

Camry Battles Spruced-Up Rivals In Midsize Market

Tom Krisher, AP Auto Writer

DETROIT (AP) — For nearly two decades, the Toyota Camry and the Honda Accord have ruled the mid-sized car market.

Nobody accused them of being stylish or fast. But the cars rarely broke down, and they held their value better than competitors. For drivers who wanted a family car, Camry and Accord got the job done and were good enough to become two of the best-selling cars of all time.

But now the dominance is starting to slip. Cars like the Hyundai Sonata, Ford Fusion, Nissan Altima and Kia Optima have cut into sales of the Camry and Accord by offering combinations of sleek designs, luxury-car features and better gas mileage.

The competition has shaken up the biggest segment of the U.S. auto market. The new vehicles have made midsize cars appealing to a broader audience, from young families to downsizing baby boomers to people who want the look and feel of luxury but don't want the cost. Midsize cars accounted for almost 25 percent of the total industry in February, up from 22 percent at the end of 2007. Automakers report March sales on Tuesday.

Differences in quality and reliability in midsize cars have all but been erased, so buyers now look at styling and performance, industry analysts say. That puts added pressure on Toyota and Honda to stay ahead, but also on the other automakers, because brand loyalty isn't what it used to be. Every time a new, sleeker car comes out, many buyers flock to it. As a result, automakers are redesigning midsize cars in about half the usual time.

"Your latest and greatest are the ones that are selling the most," said Glenn Mears, owner of Chrysler, Ford, Honda and Nissan dealerships in the Dover, Ohio, area south of Cleveland.

Sales figures show how tough the competition has gotten for Camry and Accord, still the two top-selling cars in the U.S.

The Camry's annual sales have fallen by more than 68,000 since 2007, while Accord sales have dropped by more than 60,000. Five years ago, Camry and Accord combined sold 865,339 models, accounting for almost a quarter of the midsize segment. But last year they slipped to just over 20 percent on sales of 736,758, according to Autodata Corp.

The Camry, last redesigned in 2011, has all the newest bells and whistles inside, such as a touch-screen and voice command system, but isn't as sleek looking on

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the outside as its rivals. Still, Toyota doesn't plan any major styling changes to the Camry because there's no sense messing with the success of a car with sales over 400,000 per year, said Jim Lentz, Toyota's North American chief executive.

Lentz said that because other automakers improved their cars, Camry sales won't grow much in the near term, even though the market for midsize cars is getting bigger.

"So the pie is getting larger. Because of the increase in competition, our share of that pie is getting smaller," he said.

Honda came out with a well-received redesign of the Accord last year, and its gaining ground on the midsize leader. While Camry outsold Accord by 70,000 last year, the Honda's percentage gain was bigger, 40 percent to 31 percent for the Toyota. And sales of the Camry fell in February, the second decline in three months. Accord sales rose 35 percent in February and trailed Camry by just 3,271.

Ford's Fusion has moved into third place. The brand-new car hit showrooms in September, with a European design that looks like an Aston-Martin.

That style led Susie Gates of suburban Dallas to lease a Fusion in February because it stood out from the Sonata and Camry, she said.

"It just seems like everyone and their mom has one," she said of the Camry. "There was nothing exciting about it."

Gates, 37, who works for a service that helps people having trouble paying their mortgages, is at an age where people typically would buy a Camry or Accord. She says her pearl-white 2013 Fusion turns heads.

"It's just absolutely gorgeous," she said.

That wasn't a term associated with midsize cars until Hyundai remade the Sonata in April of 2010. The hard angles were gone, and car reviewers said it had a sculpted exterior that gave the appearance of a car in motion even when sitting in park. Sales rose 15 percent by the end of 2011.

But Sonata's numbers haven't been quite as pretty lately. Sales were off 8 percent in February compared the same month a year earlier, and have declined in five of the past seven months. The reason: Designs in the midsize market are changing so fast that analysts say the Sonata now seems dated. And Altima sales fell 16 percent last month, even though a brand-new design came out last summer.

"The competition is so fierce," said Jesse Toprak, senior analyst for automotive pricing site TrueCar.com. "It forces automakers into much more frequent updates."

Automakers used to redesign cars every six or seven years and update them every three or four. But in the midsize segment, that's changing to full redesigns every three or four years with updates every other year, Toprak said.

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General Motors, for instance, is freshening the slow-selling Chevrolet Malibu for 2014, even though it was new last year. The update changes the look in the front and back to make it more modern, plus it will address criticism of a cramped back seat. Malibu sales rose just 3 percent in 2012. GM lowered the base price by \$300 to \$770 depending on model and raised discounts on the car in February.

Since slicker styling is now commonplace, price is a bigger consideration for buyers, Toprak said. And that means better deals for consumers, particularly on older models.

Carmakers are either dropping the base price or ramping up incentives.

Average sales prices fell from January to February on seven of the segment's 10 top-selling vehicles, according to the Edmunds.com auto website. Discounts also rose on seven of the 10 top sellers. The average price dropped by \$131 to \$25,729.

Camry's price went up slightly between January and February, but in the past year, it has fallen \$136 to \$24,211. The Camry's average price is about \$1,000 less than the Accord and Altima and \$2,000 less than Fusion. In late February, Toyota began offering no-interest financing on the 2013 Camry for 60 months.

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