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Consumer Shopping Activity

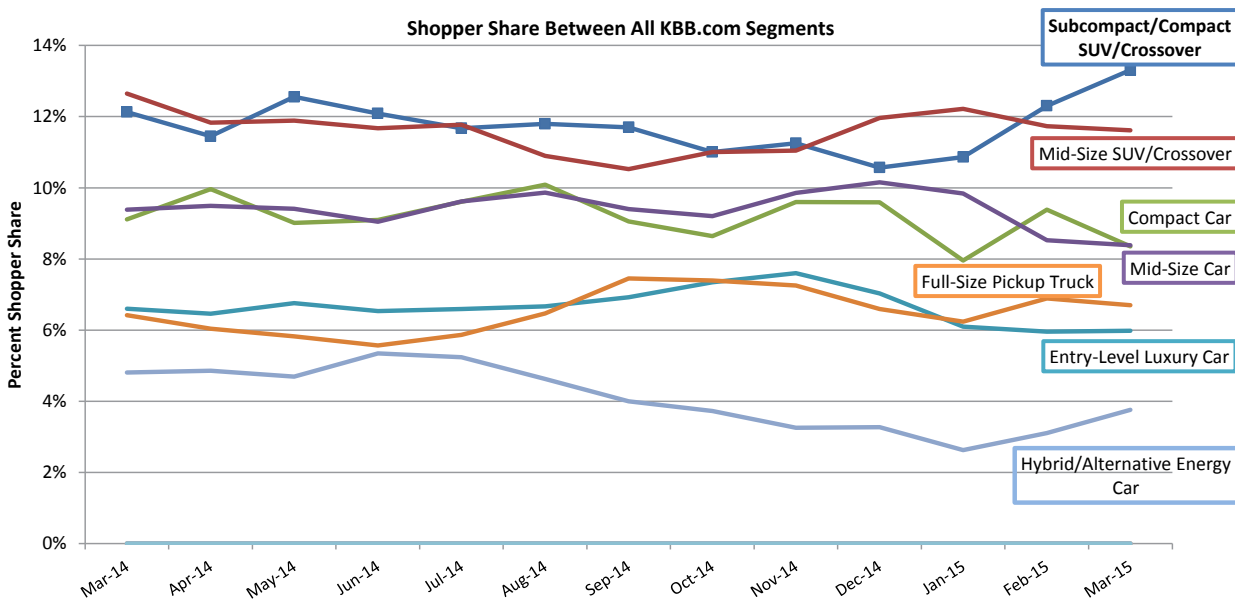
Subcompact SUV Segment Extends Lead Over Mid-Size SUVs

-Joe Lu, strategic market insights manager for Kelley Blue Book

The subcompact SUV segment has been on a steady rise in shopping activity on Kelley Blue Book's KBB.com. As of March 2015, it is the most-shopped segment on the site, overtaking and extending its lead over the mid-size SUV segment.

Segment Drivers

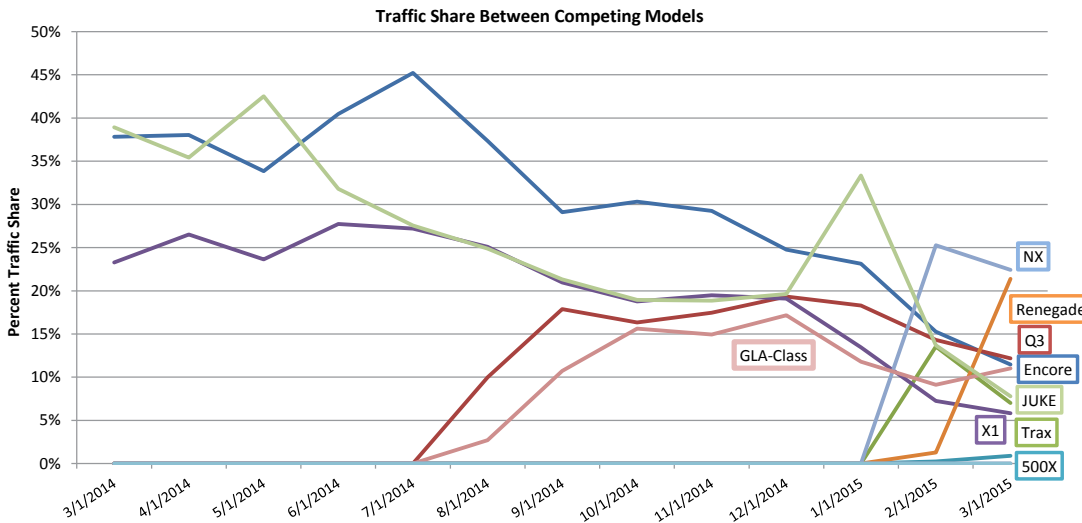
The reason for this sudden rise in popularity of subcompact SUVs is product driven. Based on KBB.com shopping activity, it is evident that vehicle manufacturers are successfully satisfying a consumer needs gap. In 2011 and 2012, there were two competitors in this segment, the Nissan Juke and Buick Encore. Fast forward to 2015, and the space is dramatically more populated, with vehicles such as the Jeep Renegade, Lexus NX, Chevrolet Trax, Mercedes-Benz GLA, BMW X1 and Audi Q3 all having recently joined the fray. The segment is slated to become even more competitive as more models like the Mazda CX-3, Honda HR-V and Fiat 500X start to enter the market throughout the course of this year.



Source: Kelley Blue Book Market Intelligence Data

Current Subcompact SUV Segment Landscape

Currently, the Lexus NX and Jeep Renegade lead the segment in terms of shopper interest share. In fact, both models combined garner more than 40 percent of interest for the entire segment! Although both of these segment leaders are well-suited for urban environments due to their compact size, they satisfy the needs of two very distinct groups of people. The NX was designed to cater primarily to customers seeking a luxury vehicle for the urban lifestyle, while the Renegade was designed with practicality and utility in mind, with its off-road capability and Jeep's rugged DNA appealing to the outdoor weekend warrior. These two vehicles certainly have proven to be popular with shoppers within the segment, and their movement will be tracked by Kelley Blue Book Market Intelligence as the rest of the segment fills out in the coming months.



Source: Kelley Blue Book Market Intelligence Data

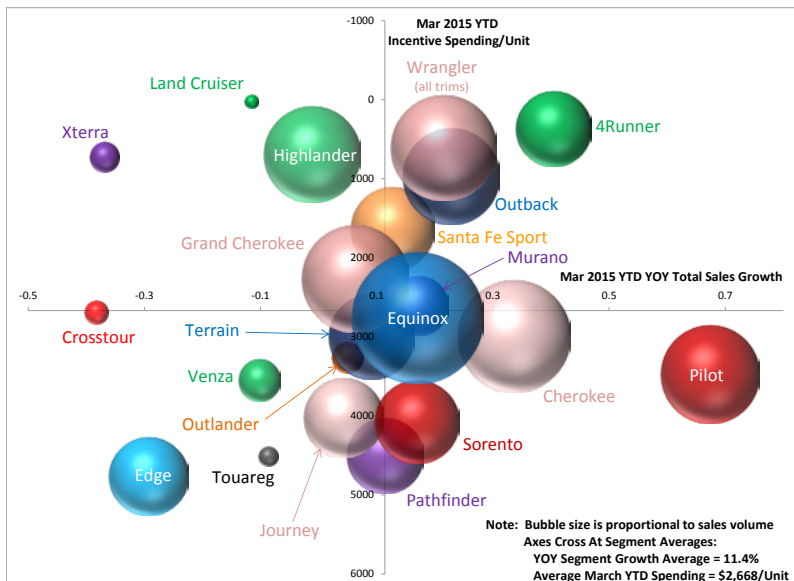
Residual Value Insights

Mid-Size Crossovers and SUVs Up More Than 12 Percent Year-Over-Year

-Eric Ibara, director of residual values for Kelley Blue Book

Mid-size crossovers and sport utility vehicles caught the wave of consumer sentiment last year, enjoying one of the strongest sales growths by segment, up more than 12 percent compared to the previous year. The momentum continued this year, with this segment notching an 11 percent year-over-year sales gain in the first quarter of 2015. For many, but not all manufacturers, this brings good news, as higher volume on vehicles with decent margins sold with moderate incentives adds to the bottom line.

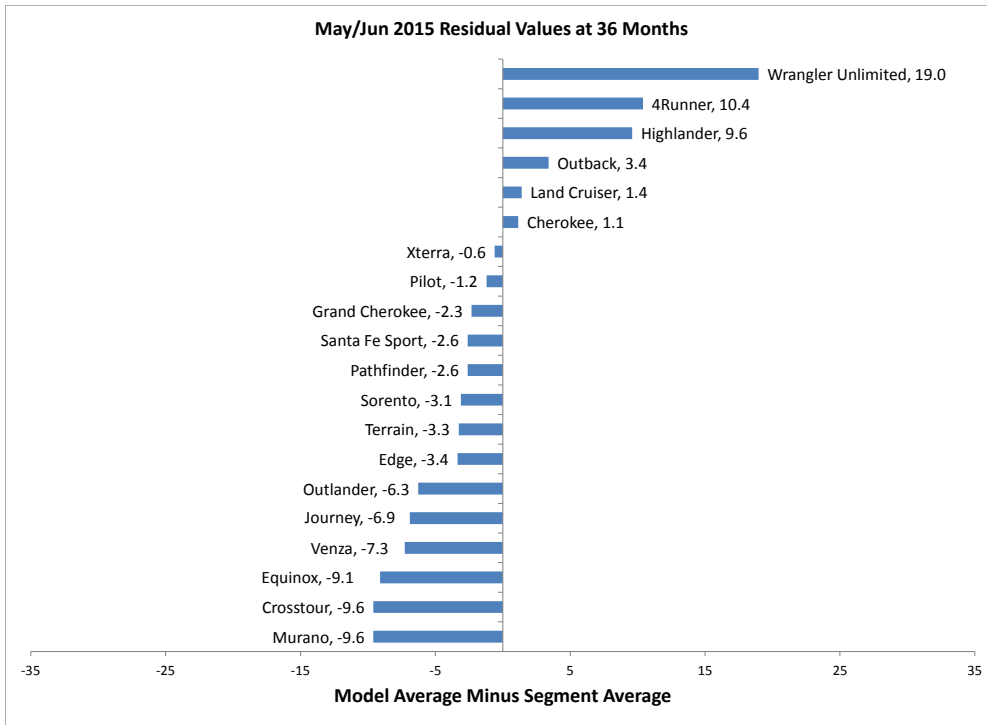
The mid-size utility segment is one of the largest of the 22 Kelley Blue Book vehicle categories when viewed by the number of nameplates in the segment (there are 21 nameplates in the mid-size utility segment alone). By sales volume, it is the fifth largest, just behind full-size trucks (compact cars, mid-size cars and compact utilities occupy the top three spots). Like many segments, a few nameplates account for the majority of its volume. The Chevrolet Equinox leads the pack with more than 65,000 sales in the first quarter, followed by a comfortable distance away by the twin offerings from Jeep, the Cherokee and Grand Cherokee. All three of these segment leaders spent close to the segment average in incentives, but while the Equinox and Cherokee managed to grow more than the segment, the Grand Cherokee was slightly behind.



Source: Kelley Blue Book Residual Value Insights

Of note are the two nameplates that are scheduled for discontinuation. The chart above shows both the Toyota Venza and the Honda Crosstour losing volume in the first half of the year, in spite of incentive spending at or above the segment average. Also notable are the Ford Edge and the Honda Pilot, as both are vehicles on the cusp of their redesigns hitting the market. While the Edge redesign appears in the 2015 model year and is currently in dealer showrooms, little of this volume is reflected in the first-quarter results. The Pilot, on the other hand, sees its redesign in the 2016 model year and will be on sale during summer 2015. Both of these vehicles spent more than the segment average in incentives in the first quarter of 2015, which is not unexpected for vehicles in their sell-down phase.

From a residual value viewpoint, it is not surprising to see crossovers and SUVs in the upper-right quadrant in the chart above lying high in their ranking by residual values. These vehicles have growth that surpasses their segment, while spending less than the segment average. In fact, all but one of the six vehicles with above average residual values spent less than the segment average in the first quarter, while the exception, the Jeep Cherokee, spent slightly more than the average. Conversely, the vehicles in the bottom half of the list all spent more than the segment average on incentives with the lone exception of the Nissan Murano, with spending that was within a hundred dollars of the average. Obviously, residual values are determined by a number of factors besides incentives, but its negative effect should not be underestimated.

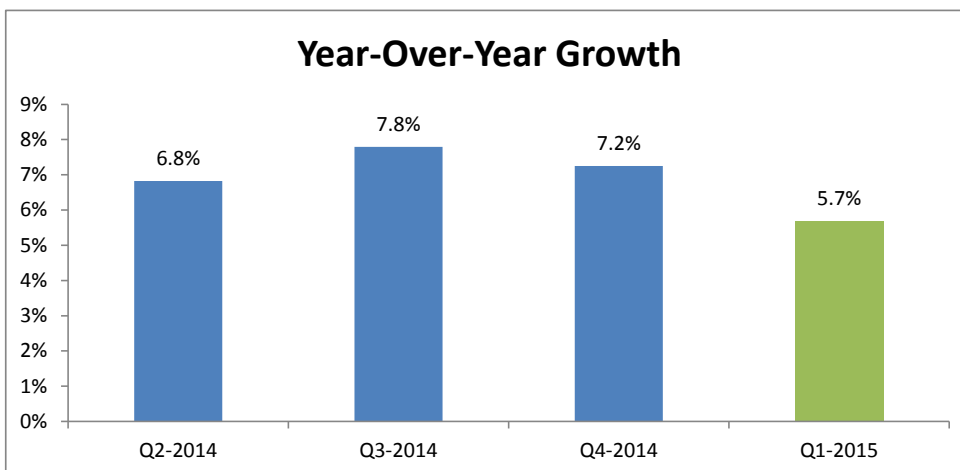


Source: Kelley Blue Book Residual Value Insights

Sales Overview

First Quarter New-Car Sales Exceed Analyst Expectations

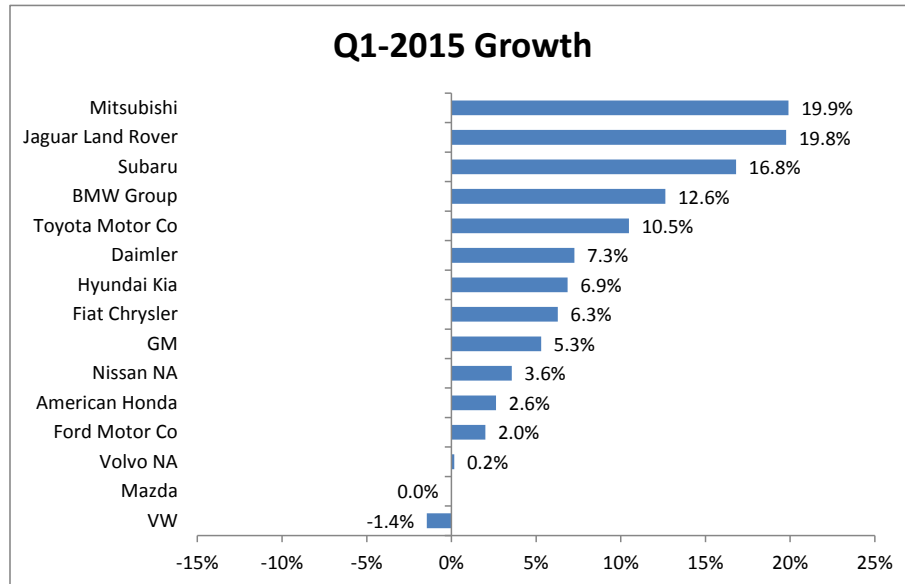
-Tim Fleming, lead product analyst for Kelley Blue Book



Based on historical data from OEM sales announcements

- First quarter sales totaled 3.95 million units, an increase of 5.7 percent year-over-year.
- The total of 3.95 million units makes this the highest volume first quarter since 2001, when full year totals hit 17.1 million units.
- Kelley Blue Book's 2015 new-car sales projection currently sits at 16.9 million units, but it should be noted that first-quarter sales exceeded our expectations. If sales for the rest of the year continue on a similar streak, the industry will certainly exceed 17 million units.

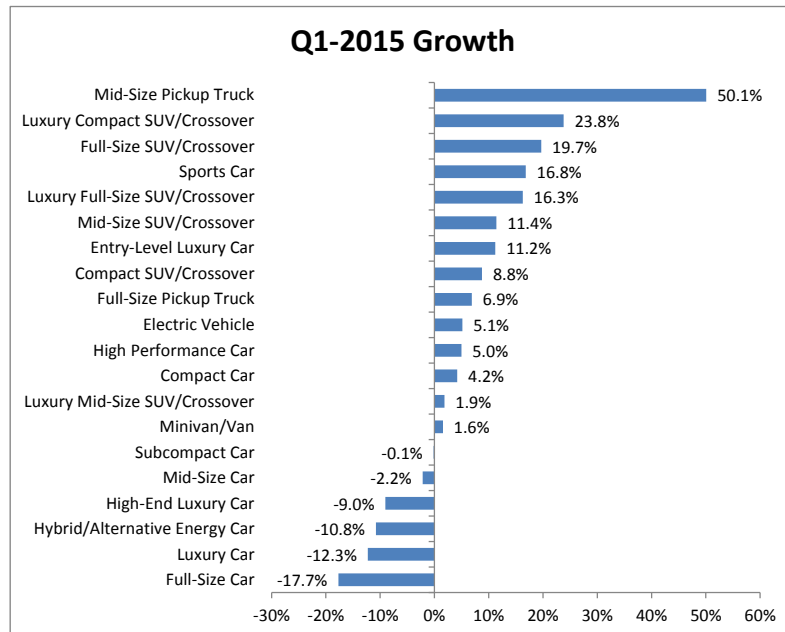
Manufacturer Overview



- Toyota Motor Company had the largest volume increase of any manufacturer, growing by 10.5 percent to 575,620 units. Toyota was led by two of its core models, the Corolla and RAV4, which gained more than 12,000 units each.
- Subaru sales continued to impress, up 16.8 percent to 131,281 units in Q1. Perhaps most impressive, Subaru's car lineup was up 23.5 percent, while all cars in the industry were up just 0.1 percent on average.
- Volkswagen Group continued to face challenges with the Volkswagen brand, as only one of their models, the Golf, made gains in the first quarter. In addition, while the Porsche and Audi brands were both up, it was due to the introduction of entry-level models in their lineups such as the Macan, A3 and Q3.

Based on historical data from OEM sales announcements

Segment Overview



- The arrival of the Chevrolet Colorado and GMC Canyon has invigorated interest in the mid-size pickup truck segment. Neglected in recent years by manufacturers in favor of their larger, more profitable trucks, these models as well as the Toyota Tacoma drove the segment's sales up more than 50 percent.
- New models in the luxury compact SUV/crossover segment such as the Lexus NX, Lincoln MKC and the Mercedes-Benz GLA-Class drove the segment to growth of 23.8 percent. However, their success has taken away from their competitors, as existing models in the segment were down 10.3 percent.
- Trucks and SUVs led the industry with growth of 10.7 percent, while cars sold just 0.1 percent more units. Last year's most popular segment, mid-size cars, lost more than a full point of share to 14 percent of the market as utility vehicles are on the rise.

Kelley Blue Book Automotive Insights

New-Vehicle Reviews

Compact, Subcompact SUV Segments Making Noise with New Model Year

-The Kelley Blue Book Editors

Enhanced and upgraded for 2015, the Honda CR-V took home the first-ever Kelley Blue Book Best Buy Award in the Small SUV category. It followed that win as the only small SUV to earn a spot on our list of 15 Best Family Cars of 2015.

The compact SUV category has been relatively quiet in 2015, but the 2016 model year is shaping up to be a busy one. GM recently unveiled refreshed versions of the Chevrolet Equinox and GMC Terrain for 2016, and Hyundai took the wraps off an all-new Tucson for 2016. Toyota also has updated the RAV4 for 2016, and the lineup will include a hybrid version for the first time. Below is the latest compact SUV coverage from Kelley Blue Book's expert editors:

2016 Hyundai Tucson First Look

"The all-new Tucson features sharper, bolder styling that brings it in line with its larger Santa Fe sibling as well as entries on the car side like the Genesis and Sonata." [Read more](#)

2016 Toyota RAV4 Hybrid First Look

"To help enhance the RAV4's appeal in what's become the hottest segment in today's automotive market, Toyota has made a number of significant changes to the entire lineup." [Read more](#)

2016 Chevrolet Equinox First Look

“The current 2015 Equinox holds nearly 10 percent of the compact crossover SUV segment and has just become the second best-selling vehicle in Chevy’s entire lineup, trailing only the Silverado. With the visual and functional upgrades on the 2016 Equinox hitting showrooms in the fall, it looks to become a more formidable foe of the Honda CR-V, Mazda CX-5 and Toyota RAV4.” [Read more](#)

2016 GMC Terrain First Look

Inside, the 5-passenger Terrain and more richly-appointed, leather-lined Terrain Denali boast more appealing trim touches with premium cloth upholstery now standard on SL and SLE and a Saddle Up leather option on offer for the SLT along with the availability of an 8-way power front passenger seat that was previously a Denali-only item. [Read more](#)

2015 Honda CR-V: A Best Buy and Best Family Car

“The CR-V’s effortless driving manners, roomy interior and reputation for reliability and efficiency have paved the way for best-seller status in a segment that is far more crowded today than when the original version debuted nearly two decades ago.” [Read more about the CR-V as this year’s Small SUV Best Buy](#)

“A new continuously variable automatic transmission (CVT) helps keep things quieter and improves fuel economy, and a few styling tweaks here and there update the appearance without going too far. Put it all together, and you have a strong contender made even stronger.” [Read more about the CR-V as one of this year’s Best Family Cars](#)

Subcompact SUVs

The 2015 model year brought with it the Chevrolet Trax and Jeep Renegade, two brand new nameplates and early entrants in the burgeoning subcompact SUV segment.

With available 4G LTE Wi-Fi and Chevrolet’s MyLink infotainment system, the Trax was named one of the 10 Tech-Savviest Cars Under \$20,000.

The Jeep Renegade nabbed a spot on that same list – thanks in large part to the automaker’s exceptionally user-friendly Uconnect infotainment system – but it didn’t stop there. The Renegade has made quite an entrance, being named to this year’s lists of 10 Most Fun SUVs, 10 Best SUVs Under \$25,000, and 10 Best All-Wheel Drive Vehicles Under \$25,000.

The segment is growing quickly, and will soon count among its ranks the all-new 2016 Honda HR-V and 2016 Mazda CX-3, both of which were unveiled at the most recent Los Angeles Auto Show. Below is the latest subcompact SUV coverage from Kelley Blue Book’s expert editors:

2015 Jeep Renegade Review

“Been yearning for a Wrangler to tool around town or the college campus? Say hello to the Renegade. It has better road manners, fuel efficiency and safety features yet still boasts a rugged SUV design.” [Read more](#)

2015 Chevrolet Trax Review

“We were pleasantly surprised at how comfortable the new Trax’s ride is and its nimbleness even at speed.” [Read more](#)

2016 Honda HR-V First Look

“Based on the same platform that underpins the new 2015 Fit subcompact, this more aggressively cast alternative is slightly larger and more spacious overall and offers an all-wheel-drive option that should enhance its appeal to the young, active-lifestyle buyers who don’t need the added size or cost of a CR-V.” [Read more](#)

2016 Mazda CX-3 First look

“Spun from the architecture used on the new Mazda2, the CX-3 fully embraces both the automaker’s SkyActiv suite of powertrain technologies and its Kodo - Soul of Motion styling language.” [Read more](#)

2015 New York Auto Show Recap

2015 New York International Auto Show

-Akshay Anand, senior insights analyst for Kelley Blue Book

The New York International Auto Show was one of the most jam-packed auto shows in recent memory, from debuts big and small, to new technology and beyond. There also were more notable sedans and coupes introduced than crossovers and trucks, which is something rarely seen at an auto show in recent years.

While several vehicles debuted, perhaps the biggest surprise was Honda showing off its Civic Coupe concept, which should look close to production form. Honda also mentioned it would bring a five-door vehicle to the U.S. market, and to the delight of many enthusiasts, introduce the Civic Type-R in the United States, as well. Compact cars have seen their share diminish as shoppers have gravitated toward utility vehicles and trucks of all shapes and sizes during the last few years. The Civic is Honda's chance to show the world that not only is the compact car segment reaching for a comeback, but it is also their chance to show the world the Civic can get back to its sporty roots.

Two other major debuts were American flagships - the Lincoln Continental and the Cadillac CT6. While the Continental was a concept, Lincoln confirmed it will reach production under the same storied nameplate and underscore the theme of "quiet luxury." Lincoln spoke at length about "finer things" such as door handles, 30-way power seats, massage functionality and more. There is no doubt China will be a critical market for the Continental. It is good to see Lincoln introduce a flagship sedan, as its current priciest sedan is the MKS, which starts at \$38,850. The Cadillac CT6 is another vehicle in Cadillac's attempt to steer the brand to compete head-on with the German luxury automakers. Cadillac needed a flagship to show consumers that it is truly a premium brand, but time will tell if consumers agree with Cadillac's notion of its brand image. Cadillac's sedans struggled with sales volume in 2014, and may continue to do so barring drastic changes in the near-term.

Non-luxury sedans also saw a healthy dose of content at this year's New York Auto Show. The Nissan Maxima, Chevrolet Malibu, Kia Optima and Scion iA all debuted. The Maxima is in a full-size sedan segment that has seen serious sales declines recently, so it will be interesting to see if the car can infuse a much needed shot in the arm for the segment. More than likely, consumers will continue to look at crossovers and luxury, which means Nissan has a tall task on its hands. The Malibu and Optima redesigns enter the ultra-competitive mid-size sedan segment, and both have a chance to creep up the sales ranks. However, with recent redesigns of vehicles such as the Toyota Camry and Hyundai Sonata in the segment, this will still be a challenge.

A technology-related theme we witnessed at the show was bigger and bigger screens, oftentimes with two screens inside a car. The new Lexus RX, one of the biggest debuts of the show, has an optional heads-up display, as well as a 12.3 inch screen in the front. The rear-seat entertainment system also has an 11.6 inch screen in the back of the front headrests, if so desired. The new Jaguar XF features a 10.2 inch screen, and the gauge cluster also can be used for infotainment functions. Want to see a map instead of traditional gauges while navigating? Done, and like many other vehicles debuting on the luxury side, the XF also has heads-up display.

Lastly, an increasing number of cars are debuting even more advanced safety systems, and some of them are doing it at very competitive prices. The new Lexus RX Safety System Plus gets you features such as dynamic radar cruise control, automatic high-beam lights, lane-keeping assist, and pedestrian detection. The price? A mere \$650, which is unheard of for advanced safety packages. We're also seeing even the lowest-priced segments receive advanced safety treatments and options. The all-new Chevrolet Spark debuted, and it can come equipped with features such as blind-spot monitors, lane-departure warning and forward-collision warning systems.

There were iconic debuts, technology systems galore, awesome supercars (Aston Martin Vulcan, anyone?) and more in New York. We can't wait to see what's in store in November at the Los Angeles Auto Show as the industry kicks off another exciting auto show season.

Brand Image Awards Accolade Usage

Kelley Blue Book Announces 2015 Brand Image Award Winners

-Kelley Blue Book Public Relations

Honda Holds Reign for Best Overall Brand; Porsche Dominates Luxury Categories; Adding to Other Recent Kelley Blue Book Award Wins, Subaru Receives First-Ever Brand Image Awards

The 2015 [Brand Image Award](#) winners, based on annual new-car buyer perception data, recently were announced by Kelley Blue Book, www.kbb.com, the only vehicle valuation and information source trusted and relied upon by both consumers and the automotive industry. The Kelley Blue Book Brand Image Awards recognize automakers' outstanding achievements in creating and maintaining brand attributes that capture the attention and enthusiasm of the new-vehicle buying public. Award categories are calculated among luxury, non-luxury and truck shoppers.

"The classic saying 'perception is reality' rings true with the Kelley Blue Book Brand Image Awards, as more than 12,000 in-market new-car shoppers have voiced their opinions about today's automakers to determine this year's award winners," said Hwei-Lin Oetken, vice president of market intelligence for Kelley Blue Book. "With strong product lineups and compelling marketing communications coming from auto manufacturers, along with the increased importance of peer reviews and ratings, consumers today are more influenced than ever to take interest in a brand, ultimately affecting their vehicle purchase decisions."

2015 Brand Image Award Winners: Non-Luxury Brands

Honda	Best Overall Brand
Subaru	Most Trusted Brand
Honda	Best Value Brand
GMC	Most Refined Brand
Subaru	Best Performance Brand
Mazda	Best Car Styling Brand

2015 Brand Image Award Winner: Truck Brand

Ford	Best Overall Truck Brand
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2015 Brand Image Award Winners: Luxury Brands

Porsche	Best Overall Luxury Brand
Mercedes-Benz	Most Trusted Luxury Brand
Buick	Best Value Luxury Brand
Porsche	Most Refined Luxury Brand
Porsche	Best Performance Luxury Brand
Porsche	Best Car Styling Luxury Brand

The 2015 Brand Image Awards are based on consumer automotive perception data from Kelley Blue Book Market Intelligence's Brand Watch study. Brand Watch is an online brand and model perception tracking study tapping into 12,000+ in-market new-vehicle shoppers annually on Kelley Blue Book's KBB.com. The highly comprehensive study offers insight into how shoppers perceive important factors driving their purchase decisions, and captures brand/model familiarity and loyalty among new-car shoppers.

For more information about the 2014 Kelley Blue Book Brand Image Awards, please visit <http://www.kbb.com/new-cars/brand-image-awards/>.

Using the Kelley Blue Book Brand Image Awards in Advertising and Communications

Awards from Kelley Blue Book's KBB.com can be a strong differentiator and provide a significant competitive advantage – but only when car shoppers know about it! Winners have a unique opportunity to leverage the trusted Kelley Blue Book name and logo to proudly tout a 2015 Brand Image Award to both current and potential customers via advertising and communications.

Kelley Blue Book does not charge any fees to use its awards/accolades/logos; it is completely FREE. Users are simply required to follow the legal guidelines for accolade usage and required approval process details provided by KBB.com.

For more information about using Kelley Blue Book awards and accolades in advertising or communications, or to obtain usage guidelines and logos, please contact Joanna Pinkham and Brenna Robinson from the Kelley Blue Book Public Relations team.

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Founded in 1926, Kelley Blue Book, The Trusted Resource®, is the only vehicle valuation and information source trusted and relied upon by both consumers and the automotive industry. Each week the company provides the most market-reflective values in the industry on its top-rated website KBB.com, including its famous Blue Book® Trade-In Values and Fair Purchase Price, which reports what others are paying for new and used cars this week. The company also provides vehicle pricing and values through various products and services available to car dealers, auto manufacturers, finance and insurance companies, and governmental agencies. Kelley Blue Book's KBB.com ranked highest in its category for brand equity by the 2014 Harris Poll EquiTrend® study and has been named Online Auto Shopping Brand of the Year for three consecutive years. Kelley Blue Book Co., Inc. is a Cox Automotive company. For more information and news from Kelley Blue Book's KBB.com, visit www.kbb.com/media/.