U.S. Auto Industry Exuberant Heading Into 2013

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DETROIT (AP) — Maybe it was the brand new, bright red Chevrolet Corvette gleaming in one corner, or the elegant BMW coupe in the other. Maybe it was just the free-flowing espresso at nearly every stand. But car companies were positively giddy this week as the North American International Auto Show opened in Detroit.

They have reason to be. U.S. new car and truck sales reached a five-year high of 14.5 million in 2012, and many executives and analysts think they'll climb to 15.5 million this year. Credit is easier to obtain, interest rates are low and many people who held on to old cars during the recession are ready to buy.

To catch those customers' eyes at the Detroit show, car companies are unveiling 59 new cars and concepts. That's up from just 41 in 2012, a sign that auto makers have more profits at their disposal and expect higher sales. Toyota, Nissan and Mercedes have larger, more elaborate displays. Ford is luring visitors with the oldest surviving Ford in the world, a 1903 Model A, and the newest, a chiseled pickup truck concept called Atlas that could become the next F-150. General Motors can just sit back and watch the crowds gather around the Corvette.

The Detroit show, one of the country's biggest, opens to the public Saturday. Here are five trends visitors will see:

Getting more efficient:

One lesson from this year's show: There are plenty of ways to squeeze more efficiency from cars and trucks.

Volkswagen is showing a plug-in hybrid SUV prototype called the CrossBlue that mates a diesel engine with two electric motors. It can travel 14 miles in all-electric mode and gets an estimated 35 miles per gallon while running on both gas and electricity. The Jeep Grand Cherokee is also making a jump to diesel power with a new, optional 3-liter V-6 diesel that gets 30 miles per gallon on the highway, five better than the gas-powered V-6.

Automakers are trying other tricks to save fuel as they face higher fuel economy requirements, even in muscle cars. The eight-cylinder engine on the 2014 Corvette kicks down to four at highway speeds. The grille and wheels of Ford's Atlas concept pickup have shutters that automatically close at high speeds to cut wind drag. Many carmakers are replacing steel with aluminum, carbon fiber and other materials to save weight.

Jeremy Anwyl, vice chairman of the Edmunds.com auto website, said many people have been surprised by the resurgence of internal combustion engines as new technology makes them more efficient.

"It is one reason why we're not all driving hybrids now, or EVs," Anwyl said.

Even so, there are plenty of gas-electric hybrids and some new electric cars for customers to look at. Nissan, a late convert to the hybrid market, is showing the Resonance concept, a dramatically styled hybrid crossover. Acura has the NSX hybrid supercar. And Cadillac debuted the ELR, its version of the Chevrolet Volt plug-in, which will go around 35 miles in all-electric mode before a small gas engine kicks in. And Tesla is showing its all-electric Model X crossover, whose futuristic wing-like doors are among the handful of stop-and-stare features this year.

Pickups take off:

With new home construction back on the rise, pickup truck sales are poised to grow in the coming year. And Detroit is ready.

General Motors is showing its new trucks for the first time at the Detroit show. The Chevy Silverado and GMC Sierra, which will go on sale this Spring, have mean-looking grilles, restyled interiors and new engines and transmissions that GM promises will be very efficient. The trucks even have steps inset into the rear bumper so people can jump into the bed to get tools or tie down cargo.

Chrysler's just-refurbished Ram pickup — named the truck of the year by automotive journalists at the show — is also no slouch, boasting a segment-best 25 mpg on the highway.

But Ford, whose F-Series has been the top-selling truck for more than three decades, won't cede that title without a fight. The company pulled off one of the show's few surprises, lowering its Atlas pickup concept from the ceiling amid a shower of sparks during media previews. Ford gave few details about the beefy, chiseled Atlas, other than to say that it hints at the look of the next F-Series, due to come out in 2014 or 2015.

"It sends a message that we hope to continue to strengthen our leadership in commercial vans and trucks," Ford's Chief Operating Officer Mark Fields said. "We know there's a lot of people who want to take that away from us."

The competition could mean good deals for buyers in a segment already known for big discounts. Chrysler sales chief Reid Bigland said Ram will stay competitive, but Chrysler also wants to make money.

"We're not going to do anything crazy in the marketplace," he said.

Luxury boom:

Supple leather seats, finely stitched dashboards and sparkling chrome grilles are everywhere at this year's auto show, a sign that car companies are clawing at each other for a piece of the growing and lucrative U.S. luxury market.

From a well-crafted new E-Class lineup from Mercedes to the plush, decked out luxury Cadenza sedan from once-lowly Kia, automakers are vying for customers who are ready to be pampered a little more.

Luxury sales grew almost 12 percent last year to over 1 million sales, and automakers are expecting further increases as people feel better about the economy and the Great Recession recedes into the rear-view mirror.

For the past few years, much of the U.S. auto sales growth has been in compact and midsize cars at the lower end of the price range, says Jeff Schuster, senior vice president of forecasting for LMC Automotive, a Detroit-area industry forecasting firm. But recent trends show that buyers who want luxury items such as leather seats and touch screens are coming back into the market and are willing to pay a little more.

"The premium market took a couple of years off" during the recession, he said. "I think we're going to see a comeback over the next couple of years."

Lincoln continues the revamp of its lineup with the MKC concept, a small crossover that is the second of four new Lincolns coming by 2015. Bentley is showing a new convertible. Lexus is introducing a new version of the entry-level IS sedan. Maserati debuts its new Quattroporte sedan. Infiniti, Nissan's luxury brand, introduced its new sports sedan using performers from Cirque du Soleil. And even mainstream companies like Hyundai and Honda are showing off luxurious concept vehicles.

Blurring the lines:

The unveiling of the BMW 320i sedan, an entry-level 3-Series that starts at $33,445, renewed questions about whether luxury cars are starting to bump into mainstream models.

In the last couple of years, mass-market brands have started offering features once reserved for luxury brands. Ford offers a hands-free, automatic parallel parking systems and lane-departure warning signals on the midsize Fusion. Even the little Dodge Dart has a heated steering wheel.

Buyers will have to decide: Do they buy a loaded Fusion for nearly $37,000 or the new 320i?

And carmakers need to decide how to market their cars. The Chrysler 300, for example, competes with other mainstream large cars at the low end, but it has two high-end versions — the 300c and 300 Luxury Series — that compete with BMW.

"It's really like having two cars," said Olivier Francois, Chrysler's marketing chief. "What we probably need to do is amplify the gap, separate the two poles."

Jim Lentz, who runs Toyota's operations in the U.S., isn't worried. In his own lineup, he says, the Toyota Avalon and Lexus ES sedans are very similar, but few shoppers consider both. "A Lexus buyer is buying the prestige. They're buying the dealership

experience," he said. Avalon, he said, is the "accountant's car," not showy but with nice features.

Chrysler's Bigland says he can't worry too much about the battle between mainstream and premium cars because there's such tough competition on other fronts.

"It's just a great example of how brutally competitive this industry is," said Bigland. "From the BMWs to the Mercedes to any of the other 18 manufacturers that we square off with every day. Every single one of them, if you don't come and play your 'A' game, you're going to get your head kicked in."

Crossovers get smaller:

With explosive growth in crossover vehicles in the past five years, automakers are looking at new ways to attract buyers of more efficient SUVs that are based on car underpinnings.

At the Detroit show, Honda opened a new front in the battle with a sharp-looking small utility. It's based on a subcompact frame and will be smaller than Honda's popular CR-V. It's a new part of the market that's attractive to automakers because there aren't any well-established competitors to unseat.

"I think the industry as a whole believes there's opportunity here," Schuster says. "It's up for grabs."

Nissan already is in the market with its funky Juke. General Motors' Buick is just entering with an all-new Encore.

Honda Executive Vice President John Mendel says the new vehicle, called simply an "Urban SUV Concept," is designed for city commuters who still want the cargo space, adventurous lifestyle and high sitting position of an SUV.

It's aimed at people who no longer need a bigger SUV, yet don't want to give up the utility. Mendel says technology has allowed it to create more space in a smaller vehicle, matching the interior volume of older compact SUVs.

"If you've got a 5- or 7-year-old car, you can move down a class and not give up anything including space," he said.

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