

[HOME](#)[NEWS](#)[SMALL BUSINESS](#)[SALES & MKTG](#)[REAL ESTATE](#)[EVENTS](#)[COMMUNITY](#)[Stimulus Watch](#)[Email Alerts](#)

## Sales & Marketing Center | Sales Stories

[Prospecting](#)[Advice Library](#)[Sales Tools](#)[Sales Stories](#)

Sales Stories: profiles of prosperity

Friday, April 17, 2009

### Business Smarts

# Entrepreneur starts wholesale car buying club MemberCar

Washington Business Journal - by [Jennifer Nycz-Conner](#) Staff Reporter

[Print](#)[Email](#)[Reprints](#)[RSS Feeds](#)[Add to Del.icio.us](#)[Digg This](#)[Comments](#)

#### Related News

[Colliers adapts to changing CRE market](#)[Schaefer looks to drive more autobody business](#)[Berenfeld Legacy Group handles financial affairs for sports, film stars](#)[Donna Shirey's home remodeling business aims to become greener to weather the recession](#)[Business Profile: Architect firm grows by design](#)

The Costco for cars. It has a certain ring to it.

That's how CEO David Waghelstein describes his new business, MemberCar, a club for people looking to purchase, detail or repair a used vehicle.

Waghelstein, the founder of Rockville-based [M&M Auto Brokers Inc.](#), has spent the past 23 years in the wholesale auto sales business, selling retail-ready cars to dealers at low prices. The business grew year after year, and he could count on sales of 300 to 500 cars a month.

Until recently, that is.

Due to problems in the auto industry at large, those numbers started to fall about two years ago. Though M&M is still a viable business,

Waghelstein now averages about 200 cars per month. He knew he had to think of a new approach to the industry.

Waghelstein recalled a phone conversation he had with a friend about four years ago while on an airplane. The two had brainstormed the idea of a membership-driven service, where people would pay a fee to get access the company's wholesale inventory and thus pay whole lot less than the retail price when they wanted to purchase a vehicle.

Waghelstein began shopping around the concept to business contacts, but the idea didn't quite resonate. After all, how many people buy a car frequently enough to justify club membership? Something was missing.

"That's how I came up with the idea of a one-stop shop for everything automotive," Waghelstein says.

People who join MemberCar, which has a \$100 annual membership fee, similar to wholesale clubs like Sam's and BJ's, not only get the opportunity to buy cars wholesale but also receive discounts on services ranging from detailing to wheel repair to routine maintenance.

"We've found that with body work, for example, you end up paying less than half of what you do at a body shop," Waghelstein says.



David Waghelstein, CEO of MemberCar, is getting everything in order for club member Erica Mason of Virginia to drive off in a 2002 Honda Civic, the first car she has ever purchased.

[View Larger](#)

In another example, MemberCar charges about \$125 to replace a wheel, which can cost up to \$400 elsewhere.

MemberCar employs a network of approved vendors to perform the various services.

The club has been in operation for three months, and has about 60 paid subscribers. In his marketing effort, Waghelstein has been concentrating on forming partnerships with companies that will pay to make membership a benefit for their employees.

Employers who have signed up include Shady Grove Fertility, Capital Bank and The Bernstein Cos. MemberCar has accumulated about 750 additional members going that route, Waghelstein says.

He is offering some of his corporate partners a free one-year membership in hopes that they will renew next year and spread the word around.

Waghelstein plans to charge employers a discounted rate per employee — somewhere between \$25 and \$50 a year — to provide the benefit.

Waghelstein has been offering on-site services for his corporate partners to increase the club's visibility and business.

He has started to do the same for organizations such as Rockville's Jewish Community Center, giving himself an audience of thousands of potential new members.

The experience so far has reinforced something Waghelstein already knew: People are willing to travel for a bargain, especially in a recession.

One customer recently purchased a car that he found through MemberCar's partnership with Web sites such as [W AutoTrader](#). The man likely won't be taking advantage of some of the membership perks anytime soon, though. He lives in Ohio.