

## Re: Moving from Used to New...

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- *From:* "Kevin Cunningham" <[smskiv@xxxxxxxxxxxxxxxx](mailto:smskiv@xxxxxxxxxxxxxxxx)>
  - *Date:* Fri, 08 Dec 2006 14:04:01 GMT
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"Too\_Many\_Tools" <[too\\_many\\_tools@xxxxxxxx](mailto:too_many_tools@xxxxxxxx)> wrote in message  
<news:1165556705.022753.188510@xxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxx>

The centralization of the vending process to eliminate dealerships in favor of regional offices is interesting.

I would use a more colorful word than "interesting".

The level of service and responsiveness to customer requests has suffered from all manufacturers adopting this mode.

I expect Chinese and India companies in the future to take advantage of these weaknesses.

TMT

Let me throw my two cents in. There are fewer and fewer dealers as manufacturers take over more areas. Nikon now runs the SE directly for instance. However this is not as good as it seems. The Nikon folks are not as skilled as the users could hope. I like these folks quite well but they need more help from Nikon. Training is a huge issue but since it costs money manufacturers just want it to go away. The internet has allowed users to get info from other users which has increased price pressures. Manufacturers are desperately trying to get this to go away but their methods, holding their breath till they turn blue, hasn't worked for them. The internet is here to stay.

I've been talking to my dealer buddies and they have the same ole' problems. It costs a lot, about \$1.5 mill., to be a dealer, its very hard to get sales staff and it very hard to find a bank that will lend you money for expansion or stocking. A lot of dealers are trapped in the late '70's at best. One huge problem is territory size. Some dealers have small, 50's type, dealerships. This means they don't have enough accounts to hire people

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other than their family. Sounds good until your in your sixties and want to sell, but to whom? Hiring staff is difficult. It takes a year to fully train a sales person and get the person accepted by the customers.

Most manufacturers discount equipment to dealers at 30%, Nikon ranges from 40% to 50% for bench top and research stuff. Student stuff is sold by discount so its at 40% at least so it can be discounted more. A dealer need 18% to cover costs so any more than a 10% discount is a problem. Demo stuff is at the discretion of the manufacturer but usually the dealer has to buy demo stock 3-4 times a year. Not a bad deal, usually its used to boost profit margins and the rest sweetens deals usually to a buyer that will be buying some more later. It's rare to sell demo stuff to an amateur but anything can happen once. There are constant equipment needs, most equipment is built once or twice a year, when it runs out, its out.

There are just not enough amateurs to make that market viable thats why its hard for an amateur to be treated properly, you see so few of them as a pro. I can count on one hand the amateurs I've seen in all my years (I start waving my cane now, it gets tangled in my beard) in the biz.

Just a small point, when did you ever see a salesman (any variety) not lying?

Thanks,

Kevin Cunningham  
SMS

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