Size Does Matter - Pain At The Pump Driving Sales Of Smaller Vehicles

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As the price of gas remains high, consumers are increasingly looking for more cost-effective and fuel-efficient vehicles, with compact cars rapidly gaining in demand.

Researchers from GfK Custom Research North Americaâ€™s Automotive sector found that, while demand for compact cars is high, that same demand doesnâ€™t carry over into smaller sub-compact cars or Alternative Energy Vehicles (AEVs), including hybrid and electric vehicles.

In May, 2011, compact car accounted for 18.1 percent of six-month light vehicle demand compared to 3.6 percent for subcompact cars. AEV demand currently represents only 9.4 percent of light vehicle demand.

GfKâ€™s Automotive Intentions and Purchases Study found aÂ strong relationship between surges in gas prices over the past four years, and increases in demand for sub-compact and compact vehicles. Â

But why arenâ€™t consumers rushing to alternative engine vehicles in these times?Â Â GfKâ€™s researchers find that AEV demand is hindered by three major obstacles â€“ lower familiarity, higher purchase prices, and lack of convenience.

"For the average consumer looking to purchase a new vehicle, especially during these times of rising gas prices, they see more value in smaller vehicles with traditional gas engines â€“ some of which approach 40 mpg -Â rather than hybrids or even electric vehicles,â€• said Doug Scott, senior vice president, consulting, GfK Automotive.

"However, while consumers are looking at smaller vehicles due to high gas prices, they arenâ€™t willing to go all the way down to a subcompact car. Consumers are discovering that newer compact cars offer the comfort features before only reserved to larger cars, combined with the fuel economy that was only available in much smaller cars.

GfK also identified the factors that automakers must overcome to move buyers towards purchasing AEVs. Demand for compact cars remains higher than AEVs since consumers prefer compact cars over AEVs because of cost, convenience, and familiarity.

"There are certain emotional benefits that AEV drivers feel that automakers need to communicate to a wider audience of potential customers,â€• said Scott.

"The feeling of pride associated with owning a vehicle that is environmentally friendly has resonated with consumers inclined towards "greenâ€• behaviors, and automakers must develop their marketing strategies to communicate both the tangible benefits, while also addressing the obstacles consumers face with purchasing AEVs.â€•

About GfKâ€™s Automotive Intentions and Purchases Study
The GfK Automotive Intentions and Purchases Study is the longest-running continuous pre-purchase tracking instrument in the automotive category. Established in the early 1980s, it has become the industry standard for gauging what specific makes and models consumers want, and when they intend to make their purchase.

The Automotive Intentions and Purchases Study (AIP) is a monthly and quarterly tracking study that monitors consumer demand for new cars and trucks in the US market. The AIP Study is continuously in the field, using a blended panel of online sample sources. GfK receives approximately 200,000 completed surveys each quarter, which includes 90,000 new vehicle intenders. The AIP Study has been conducted continuously since 1982.

About GfKâ€™s Barometer of Automotive Awareness and Imagery Study
The GfK Barometer of Automotive Awareness and Imagery Study (Image Barometer) is a comprehensive look at key measures of automotive brand equity on a segment-by-segment basis.

The Image Barometer process probes into the deep structure of automotive consumersâ€™ attitudes, opinions and perceptions of all the vehicles within each carefully defined segment. Each sample is comprised of a representative cross-section of new US vehicle intenders identified in the GfK Automotive Intentions and Purchases Study, balanced to reflect the make/model composition of the segment it represents.

Quarterly sample sizes are 450 for make segments and 300 for model segments. The Image Barometer has been conducted continuously since 1982.

About GfK Automotive
For over 25 years, GfK Automotive has been the preeminent provider of product, brand and consumer research and consulting to the global automotive industry.

Counting every major European and North American carmaker among its client base, GfK Automotive research consultants deliver integrated information and insights to the automotive community.

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