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A Marketing Analysis of Jiangling Motors Co., Ltd., China

Thesis

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ABSTRACT

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<p>Ever since 1980 when China began to carry out the policy of opening up and economic reforms, China has witnessed a rapid and continuous economic development. Based on the analysis of the impact that the Chinese macro auto marketing environment has on the JMC, this paper is also designed to provide suggestions for improvement of the JMC marketing strategies so as to make my own contributions to the development of my hometown. All the data collected and processed in this paper are those available on the official website of JMC and the information of the JMC stock transactions released by Shenzhen Stock Exchange between 2006 and 2011. The information also includes the interviews that I've conducted, through telephones, webcam chatting, etc., with JMC sales reps, sales agents and distributors.</p>		

Key words

Total sales , Competitors, Marketing channel ,Automobile marketing

TABLE OF CONTENTS

1. INTRODUCTION.....	1
2. ANALYSIS OF AUTO MARKETING MACRO-ENVIRONMENT	3
2.1. IMPACT OF CHINA’S MACRO ECONOMIC SITUATION ON JMC MARKETING ENVIRONMENT	3
2.2. IMPACT OF CHINA’S AUTO CONSUMPTION POLICY ON JMC MARKETING ENVIRONMENT.....	4
2.3. IMPACT OF CHINA’S ENVIRONMENTAL PROTECTION POLICY ON JMC MARKETING ENVIRONMENT	5
2.4. IMPACT OF CHINA’S AUTO CONSUMPTION COSTS ON JMC MARKETING ENVIRONMENT	6
3. JMC PRODUCTS	8
3.1. DEFINITION TERM	9
3.2. JMC LIGHT TRUCK.....	10
3.3. JMC PICKUP TRUCK.....	10
3.4. FORD TRANSIT LIGHT BUS.....	11
3.5. YU SHEEN SPORT UTILITY VEHICLE (SUV).....	12
4. ANALYZING PRODUCT TOTAL SALES	13
4.1. PRODUCT TOTAL SALES	13
4.2. ANALYZING TOTAL MARKET SHARE.....	15
4.3. ANALYSIS STATISTICAL OF JMC AUTO.....	17
4.4. COMPOSITION ANALYSIS OF TOTAL SALES VOLUME.....	21
4.4.1. TOTAL SALES VOLUME AND RATIO.....	21
5. SALES OF JMC MAIN PRODUCT	24
5.1. SALES OF JMC LIGHT TRUCKS.....	24
5.2. ANALYSIS OF SALES VOLUME OF JMC PICKUPS.....	27
5.3. ANALYSIS OF SALES OF FORD TRANSIT LIGHT BUS (FORD TRANSIT).....	30
6. ANALYSIS OF MAJOR COMPETITORS OF JMC AUTOS	35
6.1. ANALYSIS OF MAJOR COMPETITORS OF JMC LIGHT TRUCKS.....	35
6.2. AN ANALYSIS TO JMC PICKUP TRUCK COMPETITORS.....	38
6.3. AN ANALYSIS TO FORD TRANSIT LIGHT BUS COMPETITORS.....	39
7. MARKETING ORGANIZATION AND CHANNEL OF JMC	42
7.1. ANALYZING MARKETING CONCEPT.....	42
7.2. MARKETING ORGANIZATION OF JMC.....	42
7.3. ANALYZING CHANNEL	44
7.4. MAINTENANCE SERVICES.....	46
8. CONCLUSIONS AND RECOMMENDATIONS	47
REFERENCES	50

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1. INTRODUCTION

Ever since 1980 when China began to carry out the policy of opening up and economic reforms, China has witnessed a rapid and continuous economic development. With the advent of various consumer products available in marketplaces, product sales keep expanding. Auto sales, for example, continue to increase and the auto has gradually become a consumption hotspot of the Chinese consumers. According to the market information released by the Chinese government, the auto sales reached 18,500,000 vehicles in 2011 and China has already turned into a very important auto consumption marketplace in the world. As the Chinese auto consumption is growing fast, I have been keenly interested in auto marketing research. Autos are seen as expensive consumer goods in China since it is still a developing country. It is thus of significance to research the boom of the auto market in China and I hope that my research will also contribute to a better understanding of the Chinese economic growth. Another reason why I do this research is that in my hometown, Nanchang City, Jiangxi Province, there is an auto manufacturer called Jiangling Motors Co., Ltd (JMC), of which its vehicles can be seen running everywhere in Nanchang City and have also been well received by consumers elsewhere. As I have had a good impression on JMC and a preliminary understanding of the company, I decide to research the JMC auto marketing by carefully probing into JMC's product range, sales volume, market share, marketing organizations, marketing channels, etc. in hope of providing an objective and valuable evaluation of JMC's marketing. Based on the analysis of the impact that the Chinese macro auto marketing environment has on the JMC, this paper is also designed to provide suggestions for improvement of the JMC marketing strategies so as to make my own contributions to the development of my hometown. All the data collected and processed in

this paper are those available on the official website of JMC and the information of the JMC stock transactions released by Shenzhen Stock Exchange between 2006 and 2011. The information also includes the interviews that I've conducted, through telephones, webcam chatting, etc., with JMC sales reps, sales agents and distributors.

2. ANALYSIS OF AUTO MARKETING MACRO-ENVIRONMENT

As is pointed out by Kotler and Armstrong, the company and all of the other actors operate in a larger macro environment of forces that shape opportunities and pose threats to the company, there are six major forces in the company's macro environment, demographic forces, economic forces, natural forces, technological forces, political forces, cultural forces. (Kotler & Armstrong 2004, 103-104)

On the production side, the dominant trend is regional integration, a pattern that has been intensifying since the mid-1980s for both political and technical reasons. In North America, South America, Europe, Southern Africa, and Asia, regional parts production tends to feed final assembly plants producing largely for regional markets. Political pressure for local production has driven automakers to set up final assembly plants in many of the major established market areas and in the largest emerging market countries, such as Brazil, India, and China. Increasingly, lead firms demand that their largest suppliers have a global presence as a precondition to be considered for a new part. Because centrally designed vehicles are manufactured in multiple regions, buyer-supplier relationships typically span multiple production regions. Within regions, there is a gradual investment shift toward locations with lower operating costs: the U.S. South and Mexico in North America; Spain and Eastern Europe in Europe; and South East Asia and China in Asia. (World Bank. 2012.)

2.1. Impact of China's Macro Economic Situation on JMC Marketing Environment

China is currently in an important era of development, which offers a

number of favorable conditions to maintain a steady and robust economic growth for a long time. As industrialization, urbanization and agricultural modernization are proceeding rapidly in China, improvements in the consumption patterns and the industrial structure will create huge potential demand. In the course of over 30 years of reform and opening up, a solid material foundation and institutional conditions have been established for development and macro-control. Chinese enterprises have significantly become more competitive and resilient. China's eastern region has greater capacity for innovation and development, and the development potential of the central and western regions and the old industrial bases in northeast China is being constantly unleashed. China still has its traditional strengths in economic development, as well as rich human resources and a more skilled workforce. China has a good balance between government revenue and expenditures and a sound financial system, and there is ample nongovernmental capital.(XINHUANET, 2000-2012.)

2.2. Impact of China's Auto Consumption Policy on JMC Marketing Environment

China's Auto Industry Development Policy made by China National Development and Reform Commission stipulates that "the state establishes a unified, open market and management system to encourage the auto production in different regions on the basis of fair competition; no policy should be made to discriminate against the auto sales and any measures that may lead to auto discrimination be prohibited; the state actively develops auto trade and promote the auto consumption. Under the premise of ensuring loan safety, consumers should be allowed to mortgage vehicles. It is important to nurture private consumption dominated auto market, improve the auto use environment, and protect

the interests of auto consumers.” (National Development and Reform Commission, 2012) It is the Chinese government policy to encourage auto consumption and the increased purchasing power of the Chinese people that have made it possible for JMC to expand its auto market and auto sales.

2.3. Impact of China’s Environmental Protection Policy on JMC Marketing Environment

It is China’s basic state policy to preserve the environment. To this end, the Chinese government issued the Heavy Commercial Vehicle Fuel Consumption Limit Values, and the Light Vehicle Pollutant Emission Limits and Methods of Measurement. These standards, with reference to standards in developed countries (EU), stipulate the domestic auto exhaust emission limit values and the strict requirements for environmental protection under auto normal use. The Law of the People’s Republic of China on Motor Vehicle and Vessel Taxes issued on February 25, 2011 provides that the auto exhaust volume is taken as a basis for calculation of passenger vehicle tax. Those who purchase new energy vehicles to practice the energy conservation can be reduced or exempted from motor vehicle and vessel taxes; passenger vehicles of exhaust volume in 2L or below can be entitled to reduction of motor vehicle and vessel taxes; passenger vehicles of exhaust volume in 2L to 2.5 L will be appropriate for more payment of taxes; passenger vehicles of exhaust volume in 2L and higher will be appropriate for a substantial increase in the payment of motor vehicle and vessel taxes .(China Association of Automobile Manufacturers.2011.)

At present, the high-end commercial vehicles, manufactured by JMC in cooperation with Ford Motor Company, are in line with the regulations of

Chinese government for auto energy conservation and exhaust emission standards since they've employed latest advanced technologies. Ford Transit Model JX540XEV-LI has been recognized as exempt from Vehicle and Vessel Taxes by the state. The constant improvement of the JMC marketing environment will further contribute to its marketing competitiveness.

2.4. Impact of China's Auto Consumption Costs on JMC Marketing Environment

There is an upward trend in China's auto consumption costs. First, the constant increase of the fuel price affects the auto demand. According to the information released by the National Development and Reform Commission, the Chinese government has twice raised the sales price of refined oil in 2012. On February 8, 2012, Chinese petrol and diesel prices increased by 300 CNY per ton; on March 20, they increased by 600 CNY per ton; by March 20, 2012, petrol retail price is 8 CNY /L (0.96€/L). (China Association of Automobile Manufacturers.2011.)

Second, toll roads in China increase the costs of highway transportation. According to a research report released by the World Bank on February 13, 2007, the highway tolls in China are equivalent to or even higher than those in many developed countries, with a truck cost of \$0.12 to 0.21 per kilometer. Compared with the income of Chinese auto owners, this rate is one of the highest in the world. (China Central Television 2010.)

Third, with the gradual increase of autos in China, the issue of traffic jams in cities has become more and more serious. As a result, it brings about all kinds of inconveniences to the city residents and adds up the

extra time cost for urban residents to travel by car. Such problems as rising prices of fuel, increased cost of road tolls, traffic jams in cities have challenged all auto manufacturers including JMC, exerting an influence on the marketing of JMC autos.

3. JMC PRODUCTS

From 1980s, JMC introduced internationally advanced technology to manufacture light-duty trucks and became one of the major light truck manufacturers in China. In November 1993, JMC successfully issued a share in Shenzhen Stock Exchange and became the first listed company of Jiangxi Province. Besides, JMC initially issued B share by ADRs to introduce foreign strategic partner in 1995. Currently American Ford Motor Company (Ford) is the second largest shareholder of JMC, with 70% investment by Jiangling Holding Limited and 30% by Ford Motor Company. (JMC Address: # 509, Yingbin North Road, Nanchang, Jiangxi 330001, China; Website: <http://www.jmc.com.cn>; Stock name is JMC; Stock Code is 000550, listed in Shenzhen Stock Exchange. (Jiangling Motors Co, Ltd. 2012a)

As one of the first companies with foreign investment in Jiangxi, JMC develops rapidly and gains ground with the support of its strategic partner Ford. In 1997, JMC worked with Ford to launch the Transit light bus which was the first co-developed vehicle by China and foreign companies in China. Since then, JMC has absorbed global top product technology, manufacturing process and management concept, applied reasonable share balancing system, highly efficient and transparent operation, and high-standard business management, and formed standard management operation system. (Jiangling Motors Co, Ltd. 2012a)

At present, there are four types of products in JMC, including three types of leading products and one new product. The leading products are JMC light trucks, JMC pickup trucks and Transit light buses; the new product Yu sheen sport utility vehicles (SUV) entered the market in 2011.

3.1. Definition term

Definition of motor vehicle, any power-driven road vehicle which has four or more wheels, which is non-rail, and which is normally used for carrying person and /or goods; towing vehicles used for carrying persons and /or goods; special service .This term includes, vehicles connected to an electric conductor, for example trolley buses; three-wheeled vehicles whose complete vehicle kerb mass exceeds 400kg. (China Automotive Technology & Research Center.2001.)

Definition of passenger car, A motor vehicle which ,on account of its design and technical characteristics ,is intended mainly for carrying persons and their luggage and/or occasionally goods ,and which has available a maximum of nine seating places ,including the driver seat ,It may also tow a trailer .(China Automotive Technology & Research Center.2001.)

Definition of commercial vehicle, a motor vehicle, on account of its design and technical characteristics, is carrying persons, goods and for towing trailers, passenger cars are excluded. (China Automotive Technology & Research Center. 2011.)

Definition of bus , a commercial vehicle which on account of its design and technical characteristics ,is intended for carrying persons and luggage, and which has more than nine seating places, including the driving seat . It may have one or two decks and may also tow a trailer. (China Automotive Technology & Research Center. 2001.)

Definition of goods vehicle, commercial vehicle which, on account of its design and technical characteristics, it is used mainly for conveying goods.

It can or not tows a trailer. (China Automotive Technology & Research Center. 2001.)

3.2. JMC light truck



GRAPH 1. JMC light truck (Jiangling Motors Co, Ltd. 2012b.)

JMC light truck is use for suitable for cargo tonnage from 1 ton to 2 tons. Mainly it is divided into vehicle and van. Engine is JX493ZLQ3 . Exhaust volume is 2.4L and 2.7L. Gearbox is manual and maximum speed is 100km/h. JMC-brand wide-body light truck is a strategic product for competing in domestic wide-body light truck market. It sets new benchmark in the segment on high efficiency, comfort and safety. It is more spacious, wider and longer compared with traditional light truck, which is the ideal light truck serving for logistics industry. (Jiangling Motors Co, Ltd. 2012c.)

3.3. JMC pickup truck



GRAPH 2. JMC Pickup truck (Jiangling Motors Co, Ltd. 2012b.)

JMC pickup truck is using for suitable for manned and cargo. Engine is Mitsubishi engine. Exhaust volume is 1.99L and 2.35L. Gearbox is manual. Maximum speed is 120 km/h. JMC pickup truck carrying 17 years of good reputation appears with its unique advantages of Fuel Saving, Durable and Comfortable and with multiple improvements on safety added, which sets new benchmark on safety perspective in the segment; powerful imported electric-control common rail 4JB1-TDCi engine realizes the harmony among accelerating, noise reduction and shock absorbing; The trendy and steady appearance with hidden passion displays the its proud spirit. (Jiangling Motors Co, Ltd. 2012d.)

3.4. Ford Transit light bus



GRAPH 3. Ford Transit Light Bus (Jiangling Motors Co, Ltd. 2012b.)

Ford Transit light bus is uses for suitable for manned. mainly used for business activities ,divided into 6 passenger seat ,7 passenger seat ,9

passenger seat ,10 passenger seat .Engine is Ford diesel engine. Exhaust volume is 2.4L and 2.8L. Maximum output power is140 HP. Gearbox is manual .Maximum speed is 130km/h. There are more than 70 Transit derivatives in Europe, including bus, van, notchback and various chassis vehicles. Transit is famous for being multifunctional and can be modified into various special vehicles, such as cash transport van, police vehicle, post van, etc. The charm of Transit first comes from its unique and elegant styling, as well as the perfect combination of appearance and functionality. (Jiangling Motors Co, Ltd. 2012e.)

3.5. Yu Sheen Sport utility vehicle (SUV)



GRAPH 4. SUV (Jiangling Motors Co, Ltd. 2012b)

JMC SUV is uses for passenger vehicle, manned and cargo. Engine is Ford diesel engine. Exhaust volume: 2.4L. Maximum output power: 120HP. Gearbox is manual .Maximum speed is 140km/h. JMC SUV is delicately developed for Chinese market with people-oriented design and enjoys the features of safety, fuel saving, environment friendliness, strong power, novel appearance and high cost performance. (Jiangling Motors Co, Ltd. 2012f.)

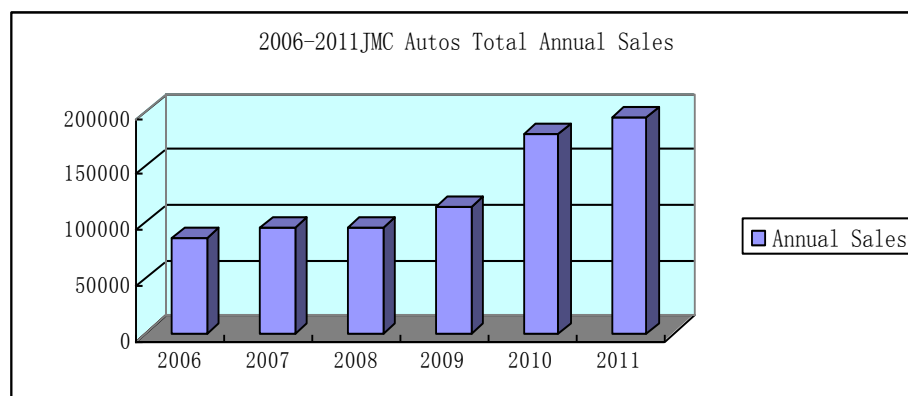
4. ANALYZING PRODUCT TOTAL SALES

In the United States, sales of light passenger vehicles in the first three months of 2009 was 38.4% below the level for the same period in the previous year, which itself was already 8% lower than in 2007. The reduction was somewhat smaller in Europe, 17% below the 2008 level. Excluding Germany, European sales were 24.7% lower in the first 3 months of 2009 versus 2008. Even in China, the world's fastest growing automotive market, 2008 passenger vehicle sales dropped single digit growth for the first time in 10 years. (World Bank. 2012.)

4.1. Product total sales

TABLE 1. JMC total sales, 2006 -2011 (Adapted from Jiangling Motors Co, Ltd. 2012.)

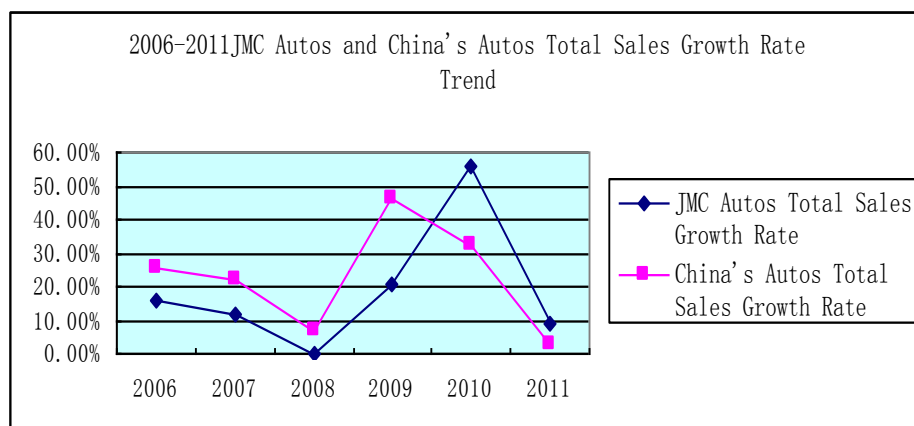
Annual	2006	2007	2008	2009	2010	2011
Autos Total Sales	85214	95059	95171	114688	178999	194588



GRAPH 5. JMC total sales, 2006 -2011(Adapted from Jiangling Motors Co, Ltd. 2012.)

TABLE 2. 2006-2011JMC total annual sales growth (Adapted from Jiangling Motors Co, Ltd. 2012; China Association of Automobile Manufacturers, 2012.)

Annual	2006	2007	2008	2009	2010	2011
JMC Autos Total Sales Year on Year	11922	9845	112	19517	64311	15589
JMC Autos Total Sales Growth Rate (%)	16.00	12.00	0.10	21.00	56.00	9.00
China's Autos Total Sales Growth Rate (%)	25.31	21.84	6.70	46.15	32.37	2.45



GRAPH 6. 2006-2011 JMC autos and China autos total sales growth rate trend (Adapted from Jiangling Motors Co, Ltd. 2012 ; China Association of Automobile Manufacturers , 2012.)

From the data above, the features of the total sales growth of JMC from 2006 to 2011 can be concluded as follows:

The total sales volume increased year by year. Sales in 2006 were that of 85,214, in 2011 sales reached 194,588, with an increase of 129%.

The total sales volume has the characteristics of non-equilibrium growth and strong growth volatility. From the perspective of growth rate, 1 year's rate is less than 1% (0.1% in 2008), 1 year is between 1% and 10% (9% in 2011), 2 years between 11% and 20% (16% in 2006, 12% in 2007), 1 year between 21% and 30% (21% in 2009) and 1 year more than 50% (56% in 2010).

Compared with the total auto sales in China, Jiangling Motors witnesses the fast growth trend after being slow at first. In 2006, 2007, 2008 and 2009, Jiangling Motors sales growth rate is lower than China's total auto sales in the same period. In 2010 and 2011, Jiangling Motors sales growth rate is higher than China's total auto sales in the same period, which demonstrates that since 2010, total sales of Jiangling Motors began to have the trend of rapid growth.

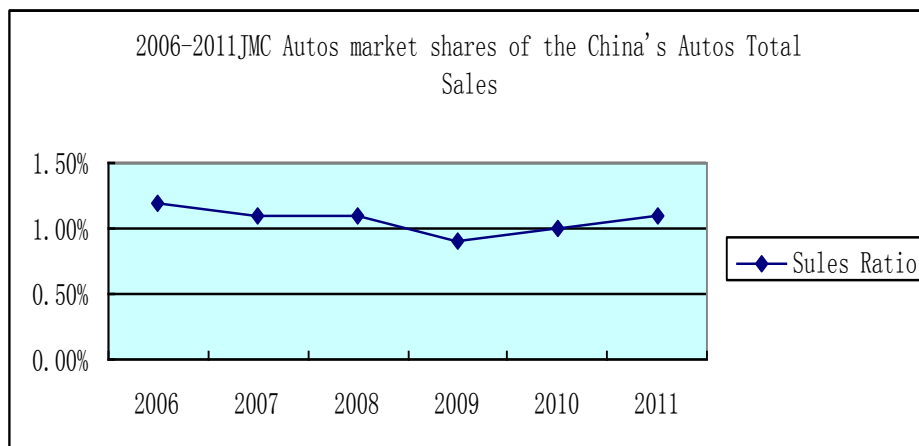
4.2. Analyzing total market share

From the following table, we can easily see the changes of market share of total sales of Jiangling Motors.

TABLE 3. JMC autos total sales volumes (Adapted from Jiangling Motors Co, Ltd. 2012; China Association of Automobile Manufacturers, 2012.)

Annual	2006	2007	2008	2009	2010	2011
JMC Autos Total Sales	85214	95059	95171	114688	178999	194588

China's Autos Total Sales	721600 0	8791500	9380500	13644800	18061900	18505100
JMC Autos Market Share (%)	1.20	1.10	1.10	0.90	1.00	1.10



GRAPH 7. JMC autos total sales volumes (Adapted from Jiangling Motors Co, Ltd. 2012; China Association of Automobile Manufacturers, 2012.)

Through the analysis of data above, the market share changes of JMC's total autos sales are characterized by the following points:

Lower market share of total sales. From 2006 to 2011, Jiangling Motors sales in the domestic market share is between 0.9% -1.2%, and the average share is 1%.

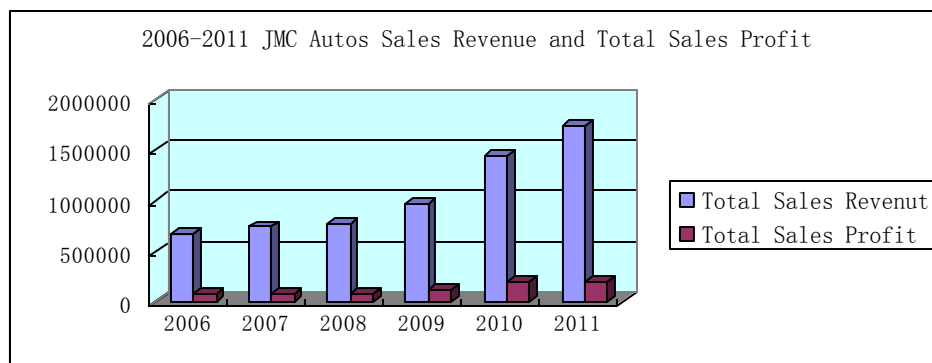
The market share of total sales develops from the decline to rising. In 2006, the market share of Jiangling auto total sales was 1.2%. Even worse, in 2007 and 2008, it dropped to 1.1%, and in 2009 0.9%. In 2010, the

market share climbed up to 1.0%, then in 2011 to 1.1% again.

4.3. Analysis statistical of JMC auto

TABLE 4. 2006-2011 JMC autos total sales revenue and JMC autos total sales profit. (Adapted from Jiangling Motors Co, Ltd. 2012.)

Annual	2006	2007	2008	2009	2010	2011
JMC Autos Total Sales Revenue (Thousand/units)	673074	742523	775662	963640	1454089	1745700
JMC Autos Total Sales Profit (thousand/units)	74118	85722	73767	123640	204172	202919



GRAPH 8. 2006-2011 JMC autos total sales revenue and JMC autos total sales profit. (Adapted from Jiangling Motors Co, Ltd. 2012.)

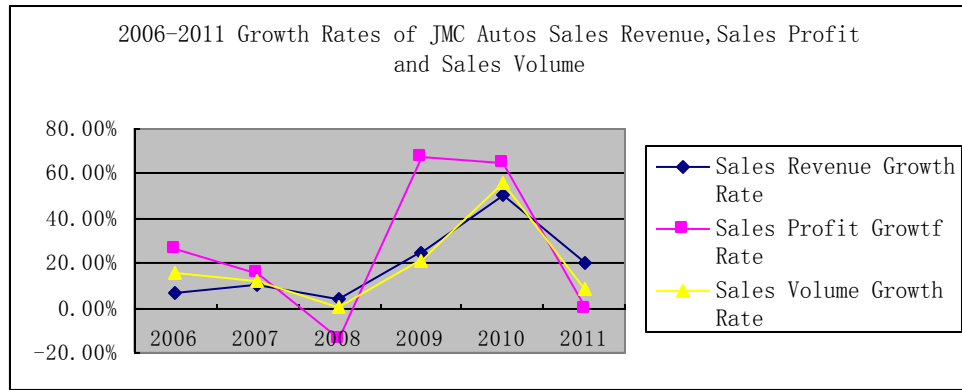
From the data above, we can see that the sales revenue of JMC was (CNY) 6.73074 billion yuan in 2006, and (CNY) 17.457 billion yuan in 2011. Sales revenue increased by 159.37% from 2006 to 2011; the sales profit of JMC was (CNY) 741.18 million yuan in 2006, and (CNY) 2.02919 billion yuan in 2011, a sales profit increase of 173.78% from 2006 to 2011. During these periods, the Jiangling Motors sales have seen the

correlative growth together with the sales avenue and the sales profit.

4.3.1. Analysis on total sales profit growth

TABLE 5. 2006-2011 JMC autos growth rate. (Adapted from Jiangling Motors Co, Ltd. 2012.)

Year	2006	2007	2008	2009	2010	2011
JMC Autos Sales Growth Rate	16.00%	12.00%	0.10%	21.00%	56.00%	9.00%
JMC Autos Sales Revenue Growth Rate	7.17%	10.32%	4.47%	24.24%	50.90%	20.06%
JMC Autos Sales Profit Growth Rate	26.73%	15.66%	-13.95%	67.61%	65.14%	-0.06%
Annual	2006	2007	2008	2009	2010	2011
JMC Autos Sales Volume Growth Rate	16.00%	12.00%	0.10%	21.00%	56.00%	9.00%
JMC Autos Sales Revenue Growth Rate	7.17%	10.32%	4.47%	24.24%	50.90%	20.06%
JMC Autos Sales Profit Growth Rate	26.73%	15.66%	-13.95%	67.61%	65.14%	-0.06%



GRAPH 9. 2006-2011 JMC autos growth rate (Adapted from Jiangling Motors Co, Ltd. 2012.)

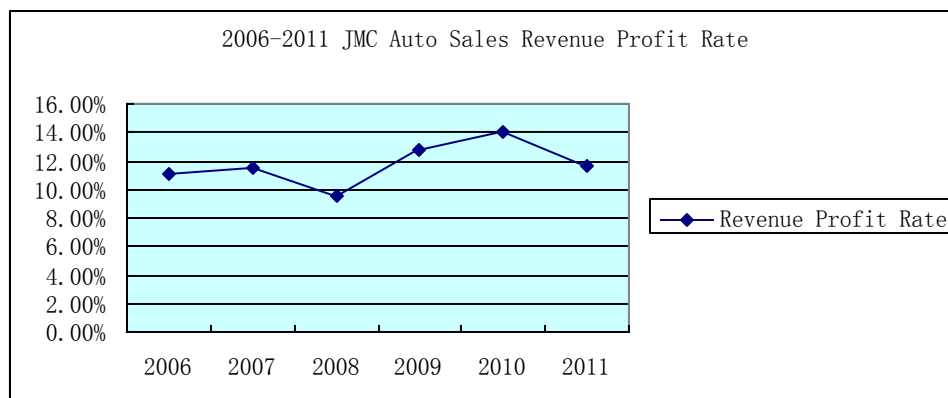
From the data above, we can safely say that there is a strong correlation between sales volume and sales revenue. From 2007 to 2010, the sales volume growth rate curve and the sales revenue growth rate curve were nearly overlapping, and the changes in the ratio was also very close, which demonstrated that in this situation when JMC product structure and the sales prices were basically stable, the sales revenue growth was directly determined by the increase in sales volume.

Sales volume and sales profit were apparently discrete. From 2008 to 2011, sales volume growth rate curve of JMC autos and sales profit growth rate curve had serious deviations. In 2008, annual sales volume increased by 0.10%, annual sales profit rate increased -13.95%; in 2009, annual sales volume increased by 21.00% , annual sales profit increased by 67.61%; in 2010, annual sales volume increased by 9.00% , annual sales profit increased by -0.06%. The sales volume growth rate and sales profit growth rate had serious deviations, which demonstrated that the JMC autos sales profit growth is not only effected by sales volume, but also by the production organization, cost management and other factors.

4.3.2. Analysis of total sales volume

TABLE 6. JMC total sales volume, average sales price and average sales profit. (Adapted from Jiangling Motors Co, Ltd. 2012.)

Year	2006	2007	2008	2009	2010	2011
JMC Autos Average Sales Price (thousand/ unit)	7.37	7.81	8.15	8.40	8.12	8.97
JMC Autos Average Sales Profit (thousand /unit)	0.87	0.90	0.77	1.08	1.14	1.04
Sales Revenue Profit Rate	11.02%	11.55%	9.51%	12.83%	14.05%	11.63%



GRAPH 10. 2006-2011 JMC auto sales revenue profit rate (Adapted from Jiangling Motors Co, Ltd. 2012.)

From the data above, we can see that, from 2006 to 2011, average sales price of JMC auto was (CNY) 8.32 thousands for each, and sales price was relatively stable. In 2006, the lowest average sales price was (CNY) 7.37 thousands each, while in 2011, highest average sales price was (CNY) 8.97 thousands each, which explains that JMC product performance and sales price can meet the demands of the market. From 2006 to 2011, JMC autos average sales profit was (CNY) 10 thousand

each, and average profit was ranging from (CNY) 0.77 thousand to (CNY) 1.14 thousands each. The fluctuation range of revenue profit was 9.51% to 14.05%. This shows that JMC has stable profit-forming ability.

4.4. Composition analysis of total sales volume.

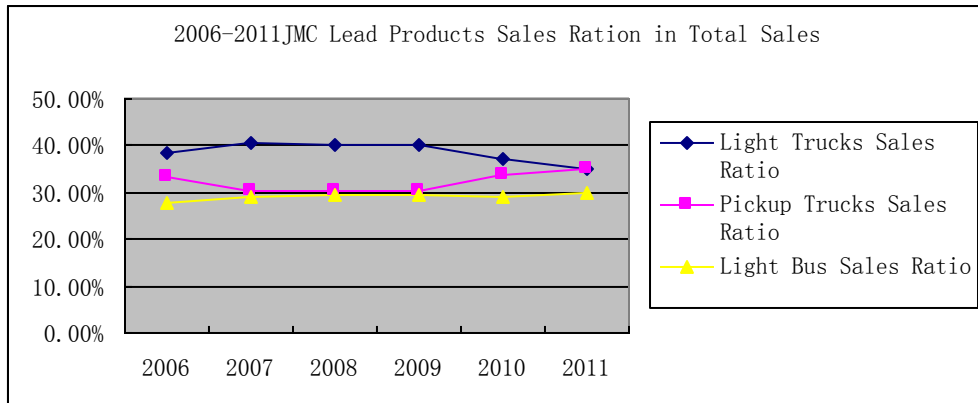
Yu Sheen sport-utility vehicle (SUV) made by JMC manufacturers, was put on the market in 2011 and was still in the early stage of market cultivation. With annual sales less than 10 thousands, in 2011, it did not show any effect on the JMC autos sales and product sales. Hence, I will make an analysis on the changes in total sales brought by three backbone products, namely, JMC light truck, JMC pickup truck and Ford transit light bus.

4.4.1. Total Sales Volume and Ratio

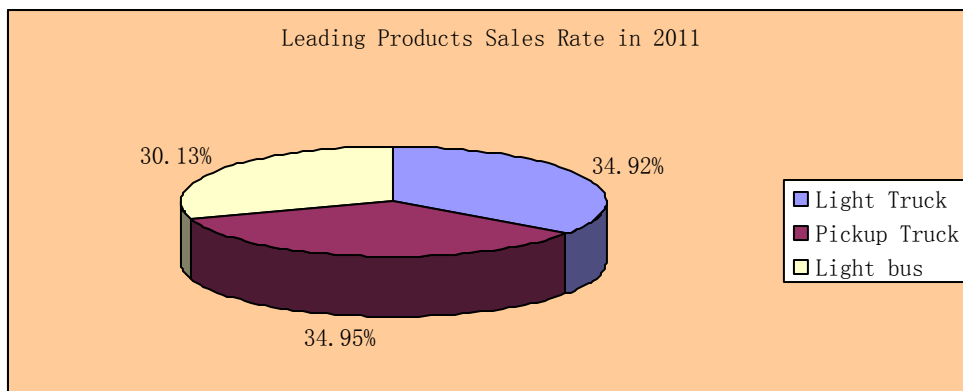
TABLE 7. Annual sales of JMC main products (Adapted from Jiangling Motors Co, Ltd. 2012.)

Year Products Ratio	2006	2007	2008	2009	2010	2011
	Light Trucks Sales	32936	38752	38290	46252	66224
% Of Total Sales	38.65	40.76	40.23	40.33	37.00	34.91
Pickup Trucks Sales	28460	28801	28838	34851	60417	68077
% Of Total Sales	33.40	30.30	30.31	30.39	33.75	34.98
Light Bus Sales	23818	27506	28043	33585	52358	58595
% Of Total Sales	27.95	28.94	29.46	29.28	29.25	30.11

Total Sales	85214	95059	95171	114688	178999	194588
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GRAPH 11. 2006-2011 JMC leading products sales rate in total sales (Adapted from Jiangling Motors Co, Ltd. 2012.)



GRAPH 12. 2011 JMC leading products sales rate (Adapted from Jiangling Motors Co, Ltd. 2012.)

The sales of main products of JMC enjoy a balance generally. By 2011, JMC light trucks accounted for 34.91% of the total sales, pickups, with a similar percentage, for 34.98% and Ford Transit for 30.11%, which shows that JMC manufacturers enjoys a relatively stable and balanced range of products, conducive to maintaining competitive edge in the market.

Ratios of JMC main products show case sales increase in pickups and

Ford Transit and decrease in light trucks. From 2009 to 2011, JMC light trucks gave its top position to pickups, dropping by 5.42% from 40.33% to 34.91%, while ratio of pickups grew from 30.39% to 34.98%, an increase of 4.59% and Ford Transit grew by 0.83% from 29.28% to 30.11%, still ranking the third.

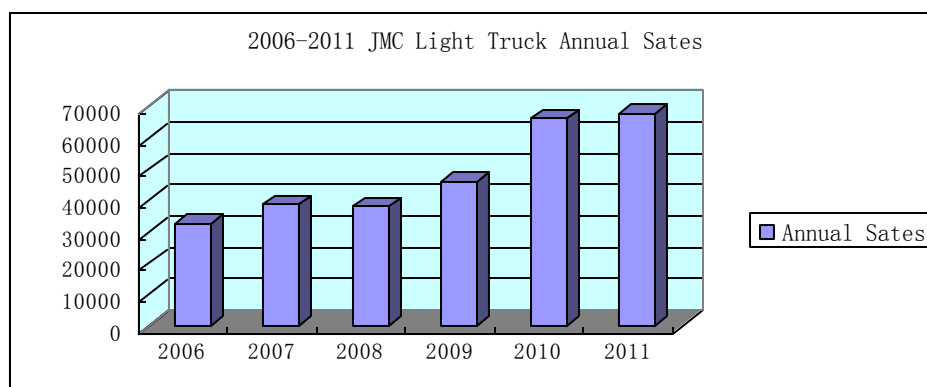
5. SALES OF JMC MAIN PRODUCT

5.1. Sales of JMC Light Trucks

5.1.1. Analyzing JMC light truck sales volume

TABLE 8. Annual Sales of JMC Light Trucks (Adapted from Jiangling Motors Co, Ltd. 2012.)

Year sales	2006	2007	2008	2009	2010	2011
Sales of JMC Light Trucks	32936	38752	38290	46252	66224	67916



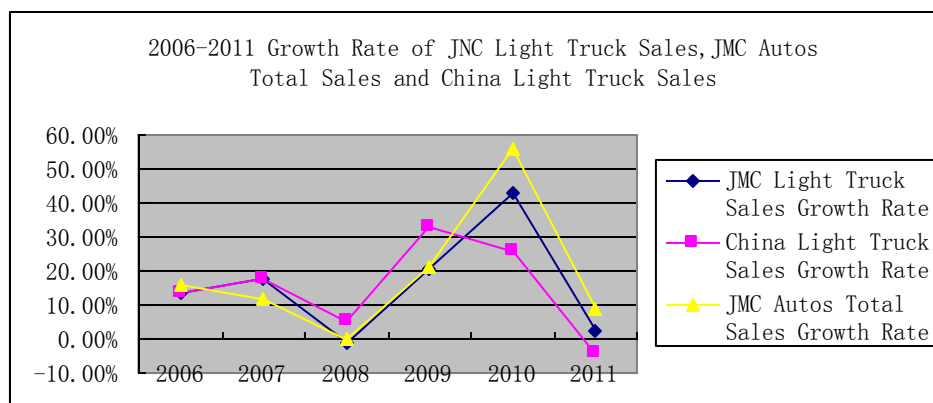
GRAPH 13. 2 Annual Sales of JMC Light Trucks (Adapted from Jiangling Motors Co, Ltd. 2012.)

In 2006, the total sales of JMC light trucks numbered 32936. JMC light trucks enjoyed a constant growth. In 2011, the sales increased to 67916, growing by 106.2%

5.1.2. Growth Rates of Sales of JMC Light Trucks

TABLE 9. 2006-2011 Annual Growth Rates of JMC Light Trucks, JMC Autos and China's Light Trucks (Adapted from Jiangling Motors Co, Ltd.2012; China Association of Automobile Manufacturers, 2012.)

Year Growth Rate	2006	2007	2008	2009	2010	2011
JMC Light Trucks	13.45 %	17.66 %	-1.19 %	20.79 %	43.18 %	2.55%
JMC Autos	16.00 %	12.00 %	0.10%	21.00 %	56.00 %	9.00%
China's Light Trucks	13.27 %	17.64 %	5.29%	33.00 %	26.13 %	-4.1%



GRAPH 14. 2006-2011, JMC light truck sales growth rate (Adapted from Jiangling Motors Co, Ltd. 2012; China Association of Automobile Manufacturers 201.)

From the data above, sales of JMC light trucks is characterized with:

Wide fluctuation of growth. From 2006 to 2011, there were 3 years (2007,

2009, 2010) when the sales of JMC light trucks were up and 2 years were down (2008, 2011). The worst year was 2008 with growth rate being -1.19%, the best year was 2010, up by 43.18%, which show that JMC light trucks are still in an unsteady growth period.

Sales of JMC light trucks were growing slower than JMC Autos. It indicates that JMC light trucks are giving way to other products. Sales of JMC light trucks was growing slower than JMC Autos in four years from 2008 to 2011, among them, 12.82% slower in 2010 and 6.45% in 2011.

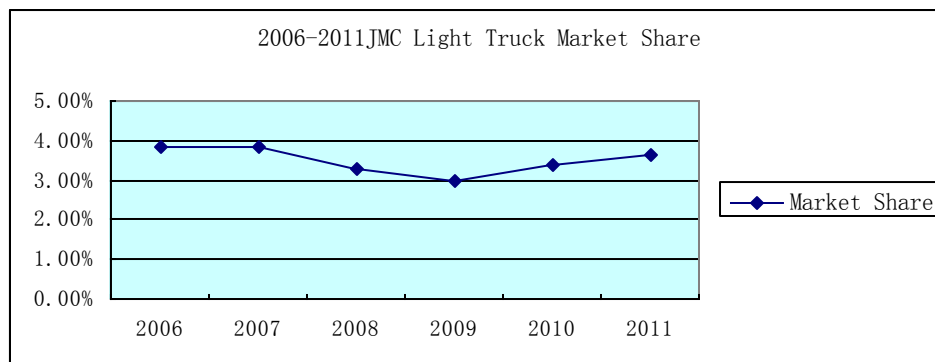
Growth of JMC light trucks was slightly faster than China's light trucks. It shows that JMC still enjoys competitive edge in the market. In 2010 and 2010 sales of JMC light trucks grew faster than sales of light trucks in China, with a margin of 17.05% in 2010. In 2011, when sales of light trucks in China were down by 4.1%, JMC exceeded by 6.65%.

5.1.3. Analysis of Market Share of JMC Light Trucks

TABLE 10. 2006-2011 Sales Volume of JMC Light Truck (Adapted from Jiangling Motors Co, Ltd. 2012; China Association of Automobile Manufacturers, 2012)

Year Sales Volume Market Share	2006	2007	2008	2009	2010	2011
JMC Light Trucks	32936	38752	38290	46252	66224	67916

China's Light Trucks	854500	1005300	1175500	1559600	1959800	1880000
JMC Light Trucks Market Share	3.86%	3.86%	3.26%	2.97%	3.38%	3.62%



GRAPH 15. 2006-2011 JMC Light Truck Market Share (Adapted from Jiangling Motors Co, Ltd. 2012; China Association of Automobile Manufacturers, 2012.)

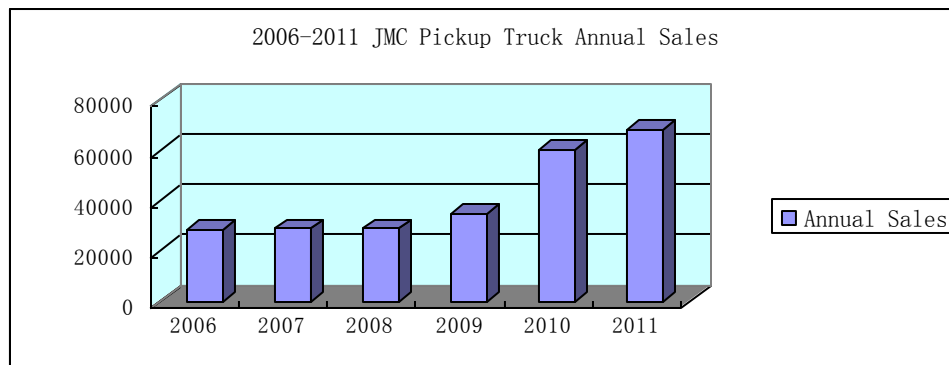
Its market share was a U-turn. During 2006 and 2007, the market share was 3.86%. In 2008, it dropped to 3.26% and 2.97% in 2009. During 2010 and 2011, it rose to 3.38% and 3.62% respectively. The data indicate that JMC light trucks have gone through market slide in 2008 and 2009 and the market share have been steadily growing.

5.2. Analysis of Sales Volume of JMC Pickups

5.2.1. Sales of JMC pickups

TABLE 11. 2006-2011 Sales Volume JMC Pickups (Adapted from Jiangling Motors Co, Ltd 2012.)

Annual	2006	2007	2008	2009	2010	2011
JMC Pickup Truck Sales	28460	28801	28838	34851	60417	68077



GRAPH 16. 2006-2011 JMC pickup truck annual sales (Adapted from Jiangling Motors Co, Ltd. 2012.)

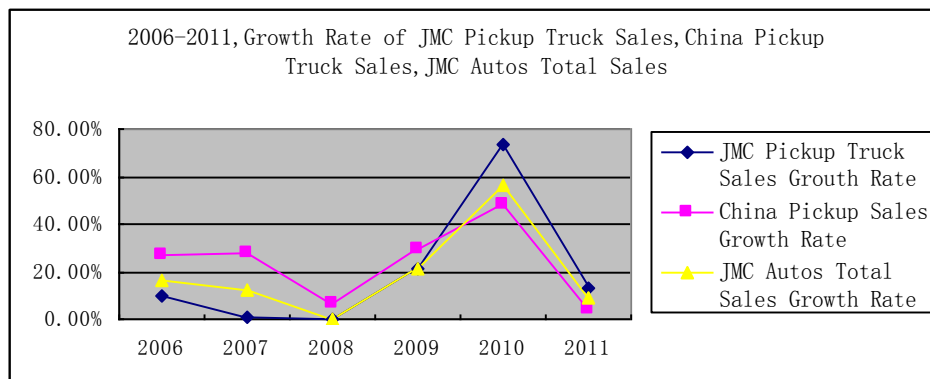
Its market share was a U-turn. During 2006 and 2007, the market share was 3.86%. In 2008, it dropped to 3.26% and 2.97% in 2009. During 2010 and 2011, it rose to 3.38% and 3.62% respectively. The data indicate that JMC light trucks have gone through market slide in 2008 and 2009 and the market share have been steadily growing.

5.2.2. Analysis of Growth rate of JMC pickups

TABLE 12. 2006-2011 Growth Rates of JMC Pickups, JMC Autos and China's Pickups (Adapted from Jiangling Motors Co, Ltd. 2012; China Association of Automobile Manufacturers, 2012.)

Year Growth Rate	2006	2007	2008	2009	2010	2011
JMC Pickups	9.6%	1.2%	0.2%	20.9%	73.4%	12.7%

JMC Autos	16.00 %	12.00 %	0.10 %	21.00%	56.00 %	9.00%
China's Pickups	26.96 %	27.4%	6.5%	29.3%	48.1%	4.1%



GRAPH 17. 2006-2011 JMC pickup truck sales growth rate (Adapted from Jiangling Motors Co, Ltd 2012; China Association of Automobile Manufacturers 2012.)

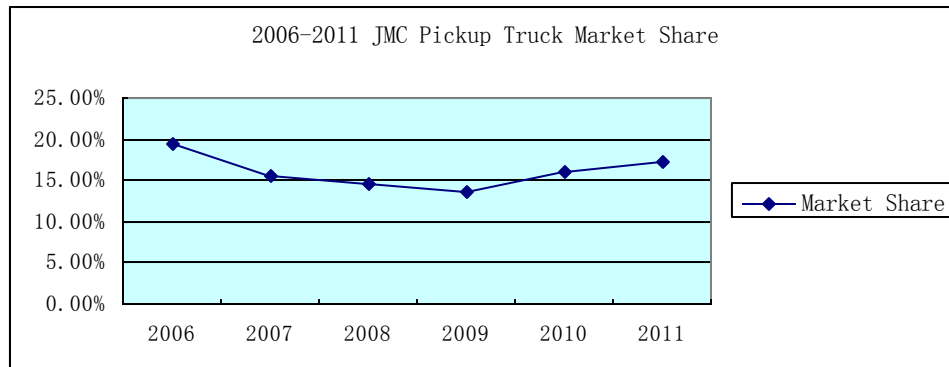
The sales of JMC pickups exert character as follows:

A steady growth. JMC pickups didn't have a fast sales growth between 2006 and 2008. In 2010 and 2011, their sales volume reached a high growth, which was much more than the growth of China's pickups and JMC autos. In 2010, the sales of JMC pickups outnumbered average market performance by 25.3%, and by 8.6% in 2011, which suggests that JMC pickups topped the market in 2010 and 2011.

5.2.3 Analysis of Market share of JMC Pickups

TABLE 13. 2006-2011 Market Share of JMC Pickups (Adapted from Jiangling Motors Co, Ltd 2012; China Association of Automobile Manufacturers 2012)

Year	2006	2007	2008	2009	2010	2011
Sales volume						
JMC Pickups	28460	28801	28838	34851	60417	68077
China's Pickups	146000	186000	198000	256000	379000	394300
Market Share	19.50%	15.49%	14.57%	13.62%	15.95%	17.27%



GRAPH 18. 2006-2011 JMC Pickup Truck Market Share (Adapted from Jiangling Motors Co, Ltd 2012; China Association of Automobile Manufacturers 2012.)

Based on data above, market share of JMC pickups has following characters, enjoying a high market share. In 2011, the market share of JMC pickups was 17.27%. As a focused product of JMC, pickups have received market recognition and become a famous brand.

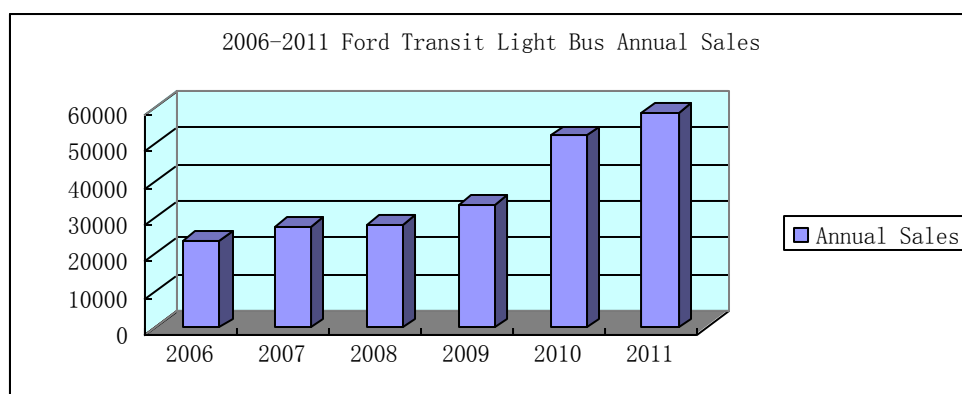
A tendency to expand market share. JMC pickups have expanded market coverage in 2010 and 2011. The market share in 2010 expanded 2.33% than previous year and a expansion of 1.32% could be seen in 2011, which suggests increasing competitive edge of JMC pickups.

5.3. Analysis of Sales of Ford Transit Light Bus (Ford Transit)

5.3.1. Sales Volume of Ford Transit

TABLE 14. 2006-2011 Annual Sales Volume of Ford Transit Light
(Adapted from Jiangling Motors Co, Ltd 2012.)

Year	2006	2007	2008	2009	2010	2011
Sales Volume						
Ford Transit	23818	27506	28043	33585	52358	58595



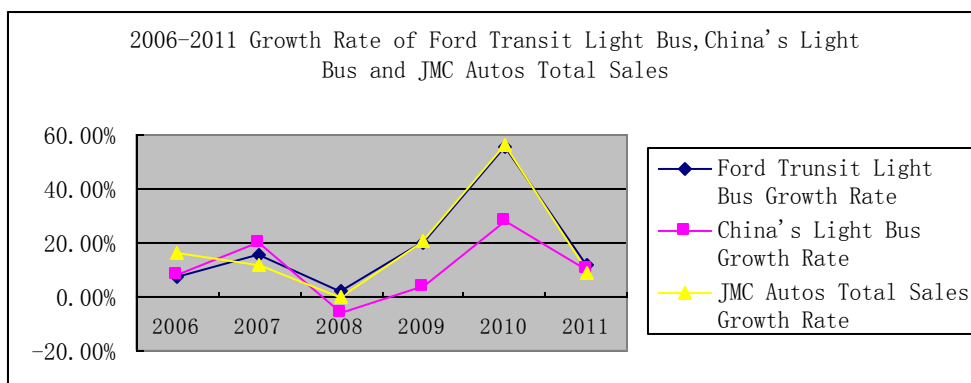
GRAPH 18. 2006-2011 Ford Transit Light Bus Annual Sales (Adapted from Jiangling Motors Co, Ltd 2012.)

In 2006, sales volume of Ford Transit was 23,818. In 2011, the volume was 58,595, increasing by 146% since 2006. Ford Transit has been the fastest growing product of JMC, exerting increasing influence on the sales of JMC autos.

5.3.2. Analyzing Ford Transit light bus sales volume growth rate

TABLE 15. Growth rates of Ford Transit, JMC Autos and China's Light Buses (2006-2011) (Adapted from Jiangling Motors Co, Ltd 2012; China Association of Automobile Manufacturers 2012.)

Annual Growth Rate	2006	2007	2008	2009	2010	2011
Ford Transit	7.28%	15.49%	1.96%	19.77%	55.90%	11.92%
JMC Autos	16.00%	12.00%	0.10%	21.00%	56.00%	9.00%
China's Light Buses	8.00%	19.80%	-5.73%	3.40%	28.06%	10.48%



GRAPH 19. 2006-2011 Ford Transit Light Bus sales growth rate (Adapted from Jiangling Motors Co, Ltd 2012; China Association of Automobile Manufacturers 2012.)

The data above show characters of Ford Transit as follows:

A steady growth. During 2006 and 2011, the sales volume of Ford Transit has maintained a steady growth. Four years (2007, 2009, 2010, 2011) have witnessed an increase of 10% or more, and the year 2011 even saw an increase of 55.9%.

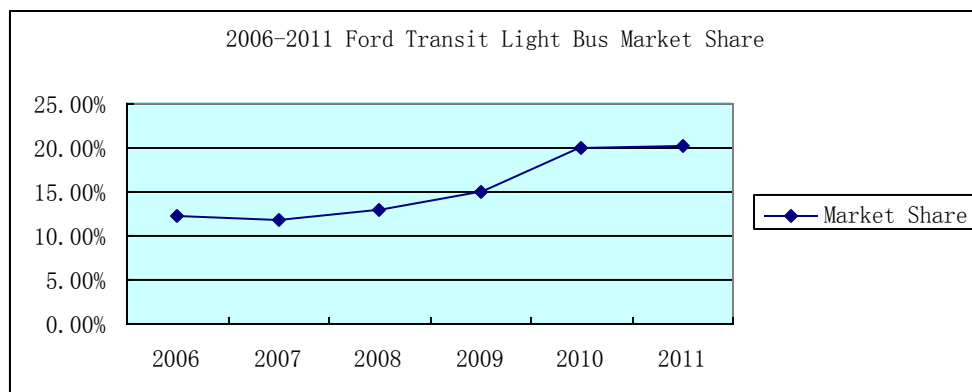
Growth rate tops the industry. During 2008 and 2011, sales growth of Ford Transit ranked top in the industry. Its sales growth outnumbered China's Light Buses by 7.69%, 16.37%, 27.84 and 1.08% respectively in

2008, 2009, 2010 and 2011. These data have shown that Ford Transit has been leading the industry.

5.3.3. Analysis of Market Share of Ford Transit

TABLE 16. 2006-2011 Market Share of Ford Transit (Adapted from Jiangling Motors Co, Ltd 2012; China Association of Automobile Manufacturers 2012)

Annual Sales volume	2006	2007	2008	2009	2010	2011
Ford Transit	23818	27506	28043	33585	52358	58595
China's Light Buses	193000	231000	217500	225000	260400	288400
Market Share	12.34%	11.91%	12.90%	14.93%	20.11%	20.32%



GRAPH 20. 2006-2011 Ford Transit Light Bus Market Share (Adapted from Jiangling Motors Co, Ltd 2012; China Association of Automobile Manufacturers 2012.)

The market share of Ford Transit is characterized with: It enjoys a high market share. In 2011, the market share of Ford Transit was 20.32%, accounting for 1/5 of the whole market. It has been one of the most

popular light bus brands in China.

Its market share has been steadily expanding. The market share of Ford Transit has increased from 11.91% in 2007 to 20.32% in 2011, which has enjoyed continuous growth in 5 consecutive years.

6. ANALYSIS OF MAJOR COMPETITORS OF JMC AUTOS

Competitor analyses, the analysis of how industry structure affects long-run profitability has shown the need to understand and monitor competitors .their actions can spoil an otherwise attractive industry, their weaknesses can be target for exploitation, and their response to a firm's marketing initiatives can have major impact on their success. Competitive information can be obtained from marketing research surveys, recruiting competitors' employees, secondary sources, distributors, stripping down competitors' products and gathering competitors' sales literature.

(Jobber 2010, 708-709)

6.1. Analysis of Major Competitors of JMC Light Trucks

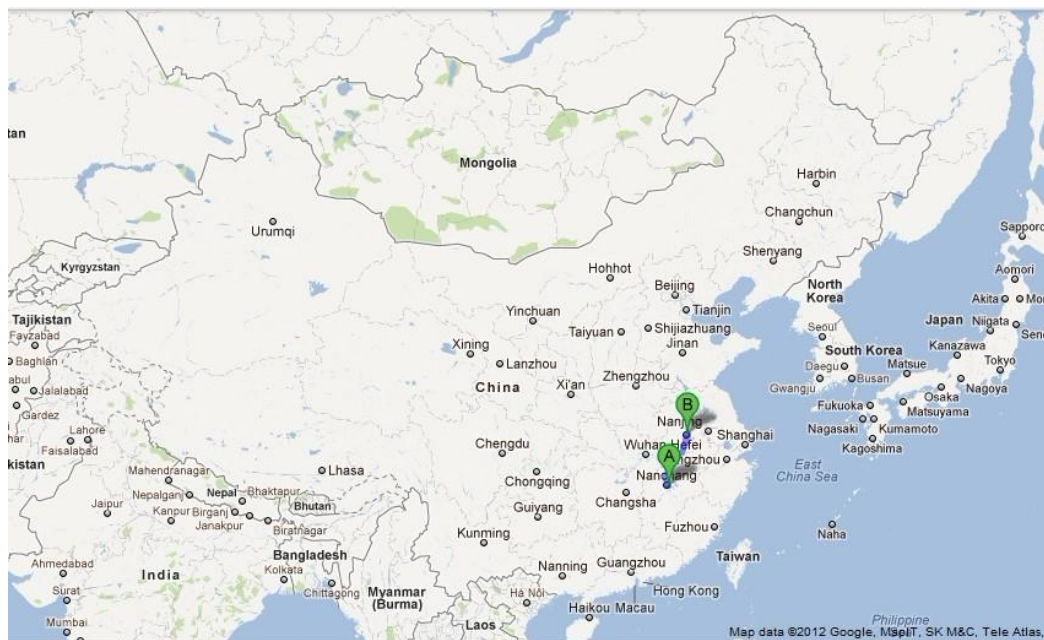
6.1.1. JAC light truck

JMC light truck major competitor is JAC light truck. JAC light trucks are manufactured by the Anhui Jianghuai Automobile Co., Ltd (JAC). JAC light truck sales volume was 190,042, it accounted for market 10, 11% of Chinese light truck. JAC light truck market share ranked second place in China's light truck market. (Jianghuai Automobile Co., Ltd. 2012.)

JAC Light Truck, manufactured by Anhui Jianghuai Automobile Co., Ltd., numbered sales of 190042 in 2011. It ranks the second in market share, accounting for 10.11% of the national market. It is a major competitor of JMC light trucks.

Aspects of Competition of Two Brands:

Prices: the price for a JAC light truck ranged from CNY 55000 to CNY 85000 in 2011. The company follows a low cost competitive strategy, aiming at transportation of goods. The price of a JMC light truck ranged from CNY 80000 to CNY 90000 in 2011. JMC light truck is positioned as a middle and senior-level truck, which is aimed at urban logistics and business activities. JAC's low cost competitive strategy is likely to lure some of JMC customers.



GRAPH 21. Location of Jiangxi Province and Anhui Province (Google, 2012.)

In graph 21, the A point is Jiangxi Province; B point is Anhui province.

6.1.2. FOTON light truck

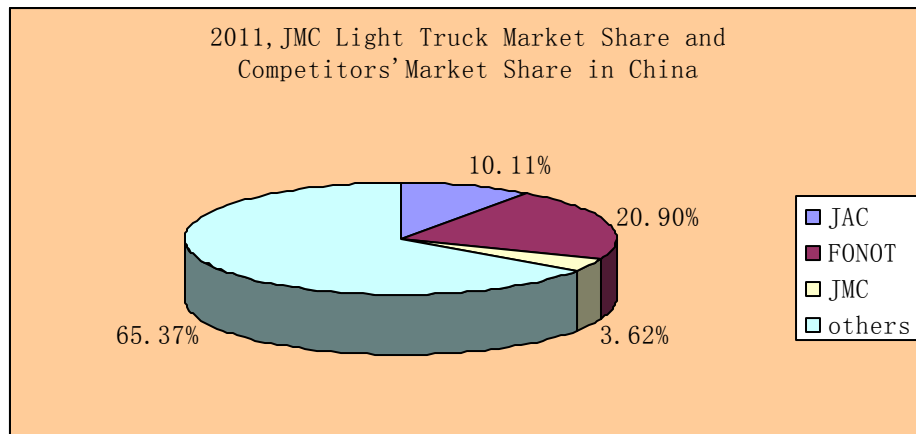
FOTON light truck's manufacturer is BEIQI FOTON MOTOR CO., LTD, in Hebei province, China. In 2011, FOTON light truck sales volume was 496,545 with a market share of 20.9%, ranked first place in China's light truck market, it is an important competitor of JMC light truck. (BEIQI

FOTON MOTOR CO., LTD, 1988-2011.)

Competitions between JMC light truck and JAC light truck:

Enterprise scale competition: In 2011, FOTON auto sales volume was 640,397 which was 3.29 times of JMC and ranked second place in the business vehicle market. In 2011 FOTON light truck sales volume was 496545, which was 7.3 times of JMC. (BEIQI FOTON MOTOR CO., LTD, 1988-2011.) In production and sales volume FOTON has an absolute advantage which will help to reduce the production costs, management costs and marketing costs. This will expand the competition advantage to JMC light truck in terms of sales price.

Product line competition: The product lines of FOTON truck are complete which include light truck and heavy truck. A cooperative manufacturing of BEIQI FOTON MOTOR CO., LTD and Daimler AG, FOTON AUMAN heavy truck is a well-known brand in China which is highly praised by customers and has a high market share. As for light truck product line, FOTON has two major brands, FOTON OLLIN and FOTON AUMARK. FOTON OLLIN light truck has four product lines, which can meet more demands of the light truck market. Compared with FOTON, JMC has no heavy truck line and only three product lines in light truck. A narrow product line shows a comparatively inadequate competitive ability.



GRAPH 22. In 2011, JMC light truck market share and competitors' market share in China (Adapted from China Association of Automobile Manufacturers 2012; China Automotive Industry Statistics 2011 Report)

6.2. An analysis to JMC pickup truck competitors

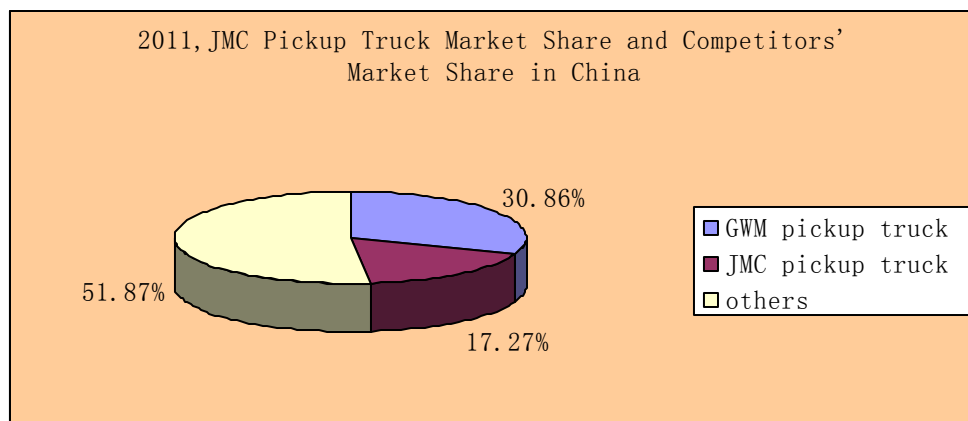
As the most important competitor of JMC pickup, GWM pickup truck is manufactured by Great Wall Motor Company Limited (GWM). In 2011, GWM pickup truck sales volume were 121,673 with a market share was 30.86%, and for fourteen consecutive years ranked first in China's pickup truck sales. (Great Wall Motor, 2010-2012.)

Competitions between GWM pickup and JMC pickup:

Export competition: In 2011, GWM pickup truck sales volume was 36404 in foreign market, accounting for 29.92% of annual sales volume. Export has become an important marketing channel of the GWM pickup truck. Knowing from JMC sales personnel, JMC pickup truck sales volume was 3,000 in foreign market in 2011, which accounted for 4.4% of annual sales volume. (Great Wall Motor, 2010-2012.) JMC pickup truck export volume was insufficient and was not good as the competitor.

Product line and price competition: At present, GWM pickup truck has

six product lines, according to the seat have single row, double row and a row and a half products. Rich products improve the market competitiveness of the GWM pickup truck. At the same time, according to the different product lines, GWM pickup provides customers with variety of price options based on high-end, mid-end, and low-end products. Defined as a high-end product, JMC pickup truck avoids competition with low-end product, improves product profitability and is welcomed by the high-end customers though with a narrow product line. (Li Wengjie, 2012)



GRAPH 23. 2011, JMC pickup truck market share and competitors' market share in China (Adapted from China Association of Automobile Manufacturers, 2012; China Automotive Industry Statistics 2011 Report.)

6.3. An analysis to Ford Transit light bus competitors

6.3.1. JBC light bus

JBC light bus' manufacturer is Shenyang Jinbei Automotive Company Limited. In 2011, JBC light bus sales volume was 89,500, with a market share of 31, 04%, and ranked first in China light bus market .It is the major competitor of JMC light bus. (China Association of Automobile

Manufacturers, 2012.)

Competition between Ford Transit light bus and JBC light bus comes from competitive differentiation: Jinbei Automotive Company Limited mainly produces and sells minibus. According to the appearance, Chinese customers refer to it as Van, which is mainly for rural market in China. Sales price was 30000 CNY to 50000 CNY per car, with simple configuration, it is economical and practical, which meets the needs of general consumers. “Ford Transit” light bus’ sales price was 150000 CNY to 200000 per car, with a superior performance and as an international brand it belongs to the high-end business vehicle. Therefore, differentiated business has been implemented in JBC bus and Ford Transit light bus, they competed in different markets.

6.3.2. NEVECO light bus

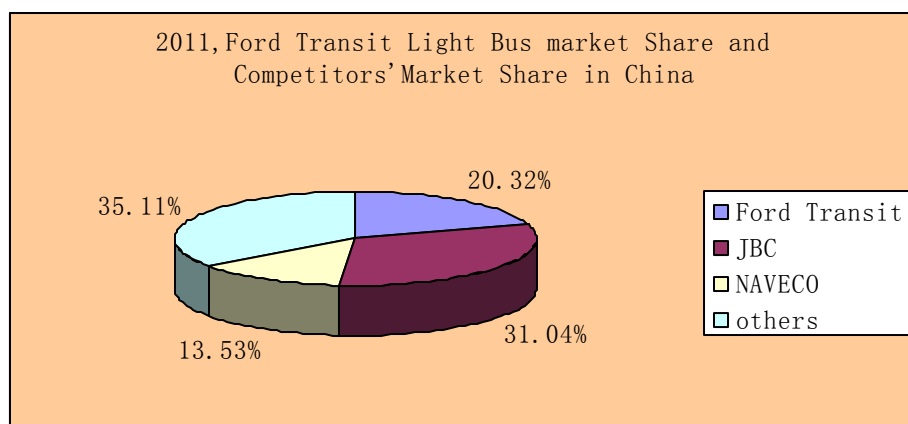
NEVECO light bus is manufactured by Nanjing Automobile (Group) Corporation (NAC) with IVECO S. p. A. In 2011, NEVECO light bus sales volume was 39,000, with a market share of 13.53%, and ranked fourth, NEVECO bus is the major competitor of Ford Transit light bus. (China Association of Automobile Manufacturers, 2012.)

Competitions between NEVECO light bus and JMC Ford Transit light bus:

Brand competition: NEVECO light bus introduced FLAT S. p. A. technology while “Ford Transit” light bus introduced Ford Motor Company technology, with the characters of high quality, great space and good comfort. They are both world famous brands and very popular in Chinese auto market, which becomes the most direct competitor in

China's high-end light bus market.

Regional sales competition: Manufacturer of NAVECO light bus is located in Jiangsu Province, China; manufacturer of "Fort Transit" light bus is located in Jiangxi Province, China. Jiangsu Province and Jiangxi Province are in eastern China, close to each other, thus have similar consumption environment. So the two have fierce competition in sales region.



GRAPH 24. 2011, Ford Transit Light bus market share and competitors' market share in China

7. MARKETING ORGANIZATION AND CHANNEL OF JMC

We define marketing as a social and managerial process by which individuals and groups obtain what they need and want through creating and exchanging products and value with others .To explain this definition ,we will examine the following important core marketing concepts : needs wants and demands; marketing offers (products ,services, and experiences); value and satisfaction ; exchanges ,transactions ,and relationships ; and markets.(Kotler & Armstrong 2004, 5)

7.1. Analyzing Marketing concept

Marketing concept can be expressed as the achievement of corporate goals through meeting and exceeding customer needs better than the competition.(Jobber 2010, 3-4)

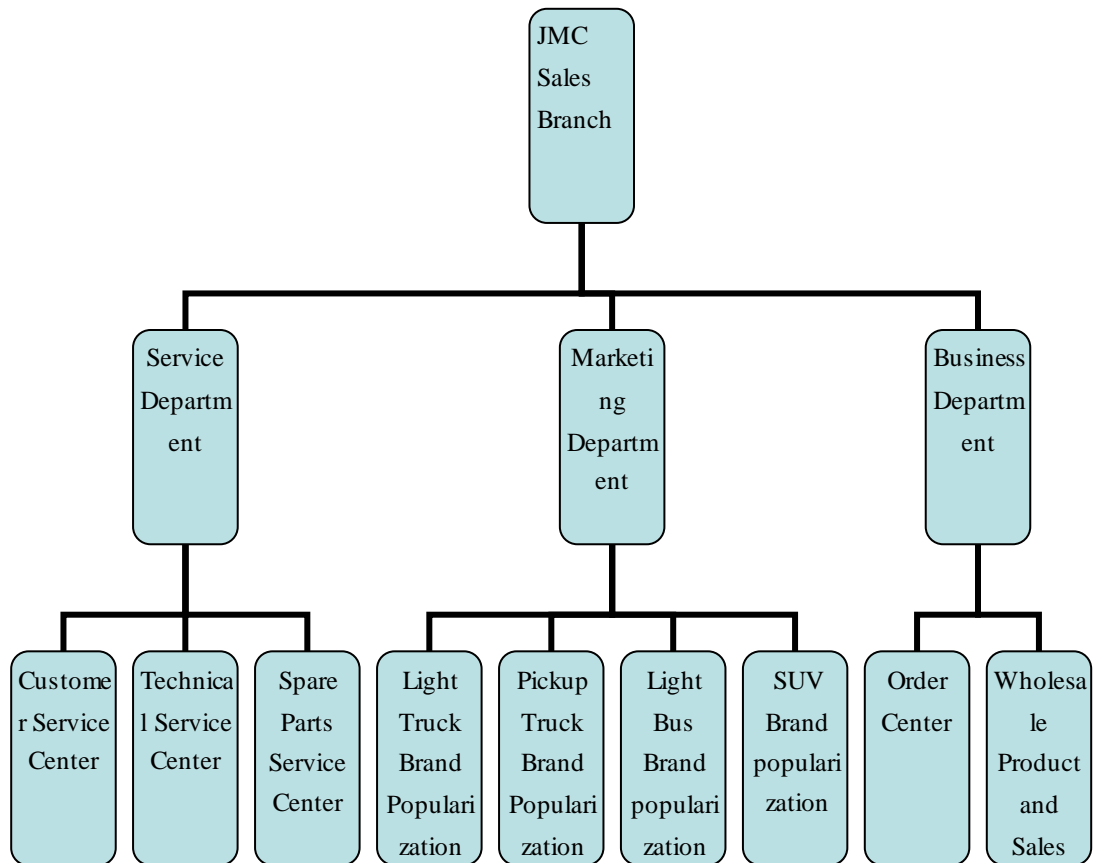
JMC marketing concept is high-quality, middle price and good service. Cooperating with Ford Motor Company, Jiangling Motors Co., Ltd. used advanced technology and craftwork to manufacture to meet demand for high-end customers. At the same time by strengthening the management, controlling costs and reducing product prices, Jiangling Motors Co., Ltd. provides satisfying service for customers who can enjoy a favorable price

7.2. Marketing Organization of JMC

Marketing organization provides the context in which marketing implementation takes place: companies may have no marketing departments; those that do may have functional, products-based market-centered or matrix organizational structures.(Jobber 2010, 795)

JMC marketing organization is divided into three levels. The first level is JMC Sales Branch, which is responsible for marketing management, customer management and channel management. Service department, marketing department and business department of Sales Branch form the second level. Service department is in charge of customer, technologies and accessories service. Marketing department is in charge of marketing channel management and brand popularization. Business department is in charge of sales and logistics services. There are customer service center, technical service center and spare parts service center under service department. Under marketing department, there are light truck brand popularization centre, pickup brand popularization center, Fort Transit light bus brand popularization center, SUV brand popularization center, order center, wholesale product and sales center. These centers are the third level.

Following is a diagram of JMC's marketing organization:



GRAPH 25. JMC marketing organization

7.3. Analyzing Channel

Marketing channel can be defined as a set of interdependent organizations involved in the process of marketing a product or service available for use or consumption but the consumer or business user. The channels of company decisions directly affect every other marketing decision. Pricing of company depends on whether it works with national discount chains, uses high-quality specialty stores, or sells directly to customer via the Web. The company's sales force and communications decisions depend on how much persuasion, training, motivation, and support its channel partners need. Whether a company develops or acquires new products may depend on how well those products fit the capabilities of its channel members. (Kotler & Armstrong 2004, 366)

JMC Sales Branch does not sell products directly. All products are sold by agents of different regions. JMC Sales Branch establishes a long-term partnership with agents that for achieving a division of labor in production and sales. At present, the sales market of JMC is divided in to ten regions in China, with 140 first agents and 520 secondary agents.

7.3.1. First agent

JMC implements authorize charter for the first agents, whose contents include: JMC allows that first agents have exclusive marketing rights in regional sales, and do not allow other companies to sell JMC products in the same region. First agents could have contract inventories of JMC products and the advancements of inventories will paid by JMC Sales Branch. According to the number of sales by agents, JMC Sales Branch will provide subsidy of bank loan interest for agents. JMC will pay marketing costs for agents according to provisions of contract. First agents need to assume the corresponding obligations of agent for JMC Sales Branch which include only selling JMC products , completing sales tasks , paying in cash for products (not including inventories) , selling products at set prices, carrying out marketing activities according to requirements of JMC. First agents need to set up JMC franchised store in sales region to provide customers with vehicles sales, spare parts, after-sale services, information feedback and other services.

7.3.2. Secondary agent

Basing on regional market sales information, JMC sales Branch allows first agents to find and develop secondary agents. Secondary agents

generally only sell one product of JMC and are allowed to sell other brands of products. JMC Sales Branch gives the approval of establishing a secondary agent and entrusts first agents for management. The secondary agents buy products from the first and carry out selling in accordance with provisions of first agents.

7.4. Maintenance services

According to the sales volume and number of customers in different regions, JMC Sales Branch set up 85 repair centers and 420 repair stations to deal with the customer repair applications day and night to provide satisfying after-sale repairing services for customers.

8. CONCLUSIONS AND RECOMMENDATIONS

After collecting and analyzing sales data and business information of JMC from 2006 to 2011, and comparing the business information of JMC's major competitors with Chinese auto industry's development environment, the conclusions can be drawn as follows:

Firstly, from 2006 to 2011 JMC autos market sales volume increased year by year from 85214 to 1945577. Especially in 2010 and 2011, JMC autos sales growth rate was higher than that of China's autos sales growth rate in the same period, which showed an accelerated growth trends, and Jiangling Motors Co., Ltd. has entered a rapid development stage. At the same time, the rapid growth of JMC autos sales and China's autos sales shows that the consumption capacity of Chinese customers is getting greater, the same as the development of Chinese economy.

Secondly, the leading products of JMC autos are light truck, pickup and Ford Transit light bus. Each accounts for one-third of China's auto marketing in its field. It means that leading products of JMC are in a state of balanced development with reasonable product structure.

Thirdly, in 2011 JMC pickup's market share was 17.27% and that of Transit Ford light bus's was 20.32%, both ranked second. The two have become the high-end products and famous brands in China's auto market. That means the marketing concept of JMC — high quality, middle price and quality service has been approved by the market and JMC's marketing is a success. Jiangling Motors Co., Ltd. has become an important supplier of China's high-end pickup and high-end light bus who has a certain impact on China's auto market.

Fourthly, Jiangling Motors Co., Ltd finds agents in different market

regions and sells products all by those agents. It establishes a long-term partnership with agents to achieve a division of labor in production and sales. At the same time, Jiangling Motors Co., Ltd sets up repair centers and repair stations in accordance with the market regions, which provide satisfying after-sale services for customers. JMC's implement of franchising and establishment of after-sale service system fits the rules of auto industry development and marketing requirements of auto market which provides a guarantee for the expansion of JMC marketing sales.

Fifthly, Chinese government will continue to maintain rapid economic development, encourage and support auto consumption, which provides a good macro marketing environment for JMC autos to furtherly expand the market and increase the sales volume. At the same time, Chinese government refers to the auto exhaust emission limits in the EU's standard as a reference to put forward stricter environmental protection requirement for auto use. To JMC --- the advanced technology for energy saving and environment protection, this regulation is conducive to further improvement of a macro-environment market and the competitiveness of JMC products. There is no denying that the increasing of Chinese fuel prices and the highway tolls, together with the problem of city traffic congestion, are pressures to the JMC auto marketing.

Based on the analysis to JMC auto marketing and the successful experience already gained, the author puts forward the following recommendations as to JMC's major work:

Firstly, the Jiangling Motors Co., Ltd should continue to keep the light truck, pickup and Ford Transit light bus as its leading products, adhere to the its marketing positioning of high-end products, avoid blind expanding of product lines and low-price competition of products, and consolidate

and expand the competitive advantage of its leading products in the Chinese autos market.

Secondly, the Jiangling Motors Co., Ltd should continue to keep and expand its cooperation with well-known auto manufacturers around the world. In accordance with Chinese government's regulations of autos and quoting the European standards, JMC should continuously introduce auto manufacturing technology of energy saving and environmental protection to ensure that its fuel consumption limit values and emission limit values can meet the standards. In the situation of a stricter auto environment protection policy, JMC should keep the advanced technology of JMC autos, and furtherly expand its competitive advantage in the market.

Thirdly, Jiangling Motors Co., Ltd should stick to its products sales agent system and rationally divide the sales regions. JMC should lend more financial, technological and service support to its agents. It also needs to fully safeguard the economic interests of sales agents and arouse business enthusiasm of sales agents. All aim at expanding the marketing channel of JMC auto and further improving the market competitiveness of JMC auto.

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