

# AUTOINTELLIGENCE™

Monthly automotive competitive insights from Compete

## LESSONS LEARNED FROM RISING GAS PRICES

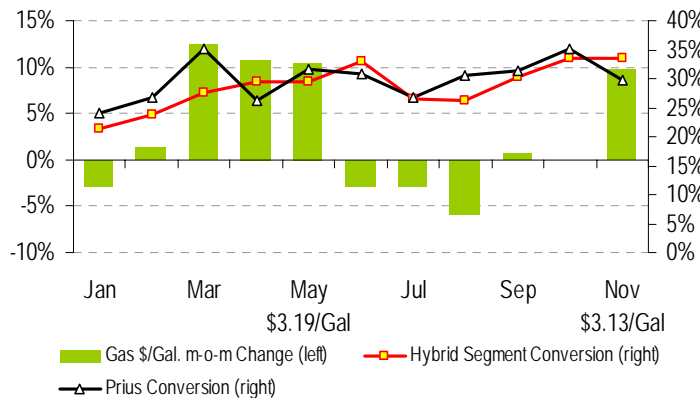
In past newsletters, Compete has looked at the impact of rising gas prices on vehicle demand. Typically, as gas prices go up demand for smaller, more fuel efficient vehicles goes up while demand for trucks and large SUVs declines. This month Compete takes a look at the impact of rising gas prices on conversion of models that offer hybrids.

The chart shows that as the price of gas increased dramatically from March to May 2007 conversion among vehicles that offer both hybrid as well as gas models gradually improved. Conversion among this segment of vehicles - which includes Camry, Civic, RX, Highlander, Escape, Altima and Mariner - increased again

in Q4 as the price of gas spiked up in November. Prius, the lone hybrid-only offering, has shown similar trends but with conversion peaking earlier than its gas/hybrid counterparts. This lagged effect among the gas/hybrid group may be indicative of hybrid demand being converted to sales of gasoline models as the price of gas subsided.

While gas prices impact model demand and conversion, inventory also plays a role. The November decline in Prius conversion was likely driven by the fact that demand, up 50% m-o-m, outpaced its supply. Prius inventories (as reported by Wards) were down 10% vs. October and down 23% vs. a year-ago with just a 17 day supply, suggesting the potential for even stronger sales had supplies been in line with demand.

**Hybrid Conversion and Gas Prices**  
(January - November, 2007)



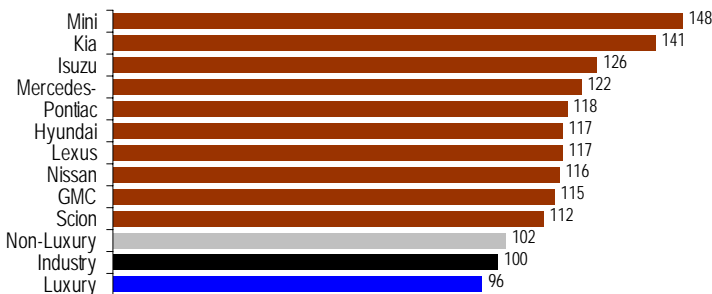
**Rising gas prices drive demand for various models and vehicle segments but what impact does it have on model conversion? Conversion is a measure of sales as a percentage of a model's demand. In other words, how well is a model able to convert shoppers into buyers and do rising gas prices impact that conversion?**

Compete provides automakers with the most detailed and immediate insights into vehicle demand generation and conversion, as well as vehicle and brand competitiveness. Our services help automakers optimize marketing and incentive decisions and benchmark performance against rival actions.

## TOP 10 AUTOMOTIVE BRANDS IN SHOPPING ENGAGEMENT

In December, Compete released its first ranking of OEM websites based on shopping engagement. Mini, Kia, Mercedes, Pontiac and Hyundai were all brands that finished in the top 10. Shopping engagement is defined as the percentage of site visitors that visited one of the following key shopping tools at OEM websites, such as Configurator, Request a Quote, Locate a Dealer or Payment Estimator

**Shopping Engagement Index** - Index of share of unique site visitors to key lower funnel shopping sections,\* (Aug - Oct 2007)



exceeded the Industry average and 14 fell below the industry watermark. Mini was the overall market leader with a score of 148, indicating that Mini site visitors were 48% more likely to visit one of these key shopping tools compared to the industry average.

Compete's Automotive Website Engagement Study is a monthly study that includes information on these key shopping tools and 5 others, along with many other analytics that provide actionable insights on consumers' online car and truck shopping and buying activities.

Why is shopping engagement important? OEM websites attract over 12 million unique visitors per month and 70-80% of new car buyers visit an OEM website. Compete data shows that site visitors who visit the shopping tool sections of a website are twice as likely to buy as those who do not.

This ranking shows the top 10 brands in the Industry, for the August to October 2007 time period. In total, 21 brands

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