

Part V

IMPLEMENTING AND COORDINATING THE GLOBAL MARKETING PROGRAMME

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Part V VIDEO CASE STUDY

Royal Enfield: Trying to establish an international brand identity

Royal Enfield (www.royalenfield.com) was a brand of the British Enfield Cycle Company from 1890, and today it is one of the oldest existing motorcycle manufacturers in the world.

The company established a satellite licence factory in India in 1955, to help meet demand from the Indian Army. When the UK factory closed in 1970 (because of increasing competition from Japanese bikes), production continued in India. Royal Enfield entered into a strategic alliance with Indian Eicher and in 1994 it became a part of the Eicher Group (www.eicherworld.com), which has interests in commercial vehicles (trucks and buses), automotive gears and engineering software, motorcycles, and automotive gears and components. Eicher has around 2,500 employees located in four manufacturing facilities in India.

The head office of Royal Enfield is located in Chennai (formerly Madras) and has marketing offices across India in both the metropolitan and state capitals. With a workforce of around 800 employees, its market network includes more than 200 dealers/spare parts distributors and several authorized service centres.

Royal Enfield exports its bikes to over 25 countries including developed countries such as the United States, Japan,



Royal Enfield Electra 55

the United Kingdom and several European countries. In the United Kingdom Royal Enfield has been ranked among the top 10 selling brands in the 125–500 cc category. The most famous Royal Enfield brand 'Bullet' is still essentially hand-made utilizing very little assembly line activity. First introduced in Britain in 1949 this classic single cylinder motorcycle has seen only minor modifications since it was first produced in India in 1955. The demand for this old motorcycle has never stopped. Every year the company is producing over 20,000 'Bullet' motorcycles.

In 1999 Watsonian-Squire, the world's longest established sidecar manufacturer (founded in 1912) took over UK distribution of Royal Enfield motorcycles. Located close to the original factory, the company has worked closely with the factory in Chennai to help develop several new models for the European market.



Royal Enfield website

Watch the video before answering the questions.

Questions

- 1 What are the differences in Royal Enfield's brand image and marketing strategy from India to Europe? Explain why these differences occur.
- 2 Which cross-cultural difficulties would Royal Enfield experience if it started negotiating with potential US partners with the aim of further penetration of its motorcycles into the US market?
- 3 What kind of organizational structure should Royal Enfield's mother-company, Eicher Group, use for its global activities?

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

Introduction to Part V

While the first four parts of this book have considered the set-up necessary to carry out global marketing activities, Part V will discuss the implementation and coordination phase.

An essential criterion for success in selling and negotiating internationally is to be able to adapt to each business partner, company and situation. Chapter 13 therefore discusses how the international negotiator should cope with the different cultural background of its counterparts. A part of this chapter will also deal with how knowledge and learning can be transferred across borders within the company and between cooperation partners.

As companies evolve from purely domestic firms to multinationals their organizational structure, coordination and control systems must change to reflect new global marketing strategies. Chapter 14 is concerned with how organizational structures and marketing budgets (including other control systems) have to be adjusted as the firm itself and market conditions change.