September 2018

Green Book Editorial

There is a lot of things affecting the industries sales at the moment, beyond the number of new riders coming through and increasing list prices. The latest problem, or even threat, is much discussed this year and answers to what is going to happen to used prices are being asked. There are two time frames in the current round of spanners being thrown into the works we call the motorcycle industry. Short term we have Donald Trump tweeting to the world that he is imposing tariffs on steel and aluminium imports (amongst other things). Then in June Harley-Davidson said it would move some production out of the US to avoid retaliatory tariffs from the EU followed by threats of slapping Harley with higher taxes. There are other US manufacturers who are perhaps not going to react in a similar way by subsidising (losing money) their products directly and fully. Long term we have "Brexit". Having spoken to several people over a period of time since the referendum and being asked for opinion of possible motorcycle price changes, the short answer from CAP towers and others where conversations have taken place is "don't know we will wait and see". As a large numbers of motorcycles imported into the UK are Japanese, the Japan-Europe Free Trade Agreement (JEFTA), recently signed by the European Commission and the Japanese government will mean an end to the EU common external customs tariff of 6% on motorcycles imported from Japan. Ratification and implementation will take place over the next five years. JEFTA also includes some harmonisation of technical, safety and emissions standards. This also works the other way, with European manufacturers exporting to Japan who will no longer have to tweak their specifications to comply with currently differing regulations. The elephant in the room being of course the UK will not be in the EU by then (in theory). JEFTA took more than a decade to clear up. Where then does this leave our market for the future? Will the EU/UK still follow the same emission/safety rules? It would make sense as products could still move both ways, will the EU insist on similar tariffs with Japan if we do a deal directly (if allowed) with them? So here's the current answer again "don't know we will wait and see".

New Market

It might be argued that the hottest July for more than 40 years would have stirred up some interest in the UK powered-two-wheel market, but a 2.5% reduction in the total PTW registrations numbers published by the MCIA for July would suggest differently. It has also been argued that it is too hot to get wrapped in leather in this weather! After the stalled start to the season it could also be that a "summer toy" purchase will be postponed until next year once the season is well underway. There are plenty of incentives in place from numerous manufacturers to help keep things moving. Total registrations fell by 2.5% to 9,509, but the year-to-date are still in a positive position, only a small 1.3%, but still a positive.

Looking at the different styles a couple that have been struggling all year have continued in a similar way over the month. Adventure Sport is a -5.4% position for the July figures and only a slight negative position of 0.2% for the Y-T-D. More of a concern is the decline in the Supersport category, which for the month is a large -18% and only a slightly less loss of -16.9% for the first seven months of 2018. This shrinking of the sport types has been evident over a long period of time but the 722 this year starts to look grim if compared to the same month from 2009 which saw 1,627 registered. To elevate the despondency that could be caused though, look at the total motorcycle numbers for the two years and 2009 on 8,758 was less than 2018 8,967 and Naked increased over the same time frame from 1,988 to 3,277.

July 2018 and Year to Date - New Registrations by Style

Mopeds	Registrations		%	Market Share (%)		Year to date		YTD	Market Share (%)	
	Jul-18	Jul-17	Change	Jul-18	Jul-17	2018	2017	% Change	2018	2017
Scooter	389	572	-32.0%	81.7%	85.8%	2,421	3,334	-27.4%	82.9%	88.2%
Other	87	95	-8.4%	18.3%	14.2%	499	446	11.9%	17.1%	11.8%
Totals	476	667	-28.6%	100.0%	100.0%	2,920	3,780	-22.8%	100.0%	100.0%

Motorcycles	Registrations		%	Market Share (%)		Year to date		YTD	Market Share (%)	
	Jul-18	Jul-17	Change	Jul-18	Jul-17	2018	2017	% Change	2018	2017
Adventure Sport	1,378	1,456	-5.4%	15.4%	16.2%	11,708	11,730	-0.2%	18.3%	18.9%
Custom	804	800	0.5%	9.0%	8.9%	5,827	5,278	10.4%	9.1%	8.5%
Naked	3,277	3,180	3.1%	36.5%	35.4%	21,536	20,028	7.5%	33.7%	32.2%
Scooter	1,814	1,830	-0.9%	20.2%	20.4%	11,497	11,313	1.6%	18.0%	18.2%
Sport/Tour	336	245	37.1%	3.7%	2.7%	2,148	2,139	0.4%	3.4%	3.4%
Supersport	722	881	-18.0%	8.1%	9.8%	5,441	6,549	-16.9%	8.5%	10.5%
Touring	188	198	-5.1%	2.1%	2.2%	1,754	1,545	13.5%	2.7%	2.5%
Trail/Enduro	409	389	5.1%	4.6%	4.3%	3,920	3,488	12.4%	6.1%	5.6%
Unspecified	39	13	200.0%	0.4%	0.1%	120	59	103.4%	0.2%	0.1%
Totals	8,967	8,992	-0.3%	100.0%	100.0%	63,951	62,129	2.9%	100.0%	100.0%

Tricycles	Registrations		%	Market Share (%)		Year to date		YTD	Market Share (%)	
	Jul-18	Jul-17	Change	Jul-18	Jul-17	2018	2017	% Change	2018	2017
Scooter	35	37	-5.4%	0.4%	0.4%	256	321	-20.2%	0.4%	0.5%
Other	28	50	-44.0%	0.3%	0.5%	163	193	-15.5%	0.2%	0.3%
Total Registrations	63	87	-27.6%	0.7%	0.9%	419	514	-18.5%	0.6%	0.8%

Summary	Registrations		%	Market Share (%)		Year to date		YTD	Market Share (%)	
	Jul-18	Jul-17	Change	Jul-18	Jul-17	2018	2017	% Change	2018	2017
Total Moped, Motorcycle & Tricycles (exc Scooters)	7,268	7,307	-0.5%	76.5%	75.0%	53,116	51,455	3.2%	78.9%	77.5%
Total Scooters	2,238	2,439	-8.2%	23.5%	25.0%	14,174	14,968	-5.3%	21.1%	22.5%
Total Registrations	9,506	9,746	-2.5%	100.0%	100.0%	67,290	66,423	1.3%	100.0%	100.0%

In the capacity chart the 51-125cc band is the only positive this month, up 5.2%. This 3,384 sold gives 35.6% of the market in the month we are looking at and is a slightly better share than last year’s 33%. Interestingly this is up on the Y-T-D, where all the larger capacities are lower. Even the Moped size machines with their continuing losses have seen a month share better than the year share. Kids finishing school/starting new jobs?

July 2018 and Year to Date - Highest Registering Model by Style

Mopeds	Highest Registering Model by style	Jul-18
Scooter	Peugeot KISBEE 50	50
Other	Vmoto TC1	19

Motorcycles	Highest Registering Model by style	Jul-18
Adventure Sport	Honda CRF 1000	95
Custom	Honda CMX 500 REBEL	76
Naked	Honda CB 125 F	191
Scooter	Honda PCX 125	204
Sport/Tour	Kawasaki Z1000 SX	132
Supersport	Yamaha YZF R125 ABS	63
Touring	BMW R 1200 RT	29
TRAIL/ENDURO	Honda CRF 250 LA	29

Tricycles	Highest Registering Model by style	Jul-18
SCOOTER	Piaggio MP3 300 YOURBAN LT	13
OTHER	Multiple Items	7

July 2018 - Highest Registering Model by Engine Size

Engine Band	Highest Registering Model by Engine Band	Jul-18
0-50cc	Peugeot KISBEE 50	50
51-125cc	Honda PCX 125	204
126-650cc	Honda CMX 500 REBEL	76
651-1000cc	Kawasaki Z900 RS	156
Over 1000cc	Kawasaki Z1000 SX	132

July 2018 - New Registrations by Brand

Major Brands	Jul-18
Honda	1,767
Yamaha	1,176
Kawasaki	749
Triumph	697
BMW	627
KTM	532
Suzuki	495
Harley-Davidson	466
Lexmoto	380
Piaggio	269

As the first half of the year figures are now available from the ACEM, it is worth a look to compare how our domestic market is performing against our continental neighbours. The top five markets for motorcycles consist of in descending order (% change in brackets), Italy 130,545 (4.4), France 98,664 (7.8), Germany 97,626 (10.5), Spain 72,904 (8.2) and UK 55,351, (3.4). The total Motorcycle market increased by the same percentage as the UK with numbers increasing by 37,962 to 564,851. In the Total PTW market (inc Moped) for the same top five there have closer % changes and even a negative for one. Italy 140,547 (2.1), France

126,308 (-5.8), Germany 110,416 (4.2) Spain 78,924 (3.1) and UK 57,784 (2.0). Total PTW for Europe fell from 706,151 by 2.8% to 686,597. So we get to the root cause of the negative total market, similar to what we often mention in our market, Mopeds. Italy 10,002 (-20.4), France 27,644 (-35), Germany 12,790 (-27.4), Spain 6,020 (-34.5) and UK 2,433 (-22.2). In the total for the mopeds the overall decline is again the same percentage drop as the UK, -22.2%. The big difference with the other of the top markets though is ours is a small number of units. The largest moped markets in the figures have taken a large hit. France has lost 35% from 42,542 in 2017 down by 14,898 in the first half of 2018. The Netherlands where Motorcycles only account for 8,678 of the PTW market of 35,409 has seen 26,731 mopeds for the start of this year from 37,032 last year (-27.8%). Germany where Motorcycles grew 10.5% to 97,626, saw moped fall 27.4%, a loss of 12,790. Finally Italian mopeds lost ground to the tune of 20.4% to 10,002. Some solace that being such a small factor in the great scheme of things, our minute sub 50cc market is having little effect on the industry in general. Are we doing that bad in the great scheme of things?

Used Market

Is it polite to mention that the word on the street is again one of blowing hot and cold? It is a bit of an ambiguous comment but is one heard on a regular basis over the last couple of months. The thoughts overall is even though it is not as consistent as would be ideal, there is still activity similar on average to the last couple of years. As we approach the conclusion of the main selling season though as with every year before, the stock levels are being more carefully monitored by the astute dealers to ensure few duplications and models that stand more chance of finding a retail buyer in the short term. The old saying that everything sells at the right price is never more relevant than at this time of year, so consequently lower prices stand a better chance of finding new homes. Due to the better weather in the recent months, the “season” has carried on a bit longer than the last couple of years but as time moves on, attitudes change. Prices in the opinion of researched dealers have eased and that has been reflected in this month’s data. Generally there has been a drop of a couple of percent and more or less where research suggests it’s needed.

Auction

As the season winds down and holiday time also has its effect on attendees, the inevitable happens, prices and sold units fall. All the sales have seen indications that are similar to the dealer research, a couple of hundred has come off prices. The sold penetrations in all this last month’s auctions have also reduced from the high 70’s to well below 60%. Hammer prices will probably also come as no surprise but have also moved into the middle 90’s.

End Notes

BMW Motorrad have from the beginning of August started offering a three-year manufacturer’s warranty across the range (with the exception of HP4 RACE) and also including Europe-wide roadside assistance. The brand has seen a long period of growth but there is a different story in results for the first half of 2018. It was going to happen eventually some would say, but the numbers are quite large. Global revenue dropped by 10.1% (to £1.05bn), operating profit fell 23.6% (to £155.5m) and consequently operating margin fell from 17.4% to 14.8%. The bottom line does not make for pleasant reading either pre-tax profit was 23.7% down (at £154.6m). Blame is being pointed on manufacturing down-time to do with a large number of new model changes and subsequently production cut by 16.6% to 88,008, leaving the network short of stock. But the half year retail figures were only 1.6% behind at 86,975! Europe sales reduced by 7.9% (to 53,989) and worse new for their domestic market losing 18.8% (to 11,739). France and Italy respectively 4% and 5% lower, at 9,068 and 8,647. The UK result was 4.8% down (to 5,466). Bucking the trend of the market in the USA there was a 3.1% increase (to 7,379).

Ducati’s results for the first half of 2018 saw global retail sales for the brand reduce by 7.5% (to 32,250). Naked models 24.6% down (to 8,090), Scramblers fell by 12.7% (to 7,600) and Dual-Sport retreated by 6.3% even with Multistrada growing but not overcoming the Hypermotard losses. On the sunny side of the range and after the launch of the V4 there has been a 29.1% rise (to 7,683) for Sports. Revenue for the first six months eased back by 2.2% (to £399.7m), but operating profit improved by 10.2% (to £48.1m) and operating margin rose to 12.1% from 10.8%. Production grew by a small 0.3% and the brand made 37,997 motorcycles.

Suzuki's motorcycle division continued to show growth again with total revenue up 4.4% (to £441.1m), operating profit rose by 4.8% (to £14.4m) and global sales volume increased by 11.9% (to 423,000 bikes). Asian markets took the lion's share of the growth with a 5.3% increase in volume (to 340,000) and related revenue up by 24.1% (to £211.9m). In our neck of the woods European volume increased by 6.7% (to 16,000), but revenue fell by 16.6% (to £83m). North American numbers were 9.1% up (to 12,000), but revenue lowered by 17.7% (to £56.9m). In both cases, currency exchange is most likely responsible. Their domestic market was static in terms of both volume (19,000) and turnover (£37.7m).

Yamaha have had a good few years after the introduction of the MT range, but manufacturer's popularity is very cyclic. A few months does not necessarily form a trend but global bike revenue was 1.2% up (at £3.598bn), but the associated operating profit fell by 7.5% (to £218m). Developed markets combined turnover sank by 8.4% (to £919m), with an operating loss of £28m. Europe caused problems as sales declined by 8.2% (to £547m), North America was 5.3% down (at £186m) and the domestic Japanese market lost 14.6% (on £143m). Oceania (Australia and New Zealand) decreased by 3.2% to £43m. The emerging world told a much better story. Revenue rose by 5% to £2.679bn and operating profit gained 13.5% to £246m in the emerging world. Europe's "problems" will be addressed by "promoting further structural reforms and building a new business model"?

As mentioned in the introduction Harley-Davidson have problems beyond riders choosing their products and the first half of the year results are not really starting to reflect the effects of the brewing storm. Turnover remained fairly similar, just a minus 0.4% (to £2.479bn), but operating profit fell by 18.6% (to £427m) and net profit was 6.3% lower (at £318m). Wholesale shipments to dealers worldwide dropped by 10.5% (to 136,537 bikes) total retail sales were 5.1% down (to 129,514). US domestic customers had 75,799 bikes, a 8.7% loss but international markets rose by 0.5% (to 53,715). Europe increased 5.7% (to 25,728), perhaps a slight reaction to the possible increased prices before the no price change subsidies were announced?

Piaggio are now offering buyers of certain new scooters free trackers for a limited period to boost security. This follows the recent announcement by Honda that buyers of all its new machines can opt to have a tracker fitted free of charge. The scheme with TRACKER Network UK to provide free devices and a year's subscription on selected models. Although a limited period as a reaction to the increase in theft and violence involving powered two-wheelers. It can only be a matter of time when this becomes standard on most new bikes, whether it is choice by manufacturers or forced upon the industry by ever increasing insurance costs.