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Club Car increases UTV presence
Powersports Business
Wednesday August 27, 2008
By Steve Bauer
Managing Editor

WINTERGREEN, Va. — Standing next to one of the company's new XRT950 utility vehicles, Club Car President and CEO Gary Michel wants to make it clear that his company is positioning itself to be known for much more than a "golf cart company."

Although extremely proud of the reputation it has built in the past five decades as one of the leading golf cart manufacturers in the world, the company is working hard to gain recognition among powersports dealers and consumers as a serious player in the utility vehicle market.

"Throughout our company's history it has been innovation on a small platform," Michel said. "As we looked at where the growth was, the golf business is relatively flat right now, even with growth internationally, and we were looking for something that would take this company to the next level, and the XRT utility vehicles looked like a great entry for us."

Michel says since the company first launched its Pioneer line of UTVs in 2000, it has found that its UTV lineup has rapidly gained ground on golf carts in terms of percentage of overall sales. Since the company's launch of its XRT line in 2004, sales have continued to grow at a steady pace, with 2007 revenue increasing 40 percent over the previous year, due mainly to

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found that its UTV lineup has rapidly gained ground on golf carts in terms of percentage of overall sales. Since the company's launch of its XRT line in 2004, sales have continued to grow at a steady pace, with 2007 revenues increasing 10 percent over the previous year due mainly to increased utility and off-road vehicles.

"It's by far our fastest growth segment, and it has grown every year we've had our UTV line," he said. "As Club Car looks to expand as a business, there are two ways we aim to do it. First is category expansion, for example our UTV line, and also geographically, specifically China and Southeast Asia. Even in areas across the United States such as New York, for example, there is a lot of growth potential for us there, as well."

Michel is quick to separate Club Car's overall strategy from its competitors, stating the company wants to remain a safe, family friendly alternative to many of the current vehicles the XRT lineup is competing against.

"We looked at the market spaces out there, and the types of customers we're looking for are the ones who want to do the utility work our machines are capable of, but also in a safe environment," he said. "We're not a 60 mph type company, and we don't feel comfortable there. Safety for us is one of our top priorities. So as you look at the market there's been this developing UTV that's experiencing good growth and had a limited number of competitors, and that's what we're targeting."

"Our goal is to be No. 1 in this market, and right now the leaders in the category we're targeting are the Kawasaki Mule 610, the Honda-powered Chuckwagon 412 (formerly from Bristers, now rebranded as America SportWorks) and the Kubota 500."

Michel says the company is committed to investing as much time and resources necessary to become a leader in the utility segment.

"The 950 is a great example of our commitment to continue listening to our customers and give them what they want," he said. "We felt there was a need for a mid-sized UTV with full-sized capabilities, and we seized the opportunity. We put together a great team that has designed some really innovative products for us, and after 24 months of development we are now introducing the XRT950."

Challenges await

Michel says the biggest challenge the company is faced with is to convince consumers that Club Car is much more than a golf cart company, something he thinks can be achieved through the help of the company's 300-plus dealer network.

"I think we're starting to get the industry recognition, as people see what we can do in manufacturing these UTVs," he said. "We're able to attract better quality dealers now, which has been a big boost for us. People recognize the Club Car name from certain environments they've seen our other products in, but our challenge is to get people to understand that this is not just a big golf cart, it's truly a designed-for-purpose UTV."

Another sticky area for the company is the question of how aggressive it wants to be in growing its dealer network without sacrificing quality for quantity.

“We’ve targeted agriculture and construction dealers in addition to powersports dealers, and on the powersports side we’re particularly looking for a dealer who has a hole in his lineup where our UTV lines can really fit in and fill that niche,” he said. “It needs to be more of a complement to their product line than just a stand-alone product. I think as more dealers learn about our lineup and are more familiar with what these vehicles are designed to do, we’ll be able to more aggressively pursue more.”

Michel says the company doesn’t have an exact number of dealers in mind that it would like to add in the next year or two, but wants to focus on ensuring that their current network understands what the XRT line can do and exactly what type of consumer the company is trying to target.

Positive feedback

Club Car recently introduced its 950 lineup to dealers, and Michel says the response was very positive, and he hopes it’s a launching point for more dealers to take notice of Club Car’s growing presence in the industry.

“Our dealers indicated they’ll probably meet or exceed our sales expectations this year, so it’s really been very positive for us so far,” he said. “I think as more dealers and consumers see our products in action, they’ll see we’re serious about our commitment to the industry.”

Michel says Club Car has invested a lot of revenue and resources in developing its current platform, and plans are in place for more innovation in the near future. He adds that dealers and consumers can expect the company to be a continuing presence in the product category.

“There are three versions we’re building off this platform already,” he said, “and you can be sure that there will be more to come.”