

The marketing environment of low-cost

[Business](#), [Marketing](#)



The purpose of this essay is to analyze the marketing environment of low-cost motor scooter of capacity of 50cc, 125cc and 200cc. It will discuss about the various factors that influence business environment. Powered two-wheelers vehicles are classified by three categories: motorcycle, motorcycle scooters and mopeds. Generally, powered two-wheeled motors with a capacity of less than 50 c. c. are called mopeds. In this essay, all powered two-wheelers besides mopeds are to be referred to as 'motorcycles'.

According to research, it forecasts that in the next decade there would be growing demand for two-wheeled motors due to increasingly high petroleum costs as well as less space to park in high-population density cities.

Furthermore, many consumers believe that motorcycles are more eco-friendly as well as more fuel-efficient than cars, which is another factor that leads to the increasing demand for motorcycles.

The marketing environment is affected by a series of forces and influences, whether inside or outside the organization, and interact each other. The environment can be divided into two segments: microenvironment and macroenvironment (see figure1)(ibid). Macroenvironment forces, such as economic growth or changing of population, may not seem to be important, but could potentially have quick, direct influences on a firm's micro-environment. In this essay, microenvironment and macroenvironment analysis will be used to analyze the global marketing environment.

According to research, consumer expenditure on purchase of cars, motorcycles and other vehicles sector grew steadily year-by-year from US\$1, 043, 415. 50 mn to US\$1, 198, 219. 70 mn during the time between 2005 to

2010 (Euromonitor International, 2011a). The research reveals that people are more likely to own two-wheeler or four-wheeler vehicles rather than living without them. According to another study (Datamonitor, 2010), the global motorcycle market is valued at approximately \$61.50 billion between the years 2005-2009. In year 2010, the total revenue of global motorcycle manufacturing industry had \$62,737.3 million (Datamonitor, 2011).

2.1 Marketing Environment Analyzing the market environment and trends are essential before entering any market, for this aims to maximize the strengths and minimize the threats in order to build a successful enterprise. 2.2 The Micro-Environment Organizations' ability to do business is affected by the micro-environment directly. The microenvironment consists of competitors, customers, suppliers, intermediaries and other stakeholders (Palmer, 2000).

2.2.1 Competitors The major players in the motorcycle industry are Honda, Yamaha Motor, Chongqing Loncin Industry and Jiangmen Dachangjiang, generating about 56 per cent of the market share (Datamonitor, 2010). Among the industry leaders, Honda dominates the market, holding 24.7 per cent of market share, followed by Yamaha, Chongqing and Jiangmen (see Figure 2) (ibid). As evident in Figure 2, the motorcycle industry is dominated by multi-national companies.

Honda Motor(Honda) is the leading manufacturer of automobiles and motorcycles in the world (Datamonitor, 2010). In the motorcycle business, it created unit sales of 10,114,000 units motorcycles in the year 2009. In the short term plan, Honda officials in charge of product development stated in

2011 that they will launch a new model of electric scooter in the Japanese market targeting delivery service firms or other firms who were concerned about vehicle noise. (ProQuest, 2010a).

Yamaha Motor Co., Ltd: According to Datamonitor 2011, Yamaha Motor(Yamaha) is a Japan-based multinational company. In Yamaha's whole business, the profit margin remained steady growth at a rate of approximately 4 per cent each year from 2005 to 2007 but only witnessed a measly increase of 0. 1 per cent in 2008 and suffered a significant decrease to -18. 7 per cent in 2009(ibid). For Yamaha in the short run, the President of Yamaha Motors Hiroyuki Yanagi indicated that Yamaha will launch three inexpensive motorcycle models in the Chinese and Indian market by 2012. Furthermore, in 2012, Yamaha intends to reach sales volume of one million motorcycles in China and 500, 000 units in India (ProQuest, 2010b).

The global market is divided into Americas¹, European² and Asia-Pacific³ segments in this research. The study by Datamonitor(2010) shows that the Asia-Pacific market has occupied the highest proportion of market share at a total of 45. 1 per cent, whereas the Americas and European markets account for 34. 6 per cent and 20. 30 per cent respectively (see figure 3)(ibid). It can be seen that Asia-Pacific dominates almost half of the market.

According to the Euromonitor International (2011b), it is apparent that the top six countries in terms of motorcycle ownership are Asian countries. Until 2010 Taiwan has ranked No. one among the world, in which 83 per cent of the total population possess motorcycles, followed by Vietnam, Thailand, who respectively have 74. 1 per cent and 71. 2 percent of their population

owning bicycles. In addition, the possession of motorcycles reveals the upward trends among these countries with regards to motorcycle ownership from 2005 to 2010 (see table 1)(ibid).

The supplier is a foundational element for any business; however, without the key supplier or raw materials, finished products may result in being made by raw materials of lower quality or expensive substitutions. Key raw material suppliers for the motorcycle industry are steel sheets and aluminum, casting and steel sheets and also some finished components such as seats, batteries, and tires (Datamonitor, 2010).

The above mentioned raw materials are similar to automobile raw materials in that they can be classified into two big categories: Tires ; rubber and auto parts ; equipments. These materials are much cheaper to source from specialist suppliers than to manufacture in house (ibid). In the past years the costs of raw material has been growing, especially in steel, aluminum and copper, meanwhile, there is a increase in plastics based products because of soaring cost of gasoline (Datamonitor, 2011b). This impacts the industry players' profits margins.