TechnoMetrica Auto Demand Index

October 2017

TechnoMetrica
MARKET INTELLIGENCE

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Methodology

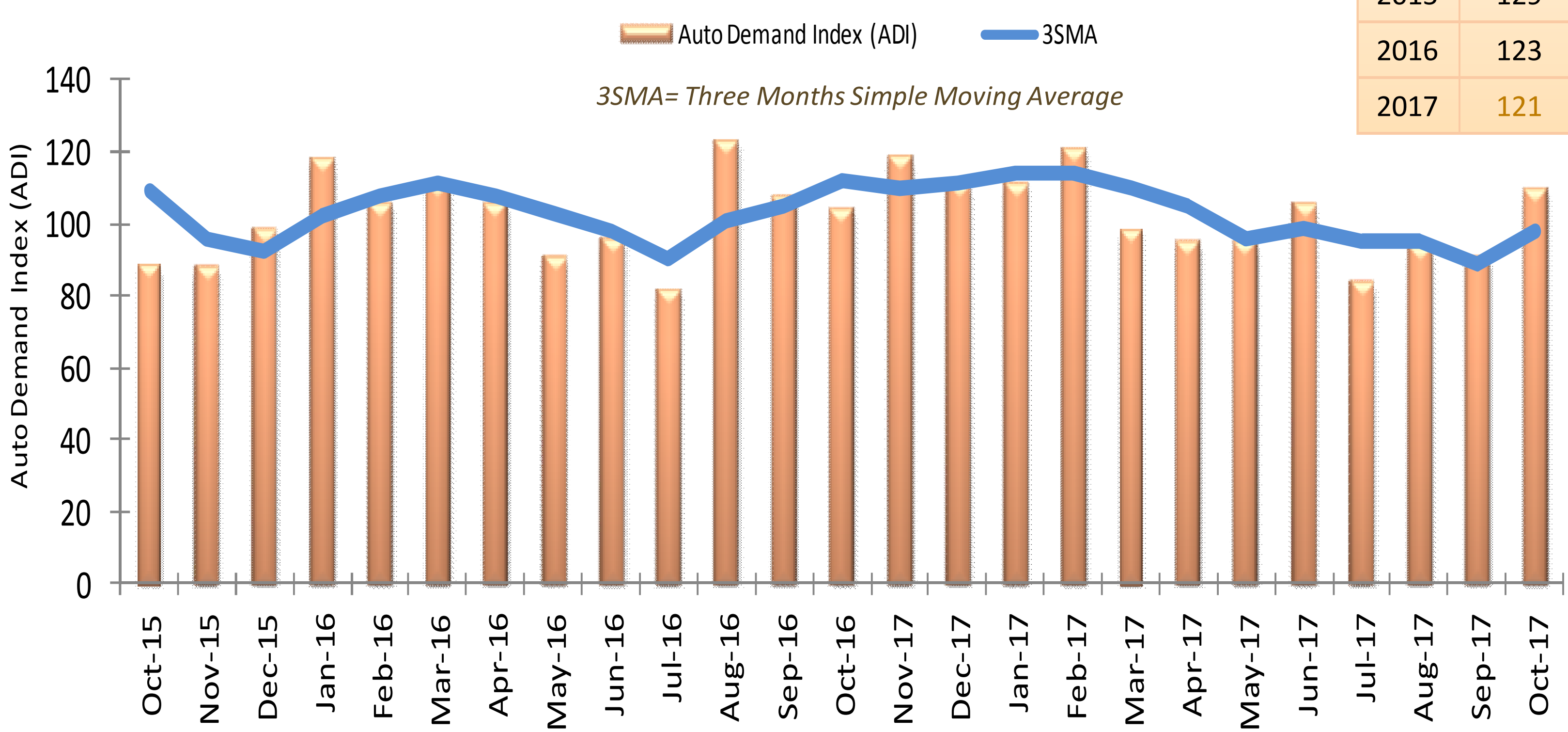
- TechnoMetrica's Auto Demand Index is a forward looking early (monthly) indicator of consumers' intent to purchase or lease a new vehicle within the next 6 months. The index has been set to an initial value of 100 based on demand levels between February 2007 and April 2007.
- The Auto Demand Index is 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 around 900 respondents. The margin of error is +/- 3.2 percentage points. The October Survey was conducted between September 29th and October 8th, 2017.

Auto Demand Index (Overall)

Consumers' intent to acquire new vehicles accelerated this month, largely due to attractive deals on outgoing 2017 models, and increased optimism about the U.S. economy. This month, TechnoMetrica's Auto Demand Index climbed 19 points, or 21%, to a score of 110, its highest reading since February. The rise in vehicle purchase intent extends across most demographic groups, as 21 of the 23 segments we track on a monthly basis showed improvement in the Index this month.

Base = All Respondents

	High	Low
2011	94	49
2012	105	49
2013	86	64
2014	88	73
2015	129	64
2016	123	82
2017	121	84



Auto Demand Index Moving Averages

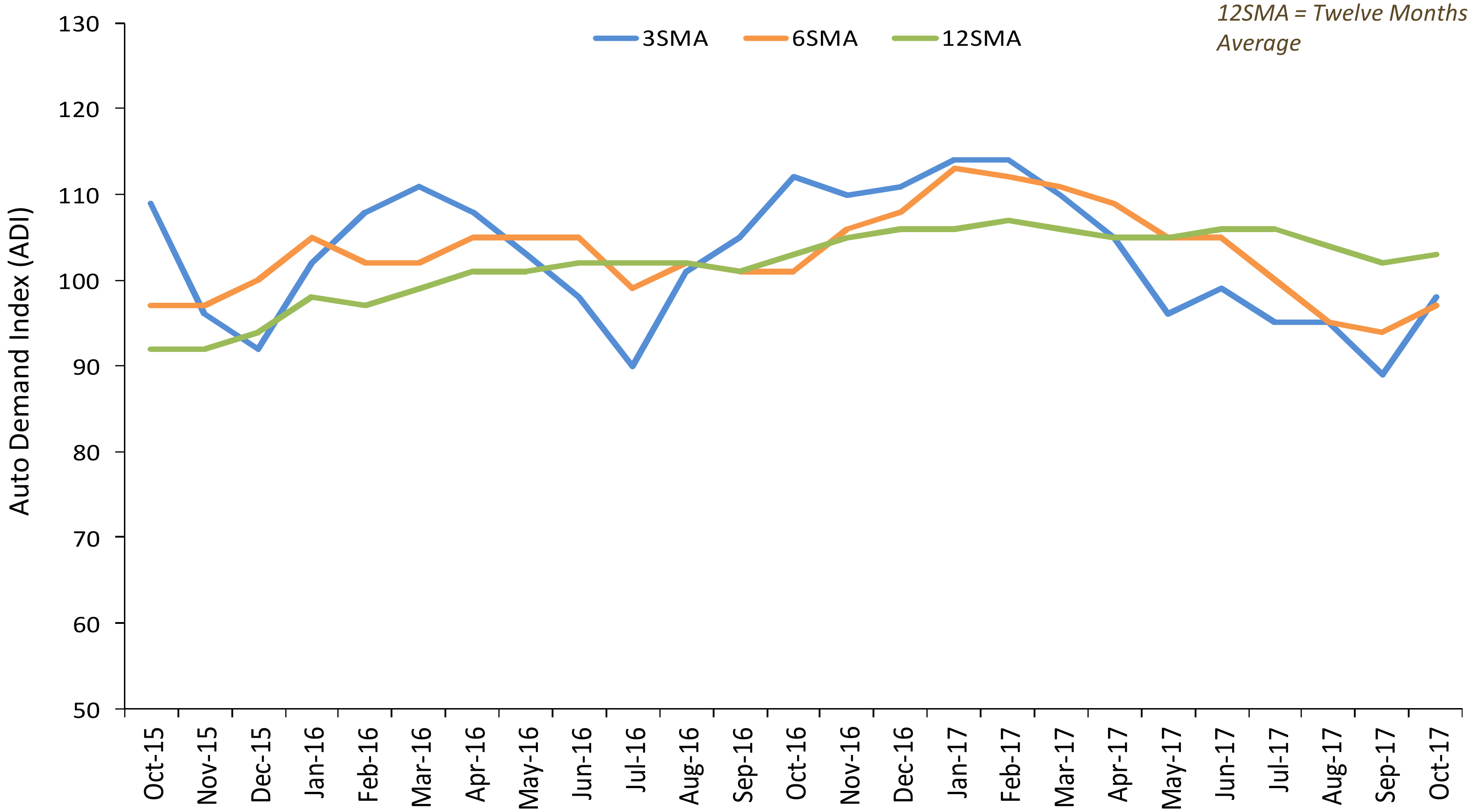
Base = All Respondents

October's Index score registered above all three of its moving averages. The reading surpassed its 12-month average (103) by seven points, topped its 6-month average (97) by 13 points, and bested its 3-month average (98) by 12 points. In addition, all three moving averages improved this month, indicating that vehicle purchase intent will remain strong in the near future.

3SMA= Three Months Simple Moving Average

6SMA = Six Months Simple Moving Average

12SMA = Twelve Months Simple Moving Average

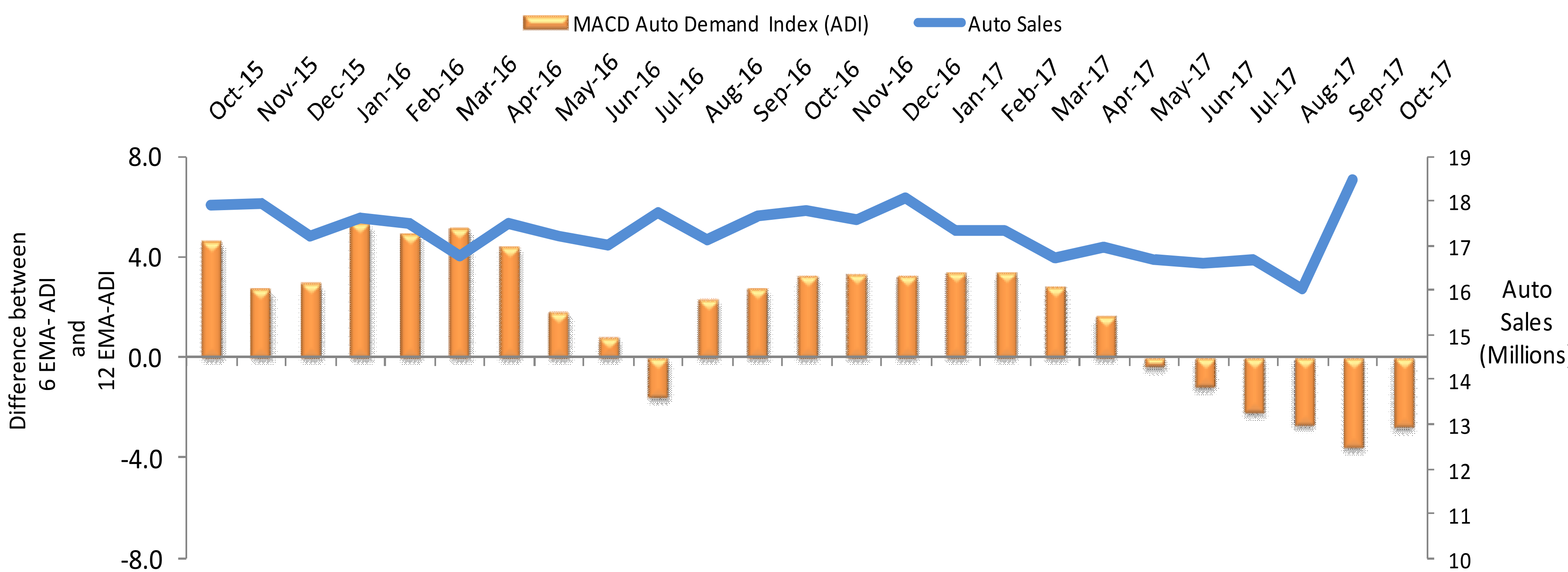


Momentum: Moving Average Convergence Divergence

Momentum= Fast Average (6-month exponential moving average) minus Slow Average (12-month exponential moving average)

Base = All Respondents

Our momentum indicator (MACD), while gaining 0.8 point this month, remains in negative territory with a reading of -2.8. Therefore, TechnoMetrica anticipates that the Auto Demand Index will moderate slightly in the coming months, though it should remain relatively robust. Further, while new vehicle sales continue to grow at a healthy pace, auto sales are not expected to match last year's record performance.

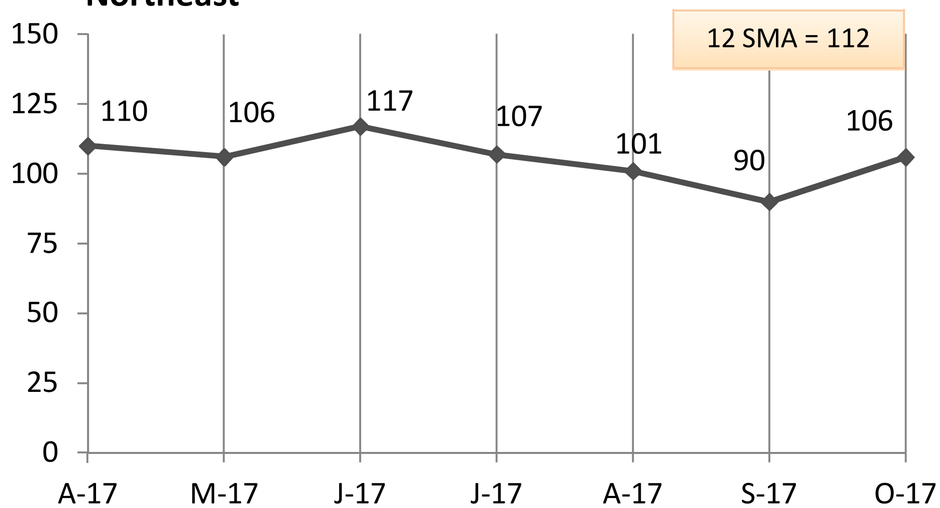


Difference between 6 EMA auto sales and 12 EMA auto sales

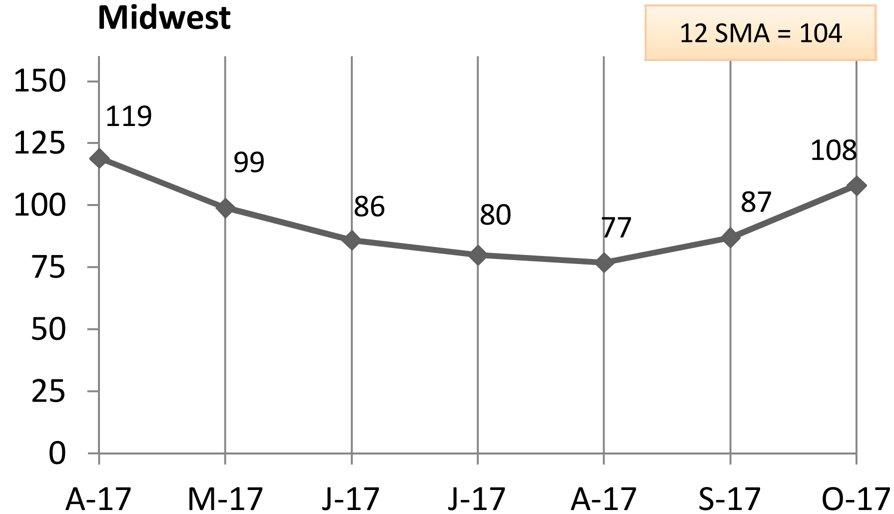
By Region 3 SMA

Base = All Respondents

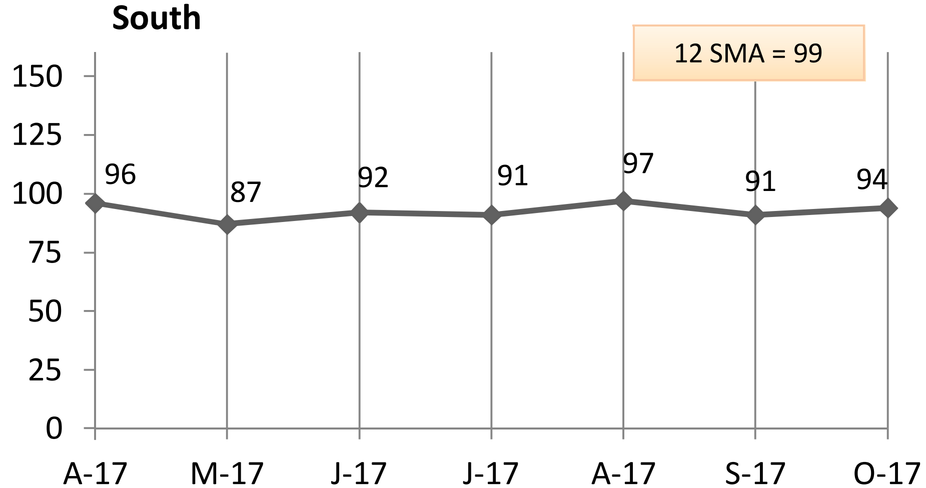
Northeast



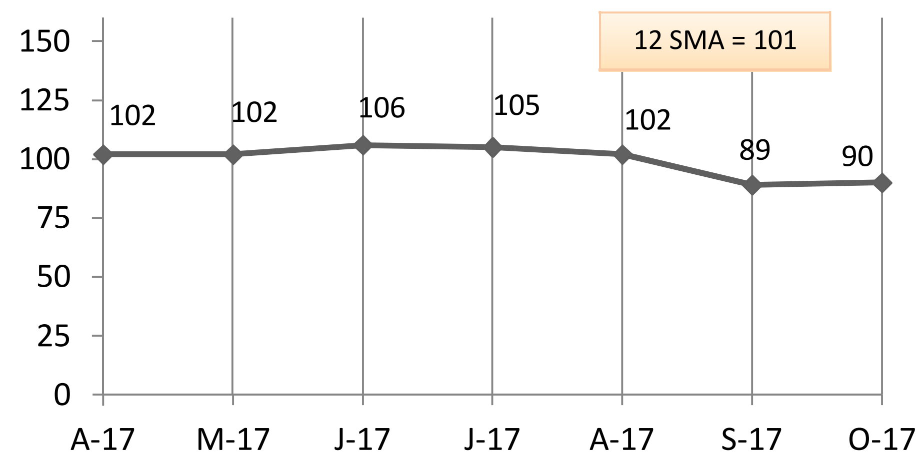
Midwest



South



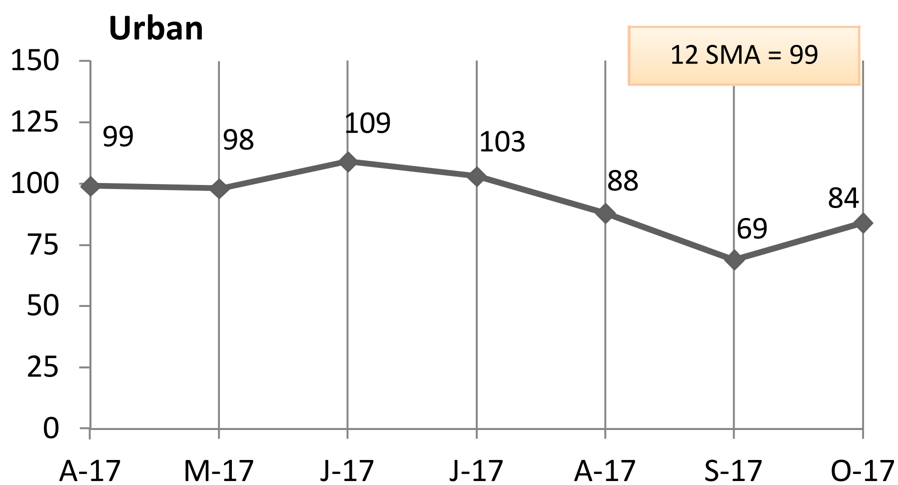
West

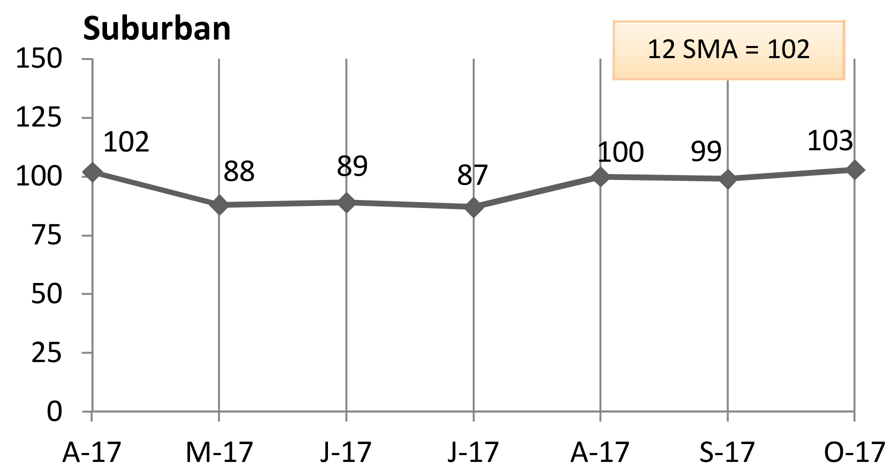


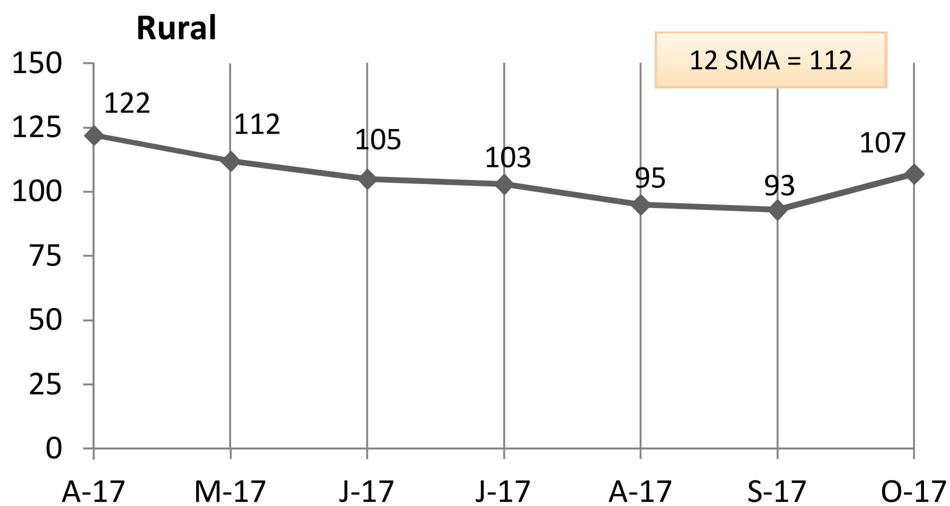
Q. How likely is it that you will buy or lease a new vehicle within the next 6 months?

By Area Type 3 SMA

Base = All Respondents



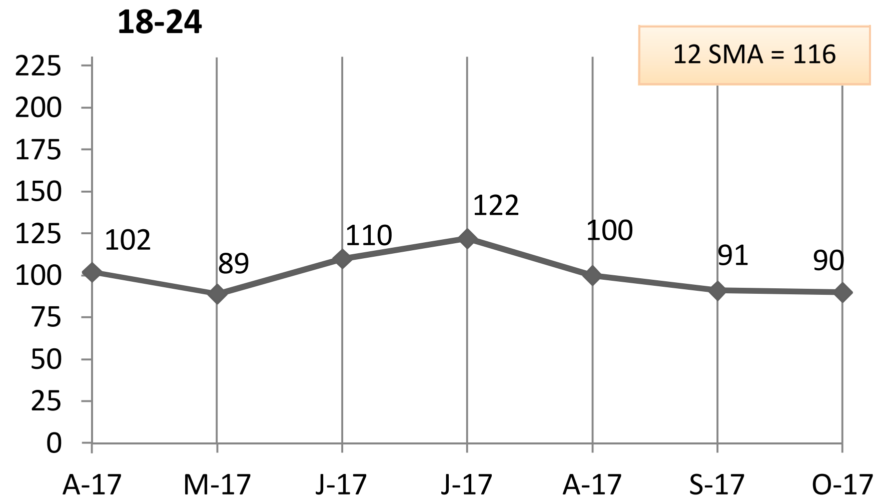


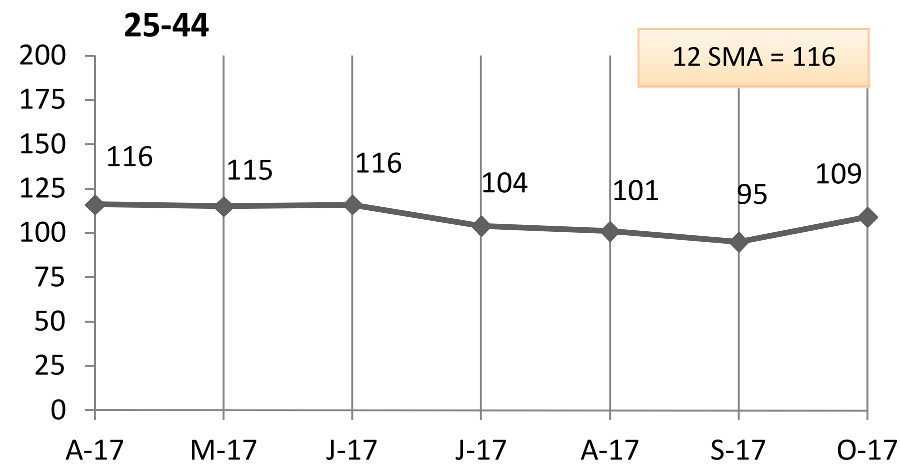


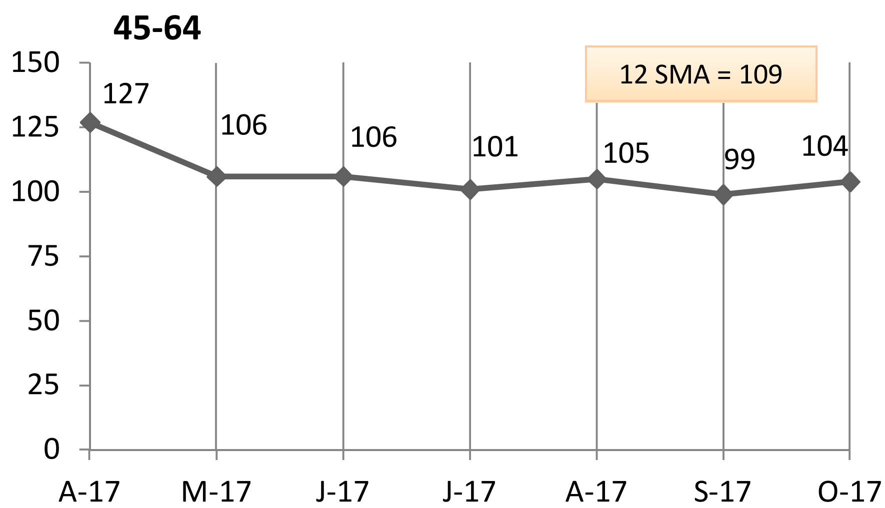
Q. How likely is it that you will buy or lease a new vehicle within the next 6 months?

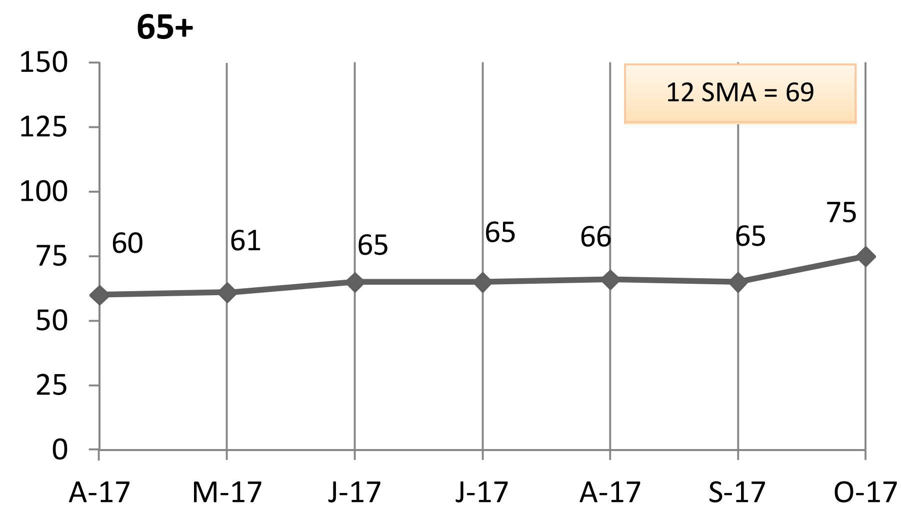
By Age 3 SMA

Base = All Respondents





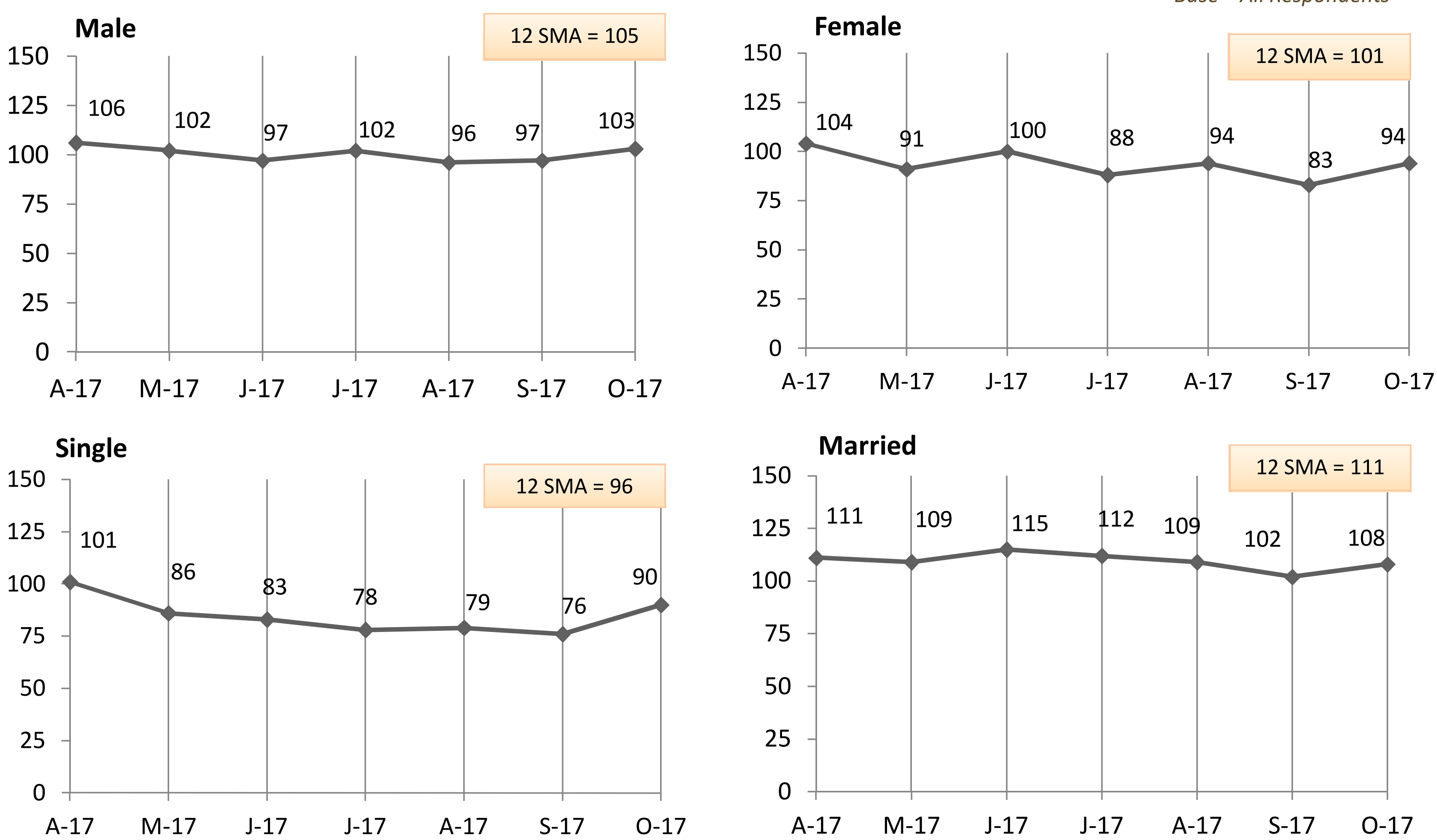




Q. How likely is it that you will buy or lease a new vehicle within the next 6 months?

By Gender and Marital Status 3 SMA

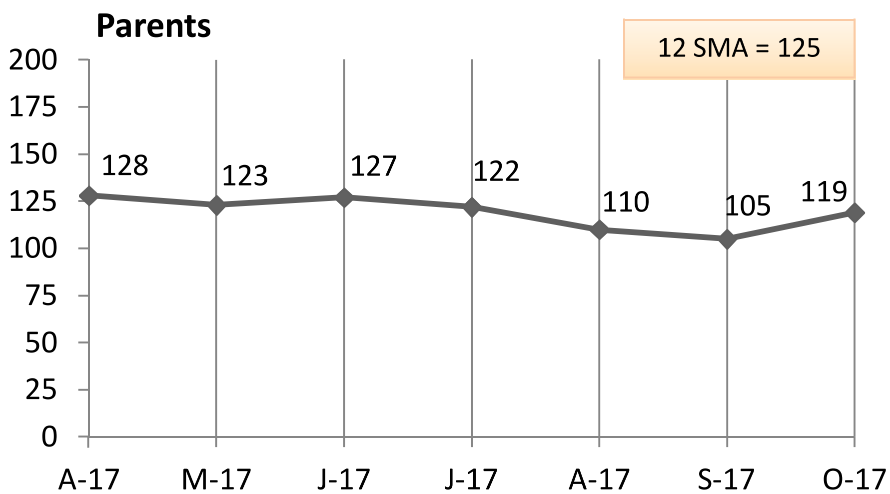
Base = All Respondents

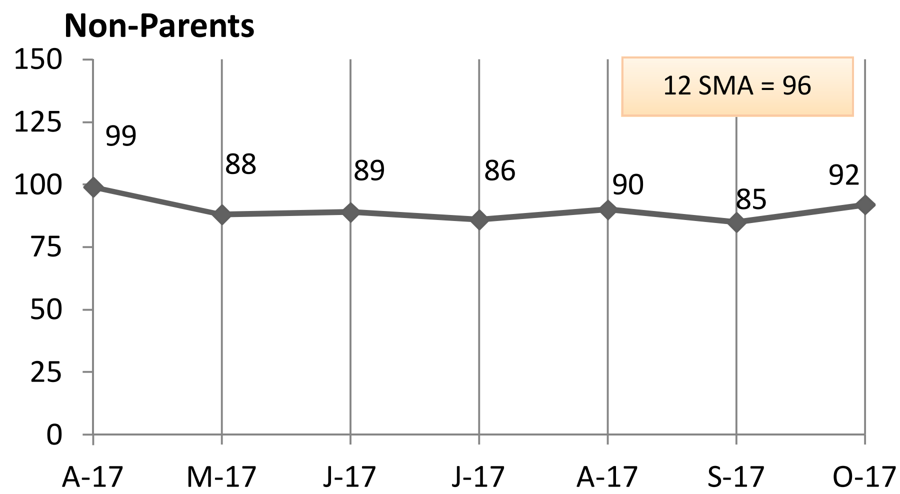


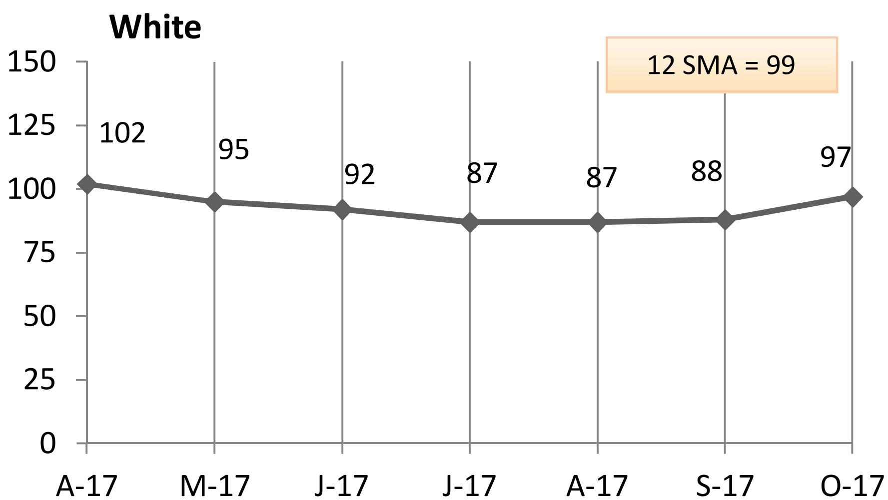
Q. How likely is it that you will buy or lease a new vehicle within the next 6 months?

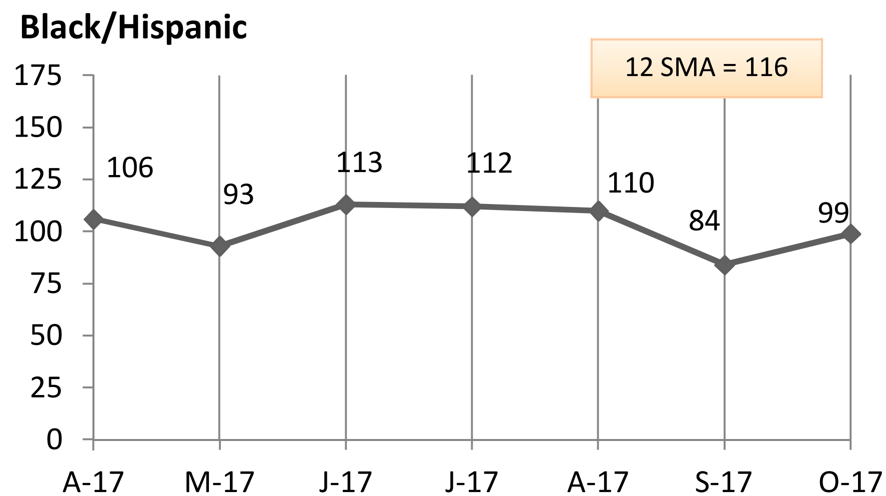
By Parental Status and Race/Ethnicity 3 SMA

Base = All Respondents





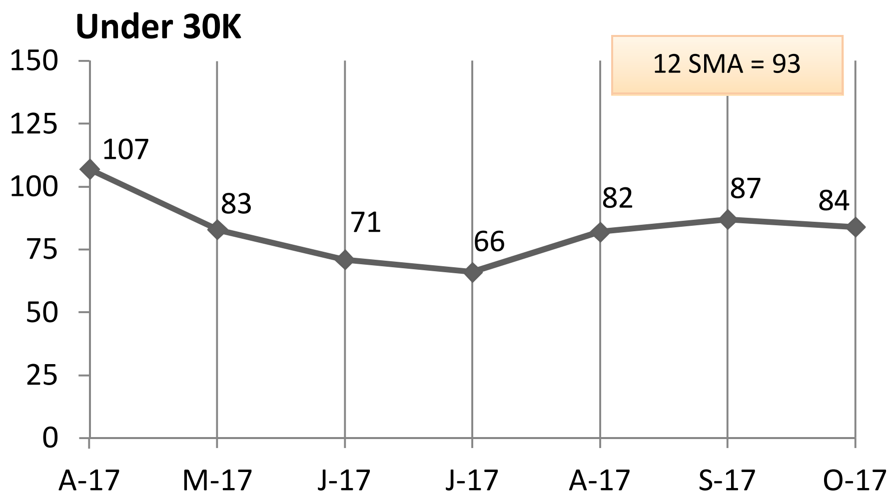


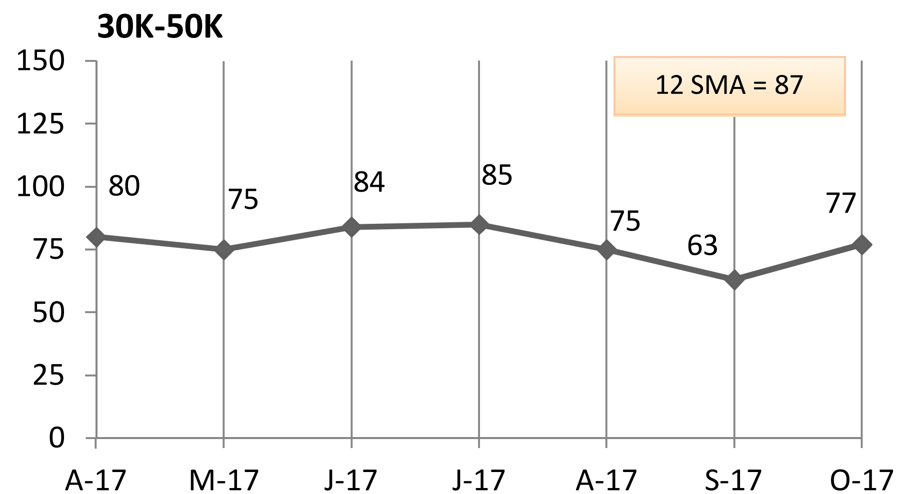


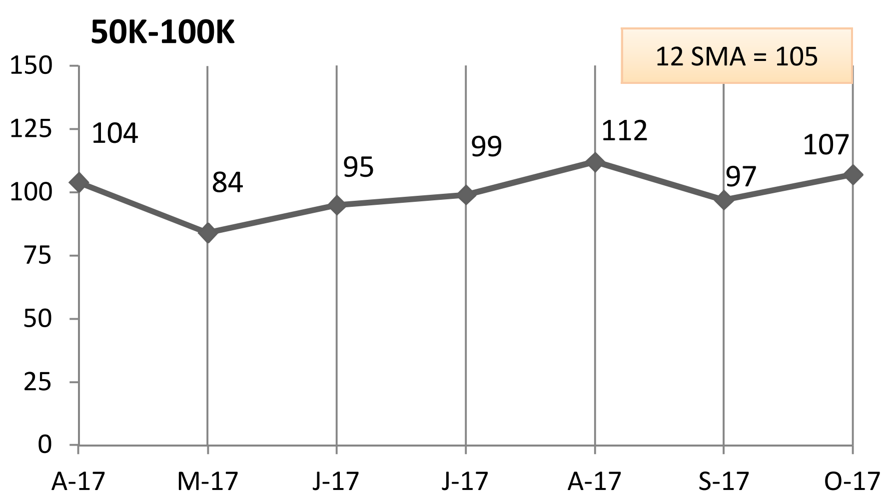
Q. How likely is it that you will buy or lease a new vehicle within the next 6 months?

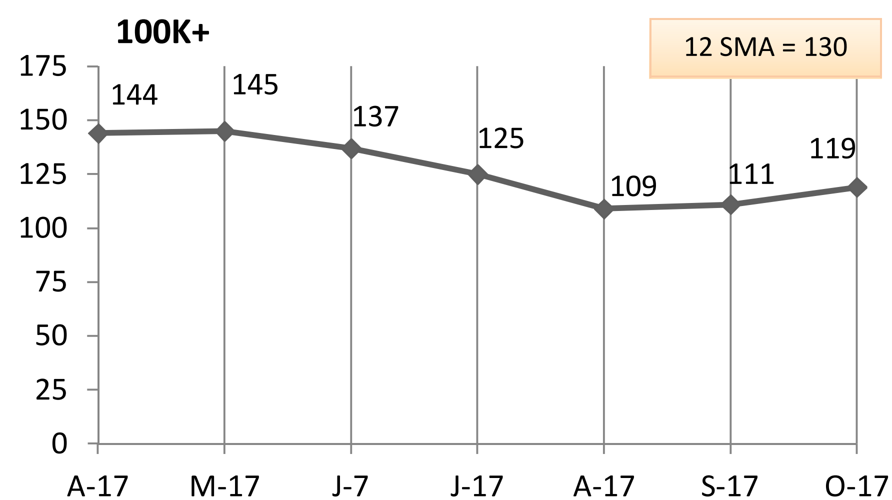
By Household Income 3 SMA

Base = All Respondents







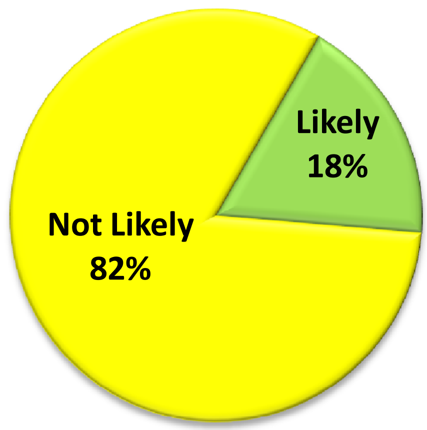


Q. How likely is it that you will buy or lease a new vehicle within the next 6 months?

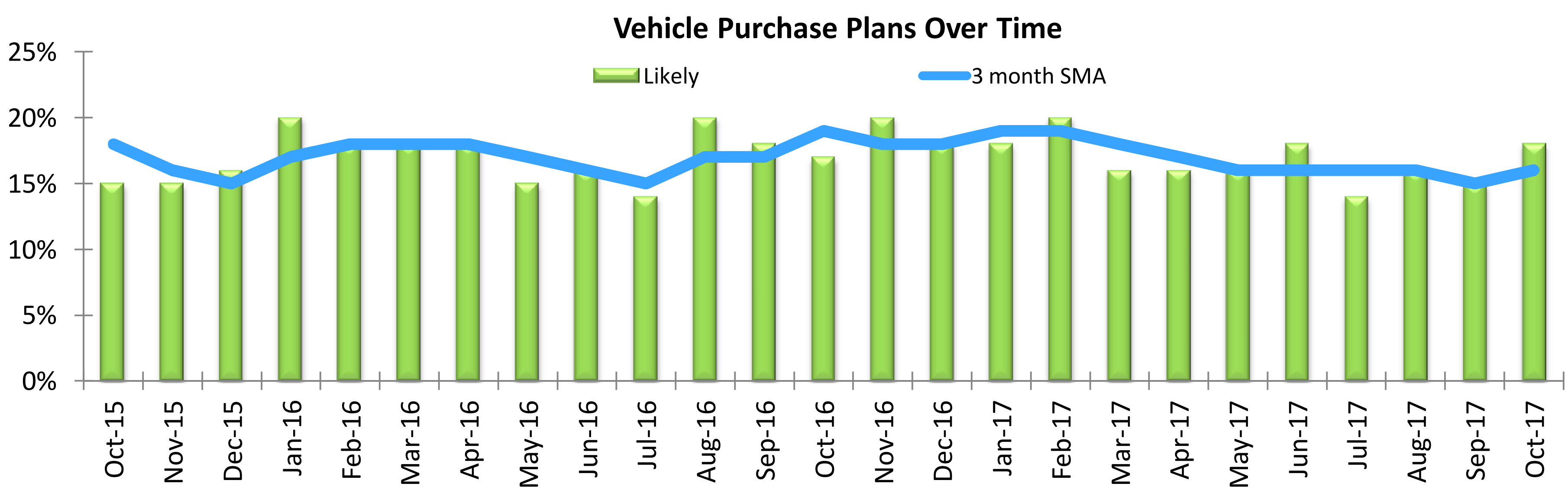
Vehicle Purchase Plans

October 2017

Base = All Respondents



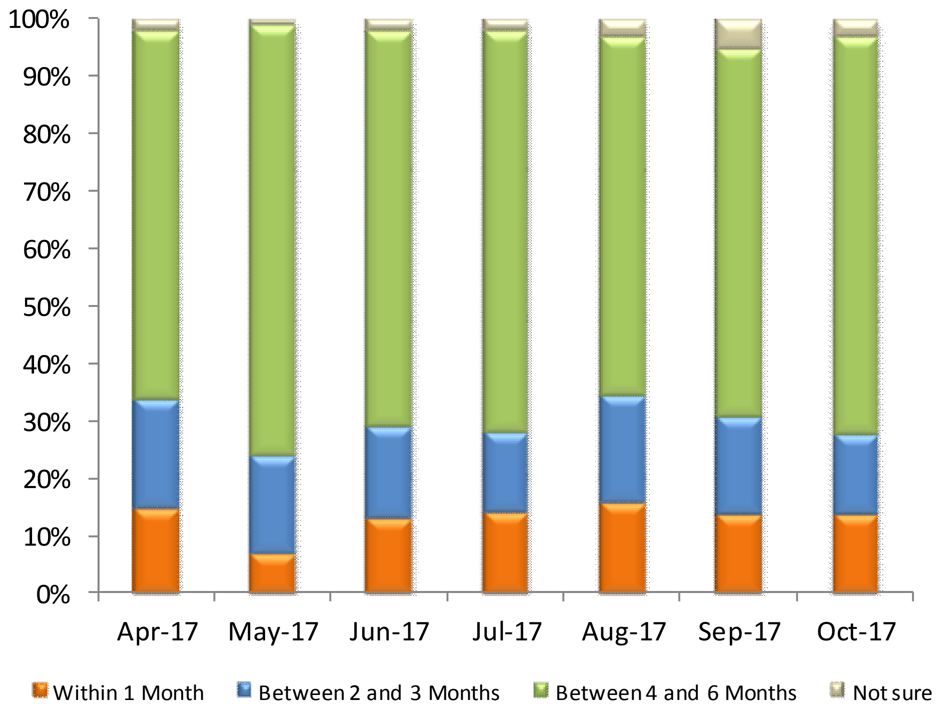
This month, the share of Americans who say they are likely to purchase or lease a new vehicle within the next six months increased by three points from September, to a rate of 18%.



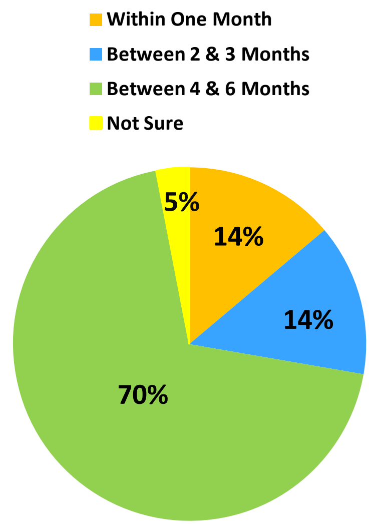
Vehicle Purchase/Lease Time Frame

October 2017

Base = Potential Buyers



	Average Time Frame (Months)
Apr-17	3.92
May-17	4.28
Jun-17	4.05
Jul-17	4.06
Aug-17	3.88
Sep-17	3.99
Oct-17	4.07



Similar shares of consumers (14%) plan to purchase a new auto within one month, and between two and three months. Meanwhile, more than two-thirds (70%) say they are likely to acquire a new vehicle within four to six months, up from 65% in September.

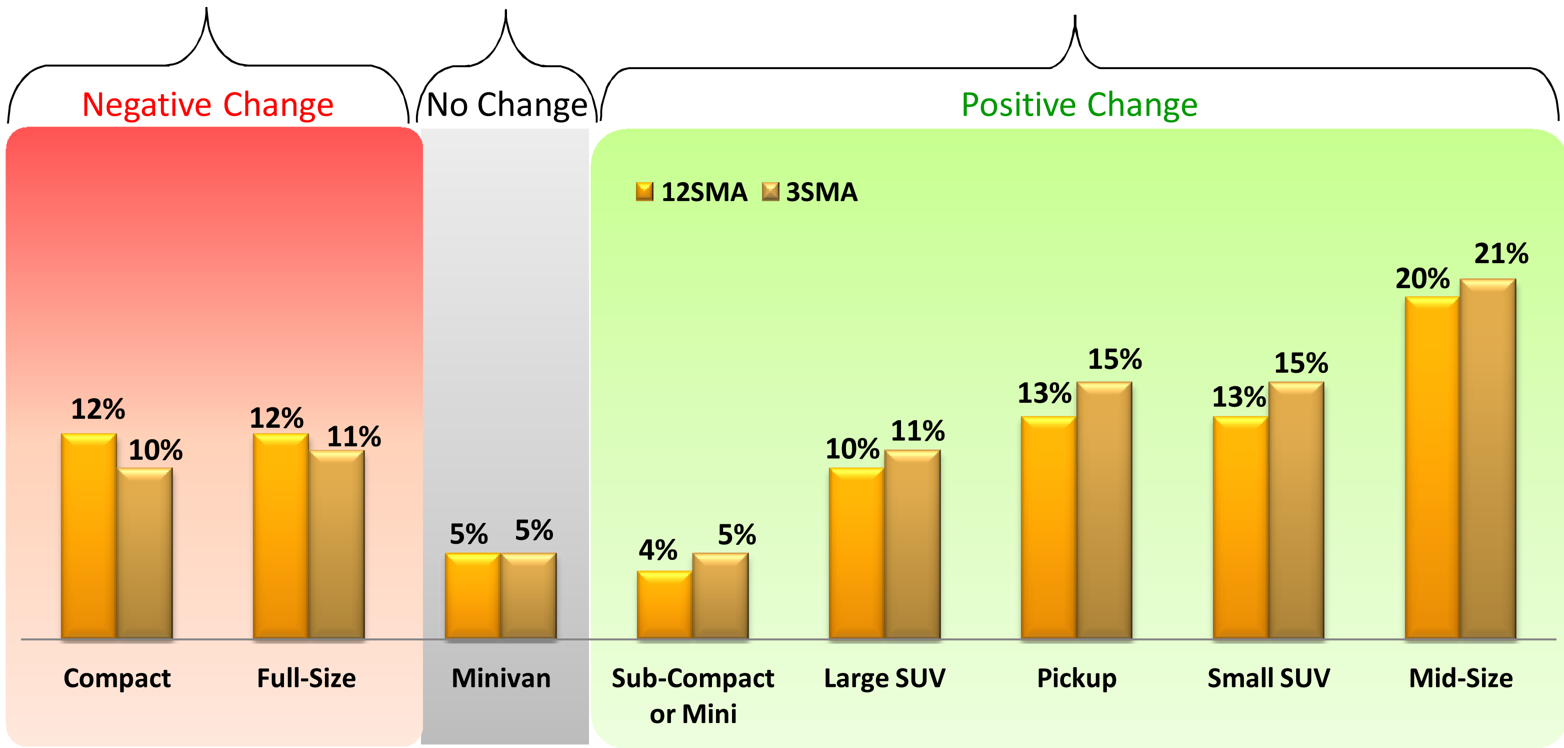
In October, the share of likely vehicle buyers planning to purchase or lease a new vehicle within one month remain unchanged from last month, at 14%.

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

Vehicle Type Momentum

October 2017

Base = Potential Buyers

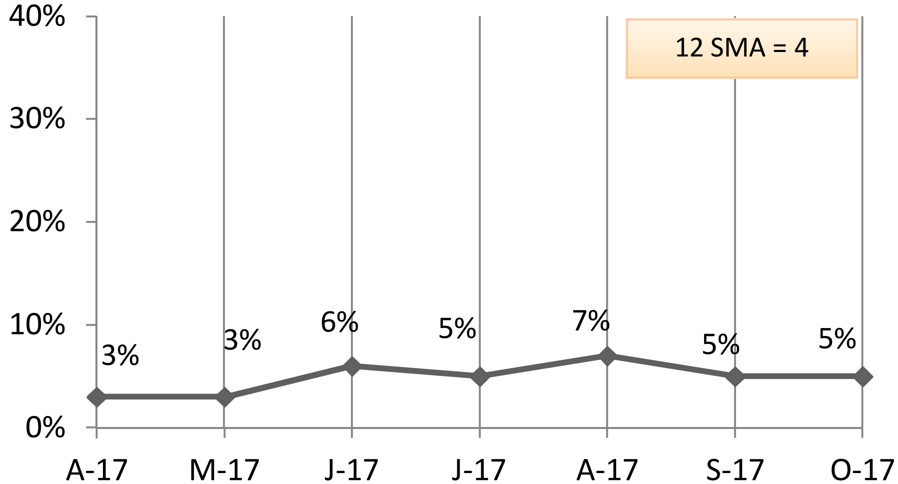


Q. What type of vehicle are you most likely to buy or lease?

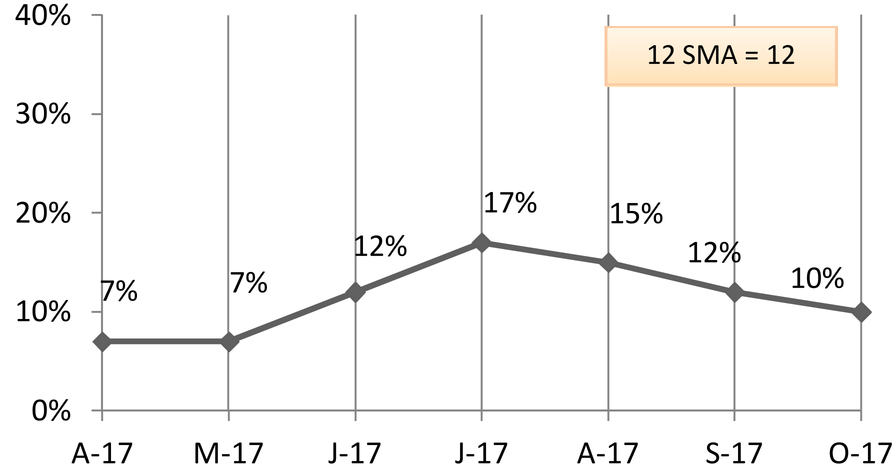
Preferred Vehicle Types Over Time - 3 SMA

Base = Potential Buyers

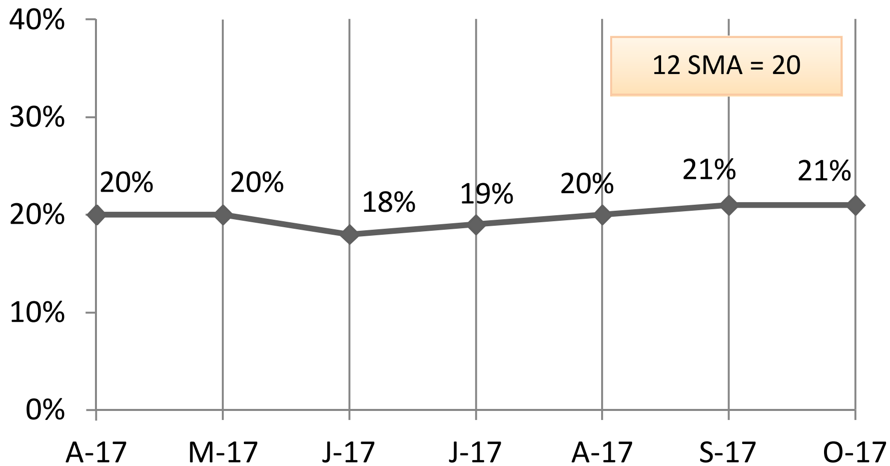
Subcompact/Mini



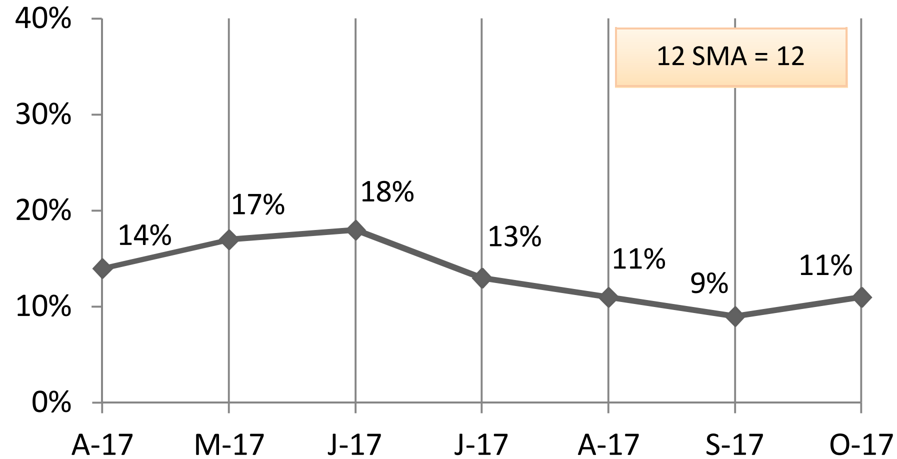
Compact



Mid-Size

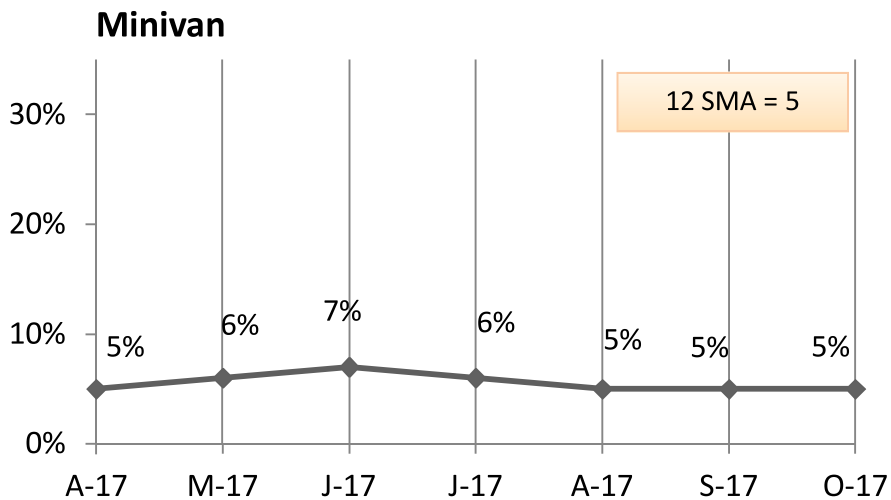


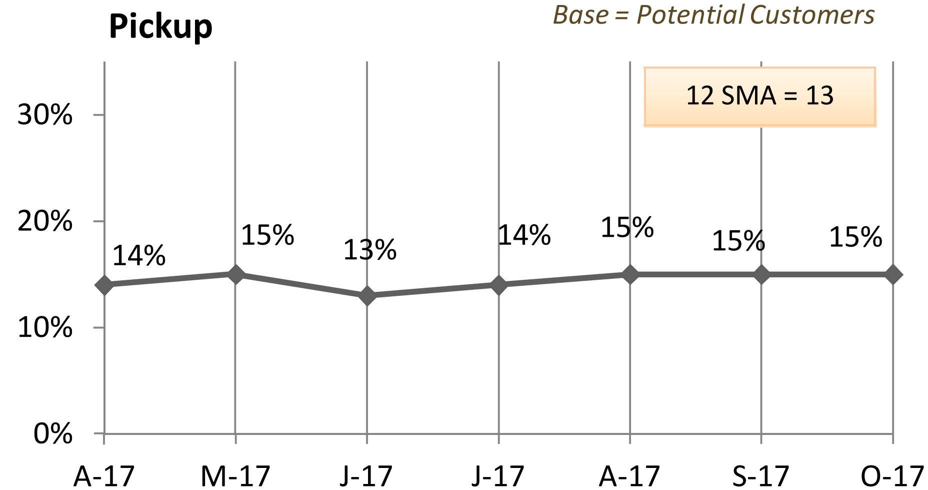
Full-Size

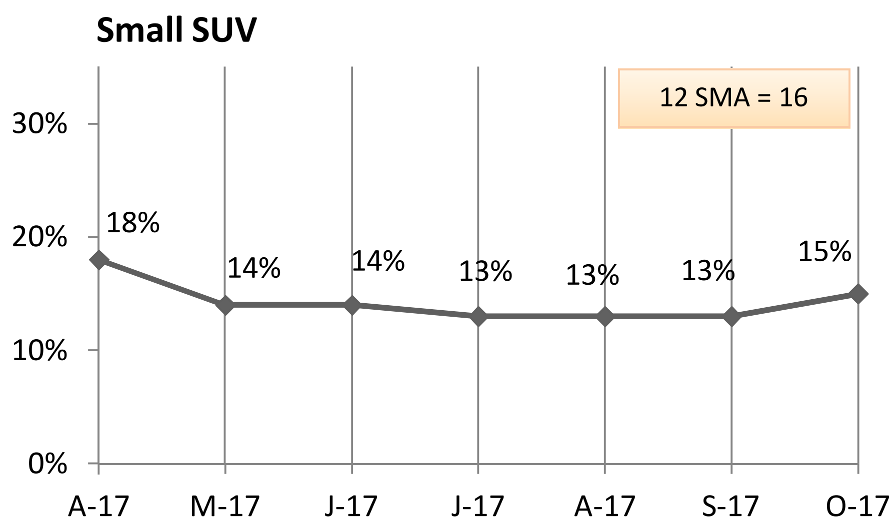


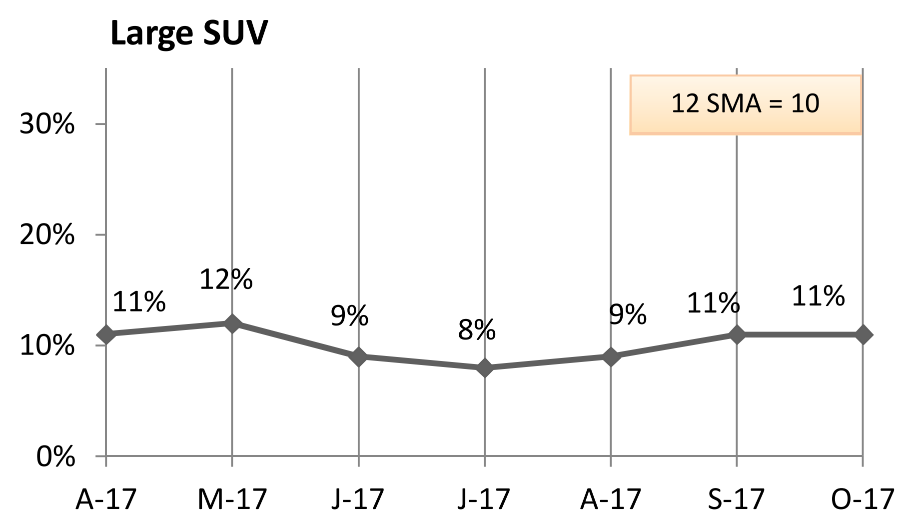
Preferred Vehicle Types Over Time - 3 SMA

Base = Potential Customers





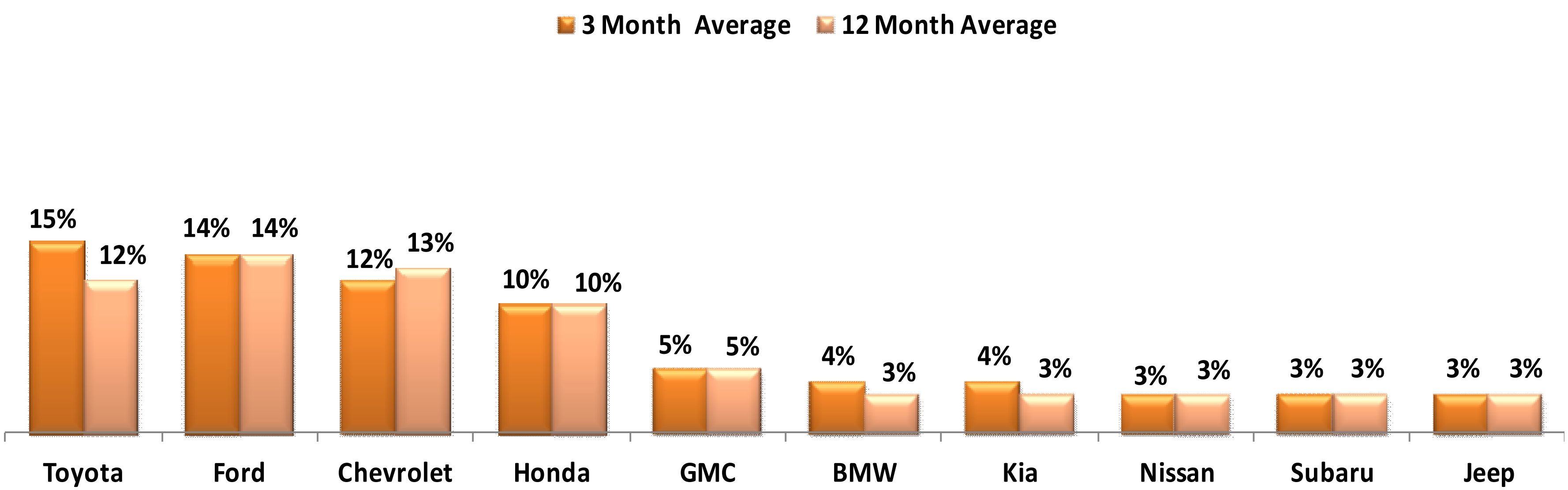




Top Ten Brands Consumers Would Buy Today

October 2017

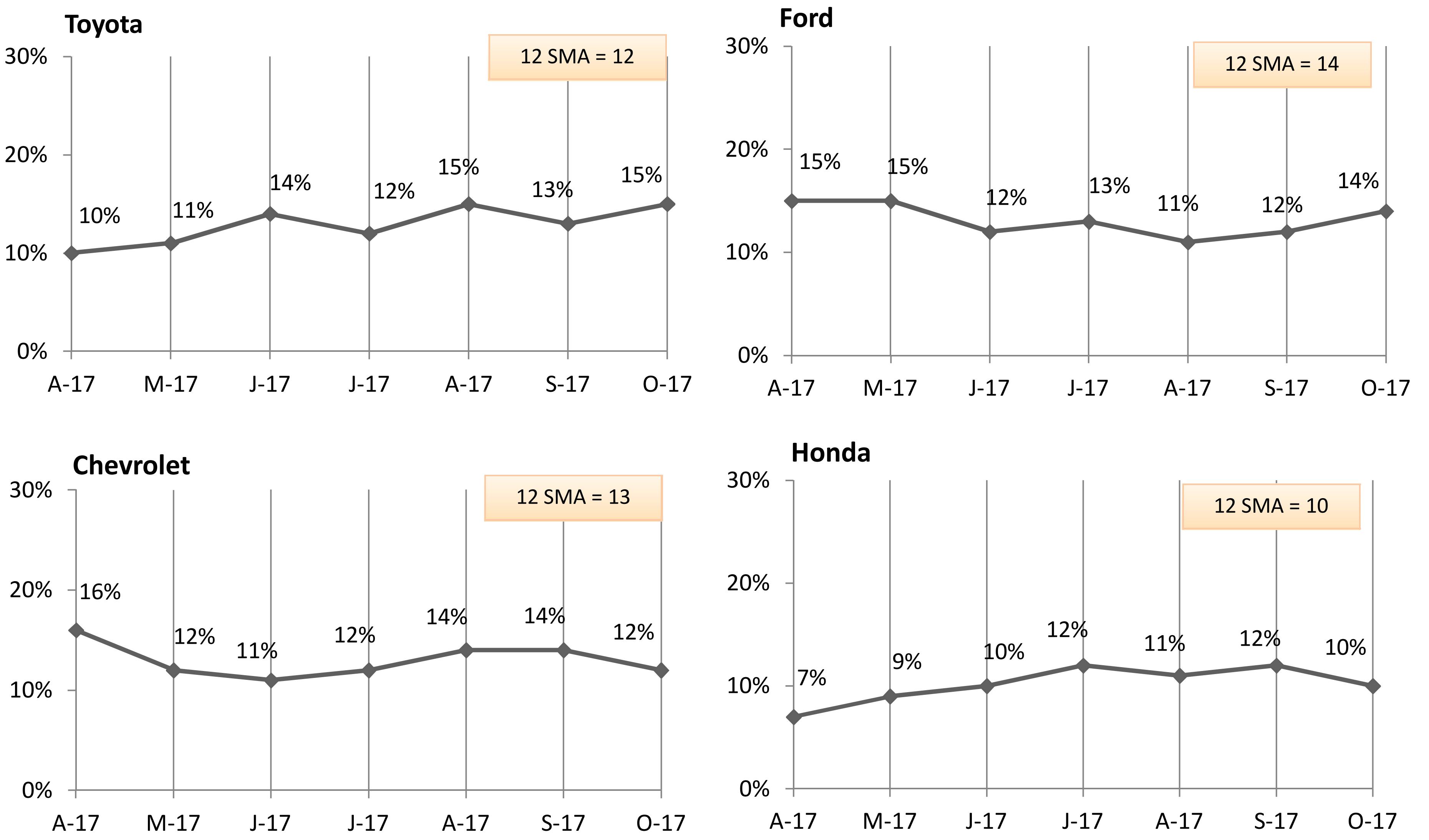
Base = Likely Buyers



*Sorted by 3SMA

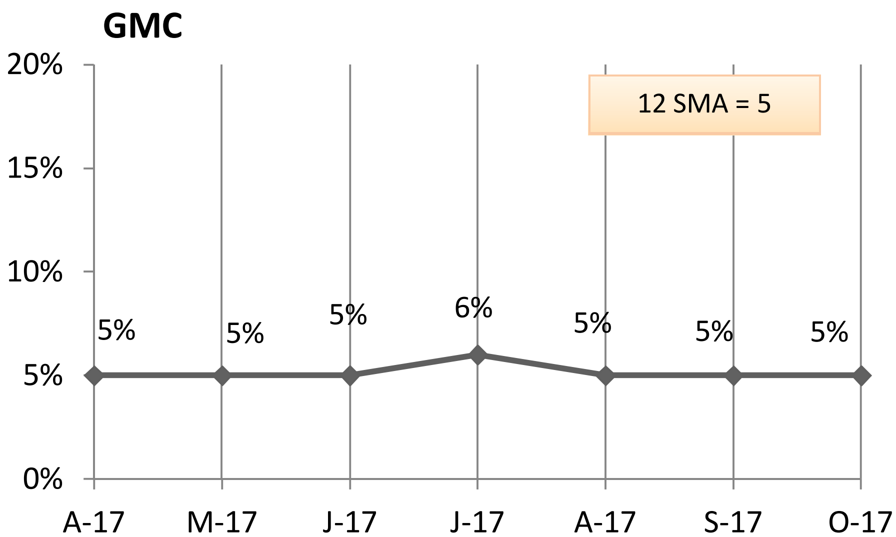
Brand Preference Over Time 3 SMA (Top 4 Brands)

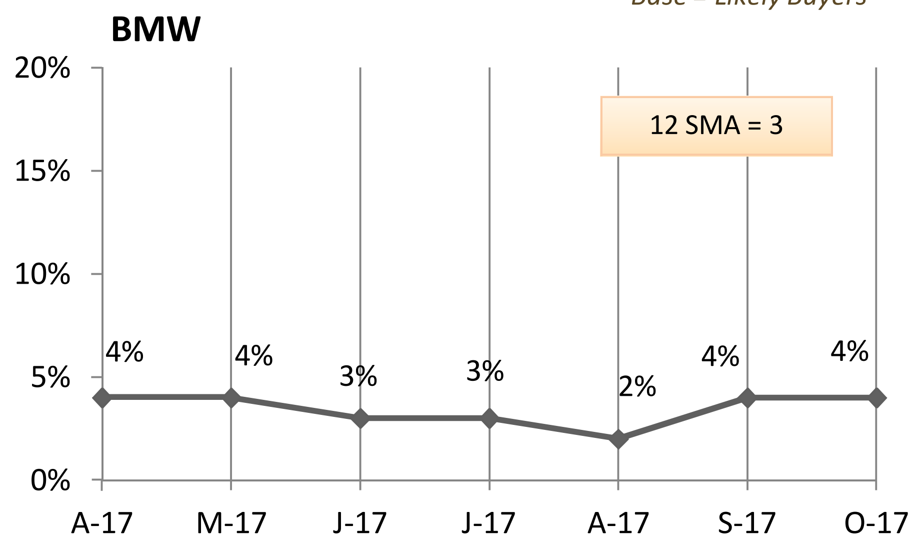
Base = Likely Buyers

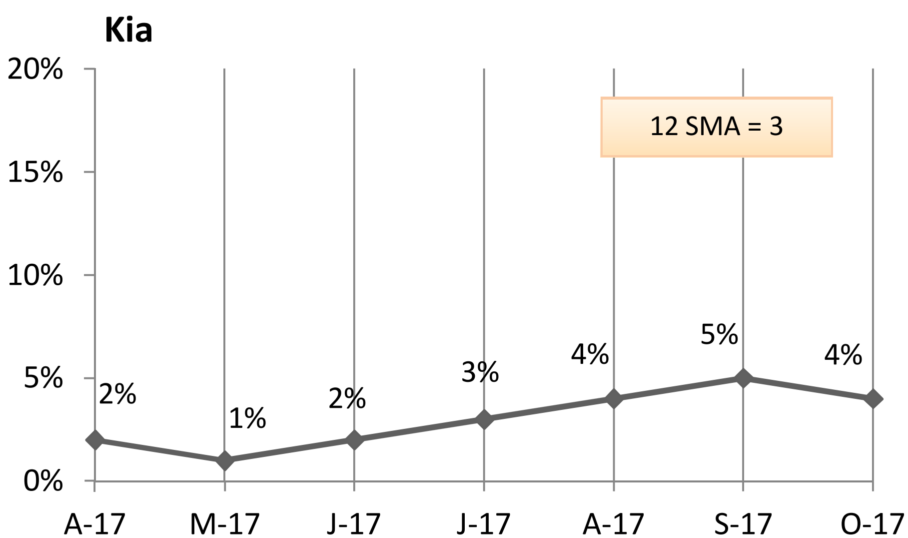


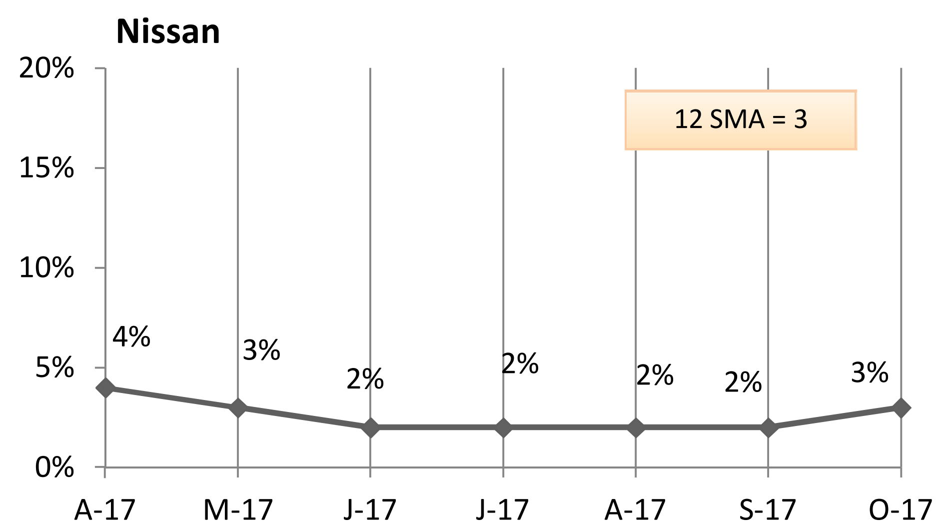
Brand Preference Over Time 3 SMA (Brands 5 to 8)

Base = Likely Buyers



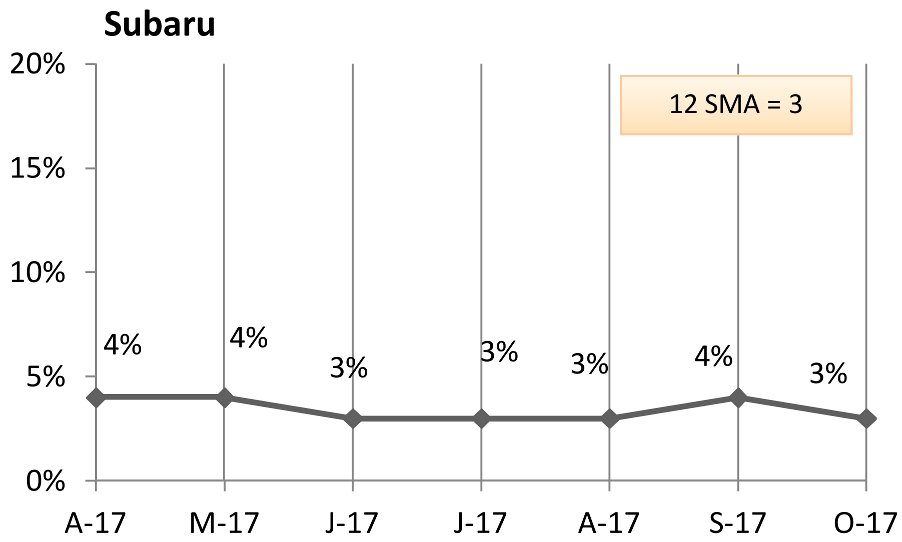


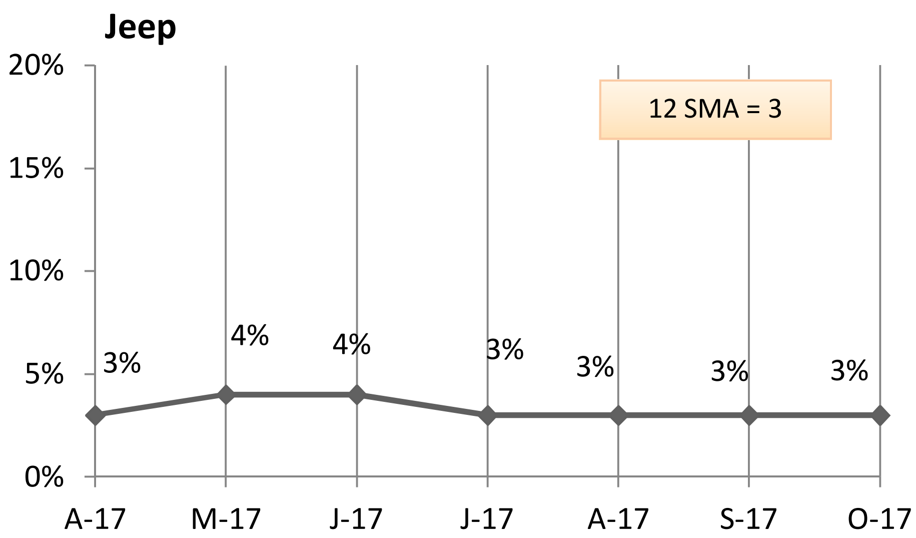




Brand Preference Over Time 3 SMA (Brands 9 & 10)

Base = Likely Buyers

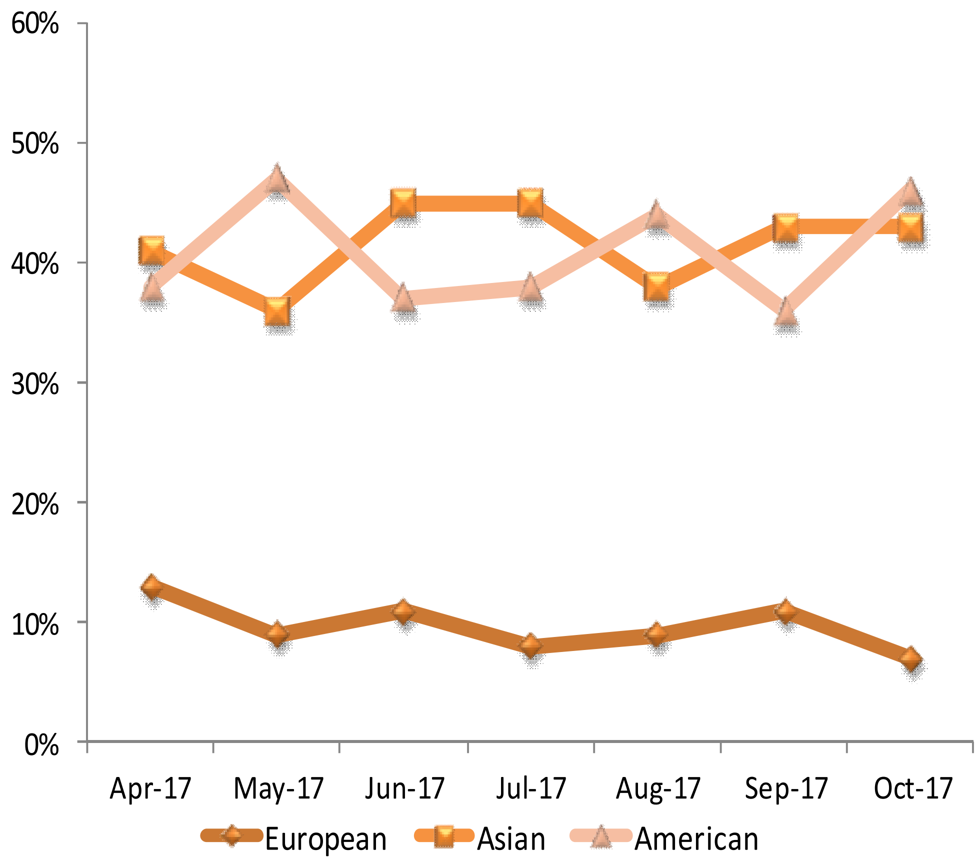


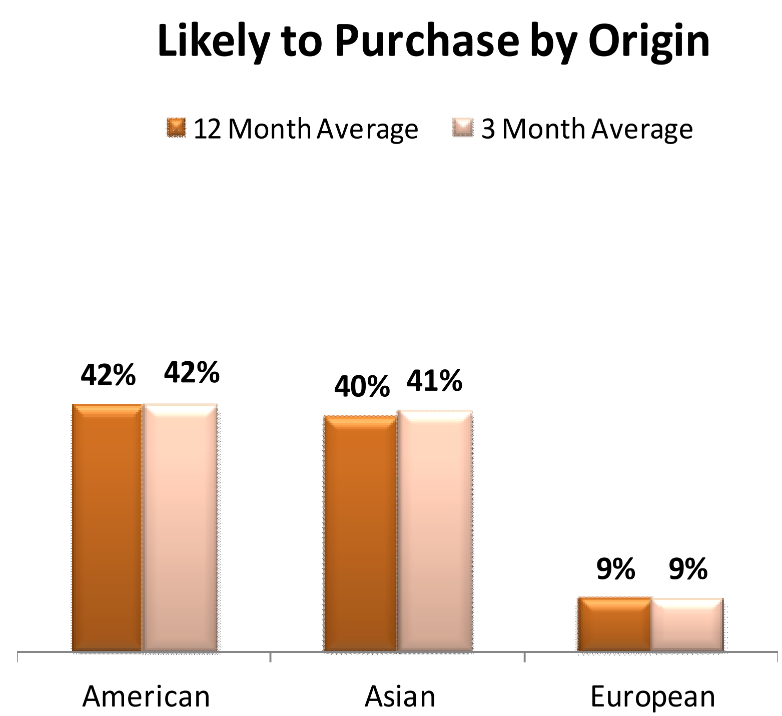


By Vehicle Origin

October 2017

Base = Likely Buyers



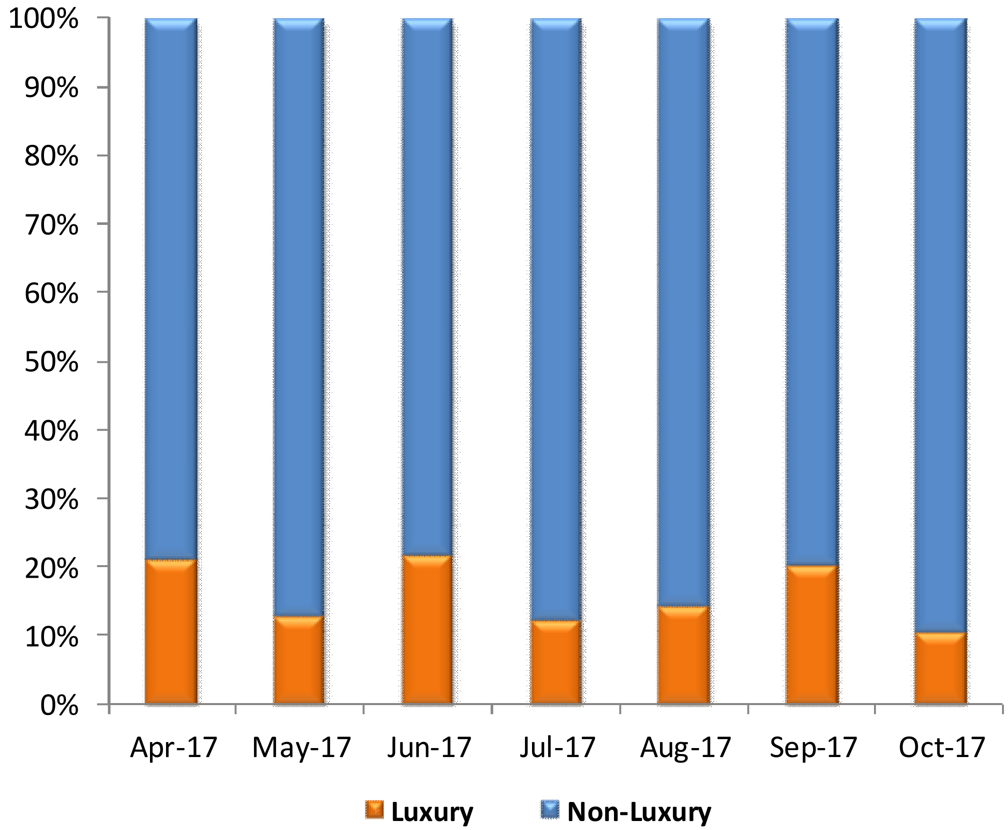


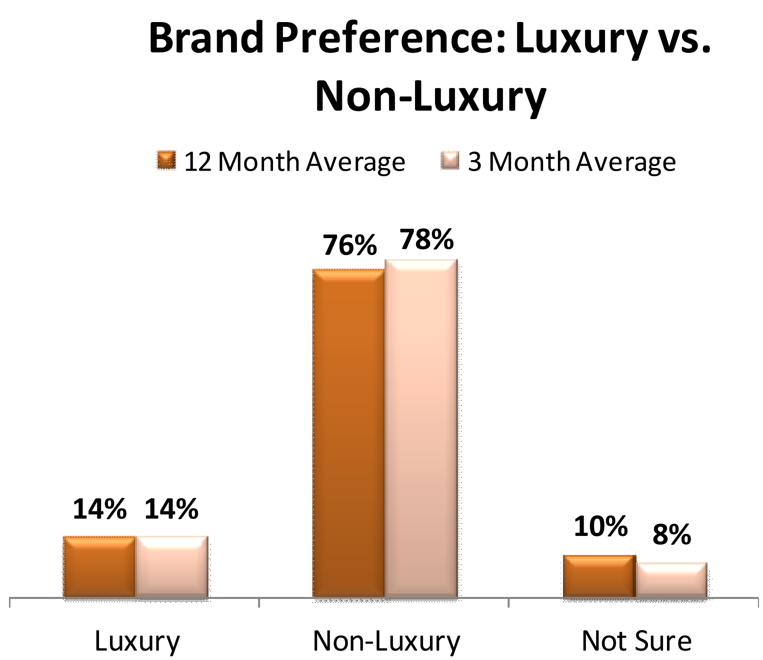
Q. If you were to buy a vehicle today, what brand would you buy?

Luxury vs. Non-Luxury

October 2017

Base = Likely Buyers





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

Key Findings

- Vehicle purchase intent is soaring among Americans, largely due to enticing deals on outgoing models, and consumers' robust confidence in a growing U.S. economy. This month, TechnoMetrica's Auto Demand Index climbed 19 points to a score of 110, its highest reading since February. Weather conditions may have contributed to the recent rise in purchase intent. Consumers in areas seriously impacted by Hurricanes Harvey and Irma were beginning to replace vehicles damaged by the storms. Meanwhile, the recent pleasant, summer-like weather in the Northeast has fostered favorable conditions for new vehicle shopping.
- The Index's strong performance this month becomes further pronounced when measuring the indicator against its long-term and short-term moving averages. October's Index score registered above all three moving averages. The reading surpassed its 12-month average (103) by seven points, its 6-month average (97) by 13 points, and its 3-month average (98) by 12 points. In addition, all three moving averages improved this month, indicating that vehicle purchase intent will remain robust in the near future.
- The recent acceleration in consumers' intent to acquire new vehicles corresponds with the sharp rise in auto sales last month. In September, new vehicle sales increased 6.1% compared with the same month last year, registering an annual rate of 18.57 million vehicles, the highest reading of 2017.
- However, though auto sales should continue to grow at a healthy pace, due to increased incentives and relatively low gas prices, our data suggests that sales may not match the all-time record of 17.5 million vehicles set in 2016. For instance, our momentum indicator (MACD), while improving this month, remains in negative territory, indicating that purchase intent may moderate slightly in the near future.
- This month's rise in vehicle purchase intent extends across most demographic groups. Of the twenty-three segments that TechnoMetrica tracks on a monthly basis, 21 showed improvement in the Index this month. Purchase intent grew most significantly among Midwestern Americans (+21), consumers residing in the Northeast (+16), urban residents (+15), and the African American/Hispanic segment (+15).
- Overall, eleven groups posted Index readings above 100 this month, with parents, consumers earning an income of $100K or more, and drivers aged 25 to 44 reporting the highest levels of purchase intent.

Key Findings

- Nearly one in five consumers (18%) indicated that they were likely to acquire a new vehicle within the next six months, a three-point increase from September. Most drivers who are likely to purchase a new car plan to wait a few months before procuring the vehicle. More than two-thirds (70%) say they are likely to acquire a new vehicle in four to six months, up from 65% in September. Meanwhile, similar shares of consumers (14%) plan to purchase a new auto within one month, and between two and three months.

- The mid-size vehicle remains the most preferred vehicle type among consumers. More than one in five Americans likely to acquire a new auto in the coming months plan to choose a mid-size vehicle for their purchase. Consumers are also showing strong preference for pickup trucks and small SUVs, as both vehicle types captured a 15% share of likely buyers this month.

- The Auto Demand Index also provides key insight into the brand preferences among prospective buyers. This month, Toyota claimed the top spot in brand choice, garnering a 15% share of consumers. Ford, the top choice among 14% of likely buyers, gained one position to take second place. Chevrolet, which was Americans' most desired brand last month, fell to third place in October, with a 12% share of consumers. Rounding out the top five in consumers' favorite brands were Honda, which dropped from 12% to 10% this month, and GMC, which remained unchanged at 5%.

- Consumers favor American-made vehicles over import brands, according to our study. Preference for vehicles made in the U.S. climbed ten points from September, to a share of 46%, its highest level since March. Meanwhile, more than two in five prospective buyers (43%) intend to acquire Asian brands.

Contact Information

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

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