

# 2019 Wells Fargo RV Dealership Survey

The 2019 Wells Fargo RV Dealership Survey was completed in conjunction with the **Caravan Industry Association Australia**. It reveals a complex retail and commercial environment influenced by changing consumer behaviour and challenging external economic conditions.

Negative changes in the Australia and New Zealand economic and financial landscape was cited by businesses as their greatest concern. This is not unexpected given the Royal Commission into the Banking Sector, the significant fall in the housing and new vehicle markets, and macroeconomic conditions including weak wage growth, high underemployment and minimal growth in retail sales.

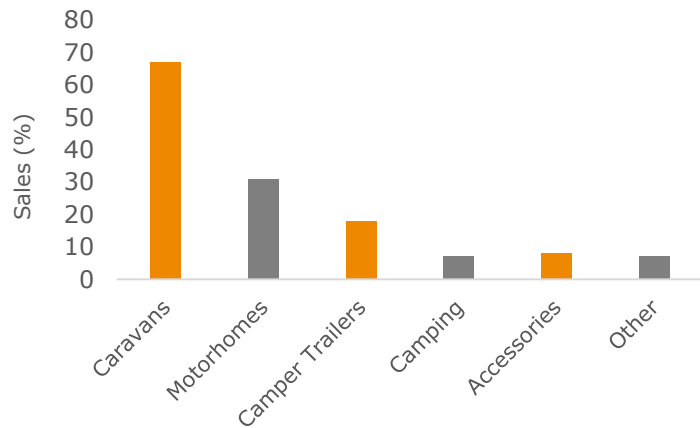
Stability within the Australian political landscape was cited as the second largest concern to business conditions. However, noting that the survey was conducted before the Federal election, it would be expected that this factor is now of less importance.

‘There is little doubt that disruption is impacting Australia’s caravan and camping industry yet demand for the RV lifestyle remains stronger than ever before in Australia. This demand will manifest itself in new and different ways in the coming years that will challenge existing business models, create new and engaging marketing strategies, drive product innovation to meet differing demands and deliver new experiences that will influence visitor behaviour. Looking forward, the manufacturing and retail sectors remain the most susceptible to disruption and economic conditions due to the need for consumers to access discretionary income to purchase a recreational vehicle, therefore these sectors are reliant on consumer confidence supported by a strong economy that encourages spending.’

**Stuart Lamont**

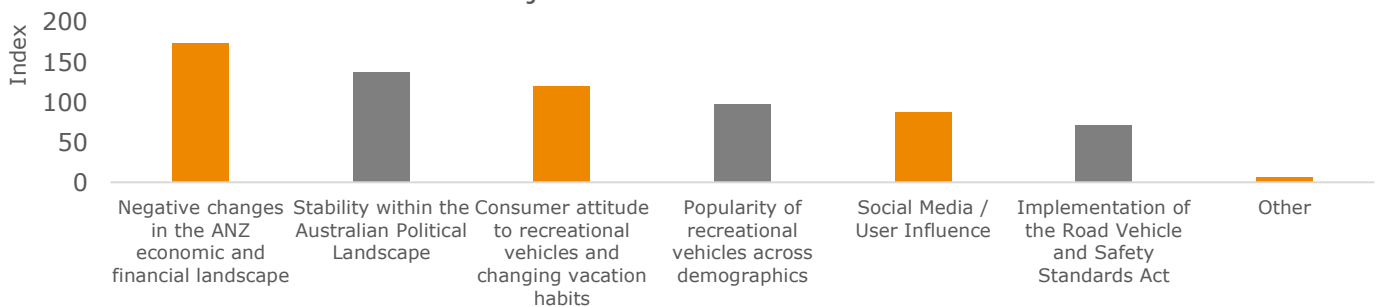
CEO, Caravan Industry Association Australia

Product Sales As Percentage Of Overall Sales



Caravans represented the largest percentage of overall sales (67%) for businesses, followed by motorhomes (31%) and camper trailers (18%). New sales accounted of 67% of net income, followed by used sales (25%) and maintenance services (12%).

Major Business Concerns



Note: For business concern, the lower the index reading the less constraint that factor has on businesses across the industry, while a high score indicates a major level of constraint to business development.



The overall outlook for 2020 remains optimistic with businesses citing expectations for new product ranges and increased consumer demand as key factors driving future growth.

Most businesses (54%) expected an increase in new product sales over the next twelve months, while 31% indicated sales would remain equal to current levels. Dealerships expected this growth to be driven by caravan and motorhome sales, with businesses forecasting the movement of units to increase by 23% on average.

The backdrop to this growth, however, is challenges around increased competition from RV importers particularly out of China; negative media cycle regarding an economic recession and global conditions; market saturation as manufacturers look to off load stock into market; increased consolidation in the market; and growth in used and private sales as consumers become more financially cautious.

Looking forward, business operators indicated that finding a market position that offers a right balance between quality product offering with a quality price would be crucial. With many businesses suggesting new opportunities existed in the millennial segment, adopting innovative technologies to provide improved product offerings and ensuring product offerings meet all consumer price points.

Overall, businesses responding to the research indicate the industry is in good shape and that the future looks positive, however headwinds will need to be dealt with through a consolidated industry effort supported by improved industry regulation.

**‘Whilst we have seen a general slowdown within the RV Industry – evidenced by a decrease in volume, slowing turns and increased stock holding in some areas within the Wells Fargo RV portfolio, it is clear that the Caravan & RV industry still remains optimistic due to introduction of new products and consumer demand - this is despite certain factors such as the current stability in economic and political landscape and the potential impact on the RV Industry in Australia.’**

**Scott Baker**

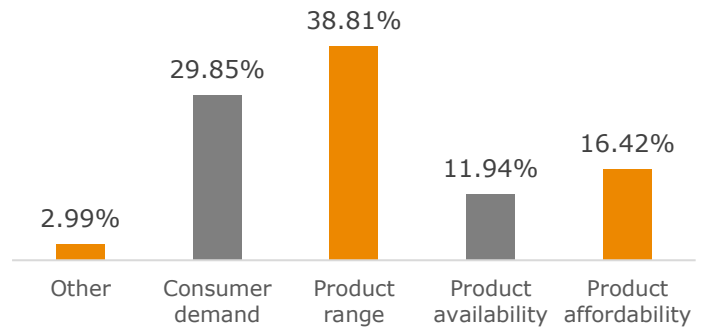
Caravan Industry Leader, Wells Fargo Commercial Distribution Finance

\*Method: Interviews were conducted in the first quarter of 2019. A total of 67 businesses participated in the research of which 81% of businesses were dealerships and 19% manufacturers.

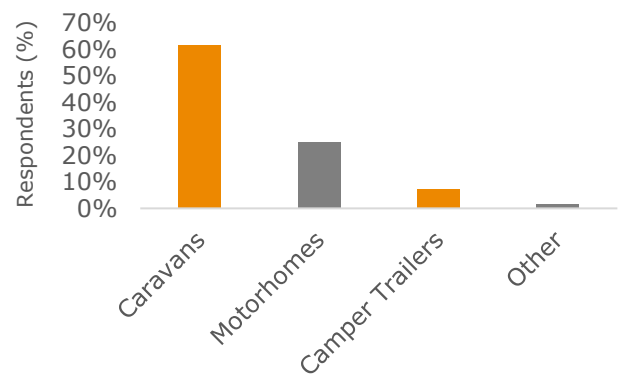
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Element Of Business Most Optimistic About in 2020



Expected RV Sector Growth in 2020



Business Location

