



HYSTER COMPANY

Americas Division

2009 SWOT

Account: Costco Wholesale

BACKGROUND:

Costco is the largest wholesale club in the United States. Expected growth is in the Northeast, Southeast, Canada and Australia.

Hyster has 100% market share of the Class I business for the Costco Depots and with new product rollout of the E30HSD with AC Hyster has an opportunity to obtain some of the Costco Store business. Currently Raymond has the entire stand up counterbalance equipment.

STRENGTHS:

- Good relationships at corporate and local facility levels.
- The E45Z All AC units has proved to be a strong workhorse for Costco and they have seen improvement in their run time because of the AC motors and a reduction in operating cost because of the AC Motors.
- Hyster Fleet has done a really good job of evolving the Fleet program
- Product loyalty is still very strong with Costco's Senior Management and the Depot Managers.
- Our inventory levels to meet Costco 2008 needs have been excellent and we have met all deliveries.

WEAKNESSES:

- B80ZAC – Motor Cycle Handle, enclosed operator compartment and strengthen load arms is what we need to capture more of Costco's Business.
- Communication to Costco & our Dealers on orders, paperwork, ETA on delivering units, trade-in value inspections.

OPPORTUNITIES:

- The redesign of the B80ZAC to meet Costco requirements coming in 4th quarter 2009





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- Launch of HDS series with AC technology
- One Costco Depot in the Frederick, MD area is planned to open within the next 12 to 18 months.

THREATS:

- Costco has perceived our inability to rectify product quality issues in what they call a timely manner could lead to future additional demo's with our competitors.
- Costco is continuing to demo competitors equipment

STRATEGY:

- Establish new pricing, trade-in values and a National Account Agreement that includes annual increase based on an indicator that is mutually acceptable to Costco & Hyster Company.
- Introduce New E50XN series. ITC Event, Depot series
- Continue to Introduce new technologies (ID Systems, Intermec, etc.) making us a value added Partner and no just a forklift company that can easily be replaced.
- Continue to visit the Costco Depots with our dealer personnel to further build our relationship with each Depot Manager.
- Quality Issues: Continue to work with our dealers and NACCO engineering to find a permanent fix on the open issues at hand in an expeditious manner. We need Costco to see how hard we work for their account that they concerns are important to Hyster and taken with high regards.

