



Weekly Car Dealers Newsletter

May 9, 2011

This information that follows is taken from sources including *The Carconnection*, *Autoweek*, and other industry sources.

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AUTO SALES HIT ROUGH PATCH IN LATE APRIL

Japan disaster, bad weather, high gas prices may stall momentum

Analysts worry that first-quarter momentum in U.S. car and light truck sales is tapering off — a sign the industry's recovery could be a rougher ride than they'd anticipated. April started strong, but took a dive as gas prices spiked, storms ravaged the Midwest and South, and parts supply shortages in earthquake-stricken Japan squeezed new car and truck inventories, analysts say. Discounts dwindled as dealers ran short of some models last month, forcing buyers to shell out more for new vehicles. "The industry is facing its first real challenge since the recession, as potential widespread parts shortages have a profound impact on the pace of the recovery," said John Humphrey, a senior vice president at data-tracking firm J.D. Power and Associates of Westlake Village, Calif. J.D. Power predicted U.S. new car sales will total 1.2 million for April, up 13 percent from the same month in 2010, but down 7 percent from the previous month. Official sales figures for April, typically a strong selling month, will be announced Tuesday. Source: [*The Detroit News*](#)

GM RISES ON CHINA SALES TOYOTA CAN'T MATCH AFTER QUAKE

General Motors Co., less than two years after declaring bankruptcy, is poised to reclaim the global auto sales lead from a Toyota Motor Corp. rattled by both natural disasters and reports of slipping quality. After years of losing ground in the U.S. to cars like Toyota's Camry, GM's Malibu has won better reviews and a new version is coming. Add it up and GM may retake the sales crown lost in 2008, when the U.S. automaker lost \$30.9 billion and sought a federal bailout following Toyota's most profitable fiscal year. "It's safe to say that GM is crawling back in the mature markets and growing quickly in emerging markets," said Jeff Schuster, executive director of forecasting for J.D. Power & Associates, a research firm in Westlake Village, California. "It's a challenging road ahead for Toyota. They face some real issues in the U.S."

Source: [Bloomberg](#)

APRIL AUTO SALES SEEN UP BUT QUAKE EFFECTS LOOM

U.S. auto sales are expected to show a 16 percent increase for April, as the sales crunch dealt by the Japanese earthquake and tsunami is not expected to show up in new auto purchases until May, automakers and analysts said. Automakers will release their April U.S. sales figures [today]. The average forecast of 40 economists surveyed by Reuters was 13 million vehicles on a seasonally adjusted annualized basis, which would be a 16 percent rise from last year's 11.2 million rate and on par with March. "April looks a lot like March," Ford Motor Co. sales analyst George Pipas said on Monday, adding that Ford expects a sales rate for the month in the range of low- to mid-13 million. Source: [Reuters](#)

SAAB SAVED BY INVESTMENT FROM CHINA'S HAWTAI

STOCKHOLM -- A small, privately owned Chinese automaker on Tuesday saved Sweden's Saab Automobile from imminent collapse through an agreement to provide \$223 million (euro150 million) in funds for the ailing brand. Saab's owner Spyker Cars said Hawtai Motor Group will take an initial 30 percent stake in Spyker in the deal which also includes joint ventures on manufacturing, technology and distribution. Spyker CEO Victor Muller said he expects the approval from Chinese authorities in 6-12 weeks and does not anticipate any difficulties with the [European Investment Bank] clearance. The agreement means Sweden's two big car makers, both previously owned by U.S. companies, are now in Chinese hands.

Source: [The Associated Press](#)

AUTOMAKERS REDUCE U.S. INCENTIVES IN APRIL TO FIVE-YEAR LOW

Automakers reduced spending on discounts and incentives for U.S. customers in April by 14 percent to an average \$2,320 per vehicle, the lowest in more than five years, as sales climbed. Ford Motor Co.'s average spending on discounts and promotions declined 20 percent from a year earlier to \$2,399, Woodcliff Lake, New Jersey-based Autodata Corp. said yesterday. Chrysler Group LLC lowered spending 23 percent to \$2,806. General Motors Co. reduced incentives by \$272, or 8.1 percent from a year earlier, to an estimated \$3,068 per vehicle. Toyota Motor Corp., the world's largest automaker, reduced spending \$60, or 3.1 percent, to an estimated \$1,885 per unit, Autodata said.

Source: [Bloomberg](#)

GAS PRICES AID APRIL CAR SALES

General Motors Co., Hyundai Motors Co. and several other auto makers reported big gains in U.S. new-vehicle sales for April as a recovering economy and high fuel prices spurred demand for small cars. Overall, new-vehicles sales rose 18% to 1,157,794 cars and light trucks, according to researcher Autodata Corp. April's annualized sales were 13.2 million vehicles, up 900,000 from six months ago and nearly 2 million from a year ago. GM's sales rose 27%, Hyundai's 40% and Ford Motor Co. and Chrysler Group LLC also reported sizable increases. Earl Stewart, owner of Earl Stewart Toyota of North Palm Beach, Fla., said his dealership's sales were fairly good in April, but he had hardly any Prius hybrids on his lot for most of the month. Like other dealers, Mr. Stewart fears the shortages of vehicles is only beginning. "We are probably going to have an OK May and then the wheels are going to come off in June, July and August," he said. "It's going to be grim." Source: [The Wall Street Journal](#)

GM'S NEW 2011 MODEL RECALLS INCLUDE CRUZE

Hot-selling compact may have installation issues; vans, pickups called back

WASHINGTON — General Motors Co. issued three new recalls Wednesday for 2011 models, including calling back 154,112 of its hot-selling 2011 Chevrolet Cruze sedans in North America to inspect for proper installation of two components. GM said it will inspect the compact cars for proper installation of the intermediate steering shaft covers. Of that group, it also will inspect 120,295 Cruzes with automatic transmissions to make sure the shift linkage was properly installed. Unsold vehicles on dealer lots will be inspected before they are sold. GM doesn't expect dealers will need to fix the vast majority of

recalled vehicles, spokesman Alan Adler said.

Source: [The Detroit News](#)

WITH SUPPLIES DWINDLING, SOME HONDA DEALERS FORESEE LONG, DRY SUMMER

As it works to restore production capacity lost after the earthquake in Japan, Honda announced delivery delays this week of some of its most popular and fuel-efficient models built in Japan, including the Insight, the Fit and the redesigned Civic Hybrid. Some Honda dealers, however, are already feeling an inventory pinch. "We knew this was coming. Most dealers around the country would tell you the same," said Carl Bellizia, owner of Cambridge Honda in Cambridge, Mass., of this week's announcement. "It's an unprecedented disaster, and Honda has done a marvelous job of communicating to the dealers. And we understand they cannot make guarantees." Source: [The New York Times](#)

OWNERS OF DEFUNCT BRANDS RIDE OFF

GM struggles to convince Saturn, Pontiac, Hummer customers to remain loyal

Tina Shaw and people like her are a big worry for General Motors Co. Ms. Shaw is one of more than three million Americans who are driving vehicles produced by the three GM divisions that were shuttered in the auto maker's 2009 bankruptcy reorganization—Saturn, Pontiac and Hummer. GM is racing to hold onto those customers. GM dealers also are contributing to the effort. At Harry K Chevrolet Buick, in Chamberlain, S.D., every time a Pontiac owner drives in for service, the repair shop called the sales department. A salesperson then arrives to pitch the owner on purchasing a GM car or truck. "Hopefully with the breadth of the Chevrolet line and new vehicles from Buick, we can bring those owners into the fold," said owner H. Douglas Knust. "The onus is on us now to convert those owners, or else we're going to lose market share," he said. Source: [The Wall Street Journal](#)

AUTOMAKERS ARE PUTTING THEIR CARS ON A DIET

Given American car drivers' tastes, aim is to improve fuel economy in midsize models

With gas prices pushing past the \$4-per-gallon mark, fuel economy has become a big issue for car buyers and carmakers alike. Yet many U.S. motorists still seem reluctant to embrace the sort of pint-sized vehicles that have become commonplace in markets like

Europe and Japan. “People don’t necessarily want to drive small cars,” stressed George Peterson, an automotive analyst with AutoPacific. “They want to drive bigger, more fuel-efficient cars.” Given American car drivers’ tastes, some experts suggest that the challenge for automakers today isn’t to come up with a subcompact car that does 50 mile to the gallon. Instead, the challenge is to build a midsize model that can deliver 40 mpg.

Source: MSNBC.com
