

Connecting with Gen Y

Making the short list



Deloitte Automotive Generation Y Survey

Generation Y: Making the short list

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Introduction

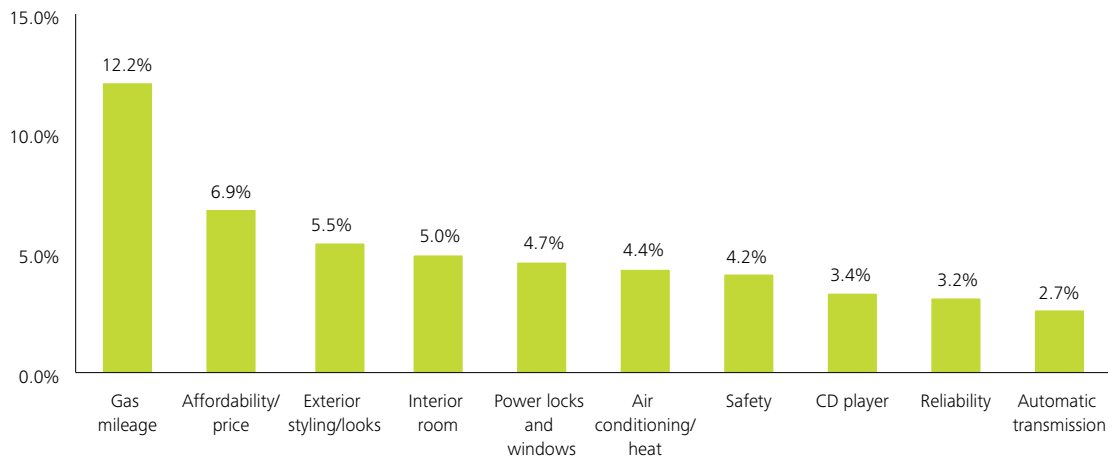
If the largest generation since the Baby Boomers has its way, Generation Y might just be the group to help jump start the U.S. automotive industry. At 75 million strong and coming of age, this generation may have what it takes to re-shape everything, including America's wavering automotive industry. According to a new Deloitte survey, in collaboration with The Eli Broad Graduate School of Management at Michigan State University, Gen Y consumers may have an increasingly positive view of everything from auto jobs to American-made vehicles.

As a follow-on to last year's Deloitte's survey "Connecting with Gen Y: Making Cars Cool Again," this analysis takes a deeper look at Generation Y's attitudes and perceptions of vehicles and the auto industry. The survey, "Gen Y: Making the Short List" offers unique insights into what may capture the attention and shape the opinions of this generation.

The following key findings emerged in the 2009 Deloitte Automotive Gen Y survey.

Factors that influence purchasing decisions

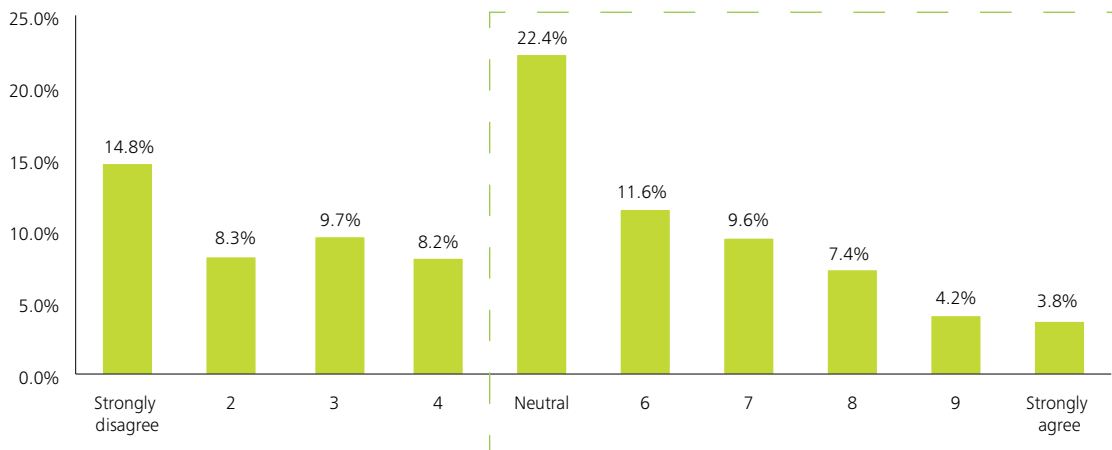
Please indicate the top three items, options, or features that a car must have for you to even consider buying it; these should include the top three things that were "critical to your vehicle purchase decision"



Even Gen Y has changed the way they make purchasing decisions because of the economy. The top "must-have" features are gas mileage and affordability/price. These results are in sharp contrast with last year's data. The 2008 survey pointed to safety as the most important factor, followed by comfort.

Vehicle brand and origin preferences

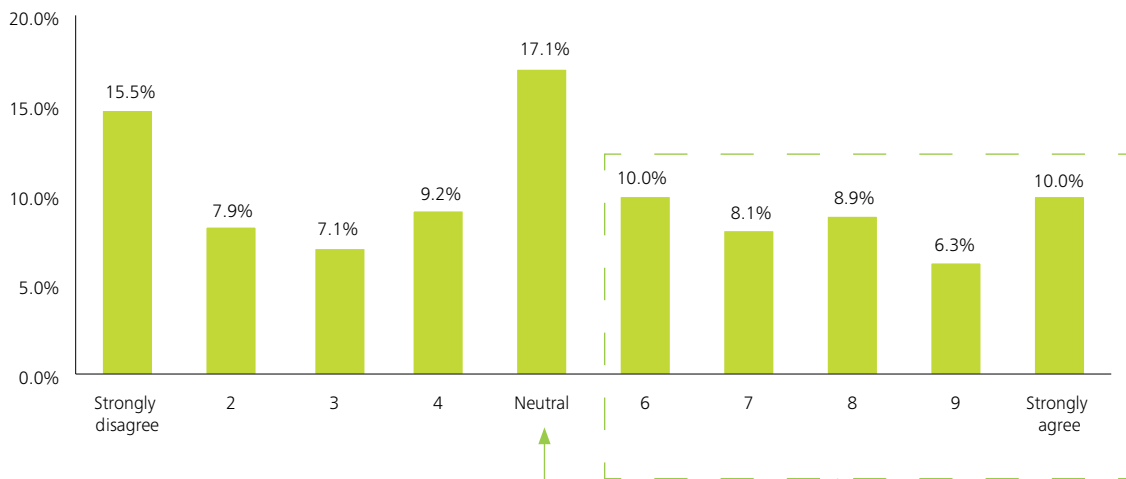
I would consider a vehicle from a brand that is currently, or has recently been, in bankruptcy



The majority of Gen-Y respondents would at least consider purchasing a vehicle from a manufacturer that has filed for bankruptcy. 36.6% said they would consider buying a vehicle from a brand that is currently or has recently been in bankruptcy, with 22.4% remaining neutral on the subject.

Vehicle brand and origin preferences (cont.)

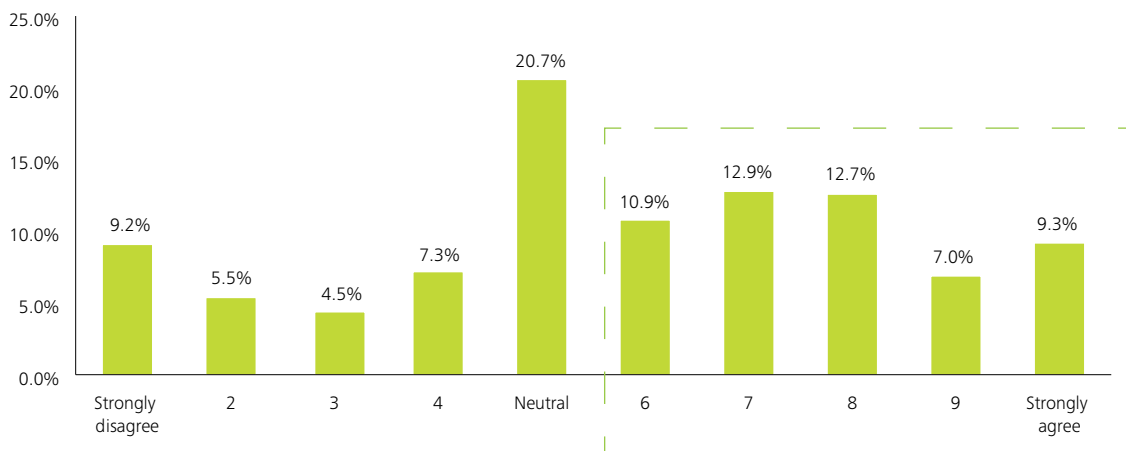
Buying an American automotive manufacturer brand is an important factor



Gen Y respondents were split regarding whether it's important to purchase an American automotive manufacturer brand. 43.3% say it is important, whereas 17.1% remain neutral and 39.7% said it's not that important. The response to this question is interesting because in the past during times of war and recession, people historically have purchased American items to help stimulate the economy.

Vehicle brand and origin preferences (cont.)

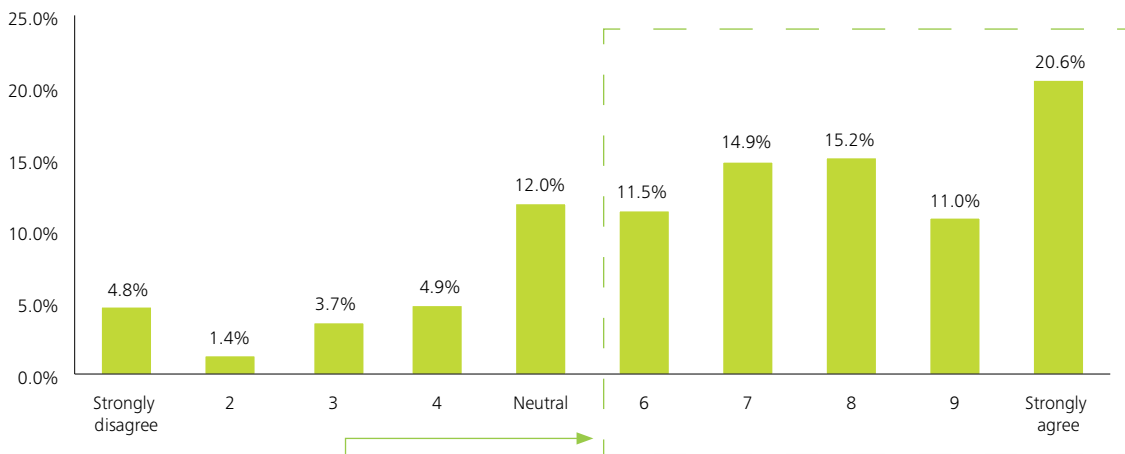
Buying a vehicle produced in an American factory is important
(i.e., a Honda Accord produced in the U.S. vs. a Ford produced in Mexico)



The "Made in the USA" label still carries a lot of weight, especially for the Gen Y respondents when it comes to automotive purchasing habits. The majority of Gen Y respondents (52.8%) said it's important that the vehicle they purchase is manufactured in an American factory. This could be tied to this generation's desire to help keep jobs in the U.S. and reduce unemployment.

Sustainability and ecological factors

The environment is an important factor when purchasing a vehicle



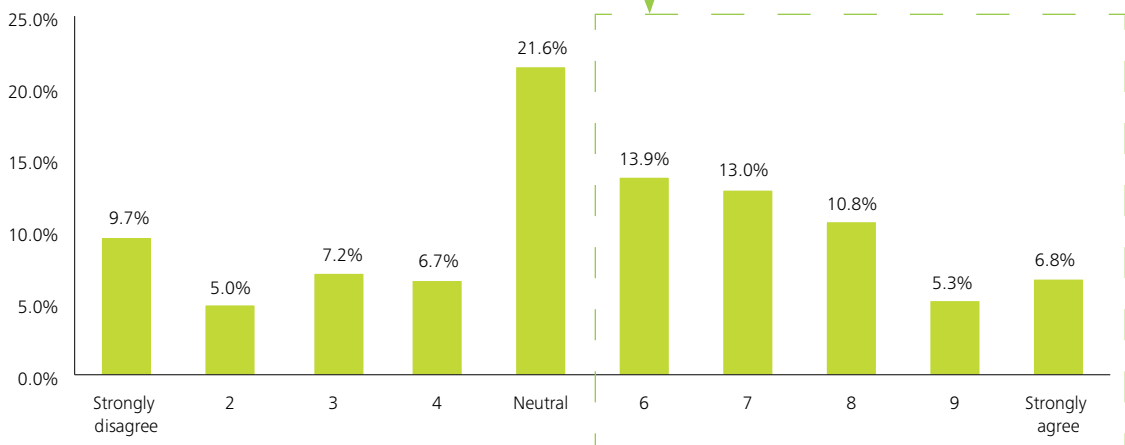
While safety and reliability do not appear to be factors the Gen Y respondents would pay more for, environmentally friendly vehicles that save money on energy costs and help improve the environment are very important to this group.

- 73.2% of respondents agree that the environment is an extremely important factor when purchasing a vehicle, while 49.8% of respondents agree that the type of vehicle they drive directly affects the environment.

Additionally:

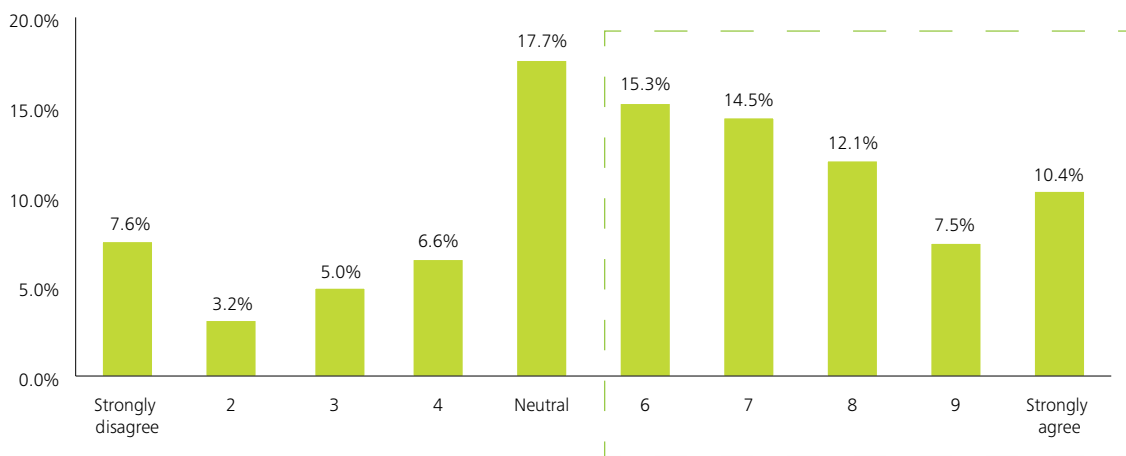
- 52.5% would pay more for an environmentally-friendly vehicle.
- 64.4% would pay more for a vehicle that is better for the environment AND saves money on energy costs, but 44.4% would NOT pay more for a vehicle if it did not save money on energy costs even if it was better for the environment.

The type of vehicle I drive makes a difference in addressing global and local concerns about the environment



Sustainability and ecological factors (cont.)

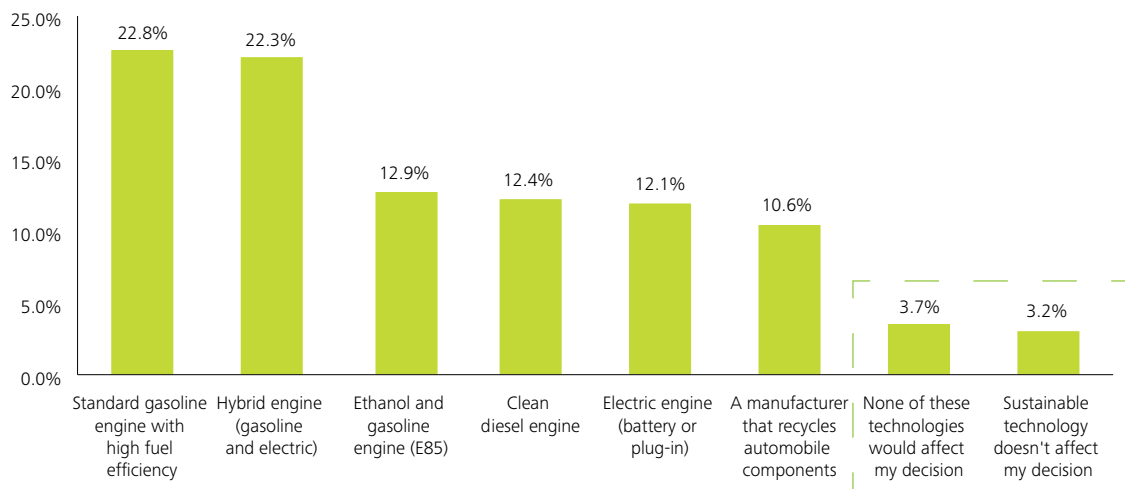
Relationships between the U.S. and oil-producing nations are a factor



Nearly 60 percent (59.8%) of Gen Y respondents agree that the relationship between the U.S. and oil-producing nations is a factor when purchasing a vehicle.

Sustainability and ecological factors (cont.)

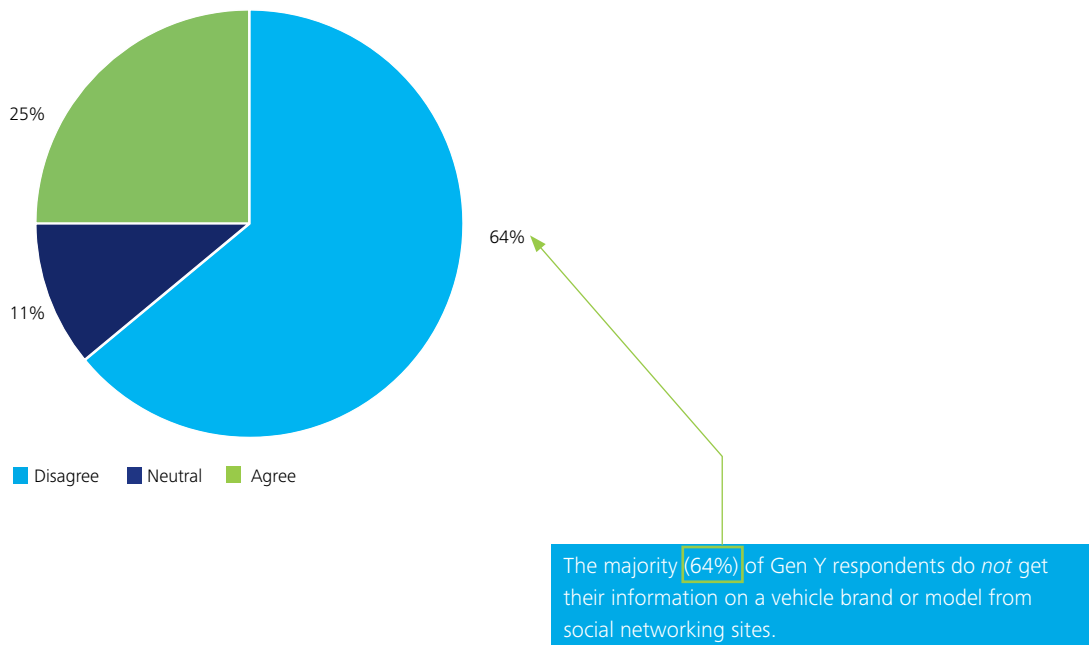
When considering a vehicle, please indicate what type of sustainable technologies would impact your purchase favorably (multiple selections permitted per respondent)



The majority of Gen Y respondents believe that some form of energy-efficiency and sustainable technology is important when purchasing a vehicle. Only 6.9% said that sustainable technology would not affect their decision. Additionally, more than half (51.8%) of Gen Y respondents would be willing to pay more for a vehicle from a manufacturer recognized as eco-friendly.

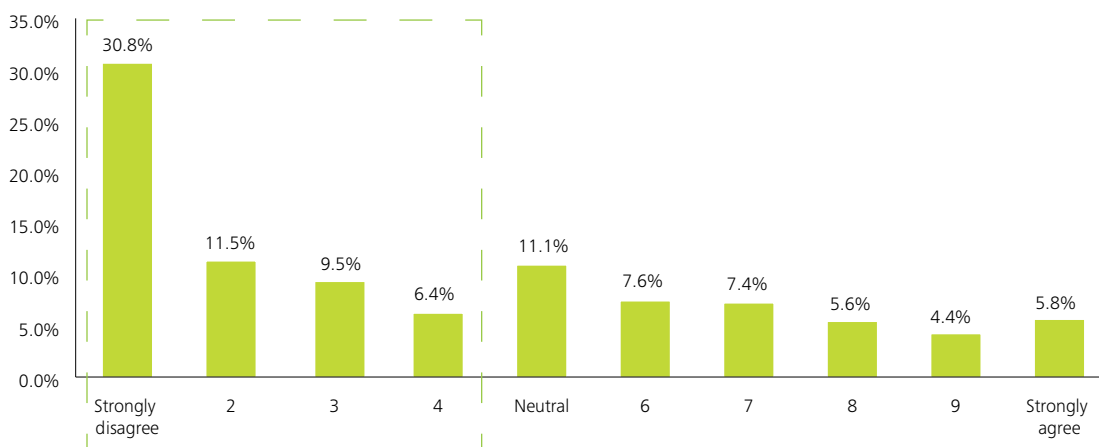
Online resources for vehicle shopping

When shopping for a vehicle, I visit social networking groups (Facebook, etc.) to get more information about a brand or model



Online resources for vehicle shopping (cont.)

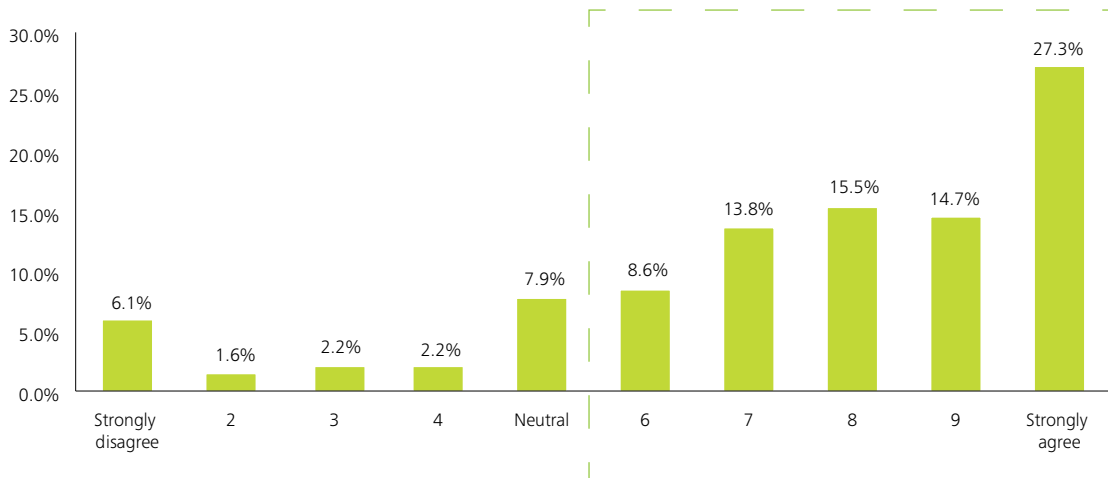
When shopping for a vehicle, I visit car forums/blogs/Twitter to get more information about a brand or model



Social media sites and blogs may be the biggest way for Gen Y to communicate, but these forums don't help sway purchasing decisions for Gen Y respondents, when it comes to vehicles. More than half (58.2%) do not look for vehicle advice on blogs or other social media forums before purchase.

Online resources for vehicle shopping (cont.)

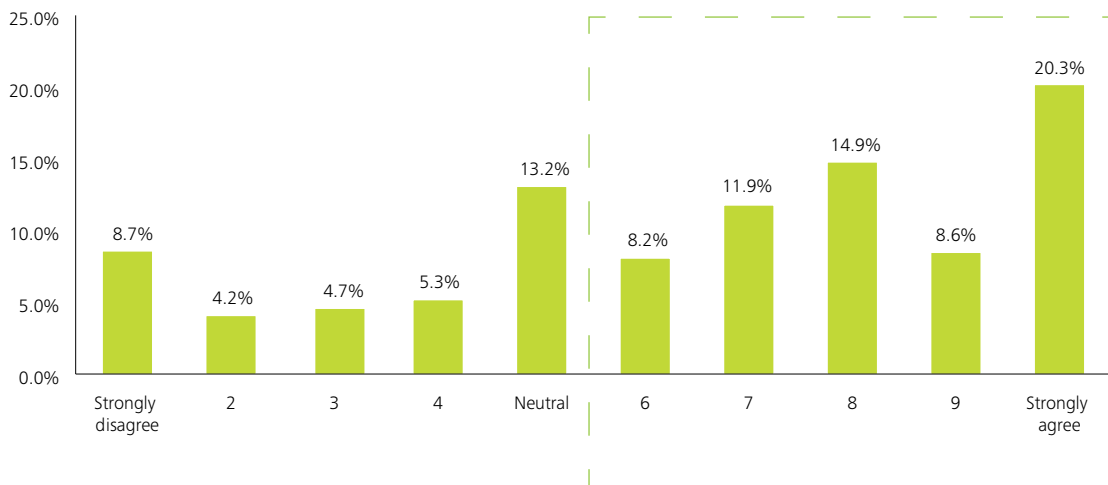
When shopping for a vehicle, I use Google or Yahoo! Search to get more information about a brand or model



While most of the Gen Y respondents do not look at blogs or social media sites for information on a vehicle, the majority (79.9%) use Google or Yahoo! to search for information.

Vehicle affordability and value

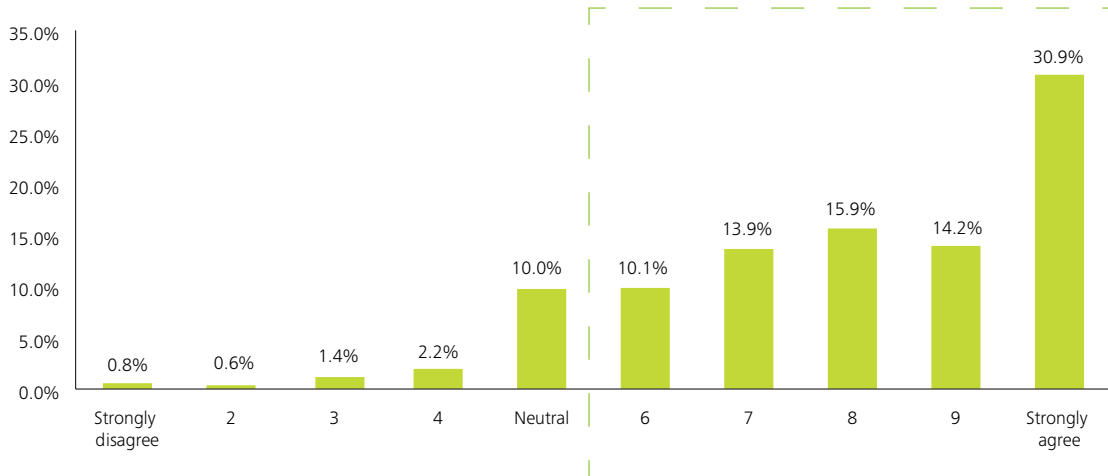
I am more likely to purchase a used vehicle over a new vehicle in the future



The Gen Y respondent typically thinks “newer is better” but not when it comes to cars. More than 63% believe that used vehicles are a greater value than new vehicles and they’re more than three times as likely to purchase a used vehicle over a new one.

Vehicle affordability and value (cont.)

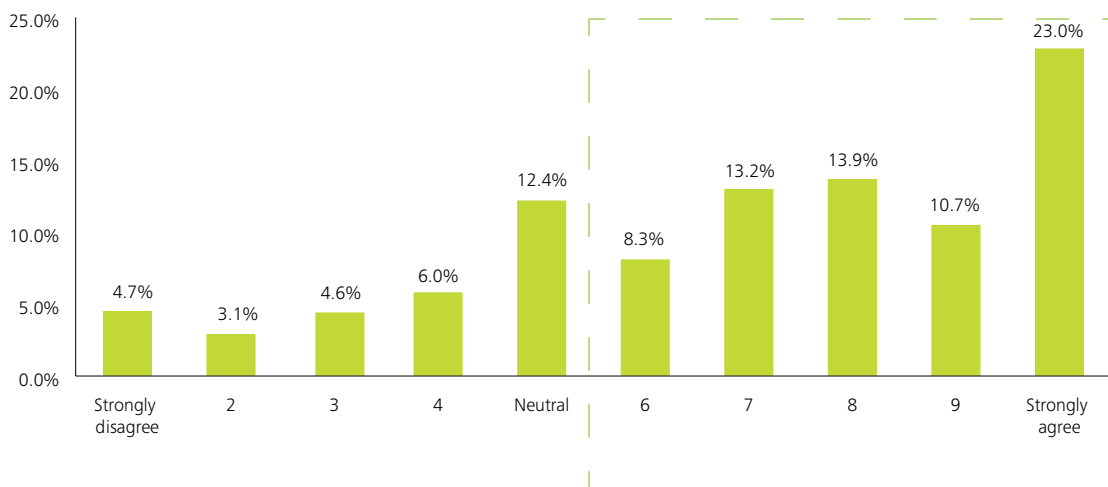
I would prefer to know the final selling price upfront, eliminating vehicle incentives from the vehicle purchase equation (selling prices vs. MSRP)



The Gen Y respondents were lukewarm when it comes to vehicle incentives. The majority (85%) would gladly eliminate vehicle incentives from the purchasing equation if it meant they could simply know the final selling price upfront.

Buying experience

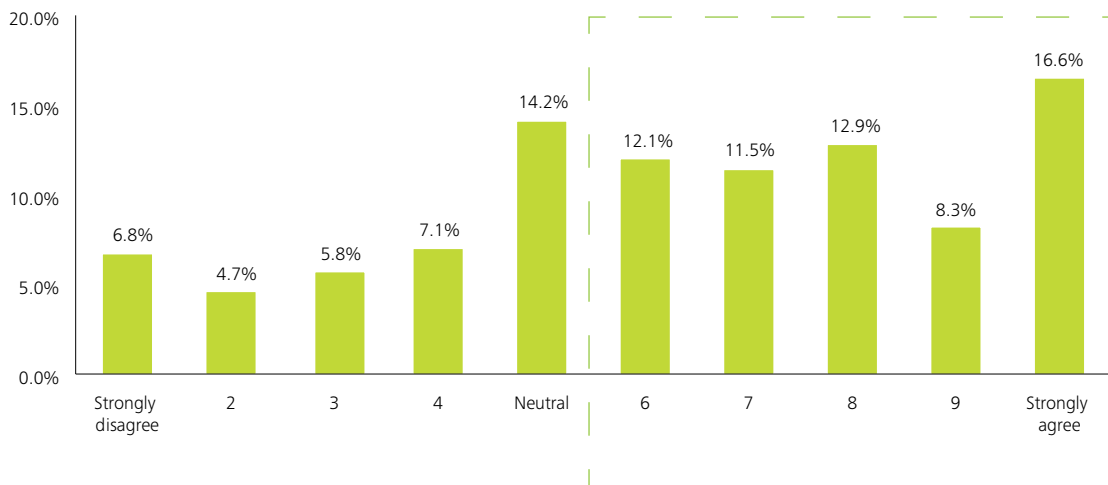
I would like to be able to test-drive a vehicle for 24 hours



Having an adequate trial run is important to Gen Y respondents. According to the survey, nearly 70% would like to test-drive a vehicle for 24 hours before making a decision and 23% strongly agree.

Buying experience (cont.)

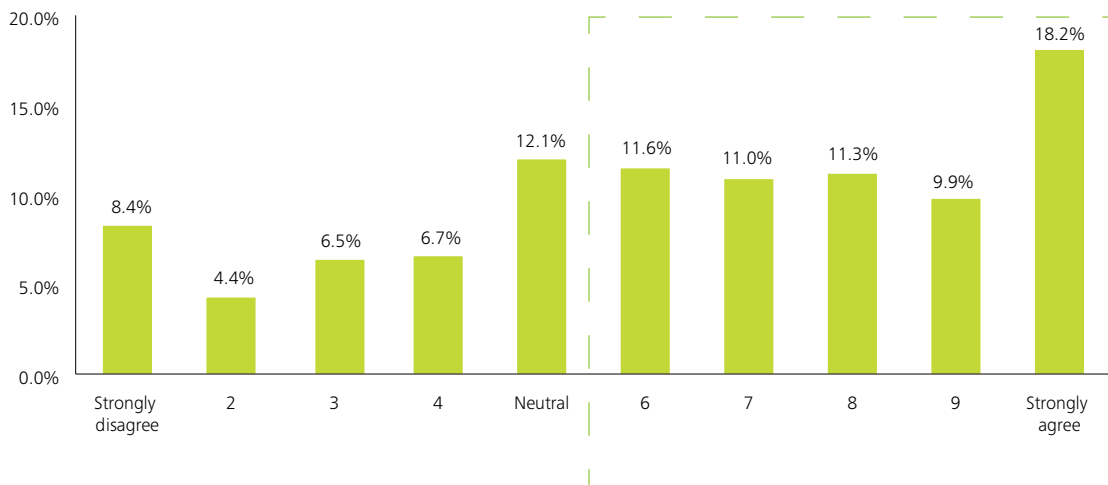
I would prefer to purchase without negotiating with a salesperson



More than 60% of the Gen Y respondents would prefer to skip price negotiations with a salesperson.

Buying experience (cont.)

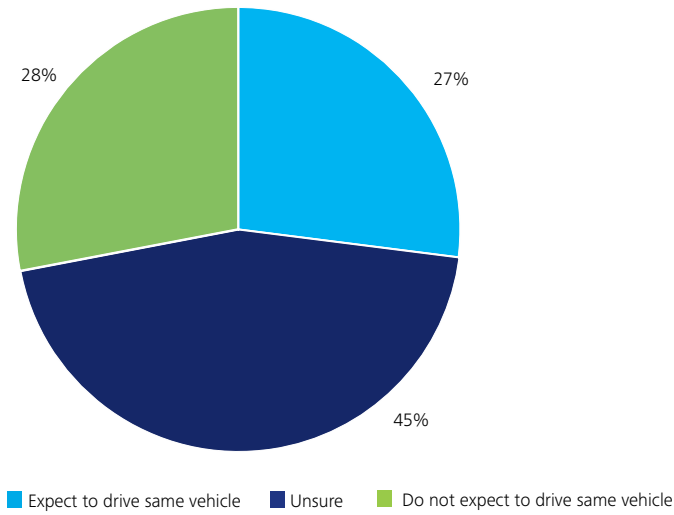
I would prefer not to haggle over the price of a car



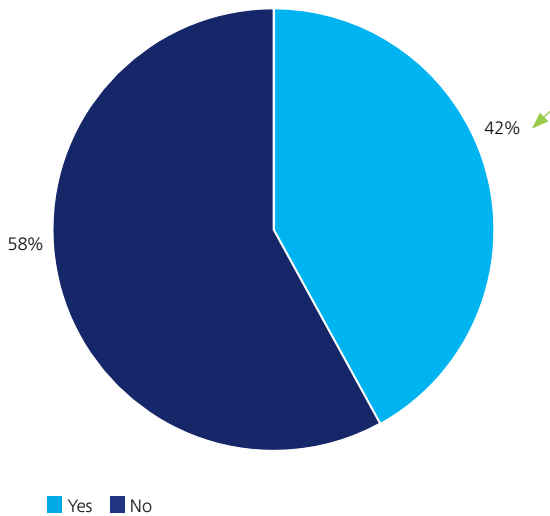
Nickel and diming, wheeling, dealing and schmoozing do not work for Gen Y respondents. More than 62% prefer a straight forward, no-hassle process when purchasing a vehicle. Further they indicated their preference for getting the information they need over the Internet from the dealer rather than having face-to-face conversations with salespeople.

2008-2009 survey benchmark questions

Do you think that, five years from now, you will be driving the same vehicle brand that you are currently driving? (2008 data)



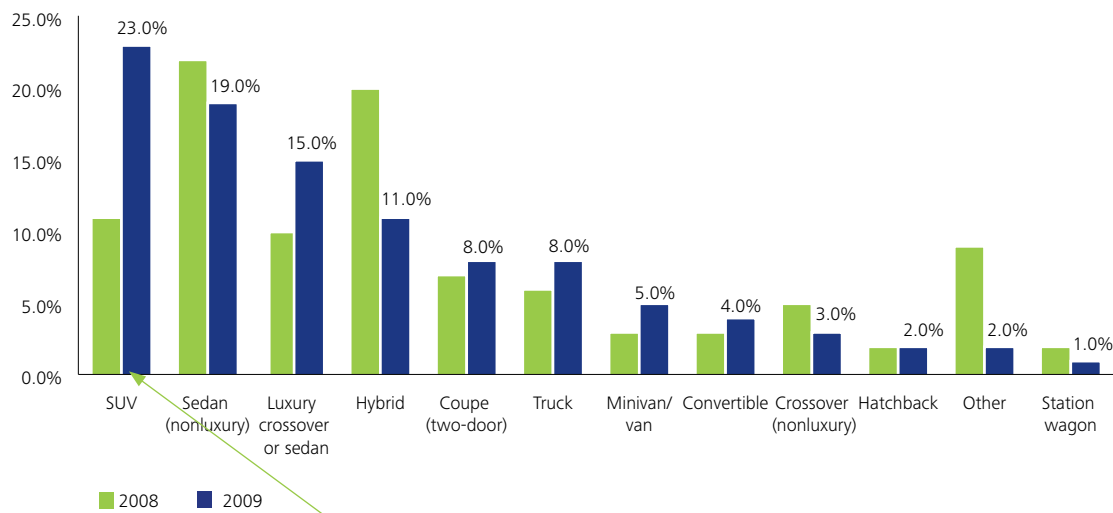
Do you think that, five years from now, you will be driving the same vehicle brand that you are currently driving? (2009 data)



Brand loyalty is back for Gen Y respondents. In the 2008 survey, only 27% of respondents said they expect to be driving the same vehicle brand in five years compared with 42% of respondents in the 2009 survey. This indicates that respondent's loyalty to a specific brand has increased by more than 15 percentage points year over year.

2008-2009 survey benchmark questions (cont.)

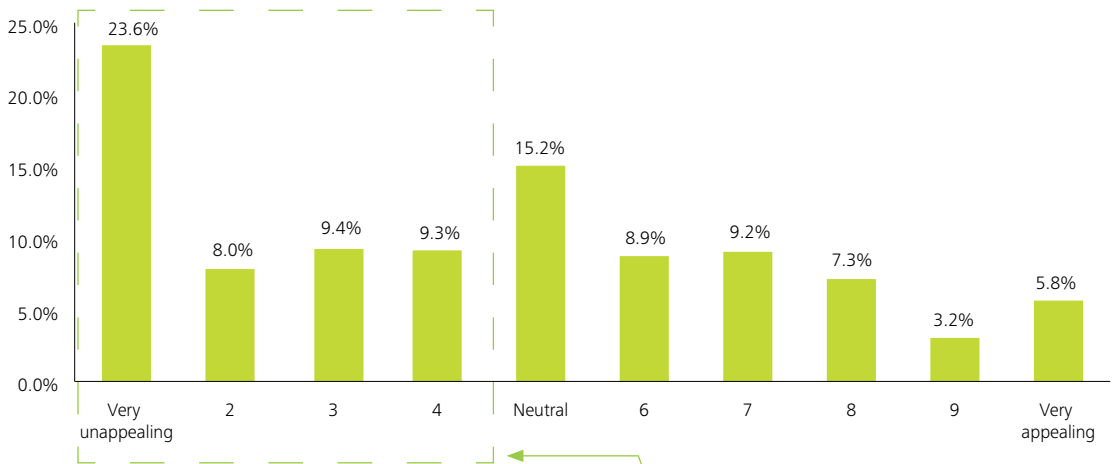
What type of vehicle do you see yourself driving in five years?



SUVs are making a comeback. As the economy slowly rebounds and the price of gas remains lower than 2008, the Gen Y respondents demand for SUVs is increasing. Nearly one in four (23%) said they see themselves driving an SUV in five years, up from only 11% last year.

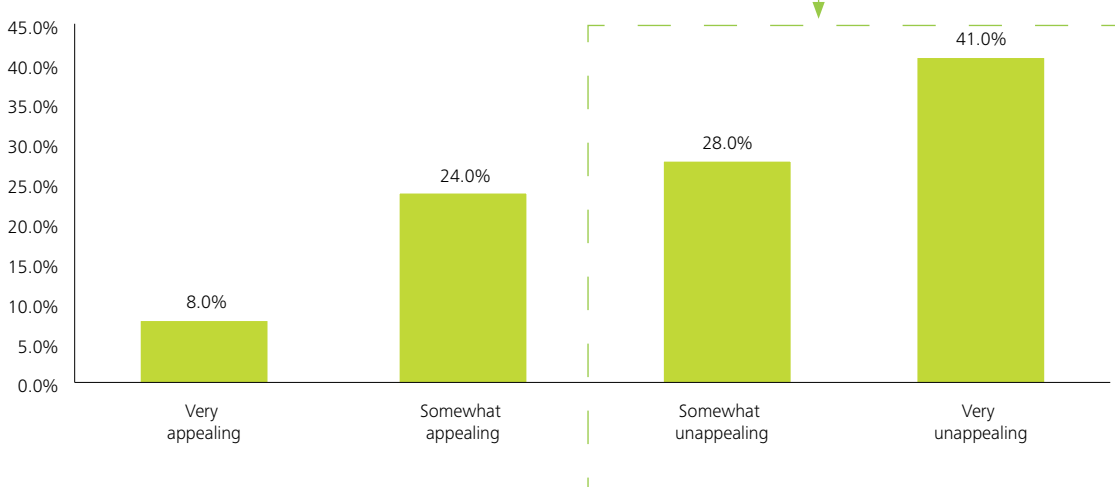
2008-2009 survey benchmark questions (cont.)

How appealing or unappealing is the idea of working in the U.S. auto industry? (2009 data)



Jobs in the auto industry are making a comeback. In 2009, only 50.3% of Gen Y respondents found the idea of working in the auto industry unappealing, that's down from almost 70% in the 2008 survey.

How appealing or unappealing is the idea of working in the U.S. auto industry? (2008 data)



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For more information on Deloitte Automotive Gen Y study visit www.deloitte.com/us/genyconnection

About the Survey

The survey developed and administered by Deloitte in cooperation with The Eli Broad Graduate School of Management at Michigan State University. The survey included 1,100 participants aged 18 to 30. Respondents were randomly drawn from a panel of individuals who agreed to participate in online surveys and the random sample was designed to mimic the ethnic and regional profile of the United States.

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