

TechnoMetrica Auto Demand Index

December 2017



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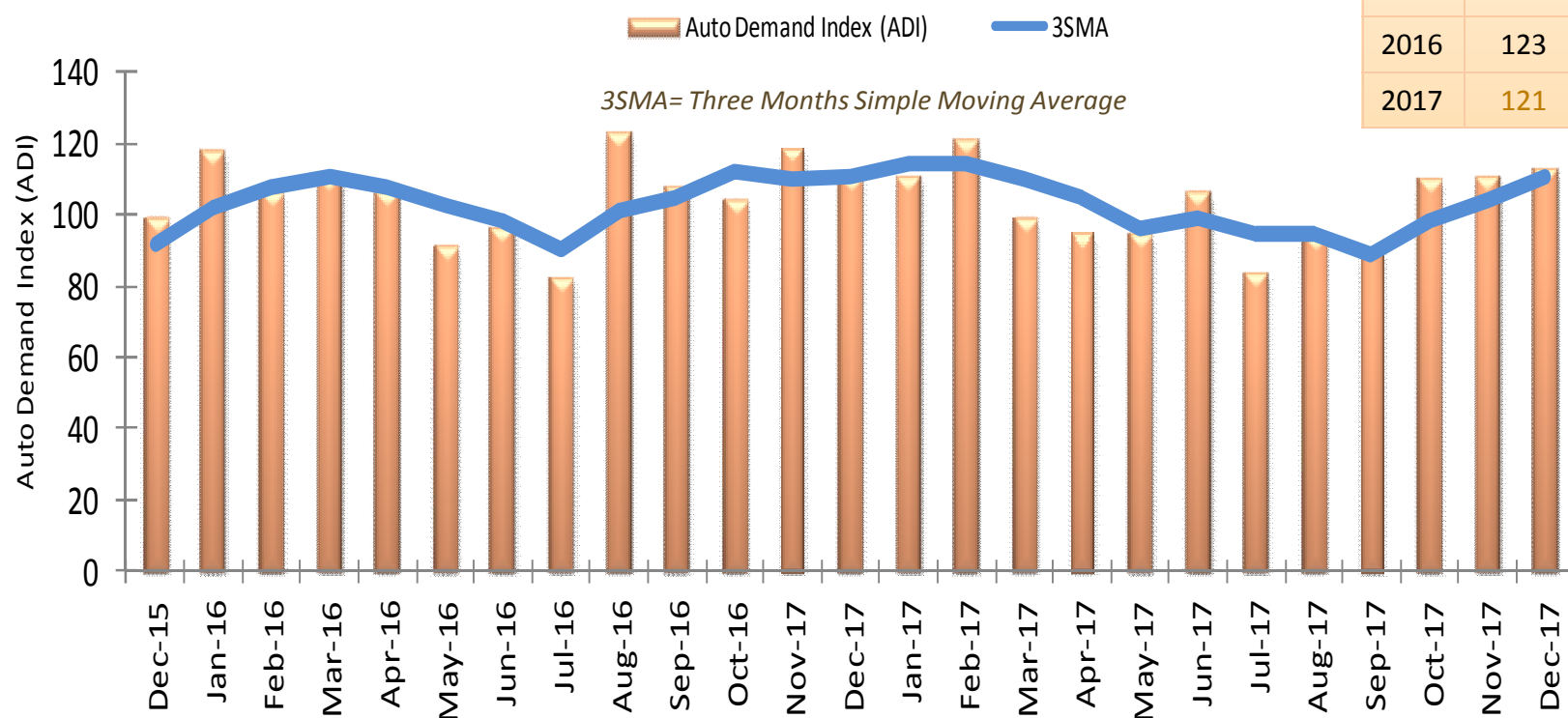
Methodology

- 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 November 27th and December 4th, 2017.

Auto Demand Index (Overall)

Vehicle purchase intent rose to a ten-month high in December, as a strengthening economy, lower gas prices, and attractive deals on outgoing models combine to create a favorable environment for car shopping. TechnoMetrica's Auto Demand Index improved for the third month in a row, registering a score of 113, its highest reading since February. The rise in vehicle purchase intent extends across most demographic groups, as 20 of the twenty-three segments we monitor each month showed improvement in the Index.

Base = All Respondents

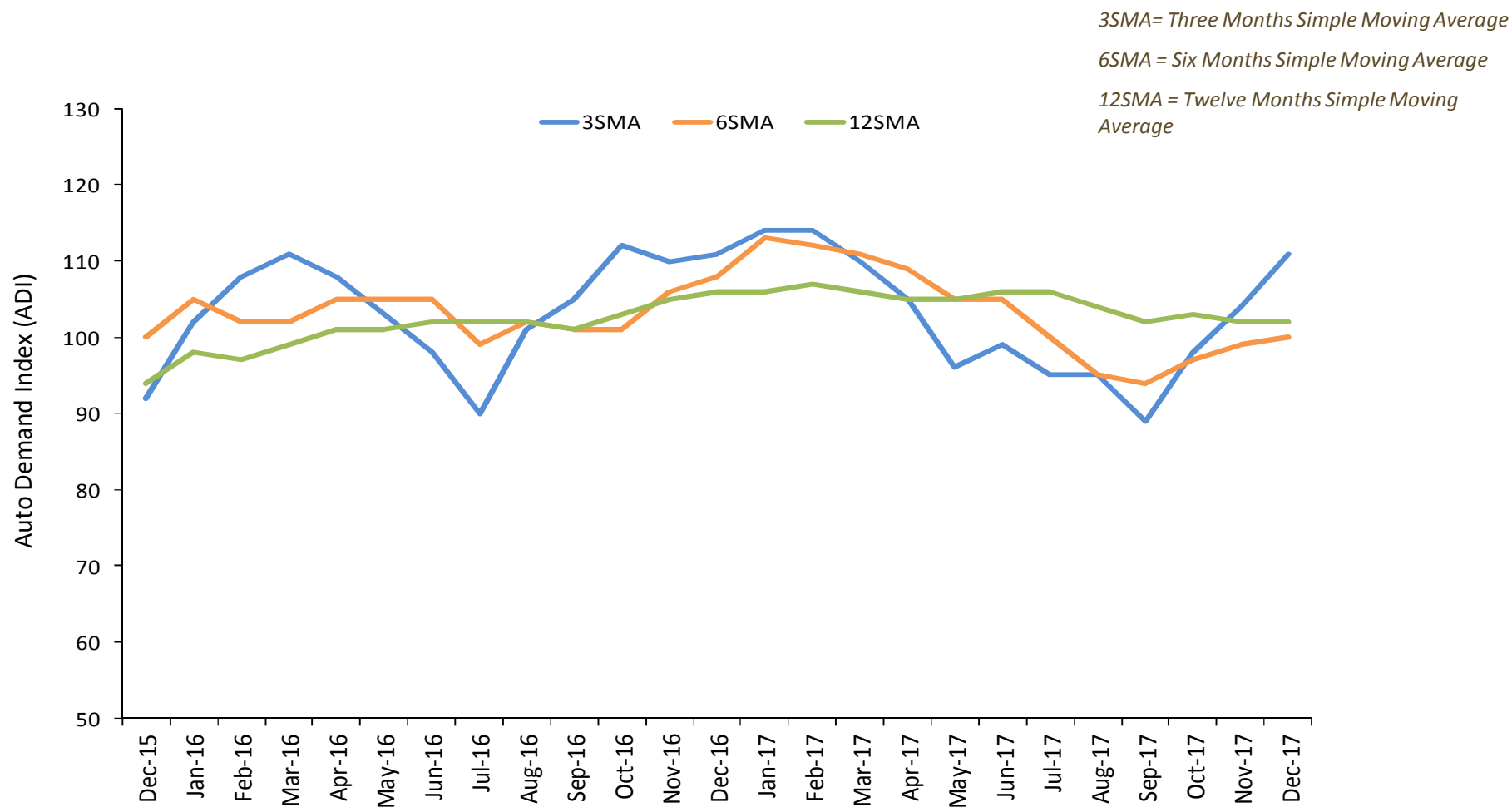


	High	Low
2011	94	49
2012	105	49
2013	86	64
2014	88	73
2015	129	64
2016	123	82
2017	121	84

Auto Demand Index Moving Averages

Base = All Respondents

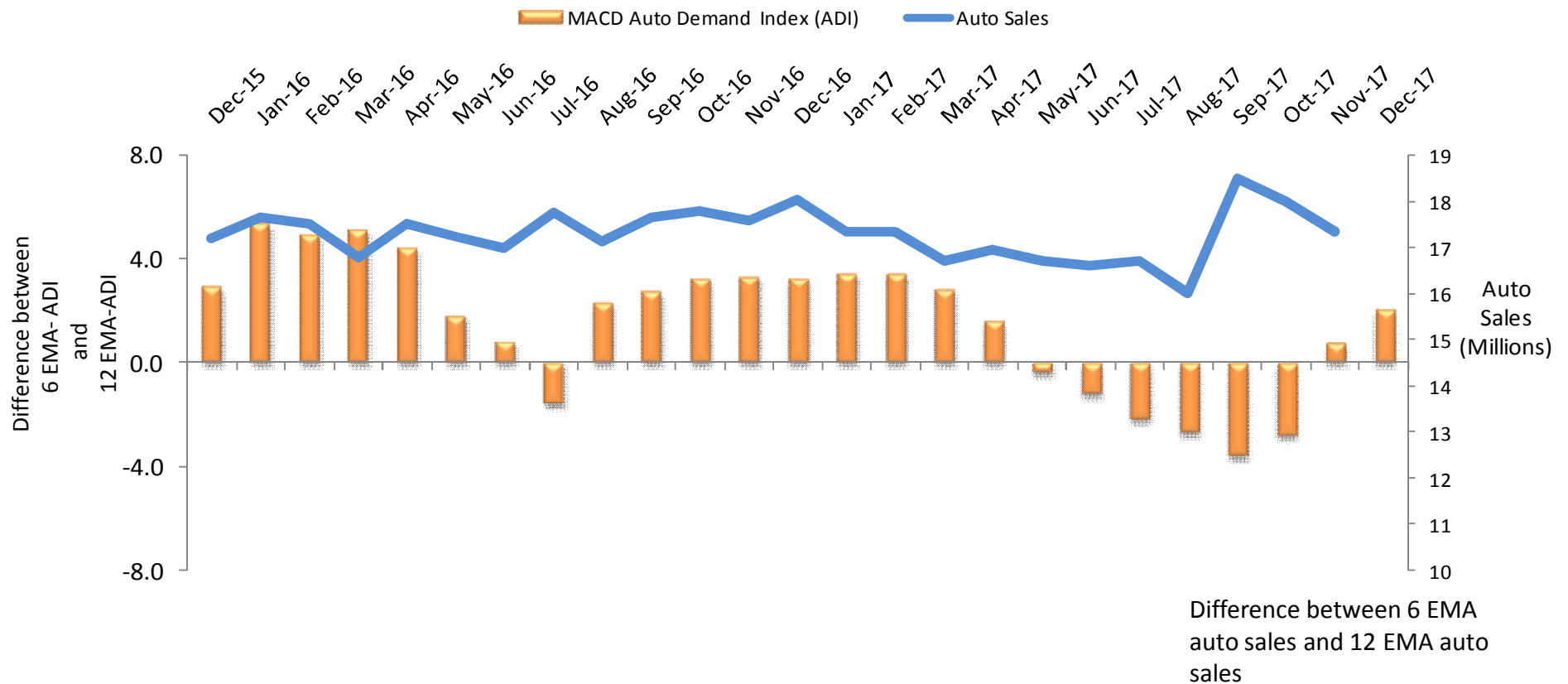
December's Index reading surpassed all three of its moving averages. In addition, the three and six month averages both rose for the third straight month, indicating that vehicle purchase intent will remain strong going into the new year.



Momentum: Moving Average Convergence Divergence

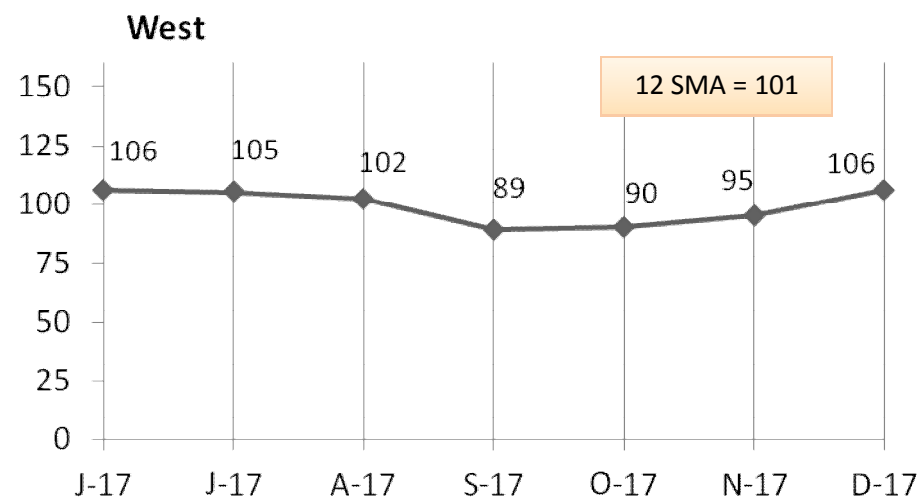
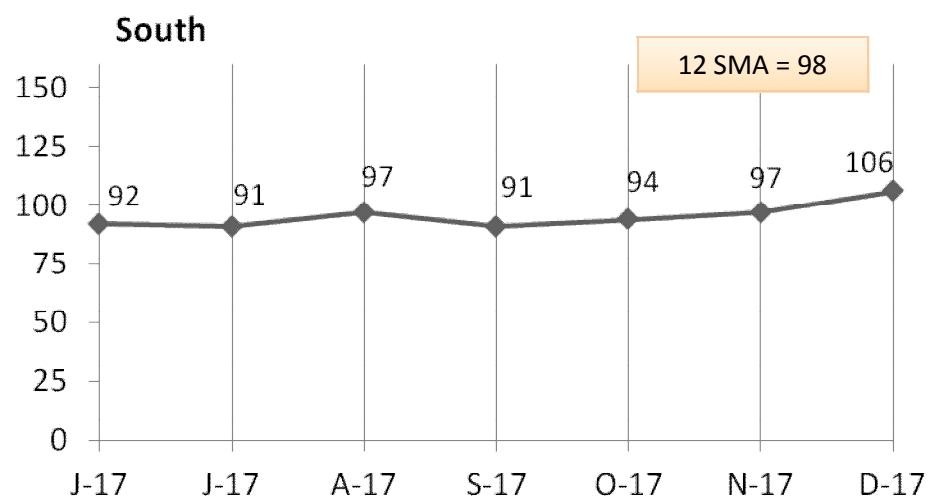
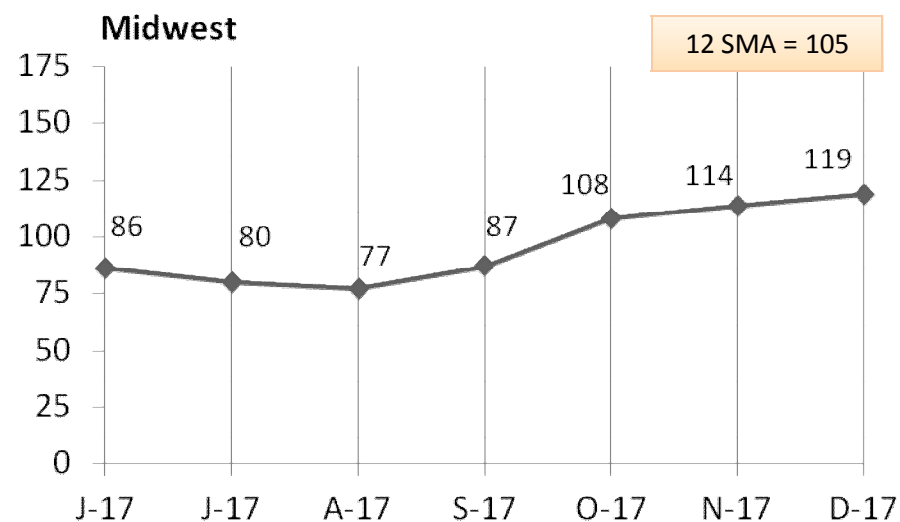
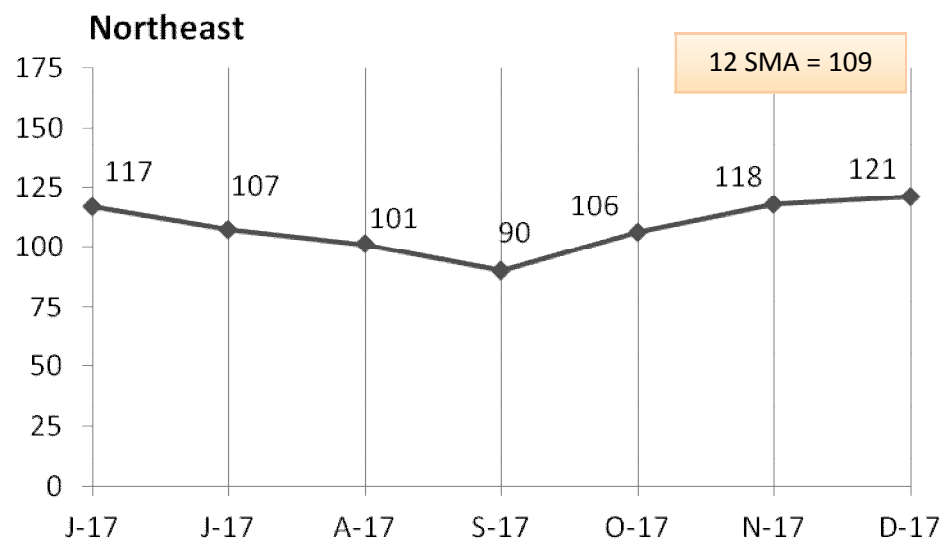
Momentum= Fast Average (6-month exponential moving average) minus Slow Average (12-month exponential moving average) *Base = All Respondents*

In December, our momentum indicator (MACD) held in positive territory for the second straight month, gaining 1.3 points to reach a ten-month high of 2.0. Therefore, TechnoMetrica anticipates that the Auto Demand Index will continue to grow in the months ahead. Further, we also expect auto sales to maintain their current robust pace of growth into 2018.



By Region 3 SMA

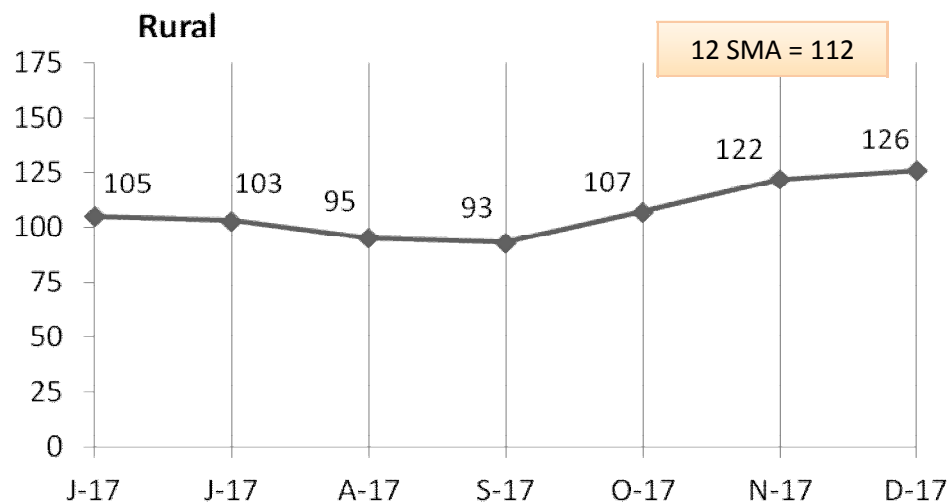
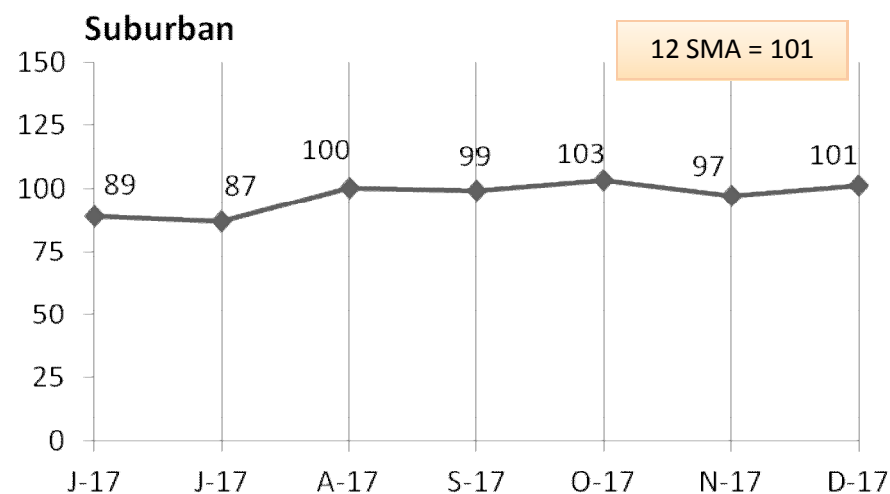
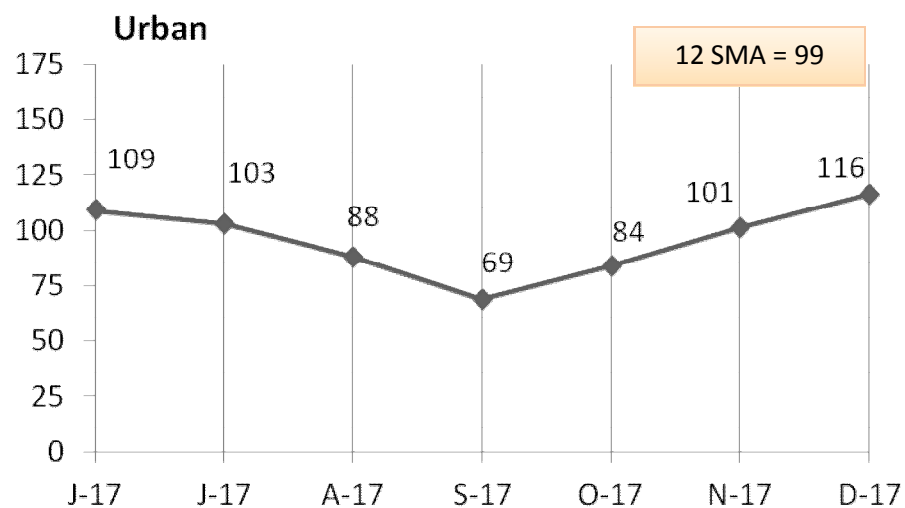
Base = All Respondents



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

By Area Type 3 SMA

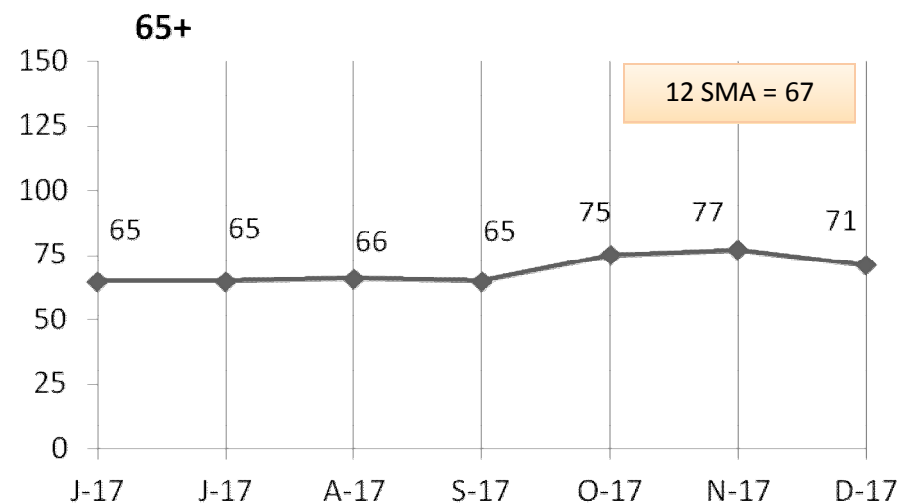
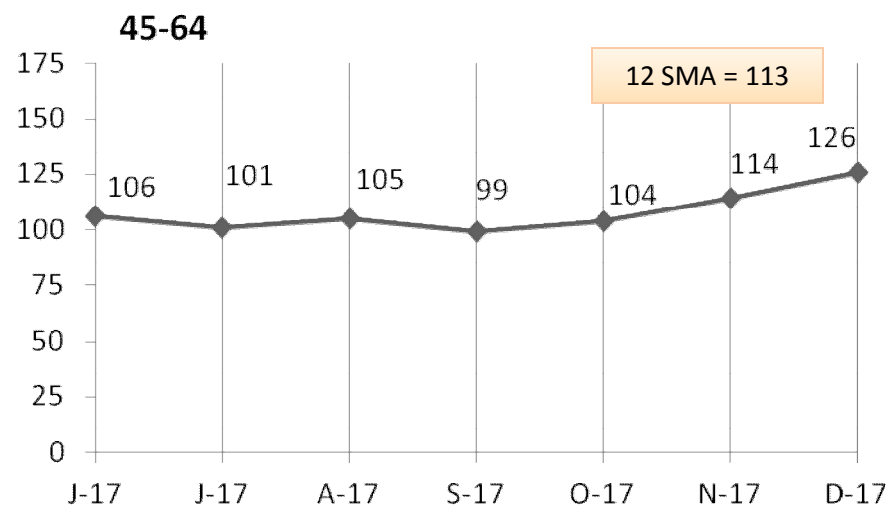
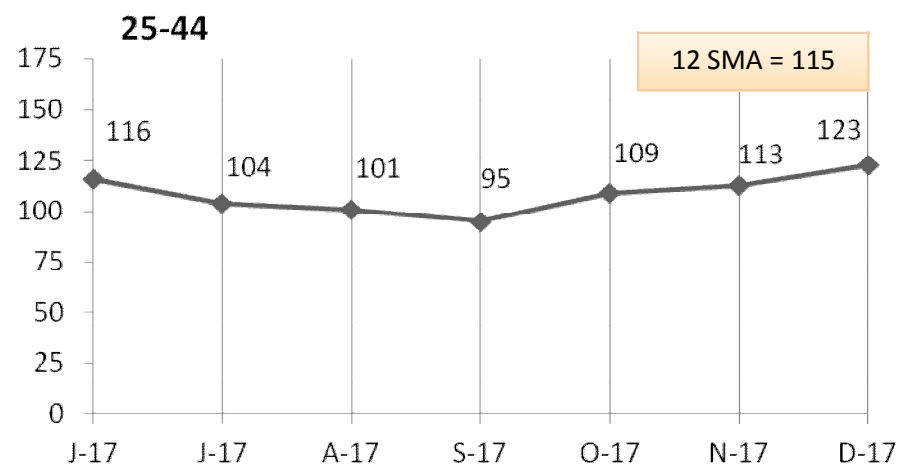
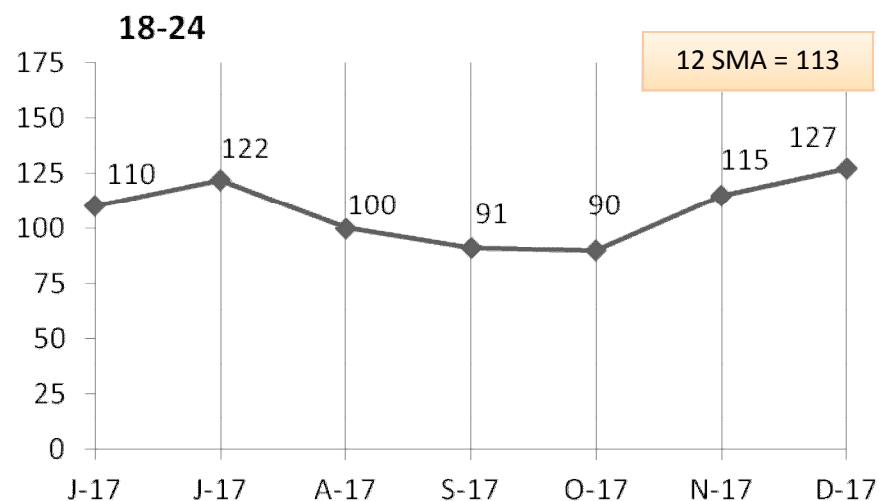
Base = All Respondents



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

By Age 3 SMA

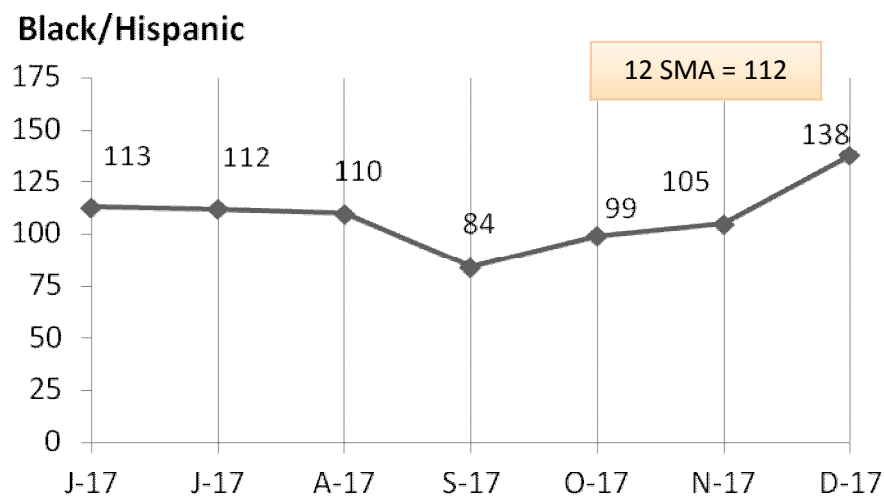
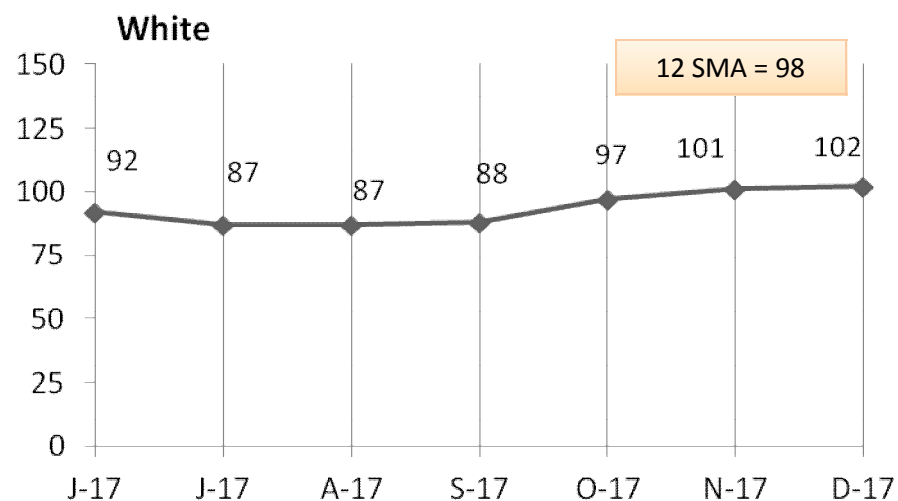
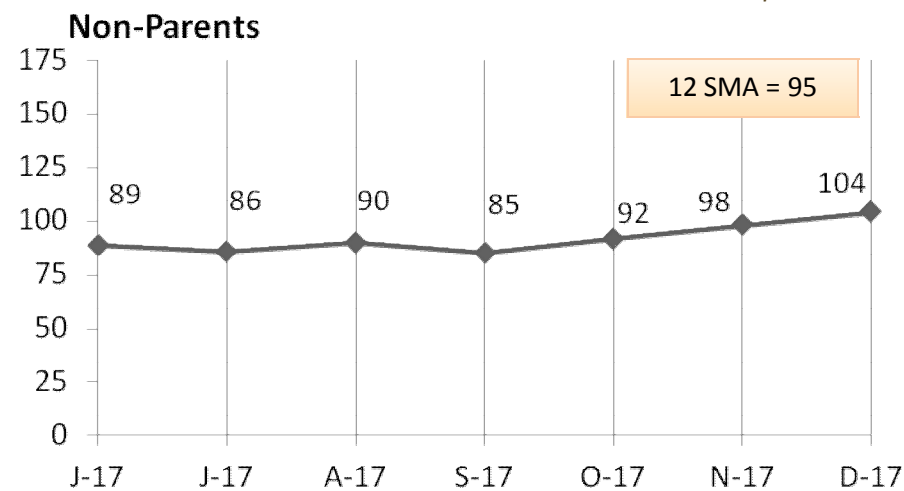
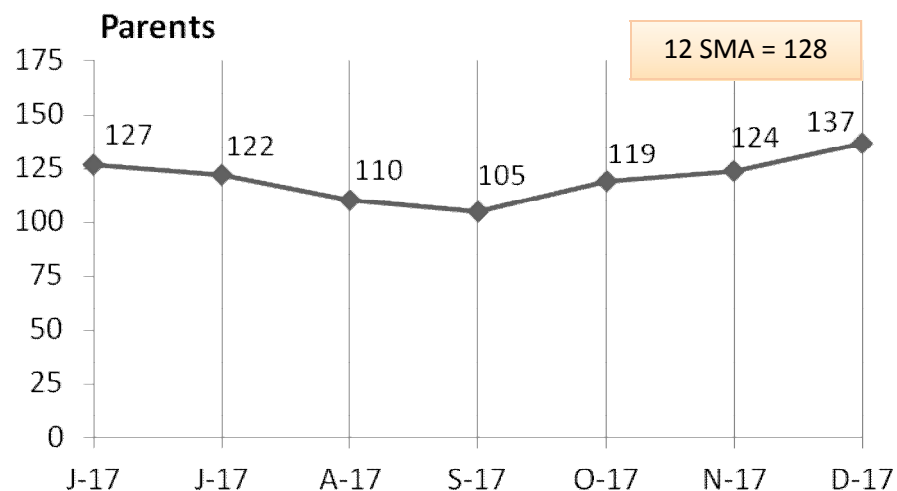
Base = All Respondents



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

By Parental Status and Race/Ethnicity 3 SMA

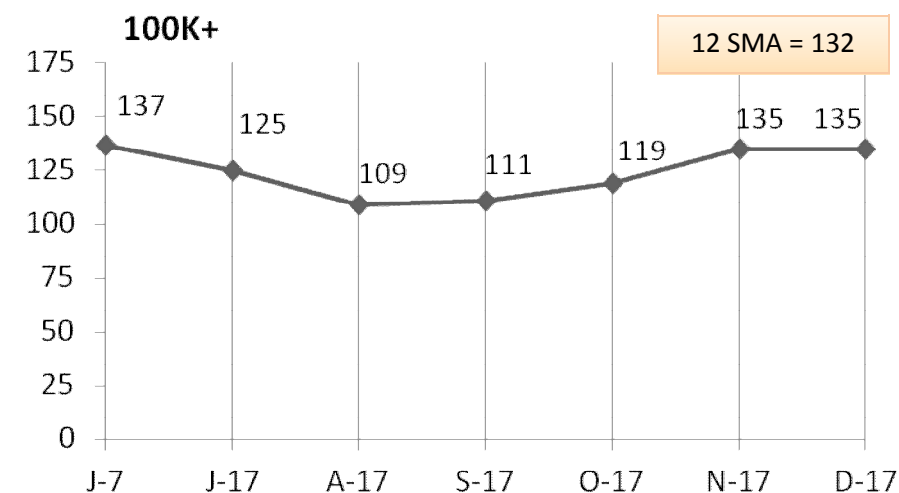
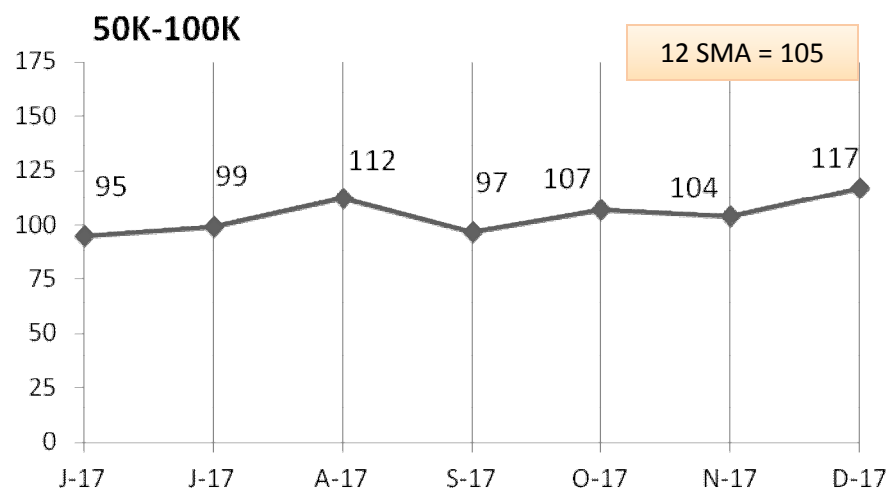
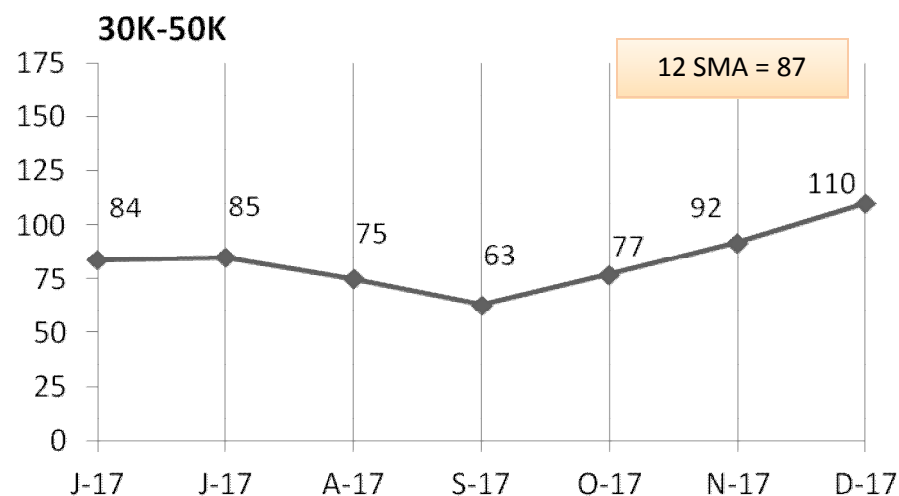
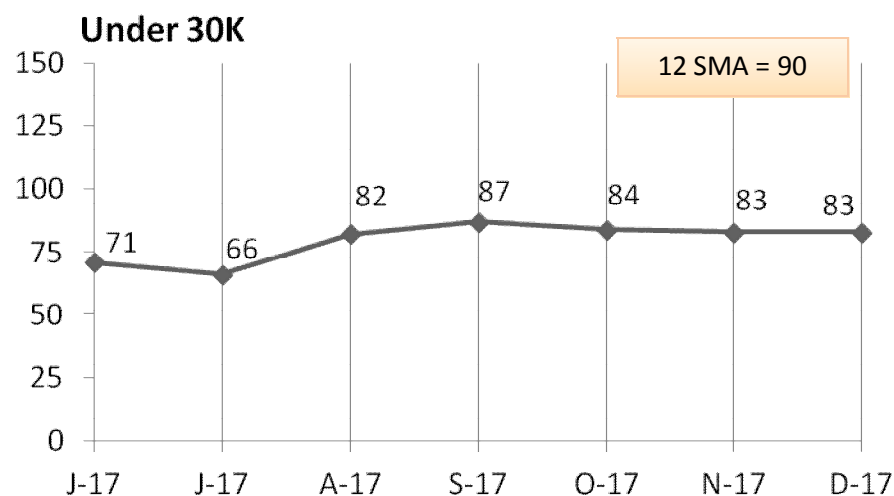
Base = All Respondents



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

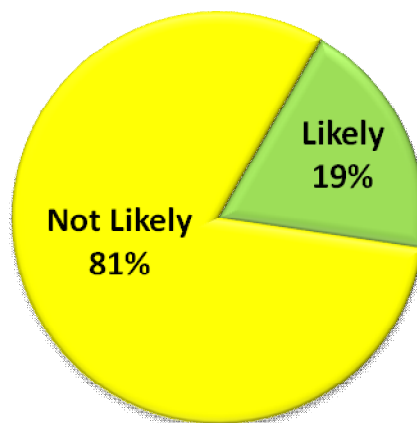


Q. How likely is it that you will buy or lease a new vehicle within the next 6 months?

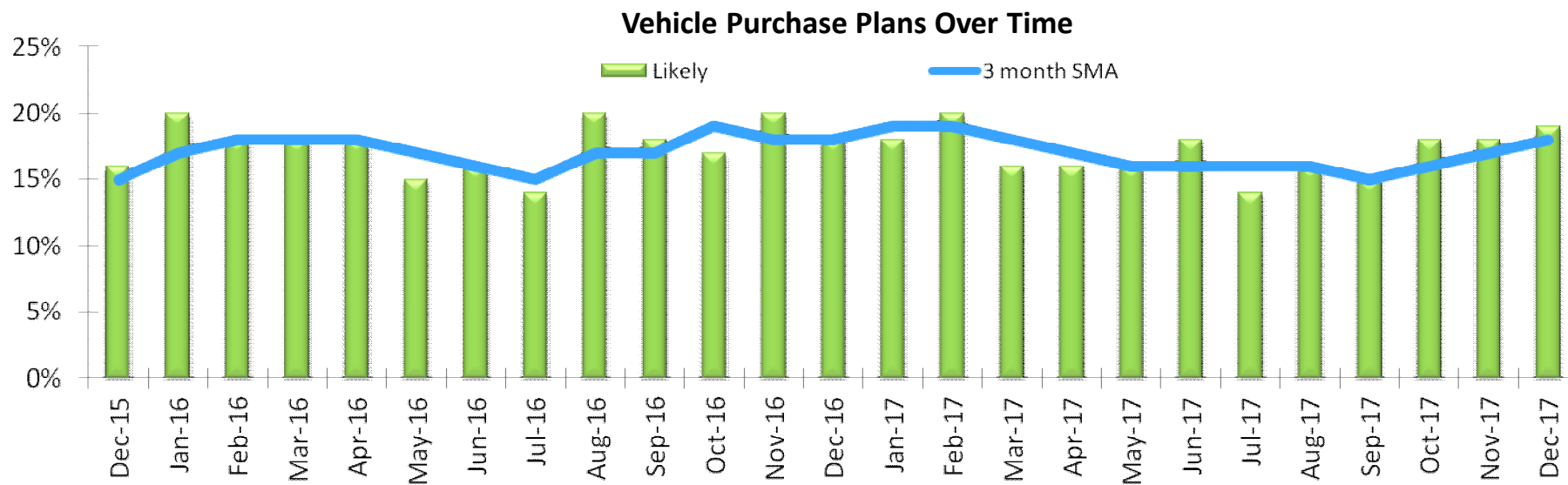
Vehicle Purchase Plans

December 2017

Base = All Respondents



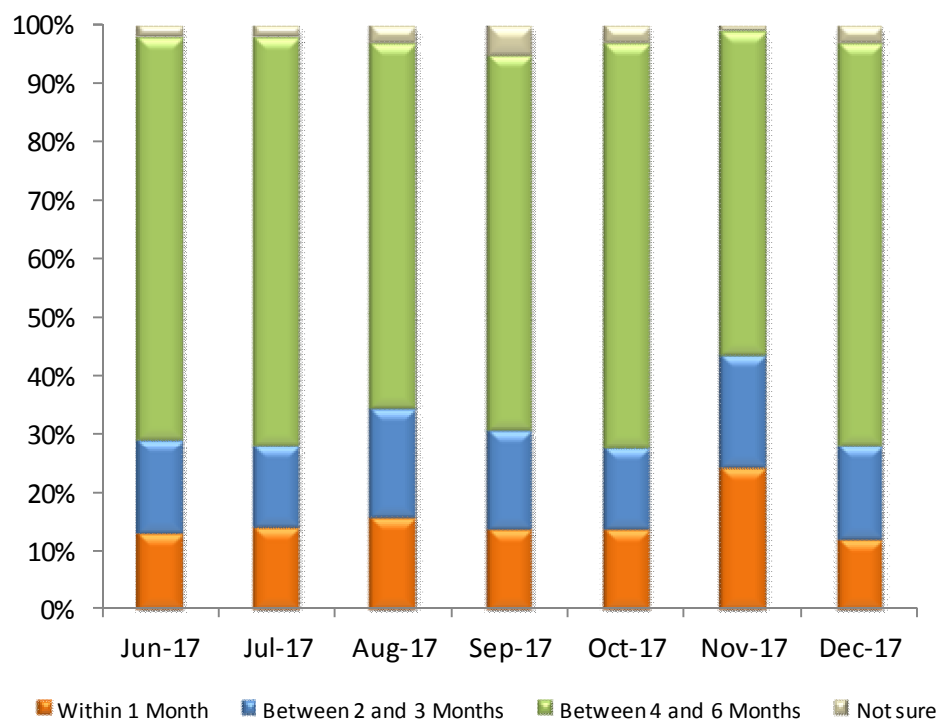
This month, the share of consumers who say they are likely to acquire a new vehicle within the next six months rose to its highest level since February, at 19%.



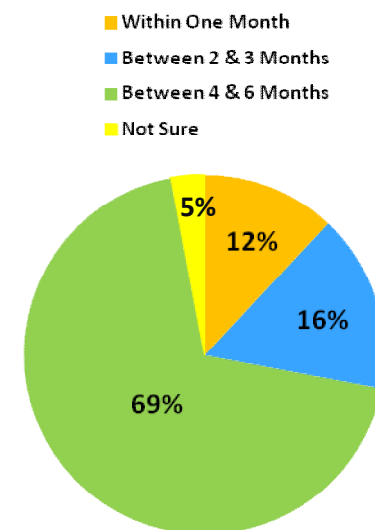
Vehicle Purchase/Lease Time Frame

December 2017

Base = Potential Buyers



	Average Time Frame (Months)
Jun-17	4.05
Jul-17	4.06
Aug-17	3.88
Sep-17	3.99
Oct-17	4.07
Nov-17	3.53
Dec-17	4.08



The share of likely vehicle buyers planning to purchase or lease a new vehicle within one month declined by twelve points this month, to 12%.

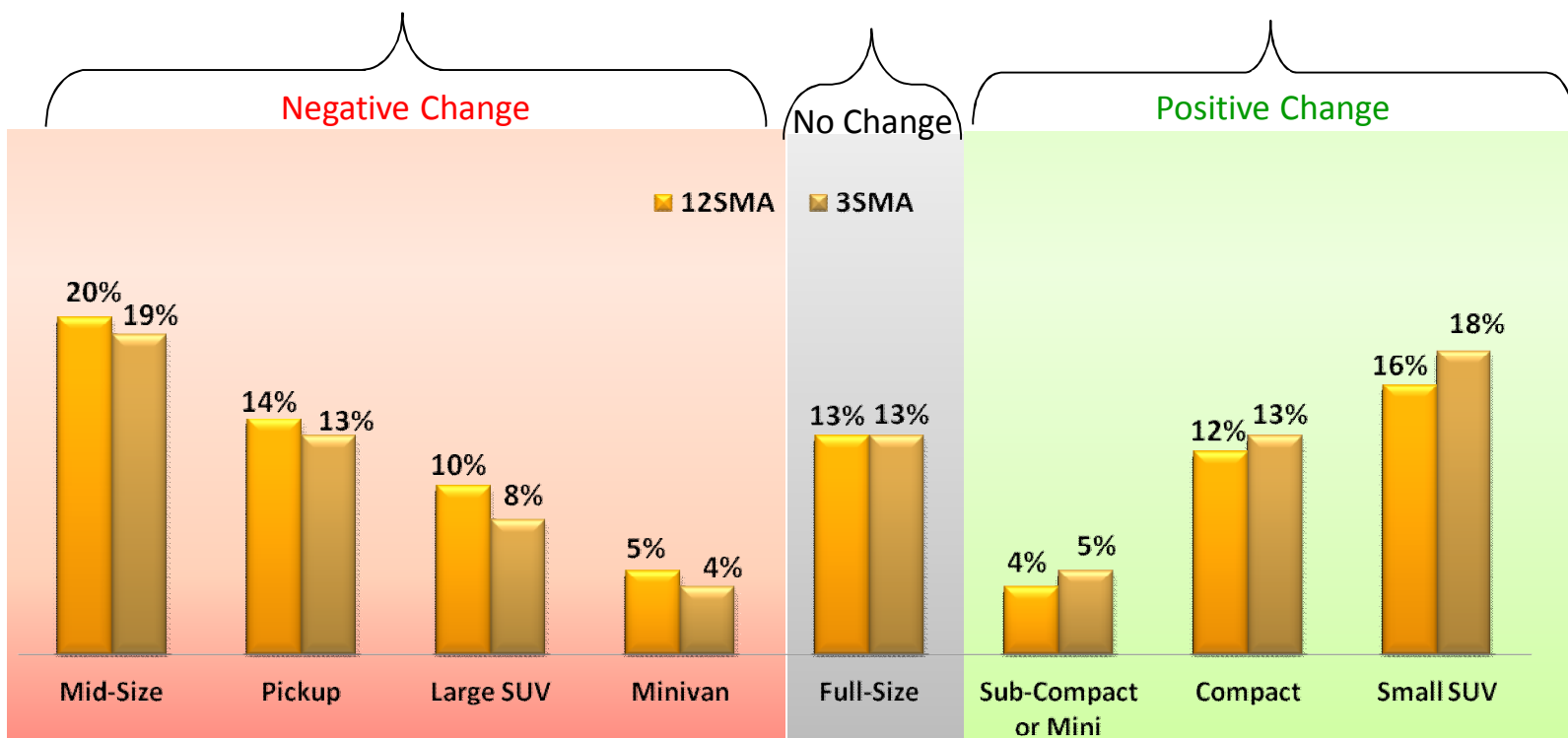
More than one in ten consumers (12%) plan to purchase a new auto within one month, down from 24% in November. Meanwhile, 16% say they are likely to acquire a vehicle within two to three months. Finally, more than two-thirds (69%) are planning to purchase a new vehicle within four to six months, up from 55% in November.

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

Vehicle Type Momentum

December 2017

Base = Potential Buyers

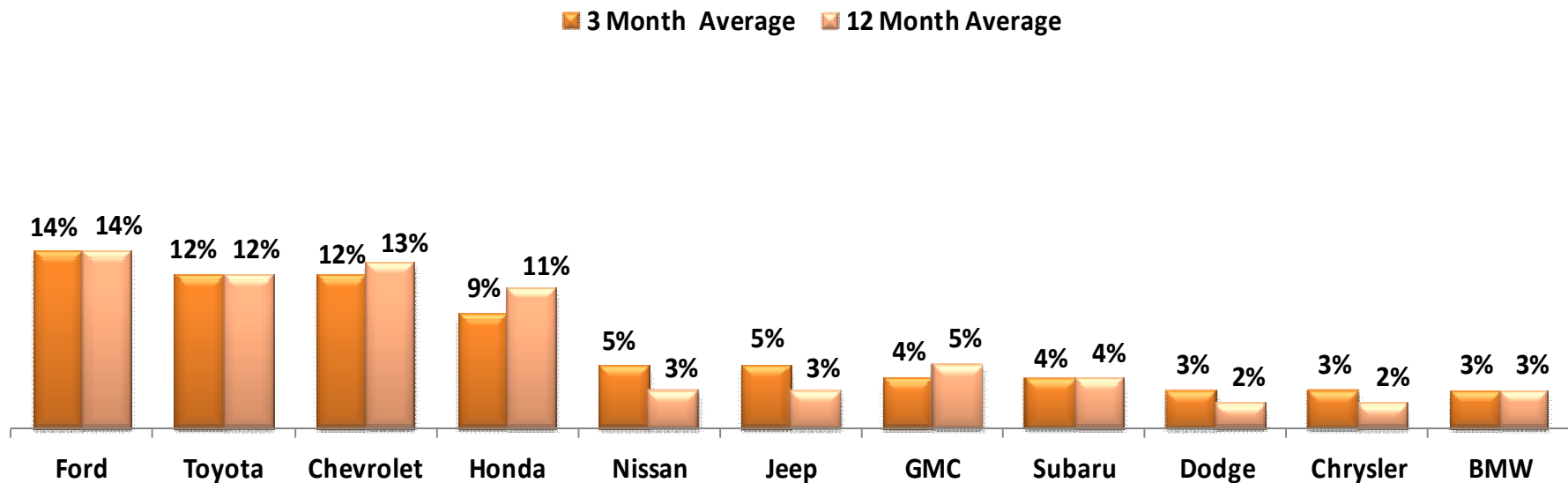


Q. What type of vehicle are you most likely to buy or lease?

Top Ten Brands Consumers Would Buy Today

December 2017

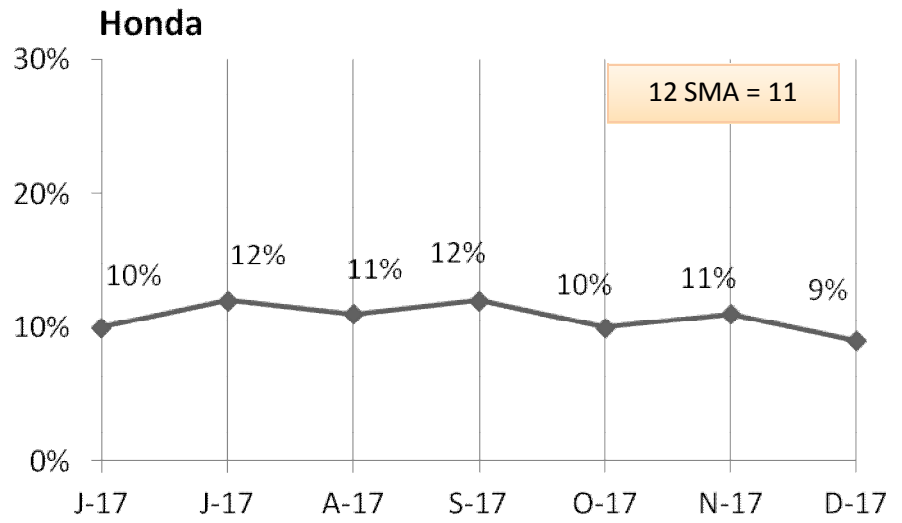
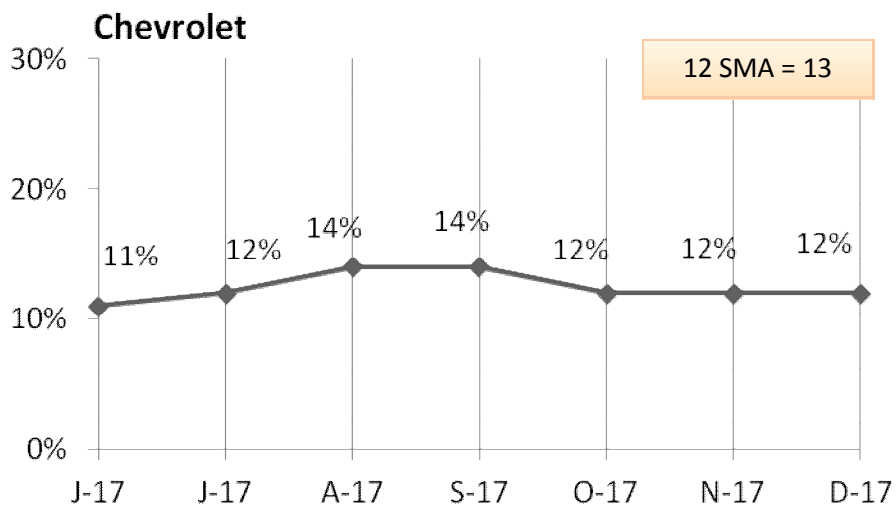
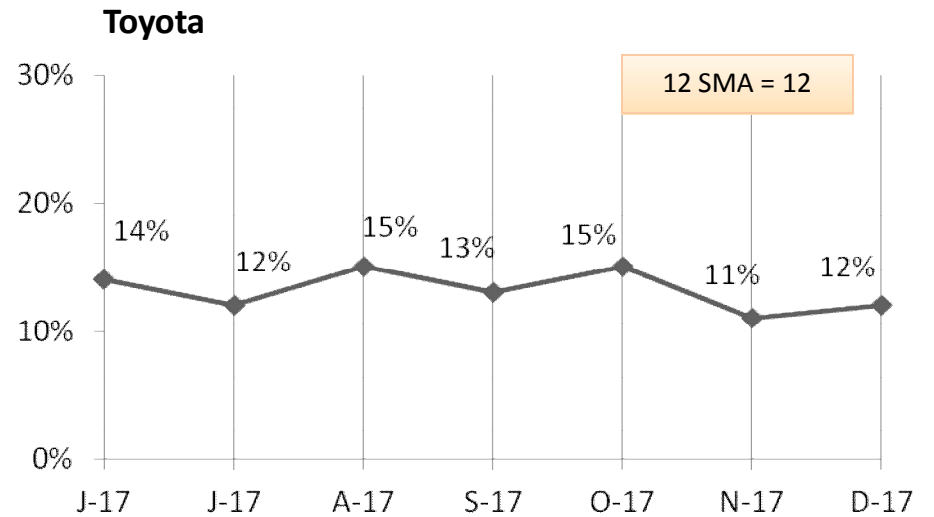
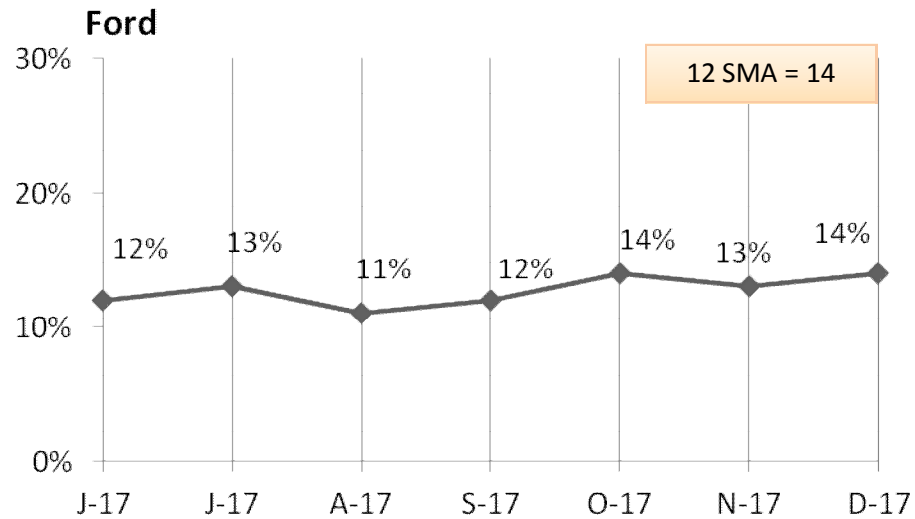
Base = Likely Buyers



*Sorted by 3SMA

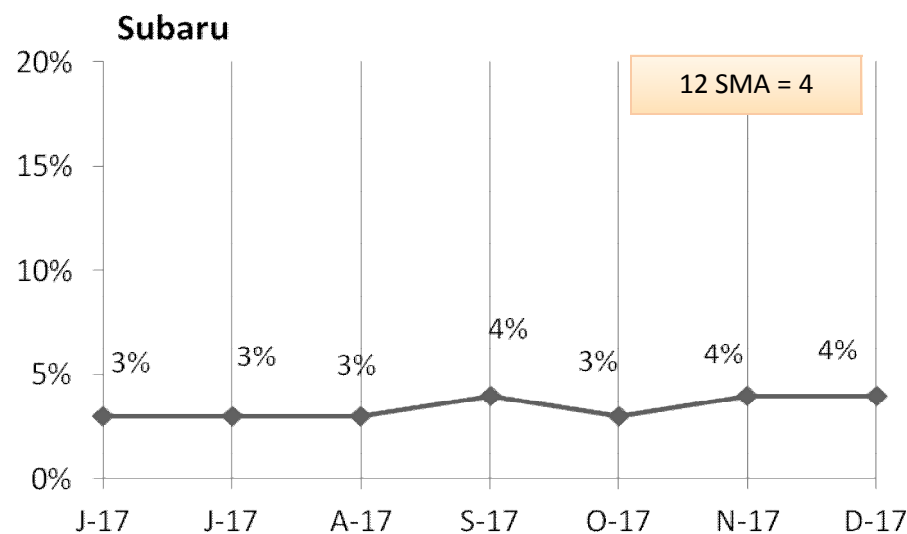
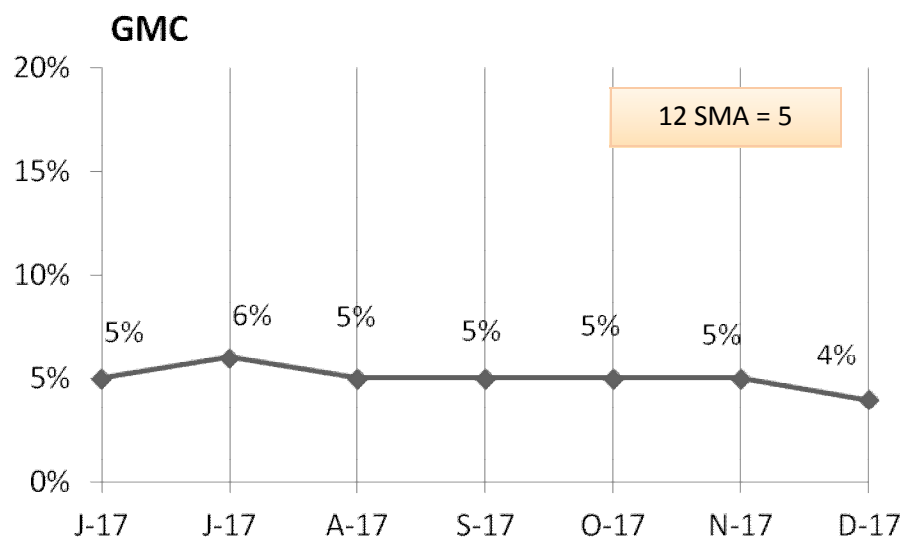
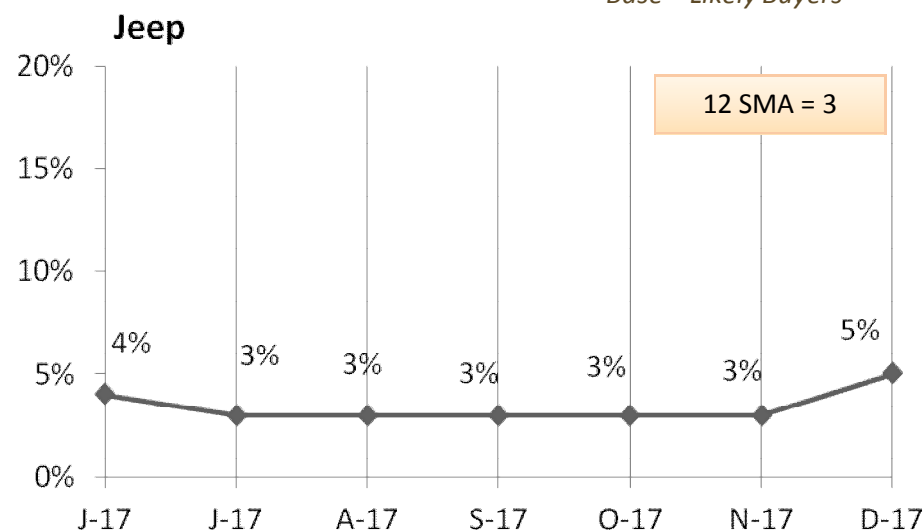
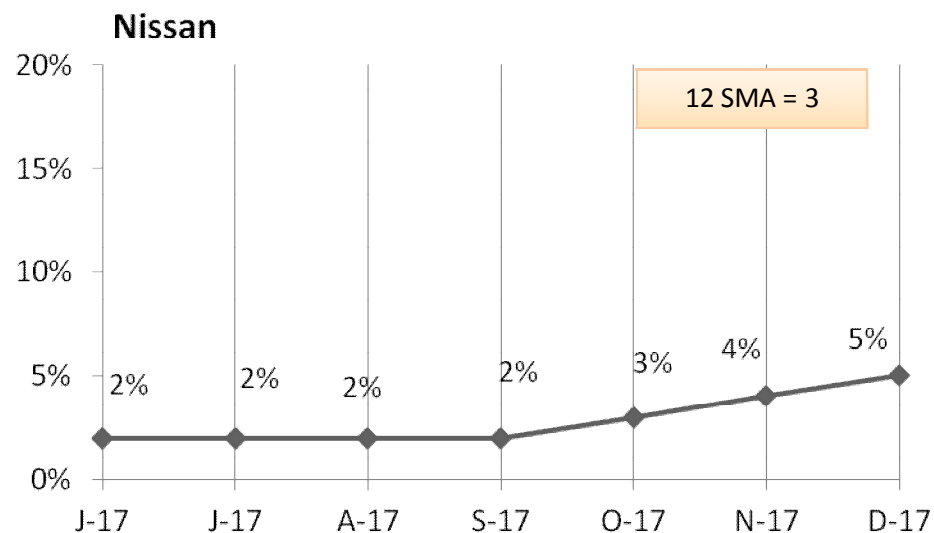
Brand Preference Over Time 3 SMA (Top 4 Brands)

Base = Likely Buyers



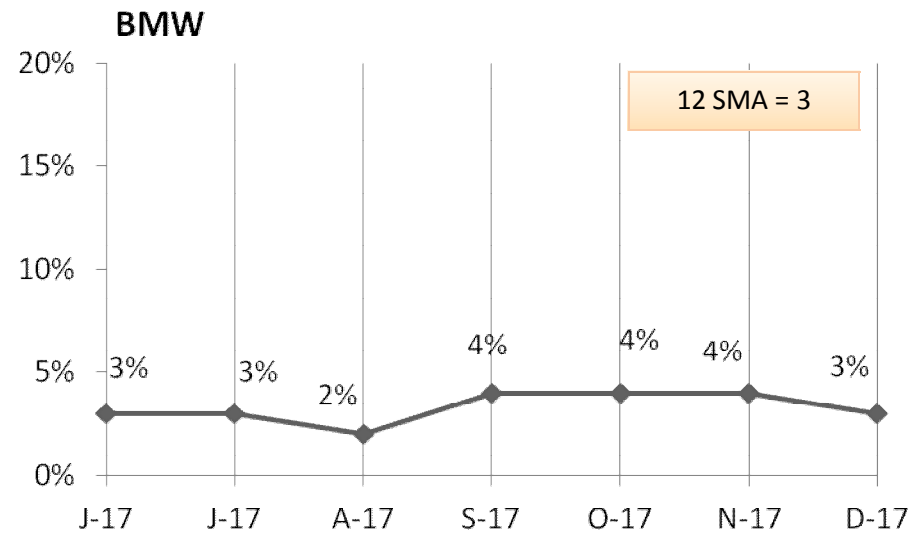
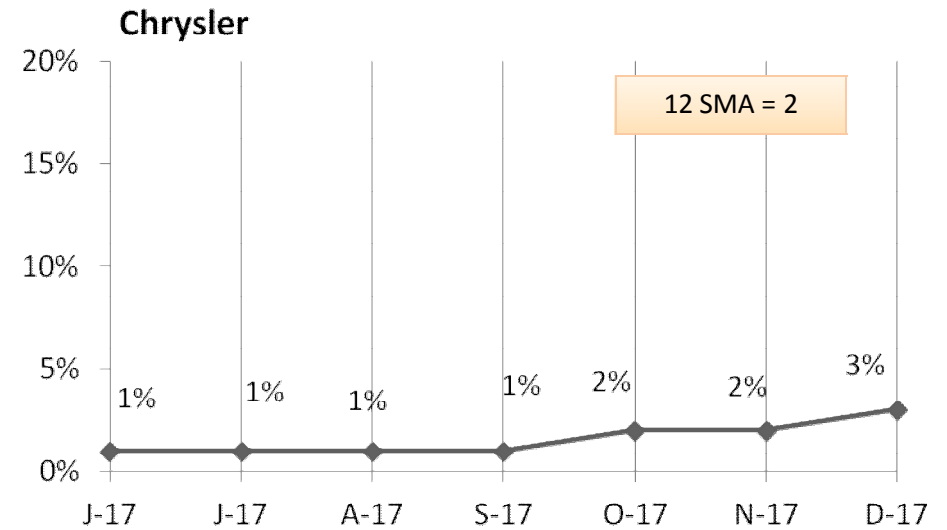
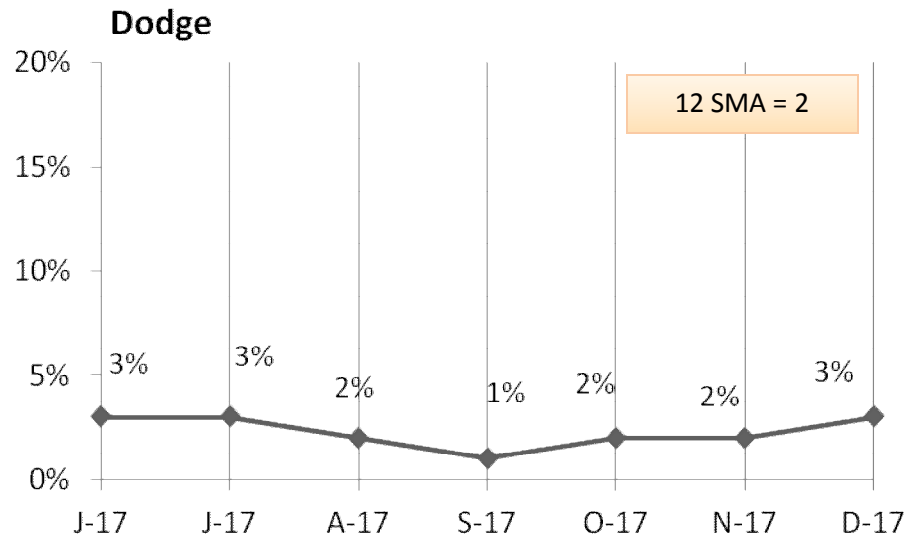
Brand Preference Over Time 3 SMA (Brands 5 to 8)

Base = Likely Buyers



Brand Preference Over Time 3 SMA (Brands 9 to 11)

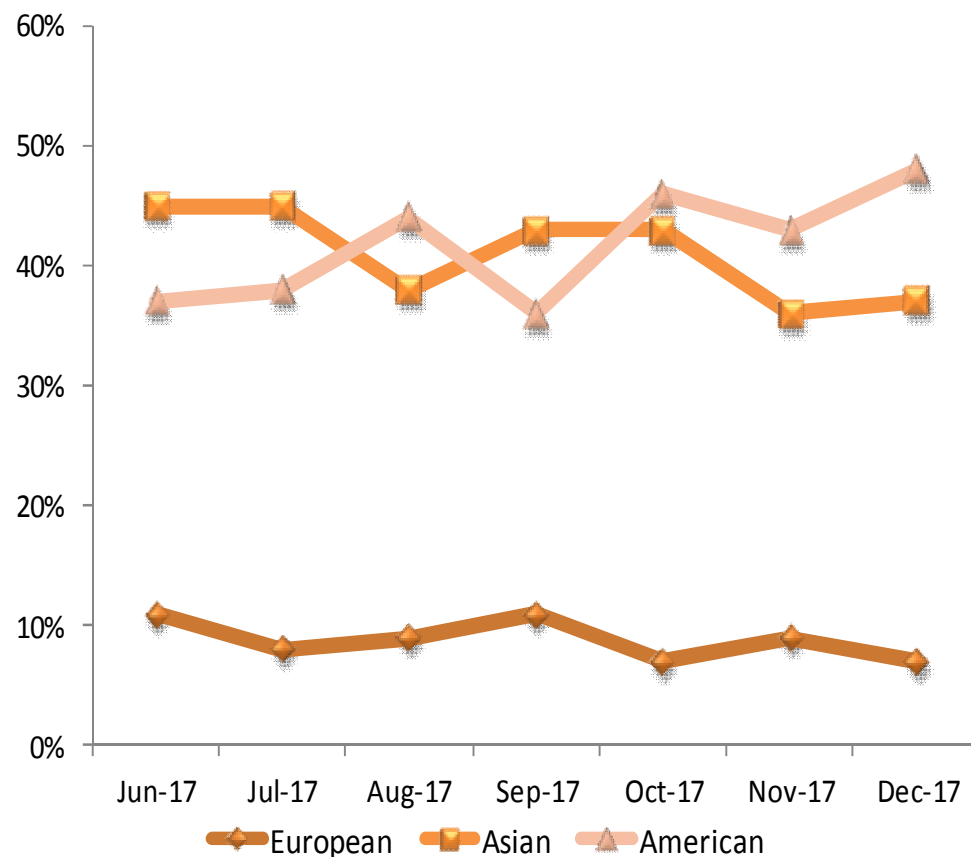
Base = Likely Buyers



By Vehicle Origin

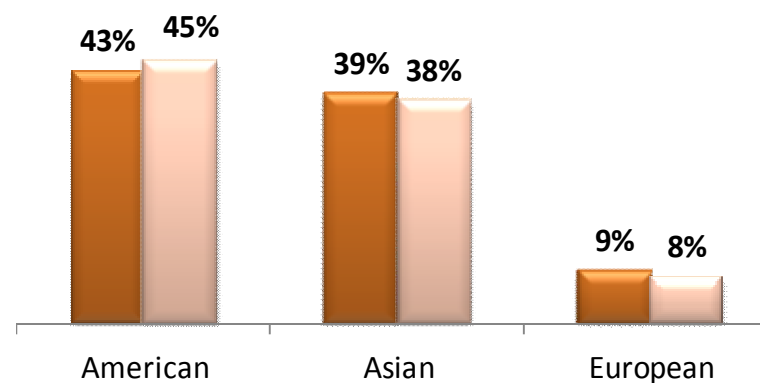
December 2017

Base = Likely Buyers



Likely to Purchase by Origin

12 Month Average 3 Month Average

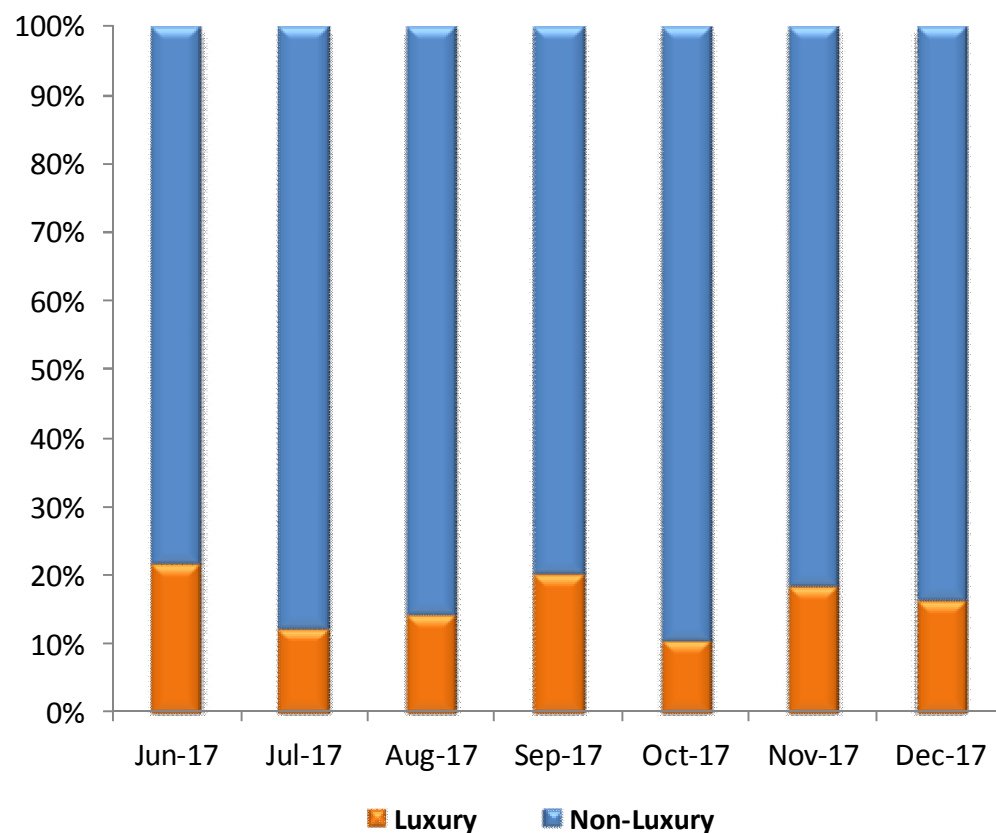


Q. If you were to buy a vehicle today, what brand would you buy?

Luxury vs. Non-Luxury

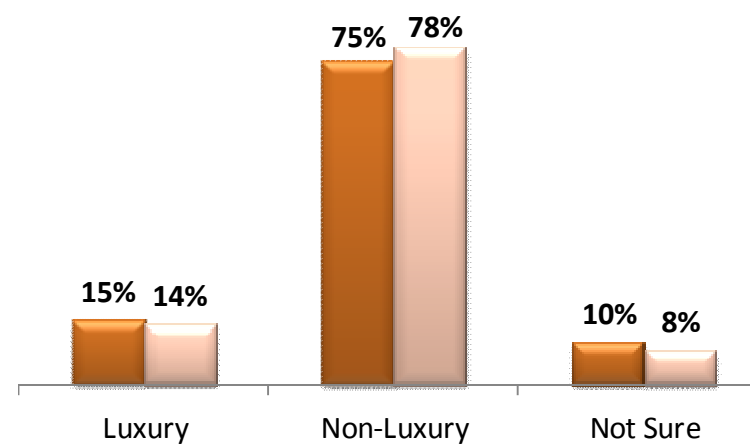
December 2017

Base = Likely Buyers



Brand Preference: Luxury vs. Non-Luxury

■ 12 Month Average ■ 3 Month Average



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

Key Findings

- A stronger economy, lower gas prices, and rising discounts from automakers continue to fuel Americans' growing levels of vehicle purchase intent, which hit a ten-month high in December. TechnoMetrica's Auto Demand Index improved two points, or 1.8%, this month to a score of 113, its highest reading since February. With year nearing its end, prospective buyers are finding more generous deals on outgoing 2017 models, as automakers boost incentives and discounts in order to clear their lots for new vehicles.
- Despite fluctuating throughout much of the year, the Index has accelerated in the concluding months of 2017. December marks the third straight month of improvement in the measure, the longest streak of the year. In addition, the Index has registered a reading above 100 for three consecutive months, an indicator of strength in purchase intent levels among consumers. Further, the share of consumers who say they are likely to acquire a new vehicle within the next six months rose to its highest level since February, at 19%.
- The growing momentum in vehicle purchase intent is likely to extend into the new year, according to recent trends in the Index's monthly averages. In December, the three and six month averages both rose for the third month in a row, while all three averages surpassed 100, the first such occurrence since April. Further, our momentum indicator (MACD) held in positive territory for the second straight month, gaining 1.3 points to reach a ten-month high of 2.0. As a result, auto sales should maintain their current robust pace of growth in the months ahead.
- The rise in purchase intent extends across most demographic groups. This month, 20 of the twenty-three population groups we monitor each month showed improvement in the Index, with the largest gains coming in the African American and Hispanic segment (+33), consumers earning an income between \$30K and \$50K (+18), urbanites (+15), and unmarried consumers (+15). Parents (+13) are also reporting greater intent to purchase new vehicles, reflecting the rising popularity of SUVs. In addition, 21 groups registered Index readings above 100, up from 15 the previous month.
- Overall, 21 groups registered Index readings above 100 in December, up from 15 the previous month. The African American and Hispanic segment, parents, and consumers earning an income of \$100K or more reported the highest levels of purchase intent this month.

Key Findings

- Aside from measuring Americans' vehicle purchasing intent each month, the Auto Demand Index study also gains insights into the brand preferences among prospective buyers. Ford remained the most popular brand among consumers for the second month in a row, garnering a 14% share of likely buyers. Meanwhile, Toyota and Chevrolet tied for second place, with each being chosen by 12% of consumers. After tying for third place in November, Honda edged down into the fourth spot this month, as preference for the Japanese-made brand declined by two points to a share of 9%. A tie between Nissan and Jeep at 5% rounded out the top five in most preferred vehicle brands.
- TechnoMetrica also seeks to uncover the most preferred vehicle types among consumers. Mid-size vehicles remain the top choice of prospective buyers, with nearly one in five planning to acquire this type of auto for their next purchase. Meanwhile, Small SUVs, the second-most preferred vehicle type, continue to rise in popularity. Preference for Small SUVs improved for the third straight month in December, gaining one point to a share of 18%. Next, three vehicle types each received a 13% share of likely buyers: Compact cars, Full-size cars, and Pickup trucks.
- For the third month in a row, consumers favor American-made vehicles over import brands. Preference for vehicles made in the U.S. grew by five points this month, to a share of 48%, the highest level since March. More than two-thirds of prospective buyers (37%) intend to acquire Asian brands, while only 7% are likely to buy European.