

# Case study harley davidson

Business



SIT Inventory – “ lean production” allowed for product diversification, drastically cut “ throughput time,” and provided for job enrichment amongst employees 2.

EI – decentralized operations and communication lines 3. SOC – helped detect defects early on In the manufacturing process 4. Supplier Relations ? “ preferred suppliers” and long-term contracts 5. Labor Relations – “ close cooperation” 6. Marketing – expanded product line and created H.

O. G. 7. Dealer Relations – store remodels 8. Tariff Protection – TIC and government help with Japanese imports

Strengths Domestic International market share High brand affinity/loyalty and image HOGS Product quality Broad product service portfolio Complementary merchandise to continually offer riders Rider events get-together create family camaraderie Weaknesses Opportunities Women younger market, especially Europe Continually improve parts Greener, more fuel-efficient motorcycles New launches Difficulty gaining in European countries Dependence domestic Heavy-weight are less environmentally friendly modes of transportation Threats Average buying age is increasing Some competitors have larger financial marketing resources diversified Environmental protection laws Market saturation Porter’s 5 Forces Model Rivalry Among Excellent Harms 4 major competitors in heavy-weight motorcycle segment: Harley Davidson, Yamaha, Suzuki, and Honda Some of the other competitors have more financial and marketing resources However, Harley Division’s help from the TIC and government allowed them to catch up to their competitors and gain some ground in market share

Threat of New Entrants Very high entry barrier – requires high capital investment and is a mature industry Low economies of scale Some small scale motorcycle producers play in the industry, but they are not a threat of the major competitors Threat of Substitutes Cars, sports bikes, and scooter bikes are main substitutes Harley is a luxury vehicle, so there are few close substitutes for this heavy-weight motorcycle Power of Suppliers Steel, basic electric equipment, and shipping of the final motorcycles are the needs of Harley Davidson from its suppliers “ Preferred suppliers” strategy decreased the number of suppliers Harley Davidson worked with and increased the quality of the suppliers as well; these long-term contracts protected Harley Davidson from supplier price increases and also created a trust between them and their preferred suppliers because the suppliers generated a lot more profit as well Power of Customers Need consumers to buy in order to make money.

Since Harley Davidson market is aging, they must attract new markets and make new brand loyal riders Each Harley Davidson purchase is by an individual, so though one person will not significantly affect the financial earnings of the company, it is important to sell the individual experience to each customer in order that Harley Davidson can reach more markets and combine these sales to create financial growth Challenges for James Simmer 1 . Increasing labor costs – labor agreement with two-tier strategy created wide wage gap Detente veterans And new employees, mainly will undoubtedly lead to cost savings 2. Limited customer base – median age of Harley Davidson buyers is 47 in 2007; must attract new market of women and younger consumers to revitalize the consumer base for Harley Davidson

motorcycles 3. Mature markets – market saturation, especially in domestic sales, is huge concern. Foreign sales will be paramount to the success of Harley Davidson, as growth in other countries is expanding rapidly