

New Mercedes-Benz CLA Outshines Aging C-Class, According To Kelley Blue Book

Upcoming C-Class Redesign Anticipated to Grab Back Sales, Market Share from CLA

IRVINE, Calif., Jan. 9, 2014 /PRNewswire/ -- The latest entry-luxury sedan to join the [Mercedes-Benz](#) lineup, the [2014 CLA](#), is closing the gap on its outdated sister model, [C-Class](#), with stronger average transaction prices, projected resale value and shopper interest, as well as lower incentive spend by the automaker, according to Kelley Blue Book www.kbb.com, the leading provider of new and used car information.

(Logo: <http://photos.prnewswire.com/prnh/20121108/LA08161LOGO>)

"Mercedes-Benz is looking to increase its reach in the entry-luxury category with the CLA, and the initial numbers suggest they've succeeded," said Karl Brauer, senior analyst for Kelley Blue Book. "Though touted as a sub-\$30,000 car, the CLA is transacting in the mid-\$30,000 range, or at roughly the same price as the outdated C-Class generation. As the newer and arguably more attractive sedan in this price range, the CLA has an advantage over the stodgier C-Class. This is clear in the higher residual value and lower incentive spend recorded for the CLA; however, this should change when the all-new C-Class is revealed next week at the Detroit auto show. Expect Mercedes-Benz to bump the new C-Class' price and drop its incentive spend to distance it from the CLA."

Average Transaction Prices

Make	Model	Trim	Sep-13	Oct-13	Nov-13	Dec-13	Q4-13
Mercedes-Benz	2014 CLA-Class	CLA250 Coupe 4D	\$36,564	\$36,744	\$36,988	\$36,605	\$36,821
Mercedes-Benz	2014 C-Class	C250 Sedan 4D	\$38,028	\$36,226	\$37,570	\$37,685	\$37,124

Incentive Spend Per Unit

Make	Model	Sep-13	Oct-13	Nov-13	Dec-13
Mercedes-Benz	CLA-Class	\$0	\$572	\$557	\$545
Mercedes-Benz	C-Class	\$2,804	\$2,884	\$3,128	\$3,104

Although marketed as an entry-level option for those interested in the prestigious Mercedes-Benz brand, the CLA has been commanding a premium price well beyond its advertised \$30,000 price of entry since launch.

"Those quick to scoop up the CLA have shown no hesitation in loading the vehicle with extra options to meet their needs, which has pushed transaction prices near the higher priced C-Class," said Alec Gutierrez, senior analyst for Kelley Blue Book. "This is especially impressive considering the miniscule amount of incentive spend Mercedes has put behind the CLA. Although prices are up today, we expect to see them dip in the months ahead as early adopters that tend to load up on options get their fill. While the CLA is clearly getting the attention of luxury shoppers looking for an affordable option, a redesigned 2015 C-Class, which is expected to move the model line upmarket, should help to differentiate the C-Class from the CLA and further cement Mercedes' position in the quickly growing entry-level luxury category."

Residual Values*

Make	Model	36-Month Percentage of MSRP
Mercedes-Benz	CLA-Class	56%
Mercedes-Benz	C-Class	52.5%

*Residual values used are based on the January/February 2014 Kelley Blue Book® Residual Value Guide. Percentages based on the 36-month residual value.

With the CLA, Mercedes-Benz has brought to market a vehicle that has popular appeal and due to its pricing strategy, is expected to retain its value better than the aging C-

Class.

"Although not quite segment-leading, the CLA is forecast to be the brand's top residual value sedan across its entire lineup, except for the high-performance C63," said Eric Ibara, director of residual value consulting for Kelley Blue Book. "That, of course, could change with the redesign of the C-Class based on the model's performance and stylistic revisions in relation to any price change."

Shopper Interest: KBB.com Month-Over-Month Share of New-Car Traffic

Make	Model	Apr-13	May-13	Jun-13	Jul-13	Aug-13	Sep-13	Oct-13	Nov-13	Dec-13
Mercedes-Benz	CLA-Class	89.6%	8.4%	8.6%	55.9%	30.1%	222.7%	36.4%	-15.9%	-9.6%
Mercedes-Benz	C-Class	-5.4%	1.0%	-2.2%	4.2%	11.2%	-2.4%	2.3%	-20.1%	-2.1%

"As the CLA gained more traction, there has been cannibalization that has taken place between the CLA-Class and C-Class," said Mark Williams, analyst for Kelley Blue Book. "In fact, once the CLA was live on KBB.com, there was a dip in C-Class share of traffic. The CLA's Web traffic continued to increase after it arrived in showrooms, yielding an astounding increase of 340 percent from August 2013 to October 2013. The surge in shopper interest positioned the CLA as the most popular Mercedes-Benz model for the first time on KBB.com, surpassing both the C-Class and E-Class in October 2013."

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 and Suggested Retail Values, and Fair Purchase Price, which reports what others are paying for new 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. For two years running, Kelley Blue Book's KBB.com ranked highest in its category for brand equity and was named Online Auto Shopping Brand of the Year in the 2012 and 2013 Harris Poll EquiTrend® study. Kelley Blue Book Co., Inc. is a subsidiary of AutoTrader Group, which includes AutoTrader.com, vAuto, VinSolutions and HomeNet Automotive. AutoTrader Group is a majority-owned subsidiary of Cox Enterprises.

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