

Can Harley Davidson Survive When Boomers Quit “Living On The Hog?”

Faced with an aging consumer base that spends less, what are firms to do?

It is no surprise to marketers that America is aging. Today, the US economy is leveraged to take full advantage of the economic power of the baby boomers, who are fast approaching their peak spending years. **How are firms that currently rely on this baby boomer spending to grow their revenues, going to cope as these boomers get closer to retirement and dramatically decrease their spending?** The Wall Street Journal reports in "[Living High on the Hog](#)" (WSJ: February 5, 2007; Page C1) that some firms, such as Harley Davidson, are worried and have already started to adapt new strategies to remain competitive. Where are they looking for answers? Demographics!

Most products, services or industry sectors have their own age-driven demographics cycle that businesses and investors can use to make predictions decades into the future.

Last year, Harley Davidson began to notice the effects of aging baby boomers, as sales had fallen short of their recent high growth rates and were virtually flat, rising only 0.3% year-over-year. Karen Richardson reports in the Wall Street Journal™:

"The slowdown in U.S. sales growth is a worry since they make up 80% of the company's revenue. The age of a Harley buyer has been rising. That customer's median age is 47 years. He is a male with income of \$83,000 and at least two years of college education, according to the company. As those baby boomers exit the prime riding age and enter the twilight of motor-home adventures, growth is likely to slow further. (This is completely consistent with the [Spending Wave™](#) forecast published in various books and articles by [H.S. Dent](#)).

Harley has been trying to capture a younger, more diverse set of riders, including women, with the reintroduction of its classic Sportster, for example, which has been retooled to have less vibration and a lower seat height... 'I don't know that any of these is the magic bullet,' says Robin Farley, an analyst at UBS in New York who learned how to ride on a Honda Nighthawk. 'It's really important to try to appeal to the less experienced and younger rider who has cheaper alternatives.'"

To remain competitive in the face of one of the largest demographic shifts in US history, firms must follow in the footsteps of Harley Davidson and modify their strategies. Facing a shrinking market based on its traditional customer demographic, Harley has three basic options. The company can find a way to sell its existing products to different demographic groups, add new products to the sales mix, or simply be content to shrink as a company. Those firms that study demographic trends and predictable consumer spending patterns will be able to better evaluate these kinds of options and remain successful; those that do not will most likely fail. Perhaps we can't rewind or stop time,

but using demographics we have the ability to glimpse into the future and prepare ourselves for what lies ahead.

Want more information on how to apply demographics and the *Spending Wave*[™] to your business, investment or retirement planning?

Contact:	Investor Resources, Inc.	www.investorresourcesinc.com
	Donald Creech, President	800-317-9119
	Perry Sikes, Jr., Vice President	425-673-5000