



Kymco has outsold companies ten times its size in the U.S. over the last few years. Despite the turbulent year in the industry, with scooter sales falling more than 70% from 2008, Kymco has been one of the few bright spots on the financial sheets of dealers and within the industry in general. The company has released new product and made incredible marketing efforts, including sponsoring automobile racing teams and appearing in all the major trades. Behind the scenes, they have struck deals with European and Japanese manufacturers. BMW, KTM and now Kawasaki are all partnering up with the premier Taiwanese engine maker while it continues to gain market share, selling engines for buggies and scooters to companies such as PGO and Malaguti.

Established in 1963, Kwang Yang was originally part of a joint Honda venture that eventually spawned SYM and Kymco as separate entities, and the Taiwanese version of Honda motorcycles emerged. Today Kymco stands alone with over 2,300 direct employees, two overseas subsidiaries and two joint ventures (including, of course, one in the U.S.).

Sales have been mind boggling, with over \$738 million sold in 2006, followed by \$783 million in 2007 and \$815 million in 2008. Domestically, Kymco continues to dominate despite a flat 2009 in Taiwanese sales. Commanding over 34% of the domestic market, Kymco is the only company Taiwanese company that has achieved market penetration by exporting to Japan.

On the day I visited the factory, the Kymco assembly line churned out 738 new units in a matter of hours. The factory technicians worked diligently and were extremely focused despite all the Americans walking about. I was impressed not just by their dedication but also by how clean the workers kept the workspace.

Works are evaluated not just on individual performance but also on the team as a whole. New factories in China and Vietnam will only increase Kymco's reach.

Much of the success in America has to be attributed to its staff work. Before Kymco purchased its stake in the U.S., the former importer STR cut its teeth by building a strong dealer network. STR did the unthinkable by offering in-house financing and promoting scooters and ATVs at the same level as many of the Japanese and Italian OEMs — risks not many importers were willing to take. I have watched in awe as the organization that's become Kymco USA attained success. Setting the bar with their professionalism made the brand a mainstream business in America, moving up from lesser-known repair shops into big-four type dealerships. Some of the biggest Honda and Yamaha dealers in America now carry Kymco's products. Yet, some dealers still question the quality of its products because of their origin, Taiwan. Rest-assured, though, Kymco matches the big four on this frontier.

At the factory we weren't allowed to peek at their new KTM projects or see their work on the new BMW (a three-way venture between Taiwan's Golden Bee, KYMCO and BMW) or the new Kawasaki products being developed on the mainland. Kawasaki is now working on a multitude of products with Kymco from small engines for brush cutters, blowers, sprayers, generators and cultivators. and there's a possibility of an ATV that will be co-branded by both the Kawasaki and Kymco.

As an industry insider, I commend the staff at Kymco USA for setting the bar higher and giving the U.S. scooter industry something to aspire to. They have quality products, good pricing and a brand that is becoming the "must have" brand in any scooter dealership by offering better margins than Japanese or Italian OEMs. ✓

Kymco Continues to Grow Worldwide Despite the Sagging Economy
by Joel Martin

