

Driving Green in Autos

*TNS insights on
Environmentally Motivated Consumers
in the Upper and Lower Funnels*

TNS Custom & TNS Compete

Driving Partnership Globally
through Passion and Insight

tns automotive

October 2008
Los Angeles



Contents

- Purpose
- Upper Funnel: Opinions
- Lower Funnel: Behaviors
- Full Funnel View
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Integrating the power of **speed** and **behavior with** the power of the **mind** and the power of the **market**



Purpose



- **Consumers, the media, and industry are enamored with “green” of late**
 - Many consumers seek green goods and services
 - Most businesses are trying to figure out the best way to capitalize
- **The funnel is green up and down**
 - Green has emotional and logical drivers
 - The entire purchase funnel is impacted by emotional and logical drivers
- **TNS Custom and TNS Compete assembled insights on upper and lower funnel consumer **opinions and behavior** around green and automotive to help set the stage for this discussion**
 - This comes in the midst of elevated gas prices and a global recessionary environment

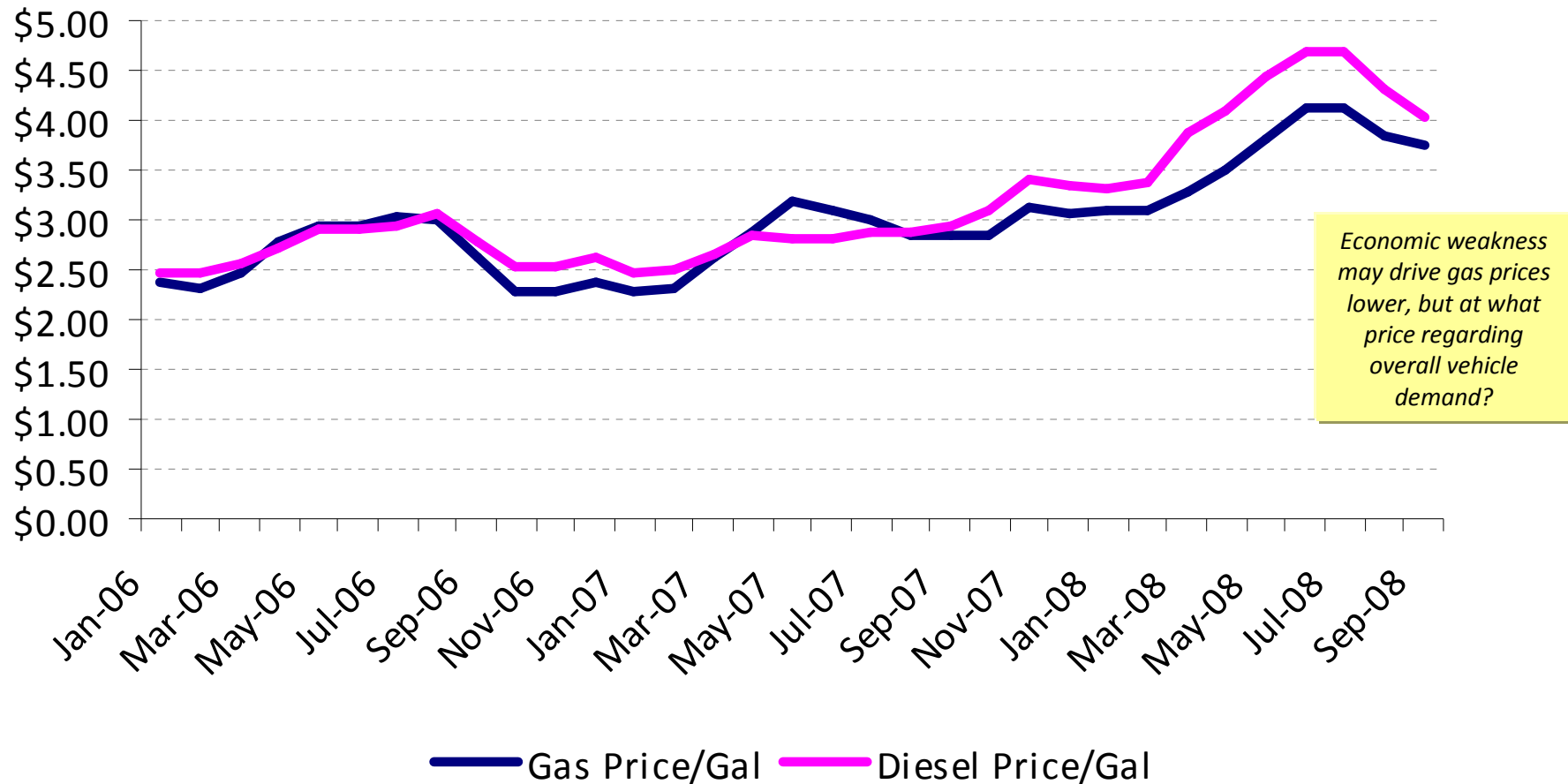
The gas price story



Did record highs make people more “green”?

Price per Gallon of Gasoline

Source: Department of Energy, Jan 06-Sep 08

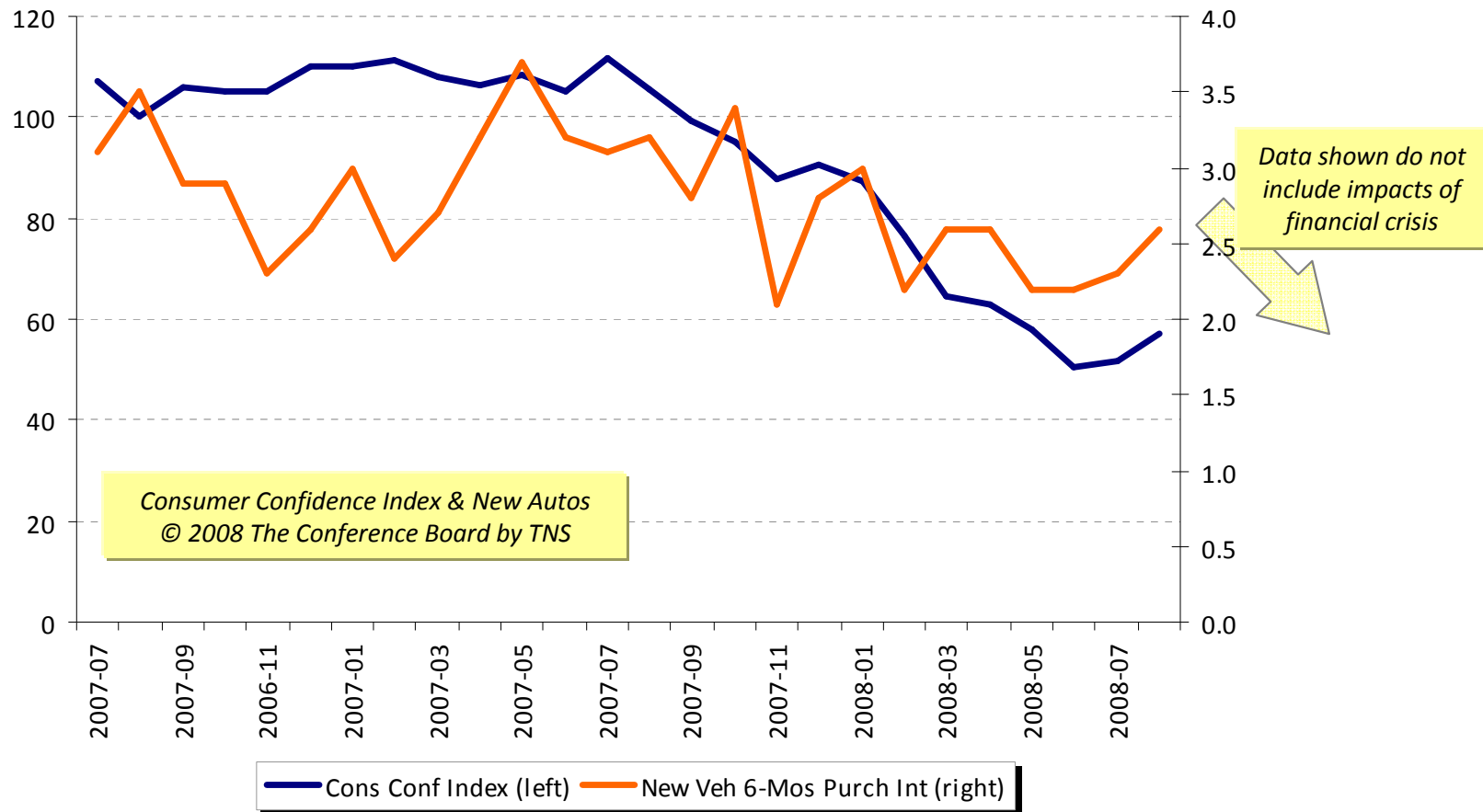


Consumer confidence up...

At least before financial meltdown



Consumer Confidence and New Vehicle Intentions

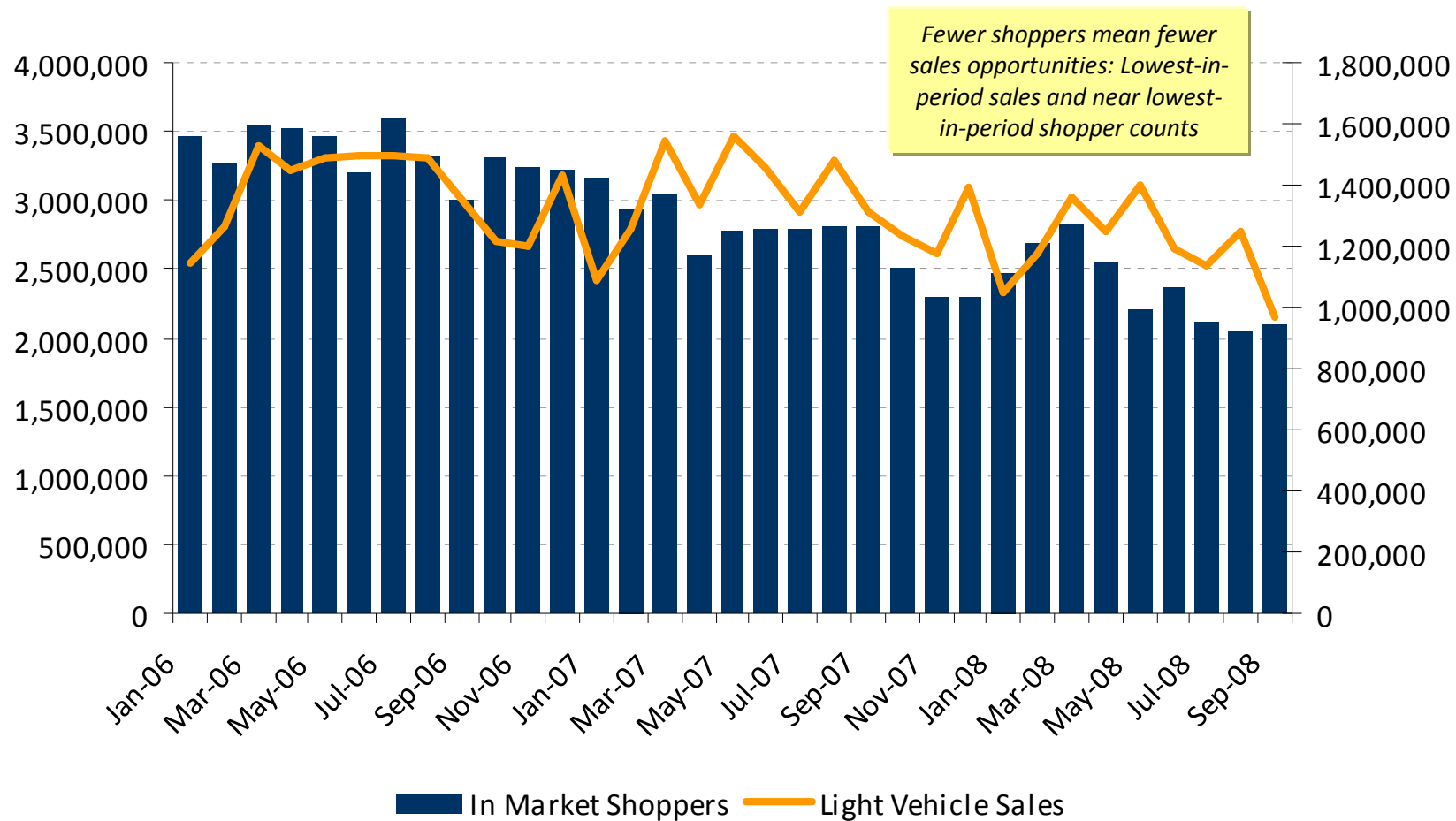


In-market shoppers



Weaker auto sales due to fewer in-market shoppers

Number of In-Market Lower-Funnel Shoppers

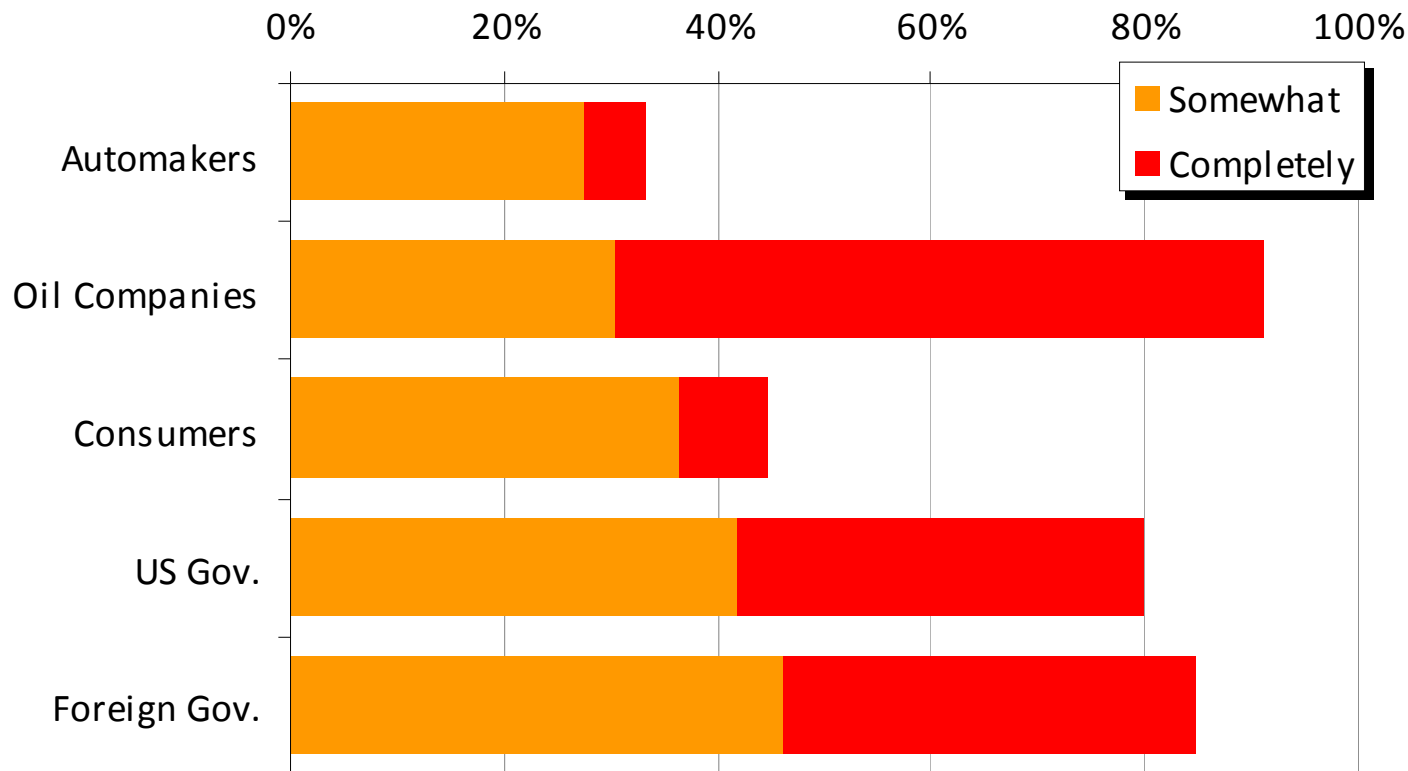


Starting with gas prices...

Automakers: least responsible for *causing* the problem



Who is responsible for gas price increases?



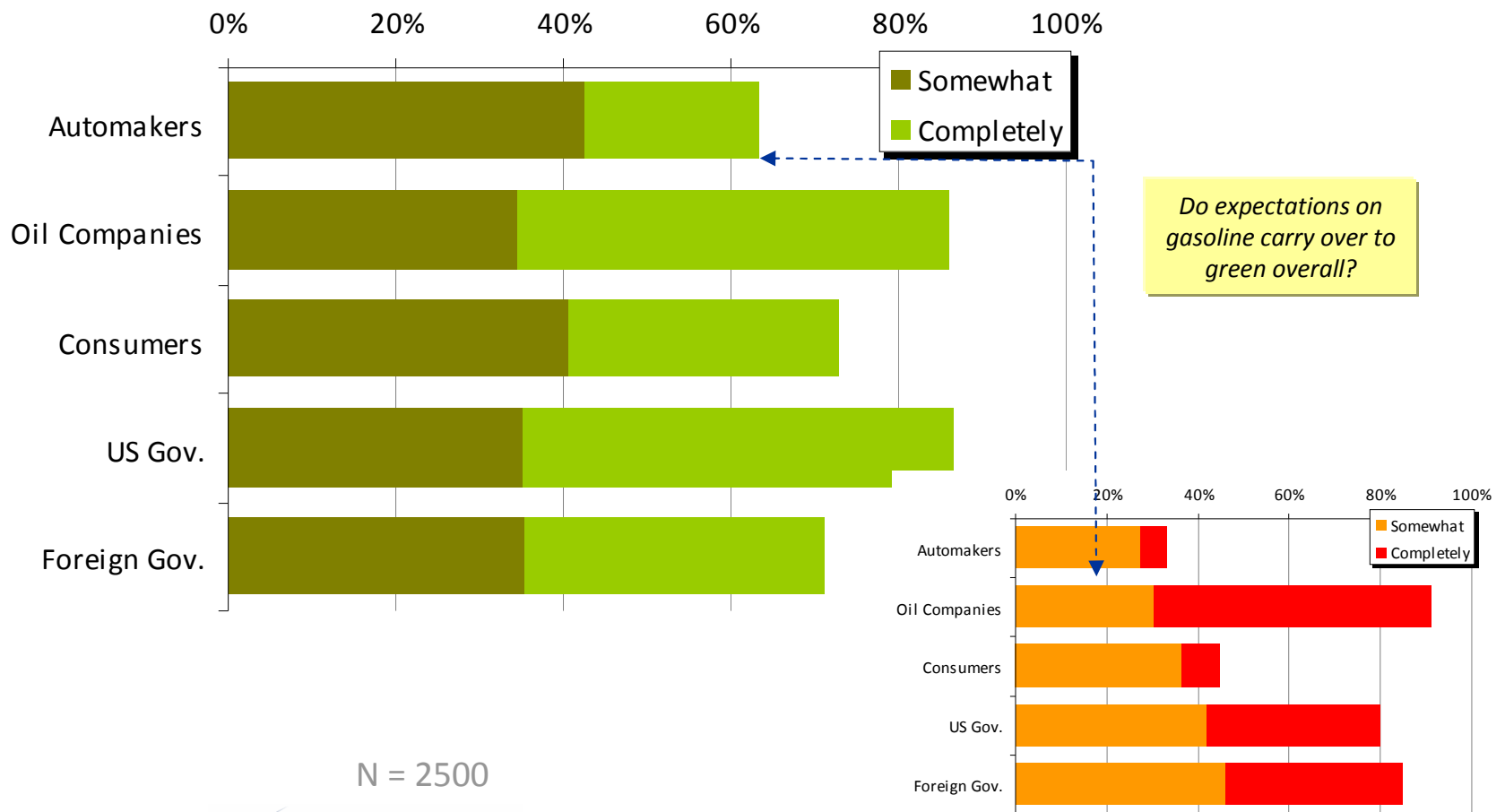
N = 2500

Consumers turn to automakers

Automakers *expected* to help solve the problem



Who is responsible for compensating for gas price increases?



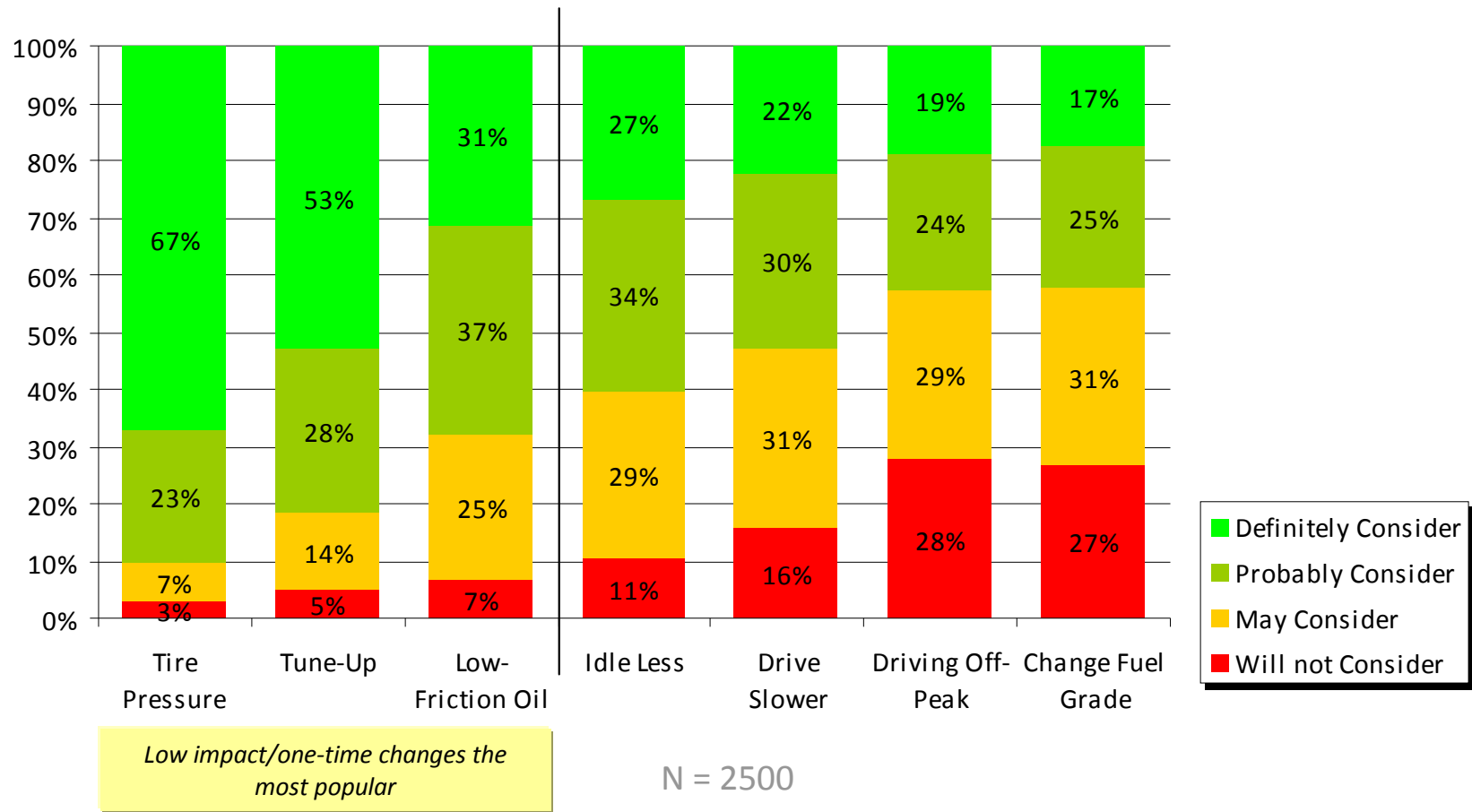
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The quick fix

Consumers want low impact solutions



Consumers ranking for improving current vehicle efficiencies

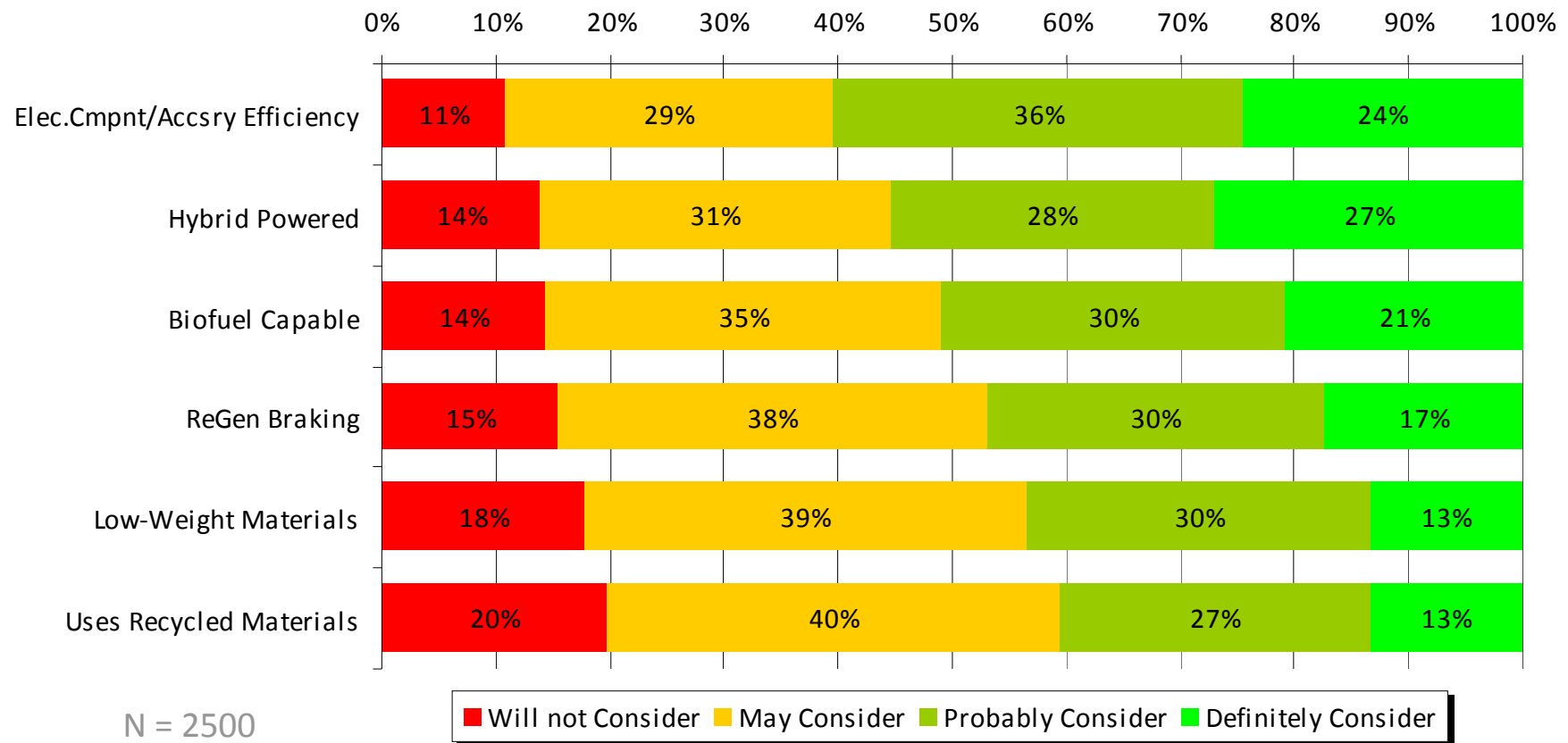


Interest in green-centric solutions

Consumers open to different thinking



Consideration of green beyond just mpg

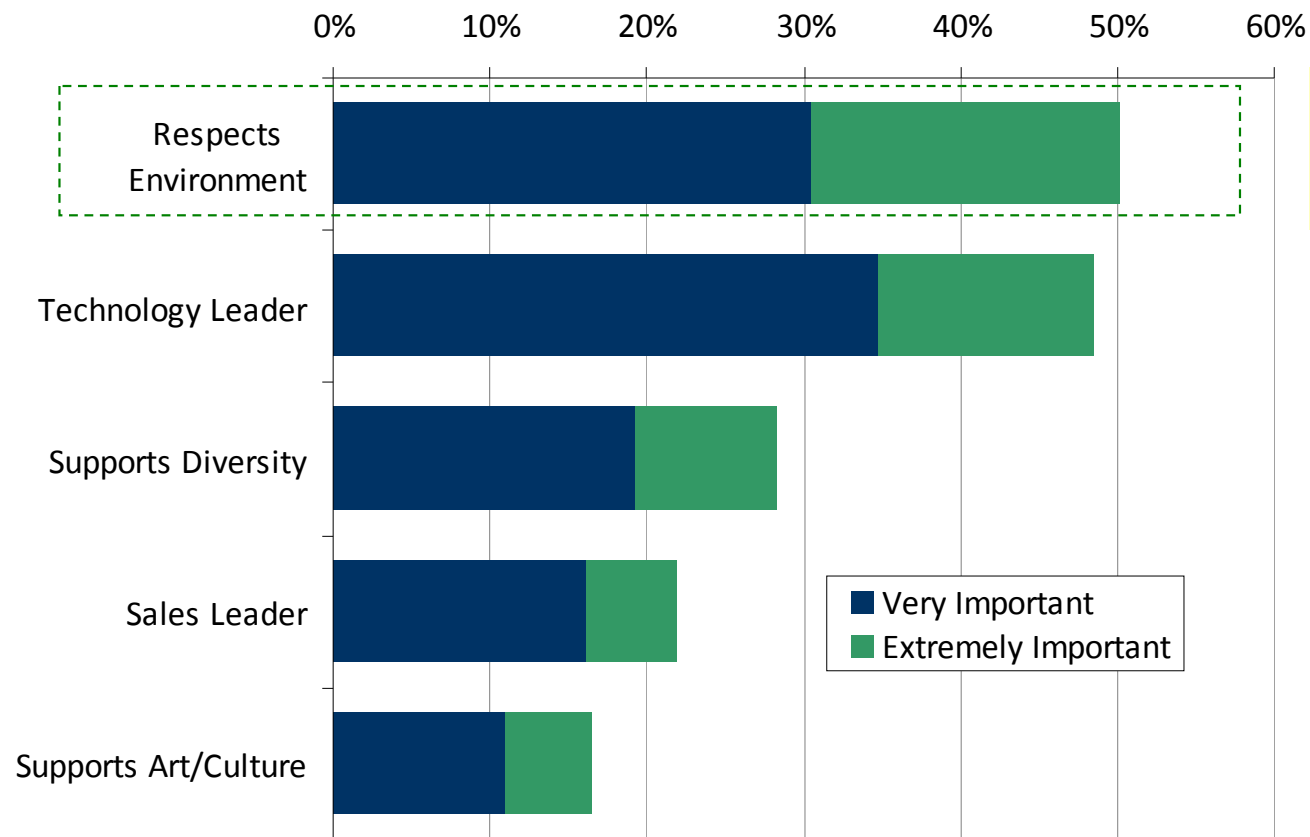


Importance of corporate green

“Respects Environment” leads the pack



Importance in vehicle purchase decisions



Is 'respect' covered by a green factory or must it be part of vehicle design?

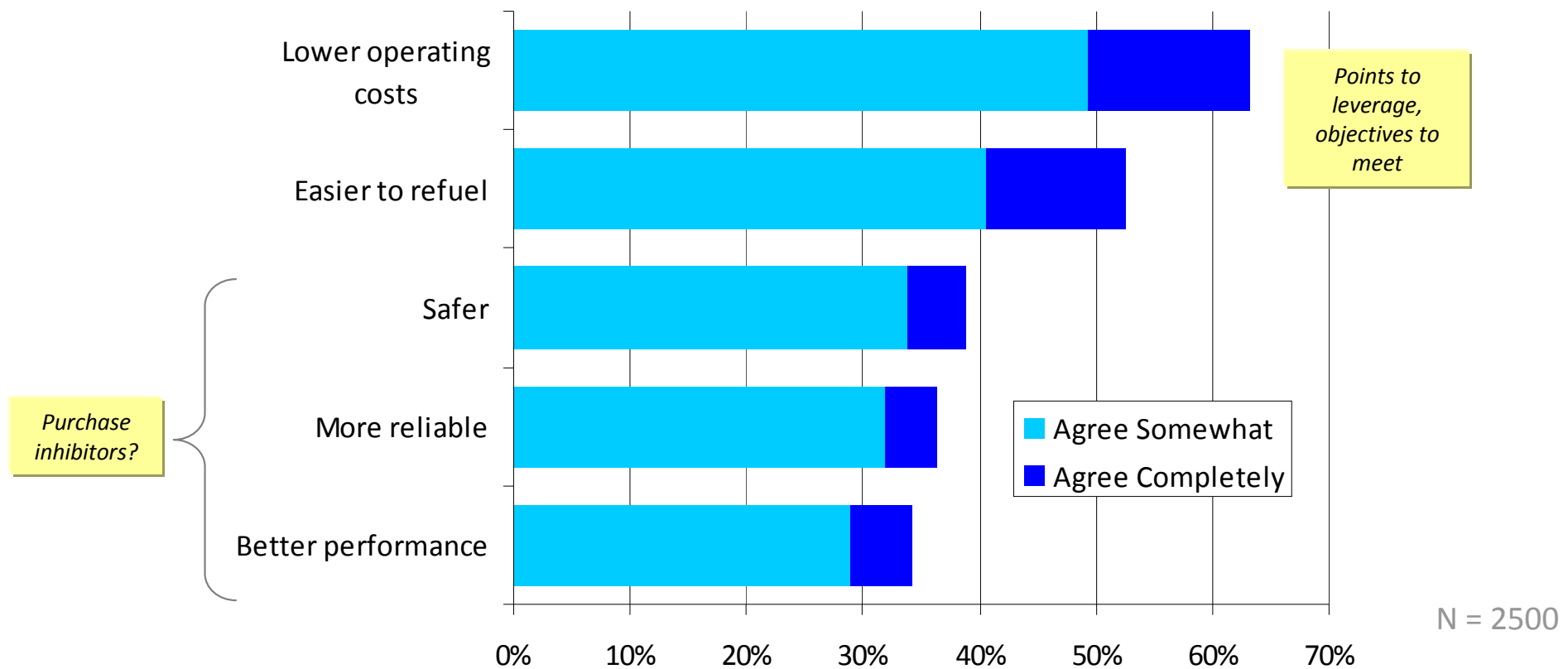
N = 2500

EVs have opportunities...and challenges

Savings on top, but some risks revealed



Expectations of EVs vs. gas-powered vehicles

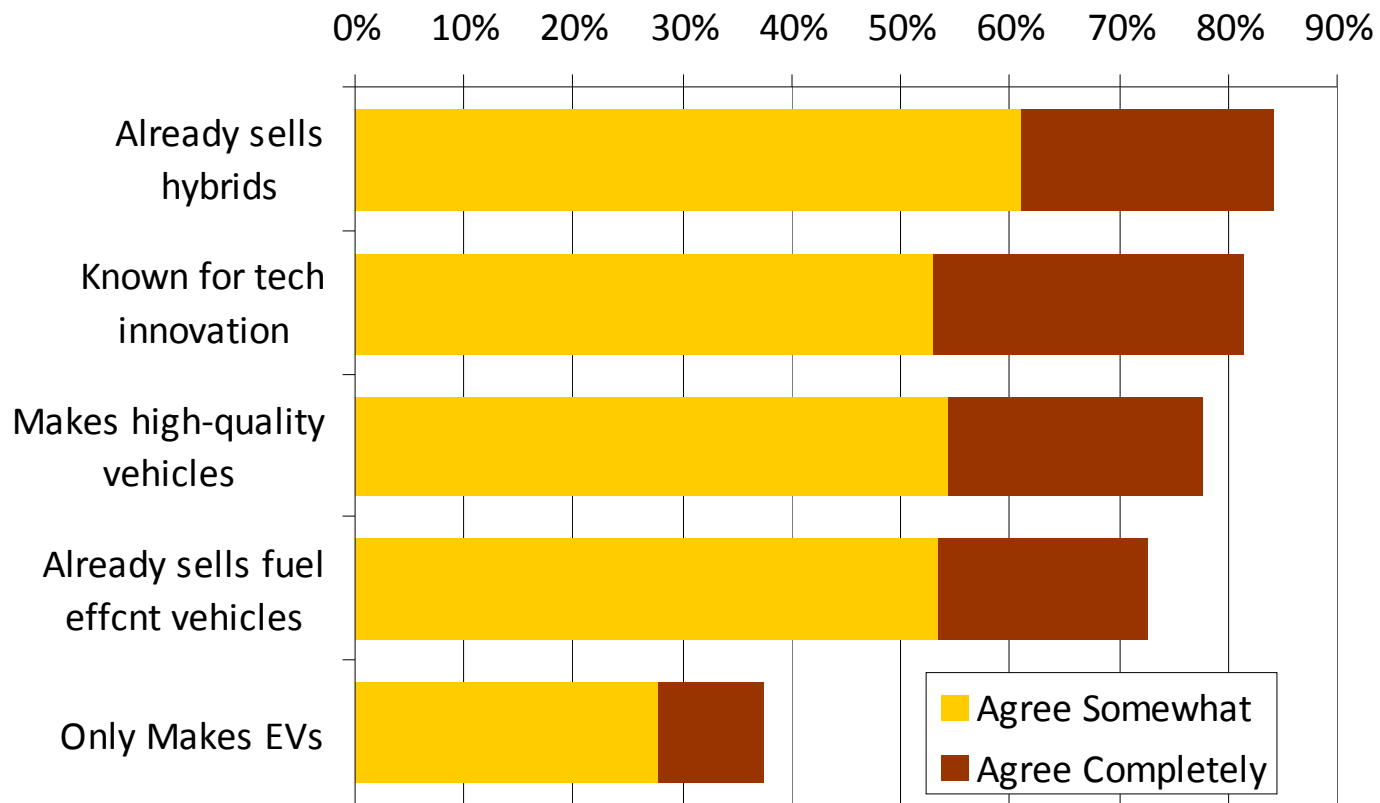


Many routes to establish EV credibility

Electric-only not enough



Criteria for selling *successful* EVs



Do EV credentials indicate green credentials—green beyond just hybrids?

N = 2500

Upper Funnel Findings



■ Looking for help

- Consumers don't blame automakers for high gas prices, but expect **solutions** from them

■ Quick fix

- Consumers want **low-impact solutions** that do not require recurring behavior changes

■ Open thinking

- Consumers are **willing to consider** a variety of green technologies
- But what are **performance expectations**?

■ Corporate social image at play

- Part of the vehicle consideration process is green image—but watch out for fall-out from **greenwashing**

■ EV market open to many of today's automakers

- But consumer expectations on **some sacrifices loom**
- Do they also loom for green?
- Are sacrifices also **deal breakers** that will cause consumers to not consider, shop or buy green?

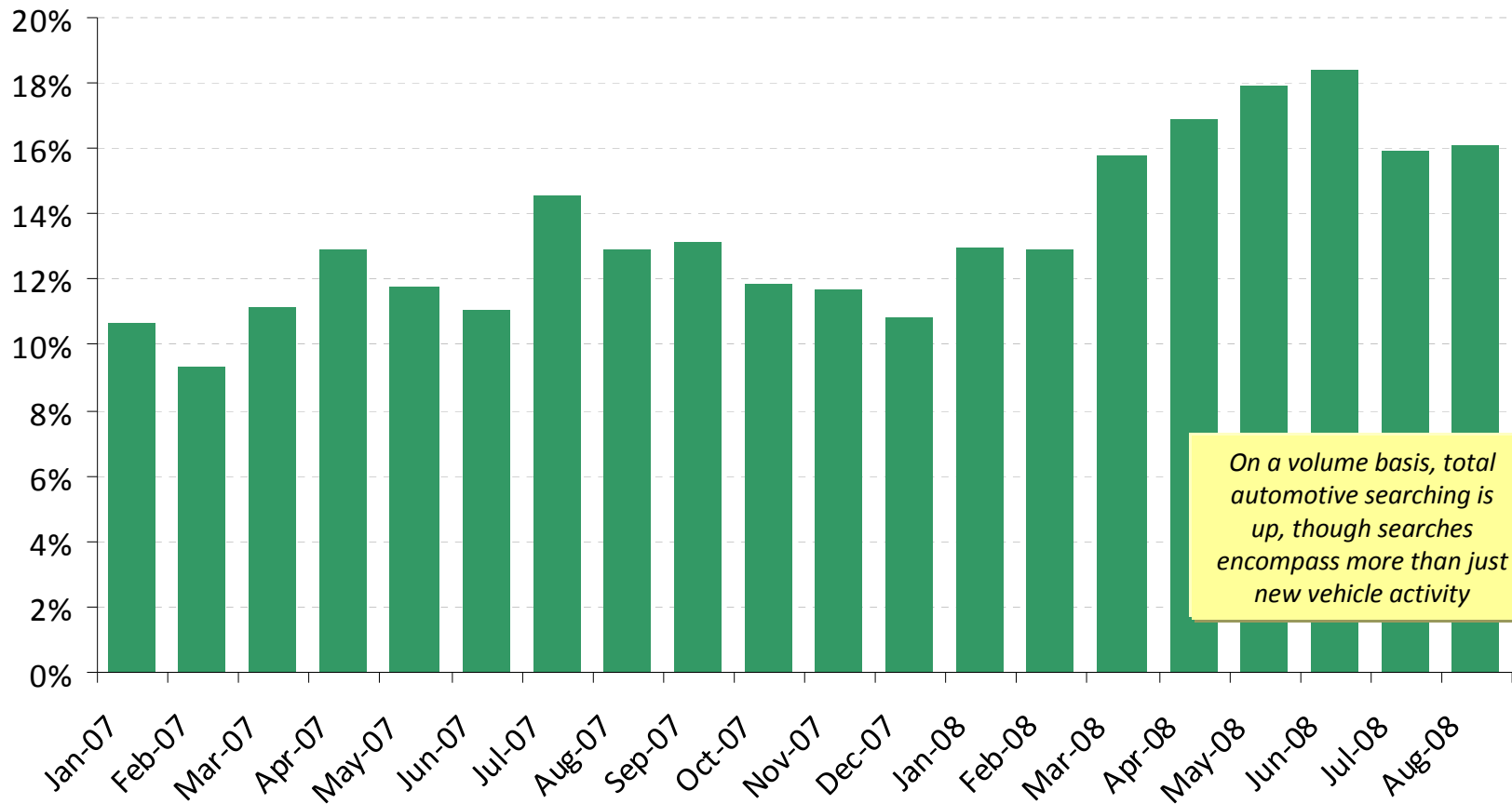
Searching for something greener

More *searchers* are Environmentally Conscious



Environmentally Conscious Automotive Searchers

Average Percent of Auto *Searchers* who are Environmentally Conscious, Jan 07-Aug 08



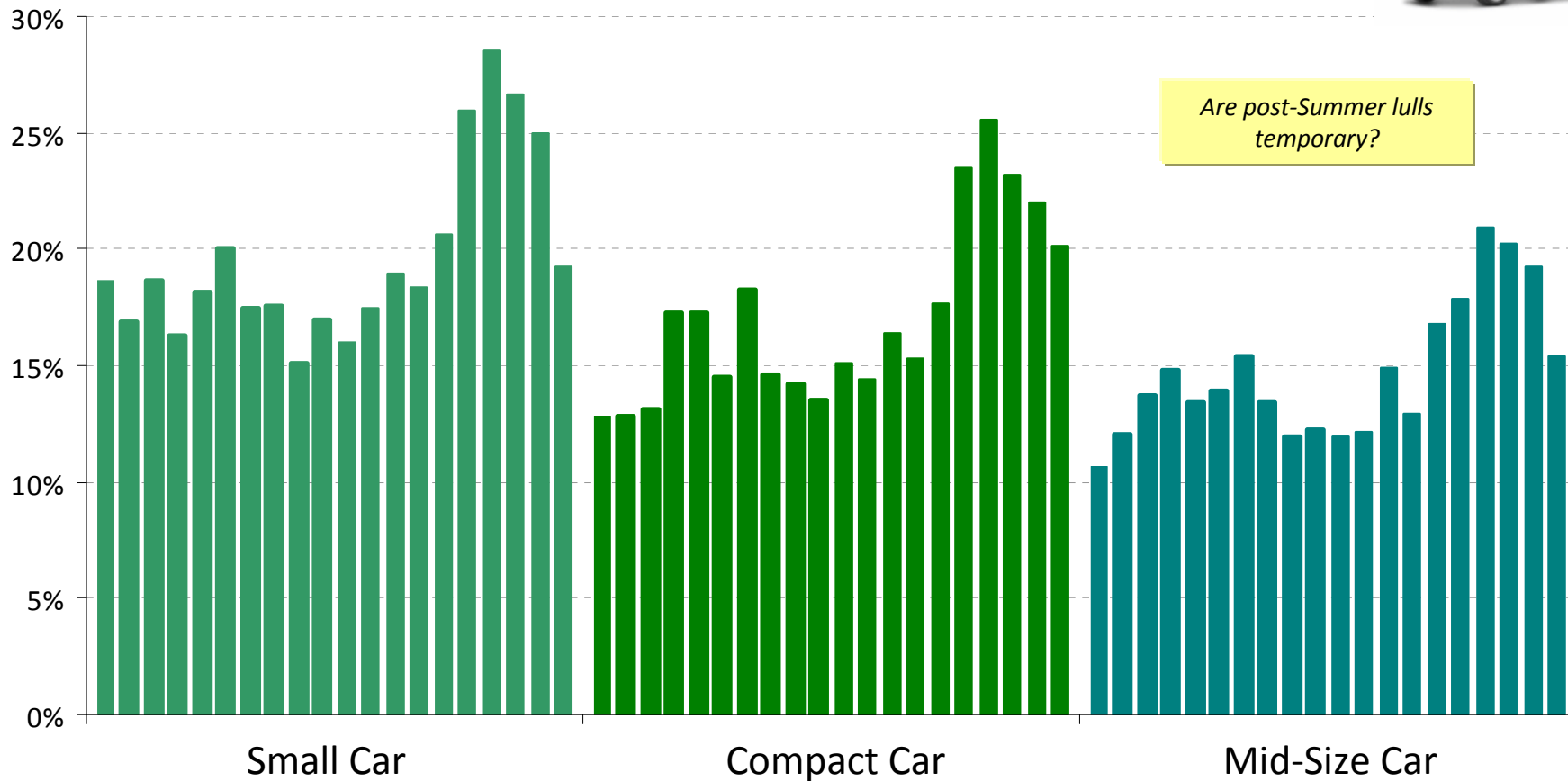
Smaller vehicle searchers lean to green

Green search share tracks with gas prices



Environmentally Conscious Segment Searchers

% of searchers by vehicle segment that are Environmentally Conscious, Jan 07-Aug 08



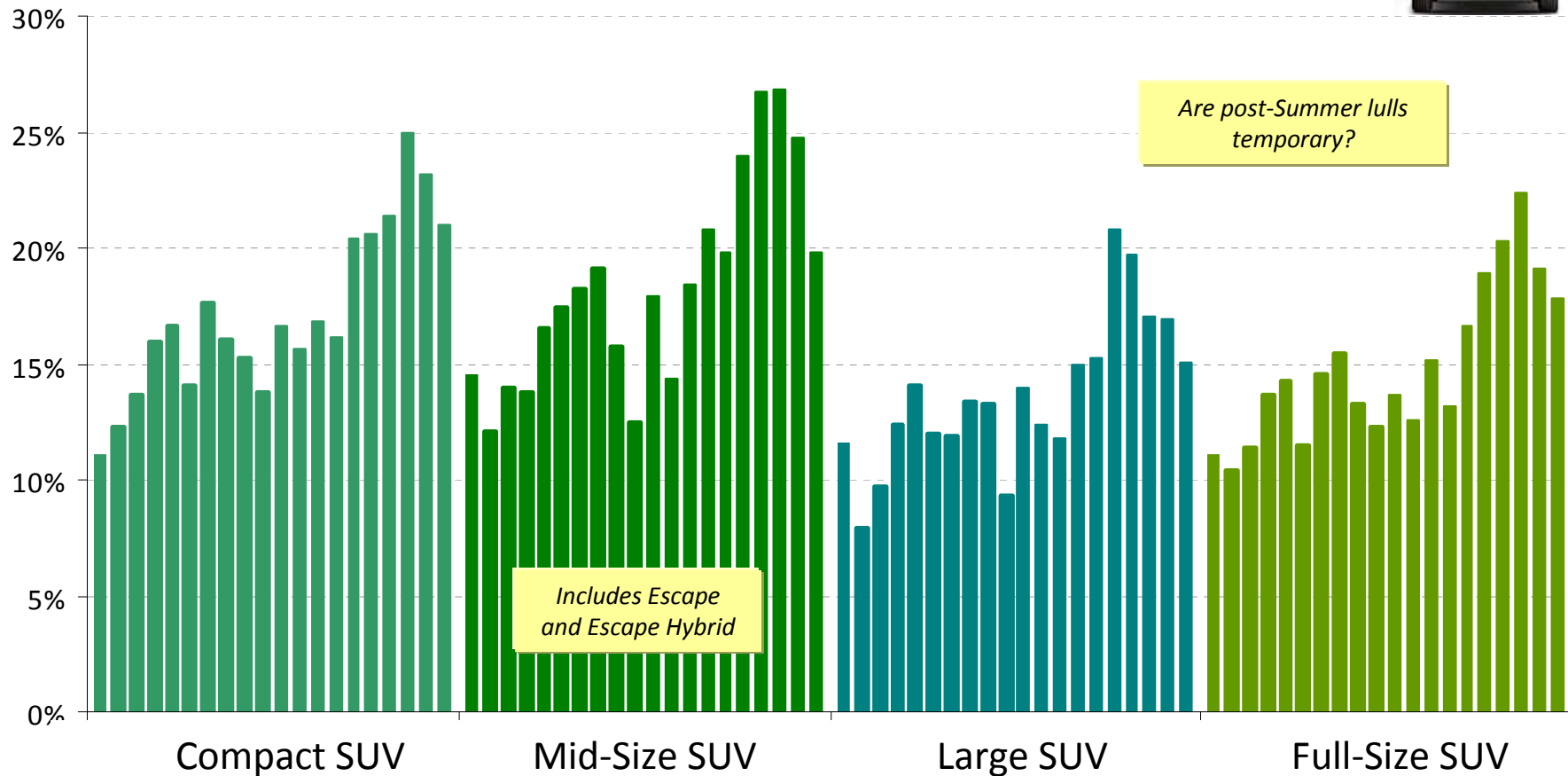
SUV searchers lean to green as well

Mid-Size SUV share above Compact, as high as Small Car



Environmentally Conscious Segment Searchers

% of searchers by vehicle segment that are Environmentally Conscious, Jan 07-Aug 08



Search terms

Environmentally Conscious consumers searching for fuel efficiencies



Frequent Search Terms among Environmentally Conscious Searchers

Non-Branded Terms	Branded Terms
cng*	honda
epa	mini
ffv**	nissan
fuelconomy.gov	prius
gas	scion
hybrid	smart
mileage	subaru
mpg	toyota
nada	vespa
scooter	volkswagen

Are nameplates stronger than brands?

*cng: compressed natural gas; **ffv: flexible fuel vehicle

* Frequent here means among the top 200 among the leading 1000

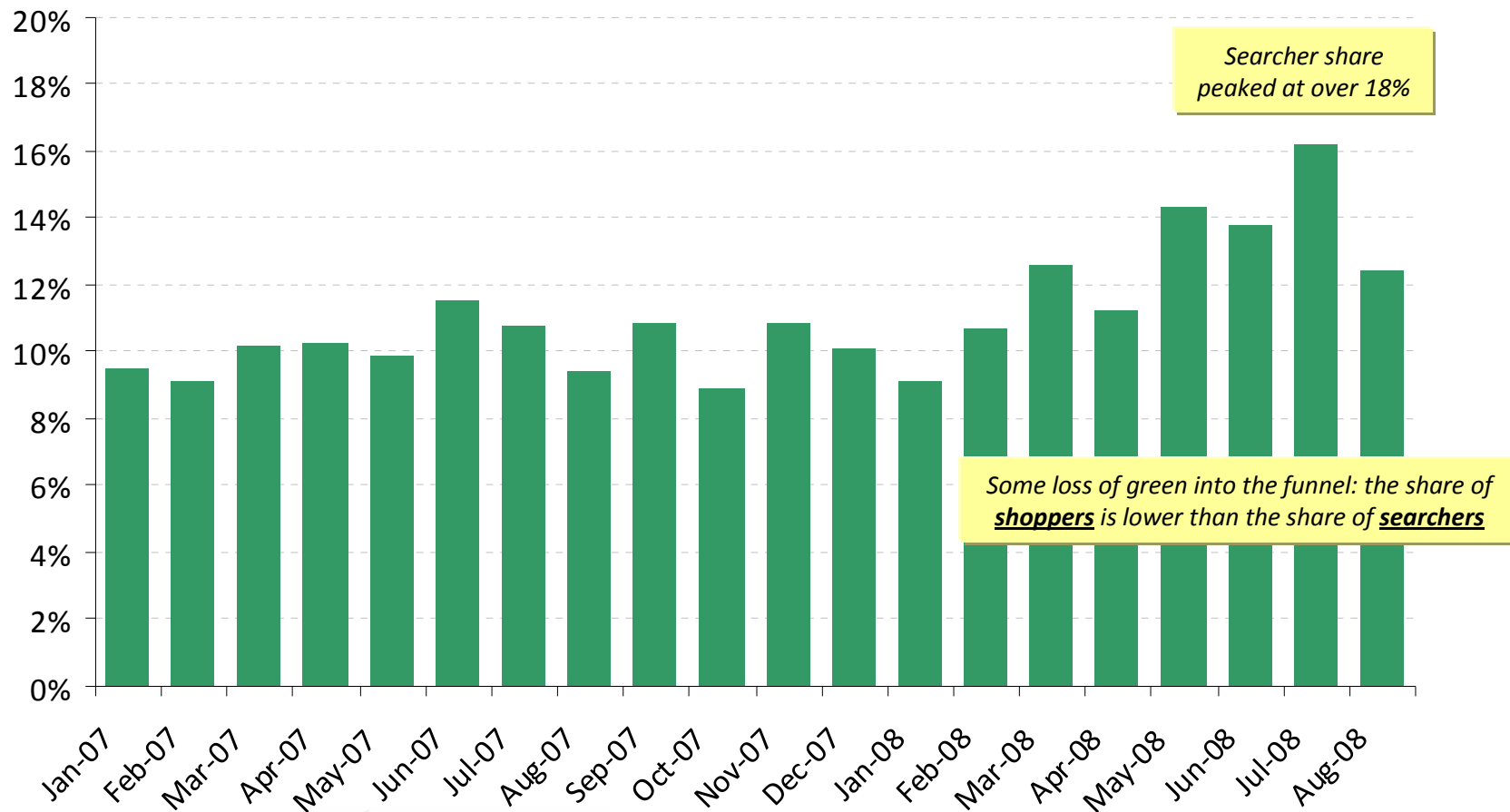


Greenness reaching lower in the funnel

More *shoppers* are Environmentally Conscious

Environmentally Conscious Automotive Shoppers

Average Percent of Auto *Shoppers* who are Environmentally Conscious, Jan 07-Aug 08



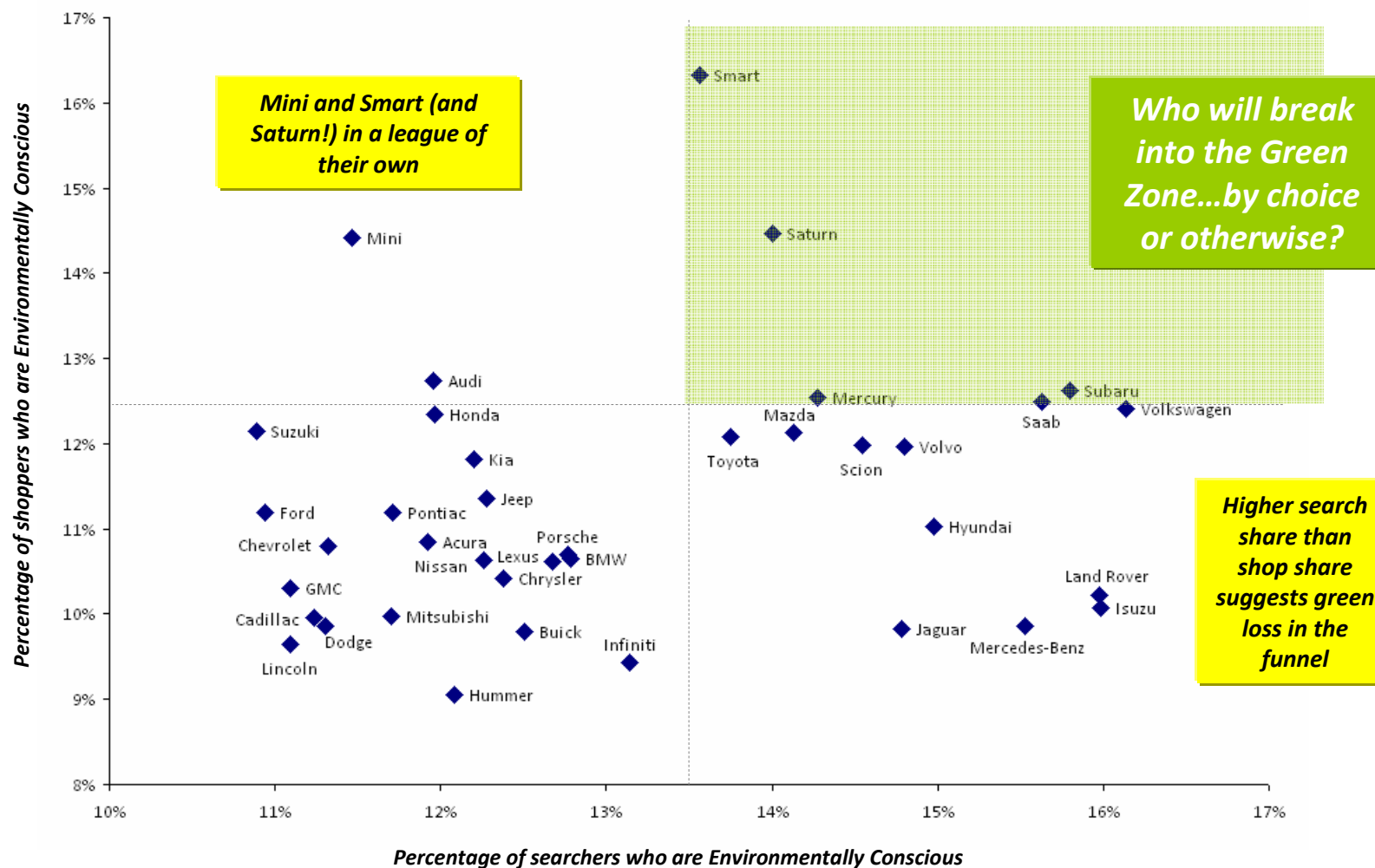
Plenty of white (or green) space

Does product portfolio and messaging capitalize?



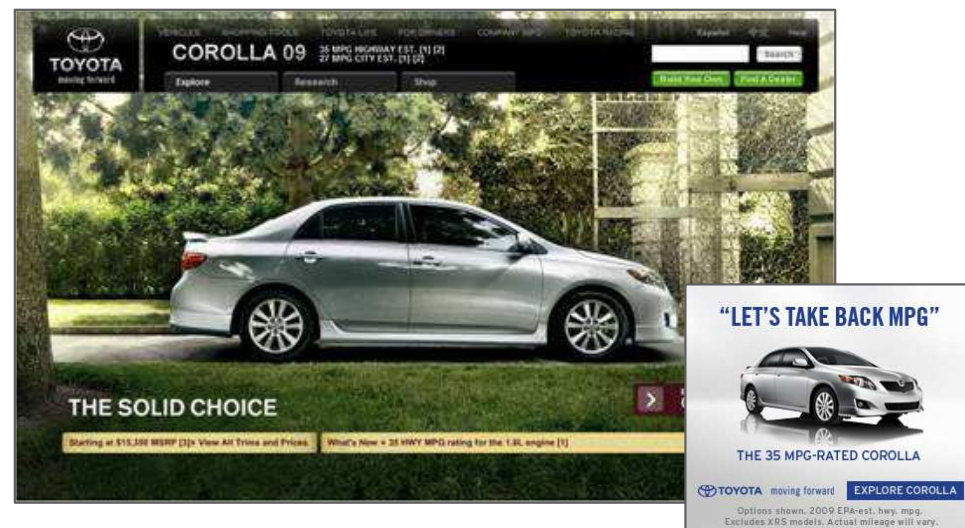
Auto manufacturers ranked by 'green', August 2008

Percent of Environmentally Conscious shoppers (Y) and searchers (X)



Automaker Sites: Two green campaigns

Key differences—but how much was unique to Green?



- Traffic: 22k visitors viewed the page in September
- Origin: 26% of traffic to this page came from search
- Stick: 87% of users who reached this page stayed on the Mini site for at least one more click
- Build: 40% of people who saw this page to built a car in the same session

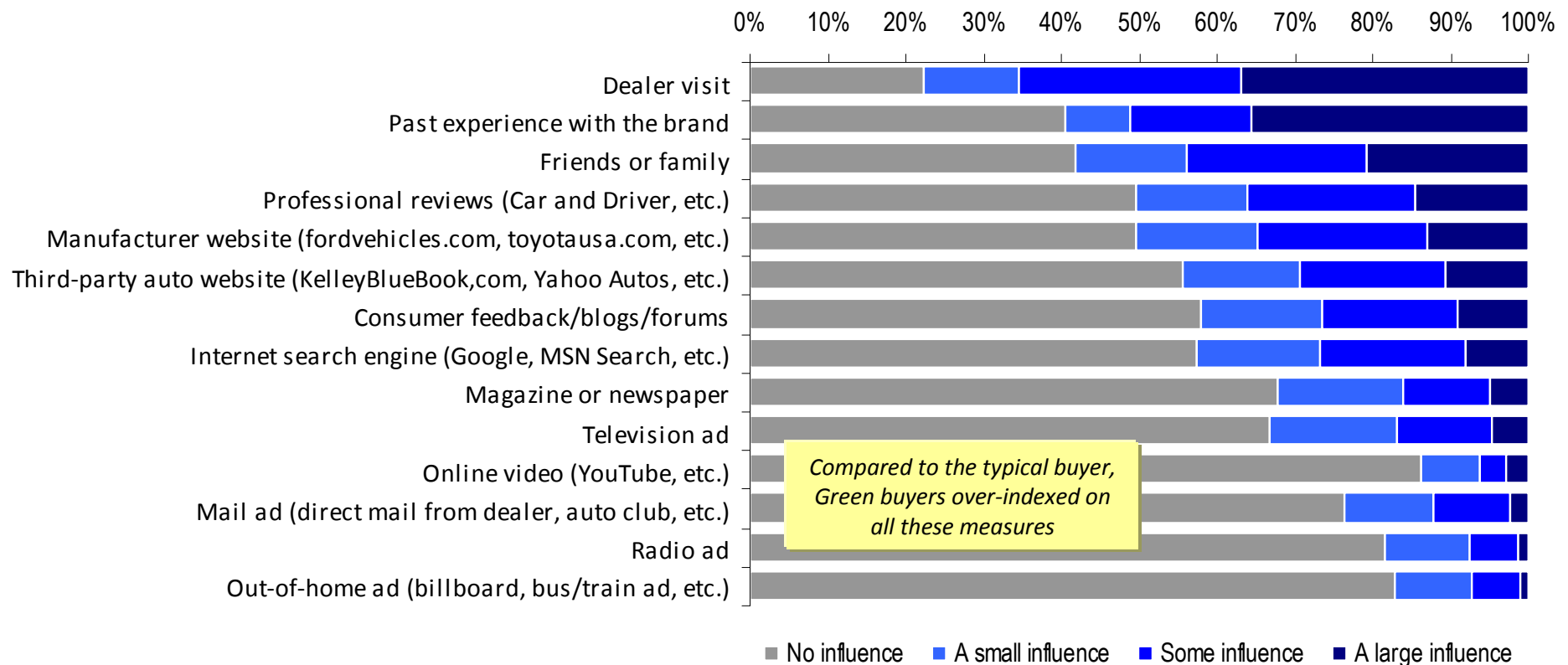
- Traffic: 40k visitors viewed the page in September
- Origin: 65% of traffic came from another part of Toyota's site
- Stick: 80% of users who reached this page stayed on the Toyota site for at least one more click
- Build: 13% of people who saw this page to built a car in the same session

Dealers a key element to the green funnel

Green sales efforts need to extend into the showroom



Influence on recent vehicle *purchase* among green buyers

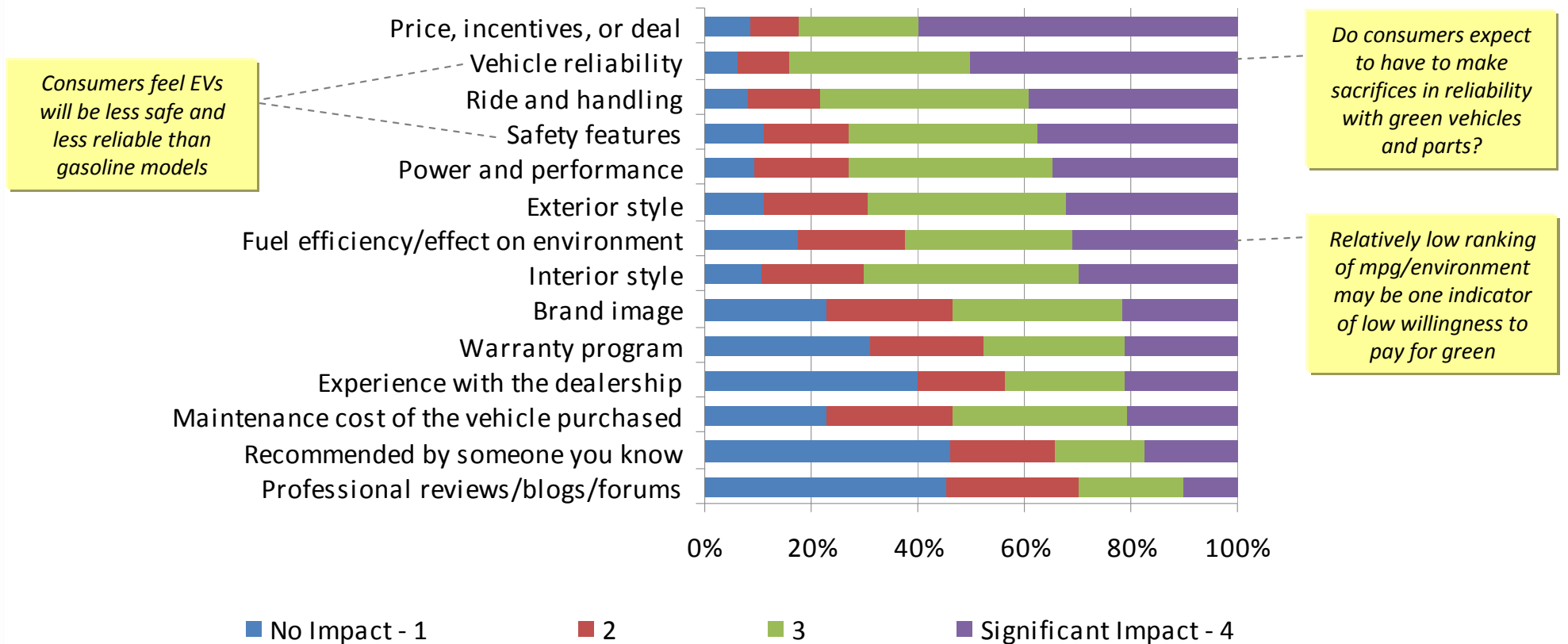


Deal & reliability lead the pack on purchase

Willingness to pay for green?
Reliability sacrifices with green?



Influence on recent vehicle *purchase* decision



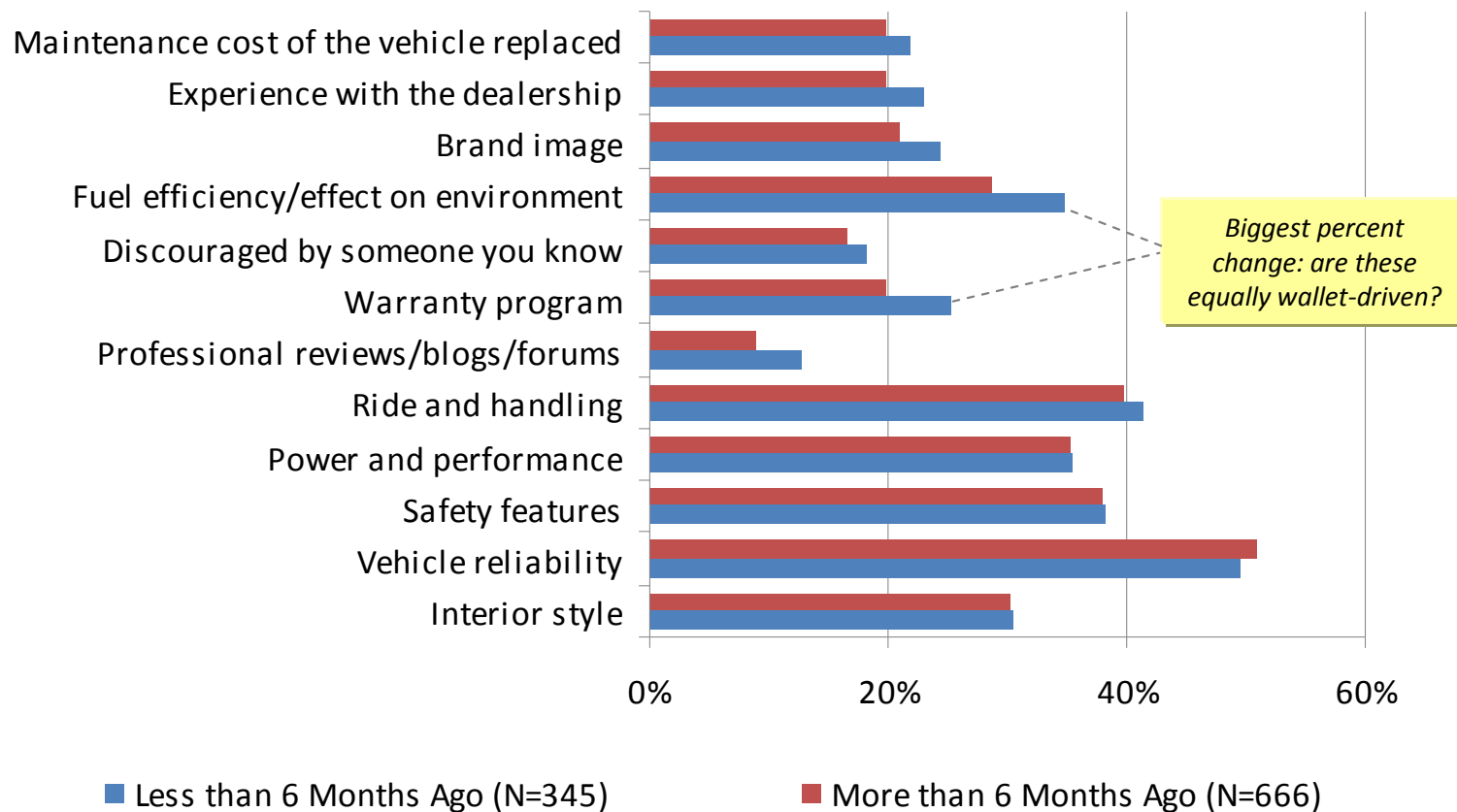
Note: Results similar across income levels

Influence of fuel efficiency and warranty up

None of these are mutually exclusive



Purchase influence has changed with purchase timing and the market



Lower Funnel Findings



■ Consumers searching for insights

- Share of searchers that are green **trending up**

■ Some loss of green in the funnel

- Share of green shoppers is **lower than share of searchers**
- Several brands **lose consumers** (high searcher shares with lower shopper shares)

■ Environmentally conscious tracks with gas prices—across segments

- Does this mean this is day-to-day operating cost concerns **masquerading as green**?
- Does economic hardship shift consumers away from price-premium hybrids?

■ Dealers must play a role

- Dealer visit key to the ultimate green purchase as the **culmination of the green funnel**
- Automaker websites need to **channel interest to dealers**, reinforcing themes

■ Price & deal still lead the pack on purchase influence

- Consumers are expecting green to **deliver savings** (contribute to the deal)
- Green vehicles may be showroom bait that **gets consumers into the showroom** in the first place, though they may buy another vehicle on the lot based on price & deal

Full Green Funnel View



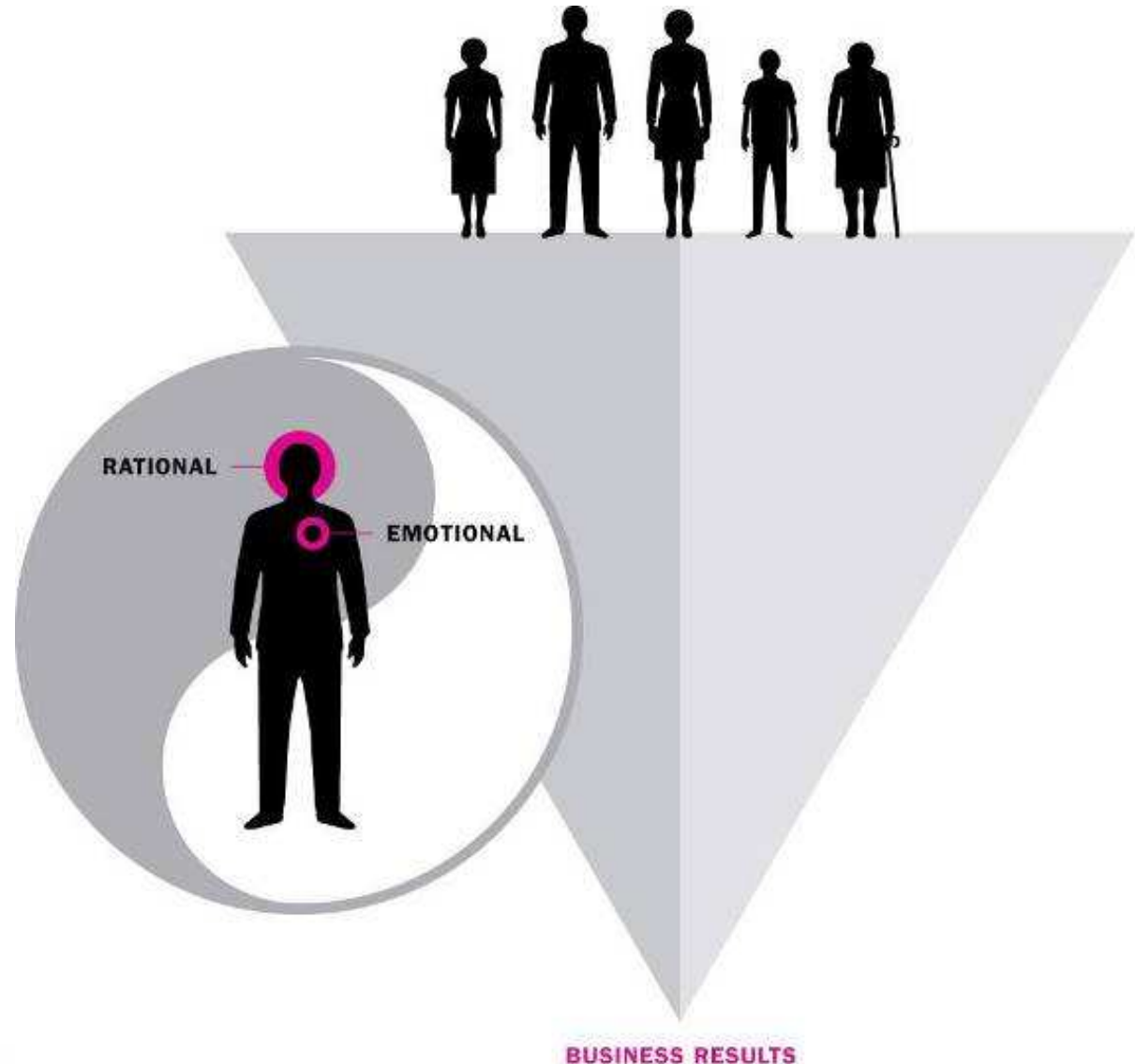
- **Consumers state green is important**
 - This ranges from operating costs to technology adoption to corporate image
- **Consumers demonstrate green is important in their behaviors**
 - It is evident in search and shopping
- **Any changing consumer trend is an opportunity for new sales and incremental revenue**
- **But—what ho!—as gas prices peaked greenness may have as well**
 - Are consumers drifting from price-premium hybrids as the economy weakens?
- **Ongoing tracking will reveal the extent to which consumers truly are green**
 - And will reveal the share of consumers:
 - willing to pay from...
 - those just expecting to be in their vehicles from...
 - those whose green interest evaporates if gas prices deflate

TNS: 50,000 FOOT VIEW

Rational & Emotional



- Successful brands **engage with customers** not only by satisfying **rational** needs, but **emotional** needs as well.
- Satisfying customer needs means **more new customers** and deeper relationships with **committed customers**, and that means stronger business growth.



The Big Question: Who wins heart or wallet?

Green saves money

CHANGE. FOR YOUR POCKET.

THE 35 MPG-RATED COROLLA

TOYOTA moving forward **EXPLORE COROLLA**

Options shown. 2009 EPA-est. hwy. mpg. Excludes XRS models. Actual mileage will vary.



Green is cool since celebs do it

MINI

WHAT'S YOUR CARFUP FOOTPRINT?

See how you can hug trees and carbon at the same time. Having fun on the road isn't just possible, it's responsibly attainable.

LEARN MORE AND CALCULATE YOUR CARFUP FOOTPRINT

They're almost here... 2009 MINI now available for order.

CONFIGURE ONE TODAY

Feel good while you do the right thing

Recycling

Future focused recycling

They're using recycled content... (text is small and partially obscured)

Green is purchase is beyond operating costs

THE FUTURE OF LUXURY.

ESCALADE HYBRID

Cadillac

The 2009 Cadillac Escalade Hybrid seamlessly combines the highest levels of performance and luxury with an advanced 2-Mode Hybrid system to provide a best-in-class** EPA estimated 20 MPG in the city and 21 MPG on the highway.

- Hybrid Technology
- Performance & Luxury
- Fuel Efficiency
- Photo Gallery
- Colors & 360s

No sacrifices; treat yourself without guilt

Green is small

It's an auto lifestyle thing

The Big Answer: Both play a conscious and subconscious role in the upper and lower funnel



WATERLESS VEHICLE WASH

"You've got to try this stuff!"
Ed Begley, Jr.
Now Only \$10!!

Living with Ed

CLEANS · SHINES · PROTECTS

Next Steps



- **Track green through the full funnel**

- Consumer expectations are rapidly evolving

- **What are consumers' expectations on green product performance?**

- Do they expect sacrifices? Are those deal breakers?

- **Understand willingness to pay for green**

- They expect automakers to help solve green puzzle, will they expect to pay \$0?

- **Is green incremental or cannibalizing?**

- Will adding green products bring new shoppers / buyers or redirect current ones?

- **How much is really green vs. just gas price fall out?**

- If gas prices continue to drop or even level off, will the green consideration wilt?

Closing



- **Green is an opportunity in the automobile space...but tread cautiously and with real data**
 - The biggest risks may be assuming that just because something is green, consumers will flock to it, and that green equals incremental business
 - **Watch out for seeing the world through green-tinted glasses**
- **For more information, please contact:**

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**Please recycle and turn off
unnneeded lights**