

# THE SKY IS FALLING - THE SKY IS FALLING



**Chuck Nicholson**

Recent new articles would have you believe the sky is falling on General Motors. Have you ever noticed how the media never misses an opportunity to bash the leader? It doesn't matter if it's in the business world, the sporting world, or the world of politics. Tell everyone who will listen that they are: Just about over the hill Their best days are behind them Their days of dominance are about to end. Lets face it - good news doesn't sell. That's the position GM is in today. The world's largest auto maker loses a billion dollars and the media would have you believe they are going out of business, I'm happy to assure you that is not the case. Over the next few weeks, in this space, we will review items which I believe will reveal a different story.

No one likes to lose money, however it's a fact of life that many large businesses lose a lot of money from time to time for a variety of reasons. For example, in reporting their loss the media forgot to mention that GM paid Fiat over 2 billion dollars to end a partnership.

**Other companies are losing more money than GM.** Its interesting to note how little we read that other auto makers are also losing money. For example, Mitsubishi a small company the fraction of GM's size is currently losing 6.4 million dollars a day and will likely post a net loss of about 2.337 billion dollars for their fiscal year which ended March 31st.

**Even Honda sales are down.** Every company endures sale fluctuations. For example Honda's sales were down 17% in May promoting Automotive news Senior Editor John K. Teahen Jr. to write in his June 6, 2005 column: *Honda cars took a bath - and, boy, did they ever get soaked Accord sales were down 29.6 percent and Civic sale were off 30.5 percent, for a combined dip of 30.0 percent for those mainstays of the Honda brand. The Civic is long in the tooth; a redesign is coming this fall. The Accord simply had a lousy month. In the same column he wrote Toyota division also slipped. Toyota trucks were off 8.8 percent, but the division almost broke even in cars with a dip of 1.6 percent.*

**So what's causing all the commotion?** In a word... Competition. On February 21, 2005. Keith Crain, Publisher of the Automotive News (and several other publications) wrote an article entitled No wonder market shares are falling

Mr.Crain wrote about the many choices today's consumers have. He wrote: *And guess what? Most of those products are coming from companies that weren't even around a few decades ago. Life used to be simple. You'd carve up the United States with the Big 3, throw American motors a bone or two and that took care of the US market share. Well, life isn't as simple. Instead of three companies, there might be 20 with more coming. Your going to see Chinese cars here sooner rather than later, and they won't be sold by the Big 3 or the Japanese. There will be new dealers and new cars, and the rest will watch their market shares decline. And the same thing will happen in Europe as we see players joining the gang over there*

**Did you ever wonder just how many import brands are sold in the USA?** Well... there are 24 import brands with sales of more than 1,000 new vehicles a month:

- Acura
- Audi
- BMW
- Honda
- Hyundai
- Infiniti
- Isuzu
- Jaguar
- Kia
- Land Rover
- Lexus
- Mercedes-Benz
- Mazda
- Mini Cooper
- Mitsubishi
- Nissan
- Porsche
- Saab
- Scion
- Subaru
- Suzuki
- Toyota
- Volkswagen
- Volvo

This doesn't count those import auto makers that sells less than 1,000 per month such as: Aston Martin ¥ Ferrari ¥ Maybach ¥ Bentley ¥ Lamborghini ¥ Renault ¥ Roll Royce, etc.

**Eleven Imports Down Y.T.D.** Its also interesting to note that as of June 11, 2005, Eleven of these imports suffered declines, not just for the month, but for the year to date.

Some Examples:

- ¥ Isuzu down 47.5%
- ¥ Mitsubishi down 38.4%
- ¥ Jaguar down 27.9%
- ¥ Volkswagen down 25.1%

Also down for the year:

- ¥ Honda
- ¥ BMW
- ¥ Mercedes Benz

- ¥ Volvo
- ¥ Audi
- ¥ Saab
- ¥ Mazda

**GM... more than meets the eye. Watch this page weekly for additional articles on:**

- ¥ Just how many vehicles does each manufacturer sell each year?
- ¥ How many employees does each manufacturer employ?
- ¥ Quality J.D. Power and Associates award leaders
- ¥ Hybrids - What is the real payoff?
- ¥ Diesels - Why don't manufacturers build more?
- ¥ Transmission and more.

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