

AUTOINTELLIGENCE™

Monthly automotive competitive insights from Compete

NEW VEHICLE LAUNCH DEMAND: DRAG OR ENDURANCE RACE?

Since the beginning of 2005, auto manufacturers have launched, re-launched, refreshed, and redone a number of vehicles. The goal of such vehicle launches is to draw in more shoppers and ultimately drive more sales. With significant ad support devoted to most launches, this strategy is effective, but for how long? To better understand the long-term impact of new launches, Compete measured vehicle demand for six recently launched vehicles over the past two years.

The ideal outcome for any launch is for post-launch demand to settle at a higher level than pre-launch demand. However, **Compete data indicates that, in general, recent launch efforts have not had a long term impact on demand.** The table below shows six recent launches that span 2005-2006. The % Change (L-1 to L) represents the change in demand at launch for each vehicle compared to one month prior to launch; % Change (L-1 to L+4) and (L-1 to L+10) represents the change in demand at four months and ten months after launch compared to the month prior to launch.

Monthly Demand Trends By Vehicle Launch

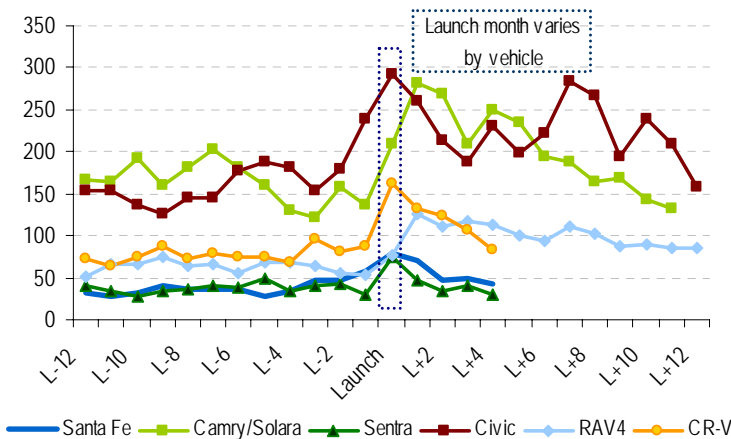
Vehicle	Launch Month	% Change (L-1 to L)	% Change (L-1 to L+4)	% Change (L-1 to L+10)
Civic	Sep-05	22%	-3%	0%
RAV4	Dec-05	48%	114%	70%
Camry/Solara	Mar-06	53%	81%	5%
CR-V	Oct-06	83%	-5%	n/a
Santa Fe	Oct-06	37%	-24%	n/a
Sentra	Oct-06	145%	2%	n/a

L= Launch; L-1 = 1 month prior; L+4 = 4 months post; L+10 = 10 months post launch

Demand for all vehicles increased immediately after launch. The largest percentage increase was Sentra, up 145% m-o-m (launch month vs. one month prior); the largest volume increase was CR-V with an addition of more than 70,000 shoppers. For all vehicles shown, with the exception of RAV4, demand eventually stabilized at or below pre-launch levels within 12 months (chart).

While some vehicles, such as Civic, Camry/Solara and RAV4 sustained higher demand levels for longer periods of time, market factors may have played a positive role. All three experienced increased demand later in their launch cycles as gas prices increased in April 2006 and later peaked in July 2006. However, demand for both eventually declined, trending in the same direction as vehicles not aided by market factors.

Recent Vehicle Launches: Number of Shoppers by Vehicle Model (12 months pre- and post-launch, in thousands)



Traditionally, many automotive manufacturers reduce ad support soon after a vehicle launches. **Compete data suggests that it is essential to sustain support for launching models longer.** If it is possible to maintain support on new models for longer periods of time, it may help to temper demand declines post-launch, and ultimately make ad spend more effective.

Market-wide demand for Sentra during launch increased 145% M-O-M; market-wide demand for CR-V during launch increased by more than 70,000 shoppers M-O-M



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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