Gas Prices Cause New-Car Shoppers to Cut Spending, Believe Situation Is Permanent

Study Shows Gas Prices Severely Affecting Consumer Purchase Habits, Activities

According to the latest http://www.kbb.com/ Marketing Research study of in-market new-car shoppers (http://www.kbb.com/kbb/NewCars/default.aspx), the rising cost of gas is severely impacting consumer purchase habits and activities, with a large number of new-car researchers (http://www.kbb.com/kbb/ResearchAndExplore/Default.aspx) cutting small luxuries out of their budgets entirely. An overwhelming majority of new-car shoppers say they believe high gas prices are here to stay.

The June 2008 study results reveal that 28 percent of new-car shoppers have stopped going to Starbucks or other coffee houses entirely, and 21 percent indicate they are going less often due to skyrocketing gas prices. Twenty-eight percent also say they've completely stopped buying DVDs/CDs, and 30 percent say they have cut back and are spending less because of high gas prices. In addition, 27 percent say they have stopped attending sporting events altogether, with an additional 25 percent saying they now attend less often. Sixty-eight percent of respondents say they are doing less shopping of non-essential retail items, and 60 percent say they eat out less often. Furthermore, 44 percent of new-car shoppers say they are vacationing less because of the rising cost of gas. In addition, 73 percent say in the June wave of the study that they believe the change in spending habits to be permanent.

"What was once a frequent occurrence such as the morning trip to Starbucks or taking the family to a ballgame just isn't as financially feasible when $4-per-gallon gas must also share a place in the budget," said Jack R. Nerad, executive editorial director and executive market analyst for Kelley Blue Book and kbb.com. "The fact that nearly three-quarters of new-vehicle shoppers see this as a permanent situation demonstrates the enormous effect that skyrocketing fuel costs can have on not just the auto industry, but the entire American economy."

Further exemplifying the effect of gas prices on new-vehicle shoppers, sixty-two percent of shoppers say that gas prices have either changed their mind or made them think strongly about vehicles they normally wouldn't have considered. Consideration for SUVs, trucks and sports cars is down, while consideration for smaller, more fuel-efficient car segments (http://www.kbb.com/kbb/ReviewsAndRatings/GroupReviewsHome.aspx?ContentUniqueN ame=KBBWebContent-720), like coupes (http://www.kbb.com/kbb/NewCars/Coupe.aspx), sedans (http://www.kbb.com/kbb/NewCars/Sedan.aspx) and hatchbacks (http://www.kbb.com/kbb/NewCars/Hatchback.aspx) are all rising by six points from last month. SUV (http://www.kbb.com/kbb/NewCars/SUV.aspx) consideration has plummeted to 27 percent in June 2008, down 11 points from just nine months ago when it was 38 percent in October 2007.

The latest kbb.com Marketing Research study was conducted on Kelley Blue Book's kbb.com among 862 in-market new-vehicle shoppers during June 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, 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 site by Nielsen//NetRatings and the most visited auto site by J.D. Power and Associates nine years in a row. No other medium reaches more in-market vehicle shoppers than kbb.com; nearly one in every three American car buyers performs their research on kbb.com.

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