



Press Release

J.D. Power and Associates Reports:

Premium Surround Sound Systems and HD Radio Garner High Consumer Interest Based on Their Market Price, While Consumers Prefer One-Time Fee Over the Monthly Fee Associated with Satellite Radio

Safety-Related Technologies Continue to Draw Strong Consumer Interest

WESTLAKE VILLAGE, Calif.: 18 August 2005 — Premium surround sound systems and high-definition (HD) radio are highly attractive features consumers would like to see in their new vehicles based on their estimated market prices, and consumers prefer to pay a one-time fee over a monthly subscription for satellite radio, according to the J.D. Power and Associates 2005 U.S. Automotive Emerging Technologies StudySM released today.

The study measures consumer familiarity, interest and purchase intent for emerging automotive technologies both before and after an estimated market value is revealed. While consumer interest in new technologies typically drops after a price point is revealed, relative interest in premium surround sound and HD radio actually improves dramatically after the market price is provided. Premium surround sound, which ranks sixth in consumer interest before the price is revealed, moves to second after consumers learn its market price (\$400). With a realistic market price of just \$150, the HD radio-compatible receiver jumps from 16th in initial interest to third after pricing is revealed.

“What is truly surprising is that among those interested in equipping their next new vehicle with the premium surround sound feature at \$400, nearly 80 percent of those are willing to pay \$800 for a branded system,” said Lawrence Wu, senior director of automotive emerging technologies at J.D. Power and Associates. “This suggests that automakers and audio suppliers could add value to their products for consumers, while increasing their returns. While we have seen the availability of branded sound systems increase the past few years, it’s evident from this research that there is sufficient consumer demand to warrant equipping a much broader vehicle segment base.”

Consumers still express more interest in satellite radio than HD radio prior to the introduction of price, but interest falls below HD radio at the realistic market price of \$12.95 per month for satellite radio. The study shows that more consumers are willing to pay a one-time fee as opposed to paying monthly for the service.

“Even though satellite radio is at an advantage over HD radio by offering commercial-free content and coast-to-coast coverage, interest in HD radio is higher than satellite radio after the introduction of price,” said Wu. “In general, consumers would rather pay once for a feature and have been reluctant to embrace subscription fees. This is evident in the trade-off exercise in this year’s study in which almost twice as many consumers chose lifetime (life of vehicle) satellite radio with a one-time \$499 subscription fee compared to a one-year option.”

Safety related technologies are still a top priority for consumers. The study finds consumers’ four most desired features relate to enhancing the safety and/or security of vehicle occupants. Run-flat tires were the most desired item among technologies included in the study before consumers were shown the fair market value. Night vision, stability control and blind spot warning follow run-flat tires in consumer interest before prices are introduced.

Stability control jumps to first place after consumers are made aware of its \$300 price tag, while run-flat tires drop to fourth after its \$600 price is revealed. Consumer interest in night vision decreases significantly once consumers are presented with the realistic market price of \$1,500.

The 2005 U.S. Automotive Emerging Technologies Study is based on responses from more than 17,000 U.S. consumers. The study is designed to measure consumer familiarity, interest and purchase intent for emerging automotive technologies.

About J.D. Power and Associates

Headquartered in Westlake Village, Calif., J.D. Power and Associates is an ISO 9001-registered global marketing information services firm operating in key business sectors including market research, forecasting, consulting, training and customer satisfaction. The firm's quality and satisfaction measurements are based on responses from millions of consumers annually. J.D. Power and Associates is a business unit of The McGraw-Hill Companies.

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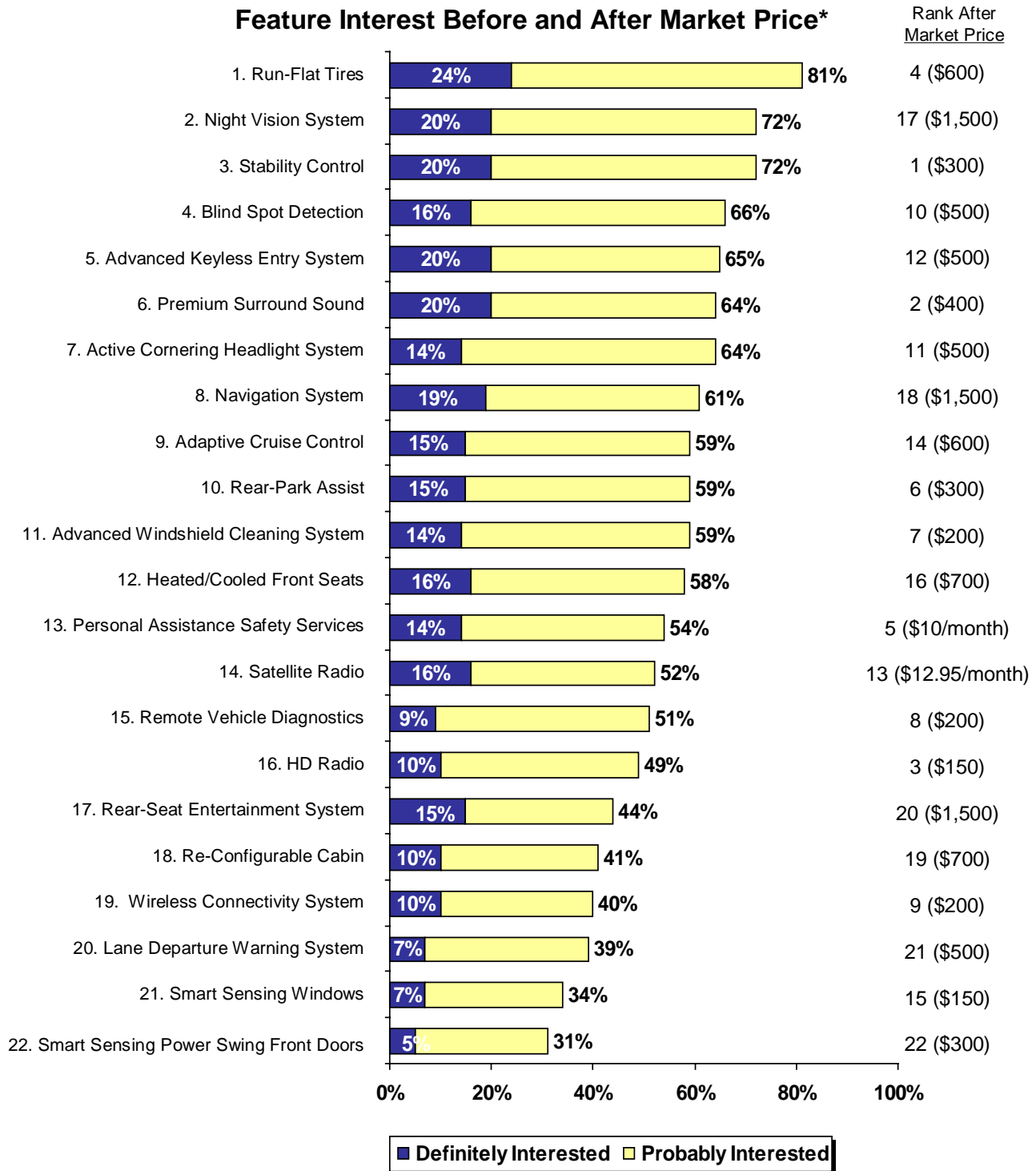
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NOTE: One chart follows.

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2005 U.S. Automotive Emerging Technologies StudySM



**Note: The bar graph indicates consumer interest absent of any price mention. The column labeled "Rank After Market Price" indicates rank of consumer interest in features after exposure to the likely relative market price of the features. Price quote is listed in parentheses.*

Source: J.D. Power and Associates 2005 U.S. Automotive Emerging Technologies StudySM

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