

Harley-Davidson: Cruising from the Past to the Future

MANAGEMENT DECISION

The authors prepared this case solely as a basis for class discussion and not as an endorsement, a source of primary data, or an illustration of effective or ineffective management. Although based on real events and despite occasional references to actual companies, this case is fictitious and any resemblance to actual persons or entities is coincidental.

LiveWire Electric Motorcycle Concept

On the 30th of January 2018, President and Chief Executive Officer of Harley-Davidson, Matt Levatich, announced that the project of LiveWire will be put in production. The project was planned to be put in market by August 2018. The announcing of the LiveWire was accompanied by an announcement about cutting jobs and closing a plant in Kansas City, Missouri. Back then, Levatich summed up the Harley-Davidson view of the future electric vehicles (EV):

“The EV motorcycle market is in its infancy today, but we believe premium Harley-Davidson electric motorcycles will help drive excitement and participation in the sport globally. As we expand our EV capabilities and commitment, we get even more excited about the role electric motorcycles will play in growing our business”

On the first of March 2018, following the announcement of their EV production, Harley-Davidson announced making investments into Alta Motors to collaborate on the development of EV technology and innovation. Alta Motors, a California-based, Silicon Valley innovator within the field of lightweight EVs, were behind the commercialization of the world’s most advanced electric motorcycle, driven by a desire to enable all motorcycle enthusiasts to experience “future of fast”. Marc Fenigstein, Chief Product Officer and Co-founder of Alta Motors, says:

“We believe electric motorcycles are the future, and that American companies have an opportunity to lead the future. It’s incredibly exciting that Harley-Davidson, synonymous with motorcycle leadership, shares that vision and we’re thrilled to collaborate with them”

However, a mere six months after the news had been released, in August 2018, the collaboration came to an end already in August 2018. Harley-Davidson announced withdrawing from the partnership with immediate effect.

On the 30th of July 2018, Harley-Davidson released a growth plan, “More Roads to Harley”. New products will be offered that will keep their current customer engaged, while also extending their leading role within the market, and tapping into new markets and segments. The idea is to leverage their leading-position and core capabilities, in the shape of industry-leading design and strong manufacturing capabilities, in order to offer customers a comprehensive lineup of motorcycles of all sorts. According to the release, the aim of Harley-Davidson is to be “leading the electrification of motorcycling”, a mission for which the LiveWire-concept will have a central role. Through the release, Harley-Davidson also announces a plan to broaden their portfolio of EVs through 2022 as a means to “inspire new riders with new ways to ride”.

In September 2018, Harley-Davidson announced that they would open up a Silicon Valley R&D center, dedicated to the production of their EVs. The facility “will initially focus on electric vehicles research and development, including battery, power electronics and e-machine design, development and advanced manufacturing”. The R&D-center opened

in the end of 2018. Furthermore, on November 6th 2018, Harley-Davidson released the LiveWire-concept for the European market at the EICMA in Milano, providing further details about this groundbreaking project. On the 7th of November 2018, pricing for the LiveWire bike was made public, as well as the opportunity for dealers to place pre-orders. The European release was also accompanied by the debut of two new electric two-wheelers, further exploring the potential of urban mobility. A few months later, at the beginning of January 2019, Harley-Davidson showcased their EVs on the Consumer electric Show (CES) in Las Vegas. The showcasing of the Harley-Davidson all-electric bike came with news saying that several pre-orders had already been made. Harley-Davidson also made an appearance at the 2019 X Games in Aspen, showcasing their lightweight electric concept bikes. Market availability for the LiveWire-concept will be announced in August 2019. LiveWire is therefore added to the existing portfolio of products, without being formally established as separate mother or daughter brand, endorsed by mother.

In addition to offering new products, Harley-Davidson will strive towards broadening the overall access to the brand by offering higher-engagement customer experiences, establishing strategic alliances with global leading e-commerce providers, and introducing new retail formats. Also, Harley-Davidson will implement a performance framework in order to strengthen their dealer networks and overall customer experience. The aim is to drive innovation through collaborations with the best-performing and most entrepreneurial dealers, while continuing to provide customers with the premium experience that the brand is known for.

Reactions

#1 *The Old Riders vs. The New Generation*

The announcing of the LiveWire-concept has resulted in varying reactions. There seems to be a divide between longtime, loyal brand enthusiasts and the so called “*new generation of riders*” that Harley-Davidson are hoping to reach with its new electric portfolio. What really sparked debate was the sound of the LiveWire bike – as there is none. The bike starts silently, strongly contradicting the brand’s identity, heavily associated with the loud rumbling sound of its motorcycles. Some customers have been voicing complaints in the form of mocking and questioning what is really going on at Harley-Davidson: “*They should include an external speaker to simulate the vroooom vroooom effect*” (**Exhibit 1**). Seeming to be attentive to this conflict between the old and somewhat changed brand identity, Harley-Davidson insightfully addresses the problem on the LiveWire page at harley-davidson.com: “*The loudest sound you hear will be your heart racing*”.

Those that have a close relation to the company are seemingly the most opinionated and negative towards the new LiveWire-concept. The issue of how members of the Harley Owners Group (H.O.G) are perceived by its surroundings makes for some heated discussions on social media (**Exhibit 1**). They are a very opinionated crowd, arguing how the very essence of the Harley-Davidson brand is lost with the LiveWire-concept, saying that it is “*not a motorcycle*” and “*not a Harley-Davidson*”. There is a clear split among current and typical Harley riders, claiming that

the LiveWire-concept is messing with their culture, and the riders willing to embrace the new Harley-Davidson, commonly referred to by H.O.G members as “hipsters”.

#2 The Pricing Issue

Despite the conflict of brand identity, some Harley-riders are intrigued by the company’s new focus on electric motorcycles. However, they are concerned about the price level and consider LiveWire to be an elite model for people already owning a CVO, a touring model. These tech-oriented enthusiasts perceive LiveWire as missing the point, arguing that the concept is not at all targeted towards millennials and new, younger riders. Tied into this discussion of price are comparisons to electric cars. With the price gap between the LiveWire motorcycle and some electric cars being relatively small, contemplation is made over whether it is actually more worthwhile to invest in the latter instead. Some referrals are however made back to the idea of LiveWire being an elite ride, which justifies the price.

#3 Engagement Around the Future of the Company

What ultimately binds lovers and haters of LiveWire together is the concern and care for the survival of the Harley-Davidson company. Critics believe the company is hurting itself while believers point to the fact that a new product segment will lead to more sales and income. Safe to say is that the future of the company is of great interest. Some consumers are insightful in their understanding of why Harley-Davidson are exploring this new area of business and that times are changing. Some Harley-Davidson fans even refer to the very start of its history, arguing how Harley-Davidson has been a pioneer of change from the very beginning when introducing a bike with an engine. These supporters believe that it is in the heritage and DNA of Harley-Davidson to be daring, adventurous and innovative, making LiveWire an appropriate next step. Others express deep concern for the company and discuss whether they can actually succeed in the electric vehicle market, given how different the LiveWire-concept is perceived to Harley’s current product lines.

Appendix

Exhibit 1

Facebook comments

Interesting Engineering
@interestingengineering
9,7 mn följare

Interesting Engineering is a cutting edge, leading community designed for all lovers of engineering,...

Startsida
Spellistor
Videoklipp
Inlägg
Om
Community
Foton
Info och annonser
[Skapa en sida](#)

Followed by Dajana, Angelica and Mikaela

Chris Strickland Harley....selling 1940s tech for 2040 prices.
Gilla · Svava · 1å 11

↳ 1 svar

Ben Saunders Have any of u owned a harley i guess not to bizzy playing games pissing and moaning about every thing in this world harleys are the most easy bike to work on ever and the most comfortable bike to ride an electric harley not my thing but probably more than u boys have ever invented or ever will go back to your x box little girl and leave the riding to the men
Gilla · Svava · 1å 3

Giovanni Jara They should include an external speaker to simulate the vrooom vrooom effect
Gilla · Svava · 1å 18

↳ 4 svar

Eric Tengam Hahaha what a terrible move. Anyone interested in an electric bike surely won't trust Harley to develop a technologically advanced bike. The current fan of Harley won't like that it doesn't go "vroom vroom vroom".
Gilla · Svava · 1å · Har redigerats 25

↳ 7 svar

Mark Bates Cost to make 4000. Put the Harley emblem on and charge 40000.
Gilla · Svava · 1å 4

Delian Scudder Worlds first electric motorcycle to break 200 decibles and run up to 20 miles on one thousand Duracell brand D cell batteries.
Gilla · Svava · 1å 2

Chris O'Hanlon So it won't sound good or corner...on to a winner there
Gilla · Svava · 1å 1

Nelly Smith the petrol ones are bad enough !
Gilla · Svava · 1å 2

Thomas Russo Theyre tryin to get that Tesla free govt handouts/subsidies/etc....
Gilla · Svava · 1å 1

↳ 1 svar


Danny Ciriello Looks like its just come out of a 3D printer.
Gilla · Svava · 1å 1



Don Wareing For the old people they'll play tractor sounds through the stereo.
Gilla · Svava · 1å 1



Robert Armstrong Is it going to have built in speakers to reproduce the noisy unbalanced exhaust sound?
Gilla · Svava · 1å 1

Rob Weber Gonna love the signature rumble and sound. Oh wait.
Gilla · Svava · 1å 1



Rayyan Frem bahahahahahahahahahahahahahh NO at least dont loose your identity they should be old school body and new school tech
Gilla · Svava · 1å 1

 **Rodri Muñoz** They'll lose the essence of the brand. Risky move, wouldn't take it 😞
Gilla · Svava · 1å


 **Danny Yalcin** Last chance to save the company to get Millenials interested in products ...
Gilla · Svava · 1å  1

 **Ryan Colonel** Are you trying to go out Of business? The electric HD is 30k....that's more than an electric car! Wake up marketing people because you are about to be unemployed.
Gilla · Svava · 1v  3



↳ 1 svar

 **Bill Faulkner** This may well be the literal "death" of HD... 😞
Gilla · Svava · 1v  1

↳ 2 svar




 **Chase Elder** Not with silly aesthetics and ridiculous pricing.
Gilla · Svava · 1v

↳ 3 svar




 **Michael Sorgeloos** What in God's name is going on at Hardley Davidson
Gilla · Svava · 1v  1



↳ 1 svar

 **Mike McInturff** Stop advertising this as a motorcycle, please! Its an electric bicycle. Jeesh!
Gilla · Svava · 1v

 **Matthew Cannon** Sounds like a cordless drill..lol
Gilla · Svava · 1v   4

↳ 1 svar

 **Mark Moza** While I understand what Harley is trying to do, introducing young riders to the Harley brand in hopes of having them grow old with the brand, I suggest Harley look at it's history. These type of experiments have been tried before, and ultimately HD goes back to producing motorcycles. Just my opinion.
Gilla · Svava · 1v   5

 **John Green** Might as well stick a cordless drill to the axel of a bicycle and call it a day..
Gilla · Svava · 1v  1

↳ 1 svar


 **Freddy El Duce** That's so ridiculous even Bozo the clown wouldn't be seen on it. [Harley-Davidson](#) you're messing with your culture, our culture, your image and your heritage. I haven't spoken to a single HD enthusiast who approves of the new direction. Not one. People ride Harleys because they like the lifestyle associated with the brand. You're messing with that. Very bad idea. ...
Gilla · Svava · 1v



Exhibit 6

Comments from Harley Davidson Forum

01-29-2019, 05:58 AM #5

[endscuoio](#)
Former Sponsor

Join Date: Dec 2012
Location: Italy
Posts: 239
Thanks: 140
Thanked 22 Times in 17 Posts

Quote:

Originally Posted by [VAFish](#)
*I disagree with that, Harley will succeed when they make money off of electric vehicles (scooters, e-bikes and motorcycles)
Because even though I want a [LiveWire](#), I can't afford one and there are some good looking alternatives on the horizon that I probably can afford.*

I totally agree with you! At the end of the day business is business so the more you can sell the better it is. Sales give a project stability and funds to keep pushing researches for innovations.
I hope for HD that all their calculations and market studies will work just fine and for them to drop prices in a couple of years to make their EV available for more pockets.

01-08-2019, 11:09 AM #5

[VAFish](#)
Senior Rider

Join Date: Nov 2018
Location: Virginia
Posts: 489
Thanks: 27
Thanked 117 Times in 84 Posts

I'm intrigued by electric cars and motorcycles. Have been looking at them for several years (almost converted a 1988 Chevy Sprint to an [electric car](#) many years ago but just as I started to pull stuff together I took a job overseas).

My problem is for \$29,000 I can buy a [Nissan Leaf](#) with similar range that I can drive in any weather or a Zero DSR for \$18,000 and they will use the Level II charging station at my office. (livewire will plug into the Level II station but charges at Level I speeds).

Reply