

Ducati harvard case essay



**ASSIGN
BUSTER**

Ducati is looking to continue to drive growth by taking market share from current competitor Harley Davison. The firm plans to attack the market niche of Harley Davison with the Ducati interpretation of its cruiser. This is a misguided way to drive sustainable growth in the long term. Harley Davison is a major American motorcycle manufacturer, and dominated the U. S. heavy weight motorcycle market. In 2000m Harley produced 204, 500 motorcycles a 15. 5% increases over 1999. Relative to other major motorcycles producers, Harley had more modest global presence.

Despite its strong focus on the American market, it recently increased its presence in Europe by fine-tuning some bikes to fit European taste. Experts consider Harley-Davison the prototypical example of a “ lifestyle” company. The choice to expand the business is wise, but venturing into the cruiser market would not be a good idea. For starters, the cruiser market has been dominated by Harley Davidson since it began in 1903. Harley has seen 15 consecutive years of record revenues and net income, making it an extremely successful and powerful company.

They emphasize their focus on the American market and represent a social and cultural phenomenon that no motorcycle company can compare to. Not only would Ducati have to compete against the strongest brand in the industry, but there are many other competitors in the cruiser category already. BMW, Honda, Kawasaki, Suzuki, and Yamaha all offer products in that category. Entering a market with such domination would be extremely tough and risky. As we can see in the Exhibit 1 the market share from all of the competitors in the Ducati market has maintained virtually the same. There is a slight change of market change over the years.

However, most of the spread of the market share has been relatively the same. We can also see on Exhibit 2 that the over market registrations has increase substantially since 1996. Since 1996 to 2001 the number of registrations has increased from 940, 000 to 1, 500, 000 million. This is an increase of a total of 62%. However, Ducati has only show an increase from 5% to 7% and hopes in the long term to captures 10% of the market share. Ducati competitive advantage derives from its involvement in the performance type motorcycles and has a real competitive advantage through them.

It has a good team of engineers that have a passion to produce high performance products. Ducati own a strong brand name and culture that increased the number of Ducati's loyal customer fans. If the firm invests more on R&D, Racing, and Promotion the firm will be able to continue to provide great customer service and support to loyal customers increasing the brand's loyalty, and sustain current brand name and strategic strength. They have been able to introduce new technology into the market a lot faster than the competition. There are three elements that allow Ducati to be successful.

First, Ducati keeps the highest outsourcing in the industry, which is 87%, and the company planned to increase to 90%. By doing his, Ducati can decrease the fixed cost and invest more on R&D, product design, and control. Second, Ducati's unified distribution system keeps brand culture and increase the value of brand name. Third, Ducati own the unique product development and R&D process. Ducati invested a large number of its revenue in R&D

activities. As a consequence of these efforts, the company greatly reduced the time to market for new products launches.

The product development and R&D process help Ducati to sustain the strategic strength. We propose that Ducati looks into markets that are untapped and have minimal competition. Exhibit 10 shows that Ducati are mostly selling to the men’s market. As we can see there is not one company that is taking a focus on women being a potential market. Ducati has seen some historical success by targeting women in the past. The firm claimed that women were attracted by the low seat height and weight of its motorcycles and accounted for 8% of sales on come of the models of its most popular bike, the Monster.

Ducati has the opportunity to use it strong R&D capabilities to develop new products that cater to the women target market. This was Ducati will be able to start moving from a hypercompetitive market and effectively create its own “ Blue Ocean” in the market place. Ducati should create a new demand to drive growth instead of just fighting for the same market share in the long run. Exhibit 1 World| | 1996| | 1997| | 1998| | 1999| | 2000| | 3. 9| 4. 03%| 5. 1| 5. 31%| 6. 2| 6. 44%| 6| 6. 27%| 6. 7| 7. 10%| 23. 3| 24. 10%| 24. 7| 25. 73%| 23. 5| 24. 43%| 21. 4| 22. 36%| 21. 5| 22. 8%| 16. 3| 16. 86%| 15| 15. 63%| 15. 7| 16. 32%| 15. 8| 16. 51%| 13. 4| 14. 19%| 23. 8| 24. 61%| 24. 4| 25. 42%| 22. 1| 22. 97%| 22. 1| 23. 09%| 23. 8| 25. 21%| 18. 5| 19. 13%| 17| 17. 71%| 19| 19. 75%| 21. 2| 22. 15%| 20. 6| 21. 82%| 5. 1| 5. 27%| 4. 8| 5. 00%| 4. 7| 4. 89%| 4. 6| 4. 81%| 3. 5| 3. 71%| 5. 8| 6. 00%| 4. 8| 5. 00%| 3. 8| 3. 95%| 3. 3| 3. 45%| 3. 3| 3. 50%| 0| 0. 00%| 0. 2| 0. 21%| 1. 2| 1. 25%| 1. 3| 1. 36%| 1. 6| 1. 69%| 96. 7| | 96| | 96. 2| | 95. 7| | 94. 4| | Europe| | 1996| |

1997| | 1998| | 1999| | 2000| | 4. 3| 4. 47%| 5. 2| 5. 43%| 6. 5| 7. 05%| 6. 4|
6. 2%| 7| 7. 56%| 23. 8| 24. 74%| 25. 8| 26. 96%| 24. 2| 26. 25%| 21. 5| 22.
92%| 22. 7| 24. 51%| 15| 15. 59%| 15| 15. 67%| 15. 3| 16. 59%| 15. 8| 16.
84%| 12. 3| 13. 28%| 24. 5| 25. 47%| 24. 1| 25. 18%| 21. 3| 23. 10%| 21. 9|
23. 35%| 23. 5| 25. 38%| 21. 3| 22. 14%| 18. 7| 19. 54%| 18. 4| 19. 96%| 21.
8| 23. 24%| 22| 23. 76%| 5. 8| 6. 03%| 5. 4| 5. 64%| 4. 8| 5. 21%| 4. 8| 5.
12%| 3. 6| 3. 89%| 1. 5| 1. 56%| 1. 2| 1. 25%| 1. 2| 1. 30%| 1| 1. 07%| 1| 1.
08%| 0| 0. 00%| 0. 3| 0. 31%| 0. 5| 0. 54%| 0. 6| 0. 64%| 0. 5| 0. 54%| 96. 2| |
95. 7| | 92. 2| | 93. 8| | 92. 6| | | | | | | | | | |