TechnoMetrica Auto Demand Index

June 2016

TechnoMetrica
MARKET INTELLIGENCE

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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 June Survey was conducted between May 31st and June 5th , 2016.

II. Auto Demand Index, Purchase Outlook

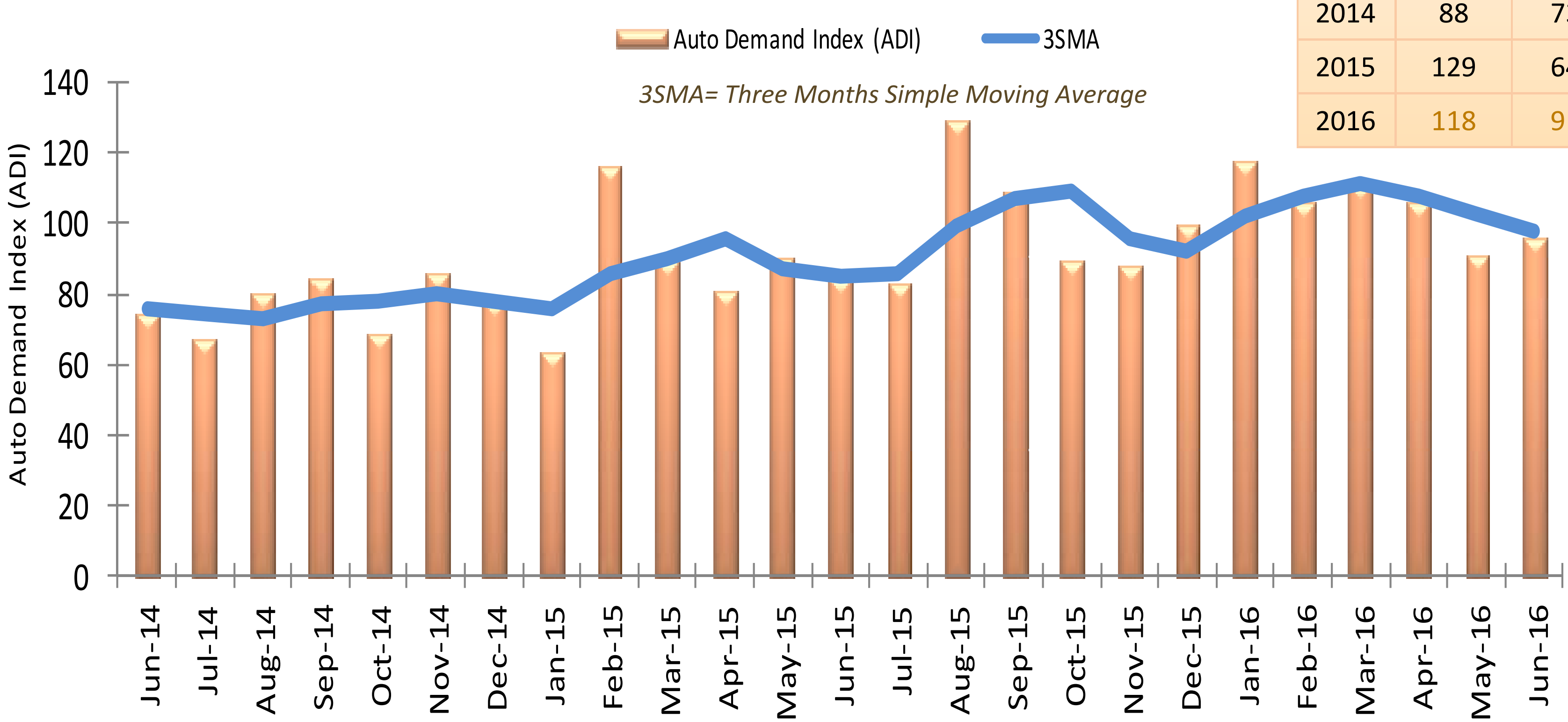
A. Auto Demand Index (Overall)
B. By Region
C. By Area Type
D. By Age
E. By Gender and Marital Status
F. By Parental Status and Race/Ethnicity
G. By Household Income

Auto Demand Index (Overall)

After posting a steep 15-point decline last month, the Auto Demand Index level increased five points in June, to a score of 96.

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

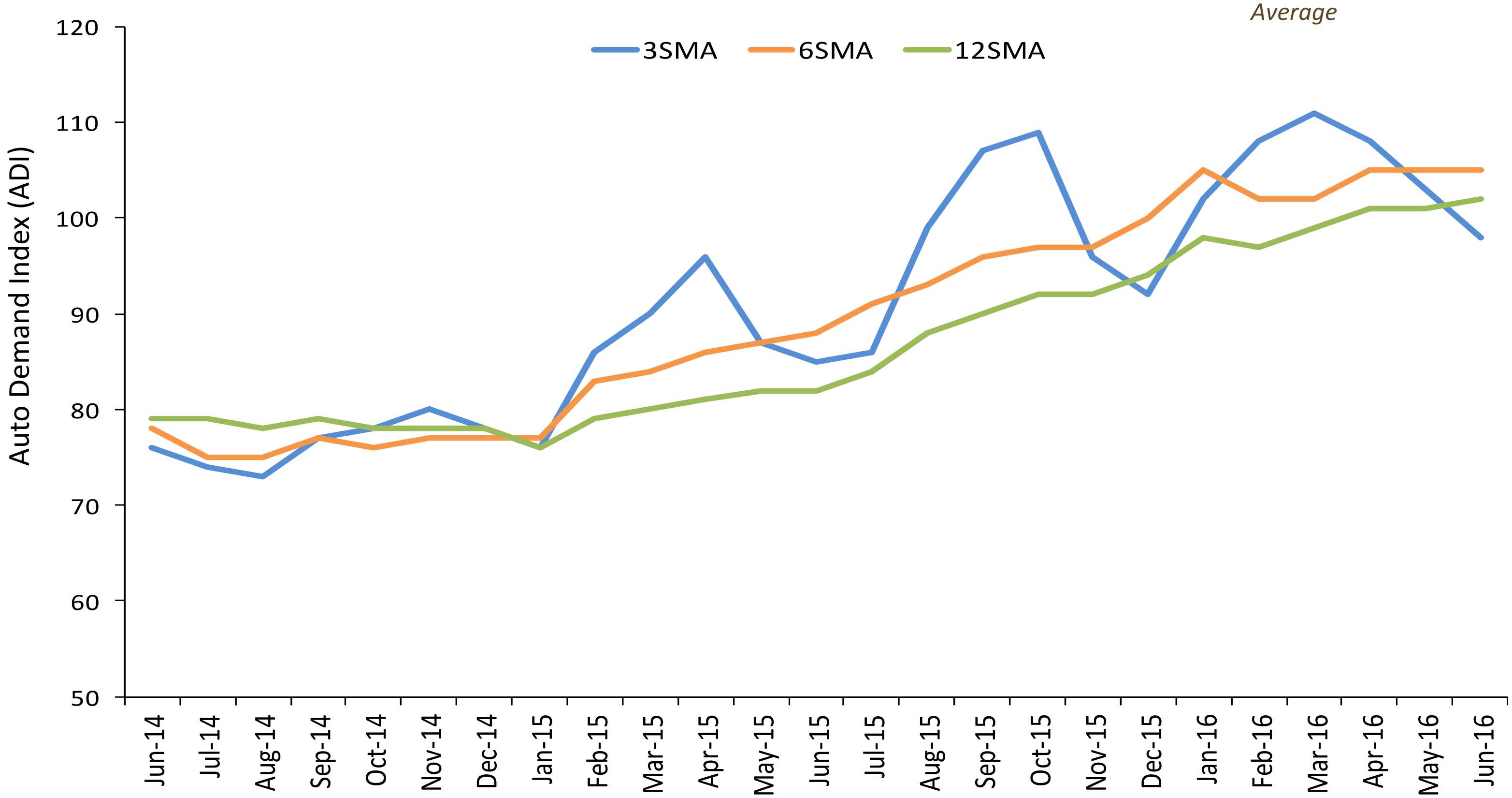
Base = All Respondents

Despite the improvement in the Index this month, purchase intent continues to decelerate among consumers, as June's ADI is six points below its 12-month moving average of 102. Further, the Index is two points below the 3-month moving average, which has declined for the third straight month in June, to a score of 98.

3SMA= Three Months Simple Moving Average

6SMA = Six Months Simple Moving Average

12SMA = Twelve Months Simple Moving Average

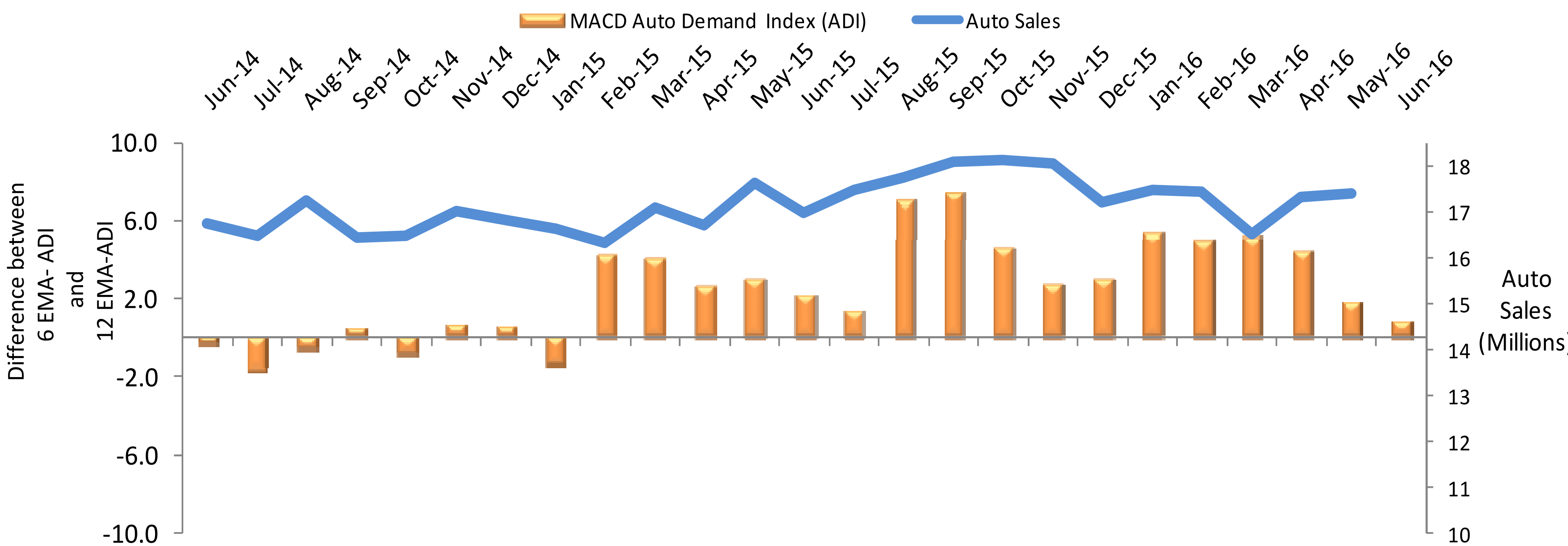


Momentum: Moving Average Convergence Divergence

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

Base = All Respondents

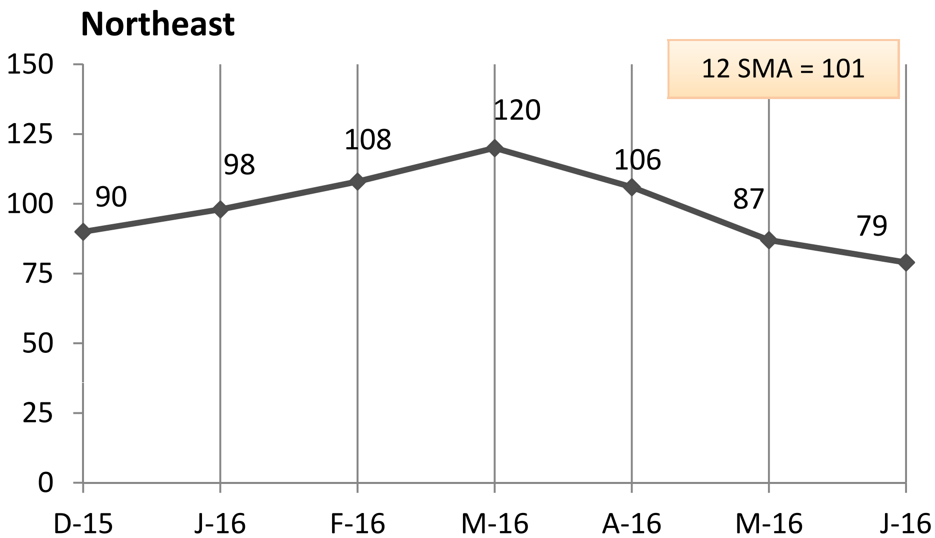
In June, our momentum indicator (MACD) fell by one point to attain a reading of 0.8, its lowest score since January 2015. This decline indicates that momentum for the Auto Demand Index will decrease significantly in the near future. Accordingly, TechnoMetrica anticipates that new vehicle sales will decline in the coming months.

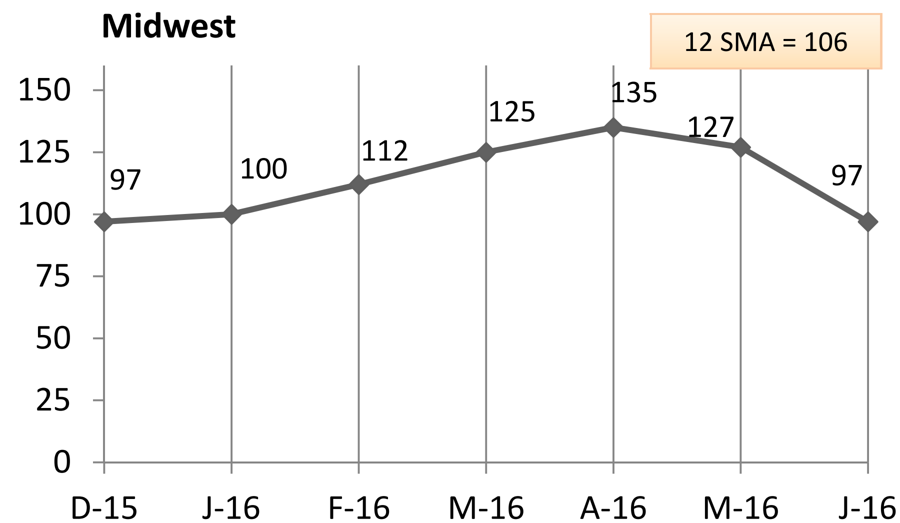


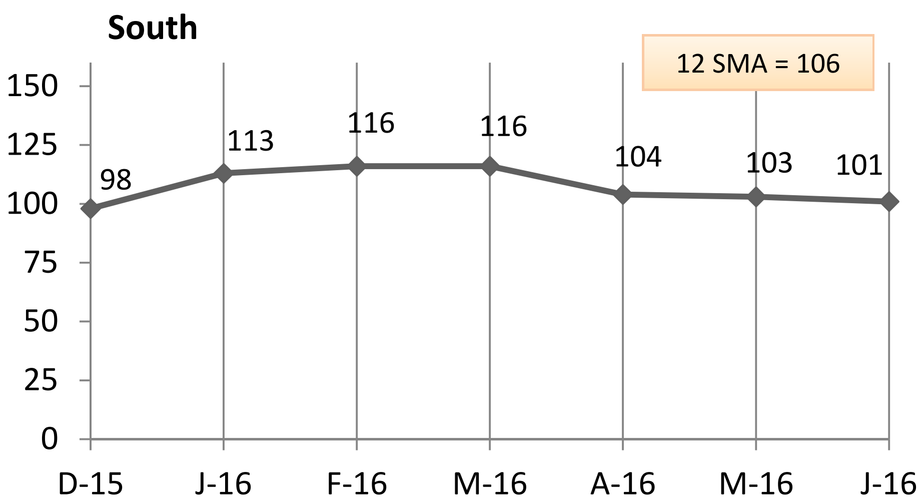
Difference between 6 EMA auto sales and 12 EMA auto sales

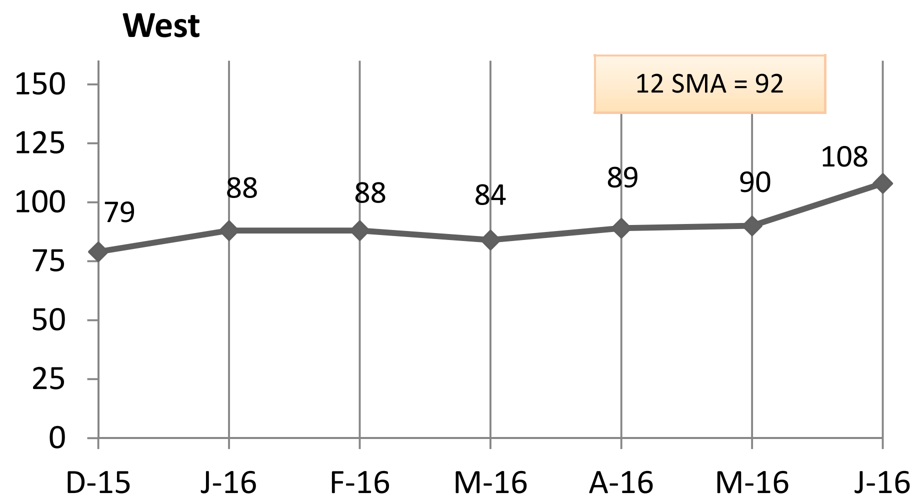
By Region 3 SMA

Base = All Respondents





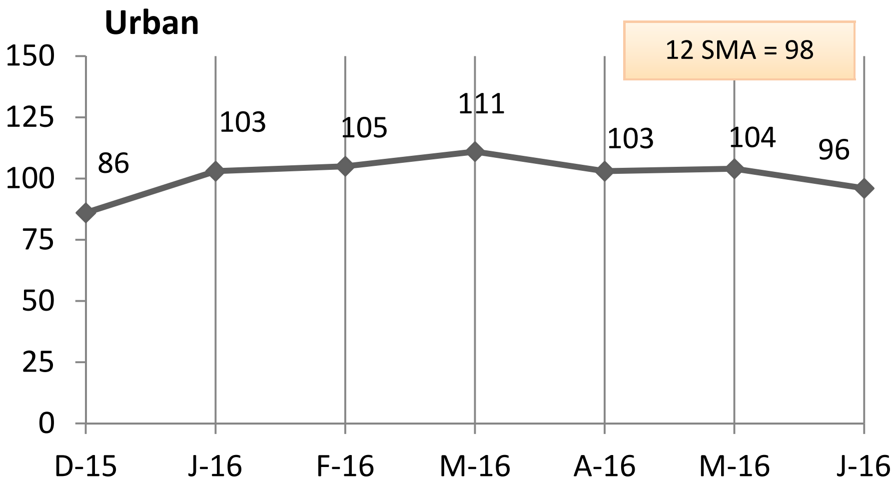


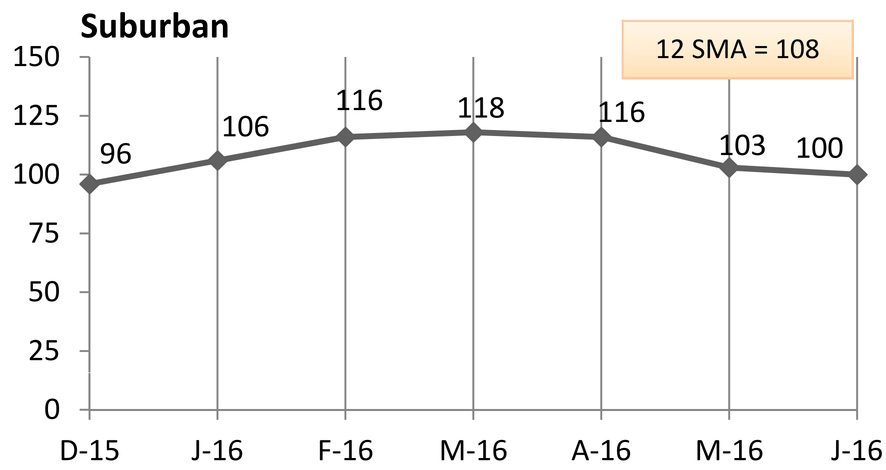


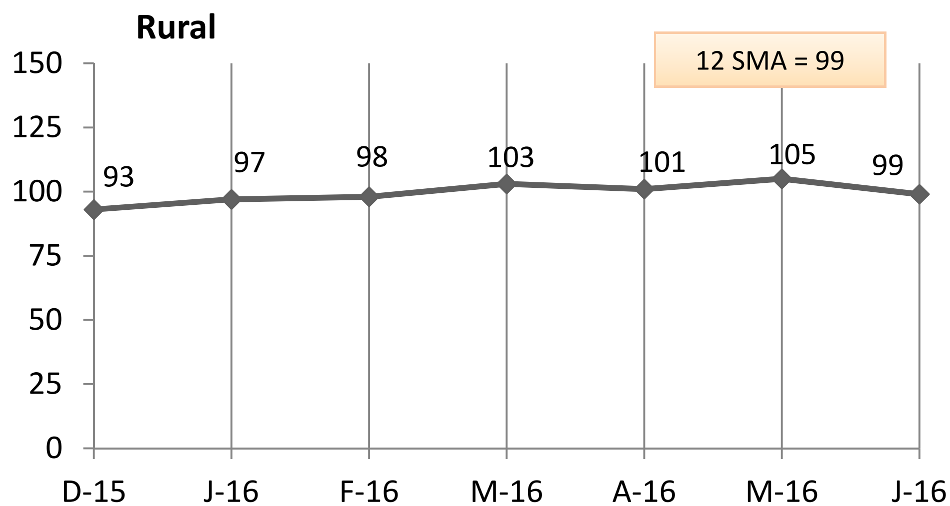
Q. How likely is it that you will buy or lease a new vehicle within the next 6 months?

By Area Type 3 SMA

Base = All Respondents



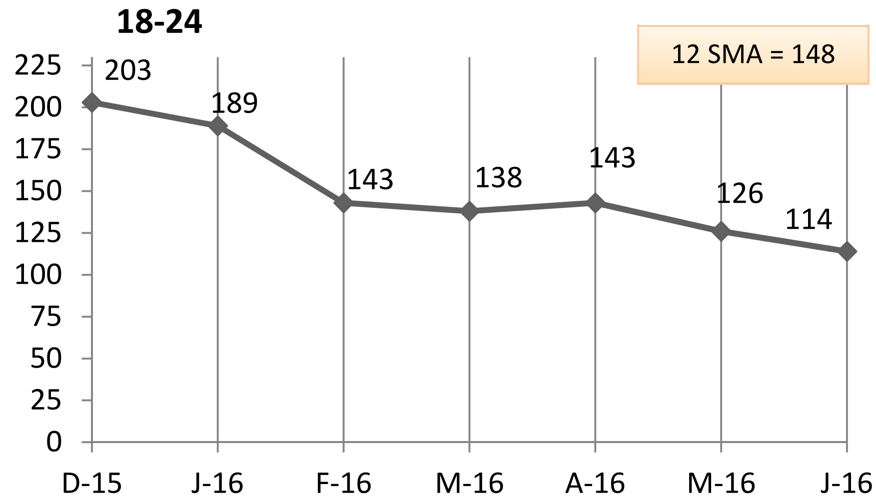


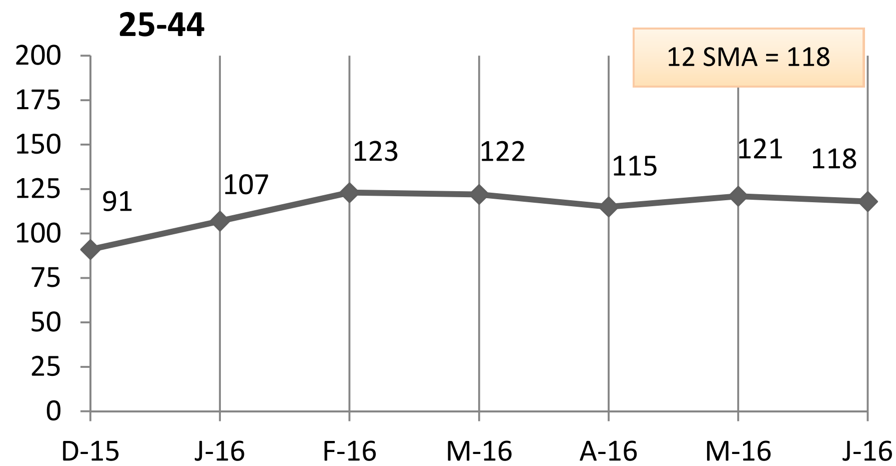


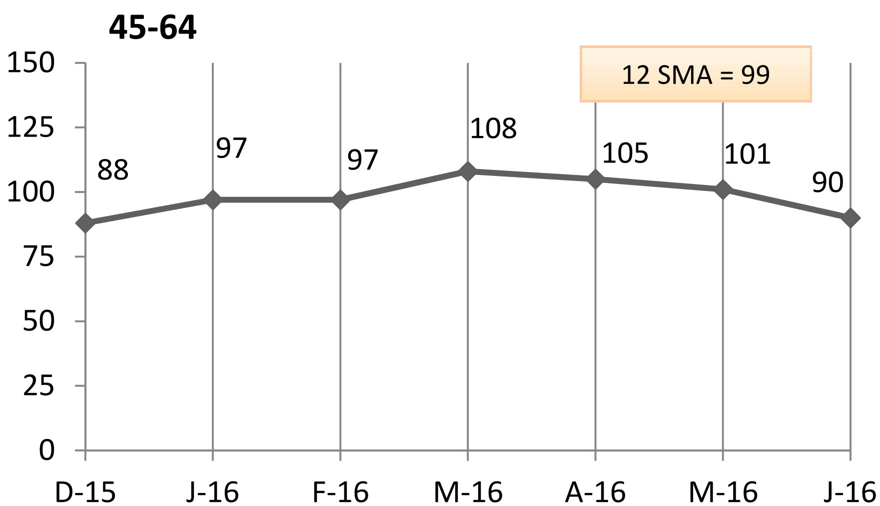
Q. How likely is it that you will buy or lease a new vehicle within the next 6 months?

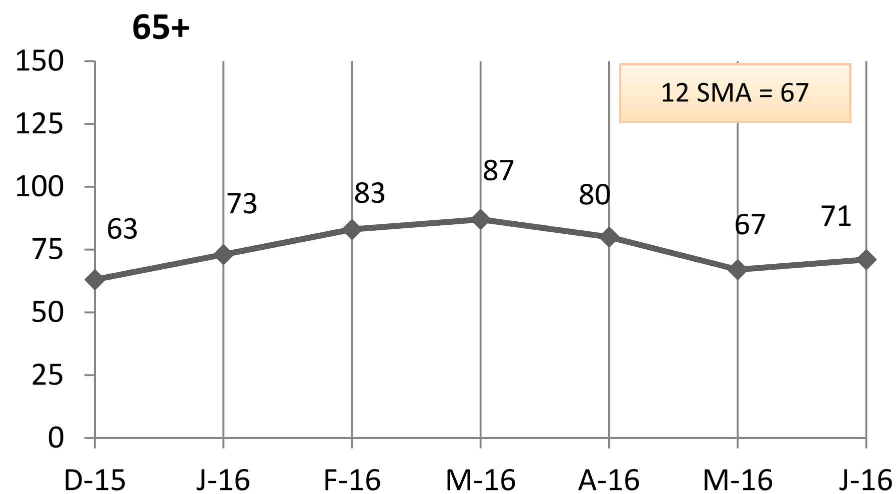
By Age 3 SMA

Base = All Respondents





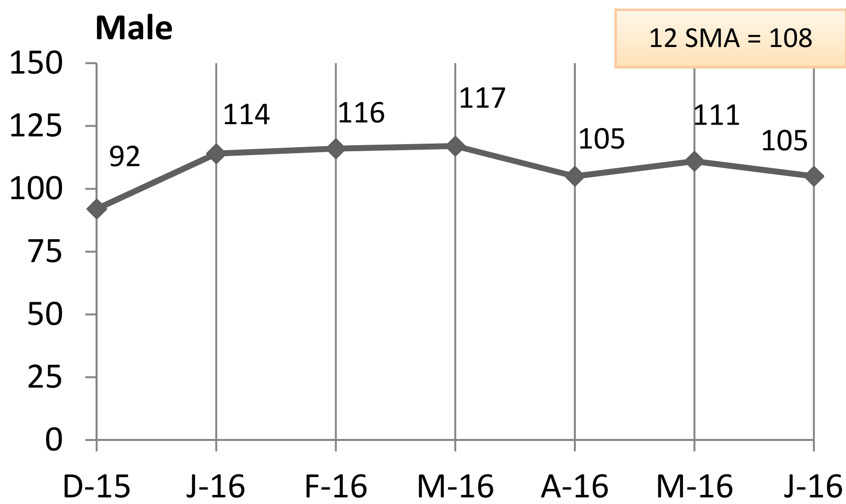


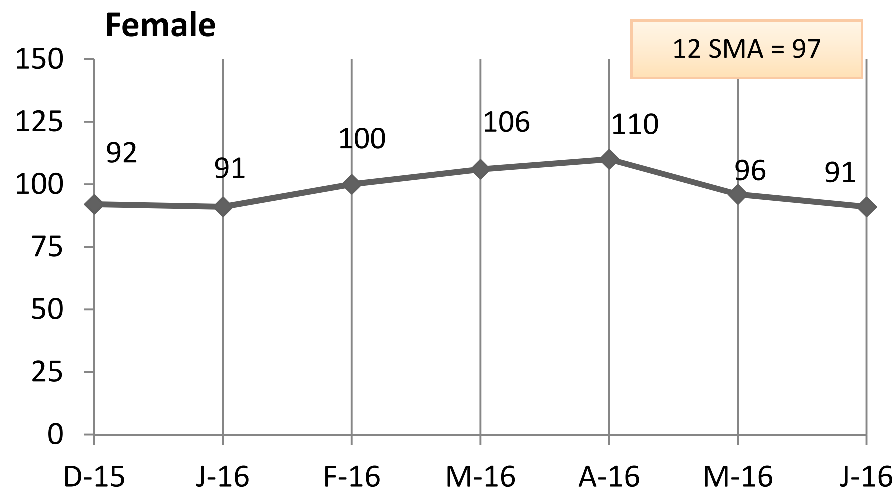


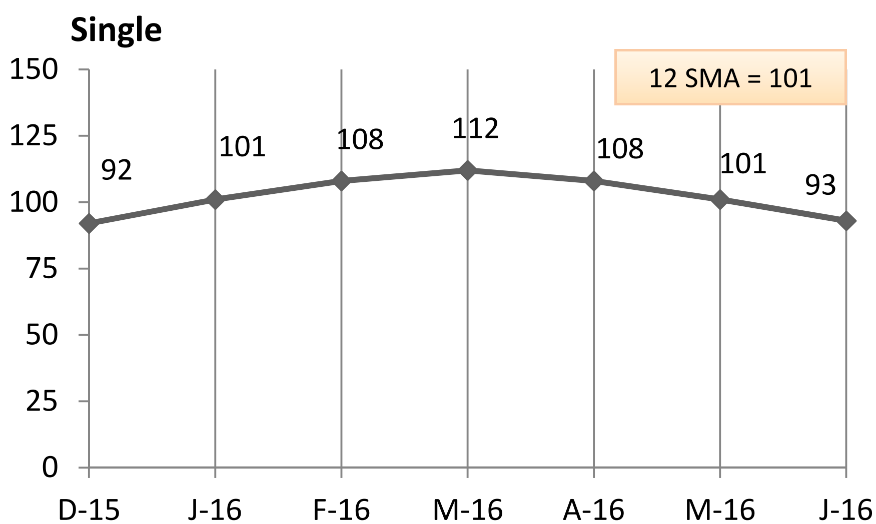
Q. How likely is it that you will buy or lease a new vehicle within the next 6 months?

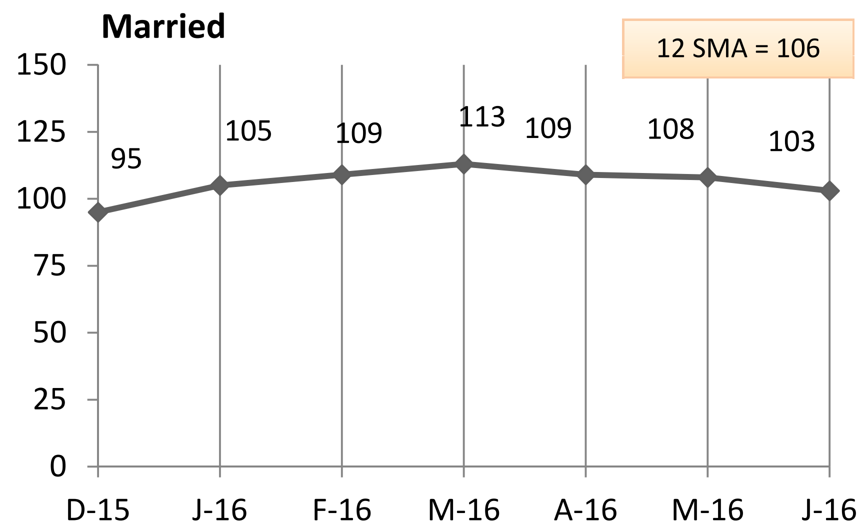
By Gender and Marital Status 3 SMA

Base = All Respondents





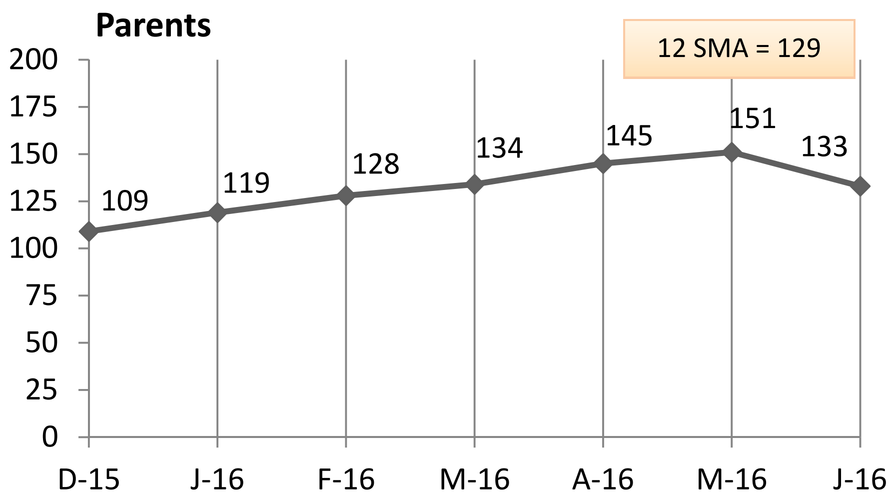


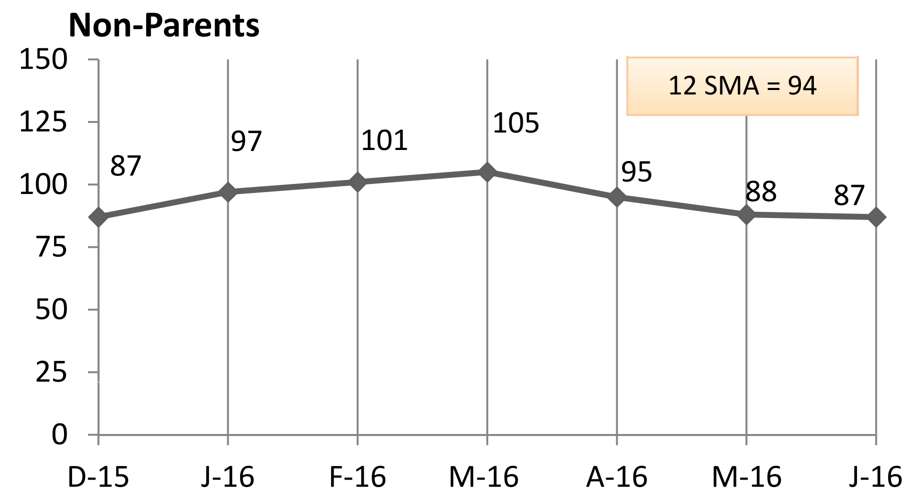


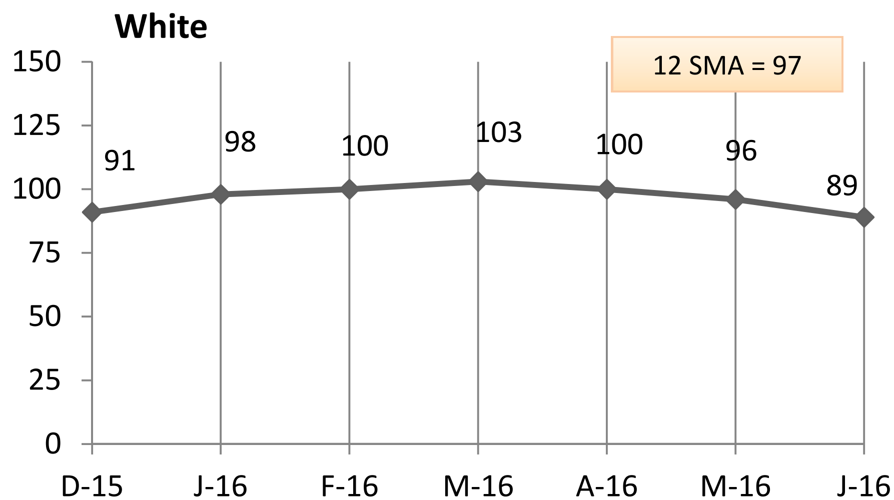
Q. How likely is it that you will buy or lease a new vehicle within the next 6 months?

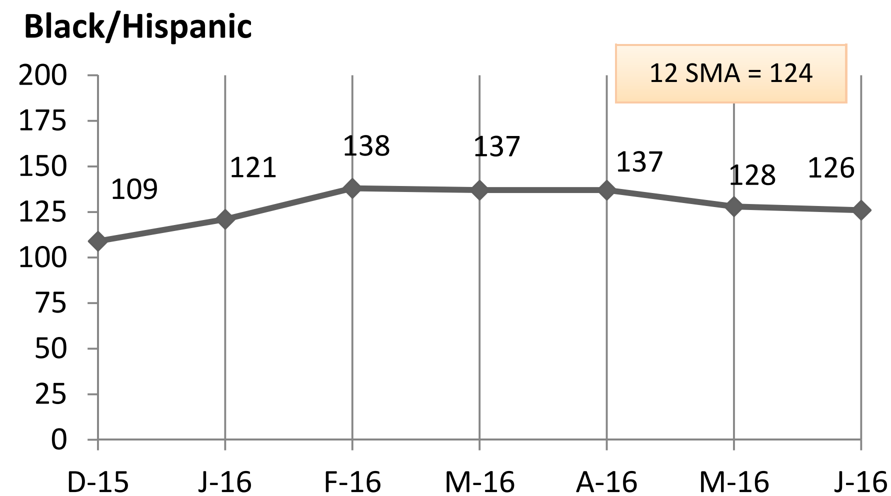
By Parental Status and Race/Ethnicity 3 SMA

Base = All Respondents





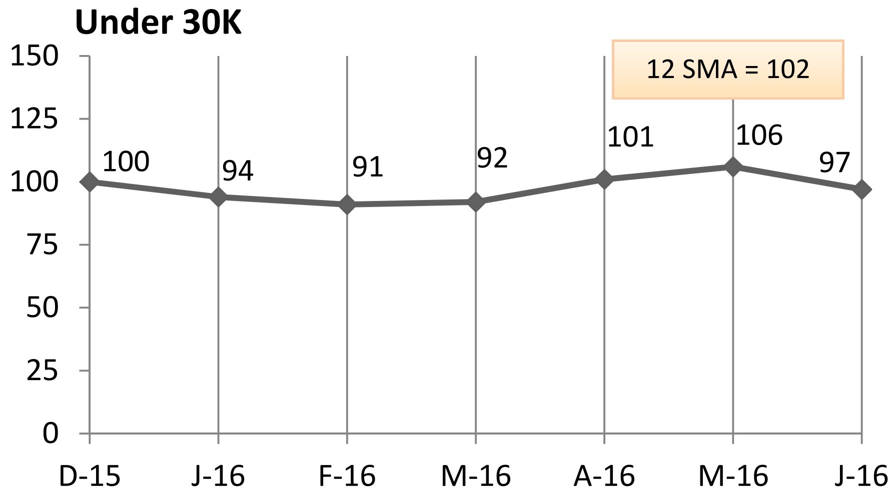


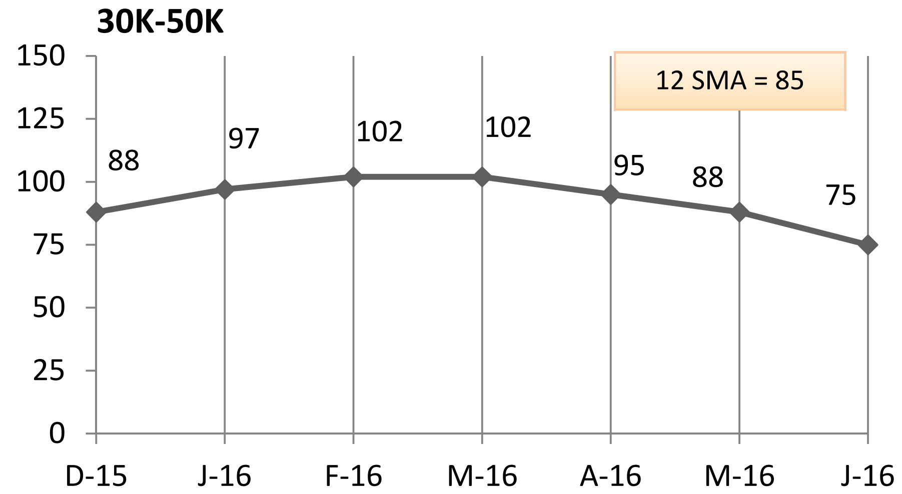


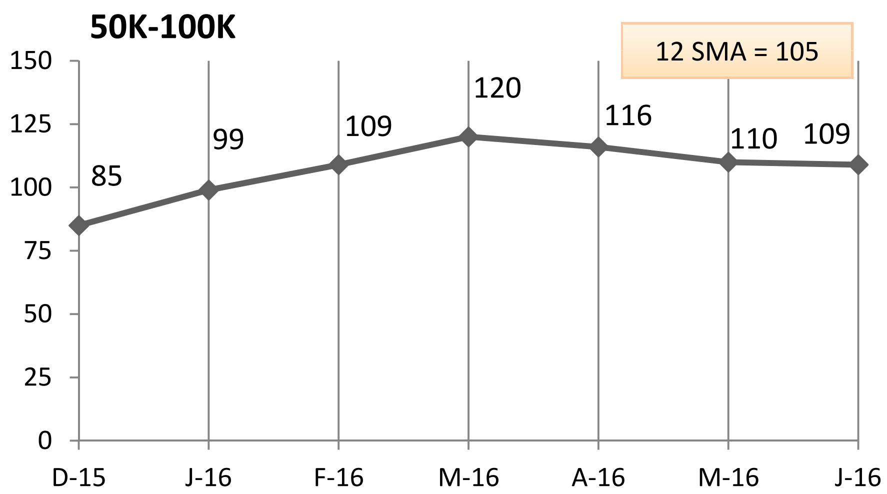
Q. How likely is it that you will buy or lease a new vehicle within the next 6 months?

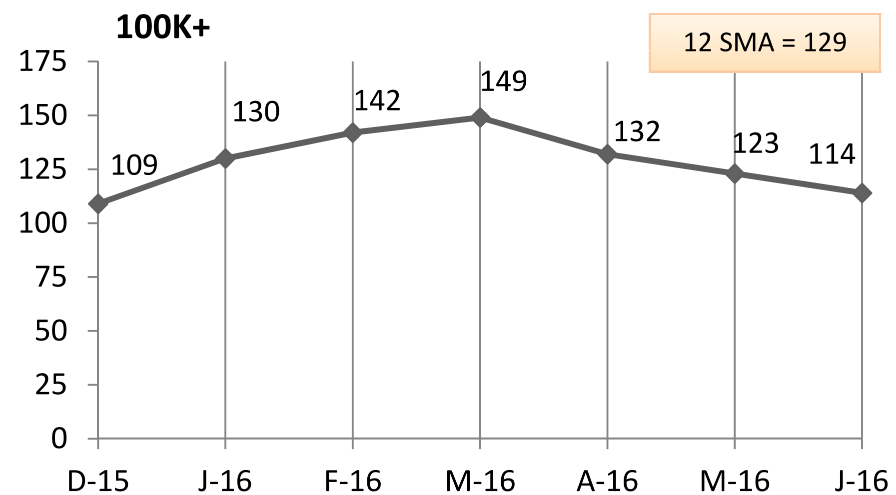
By Household Income 3 SMA

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

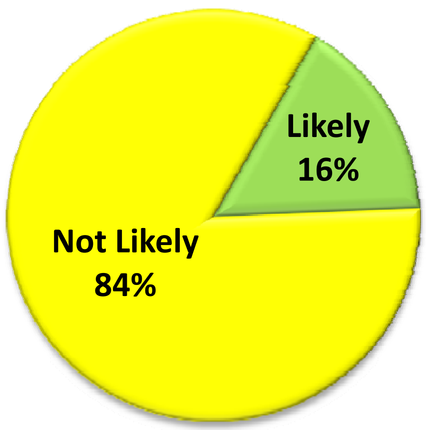
D. Vehicle Types Momentum

E. Preferred Vehicle Types 3 SMA

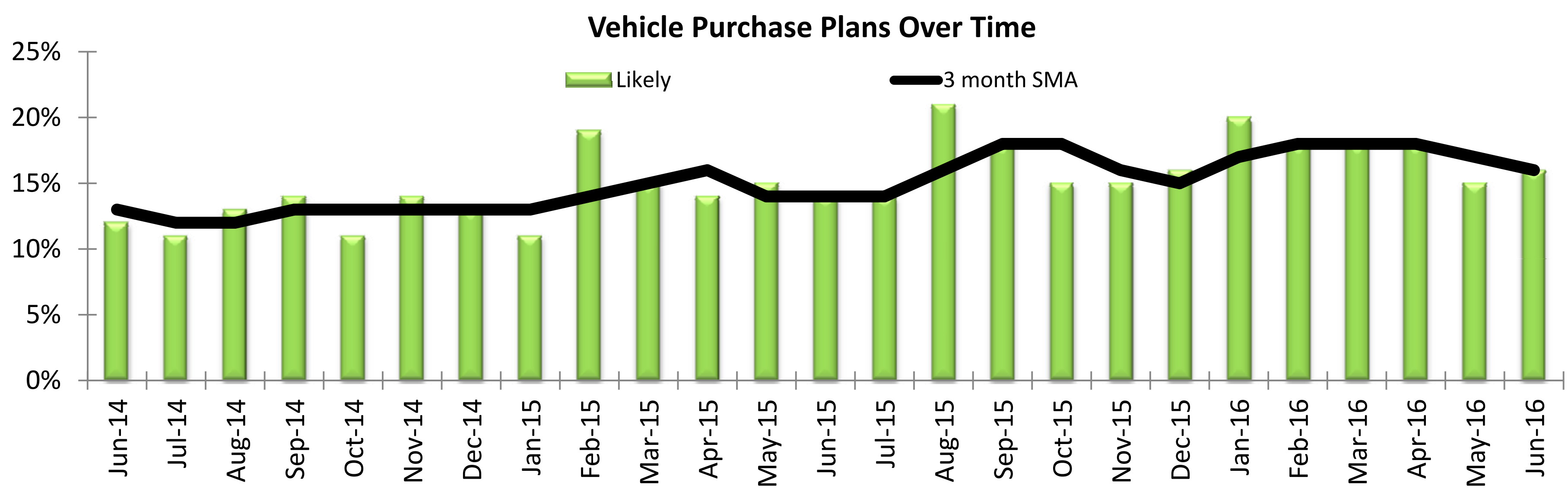
Vehicle Purchase Plans

June 2016

Base = All Respondents



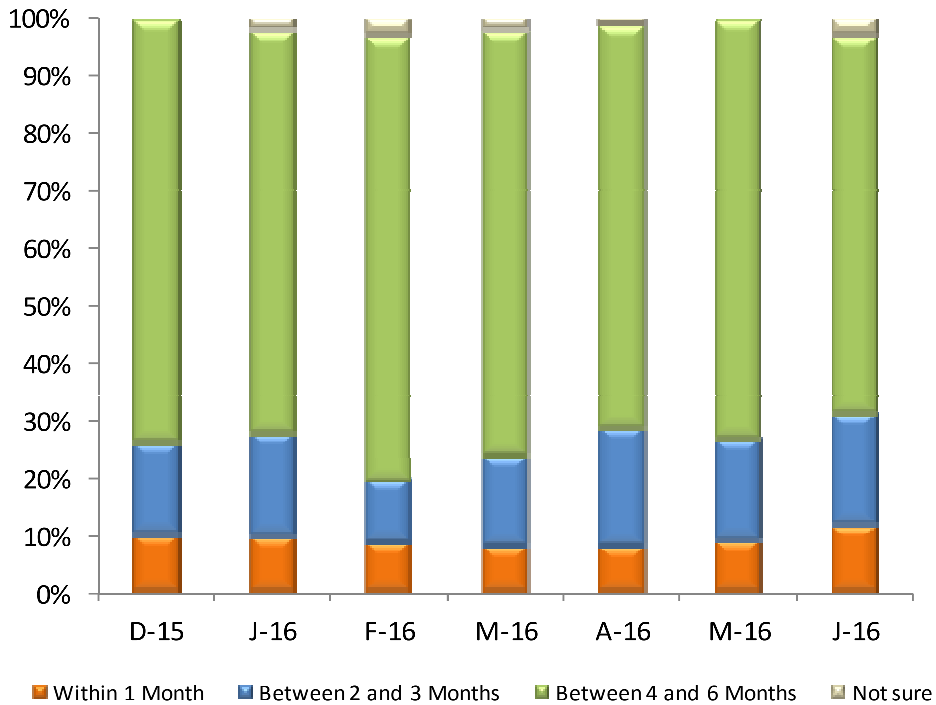
This month, the share of Americans who say they are likely to purchase or lease a new vehicle within the next six months increased by one point from May, to a rate of 16%.



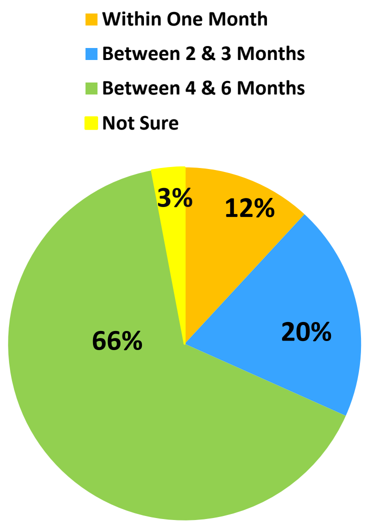
Vehicle Purchase/Lease Time Frame

June 2016

Base = Potential Buyers



	Average Time Frame (Months)
Dec-15	4.18
Jan-16	4.16
Feb-16	4.35
Mar-16	4.25
Apr-16	4.15
May-16	4.21
Jun-16	4.00



In June, the share of likely vehicle buyers planning to purchase or lease a new vehicle within one month grew for the second straight month, increasing three points from May to a rate of 12%.

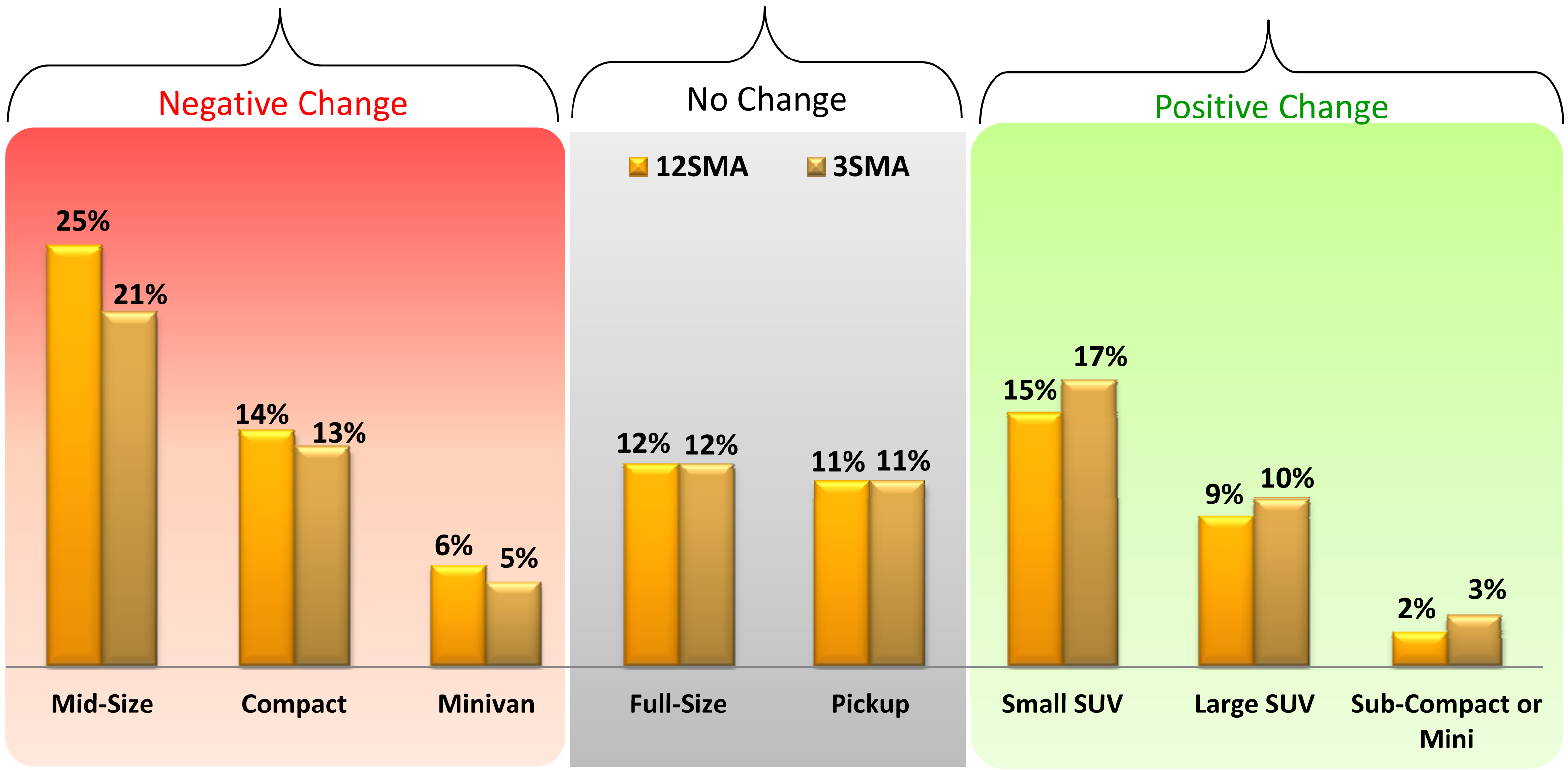
More than one in ten drivers who are likely to acquire a new vehicle (12%) report that they will do so within one month, an increase of three points from May. Meanwhile, one in five likely buyers say they will make a purchase within the next 2 to 3 months, with two-thirds (66%) reporting they plan to do so further out (within 4 to 6 months).

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

Vehicle Type Momentum

June 2016

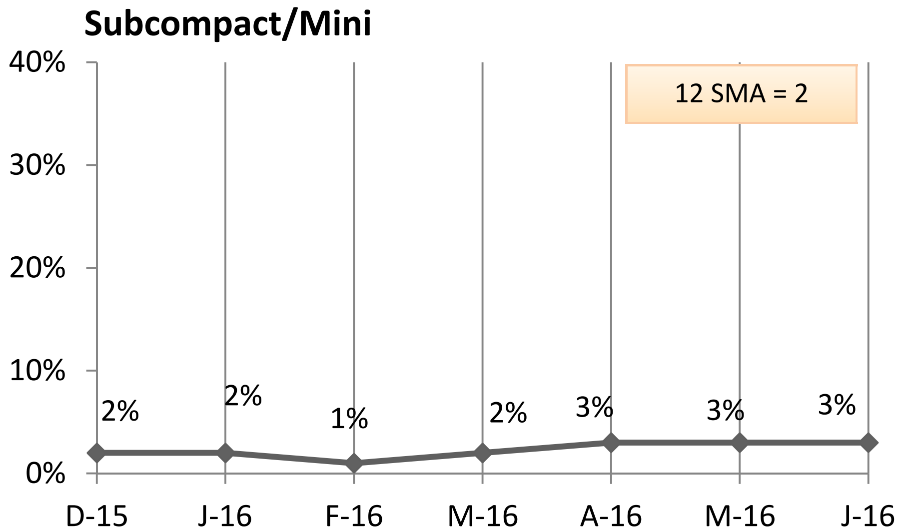
Base = Potential Buyers

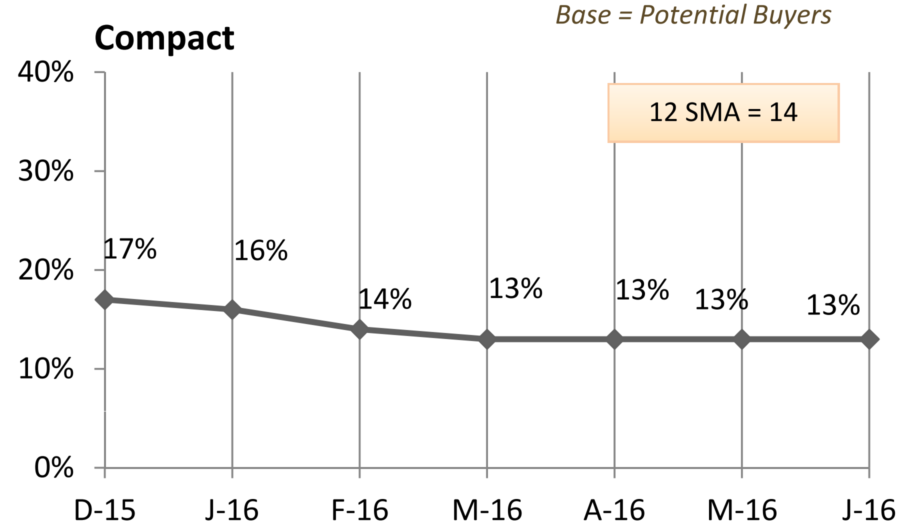


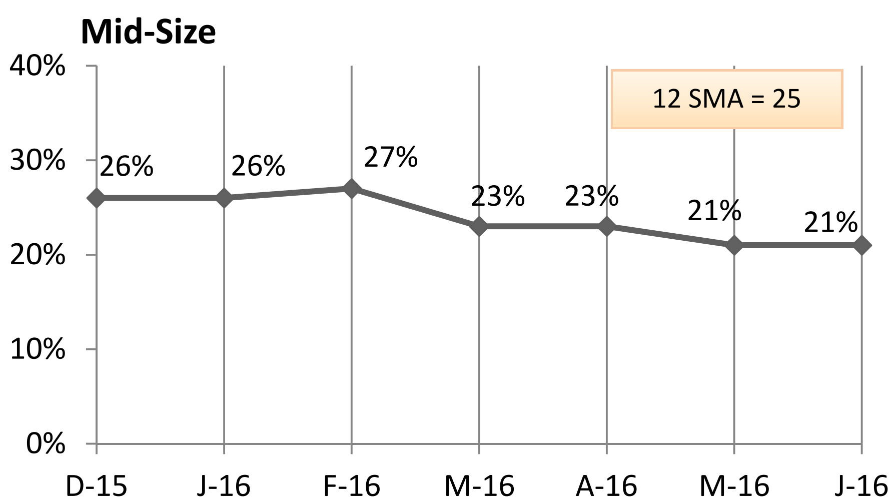
Q. What type of vehicle are you most likely to buy or lease?

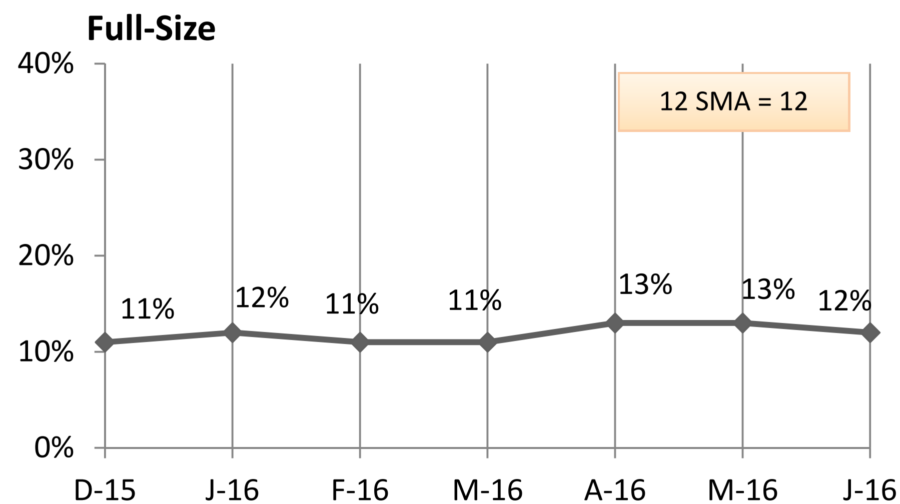
Preferred Vehicle Types Over Time - 3 SMA

Base = Potential Buyers



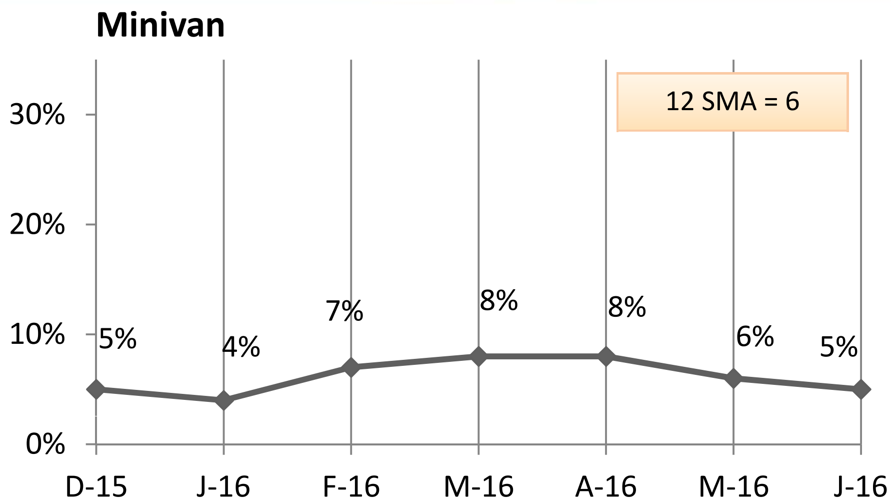


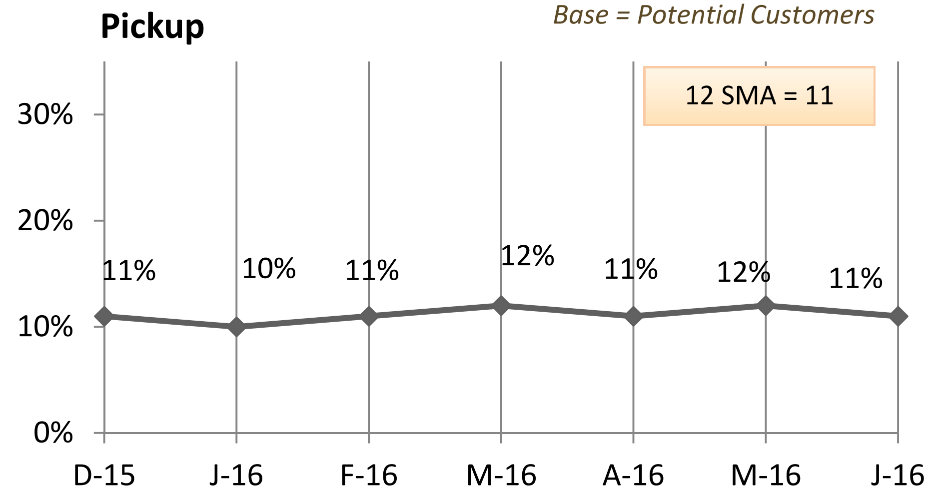


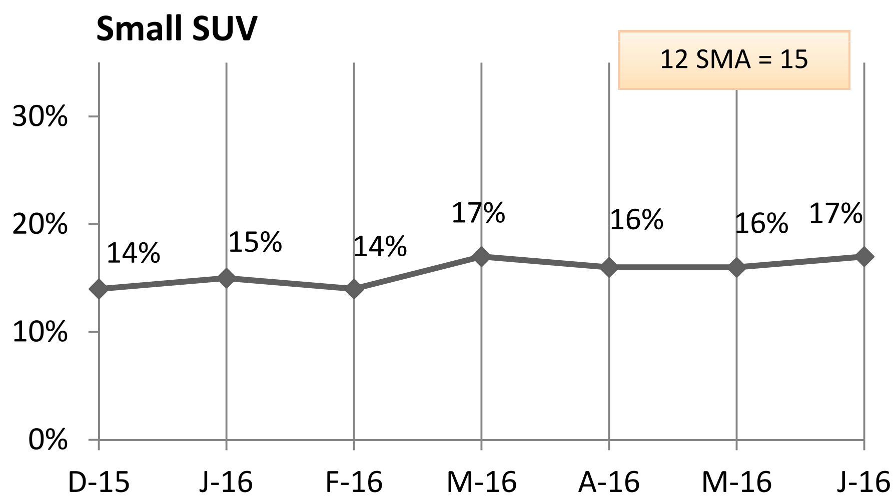


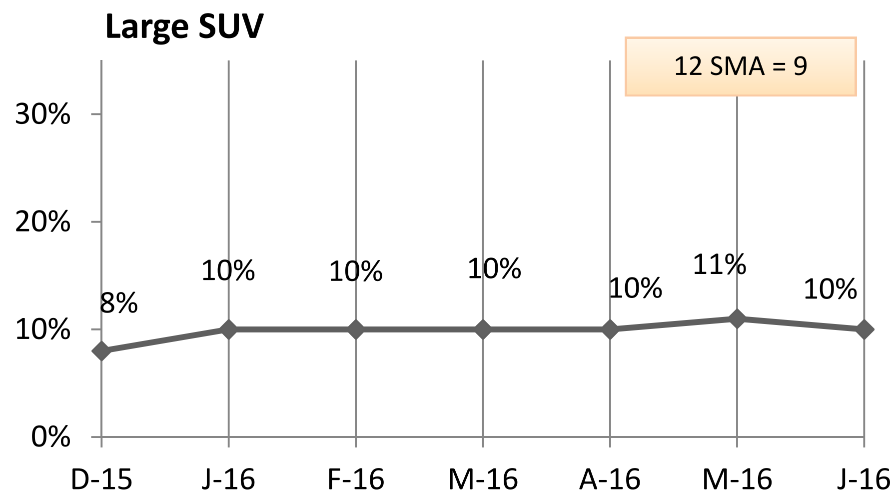
Preferred Vehicle Types Over Time - 3 SMA

Base = Potential Customers









IV. Brand Preferences

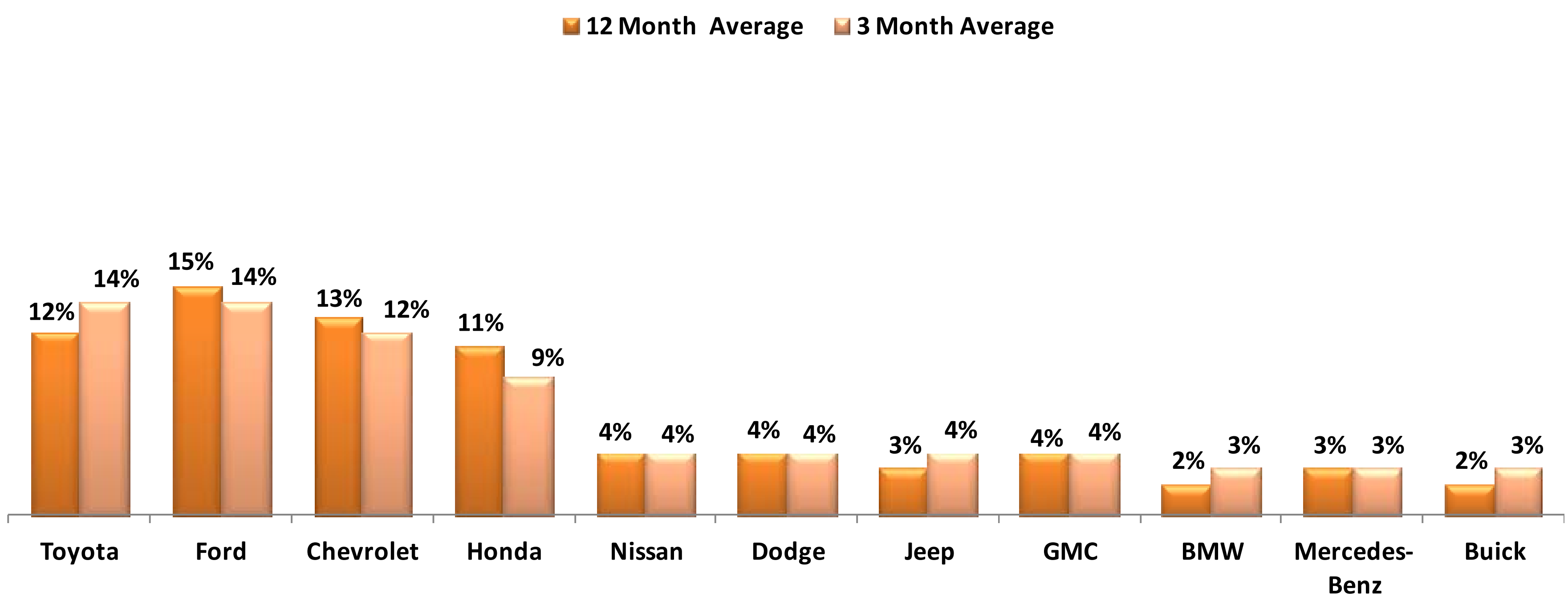
A. Top Ten Brands Consumers Would Buy

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

Top Ten Brands Consumers Would Buy Today

June 2016

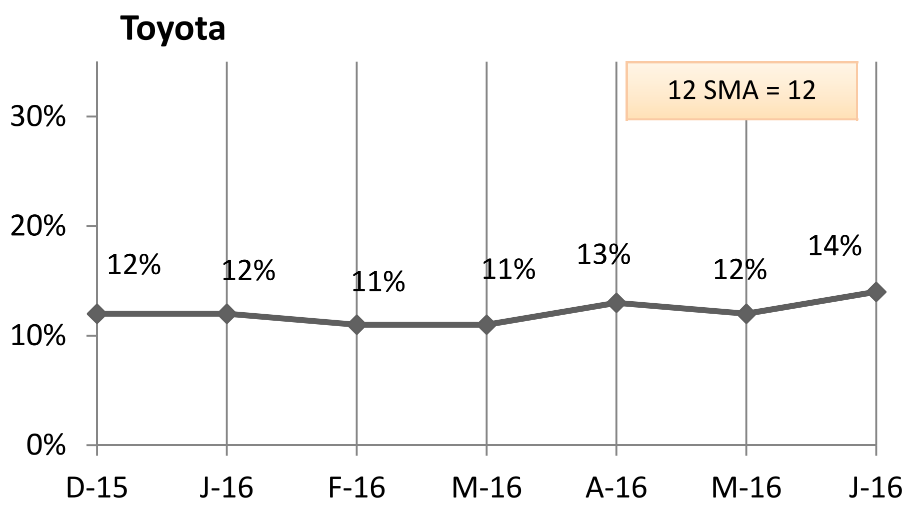
Base = Likely Buyers

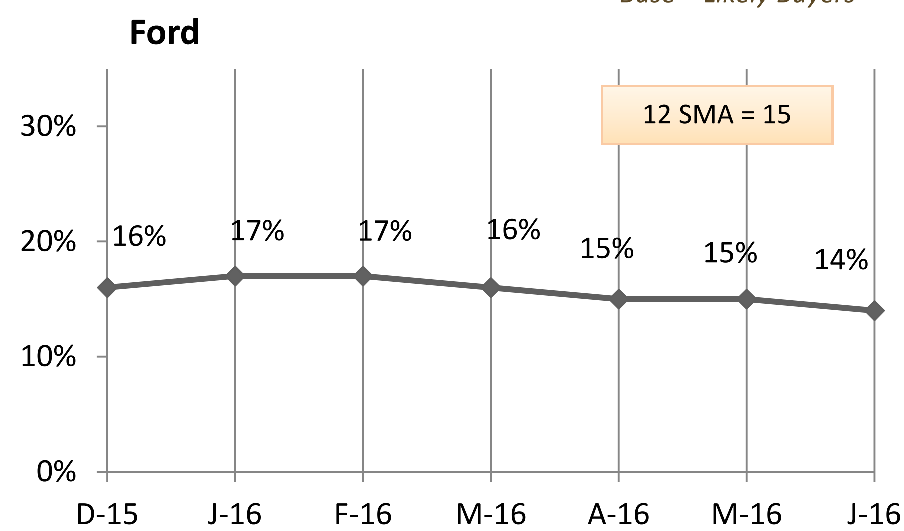


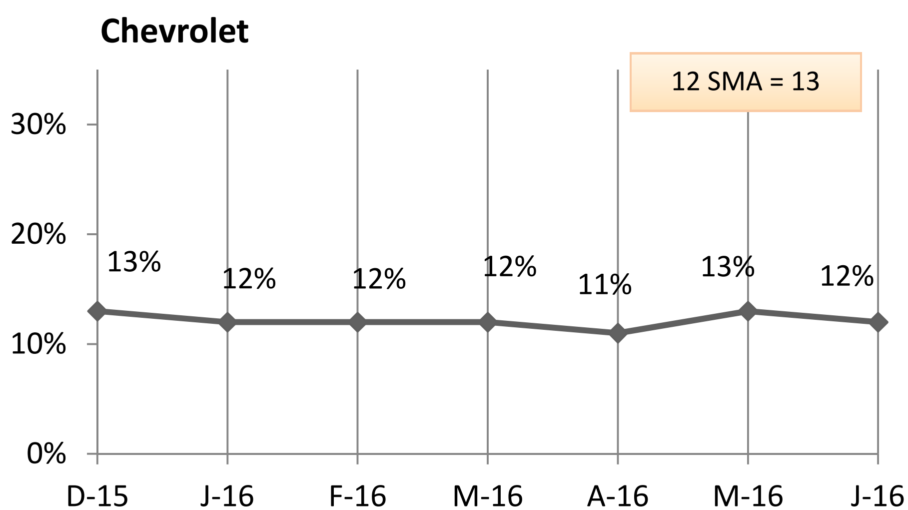
*Sorted by 3SMA

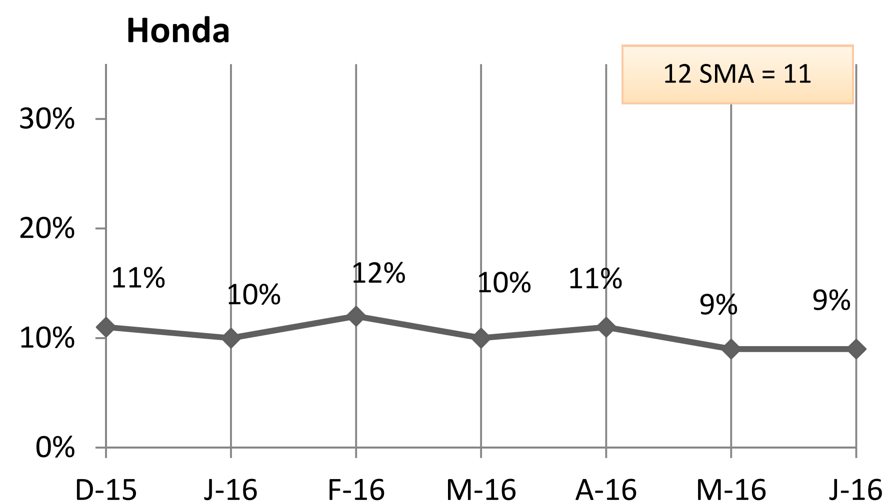
Brand Preference Over Time 3 SMA (Top 4 Brands)

Base = Likely Buyers



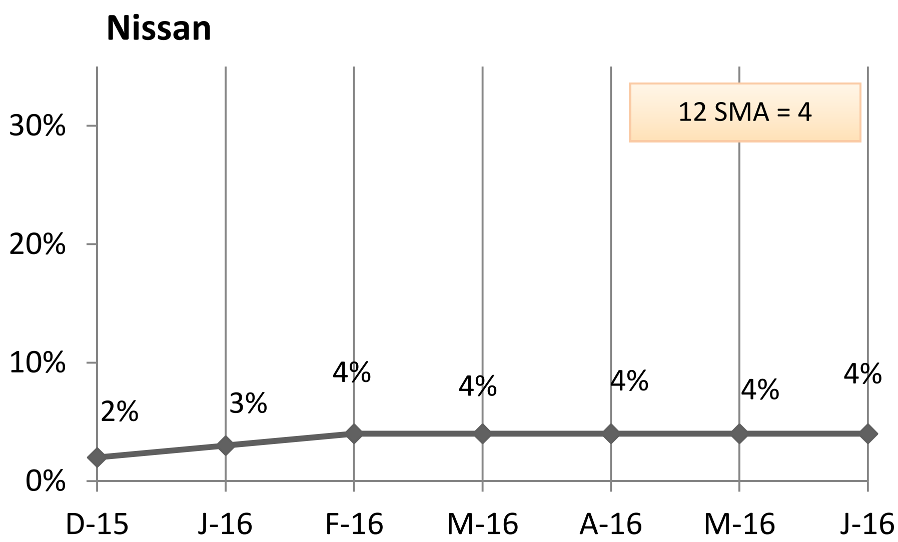


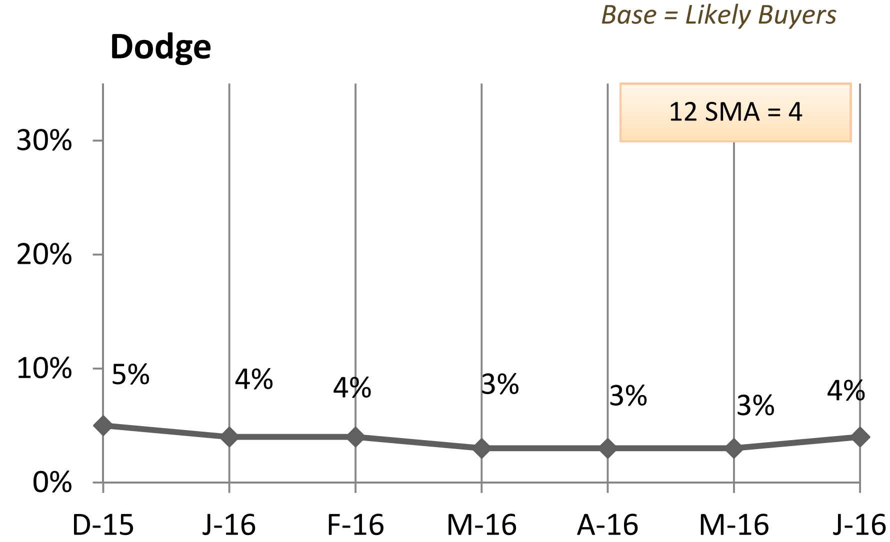


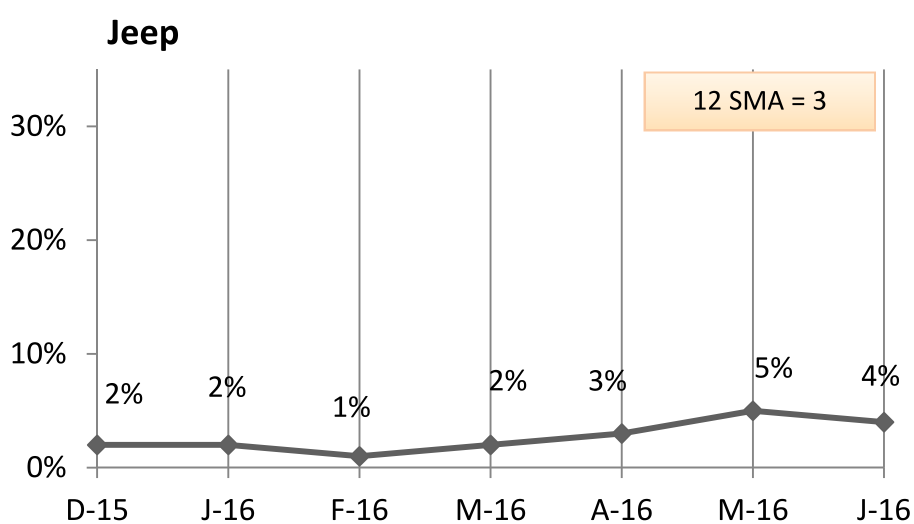


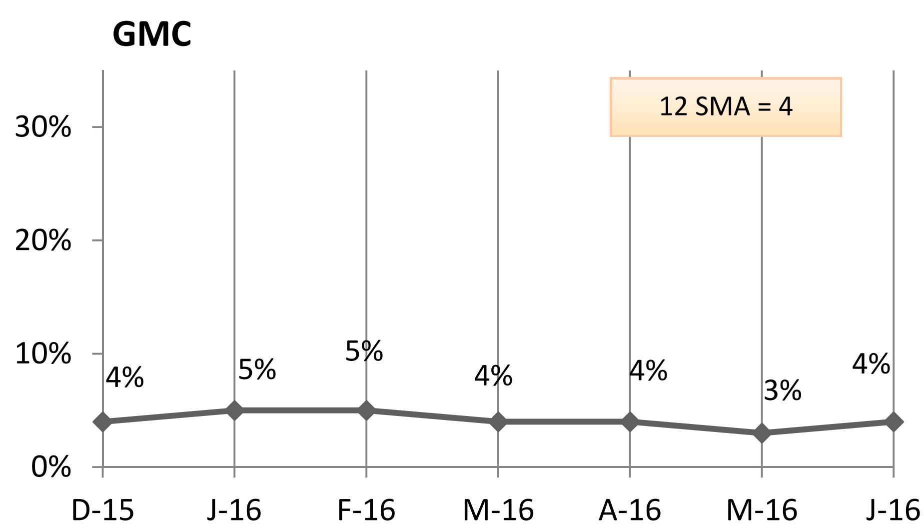
Brand Preference Over Time 3 SMA (Brands 5 to 8)

Base = Likely Buyers



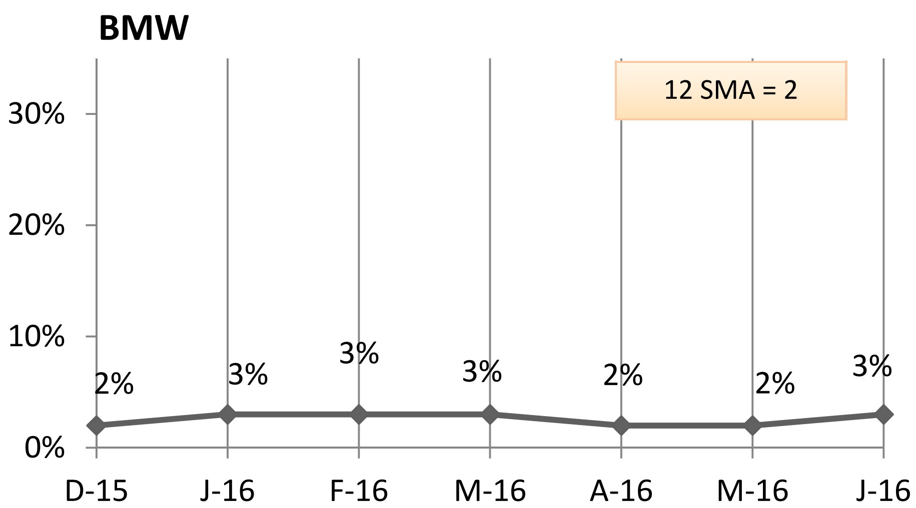


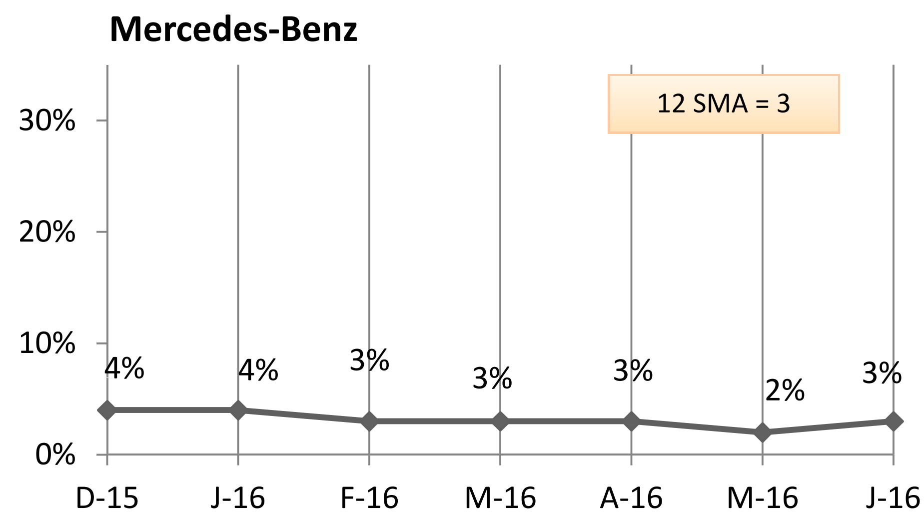


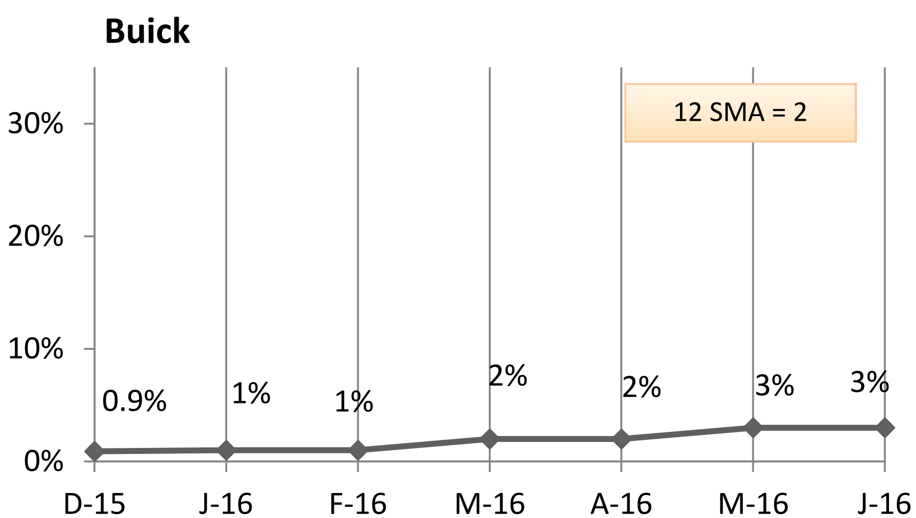


Brand Preference Over Time 3 SMA (Brands 9, 10, & 11)

Base = Likely Buyers



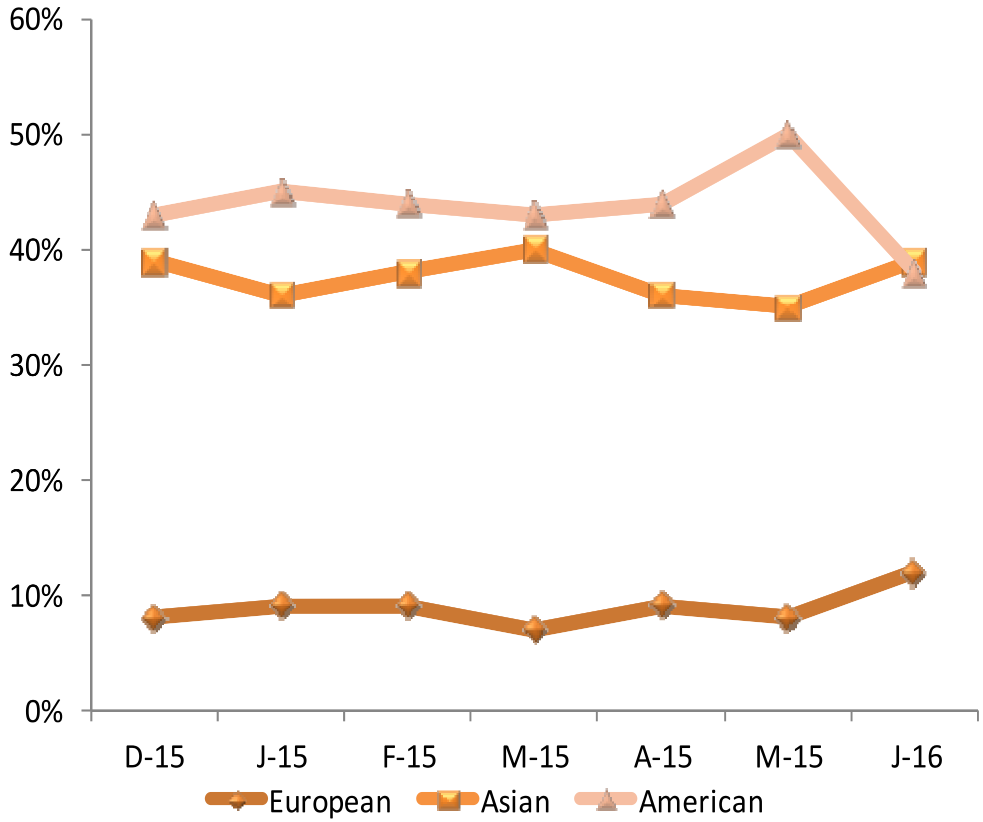


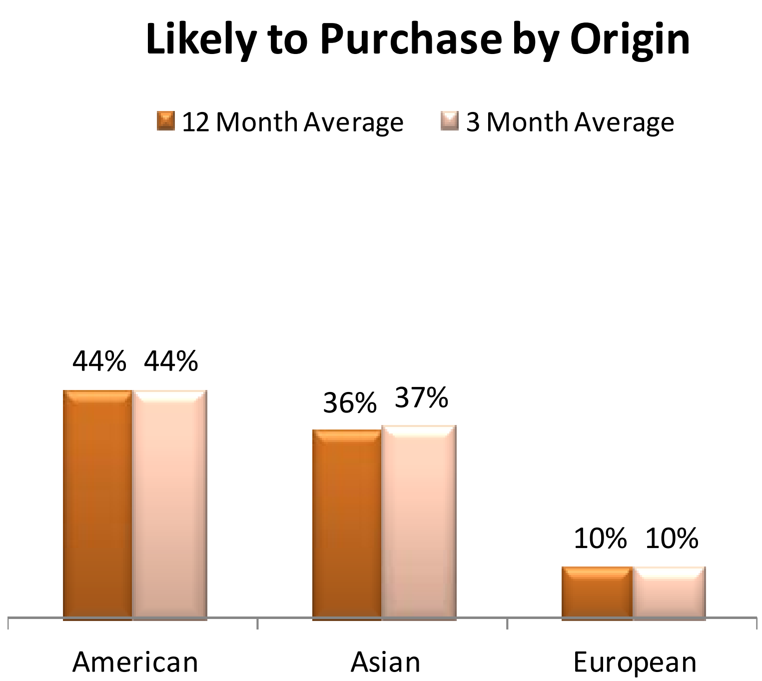


By Vehicle Origin

June 2016

Base = Likely Buyers



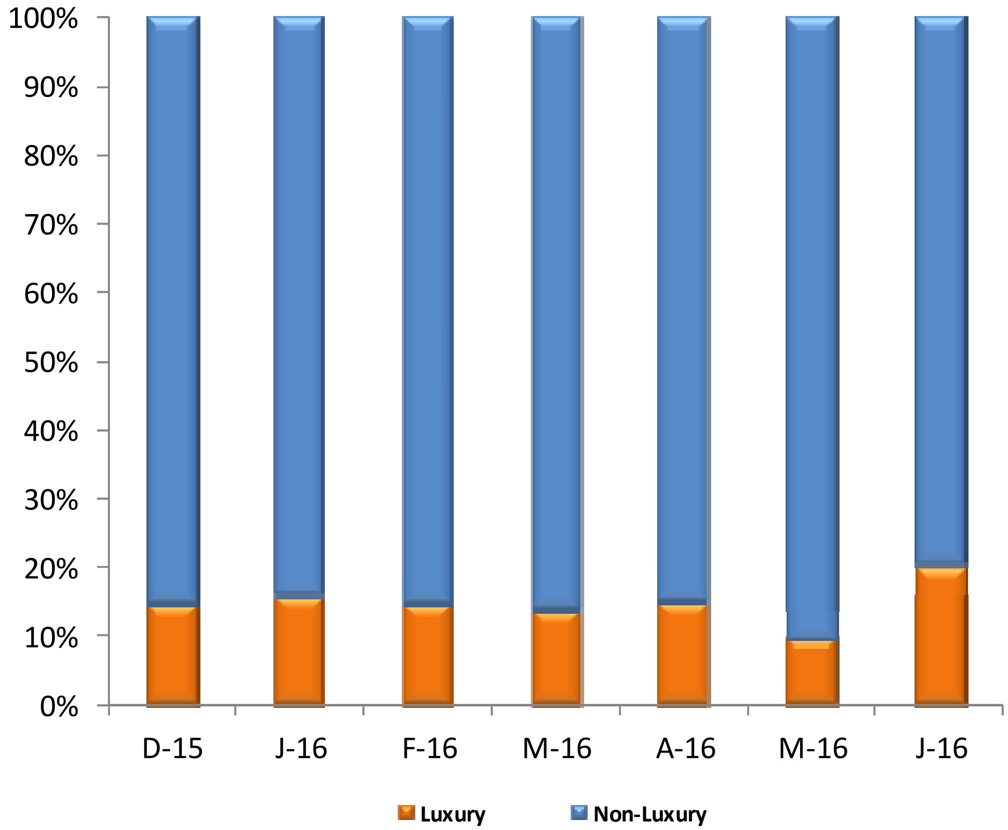


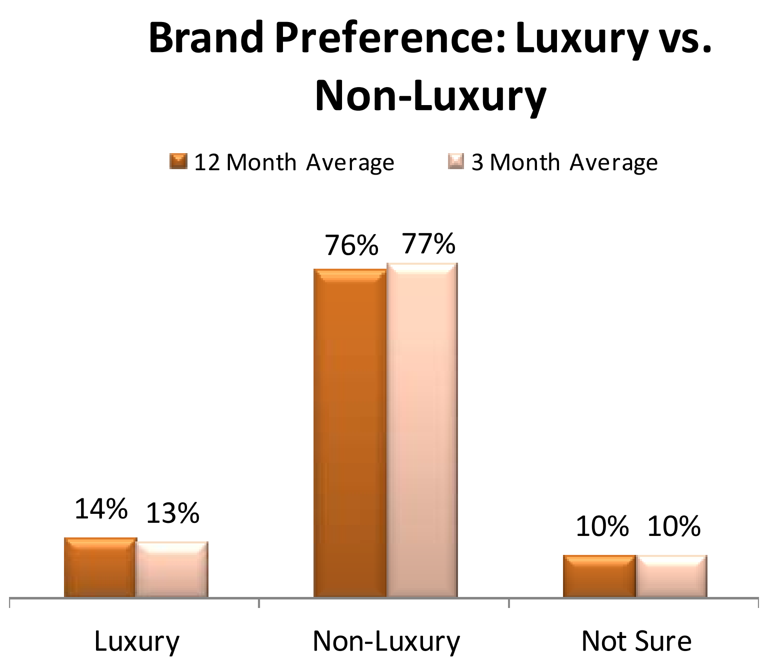
Q. If you were to buy a vehicle today, what brand would you buy?

Luxury vs. Non-Luxury

June 2016

Base = Likely Buyers





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

Conclusions

- After two straight months of decline, the Auto Demand Index level grew by five points in June, registering a score of 96. However, despite this improvement in the Index, purchase intent continues to decelerate among consumers, as the ADI lingers six points below its 12-month moving average of 102. The Index is also two points behind the 3-month moving average, which has declined for the third straight month in June, to a score of 98.

- Furthermore, momentum for the ADI continued to weaken in June. Our momentum indicator declined by one point this month, to 0.8, its lowest score since January 2015. Thus, it appears as if auto sales may have finally reached its peak, and will continue to decline in the coming months.

- Regarding demographics, Americans residing in the Western region of the U.S., and respondents over the age of 65 were the sole segments that displayed any growth in purchase intent in June. Western Americans posted an 18-point gain in the ADI, registering a score of 108, while seniors over the age of 65 recorded a growth rate of four points, attaining a reading of 71. Although every other demographic group registered declines in the ADI, the most significant drop in the Index was shown among Americans residing in the Midwest, followed by parents and those earning an income between $30K and $50K.

- In June, the share of consumers who indicated that they were likely to purchase or lease a vehicle in the next six months increased by one percentage point from last month, to a rate of 16%. Further, the percentage of Americans planning to acquire a vehicle within one month grew by three points, to a share of 12%.

- In terms of Americans' preferences regarding the types of vehicles they plan to purchase, mid-size vehicles, chosen by 21% of respondents, remain the most desirable type. At the same time, preference for small and large SUVs is displaying accelerated growth among consumers.

- Toyota and Ford are the most desired brands among those intending to acquire a new vehicle, as they were both preferred by a 14% share of likely buyers. Meanwhile, Chevrolet, chosen by 12% of likely buyers, dropped down one spot to round out the top three of most desired brands. Regarding the land of origin of the brands that consumers intend to purchase, preference for Asian brands has surpassed that for American-made vehicles for the first time since June 2015. Nearly two in five likely buyers (39%) intend to acquire Asian autos, while 38% prefer vehicles made in America.

Contact Information

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

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