

The Advantage of Affordable Luxury

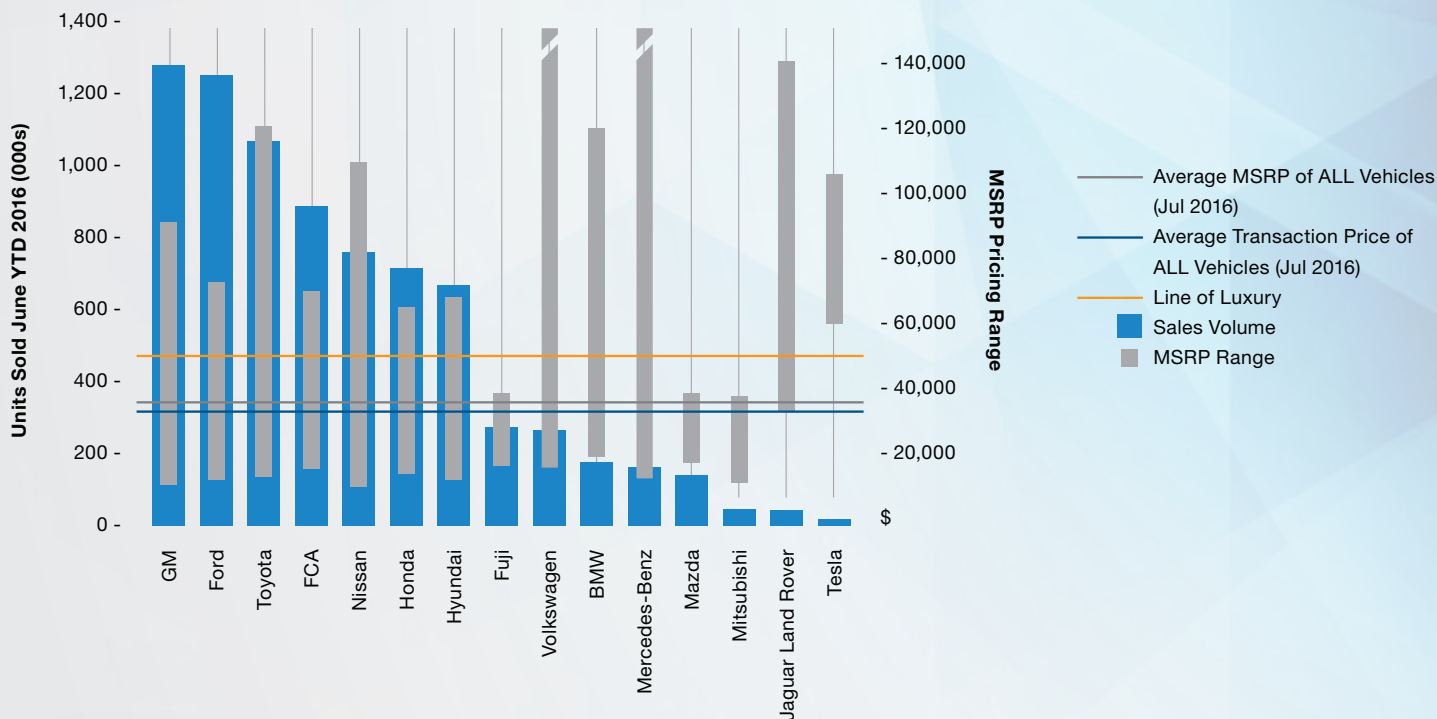
OEM offerings, prices and incentives are blurring the line between luxury and non-luxury vehicles. Luxury brands are introducing lower-price models to drive higher volumes, while non-luxury brands are implementing higher trim levels to target luxury buyers.¹

Luxury brands do not always equate to the most expensive monthly payments. Comparable vehicles of similar size and trim do not necessarily have similar monthly prices.¹

OEM-Advertised, 36-Month-Lease Payments on Models with Leather and Navigation:²

- // 2016 Ford Taurus SEL \$459
- // 2016 BMW 528i \$459
- // 2017 Nissan Maxima SV \$461
- // 2017 Honda Accord EXL \$601
- // 2017 Mercedes E300 \$719

LOW ENTRY PRICE DRIVES SALES VOLUME¹



While lower entry prices driver larger sales volumes, offering a wider spectrum of available prices does not have a significant impact on sales volumes.¹ Dealers can drive sales by taking advantage of lower OEM entry prices on entry-level luxury brand models and higher-trim-level models from non-luxury brands.

LUXURY REPRESENTS THE BIGGEST LEASING OPPORTUNITY

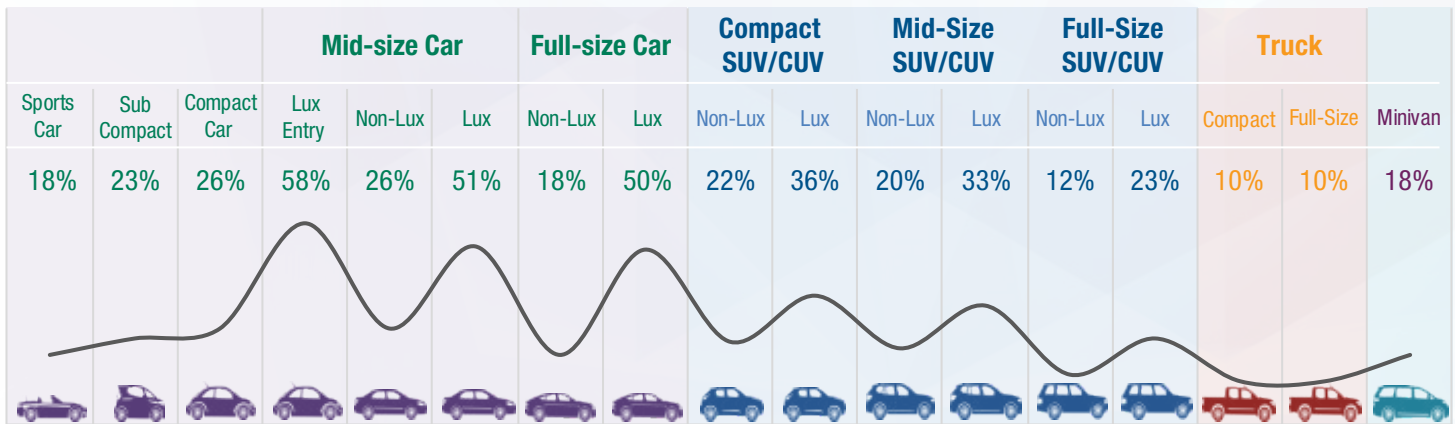
Lease volume is largest among the Luxury sub-segments of the Car and SUV/CUV segments. Entry-Level Luxury cars, Luxury Mid- and Full-Size Cars, and Luxury Compact and Mid-Size SUVs/ CUVs are particularly popular with Lessees.³

LEASE SHARE OF NEW VEHICLE VOLUME BY VEHICLE SEGMENTS³

Car – 28%
(Non-Lux 24% | Lux 56%)

SUV/CUV – 23%
(Non-Lux 21% | Lux 33%)

Truck – 10%



What Dealers Can Do

Coordinate marketing efforts with OEM offerings to drive sales of:

// Lower-Priced Luxury Vehicles

Upsell to aspirational prospects who may not be aware they can afford a luxury vehicle

// Non-Luxury-Brands with Higher Trim Levels

Upsell to non-luxury buyers who may be looking to upgrade; target bargain-conscious luxury buyers who may not be aware of high-value options

Leverage monthly payment comparisons as an upsell tool.

Lessees are more likely to upgrade than New buyers are,³ so focus on upselling luxury trim levels and entry-level luxury models to lessees; time upgrade-focused special offers to coincide with lease renewal dates.

Sources

1. 2016 Cox Automotive U.S. Vehicle Pricing Ladder Study
2. Cox Automotive review of OEM Websites as of 8/16/16 for vehicles of similar size and trim level
3. 2015 Autotrader Sourcing Study

Cox AUTOMOTIVE



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