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Ford Motor Company December Sales Call Transcript

Question-and-Answer Session

Operator

(Operator Instructions) Our first question comes from John Murphy – Merrill Lynch.

John Murphy – Merrill Lynch

Two questions for you real quick, first on your market share gains and Jim I love your statement, ?You can't eat market share,? but it is a good thing that it is moving in the positive direction. I'm just wondering how you're winning that market share? Is it because of conquest business, is it because of the F150, is it because of the concern about bankruptcy at your domestic or the other Detroit three competitors? What's going on there that you think you're gaining some market share?

James D. Farley

There are a couple of factors. Good question. First one is these segmentation I think is really playing in to our hands with the sell down in new trucks at the same time and certainly the level of cross shopping between competitors in that segment is very high and so we've seen some good news there. We've also seen some positive news on our CV car Fusion. Fusion is really the highlight of our share gain in November and it's really positive news for us that it's not just isolated in F series.

I think those are the main drivers for our share increases so far. We are looking at what are the root causes in terms of customer interaction between the different brands because obviously this could be an opportunity for us. One thing I'd like to emphasize is the role that Ford Credit plays. The stability Ford Credit has provided our dealers really I think has been a difference maker for us in the last 60 days.

We've seen our competitive captives have all sorts of different strategies and our continues to be about 50% penetration for Ford Credit. I would say that's probably the third key link for us, just the stability of Ford Credit.

John Murphy – Merrill Lynch

Then George or Jim, on the pricing in the market, do you believe that incentives have started to really lose their power or their elasticity here? And, might you potentially see a pull back on pricing? Is the consumer just so fatigued it doesn't even matter what the pricing is on vehicles?

George Pipas

I think price is important John, continues to be important and obviously it continues to be a very competitive environment in that regard. But, I think to a certain extent, right now you are seeing an environment that might be characterized as pushing on a string. It's not just our business but even that good Friday was accompanied by a softer Saturday and Sunday on the retail business. So, the price can get people's attention but in terms of its ability to lift sales to a new level for some sustainable basis, I think it's a little on the weak side.

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