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# BLUE BOOK MARKET REPORT

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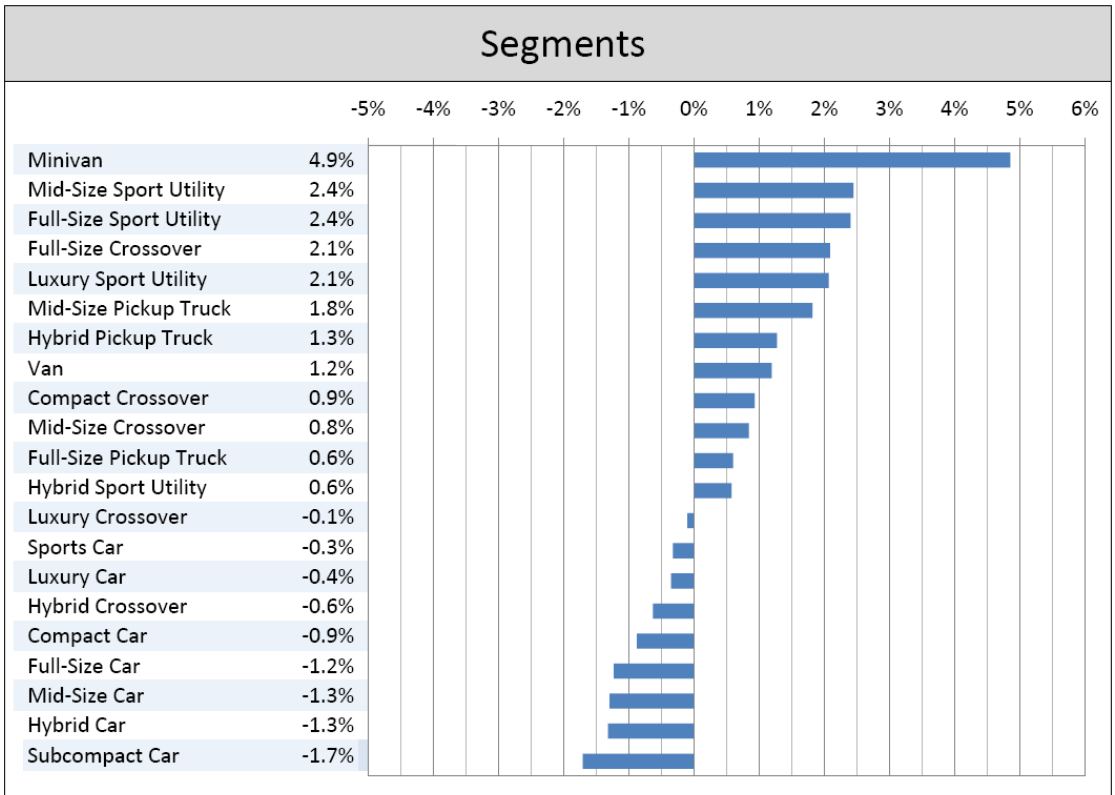
**MARKET ANALYSIS**

**Minivans, Full-Size SUVs among Best-Performing Segments; Examining Lasting Effects of Cash for Clunkers**

- Juan Flores, director of vehicle valuation, Kelley Blue Book

**Overview**

Low inventories and high consumer demand helped keep used-vehicle values strong during the month of August. The strength in the marketplace was supported by continued appreciation across most truck segments, specifically minivans and full-size SUVs. The appreciation in trucks did not carry over to cars, however, as evidenced by the increase in the pace of depreciation of most car segments relative to July. **Continued on Page 2.**



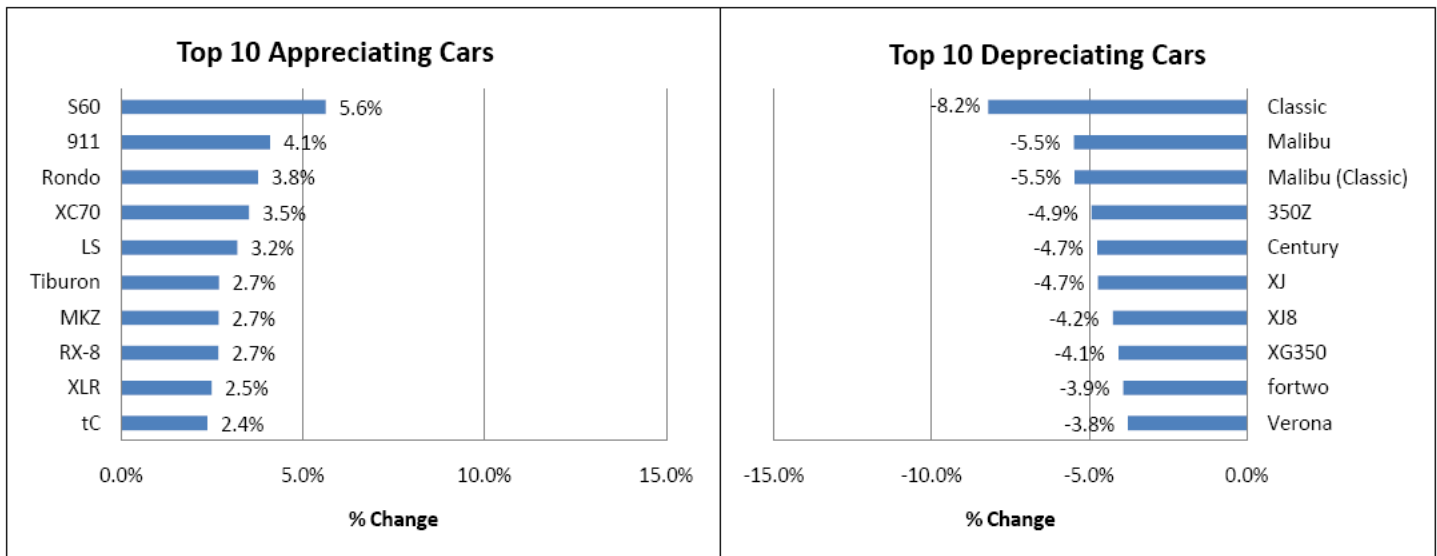
The above chart displays month-over-month used-vehicle depreciation percentages by segment. The depreciation percentages shown are not indicative of the retention percentages or relative positions of the included segments.

## MARKET ANALYSIS CONTINUED

### Car Segment Analysis

Depreciation in the car segments accelerated for August, outpacing the declines in July. Overall, cars dropped 0.8 percent with the heaviest hits coming from subcompacts (-1.7 percent), hybrids (-1.3 percent), and midsize cars (-1.3 percent). Luxury and high-performance cars outperformed the segment average, dropping a mere 0.4 percent and 0.3 percent, respectively.

Within subcompact cars, the vehicles most heavily contributing to the monthly depreciation were the Smart fortwo (-3.9 percent), Chevrolet Aveo (-3.7 percent), and Honda Fit (-2.7 percent). Subcompact values have suffered all year due to affordable gas and increasing competition from new, more spacious fuel-efficient vehicles. In fact, values in the segment are down 11.8 percent so far this year; more than any other segment. On a positive note, while values in this segment may have underperformed the market for most of 2009, these vehicles still tend to hold their value better than those in other segments. On average, subcompact cars retain 72.8 percent of original MSRP after two years, significantly higher than the 66.5 percent market average. So while used subcompact cars may be depreciating more aggressively than the rest of the marketplace, they are still a great value for those concerned with gas mileage and retained value. **Continued on Page 3.**



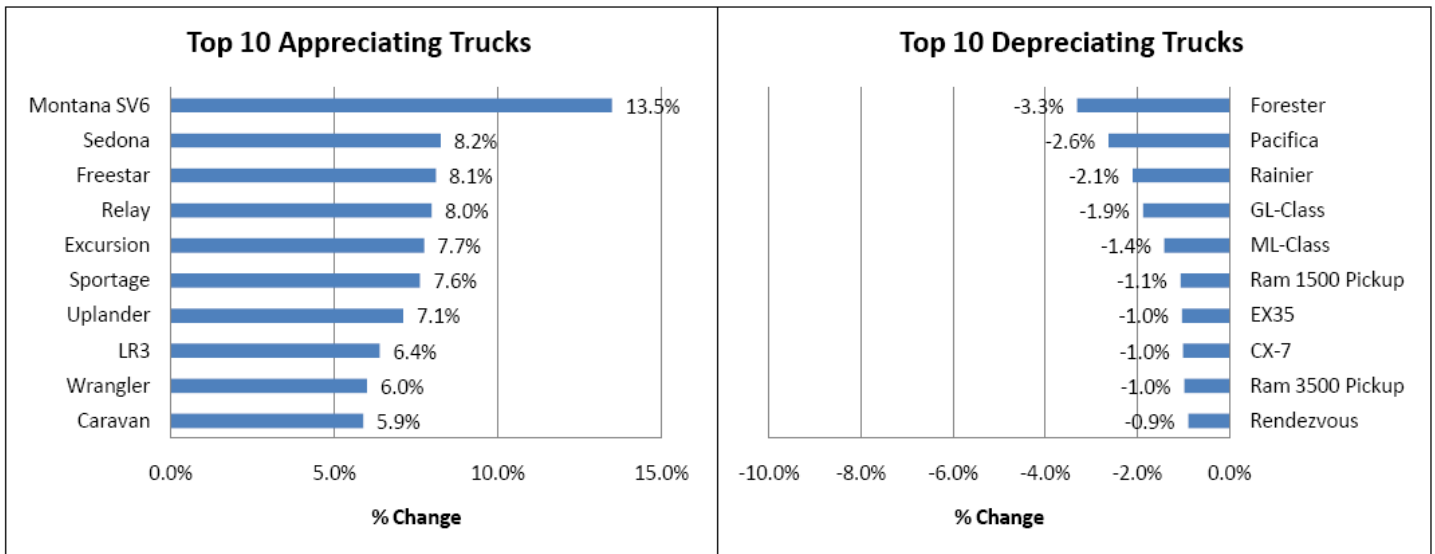
The above charts display month-over-month used-vehicle depreciation percentages by model. The depreciation percentages shown are not indicative of the retention percentages or relative positions of the included models.

## MARKET ANALYSIS CONTINUED

### Truck Segment Analysis

The strength in the truck segment that has been prevalent since the beginning of the year showed little sign of slowing through the month of August, contrary to Kelley Blue Book's prediction that the strength in truck segments would subside. Increasing demand coupled with a tight supply at auction caused most segments to appreciate more aggressively than during the month of July. In fact, the truck segments are defying seasonal patterns, moving upward during a traditional lull period. Typically, truck depreciation is more pronounced during the summer months and stabilizes toward the end of the year. However, with auction inventories already low, values could maintain their strength for many months to come, especially when considering the traditional uptick during the winter months.

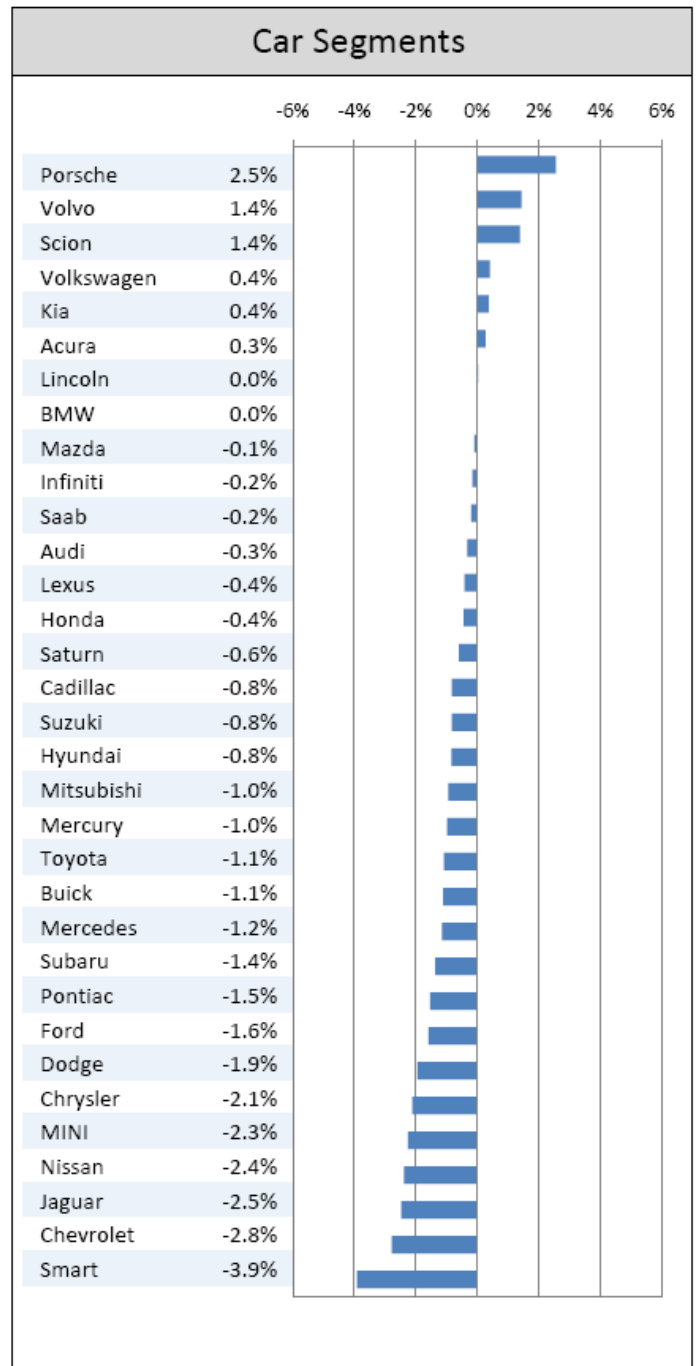
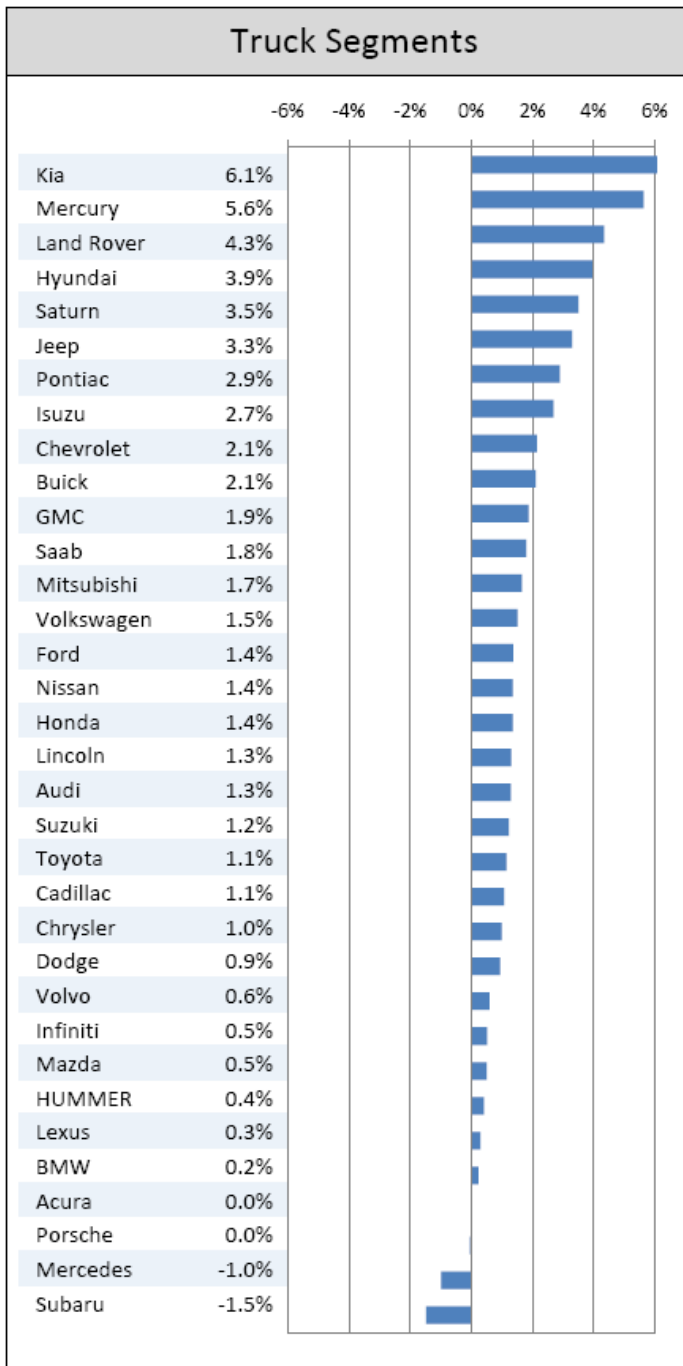
Minivans and full-size SUVs were two of the best performing segments, increasing 4.9 and 2.4 percent, respectively. The strength in minivans has been the result of a short supply at auction and the affordability of minivans relative to other comparable segments. Consumers would need to pay approximately \$4,000 over the price of a typical minivan to purchase a comparably equipped mid-size SUV, which are the closest alternative to minivans in terms of utility and value. This is a considerable premium to pay for an SUV and consumers who don't need four-wheel drive are making budget-conscious decisions to purchase a minivan. The Kia Sedona and Ford Freestar were two of the best-performing minivans for the month, each appreciating in excess of 8 percent. The strength in this segment seems to transcend brands as minivans from most manufacturers have continued to increase in value. With no new product expected to arrive anytime soon, minivan values should remain strong for the foreseeable future. **Continued on Page 4.**



The above charts display month-over-month used-vehicle depreciation percentages by model. The depreciation percentages shown are not indicative of the retention percentages or relative positions of the included models.

## MARKET ANALYSIS CONTINUED

### Truck & Car Segment Charts



The above charts display month-over-month used-vehicle depreciation percentages by brand. The depreciation percentages shown are not indicative of the retention percentages or relative positions of the included brands.

Continued on Page 5.

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## MARKET ANALYSIS CONTINUED

### Cash for Clunkers

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The Cash for Clunkers program has come to an end and with close to 700,000 transactions submitted, it is clear that the program has generated a considerable uptick in the pace of new-car sales. The program officially began on July 27, and the increased foot-traffic in dealerships was immediately noticeable. In July, almost 1 million new vehicles were sold, which lifted the annual sales pace to 11.1 million units, the first time this year that the sales rate has exceeded 10 million units. As expected, auto sales soared last month as consumers rushed to trade in their clunkers before the August 24 deadline.

To determine the long term impact of the Cash for Clunkers program, we must first identify the source of increased sales. Cash for Clunkers purchases consisted of four types: (1) normal sales (2) sales pulled forward from the next 1-6 months (3) sales pulled forward from 6 months or later and (4) holdout sales. Normal sales consisted of individuals who intended to purchase a new vehicle with or without the government incentive. Pull-forward sales are individuals who intended to purchase a vehicle in the next 12 months, but made a purchase earlier to take advantage of the program. Based on a Kelley Blue Book Market Intelligence survey of in-market car shoppers on kbb.com who were planning to purchase in the next 12 months, 54 percent of those that owned a qualifying vehicle were likely to purchase a vehicle sooner in order to participate in the program. This provides an indication that the number of sales that were pulled forward from future periods is significant. Finally, holdout sales consisted of individuals who owned a qualifying trade-in, but waited to purchase a new car until the program went into effect. The final distribution of how many buyers fall into each of these categories will help to determine the lasting effects of the Cash for Clunkers program.

September could prove to be a difficult month for the industry as the buzz surrounding Cash for Clunkers dies down, and dealers are left looking for buyers that aren't there. Without manufacturer or dealer incentives, sales could suffer as demand softens due to continuing economic uncertainty and normal seasonal patterns. It may be some time before the full effect of Cash for Clunkers is known, but Kelley Blue Book believes an artificial demand "trough" will manifest for the remainder of the year, essentially stalling the momentum generated by the program.

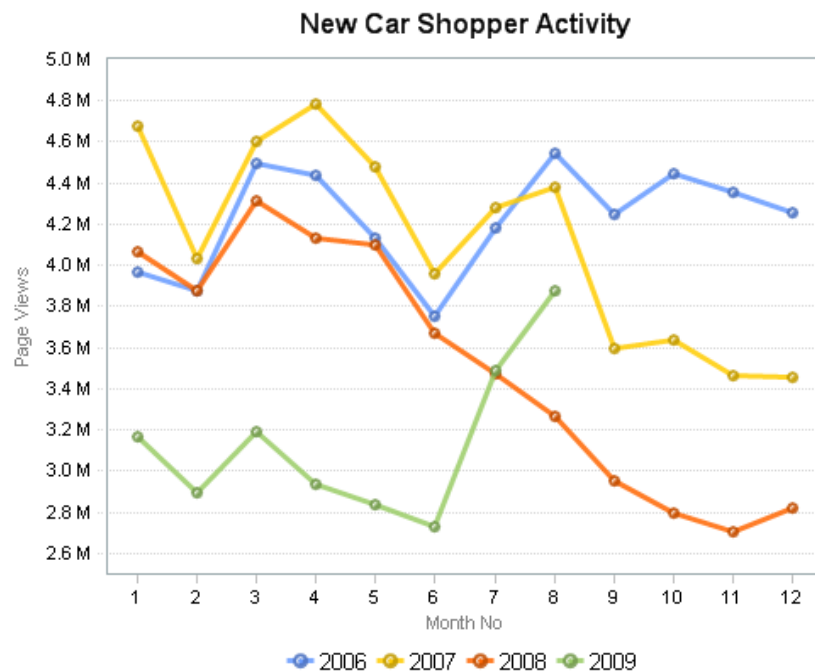
*This commentary focuses on Model Years 2005-2008. The statements set forth in this publication are the opinions of the authors and are subject to change without notice. This publication has been prepared for informational purposes only. Kelley Blue Book assumes no responsibility for errors or omissions.*

## Market Watch®

Below are the results from Kelley Blue Book's Market Watch®, measuring new-car shopper activity on kbb.com.

For August 2009, new-car shopper activity experienced an 11 percent month-over-month increase with continued interest in the 'Cash for Clunkers' program. Increases were generally soft, however, many brands still experienced double-digit gains.

Subaru led in month-over-month gains of all brands tracked on kbb.com by 28 percent. Subaru's Legacy garnered the largest increase (126 percent) among the brand's model lineup, due to its 2010 redesign. Scion and Suzuki also are noted among the top-three brands, each achieving a 26 percent jump in traffic. The Scion xB and xD models surpassed the tC in month-over-month new-car shopper activity with 34 percent and 31 percent increases, respectively. Suzuki's increased activity was driven by the SX4 and Grand Vitara as both models reached their highest activity levels in the 13-month period.



	Aug-09	M/M	Y/Y
Import Brands		14%	17%
Domestic Brands		5%	26%
GM Brands		4%	18%
Ford Brands		8%	70%
Chrysler Brands		-1%	13%
Luxury Brands		10%	5%
Non-Luxury Brands		11%	24%
<b>Total Industry</b>		<b>11%</b>	<b>19%</b>

### NOTES

*New Car Shopper Activity is defined by New Car Pricing Report page views on kbb.com*

*M/M = percent change from prior month; Y/Y = percent change from prior year*

*Luxury = Acura, Audi, BMW, Cadillac, HUMMER, Infiniti, Jaguar, Land Rover, Lexus, Lincoln, MB, MINI, Porsche, Saab, Volvo*

*Sedan, SUV, Pickup, Hybrid defined by vehicle categories on kbb.com; Hybrid spans across all categories*

*Note: GM brands include Buick, Cadillac, Chevrolet, GMC and Pontiac*

## Market Watch® Continued

### New Car Shopper Activity Continued

Make	M/M	Y/Y	Rank	Share	vs. PM	vs. PY
Toyota	↑ 14%	↑ 29%	1	17.4%	0.50	1.43
Honda	↑ 14%	↘ -1%	2	12.2%	0.35	-2.49
Ford	↗ 8%	↑ 79%	3	8.9%	-0.21	3.00
Chevrolet	↗ 7%	↑ 35%	4	8.0%	-0.29	0.97
Nissan	↑ 19%	↑ 17%	5	7.0%	0.44	-0.12
Hyundai	↑ 12%	↑ 50%	6	4.6%	0.04	0.96
Lexus	↑ 14%	↑ 20%	7	3.1%	0.08	0.03
Volkswagen	↔ 0%	↗ 3%	8	2.9%	-0.33	-0.46
Mazda	↑ 15%	↑ 15%	9	2.9%	0.10	-0.08
BMW	↗ 8%	↘ -8%	10	2.8%	-0.09	-0.82
Kia	↑ 16%	↑ 139%	11	2.7%	0.12	1.37
Mercedes-Benz	↑ 10%	↑ 11%	12	2.6%	-0.01	-0.19
Dodge	↘ -1%	↑ 10%	13	2.6%	-0.30	-0.20
Subaru	↑ 28%	↑ 70%	14	2.4%	0.33	0.73
Audi	↑ 20%	↑ 38%	15	2.1%	0.15	0.29
Jeep	↘ -1%	↑ 43%	16	1.7%	-0.20	0.29
Acura	↑ 20%	↘ -6%	17	1.7%	0.13	-0.44
GMC	↗ 1%	↑ 12%	18	1.6%	-0.16	-0.09
Volvo	↗ 6%	↑ 35%	19	1.2%	-0.05	0.15
Infiniti	↗ 4%	↘ -12%	20	1.2%	-0.08	-0.41
Cadillac	↘ -1%	↘ -11%	21	1.0%	-0.12	-0.34
Pontiac	↘ -4%	↘ -24%	22	1.0%	-0.16	-0.55
Mitsubishi	↑ 17%	↗ 2%	23	0.9%	0.04	-0.16
Chrysler	↘ -1%	↘ -15%	24	0.9%	-0.11	-0.36
Scion	↑ 26%	↗ 2%	25	0.8%	0.09	-0.13
Buick	↗ 4%	↑ 14%	26	0.7%	-0.05	-0.03
Mercury	↑ 10%	↑ 33%	27	0.7%	-0.01	0.07
Suzuki	↑ 26%	↑ 109%	28	0.7%	0.08	0.30
Lincoln	↗ 5%	↑ 26%	29	0.7%	-0.04	0.04
MINI	↑ 12%	↘ -14%	30	0.6%	0.01	-0.23
Saturn	↗ 2%	↘ -54%	31	0.6%	-0.05	-0.93
Porsche	↗ 3%	↗ 4%	32	0.6%	-0.05	-0.08
Jaguar	↗ 4%	↔ 0%	33	0.3%	-0.02	-0.06
Land Rover	↘ -3%	↗ 6%	34	0.3%	-0.05	-0.04
Smart	↘ -4%	↘ -30%	35	0.3%	-0.04	-0.19
HUMMER	↗ 3%	↘ -20%	36	0.2%	-0.01	-0.09
Saab	↘ -4%	↘ -37%	37	0.2%	-0.03	-0.15

#### Key

- ↑ 10% Significantly higher than prior mo/yr by 10% or more
- ↗ 1% Change is not significantly higher than prior mo/yr (between 1 and 10%)
- ↔ 0% Flat/no change (less than ±1%)
- ↘ -1% Change is not significantly lower than prior mo/yr (between -1 and -10%)
- ↓ -10% Significantly lower than prior mo/yr by 10% or more

Top 5

Bottom 5

#### NOTES

Percent change M/M, Y/Y subject to rounding

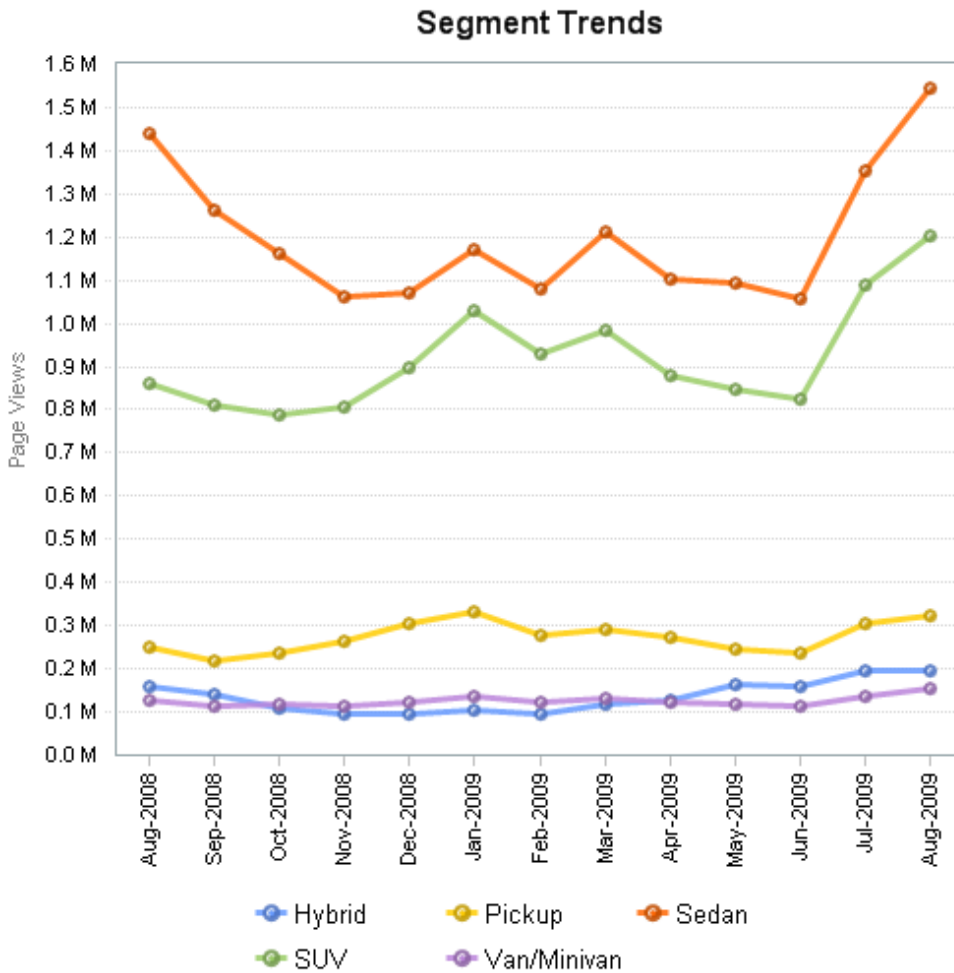
Rank based on share of total

vs. PM = change in share versus prior month

vs. PY = change in share versus prior year

# Market Watch® Continued

## Segment Trends



### Key

- ↑ 10% Significantly higher than prior mo/yr by 10% or more
- ↗ 1% Change is not significantly higher than prior mo/yr (between 1 and 10%)
- 0% Flat/no change (less than ±1%)
- ↘ -1% Change is not significantly lower than prior mo/yr (between -1 and -10%)
- ↓ -10% Significantly lower than prior mo/yr by 10% or more

	M/M	Y/Y
Hybrid	↗ 2%	↑ 23%
Pickup	↗ 6%	↑ 28%
Sedan	↑ 14%	↗ 7%
SUV	↑ 11%	↑ 40%
Van/Minivan	↑ 13%	↑ 25%

Note: Segments defined by vehicle categories on kbb.com. Hybrid spans across all categories.

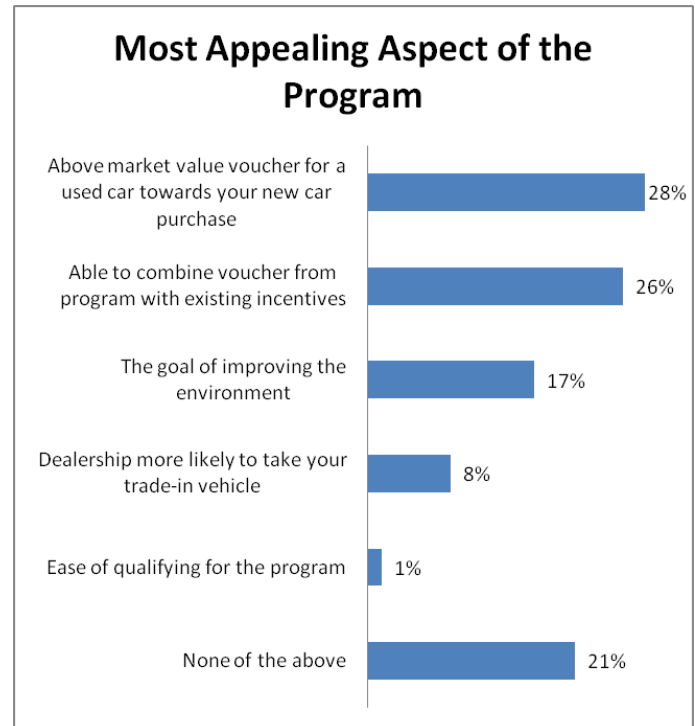
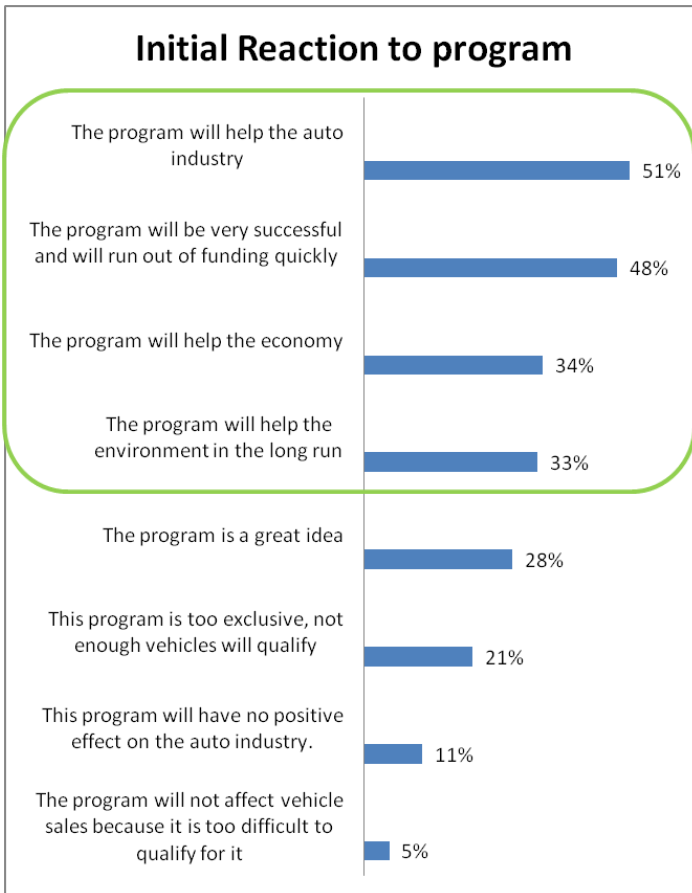


## Market Intelligence - August 2009

Below are the results of a Kelley Blue Book Market Intelligence survey, which looks to obtain a comprehensive understanding of consumer attitudes, and opinions of current market trends and the latest in automotive news.

### RECAP: IN-MARKET CAR SHOPPER SURVEY ON CASH FOR CLUNKERS PROGRAM

#### REACTION TO PROGRAM WAS POSITIVE

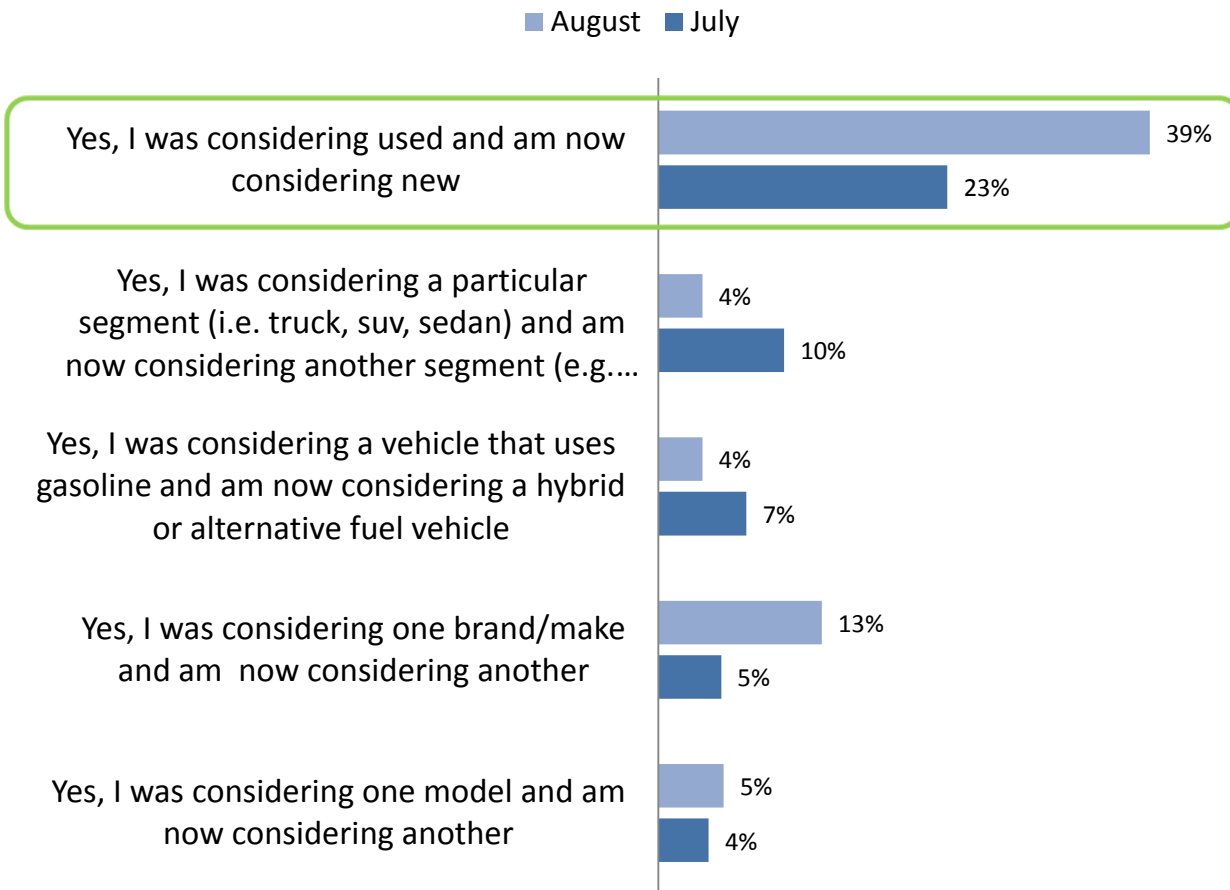


*Q: Please select the statement below that best describes your initial reaction to the Cash for Clunkers program. (n=414)*

*Q: Which of the following is the most appealing aspect of the Cash for Clunkers program? (n=290, base excludes those that are considering used cars exclusively)*

## Market Intelligence - August 2009 Continued

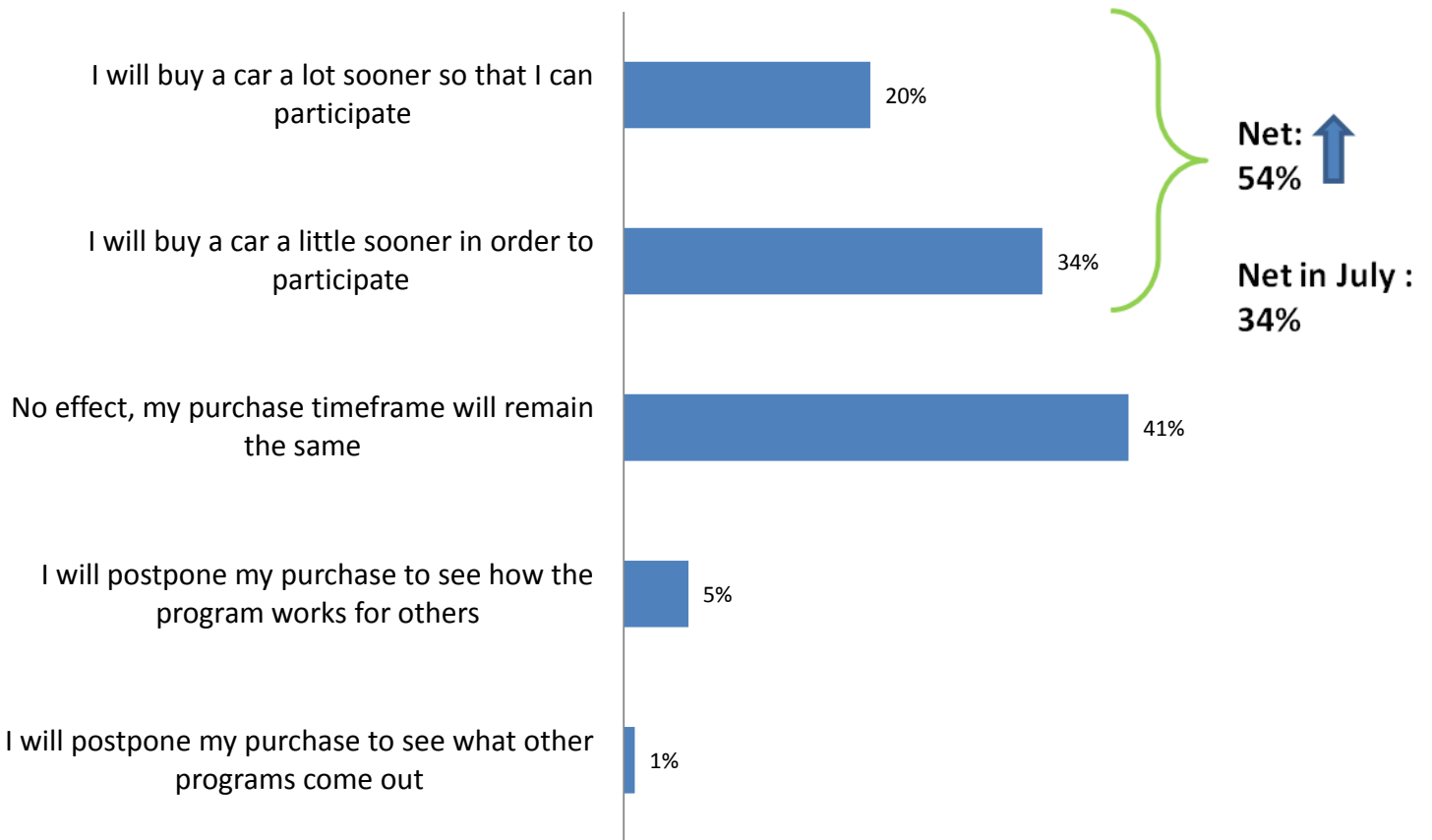
### PROGRAM IMPACTED VEHICLES CONSIDERED



*Q: Has the Cash for Clunkers program changed your mind about the vehicle(s) you were considering for purchase? (n=168 in July and n=116 in August; base includes those that have a qualifying vehicle and are likely to participate in program)*

## Market Intelligence - August 2009 Continued

### FIVE IN 10 TOTAL SHOPPERS LIKELY TO PURCHASE SOONER BECAUSE OF CASH FOR CLUNKERS PROGRAM

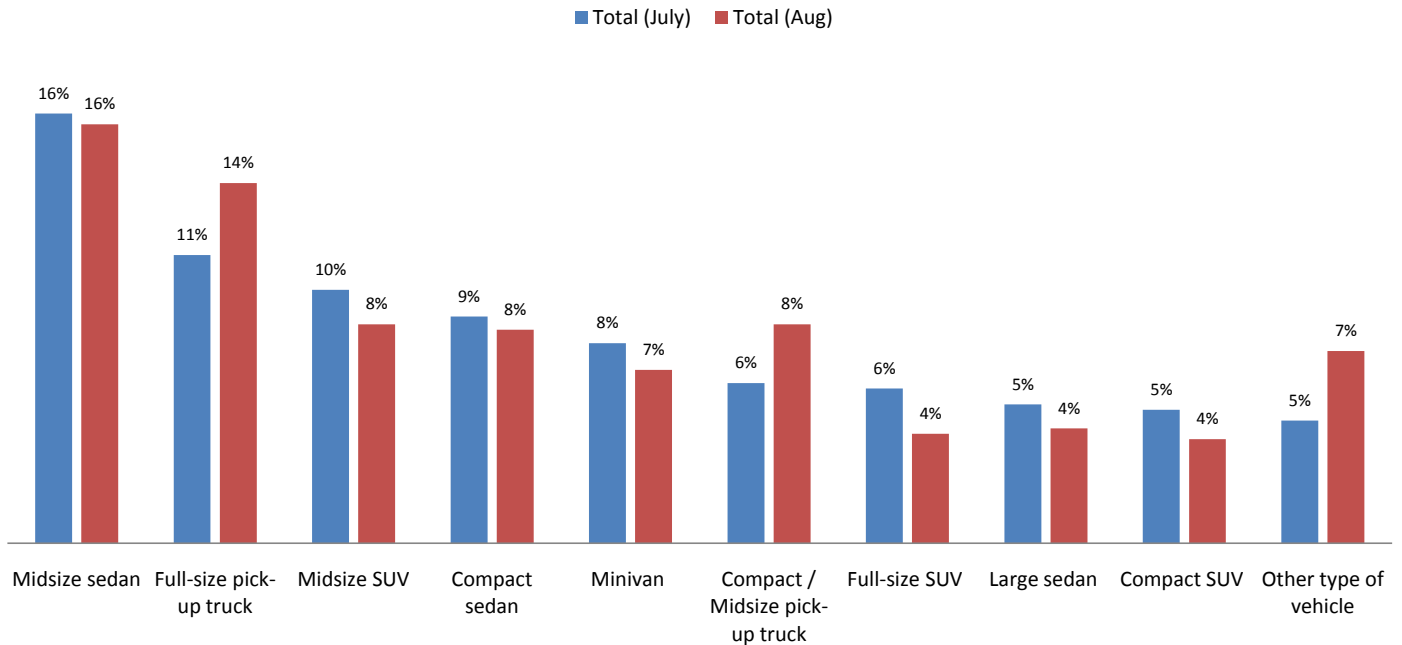


*Q: Given the specifics of the Cash for Clunkers program, how would this program impact your purchase timeframe? (n=174 in July and n=116 in August; base includes those that have a qualifying vehicle and are likely to participate in program))*

## Market Intelligence - August 2009 Continued

### MIDSIZE SEDANS, PICKUP TRUCKS, AND SUVs WERE THE TOP CATEGORIES CONSUMERS PLANNED TO TRADE IN

#### Type of Vehicles Planning To Trade In

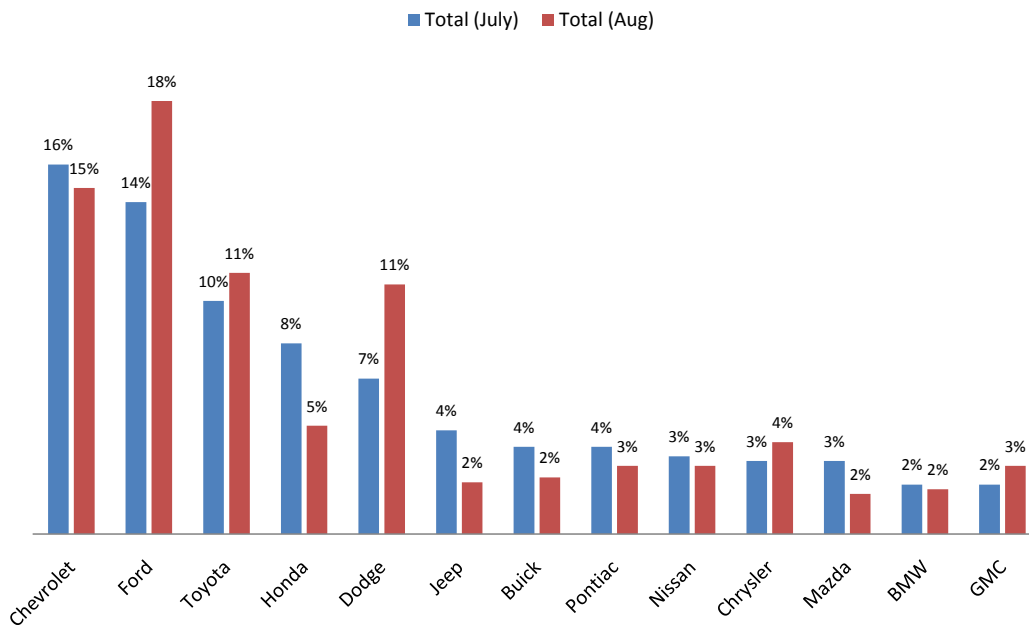


Base: Total July n=517, August n=414;

Q: What type of vehicle are you planning to trade-in?

### DOMESTICS TAKE THE TOP TWO SPOTS FOR MAKES CONSUMERS PLANNED TO TRADE IN

#### Make of Trade-In Vehicle

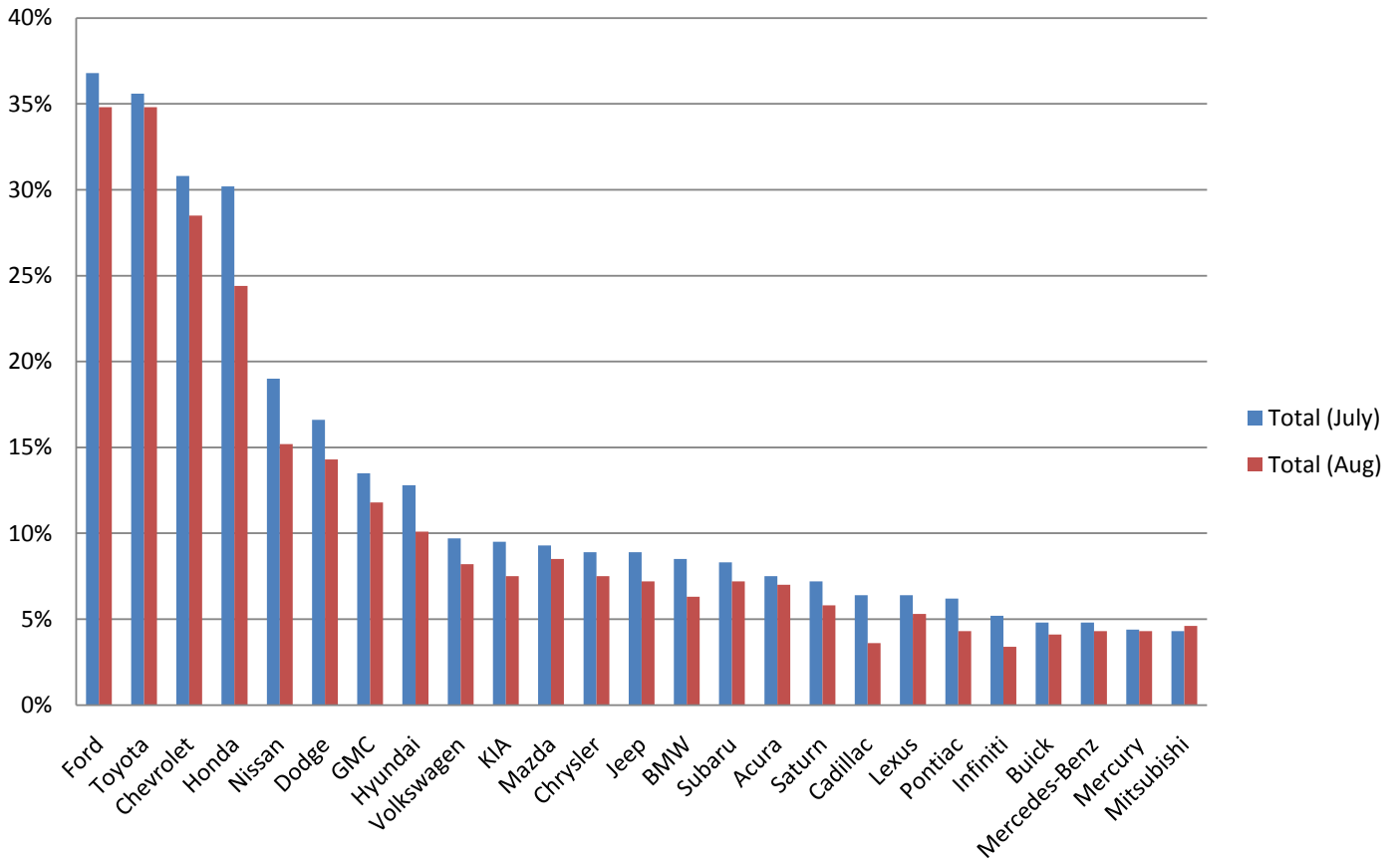


Base: Total July n=517, August n=414;

Q: What is the make of the vehicle you are planning to trade in. ?

**FORD, TOYOTA, CHEVROLET, AND HONDA TAKE THE TOP SPOTS FOR MAKE CONSIDERATION IN CASH FOR CLUNKERS PROGRAM**

**Vehicles Considering for Next Vehicle Purchase**

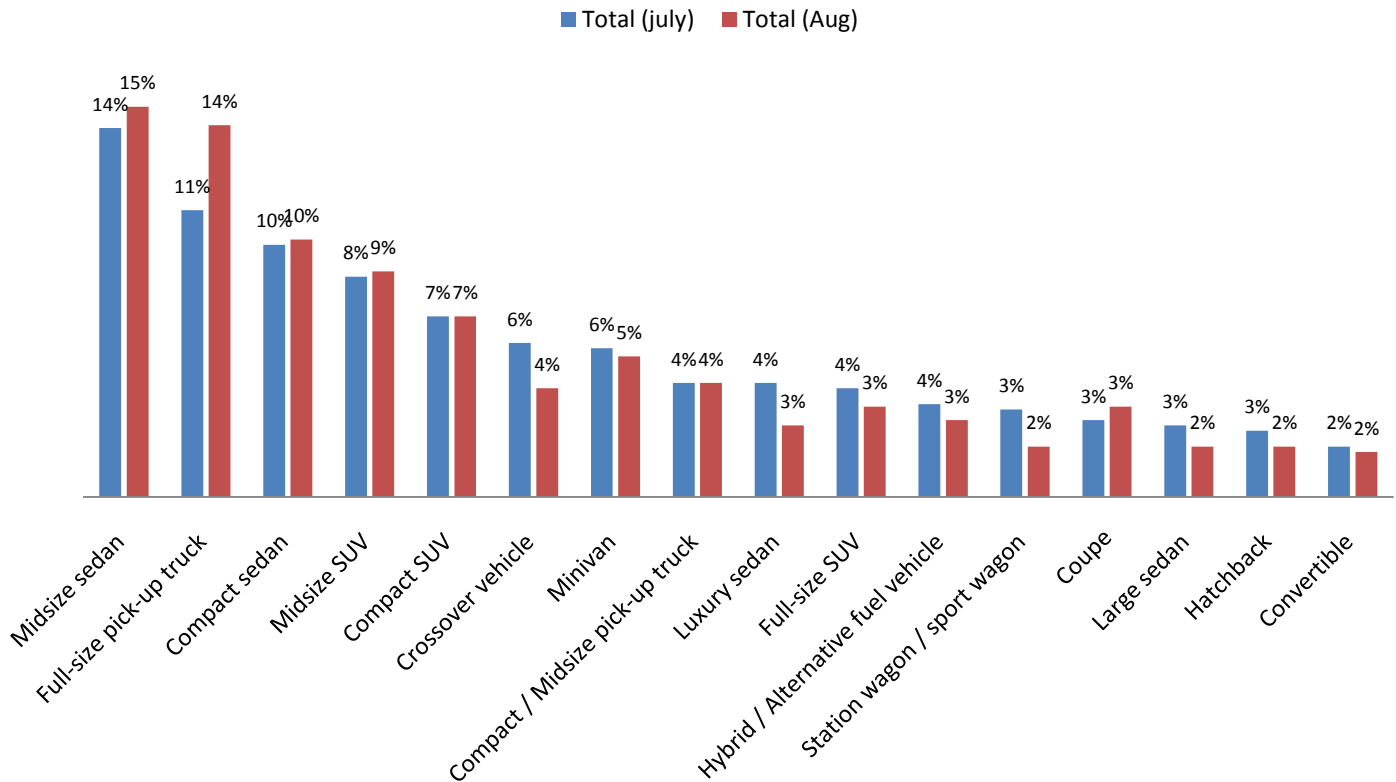


Base: Total July n=517, August n=414;

Q: What is the make of the vehicle you are planning to purchase next ?

**COMPACT AND MIDSIZE SEDANS AS WELL AS FULL-SIZE PICKUP TRUCKS RISE TO THE TOP OF CONSUMERS' SHOPPING LIST IN CASH FOR CLUNKERS PROGRAM**

**Type of Vehicle Considering For Next Vehicle**



Base: Total July n=517, August n=414;  
 Q: What is the type of vehicle you are planning to purchase?

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