



HARLEY DAVIDSON

UCT GSB CONSULTING



SITUATION ANALYSIS

Harley the Iconic Motorcycle Brand

Dominant in
US & EU
market

Declining Revenues
& Profits
Despite market
growth of 6.2%

Changing consumer
needs and
demographics

Regulatory &
Economic
environment
impacting core
markets

10 Year Plan
International & New
products

How should Harley Davidson adapt it's 10 year turnaround strategy to ensure sustainable growth in new market and new customer segments?

MANDATE

5 Year accelerated growth strategy to establish Harley Davidson in new markets and customer segments through product innovation in electric vehicles

\$6.85 Bn
Revenue
2023

US vs
International
50%:50%
Achieved

New
markets
and
Customer
segments

Harley Davidson - Driving Through Disruption and claiming its position as an Iconic Brand with Global Appeal



ANALYSIS

NICCOLO



AN OUTDATED VALUE PROPOSITION

Large engines motorcycles with classic style, superior design and quality

This value proposition appeals to middle aged men with disposable income



The Harley customer

Status

Design

Quality

Performance

Comfort

Community

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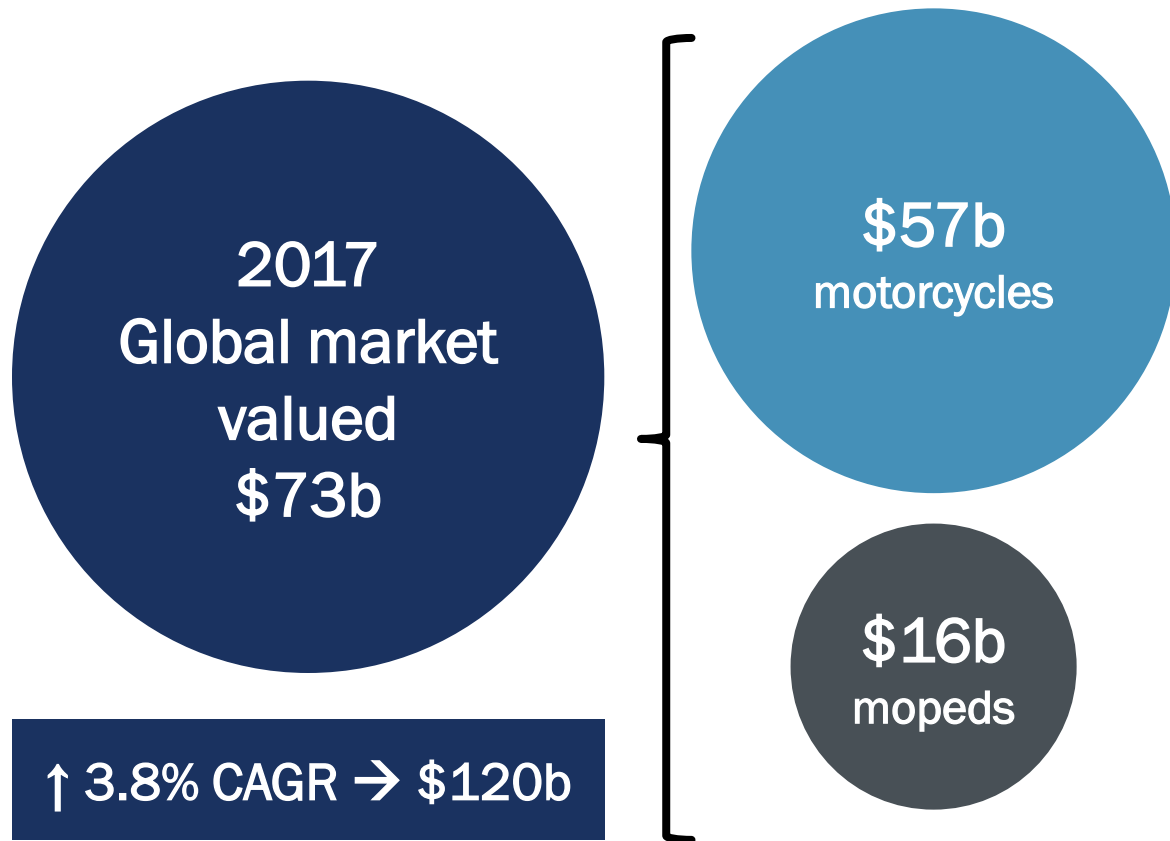
The Harley customer

Status
Design
Quality
Performance
Comfort
Community

*This value proposition is not appealing to other **markets** and **demographics***

Harley Davidson current product mix is not aligned to emerging market and customer needs

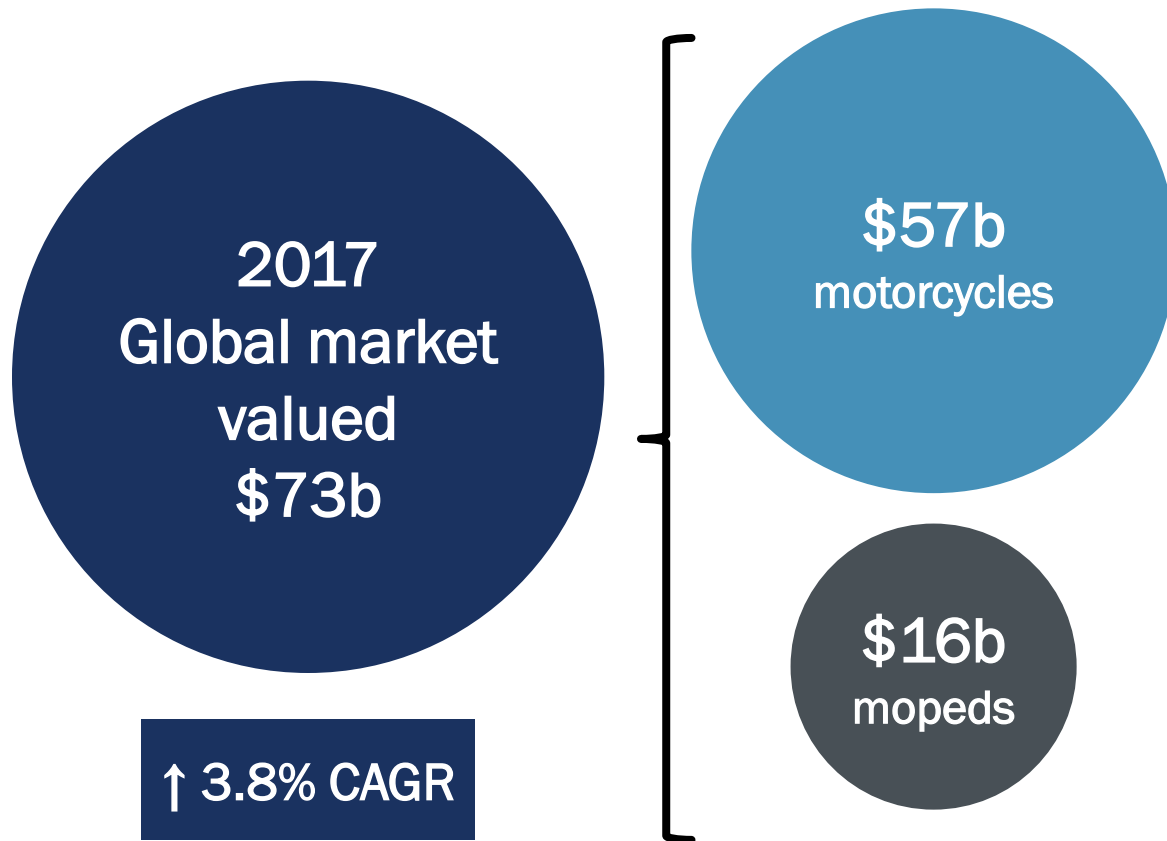
MARKET SIZE



Category mix by volume

	USA	EU	ASIA PACIFIC	AFRICA
Motorcycle	90	73	77	78
Moped	10	27	23	21

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Motorcycle	90	73	77	78
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The motorcycle engine capacity range from 100cc to 2000cc

EU – Asia – Africa
Most popular engine choice is 125 – 600 cc

Harley Davison product line does not cater to EU or Emerging market needs

DIFFERENT CONSUMER NEEDS

*What are the EU and Asia
pacific customer needs*

Needs	Harley Davidson
Small & Practical	
Fuel Efficient	
Affordable	
Value for money	
Environmentally friendly	

DIFFERENT CONSUMER NEEDS

*What are the EU and Asia
pacific customer needs*

Needs	Harley Davidson
Small & Practical	
Fuel Efficient	
Affordable	
Value for money	
Environmentally friendly	

KEY DRIVERS

1. EU and Asia are densely populated regions

2. Asia low-middle income

3. 2030 Combustion engines will be banned

Harley needs to focus on high value regions → align product to their needs

DIFFERENT CONSUMER NEEDS

Market Value by Region

	Percentage	Value
USA	5,7	4,1b
EU	13,4	9,8b
Asia Pacific	64,6	47,1b
ROW	16,3	12b
<i>Total</i>	100	73

Push into Asia - China

Push into EV category

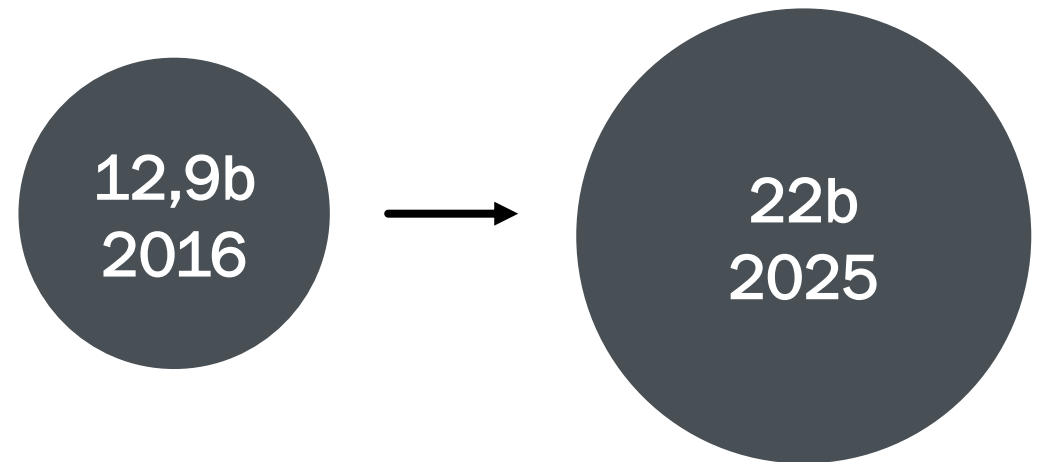
THE PLAN

PUSH INTO CHINA

- 1,3 bn People
- Mainly situated in cities and urban areas
- High technology adoption
- 2030 Ban

- 1 distribution facility → China
- 1 Manufacturing facility plant → Thailand
- 1 Regional office → Singapore

PUSH INTO EV



- 2030 Ban
- Millennials embrace new tech and trends
- EV vehicles more cost effective
- EV vehicles have government subsidies



RECOMMENDATIONS

RIHANA



ALTERNATIVES

	Growth	Competencies	Intensity of Competition	Sustainability Focus	Complexity
Launch mopeds under new Harley Sub Brand (emerging Markets)	Green	Red	Red	Orange	Red
Expand Harley Davidson into Brazil	Green	Red	Orange	Orange	Red

ELECTRIC VEHICLE ROADMAP

2019



- Livewire EV product launch US & EU (planned)
- Large size Motorcycle - for US & EU Market

2021



- Lightweight EV product initially planned for 2022 - accelerate and deliver in 2021

2021

- Launch light weight EV products in US, EU & China

ENTER THE ELECTRIC VEHICLE CATEGORY

WHY

- 12.9Bn Market & growing
- Major cities and regions will phase out combustion engines by 2030
- Consumers are more environmentally conscious
- EV vehicle on roadmap

OUTCOME

- New revenue streams for Harley
- Strengthen position in core markets

WHAT

- 2019 Launch of the EV Livewire in USA & EU
- Reveal at EV Convention and Trade Shows and dealership network
- Build strong marketing campaign around the EV value proposition
- Use the US & EU market as springboard into the EV category
- Establish Harley in the EV Motorcycle category – Quality & Design

HARLEY LIGHTWEIGHT EV TO CHINA

WHY

- Massive market opportunity in China
- Growing middle class and urbanization
- High need for light weight commuting
- Needs aligned with the EV Value proposition
- Chinese consumer aspirational towards US brands
- 2030 ban pending

OUTCOME

WHAT

- Accelerate development of light weight EV product to 2021
- Launch light weight EV vehicle under Harley Brand in China
- Establish 50 dealerships and grow to 250 within 5 years
- Planned distribution facility in China to be leveraged
- Planned Manufacturing plant in Thailand to support China Market

- New revenue streams for Harley – international expansion
- Grow brand awareness in emerging markets



IMPLEMENTATION

JOEL



IGNITE EV *LIVEWIRE* IN USA

TIME LINE – June 2018 to Launch in 2019

Prepare
dealerships for
coming changes

```
graph LR; A[Prepare dealerships for coming changes] --> B[Bring operations in to the fold]; B --> C[Launch through a large extended campaign];
```

Bring operations
in to the fold

Launch through
a large extended
campaign

IGNITE EV *LIVEWIRE* IN USA

TIME LINE – June 2018 to Launch in 2019

Prepare
dealerships for
coming changes



Bring operations
in to the fold



Launch through
a large extended
campaign

Take them on
the journey



Ensure delivery
& capabilities



Create a hype
and appeal

LIVEWIRE - OPERATIONS

Factories

- Brazil
- Pennsylvania

R&D

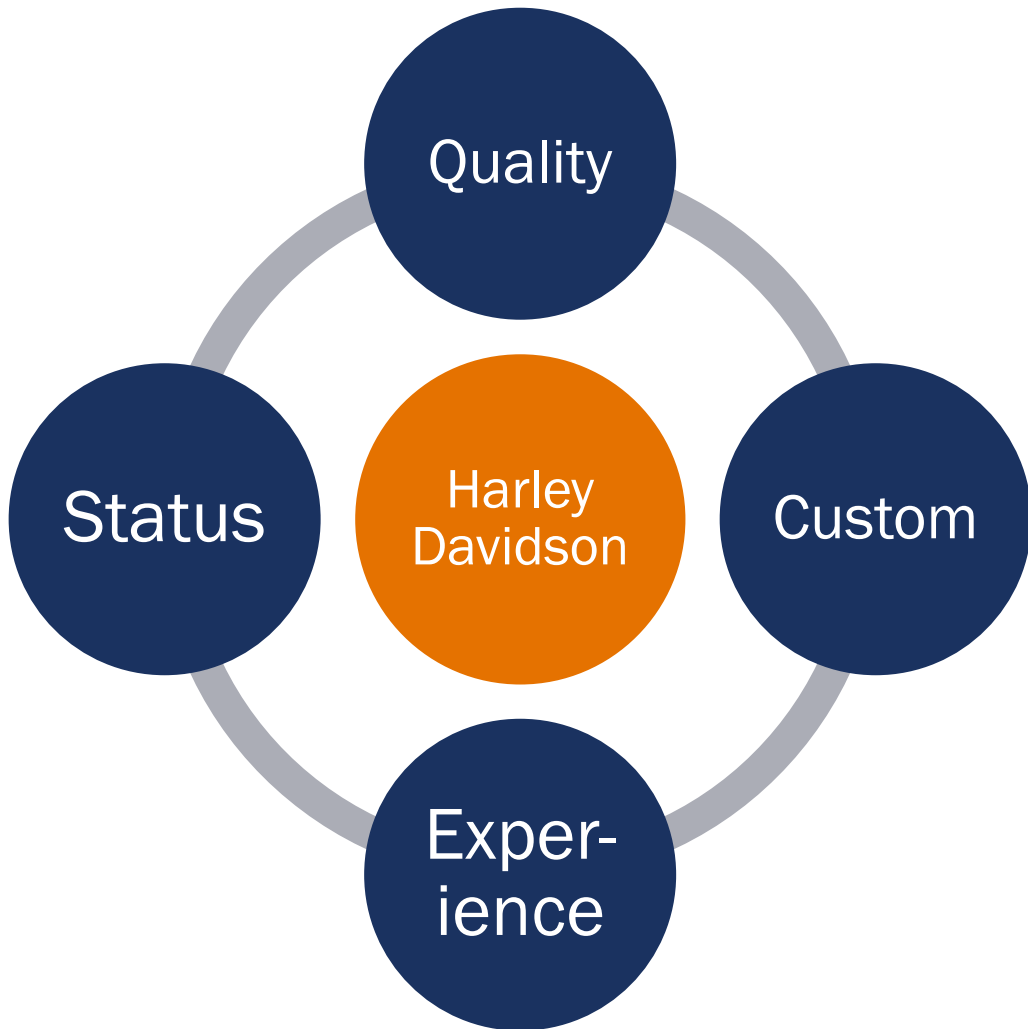
- Regenerative brakes
- Lane departure
- Perimeter awareness

Foundation

- Accessories
- Safety protection

Pave the foundations to take Harley into the future

LIVEWIRE - LAUNCH



Unveil next vehicle
convention

Attract current market

Appeal to a new market

LIGHTWEIGHT EV IN CHINA

TIME LINE – June 2018 to Launch in Jan 2021

Scout 50 new
dealerships



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graph LR; A[Scout 50 new dealerships] --> B[Thailand Manufacture & China Distribution]; B --> C[Marketing campaign appealing to market]
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Thailand
Manufacture &
China
Distribution

Marketing
campaign
appealing to
market

LIGHTWEIGHT EV IN CHINA

TIME LINE – June 2018 to Launch in Jan 2021

Scout 50 new
dealerships



Thailand
Manufacture &
China
Distribution



Marketing
campaign
appealing to
market

Show the appeal



Ensure delivery
& capabilities



Key focus big
cities

LIGHTWEIGHT EV IN CHINA

Consumer

- Frank
- Career starter
- Status differentiator
- Personalize
- Flexible finance

Product

- Lightweight EV
- Customization
- Harley Davidson Riding academy
- Club events
- Merchandise
- Community

Promotion

- Social media
- WeChat campaign
- Show the ease
- Show the eco benefits
- Peer recognition and status

RISKS & CONTINGENCY

RISKS	MITIGATION
Slow adoption of EV in USA	<ul style="list-style-type: none">- Pressure from regulatory agencies- Environmentally conscious consumers- Refocus on appeal and experience of Harley
Chinese market acceptance of the Harley brand	<ul style="list-style-type: none">- Product will meet the emerging market consumer needs- Built competence in EV in USA- Localized manufacturing and distribution

Adequately manage the risks through implementation

MONITORING

Livewire to the USA

Return to investors
Increased riders
Env conscious

Lightweight EV to China

Global Revenue
Products developed
Env conscious



FINANCIALS

KAVISHA



ASSUMPTIONS

Do Nothing - 2018

- Market growth 3.8%
- **US sales -8.5%**

1. US Market Capture

- 2019 launch EV (\$10k)
- Dealership expansion - 200

2. China Market Capture

- 2021 launch lightweight (\$3.k)
- Dealership expansion - 250

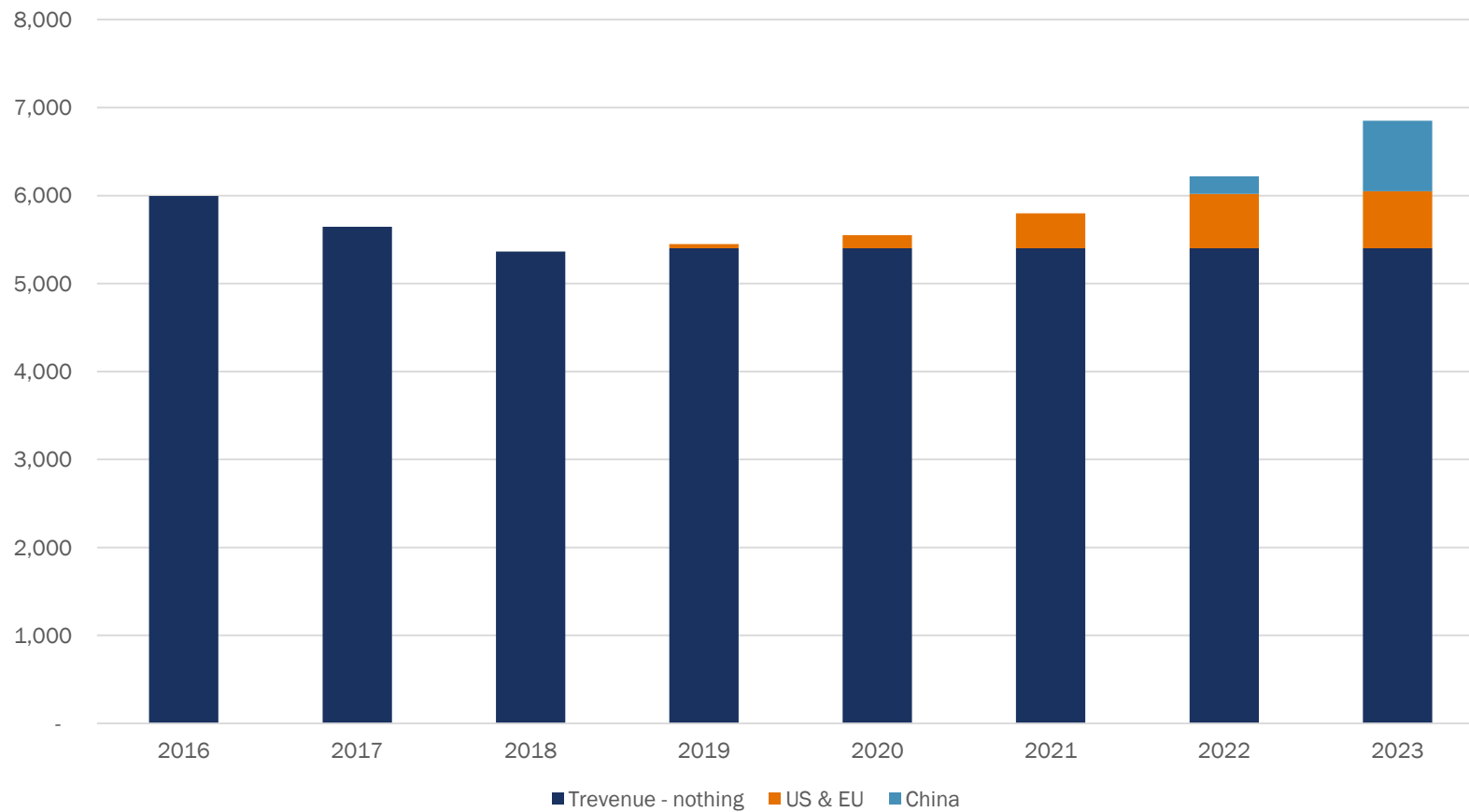
OUTCOME

DISRUPTED
Declining market share and lose relevance

DIVERSIFY & STABILISE
Embrace EV technology, reestablish relevance with millennials

GROWTH
Understand emerging needs,

PROJECTIONS





CONCLUSION

