

Nearly 50% of Car Buyers Say Gas Prices Are Affecting Purchase Decision

Car Buyer Interest in Hybrid Vehicles Doubles According to AutoVIBES Study From Harris Interactive and Kelley Blue Book Marketing Research

The percentage of car buyers changing their mind about their next new car purchase has increased 10 points from nearly 40% to nearly 50% in the last 30 days, according to AutoVIBES, a monthly automotive study conducted by Harris Interactive® and Kelley Blue Book Marketing Research. A fifth (22%) of car buyers said they had already changed their mind about what their next vehicle purchase would be, and 26% said they are strongly considering vehicles they previously had not. The study also reveals that interest in hybrid vehicles doubled from 4% to 8% over the last month. The survey was first fielded in April, when the national average cost per gallon for gas was \$1.83, and then repeated in May to track and trend changes in vehicle purchase intentions as the average cost per gallon increased 20 cents to \$2.03.

"Last month's study indicated -- in addition to the 38% whose purchase decision had already been affected -- that 15% of vehicle buyers would strongly consider more fuel efficient vehicles if gas prices increased by 25 cents a gallon," said Rick Wainschel, director of marketing research at Kelley Blue Book. "After seeing that increase, it appears that a good number of shoppers who were on the fence last month, jumped over the fence and are now taking a second look at vehicles they wouldn't normally consider."

April sales of large SUV's were relatively flat with only the domestic automakers feeling any backlash from rising gas prices. Auto sales in the last 30 days were relatively strong with the large SUV segment seeing slight increases in sales mostly fueled by heavy incentives and rebates added mid-month.

"The industry decided to get ahead of the curve in May by adding big incentives to many large SUVs offsetting potential losses due to high gas prices," said Charlie Vogelheim, executive editor, Kelley Blue Book. "A combination of these large incentives and consumer lifestyles kept SUV sales quite stable in May." Vogelheim and the editorial team at Kelley Blue Book will continue to monitor the situation throughout the summer. "If gas prices remain high throughout the summer and into the fall, it will be challenging for the manufacturers to keep up larger than normal incentives. And if conditions do remain stagnant, a decline in SUV sales could occur later in the year, but we are not writing the obituary for SUVs just yet."

While April and May sales show little change in the sales of large SUVs, the AutoVIBES study taps into 'future' car buyer's purchase intent. "Shoppers participating in the AutoVIBES study tell us about their future car buying plans, and based on today's data, those who are 7-12 months out from buying a car say their purchase decision has been affected more than those purchasing a car in the next 7 days," said Scott Upham, senior vice president of Automotive & Transportation Research for Harris Interactive.

AutoVIBES: Selected Changes in Consideration from April to May

	April Wave of AutoVIBES	May Wave of AutoVIBES
Percentage of car buyers who already changed their mind about what they are going to buy	17%	22%
Percentage of car buyers who are strongly considering vehicles they normally wouldn't consider	21%	26%
Overall percentage of car buyers considering a hybrid vehicle	4%	8%
Overall percentage of car buyers		

considering an SUV	37.2%	37.5%
Overall percentage of car buyers considering a sedan	36.3%	41.9%

Percentage of groups who have changed their mind or are strongly considering alternate vehicles:

18-34 year-olds	41%	58%
35-54 year-olds	41%	48%
Men	34%	46%
Women	45%	52%
7-12 month intenders	32%	52%
7-day intenders	42%	48%
Luxury intenders	30%	44%

The May wave of AutoVIBES was conducted from May 20-24, 2004 among 1,771 U.S. adults ages 18 and over who are in the market to purchase or lease a new vehicle within the next 12 months. The data were weighted by demographics and propensity weighted to adjust for respondents propensity to be online. Results reflect the general U.S. adult population of in-market vehicle shoppers. In theory, with probability samples of this size, one could say with 95% certainty that the results have a statistical precision of plus or minus 3 percentage points of what they would be if the entire U.S. adult population of in-market vehicle shoppers had been polled with complete accuracy. This online sample was not a probability sample.

For more information about AutoVIBES, inserting proprietary questions or subscribing, please contact Kelley Blue Book Marketing Research at 949-268-3074 or Harris Interactive at 877-919-4765.

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SOURCE: Kelley Blue Book

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