

2005 Suburban Newspaper Association of America

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Certified Pre-Owned Marketing



What are the Fastest Growing Segments of an Auto Dealer's Business??

- Opportunities You Need to Explore
- Dealer Ads Targeting Commercial Sales
 - Small Local Fleets (<10 units)
 - 5.6 million vs. 2.7 million for Large Fleets
- Dealer Ads Targeting Certified Used Vehicle Sales
 - CPO = Certified Pre-Owned
 - CPO is setting records Year after Year
 - Soon to pass 2 million units



In 1995 A New Market Emerged



**New
Vehicles**

**Certified
Pre-Owned
Vehicles**



**Traditional
Used**



The Certified Opportunity

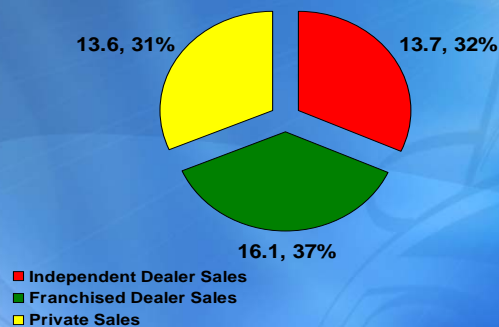
- New Car 15.2 to 16.9 million in 2005
 - Flat or down from 16.9 million in 2004
- Certified 1.64 million in 2005
 - Up 3.8% over 2004
 - CPO Sales have Doubled since 2001
- All Manufacturers have a CPO Program
 - Subaru Just Announced Their Program



Source: Auto Data/Automotive News

The Certified Opportunity

43 Million Used Cars will be Sold in the US in 2005



- Demand for CPO Estimated at 9.0 Million
- 1.6 Million CPO Sold this Past Year (10% of Franchise Used Sales)



Source: Used Car News

Used vs. New Buyers

- Younger (where most all marketers want to target)
- Less Affluent
- Less Educated (haven't graduated yet or blue-collar); Some College
- More Single
- A Little More Female



Source: MSX; SSI Surveys

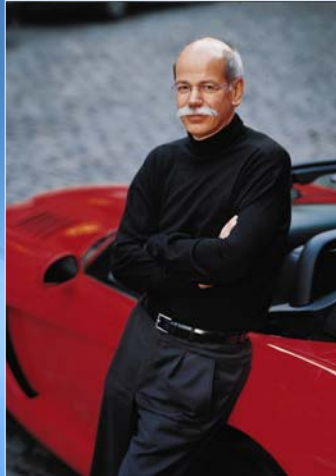
Certified Buyers vs. Used Buyers

- Still Young, but Older than Used Buyers
- High-End of the Used Demographics
 - Graduated, or Have a Job
- My Dodge CPOV Buyers are More Likely to be College Grads than Dodge New Buyers
- Wealthy White Men
- Willing to Pay \$1,000 More than Regular Used



Source: JD Powers 2003 Used Vehicle Study

The Factory Perspective of CPO



Dr. Dieter Zetsche
President & CEO
DaimlerChrysler

“Our Certified Pre-Owned Vehicle Program is an integral piece of our overall strategy to increase the reliability, reputation, and the residual value of our products. ...

...it drives incremental showroom traffic and adds to the value of the franchise.”

June 2003



What Consumers like about CPO

- Worry Free
- Late Model, Low-Mileage, Lot's of Life Left
- Factory Warranties (Power train, B to B)
- Inspected
- Road Side Assistance
- Car Rental Allowance
- Vehicle History, No Lemons, No Wrecks, etc.
- Willing to Pay up to \$1,000 More
- \$1,500 for a Luxury Brand CPO



What Dealers Like about CPO

- More \$\$\$
- More Likely to Return to the Same Dealer for Next Purchase
- More Likely to Return to the Dealer for Service & Parts
- **NEW MARKET** (not New Buyers, not Regular Used Buyers)
- CPO Actually Helps Sell New (remember that fact).



Source: JD Power Used Vehicle Market Study

Marketing CPO

- Pretty Much Just Like New Car
- In 2004, TMR Media & AC Nielson Reported \$128 MM; it's More Like \$228MM due to Internet
- Still, Only 55% of Used Buyers Have Even Heard of CPO's
- We Need More Awareness
- Find Out About Manufactures' CO-OP Programs



Source: JD Power Used Vehicle Market Study

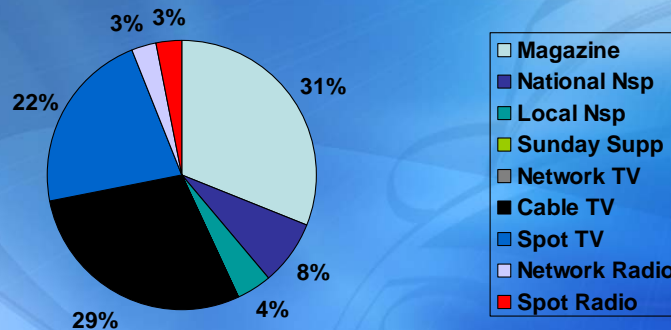
Marketing CPO (cont.)

- Online Sources are Now the #1 Source Method that Lead a Buyer to the Vehicle They Actually Purchase
- 54% of Used Buyers Located the Vehicle They Bought Via the Internet (20% in '99)
- By 2010 the Estimate is 70%
- Be Aware & Make Sure the Ad You Sell Includes the Dealer's Website
- INTEGRATED MARKETING
 - Especially Locally



Source: JD Power Used Vehicle Market Study

Measurable Media Mix CYTD 2005



Around 12% Newspaper; and the local paper only gets 1/3



Source: 2005 ACN & Auto Data

What Can the SNA Do?

- Be Aware of the Opportunity
- Do What You Do Now, but Remember CPO Ads & Small Commercial Ads too
- I Suggest Separate Ads; ½ Page Ads
- Ask about CPO plans, Manufacturer's Co-op Programs
- It's New, It's Important, It's the Fastest Growing Segment of the Average Dealer's Business

