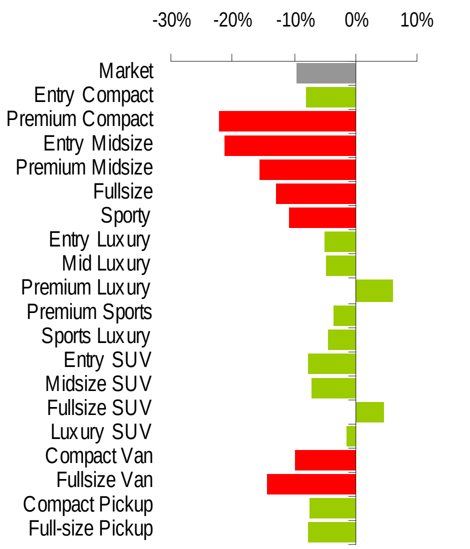
AUTOINTELLIGENCE™

Monthly automotive competitive insights from Compete

LOW NEW VEHICLE DEMAND: PULL-AHEAD OR PARALYSIS?

New vehicle sales were down 10% m-o-m in September. Compete assessed the extent to which lower sales were related to fewer shoppers vs. worse conversion of shoppers to buyers. Demand and conversion are the two elements that yield sales. Compete used its proprietary measure of in-market lower-funnel shopping behavior for September 2006 and benchmarked that against monthly data over the past four years, as well as assessed month-over-month changes at the segment level.

M-O-M CHANGE IN SHOPPER COUNTS
SEPTEMBER 2006 VS. AUGUST 2006



At a high level, lower sales m-o-m were driven by lower demand. Sales and the number of shoppers market-wide were each down 10%. With both down 10%, conversion, by definition, was steady. In addition, September 2006 demand was the weakest September demand in four years.

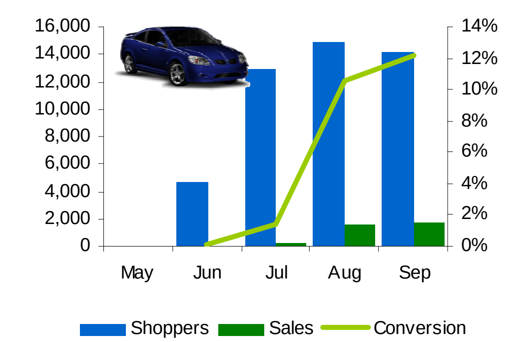
The decline may be related to changes in gas prices, which were down 13% m-o-m to a six-month-low (source: DOE). The impact may be two-fold: higher gas prices may have pulled shoppers and buyers ahead into July when gas prices peaked. Separately, the volatility of gas prices may have paralyzed shoppers by making unclear the extent to which they need to focus on mpg in shopping decisions. The first theory is supported by the m-o-m changes in demand by segment (chart). All non-luxury car segments were down more than the market. Full-Size SUV demand was actually up m-o-m.

OEMs use market-wide new vehicle demand to benchmark their own performance and understand the extent to which changes in their demand levels are self-driven vs. market-driven. Assessments at the segment and vehicle-level provide additional detail. Note: the above are Compete segments. Most OEMs have Compete present data that match their own internal segment definitions.

G5 SHOPPER COUNTS LEVEL OFF

The launch of the Pontiac G5 has been touted as unique for the internet focus of its advertising. Independent of the media type used to *launch* a vehicle, Compete tracks launch *effectiveness* based on the number of in-market shoppers generated and the ability to convert shoppers to buyers. Compete assessed the first four months of the G5 based on shoppers, conversion and sales.

G5 SHOPPER & SALES (LEFT), CONVERSION (RIGHT)



The number of G5 shoppers peaked in August at 14,900, with 14,100 shoppers in September. As is typical for a launch, G6 conversion gradually improved, peaking at 12.2% in September. 14,100 shoppers and 12.2% conversion yielded 1,722 total sales. Retail conversion was lower to the extent any sales were fleet sales. For context, Scion tC averaged 8,120 sales in the same period based on an average of 54,800 shoppers and 14.9% conversion.

Pontiac can compare the number of shoppers generated to the ad dollars spent to determine ad efficiency (as ad cost per shopper). If internet ads are more efficient, cost per shopper will be lower than for vehicles advertised using traditional media. Pontiac can use shopper and conversion trends to determine sales potentials, and calculate incentive effectiveness by comparing conversion rates to incentives.

September new vehicle demand was atypically low

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