

The International Issue

# ScooterWorld

February/March 2006

## Scooter in Taiwan



### Inside:

The EIMCA Show  
Scooter in England  
KYMCO Factory Tour  
Glove Reviews  
and much more!



**MRP IS YOUR ONE STOP SHOP SCOOTER RACING DISTRIBUTOR FOR ALL YOUR STORE NEEDS.**



**WE INVITE CONSUMERS AND DEALERS ALIKE TO VISIT OUR SITE [WWW.MRP-SPEED.COM](http://WWW.MRP-SPEED.COM) AND CHECK OUT SOME OF THE HOTTEST PRODUCTS AND INFORMATION FOR NEW MODERN AUTOMATIC SCOOTERS.**

**POWER PACKS ARE ALL INCLUSIVE KITS DESIGNED FOR SPECIFIC BIKES LIKE THE GY6 / KDU OR GENERIC SCOOTERS SUCH AS JOG-MINARELLI-YAMAHA CLONES WHICH WILL REQUIRE SOME TUNING.**

**MRP CARRIES HARD-TO-FIND CHINESE BATTERY SIZES, BRAKE CLUTCHES, BRAKE PADS, EXHAUSTS, CYLINDERS, SPARK PLUGS, GASKETS, TIRES, TUBES, AIR FILTERS, KEVLAR BELTS, SCOOTER BRAKE PADS, LIGHT BULBS, THROTTLE CABLES, AND MUCH MUCH MORE. WE ARE THE ONE STOP SHOP FOR ALL YOUR SCOOTER STORE NEEDS.**

**DEALERS PLEASE CALL US TOLL FREE AT 1-866-625-2488**



**[WWW.MRP-SPEED.COM](http://WWW.MRP-SPEED.COM)**

**CONSUMERS: Visit one of our online power dealers, [www.beachscooter.com](http://www.beachscooter.com), [www.MiamiMoto.com](http://www.MiamiMoto.com), [www.Indycycleranch.com](http://www.Indycycleranch.com) or [www.CBXman.com](http://www.CBXman.com)  
To become an online powerdealer contact MRP.**

# Looking Ahead: The View from the International Motorcycle Exhibition

By Joel Martin



A new Sym model

If any of you are wondering how I missed my deadline for the last ScooterWorld issue, my excuse is I was at the 63rd annual EICMA show (otherwise known as the International Motorcycle Exhibition) in Milan. EICMA is the world's largest motorcycle show for both industry representatives and the public. Over 500,000 people came to visit the 1,560 exhibitors in a column-free, ultra-modern (very Italian) exhibition center covering over 700,000 square feet.

There was plenty of scooter action all over the EICMA show this year. For me, it started with the president of Italy, Silvio Berlusconi, who happened to have been staying at my hotel for a night – thanks to him I couldn't get a taxi and was late for a meeting. It so happened both Mr. Berlusconi and I were on our way to the grand opening of the show. Word at the show was that when he first stopped at the Vespa booth he told everyone that as young man he liked Vespa, but preferred driving his Lambretta – that made for a good laugh. He also spent a good portion of his time at the Malaguti booth since this year's theme was "Italian Industry." Malaguti is the oldest scooter manufacturer in Italy (they started in 1930) and are the only family-owned operation left.

The theme of "Italian Heritage and Italian Industry" was on display throughout the show. Most manufacturers brought out their historical collections (even Honda) to showcase how they had supported Italian motorcycling over the years.

The last four years have not been easy on any of the Italian manufacturers. None of us foresaw the devaluation of the dollar; when I started importing Malaguti the dollar would get €1.12, but by December 2004 the Euro was trading at \$1.37 meaning that the value of a scooter imported from Europe had gone down over 40%. To make matters worse, a change in Italian licensing laws and an easing of government subsidies created the worst bust in the history of Italian scooter sales. However, the 2005 EICMA show was buzzing with the best news in a long time of Italian brands re-emerging or making new attempts at recreating themselves.

One of the big players at the show was Italjet. The Italjet booth was crawling with importers and distributors looking for information on when Kinetic (the new Indian owner) would start manufacturing and selling abroad. No news was released as to an American distributor, but with all the demand for the new Dragster model, I'm sure it can't be far off.

Benelli was also present at the show despite rumors that it had closed for good. Qianjiang Group recently purchased the company, and I had a chance to talk to the new managers. The company currently sells to several US distributors including Mondial Miami, Powersports Factory, and Vento North America. Under the Benelli name they have plans to begin exporting the scooters directly from China to the United States in late 2006.

Malaguti is also open to the idea of returning the United States sometime in the next few years (though probably not until the exchange rate improves). The company is launching new models including the Passport 250cc, which features the Yamaha 250cc Liquid Cooled Engine. Malaguti Moto is now the largest assembler of Yamaha vehicles in Europe. This year the company assembled and manufactured over 40,000 Yamaha scooters and dirt bikes.

Out on the exhibit floor, I started off at the Derbi booth; Derbi might or might not be coming back to the U.S. for the time being. The booth featured the new Rambla Scooter, which was fantastic to look at. They have



President of Italy opening the Malaguti Booth Silvio Berlusconi and Mr. Learco Malaguti



A prototype at the Honda booth



Joel Martin and friends

also upgraded several of the models, including the new GP lineup featuring 200cc engines. Derbi will be a big question at this year's Dealer Expo in Indianapolis, as Piaggio has not made any announcements since their Dealer Show in Denver in November. Many of our MRP dealers also carry Aprilia or Vespa and they are eager to hear news of the brands reemergence. So far the company has only announced that it will be focusing on restructuring its four main US brands: Aprilia, Moto Guzzi, Piaggio, and Vespa.

At the Aprilia booth I was able to glance at the new 500cc Scarabeo, and some of their newer 150cc and 200cc models using Piaggio engines.

Honda drew a huge crowd showing off a new design for the Silver Wing 400cc scooter. There was also a really cool 750cc futuristic Blade Runner style prototype known as the DN01. This Akira style creation featured a semiautomatic gearbox, television, rear-mounted cameras for parking, mirrors integrated into the body, and a powerful twin cylinder V water-cooled engine. It looks like the child of a really hot V-twin bike and a big scooter.

Yamaha and Suzuki both showed off an incredible range of scooters featuring everything from the concept bikes to new 50cc 4 stroke scooters that are currently unavailable in the U.S. The TGB booth featured a futuristic looking 150cc scooter and there were rumors of the company working on a 200cc version.

The Chinese section was the largest showing I have seen from Asia in the last few years. Hundreds of scooters including odd amalgam designs and innovative three wheelers were on display. The best news so far was the 250cc and 400cc prototypes being designed in China. These new higher displacement scooters should be making their way to the US sometime in 2006 or 2007. On a side note, some of the off brands I found this year had wildly creative and humorous names, including Gymco, Zymco, and Yamato.

## The Implications for the American Market

Generally, 2005 was one of the best the U.S. scooter industry has seen in the last decade. Some higher priced brands were displaced from the market due to pricing (including SYM, Peugeot, Malaguti, Derbi, and to a lesser extent Aprilia), but the surviving non-big four Asian brands are selling more than ever. September 2005 showed a 181% increase in sales compared to September 2004 for the six MIC reporting OEMs. For MIC numbers the U.S. is still on track to do over 86,000 units, and the major 40 scooter markets all reported increased sales.

Some of the companies I have spoken to such as TGB and Diamo were completely sold out for months during the summer of 2005. Many dealers reported a rise in sales for their brands across the board, including TGB, Diamo, Daelim, and newcomer Schwinn. The sharp rise in sales across the board caused the U.S. to be an important topic of conversation at this years EICMA show.

Now, as 2006 begins, we've seen a slew of articles proclaiming scooters as the fastest growing segment of the Powersports industry, with numerous reports of people striking it rich this past summer selling scooters. Although the majority of the United States is still snowed in, distributors and dealers are fast preparing for the summer season. This leads us to our annual all important dealer show.

## Dealer Expo 2006: What to Expect, What Questions to Ask

Dealer Expo 2006, taking place February 18th to 20th in Indianapolis, is the most important show in the United States for the scooter store community; this is the yearly chance for store owners to meet face to face with the people who sell them bikes, parts, and accessories. It allows all involved to gather feedback on what's new and important in the industry

Unlike EICMA, The Dealer Expo is closed to the public; since this magazine is read by storeowners, distributors, and mail catalog retailers (as well as scooterists in general, I think it's important to inform everyone about what to expect this year. The following are suggestions on the types of questions to ask before investing in a new brand.

### The Brand Factor

Is it an established brand? Is the product synonymous with scooters (Vespa, Lambretta, Polini)? What dealers carry it? What is the product warranty? How long has it been manufactured? Who is the real manufacturer behind the brand (Trust me on this one; in China, there is usually no X brand factory – it's just a sticker)? Is the company a sub-distributor or is it the importer?



Derbi GP1



Italjet returns!



Bennelli



Soho

## The Liability Factor

Is the company complying with DOT regulations? Do they have insurance? Do they train their dealers? What type of tech support is available to the dealer?

## The Ecommerce Factor

Every scooter store should have a website these days. If they don't then they are just losing out on sales. You should talk to your distributor about their rules for online commerce. Do they make the photographs of their accessories available online? Can they link to your website? What pricing rules do they ask for regarding online sales?

## The Sliding Distributor–Store Relationship

In the last few years this has been a sliding relationship as more and more importers and distributors sell directly to the public from catalogs, company owned locations, and on the internet or eBay stores. This sliding relationship eats into store profits and discourages storeowners from investing in the brand long term. The majority of store profits are made from repairs and accessories, so you need to ask the right questions: Does the company own any of its dealers? Do they have a company website? Do they sell directly to the public? This applies to parts distributors as well as scooter manufacturers.

## The Homogenous–U.S. market

One of the biggest issues facing U.S. Dealers and Importers is the lack of product differentiation. Scooter molds from the majority of manufacturers are easily copied in Asian countries without enforceable copyright laws. As these models come to the U.S. more and more U.S. distributors are competing with identical bikes. Case in point; models imported by Diamo, United Motors, Vento, Powersports Factory, Baron, Tank, and now even TNG.

Honestly, if I was a consumer I would have no idea what separates all these scooters. This leads to more end user confusion than anything else since dealers buy based on the distribution network, price, and other factors such as warranty. Consumers who don't have access to a magazine such as ScooterWorld buy based on price and on the dealer recommendations. However, when a consumer is in a store with three brands that all look like a Tracer 150 or Matrix 150 it can be a confusing experience.

More and more distributors are increasing their scooter warranties from two to four years when only two years ago the industry standard was just one. Having the same molds is leading these distributors to have to increase their attention to parts, service, and support since they are all competing for the same customers with the virtually identical products. Even mid-level priced brands such as Kymco have had to raise their standards to up to three years to differentiate themselves from the lower priced brands.

How many of these products are truly unique? Do they feature anything special not found in other scooter models (like a convertible top – Velux 150)? Any really cool features? Do they have unique molds (Kymco)? Keep your eyes and ears open for issues of quality and innovation.

## The China Factor

When visiting a new scooter brand is it an importer or factory owned operation that sells directly to the public? Is the factory rep selling online?

## Final Thoughts and Recommendations

Dealer Expo is a great chance to stock up; of course, most stores are in the dead of winter and aren't generating any sales, but this is the time to place your orders. You might need to finance it or put it on a credit card but there are several reasons to do this.

1. Distributors offer a discount at the show
2. You can negotiate better prices because it is the dead of winter
3. By buying before the summer you will be able to stock better items and have a wider selection before distributors start running out of products in high demand.

For those dealers making it out there make sure to bring a good coat since its insanely cold in Indiana and make sure to stop by the MRP booth and say hello. I'm happy to offer advice or what brands and market accessories to pick up, and am also looking for topics for our next article. If you have ideas on how to improve the scooter industry you can always write me. Good luck at the Indiana show this year!

*You can reach Joel Martin at: [info@mrp-speed.com](mailto:info@mrp-speed.com) or at Booth # 8349 at the Dealer Expo*

