

News Release

Contact: Allyson McKenney
Public Relations
Deloitte
+1 203 708 4406
amckenney@deloitte.com

Austin Lamb
Public Relations
Hill & Knowlton
+1 312 255 3120
austin.lamb@hillandknowlton.com

U.S. AUTO INDUSTRY'S IMAGE SHOWING SIGNS OF IMPROVEMENT IN THE EYES OF AMERICA'S YOUTH ACCORDING TO DELOITTE SURVEY

Among Participants, Automotive Jobs and American-Made Vehicles Are Areas Showing Real Progress

DETROIT, Jan. 11, 2010 — 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.

One of the most promising indicators that show's perceptions may be improving is the shift in Gen Y responses regarding jobs in the auto industry. Last year's Deloitte Gen Y survey showed that nearly 70 percent of the Gen Y respondents were not interested in working in the automotive industry. But, according to this year's survey, that number improved with only 50 percent of the respondents indicating that the idea of working in the U.S. auto industry was not appealing to them.

"A twenty point shift over a year may be indicative of a change in perception of the industry," said Michelle Collins, vice chairman and U.S. automotive sector leader, Deloitte LLP. "Among the list of challenges facing companies in the current economic environment, recruiting and retaining the best workers is vital to supporting growth initiatives today and in the future."

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Economic challenges sent shockwaves throughout the automotive industry in 2009 and the impact could be felt as consumer perceptions changed concurrently. Gas mileage and vehicle affordability emerged as the most important considerations for the Gen Y respondents purchasing cars, as opposed to a year ago when data showed safety was their number one decision-making factor.

Manufacturers affected by economic challenges certainly felt the effects of belt tightening across the country, as federal bailouts and bankruptcies made headlines throughout 2009. The resounding impact of these challenges made a lasting impression on the Gen Y respondents, as 44 percent indicated they preferred to purchase a vehicle from a brand that did not accept federal bailout funds. Similarly, only 36 percent reported they would consider buying a vehicle from a company that is or has recently been in bankruptcy.

Gen Y consumers may also be taking the value proposition of used cars versus new cars a lot more seriously. According to the survey, more than 63 percent of Gen Y respondents believe used vehicles are a greater value than new vehicles and they're more than three times as likely to purchase used over new. "Generation Y is typically a group that thinks "newer is better," but as the economy is slow to recover and jobs are hard to find, this generation may help reshape the car buying process," said Collins.

Another theme that emerged through the survey findings is that the Gen Y respondents are particularly loyal when it comes to automobiles—they are loyal to brands and they are loyal to their country. The survey showed that the "Made in the USA" label still carries a lot of weight, especially among the Gen Y respondents. More than 52 percent stated it's important that the vehicle be manufactured in an American factory no matter what brand it is. Additionally, nearly half (42 percent) of respondents reported they expect to be driving the same vehicle brand in five years, and that's up a little more than 15 percent from last year's survey where only 27 percent indicated that they expected to be driving the same brand five years later.

Though the responses suggest the make of the vehicles Gen Y drives won't be changing, the model these consumers drive will likely change drastically over the next five years. According the survey, SUVs are making a comeback. As the economy slowly rebounds and the price of gas remains lower than 2008, the demand for SUVs is increasing. Nearly 1 in 4 (23 percent) respondents from this year's survey indicated that they see themselves driving an SUV in five years, up from only 11 percent last year.

While bigger may be making a comeback, one thing is certain to the respondents, green is here to stay and they are willing to pay more for it. The majority of respondents (64 percent) stated they were willing to pay more for a vehicle that was either environmentally friendly or one that saves money on energy costs. Nearly three-fourths (73 percent) of respondents declared the environment as an extremely important factor when purchasing a vehicle, and nearly half (49 percent) believe the type of vehicle they drive "makes a concrete difference in addressing global and local concerns about the environment."

Some interesting trends also emerged about Gen Y's likes and dislikes when it comes to vehicle shopping. Social media sites and blogs may be one of the most popular ways for Gen Y to communicate, but they may not help sway purchasing decisions when it comes to automobiles. According to the Deloitte survey, nearly 60 percent of Gen Y respondents reported they do *not* look for advice or information on blogs or social media forums before purchasing a vehicle.

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They tend to turn to on-line search engines to find information on vehicles and they trust auto manufacturers' sites the most. When it comes to physically going into a dealer, the Gen Y respondents are largely unsatisfied with the overall dealership experience. No haggle is the preferred method of doing business with them. The survey showed that 85 percent of respondents would prefer to know the final selling price upfront and more than 60 percent stated they would prefer to skip pricing negotiations altogether with a salesperson. Additionally, the majority indicated that they are anxious when a dealership salesperson approaches them and they would prefer to have the sales process occur over the internet without any face-to-face interaction.

Gen Y's Analysis of Their Generation

In order to get a better understanding of what makes this market tick, Deloitte released the survey results to four universities from across the country. Each team was asked to focus on one of the following topics and discuss how manufacturers can better understand Generation Y, the future car buyers and leaders of America.

- Attitudes towards "green" efforts
- Consideration and shopping process
- Perceptions of affordability and value
- Loyalty winners and losers

The students then presented their conclusions during a town hall-style forum during Press Preview days at the 2010 North American International Auto Show (NAIAS).

For a more in-depth look at the survey and other insights on Gen Y please go to www.deloitte.com/us/genyconnection

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About the Survey

The survey was developed and administered by Deloitte in cooperation with the Marketing Department at The Eli Broad Graduate School of Management at Michigan State University and included 1,100 participants age 18 to 30 (born between 1979 and 1991). Respondents were randomly drawn from a panel of individuals who agreed to participate in online surveys and the random sample was evenly dispersed across geographic regions.

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