

Car Buyers Got \$5.3B in Discounts in July

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DETROIT — Automakers offered an all-time record of \$5.3 billion in discounts to sell new cars and trucks in the United States in July, highlighting the cost of Detroit's escalating price war, industry tracking firm Edmunds.com said Thursday.



As expected, it said General Motors Corp. (**GM**), Ford Motor Co. (**F**) and Daimler Chrysler AG's Chrysler arm — Detroit's traditional Big Three — provided the bulk of the discounts or consumer incentives, spending a combined total of \$4.33 billion to drive customers into showrooms.

Its calculations are also based on sales volume, and sales across the industry strengthened nearly 21 percent in July to a seasonally adjusted annual rate of 20.9 million vehicles. That was the highest level since a record 21.7 million set in October 2001 and far above the 17.2 million rate in July last year.

Edmunds.com's incentives figures for Detroit's Big Three discount kings are actually lower than July estimates provided by Autodata Corp, a rival industry tracking firm, earlier this week.

But it said GM, the world's largest automaker, trimmed its average incentives spending by \$56 in July to a total of \$4,135 per vehicle sold.

Ford increased its spending by \$688 to an average total of \$3,776 per vehicle, Edmunds.com said, and Chrysler cut its spending by \$73 to \$3,623 per vehicle sold in July.

By contrast, Japanese automakers increased their incentives spending by \$189, raising it to a record-high average of \$1,236 per vehicle sold, while European manufacturers upped their incentives by \$447 to an average of \$2,382 per vehicle.

1. About how much did each corporation in Detroit's traditional "Big Three" spend to drive customers into showrooms?
2. Approximately how many more vehicles were sold in October 2001 in relation to July 2004?
3. In October 2001, how many vehicles were sold per day? Per hour (10-hour work day)?
4. If 20.9 million represents an increase of 21 percent, what was the previous amount?
5. In paragraph form, compare and contrast the differences and similarities between incentives offered by U.S. automakers and their international counterparts.
6. In your opinion, what was the driving force behind the major discounts in October 2001? Thoroughly explain your answer in paragraph form.