

SPECIAL ADVERTISEMENT SECTION

POWERSPORTS **BUSINESS**

CLOSE-UP



**DEALERS FIND
CFMOTO A FORCE TO
BE RECKONED WITH**



CFMOTO®

CFMOTO USA offers a full range of products from ATVs to UTVs and sport side-by-sides.



CFMOTO: GROWTH TRAJECTORY CONTINUES

Commitment to dealers drives sales

Japanese OEMs first came to the U.S. with motorcycles in the 1960s, many dealerships, service shops and entrepreneurs were nervous about bringing on new vehicles from Asia. A lot of dealers are probably still kicking themselves.

But others weren't afraid. They were the bold trailblazers, the leaders of the pack. And many of them still hold the rights to the franchises in their areas, locking out those who now realize the success those dealers have experienced.

Another such opportunity exists now with CFMOTO USA, a blooming brand backed by a 27-year-old Chinese company that has top-notch research and development, high-quality engineering and a passion for engine building.

Eric Fan, chief financial officer at CFMOTO USA, a wholly owned subsidiary of parent CFMOTO Powersports out of Hangzhou, China, said the opportunity to become the exclusive CFMOTO USA dealership in a given territory is similar to the one the Big Four gave to dealers five decades ago. It's a can't-miss chance to carry a brand that's growing in popularity and sales.



WHO IS CFMOTO USA?

Though CFMOTO USA is still working its way toward becoming a household name with consumers, as a member of the powersports industry, it's likely a name you've heard. CFMOTO Powersports established its U.S. subsidiary in 2007, distributing scooters from its Plymouth, Minn., headquarters.

Fan joined the company in 2009, bringing his background in international business and finance to the U.S. operations. Soon thereafter, CFMOTO USA found its niche in ATVs and side-by-sides, releasing its first off-road lineup in 2011. CFMOTO USA's current lineup consists of three platforms: ATVs, sport side-by-sides and utility side-by-sides.

Each unit has been developed and manufactured at CFMOTO's 1.6 million-square-foot, state-of-the-art facility in China. The impressive factory can produce 800,000 engines and up to 300,000 vehicles per year. It employs 1,300.

"The factory gives us great support," said Jim Osterberg, vice president of Service Operations for CFMOTO USA. "It's not that different than any other manufacturer's U.S. operations.

But dealers don't have to wait for vehicles to come off a ship from overseas. CFMOTO USA's vehicles are distributed out of Kansas City, Mo., and its Minnesota headquarters houses its impressive parts warehouse.

"We carry over 300,000 parts in our Minnesota warehouse," said Osterberg. "The parts warehouse has a 93 percent fill rate, and the goal is to soon bring that rate closer to 98 percent."

He added, "Parts fill rate is extremely important, and something we measure consistently. We all understand that a vehicle may need maintenance or repair occasionally, and it is how fast you can get that consumer back on the trail that builds confidence and loyalty. Continuing to improve on our impressive fill rate is one of our most important initiatives in 2016."

GROWING SALES

CFMOTO USA has less than five years under its belt in the off-road segment, and yet the brand has already seen impressive growth.

Since 2013, overall sales have been on the upswing with a 60 percent increase in 2015. That increase made 2015 a record sales and financial year for CFMOTO USA. The OEM finished strong in ATV and side-by-side sales, while also increasing its infrastructure by 41 percent.

Through the first quarter of 2016, CFMOTO USA already increased its infrastructure by another 25 percent, and Fan projects another 50 percent sales increase in 2016.

"We're looking at steady growth over the next three to five years," he said.

CFMOTO USA hopes to become the No. 1 Chinese off-road brand in the United States. Mr. Lai, president of CFMOTO Powersports, told Powersports Business in 2012, "We're here to stay." He has stood by that quote, and Fan says CFMOTO USA is not only "here to stay," but the brand is in the U.S. to grow and become a major powersports company in America.

WHY BECOME A DEALER?

More than 200 dealers have joined the CFMOTO USA dealer network, but CFMOTO USA is far



“CFMOTO USA has a significant presence in the USA and is committed to supporting dealers and consumers over the long run. We are here to stay, and I look forward to helping CFMOTO USA become a well recognized, respected global brand. We are well positioned for that goal, and I am honored and excited to be a part of that becoming a reality.”

*Derek Jordahl,
VP of Sales,
CFMOTO USA*



CFMOTO Powersports' Hangzhou, China, factory encompasses 1.6 million square feet.

from done growing.

With open points in locations like Flagstaff, Arizona; Macon, Georgia; and Pittsburgh, Pennsylvania, CFMOTO USA hopes to add another 100 stores to its lineup in 2016. As a testament to the strength and possibilities with CFMOTO USA, 15 longtime industry veterans have joined CFMOTO USA as dealer reps, and they're excited to be introducing dealers to this unique brand.

CFMOTO USA focuses on being a company that dealers want to do business with. The staff at CFMOTO USA knows they have to deliver high-quality product and a positive dealer experience because they're competing head-to-head with other OEMs, oftentimes in the same dealership.

CFMOTO USA dealers enjoy vehicle profit margins that, on average, are double the percentage of other off-road vehicle manufacturers. CFMOTO USA also protects territories, being careful not to put dealers geographically near each other. And the company provides ordering year-round at any time, allowing dealers to carry exactly the number of models they know they need on their showroom floors.

"We want our dealers to be financially healthy and confident about selling CFMOTO," Fan said.

CFMOTO USA has made a bigger push in the past year to not only acquire new dealers, but also to better serve those who are already on board. Since joining the company, Osterberg has developed the Dealer Experience Department. Previously, if a dealer had any question, whether it was related to service or the website or any other issue, he or she would be directed to one area of the company. However, Osterberg has doubled the staff size in the Dealer

Experience area, allowing one set of employees to tackle questions from the dealership's service department, and another set to staffers to answer any other questions a dealer may have.

"The dealer experience helps fuel growth by creating loyalty," Osterberg said. "The Dealer Experience Department will reduce the effort our dealers need to put forth when working with CFMOTO USA. Our dealer experience representatives (DXRs) will add to our ability to provide a 'one-stop shop' to our dealers and improve our first-call resolution rate. The creation of the Dealer Experience Department will make it easier to do business with CFMOTO USA."

"We always back up our dealers," Fan said.

CFMOTO USA also recently partnered with First Community Bank of Batesville, Arkansas, for its "Dealer Direct" retail financing and with Northpoint Commercial Finance on wholesale financing. A new ordering system is also coming down the pike.

"That will help dealers grow," Fan said. "The success of CFMOTO USA's dealer partners is extremely important to us."

"If you're still on the fence about adding CFMOTO USA to your lineup," Osterberg said, "you should consider CFMOTO USA's goals, which are continued growth, improved service and improved relationships."

"We are committed to being the best. We are a rising star that offers good product, exceptional service, and superb parts availability," Fan added. "We take care of our customers." ■

"We want our dealers to be financially healthy and confident about selling CFMOTO!"

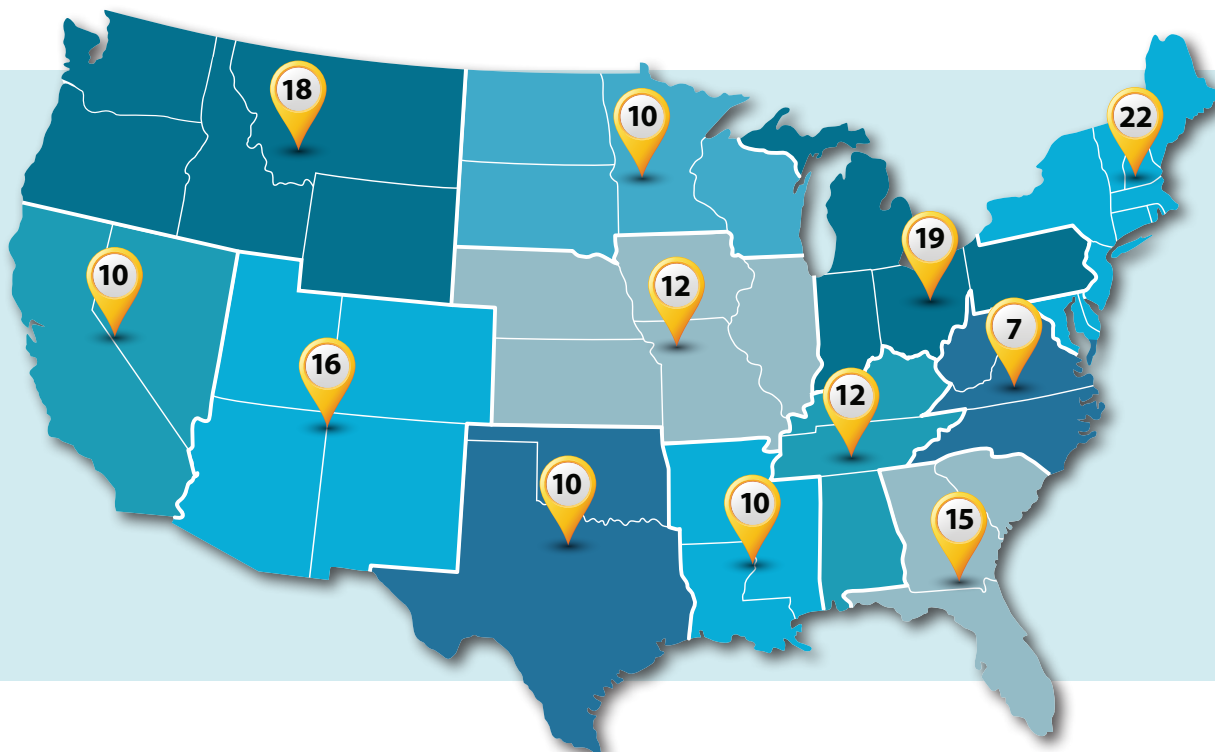
Eric Fan, CFO, CFMOTO USA



OPEN POINTS

Though more than 200 dealers have already joined the CFMOTO USA dealer network, CFMOTO still has yet to reach a number of markets that would be ideal for its products. The sales team is hoping to fill 100 of its open points in 2016. Opportunities still exist in Phoenix, Arizona; Miami, Florida; Cedar Rapids, Iowa; and more than 120 locations throughout the U.S.

= # of dealer points available in each region



CFMOTO dealers benefit from brand's success

Profit, sales come easy with franchise

"The CFMOTO brand? It sells itself," said Steve Buttorff, owner of Buttorff's Sales & Service in Pennsylvania.

"I don't know how you can't sell them," exclaimed Randy Bedeaux, co-owner of Leo's South in Minnesota.

"I think year one, you can expect to be successful," added Todd Myers, general manager of Avalanche Motorsports in North Carolina.

CFMOTO dealers who support, stock and market the brand have learned that CFMOTO brings them sales, profit and referrals.

LEO'S SOUTH — LAKEVILLE, MN

Randy and Wayne Bedeaux, brothers and co-owners of Leo's South in Lakeville, Minnesota, took a gamble on CFMOTO shortly after the company set up its U.S. subsidiary. Eight years ago, the dealership added CFMOTO scooters to its lineup, which now totals 12 brands that cover every segment of the powersports industry.

The first-ever No. 1-ranked CFMOTO Pioneer Club dealer, Leo's South brought on the brand's ATVs and side-by-sides as soon as

CFMOTO introduced them. CFMOTO sales results at Leo's South have been staggering since. Leo's South sells more CFMOTO ATVs and side-by-sides than it does of any other brand, and the dealership makes more profit per unit as well.

"The margins on CFMOTO are light years better than anything else I sell," Randy Bedeaux said.

When other dealers call him to ask about picking up the CFMOTO line, he tells them, "You're crazy not to get this product because you're going to make so much more money."

Bedeaux also trusts selling CFMOTOS to his customers because of the high-quality fit and finish CFMOTO puts into its vehicles. In fact, Bedeaux's family owns eight CFMOTO ATVs and side-by-sides themselves.

"You don't give someone, especially a family member, a product you don't have faith in," he explained. "You drive the stuff that you have confidence in."

TOWN & COUNTRY SPORTS CENTER — CEMENT CITY, MI

Town & Country Sports Center in Cement City, Michigan, is a newbie with the CFMOTO brand. However, after adding CFMOTO in July 2015, the dealership quickly triumphed with the brand, earning itself one of five spots on the 2015 Pioneer Club.

In short order, CFMOTO became the No. 1 off-road brand in the eight-brand store, and it's the No. 2 overall brand, only behind Harley-Davidson.

"It's become one of our strong players," reported general manager Jerry "Junior" Whitted.

Whitted and owner Tom Petitto researched about half a dozen value-priced brands, and they chose CFMOTO because of their confidence in the quality of the product, the CFMOTO story, the impressive Chinese factory and CFMOTO Powersports' 27-year history.

Town & Country carries a large number of CFMOTO units in a variety of colors to attract customers to the brand. Once shoppers



Leo's South in Lakeville, Minnesota, was the first No. 1-ranked Pioneer Club dealership in 2012.



Besser's Bike Barn in Minnesota has been a Pioneer Club member the past two years.

learn they can get a 493cc ATV with aluminum wheels, on-demand 4WD, electric start and a winch for \$5,499, they're excited.

"The price isn't the first thing you're talking about. We don't like to use price out of the gate. We want to sell the product," Petitto said. "We do try to find where their budget range is, but we don't want to focus on that because we want them to value shop and see what they can get, but when they see everything they can get and stay within a budget, it's an easy sell at that point."

Though Town & Country has carried CFMOTO for less than a year, the dealership is already seeing an influx of referrals from friends and family of current CFMOTO owners.

AVALANCHE MOTORSPORTS — WASHINGTON, NC

When Todd Myers, owner of Avalanche Motorsports in Washington, North Carolina, added CFMOTO to his lineup, he brought it on as a secondary brand. That didn't last long.

CFMOTO now accounts for 60 percent of Avalanche's powersports vehicle sales, which includes two other brands. (The dealership also sells boats.) In fact, two dozen CFMOTO units were sold in February 2016 alone.

And that's for a relatively newer CFMOTO dealer. Avalanche recently wrapped up its second full year with the brand, yet the dealership sold 150 CFMOTO units in 2015, and Myers expects to top 200 units sold this year.

"I would say in year two, we easily doubled units," he reported.

Quality, profitability and ease of doing business are the main reasons why Myers chose to partner with CFMOTO.

"CFMOTO quality is good, if you know what you're looking at," he said.

With the success he's seen in two short years with the brand, he explains to other dealers that they should expect to see the same.

"I would tell them to not ease into it; have plenty of inventory because the product will sell just fine," he said.

In just its second year with CFMOTO, Avalanche was named the No. 3 dealer in the Pioneer Club and also ranked among the Powersports Business 2015 Power 50 dealers.

MATTAS MOTORSPORTS — ALTOONA, PA

Mattas Motorsports isn't a typical powersports dealership, as the business sells not only three brands of side-by-sides and one scooter brand, but it also sells pre-owned autos. However, with a new powersports showroom in the works, owner JT Mattas is looking forward hopefully increasing his already impressive CFMOTO sales.

CFMOTO is by far the leading brand at the Altoona, Pennsylvania, dealership. Of all the off-road units Mattas carries, 65-70 percent of the inventory is dedicated to CFMOTO. "I sell way, way, way more CFMOTOS," he said.

Mattas picked up CFMOTO in 2010. He checks off the reasons why he has stuck with the brand: parts ordering system, parts fulfillment, dealer territory protection, profit margin and vehicle quality.

"There's nothing better in the marketplace," he said.

Most dealers, he estimates, should expect CFMOTO to account for 25-35 percent of sales off the bat and nearly half of all sales by the second year. Mattas is frequently called upon to give his honest opinion about the brand to other dealers, and he always tells them, "These are great! You'd better take these on!"

BESSER'S BIKE BARN — SAUK RAPIDS, MN

Besser's Bike Barn launched as a pre-owned dealership following the sale of Lorin Besser's previous powersports franchise. However, when Besser decided to add a new vehicle line to his Sauk Rapids, Minnesota, dealership, his choice was CFMOTO.

"One, they let you carry what you want to carry," said Blake Besser, Lorin's son and general manager of the dealership. "Two, they let you make some money, which is awesome. And then any service issues that do arise, the company stands behind it really, really well."

Blake Besser appreciates that CFMOTO supports, protects and listens to its dealers, as well as holds MAP pricing, and parts are easily shipped out of Plymouth, Minnesota.



Avalanche Motorsports in North Carolina sold 150 CFMOTO vehicles in 2015.



“The margins on CFMOTO are light years better than anything else I sell.”

Randy Bedeaux, co-owner, Leo's South

“You never call overseas,” he said. “Everything for the U.S. market is here.”

Though the dealership recently signed contracts to pick up two major OEM brands that each have ATVs and side-by-sides in their lineups, Besser expects CFMOTO sales to grow, as the new brands attract traffic into the dealership.

“I honestly think it’s going to help CFMOTO sales, just for the simple fact that it’s going to be a one-stop shop for most people now. Also, there will just be that many more people through the door,” he said.

Besser’s, a 2014 and 2015 Pioneer Club dealership, is confident CFMOTO sales will continue to grow, since the brand has built a positive reputation over nearly three years in Sauk Rapids.

“There’s more and more of them out there, and a lot of our CFMOTO sales are word of mouth — their brother bought one or their buddy bought one, and they really like it.”

BUTTORFF’S SALES & SERVICE — HARTLETON, PA

Steve Buttorff remembers exactly when he brought the first CFMOTO sport side-by-side into his showroom. As a non-Polaris dealer, he needed something to compete with the RZR, and the other two OEMs he carried didn’t have a sport model.

A CFMOTO scooter dealer since 2007, Buttorff ordered one CFMOTO sport side-by-side first. It sold, and the customer didn’t have any issues. So he ordered a few more, and soon they were sold, too. That started a snowball effect, and now CFMOTO units account for 75 percent of Buttorff’s off-road sales, helping make Buttorff’s a 2013 and 2015 Pioneer Club dealership.

Buttorff looked at a number of side-by-side manufacturers before deciding to stick with CFMOTO. He likes that CFMOTO has smaller

CFMOTO PIONEER CLUB

Launched in 2012, the CFMOTO USA Pioneer Club honors annually the top five U.S. dealers in terms of unit sales.

In four years, the program has honored 13 different dealerships from 12 different states. Five dealers have maintained their Pioneer Club status for two or more years out of the first four.

When naming its dealer recognition program in 2012, CFMOTO USA chose Pioneer Club based on the Merriam-Webster Dictionary definition of “pioneer”: a person who begins or helps develop something new and prepares the way for others to follow.

CFMOTO USA PIONEER CLUB 2012-2015

2015 - PIONEER CLUB

RANK	DEALER	REGION	STATE
1	Alaska Powersports	ALASKA	AK
2	Besser's Bike Barn	NORTH CENTRAL	MN
3	Avalanche Motorsports	MID-ATLANTIC	NC
4	Buttorff's Sales & Service	GREAT LAKES	PA
5	Town & Country Sports Center, Inc	GREAT LAKES	MI

2014 - PIONEER CLUB

RANK	DEALER	REGION	STATE
1	Alaska Powersports	ALASKA	AK
2	Leo's South	NORTH CENTRAL	MN
3	Tejas Motorsports	SOUTH	TX
4	Besser's Bike Barn	NORTH CENTRAL	MN
5	Thompson's Motorsports	GREAT LAKES	IN

2013 - PIONEER CLUB

RANK	DEALER	REGION	STATE
1	Alaska Powersports	ALASKA	AK
2	Leo's South	NORTH CENTRAL	MN
3	Buttorff's Sales & Service	GREAT LAKES	PA
4	Casper Mountain Motorsports	NORTHWEST	WY
5	Tejas Motorsports	SOUTH	TX

2012 - PIONEER CLUB

RANK	DEALER	REGION	STATE
1	Leo's South	NORTH CENTRAL	MN
2	American Marine & Motorsports	NORTH CENTRAL	WI
3	Rocky Mountain Cycle Plaza	SOUTHWEST	CO
4	Snell Powersports & Equipment	NORTH CENTRAL	MN
5	A1 Power Sports	NORTHWEST	MT

displacement ATVs when compared to other OEMs; the brand is profitable, and most importantly, it’s a product he can put his customers on without issue.

“My name is on that sign, so I need to trust them,” he said. “I wouldn’t sell CFMOTO if I was constantly getting negative calls.”

The key to selling CFMOTOs is in the demo ride, Buttorff explained. Just recently a customer came into the dealership, rode a CFMOTO UFORCE 800 and a competitive side-by-side from another OEM, and he chose the CFMOTO.

“I wouldn’t be selling it if I wasn’t confident,” he said. “I’m very tickled with the product.” ■

TOP 10 REASONS WHY YOU SHOULD BECOME A CFMOTO DEALER

1. PROFIT MARGIN

CFMOTO dealers report profit margins that can be double the percentage they're earning from other OEMs. "The profit margin, in all honesty, for CFMOTO is so much better than anything else I sell," said Randy Bedeaux, co-owner of Leo's South in Lakeville, Minnesota.

2. THE VEHICLES SELL

It's not uncommon for CFMOTO sales to account for 45-75 percent of a dealer's off-road powersports sales. "It's positioned itself, for me, as my best seller," said Steve Buttorff, owner of Buttorff's Sales & Service in Hartleton, Pennsylvania.

3. DEALER SUPPORT

CFMOTO has its dealers' backs. The brand has launched a Dealer Experience Department; it has about \$1 million in parts inventory in Minnesota, and it plans to launch an improved ordering system this year. "The company itself, one, listens to what the dealers and consumers are asking for, and two, they stand behind their product," said Blake Besser, general manager of Besser's Bike Barn in Sauk Rapids, Minnesota.

4. FLEXIBLE ORDERING

CFMOTO allows dealers to order year-round, requiring them to only carry what they want to stock. "Our flexibility to be able to order the units we need has worked really well," said Todd Myers, owner of Avalanche Motorsports

in Washington, North Carolina, adding that he can easily adjust his order to what's selling in a particular season.

5. TERRITORY PROTECTION

Even as CFMOTO USA plans to increase its dealer count by 100 this year, that still pales in comparison to OEMs that have oversaturated their dealer networks. "They don't pile dealers right on top of each other. They try to give us 40-50 miles to work with, in terms of dealer territory, which is nice," reported Blake Besser, general manager of Besser's Bike Barn in Sauk Rapids, Minnesota.

6. HIGH-QUALITY VEHICLES

"Initial quality is as good as anything," said Todd Myers, owner of Avalanche Motorsports in Washington, North Carolina. "Be confident in the quality." CFMOTO's vehicles are developed and built at the company's 1.6 million-square-foot, state-of-the-art facility in Hangzhou, China. Many dealers are so impressed by the factory that they have a banner featuring a photo of it in their showrooms.

7. REFERRAL BUSINESS

Because customers can count on the quality and reliability of their CFMOTO vehicles, they're referring their friends and family to the brand. "We have CFMOTO brand loyalty," said JT Mattas, owner of Mattas Motorsports in Altoona, Pennsylvania.

8. HEAD-TO-HEAD PERFORMANCE

When CFMOTO ATVs and side-by-sides are pitted up against competitors' vehicles, not only do they have more features for a less expensive price, but they also perform well in demo rides. "Test rides are really important. When they come back off of that ZFORCE 800, they say, 'Wow, this thing runs,'" reported Steve Buttorff, owner of Buttorff's Sales & Service in Hartleton, Pennsylvania.

9. CUSTOMERS SAVE

Leo's South in Lakeville, Minnesota, reports customers are bringing their CFMOTOS back to the dealership for routine maintenance more frequently than customers of other brands. Randy Bedeaux, co-owner of Leo's South, suspects it's because they didn't blow their entire savings on the vehicle. "The CFMOTO [customers], they're not spending every dollar they have on it, so they can afford to do maintenance," he said. "It brings in more revenue."

10. CFMOTO POWERSPORTS HISTORY

CFMOTO USA is backed by 27-year-old CFMOTO Powersports, and its president Mr. Lai is committed to the U.S. market. "Our number one pitch is the background of CFMOTO. It's not a fly-by-night, off-brand unit. It's a worldwide brand," said Jerry "Junior" Whitted, general manager of Town & Country Sports Center in Cement City, Michigan.



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