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Marketing Practices of Motorcycle Distributors in the United States

Dennis J. Elbert

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MARKETING PRACTICES OF MOTORCYCLE
DISTRIBUTORS IN THE UNITED STATES

by
Dennis J. Elbert

Bachelor of Science, University of North Dakota 1968

A Thesis
Submitted to the Faculty
of the
University of North Dakota
in partial fulfillment of the requirements
for the degree of
Master of Science

Grand Forks, North Dakota

May
1972

This Thesis submitted by Dennis J. Elbert in partial fulfillment of the requirements for the Degree of Master of Science from the University of North Dakota is hereby approved by the Faculty Advisory Committee under whom the work has been done.

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UNITED STATES

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Degree MASTER OF SCIENCE

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Date 2 May 1977

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ABSTRACT

The purpose of this thesis was to describe and analyze the marketing practices of motorcycle distributors in the United States. The information used in this thesis was obtained primarily from a mail questionnaire survey sent to motorcycle distributors throughout the United States.

The majority of the motorcycles sold in the United States in the most recent year of record, 1970, were imported. With the inclusion of domestic manufactured motorcycles and parts, sales of used motorcycles and cost of service, the total value of the motorcycle business in the United States in 1970 was well over a billion dollars.

There were two basic channels of distribution used by motorcycle distributors in the United States: (1) Distributor - Other Distributors - Dealers - Consumers and (2) Distributors - Dealers - Consumers.

There were two methods by which respondent distributors most often determined the selling price of motorcycles: (1) cost-plus technique and (2) competitive market price technique.

Discounts given by motorcycle distributors consisted of cash discounts, quantity discounts, seasonal discounts and trade discounts. These discounts consisted of reductions in price from list prices and offered some price flexibility.

Promotion is a term which encompasses advertising, personal selling and sales promotion. Motorcycle distributors who responded to the mail survey used all of the basic methods of promotion to sell their products.

All distributors completing the mail questionnaire indicated a belief that the motorcycle industry on the whole would continue to grow. Among the reasons for this belief were the increased social acceptance of motorcycles, expansion of advertising of cycles and increased discretionary income available for expenditures on recreational equipment.

CHAPTER I

INTRODUCTION

Prior to the early 1960's motorcycles imported from European countries such as England and Germany and American-manufactured Harley-Davidsons dominated the United States market. Motorcycles were used by a small group of dedicated enthusiasts.

The inflow of imported motorcycles from such countries as Japan, Italy, and Spain along with a tremendous growth in consumer demand has brought many changes to the motorcycle industry. Harley-Davidson Company of Milwaukee, Wisconsin is the main manufacturer and distributor of American motorcycles. However, the majority of the motorcycles sold in the United States are imported.

Purpose

The purpose of this thesis is to describe the growth in the motorcycle industry and analyze the marketing practices of motorcycle distributors in the United States. Marketing as defined by the American Marketing Association is. "the performance of business activities that direct the flow of goods and services from producer to consumer or user."¹ Motorcycle is the common name given to motorized two-wheel

¹The Committee on Definitions of the American Marketing Association, Marketing Definitions (Chicago: American Marketing Association, 1960), p. 15.

bicycles. These vehicles are normally powered by internal combustion engines, are chain driven, and have the capability of operating on all types of terrain.

Methodology

The majority of the information for this thesis was obtained from a mail questionnaire survey of the motorcycle distributors located throughout the United States. The questionnaire was pre-tested from November 18, 1971 through November 30, 1971. The questionnaire was then revised and sent to the remaining motorcycle distributors during the period of December 14, 1971 through January 14, 1972. A copy of the initial cover letter and questionnaire is located in Appendix A. The follow-up letter located in Appendix E along with a second questionnaire was sent to those distributors who did not return the first questionnaire. Additional information was acquired from the Motorcycle Industry Council, the American Motorcycle Association, and related periodicals.

The approach used in this study was divided into four major activities: (1) review of related literature; (2) mail questionnaire survey; (3) evaluation of information from the mail survey; and (4) presentation of findings and conclusions.

Limitations

There were twenty-five motorcycle distributors in the United States as of November 1, 1971. However, not all the motorcycle distributors completed the questionnaire, nine returned the questionnaire and

indicated that the information requested could not be supplied as it was confidential, and six distributors did not respond. Because the completed questionnaires included those from the main distributors of motorcycles in the United States, it is hoped that the replies were representative of all distributors located in the United States.

Organization of the Study

The history, economic expansion, and potential market of motorcycles are discussed in Chapter II.

The distribution of motorcycles is examined in Chapter III. The specific reasons for the distribution of the different types of motorcycles and the geographical areas covered are examined.

Chapter IV describes the pricing and promotion methods of motorcycle distributors. Advertising and sales promotion are described in depth.

Chapter V contains a summation of the study and the writer's conclusions regarding the marketing practices of motorcycle distributors located in the United States.

CHAPTER II

HISTORY, ECONOMIC EXPANSION AND POTENTIAL MARKET FOR MOTORCYCLES

Early Development

In view of the relatively recent popularity of motorcycles, it is rather surprising to learn that power driven bicycles were manufactured and sold over a century ago. Many suggestions for steam driven bicycles and tricycles appeared during the middle 1800's. In 1869 the father and son team of Pierre and Ernest Michauxs, mounted a Perreaux steam engine under the saddle of one of their velocipedes and fitted a leather belt from a pulley on the engine to a pulley attached to the rear wheel. This crude arrangement is considered to be the first prototype of the motorized bicycle and the true motorcycle.²

Prior to the development of the true motorcycle, as a complete unit within itself, power driven two wheel vehicles were hybrids. Many of these early prototypes consisted of a standard bicycle with an outside, attached power source. Some of the types included air propellers driven by small gasoline engines, rocket-propulsion, and even electric engines powered by batteries. Most of these early designs were quickly abandoned because of the impracticality of the power methods.

The first approach to mass production of the motorcycle was by L. D. Copeland of Philadelphia in 1885. Copeland first attached a

²Arthur Judson Palmer, Riding High--The Story of the Bicycle (New York: E. P. Dutton & Co., Inc., 1956), p. 157.

steam engine to a Star bicycle. Later he built a steam driven tricycle of which two hundred are reported to have been made by the Moto-cycle Manufacturing Company of Philadelphia, Pennsylvania. In 1885 Gottlieb Daimler of Germany built the first primitive motorcycle operated by an internal combustion engine.

The first practical belt driven motorcycle built in the United States was the Thomas, manufactured in 1900 by the E. R. Thomas Motor Company. The Indian Motor Company introduced the first successful chain driven motorcycle in 1901, and had a total output of three machines that year. Other American makes such as the Indian, Yale, Minnesota, Pope, Merkel, Henderson, Thor, and Harley-Davidson started soon after.³ The Harley-Davidson Motor Company started production in 1903 and is the sole United States manufacturer of motorcycles today. Since its introduction the motorcycle has demonstrated its dependability as a power vehicle for recreation, business and military operations.

Growth and Potential Market

The changes which have occurred in the motorcycle market over the past fifteen years are represented in Figure 1. The current status of foreign imports is a very important aspect of the motorcycle industry. Japanese and Italian imports account for the greatest percentage of motorcycles. Of the foreign suppliers, France exports the least number of motorcycles to the United States. The collapse of Austrian imports in 1969 is accounted for by the withdrawal of the giant mail

³Ibid.

order companies from the motorcycle business, as mail order companies reported extensively from Austria.

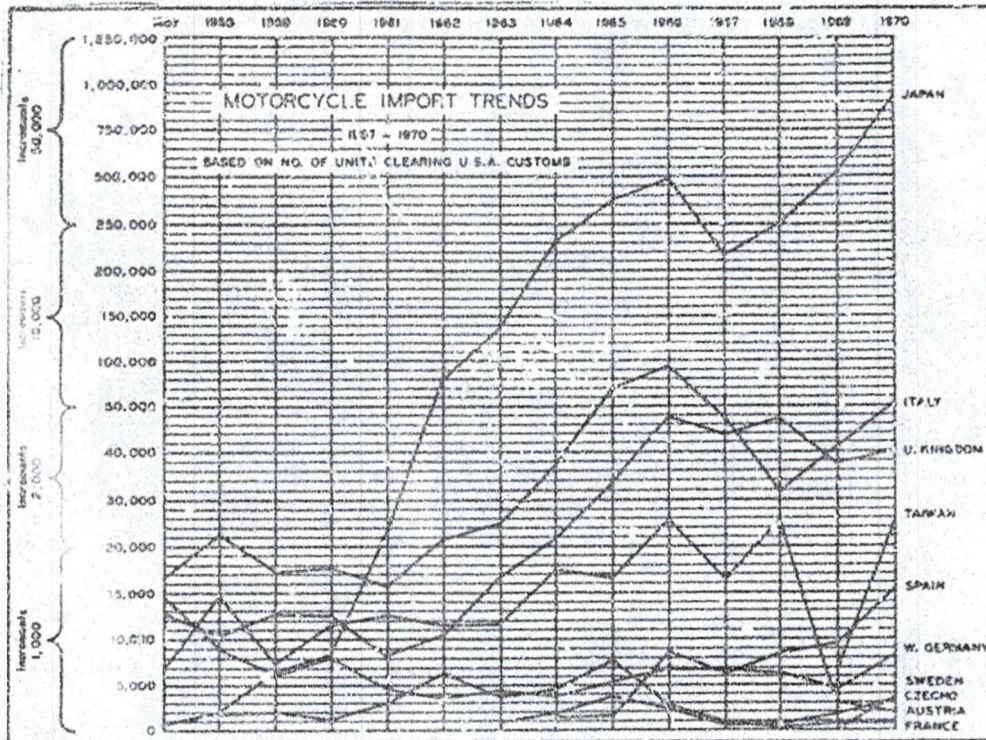


Fig. 1.--Motorcycle import trends⁴

Table 1 indicates the percentage of total imports for the years 1966, 1969, and 1970 based on the total dollar value of imports. Japanese exports to the United States accounted for the majority of the growth of U. S. imports. All other countries, except Czechoslovakia and Taiwan, are progressively declining in their share of the motorcycle market.

Imported motorcycles increased their sales volume to record levels during the past decade. At the end of 1970 for the first time in the history of the motorcycle industry, total imports were over a

⁴Paul M. Brokaw, "Motorcycle Import Trends and Effects," Motorcycle Dealer News, August, 1971, p. 16.

TABLE 1⁵

DIVISION OF MOTORCYCLE IMPORTS AMONG COUNTRIES OF ORIGIN
FOR YEARS 1966, 1969 AND 1970*

| Country of Origin | Percentage of Total Imports | | |
|-------------------|-----------------------------|-------|-------|
| | 1966 | 1969 | 1970 |
| Austria | 2.66% | 0.46% | 0.24% |
| Czechoslovakia | 0.30 | 0.37 | 0.40 |
| France | 0.15 | 0.37 | 0.01 |
| Italy | 10.30 | 4.70 | 3.58 |
| Japan | 65.10 | 74.60 | 81.50 |
| Spain | 1.90 | 2.30 | 2.09 |
| United Kingdom | 17.90 | 15.10 | 8.84 |
| West Germany | 1.60 | 1.26 | 1.45 |
| Taiwan | - | 0.45 | 0.91 |
| ALL Others | 0.32 | 0.64 | 0.90 |

*Based on total dollar value of imports.

million in number. The total number of units imported was 1,090,838 with a dollar value of \$307,698,225. Compared to the total dollar value of imports for 1969, this represented an 85.8% increase in motorcycles imported. In addition to motorcycle imports, over twenty million dollars worth of parts and accessories were imported in 1970. With the inclusion of the domestic manufactured motorcycles and parts, sale of used motorcycles, and service labor, the total value of the motorcycle business in the United States is well over a billion dollars.⁶ The breakdown of motorcycle imports for 1969 and 1970 by quantity and value according to displacement class is given in Table 2.

⁵ Ibid.

⁶ Ibid.

TABLE 2
MOTORCYCLE IMPORTS 1969 AND 1970

| Displacement Class | Total Imports | | % Increase | Value (in dollars) | | % Increase |
|-------------------------|---------------|-----------|------------|--------------------|-------------|------------|
| | 1969 | 1970 | | 1969 | 1970 | |
| 50cc and Under | 146,703 | 163,264 | 11.3 | 16,920,558 | 18,264,317 | 7.9 |
| 50cc to 90cc | 137,172 | 295,592 | 115.4 | 22,044,779 | 49,304,571 | 123.6 |
| 90cc to 190cc | 145,468 | 241,335 | 65.2 | 34,175,165 | 59,276,269 | 73.4 |
| 190cc to 290cc | 60,334 | 72,625 | 20.3 | 20,806,999 | 26,063,930 | 25.2 |
| Over 290cc | 140,649 | 299,086 | 112.6 | 70,039,028 | 152,919,747 | 118.2 |
| Not elsewhere Specified | 11,200 | 18,936 | 69.1 | 1,611,951 | 1,869,391 | 15.9 |
| TOTALS | 641,526 | 1,090,838 | 70.1 | 165,598,480 | 307,698,225 | 85.8 |

Source: U. S. Department of Commerce, Bureau of the Census.
(Mimeographed.)

Types and Consumer Usage of Motorcycles

Motorcycles serve as an economical, efficient means of transportation. For many years they have been used extensively for recreation, competitive events and for military purposes. Government usage of motorcycles for military couriers declined after World War II due to the technological advances in methods of communication. However, the motorcycle industry has continued to expand due to consumer usage for recreation and competitive events.

Other than for military purposes, there are three classifications of motorcycles based upon their type of usage. The three categories include motorcycles for on road, off road, and competitive use. Motorcycles used for on road purposes are the oldest form of motorcycle transportation. Easily identifiable reasons for motorcycle use on standard transportation routes are that they are easy to park, have low gas consumption and, in view of the current environmental concern, they pollute the air less than automobiles.⁷ The term off road motorcycles comes from the fact that these machines are utilized extensively where there are no man made roads or easily negotiated trails. Off road motorcycles have heavy duty shock absorbers, skid plates to protect the engine, and knobby tires to add traction on rough terrain.

Competitive use of motorcycles in the United States is controlled by the American Motorcycle Association. The American Motorcycle Association conducts 95% of the organized sporting and competitive events in the United States. Competitive motorcycle racing is divided into two major categories by the American Motorcycle Association: professional racing, where prize money is awarded to the winners; and amateur racing, in which trophies are awarded to the winner. Racing in the amateur class is the more popular of the two. In 1969 there were over 5,000 amateur events in the United States. Amateur competition is divided into two major categories: speed events and non-speed events. Speed events include road racing, scrambles, dirt track racing, ice

⁷"Major Changes Coming to Motorcycle Industry," Ward's Automotive Reports, 28 W. Adams St., Detroit, Michigan 48226, October 11, 1971. (Mimeographed.)

racing and hillclimbs. The non-speed motorcycle events consist of enduros, reliability runs, and observed field trials.⁸

Road races are usually run on courses between one and five miles in circumference and the races normally last one hour. Dirt track events take place on oval shaped dirt tracks of one quarter, one half or one mile around. Scrambles take place on graded dirt courses from one half to two miles long and normally include at least one jump. The cross country race is the same as a scrambles except that the course is not graded. Motorcycle ice races are run on frozen lakes with oval courses up to one half mile in length. In a hillclimb, the cyclist attempts to beat the clock as he drives straight up the side of a steep hill.⁹

The enduro is the most popular form of non-speed event. An enduro is a cross country form of racing in which a constant speed must be maintained (normally 24 mph or 30 mph) through a course from twenty miles to four hundred miles. Check points throughout the enduro are utilized to measure a rider's average speed and the rider is penalized if he arrives early or late at a checkpoint. A reliability run is set up on a course that may be utilized by the conventional automobile. Observed trials take place on rough terrain with certain boundaries. The rider must negotiate each section correctly and is scored by an observer.¹⁰

⁸The American Motorcycle Association, P. O. Box 234, Worthington, Ohio 43085, 1970.

⁹Ibid.

¹⁰Ibid.

The professional division of the American Motorcycle Association consists of those members who wish to race full time. This division has three classes of riders: Novice, Junior and Expert. Professional motorcycle racers compete in the same kinds of racing as amateurs; however, the regulations and competition are much more difficult.

Changes in Motorcycle Industry

There are close parallels between the motorcycle and the automotive industry. A current trend in both industries is a deemphasis of the horsepower race. A few years ago the practice in the motorcycle industry was to build larger and more powerful engines. Today, the emphasis is on refining current models. In addition, the government is beginning to take a closer look at the motorcycle industry in regard to the industry's safety and pollution measures as it previously has with the automotive industry.

Federal safety standards and strong emission controls could cause problems for motorcycle production because of the limited space available on a cycle in which to add control devices. If a motorcycle weighs too much, it loses its handling characteristics and becomes excessively sluggish. However, the motorcycle industry is not overly concerned with governmental regulations or the cost as the consumer demand for motorcycles is increasing at a tremendous rate. At present, the motorcycle industry is relatively free of restraints imposed by safety standards. Maneuverability and braking of motorcycles are superior to automobiles although much of the reliability of these factors is dependent on the skill of the rider. Safety improvements

being considered by the industry include headlight and taillight standards, standard location of controls, and more adequate throttle cables to insure the throttle will not stay open if the main cable breaks.

Turn signals must become standard equipment on motorcycles by 1973.¹¹

Present product emphasis is on the manufacture of off-the-road or trail bikes as these models are those in which consumer interests are greatest. The major distributor of imported motorcycles maintains a model line of twenty-five machines of which seventeen are off-the-road bikes. Product emphasis is also on making refinements on established models rather than the development of new models. Some of these refinements include hydraulic disc brakes, redesigned engines, and engine improvements to reduce smoke and engine noise on motorcycles with two-stroke engines.¹²

Summary

Early motorcycle prototypes were manufactured over a century ago. Gottlieb Daimler of Germany built the first motorcycle powered by an internal combustion engine in 1885. Harley-Davidson of Milwaukee, Wisconsin started production of motorcycles in 1903 and is the sole remaining U. S. manufacturer today. The majority of the motorcycles sold in the United States are imports. At the time of this study, Japan controlled the greatest share of the motorcycle market with 81.5% in 1970. This percentage is the result of continual growth since the early 1960's.

¹¹"Major Changes Coming to Motorcycle Industry," Ward's Automotive Reports, 28 W. Adams St., Detroit, Michigan 48226, October 11, 1971. (mimeographed.)

¹²Ibid.

Currently, more off-the-road and trail machines are produced than any other kind as this is where consumer interest is greatest. Combined with this interest is Federal Government concern with safety and control standards which could increase production costs. Overall, however, the motorcycle industry is not excessively concerned with cost of control devices as consumer demand is increasing at a tremendous rate. There are three basic classifications of motorcycles according to their use: on road, off road, and competition. The majority of motorcycle sporting and competitive events in the United States are amateur events and are sponsored by the American Motorcycle Association.

CHAPTER III

DISTRIBUTION OF MOTORCYCLES

Channels of Distribution

A channel of distribution (sometimes called a trade channel) for a product is the route taken by the title to the goods as they move from the producer to the ultimate consumer or industrial user. A channel always includes both the producer and the final customer for the product as well as all agent and merchant middlemen involved in the title transfer.¹³

As there is only one manufacturer of motorcycles in the United States and the majority of the motorcycles sold are imports, the producers of these products will not be considered in this description of the channel of distribution. At the time of this study there were twenty-five distributors of motorcycles in the United States. Ten distributors completed the questionnaire, nine returned the questionnaire and indicated that the information requested could not be supplied as it was confidential, and six distributors did not respond. The producer or manufacturer is the first and essential element in any channel of distribution. However, the primary emphasis in this paper is on the marketing practices of the distributors.

¹³William J. Stanton, Fundamentals of Marketing (New York: McGraw Hill, Inc., 1971), p. 271.

There are two basic channels of distribution utilized by motorcycle distributors in the United States: (1) Distributor - Other Distributors - Dealers - Consumers, and (2) Distributors - Dealers - Consumers. The second method was the most widely used method of distribution by respondents as six distributors used only this method of distribution. In Table 3 is indicated the number of motorcycle distributors using each channel of distribution.

TABLE 3¹⁴

CHANNELS OF DISTRIBUTION USED BY MOTORCYCLE DISTRIBUTORS

| | Distributor to Other Distributor to Dealers to Consumers | Distributors to Dealers to Consumers |
|--------------------------|--|--|
| Number of Distributor | 4 | 10 |

*The total is more than ten because some distributors use more than one channel of distribution.

Distribution of Motorcycles by Size

Motorcycle engines are measured in cubic centimeters, abbreviated as cc. As the size of the engine increases, so does the total weight of the motorcycle. The majority of the companies distributing motorcycles in the United States was concerned with the distribution of motorcycles in the middleweight and lightweight sizes.

¹⁴ Mail Questionnaire Survey of Motorcycle Distributors in the United States by Dennis J. Elbert, December 14, 1971 to January 14, 1972.

The smallest engines used in motorcycles range from 50cc to 99cc. Three of the responding distributors marketed this size of motorcycle. Two of the distributors who supplied the 50cc - 99cc size motorcycles indicated that over fifty percent of their distribution was made up of cycles in this category. One other distributor marketed this size. However, the 50cc - 99cc size motorcycles represented only six percent of total distribution. The reasons for the consumer popularity of this motorcycle size include low price, portability for off the road use, and for its suitability for use by beginning riders. Off road use of motorcycles consists of trail riding or the operation of machines on terrain where no man made roads exist. Small engine motorcycles are used for short distance transportation and because of their easy transportability are popular with campers and sportsmen as the motorcycles enable trail riders to reach areas unattainable with conventional four wheel transportation.

Lightweight motorcycles are those with engines ranging in size from 100cc to 250cc. Of the eight distributors who supplied the 100cc to 250cc motorcycles, four indicated that this lightweight size comprised more than forty percent of their distribution. The three most often listed reasons for market demand of motorcycles in this range were off road use, suitability for experienced riders and for competitive usage. Experienced riders are those consumers that have had prior experience with motorcycles. Normally, an experienced rider will acquire a larger sized motorcycle each time he makes a trade or a repeat purchase. Competition machines are normally purchased for use in American Motorcycle Association sanctioned racing. Amateur and

professional racing events sponsored by the A. M. A. include categories for all sizes of motorcycles.

Seven of the responding distributors supplied motorcycles in the 251cc - 500cc middleweight category. The most important factors contributing to demand for the 251cc - 500cc size motorcycle were explained by respondent distributors as price, adaptability for off road use, popularity among experienced riders, competitive usage, and suitability for touring use. Touring consists of using the motorcycle for long distance riding. These middleweight motorcycles are the most popular of all motorcycle sizes because of their relatively low purchase cost for the consumer and because of their flexibility of use by the consumer.

Of the four distributors who supplied cycles with engine sizes of 501cc or over, one carried only this size of motorcycle. The other three distributors indicated that twenty percent or less of their total distribution was made up of motorcycles in this classification. Because of the relatively large engine size of motorcycles over 501cc they are most popular with experienced motorcyclists for touring use. The competitive machines in this category are used mainly for professional racing in American Motorcycle Association events.

The most important distributor of heavyweight motorcycles, 751cc and larger, is also the United States manufacturer. Heavyweight motorcycles have been used extensively for police work and for long distance touring. The high price is often a deterrent for the average motorcycle enthusiast.

Table 4 represents the number of distributors that handle specific motorcycle engine sizes as indicated in their response to the mail questionnaire survey.

TABLE 4¹⁵
MOTORCYCLE SIZES OFFERED

| Engine Size | Number of Distributors |
|---------------|------------------------|
| 50cc - 99cc | 3 |
| 100cc - 250cc | 8 |
| 251cc - 500cc | 7 |
| 501cc & Above | 4 |

Distribution Related to Market Characteristics

Of the various characteristics which identify the consumer market for motorcycles, sex and age appear especially important. All responding distributors indicated that the largest percentage of their motorcycles were purchased by males. According to the respondent distributors 97.7% of their motorcycles were ultimately purchased by male consumers. There is little evidence to suggest that motorcycling will soon appeal to a much larger number of females. However, the expanding role of women in traditionally male-oriented roles such as business and sport will undoubtedly have some effect on motorcycle sales.¹⁶

¹⁵Ibid.

¹⁶"Industry Forecasts for the Seventies." Kawasaki Motors Corp 1062 McGaw Avenue, Santa Ana, California 92705. (Mimeographed.)

Most motorcycles are purchased by consumers under twenty-five years of age. This pattern may change in the future as repeat purchasers become part of an older age group.

Four distributors primarily sold motorcycles which were ultimately purchased by consumers in the five to fourteen year age group. This age group does not account for many purchases of larger motorcycles due to the problems in licensing and the heavier weight of larger motorcycles. Five of the responding distributors indicated that the greatest percentage of motorcycles sold by their dealers to consumers between the ages of fifteen and twenty-five. The popularity of motorcycles for this age group stems from the easy licensing qualifications and the appeal of the motorcycle to the young consumer. The consumer age group from twenty-six to forty accounted for the least number of motorcycles sold by dealers according to the responding distributors. None of the distributors indicated that they distributed motorcycles designed for sale to purchasers who were more than forty years of age.

Distribution by Geographic Area and Season of Year

Each of the distributors who completed the questionnaire had over four hundred dealers throughout the United States. The largest Japanese distributor had over seventeen hundred dealers in the United States. Motorcycle distributors marketed their products in all fifty states, including Alaska and Hawaii.

Most distributors who responded to the questionnaire were reluctant to furnish a percentage breakdown of motorcycle sales by

state. However, the majority of their motorcycles were apparently distributed to states contiguous to the east and west coasts. California was the leading state for motorcycle sales and Alabama had the fewest motorcycle sales in 1971.¹⁷ The four major factors mentioned by distributors as accounting for geographical variations in sales were climate, availability of recreational areas, population density and extent of American Motorcycle Association sanctioned competitive events. The southern and eastern states have the most possibilities for future motorcycle sales as their sales have been less than their potential in terms of population and climate.¹⁸

In terms of season of the year, the six month period from January to June is the most important period for motorcycle sales by distributors. In January dealers commence purchasing stock in anticipation of spring sales. By March dealers are at their peak inventory level due to the fact that the spring season is the heaviest selling period. June ends the principal selling period and dealers try to deplete their stock.

From July to December there is a general slowdown of activity, with the exception of a small sales flurry at Christmas. This slack period is accompanied by low inventories as dealers wait for new models to be introduced in the fall and for the end of the cycle riding season in many areas of the United States. In Table 5 is shown the average monthly percentage of sales for respondent distributors.

¹⁷Mail Questionnaire Survey of Motorcycle Distributors in the United States by Dennis J. Elbert, December 14, 1971 to January 14, 1972.

¹⁸"Industry Forecasts for the Seventies." Kawasaki Motors Corp., 1062 McGaw Avenue, Santa Ana, California 92705. (Mimeographed.)

TABLE 5¹⁹

MONTHLY MOTORCYCLE SALES

| Month | Percentage of Distributor Sales for Month |
|-----------|--|
| January | 5.14 |
| February | 7.50 |
| March | 12.67 |
| April | 16.18 |
| May | 14.67 |
| June | 10.83 |
| July | 6.83 |
| August | 4.67 |
| September | 6.34 |
| October | 6.34 |
| November | 4.34 |
| December | 4.50 |
| TOTAL | 100.00 |

Industry Outlook

All distributors completing the mail questionnaire indicated a belief that the motorcycle industry on the whole would continue to grow. Although the emphasis on preservation of the environment and subsequent riding restrictions are factors which may contribute to a decrease in motorcycle sales, there are factors which may result in continued growth for the entire motorcycle industry. The popularity of motorcycles among the youth could be maintained as these consumers become part of an older age group during the 1970's. Moreover, increased social acceptance of motorcycles, expanding advertising of

¹⁹Mail Questionnaire Survey of Motorcycle Distributors in the United States by Dennis J. Elbert, December 14, 1971 to January 14, 1972.

cycles and increased discretionary income available for expenditures on recreational equipment might influence persons who did not purchase motorcycles during the preceding decade to purchase motorcycles during the 1970's. To meet the increased interest in off road riding and, at the same time, protect the environment, many recreation oriented concerns are also discussing the opening of specific areas for use by off-road enthusiasts. In addition, street riding and touring are increasing in popularity especially in eastern and midwestern areas where the terrain is more suitable for this type of motorcycle use.²⁰

Summary

The majority of the motorcycles sold in the United States in 1971 were imported from other countries, particularly Japan. The most frequently used channel of distribution was from distributor to dealer to consumer.

The most popular motorcycles distributed in the United States were middleweights and lightweights. Lightweight motorcycles have engines from 100cc - 250cc, middleweights vary in size from 251cc - 500cc. Reasons for popularity of these motorcycles included their low price, acceptability for off road use, use in A. M. A. competitor events and characteristics of easy handling for beginning riders.

Most motorcycles were purchased by males under the age of twenty-five years. The most important geographic areas in terms of units sold were the east and west coasts. California was the leading

²⁰"Industry Forecasts for the Seventies." Kawasaki Motors Corp., 1862 McGraw Avenue, Santa Ana, California 92705. (Mimeographed.)

state for motorcycle sales. The spring season from March to June were the busiest months for dealers in terms of inventory and sales.

Respondent distributors believed that the motorcycle industry on the whole would continue to grow. The popularity of motorcycles among the youth may be maintained as these consumers become part of an older age group during the 1970's.

CHAPTER IV

PRICING, DISCOUNTS AND PROMOTION METHODS

In this chapter the methods used to establish the selling prices of motorcycles, the types of discounts and promotion used by motorcycle distributors will be discussed. This analysis is based on information supplied by those distributors who completed the mail questionnaire survey.

Pricing

The price of a product is the value expressed in terms of dollars and cents, or whatever the monetary medium may be in the country where the exchange occurs.²¹ Determination of the price of a motorcycle is an important decision for distributors and dealers in that price affects customer demand and profit.

There were two main methods by which respondent distributors determined the selling price of motorcycles. The two methods most often used by distributors to set prices were the cost-plus and competitive market methods. The most commonly used method was the cost-plus technique. In employing the cost-plus method the distributor determined his total costs and added a certain predetermined percentage for profit.

²¹William J. Stanton, Fundamentals of Marketing (New York: McGraw-Hill Book Company, 1971), p. 413.

Under the competitive market price technique the distributor determined the competitors' prices in the market and set his price accordingly. All ten respondent distributors used the cost-plus method, and two of these distributors also used the competitive market method of establishing prices.

The price of a specific motorcycle will vary according to the engine size, model type, and number of accessories added. However, the prices for each size of motorcycle did not vary much among the respondent distributors. In Table 6 is indicated the mean retail price for each motorcycle size.

TABLE 6²²
PRICES OF MOTORCYCLES

| Size | Mean Retail Price |
|---------------|-------------------|
| 50cc - 99cc | \$ 330.66 |
| 100cc - 250cc | 806.50 |
| 251cc - 500cc | 1212.40 |
| 501cc - Above | 1642.10 |

Discounts

Discounts were given by motorcycle distributors from list prices. These discounts consisted of reductions in the price of motorcycles to dealers. The reasoning behind distributor discounts was that motorcycle

²²Mail Questionnaire Survey of Motorcycle Distributors in the United States by Dennis J. Elbert, December 14, 1971 to January 14, 1972.

dealers would be willing to perform marketing activities for the distributors equal in value to the amount of the discounts.

According to the respondent distributors, four types of discounts were offered to other distributors and dealers who purchased motorcycles. These were cash discounts, quantity discounts, seasonal discounts, and trade discounts. A cash discount is a deduction from price granted to the buyer for paying his bill within a specified period of time.²³ Quantity discounts are deductions offered from list prices by a seller in order to encourage a customer to buy in larger amounts or to concentrate his purchases with this seller.²⁴ A seasonal discount consists of giving a certain percentage discount to the customer who places an order during the slack season.²⁵ Trade discounts, sometimes called "functional discounts," are a reduction from the list price offered to middlemen or other types of buyers in payment for marketing functions which they will presumably perform.²⁶

Discounts to other distributors were not very popular as only three of the distributors gave all of the above type of discounts to other distributors. Five of the distributors gave discounts to dealers. These consisted mainly of cash discounts and quantity discounts. In Table 7 is indicated the number of distributors who offered the various

²³William J. Stanton, Fundamentals of Marketing (New York: McGraw-Hill Book Company, 1971), p. 451.

²⁴Ibid., p. 449.

²⁵Ibid., p. 452.

²⁶Ibid., p. 450.

types of discounts to other distributors and dealers. None of the respondents offered any type of discount to ultimate consumers.

TABLE 7²⁷

NUMBER OF DISTRIBUTORS OFFERING DISCOUNT

| Type of Discount | To Other Distributors | To Dealers |
|-------------------|-----------------------|-----------------|
| Cash Discount | 1 | 3 |
| Quantity Discount | 2 | 5 |
| Seasonal Discount | 0 | 1 |
| Trade Discount | 1 | 1 |
| TOTAL | 4 ^a | 10 ^b |

^aTotal exceeds three because one distributor offered more than one type of discount.

^bTotal exceeds five because distributors offered more than one type of discount.

Promotion Methods

Promotion is a term which encompasses advertising, personal selling, and sales promotion. Through use of promotion, a company hopes to increase a product's sales volume at any given price.²⁸ Motorcycle distributors who responded to the mail survey used all of the basic methods of promotion to sell their products. In Table 8 is indicated the mean percentage of total promotion budget that the responding motorcycle distributors spent on different methods of promotion.

²⁷Mail Questionnaire Survey of Motorcycle Distributors in the United States by Dean J. Elbert, December 14, 1971 to January 14, 1972.

²⁸William J. Stanton, Fundamentals of Marketing (New York: McGraw-Hill Book Company, 1971), pp. 493-494.

TABLE 8²⁹

PERCENTAGE OF TOTAL PROMOTIONAL BUDGET SPENT
ON DIFFERENT METHODS OF PROMOTION

| Promotion Method | Percentage |
|------------------|------------|
| Advertising | .75 |
| Sales Promotion | .18 |
| Personal Selling | .07 |
| TOTAL | 1.00 |

Advertising was mentioned by all responding distributors as their most important method of promotion. The target for the promotional effort of distributors was the potential purchaser of male sex. Virtually all of the promotion of distributors was directed to the male. Two distributors also directed their promotional strategies toward consumers of specific age categories. However, the majority of the respondent distributors merely oriented their promotional campaigns and appeals to all potential consumers under the age of thirty-five.

Advertising

Advertising consists of all the activities involved in presenting to a group a non-personal, oral or visual, openly sponsored message regarding a product, service or idea. This message, called an

²⁹Mail Questionnaire Survey of Motorcycle Distributors in the United States by Dennis J. Elbert, December 14, 1971 to January 14, 1972.

advertisement, is disseminated through one or more media and is paid for by the identified sponsor.³⁰

In Table 9 is indicated the mean percentage of advertising budget spent by motorcycle distributors on different advertising media.

TABLE 9³¹

MEAN PERCENTAGE OF ADVERTISING BUDGET
SPENT ON ADVERTISING MEDIA

| Media | Percentage |
|-------------|------------|
| Magazines | 67. |
| Newspapers | 16. |
| Television | 7. |
| Direct Mail | 5. |
| Outdoor | 4. |
| Radio | 1. |
| TOTAL | 100. |

According to the respondent distributors, the two most utilized advertising media were newspapers and magazines. Television was regarded by distributors as the most effective medium; however, it was too expensive for them to use frequently. Newspapers were popular because they provided an excellent medium for dealer use in his local market.

National magazines, particularly motorcycle magazines, were utilized

³⁰Committee on Definitions, Marketing Definitions: A Glossary of Marketing Terms (Chicago: American Marketing Association, 1960), p. 20, citing William J. Stanton, Fundamentals of Marketing (New York: McGraw-Hill, 1971), p. 535.

³¹Mail Questionnaire Survey of Motorcycle Distributors in the United States by Dennis J. Elbert, December 14, 1971 to January 14, 1972.

extensively because they reached consumers specifically interested in motorcycling.

Of the ten distributors completing the mail questionnaire survey, five cooperatively advertised with their dealers. The reasons most often cited by distributors for their use of cooperative advertising were to stimulate dealers to advertise and to help promotion at the local dealer level. The five distributors who did not use cooperative advertising had advertising due to the expense of the programs, the lack of dealer participation, and advertising ineffectiveness at the dealer level.

Sales Promotion

Sales promotion consists of those activities, other than personal selling, advertising, and publicity, that stimulate consumer purchasing and dealer effectiveness, such as displays, shows, and expositions, demonstrations, and various non-recurrent selling efforts not in the ordinary routine.³²

Only four of the respondent motorcycle distributors included sales promotion as part of their promotional strategy. Among the methods of sales promotion used by distributors were trade show exhibits and the maintenance of professional racing teams. The sponsorship of racing teams was not used extensively because of the expense involved in maintaining a full time racing team.

³²Committee on Definitions Marketing Definitions: A Glossary of Marketing Terms (Chicago: American Marketing Association, 1960), p. 20, citing William J. Stanton, Fundamentals of Marketing (New York: McGraw-Hill, 1971), p. 512.

Personal Selling

Selling is defined by the American Marketing Association as "the personal or impersonal process of assisting and/or persuading a prospective customer to buy a commodity or service or to act favorably upon an idea that has commercial significance to the seller."³³

Although distributors used salesmen to call on dealers, personal selling was the least often used type of promotion by motorcycle distributors. Although this is a very individualized form of promotion it does not work well for motorcycle distributors because of lack of practicality and expense involved. According to the respondent distributors most effective personal selling was employed by dealers at the local level.

Summary

The two most often utilized methods of price setting by motorcycle distributors were cost-plus pricing, and market pricing. Under the cost-plus method the distributor determined his costs and added a predetermined percentage for profit. In contrast, when distributors set their prices in relation to prices of competition, they used the second pricing method. The price of an individual motorcycle varied by size, model type and number of accessories added. The price range of motorcycles of similar size, however, did not vary greatly among distributors.

According to the respondent distributors, cash discounts and quantity discounts were the most common discounts from price used by motorcycle distributors. Discounts were more commonly granted to dealers

³³Ibid., p. 493.

than to other distributors. Cash discounts were deducted from the initial price as an incentive for paying the bill within "a certain" period of time. Quantity discounts were deductions from list prices to encourage dealers to purchase a larger volume of motorcycles at a particular time.

Motorcycle distributors used all of the basic promotional methods. Advertising was listed as the most important method of promotion. Newspapers and magazines were the two advertising media most often used.

Few distributors employed sales promotion and personal selling to reach the ultimate consumer. Popular methods of sales promotion were trade shows and sponsorship of racing teams. Most personal selling was left to the dealers as this is where personal selling was deemed most effective.

CHAPTER V

SUMMARY AND CONCLUSIONS

Prior to the early 1960's motorcycles were used by a small group of dedicated enthusiasts. The inflow of imported motorcycles along with a tremendous growth in consumer demand has brought many changes and an emphasis on marketing to the motorcycle industry. The purpose of this thesis was to describe and analyze the marketing practices of motorcycle distributors in the United States. The information used in this thesis was obtained primarily from a mail questionnaire survey sent to motorcycle distributors throughout the United States.

History, Economic Expansion and Potential Market for Motorcycles

The first crude prototype of the modern motorcycle was made in 1869 by the father and son team of Pierre and Ernest Michaux, when they mounted a Perreaux steam engine on one of their velocipedes. Mass production of motorcycles started in 1885 when L. D. Copeland of Philadelphia attached a steam engine to a Star bicycle. Two hundred of these steam driven machines were reported to have been manufactured by the Moto-cycle Manufacturing Company of Philadelphia, Pennsylvania.

In 1901 the Indian Motor Company introduced the first chain driven motorcycle in the United States. The Harley-Davidson Motor

Company began production of motorcycles in 1903 and is the only United States manufacturer of motorcycles today.

The majority of the motorcycles sold in the United States in the most recent year of record, 1970, were imported. Of these imports, Japan and Italy accounted for the greatest percentage.

Over twenty million dollars worth of motorcycle parts and accessories were imported in 1970. With the inclusion of domestic manufactured motorcycles and parts, sales of used motorcycles and cost of service the total value of the motorcycle business in the United States in 1970 was well over a billion dollars.

Motorcycles serve as an economical, efficient means of transportation. For many years the motorcycle industry has grown due to consumer purchases of motorcycles for recreation and competitive events. There are three classifications of motorcycles based on the way in which these motorcycles are used. The three categories include motorcycles for on road, off road and competitive uses. Reasons given by members of the motorcycle industry for using motorcycles on road, that is, for standard transportation routes, included their low gas consumption, easy parking characteristics and relatively low pollution creation as compared to automobiles. Off road motorcycles are utilized extensively because of their mobility in areas where there are no man made roads or easily negotiated trails.

The American Motorcycle Association sponsors the majority of the competitive events in the United States. There are two categories of organized sporting and competitive events sponsored by the A. M. A. The two categories are professional racing, where prize money is awarded to

the winners; and amateur racing, in which trophies are awarded to the winners. Racing in the amateur class is the more popular of the two categories.

There are close parallels between the automotive and the motorcycle industries. The current trend in both industries is toward a modification of current models to reach acceptable safety standards and pollution controls. The only federal safety requirement for motorcycles is turn signals which must become standard equipment by 1973.

Distribution of Motorcycles

A channel of distribution for a product is the route taken by the title to the goods as they move from the producer to the ultimate consumer. As there was only one manufacturer of motorcycles in the United States, motorcycle producers were not described in terms of their role in the channel of distribution. Primary emphasis in this paper was on the marketing practices of those motorcycle distributors who, by receiving motorcycles from foreign countries, were the initial channel members in the United States.

There were two basic channels of distribution used by motorcycle distributors in the United States: (1) Distributor - Other Distributors - Dealers - Consumers, and (2) Distributors - Dealers - Consumers. The second method was the most widely used method of distribution as six of the responding distributors used only this method of distribution.

Motorcycle engines are measured in cubic centimeters, abbreviated as cc. The majority of the companies distributing motorcycles in the United States distributed motorcycles in the middleweight and lightweight

sizes. Lightweight motorcycles are those with engines ranging in size from 100cc to 250cc. The three reasons most often listed by distributors for market demand for motorcycles in this range were for off road use, suitability for inexperienced riders and for competitive usage. Motorcycles with engine sizes between 251cc and 500cc are classified as middleweights. Important reasons for consumer demand of middleweight motorcycles, according to the respondent distributors, were their relatively low price of these cycles, adaptability for off road use, their popularity among experienced riders, for competitive event usage, and their suitability for long distance touring.

Of the characteristics which identify the consumer market for motorcycles, sex and age appear especially important. According to the respondent distributors, 97.7% of their motorcycles were ultimately purchased by male consumers. Most motorcycles were purchased by consumers under twenty-five years of age. None of the distributors indicated that they distributed motorcycles designed for sale to purchasers who were more than forty years of age.

All of the distributors who completed the questionnaire had more than four hundred dealers throughout the United States. Motorcycle distributors marketed their products in all fifty states, including Alaska and Hawaii. In 1971, California was the leading state for motorcycle sales. The four main factors mentioned by distributors as accounting for geographical variations in sales were climate, availability of recreational areas, population density and extent of American Motorcycle Association sanctioned competitive events.

In terms of season of the year, the six-month period from January to June is the most important period for motorcycle sales by distributors.

All distributors completing the mail questionnaire indicated a belief that the motorcycle industry on the whole would continue to grow. Among the reasons for this belief were the increased social acceptance of motorcycles, expansion of advertising of cycles and increased discretionary income available for expenditures on recreational equipment.

Pricing, Discounts and Promotion Methods

There were two methods by which respondent distributors most often determined the selling price of motorcycles. The most commonly used of these methods was the cost-plus technique, under which the distributor determined his total costs and added a certain predetermined percentage for profit. When the distributors used the other method, the competitive market price technique, they determined the competitor's prices in the market and set their prices accordingly.

Discounts given by motorcycle distributors to dealers and other distributors consisted of reductions in price from list prices and offered some price flexibility. The four types of discounts offered by distributors were cash discounts, quantity discounts, seasonal discounts and trade discounts.

Promotion is a term which encompasses advertising, personal selling, and sales promotion. Motorcycle distributors who responded to the mail survey used all of the basic methods of promotion to sell their products. Advertising was listed as the most important method of

promotion. The target for the promotional effort of distributors was the potential purchaser of male sex, under the age of thirty-five.

The two most utilized advertising media by motorcycle distributors were newspapers and magazines. Television was regarded by distributors as the most effective medium; however, it was too expensive to use frequently. Newspapers were popular because they provided an excellent medium for dealer use in his local market. National magazines, particularly motorcycle magazines, were utilized extensively because they reached potential consumers specifically interested in motorcycling.

Of the respondent distributors, only four used sales promotion as part of their promotional strategy. Among the methods of sales promotion used by distributors were trade show exhibits and the maintenance of professional racing teams. Personal selling was the least often used type of promotion by motorcycle distributors. Most effective individualized personal selling was done by the dealers at the local level.

All factors indicate that the motorcycle industry is a growing one. To meet continued growth and expansion, motorcycle distributors will have to meet consumer needs and demands. Only by meeting the needs of the consumer can the industry continue to increase profits and maintain growth.

Conclusions

All factors indicate that the motorcycle industry is a growing one. The continued growth in the number of imported motorcycles observed over the past decade will probably continue in the future. The high cost of domestic production is a deterrent to the manufacture of

motorcycles in the United States. Even the lone United States manufacturer, Harley-Davidson, has some of its components and its small lightweight machines produced in Europe. Of the countries which manufacture motorcycles, Japan will undoubtedly maintain its lead as the largest exporter of motorcycles to the United States. The reasons for its continued growth include low labor costs, comparatively low production costs and strong market position.

With the emphasis on preservation of the environment, consideration should be given by motorcycle manufacturers to do more than merely meet the few Federal standards which are enforced at present. By anticipation of further control, motorcycle distributors and manufacturers might eliminate some of the problems and delays in meeting safety and pollution standards which have plagued the automotive industry.

At the same time, in meeting the safety and ecological requirements of the future, care must be taken not to underestimate the demands and needs of the individual consumer. An increase in prices due to safety requirements and features added to motorcycles has been slight to date and the consumer has been willing to accept them. However, it is unlikely that the potential purchaser will accept extra production costs for safety features which manufacturers and distributors can circumvent. Only by meeting the needs of both present and potential consumers can the motorcycle industry continue to increase profits and maintain growth.

APPENDIX A

1714 Ninth Avenue, North
Grand Forks, North Dakota 58201
December 14, 1971

Dear Sir:

What are the common marketing practices of motorcycle distributors in the United States?

A study of this type has never been done by a marketing student at the University of North Dakota. This, plus my avid interest in motorcycling has prompted me to choose this study for my thesis.

The enclosed questionnaire will take only a few minutes of your time to fill out. This information will be utilized in conjunction with my study and will be held confidential. No names will be mentioned in this study.

I would appreciate it if you would complete the questionnaire and mail it to me in the enclosed, self addressed, stamped envelope by December 24, 1971.

Your assistance on this project is sincerely appreciated.

Sincerely,

Dennis J. Elbert

Enclosures

8a. Why do you offer the 50cc - 99cc motorcycle engine sizes? Please check those that apply.

| | |
|---|---|
| <input type="checkbox"/> Price | <input type="checkbox"/> Experienced Riders |
| <input type="checkbox"/> Off Road Use | <input type="checkbox"/> Competition Machines |
| <input type="checkbox"/> Beginning Riders | <input type="checkbox"/> Touring Use |
| <input type="checkbox"/> Other - Please explain _____ | |

8b. Why do you offer the 100cc - 250cc motorcycle engine sizes? Please check those that apply.

| | |
|---|---|
| <input type="checkbox"/> Price | <input type="checkbox"/> Experienced Riders |
| <input type="checkbox"/> Off Road Use | <input type="checkbox"/> Competition Machines |
| <input type="checkbox"/> Beginning Riders | <input type="checkbox"/> Touring Use |
| <input type="checkbox"/> Other - Please explain _____ | |

8c. Why do you offer the 250cc - 500cc motorcycle engine sizes? Please check those that apply.

| | |
|---|---|
| <input type="checkbox"/> Price | <input type="checkbox"/> Experienced Riders |
| <input type="checkbox"/> Off Road Use | <input type="checkbox"/> Competition Machines |
| <input type="checkbox"/> Beginning Riders | <input type="checkbox"/> Touring Use |
| <input type="checkbox"/> Other - Please explain _____ | |

8d. Why do you offer the 501cc - 750cc motorcycle engine sizes? Please check those that apply.

| | |
|---|---|
| <input type="checkbox"/> Price | <input type="checkbox"/> Experienced Riders |
| <input type="checkbox"/> Off Road Use | <input type="checkbox"/> Competition Machines |
| <input type="checkbox"/> Beginning Riders | <input type="checkbox"/> Touring Use |
| <input type="checkbox"/> Other - Please explain _____ | |

8e. Why do you offer the 750cc and larger motorcycle engine sizes? Please check those that apply.

| | |
|---------------------------------------|---|
| <input type="checkbox"/> Price | <input type="checkbox"/> Experienced Riders |
| <input type="checkbox"/> Off Road Use | <input type="checkbox"/> Competition Machines |

_____ Beginning Riders

_____ Touring Use

_____ Other - Please explain _____

9. Why does the consumer purchase the following motorcycle engine sizes? Please check those items that apply.

a) 50cc - 99cc: _____ Price

_____ Durability

_____ On Road Use

_____ Off Road Use

_____ Competition

_____ Lightweight

_____ Heavyweight

_____ Touring

_____ Power

_____ Other - Please explain _____

b) 100cc - 250cc: _____ Price

_____ Durability

_____ On Road Use

_____ Off Road Use

_____ Competition

_____ Lightweight

_____ Heavyweight

_____ Touring

_____ Power

_____ Other - Please explain _____

c) 251cc - 500cc: _____ Price
 _____ Durability
 _____ On Road Use
 _____ Off Road Use
 _____ Competition
 _____ Lightweight
 _____ Heavyweight
 _____ Touring
 _____ Power
 _____ Other - Please explain _____

d) 501cc - 750cc: _____ Price
 _____ Durability
 _____ On Road Use
 _____ Off Road Use
 _____ Competition
 _____ Lightweight
 _____ Heavyweight
 _____ Touring
 _____ Power
 _____ Other -- Please explain _____

e) 750cc - over: _____ Price
 _____ Durability
 _____ On Road Use
 _____ Off Road Use

Competition
 Lightweight
 Heavyweight
 Touring
 Power
 Other - Please explain _____

10. What percentage of your motorcycles do you sell to each sex?

% Male % Female

11. What percentage of your motorcycles are purchased by the following age groups?

| % | AGE | % | AGE |
|--------------------------|-----------|--------------------------|-------------|
| <input type="checkbox"/> | % 5 - 14 | <input type="checkbox"/> | % 36 - 40 |
| <input type="checkbox"/> | % 15 - 20 | <input type="checkbox"/> | % 41 - 50 |
| <input type="checkbox"/> | % 21 - 25 | <input type="checkbox"/> | % 51 - 60 |
| <input type="checkbox"/> | % 26 - 30 | <input type="checkbox"/> | % 61 - 70 |
| <input type="checkbox"/> | % 31 - 35 | <input type="checkbox"/> | % 71 - over |

12. What percentage of your motorcycles are purchased by either single, married, or divorced consumers?

% Single % Married % Divorced % Don't know

13. Do you feel that the motorcycle industry is a growing industry?

Yes No

If yes, why? _____

If no, why not? _____

14. How many motorcycle dealers do you have in the United States?

_____ Number

14a. What percentage of your motorcycles is distributed to each of the states?

| | |
|-----------------------|------------------------|
| _____ % Alabama | _____ % Montana |
| _____ % Alaska | _____ % Nebraska |
| _____ % Arizona | _____ % Nevada |
| _____ % Arkansas | _____ % New Hampshire |
| _____ % California | _____ % New Jersey |
| _____ % Colorado | _____ % New Mexico |
| _____ % Connecticut | _____ % New York |
| _____ % Delaware | _____ % North Carolina |
| _____ % Florida | _____ % North Dakota |
| _____ % Georgia | _____ % Ohio |
| _____ % Hawaii | _____ % Oklahoma |
| _____ % Idaho | _____ % Oregon |
| _____ % Illinois | _____ % Pennsylvania |
| _____ % Indiana | _____ % Rhode Island |
| _____ % Iowa | _____ % South Carolina |
| _____ % Kansas | _____ % South Dakota |
| _____ % Kentucky | _____ % Tennessee |
| _____ % Louisiana | _____ % Texas |
| _____ % Maine | _____ % Utah |
| _____ % Maryland | _____ % Vermont |
| _____ % Massachusetts | _____ % Virginia |
| _____ % Michigan | _____ % Washington |
| _____ % Minnesota | _____ % West Virginia |
| _____ % Mississippi | _____ % Wisconsin |
| _____ % Missouri | _____ % Wyoming |

15. Why do you distribute motorcycles in the states that were checked above? Check those that apply.

| | |
|--------------------------------|---|
| <u> </u> Climate | <u> </u> Open New Areas |
| <u> </u> Recreation Areas | <u> </u> Touring |
| <u> </u> Motocross | <u> </u> Population |
| <u> </u> Scrambles | <u> </u> Motorcycle Clubs |
| <u> </u> Road Racing | <u> </u> Drag Racing |
| <u> </u> Hill Climbs | <u> </u> Other - Please indicate <u> </u> |

16. In which months of the year do you sell motorcycles? Please indicate the percentages of total sales for each month.

| | |
|--|---|
| <u> </u> January <u> </u> % | <u> </u> July <u> </u> % |
| <u> </u> February <u> </u> % | <u> </u> August <u> </u> % |
| <u> </u> March <u> </u> % | <u> </u> September <u> </u> % |
| <u> </u> April <u> </u> % | <u> </u> October <u> </u> % |
| <u> </u> May <u> </u> % | <u> </u> November <u> </u> % |
| <u> </u> June <u> </u> % | <u> </u> December <u> </u> % |

17. Why are these months important for motorcycle sales? Please explain.

January _____

February _____

March _____

April _____

May _____

June _____

July _____

August _____

September _____

October _____

November _____

December _____

18. What percentage of your motorcycles do you distribute to:

_____ % Other Distributors _____ % Consumers
 _____ % Dealers _____ % Other - Please explain _____

19. What is your company's total proposed promotional budget for the year 1972? _____

20. What percentage of your promotional budget is allocated toward the following areas?

_____ % Advertising _____ % Personal Selling
 _____ % Sales Promotion _____ % Other - Please explain _____

21. What percentage of your promotional budget do you spend trying to reach each sex?

_____ % Male _____ % Female

22. What percentage of your promotional budget do you spend trying to reach the following age groups?

_____ % 5 - 14 _____ % 36 - 40
 _____ % 15 - 20 _____ % 41 - 50
 _____ % 21 - 25 _____ % 51 - 60
 _____ % 26 - 30 _____ % 61 - 70
 _____ % 31 - 35 _____ % 71 - over

23. What percentage of your promotional budget do you spend trying to reach single, married, or divorced consumers?

_____ % Single _____ % Married _____ % Divorced

24. What percentage of your promotional budget do you spend trying to reach the following types of potential buyers?

_____ % One-Time Purchasers _____ % Trading-Up Purchasers
 _____ % Repeat Purchasers _____ % Other - Please explain _____

25. What percentage of your advertising budget will you allocate to the following types of advertising media?

_____ % Radio _____ % Magazines
 _____ % Television _____ % Outdoor
 _____ % Newspapers _____ % Direct Mail
 _____ % Other - Please explain _____

26. Why do you plan on using the following media? Please explain.

Radio _____

Television _____

Newspapers _____

Magazines _____

Outdoor _____

Direct Mail _____

Other - Please explain _____

27. Do you use cooperative advertising? _____ Yes _____ No

If yes, why? _____

If no, why not? _____

28. What are the price ranges for each of the following range of motorcycle engine sizes?

50cc - 99cc: \$ _____ to \$ _____
 100cc - 250cc: \$ _____ to \$ _____
 251cc - 500cc: \$ _____ to \$ _____
 501cc - 750cc: \$ _____ to \$ _____
 750cc - over: \$ _____ to \$ _____

29. How do you determine the price for each engine size? Please check any that apply.

Production cost - plus basis
 Meet competition
 Percentage above competition
 Percentage below competition
 Other - Please explain _____

30. Which is/are the most popular motorcycle engine sizes sold? Why?

50cc - 99cc _____
 100cc - 250cc _____
 251cc - 500cc _____
 501cc - 750cc _____
 750cc - over: _____

31a. Do you allow any discounts to other distributors? Yes No

If yes, which of the following types do you offer?

Cash Discounts Seasonal Discounts
 Quantity Discounts Trade Discounts
 Other - Please explain _____

31b. Do you allow any discounts to dealers? Yes No

If yes, which of the following types do you offer?

Cash Discounts Seasonal Discounts
 Quantity Discounts Trade Discounts

_____ Other - Please explain _____

31c. Do you allow any discounts to consumers? _____ Yes _____ No

If yes, which of the following types do you offer?

_____ Cash Discounts _____ Seasonal Discounts

_____ Quantity Discounts _____ Trade Discounts

_____ Other - Please explain _____

32. Is there any type of credit policy available to the consumer?

_____ Yes _____ No

If yes, please explain _____

Today, there is a great deal of concern about the future of our environment. Many things are being discussed in terms of the obligation and responsibility both on the part of the individual and industry.

33. Do you feel the motorcycle industry is fulfilling their social responsibility in preserving our ecology? _____ Yes _____ No

If Yes, what is your company doing to fulfill this responsibility?

If No, why not? _____

Name of your Company _____

Location _____

Would you like a copy of the results of this study? _____ Yes _____ No

THANK YOU VERY MUCH FOR YOUR COOPERATION

APPENDIX B

1714 Ninth Avenue, North
Grand Forks, North Dakota 58201
December 27, 1971

Dear Sir:

On December 14, 1971, I mailed you a questionnaire regarding the common business practices of motorcycle distributors in the United States. The purpose of this questionnaire is to obtain information for a research study I am conducting at the University of North Dakota. The returns have been encouraging so far, but to my knowledge, I have not as yet received your reply.

I have enclosed another questionnaire since I am very interested in your views. If you have already replied to my original letter, please ignore this request.

Cordially yours,

Dennis J. Albert

Enclosures

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