

New Cars - US - October 2012

Scope and Themes



“Consumers who put off buying a vehicle during the recession are now, in the post-recession era, feeling the need to purchase. With used car prices high, and gas prices peaking about \$4 per gallon in some markets, new cars are an attractive and realistic option for many. In particular, consumers are responding by choosing smaller, lighter and more fuel-efficient cars and crossover utility vehicles that correspond to their immediate and long-term budgets.”

– Bill Patterson, analyst

In this report we answer the key questions:

- **What effect does the fuel economy have on the decision to buy a new car?**
- **To what extent is pent-up demand forcing consumers to buy?**
- **Which new car segment is currently the most popular choice for consumers and why?**

This report explores the new car market in the U.S. It provides insight into the external and internal factors affecting sales, marketing and promotional campaigns, and industry innovations.

This report provides an in-depth examination of the new car market for automakers, dealership groups, and general industry marketers interested in pursuing opportunities to innovate, explores trends within segments and evaluates the competition in each.

Segmentation data and analysis cover two segments: cars and light trucks. While the unit sales of light trucks have surpassed cars for years, the recession provided a boost for cars, which

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This report is part of a series of reports, produced to provide you with a more holistic view of this market.

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grew at a faster rate than trucks. Unit sales for these segments are relatively even, however cars are forecasted to surpass trucks in coming years as consumers become more tightly focused on making purchasing decisions that provide better long-term savings.

A major theme of this report is fuel prices. A spike in 2008, at the start of the recession, drove consumers to smaller vehicles and away from larger and heavier vehicles like SUVs and trucks. The spike also compelled some consumers to pause before purchasing, which built a significant pent-up demand today. With the recession fading, and the economy showing signs of a recovery ahead, consumers are now primed to buy. However, the time lapse has made them more aware of the long-term value of cars, especially small and midsize models. This behavior also coincides with a recent spike in gas prices, which is further validating the need for smaller vehicles.

Another theme of this report is the types of cars and light trucks that are gaining traction in the marketplace. In the cars segment, unit sales of small and midsize vehicles are dominating the market; the majority (12) of the top 20 best-selling cars, based on the 12 months ending August 2012, are small while the remaining eight are midsize. None of the vehicles in the top 20 are in the large or luxury segments.

In the light truck segment, the greatest gains are by SUV/CUVs, representing about 61% of light truck unit sales for the 12 months ending August 2012. Ten of the top 20 best-selling light trucks over a 12-month period ending August 2012 are crossover utility vehicles (CUVs), which represent the lightest and most fuel-efficient vehicles in this segment.

For the purpose of this report, Mintel has used the following definitions regarding its two segments:

- The car segment covers four car types: small cars, midsize cars, large cars, and luxury cars.
- The light truck segment covers pickup trucks, sport utility vehicles, and crossover utility vehicles and vans, including minivans.

Value figures throughout this report are at retail selling prices (rsp) excluding sales tax unless otherwise stated.

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