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INDUSTRY INSIGHTS:

Auto Industry's Remarkable Staying Power

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

In a sea of pessimism about the economy and the direction in which the global industry is headed, we have recently sighted two good reasons for hope. The first is the remarkable success of the IAA Cars Frankfurt Motor Show, and the second is the continuing resilience of auto sales in the context of a rather gloomy economic picture both here and abroad.

Let's look at Frankfurt first. With the Europeans focused on the threats posed by Greece, Ireland and other financially troubled countries and with the United States teetering on the verge of an official "double-dip" recession, one might have expected the IAA show in Frankfurt am Main to be low-key and low-budget at best and a disaster at worst. Instead, organizers of the bi-annual trade and consumer show say the event was a "complete success," and I completely agree. As I worked my way through the throngs of journalists on hand at the show grounds – some 12,000 of us ink-stained types attended in total – I never got the impression that the various manufacturers on

hand were laboring against limited expectations. Never did I get the impression that we are living in days of austerity mellowed still more by limited expectations of the future. Quite the contrary; the show was exuberant, upbeat and lavishly produced. The 900,000 consumers that attended the public days of the show saw what I have to believe was the biggest, most diverse and most technologically advanced collection of vehicles ever assembled. To accomplish all this at any time in history is a great accomplishment, but to achieve this in the context of a world economy in trouble was truly amazing.

Epitomizing the show's theme "Future as standard," the exhibition featured more exhibitors (1,012), more exhibition space (2.5 million square feet), more world premieres (183) and more visitors than the previous show two years ago. Further, the exhibition, which was already rated by many as the premier international-level auto show, grew in stature and worldwide influence this year. One-in-5 visitors to the

2011 edition of IAA Cars came from abroad, and 1-in-5 of those foreign guests came from Asia, reflecting the fact that while they center of the industry is shifting east, the technological center of innovation is still in the West.

"This level of interest far exceeds our expectations," said Matthias Wissmann, president of the German Association of the Automotive Industry (VDA), at the IAA's closing press conference. "The result of people 'voting with their feet' clearly indicates, in contrast to some statements by so-called experts, that the 'fascination of the car' is very strong, especially among young people."

Wissmann's statements bring me to the second reason for optimism regarding the auto industry in the current economic dog days in which we labor. That is the fact that despite economic woes, the automobile is so ingrained in our lifestyles that not only is the public's fascination with the automobile still strong, but the automobile also is essential to many people's lives. In

other words, consumers don't simply want new cars, very often they need them.

This powerful fact is one of the reasons that in these troubled economic times we have seen auto sales continue at a reasonably brisk clip. Even with the specter of a double-dip recession staring them in the face, consumers still continue to buy cars at a 12 million-unit-per-year pace, and we expect that to continue through the year, and one reason for that is that some vehicles are getting so old that they must be replaced. That required replacement or "scrappage" level puts a floor under the auto market at a level of 10 to 13 million vehicles a year. Certainly in very hard times consumers and businesses can – and will – put off those purchases. But they can't do it forever. And so, despite fears about what the fourth quarter might hold, we see reasons for hope in the U.S. automobile market.

Check out the very latest news stories by visiting kbb.com and clicking the the *Kbb Top Picks* tab on the home page. The following latest news stories by kbb.com's editorial staff went live on the site or were updated during September 2011.

Videos Posted to kbb.com:

[*Mitsubishi i Electric Car Video Review*](#)

[*Suzuki Kizashi Long Term Wrapup*](#)

[*Mazda5 Video Review*](#)

[*BMW S 1000 RR - KBB Motorcycle Review*](#)

Written Stories Posted to kbb.com:

[*10 Tips for First-time Car Buyers*](#)

[*Toray TeeWave AR1 Concept - EV sportscar from Gordon Murray Design*](#)

[*Velocity Channel to launch in October*](#)

[*Infiniti M35h sets Guinness acceleration mark for hybrid cars*](#)

[*GM and SAIC create joint venture to develop EVs for China*](#)

[*Audi A8 Hybrid - Frankfurt Auto Show*](#)

[*Volkswagen Beetle R Concept - Frankfurt Auto Show*](#)

[*BMW Concept e Scooter - Frankfurt Auto Show*](#)

[*Abarth 500 Special Editions - Frankfurt Auto Show*](#)

[*New Jensen Interceptor teased - will go on sale in 2014*](#)

[*GM's new 2.5-liter Ecotec four will be efficient and easy on the ear*](#)

[*2012 Audi RS5 Coupe - Frankfurt Auto Show*](#)

[*Mercedes-Benz Concept B-Class E-CELL PLUS - Frankfurt Auto Show*](#)

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[*Hyundai i30 - Frankfurt Auto Show*](#)

[*Aston Martin V12 Zagato - Frankfurt Auto Show*](#)

[*New Ford website lets you design a 2012 Mustang dream machine*](#)

[*BMW expands Power Kit offerings for 135i and 335i models*](#)

[*VW will invest \\$85.8 billion to become world's premier automaker*](#)

[*Volvo confirms a four-cylinder future and scalable-platform plans*](#)

[*2012 Lotus Evora GTE Road Car - Frankfurt Auto Show*](#)

[*2012 Lotus Exige S - Frankfurt Auto Show*](#)

[*Etemiti Hemera Prototype - Frankfurt Auto Show*](#)

[*Rimac Concept One - Frankfurt Auto Show*](#)

[*Lexus GS450h Hybrid - Frankfurt Auto Show*](#)

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[*SsangYong XIV-1 Concept - Frankfurt Auto Show*](#)

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[*Subaru XV - Frankfurt Auto Show*](#)

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[*Audi R8 e-tron Technology Demonstrator - Frankfurt Auto Show*](#)

[*2012 Toyota Camry New Car Review*](#)

[*2012 Jeep Wrangler and Wrangler Unlimited Review*](#)

[*Infiniti FX Sebastian Vettel Version - Frankfurt Auto Show*](#)

[*Volvo Concept You - Frankfurt Auto Show*](#)

[*Maserati Kubang Concept - Frankfurt Auto Show*](#)

[*Toyota Funds 10 New Safety Research Projects in Wake of Recalls*](#)

[*Ford Fiesta ST Concept - Frankfurt Auto Show*](#)

[*Ford Focus ST - Frankfurt Auto Show*](#)

[*Land Rover DC100/DC 100 Sport - Frankfurt Auto Show*](#)

[*Kia GT Concept - Frankfurt Auto Show*](#)

[*Frankfurt Motor Show: What Does it Mean to You?*](#)

[*Mercedes-Benz F125! Research Vehicle - Frankfurt Auto Show*](#)

[*2012 Aston Martin DBS/Volante Carbon Editions - Frankfurt Auto Show*](#)

[*BMW i8 Concept - Frankfurt Auto Show*](#)

[*BMW i3 Concept - Frankfurt Auto Show*](#)

[*2012 Chevrolet Camaro ZL1 will pack 580 supercharged horses*](#)

[*Volkswagen introduces first inline-four with cylinder deactivation*](#)

[*New KBB Study: Fuel efficiency and safety top buyer-priorities list*](#)

[*2011 Frankfurt Auto Show*](#)

[*Jaguar C-X16 Concept - Frankfurt Auto Show*](#)

[*Top 10 Chevys of All Time*](#)

[*2012 Audi S8 - Frankfurt Auto Show*](#)

[*2012 Audi S7 - Frankfurt Auto Show*](#)

[*Citroen Tubik Concept - Frankfurt Auto Show*](#)

[*2012 Audi S6 Sedan/Avant - Frankfurt Auto Show*](#)

[*smart forvision Concept - Frankfurt Auto Show*](#)

[*Audi A2 Concept - Frankfurt Auto Show*](#)

[*BMW working on laser-based headlamp technology*](#)

[*2012 Honda Pilot First Look*](#)

[*2013 Mazda CX-5 First Drive*](#)

[*Volkswagen NILS Concept - Frankfurt Auto Show*](#)

[*BMW S 1000 RR: KBB's First Motorcycle Review*](#)

[*Ford Evos Concept -- Frankfurt Auto Show*](#)

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[*2012 BMW 650i Coupe: Five First Impressions*](#)

[*2012 Kia Rio5 First Drive Review*](#)

[*Peugeot HX1 Concept - Frankfurt Auto Show*](#)

[*TMG EV P001 sets new electric-vehicle lap record at Nurburgring*](#)

[*Infiniti FX50 Performance Concept - Frankfurt Auto Show*](#)

[*2012 Ford Explorer/Ford Edge 2.0-liter EcoBoost First Drives*](#)

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[*2012 Bentley Continental GTC - Frankfurt Auto Show*](#)

[*2012 Acura TSX Special Edition First look*](#)

[*2012 Volvo S60 R-Design First Drive*](#)

[*Top 10 Tailgating Cars for 2011*](#)

[*2012 Hyundai Veloster to start at \\$18,160*](#)

[*2012 Porsche 911 Carrera - Frankfurt Auto Show*](#)

[*2012 Toyota Camry First Drivekbb.com*](#)

The following new-vehicle reviews written by kbb.com's editorial staff went live on the site or were updated during September 2011. To see any new-vehicle review from kbb.com's editorial staff, please visit kbb.com and click on the *Car Reviews* tab, then select the make and model.

[2012 Honda Civic](#)

The 2012 Honda Civic is the all-new, ninth-generation version of the country's best-selling compact car and third-best-selling car overall. Offering a unique combination of affordability, reliability and refinement, the Honda Civic has long been a gold standard not just for the category, but for personal transportation in general. Its dominance is in decline, though, as evidenced by our most recent compact sedan comparison test in which the 2012 Honda Civic tied for first place with the ultra-stylish new Hyundai Elantra. The Honda Civic does remain the clear leader in variety, with a wide-ranging lineup that includes sedan and coupe body styles, a 201-horsepower sporty Civic Si version, a 45-mpg Civic hybrid variant, and a limited-availability natural-gas-powered version...

[2011 Hyundai Equus](#)

With the recent revamping of the Sonata and advent of the Genesis, Hyundai has been going full-throttle to ramp up their reputation and gain more recognition from car buyers in the midsize and full-size sedan segments. But with the 2011 Hyundai Equus, the Korean carmaker is aiming even higher. Garnering the same tech-savvy features and high-luxo panache as competitors such as the BMW 7 series, Mercedes-Benz S-Class and Lexus LS, the Equus has it all, but at lower price point. And while the Hyundai Equus is sold on the same lots as the entry-level Accent, it isn't exactly cut from the same cloth. In fact, it's hard to believe that the Equus is a Hyundai. Above all else, the service and amenities that come with the purchase of a 2011 Equus show that it's not just a value meal sprinkled with gold flake...

To read the latest Consumer Reviews & Ratings on this vehicle, click [here](#).

[2012 Jeep Wrangler](#)

"Iconic" may be an overused descriptive, but the 2012 Jeep Wrangler SUV wears it well. Some 65 years after the end of World War II, civilians continue to embrace the same basic recipe of affordable four-wheel drive, despite the Jeep's increased size, capability and – at a base price of \$23K and an equipped price that can touch (or exceed) \$40K – wide-ranging window sticker. And while the original Willys MA and MB established their off-road credibility in some of the worst theaters of World War II, the Jeep Wrangler has never been more off-road capable or - over the road - more comfortable. That composure is heightened by an all-new SUV drivetrain, featuring a more responsive V6 and (available) five-speed automatic transmission...

To read the latest Consumer Reviews & Ratings on this vehicle, click [here](#).

[2011 Kia Forte](#)

Kia has been working hard to bring its small cars up to the standards set by Honda, Nissan and Toyota. Unfortunately for the Big Three of Japan, the Korean car maker has already met or exceeded many of its own goals and shows now sign of resting. Need proof? Behold the 2011 Kia Forte. With styling that is far more daring than the new Honda Civic, Toyota Corolla or Nissan Sentra, the Forte certainly has plenty of youth appeal. And, with three variants (sedan, five-door and a stunning little coupe) the 2011 Kia Forte has all the bases covered. While not as advanced as the Ford Focus, the Kia Forte is also not as pricey, with a fully-loaded sedan topping out around \$25,000. And, while the Forte's handling still has some ground to cover to play on the same field as the Mazda3 or Volkswagen Jetta, most owners will find the balance of ride, acceleration and handling more than sufficient. Improved build quality, better resale and elevated consumer perception have also helped Kia move into the mainstream, but in the case of the Forte, its low price, generous content level and impressive powertrain warranty are still the best reasons to buy this car...

To read the latest Consumer Reviews & Ratings on this vehicle, click [here](#).

[2012 Mercedes-Benz CLS-Class](#)

When the Mercedes-Benz CLS first launched in 2004, it was touted as a four-door coupe, combining the emotion and charisma of a sleek two-door with the comfort and practicality of a traditional four-door sedan. With it, Mercedes established a new tier of elegance within its line-up. For 2012, the CLS arrives for its second act. Still a head-turner, the new Mercedes-Benz CLS sedan now trades some of its sensuality and artfulness for a dose of aggression and sporting character. The 2012 CLS550 looks and feels more like a driver's car, and is backed by a robust 402-horsepower engine. Not enough oomph for you? An uber-powerful AMG version is also available. Although the Mercedes CLS's disposition has clearly changed a bit, the car's exclusivity remains perfectly intact...

[2012 Volkswagen Passat](#)

If we were to describe the new 2012 Volkswagen Passat sedan in as few words as possible, we'd go with "more for your money." Compared to the previous-generation Passat, this all-new, just-for-North-America sedan is bigger, costs a lot less, and comes with more stuff standard. In other words, it's the automotive equivalent of the extra-value meal at your local fast food joint. But rest assured, the refined on-road German manners that appealed to many buyers in the midsize-sedan market over the years haven't been removed from this Passat iteration. If you're looking for a practical family sedan that is also fun to drive, the new VW Passat is a worthy contender for your hard-earned dollar...

To read the latest Consumer Reviews & Ratings on this vehicle, click [here](#).

Kbb.Com Offers 10 Tips for First-Time Car Buyers

Expert Editors Provide Shopping Advice to Alleviate Uncertainty, Help Consumers Make Best Purchase Decision

IRVINE, Calif., September 29, 2011 – Kelley Blue Book www.kbb.com, the leading provider of [new car](#) and [used car](#) information, today offers [10 Tips for First-Time Car Buyers](#), including what, how and where to buy.

Buying a car for the first time is a celebratory moment in anyone's life, regardless of age, and the site's expert editors offers their 'best kept secrets' to ease the trip to the dealer with these easy-to-remember pointers... [MORE](#)

Kelley Blue Book Warns of Fraudulent Online Car-Buying Scams Masquerading as Kbb.com

Phony Escrow Scam, Buyer Protection Programs Offered on Fake Websites

IRVINE, Calif., September 21, 2011 – Kelley Blue Book www.kbb.com the leading provider of [new car](#) and [used car](#) information warns online car buyers of a scam using a fake Kelley Blue Book website. The scams look to solicit funds from buyers via an escrow-based, guaranteed buyer-protection program, which Kelley Blue Book does not offer. Kelley Blue Book has received a small but increasing number of inquiries over the last few months regarding the protection program. The FBI claims that every 90 minutes a complaint is filed and an auto shopper loses \$1,000 every hour due to fraudulent websites and phony vehicle listings... [MORE](#)

Kbb.com: Majority of Car Shoppers Looking to Year-End Sales Events for Next Purchase

Difficulties Finding Specific Vehicle and Inability to Negotiate Acceptable Price at Dealerships, Reasons for Not Buying Now

IRVINE, Calif., September 14, 2011 – According to the latest Kelley Blue Book www.kbb.com Market Intelligence Consumer Sentiment survey, 62 percent of [new car](#) and [used car](#) shoppers are looking to purchase within the next three months, due primarily to year-end sales events. Consumer sentiment is in line with what Kelley Blue Book market analysts anticipate will be a strong fourth quarter with increased [cash incentives](#) and attractive lease offerings... [MORE](#)

Kbb.com Celebrates Chevrolet's 100th Anniversary; Names Top 10 Chevys of All Time

IRVINE, Calif., September 13, 2011 – Kelley Blue Book, the leading provider of [new car](#) and [used car](#) information today names the [Top 10 Chevys of All Time](#), including the most significant product and design developments in the company's long and storied 100-year history.

Formed in November 1911 by pioneering automotive businessman William C. Durant and his then-partner, famed Swiss racing driver and engineer, Louis Chevrolet, the most successful division in [General Motors](#) history is finishing preparations to celebrate its 100th year in operation. As General Motors and [Chevrolet](#) start popping champagne corks, the expert editorial staff at Kelley Blue Book's <http://www.kbb.com> took a quick look back at the 10 most-influential and important vehicles that shaped the enduring legacy of the brand that made the bowtie famous... [MORE](#)

Kbb.com: Japanese, Domestic Vehicle Incentive Battle Imminent; Car Shoppers to Benefit

Consumers In-Market for New Car Can Expect Attractive Deals near Year-End

IRVINE, Calif., September 12, 2011 – Kelley Blue Book www.kbb.com, the leading provider of [new car](#) and [used car](#) information, today reports that it anticipates strong incentives late in the year in the form of cash and attractive lease offerings, as covered in the company's [Blue Book Market Report for September 2011](#). As the Japanese replenish inventory and begin to throw cash on the hood, expect to see the domestics follow suit, setting off an incentive battle.

Prior to the earthquake, Japanese brands were consistently capturing close to 40 percent of all United States sales, but since April they have seen their monthly share of sales dwindle to nearly 30 percent. As Japanese production facilities return to full capacity in the near future, expect to see strong incentive support from these manufacturers as they aggressively try to recapture lost market share... [MORE](#)

Calling All Car Shoppers: Join Kbb.com's Online Car Shopper Study for the Chance to Win Big Prizes

Participants Receive Video Camera, \$100 Gift Card and Chance at Enticing Grand Prize Options

IRVINE, Calif., September 12, 2011 – Kelley Blue Book's top-rated website, www.kbb.com, a leading provider of [new car](#) and [used car](#) information, is looking for in-market car shoppers to participate in the company's first 'diary' study. For three to six months, participants will be asked to keep a 'diary' and journal their day-to-day car shopping process by posting images, video, links, quotes and audio using the free microblogging site, Tumblr... [MORE](#)

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Founded in 1926, Kelley Blue Book, The Trusted Resource®, is the only vehicle valuation and information source trusted and relied upon by both consumers and the industry. Each week the company provides the most market-reflective values in the industry on its top-rated website www.kbb.com, including its famous Blue Book® Trade-In and Retail Values and Fair Purchase Price, which reports what others are paying for new cars this week. The company also provides vehicle pricing and values through various products and services available to car dealers, auto manufacturers, finance and insurance companies as well as governmental agencies. Kbb.com provides consumer pricing and information on [minivans](#), [pickup-trucks](#), [cars](#), [hybrids](#) and [SUVs](#). Kelley Blue Book Co. Inc. is a wholly owned subsidiary of AutoTrader.com.