

Automakers See Worst Sales Year In Decades

by The Associated Press

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Big automakers are glad to see the end of 2009, the worst year for U.S. sales in nearly 30 years.

Detroit's three automakers and the top Japanese manufacturers — [Honda Motor Co.](#), [Nissan Motor Co.](#) and [Toyota Motor Corp.](#) — all saw sharp declines last year, but also saw momentum going into 2010.

Last year was brutal for most of the industry as credit froze, the economy and consumer confidence faltered and unemployment rose. U.S. sales haven't been so bad since 1982.

Sales of smaller, cheaper vehicles, however, helped drive gains. Hyundai continued its surge with an 8 percent yearly gain, while its low-cost Kia brand reported 2009 sales gains of nearly 10 percent and a 44 percent gain in December.

Japanese automaker Subaru, which reported a 15 percent sales gain for the year, called 2009 an unqualified success.

General Motors and Chrysler took the biggest hits after both went through bankruptcy court and stayed alive with government aid.

For the year, GM sales were off 30 percent from 2008, while December sales fell 5.6 percent.

GM said its sales are down for the year because it reduced low-profit sales to rental car companies and other fleet buyers, and because it is phasing out or selling four brands — Saturn, Pontiac, Saab and Hummer.

"The year-over-year comparison reflects a 38 percent reduction in fleet, reduced overall incentive spending and the orderly wind-down of the Pontiac and Saturn brands," Susan Docherty, GM's sales chief, said in a statement.

Mike DiGiovani, GM's top sales analyst, said the company saw its U.S. market share stabilize at 20 percent.

"That's very encouraging given all that we've been through this year," he said.

GM, he said, is optimistic for improved sales in 2010, even with uncertainty over oil prices, employment and consumer confidence. He predicted sales of 11 million to 12 million vehicles, compared with an expected 10.5 million last year.

Chrysler sold only 931,000 vehicles for the year, its worst performance since 1962. The Auburn Hills, Mich., automaker saw sales drop 36 percent for 2009 but down only 4 percent in December, far better than the double-digit drops the company reported earlier in the year. And last month's sales rose 36 percent over November, showing signs of some progress at showrooms but also helped by less-profitable sales to fleets such as rental companies and municipalities.

Honda sales were off 20 percent for the year but up 24.5 percent in December, while Nissan was up 18 percent for the month but down 19 percent for the year. Toyota sales were up a whopping 32 percent in December but down just over 20 percent for the year.

[Ford Motor Co.](#) said full-year sales declined 15 percent, but the company said it posted its first full-year gain in U.S. market share since 1995. It also reported a 33 percent increase in December sales thanks to strong demand for midsize cars like the Ford Fusion, whose sales rose 83 percent. The Ford Escape crossover, meanwhile, rose 75 percent.

Ford's restructuring plan and new products helped it finish strong in 2009 despite a difficult business environment, said Ken Czubay, vice president of U.S. marketing, sales and service. He remained cautious that 2010 is likely to see more ups and downs in auto sales.

"I'm leaving my seat belt on, because I think that volatility is still an element of the new norm," he said.

Nissan's increase in December came from higher sales of its Versa compact car. Subaru, famous for small all-wheel-drive cars and sport utility vehicles, said 2009 was its best year ever for sales and market share.

The auto industry underwent a radical transformation in 2009, one of the most turmoil-filled years in its more than 100-year history.

Chrysler and General Motors, which both filed for bankruptcy protection after nearly collapsing, are still suffering as they struggle to revive sales and pay back huge government loans. Ford has been a relative bright spot.

Total U.S. auto sales, reported later Tuesday, are expected to drop to levels not seen for three decades. Joblessness climbed over 10 percent and buyers stayed away from showrooms, worried that automakers like GM and Chrysler might not survive. The last time sales were so low was in 1982, when 10.5 million cars sold during another bad recession.

Last summer, the government's Cash for Clunkers program eased the pain by reviving sales with \$2.85 billion in government-backed rebates. Americans responded, buying nearly 700,000 vehicles. But for the most part, 2009 was a dismal year for new vehicles.

Meanwhile, China surpassed the United States as the largest auto market, with sales expected to top 12 million in 2009. Asian manufacturers like Hyundai surged by selling more affordable cars, though stalwart Toyota stumbled on factors like its biggest U.S. recall ever over accelerator problems.

Japan's auto sales were equally poor last year. Sales declined to the lowest level in 38 years, falling to 2.9 million vehicles. But Germany, another major auto producer, said that car exports were up in the quarter and year as the effects of the economic downturn eased.

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