

## AUTOINTELLIGENCE™

Monthly automotive competitive insights from Compete

### Is the Green focus of the LA auto show the right direction for the industry?

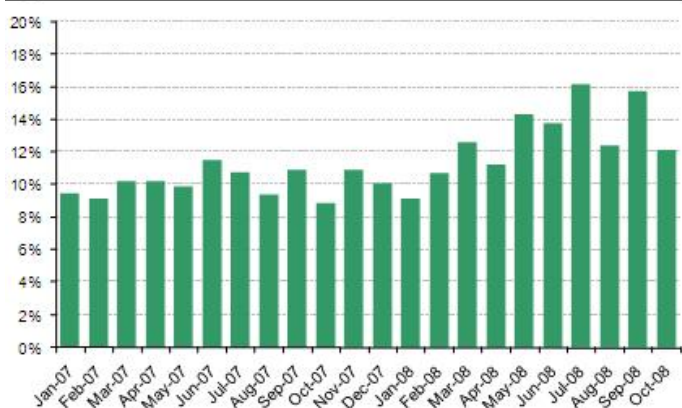
The November 2008 Los Angeles auto show, like many recent shows, continued to be a showcase for automotive green technology and the optimism around it. In contrast, the new vehicle market continued with a pessimistic flavor, with October vehicle sales falling to a 25-year-low, 10.5 million SAAR, and the talks between Washington and heads of the Big 3 not reaching a resolution.

Key green vehicles at the show included BMW 7 Series hybrid concept with the power of a V8 and an electric motor. Mini presented its all-electric Mini E model, which will be tested in limited markets early in 2009. Ford showed its redone Fusion—including a hybrid version—and Hyundai introduced Hyundai Blue Drive, a new hybrid technology using lithium polymer for 2010. Honda unveiled the three-seater FC Sport concept, which uses hydrogen-based fuel cell technology. Volkswagen showed a Jetta with its a turbocharged direct injection diesel, which won the Green Car of the Year award.

Ultimately, automakers are launching green products to help drive sales and revenue, whether directly from green models or from the halo effect to the brand overall that green models may create. To that end, Compete quantified how consumers' affinity for green has changed over time, including the risk that higher gas prices may have created false positive green results. Compete tapped into its database of millions of consumers to reveal the share of in-market automotive shoppers that are green—all based on observed online behavior across the internet. "Green" was determined based on the extent to which automotive shoppers also visited sites such as Sierra Club, Tree Hugger or Environmental News Network.

At a high level, automotive shoppers have become Greener over time, though the uptick has been more recent. Throughout 2007, "Green-ness" was fairly steady. In early 2008, shopper greenness increased nearly 30%. The first surge started in February 2008, with two key spikes: July and September 2008.

*Percent of Automotive Shoppers that are 'Green'  
By month, 2007-2008*



The July spike coincides with highest-ever gas prices, suggesting that at least some of the lift in consumer green-ness

was consumers looking to reduce operating costs (green vehicles tend to have better mpg). For example, in-market demand for small non-hybrid vehicles increased at the same time. The second green peak in September is more interesting. Since July, gas prices have come down and did so through October. Greenness did the same, but only for a month. Greenness rebounded in September even as gas prices eroded. More green coupled with lower gas prices

suggests that the second spike may have been more pure green (i.e., green related to something other than gas prices). The downturn in October may be related to the stock market collapse and the related collapse in consumer confidence more than an erosion of green. Even with the drop, shopper greenness remained above all 2007 levels.

The twin peaks of green may indicate green shoppers with two different motivations. The first (July) may be those seeking green for cost-of-operation reasons. The second (September) may represent a different set of consumers. If this holds true over time, it may mean good news and bad news. The good news is that there may be two different routes to pushing green (for whatever reason—sales, profits, halo, etc.). The bad news is that as such automakers will need to recognize that green marketing is not one size fits all and may need to refine approaches accordingly, as consumers reveal additional behaviors over time.

*Note: TNS Compete and TNS Custom recently completed a study on green in the automotive purchase funnel. Copies of that are available.*

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