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Business Development Plan of Company D new sales channels

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MSc in Business Administration

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SCHOOL

Department of Marketing, Operations and General Management

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Resumo

D empresas retalhistas como entidades instrumentos tradicionais, com experiências offline vantagem com um mercado estável, mas influenciado por canais de consumo online desenvolvimento universal, cara "crescimento anémico offline e online layout blank" dilema, falta experiência de construção acesso a questão central para um negociante de electricidade, mercadorias processo digital está bloqueado, estratégia operacional, na linha em branco, nem perder oportunidades online, Existe também o risco de perda de clientes offline.

A pesquisa foi desenvolvida com a empresa D como objeto de estudo, utilizando uma combinação de vários métodos: Através do método de análise de dados bibliográficos, a teoria relevante e o estado da arte, questionários e entrevistas foram utilizados para coletar fatores de decisão on-line do consumidor, necessidades de retenção de clientes e pontos de dor internos da empresa. Ao mesmo tempo, combinou a análise PEST, o modelo de cinco forças de porter e a análise SWOT para avaliar completamente seu ambiente de marketing on-line, o cenário competitivo da indústria e a capacidade de recursos internos e externos.

Esta tese tem como objetivo analisar os problemas de marketing online e propor estratégias de melhoria para o site de compras domiciliado da empresa D, potencializando seus negócios on-line, com foco na aquisição e retenção de clientes- aquisição para construir um portal de tráfego multicanal para alcançar clientes potenciais com precisão; O fim da retenção para melhorar o serviço on-line, criar um mecanismo de associação, melhorar a recompra e lealdade, finalmente, melhorar a competitividade da empresa D, melhorar a satisfação do consumidor, ajudá-lo a consolidar a posição de liderança da indústria e alcançar o desenvolvimento sustentável da sinergia on-line e off-line.

Palavras-Chave: Varejo de comércio eletrônico, varejo físico, estratégias de marketing na internet, Melhoria de processos, gestão de processos

JEL Classification: M31,M37

Abstract

Company D, as a traditional physical retail enterprise of musical instruments, has a stable market due to its advantage in offline experience. However, affected by the all-round development of online consumption channels, it is facing the predicament of "insufficient growth in offline sector and blank layout in online sector". The core problems include the lack of experience in building e-commerce channels, the obstruction of the digitalization process of products, and the absence of online operation strategies. This not only misses the opportunity for online development but also poses the risk of losing existing offline customers.

This thesis takes Company D as the research subject and employs a variety of methods to conduct the study: through literature analysis, relevant theories and current situations are sorted out; through questionnaires and interviews, online decision-making factors of consumers, customer retention needs, and internal pain points of the enterprise are collected; at the same time, combined with PEST analysis, Porter's Five Forces Model, and SWOT analysis, the online marketing environment, industry competition pattern, and internal and external resource capabilities of the company are comprehensively evaluated.

This thesis aims to analyze the online marketing issues of Company D's entry into the shopping website and propose improvement strategies to assist it in conducting online business. It also focuses on customer acquisition and retention - at the acquisition end, multiple-channel traffic entrances are constructed to precisely reach potential customers; at the retention end, online services are improved and a membership system is established to enhance repeat purchases and loyalty, ultimately enhancing the competitiveness of Company D, improving consumer satisfaction, helping it consolidate its leading position in the industry, and achieving sustainable development through online and offline collaboration.

Keywords: E-commerce retail, physical retail, network marketing strategy, process improvement, process management

JEL Classification: M31,M37

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Glossary

APP	Application
Etc	Etcetera
E-commerce	Electronic commerce
HP	Hewlett-Packard Development Company, L.P.
Kpi	Key Performance Indicator
LOGO	Logotype
OTO	One-Time-Offor
O2O	Online To Offline

1. Introduction

Against the backdrop of the vigorous development of online marketing channels in China, Company D, which has long focused on offline musical instrument sales, is currently facing unprecedented dual challenges and opportunities. Leveraging its traditional advantage of offline experience services, Company D has already accumulated a stable market share. However, under the impact of the comprehensive penetration of online consumption, it has gradually fallen into the predicament of "weak growth in offline and lack of online layout".

The current core bottleneck of the company lies in its lack of experience in e-commerce, the slow progress of product digitization, and the absence of online operation strategies. These issues not only caused Company D to miss out on the growth opportunities in the online market, but also posed a potential threat to the retention of existing offline customers.

In order to adapt to market trends, enhance core competitiveness and achieve sustainable development, Company D needs to expand its marketing system and open up new sales channels. Among them, the online business layout has become the key to the transformation. However, due to its long-term focus on offline operations, the company has limited understanding of the e-commerce field, which has to some extent slowed down its transformation pace.

In this context, this thesis takes Company D as the subject of study, with the core objective of formulating a scientifically feasible business development plan for it. This thesis will systematically analyze the problems and challenges that Company D may encounter during its layout of the e-commerce platform, and propose targeted improvement strategies.

In terms of research methods, this paper adopts a multi-dimensional integrated analysis approach: Firstly, the literature analysis method is employed to sort out the relevant theories and industry status in the field of e-commerce and musical instrument retail, laying a theoretical foundation for the research; Secondly, through questionnaire surveys and in-depth interviews, primary data such as consumers' online purchase decision factors, customer retention needs, and internal operational pain points of the company are obtained; Finally, by combining theoretical tools such as PEST analysis, Porter's Five Forces Model, and SWOT analysis, the online marketing environment, industry competition pattern, as well as the company's own resources and capabilities of Company D are comprehensively evaluated.

This thesis aims to assist Company D in successfully expanding its online business by formulating an exclusive business development plan. It will help the company enhance its market competitiveness, increase user loyalty and consumer satisfaction, consolidate its leading position in the local musical instrument retail industry, and lay a solid foundation for

long-term sustainable development. Looking ahead, Company D can flexibly adjust its strategic direction based on market dynamics and, with an innovative and pragmatic spirit, continuously explore new marketing models and development paths.

2. Literature Review

2.1. Musical instrument product market research

Gao (2012) discusses the history of the reform of Chinese folk Musical Instruments in the 20th century, with special attention to the influence of market factors on the reform of Musical Instruments. With the introduction of western music and the change of social and cultural environment, market demand has become an important driving force to promote the reform of national Musical Instruments. The reformed instruments not only need to meet the needs of musical art, but also need to meet the requirements of industrial production and marketization. The reform measures in material, technology, shape and other aspects of national Musical Instruments, as well as these reforms are gradually accepted and promoted by the market. At the same time, in the process of reform, musical instrument manufacturers actively cooperate with literary and artistic groups and performers to promote reform instruments through trial production, exhibitions, performances and other forms, and gradually realize the marketization of reform instruments. Driven by market demand and economic benefits, some instrument reforms pay more attention to practicality and popularity, rather than just artistic enhancement. At the same time, market competition has also prompted musical instrument manufacturers to continue to innovate and improve, improve product quality and reduce production costs to meet the needs of different consumer groups.

Kong (2014) made an in-depth analysis of the current situation and trend of the musical instrument market, pointing out that China's musical instrument manufacturing industry occupies an important position in the world, especially the guitar production ranks first among all kinds of Musical Instruments. With the increase of national income and the development of culture and education, the domestic musical instrument market, especially the demand for mid-grade guitar and violin, is growing. Through detailed analysis of the market environment and competition, the plan reveals the opportunities and challenges facing the musical instrument market, including uncertain risks such as disorderly market competition and intensified international trade frictions, and puts forward corresponding countermeasures. By expanding production capacity, optimizing product structure and enhancing brand influence, we can meet domestic and foreign market demand and promote the sustainable and healthy development of the musical instrument market.

Wang (2015) conducted an in-depth investigation and analysis of the music shop market in Wucheng District, Jinhua City. The music shops in Wucheng District have diversified business models, mainly of small and medium-sized scale. Most of them are both equipment sales and musical instrument training. However, there are some problems in the market such as deviation of business philosophy, lack of publicity strategy and poor management of

personnel. To solve these problems, the author puts forward some suggestions, such as perfecting the personnel management system, establishing a good reputation, building a high-quality brand, and attaching importance to promoting music culture. These suggestions are of great significance for promoting the healthy development of the music market and improving the quality of music culture.

Yan (2013) expressed dissatisfaction with the development status of the music branch, pointing out that the number of members was insufficient, the organization was loose, and the influence was limited. They proposed the establishment of a music alliance program, aimed at helping new music companies grow, and establish an orderly and standardized violin industry development market. At the same time, many presidents discussed the entry of e-commerce into the field of musical instrument sales, believing that the model of combining online promotion and offline physical experience is suitable for the violin industry. The presidents also paid attention to the problem of the second-hand piano market, believing that its popularity has seriously harmed national self-esteem and national manufacturing. In terms of industry development trends, the chairmen generally expressed confidence in the future, but also pointed out practical problems such as fierce market competition and declining sales. They stressed the importance of brand building and upgrading one's own taste, and proposed the OTO business model, which combines online promotion with offline experience to adapt to market changes.

Chen (2018)'s research on the musical instrument product market reveals that the guitar, as a popular Western stringed instrument, can be segmented into the mid-to-low-end market for underage students based on age and consumption level, and the mid-to-high-end market for the middle-aged and young adults. Among them, the middle-aged and young adults, due to their economic independence, higher demands for brands, quality and individuality, and their reliance on the internet for information acquisition and purchase, are the key target markets for small and medium-sized enterprises. The introduction of the standard for music teaching equipment in primary and secondary schools has also made the mid-to-low-end market for students have potential for development. Currently, the development trend of the musical instrument industry is good, with the number of enterprises, sales revenue and total assets steadily increasing. However, the competition is fierce, and there are established domestic enterprises such as Hongman and Xingchen, as well as numerous small and medium-sized manufacturers. Internationally, foreign brands dominate the high-end market and are gradually entering the mid-range market. At the same time, the development of network technology has shortened the distance between enterprises and consumers, which not only enhances the bargaining power of buyers but also provides small and medium-sized enterprises with low-cost and wide-ranging marketing opportunities. However, the industry

has technical barriers, and new entrants find it difficult to establish a foothold. Moreover, there is no obvious threat of substitutes for guitars in the short term.

2.2. Musical instrument product sales strategy research

Kang (2023) conducted an in-depth study on the marketing strategy of K Musical Instruments' guitar products. By analyzing the current situation of K Musical Instrument Company's existing marketing strategy, combined with questionnaire survey and enterprise interview, problems such as imperfect product system, imperfect price system, unclear channel classification and low promotion conversion rate are identified. Based on 4P marketing theory and consumer psychology and behavior theory, Some countermeasures are put forward, such as perfecting product structure, optimizing product pricing, strengthening channel promotion and improving promotion ability. It not only provides specific marketing strategy improvement suggestions for K musical instrument company, but also provides useful reference and reference for other enterprises in the musical instrument industry.

Li (2020) systematically discussed the opportunities and challenges faced by B company in the international market through in-depth analysis of the international marketing status of B Company's musical instrument products and the application of PEST analysis, Porter competitiveness model and STP and 4P marketing combination theory. In view of the current problems of Company B, such as excessively long marketing channels and unsatisfactory promotional effects, specific international marketing strategy combinations are proposed, including different product combinations, improving product quality, implementing differential pricing, strengthening exhibition promotion, reducing the length of intermediate channels and strengthening cross-border e-commerce marketing. At the same time, in order to ensure the effective implementation of the marketing strategy, safeguards such as strengthening personnel training, building a risk prevention and control system, and improving the internal information management system are put forward, which provides valuable reference and reference for B Company and similar small and medium-sized enterprises to explore the international market.

Han (2020) made an in-depth analysis of H Musical Instrument Company, a manufacturer of western Musical Instruments, and used marketing theories such as STP and 4P and analytical methods such as SWOT and Porter's Five Forces to discuss in detail the marketing strategies of H Musical Instrument Company in the face of challenges such as intensifying market competition at home and abroad and intensifying international trade friction. H Musical Instrument company's internal strengths and weaknesses, external

opportunities and threats, and then according to market segmentation and target market positioning, the development of products, prices, channels and promotion including specific marketing strategies, and put forward organizational structure, human resources, assessment system and corporate culture and other aspects of the implementation of safeguard measures. It not only provides a reference for H musical instrument company to formulate marketing strategies under the new situation, but also provides a reference for other musical instrument companies to formulate marketing strategies in the face of market changes.

Liu (2019) discusses the change of sales strategy of musical instrument industry in the context of Internet economy. As a niche industry, under the impact of Internet technology, the musical instrument industry must break the traditional sales model and seek a new development path. Through the case of China Musical Instrument Information Internet Conference, the sales strategy of musical instrument industry in Internet economy is analyzed. Online sales have become an important channel, with platforms such as Tmall providing a broad space for the sale of Musical Instruments. Offline experience is also indispensable, and the new retail model, online sales and offline experience, is seen as a new direction for musical instrument sales. In addition, the problems faced in the sales of Musical Instruments, such as fierce competition and meager profits in the online sales of ethnic Musical Instruments, and put forward possible solutions such as network broadcast, listening to the music and choosing the piano. It has important reference value for understanding the sales strategy of musical instrument industry under the Internet economy.

Jiang (2016) found that the sales strategy of musical instrument market in southern Jiangsu showed diversified characteristics. Although the physical store sales model is impacted by online stores, it still maintains its competitiveness by improving service quality and experiential consumption. Online sales model with wide coverage and low cost advantages of rapid development, but the credibility of the problem is still to be solved. Direct sales model provides cost-effective products directly to consumers by reducing intermediate links. For different consumer groups, such as preschool children, teenagers and young people with specific needs, the sales strategy should be focused on, while strengthening brand building and innovative sales models to adapt to market changes.

Tang (2012) analyzed in detail the market status of the musical instrument industry, consumer habits and the difficulties faced by traditional marketing. With the improvement of people's living standards and the popularity of music education, the musical instrument market has developed rapidly, but there are some problems in traditional marketing methods, such as lack of talents, high cost and poor effect of brand advertising, and weak creativity of event marketing. Therefore, the company's network integrated marketing strategy, including determining the product types and prices of network marketing, choosing the appropriate e-

commerce platform, setting up a professional marketing team and implementing specific marketing strategies, such as the new product listing network publicity, through the network integrated communication to maintain the sustainability of the promotional effect. These strategies are designed to enhance brand awareness and recognition of Musical Instruments, expand consumer groups, enhance brand vitality, and provide support for regional brands to enter the national market. It provides a feasible scheme for music shop how to use the Internet to expand the market and innovate the marketing way.

Lou (2012) believes that in the marketing of musical instruments, people should first focus on music creation, clearly define the core attributes of the instruments such as their timbre and applicable scenarios, and have in-depth communication with music producers to create exclusive music, avoiding the use of unrelated pop music, so that music becomes the key carrier for conveying the value of the instruments; at the same time, do not blindly rely on celebrity endorsements, prioritize choosing groups with high relevance to the target audience, and match corresponding musical styles based on the type of the instruments, or through lyrics convey the usage scenarios and emotional value of the instruments, strengthening consumers' memory of the brand. On this basis, take advantage of nodes such as campus music festivals and traditional Chinese culture activities to launch instrument performance works and interactive activities that are in line with the theme. You can also refer to the creative patterns of popular songs to design easily disseminated instrument performance segments to enhance the dissemination adhesion; finally, carry out precise interactive marketing for different groups. For beginner consumers, plan tactical activities such as online singing challenges and short video teaching; for professional consumers, build a long-term strategic system, invite core users to participate in the experience and spread word-of-mouth, and through online and offline linkage, promote consumers to form trust in the instrument brand, and thereby promote product sales.

2.3. Consumer behavior analysis

Kong (2014) conducted a detailed analysis and positioning in the part of customer groups. The target customer groups of the project are mainly divided into two categories: First, urban male consumers, mainly college students and young wage earners, who mainly pursue medium and high-end guitars for entertainment and learning. They pay attention to product quality, appearance style and pitch, and have a certain sensitivity to price but are willing to pay a reasonable premium for high-quality products. The second is the professional symphony orchestra and commercial performance planners, such customers demand for guitar mainly high-end, pay attention to the professional product and performance effect,

relatively insensitive to the price, pay more attention to the reputation of the brand and product stability. By precisely targeting these two customer groups, M Guitar aims to further enhance its brand influence and market share by providing products and services that meet its needs and achieve sustainable development.

Sun (2015) discussed the development strategy of musical instrument enterprises' online marketing channels, especially the current situation and improvement plan of MDL company's traditional and online sales channels. With the rapid development of the Internet, consumers' shopping habits have shifted from offline to online, and online shopping has been widely welcomed for its convenience. For musical instrument products, online sales channels are not limited by region and time, and can provide rich product choices and personalized shopping experience, but they also face problems such as high logistics costs and imperfect after-sales service. In order to adapt to changes in consumer behavior, musical instrument companies should actively explore online sales channels, and enhance the competitiveness of online channels by customizing products, optimizing packaging, strengthening after-sales service and other measures. In the consumer segment, the study emphasizes that the development of the Internet has dramatically changed consumers' shopping habits. Online shopping has attracted a large number of musical instrument consumers because of its convenience, rich product choices and the characteristics of being not limited by time and space. However, as a vocal commodity, consumers have a high demand for the actual experience of sound quality, which has become a major challenge for online sales channels. When developing online sales channels, musical instrument companies need to pay special attention to providing detailed product demonstration videos, as well as establishing a more perfect and efficient after-sales service system to meet consumers' high requirements for product quality and service.

Zhen, J. (2022) considers consumer behavior analysis to be a key component, which involves a detailed study of consumer buying behavior and its associated attributes. Through the data collection and analysis of consumers' basic attributes such as gender, age, occupation, behavioral attributes such as purchase path, purchase cycle, purchase amount, and psychological attributes such as origin selection and purchase preference, the research reveals consumers' various behavioral patterns when purchasing edible mushroom products. Most consumers tend to buy in physical stores, especially supermarkets and farmers' markets, while online shopping platforms such as Taobao and Jingdong also account for a certain proportion. Consumers pay the most attention to the quality and safety of products when buying, followed by nutrition and efficacy. It provides valuable market insights for enterprises, helps enterprises better understand consumer needs, and then develops more accurate marketing strategies.

Zhao (2010) analyzed the consumer behavior in the musical instrument industry from the perspective of consumers under the background of consumer purchase decisions, by integrating music marketing theory and the characteristics of the musical instrument industry. It can be concluded that according to Fonsert's theory, the tone, rhythm, etc. of musical instruments are associated with consumers' emotions. The resonance model indicates that musical instrument brands can evoke consumers' emotional memories through classic melodies. Moreover, the tool and emotional attributes of musical instruments align with the inclusive, extensive, and emotional characteristics of music marketing, enabling cross-cultural access to diverse scenarios and meeting consumers' emotional expression needs. In experiential marketing, the consumer behavior of musical instrument buyers exhibits distinct characteristics. Consumers place greater emphasis on emotional satisfaction, actively participating in experiences and customization, pursuing individualization, recognizing brand culture and professional image, and tend to come into contact with and purchase musical instruments in relaxed and entertaining scenarios. The musical instrument industry can formulate music marketing strategies by combining the above theories and behavioral characteristics during each stage of consumer confirmation, information collection, alternative product evaluation, purchase decision, and post-purchase behavior.

2.4. Sales channel foreign development trend

Sun (2015) pointed out that with the popularity of the Internet and the rapid development of e-commerce, the sales channels of the musical instrument industry are undergoing significant changes. Although the traditional sales channels are still dominant, the network sales channels are rising rapidly with their advantages of convenience, low cost and wide coverage. In the future, sales channels will tend to be diversified and integrated, and enterprises need to pay attention to the coordinated development of online and offline channels, and improve channel efficiency and customer satisfaction through measures such as customized products, optimized logistics distribution and strengthened after-sales service. At the same time, the establishment of its own network sales platform and the realization of O2O model will become an important trend in the development of musical instrument enterprises' sales channels.

Qiao (2023) believes that with the popularity of the Internet and the rise of e-commerce, the sales channels of the musical instrument industry are gradually shifting to an omni-channel model integrating online and offline. With the popularity of the Internet and the rise of e-commerce, consumers are more and more inclined to online shopping, P music shop needs to keep up with the pace of digital transformation, and make full use of online

channels to expand the market. Online channels such as official websites, social media platforms and live delivery have become an important means to expand the market and enhance brand influence, while offline stores improve customer experience through intelligent transformation to achieve online and offline complementarization. In the future, the omni-channel marketing model integrating online and offline will become the mainstream trend of sales channels in the musical instrument industry, and P Music company should actively explore and practice this omni-channel marketing model will help enterprises better adapt to market changes and meet consumer needs.

Dong (2021) analyzed the development trend of musical instrument industry in the post-epidemic period and pointed out that traditional musical instrument sales channels are gradually shifting to the mode of combining online and offline. Facing the impact of the epidemic, Olle Piano Center has actively explored new sales channels such as live streaming and online marketing to cope with market changes and improve sales performance. With the continuous development of digital and network technology, musical instrument sales channels are showing a diversified and integrated development trend, and enterprises need to constantly innovate sales models to meet new market needs.

Meng (2021) believes that the normalization of the epidemic has promoted the demand for online shopping of Musical Instruments and accelerated the development of musical instrument e-commerce. Online purchasing of Musical Instruments has become the norm, and online shopping orders for large Musical Instruments frequently appear, reflecting the increase in trust and acceptance of online shopping Musical Instruments. Merchants provide rich information, videos and text materials through online platforms, combined with short videos and live broadcasts, enhancing consumers' trust and sense of experience, and achieving good sales transformation. Musical instrument sales have gradually shifted from offline stores to a new retail model combining online and offline, and online sales have become an indispensable part of musical instrument brands. The development of 5G technology will further promote the hot online sales of Musical Instruments, and policies such as the entrance of the artistic literacy exam to the high school entrance exam will also stimulate the consumption of the art and culture market. Overall, musical instrument sales channels are moving toward online and offline integration, and the proportion of online sales is gradually increasing.

3. Methodology

3.1. Research objective

The objective of the thesis is to build a Business Development Plan for Company D,and a "Consumer demand survey questionnaire" has been designed to systematically collect and analyze relevant consumer information. The specific contents include the basic characteristics of consumers such as age and gender, as well as their preferences for types, varieties, and brands when choosing musical instruments, the purchase channel selection during the purchase process, the usage frequency during use, the purchase budget range in the consumption decision-making process, and the core elements that consumers focus on when purchasing, such as product performance, appearance, and after-sales service. Based on the consumer demand data and in-depth analysis results obtained from the above research, the core purpose of this thesis is to help company D formulate a scientific, feasible, and market-demand-aligned business development plan. This will provide precise guidance for company D in the online sales of musical instruments, assist company D in improving its business layout, enhancing market competitiveness, and achieving sustainable development.

3.2. Overview of research methods

This thesis a variety of methods to qualitative and quantitative analysis of consumer behavior in the musical instrument market.

Literature research method: Refer to relevant research reports on musical instrument market, consumer behavior analysis literature and market research methodology data, sort out existing research results, provide theoretical basis for questionnaire design and research analysis, and ensure scientific and rational research.

Questionnaire survey method: Based on literature review, a questionnaire containing 19 questions is designed to comprehensively collect consumer information. Statistical software was used to sort out and analyze the questionnaire data, to understand the basic characteristics and preference distribution of consumers through descriptive statistical analysis, to explore the relationship and influence among various factors through cross-analysis and correlation analysis, and to visually present the analysis results with charts and visual tools.

Interview method: Through a face-to-face interview with Mr. Zhang, the founder of Company D, an in-depth investigation was conducted on the marketing strategies adopted by the enterprise during its development process, to identify the main existing problems and provide empirical evidence for formulating targeted improvement plans.

3.3. The interview

In this thesis, face-to-face interview was used to conduct in-depth communication with Mr. Zhang, founder of D Company. A series of questions about the company's marketing strategy were prepared before the interview, covering product positioning, price strategy, promotional activities, channel construction and other aspects. During the interview, Mr. Zhang was encouraged to share the company's marketing initiatives, challenges encountered and experiences gained at different stages of development. Through the sorting and analysis of the interview content, the characteristics and problems of D Company's marketing strategy were summarized in order to provide materials for subsequent improvement suggestions. The interview took place in Baotou, Inner Mongolia and lasted about 2 hours to ensure comprehensive and valuable information.

3.4. The questionnaire

Before designing the questionnaire, an extensive literature review was carried out, with reference to research reports related to the musical instrument market, consumer behavior analysis and market research methodology, etc., to ensure that the design of the questionnaire was scientific and reasonable and could comprehensively cover key information points.

Based on the results of literature review, a 19-question questionnaire was designed. The questionnaire covers consumers' basic information (such as age and gender), musical instrument purchase preference (such as musical instrument type, brand, purchase channel, budget, etc.), musical instrument usage habits and scenarios, brand recognition and attitude, musical instrument accessories purchase behavior and future purchase intention.

Statistical software was used to organize and analyze the collected data. Through descriptive statistical analysis, to understand the basic characteristics and preference distribution of consumers; Through cross analysis and correlation analysis, the relationship and influence between each factor are deeply discussed. At the same time, the combination of charts and visualization tools makes the analysis results more intuitive and easy to understand.

Consumer basic information: collect the age, gender and other information of consumers to analyze the consumption differences of different groups.Instrument purchase preference: the selection of the type, brand, purchase channel, budget, etc., to understand the choice of the consumer in the purchase of the instrument.The use of the instrument's usage and scene: including the use of frequency, exercise field view, playing occasion and other problems, to

explore the actual use of consumers.The perception and attitude of the brand: understand the recognition of different musical instrument brands, affection degree and brand loyalty.Instrument accessories purchase behavior: survey the frequency, type, budget, etc.Future purchase intention: ask the consumer for future purchase instrument, expected time, purchase motive, etc.The questionnaire was combined with the choice and scale problem, and some of the subjects were based on the lekert 5 scale, which was graded from "very different meaning" to "very agree" to measure the attitudes and opinions of consumers more accurately. The questionnaire sample is in appendix ait.

3.5. Population and sample

The target group of this survey is students studying in educational institutions. The method of combining random sampling with convenient sampling is adopted. The questionnaire was issued through the "Questionnaire Star" platform, and the survey objects were students learning Musical Instruments in the piano shop, who were able to answer questions on the basis of understanding Musical Instruments. A total of 200 questionnaires were collected, mainly through Wechat communication, and the recovery rate was 100%. The survey was conducted from February 20 to March 22. Respondents were invited to fill in the sample voluntarily to ensure the diversity and representativeness of the sample. The data collection period is a specific period of time to ensure that the collected data is timely and representative.

4. Business Development Plan

4.1. Executive Summary

This business development plan aims to enhance D Company's competitiveness and brand influence in the musical instrument sales market by leveraging cultural differentiation, digital transformation, and customer-centric strategies.

Market Context & Opportunity

The musical instrument market in China, as an important country for the manufacture and sales of Musical Instruments, is significantly expanding its market size and is expected to maintain high growth in the next few years. However, the market competition is also extremely fierce, with many domestic and foreign brands competing for market share. The intensity of competition is not only reflected in brand awareness, but also covers many dimensions such as product quality, price strategy and after-sales service. In this field, international brands such as Yamaha and Gibson firmly occupy the middle and high-end market with their strong brand premium ability. The local small and medium-sized brands are in the name of "factory direct sales" on the e-commerce platform to launch a price free-for-all, such as 599 yuan folk guitar sets and other low-cost products emerge in endlessly. Presents significant opportunities for growth, particularly in Baotou City and the surrounding regions, where the demand for musical instruments is on the rise, especially among young music enthusiasts and schools. However, challenges such as fierce competition from established brands, market saturation in certain segments, and consumer demand for innovative and personalized products require a strategic approach to differentiation and engagement.

Brand Positioning & Differentiation

D Company seeks to establish itself as a professional authority in the industry by integrating cultural elements into its brand identity. Through the concept of a "Western music hall on the grassland," the brand will blend Western musical traditions with regional cultural heritage. Key initiatives include:

- Developing customized musical instruments that reflect this unique positioning.
- Hosting outdoor concerts and cultural events to deepen brand engagement and showcase artistic excellence.

- Strengthening brand storytelling through strategic partnerships with Baotou Musicians Association and Jiao Lechuan emulsion development zone musicians association, conductor GuanRen Wang,etc.

Customer-Centric Strategies

To maximize customer engagement and loyalty, D Company will implement an age-specific precision reach strategy, tailoring experiences to different demographics:

- For children and adolescents (4-18 years old), Company D has developed a music initiation and education program. Through partnerships with local schools and music training institutions, music initiation courses, instrument trials, and youth music competitions are offered to stimulate children's interest in music and build their loyalty to the D Company brand at an early stage. In addition, D company also launched customized children's instruments, such as mini guitars, color keyboards, etc., to attract children's interest. At the same time, D company holds parent-child concerts and workshops in its offline stores to encourage parents and children to participate together, enhance the musical interaction between families and enhance the brand image.
- For adults and professionals (19 years and older), Company D offers high-end instrument customization services that meet their high demands for sound quality, appearance and personalization. In addition, D Company also invites well-known musicians at home and abroad to hold concerts and workshops in Baotou to attract adult music lovers to participate and enhance the brand's professional image and influence. At the same time, Company D uses WeChat community to organize online and offline music social activities, such as music sharing meetings, instrument exchange days, etc., to promote communication among music lovers and enhance community cohesion.

Additionally, the company will introduce:

- A family membership system to foster long-term relationships.
- A WeChat community to encourage peer interaction, brand advocacy, and personalized customer support

Omnichannel Expansion & Digital Transformation

D Company will build an immersive, seamless shopping experience through both digital and physical channels:

- Transforming offline stores into "Five Senses Music LABS", providing hands on experiences.

- Enhancing online engagement through social media platforms and live-streaming content.
- Enhancing e-commerce capabilities, including improving the online sales platform, Company D will also further enhance its official flagship stores on major e-commerce platforms.(such as Tmall, Jingdong) to enhance user experience and shopping convenience. Through the introduction of intelligent recommendation system, according to the user's browsing history and purchase behavior, personalized push related musical instrument products.Mobile shopping application development. In order to meet the increasing demand of consumers for mobile shopping, D Company will develop exclusive mobile shopping applications. The app will integrate product browsing, online purchasing, order tracking, customer service and other functions, and provide exclusive mobile offers to attract more mobile users. Digital marketing strategy, D company will increase investment in digital marketing, using social media, search engine optimization (SEO), content marketing and other means to enhance the brand's online exposure and influence. Through the production of high-quality musical instrument performance videos, teaching tutorials and other content, attract the attention of potential consumers and guide them to transform into actual buyers. At the same time, cooperate with well-known music bloggers and Kols to carry out product promotion and brand publicity to further expand brand influence.

Strategic Goals & Long-Term Vision

To ensure sustainable growth, the company has set the following milestone goals:

- Becoming the leading musical instrument retail chain in Baotou and expanding across Inner Mongolia.
- Establishing strategic partnerships with international musical instrument brands to strengthen market positioning.
- Ensure a long-term stable situation through supply chain improvement, policy guidance, and risk response measures.

By executing this strategy, D Company aims to differentiate itself, enhance customer loyalty, and drive long-term profitability in a competitive and evolving market.

4.2. External Situational Analysis

4.2.1. PESTE Analysis

4.2.1.1. Political and Legal Context

The development of China's musical instrument sales industry is closely tied to the country's political directives and legal environment. On the political front, the Chinese government has elevated "cultural confidence" to a core national strategy in recent years. The 14th Five-Year Plan explicitly emphasizes advancing the digital transformation of cultural industries and expanding cultural consumption, injecting policy momentum into the musical instrument sector. State support for traditional ethnic instruments is particularly notable, exemplified by initiatives such as special funds for intangible cultural heritage protection and tax incentives that encourage the preservation and innovation of instruments like the guqin (zither) and erhu (two-stringed fiddle). Meanwhile, the "Double Reduction" policy in education has shifted focus toward quality-oriented education, triggering surging demand for music education. Instruments such as pianos and guzheng (plucked zither) have become household consumption priorities, while the Ministry of Education's reform integrating art courses into academic assessments has further stimulated instrument procurement by schools and training institutions. Additionally, the Belt and Road Initiative and international cultural exchange programs (e.g., Confucius Institutes) have facilitated the global expansion of Chinese ethnic instruments, creating dual effects of cultural export and commercial outreach.

Legally, the industry must navigate multifaceted regulations spanning intellectual property protection, consumer rights, and international trade compliance. In intellectual property, revised Patent Law and Trademark Law strengthen protections for instrument designs, brands, and musical scores, while traditional craftsmanship benefits from safeguards under the Intangible Cultural Heritage Law. For consumer rights, the Consumer Rights Protection Law and E-Commerce Law mandate strict quality control and standardized after-sales services across online and offline channels, particularly in resolving disputes over high-value instruments. Import/export operations face challenges such as tariffs and value-added taxes on premium imported instruments (e.g., European pianos), CITES Convention restrictions on endangered timber materials, and supply chain adjustments prompted by U.S.-China trade friction tariffs on American-made instruments. Environmental regulations further complicate compliance, with the Environmental Protection Law imposing emission standards for manufacturing processes, the Forest Law ensuring legal sourcing of raw materials, and CCC certification requirements for electronic instruments. Cultural content-related sales (e.g., sheet music or textbooks) must adhere to the Publication

Management Regulations, while livestream marketing falls under the Network Performance Management Measures, reflecting the sector's regulatory complexity.

The industry now balances opportunities and challenges. Policy tailwinds — such as cultural tourism integration (e.g., instrument-themed experiential venues) and premium cultural consumption trends — are unlocking new market scenarios. However, persistent issues like counterfeit product governance and rising compliance costs in cross-border e-commerce (e.g., data security and tax regulations) test corporate adaptability. Technological innovations, including smart instruments and AI-powered music education, are reshaping the landscape but must navigate evolving regulatory frameworks. To achieve sustainable growth within this intricate policy-legal ecosystem, companies must strategically align with China's cultural revitalization agenda while strengthening intellectual property management, environmental compliance, and globalized operations.

4.2.1.2. Economic Context

By 2025, driven by the combined forces of consumption upgrade, policy support and technological innovation, the Chinese musical instrument market has witnessed dual benefits of scale expansion and structural upgrading. It is estimated that by 2025, the market size of China's musical instrument industry will reach 61.5 billion yuan, approximately 7.6 billion euros, accounting for 76% of the entire Asia-Pacific market, with an annual growth rate exceeding 10%, far higher than the global average compound annual growth rate of 4.7%. Behind this growth, the continuous promotion of the "Music Education in the High School Entrance Examination" policy plays a significant role - in the past three years, the sales of graded musical instruments such as pianos and guzheng have grown by an average of 18.3% annually. Meanwhile, the consumer group is also undergoing a quiet transformation. The Z generation has occupied 40% of the market share, and their preference for smart musical instruments and electronic equipment is driving the rapid growth of related subcategories.

Among numerous sub-sectors, smart musical instruments stand out particularly. By 2025, the global market size of smart musical instruments is expected to exceed 5 billion US dollars, with China contributing over 42% of the production capacity, and smart pianos accounting for more than 60% of it. With technological advancements, the penetration rate of smart musical instruments has risen from 12% in 2022 to 25% in 2025. The AI adaptive teaching system has increased learning efficiency by 40%, and the integration of 5G modules has reduced the response time for remote teaching to 0.3 seconds. The affordability of smart musical instruments has further promoted their popularity, with the average price of

entry-level smart musical instruments dropping from 599 US dollars in 2020 to 299 US dollars, driving the number of smart musical instrument users in China to exceed 30 million. Especially in the K12 education sector, the penetration rate of learning systems for smart guzheng and electronic drums has reached 28%. Meanwhile, the rise of national trend culture has also rejuvenated traditional Chinese musical instruments. The penetration rate of guzheng, erhu and other categories among the Z generation has increased to 19%. In 2023, the sales of traditional Chinese musical instruments grew by 8.7% year-on-year, and this growth trend is expected to continue until 2025.

In terms of international trade, a dual pattern has emerged: "manufacturing advantages continue to be consolidated, but the high-end market still relies on imports." As the world's largest producer of musical instruments, China maintains a leading position in the export of mid-to-low-end instruments. The guitar and violin production from manufacturing clusters in Guangdong and Zhejiang accounts for more than half of the global output. Cross-border e-commerce has become a new driving force for exports. Following a 62% surge in cross-border sales of electro-acoustic instruments in 2023, it is estimated that emerging markets along the Belt and Road Initiative alone will contribute over 35% of the export growth in 2025. Driven by the demand for music production on streaming platforms, the export volume of portable electro-acoustic devices has increased by an average of 21% annually. However, domestic enterprises still have shortcomings in the high-end market. In 2023, the import value of professional performance-level instruments reached a new high of 2.78 billion yuan. Imported brands such as Steinway pianos and Yamaha wind instruments occupied 80% of the market share in the 100,000-yuan-plus high-end segment, highlighting the gap between domestic enterprises in core acoustic technology and brand premium capabilities.

The development of the industry is also facing dual challenges of cost pressure and changes in demand. In the raw material sector, the proportion of carbon fiber composite materials has increased from 15% in 2022 to 25% in 2025. Although this has reduced the weight of the products, due to the restrictions of the CITES convention, the scarcity of rare woods such as rosewood still led to a 30% increase in the cost of guitar manufacturing. At the consumer end, it presents a "dual polarization + diversified scenarios" characteristic: On one hand, the sales of handmade custom instruments priced above 100,000 yuan increased by 52% year-on-year in 2023; on the other hand, the annual sales of electronic pianos below 2,000 yuan exceeded 3.8 million units. The online channels have occupied 48% of the market share. The playback volume of topics related to instrument teaching on the Douyin platform exceeded 42 billion times, and the conversion rate of live-streaming sales has increased by 11 percentage points compared to 2020. These changes have also prompted traditional physical stores to transform into a "experience-based consumption + AI trial-play" integrated model.

4.2.1.3. Socio-Cultural Context

The socio-cultural context of China's musical instrument sales industry reflects a multifaceted landscape shaped by the interplay of tradition and modernity, generational divides, and the impact of digitalization. The revival of traditional culture has propelled instruments like the guqin (zither) and erhu (two-stringed fiddle) from museum artifacts into mainstream life. Viral performances of traditional music on short-video platforms—such as the "Guzheng Hero" phenomenon—have redefined young people's perception of heritage arts and fueled a "national-trend instrument" consumption boom. Cultural tourism destinations like the Mogao Caves in Dunhuang integrate instrument sales with immersive historical experiences, transforming them into "tangible symbols of history." Simultaneously, shifts in educational priorities have become a core driver of the industry. Under the "Double Reduction" policy, middle-class families now view music education as a critical arena for cultivating competitive skills, elevating pianos and violins from casual hobbies to "educational necessities." This has even spawned collaborative family consumption patterns, such as "children learning instruments, parents coaching." Meanwhile, adults are embracing beginner-friendly instruments like ukuleles and ocarinas to fulfill unmet childhood aspirations or build social networks, while community elderly universities' erhu classes and urban professionals' therapeutic clay flute workshops highlight instruments' role as tools for "emotional fulfillment" across age groups.

Youth subcultures are reshaping consumption patterns, with idol shows, Chinese-style video games, and short-video platforms forming a "trinity of musical inspiration" for Gen Z. Programs like "The Big Band" have driven a 23% annual surge in electric guitar sales, while the soundtrack of the game "Genshin Impact" has turned MIDI keyboards into creative tools for anime enthusiasts, transforming instruments from performance tools into mediums for "cultural participation." Platforms like Douyin and Kuaishou have disrupted traditional learning paths with "15-second tutorials," doubling sales of portable instruments like flutes and harmonicas through their "learn-and-show" appeal, creating a closed-loop ecosystem of "watch-buy-display." Notably, the metaverse is expanding the boundaries of instrument consumption, with virtual guzheng NFTs auctioned on digital collectible platforms and interactive VR concert experiences attracting tech-savvy pioneers exploring future forms of musical expression.

Urban-rural divides and regional cultures further diversify the market. In tier-one cities, consumers covet the luxury status of Steinway pianos, with bespoke services catering to high-end symbolic consumption. In contrast, lower-tier markets sustain demand for affordable domestic instruments, where secondhand platforms see entry-level keyboards

under RMB 2,000 accounting for over 65% of transactions. Ethnic instruments like Yunnan's hulusi flutes and Xinjiang's rawap lutes are repackaged as "portable cultural souvenirs" in tourist areas. Evolving social values also permeate the industry: post-pandemic, sales of therapeutic instruments like singing bowls and zen drums surged 142% among urban professionals, serving as "emotional antidotes" in an anxious era. Growing environmental consciousness has spurred brands to adopt FSC-certified woods and innovate with "bamboo electric guitars" and "3D-printed violins." This complex socio-cultural tapestry demands that businesses precisely capture diverse consumer values while redefining instruments as multidimensional symbols of cultural identity, self-expression, and lifestyle integration.

4.2.1.4. Technological Context

Currently, the Chinese musical instrument industry is undergoing a full-chain technological transformation from production to consumption. AI, 3D printing and digital technologies have become the key forces driving this process. On the production side, intelligent transformation has made substantial progress. Take Zhongjiang Piano as an example. By introducing an AI quality inspection system, the yield rate of good-quality wood selection has increased from the original 75% to 92%. Suzhou Shengkai, on the other hand, uses 3D printing technology to produce carbon fiber guitars, which not only reduces production costs by approximately 30% but also significantly improves the stability of the instrument's sound quality. Traditional musical instruments have also undergone digital upgrades. For instance, the Dunhuang intelligent guzheng, which is equipped with built-in teaching modules and Bluetooth functionality, has achieved annual sales of over 230 million yuan (approximately 28 million euros). The export volume of the bamboo-stringed erhu has increased by 220% year-on-year.

At the consumer end, technological applications continuously expand the boundaries of user experience. The ONE intelligent piano, with its AI error-correction function, helps users improve their learning efficiency by 40%, and has accumulated over 3 million users. Nanjing Ai Yun has launched an intelligent guzheng that integrates an AR finger-drawing guidance system, significantly reducing the learning barrier for beginners. The online teaching scenarios are also continuously being optimized. The remote education model represented by VIP coaching has covered many third- and fourth-tier cities across the country, with a penetration rate of 25%. In addition, the intelligent coaching service of Xiaoye Music Education has a user retention rate of 81%, demonstrating a high level of market acceptance.

However, technological advancements also bring new challenges. The prices of raw materials such as spruce wood have risen by 40% within two years. Coupled with the high investment in intelligent equipment, many small and medium-sized workshops are facing

pressure to transform. At the same time, the new national standards' requirement for the standardization of data interfaces for intelligent musical instruments has further raised the technical threshold of the industry. Looking to the future, cloud collaboration is expected to become an important path for the industry to break through. It is predicted that by 2027, 45% of the research and development work in the musical instrument industry will be carried out on cloud platforms, effectively enhancing the collaborative efficiency of the industrial chain.

4.2.1.5. Environmental Context

As global attention to sustainable development continues to increase, the application of environmental-friendly materials, green production processes, and recycling systems have gradually become key issues in industry development. From the material perspective, traditional instrument manufacturing has long relied on specific wood resources, such as spruce and rosewood, which has led to an increase in forest resource pressure. To address this challenge, the industry is actively promoting material innovation. The usage rate of carbon fiber composite materials in wind instrument manufacturing has increased to 28%, and alternative materials such as bamboo base pressure plates have also gradually been applied to components like guitar fingerboards, while maintaining acoustic performance, reducing the cost of individual products by approximately 18%. In 2025, the export volume of guitars made with environmentally friendly materials increased by 38% compared to 2023. Research on bio-based materials has also made substantial progress. For instance, the Dunhuang Academy collaborated with universities to develop bio-based panel materials, reducing the carbon footprint by 67%; the German Beisschstein launched "synthetic ebony" keyboards, completely avoiding the use of ebony, and received the EU eco-label certification.

In terms of production and regulation, the implementation rate of industry environmental protection standards has increased to 76%. In 2025, 14 new environmental protection technical standards related to musical instrument manufacturing will be introduced globally. Regulations such as the EU's "Forest Law" require imported musical instruments to provide proof of legal wood sources, which is driving Chinese musical instrument export enterprises to accelerate the establishment of green supply chain systems. Currently, only 41% of the spruce wood used in imported musical instruments in China comes from sustainably managed forest farms, indicating that the management of raw material traceability still needs to be strengthened.

The recycling and disposal of discarded musical instruments and components have also begun to attract attention. By 2025, the professional recycling rate of battery waste from electro-acoustic instruments had increased to 23%, but there is still a significant gap

compared to other electronic consumer products. In the future, with the implementation of policies such as the EU battery regulations, the product recycling responsibilities of musical instrument enterprises will be further strengthened.

4.2.2. Sector Analysis

The musical instrument industry in which D company is currently located has gradually begun to show a trend of continuous expansion of the market scale. Liu (2022) believes that globally, the musical instrument market is maintaining steady growth, and China, as an important country for the manufacture and sales of Musical Instruments, is also significantly expanding its market size and is expected to maintain high growth in the next few years. However, the market competition is also extremely fierce, there are many domestic and foreign brands, and the competition for market share is becoming increasingly fierce. Large musical instrument manufacturers dominate the market with their brand awareness and market share, while emerging brands are constantly challenging the position of traditional manufacturers through innovative product design and marketing strategies. At the same time, with the increasing diversification of consumer demand, the product types of the musical instrument industry are also continuously enriched, from traditional national instruments to western instruments, to electronic instruments, percussion instruments, etc., everything to meet the individual needs of different consumers.

Musical instrument sales industry is experiencing the trend of intelligent and digital upgrading. With the progress of science and technology, digital, intelligent and other advanced technologies began to be widely used in the field of musical instrument manufacturing, intelligent Musical Instruments came into being, providing players with a more convenient way to learn. In addition, the digital upgrade has also promoted the change of musical instrument sales model, and the online sales platform has gradually become one of the important channels for musical instrument sales. On the other hand, personalized and customized services have also become a major trend in the musical instrument industry. Consumer demand for instrument quality and performance has increased, leading instrument manufacturers to provide more personalized customized services, from exterior design to timbre adjustment, to meet consumers' needs for uniqueness and individual expression. At the same time, the musical instrument industry also carries out cross-border integration with other industries to jointly develop new Musical Instruments and music education products to promote the innovative development of the industry.

Musical instrument sales industry is also facing many challenges and opportunities in the development process. On the one hand, the intensification of market competition, the

diversification of consumer demand, the rising cost of raw materials, and the suppression of international brands have brought no small pressure to domestic musical instrument manufacturers. On the other hand, with the support of policies and the growth of market demand, the musical instrument sales industry has also ushered in a period of rapid development opportunities. Especially in the context of the popularization of music education and the upgrading of consumption, the musical instrument market will usher in a broader space for development. Therefore, Company D needs to constantly innovate and adjust its business strategy to adapt to market changes and challenges, pay attention to the development trend of the industry, actively introduce and apply new technologies, enhance product competitiveness and added value, and stand out in the fierce market competition.

4.2.3. Competitor Analysis

The first major competitor is represented by Baotou branch of Tongliao musical instrument Store and Yihai Musical Instrument Store, relying on national brand resources, and focusing on large chain brand stores in the middle and high-end market. Their advantage is that they represent international brands such as Yamaha and Casio, providing standardized services such as piano tuning and lifetime warranty, and covering a comprehensive range of categories (from children's electronic organ to professional grand piano). However, their disadvantages are also significant, such as the price is 10%-20% higher than that of local merchants, and the product line is inflexible, which is difficult to meet the customized needs of Mongolian Musical Instruments, such as the horse head qin, Mongolian Sihu and other characteristic categories often rely on external goods, and the delivery cycle is too long, thereby losing customers.

The second is the local independent musical instrument studio, typical businesses such as Tianyin piano club and Grassland sound musical Instrument workshop, with precise positioning of market segments to form differentiated competitiveness. With guitar and ukulele sales and teaching as the core, Tianyin Piano Club builds community cohesion through weekly ballad singing salon to attract young music lovers; Grassland Sound focuses on the field of ethnic instruments, providing customized Mongolian pattern carving services, and cooperating with local travel agencies to launch the "Grassland music culture Experience package", with a single customized Matou qin premium of 40%. However, its shortcomings lie in the limited inventory, the high out-of-stock rate of popular models, and the offline radiation range is limited to the surrounding 3-5 km community.

The third competitor is the integrated e-commerce offline experience stores such as Jingdong and Tmall offline stores feed offline sales through online traffic. For example,

Jingdong musical instrument experience store focuses on electronic drum and MIDI keyboard, and uses the mode of "online order and offline self-pickup". During the "Double 11" period, electronic drum sales accounted for 35% of the city. The advantages are price transparency, which is usually 5%-10% lower than in physical stores, and smart hardware experiences such as AI piano trials. However, the disadvantage is that the after-sales service relies on third-party cooperation, the tuning and maintenance response of ethnic Musical Instruments lag behind, and the products are highly standardized, which is difficult to cover the needs of Mongolian characteristics.

A final, smaller competitor includes the Baotou flea market musical instrument section and the Xianyu cross-town trade, which mainly appeal to budget-conscious consumers. The average price of used pianos is 30%-50% of that of new ones, and Xianyu publishes more than 200 messages changing hands every day, of which guitars and electronic keyboards account for more than 60%. However, due to the lack of quality inspection and after-sales protection, the channel has a high dispute rate - in 2023, the number of second-hand saxophone body cracking complaints accounted for 18%, and some sellers even refurbished scrapped Musical Instruments for shoestring, resulting in continued low consumer trust.

Table 4.1 Competitor analysis table

Competitor type	Representing a brand or channel	Core competition advantage	Critical disadvantage	Differentiation opportunity	D Company's core advantages
National brand chain stores	Tongliao music line Baotou branch, Yihai music line	International brand authorization agent, standardized service, comprehensive category coverage	The price premium is 10-20%, the Mongolian characteristic instruments rely on external tuning, the delivery cycle is long, and the customization ability is weak	Well marked, plenty of storage space	Prices are low and stocks are plentiful
Local instrument studio	TianYin Piano Club, Grassland Sound Musical Instrument Workshop	Teaching core, customized services	Premium 40%, limited inventory, high out-of-stock rate of popular models, limited offline radiation range	Lower price, more storage space	Lower prices with ample stock available.
E-commerce offline experience store	JingDong, Tmall	Price transparency, smart hardware experience, online traffic conversion	The after-sales service is unreliable and difficult to cover the needs of Mongolian characteristics.	Have a professional after-sales team	After sales professional, customized service
Secondary market	Baotou flea market musical instrument section and the Xianyu cross-town trade	Low price advantage, high-frequency trading	Easy to produce quality disputes, refurbished instruments too much	No quality disputes	Professional after-sales, quality assurance

Source: Author (2025)

4.2.4. Porter’s Five Forces Analysis

Porter's Five Forces is a tool developed by Michael Porter to analyze the competitive environment of an industry. It believes that there are five basic competitive forces in the industry, and these five forces together determine the competitive intensity and profit rate of the industry. These five forces are: 1. The competitiveness of existing competitors in the industry 2. The threat of potential entrants 3. The threat of substitutes 4. Bargaining power of suppliers 5. Bargaining power of purchasers.

Analysis of the competitiveness of existing competitors in the industry. The competition in the musical instrument sales industry is extremely fierce, with a dazzling array of domestic and foreign brands, and the competition for market share is particularly fierce. The intensity of competition is not only reflected in brand awareness, but also covers many dimensions such as product quality, price strategy and after-sales service. In this field, international brands such as Yamaha and Gibson firmly occupy the middle and high-end market with their strong brand premium ability. The local small and medium-sized brands are in the name of "factory direct sales" on the e-commerce platform to launch a price free-for-all, such as 599 yuan folk guitar sets and other low-cost products emerge in endlessly. In the face of such a fierce competitive environment, D company must constantly improve its own strength, find a differentiated development path, in order to stand out among many competitors and win market share.

Threat analysis of potential entrants. Although the musical instrument sales industry has relatively low barriers to entry and attracts potential entrants from other retail industries or start-ups, the industry also requires a certain amount of expertise, channel resources and brand accumulation, so new entrants often face no small challenge. Nevertheless, the development of the market and the advancement of technology provide opportunities for new entrants, who may penetrate the market through different routes. For example, small manufacturers use e-commerce platforms to sell branded Musical Instruments, such as the ukulele made in Yiwu, China, and rely on low prices to quickly capture the low-end market. At the same time, cross-border competitors such as technology companies have also begun to cut into the field of intelligent Musical Instruments, such as the electric piano launched by HUAWEI and ROLAND, bringing new variables to the market. However, for D company, which has a fixed cooperative brand, its 30 years of brand reputation and fixed resources help to resist the competitive pressure brought by new entrants.

Threat analysis of alternatives. The musical instrument sales industry faces the threat of substitutes, mainly due to the rise of other forms of entertainment and cultural consumption products. With the rapid development of science and technology, electronic music products, virtual reality music experience and other new things gradually emerge, they may become a

substitute for traditional Musical Instruments, to meet the diversified entertainment needs of consumers. Specifically, the phenomenon of digital music substitution has become increasingly obvious, and virtual instrument software such as FL Studio and AI composition tools have reduced the demand for physical instruments, making some consumers turn to digital music creation and performance. At the same time, the impact of the second-hand musical instrument market can not be ignored, the flow of second-hand high-end Musical Instruments on platforms such as Xianyu, such as 90% of the new Steinway piano price is only 60% of the new product, which constitutes a certain competitive pressure on the sales of new Musical Instruments. Therefore, Company D needs to pay close attention to changes in consumer demand, constantly innovate products and services, and provide more innovative and differentiated options to cope with the threat of alternatives.

Bargaining power analysis of suppliers. The suppliers of musical instrument vendors mainly include musical instrument manufacturers and distributors, and their bargaining power largely depends on multiple factors such as brand awareness, product quality and supply stability. For musical instrument sellers, it is essential to establish a good cooperative relationship with suppliers, which not only ensures the stability of supply, but also ensures the reliability of product quality. In terms of raw materials, high-end instruments often rely on scarce wood and handmade components, such as rosewood, spruce, and piano string machines. As these raw materials are subject to CITES restrictions, suppliers have relatively strong bargaining power in this regard. In addition, the core components of smart Musical Instruments such as chips, sensors, etc., are also highly dependent on a small number of electronic component suppliers, which further enhances the bargaining power of these suppliers. However, Company D, which has a stable supply chain, has established a stable cooperative relationship by signing long-term agreements with musical instrument suppliers. This strategy not only helps to ensure the stability of supply and the reliability of product quality, but also weakens the bargaining power of suppliers to a certain extent, and wins an advantage for D company in the market competition.

Analysis of buyer's bargaining power. The purchasing group mainly includes individual consumers, schools and training institutions, and their bargaining power is affected by a variety of factors, such as purchase volume, brand loyalty and price sensitivity. For Company D, paying close attention to changes in consumer demand and providing more cost-effective products and services is the key to improving consumer satisfaction and loyalty. In terms of price sensitivity, the market shows a clear stratification phenomenon. In the low-end market, such as guitars or electronic keyboards below 1,000 yuan, consumers are often very price sensitive, and e-commerce platforms have increased price transparency, making it easier for consumers to compare prices. In the high-end custom market, such as more than 100,000 handmade Musical Instruments, customers pay more attention to brand culture and exclusive

services, so the bargaining space is relatively small. In addition, corporate customers usually have strong bargaining power when purchasing. Schools, training institutions, etc., often require a certain discount when conducting centralized procurement, especially in the bulk purchase of pianos and other Musical Instruments. Company D chooses to focus on cooperating with other large enterprises to deal with this challenge through large sales, which helps Company D to balance the bargaining pressure to a certain extent while maintaining sales volume.

4.2.5. Consumer Analysis

Company D uses the method of market research and divides the overall market into several consumer groups with specific characteristics according to the diversity of consumer demand, purchasing behavior and habits. By combining sales data and market research results, Company D has broken down the target consumer groups into three main categories: training institutions, amateurs and professional performers. Such segmentation helps Company D to concentrate resources, build competitive advantages in specific markets, and effectively reduce operational risks.

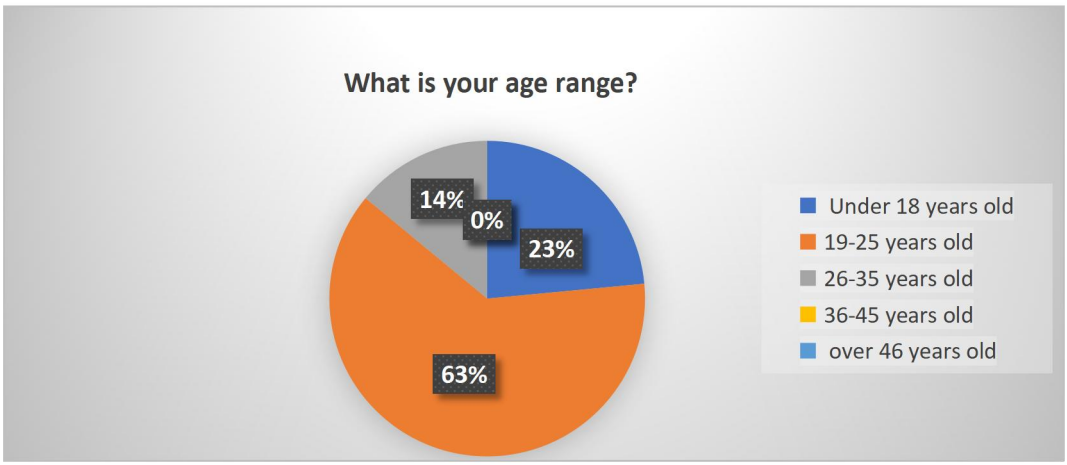
Training institutions and corporate group buying are the main customer groups of D company's musical instrument sales. Such consumers usually have clear purchasing needs and plans, purchase a relatively large amount, and have high requirements for the quality and teaching applicability of Musical Instruments. They tend to pay more attention to the durability of the instrument, easy to teach and after-sales service. When purchasing, consumers tend to choose musical instrument brands that have a good reputation and provide professional training support and after-sales service. For this group, D Company provides customized instrument packages and professional training support services to meet their teaching needs.

Professional performers are the high-end customer group of D Company's musical instrument sales. The number of such consumers is relatively small, the transaction price is high, and the quality of Musical Instruments, timbre and performance have extremely high requirements, and they usually pursue top musical instrument brands and customized services. When purchasing Musical Instruments, professional players will pay more attention to the uniqueness and personalization of Musical Instruments, as well as the cultural connotation and historical inheritance of the brand. For this group, D company provides high-end customized instrument services and 24-hour uninterrupted after-sales service support to meet their professional performance needs and establish a good brand image.

Another large group of Company D's musical instrument sales are amateurs, who often have a strong interest in Musical Instruments but a relatively limited purchase budget. When these consumers buy a guitar, they are often in the trial stage, wanting to see if they can play the guitar, so most people are not sure whether they can stick to learning. Because they lack professional judgment on the quality of guitar products, they pay more attention to the price and appearance of products when buying. They pay more attention to the cost performance of the instrument, hoping to buy a good quality instrument within a limited budget. At the same time, amateurs also have certain requirements for the appearance design and portability of Musical Instruments. For this group, D company launches cost-effective musical instrument products, and provides a wealth of musical instrument purchase guides and playing skills tutorials to help them better choose and use Musical Instruments.

The target group of this survey is students studying in educational institutions. The method of combining random sampling with convenient sampling is adopted. The questionnaire was issued through the "Questionnaire Star" platform, and the survey objects were students learning Musical Instruments in the piano shop, who were able to answer questions on the basis of understanding Musical Instruments. A total of 200 questionnaires were collected, mainly through WeChat communication, and the recovery rate was 100%. The survey was conducted from February 20 to March 22. Respondents were invited to fill in the sample voluntarily to ensure the diversity and representativeness of the sample. The data collection period is a specific period of time to ensure that the collected data is timely and representative.

Figure 4.1 What is your age range?

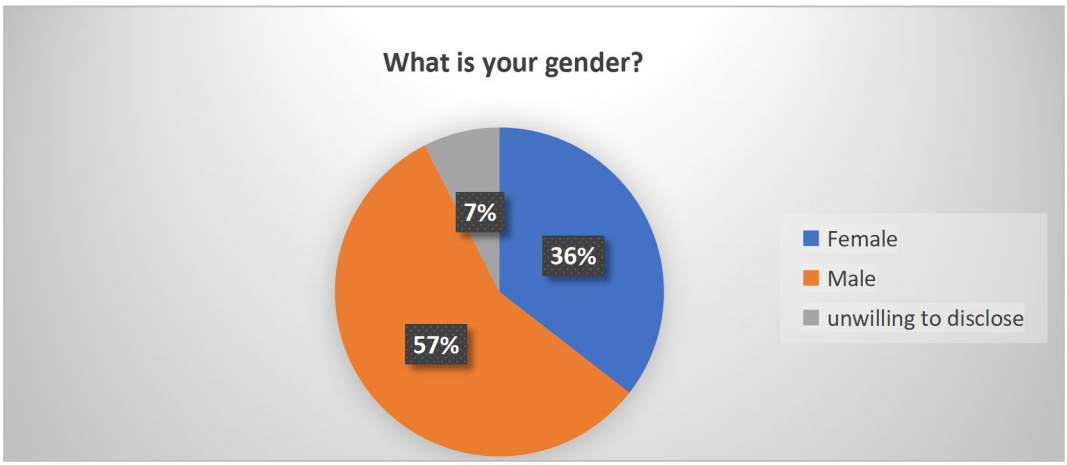


Source: Author (2025)

In this questionnaire survey, the proportion of young people aged 19-25 is the highest, which is 62.5%. In second place is the age group under 18, accounting for 23.5 percent. In third

place is the 26-35 age group, at 14 percent. The consumption level of this group of 19-25 years old is higher in the musical instrument industry, easy to accept new things, and have more time to learn new skills.

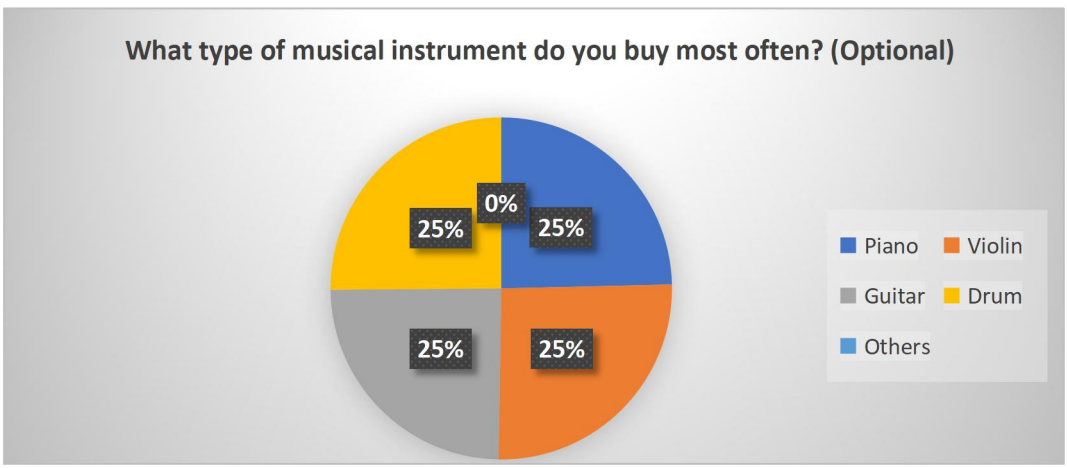
Figure 4.2 What is your gender?



Source: Author (2025)

In this questionnaire survey, women accounted for 35.5% and men accounted for 57%. Part of it is that there is a dearth of female talent in the music industry, but it is also that men are more interested in the music industry.

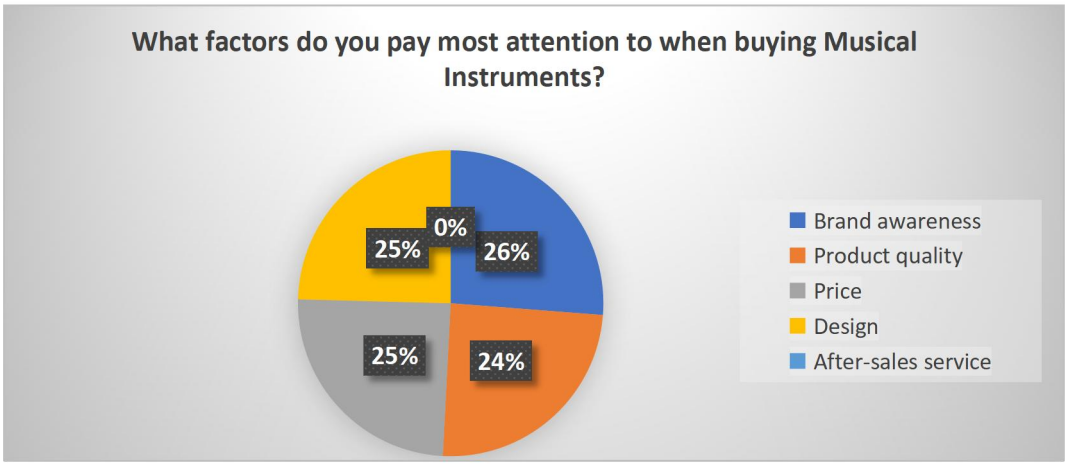
Figure 4.3 What type of musical instrument do you buy most often?



Source: Author (2025)

The figures are fairly even across the most frequently purchased instruments. People like piano, violin, guitar and drum set at about 50%. Among the respondents, 56% of consumers buy Musical Instruments because of brand awareness, 52.5% of consumers.

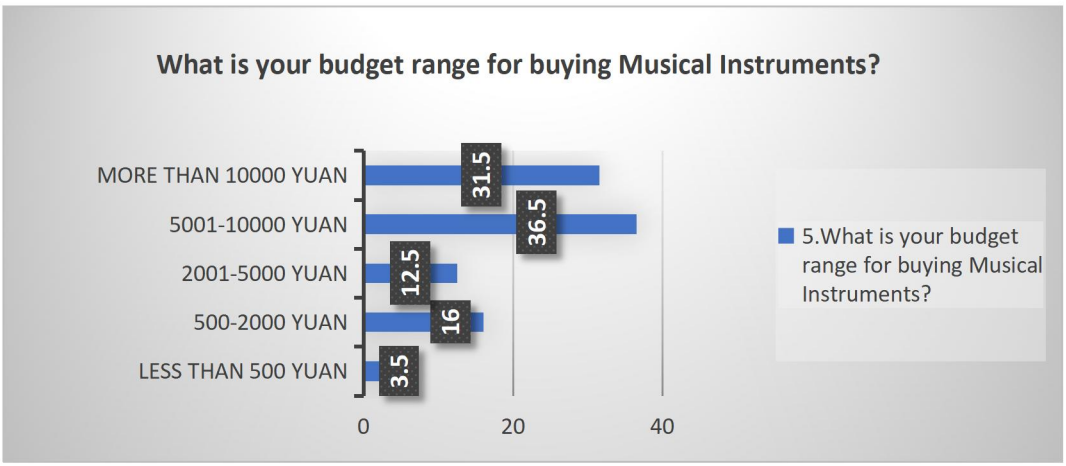
Figure 4.4 What factors do you pay most attention to when buying Musical Instruments?



Source: Author (2025)

Among the respondents, 56% of consumers buy Musical Instruments because of brand awareness, and 52.5% because of musical instrument price, product quality and design. Finally, after-sales service. It can be seen that consumers pay more attention to the brand of the instrument itself, and pay less attention to after-sales service. It also shows that this kind of musical instrument products do not have too many quality problems, and it is not likely to involve a lot of after-sales service problems.

Figure 4.5 What is your budget range for buying Musical Instruments?

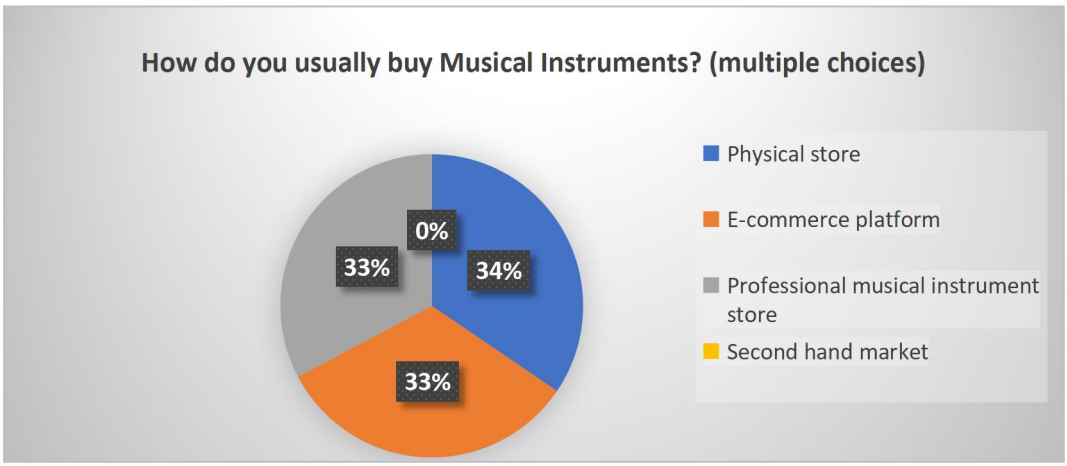


Source: Author (2025)

Among the respondents, 3.5% of buyers will buy instruments less than 500 yuan, and most of these consumers are beginners. They expect to judge whether this instrument meets their needs by buying cheap instruments, and then decide whether to buy a higher-priced guitar for long-term use according to the use situation and experience satisfaction. The proportion of the purchase price between 500 and 2000 yuan is 16%, and the proportion between 2000

and 5000 yuan is 12.5%. The proportion of 5000-10000 yuan was 36.5%. The side reflects that these consumers pay more attention to the cost performance of Musical Instruments, and also want to buy better quality Musical Instruments. The buyers of more than 10,000 yuan are as high as 31.5%, and these buyers pay more attention to the expression of timbral color, and they are students with a certain foundation.

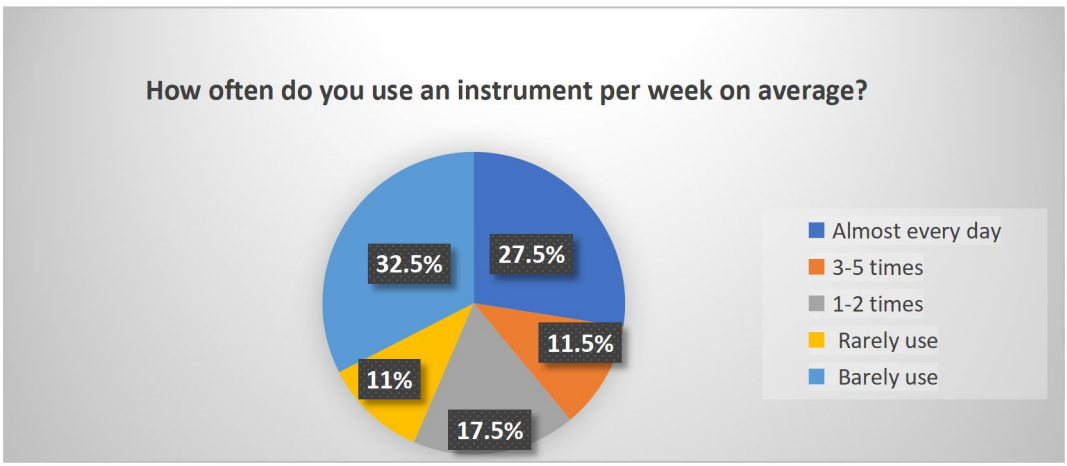
Figure 4.6 How do you usually buy Musical Instruments?



Source: Author (2025)

Among the 200 respondents, 49.5 percent of consumers chose physical stores and e-commerce platforms, and 47 percent of buyers chose professional musical instrument stores and second-hand markets. The flat purchase pattern shows that buyers are not very concerned about where to buy instruments.

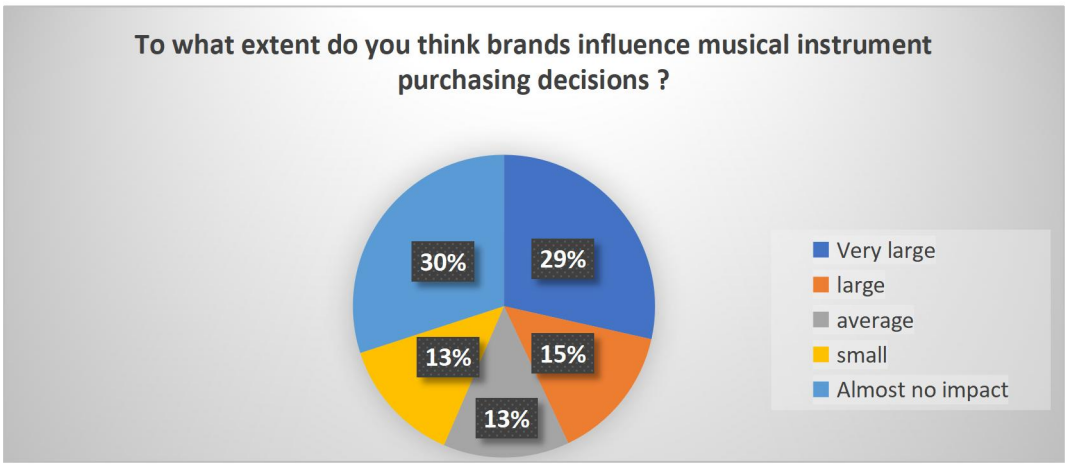
Figure 4.7 How often do you use an instrument per week on average?



Source: Author (2025)

27.5% of the respondents use an instrument almost every day, and this category refers to students who have a strong love for music and see music as their future career. 11.5% of respondents use it 3-5 times a week. 17.5% use it 1-2 times a week. These two categories are students who are somewhat interested in learning one more skill at an institution. 11% of respondents rarely use it. The highest was 32.5% of respondents who barely used an instrument on a weekly basis. Many of these instruments are mainly bought and collected.

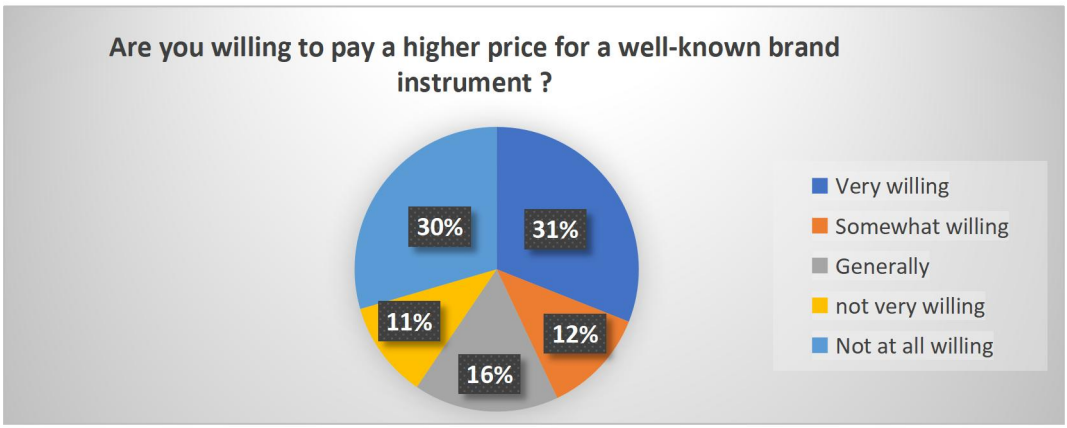
Figure 4.8 To what extent do you think brands influence musical instrument purchasing decisions?



Source: Author (2025)

The influence of brand on the purchasing decision of respondents is very large, accounting for 28.5%, and this type of respondents trust brand Musical Instruments. The larger accounted for 14.5%, the general accounted for 13.5%, and the smaller accounted for 13.5%. Almost no impact accounted for 30%, such people pay more attention to price appearance and quality.

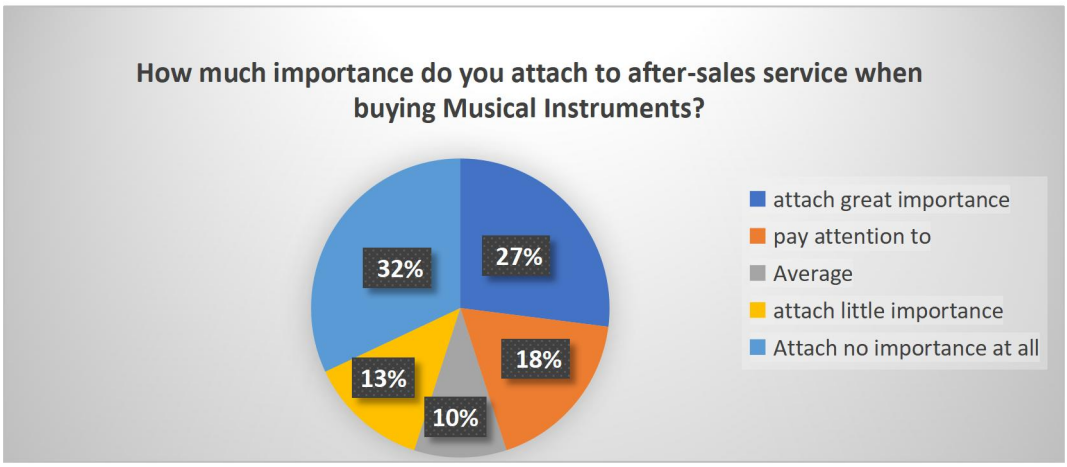
Figure 4.9 Are you willing to pay a higher price for a well-known brand instrument?



Source: Author (2025)

Among the respondents willing to pay high prices for well-known brand Musical Instruments, 31% are very willing, and this type of people believe in brand effectiveness. More willing to account for 12%, generally 16.5%, less willing to account for 11%, these three categories are the auxiliary reference of whether the brand is only purchased. Very reluctant accounted for 29.5%, this type of people are completely unaffected by the brand.

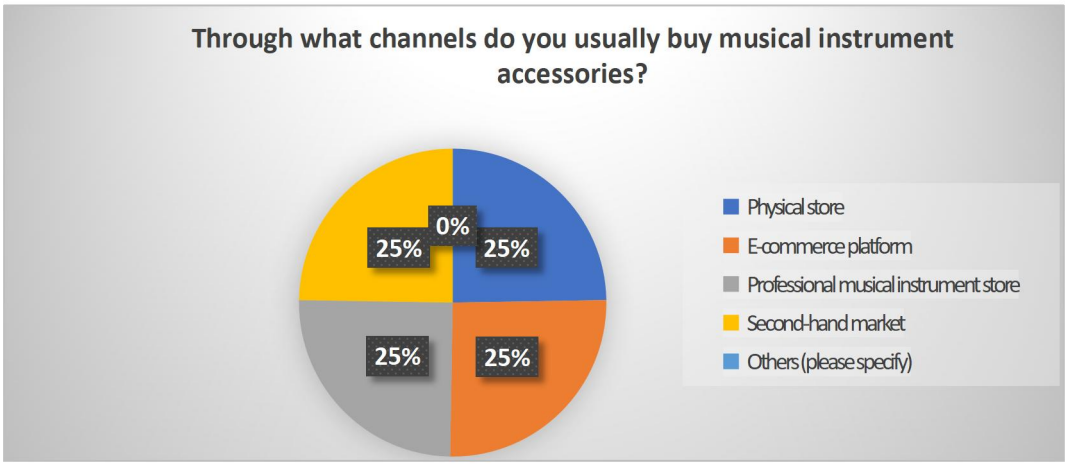
Figure 4.10 How much importance do you attach to after-sales service when buying Musical Instruments?



Source: Author (2025)

Among the respondents' emphasis on after-sales service, 27% attach great importance to it, 18% attach great importance to it, 10% in general, 13% attach little importance to it, and 32% attach no importance to it at all. This point is not very important to the respondents, who are more concerned about brand, price and quality.

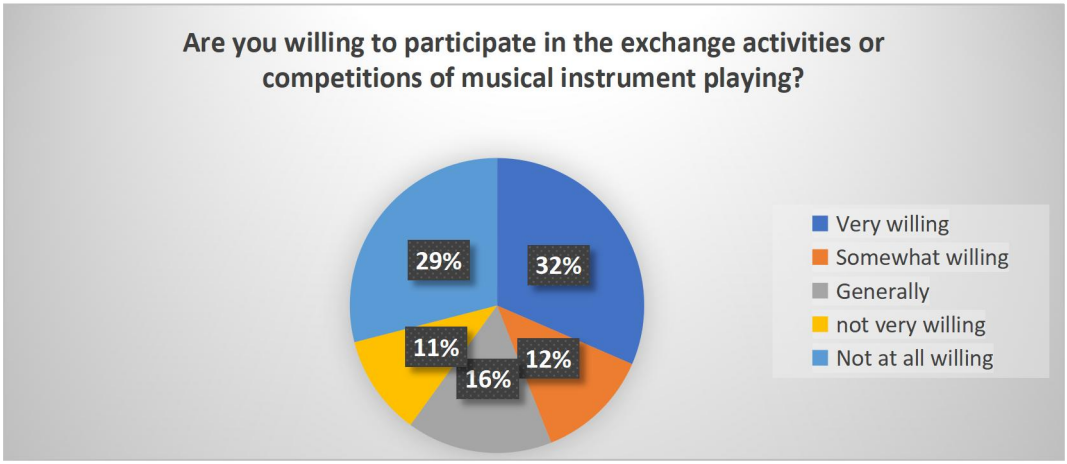
Figure 4.11 Through what channels do you usually buy musical instrument accessories?



Source: Author (2025)

Respondents mainly purchased musical instrument accessories through physical stores (47.5%), e-commerce platforms (49%), professional musical instrument stores (48%) and second-hand markets (47.5%). Buying accessories for a musical instrument is similar to buying the instrument itself.

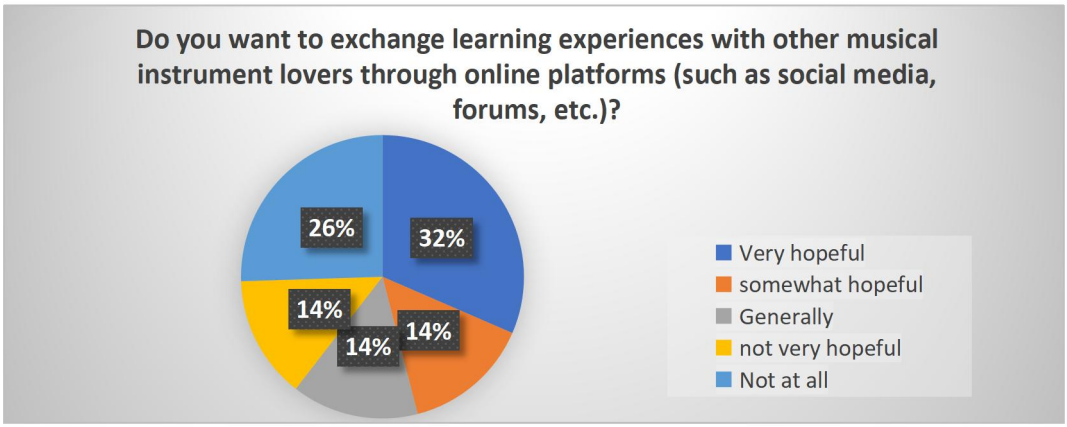
Figure 4.12 Are you willing to participate in the exchange activities or competitions of musical instrument playing?



Source: Author (2025)

Among the respondents' willingness to participate in musical instrument exchanges or competitions, 31.5% are very willing, 12.5% are relatively willing, 16% are generally willing, 11% are not very willing, and 29% are very reluctant. Basically, most people are willing to participate in networking competitions, which also allows them to learn about their skills and make friends widely.

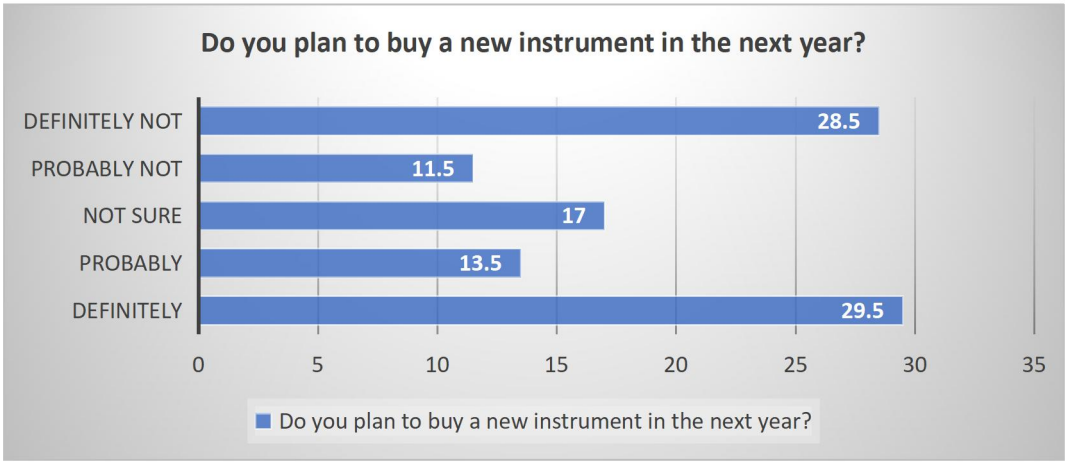
Figure 4.13 Do you want to exchange learning experiences with other musical instrument lovers through online platforms ?



Source: Author (2025)

Among the respondents' willingness to participate in musical instrument exchanges or competitions, 31.5% are very willing, 12.5% are relatively willing, 16% are generally willing, 11% are not very willing, and 29% are very reluctant. Basically, most people are willing to participate in networking competitions, which also allows them to learn about their skills and make friends widely.

Figure 4.14 Do you plan to buy a new instrument in the next year?



Source: Author (2025)

Of the respondents' plans to buy a new instrument in the next year, 29.5% are certain, 13.5% are likely, 17% are uncertain, 11.5% are likely not, and 28.5% are certain not. Stable maintenance of customer sources will significantly improve the future marketing development of D company.

4.3. Internal Situational Analysis

4.3.1. Characterization of the company

D Company is a professional wholesaler offering a diverse range of products, including musical instruments, brand-name computers, office and network equipment, hardware and building materials, network engineering solutions, and conference recording and broadcasting equipment. D company's business covers all the cities and counties in Inner Mongolia. D company advocates with the most advantageous product price, the most assured product quality and the best product service to win the trust and support of our customers. The company was founded in 1992, since the establishment of the company to promote the popularization and wide application of computer products for the purpose. Guided by the dissemination of advanced technology and service concepts in the computer field, D Company aims to create a high level of application environment for users, and

seriously develops and improves its own sales, design, construction, service and a complete sales and service system, so that the company's business capabilities and technical level to high technology and deep development. After several years of unremitting efforts, the company with strong technical strength, sincere spirit, reliable reputation, quality service and competitive products have won widespread praise and trust from users. In recent years, D Company gradually moved closer to the musical instrument industry, began to develop in many aspects and achieved a leading position in the musical instrument sales industry in Baotou City.

D company attaches great importance to the formulation and establishment of the perfect system. Through more than 20 years of unremitting efforts, we have established and improved the management system of D company, standardized financial system, intimate logistics and distribution system, and subsequent perfect customer service and training system. D company attaches great importance to the cultivation and utilization of talents, has a high degree of professionalism, strong sense of responsibility, dedicated and dedicated staff, and has rich market development, product sales, network engineering design, construction, software development, system maintenance and other professional technology and experience.

In today's increasingly fierce competition, while consolidating the original product retail, distribution and industry customer market, D company continues to expand the brand and type of agent products, focusing on the development of retail market and distribution business, has formed a product retail platform composed of a number of stores and retail stores, and established a distribution system for multiple products.

4.3.2. Mission, vision and values

Mission - "Making Every Instrument a Vessel of Virtue, Nurturing the Spiritual Home of Humanity through Music"

Instrumental Level: Strict control over instrument quality ("Vessel of virtue" implies the craftsmanship spirit of "making instruments with virtue"). Humanistic Level: Transmitting values of "benevolence and virtue" through instruments (such as the tradition of "cultivating one's character and nourishing one's nature" with ancient qin). Societal Level: Healing hearts with music .

Vision - "Upholding Music with Virtue, Blessing Its Transmission Across Centuries – Guardians of a Timeless Musical Civilization"

"Virtue" carries the cultural spirit behind music, while "blessing" symbolizes the responsibility to safeguard its transmission. This emphasizes supporting the music industry with moral strength ("Virtuous music" is derived from the Book of Songs, "Virtuous music shines brightly") and implies the historical mission of the "DeYou" brand to guard musical civilization, echoing the goal of becoming a century-old enterprise.

Values - "Virtue as the foundation, bless the world."

Integrity-Abide by the business road, establish the musical instrument industry credit standards. Customer Guardianship-Lifetime guarantee of service quality. Talent Nurturing-Cherish the common growth of employees

4.3.3. Company development history

Company D was established in November 2006 and its headquarters is located in Baotou City, Inner Mongolia. Under the leadership of Mr. Zhang, the chairman, it has grown over 19 years, gradually transforming from initially focusing on regional wholesale of office equipment and electronic products to a diversified enterprise centered on instrument sales. The company has added an instrument business unit under the IT business framework, integrating software research and development, technical services, and all-channel sales resources, forming a "retail and wholesale of musical instruments, intelligent system support, and cultural education services" multi-functional operation model. Currently, its business covers traditional musical instruments (such as pianos and guzhengs), electronic musical instruments (such as synthesizers and DJ equipment), and music education support packages. It has become a comprehensive musical instrument service provider with both brand influence and technical expertise in the local area of Baotou.

4.3.4. Company department introduction

Among the departments of Company D, Mr. Zhang, the founder, is responsible for coordinating strategic decisions and cross-departmental collaboration, and is in charge of resource allocation and long-term planning for the musical instrument business line. The musical instrument business unit under the Information Technology and Computers Division, as a newly added core section, not only retail and wholesale traditional musical instruments such as Yamaha pianos, Fender guitars, and electronic musical instruments such as Roland synthesizers and professional audio systems, but also develops music education applications and digital sheet music management tools, in order to jointly promote the

construction of intelligent teaching platforms with the Software Department. At the same time, it expands and integrates the product line of Mongolian traditional musical instruments (such as the horse-head fiddle) with regional cultural characteristics. The Software Department provides customized information technology solutions for musical instrument sales, including intelligent inventory management systems and remote teaching platform development. The cross-functional support departments include the Teaching Equipment Division, which provides "instrument plus education" package solutions for schools and music institutions and connects with the purchasing needs of other companies. The Technical Service Center is responsible for after-sales support such as instrument repair and tuning, as well as conducting second-hand instrument refurbishment and trade-in business. The Finance and Procurement Department manages the musical instrument procurement channels and distribution network and coordinates supply chain cooperation with domestic and foreign brands such as Steinway and Gibson.

4.3.5. Internal interview analysis table

The interview was conducted in February and lasted about 2 hours. The interviewee was Mr. Zhang of D Company. The purpose of this interview is to gain an in-depth understanding of the sales channels, category management strategies and future development plans of D Company's musical instrument products.

In the interview, Mr. Zhang elaborated on the sales channel layout of D Company's current musical instrument products, including the proportion of offline channels, the selection and planning of online channels, and the complementary strategy of online and offline channels. At the same time, Mr. Zhang also shared the category management of the company's musical instrument products, including the types of Musical Instruments covered, the basis for the selection of categories, the analysis of best-selling categories and the evaluation and positioning of emerging categories.

The key objective of this interview is to obtain D Company's professional insights and experience in the field of musical instrument sales through Zhang's sharing, so as to provide valuable references for the company's future sales strategy, product development and marketing. Through in-depth understanding of D company's sales channels and category management, the company can develop more accurate market entry strategies, improve the product structure, and enhance market competitiveness.

Table.4.2.1 Internal interview analysis table

Objective	Question	Response and Conclusion
Understand the current situation and plan of musical instrument sales channels	Through which channels do you currently sell Musical Instruments? What is the proportion of online and offline channels?	At present, we mainly sell Musical Instruments through offline channels, and offline channels account for 100%. We have not yet launched online sales, but in the future plan to expand online purchase channels, such as Taobao and other e-commerce platforms.
Understand important online sales platforms and choice tendencies	Which platforms are most important for online sales? Which platform do you choose?	In online sales, Taobao, Jingdong and other large e-commerce platforms are undoubtedly the most important. If we want to choose a cooperation platform, Taobao will be our first choice, because it has a huge user base and a complete e-commerce ecosystem, which can provide us with a broad market and a good sales environment. The platform management fee of Jingdong is higher, which may increase the consideration factor, and may cooperate with Jingdong after joining Taobao's platform cooperation experience in the future.
Understand offline channel layout and value	How to layout offline channels? What is the unique value of these channels to the brand?	In terms of offline channels, we mainly layout in major business districts in Inner Mongolia. For example, it is close to residential areas, shopping centers and cultural and artistic centers. These channels are uniquely valuable to brands by providing physical displays and trial experiences that enhance customer perception and trust in the product, thereby increasing brand image and sales conversions.
Understand how to complement online and offline channels	How to complement online and offline channels?	In the future, we will expand brand exposure and attract potential customers through online channels, while providing physical display and professional services through offline channels to meet customers' audition and purchase needs. Online channels can also direct the flow of offline channels, such as online booking audition, offline experience purchase, etc., to achieve seamless connection between online and offline.
Understand the range and selection factors of the company's instruments	What kinds of Musical Instruments does your company cover? Based on what factors are these categories selected?	We have instruments such as violin, guitar, drums and piano. Such as the common Pearl River piano, Enya guitar and so on. These categories are selected based on factors such as market demand, brand positioning and competitive environment. We are committed to providing a high quality, diverse selection of instruments to meet the needs of different consumers.
Understand the best selling categories and evaluate the positioning of emerging categories	Which categories sell best? How do you evaluate and position emerging categories?	Guitars and pianos are currently selling the best, which may have something to do with their popularity and audience. For emerging categories, we will pay close attention to market dynamics and consumer demand, and decide whether to introduce and layout relevant categories through market research and evaluation.

Source: Author (2025)

Table.4.2.2 Internal interview analysis table

Objective	Question	Response and Conclusion
Understand how to implement differentiated strategies across channels and categories	How do you implement differentiation strategies across different channels and categories?	For example, in offline channels, we will focus on physical display and professional services to improve customer experience; In the upcoming online channel, we will focus on online marketing and brand promotion to attract more potential customers. At the same time, for different categories, we will also develop different marketing strategies and product positioning to meet the needs of different consumers.
Understand multi-channel inventory management	How to manage multi-channel inventory? How to ensure reasonable distribution and timely replenishment?	We have established a sound inventory management system to monitor the inventory of each channel in real time. Forecast sales demand through data analysis to ensure reasonable distribution and timely replenishment. At the same time, we will establish close cooperation with suppliers to ensure the stability and timeliness of the supply chain.
Understand how consumer needs are analyzed and their impact on product development and marketing	How do you conduct consumer demand analysis? How does this data affect product development and marketing?	We analyze consumer demand through market research, customer feedback and sales data. This data can help us understand consumer needs and preferences, which can guide product development and marketing strategies. For example, if there is a consumer demand for a particular function or design of a musical instrument, we will consider these elements in the product introduction.
Understand how consumer needs are analyzed and their impact on product development and marketing	What are your future plans for sales channels and categories? What emerging channels or categories are worth watching?	For sales channels and categories, we plan to further expand online channels in the future, strengthen cooperation with e-commerce platforms, and improve the offline channel layout to enhance the brand image and sales conversion rate. In terms of emerging channels, we will pay attention to emerging marketing methods such as social media and live streaming. In terms of emerging categories, we will pay close attention to market dynamics and consumer demand, and introduce and distribute relevant categories in a timely manner.

Source: Author (2025)

4.4. SWOT Analysis

SWOT analysis is a simple and effective way to help companies look at their internal conditions and external environment. Specifically, SWOT analysis requires a firm to clearly identify its own strengths, that is, those strengths that make it stand out from the competition. At the same time, it is also necessary to face up to and recognize the weaknesses of the enterprise, that is, those deficiencies that need to be improved or avoided. In addition, enterprises need to be sensitive to the opportunities in the external environment, that is,

those favorable conditions and factors conducive to the development of enterprises; In addition, we should be highly alert to potential threats and guard against all kinds of risks that may adversely affect the enterprise. Through SWOT analysis, enterprises can allocate resources more reasonably and focus their limited resources and energy on areas where they have advantages and opportunities, so as to formulate strategies that are more in line with different development stages of enterprises and cope with environmental changes.

Strenghts

- The site selection of D company is located in Baotou City, Inner Mongolia, China, which has significant cost advantages. As the rent price in Baotou is relatively low, the operating cost of the company can be effectively reduced. This advantage is not only reflected in the direct rental cost of the house, it also indirectly improved the overall cost structure of the company. For example, costs associated with staff accommodation, logistics and warehousing are kept low. Therefore, compared with other areas with high rent, the company can carry out business activities in Baotou at lower operating costs, thus winning a favorable position in the market competition.
- D Company's offline stores are located in the busy road and surrounded by many residential areas, which brings the company the advantage of stable customer groups. Because the stores are close to residential areas and located in bustling areas with dense pedestrian flow, the company can continue to attract a large number of surrounding residents as stable customers. These customers highly recognize the convenience, product variety and service quality of the stores, so they are willing to choose D company for long-term consumption. The stability of the customer base not only provides a strong guarantee for the company's sales, but also lays a solid foundation for the company's brand reputation and market influence.

Weaknesses

- In today's era of online shopping, Company D's sales channels are relatively limited and it only relies on offline purchasing methods. This single sales model not only makes it difficult for the company to reach a wider group of online consumers, but also fails to take full advantage of the convenience and breadth of the Internet platform to expand sales business. As consumers are more and more inclined to shop online and enjoy the convenience, diversity and price advantages brought by online shopping, the company will undoubtedly lose some potential customers by providing only offline purchase

methods, and also limit the promotion of market share and the expansion of brand influence.

- Company D has a relatively large age structure, which brings challenges: employees struggle to learn new knowledge, adapt to new technologies, and keep up with new market trends. In the current rapidly changing market environment, learning and mastering emerging skills quickly is essential to improve service quality and maintain business competitiveness. However, due to older employees, Company D may appear a little slow in these aspects, and it is difficult to respond quickly to changes in the market and meet the latest needs of customers.In addition, as a family business, although the team cohesion is strong, there may be certain limitations in decision-making. The close relationship between family members may lead to an overemphasis on emotional factors in the decision-making process, and neglect of objective market analysis and professional advice, thus affecting the scientific and effective decision-making.

Opportunities

- With the popularization of music education in China and the continuous improvement of people's demand for spiritual and cultural life, the market demand for Musical Instruments is gradually increasing, especially for primary and secondary school students. This trend has brought huge market opportunities for D company. The gradual increase in domestic musical instrument market demand has provided a solid foundation and broad space for the company to achieve business growth and long-term development.
- Under the current trend of the close integration of music and technology, D company has ushered in unprecedented market opportunities. With the innovation of intelligent piano, AI tuner and other scientific and technological products, as well as the exploration of APP interactive teaching and other models. The smart piano provides personalized learning advice and interactive teaching through the built-in intelligent system to make the learning process more lively and interesting; The AI tuner simplifies the tuning process of the instrument, ensuring that the best intonation can be achieved every time you play, and improving the musical expression. At the same time, the APP linkage teaching mode breaks the time and space restrictions of traditional teaching, and users can obtain rich teaching resources and personalized learning plans anytime and anywhere, and enjoy the dual fun brought by the combination of technology and music. These innovations not only meet the pursuit of modern consumers for high-quality life and a sense of science and technology, but also provide a strong driving force for D company to expand the market and achieve rapid business growth.

Threats

- With the rapid development of the musical instrument manufacturing industry, the market competition is becoming more and more fierce, and many enterprises have flooded into the market, resulting in serious product homogenization. Major musical instrument manufacturers imitate best-selling products, lack of innovation, resulting in market saturation. In order to compete for market share, many companies adopt a price war strategy to attract consumers by reducing prices. This vicious competition not only weakens the profitability of enterprises, but also compresses the overall profit margin of the industry. As a member of the industry, D company is also facing huge price competition pressure. Long-term price war will not only affect the company's profit margin, but also may lead to a decline in product quality, damage the brand image, and then affect the company's long-term development.
- In the digital age, the importance of online sales channels is becoming increasingly prominent, but this also brings the problem of channel dependence and traffic costs. If Company D relies excessively on online platforms, it may not only face high traffic costs caused by platform monopoly, but also suffer losses due to changes in platform policies. At the same time, the competition of online platforms is becoming increasingly fierce, and companies need to invest a lot of money in online marketing and advertising in order to obtain sufficient exposure and user traffic. In contrast, although the operating costs of offline stores are lower, under the impact of online shocks and changes in consumer shopping habits, the customer flow and sales of offline stores are generally declining, and many stores even face the risk of closure. This dual pressure of online monopoly and offline contraction puts forward higher requirements for D company's channel layout and marketing strategy.

4.5. Business Development Plan Objectives

As a company aspiring to become a century-old company in the field of music culture, D Company understands that sustainable growth needs to be rooted in scientific strategic planning. Based on the SMART target management framework, the company has developed a phased plan that combines the mission of cultural inheritance and commercial feasibility, and draws resource investment through quantitative indicators to ensure that the vision can be implemented.

4.5.1. Short-term goal (1-2 years)

With Taobao as the core, D company will create a "flagship store + live sales + intangible cultural heritage" integration drive. Through three weekly live brand events (teaching and instrument maintenance columns) and "Super Brand Day" marketing activities, the company has deeply penetrated the group of novice musicians aged 25-35, and plans to achieve a compound annual growth rate of 15% in online sales within three years, with the goal of exceeding 1 million euros by the end of 2027. Relying on Taobao traffic, the membership system is upgraded simultaneously, and through consumption points and exclusive tuning service rights, the re-purchase rate is increased to 45%, and the lifetime value of customers is increased by 30%. In order to strengthen the growth momentum, D company will introduce innovative products such as intelligent horse head Qin in 2025, combined with Inner Mongolia Cultural Tourism Hall, and establish integrated experience halls and workshops in 10 cities such as Hohhot and Xilingol, improve the market coverage of Mongolian populated areas, and take advantage of non-genetic bearers co-branded product lines to shape cultural symbols.

4.5.2. Long-term goal (3-5 years)

Company D will launch the plan to go out of China, take the European market as the first stop of internationalization, and systematically promote the globalization layout. To ensure compliance with EU environmental protection policies, cooperate with overseas logistics companies to reduce cross-border logistics costs, establish intelligent warehousing centers overseas, and develop localized e-commerce channels simultaneously, with the goal of achieving 35% of overseas sales by 2032, and establish a European member database. Form a dual-track driving trend of "European quality certification + Eurasian cultural resonance". In order to ensure the implementation of the strategy, the company will invest 4.5% of the annual revenue for the construction of overseas compliance system, and establish a multi-language customer service center to cope with regional market differences.

4.6. Segmentation, Targeting and Positioning

4.6.1. Segmentation

The Inner Mongolia Autonomous Region is located in the north of China. The unique geographical environment and national culture have shaped the diversified musical instrument consumption ecology. With economic development and cultural integration,

people of different ages, genders and living areas show distinct differences in the choice of Musical Instruments.

4.6.1.1. Age Stratification Analysis

Adolescent Group (10-18 years old): Purchasing decisions are predominantly made by parents. Urban middle-class families tend to invest in "exam-oriented necessities" such as pianos and violins, which not only fulfill educational competition demands but also symbolize family cultural capital. Working-class families prioritize cost-effectiveness, with electronic keyboards and entry-level guitars being mainstream choices. In Mongolian-populated regions, traditional instruments like themorin khuur(horsehead fiddle) exhibit higher adoption rates among adolescents.

Youth Group (19-35 years old): This demographic demonstrates a "coexistence of tradition and modernity." On one hand, the rise of grassland music festivals and Livehouse performances has driven sales growth for modern instruments like guitars and electronic synthesizers. On the other hand, urban Mongolian youth show strong demand for innovative products such as electricmorin khuurand digitalizedkhoomei(throat-singing) effect processors.

Middle-aged and Elderly Group (36+ years old): This group adheres to traditional frameworks. Males in pastoral areas predominantly purchase handcraftedmorin khuurandkhuuchir(Mongolian four-stringed fiddle), viewing them as ritualistic family heirlooms. Females favor mellower-toned instruments like theyatga(Mongolian zither), frequently used in communityNaadamfestivals. These instruments serve both social functions and nostalgic sentiments.

4.6.1.2. Gender Differences

Male consumers are particularly focused on the power of the instrument. When men buy Matouqin in pastoral areas, they generally tend to choose the traditional system of Mengniu skin in the sound box and Wolf totem carved on the rod. The unit price of such instruments exceeds 5,000 yuan (667 euros), which is still in short supply. The essence of their consumption is the materialized inheritance of nomadic spirit. Among urban young men, percussion instruments such as drums and Mongolian war drums have a higher number of applicants in music training institutions because of their masculine temperament.

The choice of female consumers is more flexible aesthetic. Urban women prefer piano, violin, guzheng and other elegant Musical Instruments, and high-end musical instrument brands are more popular among women; Women in pastoral areas prefer the portable Taupsuer, with its pear-shaped body and colorful silk string design, which skillfully blends

practicality with ethnic aesthetics. Short video platforms powered by musical instrument videos have made high appearance level instruments such as the thumb harp and crystal ukulele popular among women aged 18-25.

4.6.1.3. Regional pattern

The urban market is dominated by modernization and specialization. For example, Yamaha, Pearl River piano and other brand flagship stores, medium and high-end western instruments account for a relatively high proportion, and consumers pay more attention to grade certification and intelligent teaching functions.

The pastoral market focuses more on traditional Musical Instruments. Leather horse head qin and sheep gut string Sihu are popular because they are adapted to dry climate. High price sensitivity, and more trust in local artisan reputation rather than brand effect.

Border flag counties show cultural blending characteristics. Tobushur of Alashan Right Banner has become a symbol of cross-border culture because it is close to the music style of Kazakh nationality in Xinjiang. The mixed sales of Russian Bayan accordion and Mongolian Musical Instruments appeared in Manzhouli port, reflecting the shaping power of border trade on cultural consumption.

4.6.1.4. Economy and education

High-income groups (monthly household income of more than 20,000 yuan) constitute the main force of luxury consumption. For example, the higher price of Steinway pianos, buyers concentrated in the energy, livestock industry management; In the field of ethnic Musical Instruments, handicraft instruments such as silver-inset Matou qin and filigre-enamel Yatoga have become emerging collection investment choices.

Middle-income households (monthly income of 5000-15,000 yuan) dominate the rational consumption market. They tend to compare prices through e-commerce platforms, choose domestic cost-effective brands such as Xinghai piano and Suzaku Guzheng, and pay attention to the package of "Musical Instruments + online courses". In this category, 82% of instrument purchase decisions are directly linked to educational planning.

The acquisition of Musical Instruments by low-income farmers and herdsmen (monthly income less than 5,000 yuan) showed passive characteristics. Mainly through the purchase of basic instruments with low prices and strong practicality, or from the second-hand trading platform to purchase old Matouqin and second-hand electronic organ with low prices. In terms of education, Mongolian teaching families support their children to learn traditional

Musical Instruments, while Chinese school parents generally regard musical instrument grades as a way to gain points in college.

4.6.2. Target

Our new target group is 19 - 25 - year - old males. This group has a relatively high proportion in the survey (62.5% of the total respondents are in the 19-25 age group, and males account for 57% of all respondents). They are more likely to be active in the musical instrument market. They have a relatively high budget for purchasing musical instruments, with a significant proportion having a budget of 5000-10,000 yuan (36.5%) or more than 10,000 yuan (31.5%). They also show a relatively high frequency of use, with 27.5% using musical instruments almost every day. In terms of brand preference, they are familiar with well - known brands like Casio (52%) and Pearl River (50.5%). They are also more likely to be interested in learning musical instruments through self - study (36%) and are relatively willing to participate in musical instrument - related activities, with 31.5% being very willing to participate in performance exchange activities or competitions. This group has strong potential in the musical instrument market in terms of both consumption and participation, making them a worthy target for companies in the musical instrument industry.

4.6.3. Positioning

4.6.3.1. Product - centric Positioning

High - quality and Mid - to High - end Positioning: Given that a significant portion of the target consumers (19 - 25 - year - old males) have a relatively high budget for instrument purchases, with 68% having a budget of 5000 yuan or more, the company can position its products as high - quality, mid - to high - end musical instruments. For example, focus on producing instruments with excellent craftsmanship, using high - grade materials. In the case of guitars, use premium tonewoods that can produce rich and warm sounds, and for pianos, ensure precision in the action mechanism for a responsive playing experience. This positioning aligns with the brand preference of the target group, as they are familiar with well - known brands like Casio and Pearl River, which often represent quality in the market.

Innovative and Feature - rich Positioning: Considering that the target consumers are more likely to self - study (36%) and are active in the music scene, the instruments can be positioned as innovative and feature - rich. For instance, for guitars, add built - in pickup systems with advanced tone - shaping capabilities for easy connection to amplifiers or recording devices, which is useful for home practice and performance. For electronic

keyboards like those from Casio, include more interactive learning features such as built - in tutorials and accompaniment tracks to support self - learning.

4.6.3.2. Brand - centric Positioning

Trendy and Youth - oriented Brand Image: To appeal to the 19 - 25 - year - old male target group, the brand should project a trendy and youth - oriented image. Use modern and eye - catching packaging designs, and communicate through social media platforms in a language and style that resonates with young people. For example, create short, engaging video content on platforms like TikTok to showcase the instruments in action, highlighting their cool features and how they can be used in modern music styles. This approach aligns with the target group's digital - native nature and their preference for online learning and communication.

Reliable and Trustworthy Brand: Since brand awareness is an important factor in the purchasing decision (56% of respondents consider brand awareness), building a reliable and trustworthy brand is crucial. Emphasize the brand's quality control processes, long - standing reputation in the industry (if applicable), and excellent customer service. For example, offer extended warranties and quick - response after - sales support. This will build confidence among the target consumers, especially those who are investing a significant amount of money in musical instruments.

4.6.3.3. Service - centric Positioning

Comprehensive Learning Support Services: As the target group has a mix of learning preferences, the company can position itself as a provider of comprehensive learning support services. This could include offering free online lessons for different skill levels, access to a community of musicians for peer - to - peer learning, and in - store workshops in collaboration with professional musicians. For example, partner with local music schools or influencers to conduct guitar - playing workshops in physical stores, which can attract the target consumers and enhance their brand experience.

Efficient and Hassle - free After - sales Service: Although the survey shows that some consumers don't prioritize after - sales service, for the target group investing in mid - to high - end instruments, efficient after - sales service can be a differentiator. Provide services such as quick instrument repairs, easy - to - understand product manuals, and dedicated customer support hotlines. For example, if a customer's expensive violin has a problem, offer to pick up the instrument for repair and return it in a timely manner, ensuring minimal disruption to the customer's music - making activities.

Table 4.3 Positioning Table

Customer group	**Core feature**	**D Company product strategy**	**Price range (Euro)**
Training institutions /corporate group buying	Clear procurement plan, large purchase volume, focus on teaching applicability, require durability & after-sales service, rely on brand reputation	Custom instrument packages, volume discount policy, free teaching equipment maintenance, teacher training support	Instructional guitar set: 1000-2000 per set Electronic organ batch purchase: 2000-3000 per unit
Professional performer	High quality requirements, the pursuit of customization, attention to the uniqueness of the tone, attention to the history of the brand, willing to premium top products	Hand-made instruments, lifetime warranty service, VIP exclusive tuner, priority rental of concert equipment	Custom violins: 2500-4000 each Performance grade piano: 10000-50000 each
Music amateur	Limited budget, attention to appearance and portability, initial try mentality, pay attention to cost performance	Introductory set with teaching materials, high cost performance, professional after-sales	Starter guitar: 100-500 each Portable electronic organ: 100-1200 per unit
Male, 19-25 years old (Future main target population)	High budget for instrument purchases (68% with 5000 yuan or more), more likely to self - study (36%), active in the music scene, brand awareness is important in purchasing decision (56% consider it), mix of learning preferences	Product - centric: High - end with top - notch craftsmanship and materials like premium tonewoods for guitars, precision piano mechanisms. Feature - rich with guitar pickup systems and interactive keyboard learning features. Brand - centric: Trendy youth - friendly image via modern packaging and social media. Build trust through quality control and good service. Service - centric: Offer free online lessons, musician community access, in - store workshops. Provide quick after - sales like fast repairs and helpful manuals.	More towards the mid-to-high end, prices start at around €667

Source: Author (2025)

4.7. Marketing-Mix

4.7.1. Product

D company provides different consumer groups with products that meet the different needs of each group.

D company knows the diversity and individual needs of amateurs, to provide a variety of cost-effective Musical Instruments products. For example, easy to use, cost-effective entry level instruments, these instruments are simple in design, easy to operate, perfect for beginners to practice. For fans with a certain foundation, D Company provides mid-range instruments, which have been improved in sound quality and feel, and can meet their higher playing needs. For professional players or consumers seeking extreme quality, D Company has introduced high-end instruments that meet their demanding requirements in terms of craftsmanship and sound quality. Company D also offers a variety of options, including folk and classical guitars, depending on the playing style.

In addition, D company also pays attention to the needs of children consumers, musical Instruments suitable for children have been specially added, such as small-sized guitars, pianos and violins with fun elements, so that children can learn music in joy. In color and shape, it also provides a variety of choices, such as wood color, black, brown gradient, etc., as well as different shapes such as rounded corners and missing corners, to meet consumers' individual needs for appearance. D Company strives to ensure that every consumer can find the best guitar product for them.

According to the questionnaire, Company D will carry out the following innovations in the future: Product innovation: For the characteristics of young consumers who love to learn by themselves, we add the scanning code function in the entry-level musical instrument gift book to facilitate the connection of learning videos. In addition to existing instruments, the introduction of new niche instruments such as banjo to meet diverse performance needs.
Marketing upgrade: Carry out precision marketing based on survey data, and use social media to make eye-catching short videos to promote products to young male dominated target groups. For consumers who value brands, emphasis on brand heritage and quality. At the same time, the shopping experiences both online and offline have been greatly improved, and the physical store has an interactive experience area, and the online 360-degree display and AR virtual trial are used to assist the purchase decision. Service improvement: To meet the needs of professionals and consumers of high-end products, improve after-sales service, shorten maintenance times and establish customer loyalty programs. According to the diversified learning preferences of consumers, create an online learning platform that

integrates video tutorials, interactive exercises and one-on-one tutoring, and can also connect with Musical Instruments to provide personalized learning feedback.

4.7.2. Price

Company D adopts a mixed pricing strategy that combines penetration pricing for entry-level products and skimming pricing for high-end products, with mid-range products positioned at market average levels. This strategy aims to cover diverse consumer groups while balancing market share and profit margins.

Pricing Strategy Details:

Entry-level instruments (below 1,000 yuan / 128 euros): Adopt penetration pricing (below market average). Designed for first-time guitar users and amateurs with limited budgets, these products are priced lower than most competitors' entry models to lower the threshold for new consumers, encourage trial purchases, and quickly capture the mass market.

Mid-range instruments (1,000 – 10,000 yuan / 128 – 1,282 euros): Positioned at market average. Focusing on cost performance, these instruments balance quality (superior to entry-level in sound and craftsmanship) and affordability, catering to consumers with basic musical experience who seek value without overspending.

High-end instruments (above 10,000 yuan / 1,282 euros, no upper limit): Adopt skimming pricing (above market average). Targeting professional musicians, music students, and collectors, these products emphasize premium materials, craftsmanship, and sound quality, justifying higher prices to maximize profits from consumers pursuing extreme quality.

This stratified pricing strategy ensures that different consumer groups can access suitable products within their budget, while enabling Company D to maintain market share through entry-level products and secure high profit margins through high-end offerings.

Table 4.4 Pricing Strategy Table

Product Tier	**Entry-level**	**Mid-range**	**High-end**
Price Range (CNY)	Below 1,000	1,000-10,000	Above 10,000
Price Range (EUR)	Below 128	128-1,282	Above 1,282
Target Consumers	First-time users, budget amateurs	Consumers with basic experience	Professionals, collectors
Pricing Strategy	Penetration (below market)	Market average	Skimming (above market)
Key Features	Affordable, low threshold for beginners	Balanced quality and cost performance	Premium materials, extreme quality for experts

Source: Author (2025)

4.7.3. Place

D Company adopts an integrated online and offline distribution strategy to achieve comprehensive market coverage and provide a seamless consumer experience.

Offline Physical Stores:

D Company's physical stores are designed as experiential hubs that combine product retail with value-added services. Beyond merely displaying products, the stores integrate dedicated zones for instrument trials, professional lessons, and after-sales support. This "experience-first" model allows consumers to physically interact with instruments—assessing their sound quality, craftsmanship, and playability — which is a critical factor in the high-involvement purchase process of musical instruments. Furthermore, by offering on-site teaching courses and professional debugging services, the stores transform from simple transaction points into destinations for learning and community building. This strategy not only drives in-store sales but also fosters long-term customer loyalty and brand engagement.

Online E-commerce Platform:

The online channel is optimized for reach and conversion through data-driven precision. D Company leverages big data and AI analytics on e-commerce platforms to identify and target potential consumers based on their browsing behavior, musical interests, and demographic profiles. This enables the precise delivery of guitar products through personalized advertisements and recommended product lists, significantly enhancing the sales conversion rate. To overcome the tactile limitations of online shopping, the platform incorporates detailed product specifications, high-definition images, user-generated reviews, and demonstration videos. This comprehensive digital presentation helps consumers make informed purchase decisions, effectively serving those who prefer the convenience of online shopping.

4.7.4. Promotion

To enhance brand visibility and drive sales, Company D has implemented a comprehensive promotion strategy focusing on marketing innovation and service enhancement.

Marketing Upgrade: Company D conducts precision marketing by leveraging customer survey data to identify and target specific demographics. Notably, it utilizes social media platforms to create and disseminate eye-catching short videos, effectively promoting products to young, male-dominated consumer segments. For brand-conscious customers, the promotional content emphasizes the brand's rich heritage and superior product quality.

Simultaneously, the shopping experience has been significantly upgraded both online and offline. Physical stores now feature interactive experience zones, while the online shopping platform incorporates 360-degree product displays and AR virtual try-on functions to assist consumers in their purchase decisions.

Service Improvement: To cater to the needs of professionals and high-end product consumers, Company D has improved its after-sales services by shortening maintenance times and establishing a customer loyalty program. Furthermore, acknowledging diverse consumer learning preferences, the company has created an online learning platform. This platform integrates video tutorials, interactive exercises, and options for one-on-one tutoring. It can also connect with smart musical instruments to provide users with personalized learning feedback, thereby adding significant value to the product purchase and strengthening customer relationships.

4.8. Implementation

4.8.1. Schedule

This table is the annual marketing activity plan of Company D in the coming year, which details the core marketing themes, target groups, activity forms and expected added value of different time periods. The table takes important festivals and consumption nodes throughout the year (such as the Spring Festival, the back-to-school season, 618 promotion, Black Friday, etc.) as the entry point, and designs differentiated promotion strategies and emotional business development plan for the market segments such as students, teachers, online platform users and gift consumer groups. Through the annual activity matrix, D Company aims to achieve the dual goals of sales growth and brand value enhancement: not only to seize the holiday traffic dividend, but also to deepen users' awareness and loyalty to the brand, and ultimately to consolidate its competitiveness in the musical instrument market.

Table 4.5 Schedule table

Time/ Planning	Activity theme	Target population	Activity form	Additional value
January - February Spring Festival	New Year special	student	Gift box and accessories for Musical Instruments	Combined with the Spring Festival gifting scene, strengthen the gift attributes
March-April, school season	Music set sail	student	The student card purchase can enjoy an 20% discount, and the limit is purchased	Cultivate potential customers
June (618 promotion season)	Musical instrument carnival	Network platform user	Taobao cross shop to reduce money, direct broadcast room exclusive price	Borrow Taobao platform network traffic, increase sales
September (Mid-Autumn festival, teachers' day)	Grateful teacher, league member Mid-Autumn festival	Teacher	Discounts on Musical Instruments and mooncakes with teacher's card	Enhance brand care
November (black five discount)	The cheapest time of the year	Network platform user	Buy cheap instruments in the last hour	Create a sense of urgency, clear inventory
December (New Year's Eve, Christmas)	Merry Christmas	Gift-giving crowd	Complimentary lettering service	Emotional marketing

Source: Author (2025)

4.8.2. Budget

Marketing budget (According to the current real-time exchange rate, about 1 euro is equal to 7.8 yuan)

Table 4.6 Budget table(Internal estimations)

Marketing Action Items	Specific Details	Budget (RMB)	Budget (Euro)
Online Channel Operations	Taobao flagship store ads, Livestream sales	780,000	100,000
Digital Content Marketing	Short video production	360,000	46,154
Offline Brand Activities	Experience playing an instrument	100,000	12,820
Product Promotion	New product conference	200,000	25,641
Strategic Partnerships	Work with schools	300,000	38,462
Data Monitoring System	Annual fee data	156,000	20,000
Contingency Reserve	Market fluctuation response fund	468,000	60,000
Total		2,364,000	303,077

Source: Author (2025)

4.8.3. Control and assessment

Table 4.7 Control and assessment table

Indicator	Current(Estimated)	Objective(Target)	Variation/ Assessment
Monthly Sales	New store: CNY 10,000-100,000(Euro 1,333-13,333)	Achieve CNY 150,000-200,000 within 12 months(Euro 20,000-26,667)	+ 100%
Annual Growth Rate	Baseline year(no online sales)	≥ 12% year-on-year	+ 12%
Average Daily Visitors	300	≥ 5,000 daily visitors	+ 1567%
Monthly Visitor Growth Rate	Initial stage:low baseline	5% increase per month	+ 5%
Conversion Rate	Approx.5%	≥ 8%	+ 3%

Source: In company information (2025)

The data in the "Objective" column of the table was not set arbitrarily. Instead, it was derived through a comprehensive analysis of the market, internal operation planning, and financial models. The detailed derivation process is as follows:

Monthly Sales

This target was derived based on an analysis of sales benchmarks of similar mature stores in the market. By conducting research on 3 to 5 competitors with similar locations and scales who have passed the start-up stage, their monthly sales during the stable period were all around CNY 180,000.

Annual Growth Rate

Based on the "2024-2029 China Retail Industry Development Status Analysis and Investment Prospects Forecast Report" by Zhongyanpuhua and the publicly available data from the National Bureau of Statistics, the overall compound growth rate of China's new retail market in 2024 was 3.9%. The core branch of online retail grew by 11%, while high-potential sub-sectors such as instant retail, offline experience + online conversion, etc., had growth rates of 15%-20%. Considering the industry benchmark and growth trend, while taking into account the feasibility of the target and the strategic requirement of "rapidly increasing market share", Company D set the growth target for its new retail business at 12%. This target is overall in line with the actual growth patterns of the sub-sectors and has solid data support and feasibility for implementation.

Average Daily Visitors

Through the planned large-scale opening marketing campaign, the attraction of traffic through cooperation with local life platforms (such as Dianping and Douyin), as well as continuous social media advertising. Subsequently, through word-of-mouth promotion and the member acquisition reward program, the daily visitor count will stabilize at over 5,000 people.

Monthly Visitor Growth Rate

In the initial stage (the first 3 months), the base is low and the marketing activities are concentrated. As the base expands, the growth will tend to stabilize and the target is set at 5%. This fluctuation range is flexibly adjusted according to the actual market feedback (such as the ROI of advertising investment) to adjust the marketing strategy.

Conversion Rate

Based on the current 5% natural conversion rate in the offline sector, referring to industry data such as Alibaba Business Advisor, and combining with the quantified effect of the planning measures - increasing the offline conversion rate by 1% through sales training and "experiential consumption", and increasing the online conversion rate by 2% through process optimization, intelligent recommendation, and abandoned purchase recovery, the overall conversion rate can reach 8%. This not only aligns with the optimization space but also benchmarks against the industry's outstanding level (10%), and is feasible.

5. Conclusions

With the continuous acceleration of the integration of online and offline markets, traditional physical retail enterprises of musical instruments like Company D are facing a profound and inevitable transformation challenge. This thesis focuses on the core goal of formulating a systematic business development plan for them. Through a comprehensive analysis of the internal and external environment of the enterprise, it specifically proposes strategic paths to solve the problems of "stagnant growth in offline business and blank layout in online sector".

The thesis reveals that during the expansion of its online business, Company D mainly encountered internal bottlenecks such as insufficient e-commerce experience, lagging product digitization process, and lack of online operation strategies. At the same time, it also had to cope with external pressures such as increasingly fierce market competition and severe product homogeneity. Nevertheless, the company still possesses inherent advantages such as a stable offline customer base, superior store locations, and a mature supply chain system, laying a solid foundation for the online transformation. In terms of market demand, with the favorable policies promoting the popularization of quality education and cultural consumption upgrading, the musical instrument industry as a whole has shown stable growth. Particularly noteworthy is that male consumers aged 19-25 demonstrate strong purchasing power, with 68% of them having a budget of over 5,000 yuan. They not only highly accept online shopping channels but also attach great importance to product quality, brand reputation, and personalized service experiences.

Based on the above insights, this thesis has developed a business development plan for Company D with three main pillars as its core: Firstly, establish a brand positioning that differentiates based on cultural differences. By deeply integrating elements of Inner Mongolia's grassland culture, create a unique brand image. Secondly, implement customer-oriented precise marketing, providing customized services for different age groups such as children, teenagers, adults, and professionals. Thirdly, establish an integrated full-channel system that combines online and offline, with the online part using mainstream e-commerce platforms as the traffic entry point, and the offline part creating an immersive "five-sense music laboratory" to achieve seamless consumption experience. This plan also has detailed implementation phases, budget planning, and key performance indicators to ensure the feasibility and controllability of the plan.

It is expected that the implementation of this plan will help Company D achieve its phased development goals: in the short term (1-2 years), establish a stable online sales channel centered on Taobao, drive an average annual growth of over 15% in online sales volume, and increase the customer repeat purchase rate to 45%; in the medium to long term

(3-5 years), it will focus on achieving the deep integration of the online and offline systems, expand the market coverage to the entire Inner Mongolia region, and gradually expand international market opportunities. Ultimately, Company D will successfully transform from a traditional offline retailer to a comprehensive musical instrument service provider with dual online and offline advantages, significantly enhancing its core competitiveness and market share.

It should be noted that this thesis also has certain limitations. Due to the constraints of time and resources, the sample size of the questionnaire survey used was relatively limited, and the generalizability of the conclusions needs to be further verified. Moreover, the market environment and consumer demands are always in a state of dynamic change, so the proposed strategies need to be continuously adjusted and flexibly optimized according to the actual situation. Looking to the future, related thesis can continue to deepen in the following directions: expanding the sample size and conducting continuous follow-up surveys to enhance the representativeness and timeliness of the data; tracking market trends and changes in demand in real time, and updating business development plans iteratively; strengthening the internal management mechanism and the supporting upgrade of the supply chain system to form a more comprehensive enterprise upgrade plan; and actively drawing on the successful online experiences of other retail industries and scientifically and appropriately applying them to the instrument sales field.

For Company D, this business development plan has provided a clear action roadmap for its online transformation and expansion of new channels. If the plan can be effectively implemented and a rapid response to market changes can be maintained, Company D is expected to successfully break through the current development bottleneck, seize new growth opportunities in the fierce industry competition, and achieve sustainable development and brand enhancement.

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Appendices

Appendix A – Musical instrument product consumption demand questionnaire

Dear Sir/Madam,

Hello! Thank you for taking the time to fill out this questionnaire about consumer demand for Musical Instruments. The purpose of this questionnaire is to understand consumers' purchasing habits, use preferences and brand cognition of Musical Instruments, so as to help us better improve our products and services. The questionnaire is anonymous and your responses will be used for statistical analysis only.

Basic information

1. What is your age range? A. Under 18 years old B. 19-25 years old C. 26-35 years old D. 36-45 years old E. Over 46 years old

2. What is your gender? A. Male B. Female C. Unwilling to disclose

Buying preference

3. What type of musical instrument do you buy most often? (Optional) A. Piano B. Violin C. Guitar D. Drum E. Electronic Organ F. Others (please specify) _____

4. What factors do you pay most attention to when buying Musical Instruments? (Multiple choices) A. Brand awareness B. Product quality C. Price D. Design E. After-sales service

5. What is your budget range for buying Musical Instruments? A. Less than 500 yuan B. 500-2000 yuan C. 2001-5000 yuan D. 5001-10000 yuan E. More than 10000 yuan

6. How do you usually buy Musical Instruments? (Multiple choices) A. Physical store B. E-commerce platform C. Professional musical instrument store D. Second hand market E. Others (please describe) _____

Usage habit

7. How often do you use an instrument per week on average? A. Almost every day B. 3-5 times C. 1-2 times D. Rarely use E. Barely use

8. What are your main situations with Musical Instruments? (Optional) A. Home practice B. School/studio C. Performance/performance D. Social gatherings E. Other (please specify) _____

9. How many years do you think a musical instrument should last? A. Less than 1 year B. 1-3 years C. 3-5 years D. 5-10 years E. more than 10 years

Brand recognition

10. Which musical instrument brands are you familiar with or favorable to? (Optional) A.

Yamaha B. Casio C. Roland D. Pearl River E. Others (please specify) _____

11. To what extent do you think brands influence musical instrument purchasing decisions? A. Very large B. large C. average D. small E. Almost no impact

12. Are you willing to pay a higher price for a well-known brand instrument? A. Very willing B. Somewhat willing C. Generally D. not very willing E. Not at all willing

After-sales service and accessories

13. How much importance do you attach to after-sales service when buying Musical Instruments? A. attach great importance B.pay attention to C. Average D. attach little importance E. Attach no importance at all

14. How often do you need to buy accessories after purchasing Musical Instruments? (e.g. strings, tuners, etc.) A. Often needed B. Sometimes needed C. Rarely needed D. Hardly needed E. Never needed

15. Through what channels do you usually buy musical instrument accessories? (Multiple choices) A. Physical store B. E-commerce platform C. Professional musical instrument store D. Second-hand market E. Others (Please specify) _____

Learning and communication

16. What do you think is the best way to learn a musical instrument? A. Study with a professional teacher B. Self-study (online videos/books) C. Join a music club/interest group D. Learn from each other with friends E. Others (Please explain) _____

17. Are you willing to participate in the exchange activities or competitions of musical instrument playing? A. Very willing B. Somewhat willing C. Generally D. not very willing E. Not at all willing

18. Do you want to exchange learning experiences with other musical instrument lovers through online platforms (Such as social media, forums, etc.)? A. Very hopeful B. somewhat hopeful C. Generally D. not very hopeful E. Not at all

Future purchase intention

19. Do you plan to buy a new instrument in the next year? A. Definitely B. Probably C. not sure D. Probably not E. Definitely not

Thank you for your patience! Your feedback is very important to us and will help us to continuously improve and enhance our services. Thank you.

Appendix B – Musical instrument industry sales channels and category management interview questions

1. Through which channels do you currently sell Musical Instruments? What is the proportion of online and offline channels?
At present, we mainly sell Musical Instruments through offline channels, and offline channels account for 100%. We have not yet launched online sales, but in the future plan to expand online purchase channels, such as Taobao and other e-commerce platforms.

2. Which platforms are most important for online sales? Which platform do you choose?
In online sales, Taobao, Jingdong and other large e-commerce platforms are undoubtedly the most important. If we want to choose a cooperation platform, Taobao will be our first choice, because it has a huge user base and a complete e-commerce ecosystem, which can provide us with a broad market and a good sales environment. The platform management fee of Jingdong is higher, which may increase the consideration factor, and may cooperate with Jingdong after joining Taobao's platform cooperation experience in the future.

3. How to layout offline channels? What is the unique value of these channels to the brand?
In terms of offline channels, we mainly layout in major business districts in Inner Mongolia. For example, it is close to residential areas, shopping centers and cultural and artistic centers. These channels are uniquely valuable to brands by providing physical displays and trial experiences that enhance customer perception and trust in the product, thereby increasing brand image and sales conversions.

4. How to complement online and offline channels?
In the future, we will expand brand exposure and attract potential customers through online channels, while providing physical display and professional services through offline channels to meet customers' audition and purchase needs. Online channels can also direct the flow of offline channels, such as online booking audition, offline experience purchase, etc., to achieve seamless connection between online and offline.

5. What kinds of Musical Instruments does your company cover? Based on what factors are these categories selected?
We have instruments such as violin, guitar, drums and piano. Such as the common Pearl River piano, Enya guitar and so on. These categories are selected based on factors such as market demand, brand positioning and competitive environment. We are committed to

providing a high quality, diverse selection of instruments to meet the needs of different consumers.

6. Which categories sell best? How do you evaluate and position emerging categories?
Guitars and pianos are currently selling the best, which may have something to do with their popularity and audience. For emerging categories, we will pay close attention to market dynamics and consumer demand, and decide whether to introduce and layout relevant categories through market research and evaluation.

7. How do you implement differentiation strategies across different channels and categories?
For example, in offline channels, we will focus on physical display and professional services to improve customer experience; In the upcoming online channel, we will focus on online marketing and brand promotion to attract more potential customers. At the same time, for different categories, we will also develop different marketing strategies and product positioning to meet the needs of different consumers.

8. How to manage multi-channel inventory? How to ensure reasonable distribution and timely replenishment?
We have established a sound inventory management system to monitor the inventory of each channel in real time. Forecast sales demand through data analysis to ensure reasonable distribution and timely replenishment. At the same time, we will establish close cooperation with suppliers to ensure the stability and timeliness of the supply chain.

9. How do you conduct consumer demand analysis? How does this data affect product development and marketing?
We analyze consumer demand through market research, customer feedback and sales data. This data can help us understand consumer needs and preferences, which can guide product development and marketing strategies. For example, if there is a consumer demand for a particular function or design of a musical instrument, we will consider these elements in the product introduction.

10. What are your future plans for sales channels and categories? What emerging channels or categories are worth watching?
For sales channels and categories, we plan to further expand online channels in the future, strengthen cooperation with e-commerce platforms, and improvement offline channel layout to enhance brand image and sales conversion rate. In terms of emerging channels, we will pay attention to emerging marketing methods such as social media and live streaming. In

terms of emerging categories, we will pay close attention to market dynamics and consumer demand, and introduce and distribute relevant categories in a timely manner.