

How Are Powersport Vehicles Transforming the Market?



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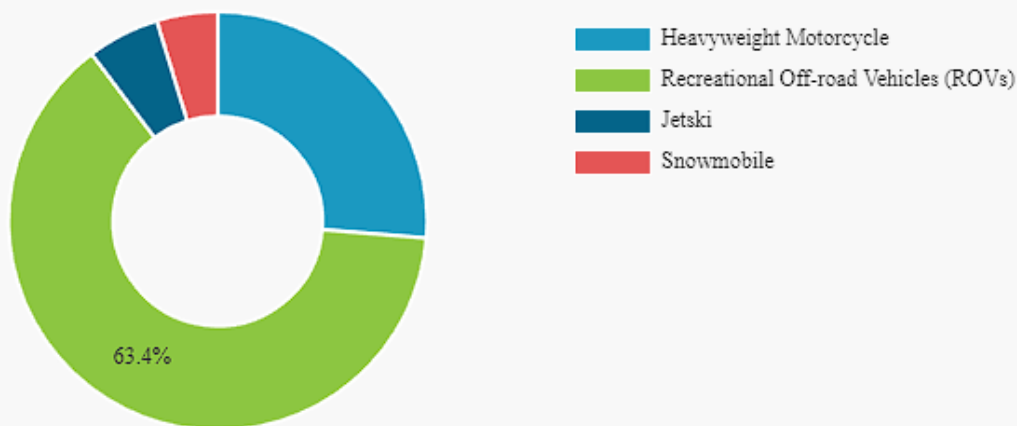
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The COVID-19 pandemic has ushered in significant changes across various industries, altering the way we work, shop, and seek entertainment. In this dynamic landscape, Powersport vehicles have emerged as a driving force in the market, experiencing steady growth despite the challenging times. This blog post explores the evolving powersports market, its response to the pandemic, and the electrifying opportunities it presents for dealers and insurers.

Pandemic Effects on Powersports Market

The pandemic's impact has been profound, reshaping consumer behaviors and preferences. Remote work arrangements and a shift towards online shopping have led individuals to seek alternative forms of entertainment closer to home. As a result, the Powersports market has experienced remarkable growth, with ATVs, UTVs, jetskis, and motorcycles projected to reach \$16 million in the next five years, up from \$13 million. This unexpected surge in demand has disrupted traditional sales patterns, especially in segments like cruisers and street bikes, which usually experience declining values during the fall.

Global Powersports Market Share, By Vehicle Type, 2022



The Rise of Electric Powersport Vehicles

Concurrent with the market's transformation, the rise of electric Powersport vehicles has presented a compelling growth opportunity. With an increasing emphasis on environmental consciousness, electric ATVs, UTVs, and motorcycles have gained popularity due to their lower carbon footprint and quieter operation. Major manufacturers, including Volcon, Zero, and Can-Am, have introduced electric off-road vehicles, promising an exciting future filled with sustainable and exhilarating rides.

Dealers can leverage this trend by offering a diverse range of electric options, catering to the preferences of eco-conscious customers. Furthermore, insurers can explore specialized coverage plans for electric powersport vehicles, tapping into a niche market and providing tailored solutions that align with customer needs.

ATVs Surging in Popularity

The powersports industry is witnessing a remarkable surge in popularity, fueled by the rising adoption of ATVs. These versatile vehicles have captured the interest of both younger generations and older individuals, thanks to their lower age restrictions, cost-effective maintenance, and exceptional maneuverability. Notably, government initiatives in North America and Europe, exemplified by the development of the Bush Head Shoals ATV Park in Georgia, are playing a pivotal role in facilitating the growth of the market. As consumers increasingly seek thrilling outdoor experiences and seek affordable transportation solutions, the widespread adoption of ATVs is poised to drive significant advancements and open up exciting opportunities.

However, one potential hurdle that may impede market growth is the insufficient availability of suitable safety equipment for off-roading activities. Addressing this concern will be crucial in ensuring the sustained expansion and success of the ATV market.

Challenges in Inventory Supply

Powersport dealers are currently confronted with a unique challenge - the acquisition of inventory. Despite the market's upward trajectory, the surge in retail sales during

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the pandemic, combined with disruptions in production and supply chains, has resulted in a shortage of available inventory.

Consequently, dealers are strategically holding onto trade-ins and actively seeking alternative sources to replenish their inventory, such as engaging with loyal customers and exploring opportunities in the open retail marketplace. Although efforts are underway to alleviate the current inventory crunch, it is anticipated that inventory availability will remain constrained until demand subsides or production significantly expands.

Embracing the Powersport Revolution in a Transformed Landscape

The Powersport industry has demonstrated remarkable resilience and adaptability amidst the challenges posed by the COVID-19 pandemic. The market's growth can be attributed to the shifting dynamics of remote work and a preference for local entertainment options. Notably, the rise of electrification has opened up promising opportunities for both dealers and insurers in this sector. While dealers grapple with inventory shortages, manufacturers are actively increasing production to meet the surging demand.

These evolving market conditions and unprecedented segment performances underscore the importance of embracing adaptability and fostering innovative strategies. Whether it's embracing the electrification trend or finding solutions to inventory challenges, the Powersport industry continues to redefine itself to cater to the evolving needs and preferences of consumers in the post-pandemic era.