

New Model Sales Performance

A Better Measurement of Sales Results for New Models

The automotive press has been flooded in recent weeks with articles discussing the purported disappointing sales results for some newly introduced and redesigned models. Most of these articles typically single out new product offerings from General Motors and Ford. To be sure, there have been a few new model introductions that have been met with a tepid response from automotive consumers. But determining the true market place success (or failure) is not quite as simple as it seems.

Just about all of these articles evaluate market results by comparing total sales (including fleet and retail transactions) after the introduction of the new model versus year earlier sales for the old model. And although percent change in total sales can be indicative of a new model's market reception, we believe there are alternative measures that provide a more accurate picture.

The table below presents two factors that we believe shed a clearer light on how effective new models are at moving the sales needle. The first section shows the percent change in RETAIL registrations, excluding fleets. For at least a year after their introduction, new models are primarily intended for the retail market, and attaining artificially inflated results from fleet sales is usually avoided. Also, the retail market is a more relevant measure of sales at dealerships.

The second section in the table shows the percent change in market share for each model in its competitive segment. Examining the change in market share puts a model's sales performance into perspective. For instance, registrations could be increasing for a new model, but if its segment is expanding rapidly, the increase in registrations may not be as impressive as it appears. Conversely, on the surface, it doesn't look

good if registrations are flat for a new model. But if the relevant segment is shrinking, the new model may be gaining significant ground from its primary competitors. Looking at segment market shares eliminates these distortions.

The table below shows the percent change in retail registrations and segment market shares in the U.S. for significantly redesigned models. Percent change is based on the First Quarter of this year versus a year earlier.

Summary of conclusions:

- Only two of the 20 models listed experienced a decline in market share, indicating that just about all of the new models introduced were successful at taking sales away from their competitors.

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New or Redesigned Model Introductions and Results in U.S. New Retail Market								
(Only includes new or redesigned vehicles that are replacing existing models)								
New Model	Model it replaces	New Retail Registrations			Market Share of Relevant Segment			
		1Q '04	1Q '05	Percent change	Segment	1Q '04	1Q '05	Percent change
Acura RL	RL	1457	4124	183%	Near Luxury	1.5%	4.4%	199%
Audi A6	A6	3956	4685	18%	Luxury	4.0%	5.0%	25%
Buick LaCrosse	Century/Regal	12956	18447	42%	Large Mid Size	9.2%	13.1%	43%
Cadillac STS	Seville	1848	6508	252%	Luxury	1.9%	6.9%	272%
Chrysler 300	300M/Concorde	5839	28002	380%	Large Mid Size	3.7%	16.5%	345%
Dodge Magnum	Intrepid	4180	10507	151%	Large Mid Size	3.0%	7.5%	152%
Ford Five Hundred/Freestyle	Taurus	23183	42648	84%	Large Mid Size	2.9%	6.0%	107%
Ford Mustang	Mustang	23838	36559	53%	Sport Compact	55.7%	70.9%	27%
Honda Odyssey	Odyssey	32241	38847	20%	Mini Van	14.5%	18.5%	28%
Jeep Grand Cherokee	Grand Cherokee	49939	36522	-27%	Mid Size SUV	12.6%	11.0%	-13%
Land Rover LR3	Discovery	2885	5106	77%	Luxury SUV	1.6%	3.2%	98%
Mazda 3	Protégé	8828	18313	107%	Sub Compact	2.2%	4.9%	123%
Mercury Montego	Sable	7221	8507	18%	Large Mid Size	0.9%	1.2%	33%
Nissan Frontier	Frontier	15173	18453	22%	Compact P'Up	11.0%	14.1%	28%
Nissan Pathfinder	Pathfinder	14686	15830	8%	Mid Size SUV	3.7%	4.8%	28%
Pontiac G6	Grand Am	18985	19065	0%	Std. Mid Size	4.7%	5.0%	7%
Porsche 911	911	2009	2315	15%	Sports Car	4.8%	5.4%	13%
Porsche Boxster	Boxster	973	1311	35%	Sports Car	2.3%	3.0%	32%
Subaru Legacy	Legacy	16423	17220	5%	Std. Mid Size	4.1%	4.5%	12%
Toyota Tacoma	Tacoma	36263	33147	-9%	Compact P'Up	26.3%	25.4%	-4%

Note: 1Q '05 registrations include figures for outgoing model(s), if any.
Data Source: R.L. Polk and Company