

The mix comprises of
the standard 4ps or
7ps marketing essay



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The marketing mix comprises of the standard 4Ps or 7Ps for the marketing of services. The 4Ps or 7Ps can easily be identified and applied in practice.

However, it can be difficult to balance the 4Ps or 7Ps in order to provide the right product/services to the right customer at the right place and at the right time. It is therefore not surprising that marketing is both an art and science, as the act of balancing the marketing mix requires marketing knowledge, skills, and creativity and intuition. There are various concepts and tools that can be used to leverage, sustain, develop and satisfy market demands.

In light of the above, you are required to write a report addressing and debating the specific issues below: For a product-line extension to a brand of your choice, to be agreed with your tutor, carry out a full situation analysis and an audit of the strategy currently used to market the brand. Please select an existing company which has a reputation for innovation and extend one of their current product-lines. Include a full SWOT and profile of the target customer in order to clearly establish the brand's current position.

For the sake of assignment and further discussion, we propose to consider the case of Harley-Davidson Motor Company (H-D), a US based motorcycle manufacturer. In the assignment, we closely review the strategies and competencies of Harley-Davidson. Harley-Davidson keeps launching new vehicles according to the requirements of the customers across the globe. Company mainly aims at Quality, Durability and all its motorcycles are very expensive. Harley-Davidson's vehicles are treated as Status Symbols for those proud owners as they are the best motor cycles besides being

expensive. Harley-Davidson also has diversified into motorcycle parts, accessories, clothing and also does merchandising.

Harley-Davidson was founded in 1903 and had initially begun its operations as manufacturer of Heavy Weight Motorcycles which had an engine displacement of 651cc or above. The distribution of H-D motorcycles was done mainly through dealerships and also through non-traditional outlets which were extensions of the main dealership.

In 1903, H-D was established by William S. Harley (William) and Arthur Davidson (Arthur) at Milwaukee in the US. William, who was born in Milwaukee on December 29, 1880, started working in a bicycle factory at the age of 15.

Arthur, had to start working at a young age in view of his financial pressures at home. Arthur and his childhood friend Williams, both of them had inclination towards mechanical engineering related activities. Initially they manufactured a motorcycle in a 10×15 feet wooden shed and a hand-written sign was affixed on the door which read, ' Harley-Davidson Motorcycle Company'. From there, they went on and released their first product which was a racer bike. Later on, their company's operations expanded leaps and bounds and the two later inducted Arthur's brother Walter into their Company.

In 1906, Harley Davidson began a new 28×80 feet factory at Chestnut Street, which later became popular as Juneau Avenue. By then, the company's employee strength had increased to six full-time employees. In the same year, the company also produced its first motorcycle catalog.
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Harley Davidson Motor Company was also incorporated as Company on 17th September, 1907.

In 1908, H-D sold the first motorcycle for police duty to the Detroit Police Department in Michigan in the US. The V-twin powered motorcycle was introduced by the company in 1909 and for the first time, the company also started selling motorcycle spare parts. The V-twin powered motorcycle was the fastest motorcycle during those times and could travel at a speed of 60 miles per hour. The popular ' Bar & Shield' logo was used for the first time in 1910 (Refer to Exhibit I for a picture of this logo). It was trademarked at the US Patent office after a year.

At the time of the First World War in 1917, there was an increased demand for American motorcycles overseas. H-D's products were sold to retail customers primarily through dealer promotions, through their company's website, customer events, and advertising through national television, print, radio, direct mailings, and through advertising on the Internet. In the year 1969, H-D was taken over by the American Machine and Foundry (AMF). During this period, the production of motorcycles increased by more than 300 percent to 14, 000 motorcycles per annum. However, the quality of the motorcycles was one aspect which was totally ignored. Adding to H-D's problems, Japanese manufacturers began flooding the market with high-quality, low-priced light to medium-weight motorcycles in the 1970s at a time when H-D was manufacturing mainly heavy-weight motorcycles. The company earned a bad name for poor quality products. Coupled with the competition from the Japanese companies brought H-D to the verge of collapse.

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The Marketing Mix

Product:

In order to overcome the problems that H-D faced in the early 1980s and help the company regain its market share, a restructuring plan was implemented. Teerlink developed an innovative system known as Circles of Management for bringing both workers and dealers together and involving them in taking key decisions relating to the company. A new marketing philosophy was developed based on the desires of the customers and H-D made efforts to position motorcycles as a lifestyle product. At the time when H-D was formed, it offered only grey colored motorcycle to its customers and provided three basic styles. However, the company realized that in order to survive, it had to offer its customers more choice.

Pricing:

H-D realized that it would not be possible for it to compete with the Japanese manufacturers on the pricing front. This was because manufacturers like Honda not only manufactured a low-priced high-quality product, but also spent heavily on advertising their-products.

Distribution:

H-D started selling its motorcycles through its dealers in 1904. The company's first dealer was CH Lang of Chicago, Illinois (Refer to Exhibit IV for the number of H-D's full-line dealer outlets in the US). All the dealers were independent individuals with a business-orientation.

Promotion:

Over the decades, H-D had adopted several strategies to promote its motorcycle brand. The products of H-D were sold to retail customers mainly through dealer promotions, customer events, and advertising through national television, print, radio, direct mailings, and through advertising on the Internet. Though H-D was able to successfully overcome the crisis which had confronted the company during the early 1980s, it came in for plenty of criticism in the process. Industry experts criticized the company's move to license several of its products. They opined that H-D should focus on its core competency i. e. motorcycles and said that by putting its logo on several products, the company was selling out and diluting its brand

Over decades, Harley Davidson motorcycles and their products have proved to be the best. They had their highs and lows and had stiff competitions besides take over. They still sustained on account of brand name and quality. They could manufacture motorcycles right from a normal citizen to Police Departments. Harley Davidson could continuously work on requirements of general public and have been successful for over 100 years. They have equally improved other spare parts and apparel businesses. Their statement " If you've never saddled up on a Harley-Davidson, you are missing out on the ride of a lifetime. Explore your options and find out how easy it is to experience the machine of your dreams" is something that tries to impress upon every motorcycle lover. The company keeps educating its customers, apart from selling its own products, by giving inputs on safe driving. However, so far, company's approach has been to attract high society people who can afford high-priced motor cycles. Perhaps the

company is losing out on customers of Low Incomes, who form the most of the population in any country. Company should also think of establishing its products at more affordable prices in Countries like India and other Asian countries, where demand is high for 2 wheelers and majority are in Low Income groups. It should develop products for other countries and ensure that their customer base is increased by pricing their products low and economical. Company should also increase its Dealership Networks so that After-Sales Servicing reaches all its customers across the globe.

Across the world, vehicle usage has considerably improved over last 2 decades and it wonders many as to why the Company has not taken any initiatives in spreading its market size. It does very limited quantities of products and should concentrate on increasing its output. It also has intense competition from various Japanese companies who distribute their vehicles at a very economical price and still without compromising on quality.

Perhaps Company needs to work on these aspects to be a number one Motor Cycle Company in the World. Trends indicate that while Industry is showing de growth, Motor cycle companies have always been showing a positive growth with a growth rate of about 20-25 % year on year. These trends have generally been true as usage of powered vehicles have been on a high for over 2 decades. It is the right time that the Company steps out into expansions and increase its foot prints by giving a stiff competition to various companies. Notwithstanding the success of H-D's marketing strategies, some critics were of the opinion that H-D was not focusing on its core competency, i. e. motorcycles, and said that by putting its logo on several products, the company was diluting its brand. Analysts also criticized

H-D's dealers, saying they still had a long way to go in maintaining good relationships with the company's customers.

2. Marketing Plan (2000 words; 50% weighting)

Write a marketing plan for the product-line extension you have analysed using an appropriate framework.

Remember that you are working with an existing company that has set objectives and missions. You will need to align your product to the company's objectives.

Include a sample of advertising (using a medium or media of your choice) which supports your plan.

Harley-Davidson recently reported decreased revenue, net income and earnings per share for the fourth quarter of 2008 compared to the year-ago quarter. The Company has also planned to lower motorcycle shipments in 2009. They also came with their overall strategy to deal with the current economic environment as they have a strong core business anchored by a uniquely powerful brand.

Fourth-Quarter and Full-Year Results Revenue for the Quarter was \$ 1. 2 9 billion as compared to \$1. 39 billion in the year-ago quarter, a 6. 8 percent decrease. Net income for the quarter was \$77. 8 million compared to \$186. 1 million in the fourth quarter 2007, a decrease of 58. 2 percent. Fourth quarter diluted earnings per share were \$0. 34, a 56. 4 percent decrease compared to last year's \$0. 78. Revenue for the full year 2008 was \$5. 59 billion compared to \$5. 73 billion in 2007, a 2. 3 percent decline. Full-year

net income was \$654.7 million, compared to \$933.8 million in 2007. Diluted earnings per share were \$2.79, a decrease of 25.4 percent compared to \$3.74 in 2007. The full-year results are below the previously provided company guidance.

Wholesale shipments of Harley-Davidson motorcycles were 303,479 units, an 8.2 percent decrease compared to 330,619 units in 2007. 2009 Shipment Plan, Gross Margins In the first quarter of 2009, the Company plans to ship between 74,000 and 78,000 new Harley-Davidson motorcycles, a 3.0 percent to 8.5 percent increase versus the first quarter of 2008. However, for the full year 2009, the Company plans to ship between 264,000 and 273,000 new Harley-Davidson motorcycles, a 10 percent to 13 percent reduction from 2008. For the full year 2009, the Company projected gross margins to be between 30.5 percent and 31.5 percent, which compares to 34.5 percent for the full year 2008.

The decrease was primarily due to an expected unfavorable shipment mix versus 2008, the allocation of fixed costs over fewer units, and expected unfavorable foreign currency exchange rates versus 2008. Given the volatility of the current economic environment, the Company also indicated it would not provide EPS guidance for 2009. Strategy for the Current Economic Environment is that the Company is executing a three-part strategy that includes a number of measures to deal with the impact of the recession and worldwide slowdown in consumer demand, with the intent of strengthening its operations and financial results going forward.

For investing in the Brand, the company is reinforcing its support of the Harley-Davidson Brand, accelerating its ongoing marketing efforts to reach out to emerging rider groups, including younger and diverse riders. In addition, the Company likes continue to focus on product innovations targeted at specific growth opportunities with its strong core customer base and new riders.

In the U. S., the Company said its Sportster motorcycle trade-up program is being well-received by dealers and consumers and is generating new floor traffic during the winter months. The particular program lets riders who already own a qualifying Sportster motorcycle, or who buy a new Sportster motorcycle, receive back the original Manufacturer's Suggested Retail Price value when they trade up to a Harley-Davidson Big Twin or VRSC motorcycle at participating dealerships. Outside the U. S., the Company will continue to support the product, dealer development and marketing activities which, during the last several years, have helped drive strong retail sales growth. Company's commitment to improve its cost structure, Harley-Davidson plans to consolidate its two engine and transmission plants in the Milwaukee area into its facility in Menomonee Falls, Wis. Consolidate paint and frame operations at its assembly facility in York, Pa. Close its distribution facility in Franklin, Wis., consolidating Parts and Accessories and General Merchandise distribution through a third party. Discontinue its domestic transportation fleet operation. The planned volume reduction and restructuring actions are expected to result in the elimination of about 1, 100 jobs over 2009 and 2010, including about 800 hourly production positions and about 300 non-

production, primarily salaried positions. About 70 percent of the workforce reduction is expected to occur in 2009.

The Company's ability to meet the targets and expectations noted depends upon, among other factors, the Company's ability to (i) effectively execute the Company's restructuring plans within expected costs, (ii) manage the risks that our independent dealers may have difficulty adjusting to the recession and slowdown in consumer demand, (iii) manage supply chain issues, (iv) anticipate the level of consumer confidence in the economy, (v) continue to have access to reliable sources of capital funding and adjust to fluctuations in the cost of capital, (vi) manage the credit quality, the loan servicing and collection activities, and the recovery rates of HDFS' loan portfolio, (vii) continue to realize production efficiencies at its production facilities and manage operating costs including materials, labor and overhead, (viii) manage production capacity and production changes, (ix) provide products, services and experiences that are successful in the marketplace, (x) develop and implement sales and marketing plans that retain existing retail customers and attract new retail customers in an increasingly competitive marketplace, (xi) sell all of its motorcycles and related products and services to its independent dealers, (xii) continue to develop the capabilities of its distributor and dealer network, (xiii) manage changes and prepare for requirements in legislative and regulatory environments for its products, services and operations, (xiv) adjust to fluctuations in foreign currency exchange rates, interest rates and commodity prices, (xv) adjust to healthcare inflation, pension reform and tax changes, (xvi) retain and attract talented employees, (xvii) detect any issues

with our motorcycles or manufacturing processes to avoid delays in new model launches, recall campaigns, increased warranty costs or litigation, (xvii) implement and manage enterprise-wide information technology solutions and secure data contained in those systems, and (xix) successfully integrate and profitably operate MV Agusta Group. In addition, the Company could experience delays or disruptions in its operations as a result of work stoppages, strikes, natural causes, terrorism or other factors. Other factors are described in risk factors that the Company has disclosed in documents previously filed with the Securities and Exchange Commission. Many of these risk factors are impacted by the current turbulent capital, credit and retail markets and our ability to adjust to the recession.

The Company's ability to sell its motorcycles and related products and services and to meet its financial expectations also depends on the ability of the Company's independent dealers to sell its motorcycles and related products and services to retail customers. The Company depends on the capability and financial capacity of its independent dealers and distributors to develop and implement effective retail sales plans to create demand for the motorcycles and related products and services they purchase from the Company. In addition, the Company's independent dealers and distributors may experience difficulties in operating their businesses and selling Harley-Davidson motorcycles and related products and services as a result of weather, economic conditions or other factors.

Harley Davidson Company should clearly plan its marketing activities in such a way that their customers' portfolio is increased from a High End to Low End by producing its products for all types of customers. It should diagnose and <https://assignbuster.com/the-mix-comprises-of-the-standard-4ps-or-7ps-marketing-essay/>

plan its target customers and their growing needs. It should do an analysis of Micro and Macro Environments that are impacting any business. It should also strategise on giving focus on 4Ps of marketing Product, Price, Publicity and Place. May be the company should decide that it is not just America for its growth; any part of the world should be fine as long its reach increases. Similarly products should be economical to increase its customer base. Publicity is another important aspect that it should consider as very important thing in its marketing. They can select Televisions and Public Places where Advertisements are viewed maximum in the today's context. It can also create some excitement by exhibiting its motor cycles by touring various places on mobile vans so that public can have a feel of the motor cycle of Harley Davidson. It should try to reach remotest of places (especially Asian Countries) where motor cycles have higher demand. Most of the people in these countries have only heard Harley Davidson Motor Cycles but through this publicity mechanism, people can also complete their desires by choosing their vehicle from the stable of Harley Davidsons'. It should also wipe of its name that their vehicles are only famous for week-end driving and for rugged and noisy performances. They should bring in more varieties of vehicles depending on country in which it proposes to operate. They should also consider the economic levels of people in each country, according to which they should deliver the vehicles, without compromising on quality.

3. Individual Critical Reflection on Learning Outcomes (500 words; 10% weighting)

Identify the specific sources of value offered by your chosen company and examine what leads you to believe that the company offers value to

customers. Evaluate the extent to which your advertisement has contributed to the value offered by the company to its customers.

A study on Harley Davidson certainly gives enhancement to our knowledge. This is one company which has stood against strong waves of competition. It also gives lot of inputs as to how a Company should stay afloat in market by facing stiff competition. Harley Davidson, despite having high competition from various Japanese companies, has still been able to maintain its profitability and presence in the market. It is only suggested that to survive for long, one needs to cover various income levels of the customers according to which Company should produce its motor cycles.

Company should also increase its innovative thinking in terms of producing low cost, high quality vehicles. Perhaps company can also increase its production base by setting up units in different parts of the world, where production costs are relatively low. This gives company an advantage to produce in one country where production costs are low and market in the countries, where it has higher demands. Similarly they can also make vehicles for low income group customers who actually need a cheaper conveyance mode.

Company should be able to come out the fact that it can only operative in US. In any business you must have a set of goals and objectives. A marketing plan is a road map to work from. It helps identify where we are going and how we are going to get there. Each marketing year we encounter has some similarity to previous years, but we are still headed someplace we have never been before. We need that map to help us maintain perspective and

stay on course. The marketing plan needs to be written down. A plan not written down is only a dream we hope will come true. The plan must also be dynamic. As external market factors change, the marketing plan may need to be adjusted. Having a written plan provides discipline and is a good way to check your logic or the accuracy of your thought process after the year has ended. By putting the plan in writing, and sharing it with your spouse, partners, etc., you will have a reminder that you had committed to follow a specific plan of action (for example, selling a certain percent of the crop pre-harvest if prices reached (x) percent over your cost of production). Writing down both the original plan and the changes allows you to analyze your decisions and thought processes later. In this way, you can not only identify what you did correctly, but more importantly, you can determine where your analysis, strategies, or discipline have room for improvement. This is one of the most critical reasons for having a written plan. You cannot fix a mistake until you know what it is, and without a written record, it may be difficult to identify what really went wrong. Once you get the various parts of the plan put together, you can start conducting what if or sensitivity analysis. Since you know the future is uncertain, you may want to examine different possible price and yield scenarios and see how your strategies perform. You can also use the plan to help you determine what you need to do in the worst case scenario. This is extremely important, because you can not afford to let one big mistake put you out of business.

Critically reflect on your achievement of any one of the module learning outcomes (as listed in Appendix 1).

You should not simply be descriptive; rather you should be reflective and critical, e. g. do not just describe the subject matter, instead try to link your current understanding to previous knowledge, knowledge acquired in other modules, by personal research, readings and in discussions: $\frac{3}{4}$ what were your expectations at the start of the module, that experience did you bring to the module in the context of the learning outcomes, $\frac{3}{4}$ how has this experience been used to achieve the learning outcome, $\frac{3}{4}$ comment on your views on the process i. e. what have you done, how has the process helped your learning (focus on your learning, not the delivery of the material) $\frac{3}{4}$ assess what prior knowledge and skill the learning outcome assumed you had, $\frac{3}{4}$ critically comment on how you have changed or are likely to change as a result of this learning, $\frac{3}{4}$ comment on how you felt when you were undergoing the process of learning, $\frac{3}{4}$ consider what questions you now have concerning the learning outcome and what actions you are going to take to address them.

You may draw upon examples from the case studies explored on the module and from your current and previous work experience for either of the above responses.

There are a number of articles and publications on the topic of critical reflective writing on the internet.

Guidance on the assessment

All materials must be properly referenced. Length required is advised above. Longer work will not be penalised. However it should be noted that a concise and professional style which is well focused and clear in the points being

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made will gain good credit. Originality, quality of argument and good structure are required. What I want to see is that you can take a body of theory, understand it, choose what you want from it, apply it in a reasonable fashion and hence evaluate it. Your submissions will be expected to demonstrate the following qualities:

Answering the central focus of the assignment topics.

A critical appreciation of relevant literature and its use to support argument, substantiate model(s) and other aspects of the assignment.

Taking ownership of the content, being prepared to debate and argue a personal position, evidences evaluative skills. A submission made up of extracts from published sources which is descriptive and just theoretical, is not acceptable. Your submission must have interpretation and consideration of the challenges and issues of taking theory into practice (using cases and/or personal experience).

Ability to analyse relevant theoretical concepts in a critical manner, evaluation of material, indication of gaps in the literature.

Logical flow of ideas and treatment; imaginative approaches; appropriate selection of real world factors related to the model(s) or specific assignment topic.

Evidence of additional personal research, and the ability to analyse material from a variety of appropriate relevant perspectives. A clear listing of references and/or bibliography

Presentation, structure, appropriateness of methodology, breaking into section headings/subheadings, tidiness.

A strong conclusion.

Please ensure that you reference material which you take from text books, published documents, internet etc... in the main body of your report, at the place you use it, as well as listing the publications in an appendix. Also, try to evaluate and critique this material and the experience you get from applying and using it. Such personal critique gains high reward in postgraduate level work! Please note that just providing a summary of current published works on your chosen topic will not receive a high grade. Ensure that your writing style is one in which you take ownership of the content. Evidence personal evaluation - this can often be achieved by evaluating prior experience or a case study within the context of the theory.

NB: Marks will be awarded for proper referencing and originality of work. Also note that plagiarism is a serious offence and your submission will be electronically checked. Your report must be handed in electronically no later than the date agreed with your tutor. Arrangements for electronic hand-in will be finalised during the first few weeks of the course.

Please note that lecturers and students are not allowed to negotiate individual extensions. Late submission could result in failure.

Formatting

Your assignment should be submitted in the format of a report on A4 paper and include:

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- a cover page

- table of contents

- tables/figures/graphs

- references, etc.

Use 12pt font size Times New Roman, with 2.5cm margins all around and double spacing.

References, table of contents, and tables/figures/graphs may be single-spaced with a font size 10.

Deviations from the set formatting guidelines will severely affect your grade, regardless of report content. This is to ensure optimal length consistency and fairness for all submitted student reports.