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In 1903, William S. Harley and the Davidson brothers, Arthur, Walter, and William A., founded Harley-Davidson in Milwaukee, Wisconsin. They began with the aim of creating a strong but light motorized bicycle. Harley-Davidson's product met the increasing demand for efficient and affordable means of transportation during the industrial boom of the early 20th century. Headquartered in the United States, Harley-Davidson is a globally recognized brand in the heavyweight motorcycle market that is known for its history, craftsmanship, and cultural iconication with freedom and individuality. The company is led by CEO Jochen Zeitz, appointed in 2020. Harley-Davidson employs an estimated 5,900 workers worldwide as of 2024. In the 2024 fiscal year, the company recorded $5.187 billion revenue in its three business segments: Harley-Davidson Motor Company (HDMC), Harley-Davidson Financial Services (HDFS), and its electric motorcycle operations, LiveWire. In the face of socially dislocated market environments and shifting consumer needs, Harley-Davidson has emphasized strategic transformation in globalization and electrification (Harley-Davidson Insurance; Harley-Davidson Investor Relations, 2025; UMGC, Ch. 1).

Harley-Davidson is in the global motorcycle manufacturing industry, a sub-industry of the larger automotive one under the influences of international supply chains, legal environments, technological change, and shifts in mobility trends. Politically, Harley-Davidson's foreign operations are influenced by tariffs and foreign trade policy. As an example, retaliatory tariffs on motorcycles assembled in the United States prompted Harley-Davidson to relocate some production overseas. Ongoing geopolitical tensions and shifting trade agreements will likewise continue to influence operating costs and decisions (UMGC, Ch. 3, Political Environment). From an economic perspective, macroeconomic conditions such as inflation, interest rates, and consumer spending patterns have a significant bearing on the sales of Harley-Davidson. As Harley-Davidson is a premium brand of motorcycle, it is particularly vulnerable to shifts in discretionary expenditure, especially during recessionary times (UMGC, Ch. 3, Economic Environment). Social change also affects strategic planning. The older Harley-Davidson traditional buyer base, combined with increased urban mobility demand among younger consumers and a greener product portfolio, presents a generation gap that necessitates new products and marketing approaches (UMGC, Ch. 3, Social Environment). Technology advancements, particularly EV technologies, are transforming the competitive landscape. Harley-Davidson's entry into the LiveWire electric category is a sign of its willingness to innovate and fit into the environment (UMGC, Ch. 3, Technological Environment). Economically, the company must adhere to stricter emissions standards and sustainability issues. These pressures demand green manufacturing approaches and developments in cleaner engine technologies (UMGC, Ch. 3, Environmental Environment). Legally, compliance with different global standards of emissions, intellectual property, and trading regulations is paramount to Harley-Davidson's product development and entering markets (UMGC, Ch. 3, Legal Environment). Key PESTEL drivers include rising protectionism in trade, inflationary pressure, heightened emphasis on sustainable mobility, technological advancements in electric and intelligent mobility, global standardization of emissions, and increased complexity in worldwide compliance.

Technological transformation is among the significant trends that impact Harley-Davidson. The growth of the electric vehicle market is transforming consumer behavior and brand image. Harley-Davidson's LiveWire initiative is designed to generate interest among urban riders and environmentally conscious consumers. However, EV development cost and uncertainty regarding mass-market demand, particularly from Harley's core buyer, pose strategic risks. Market adoption is dependent on battery range, charging infrastructure, and cost parity, all of which are uncertain. This technology change causes volatility and requires the company to continually reformulate its innovation strategy.

The purpose of Harley-Davidson is to provide freedom for the soul in the form of new motorcycle experiences. Its aspiration is to build the next-generation Harley-Davidson customers around the globe. Strategic goals are to grow the core business, lead the electric revolution, and enhance brand equity. This synergistic strategy of heritage with innovation reflects Harley-Davidson's attempt to balance its icon status against the requirements of today's market forces. Company values must be harmonized with evolving environmental and customer needs with continued assessment for strategic relevance (UMGC, Ch. 2).

This project expands on the overall environmental analysis by including fundamental strategic tools. A Porter's Five Forces analysis is a moderately attractive industry with great barriers to entry and great brand loyalty but undermined by threat of substitution and increasing rivalry in the electric segment. Harley-Davidson's competitive positioning remains strong, but the firm must increase innovation and supply chain flexibility. A competitive profile analysis shows Harley-Davidson with strong brand equity and customer loyalty, albeit trailing behind its competitors like Honda in manufacturing efficiency and EV technology. The key success drivers of the industry like emissions compliance, availability of finance, and dealer penetration must be actively addressed. The OT quadrant of the SWOT analysis identifies opportunities in international market growth, EV incentives, and emerging populations. The threats identified are aging customer bases, price volatility in materials for batteries, and urban substitution. The External Factor Evaluation (EFE) matrix scores 2.63, signaling a marginally above-average ability to respond to environmental challenges. While Harley-Davidson is strongly pursuing opportunity spaces like electrification and geographic diversification, threat protection measures need improvement.

Established in 1903 in Milwaukee, Wisconsin, Harley-Davidson was founded by William S. Harley and the Davidson brothers, Arthur, Walter, and William A., to produce a powerful yet light motorized bicycle. Their invention met the increasing demand for efficient and affordable transportation during the industrial boom of the early 20th century. Headquartered in the United States, Harley-Davidson is a worldwide-recognized brand in the heavyweight motorcycle segment that stands for its heritage, craftsmanship, and cultural heritage of freedom and individualism.

The company is led by Jochen Zeitz, who assumed the role of CEO in 2020. Harley-Davidson employs approximately 5,900 people worldwide as of 2024. In the 2024 fiscal year, the company made revenue of $5.187 billion from its three major segments: Harley-Davidson Motor Company (HDMC), Harley-Davidson Financial Services (HDFS), and electric motorcycle segment LiveWire. Under socially disrupted market conditions and changing consumer preferences, Harley-Davidson presses on with its way of strategic change, with priority on global expansion and electrification. (Harley-Davidson Insurance; Harley-Davidson Investor Relations, 2025; Chapter 1: Mastering Strategy, UMGC)

General Environment Analysis, PESTEL Analysis Industry Identification: Harley-Davidson competes in the global motorcycle manufacturing industry, which is a niche of the general automotive industry. This industry is influenced by international supply chains, emerging technology, environmental policies, and consumer mobility patterns.

PESTEL Analysis

Political: Government trade policy and tariffs highly influence the profitability of Harley-Davidson. Tariffs on EU-assembled U.S.-assembled motorcycles in retaliation had the company earlier shifting some production overseas. Geopolitical tensions and global trade agreements continue to influence global operations. (UMGC, Chapter 3: Evaluating the External Environment, Political Environment)

Economic: The industry is sensitive to macroeconomic drivers such as interest rates, inflation, and discretionary consumer expenditure. Harley-Davidson, being a high-end motorcycle brand, is particularly susceptible to economic downturns impacting consumer attitudes. (Chapter 3, Economic Environment)

Social: Population change poses strategic challenges. Harley-Davidson's established customer base is aging, while younger generations opt for urban mobility solutions and sustainability, influencing product design and marketing. (Chapter 3, Economic Environment)

Technological: Rapid innovation in electric vehicle (EV) technology has re-drawn the competition landscape. Harley-Davidson's move with LiveWire is a strategic step toward the technological need for cleaner and quieter alternatives. (Chapter 3, Technological Environment)

Environmental: Environmental regulations on carbon emissions and green production are tightening up. Harley-Davidson must conform to these to meet customer and regulatory requirements. (Chapter 3, Economic Environment)

Legal: The regulatory environment includes emission requirements, intellectual property, and emissions compliance standards, all that affect product design, pricing, and international operations. (Chapter 3, Legal)

PESTEL Driver

• Political: Rising protectionism of international trade

• Economic: Pressure of inflation reducing consumer spending power

• Social: Increasing pressure for sustainable mobility

• Technological: Electric and smart mobility technology development growth

• Environmental: Constricting global emissions and sustainability regulations

• Legal: Rising complexity in international compliance standards

Selected Trend Impact: Technological Innovation The growth in the uptake of electric vehicles significantly affects Harley-Davidson's product innovation and brand image. Harley-Davidson's investment in LiveWire signifies a shift to targeting new market segments, such as urban dwellers and environmentally conscious motorcyclists. However, the resultant high cost of development and uncertain EV motorcycle demand present fiscal and strategic risks. Key Uncertainty: Market Adoption of EV Motorcycles Despite technological advancements, there is uncertainty regarding consumer adoption of electric motorcycles, particularly for historically loyal Harley-Davidson customers. Volatility is introduced by battery lifespan, range anxiety, and premium prices associated with the company's electrification plan. Success is subject to external technological developments, investment in infrastructure, and shifting consumer attitudes.

Strategic Analysis: Mission, Vision, and Objectives

• Mission: To provide freedom for the soul through innovative motorcycling experiences.

• Vision: Form the next generation of Harley-Davidson customers globally.

• Strategic Goals: Grow core business, drive electric transformation, and establish brand equity.

The company's vision and mission are a mix of the new and the old. Strategically, Harley-Davidson aims to shift its portfolio while maintaining its heritage brand. However, the intersection of the values with shifting market patterns and technological disruption must be assessed repeatedly. (UMGC Chapter 2: Leading Strategically; Chapter 1: Mastering Strategy)

Conclusion This outside-in environmental analysis has shown that Harley-Davidson is a dynamic, multifaceted global industry. The PESTEL framework reveals significant influences of economic uncertainty, technological disruption, and regulatory pressure. The overarching theme the shift to electric mobility and the need for innovation and agility in Harley-Davidson's strategy. By bringing together course work with copious amounts of research, strategic flexibility to environmental change will be crucial to the long-term competitiveness of the company. Understanding the external environment is not only inherent to this project, but also necessary in the development of an educated, visionary strategic plan.

References

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