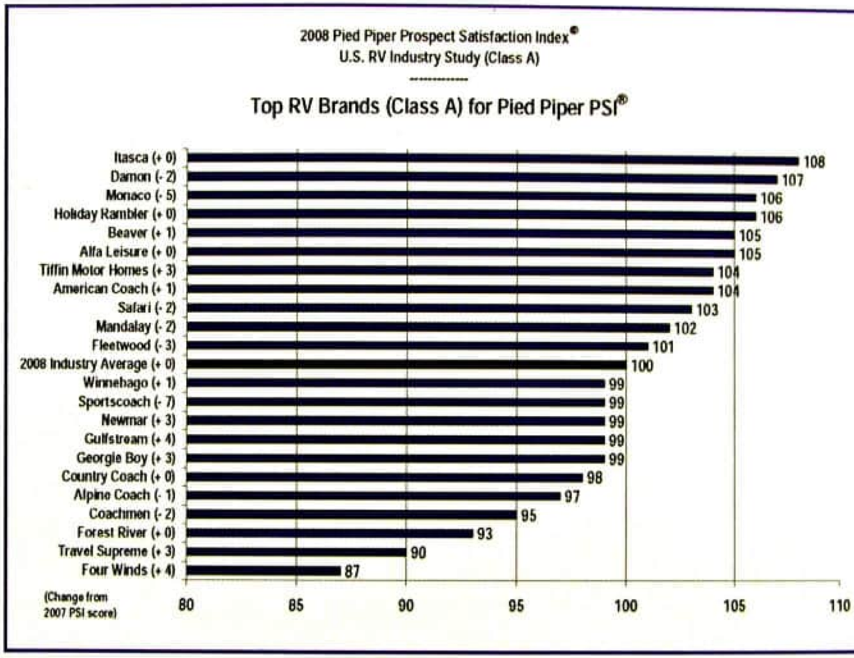
Study Gauges Retail Experience for Shoppers of Class A Coaches

Winnebago Itasca Ranked Highest in 2008 Pied Piper Prospect Satisfaction Index Citing Anonymous Evaluations At 583 RV Dealerships Across U.S.



Source: 2008 Pied Piper Prospect Satisfaction Index® U.S. RV Industry Study (Class A)   www.piedpiperpsi.com

Winnebago's Itasca brand RV dealerships ranked highest in the newly released 2008 Pied Piper Prospect Satisfaction Index U.S. RV Industry Class A Study, one of a series of annual national benchmarking studies which measure how consumers are treated when shopping for a new car, motorcycle, RV or boat.

Following Itasca in the rankings were Damon, Monaco, Holiday Rambler and Beaver. Rounding out the Top 10 were Alfa Leisure, Tiffin, American Coach, Safari and Mandalay.

The 2008 study, conducted between June 2007 and April 2008 using anonymous shopper evaluations at 583 dealerships located throughout the U.S., showed that overall RV industry sales effectiveness was unchanged compared to the previous year, but performance of the 22 individual brands varied, with nine brands improving their performance, five unchanged and eight declining. Brands showing significant improvement included Beaver, Tiffin and American Coach. Brands with substantial declines included Sportscoach, Monaco and Fleetwood.

"Challenging consumer confidence, higher fuel prices and less availability of home equity financing have created a tough environment for RV manufacturers and dealers," said Fran O'Hagan, president of Pied Piper. "But we see examples of brands and dealers who make the most of the floor traffic they already have."

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1982. In 1983, we started building eight units a day — and have never slowed down since.

As we moved into the 1990s, the price of crude was spiked first by the Gulf War and then by strong demand from the Pacific Rim countries. Later in the decade, declining Russian production and an economic crisis in 1998 in the Pacific Rim combined to reduce fuel prices.

Why the history lesson?

Many of the factors affecting the price of oil today parallel the events of the '70s, '80s and '90s. However, demand is the one overriding factor that was present in each of the previous situations; the problem was the availability of fuel.

I have always said that if fuel is available at some price, people will buy motorhomes. That has held true in our present-day situation, and at TMH we are building 11 motorhomes per day. In 2007, we built more than 3,000 motorhomes.

During all the earlier crises, we have never changed our service philosophy — and that is what has sustained TMH. Of course, in 1973 we did not have a service history to fall back on because we simply had not built enough units. But by the 1979-'81 crisis, we had a good track record in service and parts, and that is what helped us weather the storms during those years. And no doubt, service — along with our well-thought-out, functional designs and floorplans — is the key reason why we are doing as well as we are today.

So what is the big question in August 2008? Where will the price of fuel go now? By looking at the past, we can attempt to predict the future. In both previous fuel crises in recent history, energy prices stayed high for an extended period — and then leveled off as the financial economic ship righted itself. Income and prices in other sectors of the economy increased to compensate for the increased price of fuel and ultimately brought everything back into balance. The key to the leveling process is when and where the price of fuel will settle for the long haul.

I believe that our technology is going to create a key factor that will affect the price of fuel. I am talking about electric automobiles. In the next 10 years, at least half of the cars on our roads will be propelled by some type of electric motors. That change will greatly reduce our current dependency on oil, not only in the U.S. but also worldwide. Lowered demand will increase availability (supply) and force the cost downward. However, the reduction in demand must be significant. OPEC has had some limited successes through the past 35 years by reducing production (supply) to keep prices up.

With respect to our national economy, if the dollar remains low as it is now in comparison to other currencies, our balance of trade will improve. Even now, our products are a real bargain overseas. Eventually that will cause the value of the dollar to rise, which correspondingly will cause the price of commodities to fall — and that decline should include the price of oil. This is the second factor that should bring down the price of fuel.

Historically, the high price of fuel has been an irresistible incentive for U.S. companies to increase drilling and exploration. When OPEC members see this happening, they will reduce the price of crude both to compete with and to discourage the stateside companies in continuing with drilling and exploration. By lowering their price, the return on investment for finding and sinking new wells would not be as attractive. This may be the third factor that will reduce the price of fuels.

Incidentally, another striking contrast between now and the crises of 1973 and 1980 can be found in interest rates. In 1980, for example, the rate soared to 22%. In addition to the lack of availability of fuel, interest rates contributed to depressed sales. As you know, interest rates are currently very reasonable for qualified buyers. That's good for business, period.

No matter what happens to the price of crude, there will always be a certain number of people who love the motorhoming lifestyle and who will want to continue to enjoy this great country in which we live by "roughing it" smoothly. Δ

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According to the study, Itasca salespeople led the salespeople from all other brands for mentioning the availability of different financing options, overall product knowledge and handling any required wait professionally. Damon salespeople led all brands for giving compelling reasons to buy now, for carrying out walk-around product presentations and tying product features to benefits relevant to the prospects.

The Monaco brand was ranked first last year, and despite falling to third in this year's rankings, Monaco-brand salespeople still led all other salespeople for offering a test drive, offering a business card and for overcoming any objections.

The study measured 50-plus aspects of the RV sales process, and reported industrywide change pertaining to some of the factors. This year, RV salespeople were more likely to set a future appointment or encourage shoppers to return to the dealership, were more likely to ask for contact information and also more likely to ask what attracted the shopper to their desired brand.

However, RV salespeople were less likely to mention the availability of different financing options, point out product features unique from competitive brands or offer a test drive.

Pied Piper said that unique among U.S. motor vehicle industries is the fact that most RV dealerships carry multiple RV brands, often with more focus on product offerings than on the brands themselves. As a result, shoppers asking for a specific, well-known brand of RV are often encouraged instead to follow more of a commodity approach and consider a product favored by the dealership. The 2008 study showed that RV salespeople try to 'flip' one shopper out of five from the brand they requested to an alternative product suggested by the dealership.

"The most successful RV manufacturers have figured out ways of building the value of their brands for their dealers and customers instead of allowing their products to be sold strictly as a commodity," said O'Hagan.

Some RV brands fare better than others: Winnebago is loyally promoted by their dealers 92% of the time compared to American Coach or Georgie Boy, for which dealers promote competitor products more than half the time.

The 2008 study marked the first time that Pied Piper measured not only a shopper's experience at the dealership, but also a shopper's experience contacting the dealership separately by telephone and by Internet or email. Despite the knowledge that a majority of RV shoppers now claim to research their purchase on-line, dealerships were often slow to respond to online shopper inquiries.

When dealerships were contacted by Internet or email, 70% of dealers from across all brands failed to respond in any way within 24 hours. Of those who did respond by email, only 37% offered reasons to buy from their dealership, but 86% did encourage the on-line shopper to visit their dealership. Δ