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FASTLANE research

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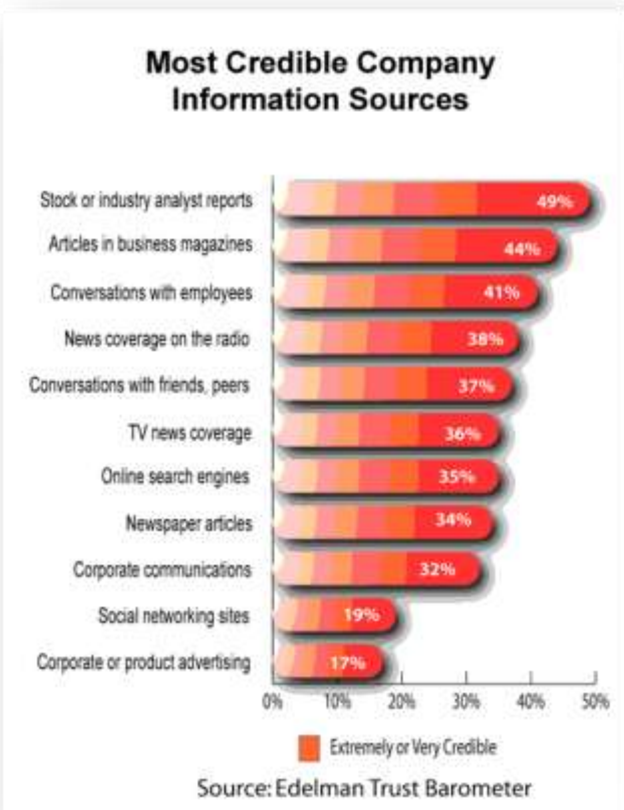
How Much Do Consumers Trust?

In the 10th annual Edelman Trust Barometer there are some interesting insights. When asked how credible various sources of information about a company are, the one rated lowest was corporate or product advertising. Not really that surprising, but the second lowest rated source was social networking sites.



Globally, trust in business is up modestly but the rebound is fueled by a spike in a handful of Western countries, especially the United States where it jumped 18 points to 54%. Trust in banks declined dramatically in most Western countries, plummeting 39 points (68 to 29%) in the U.S. and 20 points (41 to 21%) in the U.K. from 2007-2010.

For the first time, this year's survey shows that trust and transparency are as important to corporate reputation as the quality of products and services. In the U.S. and in much of Western Europe, those two attributes rank higher than product quality—and far outrank financial returns, which sits at or near the bottom of 10 criteria in all regions.

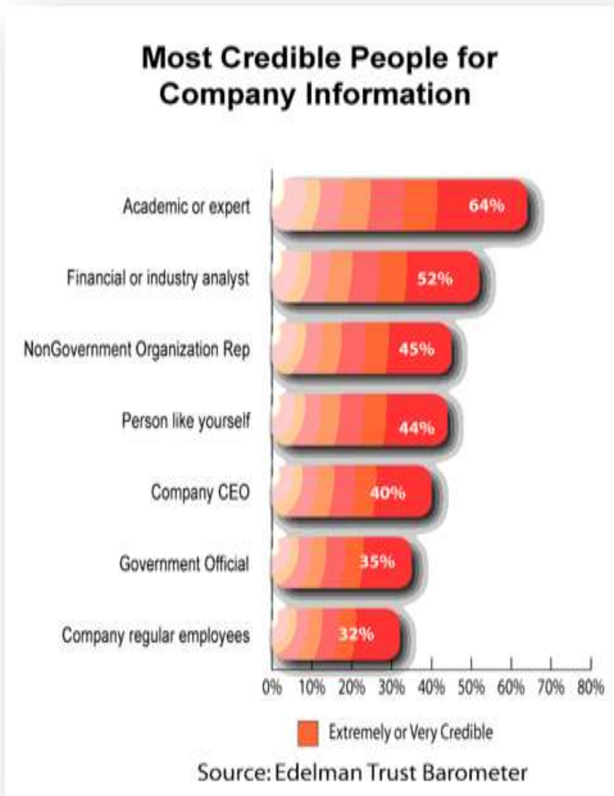
Reports from industry analysts and articles in business magazines remain the most credible sources of information about a company, at 49% and 44%, respectively. However, the credibility of mainstream media, including television, newspapers, and radio, is waning. In the U.S., the credibility of television news dropped 20-plus points in the past two years.

“Character is like a tree and reputation like a shadow.
The shadow is what we think of it; the tree is the real thing."
--Abraham Lincoln

“Companies need to speak and listen to a different and often wider range of stakeholders than in the past, and if necessary, be ready to change course based on what they hear. More than ever, engagement needs to be tied to action and not just set to broadcast,” said David Brain, president and CEO Edelman Europe, Middle East and Africa. “This means cultivating a wide circle of spokespeople with substantial expertise, participating in conversation in real time, and being open to partner with NGOs for the common good.”

For the third straight year, nongovernment organizations (NGOs) are the most trusted institution in eight countries, including the U.S., U.K., Germany, and France.

Academics/experts or industry analysts are the most credible voices for information about a company. But the credibility of CEOs showed notable recovery in many markets, jumping by nine points in the U.S. (to 26%). Despite this climb, CEOs still rank in the bottom two in the list of trusted spokespeople in the U.S. and Germany. “A person like me,” dropped from 47% to 44%.



Technology remains the single most trusted industry sector, with 79% saying they trust this sector to do what is right. Banks, however, are third from the bottom, barely above media companies and insurance.

“Technology continues to widen its lead over all other industries,” said Neal Flieger, chair, StrategyOne. “This is an industry that is viewed as focused on the future, with competitively priced products that improve the quality of people’s lives. Banks are overwhelmingly perceived as being guilty of the reverse, with issues on fees, compensation, and credit availability.”

About the Edelman Trust Barometer

The 2010 Edelman Trust Barometer is the firm’s 10th annual trust and credibility survey. The survey was produced by research firm StrategyOne and consisted of 25-minute telephone interviews using the fielding services of World One from September 29 – December 6, 2009. The 2010 Edelman Trust Barometer survey sampled 4,875 informed publics in two age groups (25-34 and 35-64) in 22 countries. All informed publics met the following criteria: college-educated; household income in the top quartile for their age in their country; read or watch business/news media at least several times a week; follow public policy issues in the news at least several times a week. For more information, visit [http://www.edelman.com/trust or call 212.704.4530](http://www.edelman.com/trust).

Source: Edelman

Diesels From Chrysler = Cummins

On Feb 03, 2010 Cummins Inc. announced a multiyear extension of its current agreement with Chrysler Group LLC. Cummins will supply 6.7-liter Turbo Diesel engines for Ram Heavy Duty pickups and Chassis Cab trucks while continuing to grow its partnership with Chrysler, which began 21 years ago.

Cummins has produced more than 1.7 million Cummins Turbo Diesel engines for Dodge Ram Heavy Duty trucks since 1989. Today, more than 80% of Ram Heavy Duty truck customers purchase their truck with the turbo diesel.

The first Cummins Turbo Diesel was used in the 1989 Dodge Ram, with projected sales of less than 5,000 engines. Actual sales exceeded 20,000 engines in the first year, signaling to the market that a powerful new combination had been created.

The first Cummins Turbo Diesel was a 5.9 liter at 160 hp (119 kW) and 400 lb-ft (542 N•m) of torque. Today's 6.7-liter Turbo Diesel delivers 350 hp (261 kW) and 650 lb-ft (881 N•m) of torque. This 118 percent increase in horsepower and 86 percent increase in torque have been achieved while also reducing exhaust emissions by 90%. In 2007, Dodge and Cummins produced the cleanest heavy-duty diesel pickup in the market by meeting U.S. Environmental Protection Agency (EPA) 2010 emissions levels a full three years ahead of the deadline.

"Cummins and Chrysler have a long and important history together," said Dave Crompton, VP and General Manager, Midrange Engine Business. "The Chrysler business continues to be a key part of our MidRange engine business. Cummins is proud to supply engines for the award-winning Ram Heavy Duty and to continue working with Chrysler to develop best-in-class products that customers can trust and depend on now and in the future."

JD Power says that, while we are at three percent diesel penetration in the US now, we will be at nine percent around 2015. If true, the diesel market in the US is about to take off. The last few years have seen dozens of diesel models introduced by the OEMs to the US market and even more promised. Forecasters are projecting a growth rate comparable to that in Europe.

In Europe the diesel has already established itself. As of the end of 2008 nearly 51% of all vehicles registered in Europe were powered by diesel engines. The diesel growth trend in Europe has been significant, going from just over 31% of all registered vehicles in 2000 to a high of nearly 52% in 2007.

Even though some US consumers had bad experiences in the 1980s with diesels, and other drivers have suffered behind smoke and fume belching trucks and busses, today's diesel owners are telling a much different story. For some, it is hard to tell if the engine is really a diesel. Which leads us to think that hot rods and muscle cars could increasingly be powered by diesels.

Source: Cummins Inc. and Fast Lane Research

Predictive Sales Demand Indicator

Autometrics' Pulse(TM), the predictive demand indicator for new vehicle sales, has forecasted that Toyota demand declined 28% in the US since Toyota announced sales suspension and a recall of many of its models. Autometrics reports that practically all Toyota models have seen demand decline, not just the 8 models subject to accelerator pedal issue.

"The initial beneficiary of the decline in demand for Toyota vehicles are the General Motors brands following the launch of GM's $1,000 incentive to Toyota owners to terminate their lease," said Stephen Shaw, Autometrics CEO. "GM's boost has come off its initial peak since it first targeted Toyota owners on January 27 but is still quite dramatic."

As of February 3, GM brands had increased their demand share as follows: Chevrolet (+9%), Buick (+17%), Cadillac (+10%) and GMC (+19%). In recent days, Ford Motor Company has become a new beneficiary, with an increase in demand of 10%. Other brands showed little or no change after the data was seasonally adjusted.

Toyota's luxury brand Lexus, which was not involved in the sales suspension but is recalling some models due to a separate floor mat issue, appears to have been more insulated from Toyota's decline. Lexus demand was down 8% as of February 3, while Scion was off 6%.

Only the Toyota 4-Runner SUV showed an increase in demand. Toyota models declined as follows:

1.	RAV-4	-53%
2.	Avalon	-45%
3.	Corolla	-44%
4.	Camry	-42%
5.	Tundra	-39%
6.	Highlander	-34%
7.	Sequoia	-34%
8.	Matrix	-33%

9.	Sienna	-26%
10.	Yaris	-21%
11.	Venza	-21%
12.	Tacoma	-12%
13.	Land Cruiser	-9%
14.	Prius	-8%
15.	FJ Cruiser	-2%
16.	4Runner	+18%

How Autometrics' Pulse (TM) is Calculated

- Pulse (TM) is driven by more than 100 data sources including major automotive sites, the car buying sections of major portals, automotive enthusiast sites etc.
- Pulse (TM) is updated nightly, with yesterday's results released "real time" the next day.
- Pulse (TM) is the largest demand data set available anywhere with over 300,000 data points tracked daily.
- Pulse (TM) captures demand for all makes and models down to the zip code level.
- Pulse (TM) has been proven by automotive manufacturers and academics to be highly predictive of new vehicles sales even at the local level.

Pulse data is updated on a regular basis at www.autometrics.com

Source: Autometrics

Mobile Coupons – Have You Tried Them?

Mobile couponing is still an early stage technology, yet the recent “Mobile Couponing Survey” commissioned by Honeywell and conducted by Harris Interactive found nearly half (46%) of adults who own a mobile phone are at least somewhat likely to try receiving and redeeming bar-coded coupons via their mobile phones. Young adults (ages 18-34) make up the largest demographic interested in mobile couponing, with 66% at least somewhat likely to try the technology, suggesting mobile couponing is an emerging technology for the retail space, especially in young adults.

Advancements in bar code scanning technology, such as the emergence of area-imaging scanners that can read bar codes off of mobile phone displays, are now making it possible for consumers to receive and redeem coupons on their mobile phones via email or SMS text message. Retailers scan the coupon directly from the digital display of the consumer’s mobile device at the point-of-sale, which eliminates the need to carry paper print outs and ultimately increases customer satisfaction. These advancements provide retailers with new opportunities to engage with their customer base in real-time, while saving costs and waste associated with paper coupons.

“With consumer interest growing rapidly and mobile couponing becoming easy to implement, retailers will be wise to invest in mobile couponing early on,” said Dan Slavin, co-founder of CodeBroker, a leading provider of mobile digital loyalty solutions. “We are already seeing extremely positive results from our retail customers who have implemented mobile couponing and look forward to working with Honeywell to help additional retailers leverage these cutting-edge technologies to differentiate themselves from the competition.”

Obviously, usage of this technology is still in the early stages. Just 4% of Internet users surveyed said they had redeemed mobile coupons, compared with 86% who had clipped paper coupons and 65% who had used electronic coupons from the Internet or e-mail.

That said, almost one-third (31%) of adults who own a mobile phone would be willing to share their phone number with retailers in order to receive mobile coupons, suggesting there is a real interest in the technology. Further, young adults (ages 18-34) are the most willing, with 50% stating they would share their number.

Additional findings of the survey include:

- Mobile phones offer new way to reach consumers. Ninety percent of adults own a mobile phone, providing retailers with an additional outlet to connect with consumers.
- Couponing still strong. Eighty-six percent of adults have redeemed traditional paper coupons from a newspaper or magazine and sixty-five percent have redeemed electronic coupons from the Internet or through email, indicating that couponing is still used by many consumers as a way to save money.
- Consumers in all income brackets use coupons. Ninety percent of all adults (with incomes ranging from less than $35K to $75K+) have redeemed some type of coupon. Interestingly, the highest number of coupon users earn $50K and above, a key finding for retailers targeting consumers in higher income brackets.
- Web sites important for mobile couponing. Fifty-seven percent of mobile phone owners willing to share their number with retailers to receive coupons would prefer to regularly log onto a mobile coupon web site in order to choose which coupons are sent to their mobile phone, a key takeaway for retailers looking to implement mobile couponing strategies.

Survey Methodology
Harris Interactive® fielded the Mobile Couponing study within the United States on behalf of Honeywell from December 15–17, 2009 via its QuickQuerySM online omnibus service, interviewing a nationwide sample of 2,257 U.S. adults aged 18 years and older. This online survey is not based on a probability sample and therefore no estimate of theoretical sampling error can be calculated.

Source: Honeywell

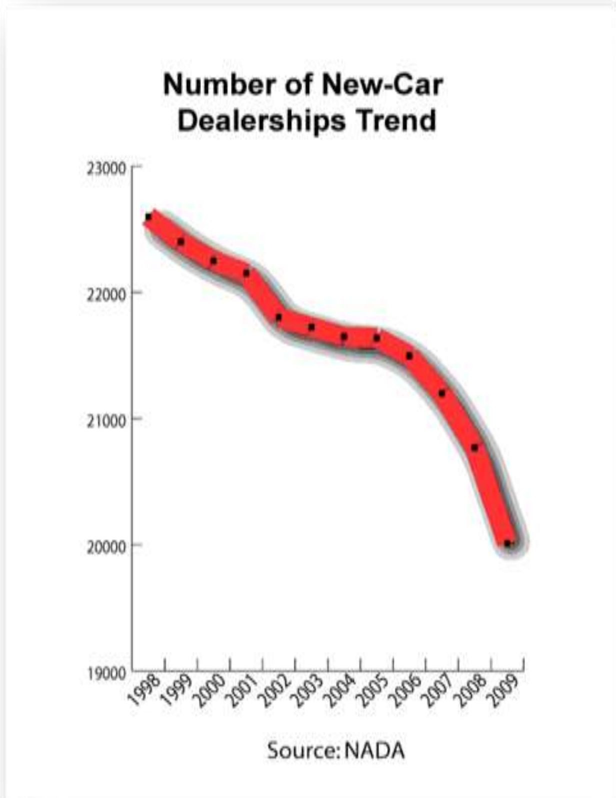
US Loses Record Number of New-Car Dealerships

Whether you see new-car dealers as competitors or as customers you have to realize there are a lot fewer of them today than there where a year ago.

Urban Science confirmed that 2009 holds the record for automotive dealerships closed in the United States in one year. The company's Franchise Activity Report shows that the new-vehicle dealership count for 2009 fell by 1,605, or 8%, to 18,841. Normal attrition has been around 1%.

The decline was double the record set in 2008 of 881 dealers, the largest since 1991 when data was first collected by Urban Science.

The National Automobile Dealers Association (NADA) paints a similar picture. According to their data, there were a total of 20,010 new-car dealers in the US as of January 1, 2009, down 760 from 2008. According to NADA there are only 4 states with more than 1,000 new-car dealerships: California 1,492, Texas 1,312, Pennsylvania 1,097, New York 1,058.



NADA has not provided data for 2009 as yet, but was forecasting a decline twice that of the decrease in 2008.

The numbers were mostly a result of automakers reducing dealer count, with GM and Chrysler accounting for approximately 90% of the decrease.

"While automaker bankruptcies and bad economic times drove the closures, all dealers have to deal with a market that has dropped from several years of 17 million units in sales to somewhere around 11 million," said John Frith, vice president of retail channel solutions, Urban Science. "Automakers and dealers have to reach a greater territory with fewer resources. It's more critical than ever to work together for mutual, profitable growth. With change comes an opportunity to build a stronger network of optimal size and makeup."

Frith warns, however, that consolidation alone will not increase throughput at surviving stores. Closing a dealership in a market does not mean a customer will stay with a brand or travel to the next closest location. There is a mixture of factors to consider for consolidation to be successful, including convenience, competition, brand strength and market demand.

Dealers unaffected by consolidation faced challenges caused by the recession and credit crisis. As long as dealers maintained required financing, they survived by cutting expenses and concentrating on used vehicles and parts and service -- traditionally the most profitable areas of a dealership. With consumers holding onto their vehicles longer, dealerships were able to gain profits from an increase in non-warranty service work.

Urban Science's Franchise Activity Report, a subset of its monthly Automotive Dealer Census, analyzes dealership data on national, state and market levels. Other findings include:

- Cities with the largest percentage net decline include Charleston, S.C. (16.3%), Stockton, Calif. (16.2%), Albany, N.Y. (15.5%), Poughkeepsie, N.Y. (15.2%), and Greensboro, N.C. (14%).
- States with the highest percentage declines are Alaska, Mississippi, South Carolina, Arkansas and Missouri.

Historically, new-car dealers have accounted for around 10% of the annual sales of performance parts and accessories. Now the question is, will that percentage drop because there are fewer dealers, or will the remaining ones pick up the slack? Were the dealers that closed among the ones that never did much with our industry's products?

It is an interesting phenomenon that some car dealers "get it" and do very well selling performance parts and accessories, while a large number of them sit on the sidelines.

Source: Urban Science, NADA and Fast Lane Research

Weekly Top Stories - Feb 12th

Man Builds Mustang Out of Lamborghini

http://jalopnik.com/5466697/man-builds-mustang-out-of-lamborghini-world-goes-huh

Porsche to Unveil 911 GT3 R Hybrid at Geneva

http://www.autoblog.com/2010/02/10/geneva-preview-porsche-911-gt3-r-hybrid/

Ford Builds Electric Transit Connect, Production Due to Start This Year

http://gm-volt.com/2010/02/09/ford-unveils-transit-connect-electric-cargo-van-will-enter-production-this-year/

US Team Enters Formula 1, First in 30 Years

http://www.popularmechanics.com/automotive/motorsports/4344796.html

Top Searched New Two-Seaters

http://www.prnewswire.com/news-releases/autotradercom-showcases-most-popular-two-seater-cars-84162592.html