

Business and market overview of harley davidson



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Harley-Davidson celebrated its 100th year's success on August 31, 2003. H-D is considered as one of the largest in manufacturing of motorcycles in the world. 2001 was the year when H-D was awarded as the Company of the year for best performance in Earnings and growth in sales, and also for substantial performance in finance. The following year is also marked as the company of the year for its everlasting growth in net income and revenue. Apart from selling motorcycles on the name of Buell named brand and H-D, the company started the market for accessories, spare parts for a product and universal trade.

Source: <http://www.icmrindia.org/casestudies/catalogue/Marketing1/Harley%20Davidson.htm>

Company background

The Harley-Davidson motorcycle's era was began in Milwaukee Wisconsin in 1903. In Milwaukee, one-cylinder motorcycle was developed by Bill Harley and Arthur Walter Davidson. Gasoline engine was built up and one-cylinder motor was brought in. The first motorcycle introduced was Indians in 1901 and followed by Mitschell, Merkel and Yale in 1903.

One-cylinder gasoline combustion engine was powered for this motorcycle which was initially built for racing.

Bill Harley and Arthur Walter Davidson built up a one-cylinder motorcycle in 1903 in Milwaukee. One-cylinder motorcycle was a dependable and also a lovely cycle. And ... someone bought it! They had built 11 motorcycles in

1905 and which grew to 154 in 1908 and they owned a company, in a little wooden barn, and Davidson's father constructed the wooden barn.

The small company expanded rapidly and William from the Davidson family joined them. In a very short span of time 20 employees were hired in a particularly build stone-factory.

The first 1000cc V-Twin project was drawn by Bill Harley in 1909. V-Twin produced a lowly seven horsepower. The 45-degree V-Twin became one of the perceptible images for the Harley-Davidson motorcycle. It's hard to believe that V-twin was invented by Harley-Davidson but still it stayed with Harley-Davidson for ages!!

"Bar and Shield" emblem was laid on their motorcycles and that worked as the legendary from 1910. This became the determining symbol for Harley-Davidson till date. Harley-Davidson began more and more recognised by winning races in the first place and gave endurance contests and reaching the great position.

In 1911 "F-head" engine came into markets. When the "Flathead" engine was innovated, this was viewed as a power workhorse until 1929.

Harley Davidson owns up 62 % of the market of motorcycles with 850 CC or more in America, these days!!

Harley is a brand which act as a fun stuff for the niche sector, this sector does not believe in age and appearance when compared with money. This brand gives tantalising effect for the loyal followers of the brand who increased the sales even after the hype is over.

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'Harley Davidson' the brand describes arrogance, massive and cool cycle. It is one and the only one which is incomparable with riding any other bike. But, Harley is still not the fastest and manageable cycle.

Page: <http://www.powerpassion.nl/harley/story-engels.html>

<http://www.slashdoc.com/documents/34374>

Macro Economics:-

P. E. S. T Analysis:

PEST analysis describes about "Political, Economical, Social, and Technological factors". These factors affect the external environment or macro-environment and can be considered for enforcing any Marketing strategy as well as strategic management.

Political: Every marketplace as government Laws like, pollution control, work surroundings and discharge of plant. For betterment of the company's reputation, it's legal and financial rebound Harley-Davidson company required the awareness of the safety and environmental standards to be followed. "Saving the planet" and "Looking at the impact of business moves on environment" are the rules and responsibilities for the Harley-Davidson. Loud noise made by Harley engines are also taken into consideration for governing the motor noise emissions which was quiet natural point for its owners.

After the occurrence of 11th September 2001 event, American people started showing the increasing patriotism towards its country. Most of the

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American people have seen Harley as one of the most important U. S. representative brands and continuously winning the hearts of Americans.

Economical: Harley expanded itself in European countries and opened its market since May 2004 because of the EU enlargement. It was waiting for this moment from long time and could not spread the market in Europe due to economic and political influence. On the other hand, sales revenue from European trade is considered as low because of the decrease in the dollar value compared to Euro. Harley-Davidson feels this as a positive sign because decrease in dollar may attract customers to buy Harley motorcycles and also could increase much more sales in Europe.

Social: In the sector we can look up to two important social factors of Harley-Davidson. First, Harley-Davidson customers adapt only one culture which was formed by H-D, even though they belong to various cultures. Secondly, the female Harley-Davidson customers have tremendously increased from 7% to more than 15% from the year 1997 to 2003.

Technology: One of the advantageous divisions for any company is Technology. More the technology implies in more rise in consumer outlooks. To check the organization is following good quality Harley started an Enterprise Quality Plan.

Micro Economics:-

S. W. O. T Analysis:

SWOT analysis describes about “ Strengths, Weaknesses, Opportunities, and Threats”. These factors affect the internal environment or micro-environment

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and these analyses help the organization to determine to take over the opportunities and check the threats.

Strengths:

The Brand name of “ Harley Davidson “ is the most biggest and primary strength of Harley Davidson. The image of the Name “ Harley Davidson Created a big and commercial Impact on the various forms of target groups.

Usage of Demo drives, Bike riding promotion was the primary method to get closer to the target audience, and influence the people by the concept of word of mouth was the primary focus of the marketing strengths of Harley Davidson.

The Image of the Bike in the market, the brand identity of the bike in the market, the reputation of the bike, spoke more for its brand.

Seeing the Image of the Brand and the Market that Harley Davidson had the primary Customers were also loyal to the brand, and they proved them loyalty by influencing other potential customers towards the brand.

The Owners of the Brand as a matter of fact tried to improvise the brand and concentrate on providing good support to potential customers by offering a good service on the brand.

Hence customer retention was the primary focus of Harley Davidson.

Weaknesses:

One of the Major Drawback of Harley Davidson was the declining trend of Harley Davidson ,

Average purchase of the bike was only up to and age of 42 - 43, up to a long period of time , no steady improvement in the age buying category of Harley Davidson Bike , in simple terms Harley Davidson was able to capture only one forms of target group or audience i. e. Between the age group of 38- 43 yrs.

Increase in the level of competition also created downward sales for the Brand.

Introduction of New product brands with new product features also added the sales figures to go on a down fall.

Emerging Brands Have different product lines, whereas Harley Davidson Has only one unique name. Hence the level of completion has become intense for the product brand of Harley Davidson to exist in the market.

Marketing Mix

Product: H-D though initially offered only three basic models in only grey colour it realized that it had to offer more choice to its customers in order to survive. Acquisition of H-D by AMF resulted in less dependable bikes hence forth a loss of reputation as AMF tripled the output with no intention of maintaining the quality. This problem was encountered by H-D by improving the quality adopting employee involvement programmes, statistical controls, V-Twin engine technology, soliciting the customers for suggestions and complaints, improved sales of accessories and all new H-D apparel.

In this case we get to learn the marketing strategies taken up by the makers of Harley - Davidson and the various steps and techniques in promoting the brand identity and the brand image of Harley - Davidson.

Harley Davidson being the best in the brand, had to introduce the product in the market with the help of the advertising media, since the brand was special by the name itself not much of detailed description of the brand was required, Hence the markers of the brand only concentrated on the Identity of the brand, the Tag line of the brand, and the physical image of the brand.

Under this Paragraph we get to learn few important marketing concepts such as:-

1. Brand Identity :- “ Visible elements of a brand (such as colors, design, logotype, name, symbol) that together identify and distinguish the brand in the consumers’ mind”.

Source: (<http://www.businessdictionary.com/definition/brand-identity.html>)

Ex: - Relating to the concept of Harley Davidson the makers of Harley Davidson , did not want to advertise about the brand in a fully fledged manner as the brand had a strong identity already existing in the market .

2. Brand Image: - “ Impression in the consumers’ minds of a brand’s total personality (real and imaginary qualities and shortcomings). Brand image is developed over time through advertising campaigns with a consistent theme”. See also corporate image.

Source: (<http://hubpages.com/hub/Management-Tutorial-Branding-Definition>)

Ex:-In the present case of Harley Davidson we get to know from the lines “ keep the identity and keep the look and sound of the bikes because they are unique”. Since the brand was much familiar and popular an Image or a picture of the brand was already created on the mindset of the people, in simple terms the image of the brand spoke more than the product itself.

Source: (http://www.gccrm.com/eng/content_details.jsp?contentid=2087&jectid=104)

Also in this case we get to learn the various marketing mix elements such as :

sales promotion

advertising

Point of Sales Contact

C: UsersUserDesktopnav Marketing assignmetMarketing_Umbrella. gif

Under the concept of Harley Davidson the Markets used a very formal method of promoting the brand . Since the brand was a high end product not much of promotional activities were used in the marketing of this brand, the name of the brand was sufficient to create an impact on the potential customers.

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Advertising: - As a tool for marketing the product advertising as a medium was introduced to promote the band on a large scale. Usages of Logo T-shirts, Leatherjackets, Distribution of Pamphlets, Demo drives of the bikes were some of the methods used in advertising the product.

Pricing: Competition with for Japanese manufactures to have a stand in the market on light weight motorcycles Japanese manufacturers was difficult, for, they, apart from maintaining low-priced high-quality products, spent more on advertisement. Concentrating only on heavy weight motorcycles by H-D made it easy.

Place: All the dealers were independent through whom the company started selling their products first in 1904, of which the first being CH Lang of Chicago. For successful expansion overseas Harley promoted export growth by publishing their magazine in foreign languages and limiting their production only to two plants in America for quality maintenance.

Promotion: Several strategies were adopted by H-D over the decades like sales to retailers through dealer's promotions, customer events, advertising through television and internet Etc...Activities such as pull and push Strategies were introduced the measure the market audience and the responsiveness of the audience towards the brand.

Two Concepts to be learnt under this method of promotion used by Harley Davidson are :-

Pull Strategies:-Marketing strategy where a new product is heavily advertised before its general distribution, to create a pent up demand which

draws customers into retail shops whenever it is possibly available. See also push promotional strategy.

Source: (<http://www.businessdictionary.com/definition/pull-promotional-strategy.html>)

Push Strategies:- “ Filling the distribution channels with a product on the assumption that consumers will be attracted by the ubiquity and other factors such as price. See pull promotional strategy”.

Source: (<http://www.businessdictionary.com/definition/push-promotional-strategy.html>)

Thus we come to know from the above mentioned case that Harley Davidson Son to promote the product used the Technique of pull strategy to attract its target audience, and promote sales over a short period of time. The brand Harley-Davidson falls in the pull strategies as it always attract and pull in customers to buy its motorcycle rather advertising itself over the media to push its brand towards the customers.

Source: (<http://www.whybike.com/motorcycle262.htm>), (http://www.icmrindia.org/casestudies/catalogue/Marketing/Marketing%20Strategies%20of%20Harley-Davidson-Case%20Studies.htm#The_Marketing_Mix)

Segmentation

Definition: “ The process of splitting customers, or potential customers, in a market into different groups, or segments, within which customers share a similar level of interest in the same or comparable set of needs satisfied by a distinct marketing proposition”.

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Source: (http://www.marketsegmentation.co.uk/segmentation_tmisc.htm)

Under this Paragraph we get to learn few important bases for marketing segmentation strategies such as:-

Geographic: H-D as covered its success story of motorcycle market from west to east. It was started in United States of America and spread its reputation to United Kingdom, Canada, India, and also China. Worldwide H-D has 1065 dealers.

Market_Taxonomy_v2. tiff

Demographic: H-D as proved itself among all the age group of people by its unique style of motorcycles. Harley covered 90% of the male gender, 6% of the female gender, 60% of the people married, 15% of the people divorced/widowed, 40% of the people living at home. H-D is considered as one of the expensive and a very classy motorcycle, and which was affordable by people earning approximately \$38, 000 p. a. H-D majorly concentrated on middle aged male gender between 30-40 years.

Source: (<http://www.freeessays.cc/db/29/mul45.shtml>),(<http://www.freeessays.cc/db/29/mul45.shtml>)

Psychological: People using Harley-Davidson bikes are hardcore, tattoo-laden. The huge majority of H-D buyers are mellow, individuals who are truly friendly who strive to stand for the community. Commonly known fact of Harley-Davidson bikers are very passionate, enthusiastic, and diehard fans of the brand.

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Source: (<http://www.yousaytoo.com/what-type-of-person-owns-a-harley-davidson-motorcycle/255938>)

Targeting

H-D concentrated for three major targets. Starting with the males whose age group is between 35-44 including both enthusiast and non-enthusiast to flourish its likely customer base. This was partially fulfilled by presenting the V-ROD model to the demographic youth.

Second target for H-D was to pull the first time buyers of motorcycles so as to increase its market share. By setting up the proper pricing strategy, which would attract the target customers was the third target for the H-D and they believed that this could be achieved only by market research.

Source: (<http://www.icmrindia.org/casestudies/catalogue/Marketing1/Harley%20Davidson-Marketing%20Case%20Study.htm>)