Autotrader, Kelley Blue Book Data Suggests Now Is a Good Time to Buy a Volkswagen

Lower prices, attractive incentives may entice consumers to choose Volkswagen

ATLANTA, Nov. 17, 2015 /PRNewswire/ -- Now is a great time to buy a Volkswagen, based on updated data from Autotrader and Kelley Blue Book. Recently released vehicle pricing, incentives and shopper interest data continues to show lower prices on both diesel and gas Volkswagen models and increasingly attractive manufacturer's new-car incentives.

"With plenty of Volkswagen inventory and most shoppers looking elsewhere, savvy consumers can take advantage of the opportunity to nab an attractive deal on a Volkswagen," said Michelle Krebs, senior analyst, Autotrader. "Consumers can choose to go the gasoline route or can still opt for a diesel model when shopping used. The EPA has published a statement indicating that affected diesel VWs are legal and safe to drive. At some point, Volkswagen will come up with a fix to its affected diesels. Our data shows that the decline in prices appears to be stabilizing, so these could be the lowest prices and the best time to buy Volkswagen."

- Listing prices continue to fall: On Autotrader, listing prices for Volkswagen diesel models and select gas models have fallen substantially from a year ago. In Autotrader's analysis of listings on its site* for the first 10 days of November versus the same period in November 2014, for Volkswagen diesel models on Autotrader, the average listing price has fallen \$1,944 per vehicle. The downward pricing trend has spread to gas-powered Volkswagen models, which are not affected by the emissions issue, but those listed on Autotrader fell by an average of \$1,111 per vehicle. Volkswagen Jetta diesel saw the biggest drop at \$5,591 per vehicle, with listing prices for the diesel versions of the Beetle and Passat falling nearly \$4,000.
- Used car prices have dropped: The Kelley Blue Book® Fair Purchase Price, which shows what consumers are paying locally in their area when buying a car, are impacted by auction prices of used cars. Kelley Blue Book's analysis show the average auction prices of Volkswagen diesel models have dropped nearly \$2,100 per vehicle since the mid-September announcement of emission problems. Average auction prices of Volkswagen gasoline models have fallen nearly \$500 in the same time span, roughly in line with the rest of the used car market.
- Actual prices paid by customers are trending down: An Autotrader analysis
 of prices actually paid by consumers indicates Volkswagen prices in total are
 trending down, suggesting November 2015 prices will be even lower than
 October/November 2014, when they were particularly low.
- New-car incentives are compelling: Volkswagen's average new-car incentive
 was \$4,700 per vehicle during October, the most of any mainstream automaker
 and fifth-highest among all automakers. It was surpassed only by luxury brands
 selling more expensive vehicles, according to Autotrader's analysis of incentives
 and figures from Autodata.
- Lower shopper interest means opportunity: Shopper interest data as
 measured by how many Autotrader visitors click on a listing of a car for sale –
 shows that shoppers currently have less interest in the Volkswagen brand. A
 lower number of potential buyers creates an opportunity for shoppers who are
 serious about buying a Volkswagen.

"On the used car side, it's important to note that we still don't know how Volkswagen's fix will affect the diesels' fuel economy and performance," said Tim Fleming, analyst for Kelley Blue Book. "If the impact is minimal, used car prices could bounce back and return to more normal levels. The market for these vehicles took a sharp decline following September's announcement, but we could see this reversed depending on the

fix. Volkswagen's TDI models have been popular among enthusiasts since they've been on the market, and those enthusiasts are sure to be following the latest news to see if they can get a great deal on their next TDI. Now is also a great time for consumers interested in a new Volkswagen. With diesels previously representing more than 20 percent of their sales, Volkswagen is keen to support its dealers during this time when the dealers are facing lower sales and profits. This translates into sweetened deals for the consumer on the new car lot. We saw increased discounting and incentives on new cars in October, but there is no guarantee that Volkswagen will continue this level of spending into future months."

*Not all Volkswagen models are listed for sale on Autotrader.

About Autotrader

Autotrader is the most visited third-party car shopping site, with the most engaged audience of in-market shoppers. As the foremost authority on automotive consumer insights and expert in online and mobile marketing, Autotrader makes the car shopping experience easy and fun for today's empowered consumer looking to find or sell the perfect new, used or Certified Pre-Owned car. Using technology, shopper insights and local market guidance, Autotrader's comprehensive marketing solutions guide dealers to personalized digital marketing strategies that grow brand, drive traffic and connect the online and in-store shopping experience.

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About Kelley Blue Book (www.kbb.com)

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 2015 Harris Poll EquiTrend® study and has been named Online Auto Shopping Brand of the Year for four consecutive years. Kelley Blue Book Co., Inc. is a Cox Automotive company.

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