**Motorsports Market 2022**

**Business Conditions Remain Strong, Despite Inventory Issues**

In the latest (Q4 2021) *Powersports Business*/BMO Capital Markets Dealer Survey of dealers in 36 states and four Canadian provinces, 77% of responding dealers were positive about business conditions: “very strong” 25% and “good” 52%.

Nonetheless, like the automotive industry, motorsports manufacturers and dealers face similar supply-chain issues for units and parts, labor shortages and inflationary price pressures. Some dealers indicated demand was still strong, but often exceeding supply.

Supply-chain issues are unlikely to improve before summer 2022, which may be the primary factor why 31% of dealers responding to the Q4 survey said their business was less than expected compared to 20% who said their business was more than expected.

**Dealers’ Perspective of Business Conditions, by Category, Q4 2021**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Category | Very Strong | Good | Average | Poor | Very Weak |
| Overall | * 25% | * 52% | * 13% | * 10% | * 0% |
| New unit sales | * 29% | * 45% | * 10% | * 13% | 3% |
| Used unit sales | * 38% | * 31% | * 16% | * 13% | * 3% |
| Parts & accessories sales | * 19% | * 49% | * 24% | * 6% | * 2% |
| Service department | * 33% | * 47% | * 16% | * 5% | * 0% |
| Finance & insurance | * 16% | * 40% | * 32% | * 6% | * 5% |

*PowerSports Business*, January 2022 issue (colors represent performance within each category)

**Dealers’ Regional Business Performances**

Supply-chain issues have also negatively affected dealers’ sales by region (see table below), according to CDK Lightspeed DMS data from more than 1,650 US dealerships.

From July through November, service departments recorded the best revenue performances because, like the automotive sector, powersports owners were having their existing units serviced since dealers’ inventories were so low.

Somewhat surprisingly, Northeast, Midwest and Northwest dealers had better overall sales performance than the South and West, which are often the strongest regions.

**CDK Lightspeed DMS Dealers’ Total Sales Performance,**

**by Category and Region, November 2021**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Region | Major Units | Parts Department | Service Department | Overall |
| All of US | * -3.1% | * +7.2% | * +13.7% | * -0.4% |
| Northeast | * +3.8% | * +10.3% | * +13.8% | * +5.7% |
| South | * -5.5% | * +6.1% | * +15.2% | * -2.8% |
| Midwest | * -2.3% | * +1.1% | * +13.9% | * +0.5% |
| West | * -5.1% | * +10.1% | * +10.3% | * -2.1% |
| Northwest | * +3.8% | * +10.2% | * +18.2% | * +5.0% |

*PowerSports Business*, January 2022 issue (colors represent performance within each category)

**Motorcycle Sector Keeps Humming**

According to Motorcycle Data, total US motorcycle sales decreased 19.2% during Q3 2021 after a 19.4% increase during the first half of the year. Total sales for the first nine months of 2021 were flat but increased 24.1% compared to the first nine months of 2019.

The Q3 2021 decrease in sales was because of inventory shortages, not less consumer demand, and the industry has reached a peak not experienced for a decade. Despite inflationary pressure on prices, the motorcycle market is expected to grow during 2022.

Harley-Davidson reported a 12% increase in wholesale shipments of motorcycles during Q3 2021 and, according to the November 2021 issue of *Powersports Business*, Harley-Davidson expected a 30% to 35% increase in total 2021 motorcycle segment revenues.

**Indices of Adults 18+ Who Live in a Household That Owns a**

**Motorcycle by Generation, in Selected Markets, 2021**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Generation | Orlando | Pittsburgh | Austin | Monterey-Salinas, CA | Seattle-Tacoma |
| Gen Z | * 110 | * 39 | * 80 | * 64 | 73 |
| Millennials | * 161 | * 138 | * 115 | * 121 | * 158 |
| Gen X | 114 | * 146 | * 132 | * 124 | * 90 |
| Baby Boomers | 62 | * 63 | * 48 | * 107 | * 65 |
| Silent Generation | * 9 | * \* | * 37 | * \* | * 20 |

Based on The Media Audit’s 2021 surveys \*insufficient data

**New Snowmobile Sector Insights**

According to *Powersports Business*, 84% of the snowmobiles purchased during the October 2020–September 2021 period were new units and 16% were used.

Midwest dealers sold 47% of all units, the top region, with the Northeast dealers second at 21%, West dealers third at 19%, Northwest fourth at 12% and South last at 0%.

Northwest region dealers, however, sold the largest average number of units of those types measured in the study at 89%, with the Midwest second at 77%, followed by Northeast 73%, West 60%, South 48%.

**Percent of Snowmobile Units Sold by Segment**

**and Region, October 2020–September 2021**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Segment | Northeast | South | Midwest | West | Northwest |
| Mountain | * 8% | * 49% | * 14% | * 80% | 43% |
| Performance | * 35% | * 22% | * 35% | * 3% | * 6% |
| Crossover | * 29% | * 4% | * 25% | * 1% | * 8% |
| Trail | * 12% | * 10% | * 14% | * 1% | * 1% |
| Utility | * 6% | * 14% | * 4% | * 8% | * 34% |
| Non-specific | 7% | * 0% | * 6% | * 6% | * 5% |
| Youth | 2% | 0% | * 2% | * 2% | * 2% |
| Touring | * 1% | * 0% | * 0% | * 0% | * 0% |

*PowerSports Business* (CDK Global Lightspeed), November 2021 issue

**Gen Xers Power Personal Watercraft Sector**

In its December 2021 issue, *Powersports Business* reported Gen Xers were the primary purchasers of personal watercraft (PWC) during the October 2020–September 2021 period, according to the table below.

During that period, 91% of all PWC units sold were new and 9% used. Unsurprisingly, dealers in the South region had the largest average PWC units sold during the same period at 97 and the largest percentage of total PWC unit sales at 49%.

*Powersports Business* reported in its January 2022 issue that 61% of the 68,000 new PWC units sold during the same period were purchased with attached accessories. Half of those aftermarket accessories were body parts.

**Percent of Total PWC New Units Purchased by Generation, May–September 2021**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Generation | May 2021 | June 2021 | July 2021 | August 2021 | September 2021 |
| Gen Z | * 6% | * 6% | * 5% | * 5% | 4% |
| Millennials | * 25% | * 24% | * 26% | * 25% | * 23% |
| Gen X | 48% | * 47% | * 47% | * 47% | * 49% |
| Baby Boomers | * 22% | * 23% | * 22% | * 23% | * 24% |

*PowerSports Business* (CDK Global Lightspeed), January 2022 issue

**Major Manufacturers’ Financials**

Polaris North America Q3 2021 gross profits decreased 13% YOY, with supply-chain and inventory issues the primary factors. The boat segment increased 18% YOY and motorcycles increased 16% YOY, but off-road vehicles and snowmobiles decreased 6%.

BRP North America experienced similar supply-chain and inventory challenges, resulting in a 20% YOY decrease in powersports retail sales for the three months ending October 2021. Boat retail sales decreased 27% YOY.

Ducati experienced significant growth during 2021, with a 24% YOY increase for total units sold and a 12% increase compared to 2019. Motorcycle sales in the US increased 33.5%, which became the top market, exceeding sales in Italy.

**More Valuable Insights**

Most credible sources reported retail holiday 2021 sales increased substantially overall and for many verticals, but not so for motorsports parts sales. According to CDK Global Lightspeed data reported in the December 2021 issue of *Powersports Business*, consumers spent $15.7 million for parts on Black Friday and Cyber Monday, a 4.8% decrease from the $16.5 million spent on Black Friday and Cyber Monday 2020.

Cyber Monday 2021 motorsports parts sales decreased even more or 17% YOY, but increased 7% from Cyber Monday 2019.

**Black Friday and Cyber Monday 2021 Motorsports Parts Sales,**

**by Region Compared to 2022, December 2021**

|  |  |  |
| --- | --- | --- |
| Region | Black Friday | Cyber Monday |
| All of US | * -1% | * -17% |
| Northeast | * -1% | * +15% |
| South | * -3% | * -19% |
| Midwest | -6% | -11% |
| West | * +7% | * -13% |
| Northwest | * -1% | * +6% |
| California and Hawaii | * +2% | * -54% |

*PowerSports Business*, December 2021 issue

*Sources:* *PowerSports Business* Website, 1/22; Motorcycle Data Website, 1/22; MotorBiscuit Website, 1/22; The Media Audit Website, 1/22; Asphalt & Rubber Website, 1/22.

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**Local Market and Station Information**