

This is the classic dilemma for any company that relies heavily on one customer group. It's clear that they have to innovate and try to rejuvenate the image of their bikes to try to attract new customers. That's not easy to do because Harley Davidson already has a very strong and quite specific image. So they have had to be very careful not to turn off their existing customers by moving too far towards what their Japanese competition is offering.

What the company in fact did was introduce new Harley Davidson models like the V-Rod to provide a more exciting product line while, at the same time, developing the Buell Blast bikes to give younger riders a chance to buy into the Harley experience. The problem's been that Buell is not that well-known, so sales have been quite modest (only about four per cent of Harley Davidson revenue), but it has given the company a chance to promote itself through rider instruction programmes and to draw in a new group of customers. Among the other options that Harley is considering is overseas expansion. But the problem here is that in some countries their bikes aren't certified, in Taiwan for example, and entering the Chinese market is going to be very difficult without making an alliance with a local manufacturer, and they won't do that until they are sure that they've found a partner who can be trusted with the Harley brand.