

# More Americans Are Buying Harleys

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NEW YORK (AP) — For the first time since the Great Recession, more Americans are buying Harleys.

Harley-Davidson Inc.'s U.S. sales rose almost 8 percent and its profit more than doubled in the second quarter, the first time since the end of 2006 that domestic sales have increased for the motorcycle maker.

Consumers felt more confident and wanted to upgrade to new bikes. On top of that, the brand has the largest share of sales when it comes to new kinds of bikers such as women, blacks and people under 35. The company is also expanding its market share overseas.

Those trends have Harley betting that sales will keep growing, even though the economy is slowing again.

"We still remain cautious about the overall economy and overall consumer confidence," Harley-Davidson Chief Executive Keith Wandell said in an interview. "But we're pleased with the trends in our sales."

Harley's U.S. retail sales of new motorcycles grew 7.5 percent to 53,599 bikes, much faster than overseas, where sales rose just 2.4 percent to 29,797. It boosted its shipment forecast for 2011, sending shares up more than 13 percent to a new 52-week high shortly after Tuesday's opening bell.

Those sales helped the company's profit. Harley-Davidson earned \$190.6 million, or 81 cents per share, easily beating Wall Street expectations. Motorcycle and related product revenue rose 18 percent to \$1.34 billion.

Harley's sales increase marks a big change from just two years ago when the company was shuttering plants and cutting thousands of jobs as it tried to ride out one of the toughest economic slumps in its history.

Harley's new bike sales plunged 23 percent in 2009 and fell the next year too, before picking up in the first quarter of this year, boosted by stronger demand outside of the United States. Many consumers viewed Harley-Davidson's bikes — whose base prices range between about \$8,000 and \$30,000 — as pricey toys rather than necessary transportation. The rise in sales could signal that some consumers are starting to feel better about the economy and job security.

Harley now expects to ship between 228,000 and 235,000 new bikes worldwide this year, representing an increase of 8 percent to 12 percent over 2010.

Earlier this year, possible supply problems from the March earthquake and tsunami

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in Japan had company officials concerned about 2011 sales. Harley has been able to avoid the kinds of shortages that have caused problems at Japanese rivals, Wandell said, although it continues to watch its supply chain carefully.

Wandell noted that prices of used bikes have risen recently, making them a less attractive buy when compared with new models. He also credited the company's efforts to attract less traditional kinds of bikers with helping boost sales.

Also on Tuesday, Polaris Industries Inc., which sells off-road vehicles, snowmobiles and motorcycles, said its second-quarter profit nearly doubled as sales at all of its divisions soared. The Medina, Minn.-based company also boosted its profit guidance for the year.

In afternoon trading, Harley shares rose \$3.75, or 9 percent, to \$45.16.

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