



Re: Moving from Used to New...

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

Re: Moving from Used to New...

type,

dealerships. This means they don't have enough accounts to

hire people

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 equipement 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 discrection of the manufaturer 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

Re: Moving from Used to New...

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.

Kevin:

Good analysis. The category margin statements and fixed overhead  
costs should  
be useful to the OP.

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

And you had to make me laugh too?

Regards,

Edward Hennessey

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