Automakers See Slight Sales Slip In April

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DETROIT (AP) — U.S. car shoppers took a wait-and-see approach in April. They eased up on purchases as the lure of big incentives faded and hoped summer would bring a new flurry of deals.

Automakers will have to match incentives from Toyota Motor Corp. at least through Memorial Day. Toyota said Monday it will continue to offer zero-percent financing and two years of free maintenance on the Camry, Corolla and other vehicles through June 1. It's also offering unprecedented deals on its Lexus luxury brand, including special lease offers, a $1,000 loyalty award for previous owners and a six-month waiver on payments.

The industry stayed on the road to recovery in April, with sales up 20 percent over last April's dismal numbers and most major automakers seeing double-digit gains, according to AutoData Corp. But sales slipped 8 percent from March, when Toyota launched record-high incentives after a series of safety recalls.

Incentives continued in April but were 5 percent lower as automakers reined in spending on promotions. Jessica Caldwell, an industry analyst with auto information website Edmunds.com, said incentives generally lose their luster after a few weeks.

"April gave us a sense of what true demand is out there," Caldwell said. "There was no holiday weekend and it was tax time. The sales we got in March were not really sustainable."

Toyota says it will continue offering higher incentives in the short term. But in the longer term, the company plans to focus less on the deals and more on its vehicles' attributes.

"Long term we've got to rebuild the brand to remove any questions or cautions consumers have on the street," Toyota Group Vice President Bob Carter said Monday during a conference call with analysts and media.

Toyota's continuation of its incentives indicates the company has doubts about its sales, said Erich Merkle, president of the consulting company Autoconomy.com in Grand Rapids, Mich. But he doesn't expect widespread adoption of aggressive incentive campaigns. Sales are rebounding and most automakers have low inventories, Merkle said. In the past, automakers used incentives to sell down bloated inventories.

"Automakers are being very cautious," he said.

Even though incentives fell in April, Ford Motor Co. cited a recent University of

Michigan consumer survey that indicated the number of people who think it's a good time to buy a car is at a five-year high.

And there were still plenty of bargains. Honda Motor Co. spent a record $1,787 per vehicle in April, while Toyota spent $2,498, down $245 from record-high levels in March, Edmunds.com said. General Motors Co. spent $3,273 per vehicle, but that was skewed by high incentives on the brands it is discontinuing.

Toyota's sales rose 24 percent for April but slowed 16 percent from March, a steeper decline than some others reported.

Ford's April sales rose 25 percent. Ford said F-Series sales jumped 42 percent thanks to the new Super Duty truck. GM also reported an 8 percent jump in full-size pickup sales.

Pickup sales are an indicator of economic health, Merkle said.

"We're seeing an increase in construction jobs, we're seeing homes built starting to improve. With that you also see pickup truck sales starting to improve," he said.

GM said sales climbed 6.4 percent. After taking out brands the automaker is phasing out or selling, GM sales rose 20 percent thanks to new products like the Chevrolet Equinox and Buick LaCrosse. GM's four remaining brands are Chevrolet, Buick, GMC and Cadillac.

"We'll be judicious with our incentives," said Steve Carlisle, GM's new vice president of sales. "We'll be competitive but not foolish."

GM said it spent $100 less per vehicle in April than in March.

Ford's top U.S. sales analyst George Pipas said the dip from March to April was insignificant. Along with the incentives, March benefited from pent-up demand because some buyers couldn't shop during February snowstorms, he said.

Automakers said they're continuing to see slow and steady recovery in the auto market. Most predict annual sales in the 11 to 12 million range, above last year's 30-year low of 10.4 million vehicles.

"We still remain very confident on the slow but moderate growth that we've seen for the industry," Toyota's Carter said.

Other sales results included:

— Chrysler Group, which has struggled much of the year, reported a 25 percent sales increase led by a minivan promotion that drove sales up 68 percent. Ram pickup sales dropped a troubling 20 percent, however. Chrysler's sales bucked industry trends and rose 3 percent over March.

— Honda's sales rose 12.5 percent over April of last year, while Nissan Motor Co.'s

April sales rose 34 percent led by higher demand for the Rogue crossover and the newly released Cube hatchback.

— Hyundai Motor Co.'s sales increased 30 percent thanks to the Sonata midsize sedan, while Kia Motors Corp.'s sales rose 17 percent on strong demand for its newly released Sorento crossover and Forte sedan.

— Subaru's U.S. sales soared 48 percent. Its Outback small wagon doubled in sales from April of last year.

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