

AUTOINTELLIGENCE™

Monthly automotive competitive insights from Compete

MILLIONS MORE AT NISSAN'S FY FINISH LINE

Nissan closed its fiscal year March 31st with its second-highest monthly total sales in a year (91,209 units), though March 2006 sales changed little year-over-year. Compete assessed the extent to which Nissan used different approaches to drive sales in March 2006 vs. March 2005. Sales are the combination of the number of shoppers and the ability to convert them into buyers.

Nissan had 19.9% fewer shoppers in March 2006 y-o-y (to just over 380,000 shoppers). It preserved sales by improving conversion from 19.4% in March 2005 to 24.0% in 2006. Improving conversion required \$580 (27.4%) higher incentives per vehicle year-over-year (PNVS, source: Autodata). Total incentive expense (unit incentives times sales) increased \$51M in March y-o-y to \$246M. Incentive efficiencies changed little (\$112 per conversion point in March 2006, vs. \$109 in March 2005).

NISSAN DIVISION	Mar `05	Mar `06	Y-o-Y Diff
Shoppers	474,524	380,133	-19.9%
Sales	92,221	91,209	-1.1%
Conversion	19.4%	24.0%	23.5%
Incentives as PNVS	\$2,114	\$2,694	27.4%
PNVS per Conv. point	\$109	\$112	-3.2%

Compete estimates Nissan could have saved over \$35M in March 2006 without sacrificing sales results by using an approach more like March 2005's (greater reliance on demand, less on conversion). Compete estimates that the incremental cost of 94,400 Nissan shoppers (the y-o-y difference) would be \$15M based on \$163 per shopper—see Compete's 2006 ad efficiency White Paper. That's \$35M less than the \$51M incremental cost of higher incentives to drive conversion.

SPENDING (millions)	Y-o-Y
Conversion Approach	\$51
Demand Approach	\$15
Difference	\$35

Automakers use the combination of cost per shopper and cost per conversion point to determine the lowest feasible cost of driving sales; the right combination of demand and conversion varies by brand and model. The most robust analyses focus on retail sales only and use an OEM's internal advertising expenditures.

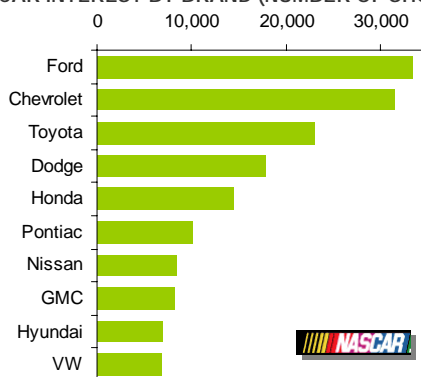
RACE ON SUNDAY, ANALYZE ON MONDAY

A generally held auto industry belief is that participation in racing helps sell vehicles—one of the reasons Toyota is increasing its presence in NASCAR. Compete measured interest in NASCAR among in-market new vehicle shoppers by quantifying the extent to which shoppers visited NASCAR.com. Data are behavioral (not self-reported) and overlap is based on behavior any time in March (so new vehicle shopping and NASCAR interest could have happened at different times within the month).

Ford, Chevrolet, Toyota, and Dodge had the largest number of March shoppers that expressed interest in NASCAR; Ford led the set with 33,300 shoppers. The four leading brands all participate in NASCAR. Honda's relatively high position in part reflects the large number of Honda shoppers marketwide and possibly its participation in several other racing series, but may also represent an opportunity for Honda.

While Pontiac was fifth on the list in terms of the number of shoppers, it had the greatest NASCAR penetration based on share. In March, 5.6% of Pontiac shoppers visited the NASCAR online channel followed by GMC with 5.4% and Ford with 5.3% (share results not shown). Pontiac's share may represent its NASCAR racing heritage (Pontiac used to participate in the series) and an opportunity for Pontiac.

NASCAR INTEREST BY BRAND (NUMBER OF SHOPPERS)



OEMs measure the benefits of participating in racing and identify racing-related opportunities by detailing behavioral nuances, such as whether interest in racing (NASCAR or otherwise) created interest in new vehicles, or reflected new vehicle shoppers already pre-disposed to racing. Brands can capitalize on potential by participating in racing, or simply through advertising/sponsorship at racing events (among other things), and then document success.

Better conversion offset lower demand to keep Nissan sales flat year-over-year—but at a \$35M cost

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.

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