

Toyota meets Hyundai challenge with restyled Camry

Kinibiz.com

Apr 16, 2014

By Alan Ohnsman, Bloomberg

Toyota Motor Corp is making rare styling changes in the Camry sedan just halfway into the car's usual design cycle, a sign the automaker is eager to stem gains made by Hyundai Motor Co's Sonata, which also is being reworked for 2015.

The latest Camry and Sonata models will make an appearance at the New York International Auto Show tomorrow when it opens to the press, before joining the mid-size sedan market fray. Toyota, the world's largest carmaker, is looking to extend the Camry's 12-year run as the top-selling US car, while Hyundai is confident enough to tone down the curving lines from the breakthrough version of Sonata that reached the U.S. in 2010.

"If you think of it in terms of traditional leader and traditional challenger actions, their positions are switched," Eric Noble, president of industry consultant CarLab, said in an interview. "What we've had the last two years is Toyota being put in the challenger position, trying to regain ground, in no small part because of Hyundai."

Mainstream family sedans, including refreshed Chevy Cruze, Ford Focus and Volkswagen Jetta models, are in the spotlight this week at the New York show, which is more often associated with high-end brands. The show will still be a haven for luxury lovers with models on display including Land Rover's Discovery Vision Concept and Mercedes-Benz S63 AMG 4MATIC Coupe. And for fans of other fast cars, there will be a new Corvette Z06 convertible, the Alfa Romeo 4C and, at the Empire State Building, the new Ford Mustang.

Toyota's American depository receipts fell 1.4 percent to \$105.78 at 12:25 p.m. in New York, and are down 12 percent this year through yesterday. Hyundai's shares don't trade on a primary U.S. exchange.

Toyoda's Priorities

Akio Toyoda, chief executive officer of Toyota, has made styling and performance priorities across the carmaker's model lines. Making major changes midway through

the life cycle of Camry, redesigned in 2011, is unprecedented for a car that's purchased more for value and durability than looks.

The refreshed Camry "will challenge conventional expectations of a mid-cycle model change," the company said last month, without elaborating.

After lagging behind Nissan Motor Co.'s Altima in 2014's first two months, Camry regained the first-quarter U.S. lead with a March sales push. Low-cost lease and loan offers from Toyota's finance arm, the industry's largest, helped pull it ahead of competitors.

Still, the Toyota City, Japan-based company has a limit on how much it will rely on incentives and discounts to maintain Camry's market position.

"I'm not going to just spend money to try and buy that number one position," Jim Lentz, Toyota's North American chief executive, said in a 2013 interview.

Goodbye Swoopy

Hyundai, South Korea's largest automaker, debuted the new Sonata in Seoul last month. Breaking with a swoopy exterior characterized by the deeply stamped body panels of Hyundai's so-called Fluidic Sculpture design approach, the new Sonata appears to tone down many of the car's current highlights, which it had previously used to win U.S. market share.

"We can say with certainty that Fluidic Sculpture 2.0 has a lot less 'fluid,'" Steve Siler, a reviewer for Car and Driver magazine, said of the 2015 Sonata.

The choice to shift to a more conservative look "definitely runs a risk," said Jessica Caldwell, an industry analyst for Edmunds.com in Santa Monica, California.

'Challenger Brand'

"Hyundai is a challenger brand and design is a big part of what caught the public's attention," Caldwell said in a phone interview.

Toyota has targeted sales of at least 400,000 Camrys this year, in line with the model's volume in 2012 and 2013. Deliveries in the first quarter totaled 94,283, down 6.5 percent from a year earlier, according to Autodata Corp.

Nissan's Altima has proven to be Camry's toughest challenger this year, raising deliveries of the mid-size car 2.7 percent to a best-ever 89,285 in the first quarter. Honda Motor Co.'s Accord, typically the second-best-selling U.S. car, had a 10 percent drop to 79,188.

Ford Motor Co.'s Fusion, which looked poised to take more market share from Camry this year, so far is fourth in the mid-size segment, with sales of 77,578 in the quarter, down 3.7 percent.

While Sonata's U.S. volume, down 15 percent in the quarter to 40,253, isn't close to that of Camry, Accord or Altima, the car's style change in 2010 made it an industry heavyweight, Noble said.

"Hyundai, not in volume terms but in attitudinal terms, really became the segment leader," he said. "What they did really has resulted in forcing Toyota out of a defensive position, where instead of just trying to hold market share, they have to challenge and innovate."

Copyright © 1999-2012 Mkini Dotcom Sdn. Bhd

Source: <http://www.kinibiz.com/story/world-biz/81396/toyota-meets-hyundai-challenge-with-restyled-camry.html>