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BLUE BOOK BRIEFING

SEP
2011

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INDUSTRY INSIGHTS:

Irene: Another Blow to a Weak Market

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

As if the U.S. car market had not already suffered enough this year, along came Hurricane Irene to throw yet another monkey wrench at a sales picture that was showing only the weakest signs of regaining its former strength. Certainly the hurricane that battered much of the East Coast wasn't nearly as bad as many had feared, but still it will have colossal impact. Early news reports in the wake of the destruction indicate the insurance industry estimates the insured losses at somewhere between \$2.6 and \$5 billion. Certainly that is a huge amount to siphon out of any economy, but that is not even the biggest part of the story. According to *The Wall Street Journal*, the Eastern Seaboard accounts for about \$12 billion per day in overall economic activity. You can bet the farm that a giant percentage of that simply vanished this past weekend, and while some of that economic activity might simply be delayed, a portion of it – vacations not taken, restaurant meals not eaten, movies not attended – is simply gone for good. Looking specifically at the car business, one could make the case that most of the consumers who decided not to buy a car during the Hurricane Irene weekend soon will do so, but that fails to figure in the number of prospective car-buyers who saw their lives irreversibly changed with the high winds and flood waters that have devastated many areas of the East Coast.

When one looks at the light-vehicle market over the course of the past several months, it seems that it just cannot catch a break. Weak economic growth and persistent high unemployment sent the stock market into a dizzy over the past five weeks, driving stocks sharply lower. Since so many Americans are invested in the stock market these days (in 401(k)s and IRAs at the very least), the rapid drop in the stock indexes has many people taking a hard look at their finances, and many of them don't like what they see. That will have a dampening effect on new-vehicle sales, which already have been hampered by a faltering recovery that has included far too little job growth. Most companies, large and small, are running much leaner than they were three years ago, which mitigates their risk if we experience a double-dip in the recession; however, since unemployment continues to be a huge problem, there is little impetus for the consumer to add to her or his debt burden by acquiring a new car. Ditto that for businesses, which are finding that keeping those old trucks and delivery vans another year is a prudent economic decision.

With this in the background, it is no wonder that several analysts have trimmed their light-vehicle sales predictions for the year. J.D. Power and Associates recently cut its forecast to 12.6

“...WHAT IS EVEN MORE TROUBLING IS THE POSSIBILITY THAT THE RECOVERY THAT MANY HAVE PREDICTED FOR SO LONG WILL BE EVEN SLOWER THAN EXPECTED...”

- JACK NERAD

light-vehicles sales this year, while IHS Automotive is predicting a total market of 12.5 million. Prognosticators at Ford Motor Company are more optimistic, but guardedly so, suggesting that light-vehicle sales this year will fall short of 13 million and may well be more like 12.7 million.

As dreary a picture as that is, what is even more troubling is the possibility that the recovery that many have predicted for so long will be even slower than expected. Already analysts are trimming their sales predictions for 2012, and some drastically so. Now there seems to be general agreement that instead of a robust 14.5+ million sales year, 2012 will be another year of limping growth, something more likely in the low 13-million range. For an industry that rightly feels that it has endured enough bad times, that is very discouraging news indeed.

LATEST NEWS STORIES ON KBB.COM :

Check out the very latest news stories by visiting www.kbb.com and clicking 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 August 2011.

Written Stories Posted to kbb.com:

[2012 Ford Harley Davidson F-150 unveiled](#)
[2012 Honda Crosstour adds features, drops Accord name](#)
[2012 Jeep Wrangler First Drive - Wrangler Genes](#)
[2012 Kia Soul pricing and packaging updates](#)
[2012 Lexus CT-200h F-Sport adds a touch of style and spirit](#)
[2012 Mercedes-Benz SLK55 AMG - Frankfurt Auto Show preview](#)
[2012 Range Rover Evoque First Drive Review](#)
[2012 Shelby GT350 Convertible First Drive Review](#)
[2012 Toyota Yaris unveiled --- more space, more features, more value](#)
[2012 Volkswagen Up! - Frankfurt Auto Show Preview](#)
[2013 Cadillac ATS teased](#)
[2013 Infiniti IPL G Convertible confirmed](#)
[All-new Hyundai i30 teased - Frankfurt Auto Show preview](#)
[Audi Urban Concept - Frankfurt Auto Show preview](#)
[Big Things from Small Cars: Four new compacts compared](#)
[Cadillac ELR Confirmed - Converj Concept to spawn production coupe](#)
[Eterniti Hemera teased--- Frankfurt Auto Show preview](#)
[Ferrari launches free seven-year Genuine Maintenance Program](#)
[GM signs battery deal with A123 Systems](#)
[Goodyear working on auto-inflating tires](#)
[Infiniti JX Concept unveiled at Pebble Beach Concours d'Elegance](#)
[Jaguar C-X16 Concept teased --- Frankfurt Auto Show preview](#)
[KTM E3W Concept --- Frankfurt Auto Show preview](#)
[Kia Sport Sedan Concept-Frankfurt Auto Show preview](#)
[Lotus Evora GTE Road Car Concept unveiled at Pebble Beach](#)
[New-gen smart fortwo ED --- Frankfurt Auto Show preview](#)
[Nissan first to put Quick Response stickers on all 2012 vehicles](#)
[Rimac One Concept --- Frankfurt Auto Show teaser](#)
[SsangYong Concept XUV 1-Frankfurt Auto Show preview](#)
[Top 10 Back-to-School Cars 2011](#)
[Toyota Prius Plug-in Hybrid --- Frankfurt Auto Show Preview](#)
[Toyota will attempt to set EV lap record at Nurburgring](#)

Videos Posted to kbb.com:

[KBB visits the Formula SAE Competition](#)
[2012 Chrysler, Jeep and Dodge SRT Overview](#)
[2012 Honda Civic Video Review](#)
[Kia Soul Long Term Review - Part 3](#)
[2011 Lincoln MKX Video Review](#)
[2012 Nissan Versa Sedan Video Review](#)

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

2012 Land Rover Range Rover Evoque

Land Rover's rugged-yet-luxurious Range Rover line has long appealed to the well-heeled and adventurous elite. But with rising gas prices and ever-more-stringent fuel-economy and environmental standards, even the mighty Range Rover needs to adapt. Enter the 2012 Range Rover Evoque, a comparatively compact Range Rover crossover SUV that comes in five-door and coupe flavors, offering up a striking shape nearly identical to the Land Rover LRX concept car on which it is based. With an efficient 240-horsepower four-cylinder engine, improved aerodynamics and a smaller, lightweight body, the all-wheel-drive Evoque reinterprets the classic Range Rover formula with a renewed sense of style and a newfound environmental conscience...

2012 Mazda5

The Mazda5 is in a class all its own. Too small to be a minivan (by today's standards), and too large to be a wagon, the 2012 Mazda5 is built on a platform that's about the size of the first 1986 Dodge minivan. For a short time the Kia Rondo was considered a competitor, and Ford had planned to market a similar vehicle called the C-Max, but both vehicles have been cut from their respective line-ups, leaving the Mazda5 as the lone "C-Wagon" (as this size class is sometimes described) in the U.S. market. Essentially a small minivan, the 2012 Mazda5 can accommodate six adults, has sliding rear doors for easy access to the second and third rows and a center aisle to aid access to the rear when children's car seats are being used in the second row. Combine all of these features with creditable driving dynamics and a starting price under \$20,000, and the Mazda5 could fill a niche. It's not an obvious choice to be compared to a Honda Odyssey, Toyota Rav4 or Volvo XC70, but you might be surprised how well it would fare on the price-value continuum based on seating, versatility and overall performance...

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

2011 Audi A4

Two years after debuting with a host of changes, the Audi A4 continues to steal the spotlight from class heavyweights like the BMW 3 Series, Lexus IS, Mercedes-Benz C-Class, and others such as the Cadillac CTS and Infiniti G Sedan. That level of success is attributable to attractive yet relatively subdued styling in Sedan or Avant (wagon) guise, quality materials and craftsmanship, a comfortable and inviting interior, an engaging chassis, and a turbocharged engine that balances the need for efficiency with the demand for performance. If you're in the market for an entry-level luxury car with a good bit of sportiness mixed into its DNA, don't call the deal done until you've spent some time with the 2011 Audi A4...

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

2011 Audi S5

These are interesting times for the luxury car market in North America, and it is made more interesting by the almost explosive growth of Audi in the U.S. The addition of the A5/S5 Coupe and Cabriolet to its mix only serves to raise that growth and awareness. And while there have been a host of competitors attempting to capture the allure of the BMW's 3 Series Coupe and Convertible, most make the attempt with a barely concealed clone of the original recipe. To Audi's credit, the A5 and its S5 performance derivative represent their own takes on a near-luxury sporting coupe and cabriolet. Not only does Audi's recipe constitute a viable option to the 3 Series, in an era of diminishing resources it could constitute a viable alternative to Bentley's Continental GT. And while we're not sure how that would work in or around Windsor Castle, we know it would play (and play...) on California's 101...

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

2011 Chevrolet Camaro Convertible

Introduced at last year's Los Angeles auto show to a rain of pretty much universal admiration, the 2011 Chevrolet Camaro Convertible is the open-air chapter in the Chevy Camaro renaissance. The coupe version of the new Chevy Camaro has been hunting for Ford Mustang buyers for a couple of years, but a convertible challenger for the drop-top versions of the Mustang has been a bit longer in the waiting. The 2011 Chevy Camaro Convertible—available in “LT” guise with a 3.6-liter V6 or our “SS” test car's 6.2-liter V8—is the pony car challenger that the Base (V6) and GT (V8) Ford Mustang convertibles have been stomping the ground waiting for.

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

2011 Infiniti G37 Convertible

Since its inception, Infiniti has been able to manufacture automobiles that effectively competed in every luxury segment, save for one: the premium convertible. In 2009, Infiniti rectified this situation by introducing the G37 Convertible, an elegant, sophisticated open-air coupe complete with a retractable hardtop and a healthy dose of performance capabilities. Competitively priced in its segment, the 2011 G37 Convertible handles nearly as well as a BMW 3 Series, rivals the Audi A5 Cabriolet's interior style and flair, and holds its value as well as the Lexus IS250 C. On the flip side, it can be reasonably argued that the car is a tad overweight, is stiffly sprung, and exhibits more body flex and interior rattles than other convertibles we've tested. With two well-equipped models, one favoring a more luxury-oriented buyer and the other aimed squarely at enthusiast drivers, Infiniti has successfully created a single car capable of competing with numerous competitors across a wide price spectrum...

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

2011 Land Rover LR2

The 2011 Land Rover LR2 may be the company's smallest SUV, but it is every bit as capable as its better known siblings, The LR4 and Range Rover. Although based on Ford's C1 unit-body platform, the LR2 is unmistakably Land Rover, from its two bar grille and chrome side vents, to its boxy upright greenhouse. And, while the LR2's full-time “intelligent” all-wheel drive setup lacks the same dual range transfer case as the LR4 and Range Rover, its off-road prowess is in no dispute. When placed shoulder to shoulder with BMW's new X3 and Audi's Q5, the LR2 appears a bit dated. But, if you're a die-hard fan of the marque, the LR2 is a great way to get into a Land Rover at a very reasonable price...

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

2011 Toyota FJ Cruiser

Sold in the U.S. from 1960 to 1983, the Toyota FJ40 Land Cruiser remains one of the most respected off-road vehicles of all time. The Land Cruiser nameplate survives to this day, in fact, but affixed to a much bigger, much more expensive vehicle. Toyota's 4Runner has also grown, both in size and in price, to a starting sticker near \$30K, which necessitated the need for the FJ Cruiser. The 2011 FJ Cruiser is Toyota's answer to the popular Nissan Xterra and the venerable Jeep Wrangler. The FJ Cruiser backs up its distinctive, retro-esque styling with serious off-road capability, thanks to features like body-on-frame construction, big tires, available four-wheel drive with two-speed transfer case and locking rear differential...

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

Kbb.com Adds Vehicle Expert Richard Homan

Kelley Blue Book's kbb.com is pleased to announce the addition of auto evaluation expert Richard Homan to its Editorial Content staff. Homan, who has held senior positions at Road & Track magazine, Edmunds.com and Autobyte, will serve as senior vehicle evaluation editor, reporting to Executive Editorial Director Jack R. Nerad. With more than 25 years of experience in testing cars and trucks, Homan will add his high level of expertise to kbb.com's creation of expert vehicle reviews, a key element in the site's array of information, tools and content that help consumers make more satisfying vehicle transaction decisions. In addition to providing an encyclopedic look at new-car prices and used-vehicle values, kbb.com offers an expert review of virtually every vehicle model available in the United States. Homan also will be a key contributor in kbb.com Expert Vehicle Ratings, which offer consumers a great comparative tool as they consider various models. He is based in kbb.com's Irvine, Calif., office.

Kelley Blue Book's kbb.com also announces that Beth Lear-VanderYacht, kbb.com's managing editor – consumer advice, has moved from the company's headquarters in Irvine to a remote office in Livermore, Calif. Among Lear-VanderYacht's continuing duties is oversight of kbb.com's substantial Consumer Reviews & Ratings effort. Kbb.com offers one of the largest arrays of Consumer Reviews & Ratings of new and used vehicles available on the Web.

Kbb.com Kicks Off College, NFL® Football Season Naming Top 10 Tailgating Cars

IRVINE, Calif., Aug. 30, 2011 -- With college and NFL® football underway, fans are flocking to stadiums around the country to not only cheer for their favorite team, but to party hearty in the parking lot, pre-game. With this national pastime upon us, the expert editors at Kelley Blue Book www.kbb.com have named the **2011 Top 10 Tailgating Cars**. While almost any car will do for such a party, Kelley Blue Book, the leading provider of [new car](#) and [used car](#) information, has selected a few that go the extra yard to ensure a rockin' good time... _

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Kelley Blue Book's Kbb.com Releases All-New Compact Sedan Comparison Test

Comprehensive Tests Reveal Honda Civic, Hyundai Elantra, Tie at Top; Models Excel for Different Reasons

IRVINE, Calif., Aug. 24, 2011 -- The expert editors from Kelley Blue Book's www.kbb.com, the leading provider of [new car](#) and [used car](#) information, today release the results of their all-new **2011 / 2012 Compact Sedan Comparison Test**.

The four new [compact sedans](#) in this test – [Chevrolet Cruze](#), [Ford Focus](#), [Honda Civic](#), and [Hyundai Elantra](#) – each represent a fresh-foot forward for their manufacturers and represent some of the most popular vehicles in this important segment. During the comprehensive testing of these vehicles, the kbb.com editors gave each model an overall rating as well as specific ratings based on interior, exterior, performance, comfort/convenience and value. In their story, kbb.com's editors provide deep insight into each of the four vehicles and how they compare to one another to help consumers choose the right car for their needs...

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Kbb.com Reports Vehicle Manufacturers with Best Total Cost of Ownership

Audi, Kia Lead Luxury, Non-Luxury Segments with Minimal Depreciation, Low Fuel Costs

IRVINE, Calif., Aug. 15, 2011 -- Kelley Blue Book www.kbb.com, the leading provider of [new car](#) and [used car](#) information, today reports the top three luxury and top three non-luxury brands with the lowest average Total Cost of Ownership for the initial five-year ownership period. Based on Kelley Blue Book's analysis, [Audi](#), [Lexus](#) and [Cadillac](#) (respectively) top all [luxury brands](#), while [Kia](#), [Hyundai](#) and [Honda](#) (respectively) dominate among all non-luxury brands for lowest average total ownership costs...

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Kbb.com: New-Car Sales, Leasing Slumps to Impact Used-Car Values for Years to Come

Consumers Will Pay More for Used Cars for Next Two or Three Years

IRVINE, Calif., Aug. 11, 2011 -- Kelley Blue Book www.kbb.com, the leading provider of [new car](#) and [used car](#) information, today predicts that the new-car sales and leasing slumps of recent years will impact used-car values for years to come. Current supply reductions, caused by the decline in new-car sales since 2008 and the drop in leasing throughout 2008, will play a very prominent role in the wholesale used-car market for years to come, as covered in the company's recently released [Blue Book Market Report for August 2011](#)...

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Kbb.com's 2011 Top 10 Back-to-School Cars: Editors Rank Top Five New, Top Five Used Rides for Students

Kbb.com Editors Recommend Fun, Affordable, Versatile Vehicle Choices; Offer Car-Buying Advice

IRVINE, Calif., Aug. 9, 2011 -- The expert editors from Kelley Blue Book's www.kbb.com, the leading provider of [new car](#) and [used car](#) information, today name the [2011 Top 10 Back-to-School Cars](#). In a new twist on an annual list published by Kelley Blue Book's kbb.com, this year the editors chose five new cars and five used cars for the Top 10 list, and ranked their top choices from five to one in each category. The No. 1 new car for back-to-school 2011 is the [2012 Hyundai Accent](#), and the No. 1 used car for back-to-school 2011 is the [2007 Suzuki SX4](#)...

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Kelley Blue Book's Kbb.com Now Offers Aftermarket Automotive Industry Advertising Opportunities

OEM Partner Sales and Strategy Team Expands to Support All-New Initiative

IRVINE, Calif., Aug. 4, 2011 -- Kelley Blue Book's top-rated website, www.kbb.com, a leading provider of [new car](#) and [used car](#) information, today announces all-new advertising opportunities for aftermarket automotive industries such as oil and gasoline, tire, repair and service, parts and accessories companies, and many more. These aftermarket auto companies now have the opportunity to advertise directly to kbb.com's 17-million monthly visitors...

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ABOUT KELLEY BLUE BOOK:

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.

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