

INDUSTRYNEWS

FASTLANE
research

FLRNews – Issue No. 15

Baby Boomers Making Unexpected Car Buying Choices

Baby boomers make up about a third of the United States' driving population, and purchase almost half of all new cars sold, but automakers are somewhat surprised about the choices they are making today, according to Edmunds.com.



“It was once thought that when baby boomers could put college tuition payments and other parenting expenses behind them, they would reward themselves with expensive luxury cars,” commented Edmunds.com Senior Analyst Michelle Krebs. “But that was before economic catastrophe struck. Now that their kids can’t find jobs and their nest eggs have shrunk, they are re-thinking everything, including their vehicle choices.”

Their vehicle choices fall into one of three sweeping categories: efficiency, lifestyle and indulgence.

Many baby boomers are choosing vehicles that allow them to save money and gasoline while presenting an environmentally conscious image. A smaller vehicle not only means a smaller gas bill but likely also a smaller monthly payment and cheaper insurance—but not much sacrifice in the driving experience, since today’s compact cars are stylish and can be loaded with features.

Baby boomers seeking efficiency are often drawn to Chevrolet Volt, Ford Fiesta, Honda Fit, Mini Cooper, Nissan Leaf, Toyota Prius and Volkswagen Jetta TDI (diesel).

In February 2010, sub-compact model sales were 23.8% more than in 2009 and compact model sales beat last year by 14.5%. Year-to-date sales for the two categories are up 11.0% and 14.4% respectively. On an individual model basis year-to-date, the real winners are the Chevy Cobalt (up 100.3% over last year), Nissan Versa (up 74.4% over last year) and the Volkswagen Beetle (up 89.1% over last year).

Other baby boomers—especially those who often carry the grandkids or have hobbies that require hauling capability—are not ready to give up the functionality of a larger vehicle. Since their SUVs have become politically incorrect, many are buying crossovers—which have the interior space and versatility of an SUV but ride on the architecture of a car instead of a truck and therefore get better fuel economy.

The midsize CUV segment is showing sales that are 35.3% ahead of last year at this time. The models leading the charge in an increase in sheer number of units sold are the Hyundai Santa Fe which is up nearly 5,000 units and the Ford Edge showing more than 4,000 units this year than last.

Of course, some baby boomers are rewarding themselves—but luxury leaders Audi, BMW, Cadillac, Lexus, Lincoln and Mercedes are not the only automakers attracting their attention. Some boomers who are nostalgic for the past want the car they had in their youth – or the car they wanted in their youth. This segment is giving new life to Detroit muscle cars such as Chevy Camaro, Dodge Challenger and Ford Mustang. And performance is being redefined to mean not just raw horsepower but fuel efficiency in a luxury or sport package. We're seeing highly efficient diesel-powered Audis, BMWs and Mercedes, and hybrid versions of the BMW X5 and Mercedes S-Class.

Within the premium lines, the Mercedes E-Class is up 69.6% and the Acura MDX which has increased sales by 37.0%.

“At the recent Geneva motor show, I also saw Porsche and Ferrari hybrids—perhaps the dream cars of many baby boomers,” notes Krebs. “Ultimately, we boomers haven't changed: we still want it all.”

Finally, indulgence comes in all segments and price categories. Just because boomers downsize doesn't mean they are willing to give up the pampering and rewards they have grown accustomed to. They want not only heated but cooled seats, navigation, phone—hands-free and voice-activated—their own music. And automakers are accommodating with features like Ford's Sync.

Source: Edmunds.com, JD Power, Fast Lane Research

Shoppers Likely to Buy Used

More Americans say they will buy a used car when it comes time to replace their current vehicle, according to a recent telephone survey conducted for CarMax, Inc.

Thirty percent of respondents surveyed indicated that buying a used car is what they will do once their current car stops running. A greater percentage of women chose this answer (34 percent) than men who were surveyed (26 percent). One in five (18 percent) respondents said that they purchased a car in the past year despite the recession, while seven percent say that they are ready for a new car, but will buy a used car to be smart.

The following are the results of the recent telephone poll that asked adults: As the weather and the economy both show signs of possible thawing, which of the following statements best describes your attitude toward shopping for your next car?

Responses Offered	Percent
I'll wait until my car doesn't run anymore, then I'll buy used	30%
I bought a car this past year despite the recession	18%
It's still too early, I'm nervous about spending that kind of money	13%
I am ready for a new car but I will buy used to be smart	7%
I'm doing my research online to find the right car to purchase	7%
I'm looking for something with fewer bells and whistles to keep the cost low	2%

The survey was conducted by Ipsos Public Affairs on behalf of [CarMax](#). The national, random sample consisted of more than 1,000 U.S. adults who were interviewed by telephone during February 18 – February 22, 2010.

According to ADESA, in February used vehicle average wholesale prices reached their highest level in eight months and passed the \$10,000 mark for the first time since July 2009. This represents an 8.3% year-over-year gain, and a 3% upswing compared to January.

Looking at individual segments, there were year-over-year increases across the board, with full-size vans (up 33%) leading the way. Full-size SUVs (up 10.8%) and luxury cars (up 10.7%) also showed double-digit gains.

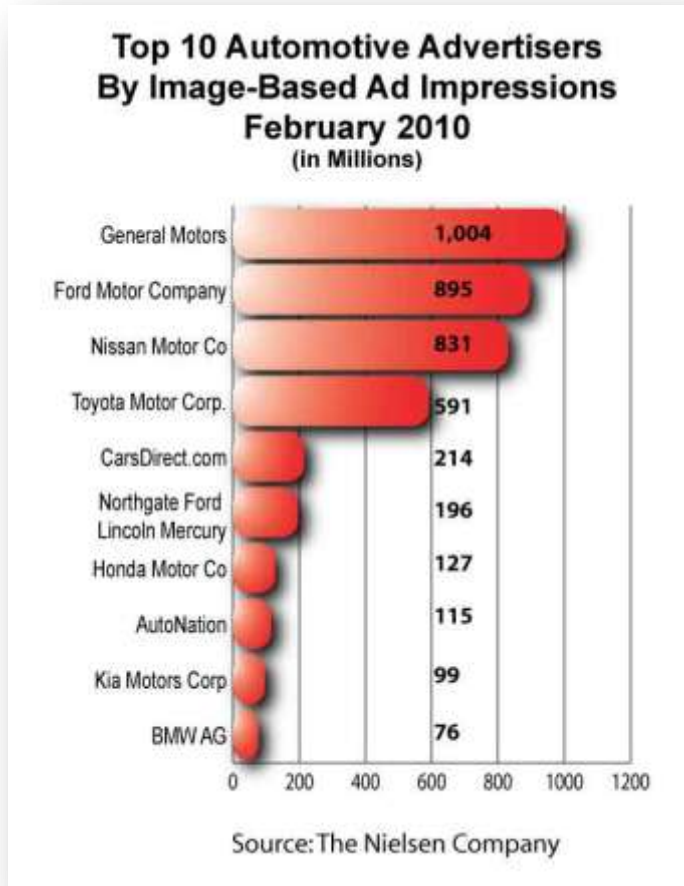
Overall, car segments climbed 6.2% from February 2009, and truck segments grew 11%. On a month-over-month basis, only full-size cars (down 4.8%) saw their values fall. Sporty cars (up 5.6% from January) led the rise, as car segments jumped 3.9% and trucks climbed 2.3%.

Source: CarMax, Inc., ADESA

Top Online Automotive Advertisers

When it comes to online advertising impressions General Motors is out in front of the rest of the OEMs, and in some cases way out in front. For the month of February 2010 GM had 1.004 billion ad impressions. With GM at the top, Kia was at the bottom with 99 million ad impressions. But notice that Chrysler isn't even on the list at all, meaning that their number of online ad impressions was less than 76 million.

What really grabs the attention though is the fact that CarsDirect.com came in at fifth place ahead of a number of car companies. In fact there are three automotive retailers in the top 10, CarsDirect, Northgate Ford Lincoln Mercury and AutoNation.



February marks a huge jump in online ad impressions for automotive related companies. In January of this year, GM had 471 million, less than half what they had in February. Ford had a third as many in January, and Nissan had about half the number of ad impressions.

It is not surprising that Toyota's number of ad impressions isn't greatly changed in February from January. There were two OEMs that dropped off the list in February, Volkswagen and Fuji Heavy.

Of the retailers on February's top 10 list, only CarsDirect and AutoNation were there in January.

Online Ad Impressions In Millions

Company	February 2010	January 2010
General Motors	1004	471
Ford Motor Company	895	256
Nissan Motor Co	831	435
Toyota Motor Corp	591	411
Park Auto Mall	n/a	293
CarsDirect.com	214	269
Northgate Ford Lincoln Mercury	196	n/a
Honda Motor Co	127	76
AutoNation	115	218
Kia Motors	99	n/a
Volkswagen	n/a	66

Note: The Nielsen AdRelevance service uses a proprietary methodology for estimating online advertising expenditures and only takes into account image-based technologies and advertising sold per CPM. Above data does not reflect house advertising activity, strategic partnerships between publishers and advertisers, or text units, compound image/text ads, paid search, sponsorships, email, units contained within applications (e.g., messengers and pre-rolls) or performance based advertising.

Double Digit Growth For Composite CNG Tank Market

The CNG tank market has witnessed double digit growths during the last decade and is expected to grow at a similar rate for the next five years (2010-15). According to Lucintel, the global composite CNG tank market for the automotive industry is forecast to reach \$368.8 million by 2015.

Lucintel, a management consulting and market research firm, has analyzed the global automotive CNG tank market and has now published a comprehensive research report entitled "Growth Opportunities in Global Automotive Composite CNG Tank Market 2010-2015: Trends, Forecast and Market Analysis."

Lucintel's study finds that growth in composite materials consumption in the CNG tank industry is primarily driven by the increase in the number of natural gas vehicles produced together with increasing acceptance of composite CNG tanks. While more expensive than its traditional counterparts, the use of composites in CNG tanks is growing in applications where weight savings, fuel economy and other performance benefits are critical. Composite CNG cylinders have also been proven to be cost effective, environmentally friendly and safe solutions for in-city & intercity mass transportation systems across the globe.

The European & Asian-Pacific markets are likely to lead the way for accelerated consumption of CNG tanks - witnessing highest growth in the next 5 years primarily driven by environmental concerns. Composite CNG tank manufacturers are, as a result, heavily focusing and investing in these markets to take advantage of changing geographic demand patterns and their subsequent opportunities. Moreover, interest among Asian suppliers to cater to increasing demand in domestic and export markets is expected to increase competitiveness in the market.

Obviously, the accelerated adoption of alternative fueled vehicles will have a direct impact on the performance parts and accessories industry. The continued shift to fuels other than gasoline and diesel will hasten the tipping point in the automotive industry.

To find out more, please visit www.lucintel.com.

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Sources: Ford Plans Power Increase for Power Stroke V-8 Diesel

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