

# How to WIN the Car Buying Game and SAVE \$\$ Thousands \$\$

*What car dealers don't want you to know*

*Learn how to Negotiate like a Professional*



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## How You Can Save Big \$ on your New Car

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***T h a t ' s I t .***

Inside this eBook you'll be exposed to some highly controversial truths around the car sales industry.

You'll discover some invaluable principles that will save you an enormous amount of money and headache in your car shopping.

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## How You Can Save Big \$ on your New Car

So, you're thinking of buying a new car.... exciting, isn't it?

It'll be lovely to step out your front door and see your shiny new car waiting for you in your driveway. Of course, one thing that can really sour that feeling of pride in ownership is a nagging suspicion that you payed too much for it.

How often do you buy a new car? It's a pretty safe bet that the salesperson trying to sell you one is a very experienced, highly motivated, well trained professional. Someone who deals with buyers like you every day and knows the psychology of buying and selling backwards. Someone who is a master of the art of having you spend as much as possible when you go to buy your car- and that can be thousands of dollars more than you really *need* to pay. Do you know that the advertised price- even if it's a "sale price" is actually the *highest* price the dealer thinks they will get for a car? (nobody is going to offer them *more* for it, are they?). Unless there's someone right behind you waving a bank cheque for the full amount the price is *always* negotiable.

How can YOU get the best deal possible when dealing with these people? It will take knowledge, preparation and a willingness to negotiate. It begins with.....

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### **RESEARCH**

This is the *preparation* that gives you the *knowledge* you need to avoid paying too much for your new vehicle. It's ESSENTIAL. The time you spend doing this will save you hundreds of dollars *at least*.

*(There are 2 blank pages for you to use for your notes at the end of this booklet)*

### **STEP 1 - KNOW WHAT YOU'RE LOOKING FOR**

(If you already have a shortlist of vehicles just skip this bit).

You could make a list of your wants and needs.

Eg:

#### **NEEDS**

At least 4 seats  
4 doors  
Towbar  
Towing capacity > 1000kg  
Tinted windows  
Air conditioning

#### **WANTS**

Red  
Alloy wheels  
Cruise control  
6 speed gearbox  
European car  
Petrol powered  
Power steering

#### **Things to consider include;**

:: Vehicle size & body style (eg; sedan, wagon, coupe hatchback, convertible, utility, kingcab etc.)

:: Number of doors & seats

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- :: Fuel type (petrol, diesel, LPG or hybrid petrol/electric)
- :: Engine type and capacity (eg; V8, six cylinder, four cylinder. Capacity is expressed in litres. Turbo or Supercharged ?)
- :: Transmission type (manual or automatic)
- :: Capabilities (eg; luggage space, towing capacity, performance, economy or range, ease of parking, ground clearance)
- :: Options and accessories (eg; air conditioning, anti-lock brakes, towbar, interior trim material, paint protection, window tinting etc)
- :: Dealer proximity or service availability
- :: How long you plan to keep the car and how important resale value is to you. This can influence whether you go for a just superseded or "runout" model or choose to pay more for the new model.
- :: Running costs. These include fuel economy, servicing costs, insurance and tyres. Sources of this information include car magazines, the internet (especially the RACV website and magazine), insurance companies and tyre retailers.

Start looking at cars in magazines, newspapers or on the internet to determine which vehicles on the market suit your needs. You may find magazines containing the road tests of vehicles you are interested in at the library. Don't waste time looking at anything that doesn't fit everything in the "Need" column. Make a list of the possible candidates.

Narrow down the list by crossing off those that don't have the features you want.

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### **STEP 2 - TEST DRIVE**

To finalise your shortlist of vehicles you'll need to take the contenders for a test drive. Ideally, you should set aside a day for this and arrange all your test drives for that day

(You can find dealers with the vehicles you are interested in using the RACV website's "find a New Car" section).

If you are not going to be the only regular driver of the new car, it makes sense to have the other driver test drive them with you.

When you ring the dealer to arrange your test drive, ask if you qualify for a fleet discount. If you own, are employed by or even sub contract for a company with five or more registered vehicles, you may qualify.

When you arrive, the Dealers will try to sell you a car on that day. **DO NOT BUY AT THIS STAGE.** It will almost certainly cost you hundreds, if not thousands of dollars, no matter what they may say about a "special, today only".

Tell them that you are **ONLY** test driving today. Expect them to try to get you to talk about a deal by asking you questions like:

"How much are you looking to spend?"

"Do you have a trade-in?"

"Which other vehicles are you considering?"

"What would it take to do a deal today?"

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DO NOT discuss price or how much you are willing to spend- including monthly repayments. Don't discuss your trade-in if you have one. If asked you can say that you have other plans for it or won't be deciding today.

Before your test drive, make sure their insurance covers you in the event of an accident.

On the drive, take the car over the sort of roads that you will be using regularly to see how well it suits your intended usage (You may need to let the dealer know where you intend to go before the drive).

Is the car comfortable for you to drive?

Can you reverse park it easily?

Make your test drive as long as practicable. It's worth taking a notepad and pen to record your impressions. The salesperson will probably try to get you enthusiastic about the car and get you thinking about how nice it would be to own it.

DO NOT tell the salesperson that you really like/love/want the car, even if you do. If they know that you love the vehicle it gives them the advantage when you return to negotiate with them. Don't accept any invitation to go back to the office with them. Get their business card and leave as soon as possible after the test drive.

The Dealer may offer to let you take the vehicle home overnight. This is a calculated ploy to make you feel indebted to them and obligated

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to buy the car. Don't fall for it.

Once you have done your test drives you may be able to eliminate some of the vehicles from your shortlist. It's OK if you are left with more than one, as long as you would be happy owning any of them.

### **STEP 3 – QUOTES**

Now is the time to get quotes on your chosen vehicle(s)- preferably from at least four dealers (each).

Make sure that you're comparing "apples with apples"- identical specification vehicles. You can use the telephone, fax or Email to contact the dealers. Tell them exactly what you want including options and colour(s). Check if they have such a vehicle in stock. Dealers will always prefer to sell a vehicle they already have in stock and will give you a better price on it than one they have to order in. Check on the warranty offered (length, what's covered, what's not, cost of scheduled services and dealership labour rates). Get them to quote their price on any accessories you want and their dealer delivery charge. Let them know that you are getting quotes from other dealers and you will buy from *and have your car serviced by* the one who offers you the best deal. If you are faxing or emailing the dealer, include a deadline for their reply.

If there's only one dealer for the vehicle you want in your region, you obviously won't be able to say that you are getting quotes from other

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Dealers on that vehicle to get them to give you their best price HOWEVER you can say that you are getting quotes on another vehicle from other dealers- and it doesn't even have to be a similar type of vehicle. Ideally, it will be a vehicle advertised at a similar or slightly lower price to the vehicle you actually want. This has the dealer competing for your money.

The dealer's pre delivery charge is one that is often inflated- your research may uncover a wide range of prices for this item. This should not exceed \$600.

Now, if you haven't done so already, get your insurance quotes. It's worth shopping around for this, too

**Are there any options or accessories that you want or require? Check if they are available aftermarket** (from suppliers other than the dealers) and get quotes on their supply and fitment.

**Examples** include paint protection, alloy wheels, window tinting, LPG conversions, spoilers or body kits, CD stacker, roof racks and 4-wheel drive accessories (such as bull bars, winches, driving lights, snorkels, etc) **These are all readily available and are often significantly cheaper aftermarket.** If you intend keeping the car beyond its factory warranty, you may wish to purchase an extended warranty. This is really a kind of insurance and is offered by the dealers but is often very expensive from them (some do offer it as "free"- meaning that it is already built in to the vehicle's price).

As with insurance, shop around and compare carefully.

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Other costs to be aware of are:

- Stamp Duty calculated on the vehicle market value. (up to \$35,000, \$5 for every \$200 or part thereof, from \$35,001 to \$45,000, \$8 for every \$200 or part thereof and from \$45,001 up, \$10 for every \$200 or part thereof)
- Registration \$160.50 plus compulsory third party insurance (total varies depending on type of vehicle & address of owner).
- Number plate fee of \$26.60 (non custom plates).

\*These figures are correct as of November 2004.

### **If you have a trade-in you'll need to know what it's worth.**

Check what similar vehicles are being sold for in the newspapers, the Trading Post, any of the specialist car advertising magazines (such as "Just Cars" or 'Unique Cars"). Other places to look are on the internet (see [www.racv.com.au](http://www.racv.com.au) , [www.carsguide.com.au](http://www.carsguide.com.au) , [www.webbuycars.com.au](http://www.webbuycars.com.au) , [www.glassguide.com.au](http://www.glassguide.com.au) & [www.redbook.com.au](http://www.redbook.com.au) ). Before going to a dealer, make your trade in look as good as possible. A good detailing can be a wise investment. It's against the law to sell a vehicle under finance so if yours is you'll need to pay out the loan before it is sold.

With this research done you will be able to work out how much money you will need to purchase your new vehicle and get it on the road. If you already have this much set aside, please skip the next section.

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### **Finance**

Of course you can finance your new car through the car dealer. They would love to help you with that...because it can be *very* lucrative for them. The golden rules are the same as for any loan:

- Shop around. There are many types of loan and lots of lenders competing for your business.
- Compare carefully. Check monthly repayments, interest rates, term, total amount to repay and deposit required. TAKE NOTES!
- Paying the largest deposit you can (reducing the amount borrowed) will save you money overall.
- Always read and understand ALL of any loan agreement (*including* the fine print) before signing it.
- Don't be afraid to negotiate. How will you get what you want if you won't ask for it?

If you walk into a car dealership with pre-approval on a loan you can confidently negotiate a deal. If the dealer offers you a better finance package you can always take it. If you don't have your loan pre-approved you still don't have to accept the dealer's finance. You can include a clause in the sales contract that states the sale is conditional on you obtaining finance on terms satisfactory to you or the contract is void and any deposit is repaid in full.

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Things to beware:

- “Establishment fees” or “Processing fees”, etc.
- A penalty or fee for paying the loan out early.
- A very low interest rate on dealer finance. This can be more than offset by reduced discount offered (ie; you pay a higher price for the car) and a high deposit and/or “balloon” payment at the end of the term of the loan.

Note: If you are offered free weekly (as opposed to monthly) EFT repayments, this can shorten and reduce the cost of the loan significantly. Get them to show you comparison figures. This is not magic- it works because you actually pay more back sooner but is still a good idea if you can do it.

Remember that all credit providers are bound by the Consumer Credit Code to tell you your rights and responsibilities and give you all the relevant information in writing.

If you are a business owner you may want to investigate leasing or commercial hire-purchase. Your accountant can tell you about the tax implications of each. If you are a PAYG employee, you may want to investigate novated leasing.

Any vehicle under finance will need comprehensive insurance.

With your research done and the money organised, the next thing to

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Consider is *when* to deal...

### **Timing**

The timing of your visit to the dealership can affect the price you pay. If a car manufacturer is advertising "Factory Bonuses" or "rebates" you may get a good price but the "sales" advertised by car dealers can be just tactics designed to get people into the dealerships rather than benefit people by selling them cars cheaply- perhaps you may find the vehicle you want at a great price but as always, compare prices carefully.

Good times to buy:

- Often at the end of the month or the financial year the sales staff are trying to meet their sales quota and are willing to sell for less, but only if the vehicle is in stock and can be delivered by the end of that month.
  
- At the end of the calendar year the car dealers will try to run down their stocks of vehicles made in that year to make room for the next year's model. In January, any vehicles made during the previous year are considered as being "last year's model", even though they may have been built only a month ago. This means you can negotiate a greater discount on these vehicles.
  
- On weekday afternoons. The sales staff are not fresh like in the morning (make sure you are) and there are no weekend crowds.

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### **Negotiating**

As you read this, please bear in mind that car dealers and salespeople *are* people and will respond to you best if you are polite and pleasant. To drive a good bargain with them you'll also need to be very firm, persistent and alert and you'll need to be prepared when you set foot in the dealership.

**YOU need to be in control of the negotiations  
- NOT the salesperson.**

**Your plan** ( to get you the deal you want) , **is :**

- 1 - To negotiate a great price on the vehicle, then
- 2 - Negotiate the price for your trade in (if you have one), then
- 3 - Negotiate for any dealer-installed options or accessories that you want, then
- 4 - Discuss finance to see if they can offer a better package than the quotes you already have.

Generally dealers prefer to negotiate on the actual price of the vehicle WITHOUT the statutory charges and "On Road Costs". You already know exactly what these are from your research.

Never forget that you can WALK AWAY at any time. You may find that the price that you're offering (the one that they said that they

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Can't possibly accept) will be accepted when they see that you are serious about leaving (they may even call you at home later). There's nothing to stop you negotiating with three dealers at a time, playing them off against each other so you get the best deal.

### **You can trust car dealers to try to:**

- Make as much profit as they can from the sale of each vehicle while having you feel good about the deal.
- Sell you a vehicle from their stock that day.
- Sell you as many dealer installed options and accessories as possible
- Get you to have your new vehicle serviced at their dealership
- Get you to use their finance company
- Pay as little as possible for your trade-in.

This doesn't necessarily mean a high price on the vehicle as there are many ways of packaging a deal so that a seemingly low price is more than compensated for by other factors (eg: high interest rate on the loan or huge markups on any options and accessories). Remember that you will always be able to get a better discount on a vehicle that the dealer has in stock than one that they must order in.

- Take a notebook, pen and calculator. Make sure that you have the results of your research in your notebook, neatly laid out and easy to find. This includes quotes on vehicles, accessories, warranty details and service rates, "pre delivery", finance, insurance,

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extended warranties and quotes on your trade in- all with relevant details. You'll need space to write any notes or work out figures so that you know exactly what's being offered and how it compares.

- Negotiate on the total price of the *vehicle first*. Insist on this. Don't talk about finance or whether you have a trade in until the price is agreed. Car salespeople like to speak in terms of monthly repayments because they can make a deal look easy and affordable while costing you dearly in the long run. They may also try to confuse you by complicating the deal. It's a common tactic so that they can control the negotiations. Counter this by insisting that you understand each step before moving on. Don't be afraid of looking stupid- it's that fear which makes this tactic work on most people. If you feel pressured or that you can't get a straight answer from them, leave.

### **Expect the dealer to try to find out your spending limit.**

If you told them that you have up to, say, \$30,000 to spend, can you imagine them saying: "Well, the car you like normally sells for \$31,000 but we'll let you have it for \$28,000 so you can go home with two grand in your pocket still" ? Of course not. So when they ask "How much are you looking to spend?" have your answer ready. Make your initial offer around \$500 less than the best quote that you have received on the vehicle already. The salesperson may ask: "Up to?" Don't fall for this old trick to make you offer more. A noncommittal answer is best. A good rule of thumb is to look for at least 10% off the List price. Always negotiate *up* from your initial offer, not down from the List price.

### **Expect the salesperson to try to make you feel that:**

- Your offer is unrealistic/ ridiculous and that the discount that you're looking for is not possible.
- A small discount (eg. \$1000) from the Recommended Retail or

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"List" price is really a great deal.

- You really need to buy now to get this great deal while you can.
- The free carpet mats/mudflaps/headlight protectors, etc. that they're throwing in are worth a lot/ add resale value to the car.
- They are really on your side and only want to look after you.
- It would be rude or unrealistic for you to ask them to accept less for the car.

Don't fall for these either or let yourself be swayed by emotion.

**Expect the salesperson to try to get you to commit to the deal** by asking questions like: "If I could get the towbar you want fitted today, would you take the car?" or "What would it take for you to do a deal today?" The best answer is: "If I'm satisfied with ALL the aspects of the deal I'll be happy to buy today".

Make sure that you're fed and rested when you arrive and have all afternoon to deal. An old trick is to wear you down by dragging out the negotiations. There's only one you but usually many of them. If the first salesperson you talk to is finding that you are doing well in the negotiations they are likely to bring in someone else to take over so that you have to begin again, almost from scratch. Counter this by insisting on dealing with the original salesperson or with the Sales Manager.

Another technique that may be used by the salespeople is to say that they need to check with their Sales Manager before they can accept the offer you have made. They then take an inordinate amount of time to deliberately keep you in suspense and get you to think that the offer was too low. By the way, if you have someone with you when you go to the dealership it is

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probably best NOT to discuss the deal while you are unattended in the office. It only takes the intercom to be "accidentally" left on for your conversation to be overheard and your advantage lost. Counter this by dealing directly with the Sales Manager or letting the sales person know that you'll only wait, say, five minutes before you leave. Don't bluff; if they don't return in time, walk. You can even use time to your own advantage. The more time you can get the dealer to invest in negotiating with you, the more likely they are to accept a low profit deal rather than to let you walk away (straight to a competitor).

If you have to raise your offer on the vehicle, do it in increments of no more than \$100 at a time. Don't be hasty- let them earn their (your) money. If you aren't dealing with the Sales Manager, *insist* that the salesperson check with them on any offer you make on the vehicle as it is the Sales Manager who has the final say. If you approach the maximum price that you are prepared to pay (just under a competitor's quote), let them know that you can get the vehicle for that price elsewhere and you won't pay any more. Walk away if they won't sell at this price (don't rush- they may chase after you and agree to your price).

The Sales Manager may join you at some stage to try to gain control of the negotiations or to play a kind of "Good cop/ bad cop" game with the other salesperson. This too is designed to manipulate you. Concentrate on the deal at hand and don't get emotional.

Once you have reached an agreement on the price of the new vehicle (not including any dealer installed options or accessories you may want), it's time to discuss your trade in (if you have one). If a dealer offers you a relatively high or "guaranteed minimum" price for your trade in you can be sure that this will be "built in" to the price. That's why it's

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best to refuse to discuss whether you want to trade in your old vehicle until you have settled on a price for the new one. The dealer is likely to do what's called a "trade walk" around your vehicle, touching any faults and saying whatever they think will diminish its value in your eyes (eg: "We don't get a lot of call for these now"). Once again, don't get emotional. If it's fairly new the dealer will probably sell it through his used car division. If not, they'll sell it to a wholesaler and it will be worth much less to them. (Note that the RACV website has a suggested trade in value in its "Value Your Car" section). Either way, you know from your research what similar vehicles sell for and you know that the dealer will need to make a profit on it. If you can't reach agreement you can either walk away from the deal or sell your old car privately.

Don't accept any deal that involves you relinquishing your trade in before picking up your new car and don't be tempted to accept any offer to take the new car home before the contract is signed and deposit paid. You weaken your bargaining position and you may not be covered by insurance in the event of an accident. Remember that the dealing hasn't finished until you have taken delivery of your new car.

Having reached agreement on price and trade in, the next phase of the deal is the contract. **READ THIS CAREFULLY. ALL OF IT.** Don't be hurried and ask any questions you need to understand it fully. The salesperson may assure you that it's all "standard stuff" but remember that this is YOUR money and once you sign the contract and pay the deposit it is legally binding. There's NO "cooling off" period for new vehicle sales in Victoria (used cars have a 3 day cooling off period). Try to have any clauses you don't like deleted or altered and you can also have clauses added (eg: a clause that states the sale is conditional on you obtaining finance on terms satisfactory to you or the contract is void and any deposit is repaid in

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full). Don't accept a non-specific delivery date or you could find yourself waiting an annoyingly non-specific length of time before you can pick up your new car.

At the contract stage you are likely to be introduced to somebody (probably a woman), whose job it is to sell you dealer installed options and accessories. You won't be told that's their job- they're likely to be called a "Customer Service Officer" or something similar. This is one of the most profitable areas of the entire dealership.

They will offer you such things as paint protection, fabric protection, leather and vinyl protection, window tinting, rust proofing, sound deadener, mudflaps, mats, car alarms and immobilisers, extended warranties, towbars, spoilers and body kits, cruise control, etc.

**The prices they charge are generally far in excess of what reputable aftermarket suppliers charge.**

Don't believe that the "genuine" accessories are somehow of a far superior quality than anything that the aftermarket can supply- it's simply not true.

**Get quotes on any items that interest you and compare them with the quotes you got from aftermarket suppliers when you were doing your research. You can negotiate on the price of these items too, knowing that if they aren't competitive you can simply source**

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**them from the aftermarket when you take delivery of your new vehicle. Paint Protection is an excellent example, with Platinum offering a superior quality product at far less than what the dealers charge (Contact Platinum on 1300 66 18 33).**

If it happens that the vehicle you are buying is *already* fitted with some accessory (or accessories) that the salesperson has "forgotten" to mention, DO NOT pay List price for it. Depending on the item, you can A) Have them remove it or B) Offer them what you think is fair (or maybe a little less) considering that you didn't want or ask for it. They will be reluctant to pay for the labour to remove the item which puts you in a very strong bargaining position.

Next stop is the Finance Manager to pay your deposit. If you are financing your purchase, ask him what he can offer you. If he can offer you a better deal than the quotes that you obtained during your research then use his finance. Be sure to compare carefully. Check monthly repayments, interest rates, term, total amount to repay and deposit required. Take notes and use your calculator if you need to. Ask all the questions you want, remembering that this is still part of the negotiation/sales process- the interest rate, term of the loan etc are *negotiable* (within limits). Don't put up with someone who is confusing you. Insist on understanding each step before you proceed. Make sure that you read and understand ALL of any loan agreement (*including* the fine print) before signing it. Expect to be offered loan insurance- this is another product that is usually a high profit item for the dealer. (If you haven't done so already, read the section in this report titled: "Finance"- *especially* "Things to beware")

With the contract signed and the deposit paid, all that is left is for you to pick up your new car. Even here, there are things to beware.

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Check the vehicle over meticulously for any dents, scratches, paint blemishes or evidence of repairs. Yes, it does happen and all these things will affect the resale of your vehicle when you come to sell it so don't accept them on a vehicle that you have been sold as new and pristine. The vehicle will need to be dry and in daylight for this. With your copy of the contract in hand, check that your vehicle has everything that was agreed upon and nothing that wasn't.

Take it for a short drive and check that everything works as it should. If all is not as it should be then politely but firmly refuse to take delivery of the vehicle until any unsatisfactory item has been rectified. Car manufacturers send out Customer Satisfaction surveys to new car buyers and the dealer will want a favourable response on yours so it is in their interest to look after you and keep you happy.

If you follow the recommendations in this guide it's possible that you can save many hundreds– even thousands– of dollars on the purchase of your new vehicle compared with the “average” buyer.

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*We at Platinum Paint Protection hope you have many years  
of enjoyment from your new car– and the satisfaction of  
KNOWING that you got a great deal.*

*[www.platinumpaintprotection.com](http://www.platinumpaintprotection.com)*

*1300 66 18 33*

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**NOTES**



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