Study Shows New-Car Shoppers Cut Spending in Wake of High Gas Prices

Kelley Blue Book Marketing Research Shows New-Car Shoppers Cutting Back on Other Discretionary Purchases

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According to the latest Kelley Blue Book Marketing Research study (http://www.kbb.com/), the number of new-car shoppers adjusting their spending habits due to increasing gas prices has reached a record high. The April 2008 results revealed that 65 percent of shoppers are spending less on non-essential retail items as a result of high gas prices, compared to 42 percent just six months ago in October 2007. Additionally, 53 percent indicated they eat out less often, 48 percent purchase fewer media entertainment items, 15 percent carpool or find alternative means of transportation and 10 percent have delayed purchasing a new home. Furthermore, the portion of shoppers who say they will not change their spending habits due to gas prices has decreased from 43 percent in October 2007 to 22 percent in April 2008.

Kelley Blue Book Marketing Research Gas Prices and Shopping Habits - Trending Over Time*

Purchase/Shopping Habits Oct Dec Jan Feb Mar Apr Change from Oct

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38% 41% 41% 44% 51% 53%
Eat out less often
                                                   +15
Carpool or find alternative
means of transportation 10% 11% 11% 10% 12% 15%
Delay purchase of new home 5% 11% 8% 9% 10% 10%
                                                        +5
Less shopping of
non-essential retail items 42% 46% 50% 50% 61% 65%
                                                      +23
Purchase fewer media
entertainment items
                     33% 36% 34% 40% 45% 48%
                                                     +15
Will not change any
                    43% 36% 35% 34% 25% 22%
                                                    -21
spending habits
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Many contributing economic factors have been detrimental to consumers and their shopping and purchase decisions in the last few months. During the third week of April, the price of oil jumped to nearly \$120 a barrel and forecasts have speculated gas will cost an average of \$4 per gallon in some parts of the country during the coming summer months. With this in mind, consumers are considering more fuel-efficient vehicles. The April 2008 Kelley Blue Book Marketing Research study showed that 47 percent of new-car shoppers would seriously consider a more fuel-efficient vehicle if gas prices increase another \$0.25 or less, compared to 26 percent in October 2007.

"The effect gas prices have on consumer spending and shopping behaviors indicate how important fuel costs are to the economy," said Jack R. Nerad, executive editorial director and executive market analyst for Kelley Blue Book and kbb.com. "Gas prices are already affecting vehicle sales in every segment, and traditional sport utility vehicles have been especially hard hit. Other industries will feel the pinch as consumers cut out life's little luxuries like clothes, eating out and entertainment just so they can pay the fuel bills."

The latest Kelley Blue Book Marketing Research study was conducted on Kelley Blue Book's kbb.com among 2,020 in-market new-vehicle shoppers during April 2008.

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

^{*} November 2007 data not available

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.

First Call Analyst: FCMN Contact:

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

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