

PART II - THE SKY IS FALLING - THE SKY IS FALLING

Last week I offered some thoughts on many of the auto industry's problems facing not only domestic auto manufacturers, but the more than 24 major import brands as well. In a word it was...competition. Too many factories, too many products. We noted that 11 import manufacturers have also suffered YTD sales declines.



Chuck Nicholson

THERE IS A LOT OF COMPETITION

Have you ever wondered how many vehicles the various manufacturers produce? Here are the '04 USA results:

GM	4,991,924	Nissan	1,062,192	Subaru	118,700	Bentley	2,394
Ford	3,480,305	Hyundai	418,615	Mitsubishi	113,387	Aston Martin	469
Daimler-Chrysler	2,672,840	Kia	270,055	Suzuki	73,946	Rolls Royce	305
Honda	1,217,755	VW	225,021	Land Rover	35,506	Maybach	244
Toyota	1,128,680	BMW	143,916	Porsche	31,473	Total	16,240,418

THAT'S JUST THE USA. How does world sales stack up? Here is the break down of the world's top 5 manufacturers including each of their respective alliances:

GM	12,020,955
Ford	7,589,545
Toyota	6,707,600
Renault/Nissan	5,785,231
Volkswagen	5,079,377

You'll note that Daimler-Chrysler didn't place in the world's top 5 manufacturers.

The bottom line is pretty easy to understand. The tremendous proliferation of vehicles brought to the USA over the last 10 to 15 years has extracted a measure of sales from not only GM, Ford, and Chrysler, but from almost all manufacturers. The pie that was once cut into 6 or 7 pieces counting domestic and import manufacturers is now cut into over 30 pieces with more manufacturers coming. Mr. Crain, publisher of the *Automotive News* summed it up in a Feb '05 column when he wrote: "It's competition, and it's choice. But it's changing the face of the business, and that will continue. It's a much tougher game, and it will be even tougher tomorrow. Too many dealers, too many products, too many factories make for an interesting business."

RELATIVE TO GM SHEDDING WORKERS

GM recently announced they will eliminate 25,000 workers between now and 2010. Media reports would have you believe they will be massive layoffs. That's not the case. It will be achieved through normal attrition. Further, not all cuts will be caused by market loss. Many are because GM factories have become so efficient that it takes less people working less hours to build vehicles. Just as the imports have done. GM is not alone in reducing their work force. In fact, the following chart will show that Ford and Chrysler have each eliminated more jobs since 2000 than GM. In addition, on June 22, 2005, Ford announced that they will cut an additional 5% of its US salaried workers by Oct. 1 of this year. The North American Auto manufacturing worker count is as follows:

	<u>Year 2005</u>	<u>Year 2000</u>	<u>Difference</u>
General Motors	181,000	212,000	31,000
Ford	122,877	185,211	62,334
Chrysler	85,881	122,941	37,060
Toyota	37,351	31,519	5,832
Honda	29,958	23,275	6,683
BMW	5,896	5,097	799
Mercedes-Benz	5,429	3,319	2,110
Mitsubishi	4,125	2,424	1,701
Subaru	3,224	3,968	744
Hyundai	2,157	459	1,698
Volkswagen	2,113	N/A	N/A
Total Big 3	389,758	520,152	130,394
Total Transplants	115,828	88,645	27,183

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

- Quality – J.D. Power and Associates award leaders.
- Diesels – Why don't manufacturers built more?
- Hybrids – What is the real payoff?
- Transmissions and more.

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