Deloitte.

Connecting with Gen Y: Making Cars Cool Again
Survey Findings

Executive Summary

The future of the auto industry will likely be driven by the choices and tastes of Generation Y. At 75 million strong and coming of age, this Generation may re-shape everything, and the auto industry better be ready.

To help prepare the industry for this dynamic age group, Deloitte initiated a survey which analyzed Generation Y's relationship with the automobile. The survey, "Connecting with Gen Y: Making Cars Cool Again" sheds some insight into what captures the automotive imagination of this Generation. Though the idea of "cool" varies, the survey found that the underlining qualifications, not up for negotiation, are safety and comfort.

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Deloitte's survey discovered that the majority of respondents felt a vehicle reflects a person's style, status and values, and the factors named most often as among the top three reasons that a vehicle is cool were exterior styling, affordability and being environmentally friendly. Among survey respondents, 44 percent said exterior styling was the most important factor in selecting a vehicle, 40 percent said affordability and 35 percent said environmentally friendly. These statistics are important as they represent an opportunity for auto manufacturers and suppliers to be creative and turn their new business models into customized programs tailored to reach this diverse market.

top three reasons that a vehicle is cool were exterior styling, affordability and being environmentally friendly.

Additional findings include:

- 63% of respondents saw the cost of a vehicle as an indicator of quality.
- Roughly 90% of respondents rated gas mileage, affordability, and performance as extremely or very important factors in the decision to buy or lease a vehicle.
- 49% of respondents preferred foreign vehicle brands, compared to only one-quarter who prefer U.S. brand.
- 28% do not expect to be driving the same brand, stating that their current vehicle was all they could afford or that it had been given to them.
- 45% are not sure whether they would be driving the same brand, stating that the decision would depend on their personal finances, their lifestyle, and the available incentives.

One area that continues to engage this Generation's imagination is environmental friendliness, which plays an increasing role in their perception of cool. Though the finding is not surprising, what is interesting is their willingness to pay more. More than half of respondents said that purchasing or leasing a vehicle made them think about broader concerns, with 62 percent stating the environment as the most important issue. Of those respondents, 80 percent said they are willing to pay more for a car that is environmentally friendly. Additionally, of those willing to pay more, 62 percent also viewed vehicles produced in an environmentally friendly factory as a determining factor in their decision.

80 percent said they are willing to pay more for a car that is environmentally friendly.

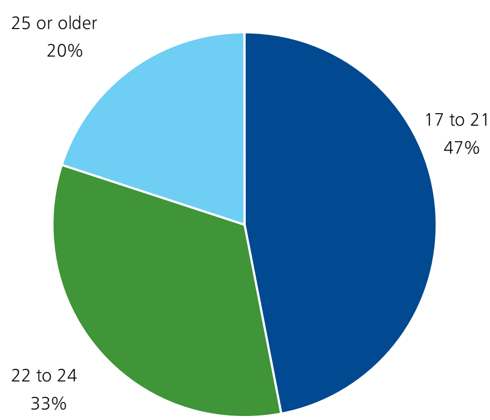
Finally, one of the most startling statistics found within Deloitte's Gen Y survey is that roughly 70 percent of this age group would not consider working in the automotive industry. With that sobering realization, the following pages of this Deloitte survey could very well be viewed as a stepping stone to better understand the largest generation since the baby boomers.

62 percent also viewed vehicles produced in an environmentally friendly factory as a determining factor in their decision.

Survey Findings

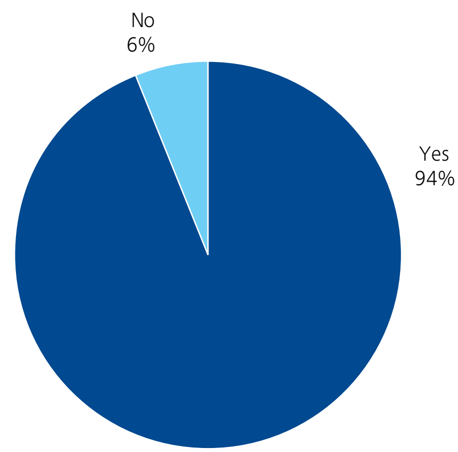
Just under half the respondents were 17 to 21 years old, with one-third 22 to 24 and one-fifth 25 or older.

Age of Respondents (Q1)



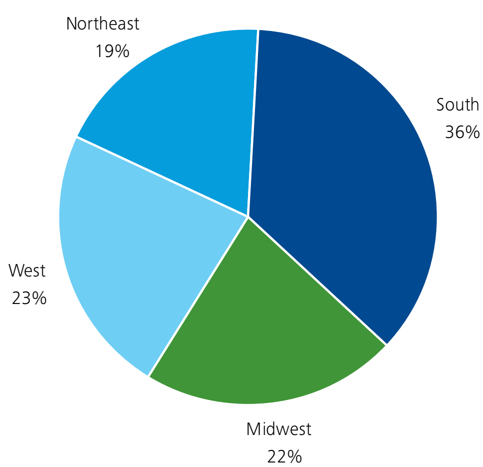
More than 90% of respondents had a driver's license.

Have a Drivers License (Q3)



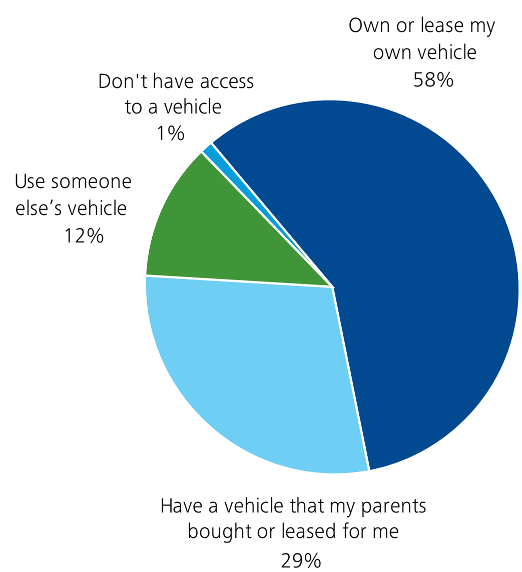
The sample was designed to match the regional distribution of the U.S. population.

Region of Residence (Q2)



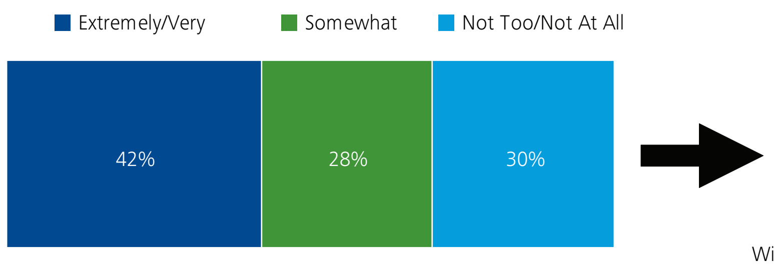
Almost 60% of respondents owned or leased their own vehicle.

Own or Have Access to a Vehicle (Q4)
Base = Respondents with Driver's License

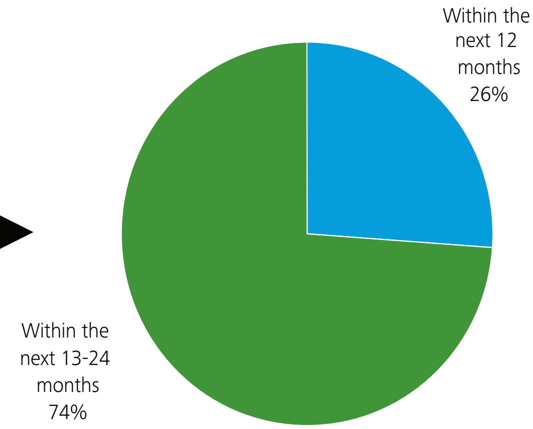


Almost three-quarters of respondents said it was at least somewhat likely they would buy or lease a vehicle over the next two years, although most said this would not happen until 13 to 24 months from now.

Likelihood to Buy or Lease Vehicle in Next Two Years (Q5)



Expected Timeframe of Purchase or Lease (Q6)
Base = Respondents Somewhat or Very Likely to Buy or Lease a Vehicle over Next Two Years

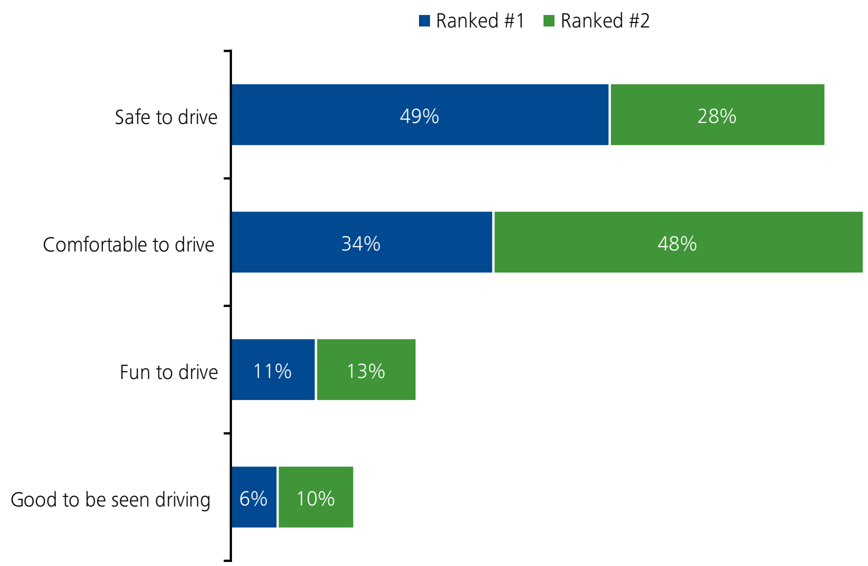


Vehicle Driven Most Often (Q7)
Base = Respondents with Driver's License

Sedan - non-luxury	43%
SUV	14%
Coupe	14%
Truck	8%
Minivan/Van	4%
Luxury Crossover/Sedan	4%
Hatchback	4%
Crossover (non-luxury)	3%
Wagon	2%
Hybrid	2%
Convertible	2%

Safety was considered the most important factor when choosing a car to drive, followed by comfort.

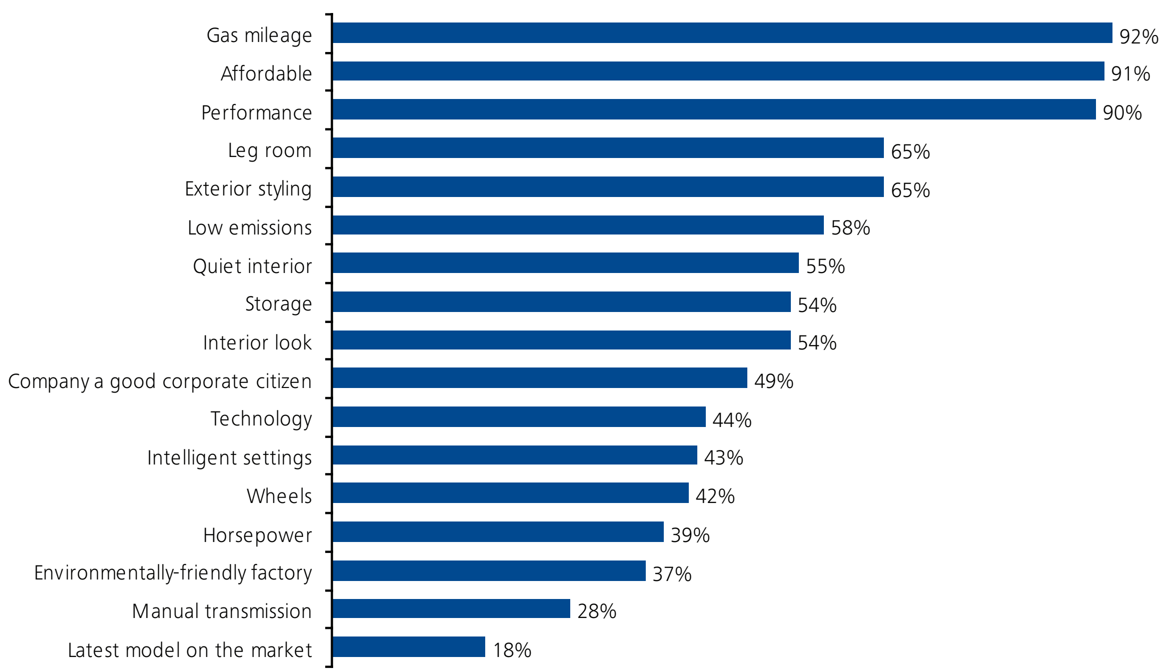
Important Factors when Choosing Car to Drive (Q8)



Gas mileage, price, and performance were rated the most important factors in the purchase decision.

Importance of Factors in Purchase Decision (Q9)

Percent Responding Extremely or Very Important

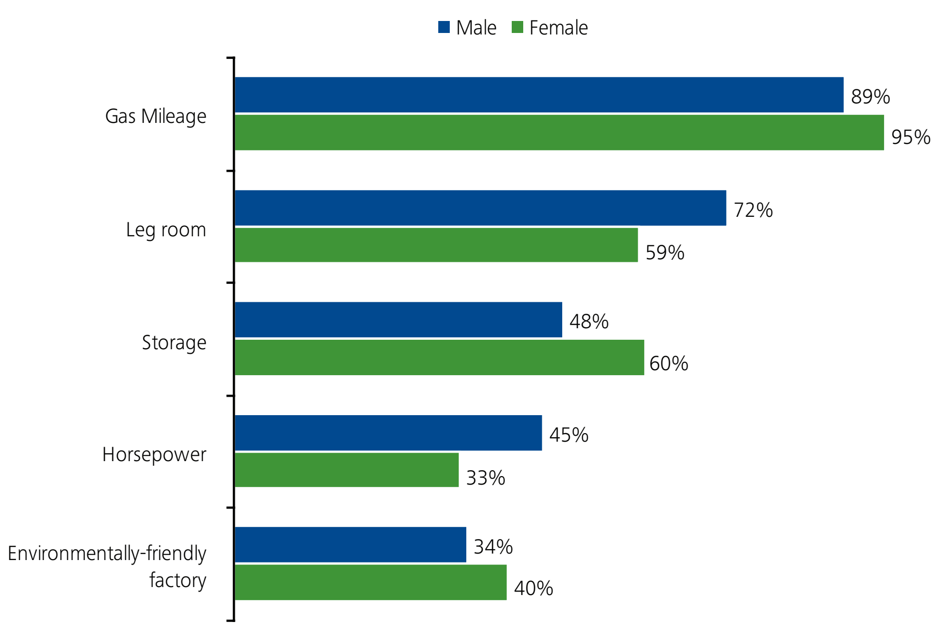


Respondents with lower personal or household incomes were more likely to rate gas mileage as an extremely or very important factor.

Importance of Gas Mileage on Purchase Decision by Income (Q9)
Percent Responding Extremely or Very Important

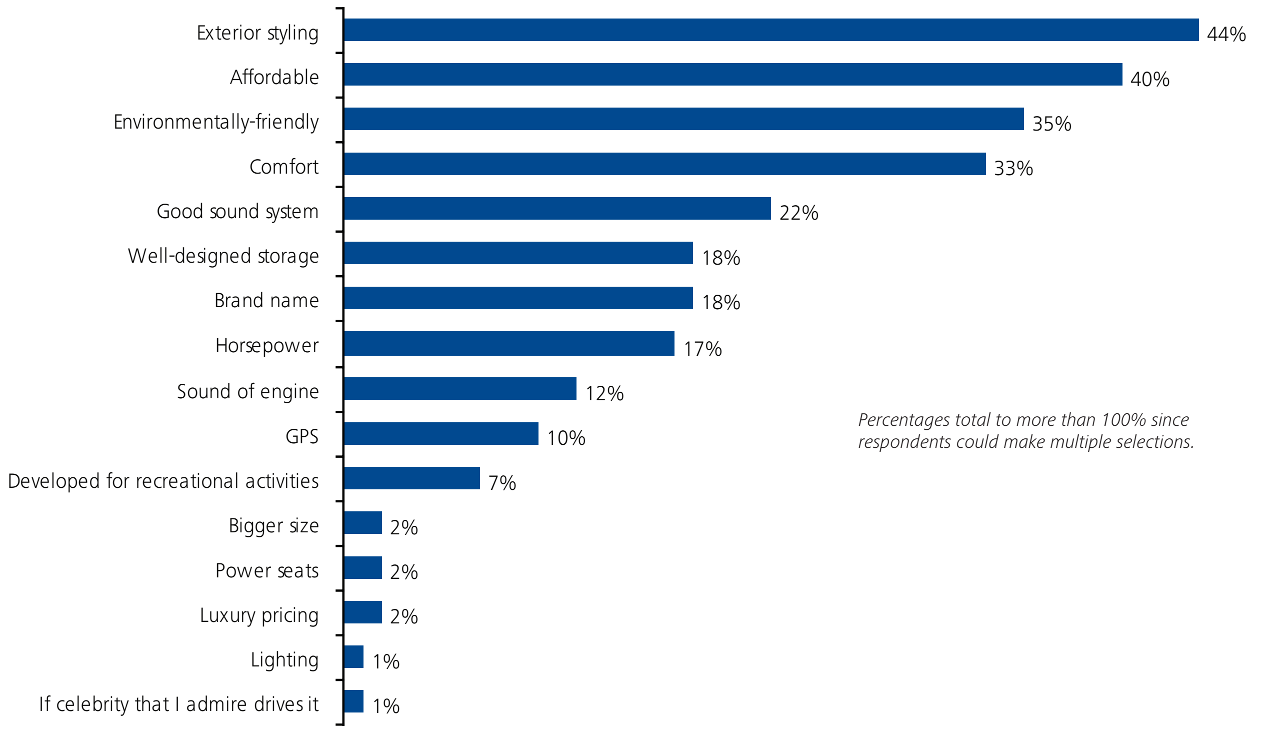
Women attached more importance than men to gas mileage, storage, and environmentally-friendly production, while men were more focused than women on leg room and horsepower.

Importance of Factors on Purchase Decision by Gender (Q9)
Percent Responding Extremely or Very Important



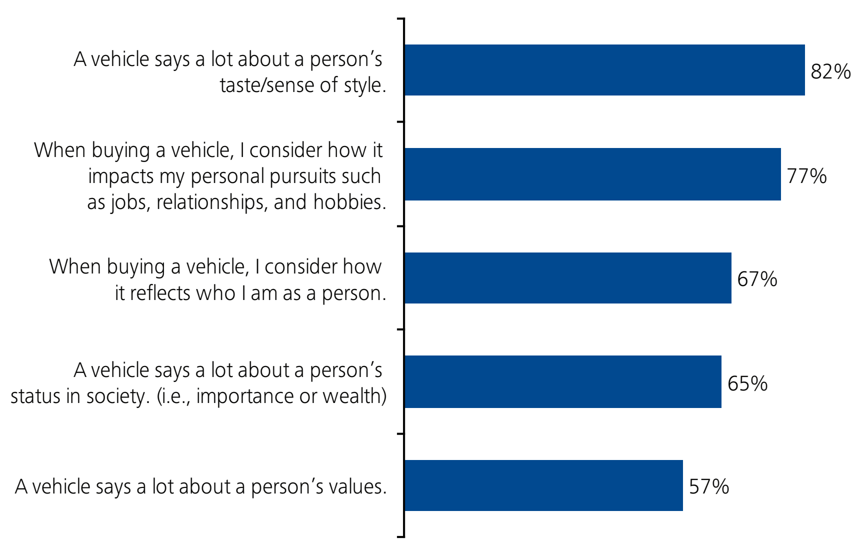
The reasons cited most often for making a vehicle cool were exterior styling, affordability, environmentally-friendly,

What Makes a Vehicle Cool (Q10)
Percent Selecting Factor among Top Three Reasons



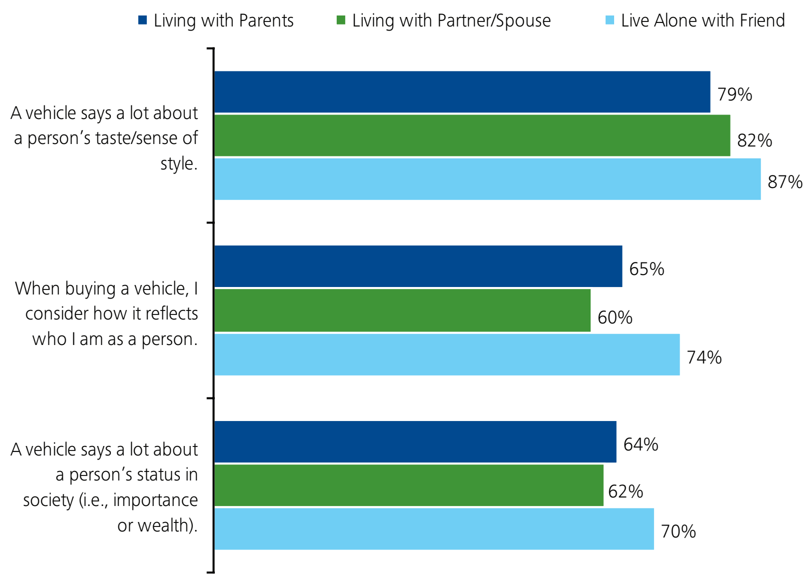
Roughly two-thirds or more agreed that a vehicle reflects a person's taste and status and that they consider these factors when making a purchase decision.

Attitudes towards Vehicles (Q11)
Percent Agreeing Strongly or Somewhat



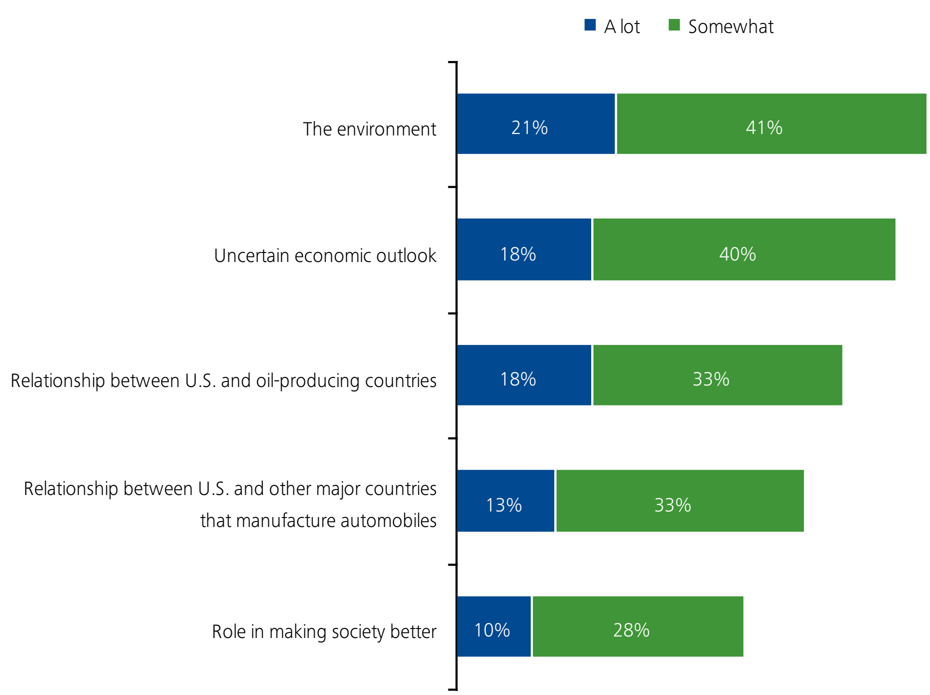
Respondents who live alone or with a friend were more likely to agree that a vehicle says a lot about a person's taste/sense of style and status, and to take this into account when purchasing.

Attitudes towards Vehicles by Living Situation (Q11)
Percent Agreeing Strongly or Somewhat



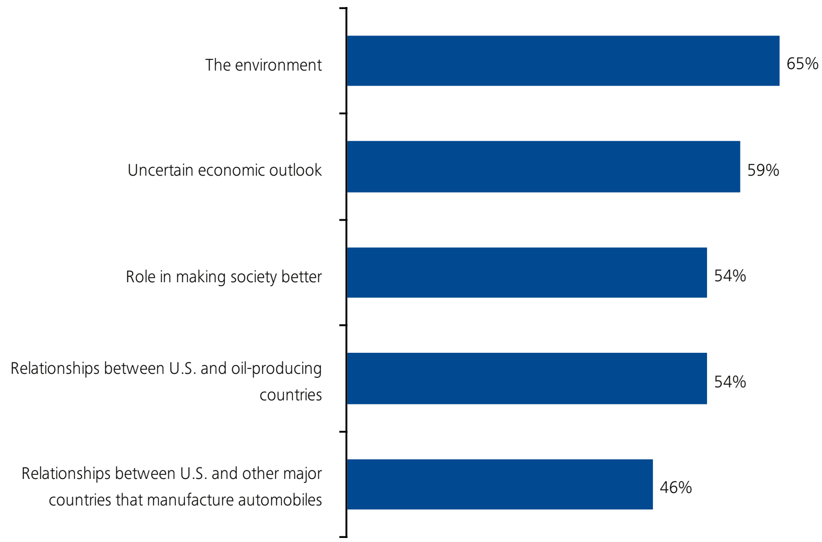
Roughly half or more of respondents said that purchasing or leasing a vehicle made them think about broader issues, at least somewhat (or they expected it would do so).

Extent of Thinking about Issues when Choosing a Vehicle (Q12)



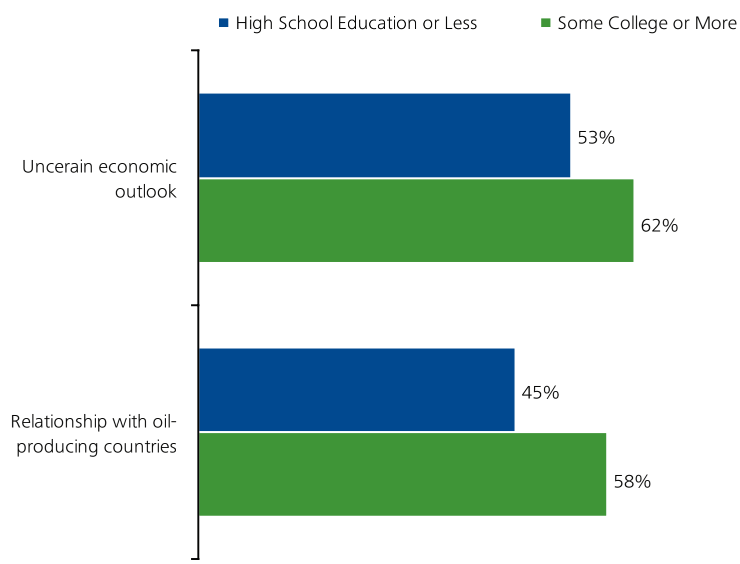
Among those who thought about the environment when buying or leasing (or expected they would), roughly two-thirds said this had (or would have) a strong impact on their decision.

Impact of Issues on Choice of Vehicle to Drive or Lease (Q13)
Percent Responding "Strong impact" (1 or 2 on 5-point scale) Base for Each Issue = Respondents Thought about Issue a Lot or Somewhat



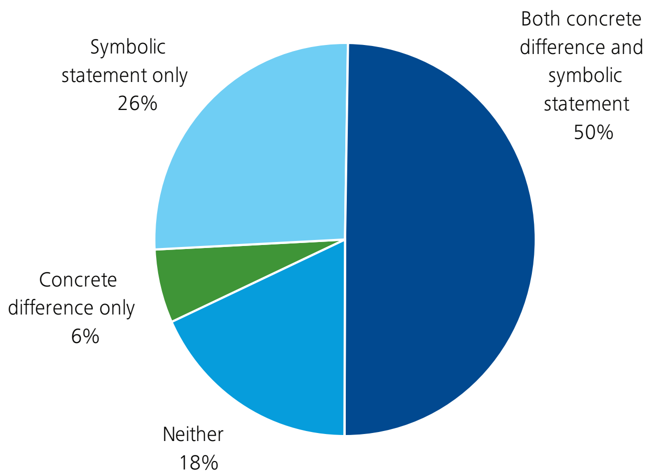
Respondents who had attended college were more likely to say that thinking about the economic outlook and the relationship with oil-producing countries had a strong impact on their purchase decision.

Significant Impact of Issues on Decision to Drive Vehicles (Q13)
Percent Responding "Strong impact" (1 or 2 on 5-point scale) Base for Each Issue = Respondents Thought about Issue a Lot or Somewhat



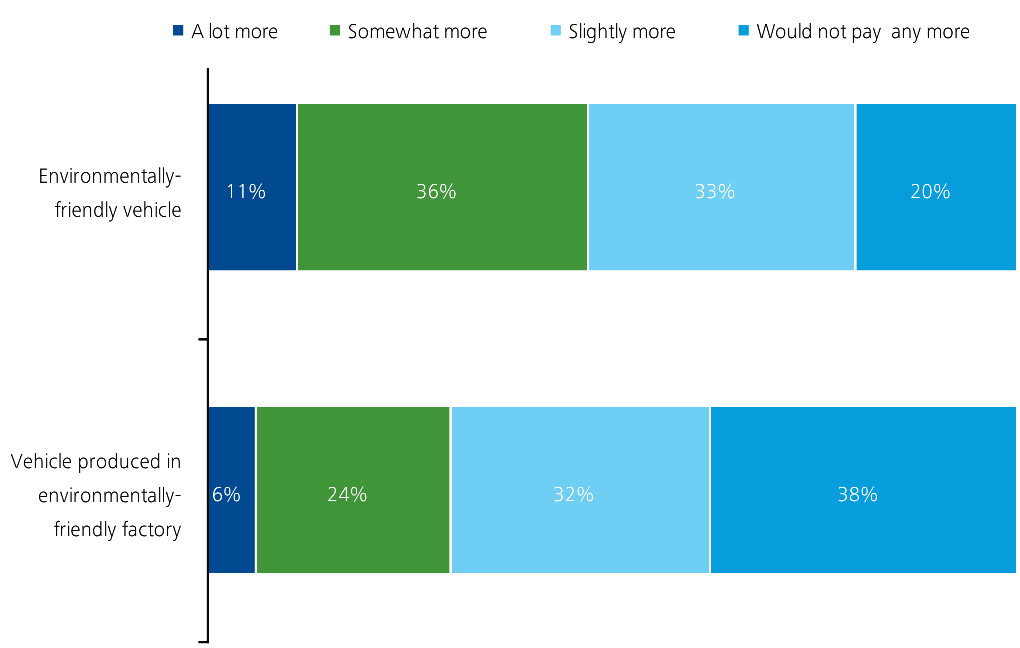
Half the respondents felt that the type of vehicle they drive makes both a concrete difference and also a symbolic statement in addressing local and global concerns.

Impact of Type of Vehicle Driven in Addressing Local and Global Concerns (Q14)



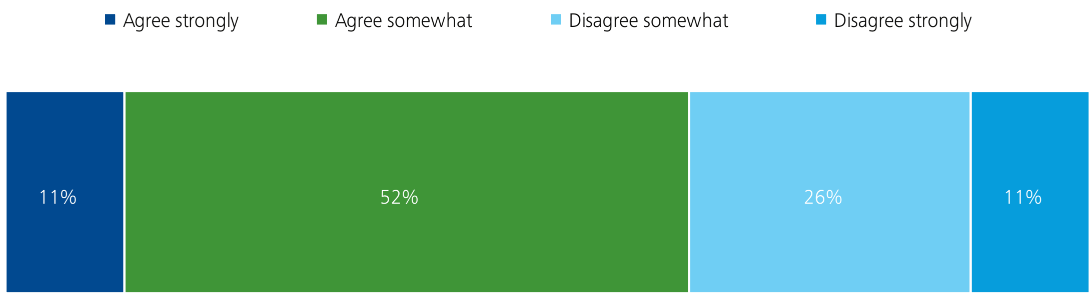
Almost half of respondents said they were willing to pay at least somewhat more for an environmentally-friendly vehicle, although fewer were willing to pay more for a vehicle produced in an environmentally-friendly factory.

Willingness to Pay More to Address Environmental Issues When Buying or Leasing a Vehicle (Q16)



Almost two-thirds of respondents see the cost of a vehicle as an indicator of quality.

Agreement or Disagreement with Statement: "The cost of a vehicle reflects its quality" (Q17)

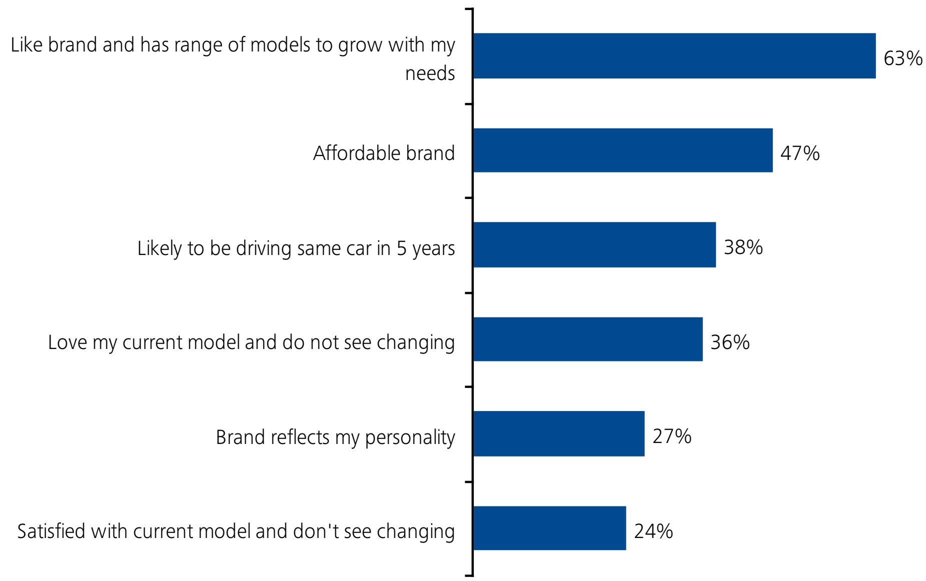


Vehicle Expected to beDriving in Five Years (Q19)

Sedan - non-luxury	22%
Hybrid	20%
SUV	11%
Luxury Crossover/Sedan	10%
Coupe	8%
Truck	6%
Crossover (non-luxury)	5%
Minivan/Van	3%
Convertible	3%
Hatchback	2%
Wagon	1%
Don't know	9%

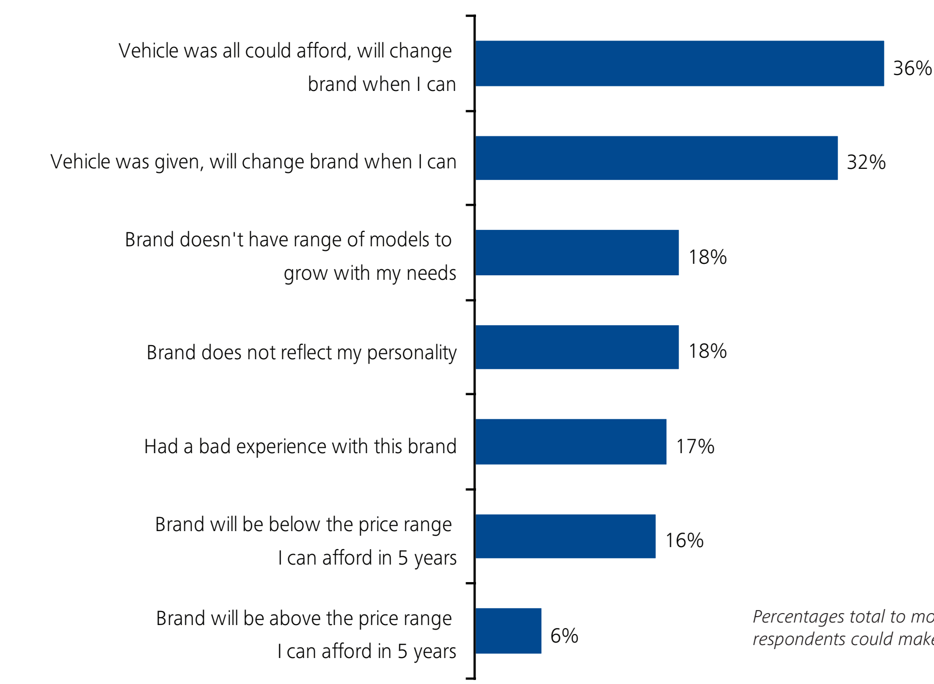
The most common reasons respondents expected to be driving the same brand in five years is that it can grow with their changing needs.

Reason for Driving Same Vehicle Brand in Five Years (Q20)
Base = Respondents Who Expect to be Driving Same Brand in Five Years (27% of Total)



The most common reasons respondents said they will not be driving the same brand in five years were that their current car was all they could afford today or that their vehicle was given to them.

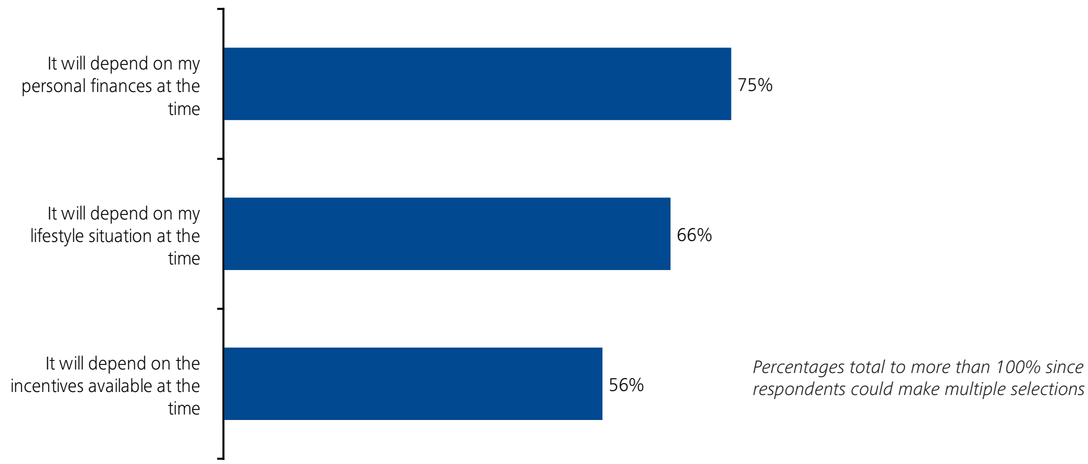
Reason for Not Driving Same Vehicle Brand in Five Years (Q21)
Base = Respondents Who Do Not Expect to be Driving Same Brand in Five Years (28% of Total)



Percentages total to more than 100% since respondents could make multiple selections

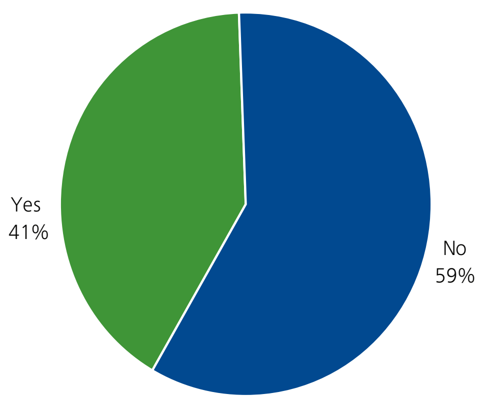
Respondents who were not sure what brand they would be driving in five years cited uncertainty about their finances, their lifestyle, and available incentive.

Reason for not being Sure Whether They will be Driving Same Vehicle Brand in Five Years (Q22)
Base = Respondents Who were not Sure if They would be Driving Same Brand in Five Years (45% of Total)



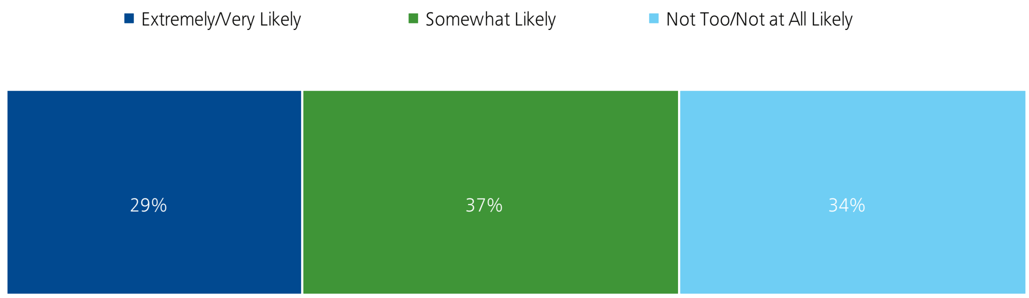
Roughly 60% of respondents do not drive the same vehicle brand as that of their parents.

Drive the Same Vehicle Brand as Parents Drive Now or have Driven in Past (Q23)



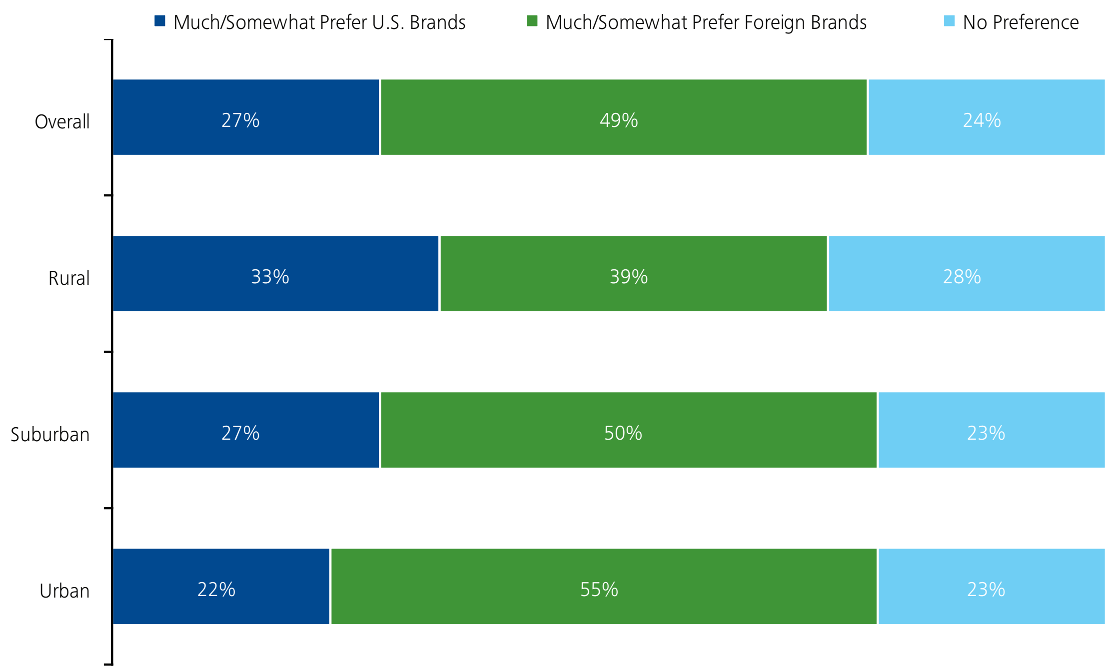
Only about one-third of respondents said it was extremely or very likely they would buy or lease the same vehicle brand as one that their parents drive or have driven in the past.

Likelihood to Buy or Lease the Same Vehicle Brand as Parents Drive Now or have Driven in Past (Q24)



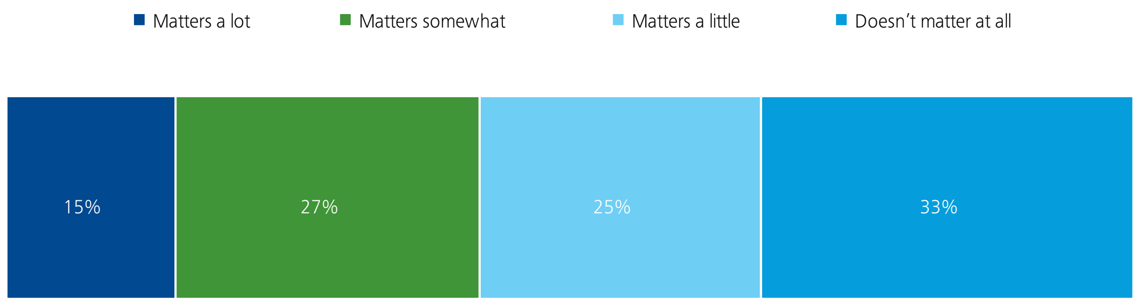
Roughly half of respondents preferred foreign vehicle brands, compared to only one-quarter who prefer U.S. brand. The preference for foreign brands was strongest among suburban and urban consumers.

Preference for U.S. or Foreign Brands (Q25)



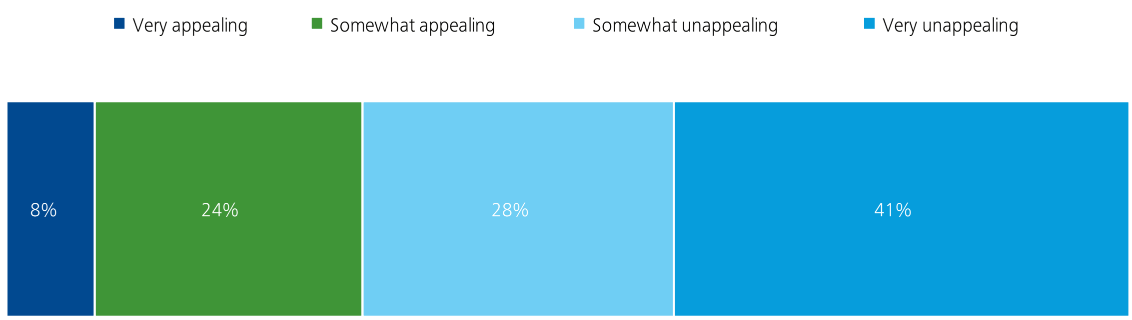
Almost 60% of respondents said it either doesn't matter at all or only a little if a car is manufactured in the U.S.

Degree to which it Matters a Car is Manufactured in the U.S.Rather than in Another Country (Q26)

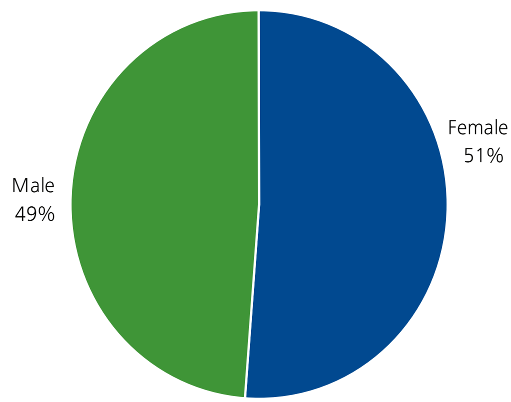


Roughly 70% of respondents said the idea of working in the U.S. auto industry was not appealing to them.

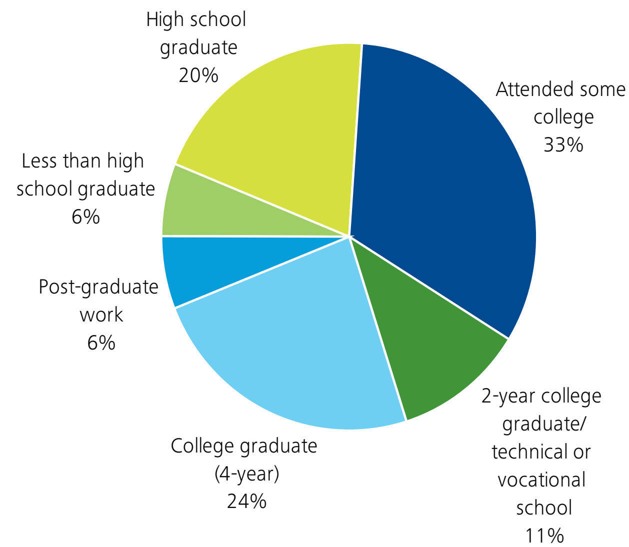
Appeal of Working in U.S. Auto Industry (Q27)



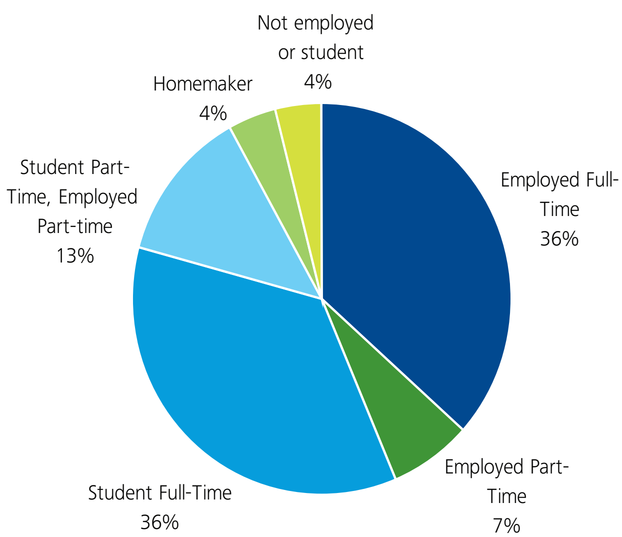
Gender (Q28)



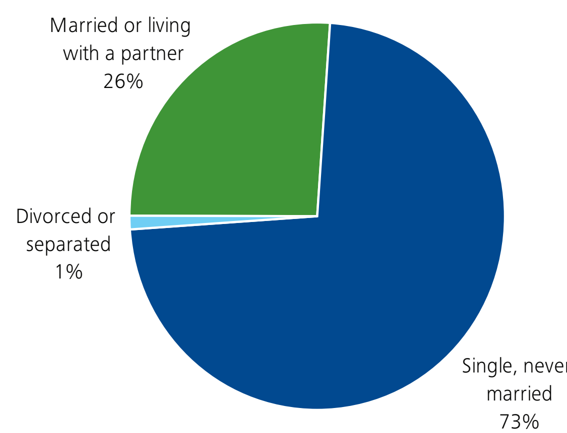
Educational Attainment (Q30)



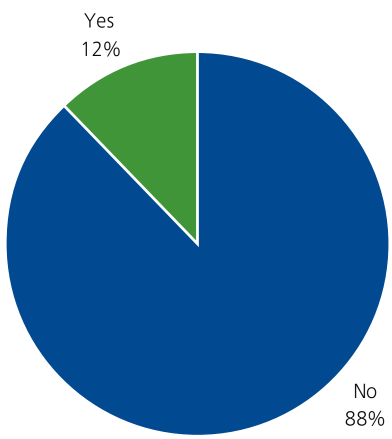
Employment Status (Q29)



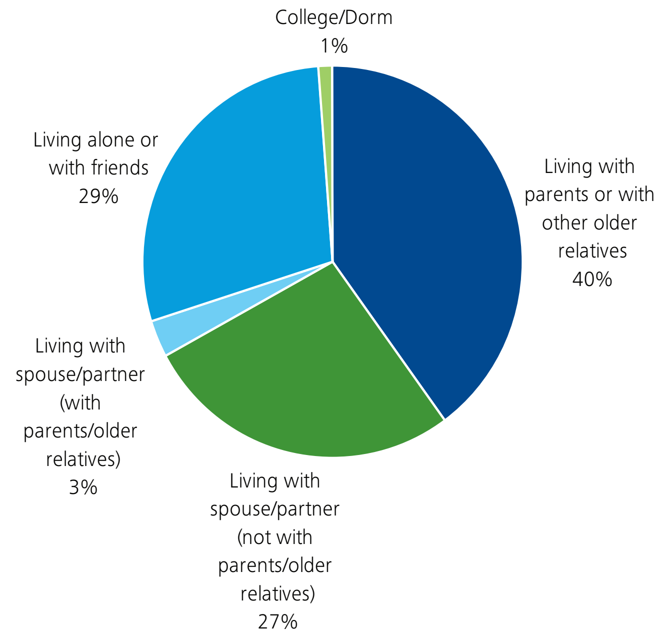
Marital Status (Q31)



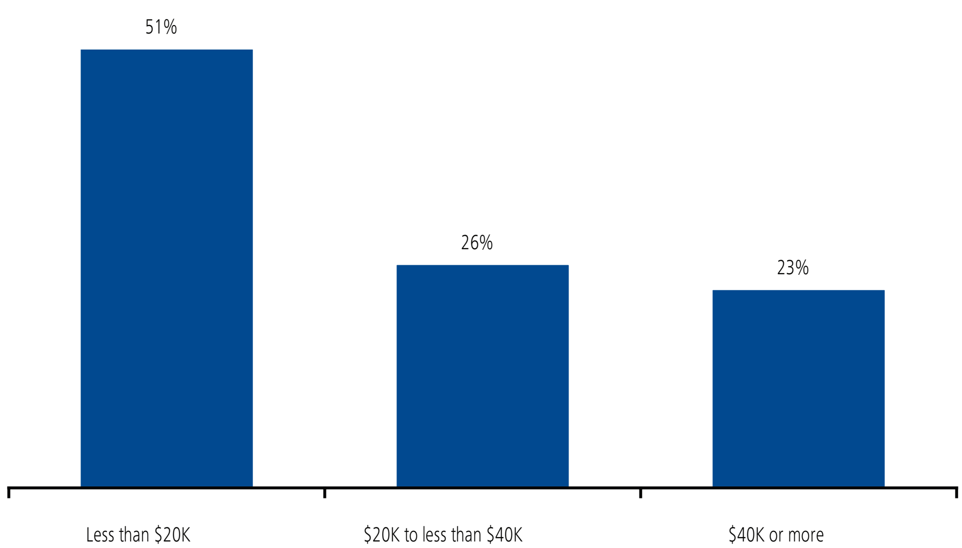
Children of Your Own, or that You Support, Living in Home (Q32)



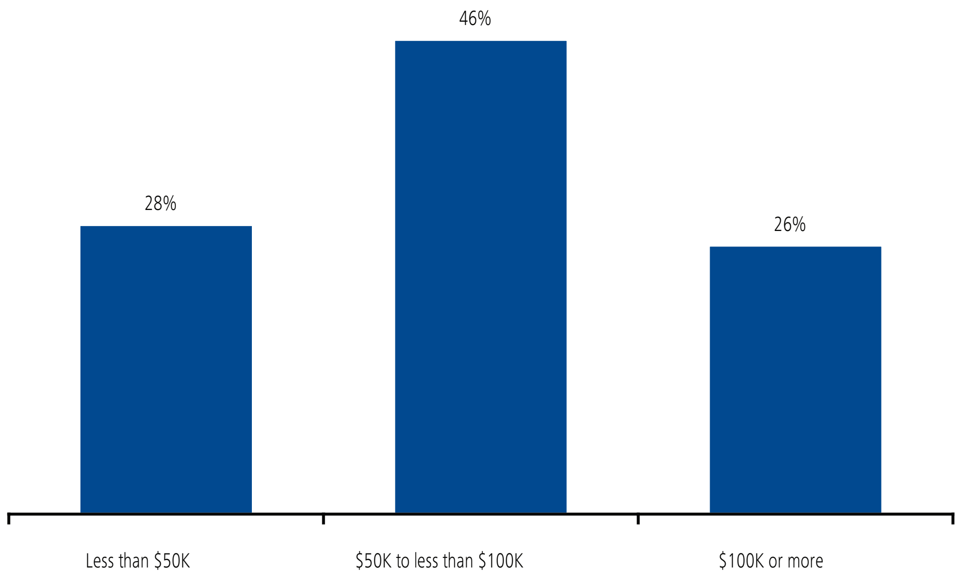
Living Situation (Q33)



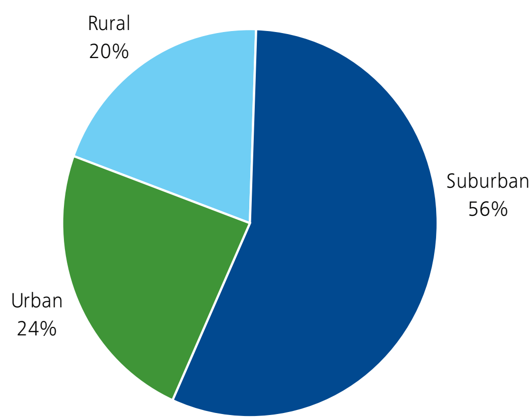
Personal Income (Q34)



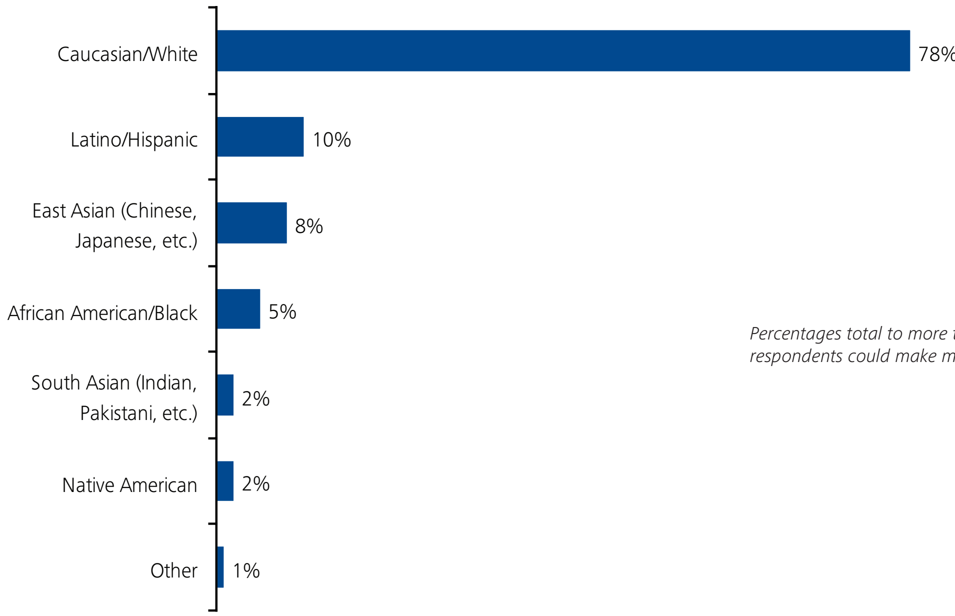
Household Income (Q35)



Location Type (Q36)



Ethnicity (Q37)



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Contacts

Michelle Collins
U.S. Automotive Practice Leader
Partner
Deloitte LLP
Tel: +1 313 396 3219
micollins@deloitte.com

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