



BRP Inc. Looks to Seniors for Growth

Description

As we enter the summer months when many Canadians spend weekends at the family cottage, **BRP Inc.** ([TSX:DOO](#)) moves into overdrive, courting those interested in exploring our great outdoors with one of its many products manufactured for summertime fun.

You've got Sea-Doo personal watercraft (PWC), side-by-side (SSV) and all-terrain vehicles (ATV), and something called the Spyder, a three-wheeled motorcycle it launched in February 2007.

The Spyder has not had an easy time of it in recent years, and that's got BRP going on the offensive to revive sales in the once-hot motorcycle brand. Choosing the unlikeliest of demographics, it's going after the seniors' crowd.

To make this happen, BRP has brought in Josée Perreault, a veteran of the sporting goods industry, to shake the trees and bring more customers to the table. A \$300 million business is at stake for BRP.

Now, I'll grant you, the Spyder represents less than 10% of BRP's \$4.2 billion in annual revenue — a pittance compared to the \$1.3 billion generated by its ATV and SSV year-round products, or compared to the \$1.5 billion from its seasonal products that include snowmobiles and PWC. But every little bit counts in this hotly contested leisure vehicle marketplace.

Since launching the Spyder a decade ago, the company has sold more than 100,000 vehicles at prices between \$17,000 and \$26,000. They're not cheap — a big reason why BRP is going after an older demographic. The average buyer is 62 years old; they've got some cash in the bank yet are young enough to want to jump on one and hit the open road.

The problem for BRP is that the Spyder might have maxed out its customer base. This past fiscal year (January 31, 2017, year end) it sold 6,700 Spyders, 21% less than a year earlier.

"BRP invented the three-wheel business 10 years ago," Perreault told *Maclean's* recently. "In my books, it's still a brand-new business."

Look, in April, I [recommended](#) DOO stock, suggesting that the company is firing on all cylinders at the

moment; a flameout of the Spyder is not going to be the kiss of death for BRP or its stock.

Nothing has changed to alter my opinion. In fact, the hiring of Perrault reconfirms it.

BRP could easily call it a day and focus on its SSVs and ATVs, and investors would hardly notice it was gone. Unfortunately, the people who work at BRP building this unique product would, and that's why CEO José Boisjoli hired an outsider to bring a fresh perspective to the product.

If it fails to revive the Spyder's sales at, it's going to go down with a fight. Having built its first snowmobile 80 years ago, winter enthusiasts are thankful it didn't give up that fight either.

"My view on the Spyder is not as optimistic as the company's," says Seth Woolf, an analyst with Northcoast Research in Ohio. "They've created a nice little business, but I'm not convinced the ceiling is much higher."

Some in the Spyder community of owners have suggested BRP bring in a cheaper, entry-level product that younger people can afford. Maybe it will, but not before it figures out if it's possible to get more 62-year-old men buying its product.

"If our current client is 62, let's embrace that," Perreault says.

Either way, Boisjoli and Perrault aren't sitting on their laurels, waiting for business to come to BRP; they're going out into the field to grow the flock of supporters.

It's just another reason to own DOO stock.

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