

Morpace Omnibus Report

September 2010

Consumers measure the role of dealerships in a vehicle purchase decision

Overview

Automotive dealerships have undergone significant changes in the past two years, a time when thousands of dealerships across the country have closed or merged. The economic pressures on consumers give credence to the theory that the last two years, buyers have been more selective as to where they purchase vehicles, and more particular where they did their research on vehicle buying.

The goal of this Morpace Omnibus is to provide a baseline as to how consumers view the dealership in the purchase process. This information will be tracked over the next several months to measure if consumer perceptions and trends change over time. This first survey reveals some interesting consumer trends that will help dealership groups more accurately target their marketing and sales strategies.

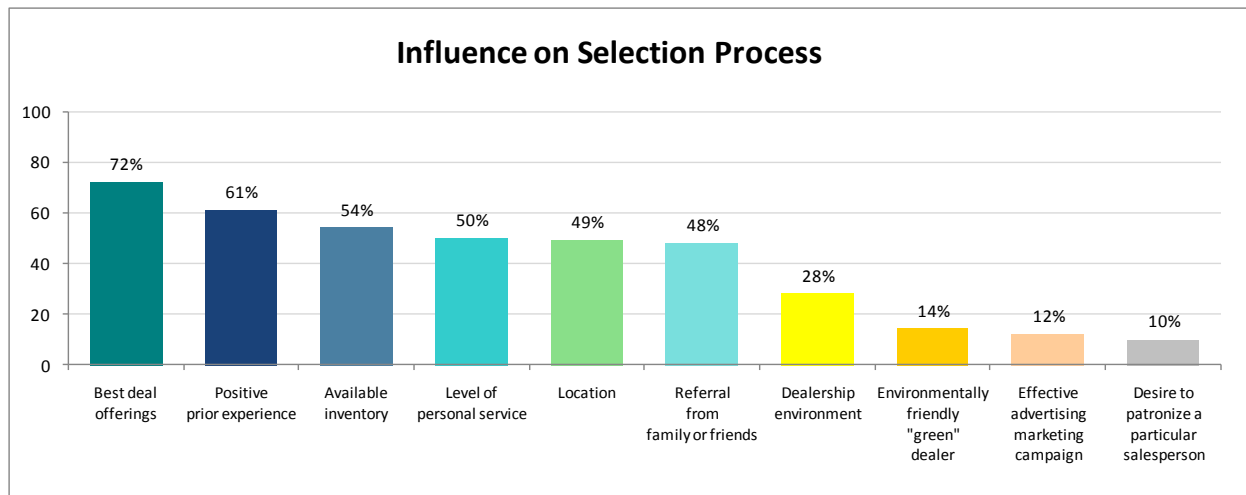
Consumers make vehicle purchase decisions based on a variety of factors. This study looks at the impact of a dealership on that purchase decision.

A total of 1,000 consumers were surveyed September 17-21 as part of the Morpace Omnibus. The results were reported with plus or minus 3 percent at a 95 percent confidence level.

Results

Influence on Selection Process

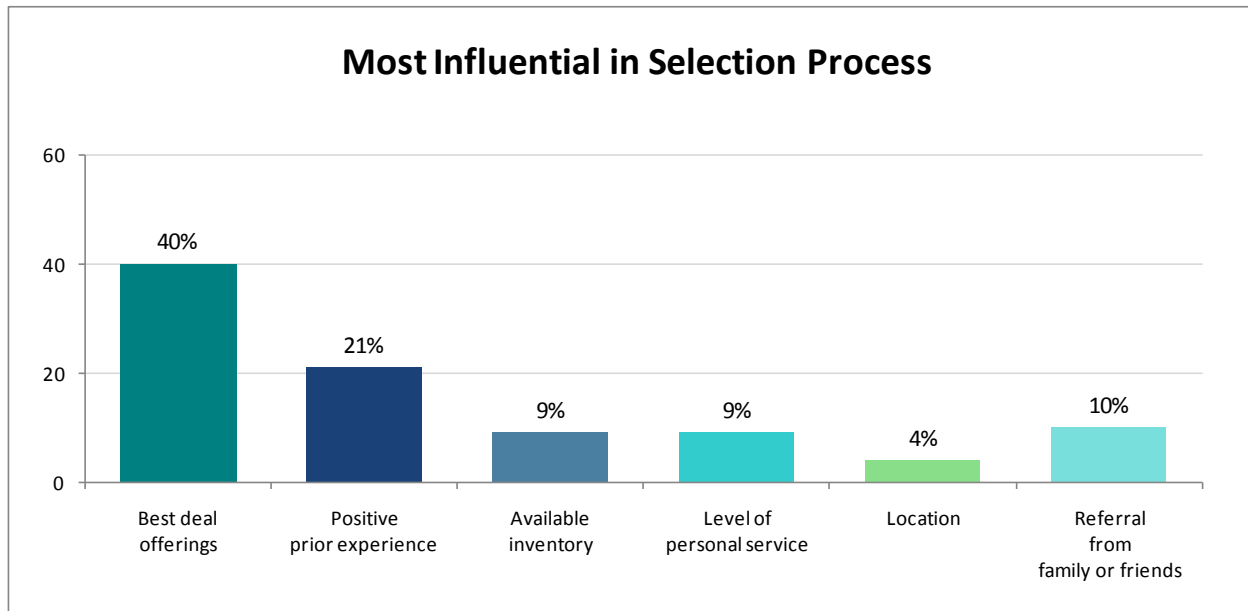
The attributes that have the most significant impact on influencing a consumer's selection process



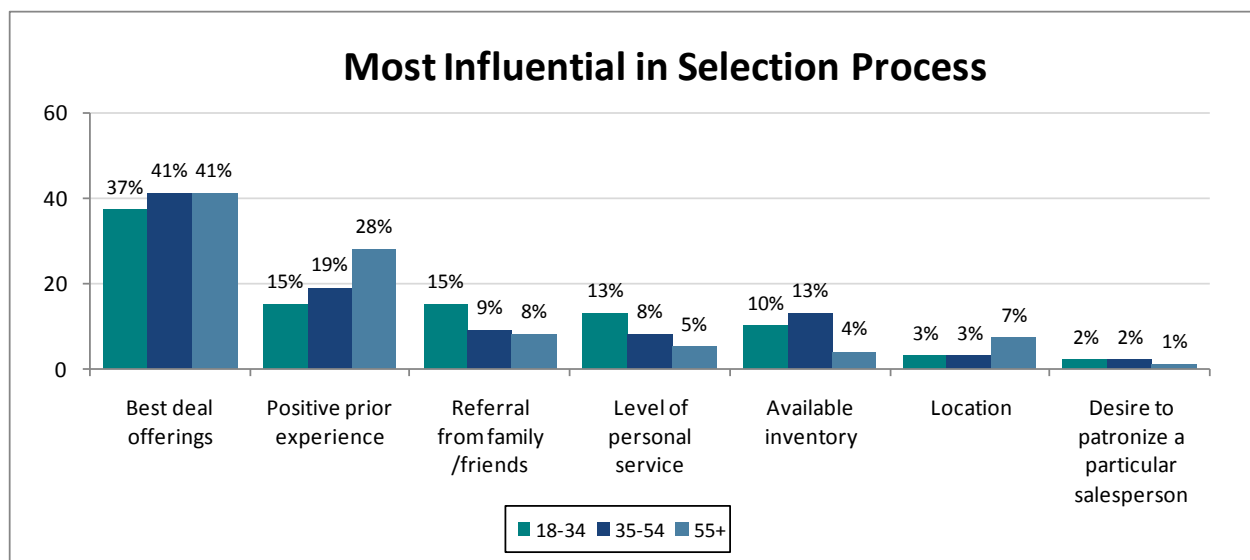
include Best Deal Offerings (72 percent), Positive Prior Experience (61 percent) and Available

Inventory (54 percent). Location (49 percent) was fifth on the list. A Desire to Patronize a Particular Salesperson (10 percent) was less significant and at the bottom.

Of all attributes listed, Best Deal Offerings was named by consumers as the most influential factor in the dealership selection process, with a 40 percent response rate. Positive Prior Experience (21 percent) was second and Referrals from Friends/Family (10 percent) and Available Inventory (9 percent) followed. Location was important to only 4.4 percent of the consumers.

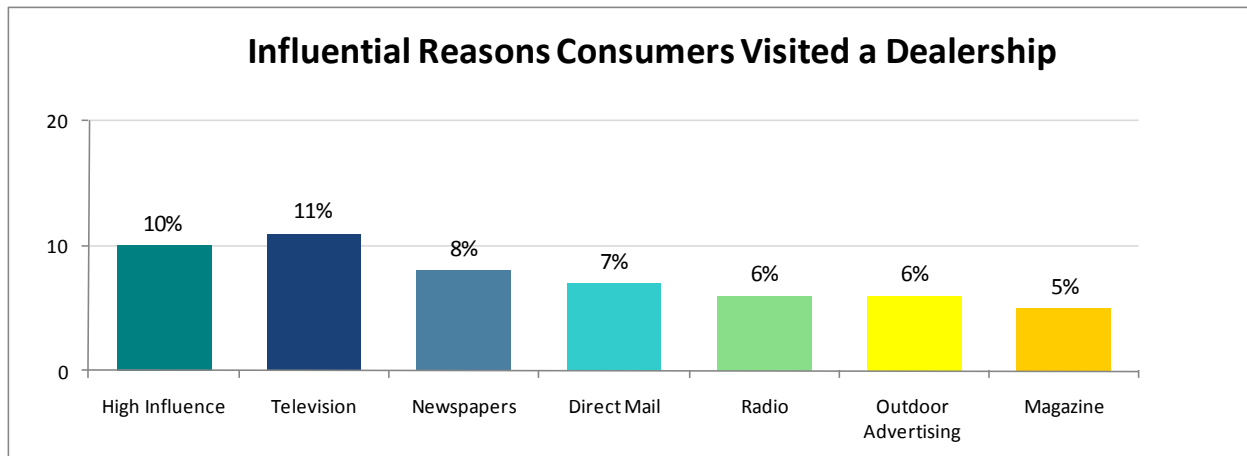


Available Inventory was 3 percent higher among 35-54 year-olds. Level of Personal Service was important among 9 percent of all demographics, but a much higher percentage of 18-34 year-olds (13 percent) when compared to those consumers 55 and older (5 percent).



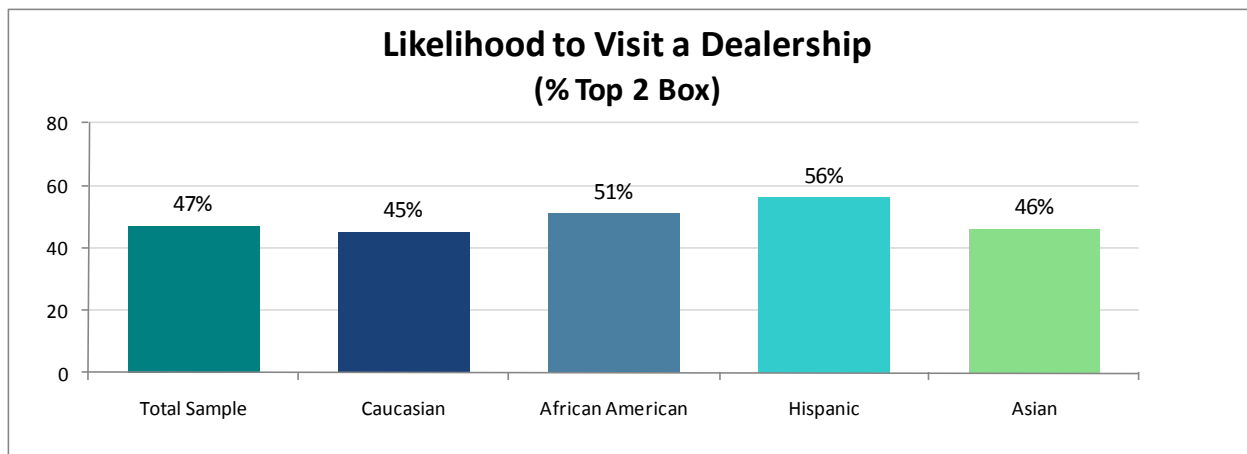
Influence on Visiting Dealerships

None of the media outlets mentioned in the survey received high marks among influential reasons consumers visit a dealership. On a scale of 1-10 with 10 representing “high influence,” 11 percent of consumers rated television a 9 or 10. Meanwhile newspapers (8 percent), direct mail (7 percent), radio (6 percent), outdoor advertising (6 percent) and magazines (5 percent) are rated much lower.



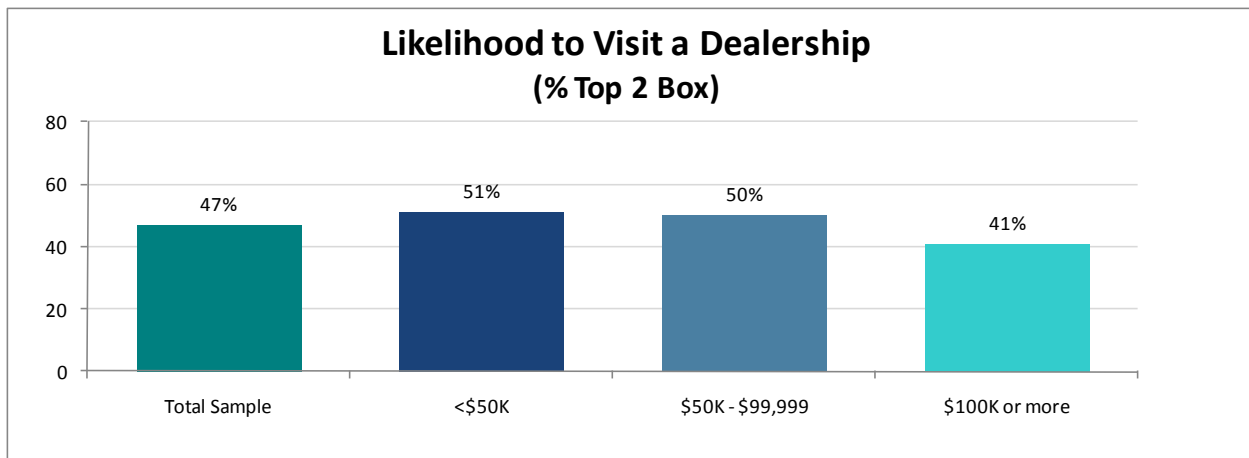
Likelihood of Visiting a Dealership

Not surprising “Recommendations of Family and Friends” was rated a “9” or “10” by 47 percent of consumers as an influential reason for “likelihood of visiting a dealership.” The numbers are even higher among minority demographics, including 51 percent of African Americans and 56 percent of Hispanics.



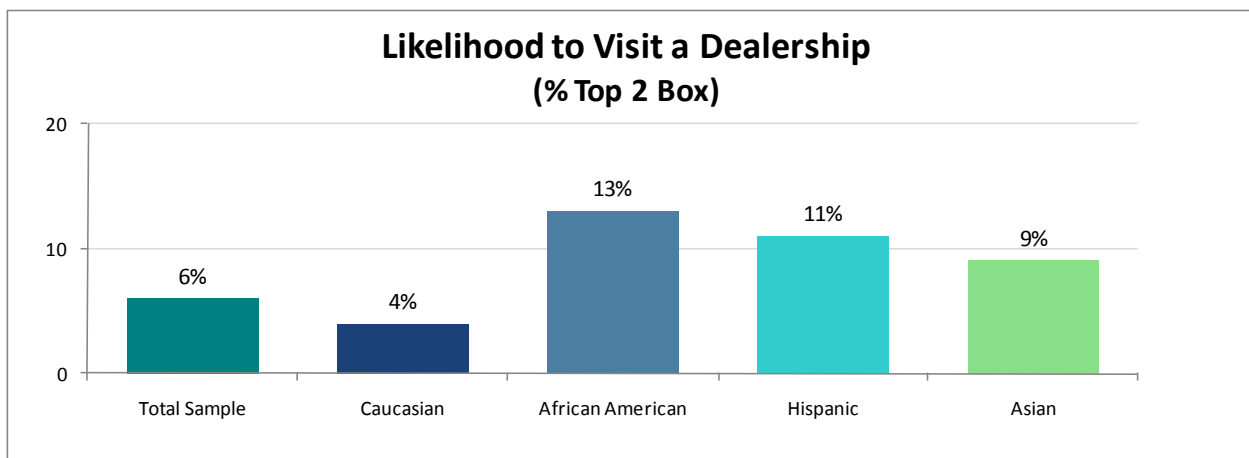
Income as Motivator

Consumers with high incomes of \$100,000 or more rated “Recommendations of Family and Friends” as highly influential 41 percent of the time, compared to a response rate of 51 percent for consumers earning less than \$50,000 per year.



Outdoor Advertising Among Demographics

Outdoor advertising was rated lower among Caucasians as an influential reason to visit a dealership, with 13 percent of African Americans and 11 percent of Asians rating it “9” or “10.” Only 4 percent of Caucasians rated it the same.

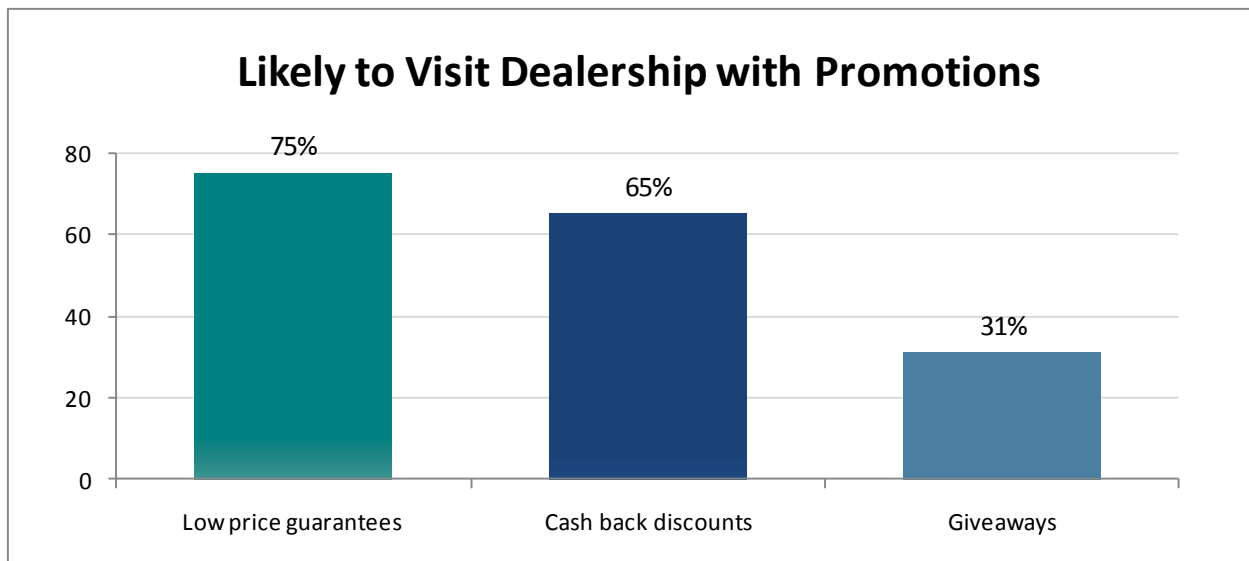


Email notices sent from a dealer were a much lower influential reason for consumers to visit a dealership than marketing messages on a dealer website.

Promotional Motivators

Cash back discounts were considered a high motivator among 65 percent of all consumers, with 72 percent being female consumers. Minority demographics rated cash back discounts higher as well.

Preferences for low-price guarantees were even higher compared to cash back discounts, with 75 percent of consumers rating it high as an influential factor. In fact the response among consumers was at least 70 percent across all demographics, including gender, race, age and income levels.



Consumers rated promotional messages relating to added products or services favorably, but at a lower rate than cash back discounts and low price guarantees. Meanwhile there is a significant amount of uncertainty among consumers about “giveaways,” defined as an added product, promotional item of vehicle key as part of a direct mailer. The consumers preference is to receive a significant discount.

Dealership Brand Name as a Motivator

Lastly the brand name of a dealership only seems to be important for personal or referral experiences. The name itself is only “extremely” important for 10 percent of consumers and is “not at all” important among 54 percent of consumers. However the perception of an individual consumer likely could change significantly on an individual basis as a result of a personal experience.

