

Toyota's Pain Means Big Breaks For Big 3

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DETROIT (AP) — Toyota's pain is its rivals' gain.

All major automakers but Toyota reported higher U.S. sales in February, and most took customers from their powerful Japanese competitor, which has been struggling with a series of massive safety recalls.

Toyota Motor Corp. said its U.S. sales fell 9 percent last month, while Ford, GM, Nissan, Honda and Hyundai all reported double-digit growth compared with February of 2009, at the depth of the recession.

The gains may have been even higher without the blizzards that paralyzed the East Coast.

Other winners included Kia Motors Corp. and Subaru. Even struggling Chrysler Group LLC saw improvement. Toyota, by contrast, suspended sales of eight popular models in late January. And it spent last week answering questions from Congress about its safety record.

"We feel we're getting our fair share of the Toyota business," said Susan Docherty, vice president of marketing at GM, whose sales rose nearly 12 percent.

February was the first full month since Toyota's Jan. 26 decision to halt sales of some of its vehicles in the U.S. because of safety concerns. Those vehicles went on sale again as dealers repaired them, but Toyota's image suffered from the recall of millions of vehicles and congressional hearings on its safety record. The Japanese automaker jacked up incentive spending to lure buyers.

Ford Motor Co. posted a 43 percent jump in February U.S. auto sales and outsold General Motors Co. for the first time in nearly a dozen years as it grabbed customers from struggling Toyota. Ford sold 334 more cars than GM in the U.S. for the first time since August 1998, when GM was in the midst of a strike.

Most big automakers reported that sales to rental car companies and other fleet buyers also were strong as companies began buying again after cutbacks last year. Fleet sales generally mean lower profits to automakers than retail sales to individuals.

Chrysler, for example, said its February sales rose half a percent, its first year-over-year monthly increase since December of 2007. The company credited strong fleet sales, but it would not release a number. Car sales rose 38 percent, but truck sales dived 28 percent.

Hyundai Motor Co. said its sales rose 11 percent, driven by sales of the new Tucson

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small SUV, which more than doubled. The company's redesigned Sonata midsize car saw sales rise 58 percent.

Docherty said GM won over some Toyota buyers who left the Japanese carmaker due to the recalls. Chevrolet car sales to individuals rose 10 percent in February, an indication that GM is taking some of Toyota's core market, she said.

Mike DiGiovanni, GM's top sales analyst, said he expected that trend to continue into the spring.

Most carmakers offered deals to Toyota customers for trading in their vehicles. According to the automotive Web site Edmunds.com, incentive spending rose 11 percent from January to \$2,588 per vehicle. Toyota's incentive spending rose 26 percent, to \$1,833 per vehicle.

GM's sales of its Buick, Chevrolet, Cadillac and GMC brands climbed 32 percent. GM plans to keep those four brands and is phasing out Pontiac, Saturn and Hummer. It has sold Saab.

The industry was expecting to see gains over February 2009, which was one of the weakest months in a very depressed year. Sales over President's Day weekend — which traditionally kicks off the spring selling season — were robust, according to Edmunds.

Still, winter storms at the beginning and end of the month hurt sales on the East Coast and in the Midwest. GM said its sales dropped 22 percent in the Northeast region. The corridor from Boston to Washington typically accounts for about a quarter of the automaker's U.S. sales.

"Three and a half feet of snow on these cars. It took our dealers a bit of time to get all that snow off here and get the customers back into the showrooms," Docherty said.

GM's DiGiovanni said sales probably would have been 5 percent higher had it not been for snowstorms. That means the gradual economic recovery is continuing despite setbacks in home sales, new home construction and unemployment, he said. Consumer confidence — which is measured by how much buyers spend — took an unexpected dive in February, indicating people are nervous about the economy.

Much of GM's sales increase was due to demand for large new wagons such as the Chevrolet Equinox, which jumped 133 percent, and the Cadillac SRX, which saw sales more than quadruple. Those two models are the size of SUVs but are built on a car frame for better fuel economy.

Retail sales for GM's four remaining brands edged up 7 percent.

Ford had expected sales to climb from last February, when U.S. sales plummeted in the midst of the recession. Last month, its car sales climbed 54 percent as

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consumers continued to shop for more fuel-efficient vehicles. Like GM, Ford saw renewed demand from corporate fleet customers. Ford's fleet sales surged 74 percent over February of last year, while GM's jumped 114 percent.

South Korea's Kia saw U.S. sales rise 9 percent on brisk demand for its Sorento and Soul, a boxy vehicle aimed at city dwellers. Japan's Honda Motor Co. said sales rose 13 percent, lifted by its top-selling Accord sedan, while Nissan Motor Co. sales surged 29 percent as Versa subcompact sales doubled. Subaru reported a 38 percent jump.

Subaru's sales were led by the Outback wagon and Legacy sedan, both of which were redesigned for the 2010 model year. Sales of its Forester small SUV were up 6 percent.

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AP Auto Writer Tom Krisher in Detroit contributed to this report. Strumpf reported from New York.

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