

Long-term Impact of COVID-19 on the Cycle Industry by Jeff Robbins

Social distancing is defined as the practice of maintaining a greater than usual physical distance (such as six feet or more) from other people or of avoiding direct contact with people or objects in public places during the outbreak of a contagious disease in order to minimize exposure and reduce the transmission of infection. What better way to achieve this by riding a motorcycle, ATV, or UTV, in the open air with the sole purpose of enjoying the air and not exposing or being exposed to the virus.

The Cycle industry is unique in many aspects. For one, it has been deemed essential. According to a revision to the Cybersecurity and Infrastructure Security Agency (CISA) Guidance on Essential Critical Infrastructure Workers includes powersports workers as essential workers. The revision expanded the definition of the transportation sector to include "Workers critical to the manufacturing, distribution, sales, rental, leasing, repair and maintenance of vehicles and other transportation equipment (including electric vehicle charging stations) and the supply chains that enable these operations to facilitate continuity of travel-related operations for essential workers."¹

From the actual manufacturing and dealership aspect, the impact and long-term prospects of the industry is a bit more of a challenge to determine, with many bright spots coming through. Creativity in being able to overcome manufacturing line closures, as well as showrooms not being open to the public, both manufacturer and dealer are coping with the new, temporary norm.

U.S. mainstay Harley-Davidson (HD), is a case study of how the impact of the virus has affected many companies. Before mid-March, HD sales were up 6.6% before the impact of the virus turned things upside down. The company has stopped manufacturing to protect and keep safe its employees. HD has reduced planned capital spending and cut labor costs. The company is offering dealers financial support for motorcycle inventory, extending credit payment due dates on parts, accessories, and general merchandise, and adjusting dealer requirements for warranty and training. The company is looking into offering online sales.¹

Polaris, a manufacturer of motorcycles, ATVs, and other motorsports vehicles, introduced the company's Click.Deliver.Ride program, which allows customers to work with local dealers to select vehicles online or by phone and have the vehicle delivered to them. The company had previously restricted dealers' ability to provide home delivery. Click.Deliver.Ride was developed in response to strong traffic on Polaris' website by customers. The program is a temporary offering in response to the coronavirus.¹

The financial stimulus package recently passed by the U.S. government is also having a positive impact on the virtues of the industry and jumpstarting sales. Hedges & Company, a digital marketing agency serving the powersports industries, analyzed 7.7 million online user sessions and online purchases from parts and accessory websites in the U.S. and Canada. The analysis included retailer websites and manufacturers selling direct to consumer (DTC). In the analysis, the company gave online sales from the week of March 1 an index of 100, before wide-spread shutdowns were in place. The week of April 12-18 had an index of 140, or a 40% overall increase in online sales of parts and accessories from six weeks earlier.² The analysis attributed

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some of the additional volume to online shoppers looking for alternatives to Amazon parts and aftermarket products. As one can imagine, Amazon, which has cut back on promotions of aftermarket products, has been busy supplying sanitary and disinfectant products to combat the coronavirus.

In other areas, companies are developing unique partnerships with traditional companies to assist in shielding buyers from having to visit dealer showrooms, to make purchases. Beta Motorcycles has partnered with FedEx to help customers order motorcycles that they build and configure online and then have shipped directly to their customers' home.

According to the press release, Beta USA recognizes the challenges of purchasing a new motorcycle during the coronavirus outbreak so they are offering for a limited time a program that allows customers to have their new Beta BYOB (Build Your Own Beta) sent directly to their home or business ready to ride. Customers simply go to the Beta website, order the model with the accessories they want, contact a dealer and leave a deposit. The dealer arranges any necessary financing and the motorcycle is delivered to the customer's desired destination.

With demand strong, as seen in the auctions, as well as to web marketplaces, the future seems very bright for the Cycle industry. With improving weather, consumers completely over the shelter in place situation, and an industry (manufacturers and dealers) being deemed essential, the industry should be able to weather the storm and remain strong.

¹<https://verticaliq.com/covid-19/>

²<https://www.motorcyclepowersportsnews.com/aftermarket-has-unprecedented-surge-in-online-sales/>

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