



## **The value of brand communities**

*The value of brand communities featuring Harley Davidson – a success story based more on brand emotions than mechanical motions.*



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### **The Third Place**

The Third Place is a construct created by the sociologist Ray Oldenburg, in which he describes humans as requiring a third place away from home and work, where a person can interact with others that he/she has come to know as members of the same community.

A brand community has the potential to be one such Third Place, where a group of like minded individuals who enjoy interacting under a common identifier - in this case a brand – can get together.



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### **Communities can be real or virtual**

These communities have historically been substantive and tangible, now in the technology era they can also be virtual.

Despite this however there are still very few successful brand communities.

The probable reason for this may either be lack of understanding of community, impatience or over commercialism.



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### The 6 vital characteristics of a community

A community must:

- primarily serve the interests of the members of the community
- have a persistent identity that still allows personal expression
- facilitate communication and interaction with other members
- be compelling enough to attract members to congregate around it
- allow the members to control its evolution and development
- have time to develop its own culture



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### Member requirements

The members themselves must be identifiable, have personal involvement in the community, willingly accept the communities 'code of conduct' and feel a sense of ownership.

In the case of the brand community its membership should include, customers, stakeholders, workers and any other parties that share the community's values.

### ***Strong communities are enlisting, enrolling and empowering***

The strongest communities allow the membership to genuinely set the agenda, create events and introduce their own products into the community.



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### **From mechanical motions to brand emotions**

Probably the best example of a brand community is the Harley Davidson community.

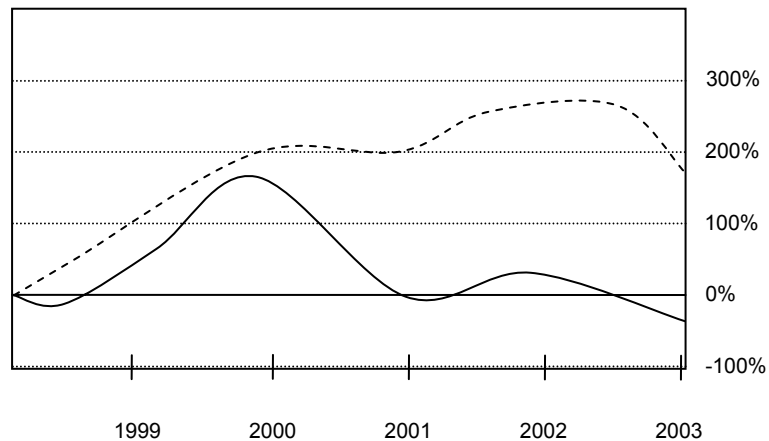
Harley Davidson is 100 years old this year, but has really created its brand community in the last 20 years. From the outside they have a company run owners group affectionately known as HOGS (Harley Owners Group) formed in 1983 which now has over 660,000 paying members from over 115 countries.

On the inside there is a culture that the company describes as Love. *“Harley-Davidson employees don’t just build motorcycles. They live for the Harley-Davidson experience.”* Jeffrey Bleustein CEO



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It is this internal and external passion for the brand that provides stock market defying figures.



Even in the current market slump Harley Davidson is 160% over its stock value 5 years ago, this is versus the NASDAQ which has fallen below its five year figure.

Analysing Harley Davidson for value versus the Standard And Poors 500 over the 15 year period from 1986 to 2001 (assuming dividends were reinvested annually) a \$100 investment in Harley grew to a value of \$16,000 at the end of the period vs the SP500 average of \$480.



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### **What has led to this remarkable performance ?**

While Harley Davidson have improved their product offering substantially they have not introduced a new benchmark product that has revolutionized the motorcycle industry. So it is not product led performance.

It is innovation of a marketing kind; this performance is derived from the consistent development of the brand experience aligned to a billion dollar licensing business derived from a brand-iNG that has inspired a powerful brand community.

***In short, Harley Davidson has maximised its –iNG.***