GM Boosts Pickup Truck Deals To Shed Inventory

Tom Krisher, AP Auto Writer

DETROIT (AP) — With Chevy Silverado and GMC Sierra pickup trucks piling up on dealer lots, General Motors is offering generous deals to thin the stock.

It's matching or beating discounts from rivals Ford and Chrysler, offering up to $9,000 off remaining 2012 models and close to $4,500 off 2013s. That, plus low interest rates, sweet lease deals and abundant financing, is good news for people in the market for a truck.

"They're all very competitive with each other right now," said Russell Barnett, who owns dealerships around Winchester, Tenn., southeast of Nashville, that sell GM pickups as well as the Ford F-Series and Chrysler's Ram. "The manufacturers are putting a big emphasis on it, and there's a lot of people in the market."

Last month, the Ram led the way with an average of $4,800 in discounts, followed by GMC and Ford at $3,700, according to industry statistics from J.D. Power and Associates. GM dropped incentives on the Silverado to just under $3,700. Dealers say GM has boosted its offers in December, while the others have either held steady or raised incentives on certain models. Barnett said the incentives run from $4,500 to around $5,000, although the discounts vary with model year and options on the trucks.

That means there's good deals on Ford's F-Series pickup, the top-selling vehicle in America, as well as the Silverado, which ranks second. Together, the Detroit Three control 83 percent of the U.S. full-size pickup truck market.

The three automakers have been vying for truck business all year as the market continues a slow rebound from the Great Recession. Chrysler led the way on incentives most months, sometimes exceeding $5,000. GM also topped $5,000 earlier in the year. But in November, the company cut discounts on the Silverado and Sierra by about $400, falling almost $1,200 below the Ram and $100 below Ford. The cut came just as the pickup truck rebound accelerated, costing GM sales and forcing it to respond this month.

As a result, Silverado sales fell 10 percent last month, while sales of the Sierra, its near-twin, dropped more than 3 percent. At the same time, Ford truck sales rose 18 percent and Ram leaped 23 percent. So Silverados and Sierras began stacking up on dealer lots.

At the end of November, Chevy dealers had more than 169,000 Silverados nationwide, enough to supply them for 138 days at the current sales rate, according to Ward's AutoInfoBank. By contrast, Ford had a 90-day supply of F-150s, and Chrysler had 106 days' worth of Rams. Automakers consider a 60-day supply to be optimal to give buyers enough selection, although they run a little higher on pickups

because there are so many different versions.

GM executives said in November that they were following a strategy to keep incentives down so people buy cars and trucks on their merits, not because they're cheap. But GM's trucks, which haven't been redone since 2007, are at a disadvantage to newer trucks from Chrysler and Ford. The Ram was new in 2008 and updated earlier this year, and the F-Series, new in 2009, got four new engines last year. So GM was forced to offer bigger discounts this month.

"We went harder because we missed on November," Mark Reuss, GM's North American president, said last week as he unveiled new trucks that will hit showrooms late next spring. "The incentive loads are competitive, so we're off to a good start," said Reuss, who wouldn't reveal by how much GM had reduced its truck inventory.

GM plans to temporarily close its truck plants in the coming months to help deal with inventory problems and to switch over to new models. It also added at least a week of down time at car factories in Lordstown, Ohio, and Kansas City, Kansas, for maintenance and to control supplies. The Ohio plant makes the Chevy Cruze compact, while the Kansas factory makes the Chevy Malibu midsize car.

Through the year, the Ram has led the way in deals most months, followed by the GM trucks, according to J.D. Power. Ford has been below the other two most of the year.

The Ram has led the way because Chrysler traditionally has offered big discounts and buyers expect them, said Jeff Schuster, senior vice president of forecasting for LMC Automotive, a Detroit-area firm that tracks auto sales trends. GM has been in the middle, and Ford has been able to keep discounts down due to the popularity of its turbocharged six-cylinder "Ecoboost" engine that can tow loads yet still gets decent gas mileage, Schuster said. Although most pickups sold in the past have had more powerful eight-cylinder engines, half of Ford's sales this year have been equipped with V-6s.

At Serra Chevrolet in Southfield, Mich., north of Detroit, truck sales have been strong all year, but December is shaping up to be a great month because of the incentives, said Greg Brown, general manager. "I'm selling every one I get," he said. "I think the incentives are phenomenal on them. It's driving traffic in here."

And GM promises to remain competitive with discounts for the foreseeable future, said Don Johnson, head of Chevrolet sales. "We want to make sure we get our unfair or fair share," he said. But he added that the company won't go into "liquidation mode" to sell trucks.

Schuster said GM made too many trucks for the market and then decided to cut discounts at a bad time.

He said it's a great time to buy, but the deals may not last long, especially as GM gets closer to selling its revamped trucks. The housing industry is coming back, and

that always increases truck sales. And the average age of pickup trucks on the roads approaching 11 years, so companies and individual buyers are replacing them, Schuster said. That means there will be demand that could cut into supply and increase prices, he said.

"You have everyone trying to finish the year strongly," he said. "As we then look into next year, we're likely to see higher prices, certainly on the new trucks."

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