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Some advice for Skoda Auto on the Chinese Market

Thesis

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<p>Auto industry is an eternal topic. The development of auto industry can be considered as a vital part of GDP in a country. Meanwhile it is a standard to measure technology in a country. Therefore Czech made Skoda Auto Company. Then Volkswagen Group purchased it. It means Skoda is also a member of Volkswagen. The quality of the car is really great. The cars of Skoda are entering into Chinese market. Chinese accepts them, however, compare with some old brands, which are Mercedes-Benz, BMW, Skoda is not that popular. I believe it must have a lot of potential.</p> <p>Making a practical marketing project to the Auto Company, which is Skoda is the purpose of the thesis. The thesis will be really helpful for Skoda. As for tasks, at first, It is introducing the main situation of Chinese Auto market, including product, sale. And doing research with customers in China is necessary. The topic has relevant with auto. China is too wide to get complete information. This is a challenge in the thesis. The second step is analyzing Volkswagen in China. The specific question is analyzing why Volkswagen in that popular in China.</p> <p>In terms of the main steps to get the target, the first step is to know all the backgrounds, including Chinese auto market, including the development of auto history, the situation of sale and produce. The second step is to get to know the Volkswagen Company deeply. The third step is analysing it by using 4P, SWOT, marketing segmentation, etc. And the last step is to make a final marketing project or business plane to get fulfill to Skoda.</p>		
Key words Auto industry, Volkswagen, Skoda, Chinese auto market, customers, car dealers, 4P, SWOT, marketing segmentation		

CONTENTS

ABSTRACT

1	INTRODUCTION	1
2	BUSINESS MODELS FOR SKODA	3
2.1	SWOT-analysis	3
2.2	4Ps	3
2.3	Five-forces model	6
3	THE BACKGROUND OF CHINESE AUTO MARKETING	7
3.1	The Introduction of Main Brands In Chinese Auto Market	9
3.2	Five Forces Model to Analyze Chinese Auto Market	11
4	ANALYZE CASE OF VOLKSWAGEN IN CHINA	13
4.1	The Background of Volkswagen	13
4.2	The brand Strategy of Volkswagen	15
4.3	The Ability of Competition In Volkswagen	16
5	THE EXPANDING MARKETING PROJECT OF SKODA	20
5.1	The Background of Skoda	20
5.2	4P of Shanghai Skoda	22
5.3	The SWOT of Skoda	28
5.4	The Expanding Methods of Skoda	30
5.4.1	Focus on brand strategy	30
5.4.2	Increasing Marketing Investment	31
5.4.3	Having a sense of competition and increase competition ability	32
5.4.4	Pay more attention customers and customer relationship	35
6	CONCLUSIONS	38
	REFERENCES	39

1 INTRODUCTION

Automobile industry is very a mature industry; many professors do a huge number of studies of the business. The industry is still very important for the business area and nationalities no matter how the world changed. This industry can also be a signal of globalization. The elements of a car can be from all over the world.

The main player of the thesis is an automobile brand called Skoda. This brand is from the Czech Republic and it has a long history, but it has not developed very well. In order to improve development a making a marketing- project in China is a possibility. China has a large number of customers and these customers have enough ability of consumption.

The structure of the thesis is very clear. It is divided into six parts

The first chapter is introduction. The second part is theory part. In this part, some business knowledge will be introduced. What kind of method will be used to analyze the brand and how to use scientific way to make a marketing-plan of Skoda automobile in Chinese market will be explained.

In the third chapter, the main trend of Chinese automobile market will be brought out. In this chapter, tree topics will be elaborated. This first one is the main development of Chinese auto market, which gives readers a fundamental impression of Chinese auto industry. The second part is main brands in Chinese auto industry. The third part is using a model that called five –forces model to analyze Chinese auto market.

In the fourth chapter, analyses the success of Volkswagen in China. Chapter four is divided into 4 parts, including background; brand strategy; cost of marketing and ability of competition of Volkswagen. In total, this part can give managers of Skoda a lot of inspiration to change the company and make a great marketing-plan to Chinese market.

In the fifth chapter, which is the most vital part that the marketing-plan for Skoda in the Chinese market. This chapter can be separated into five parts. At first, the background of Skoda is introduced, which makes readers familiar with the company. Secondly, a business model called 4P will be used to analyze Skoda. Thirdly, another business model will be used in analyzing Skoda. The two parts can help Skoda to figure out its comprehensive abilities. There is an interview arranged. Several auto dealers will be interviewed and asked some questions about the situation of Chinese market. Auto dealers meet customer everyday. They are the ones who know best about the needs of consumers. The thoughts and psychology of consumers are very important for managers making marketing plan. The

last part is the critical part, which are methods of marketing-project. This is also the result of the thesis, some advice will be given to Skoda.

2 BUSINESS MODELS FOR SKODA

In this chapter, the main topic is introducing three business models, which will be used in the chapters analyzing Skoda and Volkswagen. They are SWOT, 4P, and five-forces models, which are important models in a business area. The results received by the business models are meaningful.

2.1 SWOT-analysis

A SWOT analysis can also be called a situation analysis, which was proposed by professor Velick of the United States San Francisco University management in the early 1980s. It is often used in corporate strategy development, competitor analysis and other occasions.

SWOT analysis is a well-known tool in the strategic planning report currently, including the analysis of the strengths, weaknesses, opportunities and threats. Therefore, a SWOT analysis is actually a way of integrating and summarizing the content of various aspects of internal and external conditions, and then analyzing the advantages and disadvantages of the organization, the opportunities and threats. A SWOT analysis can help companies to resources and actions gathered in their strengths and have the most opportunities for the place and make the business strategy becomes clear. (Manktelow, 2016)

Strengths and weaknesses analysis are mainly focused on the power of their own enterprises and a comparison with competitors, but opportunity and threat analysis will focus on changes in the external environment and a likely impact on the business. In the analysis, all internal factors should be grouped together, and then use external forces to evaluate these factors. (Manktelow, 2016)

Here are the SWOT analysis steps. Firstly, companies should confirm the current strategy. Secondly, firms are supposed to confirm the changes in the external environment. Thirdly, according to the enterprise resource portfolio, enterprises are able to identify the key competencies and key constraints. At last, according to the general matrix or similar way to evaluate. Dividing the identified strengths into two groups, based on two principles: whether they are related to potential opportunities in the industry or to potential threats. Using the same approach to divide all the disadvantages into two groups, one for the opportunity and the other on the threat. (Community toolbox, 2017)

In chapter three and chapter 4, a SWOT analysis will be used in analyzing two companies. The one is Volkswagen group and the other one is Skoda.

2.2 4Ps

4Ps represent product, place, price and promotion separately, and they have their random combination, as the marketing 4P theory. The theory has gone through the test of time. Neil Bouton proposed the

concept of marketing mix firstly, but Jerome McCarthy made it more coherent and clear and he published the book called "basic marketing: management methods" in the 1960, which is the first time to propose a marketing mix of the 4p factor. (Patrick, 2016)

4p put forward the basic theoretical framework of management marketing. The theory considers a single enterprise as an analysis unit that the impact of corporate marketing activities. There are two factors: One is what the enterprise can not control, such as politics, law, economy, humanities, geography and other environmental factors, called uncontrollable factors, which is the external environment facing enterprises. The other one is what the enterprise can control, such as production, pricing, distribution, marketing and other marketing factors, known as the enterprise controllable factors. (Patrick, 2016)

The essence of corporate marketing activities is a process that uses internal controllable factors to adapt to the external environment, that is, through the product, price, distribution, promotion plan and implementation. A positive and dynamic response to external uncontrollable factors, thereby are facilitating the realization of transactions and meeting the goals of individuals and organizations. If the company produces the right product, sets the appropriate price, uses the appropriate distribution channel, and is supplemented by the appropriate promotion, then the company will be successful. The core of marketing activities is to develop and implement an effective marketing mix. (Patrick, 2016)

It is the marketing activities enterprise of a complex economic phenomenon, summarized as three circles, the enterprise marketing process that can be used in thousands of factors summarized into four major factors. The 4ps theory - product, price, distribution and promotion, is very simple and easy to grasp.

For enterprises, the combination of marketing factors in the practical work of the practical significance of the performance is in the following areas:

(A) The basis of the development of marketing strategies.

Marketing strategy is essentially a business management strategy, and marketing strategy is mainly composed of business goals and marketing factors. As the starting point of the marketing strategy is to complete the tasks and objectives of the enterprise, investment rate of return, market share or other targets for the choice of the basis for the choice of marketing mix is more realistic. As a strategic basis for corporate marketing, the combination of marketing factors can be used in four factors, but also according to the product and the market special, respectively, focus on the use of one or two factors, de-

signed into the corresponding sales strategy, which is a meticulous complex work. (Business Queensland. 2016)

(B) A powerful means of meeting competition

Enterprises in the use of marketing factors combinations, managers must analyze their own strengths and weaknesses in order to avoid weaknesses. In the use of marketing factors as a means of competition, managers should pay special attention to two issues. One is that different industries have different products, so the use of marketing factors should be different, which managers should focus on. Two is that enterprises in the focus on the use of a marketing factor, should attach importance to other factors with the role in order to achieve the desired results. (Patrick, 2016)

(C) Provide enterprises with the system management ideas

In practice, it is recognized that if the marketing mix as the core of the enterprise's strategic planning and work arrangements, can have a more systematic forms, from point to surface, it concise management ideas. According to the marketing strategy of the various directions, many enterprises set up functional departments and manager positions, a clear division of labor between the departments; the focus of the market research projects is to determine the internal and external information flow. The financial department of the enterprise will complete the financial statements. At the same time, according to the 4P's data list for the enterprise, workers could analyze the use of funds, fixed costs and changes in cost and other information to provide information. By using marketing factor combinations, you can better coordinate the work of various departments. (Business Victoria, 2013)

4P has three characteristics. The first one is easy to control. Means that constitute a combination of marketing are the factors that an enterprise can adjust, control and use, such as according to the target market conditions, enterprises decide what products to produce their own, to develop and at what price, choose sales channels, promotional methods. Secondly, it is dynamic; the marketing mix is not a fixed static combination, but a dynamic combination of infinite changes. Enterprises are subject to internal conditions, the impact of changes in the external environment, must be able to make the appropriate response. The third one is holistic. The various means and components of the marketing mix are not simply added or assembled together, but should be an organic whole. Under the guidance of a unified goal, with each other, complement each other, can be greater than the sum of local functions and the overall effect. (Patrick, 2016)

2.3 Five-forces model

Michael Porter put Porter's Five Forces Model forward in the early 1980s. It believes that there are five forces in the industry to determine the scale and extent of competition; these five forces together affect the attractiveness of the industry. The five forces are barriers to entry, alternative threats, buyer bargaining power, seller bargaining power, and competition among existing competitors. (Eyre, 2015)

The Porter Five Force model brings together a number of different factors in a simple model to analyze the basic competitive situation of an industry. The five power models determine the five main sources of competition. That is, the bargaining power of suppliers and purchasers, the threat of potential entrants, the threat of alternatives, and, finally, the competition among companies in the same industry. (Eyre, 2015)

Competitive strategy from a certain sense is derived from the enterprise to determine the industry's competitive rules of the deep understanding of the law. Any industry, whether domestic or international, regardless of the production of products or services, competition laws will be reflected in the five kinds of competition on the force. Therefore, the Porter model is a strategic analysis tool that is often used by enterprises to develop a competitive strategy. (Eyre 2015)

Although the five-force model was initially only an idea in the business process, the five-force framework was related to most organizations. Even when the profit standard does not work, the five-force model can also lay a good foundation for strategic analysis. In the public sector, it is important to understand how the seller who has bargaining power is raising costs. For charities, it is also critical to avoid excessive competition in the market. Once you understand the extent of industry attraction, the five-force model will be able to develop action schedules for many of the key issues identified. For example, what measures need to be taken to control over-competition in the industry? (Eyre, 2015)

3 THE BACKGROUND OF CHINESE AUTO MARKETING

The automobile industry has a long industrial chain, a high correlation with large consumption, which has become an important pillar industry of China's economy. Since 2009, a series of auto-related industry policy-intensive introduction of the pull, the automotive industry showed a significant growth in production and sales in 2009, China's automobile production and sales were completed 13,375,300 and 13,644,800, respectively, an increase of 48% and 46%. (Zhiyan Consulting Group, 2016)

After two years of rapid growth, due to the adjustment of the national macroeconomic policies; the exit of the policies of the purchase tax concessions and other relevant documents; the impact of industry itself adjustment and restriction orders in some cities, the whole industry growth rate dropped significantly, which is from the rapid growth in 2010 to moderate growth. In 2012, the automobile production and sales volume reached 19.2672 million units and 20.619 million units respectively, up by 4.7% and 7.5% respectively. The annual production and sales volume in 2013 increased by 14.7% and 19.1% respectively. (Zhiyan Consulting Group, 2016)

The annual production and sales volume of automobiles in 2014 amounted to 23.725 million and 24.86 million Vehicle. In 2015, by the high growth base, the domestic macroeconomic situation had a downward pressure and the state in the automotive industry-related policies, China's automobile production of 2,483,800, an increase of 4.69% in 2015, and China's auto sales for the year 2,459.76 million, down 1.06%. China has been the world's first car sales for six consecutive years. (Zhiyan Consulting Group, 2016)

At present, the problems of human energy, environment, safety and other issues have become increasingly significant. The features of automotive electrification and intelligence are emerging. The future of China's auto industry is expected to show five major trends.

At first, it is the electrification, which is universal access of new energy electric vehicles and charging pile. Recently, new energy electric vehicles have begun to popularize. In 2016, the sales of China's new energy vehicle are expected to reach 600,000. It can be predicted. There are no traditional fuel vehicles around tier cities in 2050, replaced by new energy electric vehicles, which have clean energy autos that will have zero emission. By 2050, in order to ensure the smooth running of electric vehicles, the street sides, parking and other public parking places will be fully equipped with wireless charging

facilities, a highway will be covered along the wireless charging channel too. (Qiu, 2016)

Secondly, the technology of battery of power needs to be upgraded and the ability of endurance capacity should be improved. Power battery is the key to the development of new energy vehicles. This field is predicted as: with the development of technology, the use of high efficiency and environmental protection of the new energy will become the main direction of development of electric vehicles. (Qiu, 2016)

Thirdly, car body occupies 30% of the total weight of the car. According to China Association of Automobile Manufacturers statistics, in no load case, around 70% of the fuel consumption is from the body weight. If the vehicle lose weight by 10%, fuel efficiency can be increased by 6% -8%; vehicle weight reduction of 100 kg, its 100 km fuel consumption can be reduced 0.4-1.0L, carbon dioxide emissions will also be reduced by 7.5-12.5g / km. (China Automotive Information Network, 2016) A lightweight car will bring positive effect in vehicle acceleration, vehicle control stability, noise, vibration and so on. Therefore, the reduction of body weight will have a significant effect on the vehicle's fuel economy, controlling vehicle stability and reducing emissions.

Then, car intelligent also can be a main trend of auto development. Car body occupies 30% of the total weight of the car. According to China Association of Automobile Manufacturers statistics, in no load case, around 70% of the fuel consumption is from the body weight. If the vehicle lose weight by 10%, fuel efficiency can be increased by 6% -8%; vehicle weight reduction of 100kg, its 100 km fuel consumption can be reduced 0.4-1.0L, carbon dioxide emissions will also be reduced by 7.5-12.5g / km. (China Automotive Information Network, 2016) After car lightweight, it will bring positive effect in vehicle acceleration, vehicle control stability, noise, vibration and so on. Automotive artificial intelligence, which has three cores, must have a superior computing power. To have large data, hardware-computing platform, and a core is to have a very strong ability of artificial intelligence, artificial intelligence capabilities, including his algorithm, his model. (Qiu, 2016)

The last one is that car sharing has become a mainstream. Nowadays, DiDi car rental App; Uber are greatly stimulated the emergence of China's automobile operation side of the change. Car sharing means fewer cars used carrying more people, while saving the city traffic. 35 years later, with further technical updates, vehicle networking is based on the establishment of networking. Car sharing will become the main form of car life. The layout of the traditional car companies, GM launched earlier this year, the vehicle sharing service brand Maven, Audi in the United States last year launched the car sharing program Audi On Demand, BMW in Europe and North America Reach Now Drive Now pro-

jects are relying on their own vehicles As the basis of the car sharing, so the advantages of traditional cars in this area is only the vehicle, but this does not pose a huge threat to the existing car-sharing company. Now the traditional car companies give up the established policy, using a more direct way is the direct investment vehicle sharing platform, and Internet companies to integration. (Aika Car, 2016)

3.1 The Introduction of Main Brands In Chinese Auto Market

With the continuous development of domestic auto consumption market, automobiles are no longer a transport for consumers. Different car brands are able to give the product a unique culture and philosophy. The current market, whether luxury brands or mainstream brands, although in the process of branding is also continuing to differentiate the brand value of the output.

Here is one picture, which shows that the top 10 of best selling vehicles in China in 2015 and 2016.

TABLE1. The top 10 of best selling vehicles in China in 2015 and 2016 (Focus2move, 2016)

Rank 2016	Rank 2015	Best		Sales 2016	Sales 2015	Var 2016
1	2	Volkswagen Laida		450.100	375.923	19,7%
2	1	Wuling Hongguang		438.630	500.226	-12,3%
3	4	Haval H6		410.770	290.365	41,5%
4	12	Buick Excelle GT		306.487	222.218	37,9%
5	5	Hyundai Elantra		302.043	256.479	17,8%
6	11	Volkswagen Jetta		291.773	222.222	31,3%
7	8	Toyota Corolla		282.666	235.568	20,0%
8	6	Nissan Sylphy		273.693	254.858	7,4%
9	76	GAC Trumpchi GS4		257.979	83.581	208,7%
10	79	Baojun 560		257.705	80.740	219,2%

Obviously, Volkswagen still ranks number one, and there is one issue worth to pay attention to. Wuling Hongguang, which is a Chinese domestic brand, takes the second place. It shows that a Chinese domestic brand becomes so strong that it has ability to compete with foreign brands that has created brilliance. Certainly, Buick also has fast improvement, which ranking in the 12th in 2015 grow to the 4th in 2016.

Actually, Chinese auto market has been occupied by European, American and Japanese cars for many years. Therefore, Volkswagen, GM and Toyota are extremely strong competitors. Except for them, with the development of China, Chinese become more and more patriotic and they are willing to support their own brands. Thus, as for Skoda, it has four contestants. An instruction of Volkswagen in details will be introduced in Chapter Five, but now other 3 contestants are made general instructions.

The first one is GM, General Motors Corporation (GM) was founded in September 16, 1908. Since William Durant created in the United States the General Motors Corporation, it has a joint or annex of Buick, Cadillac, Chevrolet, Oldsmobile, Pontiac, Corvette, Hummer and other companies and it owned of Suzuki (Suzuki) a 3% stake, so that the original small companies become its branches. The company has more than 20 subordinate divisions and 266,000 employees. GM's global headquarters are located in Detroit, Michigan's automobile city, where it has established automobile manufacturing operations in 35 countries and regions. (General Motor, 2016)

GM has been in China for more than 90 years, and its vision in China is to work with strategic partners to become the best participant and supporter of China's auto industry. GM has 11 joint ventures and two wholly owned subsidiaries in the Chinese mainland, with more than 58,000 employees. General Motors' import, production and sales of Buick, Cadillac, Chevrolet, Baojun, Wuling and the liberation of the brand products, providing a rich product range ranks first in all multinational auto companies in China. In 2015, the retail sales of GM and JV in China are totaled 3,612,635 units, an increase of 5.2%, which refreshed the annual sales record. China has become the world's largest market for General Motors once again. (General Motor, 2016)

Toyota is one of the world's top ten automotive companies, Japan's largest auto company, founded in 1933. Toyota Motor Corporation's headquartered in Aichi, Japan Toyota and the Tokyo Metropolitan area of the automobile industry manufacturing company, belonging to the Japanese Mitsui zaibatsu. Toyota Motor Company referred to as "Toyota" and the founder is Kiichiro Toyoda, and the number of employees is 71,116. (Toyota Motor Corporation, 2016).

In China, Toyota is based on "through the car, creating wealthy society," the corporate philosophy. They try their best to provide customers with high-quality automotive products and services, at the same time; they also hold extensive social contribution activities. They plan to build China's Toyota, and strive for the development of Chinese society to make a positive contribution. In the terms of development of the cause, Toyota is actively involved in China's vehicle, engine and automotive facilities related businesses. With the support of national policy, Toyota cooperates with the First Automobile Group and the Guangzhou Automobile Group separately. Up to now, in Tianjin, Guangzhou, Chengdu, Changchun, a joint venture to establish a vehicle factory and four 4-engine factories. Toyota has set up nine wholly-owned companies, 15 joint ventures and more than 40,000 Chinese employees in eight provinces and municipalities in China to actively develop the automotive and automotive markets in China in the fields of production, sales and after-sales services and contribute strength. (Toyota China, 2016)

SAIC-GM-Wuling Automobile Co., Ltd. was established in November 18, 2002, by the Shanghai Automotive Group Co., Ltd., General Motors (China) Company, Liuzhou Wuling Automobile Co., Ltd. tripartite joint large-scale joint venture car company. Its predecessor can be traced back to the 1958 establishment of the Liuzhou Automobile Power Machinery Factory. The company currently has Liuzhou Hexi headquarters, Liuzhou Bao Chun base, Qingdao Branch and the Chongqing branch of the four manufacturing base. (SGMW, 2016)

This forms the North-South linkage and something echoes the development of a new pattern for the company in the "second Five-Year" at the end of 200 million-production scales and follow-up development to provide a solid guarantee. SAIC-GM-Wuling fully implements the platform strategy of "millions of platforms, platform differentiation, platform multiplication and internationalization", and continuously promotes the transformation and upgrading of enterprises and products. Independent research and development of the "Wuling Hongguang" listed 12 years, the cumulative sales of more than 4,901,000, which is the history of the Chinese market to maintain the largest micro-car, the largest domestic sales of a single platform models. (SGMW, 2016)

3.2 Five Forces Model to Analyze Chinese Auto Market

At first, the threat of a new entry is one of forces in the business model. As for Skoda, if it wants to enter into Chinese market, it is necessary for them to meet the restriction of Chinese laws and channel. In fact, it is very difficult to get into the Chinese auto market. There are some reasons, firstly, at present, Chinese local auto companies are generally in a strong demand driven production expansion period. The Chinese government must protect the own local brands, so it will give some pressure for foreign auto companies. Secondly, foreign car companies cannot enter into the Chinese market without joint ventures. Foreign companies cannot only bring money to China, but also technology. Except for this, in car industry, there are still some industry technology policy constraints. For example, Chinese requirements focus on the development in line with national security, energy conservation, emission regulations and the requirements of the private car is economy car. (Facts and Details, 2016)

Secondly, in terms of supplier power, everyone knows auto industry needs to connect with a lot of other industries, like forestry, ferrous metal mining industry, non-ferrous metal mining industry, textile industry, leather rough down and its products industry, petroleum processing and coking industry, chemical non-ferrous metal smelting industry, general machinery manufacturing, electrical machinery and equipment manufacturing industry, Electronic and communication equipment manufacturing, instrumentation and cultural office supplies machinery manufacturing, electrical steam hot water produc-

tion and supply industry. Due to abundant resources, there are a lot of suppliers. However, Chinese local auto parts industry is not as good as foreign companies. This is why the Chinese government requires foreign auto companies needs to be exist in Chinese market with the station of join ventures. Therefore, most of the factories of foreign companies need to be localization, thus, China can study its technology and skills. (S.Lang, 2016)

Thirdly, there is buyer power force. China has long history and the culture is totally different from western countries. Consequently, a Chinese customer differs from other consumers in other countries. In China, a car is not only a transportation method, but also a symbol of social status. Chinese consumers very care about others' evaluations and they really like to use mobile phone. Most information from all over the world they get by a mobile phone. They care about a social image. If some celebrities drove one kind of car, the car must be very popular. In general, reputation is extremely critical in Chinese customers' hearts. (Luo, 2016)

4 ANALYZE CASE OF VOLKSWAGEN IN CHINA

Some information on Volkswagen will be introduced so that the role of Volkswagen in international economics can be analyzed. This chapter is divided into 3 parts, including background, present situation and future aspect. Every part explains different sides of Volkswagen. In background part, the general situation of Volkswagen such as the history, the number of employees, the amount of brands in Volkswagen and so on will be introduced. The second part describes its contributions to international economics. As for the last part, the main developing trend of automatic industry will be introduced and then according to the trend, the preparations for the future of Volkswagen.

4.1 The Background of Volkswagen

Volkswagen Group is the biggest motor company in Europe, which was founded in 1938. It is one of the world's top ten car companies. It is also one of the most powerful multinational cooperation in the world. The man who created the company is Porsche, who is the most famous car designer in the world. Volkswagen's main business is automotive products, which has a lot of automatic activities in the whole world. On 17th January 1934, Porsche presented a proposal for the mass production of automotive design to the Germany government. Then Prime Minister Adolf Hitler approved the proposal. There are approximate 256,000 employees. (Volkswagen, 2016)

Volkswagen has 68 wholly- owned and joint stock companies. The business area is wide, including motor research and development, production, marketing, logistics, service, auto parts, car rental, financial services, automobile insurance, banking, and IT services. Volkswagen Group owns 10 famous motor brands, respectively Volkswagen (Germany), Audi (Germany), Lamborghini (Italy), Bentley (UK), Bugatti (France), Seat (Spain), Skoda (Czech), Porsche (Germany), Volkswagen Commercial Vehicles. (Germany). "In 2014, the Group increased the number of vehicles delivered to customers to 10.137 million (2013: 9.731 million). The share of the world passenger car market amounts to 12.9 percent." (The official website of Volkswagen, 2014.) This shows Volkswagen plays a major role in the international economy. (Volkswagen, 2016)

Volkswagen is a very famous brand and acquired the ability to adapt to changing market requirements, personalized customer demand, the Volkswagen Group also continued to diversify products to meet the customer's desire. This is not only reflected in the vehicle design and configuration, but also in technology, safety and quality. How this multinational company can gain that successful to affect international business? There are following reasons.

Firstly, a Volkswagen car can be made is not just in Germany, but there are factories all over the world. The Group operates 119 (May 26, 2015) production plants in 20 European countries and a further 11 countries in the Americas, Asia and Africa. Every weekday, 592,586 employees worldwide produce nearly 41,000 vehicles, and work in vehicle-related services or other fields of business. The Volkswagen Group sells its vehicles in 153 countries.” (Volkswagen, 2015.)

Therefore, Volkswagen provides a lot of opportunities of jobs for the whole world. Meanwhile, it integrates global resources, especially in Asia, South America and Africa, most of which are developing countries. It makes developing countries exploit their resources to be more beneficial for their countries; thus, the economies of developing countries will improve. Volkswagen dedicates to drive the development of international economics.

Secondly, except for Volkswagen’s factories, its customers are also spread all over the world. For example, one of the Volkswagen brands named Porsche, which is the luxury brand and has a high level in the world, transferred 21,000 cars to customers in January 2015. The following TABLE 2 describes the comparison of the export of Porsche in 2014 and the export of Porsche in 2015 to all over the world.

TABLE 2. The comparison of the sales of Porsche between 2014 and 2015 (Volkswagen, 2015.)

PORSCHE AG Deliveries	June			January - June		
	2015	2014	Variance (%)	2015	2014	Variance (%)
World	20,831	16,325	27.6	113,984	87,803	29.8
Europe	6,880	6,136	12.1	38,689	29,837	29.7
Germany	2,499	2,481	0.7	15,061	12,283	22.6
America	5,300	4,934	7.4	30,119	26,736	12.7
USA	4,223	4,102	2.9	25,138	22,919	9.7
Asia Pacific, Africa and Mideast	8,651	5,255	64.6	45,176	31,230	44.7
China	5,682	3,320	71.1	29,355	19,785	48.4

From TABLE 1, it is not difficult to find the customers of Volkswagen all around the world. Porsche is just one of brand, Volkswagen has 10 brands. Other brands should be in the same situation as Porsches. Definitely, the amount of transporting must be extremely huge. Therefore, it will affect international logistic heavily.

As a multinational corporation in big scale, Volkswagen can benefit from thousands of projects, meanwhile, it also take social responsibility. CSR project is always considered as a heart of enterprise culture in Volkswagen. “The 1970s, for example, saw the establishment at our sites in Brazil of a corporate foundation to promote education and health in those regions.” However, the newest news of Volkswagen can ruin its reputation. On 4th September, 2015, Volkswagen acknowledged that because of fraud in the US auto emissions testing problems, the company is facing growing diesel car survey, global affected vehicles, or up to 11 million. On 23th September, the CEO of Volkswagen resigned from the company. (CSR projects, 2014, 27.)

4.2 The brand Strategy of Volkswagen

Brand is one of the important resources for sustainable development of automobile enterprises. In the development of automobile market, the concept of a brand is attracting more attention. From the civilian masses to the high-end Audi to Lamborghini luxury, more car brands are becoming the topic that people are competing to talk about. In the automotive field, the success of the brand has a charisma. Specific halo can shape it into a distinctive, deep inside and strong brand. The car styling convergence and technology homogenization, the strength of the brand can determine the success or failure of the product. Therefore, the brand strategy research of automobile enterprises has become more important.

After more than 70 years of development, Volkswagen Group, has including different nationalities, different backgrounds, different personality of the 10 strong brands, built a high school grades covering the low three multi-brand value system, in order to meet the needs of different consumer groups, forming strong brand groups. Volkswagen owns SUVs, MPVs, coupes, and even supercars, from the small to medium-sized cars, luxury cars, luxury sedans, and sport utility vehicles. Each brand is unique in the leading position of the market. Therefore, multi-brand strategy is Volkswagen’s main strategy and it lays the foundation for Volkswagen success. (Volkswagen, 2016)

Volkswagen multi-brand strategy is based on brand product characteristics of its global market segmentation positioning, to meet the individual needs of each consumer and lifestyle vehicles, in order to achieve full coverage of the global market. At the same time, different brands within the group focus on different needs to meet, in order to maximize the Group to avoid the homogenization of internal models of competition. (Volkswagen, 2016)

Brand positioning, means determining a specific market position, so that the goods in the minds of

consumers occupy a special location, VW in the sign is the first letter of the full name. A successful brand has a characteristic, is a consistent form of the brand's function and consumer psychology link up. Brand only to convey to the consumer's unique interests and the target consumer to the heart and emotional needs of each case, will form a precise and effective brand positioning. Volkswagen builds brand personality for a clear brand positioning, and serve the global multi-brand market strategy by emotional satisfaction. Each brand represents and symbolizes the Volkswagen Group's overall image of a part. (Volkswagen, 2016)

Volkswagen in China establishes the overall image of a public group, not associated with any product, just publicizes the culture, repairer ideas and so on. Making the foundation of the Volkswagen Group's brand based on a strategic height, as managers in the organizational structure, standing at the top of the entire brand architecture. It allows consumers firstly think that this is the Volkswagen car production when they see Audi, Volkswagen's brand in the streets. Then, they will consider that all of the cars have gene of Volkswagen and the culture of Volkswagen. It makes customers regard that they are not only purchasing an excellent product, but also a product with a hundred-year culture of enterprise. If customers have Volkswagen's image in their head or have the feeling that Volkswagen spread its culture when they buy cars, most of customers will compare in interior, exterior, prices, and they will compare enterprise culture deeply. Obviously, in the contrast of company culture, Volkswagen occupies the higher place. In China, the productions of Volkswagen are considered in good quality by most of Chinese. (Volkswagen, 2016)

4.3 The Ability of Competition In Volkswagen

Volkswagen is one of the world's top ten car companies with good reputation. Therefore, it has a lot of capacity in competition. The corporate culture is fundamental to maintain the foundation of an enterprise. Shanghai Volkswagen is in the promotion of enterprise development, at the same time, it conduct corporate culture timely, on the basis of inheritance and innovation, to extract the "pursuing excellence, striving for the first" as the core values of excellence culture. (Volkswagen, 2015)

The excellent culture of Shanghai Volkswagen is from the accumulation of history, the reality of the efforts, as well as the pursuit of the future. Shanghai Volkswagen successfully explored and created a mode of using foreign capital, introducing technology and self-development. To the dauntless pioneering spirit, remarkable achievements in development, the "excellence" carved into the history of the process. With the changing market environment, the pursuit of excellence is the conviction of Shang-

hai Volkswagen, the driving force for progress. In 2010, in order to continue to consolidate and maintain the leading position in the Chinese auto market, based on the realization of enterprise scale and repairer strength. The next new stage of development was to provide a strong driving force for sustainable development; Shanghai Volkswagen further improved the corporate values system, and started the "excellent corporate image" strategy. "Excellent corporate image" strategic goal is to clear the historical mission, based on future development, is committed to building enterprises in the brand, research and development, technology, products, marketing, sales and other aspects of the core competitiveness and achieve new leaps. . (Volkswagen, 2015)

In the production process, Volkswagen adheres to the use of world-class production equipment and technology. Advanced fully automated stamping production line, 2000T fully enclosed rapid prototyping multi-station press machine that there are only two in China. Shanghai Volkswagen extensively use of the robot to ensure that the stamping parts of the production accuracy. Advancing laser welding technology and a large number of welding robots greatly improve the body structure of steel strength and surface finish. Sided galvanized steel, advancing cavity injection wax process, combined with advanced car painting process and automatic spraying equipment to ensure that the body for many years corrosion. Precision water honing technology, automating production lines and assembly line cold test technology ensure the excellent performance of the engine. Modular production line assembly line, advancing laser on-line testing equipment ensures stable and reliable car manufacturing quality. Shanghai Volkswagen always pays close attention to and track the development trend of the international automotive industry, and constantly carry out technological upgrading to maintain the models, technology and processing, testing equipment, advanced nature. . (Volkswagen, 2015)

Quality controlling is the life of Shanghai Volkswagen. The sense of quality and strict management system that rooted in the heart of for the Shanghai Volkswagen has won the trust of consumers in the long term. As a Sino-German joint venture, Shanghai Volkswagen adheres to the German Volkswagen's rigorous attitude towards product quality and the spirit of excellence. From the outset, superb manufacturing process technology was into the blood of the enterprise. "Quality leadership" concept and principles are throughout the product development, suppliers, production, sales and after-sales service, which contain all the business chain. The company established a perfect quality assurance system and quality assessment system, which is from the production planning, process equipment to determine the maintenance of equipment, from raw materials into finished products to the factory. Each step is in a careful monitoring. (Chief, 2015)

The main course is the capability of research and development. Within twenty-five years, the Shanghai Volkswagen has invested in the development of more than 3 billion RMB. Not only trained a high-efficiency, high-quality product development team, has also established a functional, with the international advanced level of technology development center, has a preliminary vehicle development capabilities. The selection of personnel and personnel training are an important part of the building and developing capacity of Shanghai Volkswagen. As early as 1998, Shanghai Volkswagen selected 40 young engineers carefully and sent them to the German Volkswagen to learn the whole process of development and training for a period of 3 years. Now they have become the core backbones in various fields in the Shanghai Volkswagen Development Center. In April 2010, Shanghai Volkswagen selected the second batch of 30 engineers carefully, with the average age of 25-year-old. They were youth development talent and would also go to Germany with studying the participation of new projects in the development of practice, the system of learning German Volkswagen development process, development tools. At present, the Shanghai Volkswagen development team has more than 1,000 people. (Volkswagen, 2016)

Shanghai Volkswagen is commitment will consider science and technology as the basis, make the greatest efforts to reduce environmental impact by products and services, while it is providing the first-class products to the community at the same time. Shanghai Volkswagen obtained ISO14001 environment system certification in 1997, which was among the first to get the certificate in the domestic automobile industry. Then in 2006, the system was audited again. Shanghai Volkswagen has extended the product environmental protection to a closed evaporation, electromagnetic interference, emissions and other aspects of the car smell, and thus become the first to achieve all the green products business. Shanghai Volkswagen's sustainable development goal is to achieve corporate environmental management, product environmental performance and market environment, and the best combination. (Volkswagen, 2016)

From the beginning of construction, Shanghai Volkswagen was identified as the basic policy of environmental protection, and follows the Volkswagen Group in the global development of the 22 environmental guidelines. It was combined with their own products and production process characteristics, including suppliers and distributors and other partners, including close cooperation to explore and summarize their own, and effective "green code of conduct." The guidelines cover general principles such as minimization of industrial land use, prohibition of the use of hazardous substances, noise control, water resources recycling, energy conservation, waste management, etc. As well as environmental control of special processes and processes in automobile production, involving the control of emissions

of hazardous substances and the use of specific ingredients. Through the implementation of environmental standards, Shanghai Volkswagen effectively achieve the harmonious development of the environment and the "green production", to achieve a win-win economic and ecological. In 2014, Shanghai Volkswagen three plants by the State Environmental Protection Administration awarded the automotive industry, "The Best Project in National Environmental Protection "; 2016, Shanghai Volkswagen again "love environmental enterprises" award. What' more, Shanghai Volkswagen focuses on new energy, alternative fuel technology, new technology research and development, and further enhance the level of low-emission products. (Volkswagen, 2016)

Volkswagen Group has been able to maintain long-term forefront in the automotive field is not only related to its long history, but more of its efforts in all aspects of return, advanced technology, excellent management and responsible spirit are worthy of our Constantly learning.

5 THE EXPANDING MARKETING PROJECT OF SKODA

In this chapter, the marketing project of Skoda in detail will be explained. There are four parts in the chapter. The background of Skoda and use two-business model will be introduced to analyze the company. In the forth part is the output of the thesis. There are some methods for Skoda, which wills makes Skoda stronger and stronger in China.

5.1 The Background of Skoda

SKODA is an automotive Company that headquarter is in Mlada-Boleslav, Czech Republic. It is one of the world's oldest four automakers. Skoda has nearly 20,000 employees and hundreds of domestic and foreign suppliers. On April 16, 1991, Skoda has become a subsidiary of the German Volkswagen Group. Volkswagen Group purchased 70% of the shares of Skoda, the remaining 30% stake in the acquisition in 2000. Skoda and become the fourth-largest brand after Volkswagen's VW (Volkswagen), AUDI (Audi), SEAT (Seattle). (Reference for business, 2016)

In 1895, Skoda started the100-year journey by a small bike factory. 1895 Christmas, mechanics VaclavLaurin (1865-1930) and businessman VaclavKlement (1868-1938) began to manage a bicycle factory, which is the famous L & K Company. There were only 7 people in the company at that time, engaged in the production and maintenance of bicycles. In 1899, Skoda brand predecessor L & K began to produce motorcycles, motor vehicles, which became one of the earliest factories in the world. Due to the geographical limitation in Czech, operators had to consider the export of products from the outset. (Reference for business, 2016)

In 1900, Mr. Klement went to England alone to sell his motorbike. He broke a record, which taught the British riding a motorcycle successfully in English skills. The Mercedes-Benz dealer was moved by the record and agreed to book 150 motorcycles, which was a very alarming figure at the time. In 1905, the company turned to produce cars. The first car called Voiturette was debuted in Prague Motor Show in 1906. There were only a few car companies, but huge profits of producing car and development prospects attracted the two founders in the company. The first car was exported to Europe, Asia, Africa and South America soon. Later, with 1.5-liter V-twin-cylinder engine Voiturette become the best classic models of the Czech Republic. Voiturette series of models won a stable international reputation and the Bohemian nation won the honor. (Reference for business, 2016)

After World War I, in order to restore the reputation of the past, Skoda found the largest industrial group, engaging in agricultural machinery, aircraft engines and trucks production Skoda Pelsen Group, which began the production of Skoda brand cars. This is the beginning of Skoda cars, but also the end of L & K Company. In order to meet the noble needs of the aristocrats after the war, Skoda produced luxury cars, which influenced deeply in the world history of the automobile industry. In 1924, Skoda was granted permission to produce Hispano Suiza luxury car. This luxury car called the most expensive car in the world, the prices of its chassis was even more expensive than the Rolls-Royce. (Reference for business, 2016)

Because of the World War II, from 1939 to 1945, Skoda Group had to switch to military production. The factory has also been exhausted until the last day of World War. In 1946, it has been nationalized and Skoda regained a new life. Under the system of planned economy, Skoda began repairer for the people and the goal was to make people could afford cars. During this period, Skoda made cars extremely simple, but the price was cheap and the car very durable. Frescia was a typical representative. (Reference for business, 2016)

The cars of Skoda are cost-effective, solid and durable, high security, excellent handling and comfort, which successfully break into Europe, Asia, the Middle East, South America, Africa and other regions, much of the vast number of consumers of all ages. In addition to its home, the market share is more than 50%, also in Western Europe, like Germany, Britain and Poland market is very popular, which has a good market performance. (Reference for business, 2016)

Nowadays, Skoda has reached the scale that an annual output is 450,000 production and sales, which the production of Ouya and Fabia surpasses, more than 100 million units. The domestic sales in the Czech Republic is accounted for about 20%, the remaining 80% of all exports to Germany, the United Kingdom and other European countries, the Americas, as well as China, including other Asian countries. Germany is the largest exporter of Skoda. In 2003, the sales of Skoda in Germany reached more than 70,000 vehicles. Followed by the United Kingdom, Skoda has become the second largest import car brand in Britain, the other export countries and Italy, Poland, Slovakia. (Reference for business, 2016)

“Skoda flying to the world” which is 3 feathers symbolizes of Skoda wings, means that Skoda will continue to bring innovative products to the world. And Skoda on the automotive technology will continue to pursue the persistent. “Create unlimited Skoda”, which flying arrows symbolize the infinite

imagination and creativity, and Skoda represented by the advanced automobile production process. Meanwhile, this arrow also expressed Skoda flying Skoda never stop the spirit of innovation and the strongest desire to achieve the highest goal. “Deep heritage of Skoda”, which Skoda car logo to surround the outer ring of black, symbolizing Skoda by more than 100 years of automotive history condensed thick car culture. “Vibrant Skoda”, which is Skoda logo green background meaning infinite vitality and vitality. It is this brand that connotation to make it through a hundred years of baptism is still young and immortal. At the same time, Skoda has a century-old history of Skoda has been associated with environmental protection in parallel, while the green sign is to show people that the Skoda blood in a strong sense of social responsibility. (Reference for business, 2016)

The Skoda brand upholds the German Volkswagen Group's advanced technology; its product is characterized by the crystallization of wisdom and quality. Hundred years of technology achievements of Octavia high-tech content, Skoda product introverted personality, with human design, spacious, functional and practical, elegant style and other characteristics of human care. Especially for those seeking the quality of life and efficiency, family care, the pursuit of modern and traditional balance of smart consumers. (Reference for business, 2016)

On April 11, 2005 Shanghai Volkswagen and Skoda signed a cooperation agreement, hundred years of formal brand strategy in China. On December 8, 2005 under the testimony of Premier Wen Jiabao, Shanghai Automotive Group Co., Ltd., Volkswagen AG, Shanghai Volkswagen Automotive Co., Ltd. and Skoda Automobile Company jointly issued a joint statement on the establishment of strategic cooperation between Shanghai Volkswagen and Skoda. SAIC and the German public agreed to fully support the Shanghai Volkswagen and Skoda to establish a comprehensive strategic partnership. SAIC and Volkswagen will provide all the right resources, including technology and personnel, for Shanghai Volkswagen to establish a comprehensive strategic cooperation with Skoda. (Reference for business, 2016)

5.2 4P of Shanghai Skoda

Product and price:

The first half of 2007, Octavia Shanghai Skoda was the first domestic production models, putting the Chinese market. In the second half of the same year, Fabia was in Chinese market. Two years later, Shanghai Skoda launched the third model that called Superb in 2009. At this point, the Skoda product line covers the A0 level, A level, B level of the three most mainstream models of the Chinese market.

The next few years, Shanghai Skoda had no further expansion of the product line, only on the basis of the original models provided sports models, such as Octavia RS and Fabia Scout. For the existing three models are only smaller changes in the medium term were made. The market abandoned when other car companies upgraded on a comprehensive of the time, Skoda sailing against the current, gradually. Fortunately, Shanghai Skoda was aware of this problem vertebrally, launched a new three-car sedan A-list in April 2013 called Rapid and launched a new model named New Superb in 2013 August. Shanghai Skoda's first SUV called Yeti was launched in 2013 November and introduced Rapid Spaceback, which was one kind of station wagon that is based on in April 2014 and launched the new Octavia that based on Volkswagen MQB platform in May 2014. Since then, the Shanghai Skoda product line basically covers the current mainstream of all the Chinese market models. (Andrew, 2016)

1.) Octavia:

Octavia is the first domestic production models since the establishment of Shanghai Skoda and is also considered as the most popular models in the Shanghai Skoda in the Chinese market. According to China.org.cn statistics, as of 2011, Octavia sales in the domestic market have reached an alarming 250,000 vehicles. Octavia's price range 11.99 thousand Yuan to 21.09 thousand Yuan. Octavia has a total of four power options, respectively 1.4TSI, 1.6L, 1.8TSI, and 2.0L and naturally aspirated. The total of three kinds of matching of gearbox named 5-speed manual, 6AT and 7-speed DSG dual-clutch gearbox. In addition to the standard version, Octavia offers a more energy-efficient Octavia Greenline Green version and a more emphasis on sporting characteristics of the Octavia RS version. (Business Case Study, 2016)

Although Octavia is the most popular models of Shanghai Skoda in China. It has not had a major facelift, which in the objective impact on its sales in the domestic market. In May 2014, after waiting for seven years, Octavia has finally ushered in a real sense of the change subsection. Octavia based on MBQ platform the bulk of the new Octavia officially available. MBQ platform is characterized by wheelbase, front and rear suspension, body width and other design dimensions can be changed in accordance with the requirements, which makes the vehicle modeling has exceeded the previous flexibility, while the body also increased the form of more extensibility. (Business Case Study, 2016)

2.) Fabia

Fabia is Skoda following Octavia, the Shanghai Volkswagen Skoda in the Chinese market, the second paragraph of the strategic models. The price is between 78,900 yuan and 115,900 yuan. A total of 1.4L

naturally aspirated and 1.6L naturally aspirated two power options, matching the transmission were 5-speed manual gearbox and 6AT gearbox. . (Andrew, 2016)

3.) Superb

June 2009, Shanghai Volkswagen Skoda launched its flagship model -Superb. As a balance between home and commercial B-class car, Superb's price range is from 167,900 Yuan to 247,600 Yuan.

It has three power options, namely 1.4L, 1.8TSI and 2.0TSI. In fact, Superb is the Skoda Superb second-generation models, the first generation has not been introduced in China, in August 2013, Shanghai Volkswagen Skoda launched a new flagship model, New Superb, and Superb officially renamed the speed. (Official Shanghai Skoda, 2016)

4.) Rapid

In April 2013, Shanghai Skoda launched a new mainstream A-class car --- Rapid.

Rapid is the first use of Skoda new design language models, the appearance of young and stylish, calm and completely different from the previous style. In April 2014, to Rapid-based new beyond the wagon Rapid Spaceback listing. Rapid is young, dynamic as a selling point, and Rapid Spaceback is the main station wagon and sports two selling points. Rapid and Rapid Spackback price range of 79,900 Yuan to 136,900 Yuan. The power options include 1.4L naturally aspirated, 1.6L naturally aspirated and 1.4TSI turbocharged engine in three forms. (Official Shanghai Skoda, 2016)

4.) Yeti

In 2013 November, Shanghai Skoda will be in overseas sales of SUV models Yeti formal localization, and named Yeti. Skoda Yeti's price is between 149,800 Yuan to 241,800 Yuan. It offers three engines for consumers to choose from, namely 1.6L naturally aspirated engine, 1.4TSI and 1.8TSI two-turbocharged engine. (Official Shanghai Skoda, 2016)

Place

The marketing channel is the key resource for the survival and development of the automobile enterprises. The fierce competition in the automobile market and the development trend of the marketing channel factors make the marketing channel undergoing profound changes. Whether the channel is sound and smooth has a direct impact on the survival of the enterprises. Facing increasingly fierce market competition, has introduced high-quality products at the same time, but also a high-quality

marketing channels, improve the quality of sales service channels to protect the future of automobile enterprises to the rapid development of marketing strategy project. (Tang, 2015)

In order to more quickly and steadily expand the market, provide quality products and services to more users, while cultivating the core competitiveness, Skoda on the marketing channel design expectations are: by constantly optimizing the channel design, and strive to improve the channel Information communication and transmission efficiency, in the realization of consumer value, channel members on the basis of profitability, enhance market share, return on investment, shaping products and corporate brand. (Tang, 2015)

Skoda brand channel sales of vehicles is mainly high quality requirements for a high level of after-sales service with the product, according to the channel flat trend, should still take this two-level marketing model. Manufacturers in all parts of the branches and dealers directly to business contacts, dealers are not located below the other sales level. Such a marketing channel model can effectively improve the manufacturers control of the dealer system, so that manufacturers and suppliers to form a closer cooperation between the more direct communication to reduce illegal sales behavior, reduce business risk, strengthen the terminal services, good maintenance brand image. (Tang, 2015)

Current domestic consumer habits are more inclined to 4S shop by the manufacturers such as the official brand store to buy car products. For most of families, car consumption is a large investment, and the purchase is a complex purchase, technical information asymmetry, so consumers will carefully consider the purchase, and the emphasis on the trust of manufacturers recognized 4S shop. At the same time, the products bought in 4S shop; will have more standardized after-sales service. Skoda brand store marketing channel model should be the brand store as its main marketing model, supplemented by satellite-style brand display shop. (Tang, 2015)

As for non-physical store side, due to Skoda entered the domestic late, still need to strengthen brand awareness, strengthen contact with consumers, so all levels of auto show should actively participate in the best image to pass the superior value of the brand to lay the foundation for follow-up sales. (Tang, 2015)

As for regional planning, Skoda car originally has six major areas, Shanghai, Guangzhou, Chengdu, Beijing, Jinan, and Hangzhou. The Manager group should do reasonable adjustment of the original six sales areas. The provinces mentioned before remain unchanged, but the county-level cities and county-

level units under the jurisdiction of the regional market should be individually adjusted, adjusted according to the local market consumption habits, the regional market demand after the similarity index. Each region sets up a management center, coordinate the management of each region of sales, service activities. In the region and then divided into a number of districts, a district has its own management agencies, the dealer on the implementation of comprehensive management, and is responsible for the development of the blank area of the market, the manufacturers responsible. (Tang, 2015)

In order to take into account the interests of all parties to mobilize the enthusiasm of members of the channel so that the efficient operation of channels to maintain the stability of the channel system should be from the following aspects of the management level of the upgrade. Firstly, encouraging dealers in accordance with the actual situation of the local market advertising, exhibition promotional activities, you can consider the advertising, promotional expenses accountable. Increase product sales efforts; promote the efforts to promote the improvement of product sales. Secondly, the development of programs should help dealers carry out sales activities and broaden sales channels. Without increasing the brand manufacturers operating under the premise of the risk, allows the dealer with the brand manufacturers profit organizations activities to enhance the brand identity of dealers, a sense of belonging. Thirdly, positively receive and properly handle the vertical and horizontal conflict in the channel chain. For the conflict between manufacturers and distributors, should actively empathy, stand to the dealer, and even the perspective of competing brands to understand the conflict, the use of means to resolve conflicts of interest. For the conflict between dealers, it is necessary to pay a fair third party, to guide the two sides from the overall interests, and its long-term interests, to correct some bad behavior. (Tang, 2015)

The last one talent is the foundation of development. The current domestic auto market, the high turnover of talent is a common problem facing the dealer. Skoda should assist distributors to establish a complete set of talent selection, training, use and management mechanism. In the recruitment, help dealers clarify the positions of the basic specifications of talent, ability and quality requirements, the development of scientific selection process; to help dealers based on sales needs and characteristics of personnel to develop training, training program, if necessary, cooperate the resources of manufacturers and research institutes. To help dealers to establish a reasonable performance appraisal system, a fair and reasonable incentive mechanism and strict phase-out mechanism to ensure that dealers have an adequate number, reasonable structure, sales and service strong business team; To help dealers to design attractive remuneration and welfare system, a harmonious working atmosphere, so that the devel-

opment of the dealer planning and integration of core talents of career planning to ensure that people who really have the ability to long-term brand services. (Tang, 2015)

To sum up, in order to make the brand in the market in an invincible position, Skoda follow-up sales channel model should be designed to designate the original area, the original 4S store-based, car supermarkets, car avenue, car park and other channel models, supplemented by a combination of e-commerce design a variety of models, which will be a total of naked channel system manufacturers, the only way to design, can guarantee the survival and development of business profits, while for consumer to provide better service and higher delivery value. (Tang, 2015)

Promotion

At first, discount promotion strategy is introduced. Price is always for the vast majority of consumers when the first consideration of the factors when buying a car. The unified models, the various parts of the country's offers are not the same. In order to increase the sales, there could make several 4S shops to promote discount activity. Except for the discount of a car, the several 4S shops can also provide the same present packages, in the order to stimulate consumers to buy through these means. In addition, several 4S shops can be on the backlog of inventory for long time of the car for higher discount sales, which will stimulate some people whose purchasing budget is limited. (RaiaCars,2016)

The second one is network promotion. Nowadays network information is an explosion era; the use of network for car sales, in almost all businesses is a common choice. Many consumers are obtained through the Internet. Therefore, in China, such as car home, new car evaluation network, car demolition and other professional car website will emerge as the times require, and the development in full swing. From these sites, consumers can clearly know each car manufacturers' guide price, maintenance cycle and cost-effective, etc. Professional car websites have become the most trusted for consumers or the most dependent way to get information on a car. Therefore, to make good use of this resource for the various automobile manufacturers, each 4s shop must pay attention to a link. From these professional car sites, consumers can intuitively know the sections of the Shanghai Skoda models. This will significantly increase the consumer's desire to buy and buy confidence. In addition, the site will also show the specific location of the 4s shop, store contact information, and sales consultants contact, etc. (Mansuri, 2014)

Thirdly, the key words are regular group buying promotion strategy. At present, almost all of the 4s shops consider group buying as a sales way of vehicles that cannot be ignored. Through the network of

publicity and in-store publicity, the annual 4s shop will be held group buy activities irregularly. From the consumer point of view, the core value of group buying lies in the price concessions. Those who usually do not get the discount, it is possible to get in group buying, For sellers, how to make good use of a group buying, take advantage of group buying concessions to attract potential buyers. (Dr.Mohr, 2014)

The last one is actively participating in auto sales promotion strategy. An Auto show in the country and the world a good advice issued by the manufacturers of new vehicles platform. For all businesses, the importance of participating in auto sales is not only in the car sales, but also self-promotion. Disseminating an own brand, own models and own 4s shop is auto show in business who must to completed good of task. To attract more attention in the auto show, will become the problem that the various businesses racked their brains to plan.

5.3 The SWOT of Skoda

Strength

In terms of strengths, seven points are mentioned. The first point is the way that Skoda entered into the Chinese market. Skoda chase joint ventures with Volkswagen Group, Chinese local auto companies. On one hand, due to the reputation of Volkswagen, Skoda can gain extensive attention in the Chinese market. On other hand, Chinese local auto company has deep knowledge of local Chinese market, so Skoda gets market resources. The second point is the right entering time. The time that Skoda entered the Chinese auto demand was large at growth stage. It is just because the first two important reasons, Shanghai Skoda not only survived in the Chinese market, but also built good brand awareness and dealer network. The third one view is that Skoda is a European brand, which has a long history and it has a deep car cultural heritage. The view can cause Chinese customers resonance. The forth one is that the product line covers almost all major market segments. In other words, Chinese customers have a lot of choices. The fifth one is that Skoda owns experienced supply chain and buyers, which proves Skoda has a very good and fluent channel. The sixth element is about money. Skoda is financially strong and has a good cash flow. This is the fundamental development of the company. The last one is Skoda's technical strength. Skoda has a world-renowned innovation research and development center in Mlada Boleslav. (Business Case Studies, 2014)

Weakness

As for weaknesses of Skoda, there is one point, which need to be explained. The main weakness of Skoda in the Chinese market is that the response to market changes is too slow during production, and Shanghai Skoda company does not have a model specifically for the Chinese market. Shanghai Skoda is really not sensitive to Chinese market changes and it takes very long time to response, which led to many consumers have to spend more time waiting for the emergence of new models. What is more, profits of car sales include considerable licensing fees. (Business Case Studies, 2014)

Opportunity

The most possible opportunity is ahead to an energy saving side and purchase environmental protection as the goal of the market. This is also a popular trend of auto industry. Chinese pay more and more attention about environment and energy depletion. If Shanghai Skoda wants to develop by the direction, it must have a good position. (Business Case Studies, 2014)

Threat

Four aspects will be mentioned. The first one is industrial sensitivity. Service industry becomes more important in the business area. The position of a second industry in the society is less vital that before. Auto industry belongs to the second industry. Therefore, businessmen should have awareness of safety. Secondly, a current risk still can be considered. Skoda Company is a European company. Thirdly, the fees of labor force are too high. The last one is the law risk, which it cannot be ignored. (Business Case Studies, 2014)

In short, as mentioned in the SWOT analysis, Skoda Automotive Group and Shanghai Volkswagen joint venture is a way to enter the Chinese market earlier. The product line is rich and the brand itself has a long history, these are the advantages of Skoda. Skoda as a subsidiary of Volkswagen has many unique advantages, such as sharing of public resources and technology. However, because the car sales profits include very expensive licensing fees, making the interests cannot be maximized. Shanghai Skoda has many talented professionals who understand the Chinese market, as there are the increasing labor costs the employment of employees a need to be carefully considered and the problem carefully analyzed. The future of Shanghai Skoda depends on the overall situation of the global economy. The automotive industry is considered as one of the most sensitive industries in the global economy. Therefore, Shanghai Skoda must always pay attention to the global economic environment and be able to make an objective, correct analysis. (Business Case Studies, 2014)

5.4 The Expanding Methods of Skoda

According to the analysis, the four points can be given, including focusing on brand strategy; increasing marketing investment; having sense of competition and increase competition ability and pay more attention about customers and customer relationships. The four points are most important and practical for Shanghai Skoda.

5.4.1 Focus on brand strategy

Today we have a highly developed market economy. The brand has gone beyond the scope of pure economy, a business competitiveness, value-added force, follow-up force of the show. A brand can give enterprises a great market share, so that enterprises can maintain long-term prosperity, while the core competitiveness of enterprises is the direct manifestation of the main market share. Therefore, to establish correct brand awareness, and actively implement the brand strategy, the establishment of brand development strategy management system, improves the brand development of the market environment, and increases the knowledge management and implementation of brand philosophy and supporting system education training. (Porthouse, 2016)

The first step of Shanghai Skoda brand strategy was set up by Skoda is own brand image. Since entering the Chinese market, Skoda has been a Volkswagen sub-brand. Despite this kind of publicity, the Shanghai Skoda sales increased, but at the same time, also made consumers subtle influence on the Skoda brand lower than the mass brand. Consumers think that Skoda is only a second-rate European brand conclusion. In the process when Chinese consumers buy cars, brand is one of the most important factors. The disadvantage of Skoda means it cannot compete with Toyota, Hirota, Ford, GM and other first-line brand. In the competition with the parent company, even with almost the same mechanical quality, workmanship, and more affordable price, the same level of Skoda car sales cannot be compared the Volkswagen's. Therefore, re-establishing the Shanghai Skoda brand image is imperative. (Pratap, 2016)

Skoda brand has a long history. This is an important advantage. Therefore, that the first step is re-establishing the brand image to strengthen the history of the brand Skoda publicity in China. Secondly, modesty and introverted personality can be regarded as another selling point of publicity. As a representative of the European cars or German cars, various dealers and 4s shops in the promotion of Skoda to highlight its main German car mechanical quality and safety. Such publicity is too much sim-

ilar to FAW-Volkswagen or Shanghai Volkswagen publicity. However, the inferiority of the brand influences on Shanghai Skoda and the public competition has been at a disadvantage. (Finnerty, 2015)

5.4.2 Increasing Marketing Investment

Another suggestion is increasing marketing investment, meaning crossover cooperation. The crossover cooperation can give more gimmicks and improve the ability of the product to survive which is an important reason, but in a deeper sense it is transforming original competitors into partners. For a brand, the popularity and loyalty of the number of users is the basis for survival. These two properties require time after the precipitation and the huge investment. Crossover cooperation is really a meaningful method. Businessmen can share some of the content or information that do not belong to a patent; share some of the characteristics of partner-brand and share some loyal users, the more users, the broader market. (INSEAD, 2016)

China is popular in invoking citizens to protect the environment and vigorously develop public transport. Actually, the policy will give auto industry a heavy blow. (Lily, 2014) How can Skoda survive from the policy and gain profit? Skoda should for example crossover cooperate with taxi software, like Uber. Nowadays, using taxi software in mobile is the most popular way for Chinese to go outside.

At first, Shanghai Skoda can get more attention from customers. Shanghai Skoda needs to re-build its brand image and good reputation. It is very important for foreign firms to do business in China to get support by Chinese government. (Lapowsky, 2011)

Except for cooperation with taxi software, Skoda also can cooperation with Network Security Association. Automotive industry has been in the forefront of technological innovation and application, providing the car more intelligence and networking, car networking security more attention. China Car Security Alliance will promote the automobile manufacturers and related to the industrial chain in design, development and testing to fully consider the information system security, and promote the establishment of the corresponding norms, standards and systems. The automotive industry and the network security industry work together to address and resolve changing information system security issues and absorb and assist third-party security researchers to participate in the research and resolution of vehicle information system security issues. This can also be considered as one of Chinese policy. If Shanghai Skoda joins the institution and invest in security research, the research results can also work when

Skoda researches and develops new cars. The brand image will improve again. (The National Academies Press, 2017)

Shanghai Skoda can also crossover corporate with home industry. The development of auto industry, automotive interior is also paid attention to by consumers, especially in high-end cars. The concept of personalized customization has become more popular. The rich in China would like to be unique and personalized customization is the symbols of their identities. Similarly, home industry also emphasizes the two points. This is the view that Shanghai Skoda is able to cooperate with the home industry, and gain a large number of customers. (Mahoney, 2017)

Generally speaking, there are three directions that Shanghai Skoda can crossover cooperate. Each direction is extremely significant and the results of taking measure of these three ways are positive and harvest big. As long as Shanghai Skoda implements them, it will gain success.

5.4.3 Having a sense of competition and increase competition ability

In terms of competition ability, the concept called core competitiveness is mentioned. Core competitiveness is formed during a series of marketing processes, including enterprise in the production and operation, new product development, after-sales service and decision-making. There are unique advantages of technology, culture or mechanism determined by the huge capital of energy and business strength. Core competitiveness is the basis for enterprises to obtain a long-term and stable competitive advantage. Core competencies consist of the core technical capabilities, organizational coordination, external impact capacity and adaptability. (Vitez, 2017)

From a global perspective, there are four main factors that affect the competitiveness of enterprises, including low degree of industrial concentration, regional industrial structure convergence; enterprise system is not perfect, low-cost expansion of enterprises constrained; scientific and technological innovation mechanism of the enterprise is weak; the competitive strategy lacks innovation. When Skoda was analyzed in SWOT. Skoda could not react to the changes of market quickly is enough. In fact, the problem can be considered in the third element, where enterprise's scientific and technological innovation mechanism is weak. Enterprises are the carriers of realistic productive forces and the base of scientific and technological innovation. (Jin, 2015)

First of all, to actively create human capital is important in order to seize the commanding heights of core competition. The core of competition in the market, human capital is the core competitiveness of enterprises. Shanghai Skoda wants to be in the fierce competition in the Chinese market place. It has to form its own core competencies and create high-quality personnel. Firstly it needs to create conditions

to improve the quality of its own entrepreneurs. Improving the quality of entrepreneurs is the premise of enhancing the core competitiveness. Entrepreneurs should be directly involved in the top management, the development of corporate strategy, leading the future development of enterprises. Therefore, it is very important to cultivate and mold the qualified entrepreneurs and perfect the independent personality of the entrepreneurs. (Zur, 2015)

There should be followed by the selection, training a group of professional, technical personnel, especially in market development, management personnel. As the combination of technology and management knowledge and other resources of enterprises can be transformed into products and services are of great value, and bring excess profits to enterprises, knowledge is the source of profits of enterprises, and talent is the basis of enterprise core competence. It is noteworthy that the stability of personnel is essential, otherwise, the flow of talent, even if its high quality, it is not to mention the formation of the core competitiveness of enterprises. (Rastogi. 2016)

Second comes cultivating the core technology capacity of enterprises. The rise of production capacity must be from a large number of low value-added manufacturing, mainly to independent research and development, high value-added to the core technology-based industry transfer process. The core technology is the strength of enterprises to meet competition. Promoting technological progress, in particular, to have an own core technology, through independent investment with research institutions, institutions of higher learning joint development or through the introduction of technology to form a certain technical reserves, to improve the technological content of products and market competition force to lay the foundation. (Kooser C, 2017)

Thirdly, establishing a learning organization and formatting a distinctive management model is important. Fostering the core competitiveness of enterprises and the role of its sustained play, largely to create a learning organization, in the continuous learning to increase corporate capital, cannot imitate tacit knowledge, etc. Employees should be full of active learning, full learning, team learning. Awareness of the crisis is the primary content of all members of the building awareness. In addition to awareness of the crisis, the content of building awareness of employees should also have quality awareness, cost awareness, risk awareness, competitive awareness, market awareness, team awareness and so on. (Garvin, 1993)

Fostering the appropriate management mode is an important way to improve the core competitiveness of enterprises. Only by strengthening the management, the formation of its own characteristics of the

management model in order to the vitality of enterprise restructuring and technological progress into full play to the efficiency of enterprises maintain the continuous development and evergreen. As each enterprise is facing a different internal and external environment, there are some differences in management; the key is to establish the actual situation in line with the management of the enterprise model. (Garvin, 1993)

Finally, there is cultivated advanced corporate culture, highlighting the individual characteristics of enterprises. Corporate culture strategy can produce core competitiveness and the essence of corporate culture is the enterprise of "people". Therefore, cultivating the core competitiveness of enterprises, attention should be paid to training, mining, play the majority of employees in the production, management, marketing and other aspects of innovation initiative. In the enterprise management in full use of incentives and restraint mechanisms mobilize the enthusiasm of staff to create better products and services to meet the needs of society. However, enterprises highlight the weak link in the corporate culture in China. Obviously, Shanghai Skoda culture must inherit European company culture, therefore Shanghai Skoda has a very good foundation of corporate culture, while Shanghai Skoda cannot ignore China is a special country. Chinese enterprises are organized in different ways, the behavior of employees are different, China has its own spread of thousands of years of philosophy and values, is fundamentally different. In the management of thinking, Chinese enterprises are temporarily in a backward state, but the biggest advantage is the late hair absorption and innovation simultaneously, that is, they should be in the largest range, the fastest pace of integration of the world's advanced management ideas, eclectic, on this basis to create something belonging to the Chinese enterprises themselves. (Batke, 2017)

Shanghai Skoda should fully demonstrate the Chinese enterprises' own "personality". Core values are to highlight the characteristics of each individual Chinese enterprise, by refining the shape of their own business core values, and around the core values of a series of rules and regulations designed to focus on effective implementation, which is to create an important corporate culture approach.

Generally speaking, the core competitiveness of enterprises is not fixed, it will over time, continue to produce new content. Shanghai Skoda should continue to try to explore those aspects we have not been involved in order to increase the core competitiveness of the elements, so that enterprises have as much as possible, competitors can not imitate the competitive capital, and constantly optimize and upgrade the core business Competitiveness. (Vitez, 2017)

5.4.4 Pay more attention customers and customer relationship

At present the competition is intense in the automotive market environment. The key of surviving and development is the customer's information and needs to have an in-depth understanding. In order to enhance customer satisfaction and loyalty, companies should only use good customer relationship management, in order to truly play the role of customer relationship management functions. (Zur, 2016)

The core value of CRM in auto industry will be explained before giving Shanghai Skoda specific suggestions. By the impact of China's accession to the World Trade Organization, one of the most discussed topic was the automotive industry, the automotive market response is indeed the fastest, the price war imminent, some facts like the price by sending a class of insurance, which can give us a lot of useful inspiration. In fact, not only is there a way to lower prices to win the Chinese, better service is also the expression of value, is one of the correct way of expression of the right value for money. (Hamilton, 2016)

Shanghai Skoda CRM system to enhance the value of services can be said to be a priority. The sales in the past, manufacturers did not grasp ultimate consumers very well. Cars such a high value, but also involves a number of security issues of the product, are considered as general consumer goods. Through a professional CRM system, automobile manufacturers can not only understand the feelings of customers on the sales process, but also adjust the market strategy. Shanghai Skoda managers can also know that customers are most eager to see the design changes, speed up the decision-making speed of replacement. In addition, manufacturers can understand what the most important problem is that needs to be solved by safe driving and make continuous improvement. (Doring, 2015)

4S shop business in the automotive industry is characterized by four in one of the main marketing model. The fierce competition makes the automobile industry transfer into the service area; the maintenance service becomes the main part of the automobile profit. Therefore, the automotive trade industry to pay special attention to after-sales service and customer service management. As for after-sales service and customer service management, they must use a professional CRM to run. Nowadays Shanghai Skoda also occupies a position in auto market in Chinese market. In terms of CRM of Shanghai Skoda, there are four sides needed to be considered. Manufacturer's loss from the final evaluation and recommendations of consumers, not only the loss of car manufacturers, but also the loss of the entire automotive industry. (Research and Markets, 2013)

It is the analysis and management of sales resources and team, including the sales plan, sales outlets, sales opportunities and other information management, timely grasp of sales information to better sales management. Then comes unifying customer resource management. Managing the customer's resources requires addressing two fundamental issues. One is timely grasp of customer demand for accurate positioning of the market, the other one is, according to customer requirements, to make changes to provide the right products and services to customers in the right circumstances. The third one is marketing analysis management. It contains the management of product positioning, cost planning, staffing, competitor-related policies, etc. At present, the automobile industry lacks systematic management of consumption, management of market analysis, competition strategy, formulation of customer management system activity plan and so on. The last one is logistic management. Logistics management mainly refers to the vehicle, parts procurement, and sales management. The purposes is to quickly and effectively meet customer demand to prevent the production of products or products such as the backlog of the emergence of such a timely manner to grasp the inventory for the future procurement plan to provide the basis for decision-making. (Mahoney, 2017)

With respect to specific implementation that CRM applied in Shanghai Skoda firm, there are three suggestions. First of all, Shanghai Skoda Company must develop a specific goal of the implementation of CRM, and layers of decomposition, the implementation of the corresponding responsibilities of departments and personnel. Then Shanghai Skoda must achieve the process of recycling in the use of marketing CRM. It is necessary to reengineer the original enterprise organizational structure and business process so that they are more adaptable to customer relationship management and match their system software, in order to provide the necessary guarantee for the smooth application of CRM. The other side is around the customer center and re-enterprise of the original hierarchy of the pyramid-style organizational structure to change. It should establish a flat new organizational structure, thereby reducing the internal management level, all around the customer life cycle process to communicate information, and eliminate the past to sector boundaries, enhance agility. (Mahoney, 2017)

Finally, the implementation of CRM implementation is not an easy thing for Shanghai Skoda and cannot buy a software installed on it, but also in the enterprise unified deployment plan step by step implementation, and the system also involves with a number of internal and external interfaces and integration. Implementation is a long-term process, Shanghai Skoda needs to pay attention to certain methods and strategies should not be too hasty. (Mahoney, 2017)

In fact, a CRM system steps can be roughly divided into four stages. The first stage is establishing a unified Shanghai Skoda customer information center, integrating all aspects of customer data to make it more valuable, and has a systematic and segmentation, and thus focus on customer information management. The second stage is developing and strengthening the multi-contact between the customer and Shanghai Skoda and at the same time carry out the multi-point gathering customer information mechanism, so as to enhance the cooperation efficiency inside the enterprise. The third stage is the customer relationship management by the designer in the installation process, the necessary tests, and test reports submitted in a timely manner. The final stage is of make a centralized training of customer relationship management software system for the core users, and testing CRM operations, so that the whole system can really play a role. (Stewart, 2016)

Generally speaking, CRM is very important for Shanghai Skoda. Through CRM, Shanghai Skoda can enhance customer loyalty; accelerate the development of hardcore loyal customer base, while maintaining a better consolidation of old customers. The costs of gaining a new customer instead of maintain old customers will be 6 to 8 times. It is obvious that customer relationship management can also reduce the operating costs of car companies. What is more, through the establishment of the CRM platform, shanghai Skoda can improve the original marketing services further, to provide customers with more personalized service. Customers only need to "click one time" to complete a number of business, it also helps automotive companies to improve the quality and efficiency of marketing work, and the smooth realization of modern scientific management into the model. In addition to these two points, Shanghai Skoda strengthening the use of CRM in the automotive marketing effect, can make good reputation publicity better, for the real savings in the cost of advertising a large amount of funds to pay the cost. The last one a successful use of CRM, can help automotive companies in a rapidly changing market environment, changes in customer demand, targeted to make rapid response, thereby increasing sales accuracy and customer success rate. If Shanghai Skoda can achieve it, there is no doubt that it can occupy a very good position in Chinese auto market. (Manktelow, 2016)

6 CONCLUSIONS

In the thesis, the main study is making a marketing plan for Skoda. Therefore, several ways were used in the thesis and some information will be researched. The thesis will be demonstrated with full arguments.

The main trend and situation of Chinese auto market are introduced. As the marketing plan is for Chinese market, there is no doubt that the foremost circumstances of Chinese auto market should be known. Thus, readers have to understand the premise of the thesis. This part is a foundation for the thesis.

The case of Volkswagen was analyzed. Some business models, which were explained, were used in the part, such as 4P, SWOT and so on. Volkswagen is an excellent auto brand and the good reputation world-renowned, especially in the Chinese market. Obviously, Skoda can dig out and learn from it. Readers will know why Volkswagen can be that successful and some experience will be found for Skoda. In fact, the chapter considered as a positive example for Skoda to consult.

In the corn of the thesis, a marketing plan will be given. According to information presented, Skoda was given four expanding methods, which were focusing on brand strategy, increasing marketing investment, having sense of competition and increasing competition ability and paying more attention about customers and customer relationships. The four suggestions were gained by the information from previous chapter.

The study is focusing on some advice for a Chinese marketing plan of Skoda Auto. If Skoda can reach the four points, there are better opportunities to win Chinese customers.

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