GE2209 Market Developments in China

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<td>Tutor:</td>
<td>Zeng, Xiaohua (Michelle)</td>
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<td>Anna Lam</td>
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<td>Ho Wai, Candy</td>
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<td>Ngan Shing Kit, Ken</td>
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Executive Summary

By taking an over review of the car industry and the environment analysis, we have got notice that the car industry is blooming in China due to the outstanding economic growth and beneficial governmental policy. In the review, particularly, we realized that the female car market is booming up much quicker with great expanding demand as result of the rapid increasing number of female driving licensers and the uprising influencing power of the majority Chinese female in making family purchasing decision in China. However, surprisingly, from data it showed that the corresponding female customized car products are still inadequate in China market nowadays. By taking account of the advantaging factors of highly increasing demand on cars by Chinese female, much less competitors and low market saturation, we are planning to set up a new car company called “Care Plus Auto Mobile Ltd” which mainly targets on female friendly car market.

To be successful in the car industry, besides analyzing main competitors’ products, marketing and positioning strategies, in our business project, we also do a research about the consuming habits and behaviors of Chinese female car consumers in order to match their needs and wants with our product. To differentiate from those famous but expensive foreign car brands, our female friendly car would be positioned as “high quality with good care and affordable price” and targets on single young female groups in China who earn a middle income and couldn’t afford for the expensive well-known foreign brands’ cars. Without a doubt, correctly utilizing marketing mix is definitely the key for our company to get success in China. Therefore, besides the product design, we would adopt one-level channel with exclusive distribution strategy, price adjustment strategy like psychological price setting, and special promotion programs, such as recruiting spokesperson and sponsorship event, to further enhance the sales our female friendly car.

As we know, to lead a business has an ongoing fluent development, except having short-term running plan, we should also carefully consider about the threats that would appear against our company. Therefore, in our business project, finally, we would provide a forecast about the challenges our company might meet in entering the China car industry.
Industry Review

1 China: World’s Giant Market for Selling Car

China has seen its rapid growth in car consumerism especially since 2000\(^1\). In just 8 years, the annual sale of cars in China jumps from 2,100,000 (2000) to 9,380,000 (2008), with an average growth rate of about 20%.

Starting from 2007, China has become the world’s second largest car market, taking the place of Japan. In 2009, with a sale accomplishment of 6.1 million cars in just the first six months\(^2\), China surpassed the United States as the world’s biggest car market. Though we have to factor the US’s economic depression in the financial crisis for China’s top ranking, the booming of car market in china is incontestable.

2. Huge Unsaturated and Potential Car Market in China

Remarkable as China’s current car market, its future potential is even more compelling. Compared with 90% car ownership in the US and 80% in the UK, there’re just six car owners per 100 people in China.\(^3\) With the rapid economic development in China, the number of people who can afford and call for cars is increasing as fast. Just as indicated in the graph on the left, quite a number of analysts forecast that China is going to have the world’s largest car-owner population in just 16 years\(^4\).

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2. [http://www.autosinomind.cn/(S(v4zivuc2fekon045cac0msr0))/NewsContent.aspx?nid=26426](http://www.autosinomind.cn/(S(v4zivuc2fekon045cac0msr0))/NewsContent.aspx?nid=26426)
3. **Increasing Popularity of Small Displacement Cars in China**

In China, the sale of cars with small oil consummation is becoming more and more popular. Partially due to the rising awareness of environmental protection and partially stimulated by the government policy of reducing taxes, in the first half year of 2009, cars with displacement less than 1.6L takes up almost 60% of the total passenger cars sale.\(^5\)

4. **Increasing female car ownership in China**

More and more Chinese women started to expect a car of their own. Back to 2002, only about 20% of the car owners are females. However, in 2008, this figure reaches 32.9%, which is the average level of female car ownership in Europe. The total car quantity in China is increasing while women make a contribution of about 2,000,000 of this rise every year.\(^6\)

5. **Low Proportion of Female Cars in Current Chinese Market**

In current car market in China, cars specially designed for women are still rare. Most cars frequently being so-called “cars of females” are in fact those with relatively larger proportion of female buyers. They are not particularly suited and tailor-made for the female drivers’ needs and wants. To illustrate the situation, we conducted a very simple research online. On a very popular personal car purchase-guide website, which is called “Che168”\(^7\), the cars are categorized into groups for the convenience of buyers to research. There are totally 2,158 types of cars. But by clicking the “Cars for Females ”category, you can get only 228 results (which is about 10%). Further, if you want to look for some cars exclusive for women, unfortunately you’ll receive zero result. From such experiment, it reflects that female customized car has not been widely provided in China yet which means there is still a room for entering the female friendly car market in China.

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\(^7\) [http://www.che168.com/](http://www.che168.com/)
Environment Analysis

Demographic Factors

1. Population growth among various genders

By reading the chart on the right, we could know that the growth rate of Chinese female and male from 1997 to 2007 were about 6.8% and 6.5% respectively. In the long term, the increasing rate of female is estimated to be about 1.2% more than that of male in China from 2007 to 2017. Such statistic clearly reflected that the number of female in China is growing faster than that of male, and by proportion, the number of potential female customers that would like to buy a car will increase theoretically in the future.

<table>
<thead>
<tr>
<th>Year</th>
<th>Male</th>
<th>Female</th>
</tr>
</thead>
<tbody>
<tr>
<td>1997</td>
<td>638637</td>
<td>600821</td>
</tr>
<tr>
<td>2007</td>
<td>680291</td>
<td>641560</td>
</tr>
<tr>
<td>2017</td>
<td>721574</td>
<td>688114</td>
</tr>
</tbody>
</table>

2. Female Population Distribution

Moreover, in China, the 20-39 years old female group occupies over 55% of the female population according to the Aili consultation and social internet survey. In the targeting process, this data someway may show significance in such decision making.

3. Income Distribution in China

In addition, concerning the monthly income per capita, it could be known that over half of the population in China earns ¥ 1001- ¥ 4000 per month. These middle-income people form a big consuming group in China.
4. Willingness of monthly wage Spending

The graphic on the right is the female monthly consumption-wage bar chart in 2008. It revealed that over half of the Chinese women will use 60% or above of their monthly wage as consumption expenditure in daily life. From such data, it let us know that in China, the female is a much ready group for purchasing consuming goods.

5. Influencing Power of Chinese Female

In 2009, WSDK (Master Card) indicates that 79.9% women believed that they had greater power to influent the purchasing decision in a family nowadays. Such fact implicates that in the future, selling women-oriented goods would be a very potential business in China.

Economic Environment

1. Economic Growth

Regarding to the economic data, it showed that in the previous years, the GDP growth rate of China kept at above 10%.. Though in 2009, the GDP growth of China slowed down due to the financial tsunami, a relatively high percentage of it is still anticipated which is about 8% in the coming year. This shows that a certain purchasing power from general Chinese would be kept going on in China’s consumer goods market in future one year.

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8 http://boxun.com

9 In terms of growth by quarters, the GDP was up 10.6 percent for the first quarter, 10.1 percent growth for the second, 9.0 percent for the third and 6.8 percent for the fourth.
Government Policies And Regulations

1. “Cars go to rural areas” (Qi Che Xia Xiang)

In March 2009, the Central Government has announced a new policy called “Qi Che Xia Xiang”. Regarding to the policy, rural people would be provided with favorable motives, included car trade in and allowance in purchasing car. Benefited from the new policy “Qi Che Xia Xiang”, unquestionably, the internal demand on new cars would be greatly pushed up.

2. Lower Tax on Low-emission Passenger Car

In January 2009, China State Council approved an auto mobile industry revitalization plan. Under this plan, the purchasing tax on passenger vehicle with 1.6 liters or below would be greatly cut half from 10% to 5%. With the effect of this policy, 60% of car buyers can be benefited and in turn help to boost the consumption of low-emission passenger cars.\(^6\)

3. The 11th Five-year Project (2006-2010)

In the planning of the “11th Five-year Project”, the Central Government has decided to invest RMB 100 billion on road construction to connect most of the small towns with highways in order to expand the transportation networks. Such huge road construction project would provide big convenience and incentive for people to travel between towns and cities, which may result in inducing people to buy cars.

4. World Trade Organization Agreement

Since January 2005, regarding to the timetable of China's WTO commitments, China had cancelled out the import quota management system on foreign car products and kept on reducing the import tariff on car vehicles from 100% to 25% by July 2007. Owing to such policy change, foreign car producers get much easier and lower cost to import car into China Market for selling. Without the protection policy, local car company now is facing a keen competition due to the enormous increasing number of foreign car competitors appearing in the market.

\(^6\) [http://www.dcba.com]
Natural Environment

1. Chinese Awareness on Environmental Protection

Nowadays, air pollution becomes a critical problem in China. Responding to the “No Cars Day”\(^{11}\) promoted by Government official, more Chinese are aware of the seriousness of the air pollution problem caused by cars and start to search for more environmental friendly car vehicles. This preference change on selecting cars by Chinese may somehow bring an insight for developing green car in future.

2. Raw Materials — Oil and Steel Price

The graph on the right showed though oil price suffered great reduction during the early half year of 2009, an uprising trend of oil price was recorded again after then. By the effect of increasing oil price which leads higher cost for driving, people then may be discouraged to buy car in the coming years.

![Graph showing oil and steel price trends](image)

There are five factors affecting the steel price index. Starting from 2009, as four\(^{12}\) of the factors are declining, included “overall steel profit development”, “steel tax development”, “steel workers development” and “steel industry product price”, so the price of steel products keeps dropping from the peak. As steel is a major raw material in car industry, so the production cost for making a car would be much cheaper which leaves a room for lowering down the price of car in China.

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## Competitors Review

<table>
<thead>
<tr>
<th></th>
<th>Mini Cooper</th>
<th>Honda Fit</th>
<th>Toyota Vios</th>
<th>Suzuki Swift</th>
</tr>
</thead>
<tbody>
<tr>
<td>Price(ten thousand)</td>
<td>21-42</td>
<td>9-13</td>
<td>9-12</td>
<td>9-11</td>
</tr>
<tr>
<td>Target Income Group</td>
<td>High</td>
<td>Upper middle</td>
<td>Upper middle</td>
<td>Upper middle</td>
</tr>
<tr>
<td>Fuel consumption (L/100km)</td>
<td>5.8</td>
<td>6.9</td>
<td>7.1</td>
<td>5.6</td>
</tr>
<tr>
<td>Pump delivery (L/100km)</td>
<td>1.4</td>
<td>1.3</td>
<td>1.6</td>
<td>1.3</td>
</tr>
<tr>
<td>Colors</td>
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<td>8</td>
<td>6</td>
<td>8</td>
</tr>
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<td>Length (mm)</td>
<td>3699</td>
<td>3900</td>
<td>4300</td>
<td>3695</td>
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Our direct competitors would be the top four favored cars among females in China which are Honda Fit, Toyota Vios, Suzuki Swift and Mini Cooper. Honda Fit, Toyota Vios and Suzuki Swift both are the famous Japanese brand, and Mini Cooper is a popular brand from Europe. The car price of the three Japanese brands is set to be at upper middle range which is 100,000 RMB on average. It is comparatively more expensive than the other similar models in China. For Mini Cooper, as it positions itself as unique, high class and fashionable icon, so its price is the highest compared to the other three competitors. The table above shows that the top four female favored cars both are in small size, low fuel consumption and non-high power types. Also, the other common point of these four car brands is that they have high prestige in maintaining high quality and safety of their products.

Consumer Review

1. Local Culture in interpreting car color

Different cultures assign different meanings to colors. In traditional Chinese view, white and red are usually associated with death and luck respectively. However, for some young Chinese female, as they are more likely exposed to the Western culture, conversely, they regard white color as purity and cleanliness. According to the research conducted in 2008, the three most favorite car colors that chosen by the Chinese female were red, white and silver respectively.

2. New Driving Culture in China

Nowadays, driving has become another fashion for Chinese women. In enormous driver training schools across China, there are more and more female trainees. In China, it was reported that over 10,000,000 women have got their driving license and such number still keeps climbing up by increasing 2,000,000 per year.

In addition, from the graph on the left, it reflects that safety, outlook and comfort become the three most important concerning criteria among Chinese females when they are choosing cars. By contrast, the Chinese females put the least concern on the power and movability of the car.

Regarding the car equipments, Chinese females rate safety airbag and car backing radar as the top essential one for them too. This matches their great concern about safety of a car.

3. Different Consuming Behaviors Among Various Regions And Life Cycle

Chinese women in different districts on mainland will behave differently in buying cars. For those living in the North, they tend to buy a new car to replace old or broken one. For those living in the West, they are motivated to buy a car by a combination of style and social influence. For those living in the South and East, they concern more about the feature attractiveness of the car product instead.

Moreover, Chinese females shift the types of goods and services over their life time. For the young single ladies, they prefer to buy a small car with 2 or 4 seats car for individual purpose. But for those getting married females with children, they tend to buy 7 seats car with bigger size for whole family use instead. According to a research, there are preference differences among Chinese females towards choosing a car in various age stages. For the women who are between 20 and 39 years old, they prefer to buy a car which is innovative, lively and economic which could improve their living standard and make them look fashionable. However, for those 40 to 49 years old women, they would like to buy a lofty car with exquisite internal decoration and would not let the others have pettiness feeling on it. They seldom seek for the fashionable look anymore. In contrast, for the women who are above 50 ages, they tend to buy a car which is noble, safe and comfortable. They emphasize more on how the car shows their high-class status out.
Setting Up New Business

Our Company:

After the previous analysis, by taking account of the advantaging factors of highly increasing demand on cars by Chinese female, much less competitors and low market saturation, we are planning to set up a new car company called “Care Plus Auto Mobile Ltd” which mainly targets on female consumers by introducing female friendly cars in China.

Mission:

The mission of our company is “Care drivers’ needs; Execute drivers’ dream” which means we aim to offer car vehicles that are suitable for and affordable to the car drivers.

Objectives:

Regarding our short term (within 5 years) objective, through different promotion strategies, we hope that we can: (1) keep 60%-70% awareness of our female friendly car among the target group; (2) maintain 15-20% profit- rising per year; (3) capture about 8-12% market share in China female friendly car market

For the long term objective, we are striving for (1) building up an expertise image of caring every car user group’s needs and wants. Also, we would fight to be (2) a high profitable automobile producing company and (3) one of the leading companies in the female friendly car market by increasing our market occupation to 25% in the future. To achieve such goals, in long run, our company would enhance R&D of the products to further expand product ranges and production capacity of our female friendly car to target different social classes of female. Moreover, we would try to improve the distribution and after-sales service networks of our products too.
Product — Female Plus

The concerns of men and women in choosing cars are great different. For men, they may concerns more about the functions and technology of a car. However, referring to the previous consumer analysis, instead of, female drivers most concern about the design, safety and comfort level of a car. In addition, environmental friendly factor also has been considered by female drivers nowadays. Therefore, in our female friendly car production, more focuses would be put on outlook design, safety, comfort and environmental friendly enhancement. To emphasize our car product is tailor-made and extra value-added for women, so we name it as “Female Plus”.

Design

Concerning with the outlook of Female Plus, a streamline shape with no horn would be adopted in the design to show a sense of modern and fashion. Also, as mentioned in the industry review -- small displacement cars get much more popular in China nowadays, so Female Plus would be made in small size to suit the market favor. Besides, multi-reflecting jeweled-type headlamps will be used to make Female Plus much shinier and fashionable. Moreover, referring to the top six female favored car colors mention in consumer review, Female Plus would be designed in red, white, silver, black, blue and yellow respectively. Moreover, the color of the car seats would also be designed to be consistent with the body color.
Safety

As women concern more about their appearances and they are comparatively not so highly skillful in driving, so they care more about the car safety devices. To meet such needs, more advanced technologies would be added in Female Plus to protect women from accident and harm.

1. Anti-lock Brake System

With applying Anti-lock brake system, Female Plus can stop in a hurry even on a slippery surface, so it can reduce the chance of accident in rainy days.

2. Park Assist

For the park assist, it provides front and rear sensor which could give hints to the female driver and keep their alert when they are parking. This can lower the chances of hitting other cars during parking.

3. ITS Head Airbags

ITS stands for “inflatable tubular structure”. With using ITS head airbags, Female Plus could lower down the risk of hurting the face of female driver during accident as the airbags would inflate diagonally across the side windows instead of from the front side to provide superior protection for head and face from injury.
**Comfort**

1. **Automatic Climate Control System**
   As woman is not as strong as men, they are more sensitive to the temperature change and may get sick when the temperature is too low or too high. Thereby, Female Plus provides an air conditioning with automatic climate control system to give an optimal temperature for female drivers all the times.

2. **Humidity control system**
   Running air conditioning for a long time would dry up the skin of female driver easily. To keep the skin of female driver in a moisture state, humidity control system is installed in Female Plus to monitor the humidity inside the car. When humidity is too low, water droplets will spray out through a spray device to balance the environment.

3. **UV filter**
   Many office ladies spend so much money on buying products to protect themselves from receiving UV light which may lead to dark spots. By noticing such female concern, Female Plus would adopt windows which could block UV light too.

**Environmental Friendly**

1. **Low emission and energy-saving engine**
   As mentioned before, due to the official “No Car Day” promotion and introduction of lower taxes on 1.6L car and subsidies for 1.3L car, the public awareness of environmental protection keeps rising which leads more Chinese female car consumers tend to buy a much environmental friendly car. To server for demand, low emission and fuel consumption engine (1.3L) would be applied in Female Plus. Such environmental friendly installment could help female drivers save much fuel fee and lead them to enjoy the preferential tax and subsidy on eco-car from the government.
Segmentation and Targeting

We know that the process on how to choose an appropriate and profitable target group for selling would be so crucial to decide how successful Female Plus would be in China. Therefore, we have offered great effort on going through selecting the target group.

First of all, base on the “gender” variable under Demographic segmentation to separate the market into two halves, one is female and another one is male. We are going to focus only on the female market. The reasons for this are as follows: According to the previous analysis, there are more than 10 million females in China possessing driving licenses and the number is still increasing by 2 million every year. Besides, according to a report from China.com, China has produced over 6 million automobiles every year. But, there was surprisingly no specific automobile model for the females until mid 2005. In fact, female buyers are becoming a main force in the China car market in recent years. As stated in the industry review, Chinese female car purchasers have grown from 20% in 2002 to 32.9% of the total buyers in 2008. From that, we can see a great potential of the female friendly car market in China.

Among the female market, we would further divide it into four segments based on “age” variable as the buying behaviors are quite different between various age groups like what we have mentioned in the consumer review part. The four segments include 0-19, 20-39, 40-59 and 60 or above ages groups. We would pick up 20-39 ages female to target because this market is non-saturated, profitable and big enough to make profits. This group consists mainly of office ladies and public servants and occupies over 57% within the female consumer groups in car market. Most of them are open-minded, innovative and independent financially. However, they are not able to afford such foreign expensive female friendly car, like Mini Cooper due to their middle income salaries. As a result, the relatively economical price and female friendly designs of our product, Female Plus

could definitely give it an edge over those foreign competitors among the 20-39 ages female group and earn a large market share from it.

Moreover, as Female Plus is designed in a small size, therefore, more efforts would be put on targeting those 20-39 ages Chinese females who are in single state and would like to have a car for individual use.

**Positioning**

To create a special position of Female Plus in the target’s mind, we would position it by price and product attributes. That is to focus on the special features offered by our female friendly design at a lower price. In our marketing mix, a slogan “tailor made needs not be unaffordable” would be added in almost of our promotional functions in order to further outstand its friendly design for female but in a affordable price image.

**Pricing**

**Setting Price**

As mentioned in the targeting part, we are going to target those 20-39 ages single Chinese females who usually just earn a middle monthly income ¥ 2000 on average and could not afford for the expensive foreign brands’ cars which cost above ¥100,000 normally. So, we would like to set the price of Female Plus in a middle level which costs ¥79,998 per unit. The aim for setting such middle price is to make Female Plus being affordable for most of our target group and induce a large number of purchasers in a short period in order gain market share quickly. As our product is highly concerned with quality and tailor-made design which are positively related with the production cost, so setting Female Plus in a low price would not be profitable for the company and a low price would make customers have a “cheap” perception towards our brand. On
the other hand, as we are the new entrant in the car market, a high price would drive away the target group and make our product could not be differentiated from those expensive foreign brands.

**Price Adjustment Strategies**

By concerning it is our first time to launch our product in the China car market, so firstly, we would like to offer a cheaper selling price which is ¥68,888 for the first 88 units of Female Plus in order to attract target customers to try our product and increase positive word of mouth about Female Plus among them. Without a doubt, a cheaper price setting could also help boost the awareness and sales of Female Plus at the early stage.

Besides, by applying the psychological pricing strategy, we realize that in pricing, each digit actually has certain symbolic qualities that could influence the interpretation of a product by the purchasers, especially in China where people emphasize on good omen so much. Therefore, in setting the price of Female Plus, we would use “6” and “9” with “8” as the digit combination to connote forever luck to the target customers and further induce them to buy our product.

Moreover, by taking account of our target customers who mostly likely from the middle class, they might not be able to settle the payment for a car at once even though the Female Plus is priced economically. Therefore, we would offer 24 months installment without charging interest to our customers to show them we are more considerable towards their economic situation than the other competitors.
Place

To distribute the Female Plus for selling, we would like to adopt the one-level channel with exclusive distribution strategy which means the product is directly transited from our factory through only two retailers to the customers. Besides, the salespersons of the retailers, who are responsible for selling Female Plus, have to receive short trainings and talks from us before selling Female Plus. By doing that, all the promotion, price discount offering and services provided by the intermediates could be standardized. Also, this helps the salespersons to introduce the features of Female Plus to customers more effectively and in a consistent way.

To sell Female Plus across the China, we would like to choose Sunslux Company as well as Shanxi Car Trading Ltd Company as our main retailers due to their high geographic coverage in the North, East, South and West of China respectively.

Sunlux Company

Sunlux operates car components, maintenance, selling, leasing, etc for over 14 years. It is the top automotive chain enterprise in China. Sunlux has set up 62 direct sales chain stores of car across the North, East and South of China. The coverage includes Shenzhen, Ningbo, Beijing, Jiangsu, Shanghai, etc. Also, Sunlux has rich experience in running 4S shops that it could help us to establish our own distribution channel in the future.

Shanxi Car Trading Ltd Company

Shanxi Car Trading Ltd. Company also provides car maintenance, retailing and some consultation service for over 27 years. Though it is not easy to find a well developed car distribution network in western part of China, Shanxi Car Trading Ltd. Company would exactly a good choice. It sets up more than 30 direct sales chain stores of car mainly in the Western part of China, such as Ningxia, Xingjiang, Gangsu, etc.
Promotion

1. Media Advertisement

As a totally new car company, proper TV advertisement is essential for both our product and our brand. We can choose to insert our advertisement in the break of TV series which have wide young female audience. In addition, we can promote on TV programmes too. For instance, “Tian Xia Nv Ren”, which is a very popular women talk show among the Chinese females, has always presented thought-provoking discussions of typical female-related issues. Therefore, we could sponsor such program to discuss the hot issue of “Female Car Age” by using Female Plus as an example. The aim of this program is to increase awareness of Female Plus and help it create positive word of mouth among the target female audiences.

Besides, we will also choose magazines and internet as the media for publishing advertisements. It is because magazines have high demographic selectivity and there is no time and location limitation for people accessing the Internet. Promotion on these media is both economic and effective. According to some online researches, the top three popular magazines for Chinese female readers of 20s to 40s are Rayli, Girlfriend and Zhiyin. And, the three most popular woman websites are TengxunWoman, SohuWoman and SinaWoman respectively. Thereby, we are going to make use of such famous woman magazines and websites for advertising Female Plus. As by doing that, we can deliver our promotion directly to exact female target customers, which is more effective.
2. Sale promotion

We will provide preferential scheme that a customer will receive VIP cards of some famous woman clothing brands, cosmetics brands, skincare products brand and beauty salons upon the purchase. We hope these VIP cards will stimulate young ladies’ preference of our cars. Moreover, we will choose these brands carefully under a guideline that the brand should somehow represent the spirits of our woman friendly car. For example, we can cooperate with the famous Chinese cosmetic brand YUE SAI. This brand is established with a slogan of taking care of Chinese women and producing customized makeup and skincare products exclusive for them. Besides, it has a core spirit of confidence and independence and advocates that Chinese women should control their own life. All these characters make it a perfect match with our Female Plus.

Also, we will offer Chinese females a ¥3800 rebate for buying Female Plus from early March to mid March for celebrating the International Woman’s Day on 3rd March. Besides it could help to increase the sales of Female Plus during this period, such act would also strengthen the association of Female Plus image with females friendly.

3. Sponsorship

In addition, we have planned to sponsor some Chinese woman associations, like All-China Woman’s Federation, which is a mass group united by women from various ethnic backgrounds aiming to improve the status of woman in China. By doing so, it helps our company create a favourable and responsible corporate impression among the Chinese females which someway may help for the sales of our female friendly product, Female Plus indeed.
4. Spokesperson

At the beginning of the business, we would also launch a recruitment program to select spokespersons for our Female Plus. And, all Chinese women who are non-celebrities and within our target group can apply to take in. There are several reasons for us to recruit spokespersons of Female Plus from the public instead of using celebrity. Besides being much less expensive than celebrities, adopting ordinary females as spokesperson, who have higher similarity and background with our target customers, could create greater resonance and connection between our products and the target group. Moreover, ordinary females who have personally experienced the benefits of using Female Plus possess a higher degree of credibility that likely unsurpassed.

Basically, this program is composed of a series of nation-wide auditions. 50 winners from the 1st round interview will be presented to be voting through internet by our target customers. The aim for doing that is to create noises or discussions about our brand and product among the target customers. Also, the online voting activities enable our potential customers to directly interact with our brands, which help them to familiarize with and gain confidence of Female Plus.
5. Female Friendly Club

Last but not the least, as consumers also concern so much about after sales services, so we would set up a Female Friendly Club for customers to join. Upon the purchase of Female Plus, the female buyer could become a member of our Female Friendly Club and enjoy all kinds of special services we provide like some examples showed below.

**Car beautification**

Women always concern a lot about the appearance of their loved cars and they prefer something personal and unique. A statistics shows that about 90% of the surveyed ladies said they would like to decorate their car after purchase. Therefore, we would provide professional and customized car beautification advice for the club members in free charge to help them design the decoration plans of the cars.

**24–hour hotline to help solve small operating problems**

Relatively women have less knowledge about cars in machinery view. Even they have got the driven licenses; they still often come across with technical problems about their cars. Therefore, they have a greater need for a professional car consultant service. To show our sincere care and concern, we will set up 24-hour hotlines for club members to help them deal with the occasionally arising problems of their cars. Also, we would provide guidelines and reminders for car maintenance through the hotlines.

**Driving tutorials for women drivers**

There are some potential dangers which only apply for women drivers but always have been neglected, such as many women like to drive with their high heels on and do not like wearing life belt since it may deform their beautiful dress. To enhance the driving safety of the club members, we will invite them to attend regular tutoring classes to teach them the particular potential driving risks that regular met by women drivers and give them tips for avoiding those dangers.
Challenges

To let our company have an ongoing development, besides focusing on short-term strategy, we also greatly concern about the potential threats that we would meet in the new business. Therefore, we have provided a deep review on the business challenges as the last part of our business plan:

Being a totally new Chinese car brand, we may face the problems that people have little trust on us. The distrust should be partial imputed to the conventional perceptions of local Chinese car brands as low quality. Lead by the perception, people tends to depreciate the values of local car brands. Though our company is highly aware of building up brand values of our own, it is very natural that people will apply their old perceptions in regarding Female Plus. Negatively affected by this, our company may have to struggle hard to promote ourselves and establish a bran-new awareness of us as a trustworthy Chinese car brand.

In addition, as we put great investment in brand promotion and maintenance, the cost increases dramatically. Besides, as we are a newly established car company, we basically need a large amount of initial capital. Therefore the total fund we need at the early stage would be huge. However, since a buffering period is necessary before customers recognize our brand and consider buying our cars, therefore, we may not obtain large income at the beginning of the new business. Due to the high spending but non-large income, as a result, we may face capital shortage at the early stage of the business.

Furthermore, like what we analyzed before, we largely depend on our relatively low price to compete with those famous foreign imported cars like Mini Cooper. However, since China has entered the WTO in 2001, the import tariff of cars has greatly further declined. This implies foreign car producers get lower and lower cost to import car into China and there is a room for them to further cut product price. In such case, our low-price advantage against the foreign brand definitely would be weakened which forms great challenges on our product sales in future.
References

- http://www.dajiashuo.com/Top/2009-5-1815-28-35% D7% EE% B0% AE% C5% AE% D0 % (23/10/2009)
Appendix

1. “The aim of “Qi Che Xia Xiang” policy is to improve the living standard of rural people and motivate them to purchase cars. For example, rural people could get $5,000 subsidy from the Government for buying a new and standard car. Moreover, they can take their old car for trading in a new car under certain conditions too, such as certain car models, valid trade-in period. Overall, Beijing government has planned to spend RMB 50 billion to encourage rural people to purchase a car.