

# SEGMENTATION & TARGET MARKET SELECTION

## HARLEY- DAVIDSON

By

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# Company Overview



## Customer Base

Married Caucasian males, mid 40s–50s  
with average annual salary of \$90,000+



## Industry (U.S.)

\$124 billion in 2021, anticipated to increase  
to \$180 billion in 2031



## Sales

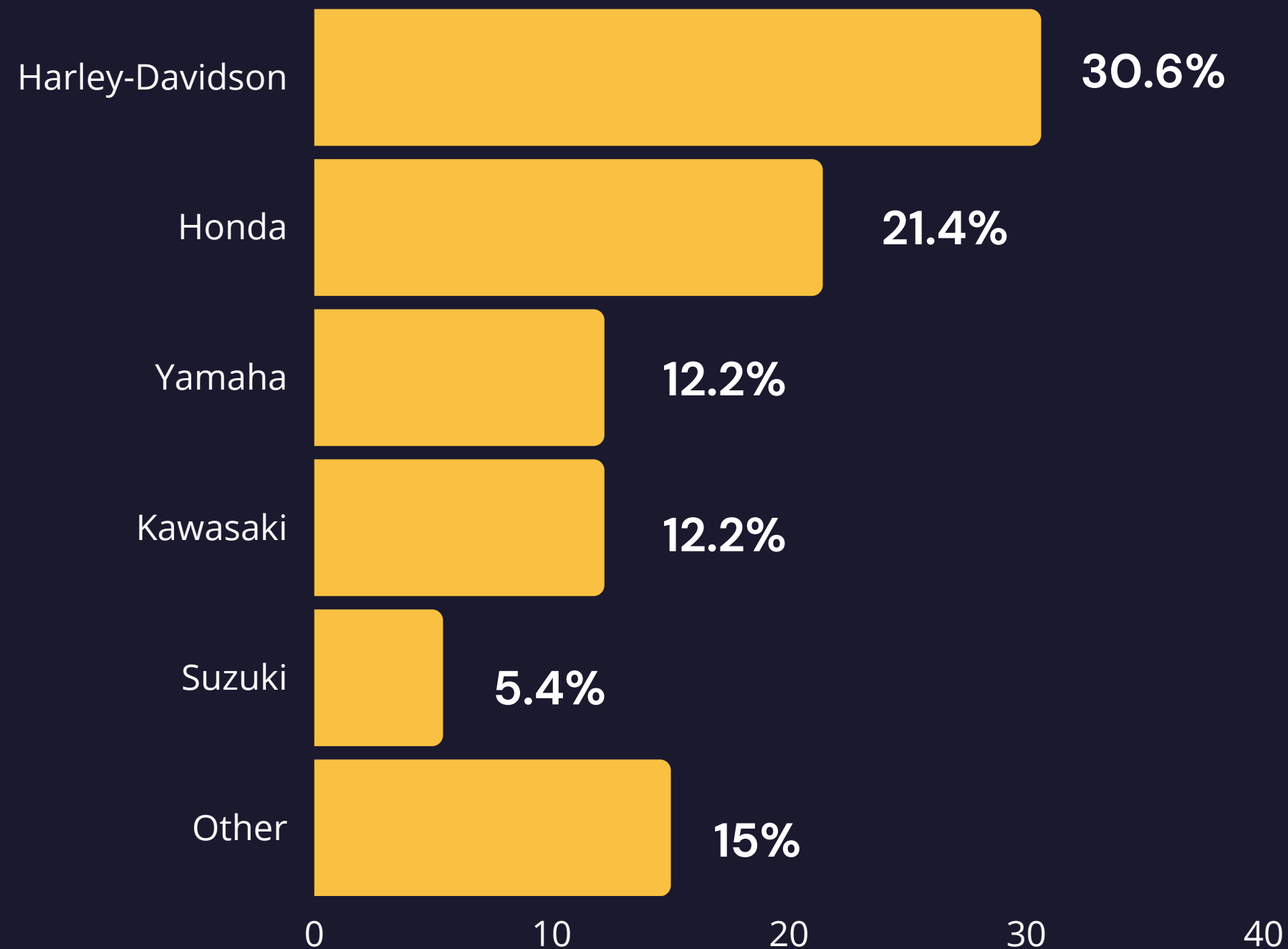
Net income for fiscal year ending June 30, 2022:  
\$623 million



## Competitors

Yamaha, Kawasaki, Suzuki, Honda, Royal Enfield,  
Ducati, Indian Motorcycle

■ Market Share of Major Motorcycle Brands in U.S. (%)



March 2020



# Marketing Challenges

How should Harley-Davidson reorganize their segmentation and what should their target market be?



# Situation Analysis

## 01 Demographic Shift

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Baby boomers who had excess money to spend on motorcycles & initial interest → Gen X & millennials who are more interested in fancy cars & social status.

## 02 Technologies

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New motorcycle technologies which it can utilize includes anti-lock braking systems, cruise control, & blind spot detection.

## 03 The Electric Vehicle Market

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Harley-Davidson has the opportunity to promote their electric motorcycles more since the market is projected to increase 9.5% between 2020 – 2026.

## 04 Competition

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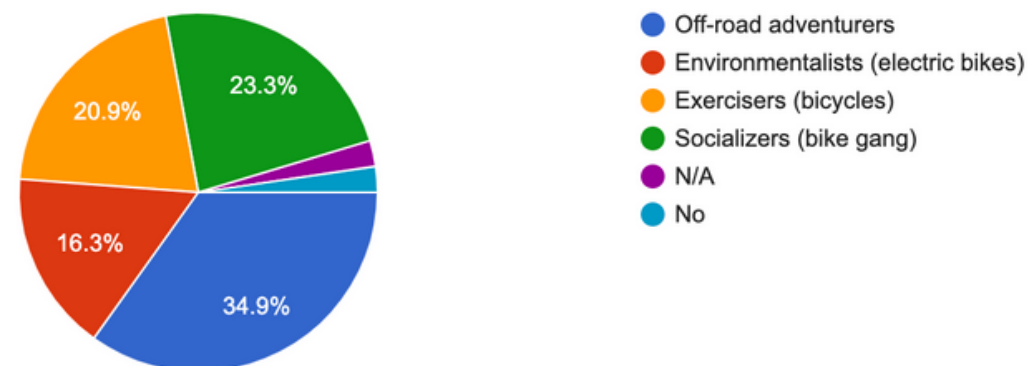
While Harley-Davidson has made a name for itself as America's top motorcycle brand, other competitors are slowly starting to show their faces in the market.

## KEY TAKEAWAYS

- Most participants ages 20-30
- Major Income group < \$50,000
- Most do not own motorcycles but have heard of Harley-Davidson
- Seen as **hobby** rather than transportation
- Some think Harley-Davidson is expensive or are simply uninterested
- Top 2 segments: **off-road adventurers & socializers**

If you were to buy a Harley-Davidson bike, which segment would you fall under?

43 responses



## SURVEY

- 13 questions about Harley-Davidson
- 43 responses

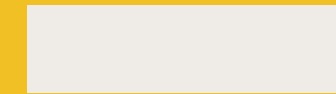
A screenshot of a survey form titled "Harley-Davidson Survey". The form features the Harley-Davidson logo at the top. Below the logo, the title "Harley-Davidson Survey" is displayed. The introductory text reads: "Hello! We are a group of MS Business Analytics students at UC Irvine conducting a survey on Harley-Davidson. We'd love for you to answer a couple questions about the brand. Thank you! :)". The form includes two questions with radio button options: "What is your sex? \*" with options "Male" and "Female", and "How old are you? \*" with options "Under 20", "20-30", "31-40", "41-50", and "50+". A "Copy" button is visible in the top right corner of the survey area.





# ISSUE IDENTIFICATION

A less responsive target demographic, the semiconductor shortage, and supply chain inflation have all affected Harley-Davidson's sales.



## **Less responsive target demographic**

Baby boomers are aging out of Harley-Davidson's target demographic



## **Semiconductor shortage**

Shortage in semiconductor chips for motor vehicle manufacturers



## **Supply chain inflation**

Excess in supply chain costs leading to decreased net income

# POTENTIAL SOLUTIONS

## SEGMENTATION OPTIONS



Geographic



Demographic



Psychographic

# BEST SOLUTION

Psychographic  
Segmentation:  
4 Customer Segments

## Off-road adventurers

- Riding on rough terrain (sand, snow)
- Low-maintenance
- Nature-heavy, hilly areas

## Environmentalists

- Electric
- Produces least amount of harmful emissions to the environment
- Eco-friendly

## Exercise Enthusiasts

- Want to use bikes for exercise
- One for city roads & one for rough terrain
- Frequent exercisers

## Socializers

- Interested in joining bike gang or socializing
- Stylish & high quality motorcycles
- Hobby-oriented



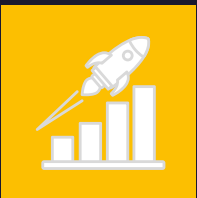
# Action Plan - 4 Ps



## Product

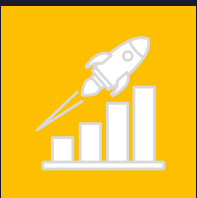
Focus on **augmented and potential benefits**

**Target Market:** Focus on **off-road adventurers and socializers**



## Promotion

Host networking events, advertise on social media, partner with other companies, exclusive HOG for younger demographics



## Place

**Selective and exclusive distribution**

Distribution channels include motorcycle dealerships & sports stores

**Preemptive defense** strategy with the **guerrilla marketing** action.



*Note: For the further scope of this project, to find the price, we can conduct a survey to assess the perceived value of Harley-Davidson's bikes to customers.*



**THANK  
YOU!**

