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INDUSTRY INSIGHTS:

The Tyranny of Unfair Expectations

- Jack R. Nerad, executive editorial director and executive market analyst, Kelley Blue Book's kbb.com

The 2011 model year might be the most pivotal year in the auto industry in the past four decades. It will see the introduction of the Chevrolet Volt, the first "range-extended" electric vehicle to reach the marketplace, and the Nissan LEAF, the first battery-electric vehicle from a major manufacturer since the controversial General Motors EV1 in 1996. Both vehicles represent very unconventional ways of accomplishing the very conventional task of getting from point A to point B, and we at Kelley Blue Book are fascinated by how they will be perceived and what that portends for the future of the automobile business.

Though their volumes are likely to be small, these are very important launches for the two manufacturers involved. For those with short memories, it might be easy to forget that the Chevrolet Volt was a key talking point in Congress' debate around bailing out General Motors a year or so ago. While some claimed GM was beyond redemption, others pointed to the nascent Volt as a clear sign that not only was the company worth saving, but also that it might take the technological lead on alternative propulsion technologies if given the chance. Now, given the chance, we will see if the Chevrolet Volt indeed is a harbinger of the future, or a well-engineered, heavily marketed dead end.

Nissan was not in the lifeboat situation in which GM found itself, but it has been widely criticized for being behind its two chief Japanese rivals, Toyota and Honda, in the alternative-propulsion sector. So Nissan (and its partner, Renault) have decided to take the bold step of launching a battery-electric car in America. This endeavor comes despite the fact that the realities of driving in America and the potential difficulties in recharging make a vehicle with LEAF's limited range a questionable purchase for many.

What may be hidden under the hoopla and hype is the fact that both companies have designed and developed these vehicles for reasons other than sales volume and profit-per-vehicle. These vehicles have purposes that include enhanced prestige, technological prowess and the often-talked-about but hard-to-measure "halo effect." In addition, they are among the initial salvos in what will become an on-going industry full-court press to meet the challenging Corporate Average Fuel Economy (CAFE) standards that are set to begin in 2016.

Will the Volt and LEAF sell in substantial numbers? Certainly, the drumbeat of publicity has long since begun for both of them. Hand-raisers are making their presence felt, and the early reaction of the automotive media has been positive. I have

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”

- JACK R. NERAD

driven early development models of both cars, and I have been impressed by their technological sophistication and their driving proficiency. They are not just as good as conventional cars of the same size; they are in many ways better.

But then there is that old devil "value." The question that is yet to be resolved is will thousands and thousands of consumers find value in these vehicles at the prices they will be asked to pay? In seeking the answer to that, I can't help but recall that cynical definition that explains why so many people say they support public transportation – "Public transportation is what you want other people to use to get them off the road while you drive to work." There has to be some fear that the new, regulation-driven vehicles we're going to see in the next several years will bear more than a passing resemblance to public transportation, namely, cars you want others to buy so you can go on buying what you really want.

LATEST NEWS & BLOGS ON KBB GREEN:

Check out the very latest news and blog entries by visiting www.kbb.com/green and clicking on News & Blogs.

The following latest news & blogs by kbb.com’s editorial staff went live on the site or were updated during July 2010.

- [2011 Chevrolet Volt pricing will start at \\$41,000](#)
- [2013 BMW Megacity Vehicle -- an inside look at the EV of tomorrow](#)
- [Dutch develop NOx-eating concrete paving material](#)
- [EcoMotors “opoc” engine gets funding from Bill Gates, Vinod Khosla](#)
- [First Look: Gordon Murray's revolutionary T.25 city car](#)
- [GM introducing more eco-friendly A/C refrigerant in 2013 lineup](#)
- [Toyota and Tesla formalize development deal on new-gen RAV4 EV](#)

LATEST NEWS STORIES ON KBB.COM:

Check out the very latest news stories by visiting www.kbb.com and scrolling down to the Latest News & Articles link on the home page.

The following latest news stories by kbb.com’s editorial staff went live on the site or were updated during July 2010.

Videos Posted to kbb.com:

- [Audi Q5 Video Review](#)
- [Chevrolet Volt First Drive](#)
- [Long-Term Infiniti G37 Convertible Wrap-Up](#)

Written Stories Posted to kbb.com:

- [10 Most Comfortable Cars Under \\$30,000](#)
- [2011 Bentley Mulsanne - 10 Excessive Truths](#)
- [2011 BMW 5 Series M Sport Package and xDrive arriving this fall](#)
- [2011 BMW X3 -- First look at the all-new second-generation](#)
- [2011 Buick Regal sedan could be the start of a royal family](#)
- [2011 Cadillac CTS Coupe Car Review](#)
- [2011 Ford Explorer Revealed](#)
- [2011 Hyundai Genesis Coupe adds 3.8 R-Spec, gets interior upgrades](#)
- [2011 Jaguar XKR175 75th Anniversary Coupe to debut at Pebble Beach](#)
- [2011 Lexus IS Sedan gets a facelift, F Sport Package and IS 350 AWD](#)
- [2011 Lincoln MKZ Hybrid priced the same as its gasoline counterpart](#)
- [2011 Mercedes-Benz CL-Class - First Look](#)
- [2011 Nissan LEAF -- U.S.-preview drive and product update](#)
- [2011 Nissan Quest -- A second look at what's coming next spring](#)
- [2011 Range Rover First Look](#)
- [2011 smart fortwo gets a mid-life update](#)

NEW-VEHICLE REVIEWS ON KBB.COM:

The following new-vehicle reviews written by kbb.com’s editorial staff went live on the site or were updated during July 2010. To see any new-vehicle review from kbb.com’s editorial staff, please visit www.kbb.com and click on the News and Reviews tab, then select the make and model.

2011 Buick Regal

It’s been a long time since Buick brought us any car we’d put in the same sentence as “sporty,” but the 2011 Buick Regal is here to change that. Armed with sleek European style, engaging driving dynamics, eighteen-inch wheels and an available 2.0-liter turbocharged four-cylinder engine that produces 220 horsepower and 258 pound-feet of torque, the new Regal is not your grandmother’s soft Buick sedan. However, the road to a younger fan base is lined with attractive competitors like the Acura TSX and Volkswagen CC – vehicles that no one has trouble calling “sporty...”

2011 Ford Fusion

Now in its sixth year as Ford’s point player in the ultra-competitive mid-size sedan segment, the Fusion arrives for 2011 fresh from last year’s major makeover ready to do battle against the likes of the Chevrolet Malibu, Honda Accord, Nissan Altima and Toyota Camry. Although much of the basic platform engineering on this front-drive/all-wheel drive four-door remains shared with its former Mazda stable mate, the MAZDA6, both its exterior and interior have be transformed to reflect a more youthful and contemporary flavor. The final piece in the 2011 mix is the Fusion Hybrid variant (reviewed separately) that complements the conventional lineup, which includes S, SE, SEL and a high-performance Sport model...

2011 Ford Fusion Hybrid

Now in its second year as Ford’s point player in the rapidly growing mid-size hybrid sedan segment, the Fusion arrives for 2011 fresh from last year’s major makeover that encompassed the entire Fusion lineup. With its new look and impressive content, the Fusion Hybrid is set to take on key hybrid rivals like the Nissan Altima, Toyota Camry and soon-to-arrive Hyundai Sonata. Packing the latest and most potent gas/electric package in Ford’s history, the 2011 Fusion Hybrid balances impressive performance with excellent creature comforts and mileage marks that simply blow most other mid-size hybrid sedans into the weeds. It’s a car destined to remain highly appealing regardless of where the price of gasoline ultimately ends up...

2011 Mercury Milan

Mercury’s long run as Ford’s near-luxury division sadly comes to an end this year. 2011 is the last year for the storied brand, meaning it’s a great time to get a really good deal on leftover inventory. One of Mercury’s most alluring offerings is the Milan. Sharing its engines and chassis with the Ford Fusion (and thus with the last-generation Mazda MAZDA6), the Milan wades into the lucrative mid-size family sedan market with a sense of individual style and available all-wheel-drive capabilities not offered on the Honda Accord or Toyota Camry. Offered with a choice of a fuel-efficient four-cylinder, powerful V6 engine and even a hybrid model, the Milan features enough diversity to satisfy all but the most hardcore driving enthusiast. With prices starting in the low \$20K range, the affordable Milan should appeal to fashion-conscious buyers who want to look good but don’t want to spend a fortune doing so...

2011 Volkswagen CC

Based on the popular Passat platform, the 2011 Volkswagen CC “four-door” coupe casts off the stoic styling of its older brother, adding a sporty yet elegant feel to a functional four-door sedan. Unlike the Passat, the CC can still be had with a choice of four or six-cylinder engines, a manual or automatic transmission and front or 4MOTION all-wheel-drive. Of course, traditional sedan buyers probably won’t be happy with the un-sedan like rear seat accommodations, lack of a folding rear seat and four-passenger seating, but, as Billy Crystal once mused, “sometimes, darling, it’s better to look good than to feel good.” Bearing more than just a passing resemblance to the ultra-luxurious, ultra-expensive Mercedes-Benz CLS, the 2011 Volkswagen CC plays more in the same league as the Nissan Maxima, Acura TL and Buick Regal...

Kbb.com Names 10 Most Comfortable New Cars Under \$30,000; Domestics Dominate

Editors Name Reasonably Priced New Cars with Quiet Ride, Comfy Handling, Just-Right Seats

IRVINE, Calif., July 27 /PRNewswire/ -- According to a recent Kelley Blue Book <http://www.kbb.com> study among new car shoppers(1), driving comfort was the second most important factor when buying a new car, just behind reliability. With that information in mind, the expert editors from Kelley Blue Book, the leading provider of new car and used car information, today names the [10 Most Comfortable Cars Under \\$30,000](#). The feature profiles 10 reasonably priced new vehicles that feature quiet rides, comfy handling and just-right seats, among other new-vehicle creature comforts. The majority of the vehicles on the list (six out of 10) come from American auto manufacturers, while the rest come from Japanese and Korean competitors... [MORE](#)

Kbb.com Helps Consumers Sell Their Car Using Social Media, Other Latest Technologies with All-New Seller’s Toolkit Featuring LiveValue^(SM)

Kelley Blue Book Catapults Traditional Private-Party Sales Methods into 21st Century

IRVINE, Calif., July 22 /PRNewswire/ -- Kelley Blue Book <http://www.kbb.com>, the leading provider of [new](#) and [used car](#) information, today announces the official launch of its Seller’s Toolkit, featuring the all-new LiveValue system, helping consumers sell their car online and in social networks. The first of its kind, Seller’s Toolkit is a fully-integrated sales method with the latest online technologies to help consumers sell their vehicles on high-traffic websites, social networks, via e-mail or even a personal blog. With the all-new Seller’s Toolkit, Kelley Blue Book catapults traditional private-party sales methods into the 21st century. To access the Seller’s Toolkit, users can visit any Private Party Pricing Report on kbb.com... [MORE](#)

Kbb.com Releases Results of Consumer Study on Auto Finance, Purchase Decisions

Economic Factors a Strong Influence; Most Plan to Buy Used, Many Pay with Cash; Not Influenced by Incentive Offers

IRVINE, Calif., July 20 /PRNewswire/ -- With more than 15 million in-market vehicle shoppers on <http://www.kbb.com> each month, Kelley Blue Book has unique insight into consumer shopping attitudes and behaviors through its Market Intelligence Group. According to the latest Market Intelligence survey data, in-market car shoppers indicate they are feeling the economy’s strong influence with regard to their attitudes about financing and purchasing vehicles. Most in-market shoppers are planning to spend a relatively small amount of money on their next vehicle purchase and are more likely to buy used versus new. In addition, more than one-third of in-market car shoppers say they plan to pay the entire cost of their next vehicle purchase in cash and they are not influenced by incentive offers... [MORE](#)

Kbb.com \$10,000 Video Car Review Contest Winner: Three High-School Friends from Illinois Pitch 2000 Toyota ‘Coroollaaaa’

Second and Third Prize Kudos Go to Los Angeles Area Locals

IRVINE, Calif., July 12 /PRNewswire/ -- Kelley Blue Book, <http://www.kbb.com>, the leading provider of new and used car information, today announces the [winners](#) of its \$10,000 Video Car Review Contest. Launched in May, the contest encouraged all interested gear-heads and nascent vehicle reviewers to step up to the plate and show the Kelley Blue Book’s kbb.com editors a video car review of two minutes or less. Three prizes were up for grabs to entrants meeting contest criteria, including a first place prize of \$10,000, a second prize of \$5,000 and third prize of \$1,000. The grand-prize winner also will get the opportunity to be a Kelley Blue Book editor for the day... [MORE](#)

Kbb.com Names Top 10 Summer Sizzlers, All-New Early Arrivals from The Automotive Class of 2011

IRVINE, Calif., July 8 /PRNewswire/ -- The [Top 10 Summer Sizzlers](#) recently were named by the expert editors from Kelley Blue Book <http://www.kbb.com>, the leading provider of new car and used car information. The feature profiles the 10 new vehicles that are most likely to excite consumers as the new 2011 model year begins... [MORE](#)

Kelley Blue Book, Mint.com Join Forces to Help Consumers Reach Car-Buying Goals

Integration of Trusted Kelley Blue Book Values Gets Mint Users on the Road to Vehicle Purchase

IRVINE, Calif., July 6 /PRNewswire/ -- Kelley Blue Book, www.kbb.com, the leading provider of new and used car information, today announces a new relationship with Mint.com (www.mint.com), a leading free online personal finance service from Intuit Inc. (Nasdaq: INTU). Mint.com provides more than 3.5 million users with a fresh, easy and intelligent way to manage and do more with their money. Through the new agreement, trusted Kelley Blue Book Values will be seamlessly integrated into the Assets and new Goals features on Mint.com, allowing consumers to make more informed car-buying and selling decisions without having to leave the site... [MORE](#)

ABOUT KELLEY BLUE BOOK:

Since 1926, Kelley Blue Book, The Trusted Resource®, has provided vehicle buyers and sellers with the new- and used-vehicle information they need to accomplish their goals with confidence. The company’s top-rated website, www.kbb.com, provides the most up-to-date pricing and values, including the New Car Blue Book® Value, which reveals what people actually are paying for new cars. The company also reports vehicle pricing and values via products and services, including software products and the famous Blue Book® Official Guide. According to the C.A. Walker Research Solutions, Inc. - 2009 Spring Automotive Website Usefulness Study, kbb.com is the most useful automotive information website among new- and used-vehicle shoppers, and half of online vehicle shoppers visit kbb.com. Kelley Blue Book’s kbb.com also is a W3 Gold Award winner, sanctioned by the International Academy of Visual Arts. Kbb.com is a leading provider of [new car prices](#), [used car values](#), [car reviews](#), [new cars for sale](#), [used cars for sale](#), and [car dealer](#) locations.

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