

Skyworth marketing plan

Business



Part 2. Situation analysis 1. Company profile ([http://www.](http://www.skyworth.com/en/aboutCompany.sp)

[skyworth.com/en/aboutCompany.sp](http://www.skyworth.com/en/aboutCompany.sp)) Skyworth Group is a large high-tech publicly traded company, based in Guangdong and Hong Kong, which specializes in manufacturing customer electronics products, network products and telecommunication products. Their product category includes: LCD TV, flat-panel TV, digital TV STB, LCD modules, semi-conductor, car electronics, security products and the products relating to digital TV industry chain. Mission, Vision and Corporate culture ([http://www.](http://www.skyworth.com.hk/vm.htm)

[skyworth.com.hk/vm.htm](http://www.skyworth.com.hk/vm.htm)) Mission • To supply time-to-market products and to timely response to customers' needs. To provide not only quality product but also quality services and support. • To enhance efficiency of our operation in order to enlarge contribution to shareholders and customers. • To share our rewards, enjoyment and achievements among our customers, partners, shareholders, employees and the society.

Vision To create value to our customers, partners, shareholders, employees and the society. Corporate Culture ([http://www.](http://www.skyworth.com/en/aboutCompany.asp)

[skyworth.com/en/aboutCompany.asp](http://www.skyworth.com/en/aboutCompany.asp)) Hardworking, constant innovation and pursuit of excellence History and Development ([\[skyworth.com/en/aboutCorporate.asp\]\(http://www.skyworth.com/en/aboutCorporate.asp\)\) Ever since its establishment in 1988, Skyworth has grown to specialize in products like color TV, VCD, DVD, home theater and satellite receiver after several years of development. In 1992, Skyworth Group established its headquarters in Hong Kong. Since its production and sales volume ranked the fourth in the same industry in 1998,](http://www.</p></div><div data-bbox=)

it has been listed among the “ top enterprises”. In 1999, Skyworth found Skyworth Laboratory in the famous American Silicon Valley.

In 2000, Skyworth Digital Holdings Limited was listed on the Main Board of Hong Kong. In 2005, the A12 audio engine launched by the Skyworth was regards as the “ Chinese first HDTV”. In 2007, Skyworth signed as the copartner and sponsor of Chinese Space Cause. In the same year, the National Shooting Team and National Clay-pigeon signed contracts with Skyworth. Today, Skyworth is a leading household appliance manufacturer and the 16th in the top 100 electronics enterprises in China.

Meanwhile, she also ranks among the top 10 color TV brands in the world. Marketing Coverage (six months ended 30 September 2009 Annual Report) The principle of market of Skyworth is Mainland China, where accounts for over 90% of turnover. The remaining 10% is contributed by the oversea markets. The geographical distribution of the turnover in percentage for overseas markets is presented as follows:

Region	Six months ended 30 September in 2009 (%)
Europe	34
Asia (including Japan, Korea, Vietnam, etc.)	23
America	30
Middle East	5
Africa	6
Australia and New Zealand	2
Total	100

Product (six months ended 30 September 2009 Annual Report, <http://www.iskyworth.com/>)

Skyworth’s products can be classified as three groups: TV products, digital set-top boxes and other electronic products. TV products generate the most of the revenue among the three groups. More than 90% of revenue comes from television products while 8% of that is contributed by

digital set-top boxes. The company invests 3.8% of revenue into research and development field each year.

Currently, the company owns three manufacture plants: Shenzhen Gongming production base, Shenzhen Shiyan large-size production base and Inner Mongolia large-size production base in the mainland China. Price The price of Skyworth's products will be comparable to LG, but should be lower than Sony, Samsung and Sharp. In general, the pricing of Skyworth will be slightly lower than LG with the exception of only very few products. The following shows the pricing comparison with other brands: Distribution Network ([http://www.](http://www.skyworth.com/investor/)

[skyworth.com/investor/](http://www.skyworth.com/investor/), <http://www.iskyworth.com/>) There are more than 30 branches in mainland China. The company is also looking forward to expand its network overseas.

In Europe, it has around 15 branches including United Kingdom, Portugal, Norway, Greece, etc. In Asia, it has around 10 networks including South Korea, Japan, Philippines, Vietnam, India, etc. In South America, it has approximately 10 branches including Brazil, Peru and Colombia. Strengths (Skyworth Press 08 - 09) Diversified Products Skyworth has a wide range of products including the latest flat - panel and the traditional one - CRT. This helps it to reach every customer with different needs. Innovative Promotional Strategies Skyworth has been sponsoring an entertainment TV program called " Challenge Microphone".

The program perfectly match its latest icon product - Coocaa TV which enables users to view and download TV program and video on demand <https://assignbuster.com/skyworth-marketing-plan/>

(VOD) through the inbuilt set-top box that has Internet function. By promoting the program, Skyworth brings the concept of “ multi-media family entertainment center” successfully to its customers. Efficient Supply Chain With a view to improve its logistics efficiency of the supply chain, Skyworth had invested HK\$186 million. This includes the construction of Chengdu, Jiangxi and Nanjing logistic centers. Adopting distribution networking policies through vertical integration also helps it to enhance its chain support, cost controls and competitiveness.

Weaknesses Single Market Although Skyworth expend its business to overseas market, most of the company’s revenue is still contributed by mainland China according to the 2009 annual report. . Marketing environment: Thailand at a glance Basic information: Location: Southeast Asia Area: 513, 000 km² Population: 65. 3 million people About 75% of the population is ethnically Thai and Chinese mix, 14% is of Chinese origin, 3% is ethnically Malay and the rest belong to minority groups. Official Language: Thai Capital: Bangkok GDP (PPP): \$539. 7 billion (2009) GDP per capita: \$8, 500 (2009) Currency: Baht (THB) PEST analysis Political Becoming a more stable government Since the military Junta has overthrown the Thaksin Shinawatra government in 2006, Thailand has fallen into an instable government with quick changes in leadership.

[1] It is common to see the anti-government rallies staged by the United Front for Democracy Against Dictatorship (UDD) have continually demonstrated in Bangkok. [2] However, the new Thai Prime Minister Abhisit Vejjajiva has launched several business friendly policies in order to regain foreign investors’ confidence and held the ASEAN Summit regularly to

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promote the free flow of investment within and into the region. 3] Attractive business policies Those Asian countries including Thailand and China have adopted the Agreement on the Common Effective Preferential Tariff Scheme (CEPT) in the “ ASEAN Free Trade Area” (AFTA). The CEPT scheme aims to reduce trade barriers in intra-ASEAN trade. Under the scheme, the import and export tariffs of manufacturing products reduce to 0-5%. [4]These measures strengthen the cooperation and strategic partnership with neighboring countries in the field of foreign investment and international business.

EconomicsHistorically strong growth in economic Thailand acts as a newly industrialized country. With a growth rate of 5.6 percent between 2002 and 2006, it has become one of the fastest growing countries in Southern Asia. About 99.3 percent of manufacturing establishments are local companies and only about 3,161 establishments (~0.

7 %) is of manufacturing establishments are foreign investment². Due to the financial crisis in 2007, the economic growth of the whole world dropped which result in a liquidity shortfall in the United States banking system. The GDP growth of 4% in 07-08 was majorly due to election of a new government with the return of democracy in late 2007 and the increase in confidence of both consumers and investors³. Also, in order to encourage public and private investment, the new government announced different measures in 2007³. Although the major trading partners, particularly the US, were experiencing a great economic downturn, the exports from Thailand would continue to be the driver of growth because the exports from Thailand

changed their target to new markets with robust economic growth, especially in East Asia³.

. Fast Economy Recovery In 2010 The economics growth is forecasted to grow and the economy of Thailand should recover quickly. According to the National Economic and Social Development Board (NESDB), even in the global economic downturn in 2009, the growth in economy of Thailand contracted only 2.3%⁸. From the table of GDP growth rate of Thailand, the annual rate of GDP growth is expanded to 3.60%⁴.

GDP is a good indicator to predicate economic growth for long-term prediction⁴ that shows the strong recovery in Thailand. [pic]Internally, Thailand has a confidence that the GDP should grow strongly, head of the ministry's Fiscal Policy Office in Thailand said the GDP is predicted to expand 4-5% in 2010, with a mid-point forecast of 4.5%, mainly due to the growth of exports and local consumption⁵. Externally, the World Bank also predicted that the growth rate can be even 6.2% in 2010 but the issue of political protests was not been counted⁶. 2.

Trend to increase in income of Thailand household The whole kingdom has a general trend of increase in total monthly income and the total monthly expenditures per household. In 2007, the whole kingdom of Thailand has 18660 Baht of total monthly income and 14500 of total monthly expenditures by household². Bangkok is the capital of Thailand and it is the center of economic¹. Bangkok has 35,007 Baht of total monthly income by household and 23,996 of total monthly expenditures². The high economic growth in Thailand is that there is the election of a new government late in

2007 increases in confidence of both consumers and investors due to the return of democracy³. Bangkok is the region having the highest monthly income and the highest purchasing power.

pic]	Region	Area	(Baht)	Value	%Change
1	Computers, accessories and parts thereof	87,830.0	7.3		
2	Electrical machinery and parts thereof	73,485.1	-26.44		
3	Home appliances	47,062.2	85.10		
4	Machinery and parts thereof	42,852.1	8.09		
5	Iron & steel and products	39,811.0	0.29		
6	Chemicals	35,304.7	14.96		
7	Other metal waste, scrap and products	23,491.4	22.50		
8	Fabrics	20,149.2	-0.33		
9	Miscellaneous goods	16,380.0	28.5		
10	Fertilizer, pesticides and herbicides	14,745.7	85.83		

Psychological Since there are two extreme class of people in Thailand, with the most affluent people around Bangkok area and most of the lower class people in rural areas, if Maslow's hierarchy of needs is applied to our product TV, CRT TV and LCD TV will be equivalent to psychological needs and esteem needs respectively. For upper class people, they will look for high-end products like LCD TV which can boost their esteem. In addition, if there is a TV at home, family members will have higher chance to gather in front of the TV, the family will then enjoy more happiness together.

Family relationship will become better. Key Findings Promising Future 1.

Cheaper imports to Thailand The Free Trade Agreement between China and Thailand calls for the gradual reduction of the tariff rate until it no longer

exists between the two countries. The agreement was effective since 2003. The tariff rate is expected to be as low as zero towards the end of 2010.

It has resulted in free movement of goods from China into Thailand. Cheaper Chinese products have flowed into the Thai market ever since the agreement became effective. 2. Increasing education level and income level More than 10 million people in Thailand has attained the education level of upper secondary and higher by the end 2009¹, accounting for about 1/7 of the population. The labour force was 38.

7 million by the end of 2009, accounting for 58% of the total population, in which about 60% came from non-agricultural industries, making an average of 9596 (about USD 300) Baht per month¹. With higher education level and income, people usually look for more quality life. . Better facilities for business Well-developed infrastructure, a free-enterprise economy, and generally pro-investment policies by the government, made Thailand one of East Asia's best performers in terms of GDP. The infrastructure facilitates the effective distribution of goods and lower costs throughout the country, including rural areas.

Major Challenges 1. Keen competitions by foreign brands Japan poses the largest competition to Hong Kong and China in terms of import value. Japan has been the largest importer to Thailand for many years with an import value of 988. billion Baht in 2007, China and USA ranked second and third with an import value of 564. 6 billion and 330.

7 billion Baht respectively⁷. 2. Counterfeit products There are concerns regarding the possibility of unbranded or even fake products importing into <https://assignbuster.com/skyworth-marketing-plan/>

Thailand with much cheaper price from countries around or even China, which may hinder the establishment of our brand image or our business. 1: Report of the Labor Force Survey, National Statistical Office of Thailand, 2009