MADISON LTD
DIRECT MARKETING

Parents Create Opportunity for Auto Marketers

Needs Change as a Result of a New Child

A MADISON INSIGHT REPORT
MAY 2003

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Executive Summary BY MICHELLE BOCCUZZI

40% of parents report buying a car specifically because of the birth of a child.

A majority report an increased need for space, safety and child friendly features.

The consumer change point around having a child creates a significant opportunity for auto marketers, particularly those selling SUV’s, minivans, station wagons and sport wagons. When marketers take advantage of new parents’ aligned product needs and priorities they are presented with an even greater opportunity to efficiently deliver messages and offers specifically relevant to household needs.

Acquiring car buyers around the birth event and establishing brand loyalty are key. This research shows most new parents need a new car because of the birth of a child, and most rank “prior brand experience” as a leading determinant of purchase. Therefore, a failure to capture the hearts and minds of new parent car buyers can lock a marketer out of their demand cycle for years. Marketers who establish a well-defined business strategy that targets expectant and new parents will succeed in strengthening their position in the marketplace.

Implication: Auto marketers must increase targeted marketing messages to new parent consumers, and time follow up messages in the years thereafter when households’ next purchases are likely to occur.

Key Findings

40% of parents report buying a car specifically because of the birth of a child.

Parents' needs for bigger, safer, more child friendly cars still apparent with every child born.

First Child	**52%** Need a Larger Automobile, **31%** Need a Safer Automobile
Second Child	**40%** Need a Larger Automobile, **24%** Need a Safer Automobile
Third Child	**8%** Need a Larger Automobile, **5%** Need a Safer Automobile

Interest in SUV's and Minivans doubles due to presence of children:

27% of respondents now own an SUV while **54%** are considering purchasing one.

18% of respondents now own a minivan while **43%** are considering purchasing one.

When asked to pick the three most important factors considered when choosing an automobile – respondents chose Price and Gas/Mileage over Safety and Reliability

65% Price

48% Gas/Mileage

44% Reliability

43% Safety

Consumers appear to be highly brand loyal in this category.

With **42%** consumer response, "prior experience with a specific make or model" ranked as the top past purchase influencer.

American brands dominate past and future purchases

32% of respondents own a Chevrolet, **24%** a Ford, and **16%** a Dodge, making these brands the top three.

When asked what brands would be considered for future purchases, Chevrolet remained most popular at **47%**, Ford second at **38%**, and Dodge third at **35%**.

Indicated Marketing Implications

1

Auto marketers in these categories need to take advantage of this key target audience, and time communications around the parenting lifecycle as a primary activity. With new parents requiring a car-seat friendly automobile, more space, and more safety, they are looking to purchase larger vehicles. Marketers should deliver targeted messages discussing the advantages of SUV's, minivans, station wagons and sport wagons. Parenting-specific media and messaging will help key players in these categories reach and convert this target more effectively.

2

Marketers shouldn't just focus on first-time parents. This research indicates a significant percentage of second time parents also show increased needs for larger, safer, car seat friendly vehicles – providing additional targetable sales opportunities.

3

Marketers should keep price top of mind. While only 9% of our respondents said 0% financing, rebates, and discounts offered for cash were key influential factors when making an automobile purchase, this research suggests marketing efforts promoting discount offers will remain effective. That's because parents are evidently cost conscious, with price and gas mileage ranking one and two as future purchase influencers.

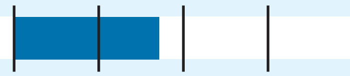
4

Marketers, particularly at the top three American brands, should focus on retaining current customers. A majority of our respondents claimed their auto purchases were influenced by prior experience with a specific make or model. Auto brand marketers should position their efforts around customer loyalty when marketing to consumers in this group.

Survey Results

Planned purchase because of birth of child

New car **40%**



Changes in auto needs because of birth of last child

Need a larger automobile **52%**

Need a car-seat-friendly automobile **37%**

Need a safer automobile **27%**

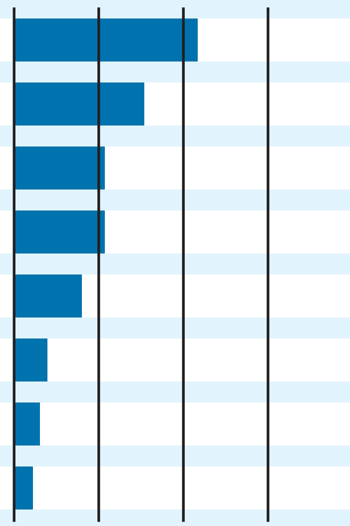
My needs haven't changed **27%**

Need additional safety features **18%**

Need a less expensive automobile **10%**

Need video/entertainment system **9%**

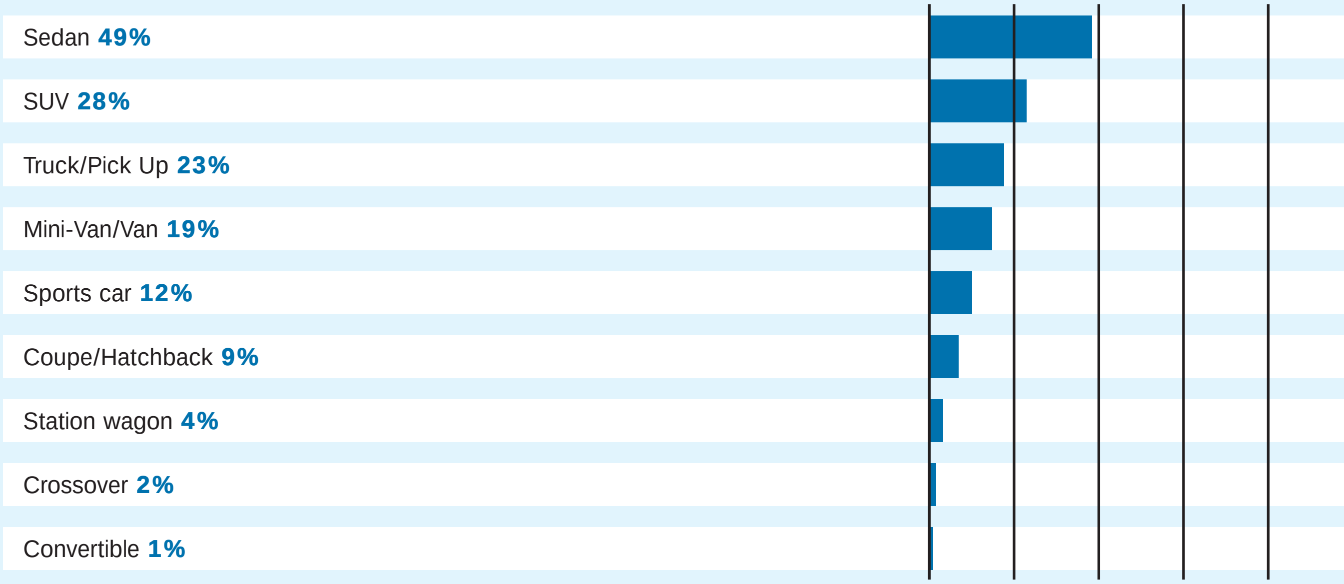
Need an additional automobile **7%**



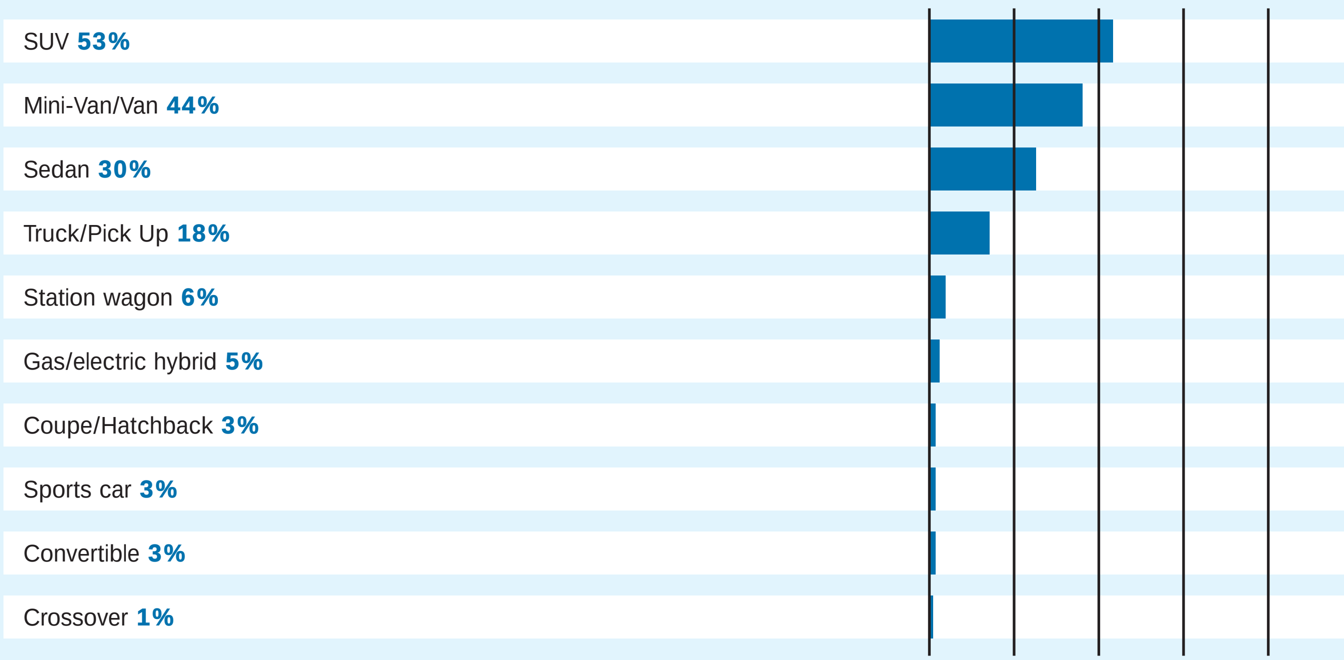
Changes in auto needs due to each child born

Number of children younger than 5	Need a larger automobile	Need a safer automobile	Need a car-seat friendly automobile
1	**52%**	**31%**	**45%**
2	**40%**	**17%**	**24%**
3+	**8%**	**5%**	**5%**

Type of auto currently owned

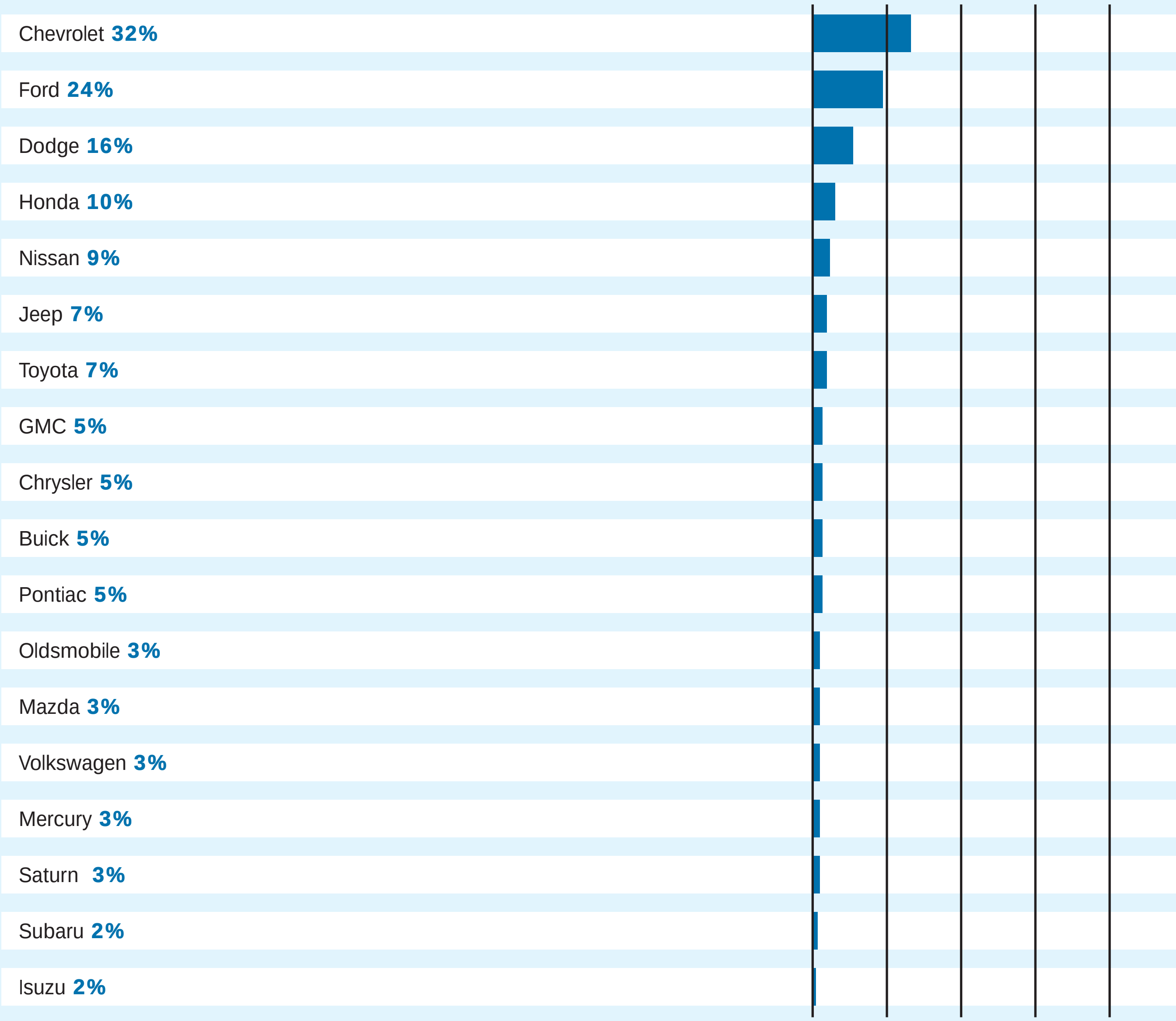


Type of auto considered for future purchases



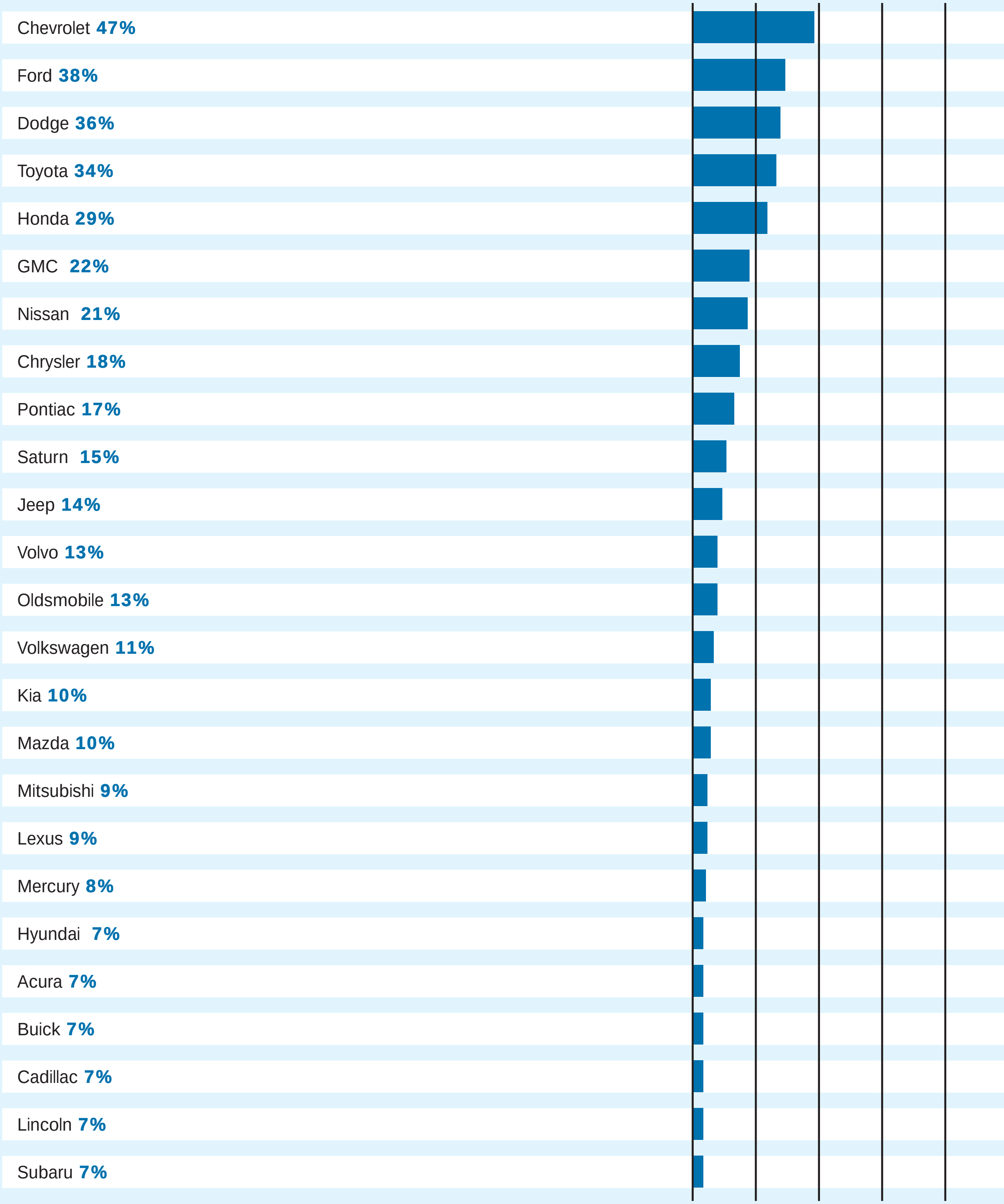
Survey Results (cont.)

Brand of Auto currently owned



Brands receiving less than 2% response include:
Infiniti, Kia, Lincoln, Mitsubishi, Saab, Volvo, BMW, Mercedes-Benz

Brands considered for future auto purchases



Brands receiving less than 7% response include: BMW, Audi, HUMMER, Infiniti, Isuzu, Jaguar, Land Rover, Mercedes-Benz, MINI, Porsche, Saab and Suzuki

Survey Results (cont.)

Past auto purchase influencers

Prior experience with that make/model **43%**

Referral from a friend/word of mouth **32%**

The dealer **24%**

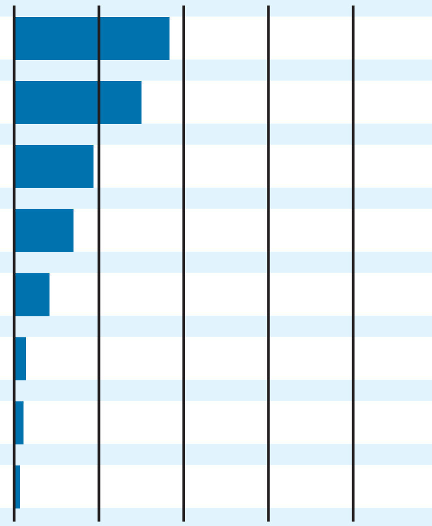
Road-test reports, consumer guides **21%**

Online information/research **15%**

Print advertisement **5%**

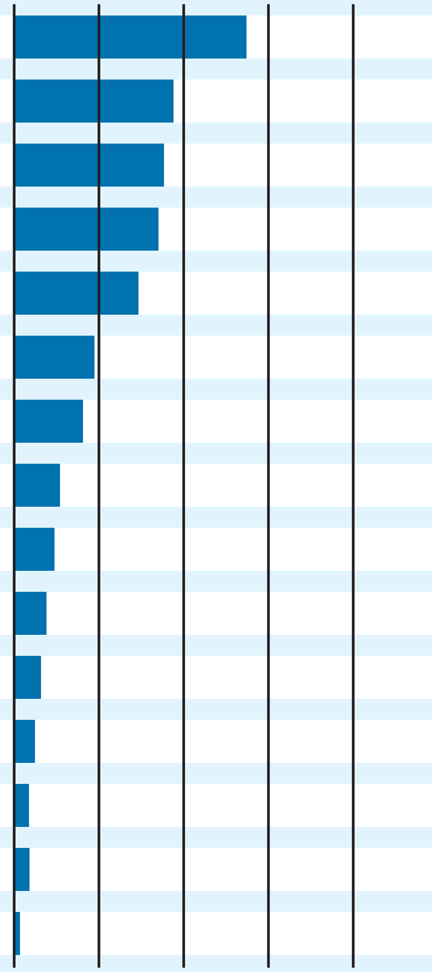
TV advertisement **4%**

Online advertisement/newsletter **2%**



Most important factors considered when choosing an automobile

Price	**66%**
Gas/Mileage	**47%**
Reliability	**44%**
Safety Features	**43%**
Comfort	**32%**
Brand	**24%**
Appearance	**21%**
Warranty	**12%**
Made in America	**9%**
Performance, Speed	**7%**
Luxury Features	**5%**
0% Financing	**4%**
Discount	**3%**
Rebate	**3%**
People I know have the same brand/Referral from a friend	**2%**



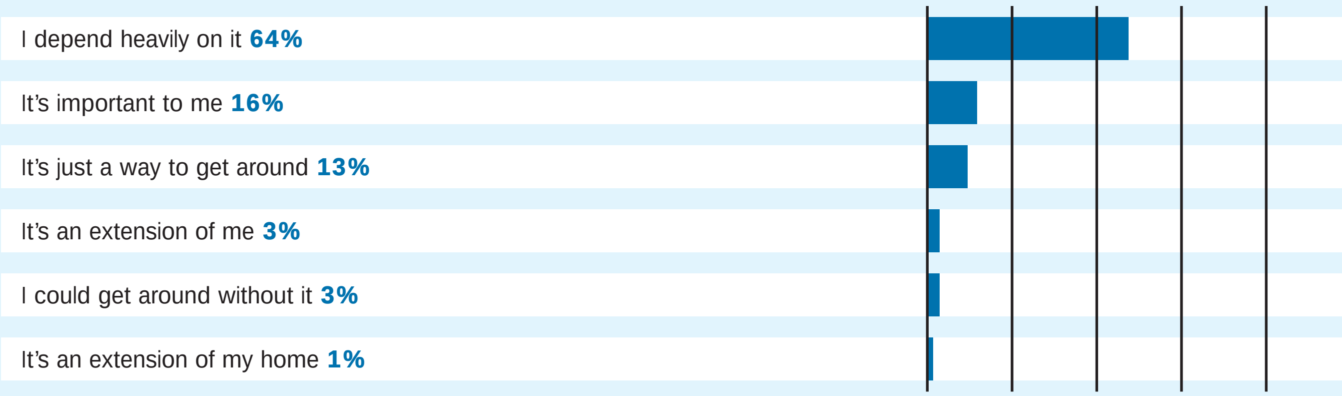
Survey Results (cont.)

Miles per week driven for work and everyday activities

Anticipated driving miles planned for future travel and weekend plans this year

Auto usage since birth of last child

Importance of auto to parents



Survey Details

This report is based on responses from 411 recipients of Madison Direct Marketing's Novaparenting branded mailers who are actively registered at www.novaparenting.com.

Complementary survey results also provided by a Madison survey conducted in July 2002.

Date Fielded: April 2003

Age of Respondent	
25-29	**30%**
30-34	**25%**
18-24	**22%**
35-39	**14%**
over 45	**4%**
40-44	**3%**

Gender of Respondent	
Female	**96%**
Male	**4%**

Number of children in household	
One	**51%**
Two	**29%**
Three or more	**16%**
Zero	**4%**

Children younger than 5 in household	
One	**64%**
Two	**21%**
Zero	**13%**
Three or more	**2%**

Children older than 5 in household	
Zero	**66%**
One	**22%**
Two	**7%**
Three or more	**6%**

Age of youngest child	
Under 6 months	**30%**
1-2 years	**22%**
6-12 months	**29%**
3-4 years	**8%**
over 6 years	**8%**
5-6 years	**3%**

About Madison Direct Marketing

Madison Direct Marketing, Ltd., a leader in life stage marketing strategy and execution for nearly 20 years, helps America's top marketers understand and reach consumers at key life stage moments when most brand, product and category decisions are made.

Utilizing proprietary databases and methods, Madison's unique direct mail, telemarketing, and online solutions enable marketers to reach and maintain targeted relationships with expectant parents, new parents, young families, Hispanic families, teens, and new homeowners. Madison also offers outsourced database and lettershop services, as well as stand-alone lists for clients' own targeted marketing efforts.

About Michelle Boccuzzi

Marketing Manager

Michelle joined Madison in March of 2003 with a core focus on helping Madison clients understand industry trends and how life stage marketing can be applied to their business most effectively.

Prior to joining Madison, Michelle spent 6 years in the marketing department at Gartner, an authority on information technology research in Stamford CT, where she led several successful brand initiatives and was a recipient of several awards for her work on their corporate annual reports and distinctive print and interactive sales tools.

Her areas of expertise include corporate and brand communications and strategy, and process development and management.

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