

International Marketing Communication Plan for Harley Davidson Motorcycles in Brazil

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## **Executive Summary**

Harley Davidson, world renown for a prestigious and high-quality brand of motorcycles, has been a global presence worldwide. To penetrate into Brazil, a complete economic and cultural analysis of the country is analyzed in terms of vital statistics and Hofstede's five cultural dimensions. After evaluating the country, it becomes evident that the consumers place significance on positions of power, exhibit wariness and high levels of anxiety in trying new products, maintain a high-context collectivist culture, display high product loyalty, and seek products that convey a sense of collectivist group belonging.

Next, the Harley Davidson brand is evaluated in terms of the brand overview, competitive overview, situational analysis, and SWOT analysis to determine which areas are particularly effective for penetrating into Brazil and which areas need attention before further action takes place. Upon evaluating the brand as high quality, expensive, and group oriented, the marketing program is explored in terms of the product, place, pricing, and promotion strategies. In terms of product, Harley Davidson standard and touring motorcycles will be marketed. Harley Davidson will focus on Southern Brazil for the place strategy, due to geographic prosperity, and joint ventures with local dealerships in these regions will allow penetration. The brand will maintain premium prices in order to maintain a consistent global image and will draw from this image to grab transportation market share from more expensive automobiles.

The promotion strategy is explored from an integrated marketing communications standpoint and campaign objectives and strategies are formed. In particular, Harley Davidson wants to increase brand awareness, stimulate consumer trials, and eventually

secure marginal market share over four years by displaying Harley-Davidson motorcycles at public relations events such as motorcycle rallies, futbol matches, and parades during Carnival, gaining sponsorships and endorsements, offering HOG premiums which generate a sense of caring for the collective group, providing training classes to inexperienced riders, and featuring advertisements on billboards, Youtube.com, internet banners, newspaper and magazine print which consumers often view. Ultimately such a localized strategy will target popular events and media and offer premiums in an attempt to integrate Harley-Davidson motorcycles into the culture.

## **Country Analysis: Brazil**

### Country Overview

The Federative Republic of Brazil is the fifth largest country by geographical area in South America. Brazil endures a tropical climate year round with average temperatures of 77F degrees and topping 104F in the summer months. Currently, Brazil has a population of over 180 million making it the 5<sup>th</sup> largest country in the world. Sao Paulo is the largest city in Brazil with over 11 million people.

### Vital Statistics

Brazil, “because of its size and diversity,” is often referred to as the ““land of contrasts”” and is separated into “five regions: *Norte* (North), *Nordeste* (Northeast), *Centro-Oeste* (Central-West), *Sudeste* (Southeast), and *Sul* (South)...for administrative purposes such as the national Brazilian census” (Advameg, Inc., “Culture”). These divisions “roughly correspond to geographic, demographic, economic, and cultural variation within this sprawling nation with the Northeast [containing] the greatest proportion of people of African descent, the South and Southeast [containing] the bulk of

Brazilians of European and Japanese ancestry, while indigenous peoples live largely in the North and Central-West” (Advameg, Inc., “Culture”). Despite segmentation, frequent “miscegenation (racial inter-breeding) has made Brazil one of the most racially diverse nations on earth” and ultimately such diversity presents many challenges for marketing communications to penetrate into the country (Advameg, Inc., “Culture”).

To simplify the divisions, “a simpler economic distinction is made between the poor, underdeveloped North and the wealthier, more industrialized South” which is indicative that global brands will have an easier time integrating in Southern Brazil due to higher levels of economic prosperity (Advameg, Inc., “Culture”). This economic division is highlighted further by “inhabitants of São Paulo, the huge metropolis in southeastern Brazil, blam[ing] their city's poverty and high crime rate on migrants from the North” (Advameg, Inc., “Culture”). In terms of ethnic groups, Brazil contains a “large population of mixed European, mainly Portuguese, descent..., Afro-Brazilians, the descendants of millions of slaves brought primarily from West Africa to Brazil over a three-hundred-year period,...Japanese-Brazilians, descendants of Japanese who came to Brazil in the first decades of the 20th century,...and immigrants from Italy, Germany, and Spain” as well as from “Eastern Europe and the Middle East” (Advameg, Inc., “Culture”).

According to the 2000 census, Brazil contains demographics of “53.7% white, 38.5% mulatto (mixed white and black), 6.2% black, 0.9% other (includes Japanese, Arab, Amerindian), and 0.7% unspecified” with most citizens, despite cultural differences, speaking “the official and most widely known” language of Portuguese (CIA World Factbook, “Brazil”). In terms of religion, the 2000 census indicates that “73.6%

Brazilians practice Catholicism,” the most widely practiced faith in the country (CIA World Factbook, “Brazil”). Finally, “24.9% Brazilians are 0-14 in age, 68.7% Brazilians are 15-64 in age, and 6.4% are 65 and older in age” (CIA World Factbook, “Brazil”). Quite clearly, the bulk of the nation consists of Generation X and Generation Y consumers.

### Hofstede’s 5 Cultural Dimensions

Despite sharing a “national culture,” most “Brazilians are aware of [economic] distinctions and closely identify with their place of birth” although “the large cities of southern Brazil” continue to attract “migrants from the impoverished north” which leads to persistent “unemployment, underemployment at subsistence wages, poverty, and crime [because the] economies of these cities have not expanded rapidly enough to absorb all these migrants” (Advameg, Inc., “Culture”). As a result of diminished economies in the south, many Southern “Brazilians are preoccupied with class distinctions and are quick to size up the social distance that exists between themselves and others they meet...based on general appearance and the ‘correctness’ of a person's speech” which is indicative of “schooling and, hence, social class” (Advameg, Inc., “Culture”). Ultimately such preoccupations forge “patterns of deference and authority between two individuals should they belong to different social strata” (Advameg, Inc., “Culture”). To further illustrate this cultural indicator, Brazil ranked “69” on Hofstede’s “power distance” dimension; moreover, “in high power distance societies, superiors and subordinates feel separated from each other....and the real power tends to be very much concentrated at the top” (Usunier, 58). Ultimately, this ranking indicates Harley Davidson should utilize communication strategies that reflect consumers of equal status (i.e.] not a CEO and a

regular employee) driving the motorcycles unlike advertisements in the United States.

Next, according to Hofstede's cultural dimension of masculinity/femininity, Brazil scores a "49" which implies this culture is slightly feminine and subsequently "favour[s] nurturing roles, interdependence between people and caring for others" (Usunier, 58). To illustrate this in marketing communication practices, Harley-Davidson can re-brand the normally masculine product with a slightly feminine touch by communicating images of a collective group and a sense of belonging and caring for other bikers through HOG memberships. Although "the concept of *machismo*, which identifies men with authority and strength and women with weakness and subservience" still exists, Brazilian women are continuously gaining rights and, as the government indicated for a millennium goal, the country will continue to develop a more feministic culture (Advameg, Inc., "Culture").

Next, Hofstede's dimension of "uncertainty avoidance," in which Brazil scored a "76," implies that in this high uncertainty avoidance country, "organizations promote stable careers, produce rules, and procedures...[and] 'are also characterized by a higher level of anxiety and aggressiveness that creates, among other things, a strong inner urge to work hard' " (Usunier, 59). Ultimately, this dimension illustrates Brazilians as hard workers and very wary of new products, an obstacle Harley Davidson faces in trying to promote brand awareness.

In addition, Brazil ranked "38" for Hofstede's dimension of "individualism," which implies Brazil is a "collectivist country" that has a "close-knit social structure, where people neatly distinguish between members of the ingroup and members of the outgroup... [and] people expect their group to care for them in exchange for unwavering

loyalty” (Usunier, 58). Because Brazil exhibits such strong loyalty in groups, Harley-Davidson should be able to develop strong brand loyalty among consumers through continuous public relations efforts.

Finally, Brazil ranks “65” in Hofstede’s cultural dimension of long/short-term orientation which essentially means Brazilians are constantly thinking long term as opposed to the here and now which “promotes dependence” consistent with the Harley-Davidson brand that conveys such group beliefs (Usunier, 63).

### Cultural Events

One of the most culturally bonded events occurring in Brazil is the celebration of Carnival, a religiously based jubilation, often “marked by street parades, samba, music, parties, and elaborate costumes” (Advameg, Inc., “Culture”). With events such as Carnival, global brands are easily integrated into daily life because “class hierarchies based on wealth and power are briefly set aside, poverty is forgotten, . . . leisure supplants work, and the disparate components of Brazilian society blend in a dizzying blaze of color and music” (Advameg, Inc., “Culture”). An opportunity such as Carnival, where power is set aside, allows brands to fully integrate a marketing campaign in all consumers’ lives by pushing aside power distance issues. In addition, Brazilians are “passionate about soccer and are rated among the best players of the sport in the world;” moreover, acknowledging such an interest in sporting events will allow firms to market and integrate global brands on those cultural stages and employ athletes as spokesmen and spokeswomen (Advameg, Inc., “Culture”).



### Environmental Conditions and Consumer Behavior

According to “a new global survey [that] reveals which country's citizens have the most environmentally friendly lifestyles by examining the impact of individual consumer behavior, consumers of Brazil and India are tied as the best ‘green’ countries” (Handwerk, “Brazil”). To reiterate this point, nearly “48% [of Brazilians], highest among countries surveyed, say they’re trying very hard to reduce their own negative environmental impact and 32% say they always buy environmentally friendly products, the highest among countries surveyed” (National Geographic, “Greendex Survey”). Ultimately, the results of this survey suggest Harley Davidson can penetrate into the market by communicating messages to Brazilians living “environmentally friendly lifestyles” that motorcycles are more efficient and produce fewer harmful emissions compared with automobiles (Handwerk, “Brazil”).

### Economic Conditions

In 2007, “Brazil’s GDP (purchasing power parity) was estimated to amount to \$1.836 trillion and ranked 11<sup>th</sup> out of over 200 countries” which is indicative that the country is thriving and can sustain increased sales of products (CIA World Factbook, “Brazil”). In addition, the country in 2007 maintained a “GDP real growth rate of 5.4% and a GDP per capita (PPP) of \$9,700” (CIA World Factbook, “Brazil”). Despite a growing economy, Brazil has “unequal distribution of income of any nation except South Africa and in the mid-1990s, the poorest 20 percent of the population received only 3 percent of national income, while the richest 10 percent received 47 percent” (National Economies Encyclopedia, “Brazil”). To reiterate the disparity of the economic situation, “31% of

Brazilians in 2005 were below the poverty line” and the unemployment rate skyrocketed toward “9.3% in 2007” (CIA World Factbook, “Brazil”).

### Infrastructure- Transportation

The Brazilian government has allocated many resources to improving the infrastructure as it results to transportation. In 2007, Brazil launched a four year plan to spend \$300 billion to modernize its road network and “integrate the industrialized south with the less developed northeastern and northern areas” (National Economies Encyclopedia, “Brazil”). The government has even raised enough funds to pave highways across the Amazon rainforest which are the “primary method of transportation in Brazil [for the estimated] 21.31 million passenger cars and 5.5 million commercial vehicles” (National Economies Encyclopedia, “Brazil”). Despite rapid increases in infrastructure, the people of Brazil still do not own vehicles at the rate other countries do, with similar populations. Even if automobiles can be obtained, railways also are very limited and the streets are often congested. Ultimately, Harley Davidson can target consumers in need of transportation but do not have the means to do so and are looking for a sleeker, more agile form of transportation. Even though Brazil is an oil exporter, gas is still \$3.12 per gallon. Ultimately, the use of a motorcycle is even more appealing since they operate at 50-60 miles per gallon. Since 2001, “the number of motorcycles sold countrywide in 2001 jumped 20.5%” and implies that Brazilians are open to a new means of transportation (Rich, “Motorcycles”).

## Communication

To describe the main methods of communicating in society, Brazilians focus primarily on radio, television, phone, and internet. In 1999, Brazil had “1,365 AM radio stations, 296 FM stations, and 161 shortwave stations” (CIA World Factbook, “Brazil”). In 1997, there were “138 television stations” recorded in Brazil (CIA World Factbook, “Brazil”). Also, in 2006 there were “38.8 million main phone lines and 99.919 million mobile cellular phones” in use by Brazilian consumers (CIA World Factbook, “Brazil”). In 2006, Brazil had “42.6 million Internet users” and in 2007 there were “8.265 million Internet hosts” (CIA World Factbook). Even more interesting, the number of Brazilians using the internet is growing exponentially every year which implies internet is continuing to be a strong global medium effective in communicating a brand’s message.

## Brand Overview

Harley-Davidson was started in Milwaukee Wisconsin in 1903 and has grown to become the most recognized motorcycle company in the United States. Harleys or “Hogs” have developed a cult following due to their niche brand and customization options. They currently operate in the U.S., Europe, and Canada and have five families of Motorcycles: Touring, Dyna, Softail, Sportster, and VRSC. Harley-Davidson, Inc. is also involved in a variety of subsidiaries related to their motorcycle business. These include financing and insurance, providing casualty insurance to their clients. Harley-Davidson’s success has hinged on their customization and uniqueness. These two competencies will allow them to adapt to any markets’ local taste if they can correctly define what they are. This is a huge competitive advantage over a company making more standardized products. Their marketing is mainly through promotions, public relations, and brand recognition. When

people buy a Harley in the U.S., they do not feel they are buying a product, but buying the rights to join an elite group of motorcyclists. Their brand name generates sales in everything from the products, accessories, and even fashion clothing; therefore consumers will very rarely see a Harley commercial, but instead a lot of promotional events. Harley-Davidson will not have the luxury of brand recognition when entering a new market, but the firm has figured out how to be more aggressive as apparent in the success in Europe and Canada.

### **SITUATIONAL ANALYSIS FOR HARLEY-DAVIDSON:**

The company needs to closely assess the market conditions in Brazil and monitor it while introducing products there. Harley-Davidson has to determine the exact needs of the nation's citizens and offer a product line fitting those needs as illustrated by the demand for a convenient, inexpensive, product that is economical because of the worldwide issue of rising fuel costs; moreover, Harley can fulfill that need in Brazil by meeting the demand for these products. In particular, "consumers purchased motorcycles for various reasons... [and] some individuals, especially in developing countries, were looking for low-cost transportation" (Thompson Jr., Strickland III, and Gamble, C-387).

#### Competitive Overview

The first penetration in the country occurred when "Honda dealerships around the country, backed by strong management efforts at Honda do Brasil, spearheaded the country's motorcycle boom" and created a completely new niche (Rich, "Motorcycles"). Firms such as Honda "recognized that there was a huge market to be won in the interior of the country, where a population with growing acquisitive power is largely trapped in

towns with poor or nonexistent roads, and since the mid-1990's they have gone after it with a vengeance” by pushing motorcycles as a new method of transportation (Rich, “Motorcycles”). As the company’s history shows “though always No. 1 in sales in Brazil, Honda controlled 90 percent of the market by 1997, mostly at the expense of its only real competitor in the country, Yamaha,...by “bring[ing] down prices and offer[ing] inexpensive financing...to lure potential customers” (Rich, “Motorcycles”). In addition, Honda relied on “its only factory in South America” and “a growing number of its suppliers to set up shop in the area” in order to achieve the goal of “reducing costs” and expanding simultaneously (Rich, “Motorcycles”). After years of success, “Brazil now accounts for more than 10 percent of Honda's global motorcycle sales, making it one of the company's largest markets -- larger than the United States or Japan” (Rich, “Motorcycles”). If Harley-Davidson can penetrate this market, the growth potential can be incredible as “loyalty in [many of these] cit[ies] seems to run deep” (Rich, “Motorcycles”).

## **SWOT ANALYSIS FOR HARLEY-DAVIDSON**

### **STRENGTHS:**

1.) Brand image for Harley-Davidson: owning a Harley is more than having a bike, but being a member of a very large “club” with hundreds of thousands of members.

Customers are so loyal they have been known to tattoo the company name on their arm (Thompson Jr., Strickland III, and Gamble 376).

2.) Quality/Performance: After a leveraged buyout by 13 of its managers in 1981, Harley-Davidson addressed quality issues their customers had by adopting Japanese

management practices and by promoting their product at motorcycle rallies, along with improving their dealer network in an attempt to appeal to new customers (388).

3.) Customer service: Harley-Davidson, listed in Forbes' top "100 Best Companies to Work For," built new & improved stores that were attractive to customers and developed a line of accessories and clothing items (376).

4.) Variety: Harley-Davidson has many varieties to offer their customers thanks to joint ventures and buyouts involving companies such as Buell Motorcycle, which offers performance bikes. The Buell brand varieties have done well against foreign competitors, such as Honda, Yamaha & Suzuki (392).

#### WEAKNESSES:

1.) Price: Harley-Davidson's products are typically higher in price than that of their foreign competitors. The firm should consider introducing an inexpensive model or offering a premium such as a HOG membership to the market in Brazil that the local consumers can afford and are willing to pay for. Harley Davidson's Buell brand starts around \$4,595 for the Blast model and costs approximately \$11,000 for the faster, larger models. These models should do well in Brazil (392).

2.) Size: Foreigners tend to view motorcycles as a means for inexpensive transportation, not as a way to belong to a group, such as the American "HOG" club. Large, expensive custom bikes will not be as marketable in Brazil as a smaller, more economical model.

3.) Slow production times: Harley has been known to take up to a year to produce certain models of their motorcycles and loyal American customers are usually willing to wait; however, since most foreign customers purchase motorcycles to fulfill the need for convenient, low-cost transportation, they would likely want their product to be more

readily available although waiting in Brazil shouldn't be an issue due to consumers' long-term orientation.

#### OPPORTUNITIES:

1.) Untapped markets: There are many untapped markets that Harley-Davidson can promote products. With high gas prices being a concern worldwide, the company can address the need for more economical transportation.

2.) Expanding the brand: Harley-Davidson has been successful at expanding their product line through joint ventures, buyouts and by introducing new products to their customers. This strategy can be tailored to fit the needs of foreign markets, such as that of Brazil.

#### THREATS:

1.) Foreign competition: There is always a threat from foreign competitors, in this case companies such as Suzuki, Kawasaki, Honda, and Yamaha. These companies have a reputation of producing solid, low-cost bikes that appeal to different classes of people.

2.) Government regulations: The firm must abide by foreign governments' regulations and address changes when necessary. For Harley-Davidson in particular, such regulations pertain to environmental issues, granting bikers a license to drive motorcycles, and safety.

3.) National discord: There is always a chance of uprisings, overthrown governments, or other conditions in foreign markets. Harley must keep a close eye on national conditions and keep a good relationship with local and national governments. In particular, the Harley-Davidson brand, often associated with the infamous Hell's Angels, could fall into the wrong hands of rebellious consumers and such a negative image could reemerge.

4.) Smaller, lighter, more inexpensive bikes: these types of bikes, along with mopeds, pose a threat to Harley's heavyweight motorcycles. This issue needs to be looked at and the need to produce smaller, less expensive, lighter bikes may need to be addressed.

### **Target Market**

Upon initial penetration of Brazil, Harley-Davidson heavyweight motorcycles will be targeted in primarily Southern major cities such as Sao Paulo that contain most of the country's prosperity. Although this area is considerably prosperous, many consumers in this specific area still suffer from the deprivations of a highly inflated and undeveloped economy; moreover, with such a global awareness toward fuel crisis, the savings generated by improved gas mileage from purchasing a Harley-Davidson motorcycle should convince even financially disadvantaged consumers in the South to purchase a motorcycle. Because the Brazilian government in 2007 plans on expanding and improving the road system throughout the country over a four year period, Harley-Davidson will eventually expand the target market in the north as those markets will certainly grow from the improvements. From a cultural standpoint, although Southern Brazil is quite culturally diverse with minorities ranging from Korean, Chinese, German, and Arabic descent, many of the major cities focused on with the brand's campaign will target the predominantly Italian, Portuguese, and African consumers (which compose the top three most populous ethnic groups in this region) who practice Catholicism and speak a Portuguese dialect and have enough purchasing power to own a vehicle. Typically these consumers will be 16 years or older in age ranging from Generation Y to Generation X. In addition, because the brand is often viewed as masculine, the firm will heavily target males fitting the previous description who are eligible to drive; however,



women will still be included in the target market because the culture indicates an emphasis on femininity according to Brazil's score in Hofstede's masculinity cultural dimension (Usunier and Lee, 61). In addition, one of Brazil's millennium goals, "promote gender equality and empower women," should cause the country's masculinity score to drop and expand women into the Harley-Davidson target market (The World Bank, "Brazil").

### **Marketing Program**

The four marketing mix components of the Harley-Davidson marketing program in Brazil are outlined below:

#### **Product Strategy:**

The Harley-Davidson brand of motorcycles, world renown for high quality and a sense of collectivism, are a solid global brand that has penetrated into several markets worldwide. When marketing in a South American country such as Brazil, the firm will continue to maintain prestigious, high quality products, and overall customer satisfaction. Although it has often been suggested to market a lower quality Harley-Davidson motorcycle to accommodate the northern consumers with less purchasing power and that are looking for "low-cost transportation," such a strategy would damage the global brand and simultaneously weaken the credibility of the product (Thompson Jr., Strickland III, and Gamble, C-387). Instead, the same consistent, prestigious, and high quality product attributes particularly important to Brazilian consumers, found globally, will continue to be manufactured in this country; moreover, as the economy continues to thrive at significant rates, consumers will continue to improve their standards of living and subsequently seek a product to fulfill the upgrade in their lives. The products the firm

has selected to introduce from the Harley line are the standard and touring models. These models are bigger and drive smooth, therefore can be used for a more practical purpose. In particular, the firm will market standard heavyweight motorcycles, apart of the “651+ cc segment,” that are “designed for low-cost transportation [without]...many of the features and accessories of more expensive classes of heavyweights” most Brazilians simply do not want (Thompson Jr., Strickland III, and Gamble, C-383). For wealthier Brazilians still clinging onto the luxuries of automobiles, Harley-Davidson will offer touring motorcycles that include many “creature comforts” such as “large fairings, storage compartments, CD players, cruise control, and other features typically found on cars rather than on motorcycles” (Thompson Jr., Strickland III, and Gamble, C-385). Since Brazil is a developing country, Harley-Davidson will be used more as a primary means of transportation than as a secondary hobby like in the United States; therefore, the touring line will provide excellent fuel efficiency at 35 mpg and comfortably fits two people with room for cargo. Consumers will still view Harley Davidson as an American brand, but their ability to adapt to local taste will generate more market share than comparable competitors. In addition, the lack of speed available in the standard touring model brands will not hurt Harley because of the laid back demeanor of the Brazilian people. Brazilian consumers prefer to sacrifice blazing speed for a relaxing ride with a friend as indicated by the cultural dimensions.

Place Strategy:

As previously noted, Brazil consists of five main regions that vary in cultural and economic factors. From an economic standpoint, because research shows historically the North contains more impoverished locations as opposed to the wealthier industrialized

South, the brand will penetrate into Southern locations such as the city of Sao Paulo. Although it may be a possible objective in the distant future to expand to northern territories, the current decision not to market the brand in regions with low purchasing power per capita stems from the firm's need for consistency with its brand; moreover, in order to be successful in northern areas, the brand will most likely have to manufacture a lower quality motorcycle that is very inconsistent with the global position of being a high-quality motorcycle company. In short, the short-term gains are not worth the risk of damaging the global image; however, because the Brazilian government launched a four year plan in 2007 to spend \$300 billion to modernize its road network (the primary method of transportation), the long term objective is to eventually broaden the target market and bring heavyweight motorcycles to northern regions over the four year period as those economies will surely grow due to improvements in infrastructure and technological change. For the next four years, Harley-Davidson will partner with local dealerships in Southern Brazil in order to make the motorcycles most accessible to those consumers with a reasonable purchasing power. Ultimately, joint ventures may be a good way for Harley to introduce itself to a new Brazilian market because joining an existing company in the local Brazilian culture can give the company an advantage and help them to gain the trust of new customers. This has previously been a successful way for many companies to expand to new markets.

#### Pricing Strategy:

As the economies of developing countries improve and local incomes increase, the citizens have more expendable income in which to purchase new products which will provide excellent opportunities for Harley-Davidson to gain new market share. The brand

can provide relatively inexpensive bikes compared to some automobiles and offer more expensive models as Brazilians come to be able to afford them. As previous research shows, “some individuals, especially in developing countries, were looking for low-cost transportation” and because of strategically lower pricing “consumers purchased motorcycles” (Thompson Jr., Strickland III, and Gamble, C-387). One of the trickiest elements of Harley-Davidson’s marketing strategy in Southern Brazil is to develop an appropriate pricing strategy for the extremely price sensitive consumer. Although consumers in Southern Brazil on average have typically more purchasing power than in other parts of the country, major cities such as Sao Paulo are still plagued with rampant poverty and skyrocketing inflation which will cause decreased motorcycle sales unless prices are significantly lowered; however, slashing prices on a brand such as Harley-Davidson would significantly diminish the image of the product on both global and local scales. To balance this, Harley-Davidson will employ a pricing strategy that adjusts the price of the motorcycle to the inflation rate. Typically, standard heavyweight motorcycles can be seen “starting at a manufacturer suggested retail price in the U.S. of \$5,245” and, after adjusting for inflation, a similar price will be effective in Brazil because it is still significantly cheaper than the cost of an automobile (Harley Davidson.com, “Buy”). Although significant reductions in price will not take place, several sales promotions, part of the promotion strategy, will take place to accommodate.

#### Marketing Communication Plan:

After evaluating the economic and cultural conditions of Brazil, it becomes evident that several integrated marketing communications objectives need established before the brand can slowly assimilate into the country as a mainstream method of transportation.

## I. Marketing Communication Objectives

The main integrated marketing communications campaign's objectives are as follows:

1. Increase positive motorcycle awareness
2. Increase Harley-Davidson brand awareness
3. Increase number of trials of product by 10% during first year of penetration
4. Increase relationships with local dealerships as well as government officials to increase penetration capabilities
5. Integrate products into everyday consumer's lives through public relations events such as Carnival, futbol matches, "tour of Brazil," and motorcycle rallies
6. Offer HOG memberships as premiums to stimulate demand
7. Capture 5% of total Brazilian motorcycle market share per year over a four year period

## II. Marketing Communication Strategy

Although motorcycles exist worldwide, many societies reject such a method of transportation for a variety of reasons. Whether because of the increased risk of injury, increased image of rebellion and masculinity, or complete ignorance of the product, very few consumers actually realize the main benefits of such a means of transportation and, in order for Harley-Davidson to succeed, it is vital that the company convince consumers the benefits of motorcycles and the Harley-Davidson brand are very real and very beneficial by improving both product and brand awareness. Many of the benefits of motorcycles include savings from a significantly less expensive vehicle that can get exponentially higher gas mileage, a sense of belonging to a club and culture, and

sleeker, more agile transportation. In other cultures, “consumers typically evaluated [motorcycle] brands by talking to other cyclists, reading product reviews, perusing company Web sites, noting ads in print and other media, and noting a manufacturer’s performance in competitive events” and such a strategy is essentially what Harley-Davidson will focus on in Brazil (Thompson Jr., Strickland III, and Gamble, C-386).

### Advertisements and Internet

To increase both product and brand awareness, the firm will employ advertisements throughout the twelve daily papers, promote videos of the superior motorcycles on Youtube.com, display Harley-Davidson motorcycles on billboards, and purchase internet banners on Brazilian websites. After evaluating the country of Brazil, most local consumers often recall product placements from the newspaper, billboards, and online, and for such reasons, those particular media were selected. The main purpose of advertisements in this campaign is to essentially inform the consumers of the Harley-Davidson brand and to persuade the consumers to stimulate trial. In particular, the rapidly growing medium of internet will be emphasized as a tool that allows for Brazilians to research the Harley-Davidson brand and gather requisite information to stimulate trial. Because Brazilians are very wary of new products and subsequent advertising messages, advertisements will be the least used of the marketing communications tools.

### Sales Promotion

To essentially draw consumers into trial by utilizing a pull strategy, Harley-Davidson will offer trial classes and a membership to a local HOG group as premiums. The main

benefit from this tactic is illustrated when the company found “inexperienced riders and women were much more likely to purchase motorcycles after taking a training course” (Thompson Jr., Strickland III, and Gamble, C-393). Additionally, the HOG premium “give[s] motorcycle buyers a sense of community...[and causes them to] bring new buyers to the company without any encouragement from Harley-Davidson” (Thompson Jr., Strickland III, and Gamble, 389). Ultimately offering sales promotions that stimulate trial and spread positive word of mouth reviews will increase the frequency of buyers, counter competitive offers, and reinforce the brand image of safe, reliable, and group-oriented.

#### Public Relations Events

Although some attention will be directed toward advertisements and sales promotions, the core focus of the campaign emerges from effective public relations efforts, often local affairs in Southern Brazil, because such tactics really focus on a localized strategy while the other tools are often not a central part of Harley-Davidson’s effective localized strategy. To illustrate, Harley-Davidson will display the standard heavyweight motorcycles during public relations events such as Carnival, futbol matches, motorcycle rallies, and a “tour of Brazil.” In addition, the cultural analysis, in particular the uncertainty avoidance dimension, indicates that the Brazilian culture is very hesitant in trying new things which means that advertisements, usually not locally based and sometimes associated with dishonesty, won’t be as effective as public relations events; moreover, public relations efforts such as bike nights, HOG rallies, and “tours of Brazil” in this collectivist culture should foster a sense of group belonging and subsequent brand loyalty toward the product as indicated by the Hofstede’s

individualism cultural dimension. In addition, displays during the many parades offered for holidays such as Carnival will easily integrate a global brand into the local culture. By taking advantage of religiously-based parades in a religiously-inclined society and by holding rallies during beloved festive and sporting events, Harley-Davidson will position motorcycles as a premium global product that balances a globalized and localized strategy. More importantly, Brazilian consumers will see the product in play during events, gradually let the anxiety about the new product dissipate, and eventually take advantage of trial products and services such as training courses and HOG memberships that will expose consumers to motorcycles.

#### Sponsorships and Endorsements

In addition, Harley-Davidson will pursue joint ventures with local dealerships, contribute to the government's development of Brazilian infrastructure, and help to fight rampant unemployment; moreover, by offering such public help, Harley-Davidson can forge strategic alliances to "expand in Latin America" as when it "built an assembly plant in Brazil in 1999" which will once again reinforce the localized strategy (Thompson Jr., Strickland III, and Gamble, C-382). By offering a helping hand, many of these organizations will help sponsor Harley-Davidson and return the favor by promoting the organization. In addition, the cultural analysis points out that Brazilians love the sport of futbol, and because of this passion, Harley-Davidson will sponsor many of these sporting events in an attempt to integrate into consumers' lives. Upon penetrating into the market, Harley-Davidson will sign star Brazilian futbol players to endorse the brand. After Harley-Davidson integrates into mainstream culture,



Brazilians will continue to purchase the brand because of the collectivist dimension that indicates strong loyalty.

### Media Objectives and Strategy

The objectives of the media are as follows:

1. Increase the number of weekly advertisements in 12 local papers and magazines by 7% over four years
2. Increase billboard advertising by 15% over four years
3. Increase internet banner advertising on Brazilian websites by 10% per year and increase sponsored videos on Youtube.com by 5%
4. Develop a pulsating campaign starting February 2008 over four years

As previously noted, Harley-Davidson's communication mix relies primarily on public relations and HOG premiums to penetrate into the market; however, the firm will focus some efforts on increasing message strategies through the mediums of newspaper, magazine, billboard, internet banners, and online video. As previously mentioned, "perusing company Web sites, noting ads in print and other media, and noting a manufacturer's performance in competitive events" are all popular methods in which consumers evaluate the brand, and, for such reasons, Harley-Davidson must commit to those particular mediums in order to gain consumer trust, stimulate trial, and eventually generate sales (Thompson Jr., Strickland III, and Gamble, C-386). In terms of printed materials such as newspapers and magazines, the goal over four years is to increase the amount of copy by 7% because such a medium has a strong shelf life which will integrate into consumers everyday reading habits. In terms of billboard advertising,

Harley-Davidson will increase the amount of billboards by 15% over the four year period that roads are continuously added and expanded by the government. By including an outdoor medium that simultaneously expands with the constructed roads, Harley-Davidson will integrate into consumers' lives during commutes which will remind them that Harley-Davidson can appeal to their needs of superior transportation and a sense of belonging. In terms of internet, the World Bank reports "21.6 Brazilians per 100 people" in 2006 were internet users compared to "6.5 Brazilians per 100 people" in 2000; moreover, this data provides that the internet is becoming a highly sought global medium that many Brazilians are beginning to use more rapidly (The World Bank, "Brazil"). Because Brazilians are using the internet rapidly, Harley-Davidson will purchase internet banners on popular Brazilian websites and sponsor videos on Youtube.com which display standard and touring motorcycles in action and will hopefully integrate the product into everyday consumers' lives and simultaneously dispel any wariness of change. Through the three main media, Harley-Davidson will aim for a localized strategy that grabs consumer attention by integrating into their lives through a four year pulsating campaign beginning February 2008 in Carnival season.

#### Creative Objectives and Strategy

1. Convey image of prestige and high quality
2. Communicate "green" savings
3. Convey a collective group image
4. Minimize stereotypes of vehicle being completely masculine, American, rebellious, and dangerous
5. Establish catchy slogan

First, the motorcycle should be promoted as a superior and efficient means of transportation as opposed to the other alternatives of passenger cars, commercial vehicles, and railways. The main objective of this communication goal is to relate how congested cities with poorly paved roads (often found in the South) can be avoided by a sleeker, smaller, Harley-Davidson. To illustrate this, Harley-Davidson will show images in all creative copy of a significantly smaller motorcycle in relation to a much bigger automobile. Second, one of the most obvious messages to be communicated about the brand is that the Harley-Davidson motorcycle often costs much less than a standard vehicle and saves consumers money because the 50-60 miles per gallon the vehicle receives is significantly more mileage per gallon than a regular car gets. This objective is critical in any region of Brazil because Brazilians, wise consumers, are often looking for ways of reducing costs (a primary concern of theirs). To illustrate this in creative copy, text should reveal the miles per gallon next to the Harley-Davidson motorcycle. Third, as current psychographics and cultural dimensions of Brazil illustrate, Southern Brazilians exhibit loyal, proud and community-oriented emotions because of the high-context culture; moreover, this is convenient because global owners of Harley-Davidson motorcycles often have a sense of “belonging and collectiveness” based on their experience with the product. In addition, the quality of belonging to a cohesive, honorable in-group of proud owners is one message that differentiates the Harley-Davidson brand from peer competitors, Honda and Yamaha, and communicating this message will help grab valuable market share. To illustrate this in creative copy, videos on Youtube.com will highlight HOG rallies, bike nights, and Harley-Davidson motorcycles touring Brazil at many cultural events such as Carnival and futbol matches.

In print, images of a group of Harley-Davidson bikers will once again convey the image of collectiveness and group belonging often associated with the brand. To minimize the negative stigmas that the brand carries from previous associations with organizations such as Hell's Angels, Harley-Davidson should depict the brand in creative copy as softer and a more neutral brand (this will help because Brazil is slightly more culturally feminine). By appearing at local dealerships and during cultural events, Harley-Davidson can re-brand itself in a Southern Brazilian's eyes as safe, acceptable, and a great product. Finally, to culminate the campaign, Harley-Davidson will establish a catchy slogan that accommodates a Portuguese translation, the national dialect spoken by nearly everyone, in order to fully integrate into the Southern Brazilian consumer's daily life and remind them of what the brand really stands for. The slogan is as follows:

*“Harley Davidson...not just a bike, but a culture on wheels”*

*“Harley Davidson...não apenas uma bicicleta mas uma cultura nas rodas”*

By establishing the brand as “not just a bike, but a culture on wheels,” all creative materials are essentially conveying a message that, although the vehicles contain many transportation, financial, and agility benefits, the Harley-Davidson brand represents what every collectivist Brazilian wants---“a culture on wheels.”

#### Evaluation Objectives and Strategy:

1. Establish monthly focus group among new HOG members to discover how Harley-Davidson has positively impacted the culture
2. Conduct survey of 900 consumers in 3 major Southern Brazilian cities among consumers to see current view of brand

3. Survey on Harley-Davidson website and other Brazilian pages to discover major determining factor in whether to purchase motorcycle or automobile
4. Poll local dealerships to determine number of trials and whether or not trials led to final purchase

Although ideally speaking, the integrated marketing communications mix would convince all Southern Brazilians to purchase a Harley-Davidson motorcycle, the truth is, such a result will probably not occur. To evaluate the effectiveness of the campaign, first, Harley-Davidson should establish a monthly focus group among Brazilian HOG members to discover why those particular consumers joined the culture and what attributes attracted them to the brand. By discovering what is appealing to consumers, the campaign can be altered if necessary. Next, the firm should conduct a random sample of 900 Brazilians in three major cities in the South to see how the brand is viewed in the local culture. By sampling potential consumers, Harley-Davidson can see how effective the communications mix was in establishing the desired position. Third, Harley-Davidson should conduct a survey on its website and provide a link from the banners to the survey to generate feedback about the most important factor in deciding whether or not to purchase a motorcycle from online consumers. By generating feedback from online consumers (a rapidly increasing demographic), Harley-Davidson can determine specifically what issues matter to Southern Brazilians as well as other global consumers in the area and address those concerns in future campaigns. Finally, Harley-Davidson should interview local Brazilian dealerships to find out how many trials occurred, and, if the trial occurred, whether or not it led to a sale. By conducting this evaluation, Harley-Davidson can effectively determine whether or not the campaign was successful or not.

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