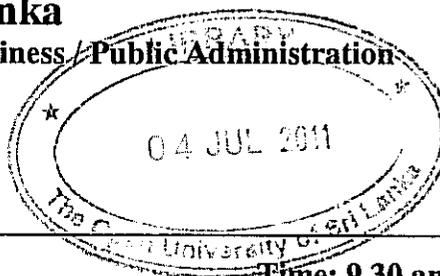


The Open University of Sri Lanka
Commonwealth Executive Master of Business / Public Administration
Final Examination – December 2010
MCP 2613 – International Marketing



Duration – Three (3) Hours

Date: 19.12.2010

Time: 9.30 am to 12.30 p.m

INSTRUCTIONS

Answer ALL questions in Part A (Compulsory) and any FOUR (4) questions in Part B. Part A carries 40 marks and Part B carries 60 marks. Incomplete answers and illegible handwriting will face the risk of losing marks.

PART A

Read the case on Harley-Davidson and answer all questions at the end of the case.

Adventure Seekers with an American Classic

Over the past decades, savvy export marketing has enabled Harley-Davidson to dramatically increase world-wide sales of its heavyweight motorcycles. Export sales increased from 3,000 motorcycles in 1983 to 32,000 units for the 1999 model year. By 1999, non-US sales exceeded \$537 million, up from \$400 million in 1996 and \$115 million in 1989. From Australia to Germany to Mexico City, Harley enthusiasts are paying the equivalent of up to \$25,000 to own an American-built classic. In many countries, dealers must put would-be buyers on a six month waiting list because of high demand.

Harley's international success comes after years of neglecting overseas markets. Early on, the company was basically involved in export selling, symbolised by its underdeveloped dealer network. Moreover, print advertising simply used word-for-word translations of the US ads. By the late 1980s, after recruiting dealers in the important Japanese and European markets, company executives discovered a basic principle of global marketing. "As the saying goes, we needed to think global but act local," says Jerry G Wilke, Vice President for worldwide marketing. Harley began to adapt its international marketing, making it more responsive to local conditions.

In Japan, for example, Harley's rugged image and high quality helped make it the best selling imported motorcycle. Still, Toshifumi Okui, President of Harley's Japanese division, was not satisfied. He worried that the tagline from the US ads, "One steady constant in an increasingly screwed-up world," did not connect with Japanese riders. Okui finally convinced the management at head office back in the US to allow him to launch a Japan-only advertising campaign, juxtaposing images from both Japan and America, such as American cyclists passing a rickshaw carrying a geisha. After learning that riders in Tokyo consider fashion and customised bikes to be essential, Harley opened two stores specialising in clothes and bike accessories. Today Japan is Harley-Davidson's largest market outside of the United States.

Harley discovered that in Europe an "evening out" means something different than it does in America. The company sponsored a rally in France, where beer and live rock music were available

until midnight. Recalls Wilke, "people asked us why we were ending the rally just as the evening was starting. So I had to persuade the band to keep playing and reopened the bar until 3 or 4 am." Still, rallies are less common in Europe than in the United States, so Harley encourages its dealers to hold open houses at their dealerships.

While biking through Europe, Wilke also learned that German bikers often travelled at speeds exceeding 100 miles per hour. This required the company to investigate design changes to create a smoother ride at autobahn speeds. Harley's German marketing effort also caused it to begin focusing on accessories to increase rider protection.

Despite high levels of demand, the company intentionally limits production in order to uphold Harley's recent improvements in quality and to keep the product supply limited in relation to demand. Harley is still careful to make home-country customers a higher priority than those living abroad; thus, only 18% of its production goes outside the North American division. The Harley shortage seems to suit company executives just fine. Notes Harley's James H. Patterson, "Enough motorcycles is too many motorcycles."

Source: Warren Keegan, *Global Marketing Management*, 7th edition, Prentice Hall, 2008, p.203.

1. The worldview of a company's personnel can be described as ethnocentric, polycentric, regiocentric or geocentric. Considering the information presented in the above case, critically evaluate Harley's management orientation? Explain using relevant examples.
(10 Marks)
2. Considering facts presented in the case, discuss Harley's targeting and positioning strategy and evaluate if this strategy has been successful in its international business? What recommendations would you make to the management of Harley-Davidson's International Marketing division to improve its international business while maintaining its desired image? Explain with justifications.
(15 Marks)
3. If you were appointed as Harley's International Marketing Advisor to strengthen the company's international business by expanding into new markets, what decision criteria would you use in choosing a suitable entry strategy? Explain with clear reasons relevant to Harley-Davidson.
(15 Marks)

(Total 40 Marks)

PART B

Answer any 4 questions.

1. A company wants to enter international markets by involving another company in the foreign country. Discuss three modes of international market entry where the scope for involvement of a foreign company is possible. Critically evaluate in which situations each of those modes is suitable. Illustrate using relevant examples.

(15 Marks)

2. With the help of the marketing mix model, the 4 Ps, discuss how an international firm would be able to achieve a balance between the sensitivity to local needs of foreign markets and the deployment of its marketing programmes globally with the aim to reach both global market expectations and organisational goals.

(15 Marks)

3. (a) What are the factors that prompt or motivate organisations to enter into foreign markets? Discuss with suitable examples.

(5 Marks)

(b) "Operating in the international marketing environment is much more complex than marketing in the domestic environment". Do you agree? Why / Why not? Critically evaluate this statement with suitable examples.

(10 Marks)

(Total 15 Marks)

4. Discuss with examples, the alternatives available to a global marketer when planning his 'product' strategy and explain the importance of selecting the 'right' strategy. (15 Marks)

5. Briefly explain what market research is and how it could help a firm in the evaluation process involved in selecting suitable international markets to enter. (15 Marks)

6. Write short notes on any **three (03)** of the following with specific reference to international marketing.

1. Social and cultural environment in international marketing
2. Barriers to international marketing
3. The impact of advancement in information technology on international marketing
4. Pricing strategies in international marketing
5. The e-Marketing mix and its relevance in international marketing

(15 Marks)

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