

Bait and Switch: The Oldest Trick in the Book

The bait and switch is alive and well on the car lot. Maybe you thought this was a scam that went the way of the shell game or the pigeon drop. But the bait and switch is still very much in play. And anyone who wants to be a savvy car shopper needs to understand how it works. For the low down on this shady subject, I had a conference call with several of my trusted inside sources. One fount of information was my old friend Chandler Phillips, who spent several months working as an undercover car salesman for Edmunds.com. I also called a former F&I (finance and insurance) guy who has closed more than 5,000 deals. He wants to be referred to simply as Joey. And finally, there was Ross, who has worked in the used car departments of several major dealerships — and he still watches the used car market like a hawk.

Edmunds: Are bait and switch tactics very commonly used?

Chandler: Are you kidding? Any weekend you choose, you can find the bait and switch being used in dealerships all over the country.

Joey: Let me just say two words: *ad cars*. Ad cars are the classic way the bait and switch tactic is used on the car lot.

Ross: You have to understand that the goal of any dealer is to get you into the store ASAP. From there, the salespeople think they can control the buying process.

Edmunds: How does the bait and switch work?

Joey: What they do is select the cheapest and the most stripped-down version of a model. That's the car they advertise. Then they calculate the payments with the assumption that people have an A+ credit history for the longest finance or lease term possible. Once the customer is on the lot, they switch them to a different vehicle.

Edmunds: Can you give me an example?

Joey: You see an ad in the paper for your favorite SUV showing a monthly payment of \$299 a month. It looks like a great deal, since, either according to simple math or someone you know who recently got this vehicle, the payment should be more like \$500 a month. Keep in mind, people never read the fine print. You are very excited to get your new SUV for this low, low payment and show up on the lot. You mention the ad you saw in the paper. Lo and behold, the salesman regretfully informs you that the particular car has already been sold —

Chandler: Or the ad was a misprint.

Ross: Or it's blocked in by 10 other cars so you can't test drive it — and wouldn't you rather pick another one anyway?

Joey: You get the idea. The dealer basically says, "Look, we have many more vehicles to choose from with better equipment and more options that will cost just a little more per month."

(They all laugh.)

Ross: But if you ask the dealer how much more the different model will cost, the salespeople usually answer that they don't know but that their finance manager will explain everything to them after they settle on a vehicle.

Edmunds: But don't people realize they've been switched?

Chandler: Some people get cheesed off and leave. But the majority stay and look around. They're there so they might as well.

Ross: A consumer should understand that there's no free lunch — especially in the car business. If it's too good to

be true, then it usually is.

Edmunds: What if you play hardball? What if you demand to see the "ad car"? What happens then?

Ross: Some states require that the dealers list the stock number of the car they're advertising. You get that, take it to the lot, you might be able to see that car. But if it's a stripper, do you want it?

Chandler: One time, where I worked, this guy came in, and he wanted to buy a van that we had advertised at a ridiculously low price. I told him I couldn't find that particular van and wouldn't he really rather look at one of our other fine models? So he said, "Maybe if I came back with my lawyer, you could find that particular van." I told my sales manager what he said, they pulled out the van and sold it to him at the printed price. He got a screamin' deal.

Edmunds: Other than threatening to sue the dealership, is there any other way to protect yourself?

Joey: It's actually easy to protect against the bait and switch. Do your research on someplace like Edmunds.com, not by reading dealerships ads in your local paper. Familiarize yourself with the trim levels, options and prices before you hit the lot.

Ross: And if you do read those ads, check out the fine print. If it's \$299 a month, it's probably a 60-month lease, with \$5,000 down, doesn't include sales tax, security deposit and acquisition fees, and is with approved credit only!

Edmunds: Are there any other ways the bait and switch is used on the car lot?

Ross: They might bait you by showing you a base model, then try to switch you to a high model for more money.

Chandler: The concept of switching, as a way to confuse the buyer, is very common. For example, switching from one salesperson to another.

Joey: Yeah. Switching to another salesperson is real huge.

Edmunds: Can you give us an example?

Joey: Once they get you into the "box" [the sales office] they will grind you for hours. If you're in a stalemate with the salesperson, he will bring in his sales manager (sometimes called the "closer") to try to close the deal. If the sales manager cannot close the deal, he will bring someone else in to close the deal and so forth. This technique is called *T.O.* which stands for turnover. The salespeople will keep "handing you off" to another salesperson. It's not uncommon for a customer to meet with three to four salespeople. It's no wonder that it takes four to five hours to finish a deal. They use this strategy to wear you down emotionally and physically so that you will sign the paperwork just to get out of there.

Edmunds: And how do you protect yourself against this?

Ross: The consumer has several strategies. Bring in reinforcements, such as friends and family, to help during the buying process. They're great for emotional support and at times can be used as a smoke-screen between you and the salesperson. Secondly, I like using the fleet or Internet managers so that you can avoid the first layer of negotiations with the typical front-line salesperson. Inevitably, the salesperson has to go to his or her manager for approval anyway. This can save you one or two hours of your time and minimize the grinding process. If you're technologically savvy, I would highly recommend [blast-faxing](#) or using an automotive Web site like Edmunds to initiate the deal.