US Motorcycle Market Size

Internal Use Only
North American Motorcycle Industry
US: Motorcycle Demand

**US motorcycle industry declined in the past few years due to the economic recession of 2008. The industry started stabilizing in 2011 and is expected to experience stable growth till 2016.**

### Drivers and Issues

<table>
<thead>
<tr>
<th>Issue/Drivers</th>
<th>Description</th>
<th>Impact</th>
</tr>
</thead>
</table>
| Expected improvement in Personal Disposable Income (PDI) | ■ Since, motorcycle purchase decisions are dependent on PDI levels, the demand for motorcycles declined between 2008 and 2011, primarily due to recessionary effects — leading to lower PDI levels  
■ The expected increase in PDI levels will increase motorcycles demand | ![Up Arrow] |
| Focus on New Segments and Additional Revenue from Merchandise | ■ Manufacturers are increasingly targeting female riders, as female ownership has increased  
■ Focus has also shifted towards younger riders (between the age of 20-30 years). For example, Harley Davidson introduced a new line of value bikes in Dec 2011 to attract younger customers  
■ Motorcycle manufacturer’s have started selling high-margin, licensed accessories and clothing to augment their sales and improve margins | ![Up Arrow] |
| Shift towards Electric Motorcycles | ■ Growing environmental concerns has prompted the development of fuel-efficient and electric-powered motorcycles  
■ In the US, ‘Brammo’ and ‘Zero’ are the two main players offering road-legal electric motorcycles | ![Up Arrow] |
| Cyclical Weather Conditions | ■ Motorcycle sales are seasonal, especially in cold weather states. Spring and summer are peak selling seasons | ![Not Sure] |
| Export to foreign countries | ■ About 40 percent of US production is exported. Sales to Belgium, Canada, and Japan represent about half of US motorcycle exports | ![Up Arrow] |

**Motorcycles are primarily considered to be a discretionary purchase, with consumers likely to delay purchases during economic downturns.**

Most motorcycle buyers are between the age of 35 and 64. This segment is forecasted to grow at about 17 percent between 2006 and 2015 in the US.

Products are sold primarily through the 4,600 motorcycle dealers located throughout the US. Several dealers also sell other power sports equipment such as ATVs, snowmobiles, jet skis, and golf carts.

**Source:** (1) MarketLine Industry Profile Motorcycles in the US (Feb 2013); (2) Motorcycle, Bike & Parts Manufacturing in the US, IBIS World (November 2010); (2) Polaris Industries Inc, Stephens (September 2012); (3) Motorcycle Dealership and Repair in the US, IBIS World (March 2013); (4) “Bare-bones bikes help Harley slay Geezer Glide image”, Reuters, (December 2011); (5) “Electric Motorcycles Primer”, Motorcycle.com, Feb 6, 2013; (6) First Research report on Motorcycle Manufacturing (Feb 2013)
North American Motorcycle Industry

US: Motorcycle Manufacturing

To improve topline and profitability, US motorcycle manufacturers are shifting manufacturing base to other low cost regions, restructuring their US operations and importing motorcycles from other countries.

**US: Motorcycles Manufacturing Value and Volume**

<table>
<thead>
<tr>
<th>Year</th>
<th>Value (US$ million)</th>
<th>Thousand Units</th>
</tr>
</thead>
<tbody>
<tr>
<td>2007</td>
<td>5,337</td>
<td>391</td>
</tr>
<tr>
<td>2008</td>
<td>5,147</td>
<td>362</td>
</tr>
<tr>
<td>2009</td>
<td>3,753</td>
<td>264</td>
</tr>
<tr>
<td>2010</td>
<td>3,151</td>
<td>213</td>
</tr>
<tr>
<td>2011</td>
<td>3,594</td>
<td>236</td>
</tr>
<tr>
<td>2012</td>
<td>3,758</td>
<td>248</td>
</tr>
<tr>
<td>2013</td>
<td>3,952</td>
<td>252</td>
</tr>
<tr>
<td>2014</td>
<td>4,219</td>
<td>261</td>
</tr>
<tr>
<td>2015</td>
<td>4,641</td>
<td>277</td>
</tr>
<tr>
<td>2016</td>
<td>5,084</td>
<td>291.7</td>
</tr>
</tbody>
</table>

**Forecast**

Value: CAGR (2012–16): 7.8%
Volume: CAGR (2012–16): 4.4%

**US: Motorcycles Market Share by Value**

- Honda 23%
- Yamaha 8%
- Suzuki 6%
- Other 31%

100% = US$4.24 bn

**Manufacturing and supply: Issues and Drivers**

- **Shifting manufacturing base:** Due to declining motorcycle demand and reduce costs, a few motorcycle manufacturers have shifted their manufacturing base to other countries:
  - In 2008, Honda discontinued motorcycle production in the US and started importing motorcycles from its production facilities in Asia. This affected the total number of US establishments — reducing the number 3.4% per year to 407 in the five years to 2012.

- **Improving manufacturing efficiency:** Domestic producers have restructured their operations to improve efficiency and remain cost-effective to improve profitability
  - Since 2009, HOG has been restructuring its US manufacturing plants in order to be more cost competitive, and to increase its manufacturing flexibility.

- **Imports account for a majority of the motorcycle market:** Imports play an important role in the US motorcycle market, accounting for about 55 percent of the US motorcycle market. Japan is the leading exporter to the US, followed by China, Taiwan, Italy, and Germany. The US manufacturers market features, such as performance/customization, to avoid competing on price with imports.

**Note:**
(a) Represents the demand/market size and not the total manufacturing value

**Source:**
(1) MarketLine Industry Profile ‘Motorcycle Manufacturing in the US’ (Feb 2013); (2) IBISWorld report summary on ‘Motorcycle, Bike & Parts Manufacturing in the US’ (Mar 2012); (3) JP Morgan Equity Research report for Harley Davidson