



Prepared for Normal Now

As lockdowns eased, one Ohio dealership who operates both auto dealerships and an RV dealership is seeing similarities and differences between the two business types. It used custom vehicle data software to project and prepare for what RV vehicles it would need with inventory slowly diminishing industry-wide.

By Dan Larson

Photos by Robert A. Clayton Photography

Dave Arbogast Group serves as a petri dish where the similarities and differences of the automotive industry and RV industry coalesce. The company is a hybrid business with both RV and auto dealerships.

Dave Arbogast RV Depot is one of three adjoining sister dealerships at a highly visible location nestled under a giant American flag, just south of Troy, Ohio. The RV dealership is unique in that it boasts the largest indoor RV showroom in Ohio.

(L to R) Blake Arbogast, auto dealerships general manager; Michael Braman, general manager of the RV dealership and Dave Arbogast, the Arbogast conglomerate owner.

Dave Arbogast Group

- Dave Arbogast Buick-GMC
- Dave Arbogast RV Depot
- Dave Says Yes, finance
- Conversion Van, sales
- Used Car Center, sales
- Buying Center, trade-ins
- Reconditioning Center and Car Wash, trade-ins
- Dave Arbogast Ford (formerly Troy Ford)

The company was founded in 1994 as Dave Arbogast Buick-Pontiac-GMC. In 2001, the sister RV dealership opened on the north side of the 35-acre lot. With the acquisition of an adjacent Ford dealership 18 months ago, the campus now covers 45 acres.

When the virus-related lockdown began to ease in May, all the dealerships saw a rapid resurgence in new and used vehicle sales. They also uniformly experienced an ongoing broken supply chain. Now, they are experiencing the next stage, a seismic shift of customer interest in buying online.

"Things have changed," Dave Arbogast said. "I don't see us ever returning to doing business the way we used to. People were penned up for eight weeks and scared to death about going outside. Once they felt they could safely go back into the retail world, they have come roaring back."

Arbogast added that sales of new and used vehicles, both autos/trucks and RVs, "have absolutely exploded."

"We stayed open during the shutdown because people still needed to get around, and they were still interested in RVs. We also saw more customers willing to do business over the internet. However, when our inventory dropped to less than half what it is normally, we were very concerned."

What Is Trending

Daily frustrations with vehicle, parts and accessory back-order delays continue across all three dealerships. RVIA

data shows a sharp increase in RV consumer demand. For the auto industry, consumer demand returned to levels seen before the shutdowns.

The Black Book report on May 2020 RV auction sales volumes/values were up across the board. The report shows the average wholesale selling price for used motorized units at auction was \$47,220, up \$10,750 (29.4 percent) from the previous month.

Towables came in at \$17,506, up \$3,875 (28.4 percent) from last month. One year ago, the average motorhome sold for \$46,747 and the average towable unit brought \$14,666.

Auction sales volume skyrocketed, according to the report. Motorhome sales jumped 108 percent, while towable sales rose 98 percent. The average age of auctioned motorized and towable units was 7 years old (2013).

The auto industry, in the doldrums globally since the 2017 sales peak, is projected to slide to 70.5 million units globally this year, a decline of nearly 33 percent from the 2017 peak. In 2020, domestic automotive sales volumes are forecast to slide to 13.6 million units total, down from 17.1 million in 2019. The pandemic shutdown is largely to blame.

On the auto side, resupplying vehicle inventory will take several months. On the RV side, Dave Arbogast brought in a host of new manufacturer brands with similar bestselling floor plans to stay ahead of RV vehicle shortages.

Blake Arbogast, the general manager

of both auto dealerships, said when the lockdown went into effect, Ford Motor Co. had a larger inventory of new cars and trucks available than did GM. As a result, Arbogast's Ford inventory was greater when customers returned. However, with steady sales and both manufacturers unwilling to set a resupply date before mid-August, he is concerned over the dwindling auto inventory.

"We like to have between 250 and 300 new cars and trucks on the lots at both dealerships," Blake said. "Last month, we sold 90 Buicks or GMCs and about that many Fords. With no new units to replace them, we will have no cars on the Buick-GMC lot by month end. Our Ford inventory will carry us through July, but after that, I don't know. We usually have 75 new GMC trucks available; today, in mid-June, we have two."

By mid-June, only 115 new Buick or GMC vehicles remained in inventory. The Ford lot had 250 vehicles.

Inventory at Dave Arbogast RV Depot was different. While its standard RV manufacturers had some of the same issues as the auto manufacturers, the RV dealership had options the auto dealerships did not. Manufacturer-dictated standards on which vehicles can be sold on a branded lot is less restrictive than standards for RV dealerships, so the RV dealership cast its net wide.

Long before the shutdowns, Michael Braman, general manager of



(L to R) Alina Ferguson and Melisa Greer work at the Boston Stoker café at the GMC dealership.



Salesman Larry Rue is one of the estimated 15 salespeople who help consumers purchase the dealership's selection of the 200-plus RVs they keep in inventory.

Dave Arbogast RV Depot, created a program to track the bestselling vehicles and floor plans. The program soon proved useful.

Preparation

As RV demand warmed up in May, onsite RV inventory shrank. The more popular floor plans quickly moved. Braman said the strong ties Arbogast RV forged with its existing manufacturers helped fill certain inventory gaps.

"Our partnerships with the manufacturers have always been solid, and part of that is due to our large service center," he said. "It's at times like this that we do see a benefit."

To fill growing inventory gaps, Braman relied on his vehicle data toolbox to home in on the right models, while letting other, slow-turn models coast without reordering.

"Fortunately, we saw this coming," Braman said. "We gathered that there would be a shortage in some parts of our inventory, so we took action as soon as things shut down. We reached out to other RV manufacturers and tracked down specific floor plans we knew would move quickly. When things picked up, we were ready."

Braman is a former trainer at Spader Business Management. His background in RV dealership operations stretches back two decades. He joined Arbogast RV in early 2020. Shortly after he arrived, he built a 5-year-running trend analysis tool focused on sales by floor plan, length and manufacturer.

"We look at inventory a bit differently," Braman said. "The sales-trend tool allowed us to see which type of units were turning quickly and which were not."

Braman added that once their cost-line margins were set up, they turned down some sales in March.

"We held that margin when things picked up, while other dealers were raising their prices," he said. "The customers noticed."

A similar strategy on the automotive side locked in prices strictly at MSRP, less any manufacturer rebate.

Dave Arbogast added, "The way we see it, a double-over-double bunk floor

plan is a double-over-double bunk floor plan, and for many customers during this time, it doesn't much matter whose name is on the side.

"Because we know what sells for us, I can stay cautious and not build inventory just to have it," he said. "Some manufacturers tell us they won't resupply until October. That doesn't work for northern dealers like us. We won't go into winter with 500 new units on the ground."

Since stepping into the general manager role, Braman deemphasized Type A motorhomes in favor of a deeper selection of towables and Type Bs. The dealership does not carry pop-ups but instead pushes the advantages of hard-sided small trailers and teardrops.

"We were recognized by Airstream for being the top retailer of the Airstream Interstate for five years in a row," Dave Arbogast said.

Service Supply

For all the success Dave Arbogast RV Depot has had keeping popular floor plan inventory, in the parts department, the story is different.

While over at the Buick-GMC and Ford dealerships, the opposite is true. Blake Arbogast said while new cars/trucks are in short supply, the auto repair parts supply chain has reopened. Most parts are readily available.

"Parts supply has become difficult," Braman said. "Normally, it takes a couple weeks to get some of the high-demand RV parts we need, no matter what we do. Lately, we manage customer expectations by telling them it may be double that time due to the pandemic. Most customers understand."

Braman added that many key parts lines are sourced from China and virus-related trade restrictions have ground the RV parts supply chain to a halt. During the lockdown, getting parts, especially recall parts, was difficult, he said.

"For RV repairs, waiting two to three weeks is normal," Blake Arbogast noted. "That is not the case for auto repairs. People want their car fixed the same day, or maybe by tomorrow, but that's it."

Most auto parts manufacturers stayed open during the lockdown, although with fewer workers, he said. "All I know is that I can get most of the parts we need, and that makes me happy."

Delayed deliveries of assemblies for recall repairs caused headaches originally, he said. "We are required to hold the recalled vehicle during repair, so while we wait for the recall part, the customer is in a courtesy vehicle. That takes another new car off the lot."

When asked about a reported shortage of trailer hitches, Blake verbally shrugged. "We bought bulk at the end of last season. We have a couple of containers full of hitches in the back."

Online Interest

Online sales have become an essential element of each of the three businesses. Car/light truck buyers have grown accustomed to online commerce, and RV customers are following the trend.



(L to R) Service Advisor Alex Crumrine and Walk-through Specialist Stacy Trissel and B J Stead are part of the service team who report to Service Manager Chris Kovach.

"We've been heavily involved in online sales for more than 10 years, and today, that is where all our car/truck sales originate," Dave Arbogast said. "About three of every four RV sales are affected by the internet, in one way or the other, but in our car business, it's more like 100 percent."

The ability to select the right car online, get it financed and have it delivered has completely transformed the car/truck sales business, but not necessarily to the dealer's advantage. If people were gradually adapting to online transactions before, the pandemic has made it nearly universal.

Most RV buyers now know what they are looking for when they visit the store. For car buyers, especially used car buyers, available tools let them select the vehicle they want before they even leave the house, Blake Arbogast said.

"With the dealer locations... the price and the vehicle's history are available to the public on Carfax or AutoCheck... customers know exactly what they are dealing with," Blake Arbogast said. Carfax has done an excellent job marketing itself to consumers, while AutoCheck from Experian offers

"industrial strength data" that car dealers have come to rely on.

"We stay ahead of the curve with internet sales," Blake Arbogast said. "I would say 95 percent (of customers) come in having thoroughly researched the car they want. When we do our jobs, about a third of those leave in a different vehicle."

Dave Arbogast said vehicle history reports eliminate many of the previous land mines related to used car sales. The reports helped raise the inventory's quality and value.

"For our business, a vehicle history can be a blessing and a curse," he said. "It's not easy telling a customer their trade-in is devalued because it was in an accident three years ago. We educate them as best we can by showing them how much that vehicle history figures into the trade-in value."

Arbogast's auto trade-in policies mandate that every car taken in trade, even with a full vehicle history, undergo a comprehensive, 100-point inspection. The RV side has a similar policy.

"When it hits our front lot, we are confident that vehicle is ready to go to our next customer."

Respect for the Customer

During his long career in the auto and RV industry, Dave Arbogast learned the key to success was raising customer satisfaction beyond value expectations. He said customers must believe they are respected, treated fairly and not just seen as a sale.

"We believe it is essential that every customer is treated fairly and with the same respect, regardless if they are buying a 19-foot travel trailer or a \$200,000 Airstream," Braman declared. "Everybody is treated the exact same way."

Running an RV business and a car-truck dealership have similarities, Dave Arbogast said. From sales and trades to parts and service, doing everything necessary to satisfy the customer is the solution to success for both.

"The auto manufacturers have made customer service an exact science," he said. "With RVs, it is a bit different since it's a house on wheels. But for any vehicle service, the goal is the same: get to the bottom of the issue, get it fixed and get it back to the customer." 11020