

FORETHOUGHT CONVERSATION

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Dicky Riegel invents the authentic; it's his job. As Airstream's president and CEO, Riegel must gingerly innovate a product line that thrives, in part, because it delivers on its promise to be genuine. Since the archetypal Airstreams first appeared in the 1930s, the immutable aluminum trailers have attracted a loyal, demanding customer base that cuts across demographic lines—from the legions of mainstream—American vacationers to elite customers like Jack Kennedy (he used one as a mobile office), NASA, Buckminster Fuller, and Tom Hanks. Since Thor Industries acquired the company in 1980, Airstream has generated consistent profits selling its premium-priced trailers (top-of-the-line models retail for \$80,000). In the past 18 months, Airstream's growth has outpaced the industry overall. HBR's Gardiner Morse spoke with Riegel about Airstream's iconic status and growing cachet. Following are edited excerpts of their conversation.

Airstream trailers are, basically, aluminum eggs on wheels. What accounts for their mystique?

Let me ask you a question: Have you ever placed your hands on the skin of an Airstream trailer? There is something about the aerodynamic shape, the silver color, the rivets. Airstreams have an allure. People have an emotional response to them. They also appeal in a very basic way to people's love for the nomadic way of life, on the one hand, and to their sense of community, on the other. Airstream owners have a very strong sense of belonging. They'll travel across the country to join rallies with fellow owners. I just came back from a customer rally in Vermont that 5,000 Airstreamers attended.

How does the company tap into this community of owners?

We have to be approachable as a company, and I try to embody that spirit as its president. Airstreamers are a very loyal and demanding community. They have high expectations, and they demand authenticity. Let them down, and they'll never forgive you. At the Vermont rally, I lived in a trailer for the six days I was there. That wasn't just some marketing stunt. It was a hell of a lot of fun. If I were just giving lip service to the Airstream way of life and weren't passionate about it myself, the customers at these rallies would sense it immediately.

We actively harvest customer feedback. We do some of this through traditional methods like surveys and Web chat rooms, but we solicit a lot of feedback informally at rallies and other community-based activities. Every Wednesday evening during the summer, for example, I host a customer cookout. People drive their Airstreams back to company headquarters in Ohio for service from Florida, California, and everywhere in between, and we talk to them about their experiences while I cook the hamburgers and hot dogs. If they have problems with the product, we work hard to resolve them. Fixing a problem is a great opportunity to forge a relationship with a customer.

If authenticity is so important to customers, how do you decide what's authentic?

Authenticity is the sum of a lot of attributes. But which are most important? Is it the consistent shape and color of the product? Or the Airstream community itself? As we challenge authenticity, we determine the constraints on innovation at Airstream. The fact is, our brand mystique can breed an insular and sometimes narrow-minded view of what makes an Airstream an Airstream. Our ability to innovate certainly requires us to balance the expectations of faithful, longtime customers with the desires of new customers. To attract new buyers, we have to test boundaries, and sometimes we've pushed the boundaries too far. Many years ago, we launched a product some people

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called the “Squarestream.” It was an absolutely beautiful trailer. But it wasn’t aluminum, and it was boxy. Consumers rejected it. Yet, we’ve just launched a new Airstream product that isn’t even an RV. It’s a bar—a basement or patio entertainment center. It’s the rear end of a trailer, with taillights and a bumper, chopped off at stomach level. It has a countertop, shelves, and a refrigerator. But is it an authentic Airstream product? We think so. But the customers will ultimately tell us.

Sounds like the Squarestream was an expensive mistake.

But I don’t really characterize it as a failure. It was a necessary experiment. You’re not always going to win. I expect all Airstream associates and managers to make plenty of mistakes, myself included. But, obviously, we need to learn from them.

Airstreams are beginning to attract a hipper demographic. Who are these new buyers?

About 18 months ago, we launched a line of trailers with an interior designed by architect Christopher Deam—complete with flat screen TV, exposed aluminum, and backlit Plexiglas. We expected it to appeal to a much younger audience, and, indeed, the first buyer was a 28-year-old single guy from New York. But the second guy was 71. The third was 45. And so on. Pretty soon, we found that there is no accurate demographic description of these buyers. Instead, we think now in terms of a psychographic profile. These are design enthusiasts with an urban sensibility. And they’re telling us that they want the interior look to deliver on the promise of the exterior.


Although there’s no clear Airstream buyer demographic, there are three distinct psychographics: design enthusiasts; traditionalist customers, who include what we call “retrofurbishers”; and value customers, whose needs can’t be met by typical RVs but still approach their purchase on a budget. Even though these groups are made up of very different sorts of people, they all consider themselves part of the Airstream community. A 30-year-old design enthusiast from New York and a 65-year-old retrofurbisher from Michigan can pull up next to

each other at a rally and find they have a lot in common.

You’ve talked about being an “approachable president.” What’s your relationship with employees like?

My ability to succeed is based on my ability to work hand in hand with employees at all levels. I can’t personally build a trailer. I wouldn’t know the first thing about it. But I know that our manufacturing plant is the heart of the company. I realized that to be in touch with the day-to-day activities of the company and its employees, I had to be there. So, when I joined two years ago, I had an office built right in the center of the plant. Right now, I’m looking at the finish line. I’m looking at Larry Nieswonger, who’s actually the longest-tenured associate here. Forty-eight years. He’s an electrician.

After many years of fairly flat performance, Airstream has recently begun to outperform the industry. What do you think accounts for that?

I certainly don’t take any personal credit for the recent growth. Part of it’s due to a surge in demand across the whole industry. We’re seeing the September 11 effect, which has drawn families closer together and made domestic vacations more attractive. But the corporate culture is also changing in ways that help us compete. I try to promote an entrepreneurial environment where every employee feels that he or she shares ownership in the company’s success or failure. I try hard not to dictate. Managers must run with the ball. This can cause some frustration for me, but in the past year I do think people have been feeling more personal involvement in the company’s destiny, and that has helped our performance. I also think having fun is important. We’re in the recreation industry. If we aren’t having fun, how authentic is that? 

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