

Automotive News

Monster month for truck sales

59.3% April market share leaves cars in the dust

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Automotive News | May 7, 2016 - 12:01 am EST

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Trucks accounted for 59.3 percent of light vehicles sold in April -- the biggest trucks vs. cars spread this year and the highest level of truck sales ever for the month. Last April, trucks represented 55.2 percent of the market.

Last month, cars were down 6.1 percent and lost ground across the board. Every car segment lost market share, from midsize and compact to sporty and alternative power. Every truck segment -- volume and premium crossovers, pickup, van and SUV -- gained market share, up a combined 11 percent.

How pervasive was the decline in April car sales? Full-size pickups outsold the 16 midsize cars in the market for the first time this year. The Ford F-series pickup outsold the two best-selling cars, the Honda Civic and Toyota Camry, combined.

Overall sales increased 3.5 percent to 1,506,431 vehicles last month, the highest-volume April on record.

Sales fell short of industry expectations in March, but the April bounce helped restore confidence that full-year sales are on track to exceed the record 17.5 million vehicles sold in 2015. Through four months U.S. auto sales are up 3.3 percent or about 180,000 vehicles as consumers respond to low interest rates, available credit, job growth, low fuel prices and well-packaged manufacturer incentives.

April incentives rose 13 percent from the same month last year to an estimated \$3,021 per vehicle, said TrueCar analyst Eric Lyman. The level was slightly lower than in March.

But Lyman said he is less concerned about rising spiffs than he was last fall. He said most manufacturers are focusing their biggest offers on models with high margins -- luxury vehicles and high-end pickups, crossovers and SUVs -- rather than on low-margin small and midsize cars.

"Unlike the 1990s when automakers incentivized small cars as loss leaders to get people into showrooms and push [more profitable] trucks and big cars, manufacturers are letting cars find their own sales levels," Lyman said. "That lends truth to previous promises that they would balance production and demand."

The industry's average transaction price rose 2.1 percent to \$33,054 in April, TrueCar estimates. That continues a pattern in recent years -- transaction prices, the net after incentives are applied, are rising faster than spiffs.

But automakers shouldn't be lulled by the spurt in transaction prices, said Mark Wakefield, managing director of the Americas automotive practice at AlixPartners. The effect is partially diluted by consumers choosing longer loan terms to keep monthly payments low.

"Buyers don't value the car more, they're just spreading the payments out," Wakefield said. "The money leaving their pockets every month hasn't changed much in a decade."

Another factor boosting transaction prices is the shift in the model mix, from sedans to more expensive crossovers, vans, SUVs and pickups, he added.

Luxury brands fared poorly in April, with three of the seven best-selling brands posting sales declines in an up market. One reason: Luxury cars plunged 14 percent, largely offsetting a 14 percent gain in the premium crossover segment.

Van sales jumped 28 percent in April, led by a 35 percent gain for minivans. Large vans, especially new commercially oriented entries such as the Ford Transit, soared 22 percent.

The trend toward trucks continued to produce unconventional results in April. For example, Ford sold more Transit vans than Mustangs, 14,381 to 12,726, and more Expeditions than Fiestas, 4,521 to 4,462.

And even as Fiat Chrysler Automobiles achieved its 73rd consecutive monthly sales increase, it was feast or famine among FCA's brands. Jeep gained 17 percent to 84,298 vehicles, its second-best month ever. Ram sales rose 12 percent. Fiat fell 19 percent. Despite strong Town & Country growth and its new Pacifica minivan, Chrysler brand dropped 18 percent.

This year, CEO Sergio Marchionne said FCA is seeking a partner to take over future manufacturing and design of the automakers' small cars. In April, Dodge Dart sales plunged 49 percent and the Chrysler 200 was off 60 percent.



The Ford F-150 outsold the two top-selling cars combined.

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