



A STUDY ON ATTITUDE TOWARDS BRAND DILUTION IN HARLEY DAVIDSON POST PRICE CUT

Management

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KEYWORDS:

Introduction

Harley Davidson is a premium brand for bikers all over the world. In India, HD had launched their heavy weight motorcycles in the year of 2009, month of August with the establishment of its first dealership in July 2010. Motorcycles of all the six platforms were launched in India with a range of 11 models.

Launch of Street 750 motorcycles in India in 2014 marking the low price and light weight category lines was a huge boom. HD India launched Street 750 targeting larger urban people and also youngsters priced at \$Lakhs Rupees in 2014. In 2017, the revised price showed as 4.6 Lakhs. It is a light weight variant, suitable under Indian conditions. One major issue with the first launched Street 750 was the brake. The brakes were of low quality and did not have well stopping power. Many have encountered with complete brake failure. The October 2015 bikes were sold with never upgraded brakes and in 2017, Street 750 is proposed to be upgraded with additional ABS feature. After losing the brand Image for the brake failure and chargeable replacement issue to certain extent, HD tried to recuperate the loss with proper measures on upgradation.

This study tries to find out if people perceive brand dilution of Harley Davidson as a brand in the wake of the launch of Street750. For studying brand dilution, attitude towards the brand is taken as a variable for study. Attitude towards the brand is measured by brand association variables.

Literature Review

Brand dilution can be defined as a strategy of premium segment brands to launch a new variation in the existing product line by lowering the price range which can be easily accessible to the market.

Brand Association

HD has a clear vision on bringing new riders into the sport of motorbiking. They have a perfect strategy of expansion, building newer connections with better brand reputation. Each proud owner of HD is confident, tough, rugged and full of sophistication- all completing the characteristics of HD. HD gives the owner an emotional identity with the brand name. It is a feeling of sophistication that is reflected within the people. It is how the consumer perceives the brand on dimensions (Comer,2010).

Brand personality is a key facet of brand identity (Azouley, Kapferer,2003). Looking at the five dimensions of Brand Personality Framework by Aaker, Harley Davidson satisfies all of the features as sincerity, excitement and competence being the inner characters and ruggedness and sophistication comes with the pride of owning a Harley bike as a priced possession. The bike signifies masculinity with full valour. Rebel brands champion values such as independence, controversy, freedom and nonconformity. For these brands, rules are meant to be broken. This simplifies Harley Davidson brand personality.

Personality is a clear construct different from cognitive aspects of the person, or from his or her skills and abilities. It is described by traits (Azouley, Kapferer,2003)

Harley Davidson has beautifully aggregated their logo with the bar and shield which signifies the first quality of being hard. This is the first part of Brand element that is unique for the Corporate Brand recognisable on vehicles, merchandising, tattoos all over the world.

The Brand Association of Harley Davidson can be dated back to 1983 when the then CEO Vaughn Beals launched the Harley Owners Group (H.O.G.), which he proved to be at the grassroots as to reconnect Harley's personality and lifestyle with its most faithful customers (cultbranding.com)

Creating the Brand Association:

Initial acceptance was very low but HD re-strategist the concept and switched to Gorilla Marketing where memberships were generated by word of mouth and full-hearted inexpensive promotions at dealerships. Along with this, HOG made a smarter move with associating dealership sponsors with every HOG event. This created tighter Brand Associations and customer loyalty(warc)

Extending Brand Associations:

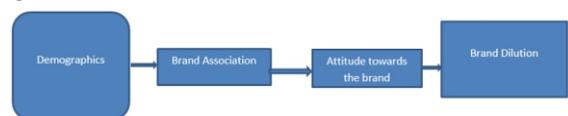
The next big step on developing further Brand associations was organising rallies for Harley Davidson all over the world and so this was another killer sales move by HD organisation. In India, 5th HOG Rally is to be organised on February 2017, while the 4th Rally of 2016 had seen 12000 HD bikes in the India Bike Week with also special feature of Big 5 Patch where 125 HOG members are presented with prestigious honour. It is awarded to riders who complete all four zonal rallies and the national H.O.G. rally in Goa within a year and not only they wear the title on their sleeves but also, they share their travel adventure stories (Harley Owners Group to Mark Five Years of HOG India Rally in Goa, News18)

Brand attitude is a preformed notion about a brand by the customer which can be favourable or unfavourable. The attitude can be consistent or may change with time.

From the Tricomponent Model of Brand attitude which has three components as Affectiveness, Behaviour and Cognition, we have taken up Cognition as a part of our study (Schiffman et. al).

Cognitive part of Brand Attitude is what a consumer thinks about a brand by previous information stored in brain and information collected from others. Or in other words, the combination of real time experience with relevant information about the brand helps in building an attitude towards a brand.

Fig 1: CONCEPTUAL FRAMEWORK



Research Gap

Harley Davidson was forever seen as a premium bike in the niche category. So when it reduces its price for the Indian market, it was worth finding out the attitude towards the brand after the price change.

Harley owners were always proud of their exclusivity. So the attitude towards the brand pre and post price reduction was studied to know the effect of price reduction on the consumers attitude. Though Attitude measurement comprises of three variables, Cognition, Behavioural and Affective, for this study we have focused only on the Cognition variables, which is based on the Brand Attributes.

Research Questions

1. To find out whether there is any significant difference in the attitude towards Harley as a brand before and after price cut.
2. To find out the attributes that shows the highest difference before and after price cut.

Methodology

A Descriptive study is carried on for a sample of 100. A structured Questionnaire using Likert's scale is used for the primary data collection. Both Bi-variate as well as Multi-variate statistical tools are used to analyse the data. ANOVA, was used to analyse the data.

Data was collected from both secondary sources and primary sources. Secondary sources include books, journals, online journal sites like Ebsco and ProQuest

Objectives of study

1. To study the attitude towards Harley Davidson before and after the reduction of price.
2. To find out the attribute that shows the highest difference

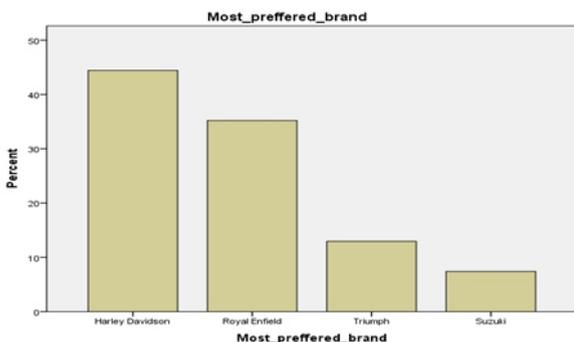
FINDINGS – Table 1: Profile of respondent

	Factor	Percentage
1	Age	
	20-25	63.1
	26-32	28.0
2	Gender	
	Male	66
	Female	34
3	Income/annum	
	Less than 6 lakhs	29
	6-10 lakhs	37
	11-20 lakhs	24
	Above 20 lakhs	10

Respondents for this research mainly were the youth in the age group of 20-25 years. As most of the respondents were students. More males were studied as the bikes are a favourite for male youth and they are updated about the current changes happening in the industry.

1. Most preferred brand

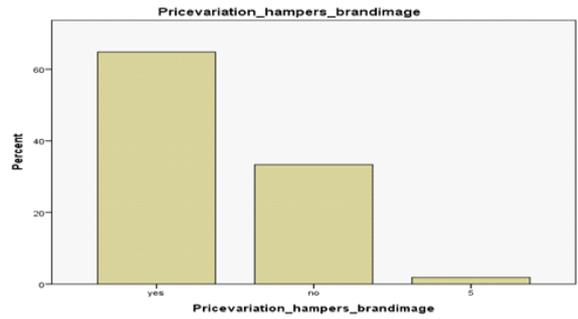
Fig 2: Most Preferred brand



It was found from the study that the most preferred brand among the youth in the high-end bike category was Harley Davidson. More than 45% of the respondents prefer Harley Davidson bikes over other brands. We also find that Royal Enfield is the second preferred brand rightly so as it is catching up the Indian market and known more as the Harley of India.

2. Price reduction affects brand image

Fig 3: Price variation hampers brand image



More than 60% of the respondents feel that price variations or reductions hampers the brand image. There is a strong association in the minds of the consumers with respect to price and quality. When price is reduced customers perceive that the quality is compromised upon.

3. Test of Hypothesis

- There exists no significant difference in their attitude towards Harley Davidson before and after price cut with respect to brand association (Ho)
- There exists significant difference in their attitude towards Harley Davidson before and after price cut with respect to brand association (H1)

TABLE 2 – Anova for pre-price & post attributes

ANNOVA for PRE-PRICE & POST PRICE ATTRIBUTES						
		Sum of Squares	df	Mean Square	F	Sig.
Preprice_Post price decrease_Dependable	Between Groups	14.815	1	14.815	15.208	.000
	Within Groups	103.259	106	.974		
	Total	118.074	107			
Preprice_Post price decrease_Honest	Between Groups	8.333	1	8.333	10.605	.002
	Within Groups	83.296	106	.786		
	Total	91.630	107			
Preprice_Post price decrease_Reliable	Between Groups	14.815	1	14.815	19.666	.000
	Within Groups	79.852	106	.753		
	Total	94.667	107			
Preprice_Post price decrease_Sincere	Between Groups	11.343	1	11.343	14.185	.000
	Within Groups	84.759	106	.800		
	Total	96.102	107			
Preprice_Post price decrease_Trustworthiness	Between Groups	10.704	1	10.704	11.456	.001
	Within Groups	99.037	106	.934		
	Total	109.741	107			
Preprice_Post price decrease_Expensive	Between Groups	3.000	1	3.000	2.961	.088
	Within Groups	107.407	106	1.013		
	Total	110.407	107			

Anova test was conducted to find out if there was any significant difference in the attitude towards the brand after the price cut. It can be seen from the above table that in all the variables except Expensive the significance value is less than .05. Hence, the null hypothesis is rejected and alternate hypothesis is accepted in all the cases. It shows that after the price decrease, there is a change in the attitude towards the brand.

Only in the attribute regarding Expensive, we accept the null hypothesis as the significance level is above .05. It shows that people do not see the bike as expensive after price cut. When Harley introduced these low-end models in India, they wanted a highly price sensitive country like India to change perceptions regarding their positioning. They have achieved it.

4. To find out the attributes that shows the highest difference before and after price cut.

TABLE 3: Mean Value

		Mean Values - PRE-PRICE & POST PRICE ATTRIBUTES								
		N	Mean	Std. Deviation	Std. Error	95% Confidence Interval for Mean		Minimum	Maximum	
						Lower Bound	Upper Bound	m	m	
Decrease Dependable	Pre-price	54	3.96	.971	.132	3.70	4.23	2	5	
	Post price	54	3.22	1.003	.137	2.95	3.50	1	5	
	Total	108	3.59	1.050	.101	3.39	3.79	1	5	
Decrease Honest	Pre-price	54	4.13	.825	.112	3.90	4.35	2	5	
	Post price	54	3.57	.944	.128	3.32	3.83	2	5	
	Total	108	3.85	.925	.089	3.68	4.03	2	5	
Decrease Reliable	Pre-price	54	4.26	.782	.106	4.05	4.47	2	5	
	Post price	54	3.52	.947	.129	3.26	3.78	2	5	
	Total	108	3.89	.941	.091	3.71	4.07	2	5	
Decrease Sincere	Pre-price	54	4.11	.904	.123	3.86	4.36	2	5	
	Post price	54	3.46	.884	.120	3.22	3.70	2	5	
	Total	108	3.79	.948	.091	3.61	3.97	2	5	
Decrease Trustworthin	Pre-price	54	4.07	1.007	.137	3.80	4.35	2	5	
	Post price	54	3.44	.925	.126	3.19	3.70	2	5	
	Total	108	3.76	1.013	.097	3.57	3.95	2	5	
Decrease Expensive	Pre-price	54	3.74	1.067	.145	3.45	4.03	2	5	
	Post price	54	3.41	.942	.128	3.15	3.66	2	5	
	Total	108	3.57	1.016	.098	3.38	3.77	2	5	

Since the mean value in the attributes Reliability and Honesty of the brand was highest before price cut and there was a significant decrease in the values after price cut. We can infer that the reliability and Honesty attributes play a significant role in the brand image building. With a price cut the brand is seen as less reliable and less honest. This is especially true for Harley as it was positioned as a niche product only a very few could own. They users of Harley were evangelist and not mere loyalist. So, they would definitely feel cheated by Harley when it is bringing in models for the lower level segments.

Major Results

The results of the study show that brand dilution takes place when a company launches a new product (brand extension) at a reduced price. This is more so for premium niche brands like Harley Davidson, where consumers feel proud to own a bike of Harley which results in their ego satisfaction. Owning Harley is not just a mode of conveyance, but it is also a symbol of pride and prestige that people are attracted to. So, there is strong brand association towards the brand Harley. And lowering the price of the brand has resulted in the attitude of brand dilution among the respondents.

Implications

It takes years to create such a strong brand image. Harley Davidson being a legacy all over the world, the brand had already established itself in the minds of the consumers Harley, by diluting the brand with Street750 models has observed a shift in core customers to 25-28year old urban riders for whom otherwise Harley was not accessible. The tapping of the latent consumer need has also given Harley a special place in the bike enthusiasts minds. The success of the strategy of Harley Davidson to tap the price sensitive mass Indian market is hampering the strong brand image of the company. Launching a low-end product with another brand name would have worked better for sustaining the brand image.

FOOTNOTES

1. <http://www.news18.com/news/auto/harley-owners-group-to-mark-five-years-of-hog-india-rally-in-go-1343281.html>
2. <http://cultbranding.com/ceo/harley-davidson-cult-brand/>
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