

# AUTOINTELLIGENCE™

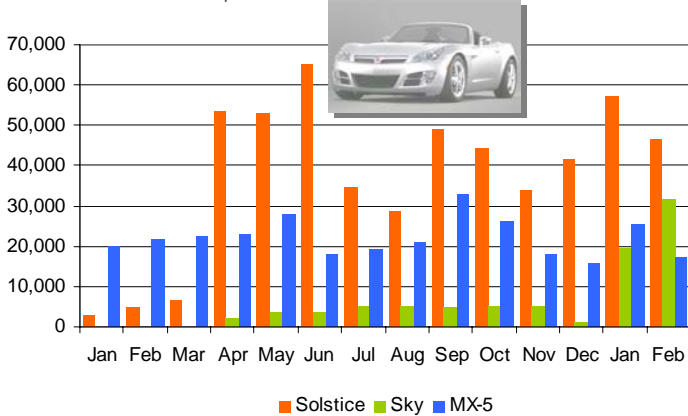
Monthly automotive competitive insights from Compete

## SKY HAS NOT SEEN THE LIMIT

Sky is GM's second U.S. derivative of the Kappa platform with reported sales expected to begin shortly. Compete assessed the ramp-up in the number of Sky shoppers as one measure of Sky's sales potential. Results are shown within the context of Solstice and MX-5 shopper counts.

Sky shopper counts were up 62% month-over-month in February to 31,600 shoppers; Sky shopper counts bettered MX-5's for the first time and approached MX-5's recent best ever of 34,600 shoppers (June 2004).

SHOPPER COUNTS, 2005-2006



MX-5's lift in fall 2005 coincided with the new-for-MY 2006 MX-5. Peak Solstice demand was in June 2005 at 65,100 shoppers. If Sky shopper counts can reach and sustain Solstice levels, its sales *potential* will be comparable to that of Solstice. Converting potential to actual requires converting shoppers to buyers, in part a function of the number of vehicles on the ground (see second story). Lack of Sky availability could benefit Solstice and MX-5 sales as those models led the Sky cross-

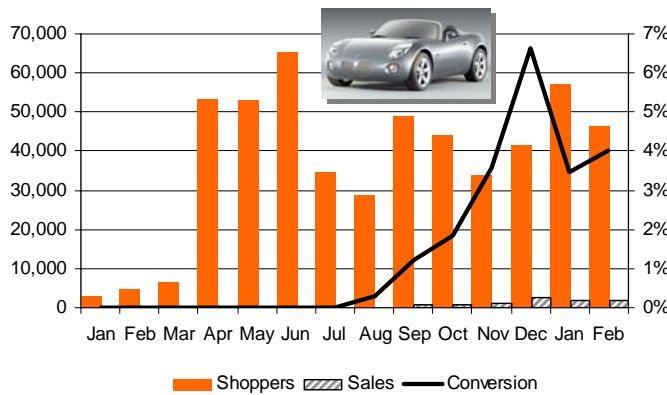
shop set in January and February.

Automakers use shopper counts to quantify relative demand strength and document sales potential, as well as the basis for advertising effectiveness (ad dollars spent per shopper created). Combining shopper count data with cross-shop data helps quantify demand spillover from one vehicle to another, as well as conversion risks (where an OEM's shoppers are likely to buy if they buy elsewhere).

## DROP-TOP BOTTOM LINE

Solstice demand came well in advance of Solstice sales—with June's peak shopper counts three months before any reported Solstice sales. Compete assessed the profit and revenue implications of the Solstice demand ramp-ups in advance of sales and availability.

SOLSTICE SHOPPERS, SALES & CONVERSION, 2005 - 2006



From August 2005 to February 2006, Solstice conversion of shoppers to buyers averaged 3% (conversion is the ratio of sales to shoppers and equivalent to a close rate). For context, Mazda MX-5 conversion has averaged 4.1% over the past 14 months. Had Pontiac converted pre-August shoppers at 3%, it would have realized 6,631 incremental sales from January to July. Using \$3,000 unit profit and \$25,000 unit revenue, the lost sales equal \$19.9M in lost profit and \$166M in lost revenue. Of course, some of the lost dollars could have been captured elsewhere to the extent Solstice shoppers were converted in the showroom to buyers of other Pontiac models.

Calculating the impact of lost sales on profits and revenue is one way OEMs can quantify the risks of not optimizing the alignment of messaging, demand, and availability, and can justify potential expenditures to avoid demand/supply disconnects (such as accelerating production). The missed potential may be one of the key reasons Saturn has been cautious in promoting Sky before adequate stocks are on the ground.

Sky shopper counts were up 60% month-over-month and approached MX-5's recent best

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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