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<th>Shenzhen Acto Digital Video Technology Co. marketing plan on ASI Earphone</th>
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<td>Author(s)</td>
<td>Chan, Shuk Kwan (陳淑均); Leung, Wing Kai (梁穎佳); Ho, Ting Ting (何婷婷); Cheng, Tung Wan (鄭彤雲); Wong, Mei Ki (黃美琪); Leung, Hoi Man (梁凱雯); Lo, Kai Tai (羅啟泰); Hui, Cho Sin Joyce (許初善)</td>
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<td>Issue Date</td>
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SHENZHEN ACTO DIGITAL VIDEO TECHNOLOGY CO.
MARKETING PLAN ON AS1 EARPHONE

CITY UNIVERSITY OF HONG KONG

CHINA BUSINESS 2014

Chan Shuk Kwan       Wong Mei Ki
Leung Wing Kai        Leung Hoi Man
Ho Ting Ting         Lo Kai Tai
Cheng Tung Wan       Hui Cho Sin Joyce
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1. Executive Summary

Wearable devices become increasingly popular products, intense competition in the market can be found. In order to understand the consumer's mind, our team analyzed the primary data and took reference of primary data hoping to get comprehensive and timely information. The results showed that the majority of respondents are interested in high-tech products, reflecting the high-tech products have great potential for development. Therefore, we integrated the idea of respondents and interviewees, and then develop a series of marketing strategies for ACTO smart headphones.

2. Introduction and Background

ACTO was founded in May 1998. Over the years, ACTO has focused on the development and manufacture of micro-display technology, has more than 220 domestic and foreign patents which laid its projection in a career leading position. ACTO projection products have been sold to over 100 countries worldwide, and are widely used in the fields of education, business, government enterprises and other public recreational home.

With the advancement of technology, smart electronic products on the market continue to push out new layer. Thus, ACTO opens up a new high-tech career way. But to be stand out in the new market, the new product should have a breakthrough in both functional and design, the most ideal idea is to be able to give the audience a fresh feeling and can arouse their desire to buy. With the increasing consumer expectations and requirements, ACTO combines technology and fashion and launched a new smart headphone which is an unprecedented concept in the hi-tech market.

2.1 Project Objectives

This project is dedicated to the ACTO headphones to create a comprehensive marketing plan, aimed at promoting the sale of this product. Also to make recommendations for the long term development of ACTO in the consumer market.

3. Industry Background

3.1 Wearable smart device market - smart wearable device industry to determine stage

In the case of the gradually narrowing smart phones innovative space and the market nearly saturated, wearable equipment industry would be the next hot spot. Fenda, Andon Health and other companies launched wearable devices which has aroused strong repercussions market, also the consumer electronics giant Samsung recently launched smart watches GEAR, heralded wisdom wearable devices into a new stage.

Recently, two South Korean electronics giant Samsung and LG both announced the launch of a flexible OLED panel which is equipped with smart phones, and this technology is expected to
expand the application of wearable devices. It is reported that Apple has also followed
Samsung and is expected to release iWatch in the near future.

Many products in the market are in ready stage, investors are seeking an entry point to absorb
more and more consumers, so wearable device market still have much room for development.

Pic 1: Smart wearable device industry life cycle model

Industry is still in its infancy characteristics:

<table>
<thead>
<tr>
<th>Market Strategy</th>
<th>At the initial stage of weak resistance and great risk. ACTO SOUND survival goal should be to actively build up brand loyalty, and using advertising for customers to understand the product and open up sales channels.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Resources Finance Standards</td>
<td>At this phase of limited resources, ACTO SOUND should gather the resources needed to support the production of high-based variable pay and performance-oriented.</td>
</tr>
<tr>
<td>Production Operations</td>
<td>ACTO SOUND should actively improve production efficiency and the development of product standards.</td>
</tr>
<tr>
<td>Research and Development</td>
<td>Mastery of technology tips</td>
</tr>
<tr>
<td>Human Affairs</td>
<td>Enable employees to adapt to new markets and products</td>
</tr>
</tbody>
</table>

3.2 Internal Industry Analysis

At present, China wearable devices market still in its infancy stage, but there is an increment huge future market space. iimedia Consulting released the “2013 China wearable device market research report” shows that China wearable device market reached 610 million RMB in 2012, is expected in 2015 China wearable device market size will exceed 100 billion RMB, reaching 111.49 billion RMB. But users can only have limited experience on wearable devices, mostly remain in the conceptual stage.
3.3 Foreign Market Analysis

China ranked the 9th in FutureBrand's global "country of origin" in the overall ranking and the 5th in the electronics industry. But China ranked 66th in the "Nation Brands Index" (CBI). The high ranking of "Country of origin" is due to the perception of the global market for its huge production base but it has actually been changed negative image from the previous traditional "cheap, low-tech", and gradually evolved into today's "modern, mature, high-tech" positive perception. But in terms of brand, global brand recognition of China is still at the low end. In the foreign global brand competition, Chinese brands abroad again stand out with some difficulty.

3.4 Market

Based on the above internal and external factors, we will first billed ACTO headphone in China so as to reduce operational risk, and quickly attract Chinese consumers to take up the purchasing power.

3.5 SWOT Analysis

Strength

ACTO is the world's leading micro-display projection technology research development, high-end manufacturing and system integration solutions provider, is currently the world's only manufacturer of both LCD projector optical display system design capability, DLP projector optical display system design capability and LCoS rear projection optical system design capability, a three technology research and development and manufacturing capabilities manufacturer: ACTO has a total of more than 220 domestic and foreign patents which has been in a leading position in the domestic industry over the years and has won several prestigious awards which proves ACTO's leading position in this field of China.

With two acquisitions in the digital projection industry in 2007 and 2010, ACTO has greatly increased global awareness, ACTO has jumped up from the original ranking of the world's top 30th to 4th in the world, and the company's total assets reached number one billion RMB. ACTO's brand and market share ranked 6th in the world in 2012, becoming the only Chinese
brand which play field with the world five hundred companies, and continue to exceed the projected enterprise.

Through its successful operations and merger of international brands, ACTO establish a solid global sales and service network, products are widely used in many countries worldwide.

**Weakness**

Although ACTO has a certain market share in both local and foreign market, compared to large technology companies, ACTO’s international recognition still has long been have gaps under foreign brutal competitive environment ACTO or slightly less. Plus new technology products continue to emerge, consumers will be more demanding on ACTO products, moreover consumers still have some Chinese brands do not trust, which make the development of ACTO has some obstacles. In addition, ACTO’s product development has high costs and the high cost of the acquisition, which make ACTO low profit margins in the technology industry in the era of lost competitiveness.

**Opportunity**

Asia, especially China has become the "world factory", domestic procurement element or the OEM manufacturing business from Asian companies. Taking advantage of China’s lowcost manufacturing advantage to make up for their high R & D costs, this make another chance for ACTO to compete. Moreover, with the increased purchasing power of Chinese consumers, the pursuit and acceptance of high-tech products has also improved a lot, which greatly increases the chance of success of the ACTO products coming into the market.

**Threat**

For technology companies like ACTO, the greatest threat is the high level of competition in the technical field. ACTO has maintained its competitive position, attaches great importance to product development and marketing. Demand for projector is very important, but once face the recession, the demand will be affected or declined. In the fierce market competition, rapid technological innovation in the consumer markets, there will be a high effect of product alternatives. Albeit a world-class brand can easily be eliminated, therefore, ACTO must continue to introduce new products to the market so as to minimize the threat.
### 3.6 Competitor Analysis

The main competitors are divided into two categories: Direct competitors (existing products in China) and Potential competitors (foreign products or non-released products).

<table>
<thead>
<tr>
<th>Competitor Parts</th>
<th>Wear parts</th>
<th>Product</th>
<th>Brand</th>
<th>Launching time</th>
<th>Presale price</th>
<th>Services and functions</th>
<th>Selling Point</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Direct competitors</strong></td>
<td>Wrist</td>
<td>GALAXY Gear 2</td>
<td>Samsung</td>
<td>Apr 2014</td>
<td>RMB 1080</td>
<td>Synchronize your phone data and functions</td>
<td>Flexible Screen</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>GEEK Watch</td>
<td>Geak</td>
<td>June 2013</td>
<td>RMB 1999</td>
<td>Internet can be independent from the phone, equipped with temperature, navigation, power and other intelligent acceleration sensors, heart rate, blood pressure, GPS and other data acquisition</td>
<td>independent from the phone, WiFi, Independent online</td>
<td></td>
</tr>
<tr>
<td></td>
<td>inWatch Z</td>
<td>inWatch</td>
<td>Jan 2014</td>
<td>RMB 1788</td>
<td>Intelligent voice, intelligent navigation systems, Health status induction carriers, call, camera</td>
<td>Sapphire screen with bone conduction technology</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Smart-Watch2</td>
<td>Sony</td>
<td>Oct 2013</td>
<td>RMB 1699</td>
<td>E-mail access, text messaging, event reminders, support for time display</td>
<td>Waterproof</td>
<td></td>
</tr>
<tr>
<td><strong>Potential competitors</strong></td>
<td>Glasses and wrist</td>
<td>Google Glass</td>
<td>Google</td>
<td>2012</td>
<td>RMB 9340</td>
<td>Users can surf the Internet without hands or handle text messages and can use our own camera, video calls e-mail, and you</td>
<td>Convenience and privacy</td>
</tr>
</tbody>
</table>


### 3.7 Current market share of smart wearable devices

Among the international brands, Google, Samsung, Apple and Sony led off the market. We should also pay attention to some other Chinese brand like Baidu, Geak and iwatch.

### 3.8 Industry Trends

In the market of intelligence products, there are uncertainties of technological innovation, product updates fast and the role of information exchange is also important. Therefore, in order to reduce production risk and improve the competitiveness of enterprises, information becomes an important resource for high-tech industries.

By observing the trends of portable smart product, first is to focus on the design, followed by the function, and finally the user interface. The primary objective of development is the emphasis of the portability and miniaturization, the next step is to expand functionality. Such as email, web browsing, downloading music files and so on. After reaching the goal of functional diversification, some features may be idled by users and lead to low usage, to improve this situation, the improvement of user interface has become popular.

Although portable smart product segment has some overlapping and ambiguity, the end consideration is that it can meet the needs of users of personal communications convenience. Only the product which meets this criteria can have the opportunity to participate in a competition. Because of the wide range of portable electronic products, company which can have a clear product positioning will have higher opportunities for development. But the key is still “to think about the positioning of the product from the
application-level view of the user's needs and products”. Thus the development can be more in line with the actual use of the product.

4. Market research fundamental analysis and advanced analysis

In order to have a better understand of the needs of the market, apart from using secondary data for analysis, we also used first-hand information to understand the needs of today’s market at the same time.

4.1 Individual Interview

4.1.1 Research Methodology

A new brand positioning must be clear so as to successfully attract the target customers. In order to better understand the actual market situation and the mainland consumer psychology, we conducted personal in-depth interviews with retailers.

4.1.2 Research Objectives

1. The views of retailers on smart headphone market
2. Understand consumer preferences on brand packaging

4.1.3 Research Project

1. Research Methodology: one to one interview
2. Types and number of respondents

This research has invited four smart electronic device retailers. Respondents aged between 25-45 years old. 2 male and 2 female respondents.

3. Place and date of interview

StarCraft video shop in Mong Kok, March 11, 2014.

4.1.4 Research Methodology

Personal Interview (Appendix 1)

Interview content:

1. Product positioning

ACTO SOUND is a multi-functional intellectual product and cannot be regarded as traditional headset. Traditional headset value the sound quality while intelligent headset sells multimedia technology and style.

2. Product development trend
There are a lot of people pay attentions on the new product at the beginning, but when the boom is over, people will lose their interest gradually as it is a fashionable product.

3. Product design
How the design is elegant and professional.

4. Suggested price
The price must be higher than that of traditional headset, in order to attract people who pursue fashion trend.

4.2 Questionnaire
4.2.1 Data collection
Secondary data and personal interviews will help deepen our understanding of product features, consumer behavior and competitive intensity. However, these data only little help the formation of marketing strategy and brand image of new product. Hence, it is important for us to conduct questionnaire, collect the opinions of China customer on new product and promotional tool preferences, in order to conduct qualitative analysis.

4.2.2 Research objective
1. To understand pinions of China customer on new product
   i. Consumer attitude
   ii. Factors of purchasing
2. Formulate Marketing Mix
   i. Product competitive advantage   ii. Promotion channel   iii. Distribution channel

4.2.3 Research background
1. Interviewers: aged between 16-44 Chinese consumer
2. Research method: questionnaire
3. Sampling: total 300 questionnaires, screening out some of the questionnaire, left 280 valid questionnaires.
4. Statistic technique: SPSS

Questionnaire
Appendix (2) Wearable equipment questionnaire
4.2.4 Data analysis

4.2.4.1 Personal information

1. 性别
   - 女: 52.5% (147)
   - 男: 47.5% (133)

2. 年龄
   - 16-34岁: 85.4% (236)
   - 35-44岁: 14.6% (44)

3. 教育程度
   - 研究生及以上: 16.77%
   - 高中: 5.30%
   - 大专: 18.21%
   - 大学: 56.64%

4. 从事行业
   - 学生: 21.43%
   - 信息科技: 11.07%
   - 制造业: 10.30%
   - 教育: 11.63%
   - 贸易: 4.43%
   - 其他: 25.56%

5. 月收入
   - 2000元以下: 24%
   - 2001-4000元: 12%
   - 4001-6000元: 11%
   - 6001-10000元: 10%
   - 10001-15000元: 19%
   - 15001-20000元或以上: 19%

In the 280 respondents, 52.5% are women (147) while 47.5% are male (133). 85.4% of respondents are between 16 - 34 years old, and the rest are between 35 - 44 years old. Among the respondents, 29% monthly incomes are between ¥ 2201 - ¥ 4000, while 20% are between ¥ 4201 and ¥ 6000.

4.2.4.2 Consumer behavior
1. High technology product consumer minds

In the valid respondents, 90% of respondents interest in high technology product, reflecting that this product have big market potential. About 68% of respondents said that they would influenced by the other, reflecting that the influence of fashion and peer pressure.

2. The knowledge of wearable equipment

Data show that only 53.6% of the respondents have heard Google glasses, reflecting consumer have little knowledge in wearable equipment, especially the general public, so the product should be pushed to a class influential customer base rather than go public first.
3. Consumer opinion in intellectual wearable headset

150 respondents have heard of Google glasses:

66% of respondents agreed that intelligent headset is an innovative product (22.7% agreed, 21.3% strongly agree)
50% of people think it is a symbol of the trend
76.6% believe that wearing a smart headset striking
65.3% think it is a smart oriented, songs and auxiliary equipment

18% of respondents said they would not consider buying this product, while 45.3% of people remain neutral
44% believe that products are suitable for daily life, 43.3% remained neutral
30.7% of people think it is a status symbol, 39.3% neutral
60% agree that this product is very lightweight, 30.7% of respondents neutral.

In summary, the respondents considered intelligent headset is a combination of songs and innovative products. Some respondents also think that wisdom is the trend of headphones, following by the status symbol, stylish appearance and its compelling wearing. Some respondents also think that intelligent is the trend of headphones, a status symbol would consider buying the product. However, there are intelligent headset respondents said although applicable to everyday life, but less practical. From the analysis, ACTO should be a symbol of fashion, targeting the high-end products users and then spread to the mass market. Also pay attention to usability and design of intelligent headset to attract youngster.
4. Relationship between gender and acceptable price

According to the SPSS analysis, there is significant relationship between gender and acceptable price. It shows that the acceptable price of smart wearable headset of Male (¥2055) is higher than that of Female (¥1200).

<table>
<thead>
<tr>
<th>Q14_GENDER</th>
<th>N</th>
<th>MEAN</th>
<th>STD. DEVIATION</th>
<th>STD. ERROR MEAN</th>
</tr>
</thead>
<tbody>
<tr>
<td>Male</td>
<td>147</td>
<td>2055.23</td>
<td>2599.113</td>
<td>238.260</td>
</tr>
<tr>
<td>Female</td>
<td>133</td>
<td>1200.15</td>
<td>1183.432</td>
<td>102.617</td>
</tr>
</tbody>
</table>

5. Relationship between income interest and acceptable price

According to the SPSS analysis, there is significant relationship between gender and acceptable price. It shows that the acceptable price of smart wearable headset of Male (¥2055) is higher than that of Female (¥1200).
The horizontal axis tells us that 1 means interviewees are interested in technology products and 2 represents they are not interested. The vertical axis tells us the acceptable price that interviewees are willing to pay for the smart headphone. Lines with different colors represent different monthly income.

- Blue: 2000RMB or below
- Green: 2001RMB to 4000RMB
- Grey: 4001RMB to 6000RMB
- Purple: 6001RMB to 10000RMB
- Yellow: 10001RMB to 15000RMB
- Red: 15001RMB to 20000RMB

The result shows that interviewees interested in the smart headphone, they are willing to pay more for that. Besides, interviewees with higher income can afford for higher price. For example, interviewees with 15001RMB to 20000RMB monthly or above income are willing to pay around 3000RMB to 4000RMB for the smart headphone; with monthly income of 10001RMB to 15000RMB, those interviewees are willing to pay 1000RMB to 3000RMB for the smart headphone.

6. Consideration factors of buyers for purchase of smart headphones

Rank the Consideration factors of buyers for purchase of smart headphones:

Buyers consider the product’s quality (75%) and hardware functions (75%) first, and then the price (68.5%), appearance (39.75%) and the weight (33.3%) is the least. Therefore, buyers are not price sensitive to the smart headphones and pay higher price for higher quality and practicality products.
7. Necessary functions of the smart headphone

From the table above, Voice distinguishability (75.4%), signal communication (64.6%), GPS (60.4%) are the main necessary product functions. Acto’s smartphones now already have these functions so that they can meet buyers’ needs in the initial stage.

8. Channels that people always obtain high-tech information

Interviewees always get high-tech information from TV advertisements (48.9%), friends and relatives’ recommendation (48.9%) and social media (47.9%). Therefore, these three are the most effective promotion channels.
9. **Mostly browsed searching engines**

According to the figure, 83.6% interviewees search high-tech information from Baidu, saying that promoting in Baidu can meet higher effectiveness.

10. **Mostly browsed video websites**

Youku (62.1%) is the mostly browsed video websites, then iqiyi (38.9%) and Tencent (32.5%). Nowadays most people watch dramas and news online so promoting through youku can cover a lot of web users.
11. Mostly browsed social websites

Most of the interviewees browse weibo (68.2%), then QQ Space (43.2%) and Tencent Weibo (18.6%).

12. Purchase Channel of Smart Earphone

Based on the above graph, respondents prefer mostly the “Experience Store” (62.5%) as the channel of purchasing smart earphones, as they can test and experience the products directly in the store. Official website (59.3%) is the second most preferred channel of purchase, as products are guaranteed by the company, avoiding the risk of purchasing counterfeit products.

5. Recommendation

5.1 Overview of marketing strategy

Aim of the Marketing Strategy

A clear target is a vital element of a successful marketing strategy. Our aim is to redefine the stereotyped concept “Made in China” by ensuring our company to become a leading company in the industry of wearable electronics.
Vision of the Marketing Strategy

Promoting AS1 in the China market will be the first major target. There are four phases in total for the marketing strategy. The main goal of the first three phases is to build the brand image by promoting the great quality of our products, and the goal of phase four is to manage the brand.

Creation of a brand is to present and establish a brand new image through different promotion channels, in order to introduce the new brand to as many consumers as possible. Once the brand has been established with a certain level of reputation, brand management is crucial to maintain the brand image as well as retaining loyal customers. To establish a solid foundation of the brand in order to maintain the brand awareness, a rather long period of time is usually required.

Phase 1 (3 Months): Focusing only on a niche market which consists of technology lovers and people working in the IT industry. The main objective of focusing on such a small group of customers is to establish a positive product image by word-of-mouth, where the high quality of our product is brought out and supported by these professionals, aiming to attract more people to pay attention to our products. Moreover, opinions suggested by these professionals will be gathered at the same time, which can help to improve our smart earphone and release a revised and improved version in phase three.

Phase 2 (6 Months): Strengthen the brand reputation established in phase 1 by supplementing trendy elements into the product so as to draw the attentions of trend chasers.

Phase 3 (1 Year): Expanding our brand reputation to different groups of people in the market by launching new products with specified key elements to attract and meet different target customers’ needs by launching sub product lines such as sports line and business line, where our smart earphone will be specifically customized each of the sub product lines.

Phase 4: To become a well-known brand and recognized by the general public, the target customer in phase 4 is the general public. Quality customer services and accessories for the smart earphones will be supported to add value to our product. To ensure a sustainable and handsome profit, high quality and high premium rate will be the main approach to ensure the competitiveness of the brand in the long run.
这，是一场持久的攻坚战！下面，带着满腔的雄心壮志，装备着深厚的市场知识，我们将要踏上 ASI 营销战略的征途。

Timeline

- **2014 January – 2015 Feb**
  - Pioneer Experience Campaign (4 months)

- **2015 Jun**
  - Planning of City Hunter (1 month)

- **2015 Jul**
  - City Hunter (1 month)

- **2015 Aug**
  - Launch of New Product (Phase 2)

- **2015 Dec**
  - Launch of New Product (Phase 3)

- **2016 Dec**
  - Launch of Physical Store

**Phase 1**
- (3 months)

**Phase 2**
- (6 months)

**Phase 3**
- (1 year)

**Phase 4**

**Preparation Period**
- (4 months)

**2015 Mar**
- Launch of Product and Press Conference

**2015 Mar – 2015 Dec**
- Product Revision Period
5.2 Details of Marketing Strategy

5.2.1 PRODUCT POSITIONING AND OBJECTIVES

ACTO SOUND is a brand new IT product, combining the smart features and fashion elements in the product. Unlike the other smart products with only one main feature which could be found in the market, ACTO SOUND is a multi-featured wearable smart device. With the earphone as the carrier, the fashionable design together with the smart features included in the earphone, it allows people to stay trendy as well as enjoying the following features in an evolitional way:

1) Private Cinema: Video Playback
2) Keep the Minutes: Camera, Video-recording
3) Communication: Mobile, Video Chat, Real-time Sharing
4) Navigation: GPS Navigation System
5) Music Playback: High Quality Earphone

Graph 1 – Product Positioning Map

5.2.2 BRAND POSITIONING

Establish Sub-brand - ACTO SOUND
**Brand Story:**

Brand story helps to create the company’s brand image, which could allow our customers to understand more about ACTO SOUND imperceptibly and create a bonding between us and our customers. Our brand story is as follow:

The inspiration of ACTO SOUND originates from the dedication of sound and vision of a genius artist. Through the integration of technologies, he presents the concept in a revolutionary and brand new way to the public, leading the audio and visual enjoyment into another new level.

To protect and secure the long term profitability of ACTO SOUND, registration of the trade mark at the same time is recommended. This helps to establish the exclusive status of our brand which enhances the long term development of the brand.

---

**5.2.3 Analysis & Selection of Target Market**

**5.2.3 TARGET MARKET ANALYSIS- THEORY BASED**

**Division of Generations**

The contemporary society of China has been transformed after a series of revolutions, the consumer behavior of consumers from different time of birth differed from each other. Based on the difference of cultural environment and the values among these consumers, 5 types of consumers are divided as follows:

<table>
<thead>
<tr>
<th>TIME OF BIRTH</th>
<th>TYPE OF CONSUMER</th>
</tr>
</thead>
<tbody>
<tr>
<td>Before 1945</td>
<td>Generation of Traditions (传统)</td>
</tr>
</tbody>
</table>

---

1 《从世代标准谈中国消费者市场细分》，世雄·周志民·商业经济文荟 2002 年第 5 期
<table>
<thead>
<tr>
<th>Phase</th>
<th>Generation Name</th>
</tr>
</thead>
<tbody>
<tr>
<td>1945 – 1960</td>
<td>Generation of Cultural Revolution (文革)</td>
</tr>
<tr>
<td>1960 – 1970</td>
<td>Generation of Fortune (幸运)</td>
</tr>
<tr>
<td>After 1980</td>
<td>Generation of “e” (「e」一代)</td>
</tr>
</tbody>
</table>

into economy market during their growth stage, thus it is regarded as the Generation of Transformation. The post-80s encountered the strong development and establishment of products and cultures, where internet and e-commerce have been developed for the ease of trading and communication, thus it is regarded as the Generation of “e”.

Since the entry of China into WTO, it has promoted the chance of interaction with the globe. In pace with the open door policies, technology development has been advanced, where locals could enjoy many advanced IT technologies in their daily lives and diluted their traditional and conservative mindset. People in between the Generation of Transformation and Generation of “e” tend to be more open-minded which relatively more willing to accept new things. Hence, these two generations will be our target customers.

5.2.4 SELECTION OF TARGET CUSTOMERS OF THE 3 PHASES:

1) Selection of Target Customers of Phase 1

According to report, successful people values the quality of life, this group of people could be the first batch of target customer for the wearable devices.

This group of people suits for the two features of wearable devices: First, the numerous choice of connectivity such as Bluetooth, Wi-Fi, GPS and USB, and the ability to handle email and video conference, etc.; Second, features related to keep tracking the body health such as heartbeat detection, calorie calculation, etc.

Besides, Technology lovers and IT professionals are also the target customers in phase 1. After the launch of our product, this group of consumer would be the pioneers willing to try our new products. Even though this group of people would purchase it because of curiosity, quality and features are yet to be perfect as the product is relatively new and developed for a short period of time. Hence, during the introduction stage, majority of the general consumers would prefer to wait for usage experience from someone else before considering purchasing a product with a brand new concept.

---

2 《可穿戴设备 在细分中稳占市场》, 所志国, 广告大观综合版 2013.11
3 《市场周期不同阶段的消费者心理研究》, 许彩国, 湖南商学院学报(双月刊), 第 7 卷 第 4 期, 2000 年 7 月
Based on the consumer behavior of the majority of customers, ACTO should first introduce the product to those who could influence others, take advantage of their professional comments and reviews to clear the consumers’ doubts in our products and comprehend the product features and finally purchase it.

2 ) Selection of Target Customers of Phase 2

After the introduction of our product to our target customers in phase 1, it is expected that it would create noise and encourage discussions among potential consumers and eventually attract their attention, especially those fashion followers. This group of people prefers fashionable devices as well as frequent users of smart devices, they prefer to differentiate themselves by purchasing different and special products. This group of people could easily be influenced by advertisements and product demonstrations as they have strong receptivity to new products.

3 ) Selection of Target Customers of Phase 3

Through the transmission of the product features through the target customers in phase 2, the product features and advantages have been fully revealed, increasing the number of consumers recognize our groups. At the same time, this would also enhance the discussion of our products among a greater group of people by sharing their usage experience. This could accelerate the ability of our product growth in the market and capture a bigger market share. To realize this large potential income, it is suggested to adopt the penetration strategy by expanding the target customer to the general public to secure a bigger income.

5.3 Target Customers

<table>
<thead>
<tr>
<th>PHASE 1</th>
<th>Technology Lovers &amp; IT Professionals</th>
</tr>
</thead>
<tbody>
<tr>
<td>PHASE 2</td>
<td>Fashion Seekers</td>
</tr>
<tr>
<td>PHASE 3</td>
<td>General Public</td>
</tr>
<tr>
<td>AGE GROUP</td>
<td>20-40</td>
</tr>
</tbody>
</table>
5.4 Marketing Plan

5.4.1 Preparation time: Nov 2014 to Feb 2015 (3 months)

**Pioneer Experience Program**

Select ten professionals in the field to try ACTO’s products for experimental purpose and record every detail for seven days. Afterwards, the videos clips will be used in promotions. The Experience Program will be taken place prior to the product launch so that noises can be created.

First and foremost, participants are required to fill in a detailed questionnaire for the ease for selection. Those being invited will conduct one-week filming, recording the ways they use the product and problems encounter. To protect ACTO as well as avoid information leakage, participants are required to sign a confidentiality agreement before product introduction. Also, they have to guarantee that the product will not suffer any damage during the trial and return it to ACTO after the program. Participants involved in the video shooting will be invited to the New Product Conference. More importantly, they can enjoy discounting purchase for ACTO’s wearable intelligent headphone once it introduces to the market.

**Details:**

1) Number of participants: 10

2) Selection criteria: Target customer group in the first phase such as a high-tech professions

3) Selection methods: Through internal referral

4) Duration: 4 months
5.4.2 Stage 1: Innovative Strategies – Build brand with quality products (1st – 6th month)

The market growth strategy for an enterprise mainly depends on the stage of a product in product life cycle and market condition. The smart headset market is a new and immature market and product design is also fresh. AS1 should therefore adopt the innovative strategy to promote rapid growth. To do so, ACTO should make a breakthrough in terms of innovation, value adding in product services and the like.

Strategic Objectives:
In order to establish a more clear and specific objectives, the first stage is divided into three main strategic objectives throughout the section.
Basic objective: Technology enthusiasts have a basic understanding on AS1 and make quality assurance to the product. Meanwhile, ACTO can collect a large number of product feedback, hence, help in further improvements. In order to maintain daily operations, return on investment should reach 50 percent.

Challenging objective: Gain unlimited echo from a limited target market; Build brand awareness and sense of superiority. ROI should achieve 70 percent.

Passion objectives: Receive unexpected extent of response from the market and achieve 100 percent of return on investment.

First Stage (March 2015 – May 2015)

4.4.2.1 New Product Conference – New life with sound

New product conference is an effective and commonly adopted method to introduce new product to the general public. AS1 is a completely new product in China market, it is expected that the introduction of AS1 will draw extensive attention of the public as well as the media. Below are our group's suggested format and content:

<table>
<thead>
<tr>
<th>Date</th>
<th>Early 2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Venue:</td>
<td>Beijing</td>
</tr>
<tr>
<td>Guests</td>
<td>ACTO Chairman, Marketing Manager, Designer, specialists in wearable intelligent equipment, media, etc</td>
</tr>
<tr>
<td>No. of guests:</td>
<td>100</td>
</tr>
<tr>
<td>Event flow:</td>
<td>Company profile, product introduction, speech on the future of wearable intelligent equipment, product experience session</td>
</tr>
</tbody>
</table>
## Budget Breakdown of Press Conference

<table>
<thead>
<tr>
<th>ITEMS</th>
<th>DETAILS</th>
<th>ESTIMATED BUDGET</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rental Fee for the Venue</td>
<td>Kuntai Novel Hotel Beijing (北京昆泰嘉禾酒店) Multifunction Function</td>
<td>RMB 12000</td>
</tr>
<tr>
<td>Fees for Equipment</td>
<td>Projectors, Audio System, Backdrop, decorations, etc.</td>
<td>RMB 25750</td>
</tr>
<tr>
<td>Accommodation Fee</td>
<td>Accommodation is required to arrange prior to the arrival of guests from abroad (Kuntai Novel Hotel Beijing)</td>
<td>RMB 438/Standard Twin</td>
</tr>
<tr>
<td>Transportation Fee and Gifts</td>
<td>Gifts for guests and transportation fee for reporters</td>
<td>Average transportation fee for reporters of printed media: RMB200<del>300 / per person Reporters of TV Broadcasting: RMB 600</del>1000 /group</td>
</tr>
<tr>
<td>Miscellaneous Expenses</td>
<td>Telecommunication, printing, etc.</td>
<td>RMB 1500 is suggested to be reserved</td>
</tr>
<tr>
<td>------------------------</td>
<td>-----------------------------------</td>
<td>----------------------------------</td>
</tr>
<tr>
<td>Total</td>
<td>RMB 40988</td>
<td></td>
</tr>
</tbody>
</table>

5.4.2.2 Word of Mouth Marketing

Since the consumers have no idea about the brand of ACT SOUND, this is the better and quicker way to establish a brand image among them. Being considered the cost of promotion, we suggest ACTO could focus on the following 4 channels to promote the product to the target customers in phase 1, including the establishment of official website, mass media advertising, social media advertising and search engine utilization.

5.4.2.2.1 Establishment of Official Website for ACTO SOUND

Other than promoting AS1 on the official website, demonstration of the features of AS1 is the crucial element of the website. Through the 3D demonstration of AS1 and images and videos of real time usage, it could help the customers to understand our product in different angle thoroughly. Below is the website design for reference:

![Graph 2 – Design of Official Website](image)

**Video Introduction**

It is suggested to include a short video at the top of the webpage, introducing how the product features can integrate into everyday lives, in order to demonstrate our product in a direct way to quickly find out the features of our product.

**Introduction of Product Features**

When readers want to understand more about AS1 in a detailed way, they can make use of the menu on the bottom right corner. When each of the button be clicked, certain real
images will be shown which could help them to understand more about each feature. Besides, the 3D demonstration is the vital element in this section, which could easily let the readers feel and comprehend how each of the product features function in different occasions, allow them to feel as if they were right in the scene.

5.4.2.2.2 Mass Media Advertising

To allow our target customers to know our product functions and features, it is suggested to design a series of posters focusing on the functionality of the product and post it to commercial and technology magazines. The poster should bring out our smart earphone is not just simply function as a normal earphone, but can bring users into a new level in everyday live. It is expected that this could arouse people’s attention. Also, major functions of the earphone should be listed clearly around the smart earphone, in order to allow the readers understand our product quickly in detail. Since then, we make help to make use of the commenters’ columns in the magazines, to comment and provide feedbacks to our product from the professionals, so that readers could understand more about our product in accordance to the professional comments and give rise to discussions on our products.

5.4.2.2.3 社交媒体宣传

Other than mass media, social media is another important advertising platform to spread our image brand to a larger group of people. With the help of this advertising channel, it may also help to attract target customers for phase 2, arousing more attention and discussions among them. Following the pioneer experience activity, we suggest the pioneers can upload videos about their user experience onto different social media platforms and video broadcasting websites such as Youku and Tudou. With the sharing the real experience of using AS1, this could help to strengthen people’s confidence in our products and understand more about our product features and its practicality in daily lives.

5.4.2.2.4 Search Engine Optimization - Baidu

After the launch of the word of mouth marketing strategies, it is expected that a large of consumers would search the product information of AS1. Hence, optimizing the search engine for the ease of consumers to search the product information is vital to act in concert with the above marketing strategies. As Baidu search engine is the most preferred engine among the local users, it is suggested to allocate budget to secure the key words of our product at the front of the search results. Once the optimization
campaign starts, the cost will be counted by the number of clicks and a fixed amount of budget can be set to control the monthly expense in this category by estimating the desired number of searches. (Details may refer to Appendix 4) 5.4.2.3 Customer Relationship Management

i) Membership Registration

Membership registration system is the first and foremost step of building up a long-term customer relationship. It is suggested that buyers could get an extra year of warranty by registering within 14 days. Opinions can be collected from the technology enthusiasts and the specialized personnel in the first stage. Those data collected could be used for the product improvement in the third stage. That is a cost effective method as little cost involved.

ii) Full Refund Campaign

ACTO SOUND is a new brand in the market. The public do not have any concept about the product and the brand. To build up customers’ concept on ACTO SOUND and AS 1, ACTO should show full show confidence in their product. A three-month period of full refund campaign is recommended at the beginning to show the targeted customers that the product quality is absolutely guaranteed. If the customers do not satisfy with the product, they can get the full refund within 10 days purchase by mailing the product back. The returned amount will be reimbursed in three working days. The mailing fee should be all bored by the buyers and ACTO does not hold any responsibility of lost in post. This will increase customers’ returning cost in order to deter any malicious abuse of service. Each headset is affixed with a protective film. Customer must retain the full protective film and the receipts for getting the refund.

iii) AS1 Specific Application

To enhance the friendliness of using the products. ACTO should build up its own applications for AS1. We suggested to build up application like point to point direct after sale service, AS tracking and interconnected social media interface. This can increase customer’s satisfaction towards the product in order to drive up their dependence on the product.

5.4.2.4 Distribution Channels – Online Store

Setting up an online store is really low cost compared to the high investment in physical stores. It also enjoys the benefit of 24-hour selling. Customers could easily access the
platform and make purchases at any time. There are three considerations in operating an online store, including labor costs, payment methods, and logistic.

1) Labor costs
A professional IT team should be build up to establish the online sales platform and to maintain the daily operation afterwards.

2) Payment methods
Third-party online payment platform is now a common way for customers, including online banking, AliPay and Union payments. Among three payment methods in China, AliPay is the cheapest.

<table>
<thead>
<tr>
<th>Handling Fees</th>
<th>online banking</th>
<th>Alipay</th>
<th>union payment</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>0.5% -1% of the transaction fees</td>
<td>0.10% handling fee for each transaction</td>
<td>1.8% handling fee for each transaction</td>
</tr>
</tbody>
</table>

3) Logistic
Logistic is another important component in the whole distribution channel. The cost of AS1 is high so that proper protection in the distribution process is needed. To ensure the safety of the process, the selection of logistic company is very critical. ACTO currently does not have its own distribution team and is hard to develop a team that is comparable to the outside Express companies. Therefore, the best choice is to outsource this sector to the third party. The following is the comparison between four Express companies in China. We suggest choosing Shun Feng as the distributor as it is the fastest among those. Though the network coverage is not as complete as others, it is not a problem when we target on the customers in the first tier cities.

<table>
<thead>
<tr>
<th></th>
<th>Shun Feng</th>
<th>EMS</th>
<th>YTO Express</th>
<th>Sto express</th>
</tr>
</thead>
<tbody>
<tr>
<td>Speed</td>
<td>Within hours</td>
<td>Within 48 hours</td>
<td>Within 72 hours</td>
<td>Within 72 hours</td>
</tr>
<tr>
<td>Price</td>
<td>Minimum charge 22RMB/kg, 10RMB/500g for additional weight</td>
<td>Minimum charge 20RMB/500g, 6RMB/500g for additional weight</td>
<td>Minimum charge 11RMB~15RMB/kg 12RMB/kg for additional weight</td>
<td>Minimum charge 10RMB~15RMB/kg 11RMB/kg for additional weight</td>
</tr>
<tr>
<td>Network Coverage</td>
<td>No network in the remote area</td>
<td>Most complete</td>
<td>Complete</td>
<td>Complete</td>
</tr>
<tr>
<td>Service Quality</td>
<td>Good</td>
<td>Rooms for improvement</td>
<td>Uneven</td>
<td>Uneven</td>
</tr>
</tbody>
</table>
5.4.2.5 First stage – Pricing Strategy

In the first stage, we will set the price according to the following considerations:

1) Cost Plus
   - Manufacturing cost: 1700
   - Promotion cost: 1596
   - 50% targeted profit: 1648
   - Total: 4944 RMB

2) Consumer Perception
   - Research price: 2500
   - Promotion cost: 1596
   - Total: 4096 RMB

3) Competitors
   - Average price of all competitors: 3049 RMB

1) Cost Plus

The total of manufacturing cost and the promotion cost is 1700 + 1596 = 3296 RMB. With a 50% targeted profit, the expected selling price should be 3296 X 1.5 = 4944 RMB.

2) Consumer Perception

According to the primary research we conducted before, the median of high income people’s willingness to pay on the high tech products is around 2500 RMB. We believe that promotion could enhance the product value in the sight of the consumer. Therefore, we will add the promotion into this category in order to make the promotion effort counted.

Therefore, the expected total price will be 2500 + 1596 = 4096 RMB.

Figure 7: Based on the income and the degree of interest, analyzing Willingness of different income group in paying price to the wearable equipment
3) Competitors

We also compare the direct competitors and indirect competitors in the market. Directly competitors refer to those products selling in the China market and indirect competitors refer to those products that are not issued or do not have market intention in China. The average price for the following products is 3094RMB. (See the below graph)

<table>
<thead>
<tr>
<th>FORM OF COMPETITION</th>
<th>TYPES</th>
<th>PRODUCT</th>
<th>COMPANIES</th>
<th>DEBUT TIME</th>
<th>EXPECTED PRICE</th>
<th>SELLING POINTS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Direct Competitors</td>
<td>Bracelet</td>
<td>GEAK</td>
<td>GEAK</td>
<td>June 2013</td>
<td>RMB 1999</td>
<td>Independent from the cell phone</td>
</tr>
<tr>
<td></td>
<td></td>
<td>inWatch</td>
<td>inWatch</td>
<td>January 2014</td>
<td>RMB 1788</td>
<td>Sapphire screen with bone conduction technology</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Smart-Watch2</td>
<td>Sony</td>
<td>October 2013</td>
<td>RMB 1699</td>
<td>Waterproof</td>
</tr>
<tr>
<td>Potential Competitors</td>
<td>Glass or Bracelet</td>
<td>Goggle Glass</td>
<td>Google</td>
<td>2012</td>
<td>RMB 9340</td>
<td>Convenient and intimate</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Galaxy Glass</td>
<td>Samsung</td>
<td>September 2014</td>
<td>RMB 3112</td>
<td>Augmented Reality</td>
</tr>
<tr>
<td></td>
<td></td>
<td>iWatch</td>
<td>Apple</td>
<td>September 2014</td>
<td>RMB 1250 - 1560</td>
<td>Users identification through mechanism and biometric features</td>
</tr>
</tbody>
</table>
Based on the above mentioned considerations, we suggested that AS1 should set a high price in the first stage in order to sustain the high end brand image and to gain from the first layer of supreme profit. We suggest to choose the cost plus method — that is 4,944RMB. As Chinese are fond on lucky stuff, we propose to change the last two digits to “8”. The final price is 4988RMB.

### 5.4.2.5 Cost in the first stage

<table>
<thead>
<tr>
<th></th>
<th>(RMB)</th>
<th>(RMB)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Production costs</td>
<td>2,040,000</td>
<td></td>
</tr>
<tr>
<td>(1,200/pieces)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Establishment cost</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1. Business Registration</td>
<td>2,100</td>
<td></td>
</tr>
<tr>
<td>2. Developing Applications</td>
<td>5,000</td>
<td>7,100</td>
</tr>
<tr>
<td>Promotion Cost</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1. Product Launch</td>
<td>40,988</td>
<td></td>
</tr>
<tr>
<td>2. Advertisement on Magazines</td>
<td>1,200,000</td>
<td></td>
</tr>
<tr>
<td>3. Search Engine - Baidu</td>
<td>23,600</td>
<td></td>
</tr>
<tr>
<td>4. Pioneering Scheme</td>
<td>650,000</td>
<td>1,914,588</td>
</tr>
<tr>
<td>Total</td>
<td>3,961,688</td>
<td></td>
</tr>
</tbody>
</table>

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Retailing price</td>
<td>4,988 RMB</td>
</tr>
<tr>
<td>Selling volume</td>
<td>1,200 RMB</td>
</tr>
<tr>
<td>Total income</td>
<td>5,985,600 RMB</td>
</tr>
<tr>
<td>Total cost(exclude human cost and patent cost)</td>
<td>3,961,688 RMB</td>
</tr>
<tr>
<td>Net profit</td>
<td>2,023,912 RMB</td>
</tr>
</tbody>
</table>

The objective of the first stage is to build up brand by high quality. We anticipate the selling volume is 1200 RMB. After deducting cost such as setting cost 7,100 RMB, promotion cost 1,914,588 RMB, and excluding human cost and patent cost, the net profit can be 2,023,912 RMB.

### 5.4.2.6 The expected effectiveness and risk in the first stage

Expected effectiveness

We hope that the 100% Return service can create a Gimmick for AS1 in order to build up brand by high quality and help occupy the high technology market. We get feedback from opinion leaders by questionnaires for the preparation of the third stage. Meanwhile, we add fashion elements to target second stage customers. Besides, we will
use media to increase our exposure to enter the fashion trend more easily. We want to make a new combination with profession and emotion which is also combination with human beings and machines.

Risks

First of all, smart technology products are new to China. Customers may abuse the return service which may affect company’s profitability. Besides, since people have different opinions, it is hard to avoid negative comments. Moreover, China has huge population and so the market is very large. It is difficult for businesses to expect the future and easily set up their base. For example, fast product replacement hinders AS1 development. Therefore, we need a detailed and well-prepared planning and strategies in order to survive and win in the market. The second stage will start and stable within short time so as to prepare for the third stage.

2nd Stage (June 2015 – November 2015)

5.4.3 Establishment of innovative strategies together with branding and quality (half years)

After the first phase of word of mouth marketing, AS1 can certainly gain confidence from the professionals and to put the emphasis on quality to get prepared for the transition of the change of strategies. For a longer development, we also suggest that a blasting point on marketing campaign should be made in order to create national attention and the wants of AS1 from every single person.

Strategic objectives

Our main objective in the second stage is to raise the attention and good feelings towards our products and therefore the rate of return on investment can be reached to 70%.

5.4.3.1 Marketing Strategy - Bursting point: City Hunter

Event details:

1) Before the event, the pop up places of ”Fashion Models” will be announced in Weibo official account in order to create noises

2) Send ”Fashion Models” with ”Acto Sound” to the according places (shopping malls, commercial streets)

3) Participants need to take pictures with our ”Fashion Models” pictures and post it on their own Weibo

4) Acto Sound will randomly pick five photos from different Weibo and to post it on Acto Sound official Weibo
5) The lucky draw activities will be made every Sunday for four weeks

6) Participants within one week after the lucky draw activities will receive a prize notification

<table>
<thead>
<tr>
<th>Prize</th>
<th>Quota</th>
</tr>
</thead>
<tbody>
<tr>
<td>First Prize: ACTO SOUND AS 1</td>
<td>4 / per week</td>
</tr>
<tr>
<td>Second Prize: RMB 500 Supermarket Coupon</td>
<td>20</td>
</tr>
<tr>
<td>(From sponsorship)</td>
<td></td>
</tr>
<tr>
<td>Third Prize: RMB 200 Supermarket Coupon</td>
<td>30</td>
</tr>
<tr>
<td>(From sponsorship)</td>
<td></td>
</tr>
<tr>
<td>Forth Prize: RMB 100 Supermarket Coupon</td>
<td>40</td>
</tr>
<tr>
<td>(From sponsorship)</td>
<td></td>
</tr>
</tbody>
</table>

Event periods: Before the new product launch of second stage and lasts for one month

Numbers of Fashion Models: 16

Scope of activities: First-tier cities district (district choice analysis: see Appendix V)

- Require a higher performance and appearance for technology products, higher rate of elimination
- The main reason of purchasing products are due to friends' recommendation
- For people who are interested in trendy, stylish and personalized stuff

Cost: 100RMB / a Fashion Model per day, twice a week, eight times in total

Total cost: 12800 RMB

5.4.3.2 Product

To cater the need of fashion seeker, some breakthrough on the appearances of AS1 are needed in order to highlight their cutting-edge feelings. Therefore, we suggest that three to five more different color tones of Acto Sound smart earphones can be created in order to bring freshness to the customers.
5.4.3.3 Sales Pipeline - Distributors

Although the market share and sales volume is expected to rise after the City Hunter activity, there might not be a huge increase as the sales channel is too narrow for general public. If we take the increasing sales volume into account, we should consider cooperating with different distributors such as Gome, Suning and other companies in Beijing, Shanghai, and Shenzhen to increase the sales channels.

5.4.3.4 Mass Media Sales

In order to meet the target customers of the second stage, it is recommended to use celebrity endorsements, advertising videos on Youku, Chihiro, iQiyi players. Take Youku as an example, every click on 15-second video clip needed to pay 32 RMB.

5.4.3.4.1 WeChat

Given that WeChat is the most popular social networking application in China, we should use WeChat as a regular promotional practice in order to achieve the best results in the second stage of generating the target customer base. ACTO SOUND can create its official account on WeChat to interact with its customers and to build up the brand sense to public.
5.4.3.4.2 80-20 Customer Relationship Management

In the first phase of the old members (that is, most are professionals as expected), we hope to keep twenty percent older buyers replacement and maintenance services. Meanwhile, we should strengthen the application’s functionality in order to personalize AS1 so that users cannot leave without AS1.

5.4.3.5 The Expected Results and Potential Risks of Second Stage

Expected Results

In the second stage, we expect our plan is on the right track and create the trend with confidence. In the professional experience sharing, we targeted the average consumer psychology, so as to lay the foundation. Subsequently, a series of color variety will create a brand new consumer vision. At the same time, stressing the importance of value-added services, as well as paying closer attention the high technology, would fully optimize the system. This is a better preparation for the third stage, the transition period.

Potential risks

When the AS1 model firstly emerged to the market, some other companies may want to have a share in this market as well. However, at this stage, ACTO SOUND products merely provided one model with a series of color. Those product imitators could possibly damage the company’s image. Therefore, ACTO SOUND has a need to establish intensive and accurate sales strategy, continue to introduce more types of products to attract more customers, as well as building up the ACTO SOUND brand.

3rd Stage (June 2016 – November 2016)
5.4.4 The Third Stage: Targeted Strategies (1 year)

Through a series of marketing activities from the first and second stage, we believe that our products can successfully establish a certain extent of market exposure and awareness of smart earphones to the general public. In the third stage, we will offer a wider range of new products including tailored-made smart earphones specifically for sports-lover and businessmen. The goal of this stage is to attract a number of specific and sustainable customers through further development of unique products. This is because most of the customers’ buying decisions from the first and second stage are based on the product freshness and can hardly last long. Development of specific groups of sustainable customers can extend the product life cycle and enhance the overall advantage of ACTO SOUND.

At this stage, we would shoot a 10 minutes microfilm for different product lines. In the business intelligence headphones this regard, we will shoot headphones how to help business people in all aspects of making more effective decisions, such as speeding up access to information, and the speed of communication with customers convenient. In sports headphones, we got to dance parties consider shooting; let them wear our product to feel no division courses. The main purpose of the film is to bring out the product for two types of special needs persons, in order to make the effect of targeted propaganda.

4th Stage (December 2016 ~)

5.4.5 The Fourth Stage: Brand Management Strategy

In the fourth stage, we expect ACTO SOUND products has established a certain reputation in the market, therefore brand management will become the main focus of this phase. There are four elements of brand management, including to establish credibility, to gain broad support, to establish close relationships with customers and
increase the chances of the customer experience. We can strengthen brand reputation by upgrading management efficiency and the ability quality control in order to improve the customer satisfaction. At this stage of the marketing strategy, we would suggest ACTO SOUND to go offline from the Internet and to offer the real exposure to the general public.

We expect that ACTO have developed a certain amount of audio and video products and accumulated certain brand awareness. Therefore, we recommend ACTO to automate the sales channel by operating the official physical store - ACTO SOUND. The main purpose of the store is to offer the real physical and personal experience to customers and thus to establish a positive perception on our product quality.

We recommend ACTO to train their own professional team to provide customers with high quality services and to create a positive brand image. Consumers enjoy business specialization, standardization and human services in the personal experience of our physical stores. Customers can also experience our product value and the corporate mission in the whole process and therefore to build up trust on ACTO SOUND.

In order to promote the brand image further in the general public’s heart, we suggest to use the celebrity as our spokesperson for a 30-minute microfilm. In the movie, we will show a clear expression of how ACTO SOUND products can integrate with people’s daily lives and to bring out the connection of "love" between customers and ACTO SOUND so as to strengthen brand loyalty. The microfilm will be uploaded to the major social platforms in order to intense the promotion power.

Our goal at this stage is to form a strategic breakthrough in the local regional markets by opening the physical shops and to enjoy the leadership advantages. In addition, we would also like to create our leader position of smart audio devices in the China local market, so that to have irreplaceable brand image and thus to effectively attract and maintain our customer base and to establish an equal footing with international brands.

6 Summary

Creating a new brand - ACTO SOUND can definitely help ACTO smart earphones to have a more recognizable brand image. Since this market is very green and the potential buyers are relatively limited. For a longer target, sales will be divided into four stages and to gradually establish brand image in the consumer’s minds.

The target customers from first stage are the people who have high standard lifestyle, technology enthusiasts and researchers for high-tech products. They have a willing heart to try the new products and we can collect their professional opinions and advices to modify our products for proceeding to the second stage. After the user experience sharing, our target customers will then have a better impression towards us. In the second stage, the trendy elements will be added together with different promotional
methods and channels to entice the purchase desire (in particular young users group) for our products. When the product through to the second stage as well as marketing activities, it is expected that we will have certain reputation in the market. Different models of smart earphones will be launched to cater to the needs of different customer groups. We hope that we can attract different customer groups and reach a longer product life cycle by offering more unique products. The fourth stage will focus on brand management by physical stores and enhance the interactive experience between customers, strengthen and firm ACTO SOUND brand position.

In the future, in addition to relying on the product’s continuous innovation and creativity, we expect, "ACTO SOUND" to become the pioneer of smart devices and to lead the advancement of high-end devices market.

7. Special Thanks

For the successful completion of this report, our group would firstly like to show our gratitude to the SHENZHEN ACTO DIGITAL VIDEO TECHNOLOGY CO. for guiding us to finish the report with much help and their cherish opinions and comments, especially the chairman Mr Xie, the manager of global marketing Miss Xie, the chief technology officer Mr Zhang and the chief design officer Mr Ping. Thanks for offering us to learn how to market products and provide us with all assistance and a wide range of valuable information. Moreover, we would like to thank the department of marketing, City University of Hong Kong for giving us this treasurable opportunity for letting us to gain the practical experience, which allows us to better understand the real Chinese commercial market before graduation and which is very important to our future development. Specifically, we would like to thank Pro.Yang’s tireless guidance, showing us to way to help us develop research ideas. In addition, we thank all who have involved in the survey and giving us those valuable information and advice, which provide further help in building up our idea in marketing the product and formulating strategic decision. Finally, we would like to show our great thanks to our family, friends, classmates for their support and encouragement throughout this semester, so we were able to complete this graduation report.
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9. Appendix

(1) PERSONAL INTERVIEW CONTENT

1. 你好, 我是城市大学的学生, 这是我的学生证. 我们现在在做一份市场调查报告. 请问可以询问你一些关于头戴式耳机消费者的信息吗?

2. 请问你们这里哪一款耳机比较热卖?

3. 为甚么那么受欢迎? (质量, 外型, 品牌?)

4. 甚么外型的耳机比较受欢迎?

5. 哪一个品牌最受歡迎?

6. 它们的价格大概是多少?

7. 如果現在有一款耳機, 但它同時具備了 GOOGLE GLASS 的 functions, 如果放在你们中间賣, 你預計銷量會怎樣呢?

8. 你认为出产国对此产品重要吗?

9. 你认为这款产品的售价应该是多少?

(2) THE SURVEY

您好，我们是香港城市大学中国企业管理专业的学生，为了更好地了解消费者对智能穿戴式产品的看法，我们特地展开了此次的市场调查，希望您能在百忙之中抽出一点宝贵的时间，协助我们完成以下这份问卷。您的回复只会作为研究使用，不会用于其他商业用途且公开。谢谢！

第一部分：筛查

1. 您的年龄：
   
   15 岁或以下 16-34 岁 35-44 岁
第二部分：消费者行为

2. 你对高科技产品是否感兴趣？

是

不是

3. 你会因为大多数人拥有某种科技产品而产生购买意欲吗？

是

不

是

4. 您最常从以下哪些渠道获得高科技产品资讯：

电视广告   报纸/杂志   推广活动   网站
宣传短片   电子邮件   亲友推介   社交网络
其他：____________

5. 你主要从哪些搜索引擎了解高科技产品？

百度   360 搜索   搜狗
搜搜   Bing   雅虎
其他：____________
6. 你最常浏览的视频网站是：

- 酷
- 土豆
- 爱奇艺
- 搜狐
- 乐视
- 腾讯
- 风行网
- 其他：_____________

7. 你最常浏览的社交网络是：

- 新浪微博
- 人人网
- 腾讯微博
- QQ空间
- 开心网
- 51.com
- 其他：_____________

第三部分：智能穿戴产品

8. 你有听过谷歌眼镜吗？

- 有
- 没有(跳至 Q.11)

9. 若有一款新产品以头戴式耳机的载体出现，但具备谷歌眼镜的功能，你会认为这款产品：

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<td>d. 它是智能为主，听歌功能为辅的设备</td>
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10. 你认为智能耳机必须具备以下哪项功能？（可复选）

语音识别  拍照和摄像  视频流  社交媒体  通讯  上网  GPS 导航  其他：

11. 你愿意花多少钱来购买智能耳机？

___________ (人民币)

12. 在购买智能耳机时，你认为以下哪个要素最为重要？

硬件功能  价格  质量  品牌  售后服务  重量
操作系统
产品外观（颜色、款式）

13. 您会选择哪个渠道购买智能智能耳機？

专卖体验店 家电商 (苏宁、国美等) 商场专柜 官网
订购 网店 (京东商城、天猫等) 其他: ___________

第四部分：个人资料

14. 您的性别:

男 女

15. 您的教育程度:

初中或初中以下 高中 大专
大学 研究生或以上

16. 您目前从事的行业:

学生 信息科技业 零售业
金融保险业 教育 制造业
其他: ___________

17. 您的月收入（人民币）:

2000 元以下 2001-4000 元 4001-6000 元
6001-10000 元 10001-15000 元 15001-20000 元或以上

衷心感谢您对此次问卷调查的支持与合作，谢谢！
(3) THE PIONEER SCHEME

Movie Time

Using GPRS
Photo Taking

Video Chat
The link of the video: https://www.youtube.com/watch?v=yuYlgiveB2Q&feature=youtu.be

(4) SEARCH ENGINE REVITALIZATION

- 百度火爆地帯是通过针对特定关键词的网络固定推广方式
- 购价制按年付费，不同位置价格不同。
- 1-3名位置是固定的
- 4-10名位置则每日轮动
- 先付先得原则，如果两家公司都预订了同一个关键词的同一位置，先付款者可得到该位置。
- 老客户享有优先续约权。
1) Beijing: WANGFUJING shopping district

Beijing's Wangfujing shopping district is a traditional area located in the south from the East Chang'an Avenue, north to China Art Museum, which is Beijing's most famous commercial district. Wangfujing Street remediation plan, which was characterized as "Beijing Business First Street", prominent business style "modern", "trendy." Operating necessities, currently catering, entertainment facilities increased; mainly located in all public and domestic travelers. Distribution within the district has twelve large shopping malls, in addition to the original department store, arts and crafts building, Muslim buildings, Foreign Language Bookstore, Concord Mall, Wangfujing shopping malls. It also built a new department store building, Donghua clothing, Minghui House, Friends of the world, Dan Yao Building, Oriental Plaza. A large shopping and entertainment business six integrated commercial.
2) Shanghai: Nanjing Road shopping district Nanjing East Road

It is known as the "First Street", the former with "ten foreign market," the reputation of famous Far East. Today, not only is the Shanghai Nanjing Road shopping choose one of the sites for public recreation, visiting Shanghai tourists are bound to a visit. Nanjing Road commercial structures to mid-range products, there are also a number of specialty shops selling Shanghai and centuries old, are generally tourists to the place. Nanjing Road shopping district includes the mall: Celebrity Shopping Center, Hongyi Plaza, 353 Plaza, Apple retail stores, Landmark, East Building, Wing, City hundred stores, Brilliance Shimao International Plaza, New World City, to Raffles City. The city owns the New World, New World Co., Ltd. took the Huangpu 163 plots (east of Henan Road, south of Tianjin Road, west of Jiangxi Road, north of Nanjing Road), is about to introduce Japan Daimaru Department Store, plus Apple retail shops and shopping centers located in celebrity, adjust the layout of the eastern Nanjing Road business will continue to bring prosperity to the whole business of the street.

3) Wuhan: Wuhan-Guangzhou business district

Wuhan, Wuhan-Guangzhou business district is one of the oldest, most bustling central business district, located in the middle of Jiefang Road, Wuhan Plaza
owned Wuhan International Plaza, World Trade Plaza, New World Shopping Centre store, SOGO department stores, shopping centers and other six Wuzhan large department stores, and has formed Wuhan International Plaza, New World Center store as the representative of the high-end luxury consumer centers. Circle the number of department stores and a wide variety of formats, bringing together the Wuhan Industrial appliances, Suning, Gome, one hundred storage, Wu discount supermarket, a large supermarket and so on commercial activities, traffic of one million people, in central China big cities are rare. The district currently has a consumer strength in elite, high-income families mainland-level city in Hubei Province, domestic and foreign tourists as the main consumer group. Currently, Cartier, Gucci, Hugo Boss and other brands are settled, Hermes, Fendi, etc. will also stationed.

East Gate Walking Street, also known as "Street", is the oldest commercial district of Shenzhen, providing popular, the trend of consumption. Circle around the boutiques, specialty shops, eateries and other characteristics of goods, fashion shops, to the avant-garde style, affordable, rich features to attract a lot of shoppers, including tourists, young people and low-income groups, etc., the average daily flow

4) Shenzhen: East Gate shopping
capacity of 60 Wan. Not only within the district Lingnan style of the old arcade building characteristics, there are large modern shopping malls, including major department stores, including comprehensive Maoyebaihuo, Rainbow Department Store, etc.; specialty stores including the Mong Kok shopping center, business center, Sun Hung Kai, Kowloon City, Vietnam Hong Kong Business center, commercial buildings, Shenzhen constitute the largest and most concentrated retail commodity business types most complete commercial district.