IPSOS AFFLUENT INTELLIGENCE

AUTOMOTIVE POV: AUTO, AFFLUENCERS AND ALTERNATIVE FUELS

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INTRODUCTION

It's fair to say that the automobile has played a central part of American culture for the last one hundred years. Americans have loved their cars, and the freedom they provide, for over a century. But this story is evolving, as significant changes, innovations and evolutions in the auto industry impact driving, car research and buying into the future.

- From the app-based sharing economy to new tech, options for getting from point A to point B have multiplied.
- Alternative fuel options have proliferated starting with the Prius in 1997.
- Our sources of information and inspiration continue to expand, ultimately changing the way we research and shop for vehicles.
- Younger generations have a much different relationship with their automobiles.

WHAT IS AN AFFLUENCER?

Affluent influencers—***Affluencers***— drive most categories. Affluencers are enthusiastic consumers of category-related information and have disproportionately high purchase intent. They're heavy spenders who are the first to try new offerings. And their networks depend on them for recommendations and advice. Affluencer recommendations may be the single most powerful form of communications in any category.

Despite the rapid evolution of both the auto category and its key audiences, one thing that remains constant is the influence Affuencers have on consumer behavior, especially in categories undergoing change and disruption. And automotive is no exception.

At Ipsos Affluent Intelligence we're interested in understanding who these Affluencers are, what their needs and desires may be, and how they differ by behavior, experience and expectations in order to help brands create products and content to resonate with these influencers.

Michael Baer
SVP, Head of Ipsos Affluent Intelligence

MEET THE AUTO INFLUENCERS

This long-standing love story between Americans and their cars continues to be illuminated and personified by the attitudes and behaviors of the Auto Affluencer.

Auto Affluencers demonstrate extreme enthusiasm and passion for all things automotive. They follow all category developments, are nearly always in the market for a new car, and spend over 5X more than other affluents in the automotive category. This group skews male and decidedly Gen X. They're tech-savvy early adopters who like to stand out. And there's a fairly sizeable audience of them – over 13 million consumers can be classified as Auto Affluencers.

AUTO AFFLUENCER SNAPSHOT

72% Male **28% Female**

18-34
24% *(index 85)*

35-54
53% *(index 122)*

55+
23% *(index 81)*

80% employed full time
(Index 122)

57% have children under 18
(Index 139)

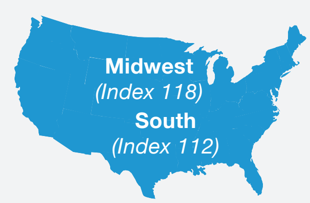
Transport children in car daily
(Index 143)

Post-Graduate Degree
(Index 128)

Asian *(Index 106)*
Black *(Index 125)*
Hispanic *(Index 121)*
White *(Index 90)*

Median HHI: 184K

Universe size: 13.4 million affluents

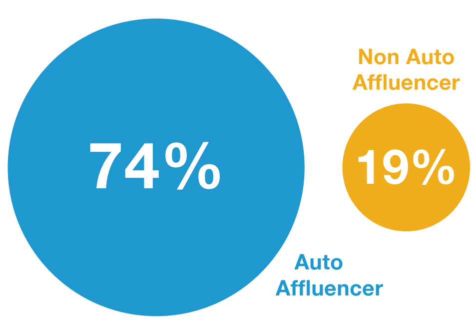


Source: Q3-2018 Barometer

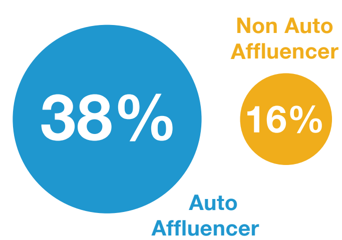
AUTO AFFLUENCERS ARE THE ULTIMATE ENTHUSIASTS

Auto Affluencers know the category like insiders, and their passion has them following all forms of automotive news and media, with a whopping 74% of them saying they follow the latest developments in the category (vs. just 19% of Non Auto Affluencers). In addition, Auto Affluencers are twice as likely to have followed auto-oriented media brands than Non Auto Affluencers.

Follow the latest developments in the automotive world



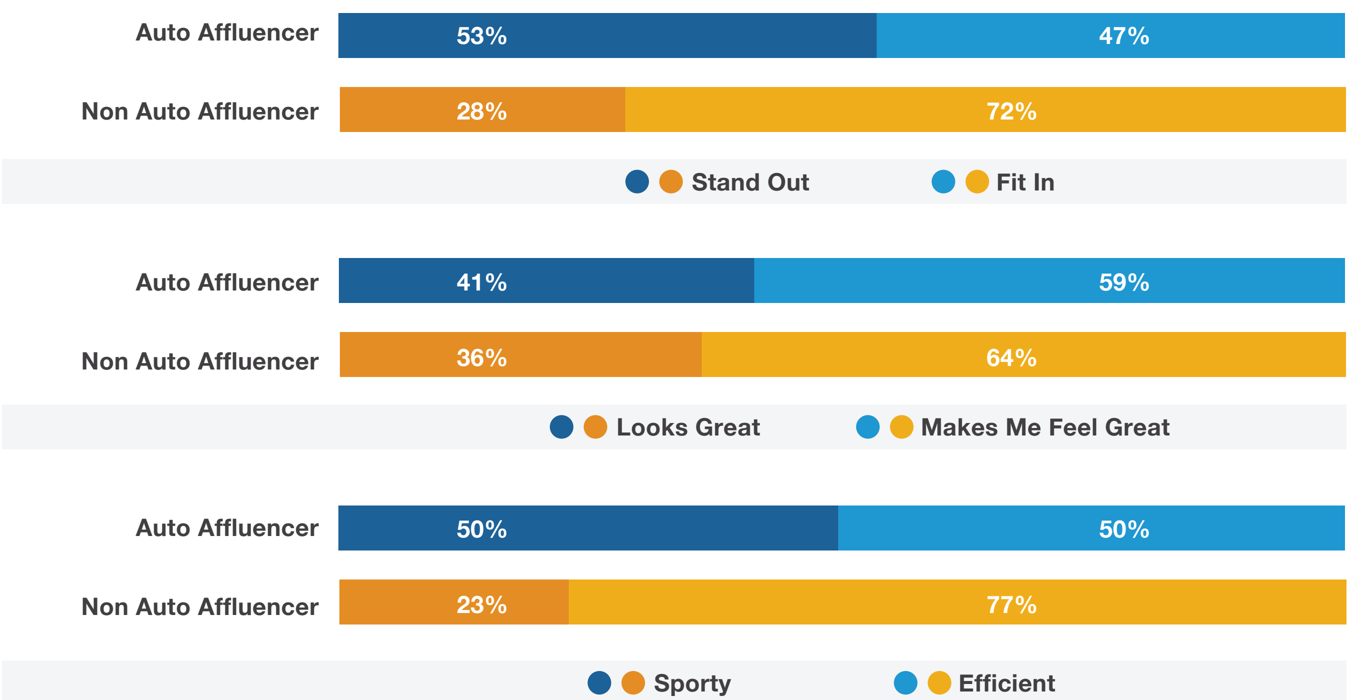
Source: 2018 IAS



Followed auto-oriented media brands in past 30 days

This group also loves their cars and enjoys driving. Auto Affluencers spend almost 18 hours each week behind the wheel, more than twice that of Non Auto Affluencers – and yet many more of them say they enjoy driving than Non Auto Affluencers (71%, Index 187). They're also significantly more likely to include driving as a central part of their lifestyle, driving for fun and taking road trips significantly more than Non Auto Affluencers. They're also twice as likely to have attended an auto race or an auto show in the past year, and, no surprise, this group also identifies to much higher degree as fans of Formula 1 (Index 270) and NASCAR (Index 196).

Naturally, Auto Affluencers view their cars as more than just vehicles, but as ways to express themselves. They prefer cars that help them "stand out," want one that looks great, and are more than twice as likely to prefer a sporty car to an efficient one – all significantly more so than Non Auto Affluencers. This explains why they prefer performance over practicality (Index 183) and outperform the category in preference for coupes and sedans over SUVs and trucks.



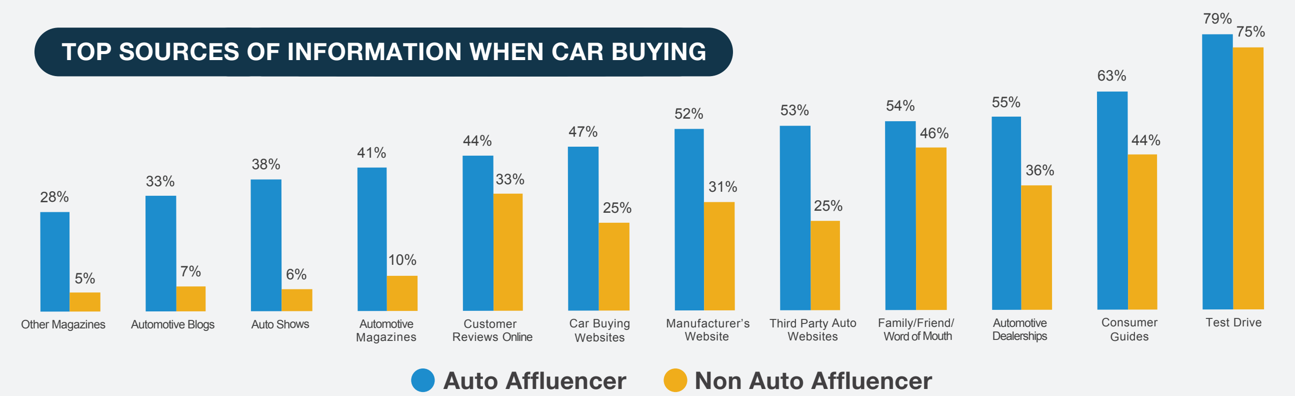
Source: 2018 IAS and Q3 2018 Barometer

THEIR PATH TO PURCHASE

Auto Affluencers over-index in planning to buy or lease a new auto in the next 12 months (Index 180), while also over-indexing on having bought/leased a new car in the past 12 months (Index 170). This group buys more frequently, trades out their vehicles more often and considers themselves in market earlier because they genuinely love the automotive purchasing process.

Their media consumption behaviors reflect this “always in-market” mentality. They follow automotive publications, consume category focused video content and regularly visit manufacturer websites, making them ravenous consumers of information along the entire path to purchase, out-performing Non Auto Affluencers in every case by 2-1, 3-1, and in some cases, more than 4-1.

Their category engagement causes them to view advertising more positively as well, with 64% of Auto Affluencers saying they appreciate advertising because it helps them learn about new products and services.



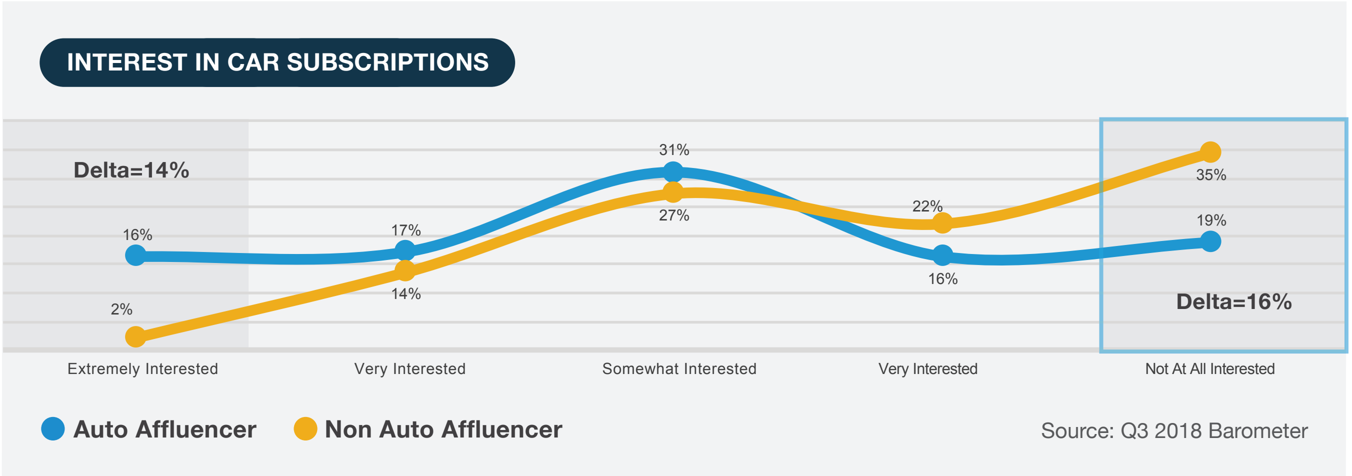
Source: Q3 2018 Barometer

AUTO AFFLUENCERS EMBRACE TRENDS – EVEN THOSE THAT TAKE THEM OUT OF THE DRIVER’S SEAT

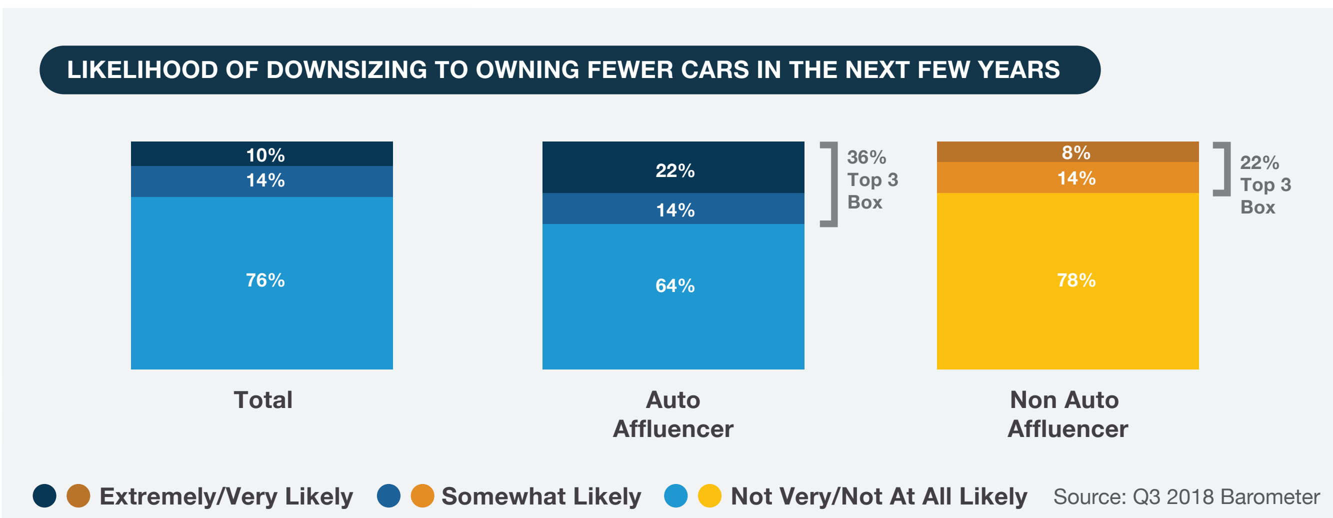
Because of their deep interest in keeping up on category news and developments, Auto Affluencers are significantly more likely to be interested in all innovation, new products and new services within the category. They significantly over-index in alternative fuel ownership and interest, car- and ride-sharing service usage, and even interest in the future of autonomous vehicles.

For example, Auto Affluencers are four times more likely to use car-sharing apps - like Zipcar, Car2Go, etc.- multiple times per week when compared to the total affluent population. This group is also more likely to use these apps on a daily basis (Index 277). In addition, 8% of Auto Affluencers use ride-sharing apps – like Uber, Lyft, etc. a few or more times per week compared to just 2% of Non Auto Affluencers, even though with these services Auto Affluencers aren’t holding their beloved steering wheels.

The trend that seems to be almost tailor-made for this audience is the emerging area of subscription services. The option to be able to trade in and out of vehicles that meet their specific desires or a particular need is extremely appealing to this audience. While we see that Auto Affluencers don’t own more vehicles than Non Auto Affluencers, the freedom provided within a subscription service provides access to the latest technology and vehicle models that they seek, and the variety and newness they hunger for.



But, perhaps, the most surprising finding about Auto Affluencers and category developments is the fact that despite their love of autos, this group is significantly more likely to envision owning *fewer* cars. Over one-third of Auto Affluencers (36%) say they are extremely or somewhat likely to downsize their car ownership in the next few years, vs. just 22% for Non Auto Affluencers. The question to keep in mind as a marketer then becomes what vehicles will they keep.



DIFFERENCES AMONG ALTERNATIVE FUEL OWNERS AND CONSIDERERS

Alternative Fuel cars have reached mass consideration, with nearly half of all affluents (46%) reporting including one in their consideration set as they made their last vehicle purchase.

We took a look at those who have taken the plunge, as well as those who are still seriously considering, to see how they compare. And we found some interesting similarities and even larger differences, making it clear that the two segments don't exhibit the same needs.

Let's start with the owners. This group is three times more likely to be Asian and they over-index on being located on the West Coast. Though fairly evenly age-dispersed, almost half fall between the ages of 35-54 (Index 110), and 53% have children under the age of 18 in their household. Highly educated, this group has a fairly high median household income of $195K.

At first glance, alternative fuel owners appear to be very much about environmentalism. They are twice as likely to carpool on a daily basis and are also more likely to use public transportation in a typical week (Index 171). They're willing to pay more for environmentally friendly products (Index 145) and say minimizing their impact on the environment is an important part of their lives (Index 131).

However, a closer look at their psychographics indicated they may be driven as much or more by value-consciousness as they are by their motivation to be environmentally conscious. A higher percentage of them say the economy is more important than the environment than total affluents, and 86% say they always shop around to find the best price (Index 118 v. total affluents). Numbers like these have us asking if they're more interested in saving the world or saving money.

	Purchased Hybrid/Electric	*Total Affluents*
The economy is more important than the environment	31%	30%
I always shop around to find the best price	86%	73%
Good value for the money is more important than price	78%	79%
I usually buy brand-name packaged goods instead of generic or store brands	37%	39%

Source: 2018 IAS and Q3 2018 Barometer

ALTERNATIVE FUEL OWNER SNAPSHOT

18-34
25% *(index 90)*

35-54
48% *(index 110)*

55+
27% *(index 95)*

75% employed full time
(Index 112)

53% have children under 18
(Index 129)

Transport children in car daily
(Index 152)

Post-Graduate Degree
(Index 138)

Asian *(Index 327)*
Black *(Index 179)*
Hispanic *(Index 77)*
White *(Index 30)*

Median HHI: 195K

Auto Affluencer Index: 178

Universe size: 6.3 million affluents

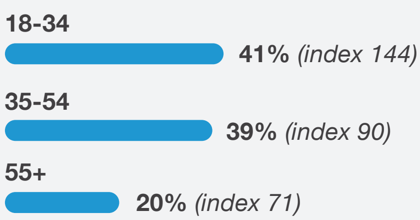
Source: 2018 IAS and Q3 2018 Barometer

Now, let's take a look at considerers. This group tends to be younger than those who own, with 41% between the ages of 18-34 (Index 144) and 50% female. They are more diverse than owners – while they also over-index as Asian (although much less so than owners, indexing 178 vs. 327), they also over-index for Hispanic and African-American. In addition to skewing West Coast, considerers also skew Southern in location.

While the differences in demographics are small, they are very different attitudinally when compared with owners.

Owners appear more serious: they're more driven by career, family and money issues. In contrast, considerers seem more fun-loving. This group is always on the go and enjoys having fun. And that fun extends to the cars they prefer – they want high performance cars that are fun to drive.

ALTERNATIVE FUEL CONSIDERER SNAPSHOT



71% employed full time
(Index 106)

47% have children under 18
(Index 116)

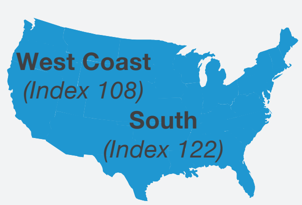
Transport children in car daily
(Index 131)

Post-Graduate Degree
(Index 122)

Asian *(Index 178)*
Black *(Index 120)*
Hispanic *(Index 85)*
White *(Index 151)*

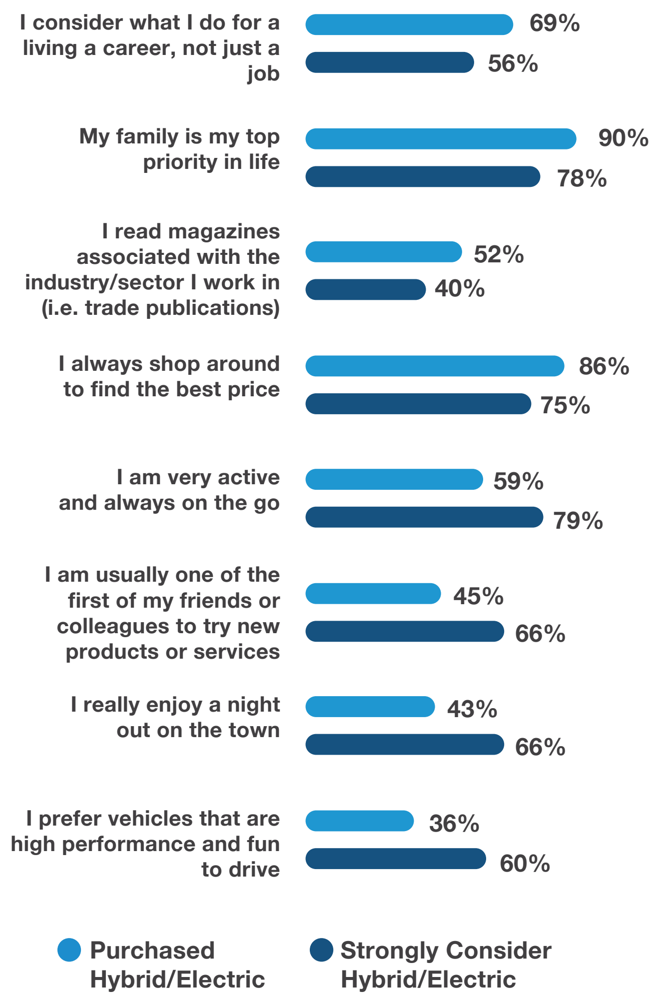
Median HHI: 181K

Universe size: 28.0 million affluents



Source: 2018 IAS and Q3 2018 Barometer

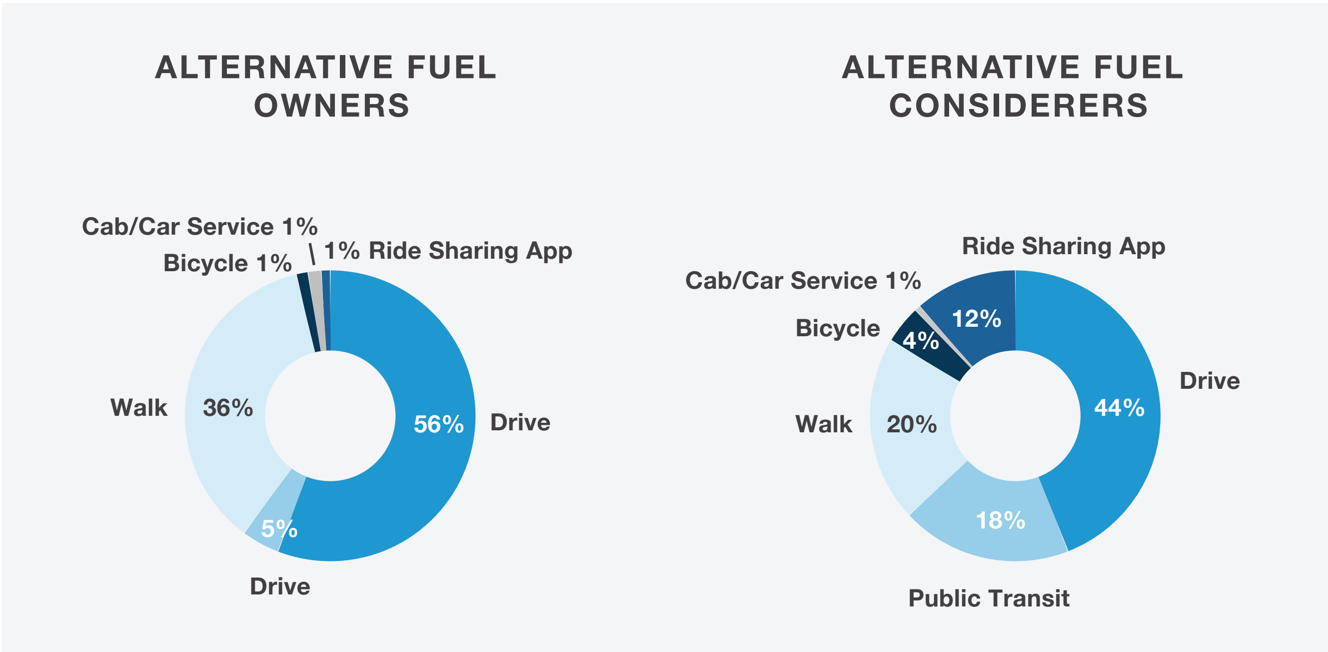
ALTERNATIVE FUEL: OWNERS V. CONSIDERERS



Source: 2018 IAS

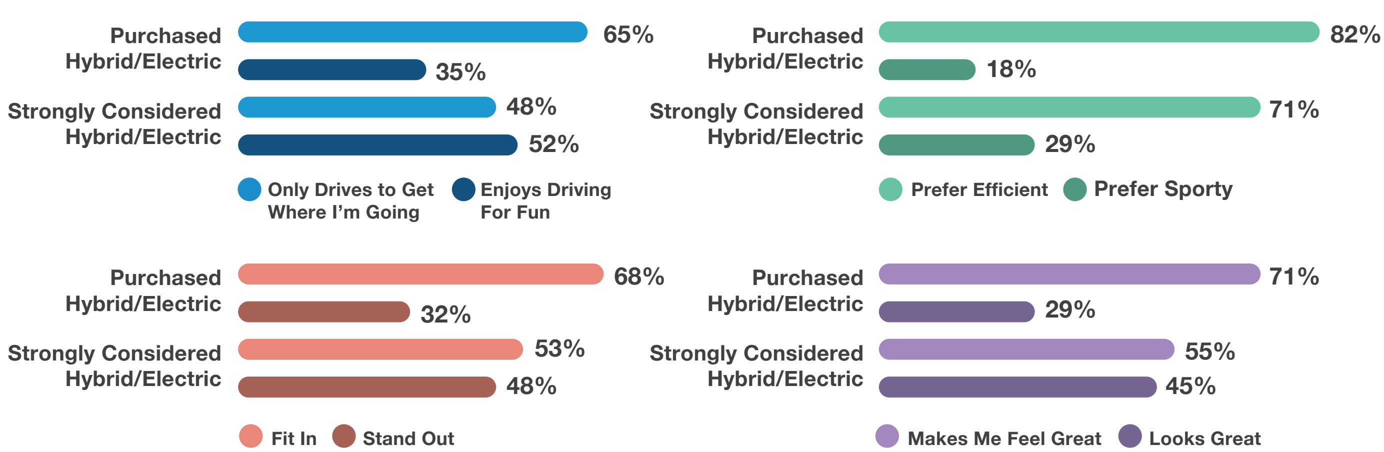
When it comes to getting from Point A to Point B, we see that considerers are much more open to a wider range of mobility options, with driving less of a focus. Twice as many considerers say they are driving less due to ride- and car-sharing services (13% vs. 6%). When given the choice of transportation for a short trip, they choose amongst a wide range options, with significant percentages of them choosing driving, public transportation, walking, or ride-sharing apps. And just 44% would choose to drive. Conversely, owners choose between only two options – driving (56%) or walking (36%).

It’s no wonder then that considerers have much less of a problem envisioning owning fewer cars in the future, with 45% either Extremely, Very or Somewhat Likely to own fewer cars in the next few years, vs. just 31% of owners.



Source: Q3 2018 Barometer

But when it comes to the cars themselves, considerers want different, and more fun, appealing, sporty cars than owners. Considerers are more likely to drive for fun than owners, and thus over-index on preferring a sporty car vs. owners. They’re also more driven by looks and appeal, indexing 150 on wanting a car that helps them stand out vs. fit in and 155 on a car that looks great over one that makes me feel great. Because considerers don’t always feel the need to drive, it seems clear that when they do, they want it to be enjoyable. And, because of this, it’s unclear if considerers are close to finally buying one, or if the existing products and messaging aren’t fulfilling their needs yet.



Source: Q3 2018 Barometer

SUMMARY

The auto industry is evolving and moving into new territories and it's clear that Auto Affluencers are willing to embrace these new technologies provided they still offer the opportunity for personalization and freedom.

Given the fact that Auto Affluencers are always in-market and highly engaged media consumers, it's critical for marketers to understand both the demographic and psychographic foundations driving their behavior when developing communication strategies.

Tapping into this audience's deep-seated passion for the open road and their desire for adventure at various points in the consumer journey is just as important as addressing their immediate needs and expectations.

Those who own alternative fuel vehicles do not resemble those currently considering an alternative fuel vehicle purchase. While we see owners driven by value as much as the environment; on the other hand, we see considerers as younger and more interested in driving for fun. In order to drive purchase, it will be important to consider this difference in need and desire to ensure existing products and messaging are effective.

ABOUT IPSOS AFFLUENT SURVEY USA

Ipsos Affluent Intelligence began our Affluent study over 40 years ago because we understood that Affluents are one of the most powerful and influential target audiences across all industries, driving revenue, adoption of new technologies and experiences, and influencing purchases among their peers and network.

Affluents control the lion's share of U.S. household net worth and outspend non-affluents in virtually every category. Consequently, marketers of everything from automobiles to watches, technology to media, and entertainment to travel rely on capturing both the share of wallet and share of mind of this critically important group.

For the purposes of this White Paper, the definition of Affluents is adults aged 18 and over, living in households with at least $125,000 in annual household income. Data presented here are from the Spring 2018 Ipsos Affluent Survey USA, which consists of online interviews of 24,503 respondents and a Q3 2018 re-contact of 1000 IAS respondents.

ABOUT IPSOS CONNECT

Ipsos Affluent Intelligence is housed within Ipsos Connect, the market research specialization within Ipsos built to reach, engage and more actively understand today's digitally-driven consumer in the fast-moving media, content and technology space. We work with leading companies in technology, entertainment and all sectors of media—TV, online, print, mobile, outdoor, radio—helping owners and advertisers to better understand different audiences, the content they consume, the channels they use to consume it and the technology they employ to discover, share and access this content.

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