

Hitting the Road

Hawthorne rental agency boosts business by partnering with resorts to offer Harleys to guests.

By **DAVID HALDANE** Staff Reporter

CHRS McIntyre has ridden the baby boomers' romance with Harley-Davidson to success.

His Hawthorne company, EagleRider Motorcycle Rental, is the largest motorcycle rental agency in North America, with 120 franchises, corporate offices and licensed affiliates.

This Week:

TRANSITION

But the recession that has been brutal for the iconic maker of American bikes,

forcing it to close plants and lay off thousands of workers, also has applied the brakes to McIntyre's rental business.

His response? When customers aren't spending, "the worst thing you can do is stand still. So we tweaked our business model to change with the times," he said.

The company's 3,000 bikes – 90 percent of which are loud, snorting "hogs" – have been available to rent only at motorcycle dealerships and related businesses such as repair shops. Now, McIntyre has decided to expand his franchise network to include resorts in scenic areas that customers might want to explore on two motorized wheels.

There have been three takers so far: resorts in Palm Desert, Seattle; and Hollywood, Fla.

"What we're doing," McIntyre explained, "is going to where the customers are."

It's a change of direction for a company that mostly competes with neighborhood mom-and-pop shops and rental services at motorcycle dealerships, and got its start in a San Pedro garage in 1992.

McIntyre, now 44, and a friend – both bike enthusiasts and longtime Southern Californians – hatched the business after having difficulty renting Harley-Davidsons for a tour of Europe.

After discovering domestic rentals weren't much easier, the pair took on a third partner and purchased four Harleys to ride themselves and rent out to friends. Gradually, news of the rental service spread through word of mouth in the biking community. Accessing their credit, personal savings and profits, the partners expanded their fleet over time.

Flat growth

Growth was steady until the recession hit two years ago. Many of the company's traditional customers – baby boomers with weekend riding habits – found themselves unemployed or strapped for income.

So McIntyre, company president, and his partners took a look around. One thing they noticed was many rental customers use the bikes on vacations, often starting out at resorts.

"We realized that if we just kept focusing on motorcycle enthusiasts we were going to lose out," said David Goff, the company's marketing manager. "By moving into the resort market, we could reach the mass traveler and expand."

There were other indications the move could work.

Though cheaper than most cars, Harleys rent like BMWs at \$75 to \$100 per day, since they are generally a discretionary expenditure. Indeed, EagleRider organizes guided tours during the summer complete with chase cars, itineraries and hotels.

The company chose its initial targets carefully. Each one, McIntyre said, had to be in a



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Riding Out Recession: Chris McIntyre, president of EagleRider Motorcycle Rental, at the company's Hawthorne office.

scenic area attractive to would-be riders. The owners or managers also had to recognize the added marketing value, especially in a sluggish market with high vacancy rates. In addition, the resorts had to be high-end facilities with guests affluent enough to afford rental rates.

"When you're traveling at a resort is when your checkbook is open," McIntyre said. "Our goal was similar to what Starbucks would do: putting kiosks in strategic spots."

After narrowing the field, EagleRider executives made a series of presentations at potential pilot locations. An EagleRider desk opened at the Seattle Marriott Waterfront hotel in June 2009, followed by a storefront at the JW Marriott Desert Springs Resort and Spa in Palm Desert in November. Both are operated as franchises staffed by EagleRider personnel. Each pays a percentage of profits to its host resort.

According to McIntyre, the idea is gaining traction: Palm Desert grossed about \$60,000 in May, followed by Seattle, which took in \$25,000. A third location, at the Westin Diplomat Resort and Spa in Hollywood, Fla., is scheduled to open in September.

Kenneth Kinsey, director of sales and marketing for the Palm Desert resort, said that having the bikes to rent has been a boon to the hotel, which is now drawing European guests looking to tour the American desert by bike.

EagleRider Motorcycle Rental

FOUNDED: 1992

HEADQUARTERS: Hawthorne

CORE BUSINESS: Motorcycle rentals

EMPLOYEES: 200 corporate; about 500 including franchisees.

GOAL: Expand franchises to additional luxury resorts.

THE NUMBERS: Projects \$40 million in revenue this year, an 18 percent increase.

"It really caters to an emerging clientele," said Kinsey. "These are affluent baby boomers for whom motorcycles have appeal."

Spur of moment

Peter terHorst, spokesman for Pickerington, Ohio-based American Motorcyclists Assn., which has 240,000 members nationwide, said he isn't surprised the gambit has worked, given the demographics of weekend motorcycle riders.

"I think it's a good idea," said terHorst, estimating that as many as 10 percent of the association's members stay at luxury resorts. Other groups to which resort rentals might

appeal, according to terHorst, include vacationing motorcyclists wishing to try new brands and spur-of-the-moment travelers thinking what a great day for a ride.

However, at least one competitor raises the prospect that running a motorcycle rental business out of a resort could be troublesome and lead to possible injuries.

"You have to make sure that every vehicle going out is in top condition, but how do you get a counter clerk renting bikes who's also capable of making judgment calls on their condition?" said Scott Mindich, owner of California Motorcycle Adventures, a mom-and-pop rental service in the Bay Area town of Mountain View. "You have to have someone good at the counter and good mechanically, but that's very difficult at a small location."

McIntyre – who said his company has a good safety record – remains undaunted by such concerns.

Already, he said, EagleRider is talking to resorts in New Orleans; Honolulu; Atlantic City, N.J.; and Las Vegas to hammer out new franchise deals. And the company's revenue is expected to grow this year by about 18 percent due, in part, to the program's success.

"This is the wave of the future," McIntyre said. "In this business you have to be quick and nimble. What we're selling is the American dream."