

FIRST TAKE

VW SALES SKID AS SCANDAL TAKES HOLD

German automaker takes nearly 25% hit as overall industry heads in other direction

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ODD ANDERSEN, AFP/GETTY IMAGES

Volkswagen has fewer cars to sell since suspending sales of its strong lineup of diesel-powered cars.

A steady drumbeat of scandal disclosures finally caught up to Volkswagen on Tuesday where it hurts the most — in sales.

Even as the U.S. auto industry as a whole saw its sales rise 6%, the VW brand saw a sales slide of 24.7% as it was unable to levitate numbers for a third month since the scandal over rigging of emissions tests became front-page news.



PATRICK PLEUL, EUROPEAN
PRESSPHOTO AGENCY

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NOVEMBER AUTO SALES

The top auto sellers in November, with U.S. sales, percentage change from November 2014 and U.S. market share last month:

| | Sales | Chg. | Share |
|-------------------|---------|-------|-------|
| GM | 229,296 | 1.5% | 17.4% |
| Toyota | 189,517 | 3.4% | 14.4% |
| Ford | 186,889 | 0.3% | 14.2% |
| Fiat/ Chrysler | 175,974 | 3.0% | 13.3% |
| Honda | 115,441 | -5.2% | 8.7% |
| Nissan | 107,083 | 3.8% | 8.1% |
| Hyundai | 60,007 | 11.8% | 4.5% |
| Subaru | 46,070 | 1.8% | 3.5% |
| Kia | 45,553 | 1.8% | 3.5% |

SOURCE: ALTDATA

VW's troubles contrasted with an auto industry overall that is racking up huge sales and huge profits from crossover SUVs. Some of the sales beneficiaries last month were Detroit's automakers. General Motors was up 1.5%, Ford Motor rose 0.3% and Fiat Chrysler climbed 3.1%, Autodata reports.

Among the big Japanese brands,

Toyota saw a 3.4% rise and Nissan increased 3.8%, but Honda was down 5.2%.

When it came to sales losers, no brand could touch VW, which has fewer cars to sell since suspending sales of its strong lineup of diesel-powered cars. It admitted to adding software to its 2-liter 4-cylinder diesel engines to rig them to beat emissions tests. It also faces rigging accusations over its 3-liter diesel V-6s in VWs and its sister brands, Audi and Porsche.

The sales drop is roughly equal to the percent of diesels that VW has typically been selling in the U.S., which is about one out of every four to five new cars that move off the lot.

Volkswagen avoided the inevitable until November by discounting cars to keep its sales volume of gas-powered cars high, offsetting the inability to sell diesels. In October, the VW brand saw a slight sales rise. Many buyers appear to have taken advantage of deep discounts from VW on gas-powered cars and switched to those models instead of diesels, depleting inventories.

VW's inventory of its popular Jetta compact fell 37% last month, says Stacey Doyle, senior auto analyst for [TrueCar.com](http://www.truecar.com). The midsize Passat, typically another big seller, had a 70% inventory drop. Both Jetta and Passat took big sales hits in November. The inventory depletion reflects a whopping increase in sales incentives to try to keep owners loyal to the brand. The VW brand alone rose 54% on incentives.

Much of that, Doyle says, was due to a \$1,500 "owner loyalty bonus" offer that VW threw out to try to keep its more devoted customers from running.

VW has to hope that the emissions scandal developments fade to the back pages while it restocks with gas-powered cars.

"Now they can work on rebuilding the brand," Doyle says. While VW was helped by sales of its Tiguan small crossover, up 88%, other brands saw even bigger lifts from their SUVs:

- Nissan.** The Rogue crossover became the carmaker's most popular vehicle in November. The Rogue surged 45% in November to 22,565 units, outpacing the typically steady Altima sedan, which fell 10% to 20,564.

- Toyota.** The RAV4 compact crossover roared 30% to 27,368 units. That made the RAV4 the automaker's No. 2 most popular vehicle in November, behind only the Camry sedan but ahead of the traditionally dependable Corolla compact, which was down 6%.

- General Motors.** The new Chevrolet Trax subcompact crossover flourished, with sales of 6,481 units in its first month in U.S. dealerships — better than any single Cadillac or Buick vehicle, by comparison.

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