

ROLE INFORMATION FOR THE SELLER OF THE USED CAR

EXERCISE 1: THE USED CAR

You have agreed to buy a new Toyota Camry from a dealer. The down payment on the new car is \$4,700 with steep monthly payments. You are low on ready cash, so if you can't come up with the down payment by selling your old Ford you will have to borrow it at prime plus 5% interest. You are supposed to pick up the Toyota first thing tomorrow morning, so you want to sell the Ford today.

You advertised the Ford (which is in particularly good condition) in the newspaper, and have had several calls. Your only really good prospect right now is this person with whom you are about to bargain -a stranger. You don't have to sell to this person, but if you don't sell the Ford right away, you will have to pay high interest (on the Toyota down payment) until you do.

The Toyota dealer will only give you \$4,400 for the Ford (as a trade-in), since it will have to be resold to a Ford dealer. The local Ford dealer is not anxious to buy the car from you since a large shipment of new cars has just arrived; in any case, you probably would not receive more than \$4,400.

Before beginning this negotiation, set the following targets for yourself

1. The price you would like to receive for the Ford
2. The price you will initially present to the buyer
3. The lowest price you will accept for the car