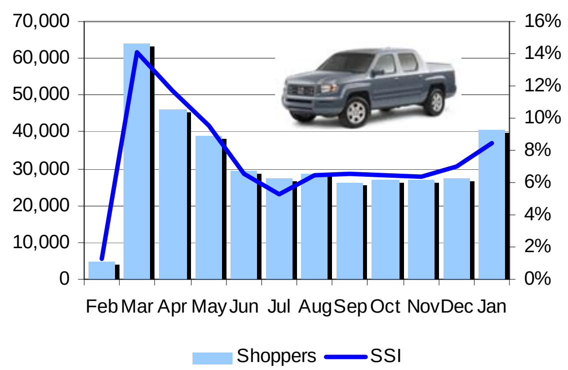
AUTOINTELLIGENCE™

Monthly automotive competitive insights from Compete

RIDGELINE SHOPPER COUNTS OUT OF THE VALLEY?

Ridgeline has tracked below reported sales targets and Honda has slowed production. Because sales are a function of the number of shoppers and the conversion of shoppers to buyers, Compete has been tracking whether Honda would adopt a demand or conversion approach to drive sales. Compete also assessed Ridgeline's performance relative to the large pickup segment using the Share of Segment Interest (SSI) analytic. SSI is the share of all unique segment shoppers that shopped Ridgeline.

RIDGELINE SHOPPER COUNTS AND SSI, 2005-2006



Ridgeline shopper counts peaked in March at 64,000 shoppers, but quickly dropped to below 30,000 shoppers per month from June to December. Ridgeline's Share of Segment Interest (SSI) shows that Ridgeline's declines were not segment-driven: it lost Share of Segment Interest as it lost shoppers. In January, Ridgeline shopper counts rebounded to the highest in nine months (40,500 shoppers). Ridgeline bettered the segment, evidenced by higher Share of Segment Interest.

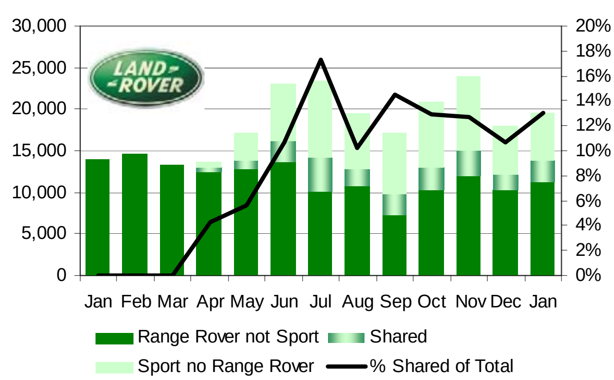
If Honda can sustain higher shopper counts it will be able to rely less on conversion to drive sales. In the final months of 2005, Ridgeline drove sales with better conversion (not shown) as shopper counts were flat, but that conversion cost about $35 million in Q4 (unit incentives [*source: Autodata*] x unit sales). The shift to a demand-driven (more shoppers) approach was the right one as long as the cost of adding shoppers is less than the cost of driving conversion.

SPORTING MORE SHOPPERS

Land Rover augmented its product line-up by slotting the Range Rover Sport between the Range Rover and LR3. Compete assessed the extent to which adding the Sport increased the net number of shoppers and the extent to which consumers are shopping both using a combination of its proprietary demand and cross-shop data.

The addition of the Sport has increased the number of unique shoppers in the upper end of Land Rover's portfolio. In January 2006, 19,600 unique consumers shopped Range Rover and/or Range Rover sport—a gain of 40% year-over-year. "Unique" means no double-counting of shoppers that shopped both: In January 2006, 11,200 consumers shopped Range Rover but not the Sport; 5,800 shopped Range Rover Sport, but not Range Rover, and 2,600 shopped both.

RANGE ROVER AND RANGE ROVER SPORT UNIQUE AND SHARED SHOPPER COUNTS, 2005 - 2006



The share of total unique Range Rover/Range Rover Sport shoppers (line in chart) averaged 11% over the period—meaning the majority of Range Rover Sport shoppers were incremental to Range Rover shopper counts, which increased the potential for net gains in sales. Combined Range Rover/Range Rover Sport sales were up 170% in January year-over-year.

OEMs with potentially overlapping products need accurate assessments of the net number of unique shoppers to understand ad effectiveness and sales potentials (based on integrated demand and cross-shop intelligence). The unique element is pivotal because a shopper considering two products in a portfolio is likely to buy only one, and therefore should be counted only once.

Ridgeline shopper counts in January 2006 were the highest in nine months

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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