



CAR DEALS GUIDE

Finding a good deal when buying a car

Purchase channel: Online classifieds



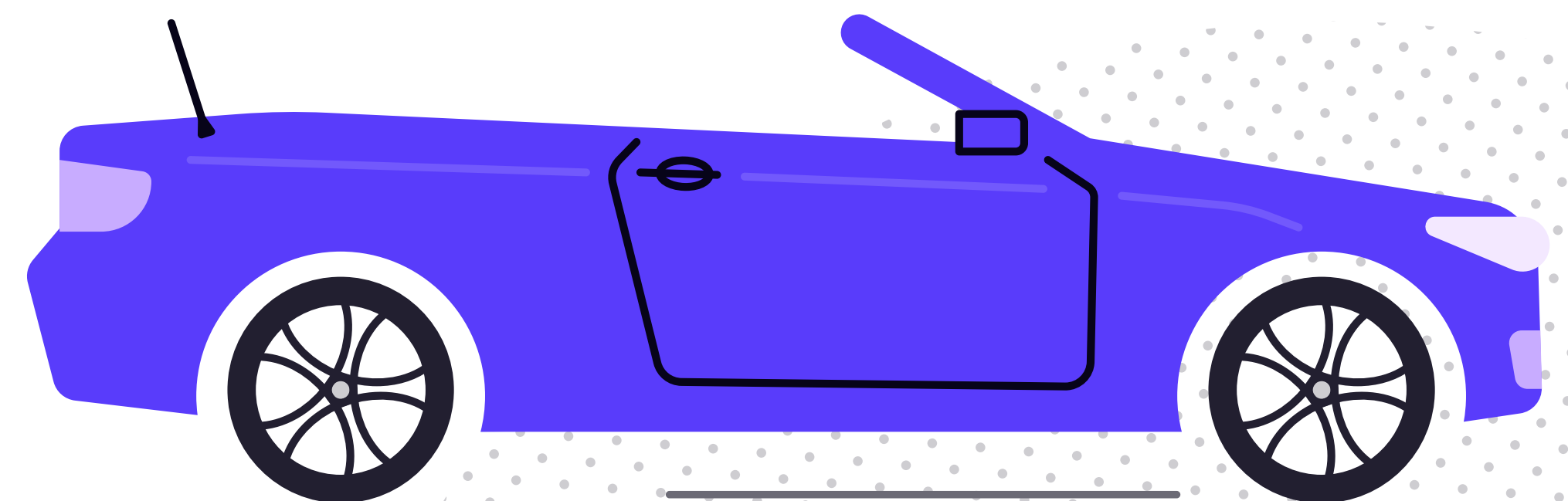
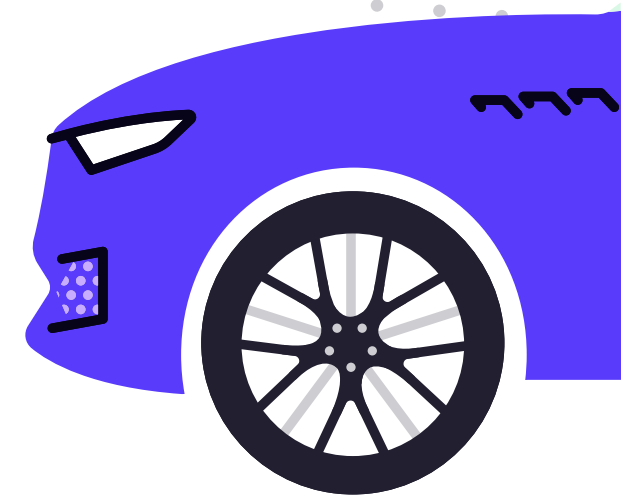
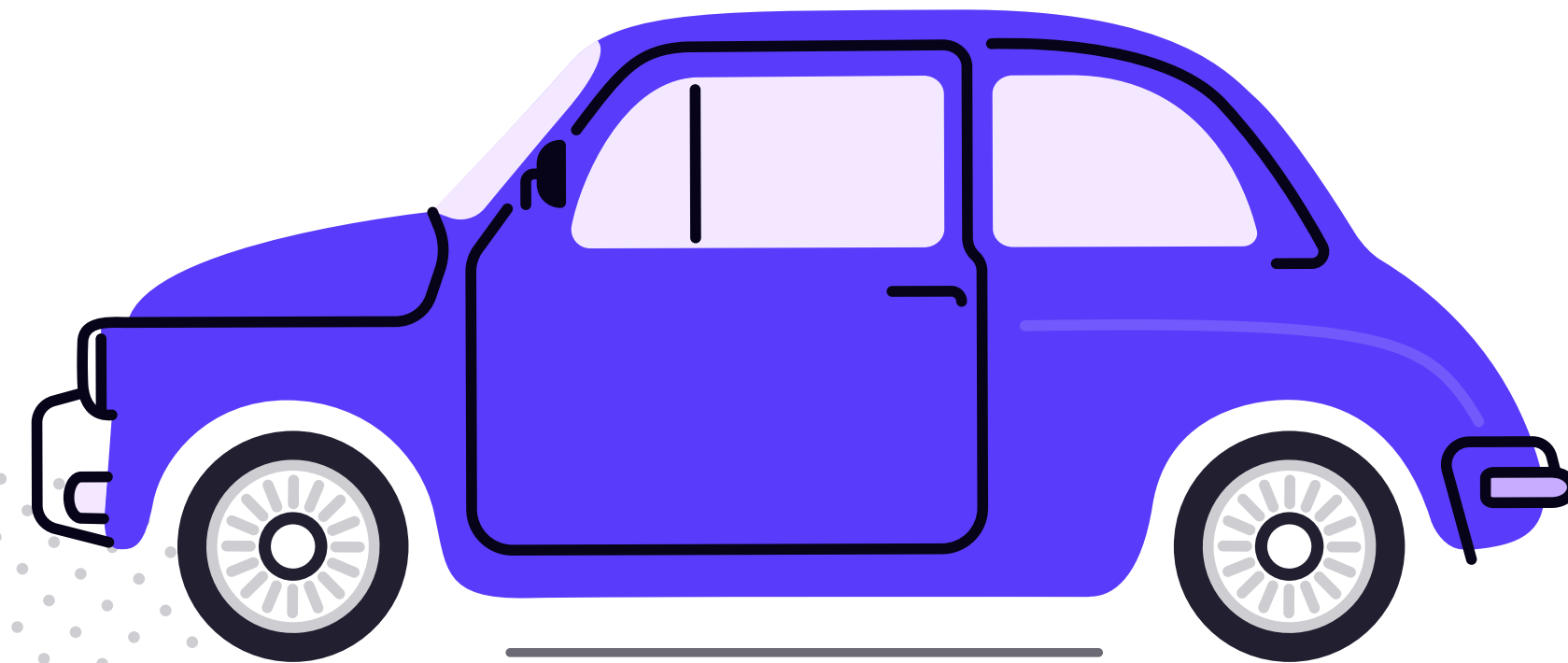
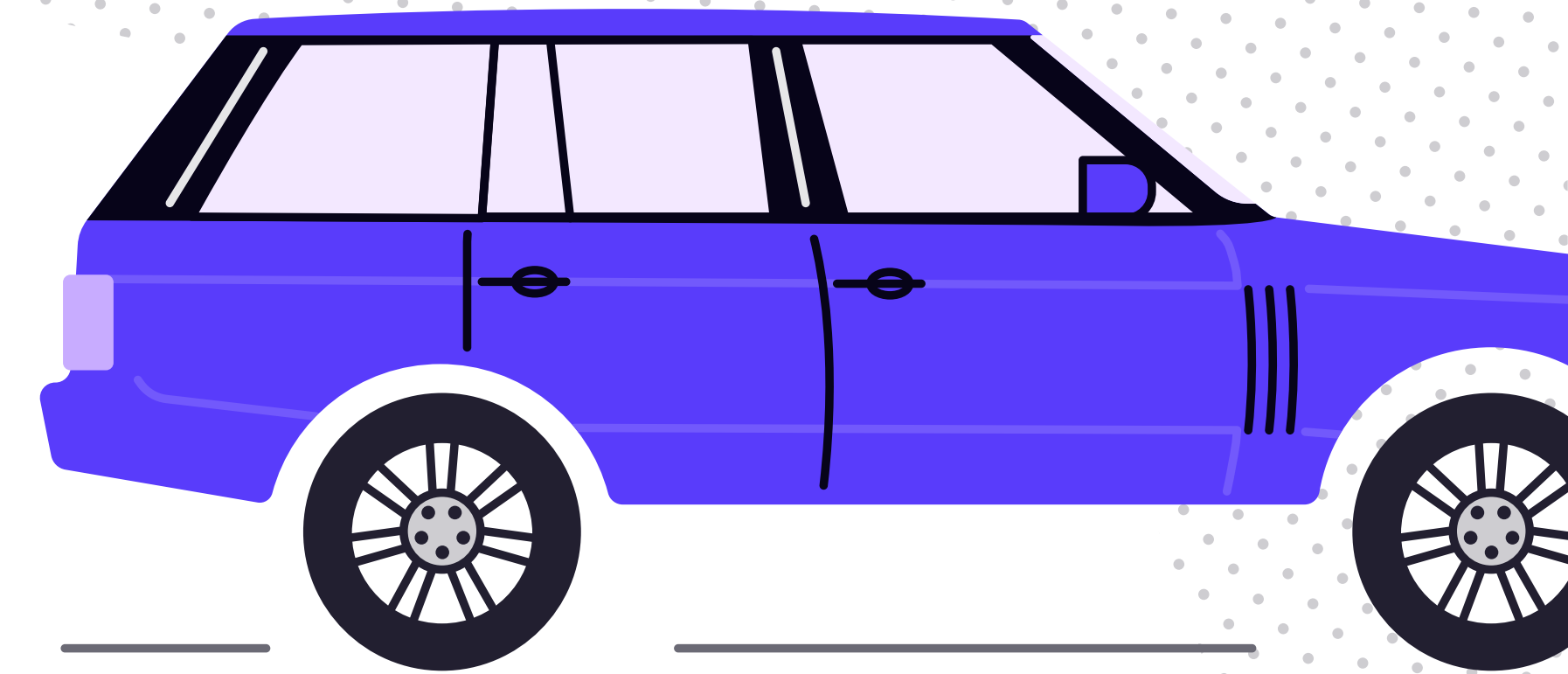
Online classifieds

When buying a car, online classifieds are an excellent option for Turo hosts with solid mechanical knowledge and who are looking to buy quickly. With some patience and perseverance, you can find amazing deals, and buying a car at a discount is one of the most important factors to get a return on your investment when sharing on Turo.

In this guide, you'll learn about the impact of a discount of three-year gross profit, the pros and cons of online classifieds, and best practices for negotiating the best price.

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THE IMPACT OF A GOOD DISCOUNT

The depth of discount can have a substantial impact on 3-year ROI

Getting a discount on the initial price paid for a car is one of the most important factors in becoming profitable as a Turo host. Hosts who purchase at a discount often see stronger profit margins over a three-year period.

Online classifieds are excellent channels for savvy car shoppers — with patience and perseverance, you can find deep discounts depending on your market and personal negotiation abilities.

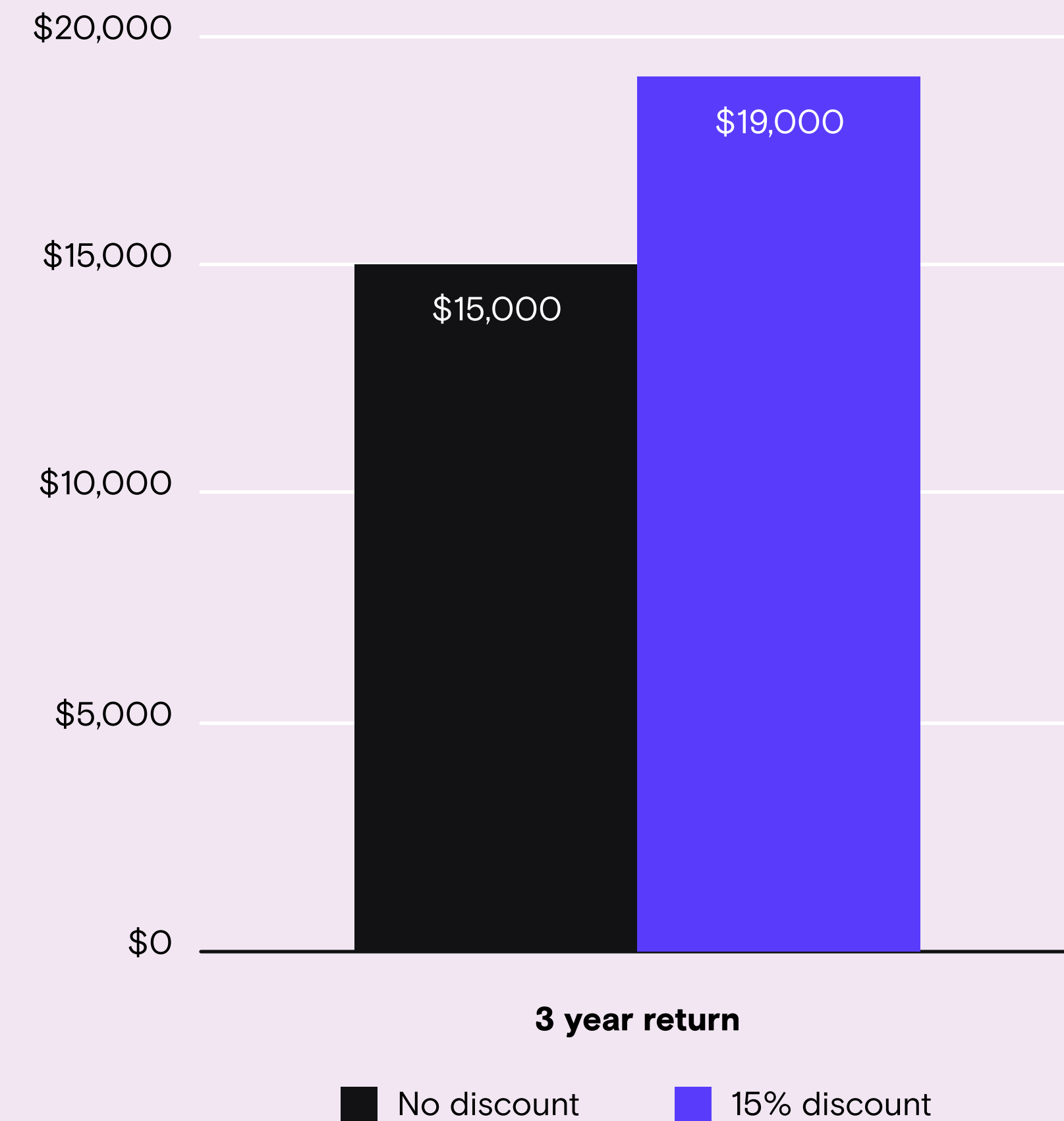
Example A:

Host purchases a vehicle for roughly \$26,000 with no or with very little discount. After sharing the car on Turo for three years and selling the vehicle, the host earns roughly \$15,000.*

Example B:

Host purchases the same vehicle with a 15% discount. After sharing the car on Turo for three years and then selling the vehicle, the host earns roughly \$19,000.*

* Actual figures may vary, estimated based 74% utilization rate with a 2019 Toyota RAV4 in the Los Angeles market, and rounded to the nearest thousand. See the sample balance sheet in the appendix for more on the methodology.



CHANNEL LANDSCAPE

Ways to purchase a vehicle

Dealerships

Retailers of new or used cars based on contract with a manufacturer or subsidiary

Licensed dealerships

Certified pre-owned dealerships

Used car dealerships (non CPO)

Online marketplaces

Online platforms that connect buyers and vehicle dealers

Used car aggregators
(highest potential ROI)

New car aggregators

Online classifieds

Online platforms that connect buyers and personal sellers

Personal listing websites
(highest potential ROI)

Vehicle auctions

Auction houses that offer below market rate for qualified participants

Dealer-only auctions
(highest potential ROI)

Open-to-public auctions

Police & towing garage auctions

Online classified overview

Personal listing sites

Online classified engines like craigslist.com, eBay Motors, and Facebook Marketplace connect buyers with individuals looking to sell their cars. Sometimes, dealers list their cars on these sites, so be sure to select “Owner only” to work with individual owners.



Look out for depreciation!

Keep in mind! Buying a car brand new means you'll take the highest depreciation hit, so consider used options to get a higher return on your investment. In many cases, a one- or two-year-old vehicle (in great condition) will earn similar daily rates on Turo, while saving 10% to 20% in purchase price and improving a host's three year return on investment significantly.



Check the title & mileage!

Make sure to buy only vehicles with a clean title, as vehicles with salvage or branded titles are not allowed on Turo. Also check the mileage before purchasing — if it's already clocked more than 130,000 miles, you won't be able to share it on Turo per the terms of service.

PROS & CONS

Weigh your options

Personal listings sites



Personal listings sites are a solid option for hosts who have decent mechanical knowledge, access to a mechanic, a personal loan ready or do not need financing, and who are in no rush to purchase.

Anticipated purchase price discount: ~22+% off MSRP

Pros

- Can purchase direct (no fees)
- Great if local market is large (Los Angeles, for example)
- Possible to find amazing deals from sellers in rush to sell

Cons

- Requires searching daily on multiple sites
- Largely dependent on local market (beware of flooding & snow markets)
- Mechanic inspection fee likely
- Cash business — no financing available
- If purchasing current model year vehicle, low selection

BEST PRACTICES

Tips to get a good deal

- After comparison-shopping and deciding on the best car(s) for you, decide on a firm, max out-the-door price.
- If financing, acquire loan approval from a credit union or other financial institution before starting your search.
- Search daily and prepare templated message to send to sellers.
- In many cases, sellers will sell to first person who can provide cash in hand.



In-person purchasing tips

Vehicle selection

- Decide on a firm, max out-the-door price.
- Search for specific year-make-models on used car aggregator sites to understand the average market value for the vehicle.
- Subtract roughly 15% from that average to compute your target price.

Vehicle condition

- Go through a general vehicle checklist, like [this excellent one from Popular Mechanics*](#).
- Arrange to bring either your mechanic to the vehicle or vice versa for a pre-purchase inspection (PPI).

Vehicle purchase

- Purchases paid by cash or check should be completed at your local police station's e-commerce sales safe zone.
- Call your local police station after registering the vehicle to ensure that it has been marked as sold on seller's end.

* Source: [Popular Mechanics](#)

APPENDIX

Sample balance sheet

See the following balance sheet to understand the calculation behind the estimated impact of a discount on the initial price paid on three-year Turo host profit.

	Host 1 (no discount)	Host 2 (15% discount)
Vehicle:	2019 Toyota RAV4	2019 Toyota RAV4
Market area:	Los Angeles, CA	Los Angeles, CA
Vehicle MSRP:	\$25,950	\$25,950
Vehicle discount:	0%	15%
Vehicle purchase price:	-\$25,950	-\$22,058
3-year vehicle earnings on Turo:	\$25,987	\$25,987
3-year vehicle operational costs:	-\$4,784	-\$4,784
3-year vehicle resale price:	\$20,348	\$20,348
Estimated 3-year host profit:	\$15,601	\$19,493