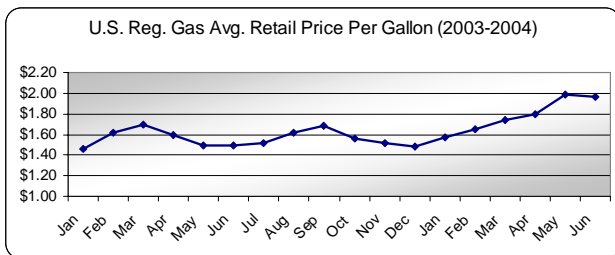


Do Rising Gas Prices Change Behavior?

As gas prices have increased over the past several months, the auto industry has struggled to quantify the impact on automotive pre-sales demand. Using our Share of Market Interest (SMI) analytic, Compete has identified a **powerful correlation** between the share of all new vehicle shoppers that considered small cars and changes in gas prices. We also found an equally powerful correlation between the share of shoppers considering full-size SUVs and the price of gas.

In summary, higher gas prices have increased the potential for automakers to sell more small cars, and hindered their ability to sell large SUVs.



(Source: Energy Information Administration)

Compete's Unique Approach

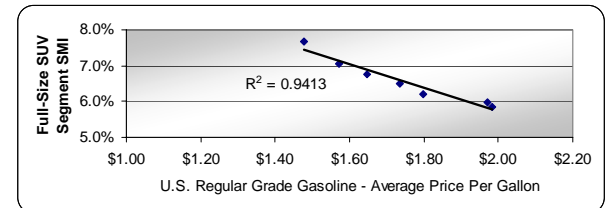
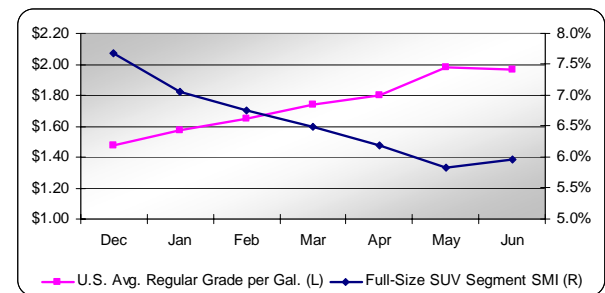
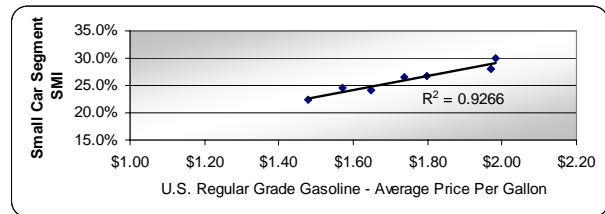
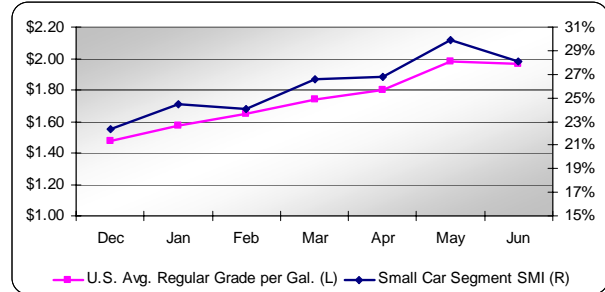
Share of Market Interest represents the share of all vehicle shoppers that considered a given vehicle, brand, or segment. The charts at right show gas prices over time and interest in small cars (top) and full-size SUVs (bottom), along with the correlation between the two metrics. These charts clearly **demonstrate** the impacts of increasing gas prices.

While conceptually the correlation is not surprising, the degree of correlation is. Statistically, SMI for small cars and gas prices have a 0.93 r-squared, and SMI for full-size SUVs and gas prices have an r-squared of 0.94—meaning **very strong correlations**.

OEM Actions

If demand has collapsed for large SUVs and skyrocketed for small cars, why haven't sales followed the same pattern? Without anticipating the price hikes, OEMs may not have had **enough** small cars—or the right mix of small cars—in the pipeline. Likewise, a \$5,000 incentive may be enough to increase the likelihood that the remaining full-size SUV shoppers become buyers by **offsetting** fuel economy concerns.

OEMs use Compete intelligence to **leverage** changes in the pre-sales environment (while there is still time to influence the consumer). Our analytics provide unique insights into the **true drivers of sales** and help document "lost" sales and **unrealized sales potential**.



Compete Automotive Intelligence

More than two-thirds of auto consumers research vehicle purchases online, making their online shopping behavior the most accurate leading indicator of vehicle demand and competitiveness. Based on over one million active vehicle shoppers, Compete provides automakers with the most detailed and immediate insights into vehicle purchase intent available. Our services help automakers optimize decisions and monitor performance of marketing and incentive effectiveness, demand forecasting, and launches.

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