

# Enjoy that new car smell longer!

There is something special about buying a brand new vehicle - the smell... the pristine paint... the purring of a well timed and perfectly balanced motor... So how do you ensure that feeling is not soured as you drive out of the car dealership?

Car dealerships can be a very high pressured sales environment. The salesperson has a number of techniques they will utilise to ensure their bottom line is better than yours. The most important factor to ensure you obtain a 'good deal' is to do your research before you start negotiating.

When buying a new vehicle, generally a number of individual transactions take place:

1. purchasing your new vehicle,
2. selling your old vehicle, and
3. organising finance.

When negotiating, you should strive to win on each of these transactions.

Before entering negotiations with the salesperson it is recommended you complete the following steps:

## Step 1 - Organise finance

Just like obtaining a new home loan, it is always a good idea to organise preapproval of your vehicle finance.

Your first point of enquiry should be your mortgage broker as they can organise very competitive motor vehicle finance and leasing for you. Alternatively an increase in your home loan can be arranged.

A finance broker will compare finance offerings from numerous lenders to ensure that you have a competitive rate and that you can afford the monthly repayments. They will also be able to review the different financing arrangements such as:

1. commercial hire purchases,
2. novated leases (salary packaging),
3. fully maintained novated leases,
4. vehicle loans,
5. chattel mortgage, and
6. personal/consumer loans.

Based on your individual circumstances a finance broker will help you select an appropriate financing model.

Self-employed applicants should seek independent financial advice from their accountant as to their best product choice as each loan type has different GST and depreciation implications.

Knowing how much you can borrow may influence the type of vehicle you can afford to buy.

## Step 2 – Decide on the vehicle

Collate a short list of vehicles that interest you. Remember to keep in mind the vehicle's primary use. Also consider how a change in your personal and professional circumstances may ultimately alter your vehicle requirements over the next three to five years.

Use the internet to read reviews and forums to provide you with feedback from other owners of the vehicle you are considering.

When you have narrowed your choice to around three vehicles, take each for a test drive. The most important factor is to make sure this is the right vehicle for you.

If you have some doubts then take the time to research alternative vehicles.

Make it clear to the salesperson that you are not ready to purchase at this stage.

## Step 3 – Research online

The next piece of the puzzle is to research. Remember that we have our three separate transactions occurring. The car salesperson will try to treat these as one to make it more difficult for you to get the best overall price.

If you are trading in a vehicle spend time researching the best price you may achieve to sell the vehicle. This should involve private sales and websites like carsales.com.au.

Use the internet and all available advertising sources to research the new vehicle you want to purchase.

When you have decided the vehicle make and model, call a number of dealerships and ascertain if they have a vehicle with the features and colour you would like.

Ask them for a price on the particular vehicle. Once you have found the best deal, make an appointment with the salesperson. This will indicate that you are serious about buying.

By the time you walk into a car dealership, you should have a solid idea of the vehicle type, the features and the best price available.

## Step 4 – Negotiate

You should be confident in your research at this point, so feel free to tell the salesperson how much you are willing to pay for the vehicle and accept for the trade-in.

When it comes to signing on the dotted line, don't let your guard down.

At this point you will already have your preapproved finance, so don't be talked into the apparently 'great deal' the car dealership is offering.

Make sure you read the fine print carefully and avoid any last minute extras and charges they might try to throw in.

Additional 'after market' accessories can typically be obtained at a better price from suppliers outside the car dealership.

Remember at all times throughout the process, YOU are in the driver's seat, so take control of the situation and you will enjoy that new car smell for even longer!



**If you are looking at purchasing a vehicle please contact the office to investigate financing alternatives and meeting with our preferred vehicle finance specialist.**

