

New-Car Shoppers Do Not See Diesel as a Likely Mainstream Fuel Source

KBB Marketing Research Shows Shoppers' Negative View of Diesels, While Hybrids Continue to Gain Acceptance

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According to the latest Kelley Blue Book Marketing Research study (<http://www.kbb.com/>), the vast majority of in-market new-vehicle shoppers do not see diesel as a likely mainstream fuel source in the future. The January 2008 results reveal that only six percent of shoppers think diesel is most likely to succeed in becoming a mainstream vehicle powertrain type, compared with 40 percent saying hybrids, 20 percent saying hydrogen fuel cell and 17 percent citing flexible-fuel systems.

Interest in diesels is steadily declining among in-market new-vehicle shoppers, while interest in hybrids continues to grow. The gap between shoppers' interest in diesels versus hybrids has greatly widened particularly in the last month, with the nine-point gap in December 2007 jumping to a 17-point gap in January 2008. When asked about their perceptions of diesel engines, nearly half of in-market new-vehicle shoppers say they are dirty and noisy. In addition, the latest study shows that shoppers increasingly believe that diesel-powered vehicles get poorer fuel mileage than conventional gasoline engines, and fewer consumers are seeing diesels as fuel-efficient.

"Many automakers are looking toward diesels as a very workable solution for the future, especially in light of the recently passed energy bill, but the results of this study should give them pause and make them realize they need to do a better, more thorough job of winning over the American consumer," said Jack R. Nerad, executive editorial director and executive market analyst for Kelley Blue Book and kbb.com.

"Clearly many Americans still think of the dirty diesels of the past and are not aware of the benefits of new clean-diesel technology. Some manufacturers, such as Volkswagen with its 'Diesolution Tour,' are doing their part to ensure consumers are educated about today's diesels. However, not enough is being done by the auto industry as a whole to help American consumers understand the benefits of modern-day diesel technology."

While diesel consideration and favorability are declining in the eyes of in-market new-vehicle shoppers, hybrids continue to gain favor. In addition to hybrids being seen as the most viable mainstream powertrain choice, interest in hybrids has steadily increased in recent months, with 61 percent of shoppers saying they are interested in hybrids in the latest study. When asked about the premium they are willing to pay for a gas/electric hybrid over a traditional gasoline-powered version of the same vehicle, this month shoppers are willing to pay an average premium of \$3,135, up from an average premium of \$2,645 a month ago in December 2007.

When asked about which hybrid vehicles they would consider for their next purchase or lease in the latest study, in-market new-vehicle shoppers cite the Honda Civic as most popular with 35 percent. The next most-popular models are the Ford Escape and Toyota Highlander, each garnering 23 percent. Toward the bottom of the consideration list is the vehicle that arguably put hybrids on the mainstream map -- the Toyota Prius -- which only garnered 12 percent of the consideration.

"As auto manufacturers look toward development of future products and technologies, it's important for them to track, trend and understand current perceptions among in-market new-vehicle shoppers," said Rick Wainschel, vice president of marketing research and brand communications for Kelley Blue Book. "Knowing where shoppers stand on these issues also can help manufacturers devise successful marketing campaigns to ensure proper education about new technologies and ultimately, success in the sales of their future products."

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

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

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 eight 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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