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Camping World Holdings, Inc.

2020 Investor Presentation Conference Call

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PRESENTATION

Operator

Good morning, and welcome to Camping World Holdings' 2020 Investor Presentation Conference Call.

At this time, all participants are in a listen-only mode. Later we will conduct a question-and-answer session and instructions will follow at that time. Please be advised that this call is being recorded and a reproduction of the call in whole or in part is not permitted without written authorization from the Company.

Participating in the call today are Marcus Lemonis, Chairman and Chief Executive Officer; Brent Moody, President; Tamara Ward, Chief Operating Officer; Karin Bell, Chief Financial Officer; and Matt Wagner, Executive Vice President, Dealership and Retail Operations.

I will now turn the call over to Mr. Moody to get us started.

Brent Moody

Thank you, and good morning, everyone.

Yesterday afternoon we issued a press release containing our long-term goals for the business and we released a video and slide presentation that outlines our business, our history, our growth initiatives and our long-term growth goals. This video and slide presentation can be found in the Investor Relations section on the Company's website.

Management’s remarks on this call may contain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Any forward-looking statements represent our views only as of today and we undertake no obligation to update them. Actual results may differ materially from those indicated by these statements as a result of various important factors, including those discussed in our Risk Factors section in our Form 10-K, our Form 10-Qs, and other reports on file with the SEC.

I'll now turn the call over to Marcus.

Marcus Lemonis

Thanks, Brent. Good morning, everybody.

Based on a number of requests from current shareholders, we felt it was important to put on this investor conference. We believe this is something we'll repeat in the years to come to allow people to get more information about the Company, more importantly about where we are but where we're going, and this will be in addition to our quarterly numbers that we provide on our quarterly calls.

As we normally do on most of our conference calls, I want to make sure that we keep our prepared remarks really brief and that we get a chance to jump right into Q&A. And we're pleased with what we have to talk to you about today.

Last night, as Brent mentioned, we posted both some guidance for the balance of 2020, as well as our outlook, early stage outlook for 2021 and we did that through both the press release and a video presentation that you could find in the Investors section of campingworld.com. If you have not seen that video, we would strongly encourage you to watch it because we believe it tells a very tight narrative around the Company.

As part of our discussion today, I do want to review the goals and initiatives, but before we get started with that, I think it's important to highlight what we consider the five truths about our business that either often go unrecognized or they're misnomers.

Number one, we are more than a company that sells RVs, and arguably the largest misconception about our business is that we're simply an RV dealer. That's far from the truth. We're much more than that. Selling RVs for us is just the fire starter for our business. In this presentation we're going to show you the different revenue streams that make up the entire Camping World universe.

Number two, a large portion of our business, our revenue—excuse me, a large portion of our business is not cyclical. Every business has some level of cyclicality to it, but our secret sauce is the fact that most of our business is not. It's high margin recurring revenue that really caters to the installed community of RV owners that really have driven this industry for many years in the past and many years to come - 10 million RVers in the range.

Number three, we don't believe that our business model is easily duplicated. Through our 50-plus year history we refined our ecosystem, and we're going to talk to you today about why we don't believe it's easily duplicated. You often hear me talk about the moat around the castle. We think that moat is only going to get deeper and wider. We don't think that it's easy to get into our business.

Number four, we have a relatively unlimited amount, a bountiful amount of white space in front of us. Years ago when we started this Company, customers had a different travel pattern, and as we've looked at the whole addressable market, the 144 million approximate people that love the outdoors, and whether that's RVing, hunting, fishing, camping, whatever it may be, that addressable market is huge.

And we've noticed that people are traveling but that as the RV and outdoor enthusiast has gotten younger, people have started to travel in shorter distances, because they're leaving work on Thursday night or they're leaving after school on Friday and they're traveling for the weekend and they're coming back on Sunday night in preparation for work or school on Monday. It doesn't allow people to travel hundreds if not thousands of miles; they're taking these 60, 70 mile trips. That allows us to have much more opportunity to add to our footprint.

We have 164 stores today. We think we can have much more than that. In fact, I would argue that over the next decade that could be double. We don't think that white space is being gobbled up.

Number five, we believe we are a very stable business. If you look at the history of the Company over 20 years, or even since we went public, we've had really good returns, and while we know we had a blip in 2019 as we entered a market and pivoted into something out of that market, for the most part, we've been very, very stable.

In the prior Q&As we've answered a lot of different questions about initiatives, and we want to really focus on the list we're going to talk about today and then to dig in really deeply so that people understand how it is that we feel confident that $500 million is our outlook for 2021, and how we believe we're going to be able to compound that number every year going forward consistent with how we compounded our earnings from the day we went public.

Number one, we believe we can continue to grow our Adjusted EBITDA in the mid single-digits, on average, over the next five years, generating more than $500 million in Adjusted EBITDA next year alone. Annually, we're targeting a base case of 7.5% of Adjusted EBITDA margin, and SG&A as a guide, around 68%. Now the reason I picked 7.5% as opposed to the 13% we reported in Q2 and hopefully a larger number than that in Q3, is because we want to give people a base case of where they should expect our business to be. That's almost a floor for us as a company as we look at return on capital. But that number can move around pretty dramatically. Here's an example.

If we go out and acquire a billion dollars of RV dealership revenue, with $55 million or $60 million of earnings, which is great, it's a 5% to 6% EBITDA trailing 12 number, we haven't had a chance to integrate that into our business, put it in our processes and F&I, change the way we do used at our retail stores, and most importantly, pull those folks through our Good Sam house where the high margin recurring revenue exists so if we go out and make that big acquisition, oddly enough, it actually suppresses our EBITDA margin. We don't pay our bills with EBITDA margins. We pay our bills with cash flow.

As the single largest beneficial owner of this Company, I'm focused on driving this Company to $600 million, then $700 million, then $800 million of earnings. I'd much rather have $800 million of earnings at 7.9% than $650 million at 9% EBITDA margin. We want to generate cash so that we can not only grow our business, delever our Company, but we want to continue to increase our dividend if the Board of Directors feels it's appropriate.

Number two, our goal is to have a net leverage ratio less than two times by the end of this year. Now, historically, when we went public and when we talked to investors, we've always been comfortable with a leverage less than three times. We're not changing our tune around that. We're comfortable less than three times. When we get down below two times, we're sitting with a lot of cash and we want to make sure that we're using our cash in a way that's going to give the Company the best return on investment. Whether that's paying down debt, making acquisitions, investing in technology, making a big dividend, a special dividend, increasing the monthly dividend, buying shares back, we want to preserve as much optionality as possible. Our goal is to obviously deploy that in the best use.

Number three, historically, we've talked about the fact that we expect to open or acquire eight to 10 locations a year. Look, that's an average number. There have been years where we've done 15 deals and there have been years where we've done zero. So this eight to 10 number is an average. And what is the regulator of whether we do it or not isn't the amount of capital that we have, it's the amount of human capital that can actually absorb, integrate and train those new acquisitions or new store openings in a way that we feel is going to be accretive.

As we sit here today, between raw land, finished facilities and acquisitions, we're in one step or another in the entire process to add up to 20 locations over the next 15 to 18 months. Those locations include, again, raw land where we're going to build, facilities that we've acquired that are empty today that we can renovate slightly and open, or acquisitions that are already in the LOI or purchase agreement stage. I'll give you a much cleaner analysis. We are back in the new store opening and acquisition game because we feel comfortable with our leverage, we're happy with where our cash is, and we believe our human capital and our systems are prepared to take that next leap.

We expect to invest no less than $20 million to $30 million annually in technology that we believe is going to further separate us from our competition. Look, we see ourselves as a steward of the industry. It's important that the overall industry is healthy. Every dealer, every camp ground, every manufacturer, we want everybody to be healthy because it creates a better customer experience for somebody that's new to the lifestyle or somebody that's already in it to stay forever.

For our Company, the way we separate ourselves from our competition is by enhancing the customer experience, by making it easier to transact with us. And whether that's creating a new way to buy, or a new way to get a value on your unit, or a new way to get a return on your capital, or book an appointment, or communicate with us, we realize that customers today, in 2020 and beyond, want to be able to communicate with us in a way that works for them, not for us. And so we have to spend money to move with the times.

We slipped up over the last four or five years in our capital allocation points technology. I think we've made progress in the last 12 to 15 months, but there's more work to be done. And this amount does not include any potential acquisition that we may make of proprietary technology that could be out there that could be additive to our business or our experience. This $20 million to $30 million is purely capital that we're going to deploy on a monthly, quarterly or annual basis as we reinvest, rejigger or improve what we already have, or develop new code or new technology. Again, it does not include what we could acquire on the outside to bolt on to our business.

Currently, we have 2.1 Good Sam million members. I want to remind people that a year ago we had a little bit more, but when we exited those locations that were not permitted to sell RVs, we retired that file off to one side, because we wanted to look at what the total file was for business that was going to go forward. We've seen growth in that file in the last four or five months, we're happy to say. Even though we ended up (audio interference) markets, we've seen growth in that file. The two numbers that we want everybody to be focused on, both internally and externally, is improving the customer experience, improving the benefits that are awarded to these well-deserving members, so that we can retain them at a higher rate.

In order to improve the file and its contribution to the Company, we have to not only retain them, but we have to find new Good Sam members. And we do that electronically, we do that through our call center, we do that through our retail business, but most importantly, we're able to accelerate that when we pop up in new markets, either through acquisitions or new store openings.

More recently, we've started to get intimately focused on each Good Sam members' contribution to our revenue pool on an annual basis. At the end of Q2 2020, we reported that each member generated approximately $1,850. We see a lot of room for improvement. But that member is only going to give us a larger share of wallet if we deliver the kinds of things they expect from us. They expect exclusive benefits, early access, a fee-less driven environment for them. When they write their $29 check or they sign up for a two, three-year membership, they expect to receive a significant return on their capital. They expect to spend $29 and get multiple turns on that money. It is our job to continue to improve that experience. We're very focused on it.

We believe that over the next three years we can improve both the file size, and the average spend per member by 10%. We think that's a pretty conservative goal, but it's a goal that we want our internal team to be focused on. It's not just about piling people into the file and then having them leave. It needs to be profitable and thoughtful.

Number six, we're looking to expand lots of different high margin products. One of those areas where we see a ton of opportunity is on the collision repair side. We all know that when we get out on the road or we're using it in campgrounds or we're active, we bump into stuff. Sometimes there's hail damage or accidents. Unfortunately, there's things like fires.

We want to be the leader. We are today, but we think it's time to double down. This request is not only coming from consumers, those 10 million RVers who are finding it hard to find places, but our insurance partners who are looking for a more streamlined and regulated process around insuring and improving their insurers' experience. One of the things that improves that experience is the amount of time it takes to repair a coach, where to drop it off, what the fees are going to be and how the whole process works. Now we know that because one of the big contributors to our EBITDA is our own insurance agency, and we got that feedback from the customers who buy policies from us today. They want more locations where they can have their unit repaired.

Over the next several years, whether it's expanding our existing locations, or even adding regional service and collision centers, we love this high margin 65% to 75% margin business. What does that serve? It serves the installed base, and it isn't reliant on the sale of new RVs. Now used RVs are a big benefactor of that, but largely it's the 10 million-plus people that already own RVs today.

One of the exciting things that Matt Wagner will talk to you about a little during the Q&A is this unbelievable proprietary technology that we have worked for years to develop, called the Good Sam RV Valuator. Now the reason that we attached the Good Sam name to it is because Good Sam has historically been known as an independent authority and an advocate to members and RVers nationwide to provide them fair and accurate information.

We believe this Good Sam Valuator superiorly trumps everything else that's out in the marketplace, because we've taken years and years of transaction data, both on the new side and the used side, to be able to accumulate a value that we believe puts the appropriate amount on the asset that the RVer is trading in. We think it creates a better experience for the entire RV industry, but most importantly, for our own customer.

We know that our willingness to stretch on a trade or stretch on a purchase is a misnomer term, because that stretch really is the appropriate value. Historically, RV dealers have used different books - black book, blue book, all kinds of books. From our perspective, unlike the auto business that has a rich amount of data to support it with all the auctions, both online and in person, our industry doesn't have that data. So when you look at these books, the data is so thin that the accuracy of those numbers are questionable. We believe that our data that ranges from coast to coast, north to south, east to west, left to right, everything in between, we have close to 850,000 transactions over the last 15 years, provides us really good information.

We also are going to add into that data trades that we see that we may not make a transaction on. Keep in mind, through the rest of our database we also know what warranties we provide, what roadside we provide, we have a lot of other data that goes into that formula as well. That RV Valuator is live and it is our goal in the next 12 to 24 months to make it the authority on RV values, hoping that even other dealers use it, and if they don't like the values, they can send those customers to us and we'll be glad to buy it right there on the curb with cash same day.

The next exciting thing that we want to talk about is this notion that the RV rental market is something new. Look, there have been dominant RV rental companies for years in the United States - Cruise America, El Monte, Road Bear, just to name a few - and they have done an excellent job at catering to those people who come from Europe, who are weekenders who want to go tailgating; but historically domestic folks have not been the driver of the RV rental market.

Now over the last five years we've seen how technology can change the way people can monetize their assets. A good example is Airbnb, right? You took these vacation homes and different investment properties and you're able to pull them together on a piece of technology that allowed people to think about investing in property differently than they ever did before because there's a platform to give them a return on that investment.

Now our drive to getting into the space isn't purely economic. It really isn't. And we know that there are two primary competitors out there, that we have a lot of respect for. We think they do a really wonderful job. And that's Outdoorsy and RVShare. They've done a great job of building a model that allows for consumers to rent and do all these things with each other. We think that's fantastic.

Our drive in getting into the space is primarily and purposefully to give our Good Sam members, our 2.1 million Good Sam members, and the balance of our active database, another 3 million people, an enhanced RV ownership experience. Because years ago people would go out in RV and they'd RV for weeks or months or maybe full-timers, but that's not the case anymore. As the RV owner has gotten younger and more of a weekend adventurist, they don't want to use them every weekend. Family activities take them away from it, soccer games, all the things that go on in everybody's life. And so they're looking for ways to get into an RV for around $30,000, get into a monthly payment of about $150, and figure out how they can enjoy it for their own family and then make money on it. So our motivation isn't purely this but it's primarily this.

What will drive this whole portfolio, this proprietary technology that we will be launching in the early part of 2021, is not only the 2.1 million Good Sam members, not only the 5.2 million active customers that we have, but our own used inventory that we have sitting on our lots, because we have figured out that it's one more way for us to enhance the margin on the assets that we invest in. We already have great margins on selling them. If we can get a little extra return on capital, we're going to look for it.

And lastly, and most importantly, we expect to announce a major strategic venture with a large rental company that already has a footprint coast to coast that does not get to enjoy this platform here.

So we have all these drivers going into this. What makes us different: number one, our cost of acquisition is going to be different than our competitors; number two, our fee structure, both what we charge the person renting the unit, and what we charge the person who's going to enjoy the unit while they rent it, that fee structure is going to be different. If you're a Good Sam member we're giving you one more reason to stay in the club and we're going to give you one more reason to join the club. If you're a non-Good Sam member, we expect to be the market disruptor as it relates to what those fees look like.

How can we do that and how can we make it financially work? Number one, in order to rent the unit you are going to be required, with every provider, not just us, to have insurance. And we remind everybody, we're in that business. You're going to be required to have roadside assistance so that your family's protected while on the road. And we remind everybody, that is a self-insured product where we dominate in the space.

We also have all the soft and hard goods that go along with it, and through our distribution centers and our store experience, we will make renting that unit a 360 degree experience. It's important that the person that owns the asset knows that the person they're renting it to has somebody to call other than them to get information. So our two call centers, one in Greenville, North Carolina, and one in Denver, Colorado, along with our mobile tech hotline in Bowling Green, Kentucky, will all be available 24/7 to answer questions. We think that's a differentiator, and we don't think people should be charged for that.

This particular platform we think is a game changer. We don't think it is appropriate for our Company to be heavily invested in the rental business itself. It's not a good use of our capital. We did it before; we didn't like the returns. But through partnerships, our own inventory and our members, we believe that we will have an offering that will be second to none. This entire platform will be branded under Highways, that is a legacy Good Sam brand in highways.com, a Good Sam property will be the platform in which this will operate both online and through an app.

We also plan to launch in 2021 the much needed mobile tech solution. I can get picked up by a car, I can get my food delivered by a car, heck, I can probably get anything delivered today. But what I can't get today in a way that's easy for the customer is a way to access service help. I can call the Camping World hotline, get an answer on how to unplug or reset a fuse, but if I really need work and I'm far away from a Camping World store, I want to be able to tap into Good Sam's knowledge and network and their responsibility to protect me while I'm on the road.

And so Good Sam will have a mobile tech solution that not only takes advantage of our national footprint, but it allows those small business owners, those small repair shops, and those one truck and two truck mobile repair companies to actually have a network feeding them for work. As I think about my role in small businesses across America and talk to a lot of those small providers, they needed to be able to latch on to something to drive their business.

So this platform we're creating will operate much like our Good Sam campground network does, where it's a network of people that participate in it, or our roadside assistance process that allows the various tow (phon) providers in America to access all of that business as well. We push business through them, they go out and take care of our customers, a good experience results in retention. Those independent service providers and independent mobile providers will pay a small fee, like the campgrounds do, to be part of that network. It will be materially cheaper for them to participate in that than go spend money to find the customer on their own. We love being the traffic builder for businesses across the country.

We also plan to launch a system that you always hear about: buy online, ship, pick up in store; buy online, pick up at the curb. That's fine and dandy. But in today's day and age we had to figure out a way to utilize the assets that we have in the marketplace already and to get a better return on it. Sometimes people get uncomfortable when we open up new locations. In today's day and age, with the web, and with what Amazon has been able to do with shorter-term deliveries, we have to figure out a way to get the product to the customer quicker and for less. And when you look at distributing products from two or three distribution centers, you're crossing over into UPS and FedEx zones. Every time you cross a zone, the fee goes up, both for the company and the customer. Every time you cross a zone, the amount of time goes up.

And so when we think about it, as consumers we realize that we needed to change that. So we invested several million dollars in getting ready to launch a platform that allows every one of our 164 locations and the ones we're going to add to act as mini distribution centers to get the product to the customer quicker and cheaper, including, but not limited to, a real delivery driver that can leave that location on that day and drop it off at a local campground. That's something that stems all the way back to how auto dealers used to deliver parts. We believe that our customers don't want to leave their campground, don't want to leave their activities, just want to know that their chair or their grill or whatever they need will be delivered to them. That is our goal over the next three to four years as we roll this out. We think that's a very big deal.

Diversity has always been an important part of our Company. However, we know that we can do better. When you look at our Senior Management team, we are very confident that we have the right assortment of gender. However, we believe that if it is our goal to serve every outdoor enthusiast in America, all 144 million, we have to do a better job of making sure that at our store level, at our Board of Director level, at our general manager level, at our call center level, everything that we do better represent the entire marketplace. We have a lot of work to do, and we'll be dedicating both financial and human resources to expanding that, both internally and externally. It's a moral thing for us, not a quota thing for us. We believe that if we want to communicate and own the entire space, we have to communicate with sincerity, we have to really make sure we execute on this.

As you look at the supply chain, which is a hot topic these days inside of any manufacturing or retail business, we believe that we have left ourselves slightly vulnerable historically. If we're going to be a 360 degree company, we have to participate in every part of the industry. This particular initiative for us is to invest and acquire into suppliers that we believe are essential to the supply chain of the entire industry. We believe that we need to dedicate more time, more money and more resources to product development, innovation, not just with the RV itself, but with the products that go in them and the products that are used with them.

Let me be clear, we are not getting into the RV manufacturing business through acquisition. Yes, we may convert some vans for some van lifers, we may get into the van conversion business, we may get heavily into the renovation business or the DIY part of the business because it's popular in the van life today, so don't be surprised if you see some news around that. But in terms of competing with Thor or Winnebago or Forest River, that is not our business. Just like we don't want them in our business. Their business is to innovate and make top brands, lighter, smarter, new technology to serve this industry. And more importantly, we expect our manufacturers to create a parts and service system that allows the experience to not rest solely on the dealers' shoulders, which it does today.

And I'm speaking for every dealer in America, not just Camping World. We need to work together as dealers and manufacturers to create a smoother, cleaner process. We're going to take a little bit of risk on our books in the coming 12 to 15 months using our distribution centers to carry more fast-moving, breakable parts that will shorten the timeframe between a unit being down for service and it getting repaired. And we understand that it's going to have some built in obsolescence in it, and we'll adjust for it on the accounting side, but we have to improve the experience for the industry, not just our own Company. And so we're heavily committed to investing in that and we'll have more news in the coming weeks.

We feel it's important that we not only do a better job of informing and educating the investors and people who put their money with our Company, whether it's our landlords or our manufacturers, but we have to do a better job educating our own team on what our own story is, because if you worked in the distribution center today, or you worked in the dealership today, you worked in the call center, you're not exposed to the 360 degree view in that Company.

We’re launching a new learning platform that in order to work in the first day you'll have to go through this educational platform. We will be investing $1 million to $2 million annually in educating our staff in a way we haven't been so that as our Company grows, and it will, we can cross-train people so they can be promoted into other areas, work in other locations, and grow with the Company. I don't think we did as good of a job as we could historically.

We launched a proprietary process in the summer of 2020 that was a game changer for us, and we think that's part of the reason why our market share continues to grow. It allows customers to call or text, email to request a real-time virtual visit and a virtual walk-through process. We have a new partnership with Cox Media that allows us to think about how to look at the customer differently through a CRM that is complementary to our larger CRM with Salesforce. Understanding the 360 degree view of the customer is essential, but every one of our businesses do business differently.

When we launched this process we wanted to make it easy for people to get information, to make an appointment, to do the transaction online; and, quite frankly, we have cornered the market on home delivery. You'll see a lot of dealers who like to tell you that they do home delivery, but there is a significant regulatory process - interstate commerce, crossing state lines, all the paperwork that's required. We feel like we've checked all of those boxes.

We are launching a fully comprehensive new platform that we believe will be the center point for everything in the RV outdoor lifestyle. For years we have owned the domains rv.com, rvs.com, motorhome.com, and a variety of other domains that necessarily haven't been used to their full potential. At the end of this year, we will launch rv.com, and it will be supported by communities and social media as well as a print publication that will be distributed monthly that is meant to inform, inspire and educate people, not sell them ads. Our goal is to provide content and to be the authority in everything RV and outdoor.

rv.com and RV Magazine will launch and we will retire from publishing MotorHome Magazine and Trailer Life Magazine. motorhome.com will become a new marketplace specifically tied to everything that's motorized. And trailerlife.com will become a private label brand skewed towards the types of products and services that are needed if you're in the towable lifestyle.

So we hope it's clearly outlined where we're going. I don't know if we've ever been more excited. But over the last several years we've been through a lot. We launched a lot of new ideas. And we're entrepreneurs at the core of what we do. And once in a while we make mistakes, but we are not scared to admit it. We also think it's important to recognize those good things that come out of trying.

Our Gander branded locations in 2020 will deliver more than $50 million of EBITDA in the 2020 Calendar Year. That makes it the second largest RV dealer network in America. That was our original goal. And while we had a misstep, we think we corrected quickly but we also learned something. We learned that in our traditional Camping World stores there was an appetite for more outdoor products, and our venture into outdoor products taught us what we want to be in and what we don't want to be in. And we don't want to operate locations that don't sell RVs. But that doesn't mean that we didn't learn about fishing and hunting and camping and biking and hiking, and when we look at our 20%-plus improvement in our retail business in 2020, we think a portion of that is credited to that number.

As we head into new things in 2021, whether it's furniture or electronics or appliances or all the new innovations we're going to bring to market, we know that the outdoor enthusiast is expecting us to deliver new ideas. And so we're excited to move into that.

We're now going to move into the Q&A portion of our presentation. Operator?

Operator

Thank you. At this time we'll be conducting a question-and-answer session. If you'd like to ask a question, please press star, one on your telephone keypad. A confirmation tone will indicate your line is in the question queue. You may press star, two if you'd like to remove your question from the queue. For participants using speaker equipment, it may be necessary to pick up your handset before pressing the star keys. One moment, please, while we poll for questions.

Our first question comes from Ryan Brinkman with JPMorgan. Please proceed with your question.

Ryan Brinkman

Hi. Good afternoon. Thanks for taking my call.

Are there any guideposts you can give us in terms of what sort of margins or returns for the RV sharing business that might look like? What does your early work there suggest about the relative capital intensity of that business?

And you touched on this, but just sort of beyond the direct impact of the business, how should investors be thinking about how it fits into the overall business? Do you think it will attract more Good Sam customers, or introduce more people to the lifestyle that will then go on to purchase their own RVs?

Marcus Lemonis

We never really thought about it as a mechanism to get people to purchase new RVs; in fact, that was a misnomer we made when we got into the rental business a few years ago. This is primarily for us a retention tool. And it is a bit of a recruitment tool of new members, but our goal is to really have this particular business touch on all the high margin recurring revenue products that live not in this specific P&L but live in our ecosystem. And whether that's insurance or roadside or the hard and soft goods, that's our primary driver in here and we're uncomfortable having our Good Sam members pay 25% of their—to have to pay a fee equal to 20% or 25% of whatever they gain in rental income and then have their renter themselves also have to pay it.

We don't expect this business to be wildly profitable in its own right, but we expect it to contribute significant profits to the other parts of our business, including the retention of the club, the acquisition of their credit card, the taking of the insurance and the roadside assistance, and the adoption of taking on the soft and hard goods as part of their journey.

It wouldn't surprise me if it led to inspection fees and maintenance fees as well when owners and renters exchange units - having that go through the shop again, having it all be cleaned and having it be prepped for the next delivery, much like we did when we owned the rental business. So the ancillary fees and revenue are really going to touch every part of our business; may or may not ignite somebody to buy a unit, but it could give us an opportunity to require a used unit when somebody doesn't really want to be in the space. So we're identifying people who are in the space and that data is so valuable to us because we mine and market our other products and services to them.

From a capital intensive standpoint, we think it'll cost us about $3 million or $4 million in 2021 to launch it, but we expect that we'll be able to attract enough fees and revenue to more than overcome it.

Ryan Brinkman

Okay. Thanks, that's very helpful.

And then just lastly for me, what kind of cash flows would you expect to be in a position to generate in an environment where you are earning $500 million or more of annual Adjusted EBITDA? And what do you see as your priority for deploying that cash? Just given the strong EBITDA outlook you just introduced, do you now intend to delever more by growing EBITDA as opposed to paying down debt, therefore freeing capital for growth initiatives? How should we think about debt paydown versus investing in some of these new digital initiatives versus you alluded to some of the organic or maybe even inorganic store count expansion? Thanks.

Marcus Lemonis

Yes. So, we have been hyperfocused on driving down our leverage. I think we've paid off about $40 million year-to-date, but we want to find a combination of paying down debt if we think that's the best use of capital, and driving our earnings. As we look at our goals for '20, one of them was to build as much cash as we possibly could, and then between our cash account and our Flare Account at the end of Q2 we had $445 million. We expect that number to grow and to build through Q3 and Q4, and as a Management team, as a Board of Directors, we'll look at the appropriate allocation of capital.

My goal in leading this team is to look for the most opportunistic, highest yield of capital for the Company. Period, end of story.

One of those things that could be on the list but would not be high on the list is share buyback. People ask me all the time, how come you're not buying shares back? How come you're not buying shares back? And at the end of the day from our perspective, our goal is to grow the amount of free cash flow in the Company; our goal is to delever to the extent that we're comfortable, which is under three times, we're going to be under two at the end of the year; and our goal is to continue to invest in our business in a way that we believe makes sense. But, whether it's acquisitions or new store openings, those are fine, but we are not looking away from the possibility of paying down $100 million here or there.

In terms of the amount of free cash flow that we expect the business to make, I don't think we have all those numbers right in front of us, but we expect it to be significant. A couple of hundred, several hundred million dollars on an ongoing basis. We have Capex. We're a relatively Capex-lite company. We can flex up and down. We need to keep our facilities right, we need to make sure our fixed assets are right, and we need to make sure we're investing in our technology. We have our interest payment at a pretty low interest rate. Okay?

And so when we look at all those things, we believe that the free cash flows that this Company has is significantly robust. We expect to grow the Company with that cash flow.

Ryan Brinkman

Very helpful. Thank you.

Operator

Our next question comes from John Lovallo with Bank of America. Please proceed with your question.

John Lovallo

Hi, guys. Thank you very much for taking my questions.

Marcus, the first one would be—I know you typically decouple what Camping World can do versus the industry, but can you just give us a little bit of guidance on what you're thinking of market assumptions underlying your 2021 EBITDA outlook?

Marcus Lemonis

I can. So we're expecting low to mid single-digit growth on the top line side. I can't speak for what the industry is going to do. And when we look at the first six months of the year, while we saw a nice performance in both May and June, we also saw a terrible performance in March and April. And as you look at January and February of 2020, we were actually trending really nicely. We were actually trending—I think we were about 11% up.

And so as we look at 2021, we have already factored in very loosely low to mid single-digit growth. And here are the things that we actually think are more—are contributing more to our $500 million-plus than that.

We expect our margins to stay in the range that they are today. As older stores mature, as the Good Sam products and services continue to grow, we expect those margins to continue to grow. And we can't speak to whether the new unit sales margins will be more or less than they are today, because we don't know where that supply chain is going to be. But as we look at our overall business, while the new RV sales and used RV sales make up 67% of our revenue, they only make up about 39% of our growth. We're very hyperfocused on growing those high margin pieces, like I talked about with collision repair and service and things of that nature.

But, short answer, 3% to 5% on the top line, continued performance on the SG&A side, and some relative consistency on the margin side.

John Lovallo

Okay, great. And just a follow-on to that though. So is there an underlying market assumption that you guys are working off of?

Marcus Lemonis

Well, we're outperforming the market. So we're just worried about ourselves at this point.

John Lovallo

Okay. And then in terms of SG&A, over the years as you were growing as a company acquiring businesses and so forth, SG&A sort of ramped along with the top line. How confident are you in the ability to really rein in SG&A given all these new initiatives that you're mentioning today?

Marcus Lemonis

I'm very confident, because while we have set a ceiling target for our internal team at 68%, we believe we can outperform that. And we always have initiatives. So what happens is when we look at our list of initiatives for the year, we have to pick and choose which ones we're going to spend money on, and so when we launch some of these new initiatives that we've discussed today, the ones that we have out there that aren't performing at the rate we want to or has achieved their task, those will go by the wayside and be replaced. We don't see these initiatives as being purely incremental.

John Lovallo

Great. Thanks very much.

Operator

Our next question is from Marc Cohodes with Alder Lane. Please proceed with your question.

Marc Cohodes

Thanks for taking my call, Marcus.

It appears by listening to you you're really getting away from trying to make money in selling metal and you're more about selling services, getting in the recurring revenue business and basically taking up margins. Where do you see further expansion in those areas? Could it be mobile service, where instead of bringing their RV to the Camping World and you have a fleet, or basically have a AAA crew floating around, or could it be joint ventures with others in the space?

Marcus Lemonis

We never want to get away from what our primary revenue driver is. I love selling RVs. It's actually in my blood. And it is the fire starter. And while it may be the lowest margin of all the high margin things we do, it is quintessential for us to dominate in every market that we exist, to grab market share and to generate as many transactions as we can profitably. We are not in the business of selling metal where we lose money. We want to grow the new, we want to grow the used, and as we think about our store expansion, whether it's Lincoln, Nebraska, or Branson, Missouri, or wherever we're going, we want to sell more RVs. But, we don't want to build a business model purely reliant on the gross profit attributable to the sale of just the RV. We excel tremendously on the finance and insurance side. We excel on the service side.

And so, for us, it's continuing to hone in and tweak on all the things that the customer wants. And we spent 2020 really listening to the gaps that the market was not filling for the customer. Mobile service as you identified, was one of those things where customers were saying, "We're tired of having to stop our activities to be able to have our unit replaced." And so (audio interference) I don't want to have that happen. So we're very, very focused on making sure that we provide all those products and services.

I want to be clear: at no point while I'm around are we ever going to water down or minimize the excitement of selling RVs. Period, end of story. And in fact, in 2021 - in 2021 - we believe that we will be able to sell our one millionth RV. Not like McDonalds, but we believe that that's our year. So, please know that we are laser focused on that, but our goal of getting to $600 million or $700 million can't be singularly reliant on that.

Marc Cohodes

So if RVs are the razor, all your services are the blade, you sold an awful lot of razors this year. How many of these blades are really going to kick in for next year, because your guidance actually seems low to me given your new install base this year?

Marcus Lemonis

The guidance may seem low because what we also have factored in there is the number of new store openings, and our new store openings take about 12 to 18 months to reach a level of maturity. They have a burn associated with them and we wanted to be realistic about that in our numbers. But it takes about 12 to 18 months, ironically, to pull a first time buyer to either our Company or to the industry through the system to be able to get them in the Good Sam database, to be able to market them other products and services. And so as we look at that, we know that there's timing there.

But one thing that everybody should take note on is that our razor-razor-blade model is true, but I can also grow our razor blade with transactions that happen outside of our Company. And I would expect our Company to announce in the next, call it three to six months, relationships with other companies that may offer Good Sam the opportunity to sell those products and services through their large platform. I want to say again so that we're all clear. I would not be surprised if over the next three to six months Good Sam announces relationships with companies other than its sister company, the RV dealer, that allow it to distributor its products through other big platforms, other big consolidators.

There's no reason that Good Sam can't be bigger than Costco; and Costco has done a nice job selling cars and boats and a bunch of other things through a system. Costco doesn't actually sell the car or the boat, they latch on to a big network or a big company. I wouldn't be surprised if Good Sam got into that business and figured out how to also help that other company into selling annuity products as well. And whether that's roadside or insurance or warranties or all those other things, Good Sam has a mandate to grow its business outside of its own company.

Marc Cohodes

And finally, in the new peer-to-peer rental business, how many different touch points or drop-off centers or campgrounds or retail partners do you anticipate having?

Marcus Lemonis

Today, the peer-to-peer market, as you know or as you may know, is usually very one-on-one, okay, and that's happening maybe in somebody's driveway or at a Walmart parking lot, and we wanted to create a larger network and a safer platform for people to do it because there's transactions that need to happen. Obviously, we'll use our 164 and growing locations, but we may expect to provide some level of partnership with maybe Flying J, which is our fuel partner, or any of our Good Sam parks. But at this point we're thinking about it primarily starting with where we can execute and where we can control the experience. But I want to add something to the question as it relates to peer-to-peer.

There are more RVs sold in America between private individuals, person-to-person, than there are through dealers. And I wouldn't be surprised if in 2021 our Company started to insert ourselves into that private party transaction. Today, Good Sam already provides refinancing for people. And so if you bought your unit four years ago, five years ago from us or from somebody else or from another party, we help you direct lend and provide the financing.

I wouldn't be surprised if in 2021 we got more into that business with multiple lenders, and we started processing the title work and the entire F&I menu process that we actually do when we sell them ourselves. Private parties want to be insured, they want to be protected and they want to get a good deal. We think there's room for opportunity, and we're going to definitely be researching that in the coming months as a good 2021 initiative to grow on.

Marc Cohodes

Well, thanks for answering my questions, and I just want to say that video you put out yesterday was nothing short of outstanding. So, very well done.

Marcus Lemonis

Thank you, sir.

Operator

Our next question comes from Rick Nelson with Stephens. Please proceed with your question.

Rick Nelson

Thanks a lot. Good afternoon.

I'd like to follow up on the white space opportunity. You talked about a potential to double the store base over the decade, and the pipeline I think you mentioned you had 20 locations lined up at this point. If you could speak to that and what sort of appointments you're finding from sellers given how healthy the RV business is at this point.

Marcus Lemonis

Of the 20 locations that I mentioned, Rick, they are a combination of raw land, facilities that are vacant that are ready to have minor repairs done to them to launch - and a new one we acquired one last week, working on two more this week - and there are, we'll say two handfuls worth of dealership acquisitions, that are in some stage of the process, either LOI stage or signed purchase agreement.

I want to give everybody a little color on how the new store opening process works and how we're thinking about it from an economic standpoint and from a return on capital, and then I'm going to do the acquisition as well.

Brent and I have always had this healthy debate about how we should be—we should be opening them, should we be buying them, and I think we both are right in this case. When we look at opening up a new store there are really—it's a very simple process. We go into the market and we acquire raw land anywhere from six to 15 acres, depending on the size of the market. And in this particular economy, commercial property is suppressed in value, which is why you see us signing up some properties. We then know that it cost us anywhere from $250,000 an acre to develop the land and $80 to $120 a foot to build the building. The building usually ranges from 25,000 to 30,000 square feet. So $250,000 in site development, and $80 to $100 (phon) a foot to build it with a facility that ranges from 25,000 to 35,000. Okay?

It's important to note that very rarely does the Company have its capital deployed in that. Now, we can and we may going forward deploy some of our capital in real estate, particularly when we think we own outright and we don't want to lose the value, but typically we sell it to a REIT, and we enjoy cap rates anywhere from 6.25% to 7.5%, based on a variety of factors. And so that capital is off our books, off our balance sheet. We become tenants.

In order to open that location, we believe that location needs $5 million of RV rolling stock inventory, and for every million dollars of inventory we like to have $180,000 of what we call working capital allocated to that million dollars. So $5 million of inventory, that's about a million dollars of working capital. To open up the store, not including what the REIT's going to take, between signage, furniture, fixtures, equipment, retail inventory, shop equipment, flagpoles, all the things that it takes to open, it's about $750,000.

So right now, at this point, you're $1.750 million to $2 million of capital, depending on the size of the facility. We then believe that that location in the first 12 months on average could lose anywhere from $500,000 to $750,000. So at the end of 12 months, we have anywhere from $2.5 million to $2.750 million invested in that facility from a capital standpoint. It takes us about 12 to 15, 18 months to get to breakeven.

Now, there are cases where we make money right out of the rip; it happens actually more than you would think. There are some cases where it takes a little longer, but on average, use as a guide 12 to 18 months. At that point, once we start making money in year one, that business, if it does $20 million in top line after it's matured, after that 12 to 18 months, it'll make about a million bucks. Every year after that, once it matures, in years three and beyond, you'll have a $25 million to $30 million dealership with a 6% to 7% EBITDA contribution in those four walls. It's a pretty good return on capital.

One thing that I didn't mention: the ancillary goods and product and services value that gets created through the sale of memberships, credit card, roadside, warranty, travel assist, magazine subscriptions, etc., are not embedded in those numbers. They'll add another half a million dollars to that number, for a fully mature store, due to the sale of warranties and roadside and things of that nature. The cash-on-cash return, absent Good Sam, with a mature store that we build from scratch, is anywhere from $1.7 million to $2 million on a $1.7 million to $2.7 million investment. We like those numbers a lot.

On the acquisition side, there have been ranges of multiples that people could pay, big ranges. Sometimes, like in some of the deals we're doing now, we're just acquiring the real estate and the inventory. Sometimes, we're just acquiring the real estate. In other cases, we're acquiring a fully operational business and we're paying a multiple. The multiple that we provide to the market, that could range from anywhere from one to four times, is on a backward-looking number. It is not imputed with our lower cost of capital on the floor plan, our rebates that we receive from the manufacturers or the banks, our integration of retail products and services, or any changes that we make in F&I or our service process.

We don't pro forma that number. When we say to you it's two times or three times multiple, that's on an LTM. We believe that, based on history, that we're able to, over the long run, improve that from one to 1.5 times from a term standpoint. We're able to improve that number.

When we look at our capital allocation, it is clear to us that new store openings and acquisitions are some of the best uses of capital because of the cash-on-cash return on their own, and their contribution to the overall ecosystem.

Rick Nelson

That's very helpful, makes a lot of sense. Thanks, and good luck.

Marcus Lemonis

Rick, as a side note, the ability to do acquisitions in this moment in time are better than we've seen in a long time. The multiples don't match what you would think, for a lot of different reasons. It is still a highly fragmented, highly disjointed, non-franchised in most states, business, and the ability to build the moat around your dealership isn't as great as one would think. We could buy a piece of land, build a building, and use our private label business, our Good Sam file and our retail brand to drive traffic and compete with you right next door, no matter how good the industry is doing.

It's very different from the auto business. Will we pay four times or five times for a deal? Sure, if it makes strategic sense, it's filling a void, we believe we can dramatically improve on their numbers. If we buy a business that does $30 million in revenue and makes $500,000, we'll pay up on a multiple basis for that, because we know that $500,000 for them is $2 million for us, because we know what we're going to tweak.

We're more focused on what we think we can make out of it, not some formulaic model - and we do not stick to a formula.

Rick Nelson

Okay, that makes sense, Marcus. Thank you for the color. Good luck as you push forward.

Marcus Lemonis

Thank you.

Operator

Our next question comes from Joe Vesecker with Emerald Asset Management. Please proceed with your question.

Joseph Vesecker

Hi, Guys. Joe Vesecker. Good call.

I want to reiterate what Marc Cohodes said about your video, I thought it was extremely well done. I think it's worth the time for people to watch it, because it was very informative to me.

Marcus Lemonis

Thank you.

Joseph Vesecker

On that video, I learned something; as much work as we've done on your company, I thought there were a couple tidbits on there which I had not known. You had put the fact that there is a ton of social media talk back and forth; you referenced TikTok.

Can you drill down on that a little and how you plan to expand on that, and how you see that working into the business model, because I had not known that, and I thought that was pretty impressive.

Marcus Lemonis

Social media, starting at the beginning of 2020, has been a real tool, a valuable tool for our Company. Whether I'm using my personal handles to drive traffic or the Company's using its own handles, we have activated and gamified our entire social media platform.

Joseph Vesecker

Marcus, I don't remember the number—maybe somebody there can help me, but it was a pretty large number. I mean, do you remember what that was?

Marcus Lemonis

I do. Yes, sir. I'm going to get to that number in just a second.

Joseph Vesecker

Okay.

Marcus Lemonis

When we look at—we look at two different buckets: how the overall marketplace is engaging, and for example, with TikTok, it was 1.2 billion using #GoCamping.

Joseph Vesecker

Wow.

Marcus Lemonis

With #CampingWorld alone, it's 40 million impressions or engagements, and we really believe that there's a lot to grow on. As you see us move forward, we are seeing that we're able to attract a younger buyer. When we look at the engagement of those buyers, and we look at the average age of our buyers, we're seeing that our social engagements are working with the younger buyer.

But, the younger buyer wouldn't be transacting, no matter how great our social media was, if our relationship with the manufacturers and the manufacturer's innovation on their own, wasn't driving down towards lighter, less expensive, more easily towable units than they ever had before. In fact, the number one unit that we'll sell this year in demand is the one that I give away on social media almost every day, which is a Coleman 17B, it's a single axle - and we laughed about it internally. The reason that I'm belaboring this point is because social media is only good if the action and the engagement can translate into something.

We've seen growth in our hiking, in our biking, in our fishing. We've seen growth in categories that we had not seen before from our historical RV-installed community. We are launching a new relationship with MLB that was announced today. We'll have the NLCS. We're going back to the Camping World truck series after we achieved our goal with Gander, for the next two years. We're launching a Camping World concert series that is all driven on social media, starting tonight, with bands like Alabama, Lady

Antebellum, Zac Brown. We believe that in order to drive our marketing costs down, our traditional marketing costs down, we have to drive digital and we have to drive social.

Our business, this summer, was largely driven by—and our separation from our competition was largely driven by our digital game and our activation on social. That small little Petri dish that we just experienced, you can expect us to double and triple down on that.

Joseph Vesecker

Yes, that was something that—first of all, it's kind of counterintuitive, but I guess not. Those numbers were eye-popping to me. Are those sharing of the experiences that are incurred by camping, are they organically generated or do you have programs to encourage them?

Marcus Lemonis

A little bit of both, but most of the social engagement, oddly enough, is either driven by a small social media team or myself. When you see posts coming from my account about Camping World, or even Camping World's account, in most cases—because I apparently have a lot of free time, those are largely driven by me, because I understand that the engagement, whether it's a customer complaint, a problem with my package, wanting to get a new unit, asking a question as a first-time buyer, we have turned on all these social listeners to make sure that it acts like a live call center.

What we're noticing is that people like that engagement, even when they're mad. When somebody's mad, they go to that. Social media, whether it's TikTok or any of those, is also used to handle dispute resolution; and our industry, because of the product, has issues.

Joseph Vesecker

Well, it was very impressive, and once again, whoever put the whole presentation, I think this was a wise move for you to do this, but the pre-video I thought was exceptionally well done as well.

Marcus Lemonis

Thank you.

Joseph Vesecker

The social media aspect is something that we're going to follow here at Emerald pretty closely, because that tells us a lot.

Marcus Lemonis

Thank you, sir.

I can add one note before we go on to our next question.

We've noticed that a lot of analysts are starting to report on traffic, using cell phone data. We think it's an important tool, to continue to take a look at those analyst's reports. Quite frankly, in some cases, they're more accurate than stat survey data, because stat survey data doesn't include all of the states, there's reporting lags.

While we use it as a guide, it isn't as effective as transactions and traffic, so we complement those analysts who have started to understand how to look at geofencing, a traditional RV dealer or not, and comparing and contrasting traffic volumes between the two, because you're able to see the throughput of all the products and services coming through our doors, not just somebody visiting an RV dealer.

The last report I saw, I think an average RV dealer was down, I think a little bit, 4% to 5%, and I think we were 10% or 11%; please don't quote me on that. That separation is largely because what happens inside of the four walls or the four acres, or whatever it is the land, is such a universally different offering than everybody else that we're attracting people for service, for collision, for Good Sam, for whatever it may be, and that's what helps drive our opportunities and drive down our acquisition costs.

Next question?

Operator

Our next question is from Brett Andress with KeyBanc Capital Markets. Please proceed with your question.

Brett Andress

Hi. Good afternoon, and thank you for hosting this.

Maybe, actually, kind of just piggybacking off of your last comment; can you help us build out your 2020 EBITDA target just a little bit more? I guess, what are you seeing in your July, August, September retail that gives you the confidence today to put out the $460 million to $490 million of EBITDA?

Marcus Lemonis

I put out the $460 million to $490 million because I had information that nobody else had, and our business continues to be solid. We know there's been a lot of chatter around the break in the supply chain, and while we all would love to have more inventory, we continue to perform positively on a same-store basis while our inventory is down 30%-plus. I think that's a really important factor.

Our margins are performing in line with our expectations, based on the supply/demand curve. Our retail business continues to perform, and our cost of acquisition and our performance of our Good Sam business, particularly in July and August, has been surprising. Our install base is starting to return at a more normalized rate and we're really enjoying that.

July and August, because we're in the middle of the quarter, we can't give you too much information, but we will tell you that we have positive same-store sales, we're happy with our margins, and our SG&A is performing consistent with how it performed in Q2 on a relative basis.

Brett Andress

Got it, helpful. Then, is there a rule of thumb or, I guess, a generic example—on average, how many Good Sam members does one store generate? I'm just trying to extrapolate what these 20 locations that you have for the future could mean to the database?

Marcus Lemonis

In year one, those retail locations will generate approximately $2.5 million, on average, in business. On average. The average transaction is around, call it, $111. We convert, at about 11% to 12% on average for the year, of joins and renews on those number of transactions in an early-stage store - so $2.5 million, average transaction about $111, and converting at about 11% or 12% of that number.

As the store matures, and as it goes on, it gets better and better and better, but that is a good rule of thumb for modeling purposes.

Brett Andress

Got it, and then just one last one; I think you mentioned earlier a billion dollars of acquired revenues, and I don't know where that came from. I guess, can you just remind us what the M&A landscape looks like? Are there any larger dealer groups out there that scream attractive to you, or is this kind of, simply single mom-and-pop type dealerships on your radar?

Marcus Lemonis

The billion dollar comment came from me addressing the EBITDA margin floor, a target of 7.5%. The point that I wanted to make is, what drives that EBITDA margin is obviously solid performance in SG&A, but mix also adjusts that. If we added on a billion dollars of acquisitions in a 12- or 24-month period that have good EBITDA margins, 5% or 6%, the reality of it is, is it would actually pull our EBITDA margin as a Company down, until the Company had a chance to pull all those customers through its other high margin recurring businesses, and put them through the house and get them to actually transact. That's question number one.

Number two, we are, right now, in the process, in some stage of signing up either LOIs, purchase agreements or closing on a number of acquisitions. Sure, there are large dealer groups that are out there, but I don't know that large dealer groups or small dealer groups are how we think about acquisitions. We look at our map, we look at our opportunity, we look at where the Good Sam file is, we look at where the RV registrations are, we look at the brands that are available and how we can supplement it with our private label. We look at the retail opportunity and what we're doing online and how that all works. If there's an opportunity to acquire one that has one location or one that has six, we're still going to do that same process no matter what.

As we think about whether we're making acquisitions in Minnesota or Pennsylvania or Texas, or wherever it may be, it still has to go through that cheese strainer to hit all of those marks no matter what. Could we acquire a billion dollars of revenue in a 24-month period? Sure. But I'm not going to overpay for it; we don't have to. There's enough out there that we can buy right, and there's enough, if they don't want to sell at the right multiple, we'll just build down the street, no problem.

One misnomer about this industry is that we buy RVs for the same price as everybody else, like the car business; not the case. Number two, when you look at our private label business, it makes up a huge percentage, like 30% of all of our new units. We expect, through the licensing of new brands, that that will continue to grow. We will continue to license brands like Coleman, which is a relationship between Coleman, Thor and ourselves, and we think next year we'll be the number one travel-trailer in America. We're going to continue to do that, to make sure that we don't have barriers of entry that cause us to overpay for something that we don't want to pay for.

Brett Andress

Thank you.

Marcus Lemonis

Just as a little note, we'll be acquiring one right in your area that you and I can go visit together. Not a far drive (inaudible).

Brett Andress

All right, I look forward to that.

Operator

Our next question comes from Mike Swartz with SunTrust Truist. Please proceed with your question.

Michael Swartz

Hi. Good afternoon.

Marcus, maybe following up on the prior question as it relates to the $500 million EBITDA target for 2021, it wasn't entirely clear to me, but is there M&A—are those 20 locations included in that number?

Marcus Lemonis

Well, all 20 of those locations won't find their way into 2021 because a raw build takes permitting and all that good news. What we have factored in is eight to 10 either new store openings or acquisitions, with a general model around that eight to 10, because we never know what's going to come. But the answer is, the $500 million-plus - not $500 million; more than $500 million - is a function of, and includes, the average of eight to 10 acquisitions/new store openings included in that number.

Michael Swartz

Okay, that's helpful. Then maybe just—I think you outlined about $20 million to $30 million in technology spend that you're targeting annually. Maybe provide a little context, what you're spending today. What's the hurdle rate you're targeting, and do you have a way of measuring that return?

Marcus Lemonis

We're spending probably half of that today, and so we're making a conscious decision to double it. In most cases, it's meant to create retention or attraction to our products and services, as opposed to providing a direct return on that investment singularly. If we launch a mobile tech and service platform, which we're going to, while it creates a nominal amount of fees, it enhances the experience, it enhances our sale of parts, it enhances our repair business if it gets taken back to the shop, and it enhances the stickiness created, or needed, for a warranty and a roadside when somebody has a claim or an issue and they have a good experience.

We have to work harder at spending money on doing things to enhance the customer, and quite frankly, the associate experience, to improve retention. It's very difficult, but if we retained 1% more of our Good Sam file, just 1% more, it's about $800,000 to our bottom line. It sounds easy, but you have to really enhance that offering to break that historical trend. We are very, very focused on doing it, because retaining them is a heck of a lot easier than finding new ones, but we believe we can do both.

Michael Swartz

Okay, great. That's great color. Thank you.

Operator

Our next question comes from Brad Safalow with PAA Research. Please proceed with your question.

Bradley Safalow

Thanks for taking my questions, and thanks for hosting this event.

I guess the one question I wanted to ask is, if you could build out some more of the detail on the monetization on the rental platform, the RV sharing platform, in terms of all the touch points in your business. In theory, you get a commission; granted, it's going to be less than your competitors, from the RV owner, from the consumer, clean fees. You have the trip insurance, you have other insurance, you have all these different touch points.

I was wondering if you could just walk us through what you envision a model transaction looks like so that people like myself and others can take these KPIs for that business and decide what we think it can actually be.

Marcus Lemonis

Brad, I think that's a great question.

What we would prefer to do is take the next 30 to 45 days, put the model together, and we'll be prepared to discuss it on or before our Q3 Earnings Call. We'll put a little presentation together, maybe it'll be a video or at least some slides where we'll post it for everybody to see. We'll build out a large model, and then we'll show you what a single transaction could look like and what we believe our penetration could be of that whole file. We want to put a little more art and science behind it before we just spit numbers out there.

Bradley Safalow

That's fair. That would be great, and I look forward to it. I'll turn it over. Thank you.

Marcus Lemonis

Yes, sir.

Operator

Our next question is from Bret Jordan with Jefferies. Please proceed with your question.

Bret Jordan

Hi, guys.

When you're thinking about the finance and insurance business, how much of that is recurring, versus what percent is tied to a transaction? I guess in the video you put out last night, it sort of looks like it's not as correlated to unit sales. But how much are actually transactional versus recurring revenues and F&I?

Marcus Lemonis

There's two buckets that I'd like you to bifurcate. The first bucket is, we do finance insurance and products under Good Sam. We don't call it that, but it's our products and plans and protections, and that for us, is—F&I is not tied to a transaction. That is very strong on the recurring side. If you look at the retention of warranty, insurance and roadside, you're in the high 70s, low 80s in a number of those products. That's to the installed base.

When we go over to the field operations side of our business, what I wanted to demonstrate in that presentation is how we internally—not how we report it, but how we think about revenue in our business, particularly around F&I. We have the recurring business that is our Good Sam, so that's the warranty and all the things we just talked about. Then we have the finance and insurance related to the sale of RVs, of the installed community. Those 10 million RVers that, no matter what's happening in the marketplace, they still trade, they still transact; those things are tied to F&I.

Where the vulnerability is for the Company, and where the small amount of cyclicality that exists for the business lives, is in the first-time entrants to the lifestyle. When somebody comes in with their first unit and they don't trade, they do take on those F&I products. When we look at the downside risk in this business, how to do sort of a test model, you would have to really understand, for that first-time buyer coming out and the gross profit associated with the unit, and the gross profit associated with the F&I, is there.

The best way to think about it, the best way for us to think about it is we look at the holistic nature of that gross profit. For that first-time buyer, when you add up all the things that he or she transacted, it's around a 20% to 22% gross margin on their transactions. If business is down, call it 5%, 6%, 7% on new sales; on new sales you can ascribe approximately 20% to 22% of that revenue and that gross profit. You take new and used sales down 5% or 6%, on the first-time buyer, you assign a 20% to 22% gross profit margin to that revenue, and then you take out 40% of that gross profit, because we pay commissions and salaries and all the selling expenses associated with that.

If you started with $100 of revenue and you took 22% of that in gross profit, you have $22. Then you take out 40% of that $22, that's the amount that the business could be impacted in a cycle. I just want to use $100 as the example, and then you can flex up or flex down where you believe that flex up or down is. A hundred dollars turns into $22 in gross, $22 turns into whatever 60% of $22 is. That's usually what would impact the bottom line.

Bret Jordan

Okay. I guess a question on the geofencing, traffic data we've been looking at, I guess I would've—maybe given all of the positive noise around the RV space this year, maybe would've expected a higher traffic. Do you think traffic's being limited by a lack of inventory, that customers are not shopping because they know there's nothing to buy, and that conversion rates are significantly higher; those who are actually there are there to buy? Or is it—is conversion similar to what you might have seen a year ago, or in any prior market?

Marcus Lemonis

A couple issues; one, we are doing deliveries away from the facility, so we are doing a decent amount of home deliveries. But, as you think about people coming to the store, I think for us, we don't rely on just random foot traffic like you would think. We are an appointment-based, conversion-based, metric-based retailer on the RV side, much like you would see on the auto side.

We get a certain amount of web traffic; that turns into a certain amount of leads. That turns into a certain amount of appointments. Those appointments can turn into a certain amount of conversions. We work hard and we reward our sales associates for appointment-based transactions more than a non-appointment-based transaction.

The reason we believe we're seeing superior traffic to everybody else isn't because we have more inventory—but we do. Just to be clear: but we do. We have all these other things inside of our ecosystem that drive traffic, for somebody that bought a month ago, two months ago, five months ago or a year ago. Historically, the trade cycle has been three to 3.5 years, so we're marketing heavily to somebody that bought three years ago to come in for some event at the store or some special on a retail product. But don't be fooled, when they come in, we are attempting to upgrade them to the latest and greatest product that they may have. It's a source of traffic for us; it's lead generation for us.

Bret Jordan

Okay. Then one last question, this is sort of big picture, industry, supply side. I guess, given all the talk we've heard about backlogs from the manufacturers, where do you think we are right now as far as order books, across the industry? Are we still out several months? If you think about what capacity is available for new RV builds, what do you think next year's market could be, assuming demand is there; could we see a 550,000 unit year next year, or is the capacity just not there to build that many?

Marcus Lemonis

I can't really comment to what the manufacturers are going to do this year, but here's what I will tell you, as clear as I can. The three manufacturers that we do business with, Thor, Winnebago and Forest River, have demonstrated superior leadership in trying to solve the supply chain issues that were caused by the shutdown, and ramping back up production, and being creative and being innovative. I think that's been a definite bright spot in terms of how they've handled it.

I would imagine that the backlog that the manufacturers are going to report, whenever they're permitted to report it, are going to be stunning to people. They're probably going to create lead times that are going to be safe for them, because there is still some uncertainty around how that supply chain, for a little teeny thing like a window molding, is going to get solved. But this is a pretty resourceful industry, and a lot is manufactured right there in Elkhart County, and we know that we're not reliant on some obscure things. When we say RV manufacturer, let's be clear. For the most part, they're RV assemblers, and they're reliant on parts and pieces, which is why our Company has decided to enter that space, to put more capital into that space to improve that; to improve the sourcing of it and to improve all of it.

I would expect that we're going to see some strong backlogs, super strong backlogs, because we have—right now, our Company has, I think, north of 55,000, maybe 60,000 units on order that we would like to get soon. We'd like to get them soon. We're hoping to see more than less. What we don't want to do is put the manufacturers or the customers in a situation where they're cutting corners and we're compromising quality, which will lead to a bad experience for the customer, ultimately.

We want to regulate the demand, to a degree. But if you said to me, could this industry, at some point in the very near future, do 550,000 units in a given year? Yes, sure. Manufacturers will have to ramp-up production, maybe add a few facilities, but we know the three that we deal with, particularly Forest River, Winnebago and Thor are more than qualified and more than capitally prepared to do it. This industry has had big jumps before, it wouldn't surprise me.

Bret Jordan

Okay, thank you.

Operator

Our next question is from Gerrick Johnson with BMO Capital Markets. Please proceed with your question.

Gerrick Johnson

Great. Thank you. Good afternoon.

I've got two questions, but first, Marcus, the nearest dealership for me is about an hour and a half away, so maybe you could build something or buy something in Putnam or Westchester County and we can hang out.

Marcus Lemonis

Okay.

Gerrick Johnson

Yes. My questions, two; first, could you explain a little bit more in-depth how the RV Valuator actually benefits used vehicle revenue by 5%? Related to that, are there regional differences in prices, and does your Valuator adjust for those regional differences?

Marcus Lemonis

The question I've been waiting for all day. I'm going to have Matt Wagner, who quite frankly is the inventor of this technology and this idea. Matt started with our Company back in 2007, right out of college, and has worked in almost every position at the corporate level, and I'm going to have him address this.

Matthew Wagner

Yes, there's been an issue that's plagued the industry for as long as I've been exposed to it, and I think long before that, where there was just a lack of normalized datasets and a lack of consistency in terms of how we reported values among specific models within the industry. Over the past 15-plus years, our Company has been working on actually cleaning up the dataset and developing our own algorithm so that we could, with more peace of mind, even out the supply chain of used inventory, where for years, it's been very difficult to source used inventory as an industry.

As Marcus had brought up earlier, there's more private party transactions between consumers selling RVs to one another than there are private party—or I'm sorry, dealership used inventory transactions that go through the dealership group. By means of having these values that we could put on these assets, we can, with more peace of mind, pick up those additional arbitrage points and put a little bit more dollars, or investment, into used assets, where consumers would be more attracted to doing business with us. We can then also identify what a fair retail price point is associated with these assets, because, as you just hit home on, we can move assets around to different regions where we have a relative scarce supply of inventory.

For example, if we are taking in a trade, potentially, in the Northeast Corridor, right by where you live, we know that we might need Fifth Wheels down in the state of Florida. We will factor in the amount of transport that's associated with that asset, and in turn, with some peace of mind, can take up that much more retail price point availability, down in the state of Florida, or somewhere in the Southeast.

It's by means of this valuation tool that we can now start to tap into what was previously an untapped supply chain of used inventory that was largely business just being conducted between private parties.

Gerrick Johnson

Okay, thank you for that.

My next question is, the members that you retired, given the shift to online we've seen and the ability to transact, basically anywhere, why would you retire those Good Sam members, and are you going to bring them back?

Marcus Lemonis

Some of those Good Sam members were driven purely by the retail-only business that was in those locations that we exited, and we are marketing to them on a very regular basis; but we're monitoring our spend to try to hold onto them because a $29 transaction or their lack of enthusiasm for the RV industry, doesn't make it a good candidate.

We ultimately want a lot of transactions and we want that funnel to be as wide as possible, but one of the boxes they have to check, going through that funnel, is RV. If they don't check RV, we're not as interested. We are not Sportsman's Warehouse or Bass Pros where we're just trying to sell fishing poles and bikes. We believe that we have to identify people who love RVs and then give them the full assortment of products and services so that we have the largest share of wallet.

I do want to add one other bit of color to Matt's comment, which is, if you are in a dealership and you are working the desk, the sales management desk, and you're working a transaction with the customer, you oftentimes need a tool to give you the reassurance that your mindset is right. What we notice is that the more we provided these tools to our sales managers or our salespeople, almost like going out on a plank with them, stepping up in the value, the more transactions we're able to complete. When we talk about why we think it's going to increase our volume, because we think it's going to increase the first deal that comes with a trade, and that trade will lead to a more robust inventory and that more robust inventory will lead to more volume.

We're going to go out and try to grab as much as we can, at the early transaction, in the hopes of parlaying it into an additional used transaction. It also allows us to be more aggressive when people want to sell it on the curb or we go to the auction, because we have this tool on our hand.

Gerrick Johnson

Okay, makes a lot of sense. Thank you, Marcus.

Operator

As a reminder, if you'd like to ask a question, please press star, one on your telephone keypad. One moment while we poll for questions.

Our next question comes from Craig Kennison with Baird. Please proceed with your question.

Craig Kennison

Hi. Good afternoon. Thanks for taking my questions, and also for hosting this event.

I was hoping to understand the collision strategy, I guess, in the context of what you also talked about, in terms of your mobile RV marketplace. I'm wondering, to what extent do you plan to open up Camping World capacity for collision repair, versus partnering with third parties that would do that service based on, maybe, your marketplace providing them with an opportunity?

Marcus Lemonis

It's a great question.

As you look at the auto collision space, between the chains that are out there and some of the big publics that have gotten into the space, the nuances between auto collision repair and RV collision repair are dramatic. It's unfortunately, Craig, a lot of it's based on a lack of technology. When I go to an auto body shop and I meet with my insurance adjuster, they have tons of technology that allows them to understand this door on this Honda costs this much, and it takes this much time. The Chilton model actually builds it out for them.

In our particular industry, unfortunately, it's not sophisticated. It requires, A, access to the parts; B, knowledge on where to source the odd things that are needed; and as you know, the parts business in the RV space and the parts business in the auto space couldn't be further away from each other. Most people don't know that most parts in the RV space don't have a part number. In some cases when you're molding fiberglass, so you're building a sidewall, you could be building that from scratch with Bondo or a bunch of other things, putting on a rear cap, putting on front windshields, fixing roofs. The process of repair is so much more technical. Because we have access to knowledge of, or at least some of the other parts and pieces that are used, stocked, we're able to complete that transaction.

I'll give you even a more direct answer. I'm not giving up any of my 70%-plus margin business, and the cost of actually growing it is—the cost of actually opening them or expanding more for it, is de minimis. It costs $175,000, which we can lease or pay for, to put a paint booth in, and we see a one year or less return on that paint booth. If we build a collision center, we buy land in an industrial area, $1, $2 maybe a foot, the building is anywhere from $60 to $70 to build, because it's not a retail build, and we're up and running. We can use it as a PDI facility, a marshaling yard for inventory, which we will, and a collision center.

When we pop up these standalone collision centers, one that we're eyeballing in Minnesota or one we're eyeballing in Denver, it doesn't just act singularly as a collision center, because we're in a commercial area where we can store 500, 600, 1,000, 2,000 units that will cover that region as well to create just-in-time inventory, as well as getting the benefit from its primary purpose, which is 70% margin collision business.

A lot of the things that we do, we don't talk about. The reason that we don't is because we have to keep something in our bag of tricks, because we know competitors are listening to this call.

Craig Kennison

That's helpful. Thank you.

Then just as a follow-up, so you had announced, I guess, a Good Sam network whereby repair shops could pay a subscription fee for access to Good Sam customers that may need RV repairs.

How does that fit into this collision strategy? Or would it be sort of non-collision repair work that you're talking about in that context?

Marcus Lemonis

I think largely what we're trying to duplicate is the Good Sam network, or our roadside assistance network; we're allowing independent repair shops and independent tow providers to latch onto a system that will feed business to them, much like you would call an Uber driver on your phone, you would call for repair and either a mobile service company would call you or somebody would show up. I don't really see the connection between the collision repair; however, if the work is greater than a mobile service provider could handle, then it could get towed through outside or towed through a provider to those collision centers.

I wouldn't put a lot of emphasis on thinking we're going to have 30 or 40 of these. We may have five or six, but we may take our existing locations, like in Fort Pierce or Wichita, Kansas, or Breaux Bridge, Louisiana and expand them, or an add-on base exclusively or primarily for collision repair. The incremental investment is clearly paid back in a short period of time.

Craig Kennison

Thanks.

Then I wanted to dig into Good Sam a little bit; I appreciate the discussion around that business and I would say we could do more to understand the metrics behind it. You talked about 2.1 million members. I think you also mentioned $1,850 of revenue per member, but could you help us really understand that? I know members pay, like you said, a $29 fee, so most of that revenue per member must come from other businesses where the revenue is actually counted - for example, an RV sale or an F&I sale. Is that the right way to think about that revenue per member metric?

Karin Bell

Yes. The revenue per member metric that we provided looks at the revenue that's generated from the multiple businesses within the Company. Whether it's accessory sales, service, roadside assistance, (inaudible), any type of other RV sales, any type of revenue that we create under the umbrella. That's kind of how we look at that.

We've been monitoring that metric for multiple years where we can understand the growth of it, and we think that, obviously, the additional things that we're going to do moving forward, where we try to—whether it's the peer-to-peer, the collision, better integration into our retail business, will allow that number to grow the 10% over the next 36 months.

Craig Kennison

Great. Thank you so much.

Marcus Lemonis

Thank you, Craig.

Operator

Our next question is from Marc Cohodes with Alder Lane. Please proceed with your question.

Marc Cohodes

Yes, you got me thinking, Marcus, where are your deposits for new, year-over-year, given the dynamics in the industry right now of product shortages?

Marcus Lemonis

You mean the number of people that have put a down payment in the hopes of waiting for a unit?

Marc Cohodes

Yes.

Marcus Lemonis

It's not that significant…

Marc Cohodes

Because in certain places…

Marcus Lemonis

Matt will take it.

Matthew Wagner

It's up slightly year-over-year, but ultimately we know, and we pride ourselves on our ability to source product right now because a lot of consumers would want to touch and see and feel these assets prior to that purchase, or at some point, would do a lot of research with a dealership to make sure that they're partnering with a trusted dealer to actually receive that product. It's up slightly, but when I say up slightly, a couple hundred, 250 to 300 units year-over-year; really not a meaningful amount in the grand scale of how many assets we sell.

Marc Cohodes

When do you guys anticipate the 2021's showing up in force?

Matthew Wagner

In our industry, 2021 model years are debuted midyear, so we already have the vast majority of our new assets on the lot, our 2021 models right now. We're well-prepared, heading into the actual 2021 Calendar Year.

Marc Cohodes

Okay. Thank you.

Operator

Our next question comes from Seth Ming (phon) with Credit Suisse. Please proceed with your question.

Seth Sigman

Hi, guys. It's Seth Sigman.

A couple of follow-ups here; obviously, very helpful color, appreciated. Just as we try to bridge that 2021 outlook, we're getting some questions on this. When we look at the low to mid single-digit revenue target, can you frame up for us how much of that is being driven by new initiatives, some of the things that you're launching and talking about today?

Marcus Lemonis

Not much, to be candid with you. Not much, because those initiatives are more retention-based than they are revenue-based. The only thing that is in our number is an average location of eight to 10 locations, sort of what that average revenue is. I would bet that that's not much material either.

What we really believe is going to drive 2021 is a continued performance for a full 12 months, and the stores that we opened up a year ago continuing to mature, and some acquisitions that are going to go in there. But we think that, largely, to be candid with you, we're not that impressed with being plus $500 million. We think we need to be shooting for much more than that. We want to be conservative because we don't know what's out there in the marketplace, but all it is, is low to mid single-digit revenue, that's all we did.

Seth Sigman

Okay. Then, you unveiled a lot of new initiatives today. Most are largely complementary; some are new verticals, of course. Can you talk a little bit more about how the organization is set up today in a way to support all this? Because there's a lot going on, right? I'm curious also what you've learned—what's different today versus, perhaps, a couple years ago, to sort of keep the organization on track?

Marcus Lemonis

Well, the Organization operates in two different units, but they are tied together pretty dramatically.

Our Good Sam plans and services business, this is based in Denver, Colorado with our call center and all of our folks, they operate in managing their annuity business and working directly with the partners. They rely on Matt's business, the dealership and field operations, to drive a good chunk of the throughput. Matt oversees the field operations, and Tamara, who's our Chief Operating Officer, and myself, sort of take our team at Good Sam. We're a very flat organization; I mean, there's Brent, who's the President, Tamara, Karin Bell, Matt Wagner and myself, and then our Senior Leadership team is 37 people.

I think what's different than two years ago is a very clear focus on the RV and outdoor space - I make that distinction so that people don't think that we're just one or the other - and how those things feed the Good Sam business. As you watch the video—and I don't know if you saw it or not, Seth, but if you watch the video, that's how our employees think about it as well. I would say two years ago, we didn't even explain it ourselves, to ourselves, as clearly as we are able to understand it and explain it today. That's probably made the single biggest difference. Now that we understand how that all looks and how we want it to look, then the initiatives, if they don't fit into that ecosystem, they just don't make the cut.

Seth Sigman

That makes sense. Best of luck.

Marcus Lemonis

Thank you.

Operator

Our next question is from Quinton Mathews with QKM. Please proceed with your question.

Quinton Mathews

Hello.

I've got a question, just following up on the revenue guidance, mid single-digits for 2021. I want to make sure, if it's just you being conservative or I'm missing something here. If I take the comment that 2021 will be continued performance for the full 12 months and continual maturation of the newer stores, I take that to be—let's just start at a baseline of flat same-store sales, and you've got a $250 million to $300 million headwind. I think, if I remember from late March, early April, which is 5% to 6% tailwind next year, plus 5% on the store openings, greenfield and acquisitions, I guess, the (inaudible) windows open throughout the year.

I would get to—I'm not talking EBITDA, but I would get to, call it, high single-digits, or low double-digit revenue growth.

Marcus Lemonis

I don't understand your headwind comment for the first six months.

Quinton Mathews

You had a… I believe, early in the year, you said that—this year, you had a headwind of $250 million to $300 million due to COVID, with the shutdown, in late March, early April.

Marcus Lemonis

Yes. In late March and April, and what we were trying to do is create context around the first full six months. Now, while people were thinking that May and June were off to these record numbers and everything was going to be crazy, I wanted to point out that, yes, May and June were good. They were materially better than the previous year, and March and April were materially worse than the previous year. The $250 million to $300 million drag that happened in March and April was made up in May and June; but for the first six months, we don't believe we had headwinds at all, we believe we had a normalized six-month model. We want to have you maybe adjust that part of the thesis, where the headwind was in a moment of time, but made up in the six months.

Quinton Mathews

Fair enough, okay. I presume, then, that the top line growth that you're talking about next year is essentially flat same-store sales, plus your new revenue, because your new initiatives are not really revenue generation, at least at this point, but more retention? Or do you have some—and there's got to be some sort of same-store sales stock, in your head, for next year.

Marcus Lemonis

Yes, sir. It's low to mid single-digits, and the reason I'm putting that range of low to mid is because I think our new stores are going to be what's going to get us to the middle or the top part of that number. I'm infusing both of those into the number, so the low to mid—the low may be on a same-store basis, and the acquisitions and store openings would take us to mid because as a percentage of the total, it's not going to be that much.

Quinton Mathews

Got you. Is that because the new stores are going to open at different points throughout the year so you're not going to get full exposure to all those stores?

Marcus Lemonis

Yes, sir.

Quinton Mathews

Okay. Then on the peer-to-peer, I'm kind of having a hard time understanding, one, why it wouldn't be that—let's actually look at the bookings and the revenue itself, why it wouldn't be revenue generation, and why you made a comment that it wasn't going to be really high profit. I mean, if you just think about some number of bookings throughout the year at a certain daily price and taking even a small—significantly smaller than the competitors do, something like Airbnb does…

Marcus Lemonis

Well, the competitors in the space all lose their (inaudible).

Quinton Mathews

Well, yes, no, I get that, but I mean, on a…

Marcus Lemonis

(Cross-talking). Let me just draw the parallel, let me try to map it out, because that's a great question. When we look at the people we compete with in the RV—because Airbnb is just an example, I don't think it's a good analogy. But when we look at the people that compete in the RV sharing space, based on the information we have, they both lose money. We're not in the business of losing money, so we'll start there.

Number two, they charge a pretty significant fee, both to the renter and the rentee, in that process. We know that we're not going to charge our Good Sam members. While we are in this process, we see this as A, a better use of our own inventory; B, a tool to give our members a better use of their inventory; and C, our ability to have a partnership with a large rental provider and not have to own a rental company entirely.

As we think about where we want to make money in that process, we don't want to make money on booking fees. That's what the competitors are doing. We have a lower cost of acquisition of the customer, and the matching lower revenue amount. Where we want our model to take us, and where we think it's going to be ultimately the most lucrative for the entire ecosystem is—sure, there is going to be small fees for non-Good Sam members, and there are going to be cleanup fees and little things like that, and there will be some revenue charge for non-Good Sam members. I'm telling you, join the Good Sam club or pay this fee.

Our model is built on roadside assistance, insurance, soft goods, hard goods, exchange fees, cleanups, repairs, maintenance. We want to touch that unit and touch that customer, because our infrastructure is already set up for that. We're using, much like we use new RV sales, we're using this particular peer-to-peer model as a fire starter for Good Sam, our parts, our service and our retail business.

Quinton Mathews

Yes, okay. Then, what do you think about—well, let me ask you this. Do you know how many trips get booked in rental—well, actually, let's look at Outdoorsy, or Lee or whatever their name is, and RV Share. Do you know how many each book trips, annually?

Marcus Lemonis

I can't speak to that number, sir.

Quinton Mathews

Is there an industry of how many rentals happen in a year that include their kind of model as well as the traditional rental model?

Marcus Lemonis

Unfortunately, I wish there was, but none of those companies have public information, so we're having to operate, to a degree, on hearsay and whatever information we have. What we know is that there's demand for the product. What we know is, between our inventory and members' inventory, our active database inventory and our rental partnership, we will have enough product to match with the demand. But to try to extrapolate out on this call what we think it's going to be, we are not prepared today to provide those numbers.

Quinton Mathews

Yes, that's fine. Then, do you have an idea of, breaking down, pro rata, where those rentals are going to come from, the majority—people who own them and are Good Sam members, let's say, versus yours, versus this partner that you're going to announce? Will you be able to… Is there the same opportunity to offer insurance and all the services, and roadside assistance on the rental partner that you would? Or do you those presumably already have some of those services from the rental partner?

Marcus Lemonis

The way we envision it is we're agnostic to what the consumer wants to rent. We're providing them with a pool of assets; and historically, the traditional RV rental companies had one, two, maybe three types of units: a C class, a Class A. What this whole concept is allowing for is everybody with every kind of unit, toy hauler, small travel trailer, big travel trailer, Airstream, motorhome, whatever it may be, to make their assets available. We would expect that our process of insurance and roadside and soft and hard goods would apply to every transaction.

We also would expect that the pacing of that would increase as well, because today, somebody may want to take their dune buggy out, or their ATV out or whatever it may be, and the traditional RV rental market isn't plentiful with that type of unit. We know there's a lot of buzz around Outdoorsy. We think they've done an excellent job in creating a platform, and we think that we understand the RV customer and the RV assets as well if not better than they do, and we feel like we can disrupt it and grab share there.

Quinton Mathews

Okay, appreciate it. Last question; is it fair to assume that your EBITDA guidance for 2021, is that above your average 7.5% margin target?

Marcus Lemonis

Yes.

Quinton Mathews

Care to put…

Marcus Lemonis

Yes, it is, fair to put.

Quinton Mathews

Okay, but can you put any number on—somewhere between that, where you are in the second quarter, or do you not want to give guidance on that?

Marcus Lemonis

We're not providing guidance on that.

Quinton Mathews

All right. Hey, appreciate it very much, thank you for your time.

Marcus Lemonis

Thank you.

Thanks so much for joining the call today, really appreciate it. I'm going to turn it back over to the Operator.

Operator

We have reached the end of the question-and-answer session. At this time, I'd like to turn the call back over to Marcus Lemonis for closing remarks.

Marcus Lemonis

Thanks so much for joining today's call. Obviously, we have our heads down and we look forward to talking to you when we report our third quarter numbers in November. Take care.

Operator

This concludes today's conference. You may disconnect your lines at this time, and we thank you for your participation.