

Don't Get Fleeced! Learn the Smart Way of Purchasing a Car

Rickey L Shankles
University of Hawai'i at Mānoa
1509 S King St #8, Honolulu, Hawaii 96826
U.S.A
rshankle@hawaii.edu

Abstract: fleece [flees] *verb*: to deceive and take money from (someone). Currently, the majority of customers go into a dealership without any knowledge of what vehicle is right for their wants and needs, their current vehicle's trade in value, the fair market value of the vehicle that they are interested in purchasing, how a dealership hides profit, and many other skills needed in making a fair purchase of a vehicle of their selection (Monroe, 2008). They ultimately get fleeced. This instructional design module was targeted for the typical consumer and helped them to become a more knowledgeable purchaser. The purpose of this instructional design project was to design and evaluate a website that educated the consumer, and provided them the skills, tools, and confidence needed to get a fair deal. The course content can be found online at <http://fleeced.weebly.com/>. This instructional design module was created primarily with Weebly, Google forms and various other Web 2.0 tools so the user would have access to its contents 24/7 utilizing any current technology that has access to the Internet. I used instructional strategies based on *Gagne's Nine Events of Instruction*. Based on comparisons of the pre and post-test, scores improved and all of the participants were able to master the posttest above 84%. Results, lessons learned, and recommendations for future modules will be highlighted.

Introduction

Buying a new or used car can be very exciting, but it's also a complex process in which a buyer will end up overpaying by hundreds or even thousands of dollars with a vehicle that they won't be happy with down the road. According to Edmunds.com (2011), a source used by the banking industry for vehicle valuations, once a buyer is armed with good information and using the right tools, they will find that buying a car is faster and easier than one could imagine. Consumer Reports, Inc. (2014) stated that the typical consumer makes the following mistakes when purchasing a vehicle: fall in love with a model, skip the test ride, and negotiate down from the sticker price instead of the dealer's invoice price. Dealerships will often try to sell you extras that boost their profit margin, but oftentimes it's a waste of your money (Truecar Inc, 2014). You could get a great deal on your new car, but lose all of the savings - and more - on your trade-in (Klein, 2003). The purpose of this instructional design project was to design and evaluate a website that educated the consumer, and provided them the skills, tools, and confidence needed to get a fair deal.

Literature review

The primary goal of a dealership and that of the car salesperson, is to separate you from as much money as possible by selling you the vehicle that makes the most profit to the dealership. They are trained to do this from day one by some of the best trainers in the world (Klein, 2003). Nouriel Roubini, a Professor of Economics and International Business at New York University, Stern School of Business, writes that vulnerable Americans often end up in debt traps, with unclear and exorbitant interest rates or fees on the car, payday, or tax-preparation loans and continues to say that “borrowers with inadequate financial education and meager finances often fail to realize the imprudence of such loans until it’s much too late” (Roubini, 2007). According to Cheney (2015), a noted driving columnist, automobile purchasing can prove to be a stressful and daunting task that often results in the consumer overpaying and often times purchasing something that they did not intend to. The majority of people who buy cars consider the freedom and comfort issues, but do not consider the financial investments as an important aspect during the purchase. Harmon (2015), an expert on investments and finances, explains that “...buyers need to examine the financial investment needs and aspects that they should put into consideration with this type of purchase and goes on to offer a systematic approach that one can follow to plan, research and budget for a car purchase.” Albert Hoag, a retired General Motors Financial Executive, states that more than less of buyers make costly purchasing mistakes in the “heat of the moment” because they are often to excited about driving home in that “bright, new and shiny” car and showing it off to their neighbor and friends, in other words, keeping up with the Jones (Hoag, 2014).

Used vehicles are often the best values that one will find in the automotive market. This is especially true for models just two or three years old. Not only is the price lower than the comparable new car, but continuing ownership expenses such as collision insurance and taxes are lower, and a two- or three-year-old used vehicle has already taken its biggest depreciation hit (Bell, 2010). In addition, buying used two or three year old car is a way to get a nicer car than you’d otherwise be able to afford new and still obtain the lower new car interest rates that make the financing more affordable to boot (Consumer Reports Inc, 2014). But, if you must go new then according to Peter Cheney, a national driving columnist, buying cars involves more than just going into a car dealership and choosing any car because one has money, one should and must do their research before taking this bold step (Cheney, 2015).

According to Edmunds.com (2011), at some point in the purchase process, you'll want to take a test-drive. After that, you might need to negotiate or sign contracts in person. At times like these, it's better not to go it alone, that's when you might want to have a wingman with you. But what qualities should you seek in this wingman who accompanies you? Not just anyone will fill the bill. Having the right person with you at the dealership can help you spot any inconsistencies in the deal, fend off potentially pushy salespeople and create leverage in your negotiations. After all this is what the best auto salespersons are deployed with. Information is Power, the folks at True Car (2014) state that “you don't have to be an expert to be an expert. As a data company, we study millions of purchase transactions every year. We also monitor daily what people are

paying for their cars. Within minutes, you can get upfront pricing information...” having this type of information, as long as it’s not tainted, available along with the information that will be provide throughout the proposed ID project module, can and will provide the purchaser knowledge that would otherwise not be made available at the dealership, and that's a powerful feeling when you deploy to shop for a vehicle.

Project Development

This instructional design module (Appendix A) was created primarily with Weebly, Google forms and various other Web 2.0 tools so the user may have access to its contents 24/7 utilizing any current technology that has access to the Internet. I used instructional strategies based on *Gagne’s Nine Events of Instruction* (Gagne, Briggs, & Wagner, 1992). Table 1 summarizes these nine instructional events used in the left column and the associated mental processes in the right column.

Table 1. Instructional strategies based on Gagne's Nine Events of Instruction

| No. | Instructional Event | Strategy |
|-----|---|--|
| 1 | Gaining attention | Tab navigation as well as visuals and engaging graphics were utilized to gain learners' attention. (Figure 1) |
| 2 | Informing the learner of the objective | The learning objective provided in each tab depicts the knowledge and skills that is expected to be common knowledge. Providing realistic learning objectives provides the students with the confidence that they can in-fact do it! |
| 3 | Stimulating recall of prerequisite learned capabilities | Tabs were created that provides the student a way to relate the auto buying skills that they have already acquired knowledge that they used in purchasing a personal phone, computer, or other potentially costly personal purchase. |
| 4 | Presenting the stimulus material | To enhance the retention of information, the module content was organized into meaningful chunks, and examples produced by me, an experienced auto sales consultant and used car dealership owner with over 15 years of experience. (Figure 2) |
| 5 | Providing learning guidance | Interactive learning guidance has been included by having a embedding questions throughout the module that provides immediate feedback. |
| 6 | Eliciting performance | The clients are given an opportunity to practice learned concepts through online quizzes that provides immediate feedback |
| 7 | Providing feedback about performance correctness | Embedded tests with immediate feedback are provided to confirm and enhance the correctness of their testing. If the learners have yet to grasp a concept or idea, the feedback gave them more information, which enabled them to correct their own mistakes. |
| 8 | Assessing the performance | At the end of the module, learner performance was assessed by the post-test. This helped me determine if the instructional design module had been successful and the intended learning had occurred. |
| 9 | Enhancing retention and transfer | Once the knowledge and skills had been learned, the client was given an opportunity to practice those skills by completing a scenario that would provide a fictional purchase that required them to apply such learned concepts, rules, and higher-order skills that are needed in a real-world negotiation. Such practice enhanced retention and transferrable learning skills. |

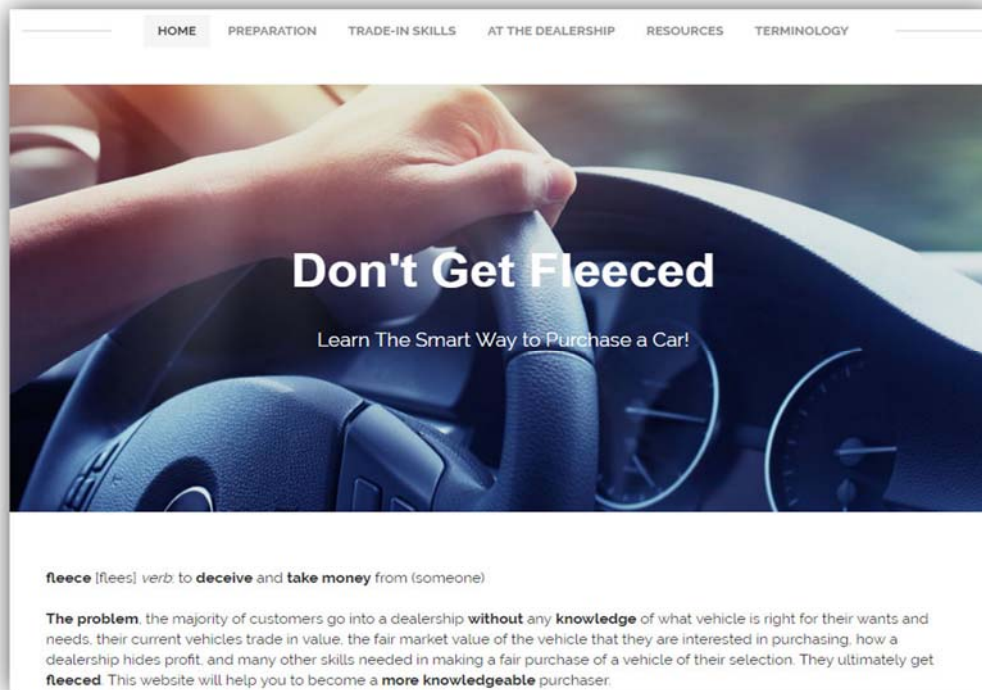


Figure 4. Home Page

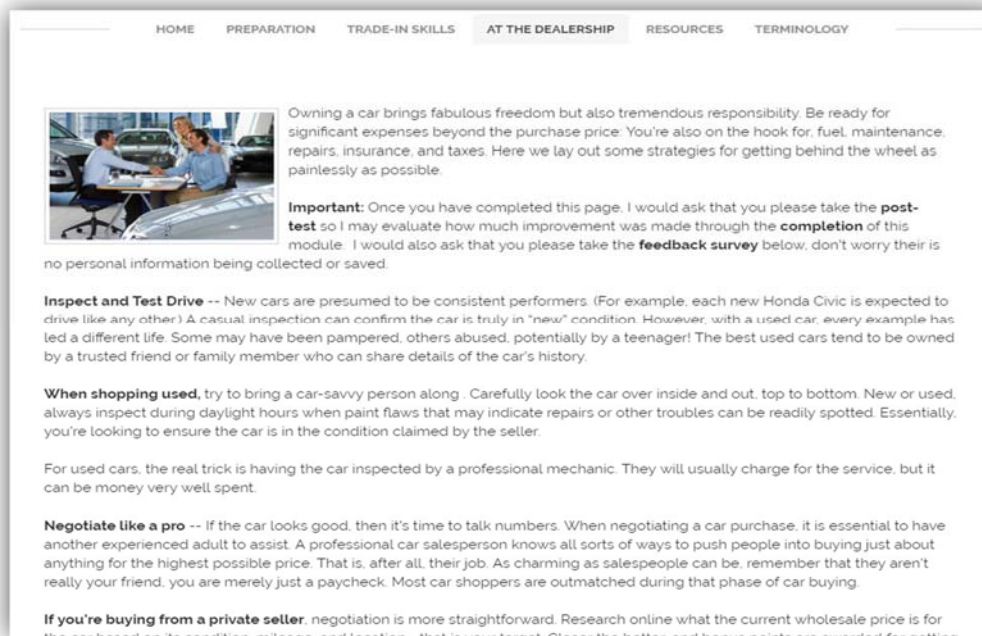


Figure 5. At the Dealership

Instruction

Methods

Research Questions. The purpose of this instructional design project was to design and evaluate a website that educated the consumer, and provided them the skills, tools, and confidence needed to get a fair deal. To help ensure this, a pre-test, questions embedded throughout the module, and a post-test were implemented to determine knowledge acquisition and help answer the following research questions;

- How will this instructional project help the consumer determine what the fair purchase and trade-in price of a vehicle?
- What is needed to ensure that the consumer has learned and retained the indicators needed at the dealership to recognize when they might be getting set up for fleecing?

Participants. This instructional design project was presented to a total of 19 adults, 9 males and 10 females (Table 2). All participants said they were interested in the purchase of a new or used vehicle. The user's ages ranged from 18 through 74 years, whereas 7 were single and, 12 were married. They had varied ranges of education and income with 26% having more than \$100,000 of household income. Demographics were obtained using *Survey Planet.com* prior to beginning the module.

Table 2. Participant Age and Education Level

| Characteristic | Number | Percentage |
|-----------------------|--------|------------|
| Marital Status | | |
| Married | 7 | 37% |
| Single | 12 | 63% |
| Age | | |
| 18 - 24 years old | 5 | 26% |
| 25 - 34 years old | 3 | 16% |
| 35 - 44 years old | 5 | 26% |
| 45 - 54 years old | 3 | 16% |
| 55 - 64 years old | 2 | 11% |
| 65 - 74 years old | 1 | 5% |
| Education | | |
| High School or GED | 3 | 16% |
| Some college | 6 | 32% |
| Associate's Degree | 3 | 16% |
| Bachelor's Degree | 2 | 11% |
| Master's Degree | 4 | 21% |
| Ph.D. | 1 | 5% |

Potential participants were contacted in person by a recruitment poster (Appendix B), by phone, or by email. Eight participants were met in person at an agreed upon location to complete the module using my computer. The remaining eleven participants used their own computers. A total of 21 individuals were approached to participate whereas 19 committed to completing the study.

Prior to beginning the module, participants were required to agree to the terms of a consent form (Appendix C). The consent form contained information about activities, length of the module, benefits, risks, confidentiality and privacy, and how to contact me.

Procedures. The participants were initially asked to participate in a 14 question survey that gave me, the researcher, a better understanding of the subjects experience and prior knowledge of the automobile purchasing process (Appendix D). A pre-test, questions embedded throughout the module, and a post-test were implemented to determine knowledge acquisition (Appendix E). The project is considered successful since the participants show a noted increase from their pre to post test scores that are placed in the module.

The module was designed in such a manner that it took the subject through each step of the purchasing process. It had links placed throughout the module that could help guide the consumer to the latest facts concerning “Fair-Market” purchase values, trade-in evaluation tools, payment calculators, and etcetera. The module also provided a glossary of special purpose jargon, such as pack, holdback, flooring, etcetera., that are often used in the auto industry to throw the consumer off.

Data Analysis. Data was collected from the subjects using the pre-tests (Appendix E), embedded questions and post-tests (Appendix F) placed in the module using Google forms, from there it was imported into usable data to an Excel spreadsheet where tabulated and presented using graphs and tables for analysis and presentation was. Demographics data was collected and analyzed using SurveyPlanet.com.

Results

Eleven of those surveyed have owned their current vehicle three plus years (Figure 3). What I find very interesting is that after completing the module 14 of those same participants (Figure 4) will now keep their next vehicle for at least three to five years with five of them planning to keep them for up to ten years. Thirteen participants have owned two or more vehicles in the past whereas four have never owned an automobile.

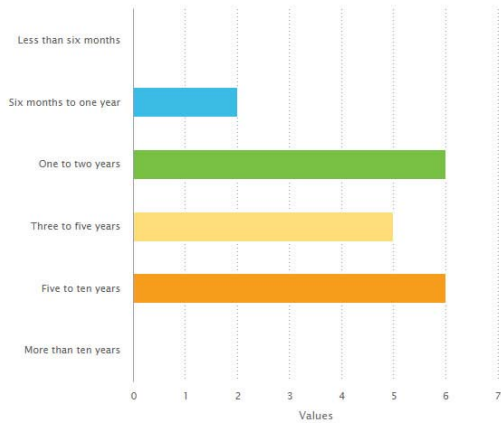


Figure 3. Pre Instruction

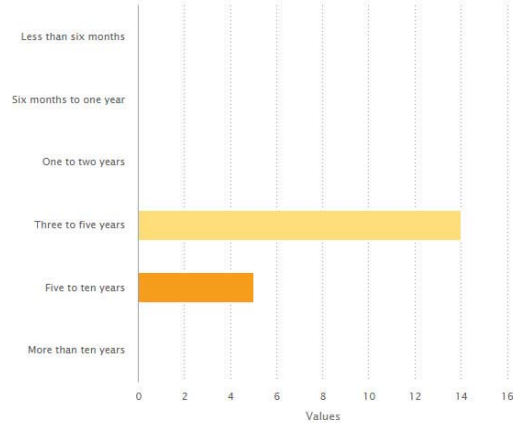


Figure 4. Post Instruction

Of the 15 current owners of vehicles 13 plan to trade-in their current vehicle with the purchase of another where six plan to finance with two leasing, and eight not sure. Eleven participants know their credit scores whereas 4 had credit but did not know their current standing and the remaining four had not established credit. As I expected, the majority, 15 or 79%, of the participants plan to buy from local dealership (Figure 5).

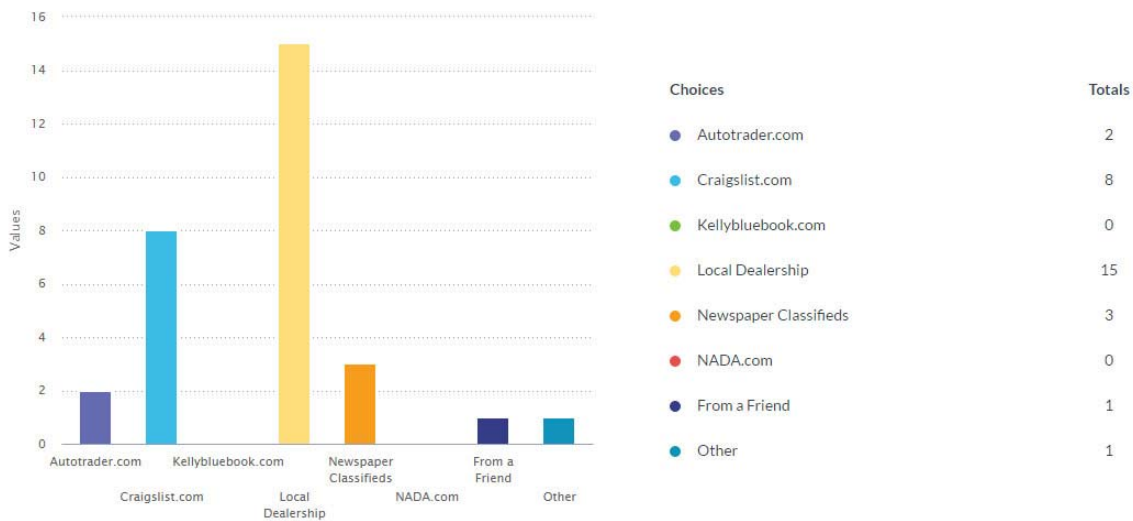


Figure 5. Source of Purchase

All of the participants were able to master the posttest above 84% (Table 3). There were two questions that had a decrease in correct answers, that being question 5 (Appendix E and F) with a 15.79% decrease from pre to post tests and question 14 (Appendix E) and 11 (Appendix F) with a 5.26% from pre to posttests (Figure 6). There was a 0% to 68% score increase obtained for all participants that was realized most likely because of the new knowledge that was presented to the participants

Table 3. Pre and Post test results

| Participant # | Pre | Post | Change |
|---------------|-----|------|--------|
| 1 | 53% | 100% | 47% |
| 2 | 95% | 100% | 5% |
| 3 | 84% | 95% | 11% |
| 4 | 53% | 100% | 47% |
| 5 | 79% | 95% | 16% |
| 6 | 42% | 89% | 47% |
| 7 | 37% | 95% | 58% |
| 8 | 21% | 84% | 63% |
| 9 | 32% | 100% | 68% |
| 10 | 37% | 89% | 53% |
| 11 | 26% | 95% | 68% |
| 12 | 37% | 95% | 58% |
| 13 | 47% | 95% | 47% |
| 14 | 74% | 84% | 11% |
| 15 | 79% | 95% | 16% |
| 16 | 89% | 89% | 0% |
| 17 | 42% | 95% | 53% |
| 18 | 89% | 95% | 5% |
| 19 | 74% | 100% | 26% |

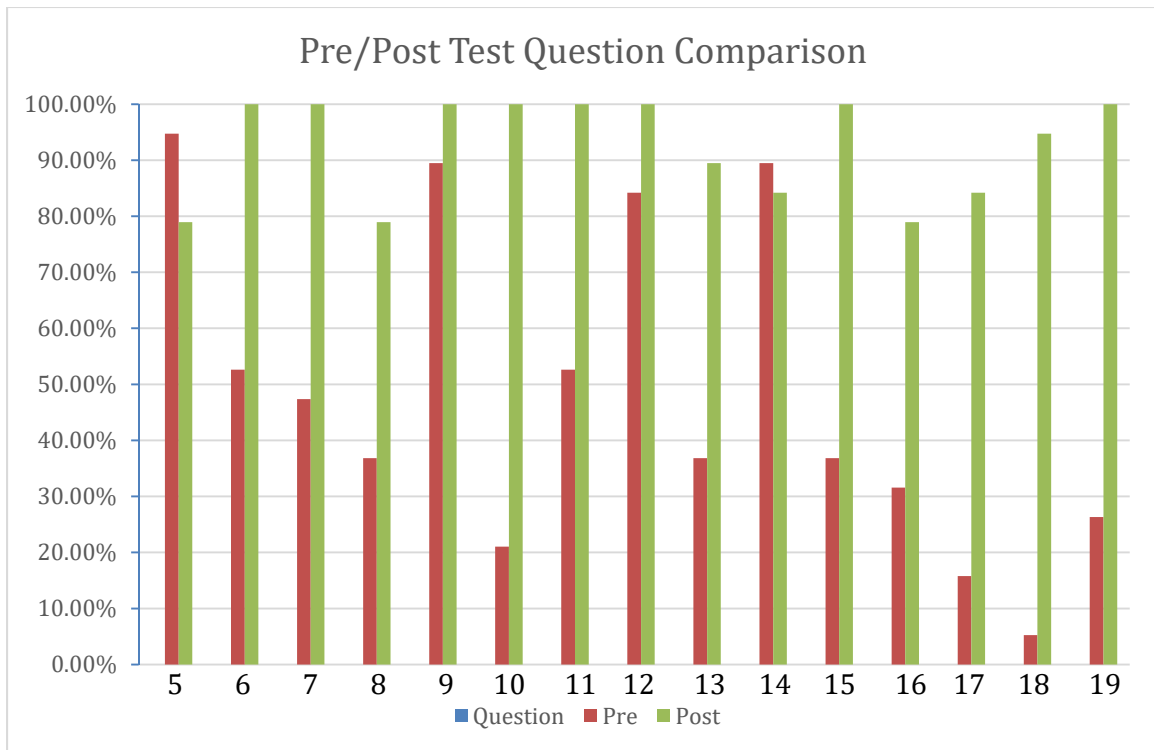


Figure 6. Source of Purchase

According to my qualitative data, module feedback was surprisingly very good (Figure 6). I was pleased to see that the "Trade-In-Skills" page scored so high being that the test results showed that there was a decrease of 5% of the participants successfully answering that question correctly.

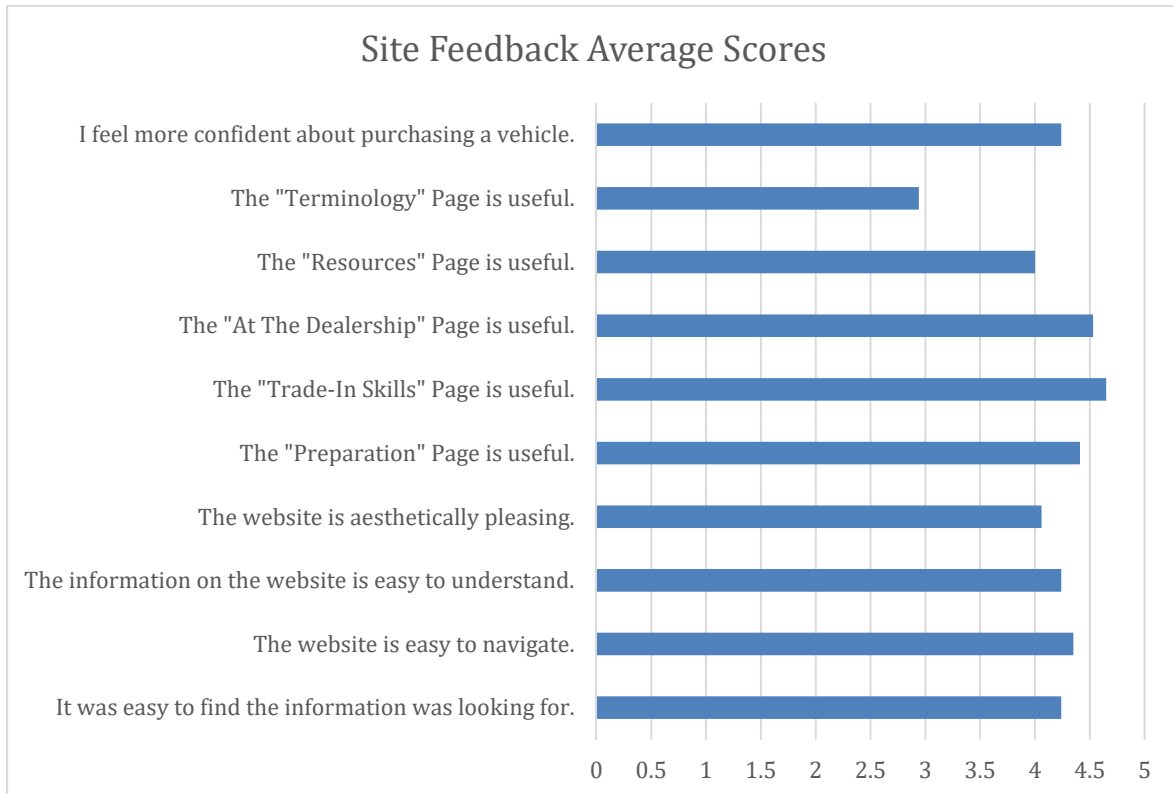


Figure 6. Site Feedback Results

Implications or Discussion

According to the comments, testing and surveys taken, there are two noticeable areas of the module that would need to be addressed. The first and foremost being the trade-in portion of the module across the board. As noted above, testing showed a decrease from pre to post testing along with the 4 written comments concerning the timing of when to talk about the trade-in. The second area and the least significant would be the terminology, it scored the lowest on the post survey for its usefulness as well as a comment saying it was "interesting but not needed". It was asked or suggested that videos depicting actual negotiations would be very helpful in regards to learning the art of negotiation. There were 3 that were appreciative for the information and found it to be useful in their upcoming vehicle purchase.

Some lessons learned from this study would be for me to collect scores for the embedded questions, in order that I might see where the point of failure for my participants decrease in testing scores from pre to that of the post test. The next point would be that I combine the surveys, testing questions so I could link the individual participants across the board whereas that would allow for me to analyze data much more efficiently (Fulford, 2016).

Conclusion

Successful completion of this instructional design module has been shown by a significant increase of scoring obtained from the pre-test to the post-test, based on comparisons of the pre and posttest, scores improved and all of the participants were able to master the posttest above 84%.

This instructional design project of *Don't Get Fleeced – Learn The Smart Way to Purchase a Car!* has helped better educate and arm the participants with the necessary tools needed to help protect them from getting fleeced during the purchase a vehicle through a typical dealership. In the future changes and updates to the module I plan to add much more content, video role play scenarios, and a comprehensive checklist for the user to use during their automobile purchasing adventures. I would like for the future users to be able to make valid suggestions possible through a blog or a remarks box on each page.

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Appendix A – Online Module

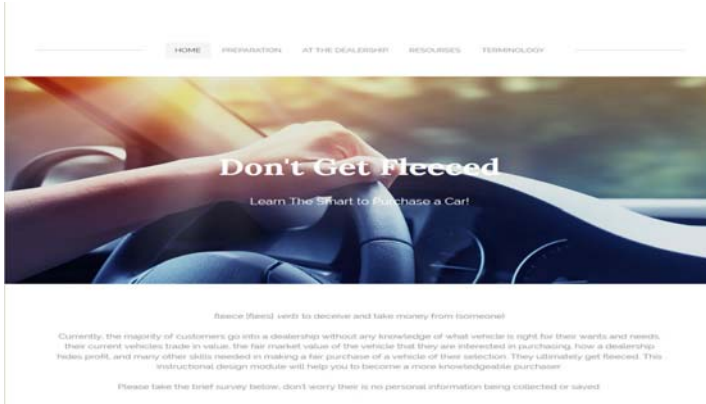


Figure 6 – Home Page

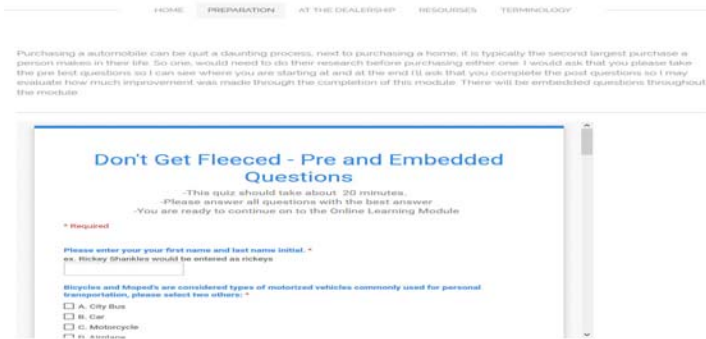


Figure 7 – Preparation Pre-Test

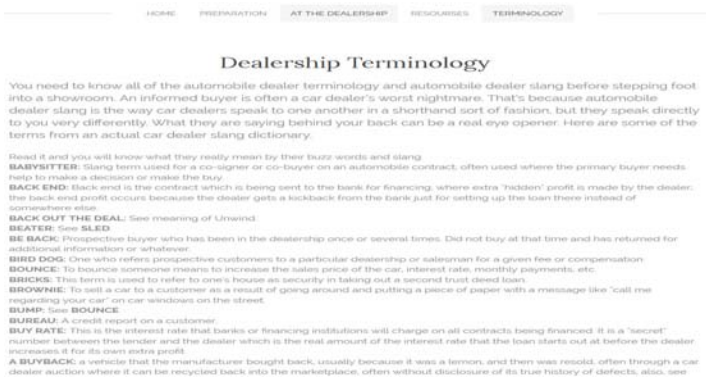


Figure 8 – Dealership Terminology

Appendix C – Consent Form

Consent Form

You are being asked to take part in a research study of how well an online module is designed for presenting materials to you and how much knowledge was gained by you at the end of the test module. Please read this form carefully and ask any questions you may have before agreeing to take part in the study.

What the study is about: The purpose of this instructional design project is for me to design and evaluate a website that will educate the consumer, and provide the skills, tools, and confidence needed to get a fair deal in the purchase of an automobile.

What we will ask you to do: If you agree to be in this study, we will ask that you take a computer based learning module that will consist of a pre-test, the training module with embedded questions, and a post test. It should take no longer than one hour of your time to complete.

Risks and benefits: I do not anticipate any risks to you participating in this study other than those encountered in day-to-day life.

There are no financial benefits to you with exception that you may acquire knowledge that may or may not help you get a better deal at an automobile dealership.

Compensation: There is no direct compensation

Your answers will be confidential. The records of this study will be kept private. In any sort of report we make public we will not include any information that will make it possible to identify you. Research records will be kept in a encrypted file; only the researchers will have access to the records.

Taking part is voluntary: Taking part in this study is completely voluntary. You may skip any questions that you do not want to answer. If you decide not to take part or to skip some of the questions, it will not affect your current or future relationship with the University of Hawaii. If you decide to take part, you are free to withdraw at any time.

If you have questions: The researchers conducting this study are Rickey Shankles and Prof. Catherine Fulford. Please ask any questions you have now. If you have questions later, you may contact Rickey Shankles at rshankle@hawaii.edu or at 1-808-548-1678. You can reach Prof. Fulford at fulford@hawaii.edu or 1-808-956-3906. If you have any questions or concerns regarding your rights as a subject in this study, you may contact the Human Studies Program at 956-5007, or email them at uhirb@hawaii.edu.

You will be given a copy of this form to keep for your records.

Statement of Consent: I have read the above information, and have received answers to any questions I asked. I consent to take part in the study.

Your Signature _____ Date _____

Your Name (printed) _____

Printed name of person obtaining consent Rickey Shankles Date _____

This consent form will be kept by the researcher for at least three years beyond the end of the study.

Attachment D – Pre-Module Survey

Don't Get Fleeced! Survey Planet™

Question 1 of 14

Please select your age group: *

18 - 24 years old 25 - 34 years old 35 - 44 years old 45 - 54 years old

55 - 64 years old 65 - 74 years old 75 years old plus

Question 2 of 14

Please select your gender: *

Male Female I prefer not to answer.

Question 3 of 14

What race do you identify yourself as? *

African-American American Indian Caucasian

Mexican-American Asian-American Hispanic

I prefer not to answer. Other

Question 4 of 14

Marrital Status *

Married Single Prefer Not to Say

Question 5 of 14

How many people currently reside in your household? *

1 2 3 4

5 6 7 8 or more

Question 6 of 14

How much did your household earn in total for the most recent tax year? *

- Less than \$10,000
- \$10,000 to \$19,999
- \$20,000 to \$29,999
- \$30,000 to \$39,999
- \$40,000 to \$49,999
- \$50,000 to \$59,999
- \$60,000 to \$69,999
- \$70,000 to \$79,999
- \$80,000 to \$89,999
- \$90,000 to \$99,999
- \$100,000 to \$149,999
- \$150,000 or more
- I prefer not to answer.

Question 7 of 14

Please select the option that reflects the highest level of education you have completed: *

- High School or GED
- Some college
- Associate's Degree
- Bachelor's Degree
- Master's Degree
- Ph.D.
- Other

Question 8 of 14

How long have you owned your current vehicle? *

- Less than six months
- Six months to one year
- One to two years
- Three to five years
- Five to ten years
- More than ten years

Question 9 of 14

Will you be trading in a vehicle when purchasing your next vehicle? *

- Yes
- No

Question 10 of 14

How long do you plan to keep your next vehicle? *

- Less than six months
- Six months to one year
- One to two years
- Three to five years
- Five to ten years
- More than ten years

Question 11 of 14

How do you plan on paying for your next vehicle? *

- Cash
- Finance
- Lease
- Not sure

Question 12 of 14

Do you know your current credit score? *

- Yes
- No
- I have no credit
- What is that?

Question 13 of 14

How do you plan on shopping for your next vehicle? *

Please mark all that apply.

- Autotrader.com
- Craigslist.com
- Kellybluebook.com
- Local Dealership
- Newspaper Classifieds
- NADA.com
- From a Friend
- Other

Question 14 of 14

How many vehicles have you purchased before? *

- Never
- One
- Two
- Three
- Four or more

← Back

Submit

Appendix E – Pre-Test/Embedded Questions**Don't Get Fleeced Pre-Test/ Embedded Questions**

-This quiz should take about 20 minutes.

- Please answer all questions with the best answer

- You are ready to continue on to the Online Learning Module

* Required

1. **Please enter your your first name and last name initial.** * ex. Rickey
Shankles would be entered as rickeys

2. **Bicycles and Moped's are considered types of motorized vehicles commonly used for personal transportation, please select two others: ***
Check all that apply.

- A. City Bus
- B. Car
- C. Motorcycle
- D. Airplane

3. **Picking up your parents for dinner is a common use of a vehicle, which of the following is NOT a common use for a personally owned automobile? ***
Mark only one oval.

- A. Car pooling
- B. Cruising
- C. Shopping
- D. Road Paving

4. **A coupe is type of automobile that has two doors for passengers to enter and exit the vehicle. Select three other examples of automobiles that you can think of: * Check all that apply.**

- A. SUV
- B. Truck
- C. Skate Board
- D. Station Wagon
- E. Jet Ski

5. **Which of the following is NOT the best reason to purchase a car? * Mark only one oval.**

- A. Before your current vehicle breaks down
- B. Your current vehicle is over eight years old
- C. To keep up with your neighbor
- D. Family situation has changed

6. **Where can you check your credit score from home without affecting your credit? * Mark only one oval.**

- A. Your bank
- B. The dealership
- C. Your parents
- D. Visit <http://www.consumer.ftc.gov/articles/0155-free-credit-reports>

7. **How should I check my cars minimal fair market value for possible sale or trade-in? * Mark only one oval.**

- A. Access <http://KBB.com> or <http://NADA.com> for "TRADE-IN" value for lowest price
- B. Ask my neighbor
- C. Take it to a auto dealership
- D. Make a guess

8. **What items should you NOT bring to the dealership in order to get onsite financing accomplished, select from the list below: * Mark only one oval.**

- A. POI, proof of income
- B. Friends names and addresses for references
- C. Birth certificate
- D. POR, proof of residence such as a utility bill or back statement with you name and address on it

9. **You and your partner are having a third child in the next three months and you currently own a two door sports car, select the more appropriate vehicles for your new family situation from the list below: Check all that apply.**

- A. Compact sedan like a Prius
- B. Minivan similar to the Dodge Caravan
- C. Quad Cab truck similar to the Ford F-150
- D. SUV similar to the CRV
- E. SUV similar to the Dodge Durango
- F. VW Beetle

10. **The best time for checking your credit score would be * Mark only one oval.**

- A. just before making a major purchase for finance.
- B. just before going into surgery.
- C. just because you're curious

D. for making a good impression to your date

11. **When should you buy an extended warranty for a vehicle, select the two best scenarios from the list below: * Check all that apply.**

- A. You plan to keep the vehicle well past its basic warranty
- B. Purchase of a used vehicle with little to no warranty remaining
- C. The dealership says the bank wants me to buy for the loan approval
- D. My salesman recommends it

12. **What does the Dealership term “hold back” mean to you? * Mark only one oval.**

- A. Hold me back from buying that car.
- B. Money the dealership is holding back to help you buy the car
- C. Guaranteed profit for the dealership
- D. Money the salesperson is holding to make sure you make a deal

13. **What does the term DEMO vehicle really mean? * Mark only one oval.**

- A. The vehicle is NEW and was only used for customer demonstration purposes
- B. The vehicle is NEW and was used and extended amount of time by an employee at the dealership as a demonstration vehicle
- C. It was previously demolished, repaired, and placed for sale.
- D. The vehicle is NEW and was used as a loaner by the service departments customers while their vehicle was being repaired.

14. **When should you talk about your trade-in vehicle?** * *Mark only one oval.*

- A. That's the first thing I want to talk about when I get to the dealership
- B. When the dealership asks me "Do you have a trade?"
- C. After leaving the finance office
- D. After the deal is agreed upon on the sales price, interest, payments, etcetera, just before going into finance.

15. **Why would the salesperson ask "Do you have a payment in mind?"** * *Mark only one oval.*

- A. They just want to keep me on budget
- B. They want to know so they can work the deal backwards and put as much non-needed add-ons, and get my trade (steal the trade) for less, further increasing their profit, whilst keeping your target payment feasible to you.
- C. The bank requires them to ask it
- D. To make simple conversation

16. _____ % is considered an good choice for a down payment when purchasing a car. * *Mark only one oval.*

- A. 15%
- B. 10%
- C. 30%
- D. 20%

17. **A USED vehicle can be financed using NEW vehicle interest rates as long as it falls within a maximum of ___ model years of the loan origination date.** * *Mark only one oval.*

- B. 5
- C. 2
- D. 3

18. **What would be the best term (months of payments) for an auto loan, and why?** * *Mark only one oval.*

- A. 36 Month, this keeps the payment affordable, and will typically keep you from having a negative equity in the vehicle, thus you will pay much less overall for the vehicle. Best interest rates offered for this term.
- B. 60 Month, more affordable payment. I can buy a few options with this payment. Average interest rates for this term.
- C. 72 Month, even more affordable payment. I can spend more money and buy more options with this payment. Higher interest rates for this term.
- D. 102 Month, very easy and low payment. I can spend even more money and buy more options with this payment. Highest interest rate for this term.

19. **What are dealer markups and Market adjustments used for?** * *Mark only one oval.*

- A. This is a fair method used by most dealerships in pricing their vehicle to local market pricing, further, it is of how the dealership truly makes any profit on a vehicle
- B. These are strictly controlled and mandated by state laws to be placed on every vehicle sold at a licensed dealership
- C. These are commonly used to substantially increase the price of the vehicle to use up any manufacturers rebates, incentives, negative equity of your trade, and bogus add-ons to further increase the dealerships profit.



D. Just for informational purposes, they show the vehicles true fair market value.

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Appendix F – Post-Test Questions

Don't Get Fleeced Post Test

- This quiz should take about 20 minutes.
- Please answer all questions with the best answer
- You are ready to continue on to the Online Learning Module

* Required

1. **Please enter your your first name and last name initial.** * ex. Rickey Shankles would be entered as rickeys

2. **Which of the following scenerios are considered to be a good time to purchase a car?** * *Check all that apply.*
 - A. Before your current vehicle breaks down
 - B. Your current vehicle is over eight years old
 - C. To keep up with your neighbor
 - D. Family situation has changed

3. **Of the following, which would be the best choice for checking your credit score?** * *Mark only one oval.*
 - A. Your bank
 - B. The dealership
 - C. Your parents
 - D. Visit <http://www.consumer.ftc.gov/articles/0155-free-credit-reports>

4. **How should I check my cars minimal fair market value for possible sale or trade-in?** * *Mark only one oval.*
- A. Access <http://KBB.com> or <http://NADA.com> for "TRADE-IN" value for lowest price
 - B. Ask my neighbor
 - C. Take it to a auto dealership
 - D. Make a guess
5. **You and your partner are having a third child in the next three months and you currently own a two door sports car, select the LEAST appropriate vehicles for your new family situation from the list below:** * *Check all that apply.*
- A. Compact sedan like a Prius
 - B. Minivan similar to the Dodge Caravan
 - C. Quad Cab truck similar to the Ford F-150
 - D. SUV similar to the CRV
 - E. SUV similar to the Dodge Durango
 - F. VW Beetle
6. **What is a good reason for checking your credit score?** * *Check all that apply.*
- A. Preparing to make a major purchase for finance.
 - B. Preparing to go into surgery.
 - C. You are just curious
 - D. You want to make good impression to your date

7. _____ % is considered an good choice for a down payment when purchasing a car. * *Mark only one oval.*
- A. 15%
- B. 10%
- C. 30%
- D. 20%
8. **When should you NOT buy an extended warranty for a vehicle, select the best scenarios from the list below:** * *Mark only one oval.*
- A. You plan to keep the vehicle well past its basic warranty
- B. Purchase of a used vehicle with little to no warranty remaining
- C. The dealership says the bank wants me to buy for the loan approval
- D. My salesman recommends it
9. **What items should you bring to the dealership in order to get onsite financing accomplished, select from the list below:** * *Check all that apply.*
- A. POI, proof of income
- B. Friends names and addresses for references
- C. Birth certificate
- D. POR, proof of residence such as a utility bill or back statement with you name and address on it
10. **What does the Dealership term “hold back” mean?** * *Mark only one oval.*
- A. Hold me back from buying that car.
- B. Money the dealership is holding back to help you buy the car
- C. Guaranteed profit for the dealership
- D. Money the salesperson is holding to make sure you make a deal
11. **When should you NOT talk about your trade-in vehicle?** * *Check all that apply.*

- A. Its the first thing I want to talk about when I get to the dealership
- B. When the dealership asks me "Do you have a trade?"
- C. After leaving the finance office
- D. After the deal is agreed upon on the sales price, interest, payments, etcetera, just before going into finance.

12. **Why would the salesperson ask "Do you have a payment in mind?"** * *Mark only one oval.*

- A. They just want to keep me on budget
- B. They want to know so they can work the deal backwards and put as much non-needed add-ons, and get my trade (steal the trade) for less, further increasing their profit, whilst keeping your target payment feasible to you.
- C. The bank requires them to ask it
- D. To make simple conversation

13. **What would be the two WORST terms (months of payments) for an auto loan, and why?** * *Check all that apply.*

A. 36 Month, this keeps the payment affordable, and will typically keep you from having a negative equity in the vehicle, thus you will pay much less overall for the vehicle. Best interest rates offered for this term.

B. 60 Month, more affordable payment. I can buy a few options with this payment. Average interest rates for this term.

C. 72 Month, even more affordable payment. I can spend more money and buy more options with this payment. Higher interest rates for this term.

D. 102 Month, very easy and low payment. I can spend even more money and buy more options with this payment. Highest interest rate for this term.

14. **A USED vehicle can NOT be financed at NEW vehicle interest rates when it is __ years or older.** *

Mark only one oval.

- A. 5
- B. 2
- C. 3
- D. 1

15. **What does the term DEMO vehicle really mean?** * *Mark only one oval.*

- A. The vehicle is NEW and was only used for customer demonstration purposes
- B. The vehicle is NEW and was used and extended amount of time by an employee at the dealership as a demonstration vehicle
- C. It was previously demolished, repaired, and placed for sale.
- D. The vehicle is NEW and was used as a loaner by the service departments customers while their vehicle was being repaired.

16. **What are dealer markups and Market adjustments are NOT used for, select three?** * *Check all that apply.*

- A. This is a fair method used by most dealerships in pricing their vehicle to local market pricing, further, it is of how the dealership truly makes any profit on a vehicle
- B. These are strictly controlled and mandated by state laws to be placed on every vehicle sold at a licensed dealership
- C. These are commonly used to substantially increase the price of the vehicle to use up any manufacturers rebates, incentives, negative equity of your trade, and bogus add-ons to further increase the dealerships profit.
- D. Just for informational purposes, they show the vehicles true fair market value.