

## Trade-In Patterns Vary across Four Canadian Markets

About 1 of every 4 new-vehicle transactions in Canada includes a trade, down from about 1 of every 3 transactions 2 years ago. This suggests owners now are either adding vehicles to their portfolio or selling their vehicles privately at a greater rate vs. 2 years ago. The average age of a trade-in this year has been 6.7 years, up from 6.3 years 2 years ago, and the typical odometer reading on trades so far in 2008 has been about 118,000 kilometers. About 1 of every 6 trades in 2008 has been “upside down,” a similar proportion to 2 years ago.

These measures differ significantly across the 4 Canadian markets. Calgary/Edmonton owners have a greater propensity to keep their vehicles or sell them privately compared to owners in the other three markets—if they do trade them in, they do so sooner than the typical Canadian, after just 5.5 years. This shorter trade cycle results in a lower average odometer reading as well as a higher number of upside down trades (more than twice as many as in either Toronto or Vancouver).

The situation is reversed in Vancouver, where the percentage of new-vehicle sales with a trade is higher than average. Owners hold on to their vehicles for longer (almost a year longer than the national average and more than 2 years longer than in Calgary/Edmonton), and the proportion of upside-down trades is lower.

## The New Volkswagen Tiguan Attracts Young Male Buyers

The all-new Volkswagen Tiguan compact crossover is attracting young buyers (3 years younger than the typical small crossover buyer) and more males (lower percent of female buyers than all but 2 competitors). The Tiguan’s percent of same-brand trades is high compared to other models in the segment, which supports the theory that brand loyalists are usually among the early buyers of all-new products. These loyalists also tend to be in a better financial position than the typical new-vehicle buyer, which is reflected in the fact that almost 29%, or close to twice the segment average, of early Tiguan buyers have paid cash or obtained a private loan.

About one-fifth of Tiguan transactions have included a loan obtained at the dealership, while more than half have been leases. This lease penetration rate is far above the segment level and higher than that for all competitors except the Nissan Rogue. Volkswagen has used leasing to offset the Tiguan’s high transaction price of \$35,126, which is almost \$7,000 above segment average and higher than that of every direct competitor. The Tiguan’s retail turn rate has been far lower than the rate of the segment and every competitor, but the model is currently only in its fourth month on the market. New models always have a low turn rate, and only in the fifth month on the market does the natural turn rate begin to emerge. ■

Market	Metrics	Total Industry
<b>All Markets</b>	Trade In (%)	25.9%
	Trade In Vehicle Age	6.7
	Trade In Odometer (kms)	117,927
	Percent Negative Equity	15.9%
<b>Calgary/Edmonton</b>	Trade In (%)	23.0%
	Trade In Vehicle Age	5.5
	Trade In Odometer (kms)	106,488
	Percent Negative Equity	27.6%
<b>Toronto</b>	Trade In (%)	26.0%
	Trade In Vehicle Age	7.1
	Trade In Odometer (kms)	129,036
	Percent Negative Equity	10.5%
<b>Vancouver</b>	Trade In (%)	28.3%
	Trade In Vehicle Age	7.6
	Trade In Odometer (kms)	116,286
	Percent Negative Equity	11.2%
<b>Montreal</b>	Trade In (%)	25.9%
	Trade In Vehicle Age	6.8
	Trade In Odometer (kms)	116,203
	Percent Negative Equity	16.0%

Source: Power Information Network (PIN), January–August 2008



2009 Volkswagen Tiguan

Models	Model Year	Customer (Buyer) Age	Female (Buyer) (%)	Percent Negative Equity	Trade In (%)	Trade-In Same Nameplate (%)	Cash (%)	Type of Sale Finance (%)	Lease (%)	Vehicle Price Less Customer Cash Rebate	Retail Turn Rate
Compact CUV	2008/2009	46	43.7%	16.77%	30.3%	32.3%	15.6%	48.0%	36.4%	\$28,289	51
Volkswagen Tiguan	2009	43	39.9%	18.18%	26.3%	36.0%	28.8%	20.6%	50.6%	\$35,126	17
Ford Escape	2008/2009	47	42.4%	19.19%	24.4%	50.5%	10.6%	44.8%	44.6%	\$28,088	48
Honda CR-V	2008/2009	46	48.9%	8.02%	26.8%	47.1%	34.3%	28.8%	37.0%	\$31,788	47
Hyundai Tucson	2008/2009	48	52.6%	26.65%	37.4%	31.5%	23.9%	44.6%	31.5%	\$25,311	54
Jeep Compass	2008/2009	47	46.4%	13.70%	33.4%	9.1%	25.6%	37.6%	36.7%	\$22,277	77
Kia Rondo	2008/2009	48	41.3%	23.09%	44.0%	26.0%	10.8%	51.3%	37.9%	\$24,784	48
Mazda Tribute	2008/2009	43	41.7%	24.77%	30.9%	42.6%	5.4%	73.5%	21.2%	\$28,398	37
Mitsubishi Outlander	2008/2009	42	41.0%	12.52%	39.0%	15.3%	8.4%	88.2%	3.3%	\$31,487	40
Nissan Rogue	2008/2009	45	47.3%	6.61%	31.3%	22.5%	7.0%	38.4%	54.5%	\$30,375	24
Saturn VUE	2008/2009	47	48.9%	18.31%	23.1%	34.9%	0.7%	57.3%	42.0%	\$30,850	64
Subaru Forester	2009	50	37.5%	2.23%	37.9%	32.0%	38.0%	35.8%	26.2%	\$29,781	23
Suzuki Vitara/Grand Vitara	2008/2009	46	32.2%	11.83%	43.1%	28.5%	24.8%	61.1%	14.1%	\$28,600	114
Toyota RAV4	2008/2009	46	46.1%	7.31%	31.8%	32.9%	17.0%	45.8%	37.2%	\$30,000	27

Source: Power Information Network (PIN), January 1–September 14, 2008  
Note: If a unit is dealer-traded, the retail turn rate returns to zero at the time of the trade

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