

Close More, Make More!

The Essentials of Negotiating, Closing and Handling Objections

by Mike Whitty





Close More, Make More!

**The Essentials of Negotiating,
Closing and Handling Objections
for Vehicle Salespeople**



Salesperson, Inc.



Close More, Make More!

© 2008 Salesperson, Inc.

All rights reserved. No part of this program can be reproduced in any form. The sole license to use this program belongs to the purchaser, and may not be shared.

Salesperson, Inc.
9312 Columbia St.
Redford, MI 48239
(800) 453-2787
Web Site: www.slpinc.net

Author: Mike Whitty
Editor: Irene McDonald, Ph.D.

Manufactured in the United States of America

Disclaimer

This book is written in the masculine gender for ease of writing. Salesperson, Inc. or the author have absolutely no bias to age or sex, and believes that any person who applies himself to the study and practice of vehicle sales can and should be successful.



TABLE OF CONTENTS

Section 1	
WHAT YOUR CUSTOMER KNOWS ABOUT NEGOTIATING	Page 9
Section 2	
NEGOTIATING TECHNIQUES	Page 25
Chapter 1	
Negotiating 101	Page 27
Chapter 2	
Myths and Truths About Negotiating	Page 29
Chapter 3	
Listening Skills: A Key to Successful Negotiations	Page 33
Chapter 4	
Influencing Your Customer	Page 41
Chapter 5	
Six Basic Steps to Negotiating	Page 49
Chapter 6	
Negotiating Tactics of Customers	Page 53
Chapter 7	
13 Reasons for Asking Questions	Page 55
Chapter 8	
Negotiating Price	Page 59
Section 3	
CLOSING TECHNIQUES	Page 63
Chapter 9	
What Exactly is a Close?	Page 65

TABLE OF CONTENTS

Chapter 10 Closing Sales or Closing Relationships	Page 69
Chapter 11 Asking for the Sale	Page 73
Chapter 12 Using Silence to Your Advantage	Page 77
Chapter 13 Using Humor in Negotiations	Page 79
Chapter 14 Five Principles fo Successful Closing	Page 81
Chapter 15 Trial-Close Your Way to a Sale	Page 83
Chapter 16 20 Popular Closing Techniques	Page 87
Chapter 17 If You Don't Close the Deal — Negotiating Your Prospect's Return	Page 95
Section 4 HANDLING OBJECTIONS	Page 101
Chapter 18 Objections are Questions in Disguise	Page 103
Chapter 19 10 Steps to Handling Any Objection	Page 105
Chapter 20 There are No New Objections	Page 109

TABLE OF CONTENTS

Chapter 21 Scripting Objections	Page 113
Chapter 22 The Price vs Value Issue	Page 115
Chapter 23 The Assumptive Close	Page 119
Chapter 24 "I Have to Talk It Over With..."	Page 121
Chapter 25 "Your Price is Too High!"	Page 125

Section 1

**What Your
Customer Knows
About Negotiating**



Salesperson, Inc.

What Your Customer Knows About Negotiating

“We can believe that we know where the world should go. But unless we’re in touch with our customers, our model of the world can diverge from reality. There’s no substitute for innovation, of course, but innovation is no substitute for being in touch, either.”

— **Steve Balmer**

“Your most unhappy customers are your greatest source of learning.”

— **Bill Gates**

When you look at the entire selling process, or the 10 Steps to the Sale, negotiating is the only step that you actually get paid for. You don’t get paid for doing a greeting, you don’t get paid for a qualifying session, you don’t get paid for a product presentation or a demo ride. The only thing you get paid for is closing the sale. And negotiating and closing is the least studied and practiced area for most salespeople.

A typical salesperson will study some product knowledge when a new vehicle is introduced, but will seldom practice closing techniques, or how to handle objections. Yet, most salespeople will only close 20% of their prospects, which means that 80% of their prospects will not buy from them for whatever reason.

Could it possibly mean that 80% of their customers know how to negotiate better than they do? With the number of websites teaching customers how to purchase a vehicle, it becomes important for salespeople to hone their negotiating skills in order to maximize their profits and sales.

So let’s begin by looking at what customers are learning about negotiating for a vehicle. This lesson is based on an automotive purchase, but will be exactly the same for people buying an RV, motorcycle or boat.

How to Negotiate with a Dealer for a New or Used Car

Being a good negotiator doesn't have to be difficult. Sooner or later everyone has to negotiate with someone if they want to get a good deal on a purchase.

When you are trying to negotiate with a car dealer, you should know that they are very practiced in the art already. You will need to know how to get through their car speak in order to be successful.

Your Car Buying Negotiating Strategy

You know what the dealer paid for the car, you've calculated your 5% profit offer, and you're in a better position than most customers. Get the paperwork from someone who recently bought a car to become familiar with buyers forms. Now you won't be intimidated when it's showtime because you know how their forms work. They are very confusing.

Complete The Deal Quickly

If you make an offer as spelled out here, the salesperson might only get \$50 for the deal if they are on commission. So don't play games about whether you are financing through them or not, just get the deal done and get out. You hopefully have financing already approved by a bank or credit union. The deal is not worth it if they are haggling with you 2 hours to get it. Try to complete the deal in a half hour. You are offering them the same type of deal that is offered, and accepted every day at other dealerships. Set your watch alarm for 30 minutes, and point out to them that if the deal is not agreed upon by that time, you'll leave. Every time the salesman disappears to review an offer with the sales manager, inform them they just ate up 10 minutes. If you can't convince them in a half hour, you'll never convince them, because now the salesperson has past the point where \$50 is no longer worth it, and they want more, and won't take anything less no matter what.

Never Negotiate On An Empty Stomach

Before you go to negotiate eat a good meal, make sure you are rested, showered, and dressed comfortably. Dress casually, not in shorts and a T-shirt with your lint filled belly button showing, but in nice jeans or dockers and look smart. Walk in there looking like Warren Buffet, not Jimmy Buffet. Do NOT go car shopping if you are sick, have a fever or a headache. Bring a low priced financial calculator with you, like Hewlett Packard or TI with loan calculation functions. The most dangerous situation for a buyer is not knowing how to check the numbers. You've already played with the numbers, so you know what your payments should be. Bring a folder with all your notes, printouts, Fighting Chance documents, ads from other dealerships, and prices from the internet. This sends a clear message that you did your homework. They dread seeing "the folder". Go in near the end of relaxing day for you, and a tiresome day for them. You might even try stretching before you go, because

negotiations will tense you up. Be sure you have all model option prices in hand in case you need to price a car with different options than you had planned on.

For car loans don't forget sites such as Capital One Auto Finance and HSBC Auto Finance, with lower APR than banks & approval online in minutes. You can get new car loans, or used car loans. They Fed Ex your check the same day, so you could apply today, and pay for your car tomorrow, it's that quick. Finance your car in advance and avoid all the warranty and window etch loan scams at the dealer.

There's Safety In Numbers

Shop with a buddy, as the dealer must convince 2 people instead of one, and don't let them separate you. Salespeople hate the buddy system. If you end up in court disputing verbal promises they made, it's easier to prove your case with corroborating witnesses. If you were alone, it's your word against theirs, they can't say that 2 or 3 people are wrong. Your buddy is a strategic purpose, to be a doubting Thomas, devil's advocate, constantly pointing out negative parts of a deal, trying to "talk you out of it", saying you should go back to the other dealer. Now you're proactive and the salesman is reactive, defending an onslaught of comments that are chiseling away at the deal. This drives them nuts, they lose concentration.

During negotiations, they'll pull every trick in the book to bump up your offer, it's just part of negotiations. But often it's unfair, if they use more than one salesperson on you. That's why we should go in with a buyers team and each one of us will take turns working them. Any place charging MSRP doesn't deserve your money. Here's some Jedi mind games they use:

"These cars are flying out of here, there's no reason to lower our price. We can get top dollar, because everyone wants to be in this car."

NOT TODAY! Bah, Bye. If you threaten to leave, they try to call your bluff and panic you.

"Jeff, this deal is only good today. Tomorrow I won't be as generous. You're stealing all my profits. When you come back tomorrow, I can't promise you'll get this excellent price. 3 other buyers are looking at it."

He also had 3 people walk out without buying. The deal will still be there tomorrow if they did not sell the car. If they say "This deal is only good today", Tell them "So is my offer", then run, don't walk out of that devilship. Oooops! I meant to say dealership.

They'll show you the chalkboard of cars your salesman sold this weekend. Use it against them when they cry that you're stealing food from their children with your low ball offer. Tell him he sold a lot of cars this weekend, his children aren't starving. Turn it around on him. Tell him he's stealing food from your children's mouths! You can't afford to feed your kids with

their deal. Many books tell you to shop at the end of the month for better deals, as they are desperate to meet sales quotas and may part with less profit. I feel this gives you a false sense of security, so don't let your guard down. They will be just as stingy on the last day of the month as they are on the first. They don't always give you a good deal on previous year cars at new model changeover. I think the best time to buy is a combination of the end of the month, AND a factory to dealer incentive. If a manufacturer sets a dealer goal to sell 10 models of a car for the month with 9 cars sold so far, and you walk in on the 29th, name your price.

Once you make your offer, don't budge.

You have the numbers worked out already on your spreadsheet so justify them before the salesperson has a chance to interrupt. You are talking so you are in control of the conversation. If they try to interrupt, raise your hand indicating for the salesperson to stop. Go through your speech of how you arrived at these numbers, and don't let them speak until you are done. Remind them of the big picture. You are offering them a profit on the car, but they'll also profit from you in the future for warranty repairs, service, parts, and body shop. Those departments are more profitable than the new car department. The salesperson might laugh. They could care less, next month they'll be working up the street for a dealer who has the next hot selling car. If they laugh, don't stop explaining until you are done. When you are finished, tell them you are making this offer to other dealers, you refuse to take less, and you know one of the other dealers will accept your offer. Once they sense your confidence, they'll know you are serious, you intend to get what you are looking for, and they might accept your offer. They'll shout at you, call you names, and accuse you of stealing from their kids. This is part of the game. They'll shave a bit off MSRP, but stick to your guns. Don't get angry, don't shout back, just remain calm, patient, and mature. Don't insult them back, let them be the immature person. Above all, remain calm and confident, and don't be confrontational because you know you'll get the deal, maybe not here and today, but someone will accept your deal. Emotion is contagious, so if you are calm, friendly, intelligent and professional they will be too.

They may offer to split the difference. "Jeff, We are splitting the difference with you, giving up 50%, work with us." If it's more than 5% profit, they are still not giving up enough. Don't budge! Don't give in more than a few hundred dollars from your offer. Be prepared to walk if you have to. The deal will still be here tomorrow if you can't beat it. Tell them you know of the incentives and they'll still make a fair 5% profit. "But Jeff, we have overhead and we paid \$13000 for this car". Wrong. They borrowed to buy this car, and it costs around \$150 in floor plan interest each month. Remind them of this and assuming the car was there 4 months (it better not have been or the dealer would fire his sales manager), it cost them \$600. The dealer doesn't shell out \$20000 to buy a car, just the loan payment on that \$20000. He would go out of business if he did. A smart business leverages money. To buy an investment condo for \$100000, if I have \$100000 in cash, I'm not going to buy it outright, I'll invest

\$20000 in 5 condos and leverage my cash. So don't fall for their lies. The salesman probably does not even know this.

Want more ammunition? Remind them that dealers are losing money to internet brokers, and other online car salespeople. They'll tell you internet sellers rip people off, but you know better. We'll review car buying sites like InvoiceDealers, Yahoo!Autos, CarsDirect, Edmunds.com, Cars.com, MyRide.com and Autos.com to lookup how much dealers pay for cars, and get free car purchase quotes. The reason people are flocking to sites and other online programs is because they are tired of the scams and they can get a cheaper price from the comfort of their own home PC. Tell the salesman you are not in the mood to waste any time and you'll make this same offer to other dealerships if they say no.

Just The FAX Ma'am: A Great Way To Get A Good Deal

This is one of my most successful and popular tips. You have an offer from a dealer, but you may want to bounce it off others. Beware when a dealer says they'll beat it by \$200. Is it an apples for apples deal? You must decide whether to sign the deal now that could be done in an hour, or risk driving across town, getting \$200 less on the car, but getting your butt kicked on the back end of the deal when they add useless fees to make their deal worse. Look at the COMPLETE deal, not just the selling price. They'll play cash flow shell games, or they could be low balling you.

A good method that saves our readers many times over is to work up a deal and fax it to 5 dealers, saying whoever accepts the deal wins. Compare dealer responses to those from online quote sites InvoiceDealers, Yahoo!Autos, CarsDirect, Edmunds.com, Cars.com, MyRide.com and Autos.com I told you about in chapter 2. You might not even have to go shopping, the dealers will fax back an acceptance letter. This works really well for many of our readers. Fighting Chance has lots of great tips on using this winning strategy of car buying.

Money Saving Negotiating Tips:

Negotiate from "Dealer Cost" upward, not from MSRP downward.

Remember, dealer cost DOES NOT mean invoice price! Forget banker's guides, use internet sites to calculate the true dealer's cost. Once you know it, you have powerful negotiating ammunition. Walk in with research that cannot be disputed, not rules of thumb that can be dismissed by the salesman. Dealers may be quick to show you an invoice, but you don't care about invoice price, you care about dealer's cost + a fair 5% profit. They will say your sources are wrong and outdated. So verify your info with several sources. Compare MSRP of your source to the car's sticker, and show them it matches. Check several online pricing sites, and don't let them shake the ground beneath you. Make your offer to them and stick to

it. If they counter offer a little lower from MSRP, ridiculing your lack of expertise, don't budge. Tell them that's the deal, take it or take it, and be ready to walk.

"No Haggle" usually means "No Bargain"

If they don't haggle there are others who will. Many dealers use No Haggle selling on autos, and you think it means you have to pay their price. However, you still hold the Trump card, because you can just get up and leave. Some no haggle dealers are good, others use the guise of no haggle to charge MSRP on everything they sell. When people see "No Haggle" tags, they drop their guard. Many consumer advocates agree with me that No Haggle dealers sometimes are good, but not always the best deal.

If their "No Haggle" price is more than 5% over dealer cost, then it's not a good deal, and it's time to haggle.

Many people are too meager to haggle once they see the tag, so the dealer makes more profit, without the high pressure sales tactics. Many people walk away thinking they got a great deal. I prefer the dealers who just honestly come out and say "I'm sorry, Jeff, we just can't do business with you". Then your time isn't wasted, their time isn't wasted, and no one gets hurt. Some places refuse to haggle. Don't buy into a deal that's too profitable for them, and not value added for you.

Don't Be A Payment Buyer!

They love suckers who tell them they are "payment buyers". "Damn it I'm not paying more than \$350 a month for this Camry, and that's it!" Well alrighty, then. They'll shave a few dollars off MSRP to make you think you got a good deal. Don't be a payment buyer! If they ask you "What monthly payment are you looking for?", you're being setup for the scam. Tell them that is irrelevant. What matters to you is the cost of the car, not just the monthly payment.

Tell them you negotiate the car based on its value, not a monthly payment.

Cash Is Not King!

People think paying cash gets the best deal. It's not true, they get cash from the bank anyway when you finance. It's none of the salesman's business, they don't need to know your payment method until you get into the finance office after agreeing on the sales price. You don't want them playing games with the selling price based on your payment method. Keep them honest, and get an honestly negotiated price. Then in the finance office, you can discuss payment terms. If you tell the salesman you are paying cash, sometimes they won't drop the price. But if you finance through them, they make more money.

"But Jeff, If you're financing through us I can give you a lower price on the car".

Why not give a lower price on the car anyway? Sure, he'll give you a lower price, but he'll just jack up the interest rate slightly, or "miscalculate" your monthly payments by \$10 per month, or require you to buy an extended warranty and credit life insurance if you have bad credit. By paying cash, they cannot pull any scams or pad monthly payments, because there are no payments.

Deposit Tips At Car Dealers

Give your deposit on credit card, so you can cancel the charge if the deal goes south. Never pay cash for a deposit on a car. If the deal goes south, you'll never get your cash back, but you can always dispute a credit transaction. You may need a new, clean credit card to handle deposits, and purchases, don't pay cash. If your credit is ok try useful Discover Card. What if you can't get credit at all and keep getting rejected? Then try this Credit Card Finder For People With Bad Credit. Don't keep applying to credit cards, get rejected, and your credit history ruined further, find out who will approve you before you apply. They find at least 2 credit cards guaranteed to issue an unsecured credit card to you. If your credit is so bad and if you're in too deep, maybe now is not the time to buy a car.

"This car is the hottest! We're selling them at \$1000 over MSRP!"

Tell them you don't want a car that is "hot", you'll be paying too much, and next year it won't be worth squat, because the next "hot" car will replace it. Tell them you are not interested in the car, if everyone's buying it. Now you are being proactive, and taking charge. Just keep chiseling at all their statements, always have a comeback for whatever they throw at you. As for the Miata, remember the late 80's when it came out? Amid the hype, people paid \$25000 - \$40000 for an \$18000 car, because of demand. I read of a woman who bought 2 Miatas at \$25000 each, hoping to resell them for over \$40000, and she got stuck, unable to sell either for any price. In 2000, suckers paid \$4000 over MSRP for the Chrysler PT Cruisers, which are just Dodge Neons in disguise. Once the hype wears off they'll never get that money back, People won't care if you paid \$5000 more than MSRP, you're car is only worth market value, which is a residual percentage of MSRP, not what you paid for it.

Wait until the demand drops before you buy

When they double the output and supply catches up with demand, prices may drop, so be patient. What's the payoff for being patient a month or two? Other than a potentially lower cost, you'll have more money saved up, than if you bought today. This will reduce your amount financed to a lower price, and hence you'll have lower monthly payments than if you bought today. Like Mr. Miyagi says: "Patience, Daniel-San". I recommend not buying a new high demand car as soon as it hits the showroom, or buying vehicles on backlog. You'll pay MSRP or more. When the air lets out of the hype, you are left with a car that has greatly depreciated in value. How many of those \$40000 1989 Miatas were worth \$20000 the next year? MSRP was only \$18000. But if you must have a hot model as soon as it hits expect to pay for it. Wouldn't it kill you if your neighbor paid \$2000 less than you for the same car a

few months later? Also, when you sell the car a few years later, you'll take a hit. Those extra \$\$\$ above MSRP has nothing to do with intrinsic value of the car. It is strictly a non value added over hyped profit for the dealer, and nothing more. "But I paid \$30000 for it". It does not matter. Only the market value matters. This is why I tell people don't go crazy and be the first on your block to own the latest hot car, because you'll be the first on your block to lose money when you sell it.

There Is No 3 Day "Buyer's Remorse" Law!

Contrary to popular belief, most states don't have a 3 day "Buyers Remorse" law for car buying, but many people think they do. The 3 day law in most states applies ONLY to health clubs and door to door sales. I get lots of email from idiots who foolishly signed a deal, then decided to go do their research and tell me "Gee, I know there's a 3 day grace period, why won't they let me out of my deal?" Some fools use this nonexistent law as a 3 day door stop while they look for a better deal. You should shop your best deal before you sign, not 3 days after. This makes you as bad as the snakes. I don't reply to emails of this nature.

Always shop your deals around. Just because they write it up does not mean you have to sign right then. Chances are they did not give you a decent deal on the first offer. Ask them to give you a copy to study overnight at home. I'll bet NONE of them will, unless it's MSRP numbers. If they don't give you a copy, write down what you can, then go to the next dealer. Never sign a deal the first time they write it up unless you're sure you got the price you wanted based on this article.

Dealer Tricks To Watch Out For:

Don't fall for any.

Just because they write it down, does not mean it's true. The pen is mightier than the sword, and they put it to use. It's strange, we don't question figures that are written down. Our brain tricks us into thinking it's true. They keep on writing amounts, and you don't realize how powerful the written word is. They keep on nibbling at your offer, bumping you up, until you give in. But don't give in! Remember, your advantage, you can just get up and leave. That is your powerful weapon. It may frustrate you to use it, but if the deal is not worth it, walk away, no matter how badly you want the car. There will be other cars, and other deals, and some dealer will be willing to work with you. There's no better feeling than to have a scamming salesman call a week later and you tell him you signed a deal somewhere else. You can actually hear their jaw hit the floor. "You bought another car?!!!!" It's one of life's precious moments.

"We'll Beat anybody's price or we'll give you \$500!!!!"

Sure we will. Just bring us a written buyers order from any dealership and we'll beat it. The problem is that few dealers give you this paperwork to go shop around, so this is why they

can all get away with this. I'll bet no dealer has ever had to honor this one. It's the same with TVs. Most appliance stores will pay 100% of the difference if a competitor is less, but call their bluff. Circuit City gets different model Sony's than Best Buy, or Burdines, or Sound Advice. So it's rare to find the same TV at all the stores.

"If you don't buy these options, I won't get paid"

After you wipe the tears from your eyes, your response to a very unprofessional comment like that should be that you are not going to buy something you don't want just because "they are not going to get paid." Tell them to get a better job that does pay.

"No Payments Until..."

Here's what can happen. You see an ad that says no payments for 6 months. You go to the dealer to buy the car, then they tell you it was a typographical error in the ad, the newspaper will be printing a retraction, and it's actually only 2 months, not 6 months. That's nothing more than a nasty lie. Newspapers would go out of business from refunding all the ad fees for "typographical errors" that dealers lie about. Many ads have fine print saying "Not responsible for typographical errors". If they tell you it was a typographical error, tell them so was the deposit check, and grab it back on your way out the door.

"Sure, we have that green Mazda car you're looking for, come on down!"

You call the dealer asking if they have a green Mazda MPV. Sure, come on down we got it. But during your trip down there, they broke world record timing in closing a deal on that green Mazda. But look over here, we have one that's only \$499 more...

"You're not going to find it cheaper anywhere else..."

Do you know how many times I've heard that as I walked out the door? It's their last ditch effort, usually futile. Historically, every time a salesman has said that to me, they've been wrong. But I also know when a deal is as good as it's going to get, and you should never be embarrassed and back to accept their offer. Just walk and say "You were right, I couldn't find it cheaper."

The Old "salesman gets a phone call" trick!

This was sent in by one of our visitors: "When I bought my car, he got a phone call at his desk. He talked just loud enough so I could hear him "...Why I have a young man right in front of me now that is about to buy it, I'm sorry. I will give you a call if he doesn't get it. What is your number sir..." I hadn't even made up my mind, but he did for me".

They can put the wrong date on your paperwork.

This happened to one reader. "When I completed the draft authorization and gave it to the finance manager the receipt he gave me was dated 2-3-98 instead of 1-3-98. According to the terms of the sales contract, if I didn't provide the funds by 1-5-98, Toyota would provide

the financing at 10%, over 2.5% points higher than my financing!" Because of the dealer's "clerical error", our friend could have ended up paying much more for his loan.

Always verify the correct date on every document the dealer gives you.

They can lie about factory holdback.

Some dealers rely on the ignorance of shoppers to scam them. Few people know that holdback is a check equal to 2-3% MSRP, paid to the dealer by the factory once the vehicle has been sold. This is income for the dealer that effectively reduces his cost of the car. Yet some dealers will tell the customer it's a dealer expense, and make the customer pay for it, and now the dealer has collected twice for the holdback. Many invoices actually itemize the holdback, but the dealer gets it back.

They can lie, telling you credit life insurance is required.

Credit life is not required on car loans. People with bad credit are usually the victims of this scam. The salesman tells them they have to pay 18% interest, which is fair for someone with bad credit, but they'll lie saying they must buy credit life insurance. In Florida this is illegal, yet it still happens all the time. It's probably illegal in other states too. One reader was "required" to purchase the extended warranty, or the interest rate would be jacked up. If this happens to you, report the dealership immediately, or better yet, ding them on the customer satisfaction survey.

Watch out for the "turnover" or "TO" scam!

They use this one all the time. They keep switching salesmen to work on you and wear you down. It's harassment, and it's a waste of time. They have no intention of working with you, they just want to wait you out like David Koresh. This is called the turnover, as they keep turning you over to the next aggressive salesperson. Put a stop to this right away. Tell them you are on to the scam and walking if it does not cease. This is why I tell you to leave in a half hour if they don't accept your deal.

Are you beginning to regret not using sites like InvoiceDealers, Yahoo!Autos, CarsDirect, Edmunds.com, Cars.com, MyRide.com and Autos.com?

Watch out for 0% financing: They can charge MSRP

0% financing is usually subsidized by the factory, so it costs the dealer nothing. They make it appear they are giving you the farm, when they are giving 0. Dealers like to use 0% financing as an excuse to charge you MSRP. This is when a HUGE red flag should go up in your brain:

Since when does the finance rate have anything to do with the intrinsic market value of the car?

Anyone that plays these shell games is dishonest, and I'd leave. My 4 scenario spreadsheet further down this page shows 4 loan scenarios simultaneously. It allows "what if" games to analyze which is cheaper: to pay MSRP & get 0% APR, or bargain a lower price and pay higher APR. You'll be surprised to find paying the higher APR can be cheaper. People fall for this trick because their brain focuses on the 0%. We humans love to see 0%. Once the left part of your brains see 0%, the right side of your brain stops functioning, and you lapse into what I call MSRP Seizure™.

Watch out for the hidden rebate!

I see this tactic at dealers, and in newspaper ads. They list a price that is less than MSRP, making you think you got a good deal. Even the ads show good prices and in the fine print it says "prices include rebate". Some ads list a selling price but have fine print stating "dealer retains all rebates".

Ask them on EVERY car if the price includes the rebate.

Ask how much the rebate is, and strip the rebate from the price, exposing their deal for what it really is: Non value added. If you remove the rebate, you'll see they may be charging MSRP. For example, a car has an MSRP of \$12000. The dealer's "No Hagggle" tag says \$10500. Wow, this is a good deal. But the car has a \$1500 rebate. Now you exposed their deal for what it really is: They are charging you MSRP, which no one should ever pay. They'll say, "We're giving you a \$1500 rebate". Not exactly. The factory is giving the rebate. So far the dealer has contributed nothing to the deal. It's time to make them give up some profit just like they expect you to give up your cash. Fill out the rebate and have it mailed to your house from the factory in 6 weeks. This way you know for sure you get credited properly. They like to steal rebates if the buyer is unaware it exists.

All the above scams are usually eliminated when you use the discount sites. We'll review car buying sites like InvoiceDealers, Yahoo!Autos, CarsDirect, Edmunds.com, Cars.com, MyRide.com and Autos.com to help you buy your new car.

Should I take the rebate or the low interest rate?

It depends on the loan amount and term. For loans under \$15000, rebates at \$750 or above usually beat a low interest rate. Dealers bait you with a choice of a rebate or a low % loan. Compare the numbers, you'll find that sometimes using a rebate to reduce your principal can save you more money than a lower interest rate. They tease you with this lower rate, hoping you'll take the bait, and they make a few hundred more dollars by financing you. And what if the rebate was \$1500, and they told you it was only \$750, and you sign it over to them in exchange for a low APR. Now you just lost \$750. You can get fleeced here, because of their "Subject to approval" or "with approved credit" weasel clauses. The dealer can call you up a week later to charge you more interest because you "didn't qualify", but you also forfeited your rebate. This can be a legalized way to steal your rebate. You may

want to have the rebate mailed directly to you so you know you got it. Do the math to see which is cheaper. Here's some examples from different loans, applying the rebate as a down payment on the loan.

Never give a deposit until you and the Sales Manager have signed the buyers agreement! The salesman acts like he's on our side now. I've heard this one too many times:

"Jeff, let me take this into my boss and see if he'll sign it. But I can't go in there empty handed. I know he'll sign it if he thinks your serious about buying this car. If you'll just give me a deposit check to show you are earnest, I'm positive he'll approve the deal"

DON'T GIVETHEM ANYTHING!

You don't have a deal yet, so why give them any money? If you want to quit negotiations and leave, you have to get your check back. They do this scam so you can't leave. Tell him, no deposit until there is a signed deal. "But he won't approve deal unless he sees you're serious" Tell him the fact that you are making this offer is serious enough, you're tired of playing games, they are wasting your time, and you are onto his "deposit scam". Tell him you are walking. Trust me, he won't let you walk out. Don't give them any money until both parties agree to a final cost in writing, all fees disclosed.

Asking for you to give a deposit check does two things for them. First, it plants a foot in your door. You wrote a check, now you're committed to buy. They could try to further jack up the price and you are now psychologically conditioned to purchase the car that you just wrote a deposit check for. The other thing the deposit check does for the dealer is make a psychological hostage out of you. The only person that should be asking for a check is the finance manager in the finance office, after you have agreed in writing on a purchase price.

Besides, the salesman has no intention of getting your offer approved. He's coming back with the sales manager who is even better at selling, and the two of them will work on wearing you down. They will play good cop bad cop, just like a police interrogation until you crack. Nobody gets any money from you until an agreement in price is reached. Thus endeth the sermon.

This would be funny: Write a check for the deposit, but don't sign the check. Tell the salesman, "Here's earnest that I'm interested in buying the car. But I'm not going to sign any checks empty handed. I want to know that you're serious about selling this car. If you'll just get my offer signed to show me that you're earnest, I'm positive I'll sign that check."

If the salesman leaves you alone in the office, don't discuss anything!

When they go to "get your deal approved" by the sales manager, don't discuss anything privately in the office. They could have set the phone to intercom mode. Now the salesman

and his boss are listening to every word you say from another office. Why do you think they leave you in there alone for so long? 30 seconds after the salesman leaves you, move out to the soda machine where you can conference until they come looking for you. Better yet, if he leaves the buyers order behind, tear off the bottom copy and place it in your folder. If you decide to leave, now you have official pricing that you can use to battle with at other dealerships. Remember, they give out written quotes that are MSRP.

The advice I give in this article DOES work if you are patient and motivated. Check this out from one reader who leased a Honda:

"I WALKED out of the FIRST deal at signing... they called me names, told me I was crazy and NO ONE would beat the deal ... I went to another dealer who discounted \$1000 from MSRP. They disclosed EVERYTHING and EXACTLY how much they were giving me for my lease pay off. They even threw in the floor mats! I DROVE my NEW car back to the first dealership to get my deposit back... I LOVED IT!!!"

I just love hearing these success stories from people. And guess what? The dealer is happy too, because he made a profit on the sale of the car, resale of the trade in, and future parts and service. We want the dealer to be happy also.

Excerpted from www.carbuyingtips.com

Section 2

Negotiating Techniques



Salesperson, Inc.

Chapter 1

Negotiating 101

“Negotiating techniques do not work all that well with kids, because in the middle of a negotiation, they will say something completely unrelated such as, ‘You know what? I have a belly button!’ and completely throw you off guard.”

— **Bo Bennett**

“Sales are contingent upon the attitude of the salesman, not the attitude of the prospect.”

— **William Stone**

We all learned the basic elements of negotiating when we were children trying to get permission to stay up late to watch a favorite TV show: the application of **Power** (“Oh please mom, I’ll do all my chores tomorrow if you let me stay up tonight.”), the use of **Time** (in this case, the delay tactic of procrastination), and the use of **Information** (“Dad said it would be alright.”) When we applied all three strategies, chances are we got what we wanted. Over time, we learn to apply these strategies without thinking.

The problem is, many vehicle salespeople forgot these child-like negotiating skills. Something as simple as continuously asking for the sale (“Mommy please, can I have one please, please!”) has caused many salespeople to quit the vehicle selling business and look for other work, mainly because they couldn’t make the type of money they wanted, or was suggested upon hiring.

Achieving a Win/Win Negotiation

You may not realize it, but you are involved in negotiation every day. Any negotiation — whether it involves settling on a price for your vehicle, agreeing to the terms on your mortgage, or simply deciding on bedtime for your children — ends in one of four

possible outcomes:

1. Lose/Lose — where neither party achieves his goals.
2. Lose/Win or Win/Lose — one party achieves his goals and the other does not.
3. No Outcome — where neither part wins or loses.
4. Win/Win — where the goals of both parties are met.

It's easy to see that number 1 and 3 are less than ideal, as is number 2 if you are the one who loses! But what about Win/Lose? Isn't Win/Lose just as desirable as Win/Win as long as you are the winner?

The Win/Lose Outcome

In some negotiations, you will be the winner and your customer will be the loser. At first, it may seem that this is the ideal situation for you. But think about it. If you have ever lost a negotiation, you know that the feeling is not pleasant. A significant problem with a Win/Lose outcome is that your customer walks away with unmet needs — and this person is unlikely to be willing to buy vehicles from you again. Ultimately, this sets up the potential for a Lose/Lose outcome.

Here's an example. You have a customer who purchased a vehicle from you who not only beat you down in price, but was rude and verbally abusive throughout the whole process, as well as the after sale follow-up. To him, this may have seemed like a Win/Lose situation, with you being the loser. It became apparent that the stress of working with this customer was costing you more in time, energy and grief than the sale was worth. When the time came for him to purchase another vehicle from you, you hit him at sticker and refused to budge on the price, changing the balance in this lopsided relationship. Of course, the customer refused to buy from you again, creating a Lose/Lose outcome.

Achieving a Win/Win Outcome

The best outcome for all negotiations is Win/Win, when both the customer and the salesperson leave the desk with a positive feeling about achieving their initial goals. Since your first negotiation with your customer will hopefully not be your last, it is usually in your best interest to work toward a WinWin outcome. When both you and your customer walk away from the negotiation table with a good feeling, he will probably be willing to negotiate with you again. Using all your negotiating skills to ensure that you and your customer feel like winners is simply good business.

Section 3

**Closing
Techniques**



Salesperson, Inc.

Chapter 15

Trial-Close Your Way to a Sale

“You’ve got to be success minded. You’ve got to feel that things are coming your way when you’re out selling; otherwise, you won’t be able to sell anything.”

— **Curtis Carlson**

“It used to be that people needed products to survive. Now products need people to survive.”

— **Nicholas Johnson**

A **“Trial-Close”** is a form of questioning the salesperson uses in order to get the prospect to commit to the vehicle before the negotiation process begins. With a trial-close, you can:

1. Sell the prospect on a feature that was important to him/her.
2. Give the prospect a feeling of ownership.
3. Try to increase the number of “yes” responses from the prospect.

The more “yes” answers you can get from the prospect throughout the presentation, the easier it will be to close the prospect during the negotiation process. It stands to reason that if you want to get a “yes” from the customer during negotiations, shouldn’t you start getting him used to saying “yes” throughout the presentation? It then becomes easier for the word to flow off his tongue.

During the qualifying part of the program, you asked the customer this question:

“What’s important to you about the next vehicle you’re going to buy?”

And the customer said,

“It’s important that I have a powerful engine, a lot of interior room, and a large trunk.”

You take these and stick them in the back of your head, and you’ll use them in the form of trial-closes. No matter how much information you give the customer on your vehicle, you know that these three issues are the ones you definitely need to close the customer on.

EXAMPLE OF THE PRESENTATION

A typical “telling” presentation will sound something like this:

“Mr. Customer, this engine has 260hp and 200 lbs. of torque which will provide you with excellent pulling power and cruising speed. It is fuel-infected and gets great gas mileage which will save you plenty of money at the fuel pump.”

This is a good feature/benefit presentation, but the fact is, all this salesperson did was tell about the engine. He/she didn’t sell the customer anything. The way you make this “telling” presentation into a “selling” presentation is by finishing it off with a trial-close. After you do this presentation, continue with this:

EXAMPLE OF A TRIAL-CLOSE

“Mr. Customer, remember when you said that one of the things you wanted in your next vehicle was powerful engine? Can you see how the engine in this vehicle will get you on and off expressways and in and out of traffic quickly, which is actually a safety feature?”

In the first sentence, the customer is reminded that he was the one who felt that a powerful engine was important. This statement adds more credibility to the close. This statement should get your first “yes” answer in the close. Then you finish the trial-close off with the actual close. This statement has the customer acknowledge that your vehicle will satisfy the important concern. But the close doesn’t stop there. Once you get the customer to agree that your vehicle has what he wants, you now need to psychologically tie the customer into your vehicle. You can accomplish this with a psychological tie-down.

EXAMPLE OF A PSYCHOLOGICAL TIE-DOWN

“Now Mr. Customer, let me ask you a question. In your opinion, do you feel that this is the type of engine you’re looking for in your next vehicle?”

If the customer says “yes” to this, you have not only sold the customer on a feature that was important to him, you also psychologically tied him into your vehicle. That’s real selling! It’s not just enough to tell the customer about the car, you also need to sell the customer on the car. The difference between a “selling” presentation and a “telling” presentation is in the use of effective trial-closes. If the customer can answer a “no” to your trial-close, it is not an effective one.

STEPS TO PERFORMING A SUCCESSFUL TRIAL-CLOSE

- Ask the customer, “What’s important to you?” during Qualifying.
- During the presentation, remind the customer what he said.
- Ask the customer the closing question - can only be answered “yes.”
- Psychological tie the customer into your vehicle.

Remember to keep your trial-closes short and sweet. And above all, practice them before you use them. You never want to stumble on a close. It should flow off of your tongue like butter.

Section 4

Handling Objections



Salesperson, Inc.

Chapter 21

Scripting Objections

“We succeed in enterprises which demand the positive qualities we possess, but we excel in those which can also make use of our defects.”

— **Alexis de Tocqueville**

“The quality of your sales career truly depends on your ability to negotiate powerfully and effectively, to get anything and everything you want.”

— **Roger Dawson**

Every good negotiator needs a script, that is, a predefined set of words to respond to a seller’s common objections. All good salespeople work from scripts, and everyone has a script already in their head.

Remember, a script is nothing other than a predefined set of words in response to a question, objection or situation. So, if you don’t continuously refine your script, the one in your head will take over, and often lead to saying the **WRONG** things!

Scripts should be written in a conversational tone, just like you speak. Don’t worry too much about grammar or sentence structure; that’s just not the way we speak. It should sound natural, and not like you’re reading it off your paper.

This means that in order to be really great at handling any objection, you need to practice your scripts until they are so good, they flow off your tongue like butter and without having to think about it.

Remember also that you won’t have hundreds of objections you need to script, only maybe six that will come up all the time. Just think about the prospects who didn’t buy over the last several months, and determine what objections they actually used.

insecurity, an attempt to negotiate, or...lack of pride of ownership.

“Can you imagine your neighbors seeing this parked in your driveway?”

If they can see themselves as the owners of your vehicle, price may not be the major issue. If they can't imagine owning it, all they care about is the price.

Price can be part of the close.

“If you buy this vehicle today, and take advantage of our special interest rates, you can save a bit, and have it in your driveway by tomorrow.”

But, it should never be “the close.” Closing is where a salesperson lives or dies, and many do it poorly. Overcoming objections is not closing, it is preparatory to the closing.

“What is it that would prevent you from purchasing this, today?”

This is a common open-ended, objection-seeking tool. I don't care for it. I prefer something more like,

“I think you really want this vehicle but have some concerns. I want you to be comfortable with your decision. What is it that is preventing you from buying this vehicle today?”

It's a small difference, but it helps them bond with your assistance of their concerns.

If the objection is the price, and if you have helped them begin to feel the pride of ownership, instead of negotiating the price, switch them to a less expensive vehicle, and watch them decide that price isn't the problem.

“We really like the nicer vehicle,” they'll say. “I thought you loved it, and saw the quality of a higher priced vehicle. I agree with you, it's a much better buy. So, would you like for me to see if I can get it delivered today?”

If they still don't bite, try lowering the price, but not too much. If you drop the price too much, it seems sleazy, and you lost their confidence, since you were trying to gouge them. make them a fair offer in the beginning and state,

“Since there isn't much room to lower the price, it's our best price, I might be able to help some with the Extended Service Contract. Would that help?”

Another close that is powerful, but scary to the novice is the “take away.” When they say that the price is too high, say,

“I’m sorry. I thought we had found the perfect vehicle for you. I must have misunderstood. It would have looked so nice in your driveway. Maybe when you have a little more in your budget, we can find something you can afford.”

If you did all the other steps to get to this point, the response should be,

“OH, no! We can afford it and we love it. It’s just that we are having a baby soon...” or some other objection to the price.

“Congratulations! That’s a big step for a young couple. You may want to consider our excellent financing plans,” and it’s back on the table.

Remember, price will always be a major issue. What you don’t want to do is to make price the only issue. If price becomes the only issue, you’ll lose the sale a great majority of the time.

