

US: Toyota winning back buyers with new models

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Toyota unveils its Corolla Furia Concept car during the North American International Auto Show in Detroit, Monday, Jan. 14, 2013. (AP Photo/Carlos Osorio)

Toyota is on a roll after two difficult years, when it was hit by a string of safety recalls and then by the earthquake in Japan.

The Japanese automaker's U.S. sales rose 27 percent last year, thanks in part to [strong sales](#) of its recently expanded Prius lineup and its Camry

sedan.

Now, Toyota's U.S. chief Jim Lentz is turning his attention to the Corolla, Toyota's dated small car. The company unveiled a concept version at the North American [International Auto Show](#) in Detroit this week that hints at a radical styling change for the Corolla. Lentz said the company must now decide how edgy it can go with the Corolla's styling, to win over new customers, without losing longtime buyers.

"Styling is going to be a major focus of the company going forward," Lentz told The Associated Press at the show. "We'll do a lot of testing with that concept with the consumer, because it's a little bit of a tricky segment. It's a segment that is still driven by rational buying decisions. So you have to be careful that you don't make compromises in styling that affect the overall packaging of the car."

Lentz talked about the U.S. market with The Associated Press at the auto show. Here are excerpts:

Q. Sales of the Prius and its newer variants—the Prius C subcompact, Prius V wagon and Prius plug-in—were up 73 percent in 2012 even though [gas prices](#) moderated. Do you expect them to continue to go up this year?

Lentz: "We had a plan of about 220,000 for the Prius family last year. We sold about 236,000. So it did exceed our expectations. The entire Prius lineup did very well. If you look at hybrids in total, our number was around 328,000, when you include Lexus and other products. Sixteen percent of our business last year came from hybrids, in an industry where total [alternative fuels](#) last year—which includes pure [electric vehicles](#) and hybrids—hit 500,000 for the first time. But it's still 3.5 percent of the market. So we're still about two-thirds of the market in hybrids.

It's difficult to predict the price of fuel at any given time. But I can rest assured that between now and 2020, it will be up. I can't tell you exactly when, but it will be up. And I can also probably predict, fairly well, that following the price of fuel in the U.S., it always tends to go down in the fourth quarter, it always tends to start its rise in the first quarter, so as summer driving season comes, as they change the fuel blend that they're manufacturing, we always tend to see an increase. But it is interesting that [Prius](#) volumes still follow gas prices."

Q. When you had to recall millions of vehicles in 2010 for the sudden acceleration issue, many people thought you would lose some customers forever. But your sales were way up in 2012. Are you back to where you were before the recalls?

Lentz: "I don't think we've lost existing buyers. I think we had a slowdown in conquests (from other brands). Very shortly after the recalls, our loyal buyers—partly because of the great treatment they received from our dealers through all this—very quickly came back to the brand because they understood there were not issues with the electronics in our cars. Those that didn't have an experience with us, either with a product or our dealers, weren't quite sure what to believe.

Last year, 40 percent of our sales were new products. This year we're going to have another nine new or redesigned vehicles. I think that will continue to bring the conquest buyers back. Are we back to the level where we were prior to all the crises? Not yet. But we're approaching that."

Q. You led the U.S. industry in vehicle recalls in 2012, and you were recently fined by the government for the fourth time in two years for failing to report a recall in a timely manner. What's going on?

Lentz: "Recalls aren't a four-letter word. The reality is, the more

commonality you have in parts, the greater the risk if you have a recall and the recall numbers are bigger. But part of it is, if we find that there's a defect in the vehicle, we will sort it out as rapidly as we possibly can. Our antenna to the marketplace is much more robust than in the past.

The fact of the matter is, if you look at the overall recalls from all the manufacturers, the number of recalls and the volume of vehicles that they're affecting is up. Part of it is complexity, part of it's shared components. But we're not afraid of recalls. We're going to continue to root out any issues in the marketplace and ensure that our customers are safe in our vehicles.

We're confident now that we have the data gathering in place that we can identify things quicker than before. We have centers around the country now that really examine what's going on in the marketplace. We have rapid-result teams. Any issue that we have with a customer where we feel that we may have a safety issue, we have a team that goes out within 24 hours to respond to that. So that's all the upside to the crisis we've gone through. We have better processes to deal with customer issues than we ever have."

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