

THE ANATOMY OF AN AUTO SHOPPER

Viant's research explores the unique spending characteristics and lifestyles of four key auto shopping segments: luxury car drivers, non-luxury car drivers, utility vehicle (CUV/SUV) drivers, and truck drivers.

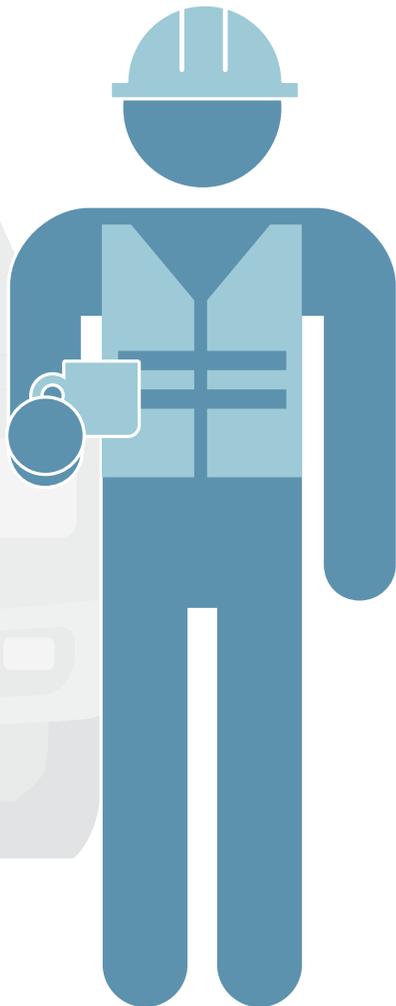


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The State of the Auto Industry

The American public has always had a close relationship to the auto industry, especially in the past decade, as the country weathered through the 2009 bailouts as well as the revitalization of the industry from automakers' renewed commitment to quality and innovation.

This relationship is entering a new phase and will be further tested by today's digital disruption and the changing composition of America's core auto buying population. Between the rise of ride-share services like Uber and Lyft, the advent of autonomous vehicles, and the emergence of America's

largest consumer generation - one that has an average of 10 digital devices per household - the auto industry is experiencing changes unseen since Ford's rollout of the Model T.

In addition to this, leading indicators are signaling that the auto market appears to be peaking, foreshadowing that a cyclical downturn could be on the horizon. As these shifts take place, automakers must take a deeper look at the market and more importantly, their consumers, to find out what's really moving the needle for their business today, as well as into the future.



Introducing The Anatomy of an Auto Shopper

Viant's The Anatomy of an Auto Shopper white paper explores the unique characteristics of four key shopper segments: luxury car drivers, non-luxury car drivers, utility vehicle (CUV/SUV) drivers, and truck drivers.

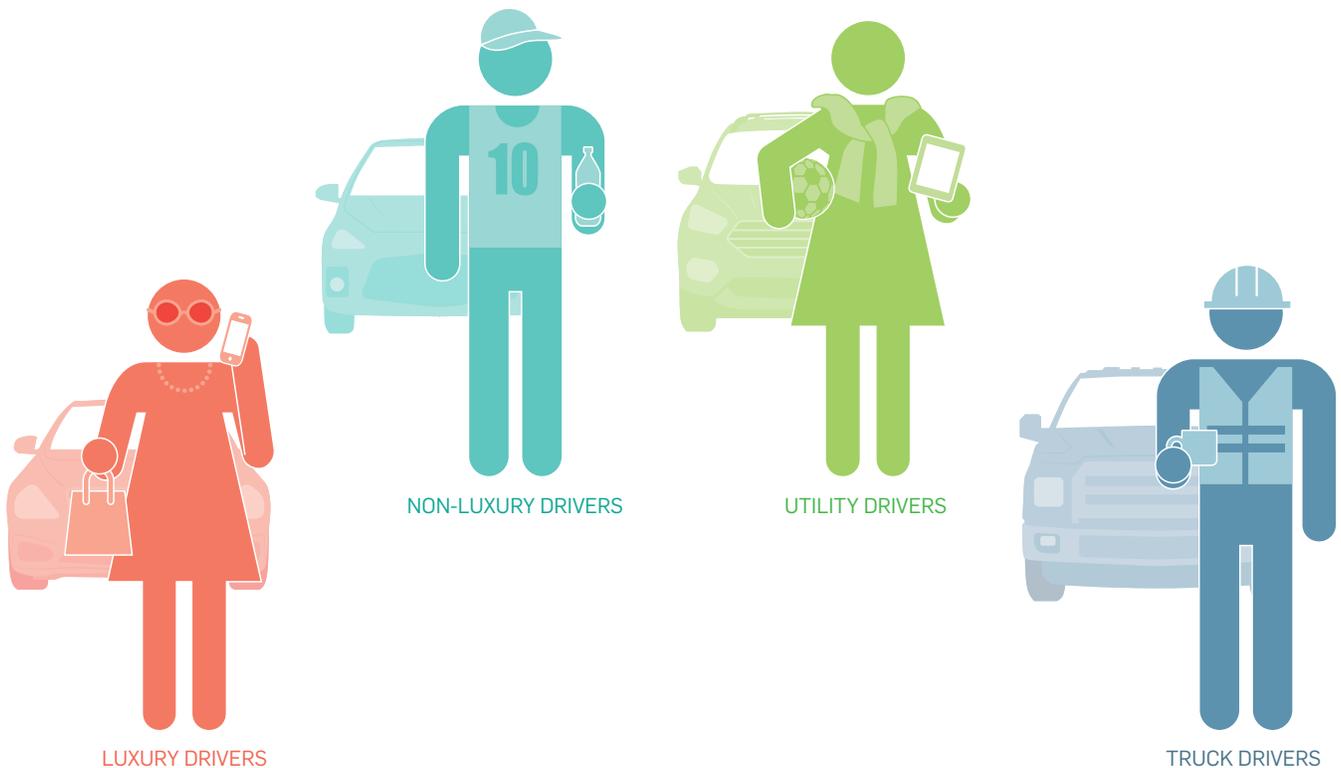
With insights like where these individuals shop and eat, what TV shows they watch, and what grocery brands they prefer, this research offers a holistic view of today's auto shopper. Using these insights, marketers can better gauge who their audience really is and shift their strategies to effectively reach key consumers.

These insights are only possible with a people-based approach to marketing. For more than a decade now, marketers have relied on cookie-based modeling to link the same consumer across multiple devices. But in a world where 75% of cookies are deleted every month and two-thirds of IP-connected devices don't accept cookies, this approach simply doesn't work.

People-based advertising solves this cross-device problem by providing brands with real, first-party data from actual people, allowing marketers to deliver personalized customer experiences across all of the consumer's devices.

As one of the leading people-based advertising technology companies, Viant has access to a rich database of more than 1.2 billion registered users through the Viant Identity Management Platform (IMP), as well as a strong roster of deterministically matched data partners. This puts Viant in the unique position to offer real, accurate insights into consumer behavior and habits.

For this white paper, Viant analyzed the shopping habits of 18 million U.S. vehicle owners, comparing four types of vehicle shoppers to other attributes in the Viant IMP such as CPG purchases, retail spending, television viewing behavior, and more.



Overview of Key Vehicle Segments

Before we dive into our research findings, let's take a moment to define the four main vehicle segments in this paper.



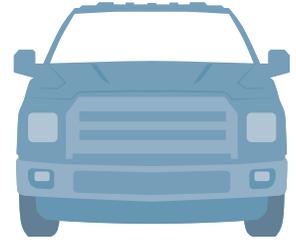
Luxury cars consist of coupes, sedans, and sports cars produced by luxury brands such as Mercedes, BMW, and Audi.



Non-luxury cars consist of all other compact, mid-size, and full-size coupes and sedans made by general market brands such as Ford and Toyota.



Utility vehicles are composed of CUVs such as the Ford Escape, non-luxury SUVs like the Chevrolet Tahoe, luxury CUV/SUVs, and minivans.



Trucks make up mid-size and full-size pickups like the Ford F-150 as well as full-size vans such as the Chevrolet Express.

Foreign Brand Ownership by Vehicle Type

Starting with foreign versus domestic vehicle ownership, we found a whopping 75% of luxury cars are foreign brands, compared to 46% of non-luxury cars, 37% of utility vehicles, and 14% of trucks.

We didn't see any significant differences in gender when it came to foreign versus domestic preferences, however there were some interesting findings when it came to ethnicity.

Both Asian Americans and Hispanic Americans are more likely to drive foreign vehicles compared to all other ethnic groups: Asian Americans are 1.8x more likely and Hispanic Americans are 12% more likely.

FOREIGN BRAND PRODUCTION BY VEHICLE TYPE



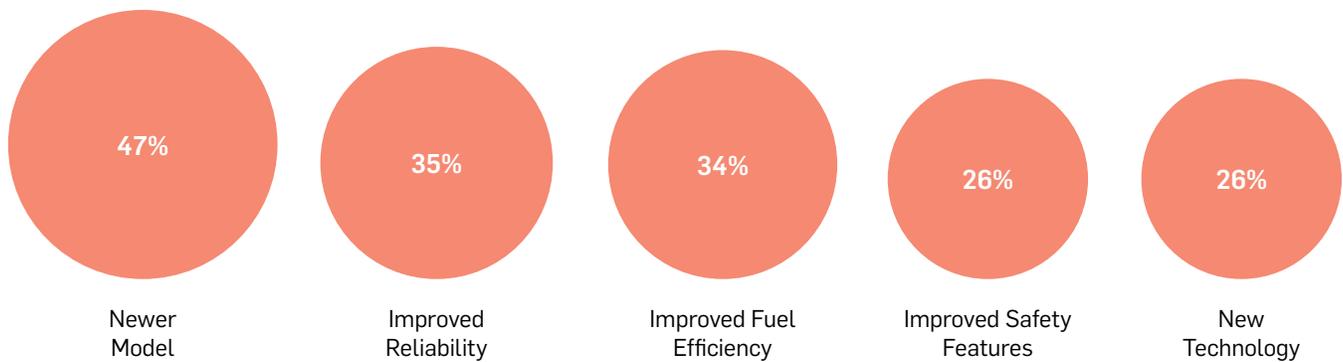
Source: Viant IMP

Key Drivers of In-Market Shoppers

Overall, the primary reason for purchasing a new vehicle was wanting to get a newer model. However, we noticed the desire to get a new model was less pronounced among younger age groups and more pronounced among older age groups. Auto shoppers 55+ were 2x more likely than shoppers in the 18-24 age range to say they were motivated to purchase a new vehicle due to a new model coming out.

On the other hand, auto shoppers in the 25-34 age range were 4x more likely to be motivated to purchase by "a vehicle that better reflects their personal image/status" than shoppers in the 55+ age range.

PRIMARY REASON FOR PURCHASING A NEW VEHICLE



KEY TAKEAWAY:

By paying close attention to the key factors that are bringing shoppers into the market, automakers can better direct their messaging themes, as well as their marketing budgets. For example, the desire to find a vehicle that better reflects personal image/status was a much bigger factor for younger shoppers than older shoppers. Using this information, marketers could specifically create a personalized campaign targeted toward these younger shoppers, delivering a message that focuses on personal image across the formats these shoppers engage with most.

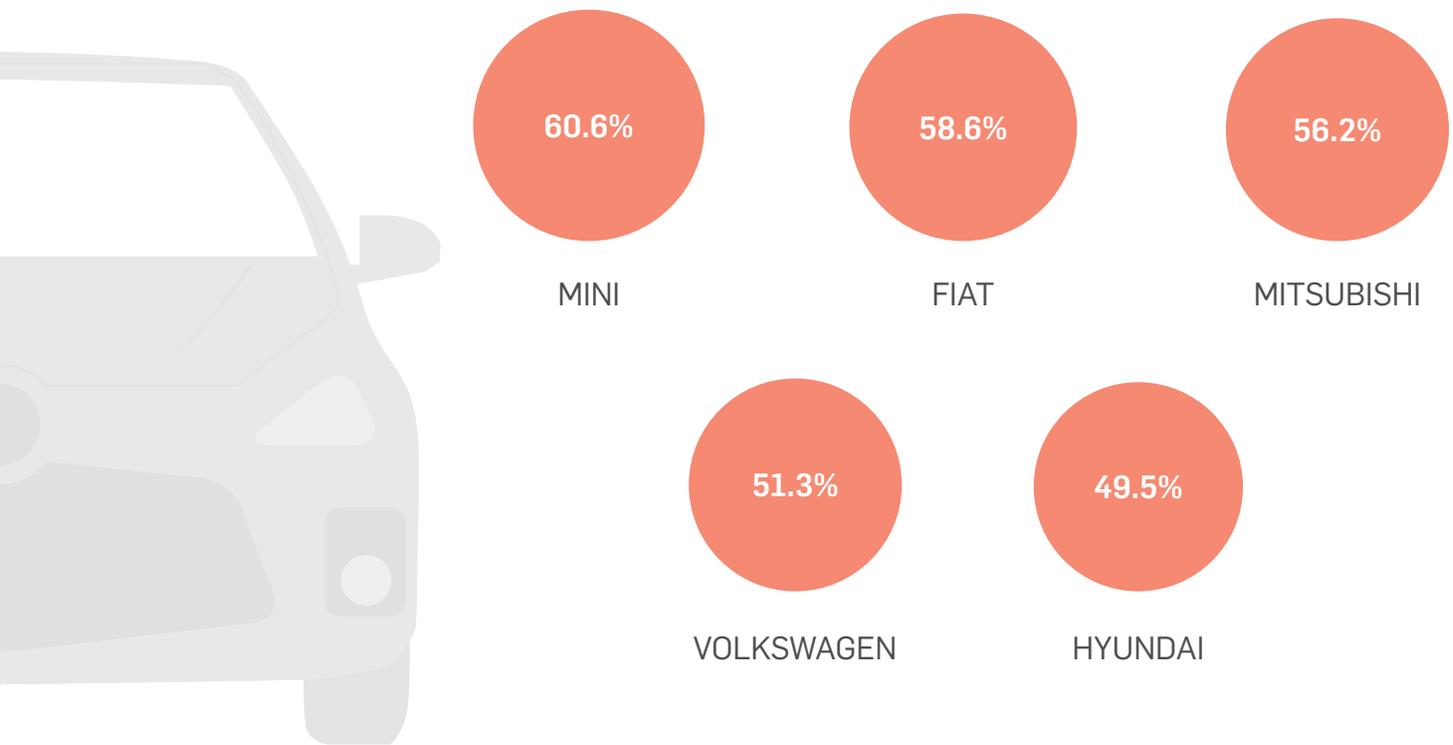
Source: Time Inc. Survey with Marketing Evolution

America's Next Top Auto Consumer: Millennial and Ethnically Diverse

Now let's dig into the actual individuals behind the wheel. While Millennials (born between 1982 and 2004) were once a source of panic for the auto industry as they weren't even getting driver's licenses, let alone purchasing vehicles, they are now the second highest vehicle purchasers, following Baby Boomers (born between 1946 and 1964). In 2015, Millennials' share of the new car market surged to 28%, according to J.D. Power, with that number only expected to rise.

When it comes to age differentiation among our vehicle segments, utility vehicle drivers tend to be older than truck and car drivers: 82% of respondents age 35+ are utility drivers, compared to 67% of car drivers and 69% of truck drivers.

TOP BRANDS CONSIDERED AMONG IN-MARKET MILLENNIALS



Source: Viant IMP | Viant Survey with Research Now | Time Inc. Survey with Marketing Evolution

Top Vehicle Choices by Ethnicity

Digging further into demographics, we examined the highest affinity makes and models by ethnicity. Asian Americans are twice as likely to drive luxury cars as Hispanic Americans and African Americans. They are also more likely to drive utility vehicles, with 40% of Asian Americans driving utility vehicles compared to 36% of Hispanic Americans and 32% of African Americans.

Hispanic Americans are 2.4x more likely to drive trucks than Asian Americans and 51% more likely to drive trucks than African Americans.

Most notably, Hispanic Americans have the highest affinity for Nissans in the car and utility categories. Nissan has continued to shift its marketing efforts to the Hispanic audience, with campaigns like October 2016's "Hispanics Who Dominate" for Hispanic Heritage Month, which featured prominent Hispanic advocates and educators.

Strategies like this, which focus on developing campaigns and messages specifically tailored to a targeted audience can help automakers find success in hyper-competitive markets.

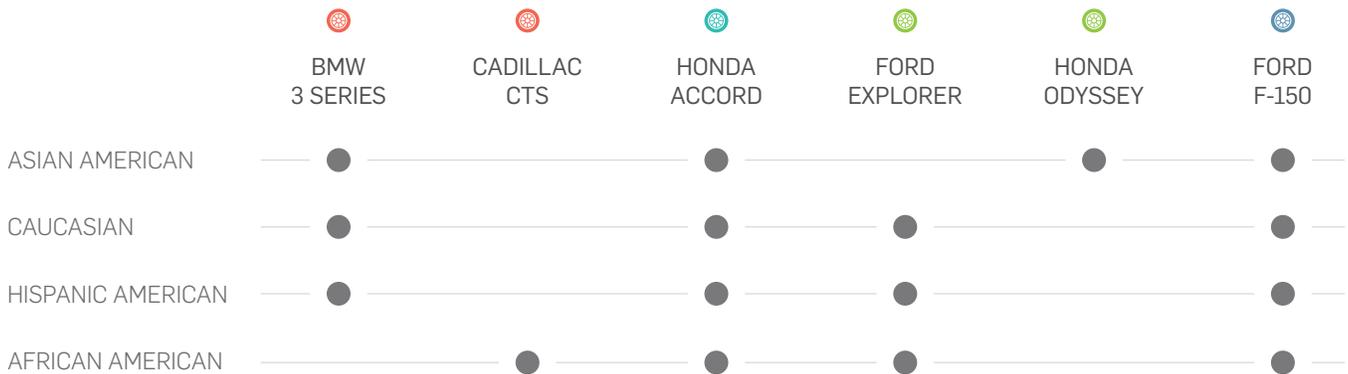
The top utility choice among African Americans, Caucasians, and Hispanic Americans is the Ford Explorer, while Asian Americans favor the Honda Odyssey. For the luxury car segment, the top choice for Asian Americans, Caucasians, and Hispanic Americans is the BMW 3-Series, while African Americans prefer the Cadillac CTS.

The Honda Accord is the most prevalent non-luxury car for all ethnicities. Together with the Honda Civic, Toyota Camry, and the Toyota Corolla, these models account for 43% of the non-luxury car market among Asian Americans, compared to just 17% for Caucasians.

The most popular truck choice among all ethnicities is the Ford F-150. This isn't particularly surprising as it's been the best-selling vehicle in the United States for well over 30 years, and the best-selling pickup truck for more than 40 years.

TOP VEHICLE CHOICE BY ETHNICITY

DRIVER TYPES:  LUXURY  NON-LUXURY  UTILITY  TRUCK



KEY TAKEAWAY:

The shift in ethnic diversity among auto consumers, as well as the growing buying power of Millennial shoppers, present both challenges and opportunities for automakers. Automakers must take a multifaceted approach to language and cultural identity by carving out special messaging and campaigns that resonate with increasingly diverse audiences.

Source: Viant IMP

What's for Dinner Tonight? The CPG Preferences of Drivers

When it comes to consumer packaged goods (CPG), we looked at overall affinities for certain products as well as a comparison of drivers' preferences for staples like coffee, frozen foods, and soft drinks.

Overall, luxury car drivers and utility vehicle drivers had the most similar CPG habits, which makes sense, as utility vehicles are the second-most-expensive category of vehicle after luxury cars. Both buy more ready-to-eat food and refrigerated items, indicating they may have an on-the-go lifestyle and less time to cook at home. However, luxury car drivers are more likely to purchase health and beauty products such as eye care, hand lotion, and sun tan lotion. In particular, they are 32% more likely than the general population to buy sun tan lotion.

Truck drivers exhibited an affinity to barbecue as well as brew coffee at home. They are 53% more likely than

the overall population to purchase charcoal logs and accessories, and about 30% more likely to purchase coffee filters and creamers.

In terms of actual brands, luxury car drivers are 2x more likely than non-luxury car and truck drivers to drink Sam Adams and Starbucks. They are also about 1.5x as likely to eat Lean Cuisine compared to all other vehicle segments. On the other hand, non-luxury car drivers are 2x more likely than luxury car drivers to opt for Michelin's frozen entrées.

Utility vehicle drivers rank the highest for bottled Starbucks drinks like packaged Frappuccino and Cold Brew mixes. They are also 1.6x more likely to drink Miller Lite than truck drivers. Instead, truck drivers prefer Coors. Truck drivers are also significantly more likely to drink Diet Dr. Pepper than any other vehicle segment and are 25% more likely to eat Banquet frozen entrées.

TOP CPG BRAND AFFINITIES AMONG AUTO SHOPPERS

| |  LUXURY |  NON-LUXURY |  UTILITY |  TRUCK |
|--------------|--|--|---|---|
| BEER | SAMUEL ADAMS | BUD LIGHT | MILLER LITE | COORS |
| COFFEE | STARBUCKS | MAXWELL HOUSE | STARBUCKS (Bottled Drinks) | FOLGERS |
| SOFT DRINK | COCA-COLA ZERO | MOUNTAIN DEW | A&W BRANDS | DIET DR. PEPPER |
| FROZEN FOODS | LEAN CUISINE | MICHELINA'S | PERDUE | BANQUET |
| OTC PHARMA | ADVIL | HALLS | ADVIL | ALEVE |

Note: These brands denote the highest affinity for each vehicle segment, not the top-selling CPG brands. This means that within a particular vehicle segment, a higher percentage of individuals purchase these brands compared to overall population norms.

KEY TAKEAWAY:

As more CPG brands take a direct-to-consumer approach, this opens up opportunities for auto marketers to cross-promote with CPG brands who are looking outside traditional resellers to build customer loyalty and trust.

Source: Viant IMP

Why Are There So Many Ford Pickups at Walmart?

A Look into Retail Spending

We also took a deep dive into what types of retailers auto shoppers favor. The retailers included in this analysis are Walmart, Costco, Target, Dillard's, Neiman Marcus, Macy's, Kohl's, The Gap, and Ralph Lauren.

Truck drivers favor Walmart, spending on average \$522 in the third quarter of 2016. They spend the most at Walmart compared to all other vehicle segments, even outspending luxury car drivers by 33%.

We saw the reverse of this at Macy's, as luxury car drivers spent 28% more than truck drivers in the same period: \$193 compared to \$151, respectively. Similarly, luxury car drivers spent 27% more than truck drivers at Ralph Lauren and Dillard's.

Utility vehicle drivers were the highest spending customer segment for Target and Neiman Marcus. Meanwhile, non-luxury car drivers were not the highest-spending customer segment at any of the retailers studied.

In addition to looking at spend-per-buyer, we also analyzed buyer penetration rate, or the rate at which different drivers shop at stores, to showcase another way brands can identify high-value consumer segments.

For example, while truck drivers spend the most at Walmart, they shop at Walmart at roughly the same rate as every other vehicle segment. Costco, by contrast, is a different story. Spend per customer at Costco varied by just 10% from the lowest spenders (non-luxury car drivers) to the highest (luxury car drivers). However, when we analyzed buyer penetration rate, we found luxury car drivers are 55% more likely to frequent Costco as non-luxury car drivers: 14% compared to 9% respectively.

Other retailers who saw this same phenomenon of high buyer penetration rates for luxury car drivers include The Gap and Macy's. The Gap had a rate of 3.9% of luxury car drivers compared to 1.7% of truck drivers, while Macy's saw 7.2% of luxury car drivers compared to 3.3% of truck drivers.

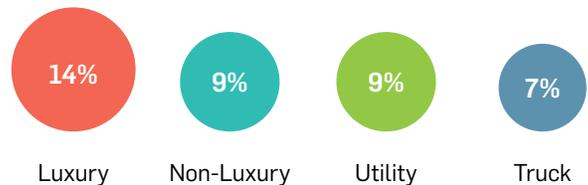
AVERAGE SPEND AT WALMART BY DRIVER TYPE

Average spend of drivers by auto type who shopped at Walmart in Q3, 2016



BUYER PENETRATION RATE AT COSTCO BY DRIVER TYPE

% of drivers by auto type who shopped at Costco in Q3, 2016



KEY TAKEAWAY:

Knowing that truck drivers spend the most at Walmart and luxury shoppers frequent Costco can help auto marketers today as they seek to engage shoppers across a multitude of different channels. These kinds of retail habits inform advertising tactics, both on proximity and frequency. Auto dealerships are primarily located near high traffic retail areas. Understanding time of day, location, and frequency of consumer shopping habits can provide valuable insights in formulating advertising plans, especially in the case of mobile. Additionally, knowing auto shoppers' retail habits can also inform decisions like vehicle display partnerships with retailers.

Source: Viant IMP

TV Consumption Habits Among Each Vehicle Segment

To form an accurate picture of where brands can best reach their audiences on television, we examined a variety of drivers' viewing habits.

Luxury car drivers over-index for sports, news, and entertainment networks and programs. They are 36% more likely to watch the *U.S. Open* and 28% more likely to watch *CNN Tonight with Don Lemon* than truck drivers.

Non-luxury car drivers prefer sports, especially college networks and shows. However, we also found they seem to be watching more night-time television, especially talk shows and news shows.

Utility vehicle drivers have the most eclectic sports taste. Like luxury car drivers, they watch golf and tennis, however more similar to non-luxury car drivers, they also watch a

lot of college sports. They are the most likely to tune-in to pre-game programming (*Monday Night Countdown*, *College GameDay*, *College Football Countdown*) than any other vehicle segment.

Finally, truck drivers tend to watch a wide range of programming including Country Music TV (CMT) and non-fiction programming on networks like Discovery and the Weather Channel, as well as movie networks like Showtime.

They are 25% more likely to watch the *Country Music Association (CMA) Awards* and 23% more likely to watch *Alaska: The Last Frontier* than luxury car drivers. What many auto advertisers might find surprising is that they are actually the least likely of any vehicle segment to watch sports programming.

TOP NETWORKS AND SHOW AFFINITIES BY AUTO SHOPPER

| |  LUXURY |  NON-LUXURY |  UTILITY |  TRUCK |
|----------|--|--|--|---|
| NETWORKS | The Golf Channel CNN CNBC | Big Ten Network ESPN University Turner Classic Movies | Big Ten Network ESPN University Discovery Family Channel | RFD-TV Country Music Television Starz |
| SHOWS | U.S. Open Tennis CNN Tonight w/ Don Lemon E! News | Last Call w/ Carson Daly Nightline Anger Management | College GameDay New Day Survivor | Mom Alaska: The Last Frontier CMA Awards |

Note: These networks and programs denote the highest affinity for each vehicle segment, not the top-viewed TV networks and programs. This means that within a particular vehicle segment, a higher percentage of individuals watch these networks and shows compared to the overall vehicle owners population.

KEY TAKEAWAY:

While TV is still a great mass-reach medium for automakers, viewing behavior has significantly changed with the rise of streaming video content. Despite this shift, automakers have been slower to change their TV budgets and invest in digital streaming media compared to other industries. However, we are seeing some progressive automakers making changes to their ad budgets. Last year, a top-five automaker worked with Viant to transition from the ever more expensive and scarce regional spot television approach to a targeted digital video strategy.

[Read the full case study here.](#)

Source: Viant IMP

Death of an Auto Salesman: Mobile's Big Impact on the Auto Buyer's Journey

According to J.D. Power's 2016 New Autosshopper Study, more than 90% of auto shoppers visit at least one automaker's site during the shopping process, and more than half of auto shoppers use a mobile device to seek vehicle information.

To better understand the changing nature of the auto buyer's journey, we looked at how different demographics are using technology.

Not surprisingly, digital-forward Millennials are 30% more likely than Gen Xers and 2.8x more likely than Baby Boomers to use a smartphone or tablet in the auto buying process: 45% of Millennials used a smartphone or tablet in shopping for their last vehicle, compared to just 16% of Baby Boomers and 35% of Gen Xers.

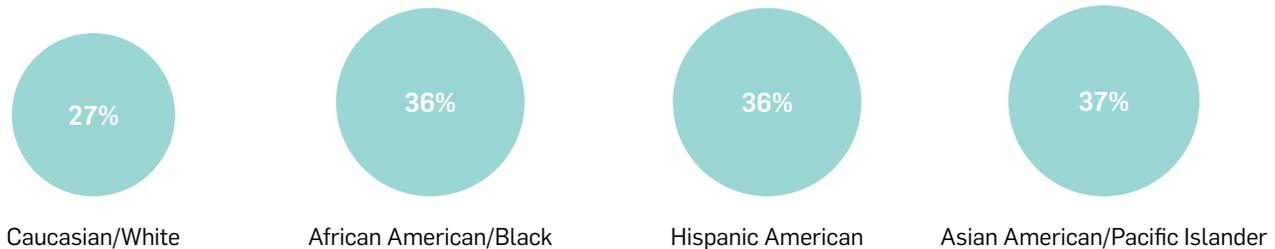
When it comes to gender, men are only slightly more likely to use a smartphone or tablet when shopping, with 31% of men compared to 29% of women doing so in their last vehicle purchase.

Caucasians are the least likely to use smartphones or tablets in the car buying process, with 27% doing so, compared to roughly 36% of Hispanic Americans, African Americans, and Asian Americans.

This echoes the findings in Viant's previous report, [Hispanic American Auto Buyers: America's Most Receptive Digital Audience](#). In this report, Viant found Hispanic American vehicle shoppers were 2x more likely than non-Hispanics to find mobile ads persuasive and 3x more likely to consider a brand after seeing a video ad.

People who say they are influenced by digital advertising are also more likely to use mobile devices while vehicle shopping: 44% of respondents who say digital ads influence their vehicle shopping decisions used a smartphone or tablet when making their last purchase compared to 30% of all respondents.

USED A SMARTPHONE/TABLET IN LAST AUTO BUYING PROCESS



KEY TAKEAWAY:

More new vehicle shoppers enter the process knowing the model they want and buying it. According to Autotrader, 71% of purchase decisions are made prior to even visiting the dealership. The days of shoppers visiting the dealership first to start research are waning. As digital continues to rise and consumers are taking the wheel on research, marketers must embrace a people-based approach, rather than cookies, to connect all of the customer touchpoints that lead to a purchase.

Source: Viant Survey with Research Now

The Uber Effect

The emergence of ride-share services like Uber and Lyft have shaken things up quite a bit for traditional transportation services like taxis, limos and rentals. At the same time, it's also been a concern for the auto industry as a possible replacement to personal vehicle ownership.

Our survey revealed ride-share services have the greatest impact on Millennials' likelihood to purchase a new vehicle compared to any other age group. 21% of Millennials say ride-sharing would likely postpone their decision to buy a new vehicle, while 14% say it would likely eliminate their need to buy a new vehicle.

The impact was even more pronounced among certain ethnic groups. Hispanic Americans are the most likely to say that ride-sharing will postpone their vehicle buying, while Caucasians are the least likely.

Similarly, people favorable to buying a vehicle from a tech company also skew young: 38% of Millennials were open to buying a vehicle from a tech company such as Google or Apple, compared to 26% of the overall respondent population.

WILL RIDE-SHARING POSTPONE YOUR NEXT VEHICLE PURCHASE?



KEY TAKEAWAY:

As competition intensifies with newcomers like Tesla and tech companies like Google entering the auto market, as well as ride-sharing alternatives to vehicle ownership, automakers are transitioning into "mobility" companies and embracing technology to attract the digital-first audience who expect convenience and ease of use in every aspect of their lives.

Source: Viant Survey with Research Now

Conclusion

As the auto buying process evolves, from taking place entirely at the dealership to a full scale digital and in-person journey across multiple devices and touchpoints, automakers are facing another challenge: how to effectively manage the customer journey.

With the average U.S. household owning at least ten internet-connected devices, TV content consumption rapidly changing, and customers seemingly having less and less discretionary time, automakers must refine their approaches and drive more accuracy and accountability in their advertising.

By knowing who their customer really is and adapting their marketing strategy to the younger, more diverse consumer groups, automakers can achieve success in a competitive market.

While cookie-based targeting and last-click attribution have been the norm for automakers, this approach

can no longer shoulder the burden of tracking users across the myriad number of devices in play today. The emergence of people-based advertising was a direct response to this cross-device dilemma. Now, with people-based advertising, marketers can establish direct relationships with consumers, helping to close the loop on cross-device attribution.

As the powerful breadth of data in this study illustrates, a people-based advertising approach that delivers insights like actual ages, devices, incomes, locations, preferences, and purchase histories can create robust, multifaceted customer segments that include both offline and online behaviors. By creating this rich, unique customer persona, marketers can deliver the right message at the right time to the right consumer across all of their devices, ultimately creating a better brand experience for that customer.



Methodology

The primary source for these findings are internal data mining of the Viant Advertising Cloud Identity Management Platform (IMP) and its people-based connection to rich, deterministic data sets including credit card shopping data from hundreds of millions of retail transactions, TV viewing data from our network of nearly 12 million homes monitored with automatic content recognition (ACR) technology, grocery purchase data from Nielsen Catalina Solutions and their 90 million households, vehicle transaction data from Ubran Science, and many other consumer data points from partners including Experian and Neustar. This analysis focused on a population of roughly 18 million vehicle owners whom we identified in the IMP.

Additionally, Viant commissioned an original survey, conducted in November 2016 by Research Now, representing a sample of 2,003 Americans age 18+, who were recruited and weighted to match demographic distributions of the U.S. population as a whole based on age, gender, and ethnicity.

Viant also leveraged survey results from its parent company, Time Inc., and its original survey with Marketing Evolution. This survey took place from November 2015 to July 2016, and included a sample of 15,000 in-market auto shoppers who intend to purchase a vehicle in the next 12 months.

We used the survey results primarily to validate our data mining analysis, though in select cases, we present findings from the survey directly in this report, as noted in the source information where applicable.

Please note “general population” refers to the Viant IMP population, which is comprised of more than 1.2 billion registered users globally.

About Viant

Viant Technology LLC is a premier people-based advertising technology company, enabling marketers to plan, execute, and measure their digital media investments through a cloud-based platform. Built on a foundation of people instead of cookies, the Viant Advertising Cloud™ provides marketers with access to over 1.2 billion registered users, one of the largest registered user databases in the world, infusing accuracy, reach, and accountability into cross device advertising.

Founded in 1999, Viant owns and operates Adelphic and Myspace and is a member of the Xumo joint venture.

In 2016, Viant became a subsidiary of Time Inc. (NYSE:TIME), one of the world's leading media companies with over 100 influential brands including People, Sports Illustrated, Fortune, and Time. For more information, please visit www.viantinc.com.

Data Privacy Statement

Viant implements robust data protection and security protocols in order to secure and protect all data in our systems. This includes implementing industry-leading security around our servers, using the highest levels of encryption and leveraging and experienced team of highly trained professionals to monitor for any suspicious activity around our products and systems. Additionally, Viant is constantly reviewing industry trends with respect to privacy and implements new policies and procedures in order to adopt industry best practices.

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