Asian carmakers scope deeper inroads in US market

January 13 2010, by Veronique Dupont

The Toyota Prius Plug-In Hybrid on display at the North American International Auto Show in Detroit. Asian carmakers, which have left US rivals in the dust on their home turf, signaled at this week's major auto show they have set their sights on still bigger shares of the massive market.

Asian carmakers, which have left US rivals in the dust on their home turf, signaled at this week's Detroit auto show they have set their sights on still bigger shares of the massive market.

"The overall market share tells me where the consumer is voting," Don Esmond, head of Toyota's US auto sales, said Tuesday at an industry round-table discussion.

More bluntly, Carlos Tavares, the Nissan executive vice president in charge of the Americas, said in an interview with AFP: "We still expect and hope to grow our (US) market share steadily."

With their smaller, cheaper and less fuel-thirsty vehicles, Asian auto manufacturers have scored customers amid the worst US recession in decades and spikes in gasoline prices.

The hard times and a government "cash for clunkers" incentive program have helped wean some American consumers away from their beloved but gas-guzzling sport utility vehicles (SUVs) and pickup trucks.

In 2009, sales of Asian vehicles, particularly those produced by Japanese companies, surpassed their US rivals in the United States. Toyota edged out Ford, while Honda topped Chrysler, trailed shortly behind by Nissan.

In the troubled US auto market last year, where sales plunged 21 percent, some automakers like South Korea's Hyundai have not only grown their US share but have seen sales leap.

"Korean carmakers like Hyundai or Kia improved the quality without raising prices," said Jessica Caldwell, an analyst at Edmunds.com.

In addition, the disappearance of certain US brands like Saturn and Pontiac, shut down by General Motors, "offers an opportunity for everybody -- that's a fact," Nissan's Tavares said on the sidelines of the North American Auto Show in Detroit, home of the Big Three US automakers.

John Mendel, the vice president of Honda Motor USA, agreed. He added, however, that sometimes it is difficult to garner the market shares left abandoned by the demise of rival brands.

"It's going to matter how these people are approached," Mendel told AFP on Tuesday.

"Those people are probably in reality more domestically oriented -- may or may not consider a Honda or a Toyota or some other brand."

Mendel mentioned that the federal government's popular "clunkers" program had captured "a lot of first-time" Honda buyers.

Still, US automakers are gearing up for the turf war.

"Ford is a serious contender," said Edmunds.com's Caldwell.

They have a "solid car strategy which they didn't have in the past -- they mostly sold trucks and SUVs," she added.

General Motors, the largest US automaker, which along with Chrysler last year emerged from government-backed bankruptcy, declared it was back in the game.

Putting carmakers worldwide on alert, and in particular the Asian companies present at the show, Bob Lutz, GM vice chairman, said Sunday: "When a competitor is restructured but retains its former capabilities, that is a much more dangerous competitor than ever before."

Lutz pointed out that his company's restructuring had pared its cost structure, particularly payrolls, wiped away most of its debt and disposed of four brands.

And, he said, the foreign currency exchange rate has tipped in GM's favor from where it was a few years ago, with the dollar today weaker against the yen and the euro.

When Japanese automakers complain about the yen's strength against the dollar, "my eyes remain dry," said Lutz.

(c) 2010 AFP