

Heavy Incentives Lead to Increased Consideration for New SUVs, Trucks, According to Latest Kbb.com Marketing Research Study

Despite Market Stabilization, Desire for Alternative-Fuel Vehicles, Angst About Gas Prices Still Exists

IRVINE, Calif., Sept. 5 /PRNewswire/ -- The latest Kelley Blue Book <http://www.kbb.com/> Marketing Research study of in-market new-vehicle shoppers reveals the auto industry's recent push of attractive financing (<http://www.kbb.com/kbb/NewCars/HasIncentives.aspx>) and incentives (<http://www.kbb.com/kbb/NewCars/HasIncentives.aspx>) offers has led to increased consideration for gas-guzzling vehicles such as SUVs (<http://www.kbb.com/kbb/NewCars/SUV.aspx>) and trucks (<http://www.kbb.com/kbb/NewCars/Pickup.aspx>). As gas prices (<http://www.kbb.com/kbb/green-cars/Default.aspx>) have decreased in the past month, increased incentives offers such as low interest rates, employee pricing discounts and cash-back rebates have contributed to a resurgence in interest for large vehicles. However, despite the recent market stabilization, consumers indicate they are still concerned about gas prices and very interested in alternative-fuel vehicles (<http://www.kbb.com/kbb/green-cars/Default.aspx>).

Current consideration levels for SUVs and trucks are at 32 and 22 percent respectively, significantly higher in both categories when compared to the previous few months since the summer 2008 gas-price surge began. While gas prices have come down in recent weeks, auto manufacturers simultaneously have been piling on attractive incentives to help drive interest in the larger fuel-thirsty vehicles that have been sitting on dealer lots all summer, and also with the hopes of clearing the remaining 2008 inventory to make way for the 2009 models (<http://www.kbb.com/kbb/NewCars/default.aspx>) in the annual summer sell-down period.

While the availability of attractive incentives on larger vehicles has increased, traffic has dropped on kbb.com for vehicles that are not heavily incentivized. Kbb.com traffic to hybrid (<http://www.kbb.com/kbb/NewCars/Hybrid.aspx>) vehicles was down 33 percent from July to August 2008, and interest in sedans (<http://www.kbb.com/kbb/NewCars/Sedan.aspx>) also dropped 11 percent in the same time period. However, many gas-guzzlers that had wallet-friendly incentives available in August saw a surge in kbb.com traffic at the same time due to the attractive offers:

Kbb.com Shopper Activity Month-Over-Month from July - August 2008

Vehicle	Increase in Traffic on kbb.com	Available Incentives August 2008
2008 Dodge Ram 1500 Regular Cab	+ 21%	\$5,000 - \$6,000 Cash Back 0% Financing
2008 GMC Yukon	+ 21%	\$2,000 Cash Back 2.9% Financing Employee Discount for Everyone
2008 Ford Expedition	+ 9%	\$1,000 - \$3,000 Cash Back 3.9% Financing

Not only have incentives recently helped to increase consideration for larger vehicle segments, they also have affected timing and specific vehicle purchases. Thirty-four percent of in-market new-vehicle shoppers indicate that incentive and rebate offers have shortened the timing of their next vehicle purchase, and 21

percent say the availability of incentives have convinced them to consider a vehicle they normally would not have considered. An additional 28 percent say that incentives availability caused them to purchase a vehicle they already had in mind.

The recent financing and incentives push by automakers has proven to entice the American car-shopping public. The latest Kelley Blue Book Marketing Research study reveals that 38 percent of new-car shoppers find a low financing rate most appealing when it comes to automotive finance and incentive offers, with a cash-back rebate or simplified "no-haggle" pricing coming in distant seconds (12 percent each, respectively). Only 10 percent say they find employee pricing programs most attractive, and a mere one percent say they find free gas or cash-card programs as the most attractive offer.

However, despite the market stabilization due to decreased gas prices and increased incentives, consumers say they are still concerned about gas prices. With the average cost of gas hovering around \$3.76 or more per gallon, 53 percent of in-market new-vehicle shoppers say they have changed their mind about what type of vehicle to purchase next. A large portion of SUV considerers say they are also considering sedans (28 percent), crossovers (27 percent) and hybrid/alternative-fuel vehicles (20 percent) over any other segment for their next new-vehicle purchase.

With the majority of people (61 percent) saying they are concerned that gas prices will either stay the same or go higher in the next 30 days, new-vehicle shoppers are still very interested in more fuel-efficient models. The latest Kelley Blue Book Marketing Research study indicates that six in 10 people are considering a more fuel-efficient vehicle, with more than a quarter saying they are "definitely interested" in hybrids (<http://www.kbb.com/KBB/green-cars/hybrid-cars.aspx>) (39 percent), hydrogen (<http://www.kbb.com/KBB/green-cars/hydrogen-cars.aspx>) fuel-cell vehicles (36 percent), plug-in hybrid electric (<http://www.kbb.com/KBB/green-cars/electric-cars.aspx>) vehicles (25 percent), biodiesels (<http://www.kbb.com/KBB/green-cars/diesel-cars.aspx>) (25 percent) and battery electric vehicles (25 percent).

On average, consumers are willing to spend \$2,052 more for an environmentally friendly (<http://www.kbb.com/kbb/green-cars/Default.aspx>) vehicle. In addition, 60 percent of in-market new-car shoppers say it is important to purchase a vehicle from a brand that is environmentally friendly, with Toyota (<http://www.kbb.com/KBB/NewCars/Toyota.aspx>) and Honda (<http://www.kbb.com/KBB/NewCars/Honda.aspx>) topping their list of brands that build the most fuel-efficient vehicles.

"Auto manufacturers are 'buying their way' back into the SUV and truck segments with attractive incentives as a temporary fix to their sales crisis situation, driving more car-buyers to consider purchasing these larger vehicles, which has led to stabilization in the current marketplace," said Rick Wainschel, senior vice president of marketing and analytics for Kelley Blue Book and kbb.com. "However, in this situation what the manufacturers really seem to be buying is time until they can increase production of more fuel-efficient models, which the latest Kelley Blue Book Marketing Research indicates the American car-buying public wants. The residual angst over gas prices and the increased desire for more fuel-efficient cars appears to be here to stay, no matter how attractive the current incentives are to buy a large vehicle."

The latest kbb.com Marketing Research study was conducted on Kelley Blue Book's kbb.com among 1,000 in-market new-vehicle shoppers during August 2008.

About Kelley Blue Book (<http://www.kbb.com/>)

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 Web site, <http://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. Kbb.com is rated the No. 1 automotive information Web site among both new and used vehicle shoppers, and half of online vehicle shoppers visit kbb.com. Kbb.com is a leading provider of new car prices

(<http://www.kbb.com/kbb/NewCars/default.aspx>), car reviews

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(<http://www.kbb.com/kbb/Classifieds/default.aspx>) and car dealer

(<http://www.kbb.com/kbb/FindaDealer/Default.aspx>) locations. No other medium reaches more in-market vehicle shoppers than kbb.com.

SOURCE: Kelley Blue Book

CONTACT: Robyn Eckard, +1-949-268-3049, reckard@kbb.com, or Joanna McNally, +1-949-268-3079, jmcnally@kbb.com, or Brenna Robinson, +1-949-267-4781, berobinson@kbb.com, all of Kelley Blue Book

Web site: <http://www.kbb.com/>

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