NEWS

Issue #3

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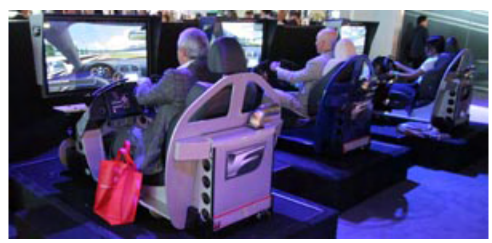
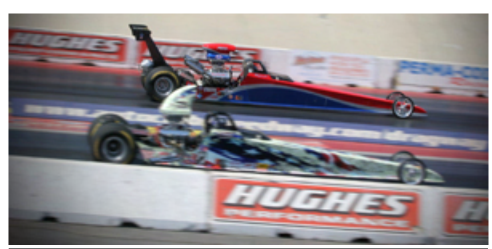


Boomers Rival Youth for Online Activity

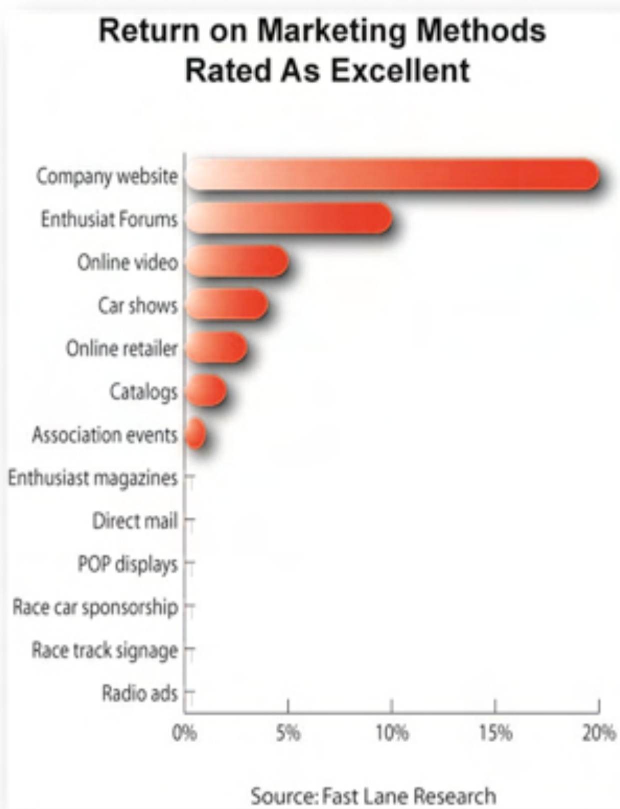


Auto Advertising on the Rise

Jim Spoonhower

Marketing: ROI That Works

When times are tough, it is even more important to get the most out of all business investments. The resources invested in marketing are no exception. The problem is there are many avenues open to companies in the performance parts and accessories industry. As a part of the Fast Lane Research study, we asked manufacturers which forms of marketing gave the best return. Any way you look at the responses, the number one for ROI is the company website; 20% of respondents rated it as having an excellent return, 60% rated it as having either above average or excellent return.



The next highest rating for ROI was enthusiast online forums with half as many excellent ratings. In fact, there were 6 marketing methods that did not receive any excellent ratings: enthusiast magazines, direct mail, point-of-purchase displays, race car sponsorships, race track signage and radio ads. Admittedly, some of these approaches to marketing are difficult to track for direct impact on sales, but the list is very telling. All have long been staples for promoting industry products, and all are typically more expensive in the resources necessary for their implementation.

Two, direct mail and point-of-purchase displays were rated above average in ROI by noticeable percentages of responding manufacturers. In fact, when we combine the excellent and above average return ratings point-of-purchase displays ranks 5th and direct mail ranks 6th overall, even though they both received zeros for excellent ROI.

For a long time there has been a concern in the industry that the Internet would have limited impact on aging enthusiasts, but a recent study seems to indicate that the concern has little or no real foundation.

ROI Rating for Advertising/Promotion of Products

Advertising Method	Total Waste of Money	A Little Return	Average Return	Above Average Return	Excellent Return
Your Own Website	0%	6%	34%	40%	20%
Enthusiast Online Forums	9%	19%	33%	29%	10%
Online Video (i.e., YouTube etc.)	9%	32%	32%	22%	5%
Car Shows	9%	32%	37%	18%	4%
Online Retailer Websites (other than your own)	3%	18%	41%	35%	3%
Catalogs	8%	20%	56%	14%	2%
Associations / Association Events	15%	33%	40%	14%	1%
Automotive Enthusiast Magazines	10%	44%	35%	11%	0%
Direct Mail	13%	20%	43%	24%	0%
Point-of-Purchase Displays	11%	20%	42%	27%	0%
Race Car Sponsorships	39%	42%	12%	7%	0%
Race Track Signage	55%	33%	7%	5%	0%
Radio Ads	53%	28%	19%	0%	0%

Today's Seniors and Boomers Rival Younger Generations in Online Activities

Seniors aged 65 and older (also referred to as "Matures") have made the Internet an integral part of their everyday lives. In a recent study, 77% report that they shop online. In fact, Matures lead all other generational groups in the US when it comes to this online activity. They regularly use email (94%), go to the Internet to look up health and medical information (71%), read news (70%), and manage their finances and banking (59%). Matures also turn to the Internet for gaming, approximately half (47%) of online Matures regularly play free online games.

Baby Boomers (ages 45 – 64) are heavy online users as well, with 93% using email and 71% shopping online. Other regular online activities for Boomers are going to the Internet to read news (73%), gather information (67%) and pay bills (66%). Three out of ten (30%) regularly watch videos online, and 39% regularly go to networking Web sites, forums, message boards and chat rooms.

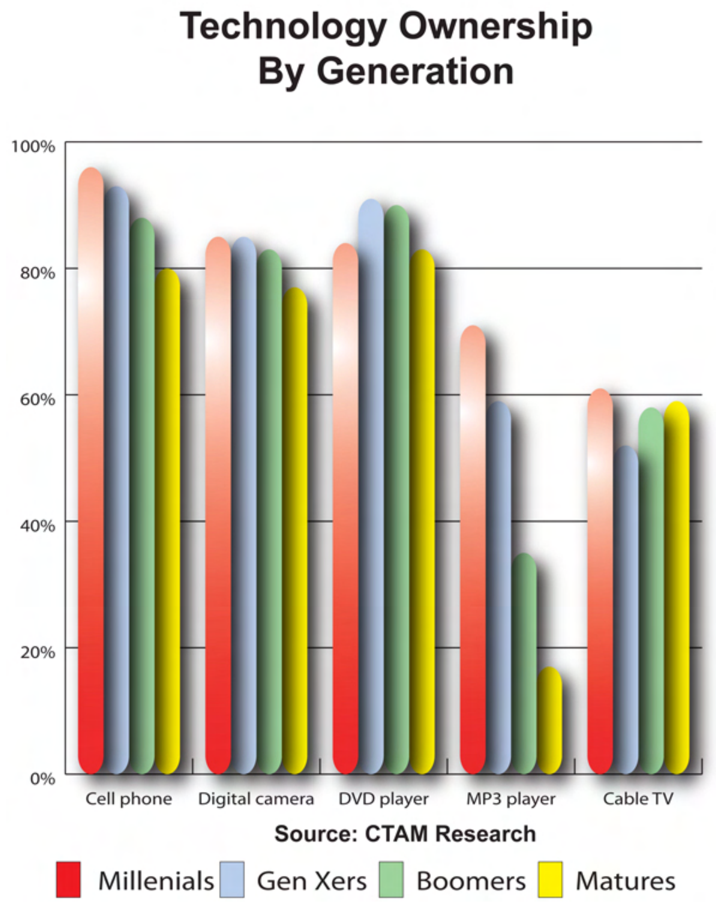
These findings come from the *CTAM Pulse* report that includes data from the *Life Stages & Life Styles: Turning General Differences Into Media Opportunities*, and analyzes four generational groups.

"The technology adoption behaviors of the younger generations is studied frequently and their impact on advertising and marketing is widely known." said CTAM President and CEO Char Beales. "But this study is unique in that it reveals opportunity among the Boomers and Matures, who have significant purchasing power, are active online and more comfortable with technology than often reported."

Boomers are tech-savvy and just as likely as the younger generations to own a digital camera, DVD player and cell phone. While younger generations are more likely to send and receive text messages, 92% of Millennials (18 – 29), and 76% Gen Xers (30 – 44); half of all Boomers (48%) text, and a surprising 18% of Matures engage in this activity.

This CTAM research was partnered with *BoomerEyes*, a division of *C&R Research* and is based on a total of 1,500 online interviews from June 3 through June 14, 2009.

Clearly, the generations that the industry has long depended on are very active with today's technology. These activity levels help explain the ROI that industry manufacturers indicate they are having with the Internet.



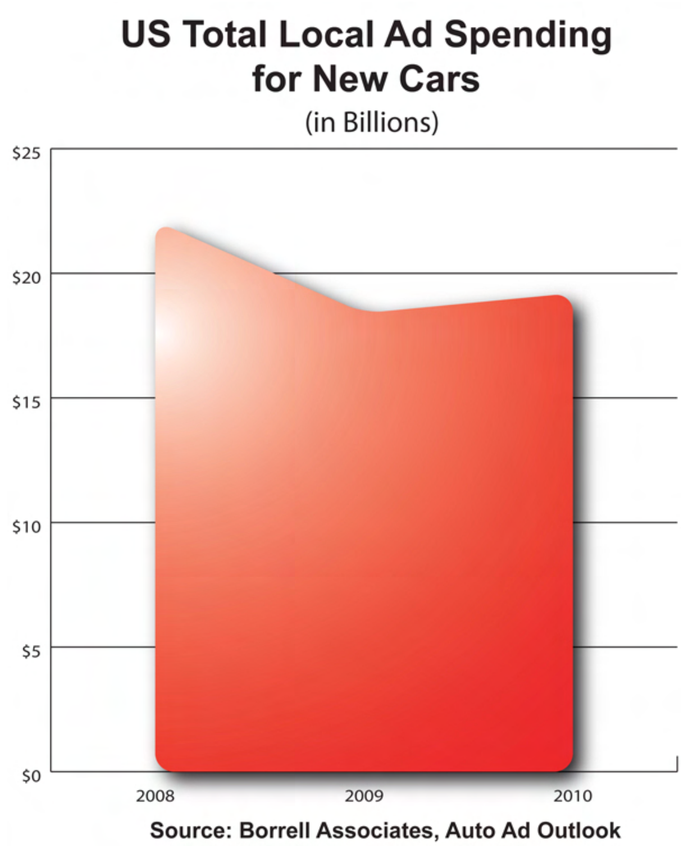
Automobile Ad Spending On the Rise

According to a new report from Borrell Associates, US auto manufacturers will increase their online local ad spending by 14% in 2010, while new- and used-car dealers will increase their ad spend online by 8.6%. The total effect will result in an 11.4% increase in new-vehicle online ad spending next year.

Overall, Borrell Associates predicts that US ad spend for new cars will rise to a total of $19.2 billion from the low of $18.4 billion in 2009, experiencing a 4% growth rate across all media. These numbers represent declines from 2008 spending, following a precipitous drop in automotive ad spend of 31% in the first half of 2009, during which Chrysler and GM declared bankruptcy and the recession forced a significant decline in new auto sales.

According to the report, driven by email, social networking and especially streaming audio and video campaigns, online ad spend, which grew only 5.2% in 2009, will likely surpass all other media for new-vehicle advertising next year.

Borrell says in the report that "Revenue from display banners, pop-ups and classified listings is dropping 20% this year, while spending by auto marketers on email and social networking campaigns is growing by 20%; a cross-over is expected next year, but it is streaming audio and video that will show the most growth this year and is positioning itself for "break-out" growth in 2010."



In assessing the impact on other media, the report shows that newspapers (-28.5%) and broadcast TV (-22.8%) have been hit the hardest this year, though they are expected to experience slight recovery in 2010, growing 3.8% year-over-year in 2010, while broadcast TV will rise 1.9%. Directories, (-8.1%) and other print media (-0.5%) will continue to see negative growth in 2010. Though a relatively small piece of auto advertising, cinema advertising is expected to experience the highest growth rate, 18%, and rise from $65 million this year to $77 million in 2010.

Projected 2009 New Vehicle Ad Spending, by Media Choice

Media Choice	***Dealers***	***Dealer Associations***	***Auto Manufacturers***
Newspapers	$20.43	$4.29	$14.72
Other Print	$4.32	$1.38	$9.18
Directories	$1.05	$1.05	$0.74
Broadcast TV	$7.59	$12.47	$31.26
Cable	$4.71	$6.07	$2.31
Radio	$5.55	$2.54	$0.91
Outdoor	$1.06	$1.39	$1.39
Cinema	$0.82	$46.28	$0.89
Direct Mail	$17.55	$1.99	$1.72
Online	$8.20	$2.74	$41.77
Telemarketing	$1.11	na	$1.60
Source: Borrell Associates, November 2009, Projections in $ Millions			

Citing a study from Northwood University for AutoTrader.com, Borrell notes that the increase in expected Internet spending is the result of the fact that the internet is the leading media driver of walk-in traffic. Media Buyer Planner added that, though most customers interviewed by Northwood University stated it was ads on the web that instigated their foot traffic, dealers themselves attributed 30% of foot traffic to the web, with the rest coming from newspapers, radio and direct mail,

For complete information and access to charts and graphs, please visit Borrell Associates. *www.borrellassociates.com*

ONLINE BUZZ

...what consumers are viewing.

Plug-in Diesel Hybrid Supercar
http://bit.ly/5T9uJA

Top Driving Distractions
http://bit.ly/47MEoc

2011 Ford Mustang V6: 305-hp, 30mpg
http://bit.ly/6BNLEI

Cross a Land Cruiser and a Citroen DS?
http://bit.ly/8wT6HI

Yahoo: Most Popular Cars of 2009
http://bit.ly/73mAr8

Car & Driver: 10 Best Cars of 2009
http://bit.ly/6788aS

Eco Motors: Revolutionary New Two-Stroke Engine?
http://bit.ly/7Pts5y

Mercedes Brings Split-View Screen
http://bit.ly/08QOMOJ

Automotive Digest: News & Features

Virtual Community: "Shelby Nation"

Shelby Nation is a virtual community for like-minded fans to meet and access all of the Shelby organizations in one easy to use spot. It will even share Mr. Shelby's personal thoughts, as well as push those comments out to his Facebook and Twitter accounts.

The concept is a "hub & spoke" format, with Shelby Nation as the hub and participating Shelby companies and affiliates as the spokes. Shelby Nation will foster a sense of community to develop relationships with current and potential Shelby owners and provide information to Shelby friends directly all in one place.

This social networking portal provides the entire Shelby community a hub for social networking needs, but it does not replace the individual Web sites of each organization. Once there, people are redirected to the appropriate Shelby affiliate based upon their needs and interests.

"For example, people interested in a Shelby FE engine will be directed to the Carroll Shelby Engine Company, Shelby enthusiasts will be sent to Team Shelby, those who want information on a current model year Shelby vehicle will go to Shelby Automobiles, etc.," explained John Luft, president of Shelby Licensing. "Each Shelby company will respond to the needs of that individual. Shelby Nation is just an easy, comprehensive place to begin your Shelby journey."

For more information visit CarrollShelbyFoundation.org or the official Foundation store at CarrollShelbyMerchandise.com

Appealing Automotive Entertainment Features

A recent Strategy Analytics survey of vehicle owners in the USA and Western Europe found that drivers increasingly want to be able to use their own devices, such as iPods and MP3 players, via their vehicle's stereo system. However, in-car AM/FM radios and CD players continue to be the most essential entertainment equipment.

"In both the US and UK, consumers prefer an audio-in connector to stream music from their personal players through the in-vehicle stereo," commented Chris Schreiner, Senior Analyst at Strategy Analytics. "Consumers in France and Germany, however, preferred a USB connection."

Kevin Nolan, Vice President of the Strategy Analytics User Experience Practice, added, "In the UK, digital radio also showed positive levels of usage, interest and consumer satisfaction."

Details may be found in the Strategy Analytics Automotive Consumer Insights (ACI) report, "Consumers Want Entertainment Device Connectivity." Additional findings from this research include:

- 83% of consumers listen to their AM/FM radio in their vehicle at least once a week, while 65% listen to their CD player once a week, or more;
- 22% of consumers in the US consider an audio-in connector a necessity when purchasing their next vehicle; and
- 22% of consumers in the UK consider digital radio to be essential.

LED Lighting Film

Grote Industries has introduced the first commercially available versions of its new LightForm flexible LED lighting film technology.

"At less than 1 millimeter thick, LightForm flexible LED lighting film enables users to quickly and easily install LED lighting in tight spaces that were previously inaccessible to vehicle lighting and can even be sewn into fabric, "said John Grote, vice-president of sales and marketing .

The new commercialized LightForm flexible LED lighting film is ultra-thin and ultra-pliable, allowing users to bend lighting around corners, over contoured areas, and into complicated shapes. For more info http://grote.com/lightform/

Hydrogen Fuel Cells One Step Closer To Reality

A hydrogen-powered fuel cell unmanned air vehicle (UAV), has flown 23 hours and 17 minutes, setting an unofficial flight endurance record for a fuel-cell powered flight.

The test flight took place on October 9th through 10th at Aberdeen Proving Ground. The Ion Tiger fuel cell development system team is led by The Naval Research Laboratory's (NRL) and includes Protonex Technology Corporation, the University of Hawaii, and HyperComp Engineering. The program is sponsored by the Office of Naval Research (ONR).

The 550-Watt (0.75 horsepower) fuel cell onboard the Ion Tiger has about 4 times the efficiency of a comparable internal combustion engine and the system provides 7 times the energy in the equivalent weight of batteries. The Ion Tiger weighs approximately 37 pounds and carries a 4 to 5 pound payload.

Hyundai Announces New Engine

Theta II 2.4-liter I-4 engine with Gasoline Direct Injection goes into production - Built in Alabama, - First Application in 2011 Sonata - 10 percent better fuel economy and improved durability - 200 horsepower and 186 lb-ft of torque

Hyundai's Theta I-4 engine family is a proprietary design, engineered in Namyang, Korea and currently in production for applications all over the world at volumes exceeding 2 million annually. The new Theta II 2.4L GDI engine is a derivative of the Theta with major upgrades in technology and architecture. It features a unique block, valvetrain, front end accessory drive (FEAD), intake manifold, pistons, rods, crankshaft, variable induction system and catalyst. The Theta II 2.4L GDI delivers an estimated 200 horsepower @ 6,300 rpm and 186 lb.-ft. of torque @4,250 rpm. The most significant technology in the new engine is direct injection.

And under the piston crown, engineers have added a piston cooling jet which sprays a fine oil mist to the bottom of the piston reducing heat and contributing to the durability.

Nearly 4 Million Hybrid Vehicles to Be Purchased by Fleet Managers

Hybrid electric vehicles represent a growing percentage of total vehicle purchases by corporate and government fleets around the world, as fleet managers strive to reduce both the costs and the carbon footprints of their cars, vans, buses, and trucks. According to a recent report from Pike Research, cumulative sales of hybrid vehicles in the fleet sector will total nearly 4 million worldwide between 2009 and 2015. The cleantech market intelligence firm forecasts that hybrid fleet sales will increase from 300,000 in 2009 to more than 830,000 in 2015.

"The biggest growth categories for fleet hybrids are medium/heavy duty trucks and buses," says managing director Clint Wheelock. "Manufacturers are beginning to turn their attention beyond light duty vehicles to the efficiency opportunities for hybrid drive in heavy trucks. For example, in North America nearly 10% of buses sold in 2015 will be hybrids."

Wheelock adds that North America will be the leading region in terms of hybrid fleet penetration, with hybrids reaching 8% of all fleet sales in the next five years. Early adopters will include government, university, and utility company fleets. Asia Pacific will be the leader in terms of unit volumes by that time, reaching 420,000 fleet hybrids sold per year, though the hybrid penetration will be somewhat lower than North America's.

Pike Research's study, "Hybrid Electric Vehicles for Fleet Markets", analyzes the opportunities and challenges for HEVs and PHEVs in fleet markets around the world, including light cars and trucks as well as the medium/heavy duty truck segments. The study examines global growth drivers and business case considerations for fleet managers, and includes detailed 7-year market forecasts as well as profiles for key industry players. An Executive Summary of the report is available for free download on the firm's website.

Pike Research is a market research and consulting firm that provides in-depth analysis of global clean technology markets. The company's research methodology combines supply-side industry analysis, end-user primary research and demand assessment, and deep examination of technology trends to provide a comprehensive view of the Smart Energy, Clean Transportation, Clean Industry, Corporate Sustainability, and Building Efficiency sectors. For more information, visit **www.pikeresearch.com** or call +1.303.997.7609.

CarMax Reports Top Ten Searched Vehicle Features

CarMax, Inc. (NYSE:KMX) the nation's largest retailer of used cars, has reported the top ten vehicle features searched for on in October. Leather seats top the list as the most desired feature among carmax.com consumers.

CarMax's flexible, user-friendly online search tool was developed based in part on research and honest customer feedback. CarMax showcases each vehicle with multiple photos, the no-haggle price and information on features, options, fuel economy, customer reviews and a free vehicle history report from AutoCheck.

October's Top Ten Vehicle Features Searched

Ranking	Feature
1	Leather Seats
2	Navigation System
3	Sunroof
4	3rd Row Seat
5	DVD Video System
6	Automatic Transmission
7	Tow Hitch
8	Seat Heater(s)
9	4WD
10	Cruise Control

"Car shoppers often know the vehicle options that are most important to them, but with so many choices, sometimes they may not know which features are offered on certain vehicles," said Ann Yauger, director of carmax.com. "The vehicle search on CarMax.com enables consumers to search based on a wide array of criteria including price, mileage, type, popular features and other options without having to first select a make and model."

Obviously data such as this gives the industry a priority list of products that car owners will be shopping for to upgrade their existing vehicle when they cannot afford to buy one with the features they want.

http://bit.ly/6J3OIf

http://bit.ly/6aTOE5

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http://bit.ly/8m10JX

www.fastlaneresearch.com

Zack Krelle