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Gas Prices Fail to Sustain Hybrid Demand As Consumers Energize Full-Size Pickup Sales

A 25-Fold Increase in Prius Incentives Since 2007 Overlooked as F-Series Average Transaction Prices Strengthen

SANTA MONICA, Calif., Oct. 24, 2014 /PRNewswire/ -- [TrueCar](#), Inc. (NASDAQ: TRUE), the negotiation-free car buying and selling platform, reported on a shift in consumer new vehicle preferences this year, with demand for Toyota Motor Corp.'s Prius softening, as gas prices stabilize. Simultaneously, a sustained economic recovery is boosting demand for full-size pickup trucks, as Ford Motor Co. releases a fully revamped version of its benchmark F-Series.



Gas prices stabilized this September, averaging \$3.41 per gallon, up 21.5% vs. the same period in 2007, the year that the main Prius hatchback model became highly popular, with U.S. sales around 181,000. Both in September and YTD, Prius sales are down more than 10% vs. a year ago. To prop up demand, hybrid incentives have finally surpassed those for gasoline vehicles. Over the last year, the average transaction price for hybrid vehicles has contracted by \$113, while the average price for gasoline vehicles has risen by \$770.

"If you were to turn back the clock seven years, Prius was at the height of its game," said John Krafcik, president of TrueCar. "Demand was high, inventory was limited, and incentives were practically non-existent. Fast-forward to this year: Hybrid popularity is waning, and the country's love of the full-size pickup truck is remarkable."

Last month, incentives for the main Prius model, excluding other versions in the family, averaged \$2,309 per vehicle. By comparison, in September 2007, the Prius sold with average incentives totaling only \$91. The decline in U.S. gas prices in October suggests demand could weaken.

"We are seeing the ATP ratio among hybrid vehicles reach all time peaks, which indicates that manufacturer profitability is suffering. Five years ago incentive spend of average transaction price was only around 3%; it is currently close to 12%," said Krafcik. "Right now, automakers with a heavy mix of hybrid vehicles, like Toyota, are feeling the effects associated with this turning of the hybrid-popularity tide."

An analysis of current year retail registration data shows that full-size pickup trucks now lead sales in 34 of 50 U.S. states. Among those, Ford's F-Series is the top seller in 25 states.

"The popularity of the F-Series, even with a design changeover this year, is pretty remarkable. In half of the states, the F-Series is the top-selling vehicle," said Krafcik. "This speaks to pickup truck popularity, as manufacturers have boosted their fuel economy, loaded them up with the latest bells and whistles, and increased safety, power, and functionality."

Full-size pickup sales volume is up 6.52% this year, resulting in a 0.1pt. gain in total market share to bring the sales of these trucks to 12.2% of total industry volume. Within this segment, the average transaction price for the F-Series rose 5.2% in September from a year earlier, standing at \$42,910. At the same time, F-Series incentives have fallen 25.4% during this same period.

"At this point, it would take a dramatic jump in gas prices to really have an impact on full-size pickup sales," said Krafcik. "Housing starts and new construction are better predictors of truck sales than gas prices. As the economy has rebounded, F-Series sales have continued to increase, with current F-Series sales higher than the pre-recession levels of 2007 despite lower

incentives."

KEY METRICS

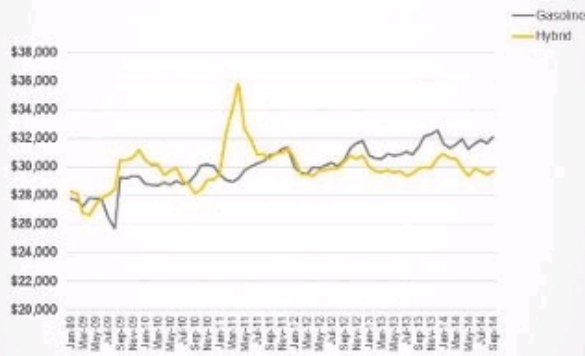
2007 VS. 2014 (SEPTEMBER)

Price (non-family)	Sep-07	Sep-14	vs. 2007
Sales	17,494	10,744	-14.0%
Days Supply	18	55	206.0%
Incentives	\$91	\$2,309	2437.4%
Average Gas Price	\$2.80	\$3.41	21.5%

F-Series	Sep-07	Sep-14	vs. 2007
Sales	50,005	53,803	6.8%
Days Supply	80	104	26.3%
Incentives	\$4,563	\$3,403	-25.4%
Average Gas Price	\$2.80	\$3.41	21.5%

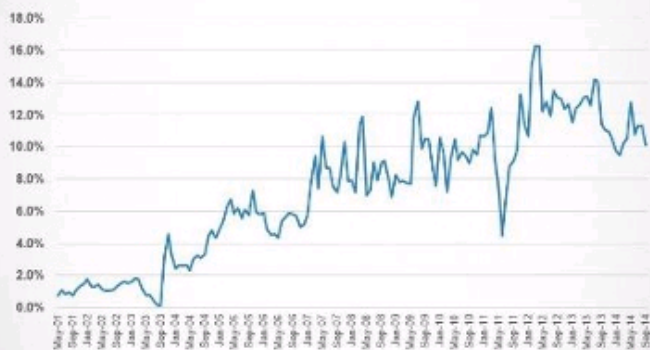
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AVERAGE TRANSACTION PRICE

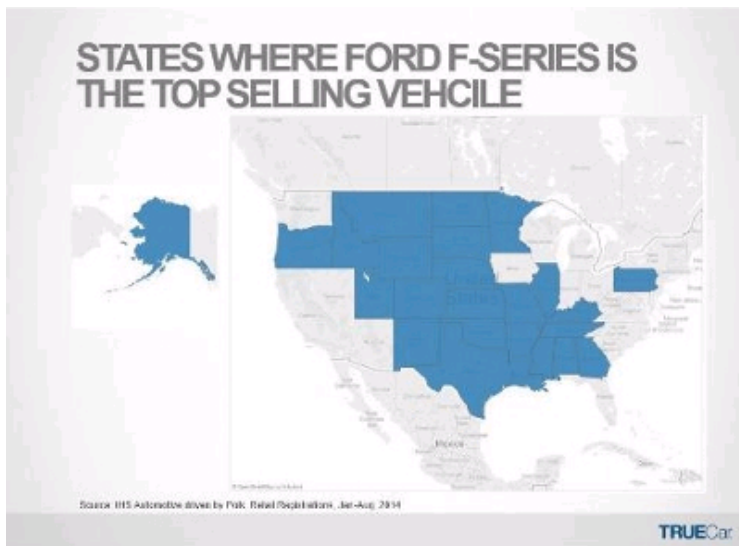


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About TrueCar

TrueCar, Inc. (NASDAQ: TRUE) is the negotiation-free car buying and selling platform. TrueCar enables a negotiation-free car buying experience by giving buyers transparent insight into what others actually paid (price confidence), upfront pricing information (price discovery), and access to a network of trusted TrueCar Certified Dealers who provide guaranteed savings certificates and seamlessly complete the car purchase. The reality is that buying a car is painful and buyers fear they are going to overpay or be surprised with unanticipated fees. TrueCar's transparent upfront pricing information makes the car buying process simple so there are no surprises and buyers never overpay. TrueCar's mission is to make car buying simple, fair and fun. Its national network of more than 9,000 TrueCar Certified Dealers, including both new car franchise dealers and independent dealers, is committed to providing negotiation-free savings off MSRP and upfront pricing information for all car-buyers, including members of some of the country's largest membership and service organizations such as AARP, American Express, AAA, and USAA. Note: Not all program features are available in all states. Go to www.truecar.com for program details. TrueCar is headquartered in Santa Monica, Calif., with offices in Santa Barbara, Calif., San Francisco, Calif., and Austin, Texas.

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