



CAR DEALS GUIDE

# Finding a good deal when buying a car

**Purchase channel:**  
**Online marketplaces & aggregators**



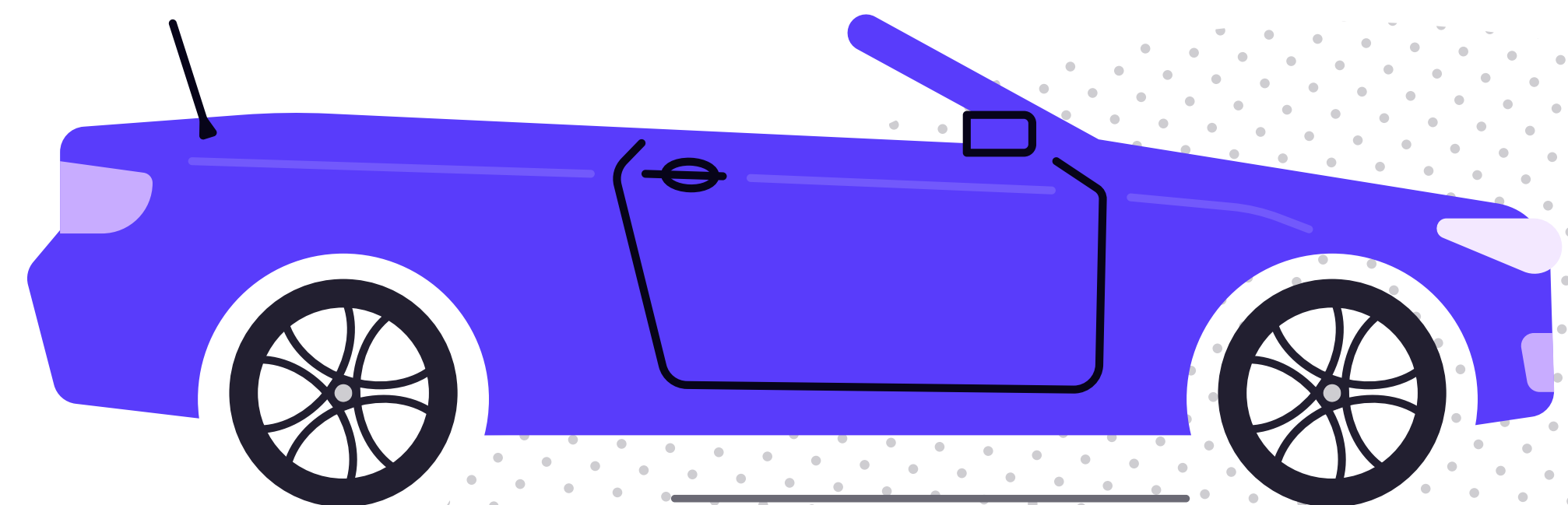
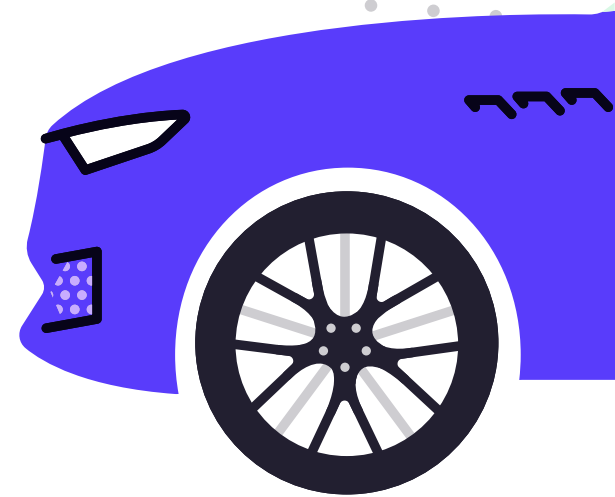
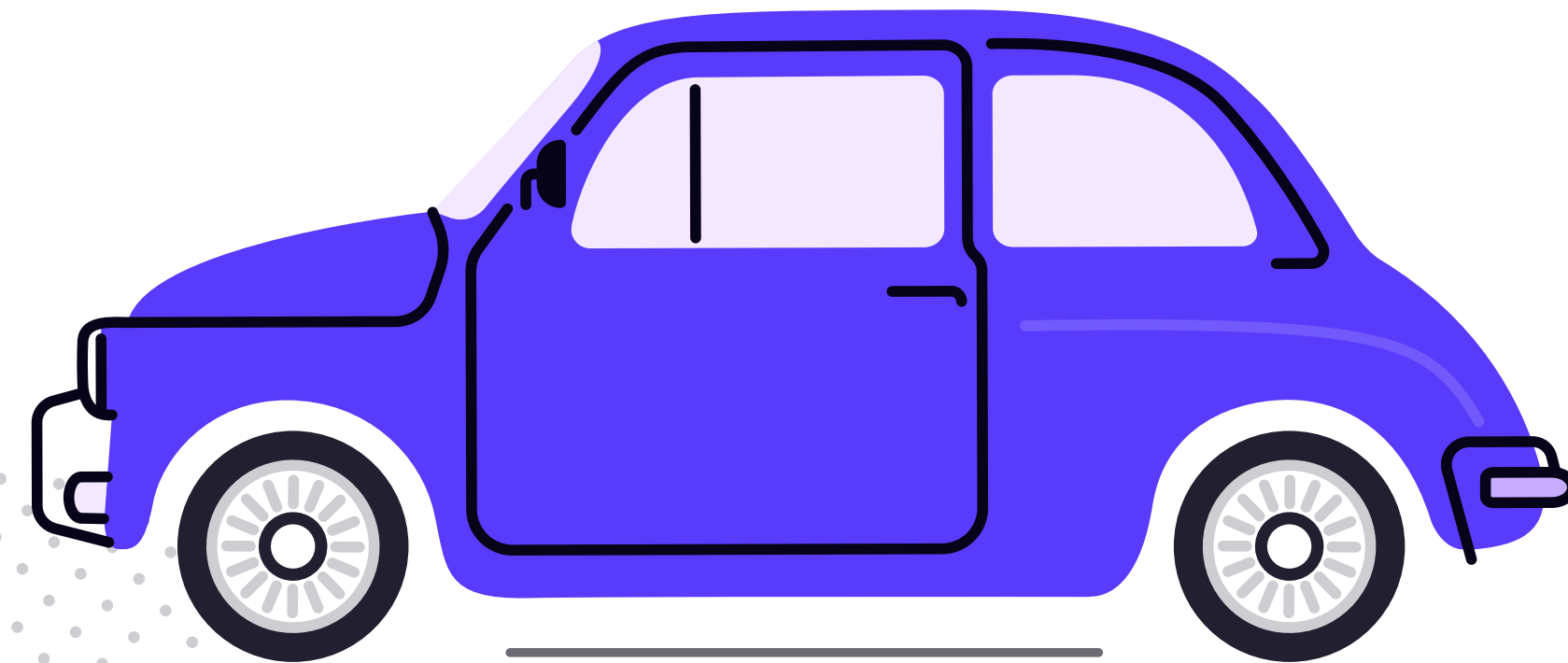
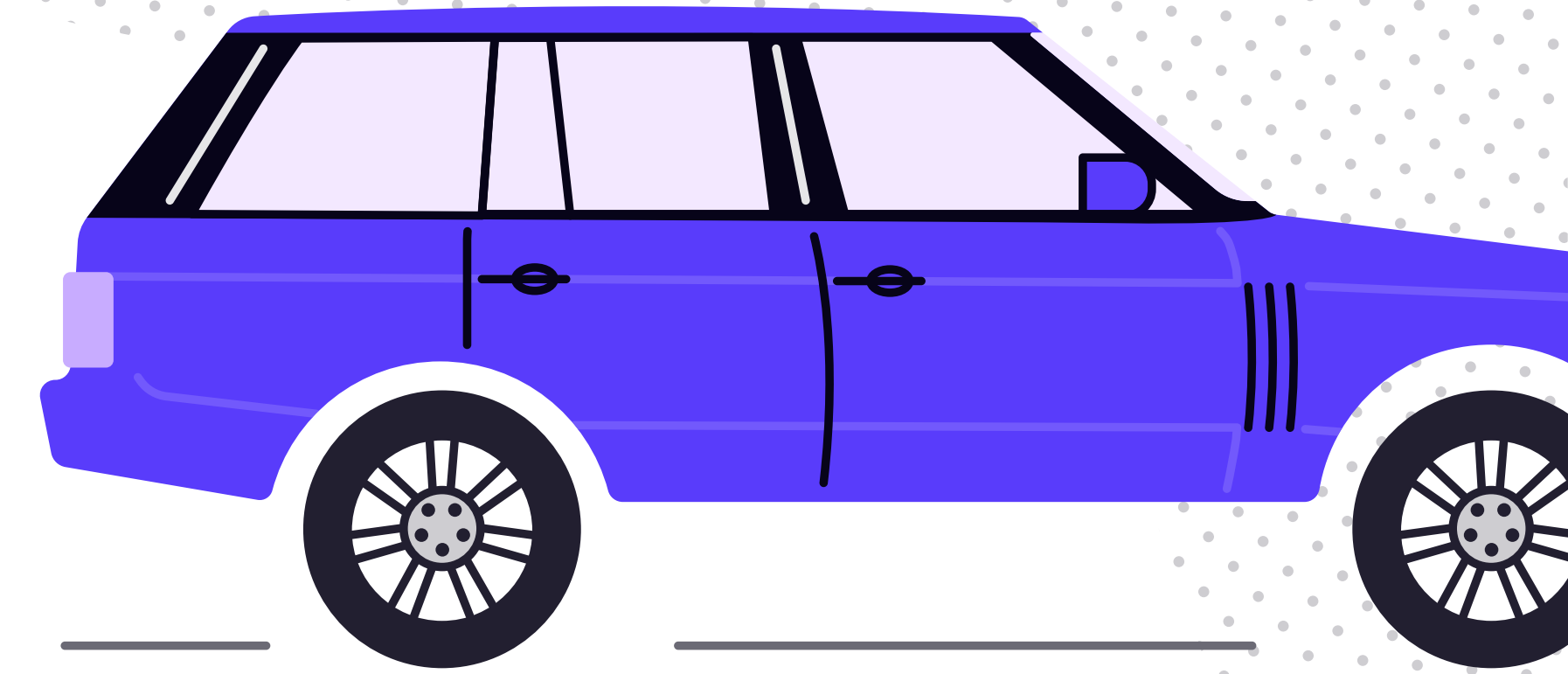
# Online marketplaces & aggregators

When buying a car, online marketplaces are an excellent option for Turo hosts with moderate car-buying savvy — with a little diligence, you can find a great deal, 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 different types of online marketplace, the pros and cons of each type, and best practices for negotiating the best price.

Created September 2020

Provided for general informational purposes only for audiences in the US and may not reflect the most up-to-date information. This guide contains links to third-party websites. Such links are provided for convenience only; Turo does not recommend or endorse the contents of the third-party sites. The contents of this guide are provided "as-is"; no representations are made that the content is complete or error-free. Turo disclaims all liability with respect to actions taken or not taken based on the contents of this guide.



## 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 marketplaces are excellent channels for shoppers looking to find promising deals on a rich variety of vehicle year, makes, and models.**

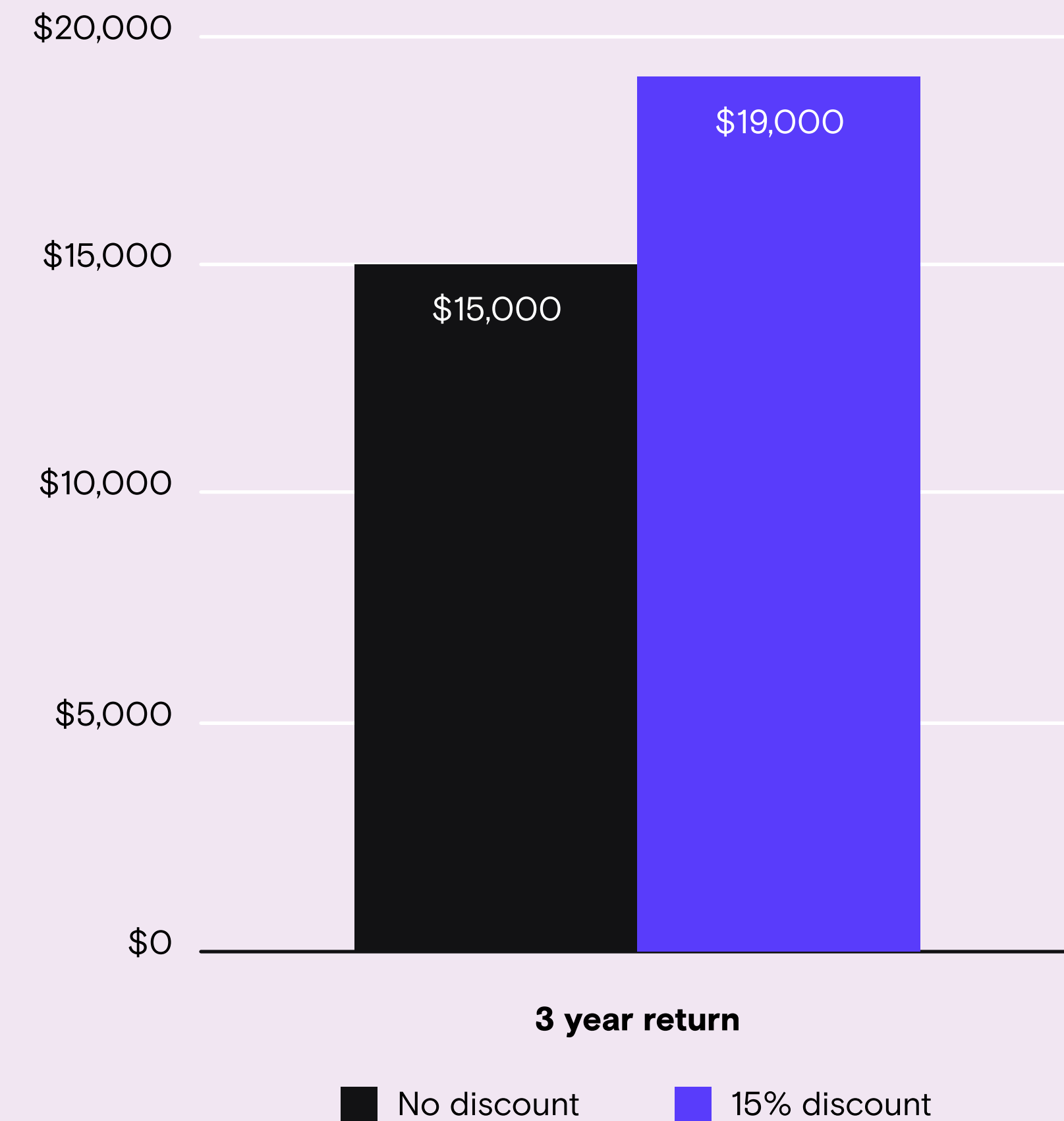
### Example A:

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 marketplaces overview

## Used car aggregators

---

Online marketplaces like autotrader.com, truecar.com, and cars.com search a wide range of used car dealerships when you have the “Used only” filter switched on. Buying used often yields the best deal and the highest ROI for aspiring Turo hosts.

## New car aggregators

---

Online marketplaces like autotrader.com, truecar.com, and cars.com that search a wide range of new licensed & used car dealerships. Buying used often yields the best deal and the highest ROI for aspiring Turo hosts, so consider switching the “Used only” filter on.



### 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

### Used car aggregators



Used car aggregators are great options for hosts with low-to-moderate mechanical expertise and access to a mechanic to vet the vehicle before purchasing. Bonus points for the incredible selection used car aggregators provide to shoppers.

**Anticipated purchase price discount: ~15+% off MSRP**

### Pros

- Can search many different markets & dealers at once
- Access to broad vehicle inventory and very specific make-models
- Great way to get an idea of market rates for various make-models

### Cons

- Requires daily searching on multiple sites
- Requires travel time for out-of-market purchases
- Hard to know if the “dealer” is good (no review system)
- Mechanic strongly recommended for smaller dealers

**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.
- Start the negotiation process at the end of the month (good), quarter (better), or December 31 (best).
- Engage and conduct all negotiations via email. Avoid using the phone. Having everything in writing will help you understand, analyze, and keep track of all the costs and options being presented to you.
- Only go to the dealership in person once you have an agreed-upon out-the-door price.
- Ask for availability of loaner vehicles, or prior year inventory (still brand new).
- If financing, acquire loan approval from a credit union or other financial institution before starting your search.
- Pit dealerships against one another to start a bidding war (especially at the end of month).



## 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.

	<b>Host 1 (no discount)</b>	<b>Host 2 (15% discount)</b>
Vehicle:	2019 Toyota RAV4	2019 Toyota RAV4
Market area:	Los Angeles, CA	Los Angeles, CA
<b>Vehicle MSRP:</b>	<b>\$25,950</b>	<b>\$25,950</b>
<b>Vehicle discount:</b>	<b>0%</b>	<b>15%</b>
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
<b>Estimated 3-year host profit:</b>	<b>\$15,601</b>	<b>\$19,493</b>