

Market audit and competitive market analysis



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A very large number of the UAE population is dependent on the planet's resources and therefore we need to face the consistent serious issues related to increase in the carbon footprint, which is a matter of anxiety. The abundance of natural resources at present has often left people to think there will always be availability of gasoline for the future. But its time we thought about conservation of these natural resources. Use of electric car would be our answer to the solution.

THE PRODUCT

Our Product is Reva Electric Car which has no involvement of gasoline (REVA, Born Green, 2010). The prospective of marketing an Electric car in UAE is to generate a wider concern towards the conservation of the natural resources for the future as in case of UAE a lot of its revenue is generated for the export of Oil to other countries.

RELATIVE ADVANTAGE

The car is compact and eco – friendly. It is operated on IPS (Integrated Power System). All battery functions from charging and monitoring to range indication, motor control and power conversion for auxiliary systems and system diagnostic are managed by the IPS. Other added advantages that the car comes with are the EMS (Engine Management System) and CCS (Climate Control Seats) which would be explained further ahead.

COMPATIBILITY

Reva Car doesn't have an engine. Car doesn't heat up. It can be charged easily at home if people live in villas and house and the rest who live in

apartments and flats can have the cars charged anywhere as it comes with an onboard charger and we intend to have charging stations installed over the country soon.

COMPLEXITY

No engine reduces the wiring. EMS (Engine Management System) optimizes the charging and energy output of the batteries to maximize the range of the car thus helping improve the performance and efficiency of the car.

TRIALABILITY AND OBSERVABILITY

Tie up with a car dealer company and could have test drives for their existing customers so that the people can get familiarized with its usability. Judge the feedbacks provided by the customers. Our marketing representatives could give them a small session to the customers about the car.

MAJOR ISSUES

Being just 1510 mm in height it may not be comfortable for some of the people to drive comfortable in it who might be quite tall. Also car is meant only for 2 people as the seat at the back are quite small and can have only small children accommodated. Hence it should be applicably used more for short distance trips only as charging could be a concern.

THE MARKET

We intend to concentrate more on middle class people who wish to afford maybe more than one car for the house for the any other family member in the house. Nuclear families, office going individuals and professionals, even <https://assignbuster.com/market-audit-and-competitive-market-analysis/>

the younger lot of university students and old people who would find it hard to manage a big car at their age would be our target market.

GEOGRAPHICAL REGION

We intend to have the car launched in cities like the capital Muscat. The climate tends to get quite hot in summers as the country experiences dry desert kind of climate but on the other end the winters are pretty cold too lately. The roads in these localities are well developed as they are spaced out well and flyovers are built to connect different parts of the city together. To justify that the car can face harsh road conditions the car was made to put to a shaker test by the ARAI (Automobile Research Association of India) at Pune where it was mounted on 4 posts simulating independently different road conditions over a cycle of 2, 00, 000 kms. Thus, makes the car compatible for rough terrains too.

FORMS OF TRANSPORTATION AND COMMUNICATION AVAILABLE IN UAE

The main modes of transportation in the country are air, shipments and road. Since we wish to export Reva from our manufacturing plants in India (Bangalore) we tend on having the cars shipped in containers. We would consider Air transportation of Reva to UAE but we wish to setup a good base in the Middle East before that.

CONSUMER BUYING HABITS

Our target market in UAE would be the Locals - UAEi people and the Expatriates. Since most of the people already have cars, we intend to put the strategy among people to have REVA as another car for the household which

is compact in size, easy to park and would be priced economical. It would be meant for short distance trips maybe to the supermarket nearby and also could be used by the teenagers for university.

PRODUCT-USE PATTERNS

We would suggest people to start of by using the car just for short distances as we will require the licensing to have charging station installed at various malls and shopping complexes by the government authorities. Hence the use can be kept to short trips for the start but we intend to make it more users - friendly and accessible for the public by having the charging stations installed soon once REVA is launched.

PRODUCT FEATURE PREFERENCES

Easy to park, compact in size and efficient charging system.

Single charge of 9 units of electricity makes the car capable of running for almost 80 kms.

The CCS (climate Control Seats) increases the ventilation within the car making it more comfortable for the driver to drive in different weather conditions.

Highly maneuverable.

DISTRIBUTION OF THE PRODUCT

The manufacturing would be basically done from our plant at Bangalore, India. Hence we would be having shipment containers transported from Mangalore Port to the UAE. We intend on targeting UAE for our operations as its economic is developing and further we wish to expand our business

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towards the rest of the Middle Eastern Countries such as UAE, Yemen and Saudi Arabia.

TYPICAL RETAIL OUTLETS

We have signed a contract deal along with Bhawans' Motors LLC, one of the leading automobile Retailers in the UAE. We would have them to conduct a market survey among their existing customers and have our product enter into the UAE Market under their name as it's a well established retailer.

ADVERTISING AND PROMOTION

Bhawans Motor is a well established Company in UAE so we wish to go ahead with their regular ways to market from newspaper flyers and adverts on the local T. V channels to promotion campaigns held to increase awareness about the car.

Few dimensions where we can ask Bhawans' marketing department to concentrate on. We intend to market the car to the general public by having the car showcased in most of the malls where the people could see the features of the car on display. Also we intend to offer free test drives for existing customers of Bhawans' Motors.

Promotion of the car at University Festival would be our strategy to attract most of the younger generation into purchasing the car and knowing how beneficial it is. We would have our marketing representatives conduct seminars to educate and make them understand how important it would be to conserve the natural resources for the future.

SALES PROMOTION

Promotions by our sales representatives can be held in malls and universities where people can come and have a look at the car on display. Leaflets would be distributed among the local and others so that there is a curiosity of the launch of a car having an eco – friendly motive.

PRICING STRATEGY

The pricing of REVA electric car will be economical for middle class families. Hence the pricing would be very affordable from the range 2, 000 to 3, 000 UAEi Rials for higher end models which seems to be priced pretty nominal compared to gasoline cars in UAE. People wouldn't mind making an investment this low.

CUSTOMARY MARKUPS

Our dealers Bhawans' Motors would be offering advantageous services along with the purchase from their end so they would have the pricing ranging from 2, 500 UAEi Rials onwards which seems to be justifiable as they would offer services along with the car including free car wash, polishing up to 2 years and 25% discount on purchase of a 2nd REVA car by a family.

TYPES OF DISCOUNTS AVAILABLE

We're in the process of working out discount offers for the first 100 REVA cars to be sold. This would be a good way to create an anxiety among the people regarding the product and will be a good platform for us to market. Services such as free car wash and polishing of the car would be offered to them for lifetime.

Also we would issue privilege cards based on charging to all REVA car users as we intend to have a tie up deal with McDonalds to have discounts to REVA car users for drive thru.

OUR COMPETITOR – PRIUS HYBRID CARS

A hybrid car features a small fuel-efficient gas engine combined with an electric motor that assists the engine when accelerating. The electric motor is powered by batteries that recharge automatically while you drive. Hence this uses the strategy of electric in a smart way to operate the car which could be a serious threat to our product which operates solely on electricity.

Toyota Motors tends on launching their Hybrid car Prius in most of the GCC countries (Toyota Prius & Honda Insight in green wars, 2010) which cause as a serious threat to our product as the Hybrid car claims to be very cost efficient and promise to give a good performance. It uses a battery powered electric motor at slower speeds and a gasoline engine as the car accelerates. As of now it is only marketed and sold in Japan but the company intends on expanding towards U. S and the Middle Eastern countries as well. Toyota claims there is no dangerous emission of any kind from the car but still they wish to have the car tested properly for all weather conditions before having it launched into the GCC Market. Prices for the hybrid car are said to range from about 10, 000 to 15, 000 UAEi Rials.

COMPETITOR'S PROMOTION AND ADVERTISING METHODS AND THEIR DISTRIBUTION CHANNELS

Since Toyota is a well established brand all over the world, people are likely to consider buying something that is offered from them. Toyota is marketed

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well all over the Middle East and people consisting of the mediocre society often prefer buying Toyota cars since they are very reasonable and affordable. Hence Toyota would use its own brand name itself in promoting and marketing Prius. Since Bhawans' Motors is also a major retail agency of Toyota in UAE, this could be a matter of serious concern to us as we are a new to the UAE market but whereas Toyota pretty much has a great hold as a lot of its cars are sold there.

Bhawans' Motors in UAE are the sole Distributors of Toyota in UAE and thus the dealership for all the various cars manufactured by Toyota is handled by them. Since the channel of distribution for Toyota is well established in UAE through their years of experience, contacts and years of operation in the country this would be easier for them to promote the distribution of Prius along with the rest of their cars which already have a high growing demand in UAE.

OUR MARKET SIZE

We estimate to about a 500 cars in the first year of the launch. The approximate number of cars sold in a year in UAE is about 2, 500. So we're looking at targeting at about 500 of those in the first year of our operations and wish to increase the sales of the cars progressively towards the years ahead. By conducting a close market research on the sales and demand for the car in UAE, once we have generated the awareness of using an Electric car we intend to expand our operations towards other Middle Eastern countries. The market at present in UAE is competitive as we have a number of well known car brands launching different models of cars each day to have

better comfort and usability for their customers. Hence we feel by started with a small investment in the number of cars to be exported to UAE, we can accordingly judge how well received is our product by the people residing there.

GOVERNMENT PARTICIPATION AND AGENCIES THAT CAN HELP US

Since our electric car deals with a sensitive issue of having to make our environment more eco – friendly and conserve the natural resources for our future, we would really appreciate if the government could help us out with our promotion over the country.

The Central Bank of UAE which is responsible for maintaining the stability of the national currency the UAEi Rial and ensuring monetary financial stability in a deregulated and open financial system, we wish to have the bank to help us promote our product in UAE and help us by having their customers educate about carbon footprint issue dealing in our environment by having hoardings in the bank and have feedbacks from their customers whether they would consider investing money in their money in an eco – friendly car.

REGULATIONS

We intend on marketing and promoting our product REVA electric cars by not violating or ghost marketing any other leading car brand in the country. We wish to take it up as a challenge with the promotion strategies as we predominantly feel that something having a serious environmental concern needs to be dealt with some amount of sensitivity.

We also intend on assigning Bhawans' Motors our sole proprietorship for entering into the UAE Market as they have the knowledge and understanding to what the exact requirement of the customers are and how well we could promote our car in the country.

THE MARKETING PLAN

OBJECTIVE

To make people understand the importance of conservation of oil and gasoline resources and to promote the car looking at the almost no usage of gasoline and instead operating on electricity.

TARGET MARKET

Main focus is towards nuclear families, office going professionals, university students and maybe aged people who would find it hard to manage a bigger car. Expected sales 2011 Profit expectations 2011

MARKET PENETRATION

We wish to target the people of gasoline cars by spreading the word of an environment friendly car which would make the people consider our product. We would also use advertising as our main platform in educating the customers of gasoline and eventually convincing them to switch to a better option. We would consider the advantage of entering the market based on product market growth matrix since we promote the idea of conservation of resources.

PROMOTION MIX

ADVERTISING

Prior to the launch of REVA car in UAE, we'll have leaflets distributed along with the daily newspapers so as to have the people informed about our product release date. We wish to venture into all the platforms of media to advertise about our product.

MEDIA MIX

Right from radio stations having commercials to educate the locals about the eco - friendly to having flyers distributed in all the malls in UAE we look forward to utilize all these mediums to promote our product. We intend to sign a contract with United Media Publication to help us with the marketing and promotion strategies for the car.

MESSAGE

If you love your god, protect the things that he created. Save energy - Save the world. This is the message which we would like to promote on the Radio station and through our adverts on Television we would make people realize the importance of conservation of the natural resources which are bestowed on us by Allah (Religion of Islam, 2009).

COSTS OF MEDIA EXPENSES

The approximate budget for the media advertising would be signed with United Media Publication for a deal of 800 Rials which would include newspapers adverts, hoardings of the car all over the country and flyers meant to distributed among people.

SALES PROMOTIONS

Our main objectives towards the sales promotion will be to provide the people of the country with a car which is very economically and affordable. Promotions would be held by our agency Bhawans' Motors to market the REVA all over the Muscat. We would be having special displays in Malls and Cinemas where people can come and see the usability of the car. Special seminars and workshops would be held at the various schools and colleges to make the young generation understand about the benefits of using energy efficient car.

DISTRIBUTION

PORT SELECTION

Since our main manufacturing plant is situated in Bangalore, the closest sea port from there would be Mangalore. So the cars would be transported by road from Bangalore to Mangalore thereby they would be shipped out our destination port Mina Qaboos located in Corniche.

MODE SELECTION

Air carriers would be surely considered in future once REVA has set up good hold in Middle Eastern market. As of the start, we would be going ahead with Ocean carriers to have cars shipped into UAE from India. This would be a more economical option based on our budget. Motor carriers would be used by us to transport the car containers from Bangalore to Mangalore.

PACKING

Marking and labeling need to be done in English as well as Arabic so no confusion is caused at the ports. Containerization would be more ideally for <https://assignbuster.com/market-audit-and-competitive-market-analysis/>

us and as its' aggregated by the ISO, it shall help us boost our trade flow. Costs for the whole of packing can be budgeted to 500 Rials for every 20 cars imported into UAE.

DOCUMENTATION REQUIRED

FEDEX is our shipment carrier to other countries as well so they would be responsible for our exports to UAE too. The Bill of lading would be contracted through FEDEX for importing our car and selling it in UAE. Dock receipt handling acknowledgment of the shipment and accountability for safe custody of the cargo goods will also be issued by FEDEX. Commercial invoice based on which tariffs would be calculated will also be issued as a part of the customs declaration. Shipper's export declaration and other special documents would also be provided to our partners Bhawans' at UAE to regulate the flow of sales and have informed with regards to the next order when needed. We have all taken into consideration that all are cars which are going to be exported to UAE will have insurance claims.

CHANNELS OF DISTRIBUTION – RETAILERS

We wish to have our car dealership with Bhawans' Motors. We wish to have them as our sole distributors as they are a well known name in the market. Retail markups of about 25% would be added onto the selling price of the cars. Warehouse would be rented out in interiors part to accommodate the cars.

PRICE DETERMINATION

Cost of the shipment of goods would cost us about 500 Rials along with the packing expense of 500 rials per 20 cars. Transportation costs could be estimated for around 50 rials per container (Each container having 20 cars). Pier charges and Wharfage fees for the shipment to be loaded from docks for import and export would be estimated to about 300 rials along with Loading and unloading charges by manpower for approximately 200 rials. As such there isn't any Customs duty to export to UAE but since we're dealing with cars there would be need to submit an insurance and permission of deliverance from the shipping agents. Company's gross margins would be able to be judged once we work efficiently towards having our raw materials being processed to make the car and further processing it into the sales of car made.