



SHOPPER INSIGHTS REPORT

Media Contact: Julie Shipp · 404-568-7914 (O) · 404-558-7837 (M) · julie.shipp@autotrader.com

The Shopper Insights Report, brought to you by the AutoTrader.com Trend Engine, delivers insights on a new topic related to car shoppers each month.

Leveraging AutoTrader.com's strengths in automotive expertise, consumer research and site traffic analysis, the Shopper Insights Report offers a unique perspective on timely and important issues facing today's car shoppers.

For this edition, AutoTrader.com experts chose the Most Significant All-New or Newly Redesigned Vehicles for 2012 and polled shoppers in December to find out what drives them to purchase an all-new or redesigned vehicle.

In the January 2012 issue:

- AutoTrader.com Experts Name Most Significant All-New or Newly Redesigned Vehicles for 2012
- New Look, Latest Tech and Fuel Efficiency are Key Factors in All-New or Redesigned Vehicle Interest
- Top 5 Tech Features Shoppers Want
- Hybrid and Electric Engines Worth More to Shoppers

New Look, Latest Tech and Fuel Efficiency are Key Drivers for All-New or Redesign Interest

Shoppers have many decisions to make when selecting their next vehicle, and for new car shoppers, one of the biggest questions many are faced with is this: Should I buy the current model year, or wait for the redesign? As we kick off a new year, the experts at AutoTrader.com made their picks for the most significant all-new or newly redesigned vehicles for 2012, and AutoTrader.com polled more than 200 shoppers in December to find out what their motivations were for selecting either the current model year or the all-new or newly redesigned vehicle.

Not surprisingly, for those who showed a propensity for purchasing the current model year, price was a major deciding factor, with 69% indicating that lower price was important and 47% indicating that potential OEM specials and discounts were particularly enticing. Experts at AutoTrader.com agreed that shoppers can likely find good deals on current model year vehicles when a redesign is imminent, but shoppers may have less selection in trim levels, features and colors as inventory dwindles.

However, shoppers were more likely to show an interest in purchasing a redesigned model, and the top factors for going the redesigned route were: liked the look of the redesign (at 57%), want the latest features and technology (at 54%) and better gas mileage (at 47%). With the economic recovery continuing on a positive trajectory, automakers are aggressively introducing redesigns and brand new models, giving shoppers plenty of options to get the latest and greatest the industry has to offer. This issue of the Shopper Insights Report details AutoTrader.com's top picks for the best all-new or newly redesigned vehicles for 2012 and dives deep into what technologies shoppers are most interested in, how much extra they'll pay for these new features and whether they'd delay a purchase to get those features.



Figure 1: Top 3 Reasons for Purchasing Current Model

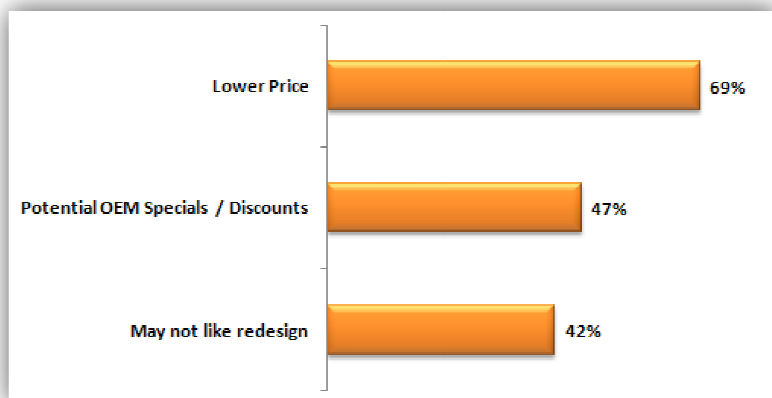
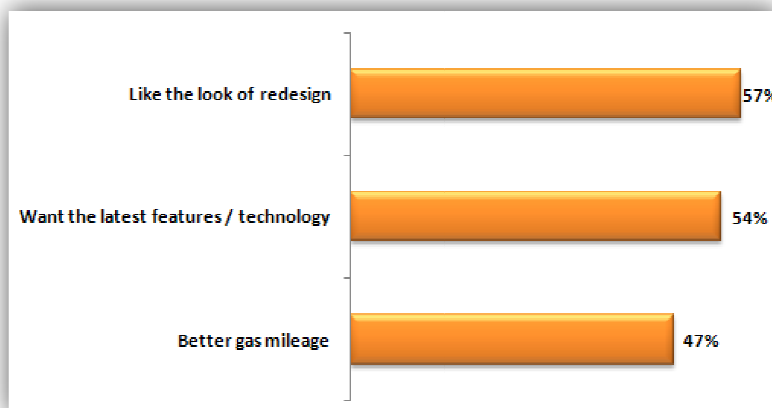


Figure 2: Top 3 Reasons for Purchasing Redesigned Model



Expert Recommendations: Most Significant All-New or Newly Redesigned Vehicles for 2012

The experts at AutoTrader.com chose 10 vehicles—five that are currently available and five that are coming in 2012—as their picks for the Most Significant All-New or Newly Redesigned Vehicles for 2012.

2012 BMW 3 Series – With an unmatched blend of performance and luxury, the BMW 3-Series has sold over 12 million units since its introduction in the 1970s. The base price for the redesigned model is just over \$36,000 – a nearly \$1,200 increase. However, the experts at AutoTrader.com believe that the new sedan's updated styling, new engine options and exciting new features justify the extra expense. The base model will now get a turbocharged four-cylinder engine instead of the six-cylinder of past models, and the first-ever 3 Series hybrid may be out soon as well. The 3 Series has been a popular car on AutoTrader.com, frequently landing among the most-viewed luxury cars on the site.

2012 Chevrolet Sonic – All new for 2012, the Chevrolet Sonic offers a funky interior, sporty handling and an available turbo (which can get up to 40 mpg), making it a very good small car. It's also priced right, between \$14,000 – \$18,000. According to AutoTrader.com experts, the Sonic will be significant in 2012 because it has succeeded in joining other small American cars that look, feel and drive better than many imported small cars.



2012 Jeep Wrangler – The updated engine and transmission (and new interior from last year) make this vehicle great in both off-road and on-road conditions, transforming this vehicle to a great daily driver. Additionally, the Wrangler will get better fuel economy than its predecessor, with 17 city and 21 highway mpg, up from the previous rating of 15/19 mpg. Interest in the 2012 redesigned model propelled the Wrangler into the top five most-viewed vehicles on AutoTrader.com during the last half of 2011.

2012 Land Rover Range Rover Evoque – The Evoque may be a small luxury SUV, but Land Rover added real off-road ability without sacrificing fuel economy or luxury. It offers a 4-wheel drive system—as opposed to all wheel drive—making it ideal for going off-road. It also gets significantly better fuel economy than other Land Rover products and offers the brand's best infotainment system yet. Recently named Motor Trend's 2012 SUV of the Year and the 2012 North American Truck of the Year, the Evoque will surely be making waves in 2012. The Evoque garnered enough interest on AutoTrader.com after its introduction to claim the No. 1 "Biggest Mover" spot in the [October New Car Insights Report](#).

2012 Toyota Camry – The redesigned version looks familiar but is a little edgier. The new Entune system that uses app-based features brings the Camry's connectivity into the modern era, and the popular sedan will feature a hybrid version and a sportier SE version. Somehow, Toyota has managed to make the new '12 Camry less expensive than the previous version. The hybrid version delivers more performance than other hybrids but still manages to get 41 mpg—combined. As Toyota has worked to recover from production issues resulting from the dual natural disasters in Japan, interest in the Camry has recently been increasing month-over-month.

2012 Volkswagen Passat – A less expensive, roomier Passat is exactly what Volkswagen needs to crack the Japanese sedan code, and the 2012 redesign accomplished that objective according to AutoTrader.com experts. With the Passat's available TDI, 42 mpg highway and relatively modest price—some \$7,000 less than the previous generation—a lot more people will be adding the Passat to their family sedan shopping list. Also, it has lots of standard features like Bluetooth and a color display screen for the audio system.

2013 Chevrolet Malibu – Chevy has spent considerable time, money and effort on the new Malibu's interior, and it shows. The '13 Malibu is larger and nicer inside than other cars at the same price. Also, the Malibu Eco is a mild-hybrid and is expected to get up to 40 mpg. Since it's not labeled a hybrid, it's possible that many buyers won't know they're driving a hybrid, which could signal a significant change in how cars are marketed. The Malibu is also the first to feature the MyLink system, which allows users to access features like Pandora or Stitcher Smart Radio.

2012 Subaru BRZ – This jointly developed car from Subaru and Toyota is a two-door, rear wheel drive sports car that should reinforce Subaru's performance roots and establish them as a company that can do more than just family cars. It puts the brand on the map for a youthful segment of the population who may have otherwise purchased a Scion tC, Hyundai Genesis coupe or Honda Civic Si.

2013 Ford Escape – The Honda CR-V and Ford Escape have been battling for first and second place in terms of overall sales. Both have redesigned models for 2012, but it's the Escape that really looks new. MyFord Touch features inside, a striking new look and a rear tailgate that can open by kicking your foot under the rear bumper, making the Escape an important vehicle coming in 2012. New technology makes it possible for a non-hybrid, gasoline only car to almost match the mpg of the previously available Escape hybrid, but without the added cost and complexity, so Ford has dropped the Escape hybrid option starting in the 2013 model year.



2012 Ford Focus Electric – So far, the Nissan Leaf has been the only pure electric car, but the Ford Focus is about to join its ranks. The Focus brings with it a faster charging time and the power of a well known name. Put the words “Ford Focus” on just about anything and it's bound to be popular, according to AutoTrader.com experts. The car will cost about \$39,000, which is a lot for a Focus, but as the insights later in this report will show, shoppers are willing to pay a premium for electric engine technology. To make the car even more appealing, the electric Focus has a plethora of options included.

Top 5 Tech Features Shoppers Want

As noted earlier, technological features are one of the leading reasons shoppers select a redesigned vehicle over the current model. These shoppers are looking for the latest and greatest features, so AutoTrader.com dug a little deeper to find out exactly which features were most coveted in new cars, how much of a premium shoppers placed on these features and whether shoppers would delay a purchase to get them.

According to a consumer poll in December of over 200 shoppers on AutoTrader.com, keyless entry and ignition, built-in GPS, smartphone connectivity, voice control features and infotainment touchscreens were the top five technology features desired by new car shoppers.

Keyless Entry/Ignition – Keyless Entry/Ignition was selected the most by consumers polled in December, with 56% indicating that this was the most favored feature for a new car. However, an overwhelming majority were not willing to pay extra to have it included. A full 68% said that they would not pay extra for keyless technology; nevertheless, 27% did say that they would pay around \$500 addition for the convenience. Additionally, keyless technology landed in the top five features for which consumers were more willing to delay their purchase, with 45% indicating it was worth waiting for. This feature is included in all 10 of the expert's picks.

Built-in GPS – Built-in GPS came in a close second for the top features consumers wanted in their next vehicle, with 55% selecting it in the poll. The importance of this feature was certainly noted by consumers' willingness to pay extra for it, with 33% indicating that they would pay \$500 more for the feature and 13% saying they would pay \$1000 or more. The importance of built-in navigation was also worth waiting for according to nearly half of respondents, with 48% indicating that they would delay a purchase to get this feature. With the exception of the Chevrolet Sonic, built-in GPS is available in all of the expert's top picks.

Smartphone Connectivity – Coming in third place in the list of most-desired features was smartphone connectivity, with 43% of consumers indicating that this was an important feature for their next new car. However, a large majority—74%—were not willing to pay extra for the technology, while 23% said it would be worth an additional \$500. This feature also landed in the top five features worth waiting for, with 40% saying they would delay a purchase until the feature was available in a newly redesigned vehicle. However, shoppers may not have to wait long, as smartphone connectivity is becoming more common in new cars. It is available in all of the vehicles selected by AutoTrader.com experts.

Voice Control Features – The ability to leverage voice control to activate some features came in at No. 4 on the list of most-desired features, with 35% selecting this feature. Similar to consumers' response on other must-have features, shoppers aren't willing to pay too much extra for the convenience. Seventy-two percent indicated that they were not willing to pay extra for the feature, and 23% indicated that they would pay \$500 to have voice



control functionality. This feature was only worth delaying a purchase for 35% of respondents. All 10 of the vehicles AutoTrader.com experts picked as significant 2012 vehicles include this feature.

Infotainment Touchscreen – Rounding out the top five most-desired features was infotainment touchscreen, with 31% of respondents selecting the feature. However, shoppers who want this feature would be willing to pay considerably more for the technology, with 24% willing to pay \$500, 6% willing to pay \$1000 and 6% willing to pay \$2500 or more. But, only 30% would delay a purchase for this feature. Eight of the 10 cars selected by AutoTrader.com experts include this technology, with exceptions being the BMW 3 Series and the Chevrolet Sonic.

Figure 3: Top 5 Tech Features Car Shoppers Want

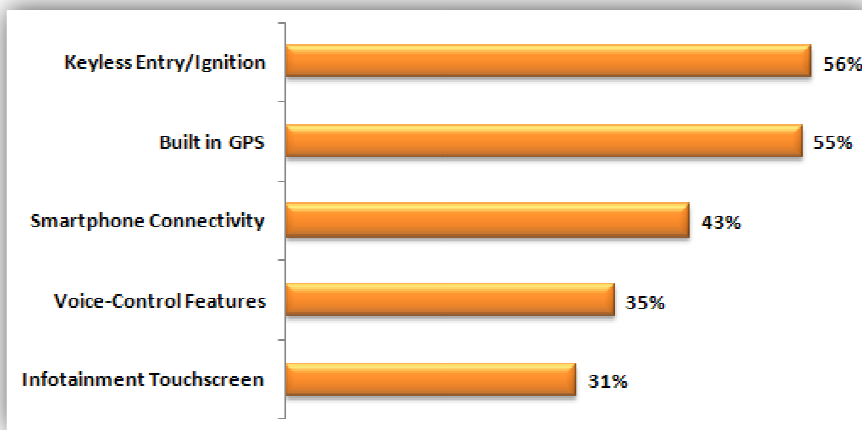


Figure 4: Perceived Value of Top 5 Tech Features

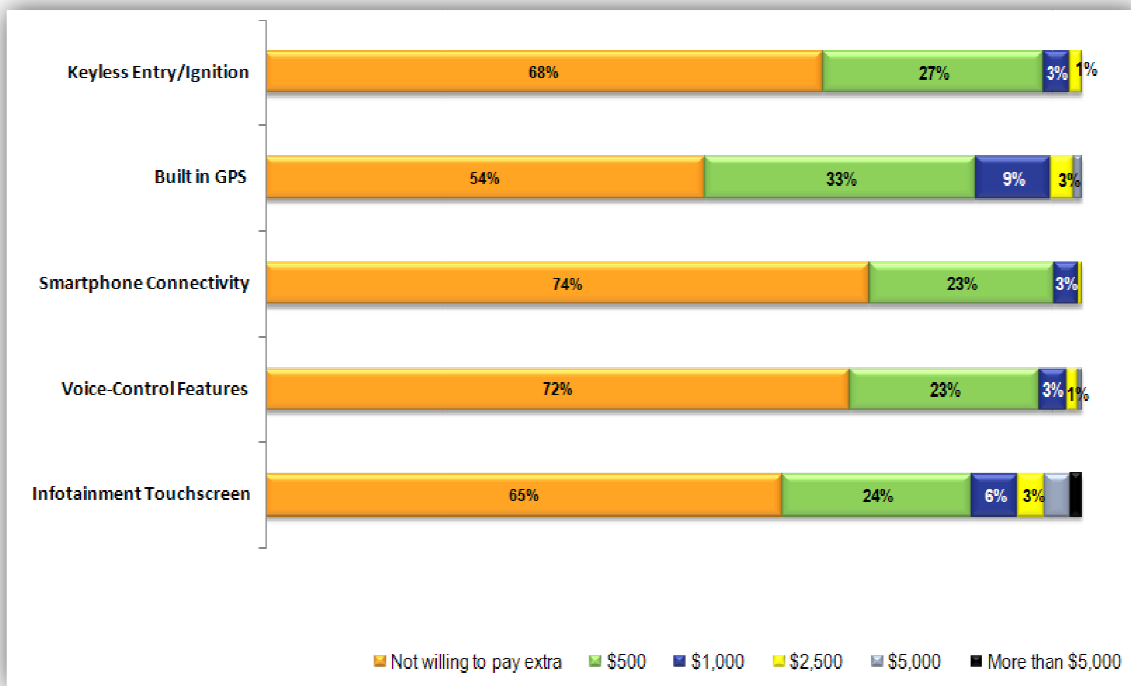
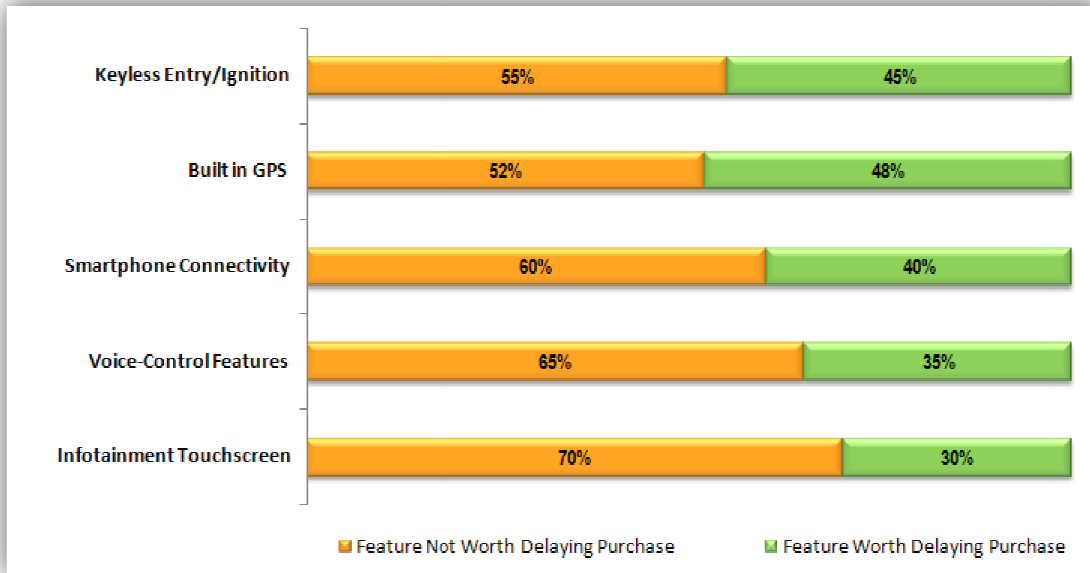




Figure 5: Shopper Willingness to Delay Car Purchase for Feature

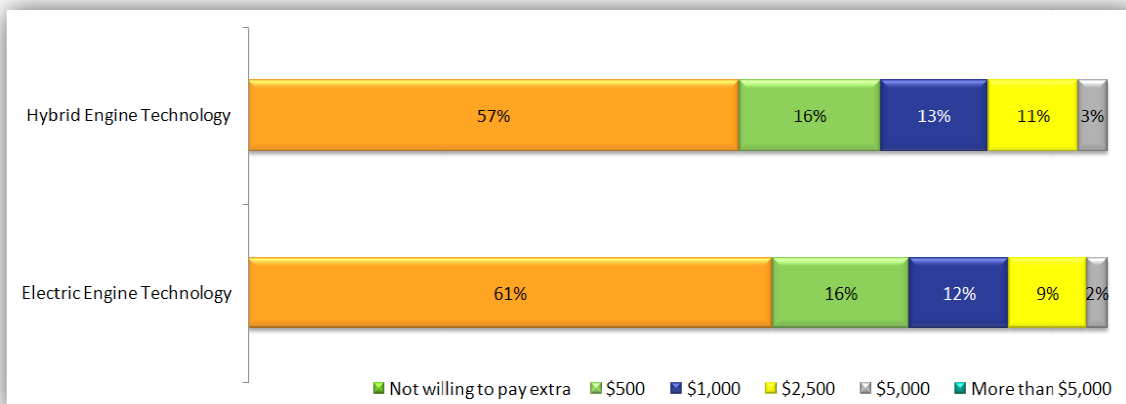


Hybrid and Electric Engines are Worth More to Consumers

Hybrid and electric engine technology options were less appealing overall for shoppers surveyed compared to other features, but respondents did put a higher premium on these options and would be willing to delay a purchase for them, more so than other features. Twenty-six percent of respondents indicated that they were interested in hybrid engine technology for their next vehicle, and 21% indicated that they were interested in electric engine technology. However, consumers indicated that they would be willing to pay more money for these technologies.

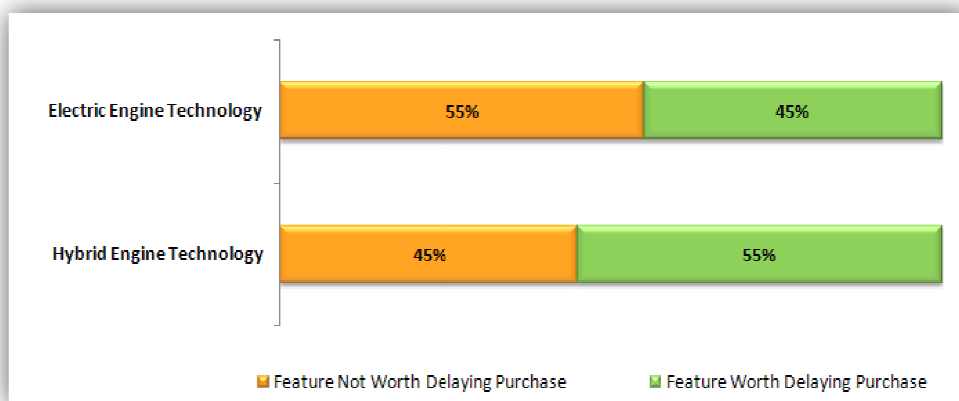
For a hybrid engine, 16% indicated they would pay an additional \$500, 13% would pay an additional \$1,000, 11% would pay an additional \$2,500 and 3% said they would pay an additional \$5,000. Similarly for an electric engine, 16% indicated they would pay an additional \$500, 12% would pay an additional \$1,000, 9% would pay an additional \$2,500, and 2% said they would pay an additional \$5,000.

Figure 6: Perceived Value of Hybrid and Electric Engine Technology



Hybrid engine technology was the feature consumers were most willing to delay a purchase for, with 55% indicating that they would wait for a hybrid car. A full 45% of shoppers polled in December indicated that they would consider delaying a purchase to get an electric engine. This stat bodes well for the electric version of the 2012 Ford Focus, which will join the Nissan Leaf in the ranks of pure electric passenger vehicles in 2012.

Figure 7: Shopper Willingness to Delay Purchase for Hybrid and Electric Engine Technology



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