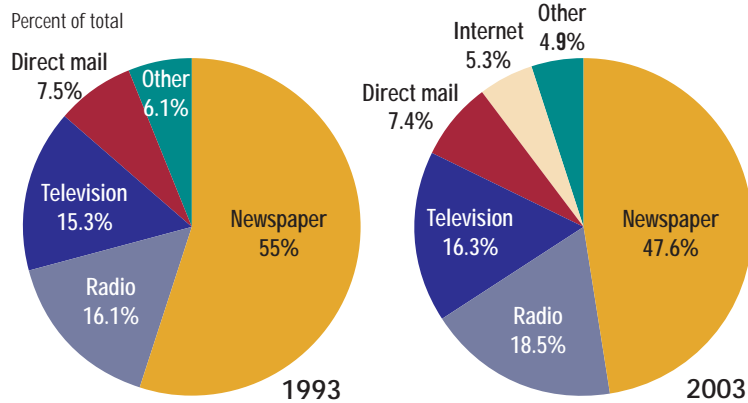


Advertising and the Dealership

FRANCHISED DEALERS spent a record \$8.5 billion in advertising outlays in 2003. Ad expense as a percentage of new-vehicle sales rose by 15 percent from 2002. In the past 10 years, ad expense allocation for television at the average dealership has increased by 6.4 percent and for radio by 15 percent. Meanwhile, direct-mail allocation has remained the same, and allocation for newspapers has decreased by 13.5 percent. In 2003 the typical dealership spent 5.3 percent of advertising dollars on Internet ads, up from 4.6 percent in 2002 and now a separate category.

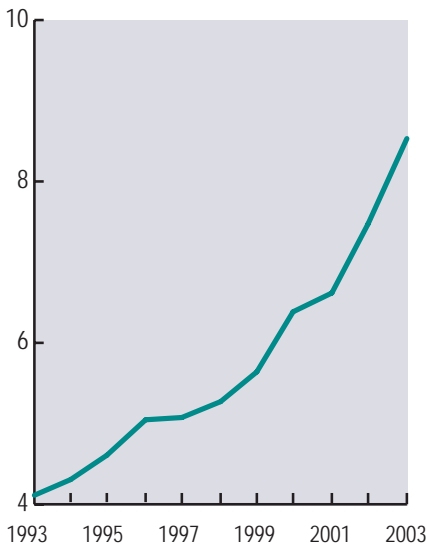
Advertising expenditures, by medium



Source: NADA Industry Analysis Division

Total dealership advertising expenditures

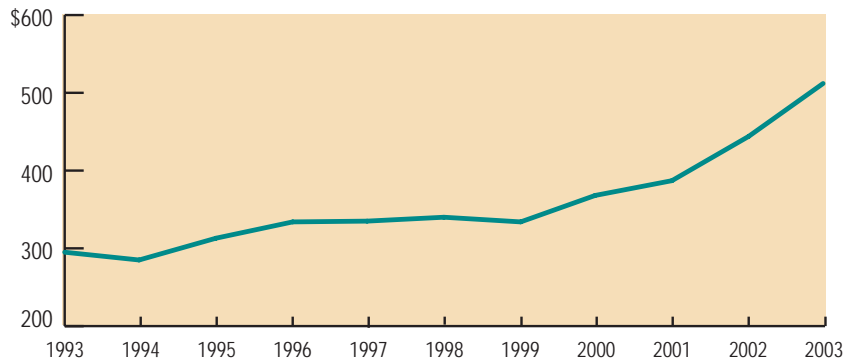
In billions of dollars



Source: NADA Industry Analysis Division

Total dealership advertising

Per new unit sold



Source: NADA Industry Analysis Division

Estimated advertising expenses per dealership in 2003

By number of new units sold

Medium used	Average of all dealerships	1-149	150-399	400-749	750+
Newspapers	\$187,534	\$43,915	\$45,806	\$158,282	\$309,715
Radio	73,007	17,298	19,597	45,031	143,736
Television	64,145	4,308	18,006	59,256	131,929
Direct mail	29,005	5,269	7,166	21,658	60,726
Internet	20,940	3,671	5,472	16,398	40,981
Other	19,411	5,459	4,946	12,693	34,211
Total	\$394,042	\$79,919	\$100,993	\$313,316	\$721,299
Total advertising as a % of total sales	1.22%	1.10%	1.18%	1.17%	1.25%
Total advertising per new vehicle sold	\$512	\$688	\$568	\$532	\$487

Source: NADA Industry Analysis Division