

Toyota Sales Up 50 Percent From Last March

Jeffrey McMurray, Associated Press Writer

ERLANGER, Ky. (AP) — A high-ranking Toyota executive says the auto company's North American sales spiked around 50 percent the first eight days of March as incentives helped lure customers after a series of embarrassing safety recalls.

Don Esmond, senior vice president of automotive operations for Toyota Motor Sales, said in an interview Tuesday that the early numbers surpassed the company's expectations. Esmond, who was speaking at a conference for Toyota suppliers, didn't give detailed figures.

Last week, Toyota, which is usually stingy with incentives, announced new deals designed to bring shoppers back into its showrooms. Existing Toyota owners who buy another vehicle from the company will receive two years of free maintenance, Toyota said. The automaker also is offering zero-percent financing and low-priced leases to customers who buy or lease several of the recalled vehicles, including Corollas, Camrys and Avalons.

Esmond also said there is pent-up demand from buyers who didn't shop for cars during last year's economic downturn. U.S. sales plummeted to their lowest level in nearly 30 years in 2009.

Dealers say the incentives are helping, especially after Toyota's sales fell 9 percent in February, the first full month after it stopped sales of some models because of safety issues. Overall industry sales rose 13 percent over February 2009, which was an especially weak month in the U.S.

Since the fall, Toyota has recalled some 8.5 million vehicles worldwide — more than 6 million in the United States — because of acceleration problems and braking flaws. Regulators have linked 52 deaths to crashes allegedly caused by accelerator problems. The recalls were the subject of three recent congressional hearings.

Earl Stewart, who owns a dealership in North Palm Beach, Fla., said the Camry sedan and hybrid Prius are selling well despite being the subject of recalls.

"These are the best incentives we've seen in a long time," he said. "We are basically telling customers, Toyota sales will be coming back and they're going to pull these incentives. So people see a sense of urgency."

Esmond said many loyal Toyota buyers seem to be sticking with the brand. He defended the increase in incentives, which has forced General Motors Corp., Chrysler Group LLC, Ford Motor Co. and others to match Toyota's deals.

"Our incentive program is probably stepped up but it still doesn't approach what our competitors are spending in the incentive market," he said. Toyota's spending of

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\$1,833 per vehicle in February was below the industry average of \$2,588, according to auto information site Edmunds.com

"Now that the congressional hearings are behind us, it's time to move on," Esmond said. "We said we're sorry. I think we've taken responsibility in terms of the recalls."

AP Auto Writer Dee-Ann Durbin contributed from Detroit.

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