

Big Sales For Small Cars In February

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DETROIT (AP) — Many automakers reported strong sales for February as Americans snapped up smaller cars to offset high gas prices.

Companies from Ford to Volkswagen reported double-digit increases in U.S. sales last month. Even General Motors, which pulled back on big discounts, eked out a slight gain.

The results show that industry is on pace for a third straight year of improving sales after bottoming in 2009 during the financial crisis. Carmakers see several encouraging trends. The average car on U.S. roads is now a record 10.8 years, so there is an increasing need to replace older vehicles. Credit availability is improving, bringing more people back into the market. Japanese automakers have largely recovered from last year's earthquake and now have more cars to sell. And consumer confidence rose dramatically in February, making people more likely to consider a big-ticket purchase.

Sales were strong in January, and February is looking equally good. After all major car companies report their results Thursday, analysts expect sales of 1.1 million cars and trucks for the month.

Based on those strong results, the consulting firm LMC Automotive predicts sales of 14 million this year, up from an earlier forecast of 13.8 million. Last year's sales reached 12.8 million.

Chrysler's February sales rose 40 percent from a year earlier as it sold nearly 134,000 new cars and trucks. All of its brands showed at least double-digit increases. Chrysler was helped by an easy comparison with last February, when sales were relatively low because many of its revamped models were just arriving in showrooms.

Chrysler's tiny Fiat 500 had its best sales month ever, thanks in part to rising demand for more fuel-efficient cars. But the Ram pickup also saw sales climb 21 percent. Sales of the Chrysler 200 midsize sedan more than quadrupled from a year earlier, while sales of its 300 full-size sedans rose more than five times.

Ford sales rose 14 percent, mostly on demand for the Focus compact car. Focus sales more than doubled to 23,350, making it the best February for the Focus in 12 years.

Most of Ford's other cars saw sales declines, in part because the newer Focus pulled sales from them. Ford also saw a 26-percent increase in sales of the F-Series pickup, helped by cash-back deals and other incentives.

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Volkswagen sales rose 42 percent, led by the redesigned Passat midsize sedan. And Nissan sales were up 15.5 percent.

Gas prices — which are up 45 cents since Jan. 1 and now average \$3.73 per gallon — are causing a pronounced shift to smaller cars.

At GM, sales of the Chevrolet Cruze compact rose 10 percent to top 20,000 for the month, while the new Chevy Sonic subcompact saw its best sales month ever at almost 8,000. The strength of those sales helped General Motors, which was expected to see sales drop, report a 1 percent increase.

Erich Merkle, Ford's top U.S. sales analyst, says small cars made up around 19 percent of industry sales in December. That rose to 21 percent in January and could go as high as 24 percent in February, he said.

Consumers continued to pay higher prices for cars in February, mainly because they're buying well-equipped small cars, according to the TrueCar.com automotive website.

Vehicles sold for an average of \$30,605 last month, up almost 7 percent from a year earlier, TrueCar said.

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