

# The Right Information Gives You Showroom Clout



*One of the advantages of living in the so-called Information Age is having all the data at your fingertips when you make a major purchase. For instance, when it comes to buying a new car or truck, you can now walk into the showroom confident, armed with knowledge and in a powerful position to negotiate.*

**I**t's easy enough to determine the manufacturer's suggested retail price of a car — check the ads. But this is only a first step for comparing vehicles. What more accurately tells a car's value is the price a dealer must pay for it. The "dealer cost" is typically thousands of dollars less than the manufacturer's suggested retail price, and it provides a realistic starting point from which to negotiate a purchase.

## At the Library or on the Phone

Dealer costs are published in books and magazines widely available in bookstores and libraries. Perhaps best known is the *Blue Book*,<sup>®</sup> but other useful publications include monthly magazines such as *Consumer Reports* and *Consumer Digest*.

The problem with printed sources, however, is that they become out-of-date. When you've narrowed your search, it's time to check a pricing source that's revised regularly. Telephone sources charge by the minute. You can also access several auto-price sources on the Internet.

Dealer costs are usually given not just for the car itself but for all available options. Also reported are current customer rebates and dealer sales incentives. (First USA AutoReport<sup>™</sup> rates new cars in seven crucial cost and safety areas — see next page.)

## Reduce Your Monthly Payment

Why shop for price? For a car financed at 9 percent interest for four years, a \$2,500 price reduction will save you over \$60 per month. The impact on your budget is substantial; the aggregate cash savings will total \$2,880. Whereas, an 8 percent interest rate on a \$15,000 car loan versus a 9 percent interest rate over the same four-year loan makes a difference of only \$7 per month.



How much to pay? Don't expect to get the car at dealer cost. After all, the dealer is entitled to a reasonable profit. An informed shopper can often seal a deal by offering the dealer a markup of 4 or 5 percent (except on the market's hottest cars).

## Sell the Old Car Yourself

Many shoppers become shark bait when they neglect trade-in values. A shrewd car dealer may extend an attractive price on a new vehicle, but then offer a trade-in allowance well below the old car's actual value. Used-car values are published in many of the same sources as new-car prices. If you can handle the hassles, consider selling the old car yourself.

Looking beyond price, a conscientious consumer should consider the complete cost of owning and operating an automobile.

## The Power of a Cash Buyer

Before visiting a dealership, consider getting pre-approved for financing. (See next page.) This gives you the power of a cash buyer — and you avoid haggling over interest rates. Also consider insurance costs in advance. You don't want to be surprised by a change in your premium after the purchase. Check rates with your insurance company first. (See page 16.)

When visiting a dealer, it's important to act like a serious buyer. Dress well and command respect. Tell the salesperson you're ready to buy today. Have your checkbook ready, and bring your trade-in vehicle's title. Don't be sold on last-minute extras, and be wary of phony fees. Be ready to walk out — and do so — if you're not treated well. But be equally prepared, if the deal is right, to drive away in your new car.