Scuba diving is a fantastic leisure activity that enables people to explore and experience the world of underwater. Accompanied with the popularity of scuba diving, the scuba diving instruction industry has a great development in the past decades. In 2013, there were millions of dive certificate issued in the global market. Being a scuba diving instructor for two years, the author intends to have a more detailed research about the business opportunity in this market and set up a business to catch the opportunity. The objective of this thesis is to formulate a business model and marketing strategy for LeQian, a dive center that the author and his partner will operate.

A systematic research about the scuba diving industry was conducted to gather industry information. The scuba dive instruction has developed for more than 50 years in the US and European countries. Having passed the fast growth stage, the industry is becoming stable with not much opportunity expected. However, the industry has just developed for only few years in the China market, and the research from the author indicated that the market in China is in the introducing stage and will approach the fast growth period.

Being aware of the opportunity in the Chinese scuba diving market, the author starts a further
study in the local market including the competitive environment such as the competition in the market, the threat of entry and etc. Case studies about two dive centers located in China and the Philippines were conducted. Author intends to learn from the success experience of two dive centers. Customer survey was carried out to analyze the target customer and make appropriate marketing strategy. Finally, by using a SWOT tool and analysis of the resources, a business plan that includes a business model, business and marketing strategy and financial plan will be proposed.
THE STARTUP BUSINESS PLAN FOR LEQIAN
Development of Scuba Diving Business and Marketing Strategy

35122329-2 LIU CHENZE
ENTREPRENEURSHIP AND ENTREPRENEURIAL LEADERSHIP
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CHAPTER 1. INTRODUCTION AND METHODOLOGY

Section 1. INTRODUCTION

“Over 70% of earth’s surface is cover by water, a man can never say know the earth if he have never been to the world of underwater”. Although Scuba Diving was invented in early twentieth century, in early stage it was mainly for military and scientific purpose. It is expensive and high risk to do diving. As the further development of technology, by which more safety and cheaper equipment was developed, Scuba Diving become the popular leisure activity that it is today. Professional instruction started in 1959 when the non-profit National Association of Underwater Instructors (NAUI) was formed, which later effectively split to form the for-profit Professional Association of Diving Instructors (PADI) in 1966. Later on, many other institution and organization start their diving school and offer training program. Today, PADI is the biggest training organization in the world, which issues approximately 950,000 diving certifications a year. The Scuba Diving Instruction industry mainly includes diving training program, diving equipment rental and retailing, diving-related tourism. The diving industry started to grow early in Europe and America and had experienced high growth in the past decades. It is currently reaching the material stage. Compared to Europe and America market, the Chinese diving industry start to boom in recent year and is expected to continuously and rapidly grow.

Section 2. BACKGROUND OF “LEQIAN”

“LeQian” is the name of the company that the author plans to use for his startup with his partner. “LE” in Chinese means “Happy and Fun”, “Qian” means “Diving or Diver”. So together it could be explained as “Fun Diver”; Author himself is a scuba diver and diving enthusiast who has lots of diving experience in different countries, mainly in China and Southeast Asia, including


Thailand, the Philippines, Malaysia and Indonesia. The author himself is a qualified PADI Open Water Scuba Instructor and has two years’ part time experience in teaching diving. Having accumulated industry knowledge and set up some networking in diving industry, the author realizes that there is potential to start a career that has a large opportunity to develop and at the same time allow him to explore the enthusiasm and utilize his business knowledge learned from MBA. The author plan to start the business with his partner in diving industry after MBA graduated.

Section 3. OBJECTIVE

This thesis aims to understand the diving market and study the feasibility of starting up a diving-oriented business. The author plans to use the information from this thesis to start up his own dive training center and diving-oriented underwater explore services in China and Southeast Asia. Understanding enthusiasm is a must but not a key to success in business, the author needs to have a better understanding of the market. Although the author has accumulated some industry knowledge, through market research, the author expects to have a more systematic understanding of the industry. In this paper, the author will analyze the key elements in the market, and identify the business factor of diving, and then identify a proper opportunity window. To set up an appropriate entry strategy, the author will first need to identify which market segment to enter and what the key success factors are in this segment and industry. The author will be able to understand what resource is needed and how to utilize current resource at hand to purchase the position. Through these serious research and studies, the author expects to set up a competitive strategy and business model. Finally, a detailed plan will be propose through this thesis.

Section 4. METHODOLOGY

In this thesis, both quantitative research and qualitative research method will be adopted. The industry statistic will be collected through some international organizations; dates will be used to analyze the market demand and market trend, industry environment, comparison and etc. Two companies will be studied and relative interview will be conducted. Survey through questionnaires
will be used to collect and analyze customer needs, so as to figure out what the key values are and in what way will be the best to serve customer.

One diving center researched is the diving center located in China by the name of “Golden Dive Center” (shortened as “Golden” henceforth), while the other one is “Infinity Blue Dive Center” (shortened as “Infinity” henceforth) in the Philippines. Golden Dive Center is located in Kunming City in Yunnan Province which is southwest of China. The diving environment is mainly the biggest lake in Yunnan “Wuxianhu”. Set up in 2013, this Center primarily serves the customer living around the Kunming City and the tourists who want to diving there. After one and half year of operation, it has been success in taking the leading position in the local market. Golden represents one of the success startup diving center based in the central city in China. Studying the setup and operation of this diving center, the author expected to learn the experience of how to success startup in the city-based diving center. “Infinity” is located in Bohol Island in the south of the Philippines. Bohol Island is one of the ten biggest islands in the Philippines. “Infinity” was started up in 2012. After two and half years of development, it has become one of the top 3 diving centers in the Philippines in terms of certificate issued. Interestingly, the customers who attend the diving class are 90% Chinese. Studying the case of “Infinity” will be valuable for a new startup who also wants to open an oversea branch. The author expected that by studying the business model and strategy Infinity used, “Le Qian” can learn and develop its own strategy to reach the goal.
CHAPTER 2. INDUSTRY BACKGROUND

Section 1. DIVING INDUSTRY

2.1.1. Diving category

Scuba diving is a form of underwater diving by using scuba equipment. The word SCUBA comes from the first letter of “Self-contained underwater breathing apparatus”. In the diving industry, diving usually is divided into two categories, Recreational diving or Sport diving and Technical diving.

Generally, a diver who has only a recreational diving certification is allowed to dive to depths of at maximum between 30 and 40 meters (100 and 130 feet), beyond which a variety of safety issues, such as Oxygen Toxicity, and Nitrogen Narcosis, make it unsafe to dive using only recreation diving equipment and practices. Specialized training and equipment for technical diving are needed. Technical dive, although there are still not yet consent in defining the content of technical diving, is in general considered as any sort of diving that allows a diver to safely exceed recreational dive limits by using advanced procedures and equipment. Examples include: dives deeper than 130 feet, dives exceeding no-decompression limits, dives not allowing a direct ascent to the surface. Some types of diving that are considered technical are: Trimix Diving, Cave Diving, Wreck Penetration, and Decompression Diving.

The certificate for recreational diving is a pre-condition for technical diving. Only when divers have acquired a certain recreational level certificate are they allowed to move to technical training. Therefore, most of the customers at the diving center just acquire the entry level certificate and then start to enjoy the leisure activities. With the entry level certification, the divers are allowed to rent equipment, receive air fills, and dive without any higher supervision to depth restrictions of typically 18 meters with a buddy.

These two categories of diving could be seen as two different segments in the diving marketing. Depend on which segment the author intends to target, different strategy should be made accordingly.
2.1.2. Diving organization

In diving industry, most of the commercial operator and dive clubs only allow customers who have at least the entry level certification to do diving. Depending on the type of diving activities the customer intends to do, the corresponded certification is required for specific type of diving. In addition to the underwater environment, the diving equipment could also cause unexpected situation. Therefore, training is needed in order to develop the skills and knowledge for using diving equipment and techniques so that the diver is able to dive with minimum risks. It is essential for the commercial operator or dive clubs to insist that the diver to show their certificate before performing any diving activities.

From 1959, when the first professional instruction NAUI was formed, many for-profit and non-for-profit professional instructions were developed. By simply searching the internet, one can find that there are more than 60 recreational scuba diving certification agencies worldwide. Among these agencies, some of them are rarely known in the world, and may only exist or be recognized in a small area. However, there are still some international organizations who in fact are dominating the market. They are actually the standard maker. There are around 5 organization dominated the diving training, including National Association of Underwater Instructors (NAUI), Scuba Schools International (SSI), Confédération Mondiale des Activités Subaquatiques (CMAS), British Sub-Aqua Club (BSAC), and Professional Association of Diving Instructors (PADI).

- NAUI, as mentioned above, is an international non-profit training agency. NAUI offers a full range of training programs from Skin Diver through Instructor Course Director, with dozens of specialty courses including Nitrox and Technical diving. While NAUI has long been respected for having the highest training standards in the recreational diving industry. NAUI Worldwide is a membership organization headquartered in Tampa, Florida (USA), with tens of thousands of dive professionals and numerous affiliated dive training centers in nations around the globe, it has over one-third of the US market.

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SSI Started in 1970 and headquartered in Fort Collins, Colorado. It is an organization that teaches the skills involved in scuba diving and freediving, and supports dive businesses and resorts. SSI has well over 2,500 authorized dealers, 35 regional centers, and offices all over the world. SSI offers internationally recognized Scuba training programs for all levels - starting with Snorkeling and entry level diving courses up to Instructor Certifiers. The most common programs are: SSI Open Water Diver (OWD), Advanced Open Water Diver (AOWD), and more than 30 different specialty courses. SSI certificate and PADI certificate was recognized by both party.

BSAC has been recognized since 1954 by the Sports Council as the national governing body of recreational diving in the United Kingdom. It is a diver training organization that operates through its associated network of around 1,100 local, independent diving clubs and around 400 diving schools worldwide. They dominate the market in UK and part of Europe.

CMAS is an international federation that represents underwater activities in underwater sport and underwater sciences, and oversees an international system of recreational snorkel and scuba diver training and recognition. It is also known by its English name, the World Underwater Federation. The federation mainly consists of the European countries such as France, Germany, Italy and etc. The major market is in Europe.

PADI is the world's largest recreational diving membership and diver training organization founded in 1966. PADI courses range from entry levels to "Master Scuba Diver" and a range of instructor certifications. Under their PADI TecRec brand, PADI also offers various technical diving courses. With more than 133,500 PADI Professionals and more than 6,000 PADI Dive Shops and Resorts operating in more than

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180 countries and territories. PADI has been the most influential diving organization.

The certification issued from PADI is most popular among the industry. These 5 major diving training organizations dominate the dive training industry worldwide. Except NAUI, the other 4 player are for-profit organization and compete with each other globally. Each player’s influence and market share varies by region. BSAC and CMAS are more popular within European countries, NAUL and SSI have strong influence in the American, while PADI has more worldwide credibility and strong in Asia Pacific and the Americas. It is important for the author to consider under which contest he will set up a plan, not just to take into account the market opportunity but also the resources that he owns.

2.1.3. PADI System & PADI Course

There are 3 main reasons the author chooses to operate a training business under PADI system. The first and the most important reason is that the author and his partners are all PADI instructors. PADI is a first choice for them, not only because of the professional knowledge they have about diving, but also due to the experience in doing dive training under PADI system. The second reason is the popularity of PADI in Asian Pacific area, especially in Southeast Asia and China. According to the certifications added by scuba divers on DiveBuddy.com, the market shares from the largest 3 certification agencies in 2013 are: 56% for PADI, 10% for NAUI, and 10% for SSI. PADI contributed more than half of the new certification in 2013. The popularity of PADI offers a large opportunity for an individual training center without worrying about the brand. The PADI brand and its marketing support make promoting an individual training center easier.

PADI will only authorize qualified professional members to operate a diving business under PADI. Depending on which type of membership the operator intends to do, there are different requirements need to be fulfilled. There are mainly 4 types of membership for small individuals to

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apply to: PADI Dive Resort, PADI Dive Center, PADI Dive Boat and PADI Recreational Facilities. After reviewing the resources at hand, the author plans to start from the PADI Dive Center. PADI Dive Centers are professional businesses that engage in the retail sale of recreational scuba diving equipment and instruction. PADI Dive Centers demonstrate a commitment to the PADI system of diver education by offering PADI certification courses and experience programs.\(^8\)

Generally in PADI system, the dive center charges customer by offering a PADI certification course. After the customer completes the course and passes the requirement, such as an exam, the customer gets approval from the center and will receive the certification after paying an application fee to PADI. The training expense will depend on which level of course provided. Every Dive Center or Dive Resort price the course differently according to their price strategy.

**Exhibit 2-1 PADI Scuba Certification Courses**

Sources: PADI Official Website, PAD Course

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\(^8\) PADI, 2014, “PADI Course”
Exhibit 2-1 shows the certification courses offered by PADI. Among these courses, the Open Water Diver and Advance Open Water are the most popular entry level course. With these certifications, the divers are able to dive in most of dive sites worldwide. Furthermore, some specialties courses showed in deep blue color are also hits among the divers, such as the Enrich Air Diver certification that allows divers to use enrich air during diving. Enrich air enables the diver to stay longer under the water at the same time with less nitrogen pressure level inside the body. Digital underwater photographer provides special training to divers for learning the skill to take photos underwater. The Night Diver course teaches divers how to use the equipment and related technique when diving at night. The type of specialty course that will be provided is highly related to the local market demand. Depending on the region or the specific location, the specialty provided may vary. For example, in the temperate regions or some cold climate countries, the Dry Suit Diver courses are provided in most of the dive center. Dry Suit protects the divers during dives in cold water without becoming frozen. The black square shows the professional level of certification. From Dive Master to Course Director, different level professionals are qualified to teach different levels to students. For example, a person with a first level professional Dive Master is qualified to become an assistant instructor or lead a scuba tour; he can assist an instructor during a course but cannot lead the course independently. The highest professional level, Course Director, is usually leading the course for the candidate instructors who want to take the Instructor Exam.

2.1.4. Market trend analysis

With more than 45 years development, PADI now is the largest recreational diving membership and diver training organization, issuing more than an average of 500,000 certificates per year historically. Considering only the certificates issued after the year 2000, the average certificate issued has reached 900,000 per year. In 2013, PADI issued 936,149 certifications.
As can be seen from the Exhibit 2-2, the number of certifications issued has grown quickly in the past decades and became stable from the year 2000, amounting to between 900,000 and 950,000. Except during 2008-2009, the worldwide reception has a strong influence on the diving industry. Scuba diving is a relatively costly recreational endeavor, which made it particularly susceptible to the downturn in consumer spending. In the economy downturn, people reduced their outdoor activities and less people took diving courses during this period. PADI suffered a -5.7% decreased in 2009. Following the economy recovery, the amount then rebound accordingly. The economic situation has a strong influence in the diving industry. At the first glance of the growth rate in recent year, it seems that the market for dive training has reached a mature stage, which means that the opportunity for growth in this business has weakened in a global view. However, a view from a different segment by region may produce a different result. The author’s initial target market

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is the Chinese market. It is necessary to identify the opportunity in China market.

**Exhibit 2-3: PADI China Certification History 2009-2013**

<table>
<thead>
<tr>
<th>Row Labels</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>ConEd Core</td>
<td>1,265</td>
<td>1,599</td>
<td>2,524</td>
<td>3,965</td>
<td>7,481</td>
</tr>
<tr>
<td>ConEd Specialty</td>
<td>609</td>
<td>480</td>
<td>908</td>
<td>1,274</td>
<td>2,301</td>
</tr>
<tr>
<td>Entry Level</td>
<td>3,150</td>
<td>4,353</td>
<td>6,416</td>
<td>10,091</td>
<td>18,225</td>
</tr>
<tr>
<td><strong>Grand Total</strong></td>
<td>5,024</td>
<td>6,442</td>
<td>9,848</td>
<td>15,330</td>
<td>28,007</td>
</tr>
</tbody>
</table>

**Sources: PADI Statistic Report**

The Chinese diving industry started to grow from 2006 and until now is still in a developing stage. From Exhibit 2-3, we can see that in the past 5 years, the total certificate issued has grown from 5,024 to 28,007, which is approximately a 457% increase. The average growth rate is around 55% per year. Within these certificate issued, about 65% are for entry level certification, around 8% are for specialty certification and 26% are for advance course certification. According to the Business Analyst Sr. Sue Porter from PADI Marketing, the China market has huge potential to be exploited. In 2013, there were a total of 936,149 certificate issued. Within this amount of certifications, China market only consists of 3% of the global market. “It doesn’t mean Chinese don’t like diving, it is just because such kinds of leisure activities are not yet develop in the market’. The following figure shows the position of China Scuba Diving Instruction industry by using the industry life cycle theory.
As seen from the figure, the scuba diving instruction of China is in the introduction stage but is approaching to the growth stage. The US and European countries are currently in the maturity stage. Compared to the developed countries, such as the American, Europe and Japan, the diving industry in China is not well set up and regulated. There is not even a Chinese diving professional instruction for a long time in the market. There are rarely forums or exhibitions held in China to promote diving until recent years. It is a virgin land waiting to be exploited. The Chinese economy has been growing at a high growth rate for many years and expected to keep growing, although the growth rate may not as high as before. Following the development of the economy, the middle income group or even the high income group has increased rapidly. This group of people is more willing to spend money to enjoy life, such as travelling and outdoor sports. The outdoor leisure activities, such as diving, became an affordable choice. The other reason is that there is a huge population in China that could continuously provide the market demand. The Chinese market is becoming more and more important for PADI’s future growth; the PADI Headquarter is planning to put more effort into promotion in the Chinese market during the next few years.

Sources: Hill, Charles\textsuperscript{10}

CHAPTER 3. OPPORTUNITY ANALYSIS

After understanding about the diving market and the potential opportunities from the target market, it is necessary to perform a detailed feasibility study by checking each marketing factor. The Porter Five Force Analysis could be a useful tool to help in analyzing.

Section 1. FIVE FORCE ANALYSIS

3.1.1. Threat of New Entry

There are some main barriers to entering the diving training market. Specialist knowledge on diving is the key for a training center. It takes around half a year and costs about $5,000 to take the training courses and exam to become the first level of professional “Open Water Scuba Instructor” (OWSI). OWSI level instructors are qualified to teach any entry-level course. Only Specialty Instructors can teach Specialty courses. The owner of the PADI dive center or PADI dive resort only needs to fulfill PADI standards and apply the PADI membership, at which point they have the license to operate a PADI training course. Although the owners are not necessarily qualified instructors, they can simply hire other qualified instructors to teach instead of taking training courses to become instructors themselves. The certified Chinese PADI instructor is 504 in 2012 making only 0.3% of the worldwide PADI instructors. The data shows that the supply of Chinese Diving Instructors is insufficient in the market. According to PADI Course Director Mr. Brett, “There are always many diving centers and dive resorts eager to hire Chinese Diving Instructors to serve the Chinese tourist.”

Mr. Brett, the PADI course director, said, “The total cost for setting up a scuba instruction or charter business ranges between $20,000 and $50,000. Depending on the location and what the facility can provide, the amount could be higher.” For example, a training pool for lessons is necessary. The owner can either build one himself or rent from someone else. If the center also provides the diving boat, buying versus renting also incurs different costs. Given that the average annual salary for a Chinese white collar, the middle class employee, in 2012 is around $5,000
according to the National Bureau of Statistic of the People’s Republic of China\textsuperscript{11}, the setup cost could be a medium-level barrier for individual entrepreneurs or small companies but not for a medium-size company. In conclusion, the threat of new entrants is insignificant due to the entry barrier. Unlike a manufacturer that has heavy capital investment or R&D expense, a dive center & resort can simply cease the membership from PADI or transfer the center and resell the diving equipment. The Existing barrier is low in this market.

Another potential threat of entry to notice is other scuba diving instruction organizations outside PADI. Although PADI is currently dominating the scuba diving market in China, the other organizations also see the big opportunity to try and acquire market share in China. The BASC and SSI had set up their offices in China in promoting their brands. SSI entered the Chinese market by promoting its strength in Free Diving, a way of diving which does not use a self-contained underwater breathing apparatus requiring more technical training and allows the diver to stay underwater for a much shorter period of time. In addition, SSI recognizes and accepts the equivalent level of PADI-certified diver, which means that low-level divers who want to have further training can choose SSI without learning the SSI system from the beginning. These organizations will be a threat to PADI in the Chinese diving market.

3.1.2. Buyers

The Scuba Diving Instruction is relatively a Supplier’s Market, mainly because of insufficient dive centers in China. According to the PADI Official Website, the number of officially resisted dive centers at the end of 2013 is 58, up from 49 in 2012.

\textsuperscript{11} National Bureau of Statistic, 2012, “Annual salary of the employee by industry”
The above figure shows the allocation of most of PADI dive centers & resorts in China. Most are located in Southeast Coast of China. Guangdong Province has 15 dive centers and resorts, which is the number one in terms of shop number. Although the number of dive centers continues to increase - 11.2% increase in 2013 – and customers can easily access the dive center & resort information by visiting the PADI website, they do not seem to have many choices when they want to learn diving in China. The relatively expensive prices only allow those with higher income levels who come from the cities such as those in the southeast, which have better developed economies, or the capital of each province. Customers, at the end, do not have strong bargaining power.

3.1.3. Supplier

The same problem is facing the Supplier market. In the scuba diving instruction industry, the individually qualified instructors are considered suppliers. They are unique in terms of the professional knowledge in scuba diving instruction. However, this uniqueness cannot last for a long
time as more and more professional divers are expected to become qualified instructors in the following years. As mentioned above, the total number of qualified PADI professional members is 504 in 2012, an increase of 25% from 2011. According to the PADI course director and author’s personal experience, qualified instructors are usually hired from two ways: first is by contacting PADI or posting the available positions on the diving website and the other is that the owners themselves are qualified instructors. They have the network or know people from the circle. If the second way is applicable then it will be easier for the dive center’s owner to ensure the supply. The Chinese-speaking instructor can’t be replaced at this stage since in China market the majority of the customers can only speak Chinese. Even though the young generation can speak some English, it is still difficult for them to understand the theoretical knowledge in English. There is no substitute for this kind of supplier in the market. On the other side, the demand from the market is not strong enough yet due to the limited number of dive centers & resorts. The amount of instructors and dive centers are expected to grow simultaneously. The bargaining power from the supplier will be comparably equal; neither the dive center owner nor the instructor has stronger power.

3.1.4. Threat of Substitution

It is hard to define the exact substitute of scuba diving. Generally, any sport or outdoor leisure activities could be recognized as substitution of scuba diving. It could be compared and analyzed by looking into different ways. The first way is to look into two categories: water & sea-related sports and non-water & sea-related sports. The first category is the sport or leisure activities such as swimming, snorkeling, surfing, sailboard and etc. The other category could be land-based sports category: hiking, camping, climbing and etc. The first category will have a certain level of threat in substituting scuba diving. When people have no desire to scuba dive, other water-related leisure such as snorkeling could satisfy those who only want to view the sea from shallow water. The second way is to see the substitution from the stand-point of training needs. Any outdoor sport or recreational activity that requires a certain level of training could be a potential substitution to scuba diving. For example, without any rock climbing training, people are not able to do it due to safety issues. Given the potential customers have limited time and money in doing
recreational sport activities, these groups of outdoor activities could be substitution threats. The other outdoor sport and recreational activities that need no special training or only low-cost training are less of a substitution threat.

**Exhibit 3-2 Five Forces Analysis of Scuba diving Instruction industry**

<table>
<thead>
<tr>
<th>Suppliers</th>
<th>Competitors</th>
<th>Buyers</th>
<th>Substitutes</th>
<th>New Entrants</th>
</tr>
</thead>
<tbody>
<tr>
<td>- Equally bargain power from supplier</td>
<td>+ Uniqueness in nature</td>
<td>+ Attractive market + Medium level of entry barrier</td>
<td>- Threat of substitutes + Equally bargain power</td>
<td>+ No intense competition + Low exit barrier</td>
</tr>
</tbody>
</table>

**Sources: author**

The market is attractive as it is a growing market and has huge potential to explore. The medium level of entry barrier builds a wall to protect the market from intense competition. Although this wall is not solid enough, the market players can save time before the intense competition enters and build the first mover advantage to take up market share and therefore defend against the newcomers. With lower bargaining power from the buyers, the market players need not face the fierce price competition and a better profit margin can be expected. There are not many suppliers and players in the market at this stage and they have stronger bargaining power. Therefore the new entrants will lose their positions and rely on the suppliers. Although there are threats of substitution, scuba diving is unique in providing the non-reproducible experience for customers to explore the world of underwater.

The Five Force analysis shows that it is a good opportunity for the author to start the scuba
diving instruction business. The entrance barrier has no effect to the author since the author has already fulfilled his training condition. Instead, it protects him from intense competition and gives the advantage to him. In China, scuba diving is recognized as one of the “Green opium”. It is green because it allows people closer to nature and lets them discover it. It is a leisure activity which makes people healthy. The “Opium” means that once you try this kind of activity, it could become an addiction in your life. This attractive trait will bring forth large potential.

Section 2. MARKET SIZE CALCULATION

As there is no market research about the scuba diving instruction market in China, it is hard for the author to collect the market data to get the market size in terms of industry revenue. However, a rough number could be calculated based on the information at hand and certain reasonable assumptions.

Based on the Exhibit 2-3, PADI China Certification History 2009-2013, the amount of certifications issued in China market in 2013 is 28,007; the average growth rate is 55% for the past 5 years. However, such high increase rate comes from a small base; the future increase may not be at such level. According to the PADI Worldwide Diving Certifications History 1967-2013 in Exhibit 2-2, the high increase has lasted more than 20 years (1975 -1995) with an average growth rate of 13.6%. Assuming that the China scuba diving instruction market will last 5 to 10 years, high growth rate at that of PADI’s worldwide before the market comes to mature stage; The average market price for entry level course, specialty course, and advance course are calculate through on-line shop list on Taobao. Taobao is the biggest B2C platform in China and a subsidiary of Alibaba Group. Through the price list from the on line shop¹³, the average price for the entry-level course is 2,600 RMB, Specialty course 1,000 RMB and advanced course 2,400RMB. The expected market size in terms of revenue is shown below:

¹³ Taobao, 2014, “PADI OW Course Search Result”, http://s.taobao.com/search?initiative_id=staobaoz_20140618&js=1&stats_click=search_radio_all%253A1&q=PADI+%BF%CE%B3%CC
Exhibit 3-3: PADI certification forecast and revenue in China

<table>
<thead>
<tr>
<th>Year</th>
<th>Advance Core</th>
<th>Specialty</th>
<th>Entry Level</th>
<th>Revenue (RMB)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2009</td>
<td>1,265</td>
<td>609</td>
<td>3,150</td>
<td></td>
</tr>
<tr>
<td>2010</td>
<td>1,599</td>
<td>480</td>
<td>4,363</td>
<td></td>
</tr>
<tr>
<td>2011</td>
<td>2,524</td>
<td>908</td>
<td>6,416</td>
<td></td>
</tr>
<tr>
<td>2012</td>
<td>3,965</td>
<td>1,274</td>
<td>10,091</td>
<td></td>
</tr>
<tr>
<td>2013</td>
<td>7,481</td>
<td>2,301</td>
<td>18,225</td>
<td></td>
</tr>
</tbody>
</table>

Expected growth R 13.6%

<table>
<thead>
<tr>
<th>Year</th>
<th>Average price (RMB)</th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>8,498</td>
<td>2,614</td>
<td>20,704</td>
<td>76,839,494</td>
</tr>
<tr>
<td>2015</td>
<td>9,654</td>
<td>2,969</td>
<td>23,519</td>
<td>87,289,666</td>
</tr>
<tr>
<td>2016</td>
<td>10,967</td>
<td>3,373</td>
<td>26,718</td>
<td>99,161,060</td>
</tr>
<tr>
<td>2017</td>
<td>12,459</td>
<td>3,832</td>
<td>30,352</td>
<td>112,646,964</td>
</tr>
<tr>
<td>2018</td>
<td>14,153</td>
<td>4,353</td>
<td>34,479</td>
<td>127,966,951</td>
</tr>
</tbody>
</table>

Sub total 55,732 17,142 135,772 503,904,136

Sources: author

The industry revenue in 2014 is expected to reach more than RMB 76,839,494 or 12,335 thousand US Dollars as the author use conservative expected growth rate. Unlike manufacturing, except for the maintenance and depreciation from the fixed cost, no input like raw material is required; the primary cost is the human cost. Although the labor cost keeps increasing, it is still much lower than the developed countries such as European countries. According to the National Bureau of Statistic of the People’s Republic of China, the average annual salary for the people working in sports, cultural and recreational industry in 2012 is around 26,177 RMB\(^\text{14}\) or 4,202 USD per year, 350 USD per month. As the most updated statistic available is in 2012, it could be 10–15% higher in 2014 amounting to 400 USD. Given that, larger margin is still expected. Regardless of the market size, future trend, and the existing number of market players, the scuba diving instruction industry is good opportunity with attractive return.

Section 3. RESOURCE ANALYSIS

Before making the detailed business plan, it is necessary to recheck what resource is at hand

\(^{14}\) National Bureau of Statistic, 2012, “Annual salary of the employee by industry”
and what is needed and how to procure these resources. In the scuba diving instruction industry, the key to operate the business is the qualified diving instructors, then the necessary equipment and tools. The analysis will come mainly from the financial and human capital aspect.

3.3.1. Financial resource

The primary financial resource is from the author and his partners, mainly the saving and the support from family. According to Mr. Brett, the PADI course director, the total cost for setting up a scuba instruction or charter business ranges between $20,000 and $50,000. The amount from the author and his partner will be enough for 2~3 dive centers plus the operating expenses for the first half year, as lower revenue is expected at the beginning stage.

Continual support from family may be possible if the future expansion is short of finance. Besides, many banks and organization in China offer a low-interest rate loan for small entrepreneurs or oversea students who return to the country to start their own businesses. This could be another option to raise fund for LeQian. Considering the cost of loan and also the sufficient of fund at the beginning stage, this option may be used in the future.

3.3.2. Human resources

Although the labor cost advantage in China is not as big as before because of the development of economy. The labor cost is still much cheaper in China compared with in European or the America. Recruiting a few administration staff will be enough for the beginning stage. Besides the general staff who could be easily recruited from the market, the team of partners is the core of the startup.

The author will mainly perform the management role in the startup. He is an MBA student in a well-known university in Asia with background in finance and accounting. At the same time he is also a qualified PADI Scuba Open Water Instructor with experience of part time teaching in Thailand and the Philippines. The other two partners are experienced full time instructors. One is an IDC staff instructor who has two-year experience of teaching diving. The other one is a Master Scuba Diver Trainer who also has one and half year of experience and originally working in the IT industry. Both
of them have experience of teaching more than 400 students at different levels. Besides, because of the experience, the partners know how to do diving business and networking with different dive centers and equipment manufacturers helps save time and cost in finding the qualified employees and buying equipment.

**Exhibit 3-4: PADI Reword for Instructor teach more than 200 student in 2013**

Sources: Partner Mr. Le

It is also a common practice that the dive center offer a free course to train customers who want to become professionals. Such kind of customers, in return, needs to work as part time staff or interns to accumulate diving experiences. For example, when a student wants to become a dive master, the first level of professional diver – a precondition to become an instructor, it is required that the student have at least 60 times diving experience and accumulated enough experience of taking assistant instructor’s role. This includes preparing the diving equipment, checking the safety of entry-level students, and assisting the underwater course following the instruction of the diving instructor. Such kind of student would be other sources of personnel without actually increasing the cost and they are the potential long-term staff once they become qualified instructors.

Section 4. CUSTOMER ANALYSIS

3.4.1. Objectives

Although there is some customer research available for the scuba diving instruction industry, the surveys are mainly done in US and Europe market in which the consumer behaviors may be quite different with the Chinese because of the difference in the culture, value, economy situation and etc. A Chinese version questionnaire was therefore conducted in the Chinese market through the
social media Wechat, one of the most popular communication tools in China for different level of age group.

The questionnaire was conducted with both diving group and non-diving group with total of 24 questions. Through this survey, the author plans to have a better understanding about the diving market in China. For the non-diving group, the author intends to understand the reasons that this group does not do any diving activities or stop diving after trying once. After studying the reason behind this, the author hopes to distinguish the potential customers that the author can reach and how the marketing strategy should be made accordingly. Through studying the diving group, the author intends to understand their consumption behavior, such as which aspects the customers are more concerned about when they dive, what aspects encourage them spend money, what are the factors that influence their diving decision and etc. To decide the target group and study them, the author then rethinks what value he can deliver to customers and in which way.

Questions are divided to two paths with two situations. First, people will be divided into two groups by asking them whether they have tried diving. Those who have tried and have not will then be asked a set of questions accordingly.

3.4.2. Key Finding

A total of 760 questionnaires was collected with 490 have tried diving and 270 never. Among the 490 people who have, 410 people attended dive trainings in the instruction organization and became certified divers. About 87% of the certified divers are PADI-certified diver. This reconfirms the dominating position of PADI in China market. Below shows some finding from the survey indicating the opportunity in scuba diving instruction industry in China.
Exhibit 3-5: Result summary of survey question

What is your feeling when you hear or see people use scuba equipment diving underwater?

- Very interesting, will try for sure
- Interesting, may try if there is an opportunity
- Have no interest about diving

What are the reasons you never try a dive? (Multiple)

- In is dangerous: 79
- No any dive place nearby: 86
- Expensive: 132
- Have no idea about diving: 75
- Don't have a dive buddy: 86
- Don't know where to study: 21
- Time consuming to learn diving: 44
- Difficult to learn: 15
- Not popular: 23
- Scare of water: 85
- No good at swimming: 7
- Physical problem: 185
- It is boring: 23

Will you go to have a try if there is a dive center in your city?

- Yes: 85
- No: 185
The above figures imply the market opportunity as following:

- There is a large percentage of people who are interested about diving. Around 69% of people who do not have any dive experience want to try dive if there is a dive center.
The main reason for the people who have never tried is that there is no place to dive nearby and they have little knowledge about diving and do not know where to study. They perceive diving activities as dangerous activities, which in fact is just the opposite. If more promotion about diving is done in the market, large opportunity will be expected.

More than half of the people choose seashore as the place to conduct training activity. 30% of people choose man-made environment such as swimming pool or Ocean Park and 18% of people choose lakes. Selecting a location at the beach or just near the seashore to setup the dive center would have larger opportunity to attract customers.

About 85% of people say they will dive again for sure after the first time they tried diving. About 92% of entry-level divers plan or have done the advanced level dive courses. It may imply that diving has huge attractiveness once the customers try. The entry-level class and the continuous study of diving have a lot of potential to be explored.

The following exhibits summarizes the factors that restrain and motivate the customer to conduct the diving activity.

Exhibit 3-6: Result summary of survey question
The most important factors that may restrain the diver to conduct diving are the safety and guide factors. Time, dive site location and the transportation factors also have strong influence. Customer concern about these factors is mainly due to the limited time of holidays they have; if the dive site is far away and the transportation is not convenient, the consumers need to spend a lot of time on the way and therefore not much time for the diving activity. It seems that the customers do not care too much about the price and dive buddy. They are willing to spend money on diving and it is easy to get new friends as buddies on the trip.

In comparison, the most important factors that motivate the divers to conduct diving are hobby and nature exploration. Relaxation, fitness, photography, gaining more friends, challenge and trying new things are almost equally agreed as important factors that motivate the divers to conduct diving.
Exhibit 3-7: Result summary of survey question

What is the importance of following factors to you When you choose a dive center?

<table>
<thead>
<tr>
<th>Factor</th>
<th>Not important at all</th>
<th>Not so important</th>
<th>Normal</th>
<th>Important</th>
<th>Very important</th>
</tr>
</thead>
<tbody>
<tr>
<td>Brand Awareness</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cheap price</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Chinese Language</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Comment from Internet</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Offer good equipment</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Location of dive center</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Friendly atmosphere</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Sources: author

The figure above indicates the important factor that influences customer’s decision is choosing a dive center. The most important factors are Offer good equipment and Friendly atmosphere. It suggests that offering good equipment and friendly atmosphere help the dive center to deliver a high quality of service and therefore increase customer royalty. Besides, brand awareness, Chinese language, comment from Internet and locations of dive center are also important for customers. Interestingly, the cheap price seems to be of less importance for the diver when choosing a dive center. It may indicate that customers are willing to pay premium for a good quality service.

Exhibit 3-8: Result summary of survey question

Do you rent the dive equipments or buy your own when you dive?

- Buy one myself
- Rent it locally

299  191
The figure above is related to the dive equipment. As shown in the figure, most of the people choose to rent the dive equipment in the local dive center. Mainly because the high price and inconvenience to transport. However, there are still around 39% of divers who choose to buy the equipment. According to author’s experience, a set of good dive equipment cost around 10,000RMB. The survey shows that about 60% of people are willing to pay more than 12,000RMB and 26% of people 8,000-12,000 RMB. It indicated that the the high price equipment could have a remarkable market since the customers prefer to purchase expensive equipment, provided that high price brings high quality. When the divers choose the equipment, instructor’s opinion plays an important role. About 60% of people ask for advice from instructor and 20% of people choose to ask friends.

The other key findings and related analysis such as the consumer background and price decision will be analyzed and integrated into the strategy part of the business plan in the following...
Section 5. SWOT ANALYSIS

After the marketing, external and internal environment and resource analysis, a summary through SWOT analysis could help the author in making the detailed business and marketing plan by which the company can leverage the strength and try to avoid and reduce the threat.

3.5.1. Strength

The first strength comes from the management. The management has solid background in diving industry. In the other early startup, the owner mainly comes from the diving professional and started out as hobbyists in the business; they have little business training which may result errors in setting up and running their operations. On the opposite, the partners of LeQian come from different industries such as IT, finance and management. The operator of LeQian has more business mindset and is business-oriented. The diversity of experience will give new ideas to the company. The team has developed strong relationship through years of corporation in the dive training.

Second, diving itself is a fun, enjoyable, exciting, exploring and adventurous activity, which is widely regarded as “Green opium” in China. Once the customer tries, it is high possibility that it will become a hobby in life.

Third, higher margin will be expected at the beginning stage. As analyzed in Section 2, the primary cost is the payroll for the general staffs such as administrative staff, which is still comparatively low. Although payroll for the instructor would be much higher than the general staffs, no extra instructor is needed at the early stage. In the expansion stage, more instructors will be recruited with expectation of more sales from diving courses.

Fourth, scuba diving seems a dangerous outdoor activity for those people who are unfamiliar with it. In fact, scuba diving has much lower incident rate than other sports.
The above figure, summarized in the 1990 Report on Diving Accident and Fatalities form the Diver’s Alert Network, shows that scuba diving has much lower incidence of injury compared with other sports. In this figure, the numbers represent individuals who participate in this sport more than one time during the year, and injury represents someone who was treated in an emergency room for an accident relating to the sport or involving sporting equipment. Scuba diving has about 0.04% of incidences, which is ranked even lower than swimming. Scuba diving used to be a risky activity, but it has become much safer as time goes by. This is mainly due to better instruction, better equipment, and a better understanding of how to keep the sport safe and fun.

3.5.2. Weaknesses

First, Scuba diving is comparatively inconvenient than other sports. This inconvenience comes from two sets: first is the set of equipment needed for scuba diving. Diving equipment mainly includes mask, fins, buoyancy control device, regulator, cylinder, exposure suit, alternate air sources, dive computer and etc. It is complicated to wear and use the equipment. Besides, they are costly and

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inconvenient to bring. Second, it is restricted by physical location. A pool, lake or sea is required to practice diving activities. It is easy to find pool in the city for training purpose, however, a dive tour requires the dive site to offer more enjoyable environment, either a beautiful sea view underwater or adventurous location.

Second, there is no brand image for such a newly startup, and it takes time and effort to promote the brand. The research shows that the customers are relying on the brand and they show brand royalty. They prefer to go to the same dive center when they plan to have further training on diving. Besides, the management has not much experience in marketing. There is little business research available for China diving instruction market. The management has not much information to refer to and needs to study the market by themselves and make strategy accordingly.

3.5.3. Opportunity

First, the outdoor activities participation has been increasing for years in China. There is a huge market in the related industry such as training, outdoor tools, equipment and etc. According to the China Travel Daily\(^\text{16}\), the business scale of outdoor sports industry has generates 13.4 billion RMB revenue in 2012, and will keep increasing 15 ~ 20% in the following 10 years. Scuba diving will benefit from this trend by attracting more participants.

Second, the middle income group in China is about 23% currently and the average increase rate is about 2%. According to the China Development Gateway\(^\text{17}\), the middle income group will reach 40% of the population in 2020. With higher consumer spending, more and more costly activities will become popular in this group. Scuba diving is becoming affordable.

Third, observing the huge potential and market to exploit in China, PADI has made a serious plan to promote diving in China. The individual entrepreneur such as LeQian has not enough resources to do massive marketing and can enjoy this drift to attract more customers.

Fourth, scuba diving instruction is a good profit window. Once the customers try diving, it is highly possible that diving will stick to the customer. The diving-related businesses such as dive tour

\(^{16}\) Renfang, 2013, “the outdoor sport industry in next ten years”, http://www.traveldaily.cn/article/72321.html

\(^{17}\) Chi fulin, 2012, “The middle income group in 2020”, http://cn.chinagate.cn/economics/2012-12/04/content_27302318.htm
and dive equipment retail will become another profit source.

3.5.4. Threat

First, depending on the location, the diving activities may be influenced seasonally. The further away from the equator, the stronger influence by the season. More customers are willing to dive in summer time than in winter because of the cold temperatures in winter. Locations such as Hainan, the most south province may have little influence by season as the temperatures are quite warm the whole year.

Second, although the scuba diving has low injury incidence, the public seems to perceive diving as dangerous. It appears that the media attention surrounding the dangers of diving has had a tremendous impact on the public perception of diving. It takes time to change the image from the public and this may influence the promotion of diving.

Third, more and more competitors will enter the market; the competition will become intense. Although there is entry barrier for scuba diving instruction market, this barrier will weaken as time goes on.
CHAPTER 4. CASE STUDY

Two real cases are studied in order to gather more information and learn from the success experience. The first one is the diving center name “Golden Dive Center” in China, the other one is “Infinity Blue Dive Center” in Philippines.

Section 1. GOLDEN DIVE CENTER

Golden Dive Center located in Kunming City in Yunnan Province which is in the southwest part of China. The dive environment is mainly the biggest lake in Yunnan “Wuxianhu”. Setup by a couple Mr. Zhu and Ms. Hui from 2013, this Center primary serves the customer who lives around Kunming City and the tourists who want to dive there. The owner of Golden Mr. Zhu and Ms. Hui are used to be author’s colleague when doing part time diving instructor in the Philippines.

Mr. Zhu and Ms. Hui originally worked in tourism industry. They became scuba diving instructor by chance. Working in tourism industry, they had a lot of chances travel around the world. Once when they travelled through the southern part of the Philippines, they had a chance to dive in Bohol Island. After became entry level divers, they found they love scuba diving so much and became diving hobbyists. They continue to take the training course and became a professional instructor finally.

After teaching scuba diving for about one year in the Philippines, they went back to their hometown Kunming and setup the Golden Dive Center. With one and half year operation, the dive center was success in taking the leading position in the local market by issuing more than 300 certificates per year. Because of the prior relationship, the author keeps contact with the couple and therefore learns about the dive center.

4.1.1. Business model and strategy

Golden was set up in the capital of Yunnan Province, Kunming city for mainly two reasons: first, the couple grew up in Kunming city. They are familiar with the local environment of Kunming
and have local connection. As a capital city, Kunming has the advantage in economy and population within the Province. Second, the “Wuxianhu” which just outside the city of Kunming is becoming popular dive site, offering the opportunity for dive market. Working many years in the tourism industry, they understand the customer’s need in the diving industry. Therefore they combine the dive business with the tourism business. The operation model is half year training and half year tourism. Because of the temperate climate in Kunming, there are about 6 months in a years is too cold to dive. Zhu and Hui recruit student divers during the diving season and then focus on the tourist business in the rest of time. They provide dive tour for the local divers to dive in other place such as Thailand and the Philippines. Benefited from their industry background in which offer them the experience of leading tourist group in oversea, they integrate the scuba diving well into the trip and offer a good quality service to the customer. With such kind of business model, Golden is becoming one of the market leaders in the local market and has good relationship with many dive centers oversea.

4.1.2. Marketing strategy

Golden positions itself as a stylish dive center that offer a fantastic leisure experience for the young professional. Because of the tourism industry background, they have a lot of chances to offer service to young professionals. Understanding the need of this customer segment, Golden targets the white collar workers (with middle or high income level) from different industries as the potential customers.

As mentioned by Ms. Hui, “the white collar group is a group of people that prefers outdoor activities with adventure, challenging and also enable them to explore the nature. They like to try new things and express individuality. Being a qualified scuba diver makes them different with other people. Besides, it is a good method to release the pressure and relax after busy workdays. Therefore offering dive training course and dive services to this group satisfy the need of this group”. Besides, “A cool name and logo is very important to attract customers” said by Mr. Zhu. The name Golden is the most popular internet meme in 2013. They registered the company name as Golden by which give an impressive image to the customer. With the help from friend, a fancy logo was also designed
and used to promote the brand. It becomes a symbol for Golden and delivers the dive image to the customer. “My students like this logo very much and it help me to build the image of stylish”, Mr. Zhu is also proud of this logo.

**Exhibit 4-1: Company logo of “Golden Dive Center”**

![Company logo of “Golden Dive Center”](image)

**Sources: Golden Dive Center**

Social media also plays an important role as marketing tool for Golden. “At first, we designed 3 different logos for Golden, but we didn’t know which one is the best for us. Therefore, we posted a voting activity through Wechat, a popular social media in China. It seemed that people were interested in participating such kind of voting activity. The most popular figure was therefore decided to be our company logo through voting” said by Ms. Hui. Wechat offer a good platform for company to reach more potential customer. Through the voting, more people get to know Golden”.

In the coming future, Golden will focus on the local scuba diving instruction market. By teaching more students, they can increase the customer base. They also expect more tourists will have interest to diving in Wuxianhu, so they increase the service package in this area.

4.1.3. Things learn from Golden

- Site selection is very important. It should at least fulfill few requirements: suitable climate, good economy and large population, have or close good dive site
- Have only dive knowledge and instructor experience is not enough, you should have something besides diving which offers you competitive advantage
- A suitable business model and strategy need to be design carefully according to your goal and resource you have.
Social media is a useful tool to marketing and promoting the dive center.
Differentiation with appropriate positioning and targeting help the dive center gain the market quickly.

Section 2. INFINITY BLUE

“Infinity” is one of the dive centers the author worked before. Located in Bohol Island in the south part of the Philippines, Infinity was startup in early 2012 by a couple Mr. Brett and Ms. Jacky. Brett is from New Zealand. He used to study in Taiwan therefore can speak conversation level of Chinese. Jacky is a Singapore Chinese. They met each other in a rare sea-life conservation forum and found they have very similar value about the ocean and diving. They were together later on.

Brett has many years of teaching experience in Thailand before go to Bohol. Brett and Jacky once travelled in Bohol and dived there. They found it is very good place for diving and decided to stay and opened the Infinity Blue. After two and half year development, it has become a PADI 5 stars Dive Center, the highest membership under PADI system. It is one of the top 3 dive centers in the Philippines in terms of certificate issued. More than 90% of the students are Chinese. The author took instructor course in Infinity. After pass the instructor exam, he then worked there as a part time instructor during holiday. Had the teaching experience in Infinity, author learns a lot of about the industry knowledge and the way Infinity operate the business.

4.2.1. Business model and strategy

“It was very difficult for a foreigner to start a diving business in Bohol at the beginning. Without a local connection you can’t even find a place for setup the dive center” Brett said, “Instead of finding a land and start the business by myself, I found a local Filipino partner to corporate with. My partner has a lot of local connection and therefore can take care everything of local stuffs such as business registration, recruiting local staffs, operating the speedboat and etc. I responded for the scuba diving instruction business. With the help of the partner, I can concentrate on teaching scuba diving”. This partnership offers the win-win result for Infinity to start up the dive center in Bohol Island.
Brett is humorous person and always tries to make the class as fun as possible. Students usually feel boring when learning all kinds of theory in the knowledge development class. Brett uses a lot of his personal experience and real story as example to explain the theory. Students are attracted by the way he teaches. As a family business, the couple is always providing a family atmosphere in the dive center. They believe that every scuba diver has the responsibility to protect the ocean especially the rare sea-life and coral. They deliver the value to the customer through the teaching process and share a lot of knowledge about sea-life. They tell student what kind of sea-life shout not be eaten, what kind of sea-life should eat less and etc. Many students enjoy the environment Infinity provided and accept the value it delivers; they come back to Bohol again and again. The customer royalty is built through the process.

4.2.2. Marketing strategy

With many years of industry experience, Brett notices that the development of scuba diving instruction market has slow downed in recent years worldwide. He foresees the potential of Chinese diving market and believed that there is a great opportunity. They target the Chinese as the major customer and therefore do a lot of promotion in Chinese language. Benefits from the language ability, both of them can communicate with the customers easily. They provide the diving information in their homepage and the social media Weibo in Chinese. It is the first dive center offering dive course in Chinese in Bohol. Many customers book the dive course from their website and Weibo account.

The internet and the social media indeed help Infinity in promote the brand. The owners in fact do not make any specific marketing strategy in purpose. They just try to create a friendly environment to the customer and deliver the value which they believe is right to the customer. The author conclude that Infinity actually apply the tool “word of mouth”. The customer with royalty come back to Bohol again and bring new customer at the same time. They tell the friend around about the experience they have in Bohol and make recommendation to the potential customers through social media. Infinity became a well-known dive center and many Chinese tourist come to the Philippines to learn Scuba Diving.
4.2.3. Things learn from Infinity Blue

- When lack of resource especially the local connection, a suitable local partner can help to reach win-win result
- Chinese market also has large opportunity to explore in oversea
- Chinese language is very important for the Chinese customer. Even they can speak some English, they are worried leaning diving in a language they are not familiar with
- Word of mouth plays an important role in promoting the dive center
- A dive center with company culture and value help to keep the customer royalty
- Every instructor should have his own teaching style to be special and attract students
CHAPTER 5. BUSINESS STRATEGY

Section 1. GOALS AND OBJECTIVES

The Goal of LeQian is to become the market leader in the scuba diving instruction industry in China. LeQian plan to use 5 years’ time to develop to one of the top 3 diving center in China. LeQian will start from the scuba diving instruction by giving the dive training as entry point, and then provide the diving-oriented service to customers. By increase the customers base and build the royalty among the customers, then eventually build its own symbolic diving culture.

5.1.1. Mission

The mission is to offer the best quality dive training course to the Chinese customers; to provide high quality customized dive-related services; to bring the customer another way to see our earth with safety, enjoyable, exploring and adventurous.

5.1.2. Objectives

The initial objectives of fist 3 year are as follow:

- Set up the first branch in Xiamen within 6 months, second branch in Guangzhou at the beginning of second year, another 2-3 branches in 2 to 3 years’ time in China or Southeast Asia
- Build up the brand and increase the well-known within the local society and the diving instruction circle in the first year
- Provide scuba training at all levels for students from Open Water to Dive Instructor
- Offer scuba equipment for sale from major equipment manufacturers
- Issue more than 250 diving certifications in entry level, 50 in advance and other levels and 500 DSD in the first year, then double the amount in the second year and maintain stable sales in each dive center.
Section 2. BUSINESS STRATEGY

In order to reach the goal and objective, a business strategy was developed to help LeQian. The strategy mainly focuses on the business model and operation model.

5.2.1. Business model

Business model is essential for LeQian to clarify and ensure the main revenue source and possible revenue sources; the model is summarized in the following figure:

Exhibit 5-1: Business Model of LeQian

As shown in the figure, the business model consists of 6 parts with each represented one of the revenue gateway. The first part is the Try Dive or called Discover Scuba Diving. There is a slightly technical difference in these two terms in which Discover Scuba Diving requires customer have a few basic skills training and theory instruction before diving, Try Dive is purely trying a dive without much theory instruction involved. Not essential difference between in these two terms. The purpose of this part is by providing the customers a try experience to give the customer physical feeling of what diving it is. A low price strategy will be adopted in this part in order to attract customer as many as possible. According to author’s survey, around 70% of the people in the group who never have a chance to experience diving are willing to try once there is a diving center in their city. Among the people in the group who have tried dive, 42% would like to have training course.
Second part is the Entry Level Course. This provide customer the entry level training for both already have try diving and never have dive experience with series of theoretical and technical knowledge. This will be one of the main revenue sources for LeQian at beginning stage. It is essential for LeQian to build the customer base as the customer royalty are built from this stage. According to the PADI China statistic showed in Exhibit 2-3, 65% of the certifications issued in the past few years are entry level. This group of customers would contribute more than 50% of the revenue in the whole training course.

Third part is the Continuous Training Course. This part provides the entry level students both from LeQian and other dive centers with advanced course. The survey did by author shows that about 92% of people who have studied the entry level course are plan to have or have dad advance training course. Once customers have royalty with dive center, the entry-level students have high potential to continuous training in LeQian. This is another source of revenue from the scuba diving instruction.

Fourth part is Dive Tour. In diving industry, when qualified scuba divers visit somewhere and decide to dive in local, they usually go to local dive center. By showing their certificate, they are able to rent the diving equipment and join the dive tour. The divers may bring parts of own equipment, however it is unpractical to bring the tank which is around 15kg and it is also inconvenient to fill the tank with air. What is most important, for safety reason, a local dive master provided by dive center as a guide in the unfamiliar underwater environment is required from the customers. Therefore, providing dive tour is one of the major revenue sources for a dive center. The dive tour usually providing a dive master, equipment and transportation such as ferry if necessary. LeQian will offer dive tour to the dive site nearby the city. It could be part of the advance course or just a dive tour for certified customers.

Fifth part is to provide Dive Travel Package. This part aims to provide a dive-oriented travel package to customer. A package will include the food, accommodation, diving equipment, local transportation and etc. During a dive trip, divers tend to stay with each other in order to share the dive experience and discuss the related issue. It is more enjoyable when a diver can share the
fantastic view in the dive site together rather than describe what he or she have seen to others after diving. So a dive-oriented travel package is also popular among the divers. LeQian will build oversea branch in some popular dive site in the second year and third years. Students can choose either to taking the course aboard by taking a travel package or study in the city then join the travel package for fun dive. The package could also in the form of boat diving. In a boat diving trip, the customers stay in a boat usually for 3-6 days travelling around some islands. They will dive 3~5 times per day in different dive site. The dive sites are usually far away from the city with no people living around. Boat diving is the only way to experience these fantastic dive site. LeQian will corporate with the local boat company to offer boat trip at the beginning stage. Acquiring boats will be in the long term plan.

The last part is equipment retail. This part is to sell the most frequently-used diving equipment to customer not just include students from LeQian but any customer who need the dive equipment. LeQian will be an authorized dealer of some international dive equipment manufacturers such as Aqua Lung, Mares, and Cressi. On line shop and the physical store will be both operated. According to the research by Author, about 39% of the scuba divers purchase the dive equipment by themselves rather than rent in the dive center. 66% of the customers would ask the advice from the instructors. LeQian will sell to the student with student discount but higher markup to normal customers. With the increasing of the scuba diver in China, the demand of scuba diving equipment will be increased accordingly. This will be another important revenue sources for LeQian.

5.2.2. Operation strategy

LeQian will be operated under a partnership but a central controlled structure. At the beginning stage, the three initial partners will be the main shareholders of the company. With more branch opened, a structure of central control will be set up. The above figure simply shows the model:
A central control system was setup to play the management role. This center will be wholly owned by the 3 initial partners as a holding company. The center then will hold around 51 to 70 percent share of each branch. Each branch actually functions as a dive center with a partner who own 30 to 49 percent share of the dive center. It is similar with franchise model but different in the actual operation. The main responsibility for the control center is marketing, finance, HR and parts of other administrative function. The center offer the management service in return receive amount of management fee. This is a common structure can be found in different industries. However it would best fit to LeQian from three aspects: management and resources optimized and expanding.

There are two advantages for LeQian to use the model from the point of management. First, most of the current scuba diving instructions are setup by small individual who are used to be diving hobbyist. They are usually lack of business knowledge and management experience. The management of LeQian has background not only in diving instruction, but also in business management. The management response to provide the back office services and control function for each dive center, the dive center would focus on providing training without worried about the other stuffs such as marketing. The dive center owner not need to worried about the management even he
or she has no much experience in business. Second, by setting the same standard and policy, it will be easier to control and ensure each dive center offer the same high quality training. The brand management will be easier.

Resources could be also optimized under the central control. There is rarely a type of branch dive center can be found in the China market currently. Each dive center has its brand and focusing the local market. For LeQian, the central management will respond for most of the marketing. With one brand, one website and one system, the resource could be concentrated and used more effectively. The central control offers the platform to sharing the resource among each dive center.

This strategy also enables LeQian to expand quickly. The China scuba diving instruction market is approaching to the growth stage in the industry life cycle. Although the earlier entrepreneur in this industry may not have enough business experience, they learn from the operation and grow up step by step. They have more and more strong influence in the market. LeQian can’t wait for develop all the resource itself. A partnership with central control is adopted in order to catch up the opportunity in the growth stage. There are many scuba diving instructors or qualified divers who have few years’ industry knowledge and experience are intend to own a dive center, but lack of enough resource such as in finance, management and etc. They may even have enough resources but just lack of courage to start own dive center. By corporate with LeQian under the partnership model, they will receive the support such as marketing, finance and other business administrative stuffs which they are not familiar. At the same time they will share the resources from LeQian and develop the dive center under the name of LeQian. LeQian will receive parts of the finance support and the industry network from the dive center owner. LeQian will not have enough finance resource to expanding in fast pace, it needs the financial support in expanding. The share composition in this partnership will depend on how much of money contributed by each party and also negotiation. There are many requirements for this model, but a few basic criteria are set as fundamental:

- The new diver center owner needs to have certain level of finance resource at least can bear 30% of the cost of new dive center.
• The new diver center owner must have enough industry experience, either a dive instructor or a qualified diver with few years of experience.

• The owner agrees and follows the value LeQian developed and develop under the LeQian model.

• The new dive center must located either in the city with well develop economy and large population or a place closed to some good dive site with plenty of tourist. The owner come from local or familiar with local environment is prioritized.

5.2.3. Key Drivers for success

There are two key drivers for LeQian to be success in operating the business strategy. First, LeQian needs to build enough customers base from the entry level. With this customer base, revenue from other source such as the continuous training, dive tour, travel package and equipment retailing would be reinforced. Second, the first 3 dive centers need to be success setup. One function is to prove and improve the LeQian model. Second is to build and promote the brand “LeQian”. Without a brand, it will be less attractive for new partner to join “LeQian”. Without proving the success of the model, the expanding will be difficult. Therefore, achieving these two drivers is very important for LeQian to implement the business strategy successfully.
CHAPTER 6. BUSINESS PLAN

After a series of market research and analysis for opportunities in the scuba diving instruction market, this business strategy was developed to catch the opportunity. This chapter will develop a detail business plan for LeQian to follow in both the setup stage and the grow stage, mainly focusing on a marketing plan by using 4P marketing mix framework, marketing strategy and an investment plan.

Section 1. FOUR P MARKETING MIX

The marketing mix – product, price, place and promotion – will be used to describe in detail the business plan LeQian intends to implement.

6.1.1. Product

The product is quite straight forward, which is offering the PADI training course under the PADI system. There are more than 30 certifications for recreation level students to choose under PADI system. As analyzed in chapter two, of the certificates issued the past few years in China market, about 65% are the entry level, around 8% are specialty certification and 26% are advance course certifications. Because of limited resources, LeQian will focus on the entry level course, a few advance courses and some popular special courses. As the way of teaching is quite similar, the main difference in each course is the content such as different skills, theory and the different requirement, it is impractical to introduce every course in detail in the business plan. Two of the most popular programs Open Water and Discover Scuba Diving will be introduced in this chapter.

Discover Scuba Diving (DSD) is recognized as a gateway to scuba diving. It offers people the chance to experience scuba diving at a low cost and in a short time. After a brief guidance on how to use dive equipment and theory instruction, customers will be brought to underwater with a dive master. The whole process only takes around 1 to 2 hours with 1 hour of training and around half an hour of underwater experience.

Open Water is an entry level course which teaches students divers the fundamental
knowledge and skills they need to dive with a buddy, independent of supervision. The content mainly includes knowledge development, equipment preparation and care, skin diving skills, confined water dives, and open water dives. More than 25 core skills are required to learn and practice through the whole process. Examples are shown in the following exhibit:

Exhibit 6-1: Sample of the skill practice for OW

**At the surface:**
1. Plan the dive, including air supply management/turn pressure, time limits, entries and exits, buddy separation procedures and basic emergency procedures.
2. Put on, adjust and streamline equipment. Use proper lifting techniques.
3. Perform a pre-dive safety check.
4. Adjust weighting and trim, as necessary.

**Underwater:**
5. Descend using a descent line or sloping bottom contour for control and reference to a depth not greater than 12 metres/40 feet. Use the five-point method.
6. Become neutrally buoyant by adjusting air in the BCD (or dry suit) with the low pressure inflator.
7. Clear a fully flooded mask.
8. Perform each role: In a stationary position, one person signals “out of air” and secures and breathes from an alternate air source provided by another diver; the other diver provides the air source.
9. Ascend properly using an alternate air source and establish positive buoyancy at the surface. Act as either donor or receiver.

**Source:** PADI Instructor Manual

As seen from the above figure, different skills are required to study both at the surface and underwater. The Open Water course can be conducted on a flexible schedule, but in most cases, it is conducted as a 3 to 4 day intensive course. As the expected customer may not have time for an intensive course, LeQian will offer a flexible schedule for the students to choose, such as night and weekend courses. The arrangement is two classes on knowledge development, one day of confined water practice and one or two day’s open water practice, and then a paper exam will be given at the

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end. The student divers are required to pass the exam in order to get the Open Water Certification. Sample of certification shows below:

**Exhibit 6-2: Sample of PADI Open Water Certification:**

Sources: PADI, Office Homepage

Because the instruction is under the PADI system, the instructor will follow the PADI Instructor Manual and PADI Guide to Teach. What makes LeQian different from other dive centers is the method of teaching. It is a standard practice to give students knowledge development classes by simply playing a PADI video. From the Author’s experience, Chinese students are usually not engaged by this method of teaching. Instead of video-based teaching, LeQian requires the instructor to teach by face-to-face instruction. This method has two benefits: first, it is more suitable and efficient method for the Chinese student. Second, through the face-to-face instruction, the instructor has the chance to communicate with students more closely. By giving the real experience and story, chatting and discussion with students, it will help to build the trust and relationship with students. Although it will increase the workload for instructor, it is believed that it will help LeQian to benefit in the long run, especially in the continuous training and diving-oriented services.

6.1.2. Place

There are a few criteria to follow when selecting the dive center location according to LeQian’s business strategy. The new dive center must be located either in a city with a well-developed economy, a large population and a suitable climate for diving activities; alternatively, a place close to some good dive site with plenty of tourists. According to this strategy, and also considering the partner’s personal network, two alternatives were selected for the first and second
dive center. One is Xiamen and the other is Guangzhou. The following map shows the location of these two cities in China.

**Exhibit 6-3: Map of China in Southeast**

![Map of China in Southeast](Sources: Google Map)

These two places fulfill the requirements for both diving conditions and LeQian’s business strategy. This chapter will focus on the location for the first dive center in Xiamen. Xiamen is one of the five Special Economy Zones of China located in Fujian Province in southeast China. It satisfies LeQian’s strategy in four aspects: first, Xiamen is originally an island. With the development of economy and need for expansion, it is then connected to the mainland by reclaiming land from the sea. Partly surrounded by the sea with a sub-tropical monsoon climate, which allows diving for more than three-quarters of the year, there are a few dive sites that meet the scuba diving training condition in Xiamen. It saves the cost in training in the open water environment. What is more, it offers the market of Discover Scuba Diving for the tourist. Second, benefiting from the special economy zone policy, Xiamen has developed into one the richest cities in Fujian Province with a population of 3.6 million\(^{19}\). Scuba diving activities are affordable because of the higher purchasing

ability from middle or above middle-class consumers. Third, Xiamen is also one of the most popular tourism cities. According to Xiamen Tourism Bureau, there was about 41 million tourists visited Xiamen in 2012 generating 53 billion RMB in revenue. Tourists offer larger opportunity for the Discover Scuba Diving. Fourth, one of the partners is from Xiamen. With a developed personal network in the city, LeQian can more easily set up and promote activities. Doing business in China, relationships, or called “GuanXi” play an important role. For the above four reasons, Xiamen will be the location for the first dive center.

6.1.3. Price

LeQian will adopt a high price strategy by offering high quality of services. There are two main reasons for this strategy. First one is because of limited resources at the outset. There are only 3 instructors available at the beginning stage; according to the PADI policy, the maximum instructor to student ratio is 1 to 10 for an Open Water course, which means one instructor can teach no more than 10 students at the same time. However, a class of 4 students can ensure every student receives plenty of attention and care. Better services with higher prices therefore best fit LeQian’s structure. Second, the scuba diving instruction industry is currently suppliers’ market. The dive center has the bargain power, higher price would be accepted by the market and therefore bring higher margin.

According to the market research and survey, the market price for an OW course ranges from 2,000RMB to 4,999RMB. The lowest price of 2,000 RMB offers the training course and necessary equipment. The highest price contains some package amenities such as a good hotel and meals. The survey shows that in the group of people who have dive experience but not an OW certificate, they would most likely to accept price range from 1,000 to 2,500 RMB. There are total 80 people in this group, the survey summary as following figure:

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Exhibit 6-4: Price survey for the OW course

If you goint to have a 3-5 day's Open Water course, what price range will you accept?

- 1000-2500 RMB: 1
- 2501-4000 RMB: 24
- 4001-5500 RMB: 70
- Above 5500 RMB: 6

Sources: Author

Although there is about 62.5% accept a price below 2500 RMB, there is 30% of people willing to accept a price of 2501-4000 RMB. This is the target customer at the beginning stage for LeQian. Considering the market price, the survey result, and LeQian’s business strategy, LeQian will set the price around 3000 RMB for the Open Water course including the equipment rental. A package course could be offer in higher price in the future. Certain flexible price may be adopted for seasonal promotion, continuous training discount and etc.

The market price for a Discover Scuba Diving (DSD) is 250-500RMB according the online price list showed in Taobao. Author also conducts a survey about the price of DSD for people who have no dive experience. There are total 185 people in this group, as showed in the following figure:

Exhibit 6-5: Price survey for Discover Scuba Diving

What price will you accept for a discover scuba diving?

- 0 -150 RMB: 6
- 151- 300 RMB: 18
- 301 - 450 RMB: 66
- Above 450 RMB: 94

Sources: Author
The most acceptable price for a DSD is 151-300 RMB around 51%. Then 36% of people choose below 150RMB. In order to attract more people to experience diving, LeQian would set the price around 280RMB for a DSD after considering the market price and LeQian’s Strategy. By offering low price for DSD, LeQian expected that more potential customers will be attracted after a DSD experience.

6.1.4. Promotion

There are many tools and strategy options to adopt in order to promote LeQian, but a clear positioning and targeting should be clarified. The promotion will be combined in section 2, marketing strategy.

Section 2. MarketIng STRATEGY

6.2.1. Targeting and Positioning

PADI statistic shows the certification trend by median age and gender in a worldwide base.

Exhibit: 6-6: PADI Worldwide Diving Certification Trend by Median Age

<table>
<thead>
<tr>
<th></th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Male</td>
<td>30</td>
<td>30</td>
<td>30</td>
<td>30</td>
<td>30</td>
<td>30</td>
</tr>
<tr>
<td>Female</td>
<td>27</td>
<td>27</td>
<td>27</td>
<td>27</td>
<td>27</td>
<td>27</td>
</tr>
<tr>
<td>All</td>
<td>29</td>
<td>29</td>
<td>29</td>
<td>29</td>
<td>29</td>
<td>29</td>
</tr>
</tbody>
</table>

Sources: PADI Statistic Report
Sources: PADI Statistic Report

PADI’s statistics show the majority of divers are male and around 29 years old. This is a worldwide base and not enough information to be analyzed to define the target group for LeQian. The author therefore conducts the survey in 410 certificate divers, in which approximately 87% are PADI scuba divers.

In this survey, there are 213 male and 197 female participants. Because it is randomly spread in the diving community, it can’t be concluded that the amount of female diver is close to male diver without a census, but that the diving activities is also popular among the female. The other information including age, occupation and salary level are summarized as follow:
Exhibit 6-8: Scuba Diver Age Summary

What is your age?

Exhibit 6-9: Scuba Diver Occupation Summary

What is your occupation

Exhibit 6-10: Scuba Diver Education Level Summary

What is your monthly salary?

Sources: Author
As shown in the above figure, the majority of divers in China fall within the range of 26-45 years old, which covers 89%. They are mainly private and Government owned company employee, and individual entrepreneur with middle or high salary. By studying the scuba diver group in China, it reconfirms the trait of the certificated diver analyzed in previous chapter. With limited resources, LeQian should target the largest group it can reach. It is defined as 26-45 year olds; professionals in private companies or government-owned companies, and individual entrepreneur. LeQian position itself as a fashion, fun, adventurous, and environment friendly outdoor leisure activities.

6.2.2. Culture and Value

LeQian believes that without a company culture and deliver the positive and attractive value to customers; the customer loyalty will be difficult to build up. Learning from the experience of Infinity Blue, LeQian will always promote the ocean culture and create a family atmosphere inside. China has a long history of maritime exploration. However, it is losing that culture in recent decades. Overfishing, marine pollution, the traditional food culture such as eating shark fin and manta gill, and over digging coral has caused huge damage to the ocean. LeQian intends to deliver the student divers with not just the diving knowledge, but also the value of environment friendly diver. Dive with nature and commune with nature. This will be represented in form of the normal class, marketing tools and social activities.

6.2.3. Marketing tools and strategy

The survey conducted by the author reveals that the most effective way is “word of mouth”, say a recommendation from a friend. The survey was conducted with 490 scuba divers by multiple choices question of “By which way you know and choose your last dive center”, the result is shown below:
Exhibit 6-11: Survey result of way to choose dive center

By which way you know and choose your last dive center?

<table>
<thead>
<tr>
<th></th>
<th>Frequency</th>
</tr>
</thead>
<tbody>
<tr>
<td>Friends’ recommendation</td>
<td>336</td>
</tr>
<tr>
<td>Social media</td>
<td>180</td>
</tr>
<tr>
<td>Homepage of Dive Center</td>
<td>131</td>
</tr>
<tr>
<td>Magazine &amp; Newspaper</td>
<td>48</td>
</tr>
<tr>
<td>Others</td>
<td>70</td>
</tr>
</tbody>
</table>

This survey suggests that the friend recommendation, social media and the homepage are the main marketing tool for the potential customers.

Word of mouth requires a good customer experience by offering good quality services, by building the customer relationship through the training process, and by accumulating a larger and larger customer base. Benefitting from the few years teaching experience of the three initial partners, LeQian not need build the “word of mouth” from zero. But it takes time to increase the influence by serving more and more customers. Besides “word of mouth”, the other tools could be well planned.

Since the initial target customer is the 26-45 year olds, the professional group, social media such as Weibo and Wechat, and internet would be the primary marketing tool to reach the potential customer. Not just because this group of people has high accessibility of internet and social media, they are also the most active group in social media. Besides, holding campaign activities, joining exhibitions, customizing product design, and social activities will be considered as resources become available.

1. Weibo & WeChat:
   - Weibo is the first success of social media in China with register more than 4,000 million today. Benefits from the smart phone and mobile client, it become a popular platform for company, social organization, public figure, and individual to find and share information.
   - WeChat is also one of the most popular social media platforms in China. It has more than...
3,000 million of registers around the world and the majority users are Chinese. By simply submit 300RMN registration fee and company business license related document LeQian can easily setup the company page in the public platform.

These platforms enable LeQian to publish article, upload picture video, contact the potential customer and receive orders. Sample of these two platforms are showed below:

**Exhibit 6-12: Weibo Page of EZDIVE and Diving Magazine**

![Weibo Page of EZDIVE and Diving Magazine](image)

**Sources: Weibo of EZDIVE**

Above are the two Diving Magazine “潜水 Diving” and the other “EZDIVE” shows in the Weibo and WeiChat. They are easily accessed from the mobile client. Three main benefits for LeQian to choose these two platforms: easy access to the public, especially for LeQian’s target group; It is easy to edit and use, without being an expert in IT, most of the people can easily organize the platform; finally it is very low cost. It is free to set up the account in Weibo and only 300RMB for WeiChat to be a public account. By sumitting the business license related documents, the account will be setup within one to two week.

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21 EZDIVE, 2014,” the homepage of EZDIVE at weibo”
http://weibo.com/ezdive?from=feed&loc=nickname#_rnd1403769849354
In order to attract more people to visit LeQian in these two platforms, LeQian will publish news, articles or video continuous in these two platforms. The content will be the key. LeQian could deliver diving news, information, site introductions, stories and experience sharing. The content must be fun, valuable and enjoyable. These traits are the key for the article or news to go viral. After attracting more and more subscribers, the company information such as course introduction and dive equipment information are also published in the platform.

2. Internet

- Official webpage

An official webpage is needed not just because it offers a front page as a major tool for customer to reach LeQian, it also help to build credibility when there is official website exist for a company. The website will be linked to the social media Weichat and Weibo. The web design and maintain will be outsource to the web design company and server will be rental by years.

- Online community

There are many online diving communities that divers discuss and sharing information. As a new startup, LeQian will be actively participating in these communities. By discussing and sharing information to get more attention from the divers’ circle.

3. Other marketing tools

Other marketing tools will be more like periodically events to promote the brand.

- Scuba Diving Exhibition. There are more and more international dive exhibitions held in China every year. LeQian will participate in some of these exhibitions to promote LeQian;

- Social activities. Such as organizing volunteer dives to clean the underwater seashore and beach by collecting rubbish such as plastic bags.

- Cooperation with local university marine programs. The university teaches a lot of knowledge and theory about the marine environment, but practical diving experience can help students get a better understanding of the marine environment. By giving a free PADS carol reef conservation class and sharing the real experience from the instructor.
about the carol conservation help to help to build the brand of LeQian.

- Customized design product. Such as T-shirt, sea-life toy with LeQian logo is also a useful market tool. Sample of the T-shirt printed with “No Shark Fin” from Infinity are shown below:

Exhibit 6-13: Sample T-shirt

Sources: Infinity Dive Center

Although above marketing tool offers the communication channel to the customer, a proactive promotion through advertisement will be carried out before the dive center open and then periodically carried on. The advertisement will be in a post and brochure within which introduce diving course of LeQian with the contact information such as social media account, and also some knowledge about scuba diving. Applied with LeQian’s strategy, the place to launch the advertisement will be mainly in the swimming center within the city and the newly apartment.

Section 3. INVESTMENT PLAN

After the marketing mix and marketing strategy, a detailed investment plan needs to be created. This section will focus on the investment plan for the first year. The plan will figure out mainly the initial capital investment but the other necessary procedure for the startup.
6.3.1. Dive Center

Unlike commercial product shops, which require the location in bustling downtown, the location of dive center will be the suburb area which could be easily accessed by the public transportation. The cost will be much cheaper compared to downtown. In order to minimize capital investment, LeQian will setup the center by a form of lease. The estimated space requirement is summarized as below:

**Exhibit 6-14: Space requirement for Dive Center Space**

<table>
<thead>
<tr>
<th>Room</th>
<th>Purpose</th>
<th>Space (square meter)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Class Room</td>
<td>A study room for scuba instruction</td>
<td>25</td>
</tr>
<tr>
<td>Main Hall</td>
<td>Reception, Equipment display</td>
<td>35</td>
</tr>
<tr>
<td>Storage</td>
<td>Equipment, inventory and others</td>
<td>15</td>
</tr>
<tr>
<td>Pool</td>
<td>Confine water environment training</td>
<td>70</td>
</tr>
<tr>
<td>Others</td>
<td>Pantry, toilet and buffer space</td>
<td>35</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td><strong>180</strong></td>
</tr>
</tbody>
</table>

*Sources: author*

A search on the online real estate website “www.soufang.com”, one of the most popular website for real estate information, the monthly rental is expected to around 3,000 RMB/month. The lease usually requires year prepayment that is 36,000 RMB/year. The budget for decoration and the pool would be around 100,000 RMB. Whether to construct a pool will be depend on the location and the expect utility, when there is a swimming pool available nearby and allow partly to be rented by period, LeQian will consider using the way of rental for swimming pool. By using the way of rental, the capital investment will be reduced by 40,000 RMB.

6.3.2. Equipment

A set of dive equipment mainly include mask, snorkel, fins, BCD (Buoyancy Control Device), Weight system, Regulator, SPG (Submersible Pressure Gauge), air tank, wet suit and boots. The sample of dive equipment is showed below:
The expected budget for a set of equipment will be around 8,000RMB. LeQian will purchase about 12 sets at the beginning stage. So the investment of the equipment is around 100,000 RMB. Besides, an air compressor for filling tanks is also needed, it cost around 15,000.

6.3.3. Registration and Others

Outside the main investment for the dive center and equipment, there are some government business administrations that need to be applied. Additionally, registration for PADI dive center member cost 5,000RMB per year. The other stuffs including different insurance are expected to be 10,000RMB per year. Website design, maintenance and rental of server will cost about 2,000 per year.

6.3.4. Equipment retailing

Equipment retailing requires LeQian have certain level of inventory. In order to keep a low cost, LeQian will keep the inventory as low as possible. Therefore only the most frequent use equipment will be store such as fin, masks, and dive computer. The inventory will cost around

---

30,000~50,000RMB.

The initial investment will cost about 320,000 RMB for the first center. Besides the initial investment, 6 months operating expenses and a petty cash fund on hand totaling 60,000RMB will be required. Therefore, that is 380,000RMB in total required for the first dive center in the first half year. The second dive center is planned to launch at the end of the first year. The same style of decoration, store arrangement and model, but accumulate experience from the first dive center, the investment required for the second dive center will be less than the first one.

As mentioned in the business model, the control center will be set up as company “LeQian Holding Company”, the three initial partners will be the shareholder. The author will invest 400,000RMB and the other partner will invest 300,000RMB respectively. The author will own 40% of the company share and the other two will have 30% respectively. The funding will be raised in two times, the first month and the ninth month with half amount each time.

Section 4. HUMAN RESOURCES

In the preparation period, most of the job will be done by the three initial partners. However, some administrative staff needed to recruit for the backup services once the first dive center opened. Some necessary training needs to be given in advance. At the beginning stage, one reception staff member will be recruited and trained before the first center open. The main responsibility is reception and retail work, and also assists the instructor to manage the social media and homepage. A second staff expected to be ready three month after the first dive center open. A dive master also needs for the assistant work in dive training such as equipment preparation and other general staffs. A summary of the necessary staffs for the first dive center showed in below:
**Exhibit 6-16: Summary of human resource for LeQian Xiamen**

<table>
<thead>
<tr>
<th>Position</th>
<th>Number</th>
<th>Responsibility</th>
</tr>
</thead>
<tbody>
<tr>
<td>Instructor</td>
<td>2~3</td>
<td>Organize and carry on the training</td>
</tr>
<tr>
<td>Receptionist</td>
<td>1~2</td>
<td>Reception and retail work</td>
</tr>
<tr>
<td>Dive master</td>
<td>2~3</td>
<td>Assist dive training and general stuff</td>
</tr>
<tr>
<td>General staff</td>
<td>1</td>
<td>General stuff</td>
</tr>
</tbody>
</table>

*Sources: author*

Although the 3 initial partners will responsible for everything at the beginning stage, since for a small startup the business scale is expected relatively small. All of them will do the marketing, training and managerial work. The author will be mainly responsible for the managerial tasks; the other two will focus more on training, such as setting up the teaching standard. After the second dive center opens, the control center will be gradually set up function in marketing, accounting, payroll, public relation and other stuffs.

The recruitment is different for different levels of position. It will be easy to recruit the reception and retail staff from local market, the general staff and dive master could be recruited either from the market or trained by dive center. It is common practice in scuba diving instruction industry that the dive center trains the students to professional level such as dive master or dive instructor, and then hires them after they graduate. It saves cost and reduces the risk because the dive center knows the student well already from the training or internship period, and also the employee could start to work as formal employee without more training required. The recruit of instructor will come from two ways: one is train by the dive center, although it takes time but it help to develop the royalty and even future partner; the other is recruit from the dive circle such as from Infinity Blue. Infinity Blue is currently hold an instructor course 3 batches per year, more than 20 instructors are trained and became PADI qualified instructor. The 3 partners all worked with Infinity Blue before and keep good relationship with it; therefore recruit from the graduated batch will be a convenient and effective way. After the first dive center is set up and operate, the similar model and method can be used for the second dive center.
Section 5. TIMELINE AND MILESTONE

In line with the investment plan and the human resource development, a time line was set for the first year from Sep. 2014 to Sep. 2015. The schedule was set in three month increments.

6.5.1. Timeline

Exhibit 6-17: Timeline for the first year

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Company register</td>
<td>The first dive center launched</td>
<td>Prepare for second dive center launched</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Things to complete in the first three months:
- Fund collection for the first round, open the company bank account.
- Contact PADI Regional Manager, apply for PADI dive center member
- Register the business license and government administration stuffs,
- Design Logo, set up the social media account and design contents.
- Fine the right location and compare the options

Things to complete in the second three months:
- Decide the location, sign lease contract and start decoration
- Contact the major equipment manufacturer and apply for the authorized dealer.
- Order equipment and other teaching material
- Launch the online homepage
- Recruit and train the staffs with necessary diving knowledge
- Launch the post and brochure in the targeting customer living area

Things to complete in the third three months:

Sources: author
● Launch the first dive center
● Start the training course and DSD services
● Continuous promotion and marketing activities
● Open the online shop at Taobao for PADI course and equipment

Things to complete in the fourth three months:
● Preparation job for the second dive center
● Find the location for the second dive center
● Recruit dive instructor and staff for second dive center
● Carry out advertisement and recruit more students customers

After the first and second branches are set up, the require time for the following branch will be shorter and easier. The management team will evolve and become management service provider for the other branches.

6.5.2. Milestones

The first year of operation is essentially important for LeQian. It will accumulate the operation experience and use the experience for future expanding. The success on the first dive center will be just the first step of LeQian’s initial goals. There are milestones to be achieved in order to reach the goals.

1. Successful launch of the first dive center and start have positive cash flow within the first 3 months. Accumulate the operation experience and success to reach the objective: issue 300 certifications in different level and 500 DSD in the first year.

2. Successful launch of the second and third dive center in the second year and prove the operation model and expanding model, providing experience for future expanding.

3. Start the first overseas branch and start offering the dive travel package services for customer from different branch to different dive sites around Southeast Asia.

4. Operate 2~3 branches located in the island with most Chinese tourist visiting in each of following countries: Philippine, Malaysia, Indonesia and Thailand. Become the market leader in providing scuba diving instruction and scuba tour.
CHAPTER 7. FINANCIAL PLAN

This chapter will set up the financial plan for LeQian Xiamen in the startup phase and grow phase. By analyzing the cost structure of the main products, and estimating the profitability and breakeven point, the cash flow will be forecast accordingly for the first year. As the major revenue sources will be the OW course and DSD for the first year, the equipment retaining will not be included in this chapter.

Section 1. COST STRUCTURE OF PRODUCT

The main product for the startup phase and grow phase in the first year mainly are entry level course and DSD services. The following analyze would be the course structure of these two product.

The entry Level Course refers to the PADI Open Water course. The direct cost will include the instructor cost, text book and PADI certificate application fee. PADI charge for the text book bundled with the certification application, which means that if a student diver wants to have the certification after the training, he or she must buy the text book from PADI. PADI charge the text book and application for Open Water at 560RMB per course.

There are usually two ways to hire diving instructor. The first type is contracted instructor. This is usually used in the Hotel and Resort as they need to keep stable amount of employee. They usually offer attractive monthly salary plus other welfare to keep the instructor. The instructor receives fixed salary no matter how many students he teaches per month. It is less incentive for the instructor, but in trade off it is less risky as instructor receives same amount of salary even in low seasons in which less amount of customers are expected. The other way is commission instructor. The instructor receives commission from each student he teaches. According to the PADI Course Director Mr. Brett and the author’s teaching experience, the commission is range from 13% - 17%. In order to keep incentive for the instructor, LeQian will use an integrated one and also the commission one. LeQian will keep two contract instructors by giving the normal monthly salary plus the commission for each student he or she teaches. For extra instructor, LeQian will give higher
commission only. They are welcome to bring the student to LeQian and teach here. Assume two instructors recruited for the first year, the monthly pay will be 5,000RMB plus 5% commission. The main indirect cost will be the depreciation and maintenance of equipment, electricity & water, rental, payroll for general staff and etc.

For another product DSD, the direct cost will be the pay for the instructor or dive master. According to PADI regulation, DSD need to be carried out by a dive master or above level staff. The pay will be 40RMB per DSD. Similar to the OW course, the indirect cost is the depreciation, rental and etc.

The indirect cost is hard to estimate without operating in real case. However, the similar case from the Golden International Diving Center could be used as reference. According to the information from “Golden”, the average expense is around 3,000-4,000 RMB per month including the electricity, water, and the maintenance for the facility. With similar scale of business, the amount for LeQian is assumed as 4,000RMB per month.

The object for the first year is to issue 400 certificates and 500 DSD. Assuming there is 30 students and 42 DSD per month, the fixed salary 10,000RMB (two instructor) distributed in each student is around 333RMB. Plus the 5% commission will be 483RMB in total. Assuming the indirect cost is equivalently distributed to the OW student and DSD customer, that is 55RMB per customer.

The cost structure and gross margin for these two products are summarized as below:

**Exhibit 7-1: Breakdown for Product OW & DSD**

<table>
<thead>
<tr>
<th></th>
<th>OW (RMB)</th>
<th>DSD (RMB)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Price</td>
<td>3,000</td>
<td>280</td>
</tr>
<tr>
<td>Text book and Application</td>
<td>560</td>
<td>0</td>
</tr>
<tr>
<td>Instructor / Dive master cost</td>
<td>483</td>
<td>40</td>
</tr>
<tr>
<td>Indirect cost</td>
<td>55</td>
<td>55</td>
</tr>
<tr>
<td>Profit</td>
<td>1,902</td>
<td>185</td>
</tr>
<tr>
<td>Profit Margin</td>
<td>63.40%</td>
<td>66.10%</td>
</tr>
</tbody>
</table>

Sources: author
Section 2. **OPERATING EXPENSE**

The operating expense mainly includes the payroll for general staff, marketing expense, insurance, depreciation, transportation from the dive center to the dive site and monthly rental. Some assumption is made: 1 receptionist and 1 general staff with monthly salary 3,000RMB; Marketing expense is comparatively low as the social media is free, the maintenance for homepage and rental for server cost 200RMB per month, the budget for post and brochure advertisement around 200RMB per month. The life for diving equipment will depend on the utilization rate. According to author’s experience, the expected life could be 3 years or above. Assuming the life is 36 months, with 100,000RMB equipment depreciating, the monthly depreciation expense will be round 2,777 RMB. Insurance for one year is around 10,000RMB, in month would be 833RMB. The breakdown summarized as below:

**Exhibit 7-2: Summary of operating expense**

<table>
<thead>
<tr>
<th>Items</th>
<th>Amount (RMB)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Staff salary</td>
<td>6,000</td>
</tr>
<tr>
<td>Marketing</td>
<td>400</td>
</tr>
<tr>
<td>Deprecation</td>
<td>2,777</td>
</tr>
<tr>
<td>Rental</td>
<td>3,000</td>
</tr>
<tr>
<td>Transportation</td>
<td>1,000</td>
</tr>
<tr>
<td>Insurance</td>
<td>833</td>
</tr>
<tr>
<td>Office expense</td>
<td>1,000</td>
</tr>
<tr>
<td>others</td>
<td>500</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>15,510</strong></td>
</tr>
</tbody>
</table>

**Sources:** author

Section 3. **PROFIT & CASH FLOW FORECAST**

Diving activities is influenced by the season and weather. Unlike tropical region in which is suitable for diving for the whole year, Xiamen has a sub-tropical monsoon climate. The winter time from December to March is low season for diving, less amount of diving customer is expected.
According to the timeline for the first year, the first dive center will be launched in the third three-month. Assuming the dive center will be open in May, the beginning of Summer time, and can complete the target of the first year which is 300 OW certificate and 500DSD, and take into consideration of the low customer level at beginning and the seasonal factor, an assumption of the customer amount for the first year is showed as below:

**Exhibit 7-3: Assumption of the customer amount in each month**

<table>
<thead>
<tr>
<th>Month</th>
<th>May</th>
<th>Jun</th>
<th>Jul</th>
<th>Aug</th>
<th>Sep</th>
<th>Oct</th>
<th>Nov</th>
<th>Dec</th>
<th>Jan</th>
<th>Feb</th>
<th>Mar</th>
<th>Apr</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>OW</td>
<td>15</td>
<td>30</td>
<td>50</td>
<td>50</td>
<td>45</td>
<td>20</td>
<td>5</td>
<td>5</td>
<td>5</td>
<td>10</td>
<td>15</td>
<td>300</td>
<td></td>
</tr>
<tr>
<td>DSD</td>
<td>30</td>
<td>50</td>
<td>60</td>
<td>90</td>
<td>80</td>
<td>40</td>
<td>10</td>
<td>10</td>
<td>10</td>
<td>10</td>
<td>20</td>
<td>500</td>
<td></td>
</tr>
</tbody>
</table>

**Sources:** author

The unit price is 3,000 RMB per OW and 280 RMB per DSD, with margin 63.4% and 66.1% respectively. The revenue, gross profit and profit before income tax will be forecasted:

**Exhibit 7-4: Profit forecast**

<table>
<thead>
<tr>
<th>Month</th>
<th>May</th>
<th>Jun</th>
<th>Jul</th>
<th>Aug</th>
<th>Sep</th>
<th>Oct</th>
<th>Nov</th>
<th>Dec</th>
<th>Jan</th>
<th>Feb</th>
<th>Mar</th>
<th>Apr</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>53,400</td>
<td>104,000</td>
<td>166,800</td>
<td>175,200</td>
<td>175,200</td>
<td>157,400</td>
<td>71,200</td>
<td>17,800</td>
<td>17,800</td>
<td>17,800</td>
<td>32,800</td>
<td>50,600</td>
<td>1,040,000</td>
</tr>
<tr>
<td>Cost</td>
<td>19,320</td>
<td>37,690</td>
<td>60,600</td>
<td>63,450</td>
<td>63,450</td>
<td>57,010</td>
<td>25,760</td>
<td>6,440</td>
<td>6,440</td>
<td>6,440</td>
<td>11,930</td>
<td>18,370</td>
<td>376,900</td>
</tr>
<tr>
<td>Gross profit</td>
<td>34,080</td>
<td>66,310</td>
<td>106,200</td>
<td>111,750</td>
<td>111,750</td>
<td>100,390</td>
<td>45,440</td>
<td>11,360</td>
<td>11,360</td>
<td>11,360</td>
<td>20,870</td>
<td>32,230</td>
<td>663,100</td>
</tr>
<tr>
<td>Profit before tax</td>
<td>18,570</td>
<td>50,800</td>
<td>90,690</td>
<td>96,240</td>
<td>96,240</td>
<td>84,880</td>
<td>29,930</td>
<td>-4,150</td>
<td>-4,150</td>
<td>-4,150</td>
<td>5,360</td>
<td>16,720</td>
<td>476,980</td>
</tr>
</tbody>
</table>

**Sources:** author
In order to forecast the cash flow, the prepay insurance, prepay rental and the depreciation need to be adjusted from the profit.

**Exhibit 7-5: Cash flow forecast and breakeven analysis**

<table>
<thead>
<tr>
<th></th>
<th>May</th>
<th>Jun</th>
<th>Jul</th>
<th>Aug</th>
<th>Sep</th>
<th>Oct</th>
<th>Nov</th>
<th>Dec</th>
<th>Jan</th>
<th>Feb</th>
<th>Mar</th>
<th>Apr</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash Flow</td>
<td>25,180</td>
<td>57,410</td>
<td>97,300</td>
<td>102,850</td>
<td>102,850</td>
<td>91,490</td>
<td>36,540</td>
<td>2,460</td>
<td>2,460</td>
<td>2,460</td>
<td>11,970</td>
<td>23,330</td>
<td>556,300</td>
</tr>
<tr>
<td>Break-even:</td>
<td>-270,000</td>
<td>-244,820</td>
<td>-187,410</td>
<td>-90,110</td>
<td><strong>12,740</strong></td>
<td>115,590</td>
<td>207,080</td>
<td>243,620</td>
<td>246,080</td>
<td>248,540</td>
<td>251,000</td>
<td>262,970</td>
<td>286,300</td>
</tr>
</tbody>
</table>

_Sources: author_
The initial investment not includes the equipment retailing unit. From the above forecast, the expect revenue for the first year will be 1,040,000RMB with net income 476,980. The breakeven point will be in August. Above figure shows the forecast performance for the first year:

**Exhibit 7-6: Financial performance forecast**

[Graph showing financial performance forecast]

**Sources:** author

**Exhibit 7-7: Break-even analysis**

[Graph showing break-even analysis]

**Sources:** author

The forecast result meets the objective set for the first year. Higher profit will be expected for the following years after the brand is success built and more revenue sources will be added such as equipment retailing, dive package and etc. The cash flow will be better as the capital investment will
be much smaller compared with the initial investment. The second round of funding from the initial partners will be in Mar 2015 and the second branch will be setup by the similar model. Having the experience of setup the first dive center, and also consider the similar environment in Guangzhou, author expect the cost for the second dive center will be reduced.
CHAPTER 8. CONCLUSION

The analysis of the scuba diving instruction industry has shown the great opportunity for China market. The market size is attractive; the competitive environment and five forces analysis imply the opportunity and the advantage for the author and his team to enter the market. The goals and objectives are set up and the business model and business strategy is made accordingly. The forecast shows good results and the possibility of reach the goal if the model and the strategy are operated successfully.

The industry life cycle shows the opportunity window in China and the market is approaching to the growth stage. Therefore timing is essentially important for LeQian. Open a dive center with a remarkable profit is not the final goal for LeQian. LeQian intends to become the market leader in the scuba diving instruction industry. Therefore, LeQian needs to expand fast in order to catch the opportunity in the growth stage. The expanding model is designed accordingly to meet the need for fast expanding.

Giving instruction course as a fundamental business, LeQian aims to develop into a dive-oriented service providing company such as providing dive travel package for customers. The future market could reach to mature stage after 5-6 years later. LeQian could enjoy “a cash cow” at that stage but with a bottleneck for grow. LeQian therefore need to keep studying the market outside China and find more opportunity for grow.
REFERENCES

APPENDIX 1 QUESTIONNAIRE FOR SCUBA DIVING MARKET IN CHINA

1. What is your feeling when you hear or see someone use scuba diving equipment diving underwater?
   ○ Very interesting will try for sure
   ○ Interesting, may try if have opportunity
   ○ No interest

2. How do you know scuba diving before? (Multiple choice)
   □ TV
   □ Magazine and books
   □ Internet
   □ Friends
   □ Others
   □ Never heard about that

3. Have you ever try scuba diving?
   ○ Yes (direct to Q10)
   ○ No

4. Which are the reasons you never try a dive? (Multiple choice)
   □ It is dangerous
   □ No any dive place nearby
   □ Expensive
   □ Have no idea about diving
   □ Don’t have a dive buddy
   □ Don’t know where to study
   □ Time consuming to learn diving
   □ Difficult to learn
   □ Not popular
   □ Scare of water
   □ No good at swimming
   □ Physical problem
□ It is boring

5. Will you go to have a try if there is dive center in your city?
   ○ Yes
   ○ No (direct to 26)

6. What price will you accept for a discover scuba diving?
   ○ 0 -150 RMB
   ○ 151 – 300 RMB
   ○ 301 – 450 RMB
   ○ Above 450

7. If you plan to have a 3-5 days entry level dive training, what is your favorite place to conduct training?
   ______man-made environment such as swimming pool and ocean park
   ______Lakes
   ______Seashore
   ______Others

8. If you intend to have a 3-5 days entry level dive training, what price will you accept?
   ○ 1000 – 2500 RMB
   ○ 2501 – 4000 RMB
   ○ 4001 – 5500 RMB
   ○ Above 5500

9. If you intend to have a 3-5 days entry level dive training, what price will you accept?
   ○ 1000-2500 RMB
   ○ 2501-4000 RMB
   ○ 4001-5500 RMB
   ○ Above 5500

10. Which dive organization are you belonging?
    ○ PADI
    ○ SSI
    ○ BSAC
NAUI
○ CMAS
○ Others

11. When you finish your entry level training, do you plan to take or have taken the advance level training?
○ Yes
○ No

12. Please rate the following factors that may restrain your diving activity.

<table>
<thead>
<tr>
<th></th>
<th>Not important at all</th>
<th>Not so important</th>
<th>Normal</th>
<th>Important</th>
<th>Very important</th>
</tr>
</thead>
<tbody>
<tr>
<td>Price</td>
<td>○</td>
<td>○</td>
<td>○</td>
<td>○</td>
<td>○</td>
</tr>
<tr>
<td>Time</td>
<td>○</td>
<td>○</td>
<td>○</td>
<td>○</td>
<td>○</td>
</tr>
<tr>
<td>Dive location</td>
<td>○</td>
<td>○</td>
<td>○</td>
<td>○</td>
<td>○</td>
</tr>
<tr>
<td>Psychological</td>
<td>○</td>
<td>○</td>
<td>○</td>
<td>○</td>
<td>○</td>
</tr>
<tr>
<td>No dive buddy</td>
<td>○</td>
<td>○</td>
<td>○</td>
<td>○</td>
<td>○</td>
</tr>
<tr>
<td>Transportation</td>
<td>○</td>
<td>○</td>
<td>○</td>
<td>○</td>
<td>○</td>
</tr>
<tr>
<td>Safety</td>
<td>○</td>
<td>○</td>
<td>○</td>
<td>○</td>
<td>○</td>
</tr>
<tr>
<td>Guide</td>
<td>○</td>
<td>○</td>
<td>○</td>
<td>○</td>
<td>○</td>
</tr>
</tbody>
</table>

13. Please rate the following factor may motivate you do diving.

<table>
<thead>
<tr>
<th></th>
<th>Strongly disagree</th>
<th>Disagree</th>
<th>No idea</th>
<th>Agree</th>
<th>Strongly agree</th>
</tr>
</thead>
<tbody>
<tr>
<td>Relax</td>
<td>○</td>
<td>○</td>
<td>○</td>
<td>○</td>
<td>○</td>
</tr>
<tr>
<td>Fitness</td>
<td>○</td>
<td>○</td>
<td>○</td>
<td>○</td>
<td>○</td>
</tr>
<tr>
<td>Hobby</td>
<td>○</td>
<td>○</td>
<td>○</td>
<td>○</td>
<td>○</td>
</tr>
<tr>
<td>Explore nature</td>
<td>○</td>
<td>○</td>
<td>○</td>
<td>○</td>
<td>○</td>
</tr>
<tr>
<td>Photographing underwater</td>
<td>○</td>
<td>○</td>
<td>○</td>
<td>○</td>
<td>○</td>
</tr>
<tr>
<td>Get more friend</td>
<td>○</td>
<td>○</td>
<td>○</td>
<td>○</td>
<td>○</td>
</tr>
<tr>
<td>Challenge</td>
<td>○</td>
<td>○</td>
<td>○</td>
<td>○</td>
<td>○</td>
</tr>
<tr>
<td>Try new things</td>
<td>○</td>
<td>○</td>
<td>○</td>
<td>○</td>
<td>○</td>
</tr>
<tr>
<td>Express individuality</td>
<td>○</td>
<td>○</td>
<td>○</td>
<td>○</td>
<td>○</td>
</tr>
</tbody>
</table>

14. Do you willing to spend more money in the following items?

<table>
<thead>
<tr>
<th></th>
<th>Strongly disagree</th>
<th>Disagree</th>
<th>No idea</th>
<th>Agree</th>
<th>Strongly agree</th>
</tr>
</thead>
<tbody>
<tr>
<td>Transportation</td>
<td>○</td>
<td>○</td>
<td>○</td>
<td>○</td>
<td>○</td>
</tr>
<tr>
<td>Accommodation</td>
<td>○</td>
<td>○</td>
<td>○</td>
<td>○</td>
<td>○</td>
</tr>
<tr>
<td>Dive guide</td>
<td>○</td>
<td>○</td>
<td>○</td>
<td>○</td>
<td>○</td>
</tr>
<tr>
<td>Dive equipment</td>
<td>○</td>
<td>○</td>
<td>○</td>
<td>○</td>
<td>○</td>
</tr>
<tr>
<td>The scene around the dive center</td>
<td>○</td>
<td>○</td>
<td>○</td>
<td>○</td>
<td>○</td>
</tr>
</tbody>
</table>
15. How do you know the dive center you have training last time?

- Friend recommend
- Social media
- Home page of Dive center
- Magazine & News paper
- Others

16. When you choose a dive center, what is the importance of following factors for you?

<table>
<thead>
<tr>
<th>Factor</th>
<th>Not important at all</th>
<th>Not so important</th>
<th>Normal</th>
<th>Important</th>
<th>Very important</th>
</tr>
</thead>
<tbody>
<tr>
<td>Brand Awareness</td>
<td>□</td>
<td>□</td>
<td>□</td>
<td>□</td>
<td>□</td>
</tr>
<tr>
<td>Cheap price</td>
<td>□</td>
<td>□</td>
<td>□</td>
<td>□</td>
<td>□</td>
</tr>
<tr>
<td>Chinese Language</td>
<td>□</td>
<td>□</td>
<td>□</td>
<td>□</td>
<td>□</td>
</tr>
<tr>
<td>Comment from Internet</td>
<td>□</td>
<td>□</td>
<td>□</td>
<td>□</td>
<td>□</td>
</tr>
<tr>
<td>Offer good equipment</td>
<td>□</td>
<td>□</td>
<td>□</td>
<td>□</td>
<td>□</td>
</tr>
<tr>
<td>Location of dive center</td>
<td>□</td>
<td>□</td>
<td>□</td>
<td>□</td>
<td>□</td>
</tr>
<tr>
<td>Friendly atmosphere</td>
<td>□</td>
<td>□</td>
<td>□</td>
<td>□</td>
<td>□</td>
</tr>
</tbody>
</table>

17. Do you rent a dive equipment or buy one when you dive?

- Buy one myself
- Rent it at local (Direct to Q24)

18. What price will you accept for buying set of equipment?

- Below 8000 RMB
- 8001-12000 RMB
- 12001-16000 RMB
- 16001-20000 RMB
- Above 20000 RMB

19. Please put in sequence for the advice when you buy equipment

_____Instructor
20. In which channel do you want to have more information about diving?
   □ Internet
   □ Social media
   □ Friends
   □ Dive center
   □ Magazine & News paper
   □ Others

21. What is your gender?
   ○ M
   ○ F

22. What is your age?
   ○ Below 15
   ○ 15-25
   ○ 26-35
   ○ 36-45
   ○ 46-55
   ○ Above 55

23. What is your occupation?
   ○ Student
   ○ Public servant
   ○ Private company employee
   ○ Government own company employee
   ○ Individual entrepreneur
   ○ Unemployed
   ○ Retired
   ○ Others

24. What is your monthly salary?
○ Below 4000 RMB
○ 4001-6000 RMB
○ 6001-8000 RMB
○ 8001-10000 RMB
○ 10001-12000 RMB
○ Above 12000
APPENDIX 2. THE MAIN SUCBA EQUIPMENT MANUFACTURE WORLDWIDE

Below are the main scuba equipment manufactures in the world. The information is excerpted from http://about-scuba-diving.com/dive-equipment/

- Aqua Lung – Aqua Lung introduced the world to Scuba diving more than 60 years ago and is the worldwide leader in Scuba diving equipment. Under brands such as Apeks, Aqua Lung or SeaQuest, they manufacture quality and high performance regulators and buoyancy compensators.

- Armor Products LLC – Armor Products specializes in gearbags, primarily for scuba diving and the water sports market.

- Bauer Compressors, Inc. – BAUER has been manufacturing high pressure compressors for over 60 years. The company started in the BAUER family home in Munich, Germany in 1946. Today as an industry leader, BAUER has earned its reputation as the world’s best provider of breathing air solutions, including dedicated high pressure storage systems for ultra-pure breathing air for scuba diving.

- Beuchat Montres – Acknowledged for water-resistant watches, Beuchat Montres is chosen for three main qualities its product range carry: strength, technicity and reliability.

- Body Glove International – Body Glove, an ultimate watersports brand known for wetsuits, PFDs, boardshorts, swimwear, snorkeling equipment, and mobile phone and technology accessories.

- Cetacea® Corporation – Cetacea has been making high quality accessories for scuba divers since 1988. Specialized in leashes, collars, step in harnesses, tethers, lanyards and gear retractors.

- Cochran Consulting, Inc. – Manufacturer of dive computers, regulators, and a closed circuit rebreather.

- Cressi Sub S.P.A. – Cressi Sub, manufacturer and distributor of professional scuba diving equipment, snorkeling and swimming equipment.

- Dive Rite – Equipment for serious divers since 1984. Dive Rite is the pioneering creator of technical scuba diving equipment for advanced, wreck and cave diving.

- Diving Unlimited International, Inc. – Diving Unlimited International (DUI) is the world’s leader in keeping divers comfortable and warm.

- Force Fin – Froce Fin for over 25 years, and with hundreds of thousands of satisfied customers, they can honestly say that they are the experts in fin design.

- Genesis Scuba – Genesis Scuba was founded specifically to design and produce only the highest quality products for scuba divers, at the most commercially competitive prices.

- Henderson – Henderson® Brand wetsuits are backed with the most comprehensive consumer warranty in the business. With over 50 years of experience in designing and manufacturing wetsuits, we have developed a reputation of quality and performance.
Ikelite – Ikelite has manufactured underwater flashlights, compasses and photographic equipment since 1962, introducing many innovative new products to the diving industry like the first O-ring sealed underwater light to incorporate a sealed beam bulb.

Mares S.p.A. – In 1949, Ludovico Mares designed and manufactured his first masks and spearguns. Over the past six decades, Mares has come a long way, by achieving new goals, taking diving to new and extreme heights and depths.

Oceanic – Oceanic founder and CEO Bob Hollis took up scuba diving in the late 1950’s when recreational diving was still in its infancy. Today they produce wide range of scuba and snorkeling gear and equipment.

Pelican Products, Inc. – Peli Products, S.L.U. is a manufacturer of watertight protective cases, submersible flashlights and ATEX certified torches.

Pioneer Research – Pioneer Research, the exclusive manufacturer and marketer of SeaLife underwater photographic equipment.

Princeton Tec – Princeton Tec is one of the world’s leading manufacturers of high quality headlamps and flashlights used in the outdoor and scuba diving.

ProSub Germany – Professional Submersibles, scuba & skin diving equipment, underwater gear, high pressure compressors.

Reef Scuba Accessories, Inc. – Manufacturer of industry standard scuba equipment. Scuba diving technical products, surgical tubing, bungee cord, brass and SS hardware.

Saekodive – Established in 1969, Saekodive designs, builds and markets various kinds of high quality diving equipment including masks, snorkels, fins, knives, retractor, wreck reels, lights and many other accessories.

Scubapro Uwatec – A global leader in innovative scuba diving equipment, SCUBAPRO UWATEC products deliver a lifetime of reliable performance for the recreational and professional diver alike.

Sea&Sea Sunpak Co., Ltd. – The mission of the SEA&SEA and SUNPAK brands is to evoke the various emotions induced by the photographic and imaging communication business.

Seasoft Scuba (Watermark Scuba Inc.) – SeaSoft Scuba develops new, creative, and imaginative diving equipment that withstand the test of time and are loved by divers worldwide.

Sherwood Scuba – SHERWOOD SCUBA is one of the world’s leading dive equipment manufacturers supplying dive operations and resorts around the world.

Suunto – Decades of unwavering devotion to craftsmanship, innovation, and exacting attention to detail make Suunto the finest choice for diving instrumentation in the world.

Tektite Industries, Inc. – Manufacturer of LED flashlights, LED replacement bulbs, dive lights, IR strobes, marker lights, navigation lights, LZ kits, landing strip lights, UV CSI lights & Tekna knives, parts and lites.