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Flying Far to Buy a Car: The Auto Shopper's Quest

By Allan Chernoff

After an auto dealer demanded \$10,000 above sticker price for a new hybrid vehicle, car shopper Michael Rathjen of Kirkland, Washington resolved to pay no more than the manufacturer's suggested retail price (MSRP) for the vehicle of his choice. He never dreamed his quest would take him eight months and 3,000 miles from home.

"I'm calling across the entire country. I'm thinking this is not going to be possible. I'm not going to find a dealer selling at MSRP," recalled Mr. Rathjen, a technical writer. "I kept calling further and further away until I hit Vermont."

In early May, Rathjen flew to Burlington, Vermont to pick up his new Toyota Rav4Prime, then immediately turned around and drove it cross-country to bring it home.

Near-record low inventory levels, supply chain backups, and production delays do not fully capture the monumental challenge confronting consumers seeking to buy a popular new car, light truck, or SUV without being gouged by profiteering dealers. Determined shoppers who want to pay sticker price in today's market must rely upon a reservoir of persistence and patience, and, in some cases, travel hundreds, even thousands of miles. Even so, shoppers like Mr. Rathjen are happy to do so. "I felt very lucky to get exactly what I wanted, and at MSRP," he said.

This is the state of today's motor vehicle market.

"Right now, if it's the right vehicle there's no limit in how far people will go," said Ryan Denecker, sales director at Heritage Automotive Group, which operates Toyota and Ford dealerships in Burlington and is holding to its policy of selling vehicles at or below sticker price. His dealership has sold to buyers from around the nation.

Heritage Automotive normally has 500-700 vehicles available for sale, with its lots full of cars, SUVs, and light trucks, according to Mr. Denecker. Today, the lots are nearly empty, while buyers must put a deposit down and wait 2 to 12 months for their vehicle to arrive.

"I've been doing this since the late '90s," said Mr. Denecker. "This is a landscape like I've never seen before."

It is a landscape impacted by a perfect storm that is squeezing supply at a time of strong demand.

COVID-19 shutdowns two years ago put the brakes on the auto supply chain, a slowdown from which the industry has been unable to recover. Demand for semiconductor chips for today's highly digitized vehicles continues to far outweigh supply, a situation exacerbated by Russia's invasion of Ukraine. The nation under siege is a major supplier of neon gas required for lasers that carve tiny pieces of silicon to create semiconductor chips, and is also a leading maker of wire harnesses necessary for bundling cables throughout vehicles. Labor shortages at factories and ports in the United States have added to the auto industry's troubles.

With demand outstripping supply, new car prices have soared. The average transaction price for a new vehicle in May was [\\$47,148, up more than 13 percent from May of 2021](#), according to Kelley Blue Book. Electric vehicle prices rose 15 percent on a year-over-year basis, and hybrids were priced 18 percent higher.

Contributing to the jump in prices is the fact that manufacturers are allocating their precious semiconductor supplies towards their higher profit vehicles, said Michelle Krebs, Executive Analyst with Kelley Blue Book parent company Cox Automotive. "Automakers are selling their top-of-the-line models," she said.

Buyers have been paying above sticker price since last August, as average transaction prices for new vehicles have steadily climbed, according to Edmunds. The auto market research firm says vehicles that now routinely sell for more than \$3,000 above MSRP include the Kia Telluride SUV, the Lexus NX450H hybrid, and the GMC Hummer electric vehicle.

Kevin Ratz of Chicago was stunned when his local Toyota dealer asked for a \$21,000 markup on the only RAV4 Prime in stock. That triggered him to begin hunting for the hybrid SUV, selling at sticker price. Ratz's quest involved contacting more than 60 dealerships, several that marked up the price by \$10,000, before he finally found his prize 900 miles from home.

"It became a challenge to find the car where I wasn't going to pay a single dollar over the window sticker," said Mr. Ratz, a commercial airline pilot. "The feeling I had when I got that deposit down—I couldn't believe it had just happened."

Flying to reasonably-priced dealerships makes sense for vehicles in high demand, argued Ian Drury, Senior Manager of Insights for Edmunds. "These are extreme measures people are taking

because they're frazzled by what's happening in the industry," he said. "The fact that people are taking pride in saying, 'I paid MSRP' is completely different from any point in history."

Before the pandemic, dealers competed on how far below the sticker price they would sell a car, light truck, or SUV. But it is no longer a buyer's market; dealers now have the upper hand, and those willing to sell popular models, particularly hybrids and electric vehicles, at sticker price are the rare exception.

"We are inundated with orders we can't fill," said the sales manager of a New Jersey Toyota and Volkswagen dealership that prices vehicles no higher than their sticker price. He asked not to be identified because he is no longer accepting orders for popular models, including the Toyota RAV4 Prime and the Highlander Hybrid, and has a list of 160 customers who have put down deposits and are waiting months for their vehicles.