

3M Forecasts Growth in Consumer Car Care Market as Car Owners Look to Save Money on Maintenance and Improve Performance

3M Car Care for Consumers Provides Education, Reliable Solutions, Trusted Brand for Car Appearance, Performance and Maintenance

Today's car owners are a diverse group – from Baby Boomers restoring their favorite cars of the 1960s and 1970s to Millennials creating their own custom rides and everyone in between. But one thing is consistent – their need for reliable solutions for their car care challenges, time-tested advice and trusted products for their vehicles.

For 3M, this creates the ideal foundation for its 3M Car Care products business. The business is bringing 3M's legendary innovation to a broad line of 3M Car Care solutions, which are available directly to consumers through leading automotive retailers across the country. It is the first time 3M has offered a comprehensive, consumer-focused automotive product line designed specifically for the DIY and enthusiast market.

In the year since 3M first displayed its new 3M Car Care solutions line at the 2006 SEMA/AAPEX shows, the sales of key products have grown more than 300 percent while retail distribution has increased four-fold. New distribution points, innovative new products and an aggressive marketing campaign will keep growth strong as the company heads into 2008.

"We've always been trusted by automotive professionals for our repair, maintenance and performance products, and now we're earning that same trust from consumers who are using our 3M Car Care products to restore, repair or maintain the appearance of their vehicles," said Greg Klausen, business manager, 3M Car Care products. "We've been excited about the marketplace's initial reception of the 3M Car Care product line, and look forward to expanding both our line and our market presence in 2008."

Key Trends to Drive Consumer Car Care Industry

The team at 3M Car Care constantly tracks the consumer, product and economic trends that will impact their business over the coming months and years. According to Klausen, the five top trends they see in the industry are:

Higher gas prices – Around the country, gas prices continue to rise and many regions are considering gas tax hikes with coming elections. Consumers are looking for every MPG improvement they can earn, which means fuel system cleaners and products that increase fuel economy will be important.

Longer retention times for vehicles – As the economy slows, car owners are looking to hold onto their cars longer, which increases the need for routine maintenance

Declining consumer confidence – Consumers faced with a housing crunch are looking to cut costs wherever they can, meaning that saving money by doing tasks themselves and using products that deliver performance-based cost savings are essential

Changing demographics – Baby boomers are driving the market for classic car restoration, while the growing group of Millennials is embracing customized vehicles that express their style. Women are also taking a bigger role in both ownership of performance vehicles and maintaining their cars, with some 40 percent of women now purchasing car care products

Consolidation of product lines at retail – Retailers are moving to the efficiency of carrying a complete product line from one manufacturer, rather than numerous products from a multitude of vendors. They're also looking to maximize their profitability by focusing on top selling brands and products

"We believe that this will continue to drive the growth of this category, particularly for products that help consumers keep their older cars looking great and improve their performance," said Klausen. "We expect to see

very strong growth in sales as we continue our national retail rollout of the 3M Car Care solutions line."

Consumers Want Products that Perform, Information They Can Trust

"Our research shows that consumers want to be able to do DIY projects to the highest standards, but aren't always confident of the reliability and performance of the products previously available to them," said Klausen. "We also learned that some consumers have a certain 'fear factor' when it comes to maintaining their cars, so education and easy to follow product guidelines are critical."

The 3M Car Care Solutions line offers consumers – from DIYers to automotive enthusiasts – more than 70 SKUs for their vehicle's performance, maintenance and appearance needs, including:

3M Car Care Appearance Solutions: A complete line of easy to use car care products including cleaners to remove dirt and grime, conditioners that provide high-gloss, long lasting shine and waxes to help remove scratches, eliminate swirl marks and protect the exterior of a car. Key products for 2008 include 3M Performance Finish and new 3M Scratch Remover.

3M Car Care Performance Solutions: Professional strength engine and parts cleaners, degreasers and lubricants to help increase engine power, performance and fuel economy. Key products for next year include 3M Complete Fuel System Cleaner and new products such as 3M Do-It-Yourself Fuel System Tune-Up Kit, 3M Engine Oil Treatment and 3M Transmission Oil Treatment.

3M Car Care Maintenance and Repair Solutions: 3M's innovative, high-strength adhesives and sealers, designed to repair or replace emblems, gaskets, mirrors, moldings, trim or weatherstrip. Also included are the company's well known body repair products such as 3M's Green Masking Tape, Wetordry™ brand sandpaper and Scotchbrite™ brand abrasives from 3M for vehicle restoration and repair.

3M Car Care also has launched a national education effort to help provide consumers solutions to their car care challenges. It has partnered with car care experts and media stars Sam Memmolo, Ron Ananian, Bobby Likis and Courtney Hansen to reach consumers. It also launched a consumer website, www.3Mcarcare.com to provide an online resource for a wide range of projects. In addition, consumers can find information on their car care needs in a number of national media outlets.

Retailers Want Product Turns, Promotional Power

The 3M Car Care team has spent extensive time with its retail partners to create powerful in-store planograms, POP signage and promotional campaigns that support the product line.

"Retailers today want help increasing their sales and margins and improving the efficiency of how they get products to the store shelves," said Klausen. "The category is very fragmented, and we're working to make it easier for retailers to carry a complete line of products with a well known brand name that will sell-through more effectively. We've created a simplified collection of products designed to work together that features easy to understand packaging and graphics and the implied trust and quality of the 3M brand. As a result, we've seen our retail placement expand dramatically through 2007 and into 2008."

3M's in-store retail program will feature 3M Car Care Centers to help retailers showcase the product line, as well as counter displays and self-shipper units. In-store merchandising is supported by banners, counter mats, window and floor graphics.

The 3M Car Care Solutions line will be supported by extensive advertising and retail campaigns in Spring 2008, focused on the do-it-yourself consumer and enthusiast. The advertising campaign will include radio, print and internet ads along with point-of-sale creative featuring unique do-it-yourselfers who truly have a love affair with the automobile. There also will be national promotions throughout the year.

The company also uses its involvement in NASCAR to drive consumers to its retail partners. For 2008, 3M has an aggressive NASCAR sponsorship program, which includes the title sponsorship of the 3M Performance 400

NASCAR Nextel Cup Series event scheduled in August at Michigan International Speedway (MIS) and sponsorship of the Roush Racing No.16 3M Ford Fusion in the NASCAR Nextel Cup. 3M also is a sponsor of NASCAR and its 3M Car Care products, among others, carry the official NASCAR Performance logo.

3M will activate all of its sponsorships through comprehensive marketing programs on several levels throughout the year, including customer hospitality, product promotions and at-track marketing.

3M Car Care products can be found at leading retailers including Wal-Mart, NAPA, AutoZone, CARQUEST, Advance Auto, CSK, Auto Value/Bumper-to-Bumper and others, as well as online through select distributors. For more information on 3M Car Care products, visit www.3Mcarcare.com.

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Every day, 3M people find new ways to make amazing things happen. Wherever they are, whatever they do, the company's customers know they can rely on 3M to help make their lives better. 3M's brands include Scotch, Post-it, Scotchgard, Thinsulate, Scotch-Brite, Filtrete, Command and Vikuiti. Serving customers in more than 200 countries around the world, the people of 3M use their expertise, technologies and global strength to lead in major markets including consumer and office; display and graphics; electronics and telecommunications; safety, security and protection services; health care; industrial and transportation. For more information, including the latest product and technology news, visit www.3M.com.

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