

Millennials aren't killing motorcycling – it's dying on its own

A look at BMW Motorrad news and numbers

By Wes Fleming #87301

NEWS ABOUT BMW MOTORRAD doesn't come fast and furious like it does from Harley-Davidson. Harley is a major American manufacturer, and while BMW is a massive part of the economy in Germany (and thus the EU), it is a much smaller part of the US economy. BMW manufactures some SUVs in the US, but no motorcycles at all. All BMW motorcycles are made in Germany or India – and so far, only the G 310 series bikes are made in India. BMW Group's divisions – including motorcycles – source parts from 31 production facilities worldwide, including Europe, Asia, Africa and North and

South America. Because of all that (and more), there just isn't much news about BMW Motorrad on a day-to-day basis.

That seemed to change for two weeks in March, when BMW Motorrad lost one of its top non-executive employees and got a new director right around the time their 2017 annual report came out.

Not many people outside BMW's corporate offices had heard of Ola Stenegård until March 8, when the news broke that Polaris' Indian Motorcycles hired him away from BMW. Stenegård was a product design lead for BMW Motorrad and as such, was instrumental in the development of the R nineT and its sisters as well as a number of other BMW motorcycles. He worked for

BMW for 15 years, eventually becoming the Head of Vehicle Design and a key member of the team marketing BMW's motorcycles as well.

Stenegård's move to Indian is a huge loss for BMW Motorrad, but consequently a huge gain for Indian. Though an iconic brand in American minds, Indian is struggling to build its sales from a ground-up renewal of the marque that started with the 2014 model year and the scratch-designed Thunder Stroke III V-twin engine the wizards at Polaris came up with. The retro-styled heavy cruisers Indian first put out were quickly joined by smaller, more aggressive Scouts – still cruisers, but packed with forward-looking technology like



liquid cooled engines. It's obvious why Indian chose to debut its air-cooled bikes first, and clearly the market responded to this ancient and dying technology. Given that Polaris' claims that Indian's sales have grown by double digit percentages year after year, it appears they made the right choice in that regard. Polaris is clearly banking on Indian continuing to grow, as they eliminated Victory Motorcycles not long after Indian came on the scene.

If nothing else, Stenegård will help pull Indian's looks into the 21st century and possibly lead to Indian diversifying its model lineup to include non-cruiser motorcycles. Frankly, the idea of an Indian-branded sport-tourer or adventure bike with the Scout's engine in it is exhilarating. Having a designer as well-known as Stenegård on board imparts gobs of credibility onto Indian, and certainly Stenegård's well-known passion for cruisers and V-twin engines don't hurt as he joins North America's simultaneously oldest and newest major motorcycle manufacturer. The move still begs the question of why BMW Motorrad was either unable or unwilling to retain Stenegård's services.

Less is known about Markus Schramm, the man BMW has tapped to be the new head of Motorrad. The press release was light on information, calling Dr. Schramm a "passionate motorcyclist" but giving precious little other information. This could be seen as a reaction to current temporary head Hubert Kühner saying a couple of months ago that electric motorcycles have "no place" in BMW's future despite the hullabaloo BMW made about their electric concept motorcycle two Augusts ago at their 100th anniversary celebration out in California. Kühner stepped in where Stephan Schaller left off; Schaller led BMW Motorrad from June 2012 until April 2018, when he took over as the new CEO of Voith GmbH.

All we've gotten from BMW about Schramm is a suited-up mugshot and the press release's promise that he's a "passionate motorcyclist." Considering Schaller presided over Motorrad during the ascent of the water boxers and all the nineT variants,



Region	2017	2016	% Change
Worldwide	101,524	87,983	+ 15.4
Germany	26,664	24,894	+ 7.1
France	16,607	13,350	+ 24.4
Italy	14,430	12,300	+ 17.3
USA	13,546	13,730	- 1.3
Spain	11,193	9,520	+ 17.6

Schramm certainly has big shoes to fill.

Almost immediately after I posted the news of Schramm's ascension, somebody on Facebook wondered if he would "bother" attending the MOA's annual rally in Des Moines. Not only has a BMW executive from Germany never attended our little rally, given the poor numbers being put up by the USA when it comes to sales, why would he bother? He can more easily attend BMW Motorrad Days the week before and visit with over 40,000 BMW motorcycle enthusiasts rather than the 5,000 or so that will attend the MOA rally.

The last bit of recent news from BMW Motorrad is buried in their 260-page 2017 Annual Report. As with most of these types of corporate documents, it's as cheery as you might expect it to be. Honestly, BMW has some good reasons to be optimistic about motorcycle sales – they're up everywhere in the world except the United States.

BMW Group had a good year in 2017, and things are certainly looking up for BMW Motorrad nearly everywhere but the United States. The combined population (estimated) of France and Italy (127.5 million) is way less than half that of the USA

(325.7 mil), yet Italians alone bought nearly 1,000 more BMW motorcycles than Americans did in 2017. People in France bought more BMWs than Americans last year, too, and this year they're starting to pull away in the standings.

It should be noted that BMW sold 16,436 motorcycles in the USA in 2015, its historical high-water mark for the nation and well up from the dismal 9,167 they sold in the USA in 2009 during the early fallout from the Great Recession.

As American BMW riders continue to complain that BMW Motorrad doesn't engage with its customers on this continent, these annual reports provide a picture as to why that may be. BMW doesn't have a lot of motivation focus its marketing and outreach money and efforts in the USA, where sales continue to slide despite a massive population. The USA made up just 12 percent of BMW's motorcycle sales in 2015, the biggest year of sales in the USA ever, and that dropped to below 10 percent in 2016. The reason behind that could be that it's not just BMW motorcycle sales that are down in the USA - all motorcycle sales are down in the USA.

NEWS

Harley-Davidson announced its 2017 results not long ago. In their shareholder conference call, they admitted that their Q4-2017 sales in the USA fell 11.1 percent to 23,195 motorcycles sold. When Harley's sales drop by double digit percentages and they still sell nearly as many motorcycles in this country in three months as BMW did in Germany (its largest market) in all of 2017, that says a lot about the obstacle BMW Motorrad has to hurdle in this country to achieve greater sales numbers.

It's hard to say what BMW can do to increase motorcycle sales in the USA. They are certainly making a lot of effort, which is obvious with the introduction of the Bagger and Grand America motorcycles. The USA is a huge potential market for anything, but American consumers can be difficult to figure out. From a functional standpoint, there's no performance difference between a K 16 GT/GTL and a B/GA, so why did BMW develop these bikes and aim them squarely at the American market? Because they (obviously) felt they had to do something to try to entice riders disinterested in mainstream Harley-Davidson and Indian heavy cruisers due to their outdated (air-cooled V-twin) technology. Nobody holds a candle to BMW Motorrad when it comes to technological innovation, but in a lot of regards, American riders at large simply don't respond to that. Oh, they sure demand things like ABS and LED headlights be there and complain when they're not, but that's not what draws them in most of the time. It's the way the bike looks, the way it feels – and certainly not what's under the plastic. These heart

reactions easily overpower mind reactions. I know a K 1600 Bagger is way more technologically advanced than an Indian Chieftain - so why do I want a Chieftain so bad? Even I can't answer that question. It's visceral. I can't help it!

BMW is updating its middleweight (or high-middleweight, if you like) motorcycles, the previous F 700/800 series, and bumping their displacement to 750/850. From my perspective, this is due to the constant cry for "bigger! bigger!" that seems to come from American riders and

aftermarket parts - is damn near bullet-proof. Why did BMW feel they had to make the engine bigger? In large part because Americans just won't shut up about bigger engines. (I know I'll catch flak for that, but hey, at least we can talk about it.) Ask me some time about my R 850 R and why I foolishly sold it. At any rate, it seems that even though we contribute only about 10 percent of BMW Motorrad's sales, riders in the USA have a disproportionate effect on the course of the company's future – for better or worse, as it may be.



industry publications. In our culture, there is never enough of anything, and that is especially true when it comes to motorcycles. It was likely an American who coined the phrase "There is no replacement for displacement" and from a cultural standpoint, we are absolutely obsessed with engine size. Are we collectively compensating for something? Maybe.

There was nothing wrong with the F 800 motorcycles. They were fantastic! That parallel twin BMW developed is a great motor that - other than inexplicable stator weaknesses easily addressed by

There is no doubt in my mind that BMW Motorrad has a great future in the USA, but I also don't doubt it will be difficult for them. In the meantime, BMW enthusiasts in the USA would do well to check out BMW's new offerings and see if anything appeals to them. Growing sales is the surest way to attract BMW's attention and get them to participate on this continent.

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