

Nissan Boosts U.S. Efforts To Prevent Japan-Like Disaster

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TOKYO (AP) — Nissan is hoping to steal U.S. sales from its Japanese rivals, who have been harder hit by the March 11 earthquake and tsunami in Japan.

In a memo sent Thursday to dealers, Nissan North America Vice President Al Castignetti said Nissan is in a "much healthier position" than Toyota Motor Corp. and Honda Motor Co. in terms of U.S. inventory. That's because its factories in Japan and North America have recovered more quickly from damage and supply shortages. The automaker plans to offer more aggressive incentive deals toward the end of May to capture customers.

"We have the opportunity to collectively 'rev the Nissan engine' and grow market share beginning this month," Castignetti wrote in the memo.

The memo came the same day Nissan Motor Co. reported a \$380 million profit for the January-March period, reversing a \$143 million loss a year earlier, even with production slowdowns caused by the earthquake. Quarterly sales jumped 10 percent to \$29 billion.

Nissan had a 64-day supply of cars and trucks in the U.S. at the start of May, Castignetti said, higher than the 48 days at Toyota and 36 at Honda. Nissan, which cut incentive spending in April to avoid blowing through its car supply, feels it can offer better deals now. The company was already offering the most generous deals among Japanese automakers in the U.S. last month. Incentives per vehicles were \$2,309, according to car pricing site TrueCar.com.

Castignetti said supplies of some cars will be tight and there will be some restrictions on colors because of the lack of a shiny pigment that is only made in Japan. The electric Nissan Leaf and Nissan Cube are among the cars sold in the U.S. that the company makes in Japan.

Rivals won't let those customers go without a fight. Toyota, which also lowered incentive spending last month to conserve supplies, plans to offer more deals starting this weekend, spokesman Mike Michels said. Deals will vary by region. Toyota spent an estimated \$1,625 per vehicle on incentives in April, down 18 percent from March, according to TrueCar.

Honda spokesman Gary Robinson said Honda has an incentive plan in place and won't respond to any increases from Nissan or Toyota. Honda has removed some incentives from vehicles in short supply, like the Honda Insight hybrid, Robinson said. But others remain in place, such as a zero-down lease offer on the CR-V crossover. Honda spent \$1,915 per vehicle on incentives in April, down 17 percent

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from March.

Tight supplies will ease later this year. Production at Nissan plants worldwide will be back at pre-disaster levels by October, after which the company will make up for lost production, Nissan Chief Executive Carlos Ghosn said.

Toyota's Michels said supply of some of Toyota's most popular models, including the Camry midsize car and the Corolla compact, is improving as production returns to more normal levels following the quake. The company said Wednesday that it will return to full production next month for eight models made in North America, including the Camry, Corolla, Venza crossover and Sienna minivan.

The magnitude-9.0 earthquake and tsunami on March 11 destroyed key auto parts makers in northeastern Japan and killed more than 25,000 people. Ghosn paused at the start of the news conference to ask that all deaths from the disaster be remembered, including the deaths of five Nissan employees.

But Nissan is showing it can bounce back, he told reporters at Yokohama headquarters.

"Nissan is once again proving its resilience in the face of adversity," Ghosn said.

For the fiscal year through March 2011, profit at Nissan totaled \$3.9 billion, more than seven times what it earned the previous year when it was still recovering from the global financial crisis. Annual sales jumped nearly 17 percent to \$108 billion.

Nissan sold 4.9 million vehicles for the fiscal year, up 19.1 percent. Global auto sales have grown 12.6 percent during that period.

Nissan's sales in China, its largest single market, reached a record 1.02 million vehicles for the fiscal year, up 35.5 percent. Although Nissan sold fewer vehicles in Japan year-over-year, sales were up in the U.S., Europe and South America.

U.S. sales rose 12.2 percent from a year earlier in April, riding on the back of the popularity of the Altima sedan. That's in contrast to Toyota, whose reputation has been hurt by massive recalls. Toyota's U.S. April sales gained just 1 percent.

Toyota's quarterly profit plunged by more than 75 percent, despite doubling its annual earnings. Honda Motor Co. said its quarterly profit dropped 38 percent, and it doesn't expect to return to full production in Japan until the end of the year.

Nissan's Ghosn did not forecast earnings for the current fiscal year through March 2012, but promised projections would be ready by a shareholders' meeting in June.

He said the company is preparing for the risk of further electricity shortages in Japan.

The tsunami sent one nuclear plant to the brink of a meltdown, and safety concerns have prompted the government to ask that another nuclear plant be shut down,

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possibly creating severe power shortages, especially in summer months when demand shoots up.

Nissan will conserve energy and is considering adding nighttime production and in-house generation, said Ghosn.

Nissan is also addressing fears about radiation contamination. In March, Nissan began testing radiation levels of its products before shipping.

"Our recovery is going smoothly and robustly," Ghosn said. "Fiscal year 2010 was a record year for Nissan in terms of sales and growth."

Nissan shares rose 1.4 percent to 795 yen in Tokyo trading, shortly before earnings were announced.

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