

Negotiating The Selling Price

Despite the ease and convenience of getting **free price quotes**, many folks still prefer to negotiate the price of their new vehicle. And if you're buying a used car, you may have no choice but to negotiate. So here is your step-by-step game plan for negotiating the purchase or lease of your new or used vehicle:

1. Sitting at the car salesman's desk, he'll first ask you some basic questions such as your name, address and so on. Answer him honestly. And remember that it pays to keep the negotiating game as casual and friendly as possible. A sense of humor really helps.

2. Then he'll ask you the big question: "What have you budgeted for your monthly payments?" Or he may simply tell you what they'll be. You must be strong and firm. Tell him clearly: "I'm not at all interested in discussing monthly payments. I only want to talk about the selling price of the vehicle."

So he'll probably ask: "Then how will you be paying for your vehicle?" Your response will depend on your circumstances:

Regardless of your financial situation, if the salesman starts asking questions about your finances and budget, take control. Repeat what you told him earlier: "I only want to talk about the selling price right now. We can discuss financing later. Fair enough?"

Remember, you are the one who will determine the way the negotiation goes. They will constantly try to steer you to their game. It's up to you to keep things on track. You must stay strong and focused on your buying goals.

3. Tell him you're ready to make an offer. Then calmly add: "I'm certainly in no hurry to buy a car. However if the manager accepts my offer, I'm fully prepared and willing to sign the papers and drive the car home today."

FIRST RULE OF NEGOTIATING:

Never appear anxious, worried or desperate. Always remain calm, casual and willing to walk away from the table at any point.

Tell him: "I'll buy this vehicle right now for \$100 dollars (for example) over your invoice price (or wholesale value, for used vehicles)." The actual amount you offer should be somewhat below your pre-set buying goal figures.

SECOND RULE OF NEGOTIATING

Never negotiate down from the sticker price. Always negotiate up from the invoice price (new cars) or wholesale price (used cars).

4. Once you've made the offer, be quiet. Sit patiently and wait for his response.

THIRD RULE OF NEGOTIATING

Whoever speaks first after an offer is made is in the weaker negotiating position.

The salesman will probably insist that your offer is too low. Respond by repeating your main point: "What I'm offering you is an opportunity for you to get another vehicle off your lot with a minimum of time and trouble on your part."

5. Now the salesman will do everything he can to get you to raise your bid. He certainly doesn't want to go to his Sales Manager with such a low offer. Regardless of how much he pressures you, under no circumstances should you raise your bid.

FOURTH RULE OF NEGOTIATING

Never negotiate against yourself. Never raise your own bid until they make a counteroffer.

The salesman may tell you that no dealership can sell you the car at that price. Respond by saying, "I'm sure there's some dealership in the area willing to do the deal. But I'm here with you and I like you so why don't you take my offer to your manager and let's see what he says."

The salesman may ask you for a deposit check. Write the check to show your good faith.

Regardless of whether you'll be financing with the dealership or not, at some point he'll probably ask you to fill out a Credit Application or the first five lines of a Credit Application (called a "five-liner"). Then the salesman will walk over to the Sales Manager's office. Sit back and relax. You've probably got a long wait.

6. Sooner or later, the salesman will return. He may by himself or he may introduce you to his "Sales Manager," who may or may not be the real manager. No matter whom you talk to, your approach should remain the same: friendly and casual, but strong and focused.

Now the salesman and/or his "manager" will present their counteroffer. After he does, say nothing. Simply sit for a while, thinking... They'll probably speak first to break the tension. At the appropriate moment, show your flexibility and willingness to compromise by hesitantly raising your bid. Tell him: "OK, I'll give in. I'll buy this vehicle right now for \$200 over your invoice cost (or wholesale value), plus tax and license."

FIFTH RULE OF NEGOTIATING

Always raise your offer in small increments of \$100 to \$200 at a time.

They'll shake their heads in doubt. And the game will go on. Back and forth. They'll keep coming down in their price as you keep coming up in yours. Along the way, they may try all sorts of lines, theatrics and ploys to get you to spend more money than you have planned.

Here are some suggestions for responding effectively to the lines that the car salesman and/or his Sales Manager may throw at you:

THEM: It's impossible to buy this car at this price at any dealership.

YOU: Maybe I should visit other dealerships to find out if you're right.

THEM: We have overhead. We need to make enough profit to pay for the lights, the electricity, the salesmen.

YOU: It sounds like this dealership is in financial trouble. Maybe I should visit another dealer.

THEM: This car commands more money in the marketplace than what you're offering.

YOU: Maybe I should visit other dealerships to find out if you're right.

THEM: You want this car, don't you? Then step up to what it takes to own a vehicle of this caliber.

YOU: I think maybe I should go to another dealership and see what they have to say.

As you can see by the suggested responses, threatening to leave scares them to death. They absolutely don't want you to leave and will do anything to get you to stay.

It's important to remember that what they are really doing here is testing you. They want to know:

- Your negotiating strength
- Your physical and emotional stamina
- How easily you believe their lines
- How much you know about their game
- How much higher you'll go in your price
- The point at which you'll give in

So don't fall for their lines and don't give in.

7. At some point, be sure to repeat your basic argument: "I am fully ready and willing to sign the papers and drive this vehicle home now." Then point out to them that you have everything arranged and ready to go: your financing, down payment, auto insurance and so on.

8. Eventually, your offer will rise to your pre-set limit -- your buying goal. When it does, freeze. They'll try everything they can to get you to raise your offer again. Tell them frankly: "I've reached my limit. I can't go any higher." They won't believe you, of course, and they'll test you some more.

Again, try to remain casual, positive and friendly, especially when they're putting on the pressure. It really helps. If they like you, they're much more likely to give you the deal you want.

Once they realize that you won't budge in your price, they'll either sell you the car at that price -- or they won't. If they do, congratulations. Next you'll go into the Business Office.

9. If they won't sell you the vehicle at the price you want, thank them politely and leave on good terms.

Don't take this personally or think you made a mistake.

Be sure to give the car salesman and/or his "Sales Manager" a call the next day. Sometimes a dealer will become surprisingly flexible in his price if you follow up with a phone call. Tell them that you're giving them one last crack at earning your business.

And of course, you should visit other dealerships. Unless the vehicle you're buying is "hot" and hard to find, the price you are asking for is not unreasonable.

Whatever happens, remember to use your intuition. If they get rude, if they cause you to feel uncomfortable, if things just don't seem right, then get up and leave.