

# ***USED CAR WHOLESALE***

THIRTEENTH EDITION

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<b>TABLE OF CONTENTS</b>	<b>PAGE</b>
INTRODUCTION .....	4
WHAT IS A USED CAR WHOLESALER.....	6
HOW TO BECOME A WHOLESALER .....	9
HOW TO DETERMINE THE VALUE OF A VEHICLE.....	14
INSIDE THE BUSINESS - FINDING CARS.....	17
DEALER ONLY AUCTIONS EXPLAINED.....	32
MAXIMUM PROFIT ON EVERY CAR.....	41
HOW TO BUY CARS FROM INDIVIDUALS .....	44
HOW TO RECOGNIZE A LEMON.....	47
HOW TO NEGOTIATE THE BEST DEAL WITH INDIVIDUALS .....	57
HOW TO GET RID OF THE LOSERS .....	65
TITLING ISSUES AND PROCESSES .....	66
LOCAL LAWS AND REGULATIONS.....	68
ALTERNATIVE WAYS TO START.....	69
NOW IT'S UP TO YOU.....	71
APPENDIX I INDIANA WHOLESALE DEALER LICENSE SCAM?	72
APPENDIX II RESOURCES.....	76
APPENDIX III STATE MOTOR VEHICLE DEPARTMENTS .....	78

## **DISCLAIMER**

This publication is designed to provide accurate and authoritative information in regards to the subject matter covered. It is sold with the understanding that the publisher is not engaged in rendering legal, accounting or other professional services.

Being a used car wholesaler is not a get rich quick scheme. Anyone who decides to follow this plan must expect to invest a lot of time and work in order to be successful.

Every effort has been made to make this plan as complete and accurate as possible. However, there may be mistakes in printing or content. Therefore, this should only be used as a general guide.

**Local, state, and federal laws/regulations should be followed in implementing the basic methods in this plan.**

## INTRODUCTION

Hi! Welcome to one of the manuals I have written on retailing, wholesaling and exporting vehicles. Each manual was written to address the issues in each business. There are common issues that cross between the three businesses. . If you have all these manuals you may find that information is repeated in the manuals. They have been for sale for over 10 years. I update them every year so to give you the latest information about the ever changing auto industry.

In this manual, I will show you how to break into the wholesale car business. It can offer you a successful career with huge financial rewards.

This is not a get rich quick scheme. It is a little known business people are doing every day. The information and guidance given in this book is the product of years of experience. It offers you a simple, but very effective way to make a change to a new career opportunity. It is a high profit business. I reveal all the methods. They're easy to follow.

Even if you don't go into the business, you can use this plan to buy your next family car. I guarantee that the things you'll discover in this manual will save you hundreds, if not thousands, on your car purchases!

Using wholesale methods, I was able to buy the car of my dreams, a beautiful red Mercedes! I bought it so cheap, the loan officer of the bank wanted to know what was wrong with it! She had to inspect the car before giving final approval on the loan!

So let's get started! First, let me show you why there are huge profits in this business.

At sixteen, we begin a love affair with the automobile that lasts a lifetime! The car and our cell phones are our links with the world. Everyone has to have one. I'm sure you've seen that successful Internet companies, car dealers and real estate people are usually rich! Well, stick with me and I'll show you how to get a share of the wealth because of the enormous demand for millions of automobiles.

Here's why this plan is so successful!

New cars are getting more expensive! The used car market demand is exploding.

Wholesalers provide a service. They move cars between the dealer only auctions and the franchise and independent dealers.

Wholesalers are dealing in a big profit product in a high demand market. Millions need used cars! Every deal has a profit potential of \$200 to \$1000!

You do it all by yourself with no employees and low overhead.

So, that's it! Make big bucks buying Buicks and other brands. It is a little known business that can sky rocket your income to a \$50,000 and more! Here are some other reasons why it's very profitable!

1. No employees.
2. No payroll.
3. Very little overhead.

You can do it! All it takes is time and the inside secrets of this little known business. People have become financially independent as car wholesalers. Now let me show you how!

For many the wholesale business has been the doorway to opening their own retail lots.

## WHAT IS A USED CAR WHOLESALER?

Dealers sell more than 15 million cars every year to each other. The auto wholesaler can act as the middleman between these used car dealers. Let's see how.

When buying a new car, most people do not want to sell their old car. They prefer to trade them in. So if the dealer wishes to sell cars to every buyer, he is forced into taking all trade-ins. A large new car dealership will take in 100 - 150 cars a month on trade-in.

You can probably guess the dealership doesn't want or need all these cars. In fact, usually 50% or more of trade-ins are "don't-wanters". They don't meet the standards of the used car manager or the general manager of the dealership. Some of the reasons for wanting to "wholesale" these cars are:

1. The car is too old. New car lots want recent model years on their used car lots. They are easier to sell and have fewer after the sale complaints. The newer cars enhance the image of the used car lot.
2. The car has high mileage. Buyers won't want to take a chance on it. The buyers who go to large dealership lots are pickier. They can pay the extra money to be choosy and they usually are.
3. It is the wrong brand, i.e. a FORD dealer doesn't want to have too many CHEVROLETS on his lot. He understands FORDS better. He knows their true value. If needed, his shop can repair them quickly and cheaply since they stock the parts. Plus, used car buyers will usually come to his dealership's used car lot when looking for a FORD not a CHEVROLET.
4. It is the wrong color or has the wrong options. The used car manager knows from experience what will sell to his clientele.
5. It is an exotic brand. A Mercedes won't sell on a Chrysler lot. It should to be moved to a Mercedes

dealership or an independent foreign car lot.

6. The car needs costly repairs.

7. The manager did a poor job in appraising it or had to "bump" (see glossary in back of the book) his offer to close the new car deal too much to make a profit easily. He is "upside down" on the car, that is has more money in the car than it is worth.

8. The manager, his boss or the owner for some reason dislike this particular model or brand. They won't keep it on the lot.

9. The car has been on the lot more than 90 days. A good rule of thumb is no more than 20% in stock over 90 days. Cars should be moved out within 60 days. He will offer his salesman "spiffs" before finally turning it over to a wholesaler. Think about it: How much pressure would a used car salesman put on a customer for a car he gets a "spiff" of \$250?

Car dealers are in the business to sell "retail". The used car manager personally handles all the buying and selling of used cars. He does not have the time to take cars to other dealerships to wholesale. He needs someone to handle the problems of excess cars due to trade-ins. That's the "service" the wholesaler provides. The wholesale dealer buys these "don't-wanters" and moves them to other large dealerships, independent used car dealers or auction. Note: Some very large dealers do have in-house wholesalers that work for the dealership full time. These dealers may still rely on the independent wholesaler to provide additional inventory.

Independents need replacement inventory. They buy cars from individuals, wholesale auctions and wholesalers. The owner of an independent used car lot spends many hours on the premises. Most are open 70 hours a week. They don't have the time to buy/sell used cars in the wholesale market. Taking care of the details of the retail business is more than enough to keep the independent used lot manager busy.

Dealers do not usually deal directly with each other to wholesale cars. They may be friendly with each other at the Rotary Club or the Chamber of

Commerce but they are competitors first and foremost. It's not reasonable to think a Ford dealer would want to sell a good Chevrolet to the Chevrolet dealership across the street. It wouldn't seem right.

The dealers let wholesalers do it for them and the wholesaler makes a nice profit for helping solve this relationship problem. If the Chevrolet dealer doesn't want the car, the wholesaler has other dealers and independents ready to buy. It's all part of the network the wholesaler has cultivated. When a wholesaler buys a car, he usually has a buyer in mind. You'll see later how he does these magic tricks.

Every day the wholesaler is the friend and helper of the dealers; by moving excess cars back and forth between the retail stores or to auction.

The wholesale market has become very competitive with the new car sales being down due to economic conditions. With fewer people buying new cars there are fewer cars being traded in so the total universe of used cars has been reduced. The "Cash for Clunkers" program by the Feds took 680,000 older cars out of the market which would have been great buys for the lower end market. This was a program that helped the car manufactures and folks who could afford to trade but now impacts the prices of used cars for the folks who have to buy inexpensive cars.

At every dealer only auction, I see good, clean, high mileage cars going for almost retail. Also, new dealers are holding on to some cars they would have immediately sold to a wholesaler. They are doing this because their profits on new cars have been reduced to the point they must increase sales on the used car side of their business.

The used car market is very good right now. Because of the economy, more consumers would have bought new are now opting to buy used. The reduction of the available cars as explained is driving up prices. So supply and demand is operating in the marketplace.