

Dealership Tactics to Avoid

Walking into a car dealership can sometimes feel like diving into shark-infested waters. You never know when a dealer will “bite” with crafty sales tactics that get you to sign on the dotted line. Understanding many of these dealer tricks will help you make prudent and comfortable purchasing decisions the next time you need a new car, truck, minivan or SUV.

Bait-and-Switch Ads

See a particular car on TV or online with an awesome price? By the time you reach the dealer, it’s suddenly gone – but the sales team can point you in the direction of a more expensive alternative. Or perhaps the car’s still there, but the price definitely isn’t the same.

You’ll see this tactic used most often with pre-owned vehicles because the dealership cannot simply “order” another vehicle with those exact same features and miles. Dealers use this scheme to lure you to their dealership and then try to sell you a more expensive vehicle instead.

Additional Extras

Many dealers like to throw in extras like rust protection and warranty extensions. Many of these expensive add-ons are completely unnecessary. Plus, the credit union also offers GAP (Guaranteed Asset Protection) and Extended Warranties that are usually up to 50% LESS than those sold by dealerships!

High-Pressure Sales Tactics

Any salesperson worth their salt knows how to ratchet up the pressure to get customers to buy as soon as possible. The key is to not give in to the pressure. You will always hear that the specific car you’re looking at will not be there tomorrow. It most likely will be. And if it isn’t, the dealership can usually find another one pretty quickly. Don’t be rushed – dealerships use this tactic to confuse you. Buying a vehicle is a big financial decision and shouldn’t be made quickly without serious consideration.

The Old Four-Square Worksheet

Dealers often break this one out to work in a better deal *for themselves*. With it, the dealership factors in trade-in value, vehicle purchase price, your down payment and monthly payments. Run the numbers yourself before darkening any dealer’s doorstep. If you can, consider selling your old car yourself, as you’re likely to get more for it on the open market than as a trade-in, in most cases. You can also visit www.NADAGuides.com to get your Trade-In’s NADA value.

In addition, with your smartphone, you can download a quick, free Loan Calculator App to help you run the numbers yourself while you’re at the dealership. You’ll be able to calculate how much interest you’ll be paying on the loan and how different loan terms affect your payments.

Dealer Financing

In-house financing often features higher interest rates and hidden fees. You may also be locked in the loan with them; unable to refinance it later on somewhere else should rates decrease. Furthermore, they may include pre-payment penalties that prevent you from paying off the loan early.

When looking to purchase a new vehicle, your first step should always be to obtain a pre-approval from the credit union. A pre-approval means the credit union reviewed your finances with you and approved you to purchase a vehicle at a specific loan amount. This is one of the most powerful tools when it comes to purchasing a vehicle as it shows the dealer you cannot purchase a vehicle over your approved amount.

Oftentimes dealerships will lower the price of a vehicle to match your pre-approved amount. Remember, dealerships want to sell cars; not lose a sale over a few hundred dollars.

It's important to note that because a pre-approval acts in your favor, crafty salespeople will often try to convince you to finance with the dealership instead. They promise you better financing, but are usually trying to sell you a more expensive vehicle.

We're Here to Help!

There's no need to get bitten by shady sales tactics when you're looking for a brand-new ride. Arming yourself with the above knowledge, in addition to securing a pre-approval with the credit union, goes a long way towards a more pleasant car-buying experience.

If you're ready to purchase a new vehicle or have questions on the car-buying process, stop by the Credit Union or give us a call at 410-687-5240.

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