

CRUISING SPEED:

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A LUXURY & ECONOMY CAR BUYERS' MANUAL

VIDEO ADVERTISING BUREAU REPORT 2016

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CONFIGURATION & SPECS

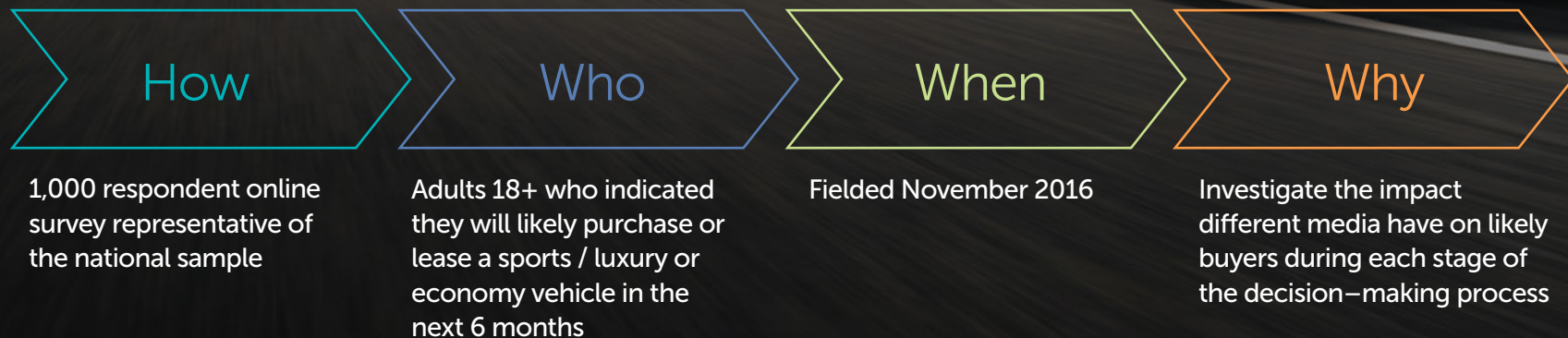
In November 2016, VAB commissioned Research Now to conduct a study to better understand the role each media type plays throughout a likely buyer's journey towards purchasing or leasing a vehicle.

We unveiled the first wave of the results in a report entitled, *Start Your Engines: TV Accelerates Automotive Buyer's Path to Purchase*. In that report, we found TV has the greatest influence from discovery to purchase among likely Millennial, Adult 25-54, Female, Male, Black and Hispanic buyers.

In this our second report, we focus primarily on the factors associated with price, which is a distinguishing characteristic among buyers. This report takes an in-depth look at the differences and similarities of each media type throughout the decision-making process for both likely sports / luxury and economy vehicle buyers.

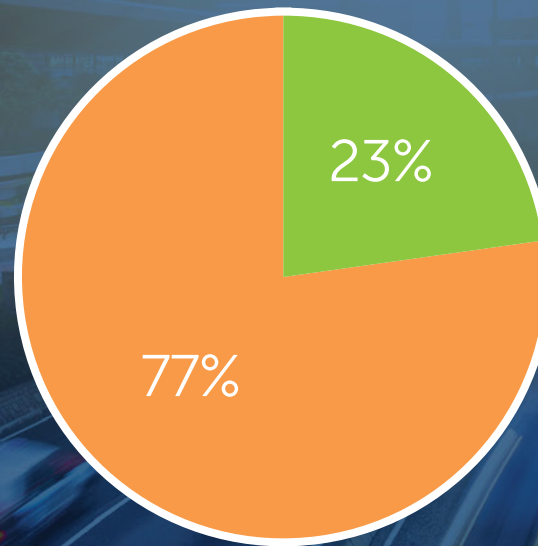
As an added incentive, we've thrown in a final section that looks at which media drives consumers online or to local dealerships for several other vehicle types (certified pre-owned, new or used buyers) and segments (compact car and mid-size / full-size buyers).

VAB commissioned *Research Now* to conduct a survey to better understand the role each media type plays throughout a likely buyers' journey.



IN THIS REPORT, WE EXPLORE THE INFLUENCE MEDIA HAS ON PROSPECTIVE SPORTS / LUXURY & ECONOMY VEHICLE BUYERS

Which type of vehicle are you looking to purchase/lease in the next 6 months?



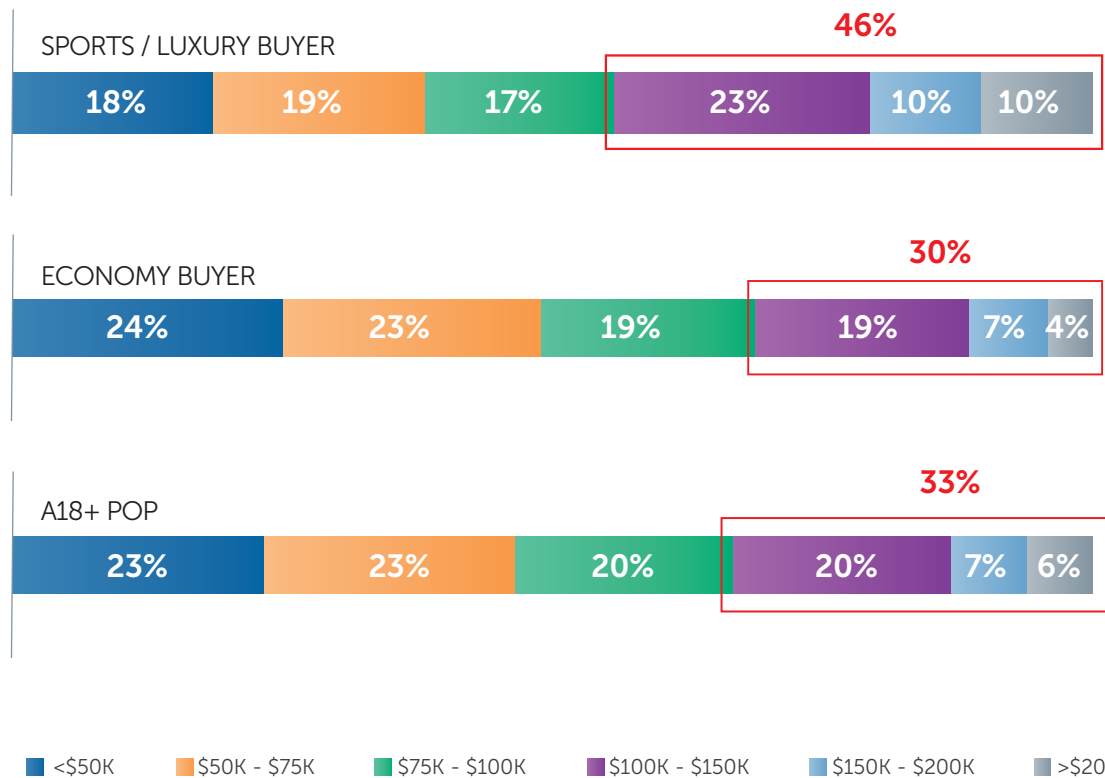
■ Sports / Luxury Buyer

■ Economy Buyer

Source: VAB Automotive Likely Buyers Study, November 2016; Base: Adults 18+ who intend on purchasing/leasing a vehicle in next 6 months; Sports / Luxury Buyer= "looking to purchase/lease a sports or luxury vehicle in next 6 months;" Economy Buyer= "price point and incentives/specials/rebates are the top influences on purchase / lease decision."



NOT SURPRISINGLY, ALMOST HALF OF THE PROSPECTIVE SPORTS / LUXURY BUYERS HAVE A \$100K+ HHI, MUCH HIGHER THAN ECONOMY VEHICLE BUYERS



Source: VAB Automotive Likely Buyers Study, November 2016; Base: Adults 18+ who intend on purchasing/leasing a vehicle in next 6 months. Q4: What is your annual household income? Sports / Luxury Buyer= "looking to purchase/lease a sports or luxury vehicle in next 6 months;" Economy Buyer= "price point and incentives/specials/rebates are the top influences on purchase / lease decision."

WHAT ROLE DOES MEDIA PLAY IN THE AUTO BUYERS' DECISION-MAKING PROCESS?

Vehicle Buying Journey

DISCOVERY



"What brands should I consider?"

CONSIDERATION/ EVALUATION



"What are the attributes of each brand?"

SHOPPING (TEST DRIVE)



"Where can I see the vehicle and test it out?"

TELEVISION HAS THE GREATEST INFLUENCE ON LIKELY BUYERS FROM DISCOVERY TO TEST-DRIVE

Vehicle Buying Journey

DISCOVERY



TV plays a strong role in first learning about vehicle brands

CONSIDERATION/ EVALUATION



TV has great influence on which brands to add to consideration list

SHOPPING (TEST DRIVE)



TV drives buyers to the dealership and is crucial in leading to a test drive



LIKELY BUYERS' DISCOVERY PHASE:

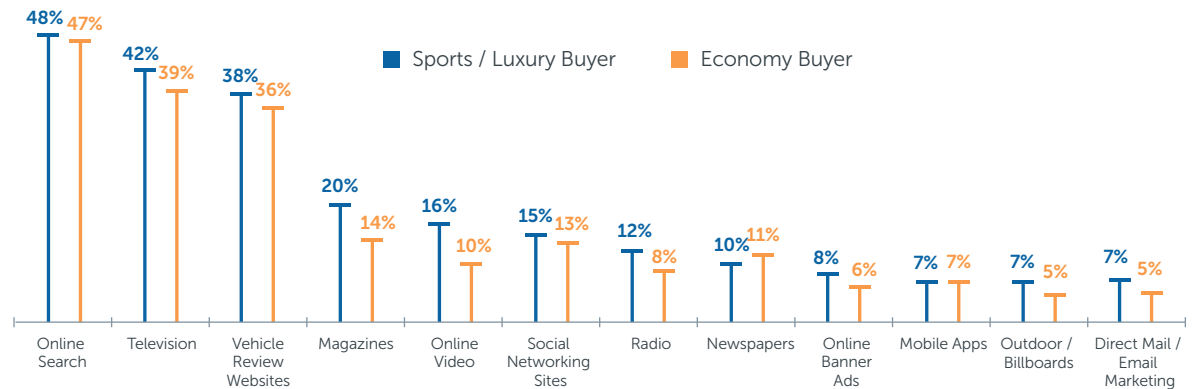
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WHAT BRANDS SHOULD I CONSIDER?



TELEVISION AND SEARCH GENERATE THE INITIAL BRAND AWARENESS AMONG BOTH SPORTS / LUXURY & ECONOMY BUYERS

When you are starting to think about buying a vehicle, where are you most likely to first learn about different vehicle brands?



TV easily bests online video and social media in building brand awareness among both vehicle buyer segments

Source: VAB Automotive Likely Buyers Study, November 2016; Base: Adults 18+ who intend on purchasing/leasing a vehicle in next 6 months. Q12. When you are starting to think about buying a vehicle, where are you most likely to first learn about different vehicle brands (by brands we mean Ford, Honda, Mercedes, etc)? Sports / Luxury Buyer= "looking to purchase/lease a sports or luxury vehicle in next 6 months;" Economy Buyer= "price point and incentives/specials/rebates are the top influences on purchase / lease decision."

A man and a woman are looking at a tablet together. The man is on the right, leaning in, and the woman is on the left, smiling. They are in front of a car. The background is a blurred car interior.

LIKELY BUYERS' CONSIDERATION PHASE

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WHAT ARE THE ATTRIBUTES OF EACH BRAND?

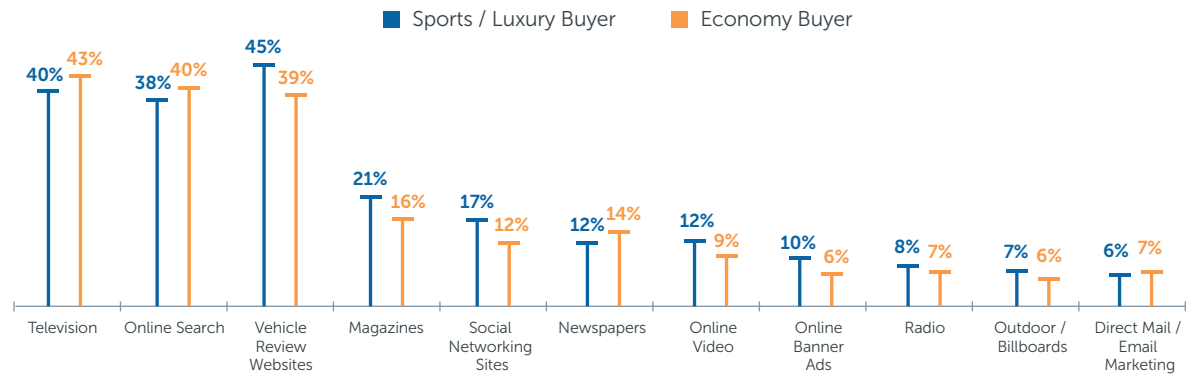
HOW FAR IN ADVANCE ARE CONSIDERATION LISTS MADE?

HOW MANY BRANDS ON THE CONSIDERATION LIST?



TV RANKS FIRST IN HELPING ECONOMY BUYERS FORM THEIR CONSIDERATION LIST

Which of the following help you develop your consideration list of vehicle brands?



TV is second, only behind vehicle review websites, in helping Sports / Luxury Buyers formulate their consideration list

Source: VAB Automotive Likely Buyers Study, November 2016; Base: Adults 18+ who intend on purchasing/leasing a vehicle in next 6 months. Q14. Which of the following help you develop your consideration list of vehicle brands? Sports / Luxury Buyer= "looking to purchase/lease a sports or luxury vehicle in next 6 months;" Economy Buyer= "price point and incentives/specials/rebates are the top influences on purchase / lease decision."

BOTH SPORTS / LUXURY & ECONOMY BUYERS HAVE A SHORT CONSIDERATION LIST WHICH FORMS LESS THAN THREE MONTHS PRIOR TO PURCHASE

When you narrow down your search, how many vehicle brands do you believe will be in your consideration list?

How far in advance of your purchase do you plan to make your consideration list?

	Sports / Luxury Buyer	Economy Buyer
2 or less	26%	32%
3 or less	44%	47%
4 or less	22%	15%
5 or less	4%	4%

Economy buyers are more likely to include 3 or less brands on their consideration list (79%) than Sports / Luxury buyers (70%)

	Sports / Luxury Buyer	Economy Buyer
A few weeks or less	27%	30%
1 month	30%	25%
2-3 months	26%	28%
3-5 months	7%	8%
6 months or more	9%	9%

Economy buyers are more likely than Sports / Luxury buyers to make their consideration list only a few weeks before their purchase

Source: VAB Automotive Likely Buyers Study, November 2016; Base: Adults 18+ who intend on purchasing/leasing a vehicle in next 6 months; Q15. When you first narrow down your search, how many vehicle brands do you believe will be in your consideration list? Q16. How far in advance do you plan to make your consideration list? Sports / Luxury Buyer= "looking to purchase/lease a sports or luxury vehicle in next 6 months;" Economy Buyer= "price point and incentives/specials/rebates are the top influences on purchase / lease decision."

TV IS KEY FOR AUTO BRANDS TO GAIN A SPOT ON A BUYER'S SHORT LIST

Likely Vehicle Buyers Who Believe the Following Statements Are True For Them

	Sports / Luxury Buyer	Economy Buyer
TV ads inform me about vehicles I might not have otherwise considered	46%	46%
I expect to see vehicle advertising across all TV programming genres	43%	44%
I am more likely to consider vehicle brands that advertise on TV	36%	32%

Source: VAB Automotive Likely Buyers Study, November 2016; Base: Adults 18+ who intend on purchasing/leasing a vehicle in next 6 months. Q18. Which of the following statements do you believe are true for you? Sports / Luxury Buyer= "looking to purchase/lease a sports or luxury vehicle in next 6 months;" Economy Buyer= "price point and incentives/specials/rebates are the top influences on purchase / lease decision."



TV AND ONLINE – WORKING IN TANDEM

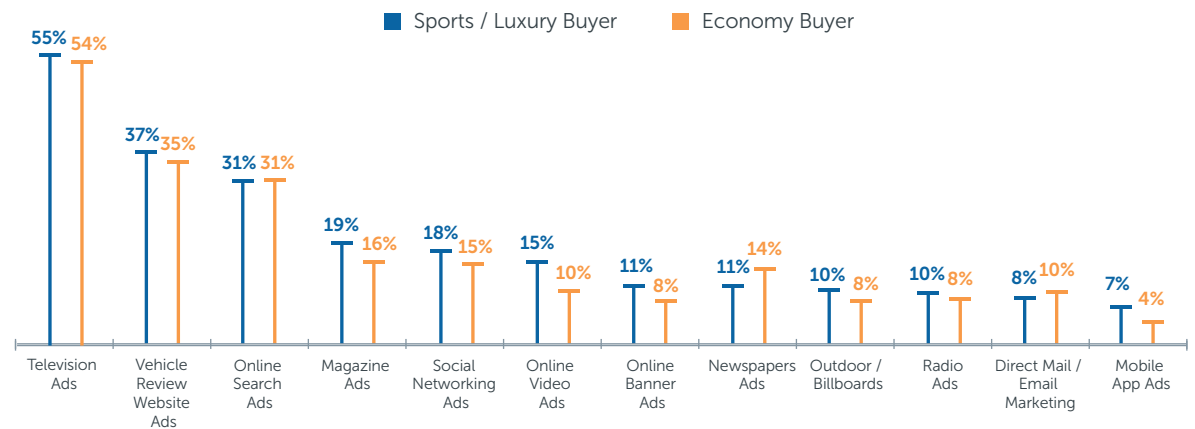
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TV DRIVES CONSUMERS ONLINE



TV ADS PROMPT SPORTS / LUXURY & ECONOMY BUYERS TO GO ONLINE FOR ADDITIONAL INFORMATION, MUCH MORE SO THAN ANY ONLINE MEDIA

Which of the following types of vehicle advertisements have prompted you to look for more information on the vehicle's manufacturer website?



Source: VAB Automotive Likely Buyers Study, November 2016; Base: Adults 18+ who intend on purchasing/leasing a vehicle in next 6 months. Q19. Which of the following types of vehicle advertisements have prompted you to look for more information on the vehicle's manufacturer website (www.lexus.com, etc...) Sports / Luxury Buyer= "looking to purchase/lease a sports or luxury vehicle in next 6 months;" Economy Buyer= "price point and incentives/specials/rebates are the top influences on purchase / lease decision."

LESS THAN 4 OUT OF 10 LIKELY BUYERS LEARNED THE URL FOR AN AUTO MANUFACTURER WEBSITE THROUGH AN ONLINE SEARCH

How did you first learn the URL website address of the auto manufacturer website?

SPORTS / LUXURY BUYER

Internet Search **36%**
Other **64%**

Of The Other:

27% typed brand name directly into internet
25% as a result of a TV ad
8% as a result of word-of-mouth

ECONOMY BUYER

Internet Search **38%**
Other **62%**

Of The Other:

25% typed brand name directly into internet
22% as a result of a TV ad
10% as a result of word-of-mouth

Source: VAB Automotive Likely Buyers Study, November 2016; Base: Adults 18+ who intend on purchasing/leasing a vehicle in next 6 months. Q20. How did you first learn the URL address (i.e. www.lexus.com) of the vehicle's manufacturer website? Sports / Luxury Buyer= "looking to purchase/lease a sports or luxury vehicle in next 6 months;" Economy Buyer= "price point and incentives/specials/rebates are the top influences on purchase / lease decision."

LIKELY BUYERS TAKE SEVERAL ACTIONS RELATED TO THEIR DECISION PROCESS AFTER SEEING AN AUTO AD ON TV

Likely Vehicle Buyers Who Believe the Following Statements Are True For Them

	Sports / Luxury Buyer	Economy Buyer
A deal I saw on TV about a vehicle prompted me to look up more information online	33%	35%
I have looked up information about a vehicle while watching TV	32%	30%
I have visited a local dealership because of a promotion I saw on TV	32%	30%
TV ads remind me to visit a vehicle manufacturer website for more info	31%	30%
A local dealership ad prompted me to go online for more information	27%	28%

Source: VAB Automotive Likely Buyers Study, November 2016; Base: Adults 18+ who intend on purchasing/leasing a vehicle in next 6 months. Q22. Which of the following statements do you believe are true for you? Sports / Luxury Buyer= "looking to purchase/lease a sports or luxury vehicle in next 6 months;" Economy Buyer= "price point and incentives/specials/rebates are the top influences on purchase / lease decision."

IN CONTRAST TO TV, YOUTUBE VIDEOS AND ITS ADS HAVE A LIMITED EFFECT DURING LIKELY BUYERS' DECISION-MAKING PROCESS

Likely Vehicle Buyers Who Believe the Following Statements Are True For Them

	Sports / Luxury Buyer	Economy Buyer
I skip YouTube vehicle ads as soon as I can	34%	32%
I first learned about a vehicle through a YouTube video/channel	15%	9%
YouTube vehicle videos provide all the information I need to make a purchase	16%	12%
I subscribe to a vehicle brands' channel on YouTube	8%	5%

Source: VAB Automotive Likely Buyers Study, November 2016; Base: Adults 18+ who intend on purchasing/leasing a vehicle in next 6 months: Q13 & 18. Which of the following statements do you believe are true for you?
Sports / Luxury Buyer= "looking to purchase/lease a sports or luxury vehicle in next 6 months;" Economy Buyer= "price point and incentives/specials/rebates are the top influences on purchase / lease decision."



LIKELY BUYERS' SHOPPING EXPERIENCE

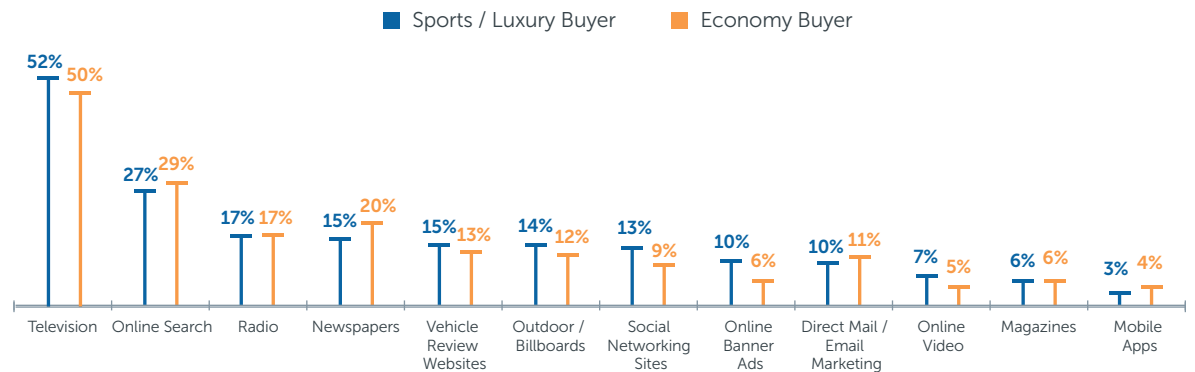
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TEST-DRIVING THE VEHICLE



TELEVISION IS CLEARLY THE #1 DRIVER WHEN IT COMES TO MAKING LIKELY BUYERS AWARE OF THEIR LOCAL VEHICLE DEALERSHIPS

Which of the following made you aware of your local vehicle dealerships?



TV almost doubles the next highest ranking media when it comes to building local dealership awareness among likely sports / luxury buyers

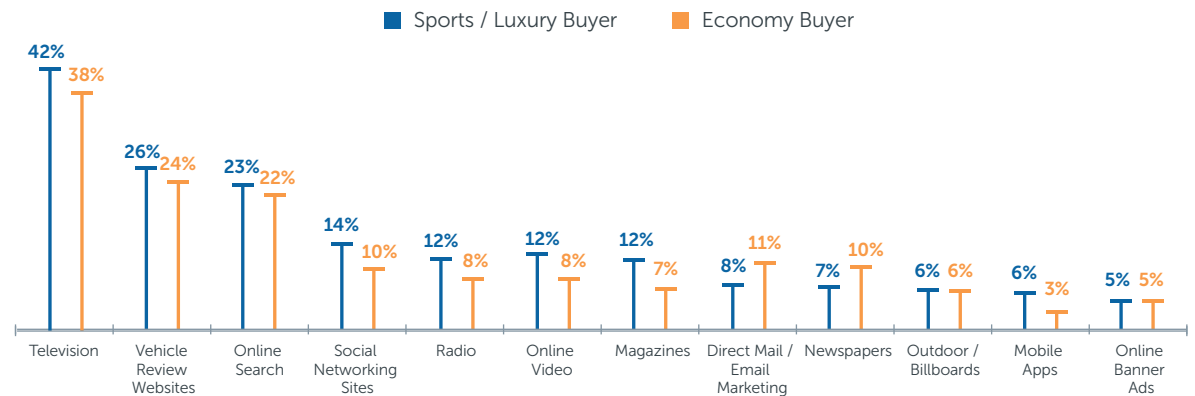
Source: VAB Automotive Likely Buyers Study, November 2016; Base: Adults 18+ who intend on purchasing/leasing a vehicle in next 6 months.

Q23. Which of the following made you aware of your local vehicle dealerships? Sports / Luxury Buyer= "looking to purchase/lease a sports or luxury vehicle in next 6 months;" Economy Buyer= "price point and incentives/specials/rebates are the top influences on purchase / lease decision."



TV IS IN THE DRIVER'S SEAT WHEN IT COMES TO INFLUENCING LIKELY BUYERS TO TAKE A TEST DRIVE AT THEIR LOCAL DEALERSHIP

Which of the following types of ads may have influenced you to take a test drive at your local vehicle dealership?



Source: VAB Automotive Likely Buyers Study, November 2016; Base: Adults 18+ who intend on purchasing/leasing a vehicle in next 6 months. Q25. Which of the following types of ads may have influenced you to take a test drive at your local vehicle dealership? Sports / Luxury Buyer= "looking to purchase/lease a sports or luxury vehicle in next 6 months;" Economy Buyer= "price point and incentives/specials/rebates are the top influences on purchase / lease decision."



ADDED INCENTIVE: A LOOK AT OTHER VEHICLE TYPES & SEGMENTS

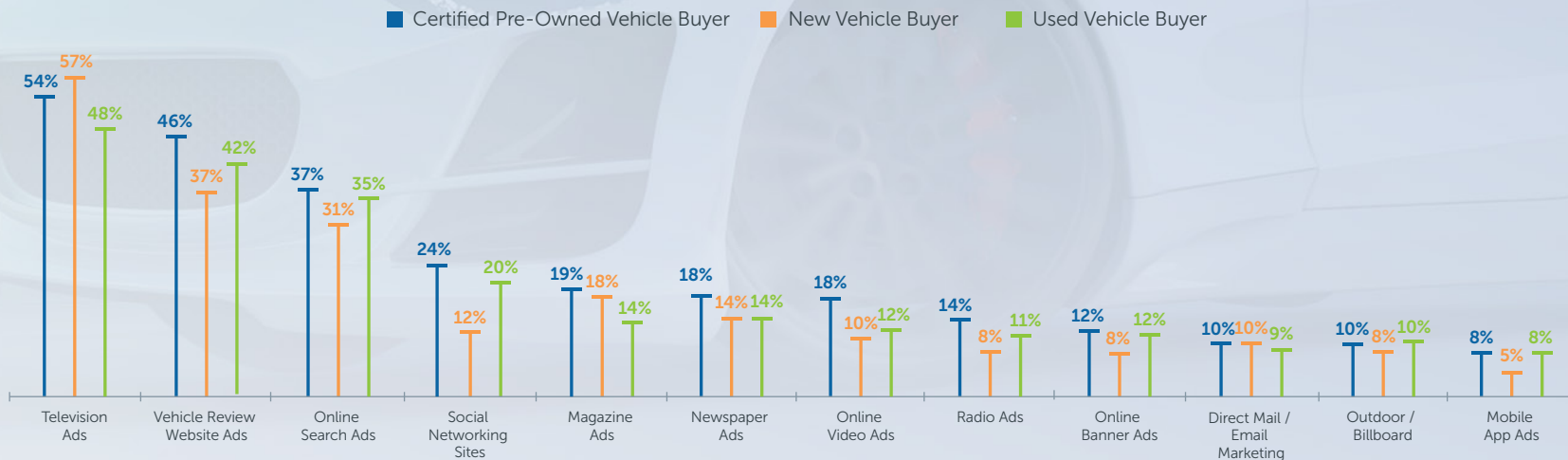
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CERTIFIED PRE-OWNED, NEW & USED VEHICLE BUYERS

COMPACT CAR & MID-SIZE / FULL-SIZE CAR BUYERS

TV ADS PROMPT LIKELY BUYERS ACROSS VEHICLE TYPES TO GO ONLINE FOR ADDITIONAL INFORMATION; MORE SO THAN ANY ONLINE MEDIA

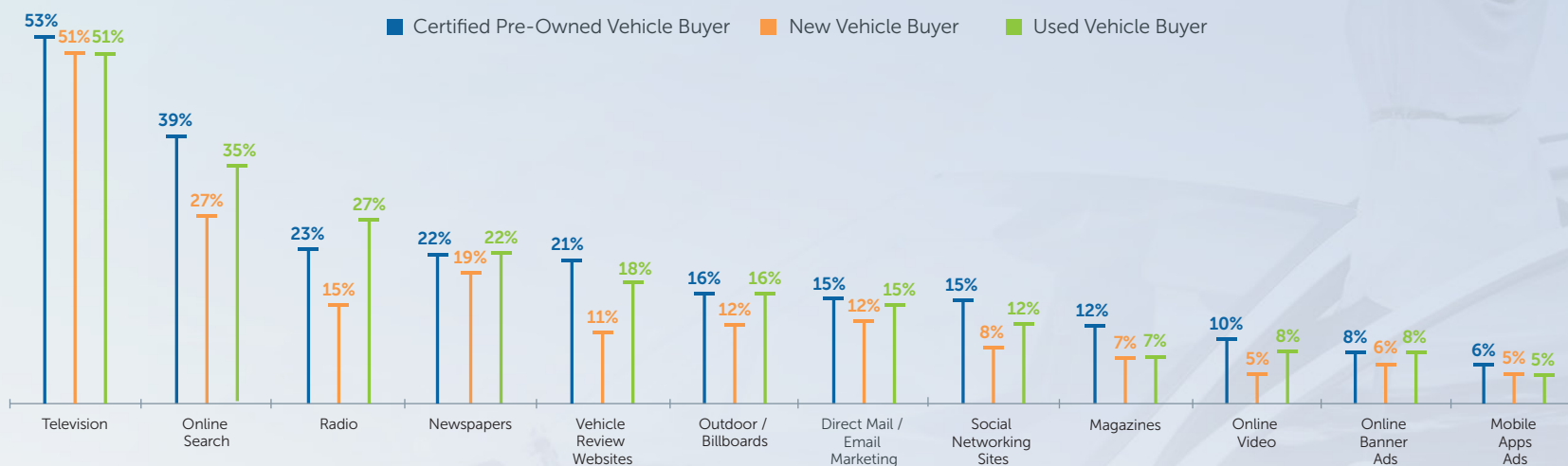
Which of the following types of vehicle advertisements have prompted you to look for more information on the vehicle's manufacturer website?



Source: VAB Automotive Likely Buyers Study, November 2016; Base: Adults 18+ who intend on purchasing/leasing a new vehicle or purchasing a certified pre-owned or used vehicle in next 6 months. Q19. Which of the following types of vehicle advertisements have prompted you to look for more information on the vehicle's manufacturer website (www.lexus.com, etc...)

REGARDLESS OF THE TYPE OF BUYER, TV DRIVES LIKELY BUYERS TO LOCAL DEALERSHIPS MUCH MORE THAN ANY OTHER MEDIUM

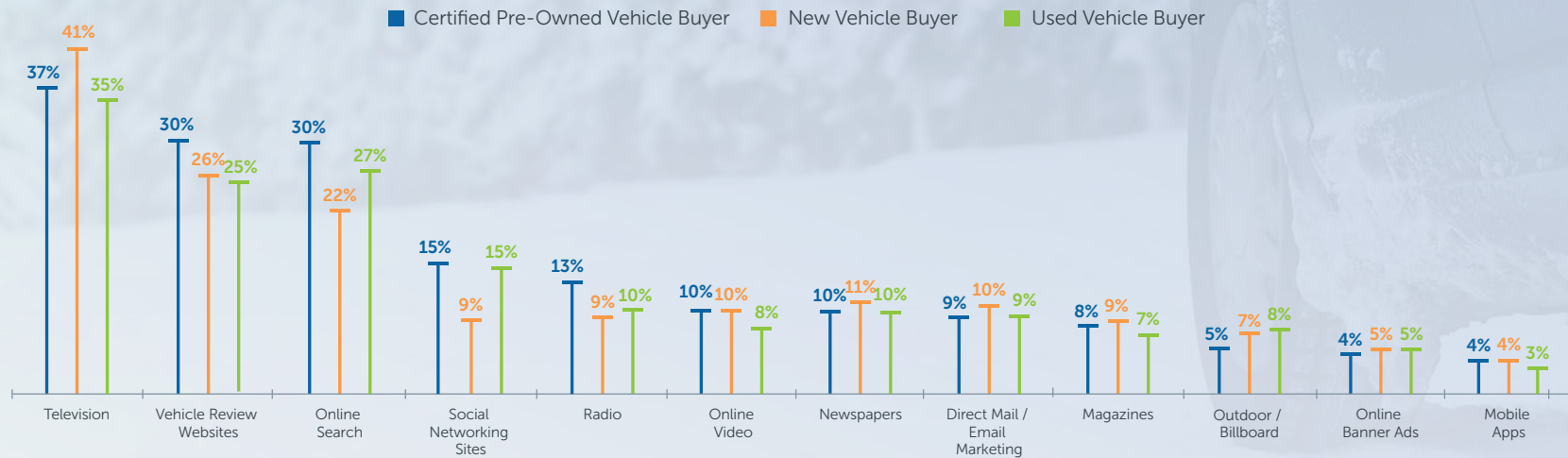
Which of the following made you aware of your local vehicle dealerships?



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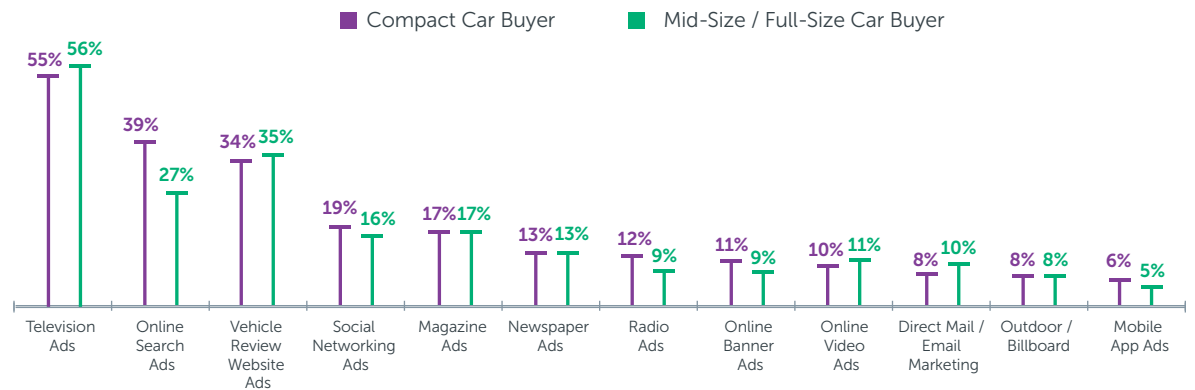
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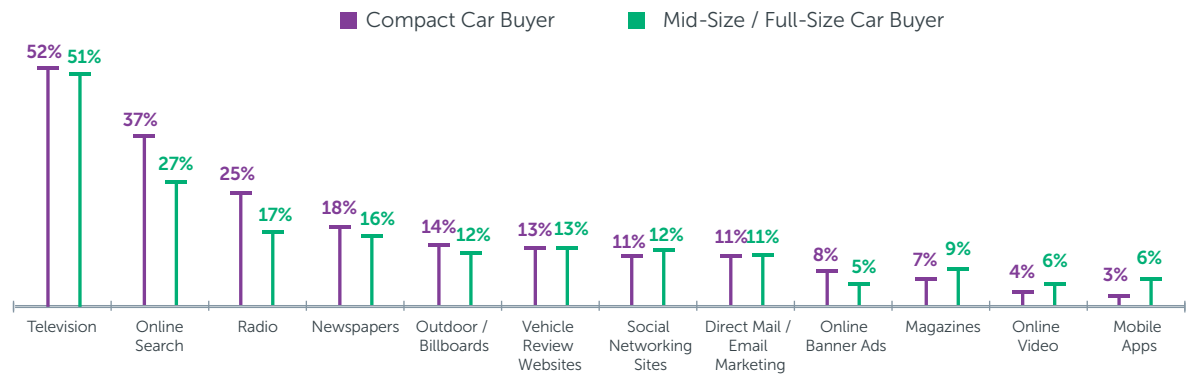
Source: VAB Automotive Likely Buyers Study, November 2016; Base: Adults 18+ who intend on purchasing/leasing a compact or mid-size / full-size vehicle in next 6 months. Q19. Which of the following types of vehicle advertisements have prompted you to look for more information on the vehicle's manufacturer website (www.lexus.com, etc...)



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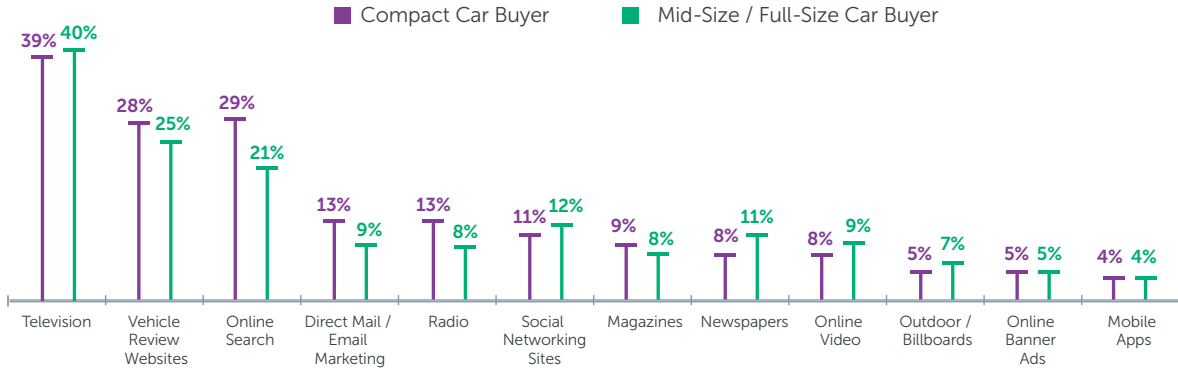


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