

With Detroit launch, BMW aims to reignite US car sales

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The BMW X2 is introduced during the 2018 North American International Auto Show in Detroit, Michigan

BMW, which has been losing ground in the US luxury market to Mercedes, is hoping to turn the tide with a spate of new SUV offerings.

At the Detroit Auto Show Monday, the Bavarian auto giant presented for the first time its new model X2, a smaller SUV—part of a series of six new and upgraded SUV models the company is counting on to reignite growth in the US.

BMW in 2017 held onto its crown as the top global luxury carmaker ahead of Mercedes, thanks to strong gains by its British brand Mini.

But not counting the Mini, BMW-branded car sales have lagged those of Mercedes globally since 2016, and the situation has been especially severe in the United States, a key market for all luxury brands.

BMW, together with Mini, sold 405,000 cars in the US in 2015—about 30,000 more than Mercedes that year.

But after declining two years in a row, BMW sales last year came in at 354,000, almost 20,000 below Mercedes.

BMW Group chief financial officer Nicolas Peter told reporters Monday that the drop was due to a refresh of its US fleet and expressed confidence in a turnaround.

"We believe we'll see a slight growth in the US market in 2018," Peter said, pointing to the new SUV lineup and greater supply of the popular Five series of luxury sedans.

"The US market is an important [market](#) to us," he added.

The new offerings come as BMW finds itself competing not just with traditional rivals such as Mercedes, Toyota's Lexus and rising Volkswagen brand Audi, but also with electric carmaker Tesla.

"BMW took another hit in 2017," said Bertrand Rakoto, a Detroit-based

analyst for Psycar. "Their sales didn't actually fall that much, but part of the reason was due to heavy incentives."

BMW gave rebates of \$5,400 per car in the US last year, far above the \$3,800 average for all US cars, according to Automotive News, a US trade publication.

"That's a big rebate for a luxury brand," said Rakoto, who said the brand-new X2 could give BMW a boost.

"SUVs are so popular in the US, but you need a lot of different options to satisfy different markets," he said.

Underwhelming designs

Ferdinand Dudenhoeffer of the Center for Automotive Research said BMW became blinded by its own success.

"They became too cautious in terms of design," Dudenhoeffer said, deeming the conservative Series 2 Tourer a flop compared with its legacy of spiffy models.

"At the same time, Mercedes and others developed new ideas that were really innovative and interesting," Dudenhoeffer said.

Meanwhile, when BMW made the plunge to invest in electric cars with the i3 and i8 models, it opted for a carbon fiber material for the body that reduced weight, but was more costly than other options and gave little additional value to the customer, Dudenhoeffer said.

He added Tesla could represent "a real threat" to BMW and other [luxury](#) car makers if it succeeds in its ambitious production ramp-up. Whether Tesla reaches its targets is an open question at this point, but successful

execution by the California company could ignite sales of electric cars, he said.

Last year, Tesla sold 55,000 vehicles in the United States, up from almost nothing five years ago and now as much as Porsche.

Among more conventional players, Lexus, the upscale brand of Toyota, is not far behind the German duo—and after that stands another big German [brand](#): Volkswagen's Audi, which has more than doubled its US sales in seven years, coming in at 227,000 in 2017.

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