

Motorcycle and honda



**ASSIGN
BUSTER**

TUTORIAL PREPARATION INTERNATIONAL MARKETING (MKT 343) 1. How can companies learn from Honda's investment in the Indian market? Honda had showed a great way to invest in the Indian market as in they choose to generate a new model in vehicle aspect. During that time, Honda arrived at the right time because the country is under low vehicle-penetration rate and the country expects vehicle production will increase by 9% annually to 2011. Before Honda starts its business over the country, they choose Hero as their business partner because Honda realised the potential by finding synergies between the two firms which is Honda and Hero.

Both combine as a partnership and invented a motorcycle. Other than that, Honda utilise the experience and market knowledge to understand the country needs and produce according to their demand because selling motorcycle in India is extremely profitable business. After succeed two-wheeler motor vehicle manufacturer in the world, Honda continue to take opportunity to establish another Honda giant, Honda Sael Cars India Ltd (HSCL). Then they enrich Indian users lifestyle by forming Honda R&D (India) (HRID) Pty Ltd. Thus, Honda had adapted the country's lifestyle which helps them to achieve the demand of people in India. . Honda and Hero – what made them such a great partnership? Honda had chosen Hero which creates a great partnership between them. Hero was built in the network of independent bicycle dealers which had already established one of India's leading bicycle brands meanwhile Honda had been waiting for years to sell motorcycles I India because the country's motorcycle business is extremely profitable. Then Honda realised the potential between this two firm where

they had shared a similar operating disciplines and the potential of converting Hero's large network of bicycle dealers to motorcycle dealers.

Hero Honda successful show as the largest two-wheeler motor vehicle manufacturer in the world and in India its annual sales volume is over three million motorcycles. 3. Imagine yourself as CEO of Honda in the Asia Pacific region. Would you choose India or China to establish a new manufacturing plant for producing cars and two-wheelers? I would choose India to establish a new manufacturing plant for producing cars and two-wheelers. The reason I choose India is because of few factors.

First, the production cost in India is low compare to production cost in China because India is not a large country and less manufacturer around but China got higher potential to increase their production. Next, there is less competitors in India during the year 1980s due to the reason where many had failed before to enter a new market in that country. The reason why I don't choose China is because the citizens in China are united. They would rather support local product more than foreign product because the government wanted to protect their country's domestic.

In the 1980s, foreign automakers were allow to form joint ventures in China but the foreign ownership limited to 50% only meanwhile another 50% must own by Chinese. Other than that, China government wanted to develop a car industry quickly thus they learn from the foreign companies how to make cars while maintaining control of the car industry. In this point, it shows clearly that China wants most of the ownership by themselves and foreigner instead of earning more profit; their techniques have to be taught to others which will cause their own production to decrease after years.