GM moves to reduce inventory
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General Motors Co., GM -1.43% saddled with large stocks of unsold cars and trucks, is taking steps to cut excess production and signaled there may be more to come.

Workers at its Lordstown, Ohio, assembly plant soon will be off the job for three weeks instead of a planned two-week Christmas shutdown as the Detroit auto maker curtains Chevrolet Cruze output.

A second U.S. plant also may be idled according to a person familiar with the matter.

The company also said on Monday that year-end inventories of Silverado and Sierra pickups may exceed 220,000 vehicles in part due to a decision to hold the line on discounts. The higher-than-expected supply will likely push GM's overall car and truck inventory beyond a year-end target of 670,000 vehicles.

"We will continue to use all levers to influence inventory on a go-forward basis," said Kurt McNeil, vice president of U.S. sales operations. "That includes first and foremost adjusting production as well as marketing activity."

GM said it had 245,853 or 139 days worth of full-size pickup trucks worth $7.5 billion at the end of November, an increase of more than 10,250 vehicles from October.

The largest U.S. auto maker by sales is throttling back output even as rival Ford MotorCo. F -0.35% plans to increase North American production by 11% in the first quarter of 2013 over 2012 after posting a better-than-expected 6.4% increase over a year earlier in November U.S. sales.

GM has sought to boost sales and market share without resorting to big discounts that could hurt its profit margins and already depressed stock price. GM remains 26.5% owned by the U.S. government and its prospects of getting free of federal ownership and oversight hinge on raising its share price closer to the $53 a share the government needs to break even on its investment.

GM shares fell 37 cents to $25.51 on Monday while Ford shares fell less than 1% to $11.41, both in 4 p.m. New York Stock Exchange trading.

GM Interim Global Chief Marketing Officer Alan Batey said the auto maker won't match the discounts at Ford Motor Co. and Chrysler Group LLC, choosing instead to reduce output. He declined to provide details on what steps may be taken. "Much of it was due to the amount of incentives from our competitors, Ford and Dodge," Mr. Batey said. "We were shocked that Dodge had $5,000 off a vehicle. We haven't seen those levels in a long time. This is a test to see if we can remain disciplined."

Ford said sales incentives on its F-series pickups rose less than $100 a vehicle on average over the same period a year ago.

A spokesperson for Fiat SpA's F.MI -0.79% Chrysler said sales incentives on 2012 Ram trucks were within a few hundred dollars of rivals' for the same model year. But its 2013 Ram truck incentives were "significantly" less, he added. "If you blend 2012 and 2013 incentives, yes, we are higher because we are selling many more 2012 model year Ram trucks, compared to our competition," the spokesman said. Between 90% and 95% of Ram trucks sold in November were 2012 models.

GM has been carrying a large inventory of pickup trucks for the past six months, raising concerns about the strategy given the weakness in the in the U.S. construction market. Housing construction activity, which has picked up recently, generally correlates to demand for large pickups used by contractors.

Until Monday, GM had said it needed the larger inventory since some of its truck factories would be idled during the coming year for retooling to build the next-generation Silverado and Sierra.Sales of Chevrolet Silverado pickups fell 10.4% in November from a year ago to 30,764 vehicles. Sales of the GMC Sierra pickup dropped 2%.

The sales decline left GM with a nearly five-month supply of pickups on December 1. U.S. auto makers generally keep inventories of about 90 days of sales on hand.GM launched its 2013 model pickups, similar in most respects to 2012 models, earlier in the year than its competitors and isn't expected to release its next generation models until mid-2013. GM and rivals usually begin offering discounts to clear out remaining 2012 models ahead of the new year's release.

"We found that adjusting incentives on a short term basis to our competition is highly ineffective as well because the dealers can't get behind it fast enough to make an impact," Mr. Reuss said. "You don't want to flood confusion into the market as well. We are trying to run this on a longer term strategic basis than just matching people in the market on a short term basis every time someone moves."

Fonte: The Wall Street Journal, Nova York, 3 Dec. 2012, International.