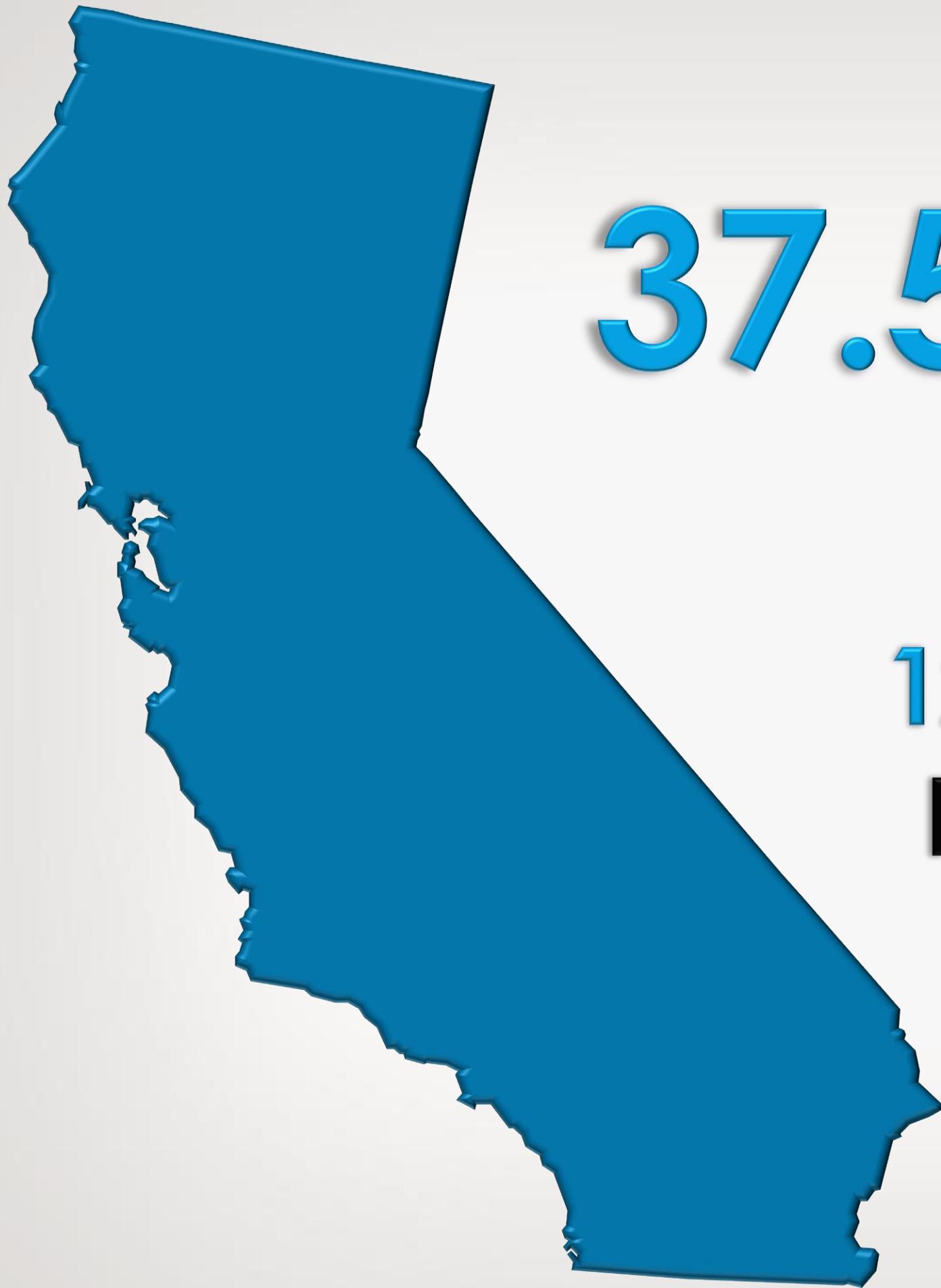


# Driving Economic Growth

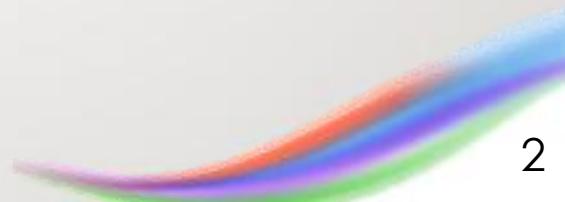
Opportunity With California Minority  
Auto Consumers





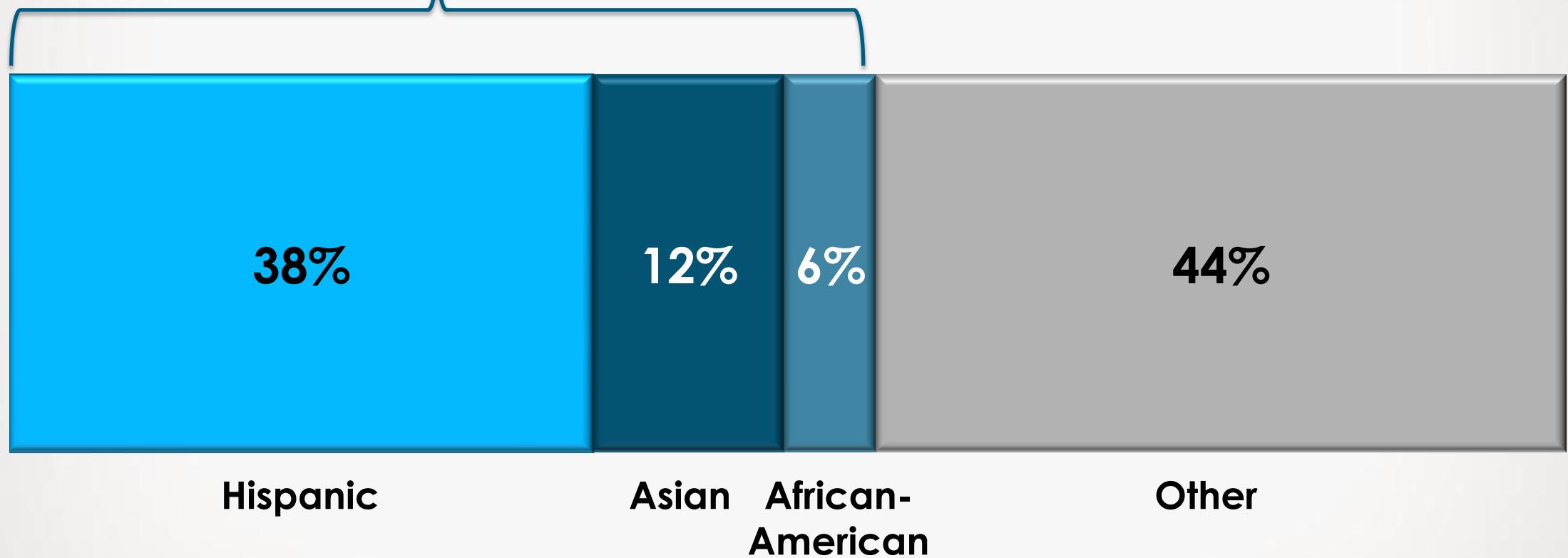
**37.5 Million**

**12.1% of U.S.  
Population**



# Minorities In California

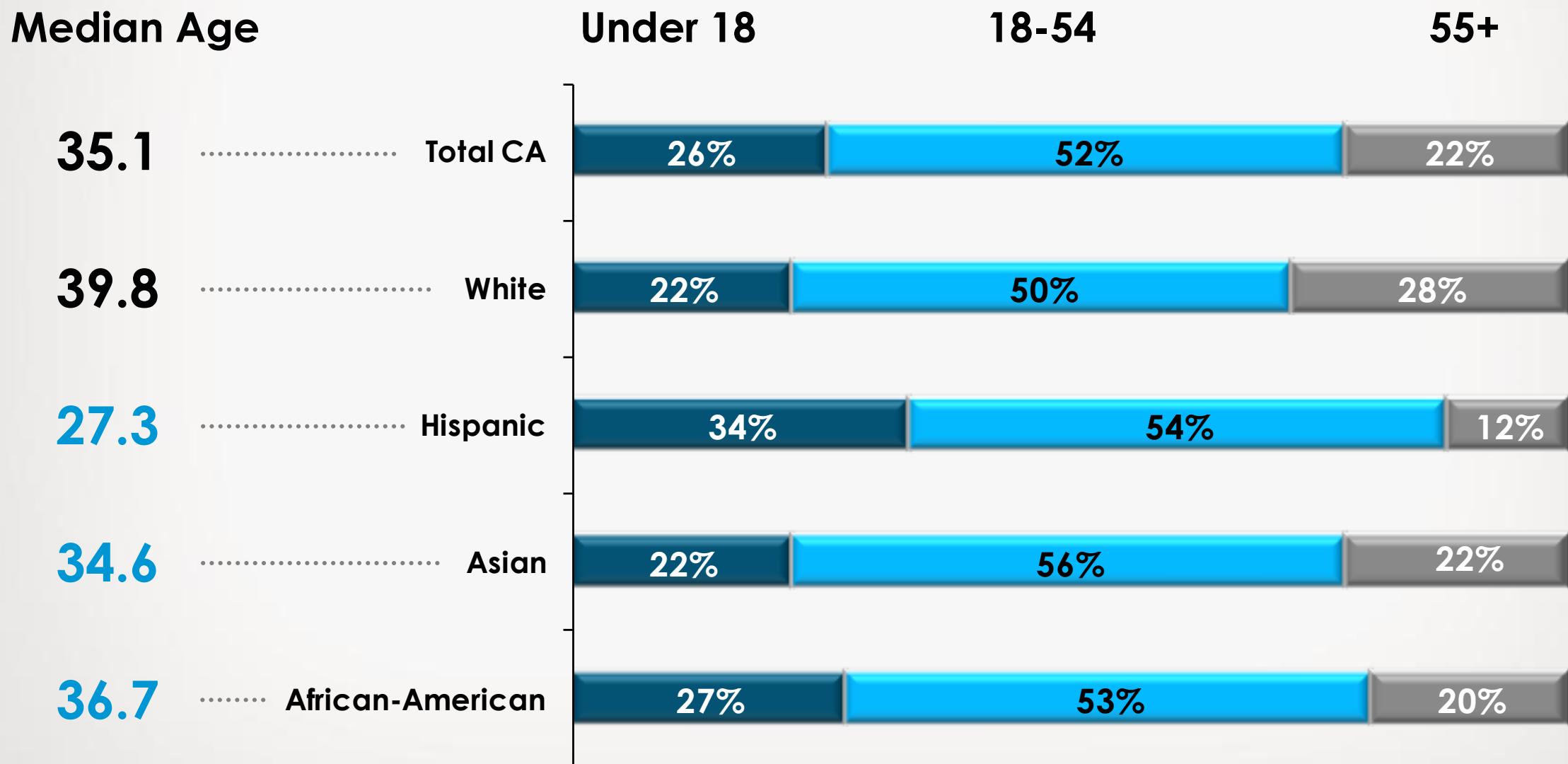
56%



**Total State Population**

# Significantly Younger

## Age Distribution of California's Population



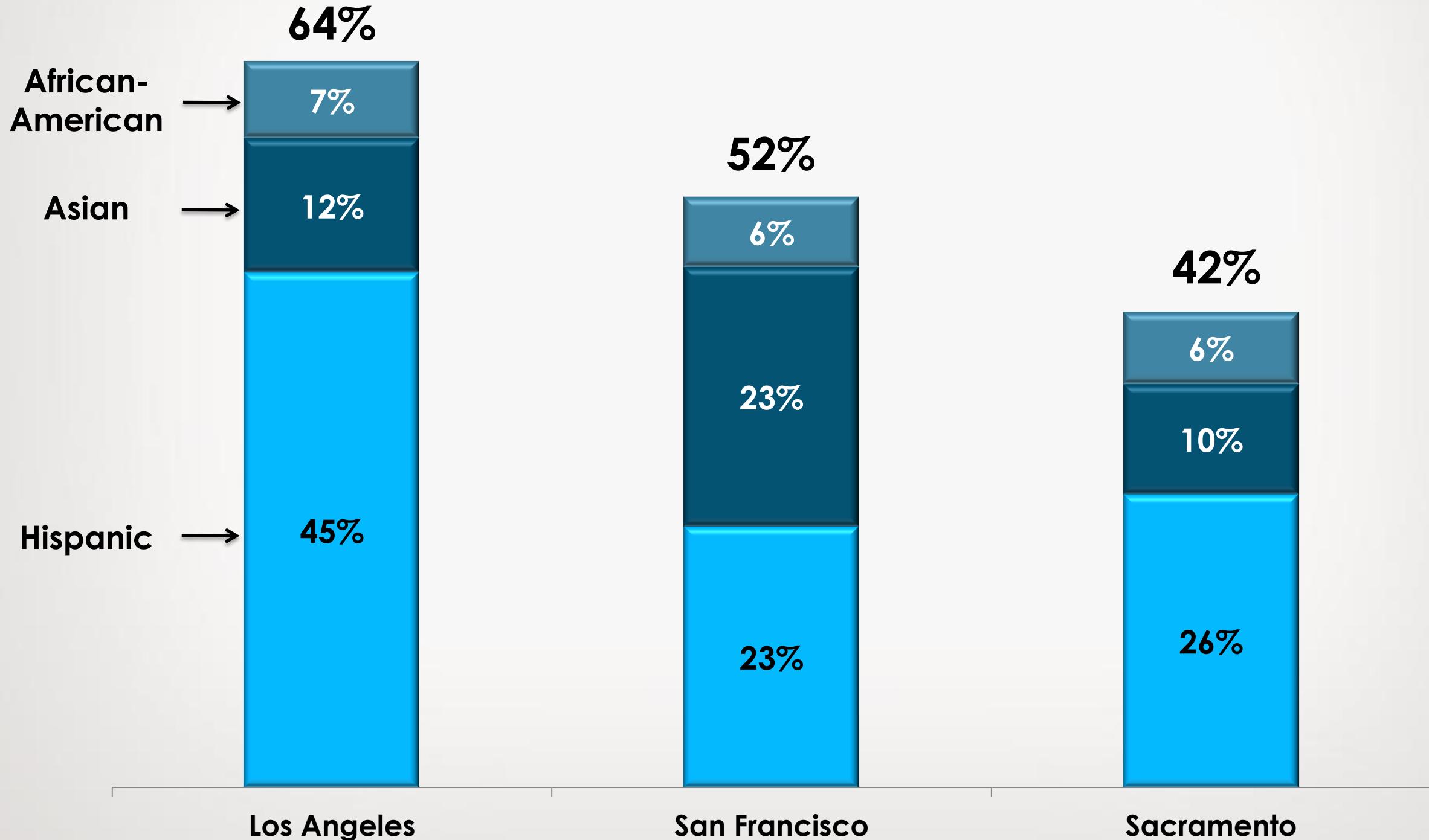
# More On The Way



Minority babies account  
for **3** out of every **4** births in CA

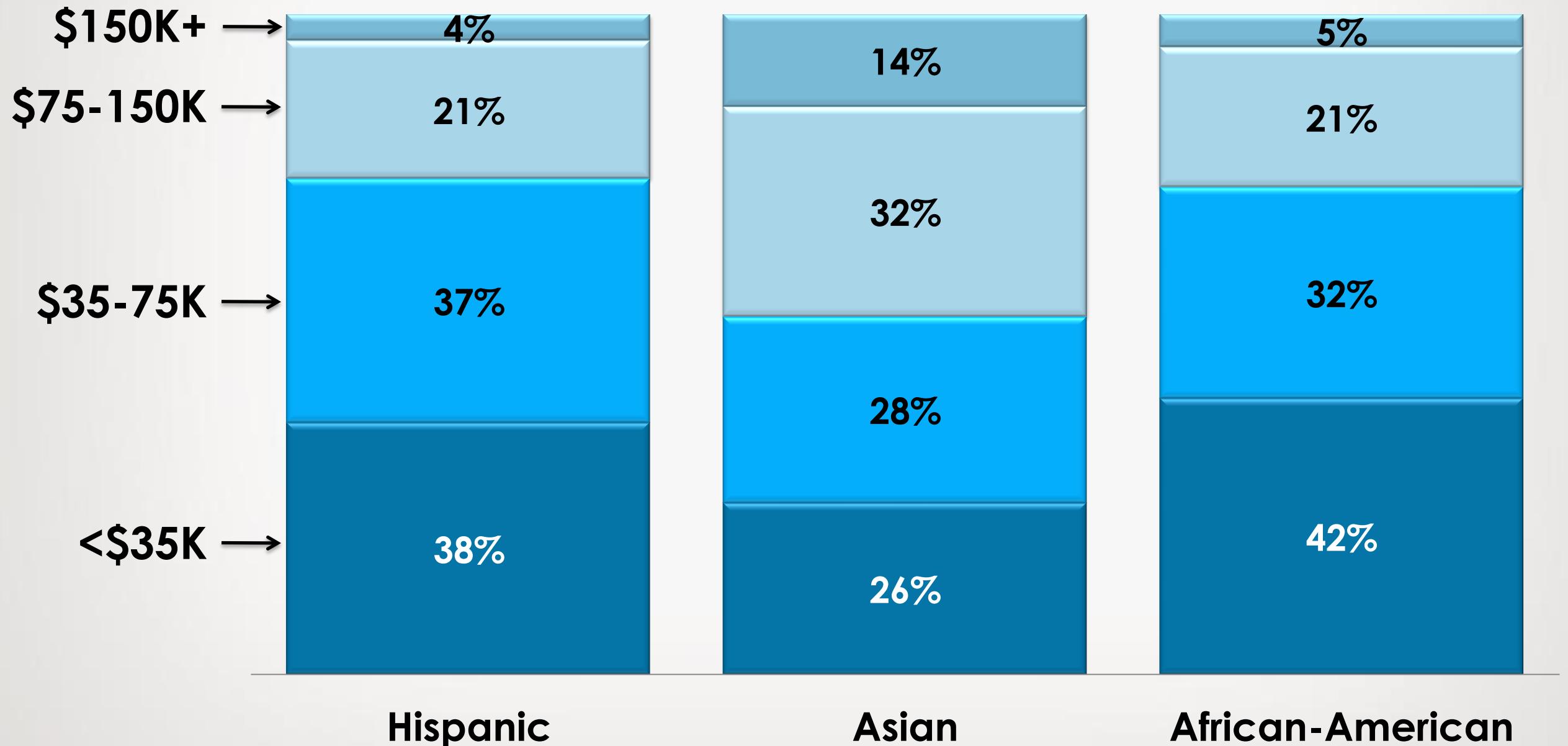
# Huge Impact on Key Markets

## Population Density by Market



# Economically Viable

## California Household Income

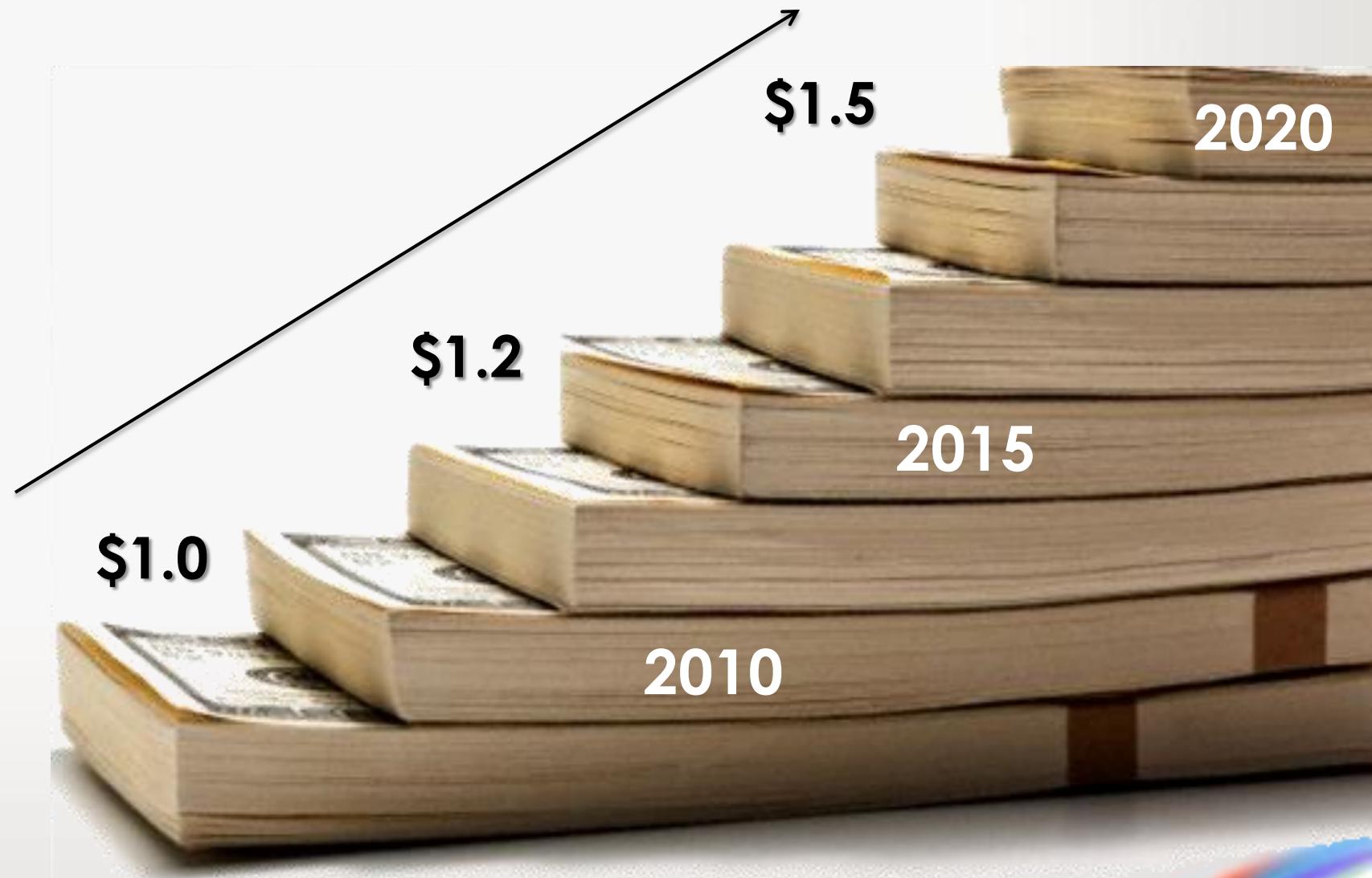


# Rising Consumer Spending

California Consumer Spending Projections  
2010 - 2020

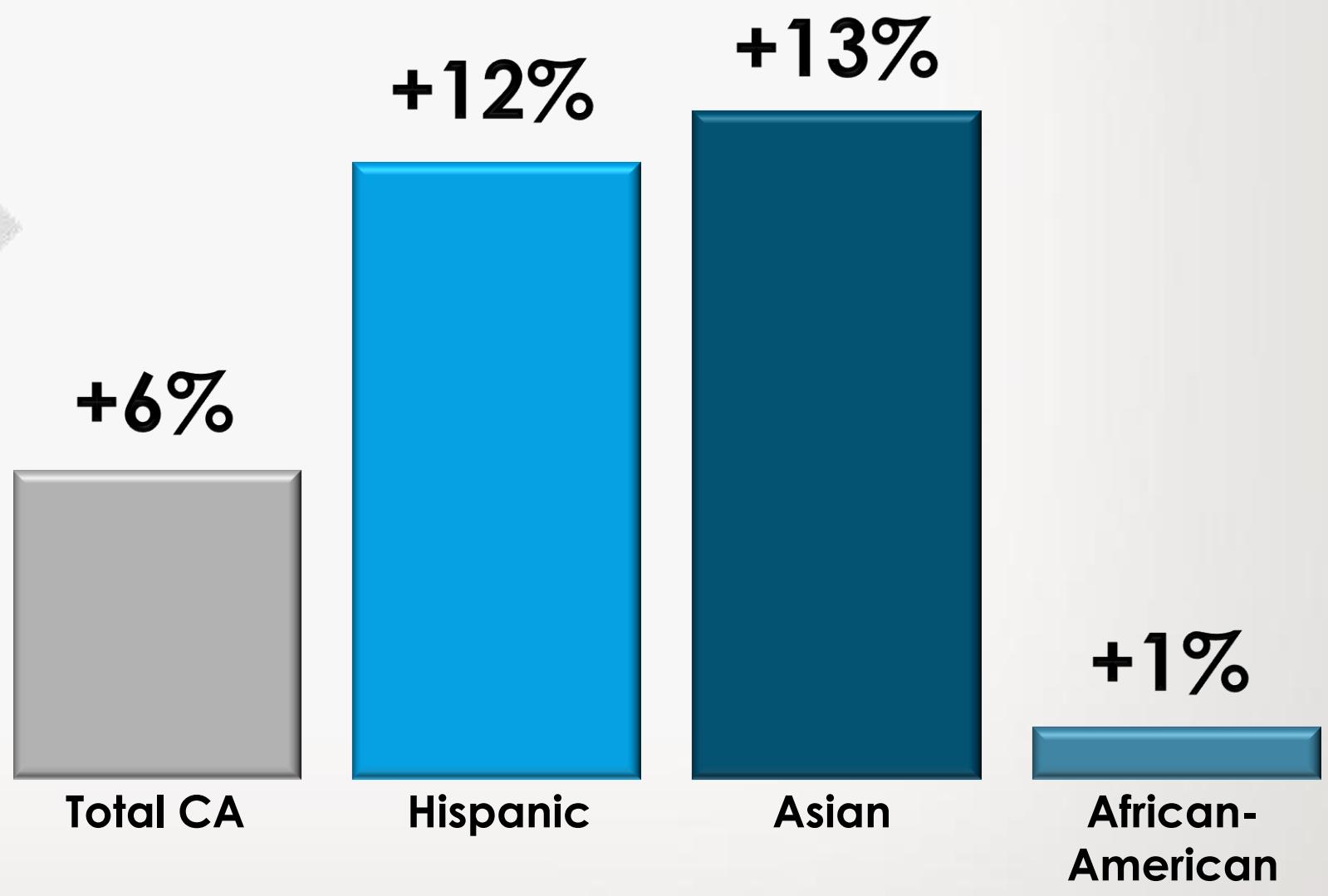
**+79%**  
Hispanic Growth

**+46%** (\$ in Trillions)  
Total Growth



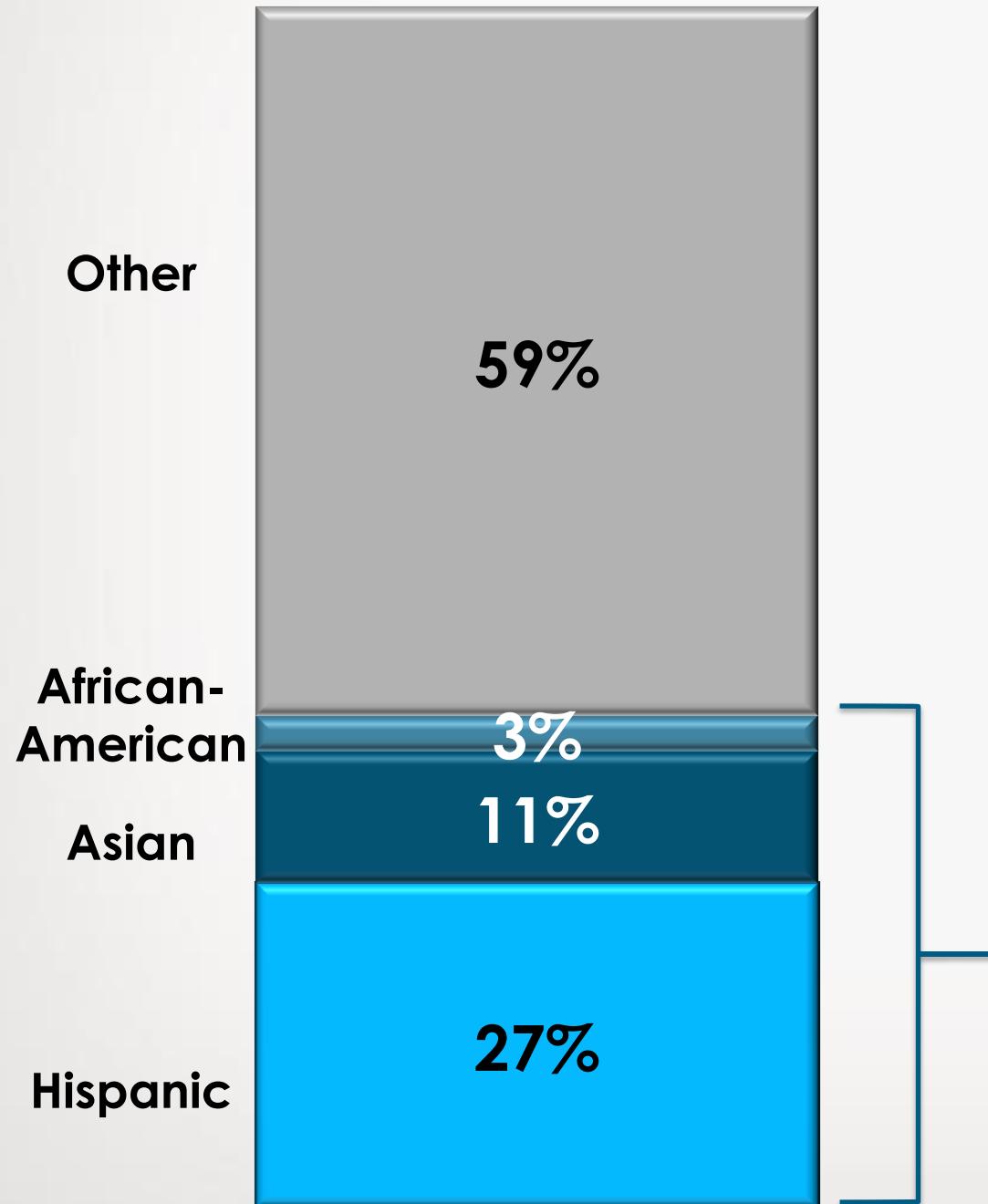
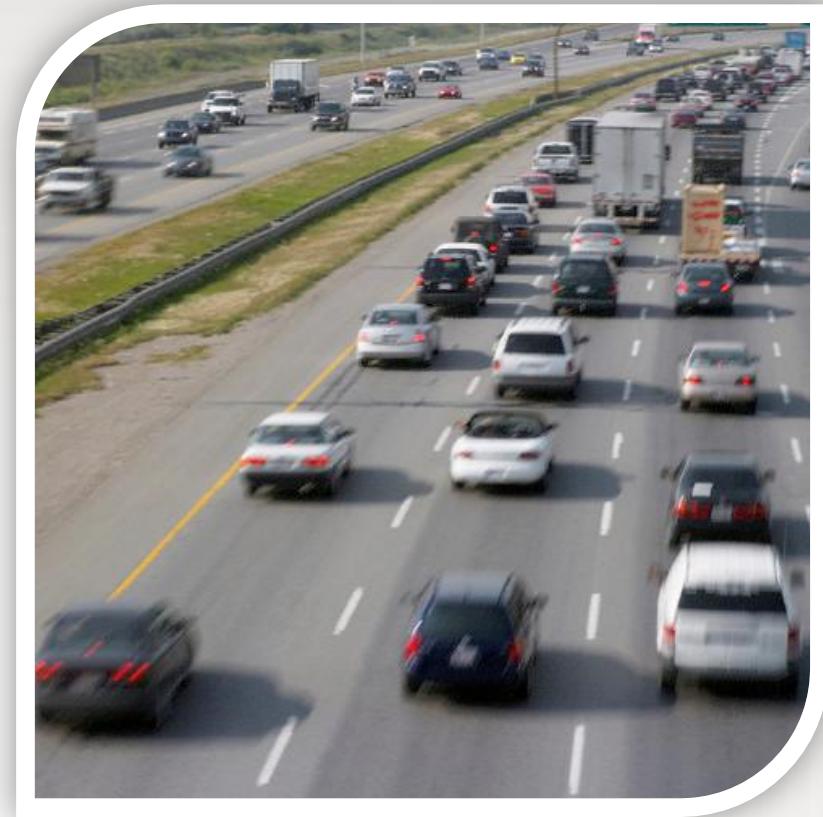
# Driving Home Ownership

**% Change in CA Owned Housing Units  
2011-2016**



# 5.7 Million

2002 – 2012 Model Year Vehicles in CA



**Minorities  
Account for  
41%  
of Vehicles Registered In  
California**

**In 2011,  
Minorities  
Purchased**

**49%**

**of New/Used  
Vehicles Sold In  
California**



# New Vehicle Spend At Parity

**CA Total**

**\$29,600**

**Minority Group Average**

**\$28,000**



# Younger New Vehicle Buyers



50

**CA  
Average**

47

**Minority Group  
Average**

# Minorities Represent **40%** of New Vehicle Sales



Hispanic

Asian

African-American

Other

**+24%**

**+7%** **+10%**

**+12%**

**YOY Sales Growth**

...and **46%** of the Sales Growth

# Leading Brands in California

Share of Market (SOM)

Rank	Total SOM	Hispanic SOM	Asian SOM	African-American SOM
#1	 <b>18.7%</b>	 <b>22.1%</b>	 <b>26.8%</b>	 <b>16.9%</b>
#2	 <b>13.6%</b>	 <b>15.4%</b>	 <b>18.3%</b>	 <b>13.1%</b>
#3	 <b>8.3%</b>	 <b>13.7%</b>	 <b>7.0%</b>	 <b>8.6%</b>
#4	 <b>7.7%</b>	 <b>8.2%</b>	 <b>6.9%</b>	 <b>8.6%</b>
#5	 <b>5.8%</b>	 <b>7.4%</b>	 <b>6.0%</b>	 <b>6.2%</b>
<b>Top 5 Brand Total</b>	<b>54.1%</b>	<b>66.8%</b>	<b>65.0%</b>	<b>53.4%</b>

Source: Polk , New Vehicle Personal Registrations (Includes Leases) Enhanced Ethnic Data, CYE 2011, California African American figures based on Polk's Inferred African American Data.

# Minorities Drive Total Sales

## 2011 Percent of Total Brand Sales

	Hispanic	Asian	African-American	=	Minorities
	25%	21%	3%	=	49%
	24%	20%	3%	=	47%
	38%	11%	4%	=	53%
	29%	4%	4%	=	37%
	18%	4%	4%	=	26%

# Loyal Consumers



CA Avg. Loyalty, 2007 - 2011

**Hispanic**

**44%**

**Asian**

**42%**

**African-American**

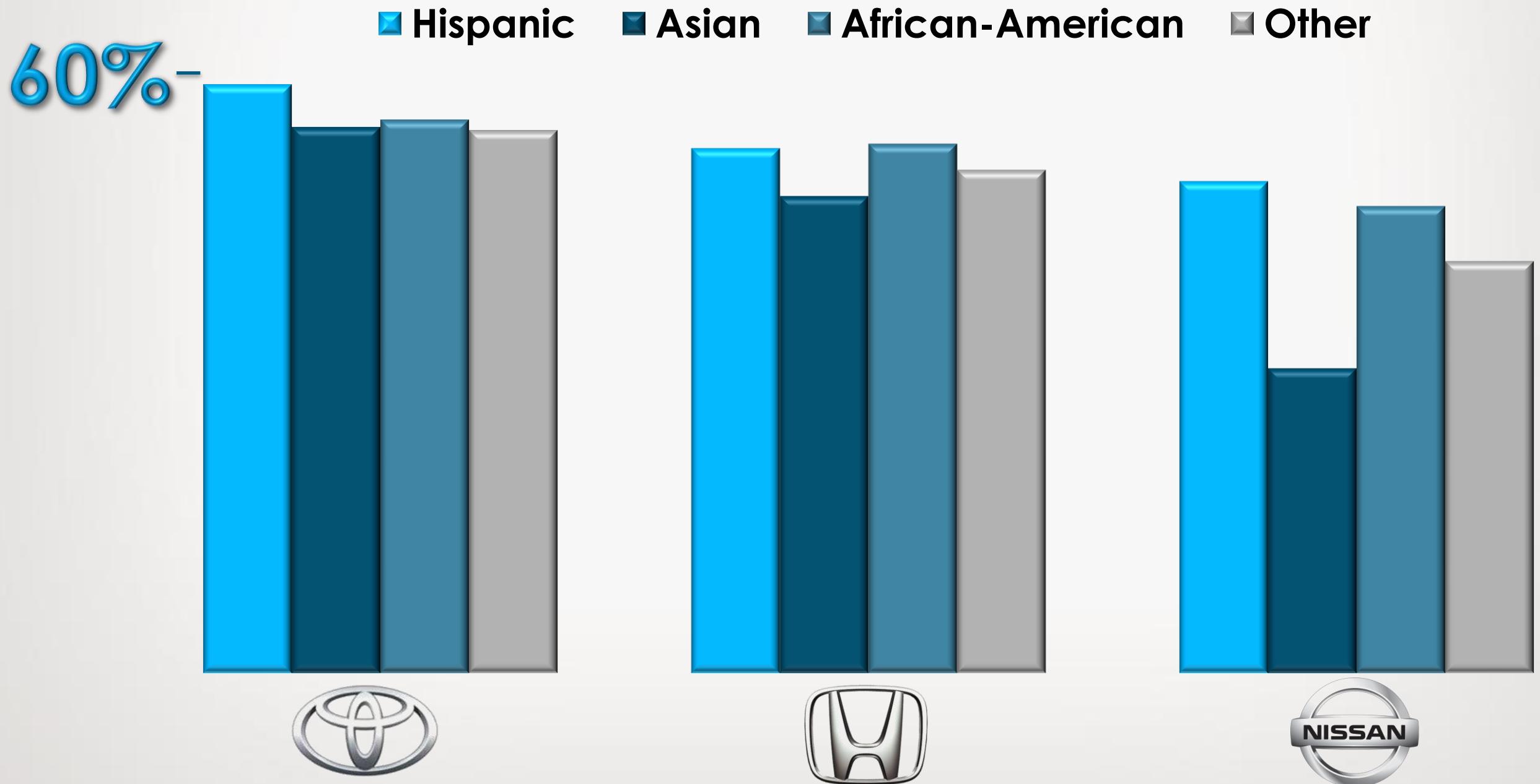
**44%**

**Other**

**43%**

# Japanese 3 Loyalty Higher

CA Avg. Loyalty, 2007 - 2011



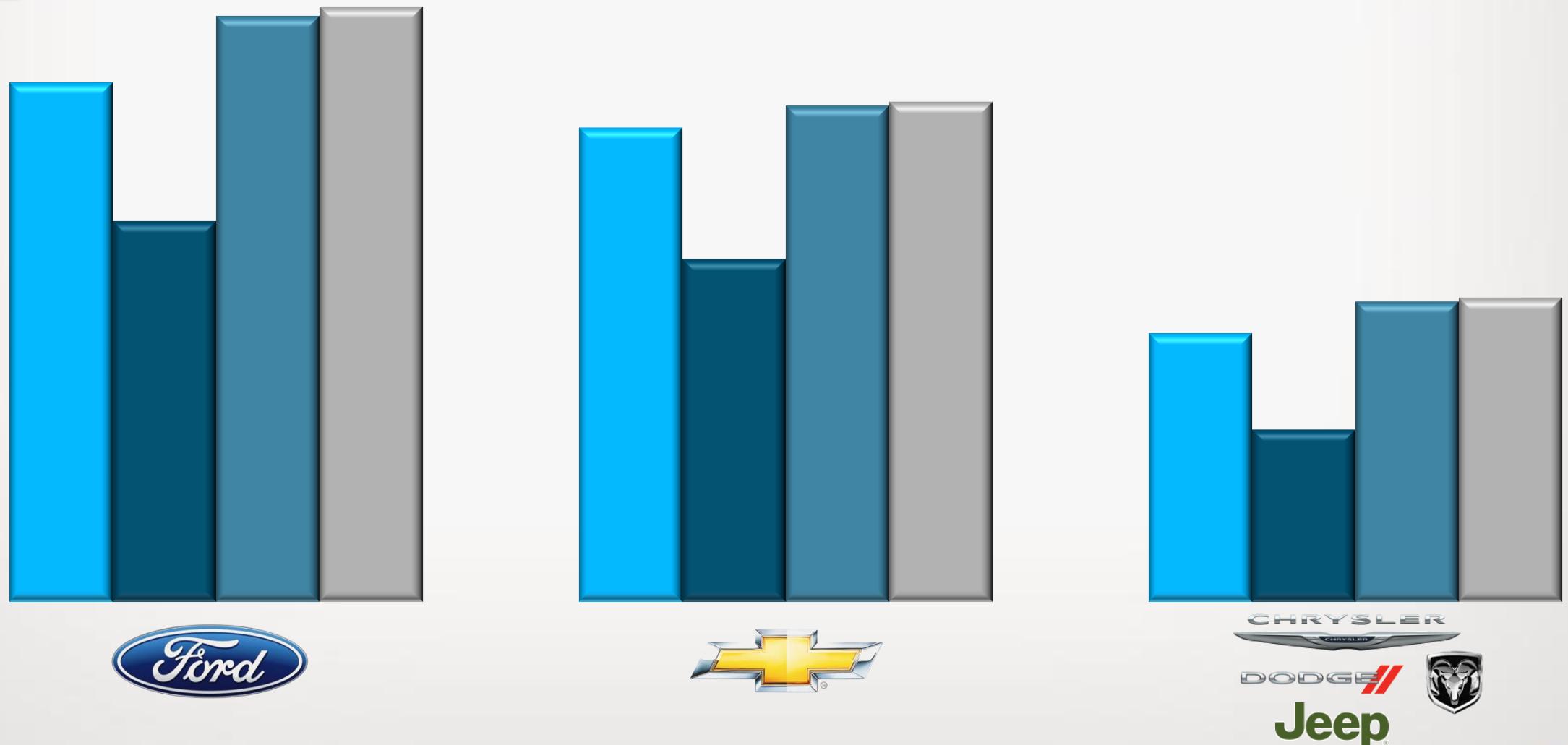
Source: Polk Loyalty Analytics Tool, CA EED 2007-2011. The data only contains and evaluates households in a given time period who are returning to market to purchase a new vehicle (sales and leases), where the last vehicle purchased was also a new vehicle (sales and leases).

# Domestics Loyalty Lower

CA Avg. Loyalty, 2007 - 2011

■ Hispanic ■ Asian ■ African-American ■ Other

50%—



Source: Polk Loyalty Analytics Tool, CA EED 2007-2011. The data only contains and evaluates households in a given time period who are returning to market to purchase a new vehicle (sales and leases), where the last vehicle purchased was also a new vehicle (sales and leases).



**Among Minorities,**

**1 out of 3**

**Traveled 10+ Miles  
One Way To  
Purchase Their Last  
New Vehicle**

# Looking For...

## Primary Reasons for Selecting a Dealership to Purchase Last New Vehicle



**Dealer  
Location**

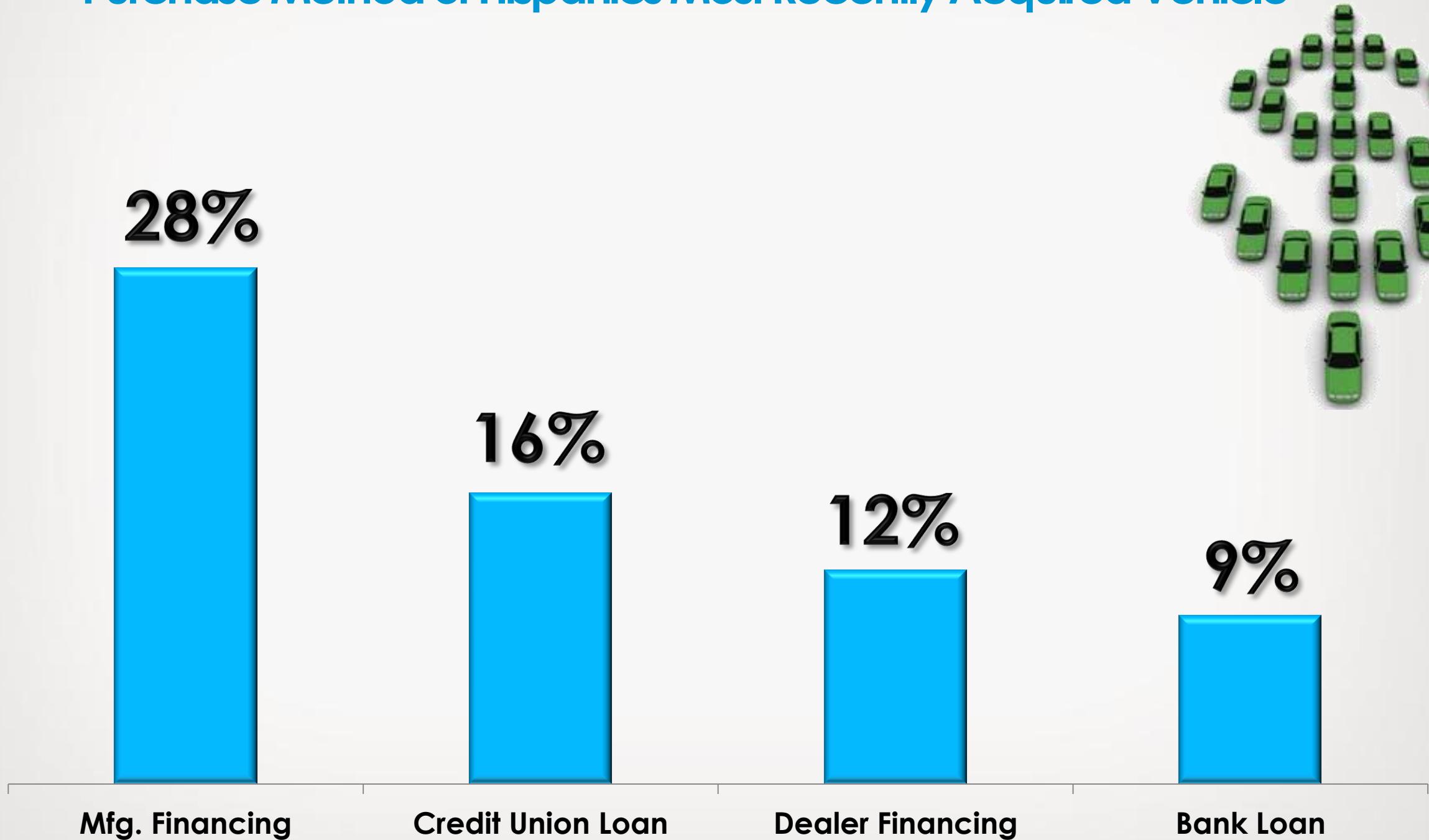
**Price-  
Value**

**Dealer  
Reputation**

**Dealer  
Financing**

# ...Prefer Captive Financing

## Purchase Method of Hispanics Most Recently Acquired Vehicle



Source: Simmons NCS/NHCS Fall 2011, Adults Full Year, Base: CA, A18+ and Most recently acquired vehicle was new. Question: Purchase Method of vehicle most recently acquired.

# Strong Lease Opportunity

## 2011 California Lease Penetration



**Total**

**25%**

**Hispanic**

**18%**

**Asian**

**23%**

**African-  
American**

**27%**

# Beyond The Purchase

Top Services Purchased by Minorities at CA Dealerships



**1. Tune-Up**

**2. Tire Rotation**

**3. Brake Service**

# Investing to WIN!

2011 Automotive TV Investment In California

**\$777**

**Million**

**11%**

**Spanish-Language TV**



# Language Is A Choice

**42%** of Californians  
speak a language other  
than English at home

**67%** Spanish

**21%** Asian

**10%** Indo-European

**2%** Other

# Spanish Usage Growing

(In Millions)

8.8  
2005

9.7  
2010

10.6  
2015

11.6  
2020



# Car Pros Kia Wins with Hispanics!

“ Our ability to cater to and invite the Hispanic market into our dealership has given us the competitive edge ”

Juan Alarcon, GM Car Pros KIA



**Car Pros Kia**  
You're Gonna Like What You See!



# Car Pros Kia Caters to **Hispanics**

**75%+**

**% of Spanish Speaking Staff**  
(Non-Hispanic Sales Staff are Spanish Capable)

**25%**

**Ad Budget Invested in Spanish**



# Investment in Spanish Media Delivers Sales Results

**#1 KIA RETAILER in U.S.**  
**SEPT, OCT, DEC 2011 & FEB 2012**



**Sales to Hispanics:**

**44%** New Vehicle

**39%** Used Vehicle

# Car Pros Kia Success = Hispanics

% of Sales Growth CY10 – CY11



**Hispanics  
Represented**

**51%**

**of Growth**



# Plan of Action



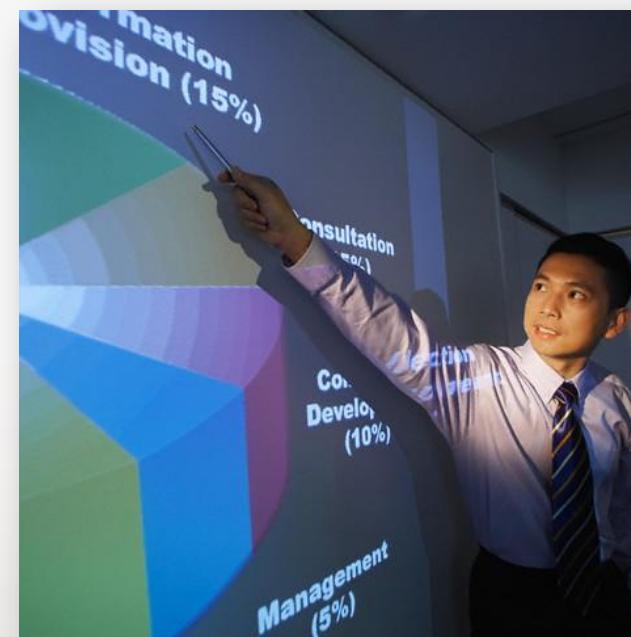
**Create A  
Minority  
Advisory  
Council**



**Track and  
Share  
Results  
Widely**



**Incorporate  
Minority  
Strategy Into  
All Stages Of  
Business  
Planning**



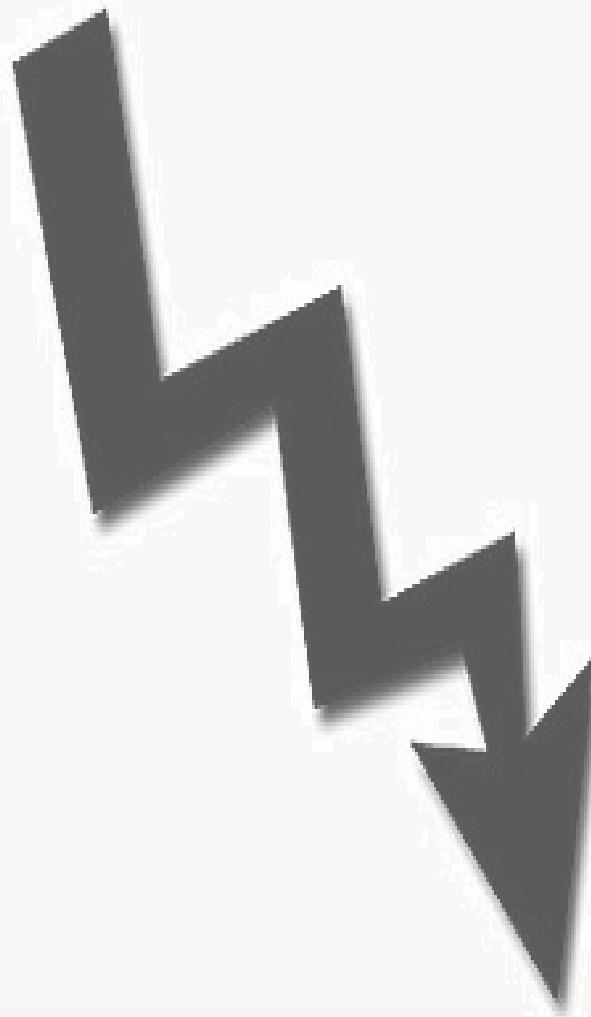
**Invest In  
Culturally  
Relevant  
Research**



# Minority-Owned Dealerships Declined **26%** in California

**255**

**Pre-Bankruptcy**  
(GM, Chrysler Group)



**187**

**December 2011**

<b>Minority Group</b>	<b>Pre-Bankruptcy</b>	<b>December 2011</b>	<b>% Change</b>
<b>Hispanic</b>	<b>103</b>	<b>85</b>	<b>-15%</b>
<b>Asian</b>	<b>110</b>	<b>85</b>	<b>-23%</b>
<b>African-American</b>	<b>42</b>	<b>17</b>	<b>-60%</b>
<b>Total Minority Groups</b>	<b>255</b>	<b>187</b>	<b>-26%</b>

# Economic Impact for CA

L.A. County Franchised New Vehicle Dealerships 2011

Industry

**\$1.3 BILLION**

**+10% vs. 2010**

Estimated Per Dealer

**\$4.9 MILLION**



# Impact on Minority Dealers in Light of Economic Climate



## Panelists

Charles Lee

Eric Strickland

Sil Gonzales

Steve Rojas