Part ||

DECIDING WHICH MARKETS TO ENTER

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Land Rover: Which markets should be selected for the new Freelander 2

Land Rover (www.landrover.com) is a British all-terrain and multi-purpose vehicle (MPV) manufacturer based in the UK. Originally the term 'Land Rover' referred to one specific vehicle, a pioneering civilian all-terrain utility vehicle launched in 1948, but it was later used as a brand for several distinct models, all four-wheel drive versions.

Land Rovers, particularly the commercial and military models, became popular throughout rural areas and in the developing world. Since the 1970s in most remote areas of Africa, South America, Asia and in the Australian outback the Toyota Land



Land Rover Freelander 2

Cruiser and Mitsubishi Pajaro has overtaken the Land Rover as the utility four-wheel drive of choice, probably because they are cheaper to buy and a better parts network service is offered by Japanese competitors. However, in many of these remote areas Land Rover is trying to regain lost sales and in many places succeeding, even with a higher purchase price compared to its Japanese competitors.

Since Ford bought Land Rover from BMW in 2000, Land Rover has been closely associated with Jaguar. In many



Land Rover Masai advertisement

countries the two share a common sales and distribution network (including shared dealerships), and some models now share components and production facilities.

In 2007, Land Rover achieved its third successive record sales year with 226,395 vehicles sold around the world. That is an increase of 18 per cent compared to 2006. In the UK, Land Rover sold over 50,000 vehicles for the first time in its 60-year history. In 2007, the four-wheel drive specialist sold 50,664 cars – an increase of 7 per cent on the previous year, making the UK Land Rover's biggest market. The US market was Land Rover's second largest market. The £22,300 Freelander 2 got off to an impressive start in its first full year of production with sales in the UK of just under 19,000.

Today Land Rover employs 8,000 people and supports a further 30,000 jobs in its supply chain.

In June 2007, Ford announced that it planned to sell Land Rover, along with Jaguar. On 26 March 2008 it was announced that Ford Motor Company had sold Jaguar and Land Rover to Indian conglomorate Tata Group (Tata Motors) for £1.15 billion.

Watch the video before answering the questions.

Questions

- 1 Which environmental factors would mostly influence future sales of Land Rover four-wheel drive models?
- 2 Which screening criteria would you recommend for Land Rover's future market (country) selection after they have been taken over by Tata Motors?

Source: Video accompanying the text, www.landrover.com

Introduction to Part II

After considering the initial phase (Part I, The decision to internationalize) the structure of this part follows the process of selecting the 'right' international market. The political and environment (Chapter 5) and the sociocultural environment (Chapter 6) are used as inputs to the process from which the output is the target market(s) that the firm should select as a basis for development of the international marketing mix (see Part IV). The structure of Part II is shown in Figure 1.

As Figure 1 shows, the environmental forces presented in Chapters 6 and 7, provide the environmental framework that is necessary for the following:

- the selection of the right market(s) (Chapter 7);
- the subsequent development of the global marketing mix.

The discussion following Chapters 5 and 6 will be limited to the major macroenvironmental dimensions affecting market and buyer behaviour and thus the global marketing mix of the firm.

Foreign market (micro environment) Market potential
Market growth Profit potential Market size Competition Market access (e.g. tariffs) Buyer/decision-making unit Chapter 5 · Individual consumer • Economic Chapter 6 Family Sociocultural Business Political/legal forces Government forces Regions/countries/markets 000000000 Chapter 7 screening The international market selection (IMS) process screening One specific market or a priori list of markets Development of the global marketing mix (Part IV of this book)

Figure 1 The structure and process of Part II