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Ducati grows U.S. business by better relating to customers

TIFFANY BROWN

Geoff Hanoian checks out a Ducati bike at Pat Clark Motorsports, the exclusive Ducati dealer in Las Vegas, on May 7.

By **Mark Hansel** ([contact](#)), **In Business** reporter

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This recession has taken a toll on almost every kind of consumer sales business.

From small products to big-ticket items, unless a company is making red ink, its products are not exactly flying off the shelves.

That's what makes the continued popularity of Ducati motorcycles so puzzling. Despite being a niche product and a luxury item, Ducati motorcycles maintained consistent sales numbers last year while others in the industry struggled.

"I think we were the only motorcycle company last year in the United States to hold its volume," Michael Lock, CEO of Ducati North America, said. "We were flat in 2008 in an industry that was tanking."

Lock recently was at Pat Clark Motorsports, the exclusive Ducati dealer in Las Vegas, to discuss promotional ideas and talk about the success of the Italian motorcycle in this country.

We're never going to sell a million motorcycles in the United States — we are too small," Lock said. "So we don't have to reach everybody, but the people we do reach, we have to reach in a memorable way."

There are several things about Ducati motorcycles that resonate with Americans, Lock says.

Ducati's racing history, which spans more than half a century, makes the brand immediately recognizable among motorcycle aficionados. Ducati bikes also have a minimalist look, which is very stylish, but eschews unnecessary ornamentation or chrome. There is also a certain appeal among Americans, Lock says, for Italian-made products.

With bikes such as the new Monster 1100 S, which has the retro appeal of an original "naked" bike, but with advanced technology and performance capabilities, the company has struck a chord with American consumers. Designed as a volume bike, with a price tag of about \$12,000, the Monster suits the price range of the hobby consumer the company has targeted.

For those with a little larger toy budget, the Desmosedici RR is the first road-worthy motorcycle to offer many of the features derived from Ducati's experience in MotoGP racing.

The RR, which costs about \$70,000, has many of the features found on the company's grand prix bike, the Desmosedici GP6 that competed in the 2006 MotoGP World Championship.

The Desmosedici was selling faster than the company could produce it until the economy collapsed last year, then some owners who had placed deposits for bikes backed out of their commitments. For a few months after that, the highly sought after bikes weren't selling because people did not know they were available but now that word has spread that they are back on the market, Lock said sales have picked up again.

Unlike a lot of high-end bikes, which rarely get used, many Desmosedici owners buy them to ride them.

"We reckon about 30 percent of them go into collections, never to turn a wheel," Lock said. "About another third get used on the street, but very lightly. The rest just get hammered."

Ducati has been the fastest-growing motorcycle brand in the United States for the past five years, but it was by no means an immediate success.

"I think we got it wrong years ago in the United States," Lock said. "We tried to bring an Italian or European business model over here and just expected it would work on a bigger scale, and it just didn't."

Rather than accept a spot in the back seat of the U.S. market, the company completely revamped its business model in 2003 to more effectively reach American consumers.

It moved its North American headquarters from New Jersey to California, which Lock said contains the largest sport bike demographic in the country and is also a year-round market.

"We immersed ourselves in the sport bike market in California, and we learned how different the United States is to Europe," Lock said.

One of the first lessons that Ducati learned is that in the U.S., unlike in Europe, people don't buy motorcycles as a primary means of transportation. They buy them more as a hobby and a way of socializing.

"You certainly wouldn't buy anything in this store as a primary means of transportation," Lock said. "We as manufacturers have a responsibility to sell that — the sizzle and the excitement."

The company changed almost everything about itself, from the models it imports to the distribution of dealerships. It focused more on boutique, specialized dealerships and removed itself from the big multibrand dealerships that sell product, but don't sell brand.

Because Ducati is a niche product, Lock said, it is crucial that each dealer makes a personal connection with customers.

Ducati does not have any company-owned stores in the United States, but works closely with its franchise owners to create an environment that focuses on the strengths of its dealers and the product.

Surprisingly, Lock says Las Vegas is not a huge motorcycle city when compared with New York, Los Angeles or Chicago, despite the warm, dry climate.

The people who own motorcycles here, however, are savvy and that is what makes Pat Clark Motorsports such a good fit for Ducati.

"We're quite lucky that we are associated with the Clark businesses here, because they are pretty powerful, well-connected people in the city," Lock said. "Pat Clark had this dream of bringing this particular motorcycle shop to town and putting the brands he liked in it. With a little brand like ours, the dealer is so important."

Eric Slawson, a salesman at Pat Clark, said the company has a reputation in Las Vegas for selling niche products and for service after the sale.

"That's what we're all about," Slawson said. "Whether it's our guys in the front that sell, or the service guys in the back, we know bikes."

This year, Ducati was ranked first among all motorcycle brands sold in the United States in customer satisfaction, according to the Pied Piper Prospect Satisfaction Index. The independent study uses 2,100 anonymous "mystery shoppers," who rate the customer experience at dealerships. Ducati beat out such brands as Harley-Davidson, which ranked first the previous two years, and BMW.

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