

CHINAMOTOR
interviews Daniel
Frost, Business
Development
Manager of
Llexeter Ltd.

HOW TO GAIN MARKET SHARES IN EUROPE

By Zoe Fu




Daniel of Lexmoto

Interview background: Llexeter Ltd is the largest wholesaler and distributor of Chinese motorcycles, scooters and spare parts in the UK, which is operating the largest Dealer network of Chinese scooters and Motorcycles in this country--Chinese Motorcycle Dealers. At present, Llexeter has two independent motorcycle brands, Lexmoto and Pulse Motorcycles, and meanwhile it is also the UK's largest parts support base for many Chinese brands. With their ever expanding network of over 120 consistent Dealers across the UK, this company has one of the largest dealer networks in the UK. CHINAMOTOR has been told by lots of Chinese motorcycle companies that the western European countries have very lucrative business chances, but they are a bit lost while facing the picky European consumers. In this issue, CHINAMOTOR interviews the Business Development Manager of Llexeter. Let us share his opinions regarding this sector.

Q Chinamotor: Hello Daniel, thanks a lot for accepting CHINAMOTOR's interview. Would you please make a brief introduction to your company first? When was Llexeter established and when did it start to import Chinese motorcycles?

Daniel Frost: It's a pleasure to speak with you as we are big fans of the magazine. Llexeter was started back in 2003 by Leon and Lilly Xu. We originally dealt with all manner of recreational products and anything that presented itself as a good business venture. We experienced lucrative sales of the mini moto bikes until UK law was changed to restrict their usage. Through our existing links we were offered the opportunity to start purchasing Road Legal scooters. We took the chance and after importing a few bikes under their factory names created the Pulse and Lexmoto brand names to streamline our offerings to the UK market.

Q Chinamotor: What is 'Chinese Motorcycle Dealers' and the major function of the network?

Daniel: 'Chinese Motorcycle Dealers' is our trade network from which we sell our Pulse

and Lexmoto Bike ranges. The network boldly says that we deal with Chinese bikes but then goes on to portray this in a positive light. Originally many of the Chinese bikes that arrived in the UK fell short of expectations. It doesn't take much difficulty to order a container and sell the bikes directly to customers for an easy profit. Many people did this and the bikes quickly gained a negative reputation. The bikes were not set up properly, were difficult to register, had no support from the seller and no workshop could obtain spare parts to support them. Our network only supplies bikes through dealerships that can properly build, set up and maintain the bikes to ensure that they get the best reception possible. We also strive to ensure that we carry a suitable spares backup so that our dealers can have confidence in us. Any other methods involving sending a crated bike direct to a customer carries a much higher risk of the bike failing and the customer is far quicker to blame the bike for being Chinese than any of the overlooked steps especially if the company doesn't offer good service to its customers.



Ghost2

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Q Chinamotor: How many Chinese motorcycles and scooters were imported by your company in 2012? What is the figure of the first quarter of 2013 compared to the same period of last year?

Daniel: For 2012 we brought in a total of 6600 bikes. So far this year we've had about 1200 bikes in but this is before our main season has begun.

Q Chinamotor: How many Chinese brands are you collaborating with for the time being?

We deal with 8 different suppliers at the moment which we are very content with however we are in discussions with a few new suppliers we haven't dealt with before to make sure we have the best product selection available.

Q Chinamotor: How many Chinese brands

are operating there? Do the Chinese companies use their own brands or collaborate with some local brands such as Lexmoto?

Daniel: The only Chinese brand names you would probably recognize are Baotian, Lifan, Shineray and Skyteam. Keeway and Benelli are also in the UK but are not very well received. There are many other different brands that are sold in the UK but only ever in small quantities under the supplier name. Instead you'll find that most of the suppliers provide OEM bikes to other brands in the UK much like the Lexmoto situation. We've had issues in the past regarding suppliers favouring alternative importers and it certainly makes it much easier if we focus our marketing efforts towards brands which are specific to us as an importer for that reason.

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Chinamotor: Who are the major consumers of Chinese motorcycles and scooters?

Daniel: Our customers are looking to save money. Most customers almost accidentally fall in love with motorcycling and progress into larger model bikes in the future but we feel like we're helping the industry grow. Price and improvements in quality have been the primary selling points and many of our customers find that bikes are a good alternative compared to the cost of running a car or using public transport.

Chinamotor: Years ago, Chinese bikes were blamed for the poor quality and copycat look, what is your impression on the Chinese products in terms of the quality and design now? Did you see any changes compared to the past?

Daniel: As previously mentioned some of those issues were due to the way in which the bikes were distributed but there were some issues where quality was poor. We believe

that this was due to how broadly the Chinese motorcycle industry was spread. As there are now less suppliers it seems that the better suppliers have maintained business whilst the others have ceased trading or sought alternative opportunities. With regards to the styling it damages reputation if you copy. People believe that they are receiving the original product with a different brand name and this can cause unrealistic expectations. We prefer the unique designs because that way they can be judged on their own merits. We must say some of the new designs that are emerging are of great interest.

Chinamotor: Who are the major competitors of the Chinese bikes? What is the major competitiveness of the Chinese products compared to their competitors?

Daniel: We find that the main competition is mainly from the larger brands, Honda, and Yamaha. People believe that it's a repeat of when the Japanese brands took dominance

Adrenaline2



PULSAR MOTORCYCLES



Rhythm

of them started to become suspicious and a bit afraid, what is your suggestions to these Chinese companies?

Daniel: Make sure you know how the importer intends to distribute your products. If they are looking to sell lots of bikes but not support them properly. The customers will blame the brand name on the bike which could be very damaging if it's your business. Chinese bikes are welcome in Europe providing they have good support and the importer is able to have access to a good parts supply.

Chinamotor: CHINAMOTOR sometimes receives emails from European consumers who advise they were unable to get the spare parts for their Chinese bikes or ATVs, and they wrote to us for help, is the short supply of spare parts a common phenomenon in Europe, Is this the case in the UK?

Chinamotor: Many Chinese companies told us that they feel quite confused and lost while entering the European market, many

of them started to become suspicious and a bit afraid, what is your suggestions to these Chinese companies?

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Daniel: This was a big problem especially here in the UK. Many people thought that if

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the bike looked like something that was an official UK model then they would be able to use the same parts. This was a costly and incorrect assumption. Llexeter identified this as an area we could look to improve on and now two thirds of our business is assigned to spare parts for Chinese bikes through www.chinesemotorcyclepartsonline.co.uk. We find that having a good supply of parts is vital to continued sales of the bikes and good relationships with our dealers.

Q Chinamotor: What is the market positioning of Lexmoto and Pulse?

Daniel: Lexmoto climbed to the #8 position of all brands for 2012. We were the only

brand to feature in the UK top ten featuring only Chinese Bikes and models below 125cc Pulse Was the second highest Chinese brand in the UK with just under 2000 registrations. When you combine the two brands together we beat all other brands with the exception of Honda, Yamaha and Triumph. Anyone else you can think of finished behind us.

Q Chinamotor: How many units of motorcycles were sold in the UK in 2012? How about the sales compared with that of 2011? Do you know the sales data of the Chinese motorcycles and scooters?

Daniel: In 2012 the motorcycle industry in the UK saw 93,667 motorcycles sold with



LSM50



lexmoto Street 125

21,022 of those units being scooters. We've found that sales of larger capacity bikes have been falling with sales of 50cc and 125cc commuter units growing at a comparable rate which meant that the UK's industry reduced by only 0.2% compared to 2011. Aside from the commuter market the only bike sector that has experienced growth has been the Adventure bikes sector, This category is home to BMW and Triumph models which are very large in size but it is also home to our Pulse Adrenaline which could probably explain the sectors growth!

Q Chinamotor: How many local brands are there in the UK? I know there were so many different brands existing before, but what is the reason that many of them stopped production after?

Daniel: There used to be many famous British Motorcycle brands. Triumph, Norton, BSA, James, Matchless, Velocity, Ariel and Vincent to name a few. Now only Triumph and Norton continue to produce in the UK with Royal Enfield being produced in India and AJS appearing as a brand on similar Chinese models as our own. There was a big motorcycling boom that happened after the World Wars that saw

the motorcycle industry grow as a cheap form of transport. Japan began to replicate some of the technology found on British bikes before developing it and pushing it further. When the Japanese stigma had gone and we were left with better Japanese products for a lower price it was only a matter of time until the UK factories were forced to close.

Q Chinamotor: Which motorcycles brands are the major players in the UK market?

Daniel: The Major brands in the UK are Honda, Yamaha, Triumph, Kawasaki, BMW, Suzuki, BMW, Ducati and Piaggio. It's still quite surreal to consider our Pulse and Lexmoto brands alongside them!

Q Chinamotor: The last question is what is your expectation for your Chinese partners?

Daniel: We like to work with suppliers that work with us to deliver the best product possible. We value consistency in supplying OEM models without variances and problems. We depend on our suppliers to be accurate and efficient in providing spare parts to us. I invite any supplier to share with us any products that they feel may be suitable for the UK market. My Email Address is Daniel.frost@llexeter.co.uk. **MEGA**

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