

The Luxury Segments Race Ahead and Chevrolet Gears Up for a Big Comeback

Luxury Sedan shoppers now represent 29% of all Sedan shoppers, up a full point from 2012—and an increase of nearly 4%. This segment is expected to keep growing through the rest of the year.

From vehicle segment increases and decreases to the brands that are gaining (and losing) momentum, Jumpstart Automotive Group takes a close look at first quarter online automotive shopping trends.

The unemployment rate fell from 7.6% in March to 7.5% in April while the economy added 165,000 new jobs in April, making it clear that the U.S. economic recovery is still in full swing. In addition to these optimistic numbers, the current U.S. gas average is \$3.50 a gallon—30 cents less than this time last year.

However, while the economy seems to be looking up and the automotive industry is keeping pace, it is still unclear whether the \$85 billion U.S. budget sequestration that went into effect in March will have an impact on consumer confidence. Based on first quarter light vehicle sales, confidence hasn't been shaken yet. The seasonal annual adjusted rate (SAAR) was up 8% from the same period last year.

Luxury Leaps Ahead

In line with Jumpstart's predictions, the Luxury segment grew to 14.6% share of light vehicle sales—more than doubling overall industry gains from 2012. The Luxury SUV and CUV segments had the biggest increases.

Big Three Stay Strong

Ford, General Motors, and Chrysler all had strong sales in March, with Ford and Chrysler reporting the highest numbers since the beginning of the recession. Ford, which has five of the of the Top 10 models across Jumpstart's portfolio of sites, has not only successfully innovated while maintaining its loyal fan base, but continues to engage consumers in unique and provocative ways. Most recently, the company announced a \$50,000 prize for software developers who can produce a smartphone app that will take data from a vehicle's on-board computer and educate drivers on how to drive more efficiently.

“So far this year, there have been quite a few success stories among domestic auto brands,” said Libby Murad-Patel, Jumpstart’s Senior Director of Strategic Insights. “The industry is changing, driven by a younger, less brand-loyal segment of car buyers who spend more time online shopping comparable makes and models. Automakers, particularly the domestic brands, have turned up the volume on quality, affordability, reliability, and technology, which is leveling out the playing field in segments typically dominated by imports.”

Chevrolet Gears Up for Success

But Ford may want to keep an eye on General Motors as the company puts full power behind its Chevrolet rebranding efforts, repositioning the Impala to attract a more youthful audience and planning a return to the midsize truck market. The logic behind this decision is simple according to president of GM North America, Mark Reuss. Reuss told the *Detroit Free Press* in April, “There is a buyer out there that doesn’t need everything that a full size truck does.” A Jeep Wrangler pickup truck is also rumored to be in the works in 2013.

Meanwhile, a weak European economy continues to take its toll on auto manufacturers. The European auto market shrank a total of 9.8% in the first quarter with sales dropping 10% in March—the 18th consecutive month of declined sales. BMW’s profits slipped 3%, which the company attributes to its increased investments in new technology and new production facilities. Volkswagen and Daimler sales declined as well with Volkswagen sales revenue shrinking 1.6% and Daimler first quarter net profits falling 3%. The slump is particularly disconcerting for Daimler, which has been working on moving its luxury brand, Mercedes-Benz, ahead of premium competitors BMW and Audi by the year 2020.

Ford may want to keep an eye on General Motors as the company puts full power behind its Chevrolet rebranding efforts, repositioning the Impala to attract a more youthful audience and planning a return to the midsize truck market



image source: Chevrolet.com

A Closer Look

Here's a closer look at the vehicle segments, makes, and models that captured the largest share of online auto shoppers in the first quarter.

Share of Shoppers: The Top 10 Models

MAKE	MODEL	CALENDAR YEAR 2012	Q1 2013
Chevrolet	Corvette	1.6%	2.6%
Ford	Mustang	2.8%	2.6%
Ford	F-150	1.5%	2.0%
Ford	Escape	1.7%	1.8%
Honda	Accord	2.0%	1.8%
Ford	Focus	1.7%	1.7%
Honda	Civic	1.6%	1.5%
Toyota	Camry	1.5%	1.5%
Ford	Explorer	1.1%	1.5%
Nissan	Altima	1.3%	1.3%

Corvette experienced a 62% increase during the first quarter of 2013, largely due to the reveal of the highly publicized 2014 Stingray at this year's North American International Auto Show in Detroit. This growth moved the Corvette up from fifth to first on the Top 10 list, replacing the Ford Mustang (which had an 8% decrease from 2012).

The F-150 saw a significant increase of 31%, moving it up from seventh to third on the list. F-150 now represents 2% of all vehicles shopped on Jumpstart sites. As U.S. pickup

truck sales continue to gain momentum in 2013, Ford plans to boost its F-150 production.

The Ford Explorer has moved its way back into the Top 10 after falling out in 2012. With a 32% increase in Share of Shopper during the first quarter, Explorer now represents 1.5% of all vehicles shopped on Jumpstart's sites. The Ford Explorer replaced the Ford Fusion, which dropped off the Top 10 list during the first quarter.

Share of Shoppers: Brand

MAKE	CALENDAR YEAR 2012	Q1 2013	% VARIANCE	+ / -
Ford	14.0%	14.7%	5.0%	0.70%
Chevrolet	9.5%	10.4%	9.5%	0.90%
Toyota	9.1%	9.3%	2.2%	0.20%
Honda	7.4%	7.0%	-5.4%	-0.40%
Nissan	6.1%	6.0%	-1.6%	-0.10%
Audi	4.7%	4.1%	-12.8%	-0.60%
Hyundai	4.3%	3.7%	-14.0%	-0.60%
BMW	3.1%	3.5%	12.9%	0.40%
Dodge	3.7%	3.4%	-8.1%	-0.30%
Subaru	2.4%	3.4%	41.7%	1.00%

Much has remained unchanged in the Top 10 brands since the end of 2012. However, BMW did manage to surpass Dodge at 3.5% with an increase of nearly 13%.

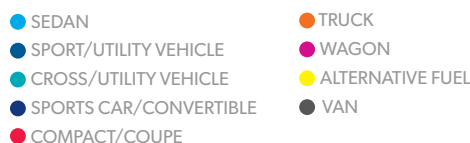
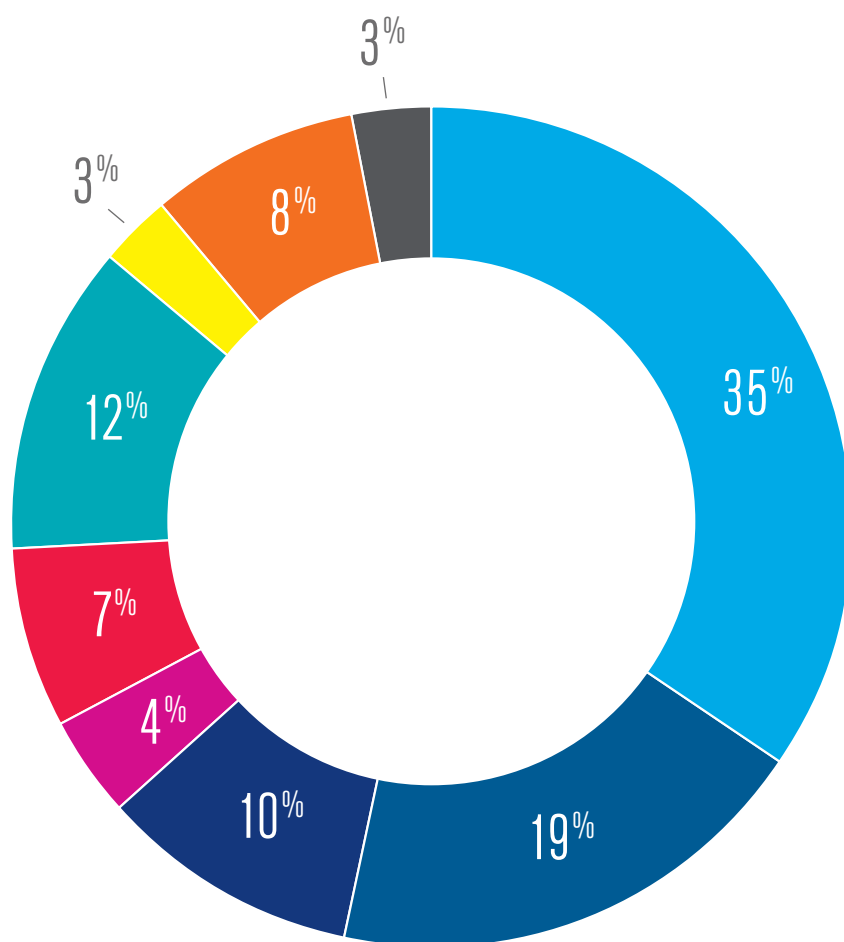
Overall, Subaru saw the most significant positive movement in the first quarter, gaining a full percentage point in share—an increase of nearly 42% from 2012. This gain moved Subaru up four spots into 10th place. Much of the automaker's growth is attributed to the new XV Crosstrek and Forester's share growth of nearly 40% since the end of 2012.

Share of Shoppers: Segments

Sports Cars/Convertibles gained a percentage point, growing 11% since the end of 2012.

The Sedan segment saw a 3% decrease in share, dropping one percentage point, and marking its first decrease in over two years.

Alternative Fuel vehicles also dropped one percentage point in overall share, marking a 25% decrease since the end of 2012.



Perhaps the biggest surprise in share of shoppers across segments came from the SUV segment. The segment came out with a 6% increase from the end of 2012 to Q1 2013, which allowed a percentage point gain in overall share. This increase is the first that the SUV segment has seen since 2010.

Share of Shoppers: Sedans

MAKE	MODEL	CALENDAR YEAR 2012	Q1 2013
Honda	Accord	7.7%	7.3%
Ford	Focus	6.4%	7.0%
Honda	Civic	6.1%	6.1%
Toyota	Camry	5.8%	6.1%
Nissan	Altima	5.1%	5.1%
Ford	Fusion	5.3%	5.1%
Chevrolet	Impala	3.8%	4.4%
Toyota	Corolla	3.5%	4.0%
Chevrolet	Malibu	3.2%	3.9%
Dodge	Charger	3.2%	3.3%

The Honda Accord, which has consistently pulled in the highest volume and share of shoppers, experienced a 5% decrease, but was still able to remain in the number one spot among small and full-size sedans.

The first quarter showed marked improvement for the Chevrolet division and a number of its nameplates, proving that the company's repositioning efforts are indeed paying off. In the Sedan segment, Chevrolet ended the quarter with the most movement in the Top 10, with increases of 17% for Impala and 23% for Malibu. As part of the company's "Find New Roads" campaign, Chevrolet introduced its 2014 Impala, a more modernized, sleeker model that the company hopes will appeal to a younger audience.

Chevrolet ended the quarter with the most movement in the Top 10, with increases of 17% for Impala and 23% for Malibu



image source: Chevrolet.com

Share of Shoppers: Luxury Sedans

MAKE	MODEL	CALENDAR YEAR 2012	Q1 2013
BMW	3-Series	10.6%	9.0%
Audi	A4	7.6%	6.7%
Cadillac	CTS	6.1%	6.5%
Mercedes-Benz	E-Class	3.3%	5.5%
Acura	TL	5.6%	5.2%
Audi	A6	4.7%	5.0%
BMW	5-Series	4.4%	4.9%
Cadillac	ATS	—	4.5%
Lexus	GS	3.1%	3.6%
Volvo	S60	3.1%	3.4%

As expected, the highly competitive Luxury Sedan sub-category is still going strong. With a 65% increase, Mercedes-Benz E-Class experienced the highest gains in the Luxury Sedan sub-category. The 2014 model garnered a significant amount of press and consumer attention at the Detroit Auto Show in January, helping to move the E-Class six spots in the Top 10 list. And with the new model hitting dealers this spring and summer, it is anticipated that E-Class share of shoppers will continue to grow in 2013.

Although the BMW 3-Series continues to hold the top spot in the segment, its share has decreased again in the first quarter to the tune of 15% (this follows an annual decrease of 7% from 2011 to 2012).

While Audi A4 remains second highest in share of Luxury Sedan shoppers, it also experienced a decrease of 12% in the first quarter.

The recently launched Cadillac ATS has quickly moved its way into the Top 10—grabbing almost a 5% share of the Luxury Sedan segment since its release in late Summer 2012.

Share of Shoppers: SUVs

MAKE	MODEL	CALENDAR YEAR 2012	Q1 2013
Ford	Escape	11.1%	11.2%
Ford	Explorer	7.4%	9.0%
Jeep	Wrangler	6.5%	6.7%
Toyota	RAV4	7.6%	6.6%
Jeep	Grand Cherokee	5.5%	6.3%
Chevrolet	Tahoe	3.6%	5.8%
Subaru	Forester	3.9%	5.4%
Toyota	Highlander	4.4%	4.5%
Honda	CR-V	4.6%	3.9%
Jeep	Liberty	2.6%	3.8%

Ford Escape held on to the lead across small and full-size SUVs with 11.2% of the segment, but has only seen 1% growth since 2012. Right behind the Escape is the Explorer, which jumped 21% and now represents 9% of SUV shoppers.

Chevrolet is showing growth in the SUV segment as well with the Tahoe, having the largest increase among the Top 10 at 61%. This increase moves the Tahoe from the 10th spot to the sixth spot, representing nearly 6% of SUV shoppers.

Jeep Liberty also saw significant growth at 46%, making it a new addition to the Top 10 list. Jeep now has three SUVs—Wrangler, Grand Cherokee, and Liberty in the Top 10 with a combined share of nearly 17%.

Subaru increased its digital marketing spend to move 2013 Forester inventory, spending \$4 million in the first quarter (up from \$2.5 million it spent in the fourth quarter of 2012). This marketing decision seemed to have paid off—Forester had a 40% growth in the SUV category, increasing Subaru's share of shoppers across Jumpstart shoppers overall

Toyota RAV4 and the Honda CR-V had the biggest decreases in the Top 10, dropping 14% and 15%, respectively.

Share of Shoppers: Luxury SUVs

MAKE	MODEL	CALENDAR YEAR 2012	Q1 2013
Cadillac	Escalade	15.7%	18.4%
Porsche	Cayenne	14.0%	15.4%
Infiniti	FX	9.8%	8.5%
Volvo	XC90	7.2%	7.7%
Lincoln	Navigator	5.8%	6.9%
Land Rover	Range Rover	6.2%	6.7%
Mercedes-Benz	GL-Class	5.1%	5.8%
Infiniti	QX	5.2%	5.5%
Mercedes-Benz	G-Class	3.4%	5.0%
Infiniti	JX	1.3%	4.0%

Infiniti still represents three of the Top 10 Luxury SUVs, collectively holding an impressive 18% share of the Luxury SUV segment



image source: InfinitiUSA.com

Cadillac Escalade, which saw almost 40% growth in 2012, experienced yet another increase in Q1 with a 17% increase in share of Luxury SUV shoppers. Escalade continues to lead the segment with a minimum of a 10-percentage point lead on all but one competitor (Porsche Cayenne).

Infiniti JX was new to the Top 10 after its reveal in 2012 (its 2013 model), replacing Lexus LX with a share of 4%—growing more than 200% in its first year. Unfortunately, Infiniti's sister vehicle, FX, was the only vehicle in the Top 10 to experience a decrease, bringing Infiniti's share down a full point from the end of 2012. Despite that decrease, Infiniti still represents three of the Top 10 Luxury SUVs, collectively holding an impressive 18% share of the Luxury SUV segment.

Mercedes-Benz G-Class had the second highest growth rate, increasing its share of segment by 47%, moving it up from eighth at the end of 2012 to seventh in the first quarter. The GL-Class now represents nearly 6% of all Luxury SUVs shopped on Jumpstart sites.

Share of Shoppers: CUVs

MAKE	MODEL	CALENDAR YEAR 2012	Q1 2013
Chevrolet	Equinox	11.9%	11.3%
Hyundai	Santa Fe	5.8%	9.4%
Ford	Edge	8.7%	9.0%
Kia	Sorento	7.4%	8.8%
Mazda	CX-5	4.9%	6.6%
GMC	Acadia	5.5%	6.3%
Nissan	Murano	5.9%	6.2%
Hyundai	Tucson	6.0%	5.3%
Jeep	Compass	3.6%	4.4%
Subaru	XV Crosstrek	—	4.2%

Despite seeing a 5% decrease from the end of 2012, Chevrolet Equinox managed to dominate in CUV shopper share. There has been a larger gap between Equinox and competitors in the CUV segment, however Hyundai Santa Fe and Ford Edge are starting to close that gap.

Santa Fe had the largest increase (62%) in the segment, bringing its share of shoppers up from 5.8% to 9.4% and moving it ahead four spots on the Top 10 list to the number two spot.

Mazda CX-5 followed in growth with a 34% increase in Q1 2013, moving it up three spots on the Top 10 list. This comes after having significant growth in its first year (as it replaced the popular Mazda CX-7).

The Subaru XV Crosstrek, which is also in its first year on the market, placed 10th on the list at 4.2%. In just a short period of time, the Crosstrek replaced the Dodge Journey, which decreased 5% in share since the end of 2012.

Santa Fe had the largest increase (62%) in the segment, bringing its share of shoppers up from 5.8% to 9.4% and moving it ahead four spots on the Top 10 list to the number two spot



image source: Hyundaiusa.com

Share of Shoppers: Luxury CUVs

MAKE	MODEL	CALENDAR YEAR 2012	Q1 2013
Acura	MDX	11.6%	12.5%
Buick	Enclave	9.7%	9.8%
Audi	Q5	19.9%	8.8%
BMW	X5	7.0%	7.7%
Lexus	RX	7.7%	7.6%
BMW	X1	1.7%	6.4%
Cadillac	SRX	6.2%	6.1%
Audi	Q7	5.9%	5.8%
Buick	Encore	0.8%	5.5%
BMW	X3	4.8%	5.3%

The BMW X1 and Buick Encore are two newly released vehicles (2013 models) that have already garnered significant consumer interest. The two replaced the Acura RDX and Mercedes-Benz M-Class in the Top 10 Luxury CUVs on Jumpstart sites.

Anticipation of the 2013 Audi Q5 redesign brought its share of Luxury CUV shoppers up to nearly 20% in 2012. Unfortunately, Q5 wasn't able to hold that high share rate and has suffered a large decline since becoming available, decreasing 56% in share during the first quarter. This decrease has caused Q5 to drop from the first place down to third on the Top 10 list with share of about 9%.

Acura MDX is now back in first place due to an 8% increase since 2012. The MDX was able to hold onto its top spot, in part, because of the sharp decline of the Q5.

As expected, the Luxury CUV segment is one that continues to gain traction. Luxury CUVs now represent 41% of all CUVs on Jumpstart sites, growing 8% from 2012.

Share of Shoppers: Alternative Fuel Vehicles

MAKE	MODEL	CALENDAR YEAR 2012	Q1 2013
Toyota	Prius	25.7%	25.3%
Ford	Escape Hybrid	13.8%	13.4%
Fisker	Karma	17.9%	10.3%
Ford	C-Max	4.0%	8.3%
Toyota	Highlander Hybrid	3.6%	6.1%
Honda	CR-Z	4.7%	6.0%
Chevrolet	Volt	6.9%	4.7%
Honda	Insight	3.9%	4.0%
Nissan	Altima Hybrid	5.8%	3.5%
Nissan	Leaf	0.1%	2.8%

Toyota Prius saw a 1% decrease but continues to lead in the Alternative Fuel category with a share of segment just over 25%. It has seen continuous declines since 2009 as this category has expanded and more competition has emerged.

With news of company struggles (the company laid off 75% of its workforce in April) it's no surprise that Fisker Karma saw a 43% decline in share of segment, dropping it from the second spot to the third spot on the list.

Ford C-Max is ramping up and gaining share from competitors across electric and hybrid technologies.

C-Max saw an increase of 108% from the end of 2012, moving it up three spots on the list.

Chevrolet Volt saw a 32% decrease, moving it down three spots on the list from number four to number seven. The Nissan Leaf, new to the Top 10, has nearly 3% share of Alternative Fuel vehicles.

Toyota Highlander Hybrid saw significant growth in Q1, increasing 70% and moving it up four spots on the list closer to Ford competitors, Escape-Hybrid and C-Max.

If household incomes keep climbing, there will most likely continue to be a strong demand for luxury vehicles across all segments



image source: Chevrolet.com

Looking Ahead

How (if at all) the sequestration will affect consumer confidence remains to be seen. However, if household incomes keep climbing, there will most likely continue to be a strong demand for luxury vehicles across all segments—Sports Cars, Sedans, and SUVs and CUVS.

With real estate and small businesses rebounding, and gas prices relatively low, midsize pickup truck sales are expected to continue to climb. Automakers, including the Big Three (none of which currently make either small or midsize trucks), are likely to step up production to meet this new demand.

Chevrolet experienced some sharp gains in the first quarter, and it will be interesting to see if the company can keep the momentum in the coming months—especially with a new midsize pickup truck. General Motors plans to take on Toyota's Tacoma with at least two new truck models.

Overall, as the U.S. economy continues to strengthen and automotive sales keep pace, it will be interesting to see which brands and models come out ahead in the coming months. ●