

CAROCP MARKET WATCH

(A Monthly Trends & Forecasting Report)
June 2005

A HYBRID IN EVERY GARAGE

Hybrids, suddenly, are becoming the feel-good phenomenon of the decade. With gasoline prices up 23 percent from a year ago—hybrid sales have more than doubled so far this year compared with the same period in 2004. Some industry experts foresee a hybrid in every garage, though others think it could all be one big fad. A number of automakers, led by Toyota, Honda, and Ford, are betting that a new lineup of hybrids will become America's next must-have vehicle. Toyota predicts that within 20 years, virtually everything on the market is going to be a hybrid.

Higher gas mileage may mean fewer stops at the filling station, but that doesn't mean hybrids necessarily save money. The battery pack, extra motor, and other technology that come with a hybrid typically add \$3,000 to \$4,000 to the base price of the car. Even with gas at more than \$2.00 per gallon, fuel savings may not pay for the premium. So far, hybrid buyers have been wealthier and better educated than car shoppers overall. Automakers see that as an opportunity to market hybrids as a premium feature, like a navigation system or leather interior. [U.S. News and World Report](#), May 9, 2005

REAL ESTATE GOLD RUSH

This country is obsessed with real estate. Eighty-six books on real estate investing were published last year, three times as many as in 1998. Nationally, all levels of real estate activity are at all-time highs. Speculators have emerged to exploit the hot business cycle of the moment. They snap up real estate, flip it, and then chase the next hot market. They're the new day-traders and investing in real estate is their life. They are quasi-pro and amateur investors driven by the idea of becoming financially independent. Like any game, those who get in early and in the middle make money. Those at the end are left holding the bag. Hottest markets have included Riverside-San Bernardino, Las Vegas, Reno, Los Angeles-Long Beach, Anaheim-Santa Ana, San Diego and Sacramento. Experts say that some areas are cooling off and Phoenix is the new Las Vegas. [Fortune](#), May 30, 2005

GOOD JOBS FOR A "RECARER"

The U.S. Bureau of Labor Statistics has determined fields that will have critical work force needs in this decade and beyond. They are the country's top five fastest-growing career fields: computer and data processing, healthcare, cable and pay television services, personnel services and residential services (plumbing, electrical, handyman). Most young people who would be the logical ones to fill these hot jobs don't seem interested in them. They are all good selections for those looking to make a career change or "recareer." [The Fresno Bee](#), May 8, 2005

THE GREAT DATA HEIST

Corporate America is finally owning up to a long-held secret: It can't safeguard private information about its customers. It is estimated that four million people's identities have been compromised since mid-February alone. Why have we heard so much about identity theft in recent months? Credit a California law requiring firms to notify its customers when their confidential, non-encrypted information has been breached.

Over the past few years, cheaper database software and storage devices have made it much easier for companies to gather and save private information about their customers, presenting a tempting and surprisingly easy target for identity thieves. A recent survey by the FBI found that 40 percent of all companies confront an attempted information heist each year. Boosting spending on IT security alone won't help. Secure information typically walks out the door in one of three ways: hackers grab it, employees steal it, or companies lose it through incompetence, poor gate keeping, bad procedures, or some combination of the three. Fortune, May 16, 2005

PHISHING IS SO 2004

This year's new web threats are "pharming" and "evil-twins." Many consumers have grown savvy to "phishing" scams, which use fake e-mails that appear to come from banks or other businesses to con recipients into supplying personal data over the Web. So thieves have come up with new tricks to steal identities online that are even harder to detect. Two of these scams with some of the most damaging potential are called evil-twins and pharming.

Evil-twins are wireless networks that pretend to offer trusty Wi-Fi connections to the Internet like those available at some coffee shops, hotels and conferences. On a laptop screen, an evil-twin Wi-Fi hot spot can look identical to one of the tens of thousands of legitimate public networks that consumers log-on every day, sometimes even copying the sign-in page. But that's just a front and thieves who set up the connections attempt to capture any passwords or credit card numbers that consumers using the link may type.

In pharming, thieves redirect a consumer to an imposter web page even when the individual types the correct address into his browser. They can do this by changing or poisoning some of the address information that Internet Service Providers (ISPs) store to speed up Web browsing. Some ISPs and companies have a software bug on their computer servers that lets hackers change those addresses.

To protect themselves, consumers should turn a laptop's Wi-Fi function off when not in use to avoid accidentally connecting to an evil-twin. The Orange County Register, May 22, 2005

OVERHAULING THE B-SCHOOL SYLLABUS

Rensselaer Polytechnic Institute in Troy, New York launched a new syllabus-free curriculum last fall that could revolutionize MBA education. The Rensselaer MBA is broken down into five “streams of knowledge” integrating all topics with a focus on real-world business simulations and projects. Teaching teams rely on faculty collaboration. The textbooks are magazine and newspaper articles. There is a trend among other small MBA programs to remake curriculum focusing more on integrated electives that require professors to work together. [BusinessWeek](#), May 16, 2005

NEW CANCER DRUGS AT STEEP PRICES

A new generation of drugs is revolutionizing cancer care, but at a staggering expense. The new drugs specifically target cancer cells, unlike chemotherapy which also attacks healthy tissue. The “targeted” drugs are seen as an advantage because they are easier on patients than the harsh drugs used in chemotherapy. Just a handful of targeted drugs have reached the market, but new ones are under intense study at pharmaceutical firms. The big question that has not been addressed is how much society is willing to pay for them. The cost of two targeted drugs for a breast cancer patient in a recent research study was nearly \$8,000 per month. [The Los Angeles Times](#), May 14, 2005

DO THE RIGHT THING

A lot can happen during the 18 to 24 months when an editor commissions a book until it appears in stores. However certain themes, including the need to do the right thing, are timeless in business writing. A new crop of books offers interesting perspectives on doing what is “right.”

In [Moral Intelligence](#), Doug Lennick and Fred Kiel talk about a “moral compass” which they define as the ability to differentiate right from wrong. [The Etiquette Advantage in Business](#) is an updated and condensed version of the book published six years ago by Peggy Post and Peter Post, relatives of the late Emily Post. It concentrates on what is most essential to your personal and professional success and has a new chapter on the importance of behaving ethically at all times. Ethics have always been an important part of business etiquette. The Posts describe ethics not as a set of ironclad rules, but common sense driven by being considerate, respectful and honest with others. [Make Your Own Luck](#) by Eileen Shapiro and Howard Stevenson of the Harvard Business School and [All Marketers Are Liars](#) by Seth Godin, are two other books which discuss “authenticity” and “moral intelligence.” [The Orange County Register](#), May 8, 2005

BLINK—THE SCOOP ON SNAP JUDGMENTS

Snap judgments play a powerful role in your life according to Malcolm Gladwell, author of the best-selling book, *Blink*. Gladwell interviewed hundreds of people and found that what happens in the blink of an eye often is more accurate and effective than deliberate, conscious decision-making. It started as an evolutionary necessity. Cavemen had to decide immediately who or what was a threat. This phenomenon is called “thin-slicing.” In about two seconds the brain grabs information from our environment, then slices it intuitively to determine what is most essential and pertinent so we can decide how best to react. “Thin slicing”—reacting instinctively to unpredictable situations—is important in basic survival, complex situations and in real life. After reviewing only 15 minutes of a videotape, a psychologist can predict with 90 percent accuracy whether a couple will stay together. The author believes that more data is not always better. The key is to figure out what information is most important and avoid letting biases get in the way. Bottom Line Personal, May 15, 2005

DON'T BE A NETCOMPOOP WITH E-MAIL

A recent report estimated that over seven trillion e-mails were sent worldwide last year. The average office worker now gets between 60 and 200 messages a day. E-mail abuses abound. In fact some nicknames have evolved for the abusers.

Forwardmaniacs – People who forward everything to everyone they know.

Replybroadcasters – People who have never noticed both the “Reply all” and the “Reply” icons so use “Reply all” exclusively thereby generating enormous quantities of unnecessary e-mail.

Beeseeseers – People who send blind copies to various members of a group while maintaining the facade of open and direct communication with all parties.

Beeseeseeoopsers – People who accidentally forward a message sent via BCC to the person who wasn't supposed to see it.

Detachmentiacs – People who always forget to attach the attachment and have to send a second message.

Here are some tips that will make your e-mail communications more effective:

- Be clear and concise, consider using bullet points.
- Always reread your message and double-check for incorrect grammar and misused words.
- Verify the recipient line before hitting send.
- Practice the 24 hour rule when you're upset.
- Avoid abbreviations.

Advantage, May/June 2005 and The Orange County Register, May 9, 2005

THE SPACE RACE

Satellite radio service has more than 100 niche channels that feature sports, comedy and commercial-free music. You can listen to your favorite music or the latest sporting event while driving across the country, as long as you get a clear satellite signal. And in some cases, you can take the service into your home or to the beach.

The battle raging between satellite radio providers XM and Sirius began in the car and moved to the stars, with each company spending millions to snag the biggest celebrities, sports leagues, and deals with automakers and airlines. While Sirius may have bigger names, XM has better technology. Here's how they stack up:

| Sirius | XM |
|---|---|
| Started in July 2002 | Started in November 2001 |
| Number of Channels 120 | Number of Channels 152 |
| Cost \$12.95/month | Cost \$12.95/month |
| Where you'll find it: In DaimlerChrysler, BMW, Ford, and Mitsubishi cars; Hertz rental cars | Where you'll find it: In GM, Honda, Toyota, and Hyundai cars; Avis, National, and Alamo rental cars; on AirTran and JetBlue flights |
| Revenue 2004: \$67 million Q1 2005: \$43 million | Revenue 2004: \$244 million Q1 2005: 103 million |
| Subscribers 1.5 million | Subscribers 3.8 million |
| Big Backers DaimlerChrysler, Apollo Management, Blackstone Partners, Oppenheimer Funds | Big Backers General Motors, Honda, Fidelity Management |

Fortune, May 16, 2005

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