

Prius Falls Hard From Top-Selling Spot In Japan

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TOKYO (AP) — Honda's Fit subcompact overtook Toyota's Prius gasoline-electric hybrid as Japan's top-selling car in January, its first return to that spot in nearly two years.

The figures released Friday by the Japan Automobile Dealers Association show how the end of government subsidies for green cars have hurt sales of the Prius after holding the top spot in Japan for 20 straight months. It remains the world's top-selling hybrid.

Fit sales in January surged nearly 14 percent from a year earlier to 14,873 vehicles, about half of them hybrids, the Tokyo-based maker of the Odyssey minivan, Accord sedan and Asimo robot said.

The last time the Fit was a top-seller was in March 2009.

"It's better to be No. 1," said Honda Motor Co. President Takanobu Ito after also playing down its importance.

"My priority is that all our models record solid sales," he told reporters.

Government-backed incentives for green cars mostly ended in September, hurting sales of the Prius, which fell 38 percent in January to 13,711 cars.

Fit sales didn't suffer as much because it is cheaper and it went through remodeling relatively recently — going on sale in October in Japan, including gas-electric hybrid versions as well as regular gas-engine models. It goes on sale this year in Europe as the Jazz model, but the new hybrid Fit is not set to go on sale in North America.

The Fit from Honda, Japan's No. 3 automaker, is the cheapest hybrid at 1.59 million yen (\$19,000), making it an attractive buy for many, especially with additional dealer discounts.

The latest Prius, which went on sale in May 2009, starts at about 2 million yen (\$25,000).

Toyota said it will continue to do its best to woo customers to its models, including the Prius.

"We are grateful to our customers for having made the Prius the top-selling model for 20 consecutive months," the world's biggest automaker said in a statement.

The end of such incentives is hurting overall Japanese car sales, including Honda models. Worries are growing about a further plunge in auto demand in coming

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months.

While the special incentives have ended, tax breaks for green cars continue until April 2012.

Toyota Motor Corp., which also makes Lexus luxury models and Camry sedans, sold 315,669 Prius cars in its home market last year, up 51 percent from 2009 — and a record in Japan's auto history for a nameplate.

Toyota's reputation in Japan has held up relatively well despite the massive recalls that have dented its image in North America.

Earlier this week, Honda reported a nearly 40 percent drop in quarterly profit, hit by a strong yen and fading sales in Japan.

But it was upbeat about the full fiscal year through March and raised its profit forecast, crediting cost cuts and better model offerings.

Toyota reports earnings Feb. 8.

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