

Since we are frequently asked who funds our research, including the Dust to Dust Energy Report, we post below a series of emails (oldest at the bottom) in response.

From: CNW Marketing Research <mailroom@cnwmr.com>
Subject: Re: Who funded the Dust to Dust survey?

Doug...

Thanks for the e-mail. As you can imagine, since our first Dust to Dust report in 2006 we've received literally hundreds of questions. I attempt to answer each of them individually.

In addition to the response sent by Stephanie, I'd like to add a couple of points.

First, none of our income comes from oil companies and only a small fraction of our subscribers are auto companies or related suppliers. Most of our subscribers are government agencies (state and federal), Wall Street brokerage houses (unrelated to automotive), universities, publishing companies (such as Meredith and Time Inc.), etc.

Among those auto companies that subscribe are both Toyota and General Motors. Both pay the same amount for a subscription. And since we do not perform research for any specific company, neither has generated more income to CNW than the other. Combined they represent a very, very small fraction of our total revenue (less than \$5,000) and no more or less than any other auto company.

Our primary job as a company for the past 20-plus years has been to track how people spend the money they have available to them. For example, if someone elects to remodel a kitchen, what other products or services did they postpone?

Within that context, we look at automotive, high end home electronics, housing, home remodeling, computers and personal investments.

Personally, I had a long background as a newspaper reporter and editor, magazine editor and automotive writer. I published an electric vehicle periodical at a time only the kooky fringe even considered it (mid-1970s) and drove an EV as a daily commuter (photo in the appendix of Dust to Dust). I'm still a card-carrying member of the electric auto association (Portland, OR chapter).

At the time we began the company in the mid-1980s, there were literally scores of automotive research companies so to distinguish ourselves we initiated a heavily oriented automotive presence which evolved into web sites (both paid and free), regular public relations efforts and the like including retailing newsletters including an automotive one. Since then, the number of automotive research companies has dwindled dramatically.

By the mid-1990s automotive became a significantly smaller portion of our business and has declined ever since. In part because of the concentration of automakers, in part

because our business expansion into other areas and a more generalized approach on our part to change in a changing world. For example, in 1985, our first national Wish List study -- measuring what people intended to buy over the coming six months -- showed a new car to be third on the list. Today it is 14th. Automotive was not about to provide the economic growth we needed as a company.

Today, our automotive public exposure is fairly high -- far in excess of our reliance on the sector.

Because of my background, I must admit to being an automotive engineering wonk as well as a full-blown automotive enthusiast. And as a company we have frequently used custom cars as a promotional tool because they are a universal hot button (whether the results are liked or not). Besides, a hot rod or modified custom MG has more glam than a new refrigerator -- even to people in the appliance business.

As for your second question, all funds to perform the study were generated from the company general account. That is, none of the money came from any specific office (automotive, high-end home electronics, etc.). Nor was there any allocation from those offices in disproportionate measure. Automotive didn't supply more funds than, say, home-electronics.

Initially we fully expected to charge for the Dust to Dust research, but the results were far too important, in our mind, to not make the report public. Our hope, quite honestly, is to at least provide another piece of the energy consumption puzzle to the public and allow them to decide if the data is important to them or not and if it should be part of the vehicle-buying decision or not. Obviously we hope consumers will at least consider the fact that reducing smog in Los Angeles by acquiring certain highly efficient vehicles has an impact on the environment elsewhere. Carbon knows no borders.

We also hope that if someone has a need for a mid-size SUV, they will opt for the one with the lowest energy impact so we classified all of the vehicles in competitive sets to assist in that choice.

Finally, let me assure you we do not work for nothing. Revenue-generation to operate any company is a critical, daily concern. But let me add that in the years we've been in business we have never had a salesperson, we've advertised only once (some 18 years ago) and all subscribers come to us through word of mouth. We pride ourselves on performing new and unique research as well as having a storehouse of historic economic data put into the context of our mission: Tracking how people spend money.

Dust to Dust was only a recent example of looking at an industry in a somewhat different way (energy use rather than emissions by all models sold). But D2D is not the most recent major undertaking for CNW. We just completed what is the largest, most comprehensive home improvement study ever conducted in the U.S. (more than 3 million home projects and 1.1 million homeowners). It's what we do and what we do well.

Again, thanks for the email and the opportunity to respond. If you have any further questions, please feel free to contact me directly at this email address.

Best regards,

Art Spinella
President
CNW Research

At 11:15 AM 8/27/2007, you wrote:

Hello Stephanie,

I'm most concerned about two things:

1. What percentage of your income comes from oil and auto companies?
2. Who has purchased or paid for the "Dust to Dust" survey, I assume you expect to make revenue?

Unless you work for nothing, or get donations, this is a very real issue.

Doug

At 08:45 AM 8/27/2007 -0700, you wrote:

Doug,

Thanks for your inquiry. As you can imagine, this question has come up since we first released our Dust to Dust Energy Report in 2006. We've included below the answer that we have sent to inquiries such as yours.

If you have any other questions, please feel free to email us.

Regards,
Stephanie Yanez
CNW Research

Thank you for your question.

The energy study was funded by CNW. That is, we self-funded the project. So a glib (but accurate) answer would be that our employees funded the research by foregoing larger pay raises.

That is the case with all of our research.

We have no research associations with any company, group or organization.

We design, develop and instigate the research often as intellectual

curiosity then offer it to subscribers which include government agencies, corporations, financial institutions, brokerage houses, environmental groups and others.

Anyone wanting data and is a subscriber cannot receive raw data bases. We control how data is released and maintain final approval on how information is presented because too often selective data points are used to "prove a point" rather than being complete, objective or neutral. We have, in the past, rejected subscribers' requests for data if and when we discover it was misused or twisted to show a "fact" that in reality is not factual or incomplete. This remains a company policy.

Current subscribers reside in various countries (eight at last count) who rely on our data precisely because it is independent.

We offer no "awards" for excellence nor accept remuneration for use of the data in marketing, promotion or advertising. Unfortunately, this is a common practice for one of the largest names in consumer research.

Our company policy is that we cannot (and do not) invest through the stock market or other means in any companies or industries that we do research on or about.

I hope that answers your question. If not, please feel free to email us for any further clarifications. To date we have received hundreds of such queries and have answered all of them as completely as humanly possible. We also are including in our upcoming report those questions and answers. This will be publicly available to subscribers and non-subscribers alike.

Warm regards,
Art Spinella
President
CNW Research

At 12:12 AM 8/27/2007, you wrote:
"Who pays for your studies?"

"CNW M/R performs syndicated studies. That doesn't mean the mob is involved, only that we perform the study and then pray someone cares about the information we've learned. This protects you from seeing information that is skewed toward a particular point of view or company or product. "

Who bought or paid for the "Dust to Dust" study which purports to show the impact of a Prius is greater than that of a Hummer?

Doug