

Harley swot analysis



**ASSIGN
BUSTER**

Harley-Davidson has become a household name in the United States and is a brand that has acquired an almost mystical power (Austin, Sole, Cotteleer, 2). The Harley-Davidson motorcycle business has been around for 95 years and to this day, people will still wait up to two years for their turn at receiving their own Harley. The demographic of Harley-Davidson customers ranges from “riders in their forties with grown child no longer at home to young, reckless and ‘born to be wild’ (Austin, Sole, Cotteleer, 2).” The Harley-Davidson Motor Company was formed in 1903 by William Harley and Arthur Davidson when they began experimenting on “taking the work out of bicycling (Austin, Sole, Cotteleer, 1).” In 1920, the company became the largest motorcycle manufacturer in the world.

Harley-Davidson is looking to purchase a software that their customers can easily use whenever they would like to purchase something from the company. This case study shows how the company went about finding different companies, researching them to fit their needs and interviewing and finalizing the company that will be creating their software. Different members of the staff at Harley-Davidson took their time out of their jobs to start on this expedition to ensure everything works out well for the company. Garry Berryman came to Harley-Davidson in 1995 and turned the purchasing organization around. Purchased parts of the company was 55 to 60%. His motto was “if the purchasing organization could initially influence cost, everything else would follow in terms of the internal support needed to change the way the company interacted with its supplier community (Austin, Sole, Cotteleer, 3 & 4).”

With Berryman at the top, the Supply Management Strategy (SMS) was created. The goal of this, stated on page 4, was “ to ensure that Harley-Davidson is provided with the right product, at the right time, with the best quality, for the lowest possible cost.” This strategy was used to determine which suppliers were fit for the company.

Supplier Information Link (SiL’K) became a team of individuals from the company who tried to move from “ strategy to action” to define the requirements and capabilities necessary to realize strategic vision (Austin, Sole, Cotteleer, 6). The team met 3 to 4 days a month between November 1997 and April 1998 (Austin, Sole, Cotteleer, 6). They found two activities: mapping the “ as is” procurement process and conducting a stakeholder survey.

Three companies were chosen and looked at by the members of the SiL’K team. By the end, no specific company was chosen and the thoughts of a supplier was still a hope for the company. Most staff wondering if their approaches were too harsh or need to be more company based.

SWOT Analysis Strengths: According to the GlobalData, Harley-Davidson, Inc. S. W. O. T analysis, Harley-Davidson has numerous key strengths that help them successfully compete in their industry. Throughout the years, Harley-Davidson has managed to grow into one of the most well recognized brands in the world. GlobalData states, “ The company (Harley-Davidson) has established a strong brand image since its inception, as its brand is regarded as one of the world’s most valuable brands.” In return, Harley Davidson has developed a very loyal customer base. The traditional Harley-Davidson is

known for being durable, attractive, classic, and a high quality product, attracting riders all over the country.

Many of these riders pride themselves on being part of the “Harley Family”, with the “over a million brothers and sisters bound by the passion to ride” mentality (Harley-Davidson.com). Harley-Davidson also has a very wide ranged product offering. “The company offers a broad array of products in the motorcycle segment to cater to the various needs of its customer base (GlobalData).” On the company website, customers have the ability to “create” their ideal bike by choosing from thousands of customization options. Harley-Davidson also offers “motorcycle parts, accessories, general merchandise and related services.”

Weaknesses: Harley-Davidson mainly focuses on doing business in the US market. During 2009, Harley-Davidson generated more than half of its revenue (67.9%) from the United States. (The remainder revenue was from Europe (16.3%), Japan (6%), Canada (4.1%), Australia (3.2%), and rest of the world (2.5%). The high dependence on the U.S. market has proven to be a great weakness (since 2008) for Harley-Davidson due to the poor economic condition of the US (GlobalData). Another problem Harley Davidson has recently developed is a declining market.

For many years, Harley Davidson’s target market was the baby boomers. Harley's core customer is a middle-aged white American male, a group that will contract in the coming decade. As one blogger wrote, "The 60-70-year old riders have trouble lifting a leg over the seat because of arthritis. And finger joints hurt with the cold air and engine vibration." Women represent

just 11% of Harley buyers, and penetration in the African-American and Hispanic markets is similarly limited (Taylor, Alex). (Will Go more into detail...)

Opportunities:

Harley-Davidson currently possesses the largest motorcycle market in the world (fundinguniverse. com, 1). This is also due in part to the European market which has the highest demand for the bikes. Internationally, the heavyweight market has grown larger than that in the United States and has had an increasing market share in Asia as well for the past few years.

Another opportunity for Harley-Davidson is the expansion into the younger market segment as well as women riders. Harley-Davidson currently offers a webpage dedicated to diversification and even allows customers to customize their bikes to a certain extent.

These are both growing opportunities as interest in motorcycles continues to grow among them. Finally, there is a huge increase in the demand for motorcycles in the United States due in part to the ever-rising prices of gasoline. The positive reputation that Harley-Davidson has built themselves as far as quality and services gives them an edge in the competition among the market to fulfill the American craving for this gas-efficient alternative.

Threats: Although women and younger riders have peaked interest in Harley-Davidson's, the average buying age remains to be around 40 years old and is actually increasing (harley-davidson. com). The capacity limits that Harley has also pose as a threat to the success of the company as it has even

caused shortages which resulted in a market share loss in the United States in the past few years.

The iconic American motorcycle's signature rumble also poses as a threat to the company. European noise standards are much more strict than those of the United States (although certain domestic areas such as Falmouth, MA and parts of New Hampshire are also adopting noise laws) which Harley's rumble is too loud to pass and therefore limits their sales ability. Finally, with the rise of the “ green” movement, environmental laws could also pose as a threat to the motorcycle company.