

# Toyota Looks To Growth In Emerging Markets

Yuri Kageyama, AP Business Writer

TOKYO (AP) — Toyota is looking to emerging markets for growth, targeting 50 percent of its global vehicle sales in such countries by 2015, and rolling out eight compact models over the next few years.

But Toyota Motor Corp. Executive Vice President Yukitoshi Funo said Friday the company won't even try to compete in supercheap models that are plentiful in developing nations.

He told reporters Asia is a "second motherland" for Toyota, where it will boost research and development as well as production of auto parts.

Toyota Motor Corp. already sells more than 3 million vehicles a year in emerging markets, making up 45 percent of its global sales of 7.1 million vehicles.

Japan's top automaker is aiming to add another million vehicles in annual sales from emerging markets with eight models, starting with the Etios sedan that went on sale in India in 2010.

On Friday, Toyota said it had reached a "milestone" of 100,000 cumulative sales of Etios cars, which are all made in India.

Toyota built its reputation with fuel-efficient small cars. And the demand for affordable compacts could prove a boon for Toyota.

The compacts in the works will be smaller than the Corolla, and likely sell for about 1 million yen (\$12,000). Toyota said it won't try to compete with models going for half that price.

"To think cheap cars will sell in emerging markets is a big mistake," Funo said. "Cars are symbols of family pride. They're for driving to a picnic on a day off."

New growth is crucial for Toyota. Its brand suffered after massive recalls in the U.S., although sales are recovering. Recent gains in Japan could vanish, once government subsidies for green models end.

Toyota faces intense competition from General Motors Co., Volkswagen AG and Hyundai Motor Co., as well as Japanese rival Nissan Motor Co., allied with Renault SA of France. They all have the same thing in mind — growing in emerging markets such as China, Indonesia, Brazil and India.

Eighty-one percent of the parts used in Toyota vehicles manufactured in Thailand are now made in Thailand, while that rate is 75 percent for those manufactured in Indonesia.

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Toyota hopes to raise the use of locally made parts in emerging markets to close to 100 percent in the next few years, it said. Using locally made parts is key to cutting costs.

"Seeing ourselves as a Toyota belonging in each country will lead to growth," Funo said. "We become insiders."

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