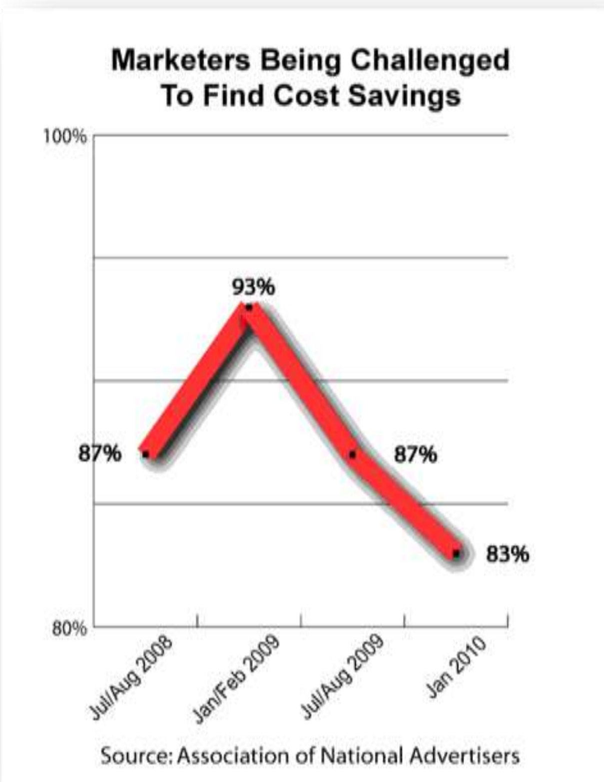
INDUSTRYNEWS
FASTLANE research

Issue #10

Marketers Still Frugal, But Deepest Cuts Behind Them

According to the most recent poll by the Association of National Advertisers (ANA), 83% of the respondents indicate they are identifying cost savings and reductions in their current marketing and advertising efforts. While that represents a high percentage of respondents, this is improved from six months ago (87%), one year ago (93%), and eighteen months ago (87%).



Marketers Being Challenged to Identify Cost Savings/Reductions in Current Marketing/Advertising Efforts (*Base: Total Sample)*	
Survey Period	***% Challenged for Savings, Reductions***
January 2010	83%
Jul/Aug 2009	87%
Jan/Feb 2009	93%
Jul/Aug 2008	87%
Source: ANA, January 2010	

The report concludes that "The recession may be officially over, but it appears that marketers have reset their expectations and a greater degree of frugality has set in. Cost savings and reductions may be the "new normal", even when the economy improves significantly."

In the most recent survey, 41% of respondents are planning to reduce marketing budgets by 1%-5% and 70% plan reductions of 1%-10%, up substantially from 55% in the July 2009 survey. Only 7% plan reductions greater than 20%, which is down sharply from 30% in July 2009. This indicates that the deepest cuts may have already been made.

Planned Reduction in Marketing Budget *(Base: Those Reducing Marketing/Advertising)*

	Percent of Budget Planned to Reduce (rounded)				
Survey Period	***> Than 30%***	***21 - 30%***	***11 - 20%***	***6 - 10%***	***1 - 5%***
January 2010	4%	3%	23%	29%	41%
Jul/Aug 2009	18%	12%	26%	23%	22%
Jan/Feb 2009	19%	18%	25%	23%	15%
Jul/Aug 2008	10%	10%	27%	33%	19%
Source: ANA, 2010					

The top four ways marketers are reducing costs and spending:

- 75% are challenging agencies to reduce internal expenses and/or identify cost reductions
- 73% are reducing departmental travel and expenses
- 53% are reducing advertising media budgets
- 50% are reducing advertising production budgets

Challenging agencies to reduce internal expenses and/or identify cost reductions has increased in each of the surveys. But just about every other category declined in the most recent survey, notes the report.

Areas Where Marketing/Advertising Efforts Are To Be Cut Back *(Base: Planning To Reduce Advertising/Marketing Costs)*				
	Survey Period (% Planning Reduction			
Area of Cut-Back	***Jan 2010***	***Jul/Aug '09***	***Jan/Feb '09***	***Jul/Aug '08***
Challenge agencies to reduce internal expenses and/or identify cost reductions	75%	71%	68%	63%
Departmental travel and expense restrictions	73%	81%	87%	63%
Reduction in advertising campaign media budgets	53%	74%	77%	69%
Reduction in advertising campaign production budgets	50%	64%	72%	63%
Eliminate/delay new projects	47%	53%	58%	61%
Reduce agency compensation	35%	56%	48%	32%
Reduction in professional development activities such as conferences and training	35%	na	na	na
Reduce/eliminate use of outside consultants (e.g. management consultants)	34%	42%	43%	36%
Departmental salary and/or hiring freezes	29%	56%	57%	45%
Alter mix of marketing channels to lower cost channels	29%	46%	44%	40%
Reduction in spending on research	24%	34%	na	na
Decoupling of services from the agency and buy direct from supplier	16%	9%	15%	21%
Use freelancers to fill open positions (instead of hiring fulltime employees)	14%	17%	18%	24%
Use open bid sourcing among agencies for projects/campaigns	11%	14%	11%	12%
Conduct compliance audits for recovery of misbillings, over-payments	9%	18%	14%	13%

Use online reverse auctions to bid down/identify lowest cost supplier	8%	4%	10%	12%
Other	6%	na	na	na
Source: ANA, January 2010				

Current responses suggest some degree of optimism since the last survey. But the deepest cuts may have already been made. The majority of marketers forecast no change in spending for the first half of 2010:

- 59% think budgets will stay the same
- 22% think budgets will be reduced
- 19% are hopeful budgets will increase

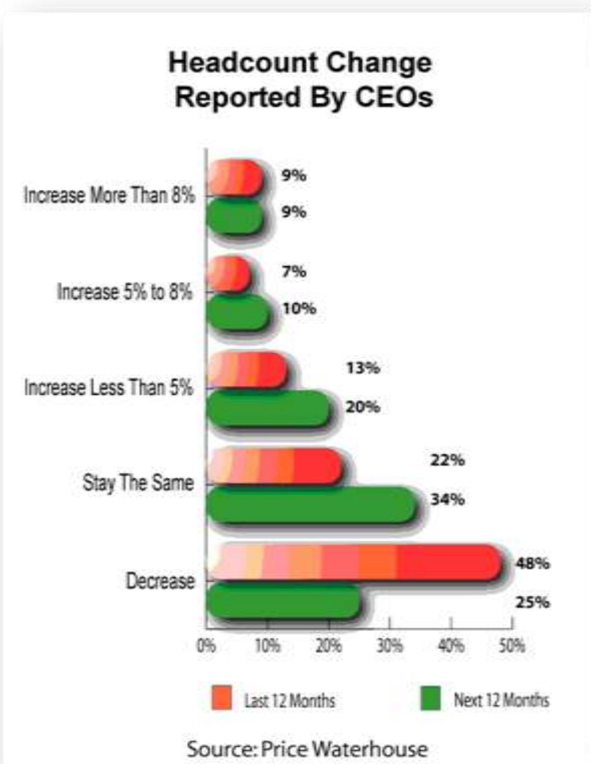
The report concludes by saying that the recession may be officially over, but it appears that marketers have reset their expectations and a greater degree of frugality has set in. Cost savings and reductions may be the "new normal" even as the economy improves. However, the deepest cuts are likely to have already been made.

For more details and access to the full report, www.ana.net/recessionsurvey .

Source: Center for Media Research [news@mediapost.com]

39% Of CEOs Expect To Increase Workforce

Fortunately, CEOs around the world do not share the waffling confidence among consumers in the United States. Of the 1,100 executives from 52 countries polled by PricewaterhouseCoopers (PwC) for their 13th annual "Global CEO Survey", almost 40 percent expect to add people in 2010. Only 25 percent expect further reductions in force.



In Brazil, a full 60 percent plan to increase their head counts, while in the Asia Pacific region and in Canada, about half of CEOs anticipate doing so. Only 39 percent of US CEOs expect to add staff; most (almost two-thirds) will increase modestly (5 percent or less).

The most encouraging statistic is that worldwide, 81 percent of CEOs are confident of their 2010 prospects (up from 64 percent) and only 18 percent remain pessimistic (down from 35 percent). Moreover, 31 percent of responding CEOs reported feeling “very confident” of their short-term prospects---an increase of 10 percentage points from 2009.

Executives in developing nations were more upbeat than their counterparts from developed nations. While 80 percent of North American and Western European respondents were optimistic about growth in 2010, 91 percent of CEOs in Latin America and China/Hong Kong and 97 percent in India said the same.

However, looking ahead to the next three years, the results were even more impressive: more than 90 percent of CEOs polled were confident of growth---a large number of executives thinking positively!

In spite of all of this optimism, many respondents are still fearful of a protracted global recession (65 percent) and over-regulation (60 percent). In fact, more than two-thirds of CEOs disagreed with the notion that governments have reduced the overall regulatory burden, while 65 percent agreed that regulatory co-operation will help mitigate systemic risks successfully.

ExecuNet's latest Recruiter Confidence Index data reinforces the PwC study: executive recruiter confidence is at an 18-month high and more companies are adding new executive jobs. Sixty-four percent are "confident" or "very confident" the executive employment market will improve during the next six months.

"Perception is everything!" Confidence is up and we will see more hiring worldwide. The United States will likely not lead this recovery.

Source: From 'The Herman Trend Alert,' by Joyce Gioia, Strategic Business Futurist. (800) 227-3566 or http://www.hermangroup.com.

Texas and Virginia vs EPA

The states of Texas and Virginia are trying to block the Environmental Protection Agency (EPA) from imposing more stringent tailpipe emissions limits on the nation's motor vehicles starting with the 2012 model year. The EPA has worked to control vehicle emissions for a long time, but in December 2009 expanded its regulatory reach by declaring that greenhouse gases are a threat to human health.

Based on a U.S. Supreme Court ruling in 2007 which found that carbon dioxide and other greenhouse gases are pollutants, if EPA declares emissions a threat to public health, under the Clean Air Act it must impose regulations. That has led to the EPA's planned enhanced tailpipe emissions regulations that are due April 1.

The actions of Texas and Virginia are in addition to the legal challenges already filed by a group of companies, members of Congress and some trade associations. Those opposing the EPA's actions now include 39 Senators, 13 Congressmen, the US Chamber of Commerce, the Georgia Motor Trucking Association, the Ohio Coal Association, the Utility Air Regulatory Group, the Competitive Enterprise Institute, National Association of Manufacturers, and many more.

These groups argue that the EPA's decision is based on bad scientific evidence, and the regulations will have a devastating economic effect. The EPA continues to maintain that its actions will withstand legal challenge, even though their own estimate of the cost is $60 billion over 5 years.

At the center of the argument are the questions about how much impact greenhouse gases really have on our climate, and do increases of these gases pose a threat to the health of human beings.

According to the US Energy Information Administration (EIA) the US emissions of greenhouse gases have gone from 6,187.4 million metric tons in 1990 to 7,052.6 million metric tons in 2008. That's an increase of 14% in 19 years. The EIA breaks down the sources of those gases into 4 major categories.

Source	M Metric Tons	Percent
Residential	1244	17.6%
Commercial	1353	19.2%
Industrial	2510	35.6%
Transportation	1946	27.6%
Total	7053	100.0%

The EPA has forecast that the new regulations will reduce emissions by nearly 950 million metric tons over the lifetime of vehicles produced in model years 2012 to 2016.

It is interesting that the automakers are not opposing the regulations. There have been reports in the Detroit News that the OEMs have had private meetings with federal and state regulators seeking to find common ground in setting national tailpipe emissions limits.

Source: Fast Lane Research, US Energy Information Administration

New Opportunity From Sears

Sears Holdings Corp. announced the launch of a new initiative for the Sears Automotive business—the Independent Sears Auto Center franchise program. This program offers automobile dealers the opportunity to operate licensed Sears Auto Centers, bringing the Sears brand, buying power, distribution network, systems and corporate support to automotive aftermarket businesses.

With more than 3,000 new-vehicle dealerships that have lost their franchise, Sears designed the new program to help those dealers leverage their facilities by establishing a set of businesses around parts and services, over-the-counter merchandise, and previously-owned vehicle sales. And depending on the franchise contract language, there could be opportunities for performance parts and accessory companies to supply product as well.

The new Sears Auto Center franchise locations will provide the same products and services for automobiles, light trucks and motorcycles that are currently available at the nearly 850 company-owned Sears Auto Centers. Those products and services include:

- An extensive tire selection, including brands such as Michelin®, Goodyear®, BF Goodrich® and Bridgestone® and more
- Batteries from DieHard®, America's most preferred automotive battery
- Maintenance and repair services for consumer and commercial fleets, including: oil changes, alignments, shocks, brakes, coolant/antifreeze, air conditioning, transmissions, fuel system cleaning and more

- Custom wheels, car care products, truck boxes, fluids, floor mats, DieHard battery chargers, DieHard portable power, XCargo® carriers and more

Additionally, many of the new franchise locations will be located on properties adjacent to pre-owned vehicle and body shop operations, making it even more convenient for customers to service their existing vehicle or shop for a new vehicle.

The new Sears Auto Center franchise model is available immediately to qualified dealers. In fact, Coleman Auto Group of East Windsor, New Jersey, is the first dealership to take advantage of this opportunity and will open a Sears Auto Center in March 2010. Coleman Auto Group is utilizing a space formerly dedicated to its Chrysler dealership.

For performance parts and accessories companies that have had limited success selling through new-car dealers this program may provide a second chance. The new-vehicle franchise dealers have suffered through being shut down by the OEMs and should be prime targets for marketing from our industry.

SOURCE Sears Holdings Corporation, Fast Lane Research

Conversations vs. Advertisements

Earlier this month Fast Lane Research began to collect performance data from companies within the specialty-equipment industry to establish a baseline report. By aggregating the data from multiple companies we can create a current snapshot for industry behavior as well as establish a foundation for future comparisons. Contributing companies answered an anonymous short series of questions ranging from sales estimates to opinions of upcoming trends. The complete results will be compiled into an upcoming Industry Benchmark Report, but in the meantime we wanted to share a preview of the submissions.

Two of the topics covered in the benchmark focus on interactions between companies within the industry and their end consumers, both measuring the levels of involvement at popular online venues. Together the questions aim to illustrate the relationship between conversations between both groups and the targeting of marketing across different platforms. We asked "Where do you engage with consumers online?" and "Where do you advertise?" Both questions allowed for multiple selections so the answers will exceed 100%.

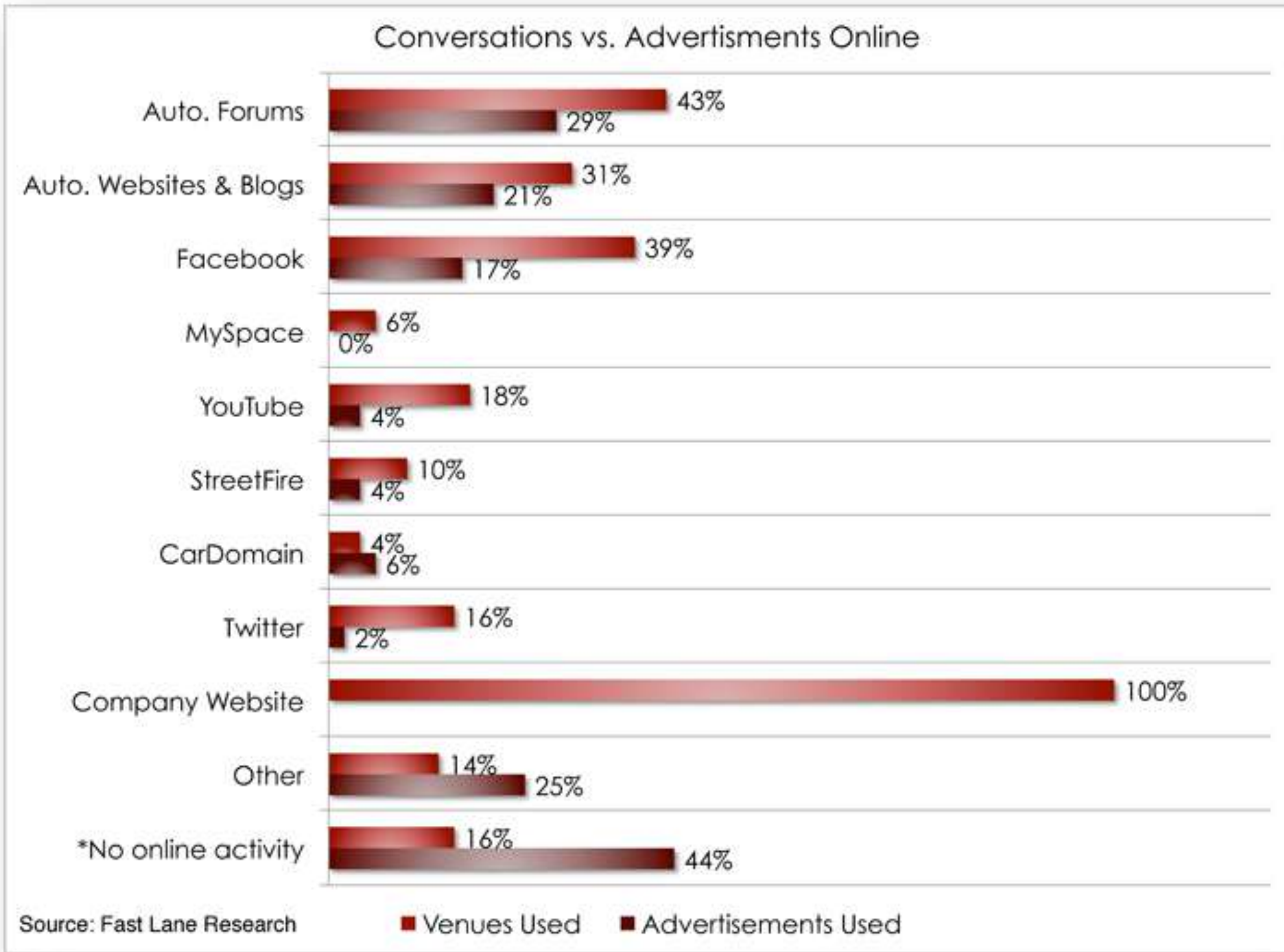
Every company within the study interacts with consumers through their own website and there is little evidence to assume that the same circumstance should be different for the rest of the industry. Some exceptions may exist, but the reality is that consumers expect companies to have an online presence with a dedicated website as a minimum.

Consumers are also expecting more than a basic website with simple information; they want to see companies developing tutorials, media content and product and company insight. They also encourage companies to become involved in other avenues of their hobby. Automotive forums, websites and content-specific blogs welcome a minimal and less-invasive approach while social networks allow consumers to establish a line of sight with companies on their own terms.

The most common online venues used to issue and address conversations with enthusiasts include automotive forums (43%), Facebook (39%) and automotive websites and blogs (31%).

On the other end of the spectrum 16% of companies claimed not having any interaction online outside of their company website.

Conversely, 44% of companies currently issue no online advertising. Some of these stated that rely on traditional print media while others focus on events and television advertising.



Source: Fast Lane Research

Press Releases

AutoWare Technologies is proud to announce the launch of the new NextWheels Online eCommerce program at Jegs.com. Customers can now buy custom wheels and tires directly through the NextWheels Online program, after they have visually previewed exactly how the wheels and tires will look on their vehicle.

With a simple click of the “Add to Cart” button, the program will guide users through the selection of the wheel and tires. The wheels and tires are then added directly to the existing shopping cart. The Jeg’s program can be found in the Wheels and Tire section at www.jegs.com.

For over 15 years, AutoWare has been providing tools to help retailers increase their sales of custom wheels and tires through their SoftWheels NX, TreadWare, and NextWheels Online software programs, along with their Technical Tire and Wheel Training DVD Series and the Tire MountMate tool. “We are in the business of helping retailers increase their sales.” says Perry Magness, owner and developer of AutoWare Technologies. “We have worked very closely with our customers over the years to provide the tools they need to increase their sales. In fact, most of the products and enhancements we have made have been through direct requests from them. They tell us what they need and we provide it. The new program for Jegs is no exception as it has several new features that were not available in earlier versions of the software. The internet is the future, and we are here to provide the latest technology to give out customers the edge over their competition by offering the easiest way to sell wheels and tires online.” says Magness.

While the NextWheels Online program has been available for several years as a tool for visually previewing wheels and tires on their car, only now can retailers actually sell these products directly through the program…giving the consumer instant response and allowing the retailer to be open 24/7. And as with all our programs, we have devoted the extra effort to make them extremely simple to use so that the shopping experience is more enjoyable for the consumer. The eCommerce version is now available in 2 different interfaces and several color schemes for a near seamless integration into the client’s existing web site.

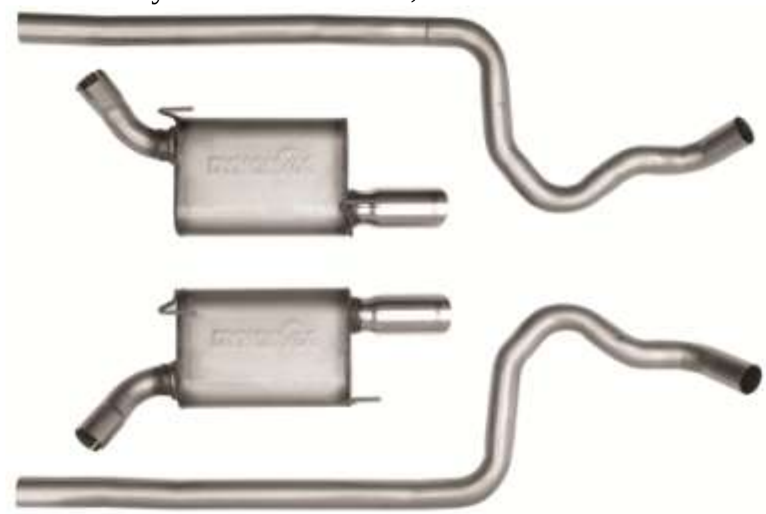
The NextWheels Online eCommerce packages is also easily integrated into the retailers existing shopping cart so there is no need to recreate their website to use our application. Our programmers work directly with the web developer to join the programs swiftly and cleanly, and we can have the program up and running in a couple of weeks.
For more information on this product, please contact AutoWare Technologies at 8772309695, 8502309695, or visit our web site at www.autowaretech.com.

DYNOMAX® OFFERS PERFORMANCE EXHAUST OPTIONS FOR 2010 MUSTANG PLUS NEW SYSTEM FOR 05-09 GT MODELS

Premium Stainless Steel Exhaust Systems Push Horsepower and Torque Levels to New Heights; Feature the Company’s Brand-New Tips

MONROE, MI., Tues., Feb. 16, 2010 – The 2010 Ford Mustang GT can gain even more horsepower and torque plus great looks through the addition of any of the new performance exhaust systems available from DynoMax® Performance Exhaust. The new cat-back systems are available at performance retailers nationwide.

DynoMax, an innovator in performance exhaust systems and mufflers, is manufactured and marketed by Tenneco Inc. (NYSE: TEN). DynoMax is one of North America’s leading suppliers of dyno-proven exhaust technologies for muscle cars, diesel and gas trucks and sport utility vehicles, and sport compact/European cars.



All of the new DynoMax performance exhaust systems include high-quality, 409-grade stainless steel, a premium material that provides extended protection against corrosion, and include the new logo-embossed DynoMax double-walled “show” tips.

The systems – built specifically for “Pure Unadulterated POWER” – offer coverage of several late-model Mustangs, including the 2010 Ford Mustang GT and 2005-09 Ford Mustang GT. The systems offer enthusiasts two separate performance muffler options: Ultra Flo™ Welded or the Race Bullet™.

Boosting horsepower by 20 and gaining 18-ft. lbs. of torque, the new axle-back Ultra Flo Welded system for the 2010 Mustang (p/n 39488) includes 2-1/2-in. stainless steel piping, routed to match OE piping for easy installation and trouble-free performance, and new 3-1/2-in. stainless slant-cut specialty tips. The system includes a pair of legendary DynoMax Ultra Flo Welded mufflers, a straight-through, unrestricted design that is dyno-proven to support up to 2,000 SCFM and 2,000 horsepower. These mufflers are 100-percent welded for exceptional life and durability, and also include exclusive Continuous Roving Fiberglass (CRF) technology to absorb unwanted interior resonance and provide a rich, deep performance tone.

The new cat-back DynoMax Race Bullet system for the 2010 Mustang (p/n 39489) features 3-in. stainless steel piping and 4-in. new style tips plus Race Bullet mufflers and x-pipe. Built to offer wide-open performance and sound, the system includes the DynoMax Race Bullet muffler, an extremely lightweight, compact muffler design. Also 100-percent welded for maximum durability, the Race Bullet utilizes CRF technology which helps provide an incredibly throaty performance race tone.

The new stainless system for 2005-09 Mustang GT models (p/n 39414) features the DynoMax Ultra Flo Welded mufflers, 2-½-in. pipes and brand-new style 3-in. tips. This system posted a gain of 6 horsepower and 8 foot pounds of torque during recent dyno testing.

All DynoMax systems include OE-quality hangers and brackets for easy, fast installation.

The new stainless systems are covered by a limited lifetime warranty and exclusive 90-day Performance and Sound Guarantee, an offer that lets enthusiasts try the muffler for 90 days. Consumers can return the product within 90 days for a full refund of its purchase price. Additional restrictions apply and can be found at www.DynoMax.com.

DynoMax offers a full complement of Ford Mustang products, including power-enhancing Super Turbo and Ultra Flo exhaust systems covering applications 1986 and newer; direct-fit muffler applications for Mustangs 1984 and newer; and header coverage for 1964 thru 2003 Mustang V8 applications.

For more information about DynoMax products for the Mustang, please visit www.DynoMax.com, contact your nearest DynoMax supplier or call 1-734-384-7806. For the name and location of your nearest DynoMax retailer, check out the Dealer Locator at www.DynoMax.com.

Tenneco is a $5.9 billion manufacturing company with headquarters in Lake Forest, Illinois and approximately 21,000 employees worldwide. Tenneco is one of the world's largest designers, manufacturers and marketers of emission control and ride control products and systems for the automotive original equipment market and the aftermarket. Tenneco markets its products principally under the Monroe®, Walker®, Gillet™ and Clevite® Elastomer brand names.

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For More Information:
Christine Bowser, Pinnacle Communication Group, Inc.
(330) 688-3515 chrissy@pinnmedia.com