

Swot analysis of harley davidson inc marketing essay



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In this project we are given the role of marketing consultant for Harley Davidson and we are asked to launch and introduce Harley Davidson products in the UK market by identifying 2 market segments. We will use different marketing techniques to market, position and launch the products. Segmentation process will be used to create subgroups of customers for targeting our branded products. External & internal environment analysis will be done to build the base for the project and develop understanding.

Harley Davidson

The company was established during 1907 by two automotive enthusiasts and childhood friends William Harley and Arthur Davidson. They made their first design as early as 1901 and entered into commercial business since 1905. The company launched its first model in 1905 and by 1907 formally launched the company by the name of Harley Davidson. The company took giant strides in production and development of motorcycles and by 1920 they became largest motorcycle manufacturers in the world (Harley Davidson, 2013).

Over the years the company has survived many economic downturns and has maintained its unique image and reputation among its loyal customers around the world. The company is famous for customization offered and its heavy chopper style bikes and accessories. The company only manufactures bikes for 750 cc and above. Total revenues for the year 2012 were around £ 3.4 billion (Harley Davidson, 2013).

Micro-Environment

Here we will discuss micro factors in which company is operating in this particular country.

Market Environment (Customers & Competitors)

Customers in UK market are very diverse in the context of culture, religion, ethnicity, social, life style, buying pattern, age groups and behavioral aspects. For Harley-Davidson people of all age- groups are its potential customers because UK is a highly individualistic society as stated by (Hofstede, 1980). Competitors of Harley-Davidson include Honda, Suzuki, and Kawasaki etc. But due to rapidly changing technological factors and advancements rivalry also fluctuates each year. According to Ash, (2012) in UK currently there are three competitors of Harley i. e. Triumph Speed-Master, Ducati Monster and Victory Vegas.

Market Environment (Suppliers & Intermediaries)

Harley-Davidson UK has its own dealership and supplier network which they operate and manage via their website and HD University. H-denet. com is a secure and state-of- the art website developed by Harley-Davidson UK for dealers to access (Harley-Davidson UK, 2013). The official network of dealers in UK also acts as intermediaries for Harley-Davidson and they don't use any separate retailers in the market for their products and services. This factor makes it easy for the company to sustain an efficient system of marketing distribution channels (Czinkota & Ronkainen, 2010).

Macro Environment

PESTLE Analysis

Here we will discuss the macro-factors of the country in which organization is operating.

Political

UK is also a permanent member of UN Security Council, G8 and EU. To reduce the fiscal deficit David Cameron has taken healthy measure, such as a 24% reduction to the department for sport, media and culture (Datamonitor, 2011). The positive aspect regarding motorbike industry in UK is that the collection of tax revenue from this industry is upto 1 billion pounds (Intel, 2012).

Economic & Environmental

In the EU United Kingdom is the 2nd largest economy and is one of the strongest in the context of outward and inward foreign investment, inflation, interest rates, unemployment, standards of living and social living. So, economically the UK is a strong and safe country especially with the fact that their government is also serious about banking and financial sector performance of the country (Datamonitor, 2011). In the UK command and control principle is the basis of traditional environmental policy, whereby certain standards or quotas are given to possible polluters to fulfill and careful monitoring is then done by authorities and they deal strictly with any infringements such as EPA system (Environmental Agency, 2013).

Social

The living standard of the UK residents is quite high, such as, the system of healthcare and education delivery, child poverty and income inequality factors (Datamonitor, 2011). Culturally the UK is highly individualist society with low power distance, low uncertainty avoidance and highly masculine society (Hofstede Index, 2013)

Technological

The UK has government level focus in R&D sector and similarly motorbike brands such as Yamaha and Honda are roping in innovation in their new products which is helping in improved management and fuel optimization (Intel, 2012).

Environment

In the UK command and control principle is the basis of traditional environmental policy, whereby certain standards or quotas are given to possible polluters to fulfill and careful monitoring is then done by authorities and they deal strictly with any infringements such as EPA system (Environmental Agency, 2013).

Legal

New regulations about driving license i. e. implementation of 3rd License has put a new set of laws for motorcycle drivers creating more limitations for the people. 17 years of age has been set minimum for driving a motorcycle as per the regulation of the UK Government, (2013).

Competitors Analysis (Harley Davidson)

The UK scooter and motorcycle industry has been dominated for a long time by Japanese brands Yamaha & Honda and currently around 3 out of 10 sales are from these two brands for new scooters and motorcycles making them strong competitors of Harley Davidson in the UK market (Mintel, 2012). The other competitors of HD are Suzuki, BMW and Ducati. The biggest market share is of Honda in the market with total market share of 39% (Mintel, 2012)

Honda

Honda has been the market leader in the motorcycle industry of the UK for many years now by bringing in innovative models and technology through its products and has been able to sustain its position successfully (Mintel, 2012).

Yamaha Motorbikes

Yamaha has been the second largest motorcycle brand in the UK in terms of market share and they have been giving tough competitor to Honda as well throughout last 5 years (Mintel, 2012). We will see statistical comparisons of these brands in the UK market to authenticate our arguments and will include recent and past year's data about the market share of these brands in the UK motorcycle & Scooter market:

Last 2 Years

Brand shares of the UK motorcycle and scooter market, by number of new registrations, 2011 and 2012. Source (Intel, (2012))

2011

2012 *

%Point Change 2011/12

No.

%

No.

%

Honda

14, 639

15. 6

13, 573

17. 3

Yamaha

11, 133

11. 9

9, 228

11. 8

Triumph

7, 854

8. 4

6, 479

8. 3

PVG Group

8, 434

9

6, 251

8

Llexeter

4, 452

4. 7

4, 937

6. 3

BMW

5, 920

6. 3

4, 824

6. 2

Last 5 Years

Brand shares of the UK motorcycle and scooter market, by number of new registrations, 2007-11. Source (Intel, 2012)

2007

2009

2011

% point change 2007-11

No.

%

No.

%

No.

%

Honda

22, 164

15. 3

15, 671

14. 1

14, 639

15. 6

-34

Yamaha

17, 380

12

18, 415

16. 5

11, 133

11. 9

-35. 9

Triumph

6, 333

4. 4

7, 450

6. 7

7, 854

8. 4

24

BMW

5, 100

3. 5

5, 973

5. 4

5, 920

6. 3

16. 1

Suzuki

18, 665

12. 9

11, 271

10. 1

5, 260

5. 6

-71. 8

Piaggio

16, 990

11. 8

6, 548

5. 9

5, 216

5. 6

-69. 3

These comparisons show that Honda and Yamaha have captured the major market share in the UK and posing serious threats & competition for Harley Davidson as well.

Harley Davidson Market Share

In 2004 its combined market share was 9% only and intense competition was posed against Harley by other competitors in the market. Harley Davidson has the eighth largest market share in UK behind Japanese giants Suzuki and market leader Honda etc. It is interesting to know here that in 2005 Honda's market share dropped and the following year market share of Harley Davidson increased by 4. 6% (Intel, 2006).

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SWOT Analysis of Harley Davidson Inc.

This is a planning tool which is used for understanding the threats, opportunities, weaknesses and strengths that are involved in a business or project (CIPD, 2010).

Strength

Customized bikes

Luxury brand reputation

Strong customer base and years of existing in the market

The brand name & image of Harley-Davidson.

A strong research & development (Harley-Davidson Inc, 2012).

Weakness

Sale of Company in the UK are encouraging.

Geographic concentration is vulnerable to risks (Mcbee, 2011)

Non-fuel efficient bikes

Opportunity

Differentiation and innovation of HD.

Rising interest of UK youth in motorbikes (Tim, 2012). Male 4% and Female 6% (Intel, 2012).

Move into other markets using brand image of company such as apparel fashion clothing.

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Threats

Stringent emission standards in UK (Harley-Davidson Inc, 2012).

Overall usage of Bikes in UK is very low compared to UK

Strong competition

TOWS Matrix of Harley-Davidson

SO Strategies

ST Strategies

By introducing new models of motorcycles in UK considering the cultural & technological trends in UK will help in capturing the market share.

Target female and younger generation because they are getting attracted to this segment which can help in expanding and sustaining the UK market.

Harley-Davidson is a legacy for US police officers that they can continue in UK as well (Harley-Davidson, 2013).

Use manufacturing investment in UK and develop a strong dealership network for managing cost & gripping the market.

Customer loyalty in European countries especially UK can be a potential threat because Harley-Davidson is yet to obtain loyalty here. To gain that loyalty in UK via their quality services and innovation will get them their traditional strength and diminish potential threat especially quality customer services which is most considered by UK people & companies (Jenkinson, Sain 2009).

WO Strategies

WT Strategies

Average buying age of Harley-Davidson's customers is still increasing which is becoming a weakness and luxury motorcycles of the company restrain majority of younger population to buy it. The dominant segment of customers were baby boomers who are ageing out and the company needs to specifically focus on their R&D for younger segment of UK e. g. light weight motorcycles or scooters is one strategy to attract younger customers.

Harley-Davidson has never been into traditional advertising & promotional activities and have relied more on word of mouth, but few of their competitors have large marketing and financial resources (DeliKase, 2009). Use of tradition marketing & advertising methods in UK market is essential to cancel out the diversification factor.

Motorcycle noise standards of European Unions are stricter than those used in US which can be a potential threat & weakness which the company has to consider.

Porters' Five Forces Model

Micheal Porter has given this model which provides an in depth analysis for companies to help them in their strategic and marketing decision making (Hollensen, Svend 2011).

Internal Rivalry

Honda and Yamaha have entered the segment of heavy weight bikes and are rivals of Harley-Davidson. They have a competitive advantage over Harley-Davidson in the form of low prices (Rutter, 2013).

Threat of New Entrants

Motor industry is very vast and huge in terms of its product range, market & investment, so new entrant threat is something which HD should not worry about.

Bargaining Power of Suppliers & Customers

Harley-Davidson relies heavily on a single supplier for some of its raw material but, raw material is for customized bikes and there are fewer producers in the market making it minimal factor. Harley-Davidson has the brand name & image of world's most valuable brand with iconic status (BBC, 2010). But still, the price range of HD can affect the buying power of customers.

Threat of Substitution

This factor is high for HD with the introduction of innovative, cost effective and stylish Japanese brands in the market.

Market Identification

We have identified 2 target markets based on the cultural, social, economic and other factors. In depth discussion and analysis on the identified markets is as follows:

First Target Market (Segmentation)

According to Keller & Kotler, (2012) segmentation refers to a strategy using which we can create a subgroup having similar product requirements by dividing the whole relevant market of the product. First target consumer market that we have chosen will be younger generation ranging from age 8 to 15 (Male) and this is mainly due to the reason that for Harley Davidson baby boomers who are basic market segment have gone aged now and the company is in need of customers who can persist for a longer period of time and the company need to utilize its brand image to attract such customers.

Demographic Segmentation

This particular type of segmentation refers to the division of market on the basis of variables that comes under demographic aspect i. e. education, occupation, income, life cycle, family size, socio- economic group, sex and age etc. According to Armstrong & Kotler, (2010) this type of segmentation is most wide used and popular for distinguishing customer groups mainly due to the simplicity with which users can collect this sort of data. Variables of demographic segmentations in the HD's context are discussed below:

Age & Gender

In the new customer segments, young adults were identified as most prominent segments for Scotty as per the reports stated by (Intel, 2012). We are specifically targeting male customers in this market segment with age from 8-15 years because in this age group male customers are more vulnerable to be attracted for Scotty. The kids in this age range likes to ride and have the tendency towards sport activities which makes them potential

customers. Majority of kids in this market segment are school going and now scooters are used as mode of transport and allowed in schools making it more attractive product and J. Fraser of NDP Group stated that for those who cannot drive bikes this is a fun way of transport, safer than bikes and stable (Doward, 2011).

Income

Income range of these customers will be around 1000 pounds and being students parents can only afford to spend that much of money and mostly they belongs to middle class with educational level upto middle as well. It means they can easily afford to spend on Scotty of Harley Davidson which will not cost much due to its average prices as a product.

Behavioral & Social Factor

Behaviorally these customers see benefits in brands because their friends are using it and children use toys on regular basis which later on turns into heavy usage and this segment belongs to middle social class. They purchase mostly on different occasions such as Christmas, Easter and other national events or festivals and they value reliability the most i. e. my friend is using that's why it is reliable, whereas, they are not brand conscious and not loyal as well because they are using brand for the first time. Socially this particular segment has high need of kid scooters because of the school going kids and sports activities of male kids in UK (Intel, 2012).

Psychographic Segmentation

According to Keller & Kotler, (2012) values of the consumers, personality and psychological traits are few segments on the basis of which consumers are

divided in this market segment. Psychographic variables of this segment show that they are family oriented and socially conscious customers i. e. wants to buy for the child due to social pressure and competition and the interests of kids in sports activities. They possess average brand opinion and have various alternative options because they don't use brands quite often and mostly they are first time buyers. Their lifestyle is family oriented and they prefer brands that are beneficial for the kids in a reliable way and popular in their social circle of friends & peers. According to Datamonitor, (2011) middle class population of UK is increasingly using brands when it comes to their kids and children.

Product Positioning

Here we will try to create a particular image of our brand & product in the minds of the customers by positioning the Harley Davidson product accordingly. We will use perceptual mapping in this regard which will help us in identifying the exact position of our product in the perception or mind of the consumers i. e. by illustrating consumer favorites and competitor brands or products which is as follows:

Expensive

Ben

Zinc

Razor

Razor

Y. Vol

Razor Appealing Designs Reliability

Zinc

Zinc

Sporty

There are various brands available in the UK that is providing kids scooters but few brands have been able to perform better. We have taken 4 dimensions that are appropriate with scooters for kids brands i. e. designs, quality, reliability and sporty. When consumer identification was viewed it was clear that consumers view Razor, Zinc and Yvolution as reliable and sporty brands. Whereas, consumers view Razor and Zinc as sporty and cool in designs and they view Razor, Zinc and Ben as expensive and cool in designs. Harley Davidson should develop their new product for this specific market by focusing on attractive and modern designs of Scotty and use of bright color combinations that are elegant & sporty as well and avoid heavyweight Scotty's because this segment customers will prefer lighter weight Scotty due to their age and usage factor. These factors will play key role in attracting customers of this segment.

To communicate and make people aware about the uniqueness and arrival of the brand in a new way i. e. using a new tag line will be effective. For example, creating a tag line which will attract the younger generation male such as “ play smart, look smart, use smart: Harley Davidson Smart Rides”.

We have to hit hard on the hearts & mind of our target market segment with <https://assignbuster.com/swot-analysis-of-harley-davidson-inc-marketing-essay/>

such tag line which will make HD alive and revive because once we are able to enter this market segment with few sales it will be easy to continue. Adopt traditional ways of advertising and promotion e. g. hires a brand ambassador while launching new models and designs. Sports person like Andy Murray is the best possible brand ambassador who can lift the brand name & image in UK market because currently he is the most popular sports player among our target market segment i. e. younger generation males. On top of this Wimbledon Championship is coming up in few months time in the UK which will create “ putting icing on the cake” impact of our brand.

Marketing Objectives of Segment1

Here we will state some marketing objectives for this segment that we want to achieve with these marketing strategies and we have to make sure that the objectives are realistic and measurable. We have outlined a 3-year marketing plan below for Harley Davidson:

To raise the market share by 1. 5% in first years, 2% in the second year and 2. 5% in the third year i. e. in total 6% increase in the market share for the company and we will do so by developing brand equity and brand image in the country.

Our main weapon will be to produce unique and innovative products especially designed for this target market segment so that we can achieve a respected and emerging position in this market. We want our sales to increase 5% each following year i. e. for three years.

We all know that customer service is of supreme important in this country where we see please & thank you used frequently and it is a strong culture in <https://assignbuster.com/swot-analysis-of-harley-davidson-inc-marketing-essay/>

the UK. By considering this, we will launch a strong customer relationship management system through which customers can interact with the company regarding any issue and query anytime and feel being valued.

To achieve status of market leader in this specific UK market of Scotty in the next 3 years by basing on our marketing, CSR, innovative and consistent strategies focusing on the lifestyles of the customers of target segments.

To achieve an increase in sale progressively i. e. doubling the sales ratio for each coming year by utilizing innovative marketing techniques and fulfilling customer's precise needs through innovation and differentiation.

Marketing Mix for Segment 1

Product

For this segment we have to market such product which meets the requirements, demands, trends lifestyle and tastes of the customers. For this we will have to keep few things in mind e. g. Scotty is in trend recently and its use is vast because it fulfills the need of this segment. Using combination of 2 colors for one model i. e. blue & black, then using multi-colors for one model i. e. yellow, orange and brown will attract the kids and will show variety & uniqueness as well. We have to keep mini micro- scooters' popularity in mind which according to (BBC, 2012) has risen in last 2 years i. e. we have to keep separate designs, models, color combinations, features and reliability for different age groups such as 8-10 years, 11-13 years and then 14-15 years of consumers. This will allow us to make a positive impact and satisfy needs of this segment adequately. This year we will launch color combination of 2, in 2nd year multiple color combinations will be launched

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and in 3rd year new additions in previous model color combinations. At the same time we have to make different sizes of the models as well to make sure that all the age group segment benefits and use our products.

Price

Pricing factors have to consider very precisely because other brands in the market are not expensive and since Scotty is a new product by Harley Davidson for specific market segment and people have made up their mind regarding price by looking at other brands. A new pricing criteria is needed for this segment because we will be targeting this segment majorly in our marketing strategies and as (Schembri, 2009) stated that premium prices are offered by HD for its products. In addition the current consumer market of scooters in UK is price sensitive and we have to forgo our pricing strategy that we use for our other products. We have to adopt cost- based pricing for this segment as we have to keep in mind the purchasing power of the customers and they will be new customers plus we have to look at 3 years strategy by competing with strong competitors. So, initially competitive prices should be offered that are not more than what competitors are offering and once the customers has admired the brand product and accepted, then we can think about increasing slightly when the risk will be minimum.

Place

Social media and company's own website will be effective sources of distribution apart from company's own dealership network in the country.

Social media is important because it plays a fast and effective role in today's world for communicating and distributing products and services in a cost

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effective way. Facebook pages and twitter accounts will be used to let the dotcom generation know about the HD products and the company's own website will be modified with information about the new and upcoming products and their features. According to Ofcom, (2012), over 80% of the UK population today uses social media for different purposes which show the potential in this source. The website of the company will also allow the customers to locate the official dealers countrywide and to interact with them about gathering information and queries. In addition, the company should add 5-10 more dealers in major cities of the country to cover maximum number of customers.

Promotion

Creating a super hero logo to be used on all models of scooters will be a great way to promote the brand i. e. just like Spiderman & batman we will design our own super hero logo which will attract young kids. In addition hiring a brand ambassador for this product line will be positive such as; Andy Murray will be the best possible person for this role because he is very popular among younger generation. Public appearances of Andy in few events will provide great advertising benefits to the company or in few competitions of kids about riding scooters. Developing an android application or game about the new products of HD by using the super hero logo that drives scooters of HD and it will also produce high results because almost 85% of the UK population uses mobile phones and with the inclusion of smart phones advertising has become more effective, efficient and long lasting.

Market Identification (Second Target Market)

Segmentation

This market that we have targeted by segmenting and creating subgroup of customers consists of females with age range 21- 40 years. We will be launching Women Bikes that are lighter and trendier than Bikes for Males and it will be brand extension of Harley Davidson. According to Mintel, 2012 survey women appears a more promising segment for Motorbikes as about 6% of the women desire to keep a motorcycle.

Demographic Segmentation

For identifying the potential customers segment this segmentation includes age, gender, income and similar other variables. We have chosen this segment because females with such attributes like to use branded products for their routine life and are adventurous and sports frenzy.

Income, Age & Gender

This segment includes females that are doing white collar job and earning more than £ 30, 000 annually or their families who support them are extremely well off. The age range for these consumers is from 21 to 40 years and their purchase power is also healthy making them attractive segment for HD. The disposable income available to this segment is very high and they are in a better position to make their own decision.

This age women are also looking to breakaway and our particular segment is going away from families to study and looking to enter new exciting phase in their lives, which makes them positive potential customers of our product.

The size of this segment is also very high according to statistics by Mintel,

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2012 total number of females falling under this category is 35% of total female population in UK. Similarly of total population UK under 21 – 40 years total female is about 49%.

These women fall under the distinct lifecycle category and more attracted towards brand. They want to be associated with fashion and want to wear and look for style of life that is based on branded and stylish products. Our target market for this category is women that are falling under upper middle and upper income level and share the same lifestyle characteristics that are also followed by global Harley Davidson followers and brand persons.

According to report of Mintel, 2012 women during the age 30 to 40 and single look to develop hobbies which make them distinctive, using a Harley Davidson bike will be the ideal opportunity and best segment to utilize this window.

Behavioral Segmentation

Behaviorally females of this market segment are brand conscious, fashionable and likes to be fit & healthy and takes interest in sporting activities and they are free-will with power to purchase and identify brands according to their needs and demands, depend on niche market & buy brands as status symbol.

This segment is looking for comfort, status and reputation from the brand. They look for niche products and always are attracted with products which are not common. They are extremely brand loyal and once their trust is established it is very difficult to detract them from their brand of choice.

They are very loyal followers of brand and will look to keep associated with

brand in all areas meaning that not only they will be interested in the core product but they will be buying all the brand extensions. This can allow Harley to develop to develop trendy helmets, jackets and other accessories.

Psychographic Segmentation

This segment customer's value uniqueness, innovation and luxurious brands in the market, they look to satisfy their mind by purchasing such products and they are returning customers as well who gets excited by the brand image & symbol. Distinctive lifestyle is what they seek and carry with a high social class which matches with the brand position of Harley Davidson.

Brand Positioning & Perceptual Mapping

Simple Design

Kawasaki

Expensive Suzuki Affordability

Honda

Ducati

Harley Davidson

Fashionable

In this perceptual map we have used variables such as affordability, fashionable designs, affordability of brands and expensiveness. From the perceptual Map it can be seen that Honda ranks high in terms of affordability and fashion, the motorcycle is a perfect combination of medium range

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design and pricing. Ducate appears to be the most expensive, however the fashionable is not high and Honda sportster brand ranks high in fashion and is also less expensive than Ducati. If customers looking for luxury and fashionable motorcycle than Harley Davidson Sportsterr brand appear to be the best choice, while consumers going for cheaper alternatives will look for either Suzuki or Honda. Kawasaki is admired for its better mieage and efficiency these factors are not rated high among choices for females.

Marketing Objectives for Segment 2

Objectives for this segment are different because of both age and gender difference. SMART technique will be sued for this segment marketing objectives.

Being Specific: This market is very lucrative due to which we have to achieve an overall market share of 15% within first 12 months of the launch has to be identified. The introduction of Sportster women version will be done on grand scale and break even is expected to be achieved by year three.

Being Measureable: Measuring the costs of production and whole marketing process and other transportation costs for reaching a set target that we need to match by making our sales. We have 12 months of time to reach that target and show our performance.

Being Ac