

Perfecting the Art of Negotiating Can Save Money on Major Purchases

Most Americans don't have many opportunities to negotiate the price of an item, and when they do, the stakes are high. You may not haggle about the price of a dinner out, but you need to be ready to bargain on, say, the price of a new car that costs tens of thousands of dollars. Even with little experience, you can apply these four tips to make sure you get the best deal possible.

1. Do research

When it comes to a major purchase – a house, car, or expensive appliance – get a sense of what's available. Familiarize yourself with prices and options at all local sellers, as well as online marketplaces, before deciding where to take your money. Plan a budget to determine how much you can or want to spend.

2. Find wiggle room

Often, the price of same item will vary depending on the seller's markup. All sellers have money at stake, so knowing how much profit they're trying to make is useful information, as it can be negotiable. Landing a sale, even at a lower profit, can be preferable to no sale at all. Car dealers get an average of 6% to 9% in profit from the purchase price of each vehicle, jumping to as much as 15% on luxury rides. Real estate agents often collect 6% of the sale as a commission.

3. Patience is a virtue

Having the ability to walk away for a few days can tip the odds in your favor. It's also a good idea not to make the first offer, giving you the power to set the middle ground. If you low-ball the seller, you may create more negotiation room.

Once you get a counteroffer, wait. Silence is awkward and may push a seller into dropping the price even lower. Try not to give away how much emotional investment you've made in the item. Don't tip your hand by disclosing how much you'd be willing to spend. Keep a poker face.

4. Use psychology

Confidence is key. Each time a seller raises the price, tell her you need a moment to reflect or make a phone call. Starting the process later in the day and then drawing it out with long waits can make sellers more likely to concede so they can go home.

Finance First

Take financing off the table by getting [pre-approved](#) with Minnesota Valley Federal Credit Union. Mortgage brokers and auto dealers can make a lot of money from financing and use low-rate offers – sometimes carrying hidden fees – to their advantage during negotiations.

By taking steps like those above, you can cut yourself a better deal.

Written by Cait Klein, [NerdWallet](#), in conjunction with Minnesota Valley Federal Credit Union