

VPM's
DR VN BRIMS, Thane
Programme: PGDM (2014-16)
Sixth Trimester (Marketing) Examination April 2016

Subject	International Marketing with emphasis on Emerging Markets		
Roll No.		Marks	60 Marks
Total No. of Questions	7	Duration	3 Hours
Total No. of printed pages	2	Date	23.04.2016

Note: Q1 is compulsory and solve any FOUR from the remaining SIX questions.

Q1) 20 Marks (Compulsory)

Royal Enfield: Gearing up for global competition

Royal Enfield is adding muscles to its motorcycles to play in markets where the Harley-Davidsons and Triumphs rule since the Bullet-maker's current product line won't pass beyond the featherweight category.

Royal Enfield's R&D centre in the UK is developing a 600-650cc twin-cylinder motorcycle, designed to serve cruiser riders of the US and Europe, people in the know said. The bike is likely to be launched next year. This is the most ambitious effort yet by the Eicher Motors-owned company in its quest to become a top global player. Its target is to be the world no. 1 in the mid-sized motorcycle category of 200cc to 750cc. It doesn't have a product with a big enough power plant at present to entice riders in the developed markets, who buy motorcycles for their passion to ride and not for daily commuting. "Our current motorcycles really don't hit the right highway speeds," CEO Siddhartha Lal had acknowledged in a recent interview to ET, while also stressing on the company's resolve to plug that shortage. "We have the next platform, which will address that need," he had said. Apart from working on products, Royal Enfield is taking other strategic steps to move towards its goal.

CEO Lal has relocated to London to drive its product push in global markets. It has set up a technical centre in the UK and a marketing and distribution subsidiary in the US, which is considered as the biggest two-wheeler market in terms of revenue. While Lal had declined to comment on the specifics of the upcoming product, he had said that it was being developed keeping in mind the global markets.

Eicher Motors, which has been one of the best performing automotive stocks riding the success of Royal Enfield, has been growing at a healthy pace of over 50% in the past five years, led by the Classic motorcycle. But with the Classic now losing its novelty value, Royal Enfield is vigorously working on what people in the know say is a new phase for the company.

The recently introduced Himalayan motorcycle is part of that strategy. It is the first grounds-up product developed by Royal Enfield since Eicher Motors took over the reins of the British iconic brand. The Himalayan has been built for the Indian market, while the upcoming project will have all that a global buyer will seek from the brand, Lal had said.

Apart from the motorcycle targeted at the global market, Royal Enfield also has new and bigger versions of the Classic (codenamed D41) and Thunderbird (D61) under works. These, too, have been built with an aim to be offered in global markets, said people in the know.

While Royal Enfield is growing up to bigger international markets and evolved buyers, US iconic bike maker Harley-Davidson is rumoured to be looking at the 500-750cc territory that the Indian company wants to rule.

Harley-Davidson not too long ago decided to come out with a 750cc motorcycle called the Street 750, hearing the demand of customers in emerging markets like India. There are speculations of a 500cc bike coming from Harley. Harley executives, however, said they don't prefer to compete directly with Royal Enfield.

"We don't compete head to head with Royal Enfield and we don't think we see (smaller displacement bikes) as something we want to get into. The fact that lots of Royal Enfield customers aspire to come to leisure motorcycling at some time and hopefully Harley-Davidson is the first brand that they can think of," Marc McAllister, managing director of Harley-Davidson Asia-Pacific, said in a recent interview to ET.

Royal Enfield is looking to grow its presence in select overseas markets where the brand can be positioned in the middle weight motorcycle segment. After Colombia, it is entering Thailand and Indonesia even as it ramps up capacity by 50% every quarter to meet demand in the domestic market.

Thailand and Indonesia are strong commuter bike markets after China and India. Royal Enfield has just started its first exclusive store in Jakarta and announced its entry into Thailand. Royal Enfield will, simultaneously, target developed markets like North America and Europe where the numbers may be smaller but the branding will be stronger. The company is positioning itself as a middle-weight heritage brand and will go with the same Bullet, Classic, GT and Himalayan brands that it sells in India. "We are the oldest motorcycle brand in continuous production," said Lal. "We will focus on growing the Royal Enfield brand in a non-extreme way -our products will not be extreme fast or cater to extreme sports but symbolize leisure and adventure."

The company will pursue slightly different strategies while targeting developed and developing markets. "In developed markets where there is a history of the brand we are following mostly a distributor-led strategy except in North America where we have our own marketing company," said Lal. "We will market mostly through multi-brand stores and have few Royal Enfield stores as well. In developing markets like Columbia, the company will have its own stores. We are developing the brand now and sales will follow," he added.

Answer the following questions based on above case:

1. Discuss the global competitive environment for Royal Enfield.
2. What is the international market entry strategy by Eicher motors for Royal Enfield?
3. Discuss the target segment of Royal Enfield in developed and emerging markets.
4. Analyze difference in global distribution strategies of Royal Enfield in emerging markets and developed markets.

Attempt Any FOUR from the Remaining SIX Questions

Q2) Any two from (a) or (b) or (c) ————— (5x2) = 10 Marks

- a) Enlist the opportunities in international marketing for any firm.
- b) What are potent challenges for international marketing?
- c) What are various levels and scope of international marketing?

Q3) Any two from (a) or (b) or (c) ————— (5x2) = 10 Marks

- a) What do you think are the reasons for targeting of emerging markets by MNCs for their international expansion?
- b) Mention the distinguishing characteristics of emerging markets.
- c) What are the UN and the World Bank criteria for defining emerging markets?

Q4) Any two from (a) or (b) or (c) ————— (5x2) = 10 Marks

- a) Mention the names of emerging markets of Asia with their major characteristics.
- b) How does social environment affect international marketing?
- c) What are the various attributes of cultural environment influencing international marketing?

Q5) Any two from (a) or (b) or (c) ————— (5x2) = 10 Marks

- a) What are Etic and Emic instruments for data collection in international marketing research?
- b) Discuss different methods of sales forecasting in international marketing research.
- c) What is the decision criterion for the mode of entry of a firm into international markets?

Q6) Any two from (a) or (b) or (c) ————— (5x2) = 10 Marks

- a) What are the different modes of exporting? Explain Piggyback exporting.
- b) Discuss different pros and cons of Licensing as a mode of entry into international markets.
- c) What are benefits and caveats of contract manufacturing into international markets?

Q7) Any two from (a) or (b) or (c) ————— (5x2) = 10 Marks

- a) What are the drivers behind successful international joint ventures? Explain through example.
- b) Discuss different options for foreign country middleman in international distribution pattern.
- c) Mention the important factors to be considered during choice of distribution channels in international markets.