

Introduction

Founded in 1903, the Harley-Davidson company was created by William S. Harley and Arthur David in America's heartland in Milwaukee, Wisconsin. The Harley-Davidson brand represents a tradition of US engineering and manufacturing that heavily focuses on the heavyweight motorcycle market. Over the years, the Harley-Davidson brand evolved from a simple motorcycle brand to a chosen lifestyle. Their vision states that "We fulfill dreams inspired by the many roads of the world by providing extraordinary motorcycles and customer experiences. We fuel the passion for freedom in our customers to express their own individuality." By 1920, Harley-Davidson had become the largest motorcycle manufacturer in the world, with dealers in 67 countries, and in 2015 there was a total of 1,435 dealers spread throughout Canada, Europe, Asia, Latin America, the USA. The brand focuses on the heavyweight market in which the consumers consider their motorcycle to be a luxury product, and sell their brand as lifestyle rather than a form of transportation. The brand's greatest asset is their consumer's brand loyalty, specifically through HOG; Harley Owners' Group.

Harley-Davidson is a leader in the motorcycle, bike and parts manufacturing industry with strong share gains in U.S. market and international sales up. The net income for 2015 was \$299.8 million on consolidated revenue of \$1.82 billion, compared to the net income of \$280.4 million on consolidated revenue of \$1.86 billion according to Harley-Davidson. Overall, Harley-Davidson retail motorcycle sales in the U.S. were down by 5.2 percent compared to the year-ago quarter, with the overall U.S. industry down by 8.6 percent. However, Harley-Davidson's U.S. market share for the quarter was 49.5 percent, showing an increase of 2.0 points over the same period in 2015. According to Forbes estimates, Honda's market share in

the global motorcycle market is around 33% and will remain steady. Additionally, International retail sales increased by 4.3 percent over the previous year. Accordingly, Harley-Davidson's total revenue for 2016 was \$5.96 billion, with a total gross profit of \$2.46 billion according to Forbes's Trefis model.

Harley-Davidson is widely known for its customizable design and for its personable touch. The brand provides a wide range of customizable options such as pegs, seat bars, controls, paint jobs, and numerous accessories. This customizable option is a key strength that separates Harley-Davidson from the other competitors. Another major key strength that contributes to Harley Davidson's vast brand recognition, is its strong distribution. Harley-Davidson has far more dealerships in the U.S. compared to any other motorcycle manufacturer. However, Harley Davidson lacks the resources to establish cost advantage over cheaper motorcycle brands such as Honda, Suzuki, Kawasaki, and Yamaha.

A major threat for Harley-Davidson is that the increase in motorcycle sales lead to the loss of exclusive feeling, previously portrayed by the brand. Losing these HOG's would be detrimental to the brand because they are a major part of its success. Furthermore, these highly loyal consumers are aging, ultimately leading to a generational threat. In order to ensure the continuation of the brand's success, Harley-Davidson will need to focus more on younger consumer. International exposure is also a detrimental market to conquer, and with low market shares in Europe and Asia, Harley-Davidson competitors will have an advantage. Especially if they prefer a lighter more sportive vehicle such as those that Honda and Yamaha provide.

Brand Recommendation

With Harley Davidson being such an established and recognized brand, my recommendation is a brand extension through a women's line of motorcycles and leather apparel. According to the latest data from the Motorcycle Industry Council, female motorcycle ownership has reached an all time high, showing that women account for 14 percent of all motorcycle owners in the U.S. The study showed that the number of female owners more than doubled from 2003 to 2014, and that the percentage is even higher among younger generations, specifically generation X and Y making up for over 17 percent (MIC, 2015).

Additionally, the study revealed that 34 percent of women riders prefer cruisers, 33 percent prefer scooters, and 10 percent prefer sport bikes.

As shown in the Harley Davidson market share demographics, Harley Davidson motorcycles are notably more popular among Caucasian women, African-American women, and Hispanic women (Davidson, 2015), showing a prominent untapped market for women's motorcycles. In order to reach this demographic, Harley Davidson would create a new line of women's cruisers, scooters, and sports bikes along with accompanying leather apparel. These bikes would be

advertised as safe, fuel efficient, and fun since the survey showed that those aspects are most important to women. To promote the new line, Harley Davidson would team up with high end luxury fashion brands and incorporate the motorcycles and leather apparel into their advertisements.

