

Weathering an Economic Shutdown Across Powersports

by Jeff Robbins

The COVID19 pandemic has tested the global economies of the world like no other event. With the virus in nearly every country around the world affecting 446,000, global job losses are estimated to be 25 million, with many estimating that unemployment rate, without government intervention in the U.S., hitting 30%. Companies are grappling with keeping employees engaged and employed, while facing the prospects of a complete disruption due to social distancing and local, state, and government shutdowns.

So how do companies that operate in the leisure/recreational space weather a storm like COVID19? In exploring what industry associations and companies in this space are doing, you will find proactive measures of economic austerity, engaging government entities to maintain normalcy, new sales and services models that are unique and cater to the customer, as well as evaluating processes of sourcing and supply chain.

Importance of the Workforce

The first step is to determine what can be done, for functions or companies deemed non-essential, remotely. Although some companies may be deemed non-essential, they may still support essential functions. This is the new norm, so companies are trying to determine how to keep employees engaged and how to assess and evaluate what is essential versus non-essential.

According to the *Motorcycle Industry Council (MIC) President, Erik Pritchard*, "the industry is facing a new world, along with everyone else. The association approach stays the same: collective efforts to benefit the powersports business and riders at large. We're well aware that the coronavirus pandemic will affect our members, big and small. We are dedicated to doing whatever it takes to help us all ride it out, together."

To that end, the MIC has written to the White House, congressional leadership, and all governors, seeking to keep powersport manufacturing facilities, distribution centers, and dealerships in operation during emergency declarations. This way, service by qualified technicians, and parts and accessories, remain available to assist with essential activities including transportation, farming, law enforcement, emergency response for fires, remote rescue, and military operations.

Keeping Supply Chains Primed

As we continue to live through the unfolding pandemic, the one constant is the supply chains around the world. We know the medical supply chain is under significant constraints. The food supply chain ebbs and flows, but for the most part supply has been able to meet demand; with the exception of certain critical paper products.

With respect to the Powersports industry, the supply chain for both parts and finished goods is critical to dealers and users globally. Manufacturers have mitigated risk by creating complex, global supply chains where regional manufacturing supports geographic areas. A good example of this is Honda Motorcycle and Scooter India (HMSI). With China supplying parts and providing manufacturing support globally, many companies have relied on production coming from the China

region for years. Companies are closely monitoring the situation globally, and are agile enough to mitigate risk.

According to Yadvinder Singh Guleria, SVP Marketing and Sales at HMSI, "As of yesterday (Wednesday-w/c 3/22/2020), we have not seen any impact on our production (due to disruption in supplies from China)". Guleria thinks that two-wheeler makers will experience challenging times in 2020-21, as demand looks to recover and grow volume over previous years.

What OEM's Are Doing

In the US, however, demand seems steady with YOY over trends showing growth in web visits over 2019, for the same period of March 2019. However, with a general softness in the market due to COVID-19, industry leaders like Harley Davidson and Honda Motor Sports are passionately and aggressively looking to find new costumes with attractive low barriers to purchase (90 day deferred payments), as well as keep loyal customers by offering deferred payment options (payment extensions, as well as late fee waivers).

Dealers are also looking to be more creative during this phase, by offering unique test ride options, service and repair programs, and virtual showroom views driven by increased and enriched content (video, pictures, and consumer reviews).

Still the prevailing theme is around employee and customer safety, as well as weathering the COVID-19 storm. Companies like Polaris, Yamaha, and Harley Davidson have either shut down, or partially closed production. During this time, virtual is the key. Ducati recently launched a new product, the Streetfighter V4, completely online and virtual. Leveraging YouTube as the broadcast platform, Ducati orchestrated a complete product launch that was a bit different than what most fans and writers have come to expect; effective nonetheless.

Ducati was quick to mention that the new bike would not be available until April at the earliest. The Italian manufacturer signaled that parts and accessories for all of their products are still available through dealers worldwide. This reveals a very telling signal; although demand may be soft during the early stages, a rebound that is consistent and complementary to the strong start in the segment experienced earlier in the year is expected.

How Dealers Can Implement Change During the Storm

The bottom line for dealers in this space: stay engaged with your customers through service support, follow-up with customers and prospects on a timely basis, create new, unique sales/service models, and build a strong digital experience through dealer websites and online marketplaces.

Other good options include:

- **Digital Lead Quoting:** customers who request a quote, have not only done their research, but are ready to purchase. Arm your sales reps with the ability to quickly respond and send a professional price quote.
- **eCommerce Deposits:** OEM's and dealers should consider offering customers who are lower in the buying funnel options for putting a deposit or purchase, without walking into the dealership.
- **Implement Concierge Services:** leverage idle staff members or a 3rd party to implement a call center to respond to all leads that come in during this unexpected down time.

- **Video Chat Follow-ups:** implement an online, digital engagement process in case you miss customers, that enables salespeople to make online sales presentations via FaceTime or other online, digital platforms.
- **Free Customer Delivery:** a purchase is a great time to show your customers how much you care and why they should be loyal to your dealership, by offering a free delivery. If you close the sale, offer to deliver of their dream bike or ATV right to their driveway or favorite mud bog.

Connect With Us

We're here to help ensure the success of you and your powersports dealership. If you have any questions or would like additional information on insights, please reach out to marketing@cycletrader.com or call (888) 747- 1192 to contact our teams.

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