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## **Harley-Davidson's Marketing Strategy Overcame Competition**

As many enthusiasts may describe it, the pride of owning a Harley-Davidson is the pride of owning an 'American Icon'. Harley-Davidson's (HD) positioning strategy can best be defined by its mission statement: "We fulfill dreams through the experience of motorcycling- by providing to motorcyclists and to the general public an expanding line of motorcycles, and branded products and services in selected market segments." Now in its 100th year, however, the ideal of owning an 'American Icon' has slowly dwindled out of the public's mind, due mostly to the competition from Japanese manufacturers like Honda and Yamaha. HD's strengths of its powerful brand image, maintaining good customer relationships, strong financial position, and superiority of technology and design are hindered by its weaknesses related to product capacity and unfulfilled demand for their products<sup>2</sup>.

### **Strategic Direction and Marketing Objectives**

HD has chosen the strategic direction of targeting a younger market that is technologically conscious in order to increase its share in the performance cruiser market space. With the introduction of the new V-Rod motorcycle, HD is in a position of attaining a sizeable share in the performance cruiser marketplace. To target the younger market with the new product line, the company has adopted the following marketing objectives: to expand its current market (market expansion), diversify its product line (product diversification), and modify its marketing mix to target a younger demographic.

During the 1970's, HD was facing a decline in market share due to increased competition with Japanese companies. By phasing out weak models, becoming more selective, and limiting sales and promotions, HD was able to carve out a niche in the marketplace which it enjoys today<sup>3</sup>. Now again faced with a period of decline, HD is relying on its newly adopted marketing objectives. First, HD needs to expand its potential customer base to include enthusiasts and non-enthusiasts males in the 35-44 age group. (INSERT MEDIAMARK DATA HERE) This is accomplished through the introduction of the V-Rod and positioning it in the market to a younger demographic. Secondly, HD needs to position the V-Rod to also appeal to first time buyers of motorcycles. HD's strong brand identity can help pull in new clients. Third, HD has to set an appropriate marketing mix that will help attract a younger consumer base. By using the low-end approach, which involves attracting a young audience to a brand name product with a low price tag (similar to what Jaguar and BMW have done), HD can expand its popularity to the domestic and international market.

### **Marketing Mix Elements**

For Harley-Davidson's marketing objectives to be successful, the company has to implement the four elements of a marketing mix for the V-Rod. These four elements are strategies that involve the product, pricing, promotion, and distribution.

The product strategy is any decision that helps the company continue to develop new products around its signature American image and positions the company in the market as such. The main reason for the introduction of the V-Rod was the need to create a bike that would appeal to a younger demographic and attain a greater market share for the company. By using the low-end targeting method (as discussed previously) with the introduction of the V-Rod, this can be considered HD's first step toward implementing its strategic and marketing objectives.

As for the pricing strategy, HD must be careful to implement a pricing decision based on the low-end

targeting method. Priced at \$17,000 MSRP, HD's V-Rod has the second highest price tag in the performance cruiser market. Although HD does have a 22% share of the total market, HD's pricing strategy has three main factors that have influenced how it has priced the V-Rod: 1) the used motorcycle market, 2) lower priced motorcycles, and 3) HD's inability to keep up with demand<sup>4</sup>. In order for HD to attain a greater market share, the company must examine how these three factors will continually play a role in pricing and adjust accordingly.

The Harley-Davidson Corporation has found multiple ways to implement its promotion strategy. HD's primary promotional tool since 1983 has been the HOG. The company's advertisements and commercials are focused around female images. Since 93% of bikers are males, the HOG advertising campaign has been successful for decades<sup>5</sup>. HD also uses another strong promotional campaign through its cafes, located in most dealerships. HD has also developed an interactive website ([www.harley-davidson.com](http://www.harley-davidson.com)). The website gives the company the chance to expand its operations online. Finally, HD's most important promotional tool is the brand image of a truly American product. Such a tool appeals to the domestic market, and owning a Harley-Davidson bike fits well into supporting the national feelings of pride for America.

HD's distribution strategy can best be described by its creed found on its website: "Harley-Davidson's dealer's are the company's life-line to our customers, with a wide variety of product offerings, dealer's provide knowledge, service, and information to riders out on the road." The networks of dealers established by HD are placed in areas that provide access to the largest concentration of potential customers. These dealerships are used to distribute products, accessories, and merchandise. HD also promotes its motorcycles through dealerships with marketing programs, shows, and public relation programs. Demo bikes are also made available at events like Daytona and Sturgis. HD also has a non-dealer network of mid to high-end department stores like Costco's and BJ's. These outlets are meant to appeal to the non-enthusiast.

#### **Timing, Cost, Return, and Feedback of the Marketing Plan**

Before the marketing plan and strategy for HD can be introduced, an analysis of the timing at which the plan is to be implemented, the cost and return of the plan and the feedback involved in continually improving the product must be done.

The most strategic timing for the plan is at peak buying seasons such as around bike demo events and seasonal shopping. It is at these times that people are most interested in new products like the V-Rod and more likely to have the assets to purchase the product. The cost of implementing the marketing plan is going to be related to the assets involved in the development and research, as well as the production of the V-Rod and the promotion/advertising involved in making the V-Rod known to motorcyclists and non-enthusiasts.

The optimal return that is desired from the implementation of the marketing plan is a sizeable and profitable share in the performance cruiser market. A substantial share in the market would be attributed to HD's strategic plan of attracting new 'low-end' buyers. This group of buyers is a younger demographic compared to HD's traditional consumer base. Attaining such a group would most certainly guarantee HD future business by attempting to gain brand loyalty.

The most important aspect of understanding the functionality of the marketing plan is the feedback involved from the consumer. To comprehend why or why not a certain aspect of the marketing mix is working, consumers of the product must be allowed to give their input. Continual and efficient uptake of data from the customer, whether through surveys or questionnaires or any other technique is critical in order to see whether the marketing plan implemented is working accordingly as planned.