

UNIVERSITY OF MACAU
FACULTY OF BUSINESS ADMINISTRATION

MOTOR-TRADE INDUSTRY IN MACAU

This thesis is prepared for the
completion of the course of
"Master of Business Administration".
Fung Ping Kuen, Luis
Student No.M-93-6020-2
11th September 1995

TABLE OF CONTENTS

Acknowledgment

Part A	Page
1. Importance of the Study	1 - 2
2. Research Methodology	3 - 4
3. The Brief Economic Background of Macau	5 - 9
4. The Profile of the Motor-Trade Industry	10 - 15
5. Factors that Influence to the Car Sales Market	
5.1 Public Transportation Facilities	16 - 18
5.2 Rise of Consumption Power	18 - 19
5.3 Change of Distribution of Household Expenditure ...	19 - 21
5.4 Change of Consumption Patterns	21 - 22
5.5 Symbol of High Income Person	22 - 23
6. Problems of the Motor Trade Industry	
6.1 Keen Competition	24
6.2 Rise of Interest Rate	24 - 25
6.3 Shortage of Parking Spaces and Costs	25 - 26
6.4 Traffic Congestion	26
6.5 Fiscal Measures for Reducing Congestion	26 - 27
6.6 Saturation of the Market	27 - 28
6.7 Shortage of Technicians with Higher Skills	28
7. Industry Analysis	
7.1 Threat of Entry	29 - 31
7.2 Intensity of Rivalry Among Existing Competitors.....	31 - 32
7.3 Pressure from Substitutes	32 - 33
7.4 Bargaining Power of Buyers	33 - 34
7.5 Bargaining Power of Suppliers	34 - 35

Part B - Case Study

8. Background of Va Fah Motor Company	36 - 41
9. Marketing Department and Activities	
9.1 The Marketing Department	42 - 43
9.2 Strategic Planning	43 - 47
9.3 Marketing Strategy	47 - 53
10. SWOT Analysis	
10.1 Strengths	
10.1.a. Sole Distributor of Hyundai Cars	54 - 55
10.1.b. Good Relations with the Car Maker.....	55
10.1.c. Rapid Replacement Service	55 - 56
10.1.d. Close Alliance with Newspaper	56
10.1.e. Stable Labour Force	56
10.2 Weaknesses	
10.2.a. Low Entry Barrier	57
10.2.b. Lack of Small Cars and Goods Vehicles...	57
10.2.c. Lack of the Marketing Department.....	57 - 58
10.2.d. More Expenditures in Promotion	58
10.2.e. Shortage of Good Salesmen	58 - 59
10.2.f. High Centralised Decision-Making Power	59
10.2.g. Separation of Establishments	59
10.2.h. No Good Relations with the Potential Buyers	59
10.2.I. Weakness of Partnerships	59 - 60
10.3 Opportunities	
10.3.a. No Problems of Car Theft	60
10.3.b. Low Traffic Accident Rate	60
10.3.c. Rapid Growth in Sales of Hyundai Cars ...	60 - 61
10.3.d. Development of the Rent-A-Car Business	61 - 62
10.3.e. Appreciation of the Yen	62
10.3.f. Opportunity in China's Market	62 - 63

10.4 Threats	
10.4.a. Reduction of the Profit Margin	63
10.4.b. Government Measures for Tackling Congestion	63 - 64
10.4.c. Direct Competition	64
10.4.d. Difficulty in Recruiting Good Salesmen ...	64
10.4.e. Absence of Distributor's Contract for China's Market	64 - 65
10.4.f. High Tax for Importing Vehicles to China's Market	65
10.4.g. The Decree Law of Air Pollution	65
11. Analysis of Management and Strategic Problems	
11.1 Problem of Planning	66 - 67
11.2 Problem of Organizing	67
11.3 Problem of Directing	67 - 68
11.4 Problem of Controlling	68
11.5 Problem of Marketing Strategies	68 - 69
11.6 Problem of Promotional Appropriation	69
11.7 Problem of Salesforce Management	69
12. Feasible Solutions and Evaluation	70 - 80
13. Recommendations	81 - 83
14. Conclusion	84 - 86
Appendix A : Questionnaire	I - IV
Appendix B : Coded Book	V
Footnotes	VI - X
Bibliography and References	XI - XII