

Micro cars ltd of sri lanka



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1. 0 Introduction

Micro Cars Ltd was established in Sri Lanka in 1999 by the guidance of Chairman/CEO of Micro Cars Ltd Dr. Lawrence Perera with the intention of introducing (manufacturing) low cost but high quality vehicles for the county. The intention became reality with the launch of their first car in 2003 which was well recognize and accepted by the society due to lots of hard efforts on Research & Development that put-in over many years to make the company dream reality and in the later stages Micro Cars Ltd positioned as National Car Manufacturer where they earned the patent for small city cars too.

Further with the aim of growing and expanding the businesses, Micro Cars Ltd came up with different type of attractive vehicles which some are purely manufactured in Sri Lanka and others which are assembled in Sri Lanka with the same intention that they had earlier, which is manufacturing low cost but high quality vehicles for the county. So when looking at the types of the vehicles which Micro introduced Tractors, Trucks, Light Trucks, Buses, MPVs, SUVs and Cars can be considered. Out of those product types the SUV segment was the really attracted segment by the most of the people in Sri Lanka where the Micro Rexton II was a hit product in that SUV segment where it created threat for other average SUV's in the market due to its less price (but high quality) compared with the other SUV's that manufactured by the leading SUV makers in the world like Mitsubishi, Hyundai etc.

Further the government of Sri Lanka also gave great support to this company as it is a purely Sri Lankan venture and government in a position to buy more vehicles from Micro Cars Ltd for government needs and it also resulted in increasing the profits of Micro Cars Ltd. As the demand goes up for the Micro

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Rexton II they increased their production to match with the demand and also with the intention of entering into the Asian markets. For that they expand their workshop areas and recruited more employees and let the employees work on shift basis like one set of people on day and the other set at night.

So with the consideration of the previous track record or the milestones of the Micro Cars Ltd, the company it self in a position to consider on expanding their business to Singapore by exporting the Micro Rexton II with the intention of targeting it to the middle-upper class in the Singapore due to many potential factors in relation to the conditions of Singapore and also with the hope of competing with other average SUV in Singapore due to the less price of the Micro Rexton II.

Therefore in order to find out the viability of exporting Micro Rexton II to Singapore a marketing audit will be carries out where it helps to get an idea about the different market conditions in the competitive market and its potentials where it give clear view about both positive and negative aspects like whether it will be survive or not. So from there, Micro Cars Ltd can decide whether to expand to Singapore or not.

Furthermore it also necessary to conduct Marketing Plan where it support to overcome the negatives that occurred in the marketing audit for the purpose of maximizing profits with the inclusive of some areas like promotional mix, budgets, profit/loss statement and etc.

2.0 The Product

Micro Cars Ltd is the only pure Sri Lankan automobile company in Sri Lanka that goes on continues improvement from the day it starts with increasing of

its profits while making the public more satisfy by offering certifiable solutions to the traveling needs of majority of middle-upper class Sri Lankans. Along with their success in the Sri Lankan market their next plan is to enter into the Singapore automobile market by offering their most hit product in their history Micro Rexton II.

Actually earlier the name Rexton was origin from SsangYong Motors in Korea and later they made strategic alliance with capital investment of Mercedes-Benz AG to support Engine & Transmission technologies.

When the time goes on Ssang Yong SUV were introduce directly to Sri Lankan from Korea by Ssang Yong Motors as Ssang Yong Rexton which is the older version without any collaboration with a Sri Lankan venture. Anyway the older version was not that much popular and it was failed in Sri Lanka due to some uncontrollable factors such as customer mind set that having on the Korean vehicles. But later Micro Cars Ltd made joint-hands with the Ssang Yong Motors Korea for the introduction of the Rexton II (newly version of Rexton) which was assembled locally in Micro Cars Ltd workshop.

In relation to the stage of the product life cycle of the Micro Rexton II, it is in growth stage in Sri Lanka. But when considering on the situation in Singapore the other SUV already in the market are in the maturity stage. So as a result of that this will be a good advantage for Micro Cars Ltd to enter into the Singapore market to change the current stage of PLC.

2. 1 Evaluate the product as an innovation as it is perceived by the intended market

Basically this is the first time that the Micro Cars Ltd is expanding their businesses out of their boundaries. No matter whether Micro was making huge profits in the local market, but it can get negatively effected in foreign markets as the conditions are not the same as locally which means the competition getting differ from country to country. So it can be risky up-to some extent due to the huge competition that getting to this newly product from major SUV automakers of the world.

With regard to the relative advantage of the Micro Rexton II over the other competitors, the SUV users can perceive the same advantages, benefits and features that available in other average SUVs in the Micro Rexton II as well. But all the things are not for high price like other competition brands but at reasonable price which is lower than the competitive SUVs. Also considering on the fuel consumptions with other brands Micro Rexton II is more fuel efficient SUV with Diesel engine. But most of other SUVs are not in much fuel efficient as those are with Petrol engines. (Other competitive SUVs are available in Diesel engines too, but price is even higher than the standard petrol SUV prices.) The unique design will give more prestigious outlook for the vehicle than other brands do.

Also it's more compatible to the Asians and their beliefs as most of Asians prefer their own country manufactured vehicles or vehicles that manufactures within their region.

In relation to the complexity, there's no requirement to have special skills to drive Micro Rexton II as it is the same way of driving other SUVs.

Further there's another advantage which is the Micro Rexton II can be purchased with minimum risk as it is recognize and certified SUV in Asia.

The observability of this product is high. Because you don't need to educate to feel or experience the benefits of the SUV. One you inside in it, that's all you need and you can feel the difference of smooth driving.

2. 2 Major problems and resistances to product acceptance based on the preceding evaluation.

- Relative advantage - Quality and the condition of the Micro Rexton II is in competitive position compared with other competitive SUVs. But the price of it is lower than the other competitive brands.
- Compatibility - Micro Rexton II is really compatible to the Singapore and with Asian atmosphere as the SUV is from the same region.
- Complexity - Actually it's the same way that we have to follow to use (drive) the Rexton II and there no any special skills required as it very easy to drive with automatic transmission.
- Trialability - Basically this can be purchases with minimum economic risk in relation to the other brand and also the market value or the used value is at acceptable range.
- Observability - actually you don't have to be educating to feel the features of the Rexton II. Because once you got into it, then you get to feel it automatically.

3. 0 The Market

3. 1. 1 Geographical regions

Singapore is one of the best well-developed country in the world as well as in the region with well managed stable economy. It covered by Malaysia from

one side and Indonesia from the other side where 50% lands are assumed as urban areas while the remaining part have reserved for plantations and other purposes. The people who live their also experiencing good standard life with majority of acceptable income.

3. 1. 2 Forms of transportation and communication available in that region

Transportation

Transportation is one of the main component for each and every country no matter whether it is non-developed, developing or developed country.

Because it's very important aspect for all countries to move from place to another or to send some stuff from one location to another and it will be mode of easy access to different location where which connects boundaries.

Considering the conditions of Singapore in relation to the transportation aspects it is the county that own one of the rich transportation systems in the region. As a result of that, the people from all around the world use Singapore as an easy access place and where they also use Singapore as transit place.

The types of transportation that available in Singapore as follows.

Road transportation

Actually the on-ground transportation or the road transportation is the most common cheapest mode transportation method that available all around the world even in the poor countries as well.

But in relation to the situation in Singapore this common method is using in very advance manner where they own some expressways that length 150 Km and other A-class roads. Basically these 3262 Km's are connecting the

Singapore from all around. All the busses, cars including taxies and other ground vehicles are got to use this method.

Rail Transport

Mainly the rail transportation in Singapore can be classified into two segments such as Mass rapid transit (MRT) and Light rail transit (LRT) which totally consist of 138. 2 Km. The mass rapid transit (MRT) is currently running as four line transportation system with total length of 118. 6 Km with the collection of 70 stations. Further the remaining light rail transit (LRT) is having 14 stations with length of 19. 6 Km.

Ports and Harbors

There are totally 8 ports in Singapore and most of the ports which is 7 ports are handling by the PSA International which earlier names as Port of Singapore Authority. Further Singapore is well knows for worlds busiest port “ Jurong” which handled 1. 04 billion tons per year. (Appendix 2)

Air Transportation

In relation to aviation industry Singapore is assumed as aviation hub by civil aviation authority of Singapore where relatively they names the Singapore “ Changi” airport as the air-hub. Further there are 5 air bases in Singapore and also five airlines are currently operating in Singapore leading by the Singapore Airlines where it connects 70 cities around the world. Especially the “ Changi” airport is consisting with 4 terminals with ability of handling 64 million people each year.

Communication

As stated before Singapore is a well developed country in most areas and they are very rich in technology wise too. Because most of the technological aspects are born or available in Singapore and all our minds goes to Singapore if we talks about some technological aspect like mobile phone or gaming item. That's because of the picture that they have buildup in technological perspective over the past years. So due the advancement or richness of the technology they are also armed up with communication aspects too as there are direct linkage between the technology and the communication. Because some times we cannot even have the word communication without the technology. So with regard to the communication methods in Singapore following items can be considered.

Telephones

Singapore is one of the best telecommunication providers in the world including SingTel and the Singapore Telecom. Currently they are running with 1.857 millions fixed lines. Recently their facilitating their services in excellent manner by adding numerous additional options to their services.

Payphones (Public phone booths)

Basically payphones can be classified into to such a card-operated phones and coin-operated phones. Both local and international call can be taken with the use of card-operated phones but only the local calls can be taken by using the coin operated phones. Mostly these booths are located in busiest public places like railway stations and bus stops.

Mobile phones

This is the most convenient and common communication method in a country like Singapore due to its technological advancement and richness. Not only in Singapore but also in many countries around the world are use to have it or more comfortable with it because of the regular use of it. Further the mobile phone usage is very rich in Singapore where the mobile phone services such as 3G, mobile internet and etc are handling by SingTel or M1.

Internet

Internet also same as the mobile phones where it also frequently use by majority of people in developed countries for their different kind of expectations like business needs, entertainment needs , educations needs and etc. Actually Singapore is the most wired location in Asia. As same as mobile service providers, there mainly three internet service providers in Singapore leading by the SingNet.

Broadcasting

In relation to the broadcasting in Singapore all the media station both Television and Radio are owned by the government. All the 7 television channels and 14 Radio channels are operating by the MediaCorp. In addition to that it also available cable TV and IPTV facility too.

Postal Services

This can be considered as one of the oldest communication methods of delivering stuffs. The authority for these services in Singapore is Singapore post Pvt Ltd where it handles wide range of postal network, postal agents and stamp vendors.

3. 1. 3 Consumer buying habits

Consumer buying habits is very important factor to be considered in international marketing as the consumer behavior is differing from market to market and also from country to country as well. So identifying different behavior of the different customers will be vital. Because then only the company will be able to deal with them positively in the aim of achieving advantages to the company as the company can come up with different strategies to handle the different people in different manner in a way that satisfy both the customer and the company too.

So in relation to the product-use patterns in Singapore it depend on the type of the product like whether it's a FMCG (fast moving consumer good) or whether its luxurious product. Normally they are using FMCG's on daily basis for their regular needs while they use their luxurious goods occasionally. But sometimes our product like Micro Rexton II can be use occasionally and for the daily purposes as well due to its reliability factors.

With regard to the product features preferences, the FMCG products are prefer by most of the people in Singapore and they tend to buy those in multiple packs. With regard to the luxurious product, majority of them tend to go for new models periodically.

So as we are considering on our proposed product the Micro Rexton II, it will be a luxurious product. So the people in Singapore tend to use this or likes to experience it due to its attractive unique design and other considerable factors like fuel efficiency and the price affordability.

The shopping habits also may differ according to the location. But in Singapore lots of goods are available under one roof. But a product like automobile wont be able to find in common places. Normally those are located in specialized attracted places like showrooms. So we Micro cars Ltd also located the newly Micro Rexton II in our showroom in Singapore which named as Micro Cars International (Pvt)Ltd a fully owned subsidiary of the mother company in Sri Lanka and also fully coordination by Micro Cars Ltd in Sri Lanka.

3. 1. 4 Distribution of the product

Micro Cars International (Pvt) Ltd is mainly targeting on the end consumers in Singapore that falling under middle-upper class. Basically the business/operations in the Singapore is mostly handle by the mother company Micro Cars Ltd. But due to some factors like less knowledge about ruling, taxing, clearing and other kind of local procedures, we Micro Cars Ltd appoint an agent for Micro Cars International (Pvt) Ltd to get things done in Singapore such as some tasks like vehicle clearing from the ports, taxation, registration and etc behalf of Micro Cars International (Pvt) Ltd in Singapore. But all the important work that affect on the operations or the core value of the business of Micro Cars International (Pvt) Ltd will directly handle by mother company Micro Cars Ltd and with supportiveness of the appointed agent. Considering on the distribution channel Micro Cars International (Pvt) Ltd is not much engage in distributing it in Singapore as it is not FMCG product but a luxurious product. Because people who needs it will come for an inspection and we are inviting them to come and inspect it in our showroom in Singapore.

3. 1. 5 Advertising and promotion

Advertising and promotion should be there in the action to achieve the customer awareness towards the product. The usage of the different advertising and promotional tools may depend on the type of the product. So as the Micro Rexton II is targeting on the end consumers we directly communicate to the end consumers through our advertisements and other promotional campaigns.

With regard to the advertising methods that can be use to market Micro Rexton II we can advertise in some electronic medias like TV and internet. Further with the print media it can be publish on automobile magazines and sports magazines.

Also in the promotional methods it can propose to give basic first free service for fist 100 customers. In addition to that we are expecting take part in the trade shows and automotive shows by displaying their newly Micro Rexton II.

3. 1. 6 Pricing strategy

Customary mark-ups

The customary mark-ups will be depend on expectation of the company which means will depend on the amount that they want to earn from each unit.

So Micro cars Ltd also having different mark-ups depending on the project where it will differ from project to project depending on its nature and the expectations.

According to this project of exporting Micro Rexton II Micro Cars Ltd will keep 23. 5%.

3. 2 Relative competitors to Micro Rexton II in Singapore

There will be huge competition for Micro Rexton II in Singapore at the initial stage of their expanding procedure that will come-in from the other average SUV makers in the world such as Mitsubishi, Nissan, Hyundai and Suzuki. The in detail information or the comparison between each mentioned competitors as follows.

Competitor's products as follows.

Make	Model
Mitsubis hi	Outlander
Nissan	X-TRAIL
Hyundai	SantaFe
Suzuki	Grand Vitara

The features of the all above models can be seen at the appendix 3.

Competitor's prices are as follows

Make	Model	Price (USD)
Mitsubis hi	Outland er	9200 0
Nissan	X-TRAIL	1000

	00
	7800
HyundaiSantaFe	0
	8700
Suzuki Grand	0
Vitara	

When we considering about the advertising and promotional methods, all these companies are in the aim of providing luxurious products to the market. So as a result of that majority of the competitors are using general advertising and promotional methods which some advertising methods such as TV advertisements, internet advertisement, bill boards, magazines while using discounting programs and trade show promotions as promotional methods.

Further with regard to their distribution channels most of them are doing their businesses through their agents in Singapore where the agents have the full right to handle most of operations within the country.

3. 3 Government participation in the marketplace

Development or the growth of a any kind of company can be achieve easily up-to some extent, if the government of that specific country is supporting on the operation by giving lots of benefits from the government side.

Further especially in the international businesses, basically there will be minimum of two countries engage in that process to get some thing (goods or services) into the country (importing) or giving it out from the country (exporting). So if the both governments are in positive mode to help on these

to gain advantages for both countries, then it will be a really good push for a company to operate there businesses in overseas with less obstacles.

In addition to that there should be procedure that should follow by each and every company who enters to the Singapore for their ventures. Some of those briefly explained regulations are as follows.

Any company will come to a conclusion whether to expand their businesses to overseas or not, by looking at the results that they gain through their different studies that they done in relation to specific industry where they hoping to expand.

So by following that procedure Micro Cars Ltd has decided to expand their businesses to Singapore by introducing their unique product Micro Rexton II to the Singapore market through Micro Cars International (Pvt) Ltd especially to the people in middle-upper class who tend to use average SUVs. So initially they need to register their business (Micro Cars International (Pvt) Ltd) as a company under the required authority in Singapore which named as " Accounting and Corporate Regulatory Authority of Singapor (ACRA)".

Then they need to active their custom accounts under the Singapore customs for relevant monitoring and other processes of the customs authority.

Further they will be able to get a special license (if required) for their own tax benefits in Singapore after complete understanding and finalizing negotiations between the two governments. Then there will be tax benefits for product (Micro Rexton II) under this project in Singapore and the

government of Sri Lanka can offer some reasonable tax releases for Singapore projects in Sri Lanka.

In relation to this matter the government of Singapore comes to understanding with the Sri Lankan government to charge 10% of custom tax in Singapore instead of charging 20% while having 2% GST instead of having 7%.

Additionally as mentioned in the earlier stages, the government of Sri Lanka is always behind the Micro Cars Ltd and their proposed subsidiary {Micro Cars International (Pvt) Ltd} by giving them the maximum support and benefits that can offer by the government side due to the nationality atmosphere of the company as the company is fully localize venture where the money will never run out of the county. Especially on that way the government of Sri Lanka will never charge any tax on this project which is exporting the Micro Rexton II to Singapore.

So due to the tax benefits that the Micro Cars Ltd getting from the both government for their export they will be able to offer Micro Rexton II at really affordable price to the Singapore market which will be big headache for other SUV competitors in Singapore.

PART Two

Preliminary Marketing Plan

Executive summary

The preliminary marketing plan is the main part of this report where it covers major areas of the expansion process such as promotional mix, distribution, price determinations and the budgets.

Basically it start with the main objectives that has targeted on specific target market of middle-upper class in the aim of creating brand awareness by fulfilling the stylish traveling needs of the people in Singapore.

The usage of promotion mix is in good stands in relation to operations where the company interest in using such media tools like electronic media for TV advertisements, internet advisements and for the electronic bill boards while they tend to use print media like news papers, magazines and billboards. Further it also interest in personnel selling where they specifically targeting on the corporate customers. In addition to that they are focusing in participating for trade shows by displaying their vehicle too.

The transportation between two countries will be done by the sea transportation method where it starts from Colombo port to the destination port " Jurong" in Singapore.

There are special document to be shown at the destination port such as Exhaust emission test report, Windscreen test report, Vehicle data card, Vehicle registration documents and Manufacture's letter to confirm the date of manufacture as this is an automobile transportation and these document are in addition to the general documents such as bill of lading, dock receipt, commercial invoice and statement of origin.

Basically all the important operations handle by the special internal management team which appointed by the mother company and additionally the company has appointed an agent for the purpose of handling localize tasks.

Regarding the taxes in Singapore perspective the government of Singapore along with Singapore customs charge 10% custom duties based on the value of the product while they charge 2% GST based on CIF value.

Regarding the payment methods, the company focus is to go with consignment method which will be an advantage for Micro Cars International (Pvt) Ltd.

According to the current position of the company they are well establish and strong in their productions, financial, marketing and etc.

4. 0 Preliminary Marketing Plan

4. 1 Marketing Objectives

- Most of the SUVs in Singapore are highly expensive and augmented. But demand has not gone down over the past few years even its expensive, therefore presenting extensively edge SUV will create more demand to Micro Rexton II due to its comparably low price, economies of scale and low labor cost.
- Current social situation and demand for products in Singapore is vastly attached with fashion and new trend and therefore the social demand will fulfill with the latest edge design of the Micro Rexton II.
- One of the other objectives is to creating a higher amount of customer benefit markup compared to other competitors.
- Expand the brand awareness through out the world using a country like Singapore will be ideal as it known as a traveler's paradise and a business hub.

- Achieve more benefits from a country like Singapore, where it provides more benefits to private business sector of the country meanwhile they getting their own benefits.

Target Market

Unlikely in Sri Lanka, gender will not play a big role when buying a vehicle in a country like Singapore due to their westernization cultural influences and the level of educated people. Therefore promoting even a SUV will not limited to males but will reach every extent possible. After undergoing several researchers & studies it is decided to promote Micro Rexton II to middle-upper income earners in the Singapore. Main assumption to target specially to that particular group is that, it is expected that to those income earners perceive this product as a value for money product. Because buying diesel consumption SUV is perceived as a very prestigious behavior.

Even though target market consists of the customers who are affordable to the product, Micro Cars Ltd thinks on future potential customers as well.

Expected sales and profits

Basically this will depend on the ability of capturing the market and how its capture the market especially in a country like Singapore where in a situation that a huge competition among SUV makers going on. Also it depend on how the Micro Rexton II will promote itself to the market and how it can exceed the others competitors promoting patterns in order to get more concerns of the people towards Micro Rexton II. Capturing the customers at the very fist stage is not enough but need to keep it continuously.

So based on the findings that we made through our studies we expect that there will be 200 units of sales per year and expecting USD 20 millions profit.

Market penetration and coverage

As Micro Cars International (Pvt) Ltd planning to establish their showroom in the capital city of Singapore, it will be much convenient for them to start and continue the marketing process. As most of the merchandising activities are centralized to the capital city, creating the initial demand and maintaining would be benefited from the location advantage. In order to penetrate the market extensive analysis of existing competitors and their core competencies are highly required. Because capturing the market in a highly competitive environment would be very difficult and competitive. Therefore well planned designs and quality control tools also will play a major role when penetrating the market.

4. 2 Product adaptation or modification

This is an exclusive product where that the new version of the Rexton which is named as Micro Rexton II was only available in Sri Lanka but no anywhere else. Because the appearance and the other relative stuff of the Rexton II is completely different from the earlier Rexton which is available all around the world. That is because, it's totally assembled in Sri Lanka with locally manufactured items where only the engine and the transmission bringing from Korea. So we can assume Rexton II as a unique product that available in Sri Lanka.

Basically the main advantage to Micro Cars Ltd is the price advantage that they can gain in Singapore markets as the Micro Rexton II can be offered at fewer prices compared to the other average SUV in the specific range.

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Also most of the parts of the Micro Rexton II such as body of the vehicle, mirrors, seats, and rubber components including the tires are fully manufactured in Sri Lanka and further they are hoping to add/replace more locally manufactured components to it in order to get more revenue for the country.

The features and the specification of the Micro Rexton II can be seen in appendix 4.

4.3 Promotion mix

In relation to the exportation of Micro Rexton II to Singapore an extensive promotional campaign will be conducted in order to capture the specific target market in the aim of increasing demand by conveying the benefits of this new Micro Rexton II to the customers.

4.3.1 Advertising

The objectives of this advertising campaign will be to create awareness of the people and to make them more attractive by conducting creative methods.

Media mix

There are many types of advertising methods available in the industry, but all are not relevant to each and every product or service