

FAMA/FEMSA Member Outlook Report

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Author's Notes

Throughout the report, the term “average” refers to the statistical mean of the data.

The letter “n” is used to designate the number of the respondents to a particular question. When figuring the percent breakdown for each question, non-respondents were not included in the total in order to achieve “valid percentage” data. This technique is commonly considered to yield the most statistically accurate information.

Tests to analyze the correlation between various respondent characteristics were run for all applicable variables. When a statistical test indicated a dependent relationship at a minimum 95% level of confidence, the correlation between the factors is noted as “significant” in the report.

Summary of Findings

Overall Purpose

The purpose of the research was to gather information regarding trends of member organizations. Additional goals include:

- Determining the effect of the current economic status on fire departments
- Gathering information regarding current apparatus used and potential needs

Dates conducted: December 2011–January 2012.

A total of 92 member companies participated in the survey. The online survey consisted of 21 questions.

Summary of Findings

Members are positive about their industry. Members anticipate growth in the industry: increased factory utilizations, increased capital investments, anticipated export growth, and an increase in employment levels.

- Over the next three years, members anticipate an increase in their business—93% anticipate their business to grow over the next three years.
- 71% of respondents believe their capital investments will increase over the next three years.
- 64% of respondents expect exports to grow over the next three years.
- 78% of members are projecting full-time employment growth over the next three years.

Introduction

The purpose of the research was to gather information regarding trends of member organizations. Additional goals include:

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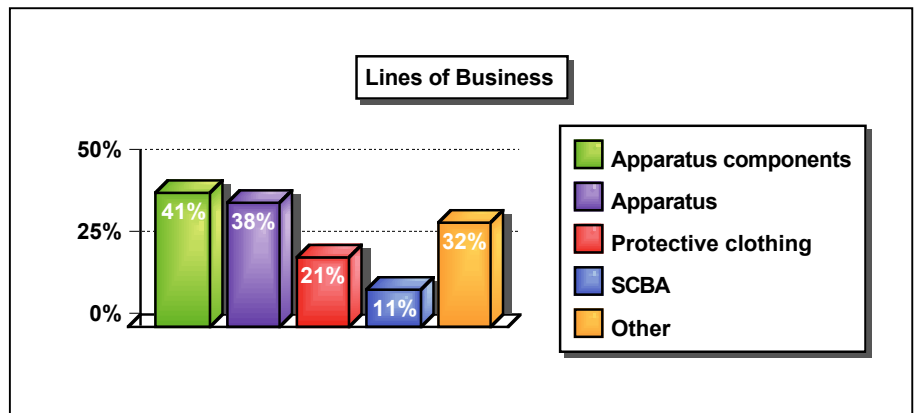
A total of 92 member companies participated in the survey. The online survey consisted of 21 questions. The survey was blasted out to members of both the Fire Apparatus Manufacturers' Association (FAMA) and the Fire and Emergency Manufacturers and Services Association (FEMSA). The survey was written by Jeff Hupke.

Respondent Characteristics

1. Lines of Business

(What line(s) of business are you in?)

Forty-one percent of respondents sell apparatus components and 38% sell/manufacture apparatus. Thirty-two percent of respondents indicated "other" as their type of business including:



2. Geographic Areas Served

(Please estimate the percentage of your primary business sales in each of the following areas so that the total is 100%.)

Members serve the various areas of the country fairly evenly. (Note: n=92.)

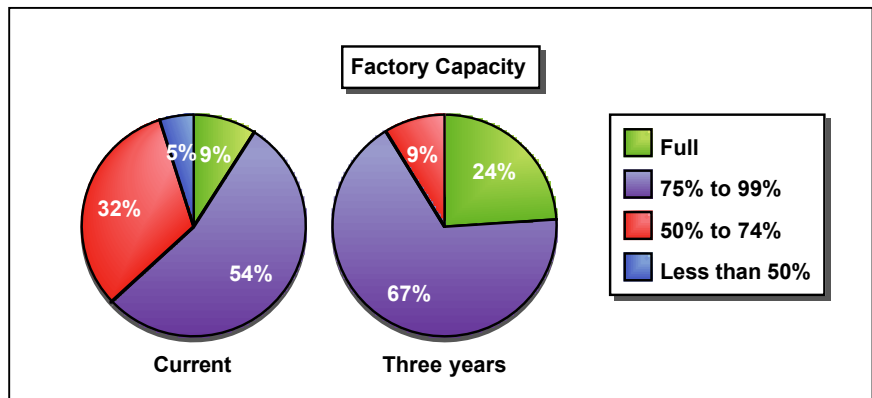
| | |
|--------------|-----|
| Northeast US | 19% |
| Southeast US | 16% |
| Midwest US | 18% |
| Western US | 12% |
| Canada | 10% |
| Other | 5% |

Business Trends

1. Current and Projected Factory Capacity

(What is your current factory capacity/what will it be in three years?)

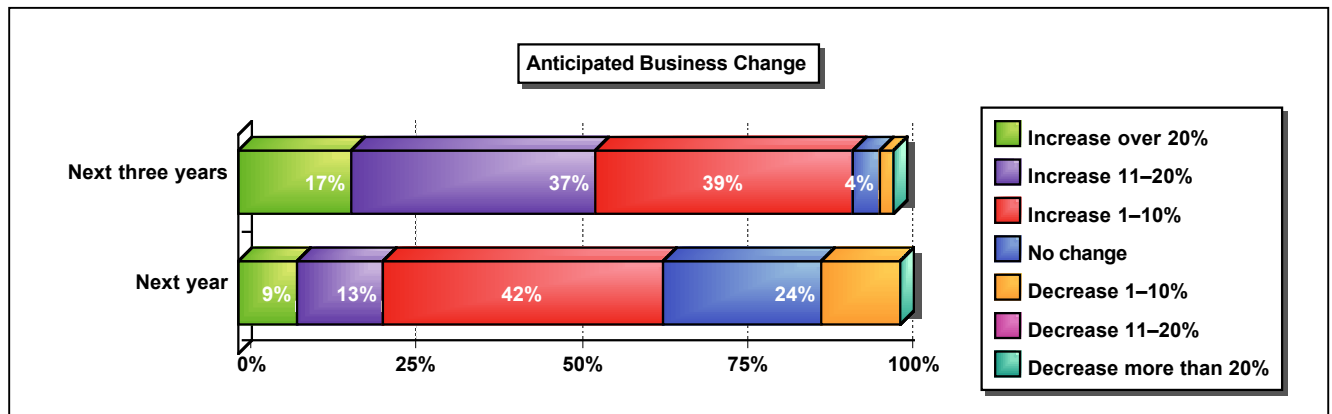
Nine percent of respondents' factories are currently full and 54% are running at 75% to 99% of capacity. Within three years, 24% are anticipated to be at full capacity and two-thirds will be at 75% to 99% of capacity. (Note: n=75.)



2. Anticipated Business Change

(How do you expect your business to change over next year/next three years?)

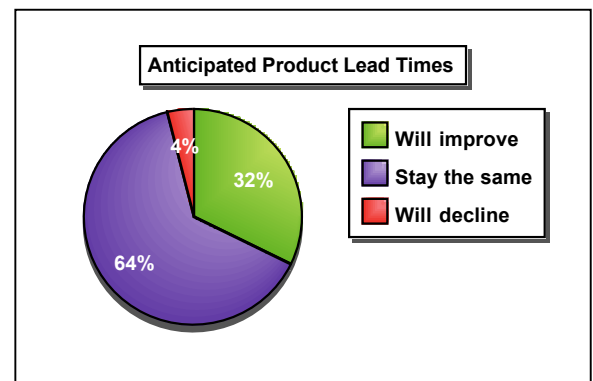
Just under one-third of respondents (64%) expect their business to increase next year and almost all (93%) expect their business to increase during the next three years. Seventeen percent of respondents anticipate their business growing over 20% during the next three years and 37% believe it will grow 11% to 20%. (Note: n=92.)



3. Anticipated Product Lead Times

(What do you expect in terms of product lead times over the next three years?)

One-third of respondents anticipate product lead times will improve over the next three years and 64% believe they will stay the same. Four percent of respondents anticipate they will decline. (n=81.)

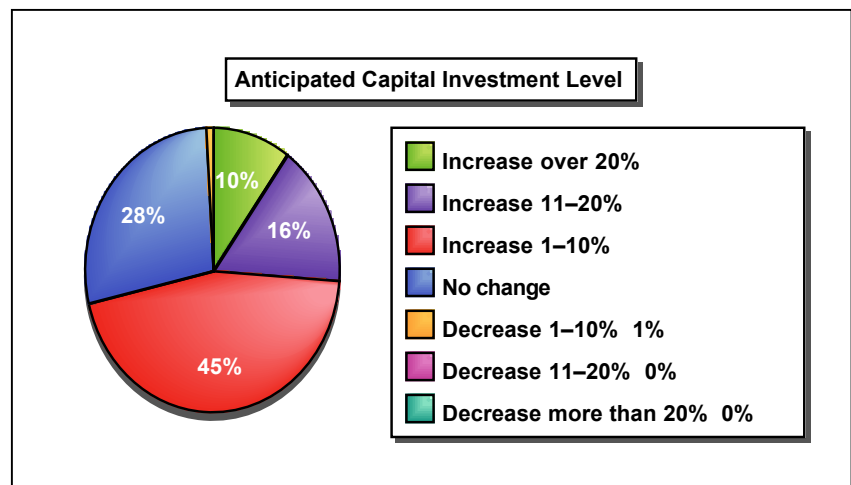


Business Trends

4. Expected Change to Capital Investment Over Next Three Years

(What change is expected in the level of capital investment over the next three years?)

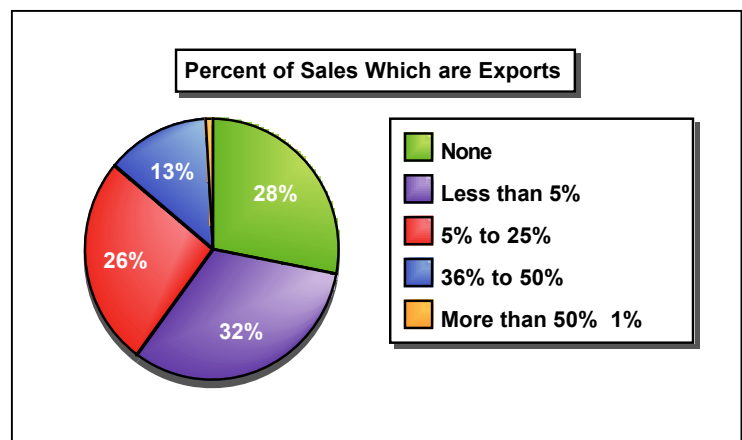
Over the next three years, 71% of respondents believe their capital investments will increase—10% of respondents believe their investment will increase over 20%. (Note: n=92.)



5. Percent of Sales Which are Exports

(What percent of your sales do exports represent?)

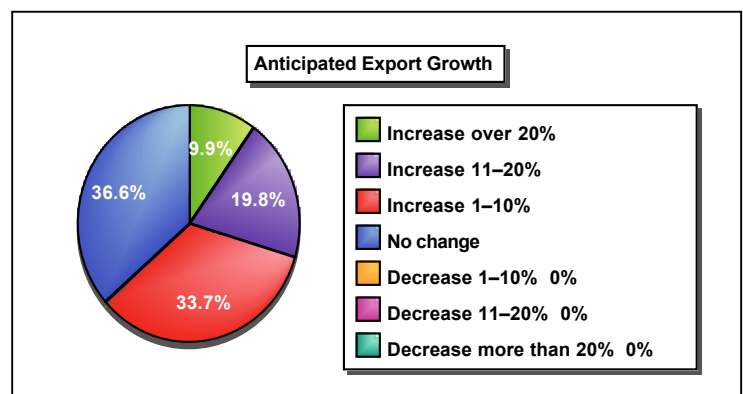
Seventy-two percent of respondents indicated at least some of their sales are from exports—32% indicated exports are less than 5% of their overall sales and 26% export 5% to 25% of their overall sales. (Note: n=92.)



6. Anticipated Export Growth

(Over the next three years, what do you expect to happen with the level of exports from your company?)

Just under two-thirds of respondents expect exports to increase, the remaining respondents do not project a change. (Note: n=92.)



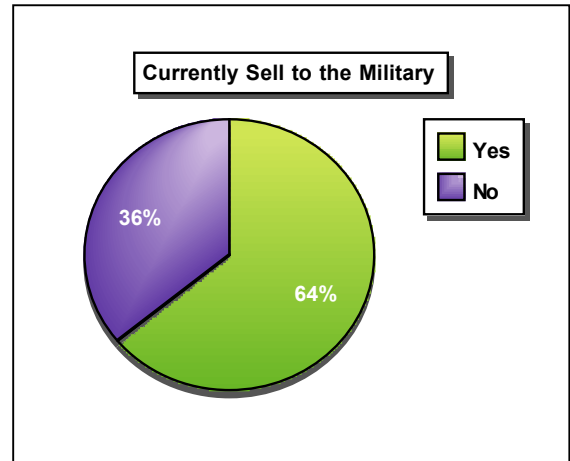
Business Trends

7. Currently Sell to Military

(Do you sell to the military?)

Almost two-thirds of respondents (64%) currently sell to the military. (Note: n=92.)

Of those who sell to the military, on average about 8.5% of their overall sales are to the military, from a low of about 1% to a high of about 25%.

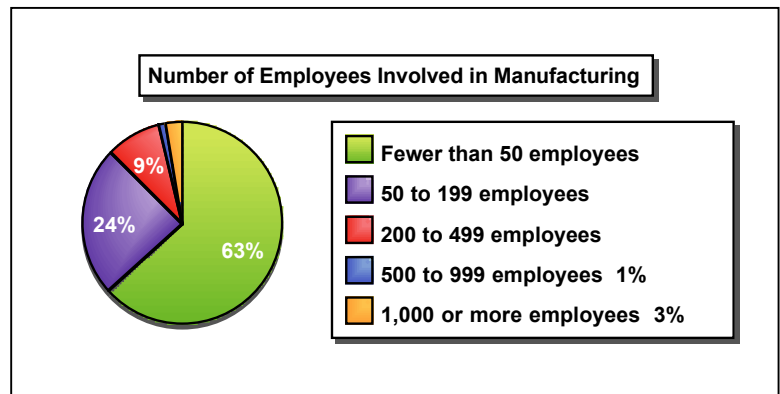


Employment Trends

1. Current Employment

(How many of total employees at your company are involved in fire apparatus or equipment manufacturing?)

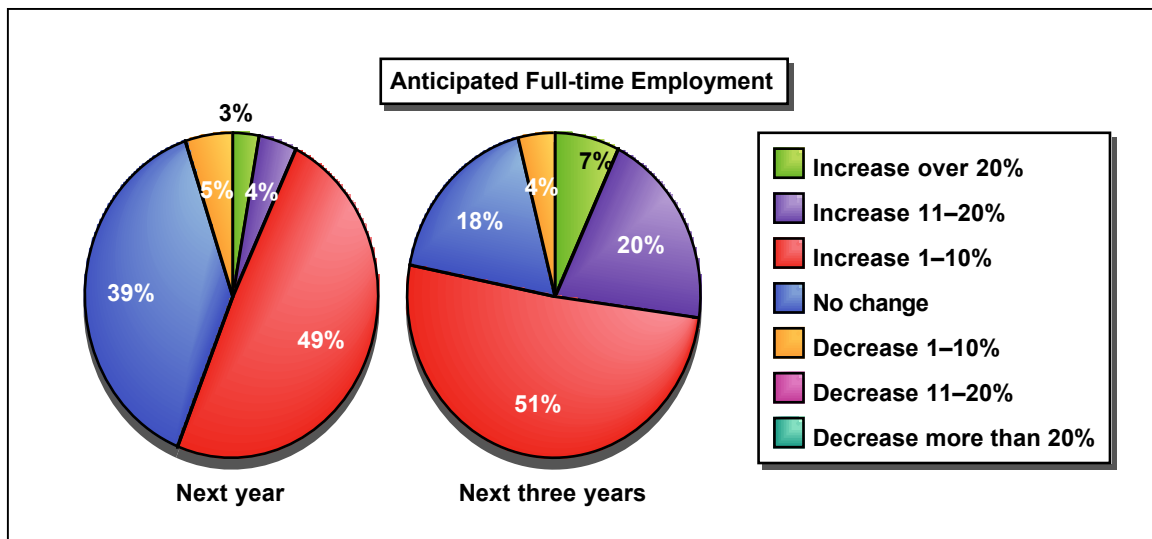
Just less than two-thirds of member companies have fewer than 50 employees; 4% have 500 or more employees. (Note: n=92.)



2. Anticipated Employment

(What is your planned full-time employment for next year/next three years?)

During the next year, the majority of members believe full-time employment will increase (56%) or stay the same (39%). Over the next three years, 78% of members believe full-time employment will increase. (Note: n=92.)



Other Trends

1. Concern about Various Issues

(How concerned are you about each of the following issues? Please rate on a scale of 1 to 5, where 1=does not impact my business and 5=keeps me up at night.)

Health care costs and the overall economic conditions are what keep members up at night. The housing market and energy costs are the least worrisome. (Note: n=92.)

| | Keeps me up at night (5) | (4) | (3) | (2) | This does not impact my business (1) |
|--|--------------------------|-----|-----|-----|--------------------------------------|
| Health care costs | 32% | 35% | 21% | 10% | 2% |
| Overall economic conditions/general sales declines | 32% | 41% | 24% | 3% | 0% |
| Funding/budgets | 28% | 41% | 21% | 9% | 1% |
| Insurance costs | 23% | 36% | 21% | 15% | 4% |
| Industry conditions | 17% | 45% | 28% | 7% | 3% |
| Federal regulation | 14% | 38% | 25% | 15% | 8% |
| Competition | 14% | 23% | 39% | 18% | 5% |
| Federal taxes | 11% | 27% | 28% | 25% | 8% |
| State/local taxes | 10% | 24% | 28% | 29% | 8% |
| Liability | 10% | 20% | 30% | 34% | 4% |
| Availability of credit | 9% | 15% | 29% | 33% | 13% |
| Cost of raw materials | 9% | 40% | 32% | 13% | 7% |
| Housing market | 8% | 20% | 25% | 27% | 20% |
| Energy costs | 3% | 35% | 38% | 18% | 4% |
| Other | 3% | 5% | 14% | 13% | 21% |

2. Strategies Using for Economic Times

(Which of the following strategies are you using to get through these tough economic times?)

Two-thirds of members are trying to become more diversified by entering new markets as one of their strategies. Forty percent indicated that this is their primary strategy. Only eight percent are utilizing green technologies. (Note: n=92.)

| | |
|--|-----|
| Becoming more diversified by entering new markets | 66% |
| Focusing more on exports | 46% |
| Focusing on higher margins | 42% |
| Becoming more specialized by focusing on niche markets | 41% |
| Becoming more diversified by entering new markets or focusing on several markets | 40% |
| Developing partnerships/outourcing | 24% |
| Becoming a low cost provider | 18% |
| Other | 13% |
| Utilizing green technologies | 8% |

3. Effectiveness of Communication Strategies

(Please rate the effectiveness of each of the following methods used to market your products, where 1 is not at all effective and 5 is extremely effective.)

Most of the members believe their websites is most effective in marketing their products; Twitter is the least effective. (Note: n=92.)

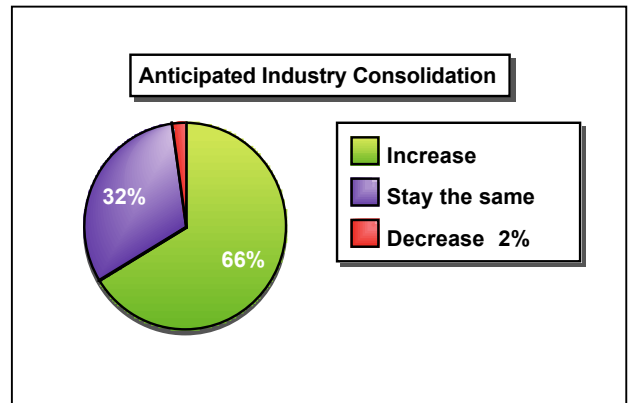
| | |
|---|-----|
| Mean Avg. 1=not at all effective, 5=extremely effective | |
| Website | 3.8 |
| Facebook | 2.2 |
| Twitter | 2.3 |
| Other | 3.2 |

Other Trends

4. Anticipated Industry Consolidation

(What is your opinion on industry consolidation?)

Two-thirds of respondents believe industry consolidation will increase and 32% believe it will stay the same. (Note: n=92.)



5. Gain from Membership in FAMA/FEMSA

(Finally, what value to you gain as member of FAMA or FEMSA?)

A variety of comments were made by members. Most believe they gain networking opportunities, industry trend and data, and the ability to influence the industry. See Appendix B for complete list of comments.

- "Industry networking."
- "Interacting with other manufacturers."
- "Networking, name recognition, influence pending /future legislation."
- "Great networking and prestige by being a member in a well respected organization."
- "The consistent source of reliable information and updates are of high value."
- "Information like this. The ability to see what is on the mind my peers."
- "Networking, different market opinions, forecasting."
- "Better knowledge of our industry. New contacts. Better understanding."
- "Stay close to the industry trends as well as connected with the industry leaders. FAMA is an important piece of this industry and will continue to help lead this industry forward."

Appendix A—Survey

FAMA/FEMSA Member Companies Survey – Outlook

1. How do you expect your business to change next year?
 - a. Increase over 20%
 - b. Increase 11-20%
 - c. Increase 1-10%
 - d. No change
 - e. Decrease 1-10%
 - f. Decrease 11-20%
 - g. Decrease more than 20%
2. How about over the next 3 years?
 - a. Increase over 20%
 - b. Increase 11-20%
 - c. Increase 1-10%
 - d. No change
 - e. Decrease 1-10%
 - f. Decrease 11-20%
 - g. Decrease more than 20%
3. What percentage of your sales do exports represent?
 - a. None (go to Q5)
 - b. Less than 5%
 - c. 5 to 25%
 - d. 26 to 50%
 - e. More than 50%
4. Over the next 3 years, what do you expect to happen with the level of exports from your company?
(Need to clarify whether this is in terms of volume or percent of sales)
 - a. Increase over 20%
 - b. Increase 11-20%
 - c. Increase 1-10%
 - d. No change
 - e. Decrease 1-10%
 - f. Decrease 11-20%
 - g. Decrease more than 20%
5. Please estimate the percentage of your primary business sales in each of the following areas so that the total is 100%.
 - a. Northeast US
 - b. Southeast US
 - c. Midwest US
 - d. Western US
 - e. Canada
 - f. Other (please specify location and percent)

Appendix A—Survey

6. Do you sell to the military?
 - a. Yes: percentage of primary business sales _____
 - b. No
7. What is your current factory capacity?
 - a. Full
 - b. 75% to 99%
 - c. 50% to 74%
 - d. Less than 50%
 - e. Not applicable
8. What will factory capacity be in 3 years?
 - a. Full
 - b. 75% to 99%
 - c. 50% to 74%
 - d. Less than 50%
 - e. Not applicable
9. What change is expected in the level of capital investment over the next 3 years?
 - a. Increase over 20%
 - b. Increase 11-20%
 - c. Increase 1-10%
 - d. No change
 - e. Decrease 1-10%
 - f. Decrease 11-20%
 - g. Decrease more than 20%
10. What do you expect in terms of product lead times over the next 3 years?
 - a. They will improve
 - b. They will stay the same
 - c. They will decline
 - d. Not applicable
11. How many total employees at your company are involved in fire apparatus or equipment manufacturing?
 - a. Fewer than 50
 - b. 50 to 199 employees
 - c. 200 to 499 employees
 - d. 500 to 999 employees
 - e. 1000 employees or more

Appendix A—Survey

12. What is your planned full-time employment for next year?
- a. Increase over 20%
 - b. Increase 11-20%
 - c. Increase 1-10%
 - d. No change
 - e. Decrease 1-10%
 - f. Decrease 11-20%
 - g. Decrease more than 20%
13. How much will employment change over the next 3 years?
- a. Increase over 20%
 - b. Increase 11-20%
 - c. Increase 1-10%
 - d. No change
 - e. Decrease 1-10%
 - f. Decrease 11-20%
 - g. Decrease more than 20%
14. How concerned are you about each of the following issues? Please rate on a scale of 1 to 5, where 5=Keeps me up at night and 1=This doesn't impact our business.
- a. Federal taxes
 - b. State/local taxes
 - c. Federal regulation
 - d. Insurance costs
 - e. Energy costs
 - f. Funding/budgets
 - g. Liability (*different from Insurance costs?*)
 - h. Health care costs
 - i. Housing market
 - j. Availability of credit (*different from funding?*)
 - k. Cost of raw materials
 - l. Overall economic conditions/general sales declines
 - m. Housing market
 - n. Competition
 - o. Industry conditions
 - p. Other (please specify)
15. What is your opinion on industry consolidation? (*Specify a time period?*)
- a. It will increase
 - b. It will stay about the same
 - c. It will decrease

Appendix A—Survey

16. What line(s) of business are you in? (Please check all that apply)
- a. Apparatus
 - b. Apparatus components
 - c. Protective clothing
 - d. SCBA
 - e. Other (please specify)
17. How many manufacturing locations do you have in each of the following places?
- a. US
 - b. Canada
 - c. Central America
 - d. South America
 - e. Europe
 - f. Asia
 - g. Other (please specify)
18. Which of the following strategies are you using to get through these tough economic times? (Check all that apply)
- a. Focusing on higher margins
 - b. Becoming a low cost provider
 - c. Becoming more diversified by entering new markets
 - d. Becoming more diversified by entering new markets by focusing on several markets
 - e. Becoming more specialized by focusing on niche markets
 - f. Focusing more on exports
 - g. Utilizing green technologies
 - h. Developing partnerships/outourcing
 - i. Other (please specify)
19. Which of the strategies listed in Q12 do you think is or will be the most successful?
20. Please rate the effectiveness of each of the following methods used to market your products, where 1 is Not at all effective and 5 is Extremely Effective. If your company is not using a particular method, please mark N/A.
- a. Website
 - b. Facebook
 - c. Twitter
 - d. Other Social Media methods (please specify)
21. Finally, what value do you gain as a member of FAMA or FEMSA?

As is our practice with all member surveys, all information supplied will be held in STRICT CONFIDENCE by Karen Burnham and the webmasters. No member's identity will be connected to any response or disclosed to any Board or association member.

For administrative purposes only, please indicate:

Name:

Company:

Thank you!

Appendix B—Verbatim Comments

Verbatim Comments

5. Please estimate the percentage of your primary business sales in each of the following areas so that the total is 100%.

Other responses

- 1 - export
- 1 Various
- 10 Export
- 10 EMEA
- 10 Outside North America
- 10 unknown locations
- 10 Worldwide
- 15 South America
- 15% Overseas
- 2 export
- 20 - international
- 20% (export)
- 25 world
- 30, Europe/ Australia/Japan
- 40 - international
- 5 (Europe)
- 5 Export
- 5 South America
- 5% Export
- 55 DoD and International
- Data not available
- Europe 2%
- Government and International other than Canada 14%
- No direct to consumer sales at this time
- Non US & Canada 5
- None
- Other international 5%; military 5%
- The above adds up to 100%
- United States
- United States

16. What lines of business are you in? Other

- Equipment and components for equipment, research
- Decon showers and shelters
- Fire rescue tools... loose equipment
- Distribution
- Engines and commercial chassis
- Training Towers
- Rescue Equipment
- Pressure Gauges
- Loose equipment
- Media
- Rescue Tools
- Trade Show
- Media
- Fire Eq
- Repair refurb
- Technical Rescue Technology

Appendix B–Verbatim Comments

- Manufacturing
- Nozzles and hardware
- Equipment
- Technical Rescue
- Publishing
- All loose equipment
- Occupant restraints, airbags, SCBA holders, sensors
- Ladder MFG
- Commercial insurance
- Complete line for fire equipment
- Foam, foam systems, monitors, foam chambers
- Marketing services
- Rescue equipment

21. Finally, what value to you gain as a member of FAMA or FEMSA?

- Industry insight
- Information and support
- Affiliation with a credible organization and the resources to make informed decisions.
- Good industry data and gov't updates
- The vast wealth of knowledge that the organization maintains. Its continual dissemination of the latest industry and economic trends, as well as, standards and regulations. It is indispensable in providing me the tools to be an informed and safety conscious manufacturer.
- Stay updated on industry and gain personal contact with decision makers at my customers
- Market contacts and relationships
- Industry information
- Networking
- Government voice
- Growing as more industry information like this is created.
- Networking
- Information and networking
- Networking
- Trends in our business sector.
- A network of people with the same issues as me that is willing to help solve the crisis of the day. Much easier to deal with a face and a name.
- Relationships with other suppliers
- Helps unify industry
- Some
- Communications with other distributor and manufacturers
- The networking that is done at the meetings. That contact can be very valuable throughout the year.
- Industry stats, networking, tech data
- Marginal.
- Marketing and funding insight.
- Networking, statistics, industry and governmental updates.
- Networking and being in the loop
- The quarterly statistics are informative but beyond that we find it difficult to locate a FAMA or FEMSA action that has ANY impact on the growth of the fire market. Most of the presentation we have reviewed contains data that is accessible via the web if one does the research.
- Statistics
- Contacts in industry
- Networking, statistics, friendship
- Access to statistic information and credibility among peers.
- Networking
- Interaction with other members during the annual meetings. Reporting on the state of the industry and help identifying trends.
- Industry knowledge; ability to contribute to common voice for fire service industry; networking

Appendix B—Verbatim Comments

- Networking, knowledge, statistics, influence
- Industry understanding, partnerships, advice & camaraderie
- The interaction with fellow industry contacts and discussions at the annual meeting
- High value
- Networking; access to information from our industry; opportunity to do something for the common good of our industry.
- Having the benefit of an organization that keeps abreast of the trends and changes that is occurring in our industry; the relationships of trust that is built with its members.
- Industry statistics, trends, market conditions...
- Industry news and data.
- Being a member keeps our company updated on all aspects of the Apparatus Business. It allows great networking which provides knowledge. It also keeps us updated regarding the market.
- Networking and insight to the industry
- Provides conduit to overall industry activity, trends, and requirements. Allows input and guidance to national standard organizations through technical committee participation. Opportunity to network and work with key players throughout the industry with common goal of advancing fire service safety.
- Not sure at this point
- Recognition in our domain
- Very good
- Comparisons with other OEMs like our selves.
- Networking
- FAMA - Technical Comm, and Statistics.
- FEMSA - Statistics, annual meeting content, GAC communications, rounded industry information, Personal Responsibility Code.
- We have only attended one meeting.
- Networking with our peers and developing relationships with related businesses
- Industry trends and new markets
- To keep up on industry trends and become a productive member of the fire-medical-rescue industry.
- Industry insight and an opportunity to learn from others in our industry
- Networking / Legislative Support / UIG
- Very little
- Industry contacts
- Industry networking
- Interacting with other manufacturers
- Networking, name recognition, influence pending /future legislation.
- Great networking and prestige by being a member in a well respected organization.
- The consistent source of reliable information and updates are of high value.
- Information like this. The ability to see what is on the mind my peers.
- Networking, different market opinions, forecasting.
- Better knowledge of our industry. New contacts. Better understanding.
- Stay close to the industry trends as well as connected with the industry leaders. FAMA is an important piece of this industry and will continue to help lead this industry forward.
- Credibility with Customers
- Industry insights / develop relationships
- MEMBERSHIP GIVES US MORE VIABILITY WITHIN THE MARKET AND WE CAN KEEP UP WITH CHANGES WITHIN THE INDUSTRY
- Great opportunity to interface with the industry and keep up with the latest trends of our industries
- Sharing market information / trends with other OEM's
- It's a good resource for contacts and industry information and shows others our commitment to our industry.
- Interaction with Trk Mfg and learning market trends based on their sales. Value most the business contacts - knowing the faces you work with in the industry.
- Good sounding board, but limited precipitation from other vendors. I know it is encouraged to be a member, but the name itself does not sound welcoming to non-manufacturing members.
- Networking
- Connection to the industry
- Information resource and industry lobbying.

Appendix B—Verbatim Comments

- Being able to network.
- More awareness of the economy - our industry as a whole
- Networking
- Trying to add value and my perspective as a volunteer firefighter and a marketing services company owner. Honestly, I'm still trying to figure out the long-term value to my business. I think it's a work in progress. A recommendation that I have for new members who go to the annual conference...buddy them up with people for dinner. Seems to be tough to crack some of the groups that have been formed. This is only natural, but buddying up would be helpful!(feel free to do it for year 2 attendees as well :))
- UIG program, statistics, govt watchdog, networking
- Networking