
The Business of Scooters: Improving the US Scooter Scene

By Joel Martin

I got a lot of positive feedback to the last article for ScooterWorld from both customers and other distributors. It seems that dealers and customers are beginning to understand some of the differences between quality distributors and the fly by night guys. Since last month new revised figures have come out from the MIC that give us a better understanding of where our market is:

Total Sales By Year - Including All Brands Total

Year	MC/Scooter	% Chg	Scooter	% Chg
1997	356,000	7.9%	12,000	0.0%
1998	432,000	21.3%	15,000	25.0%
1999	546,000	26.4%	25,000	66.7%
2000	710,000	30.0%	42,000	68.0%
2001	850,000	19.7%	50,000	19.0%
2002	936,000	10.1%	70,000	40.0%
2003	1,001,000	6.9%	83,000	18.6%
2004	1,048,000	4.7%	86,000	3.6% Est.

The 2005 numbers aren't out yet, but there is an estimate of 98,000 new pieces. These numbers indicate that there is a new rider factor of nearly 90,000 customers per year. So stores in the US in addition to traditional motorcycle owners have anywhere from 400,000 to 500,000 scooters on US roads to maintain. That's a healthy client base for an industry that continues to grow each year. In addition to all the new stores opening up, every week we hear about more stores picking up scooters for the first time or switching to scooters entirely. This leads me to this month's topic, which is enhancing our scooter store experience. In order to maintain the current level of growth stores have to mature and improve which means cooperation at all levels in the scooter chain. If this doesn't happen then we end up recreating the scooter/moped boom of the 1970s; this may lead to a slowdown in sales next year and a rash of store and distributor closings.

Improving the US scooter scene starts with improving the quality of stores. This requires both the clients and the owners actively working together which is the ideal way for any industry to grow. The United States is a vast land with an incredible amount of diversity and this is evident in all the different types of scooter stores we have – I can count more varieties in the U.S. than any other country in the world. There is the big-box department style motorcycle store, the Vespa boutique, the used car lot, the vintage scooter repair shop, and the mom and pop retailer (the backbone of this new industry). For this article I am focusing on the classic mom and pop scooter shop that, in my view, is one of the last great small businesses still remaining.

These days lots of people with and without a mechanical background is opening up a small scooter shop across the U.S. This is mostly due to the increase in the Asian scooters that we mentioned in last month's article. Most new retailers we hear from are opening up in strip malls for the classic reasons – location, location, location. Foot traffic and access to new customers is essential for any new business and, once open, the fight for loyalty begins. If your city does not have more than one dedicated scooter shop then we have some suggestions on how you can help your local owner improve the scene for everyone and how the owner can make a better scooter experience at his store.

Here are our recommendations for those devoted scooterists who want to help the scene grow. Besides shopping at the store and joining a local riders club there are many ways to help improve the "scene" in your local town. Believe it or not the most important one is helping the new store stay in business. Here are some of our top recommendations.

Helping the local store:

- Don't insult your local dealer by purchasing items online and expecting your local mechanic to install it. Have the store order the parts for you. Encourage other riders to do the same.
- Support the store by buying quality accessories and lubricants. Shopping at Wal-Mart for cheap oil or helmets only helps Walmart take over the world.
- Encourage a friend who has never ridden a scooter to come in for a test drive. This is a known scooter club activity and most owners will encourage it after a liability waiver is signed.
- Make the store a destination. Encourage others to meet there on the weekends. Nothing brings foot traffic like a bunch of scooters parked outside a store.

Just because we love scooters doesn't mean everyone is cut out to be a great entrepreneur or shopkeeper. In countries like India and Italy you don't have to be a great business leader to have a profitable store. Those are transportation countries where each store will change ten tires a day and always be profitable. This is not the case in America where a new retailer will get a great location and then spend twenty thousand dollars on a neon sign instead of focusing on essentials. We live at the edge of an industry that is considered recreational riding and is slowly becoming a transportation industry. This means that instead of running the shop like a car dealership it should be a combination of the lifestyle boutique and entertainment. Many shop owners spend countless unpaid hours trying to find the ideal balance for their store. It is extremely tricky and there is no magic plan to help everyone. Consider exploring some simple activities that can help increase profits and improve the scooter experience.

Adding the entertainment factor can be done without having to spend an incredible amount of money. I receive at least one business plan every week from someone looking to open a scooter store and it amazes me how many investors focus solely on the sale of new bikes without thinking of service or entertainment. Scooter sales are important, but as most stores know customer retention is key. Focusing more on retention will give hard-core riders, daily commuters, and new clientele a reason to keep coming back for more. Also, it's important to seek out the alternative source of revenue that could add the final touch to your business plan.

Creating Customer Loyalty:

- Make sure to stock must haves like tires, lubrication, exhausts, helmets, stands, luggage carriers, etc. Before investing in expensive showroom decor this should be a priority to keep customers happy. Nobody wants to wait a week for a tire. Keep them in stock.
- Do not spend money on empty advertising. Focus on the price of gas, convenience, low monthly payments, and fun. Small ads, mailers, and flyers work better for small stores than big radio campaigns

or local magazines. Spend smart and focus on the trends.

- Stores should be more than just a sale or a repair. It is a place to exchange stories, shop for new accessories, and a lifestyle. Encourage this by having plenty of bar stools and customer seating inside and outside the store. It is amazing how many stores do not have this.
- Retailers should add to the experience. Have a TV with videos and allow your how off their riding videos.
- Sell food, espresso, clothing, gelato, ice cream, have plenty of shaded seating outside available. If located at a strip mall this will allow more foot traffic and allow people that would never enter a scooter shop to visit for the first time.
- Encourage a lifestyle night showing movies outside on a projector or weekend rides with free food for your loyal customers. It is incredible to me how many owners do not ride the products they sell or treat the loyal customers to a free soda.
- Sell lifestyle items. Stock plenty of toys, patches, key chains, and over the counter sales. If you create traffic you will create buyers who buy a Vespa toy for a friend even if he/she do not ride a scooter. This creates cash flow and makes a more interesting store. It is amazing how many small owners do not invest in these items. Check with Scooterworks, Parts Unlimited, or even MRP for ideas on these items.

Not every store in the US is as ideally located or has an existing vintage scooter scene that can support you. There are several unique cities that have created self-sustaining scooter riding scenes, but if you are in a new city then you have to help create the scene. Some cities are more ideally located than others. In my opinion stores located in year round warm weather climates should invest in outside seating and tables. Usually when I present this idea most store owners think its ridiculous, but if it turns out a \$200 bench can improve your sales 10% then why not try it?

Out of the top five US scooter markets, three of them are located in year round riding environments. Keep in mind when looking at these figures that they are un-revised for actual sales and only include seven companies that reported to the MIC. They also do not include Kymco, which is the rising star in US sales.

Top 5 US Scooter Markets

RANK	STATE	UNITS SOLD	SALES	AVG Cost
1	California	5501	\$17,815.	\$3,239.
2	Florida	4317	\$13,876.	\$3,214.
3	New York	2228	\$7,479.	\$3,357.
4	Texas	2044	\$6,402.	\$3,132.
5	Illinois	2197	\$6,321.	\$2,877.

Unit Growth by Top 5 markets

RANK	STATE	2004 Units	2003 Units	CHANGE
1	California	5501	4611	890
2	Florida	4317	4259	58
3	New York	2228	1713	515
4	Texas	2044	2221	-177
5	Illinois	2197	2438	-241

When looking at these numbers it is incredible that stores do not invest in the outside recreational area of the store. If you look any successful scooter shop you will see they have plenty of parking and plenty of space outside for food and fun. This is key to creating a high quality retail consumer experience. It's not just a sale, it's a weekend hot dog fest at the scooter shop. I cannot stress enough how important this is to top retailers in California, Florida, and Texas. Keep the experience fun and they'll keep coming back. If you analyze the average price paid per scooter and factor in ten percent in accessories then these customers have the income to buy coffee and return for that scooter lock that they need. Invest in them and they will invest in you.

New big scooter cities like San Juan, Dallas, and Houston are appearing on the map and, in these locations, it's the new automatic riders that are creating the scene. These guys tend to stay away from the big box retailers and pick one or two stores where they know the owner cares and listens to their needs. By being the first in your area to cater to them you can compete in quality and service when the big Wal-Mart size store might not care to do so.

I encourage all storeowners to keep searching for that alternative source of revenue regardless of your location. Even in a cold environment the trick could be coffee or Italian Ice. In the winter months this creates a unique opportunity to move the experience indoors with videos, stories, and seminars. Some of the most profitable stores we know sell coffee and drinks while playing scooter videos. At the end of the month, this all adds up, keeping the cash flow moving and bringing back happy customers.

Creating a full scooter lifestyle experience for your customer can't be done overnight, but take a look at stores that have been there like Sportique Scooters, Speed City, or Java Speed. Even next to a CVS pharmacy you can create a unique experience by investing in the loyal customers and improving their riding experience.

Joel Martin has bachelor's degrees in political science and marketing from the University of Florida. He has extensive marketing and field sales experience, having worked for Coca-Cola Enterprises, Electronic Arts, and Sony Music. Since 1995 Mr. Martin has been selling scooters with his grandfather Manuel Martin and father Froilan Martin. He began importing Malaguti scooters in 2001, SYM / MH Motorcycles in 2004, and has evolved the Martin family company into MRP Inc. a leading North American scooter technical training OEM support center and accessories parts distributor. Mr. Martin also works as an industry technical consultant for several leading firms including Vectrix USA, Daliem Motors USA, LS Motorsports, and Extreme Scooters LLC. For more information visit www.MRP-SPEED.com

