

August 2014

NADA Used Car Guide

PERSPECTIVE

2014 New Car Shopper
Preference Survey

NADA Used Car Guide | nada.com/b2b



TABLE OF CONTENTS

Introduction 2

Segment Composition..... 3

Passenger Car Shopper Results 4

SUV/Truck Shopper Results 7

Survey Overview 8

At NADA Used Car Guide 9

2014 New Car Shopper Preference Survey

NADA Used Car Guide’s 2014 Car Shopper Preference Survey revealed Fuel Economy as the factor considered most important when deciding on a new vehicle purchase by both car and truck buyers.

Cost of Ownership and Power & Performance were ranked second and third most important by both car and truck buyers.

Over the past three years, NADA Used Car Guide has conducted its New Car Shopper Preference Survey on NADAguides.com to assess the importance of features commonly considered by consumers when deciding which new car or truck to purchase. Survey results are used to enhance NADA’s used vehicle valuation efforts and are also intended to raise industry awareness of the qualities considered to be of greatest value to consumers.

Through a series of questions, consumers are asked to rate the importance of the following factors: Build Quality & Reliability, Cost of Ownership (warranty, depreciation, fuel, insurance, maintenance and repairs), Vehicle Design (exterior/interior), Fuel Economy, Power & Performance (horsepower, torque, handling and towing capacity), Versatility & Utility (legroom, passenger capacity, cargo & truck capacity), Brand (experience, perception), Advanced Safety Systems (lane departure warning, back-up camera, front collision warning, etc.), Technology (navigation system, Bluetooth, satellite radio, keyless start, etc.) and Environmental Impact.

The overall survey is broken into two parts:

In part one, respondents are asked to independently rate each factor’s importance in deciding which new car or truck to purchase. The five ratings provided were: Very Unimportant, Unimportant, Neither Important or Unimportant, Important and Very Important.

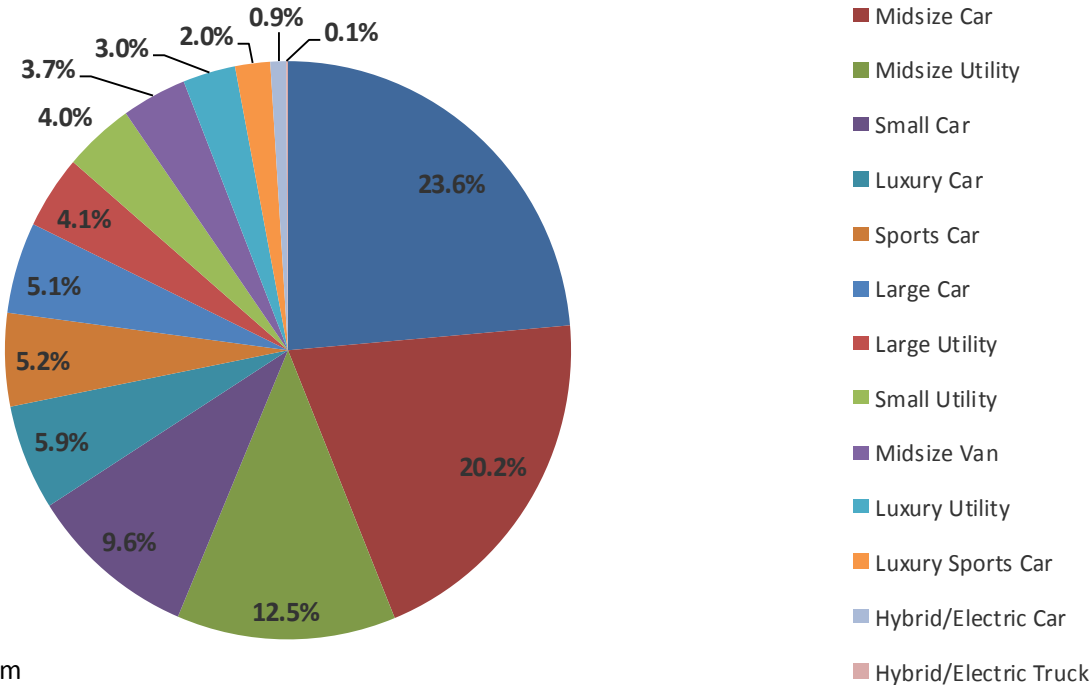
In part two, respondents are asked to rank each factor from most to least important, which allows us to gain insight into the trade-offs consumers will make for a vehicle with the combination of characteristics that suit their needs best.

2014 SURVEY RESULTS

Segment Composition—Car and Truck Buyers Evenly Represented

Survey participants visiting NADAguides.com once again represented car and truck drivers equally, with 51% consisting of those driving trucks, including utility vehicles and vans, while the remaining 49% reflected car drivers. Similar to a year ago, the highest representation of drivers came from the “Pickup Truck” and “Midsize Car” segments, at 24% and 20%, respectively. The “Midsize Utility” segment, reflecting 13% of respondents, was the only other segment consisting of 10% or more of all survey participants.

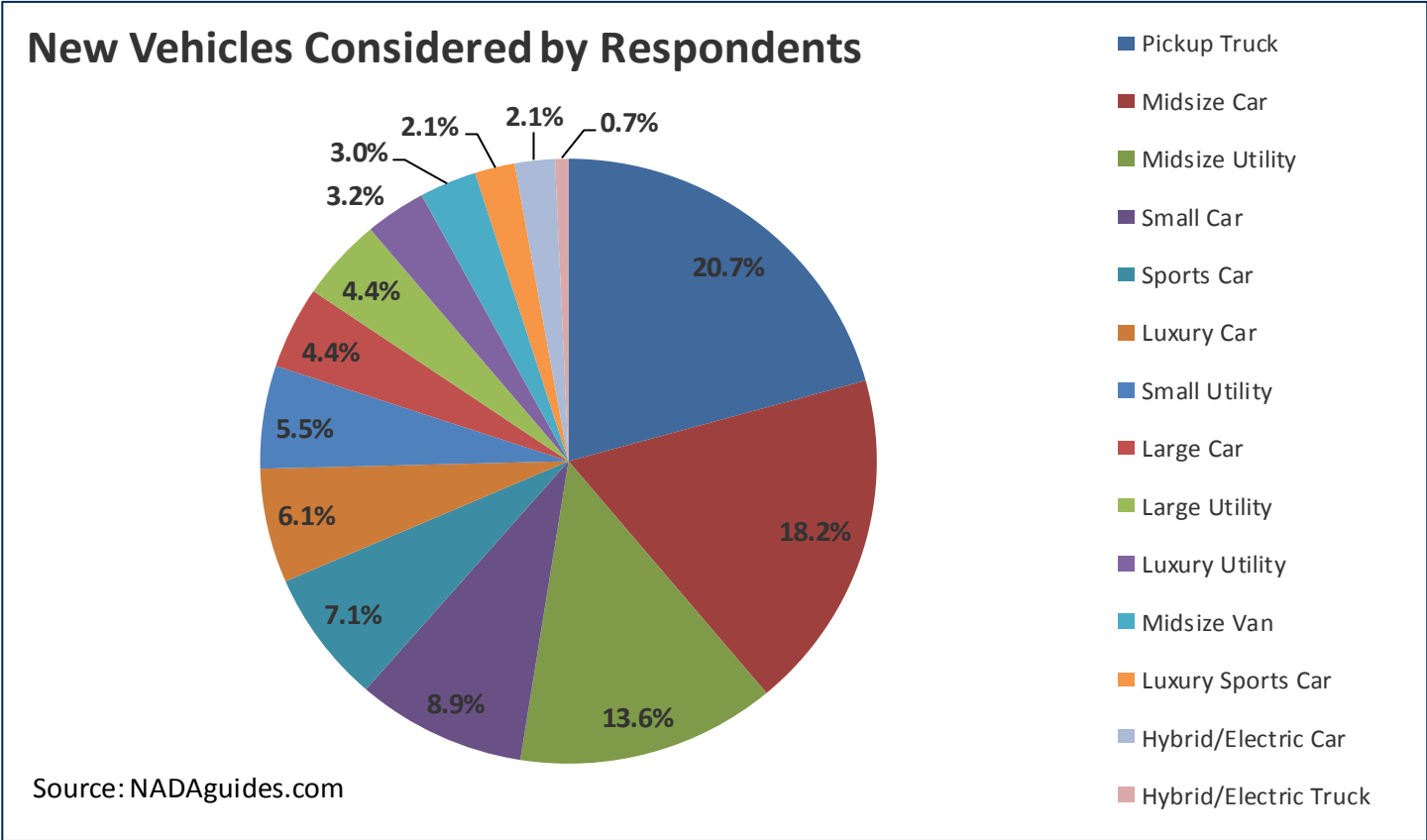
Vehicles Currently Driven by Respondents



Source: NADAguides.com

As far as new vehicle intentions were concerned, those interested in buying a truck made up 51% of all respondents versus 49% for car buyers, which was a reversal of last year’s survey results.

An exclusive look at car drivers revealed that 76% expressed interest in purchasing another car, down 1 percentage point from last year, while 77% of truck drivers wish to buy another pickup truck, utility vehicle, or van, up 3 percentage points. While last year’s survey suggested drivers were leaning more toward buying a new car than in the past, drivers are voicing a greater desire for utilities this year.

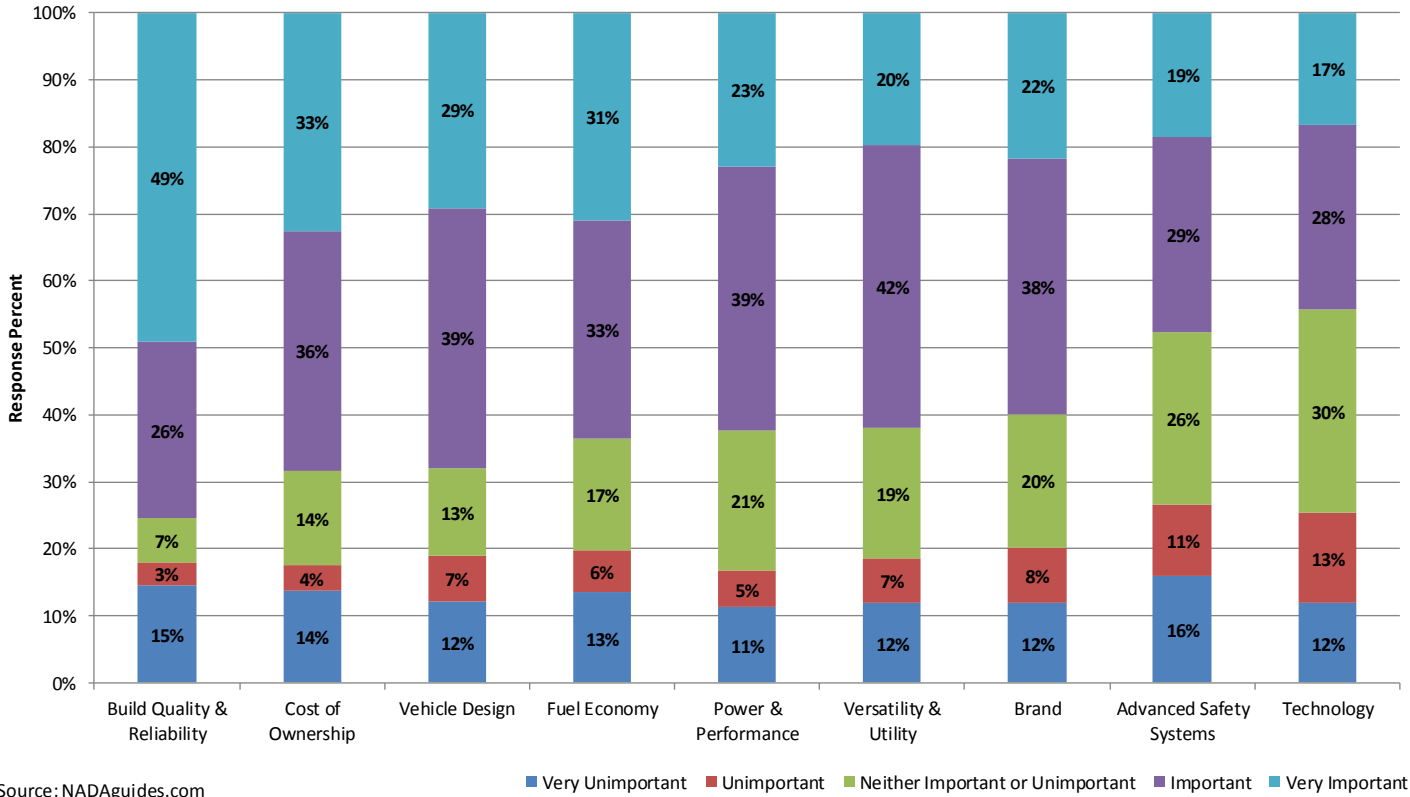


Passenger Car Shopper Results

When asked to select the rating that most closely reflects its importance to respondents when choosing a new car, 75% of participants cited Build Quality & Reliability as being either important or very important, followed by Cost of Ownership and Vehicle Design which tied for second with 68% each.

Out of the ten factors, three were selected as important or very important less than 50% of the time. Only 38% of participants showed significant concern over Environmental Impact followed by Technology and Advanced Safety Systems with 44% and 48%, respectively.

Importance of Factors Considered in a New Car Purchase



It comes as little surprise that factors related to technology offerings and driver-assistance scored poorly considering they were among the least considered factors in the last survey. Interestingly, however, is that while Fuel Economy consistently ranks among the most important factors, the last-place finish of Environmental Impact suggests that fuel efficiency is much more of a financial motivation than it is a green initiative among consumers.

In order to capture the relative importance of the various factors, participants were asked to rank them based on how much consideration each factor is given during a new car purchase. This was the first time the survey was formatted this way, with the expectation that a ranking system will most accurately capture the relative preferences of drivers. Conducting the study in this manner, however, generated some vastly different responses from the previous question in which the majority of items were rated as being important.

Ranking of Factors Considered during New Car Purchase		
Factor	Avg. Rank	Rank
Fuel Economy	3.0	1
Cost of Ownership	3.8	2
Power & Performance	4.2	3
Advanced Safety Systems	4.8	4
Versatility & Utility	5.2	5
Build Quality & Reliability	5.8	6
Vehicle Design	6.1	7
Environmental Impact	6.6	8
Brand	7.4	9
Technology	8.2	10

*(1 - Most Important, 10 - Least Important)

Cost of Ownership, ranked second, was again found to be among the most important factors to consumers in the independent part of the survey with 68% stating it is either important or very important, but other factors didn't exhibit such consistency. With 64% of participants selecting it as important or very important, Fuel Economy received only the fourth-highest number of votes, but when forced to rank all ten factors against one another, fuel economy was clearly the top factor.

Power & Performance fell behind Fuel Economy with 62% of respondents viewing it as important, but was third in the ranking section.

At the other end of the spectrum, Technology, Brand and Environmental Impact were the three lowest-ranked factors, and they were also three of the four least important factors in part one of the survey.

The independent rating of each factor and the ranking of factors relative to each other found similar results with regards to what drivers consider most important when buying a car. However, the ranking of factors forced respondents to disassociate qualities they want from the ones they need, revealing that while fuel economy in and of itself does not come to mind as the most important factor, it comes out on top of all others when weighed against everything else.

When comparing preferences of mainstream and luxury buyers, we found that there is very little difference between the two. Surprisingly, Brand ranks ninth overall for both consumer groups, suggesting that consumers of luxury cars place roughly the same amount of weight on perception and brand experience as any other driver. This speaks to how consumers these days are looking beyond the image or prestige of a marque more than ever, valuing products more for attributes such as performance, high build quality and vehicle design. Consequently, brands such as Hyundai and Kia are becoming household names, even finding success competing in luxury segments, while more cross-shopping is being conducted between brands due to parity in the market.

One noticeable difference between mainstream and luxury buyers is how Cost of Ownership ranks only fourth for luxury buyers compared to second for mainstream buyers while the rankings for all other factors are nearly identical. As such, both consumer groups are generally the same in terms of their preferences, with the exception being that overall cost is less of a consideration for luxury buyers.

Sports car buyers were also found to have largely the same preferences as other drivers, despite product offerings being more niche-oriented. Power & Performance topped the

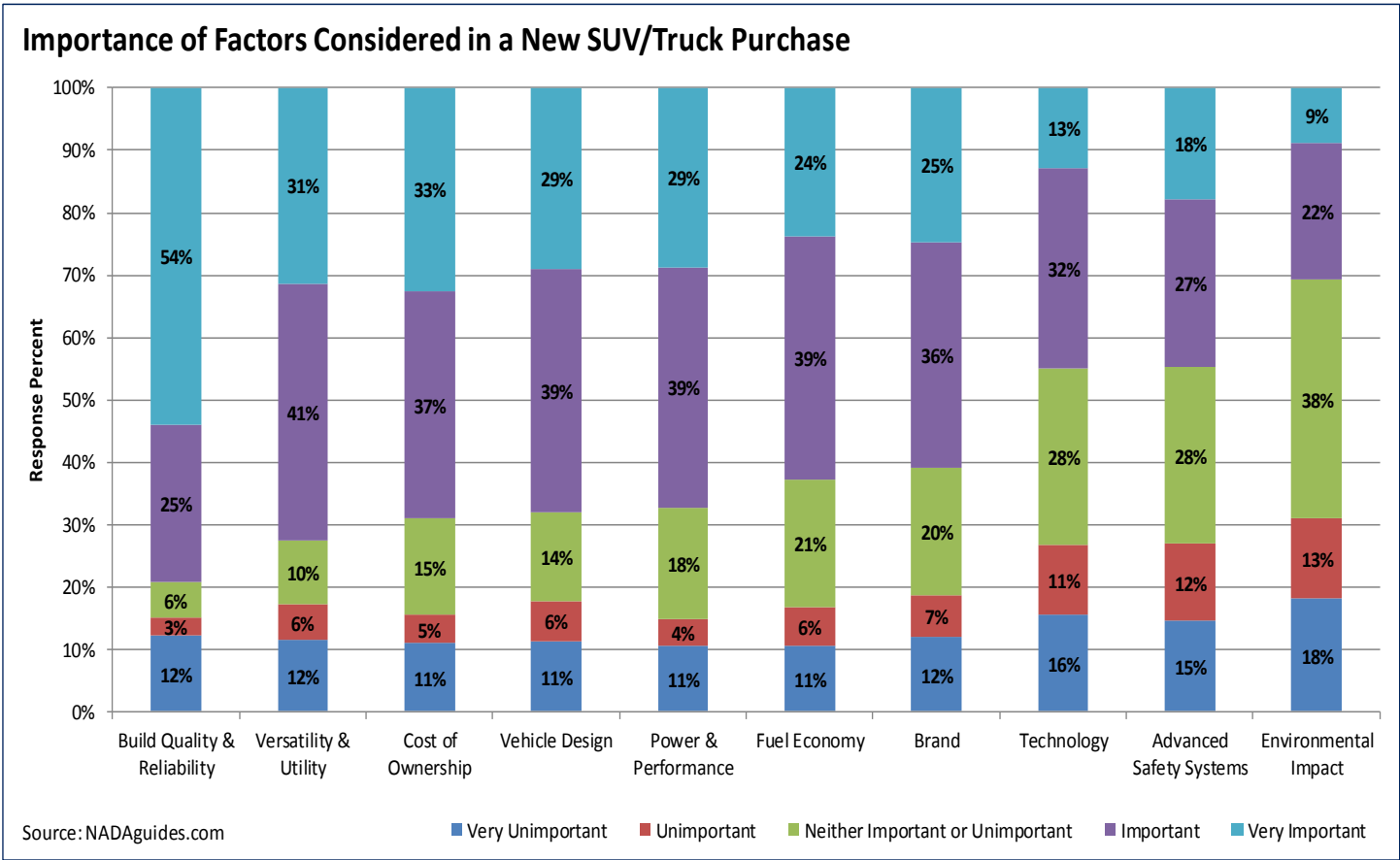
With 64% of participants selecting it as important or very important, Fuel Economy received only the fourth-highest number of votes, but when forced to rank all ten factors against one another, fuel economy was clearly the top factor.

list, yet the rest of the factors were generally in the same order as buyers of other vehicles, suggesting that dynamic performance is the only factor weighed differently in the decision-making process of a sports car buyer.

SUV/Truck Shopper Results

Truck and SUV shoppers shared many of the same views as car shoppers as far as what factors are important to them when purchasing a new vehicle, with the one exception being a much greater interest in Versatility & Utility.

Quality & Reliability was selected as important or very important 79% of the time, which



was tops in the survey, but was followed by Versatility & Utility in second with 72% of participants saying it is either important or very important to them. Cost of Ownership and Vehicle Design, which were second and third in the car survey, respectively, placed one spot lower in the eyes of truck drivers. With regards to the least important factors, much like car drivers, respondents interested in purchasing a truck viewed Environmental Impact, Advanced Safety Systems and Technology as least necessary.

Despite the prevalence of advertising related to the lofty horsepower, torque and towing capacity figures found in trucks, what stands out is how Power & Performance placed only fifth, after Vehicle Design, among the factors truck buyers consider important or very important. Instead, it appears

Versatility & Utility are of particular importance in the utility vehicle market, but when asked to rank each factor in order of importance, once again we see a shift in the results.

Just like with car buyers, Fuel Economy and Cost of Ownership are the two highest-ranked factors, but the separation between the two is much narrower. In third place is Power & Performance, which is followed by Versatility & Utility, which again reveals that consumer thinking changes when considering the importance of each factor individually versus

comparing them with one another. Additionally, although vehicle design scored fairly well in the analysis of how important it is to truck buyers, it ranked only seventh relative to the other factors just above Technology, Brand and Environmental Impact.

Isolating large utility and pickup truck buyers reveals little difference compared to other segments. Power & Performance moves up to second-place, switching spots with Cost of Ownership, as qualities such as horsepower, torque and towing capacity are featured more prominently in large trucks. Fuel Economy, however, remains the most important factor while all others rank comparably with preferences of other truck drivers.

Ranking of Factors Considered during New SUV/Truck Purchase		
Factor	Avg. Rank	Rank
Fuel Economy	3.4	1
Cost of Ownership	3.6	2
Power & Performance	4.2	3
Versatility & Utility	4.9	4
Advanced Safety Systems	5.0	5
Build Quality & Reliability	5.5	6
Vehicle Design	6.1	7
Environmental Impact	6.8	8
Brand	7.3	9
Technology	8.3	10

*(1 - Most Important, 10 - Least Important)

Survey Overview

Survey participants represented a wide spectrum of age groups; however, over 50% fell between 46 and 65 years of age. The gender of respondents skewed male as well, making up 73% of all participants versus 27% for females.

The latest NADA Used Car Guide New Car Shopper Preference Survey was conducted on NADAguides.com during May and June 2014. Over 1,500 survey respondents shared what types of vehicles they were looking to purchase in addition to what they were currently driving, while 1,050 participants shared which features they considered most vital when selecting their next new car or truck.

AT NADA USED CAR GUIDE

What's New

Available on iPhone, iPad and Android devices, the recently enhanced NADA MarketValues is the fastest, easiest and most cost-efficient way to make smart vehicle decisions on the go. This native app allows you to get your NADA values anywhere, anytime without an Internet connection. Subscriptions start at \$50 per month and when you download NADA MarketValues from Google Play or the Apple store for \$1.99, you'll receive a FREE 30-day trial.

NADA Online delivers values from 10 different NADA guidebooks. Starting at \$385 per year, NADA Online is comprehensive, easy to use and includes mobile web access free with your subscription. And since it's web-based, there is no software to install and your whole staff can use it at the same time without the need for additional user licenses. If you're looking for a small number of commercial vehicle values, the Official Commercial Truck Guide Online Mini-Pack provides three values online for \$40.



On the Road

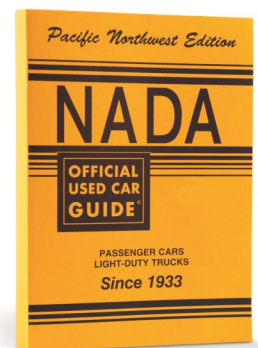
Doug Ott will be participating at the 37th National Directors & CEOs Leadership Convention in Las Vegas from August 5–8. Stop by booth 116 and visit with Doug.

Join Chris Visser at the Commercial Vehicle Outlook Conference from August 20-21, in Dallas TX.

Doug Ott will be at the International Association Assessing Officers event from August 24-27, in Sacramento CA.

About NADA Used Car Guide

Since 1933, NADA Used Car Guide has earned its reputation as the leading provider of vehicle valuation products, services and information to businesses throughout the United States and worldwide. NADA's editorial team collects and analyzes over one million combined automotive and truck wholesale and retail transactions per month. Its guidebooks, auction data, analysis, and data solutions offer automotive/truck, finance, insurance and government professionals the timely information and reliable solutions they need to make better business decisions. Visit nada.com/b2b to learn more.



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NADA CONSULTING SERVICES

NADA’s market intelligence team leverages a database of nearly 200 million automotive transactions and more than 100 economic and automotive market-related series to describe the factors driving current trends to help industry stakeholders make more informed decisions. Analyzing data at both wholesale and retail levels, the team continuously provides content that is both useful and usable to the automotive industry, financial institutions, businesses and consumers.

Complemented by NADA’s analytics team, which maintains and advances NADA’s internal forecasting models and develops customized forecasting solutions for automotive clients, the market intelligence team is responsible for publishing white papers, special reports and the Used Car & Truck Blog. Throughout every piece of content, the team strives to go beyond what is happening in the automotive industry to confidently answer why it is happening and how it will impact the market in the future.

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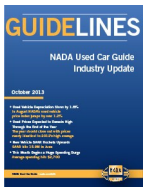
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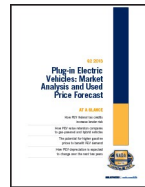
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ADDITIONAL RESOURCES



Guidelines

Updated monthly with a robust data set from various industry sources and NADA’s own proprietary analytical tool, *Guidelines* provides the insight needed to make decisions in today’s market.



White Papers

NADA’s white papers and special reports aim to inform industry stakeholders on current and expected used vehicle price movement to better maximize today’s opportunities and manage tomorrow’s risk.



NADA Perspective

Leveraging data from various industry sources and NADA’s analysts, *NADA Perspective* takes a deep dive into a range of industry trends to determine why they are happening and what to expect in the future.



Used Car & Truck Blog

Written and managed by the Market Intelligence team, the Used Car & Truck Blog analyzes market data, lends insight into industry trends and highlights relevant events.

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