash Coupon					***\$ 150000	3 % (estimate)
Total					\$ 5,000,000	

* As the rate card of the two magazines is not available, therefore we estimate that they are similar to the charge of TVB weekly.

** Due to the advertisement cost of yahoo word searching depends on how many clicks our hyperlink has per months. Assuming that there are 20000 clicks per months, and we buy the word "karaoke" with \$1 per click, so the cost is \$20000 per month.

*** Depends & unable to estimate right now.

X. Conclusion & evaluation

As mention in the introductory part of the report, advertising/net profit exist a tight relationship and proved to be true. The approximate budget mentioned above might seems large but it worth, especially for the brand in long term. Nevertheless, no matter for the TVC, PR campaigns or sales promotion, they need to be evaluate before execution and afterwards, sophisticated market research & focus group, are therefore critical.

When a business got both Marketing and Innovation, it will alive!

Appendix

Appendix 1.1 Linear regression model & correlation analysis on net profit & marketing expenditure of Rojam Entertainment Holdings Limited (8075.HK)

Dependent Variable: NET_PROFIT

Method: Least Squares

Date: 07/27/07 Time: 00:38

Sample: 2000 2006

Included observations: 7

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	-25486499	22696163	-1.122943	0.3125
SELL_DIS_EXP	0.784808	0.334178	2.348474	0.0657
R-squared	0.524504	Mean dependent var		14573571
Adjusted R-squared	0.429404	S.D. dependent var		52438194
S.E. of regression	39610645	Akaike info criterion		38.06205
Sum squared resid	7.85E+15	Schwarz criterion		38.04660
Log likelihood	-131.2172	F-statistic		5.515329
Durbin-Watson stat	2.354152	Prob(F-statistic)		0.065685

Net profit = c+ 0.784 Selling expenses

$r^2_{(A)} = 0.525$ implies about 52% of the sample variability in net profit is explained by its linear dependence on marketing expenditure.

$r_{(A)} = 0.72423$

Source: Annual report of Rojam Entertainment Holdings Limited (8075.HK) from HKEX

<http://gem.ednews.hk/listedco/listconews/gem/20060612/GLN20060612013.PDF>

<http://gem.ednews.hk/listedco/listconews/gem/20050606/GLN20050606011.PDF>

<http://gem.ednews.hk/listedco/listconews/gem/20040629/GLN20040629035.PDF>

<http://gem.ednews.hk/listedco/listconews/gem/20030702/GLN20030702027.PDF>

http://gem.ednews.hk/listedco/listconews/gem/20020624/e_8075frp-20020624q4.pdf

http://gem.ednews.hk/listedco/listconews/gem/20010622/e_8075frp-20010622q4.pdf

Appendix 1.2 Linear regression model & correlation analysis on net profit & marketing expenditure of Playmates Holdings Limited (635.HK)

Dependent Variable: NET_PROFIT

Method: Least Squares

Date: 07/27/07 Time: 00:47

Sample: 2000 2006

Included observations: 7

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	-1.83E+08	53591471	-3.416636	0.0189
MKT_EXP	1.356386	0.227379	5.965306	0.0019
R-squared	0.876801	Mean dependent var		1.16E+08
Adjusted R-squared	0.852162	S.D. dependent var		1.31E+08
S.E. of regression	50482402	Akaike info criterion		38.54710
Sum squared resid	1.27E+16	Schwarz criterion		38.53165
Log likelihood	-132.9149	F-statistic		35.58487
Durbin-Watson stat	3.253467	Prob(F-statistic)		0.001895

Net profit = c+ 1.356 Selling expenses

$r^2_{(B)} = 0.876$ implies about 88% of the sample variability in net profit is explained by its linear dependence on marketing expenditure.

$r_{(B)} = 0.93638$

Source: Annual report of Playmates Holdings Limited (635.HK) from HKEX

<http://main.ednews.hk/listedco/listconews/sehk/20010427/0635/F106.pdf>

<http://main.ednews.hk/listedco/listconews/sehk/20020412/0635/F107.pdf>

<http://main.ednews.hk/listedco/listconews/sehk/20030317/0635/EWP106.pdf>

<http://main.ednews.hk/listedco/listconews/sehk/20040315/0635/EWF110.pdf>

<http://main.ednews.hk/listedco/listconews/sehk/20050310/0635/EWF110.pdf>

<http://main.ednews.hk/listedco/listconews/sehk/20060317/00635/EWF111.pdf>

<http://main.ednews.hk/listedco/listconews/sehk/20070327/00635/EWF109.pdf>

Appendix 2.1 Poster of the marketing campaign of Neway Karaoke Box



Source: Neway Karaoke Box website : <http://www.newaykb.com/>

Appendix 2.2 Poster of the marketing campaign of California Red Limited



Source: California Red Limited website: <http://www.californiared.com.hk>

Appendix 2.3 Poster of the marketing campaign of Youthoutreach - Hang Out



HO Hysteria Band Competition 2006

Date: 16/4/2006 (Final)
2 or 9/4/2006 (1st round)

Time: 2000-2300 (Final)
(初賽時間將另行通知)

Venue: HangOut (西灣河梨木道2號)

Awards: The Best Band/ The Best
Vocal/ The Best Instrument Performer

Prize: 現金券+獎座
Fee: \$30 / band
Deadline: 26/3/2006

形式: cover歌或原創歌; 初賽及決賽分別以唱及(首)歌作賽, 參賽者可付上demo以製作大會紀念品

主辦: 協青社-蒲吧

申請書可於本中心索取或於網頁下載:
詳情可致電99查詢 Tel: 28222860
Website: www.youthoutreach.org.hk

協青社 展走車

最新消息 活動花絮 服務目的/時段 服務目標/對象 服務內容

服務對象

1. 有在職習慣及經常流連街頭之青年人*
2. 崇尚潮流文化, 不參與現時日間或主流福利服務之組群
3. 流動性大, 無固定單一聚腳點之青年組群
4. 工作及學習動機較低之青年人*

*本計劃青年人之定義為24歲以下

服務目標

1. 透過不同媒介接觸青年人
2. 為青年人轉介工作及學業
3. 讓青年與社會建立聯繫, 成為直接服務使用者*
4. 讓青年人的工作及學習動機有所提高
5. 讓青年人認識並融入社會等負面文化

*直接服務使用者為與工作人員保持聯絡者

Source: Youthoutreach - Hang Out website <http://www.youthoutreach.org.hk/hangout/index.htm>

Appendix 2.4 News report of the future plan of California Red & Neway

<http://www.ktgss.edu.hk/academic/commerce/biz/2006b.zip>

Source: Next Magazine

Appendix 2.5 News report of the HK Trade Development Council

<http://www.tdctrade.com/tdcnews/chinese/0703/07032102.htm>

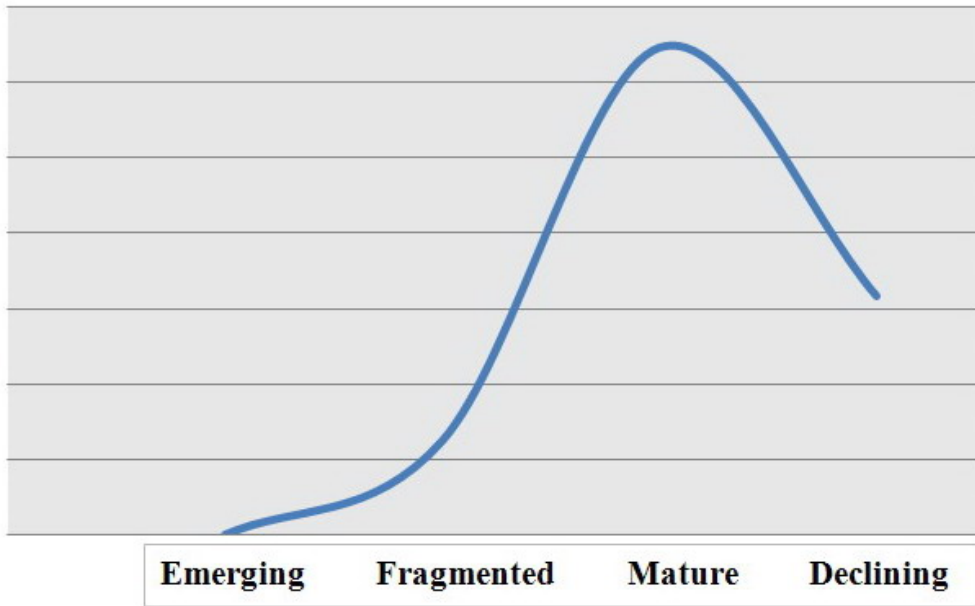
Source: HK Trade Development Council website

Appendix 2.6 Big Echo logo on the street



Source: Next magazine No. 857 10/8/2006

Appendix 2.7 Business Life Cycle of Karaoke Box in HK



Life cycle of Karaoke box in HK

Appendix 2.8 Survey about teenager consumption

http://the-sun.on.cc/channels/news/20060914/20060914015802_0000.html

Source: The University of Hong Kong

Appendix 2.9 Distribution of population in different age groups

http://www.censtatd.gov.hk/FileManager/TC/Content_803/population.pdf

Source: HK Statistic and Census Department

Appendix 2.10 Time Magazine

<http://www.time.com/time/magazine/0,9263,7601061225,00.html>

Appendix 2.11 Survey of Youth Entertainment & Advertising

We are conducting a survey of youth entertainment and advertising, which need your kind participation. Please kindly answer the questions below by fill in the appropriate blanks.

Section A Attitude & habit of spending behavior

1. When you have instant entertainment needs, do you normally have a specific target?
Yes No if Yes, it is _____

2. Do you have the intentions to try something new apart from traditional entertainment?
 (e.g. Karaoke, Clubbing, Sport)
Yes No

3. How much additional fee are you willing to pay for having the choice to shift between two kinds (or more) of entertainment in one visit?
Not willing 1~10% 11~20% 21~40% 41~60% 61%+

Section B Attitude & habit on advertising

1. Which type of advertisement catch your attentions and left a long-lasting memory most?
Humor Fear Sex Music Emotions Scarcity
Rationality Not applicable (Multiple choices available)

2. Please rate the following transportation tools, in terms of the ability of the posted advertisements which catch your attentions and memorability, the degree are classified from 1 to 7. 1 is the most attractive & durable, 7 is the reverse.

	1	2	3	4	5	6	7
I. MTR / KCR	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
II. Bus	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
III. Taxi	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
IV. Minibus	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
V. HK Tramway / KCRC	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
VI. Ferry	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
VII. Aero plane	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

3. How often do you visit internet forum?
Everyday 2~4 Days 5~7 Days ~few times/month Not applicable

4. How often do you use MSN messenger?
Everyday 2~4 Days 5~7 Days ~few times/month Not applicable

5. Please state the top 5 websites you frequently visit, if any.
 1. _____ 2. _____ 3. _____ 4. _____ 5. _____

Section C Personal particulars

Gender M F

Age <18 18-25 26-35 36-45 46-55 >55

Marital status Single Married Divorced

Education level Primary school F.1-F.3 F.4-F.7 Tertiary Not applicable

Occupation Student Workers Not applicable

Average monthly income (HKD)

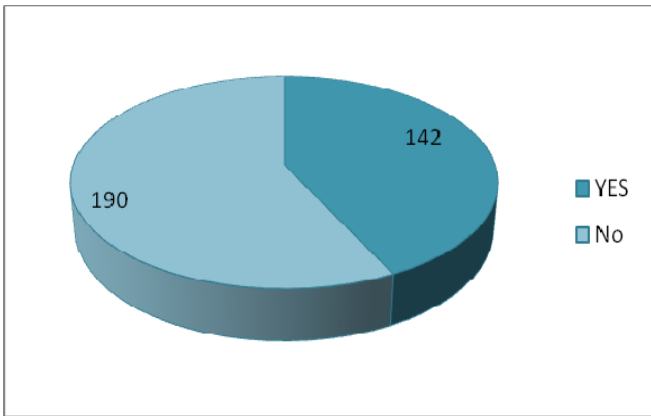
< \$5000 \$5001-\$8000 \$8001-\$10000 \$10001-\$15000 \$15001-\$20000
\$20001-\$25000 \$25001-\$30000 >\$30000

Results:

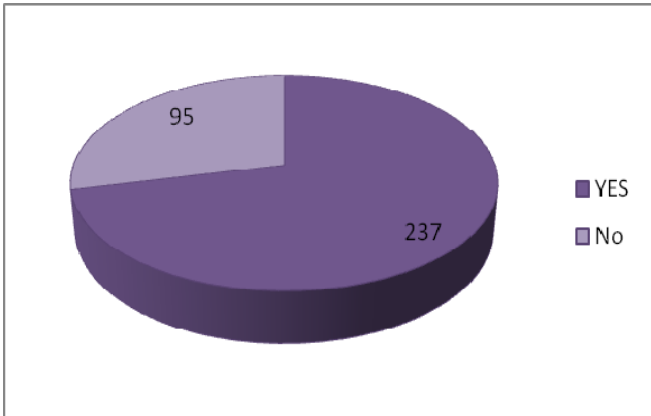
Sample size: 332

Section A

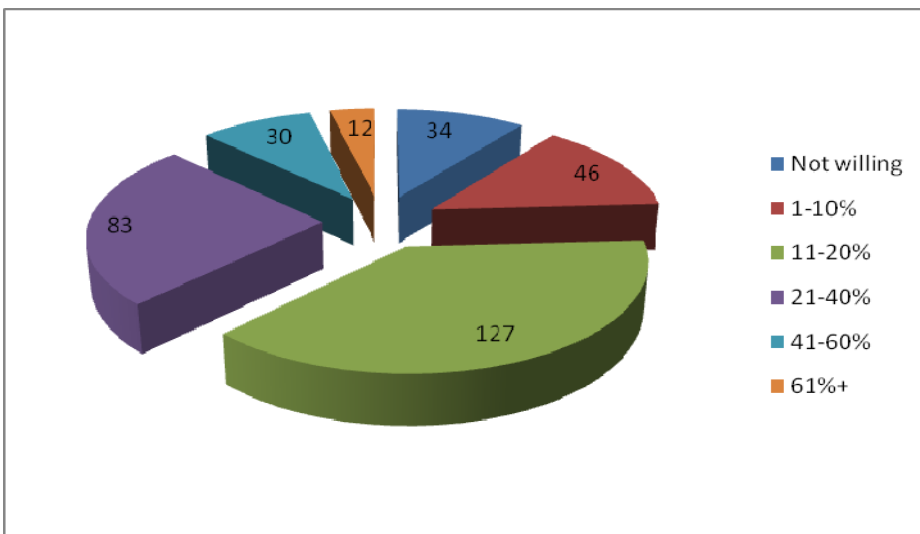
1. Yes: 142 No: 190 Major: Karaoke / Filming / Café



2. Yes: 237 No: 95

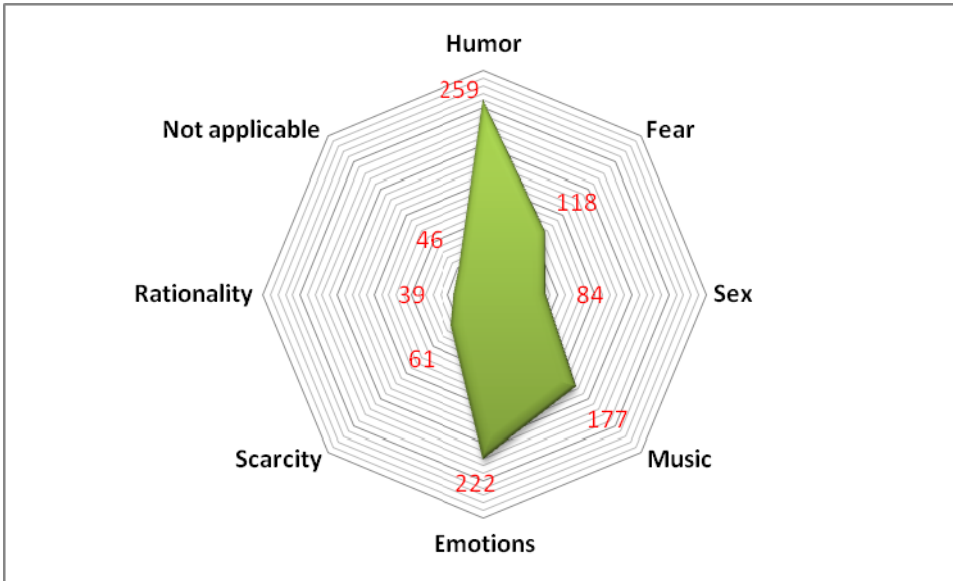


3. Not willing: 34 1-10%: 46 11-20%: 127 21-40%: 83 41-60%: 30 61%+: 12



Section B

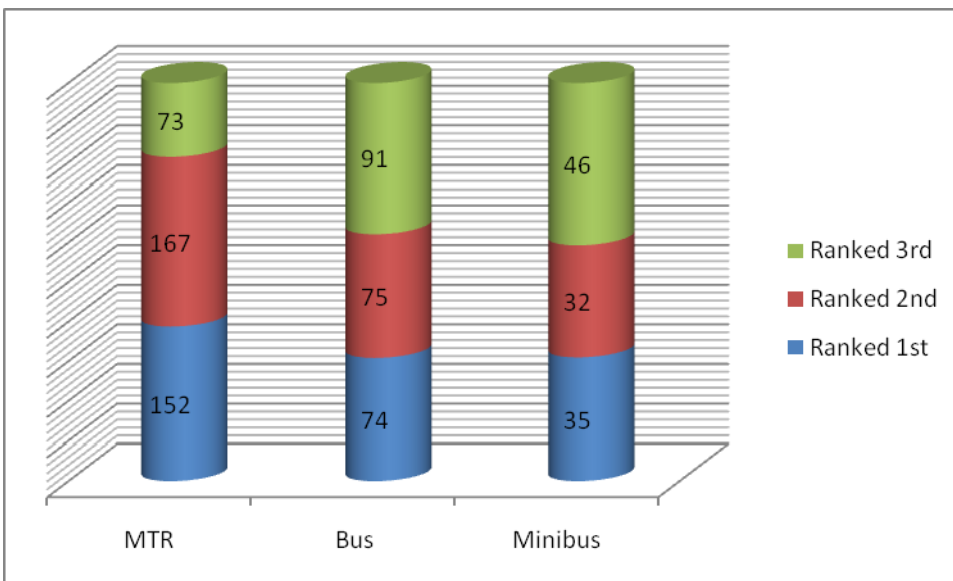
1. Humor: 259 Fear: 118 Sex: 84 Music: 177 Emotions: 222
 Scarcity: 61 Rationality: 39 Not applicable: 46



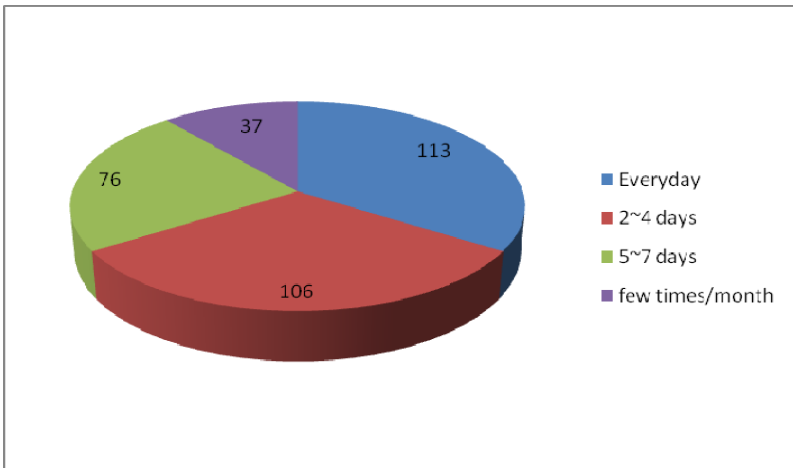
2. (The 3 most significant findings)

MTR	(1) 152	(2) 167	(3) 73
Bus	(1) 74	(2) 75	(3) 91
Minibus	(1) 35	(2) 32	(3) 46

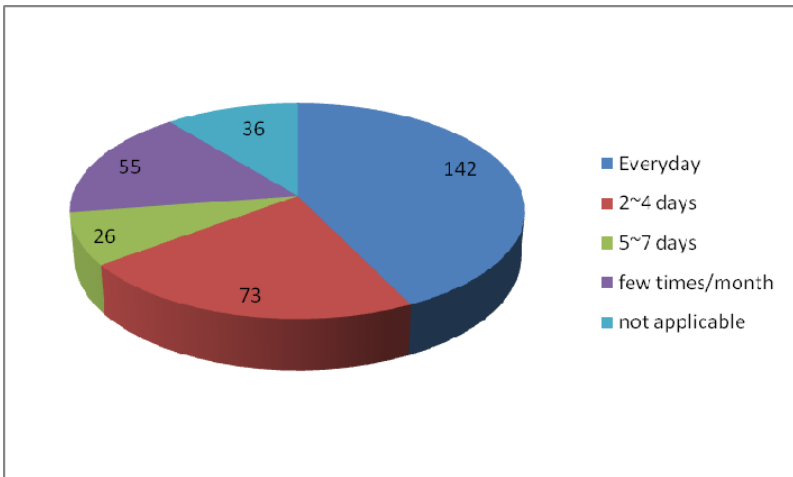
* (1) Represent ranked most attractive & memorable, (2) represent ranked 2nd, and so on e.g.: For MTR, 152 people put it as the most attractive, 167 put it the 2nd...



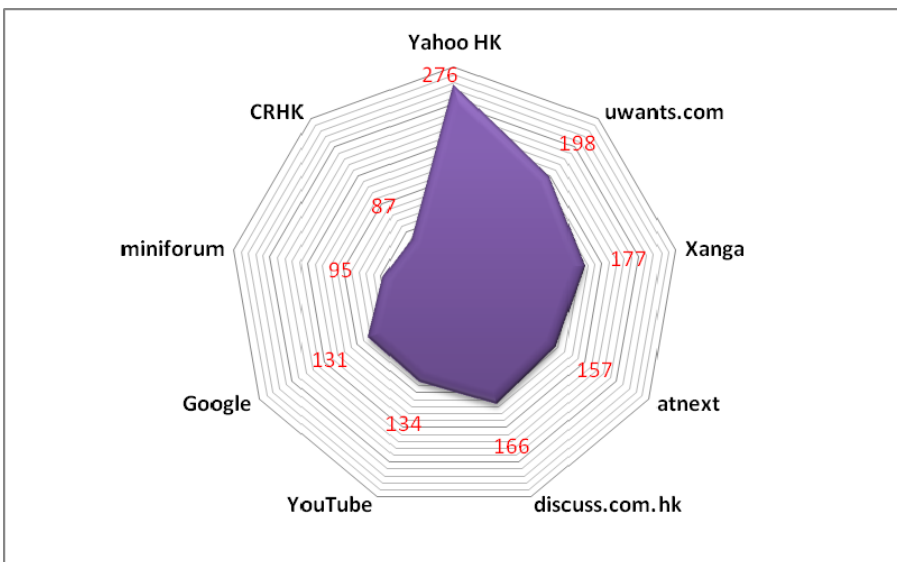
3. Everyday: 113 2-4 days: 106 5-7 days: 76 few times/month: 37



4. Everyday: 142 2-4 days: 73 5-7 days: 26 few times/month: 55 not applicable: 36



5. Only selected applicant > 66 (20% of the sample) will be displayed



*uwants.com, discuss.com.hk, miniforum: internet discussion forum

Section C

Gender M: 152 F: 180
Age **18-25:** 222 **26-35:** 110
Marital status: Single: 311 Married: 17 Divorced: 4
Education level: F.4-F.7: 21 Tertiary: 311
Occupation Student: 215 Workers: 117
Average monthly income:
 < \$5000: 142 \$5001-\$8000: 58 \$8001-\$10000: 55
\$10001-\$15000: 43 \$15001-\$20000: 27 \$20001-\$25000: 5
\$25001-\$30000: 2

(Based on face to face interview of 332 interviewees in City University of HK)

Appendix 5.1 Survey on youth media usage

http://www.breakthrough.org.hk/ir/Research/35_btmedia/Media%20Literacy.pdf

Source: Breakthrough Ltd.

Appendix 5.2 Rating on TV coverage

<http://jade.tvb.com/k100/rating/>

Source: TVB

Appendix 5.3 News on Teens habit

http://www.hkedcity.net/article/reporter_newseye/051018-007/

Source: HK Education City

Appendix 5.4 Survey on broadcasting service industry

http://www.hkba.hk/cn/doc/bss2005_chi.pdf

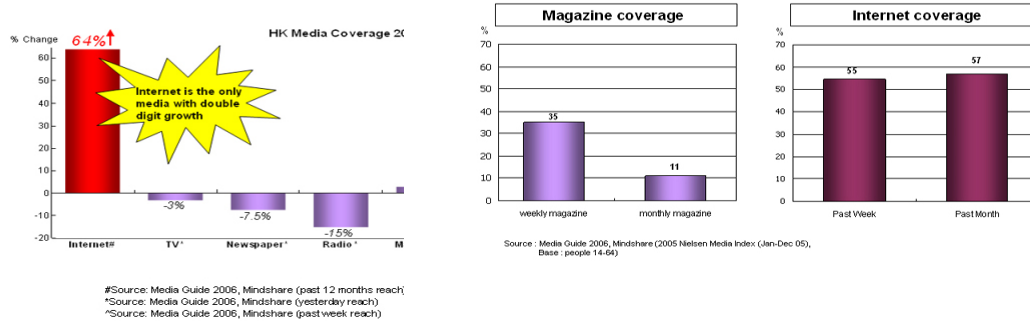
Source: Hong Kong Broadcasting Authority

Appendix 5.5 Passenger flow of Mong Kok MTR Station

http://www.jcdecaux.com.hk/asp/view_resource.asp?DocumentID=10398

Source: JCDecaux Pearl & Dean

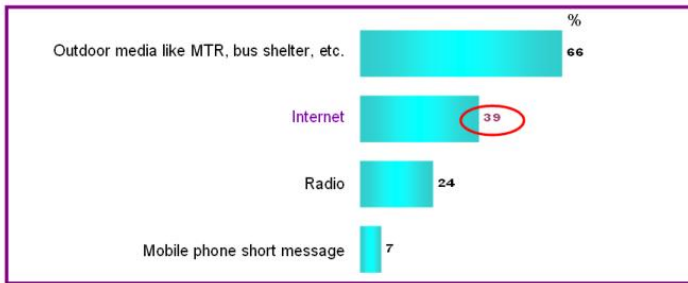
Appendix 5.6 Growth rate of different media vehicle



Source: Media Guide 2006

Appendix 5.7 Trend of advertisers on media vehicle

Nearly 40% advertisers in Hong Kong had used Internet advertising in 2006



Source: Synovate Ltd Ad Spend Projections for 2007

Source: Synovate ltd. HK

Appendix 5.8 HK Internet and Mobile market statistics

Hong Kong Internet and Mobile Market Key Statistics

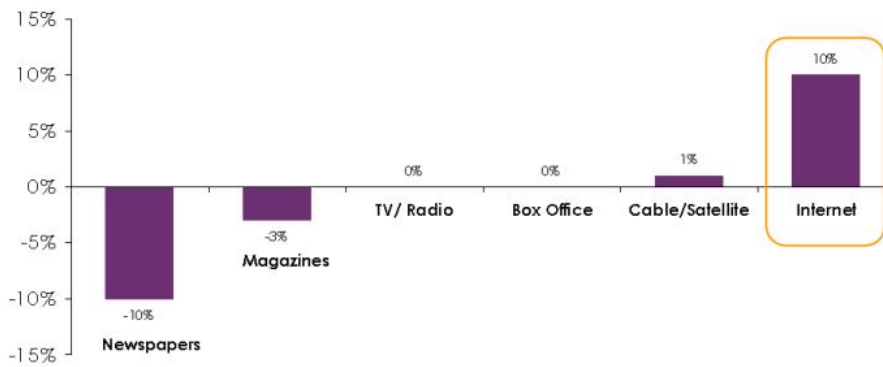
	2006
Population (millions) *	7
Internet accounts (millions) #	3.1
Household broadband penetration rate	68.7%
Mobile subscribers (millions)	9.4
Mobile subscriber penetration rate	136.9%

Source: CPTA Dec 2006
 * Census and Statistics Dept. HK Government Feb 2006
 # Synovate Media Adsp Hong Kong 2006 Q1-4

Source: Statistic and Census Department

Appendix 5.9 Survey on time spent online

Growth of Time Spent Online



Prepared May 2006.
Source: Veronis Suhler Stevenson Communications Industry Forecast (2006)

Source: Venous Schler Stevenson Commercial Industry forecast 2006

Appendix 5.10 News on teenager's habit

http://the-sun.on.cc/channels/news/20070716/20070716024959_0000.html

Source: The Sun News Ltd

Appendix 5.11 Alexa Web Search – Top 500

http://www.alexa.com/site/ds/top_sites?cc=HK&ts_mode=country&lang=none

Source: Alexa Internet, Inc

Appendix 5.12 Survey on newspaper reading by CUHK

<http://hk.news.yahoo.com/060911/12/1sury.html>

Source: Yahoo! news

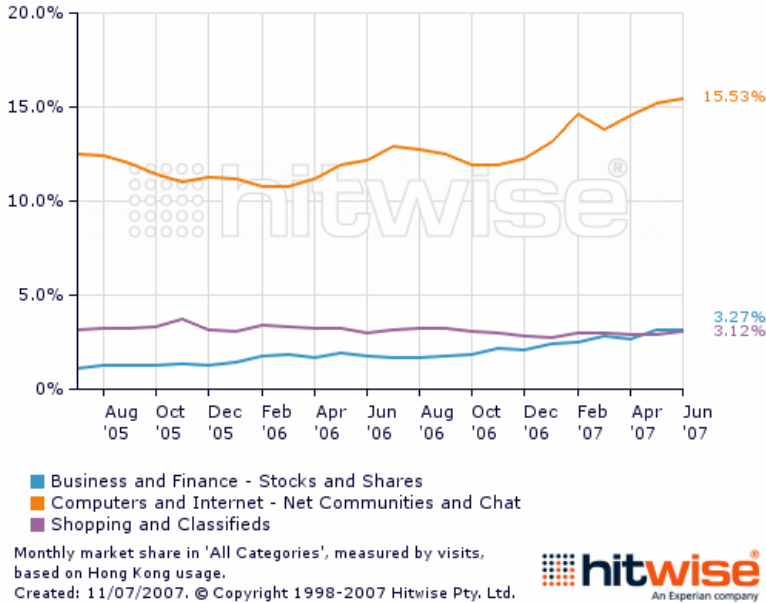
Appendix 5.13 Atnext.com Audience Distribution

http://www.atnextadvertising.com/about_atnext.html

Source: Atnext.com

Appendix 5.14 Survey on HK users visits to net communications

Visits to Net Communities & Chat, Retail and Stocks & Shares, Hong Kong Users, June 2005 – June 2007



http://weblogs.hitwise.com/sandra-hanchard/2007/07/making_friends_and_money_in_ho.html

Source: Hitwise Pty. Ltd

Appendix 5.15 Traffic counting on uwants.com

<http://www.cnzz.com>

Source: cnzz.com

Appendix 5.16 Uwant.com Media Kit 2007

<http://www.adchefhk.com/uwantsMediaKit.pdf>

Source: Adchef HK Company

Appendix 6.1 Youth opinions polls

<http://www.hkfyg.org.hk/yrp/chinese/yr-p147c.html>

Source: The Hong Kong Federation of Youth Groups (HKFYG)

Appendix 6.2 Sanmiguel Wild Day Out



Source: Sanmiguel

Appendix 6.3 Standard Chartered Hong Kong Marathon



<http://hkmarathon.esdlife.com/marathon/chi/home/default.jsp>

Source: Standard Chartered

Appendix 7.1 News on Asian Game Digital Entertainment Exhibition

<http://hk.games.yahoo.com/051227/286/1jwr1.html>

Source: Yahoo! Games

Reference

Integrated Advertising, Promotion, and Marketing Communications

E. Clow & D. Baack (3rd edition 2007)

Prentice Hall

Principles of Marketing

Philip Kotler & Gary Armstrong (11th Edition 2006)

Prentice Hall

Blue Ocean Strategy: How to Create Uncontested Market Space and Make the Competition

Irrelevant

W. Chan Renee Mauborgne

http://en.wikipedia.org/wiki/Blue_Ocean_Strategy