



ATLAS HONDA LIMITED: COMMUNICATION PLAN FOR 1993

In the last week of October 1992, Zamir Haider, General Manager Marketing, and Nurul Huda, National Sales Manager of Atlas Honda Limited (AHL) were busy chalking out a marketing communication plan for Honda motorcycles for the year 1993. Mr Haider was scheduled to present this plan to Aamir Shirazi, Chief Executive Officer AHL, for final approval in a month's time. Mr Shirazi had become the CEO about nine months back when Mr Danishmand, the previous CEO, who had served the Atlas Group for 15 years left AHL to head Suzuki Motorcycles. Mr Haider was aware that Mr Shirazi, being new to the position, would scrutinise the plan in great detail. He was convinced that Mr Shirazi would ask basic questions like the rationale behind allocating 'x' amount of communication rupees towards consumer promotion rather than dealer promotion; the role, or need of print or television advertising for Honda; the cost-benefits of any sales promotion programmes, among others.

Marketing + Communication Plan

1) Consumer Promotion instead of Dealer Promotion

2) Cost Benefit for Sales Promotion

3) Four Stroke Engine

4) Aggression of Suzuki by case of CEO.

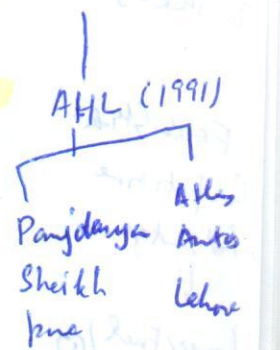
Apart from this, Mr Haider had his own concerns regarding the 1993 plan. He was particularly frustrated that in spite of various efforts by AHL, the customers in some markets were still not sold on the benefits of a four-stroke engine as opposed to those of a two-stroke engine. Another, more urgent concern was the very aggressive stance that Suzuki Motorcycle had taken with the arrival of Mr Danishmand. Some managers at AHL were concerned that the company might lose market share if they did not respond to Suzuki in time. Mr Haider decided that a detailed review of the current market situation and previous marketing communication activities of AHL were required in order for him to make a sound 1993 plan.

BACKGROUND

AHL was a part of the Atlas Group of companies. The Group's history could be traced back to 1962 when Shirazi Investments (Pvt) Limited was founded with a paid-up capital of Rs 0.5 million. By 1992, the Group consisted of six public limited and five private companies with assets of Rs 1.6 billion and sales of over Rs 3 billion. Yusuf H. Shirazi, the founder of the Group, was the Chairman of the group in 1992.

AHL itself had come into existence on January 1, 1991 with the merger of Atlas Autos Limited and Panjdarya Limited, two sister concerns of the Atlas Group. Atlas Autos was incorporated in 1962, and in 1963 it started assembly and progressive manufacture of motorcycles in Karachi with the technical collaboration of Honda Motor Company Limited, Japan. In 1978, Atlas Group established Panjdarya Limited, in Sheikhpura near Lahore, as a private

Shirazi Investments



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limited company involved in the manufacture of motorcycles. This step was taken in order to overcome government restrictions on capacity expansion of Karachi-based Atlas Autos Limited. In the late eighties, Atlas Group had started thinking about merging the two companies in order to rationalise operations and to benefit from economies of scale. This thinking, coupled with conducive political and economic environment in the country, resulted in the emergence of Atlas Honda Limited. Honda Motor Company of Japan acquired shares worth 20% of the merged company's capital and appointed two directors on the board.

Aamir Shirazi, Yusuf H. Shirazi's son, got his primary education at Aitchison College, Lahore (Pakistan), and at Millfield School (England). He went to Claremont McKenna College in Los Angeles, USA, for his bachelor's degree in economics. While in the United States, he worked for Honda of America at Ohio. He returned to Pakistan in 1987, worked as Assistant Manager Marketing, Multan, for a while and then moved to Lahore as General Manager, Panjdarya Limited. With the merger of Panjdarya, Aamir became the Managing Director at AHL. At the departure of Mr Danishmand in late December 1991, Aamir moved up to become the Chief Executive Officer.

Zamir Haider had been working with the company for a little over 16 years. Prior to becoming General Manager Marketing in early 1992, he was Manager Spare Parts. Mr Haider had an MBA from the Institute of Business Administration, Karachi.

HONDA PRODUCTS AND THE FOUR-STROKE TECHNOLOGY

AHL manufactured-cum-assembled two models of Honda motorcycles in Pakistan; CD 70, a 74 cubic centimetre (cc) motorbike, and CG 125, a 125 cc motorbike. The cc specification was an indicator of the power of the motorbike engine, more cc's mean more power. In 1992, nearly 80% of AHL revenues came from CD 70 and the rest from CG 125.

AHL was the only manufacturer in Pakistan to exclusively use four-stroke technology in its engines. All competitors used two-stroke technology. Honda had introduced a two-stroke model MB-100 in 1980. However, this model had some technical problems and did not do well in the market. In 1982, an upgraded version H-100-S was introduced which met the same fate. After a couple of years' attempts to improve the sales performance of H-100-S, Honda decided to abandon the two-stroke models in 1984.

Top management at AHL believed that four-stroke technology was specially suited to the needs of customers in a developing country like Pakistan. They maintained that this technology gave Honda a unique competitive advantage. According to them, four-stroke technology led to significantly lower fuel consumption costs which, given the ever-rising petrol prices, would be an important benefit for customers. It also resulted in better re-sale value of Honda products. While most of the competitive motorcycles' value depreciated anywhere between four to five thousand rupees after a year's use, Honda motorcycles would fetch almost the same price as that paid a year earlier. Another important advantage of the technology was that it needed less maintenance than that required by two-stroke

On the other hand, the four-stroke engine was more complicated, and, consequently, repair and service, if and when needed, were more difficult. According to AHL managers, while any mechanic could service the two-stroke engine, the four-stroke engine required better trained and

80% from
CD 70 +
20 from CG 125

MB-100 - 1980
H-100-S - 1982
Two Stroke Engine

Four Stroke
Competitive
Advantage
↓
Lower Fuel
Consumption (1)
Better
Resale (2)
Low
Maintenance Cost (3)

Four Stroke Engine - 2
① More Complicated
② High Manufacturing Cost → charged Premium - High Resale value

more experienced mechanics. This technology also resulted in higher manufacturing costs, which was one reason for the premium prices of Honda motorcycles. For instance, Honda CD 70 would sell at a few thousand rupees more than more powerful products of competitors.

COMPETITION

In 1992, there were five main competitors in the motorcycle industry in Pakistan. Honda was the leader with a 56% market share (see Exhibit 1). AHL, which manufactured-cum-assembled Honda motorcycles in Karachi and Sheikhpura, had an annual production capacity of 80,000 units. According to AHL executives, Honda had a strong brand image. Their motorcycles were perceived to be high quality products, very reliable and durable, but somewhat expensive.

Brand Name
Durable,
Reliable but
expensive

Honda's market share position had traditionally been extremely strong in the southern parts of Pakistan (see Exhibit 2). AHL defined southern region as area south, and inclusive, of Sukkur. The rest of the country was labelled as northern region. According to AHL executives, this market share dominance was because of differential preference of consumers for four-stroke over two-stroke engines in these parts of the country. Two-stroke technology was well-entrenched in northern Pakistan, particularly in rural Punjab. On the other hand, four-stroke technology was preferred in the south. Aamir Shirazi believed that this difference in regional preferences was the result of a well-established pioneering technology in a certain market. According to him, Honda had started its operations in Karachi with the four-stroke technology, and had concentrated its marketing efforts in the sixties and seventies in the southern part of Pakistan. Yamaha, on the other hand, had always focused its marketing activities in Punjab since the late-sixties.

Yamaha was manufactured by Dawood Yamaha Limited, a private limited company. This company started its operations in 1968 with the establishment of an assembly plant in Uthal, Baluchistan. Over the years, progressive manufacturing capabilities were added, and by 1990 the production capacity of the plant was 37,000 units per year. In September 1991, another Yamaha plant in Islamabad started operations bringing the total capacity to 60,000 units. Yamaha sold two models in Pakistan, YB 100 'Royale' and YB 80 'Special', which, according to AHL executives, also carried a good reputation in the market.

Yamaha
Cap - 60,1K
YB 100 Royale
YB 80 Special

Yamaha had traditionally spent very little on advertising and promotion, restricting itself to distributing posters and leaflets to its dealers (see Exhibit 3). Zamir Haider believed that this was due to the entrenchment of the two-stroke technology in Punjab, Yamaha's major market. According to him, Yamaha did not even need to train mechanics as most of them could service a two-stroke engine easily. As a result Yamaha's entire output was pre-sold even before the production started. The demand was more than the supply. This situation had, however, changed significantly in 1992 with the addition of the Islamabad unit. Zamir had noticed a few print ads in the newspapers. Yamaha had also introduced a few field service camps in 1992 (see Exhibit 4).

Suzuki motorcycles were assembled-cum-manufactured by Sind Engineering Limited at a factory in Karachi. The factory had an annual production capacity of 15,000 units. Production of Suzuki motorcycles had varied a lot in the previous years. In 1991, Suzuki Corporation of Japan started taking a more active interest in Suzuki operations in Pakistan. In late 1991, there was a major management change in Suzuki of Pakistan. Mr Danishmand, a highly regarded professional in the motorcycle industry and previously the CEO of AHL, took over as the head of Suzuki.

Suzuki -
150K

Aggressive Marketing
Strategy by Suzuki

Mr Danishmand brought with him a very aggressive marketing strategy to Suzuki. In 1992, Suzuki spent heavily on promoting the two models of Suzuki; Samurai and Ninja Master. They placed four 15-second spots on national television daily for three months. This level of advertising expenditure was unheard of in the industry. In addition to this, Suzuki significantly increased the number of print and radio ads, banners, hoardings, and dealer and customer leaflets, and brochures (see Exhibits 5 and 6).

Suzuki
Wristwatches
- 20 liter
Free

Suzuki also offered special incentives to customers and dealers. For a brief period, customers were given wrist watches (retail value of Rs 500) with the purchase of any model of Suzuki (see Exhibit 7). A 'friend gets 20 litres free' campaign was also launched in which new Suzuki purchasers were asked to identify a friend whose recommendation of Suzuki was instrumental in the sale. This friend was given 20 litres of fuel (retail value of about Rs 160) free. Life size posters depicting attractive foreign females were distributed to dealers. These females were shown standing by a Suzuki motorcycle with the tag line of 'Suzuki meri Jaan hai!'. Dealers were also given other promotional items such as key chains and wall clocks.

The result of all this activity was that Suzuki improved its market share position considerably. The reactions of Honda executives to the Suzuki strategy varied. While some believed that the impact of Suzuki's strategy was beneficial to Honda as it would increase the primary demand of motorbikes and give consumers more choice, others felt that Suzuki was now becoming a formidable threat to Honda. However, the impact of Suzuki's 1992 strategy on Honda sales, according to Aamir Shirazi, was negligible.

Kawasaki -
1982
10 K -
Abbotabad

Kawasaki was one of the two smaller players in the motorcycle market. It was produced by Saif Nadeem Kawasaki Motors Limited which had established an assembly-cum-manufacturing plant in Abbotabad in 1982. The plant capacity was 10,000 units. Kawasaki offered two models - a 100 cc and a 125 cc. The 125 cc model was very popular among young people, according to Zamir. However, for the past two to three years this model was not available in the market. Honda executives felt that the motivation and commitment of Kawasaki manufacturers to support its models in the future was somewhat low.

Vespa →
Auto Rickshaws
- ams

Khwaja Autos, which manufactured 145 cc Vespa scooters in Pakistan, was not seen as a direct competitor by AHL executives. In any case, over the years, more plant capacity at Khwaja Autos had been allocated to the production of auto-rickshaws, resulting in the decline of scooter market.

Price
Increase
Phenomenon

Competitive prices of motorcycles in Pakistan were influenced heavily by the Rupee-Yen exchange rate, the degree to which a company was dependent on import of critical parts from Japan, and government policies among other factors. In the late eighties, the rupee showed a consistent decline against the yen. This resulted in motorcycle prices gradually moving upwards. In 1988, the government of Pakistan imposed a 12.5% sales tax on motorcycles, raising total taxes to 36% of the total cost of a motorcycle. Between 1990 and 1992, the rupee devalued at an average rate of 23% per annum against the yen. The result of all this was a sharp rise in motorcycle prices. In 1992, a CD 70 was selling at approximately Rs 31,000 and a CG 125 was selling at around Rs 37,000 (see Exhibit 8).

¹ Suzuki Motorcycle - love of my life!

AHL executives believed that these price hikes had dampened the overall demand of motorbikes.

MOTORCYCLE CUSTOMERS

"In Pakistan motorcycles are no longer a luxury item. For a vast section of the society it is now a necessity," said Aamir Shirazi. "All kinds of people, students, hawkers, office workers, milkmen, etc., need motorcycles for commuting." Motorcycles were considered the prime mode of transportation for the lower-middle and middle class in Pakistan. A motorcycle was not just a vehicle of the individual; but more a family transport. A whole family of four or five persons riding one bike was not an uncommon sight.

AHL broadly divided customers into two categories, Students and Non-Students, i.e., those who were past the student stage. In addition, management believed that different kinds of people bought CD 70 and CG 125. CD 70 customers were generally in lower to middle income group (up to Rs 10,000 per month) with ages ranging from 17 years to 45 years. Around 70% were salaried office workers or self-employed. These customers were predominantly urban and their basic motivation in motorcycle purchase was transportation. Students comprised the remaining 30% of the CD 70 customer base. The basic motivation of Students varied. For some it represented personal freedom and coming of age, for many others it was merely a mode of transportation.

CG 125 attracted customers from a relatively higher income group (Rs 10,000 - Rs 15,000 per month). There seemed to be an equal split between Students and Non-Students for this model, although CG 125 was more popular with younger Students and heavier built Non-Students. These people were not worried about petrol prices or maintenance costs. For them motorcycle was an expression of prestige, thrill seeking, and adventure. The ages of CG 125 customers varied from 17 years to 35 years.

While AFIL had not done any specific research on this topic, according to Aamir Shirazi, top management at AFIL felt that customers were generally influenced by the following five factors while considering a motorcycle purchase:

- Maintenance costs
- Resale value
- Availability of mechanics
- Availability of spare parts
- Brand name

Which of these factors was more important than others was not known. The exact decision-making process of customers was also not well understood at AHL. Management felt that as far as Student customers were concerned, parents played a critical role. Parents financed, and therefore decided, when a motorcycle was to be purchased. Sometimes parents also influenced the selection of engine power. For example, they would force their sons to go for a 70 cc or an 80 cc motorbike, as opposed to a 125 cc bike, for they felt that less powerful engines meant slower speed and reduced safety hazards for their sons. While parents did determine whether a motorcycle got purchased or not, their influence on which dealer to purchase from and also which brand to buy was not known.

Parent
role in
students

Six Months - 5 yrs Savings

04-1007-93-1

Similarly, relatively little was known about how Non-Student customers went about purchasing a motorcycle. For almost all customers, motorcycle purchase meant a major cash outlay for which anywhere from six months to five years of savings were involved². Thus, it seemed like a long, well-thought-out purchase. Customers were known to talk to friends, other motorcycle owners, mechanics, as well as different motorcycle dealers before making a purchase. However, relative influence of these sources of information on the brand selected was not known.

Top management at AHL felt that objective information on motorcycle customers was important for running a successful business. Consequently, in 1991, they commissioned a consumer perceptions study to Management International, a local management consulting firm. The objectives of the study included obtaining consumer profile of Honda, Yamaha, and Kawasaki users, finding consumer opinions regarding Honda, and getting feedback on Honda dealers. A total of 1,400 motorbike users were interviewed in Lahore, Karachi, and Multan. The exact sampling procedure was not mentioned in the report. Interesting data on motorbike user demographics (see Exhibit 9), and their reasons for either purchasing or not purchasing a Honda motorcycle was tabulated (see Exhibits 10 and 11).

HONDA DEALERS

Honda motorcycles were sold all over Pakistan only through company appointed dealers. AHL divided the country into four regions for its sales force coverage of the dealers. The sales office in Karachi covered all the dealers south of, and including, Sukkur. The Multan office covered dealers from Rahim Yar Khan up to Multan. An office in Lahore covered cities like Sahiwal, Faisalabad, Gujrat, and Sialkot. The Rawalpindi office covered the northern parts of Pakistan.

AHL salespersons would go to all dealers at least once a week (they would visit some dealers almost daily) to take orders and cash payments. They would also discuss any concerns of the dealers at that time.

AHL dealers needed to estimate their future sales and/or inventory requirements and had to make advance bookings with AHL. Full cash payments for the booked motorcycles were required and made at the time of booking. There was generally some delay between the order placing time and the order delivery time. In 1992, orders were pending for about 45 days. Any financial risk, because of the drop in the market prices of motorcycles during this back-order time, was borne by the dealers. On the other hand, financial losses due to any cost increases faced by AHL during this time were absorbed by the company.

In 1992, AHL's suggested retail price for its motorcycles would fetch about Rs 1,800 per motorcycle to a dealer which, according to Zamir, was the industry norm. This suggested retail price was strictly maintained. A committee comprising two dealers and one territory in-charge from AHL, in each major city, monitored the behaviour of dealers. Any dealer found discounting the price was fined. However, it was known that some dealers had, at times, indulged in price cutting to attract customers.

All AHL dealers were exclusive Honda dealers, which was an industry-wide practice. Dealers were categorised according to whether they could provide add-on services to customers. Three-in-One dealers were those who, apart from selling Honda motorcycles also, (i) carried a

² In comparison an inexpensive automobile would cost 4 to 6 times more.

Four Dealers Regions

Loss Compensation

Dealer Profit - 15%

reasonable inventory of Honda parts and supplies (i.e., had in-house Honda authorised mechanics), and (ii) had motorcycle maintenance and service facility (i.e., had in-house Honda authorised mechanics). Two-in-One dealers did not have one of the two additional facilities, while One-in-One dealers only carried motorcycles to sell. AHL management felt that Three-in-One dealers were better positioned to make a sale as compared to others. Exhibit 12 shows a competitive position of motorcycle dealers network in Pakistan.

According to AHL management, dealers played a key role in the sale of motorcycles. As most of the dealers for different brands were generally concentrated in few locations in a city, comparison shopping was easy for customers. Multiple dealers were appointed for one brand in the same city. For example, there were 27 Honda dealers in Lahore and 16 in Karachi. However, not all dealers were equally successful. Good location, availability of stock, and a nice store environment was what determined a dealer's success according to Aamir Shirazi.

Good location,
Stock availability,
Store Environment

About the importance of store environment, he further added, "There has been a perception in our industry that dealerships with air-conditioned showrooms and big mirrors merely attract browsers as opposed to serious purchasers. This myth has now been exposed."

Aamir felt that good product knowledge, a more 'humanistic' approach to selling (i.e., making good eye contact and using more refined interpersonal skills), and high personal involvement on the part of the dealer could sway a potential customer. He also considered trustworthiness of dealers an important issue for customers. According to Zamir, the complex nature of the product with its high financial outlay, led a large majority of customers to go only to dealers they knew either directly or through their extended network of friends. In order to better understand customer concerns regarding Honda dealers, the 1991 survey obtained important data on dealers as well (see Exhibits 13 and 14).

Eye Contact
Interpersonal
Skills,
Trustworthiness

MARKETING COMMUNICATIONS AT AHL

Marketing communication activities were broadly divided into two categories at AHL. Any electronic or print media advertising, posters, banners, hoardings, and cinema ads were funded through the advertising and publicity budget. All other activities such as mechanic training camps, competition among different brands of motorcycles for best fuel mileage called 'Econo-Run', free service camps, tree T-shirts, key chains and other premiums for dealers, etc., were funded through the sales promotion budget (see Exhibit 15 for the previous years' expenditures under these categories).

(i) Advertising
Budget
(ii) Sales
Promotion
Budget

Traditionally, AHL relied more on hoardings, banners, and print and cinema advertising as opposed to television advertising. Top management was unsure of the returns of the rather heavy costs of going to television. In 1992, a few spots were used on national television at a cost of Rs 1.72 million. However, the main objective for these ads, which depicted an older model of Honda, was first to move stocks of the older model faster from the showrooms to make room for the new model, and second to reassure dealers that Honda was interested in supporting older models. In previous years, Honda had tried to promote the fuel efficiency of its four-stroke engine through various media including television. The slogan for that campaign 'Aik litre main Suttar kilometre'³ was popular among customers, according to Aamir Shirazi. In 1992, AHL had not spent on cinema ads although radio advertising was carried out at a cost of Rs 970,000.

Radio ad - 970,000

³ 70 Kilometers in 1 litre.

The breakdown of other activities under advertising and publicity were roughly as follows:

Rs 2.5 million were spent on print ads in various media. Around 10,000 large posters on various aspects of Honda motorbike were printed in four colours and distributed to dealers. Each poster had cost about Rs 100. Most of them depicted different blow-ups of Honda motorcycle or engines. Mechanics had found these blow-ups very useful. Posters outlining advantages of four-stroke over two-stroke engines were also popular with dealers. Exhibit 16 shows examples of dealer posters. In addition to posters, about 250,000 leaflets of CG125 and CD70 were also distributed to dealers (see Exhibit 17). These leaflets were also printed in four colours on glossy paper, each costing about Rs 5. Dealers would keep these leaflets in dispensers in their stores and give it to potential customers.

Motorcycle industry relied heavily on hoardings, boards, and banners for the purpose of making customers aware of brands, or as reminders. In the same tradition, about 130 Honda hoardings, each costing anywhere between Rs 8,000 to Rs 15,000, were strategically placed all over Pakistan. They were augmented by about 5,000 banners displaying Honda motorbikes. In 1992, one banner would cost Rs 500.

2.5M for Banners 5000 x 500 = 2500000.

Consumer promotions were not looked upon favourably by the executives at AHL. As Aamir pointed out, 'Free helmets or watches do not generate sales for a Rs 40,000 item'. Any price discounts were also seen as a futile attempt at AHL. Honda's previous experience with a discount scheme was not very successful. In 1983, AHL was having problems selling MB-100 and H-100-S, the two-stroke models of Honda motorcycles. Market perception of the quality of these models was not very good and sales were dwindling. In order to boost sales, management decided to give a special Rs 500 Eid discount during the month of Eid-ul-Fitr on these models. Ironically, the announcement of this special discount marked the complete collapse of sales. Aamir considered this discount scheme to be the proverbial last straw on the camel's back.

Two events, aimed at consumer education and appreciation, however, were held quite regularly. The first was the annual Econo-Run which was conducted to promote better fuel efficiency quality of Honda's four-stroke engine. Each year around 15 Econo-Run events took place in different cities of Pakistan. Banners, print ads (see Exhibit 18), and radio were used to invite motorcyclists to take part in the competition. Anywhere from 30 to 40 motorcyclists would generally take part in Econo-Run. This competition was open to all brands of motorcycles. A measured amount of petrol was given to each contestant and the person covering maximum distance in that amount was declared the winner. Ever since Econo-Run had been instituted, Honda motorcycles had won top honours. The results, as well as photographs of winners was advertised in the press (see Exhibit 19). In addition, attractive prizes, ranging from Rs 100 to Rs 2,000, were distributed among all contestants. Every third year, an All Pakistan Econo-Run was held in which past years' winners contested for top honours. The prizes varied from free return tickets to Singapore to cash awards of Rs 1,000. In 1992, an All Pakistan Econo-Run would have cost about Rs 800,000. The expenditure on Econo-Run for 1992, however, was about Rs 200,000.

The second event aimed at consumer education and appreciation was the 'Free Service Clinics' for Honda motorcycle owners. Anywhere from 10 to 15 such clinics/camps were held in various parts of Pakistan each year. In these clinics mobile teams of Honda mechanics would test and evaluate motorcycles of customers free of cost. The cost for these events for the current year was about Rs 100,000.

Dealer and mechanic education and training was an important part of marketing communication activities at AHL. For this purpose, about 50 'Mechanic Training Camps' were held each year in different parts of Pakistan. In these camps, which lasted from one to three days, senior Honda

Print
Del'd - 2.5M

100 x 10,000
Posters @ 100

Leaflets

1.25M @ 100

boards

No Dis
Count

Free Service
Clinics -
0-1M

mechanics would impart latest knowledge in maintenance and repair of Honda motorcycles to mechanics. At times, Japanese mechanics, specially flown in from Japan, would assist Pakistani mechanics in these camps. In 1992, AHL spent around Rs 600,000 on such camps. In addition, dealers were also educated on the technical aspects of Honda motorcycles and Honda technology. Different posters, leaflets, and other printed material were distributed to them. AHL management, however, was not very satisfied about the extent of technical knowledge possessed by some of their dealers. B.6M

No special incentives were provided to dealers except for the margins they could make on a sale. Top management at AHL was also not very convinced of the utility of any dealer contests to promote sales. A few years back a contest was run in which the dealer with the maximum bookings in a specific month was to be awarded a free one-week trip to Japan. Due to some personal rivalries, a few dealers made winning this contest a matter of prestige. Massive under-cutting of prices took place to move the stock. Because of the close proximity of dealer locations, even those dealers not interested in the contest were forced to cut prices and suffer, what they considered, unnecessary losses. The end result was a lot of ill-will among the dealers and with the company.

Each year an all Pakistan convention of Honda dealers was also held in order to keep AHL management close to the dealers. During these conventions the dealers also got to know each other and discussed their problems. In 1992, such a convention had cost about Rs 1 million. Dealers were also provided Rs 100,000 worth of give aways and prizes that they could pass on to consumers. Honda Convention 1-5M/10

THE TASK AHEAD

Mr Haider gathered all his papers, wiped his glasses, and sat down to outline the marketing communication activities that he wanted AHL to undertake next year. He decided to focus on customer buying behaviour first. He believed that a good understanding of customers' decision-making process would provide him with guidelines as to 'when' to communicate 'what' to 'whom'. He felt that the roles that parents, friends, mechanics, and dealers played in the purchase process needed to be taken into consideration. ① ②

Then there were the decisions regarding budgets, allocation of budgets, and decisions on various 'events'. Honda could continue whatever they had been doing in the past or he could introduce changes. He got hold of various media tariff sheets (see Exhibits 20 - 24) that his advertising agency had provided him and started entering numbers on his calculator. "But this is not the end," he mused. "After all this exercise, I still need to sell this plan to Aamir Shirazi."

Exhibit 1

ALTAS HONDA LIMITED: COMMUNICATION PLAN FOR 1993

Five Year Sales of the Motorcycle Industry

Year	Honda		Yamaha		Suzuki		Kawasaki		Vespa		Total	
	Units	%	Units	%	Units	%	Units	%	Units	%	Units	%
1987	33,579	61	15,723	28	3,364	6	1,310	2	1,419	3	55,395	100
1988	33,842	59	18,214	32	1,201	2	2,891	5	1,331	2	57,482	100
1989	39,973	60	22,728	34	243	0	3,022	4	1,215	2	67,181	100
1990	52,170	60	28,690	33	384	0	4,733	5	1,106	1	87,083	100
1991	57,729	60	32,832	34	1,872	2	3,634	4	667	0	96,734	100
1992 ¹	52,300	56	35,500	38	3,500	4	1,900	2	550	0	93,750	100

Source: Corporate documents based on motorcycle registration figures in major towns

Exhibit 2

ALTAS HONDA LIMITED: COMMUNICATION PLAN FOR 1993

Region-wise Market Shares of the Motorcycle Brands

Northern Region

Year	Honda		Yamaha		Suzuki		Kawasaki		Vespa		Total
	Units	%	Units	%	Units	%	Units	%	Units	%	Units
1990	37,814	55	25,569	38	356	.5	3,689	5	816	1	68,244
1991	40,237	54	29,429	40	1,729	2	2,417	3	480	.5	74,292
1992	36,400	49	32,800	44	3,000	4	1,200	2	400	.5	73,800

Southern Region

Year	Honda		Yamaha		Suzuki		Kawasaki		Vespa		Total
	Units	%	Units	%	Units	%	Units	%	Units	%	Units
1990	14,356	76	3,121	17	78	0	1,044	5.5	290	1.5	18,889
1991	17,492	78	3,403	15	143	.5	1,217	5.5	187	1	22,442
1992	15,900	80	2,700	13.5	500	2.5	700	3.5	150	0.5	19,950

Source: Corporate documents based on motorcycle registration figures in major towns.

Exhibit 3 (page 1 of 2)

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A Sample of Yamaha Leaflet

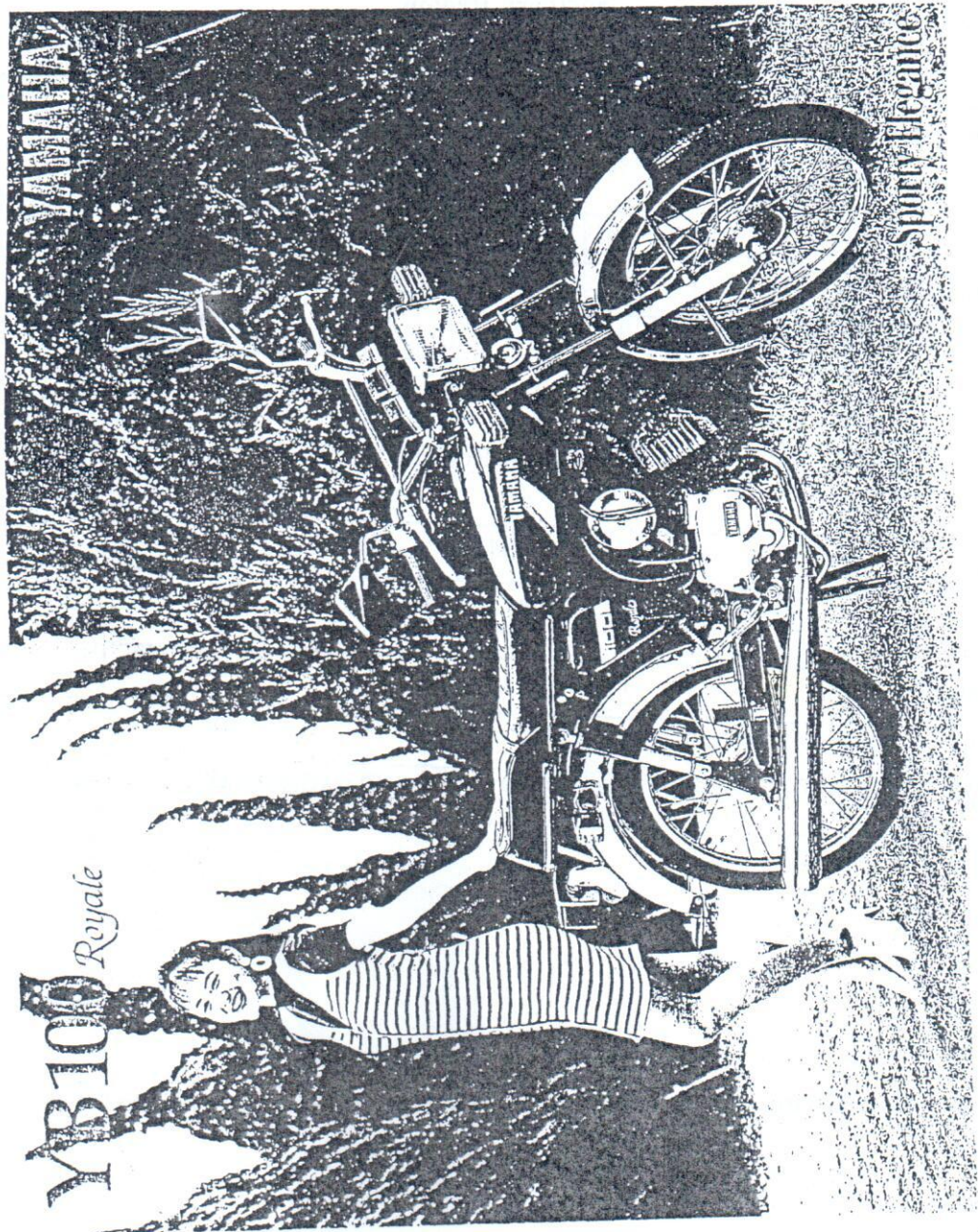


Exhibit 3 (page 2 of 2)

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A Sample of Yamaha Leaflet



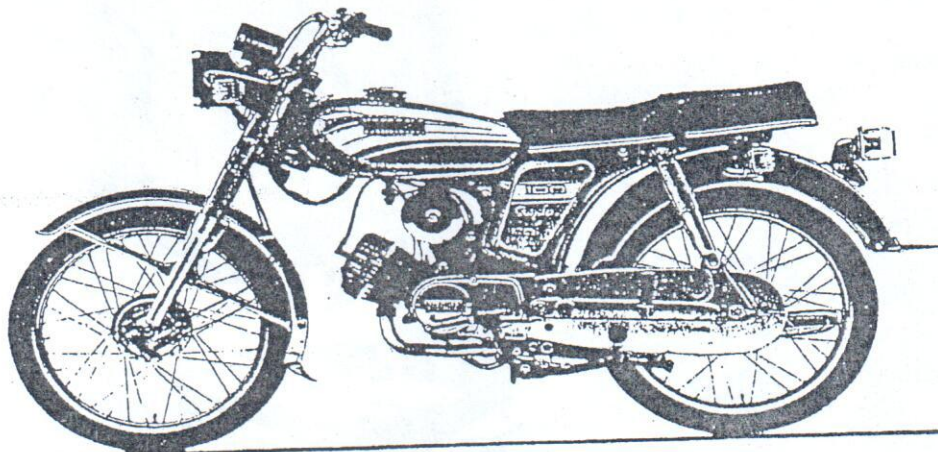
Exhibit 4

ALTAS HONDA LIMITED: COMMUNICATION PLAN FOR 1993

A Sample of Yamaha Print Advertisement

Powerful Performance Plus Sporty Styling.

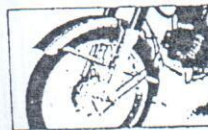
YAMAHA YB100 *Royale*



Smart, High Powered Lighting
The headlamp, tail light and flashers feature clean and sharp design lines. The square headlamp provides high brightness at night, while complementing the ROYALE's sleek appearance during the day.



Racing Stripes to Emphasize the Sense of Speed
The red, white and blue stripes coloured along the sides of the fuel tank add to the sense of speed and freedom when riding.



Square Fenders for an Integrated Look
The square shaped fenders integrated with the square head and tail lights, mirror and rectangular flashers give the ROYALE its smooth and distinctive profile. These new fenders also offer improved strength and durability.



All Electronic Ignition for Best Spark CDI
All electronic ignition gives hot spark for fast starts and quick response on the road. While electronic plug wire needs no adjustment, requires less repairs and is not affected by damp weather. Adds to overall operating economy.

Dawood Yamaha Limited
Head Office: Camrah Court A-35, Block 7 and 8, K.C.H.S.U., Sharah-e-Faisal, Karachi 08
Tel: 21-442051-57

Exhibit 5

ALTAS HONDA LIMITED: COMMUNICATION PLAN FOR 1993

A Sample of Suzuki Print Advertisement

SUZUKI

Samurai

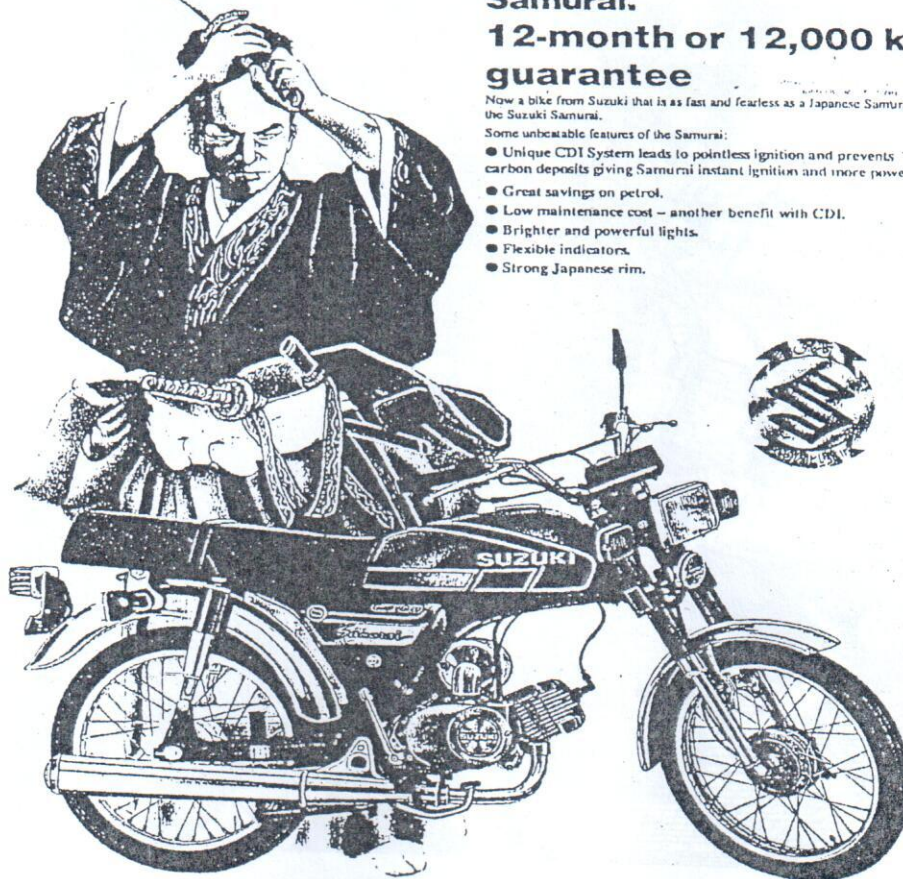
Ride into the 21st century with the power of a Samurai.

12-month or 12,000 km guarantee

Now a bike from Suzuki that is as fast and fearless as a Japanese Samurai - the Suzuki Samurai.

Some unbeatable features of the Samurai:

- Unique CDI System leads to pointless ignition and prevents carbon deposits giving Samurai instant ignition and more power.
- Great savings on petrol.
- Low maintenance cost - another benefit with CDI.
- Brighter and powerful lights.
- Flexible indicators.
- Strong Japanese rim.



A masterpiece of high technology with the CDI System