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INTRODUCTION:

Harley-Davidson is an American motorcycle company founded in 1903 by the Davidson brothers; William D., Walter, Arthur, and William S. Harley. The first factory to produce a Harley motorcycle was a 10- by 15- foot shed in the Davidson backyard. Over the years, the factory grew extensively to supply military troops with 20,000 motorcycles during World War I. During this period, the Harley motorcycle introduced major advancements in design thereby making it the market leader. During World War II, Harley played a key role in the US military success by supplying it with over 90,000 motorcycles. The company emerged as the sole motorcycle manufacturer in the US following the closure of its Indian competitor. Currently, the company has evolved to conduct business globally, with sales in Europe, Asia, and Latin America.

NEED AND IMPORTANCE OF ENVIRONMENT ANALYSIS

The need for environmental analysis is essential because it helps the firm to understand what is happening both internally and externally. It also helps raise the probability that the formation of organizational strategies reflects the organizational environment. Harley-Davidson Inc. incurred rapid changes over the 2009-2010 timeframe; when it planned to eliminate over 1500 jobs due to a decline in stock per share. This state made it essential for the company to carry out an analysis necessary for its survival and growth (Keith, 2017). The following are the needs and importance of environmental analysis based on Harley-Davidson Inc.

1. To plan a long-term business strategy:

Analysis of environmental factors aids the firm in framing plans and policies that could assist in the easy accomplishment of organizational objectives. With the supply of 20,000 motorcycles to the military during World War I, and more than 90,000 motorcycles during World War II, the demand for motorcycles exploded. Major advancements in the design of motorcycles, as well as the presence of added facilities in Milwaukee in 1947, made Harley the leading seller. In the absence of proper environmental scanning, the firm is unable to develop a strategy for its success. Harley's merge with the American Machine and Foundry Company five years after the end of the Second World War boosted the company's market share, thereby increasing sales.

2. Aid in Decision-Making

This concept refers to the process of selecting the best alternative from among various available alternatives. An environmental analysis is an essential tool in understanding and making decisions in all situations of the firm. In 2008, Harley opened the Harley-Davidson Museum in Milwaukee, intending to deliver a unique experience that enhances healthy relationships between riders and Harley-Davidson. With this type of decision created, Harvey enhanced the brand among the public at large. Some other major decisions made in the organization include the establishment of the Harley-Davidson Foundation that focuses on educating and community revitalization. This gesture acts as a way of appreciating and giving back to the community, thereby strengthening customer loyalty at large.

3. Optimum use of resources.

Proper environmental scanning aids in building proper utilization of scarce human, natural, and capital resources. Without the need to understand the internal and external environment, resources will not be utilized effectively. Harvey produces five families of motorcycles: Touring, Dyna, Softail, Sportster, and VRSC. Each of these class of motorcycles is divided into four segments. These segments differ based on cost, handling, comfort, and simplicity. MV motorcycle, one of the brands of Harleys, emphasizes its products an exquisite design, and high performance. Buell, another brand, emphasizes on innovative design, responsive handling, and overall performance. All these modifications ensure minimal wastage and make optimum usage of the available resource in its respective automobile.

4. Survival and Growth

Effective scanning of the firm's environment aid the firm to maximize its strength, reduce the weakness, acquire the opportunities, and diffuse ant threats. This concept ensures that the firm can survive and grow in the competitive business world. One of Harley-Davidson's major products is replacement parts and mechanical and cosmetic accessories. The worldwide net revenue generation for parts and accessories comprises of 15.4 percent, 15.2 percent, and 14.9 percent in the motorcycle segment as at 2008, 2007 and 2006. This state gives

Harley a greater capacity to gain an advantage over its competitors thereby forming one of the company's strengths. To maximize this strength, a company needs to improve its existing plans, policies, and resources further. Harley creates recognition of its most important brand, Harley-Davidson, among its buyers and the rest of the public through availing a wide range of products by licensing the name. Some of the products licensed under the name include T-shirts, jewelry, small leather goods, and toys. Despite the majority of the activities being carried out in the United States, Harley proceeded to expand these activities in the international markets, such as in India, in 2010. Generated revenues as a result of licensing, included in the motorcycles segment, were \$45.4 million, \$46.0 million, and \$45.5 million in 2008, 2007, and 2006.

TRENDS IN MACRO ENVIRONMENT (PEST MODEL) THAT HAVE AN IMPACT ON US AUTOMOBILE SECTOR

The US automobile industry has changed over the years from steam engines to internal combustion engines, to gas-powered engines, and currently the latest innovations, electric cars. The macro-environment refers to the large state of an economy contrary to specific markets. The condition of macro environment influences organizational decisions on things such as spending, borrowing, and investing (DU, 2016). Some of the macro-environment trends that can influence the US automobile sector are discussed below.

1. Political Trends

An increase in the population level of the middle class has increased the demand for automobiles. However, corruption and political instability have been a challenge for the manufacturers since it has made car manufacturers avoid investing in those nations despite there being an increasing demand for vehicles. Globalization has created an open market that has instead resulted in opportunities as well as challenges for automobile producers. There is continuous pressure by most governments to make automobiles more affordable for a person with an average living standard. This concept fails to take into consideration the fact that the cost of manufacturing the products may exceed the forced price, thereby generating losses for the manufacturing firms.

2. Economic Trends

The automobile industry is largely affected by changes in economic conditions.

There have been several crises recently, and each of them has affected the sales of automobiles, especially in developing nations. Nevertheless, a worldwide increase in the level of income has generated a boost in sales of automobiles.

Even though the sales in developed countries are constant since many individuals there already own automobiles, innovations in the industry may raise the sales of automobiles once more in those developed countries.

3. Social Trends

The entire community has experienced a revolution as a result of the automobile industry. The automobiles that were initially manufactured for the upper class now became everybody's need. Automobile industries have changed our lives in several ways. They have contributed tremendously to the progress and growth of economies worldwide. Nevertheless, individuals in developed nations have started a belief that automobiles have adversely interfered with their health and environment. Due to this belief, most individuals in the US are turning towards healthier options such as cycling in short and medium distances.

4. Technological Trends

There are different stages of innovation that automobiles have gone through since the first manufacture. Customers develop an expectation of the latest accessories and features from the manufacturers due to the increased awareness of the technology. The pace of technological advancements has been tough to keep up with due to the innovations of smart, driverless, and flying cars. The internet has also enabled customers to acquire maximum knowledge on various technological advancements in automobiles, thereby forcing the manufacturers to maintain the same pace in production.

US TWO-WHEELER AUTOMOBILE INDUSTRY USING PORTER'S FIVE FORCES

The ultimate success of Harley-Davidson is linked to the organization's ability to give a response to the five forces in its industry environment. Michael Porter's Five Forces Analysis analyses the external factors that influence business strategy and development. In the perspective of Harley-Davidson, the motorcycle and automotive industry environments offer a challenge that could tamper with the global business growth. The firm has stuck to a conservative position toward global growth. About this, the stability of business performance is focused upon in Harley-Davidson's strategy, where there is mention of the five forces affecting its business as well as the environment of the industry (Preskill & Banerjee, 2017). Nevertheless, organized reforms are necessary to ensure that Harley-Davidson overcomes these external factors while the business expands globally.

There is a need for maximum consideration in the external factors in the motorcycle industry environment and the automotive industry environment while focussing on the five forces analysis of Harley-Davidson. The firm is relatively stable in comparison to other industries. The following are the pillars of the five forces affecting Harley-Davidson. Harley-Davidson's enactment answers to the competition. This part of the Five Forces Analysis recognizes other companies' effect in the motorcycle industry and automotive industry settings. In Harley-Davidson's case, these are the external influences that generate the strong force of competitive struggle: a great number of firms, high accessibility of substitutes, and a modest variety of firms. Harley-Davidson competes with a significantly large number of firms, comprising small ones in local markets. Also, the company experiences effective substitutes, such as private cars and public transportation. The moderate diversity of firms tips to considerable competition, as customers value commodity features and exceptionality. Centered on the external factors in this part of the Five Forces Analysis, Harley-Davidson needs to uphold competitiveness, particularly in terms of product quality, to guard its business against other firms.

Customers are a cause in Harley-Davidson's business performance. This part of the Five Forces Analysis summaries the external factors that permit consumers or buyers to induce the motorcycle industry environment. The following external

aspects donate to the strong negotiating power of Harley-Davidson's customers: great substitute accessibility, a high value of information, moderate substituting costs. Easy contact to substitutes levies a strong force contrary to Harley-Davidson. In relation, the external feature of temperate switching costs allows customers to move away from Harley-Davidson and use substitutes and other commodities instead. Also, organizations in the motorcycle industry and the automotive industry now deliver high-quality data to customers to authorize them in making better acquisition choices. In this portion of the Five Forces Analysis, it is revealed that customers are a key force in Harley-Davidson's industry environment.

Suppliers mark Harley-Davidson in terms of the abundance of materials used for its business. This part of the Five Forces Analysis challenges how suppliers affect the motorcycle industry environment. In Harley-Davidson's case, the subsequent external factors generate the weak bargaining capacity of suppliers: low forward incorporation, high supply firmness, the moderate magnitude of suppliers. Harley-Davidson's suppliers are feeble because they have negligible forward integration. This state means that the sellers have low control over the circulation and sale of their products to firms like Harley-Davidson. Also, due to the great solidity of supply, separate suppliers have low influence in imposing their strains on Harley-Davidson. Only the reasonable size of some suppliers permits them to have a moderate effect on the company. Based on the external influences in this part of the Five Forces Analysis, Harley-Davidson can securely attribute low priority to the bartering might of suppliers.

SWOT FOR HARLEY-DAVIDSON, INC.

1. Identification of Strength

Scanning of the internal operations within a firm creates an advantage over its competitors since the firm can identify and maximize its strengths. In comparison to the four major product segments of Harley-Davidson, Harley's worldwide motorcycles sales generate an average of 80 percent of the total net revenue in the motorcycles segments per year of the years 2008, 2007, and 2006. This state gives Harley a greater capacity to gain an advantage over its competitors, thereby forming one of the company's strengths. To maximize this strength, a company needs to improve its existing plans, policies, and resources

further. Harley's ⁶heavyweight class of motorcycles falls into four classifications: standard, performance, touring, and custom. The standard segment drives more focus into ²simplicity and cost, and the performance segment emphasizes handling and acceleration. The touring segment for the organization majors on ¹⁷comfort for long-distance travel. Owners have the opportunity to customize their bikes in Harley's custom segment (Donavalli, 2016). Due to these improvements made on the motorcycle segment, customers tend to get drawn into the purchase of Harley products. ²Limited-edition, factory-custom motorcycles are sold through ITS Custom Vehicle Operation and are available in limited quantities as well as offer unique properties, color schemes, and accessories. ²

2. Identification of weakness

Despite Harley being strong in the areas of parts and accessories, it also faces weaknesses. General merchandise records the lowest revenue percentage compared to the other products on sale. With the inclusion of apparel and collectibles, the product generated an average of 5.6 percent, 5.3 percent, and 4.8 percent of net revenue in the motorcycles segment in 2008, 2007, and 2006. It is necessary that upon identification of the ²weaknesses, the firm needs to make proper corrections to maintain further growth and expansion. With the installation of a new CEO, Keith Wandell, on May 1, 2009, Harley's credit losses have moved to 3.41 percent, from 2.71 percent the previous year (Triwastuti, 2017). This state generated havoc for the organization since hundreds of buyers and dealers cannot achieve financing, thereby creating hundreds more default on loans. ⁴

3. Identification of Opportunities

Harley-Davidson Inc. has been able to utilize every possible effort to acquire the opportunities as and when they arise. This concept has been through the conduction of ²business globally, with sales primarily in North America, Europe, Asia, and Latin America. Nevertheless, Harley's motorcycle market is highly competitive, with the major competitors being based outside the United States and generally maintain financial and marketing resources that are greater than those of Harley-Davidson. With the competitor's headquarters based in the United States, there is a great offer of heavyweight motorcycles with traditional ³¹

styling that competes directly with many of Harley-Davidson's products. With these opportunities exhausted, Harley's market is vast, thereby promising better results.

4. Identification of Threat

The environmental analysis helps a firm to identify any threats from the external environment. Harley-Davidson's major threat arises in the presence of several competitors outside the United States. With this being identified, Harley created a competitors' headquarters that forced these competitors into production and sales volume that are lower than Harley-Davidson's and have considerably lower U.S. market. Within the United States, Harley competes highly in touring and custom segments of the heavyweight motorcycle market, which led to the generation of approximately 84 percent, 80 percent, and 79 percent of total heavyweight retail unit registrations in the United States during 2008, 2007, and 2006.

CONCLUSION

Despite being a competition-oriented organization, Harley-Davidson contributes to the social progress of its market-places. The company offers education and community revitalization through The Harley-Davidson Foundation. In 2008, the organization opened the Harley-Davidson museum in Milwaukee. This museum was established to create a unique experience that builds and strengthens bonds between riders and Harley-Davidson. It also enhances the brand among the public at large. The facility also offers other lines of services such as retail, restaurant, and café services as well as a special event place.

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