The Present and Future of China’s Personal Car Market

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Abstract

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Title: The Present and Future of China’s Personal Car Market

Purpose: This thesis is going to analyze the present and the future’s China’s automobile market. To find out will innovation, brand strategy, and customer service strategy help the China’s automotive businessmen or not.

Method: The main method of this study is to use first hand and second hand data of nowadays China’s automobile produces and automobile service provider, to find out the shortcomings of this industry. And finally, use the appropriate theoretical supports to solve the problems of this industry and give future suggestions.

Key words: China’s automobile industry, Innovation, Brand, Customer Service
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1. Introduction

This part is an overview of the whole thesis; it is contain background, research question, purpose and delimitation and so on. After reading this part, readers should have an overall image of this thesis.

1.1. Background

From 2008, the deep influence of the world-wide economic crisis has diffused to the entire world, and it is affecting the global economy badly. Economic recession worldwide has redefined many a modern economy, including the bigwigs like the United States of America and Russia (Gaynor Borade). And of course the influence negatively affects China’s economy. However, compare to foreign automobile market, China’s personal car market is still a big and fresh cake for foreign automobile car makers from Japan, U.S.A, and European countries. American, European and Japanese car makers are increasingly looking to China as well as India and Russia to save their companies as demand for vehicles in the United States and Europe starts to shrink. (Jeffrey Hays) After China joined the WTO, foreign auto companies are increasingly expected to be one of the big winners in China’s car market; with tariffs being reduced from as high as 100 percent to 25 percent on cars and from 50 percent to 10 percent on parts in 2006. And also, Many Japanese, American and European auto makers are skipping the auto shows in Detroit, Tokyo and Frankfurt to show off their latest models at the Shanghai show. (Jeffrey Hays) All these facts mean that more and more automobile producers from all over the world will go and invest in China.

1.2. Problem Description

From Background we can see that this is obviously means that the competition in China’s automotive market is increasing, and it is definitely good for the China’s personal car customers. However, it is also a very bad situation for China’s businessmen in automobile industry. Without any doubt, China’s automobile industry on have a very short history (reference Automotive industry in PRC), compare to foreign competitors, China’s automotive businessmen have no advantages, especially technology and business concept. Thus, if China’s businessmen in automobile industry did not improve themselves, they will finally lose the competition in the future.
1.3. Research Question

Will innovation, brand strategy and customer service strategy help China’s automotive businessmen survive in the future? And how can innovation, brand strategy and customer service strategy help China’s automotive market?

1.4. Purpose

This thesis is going to analyze the present and the future’s China’s automobile market. To find out will innovation, brand strategy, and customer service strategy help the China’s automotive businessmen or not.

1.5. Delimitations

This thesis’s topic is huge, and it is also very wide range. Automobile industry contains a lot of factors: car produce, car sell, spare parts produce, etc. Thus, the analysis will only happened in customer service strategy of personal automobile service supplier, and future development strategy of China’s automobile produce companies, both innovation and brand strategy. In this thesis, all "car service" means: car maintenance, car repair, car washing, etc. These kinds of individual automobile service businesses are all called "car service" in China. And I will only talk about individual service suppliers.

And for some reasons that I can only get first hand data from customers and businessmen who are doing business in personal car service industry. Therefore, in order to analyze the present situation of China’s car producers, I will use reliable secondary data.

2. Method

This Chapter is indicates my methods on research method and data collection, both primary data and secondary data, as well as my method of how to analyze these data.

2.1. Research Method

My research method is based on a qualitative approach where I have tried to get both first hand and secondary data from reliable sources. A qualitative research method means that I will involve minimal information on measurement or statistics, and aim to gather an in-depth
understanding of human behavior and the reasons that govern such behavior. The qualitative method investigates the why and how of decision making, not just what, where, when. Hence, smaller but focused samples are more often needed, rather than large samples. (See Qualitative Research)

2.2. Data Collection

I have collected both primary data and secondary data. Primary data is a questionnaires collection; I have received 70 questionnaires as my first hand data, 20 from the businessmen who are in car service business, 50 from the customer who owns personal cars. It is a small number of data; however, all these questionnaires were answered by related people. Therefore, I believe it is trustable.

2.2.1. Primary Data

In order to get a reliable and representative primary data, I have sent two different questionnaires to one of my friends, who is doing personal car service business for five years, and he helped me with these questionnaires, because all his business friends are in this business for a long time and a huge number of customers will come to the shop give their personal car a maintenance. All the questions I have asked is all related to this thesis, therefore I have the reason to believe that the data is trustable. This questionnaire is an open questions questionnaire, because “If you do not know what kind of answer you will get from respondent or source, then you should take an open approach” (Fisher, 2007, p.45)” (More info see appendix: Questionnaire).

2.2.2. Secondary Data

Secondary data is the kind of data that has been collected and recorded by other researchers other than the ones carrying out the research. This data can be interpreted, compared and related for the research topic at hand. This data can be collected by, reviewing policy documents, analyzing statistical data, looking for patterns within national data, evaluating major research project and initiatives, interpreting survey results and comparing national or international concerns (Winstanley, 2009, P.85-86).

My secondary data collections are from reviewing literature like newspaper and journals, previous research on the topic at hand, and government report, and internet source.
2.2.3. Analyze Method

My method is by using my collection of trustable secondary data to indicate the present situation of China’s car producers as well as successful foreign car makers’ situation, with the comparison of different situations, to find out the disadvantage of China’s car makers.

And by using both first hand and secondary data to find out the disadvantage of China’s car service providers.

Then I will see will innovation, brand strategy and customer service strategy help China’s automotive businessmen survive in the future or not.

3. Theory

This Chapter is focus on literature reviews which I think it is useful for this thesis’s analyze and it is very important for readers to understand the analysis part.

3.1. Innovation

What is innovation, according to Kanter (1983) (Burns, 2007), innovation is “the generation, acceptance and implementation of new ideas, processes, products and services…. [Which] involves creative use as well as original invention.” Edison also said that innovation “is more than simply coming up with good ideas: it is the process of growing them into practical use” (Bessant & Tidd, 2009, p.16).

However, talking about innovation, Schumpeter’s idea is much more specific and thorough. Schumpeter said, innovation is (1) the introduction of a new good; (2) the introduction of a new method of production; (3) the opening of a new market; (4) the conquest of a new source of supply of raw material; and (5) the creation of a new organization of an industry. (Swedberg, 2009, p.15 f). Thus, all these actions can be defined as innovation; it also means that innovation is one of these actions; it can be either introduction of a new idea or a new invention. Does not matter what is innovation, it may be a new idea or a new invention or just new combination (Swedberg, 2009, p.51) of old things, it is very important in nowadays business.
Interesting thing is, except create new things and new combinations; there is also a unique idea from Bessant & Tidd. They have indicated that, Many people seems innovation as just invention, it is wrong, it isn’t just about manufactured products; plenty of examples of turnaround through innovation can be found in services. (Bessant & Tidd, 2007, p.7) And there is another interesting idea: innovation is not copy from other people’s idea, but it can be learning from success factors. According to Bessant & Tidd (2007), there have been numerous studies that have investigated the factors affecting the success of new products. Most adopted a “matched-pair” methodology in which similar new products are examined, but one is much less successful than the other. (Bessant & Tidd, 2007, p. 152). And learning from the successful one can save both time and money.

According to Burns, Weber believed that hierarchical organization structure stresses rationality and functional efficiency (Burns, 2005, p. 140). Traditional large firm structures are mostly centralized and hierarchical which could be because most companies consciously want to maintain discipline and a power of command and naturally a line of authorities. This can be a problem for some companies, especially in highly competitive markets, because it is innovation and entrepreneurship that play an essential role for the success of individual firm (Burns, 2005, p. 247). The long chain of bureaucratic command will slow the innovation process down, and the centralization and hierarchical will give the employee limitations and stress them. Thus to be entrepreneurial, a large organization needs to find ways of breaking itself down into a number of sub-organizations with varying degrees of autonomy (Burns, 2005, p. 126). According to Schumpeter, this kind of company which always has innovation is entrepreneurial, thus, the entrepreneurial organization must build entrepreneurial architecture (Swedberg, 2009, p. 15 ff). In order to let the entrepreneur have a loose and relaxed working environment.

Without any doubt that it is innovation and entrepreneurship that play essential role for the success of individual firm. (Burns, 2007 p.247). As well as Peter Drucker (2003) has said, not to innovate is the single largest reason for the decline of existing organizations. Innovation is no doubt the most priority in an aggressive company (Peter Drucker, 2003), however it is also not that easy to innovate. According to (Bessant & Tidd, 2007, p.6) innovation is driven by the ability to see connections, to spot opportunities and to take advantage of them. Therefore, innovation need experiences and courage, and this is what Schumpeter (Swedberg, 2009) said,
three factors which a good entrepreneur should have: (1) the dream and the will to found a private kingdom; (2) the will to conquer and; (3) the joy of creating.

3.2. Brand Strategy

A product is something that is made in a factory; a brand is something that is bought by a customer. A product can be copied by a competitor; a brand is unique. A product can be quickly outdated; a successful brand is timeless. (Aaker, 1991, p. 1) Brand is not only a name or a symbol in nowadays business; they are the key factor in one company’s relationships with its customer. Brand represent consumers’ perceptions and feelings about a product and its performance—everything that the product or service means to consumers. The real value of a strong brand is its power to capture consumer preference and loyalty. (Kotler & Armstrong, 2008, p.230)

To build a brand, marketers need first to position their own brand clearly in target customers’ mind. Kotler & Armstrong (2008) state that a brand strategy decisions involve brand positioning, brand name selection, brand sponsorship, and brand development. (See Figure. 1) Through these steps, a marketer can find its own position in the market, and build its own brand that can attract its target customer.

![Figure. 1 Major brand strategy decisions (Kotler & Armstrong, 2008, p. 231)](image)

And brand equity is not just brand’s name or a symbol; it is combination of several factors that marketers need to pay attention. According to Aaker (1991), there are five categories can be grouped into brand equity: brand loyalty; name awareness; perceived quality; brand associations in addition to perceived quality; other proprietary brand assets, like patents, trademarks, channel relationships, etc. (see Figure. 2)

All these factors can affect customers’ confidence in the purchase decision, and more important is that both perceived quality and brand associations can enhance customers’ satisfaction with the use experience. (Aaker, 1991, p. 17)
3.3. **Customer Service**

Service is a complicated phenomenon, according to Grönroos (2010), service is a process consisting of a series of more or less intangible activities that normally, but not necessarily always, take place in interactions between the customer and service employees and / or physical resources or goods and / or systems of the service provider, which are provided as solutions to customer problems. (p.52) Ignoring the long and specific definition, service is one of the customer’s need, in order to provide the customer a better service, marketers have to understand what do consumers need indeed. And what do the customers need? Zeithaml (2008) said that the customer’s need is perceived quality, he also said that the “perceived quality are always considered relative to expectations.” (Zeithaml, p.108) Thus, the service providers need to provide a fair quality service with the customer, otherwise the gap between consumers’ perceived service and expected service will cause serious problem.
The misunderstanding between consumers and service providers can cause a gap between customer expectations and perceptions. Grönroos (2010) had indicated that there are five gaps between customer and businessmen: Gap 1: the management perception gap; Gap 2: the quality specification gap; Gap 3: the service delivery gap; Gap 4: the market communication gap; Gap 5: the perceived service quality gap (see Figure 3).

Figure 3 indicates a model that called “The gap analysis model of service quality”, Grönroos (2010) states that this model is intended to be used for analyzing sources of quality problems and for helping managers understand how service quality can be improved. Marketers can use this model to analyze the problems that happened in the process of service, to improve their service level, in order to provide the customer with a better quality service.

Sometimes the mistake will be made, thus, the recovery is the priority after accident happened. Zeithaml (2008) said the research has shown that resolving customer problems effectively has a strong impact on customer satisfaction, loyalty, word-of-mouth communication, and bottom-line performance. He said, that is, customers who experience service failures but who are ultimately satisfied based on recovery efforts by the firms will be more loyal than those whose problems are not resolved. In order to make full use of the potential of successful service recovery the firm should develop a recovery system, said by Grönroos (2010). He indicated that there are 8 guidelines may helpful in developing such a system: 1. Calculate costs of failures and mistakes; 2. Solicit complaints; 3. Identify recovery needs; 4. Recover

4. Empirical Findings

This chapter’s main focus is to present the primary and secondary data of nowadays China’s and foreign businessmen’s automobile industries’, and the personal automobile service providers’ situation, as well as the China’s government’s policies for automobile industry.

4.1. Present situation of Innovation

Chris Townsend indicated that (The Rise of Innovation Management Tools, 2008), a latest global study showed that 93% of senior business executives indicated innovation as a top strategic priority.

For foreign car producers, Science and Engineering Indicators 2010 has indicated that all of them have focus on innovation and research & development. (See Table. 1)

<table>
<thead>
<tr>
<th>Company (country)</th>
<th>R&amp;D rank</th>
<th>R&amp;D expense ($millions)</th>
<th>Sales ($millions)</th>
<th>R&amp;D/sales ratio (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Toyota Motor (Japan)</td>
<td>1</td>
<td>7,286</td>
<td>6,929</td>
<td>9.8</td>
</tr>
<tr>
<td>Ford Motor (United States)</td>
<td>2</td>
<td>7,433</td>
<td>7,442</td>
<td>-0.3</td>
</tr>
<tr>
<td>Johnson &amp; Johnson (United States)</td>
<td>3</td>
<td>7,200</td>
<td>8,000</td>
<td>-10.0</td>
</tr>
<tr>
<td>Microsoft (United States)</td>
<td>4</td>
<td>712</td>
<td>6,312</td>
<td>12.9</td>
</tr>
<tr>
<td>BMW (Germany)</td>
<td>5</td>
<td>7,121</td>
<td>6,584</td>
<td>8.2</td>
</tr>
<tr>
<td>GlaxoSmithKline (United Kingdom)</td>
<td>6</td>
<td>7,007</td>
<td>7,285</td>
<td>-4.8</td>
</tr>
<tr>
<td>Siemens (Germany)</td>
<td>7</td>
<td>6,811</td>
<td>6,108</td>
<td>9.2</td>
</tr>
<tr>
<td>General Motors (United States)</td>
<td>8</td>
<td>6,004</td>
<td>6,778</td>
<td>-2.5</td>
</tr>
</tbody>
</table>

4.2. Global R&D spending by top 25 corporations: 2006 (Science and Engineering Indicators 2010)

Table. 1 Global R&D spending by top 25 corporations: 2006 (Science and Engineering Indicators 2010)
The companies in red boxes are the most successful automobile producers in the world. As we can see, all of them have spent more than 3% of sales in R&D.

However, in China, businessmen in automobile industry did not focus on innovation and research & development. Xinhua.net, which is the China’s government’s official media, has indicated that, in 2004, China’s automobile industry’s R&D / sales ratio is only 0.63%. In the same time, the world’s average ratio is 2.62%, U.S.A is 3.98%, and the Japan’s automotive industry’s R&D / sales ratio is 3.64%. (Liu Shu Qing, 2005) And the foreign auto makers’ ratio of R&D fee/ sales is more or less increased by 10% per year.

2007, in “ShangHai Conference of innovation and automobile industry”. Dr. Dannenberg who is the partner of Oliver Wyman has said that, at the present, the world’s most famous and mature automobile produce companies will spend about 600 Euros as innovation fee in every new vehicle, but in China, there are at most 100 Euros; if China’s automobile makers want to compete with these foreign giants in China’s car market, they have to spend at least 300 to 350 Euros per car. And he said, through estimated, China’s automobile producers will need at least 15 years to catch the foreign competitors. (Lu Xing, 2007)

One of the China’s government’s brain, academician of Chinese Academy of Engineering, Guo Kong Hui has said: we have to admitted that the level of China’s automobile industry, is much lower than the level of foreign countries’ automobile industry. And the foreign companies do not want to cooperate with our companies to develop China’s own brand, and they do not want to help China’s car makers to build their own R&D center. However, we have to learn how to innovate our own cars, for example, HuaChen (China’s automobile maker) did a good job by hiring foreign experts and learn their technology, and this is a good example. (Liu Yin Jie, 2008) Mr. Guo has also said that one big problem is China’s car producers do not want to share their own result or cooperate with domestic competitors. This is one problem that causes China’s automotive industry develop slowly, it is not only because of lack of innovation. Mr. Zeng, who is the Great China region representative of Oliver Wyman, has said that foreign automobile producers will often have cooperation in research & development and innovation or other field, in order to use both of their own advantage to make a bigger profit. He said, because of culture problem, China’s automobile makers do not willing to share or cooperate with other China’s car makers. They think their ability and result of innovation is their biggest advantage. (Jia Yuan Kun, 2008) Therefore, there is lack of communications among China’s car producers. Mr. Zeng said, BMW and Daimler-Chrysler
has cooperate with each other, the Daimler-Chrysler has advantage in technology, and BMW has advantage in cost management; these two companies use their own advantages to make a bigger profit, this is a good example. And it is the truth, Daimler Chrysler and Volkswagen, and Daimler Chrysler and BMW have cooperation between each other. (See reference: Cooperation between Companies)

The differences and gaps are not only shown in traditional car industry, even in new energy automobile industry, foreign competitors are more active. BMW group has established their annual report 2010, it has shown that they have spend euro 2,773 million in innovate new energy cars, this number rose by 13.3% from 2009. Also, the US president Obama has proposed a new ten-year $150 billion energy plan in Michigan, as well as a $4 billion in loans and loan guarantees for automobile producers to innovate PHEV (plug-in hybrid vehicles). They decided that there should be at least 100 million PHEVs to be ready for sale by 2015. (Jeremy Korzeniewski, 2008)

And because of the increasing of petrol’s price and the successful held of Copenhagen Summit (The conference was preceded by the Climate Change: Global Risks, Challenges and Decisions scientific conference, which took place in March 2009 and was also held at the Bella Center. See Copenhagen Summit), once again put the environment protection and the exploitation of new energy on the agenda. (Liu Xing, 2009, p.15) China’s government and automobile producers has notice that this is the future’s trend, and started to focus on new energy automobiles.

However, the technology is all controlled by foreign car makers, the most popular vehicles in China, as Figure. 4 and 5 indicated, are all joint venture companies’ products. Because the China’s automobile producers has no advantage in technology, thus, if they want to use high technology car to occupy the market, they have to share the market with foreign automobile producers, this is exchange market with technology. (Luo Yan, 2007, p.12)

4.2. China’s Customer’s Attitude for Brand

The brand is one biggest reason why consumers choose this product, especially China’s customer. China’s customers are rather to choose expensive products which have a famous brand than cheaper products with not famous brand. (Liu Fang, 2010, p.3)

The Figure. 4 indicates the top 10 personal car sellers in China.
No.1 ShangHai GM. Sold 1038988 cars
No.2 ShangHai Volkswagen. Sold 1001357 cars
No.3 YiQi Volkswagen. Sold 867744 cars
No.4 BeiJing Hyundai. Sold 703008 cars
No.5 DongFeng Nissan. Sold 660999 cars
No.6 Chery. Sold 617975 cars
No.7 BYD. Sold 519806 cars
No.8 YiQi Toyota. Sold 505931 cars
No.9 Geely. Sold 416168 cars
No.10 ChangFu Mazda. Sold 411489 cars

Only No.6 Chery and No.7 BYD and No.9 Geely are domestic China’s car producers, the others are all joint ventures.

One China’s marketing consulting company ePanel has established a report of China’s potential consumers’ awareness of car brand. They have chosen 1400 random customers as their research object. The degree of awareness is between 100 and 0, 100 means totally like it, 0 is totally not like it. And the result is below.
Today, with the economic growth, the main customer of China’s automobile market are the middle class of the society, these kind of customer are willing to put more focus on choosing a car. (He Long, 2011, p.54) And the main factor that will affect them is Price of the car, the future cost of maintenance, and the brand. Does not matter whether they are first-time customer or not, these three factors are the most important for their decision. (Liu Fang, 2010, p.33) According to Sohu’s (China’s famous website) investigation, when China’s customer want to purchase a car, the first three factors which will be considered first is: Price (34.26%, 3091 people), Safety (32.1%, 2896 people), Brand (9.7%, 875 people) (See Table. 2)

<table>
<thead>
<tr>
<th>The Factor That Influence Your Choice of Buying A Car</th>
<th>The Factor That Influence Your Choice of Buying A Car</th>
</tr>
</thead>
<tbody>
<tr>
<td>Price</td>
<td>34.26%</td>
</tr>
<tr>
<td>Safety</td>
<td>32.1%</td>
</tr>
<tr>
<td>Brand</td>
<td>9.7%</td>
</tr>
<tr>
<td>Energy-saving</td>
<td>8.27%</td>
</tr>
<tr>
<td>Appearance</td>
<td>6.72%</td>
</tr>
<tr>
<td>Horse Power</td>
<td>4.48%</td>
</tr>
<tr>
<td>Driving Experience</td>
<td>3.2%</td>
</tr>
<tr>
<td>Interior</td>
<td>1.29%</td>
</tr>
</tbody>
</table>

Table. 2 Sohu’s investigation result, design by Author of Thesis (See Sohu’s investigation)

Talking about brand, the biggest news is definitely that the world unknown brand car maker Geely has bought the world famous car producer Volvo. This decision is good or bad do not know yet, but without any doubt, that the world know this China’s brand. According to one of
the China’s famous websites QQ’s web investigation, 61.31% respondents (124,934 people involved, 76,594 respondents) vote that this acquisition make them have more confidence on Geely and they think Geely’s name is much more famous than before. (See Table. 3)

<table>
<thead>
<tr>
<th>Your idea about Geely’s successful acquisition of Volvo</th>
<th>Total 124,934 people involved</th>
</tr>
</thead>
<tbody>
<tr>
<td>Very impressive</td>
<td>61.31%</td>
</tr>
<tr>
<td>it is just capital operation</td>
<td>33.73%</td>
</tr>
<tr>
<td>I don’t trust domestic Brand</td>
<td>2.85%</td>
</tr>
<tr>
<td>I don’t care</td>
<td>2.06%</td>
</tr>
<tr>
<td>Total</td>
<td></td>
</tr>
</tbody>
</table>

Table. 3 QQ’s investigation result, design by Author of Thesis (See QQ’s investigation)

Automobile companies can also make their brand famous by change their old brand symbol. In 2009, China’s automobile producer BYD has changed their old symbol; they said the new logo showed their new business point and new view. (See reference BYD)

4.3. Present Situation of Automobile Service

According to the statics from European investigator, a totally mature car market, there are only 20% of profit margin is from the car-sell, another 20% from the selling of spare parts of cars, and 50% to 60% of all profit margin are come from the post-sell service. (Chuck. P, 2010) This is related to my survey. According to my questionnaires’ result, 100% individual car owners often need a car service. (See Questionnaire 2, No.7)

Today, China’s automobile service market consists of two different systems, and one is 4S shops, another is individual service providers. (He Long, 2011, p.3)

The automobile service start very late in China, but the development is rapid; the daily service of personal automobile is from “repair” to “maintain”. (Luo Yan, 2011, p.12) Many of today’s car suppliers were yesterday’s car repair shop or car washing shop, they just wear a “service” clothes and provide the consumer with very simple and original service. (Hu wen, 2010, p.31) These kinds of businessmen do not understand what the customer need, they just follow the others. According to my research, 100% of the service suppliers do not know what the customers really need. (See Questionnaire 1, No.9) And the customers’ choice of service is very less, 50% of service suppliers have only 3 services, 35% of them have 4 services, and 15% have 5 service. (See Figure. 6)

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Because the service supplier has no idea what do the customers need, thus, they cannot add new services. And the interesting thing is that the customers often want to try new services. (See Figure. 7 and Figure. 8) In my survey, 75% of the businessmen have done this service business for more than 5 years; thus, these old businessmen did not add new service for a long time is a problem.

Figure. 7 shows that in these businessmen’s business life, only 5% of them add new service.

Figure 8. show that in fact 84% of customers want new services and want to try new service.
However, all of the businessmen also have said that if they can know what the customers really need, they will add new services or at least change. (See Questionnaire 1, No.10)

China’s personal car service concept is started very late. In the year 2000, the big car producers like BMW, TOYOTA has established 4S shops in China, not only sell cars, but also provide services for their own customers. 4S means: Sale, Spare parts, Service, and Survey. All these terms can be done in one shop, this is 4S shop (See 4S). These shops are only established by famous car companies and it is only serve their own customers, this is its biggest advantage and also it is its biggest disadvantage. (Zhu Fang, 2010, p. 56) Its advantage is it has its own brand, and it is always a famous brand. For example, BMW 4S shop, Honda 4S shop. The disadvantage is that 4S shops only provide service for same brand car owners; for example, the BMW’s 4S shop will only provide services for BMW owners, if customers drive a Benz, he cannot get a service. (Liu Fang, 2010, p. 14)

Compare to these famous brands service suppliers, local domestic service suppliers also have their own advantage.

According to my research, 85% of the local individual service suppliers think the reason why customers choose their service is because the near distance. (See Figure. 9)
And 72% of customers give the businessmen a positive answer; they confirm that it is the distance decides their choice.

4.4. China’s Government’s Policy For Automobile Industry

At the present, China’s government’s policy for automobile industry can be summarized as 5 main points below (all from China’s Government Official Website)

1. The reduction of purchase tax: the displacement of private vehicle is lower than 1.6 L will have a discount of 50% reduction on purchase tax.
2. Vehicles introduced into countryside: according to this government’s act, the government will spend ¥ 5 billion to help the farmers and the citizens who are living in the countryside to change their old vehicles with new one or purchasing the small vehicles.

3. New energy vehicle: the China government has established a new act which means that the government is supporting the new energy technology and new energy car, the act says, if the Hybrid-Electric Vehicle can save at least 40% of energy, this car will have a ¥ 50,000 financial subsidy from the government. (Wen Jie, 2009)

4. The relaxed car loan policy: The loose financial loan policy is enhancing the support for the private car consumption.

5. The car provident fund: there are ¥ 400 billion provident funds are now idle. This was individual house provident fund, and you cannot use it to purchase other things than house.

In this depressed environment of economy, facing the critical challenge of international financial crisis, the Chinese government’s policies’ basic principles are four aspects:

1. Adhere to increase domestic demand, focusing on the combination of fiscal policy’s incentive and business environment’ improvement.
2. Adhere to adjust industry’s structure, focusing on the combination of role of the market and the guidance of government.
3. Adhere to innovate independently, focusing on the combination of traditional products’ new combination and the new energy vehicles’ promotion.
4. Adhere to upgrade the automotive industry, focusing on the combination of industrial development and added value services.

The government’s objectives of these policies are eight points:

1. The quantity of production and sales of automobile should grow stably.
2. The business environment of automobile industry should be improved obviously.
3. The structure of market demand should be optimized.
4. The mergers and acquisitions should have significant progresses.
5. The proportion of independent Chinese brand’s market share should expand.
6. The production and sale of electric car should have scale.
7. The ability and level of vehicles’ R&D should be substantially increased.
8. The technology of important spare parts’ production should be controlled.
Besides all these big policies which will change the trend of future. China’s government has also established some small acts that will increase the consumption of individual cars. Fuel tax is one of them. This fact means that if the car is low fuel consumption, the tax that drivers should pay will much lower than high fuel consumption car drives’ tax. (See reference Fuel Tax)

China’s citizens are always keeping an eye on the government’s policy’s change; they have understood that these policies will finally influence their lives. According to my investigation, 84% of customers consider that the government policy will influence their choice.

![Image](Figure. 11: Questionnaire 2 No. 6. Design by Author of Thesis)

### 5. Analysis

This Chapter is the analysis of the present situation, find future’s trend as well as problems which China’s automobile industry may have, and use theories to find out the solutions.

#### 5.1. The Future’s trend

China’s political environment is special; the market’s future is more or less depending on government’s policy. Therefore, I can say that the objectives of government’s policy are the future’s image of China’s market.

First, The reduction of purchase tax. This policy will reduce the purchase tax, it is a temporary act, but it will let the consumer focusing their purchasing power on low-emission vehicles. This is a big advantage for small and energy-saving car producers.
Second, Vehicles introduced into countryside. According to the estimated, this act will stimulate the consumption of at least one million small trucks and small buses. (Zhang Yang, 2009)

Third, New energy vehicle. This policy shows that the China’s government is supporting the new energy car production. (Liu Xing, 2009, p.11) And because of this beneficial policy and the increasing price of petrol, a growing number of customers will finally choose new energy vehicle. And this is also the world’s future trend, developed countries like U.S.A are already started to promote the development of green energy automobiles with government’s support.

Fourth. The relaxed car loan policy. Yang Cheng News, one of the biggest news sources of China’s media, has indicated that, this policy will let more and more people to have their own cars, because the limitation of car price will decrease. Actually, the pressure on vehicle customers’ shoulder is much lower than before because of the decreased deposited rates. If the barriers of loan can be reduced and lower than before, to purchase a private car by car loan would definitely help the customer to achieve their dream of having a private car. (Liang Wei Chun, 2009) and when the demand increased, the need of supply will also increased.

Fifth. The car provident fund. In the past, this was individual house provident fund, and you cannot use it to purchase other things than house. Now customers can use their own provident fund to purchase an own car. Therefore, the pressure of the car’s price will decrease. This will also increase the total demand.

From these government’s policies we can see clearly that China’s automobile industries’ and marketing’s future is just like the objective of government’s policy.

To have a conclusion on these policies’ effects, it is: The China’s government is and will support the China’s automobile industry; the total demand of personal vehicles will increased significantly; and because of the future’s world’s trend (Copenhagen Summit), and with the help of China’s government’s help, the demand of new energy car and energy-saving car will extraordinary grow. The conclusion seems very attractive, and in fact, it is attractive. However, even the China’s automotive market will be optimized by all these factors, the big amount of share of car market are still holding by foreign automobile producers. Because they have their advanced technology controlled. The empirical data also indicated a fact that the foreign brand is more attractive than local brand. China’s domestic car makers’ brand cannot compare with the foreign competitor, this is truth. It is because of low technology and
uncomfortable driven experience. But, in Figure 4 and Figure 5, another trend is indicated, that the China’s own brand is also in the top 10, both sales, and brand awareness, that means China’s customers are starting to accept their own brand and start to keep an eye on China’s automobile producers.

Obviously, the China’s automotive businessmen need to do more than before. In order to take a bite of this big cake, China’s car makers should have these factors which can help them survive in the future’s tense competition: first, in order to get rid of foreign producers’ control, the China’s car producers should have ability of independent innovation. Second, to make their brand more famous, they have to let their customers have more confidence and expectation on their brand.

And the increasing of demand leads another chance for car service providers. When the number of individual cars has increased, clearly, the number of customers who need car service will also increasing. Thus, the car service providers should have a better strategy for customer service, in order to benefit themselves.

5.2. Innovation Is Priority

We have seen that the automobile industry’s future will become the low-emission energy-saving cars’ future. More and more middle working class will become the main consumers of individual cars. Besides, energy saving and environment protection has already became the main trend of the development of society. Thus, China’s car producers have to be established more and more own-designed energy-saving type cars to satisfy the market need; otherwise the foreign competitors could easily occupy the whole market by their advanced technology.

However, it is clear that these kinds of cars need high technology. Compare to foreign competitors, lack of high technology is not the only disadvantage of China’s car producers, the investment of innovation is not enough is also a serious problem. In other words, China’s car producers are not pay attention to innovation. Peter Drucker (2003) and Burns (2007) both said that the innovation is nowadays companies’ priority, not to innovate is the single largest reason for the decline of existing organizations.

Now, China’s cars producers have to increase their ability of produce and innovation, the foreign investors are also increasing their investment in innovate new technologies and new cars. Their investment of innovation per year is increased by 10%. And their cost of
innovation fee is at least 3% of whole sales; China’s producers are only investing 1% of whole sales in innovation. In order to solve this problem, that the China’s car producer is lack of technology, besides invest more in innovation, to establish their own R&D center is also important. To have their own new R&D center, to hire more scientists and more entrepreneurs to innovate, this is the first and most important step of all China’s automobile producers’ future strategies.

After China’s car producers have their own facilities of innovation, they must give the entrepreneurs more space and more time. Because it is the entrepreneurs innovates new things, not the businessmen or producers. According to Burns (2005), Weber believed that the hierarchical organization structure and bureaucracy will stress the rationality and functional efficiency. This is means, if the company’s management does not give the entrepreneurs a relaxed space and loose control; the entrepreneurs will have pressure which could stress them. Therefore the large firms have to find a way to breaking itself down into a number of sub-organizations with varying degrees of autonomy (Burns, 2005, p. 126). This is the best for company’s future innovation plan.

Both the partner of Oliver Wyman and academician from Chinese Academy of Engineering had said that the China’s automotive companies did not focus on innovation; and this is the biggest reason why China’s car makers are lack of technology. Thus, in the very beginning of future, the China’s automobile producers will in the negative position, and compare to foreign business competitors, they do not have competitive advantage in technology. However, like Schumpeter (Swedberg, 2009) said, entrepreneurs must have the enthusiasm to innovate and the joy of create. We may lose some benefit in the beginning, but we will catch up and make more benefit in the future by technology evaluation; China’s car makers should have this kind of thought. China’s automotive businessmen must have no fear of loose the profit and the share of market. They have to understand the only way that can let them survive in the future’s tense competition is to control their own technology and to have their own intellectual property patents.

It is true that the innovation is not easy, especially for China’s automotive producers. They have started doing this business for a very short time, the gap between their technology level and foreign competitors’ technology level is wide. But it is never too late to start innovate. Bessant & Tidd (2007) has indicated that the innovation is not copy other’s idea, but the technology can be learned from others’ successful examples. Foreign car companies have
advanced technology that the China’s car companies do not have, therefore, to learn their
developed idea is a good choice. And the China’s car companies are doing this. More and
more joint venture companies are established, the foreign car makers want market and profit,
and China’s car companies want technology. If the China’s car makers can really learn from
their business partners, and then innovate their own technology, this is also a good choice, and
it will save both time and money. But China’s car makers should keep this in mind that learn
from others is just a temporary solution for their problem, the final and best solution is always
independent innovation and technology controlled by them.

5.3. Brand Is Also Important

Figure. 4 and Figure. 5 indicated an obvious fact, that the customer’s awareness of
automobile’s brand is equal the sales of the automobile. Of course, it is not exactly equal
perfectly, but the trend is same. In Figure. 4 the top 4 sales car brand are ShangHai GM,
ShangHai Volkswagen, YiQi Volkswagen, and BeiJing Hyundai. In Figure. 5 the top 4
customers’ awareness of car brand are, ShangHai Volkswagen, YiQi Volkswagen, BeiJing
Hyundai and ShangHai GM. Not only both figures’ top 4 are same, the rests are also same,
just one exception. Therefore we can say that if one automobile producer’s brand has a better
awareness of customer, which means the customer know and like this brand more than others;
this brand’s sale will be higher than others. This conclusion shows a clear and right direction
for China’s automobile producers about their brand strategy. And it is the fact that some
China’s automotive businessmen start to understand that the brand is one of the most
important factors that affect the customers’ choice. Geely has bought Volvo in 2010; this
action has made one China’s domestic brand known by the world. And this acquisition
especially gives China’s customer positive image, 61.31% customers thinks Geely gives them
more confidence on its brand.

Without any doubt that the brand is important, thus, the China’s car producers need to pay
more attention than before in this problem. China’s automobile brand is not famous, because
the automobile industry started very late in China, and also because of the low technology of
their products. In the past time China’s customers sometimes will more prefer foreign brands,
although this situation is changing, the brand image of China’s automobile is still need
promotion. Through Kotler & Armstrong’s brand decide model, the China’s car producers
should know how to let their brand name known and accepted by the customers.
First, China’s automobile producers have to put themselves in a right position, they cannot compare with foreign automobile producers. All of the foreign competitors have been doing this business for a very long time, their brand is deep in customers’ mind and they also have a big advantage of technology. Foreign car producers can easily produce and design new cars which China’s producers cannot. Thus, to China’s automobile producers, compare them with foreign producers in the first place is not a wise choice. Nowadays in China, foreign producers’ automobiles are expensive. And in fact, the foreign brands do better than China’s local brand because of their high technology. Like I have analyzed before, the future will become the low-emission new energy cars’ future. Through learning and innovating, China’s car producers must control the technology and better the auto’s design, in order to gain the customers’ focus. Although the foreign brands are more attractive, the customers will still consider the price first, according to Sohu’s research, customer will first consider three aspects when they want to buy a new car: the price, the safety, and the brand. The level of safety is equal the level of producers’ technology, as well as the price. Therefore, in order to avoid the tense competition in expensive car market, China’s automobile marketers must put their attention in the lower level economic and energy-saving cars for customers. And this is the right position for the China’s automobile producers.

Second, a nice and easy-remembered name is necessary. However, all the China’s auto producers already have their names; it takes a big risk to change a name. Thus, if marketers think it is necessary to change in order to have a new image, change the symbol is a better choice than change a name. China’s car producer BYD had changed their logo in 2009, because they become one of the biggest local automobile companies, they said the new logo showed their new business point and new view. Doesn't matter why they changed their logo, but because of this action, their name becomes more popular and louder than before. Thus, this is a choice for car producers, but keeps in mind that this takes huge risks. Because old customer may think this is another product, and lose their loyalty.

Third, some of the local joint venture companies have added their business partners’ name in the brand and it is a really good strategy. For example, YiQi-Volkswagen, DongFeng-Nissan. Compare with these China’s car producers, their partners’ brand is much more famous in worldwide. This strategy does help their brand names spread. The China’s customers will remember both their names, and this is big advantage for China’s brand owners to develop their own cars in the future.
Fourth, in 2010, China’s car producer Geely has made an acquisition of Volvo which is one of the most famous automobile brands in the world. Even it is only Volvo cars, not include Volvo trucks and other Volvo’s product. It is still let the world know Geely’s name, and this new brand is like a new blood for Geely, make this one of the oldest China’s car makers become colorful. The result of this story is China’s customer have more confidence and interest in Geely’s products. Acquisition is a good way to explode their names, but it is not the best way, and the reason is obvious: it is too much expensive. The best way to advertising is to develop their own brand by them if they have this ability. Thus, it is still the problem of innovation, if the China’s car makers can innovate smoothly and successfully, they will have the ability to make their brand name more famous than before.

In Aaker’s brand equity model we can see that the “brand” is not just a symbol. It is a combination of perceived quality, name awareness, and brand loyalty, etc. Like I have indicated, in order to make China’s car brands more famous and let the customers have more confidence on China’s brand. The China’s car producers have to improve themselves’ ability and attitude. Therefore, when customers received a service of satisfied quality, the brand will become more famous, the brand’s name will spread to new customers by old customers, and of course the old customers will become more loyalty.

In fact the brand’ image is not only a problem for China’s automotive producers; it is also a problem for personal automotive service providers. China’s personal car service concept was started very late, in the year 2000, the big car producers like BMW, TOYOTA have established their 4S shops in China, not only sell cars, but also provide services for their customers. Nowadays, China’s local auto producers also use this strategy to serve their own customers.

Individuals started this business in the early 90s, but they have no idea what is service, they cannot position their own shops in the right place. The China’s local service providers cannot compare to the famous car brands’ 4S shops. Therefore, the service providers also need to put themselves into a suitable place, in order to attract more customers. The brand strategy of individual service providers is totally different from the automobile sellers’ strategy. First, they do not have that much money to advertising themselves. Second, they do not have so many shops in everywhere, and they business area is much smaller than the car seller. According to my investigation, more than 70% of customers choose the service suppliers depend on the distance. Therefore, the individual service suppliers’ big advantage is they are
near the customer. If they can provide a good service, then their advantage will become bigger than just a “distance”, their advertisement will automatically through their customers’ mouth into other customers’ ears. And then, their own brand will become famous and more customers will choose them as the service suppliers. Thus, to individual service suppliers, their brands’ strategy is pretty much depending on their service quality.

5.4. Customer Service Is The Key

I have said in the Future trend part, the increasing demand of personal automobiles will lead another chance for car service providers. When the number of individual cars has increased, clearly, the number of customers who need car service will also increasing. And my investigation also shows that customers who have cars will often need a car service. However, the problem in the future is not lack of customers; it is how to keep the customers loyalty. And to this question, the answer is only one: to provide the customers with good quality services.

China’s car sellers’ service strategy is mainly depends on 4S shops. This is a good conception from European countries after 1999. Now all the brand car sellers are using this strategy to provide their own customers post-sell services. In fact this kind of service model has a limitation which is only their customers can use their services. Therefore, in order to make the service area become bigger, the brand car sellers have to open more shops and sell more cars. Until their basic number of customers increased; their service area will not change. Customers choose their brand is because of their product: automobile, not service. Services to the car sellers and producers are add-value product. Ignoring all these facts, of course if the car sellers can provide a better service, customers’ expectation of this brand will be higher, then they will first consider this brand if they want to buy a new car. At least 10% of the customers are still focus on the brand. (See. Table. 2) So, if the brand car sellers can provide a better service than other car sellers, their potential customers’ number will grow.

In the future, after the number of individual automobile customer increased, the post-service market will become at least equal the selling market. It is a trillion business market, it is a big cake. Like I have said that the brand car sellers have their own limitation, thus, this big cake can be dividing by both of the brand car producers and sellers, as well as thousands of individual service providers. In order to compete with these famous brands, improve the quality of services is the only solution for individual service suppliers. My questionnaire
shows that 72% of customers choose the service supplier depend on the distance between their home and the service shop. (See. Questionnaire 2, question 8) The customer may be love the famous brand cars, but they will choose the service suppliers more wisely and pretty much depend on convenient.

I have said that the individual businessmen have money problem, thus, to understand what customers need is one best way to improve their services’ level. Because they do not have so much money to loose, finding a good way to improve their services can save their money. Also, to improve their services is the only way to increase their income and keep their customer loyalty. All of the service suppliers in my survey did not know what customers’ exactly need is. (See. Questionnaire 1, No.9) According to Grönroos’s (2010) gap model, this is gap 1: the management perception gap. This is the basic and the biggest problem. This problem can directly cause the customer’s perception. In order to solve this problem, I do think that the businessmen need to have a marketing research before doing business. Any kind of research would help, as long as it can show the result, which is what customers’ need is, what kind of service they want. Asking questions or questionnaires would be better, because customers come to the shop and their need is a service. Therefore through questionnaire or asking customers in the first place would let the businessmen understand what do customers need. And like Bessant & Tidd (2007) said, the service business also can have and also need innovation. It does not have to be some big change or evaluation. New combinations and small changes which can serve customers better would be perfect.

After understanding what do customers really want, individual service suppliers need to improve themselves’ and their employee’s service quality. Otherwise, there will be gap 2 and gap 3 even gap5 between them and customers. To have a better self-cultivation can help customers have a higher satisfaction. According to Zeithaml (2008), besides the quality of service, the process of delivery service is the second factor that affects the customers’ perception and satisfaction. And the self improvement is not only about service manners and attitude; it is also include the professional knowledge, especially in automotive business. 4% customers choose their service suppliers depend on the supplier’s brand, (See. Questionnaire 2 question 8) and 10% customers are willing to change their present service suppliers to a famous brand service supplier, because they think famous means a better service. (See. Questionnaire 2 question 9) Therefore, professional knowledge is definitely necessary;
especially the individual businessmen need it. If the automotive service suppliers do not have professional knowledge, the mistake or accident might happened easily.

Once made a mistake, it is very hard to get customers’ loyalty back, and the bad word will soon spread to other customer. This external communication will finally affect customer’s perception and satisfaction. This is Grönroos’s gap model’s gap 4. On the contrary, if the businessmen have supplied a good and high quality service to old customers, the old customers’ words of praise will also spread to other customers’ ears. More and more customers will come because of these praises.

In the real world, human make mistakes, and it is unpredictable and unavoidable, however, mistakes are not unacceptable. Once it resolved perfectly, according to Zeithaml (2008), the customer will still have confidence. Following Grönroos’s 8 guidelines of recovery system, every individual businessman has to prepare his own system and strategy for recovery. Compare to the big and famous brand service suppliers; they have a huge number of customers and famous brands which will not easily be destroyed. Individuals do not have this capital to loose, thus, individual service supplier must have a strict attitude for provide service, as well as a good and comprehensive recovery system, in case of mistakes were made.
6. Conclusion

The purpose of this thesis is to analyze the present situation of China’s automobile industry and try to figure out the future trend of China’s automotive market, in order to see if innovation, brand strategy, and customer service strategy will help China’s automotive businessmen or not.

Through my analysis, we can first see the problems or shortcomings that China’s automotive businessmen have. Their problems are including several aspects. First, the investment in innovation is very less, and there are lack of communications or cooperation between each other; second, their brand is not famous and customer have no confidence on them; third, the service suppliers do not know what does the customer need.

Although China’s businessmen in automotive industry have a lot of weak points, but we also have seen that they have noticed gaps between them and foreign competitors. They start to recover their mistake and strengthen themselves, both internal and external. And it is never too late.

We can also see the future’s trend of China’s automobile market through analysis. The automotive market’s future in China will depends on China’s government’s decision; the government’s policy will decide the automotive businessmen’s future. We see that the China’s government will support the automobile industry. With the help of government policies, the market will start boom, the demand of individual cars will increased. And the number of demand is significant. The future’s trend of society is environment protection; therefore the trend of automobile industry is the low-emission and green energy car. Thus, car makers need high technologies and new technologies, in order to establish new type cars to occupy the market.

And the increased number of car owners will give the individual service supplier a big business chance.

Therefore, in order to survive in the future, and at least not lose in the tense competition with foreign competitors. The China’s businessmen need to invest more in innovation and pay attention on this problem. To establish new R&D center or to learn from others could work. So many foreign companies come to China and have established joint ventures with China’s car producers. This is a big opportunity and perfect chance to learn their advanced
technologies and ideas. But China’s businessmen have to keep this in mind: learn from others is just a temporary idea. The final aim is to control technologies, in order to have own intellectual property patents, and the ability to innovate independently by China’s car makers. The cooperation and communication with domestic competitors is also important. Through cooperation and communication, China’s automobile producers can save time and money, avoid same mistakes.

China’s automobiles are not famous, one reason is because this industry start very late in China, and another reason is because China’s autos are dis-advanced. Through innovation, China’s cars will become more and more advanced, but China’s automotive businessmen still have to change their image and make their brand more and more famous. There is an easy way to solve this problem: cooperate with foreign car producers with famous brand, this strategy will let the China’s brand become more famous than before. However, it is a temporary solution. The China’s car producers have to established and strengthen their own brand. First, they have to find their right position. They have to know, at the present they cannot compare with foreign car makers. And second, through self-improvement and good performance to change their image from old to new, bad to good, disadvantage to advantage. This brand promotion is not a short time thing, it need long time investment and long time market accumulation, but it will have the best result.

Because the number of car owners will increase, thus, the number of people who need a car service is also increased. Service suppliers must improve themselves. Do not know what do customers need is not an option. Through marketing research to gather the information and to understand what do customers really need; and also should find out the expectation of customers. Once the service suppliers have idea of that question, they have to improve their services’ quality. Better services need professional knowledge and good service attitude. Sometimes innovate some new services would be wonderful. And remember to have a backup plan or recovery system, in order to resolve the problem if the mistake or accident happened.

Through all these analysis, the conclusion is now obvious, the answer to my research question is: the China’s automotive businessmen can survive in the future by innovation, brand strategy, and customer service strategy. And the method to this question is: first, to established own and new R&D center, to increase the investment in innovation, to learn advanced technology, and enhance the communication and cooperation between China’s automotive producers; Second, find their right position in market, through self-improvement
or joint venture to make their brand more famous; Third, through marketing research to understand the customer’s demand, service suppliers need to promote their service ability and better their service attitude, as well as have a backup plan or recovery system for careless mistakes.

I believe, through all these actions, China’s automotive businessmen will survive in the future, China’s automotive brands will become much more famous than before and the customer will have more confidence and more loyalty on China’s automobile industry.
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Appendix: Questionnaires

**Questionnaire 1 (For businessmen) & Answer**

*Numbers in (...) is the number of people who answered that. Totally 20 People involved*

1. **How many years you have been doing this business?**
   - 15% Less than 5 years (3)
   - 75% More than 5 years (17)

2. **Do you think that the economic crisis affect you**
   - 100% Yes (20)

3. **Do you think this business is getting difficult to make benefit? Why?**
   - 100% Yes (20)
   - Why
     - 100% increased of cost (20)
     - 60% lack of customer (13)
     - 5% increased of competition (1)

4. **Do you think the government policy will help you?**
   - 70% Yes (15)
   - 10% No (1)
   - 20% Not Sure (4)

5. **How many services does your shop have?**
   - 100% Car washing
   - 100% Car Make-Up
   - 100% Car Fixing
   - 50% Car Insurance Selling
   - 15% Car Refitting
   - (10) has 3 Services
   - (7) has 4 Services
   - (3) has 5 Services

6. **In your working year, this period, did you add new services?**
   - 5% Yes (1)
   - 95% No (19)

7. **Do you think your customer have loyalty?**
   - 60% Yes (12)
   - 15% No (3)
   - 25% Not Sure (5)

8. **If they have, why do you think they have loyalty? If not, why?**
   - 85% Near Distance (17)
   - 5% Brand (1)
   - 10% Not Sure (2)

9. **What kind of new service do you think that the customers want?**
   - 100% Not sure (20)

10. **Will you willing to add new services if your customer want?**
    - 100% Yes (20)
Questionnaire 2 (For Customer) & Answer

*Numbers in (..) is the number of people who answered that. Totally 50 People involved

1. How many cars do you have?
   88% 1 (44)
   12% More than 1 (6)

2. Do you think a car is luxurious goods for your family? Why you purchase it
   52% Yes, but it is a need, (26)
   40% of 52% The maintenance fee is high (11)
   48% No (24)

3. Do you think the price of personal car is above your budget?
   92% no (46)
   8% yes (4)

4. If the you budget is enough, will you willing to buy another car?
   98% yes (49)
   2% no(1)

5. Which kind of car would be your first choice, if you want to buy another car?
   100% good price (50)
   100% higher safety (50)
   90% energy-saving (44)
   20% good looking (11)
   50% depend on brand (26)

6. Do you think the government will influence your choice
   84% Yes (42)
   10% No (5)
   6% Not Sure (3)

7. Do you often need a car service, like car washing, car fixing, etc?
   100% yes (50)

8. Why you choose this shop to provide your service?
   72% Near (36)
   20% Loyalty (10)
   4% Shop’s brand (2)
   4% Don't know don't care (2)

9. Would you like to choose a famous brand shop than a near shop?
   10% Yes, better service (5)
   86% Will see if the service is better (43)
   4% Not sure (2)

10. Do you often want to see and try a new service?
   84% Yes (42)
   6% No (3)
   10% Will see (5)