

Marketing plan: harley davidson motorcycles



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India is a land of 1.2 billion and comprises of almost all the religion of the world. This makes the country culturally more diverse and largest democracy in the world. India has taken up the path of modernization and industrialisation, and it is currently in the process of becoming an industrialized and high-tech economy where prevalence of high income is becoming more common (Mitra, 2003). Today, India is the second most attractive place for doing business hence it is attracting western investors towards it. Current reforms have improved the efficiency of Indian economy and raised its standard of living, the poverty rate falls by 26% in the year 2000 compared to 36% in 1993 (Mukerjee, 2002). Also the reforms have liberalised the exchange rate mechanism and opened the economy for foreign direct investment. Big motorcycle brands have already been in western countries for many decades and the segment of luxury brands has been highly explored. In terms of evolution, western markets are said to be mature markets. But in comparison to the Asian markets, luxury motorcycle brands have started in the late 1990s. When it comes to launching a luxury brand in Asia, India and China are the two countries which have huge potential in terms of sale but are unexplored. Though the Chinese market is much bigger than Indian market but India will be ahead of China for a while as it is easier to sell in India than in China due to regulations. In many cities in China, you cannot register motorcycles that have an engine capacity of more than 250cc. China not only lacks this front on the basis of regulations but they need a lot of work to be done in terms of brand building but creation of a motorcycle culture. India undoubtedly has a huge potential, but it is much unexplored. Indians are also showing much bigger interest and much bigger culture than the Chinese. India has already been a producer of

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brands like Royal Enfield, so the concept of powerful bikes is not strange to them.

According to the 'Luxury in India: Charming the snakes and scaling the ladders' report, which was released at the 'Luxury Goods Forum' organised by Confederation of Indian Industry (CII) on October 7, the growth of India as a luxury goods market and its emerging potential can be gauged by the increasing number of premium luxury brands entering into India. Jyotiraditya Scindia, minister of State for Commerce and Industry, Government of India, remarked, "India has historically been a sourcing area and now it's becoming a market for luxury goods. India is already aware of creating luxury with the skilled workforce, but what is needed is consistency, marketing and technology to transform this niche market."

Understanding the Indian Premium bikes market

The Indian premium bikes market stands at 700 units/ year for premium bikes (800cc and above). Premium bikes consists the likes of Suzuki's Hayabusa, Kawasaki's Ninja and Ducati's Hypermotard. 105 units of Hayabusa's have been sold since Suzuki entered the Indian market in November 2009. 127 units of Ninja have been sold in a span of 14 months. The increase in per capita income to be more than \$1000 by 2014.

Cruisers

Harley Davidson & Royal Enfield

Superbikes

Kawasaki, Suzuki & Ducati

Harley Davidson: The Brand Story

Harley-Davidson is an American motorcycle manufacturer. It was founded in Milwaukee, Wisconsin in 1903 by William S. Harley & Arthur Davidson. It is world famous for heavyweight (over 750 cc) motorcycles. It was one of the three American bike manufacturers to survive the great depression. The other two were (1901-1953) and Cushman (1903-2003). Harley-Davidson also survived a period of poor quality control and tough competition from Japanese manufacturers. The company is known for manufacturing and selling heavyweight cruiser bikes over 750cc. Harley has also supplied bikes to American Army during the world wars. Harley Davidson sustains a loyal brand community as its members keep the community active through clubs, events, and a museum.

The world famous Harley Davidson logo was developed in 1910 and is one of the most easily recognized logos in the world today. The simple bar and shield design demonstrates a masculine touch with rugged strength. The Harley Davidson logo is so popular and endearing with Harley Davidson motor cycle fans and fashion friendly folk alike that it appears on t-shirts, numerous stickers, belt buckles and even coffee cups, in fact the popularity of the logo has created its own market of devout collectors. Harley Davidson is such a big brand that people in many countries use its logo to make body tattoos.

Harley-Davidson's Worldwide Mission Is To: Preserve and perpetuate the Harley-Davidson institution through continuous improvement in the quality of our products and services and achievement of our financial goals. Provide motorcycles, accessories, and services to motorcyclists in selected niches.

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Provide the general public brand identified products/services to enhance Harley-Davidson's image and attract new customers. Engage in manufacturing or service ventures that can add value (not only profit) to the motorcycle business.

Bikes supplied to US Army by Harley

SWOT Analysis of Harley Davidson

Strength

The only heavyweight motorcycle manufacturer in America.

strong brand and is well established in the consumer's mind with the image of " freedom and strength"

Very good relationship with the suppliers, so that the integrity of the work and performance is achieved without the expense of quality.

Strong relationship with employees

Strong marketing and distribution channels.

Listed in Fortune 500.

Weakness

High prices of motorbikes.

Loss of market share, especially in Europe.

Poor marketing techniques are not attracting new customers in the international market.

Male Gender Aspect

Opportunities

The international heavy weight bikes market is now larger than the U. S market.

Women are increasing becoming interested in bikes.

There is only one cruiser bike manufacturer in India i. e. Royal Enfield.

India is a developing country, with a positive trend in GDP.

India is a large untapped market for motorcycle too.

Threats

Competition from established heavy bike sellers in India.

Harley's average customer age is more than 40 and is increasing.

Increased environmental regulations.

Custom duties and Taxation.

Macro-Environmental Analysis: (PESTLE)

Political:

International companies, by definition, operate across national boundaries.

This means these companies interact within different political and regulatory systems and must consider the impact of these political systems on their operation. (Subba Rao, 2003)

Before entering in the international market, any particular organisation must understand the political and legal factors operating at different levels. While it is necessary to understand the legal system of the host's country legal system, this may not protect the company from the sanctions imposed but the company should be aware about the expectations and demands in the international arena and must work with the government to maintain viable international business practices. (Czinkota, Ronkainen and Moffett 2007) .

Major issues faced by the international companies such as inconsistent industrial policies and rules, labour regulations and protections, regulation on foreign investment, control on the foreign exchange. According to Jha (2003), there are six major constraints working in India against FDI. 1) Image and attitude, 2) Domestic policy, 3) procedure- there is difficulty in getting approval from the central or the state governments, 4) Quality of infrastructure, 5) State government level obstacles, differences in state policies and practices, 6) Delays in legal processes.

Economic:

India's total population as of March 2004 was 1.06 billion, out of which 610 million people (> 50%) are in between the ages of 15-60 years (working group).

Managing any business effectively needs an understanding of the business policies and procedures. But in case of global companies, understanding the trade policies is more essential. International trade policies deal with the policies of national governments relating to exports of various goods and services to different countries (Deresky, 2006). The aim of trade policies is to

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protect domestic industries from competition. India has many types of trade hurdles for foreign exporters, such as import quotas, trade samples but the biggest barrier among all is the tariff (Rugman and Hotgetts, 2003). Tariffs are the taxes imposed on imports. In India, there is 60% duty on the import of motorcycles.

The Gross Domestic Product (GDP) in India expanded at an annual rate of 8.90 percent in the third quarter of 2010. From 2004 until 2010, India's average quarterly GDP Growth was 8.37 percent reaching an historical high of 10.10 percent in September of 2006 and a record low of 5.50 percent in December of 2004. India's diverse economy encompasses traditional village farming, modern agriculture, handicrafts, a wide range of modern industries, and a multitude of services. Services are the major source of economic growth, accounting for more than half of India's output with less than one third of its labour force. The economy has posted an average growth rate of more than 7% in the decade since 1997, reducing poverty by about 10 percentage points.

Socio- Cultural:

Culture is nothing but the set of belief, knowledge, morals, laws and customs acquired by man as a member of society. According to Sackmann et al. (1997) Cultural difference can create havoc in international business. That is why to understanding Indian culture for western business organisation is essential (Soderberg & holden, 2002). It is not possible for any organisation to establish its business in India without understanding the culture and practices and way of life of the people, which has a tremendous effect on the most of the Indian people. Indian religion has very deep roots historically

that are gathered by contemporary Indians and modern Indian. (Gesteland, 1999)

Epics like The Mahabharata, the Ramayana, the Bhagvat Gita as well as the Quran, the Bible, the Guru Bani, etc., have moulded the thinking pattern and consciousness of Indians, which clearly differentiate Indian and western work culture (Maker, 2007). According to Evans, Hau and Sculli, (1989) the particular culture of a society is a major factor in managerial style, and management will retain its own unique cultural identity even as the society develops.

One of the very important part of Indian culture, vital for business organizations to succeed, is an understanding of the tradition and ways of communicating with others that form the basis of India's society (Zaidman, 2001). Because Majority of Indian people are Hindus so Hinduism is the largest religion in India. It is said that in India, religion is a way of life and must be respected in order to save and maintain a successful business relation, despite the elimination of traditional caste system, which was a direct outcome of Hinduism, attitude still remain and both aspect of Indian culture still influence the hierarchical structure of business practices in India today (Gorill, 2007)

Technological

Harley Davidson is one of the largest manufacturers and users of V-twin engine configuration. These engines are undersquare, which means for a given displacement, the stroke (the length the piston travels; the height of this imaginary cylinder) is longer than the bore (the diameter of the piston;

double the radius of the cylinder). So the piston travels a much longer physical distance than its oversquare counterparts. Also it uses a pushrod engine.

Harley Davidson has always been criticised for its poor Quality Control

The segments of Harley Davidson bikes needs more and more technological advancements as customers have become more energy conscious. Most of the customers prefer fuel efficient and technologically advanced bikes.

Legal Scenarios:

The legal system of a country is a part of its social system and reflects the social, political, economic characteristics the society. Incase of India, the legal system is still not known to the majority of the companies operating within, whose legal culture is more indigenous and whose contact with the formal legal system is marginal if not altogether non-existent. (Mittal and Vijayawargiya. 2006).

India is a common law country with a written constitution which guarantees individual and property rights (Harrison, Jones, Smith, Lunn, Taylor, Young's 2007) . Indian legal system is considered somewhat slow, Hong- Kong based political and economic risk consultancy has rated India on the scale of 8. 22 on a scale of 0-10 is the worst possible grade. The table below shows the number of procedures which are required to open businesses in between India and other foreign companies:

Environmental:

Noise pollution and some emission standards of Harley-Davidson Bike are not up to the level of India.

One of the big issues that Harley will face is that it belongs to an industry which is first attacked by the environmental activists as the environmental laws vary from countries to countries. For example, In Europe, the environmental laws are categorized under Euro and under BS.

Porter's five forces

Threat of new entrants: Low

Like any automobiles, Harley Davidson industry requires large manufacturing facilities and equipments to enter a new market. New entrants would have to have large amount of capital in order to start. Already established firm such as Harley Davidson, Honda, Suzuki, Kawasaki, Yamaha and Ducati have the advantage of brand recognition from all over the world. These companies also established customer loyalty, especially Harley Davidson. This means that any new entrants trying to enter the industry have to spend tons of money in advertising and promotion to receive the same amount of brand recognition and customer loyalty that these powerhouses in this industry already have gained. With the lack of brand recognition and customer loyalty, retailers would be afraid to carry such product because of the risk it carries if it doesn't give you profit.

Threat of substitute: Low

Motorcycles are considered as a leisure product and don't take much out of one's income. Some substitute items for a motorcycle is a motor scooter and dirt bikes. Motor Scooter is quite an old fashioned vehicle in India and dirt

bikes are not quite suitable for the Indian roads. Also, customers will switch to the substitute if the price increases and purchasing a cheap substitute will be a better choice, give the fact that Harley Davidson has a strong image of lifestyle, the substitute product are no match to Harley Davidson products. This will sway customer from buying substitutes because it is just not the same.

Bargaining power of buyer: High

Satisfying customer needs are really important when it comes to Harley Davidson. Harley Davidson thrives in their customer loyalty and makes most of their profits of their current Harley Davidson riders by offering them better product than the ones they own currently. Despite having customer loyalty, pricing will always be somewhat of a factor. Other Japanese manufacturers, such as Honda and Suzuki, offer a cheaper price than Harley Davidson. Harley Davidson has differentiated their product from Japanese product lines but price will always be a factor when purchasing a motor cycle.

Bargaining power of supplier: Low

Like any automobile, motor cycle are mainly made from steel. Steel ores are abundance in the world and there are many small manufactures that can supply Harley Davidson. Harley Davidson bargaining power with the supplier high because they can look for small companies who are willing to do business with them at cheaper price and Also, Harley Davidson can even purchase several small steel manufacturers to get rid of any kind of bargaining power of suppliers.

Intensity of rivalry: High

Harley Davidson's intensity of rivalry is high because of Japanese manufacturers. In the motor cycle industry, money is spent to advertise to certain markets and create new innovations to satisfy customer needs. This makes it hard for new entrants to come in. These Japanese manufacturers manufacture cheaper products and better looking motorcycles that can attract the young Americans. Despite all the Japanese manufacturers, Harley Davidson controls about most of the market in the United States but fails to control international markets in Europe and Asia with cheap products that are produced by international manufacturers, Harley Davidson differentiates their product by a little so pricing wouldn't be a much of factor. Harley Davidson values its customers so much that Harley Davidson owner group (H. O. G) is an organisation that is created for Harley enthusiasts. The Harley owners group is a successful organisation that has united over million people through their passion for living a Harley Davidson life.

Flagship Store: Considering the price of its motor cycles and wealth of people, Harley Davidson should enter the Indian market with a flagship store in Gurgaon, Delhi NCR.

A proposal of the flagship store is as follows:

The store will be located in Ambience mall, Gurgaon which is the largest mall in India. The mall is home to luxury brands like BMW. The mall's USP is that each floor in the mall is a kilometre long. In the store, Harley Davidson's two new bikes will be kept for display SuperLow and Iron 883.

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Ambience mall, Gurgaon

Target Customer Analysis:

Harley Davidson is a premier brand of Motorcycles and displays a classic image of a leisure biker who rides for fun and not to get from one place to another. The Harley Davidson is considered to be a symbol of strength and masculinity. Harley Davidson stands for freedom from boredom. Being an iconic and powerful brand, positioned in the niche segment, it is expected that the Harleys, as the bikes are popularly known, will appeal to rich urban bikers. The company expects India to be its biggest market in Asia within the next 10 years.

Harley Davidson will target

High Net-worth Individuals people who indulge in leisure activities like playing golf. We can obtain data from State Maritime boards and mail brochures to generate leads.

Hospitality segment like Hoteliers and Resort owners who are always looking to add new luxury items into their fleet for their clients to indulge into leisure activities.

Wealthy businessmen and their second generation kids who party at places like F-Bar (Hotel Ashoka, Delhi) and Score (Chandigarh) etc.

Entry Strategy: Harley Davidson will enter the Indian Premium bike market through wholly owned subsidiary due to the fact that Indian Government allows 100% FDI in automobile industry. Also, any other form of entry strategy like Joint Venture or merger will not be profitable to any other party.

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Harley Davidson, being a huge and popular brand will not be able to develop a strategic fit with any other Indian companies. Also, on the financial front, any Indian motor cycle company would not be able to afford to create a niche segment for Harley Davidson without having the foreign partner's supremacy on the terms and the conditions of the partnership. This would discourage all the players of the value chain to get involved with the magnanimous brand.

Marketing Objectives:

To gain heart share in the Indian market and be revered as a brand.

To gain mind share in the Indian market as being the " premier bikes for leisure"

To gain market share by effectively creating and meeting need for Harley experience in the Indian market.

To create a loyal biker community in India (HOG- Harley owners group)

Recommended Marketing Mix:

Product Mix: Harley Davidson has the reputation of manufacturing and selling heavy engine cruiser bikes above 750cc. Such bikes are very rare in India as no Indian automobile company manufactures such heavy engine bikes. Harley Davidson is famous for its bikes like Dyna and VRod which have an engine of above 1000cc. These heavy engine bikes are not suitable to be launched in India because of the emission norms in India and also the roads in India are not suitable for such bikes. Harley will launch three bikes namely,

Sportster, Cross bones and Fatboy as these bikes comply with the emission norms and are suitable for Indian roads.

Specifications of the bikes to be launched in India

Sportster: The Sportster range has 7 models viz, 883 Low, Iron 883, Nightster, 1200 Low, 1200 Custom, Forty-Eight and XR 1200. However, sticking to the emission norms we will be launching two models of Sportster which are 883 low and Iron 883. The engine type would be air cooled being used by almost all the motor bike manufacturers in India like Honda, Bajaj and Hero Honda as this engine technology prevents hazardous impacts of carbon emissions in the environment.

http://www.elec-intro.com/EX/05-13-07/2008_Harley_1200C_Sportster.jpg

Harley Sportster

Iron 883: Iron 883 is a chopper-style bike with the handlebars in front of the rider. This bike is designed for cruising on highways and has a reputation of not being maneuverable as smaller bikes and scooters. It has a 1.6-liter engine that has two cylinders arranged in a V pattern and uses the same air cooled technology like Sportster. The engine has as four valves, two on each cylinder, which are arranged in a horizontal pattern. It starts electrically and takes premium fuel which gives better mileage on Indian roads. The engine has six speeds and a manual transmission. The bike weighs 700 pounds and is 90 inches long. Aesthetically, an LA Times reviewer found it very pleasing, with its straight-shot exhaust and Dutch trim.

fatboy

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Iron 883

Superlow: Superlow is a cruiser motorcycle with a long wheelbase, chrome trim, low seat height and a large engine is equipped with their proprietary “Softail” suspension, which uses a set of dual adjustable rear shocks in its suspension design like many of Harley’s cruisers. Superlow is built around a steel double cradle frame. Superlow is 94.3 inches long with a wheelbase of 64.5 inches. It has a ground clearance of 5.1 inches and the rider sits 27.5 inches off the ground. Dry weight of the Superlow is 669 pounds and the fuel tank holds 5 gallons.

<http://t1.gstatic.com/images?q=tbn:>

<ANd9GcRe8IBi7kCAVrfZ7ICc3IYgzsGm5WMIOKxg6MAFs8LAZZvgBiT7gA>

Superlow

<http://www.harley-davidson.com>

Price mix: Price, being the only revenue generating element of all the 7P’s, Hence it needs to be a form of recognition of quality and the classy edge Harley Davidson is known for. Certain factors should be considered while deciding the price like the cost of production, demand, taxation, quality perceptions which are more relative to Harley Davidson. A DIRECT COST PRICING should be used where along with the cost of production, overheads etc. and the “brand value” price should also be included. In alignment with the value of a niche brand market skimming strategy, should be used. An initial high price in order to take advantage of the innovators and early adopters segment of the customers. This is done because it is possible that after sometime any other foreign player may enter the market once the

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market is on a growth stage. So to avoid severe competition, if any, price can be reduced a bit later on. Also high price is considered as high quality in Indian market reminding the fact that the initial buyers of the product would be price insensitive.

Place mix: The channel of distribution needs to be selected carefully as premium bikes is a high risk segment of the market. The factors to consider while selecting the channel of distribution, more relevant to the brand in consideration are: characteristics of the product, consumer characteristics, control over the channel members and characteristics of the intermediaries in term of what value they can add to the end product to convert it in to an augmented product. Exclusive distribution strategy should be deployed because the brand is itself premium in nature which reflects that it should be made rarely available. This is aligned with the theory that consumers are more inquisitive to know and understand the product which is not seen at every showroom facade. Though this would mean that the channels would be limited in nature, it would involve exclusive dealer arrangements. As mentioned previously, a single flagship store would be opened, thus strictly maintaining the exclusivity and rarity of the brand.

Promotions Mix: To launch in the Indian markets, Harley would be targeting customers through different sources of promotions described as follows:

Sponsorship: Harley would be sponsoring major motorcycling events in India like The Great Himalayan Race which is a major sporting event attracting bike lovers across the nation. This would give a golden opportunity to the bike lovers to have the first glance of the machine. Harley would also make

Mahendra Singh Dhoni, India Cricket Team Captain as its Brand Ambassador in as he is considered to be the bike and youth icon amongst the youngsters and bike lovers.

Harley would also look at the ICC Cricket World Cup 2011 which is being held in Asia, primarily in India as the golden opportunity to showcase this machine in front of its target audience. Harley would also tie up with International Cricket Council to promote Harley Sportster for the best player of the tournament.

Print media: Harley would also make use of the print media like advertising in the sports magazines primarily Sport star, Bike India and Overdrive which is highly popular amongst the sports lovers and reviews about the upcoming bikes in these magazines are highly valued by the bike lovers.

Road Shows: Harley would be organising road shows in the city of Gurgaon and Delhi so that it encourages bike lovers to have a look at all the modes which are lined up to be launched in the near future.

Public Relations: Harley Davidson would issue press releases and organise press conferences to create goodwill and positive public perception of the brand. This technique of promotion would help Harley to disseminate information to the public about the product and the vision of the company.

People Mix: The employees working in the stores of Harley would be the face of the brand in India so Harley would make sure that the employees are not only trained well in terms of the product but also have the technical know-how. To accomplish this task, Harley would invite specialised engineers from

their headquarters in Milwaukee, WI to train store representatives to develop technical know-how. Also, the sales representatives and customer care executives would be polite and presentable. India is a land of different languages so candidates would also possess the multi-linguistic skills and fluency in English at the same time. Appearance of sales associate should be comprising of bold colours in line of the image of Harley it is advisable that male oriented staffs at the show rooms. Training and monitoring in terms of knowledge of the product customization possible etc should be done regularly

Process Mix: It is significant to remember the fact that launch of the new brand in a risk-averse market needs a lot of information dissemination. For the purpose, easy accessibility to online and offline information should be provided easily navigable websites, pamphlets, brochures should be made available everywhere. Company policies regarding customer queries, complaints, post sales service should be magnanimous in nature. Service features, customization and mechanisation policies should be customer friendly due to the fact that target market is a niche segment which would require frequent and uninterrupted contact with the sales team of the company. Early bookings and product reservations should be managed in an effective database system to develop long term loyalty. This would ensure that strong positive word of mouth spreads from the innovators and early adoptors segment of the target market.

Physical Evidence Mix: The aspects of the organisation's visible and audible would comprise of physical evidence. The Indian format of the showrooms and locations of product display should be in line with the image Harley

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Davidson. Usage of bold colours, sporty ambience should be deployed. The company communications should carry the same attitude, for example, company vehicles, office stationeries and appearance of staff. Holistic look of the brand should be appealing, welcoming and comfortable. Due to the high pricing strategy, the perceived risk factors increase hence maximum efforts and organisational resources should be distributed to maximise the company's image as trustworthy yet appealing.

BUDGET

After doing a marketing strategy for launching Harley Davidson new bike in India and setting up its tactics for the launching of a product and now is very important for them into the action and implementation. For setting up our budget we have selected the objective and task method of budget because it is a scientific method. Unlike other methods, which are either based on past experiences, history or sales oriented, this method enabled to justify the expenditure as investments. Initially the objectives are set and then the tasks needed to accomplish them are identified. The staff allocated is mentioned in the GANTT chart. It is to be notified here that the responsibility is spread over all the departments to ensure greater efficiency.

GANTT CHART: The GANTT chart clearly illustrates the budget distribution and staff allocation for various marketing activities over the period of one year.

MARKETING

TIME

J F M A M J J A S O N D

STAFF

BUDGET

(IN MILLION)

Print Media Advertising

Lintas Agency

\$50

Launch promotions

Brand manager & team

\$10

Sponsorship

Project manager & marketing team

\$25

Public Relations

PR team

\$15

TOTAL

\$100

Control:

The control methods are employed to determine the functionality expertise and regular performance monitoring. Applicable techniques such as Customer feedbacks, Customer inquiries about the new product, sales control would be used. Employee feedback and benchmarking would be crucial tools to analyse to analyse the internal scenario. The benchmarking would be on a “ glocal” basis where the operations would be standardised as per the original Harley Davidson policies while the other aspects like customer service, appearance would be more suited to the local nature of the business. Sales control monitoring would happen after a period of three months to give the sales team a minimum “ settling down” period because optimum sales figure cannot be obtained for a new product launch at such a juvenile stage.