

The Automobile Industry In Quebec



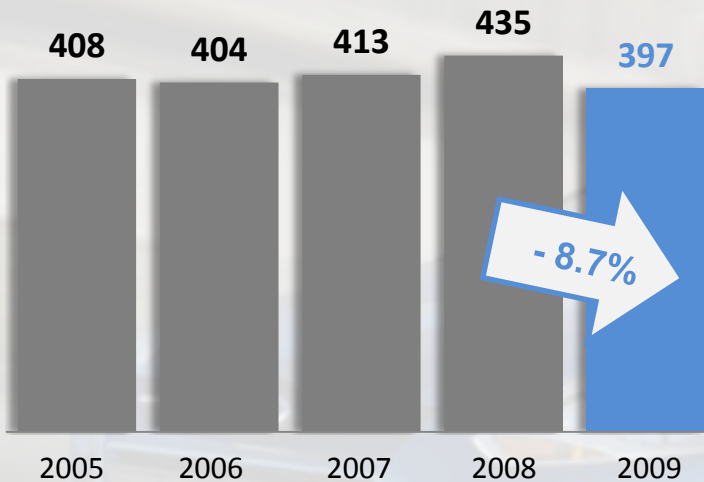
The Automobile Industry

- **The Automobile Market in Quebec**
 - Evolution of New Vehicle Sales
 - Sales by Vehicle Type and Origin
 - Market Seasonality
 - PMB Market Segment (JD POWER)
 - Most Sold Brands in 2010 (Desrosiers)
- **Advertising Investments in the Automobile Category**
 - Importance of the Automobile Category in Advertising
 - Evolution of Automobile Advertising Investments
 - Evolution of Advertising Investments by Segment and Type of Ad
 - Automobile Advertisers' Share of voice
- **Advertising Analysis of Ford**
- **A Few Interesting Facts**

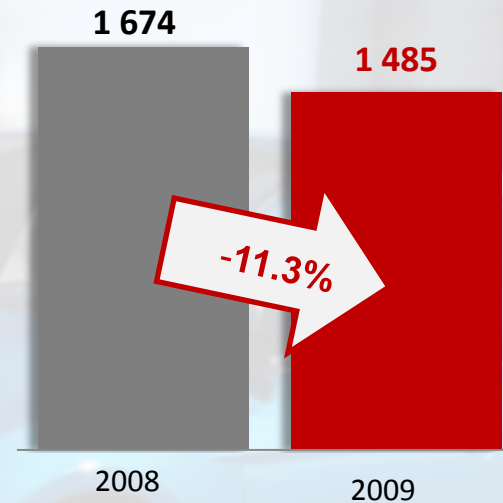
Effects of the 2009 Crisis

A Major Impact on Automobile Sales

New Vehicle Sales in Quebec (000)



New Vehicle Sales in Canada (000)

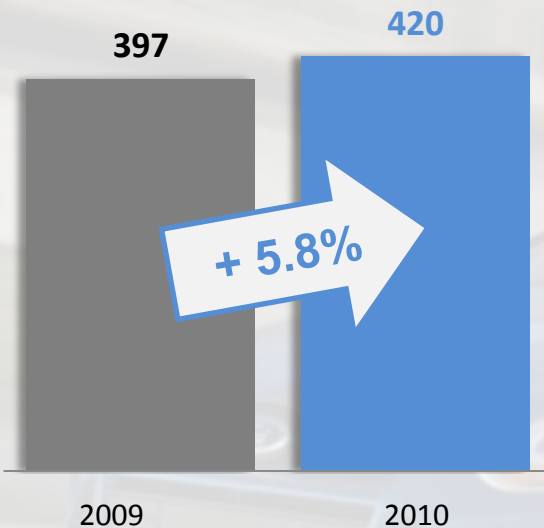


- The economic crisis produced a sharp drop in new vehicle sales in Quebec between 2008 and 2009 (-8.7%).
- The province of Quebec was not as badly hit as the rest of Canada – which suffered an 11.3% decrease in new vehicle sales during the same period (**-12.2% in Canada excluding Quebec**).

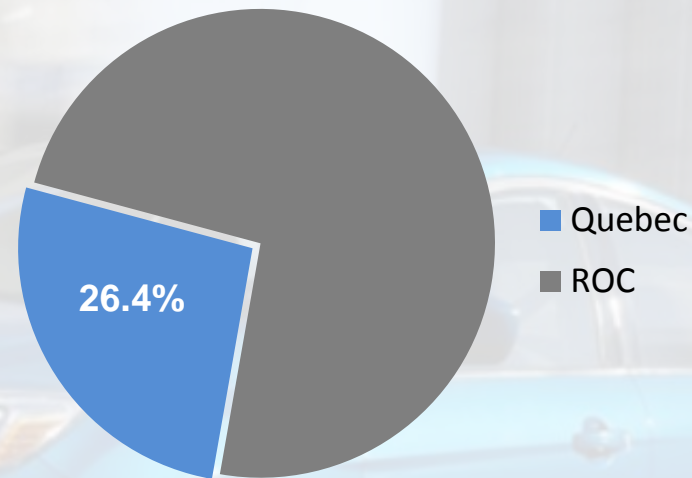
Recovery in 2010

A Swift, Positive Return to Normal

New Vehicle Sales in Quebec (000)
January to December 2010



New Vehicle Sales in Canada (%)
January to December 2010

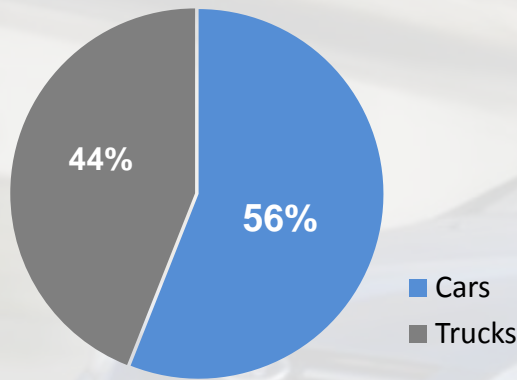


- Results for 2010 are very encouraging, with a 6% rise in automobile sales between January and December compared to the previous year. Sales up to now have reached 96% of their pre-recession (2008) levels.
- In the **rest of Canada**, we are witnessing an **increase of 6.7% in sales**. The latter is a little weak, given the losses between 2008 and 2009 (-11%).
- From January to December 2010, 420,000 new vehicles were sold in the province of Quebec. This represents 26.4% of new vehicle sales in Canada.

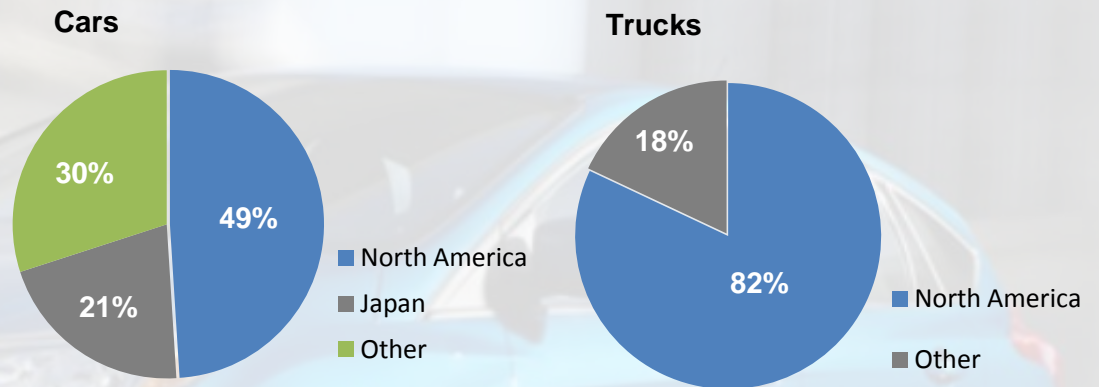
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By Vehicle Type and Origin

Sales % by Type
January to December 2010



Sales % by Origin
January to December 2010

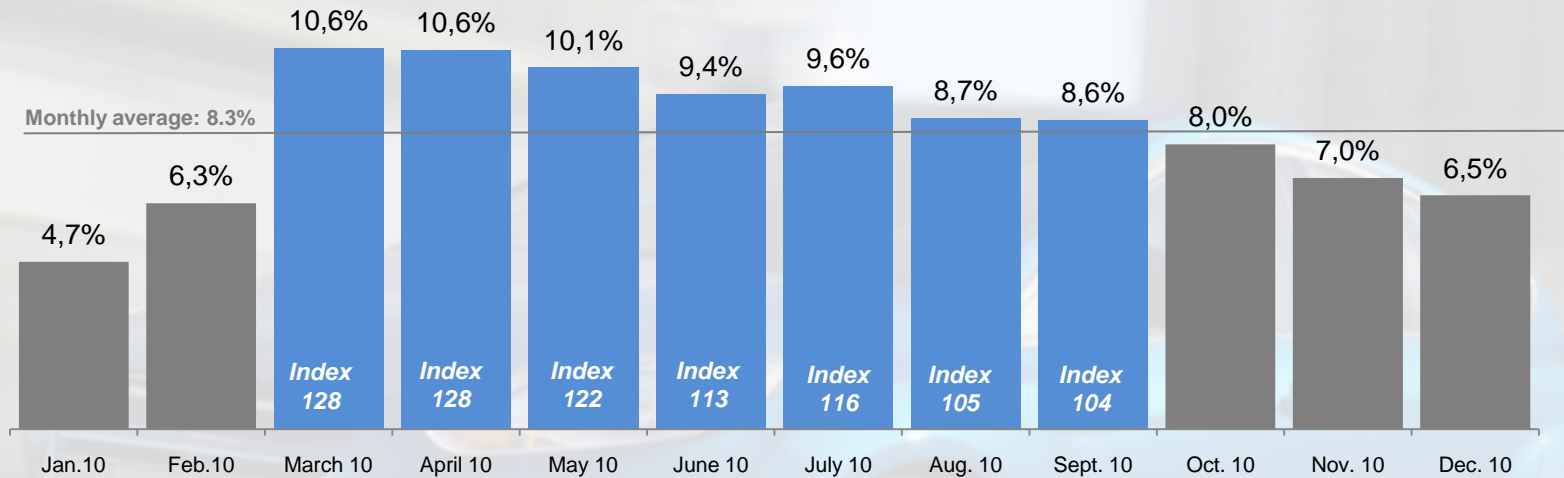


- 56% of new vehicles sold in Quebec are cars, and 44% are trucks (including minivans, SUVs, light & heavy trucks, and buses)
- **63% of all vehicles sold in Quebec are North-American models.** This proportion rises to 82% when considering only larger, truck-type vehicles.

The Automobile Industry in Quebec

By Sales Seasonality

2010 Monthly Automobile Sales in Quebec (%)

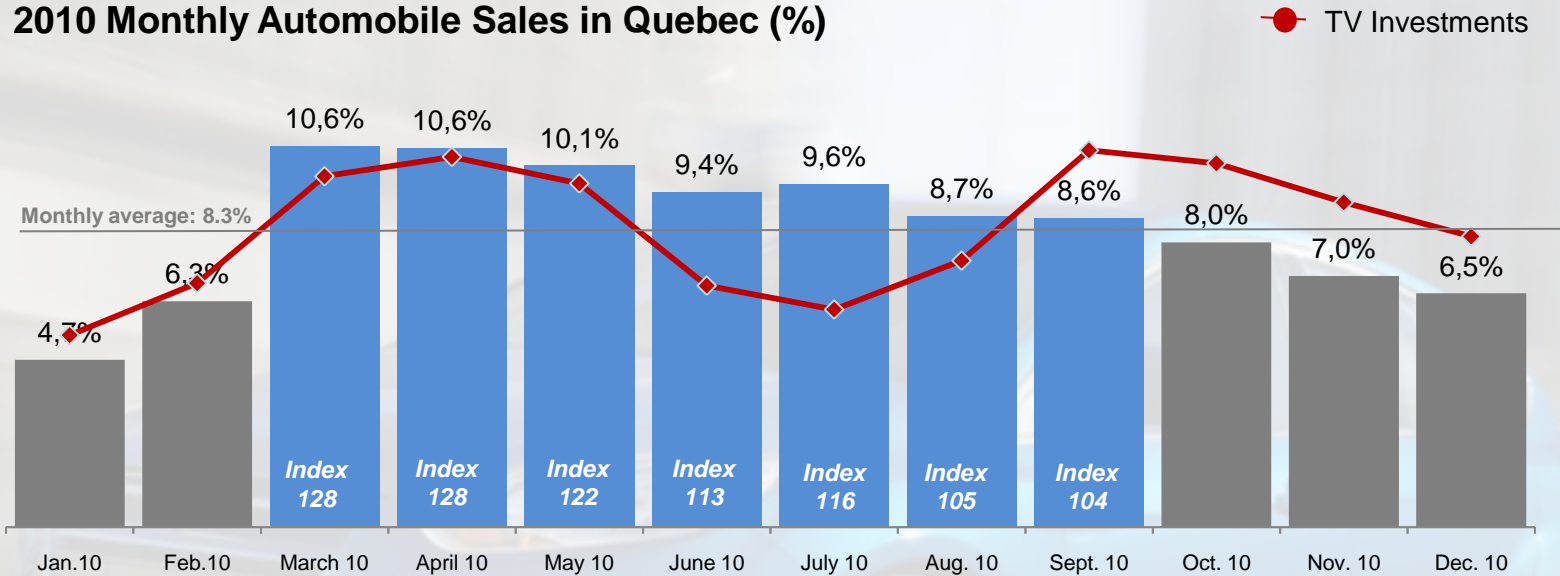


- Spring and summer are the peak seasons for new vehicle purchases in Quebec, although sales remain considerably strong until September.
- March, April and May are the 3 biggest months: they set the tone for the entire year.

The Automobile Industry in Quebec

By Sales Seasonality

2010 Monthly Automobile Sales in Quebec (%)



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PMB Automobile Segmentation (JD Power): 6 Segments + 27 Sub-Segments

Compact

Basic (Accent, Aveo, Echo, Accent Berline, Yaris, Fit, Rio, Versa, Wave)
Conventional (Cobalt, Caliber, Acura EL, **Focus**, **Escort**, Civic, Elantra, Spectra, Sentra, Mini, Sunfire, Mazda3, Corolla, Jetta, etc.)
Utility (Chev.Tracker, Jeep Liberty, Nissan Xterra & XTrail, FJ Cruiser)
SUV (Equinox, Pt Cruiser, Nitro, **Escape**, CRV, Element, Santa Fe, Compass, Mazda CX7, Rogue, Sportage, Tiguan, *Tucson*, etc.)
Sporty (Hyundai Tiburon, Miata, Solstice, Saturn Sky, Subaru Impreza, Volks EOS)

Compact Premium

Conventional (Acura TL TSX, Audi A2/A6, BMW Série 1-3, Cadillac CTS, Infiniti G35/37, Lexus IS, Mercedes class B/C, **MKZ**, etc.)
SUV (Acura RDX, Audi Q5/Q7, BMW X3/X5, Infiniti EX35)
Sporty (Acura RSX, CrossFire, Saab 9.2) **Utility** (Other truck, Infiniti SUV)

Midsized

Conventional (Malibu, Allure, Sebring, **Fusion**, **Taurus**, Accord, Hyundai Sonata, Mazda 6, Sable, Altima, Alero, Pontiac G6/G8, Outback, Camry, Passat, etc.)
Utility (Traverse, Durango, GMC Jimmy, Honda Pilot, Grand Cherokee, Sorento, Pathfinder, Toy 4runner, etc.)
SUV (Enclave, Pacifica, Journey, **Edge**, GMC Acadia, Veracruz, Mazda CX9, Murano, Highlander, etc.)
Sporty (Camaro, Dodge Avenger, Challenger, **Mustang**, Mazda RX8, Firebird, etc.)
Pickup (Chevrolet S10, Dakota, Dodge RAM, **Ford Explorer**, Ranger, GMC Sonoma, Ridgeline, Frontier, Tacoma, etc.)
Minivan (Terraza, Astro, Venture, Town & Country, Dodge Caravan, **Ford Freestar**, GMC Safari, Honda Odyssey, Entourage, Sedona, Mazda 5, MPV, Quest, etc.)

Large

Conventional (LeSabre, Impala, Charger, Maxima, Grand Marquis, Avalon, **Ford 500**, etc.)
Utility (Armada, Aspen, Tahoe, **Expedition**, Denali, Sequoia, etc.)
Pickup (Avalanche, Sierra 1500, Titan, Tundra, **Ford Pick-up**, etc.)
Minivan (Express, Sprinter, Savana, **Ecoline**, etc.)

Large Premium

Conventional (Cadillac De Ville), **Pickup** (Escalade, **Lincoln Mart LT**), **Sporty**, **Utility** (Infiniti X56, **Navigator**)

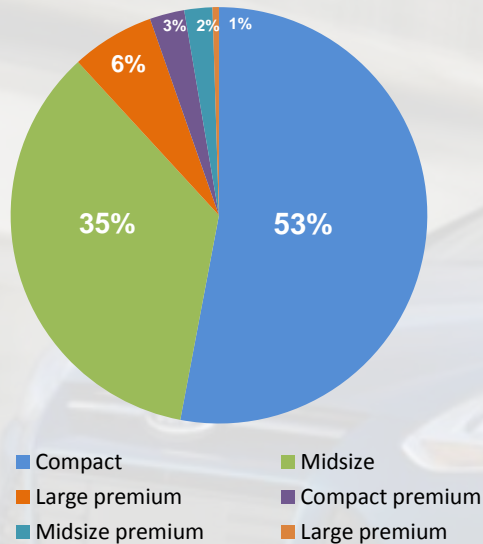
Midsized Premium

Conventional (BMW Série 5, Mercedes-Benz Classe E, **Lincoln LS**, Genesis, etc.)
SUV (Acura MDX, Cadillac SRX, Mercedes-Benz Classe M, **MKX**, **Aviator**, etc.)
Sporty (Corvette, Thunderbird), **Utility** (Saab 9.7X)

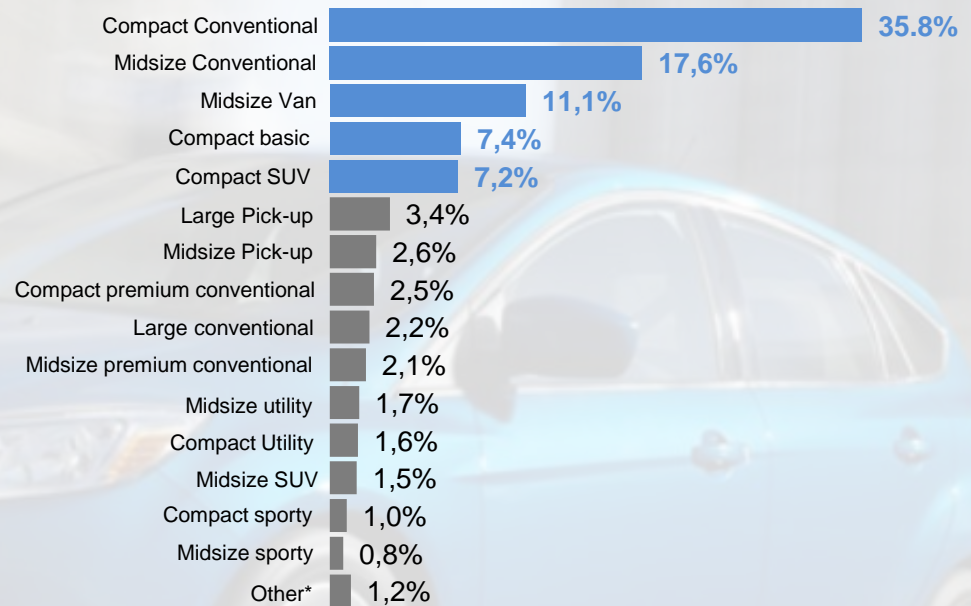
The Automobile Industry in Quebec

By PMB Market Segment

Segment Market Share for the Automobile Category
(Most Recent Automobile Purchase)



Sub-Segment Market Shares
(Most Recent Automobile Purchase)



- According to PMB segments, based on the American JD Power model, **compact and mid-size vehicles represent 88% of all most recent vehicle purchases.**
- **The first 5 sub-segments account for 79.1% of vehicles most purchased.** Note the strong increase in popularity for traditional compacts, midsize vans and compact SUVs.

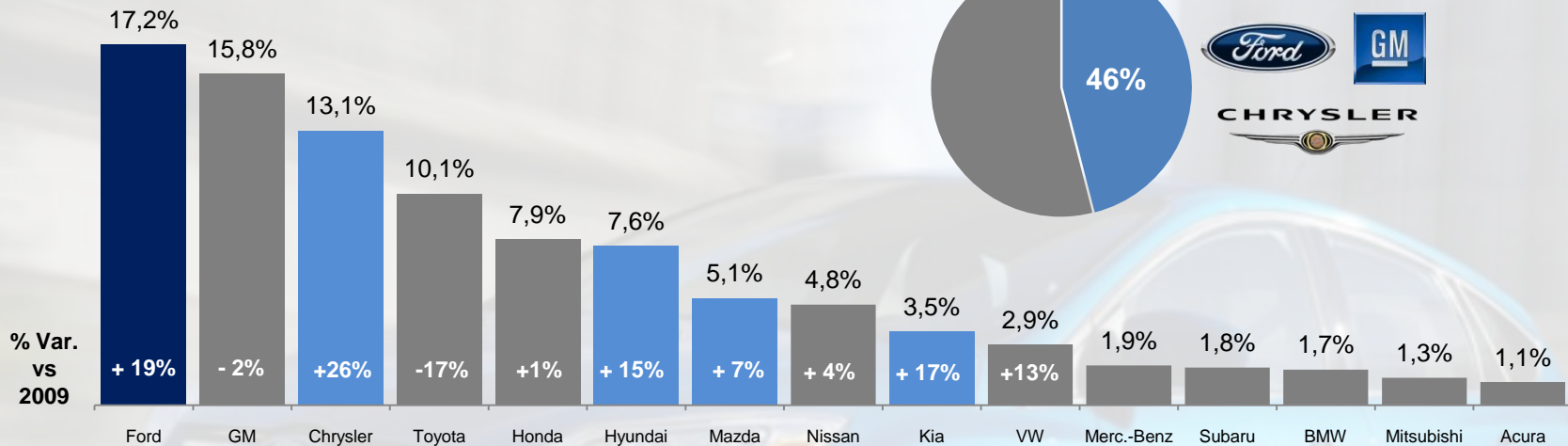
*Other: Full-size vans, luxury SUVs, full-size utility, mid-size luxury SUV

Source: PMB, spring 2010, French Quebec, 18+

The Automobile Industry

Most Sold Brands in 2010

2010 Canadian Sales Market Share for Light Vehicles by Brand



- Collectively, the 3 major U.S. manufacturers (**Ford**, GM and Chrysler) own a 46% share of Canadian annual vehicle sales.
- FORD and Chrysler are the biggest post-recession winners, with automobile sale increases of 19% and 26% respectively compared to the previous year.
- The numerous Toyota recalls have taken a heavy toll on its 2010 market share, which dropped from 13% to 10.1%.
- Note the strong performances of Hyundai, Kia and Volkswagen, with respective gains of 15%, 17% and 13%.

Sources: Desrosiers Automotive Consultants Inc. (DAC), Association of International Automobile Manufacturers of Canada (AIAMC), Canadian Vehicle Manufacturer's Association (CVMA)

The Automobile Industry in Quebec

Summary

- **New vehicle sales rose by 6% in 2010**, almost fully compensating for the losses suffered during the 2009 economic crisis.
- **63% of all new vehicles sold in Quebec are North-American models.** The latter proportion rises to 82% when considering only truck-type vehicles.
- **Spring and summer are the peak seasons** for new automobile purchases in Quebec.
- According to PMB segments, **compact and midsize vehicles represent 88% of all most-recently purchased vehicles.** The leading sub-segment is **traditional compact cars (36% market share).**
- Combined, the 3 major U.S. manufacturers – **Ford, GM and Chrysler** – own a 46% share of Canadian annual vehicle sales

Advertising Investments in the Automobile Industry



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The Automobile Industry

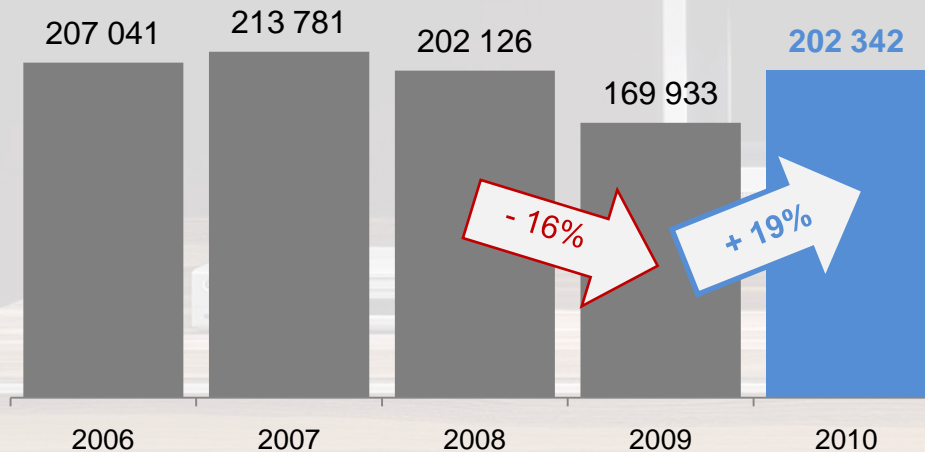
One of the Most Important Advertising Categories

Quebec 2010 Top Advertiser Sub-Categories Based on Ad Investments in All Media

Rank	Categories	Investments \$
1	AUTOMOTIVE DEALER ASSOCIATION: TACTICAL	55 369 735
2	LOCAL AUTOMOTIVE DEALER ADVERTISING	54 270 851
3	AUTOMOTIVE NAMEPLATE (EXCLUDING TACTICAL)	48 692 704
4	FURNITURE, FURNISHINGS, APPLIANCE STORES & IMAGE	47 861 140
5	CELLULAR CARRIERS & SERVICE	44 686 893
6	RESTAURANTS - FAST FOOD	36 778 109
7	THEATRE;SPORT VENUES;TICKET AGENTS;PERFORMERS	32 090 985
8	MOVIES; FILM/TV PRODUCERS & DISTRIBUTORS	31 133 095
9	AUTOMOTIVE NAMEPLATE - TACTICAL	30 486 295
10	REAL ESTATE AGENTS	21 921 036
11	AUTOMOTIVE DEALER ASSOCIATION: LEASE/PURCHASE	21 819 114
12	RESTAURANTS - NON FAST FOOD	20 103 837
13	SPORTING GOODS STORES; REPAIRS; SERVICES	19 770 621
14	QUEBEC, GOVERNMENT OF	19 008 283
15	SCHOOLS; CORRESPONDENCE COURSES; SEMINARS	18 751 391

- The automobile category represents over \$244 million in annual advertising investments (16% of investments in all media), making it the second most important advertiser category in Quebec, after retail.
- Total TV investments for the automobile category are about **\$81 million a year, which represents 33.1% of total advertising spend**. TV ranks second in this regard, after daily newspapers (53%).

Evolution of Total TV GRPs (A25-54) in the Automobile Category*



% Variation 2009-2010 of Total GRPs (A25-54) per Advertising Category

Advertising Category	% Variation 2009-2010
Total TV	+4%
1 Retail	+7%
2 Automobile*	+19%
3 Food	+2%
4 Entertainment	-5%
5 Restaurants	-6%

- Following the recession that led to a 16% drop in advertising volume, investments rose by 19% in 2010 – almost reaching their original 2008 levels.
- The automobile category represents the 2nd most important category of advertisers on television. It has also witnessed the strongest increase in the past year (+19% vs. +4% for the overall TV market).

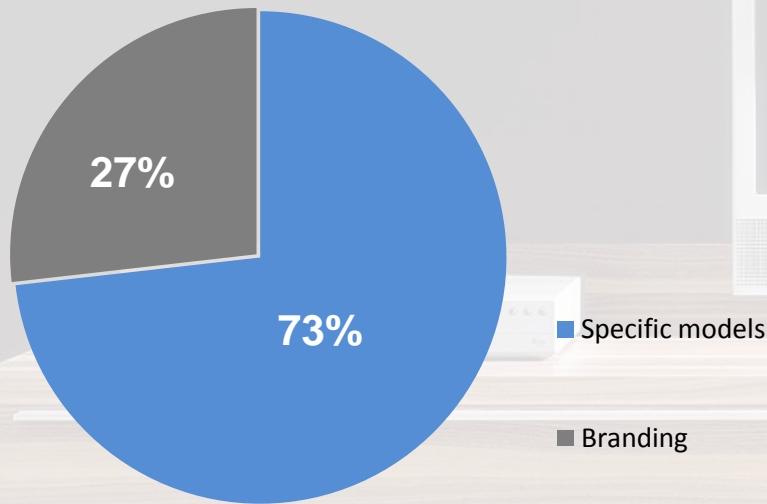
*Automobile category: manufacturers & dealers

Source: BBM Infosys, Spot Module, French Montreal ME, Mon-Sun, 2am-2am, Jan. 1 to Dec. 31, 2010
 Unavailable networks: digital networks, Météomédia, Évasion, ARTV, TV5

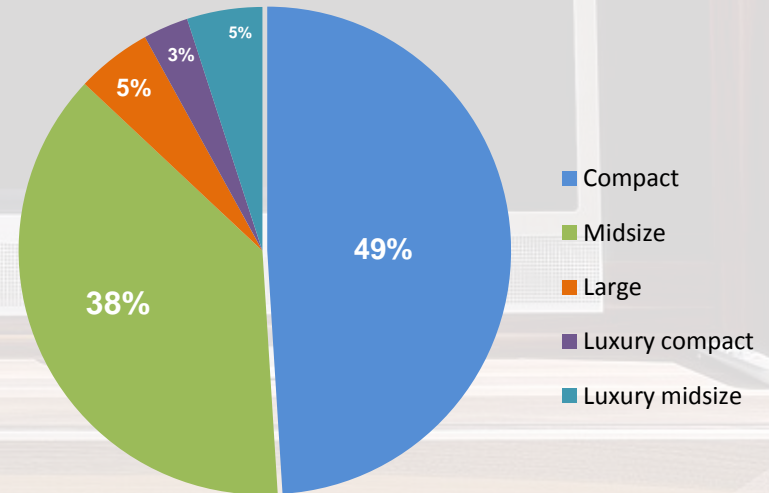
Automobile Advertising on TV

Types of Advertising Purchases

% of Total 2010 GRPs (A25-54)
by Type of Purchase

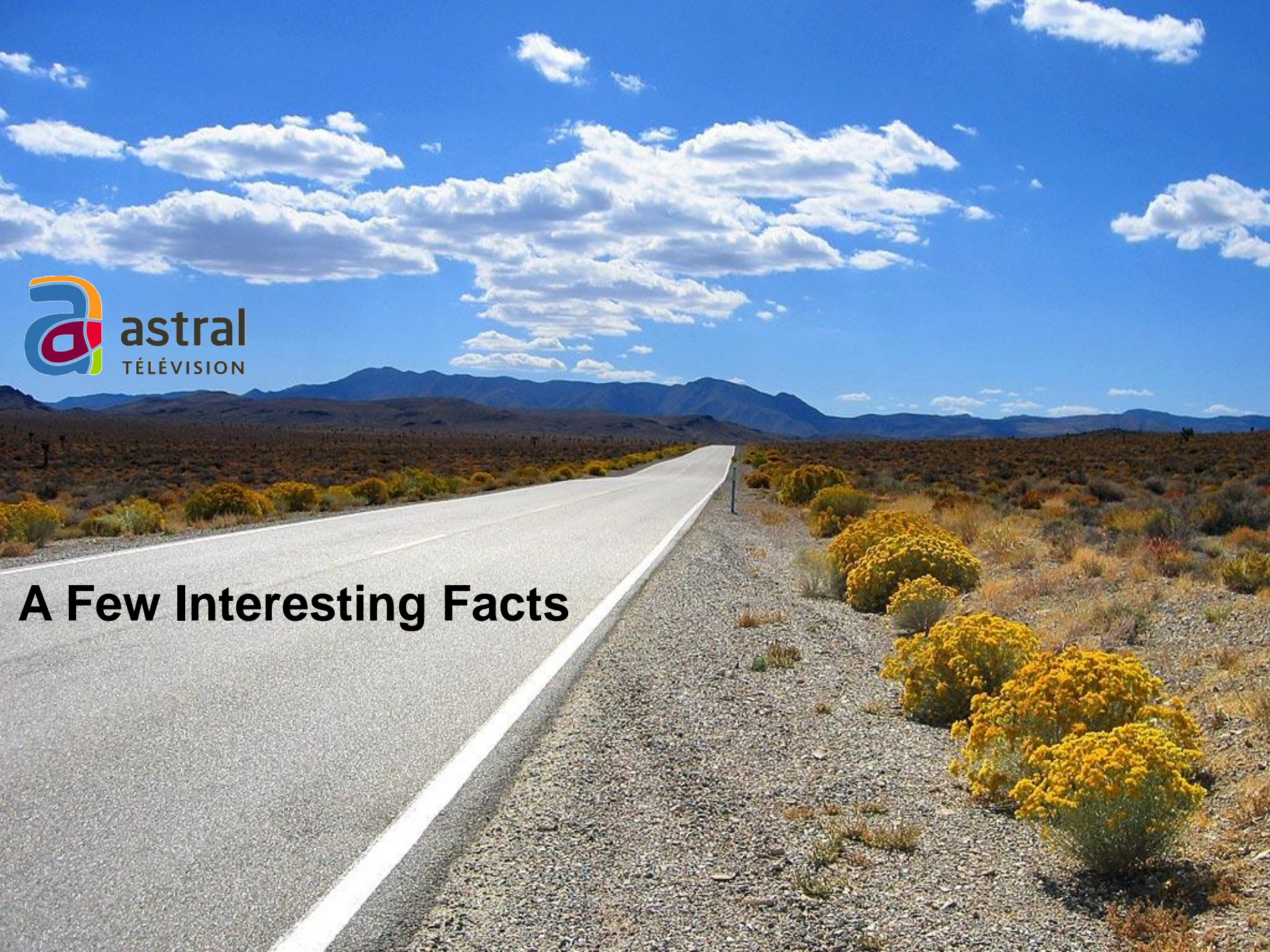


% of Total 2010 GRPs (A25-54)
by Specific Model



- In 2010, 73% of TV ad spend showcased specific vehicle models, as opposed to branding.
- The most advertised models are compact and midsize automobiles, which account for 87% of the overall advertising volume in the automobile category.

- The automobile industry brings together the biggest TV advertisers, who spend over **\$81 million a year in TV advertising in Quebec.**
- Automobile industry advertising expenses rose by 19% in 2010 – the highest increase of any major industry on TV.
- In 2010, **73% of TV advertising purchases showcased specific vehicle models**, as opposed to branding.
- The most advertised models on TV were **compact and midsize vehicles**, accounting for **87% of the total advertising volume** in the automobile category.
- Most certainly, the **major U.S. Manufacturers (GM, Ford and Chrysler)** are the **top 3 advertisers** in their category, generating **42.1% of all TV advertising activity.**
- In 2010, GM, Honda, Nissan, Volkswagen, Suzuki, Kia and Mitsubishi manufacturers/dealers invested proportionally more in TV advertising than the other players.

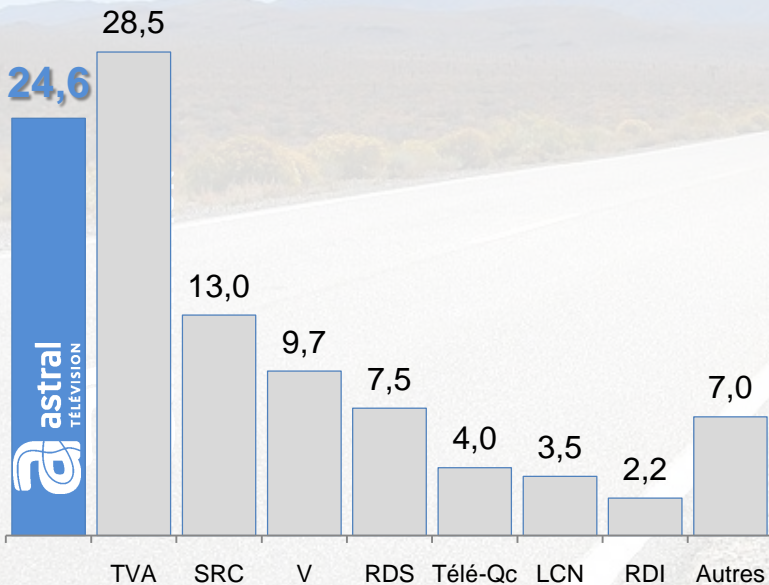


A Few Interesting Facts

Astral TVPlus: A Big Player With a Very Large Share of Viewers Among Ford's Major Targets...

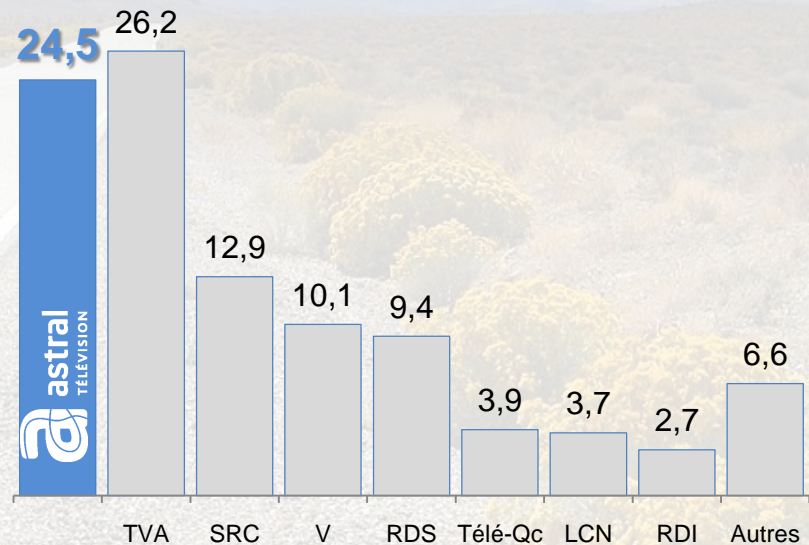
Market Shares (%)

A25-54



Market Shares (%)

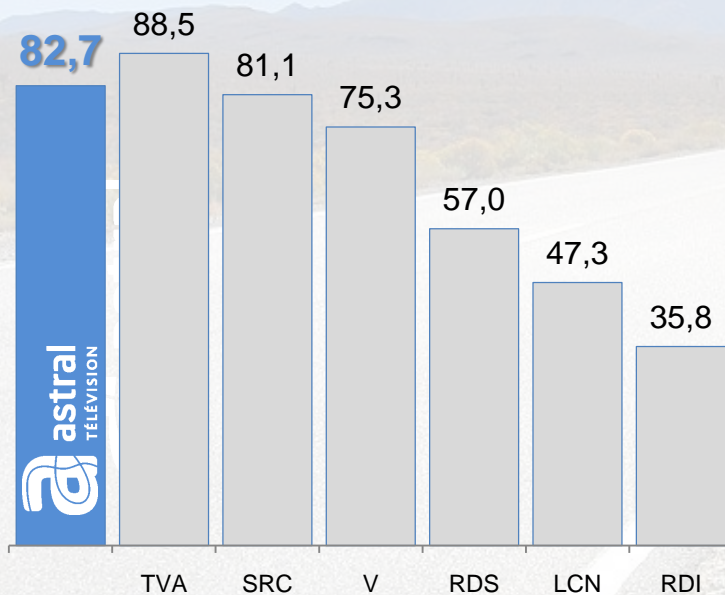
M25-54



Astral TVPlus: The Second Highest Weekly Reach

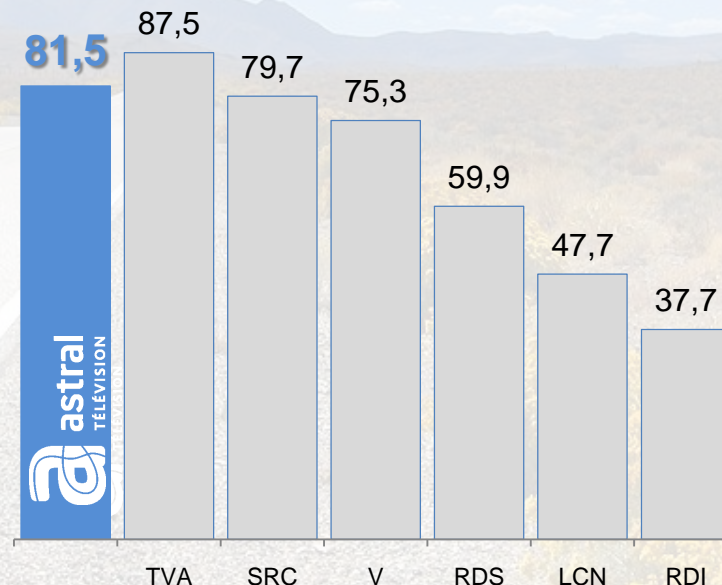
Weekly Reach (%)

A25-54



Weekly Reach (%)

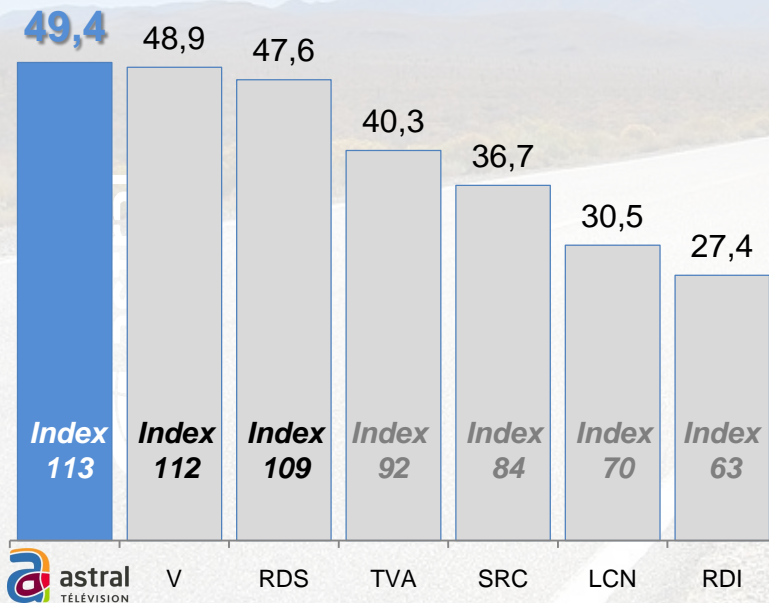
M25-54



Astral TVPlus: One of the Most Effective Networks Among Targeted Groups

Audience Composition (%)

A25-54



Audience Composition (%)

M25-54

