

Marketing plan for dongfeng i-car assignment

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Introduction Fengshen brand is owned by Dongfeng Motor Corporation. As the milestones during the creative development of car business of Dongfeng, Fengshen initials the project of electric automobile so that this new product ‘ I-car’ would support firm to reach global market. There is a market plan for Dongfeng’s move into America with ‘ I-car’ as part of joint venture of PSA Peugeot-Citroen. A broad outline would be shown in terms of situation evaluation, SWOT analysis, marketing goal and objectives, marketing strategies. Situation analysis

The internal environment Winning glory for the motherland and setting up the dominance in international automotive market is the consistent ideal of Fengshen. In the first-five planning, firm aims to become the leader of Chinese brand. Then it would take another five years to be the first-class brand of electric automobiles in China. After these two plans, firm intends to leap into international mainstream automobile brands. The strategy contains joint venture with PSA Peugeot-Citroen, promotion on Beijing auto show and the concept of green.

In 2010, I-Car made a stage pose on Dongfeng Auto Show booth and attracted people’s eyes. With the idea of fully electric vehicle and lovely appearance, Fengshen tantalize both dealers and target market by the promotion. Furthermore, for placement such as channel, it not only focuses on 4s including 75 boutiques, but also utilizes ‘ seed dealers’ and over 400 service networks to cover the whole China. In 2015, it is estimated that the sales of new energy vehicle would account for 25% of the whole sales volume, around 100000 electric cars in Dongfeng Group. Now Fengshen has total assets of 73. billion RMB and 124, 000 staffs working in this firm. As the <https://assignbuster.com/marketing-plan-for-dongfeng-i-car-assignment/>

joint venture with I-Car, PSA Peugeot-Citroen performs great in global market and has an ambition to become the world seventh largest carmakers from the current rank of world tenth. The customer environment As Fengshen's share in U. S. is small, more emphasis could put on potential customers.

Demographic segmentation is based on age, sex, education, income, and social class (Belch, G. E. and Belch, M. A. 2009). Apparently, their target audiences are female with high income, well-educated and young people.

Women favor its delicate body design and futuristic interior. Psychographic segmentation is according to values, lifestyle and personality. Those who have high status would prefer new electric car. In fact, there are four consumer categories in the field of electric automobile. They are 60% behavioral greens, 20% think greens, 14% potential greens and 6% true browns. In American market, behavioral greens and think greens have a green attitude against air pollution (The green and variegated consumer, 2008) and receptiveness of new technology so they are involved in firm's target.

As to think green with limited purchasing power, they are price-sensitive so that reasonable price of I-Car would appeal to them. The external environment Volt of General Motors Corporation and Leaf of Nissan Motor Co are two big constrains for Fengshen expansion in U. S. A. Despite strong competitors, the opportunity is still available. In 2008, America suffered from financial crisis. Gloomy economic situation offers aperture for I-Car with low price strategy to win a place. And the encouragement of electric car from American Government and the strict criterion in carbon emission of 236g/km in 2007 would also make contribution to Fengshen.

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Furthermore, U. S. contains huge profits for about 175000 Americans have owned electric cars and 350000 potential audiences intend to engage them. These potential customers with high environmental awareness seem to be curious about electric products since the increasingly serious environmental pollution have ruined people's life. SWOT Analysis: The SWOT Analysis?? emphasizes the need of successful business owners and managers to understand the importance of an annual strengths, weakness, opportunities and threats (Sarah, Simoneaux & Chris, n. d.).

It helps the company to assess what is going on today and what is the next step. Strength 1: Strong government support The Dongfeng Motor Corporation is the first car manufacturing which makes a movement to research and develop the electric car in China. Therefore, it gains the strong support from the Chinese government which includes set up the R base and enjoys the government subsidies. In addition, the US government has enacted a series of policies to limit the CO₂, hence the company can make use of the national support policies issued by the government to promote its electric cars. 2: Clean energy and inexpensive

Another competitive advantage for the icar compared to the other electric car brands is its clean energy technology and low sales price. The price in the US is around twenty thousand dollars and people in the Behavioral Green, Think Greens and Potential Greens have the ability to afford it. Furthermore, the appearance of the car is so little and cute and the automotive trim is quite elegant and fashionable. [pic] 3: The form of Joint Venture The vast majority of Dongfeng's car sales are derived from its joint

venture form automobile enterprises and the four major partners are Nissan, Honda, Kia Motors and PSA Peugeot-Citroen.

The form of joint venture has a superiority of extending the product line and the joint venture enterprises have further completed the models, technologies and accessories factories. It helps the company gain more return potential, a higher degree of control and reduces the investment risk (Kotabe et al. , 2011). Weakness 1: Lack of government subsidies Although the company gains a lot of support from its own country China, it is lack of government subsidies in the America market as a new entrant. Without the subsidies, the sales volume of icar in the first a few years may e inferior to the other competitors. 2: Geographic and culture diversity Since geographic culture diversity between different markets, it is not easy for a standardized product to sell to an oversea market. Obviously, the propensity, lifestyle, communication forms and landform in the US is quite different from that of China, therefore, the icar may have a difficulty in pulling the American consumers' heartstrings. 3: Lack of charging facilities The electric car has fatal defect is that it is powered by the vehicle power and the battery power storage is too short, hence the car needs to charge frequently.

The icar is a new entrant in the US automobile markets, hence it has not established enough charging facilities yet compared to the other competitors. Opportunities: 1: Income and life requirements improvement With the development of economic growth, people's income is increasing and they have more life requirements such as two cars in one family and smaller cars to deal with traffic. It is exactly the real time for icar to enter into the American market since numerous people have the willing to

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obsolete old cars and pursue a new technology outcome. : Environment awareness enhancement The environment protection has been a current theme in lots of countries and the discussion of limiting fossil fuel is increasing bitter. In addition, the Copenhagen world climate conference has put the issues of reducing the greenhouse gas emissions on the table. That means the electromobile will be paid more attention and the development and usage of new-energy autos will be about to pull open preclusive. The icar is going to be known and focused by more people in the US market. The diagram below shows the CO₂ missions of three major markets in 2008 and it is with billion tons count. [pic]

Threats 1: Local competition Before entering into the American market, there have been two strong competitors which are the Volt-Chevrolet and the Leaf-Nissan. The two companies have mature technology, high brand volume and have achieved most of the market share. Furthermore, they have gained the subsidies for new car buyers from the Obama Administration. The situation is quite clearly that it is extremely difficult to compete with the two competitors and the competitive pressure is huge. : Relationship with local government The legal and political issues are the major challenges for Chinese enterprises in overseas' markets. If there are some problems with the quality of cars, for example the brake problems, the government will put the icar in a sticky position and the public will be influenced. As a result, the company's survival will be on the ropes. [pic]

Market goals and objectives Objective A According to strengths and opportunities, Company must reach a higher involvement so that American customers better understand Fengshen brand and I-Car.

And company should accelerate the commercial promotion and capture more potential audience and dealers. Objective B In line with weaknesses and threats, the key to remain strong competitiveness in U. S. A electrocar market is the development of core technology of electric product. Long-term vision also consists of larger economic scale, business expansion and winning the dominance in U. S. market. Market Strategies Target market The major customers for the icar in the US are identifies three of the four segments of green consumer, they are people who are Behavioral Green, Think Green and Potential Green.

Behavioral Green and Think Green??? people in this segment have high disposable income and they have a total Green lifestyle, such as doctors, lawyers, engineers and teachers. Potential Green??? most common people are in this segment. Therefore, the icar will have potential sales among these people. Marketing Mix The marketing mix is derived from the marketing objectives: short-term and long-term. Strategy for goal A: a. Distribution- when the company enters into the US, there is a vital point to consider which is how people can get to know the car and where they can buy it.

Thus, the company should set up regular chain to primarily sell the car. b. Promotion- firstly, the advertising is the most cost-effective tool for a new brand to be recognized (Belch &Belch, 2009) which includes putting advertisements on the television, radio as well as compiling some introductions and evaluations on the automotive magazines such as the ' Car and Driver'. Secondly, the company can establish a website with relative information about the electric cars and a forum that people can speak growingly of the environmental protection and their driving experience.

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Thirdly, the company should hold some campaigns in big shopping malls and attends auto shows to display the predominant and appearance of icar. In this way, the icar can frequently exist in people's everyday life and more people will pay attention and have the willing to understand and even buy the car. Convert Strategy 1. The company should apply for the subsidies from the government in order to increase sales volume. 2. In order to improve the sales volume, the first thing the company should do is to start building the charging facilities.

Furthermore, the facilities are able to set up in marked places where people can easily find and are often go to, such as residential area and office buildings. [pic] Strategy for goal B: a. distribution-firm would enlarge channels and networks with dealers to gain larger market share. Relationship with local dealers directly affects the outlook for Fengshen brand. It is a trend to set up more outlets and 4S can facilitate the sales volume and brand influence. b. product-the design of internal space would be based on the American aesthetics. Design of big room is suitable for American bulky figure.

And fully functional automotive trim would please target market such as car audio systems and satellite navigation systems, which allowing for customer's needs and requirements. Second, company should put main emphasis on its own core technology. R&D department is indispensable, like firm's lifeblood innovating advanced technology and ensuring the capacity to fight against Volt and Leaf. In order to replace gasoline-powered automobiles, it would make more improvement on car's electromotor,

storage battery, even the design of charging equipment in the station so that the total cost of electric car would be lower than the fuel one.

Company should make all efforts to conquer the defects of storage cell such as short life, speed limitation for oversize battery and indirectly contamination in manufacturing. As a result, Fengshen would focus on lithium battery and solar cell to resolve these problems. In short, electric car should targeted high efficient, low cost and affinity. [pic] Convert Strategy As the significance of core technology cultivation has been illustrated above, Fengsheng's competitiveness would be enhanced for huge efforts in new green technology. Meanwhile, company should remain stable relationship with American government.

It is vital for Chinese enterprise to know both oversea marketing and unique business culture when they enter into foreign country. Good communication with government and commanding knowledge of American business custom could bring about excellent visibility and image for Fengshen. Conclusion: This report is mainly designed for the Fengshen icar to enter into the America. In terms of situation analysis, SWOT analysis, marketing goals and objectives and marketing strategies, the plan helps the company expand the market and capture the customers successfully.

As an orientation for company, the plan guides the brand to a brilliant time of the electric car. Word count: 2148 Reference Belch, G. E. , M. A. 2009. Advertising and promotion: An integrated marketing communications perspective (8th ed.). New York: McGraw-Hill Irwin. Kotabe, M. , Ang, S. H. , Griffiths, K. , Noble, G. , Marshall, A. , Voola, R. & Helsen, K. 2011.

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