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June 2003 | SPENDING | CARS

Deals on Wheels

By [Mark K. Solheim](#)

Slowing sales and new models make dealers fight for your business.

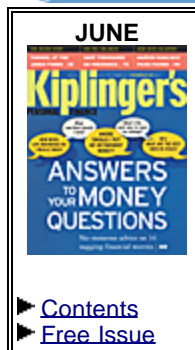
After back-to-back runaway years for auto sales, buyers have finally put on the brakes, discouraged by the punk economy, lousy winter weather in much of the nation and the war in Iraq. March sales were flat compared with a year ago, on the heels of a 7% slump in February. The combination of these factors sets the table for fat bargains as carmakers roll out rebates and dealers eager for sales waver on prices.

Forget about waiting until the August dog days to score an end-of-model-year deal. As automakers introduce new models earlier and earlier in the calendar year, late spring and early summer may be the best time to dicker. That's especially true for models being redesigned for 2004, says Joe Cashen of CarsDirect.com (see "[Makeover Models Roll Into Showrooms](#)").

If you're worried about a double dose of depreciation -- fearing that you'll pay for an extra year's worth of declining value if you buy at the end of the model year -- don't fret. Three years down the road, there won't be that much of a spread between the value of an '03 and an '04 with similar mileage. Getting a bargain on an '03 could easily compensate for any difference.

Gather the numbers

The best route to a rock-bottom price is to contact several dealers and let them compete for your business. Start with Kiplinger.com's [Car Finder](#). You can study all the models, build a car with the options you want, and see both sticker and invoice prices. Then go to a site that lists rebates, such as [Edmunds.com](#) or [Intellichoice.com](#). In April, for example, GM was offering up to \$3,000 cash back (or zero-percent financing) on almost all of its vehicles, Ford was offering \$3,000 cash back on 2003 Taurus and Mercury Sable sedans, and Chrysler was offering up to \$3,500 on 2003 Town & Country and Dodge Grand Caravan minivans. Note that rebates are mainly the domain of GM, Ford and Chrysler. On luxury and foreign cars, you're more likely to find low-rate financing -- or no incentive at all.



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Next, check out no-haggle offers on the Internet to get a sound footing on prices in your market. Start with the local dealers' sites, then visit [CarsDirect.com](#), which works with dealers nationwide to offer preset prices. You can also buy a new or used car for a fixed price at CarMax and at a handful of no-haggle regional dealerships.

Focus on the deal

Once you have a specific model in mind, test-drive it. Then get on the phone to talk price. That way, you won't be subjected to the games dealers play, such as "desking the deal" (you cool your heels while the salesperson visits the manager to get each price concession approved).

Check out several dealers. That's how [CarBargains](#) works -- for a \$190 fee, it solicits bids from five or more dealers in your area (call 800-475-7283 for information). "That kind of competition is the only real leverage consumers have," says Robert Ellis of CarBargains.

Ask each dealer to bid an amount above or below the factory invoice price for the make, model and style you want. The invoice price will be the same for all dealers in the same region, so any difference in price -- even for cars equipped with different options -- will be consistent. Make sure rebates aren't included (you get them directly from the manufacturer) and that you know any miscellaneous charges that could show up on the final bill, such as dealer prep or port charges, or dealer add-ons such as rustproofing. Get the lowest bidders to send you an e-mail or fax confirming the price.

When price shopping, try to speak with the dealer's fleet manager, whose commission is usually based on sales volume rather than cost of the vehicle. The next best person to talk with is the sales manager. Let each dealer know you're comparison shopping and that you want their best price because you won't be calling back to negotiate. "Some dealers will and some won't let you talk to a manager," says Jerry Sommerville of O'Donnell Honda, in Ellicott City, Md. At O'Donnell, says Sommerville, each salesperson has the authority to offer a firm price.

Research financing in advance

Don't let a low-rate loan steer you to a higher price. See what your bank or credit union is charging for auto loans, and consider using a home-equity line of credit to purchase the car. If you have a choice between low-rate financing and a rebate, it usually makes sense to take the cash, add it to your down payment and get your own financing.

Negotiate the trade-in separately

It's convenient to leave your old car with the dealer, but put off the trade-in talk until you've locked in the price of the new car. You can research prices at [Edmunds.com](#), [Kelley Blue Book](#) and [CarsDirect.com](#).

Reporter: Alison Stevenson

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