

TechnoMetrica Auto Demand Index

May 2016



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About Us

- TechnoMetrica, founded in 1992, is a full-service Market Research consultancy that helps businesses identify, develop and capitalize on growth opportunities. Spotting trends and synthesizing insights that are well-defined, accurate, and forward-thinking is our passion. Research is the foundation for all our endeavors.
- TechnoMetrica is a thinkery. We harness the power of creative thinking in everything we do: to develop study designs that best answer research objectives; to communicate research findings with impact; to develop effective marketing strategies and new product development. Our creations are the true testimonies that reflect our depth of thinking. Our clients are our ambassadors of our reputation.
- In 1996, TechnoMetrica founded TIPP – the TechnoMetrica Institute of Policy and Politics. Shortly thereafter, TIPP joined forces with Investor’s Business Daily (1996 to present) – the nation’s fastest-growing financial publication – to produce their highly respected IBD/TIPP Economic Optimism Index.

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I. Methodology

Methodology

- TechnoMetrica's Auto Demand Index is a forward looking early (monthly) indicator of consumers' intent to purchase or lease a new vehicle within the next 6 months. The index has been set to an initial value of 100 based on demand levels between February 2007 and April 2007.
- The Auto Demand Index is based on the responses Americans give to the question:
 - *How likely is it that you will buy or lease a new vehicle within the next 6 months? Would you say very likely, somewhat likely, not very likely or not at all likely?*
- We express purchase intent as an index score that varies as a linear function of the percentage of consumers who are either "very" or "somewhat" likely to purchase or lease a new vehicle within the next 6 months.
- Higher index readings correspond to greater demand or intent to purchase/lease new automobiles.
- The index and its movement is projectable to the national market for new automobiles, which consists of over 100 million U.S. households with drivers.
- Each month, TechnoMetrica uses a monthly Random Digit Dial (RDD) telephone survey to collect the survey data, with a sample size of 900 respondents. The margin of error is +/- 3.2 percentage points. The May Survey was conducted between April 22nd and April 28th.

II. Auto Demand Index, Purchase Outlook

A. Auto Demand Index (Overall)

B. By Region

C. By Area Type

D. By Age

E. By Gender and Marital Status

F. By Parental Status and Race/Ethnicity

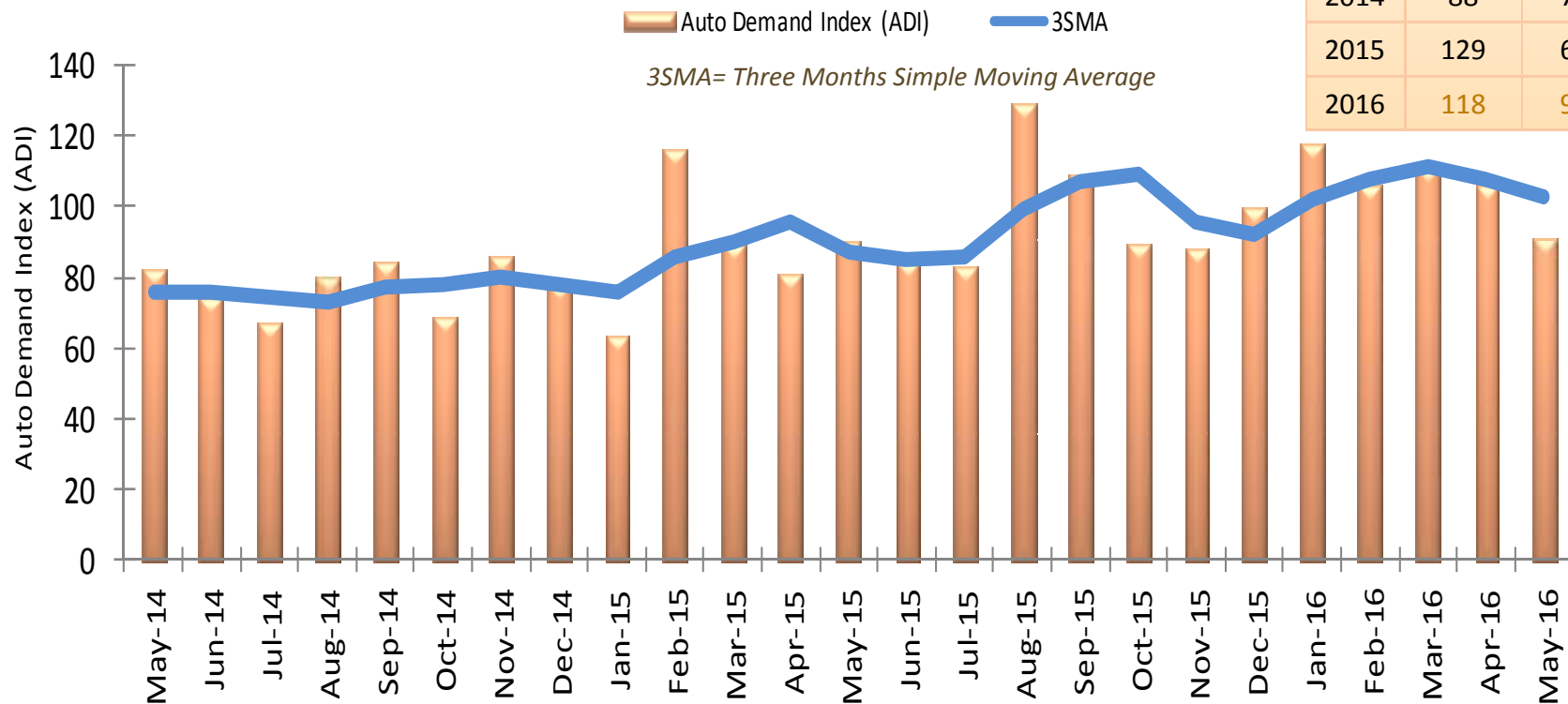
G. By Household Income

Auto Demand Index (Overall)

The Auto Demand Index level registered a steep decline this month, falling fifteen points to a score of 91. May marks the second straight month in which the Index has declined.

Base = All Respondents

| | High | Low |
|------|------|-----|
| 2010 | 97 | 56 |
| 2011 | 94 | 49 |
| 2012 | 105 | 49 |
| 2013 | 86 | 64 |
| 2014 | 88 | 73 |
| 2015 | 129 | 64 |
| 2016 | 118 | 91 |



Auto Demand Index Moving Averages

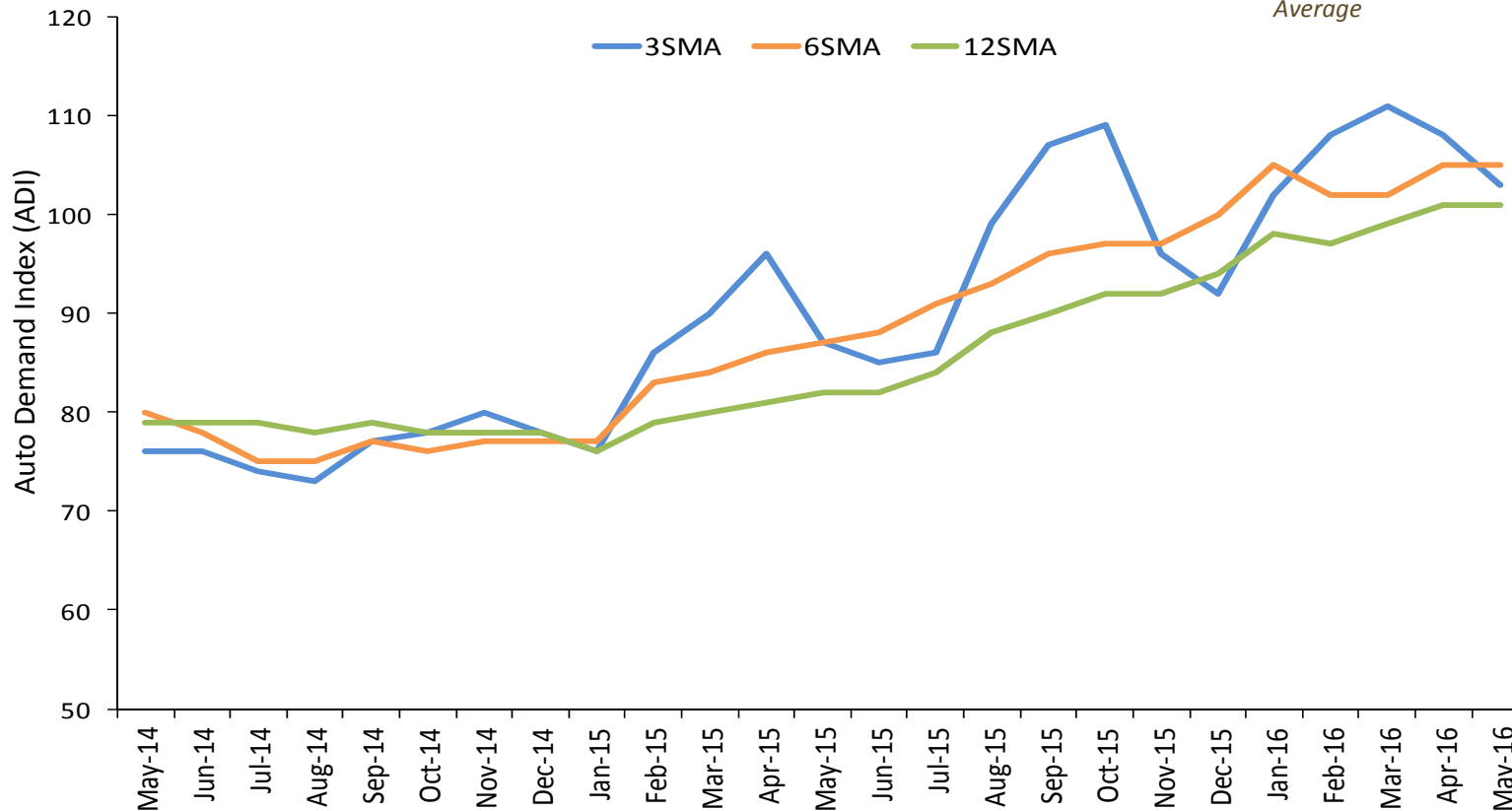
Base = All Respondents

Purchase intent among consumers continued to decelerate in May, as the 3-month moving average declined for the second straight month, to a score of 103. Meanwhile, both the 12-month moving and 6-month moving averages remained unchanged this month.

3SMA= Three Months Simple Moving Average

6SMA = Six Months Simple Moving Average

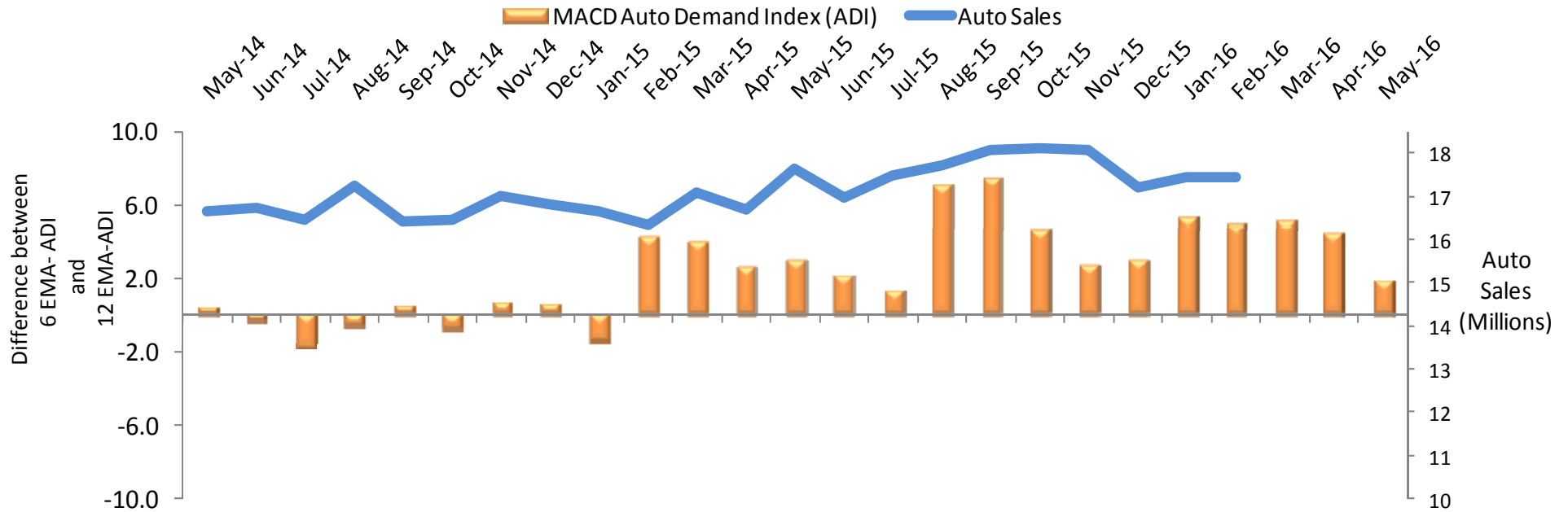
12SMA = Twelve Months Simple Moving Average



Momentum: Moving Average Convergence Divergence

Momentum= Fast Average (6-month exponential moving average) minus Slow Average (12-month exponential moving average) *Base = All Respondents*

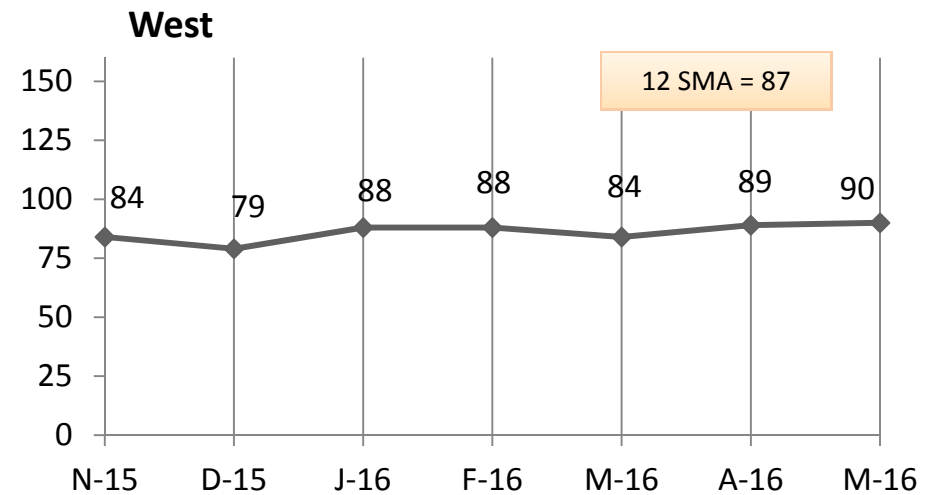
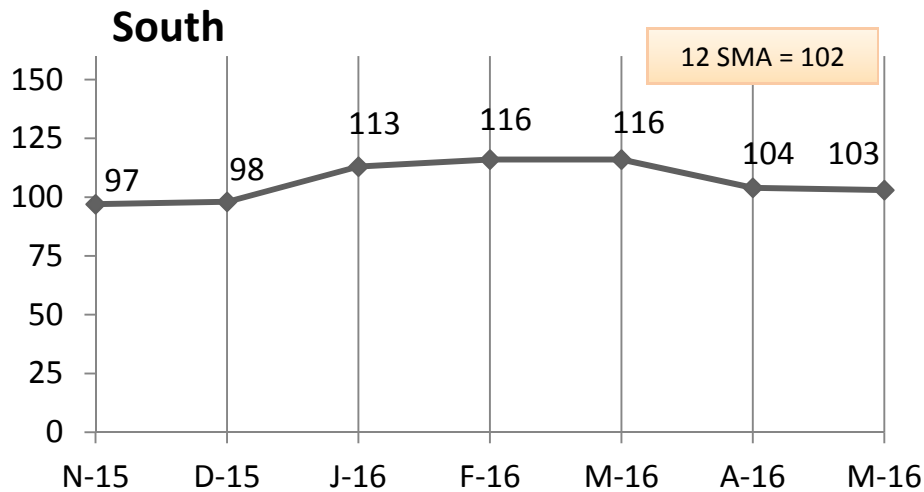
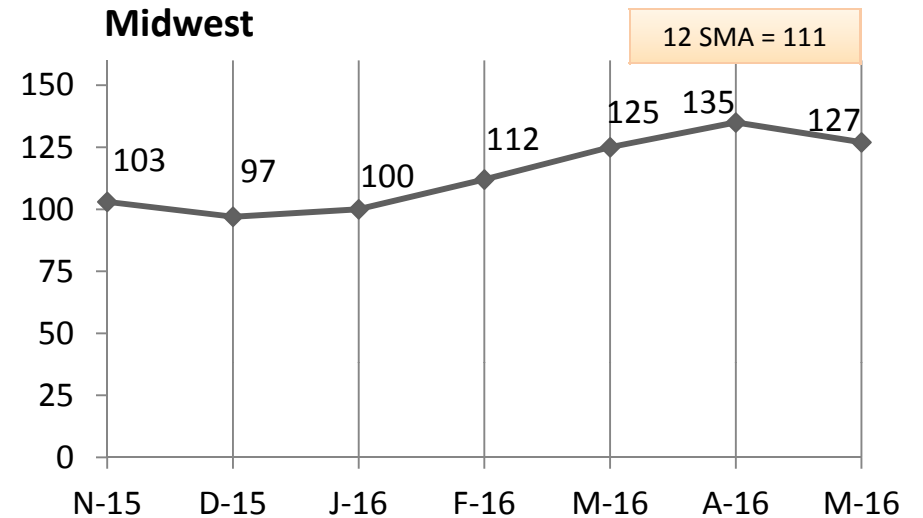
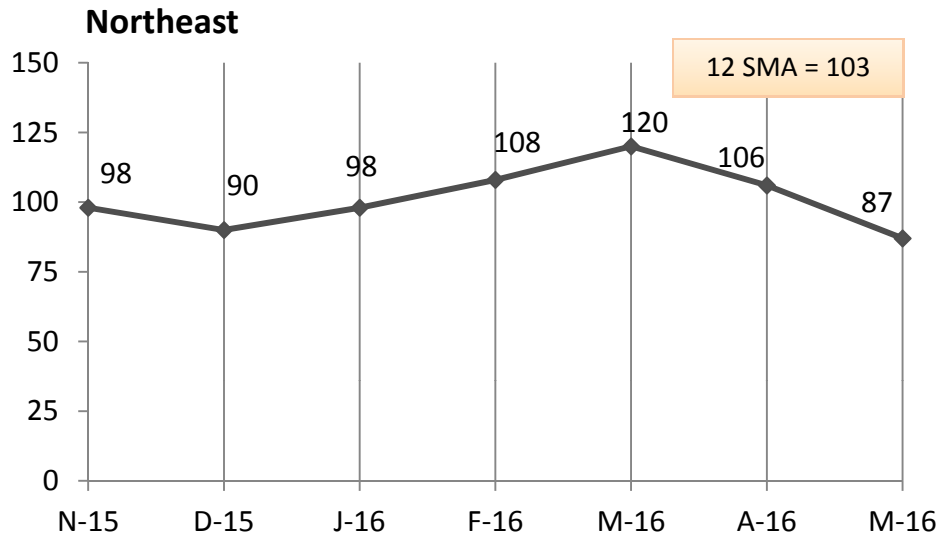
The sharp decline in this month's Auto Demand Index signifies a probable negative shift in momentum for the indicator, as the MACD score recorded its lowest reading since July 2015. Accordingly, TechnoMetrica anticipates that new vehicle sales will decrease significantly in the coming months.



Difference between 6 EMA auto sales and 12 EMA auto sales

By Region 3 SMA

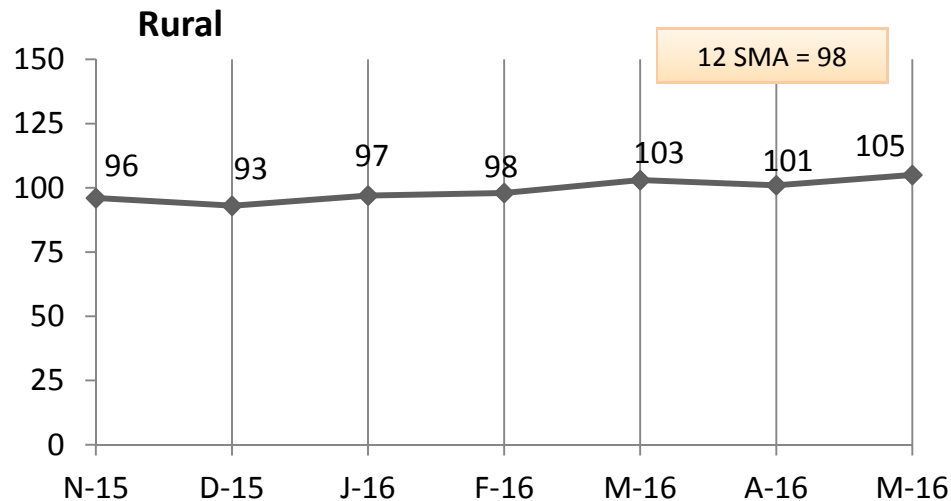
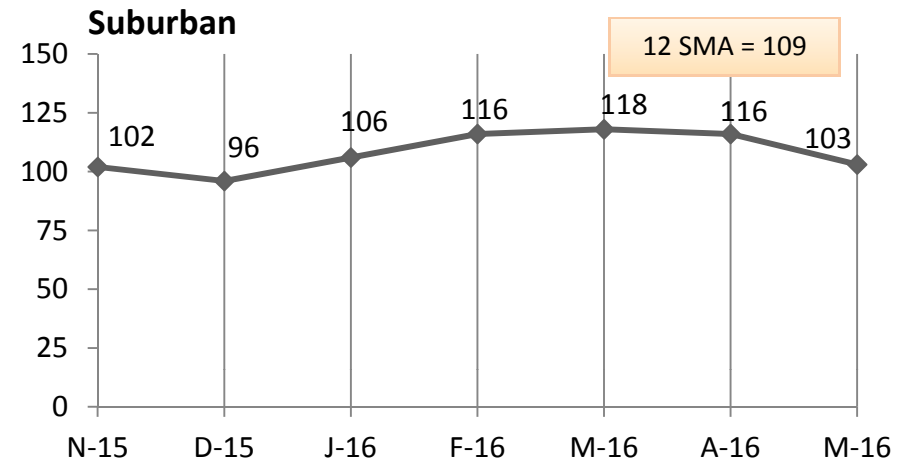
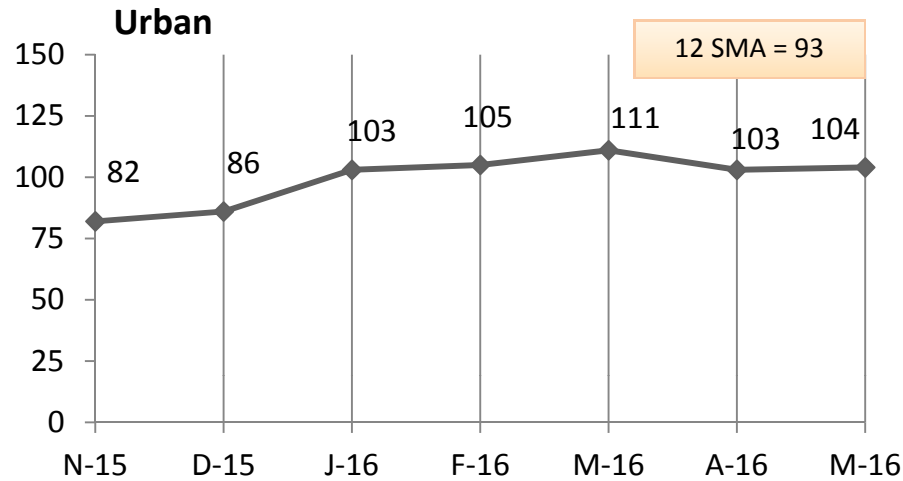
Base = All Respondents



Q. How likely is it that you will buy or lease a new vehicle within the next 6 months?

By Area Type 3 SMA

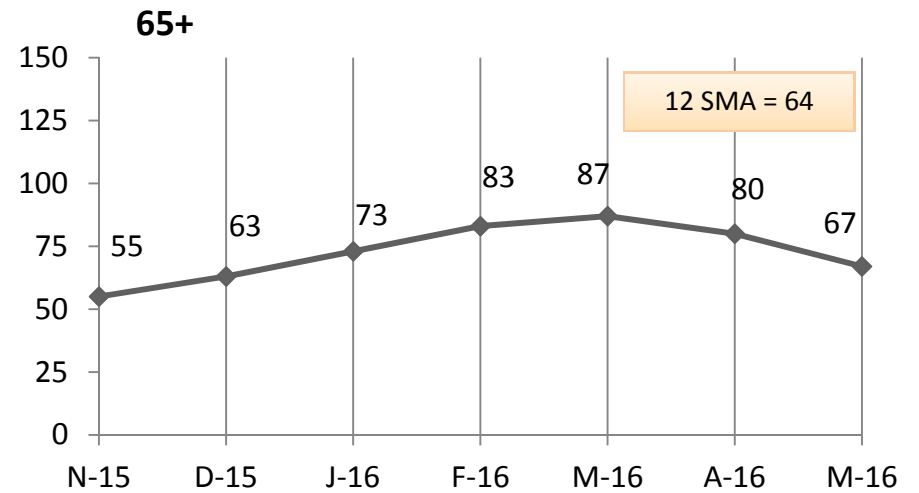
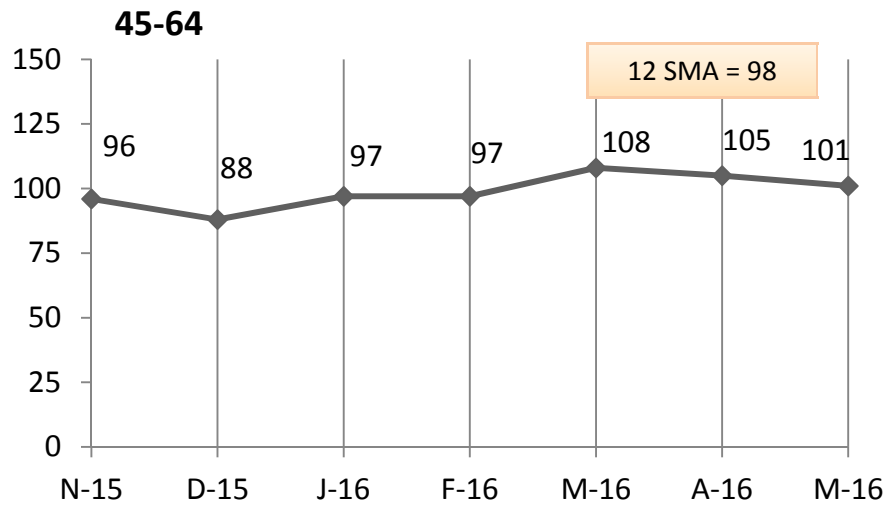
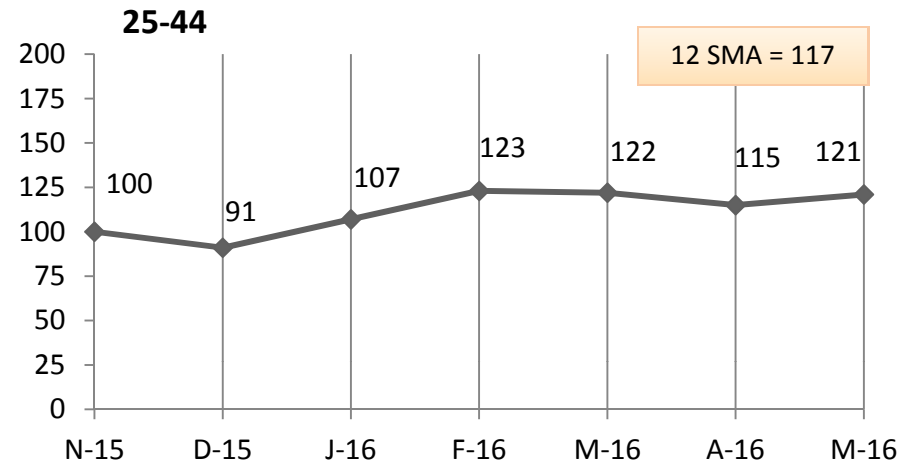
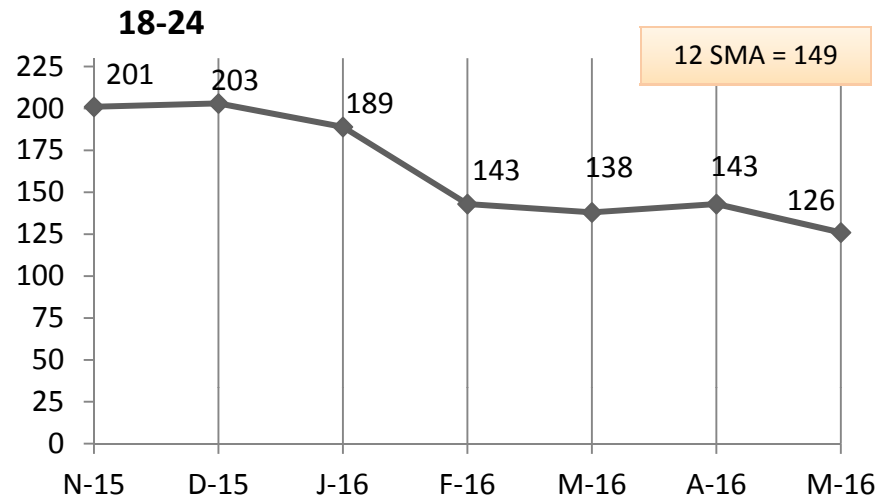
Base = All Respondents



Q. How likely is it that you will buy or lease a new vehicle within the next 6 months?

By Age 3 SMA

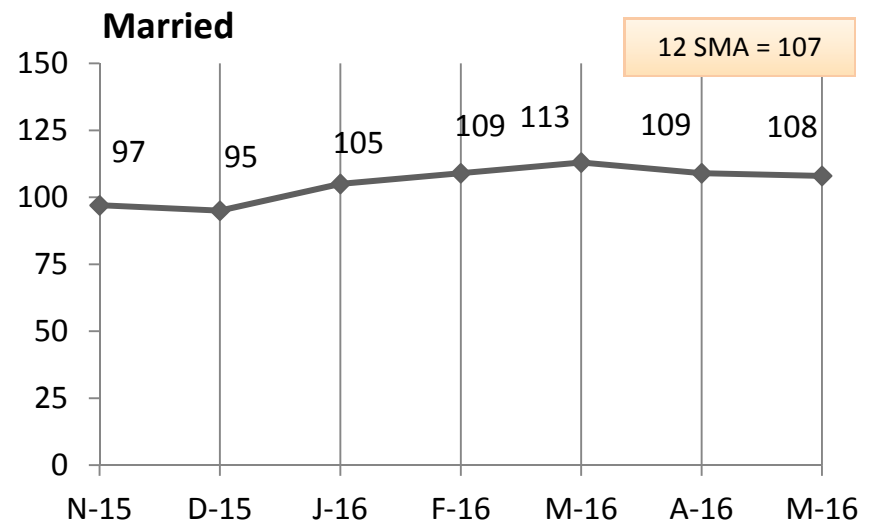
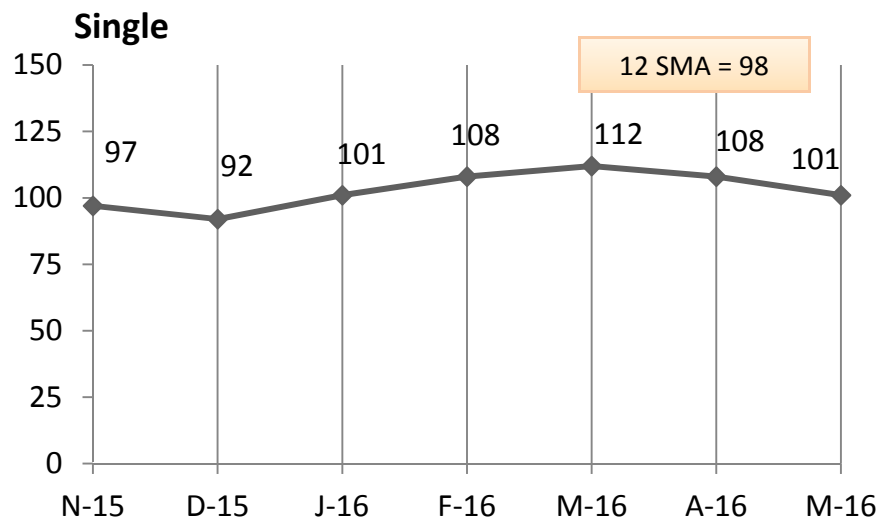
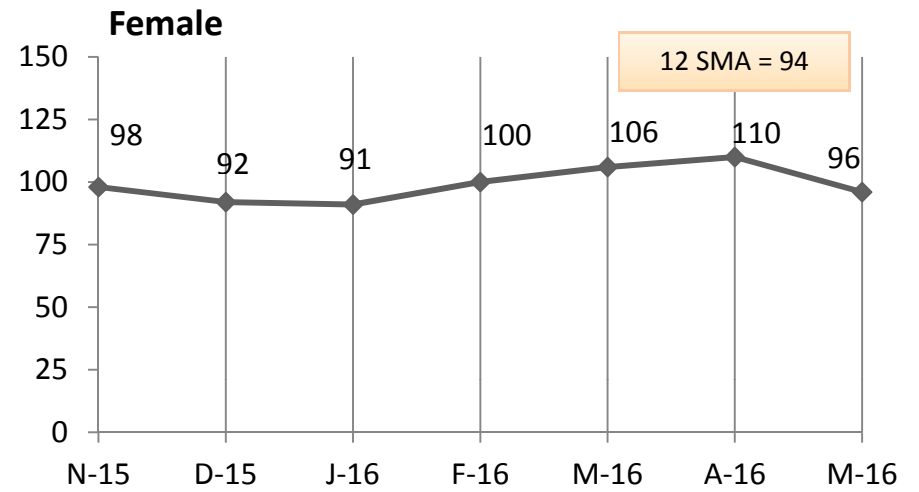
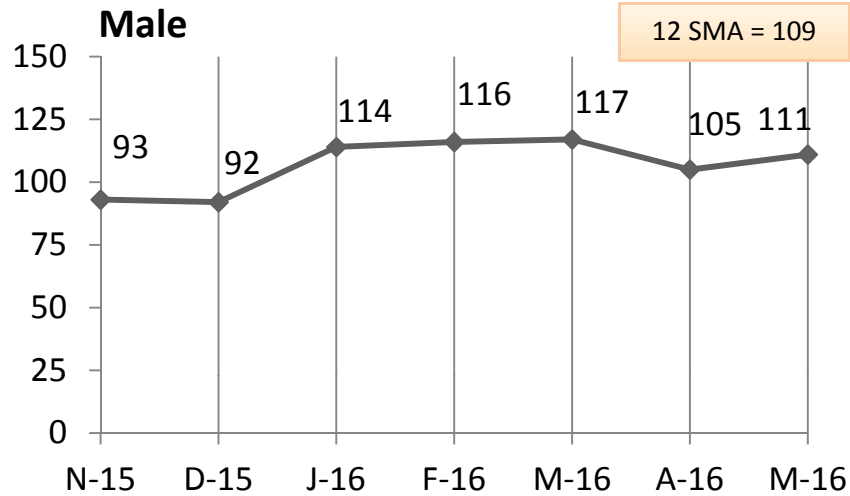
Base = All Respondents



Q. How likely is it that you will buy or lease a new vehicle within the next 6 months?

By Gender and Marital Status 3 SMA

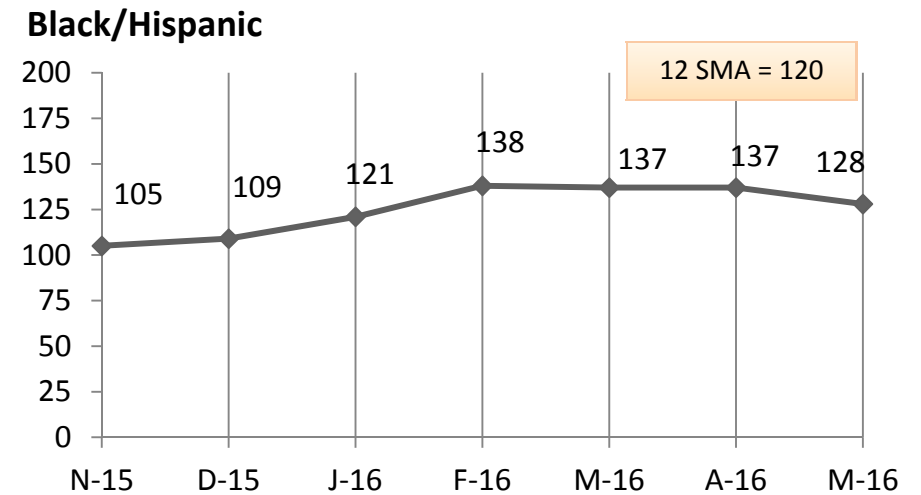
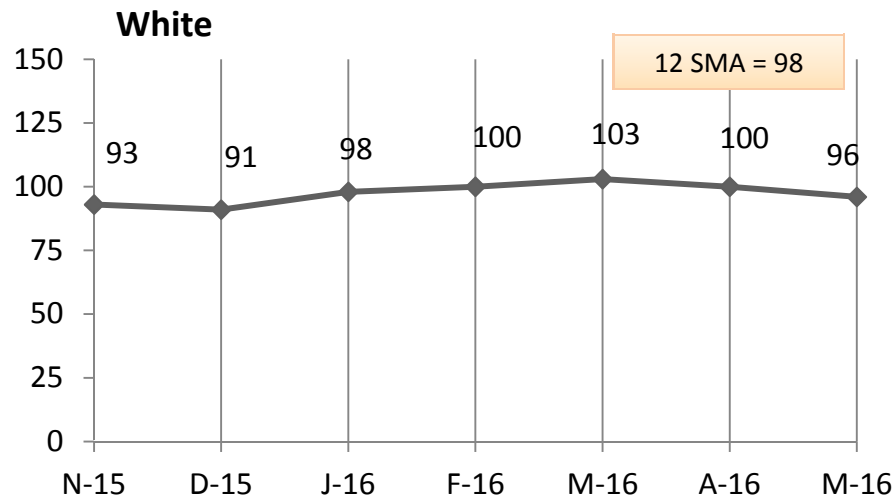
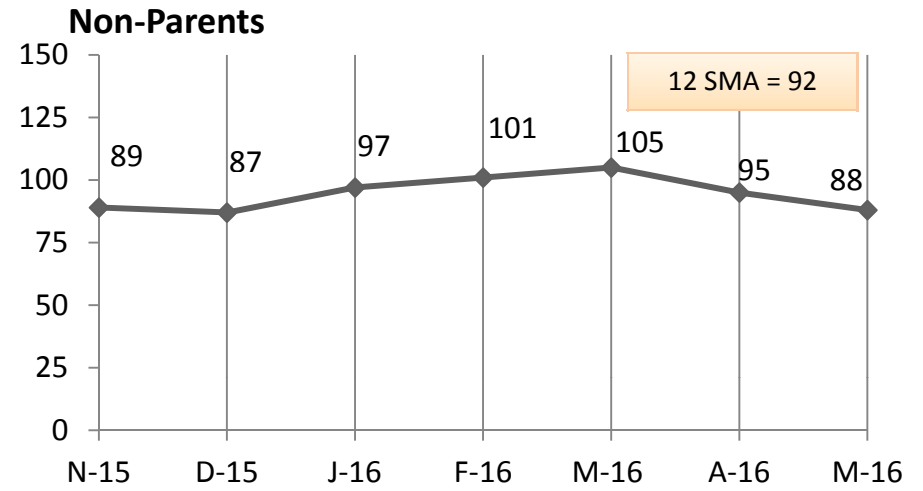
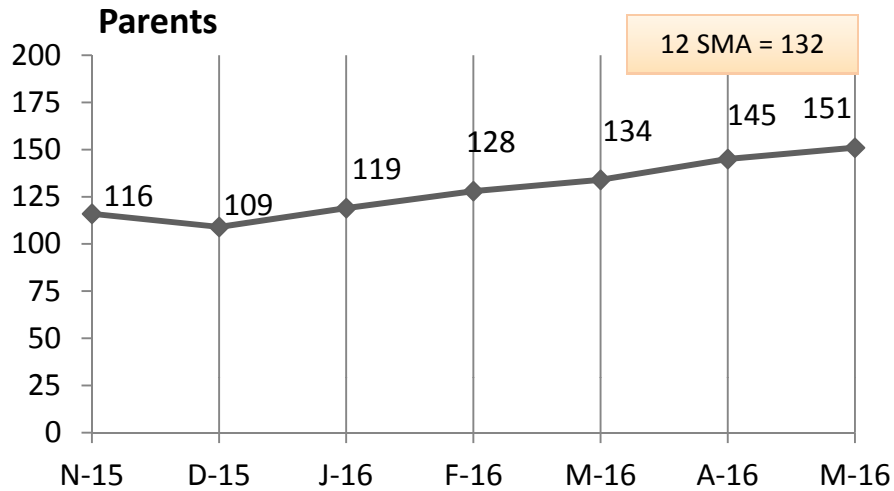
Base = All Respondents



Q. How likely is it that you will buy or lease a new vehicle within the next 6 months?

By Parental Status and Race/Ethnicity 3 SMA

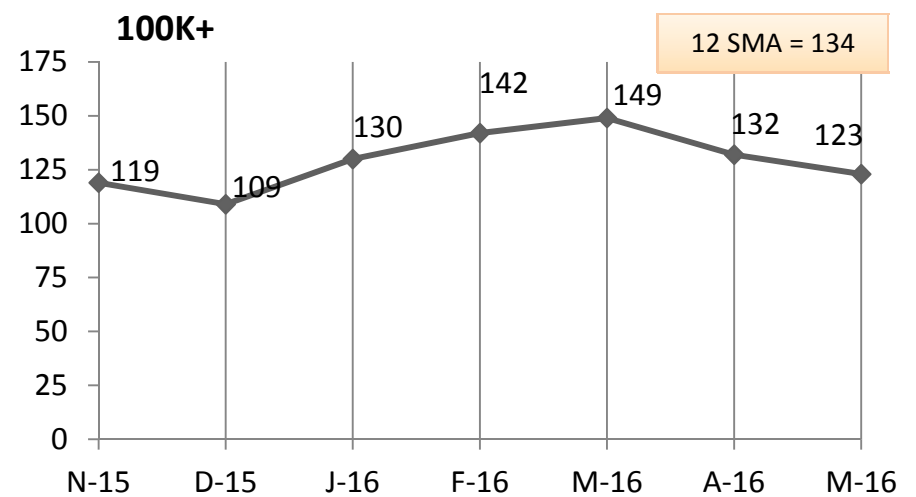
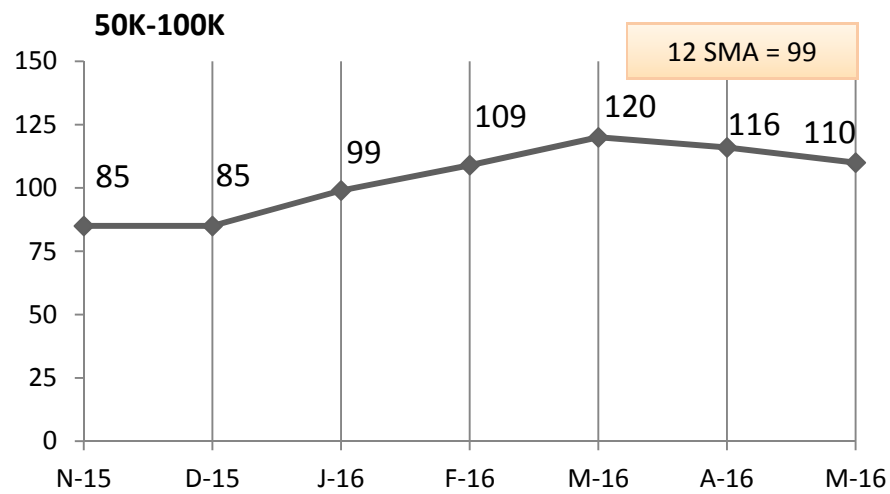
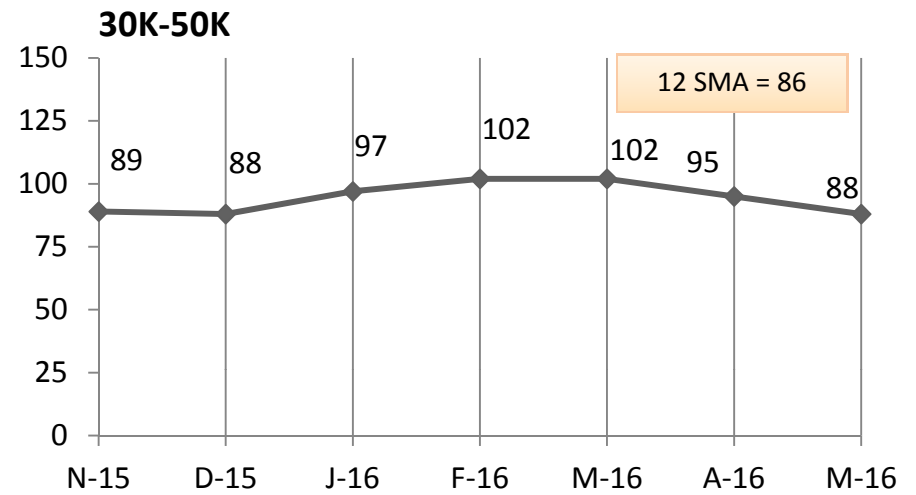
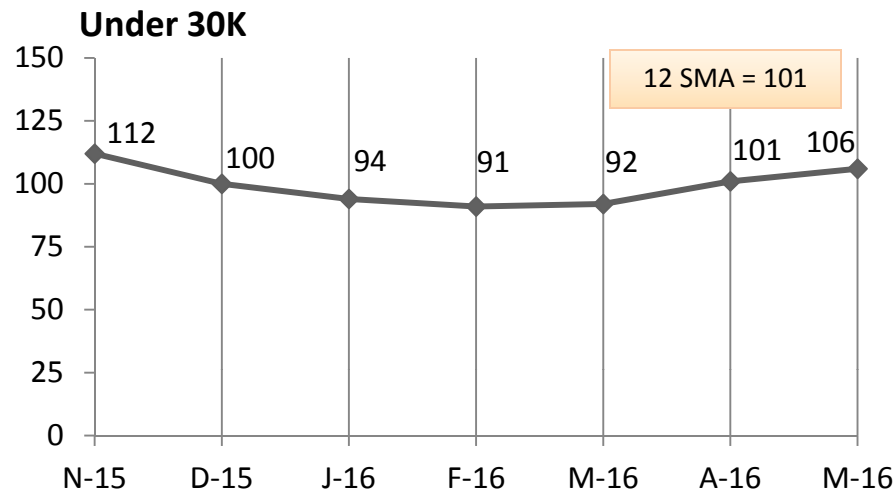
Base = All Respondents



Q. How likely is it that you will buy or lease a new vehicle within the next 6 months?

By Household Income 3 SMA

Base = All Respondents



Q. How likely is it that you will buy or lease a new vehicle within the next 6 months?

III. Demand For New Autos

A. Vehicle Purchase/Lease Plans: Overall

B. Vehicle Purchase Plans: Purchase Likelihood Over Time

C. New Vehicle Purchase/Lease Time Frame

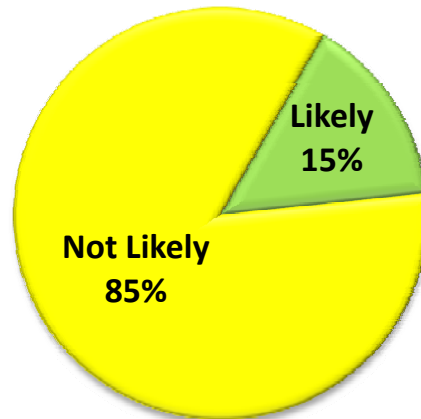
D. Vehicle Types Momentum

E. Preferred Vehicle Types 3 SMA

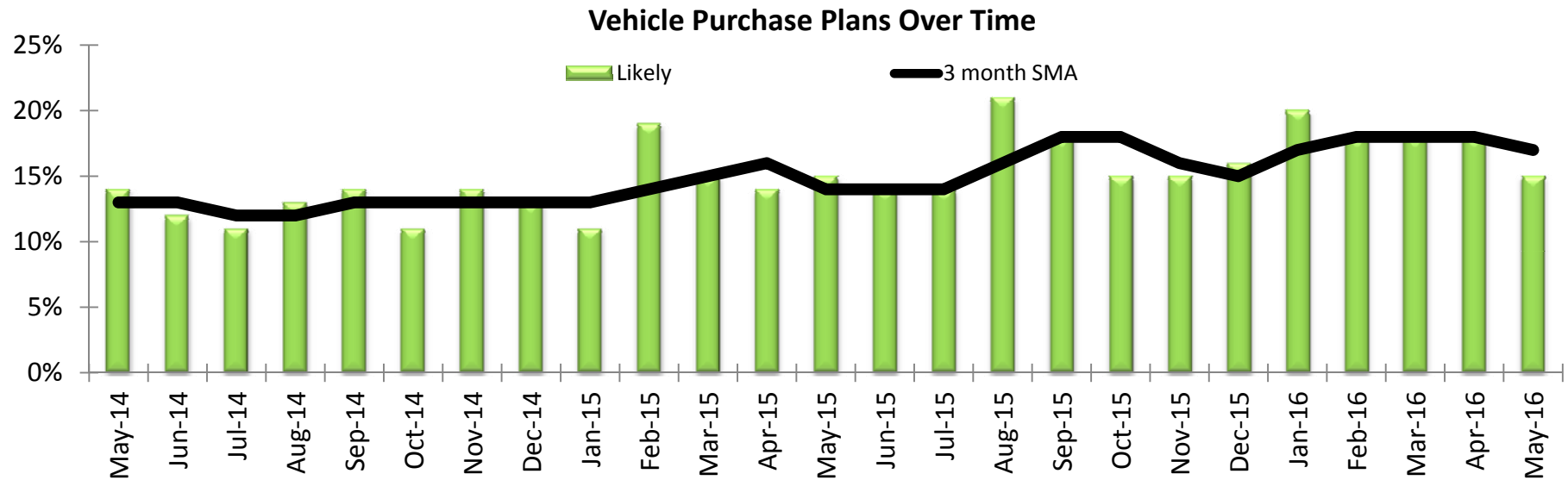
Vehicle Purchase Plans

May 2016

Base = All Respondents



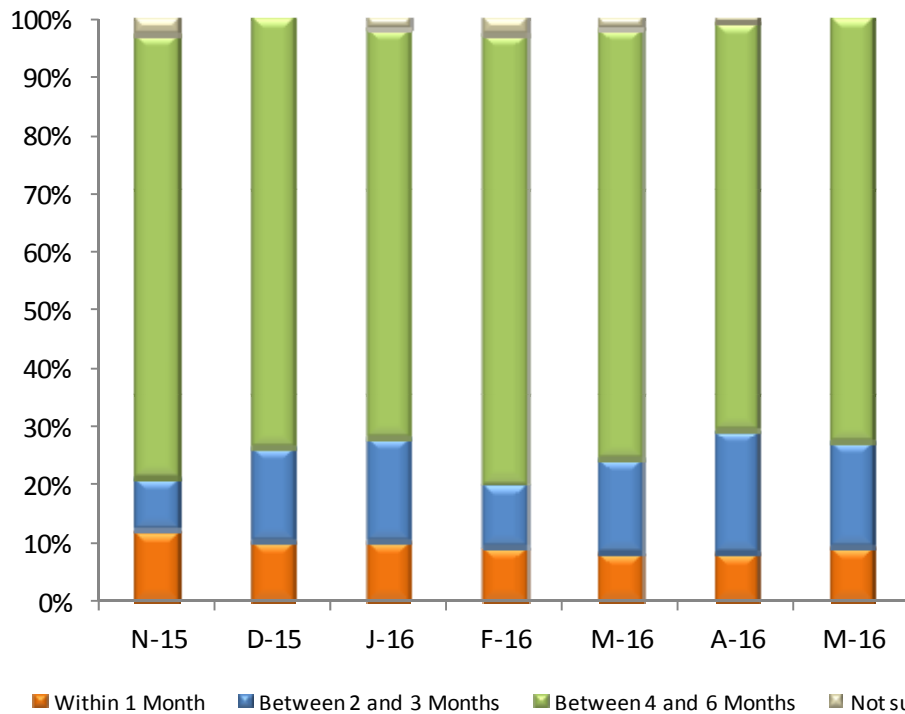
In May, the share of Americans who say they are likely to purchase or lease a new vehicle within the next six months has declined three points from the previous month, to a rate of 15%.



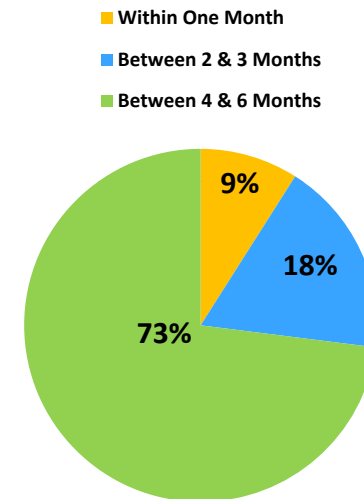
Vehicle Purchase/Lease Time Frame

May 2016

Base = Potential Buyers



| | Average Time Frame (Months) |
|--------|-----------------------------|
| Nov-15 | 4.29 |
| Dec-15 | 4.18 |
| Jan-16 | 4.16 |
| Feb-16 | 4.35 |
| Mar-16 | 4.25 |
| Apr-16 | 4.15 |
| May-16 | 4.21 |



Nearly one in ten drivers who are likely to acquire a new vehicle (9%) report that they will do so within one month, while 18% say they will make a purchase within the next 2 to 3 months. Nearly three-quarters of likely buyers (73%) are planning to do so further out (within 4 to 6 months).

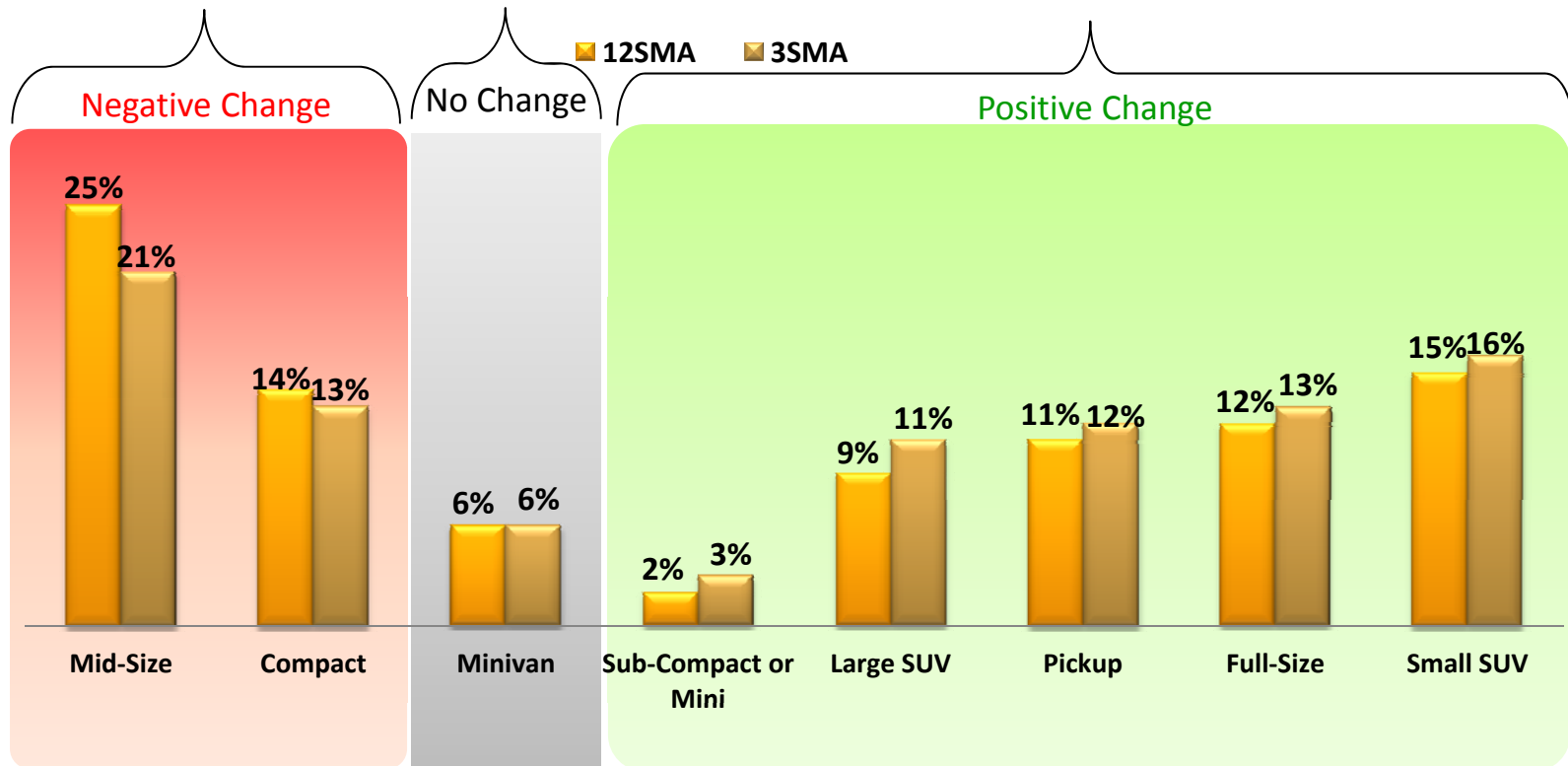
In May, the share of likely vehicle buyers planning to purchase or lease a new vehicle within one month increased by one percentage point from the previous month's reading, to a rate of 9%.

Q. Will you make your purchase within the next month, 2 to 3 months, or in 4 to 6 months?

Vehicle Type Momentum

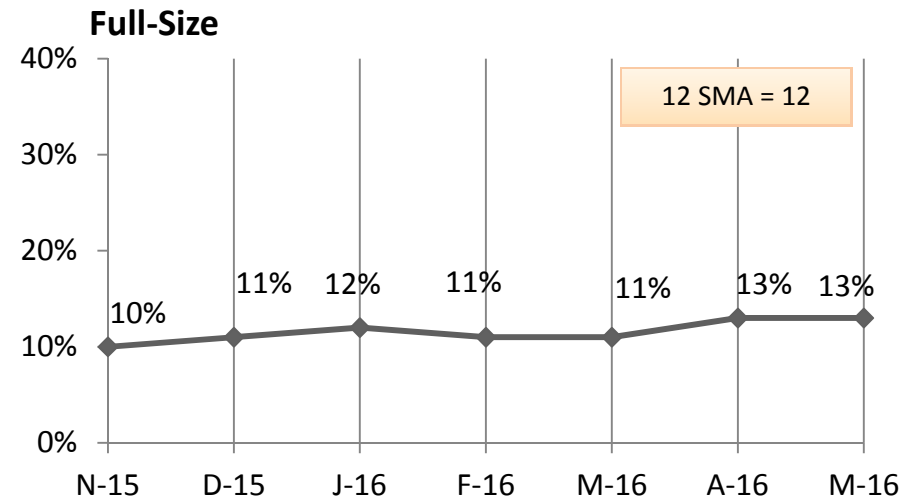
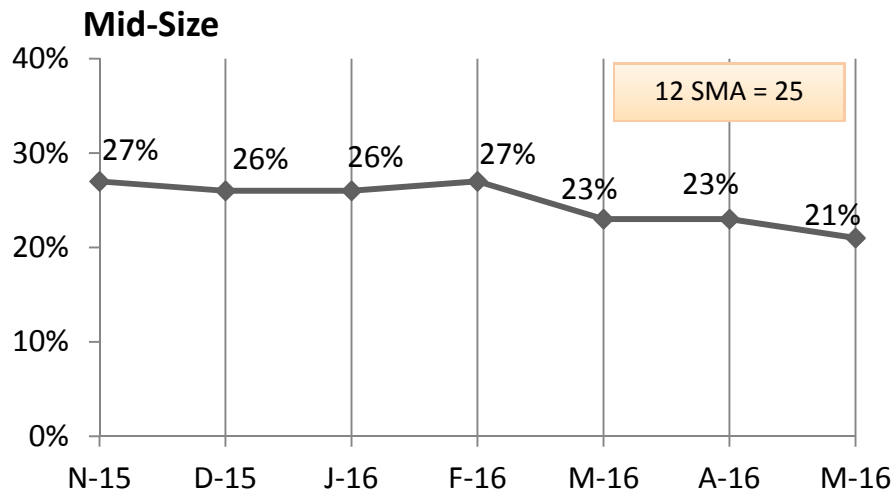
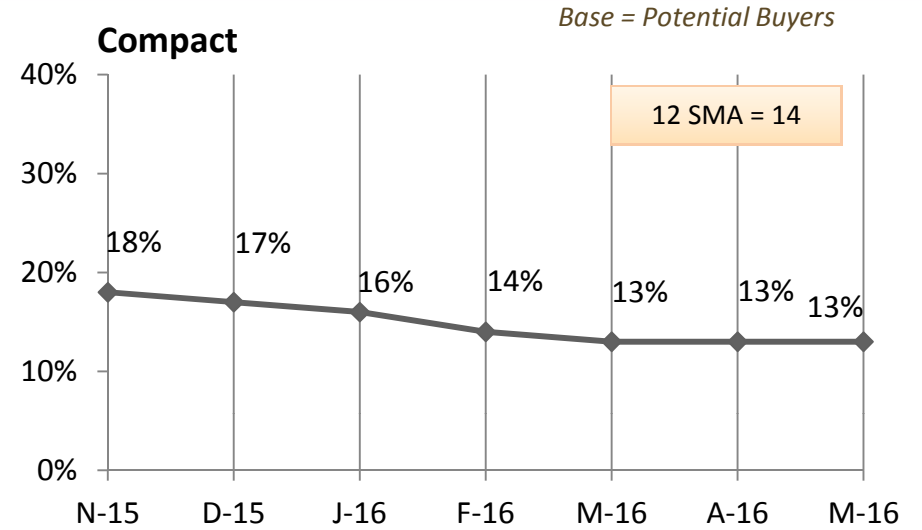
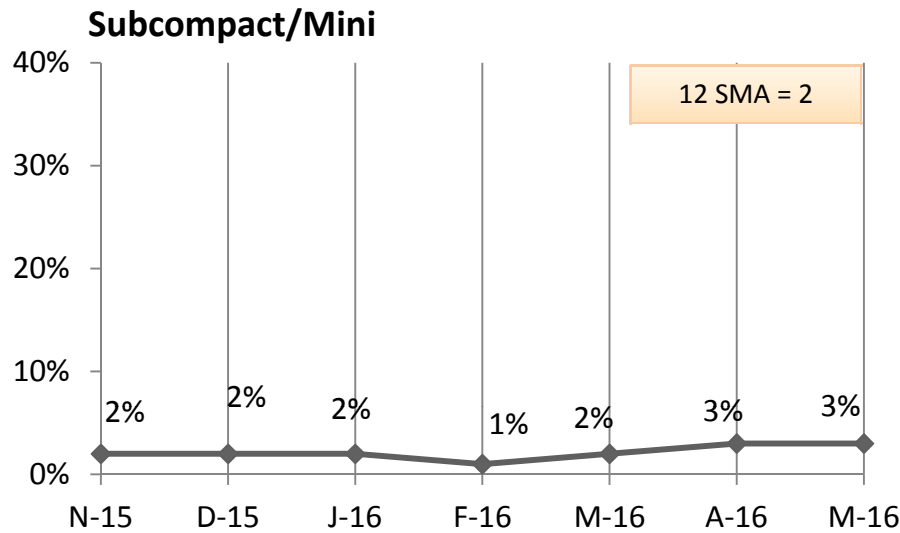
May 2016

Base = Potential Buyers



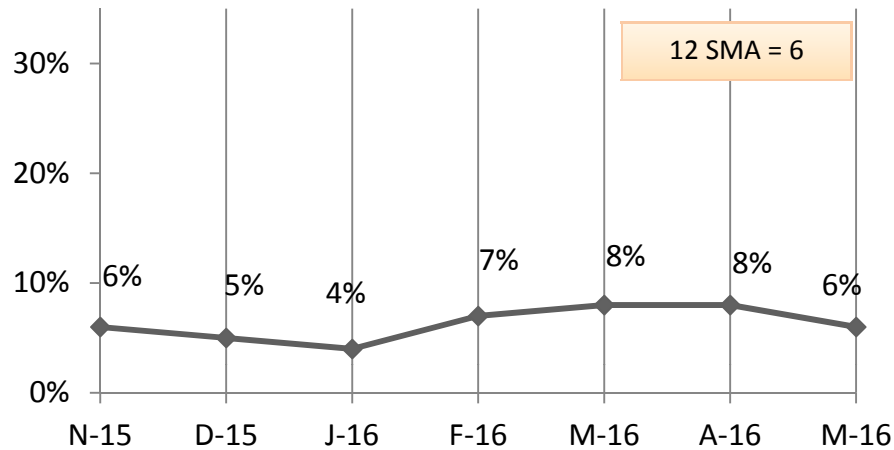
Q. What type of vehicle are you most likely to buy or lease?

Preferred Vehicle Types Over Time - 3 SMA



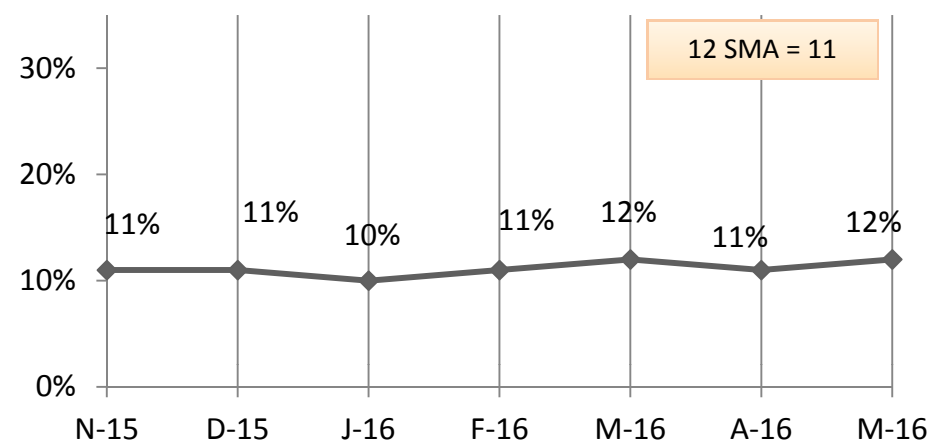
Preferred Vehicle Types Over Time - 3 SMA

Minivan

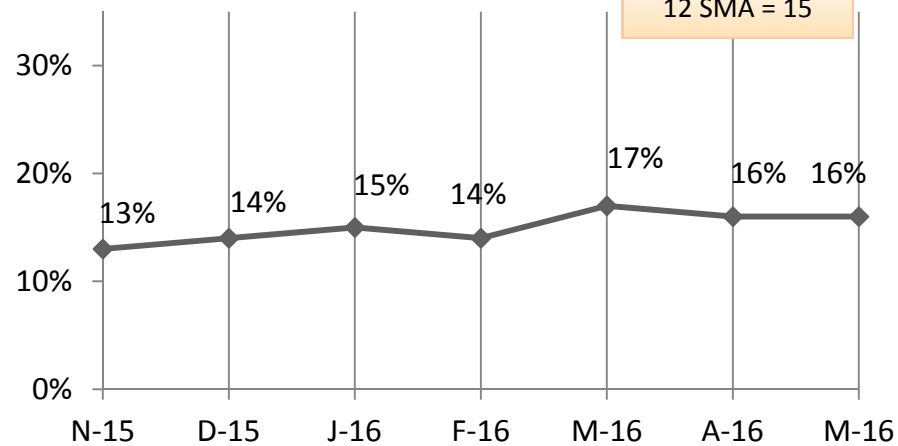


Pickup

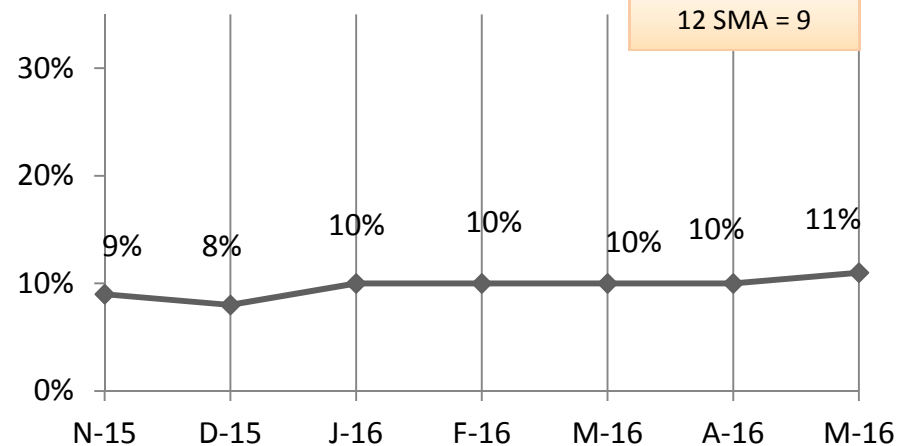
Base = Potential Customers



Small SUV



Large SUV



IV. Brand Preferences

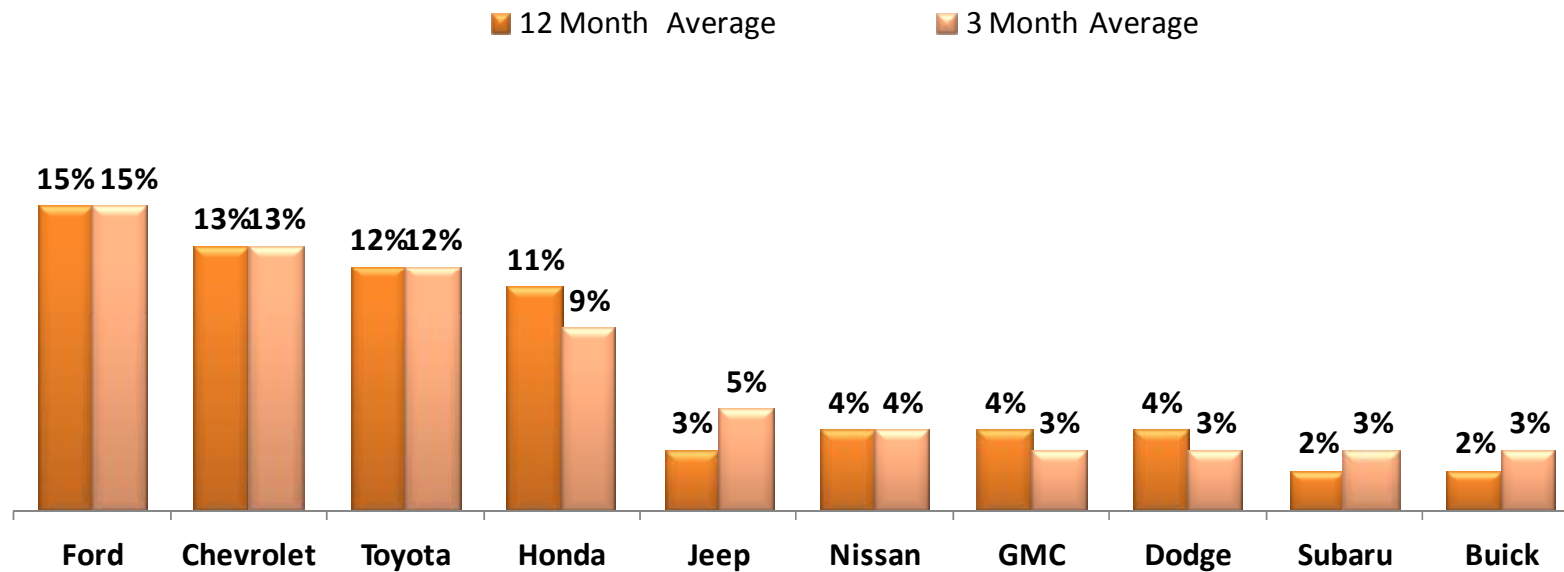
A. Top Ten Brands Consumers Would Buy

B. Brand Preference Over Time 3 SMA (Top Ten Brands)

Top Ten Brands Consumers Would Buy Today

May 2016

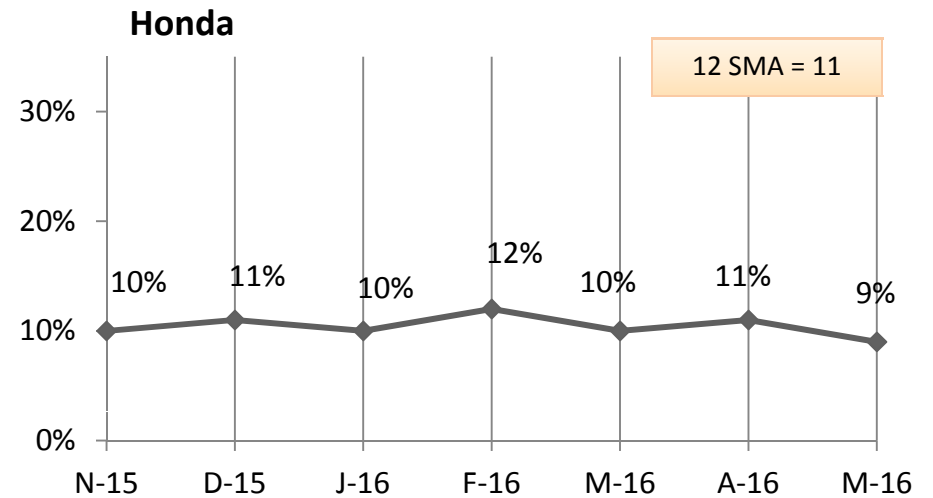
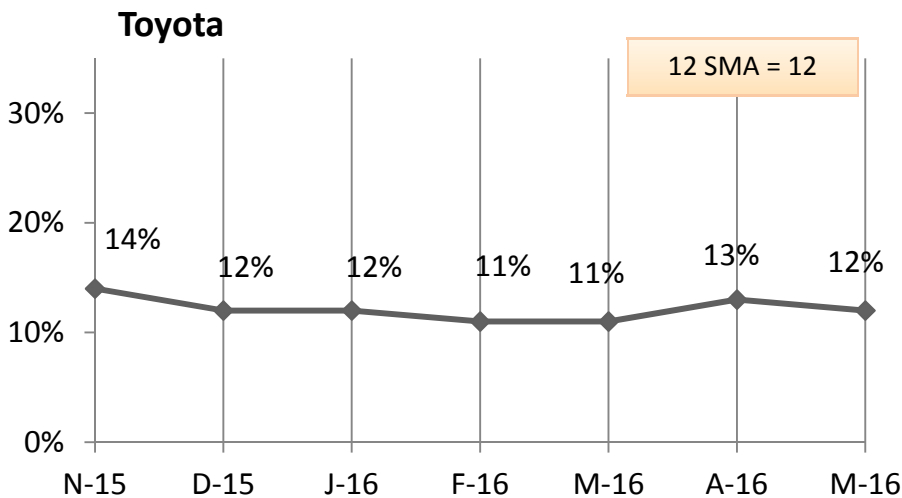
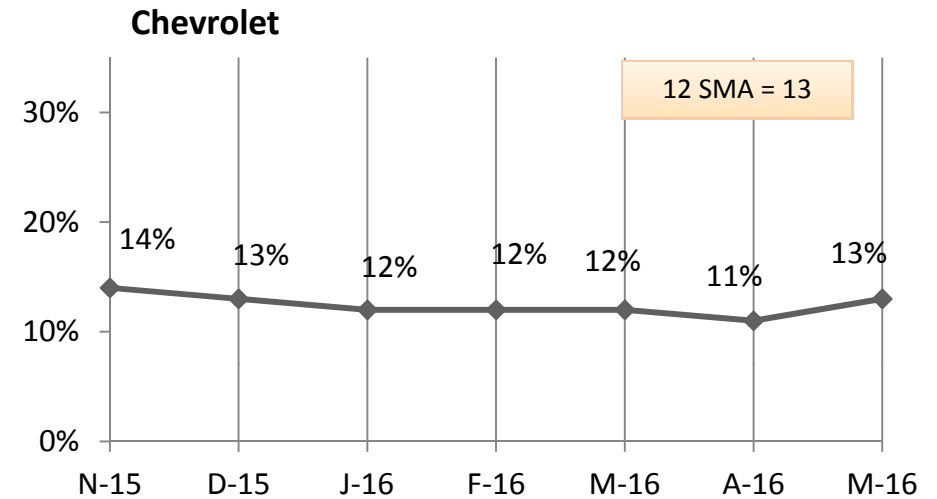
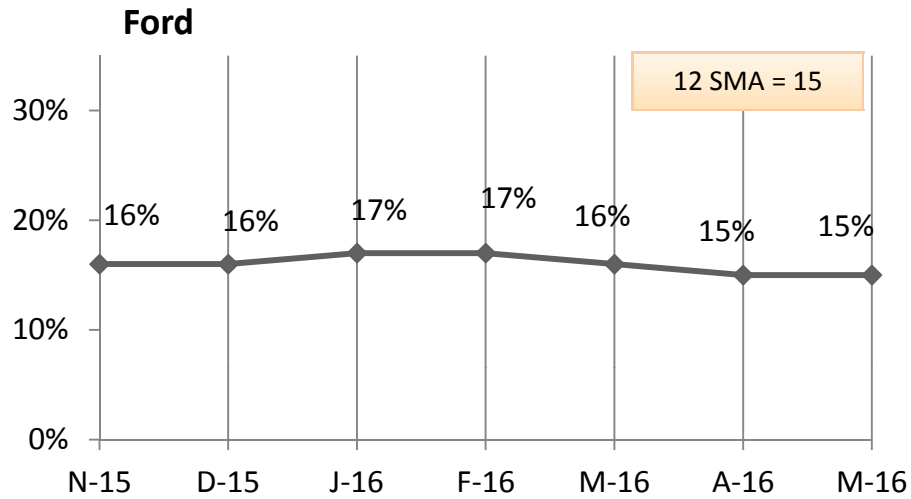
Base = Likely Buyers



Sorted by 3SMA

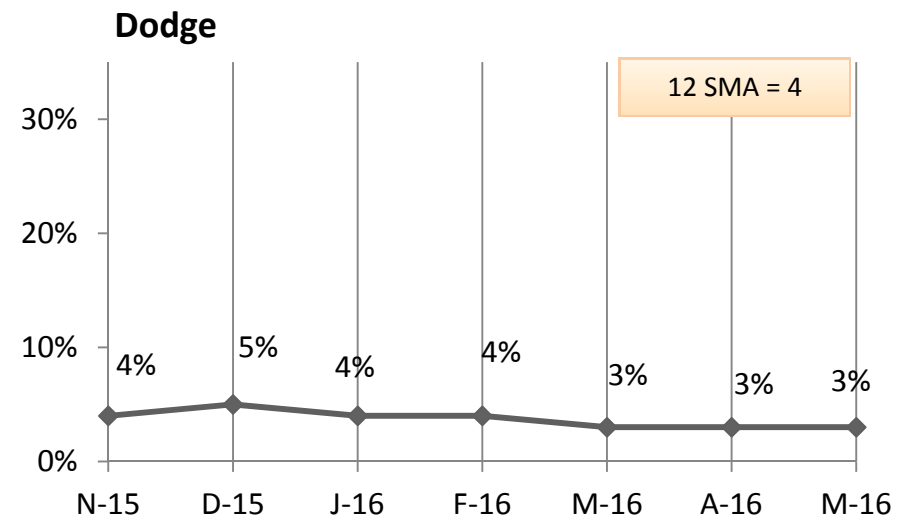
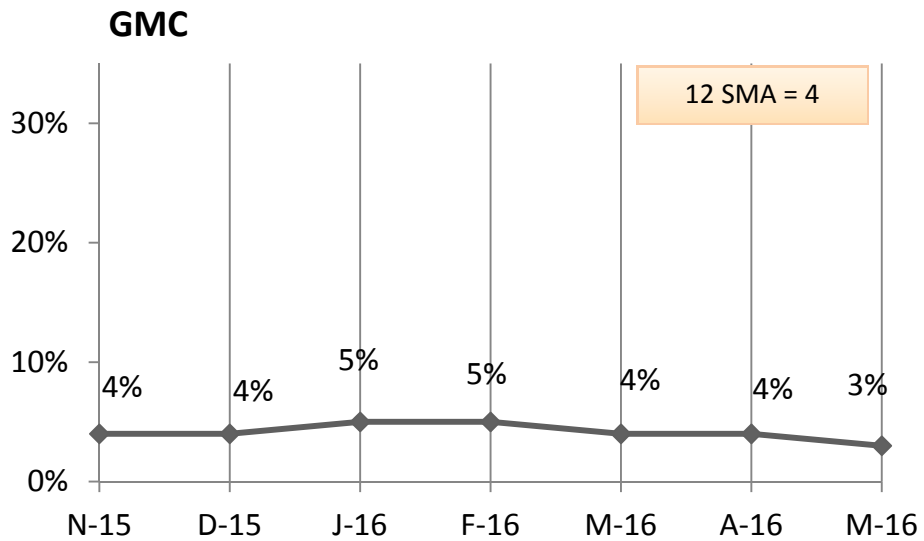
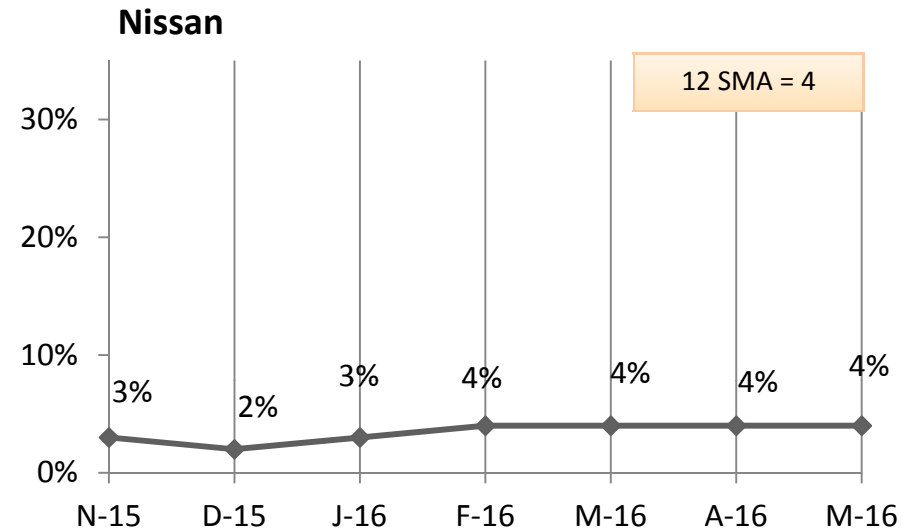
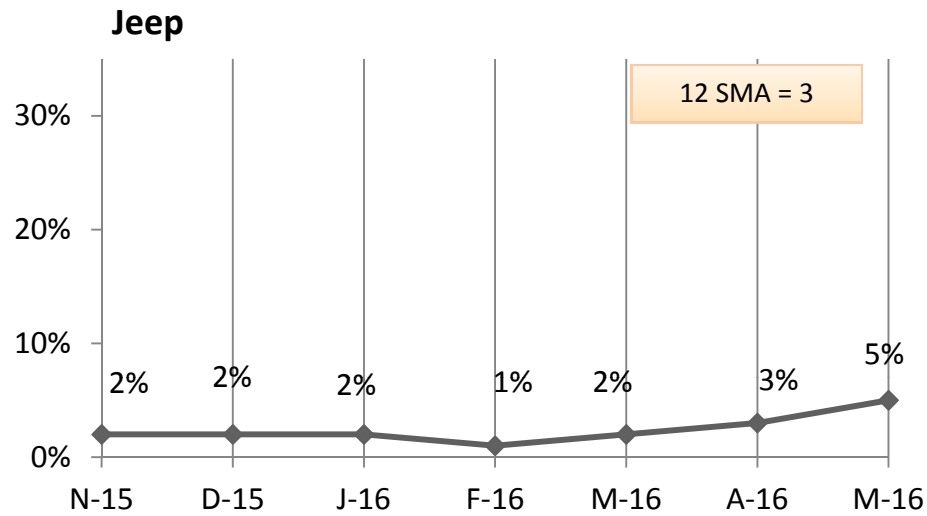
Brand Preference Over Time 3 SMA (Top 4 Brands)

Base = Likely Buyers



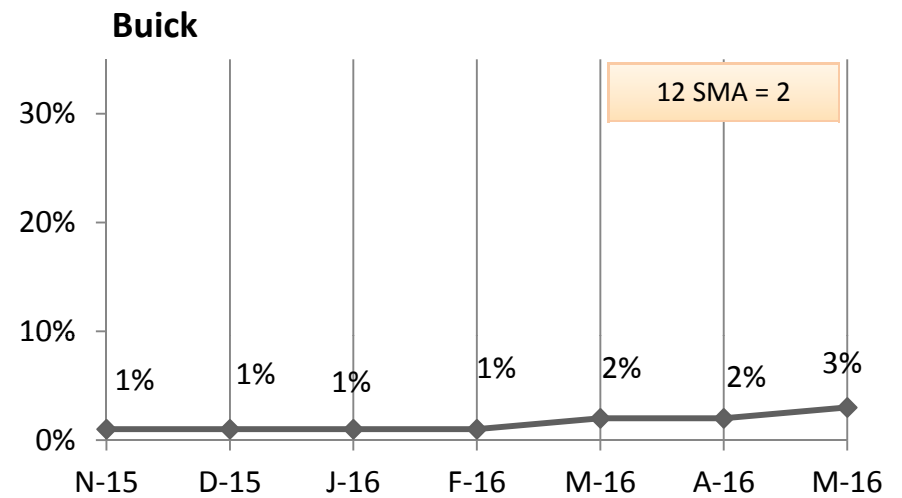
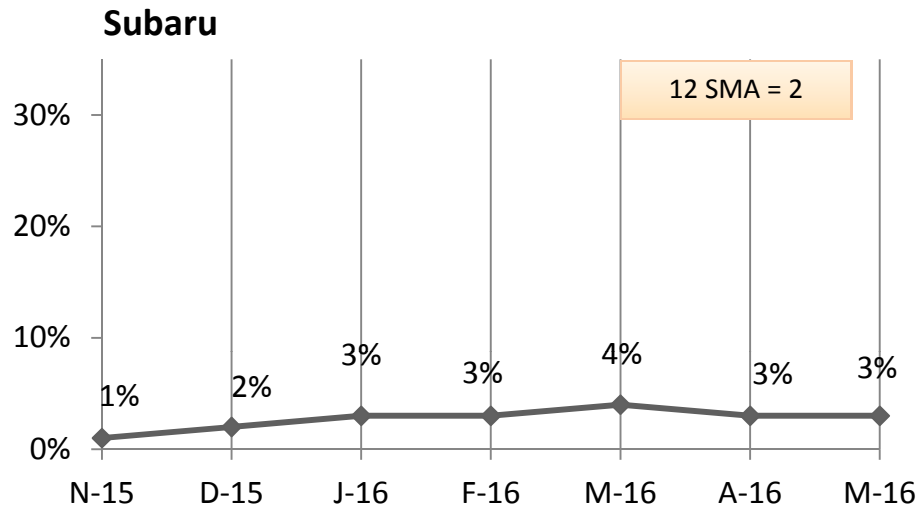
Brand Preference Over Time 3 SMA (Brands 5 to 8)

Base = Likely Buyers



Brand Preference Over Time 3 SMA (Brands 9 & 10)

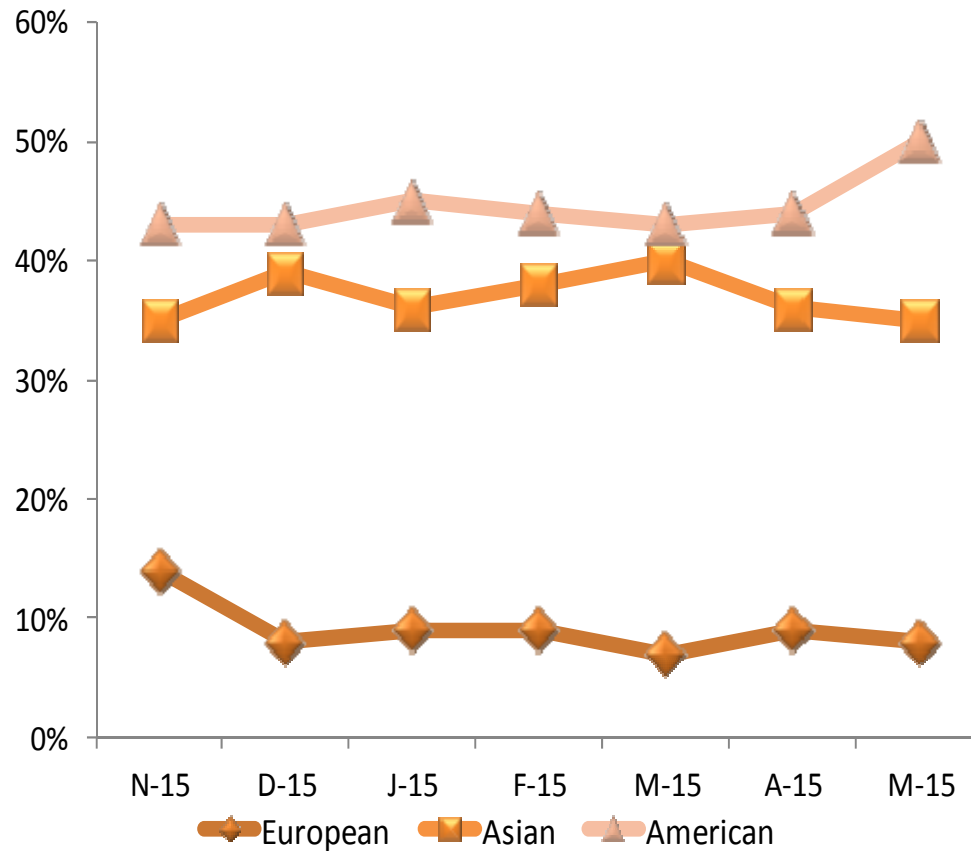
Base = Likely Buyers



By Vehicle Origin

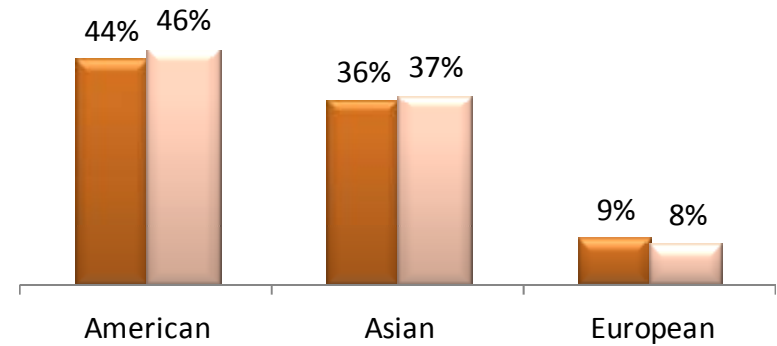
May 2016

Base = Likely Buyers



Likely to Purchase by Origin

■ 12 Month Average ■ 3 Month Average

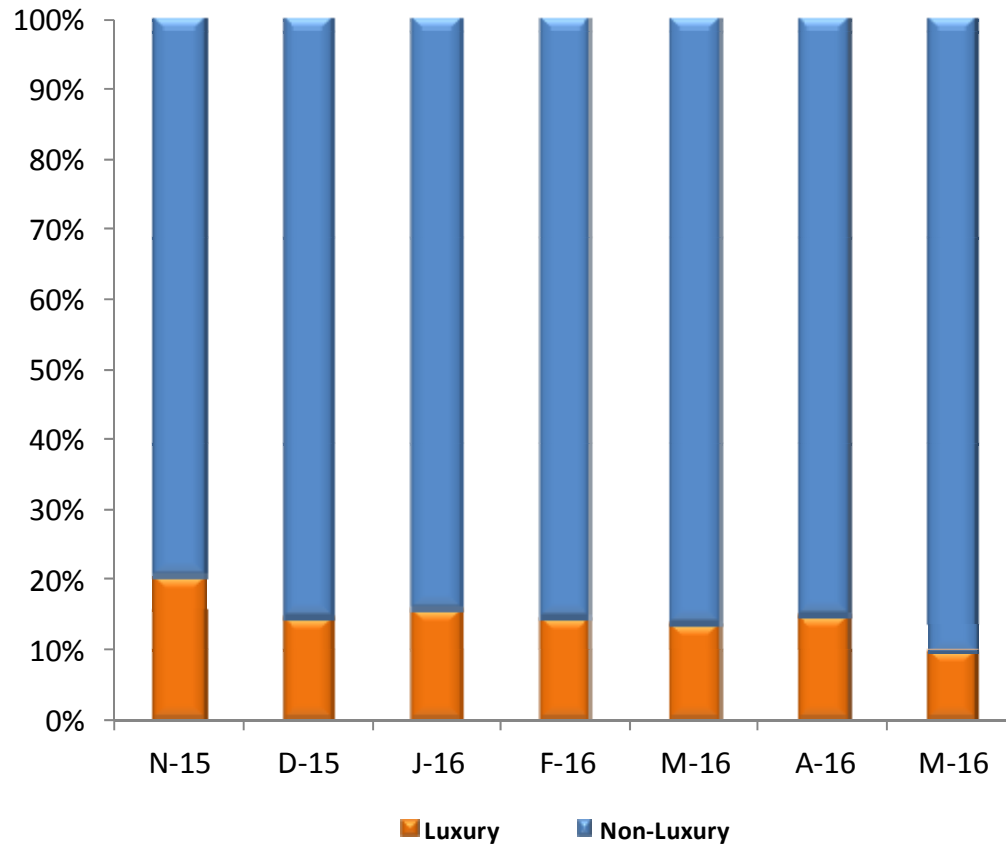


Q. If you were to buy a vehicle today, what brand would you buy?

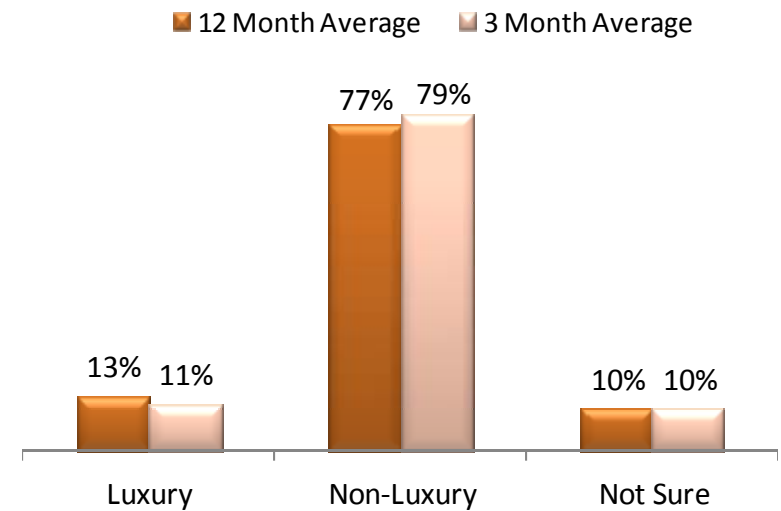
Luxury vs. Non-Luxury

May 2016

Base = Likely Buyers



Brand Preference: Luxury vs. Non-Luxury



Q. If you were to buy a vehicle today, what brand would you buy?

Conclusions

- The Auto Demand Index level declined by 15 points this month, registering a score of 91. May marks the second straight month in which the study has recorded a drop in the Index. Last month, the Index had decreased by five points to attain a reading of 106. Thus, TechnoMetrica anticipates that new vehicle sales will fall sharply over the coming months.
- This month, momentum for purchase intent continued to weaken among consumers, as the 3-month moving average declined for the second straight month, to a score of 103. Meanwhile, both the 12-month moving and 6-month moving averages remained unchanged from April.
- Regarding demographics, parents, male adult drivers, and Americans aged 25 to 44 displayed the greatest increase in purchase intent this month, as all three demographics posted a growth rate of six percentage points. The most significant drop in purchase intent was shown among Americans residing in the Northeast and drivers aged 18 to 24. Respondents living in suburban areas and those aged 65 and over also reported sharp declines in intention to acquire a new vehicle.
- In May, the share of consumers who indicated that they were likely to purchase or lease a vehicle in the next six months declined three points from last month, to a rate of 15%. In terms of Americans' preferences regarding the types of vehicles they plan to purchase, pickup trucks and small SUVs displayed the largest growth in desirability this month.
- Ford continues to be the most preferred brand among those intending to acquire a new vehicle, as it was chosen by a 15% share of likely buyers. Meanwhile, Chevrolet has overtaken Toyota as Americans' second most desirable vehicle brand, capturing 13% of likely buyers. Toyota, preferred by 12% of consumers, rounds out the top three of the most desired brands. Regarding the land of origin of the brands that consumers intend to purchase, half of likely buyers prefer American-made vehicles.

Contact Information

To request a full data set or for any questions, please contact us.

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