



NATIONAL POWERSPORTS DEALER ASSOCIATION

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POSITION PAPER ON CURRENT FACILITY MANDATES: THE NATIONAL POWERSPORTS DEALER ASSOCIATION

Organization representing more than 300 U.S. Powersports Dealers calls for 12-month moratorium on the release of new facility upgrade requirements by OEMs while legalities are clarified, and our nation's economic situation stabilizes.

April 28, 2023

The process of producing and retailing Powersports vehicles requires manufacturers and Dealers. Both are critical links in the chain. OEMs design and build; Dealers warehouse, promote, and create final demand. Dealers serve the needs of the end-user, the riding public, and are often viewed as an extension of the manufacturers.

The National Powersports Dealer Association (NPDA) and the members we represent view industry success as a partnership between a multitude of participants: our customers; labor; shareholders; suppliers; staff; company executives; and Dealers.

Solely from the viewpoint of the OEMs, the position by Dealers on the matters addressed in this letter could be viewed as contentious. This need not be the case. There is a solution to every issue, one borne from clear, honest, and unambiguous communication. A successful partnership requires give and take. It need not become legal wrangling.

The NPDA was founded on the same principles as other respected Dealer Associations in the Marine, RV and Auto industries. In fact, many of these associations were consulted prior to the 2021 formation of the NPDA. The leadership of these organizations provided our founders with insight into the early hurdles they had to overcome and some of the mistakes they made during the formation of those organizations.

The NPDA represents more than 300 U.S. franchised and independent Dealer members who retail motorcycles, ATVs, side-by-sides, snowmobiles and personal watercraft. Extrapolating current growth rates, membership is anticipated to more than double in the next 12 months.

Currently, a multitude of issues cloud the future of the Powersports industry. Recent discussions with our members, along with our legal counsel, revealed that the following have the potential to negatively impact Dealers in the short term.

- Rapidly changing economic conditions
- Interest rate run-ups
- Global conflicts – specifically tensions with China
- Declining consumer sentiment
- A slow start to 2023 and double-digit reductions in year-over-year volume
- A significant buildup of new inventory in the field

No one wants to repeat the 2008/2009 failures of the Powersports industry, especially the self-inflicted ones. Thus, NPDA members are requesting our OEM business partners enact a 12-month moratorium on requirements for extensive facility upgrades and other capital expenditures.

It is time for OEMs and Dealers to work together to complete an in-depth cost-benefit analysis before we proceed. Failure to do so can bankrupt Dealers and disrupt our ability to best serve consumers. In these uncertain times, it's not prudent to spend millions of dollars on ill-timed and ill-planned "cap-ex" investments.

For Dealers currently impacted by such programs, the issue is existential; the costs of such programs can bankrupt even the best of operators. For the rest of the industry's Dealers, it is only a matter of time before OEMs attempt to one-up their competition. Considering the economic instability facing the nation, we are seeking dialogue to find rational, prudent, and equitable solutions to fulfill the desire of each manufacturer to build and/or expand brand awareness.

We are committed to growth for OEMs and their Dealer networks, and we look forward to creating a strategic vision for success. Ultimately, strengthening our partnerships can aid all parties in serving those most important to our shared existence – the customer.

The National Powersports Dealer Association



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