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Who Won the Hearts and Minds of the Ethnic Customers in 2006?

Strategic Vision has the answers.

San Diego—Why are African American’s purchasing more Nissan Altimas and Dodge Chargers and Asian Americans purchasing more Toyota Camrys and Honda Civics than other vehicles available to them? “While building well designed, capable and quality vehicles, at the most discounted price, have the ability to generate sales; it doesn’t start there. It begins with understanding the values that direct the decision making process within the new vehicle buyer," says Alexander Edwards, president of Strategic Vision’s automotive research group. Various brands and models of new vehicles address cultural distinctions, and answer questions such as why Nissan and Chrysler sales are higher among African American new car buyers while Toyota has market share with Hispanic and Asian buyers.

The ethnic profiles of the African American, Hispanic and Asian communities are taken from the syndicated New Vehicle Experience Study (NVEST™) completed by Strategic Vision each year in the automotive industry. Possession of these emotions and values are not exclusive to these groups, but are distinctive in the strength or magnitude of their importance.

Top Priorities Among the Minority Communities

African Americans			Hispanics		
	<u>% Top Box*</u>	<u>Index**</u>		<u>% Top Box*</u>	<u>Index**</u>
<u>What I want in my life:</u>			<u>What I want in my life:</u>		
To Be Refined	53%	156	To Feel Powerful	41%	171
A Sense Of Prestige	53%	154	A Sense Of Prestige	55%	159
To Be Finished, Sophisticated	43%	153	To Be Finished, Sophisticated	44%	157
Expressing My Individuality	62%	150	To Be Refined	51%	149
To Do Exciting Things	61%	143	To Do Exciting Things	62%	147
Asians					
	<u>% Top Box*</u>	<u>Index**</u>			
<u>What I want in my life:</u>					
A Sense Of Prestige	44%	128			
To Do Exciting Things	53%	125			
To Be Refined	41%	119			
To Be Finished, Sophisticated	33%	119			
Having Fun In My Life	74%	114			

Tables arranged at highest index score for each minority community.

***% Top Box** = Those who said this "Clearly Describes What I Want."

****Index** = How much over Industry Average. (E.g. Refined for African Americans is 156. This means that African Americans were 1.56 times more likely to have stated this desire.

Overall, a sense of refinement and prestige in themselves and the things about their lives is more desired than other new vehicle buyers and are ideal goals for all ethnic groups. Furthermore, as we have tracked minorities in the industry since 2003, we continue to find that African Americans still desire to express

their individuality in their choices and lifestyle more than any other group. Hispanics are looking for more empowerment in their lives and the Asian community is looking for enhanced fun over the macro community.

This is not to say that those in the ethnic communities who are potential new vehicle buyers have expectations and needs that are very different to the macro community, but they clearly show a distinctive emotional profile on key aspects of the “super values” (Security, Freedom, Esteem, and Balance), that make up the experience owners have with their vehicles. It is these super values which define the largest clusters of values and emotions identified by Dr. Darrel Edwards, CEO and founder of Strategic Vision, from the initial 868,458 respondents who completed Strategic Vision’s worldwide survey on values, emotions and behavior. The overall clusters have been validated against 1.6 million respondents worldwide.

How did the various brands do in meeting the ideal desires of the various ethnic communities? One rating used throughout the industry is Strategic Vision’s Total Quality Index (TQI). TQI captures the history, behavior and attribute ratings of 506 primary, secondary and tertiary attributes from the customers. In addition, it measures the emotional responses, perceptions, consideration factors, intentions, customer delight, and a number of other key indicators and aspects of experience. TQI captures the more complete experience the buyer has with his or her vehicle including both rational and emotional aspects. The index calculates the owners’ responses to product and the emotions that the experience creates and transforms the responses to a 1000 point scale for comparisons. Following is an array of TQI scores for luxury and non-luxury brands that are leaders for the various ethnic communities in 2006:

2006 Strongest Brands Among Minority New Vehicle Buyers*

African American Buyers		Hispanic Buyers		Asian Buyers	
Brand	TQI	Brand	TQI	Brand	TQI
Luxury Brands		Luxury Brands		Luxury Brands	
Lexus	929	BMW	919	Mercedes-Benz	916
Mercedes-Benz	920	Mercedes-Benz	917	BMW	913
Infiniti	907	Audi	915	Lexus	887
Lincoln	901	Volvo	906	Acura	880
Standard Brands		Standard Brands		Standard Brands	
Honda	898	Scion	909	Hyundai	883
Hyundai	891	Ford	896	Honda	871
Chevrolet	887	Honda	888	Volkswagen	867
Chrysler	885	Toyota	887	Mazda	855

*TQI scores listed were top for each group where adequate sample was available for 2006

Once personal priorities and vehicle\brand perceptions of the new vehicle customer are understood, it becomes clearer why these ethnic groups purchase the brands and models they do. Finally, taking into consideration purchase price and potential vehicle incentives, which vehicles sold the most to the different ethnic communities is not such a mystery.

Top Brands and Models Sold to Minority New Vehicle Buyers*

African American Buyers		Hispanic Buyers		Asian Buyers	
Top Brands		Top Brands		Top Brands	
Nissan	14%	Toyota	15%	Toyota	28%
Chevrolet	11%	Ford	11%	Honda	21%
Toyota	11%	Nissan	11%	Nissan	7%
Ford	7%	Chevrolet	11%	BMW	6%
Chrysler	6%	Honda	10%	Mercedes	5%
Dodge	5%	Dodge	4%	Lexus	5%
Honda	5%	Hyundai	3%	Acura	4%
Mercedes	3%	Jeep	3%	Mazda	3%
Kia	3%	BMW	2%	Scion	2%
Hyundai	3%	GMC	2%	Ford	2%
Top Models		Top Models		Top Models	
Nissan Altima	4%	Ford F-Series (F-150)	4%	Toyota Camry	6%
Nissan Sentra	3%	Toyota Corolla	4%	Toyota Sienna	6%
Chrysler 300	2%	Chevrolet Silverado 1500	3%	Honda Civic	6%
Chevrolet Silverado 1500	2%	Honda Accord Sedan	3%	Honda Accord Sedan	5%
Toyota Corolla	2%	Honda Civic	2%	Toyota Corolla	4%
Toyota Camry (MY 2007)	2%	Toyota Tacoma	2%	Honda Odyssey	3%
Ford F-Series (F-150)	2%	Nissan Sentra	2%	BMW 3 - Series	3%
Honda Accord Sedan	2%	Toyota Camry (MY 2007)	2%	Honda CR-V	2%
Honda Civic	1%	Nissan Altima	2%	Honda Pilot	2%
Chrysler Town & Country	1%	Hyundai Elantra	2%	Toyota Camry (MY 2007)	2%
Chevrolet Equinox	1%	Nissan Pathfinder	2%	Nissan Altima	2%
Dodge Charger	1%	Dodge Ram 1500 Pickup	1%	Toyota Highlander	2%

*Percent is market share of each ethnic group. (E.g. 14% of All African Americans purchase a Nissan Brand).

For example, as demonstrated constantly over the past three years, Nissan is a brand whose communications speak strongly to the principals of Freedom and Individuality. Combined with the right price point and incentives, the African American community has in the past and continues today to purchase more Nissan vehicles than any other brand. However, this position is not unassailable. For example, Chrysler vehicles are rated highly among African Americans in metrics such as TQI and clearly meet refinement, prestige and individuality requirements with vehicles such as the Chrysler 300/300C and Dodge Charger.

The Hispanic community chooses Toyota or a big Ford truck. Are their choices revealed in their values and desires? They stand out as asking for power/empowerment. It is little wonder that Tokyo Drifting is populated with modified Toyotas and little doubt that Ford tough is not far off the mark. The Asian community wants more fun and includes BMW in their top brands. The profiles help understand the needs of the community or of the individual.

Strategic Vision's NVES provides specific directions to those who wish to sell more. The purchase behaviors of new vehicle buyers are directly influenced by the ability of the manufacturer and dealer to satisfy their needs and desires.

"Pride and individuality are directly related to exterior and interior style. In addition, the ability to add personal touches to your vehicle that customizes it to be your own is rewarding. Manufacturers need to be clearly aware what they can do to engender pride in ownership while making allowance for the buyers to express their individuality," says Dr. Edwards.

Are certain new vehicles addressing cultural distinctions? Yes, but it is not that the vehicle was built for a specific ethnic group; it's the understanding and delivery tailored to these distinctions that will prove to be persuasive to target audiences/customers.