Harley-Davidson Brand Positioning Analysis

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Assessment Piece 1

AMB211 – BRAND MANAGEMENT
1.0 Background

Harley-Davidson, one of the most recognizable brands in the world, produce motorcycles that provide freedom and independence. They are one of the few brands that can relate to any age and any gender, and have successfully positioned themselves as a premium product. Harley-Davidson aim to fulfill the dream of personal freedom, they understand that their customers are highly loyal, and they value those emotional connections and convert them into fuel used to drive their premium quality ownership experience (Harley-Davidson, n.d.). Harley-Davidson has been identified to have the highest level of loyalty amongst their customers than any other motorcycle brand (Trendafilov, 2015). This level of loyalty has lead to the Harley-Davidson logo ranking as the most tattooed brand in America (Trendafilov, 2015; Aaker, 1996). This community appreciate that Harley-Davidson are more than cruisers, they are an experience and a lifestyle (Aaker, 1996).
2.0 Frame of Reference

Understanding the frame of reference is the first step to identifying the current brand positioning for Harley-Davidson. This frame of reference will allow the brand's points of parity, and points of difference to be explored and further analysed against their competition (Keller, Sternthal & Tybout, 2002). The frame of reference is not stagnant, it needs to be monitored throughout each stage of the life cycle of the brand (Keller et al., 2002). Companies like Harley-Davidson who have reached a mature stage need to consider their frame of reference to ensure that opportunities and threats within the industry have been considered.

2.1 Target Market Analysis

In relation to Harley-Davidson’s famous heavyweight cruiser motorcycle category, the target market is men aged between 45 and 60, the largest age segment within Australia (Agnihotri, 2013; Dent Research, 2014; QuickStats, 2011). This demographic have a medium to high household income, earning approximately $1,700 per week (Australian Bureau of Statistics, 2014) and they range in occupation from blue-collar workers to investment bankers (Rifkin, 1997). This age group have a higher disposable income as a result of dependent children leaving home, they have increased leisure time and are influenced by nostalgia as they are trying to recapture their youth (Dent Research, 2014; Chia, 2015). Therefore this market is more likely to purchase these premium priced, luxurious motorcycles prior to retirement (Barrett, 2015).

When searching for a motorcycle, this audience desires reliability, styling and performance (Cycle World, 1980b). They appreciate a high level of customization, and spare no expense in relation to their motorcycle (Barrett, 2015; Corey & Millage, 2014). They desire optimal comfort from their motorcycles, and when riding prefer to do so in a group than singularly (Corey & Millage, 2014; Gaille, 2014). This market like working on their bikes and appreciate the motorcycle for its raw beauty (Buller & Schuler, 2003), whilst they are nostalgic, valuing the ‘traditional’ 1940’s and 1950’s motorcycle design (Rifkin, 1997). Their Harley-Davidson purchase is generally not their first bike, but more commonly their last (Cooney, 2015) and although they may use their motorcycle for commute purposes, their desired motive is for pleasure (Cycle World, 1980a). Harley have managed to identify an audience who will not
only pay the premium price, but will also wait the extended time for delivery (Buller & Schuler, 2003).

Harley-Davidson have strong brand associations with the cruiser motorcycle category as a global brand with a deep cultural and lifestyle brand image (Keller, 1993; Schembri, 2009). Associations with the brand have come a long way since the stigma of Harley-Davidson representing rebellion and outlaws due to films and the correlation with Hells Angels (McDiarmid, 2006) although they have successfully been able to distance themselves from that image to a family-inspired, loyal community. Associations include product-related attributes, where consumers associate the brand Harley-Davidson with quality, power, a rumbling engine and leather and also non-product attributes including their premium status (Corey & Millage, 2014; Gaille, 2014). Strong associations are also identified by experiential and symbolic benefits that Harley-Davidson provide, including the exploration, camaraderie and the use of the motorcycle to escape commitments and stress, along with the symbolism of freedom, community, brotherhood and individuality (Aaker, 1996; Corey & Millage, 2014; Keller, 1993).

1.2 Competitor Analysis

Harley-Davidson is currently competing with Japanese manufacturers Honda, Yamaha and Kawasaki in the highly competitive motorcycle market (Rifkin, 1997). These competitors have a strong position in this market due to their value for money, reliability and greater handling, although Harley-Davidson lead in overall satisfaction of customers (Canstar Blue, 2015). Currently the market leader within Australia, Harley-Davidson sold 9,790 road motorcycles within the first six months of 2015, claiming 21.7% of the market, followed closely by Honda with 17.1% as can be seen in Graph 1 below (Federal Chamber of Automotive Industries, 2016).

As Harley-Davidson operate under a premium pricing strategy, the aggressive discounting Honda and Yamaha utilise are their key advantage for obtaining customers who don’t necessarily associate with Harley’s key message of experiencing freedom (Newstex Finance & Accounting Blogs, 2015). Both Honda and Yamaha products are differentiated by their extensive technological integration in the cruiser market, and are known to have a more consistent product as they are able to mass produce efficiently (Buller & Schuler, 2003), although those who desire the soul, adventure and camaraderie associated with a Harley will
never pass one up (Consumer Reports, 2015). Harley-Davidson are not heavily affected by these advances, as their community’s loyalty to the brand deems these factors irrelevant (Joans, 2001). Harley-Davidson have stayed true to their roots, producing ‘retro’ bikes, dripping with nostalgia that are stripped back and rugged. They keep the technology to a minimum so that the core focus is on the feel and experience (McDiarmid, 2006).

### Market Share

- **Harley Davidson**: 33.1%
- **Honda**: 21.7%
- **Yamaha**: 17.1%
- **Kawasaki**: 12.7%
- **Other Motorcycle Brands**: 15.4%

Graph 1 - Market Share
3.0 Points of Parity

In order to identify a brand as a legitimate player in a certain product category, brands need to display that they meet a certain criteria, known as the points of parity (POP), which are dependent on the brand's stage in its life cycle (Keller, et. al., 2002). Harley-Davidson, as an established brand need to reassess their POP, as points of difference (POD) over-time, through targeted marketing by competitor brands, can become requirements for each brand in the market (Keller, et. al., 2002).

Evidence identifies consumer's desire a certain design of motorcycle, although this specific design was once a POD for Harley-Davidson. Six years after the brand begun in 1909, Harley-Davidson’s V-Twin engine was established as a POD for the company, an image that became an icon (Buller & Schuler, 2003; Harley-Davidson, 2015). This combined with the extensive use of chrome throughout design, the style of the tail fenders and the extension of the front fork formed a unique image of Harley-Davidson (Buller & Schuler, 2003). These POD's were eventually mimicked by Japanese producers including Honda and Yamaha, which transformed these features into POP now for the industry, and drew attention to their specific POD (Keller et. al., 2003; Buller & Schuler, 2003).

Other POP are prevalent due to the customers desire for comfort whilst cruising. Currently within the cruiser category this includes a low positioned plush saddle-like seat riding position for optimal comfort during extended riding times, an extended wheelbase creating the long and low profile, typically with a fat rear tyre (What is a cruiser?, 2008; Stewart, 2008). They have a visual style that resonates with motorcycles built between the 1930’s and the 1960’s and generally involve a riding position with feet forward and straight arms (Stewart, 2008).

Keller, et. al. (2002) explains that established brands can convert a competitor's POD into a POP by incorporating it into their product offering. Harley-Davidson were successfully able to do so in relation to motorcycle security systems, as research identifies that consumers are highly concerned about the security of their motorcycles when they are unattended (National Motor Vehicle Theft Reduction Council, 2013; Siler, 2013). In 2000 Honda released motorcycles equipped with Honda Ignition Security System, an anti-theft device that, in short, prevented the engine from starting unless the original key is used (Tech Views, 2014). Although a little while later, in 2007 Harley-Davidson successfully released their own range of motorcycles equipped with H-D Smart Security System, their new security device (Delphi Corporation, 2006). This transformed the POD in increased protection of one's bike, to a POP market-wide
4.0 Points of Difference

Related to brand imagery associations, Harley-Davidson’s key POD is in their lifestyle, identified as a key driver of their growth (Rifkin, 1997). Revolving around the search for Freedom from both daily stresses and mainstream ideals, this persuasive value is a strong proposition for this target market (Aaker, 1996). The Harley Owners Group is apart of this lifestyle, a corporate effort to build and sustain their culture and the relationship between their customers, dealers, employees and the brand (Agnihotri, 2013; Corey & Millage, 2014). This community forms a deep sense of belonging based upon their common desire to seek freedom and also their aim to be a part of something bigger than themselves, (Schembri, 2009; Corey & Millage, 2014). The camaraderie experienced is unlike any other group and is greatly desired by the target market (Corey & Millage, 2014; Schembri, 2009) whilst this growing community is highly profitable for Harley-Davidson. To this day no competitor has had the ability to drive a communal desire for a lifestyle like Harley-Davidson have, due to a combination of time in the market, nostalgia, culture and originality that Harley-Davidson have.

Another key POD relates to brand performance associations, relative to the style and design of the motorcycle (Keller, et. al., 2002). The range of aftermarket accessories Harley-Davidson produce are in excess. This is highly appealing to their target market as these highly customized motorcycles are an extension and representation of the rider (McDiarmid, 2006; Schembri, 2009). They want their motorcycle to stand out from the pack, and in order to achieve this goal they perform both functional and cosmetic changes (McDiarmid, 2006; Schembri, 2009). These changes result in no two Harley-Davidson’s looking the same, regardless if they are the same make (Simpson, 2015). This POD is deliverable as all alterations can be organised through Harley-Davidson dealerships, proving highly profitable for the brand with members spending upwards of $2000 a year on their motorcycle (Cooney, 2005; Barrett, 2015).

The originality of the Harley-Davidson motorcycle range is understood as another key influencer for purchase, as research displays a number of members within the target market would prefer to wait until they could afford to own a Harley-Davidson motorcycle than compromise on a mimic of this icon, such as of the Honda or Yamaha range, proving both its desirability and deliverability (Corey & Millage, 2014). This POD stems from the history of the Harley-Davidson, and its creation as the first of its kind in 1903 (McDiarmid, 2006). Their major use throughout World War 1 and 2, and features in American films such as ‘Easy
Riders’ and ‘The Wild Ones’ (McDiarmid, 2006) established the originality of the Harley-Davidson. Over the past 100 years these elements and numerous more surrounding the brand have formed meaning and have created the brand Harley-Davidson is today, providing them with the authority and nostalgia that can be associated to a brand first to market (Schembri, 2009).

5.0 Recommendation

A key POD that Harley-Davidson’s competition in Honda and Yamaha have is reliability, a consistent trait through numerous Japanese manufactured products. Consumer Reports (2015) identify that these competitor motorcycles are significantly more reliable than Harley-Davidson’s where almost one in four experience problems within 3 years of purchase (Smith, 2014). From 2003 to 2012 Harley-Davidson had to recall tens of thousands of bikes due to failures including to the fuel tank, brake lights, electric system and exhaust system (Cassidy, 2012). As insights display that reliability is a feature consumers greatly desire in a motorcycle (Cycle World, 1980b) Harley-Davidson are recommended to re-consider their construction process and quality control systems in place. It is advised that Harley-Davidson form a strategic plan over the next year that outlines the necessary action required at all levels of production to ensure that thorough sampling, trial and inspections are performed on their motorcycles prior to release. By doing so Harley-Davidson can attack their competitors POD and reduce it to a POP.

A POD has been identified in Harley-Davidson’s extensive range of aftermarket products that allow for a high level of customisation of these motorcycles. This POD, although feasible and profitable can be quite easily attacked by either Honda or Yamaha and reduced to a POP due to the ease in replication of these products (Keller, et al., 2002). It is recommended that this POD is not heavily relied upon, as it is not expected to remain unique. It is prevalent that Yamaha have noticed this trend and are in the process of creating their own aftermarket accessories although these are currently quite functional and limited in range (Motosport, n.d.). Harley-Davidson are advised to gather insight from their H.O.G. members in relation to their most favored and re-purchased accessories, and consideration towards patenting these particular items is recommended to ensure a POD remains, although it will be limited.
6.0 Reference List


