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Chrysler Jan. Sales Increase 44 Percent

By TOM KRISHER
AP Auto Writer

DETROIT (AP) - The beat goes on for Chrysler, the comeback kid of the auto industry.

That's because Chrysler's January U.S. sales jumped 44 percent over a year ago, starting off what is expected to be a strong year for auto sales.

The company said its Chrysler, Dodge, Jeep and Ram brands combined to give the company its best January tally in four years.

The increase is a sign that U.S. car sales started 2012 on a strong note, continuing their brisk pace from late last year.

Industry analysts expect a strong year for Chrysler in the wake of the recession because the average age of a vehicle has reached a record 10.8 years in the U.S. Buyers who needed to replace aging vehicles took advantage of low interest rates and greater loan availability in January.

Analysts expect that new car and truck sales hit a seasonally adjusted annual rate of 13.5 million vehicles last month. That follows an annual rate of 13.56 million in December and 13.63 million in November.

At Chrysler Group, total sales for the month rose to 101,149 from 70,118 a year ago. Chrysler brand led the way with an 81 percent increase, and the company attributed much of its gain to sales of sedans.

Chrysler Group LLC said it sold 7,007 Chrysler 200 mid-size sedans last month, more than eight times the number it sold in January of 2010, a poor month for the company. In addition, the Chrysler 300 large sedan saw sales rise almost quadruple over a year earlier.

Hyundai and Kia are also expected to report big increases. General Motors, which had a strong January aided by great deals last year, will see sales drop, according to the TrueCar.com auto pricing website.

Not all trends are encouraging for industry sales. Consumer confidence fell in January after two straight months of big gains as Americans worried about incomes, gas prices and business condi-

tions. Unemployment is at its lowest level in nearly three years, but it's still 8.5 percent.

"Overall, the economy's not in a good place yet, but I think consumers are reacting to the conditions much more favorably than expected," said Jeff Schuster, senior vice president of forecasting for LMC Automotive, an industry consulting company in Troy.

As credit loosens up, dealers are reporting more young buyers and more buyers with lower credit scores, Schuster said.

Wes Lutz, owner of a Chrysler-Dodge-Jeep-Ram dealership in Jackson, Michigan, said January sales were good, but not nearly as strong as December. People in showrooms generally are more optimistic than they were early last year.

"The customers have more down payments. The credit market is loosening up some," he said.

U.S. auto sales rose 10 percent to 12.8 million in 2011. That was up 23 percent from 2009, when the U.S. auto industry and the financial system were in peril.

In January, there were signs of good deals from Japanese automakers. They want to stop people from defecting to U.S. and Korean carmakers who are challenging their traditional area of strength, small- and midsize-cars.

Toyota and Honda lost sales last year when a March earthquake and tsunami forced them to slow their factories. Many dealers ran short of models to sell.

Toyota's U.S. market share fell 2.3 percentage points last

year to 12.9 percent, while Honda lost 1.6 percentage points and ended the year at 9 percent, according to Auto-data Corp.

In January, Honda increased incentives such as rebates and low-interest financing by 12 percent from a year earlier, said Jesse Toprak, vice president of industry trends for TrueCar. The company spent \$2,258 per vehicle on discounts, and much of the increase went to the midsize Accord, he said.

"It is the highest incentive spending we've seen Honda do for Accord ever," Toprak said.

Honda wouldn't say how much it's spending on incentives, but spokesman Chris Martin said the company is trying to regain sales after last year, when it lost production of more than 200,000 cars and trucks due to the earthquake, and flooding in Thailand.

Toyota, however, reduced its incentive spending by 2.1 percent to \$1,921 per vehicle.

Analysts last year predicted a price war as Honda and Toyota factories came back on line and the companies tried to regain market share lost to Hyundai and the Detroit automakers.

But Toprak says an all-out war isn't likely because automakers are no longer producing more cars than people will buy. He expects skirmishes from time to time in certain segments.

Automakers could start a price war in the compact car segment because of intense competition.

Ford Jan. Sales Up 7%

DETROIT (AP) - Ford says that sales rose 7 percent in January on strong demand for small cars and SUVs.

Sales of the Ford Focus compact car were up 60 percent over last January, while sales of the Ford Escape small SUV were up 24 percent. Ford is replacing the Escape with a new version later this year, and sales have been strong

for months as customers take advantage of deals on the outgoing model.

Ford Motor Co. said F-Series truck sales were up 8 percent while sales of the Ford Explorer rose 36 percent.

Automakers and analysts say U.S. demand is continuing to grow at a steady pace as the economy recovers and more jobs are created.

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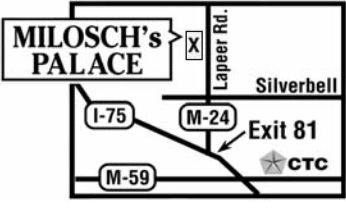
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Latest Technology Is Aiding the OEMs In Selling New Cars to Savvy Public

JACKSON, Miss. (AP) - Charles Graham was willing to spend an extra \$8,000 or so to make sure his 2011 Lexus Gs 450h had as many high-tech features as possible.

Those include an engine system that puts out lower emissions and conserves gas, as well as satellite radio and a computer system that can give localized weather updates and road conditions and redirect him if he gets lost.

"It's actually a smartcar," the Jackson man said. "I'm a three- or four-time Lexus buyer. When you look at what it offers, it's a no-brainer."

More car buyers are following Graham's lead in choosing a car based at least in part on the high-tech features it offers, particularly those that

can connect a car to a user's smartphone or other mobile devices.

At a time when people use their mobile phones to watch TV, download music and take pictures, it's only natural that vehicles offer increasing levels of connectivity with each model year, said Brandy Schaffels, a senior editor with automotive website TrueCar.com.

"In the last year, there's been a dramatic increase," she said. "Every manufacturer recognized the importance (of connectivity)."

Mike Skinner, general manager of Skinner's GM Superstore in Terry, said more people are asking about a vehicle's high-tech features to determine what they will purchase.

He points to the 2012 Buick LaCrosse's in-car technology.

It features a radio that can rewind songs similar to a DVR player and a monitor that displays everything from maps to rearview camera images designed to help motorists safely back out of a parking space.

Some versions feature a hybrid gas/electric motor and an engine that automatically shuts off when a vehicle is stopped at a traffic light or stop-sign to save fuel.

"You can start (a) car from inside the house," he said of vehicles' technological advances. Cliff Mitchell, general manager of Watson Quality Ford in Jackson, said about half of his shoppers want to know about a vehicle's technological capability.

GM Foundation Sponsors 'Winter Blast'

CONTINUED FROM PAGE 1

part of the Winter Blast festivities.

"Reading is a Blast will enable kids and grownups alike to get lost in wonderful stories read by local heroes and celebrities like Detroit first lady Yvette Bing, city of Detroit Police Chief Ralph Godbee, former Detroit Piston greats Rick Mahorn and Rasheed Wallace, and University of Detroit Mercy men's head basketball coach Ray McCallum.

"Doesn't that sound like a lot of fun?"

Indeed, Reading is a Blast is just one of a number of family friendly events coming to Campus Martius park this upcoming weekend. Winter Blast offers a host of family friendly activities.

Meanwhile, the press briefer also gave Blue Cross Blue Shield a chance to show off its new digs there on the 21st floor of 500 Tower at the RenCent.

"We're delighted to have you here in our 'Blue Campus,'" said Tricia Keith, vice president, Corporate Secretary and Services at the health care provider.

"It was just a short time ago when we were working with the Winter Blast in 2011 to welcome our employees for the first time to get to see



PHOTO: GERALD SCOTT

Tricia A. Keith, VP Corporate Secretary, Blue Cross Blue Shield of Michigan, discusses final preparations for the 2012 Winter Blast during a press conference in 500 Tower, the new home of BCBS.

their new surroundings and their new office environment that they were going to be moving into in the middle of 2011.

"Amazingly, less than a year later, here we are in Tower 500 of the Renaissance Center - we have over 1,500 employees in this building, we're full.

"And we will be using and working with the Winter Blast this year to welcome the (BCBS employees) who are moving to Tower 600.

"We're very excited to have been able to work to sponsor such an excellent activity in



PHOTO: GERALD SCOTT

Local singer-songwriter Britney Stoney will be performing at 2012 Winter Blast at the Compuware Building stage.

downtown . . . and reintroduce our employees to the city in a very family friendly, safe and wonderful environment."