Nissan Wants To Woo More U.S. Car Buyers

Dee-Ann Durbin, AP Auto Writer

DETROIT (AP) — Mention Nissan to most car drivers and they think of the Altima. And not much else.

The sedan is America's second-best selling car and Nissan's top seller by far. When the new version goes on sale in July, it will likely be a hit.

But Nissan's other models — such as the Sentra small car and the boxy Cube — are struggling to win buyers, even as auto sales surge. They're old, inefficient, or just plain odd. And their designs are inconsistent, which keeps customers from sticking with the brand when they move up or down a car size. That's making it hard for Nissan to hang on to customers or woo new ones in the U.S.

Nissan is hoping to win over U.S. buyers with some new models in key segments. In addition to the Altima, Nissan will roll out new versions of the Versa hatchback, Sentra, and Pathfinder and Rogue SUVs over the next 15 months. The company promises more emphasis on fuel economy, more luxurious interiors, handsome and consistent styling and updated dashboard technology. The new Pathfinder, for example, will be lighter and nimbler, which will improve fuel economy and make it a smoother ride.

The new vehicles should help Nissan step out of the shadow of its Japanese competitors, Toyota and Honda, who have outsold Nissan in the U.S. nearly every year since the late 1980s. Toyota's Camry, the best-selling car in the U.S., bested the Altima by 40,000 vehicles last year, and Toyota commanded a 14 percent share of the U.S. market in the first three months of this year compared with 9 percent for Nissan. Nissan outsold Honda by 2,000 cars in that time, but to do that it resorted to some of its worst habits, including high incentive spending and low-profit sales to rental fleets.

Nissan lost U.S. customers in the 1990s, when it was faltering financially and producing bland cars. CEO Carlos Ghosn brought the company back to profitability in the early 2000s, after joining forces with French carmaker Renault S.A. in 1999 and embarking on a multi-year restructuring. Ghosn's feat is so celebrated in Japan that he is the hero of a comic book series there.

The profits have let Nissan invest in innovative products like the Nissan Leaf, which was the first all-electric car sold in the U.S., and the Murano CrossCabriolet, which is the only convertible SUV on the market.

But Ghosn wants more. He says Nissan's improved quality and broad lineup justifies a 10-percent share of the U.S. market. That would require Nissan to sell up to 400,000 more cars and trucks than the 1 million it sold last year. Increasing U.S. sales is part of Ghosn's plan to command 8 percent of worldwide market share by

2016, up from 6 percent in 2011. The current leader, General Motors Co., holds an 11.9 percent share.

More marketing will help. One of the highest-profile efforts will be the opening next month of a seven-story Nissan and Infiniti dealership in San Francisco, which was designed as a regional hub for people interested in the Leaf and future electric cars.

The new products will also help. The Altima is expected to get 38 miles per gallon on the highway, up 20 percent from the old model and the best fuel economy of any gas-powered midsize car. It has a sharper exterior and more luxurious interior. It also features a new hands-free system that connects to the driver's smartphone and new safety features like blind spot and backup warning systems. At $21,500, it starts at just $1,000 more than the outgoing Altima.

The sedan has been Nissan's best-selling vehicle for at least a dozen years. But Edmunds.com analyst Jessica Caldwell says the company's reliance on the Altima, when it has 19 other vehicles in its lineup, is a definite weakness.

Altima sales totaled 268,981 last year, or nearly one out of every three cars Nissan sold. The company's next best-seller, the Rogue small SUV, sold 124,543.

"A car company's sales should not ebb and flow based on the success of one model," Caldwell says.

To succeed beyond the Altima, Nissan must strike a careful balance. The brand must appeal to more mainstream buyers while continuing to please fans of its quirkier models, such as the Cube, which looks like a melting Jeep Wrangler, or the Juke, whose threatening top is paired with bulbous, frog-like wheels.

"I had no interest in buying boringly styled cars," says Beth Thompson, 45, a corporate trainer from Princeton, Mass., who is thrilled with the Juke's edgy design and peppy ride.

Quirky designs can work on small-volume, niche products like the Cube, which sold just over 2,000 in the first quarter. But IHS Automotive analyst Rebecca Lindland says she thinks Nissan's aggressive styling has hurt sales on vehicles that attract more conservative buyers. Take the family minivan: Sales of Toyota's Sienna are five times those of Nissan's angular, tough-looking Quest.

"They push the envelope on products where people really don't want the envelope pushed," Lindland says.

Another issue, Lindland says, is that Nissan lacks a consistent design, so even fans of the Juke can't find another Nissan product that resembles it. Other automakers, like Ford or BMW, have a consistent look. The driver of a Ford car, such as a Fusion, will be drawn to the similar grille and look of the Ford Explorer when it's time to buy a larger vehicle.

Scott Shirley, the chief marketing manager for Nissan in North America, says the

new products will make Nissan's lineup work together better in buyers' eyes.

"There will be no weaknesses," he says. "Historically we haven't been as consistent or focused."

Nissan has been selling cars in the U.S. since 1958, the same year as Toyota and 12 years before Honda. The company sold small cars under the Datsun brand until the mid-1980s, winning customers with sporty yet economical models like the 240Z. Nissan-badged cars like the Maxima were hits in the early 1990s, but as the company floundered financially, so did its products. From 1997 to 2002, Nissan stopped selling its Z sports cars here while it focused on trucks and big SUVs. That hurt its reputation for sportiness, says Jack Nerad, editorial director of Kelley Blue Book.

Nissan's luxury Infiniti division has struggled to get noticed, too, in the hotly contested luxury market. Infiniti sales fell 6 percent in the first quarter. Nissan plans a similar product offensive to boost that brand, starting with the Infiniti JX three-row crossover this spring.

Rick Berry, a Nissan dealer in Holbrook, Ariz., says he can't wait to get ahold of the new Altima, which he thinks will win buyers with its improved interior and luxurious styling. Berry says Nissan has a history of relying on deals — and not great cars — to sell its products. But the new cars are changing that, he says, and making the company more confident.

At the New York Auto Show on Wednesday, Ghosn said Nissan has consistently gained market U.S. market share for the last six years, despite economic turmoil and last year's earthquake and tsunami in Japan.

"The progress demonstrates that Nissan can sustain significant growth for long periods through many obstacles," he said.

Still, Nissan relies far more heavily on incentives than its Japanese rivals. Nissan's incentive spending jumped above $2,000 per vehicle in 2006 and has never gone back down, according to auto information site Edmunds.com. Nissan spent an estimated $2,459 per vehicle on incentives in March, or $300 more than the industry average. By comparison, Honda spent $954.

Source URL (retrieved on *09/01/2014 - 8:26am*):
http://www.impomag.com/news/2012/04/nissan-wants-woo-more-us-car-buyers?qt-most_popular=0