

The dubious logic of car demographics

The growing number of hair-renter ads in Road and Track is one of those low-level demographic indicators that should be sounding an alarm to auto analysts who thought the baby boom would last forever.

The reality is that the pill generation is taking over — those kids conceived only after careful consideration of their impact on their parents' lifespans, which has meant kids under 20 today are outnumbered by their parents generation by maybe 3-1.

I suspect this already has had an impact beyond the graying of Road and Track. Cheap cars are not selling well; in fact, Yugo of America is reportedly trying to figure out how to stuff unsold cars in cereal boxes. The usual reason offered by

DEMOGRAPHICS usually are

analysis is that Americans have become so affluent they simply snuff at anything with less than a luxe-label.

Fat chance. Little cars always have been bought mainly by recent college graduates and kids who just got their first job. I suspect that the lack of population in the pill generation is the real culprit in sagging small-car sales — which means cheap cars won't recover soon.

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auto talk
Dan McCosh

coached in median age, median income and a few assumptions about the car buyer. Younger marketing types are usually a little crazy about the latter. I've never seen any car presented as just the ticket for an up-and-coming drug dealer, for example.

I've also noticed that demographic analysis doesn't have much consistency. A \$12,000 car, for ex-

ample, is supposed to be affordable by a bright graduate making a median income of, say, \$35,000. Does this mean a young couple making \$17,500 each? Then who gets to drive to work? I don't think \$17,500 would make the insurance payment on a \$12,000 car.

Or take another example. A luxury car was supposed to interest two groups: the 35-46-year-olds

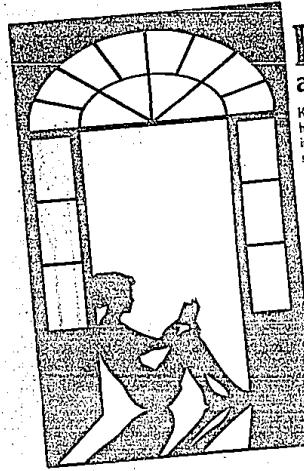
and the "over 50s." A little arithmetic and you realize there is a mysterious five-year gap here, where you presumably can't buy this automobile.

Another oddity in the same presentation was the notion that a \$50,000 median income was supposed to buy a \$35,000 car. The closing gap between the price of a luxury car and the income of its potential buyer as seen through demographic analysis is a common theme. One company selling a \$35,000 car said the median income of its customers also was \$30,000. Well, maybe that's what was reported to the IRS.

Adding to the elusive nature of just who buys new cars is a methodology called "psychographics," which I assumed was some kind of joke the first time I heard about it. Not so. Psychographics, which gets its name from the logic according to their emotional relationship with their automobile (loves cars, treats cars as an appliance, etc.) is taken very seriously among the marketing types. In any case, it makes wonderful charts.

All of this may be meaningless to the average customer who simply wants a ride. After a couple of hours dealing with financial doubletalk and checkbook angst, the last thing he needs to know is that somebody else has his number.

Dan McCosh is the automotive editor of Popular Science.



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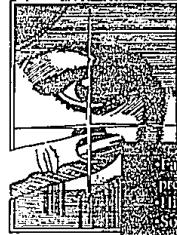


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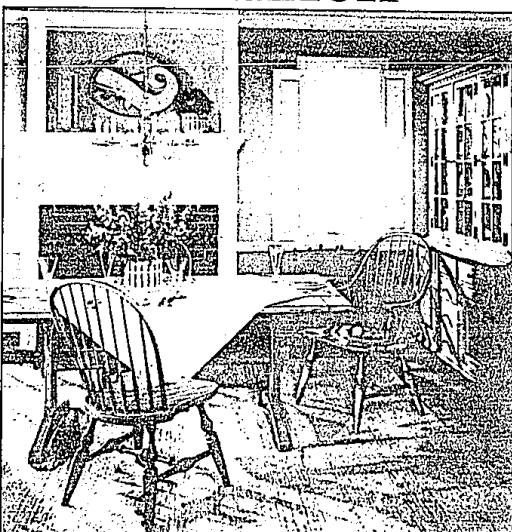


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