

# **Buying A Car**

**April 22, 2026**

# Background

- 33 years experience as owner operator of multiple car dealerships
- Presenting my personal opinions
- Do your own research and make your own decisions

# What Drives You?

## Financial

used car

new car/10yrs

new car/2 yrs

**best**



**worse**

## Feeling

new car/2 yrs

new car/10yrs

used car

# Best Time To Buy New

- Now if you need the car
- End of year as dealers try to meet annual sales targets
- End of quarter, quarterly sales targets
- End of month, monthly sales targets
- When you have time to shop and to research your vehicle choices

# Leasing versus Buying

- Consider financials, taxes, business or personal use, etc
- More leasing in snowy areas, less in west coast and desert dry areas
- With lease have option to buy at predetermined price, not market value (closed ended or open ended lease)

# Business Office

- Traditional profit centers – sales, parts & service
- Sales – competitive, not much profit
- Service and parts if well run may cover costs of running the dealership
- Newer profit center is the business office and generates more profit than all the others depts
- They do financing, extended warranty, paint protection, etc.

# Business Office

- High profit margins on business office products
- Not unusual for the sales dept to make \$500 while the business office makes \$5000 from the same customer
- Not unheard of selling you the car at no profit knowing they can make money in the business office
- Watch out for the business office (I would never buy anything in the business office)

# Business Office

- Nightmare stories of aggressive business office managers bullying or scaring customers into buying contracts they do not need
- If you run into this, tell them you want to cancel the whole deal - they will calm down or they will be in trouble with the sales department
- In the 90's opened my own extended warranty company – most profitable business I ever owned – that's why they want to sell you extended warranty and protection

# Invoice Price Trick

- Dealers may show you a factory invoice to prove how little money they make ... really?
- Could be an internal invoice from another department in the same dealership or it could be legitimate
- Many manufacturers have a hold back program that credits a percentage of the value of the car back to the dealership ... the hold back is not shown on the invoice

# Invoice Price Trick

- Hold back example:
  - dealer pays \$40,000 & sells for \$42,000
  - but the car could have a 5% hold back
  - so after the sale, the dealer gets \$2000 ( $5\% \times \$40,000$ ) from the manufacturer
  - the dealer really paid \$38,000 for the car

# Do Your Research

- Good online resources to find best pricing
- Costco has good program that puts you in touch with the fleet department bypassing the whole sales force
- KBB, Edmunds, Truecar, Cargurus, etc.
- Get online quotes from multiple dealers for the exact car you want

# Service Department / Goodwill

- Every manufacturer has a Goodwill warranty program where they cover reasonable warranty items outside of the warranty period
- Ask dealership to put you in touch with manufacturers rep for additional help
- Make sure every noise, squeak and other abnormalities are noted on the work order when the car is under warranty
- Keep a copy, it may help later

# Trade In & Financing

- Do not bring up your trade in until the new car deal is done
- Do not bring up an all cash purchase until the new car deal is done
- Be comfortable with your sales person and your deal to minimize buyers remorse

# Used Cars

- Private party sales
- Demo car – test drives & other 1000-3000 miles
- Program car – owned by manufacturer and given to employees to drive for a period of time 10,000 miles
- Loaner car – courtesy vehicle for customers use while their car is being serviced

# Demo, Program & Loaner Cars

- Pro
  - lower price
  - availability
  - condition
  - warranty
  - rebates & incentives
  - features & extras

# Demo, Program & Loaner Cars

- Con
  - not always a good deal
  - wear & tear
  - mileage
  - limited choices
  - shorter life of consumable parts
  - possible shorter warranty

# Vehicle Options

- After purchase additions may be cheaper, items such as a roof rack
- Do not get dealer options such as rust proofing, they are not worth the price
- Get the options that you want from the dealer and then negotiate the total vehicle price

# Vehicle Maintenance

- Dealership services may be a bit more expensive than private garages
- Best to use dealership service during warranty period to avoid warranty issues
- Perks of dealership service may include a loaner car, convenient scheduling, better quality service, free car wash, etc
- Dealership mechanics are familiar with the manufacturer's maintenance schedules
- Watch out for any dealer & private garage “early” service recommendations that do not match the manufacturer's recommendations