

*from the editors of* **CAR AND DRIVER** -

## NEW RULES



## of CAR BUYING

- starting line -

# RESEARCH

There are few truly bad vehicles for sale today, but, when there are more models boasting more whistles and bells than ever before, that doesn't make car shopping easy. Even if you're car savvy, you can still make an uninformed choice or get a bad deal. And the wealth of resources for information can obscure the fact that many of the rules of the game have changed. But fear not: We can help. We've spent months researching the changing auto-retail landscape and have collected the best advice here. As new ways of shopping supplant the old, those in the know can save time and money and get greater enjoyment out of their new car.

**OLD** Spend a Saturday kicking tires on dealership row to decide what you want.

**NEW** Stay home, do your research online, and only visit dealerships for test drives.

**ADVICE** There are many ways to research new vehicles online, from magazine websites such as caranddriver.com to the automakers' own sites. The volume of information is staggering. Consume the info, take notes, make a spreadsheet if that's your thing—but do it before you head out to shop. When you reach the dealership, make the test drives count. A quick spin down the street and back won't suffice. Don't be shy about putting a few miles on the car, getting it up to freeway speed, and driving it on familiar roads. If a salesman insists on accompanying you, politely ask him to be quiet so you won't be distracted. Pay attention to details. You're going to spend thousands of miles in your new car, so those first few logged on a test drive are important.

- monthly nut -

# BUDGET

**OLD** Stretch your budget to get a nicer car by leasing.

**NEW** Consider a lightly used car, especially a certified pre-owned (CPO) one.

**ADVICE** Leasing gets you into a nicer car than you probably thought you could afford, but it comes at a cost. You're not actually buying anything when you lease; you're paying the difference between the sale price and the car's forecasted end-of-lease residual value plus interest and fees. A wise

alternative is to buy a relatively new used car, letting the original buyer pay the initial chunk of depreciation, which is the biggest hit on a percentage basis.

The sweet spot tends to be a three-year-old car that's just been turned in from lease. You can get a car that's nearly identical to the current model year's, but at a price that's chopped roughly in half. CPO vehicles even come with extended warranties or service contracts for peace of mind.

AVERAGE NEW 2016-MODEL-YEAR VEHICLE MSRP

\$32,848

\$16,341

VALUE IN THREE YEARS

AVERAGE NEW 2016-MODEL-YEAR LUXURY-VEHICLE MSRP

\$56,386

\$29,159

VALUE IN THREE YEARS

Data provided by TrueCar

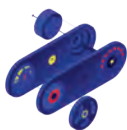
**QUICK TIPS** • **DO:** Ask friends and family for recommendations of good dealers and salespeople. • **DON'T:** Let a small difference in price sway you into buying a car you don't really want or from people you don't really like.



2016

# Corolla S

**Clutch in. Boredom out.** It's time to put the fun back into driving. The 2016 Corolla brings even more excitement to your drive, thanks to an available 6-speed manual transmission. Stir the driver in you.



- time to choose -

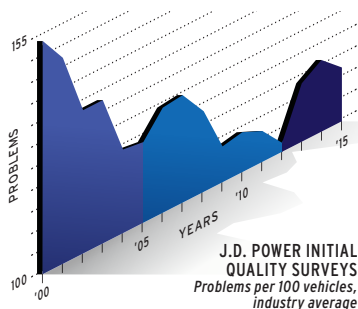
# PERUSE

**OLD** Play it safe and only buy on a carmaker's quality reputation.

**NEW** Consider the flattening trend in new-car-quality surveys.

**It may not be worth paying extra for a brand because it has the highest quality score.**

**ADVICE** J.D. Power's quality awards and the surveys that create them are frequently used by automakers as advertising cudgels. But what those proud carmakers often don't mention is that quality is up across the industry. Yes, there are some brands that do spectacularly well and some that do quite poorly. In 2015, the worst brand in the J.D. Power Initial Quality Survey, Fiat, had more than twice as many problems per 100 vehicles as Porsche, the best brand. But only 12 problems separated the 6th through 15th brands, and those brands were still above the industry average of 112 problems. Remember, J.D. Power's quality surveys are like college-basketball polls: Don't trust them implicitly. They report owner dissatisfaction with features as quality problems. And they don't guarantee that a new car will be problem-free. So consider the quality scores, but don't write off the brands that are a few places off the pace, especially if you can get a good price on the car you like.



**OLD** Look for last year's model to get a killer deal.

**NEW** Wait for a redesigned model. The rapid pace of technology means it's likely to offer more features and better fuel economy.

**ADVICE** This is where doing your research pays off, as any deal on a leftover from last year needs to be weighed against other factors. The first is whether the discount is greater than the loss of value the car has already suffered while it was waiting for you to drive it home. When it comes time to trade it in or sell it, the car is still going to be that one-year-old model, which will make it worth less. The depreciation can be exacerbated if the automaker added new features after it built last year's version. This makes it important to know when the automaker is going to overhaul the model you're shopping for. Most vehicles have a life cycle of four to six years before they get substantially reengineered. Sometimes a mid-cycle refresh can bring updates even sooner, and these plans are often reported well in advance. Knowing there's an improvement coming soon will better inform your purchase.

**OLD** Buy a new car when your old one wears out.

**NEW** Start shopping before you need a new car to make a more informed decision and save money.

**ADVICE** For most people, cars are the second-largest purchase they'll ever make after their home, and similar care should be taken in the buying process. Not feeling pressured to close a deal means you can take advantage of opportunities that arise at the end of the month or the end of the quarter. That's when dealers can get desperate to move the metal, either to secure bonuses from the automaker for meeting sales goals or to avoid paying inventory costs. If you need to replace a car quickly, consider renting something for a week to give yourself time to research and shop. It will be money well spent if you get the right car at the right price. Buying the wrong vehicle and replacing it later will cost much more because of depreciation, taxes, and transaction costs. And the only other alternative is suffering for years with a car you don't like.

**QUICK TIPS** • **DO:** Spend enough time researching the car market, especially if it's been a while since you last shopped. **DON'T:** Rely on old stereotypes. The auto industry has changed a lot, even in the past five years.

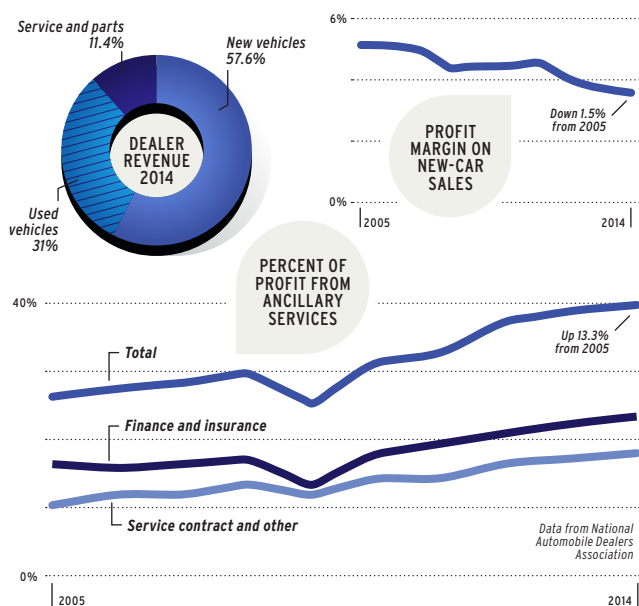
- don't hate -

# NEGOTIATE

**OLD** Threaten to walk out if you don't get your way.

**NEW** **Get thrown out if you're unreasonable in your demands.**

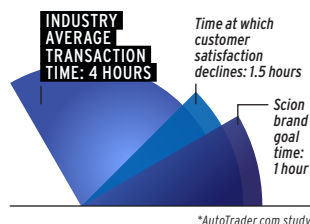
**ADVICE** While you should always be prepared to leave the dealership if the deal is not right, remember the No. 1 rule of any car-buying negotiation: Don't be a jerk. You catch more flies with honey, and the store has to make some sort of profit or they aren't going to do the deal, no matter how many TrueCar printouts you wave at them. Understand that pricing transparency means many dealers earn less profit from selling new cars than they previously did. When you come armed with the invoice price and refuse to budge, the dealer will need to make his money on some other aspect of the sale, such as financing or your trade-in.



**OLD** Suffer through hours of dickering to get that last \$100 discount and free undercoating.

**NEW** **Be straight with your salesperson about what you want and how much you're willing to spend.**

**ADVICE** Come to buy armed with knowledge about options and equipment and how much other dealers are selling your car for. If you know what you want and what it's worth, you won't be forced to waste time as the dealership tries to sell you a car with option packages you don't need. Make sure when it comes time to take delivery of your new car that you have all your paperwork in order. The salesperson probably gave you a checklist: proof of insurance, cashier's check, identification, or whatever the state in which you are buying the car requires.



- say buh-bye -

# TRADE IN

**OLD** Make your deal on the car, then spring your trade-in on the salesperson.

**NEW** **Get a trade-in offer first, or better yet, sell your car yourself.**

**ADVICE** A good salesperson is going to ask about your trade-in the minute you show interest in a new car. Not just because she has to factor it into

the deal, but because dealers want to take good cars in trade; trade-ins fuel the profitable used-car side of the dealership. Dissembling about your trade can blow up the deal, and deception is never the best path to getting a reasonable offer. If you want maximum value for your old car, sell it yourself or take advantage of a service that will do that for you. If you prefer the convenience of trading in your car, letting the salesperson make an upfront offer means she's in the position of having to make her best offer to try to secure your business.

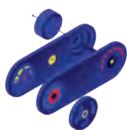
**QUICK TIPS** • **DO:** Negotiate the price of the car, not the payment. • **DON'T:** Overspend. Include everything when estimating your car budget: payment, insurance, gasoline, and a small amount set aside every month for repairs.

# THE ALL-NEW **PRIUS**

## CUT THROUGH EXPECTATIONS

Dramatic meets aerodynamic in the all-new 2016 Prius. Its sleek design turns heads, but is nearly invisible to wind, with a drag-reducing active grille shutter, a built-in spoiler, lowered hood and more, creating a quieter cabin, more stable drive and an air-cheating .24 drag coefficient. The result is mpg that doesn't just defy expectations, it shatters them.





*“Question anything that doesn’t seem right.”*

- find a source -

## FINANCE

**OLD** Cash is king. Offer to pay cash to get a better deal.

**NEW** **Arrange your financing through the dealership.**

**ADVICE** The dealer can often get you financing as good or better than your local credit union or bank can, with the dealer still making something off the markup, or “reserve,” on the interest rate. If the dealer can earn a profit on that end of the deal, you may be able to negotiate a lower price on the car. That said, it doesn’t hurt to know what rate your local lender can offer you before heading to the dealership. As interest rates partly depend on your credit history, take advantage of services that supply, at no cost, your FICO score (a common credit rating) and put your financial house in order before applying for a loan.

**OLD** Refuse anything the finance-and-insurance person offers, even a glass of water.

**NEW** **Listen to what he or she is selling. Some types of optional warranty coverage make sense.**

**ADVICE** Before you pass on tire, wheel, and key coverage, consider that replacement keys can cost hundreds of dollars. If you’re prone to losing them, find out what a new key for your car costs. With today’s do-it-all remote proxy keys, it might be a lot more than you think. Other service contracts are less attractive, and if you decide you want to purchase one, you can do so later, after you have the car. You should still be wary of extras, so make sure you fully understand every line of your sales contract. Question anything that doesn’t seem right, and be prepared to negotiate on extra charges such as “documentation.” Documentation fees are a common way for dealerships to pad profit, but they can vary widely from store to store. Under no circumstances should you sign any document that you haven’t read closely.

COST OF REPLACEMENT KEYS



BMW 7-SERIES  
DISPLAY KEY



TESLA MODEL S  
KEY FOB



FORD MUSTANG  
MYKEY

- CYA -

## INSURE

**OLD** Call your insurance agent the morning you go to pick up your new car to have your policy transferred.

**NEW** **Get insurance quotes upfront, before you make any deal at the dealership.**

**ADVICE** Note that we wrote quotes, plural. Not all insurers use the same standards for evaluating risk and setting rates, even when it comes to how long they hold tickets and accidents against you in assessing surcharges. Sadly, the best way to save on auto insurance is to switch providers, so call around. Or use [thezebra.com](http://thezebra.com) to gather multiple quotes without revealing all your personal details.

**QUICK TIPS** • **DO:** Contact dealers via email. It's more efficient and creates a record of the negotiations.  
**DON'T:** Buy a car just because it wins awards. You have to drive it, probably for a long time. Make sure you love it.

# THE ALL-NEW RAV4 HYBRID

## HOW FAR WILL YOU TAKE IT

The road to adventure takes many forms, and the all-new RAV4 Hybrid helps you explore it all with class-leading mpg.<sup>1</sup> Toyota's proven hybrid powertrain compromises nothing, serving up more horsepower<sup>2</sup> for thrilling acceleration. And when you need additional traction, the Electronic On-Demand All-Wheel Drive with intelligence (AWD-i) delivers power to the rear wheels. The all-new RAV4 Hybrid: the only choice, whichever adventure you choose.



Let's  
Go  
Places

Prototype shown with options. Production model may vary. 1. 2016 EPA-estimated 34 city/33 combined mpg for RAV4 Hybrid. AWD-i models only. Actual mileage will vary. 2. When compared to 2016 RAV4 gas models. ©2015 Toyota Motor Sales, U.S.A., Inc.