

"Detroit Disease" Inflicts Chrysler

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Chrysler was once admired for its toughness even at a point where the atmosphere is attracting slumping sales and massive losses. Nonetheless, according to some analysts, it seems that Chrysler has lost its protective cloak and eventually been inflicted with the so-called 'Detroit disease'.

Automotive reports are showing that Chrysler will lose \$1.5 billion in the third quarter, about more than twice what it had expected beforehand. This loss is brought about by the slow sales of gas-guzzling trucks and SUVs.

According to Tom Appel, editor of Consumer Guide Automotive, "The company has been hit especially hard by the public's growing desire for smaller, fuel-efficient cars. But the issue may be more one of a perception than a reality."

"I think Chrysler's being hurt by a general impression that its large and hitherto well-received cars like the Chrysler 300 and the Charger are not very fuel-efficient, and so there's a bit of a backlash," Appel added.

Chrysler President and CEO Tom LaSorda said that the company intends to become more competitive internationally with a portfolio of smaller cars. "We're addressing those issues and moving our product portfolio to a mix that's more in line with the recent realities and market trends," LaSorda elaborated.

"But while new products are important, Chrysler, like Ford and GM, needs to do a better job of managing its car and truck inventories with flexible manufacturing processes like those used by Asian manufacturers," said Kevin Reale, research director for AMR Research.

Analysts are also saying that Chrysler lineup has other problems. One problem is its limited offer in the midsize SUV market. On one hand, the sales of Dodge Durango have dropped off abruptly. To circumvent the decline in sales, the automaker is modifying the Chrysler auto parts to set forth a striking lineup.

New Chrysler products that will be launched this year include Sebring sedan, Jeep Compass, Jeep Patriot and compact Dodge Caliber. "Dodge is about to launch the mid-size Nitro SUV, so that will help them in the fuel economy perception area, but when it comes to minivans someone has to come up with something new," Appel added. "The expectation is that the new Dodge Caravan and Chrysler Town & Country minivans will be that new thing, but their release is still some time away — they're not supposed to come out until mid-2008." As a manager of one of the largest auto stores in Springfield, Massachusetts, Sarah has extensive expertise on auto parts and automobiles in general. This 42-year-old is a certified car enthusiast. You can visit Chrysler auto parts for more information.