



2014 Motorcoach of the Year

A Motorcoach Comparison

Edited 12/12/2014 to correct per mile numbers. Ranking results were not affected with 1. Prevost, 2. MCI and 3. Van Hool still being in that order. In fact the corrected numbers further separate the three manufacturers in the pricing/cost per mile category.

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December Revision with
Updated Cost figures

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Introduction to ROIit

ROIit was born of the need for business owners to make decisions based on unbiased, factual information. ROI stands for **R**eturn **O**n **I**vestment – a calculation involving many interdependent components. Some are objective measurements and others subjective observations. Regardless, ROIit aims to help the business owner make these decisions as accurately as possible. Going forward ROIit will give ROItings to various categories of industrial equipment. Products that have undergone that process will be considered to have been ROIted®.

Motorcoach ROItings®

Motorcoaches are among the first of many equipment categories to be ROIted®. These pieces of equipment require extremely large outlays of cash, as a new premium coach is not to be had for under \$515,000. One motorcoach can cost double that of an average American house; buying multiple units can quickly push a company into millions of dollars in debt. These units tend to be fairly durable with many coaches hitting a million or more miles before needing to be replaced. There is, however, another significant concern which often outweighs the number of potentially traveled miles. Outside of the influence or control of any coach owner is the preference of the tour operators, meeting planners, and shuttle operators (among others) for newer coach styling. Many of these categories of customers demand the “latest” look both on the exterior and interior and many of the good, regular contracts rely on newer vehicles based purely on perception. For example, when motorcoach companies started to employ frameless windows it instantly made the previous model year look dated by comparison. Any substantial change to styling can instantly damage the value and bookings of a company’s fleet. There are styling upgrade kits that can help with this but they can be expensive to buy/install and still won’t fix the issue of vehicle age if a tour operator asks for an insurance certificate with model years and VIN numbers.

There are only three motorcoach manufacturers with any kind of significant presence in the North American market. Each of these manufacturers has premium coaches that cater to the burgeoning tour market. They are MCI, Prevost and Van Hool.

The three coaches that were initially rated were the MCI J4500, the Prevost H series and the Van Hool C2045. Each has their pros and cons. Beyond the specific differences in the coaches themselves, there are noticeable differences between companies on many levels.

The ROIit evaluation process is broken down into the following categories:

1. **Sales Process** - This is where every motorcoach owner starts or returns if they are successful. The sales process for any product and any company especially for a \$500,000+ product should be a smooth, delightful process; i.e. when a company has the most motivation to make and keep a client happy. Once the sale is made the seller's income stream is reduced to a parts-only basis until their next motorcoach purchase.
2. **Initial Purchase Price** - All three companies were within \$25K of each other for what should have been similarly configured coaches. Fuel and fluid usage information was unfortunately unavailable despite being requested from each manufacturer. Though it will vary according to driving/operating habits, having no information is a little troublesome. As such, a vital piece of the equation will have to wait. Each coach company claimed the lowest cost per mile, and though the calculations and assumptions were requested from each manufacturer, none were received.
3. **Parts and Service** - Now that an owner has mortgaged his/her children, wife and house to obtain a motorcoach (or several!) how well/long are they going to stay running? What will your maintenance costs be? Who will answer the phone when your coach is stranded in the Nevada desert in the middle of the night?
4. **Disposition/Sale of the Asset** - When it is time to turn the fleet, what type of resale values will you see? This is a very important part of the equation because it can drastically affect the overall ROI of the ownership experience.
5. **Intangibles** - Finally, there are certain intangibles that could influence the ownership experience at any given time. Country/origin of the motor coach purchased, financial stability of the manufacturer and/or parent company, location of parts warehouses that could affect shipping/availability "and other considerations" ultimately can factor into a final purchase decision. This category also includes driver preferences for a particular coach manufacturer.

The Sales Process

One can find ratings and performance information – an abundance of material is available for washer/dryers, automobiles, and trucks. When you move to an industrial purchase, however, information suddenly becomes very scarce. There is always the obligatory spec information such as horsepower, estimated processing capabilities, height, width, etc., but nothing regarding actual long-term performance. When someone decides to buy a motorcoach, the two most common methods of doing so are:

1. Going to a motorcoach industry trade show and being wined, dined, and wooed in the build-up to signing a sales contract on the showroom floor, having nothing more to use for decision making than the view of the coach itself.
2. A visit by or use of a demo coach. All of the major manufacturers send fully-equipped versions of their coaches around the country to show off. The smaller operator gets to take a ride and the larger operators sometimes get to use them as “loaners”.

Neither method gives the buyer any real info about long-term performance. **Every** manufacturer claims the lowest “cost of ownership” or “lowest operating cost per mile” but is unable to provide the calculations and methodology that were used to justify their assertions.

In the process to build each ROIing, each manufacturer was approached in a similar manner. The companies were informed that financing was not necessary and would not be sought through their respective finance arms. The story provided to each company consisted of a dot.com company that had floated the idea of an employee shuttle for outlying employees. The company wanted at least one, and as many as three coaches to run shuttles for their employees between the city center, various train stations, and their main location. Similar shuttles are found in use by many of the more successful dot.com companies such as Google and others.

Thus was laid the inquiry with the three manufacturers for pricing for one to three coaches. One might assume that in today’s age of information there would be some type of online order/configuration tool for use in ordering. That assumption would be mistaken. One might also assume that, after using said configuration tool, that there would be an immediate follow-up from a sales person eager to close a \$500K-\$1.5M sale. That assumption is also wrong. Prevost was the only company to follow-up immediately. MCI a little less so, and Van Hool was sent multiple inquiries before they responded. Prevost, lacking any kind of online tool (consistent with the other two companies) sent over a manual form in a timely manner. Though it would have been helpful to have had the Prevost PDF form structured as a fillable form, that was unfortunately not the case. The other two took many weeks to respond and indicated no online tools or configuration. Also missing was any form to be used in choosing preferred coach specs. Absent any electronic or manual offering the remaining two companies were given the Prevost order form and asked to match the Prevost configuration for equipment and specs.

Overall Prevost had the best and most responsive sales process; it was leagues better than the other two. That said, even Prevost has some major room for improvement in their ordering process, coach pricing info, and parts pricing/ordering. It took nearly six weeks to receive an initial coach price.

MCI lagged a tad behind Prevost overall; they took approximately two weeks longer to get a price which is still excessively slow. Much slower than any \$1.6M purchase should ever be.

Van Hool was utterly senseless in its lack of response. Many attempts were made to obtain pricing first from the original sales person assigned to the appropriate territory and then from an upper level supervising sales executive. Months after beginning the process and asking for pricing, Van Hool said that they were disinclined to offer a price until a company representative personally came down for a trip to visit ABC the Van Hool distributor in Orange, California. The trip was ostensibly to meet the staff, tour the facility and to get comfortable with the company. (The offer was refused and it was pointed out to the Van Hool sales executive that sales trips are not in reality “free,” but instead just get added back into the final cost of a product. Furthermore, until some preliminary leg work [including pricing] could be performed, a trip would be a waste of time.) Finally the price was obtained but only after the seller questioned the buyer’s purchasing methods and motives being employed to create a budget for the dot.com shuttle. A full month transpired from receiving the first price quote from Prevost (which was already 2 months late) to the last price quote from Van Hool. Below is a quote that is indicative of the problems with the Van Hool sales

Van Hool e-mail received 4 months after original request

“I’m a little uncomfortable with the amount of information you are requesting without knowing anything about you, your intentions, timing, objectives etc.

I appreciate your diligence. At the same time, please understand my 15+ years I’ve never had anyone request such detailed data without sitting down face to face and learning more about your business plan etc.

I would think if this project was as significant as implied that it would warrant a flight to Orange County to visually inspect our product(s), meet our staff, view our facilities etc.

I realize this isn’t the answer you’re looking for but I hope you will reconsider making the trip to foster greater clarity.”

Clint Guth VP of Sales, Van Hool

process. Vetting a client is not necessarily a bad thing but the pushback during the sales process was seemingly excessive.

Pricing

Pricing overall seems competitive, but it is somewhat difficult to get an exact 100% match because of the different configurations. As such the equipment list for MCI and Van Hool vary slightly in options from the Prevost. All three manufacturers were informed that financing was not being sought as it was all preliminary and funding would come from a private source. Based on the Prevost pricing sheet given to each manufacturer, these were the prices given.



Disposition/Sale of the Asset

Initial price of any purchase large or small is a fraction of any equation and the price at disposition of an asset can dramatically affect the final ROI of the purchase. Certain brands may be initially more expensive but their maintenance costs as well as their final used sales price factor heavily into the overall total cost of ownership/return on investment (ROI).

Parts Pricing and Service Policies

- 1. 2014 Parts Pricing** - None of the manufacturers make it easy to order parts online. At the time of the comparison, Van Hool did not offer any at all. With all of the tools available and proficient models to draw from, it is a little perplexing as to the deficiencies seemingly present in the current offerings. Prevost provided a login to look at their system immediately after requesting it. MCI took a little longer with the excuse that only current customers with approved credit limits are granted access. After a little further discussion MCI offered a login.

Neither system was user-friendly and it was essentially impossible to gather information on parts requests unless you had a specific part number with which to search on. Only then could pricing could be obtained. After giving up on their online parts ordering Prevost and MCI were contacted to ask that they use the faxed parts pricing from Van Hool (the pricing was removed to give a similar breakdown in parts

pricing without a bias towards beating a particular price). There are far better examples of online parts shopping/ordering. O'Reilly and, Autozone in the consumer arena and John Deere in the commercial arena allow a buyer to choose equipment in need of parts according to make, model and other determinate options to find the exact part necessary. Unless one already knows the part number within the coach manufacturer's database it is nearly impossible to be certain whether one is looking at the correct part.

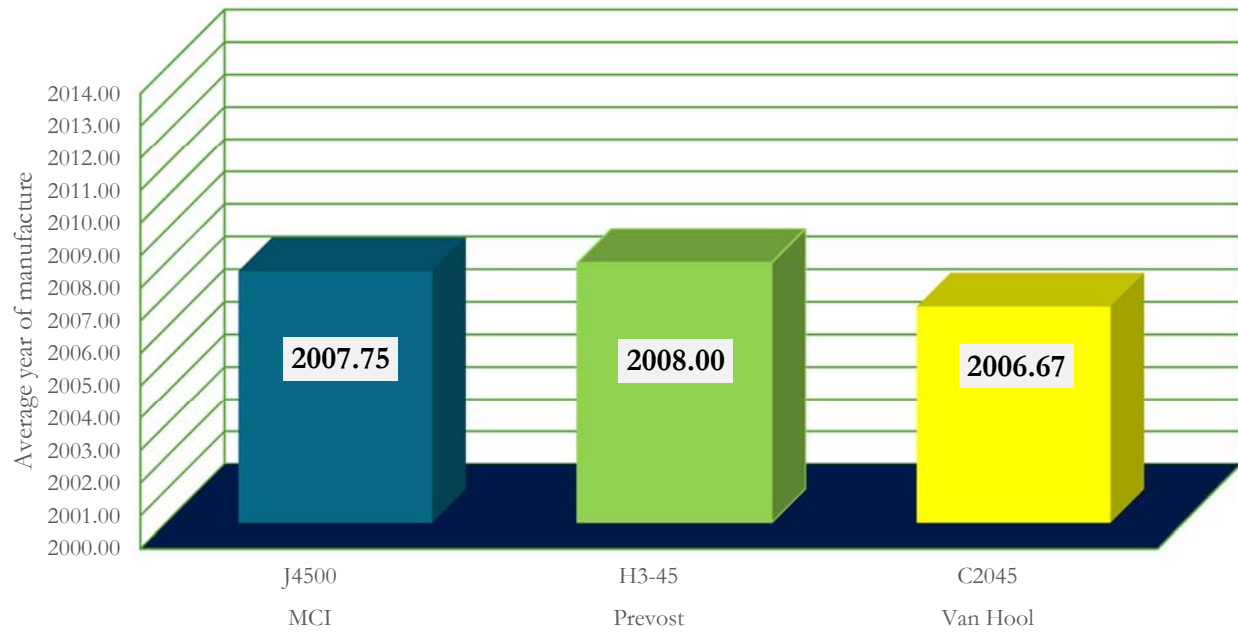
- 2. Service and Warranty** - This is a category that seems to have equally affected all of the manufacturers. When this analysis was undertaken there were some significant differences in the service and support hours between manufacturers. Some operated M-F 8 am-8 pm EST with little or no after-hours or weekend support. One company offered after-hours and weekend support and shipping. Prevost unfortunately has moved backwards and decided to match the service offerings of their competitors. The coach/tour market is a 24/7 type of business so it is a little surprising that none of the manufacturers offer anything other than simple third party roadside assistance/towing any longer. This gets your coach to the next town but gets your group stuck on the side of the road and whatever hotel might have capacity to take in an unexpected 50 passengers. A blown motor or transmission would still precipitate towing but sometimes a fuse/breaker/hose/belt or other potential driver interventions with factory assistance could result in the ability to proceed without interruption or at least get to the next town under power to be diagnosed the next day.

This is definitely an area whereby a manufacturer could differentiate their offerings, but unfortunately the trend seems to be to provide less and, not more service. Warranties are similar on all of the coaches and none seem to stand out as a better value than the others. This service/warranty category is disappointingly a wash with nothing to recommend one over another manufacturer.

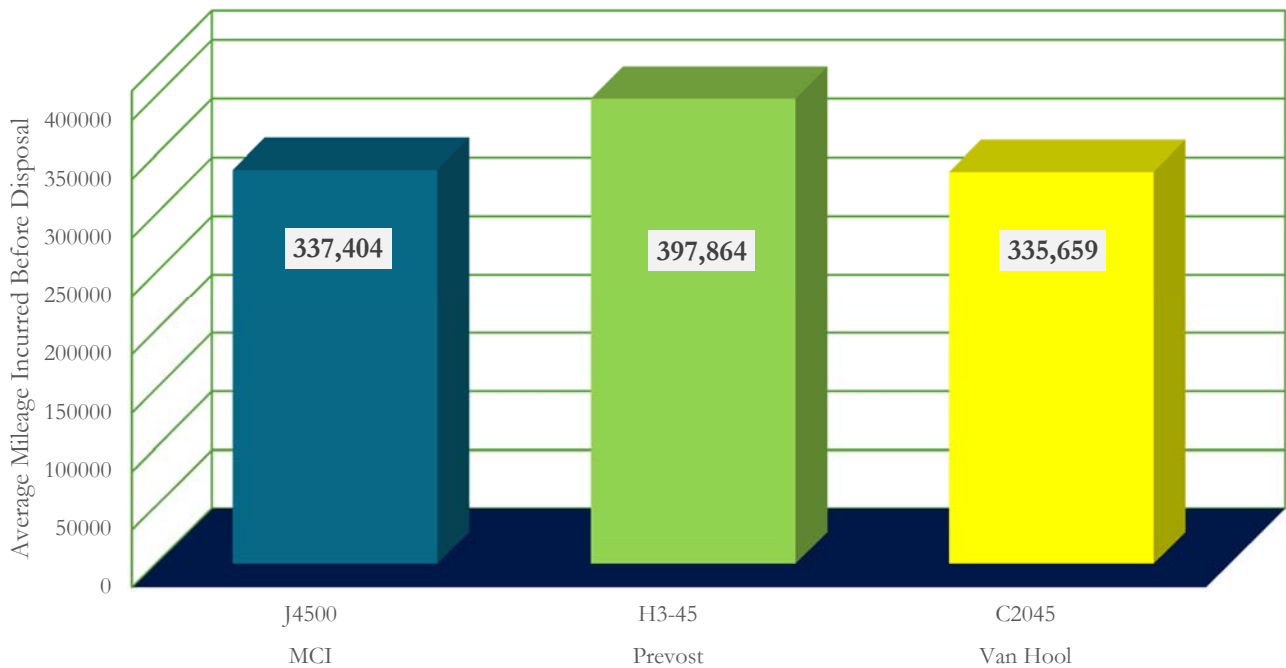
Part Name	Van Hool	+/- Average	Prevost	+/- Average	MCI	+/- Average	Avg Parts Cost
Belt AC Compressor	\$155.99	67.84%	\$39.14	-57.89%	\$83.69	-9.95%	\$92.94
Belt Alternator	\$102.24	42.89%	\$37.73	-47.27%	\$74.68	4.37%	\$71.55
Disc Brake Pads	\$252.27	20.49%	\$192.83	-7.90%	\$183.00	-12.59%	\$209.37
Rotor Drive Axle	\$580.12	46.09%	\$354.17	-10.81%	\$257.00	-35.28%	\$397.10
Rotor Vented Front and Tag	\$235.00	-27.16%	\$482.92	49.68%	\$250.00	-22.51%	\$322.64
Windshield LH or RH	\$308.94	-9.00%	\$225.00	-33.72%	\$484.50	42.72%	\$339.48
Initial Cost Difference	\$1,634.56	14.06%	\$1,331.79	-7.07%	\$1,332.87	-6.99%	\$1,433.07
1 AC & alternator belt 2 yrs	\$774.69	56.99%	\$230.61	-53.27%	\$475.11	-3.72%	\$493.47
1 Set Brake Pads every 2 yrs	\$2,270.43	20.49%	\$1,735.47	-7.90%	\$1,647.00	-12.59%	\$1,884.30
1 Set Rotors Drive Axle every 2 yrs	\$3,480.72	46.09%	\$2,125.02	-10.81%	\$1,542.00	-35.28%	\$2,382.58
1 Set Rotor Vented Front/Tag 2 yrs	\$2,820.00	-27.16%	\$5,795.04	49.68%	\$3,000.00	-22.51%	\$3,871.68
1 Each L/R Windshield Every 2 yrs	\$1,853.64	-9.00%	\$1,350.00	-33.72%	\$2,907.00	42.72%	\$2,036.88
Six Year Cost Difference	\$11,199.48	4.97%	\$11,236.14	5.32%	\$9,571.11	-10.29%	\$10,668.91
Red = Most Expensive							
Yellow = Mid Price							
Green = Low Price							

Data Charts

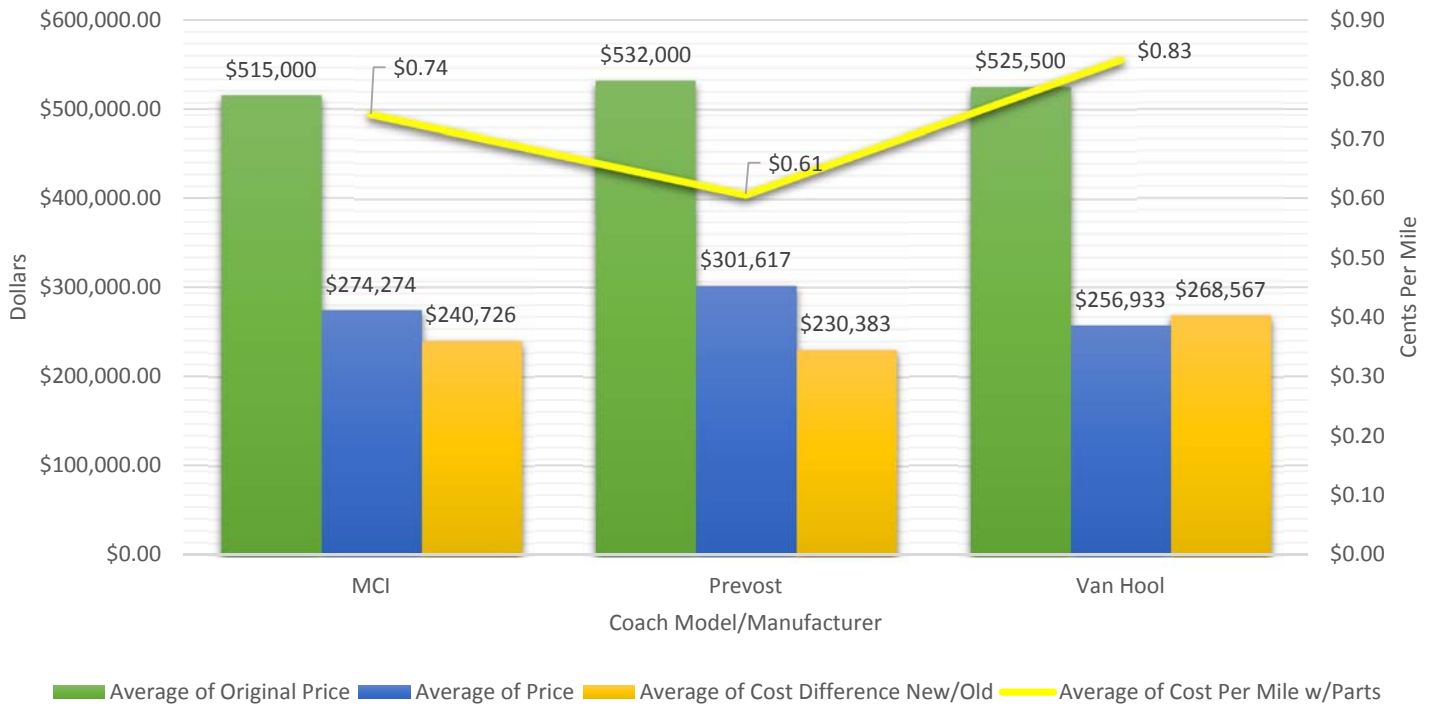
Average Production Year of Coaches Sampled



Average Mileage of Coaches Sampled



Original/Used/Differential Pricing & Cost Per Mile (with Parts)



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Summary and ROIting® Scores

1. **Prevost – Overall Score 91**

The Prevost was noticeably superior in nearly every way. It was the most responsive for pricing. It was the first to grant online access to the parts ordering system. Prevost still has room for improvement (particularly with their online parts system) but overall response, initial cost, and resale market price, all seem to be better than either MCI or Van Hool. With the exception of a few minor annoyances very few drivers had anything negative to say about the operation of the Prevost. Prevost's operating cost per mile was the lowest at 57.90 cents (parts not included) and 60.73 cents per mile (parts blended).

2. **MCI – Overall Score 88**

MCI had an acceptable response overall. They were better than Van Hool but still not great communicators and a little slower than Prevost. There was a small bit of reluctance to provide pricing but did so not long after Prevost. The salesman suggested that I see the demo coach that was coming to town as a sales technique before giving a price but even without seeing the demo coach he finally agreed to send me a price. They had the lowest parts pricing by a significant margin. The assumptions listed in the parts spreadsheet over the 6 years only becomes more in MCI's favor over time. MCI needed to be nudged a little to get them to move but overall were responsive. MCI had a slightly higher estimated cost per mile at 71.34 (parts not included) and 74.48 cents a mile (parts blended).

3. **Van Hool – Overall Score 81**

Van Hool had a poor response in nearly every aspect except their parts department which was responsive during most of the inquiries. It was difficult to ascertain used coach pricing because the market for resale coaches in the last 10 model years is seemingly difficult to find even from Van Hool. When inquiring about used coaches for sale on the Van Hool website it took weeks to obtain that pricing. An in-person visit was again brought up but this time for the east coast office, which possibly suggested a company-wide policy of required visits before pricing. The only category where Van Hool didn't rank last was the per mile disposition costs. Part to part comparisons showed the Van Hool parts at 20+% of the other manufacturers but when looked at a different six-year assumption they were in second place. Estimated cents per mile for the Van Hool is 80.01 (no parts) and 83.34 (parts blended). They were third place in this category as well.



01

SALES PROCESS

The clear winner in this category is PrevoSt. However, even the winner had room for improvement. MCI was a solid 2nd place and Van Hool seems to be wary of what they would seem to consider unknown buyers



02

INITIAL PRICING

MCI offered a significantly lower initial price. PrevoSt was 2nd and Van Hool the most expensive. Though the same feature set was requested as the original PrevoSt order it was difficult to ascertain whether the comparison was apples to apples.



03

PARTS & SERVICE

By category PrevoSt seemed lowest but the six-year compilation shows MCI with the lowest followed by Van Hool and then PrevoSt. Also there was no online parts ordering for Van Hool. PrevoSt and MCI had online ordering but was not intuitive at all.



04

USED VALUES

The best per mile (differential between used & new price ÷ miles traveled) was the PrevoSt at 57.90 cents/mile followed by MCI at 71.34 and Van Hool at 80.01. These figures however don't factor the required parts. With parts included the figures are PrevoSt at 60.57, MCI at 74.18 and Van Hool at 83.34.



05

INTANGIBLES

The feedback from drivers was too sparse to draw any firm conclusions. The preference was leaning towards PrevoSt but the sample size was too small to include in the ratings.

06

CONCLUSION

PrevoSt won in nearly every category and were typically second in the ones they did not take outright. MCI was a solid second overall with Van Hool typically in 3rd place in most categories.



Driver Feedback – (Not Included in ROItings)

Different driver groups were contacted but not enough surveys were collected to consider the results as statistically significant. Here, however are a few subjective items provided by currently employed drivers regarding the different coach companies.

1. PrevoSt

Pros – Driver and passenger A/C is separate. Driver compartment is better separated from passengers. Lavatory is more easily accessible. Storage door height is higher which helps with a driver's back. The kneeling and tag on the PrevoSt are superior. Overall ride quality seems to be better than the other two competitors rated in this evaluation.

Cons – The doors opening and closing can be problematic. When making tight right turns it's not easy to see what is less than a 90 degree turn because the front seats are in the way, on the right side. Front video screen can't be seen by front row passengers because of the LCD angle. Microphone jack placement should be on both sides to accommodate guides who like to sit behind driver.

2. MCI

Pros – Seems to be stable platform with fewer overall problems than competitors.

Cons – Absence of a clock. Difficulty in adjusting driver's seats. Difficulty in readjusting mirrors if knocked out of placement. Seems to have emissions problems with regen. Trim quality seems to have degraded over the years.

3. Van Hool

Pros – Comfort of driver seats. Easy to steer. Simple starting process. Good turn ratio.

Cons – Mirror placement