

Team #: 553

Client (Company): Polaris India



Chosen target country: Sri Lanka

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## EXECUTIVE SUMMARY

Polaris India was established as a wholly owned subsidiary of Polaris Industries Inc. (USA), which designs, engineers, manufactures and markets innovative, high quality Off Road Vehicles (ORVs), All Terrain Vehicles (ATVs), the Polaris Ranger®, Snowmobiles, Motorcycles and Electric powered vehicles.

We identified five key market characteristics for Polaris India to be successful: middle-income level with growing GDP per capita, presence of large open terrains and wilderness, agriculture and tourism oriented country, a large proportion of young adult's population and a stable and friendly political climate.

Based the key market criteria we chose Sri Lanka as the optimal market because comparing with other recommended markets, has the higher GDP per capita, a relevant tourism sector, strong relationships and exchanges with India and is the best-positioned country in the chart that considers the ease of starting a business (less procedures and relative cost). To confirm our decision we used these and other data to make a McKinsey matrix that shows the better position of this market compared to the other two.

As entry mode we recommend franchising which permits a relatively quick entry and penetration of the market with a rapid development and expansion of a store chain. It is characterized by low-risk and least financial and time investment and allows to Polaris to exercise some control over the distributors. Franchising also gives a better understanding of the market trends obtained by feedback reports from the franchisees about the local market.

The selling price of the Polaris RZR 1000 should be calculated by increasing the Indian price for a 10 % in order to cover the costs due to marketing policies, transport to the island and other export related costs. To promote sales and align interests of retailers with those of Polaris the company should apply the pay for performance approach.

In marketing we suggest an investment of 15% of potential gross revenues divided in various items of cost such as the creation of Polaris Experience Zones, the official Website, advertising and social media marketing.

Talking about staffing we think that is not necessary to hire new staff, every franchisee will have total autonomy in hiring its personnel and all the training of the franchisees will be done by Polaris India staff, which is more prepared and have more experience.

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## 1.0 ANALYSIS OF THE COMPANY

### 1.1 Company overview<sup>1</sup>

The American manufacturer Polaris Industries is specialized in the production of off-road vehicles, snowmobiles, motorcycles and electric vehicles. It was founded in Minnesota in 1954 by Edgar Hetteen, Allan Hetteen and David Johnson and now has offices all around the world. Polaris started producing snowmobiles and their models first entered the market in January 1956. Then in 1985 the company introduced its first All-terrain vehicle (ATV). Since its beginning Polaris has always been a company that takes innovation and high-quality tailor-made products into account and provides solutions. Which is why in the 1998 it started producing the Rangers, utility vehicles, having in mind farmers, hunters, ranchers and homeowners. Then the company wanted to satisfy riders' needs and introduced a brand-new motorcycle, Victory and later decided to enlarge its motorcycle business and acquired Indian Motorcycles. To enlarge its range of products, Polaris added GEM (Global Electric Motorcars), battery electric vehicles, to its offer.

In 2010 part of its utility and sports vehicle assembly was relocated to Mexico but the company snowmobiles are still 100% made in USA.

Polaris has two major international branches: Polaris Europe and Polaris India. It globally employs more than 3,000 people and has almost \$2 billion of revenues. Since 1987 Polaris Industries has been listed on NYSE under the symbol "PII".

### 1.2. Polaris India<sup>2</sup>

Polaris India, a wholly owned subsidiary of Polaris Industries, launched on the Indian market some of Polaris flagship products such as Polaris ATV, side-by-side Ranger and RZR

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<sup>1</sup> Source: Polaris Industries Website (2016), <http://www.polaris.com/en-us/home.aspx> and Polaris India Website (2016), <http://www.polarisind.in/>

<sup>2</sup> Source: Polaris India Website (2016), <http://www.polarisind.in/>

vehicles and snowmobiles. Some years later Indian motorcycles were also launched. The company tried to revolutionize the Indian market offering different product solutions for recreational and utility use. One of the strengths of the company is a solid network of dealerships (also in Kazakhstan and Nepal) and 46 Polaris Experience Zones (Off-road tracks) which contribute to spread the culture of the off-road riding and attract new customers.

Polaris India offers a wide range of products for all needs, from utility to corporate, recreational and government use:

- Off-road vehicles
  - ATV series (Sportsman & Entry and youth series)
  - Side-by-side series (RZR & RANGER)
- Motorcycles
- Snowmobiles
- GEM Electric
- Commercial vehicle & Government and military vehicle

### 1.3. Swot analysis

#### *Strengths:*

Polaris has a lot of strengths despite of the competition and a strong brand recognition. Polaris is definitely the leader in standards on the market and in the industry because it gives big importance to innovation and has a great logistic system, a strong network and, even more important, a wide range of high-quality products, it can satisfy even the most demanding customer. Another strength is the relationship that the company establish with the customers which begins before the purchase, when the client has the opportunity to try the vehicles, and continues even after the sale. The constant evaluation of its own employees, not just in the production and sales efficiency but also in representing the company's basic values, brings the

customers a perception of quality of the service and of the product. Polaris has made an undeniable progress in its inventory management systems, which helped in passing the competition. The vertical integration that the company has been implementing for years and intends to consolidate is a great opportunity for the future, it enables greater decision-making capacity and at the same time helps to monitor the quality of the products. The coverage of the market is also a great strength in this overview, the Indian market is covered almost 90-95%.

*Weaknesses:*

As far as weaknesses are concerned the company must take into account both internal and external factors that can definitely affect profitability. Being a multi-product company allows diversifying the risk but it also means dealing with companies that are specialized in a particular segment and product (e.g. Harley Davidson in on-road riding). Investment in research and development has grown over the years. This definitely can lead to a competitive advantage against other companies, but at the same time it involves a considerable financial commitment and high uncertainty of results. The company manufactures also type of products finalized to the entertainment and consumers' passions, which is therefore closely linked to population's willingness to spend for non-primary goods. This may affect the real market expansion for Polaris because potential customers are reduced, especially in low-income areas. This could also reduce the economies of scale.

*Opportunities:*

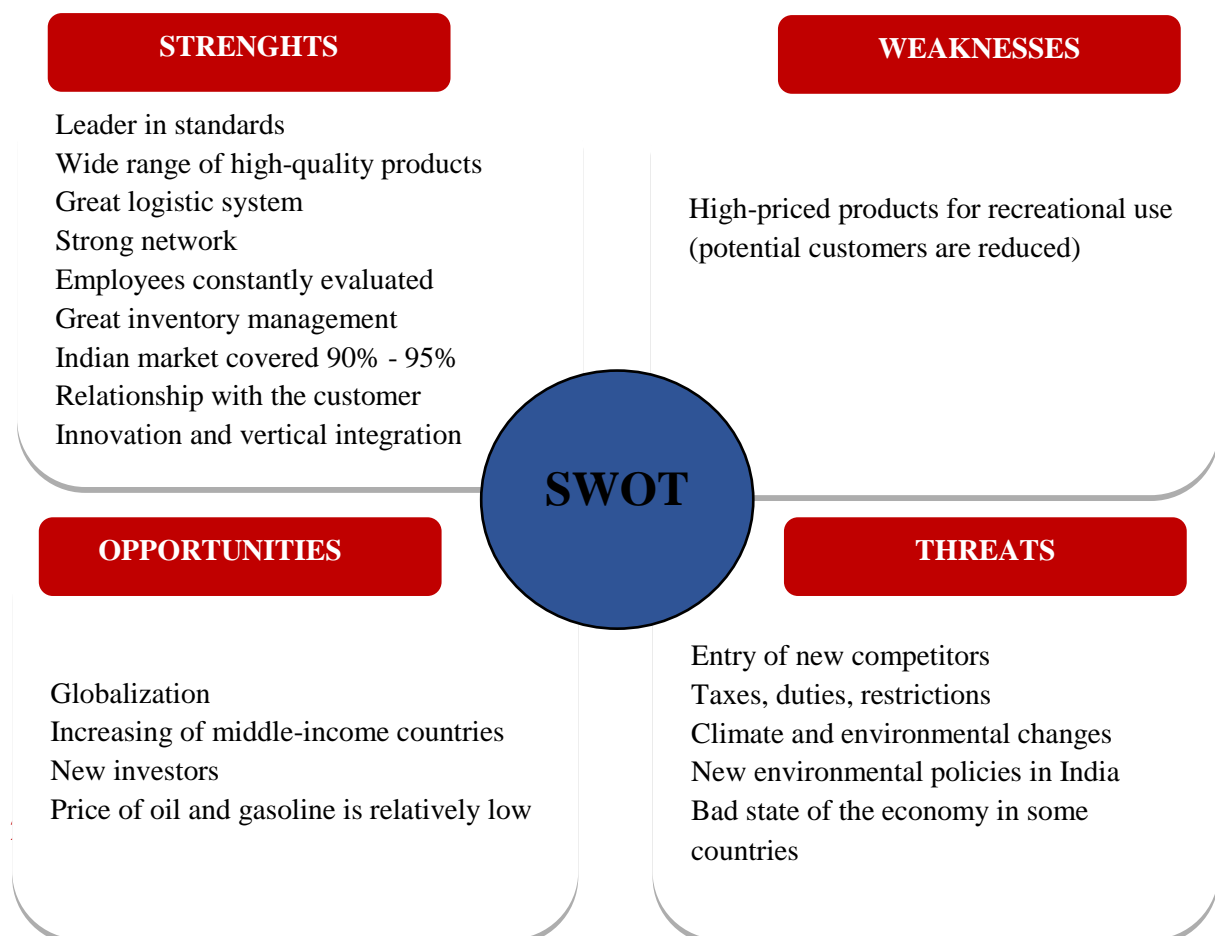
Globalization is a key factor to increase sales because potential customers are much more, especially in middle-income countries. The company has a big opportunity in finding new markets all over the world. The ability to increase profitability could also generate greater interest from investors thus ensuring higher investment extremely useful in this capital-intensive industry. This could further increase the company's market leadership in this

area and discourage further entry of new competitors that would face significant barriers.

Nowadays the price of oil and gasoline world-wide is decreasing, this could help for acquire new customers.

*Threats:*

One of the main threats could be the competition (Yamaha, Honda, Suzuki, Arctic Cat) which starts to expanding also in the Indian market but we must take into account also the intern land laws, restrictions, taxes and import duties which can make the product a little more expensive. It should be mentioned that new environmental policies in India, climate and environmental changes could have a big impact on sales, especially as regard the snowmobiles and all-terrain vehicles characterized by seasonality. Finally, also the bad state of the economy in some countries could decelerate the sales.





## 2.0) MARKET SUCCESS CRITERIA

Evaluate primary market characteristics is essential for the success of Polaris products. A rising tide floats all boats; choosing an appropriate market to entry lifts your international business up.

By considering several following key market characteristics, we identify the kind of markets in which Polaris' products can be introduced with the highest chances of success.

The first key factor for a profitable market is, obviously, a great number of potential customers. Polaris' products are designed for riders who want to show off their strong personalities, machismo, and daring attitude. Therefore, the potential customers of Polaris are primarily male. Besides, to pursue recreation with such high-price vehicles requires customer to have a medium living standard. Hence, Polaris' potential customers should be determined as males who are of labor age and live above the poverty line in a middle-income class. In the other hand, Polaris range of multi utility vehicles is very useful and suitable to serve plenty of activities such as agriculture, tourism, forest patrolling adventure, coastal patrolling and beach rescue. Thus, a considerable number of companies in such business sections could be probably interested in Polaris' products and they should be included in potential customers, beside end – users mentioned above.

Finance is a main factor influencing customers' purchasing. Therefore, the second feature that should be considered is income level. Polaris products would be probably successful in markets characterized by a middle income level with a growing GDP per capita. High priced recreational vehicles require a large amount of disposable income in order to purchase. The presence of customers with a strong spending power for these products is crucial, as they are for recreational use, not primary goods. Also the government could be a future buyer because they need qualitative products to exercise their full role. Polaris's

products are becoming to use in government institutions such as army, police, coast guard, forest patrol, etc.

Third, political and legal environment also should be taken into consideration because it is important to know the rules you must play when doing business across borders. The first essential criteria for a great market is that the political environment is stable because any small change in politics and government also result into changing national priorities, affecting businesses or even disrupt businesses if wars occur. The next condition is that government issues policies and laws which encourage international trade and foreign direct investment. For instance, government tries to shorten time of paperwork and bureaucratic approvals or attempt to offer foreign companies clear guidelines and streamlined process for setting up a new company. This would be a benefit for Polaris to save cost and time for an entrance to new market. In addition, with a country which has a reasonable tariff barrier, Polaris' international business would be more advantageous and profitable. Moreover, Polaris' products are outcome from an engrossed R&D process of intelligent and creative designers, so any unique or specific feature and design which distinguish Polaris' products from competitive ones should be protected from coping and imitation. Hence, a country which has polices and laws protecting intellectual property right would be also good for Polaris's products trading. In sort, the preferred political climate for Polaris's products should be stable, friendly and respect the intellectual property right.

In addition, countries oriented in agriculture and tourism are a good opportunity for Polaris. With the intensive roles of mechanization of traditionally labor as present, agriculture will be assisted much by ATVs which would be perfect for enhancing labor productivity and therefore contribute to agricultural development. Also, a strong tourism sector could help with the purchase of vehicles for recreational use. For example, the adventure range of Polaris can be used in forest adventure tour which is becoming popular today. Tourists can explore the

unexplored, create new possibilities and enjoy the beauty of nature with the maximum comfort provided by the tourism range of Polaris.

Finally, another characteristic of the suitable country is the presence of large open terrains (agricultural and not) and wilderness where the Off-road vehicles can be used.

In summary, a desirable market for Polaris's international business should have 5 main characteristics which are: a great number of potential customers, a growing GDP per capita, a stable and friendly political climate as well as orientation in agriculture and tourism and the presence of large open terrains and wilderness. Finding an international market which has most of and best such key features is likely to make sure for the success of Polaris's product trading.

### 3.0) RECOMMENDED MARKET ANALYSIS

According to the market success criteria previously analysed and to Polaris India's expressed interests we selected some potential markets: Sri Lanka, Bangladesh and Pakistan. Among all of these, we identified nine factors that can help us to determine the best market in which Polaris India should expand its business.

#### 3.1. Comparison of the selected markets<sup>3</sup>

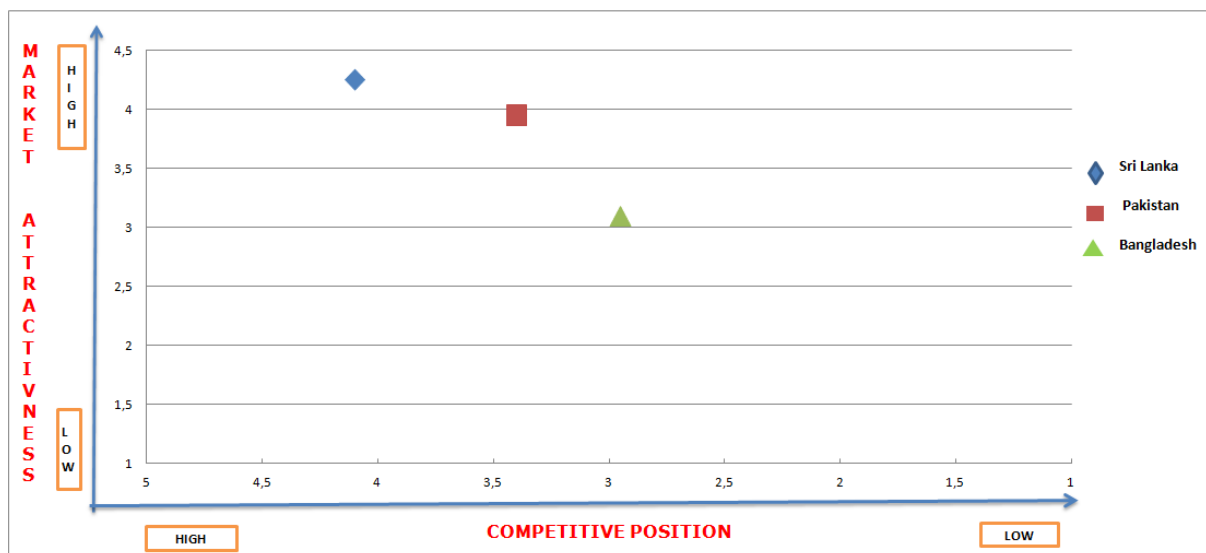
	Sri Lanka	Pakistan	Bangladesh
<b>GDP per capita (2015)</b>	3,605\$	1,245\$	1,197\$
<b>GDP real growth rate</b>	5.5% (2015) 4.5% (2014)	4.2% (2015) 4.1% (2014)	6.5% (2015) 6% (2014)
<b>GDP composition (2015)</b>	Agriculture: 8.1% Industry: 29.1% Services: 62.8 % (Tourism: 10.6%)	Agriculture: 25.5% Industry: 19% Services: 55.5% (Tourism: 7%)	Agriculture: 16% Industry: 30.4% Services: 53.6% (Tourism: 4.7%)
<b>Household income or consumption by percentage share</b>	Lowest 10%: 1.6% Highest 10%: 39.5% (8.9% population below poverty line)	Lowest 10%: 4.2% Highest 10%: 25.6% (22% population below poverty line)	Lowest 10%: 4% Highest 10%: 27% (30% population below poverty line)
<b>Starting a business rank (1 is the best)</b>	98	122	117
<b>Number of procedures to start a business</b>	8	10	9
<b>Cost to import (Documentary compliance) USD</b>	283	370	786
<b>Potential target population in % of total population*</b>	2.58%	0.74%	0.67%
<b>Terrain</b>	Agricultural land: 43.5% Forest: 29.4% Other: 27.1%	Agricultural land: 35.2% Forest: 2.1% Other: 62.7%	Agricultural land: 70.1% Forest: 11.1% Other: 18.8%

<sup>3</sup> Source: Cia Website (2016), <https://www.cia.gov/index.html>, World Travel and Tourism Council Website (2016), <http://www.wttc.org/>

Source: Worldbank.org, Cia.gov, Wttc.org

\* When calculating the potential target population we assumed that the target population is male and aged between 15-54 years. The percentage found excludes the portion of the population below the poverty line and represents the remaining 10 % of the richest category. We finally considered the GDP Per capita. In fact we have multiplied the result by 1 in the case of the highest GDP Per capita (Sri Lanka) and for the other two countries, we multiplied for the corresponding percentage of that.

### 3.2 McKinsey Matrix



To represent the position of the different countries we used a McKinsey matrix considering market attractiveness and the competitive position. We weighted the variables like growth rate, entry and exit barriers, facilitation to start a business, cost to import, government regulation, intensity of competition, market potential size with the respective rating in order to represent market attractiveness. Furthermore, we weighted at the same way variable like brand recognition, access to distribution channels, marketing capacity,

managers' experience with the country, quality relative to competitors in order to represent competitive position.

As could be seen from the matrix below Sri Lanka is the best-positioned country.

Considering Polaris' potential customers we decided to compare the number of registered companies in different sectors to identify the country with the highest number of companies who could be probably interested in Polaris' products. For doing this, we selected the sectors where Polaris' products, in particular ATVs, are more likely to be bought for different usages.<sup>4</sup>

BUSINESS SECTOR	NUMBER OF COMPANIES		
	Bangladesh	Pakistan	Sri Lanka
<b>Agricultural activities, animal production, fishing, and forestry</b>	9	27	129
<b>Mining and extraction of petroleum activities</b>	4	38	16
<b>Accommodation, travel agencies, amusement and recreation activities</b>	3	61	186
<b>Rental and leasing activities</b>	0	6	44
<b>Public Administration and defence activities</b>	0	8	10
<b>TOT</b>	16	140	385

Source: Bureau Van Dijk

The ATVs are especially used for both, agricultural and recreational activities so it is better to focus on companies that operates in agriculture and on all the companies involved in the tourism sector. Another important segment could be the Public Administration and defence sector considering that Polaris vehicles are already used for this purpose in other countries such as India and USA.

<sup>4</sup> Data available on: Bureau Van Dijk database

The country with the highest number of registered companies, especially in the sectors mentioned above, is Sri Lanka.

Considering all the previous analysis we suggest that the market expansion should be done in Sri Lanka.

### 3.3. Analysis of the suggested market: Sri Lanka<sup>5</sup>

Sri Lanka is a developing country focused on long-term strategic and structural changes. Its economic growth has been one of the fastest in South Asia in recent years. Growth averaged 6.3% from 2002 to 2013 with GDP per capita growing from US \$859 in 2000 to US \$3,605 in 2015. Another very important fact is that poverty is declining, having plummeted from 22.7% in 2002 to 6.1% in 2012/13. There are signs that the Sri Lanka per capita income will increase sufficiently enough in the next two to three years to become defined by the World Bank as a middle-income country, which will give to Polaris the opportunity to expand their product all over the market.

The presence of a high performing stock market is showing that the market is really developing. Sri Lanka's stock market is currently on-target to finish among the top 10 performing stock markets in the world this year alongside with Argentina, Denmark, Dubai, etc.

As part of the structural economic transformation, the agriculture is expected to become even more capital intensive with a progressive modernization of the technology. In addition, the tourism is in a great rise, which will certainly enrich the market of Sri Lanka and provide huge space for the Polaris products to enter the market.

We have shown interest in the Sri Lanka because it is strong. Since 2011, has been one of the safest markets to do business because offers a certain governmental stability.

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<sup>5</sup> Source: Worldbank website (2016), <http://www.worldbank.org/>

Furthermore, the government is developing the infrastructure that will provide opportunity for more moto-vehicles in the market. This internal infrastructure development will improve industrial, factory and distribution network efficiency. It will also make the tourism and investor arrivals and experiences more pleasant.

As we can see from the comparison table above, geographic characteristics of the country are another advantage for Polaris because Sri Lanka has a large amount of terrain suitable for the use of ATVs. The potential target population is the highest of the countries taken into account and represent the 9.2% of total population as we can see in the table above.

#### 4.0) MARKET ENTRY MODE

Polaris India does not have the possibility to reach BEP with direct investment in the foreign territory. Its strategy should therefore consist in a limited initial investment, being the target country in strong economic growth but still an emerging economy. The macroeconomic data show that the sales potential is not very high in terms of quantity but higher than in other countries taken into exam. Even if the country is appropriate for the business the intellectual property is not always respected and corruption levels are high. This should be taken into account in the choice of the entry strategy because it is very important preserve Polaris' brand image. A positive factor is that the market facilitates trade and, the costs of disputes are minor compared to other countries with a high relative percentage of resolution. Commercial trade is also facilitated by the speed of commercial practice opening (about 10 days) and by the low number of procedures to accomplish.

After this market study, for Polaris' we suggest an entry mode with limited cost and low risk so Foreign Direct Investment and Joint Venture would not be appropriate. It would be better start in an easier way avoiding big investment and too risky methods because we still

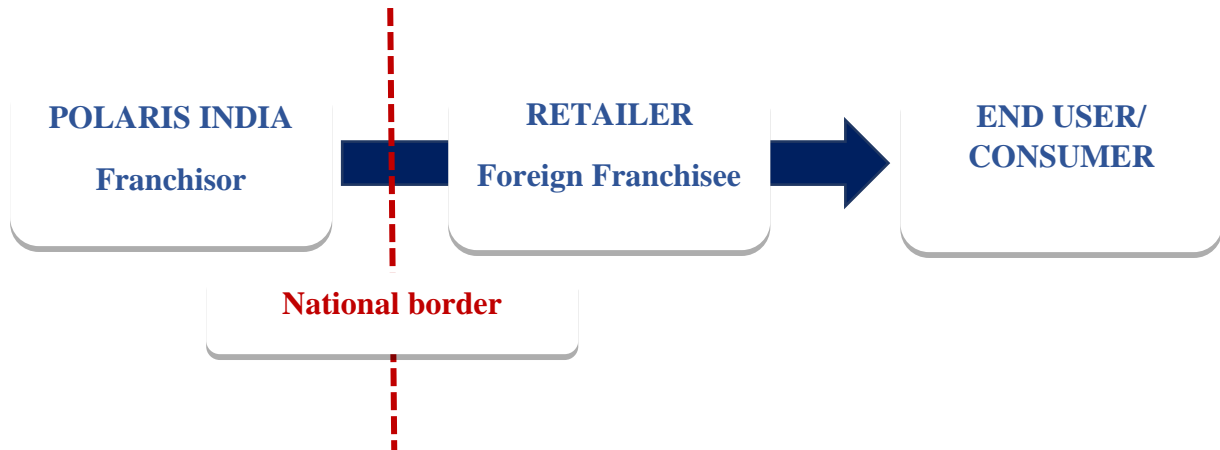


do not know how the market will react to the entry of Polaris' products. All this considered the choice of the entry mode is restricted to exporting, licensing and franchising.

Exporting is the cheapest and quickest way to entry a market with minimized risk and is working well where there is limited sales potential but on the other hand the disadvantage is the lack of market control and the inappropriate feedback from the distributor. With the licensing approach the risk is mainly taken by the licensee and the licensor can achieve local market knowledge from the licensee who can also suggest possible adaptations for the local market. The disadvantages concern intellectual property which, as we said, in Sri Lanka is not always respected; the brand image could be not homogeneous across the countries; the licensor has a limited control over the market and finally, the licensee would acquire skills from the licensor and could become a future competitor. So we suggest that the best way to enter the market in Sri Lanka is franchising.

Franchising is growing in emerging countries and Sri Lanka is one of these. This method permits a relatively quick entry and penetration of the market with a rapid development and expansion of a store chain. It is characterized by low-risk and least financial and time investment. Polaris is a high-value brand with a great marketing exposure and this approach permits to rapidly increase its brand awareness in the country maintaining a homogeneous brand image all over the countries. On the other hand franchising gives greater control than the other two methods over the franchisee and over the market. The franchisee can use franchisor company's trademark and can sell his products, in exchange it has to pay royalties to the franchisor. In addition franchisor has to provide him materials, support and training so he gets all the management expertise and is guided to success. In this way Polaris India might have a higher control of the market which includes having a better understanding of market trends and also a closer relationship with the dealerships which can give important feedback reports about the local market. It is easier to expand in a new market if you have

local distributors on whose you can count; they can help you understanding better the market and will give you precious information about the culture and about the purchase habits in general.



## 5.0) DISTRIBUTION AND PRICING

### 5.1. Distribution

Since Polaris products are high-end items the projected sales are not so high and Polaris need to be as competitive as possible so it must reduce the price escalation determined by the length of the distribution channel. In order to this we opted for the shortest possible distribution channel formed by a network of retailers (franchisees) accurately selected. With less intermediaries, the transaction costs will be lower and franchising will give higher control over the distribution channel. According to this we suggest a sort of training that Polaris could put in place to help the selected retailers with the selling process and guide them to improve brand awareness. A representative of Polaris India on the field could help the retailers with the first sales, improving their selling capability and product's knowledge.

The distributor selection process it is not so easy, many factors must be taken into account. It is important to choose distributors with marketing and business knowledge that are

able to deeply understand the vision of the company and are interested to learn everything that facilitate the selling of the product. The training should consider the improvement of the customer service in order to increase both, company's and customers' satisfaction. Ideal dealer has an automobile background and some experience about dealing with customers of automobiles. It is very important that the dealer takes care of the customer even after the sale, he has to feel that he bought a world top product and it is well treated in the after sales support. In addition, the appropriate dealers would be those with exclusive stores who are not selling competing products and are capable of ensuring great importance to franchisor's product. Polaris has a strong brand image of high quality so it will be better to focus on retailers with a good reputation. An important characteristic of the dealers is having passion about vehicles; enjoying and learning at the same time is the best combination that takes you to success.

## 5.2. Pricing

The high quality of the product and the high final price combine to position the company in the high-end market. Compared to other competitors, like Yamaha, Arctic Cat and Can-am, the product specifications of the Polaris RZR 1000 are better (it is larger and has better drive system, load and towing capacity) so the price has to reflect the constructive and technical quality of the product. An eventual depreciation would not be in line with the company's mission and might damage the image of a high-quality product. To determine the suitable price many factors should be taken into account, for example: variable costs including raw materials costs, labour and energy costs; marketing expenses related to marketing research and communication; finance and bank charges and export-related charges. In view of these costs, the ideal price would be the price that is charged in India increased by a 15% in order to cover the costs due to marketing policies, transport to the island and other

export related costs. Generally, all the incurred costs should be covered by the sales in the new market, including also the initial investment that the company made to set up a subsidiary in the foreign country. Another fact that might be considered is the rate of USD / LKR, which does not facilitate commerce. In fact, it increased from 131 USD/LKR in 2015 to 146 in March 2016 making the purchase relatively more expensive for residents. Even if with this price the margin could decrease this policy is necessary to conquer a new market where a too higher price will not be affordable.

In order to calculate the final sale price we suggest that Polaris should not consider only the incremental costs for entering the new market but we think that the best method to determine the price would be the market-based method. It takes into consideration not only the costs but also the competitors' prices and the customers' willingness to pay and is based on the next equation: affordable unit price – margin = target cost. Talking about the competitors, the ATVs market in Sri Lanka is what we call in strategic business a "blue ocean" that is a still untapped market, even by large multinationals. It would be reasonable for Polaris to perform a research among Sri Lanka before entering the new market to measure how much the potential clients are willing to pay for their products. Polaris in this specific sector might have all the first mover benefits because the collected information shows the lack of this type of vehicles, which are also required by some tourists. This show the potential of this type of vehicles in a tourism-oriented country where can be leased by tourists with a greater spending capacity.

## 6.0) MARKETING

Every product needs a proper promotion but finding the right way to do it could be difficult. In the majority of cases, people are persuaded to purchase by attractive campaigns that inspire curiosity and the willingness to learn more about the company. This can lead to the final purchase of the product so it is very important be able to capture the attention of customers.

The promotion campaign should include:

- Improvement of company's website with a version in Sinhala language
- Social media marketing
- Direct marketing
- Establishment of Polaris Experience Zones (Off road tracks) like in India
- Promotional events

Nowadays people look for all the information online so the company's website will be a powerful tool for advising about Polaris products and their characteristics. The website should give clear information completed with pictures of the vehicles and videos with their performances showing all the different uses of the ATVs (from recreational to utility use). The website should be constantly updated with the latest news about presentations and events related to the products.

A key factor for a successful campaign is definitely a massive presence of the company on social media. People spend a lot of time on different social networks (Facebook, Twitter, Instagram) so their use is a great opportunity to reach a large amount of people for a content cost. A person can be instructed to manage all of these social platforms that have to be continuously updated and are also an easy way to establish a contact with people. Everyone

who needs some information about the company or the product can simply ask and will receive an answer in a short time.

Regarding to direct marketing, Polaris should try to reach all the potential customers represented by companies. These could be especially tourist agencies, hotels and companies who provide services for tourists (tours in the jungle, on the hills and on the beach) and might be interested in vehicles for recreational use. We can suggest companies like “Sri Lankan expeditions” and “Sri Lanka Ecotourism”<sup>6</sup> but there are many other that offers adventure tours in the nature. Other potential customers might be companies involved in agriculture and farming for whose the ATVs can be a helpful in moving on large terrains and can give some help also in some agricultural operations. The direct marketing might include advertising and informative mailing giving them all the brochures and invitations to particular events, presentations and experience rides. Polaris could also send a sales representative directly to the company to show the interest given by the company so they trust it.

The most important tool used for marketing are Polaris Experience Zones. These are tracks where people can try the vehicles and contribute to make the product popular in the country. This type of tracks were set up in India and encountered a big success so we suggest making this experience zone also in Sri Lanka.

A good opportunity would be promote Polaris products in Sri Lanka during major sporting events to make sure that people associate the Polaris brand with the feeling of joy, cheerfulness innovation and strength and reach target segment. We suggest that this type of promotion should be concentrated in the spring months (during the months of March/April there is a spring break with various festivals, sport events, competitions of elephants ...). The most popular sport in the country is cricket, which is almost played by everyone so a strategic event where Polaris products should be promoted could be the "Battle of the Blues", a big

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<sup>6</sup> Source: Sri Lanka Ecotourism website (2016) [http://www.srilankaecotourism.com/4wd\\_home.htm](http://www.srilankaecotourism.com/4wd_home.htm), Sri Lanka expeditions website (2016), <http://www.srilankanexpeditions.com/activity.php?id=11>

match that occurs between two of the best schools in Colombo, S.Thomas College Mount Lavinia and Royal College Colombo. This event brings together a lot of people, especially young people, so it will be perfect for publicizing Polaris products and get in touch with potential customers. Polaris could also sponsor a team and put the brand on the side-lines and in the players' shirts to enhance the visibility of the products.

In the first year when there is no brand consciousness the company has to publicize the product as much as possible so, the initial investments in promotion and advertising should be high in relation to potential sales. In fact, we suggest an investment of 15% of gross revenues in marketing. The potential ATVs gross revenue was obtained by taking into account that in the first two years in India were sold 700 ATVs<sup>7</sup>. Sri Lanka population is about 1.59% compared to Indian population but the GDP per capita is bigger (more than double) so in the first year Polaris can imagine to sell 14 ATVs in Sri Lanka for a total of 560 000 \$ and can invest 84000\$ in marketing.  $(700/2 * 1,59% * 2,4 * 0,15)$ .

This amount should be so divided:

- 70%: Creation of Polaris Experience Zones, promotional events in which Polaris products are showed and can be tried (for example product placement in sports events and sponsorship of the most popular team in the country) (58,800\$);
- 5%: Improvement of the Official website (4,200 \$);
- 20%: Advertising for tourism companies and agricultural companies including advertising material with clear and comprehensive brochure (16,800 \$);
- 5%: Social media marketing - realization and continuous updating of a Facebook page, Twitter account and Instagram profile, where young people often refers to purchase or search for customer reviews (4,200\$).

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<sup>7</sup> Source: Dnandia website (2016), <http://www.dnaindia.com/>

In the marketing plan, we do not consider any adaptation of the product for local markets because Polaris typically has a wide range of product with a lot of different options and different versions based on customer's needs so it is not necessary modify a product for a special market. Every market will find a product suitable to his requirements. For this reasons there are not any expected costs of adaptation on the division of costs.

### 7.0) Staffing

As we have suggested in section 4, Polaris India should export products through franchisees, which will only sell Polaris products. In order to enter the Sri Lankan market, it is important to find Sri Lankan entrepreneurs, which will be the best option as franchisees. In order to find such candidates we should hire a sort of a head-hunting agency which will find the best candidates. We think that is not necessary to hire new staff, every franchisee will have total autonomy in hiring its personnel and all the training and tutoring of the franchisees will be done by Polaris India staff which is more prepared and have more experience.

The franchisor should be and must be a local person, who is more than well-informed about the ATVs market in Sri Lanka, about the country laws and restrictions, and with an experience in business. When we will find the best candidate for the franchisee, Polaris as a representative and responsible company will send a few experts to do some training and will help our new Sri Lankan partner to develop high skills in business, technical training and marketing. Polaris India will be the closest option for the franchisee if he get stuck in any problem spreading through the Sri Lanka market. The franchisee will be not left alone if he starts to struggle.



Some of the crucial things we will tend to search in the skills of our candidates are: fluency in the English language, basic knowledge of engineering, some experience in sales, knowing the market standards and norms which are needed for entering the Sri Lankan market. The franchisee will have total autonomy in his enterprise (he can employ as much stuff as he can carry on, Polaris will not interfere in his core decisions) but also he will have to respect the Polaris policies to keep the franchisee license. Polaris will also tend to advise the partner to not employ any staff until he gets a full training.

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A special thanks to Polaris webinars that help us in this fantastic project.