

# Born to be Wild

Camel Consulting

Alon

Hagar

Osnat

Noa

# Key Issues



Harley Davidson is a 115 years old motorcycle company selling big engine bikes especially in the US

The motorcycle and moped market is valued at 73B\$ with a growth rate of 6%-continued growth expected

Several disruptive events and innovations are affecting Harley and the entire market

Harley is experiencing a decrease in sales and in its market share

# Problem Definition

What should Harley Davidson do in order to achieve growth and overcome competition in the next 10 years?

# Challenges

How should Harley face the EV revolution?

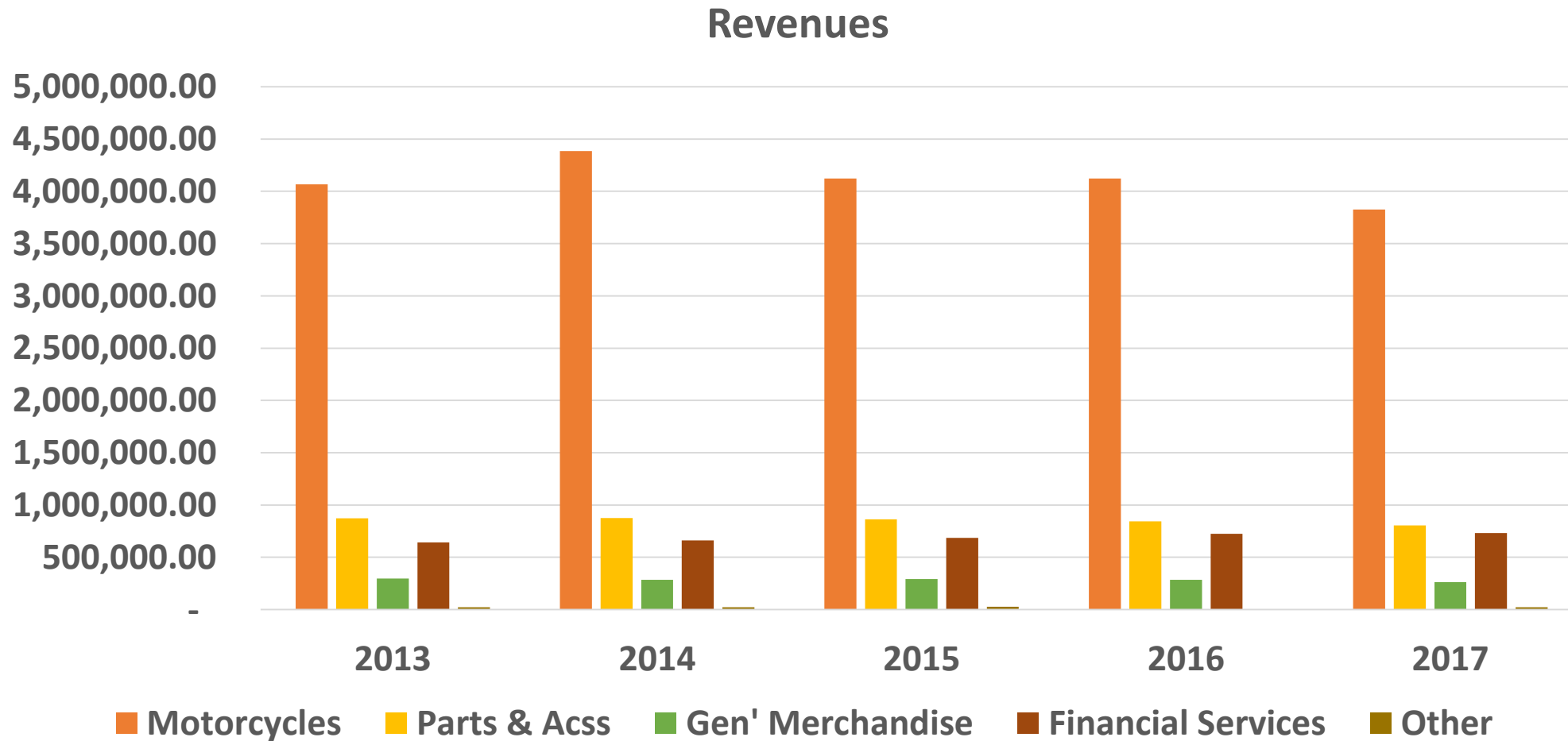
Should Harley attract new customers and how?

Should Harley increase its focus on smaller bike segments?

Which market should Harley penetrate how?

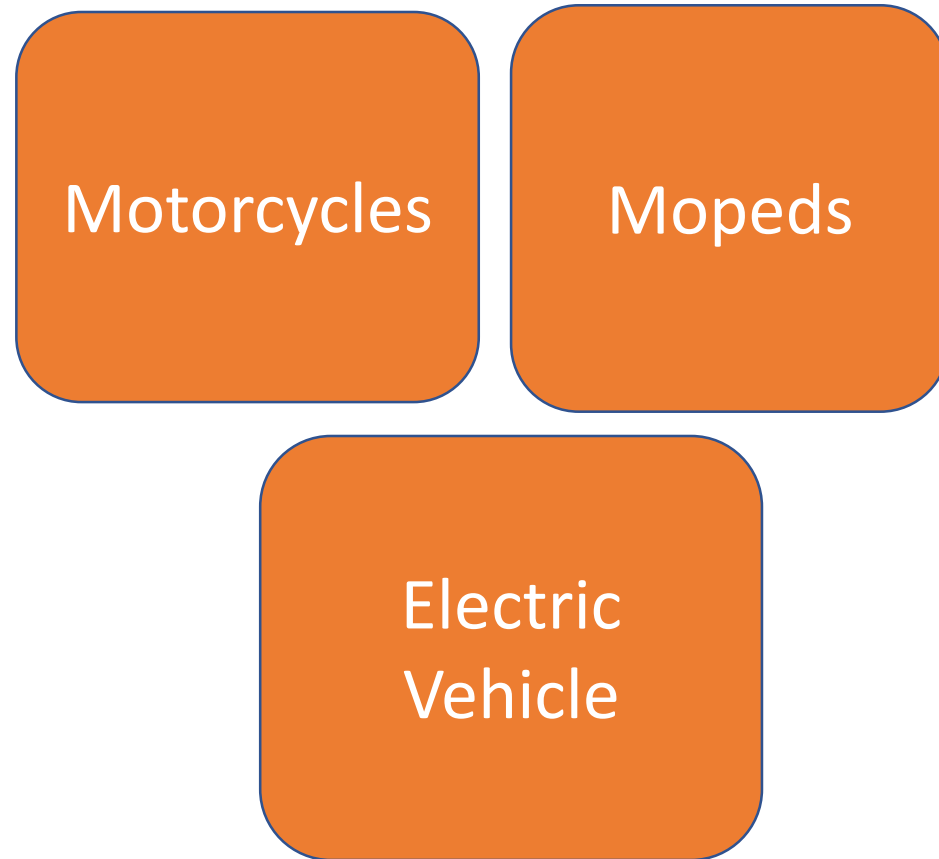
How should Harley react to changes in policies prices and tax?

# Harley's Revenues

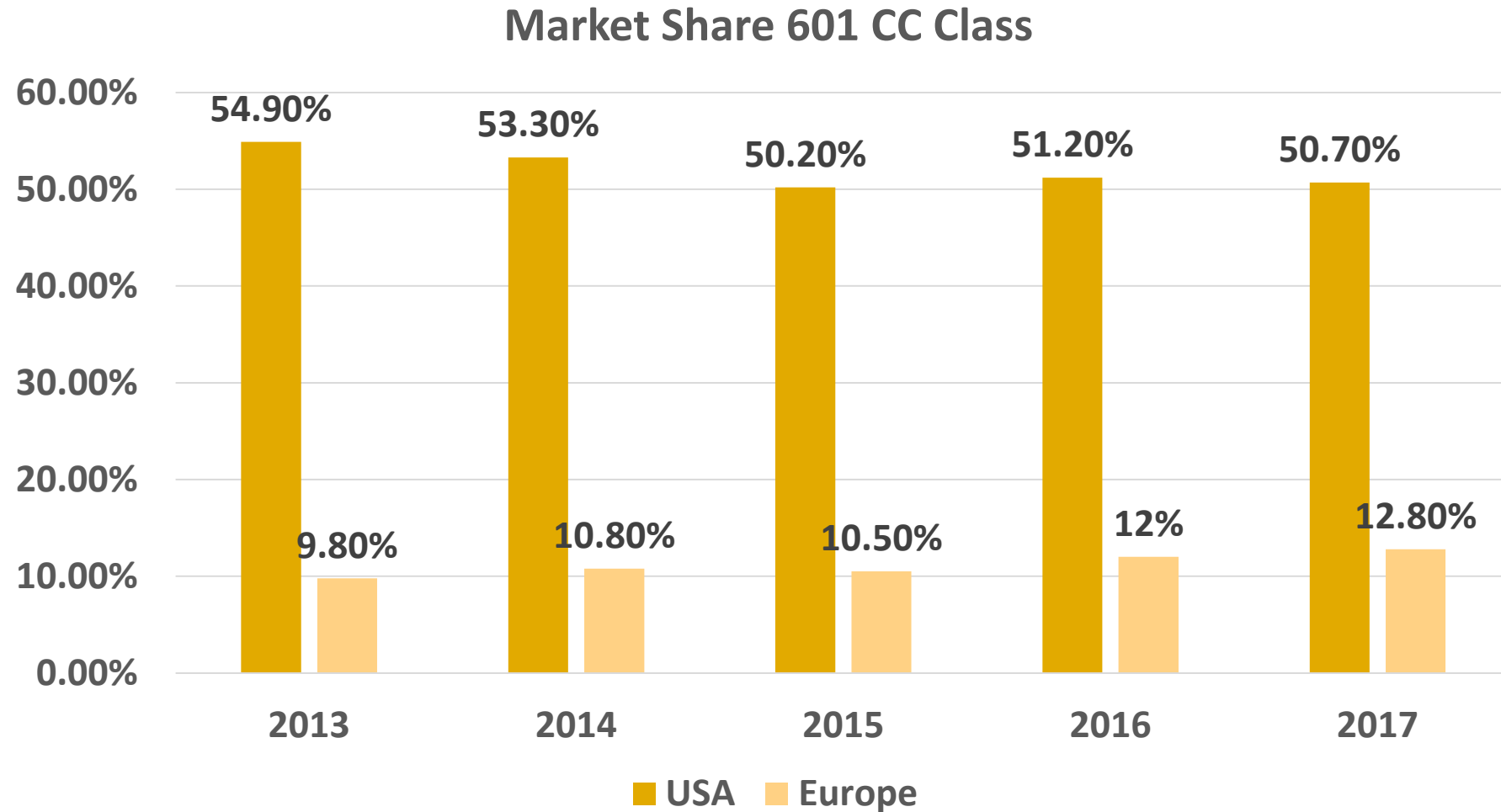


Decline in Revenues

# Motorcycle Products



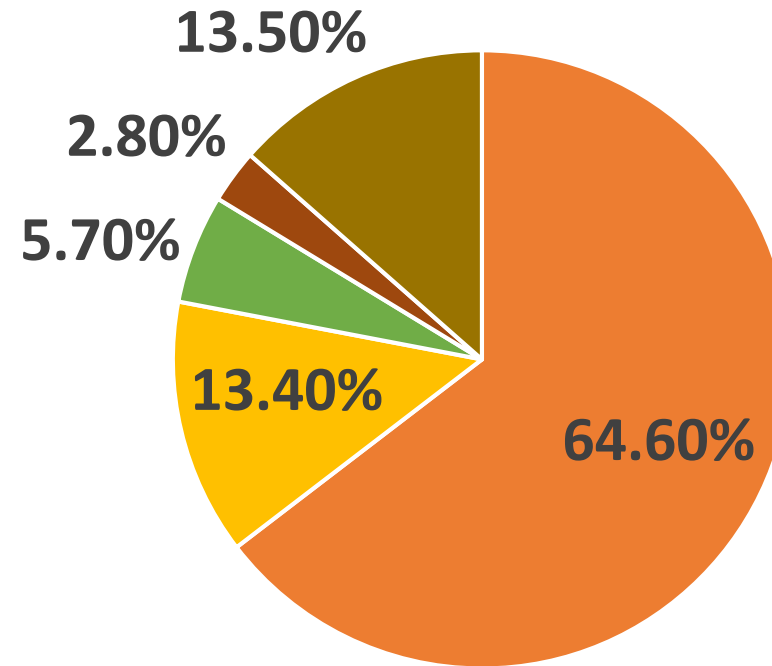
# Type of motorcycle sales – Classic Harley



600 cc Decline in market share, Slow growth in EU

# Motor cycles & Mopeds market share

Market Value by Region

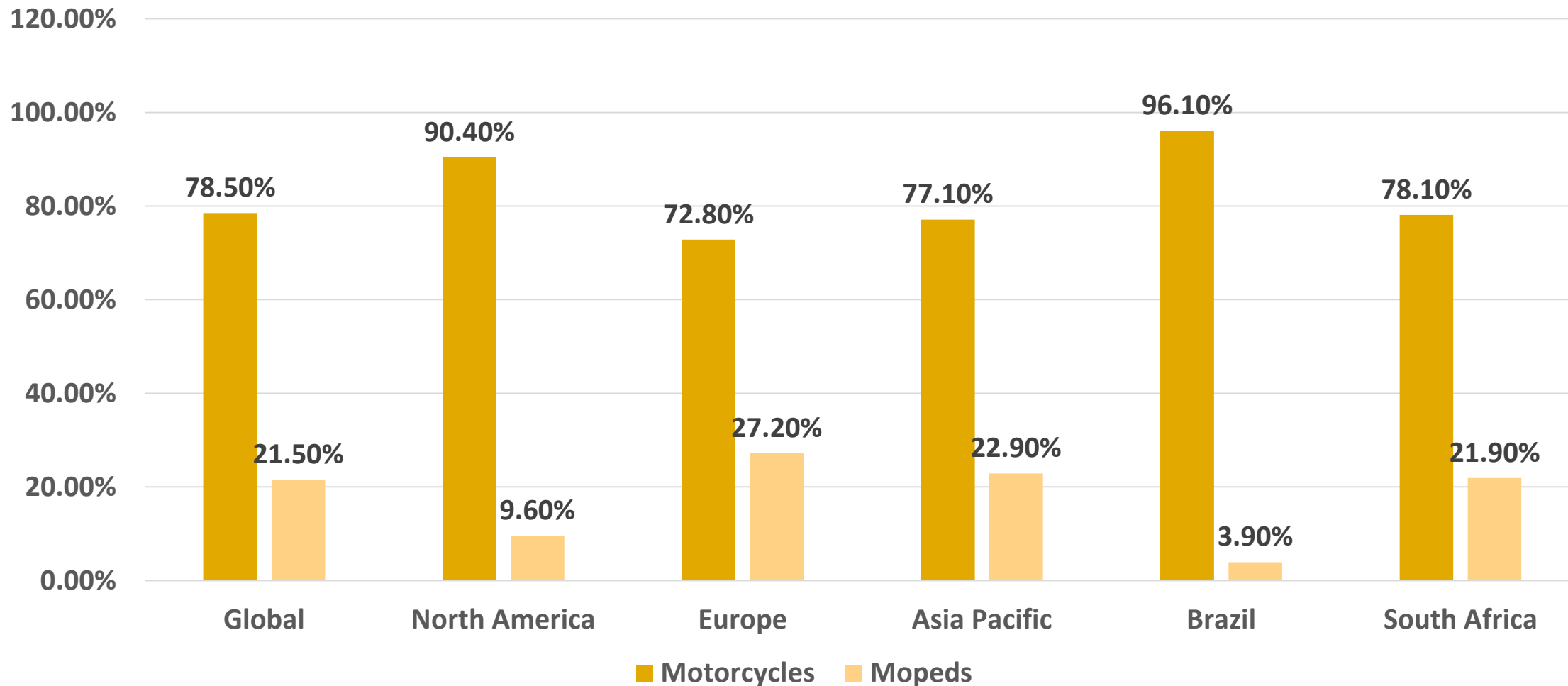


■ Asia Pacific ■ Europe ■ United States ■ Middle East ■ Rest of the World



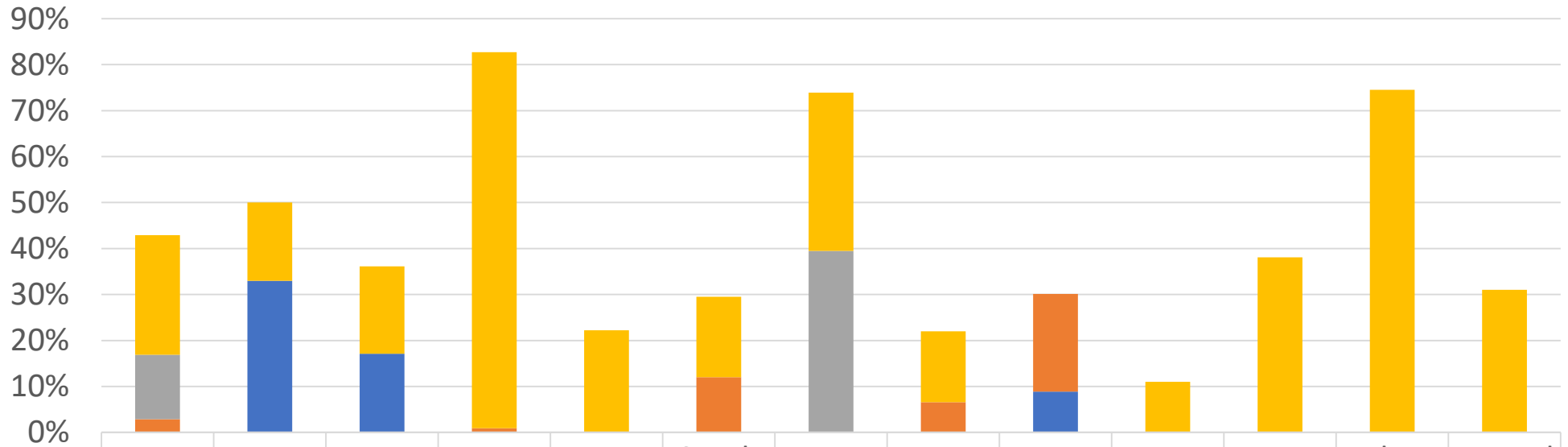
# Motorcycles & Mopeds segmentation worldwide

Moped & Motorcycle Market Category Segmentation by Volume



# Competitors' market share

## Market Share by Volume

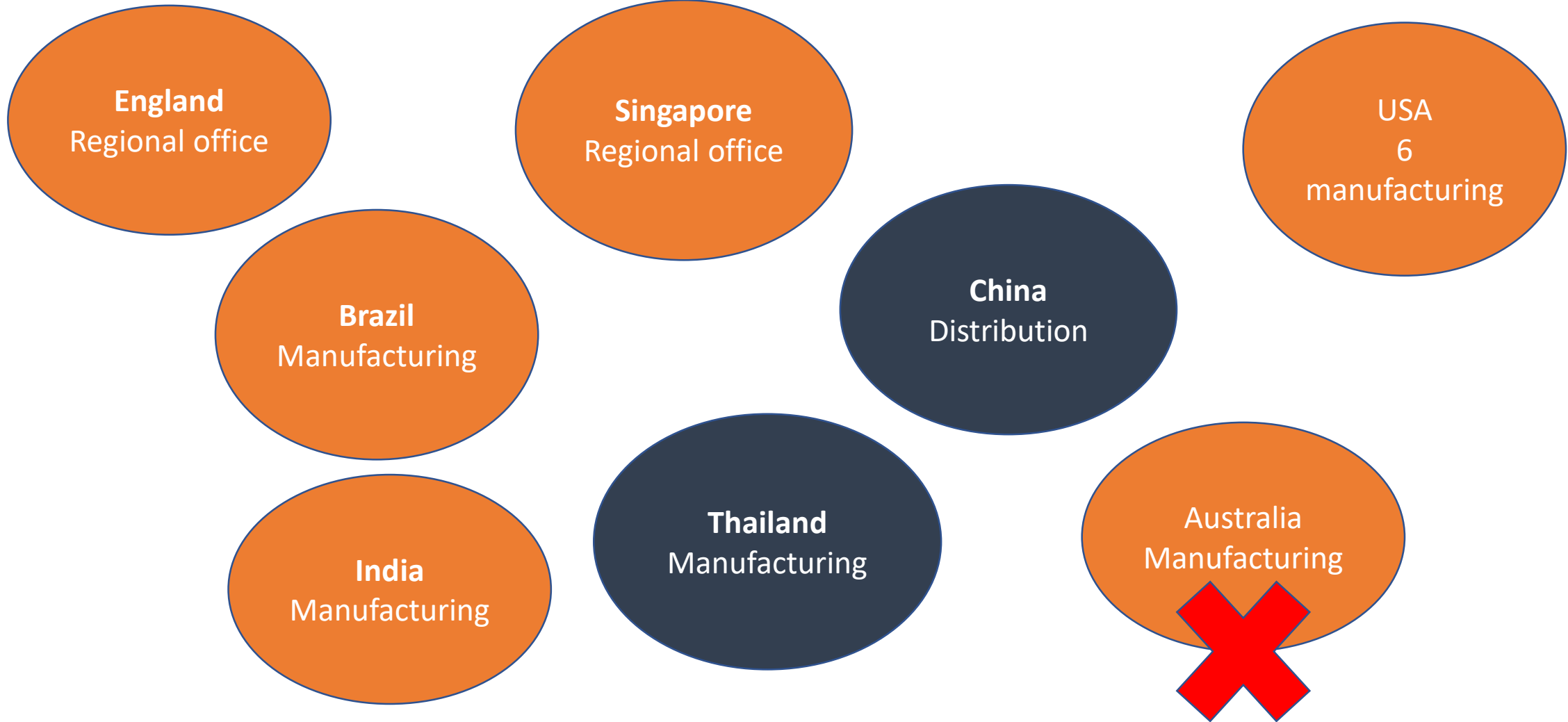


	Global	USA	Canada	Brazil	Mexico	South Africa	India	Europe	Russia	China	Japan	Indonesia	Australia
■ Honda	26%	17%	19%	81.80%	22.20%	17.50%	34.40%	15.40%		11.00%	38.10%	74.50%	31%
■ HERO	14%						39.50%						
■ BMW	2.90%			0.90%		12%		6.60%	21.20%				
■ Harley Davidson		33%	17.10%						8.90%				

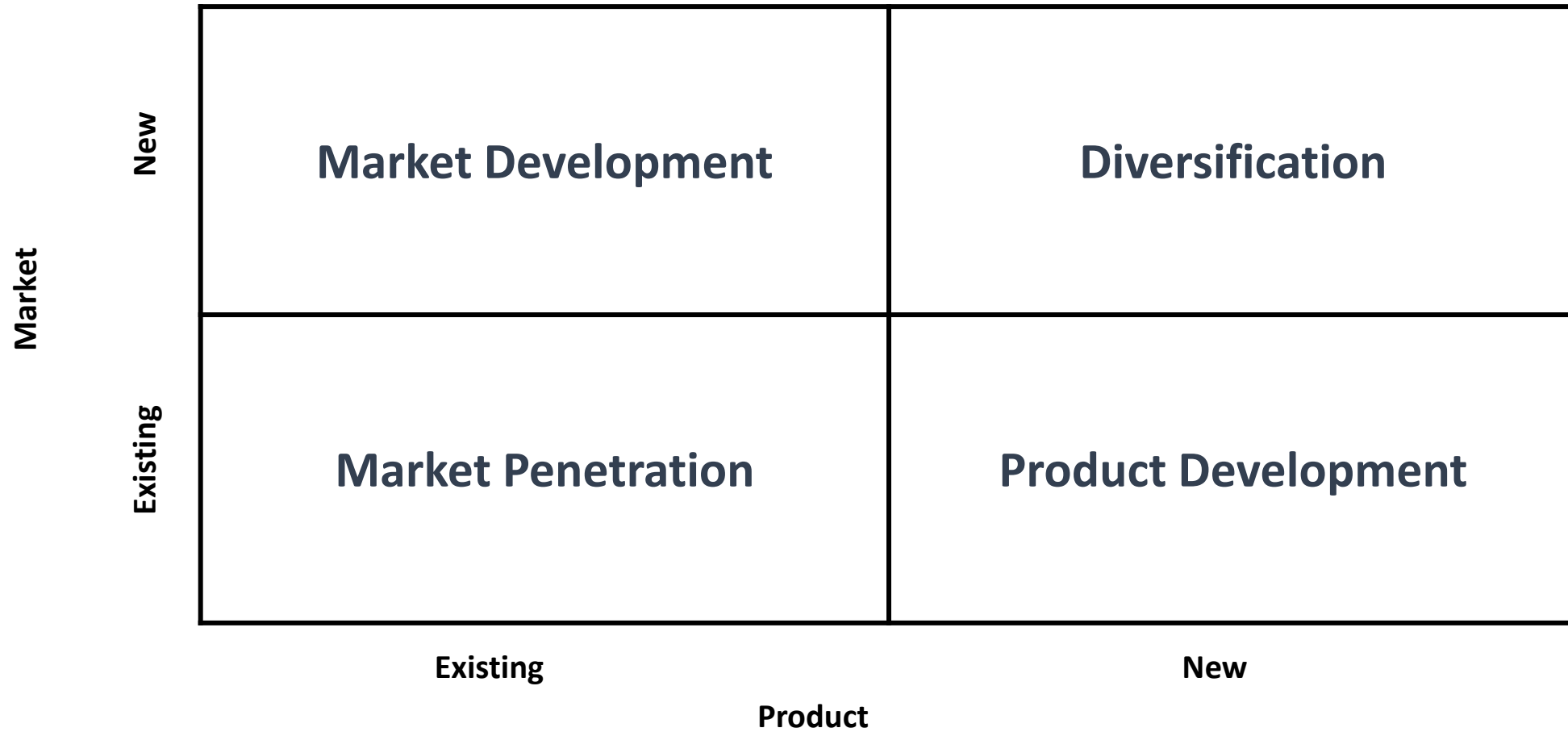
■ Harley Davidson ■ BMW ■ HERO ■ Honda

Lack of presence in emerging markets

# Existing Facilities



# Alternatives



# Alternatives

**Market  
Penetration-**  
North America

**New market-**  
China & India

**New Product-**  
EV & lighter  
Harley

# Alternatives

	Market penetration- North America-	New market- China & India	New Product- EV & lighter Harley
Feasibility	++	+	+
Profitability	+	++	++
Suitability	++	-	--
Low Risk	++	--	-
Time to Market	++	--	-

# Recommendation

**Market  
Penetration-**  
North America

**New market-**  
China & India

**New Product-**  
EV & lighter  
Harley

# New markets analysis

## Criteria for new market choice:

1. Size of market
2. Competitive arena
3. Existing Infrastructure
4. Profits
5. Time to Market

### India:

1. Large
2. Hero+Honda
3. Existing
4. Big potential
5. Medium

### China:

1. Large
2. Chengjiang
3. Development
4. Big potential
5. High



# USA penetration

**USA-  
2019**

New product for  
Millennials

Marketing & community  
outreach

**Expand R&D:**  
Smart accessories like  
helmets, gloves...

Planning for the future of Harley with customization & new customers

# Customer Segmentation

## Current Customers

- Men aged 35+
- High social-economic status
- Conservatives
- American Patriots
- Leisure lovers

**Branded as American luxury product**

## Future Customers

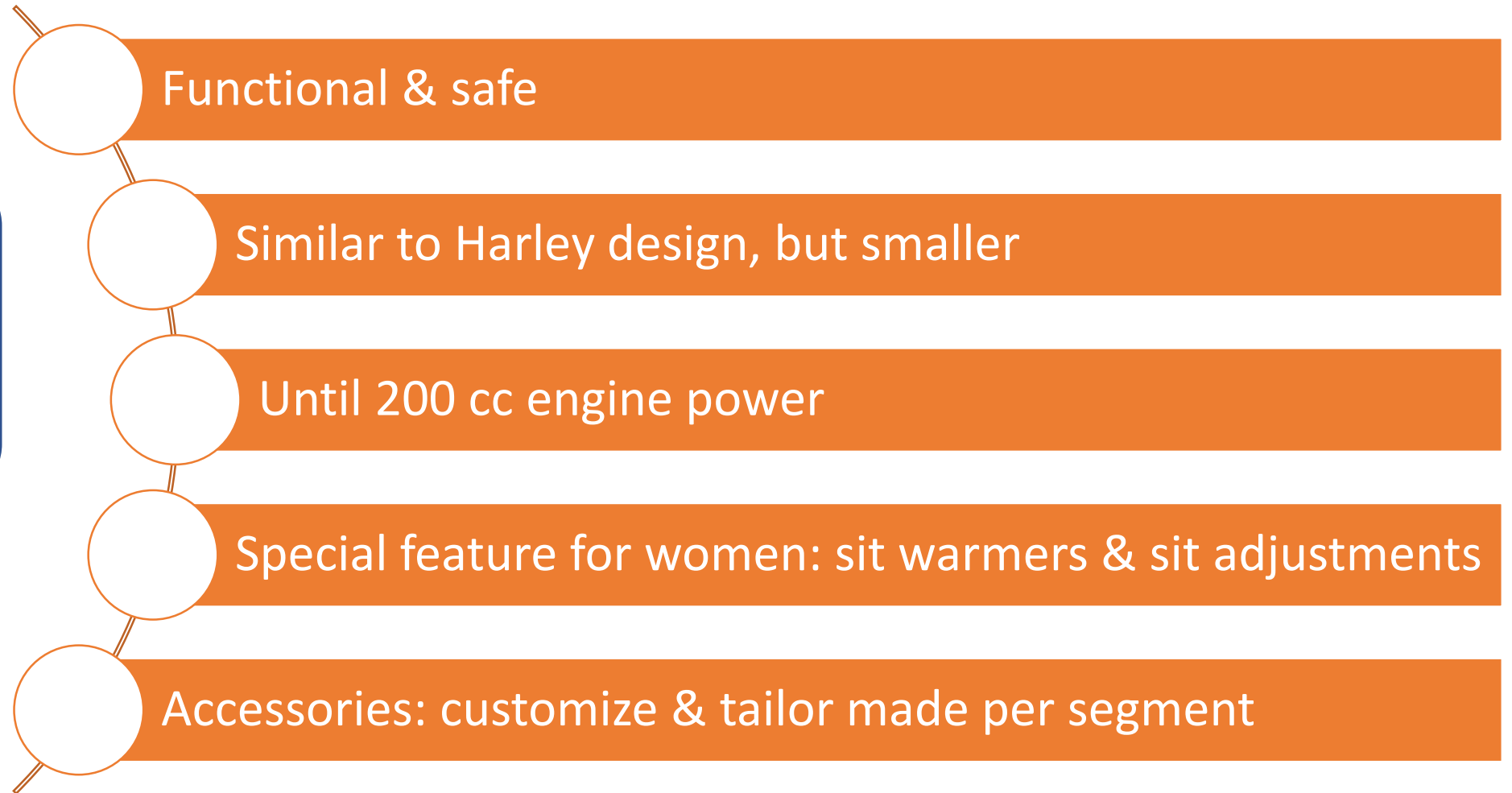
- Millennials
- Women

### What are they looking for?

- Light & comfortable product
- Customized to needs
- Cheaper
- Safer

# New product- USA

**New product for  
Millennials:**  
Small motorcycle



# Marketing Strategy per segment

Marketing &  
community  
outreach

## Millennials:

Instagram campaigns with classic customers on new smaller motorcycles

Movie in cooperation with Netflix

Training with virtual reality in schools & universities

Classic: emphasis on Harley community:

community service, events, Community competition and more..

Marketing as a tool for new customers

# Indian Market Penetration

**India-  
2019**

**Infrastructure:**  
Manufacturing  
Plants in Thailand &  
India.  
Partnership with  
Alta Motors (Tech)

**Product:**  
Electric motorcycles  
**Future option:**  
solar (sunny  
climate)

**Customers:**  
Middle-High class  
in urban areas

# Indian Market Penetration- Finance

**India-  
2019**

**Insurance**

**Financing**

Expanding current financial services to India as a pilot

# Chinese Market Penetration

**China-  
2024**

## Infrastructure:

JV with Loncin with  
new brand.  
Planned  
manufacturing in  
China & Thailand.  
Support from India.

## Product:

150 cc electric &  
classic motorcycles

## Customers:

Medium - High  
class  
in urban areas





# Implementation Timeline

				4Q2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
Diversification - India	EV Light Moto	Partnership with Altma	R&D + protoype		Pilot								
			Mass Manufacture				R			R			
			Marketing										
	Solar battery charging		Scout for Start Ups										
				Develop & Launch						D	L		





# Finance

## Global market projections

Billions	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
Global Moto & Mopeds market	73.1	75.8778	78.8	81.8	84.9	88.1	91.4	94.9	98.5	102.3	106.1
Growth rate		3.8%	3.8%	3.8%	3.8%	3.8%	3.8%	3.8%	3.8%	3.8%	3.8%
EV moto & scooters	12.9	14.4	16.0	17.8	19.8	22	25.1	30.1	37.6	48.9	63.6
		11%	11%	11%	11%	11%	14%	20%	25%	30%	30%
Total		90.2	94.7	99.5	104.6	110.1	116.5	125.0	136.1	151.2	169.7
Total growth			5%	5%	5%	5%	6%	7%	9%	11%	12%

# Finance

	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
USA										
Europe										
EMEA										
Total EMEA	46,253.16	47,609.99	49,006.61	50,444.21	51,923.98	53,447.16	55,015.02	56,628.88	58,290.07	60,000.00
	3%	3%	3%	3%	3%	3%	3%	3%	3%	3%
Japan										15,000
Asia Pacific Other										
India	-	5,000	8,000	10,000	12,000	15,000	20,000	25,000	30,000	35,000
China	-	-	-	-	-	2,000	8,000	14,000	17,000	20,000
Total Asia Pacific										55,000
Latin America										
Canada										
Total International Retail Sales										239,753.16
			70							
Total WorldWide Retail Sales	254,927.40	267,642.71	281,182.37	295,616.15	311,020.80	329,179.49	353,167.26	384,613.82	427,076.22	479,506.32
	5%	5%	5%	5%	5%	6%	7%	9%	11%	12%

# Risk Mitigation

**Risk:**

No adoption of Chinese market to new product

**Mitigation:**

Focus on Thailand & India

Solar & autonomous motorcycles

**Risk:**

Loss of brand's values

**Mitigation:**

Branding as a USA company:  
Museum & merchandise

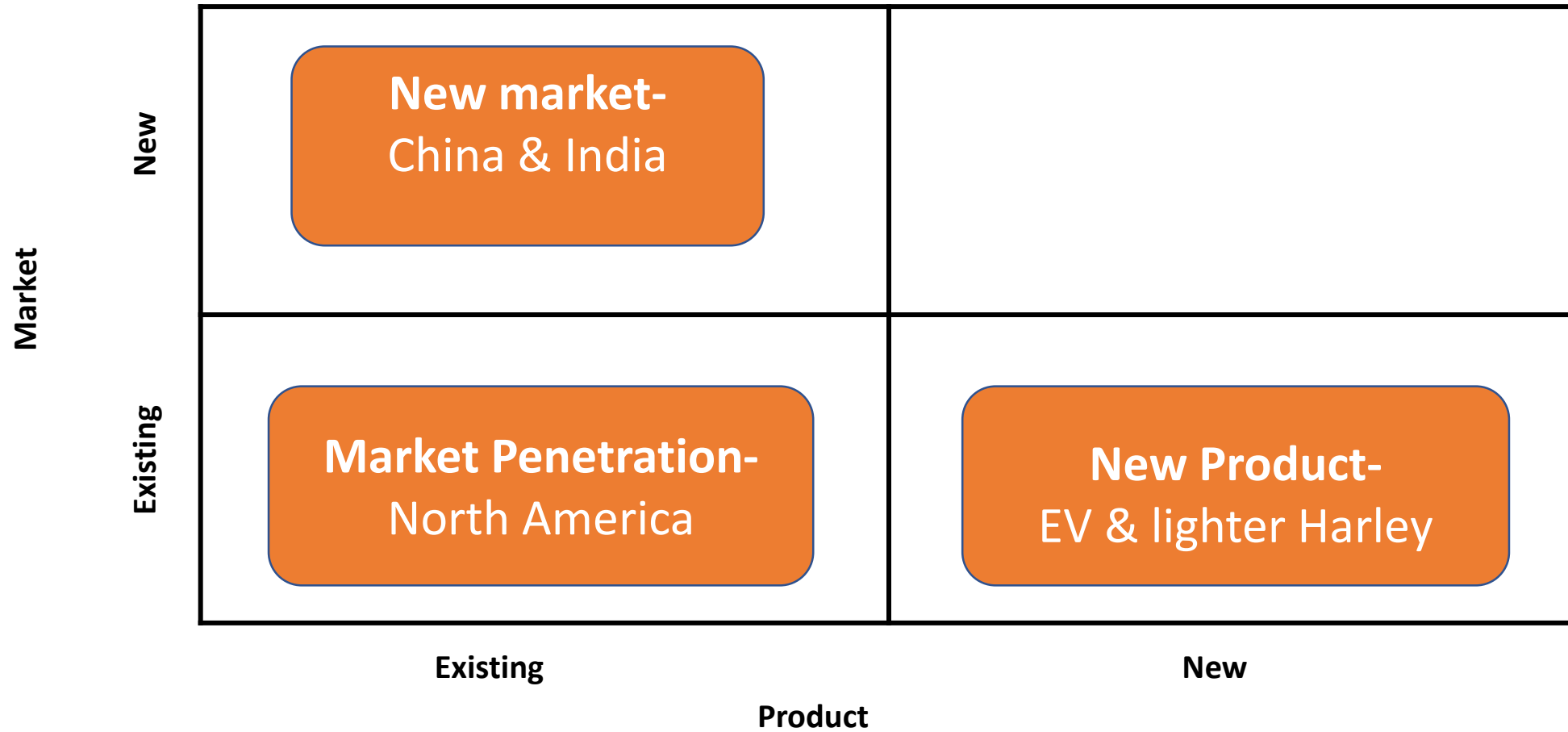
**Risk:**

Loncin not willing to partner.

**Mitigation:**

Partner with Lifan

# Summary



# Appendix

Exhibit 1	Market Share by Volume												
	Global	USA	Canada	Brazil	Mexico	South Africa	India	Europe	Russia	China	Japan	Indonesia	Australia
Harley Davidson		33%	17.10%						8.90%				
BMW	2.90%			0.90%		12%		6.60%	21.20%				
HERO	14%						39.50%						
Honda	26%	17%	19%	81.80%	22.20%	17.50%	34.40%	15.40%		11.00%	38.10%	74.50%	31%
TVS							14.80%						
Lifan										10.10%			
Loncin										8.90%			





# Appendix

<b>Exhibit 7</b>	<b>Retail Sales</b>				
	2013	2014	2015	2016	2017
USA	168,863.00	171,079.00	168,240.00	161,658.00	147,972.00
Europe	36,076.00	38,491.00	36,894.00	39,942.00	39,773.00
EMEA	6,533.00	6,832.00	6,393.00	5,896.00	5,162.00
Total EMEA	42,609.00	45,323.00	43,287.00	45,838.00	44,935.00
Japan	10,751.00	10,775.00	9,700.00	10,279.00	9,506.00
Asia Pacific Other	16,139.00	19,299.00	22,558.00	22,610.00	20,842.00
Total Asia Pacific	26,890.00	30,074.00	32,258.00	32,889.00	30,348.00
Latin America	11,415.00	11,652.00	11,173.00	9,701.00	9,452.00
Canada	11,062.00	9,871.00	9,669.00	10,203.00	10,081.00
Total International Retail Sales	91,976.00	96,920.00	96,387.00	98,631.00	94,816.00
Total WorldWide Retail Sales	260,839.00	267,999.00	264,627.00	260,289.00	242,788.00
Average Price per Motorcycle	15,615.98	16,200.38	15,495.56	15,720.00	15,839.49

# Appendix

Exhibit 8					
<b>Revenue</b>	2013	2014	2015	2016	2017
Motorcycles	4,067,510.00	4,385,863.00	4,122,739.00	4,122,113.00	3,825,206.00
Parts & Acss	873,075.00	875,019.00	862,645.00	842,637.00	804,363.00
Gen' Merchandise	295,854.00	284,826.00	292,310.00	284,583.00	262,776.00
Financial Services	641,582.00	660,827.00	686,658.00	725,082.00	732,197.00
Other	21,851.00	21,973.00	26,050.00	2,043.00	22,682.00
<b>Total Rev'</b>	5,899,872.00	6,228,508.00	5,995,402.00	5,996,458.00	5,647,224.00
Cost of Rev'	3,561,409.00	3,707,077.00	3,518,267.00	3,593,466.00	3,441,876.00
Gross Profit	2,336,463.00	2,521,431.00	2,477,135.00	2,402,992.00	2,205,348.00
Total Operating expenes	1,186,892.00	1,240,448.00	1,321,440.00	1,354,056.00	1,314,085.00
Operating income	1,151,571.00	1,280,983.00	1,155,695.00	1,048,936.00	891,263.00
Net income	733,993.00	844,611.00	752,207.00	692,164.00	521,759.00
EBITDA	1,326,633.00	1,466,782.00	1,360,354.00	1,263,136.00	1,117,031.00

<b>Exhibit 11</b>	<b>Harely Davidson Manufacturing Optimization</b>			
	2018	2019	2020	Total
Tem' Inefficiencies	20-25	15-20	-	35-45
Restructring	100-115	35-40	-	135-155
Total Costs	120-140	50-60	-	170-200
Annual Cash Savings	-	25-30	45-50	65-75