

September 11, 2014

TrueCar Reports on Auto Industry Performance

A "Tale of Two Industries" Is Emerging


SANTA MONICA, Calif., Sept. 11, 2014 /PRNewswire/ -- TrueCar, Inc., the negotiation-free car buying and selling platform, commented on the state of the industry based on its analysis of incentive data, transaction pricing, and sales volume.


"So far this year, industry-wide transaction prices are up \$676 per vehicle, while incentive spending has grown just \$203. That's great for automakers with broad product ranges, who are seeing improving margins and higher volumes this year," according to John Krafcik, president of TrueCar.

"While some analysts have cautioned that the industry is reverting to unhealthy incentive spending, the reality is that this behavior is largely confined to commodity segments, such as midsize sedans. When comparing August 2013 to August 2014, the top four volume models in this segment - Honda Accord, Toyota Camry, Nissan Altima and Ford Fusion - have seen transaction prices drop \$600, and incentives rise \$1,008, reaching \$3,251 per car," said Krafcik.

For automakers with balanced product lineups, the challenges in the midsize sedan segment are more than offset by the price and volume opportunities in crossover and sport-utility segments. Since 2011, the annual growth rate in average transaction price (ATP) of small and midsize crossover and sport-utility vehicles has greatly outpaced the corresponding growth rate for their sedan counterparts. Over that period, midsize crossovers have seen about twice the annual growth in ATP as midsize cars, while small crossovers have experienced transaction price growth three times greater than that of small cars.

The ratio of incentive spending to ATP support a similarly favorable assessment for small and midsize utilities compared to their sedan counterparts. Through the first eight months of 2014, small crossovers provided nearly one full percentage point of incremental, incentive-driven margin compared to small cars, and midsize utilities provided in excess of three full points of incentive-related margin benefit.

 Average Transaction Price Analysis

 Incentive Spending As A Percentage Of Average Transaction Price

The overlay of year-over-year share-of-industry and ATP for these segments provides a more complete picture of this "tale of two industries." Through the first eight months of 2014, small and midsize utility segments have gained 1.8 percentage points of industry share, while their sedan counterparts have lost 1.4 percentage points. The dual benefits of higher volumes and higher revenues -- \$5,378 higher ATP for small utilities compared to small cars, and \$6,465 higher ATP for midsize utilities compared to midsize cars -- drives significant bottom-line benefit.

According to Krafcik, "Crossover-utility variants on sedan platforms add just \$1,000 to \$1,500 of variable cost, which means per-unit profitability for crossovers can be \$4,000 to \$5,000 higher than comparably sized sedans. Consumers are willing to pay a significant premium for the functional benefits of these vehicles, and smart automakers are shifting their product mix away from traditional sedans and toward smarter, fuel-efficient, crossover-utility solutions."

 Industry Market Share And Average Transaction Price

"This has been - and will continue to be - a great year for the industry," said Krafcik. "Consumer confidence is high and employment numbers are strong. As consumers shift from lower-priced, high-discount sedans to higher-profit, higher-demand small and midsize utilities, manufacturers that offer a diverse portfolio of vehicles will continue to reap the rewards of this revenue-expansive cycle."

[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 hidden 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 8,000 TrueCar Certified Dealers, including both new car franchise dealers and non-franchise 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.



Photo - <https://photos.prnewswire.com/prnh/20140911/145397-INFO>

Photo - <https://photos.prnewswire.com/prnh/20140911/145398-INFO>

Photo - <https://photos.prnewswire.com/prnh/20140911/145399-INFO>

Logo - <http://photos.prnewswire.com/prnh/20110118/LA31413LOGO>

SOURCE TrueCar

News Provided by Acquire Media