

# STAYING ON COURSE

**Presented to: Harley Davidson**

**Presented by: Global Consulting**

Paola Sunye

Gustavos Armenteros

Rico Heuchel

Natarraajan Aruroolie

# AGENDA

Challenge

Recommendation

Analysis

Alternatives

Implementation

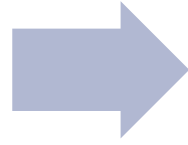
Financials

CHALLENGE

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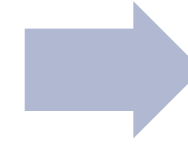
## Where you are now

- Reacting to changes in policy, technology and consumer preferences
- Radical departure from core strength



## How to get there

OUR MANDATE:  
Assessing Harley Davidson's 10-year plan



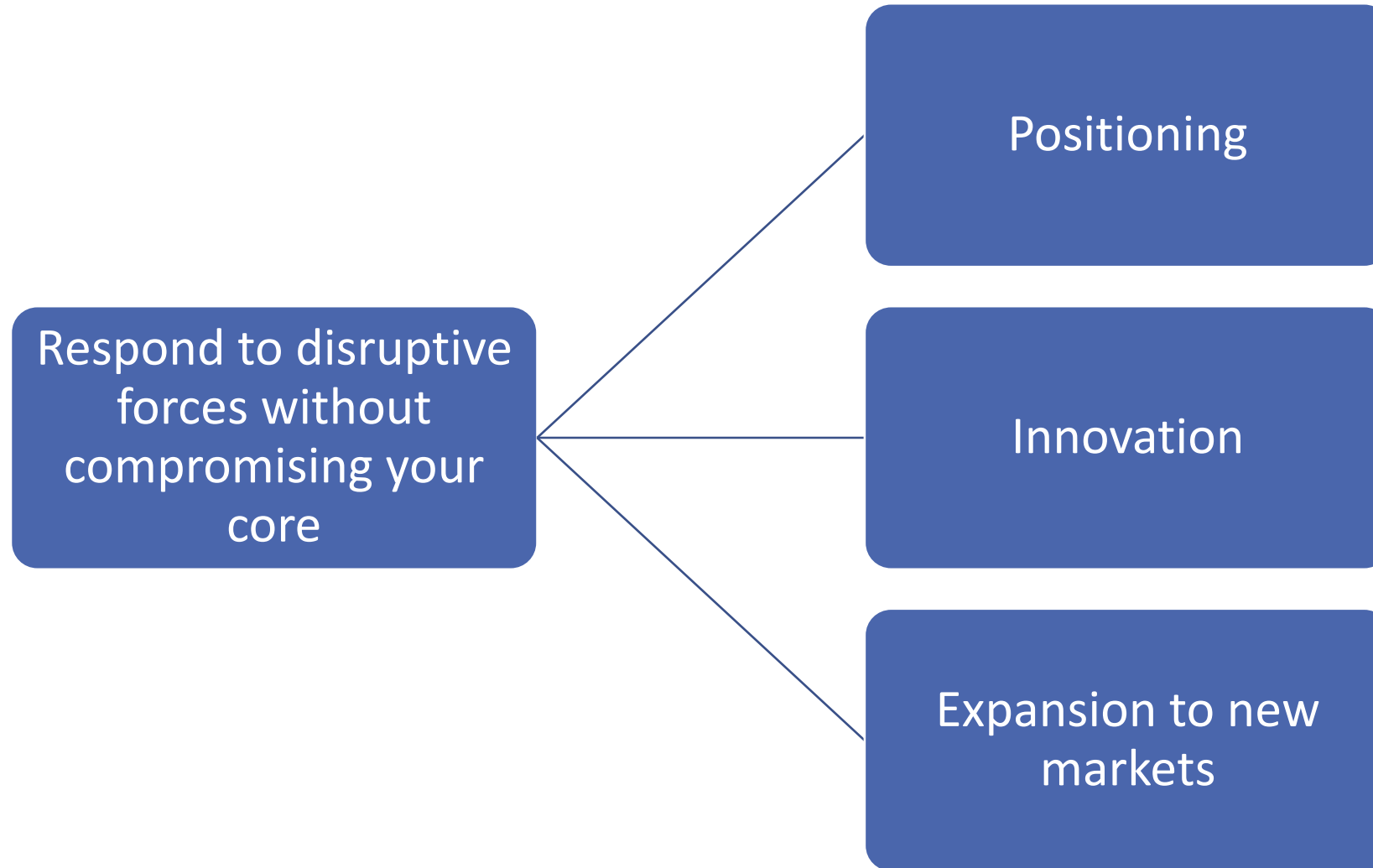
## Where you want to be

- Expand the market and meet new needs without compromising Harley Davidson's core strengths

Do not lose focus that you sell a lifestyle, not just a motorcycle

# RECOMMENDATION

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# ANALYSIS

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## Politics

- Imposition of tariffs
- Non ratification TPP FTA
- Environmental regulations – ban of combustion engines

## Economics

- Increase in oil prices
- Period of economic recovery

## Social

- Harley Davidson is a culture and a lifestyle
- Creation of a sense of belonging to a community



## Technology

- Disruption
  - EV and AV
  - Smart systems

## Demographics

- Target customer: men aged 35+ with financial means
- Core customers continuously retiring
- Change in customer preferences

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Competitive  
Landscape

Honda

Jiangmen  
Dachangjiang  
(JD)

Hero  
Motocorp

Indian

Royal Enfield

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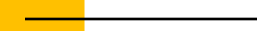
Jiangmen  
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Hero  
Motocorp

Indian

Stylistically  
similar

Royal Enfield



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Stylistically  
similar

Royal Enfield

Iconic and lengthy  
motorcycle history

# ALTERNATIVES

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## Criteria for enhanced strategy

### Market share

- Penetrate other demographics

### Core Identity

- Maintain the Harley Davidson way of riding

### Customer needs

- Allow customers to identify directly with their bike

### Innovation and technology

- Keep up with technological trends without alienating customer base

## Matt's Strategy

1

- Increase the number of new Harley riders in the US to 2M by 2027

2

- 100 impact motorcycles

3

- Grow the international business to 50% of Harley's annual volume by 2027

4

- Improve ROC so that it falls within the top 25% of the S&P 500

5

- Environmental consciousness and sustainability

## Matt's Strategy: areas to improve

1

- Increase the number of new Harley riders in the US to 2M by 2027

2

- 100 impact motorcycles

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- Grow the international business to 50% of Harley's annual volume by 2027

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- Improve ROC so that it falls within the top 25% of the S&P 500

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- Environmental consciousness and sustainability



Address points 2, 3 and 5

Increase  
customization,  
not product  
line

- Gas vehicles on the short term
- Continue R&D for EV (midterm)
- Avoid AV
- Customization
- Addressing riding lifestyle for other demographics

Maintain core identity of selling a lifestyle of thrill, passion and freedom

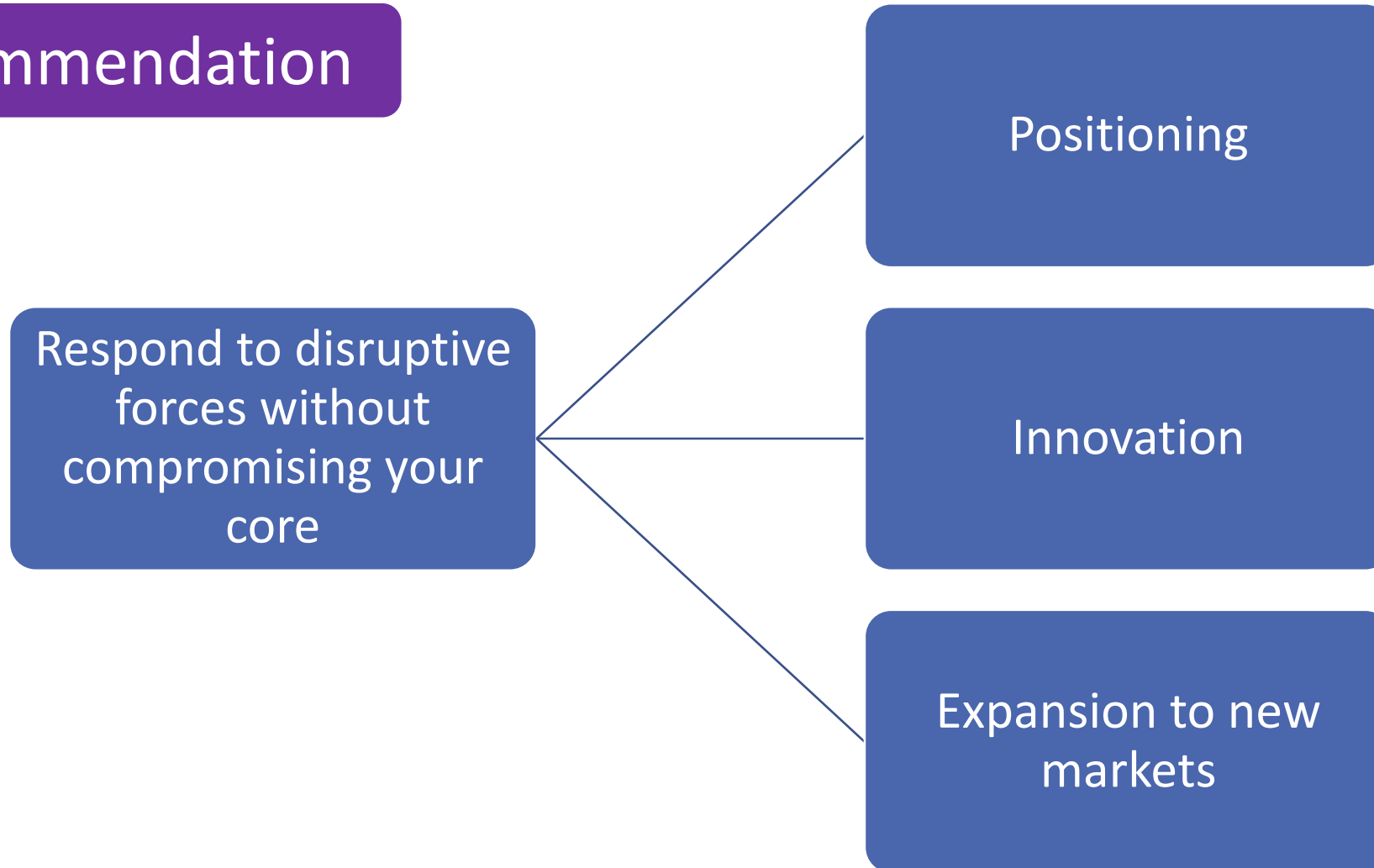
## Addressing point 3

## Tactical international market strategy

- Continue with CKD plants in Asia-Pacific, US and Europe
- Increase to 300 dealerships worldwide
- Include manufacturing in Germany, China and India
- Increase market share

Increasing market share will ensure tactical growth

## Recommendation



Enhance overall strategy with tactical changes. Focus on market expansion rather than product line.

# IMPLEMENTATION

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Expand

Gas based engine

Millennials

FS

Innovation

*More Roads to Harley  
Davidson*

Expand

Gas based engine

Millennials

FS

Innovation

**Adress Europe and Asia Pacific  
Market  
(Market Research)**

➤ **300 new dealerships until 2020**

Plants in Germany, India and China  
(sports and touring)

CKD in US, Europe and Asia Pacific

Marketing as soon as it is adopted  
(Teaching + Mentorship)

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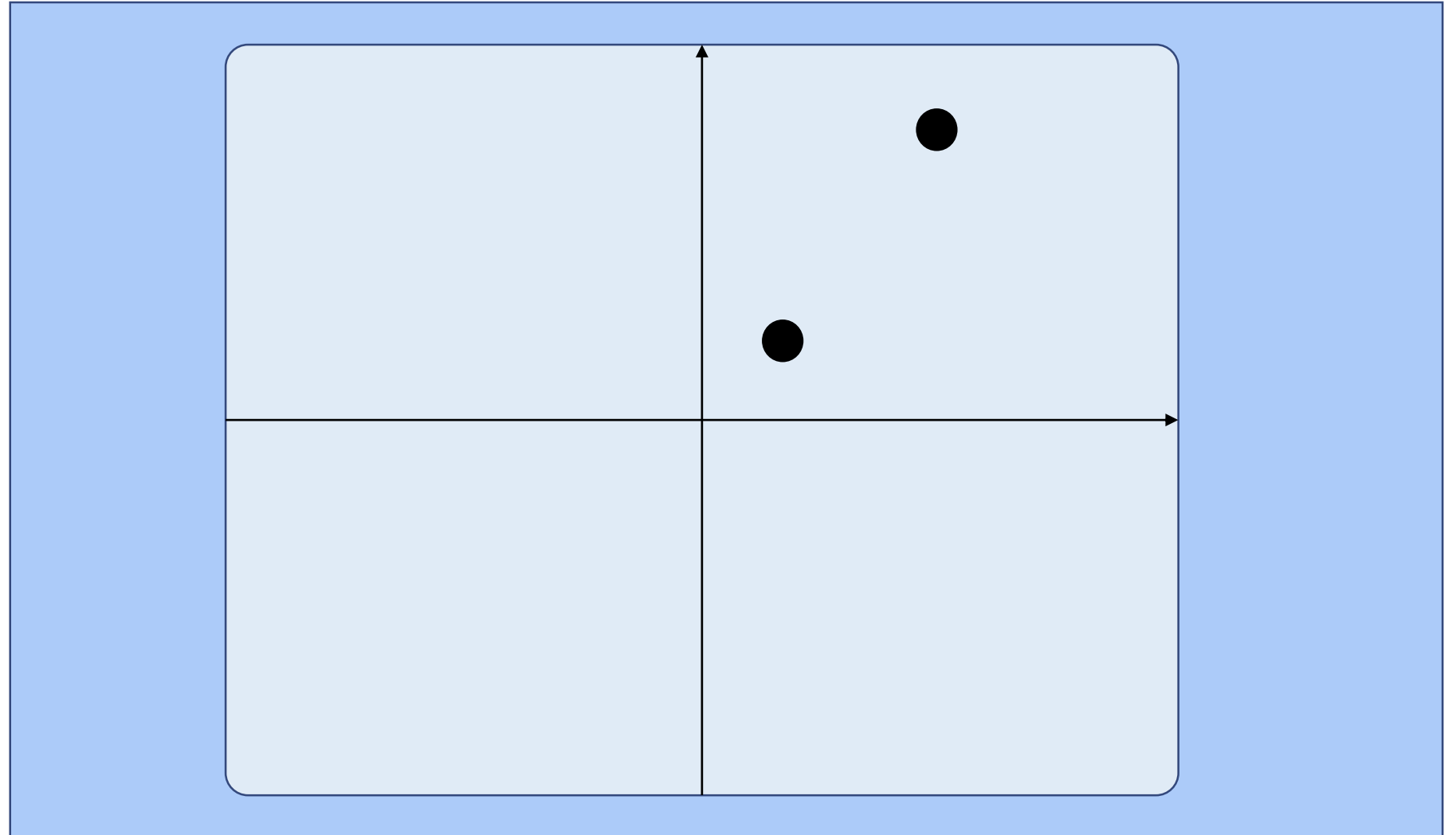
Expand

Gas based engine

Millennials

FS

Innovation



Expand

Gas based engine

Millennials

FS

Innovation

**AMERICAN ICON**

**LIFESTYLE**

No EV and AV in short terme

Focus on gas based engine  
➤ Ensure environmental sustainability until 2025



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Millennials

FS

Innovation

Millennials

Women

Customization



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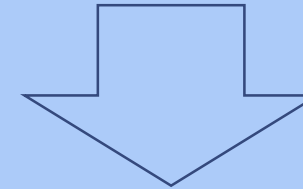
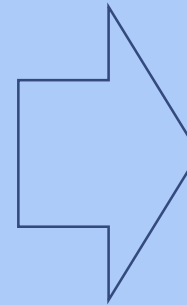
Innovation

Lend asset based

Lend income based

More customers  
under 35

Increase in  
income



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Expand

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Millennials

FS

Innovation

Regenerative brakes

Lane departure systems

Perimeter awareness

Selfbalancing motorcycles

Driving Assistant voice  
recognition system

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Perimeter awareness

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Driving Assistant voice  
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Communication

Strategic partnership

API  
Application Processing  
Interface

Nordersted Technologies

# FINANCIALS

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## Target

Target by 2022 – 1.5 Bn

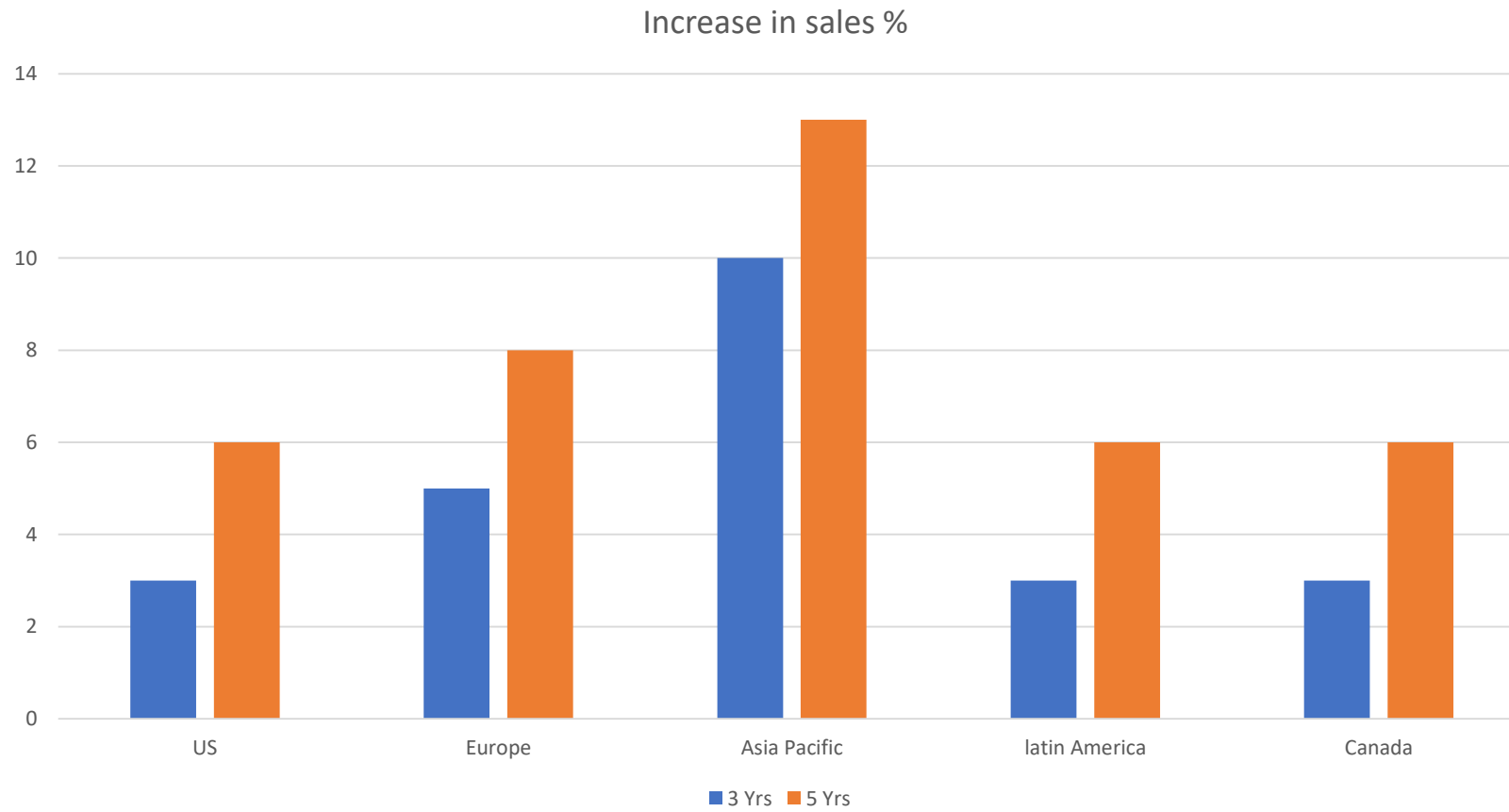
CapEx 805 Mn

# CapEx

In 3 years	
Manufacturing	500
CKD	203

Manufacturing	3 years	5 years
germany	250	350
India	200	300
China	150	250





## Proposal

Target revenue  
by 5 years –  
1.75 bn

CapEx of 1.2  
Bn

Other  
expenses of  
100 Mn

Market share  
of at least 51%  
internationally

# Risks

Likelihood

		1- Can't expand penetration into international market	2- Can't penetrate other demographics
		3 – No innovation to meet customer needs	

Impact

Mitigation

Likelihood

		1- Focus on emerging and industrialized economies	2- Tactical use of customer information and markets
		3 – Partnering with GA technologies or similar company; Increase customization options; More efficient engines	

Impact

QUESTIONS?

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