

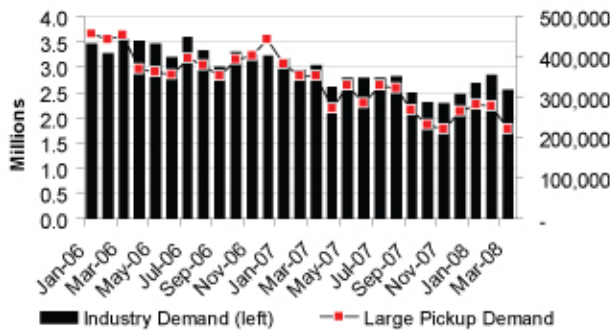
AUTOINTELLIGENCE™

Monthly automotive competitive insights from Compete

Round 1: The Challenge: It's Ford and Dodge vs. a Dismal Market for Full-Size Pickups

In an ideal economy, Ford F-150 and Dodge Ram 1500 could focus on how to outperform each other as they prepare to launch their next generation of light duty pick ups this fall. Unfortunately, the state of the current marketplace forces them to focus more energy on how to successfully launch their trucks in an unfavorable market for gas-guzzling Full-Size Pickups.

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.

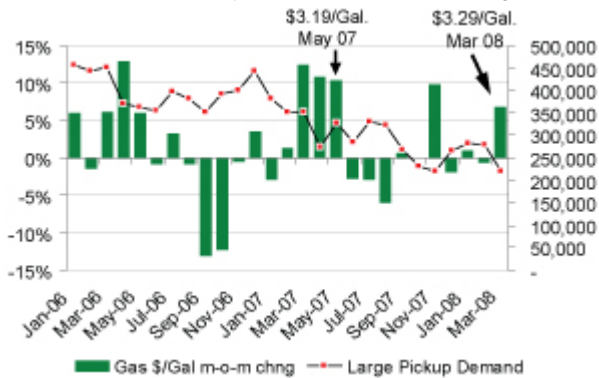


The **Real** Challenge: Launching new pickups in a down market

Market demand has been on a steady decline since January 2006 with the Large Pickup segment driving much of that decline. The percentage of in-market shoppers industry-wide was down 37% (Chart 1, Black Bars) from January 2006 to March 2008. In that same time period, the decline in demand for Large Pickups (Chart 1, Red Squares) more than doubled!

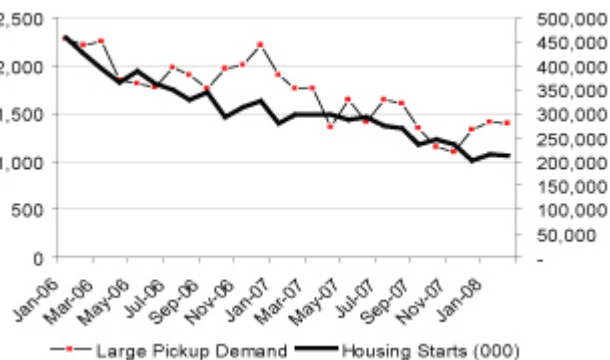
(Chart 1 – Industry and Large Pickup Demand, January 2006 – March 2008. Compete defines “Demand” as the number of unique shoppers researching a vehicle market-wide or any one of the pickups categorized as a “Large” or Full-Sized Pickup.)

Calendar year 2007 saw the worst pounding in the Large Pickup segment, losing an average 3% of in-market shoppers nearly every month. No surprises considering consumers were pummeled with increasing gas prices in 2007 and in Q12008 – it simply got worse.



(Chart 2 – Month-over-month Change in gas prices provided by the U.S. Department of Energy, left; and the number of unique shoppers that researched any one of the Large pickups each month, right)

Set aside for a moment the fuel “crisis” and you may think there are still industries that need a truck for utility purposes. You cannot fit a piece of drywall in a Prius after all, so why such a severe decline? Sorry – can’t catch a break there either. The 50%+ decline in large pickup demand coincided with a 50%+ decline in housing starts. December ‘07 housing starts were the lowest since May ‘91 and while up slightly in January and February ‘08, remained depressed.



(Chart 3 – Housing starts – seasonally adjusted rate sourced by the U.S. Census and NAHB, left; and the number of unique shoppers that researched any one of the Large pickups each month, right)

So what does this mean for Ford and Dodge? It means that these manufacturers have more than each other to worry about when launching their new pickups as both companies may face continued *malaise* in the Full Size Pickup market. It will take a highly relevant and efficient launch marketing campaign to attract enough in-market shoppers to achieve sales goals in such an environment. If those shoppers don’t come, it could wind up costing them a small fortune. But that, my friends, is for another story.....

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autoppractice@compete.com