Analyst: Toyota Recovery Could Take Years

DETROIT (AP) — Toyota Motor Corp.'s U.S. market share has slid from 17 percent for all of 2009 to 11.5 percent last month. The company was passed in sales and market share last month by a surging Chrysler Group LLC, which in the past was far behind Toyota.

An industry analyst told investors on Friday that it could take several years for Toyota to recover.

Toyota's slide is due largely to recalls over unintended acceleration in 2009 and 2010, and the March earthquake and tsunami in Japan that damaged parts plants and cut Toyota's production, causing shortages of cars on dealer lots.

THE BACKGROUND: In 2009, Toyota and its Lexus luxury brand were cruising along with strong U.S. and global sales backed by a reputation for sterling quality and reliability. Then came a spate of safety recalls involving unintended acceleration, with Toyota replacing floor mats that can trap gas pedals and pedal assemblies that can stick and cause cars to accelerate. Toyota has taken numerous safety measures, and U.S. safety regulators, aided by NASA engineers, found nothing wrong with Toyota's electronic throttle controls.

After that, the March 11 earthquake hit, cutting Toyota's factory output and leaving its dealers with few cars to sell for several months.

Bob Carter, Toyota's U.S. sales chief, said October should be a turning point. With all of its plants now running, the automaker expects its Toyota division to post its first year-over-year sales increase since April and it expects sales increases through the fourth quarter and beyond.

THE OPINION: Jefferies & Co. analyst Peter Nesvold writes in a Friday note to investors that Detroit automakers and others have made so much progress on quality that Toyota no longer stands out. "Quality is now a given," he wrote. "Toyota's historical reputation for quality was no longer the differentiating factor that it had been for many years."

Nesvold wrote that he spoke to a contact at a top auto parts maker who is concerned that Toyota's market share is sliding because its cars and trucks are starting to look stale. The slide can be reversed with smarter designs, the contact told Nesvold.

"This could take several years, or at least one product cycle, to implement — assuming that the company internally has already made such a decision," Nesvold wrote.

Messages were left Friday seeking comment from a Toyota spokesman.

THE STOCK: Toyota's U.S. shares were down 84 cents, or 1.3 percent, to $66.36 in morning trading on Friday. They have rebounded a little from the 52-week low of $65.30 reached on Tuesday. They're down nearly 30 percent from the 52-week high of 93.90 that the company hit on March 1, 2011.