



NICE RIDE!

DRIVE YOUR AUTOMOTIVE SALES WITH THE YOUNG & AFFLUENT™



Last year, some 1.65 million Canadians purchased a new car, while 2.6 million others purchased a used car.¹ This Snapshot will investigate what the Young & Affluent™ are purchasing when it comes to automotive vehicles, and will demonstrate where important differences lie between the purchasing behaviour of this lucrative segment and those of 18 to 49 year olds as a whole.



INDUSTRY OVERVIEW

Major changes are expected to come in the automotive industry in Canada, especially over the next decade. Some analysts even predict that the coming decade will be the most exciting since the 1960s.

Some of the aspects that contribute to these forecasts are:

- Many new models from emerging markets are due to arrive in Canada;
- Car-size preferences are changing;
- More environmentally-friendly cars, with lower—or even zero—emissions are being developed and becoming more affordable;
- Changing gas prices force Canadians to rethink the type of car that they can best afford.



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NEWAD'S SNAPSHOT



¹ Denis Desrosier at Canadian Newspaper Association and CCNA joint meeting. May, 2008.
Source: PMB 2008 and TARGET™

THE YOUNG & AFFLUENT HAVE GOT WHEELS

The **great majority (89%)** of the Young & Affluent own at least one car. In fact, most of them (58%) live in a household with two or more cars, which makes them **almost 20% more likely than the average 18 to 49 year old to live in a household with multiple cars**. These two facts alone are a strong demonstration of why the Young & Affluent make such an excellent target for anyone selling motor vehicles or related products and services.

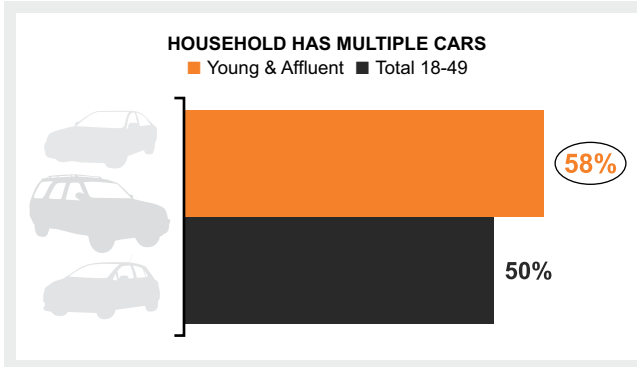


Nice Wheels!

In addition to being significantly more likely to own one or more cars, the Young & Affluent also **own significantly more expensive cars** than the average 18 to 49 year old. For instance, compared to 18 to 49 year olds as a whole, the Young & Affluent are 77% more likely to have most recently purchased a car worth \$30,000 or more (23% versus 13%) and 72% more likely to have most recently purchased a car worth \$40,000 or more (10% versus 6%).

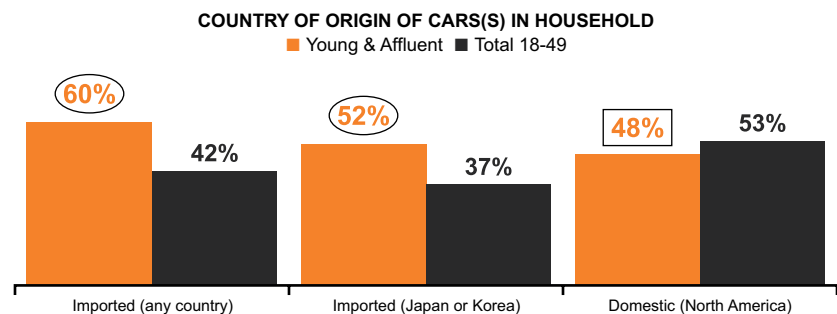
One logical explanation for this difference is that the Young & Affluent are significantly more likely to **purchase new cars**—42% did so on their most recent vehicle purchase compared to 33% of 18 to 49 year olds as a whole.

The Young & Affluent are also **frequent buyers of automobiles**. The Young & Affluent are 12% more likely than the average 18 to 49 year old to have **purchased their most recent car in the past 4 years** (67% versus 59%).



IMPORT OR DOMESTIC?

Imported cars are more popular than domestic (North American) cars. According to a recent study, more Imports than North American cars have been sold in Canada every year since 1991.² The Young & Affluent's preferences are in keeping with this; you can find an imported car in 60% of Young & Affluent households (vs. only 42% for total households of 18-49 year olds).



North American car makers, however, have not given up the fight. They are working on introducing new, more efficient models into the Canadian market and have been launching recent products with exciting and diverse advertising campaigns (including the use of non-traditional media). The result? Chrysler, for instance, saw a 12% rise in Canadian sales in 2007, while Ford saw a 5% growth in the same year. Sales for foreign imports rose 4.5% for the same period.³

Today, domestic automakers have an opportunity to take advantage of the fact that Young & Affluent consumers underdevelop on the purchase of domestic cars. A little extra marketing targeted at this lucrative segment could help to convert their preferences—especially with the wide range of new sporty and youthful models, as well as eco-friendly products, currently being introduced on the Canadian market.



² Canadian Economic Observer, May 2007. Statistics Canada Catalogue no.11-010.

³ "Auto Industry Stuck in Neutral but Ad Dollars Revving for Return". Brett Popplewell, May 2008.

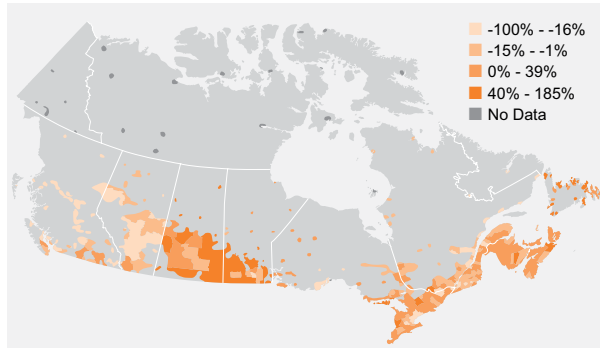
Source: PMB 2008 and TARGET™

Note: ○ □ Indicate that the result is statistically greater or lesser at a 95% confidence level.

WOULD YOU LIKE THAT IN SMALL, MEDIUM, OR LARGE?

Trends in Canada point to a growing demand for smaller, more efficient cars. As witnessed by the map below, this change is quite regionalized and predicted to continue until at least 2010. In fact, growth in the market for subcompact cars will be strongest in the prairies, Southern Ontario, and Atlantic Canada.

Change in Market Share of Subcompact Cars 1990-2010⁴

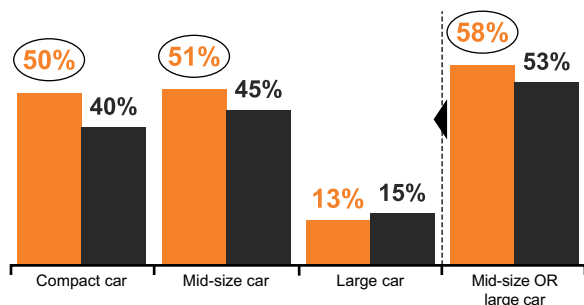


What Size of Cars do the Young & Affluent Drive?

The Young & Affluent are most likely to own a compact or mid-size car.

WHAT SIZE(S) CARS DO(ES) YOUR HOUSEHOLD OWN?

■ Young & Affluent ■ Total 18-49



Compact Cars

Half of the Young & Affluent (50%) currently own a compact car, which is 24% more than among the general population 18 to 49 (40%). These car owners take advantage of newer and smaller cars for many reasons—including saving on rising gas prices and also for the “feel-good-factor” of making an environmentally-sensitive decision. Furthermore, for the Young & Affluent, who are city dwellers by definition, a compact car is ever so practical when trying to park downtown!

It is worth noting that “compact car” does not necessarily mean “cheaper” or “lower end”. As the market for the compact car grows, luxury makers are increasingly getting into the game. For instance, BMW, traditionally associated with mid- to large-size luxury cars, is seeing its strongest sales coming from its Mini division!⁵

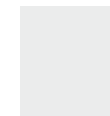
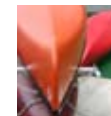
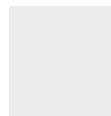
Medium- and Large-Sized Cars

The majority of consumers have at least one mid-size or large vehicle that is used by someone in their household. This is true of both the Young & Affluent and 18 to 49 year olds as a whole (58% and 53% respectively).

The distribution of mid-size to large-size vehicles being driven by Canadians has been changing. According to Desrosiers Automotive Consultants, Inc., the market share of the mid-size *sedan*⁶ has decreased dramatically over the past decade. This car type represented 40% of cars on the road in 1997, and now accounts for only 24%.

Conversely, large cars, including large luxury cars, represent a small, but growing segment. This growth is supported in part by the healthy economy, especially in Alberta. As this segment grows, Young & Affluent Canadians—with their significantly greater incomes—will no doubt be responsible for a good part of the success.

There is an exception to the trend in sales of large-size cars: trucks. Truck sales have dropped off considerably between 2007 and 2008. According to Marketing Magazine, GM Canada has seen a year-over-year drop of 35% in truck sales—this being attributed to rising gas prices pushing consumers toward smaller, more fuel-efficient vehicles.



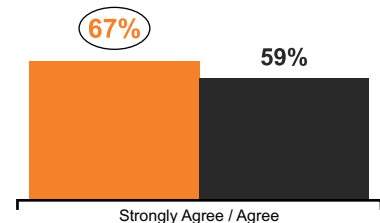
GREEN AND ACTIVE

Being considerate of the environment doesn't mean restricting oneself to driving subcompact or compact cars. For instance, consider the fact that the Young & Affluent are active and play a range of sports. As a result, some of them need a bigger car to transport their equipment. Even if they choose to purchase an SUV, they can still make a statement by taking into account the gas consumption rates of various similar models to make an informed decision.

When it comes to the slightly higher prices of cars equipped with environment-friendly technologies, such as hybrid engines and clean turbo-diesel motors, the Young & Affluent would be a good target for these more advanced products since they are “willing to pay a little more for environmentally products”. They are significantly more likely to agree with this statement than are 18 to 49 year olds as a whole.

"I am willing to pay a little more for environmentally-friendly products."

■ Young & Affluent ■ Total 18-49



⁴ Source: Statistics Canada

⁵ Source: Marketing Magazine. “June Sales Plunge at GM”. July 03, 2008.

⁶ Note: This statistic does not include other mid-size cars, such as station wagons.

Source: PMB 2008 and TARGET™

Note: ○ □ Indicate that the result is statistically greater or lesser at a 95% confidence level.

JEEP – CASE STUDY

Promotion of the 2007 JEEP Patriot: Urban Park

Over the course of 5 days in May and June 2007, NEWAD created a forest in downtown Montreal attracting thousands of visitors to the site, which showcased the 2007 JEEP Patriot.

Target:

Young and affluent consumers, 25 to 35 years old, active and on-the-go.

Objectives:

Increase awareness of the JEEP Patriot, reach consumers in their environment and engage them with an interactive experience showcasing the product, and distribute contest postcards to drive clients to the website.

Solution:

- Create buzz around the new JEEP Patriot by placing it in a simulated forest-like environment on the corner of a high-traffic location in downtown Montreal.
- Distribute contest cards to target market on-site and at strategic areas such as busy subway stations, to drivers at red lights, and in the streets of downtown Montreal.
- Communicate key messages to the target consumer to create brand awareness, incite curiosity, drive-to-store, and ultimately encourage purchase intention.
- The event marketing campaign was supported by a national Indoor Advertising campaign of MiniBoards in NEWAD's Restos & Bars network.

Results:

Excellent media coverage generated due to the original urban park concept, 22,000 contest cards distributed in 5 days with a very impressive 5% return on the contest website, over 30,000 interactions with consumers, and 7,122,600 impressions generated by the Indoor Advertising campaign.



EXCITING PRODUCT DEVELOPMENTS

Electro-Luminescent Boards

NEWAD's Electro-Luminescent Boards are 13" X 17" stainless steel frames located in trendy establishments. Due to an electronic current, the electroluminescent paper emits lighting that can be programmed to either illuminate certain parts of the ad or illuminate segments in sequence. It is an innovative and effective tool that stimulates consumers and emphasizes the advertiser's message. It can be utilized to isolate features independently. The Electro-Luminescent Boards are available in all of NEWAD's networks and establishments.

MirrorBoards

Available in all of NEWAD's networks and establishments, MirrorBoards are 13" X 17" stainless steel frames and look exactly like mirrors. However, due to a highly sensitive sensor, the frames light up and the advertising is revealed when someone walks or stands in front of them.

Innovative and novel, the MirrorBoard is sure to catch the attention of consumers and generate word-of-mouth. The MirrorBoard can be used in combination with the Electro-Luminescent Board, eBoard, or BacklitBoard.

eBoards

NEWAD's eBoards are 13" X 17" stainless steel frames that showcase your advertising simultaneously on a poster and a 15" LCD high-resolution screen.

Captivate your target consumer with the combination of video and sound. NEWAD's unique offer gives you the advantage of being the only advertiser per board. Your message is played in a loop or when activated by motion detection.

NEWAD currently has 370 eBoards across the country and will have 500 installed by the end of 2008.