

Harley-davidson marketing strategies assignment

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Design is critical to the continued success of this company. For some companies, the word design may bring thoughts of sweeping changes and new model lines. However, for the design team at Harley-Davidson, it inspires thoughts of being faithful to the classic lines and sounds of a Harley-Davidson motorcycle. This is not to say that the designers are not allowed and encouraged to improve on the hugely successful line of motorcycles, just the opposite is true. Ken Schmidt, director of communications for Harley-Davidson, stated that: " We are constantly improving and modernizing the machine, yet not every component.

That is what our customers want, and that's also, I believe, what sparks the strong emotional attachments that Harley generate. " In the early 1980's, the company was plagued with quality control and reliability issues that nearly caused the company to go out of business. At this point, it was up to the design and quality control engineers to revamp the mechanical and electrical portions while staying true to the classic line of the motorcycle. They succeeded in resolving the problems and saved the company. William G.

Davidson, who heads up a team of five product designers, is quick to add, " It's important to understand that we're not in the business of making antiques. Every year we make further improvements to our engines and chassis. But from a styling standpoint, we have to incorporate improvements without compromising ' the look. ' If we move a bolt or re-route one hose, our customers take note and call us on it. A Harley isn't shrouded in fiberglass like so many other bikes. Everything we do is right out in the open. This mindset prevents lifelong riders from feeling alienated and accusing the company of " selling out" in the pursuit of increased revenue and profits.

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Harley-Davidson understands that it is as important to maintain their current enthusiasts as it is to develop new ones. Nowhere is this more evident than in their mission statement: “ We fulfill dreams through the experience of motorcycling, by providing to motorcyclists and to the general public an expanding line of motorcycles and branded products and services in selected market segments. Customer focus is another area of marketing where this company excels. Factory sponsored rallies and test drives are just two ways that Harley stays in touch with their customers. The largest sponsored rally occurs each year at Sutters in the Black Hills hundreds of company employees there as well, not only to enjoy the rally, but also to gather information from the enthusiasts. There is no better or more efficient way to survey your customers than to speak with them directly after they just traveled to an event on your product.

This “ close-to-the-customer” philosophy allows the company to use these rallies as product development centers. It allows the company leadership to get instant responses on both current products as well as new products that may soon go into production. Customers respond positively to this type of product survey, because they feel like their opinion matters and will influence the next year’s product line. Another marketing tool that has been quite successful for this company has been the factory-sponsored test-drives.

The factory sends a tractor-trailer filled with demo bikes to each dealership that is willing to participate. All of the new models are available and anyone with a helmet and a valid license to operate a motorcycle can try them out. For many of the dealerships, it is the busiest day of the year. Harley-

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Davidson headquarters employs eight merchandising specialists that develop “ designer stores”. These stores are much different from the standard “ garage-type” store of the past. These stores are designed to draw customers in, surround them with motorcycles, and provide an inviting retail environment.

Dealerships that have converted their shops to the Designer Store concept have seen soaring revenues and rapid return on investments. Inventive marketing strategies have kept Harley- Davidson as the leader of America’s big-bike market. It is not just the motorcycles that are in high demand. Harley has developed a very profitable retail merchandising line. This line includes clothing, tattoo patches, coffee mugs, belt buckles, infant wear ND memorabilia. Most would think that this company must spend a significant portion of their revenue on advertising.

The opposite is true, in 1995 the company generated \$1. 3 billion in revenue while spending less than \$2 million on advertising costs. “ Word of mouth” is their main form of advertising. Company executives feel that their customers are their sales force, after all, satisfied customers are the better than advertising. Harley- Davidson is in a unique marketing situation because they are not selling transportation; they are selling a lifestyle. Customers routinely wait between six and eighteen months for delivery of a new model. That type of product loyalty is hard to find and not easily developed.

The waiting list for a new Harley-Davidson is now more than a year, and used bikes are more expensive today than when they were new. How can this possibly be true when new cars depreciate quicker than you can make the

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payment? The reason is the supply-to-demand ratio and Harley-Davidson has mastered this ratio. Although they produced more than 300, 000 bikes last year, demand is still on their side. Many new customers look at purchasing a Harley as an investment that you can enjoy on a daily basis. The first turning point for the company was when they changed the engines back in 1984.

The second was when the “ baby boomers” hit their mid-life allows the company to achieve higher profitability, and it also helps protect the investment for previous buyers. Women are the last great frontier for this company and they are beginning to focus more on that segment of the market. They have begun to place advertisements in women’s magazines in an attempt to change the company’s image to a more family- oriented one. They have also begun to make engineering changes to some of the models. Some of the new bikes will have smaller handlebar grips, an easier pulling latch, and lower seats. Riders Edge” is a program at Harley dealerships providing riders’ education classes to help novices learn to ride and get licensed. Technology upgrades such as liquid-cooled, high-powered, engines and lightweight materials will make bikes more powerful, but also less difficult to handle. All of these changes are being implemented to encourage women to purchase their own bikes as opposed to simply being passengers. Customers can sense that the Harley-Davidson employees care about them and their concerns. The company takes this responsibility so seriously that they developed a sit of “ core values”.