

Car Buying Secrets

Contributed by Steve Gillman
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Getting the best price on your next car just got easier. Just read over the following car buying secrets and put them to good use.

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1. The Dealers Real Cost

The Manufacturer's Suggested Retail Price (MSRP) is the price that consumers supposedly are meant to pay. Of course, most know they can do better than that, so they look for the Dealer Invoice Price (usually listed on the sales sheet on the vehicle). They try to get a price close to that.

{bot_wrgoogle}What many people don't know is that this does not necessarily define the lowest you can go, because it is not the actual dealer cost. In fact, this number is essentially a lie that manufacturers and dealers create to help THEM with negotiations. For a variety of reasons, the dealers real cost is almost always substantially less than this, so keep that in mind.

2. Dealer Incentives and Holdbacks

Among the things that lower the dealers true costs are special incentives they are offered by the manufacturer, as well as holdbacks. A holdback is an amount paid to the dealer by the manufacturer upon the sale of a car. Doing it this way (rather than simply selling the cars to the dealer for less, is a way to artificially inflate the cost on paper, which helps with negotiations with "smart" buyers.

There are places where you can find out about holdbacks and incentives. Consumers Reports, for example, in addition to having some information about these things in their magazine, also has a service that provides you all of this sort of information about any car you are considering buying. Look for their "New Car Price Service."

3. Overpriced Extras

Much of the profit on a new car is made from the extras that consumers buy. Some certainly can be worth the price, but others are almost worthless or at least grossly overpriced. Though there are exceptions, as a rule avoid undercoating, rustproofing, fabric protection, windshield etching and extended warranties.

4. Don't Mention Your Trade In

Negotiate everything else before you mention that you have a car to trade in. Otherwise, the dealer may hold out for a higher price on the new car just so he can appear to be offering you a decent price on your trade in. Prior to going to the dealer, look up the value of your existing car in one of the used car price guides (available in your public library or online), so you know what you might get selling it on your own. Take the dealer offer if it is anywhere near this.

5. Buy At The Right Time

When is the right time to buy if you want the best price? Certainly you can watch for sales, special manufacturer rebates and such. These can save you hundreds of dollars or more. But one of the lesser known car buying secrets is to shop near the end of the month.

Why? Because many car dealers pay bonuses to employees based on total sales for the month. Towards the end of the

month then, the sales people are often trying to meet some goal that might win them a bigger bonus. This gives you more negotiating power. Mention at some point "I might wait until (pick a day that is the first or second of next month) to make a decision." You might just see the price come down at that point.

6. Buy Used

What is perhaps the most valuable of these car buying secrets, is also a secret of millionaires. Although millionaires may buy more Mercedes or BMWs than Honda Civics, about 40% of them buy these cars used. Why? Because they recognize value. Surveys of repair costs and other data show that a three to four-year-old car costs up to 50% less per mile to own as a new car (less if you are paying cash, because part of the savings is in the interest savings on a lower-priced smaller-loan car). A three year old car should look almost new in any case.

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