



Press Release

J.D. Power and Associates Reports: Online Used-Vehicle Classifieds Outpace Print Ads Two to One

Internet Use among Used-Vehicle Buyers Hits New Highs

WESTLAKE VILLAGE, Calif.: 25 May 2006 — More than twice as many late-model used-vehicle buyers find the vehicle they purchase through the Internet than both newspaper and magazine classified ads combined, according to the J.D. Power and Associates 2006 Used Autosopper.com StudySM released today.

The study finds that in the past five years, the percentage of buyers finding their used vehicle through a traditional newspaper or magazine classified ad has been cut in half (from 14% in 2002 to 7% in 2006). During the same period, buyers who found their vehicle through an online classified has doubled (from 8% in 2002 to 16% in 2006).

“Print continues to serve an important purpose in marketing, but its role in the area of classified listings is diminishing quickly,” said Min Cho, senior analyst at J.D. Power and Associates. “The domination of the Internet over print in the used-vehicle market will only increase as today’s younger buyers become a larger buying force in the market. Buyers under the age of 35 are more than four times as likely to be led to the vehicle they purchase by information found online than by print classified ads.”

More late-model used-vehicle buyers are using the Internet in their vehicle shopping process than ever before. This year, 59 percent of used-vehicle buyers used the Internet during the shopping process—up from 53 percent in 2005. Furthermore, 80 percent of used-vehicle buyers now have access to the Internet—a 4 percentage-point increase from 2005. This increase in Internet access is driven largely by buyers 60 years old and older.

“It is now cheaper than ever to own a computer and to have Internet service, which is why we’re seeing such significant shifts in the number of consumers using the Internet to shop for used vehicles,” said Cho. “Once shoppers are online, they are finding that automotive Web sites are providing better quality and quantity of information about used vehicles. The impact can be felt in what shoppers buy, who they buy from and what they’re willing to pay for their vehicle. Better search tools and applications are allowing Web sites to ‘listen’ to shoppers better and more quickly match them up with appropriate vehicle considerations.”

Independent Web sites continue to garner the highest visitation rates among used-vehicle buyers (90%). These buyers are specifically turning to independent sites for pricing, inventory and reliability information. Many independent automotive sites also offer online classified listings powered by sites such as AutoTrader.com or cars.com.

Dealership sites attract large numbers of used-vehicle buyers as well. In fact, significantly more used-vehicle buyers who use the Internet visit dealership Web sites than do new-vehicle buyers (64% vs. 48%, respectively). Although many manufacturer Web sites don’t offer much information about vehicles made in previous years, they do have high visitation rates among used-vehicle buyers. This could be due to the fact that 41 percent of late-model used-vehicle buyers consider one or more new vehicles before they buy.

“In general, manufacturers are not doing all that they can to facilitate the very common practice of comparing new and used vehicles,” said Cho. “Manufacturers have an opportunity to demonstrate that the vehicles they made a few years ago are still performing well, thus supporting residual values. They also have an opportunity to demonstrate why their new vehicles are even better than the ones they replaced, supporting new-vehicle sales. When manufacturers do more to support the shopping process, visitation to their sites will increase.”

For consumer tips on using the Internet to shop for used vehicles, visit the J.D. Power Consumer Center at www.jdpower.com.

The 2006 Used Autosopper.com Study is based on responses from 12,317 used-vehicle buyers who purchased pre-owned 2001-2006 model-year vehicles.

About J.D. Power and Associates

Headquartered in Westlake Village, Calif., J.D. Power and Associates is an ISO 9001-registered global marketing information services firm operating in key business sectors including market research, forecasting, consulting, training and customer satisfaction. The firm’s quality and satisfaction measurements are based on responses from millions of consumers annually. J.D. Power and Associates is a business unit of The McGraw-Hill Companies.

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NOTE: One chart follows.

J.D. Power and Associates 2006 Used Autoshopper.com StudySM

Five Ways to Use the Internet to Improve Your Used-Vehicle Shopping Experience

With so much content and information available online today, the Internet is making it easier than ever for prospective buyers to shop for a used vehicle. The following tips may be helpful for shoppers in the market for a used vehicle and may help improve satisfaction with their used-vehicle purchase experience.

- 1. Visit a variety of Web sites.** With an abundance of information available online for used-vehicle shoppers, it's helpful to know where to find what you're looking for. Independent sites are good places to find intuitive search tools that match shoppers with the right vehicle for their needs, as well as pricing and reliability information. Dealerships often maintain sites that provide their current vehicle inventories, while many manufacturer sites allow shoppers to search for certified pre-owned vehicles in their area.
- 2. Search for comparative used-vehicle pricing.** The development of Web sites such as Kelley Blue Book (kbb.com), AutoTrader.com and Edmunds.com have made searching for used-vehicle pricing information easy. Using these sites to compare prices will give shoppers a general idea of their desired vehicle's price range without leaving the comfort of their homes.
- 3. Consider online classified ads.** Online classified ads sites such as AutoTrader.com and cars.com are a competitive and convenient tool to give shoppers more options when considering a used vehicle. These sites allow sellers to post used-vehicle listings along with several pictures that can be viewed easily by shoppers, based on their preferred zip code.
- 4. Purchase or ask for a Vehicle History Report.** Vehicle History Reports (VHRs) are an inexpensive way to check the track record of any used vehicle. According to the *2006 Used Autoshopper.com Study*, nearly one-third (32%) of automotive Internet users receive a free vehicle history report from the seller. If your dealer or private seller does not offer a VHR free of charge, one can be purchased online through sites such as CARFAX.com and AutoCheck.com.
- 5. Search for financing and compare interest rates online.** When shoppers have financing arranged ahead of time, it often gives them greater negotiating power when dealing with the seller. On most sites, applying for financing is fairly easy, and the interest rates offered by many online lenders are comparable to or possibly better than those offered by dealers.

Source: J.D. Power and Associates 2006 Used Autoshopper.com StudySM

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