



nielsen

AUTOMOTIVE INSIGHTS INTO ACTION SERIES

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November 13, 2014

AGENDA

- 1 Automotive Landscape
- 2 The Connected Car: Do Consumers Care?
- 3 The Millennial Opportunity
- 4 The Emerging Digital Consumer
- 5 Ad Spend Trends & Opportunities
- 6 What Makes Auto Buyers in your Market Unique?
- 7 Effectiveness of Auto Advertising

WHAT WILL
WE LEARN
TODAY?

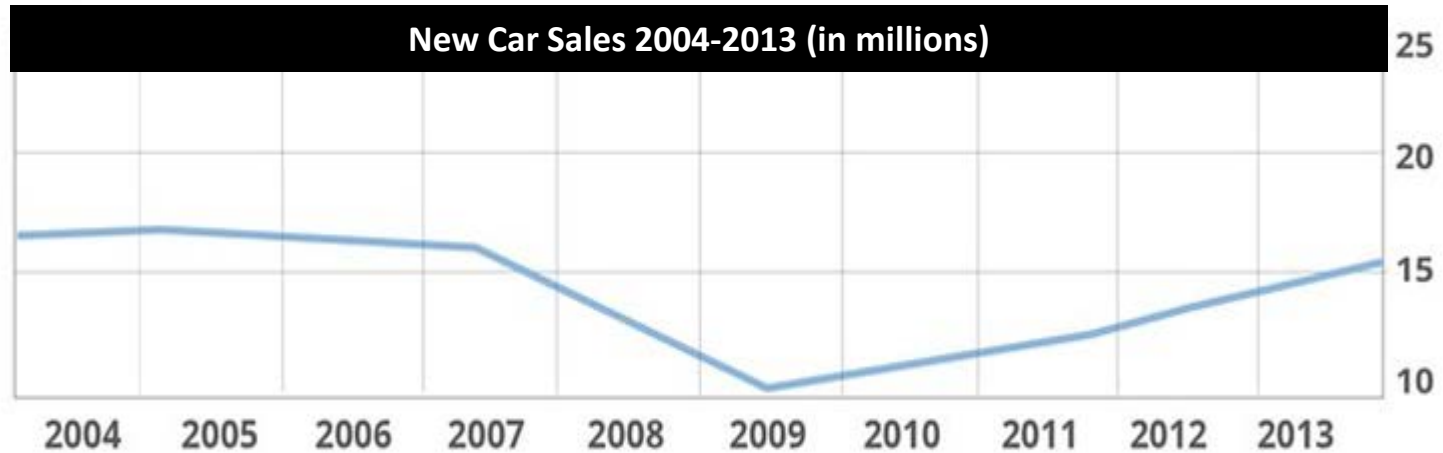
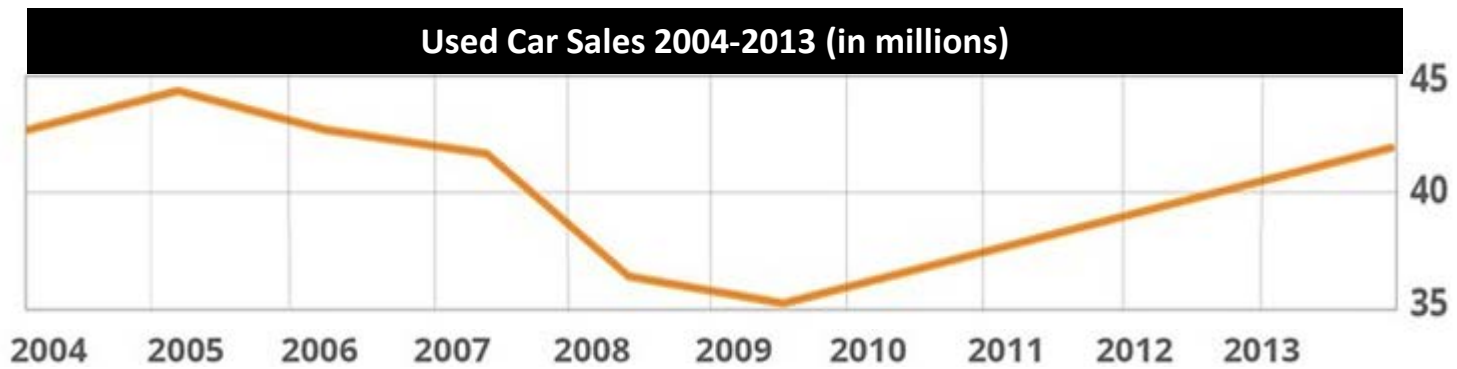
An abstract graphic on the left side of the slide. It features a series of concentric, curved lines that form a partial sphere or dome shape. The lines are colored in a gradient from purple to yellow. Several colored dots (yellow, purple, red) are placed on the surface of the sphere, with thin lines extending from them towards the right side of the frame.

AUTOMOTIVE LANDSCAPE

MAKINGS OF AN AUTO RESURGENCE

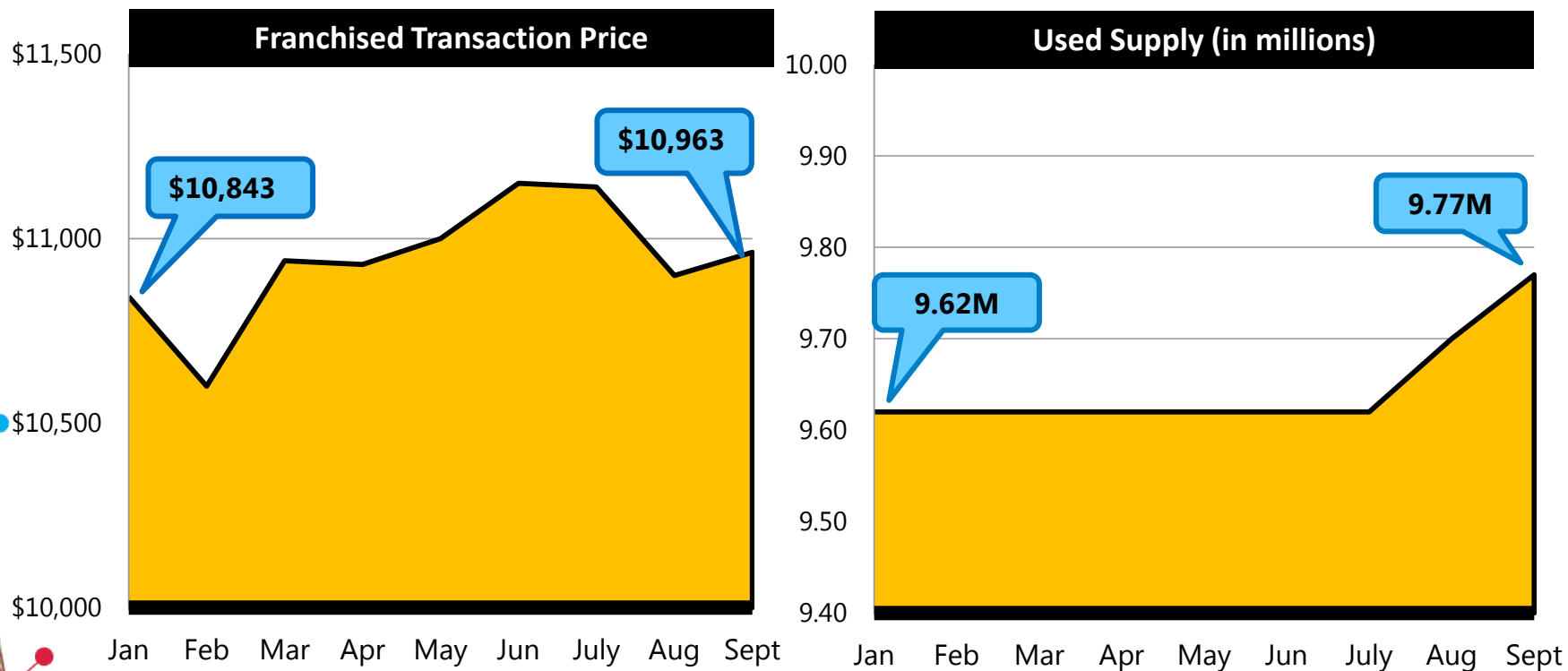
- ✓ Retail Sales of Cars and Trucks to hit 13.8 Million
- ✓ Transaction Prices up from \$25K in 2003 to over \$30K in 2014
- ✓ Incentive spending at \$2,975 per car below previous record levels
- ✓ Interest Rates at record lows; Loans getting longer
- ✓ Leasing now accounts for 26% of sales; Over 50% in luxury
- ✓ Used Car Prices Average \$19.7K, a new record
- ✓ Compact and Midsize SUV segments hot
- ✓ 106 new or redesigned products in store for 2015

CAR SALES ON THE REBOUND



Source: Cars.Com

USED CAR INVENTORY UP, PRICES DOWN



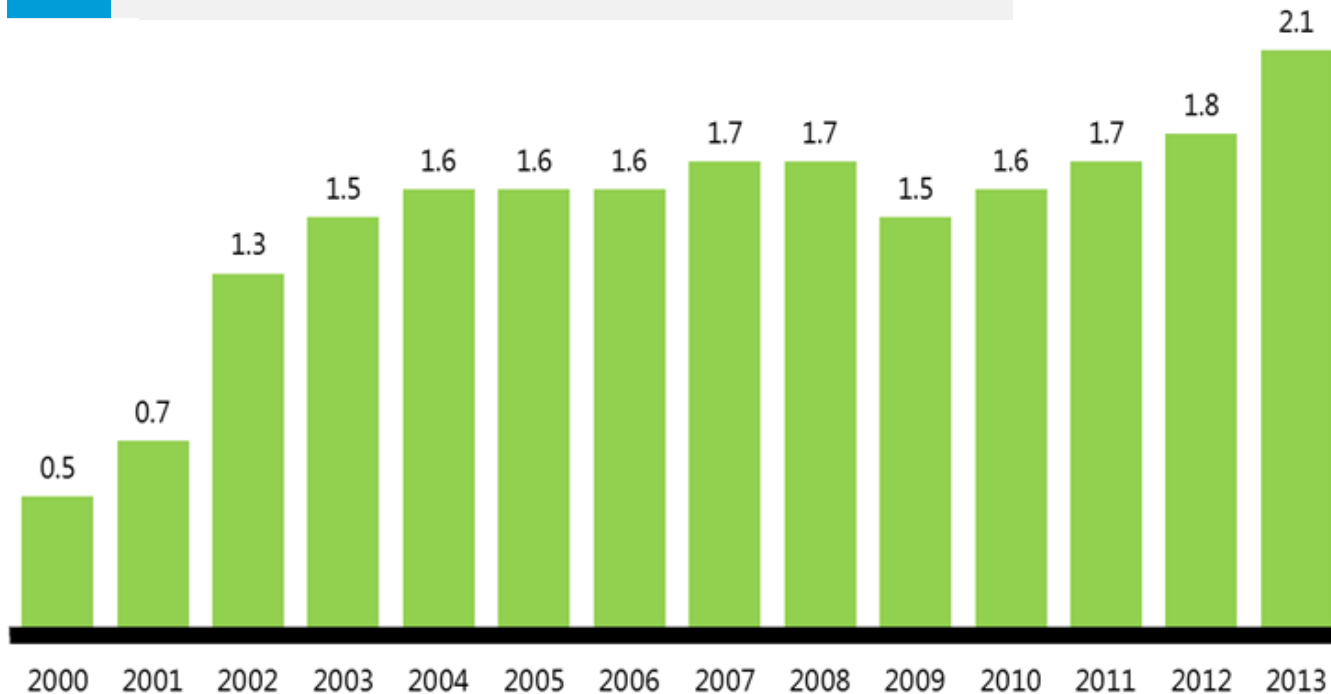
Dealer inventories are growing with trade-ins and lease returns

Source: TrueCar, CNW Research, 2014

CERTIFIED PRE-OWNED SALES GROWING



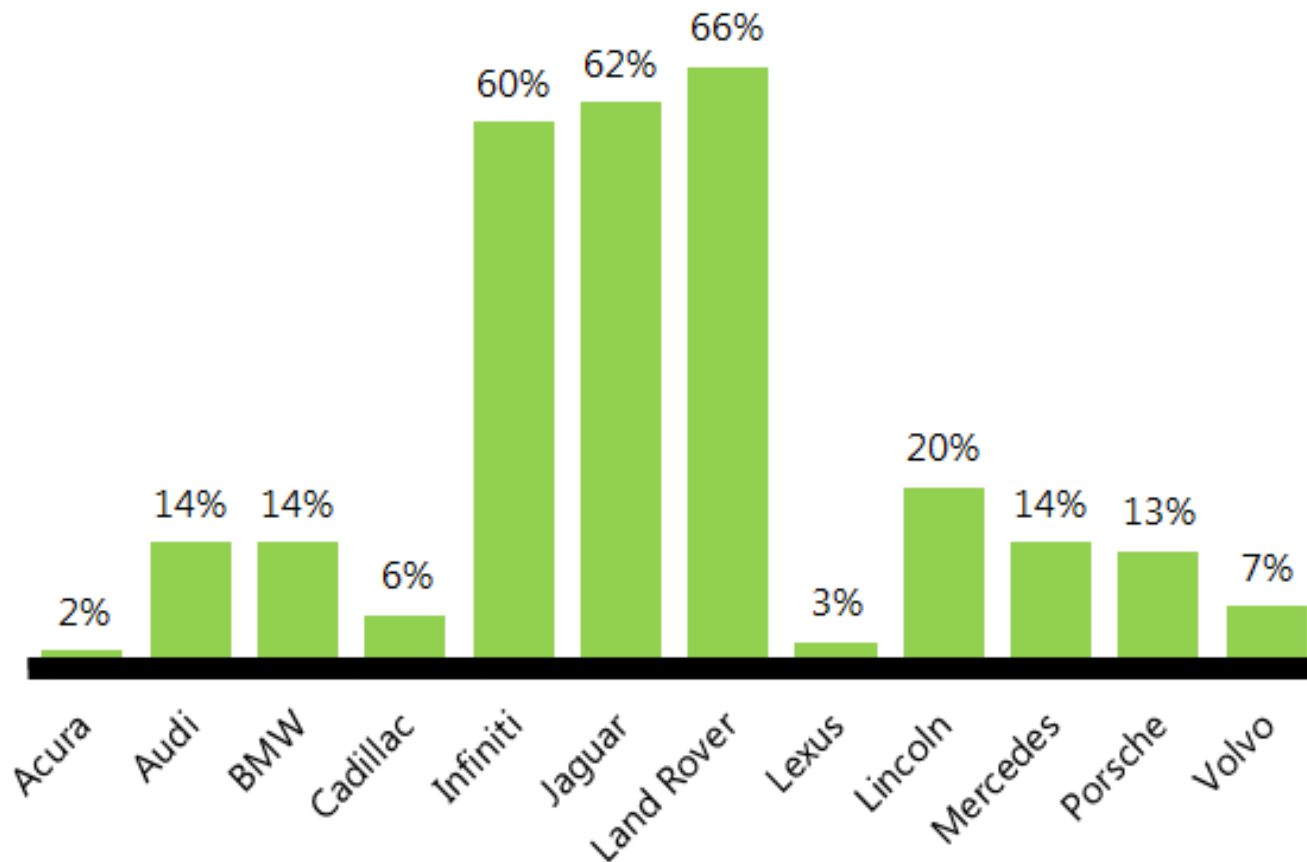
Sales up **40%** Since 2009



Pre-Owned Car Sales in millions
Source: AutoData

LUXURY BRANDS BENEFITING FROM CPO INTEREST

Luxury Brand % Increase in CPO Sales (2013 vs 2014 YTD)



Source: AutoData

AUTO MAKER WINNERS

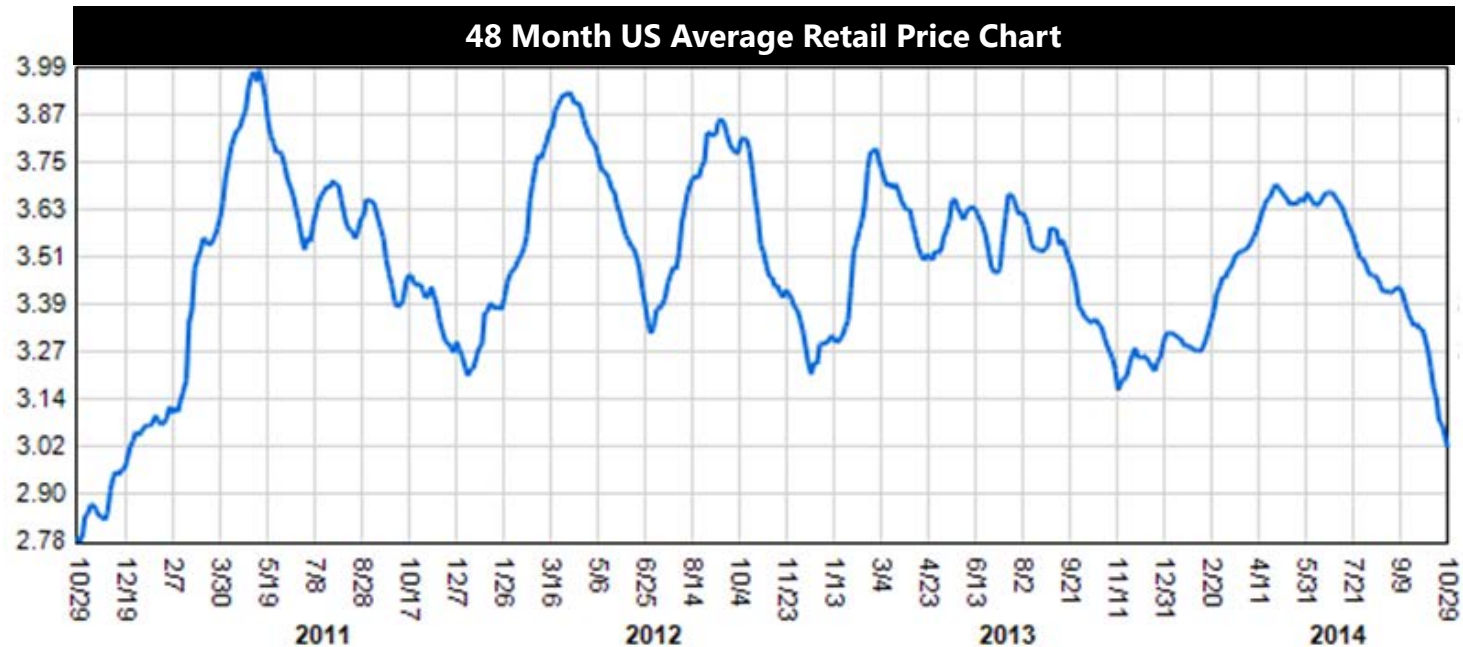


1. Maserati	105%
2. Jeep	52%
3. Ram	36%
4. Mitsubishi	31%
5. Subaru	25%

Source: Automotive News, Based on October 2014 vs. 2013

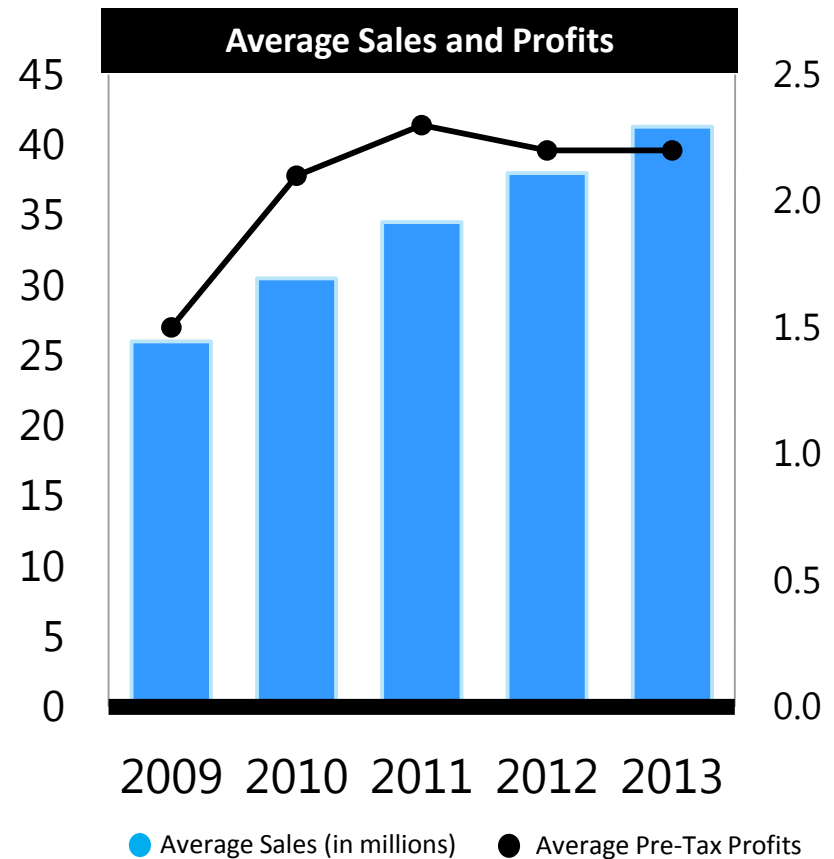
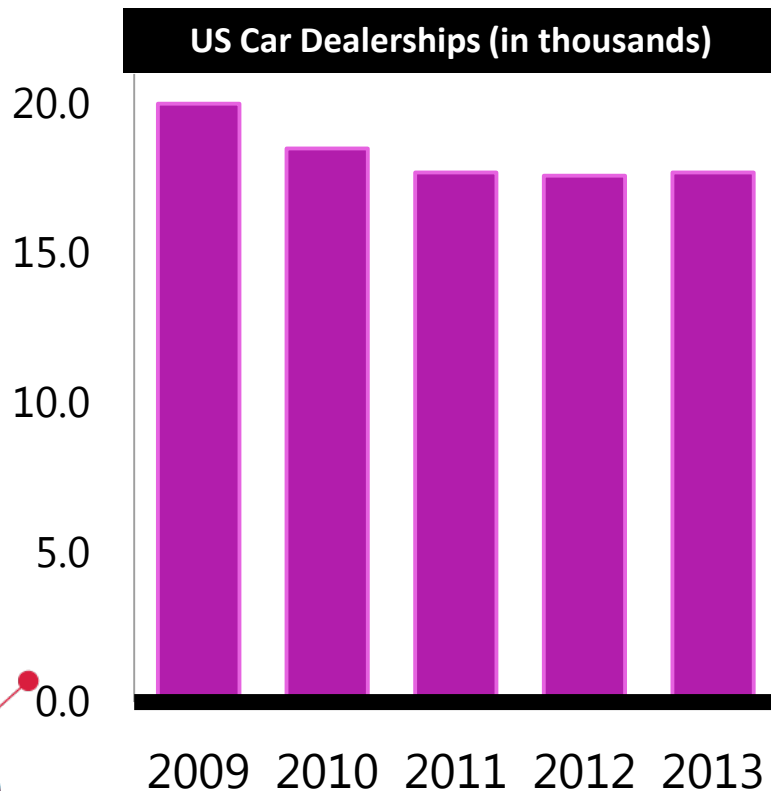
GAS PRICES HAVE DROPPED TO 4-YEAR LOW

As of October 29th, the National Average was **\$3.02** which is down 26 cents (8%) from year ago



Source: Regular Gas Price per Gallon; GasBuddy.com

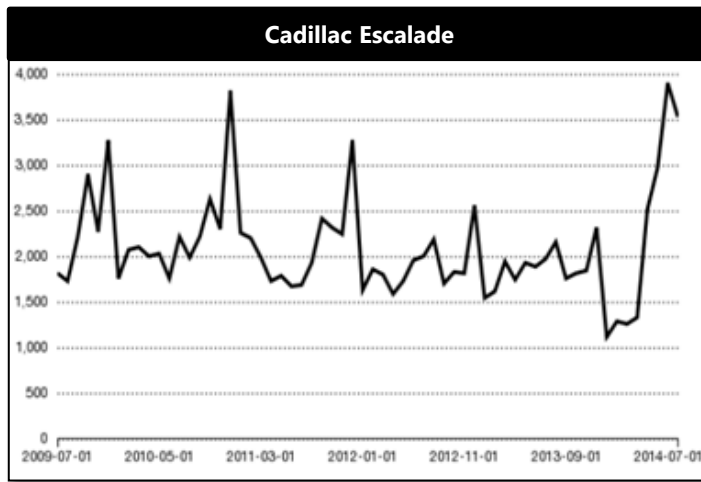
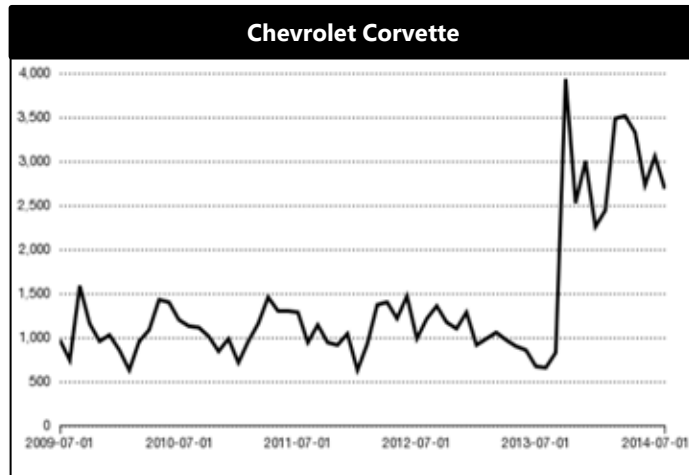
FEWER OUTLETS, BETTER BUSINESS



Source: Automotive Dealers Association

AMERICANS ARE BUYING IMPRACTICAL CARS AGAIN

Chevrolet Corvette sales **more than tripled** in August versus year-ago



Cadillac Escalade sales were up **64%** in August



Source: Business Week Article, September 2014

POLL QUESTION

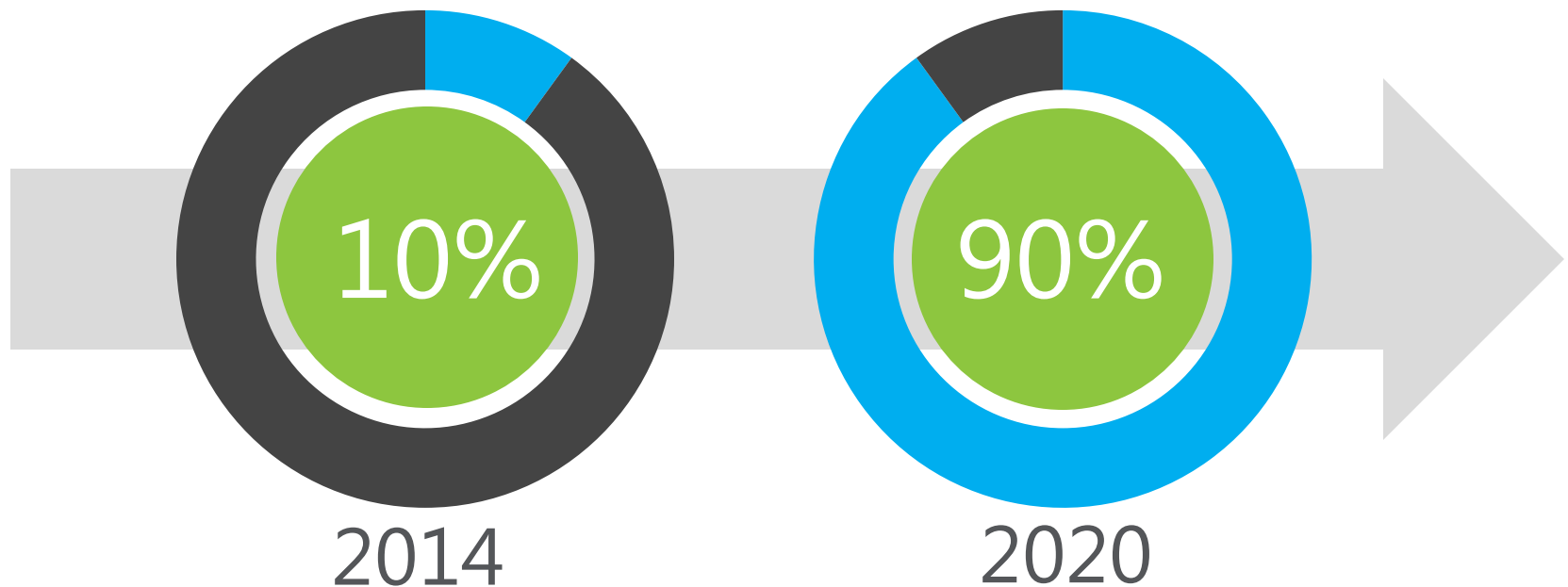
How is the automotive category performing in your organization in 2014?

- Better
- Worse
- The Same
- Not Applicable

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CONNECTED CARS: DO CONSUMERS CARE?

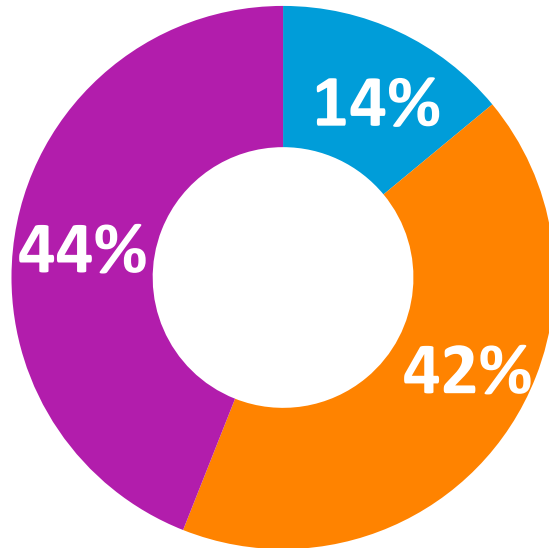
“ The connected car market will achieve mass-market penetration in the next few years: the overall number of vehicles with built-in connectivity will increase from 10% of the overall market today to 90% by 2020 ”



Source: Telefonica Connected Car Report, 2014

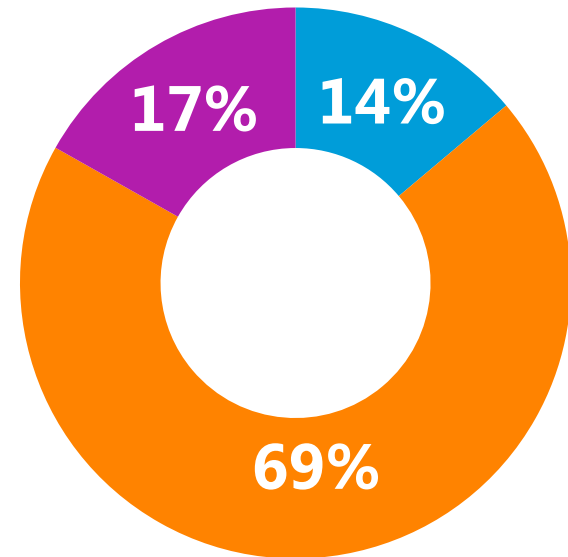
ARE CONSUMERS READY?

How familiar are you with "Connected Cars"



- Heard of, and familiar
- Heard of, but not familiar
- Never heard of

Would you consider your Make/Model a "Connected Car"

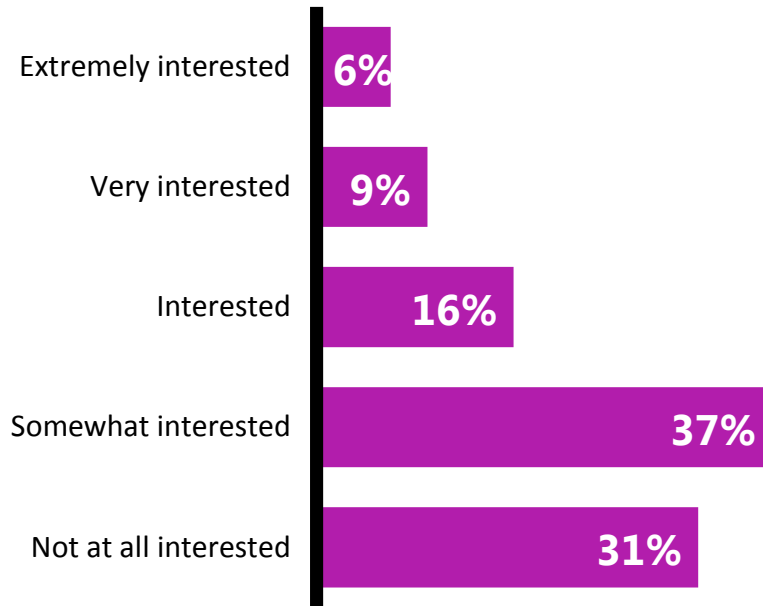


- Yes
- No
- Not sure

Source: Nielsen AutoTechCast; Base: Among those who evaluated connected car

CONSUMER SENTIMENT ON CONNECTED CARS

How interested are you in owning a "Connected Car" in the future?



65%

Concerned that owning a "Connected Car" would compromise privacy

56%

"Connected Cars" provide more connection to the outside world than people need

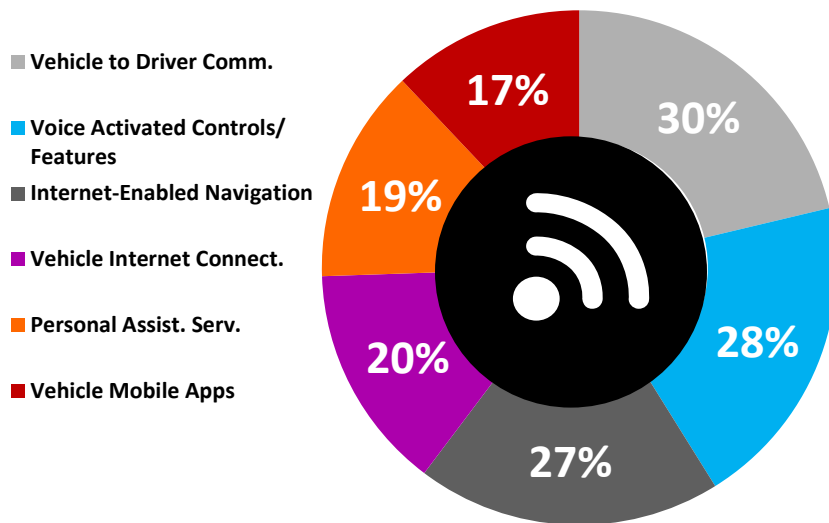
16%

I would not consider a future vehicle purchase if it was not a "Connected Car"

Source: Nielsen AutoTechCast; Base: Among those who evaluated connected car

IN-CAR TECHNOLOGY IS DRIVING PURCHASE DECISIONS

How interested are you in having the following technologies included in the next vehicle you purchase?



Which of the following "Connected Car" systems do you prefer?

65%

"Built-in" system
Fully integrated with Bluetooth connected smartphone

35%

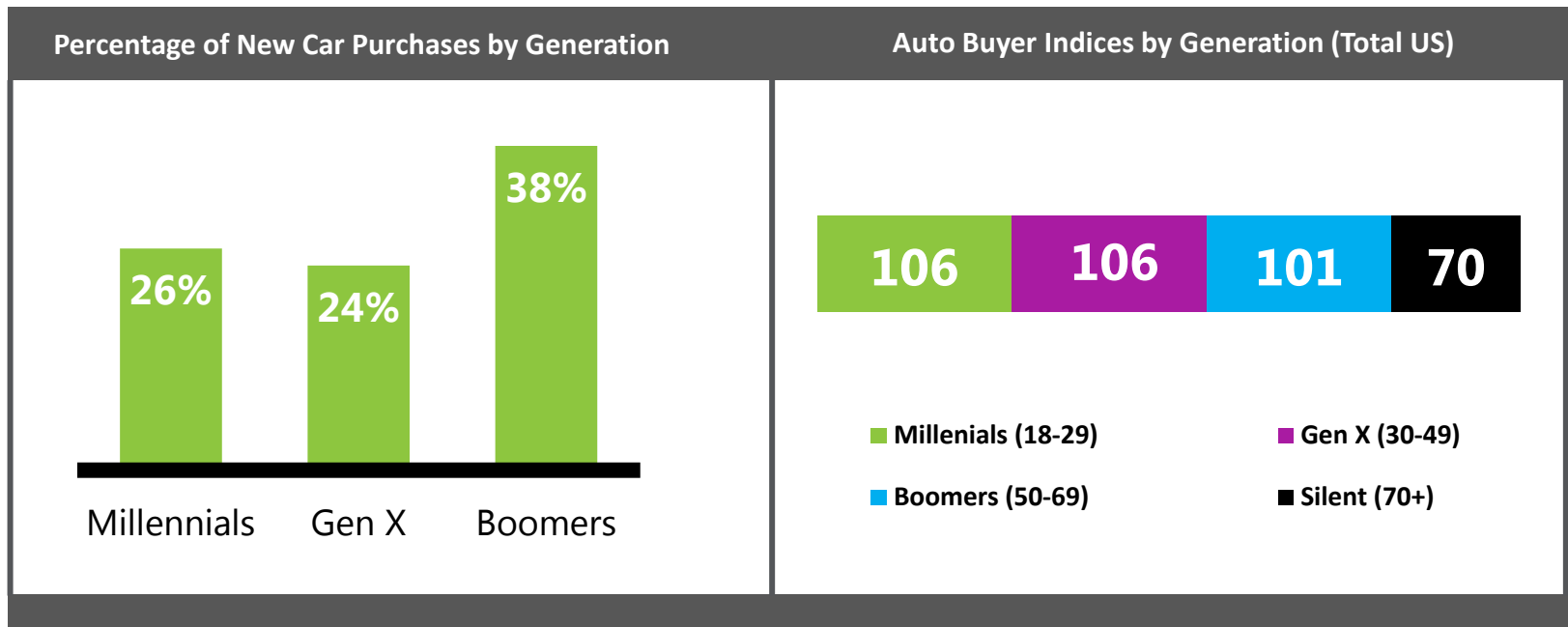
"Brought-in" system
that tethers smartphone with a USB cable or Bluetooth to the vehicle

Source: Nielsen AutoTechCast; Base: Among those who evaluated connected car

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THE MILLENNIAL OPPORTUNITY

MILLENNIALS OUTPACE GEN-X IN NEW VEHICLE SALES FOR FIRST TIME



Previously believed to be uninterested in cars, Millennials have begun to surpass their predecessor in purchases

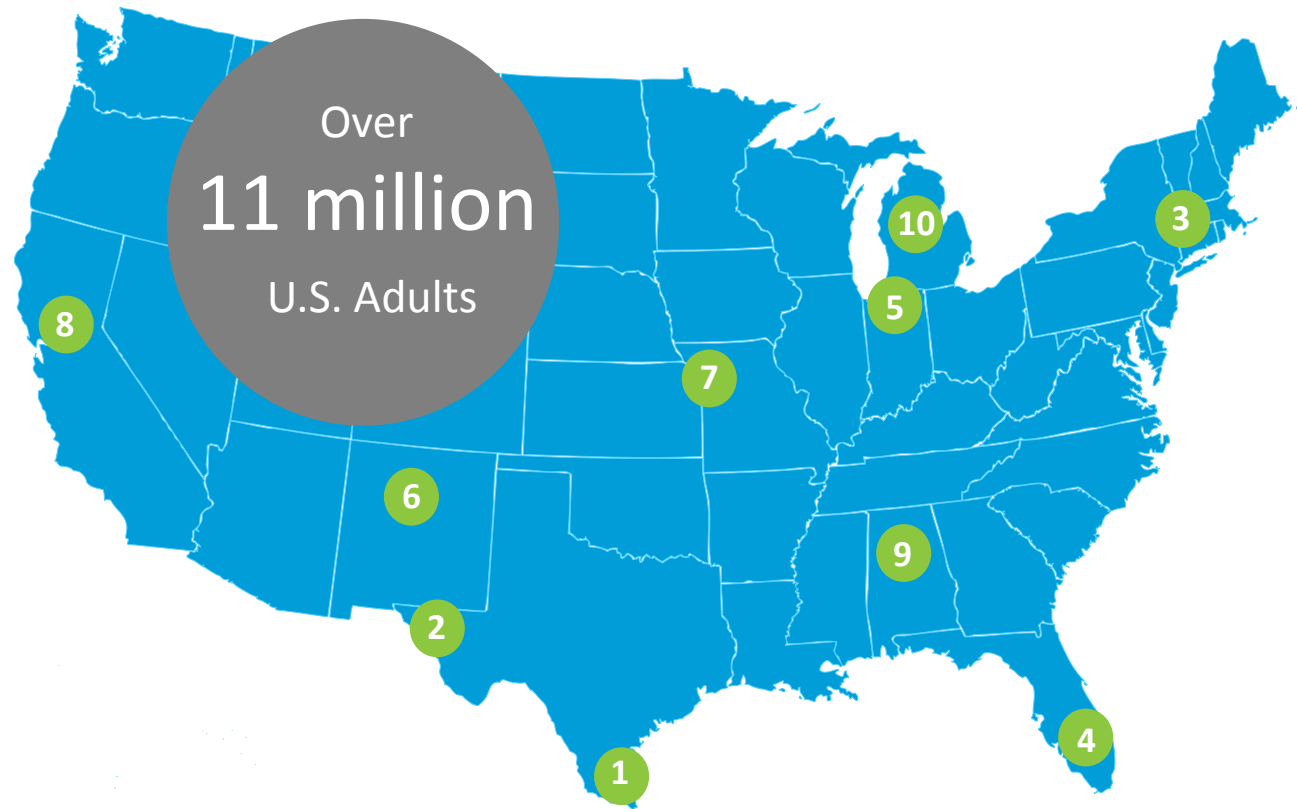
Source: Chart 1: 2014 Automotive Buyer Influence Study; (Jan – June, 2014); Chart 2: Scarborough; Based of Potential Car Buyers = New or Leased ; Indexed to Total US Adults 18+; USA+ 2014

MILLENNIAL POTENTIAL CAR BUYERS ACROSS THE U.S.



Index

1	186	Harlingen
2	176	El Paso
3	145	Providence
4	145	Miami
5	143	Toledo
6	141	Albuquerque
7	140	Kansas City
8	133	Sacramento
9	132	Birmingham
10	130	Flint



Source: Nielsen Scarborough USA+R2 2013 Potential car buyer (plan to buy any new,leased,used vehicle in the next 12 months)

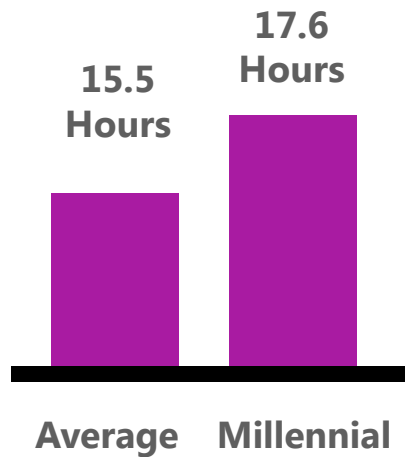
Indexed against total U.S. Adults 18+

MILLENNIALS ARE CHANGING THE PATH TO PURCHASE

Millennials Take

2 Hours

longer than the average car buyer to research their next vehicle



95% use the internet to shop for their vehicles



82% of shopping time is spent online (compared to 75% for all buyers)



50% use a smartphone to shop, up from 34% in 2013

Source: 2014 Automotive Buyer Influence Study; AutoTrader

SOCIAL NETWORKING HABITS

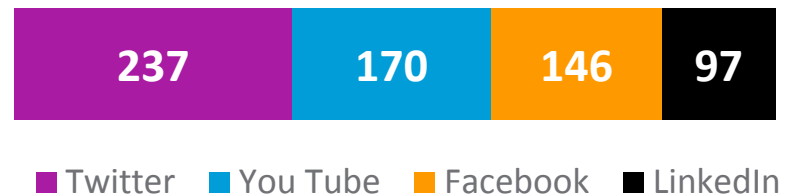


of Millennial Potential Car Buyers often ask the advice of others when it comes to automobiles

Time Spent Social Networking in Average Day



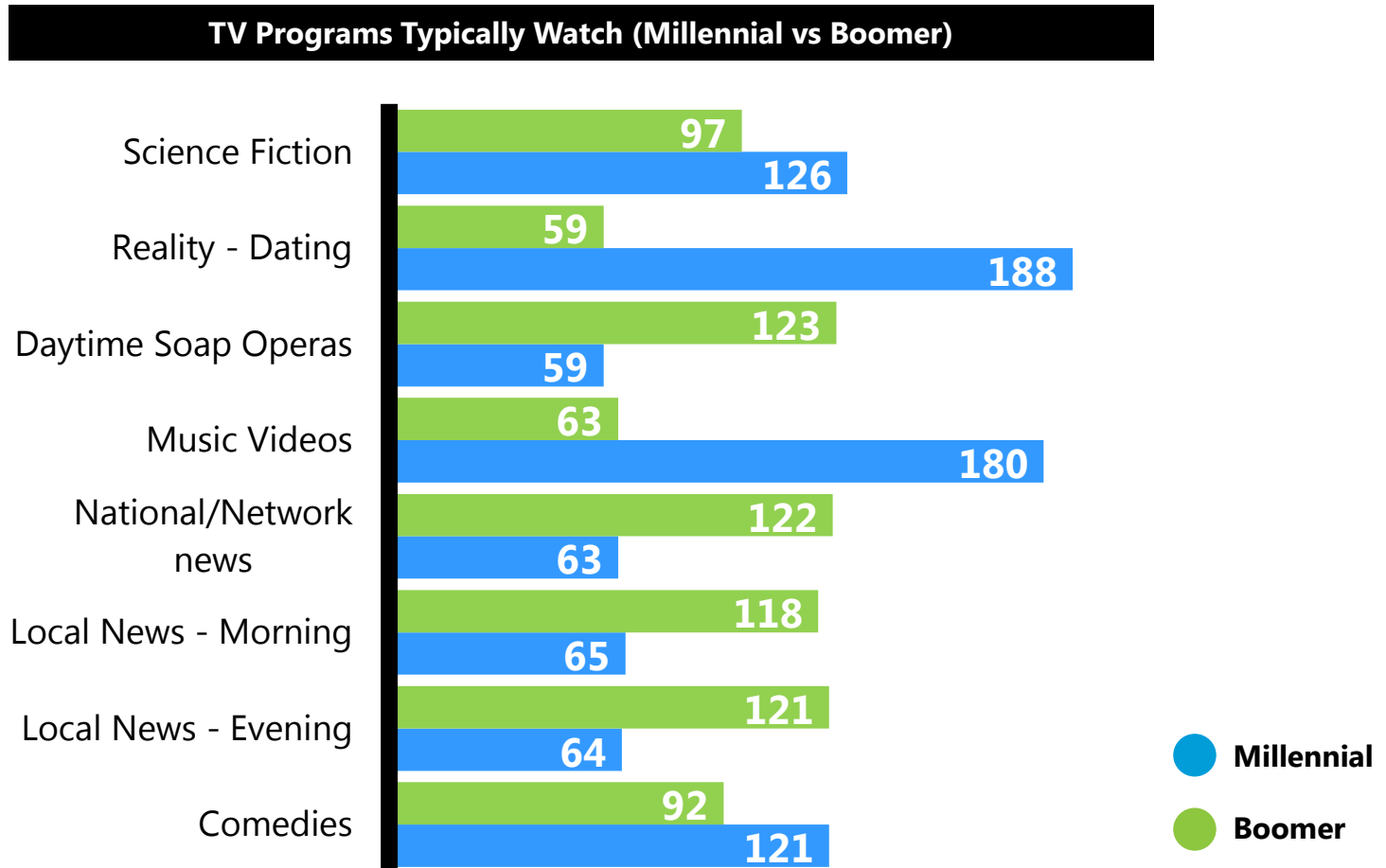
Social Networking Sites Visited /Apps Used Past Month



Source: Nielsen Scarborough USA+ R1 2014 Target: potential car buyer (plan to buy new,used,lease vehicle in next 12 mos.)

Indexed against total U.S. Adults 18+

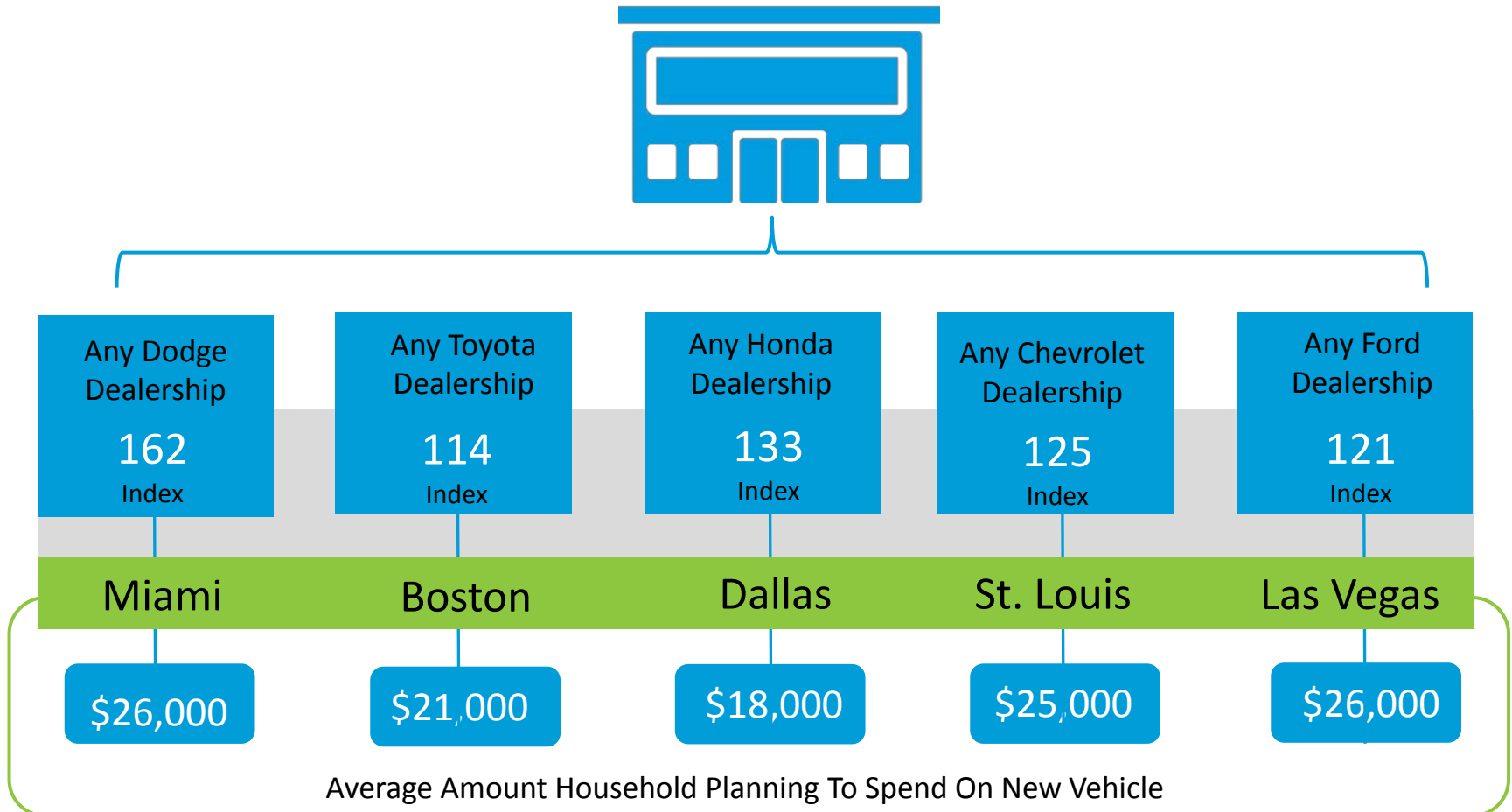
REACH MILLENNIALS THROUGH REALITY AND MUSIC PROGRAMMING



Source: Scarborough, USA+ 2014 Release 1; Indexed to Total US 18+ Adults

TOP DEALERS FOR POTENTIAL CAR BUYERS

Dealers/websites Millennial potential car buyers might shop to buy/lease a new or used vehicle

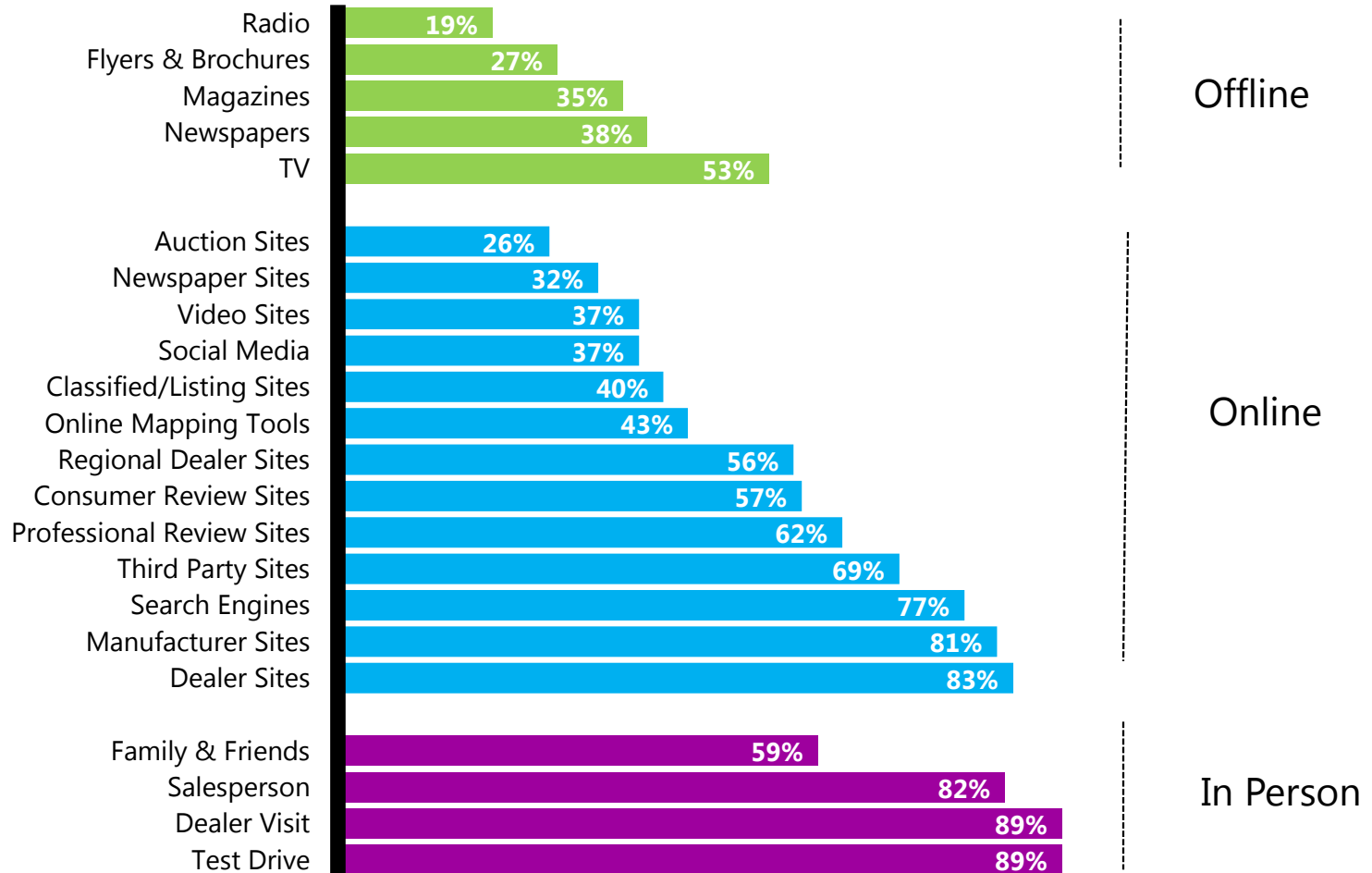


Source: Nielsen Scarborough USA+ R1 2014 Target: potential car buyer (plan to buy new, used, lease vehicle in next 12 mos.)

An abstract graphic on the left side of the slide. It features a series of concentric, overlapping lines that form a spherical shape. The lines are colored in a spectrum including yellow, green, cyan, blue, purple, and red. Several small, solid-colored dots (yellow, green, purple, red) are placed at various points along these lines, with thin lines extending from them towards the right. The background is black.

THE EMERGING DIGITAL CONSUMER

DIGITAL PLAYS A BIG ROLE LEADING UP TO PURCHASE

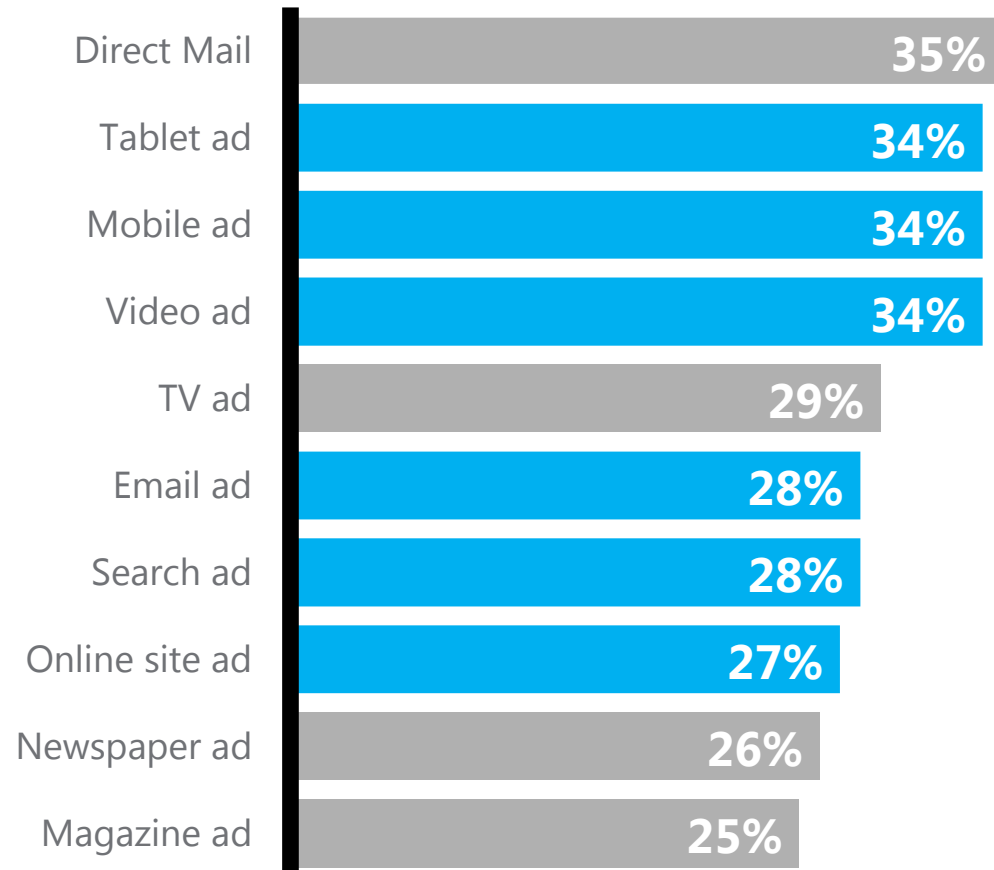


Source: Millward Brown/Google Path to Purchase study, November 2013

THE RESEARCH PROCESS OFTEN KICKS OFF ONLINE



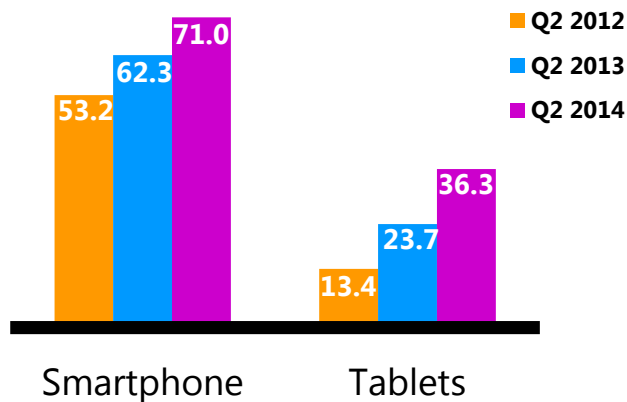
3 out of 5
Top Ad Formats
for Prompting
Research were
Digital



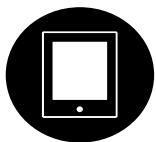
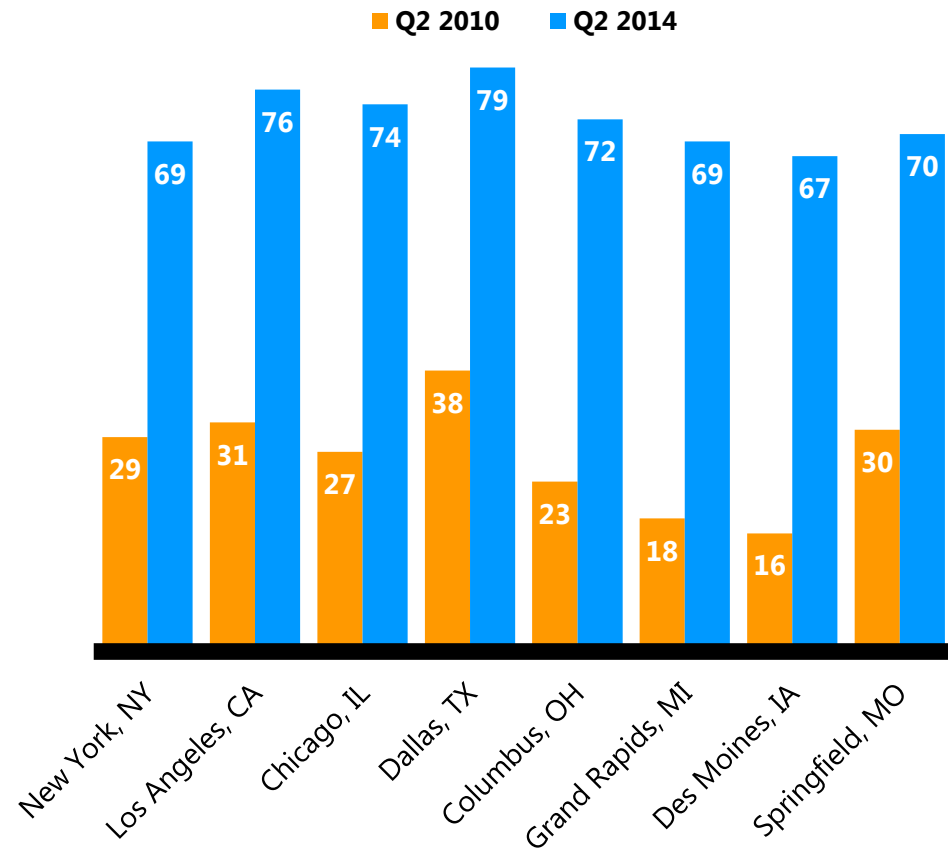
Source: Millward Brown/Google Path to Purchase study, November 2013

DEVICE GROWTH HAPPENING EVERYWHERE

National Average



Local Market Smartphone Penetration



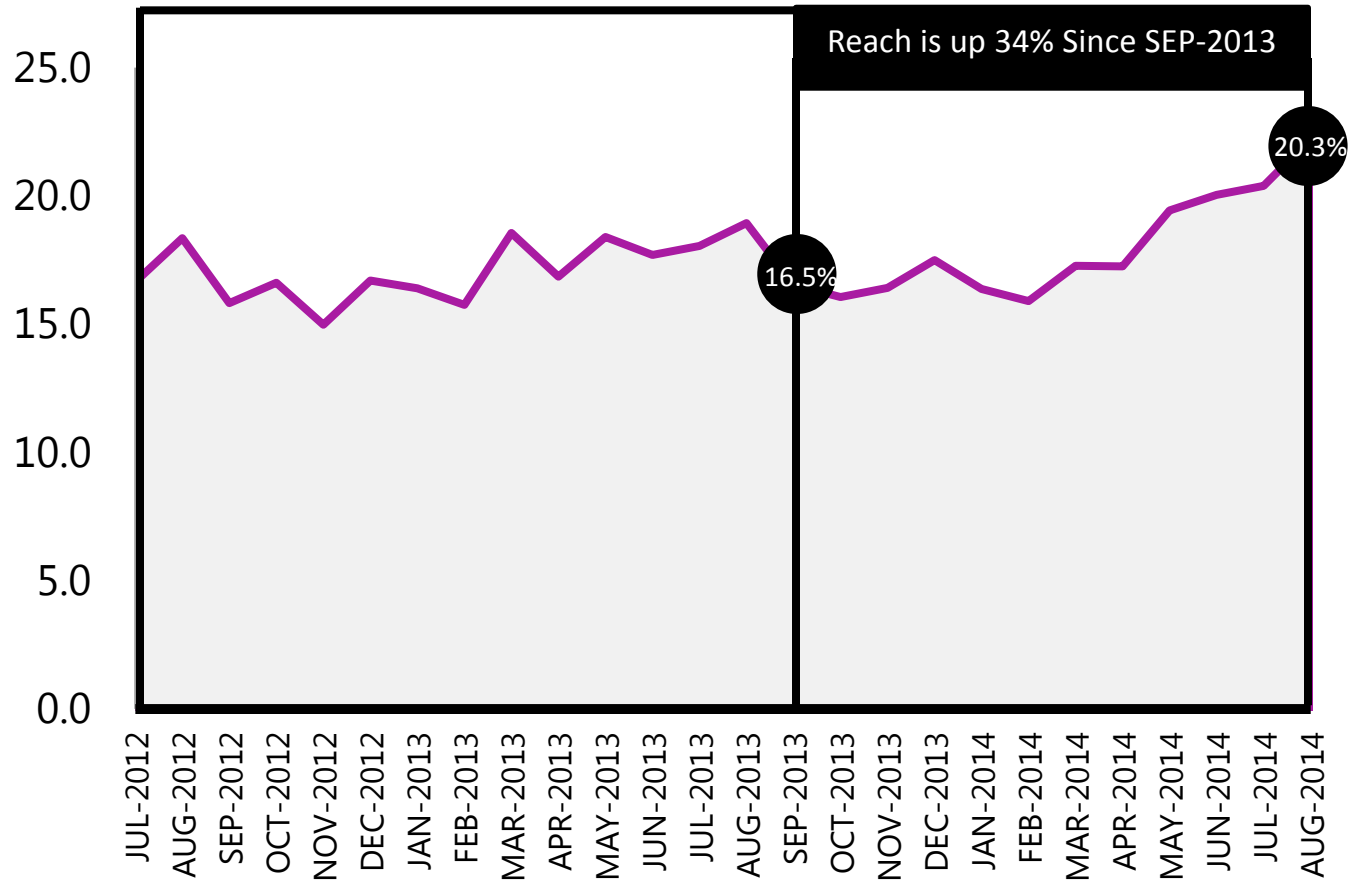
Washington, DC Ranks **#1**
Among LPM Markets for
Tablet Ownership



Dallas Ranks **#1**
Among LPM Markets for
Smartphone Ownership

Source: Nielsen Mobile Media Marketplace

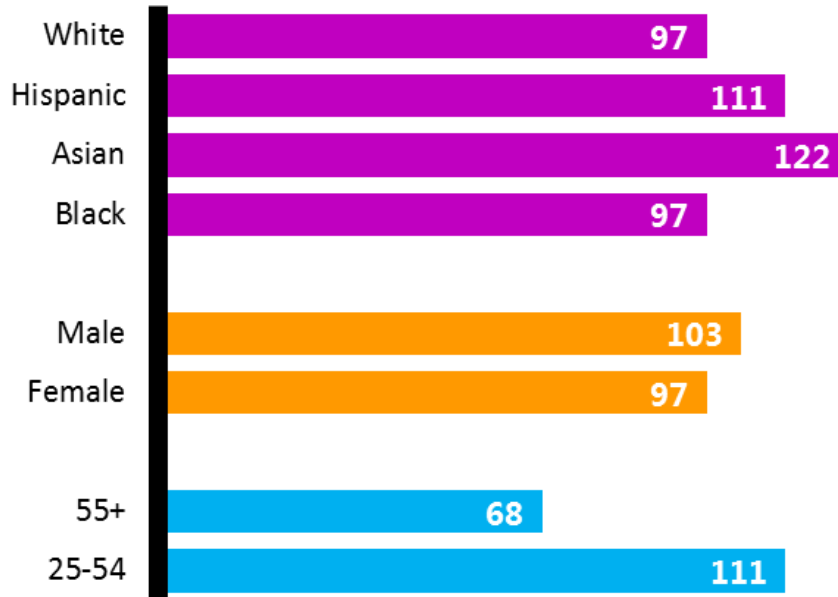
TOTAL REACH OF AUTO APPS IS CLIMBING



Source: Nielsen Mobile Media Marketplace

PROFILE OF ONLINE AUTO BUYING ADULTS

Index of Online Adults That Plan to Buy
New/Used in Next 6 Months



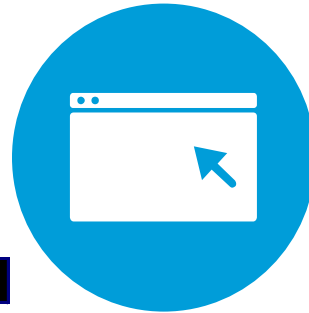
Where are the Online Adults Who Plan to Buy in the Next 6 Months?

Market	% of Online Adults	Index to Total US
Boston	9.8%	153
Dallas	8.2%	128
Greensboro	9.2%	143
Kansas City	8.6%	134
Madison	7.5%	117
New Orleans	7.7%	120
Reno	10.9%	170
Sacramento	7.7%	120

Source: @Plan; Quarter 2, 2014; Adults 18+ that Probably will purchase/lease new or used vehicle in next 6 months

WHICH WEBSITES DO AUTO BUYERS PREFER?

Total US



Boston DMA

Site	Unique Audience
Yahoo Autos Websites	280,000
Kelley Blue Book	280,000
MSN Autos	246,000
AutoTrader.com	234,000
Edmunds.com	206,000
AOL Networks Autos	204,000
Internet Brands Auto Network	166,000
Cars.com	159,000
SIM Automotive Websites	148,000
Hearst Men's Group	145,000
AutoGuide.com Network	142,000
eBay Motors	139,000

Site	Unique Audience
AOL Networks Autos	32,000
Yahoo Autos Websites	19,000
MSN Autos	18,000
Kelley Blue Book	13,000
Edmunds.com	12,000
Cars.com	12,000
AutoTrader.com	12,000
HONDA	7,000
Cartalk.com	6,000
CarsDirect	6,000
2carpros.com	5,000
About.com Autos	5,000

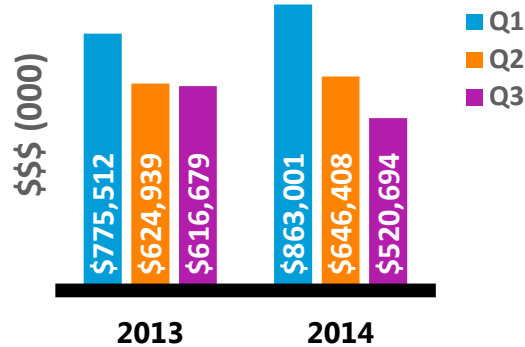
Source: @Plan; Quarter 2, 2014; Adults 18+ that Probably will purchase/lease new or used vehicle in next 6 months

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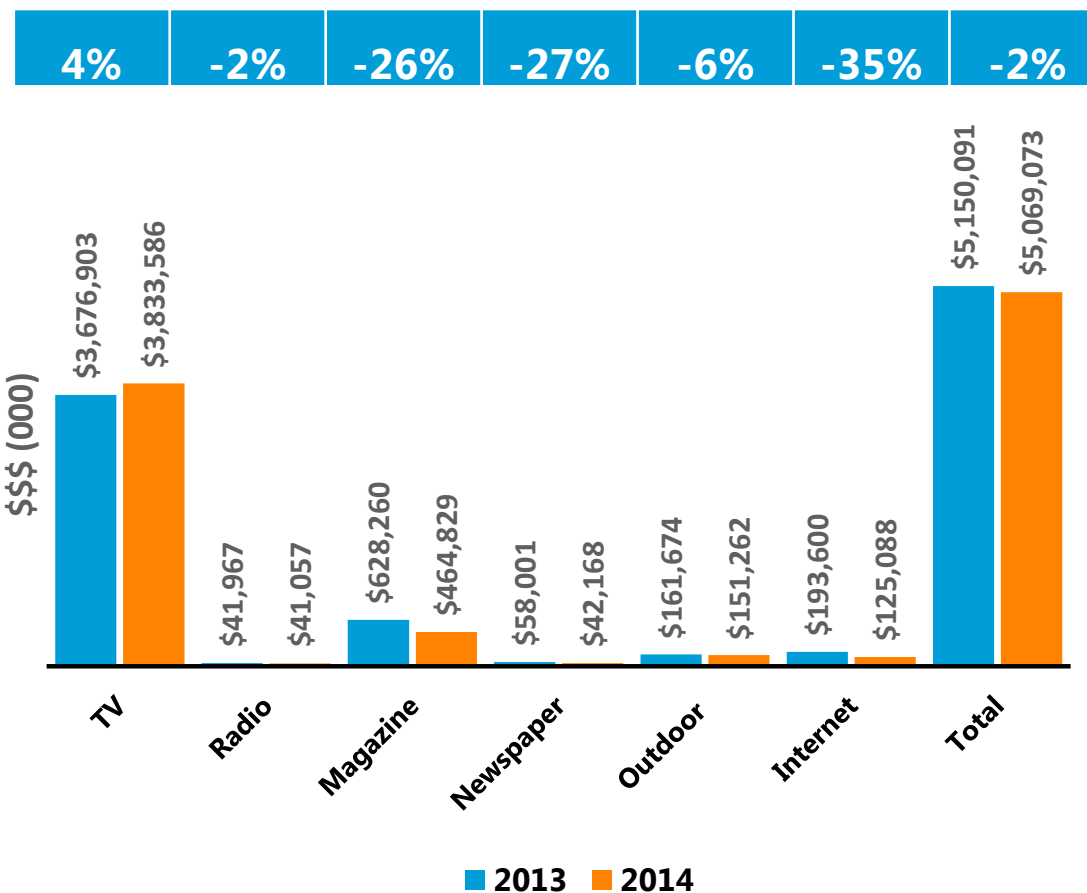
AD SPEND TRENDS & OPPORTUNITIES

TELEVISION IS STILL KING IN AUTOMOTIVE SPENDING

National Television by Quarter



National Automotive Ad Spend by Media Type



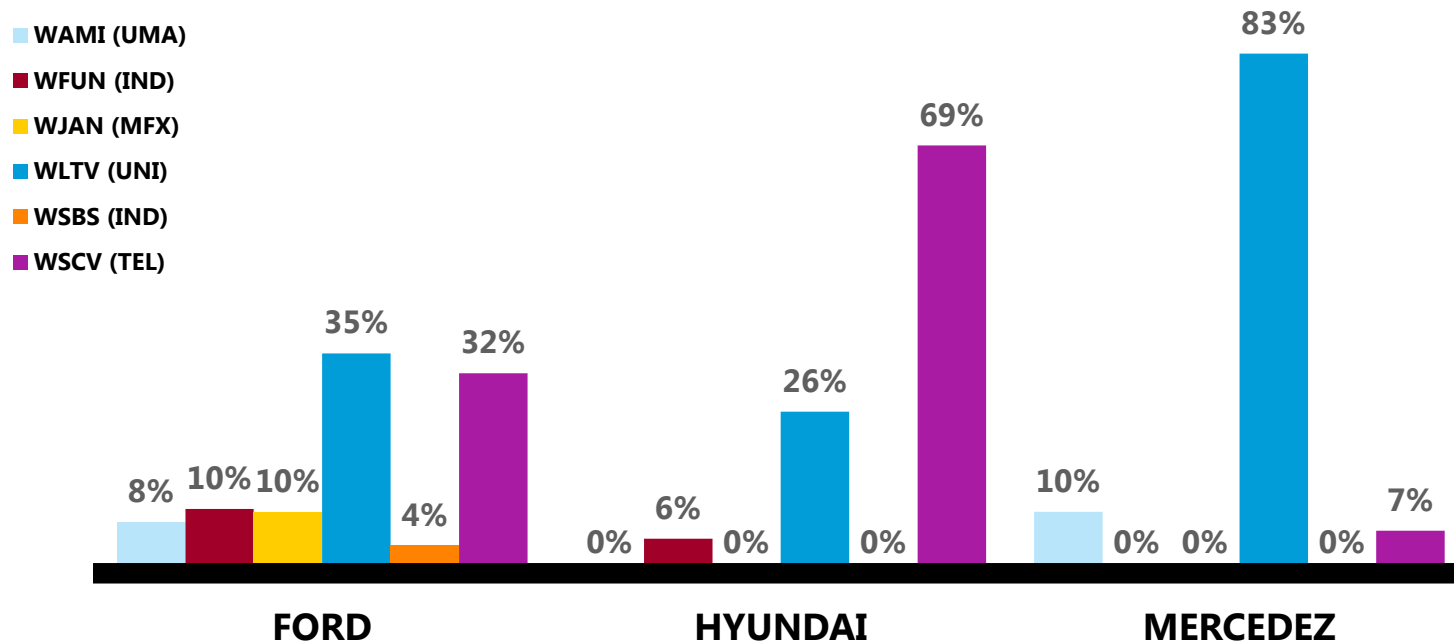
Los Angeles is the **#1** Auto Ad Spend local market at \$451M in 2014 for Spot TV

The Orlando market saw a **40%** increase in Spot TV Auto Ad Spend in 2014 compared to 2013

Source: Nielsen Adviews, 1/1/13-9/30/13 vs. 1/1/14-9/30/14

A LOOK AT SPANISH BROADCAST ADVERTISING IN MIAMI

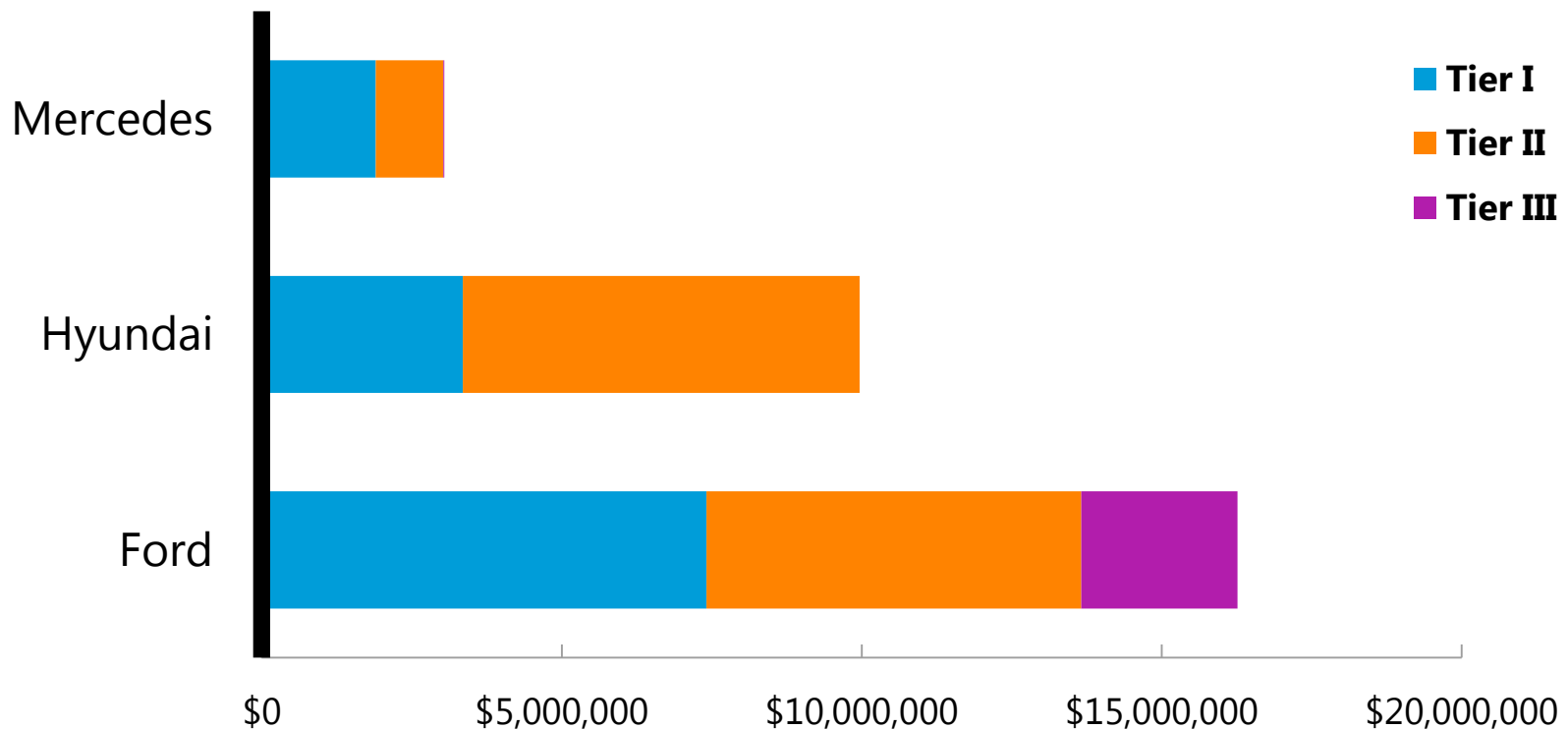
Percentage of Total Hispanic Broadcast Spend



Ford has a more balanced approach in market with a strong mix of Spanish Language networks. Competition places a stronger allocation of their dollars against Major affiliates.

Source: Nielsen AdvIEWS, Jan 1 2014-Sep 30 2014, Hispanics B-Cast Nets; Miami-Ft. Lauderdale

FORD LEADS TOTAL TIER SPENDING IN MIAMI

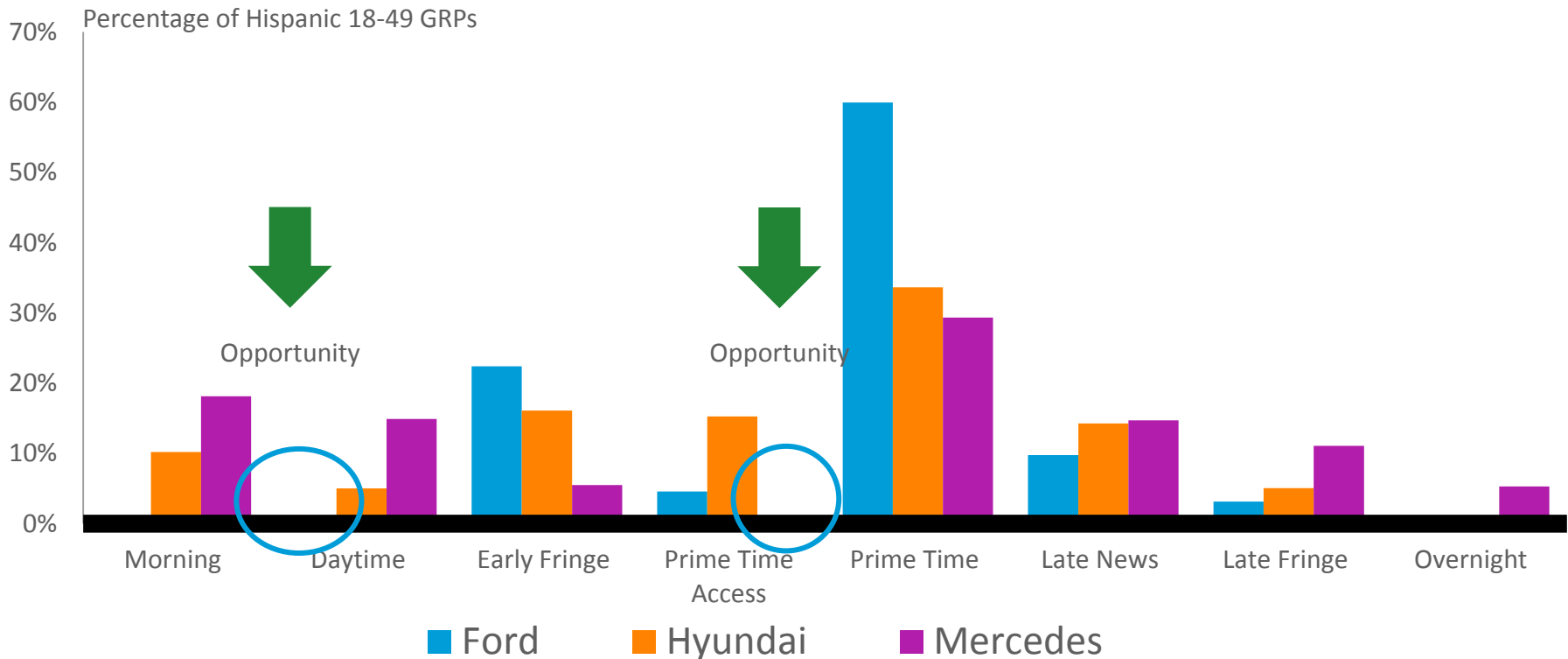


Total Market DMA spending is led by Fords, where we see a more equal mix between tiered spending. Hyundai and Mercedes use a strategy solely in Tier I and Tier II.

Source: Nielsen Advviews, Jan 1 2014-Sep 30 2014,, Hispanics B-Cast Nets, Miami-Ft. Lauderdale

MAJORITY OF AUTO SPEND IN PRIME TIME

Auto advertisers are delivering the most Hispanic GRPs in prime time. *There is an opportunity for Ford to reach Hispanics during the day and for Mercedes to break into Prime Access.*



Source: Nielsen Advviews, Jan 1 2014-Sep 30 2014 , Hispanics 18-49

POLL QUESTION

Do you anticipate record spending on automotive advertising in your market this year?

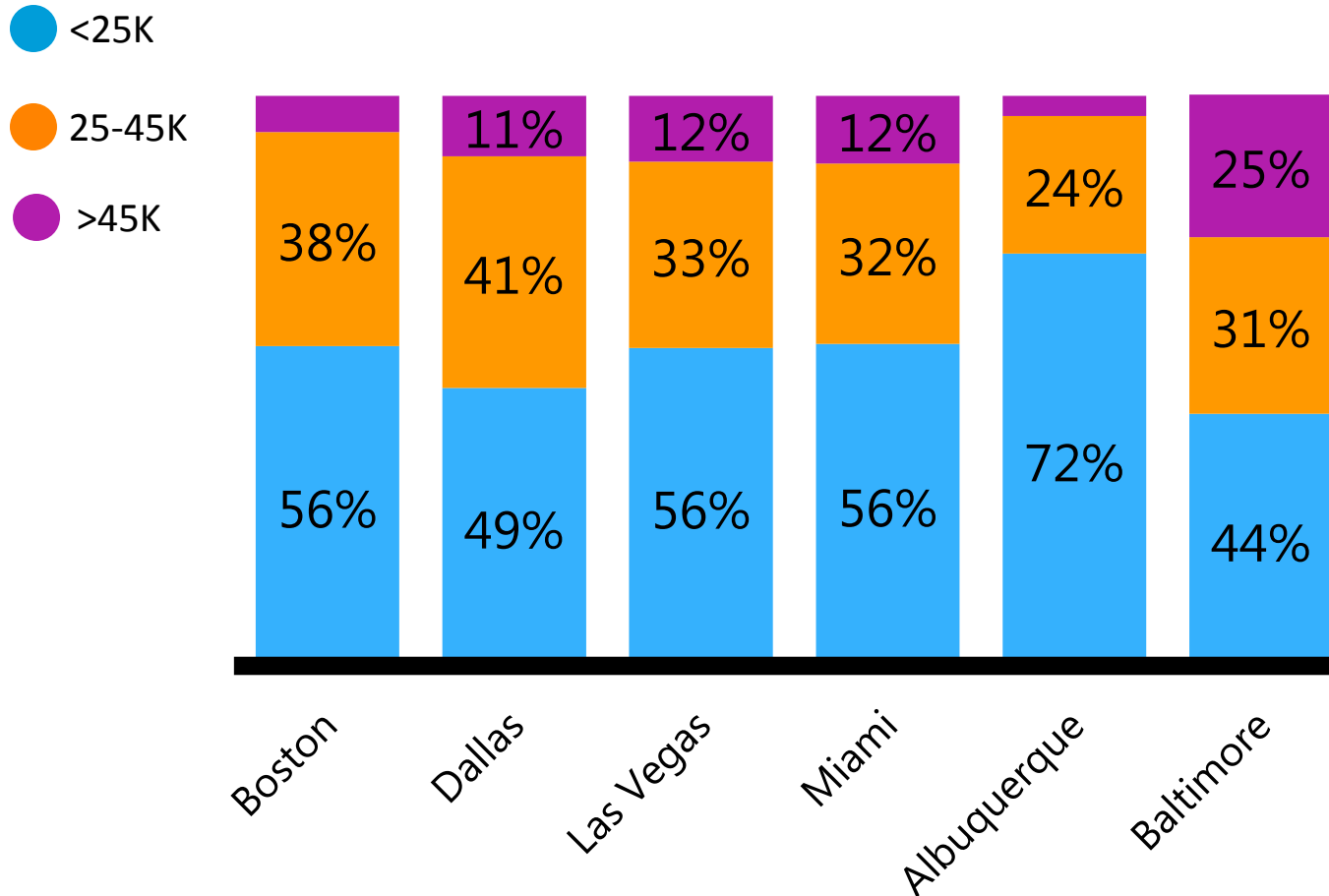
- Yes
- No
- The Same
- Not Applicable

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WHAT MAKES AUTO BUYERS IN YOUR MARKET UNIQUE?

PRICE POINTS DIFFER BY MARKET

Amount HH Plans to Spend for New Vehicle in Next 12 Months



Source: Scarborough, Release 1, 2014

POTENTIAL REPEAT CUSTOMERS

Which markets have the greatest potential for Ford sales



Own or Lease a Ford and
plan to buy a vehicle in the
12 months

DMA	INDEX
El Paso	210
Harlingen	185
Detroit	170
Green Bay	169
San Antonio	140
Albuquerque	137
Toledo	131
Atlanta	129
Dallas	128

Source: Nielsen Scarborough USA+ R1 2014 Target; Own or lease a Ford and plan to buy a new,used,lease vehicle in the next 12 mos.

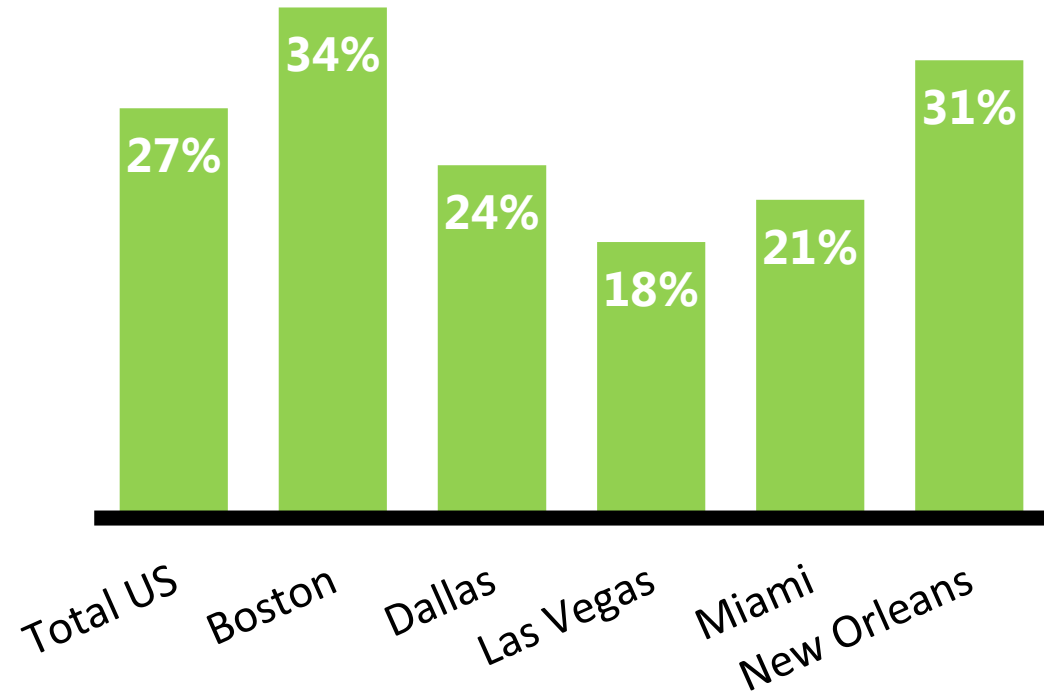
LOCATION DRIVES AUTO SALES

Primary Reasons To Visit a Dealer:

32%	Price/Value
26%	Location
21%	Selection
19%	Service
17%	Reputation

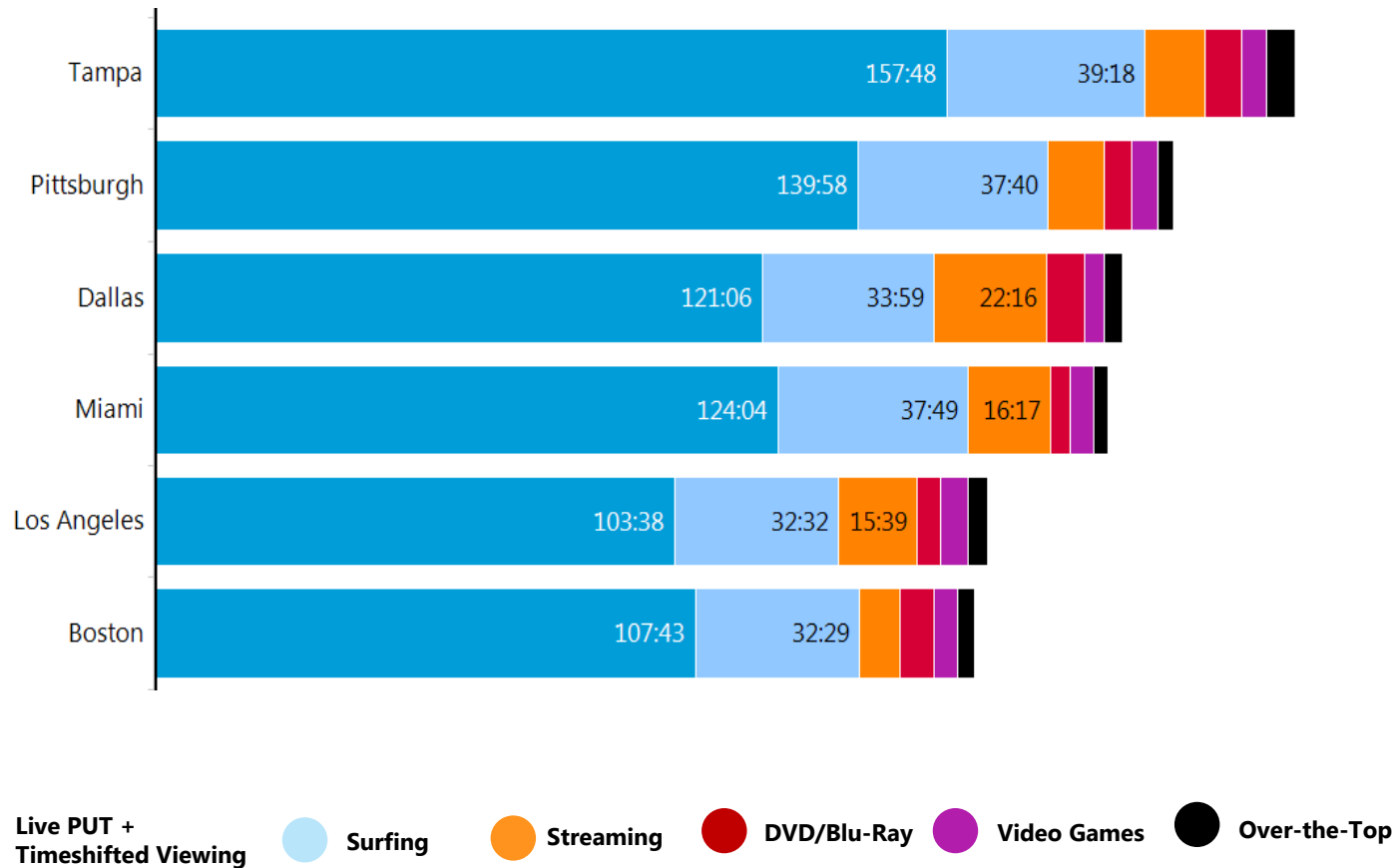
Total US Average

Percentage of Auto Buyers who Traveled 20+ Miles



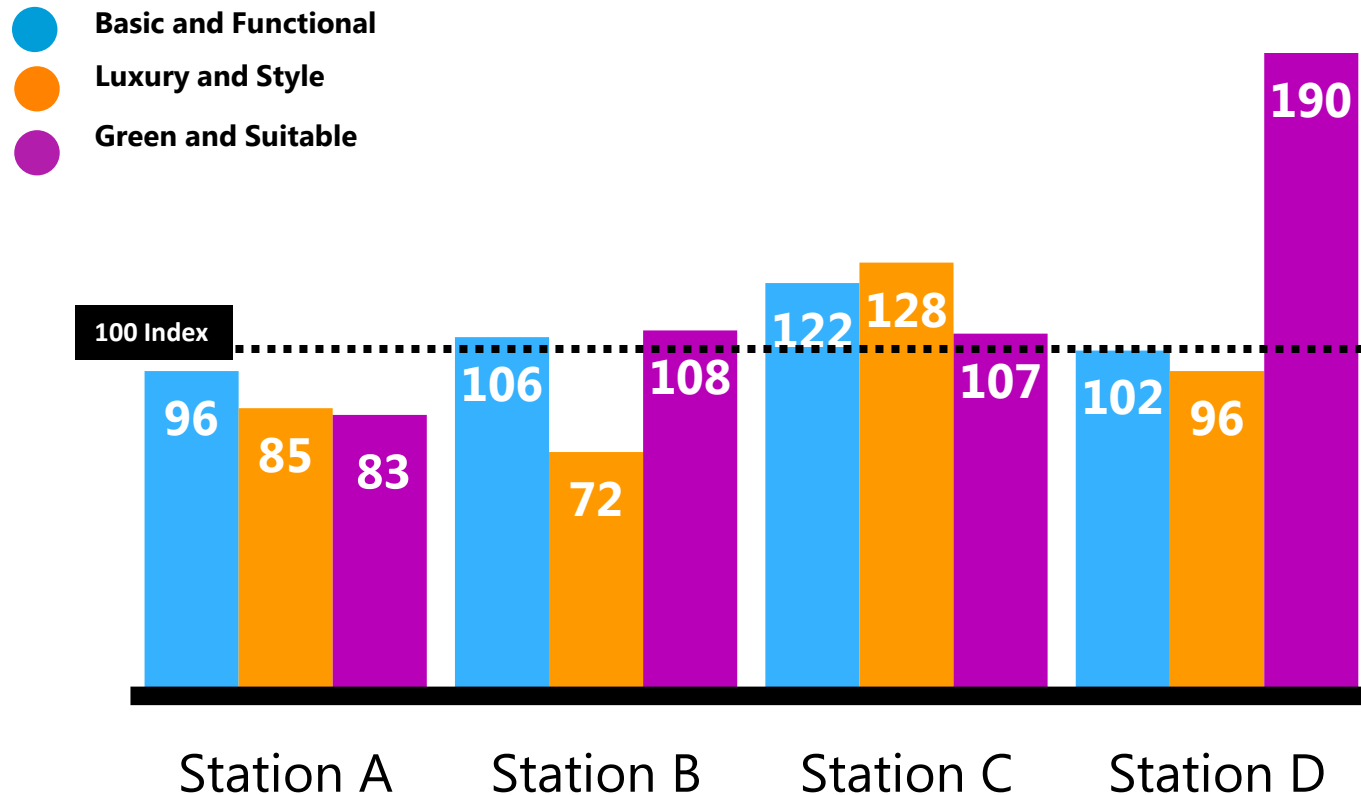
Source: Scarborough, Release 1, 2014

TELEVISION IS DOMINANT SCREEN FOR CONSUMING CONTENT ACROSS MARKETS



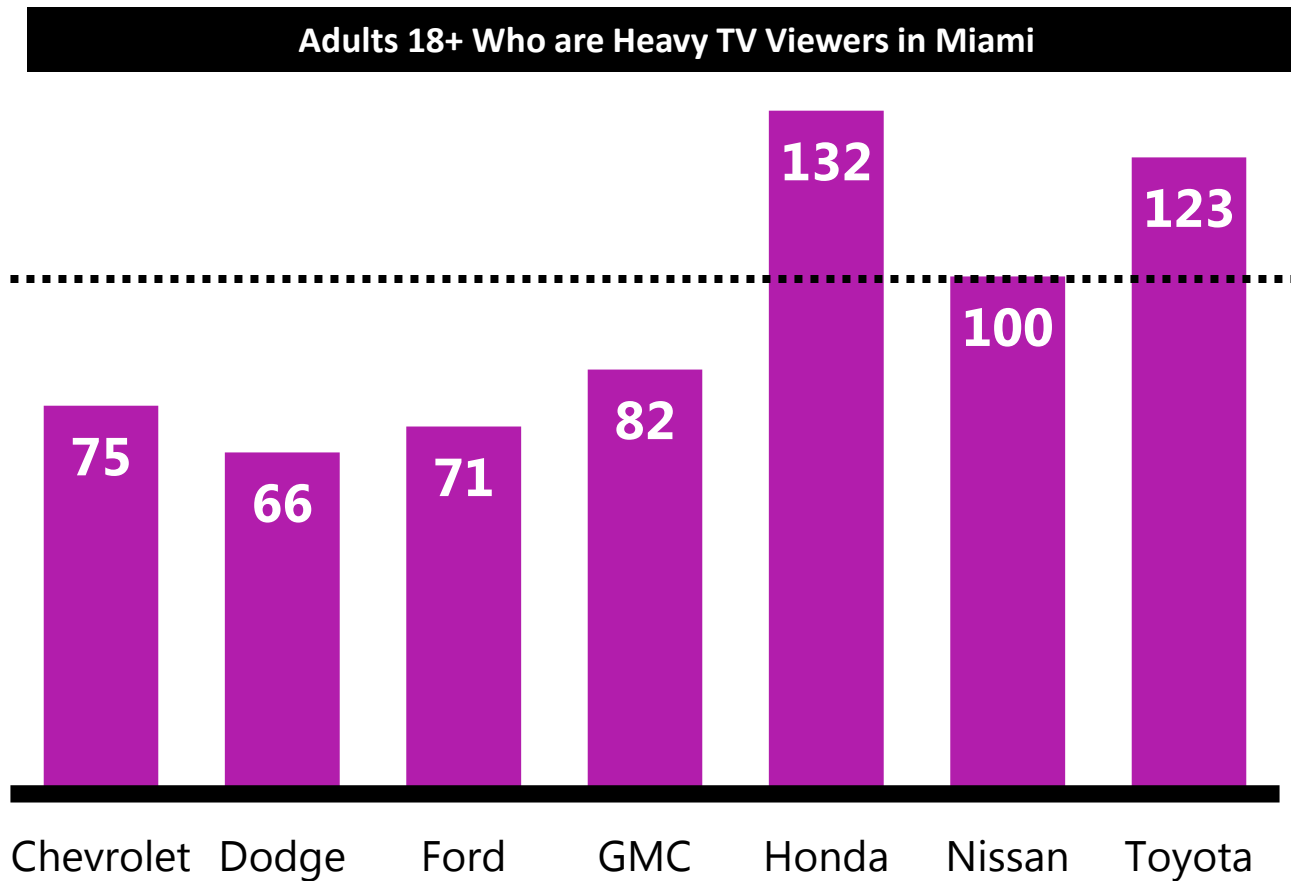
Source: Local Custom Toolbox & NetView, July 2014 Sweep, Persons 25-54, MSu 5A-5A

BOSTON LATE NEWS VIEWERS OF STATION D PREFER CARS THAT ARE "GREEN AND SUITABLE"



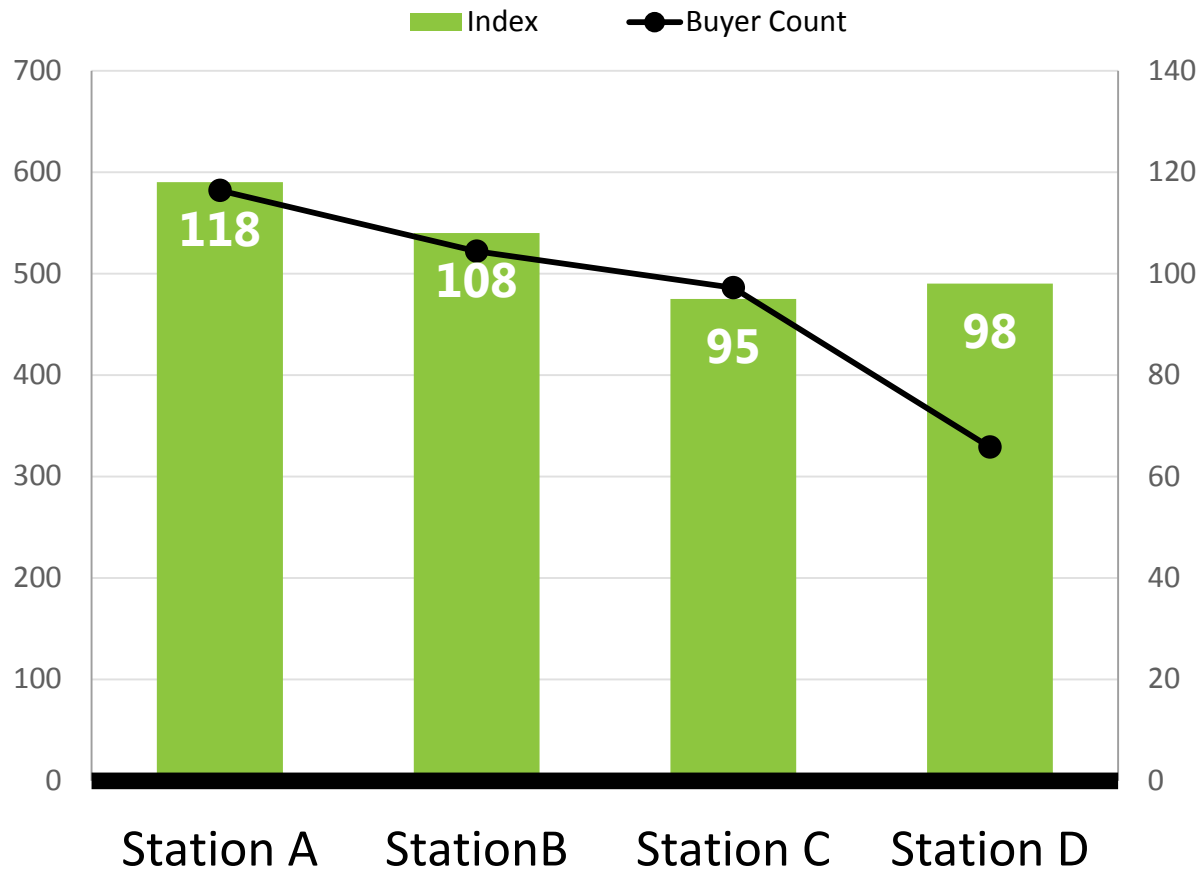
Source: Scarborough, Release 1, 2014, Boston DMA, Total Adults 18+

HONDA AND TOYOTA OWNERS ARE HEAVIEST TV VIEWERS IN MIAMI



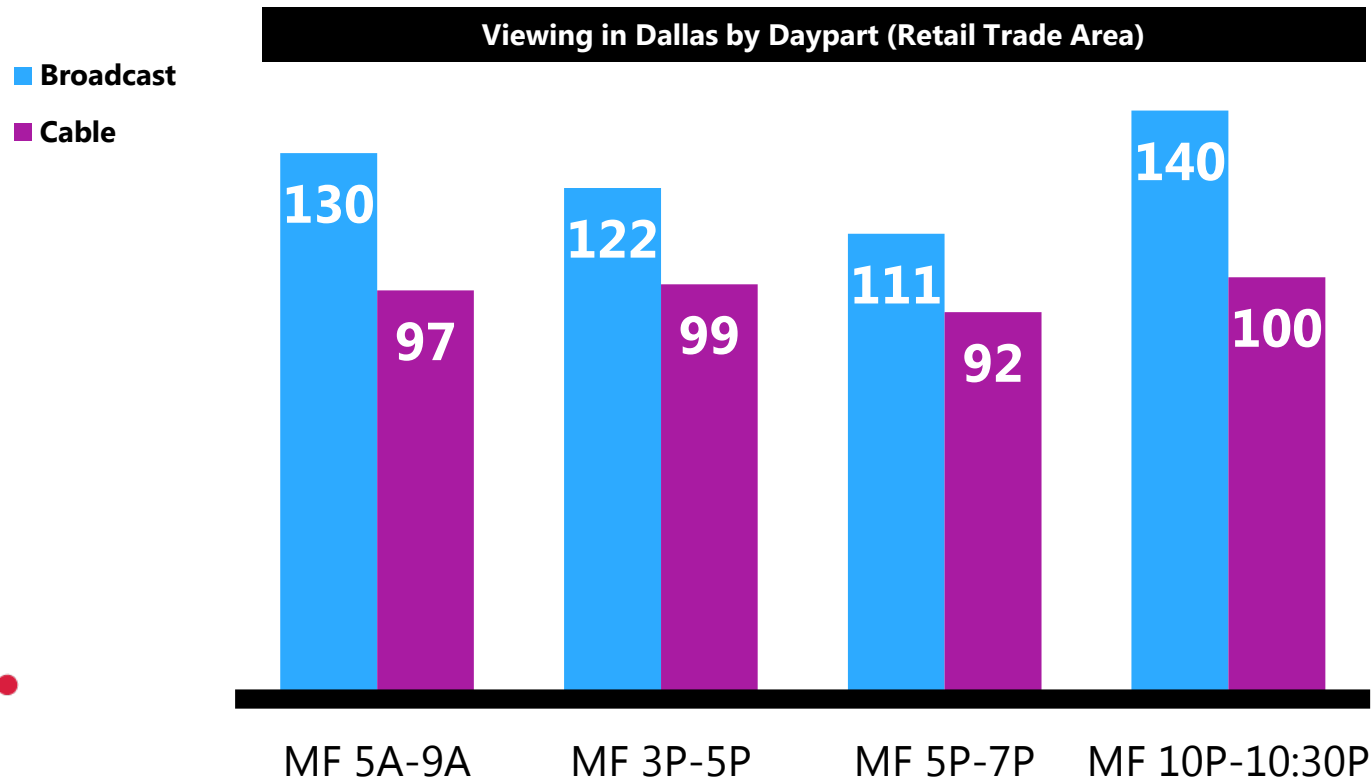
Source: Scarborough, Release 1, 2014, Miami DMA, Heavy TV Viewers

STATION A AND B REACH FORD OWNERS DURING EARLY NEWS IN LAS VEGAS



Source: Nielsen LBR Las Vegas R1 2014; MF 5A-7A

DALLAS VIEWERS WITHIN 5 MILES OF A DEALER ARE MORE LIKELY TO WATCH BROADCAST

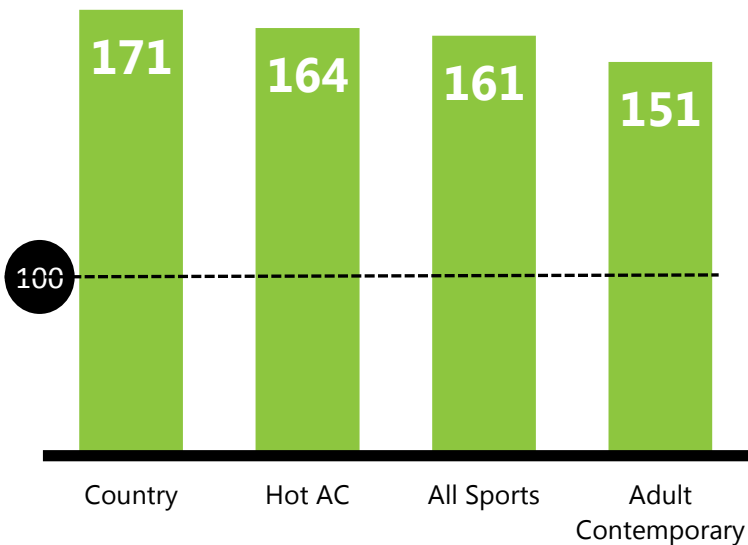


Source: Nielsen Local TV View, Trade Area Subsample Report, July 2014, Persons 25-54

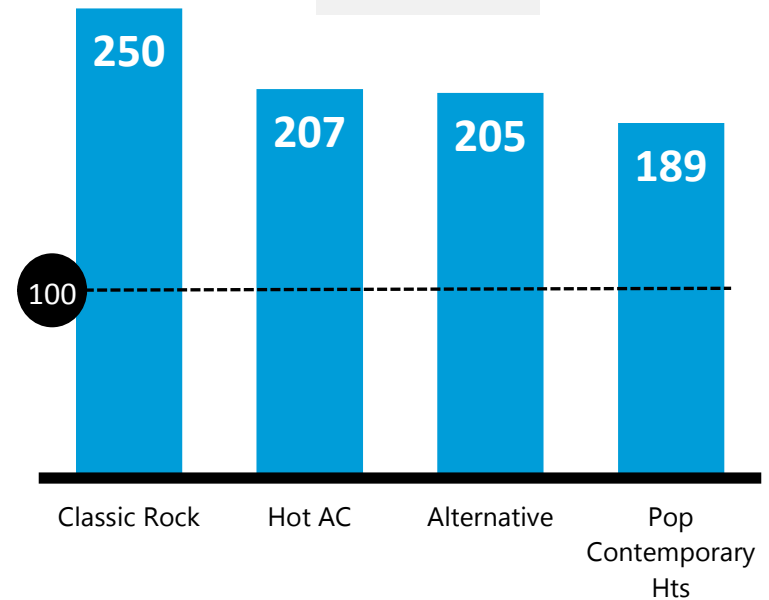
FORMATS THAT ARE EFFECTIVE AT REACHING POTENTIAL CAR BUYERS VARY BY MARKET

Adults who plan to buy a new vehicle in the next 12 months and are heavy radio listeners

Boston



St. Louis

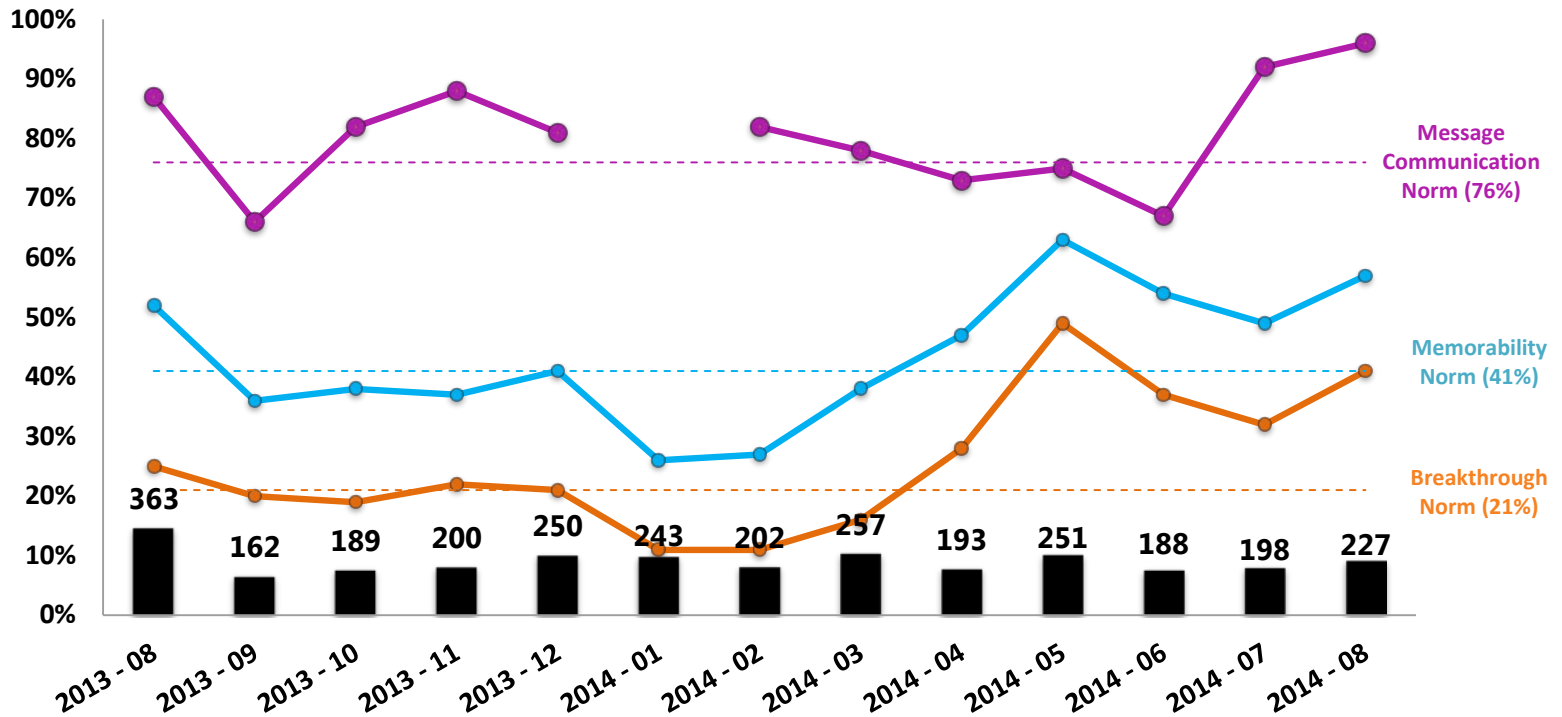


Source: Nielsen Scarborough Boston & St. Louis R1 2014) top 10 target% ranked by indexTarget: potential car buyer heavy radio listeners (plan to buy new,used,lease vehicle in next 12 mos. And in top 2 quintiles for radio listening. Indexed to market

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EFFECTIVENESS OF AUTO ADVERTISING

EFFECTIVE ADVERTISING IN DALLAS: CASE STUDY



Detected Airings
 Memorability
 Breakthrough
 Message Communication

Summer	Service	Black Friday	Dream Big	All the Best	Challenge
	Top Ten			Truck Month	Summer
	SE				

All metrics compared to the Spot Norm (Dallas), 9.20.10 – 6.30.14, A18+.

Campaigns mentioned represent the creatives behind which the majority of weight was measured that/those particular month(s).

DALLAS SPOT METRICS SUMMARY

Program Engagement

How engaged were viewers in the shows Brand A aired in...

26% Highly Engaging Programs

Breakthrough

Among Dallas viewers who saw the ads...

57% Remembered the Ads

41% Recalled both the Ad & Brand

Diagnostics

For the viewers who Recalled the Ads and Brand...

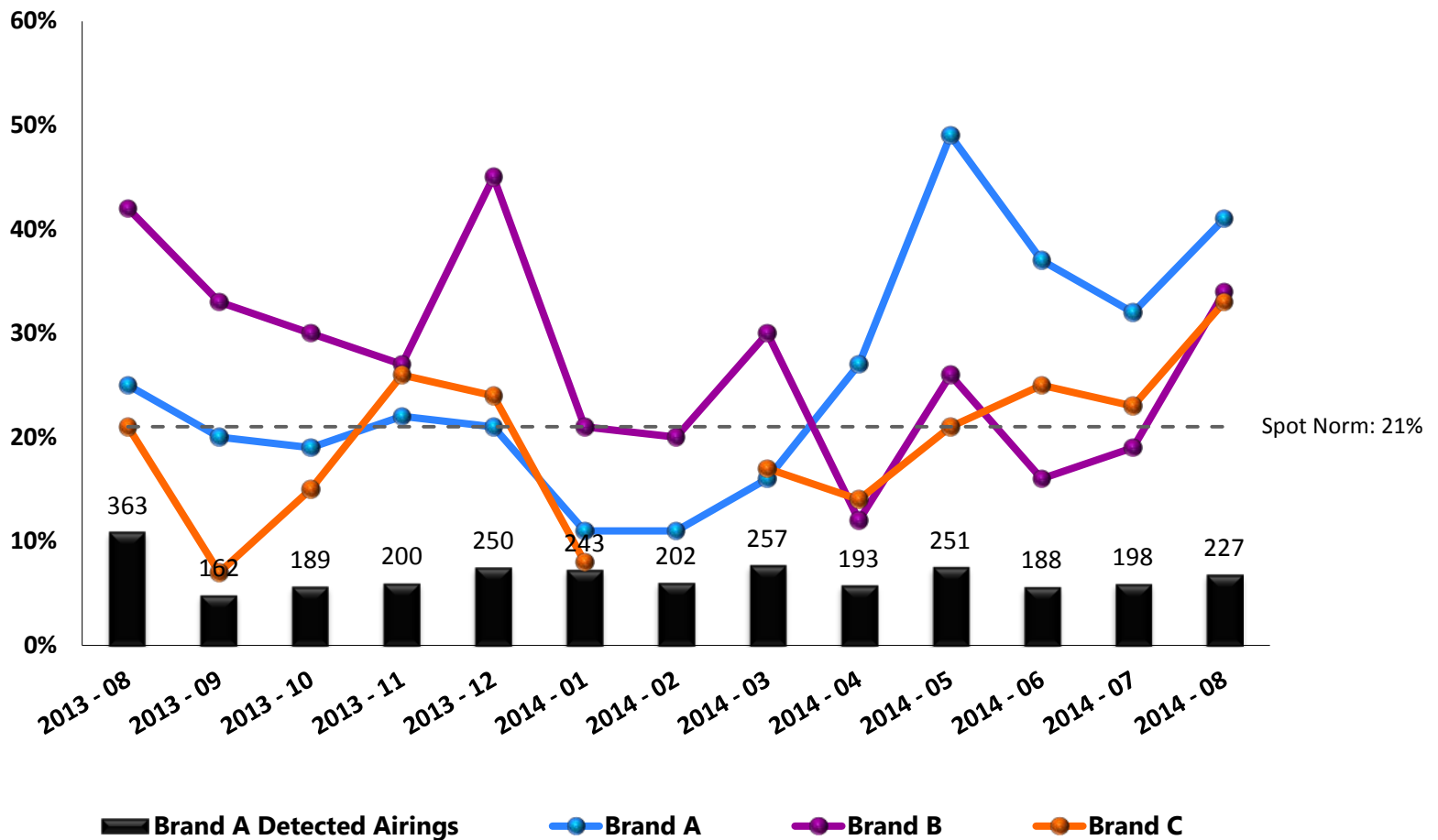
96%

Recalled the Message

Highlighting: **Green** is significantly above the Norm. **Orange** is significantly below the Norm. Comparisons made to the Spot Norm (LA).

Source: Nielsen Automotive Data (GRP weighted): 5.1.14 to 9.2.14, A18+. Limited to Broadcast Networks in the Dallas DMA. PE is highlighted based on being 10 points higher/lower than the Spot Norm (Dallas).

HOW DID BREAKTHROUGH COMPARE TO COMPETITION?



KEY TAKEAWAYS

Know your Market

- Important to understand macroeconomic influences on local attitudes and behaviors

Understand Potential Buyers

- Millennial market share growing
- Price and Location are most important
- Price points and attitudes vary by market

Find your Audience

- Demonstrating which auto buyers you can reach is key
- Growing fragmentation; how to reach across platforms



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QUESTIONS?

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