

# Vectrix Maxi-Scooter

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## Companies

Vectrix Corp.

**GB;VRX**

## Sources

21 alternative driving concept dealers in Europe:

- 11 in Italy: nine **Vectrix** dealers (out of a total of 11 countrywide) and two electric vehicle industry experts
- 10 Vectrix dealers in the U.K. (out of a total of 14 countrywide)

## Key Findings

- In both Italy and the U.K., about half reported that **Vectrix** Maxi-Scooter sales have been meeting expectations since market launch, while about half said that sales have been below expectations. No waiting lists were reported.
- The Maxi-Scooter appeals primarily to urban professionals, who enjoy its speed, responsiveness and quality. In Italy, the scooter is considered stylish and convenient; its zero emissions are not a sales driver. In the U.K., the scooter sells because of its ability to beat traffic and its low running costs, followed by its zero emissions and good looks.
- More developments are expected in Vectrix's battery technology, if only to reassure customers that the battery will not run down too quickly. However, support is needed from local authorities to provide recharging points, and such backing is absent in Italy.
- Vectrix scooters are a niche product with growth potential driven by product uniqueness and lack of competition. Increasing environmental awareness likely will help future sales in the U.K., while in Italy, environmental awareness is negligible and publicity from high-profile TV celebrities is needed to fuel demand.
- Price is a considerable obstacle in both Italy and the U.K.

## Sales

In both Italy and the U.K., about half of sources reported that sales of battery-powered Vectrix Maxi-Scooters have been meeting expectations since the product was launched in the market. One in Italy noted, "We have not sold any since they arrived in the middle of August, but this is not surprising. This was a vacation period, and the store was closed. We are a Mercedes (**DaimlerChrysler**) dealership, and customers usually browse our other products when they come in." One in the U.K. said, "We are doing as well as we expected. We specialize in innovative motorcycle products, and Vectrix fits our client profile perfectly. People come in specially to ask what's new. They are blown away by the Vectrix." Another said, "Our sales have been satisfactory in the two months in which we have had the Vectrix. We are aware that this is a long-term process. Customers need to be persuaded that the Vectrix is a valid product and that it is also a valid reason for spending more than they would spend on a regular scooter."

Still, about half of sources in both countries said sales have been below expectations since the product was launched in the market. One in Italy said, "We are disappointed so far. I really believe in this product but was realistic enough to know that I would have to work hard to persuade the customers. The Italians are not known for their sensitivity to environmental issues. I did not realize, though, that people are totally deaf to the problems of pollution." One in the U.K. said said, "Sales are below expectations, but we are not fully operational yet. This product is designed for urban use, and we expect it to sell well as soon as we open our new store in Manchester in a couple of months' time." Another said, "For various internal reasons, we have not been able to put our best efforts into selling the product. But this is a long-term project. We want to be involved with Vectrix as they build out. The rewards are further down the line." A third said, "We are below expectations and see little chance of boosting sales until the spring. With the bad weather coming, few are going to want to test drive a scooter. Without a test drive, selling becomes almost impossible."

In Italy, sources reported selling a total of 37 Maxi-Scooters so far in 2007, while in the U.K., sources cited 20. In each country, one source accounted for the majority of sales in that country. One in Italy said, "We have sold

15 since we opened in the middle of July. That is way better than the store in Rome, a city four times the size of Milan." Another said, "We have the Vectrix in three of our seven motorcycle shops. The Como store is doing best, because we get a lot of Swiss people coming over the border. They are so much more aware of green issues. What a difference a few kilometers make." One in the U.K. said, "We have sold about 15. It's a perfect product for us. Our customers want to be the first to have something, no matter what it is, no matter what it costs." Another said, "We are electric-bicycle specialists and have sold one Vectrix. I would be inclined to say it was bought on a whim." A third noted, "It is my understanding that Vectrix has sold just 40 Maxi-Scooters in the U.K."

At the same time, many sources have sold none, and no sources in either country reported waiting lists for the scooters. One in Italy said, "The Vectrix is just not suited to this area — provincial, with no major congestion problems." One in the U.K. said, "People come in, they are curious, they take a test drive, they are impressed, but they really aren't inclined to buy. Something holds them back."

## Customer Feedback

According to sources, the Maxi-Scooter appeals primarily to well-heeled urban professionals, who enjoy its speed, responsiveness and quality, which exceeds customer expectations. A source in Italy said, "It's a product for professionals, at a price for professionals." One in the U.K. said, "The Vectrix is just excellent. It's state-of-the-art from start to finish, and the company has the funds and expertise to promote it properly." Another said, "The Vectrix is good-looking, fast, a good ride. It's the perfect commuting vehicle for someone coming into central London." Another in Italy commented, "It's quite incredible how most of the people who come to test drive the Vectrix are skeptical of the claims. You almost feel that they want to prove that it's all hype. And yet, as soon as they come back, they are ecstatic. The Vectrix really does what the publicity says it does."

In addition, sources in Italy said the Maxi-Scooter provides a stylish and convenient way to negotiate inner-city traffic. One said, "The Vectrix is clean — there is no oil, no mess. It's ideal for a business professional who may need to drive to an appointment and does not want to turn up smelly and

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dirty.” Another said, “It’s a fair bet that none of the people who come in to see the Vectrix have ever even thought of buying any of the vehicles currently on the market: imports from China and Taiwan. Cheap but horrible looking.” Still, another said, “Sales potential depends on the area. This is a small province. We have no congested town centers. The terrain is mountainous. We are on the lake. You would not want to run out of battery power in these parts.”

Meanwhile, in the U.K., sources said the Maxi-Scooter sells because of its ability to beat traffic congestion, while offering low running costs. U.K. sources also cited the bike’s zero emissions and good looks as secondary drivers. One said, “The Vectrix is not subject to the congestion charge in London. You can park on any meter. It offers the commuter door-to-door convenience.” Another noted, “Although the upfront cost is higher than that of a regular scooter, you can make that difference back in a couple of years. Annual fuel costs are £10 (US\$20) as compared to £500 (US\$1,003). There is no road tax on an electric vehicle. Insurance costs less, too.” A third said, “The Vectrix is perfect for commuting. It also cuts your costs and allows you to do your bit for the planet, while being stylishly designed — the best of all possible worlds.”

At the same time, the Maxi-Scooter’s zero emissions are not a sales driver in Italy, according to sources. One said, “Green issues are just not on the Italians’ radar. They get furious when cars are banned from city centers because pollution levels have breached the EC norms. They don’t see it as something each of us is responsible for.” Another remarked, “A concerted effort is needed to make the Italians understand that green issues matter. The national government offers tax breaks if you trade in a regular scooter for an electric one, but they have not publicized this fact.”

### **Issues Concerning Battery Power**

Looking ahead, sources in both Italy and the U.K. expect more developments in the Maxi-Scooter’s battery technology. One in the U.K. commented, “Battery technology is improving all the time, and I am sure Vectrix will be making an announcement of enhancements in the near future: an onboard generator, for example.”

Indeed, sources said customers need to be reassured that the bike’s battery charge will not run down too quickly. One in Italy said, “Even though they know that the Vectrix has more than enough battery power to get you to the office and back — and that all they need is a regular power outlet to plug into should the worst happen — people are still a little anxious that they might get stuck somewhere.” One in the U.K. commented, “The same way that people have gotten used to the idea of plugging their phones into the recharger when they get home, so Vectrix owners will plug their scooters into the electrical outlet in their garage. But they still worry.”

Still, sources said Vectrix anticipated such concerns. One in the U.K. explained, “Along with all the other beautifully thought out details, Vectrix has fitted the scooter with a gauge that tells you how many kilometers — and how much time — you have left on your battery. And it’s extremely accurate. But that seems not to be enough.” One in Italy noted, “The number of kilometers you can get out of one charge depends on how you drive. The typical Italian style — maximum acceleration followed by maximum braking — gives you much higher consumption than a more relaxed approach. The Italian customer would feel better with a little more.”

In addition, sources said that support from municipal authorities is needed to provide recharging points. However, sources in Italy reported that municipal councils appear not to be aware of the issue. One said, “Our city council is looking to fight pollution and congestion by building a subway system. They are not interested in installing recharging points for electric vehicles. They do not see green-aware private transport as a valid complement to their plans for better public transport.” Another observed, “We all look to Florence as the best-equipped with recharging points. There are no fewer than 96 in a city center that is one-fourth the size of Milan, which has about six.”

At the same time, sources in the U.K. said their government seems supportive of the need for recharging points. One explained, “We have been working hard to promote electric vehicles, and our city council has just agreed to install more points. The county council contacted me, wanting to

***A U.K. source said, “The Vectrix is perfect for commuting. It also cuts your costs.”***

get involved.” Another said, “I have made several presentations to the city council. We are making headway.”

Meanwhile, some sources feel that Vectrix will soon set aside battery technology altogether. One in the U.K. said, “Vectrix is working on fitting fuel cells to its vehicles. That’s the company’s ultimate objective. Since the technology is not ready, they rushed out the battery-powered scooter in order to build the name and reputation.”

### **Growth Potential**

When asked to name factors likely to help future Vectrix sales, sources called the battery-powered scooters a niche product with growth potential driven by product uniqueness and a lack of competition. One in the U.K. said, “There is nothing else like this on the market. This is the first electric vehicle that has been developed from the ground up.” Another explained, “All the other electric vehicles are improvised affairs, made up of traditional components bolted together for the purpose.”

In addition, sources in the U.K said increasing environmental awareness will help sales and create critical mass further down the line. One said, “There is definitely green awareness in Britain. This is building and will continue to build. This can only be of benefit to Vectrix.” Another noted, “We have done a demonstration for the local police force. The British Post Office is also apparently considering buying 1,500 Vectrix bikes.

The trend is moving out from personal use to corporate.”

At the same time, sources in Italy look to publicity from high-profile TV celebrities to help fuel demand for the Maxi-Scooter because environmental awareness is negligible, and sources are pessimistic about the chances of building it. One said, “We have had some great publicity from Vectrix. Lots of TV celebrities were invited to the launch. Several more have bought. This is the way to go.” Another said, “Green issues are just not felt in Italy. We know we need to build awareness, but no one even has any idea where to start.”

Meanwhile, sources in both countries believe that price is a considerable obstacle. One in Italy said, “The price needs to fall to achieve critical mass. But critical mass cannot be achieved until the price falls.” Another said, “I missed the chance to sell my first Vectrix. The guy was convinced. Then his wife came in to see it, too. She saw the price, and she vetoed the idea.” One in the U.K. said, “Customers adore the machine but are astonished by the price. It’s as dramatic as that. We try and persuade them that it’s the equivalent of paying for the fuel upfront, so the ownership cost is minimal. But they are not buying the argument — or the bike.” Another said, “The price is the stumbling block. The British are green conscious, but they are not stupid. They will not pay that kind of money.”

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