



## Consumers Relying on Nation's Largest Car-Buying Service Pay Much More Than They Need To, Study Finds

### ***A Competitive Bidding Process Yields Far Greater Savings than the TrueCar Service, Which Is Heavily Promoted by Major Consumer Groups***

WASHINGTON— Many respected consumer organizations, including AAA, AARP, Consumer Reports, and USAA, receive fees for steering consumers to the TrueCar buying service. Consumers are led to believe the price they get from TrueCar is the best, or almost the best, possible price. But testing reveals that consumers who make dealers bid competitively for their business can be expected to pay on average about \$1,300 LESS per vehicle than if they use TrueCar.

Consumers' Checkbook, an independent, nonprofit consumer organization, has been advising consumers since 1991 that the best way to save on a new car is by competitive bidding. Checkbook has published guides with a step-by-step explanation of how a consumer can effectively make dealers bid against one another to drive down prices ([checkbook.org/makedealersbid](http://checkbook.org/makedealersbid)). Consumers can do this on their own or, if they prefer, they can have Checkbook's experts conduct the bidding process for a fee through a service called [CarBargains](#).

Checkbook has developed a representative sample, based on many transactions, showing how much consumers can save using the Checkbook-recommended competitive bidding system compared to the for-profit, dealer-supported TrueCar program. Checkbook's [comparison website](#) details many representative examples of actual savings such as:

- This competitive bidding process saved a Cambridge, MA, consumer \$2,526 compared to the TrueCar TruePrice on a 2018 Toyota Camry LE
- This competitive bidding process saved a Glen Ellyn, IL, consumer \$1,242 compared to the TrueCar TruePrice on a 2018 Honda Accord Sedan EX-L
- This process saved a Croton-on-Hudson, NY, consumer \$1,247 compared to the TrueCar TruePrice on a 2018 Toyota Highlander Hybrid Limited V6 AWD
- This process saved a Marietta, GA, consumer \$221 compared to the TrueCar TruePrice on a 2018 Hyundai Santa Fe Limited Ultimate FWD
- This process saved a Prosper, TX, consumer \$820 compared to the TrueCar TruePrice on a 2018 Mazda CX-5 Grand Touring FWD
- This process saved a North Bend, WA, consumer \$2,720 compared to the TrueCar TruePrice on a 2018 BMW X3 xDrive30i

On average, in the tests, consumers got their vehicles at about \$1,300 below the best TrueCar price. These savings are even after taking into account the service fee for consumers who use the CarBargains service.

"It's amazing how much a competitive bidding process can save people and sad how much money people are wasting by relying on TrueCar," said Robert Krughoff, President of Checkbook.

The problem with TrueCar is that it only steers people to TrueCar-participating dealers, which do not have to compete with low prices. TrueCar steers consumers to dealers that pay TrueCar a fee for customer referrals. In addition, AAA, AARP, Consumer Reports, USAA, and other widely-respected organizations that refer consumers to TrueCar get a fee from TrueCar for these referrals.

To make money, TrueCar needs dealers to participate in its service. If TrueCar requires prices that are too low for dealers' liking, dealers might back out of the process. And the fact that dealers also have to pay a fee of hundreds of dollars if they make a sale via a listing with TrueCar creates even more reason for dealers not to offer a really low price through TrueCar.

In contrast, the competitive bidding process Checkbook recommends consumers use, and that Checkbook's CarBargains experts use, has no financial incentives that might reduce competitive pricing pressure on dealers. CarBargains takes no money from dealers. It is paid \$250 by consumers who use the CarBargains service as a fee to cover the cost of having CarBargains' experts do the bidding. Unlike TrueCar, which depends on set prices submitted by dealers, CarBargains gets at least five dealers to bid AGAINST EACH OTHER for the consumer's business. These dealers know the consumer has paid \$250 for the service, so the consumer is very likely to buy a car. And dealers know they have to bid and bid low or they won't get the business.

In addition to the \$1,300 consumers save on average through using competitive bidding with the CarBargains experts vs. using TrueCar, these consumers completely avoid the most distasteful, difficult, and time-consuming process of car buying: negotiating with the seasoned pros at a car dealership.

Since Checkbook first began advising consumers about how to use the power of the competitive bidding process, the process has helped thousands of consumers save millions on car purchases. If consumers want to do the competitive bidding process on their own, with no fee and without relying on the CarBargains experts, [Checkbook.org/MakeDealersBid](http://Checkbook.org/MakeDealersBid) has a full "Do It Yourself" explanation. Checkbook encourages consumers to contact it with any questions at [carbargains@checkbook.org](mailto:carbargains@checkbook.org) or 800-475-SAVE.

Another benefit for consumers who use CarBargains is that there is no sales promotion or follow-up; Consumers who use TrueCar complain about endless haggling and being bombarded by phone calls and emails from dealers. CarBargains doesn't sell or give the consumer's personal information to dealers, so the consumer will never be bothered with calls or emails.

### **Checkbook Invites the Media to Test TrueCar vs. Competitive Bidding**

Checkbook encourages journalists independently to test the competitive bidding system against TrueCar. CarBargains will refund its service fee to any member of the media who has conducted such a test using CarBargains and who requests a refund.

### **About Consumers' Checkbook/Center for the Study of Services**

Consumers' Checkbook ([Checkbook.org](http://Checkbook.org)) is an independent, nonprofit consumer organization, founded in 1974. The Checkbook mission is to provide consumers information to help them get high-quality services and products at the best possible prices. Checkbook publishes, in print and online, Consumers' Checkbook magazine in the Washington, D.C., San Francisco Bay, Puget Sound, Twin Cities, Chicago, Boston, and Delaware Valley areas with ratings of service providers ranging from plumbers to auto repair shops to hospitals and surgeons. Checkbook is fully funded through subscription and publication sales, fees for information services, and donations from individual consumers. *Unlike organizations ranging from TrueCar to Angie's List to HomeAdvisor, Checkbook does not accept advertising dollars, referral fees, or similar support from businesses so there can be no question of conflicts of interest.*