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FRANCHISE FUTURE: John Nepute, Monaco president; right, a Franchise island display.



Monaco Promotes Retail Franchise Format at Dealer Congress in Vegas

Promising sweeping changes in its relationship with dealers, Monaco Coach Corp. laid out a franchise program for Monaco, Holiday Rambler, Beaver and Safari motorized RVs during its annual Dealer Congress, which took place June 27-29 at the Venetian Hotel & Casino in Las Vegas, Nev.

Monaco's bold new franchise program, which is being closely observed by competitors, rewards dealers for focusing showroom and sales lot attention on Monaco products. "I really, truly believe that five years from now we are all going to look back on this and say that this is one of the most monumental changes that has ever happened in the RV business," Monaco Chairman Kay Toolson told more than 200 dealers attending the annual Dealer Congress. Heralded by the company as the "Franchise for the Future," the program provides financial incentives in a number of ways to dealers dedicating portions of their showrooms and sales lots to coaches built by the Coburg, Ore., firm.

In return, Monaco promises to increase dealer's revenues with incremental incentives and variable hold-backs to a degree that depends on the dealer's commitment to the program.

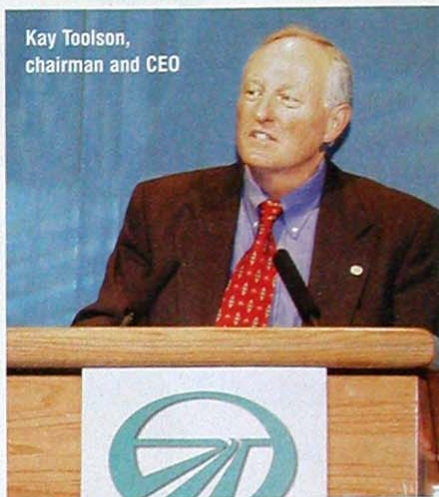
"We know that in the short term, you're going to be more successful and make higher profits than in the past because of Franchise for the Future," Toolson said. "And we know that in the long run we're all going to benefit with this program. Franchise for the Future is going to transform our industry, and others are going to need to follow. You (dealers) are going to

demand it because this concept is going to upgrade our businesses, upgrade our customer services and upgrade the lifestyle that we all promote."

In Las Vegas, Monaco also unveiled its 2006 product lineup of motorized and towable RVs that will be reviewed in an upcoming issue of *RV Business*. "We've loaded our (2006) products with a lot of great new features, including (one-piece) Panaview windshields and increased interior heights on the motorized side (with) exciting new floorplans and toy haulers in our towables lineup," Toolson told dealers.

In his turn at the podium, Monaco
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Kay Toolson,
chairman and CEO



Industry Outlook: Motorhomes off in First 6 Months of '05, Towables Prop up Overall RV Market As Fat Inventories, Economic Concerns Take Toll

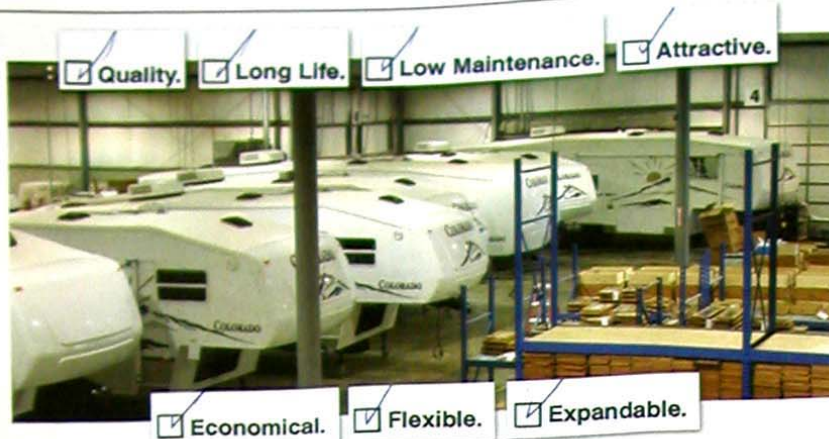
Excess inventory and slower-than-anticipated retail sales weighed down the recreational vehicle industry in the first six months of 2005, leaving many dealers and manufacturers guarded about prospects for the second half of the year.

"In comparison to last year, for both motorhomes and travel trailers, I think retail in the second half of this year will be down slightly, similar to what they were for the first half of the year," speculated Chris Braun, executive vice president, RV Group, for Fleetwood Enterprises Inc., Riverside, Calif. "I also believe motorhomes will see more of a reduction than travel trailers, as we saw the first half of this year. And I think folding trailer retails will be up more than last year."

The inventory glut, dating back to late last year when supply began outpacing demand, clogged the pipeline in the early months of 2005 while a soft spring selling season failed to clear product off dealers' lots. That situation was magnified as some manufacturers hastened to unload inventory through aggressive discounting in order to roll out new product in June and July.

"The problem is, how are you going to buy new product when you still have '05's sitting on your lot?" asked Dick Aker, president of high-volume dealership Hart City RV, now a FreedomRoads retailer in Elkhart, Ind.

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Monaco from page 9

President John Nepute said the company intends to solidify its position as a technology leader with continuing investments, including new advanced engineering software that will identify and correct potential problems during an RV's design phase. And, he said, that Monaco is close to having paint reciprocators that will put base coat and clear coat on coaches automatically. "We feel (this) process will raise the bar on full body paint in our industry," Nepute said.

"Through Franchise for the Future we intend to help all of our dealer's take advantage of our brand's enviable position..." said Nepute. "We believe we can make all of our franchise partners significantly more profitable, more desirable and more valuable."

Vice President of Sales and Marketing Mike Snell told dealers that Monaco's new franchise format does not require them to sell Monaco products exclusively, but the company wants to increase its presence on dealers' sales lots. "We hope you'll see that if we're a third of your floorplan, but 50% of your revenue, or even more of your profits, you'll decide to increase our floorplan to increase your profits," Snell said.

Franchise consultant Fran O'Hagen of Pied Piper Management Co. LLC, Monterey, Calif., who has worked with a variety of automobile companies – and has been instrumental in customizing for Monaco a franchising program tailored for the multi-line RV business – told dealers that Monaco's new franchise program is intended to establish a strong Monaco brand presence in dealerships that will result in consumers being willing to pay a premium for Monaco products, which, in turn, will increase a dealership's value.

To establish the program, O'Hagen said Monaco will keep MSRPs fixed for franchise dealers, but increase the invoice price of the coach by just over 2%.

"Your customers are paying a little bit more and that gives a little more money for us at Monaco to give back to you," he said.

Related to all these sales initiatives, O'Hagen said that surveys have found that Baby Boomers -- the industry's No. 1 demographic target -- report 20% more problems than their parents do for the exact same product. "We think the answer is if we make you outrageously profitable, you'll figure out a way to take care of these tough-to-satisfy customers," O'Hagen said.Δ