Ford Enters Luxury Hybrid Market With Lincoln MKZ

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DETROIT (AP) — Ford Motor Co. will become a player in the small market for luxury hybrids this fall when it launches its first Lincoln hybrid, a gas-electric version of the 2011 Lincoln MKZ.

Ford says the hybrid MKZ — to be introduced Wednesday at the New York International Auto Show — will be the most fuel-efficient luxury sedan on the market, getting an estimated 41 miles per gallon in city driving. By comparison, the Lexus HS 250h gets 35 miles per gallon.

Lexus, Cadillac and Mercedes Benz offer luxury hybrids, but sales have been modest. Lexus' top-selling hybrid, the RX 450h wagon, had total sales of 14,464 last year, down 5 percent from the year before. By comparison, sales of the non-hybrid RX 350 shot up 11 percent to more than 93,000, according to AutoData Corp.

Rebecca Lindland, an auto analyst for IHS Global Insight, said hybrid sales still make up less than 3 percent of the market, while luxury sales make up just 12 percent.

"They're playing in a very, very small sandbox," she said.

Hybrids aren't seen as performance vehicles, which turns off many luxury buyers, Lindland said. They also send a different message some luxury buyers want to convey.

"The image of a hybrid is much more about how you're saving the world," she said. "The image of a premium vehicle is that you've been dominating the world."

But Ford sees opportunity for growth in the luxury hybrid market. John Felice, general marketing manager for Ford, Lincoln and Mercury, said Ford's research shows half of large luxury sedan buyers are interested in hybrids, a number that has been growing.

The MKZ hybrid will have the same 2.5-liter, four-cylinder engine and electric motor as the Ford Fusion hybrid. It will be able to go up to 47 miles per hour in pure electric mode.

Felice said Ford hopes the Lincoln hybrid will pull in new, younger and more affluent buyers, as the Fusion hybrid has done. Sixty-three percent of Fusion hybrid buyers have come over from a different brand, compared to 44 percent of regular Fusion buyers, Felice said.

Ford didn't reveal pricing, but Felice said it will be competitive. The non-hybrid 2010

MKZ starts at $34,225, about $400 less than the Lexus HS 250h. The Fusion hybrid is $27,950, or $8,255 more than the base Fusion.

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