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Larger % Discounts on Larger Motorhomes?

Why are larger motorhomes available at wholesale and less expensive motorhome trading at a premium?

Since I started the 100,000 mile trek with my wife and son and as a retail customer who bought three motorhomes and a Jeep Liberty during the period from 2004 to 2006, I was frustrated to find that the best deals on a motorhome usually seemed to be on the larger ones that were just out of most buyers reach financially.

The size of the dealer's wallet not customer demand directly reflects the market price of pre-owned motor homes.

The challenge would become how to purchase a coach that we could afford and not lose our shirts on.

The first thing I spent months researching was to find out why the large coaches are selling for less when compared to the NADA Low Retail. What I found was very interesting and informative to my research oriented side. It turned out that in 2004, the nation's top dealers made their profits through high volume. I had learned that there were at that time more than 4,000 RV dealers in North America. More than 90% sold smaller RV's such as towable and a few class B and C motorized units. Of the 10% left, about 5 dealers did more than half of the volume. Almost 90% of the remaining dealers did about 20% of the volume. I decided to only communicate with those in the top 5 which included Buddy Gregg, DeMartini, Guaranty and Lazy Days. I was a smooth talker and quickly learned that these dealers actually bought the trades from the customer and sold them for a profit unlike a majority of the dealers who will wholesale them out before delivering the new coach they just sold.

Most dealers can only afford to buy lower priced coaches which make them much more popular at the auctions. In today's market, several manufacturers are not producing at peak levels leaving a shortage of smaller and cheaper motorhomes. A dealer can make three times the profit on 5 \$50,000 motorhomes than one \$250,000 motorhome at the auction. The handful of buyers of large motorhomes can only afford one or two vs 3-5 of the smaller and cheaper coaches. Banks are also floor planning used motorhomes at about \$.65 on the dollar, which leaves dealers short on what they can buy.

Popular VS Value

The more popular a coach is, the less value it offers the pre-owned buyer. The more people that want it, the harder it is to get and the more you pay. Popular does not mean better. Some

companies have a great reputation with first time buyers of "New" motorhomes. Those units sell at a premium used. My research shows that the well-made older units offer much more value to the pre-owned buyer.

I personally look at value over price. I can drive a 5 year old High end Coach for the same annual cost of a brand new Gas Class C.

When you think to you self, "how much do I want to spend?" change that to "How much do I want to spend per year". The difference will astound you.