Ford, GM Sales Lose Ground To Japan Rivals

Tom Krisher, AP Auto Writer

DETROIT (AP) — General Motors and Ford lost ground to Japanese automakers last month as their rivals made a strong comeback from last year's earthquake.

GM's July sales fell 6 percent from a year earlier, while Ford's slipped 4 percent. By contrast, Toyota posted a 26-percent jump and Nissan's sales rose 16 percent. Chrysler also did well, notching its best July in five years.

Industrywide sales are expected to rise 11 percent, when the final numbers come in Wednesday, boosted by summer clearance deals and low-cost financing. The Japanese are seeing the biggest sales gains from a year earlier, when they couldn't supply enough models to U.S showrooms after production was hobbled by a March earthquake.

In the first half of 2012, sales of new cars and trucks ran at an annual pace of just over 14 million, the industry's best performance in five years. Buyers snapped up everything from small cars to pickups, making the industry a bright spot in the economy. The only setback came in May, when sales slowed to annual pace of 13.8 million as the stock market dropped.

In July, car shoppers had a lot of financial enticements, analysts say. There were good deals on last year's models, low- or no-interest financing and strong trade-in values due to high used-car prices. That helped buyers shrug off negatives such as stagnant hiring and the financial crisis in Europe.

Auto loans are available from banks for just over 3 percent, and car companies are offering zero-percent financing on many models.

The auto pricing website TrueCar.com estimates Volkswagen's incentive spending was up 38 percent last month. Volkswagen was offering zero percent financing for five years on all non-diesel 2012 models. Nissan's spending was also up 22 percent to $3,205, the highest level among the eight largest automakers. Nissan was offering up to $3,400 off the outgoing Altima sedan as the new version hits the market.

At Ford, the Lincoln luxury brand and Fiesta subcompact dragged down sales in July. Lincoln sales dropped 11 percent, while the Fiesta was off 23 percent. Sales of the Escape small SUV fell 12 percent after the latest version was recalled for safety problems.

Ford's best performer was the Fusion sedan, which saw sales climb 21 percent. The Ford Explorer SUV was up 14 percent.

At GM, only the Cadillac brand reported a sales increase, up almost 21 percent.

Sales of the Chevrolet Cruze compact fell 39 percent as Honda and Toyota had full supplies of small cars. The Cruze was the top-selling compact in the nation a year ago when Honda and Toyota supplies were short. GM said there were few Cruzes sold last month to rental car companies.

Despite the sales decline and last weekend's ouster of GM's marketing chief, company executives said they don't expect to alter marketing or factory production.

"There is no change in direction," said Alan Batey, U.S. sales vice president and interim marketing head. "The team is focusing on executing."

The third big U.S. automaker, Chrysler, saw sales rose 13 percent — led by strong demand for its Ram pickup and Chrysler 200 sedan.

At Chrysler, sales of its best-selling Ram pickup rose 17 percent in July as home building increased. And the company's highly-anticipated new car, the Dodge Dart, saw sales hit 800.

Sales of the Chrysler 200 jumped 43 percent. The 200, formerly called the Sebring, was revamped last year and got a huge boost after being featured in a 2011 Super Bowl ad with Detroit rapper Eminem and a tagline of "Imported from Detroit."

There are signs, though, that Chrysler won't be able to keep up the blistering growth pace from earlier in the year. The company's sales grew more than 30 percent in the first half, and were up more than 40 percent in January and February.

Nissan's sales increase was led by the Infiniti luxury brand, which was up 57 percent. Volkswagen had its best July since 1973, led by the new Passat midsize sedan.

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