



HARLEY-DAVIDSON PURCHASE

Role of the Buyer

This is going to be your *first* Harley-Davidson! You can't wait! For the past two years, you've been riding an old beat up 1981 Honda with a 750 cubic centimeter engine that you bought for \$450. All the while, you have been dreaming of owning your very own "hog." Now is the time. You've been riding long enough to feel comfortable on a bigger bike; Harley "big twins" have 80 cubic inch (1,340 cubic centimeter) motors. You've bought all the paraphernalia you need: helmets, leather jacket, saddle bags, boots. You've even bought some Harley T-shirts. And now, you've saved just enough money that you think you can buy such an expensive toy. While a new one is out of the question - they run from \$17,000 to \$22,000 and you have to wait as long as a year depending on the model and color you want - a used one is just within your reach.

Your bank account now has \$12,000. You can't spend any more than that. You're stretching as it is. Your credit rating is not that good and you doubt that a bank would give you a loan for a motorcycle. Assuming a five percent sales tax, you figure that you can fork over \$11,425, no more. You could wait and save more money, but

it's the spring and you want the bike now. You don't want to lose any riding time since the Boston riding season can be so short. All your friends ride Harleys and you can't bear the thought of one more summer being teased about your "wimpy" bike.

You've investigated all the different styles and have decided that you want an "evolution" motor which was made from 1984 until 1991. You have no desire for the older pre-1984 bikes - called "flatheads," "panheads," and "shovelheads." They look great, but you've heard that they handle like tanks. And the "dyna" models that came after 1991 are too expensive. With that narrowed, you've decided that you want an "FX" class bike because of their lower seat heights and greater clearance for leaning into corners. Experienced riders have told you that they are the best handling bikes Harley ever made. That still leaves several model options. In your order of preference, they are:

<u>Model Letters</u>	<u>Model Name</u>
FXLR	<i>Low Rider Custom</i>
FXRS	<i>Low Rider</i>
FXRS-SP	<i>Low Rider Sport</i>
FXR	<i>Super Glide</i>

This case was prepared by Andrew J. Hoffman as the basis for class discussion rather than to illustrate either effective or ineffective handling of an administrative situation. Please preserve its usefulness by keeping it confidential.

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But it is the *Low Rider Custom* that you know you want. It just looks cool. It has a solid back wheel, laced (spoked) front wheel, deep leather saddle, racing handle bars and a very distinctive leather strap running down the center of the tank. It looks unlike any other Harley on the road. You've seen only a few of them, but have stopped to admire them each time you saw one. And you would love to have it in black. In fact, you believe that is the only color that Harley's should come in. Who in their right mind wants a green or a red Harley? The other styles (and colors) are a distant second.

Using your computer, you checked the Harley-Davidson web page and found the following listings for used FX bikes:

<u>Model</u>	<u>Miles</u>	<u>Color</u>	<u>Price</u>	<u>Location</u>
'87 FXRS-SP	5K	Blue	\$13K	IL
'89 FXR	27K	Red	\$12K	FL
'89 FXR	31K	Black	\$11K	CA
'91 FXLR	8K	Blue	\$14K	IN

You asked your dealer about buying used and have learned that Harleys can vary greatly in price depending on how much they are customized. People add chrome, wheels, gas tanks, paint jobs, carburetors, and even change the angle of the forks. In fact, there was a 1990 FXLR on the Harley web page that was completely customized and selling for \$24,000. But what does it matter, you can't afford to travel across the country to find the bike you want and all the interesting listings were too far away. The local *Boston Globe* had the following listings:

<u>Model</u>	<u>Miles</u>	<u>Color</u>	<u>Price</u>
'88 FLTC	31K	Silver	\$10K
'87 FLHS	19K	Black	\$10K
'91 FXR	15K	Red	\$14K
'89 FXLR	51K	Black	\$12K

The first two are of no interest. The third is too expensive. But there it is! Number four is a 1989 *Low Rider Custom*! That's the bike. That's the one you want. And it's black, the exact color you want!

You called the seller and have arranged to meet this afternoon. You wondered if you came across as a little too enthusiastic. But maybe it softened the seller who implied that the price was negotiable and also said that there was some customization done to the bike but didn't specify.

To prepare for the meeting, you gathered the want advertisements and then scanned the Harley archives to learn that the 1989 *Low Rider Custom* cost about \$9,000 when new (as were the other *Low Riders*) and the 1989 *Super Glide* cost about \$8,000 new.

You are really hoping you can talk the price down. That's just over your price range, and hard to justify for a bike with such high mileage. You might be able to get a little more money by selling your Honda, but the most you could expect would be about \$200, if you could sell it at all. And you'd have to sell it very fast or you'll be in a serious cash crunch. Regardless, you'd really like to get the Harley down to its original price - around \$9,000 - so you can have a little money left over for a vacation you've been planning. But if you have to spend your entire savings to get this bike, you are willing to do it.