

Diesel fights for traction with U.S. buyers

April 17 2009, By Steven Cole Smith

Just like gasoline, diesel fuel has plummeted in price since last summer after reaching almost \$5 a gallon. So now that diesel goes for about \$2.25, sales of diesel-powered vehicles, which almost always get better mileage than their gas-powered counterparts, have risen, right?

"Wrong," said Bill Lieb, sales manager for a Florida Volkswagen dealership. "At least not here."

Lieb said when gasoline prices were \$4 a gallon and diesel prices were even higher, "we had a waiting list for diesels. Now, with gas prices lower, people have gone back to their old buying habits -- trucks and SUVs and bigger cars. That's the way the American consumer is."

But there's still a loyal following for the more-efficient diesel, he said, especially since the introduction of clean diesel fuel last year, which means new diesel-powered cars are essentially as "green" as gas-powered models.

"Probably 60 percent of the customers who buy a Volkswagen diesel have owned one before," said Lieb, who has sold Volkswagens since 1974. Many diesel customers, he said, have either lived in or frequently visited Europe, where 53 percent of vehicles are powered by diesel, compared with about 5 percent in the United States.

Bill Settle, 76, who owns an insurance agency, is among those diesel drivers. Settle, his family and his business have multiple diesel-powered Volkswagens, including a 2003 Jetta he drives, and a 2005 Golf used by



the company.

"We get 48 miles per gallon in the Golf," he said, "and between 51 and 53 in the Jetta. My wife drives a <u>Toyota Prius</u> hybrid, and we love it, but we can't get it to produce as good a mileage as we get from the Jetta."

Volkswagen is an acknowledged U.S. leader in diesel-powered cars, along with Mercedes-Benz. The least-expensive in America is the Volkswagen Jetta diesel, which is rated by the Environmental Protection Agency at 31 mpg in the city, 41 mpg on the highway. A comparable gasoline-powered Jetta is rated at 21 mpg city, 30 mpg highway.

And the EPA has acknowledged the current tests for fuel mileage often understate diesel performance: Volkswagen's own mileage tests show the Jetta diesel can get 38 mpg in the city.

Diesel engines have much higher compression ratios inside the cylinders, and consequently are beefier and more expensive to build than comparable gasoline engines. (Base price for the gas-powered Jetta is \$17,515; the turbocharged diesel-powered Jetta starts at \$22,270.)

But diesels are considered more durable, and resale value is typically higher, as well.

At the height of their popularity last summer, Lieb said diesel-powered cars were selling with no discounts or incentives. Now, "They have the same incentives and discounts as regular models."

Quite a few of the proposed diesel-powered passenger vehicles scheduled to arrive here soon have been delayed, mostly because of economic pressures on the manufacturers, who are reluctant to take a chance with an unproven product.



"The economy has definitely delayed some of the dozen or so exciting new products we were expecting for 2010," said Allen Schaffer, executive director of the Maryland-based Diesel Technology Forum, an information clearinghouse.

Among those delayed: diesel engines for Acura and Honda cars, as well as light-duty diesels for Ford and General Motors half-ton pickups. BMW has introduced a diesel-powered 3-Series sedan, though, as well as a diesel-powered X5 sport utility vehicle.

"The economic problems this past year have sort of pressed the 'reset' button for a lot of consumers," Schaffer said. "And we think they are looking more at long-term value and durability and service than ever before. And that should mean a good future for <u>diesel</u> power."

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