

2015 NADA/J.D. Power AutoConference Los Angeles - Bill Fay

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2015 NADA/J.D. Power AutoConference LA
JW Marriott at LA Live Hotel
Tuesday, November 17, 2015, 12:00 p.m.
Bill Fay, Group Vice President and General Manager – Toyota Division
Toyota Motor Sales, U.S.A., Inc.

Introduction: Peter Welch, NADA President

Thank you, Peter.

You know... it's hard to believe... but just over 100 years ago the first car rolled off Henry Ford's assembly line... helping to deliver an affordable mobility solution to America's growing middle class.

This was an INCREDIBLE achievement... and in fact... served as an inspiration to our company's founder, Kiichiro Toyoda... to improve lives and communities by building vehicles tailored to meet customer needs.

Today, transportation has become much more than just moving people from "Point A" to "Point B." Our industry works every day on things like...advanced technology safety systems...hydrogen fuel cell powertrains...customer care...

And empowering consumer decision making... with the internet and social media.

That's why we view Toyota as not just a *CAR* company... but more as a *MOBILITY* company... developing and implementing mobility solutions for the next century... which starts by listening closely to our customers.

Our customers are one of our best sources for how to build the future of mobility... and how to enhance their experiences with our brand.

That's why it's so important to maintain close relationships with our more than 12-Hundred U.S. Toyota and Scion dealer partners... who develop lasting bonds with their customers and communities.

And I especially want to thank our Toyota dealers who've joined us today. They've made Toyota the NUMBER ONE RETAIL BRAND in California for 15 consecutive years!

Day after day, they take the pulse of our guests' expectations for vehicle and service improvements... new dealership amenities... and tell us about the rapidly changing car-buying demographic.

And these relationships have led to some remarkable insights and actions.

For example, our dealers told us Prius customers wanted to see aggressive changes made to the new model. So we responded with the all-new, 2016 Prius... the best-looking... most fuel efficient Prius ever... and the first vehicle built on our "Toyota New Global Architecture" platform... or "TNGA."

TNGA allows us to build more models on common platforms... use common parts... and fully leverage our supply chain.

The result? Toyotas will ride better, drive better, handle better and look better... with higher MPG and improved safety.

Our dealers have also reinvested in their facilities to improve their guests' experience. In fact, they've recently invested more than 1-Billion dollars to upgrade service capacity and create guest amenities in their showrooms like customer lounges, cafes, putting greens, salons and wi-fi. A customer's time is a precious commodity, and our dealers want their guests to stay completely connected... or comfortably unplugged... when visiting their stores.

In addition to products and facilities... Toyota dealers are responding to a number of rapidly changing consumer demographics. Women, diverse markets and younger buyers are driving more of the auto business today... and they'll continue to drive our future.

Let's start with female consumers...

- Women in the workforce aged 25-to-54 will grow from 75 percent to 82 percent in ten years...
- And in that same time period, 83 percent of couples will be in dual income households... up from 78 percent today.

So with greater discretionary income, women's spending power will grow as well... and that extends to the dealer showroom. In fact... more than 80 percent of car buying decisions are made or influenced by women.

We're also seeing tremendous growth in multicultural market influence. In less than five years, buying power by Hispanics, African Americans and Asian Americans will EACH exceed 1-Trillion dollars.

And that brings us to the more than 80-Million Americans in the Millennial generation.

Millennials accounted for 27 percent of new car sales last year... passing Gen-X to become the second-largest group of new car customers.

Millennials also lease luxury auto brands at a higher rate than average... and nearly 70 percent plan to move from city apartments to suburban homes... upping the need for more cars in the garage and more miles traveled.

So... how are we adapting to meet the specific needs of women... diverse markets and Millennials?

It starts with communication, identifying with our customers and innovations in the purchase and service process.

For example, our research shows that our guests want ...

- Clean, state of the art facilities...
- Direct and transparent communications ...
- And ongoing relationships with their preferred dealers.

Today's consumers also want to do business with people they can identify with... in: ethnic background, style, age and gender.

And we're especially proud that Toyota is the #1 market share leader in these three key buyer demographics: African Americans, Asian Americans and Latinos.

That's important to us... because we've been working for decades to grow relationships with ALL consumer communities.

We're also enhancing the customer experience with innovations in our purchase and service processes... to improve on speed, convenience, transparency and technology.

At Toyota, we're looking into giving customers the option to browse vehicles online, schedule a test drive and arrange financing BEFORE visiting their dealership.

And at Scion, we're piloting a program called Pure Process Plus... or as I like to call it, the Triple P... which allows customers to build their Scion, find a dealer, apply for financing and secure a price online. Across the industry... it sometimes takes customers more than four hours in a dealership to complete a transaction... but our target time for Triple P is just one hour.

And when it comes to service, we're proud of our reputation for premier care, including our maintenance program ... ToyotaCare... that comes standard with every new Toyota vehicle. When our customers make a commitment to Toyota, we're committed to them.

Now, another way we're developing the future of mobility is by making long-term, sustainable investments.

For example, to position our company for success over the next 50 years, we're building a new North American headquarters in Plano, Texas... bringing together our dedicated affiliates throughout the country... to largely operate in a central location.

Our move to Texas will help us collaborate better, respond faster to changing market conditions... and better serve our customers.

And there's more.

Since 2011, Toyota has spent more than 3.7-Billion dollars to increase engine, transmission and vehicle production and expand R&D operations in North America, creating nearly 7-Thousand new jobs.

As a result, we produced nearly 2-Million vehicles in North America last year, a record for Toyota. Laid end to end, those cars, trucks and SUVs would reach from Los Angeles to New York City and back again!

And building our vehicles close to our customers...

- Creates jobs...
- Grows our economy...
- And helps our supplier and dealer partners better respond to customer demand.

But we're not stopping there.

- We just announced plans for a 15th North American manufacturing plant in Central Mexico...

- We're expanding production in our San Antonio plant to meet demand for our all-new Toyota Tacoma and Tundra trucks... creating 275 new Texas jobs.
- And we're working with our truck and rail carriers and dealers to increase flexibility at every stage of the delivery supply chain... so our customers can get their Toyotas faster.

Now, as a mobility company... Toyota's number one goal is to try to provide a safe transportation experience for all drivers, passengers and pedestrians, no matter what brand they drive. That's why we include our Star Safety System... a bundle of safety features... as STANDARD on EVERY new vehicle. And we recently introduced a new package of advanced safety technologies called Toyota Safety Sense which will be available across our lineup by 2017. It's... designed to:

- Prevent or mitigate rear collisions...
- Keep drivers within their lane...
- And enhance road safety during night time driving.

By the year 2020, we'll introduce even more automated-driving technology, allowing some vehicles to enter and exit highways and switch lanes without driver input. While Toyota believes a human driver must always be behind the wheel, our goal is to continue to lead the future of safety technology development and decrease accidents.

And that brings me to the third step toward growing as a mobility company... which is continuously improving our vehicles today... while developing tomorrow's mobility solutions.

At Toyota, we're committed to building ever better vehicles for a wide variety of needs... and this broad portfolio approach has created lots of happy Toyota and Scion customers.

We're also ushering in a new generation of vehicles to enhance our lineup... including the sporty Scion iA sedan... and the 5-door iM hatchback.

And Scion will debut a great new concept vehicle at our press conference tomorrow at 2 o'clock in the South Hall.

And last month, Toyota once again defined the future of mobility with the all-new Mirai hydrogen fuel cell vehicle, which went on sale here in California. Nearly 19-Hundred people told us they want a Mirai... and we're close to selling out our first year's supply. So we're ramping up production to meet demand... while continuing to build the required refueling infrastructure in California and select states in the Northeast.

Now, Mirai isn't a new kid on the block. We've spent more than 20 years developing this technology... and since 2002 we've tested more than 100 fuel cell vehicles across North America... driving more than a million miles... from the bitter cold of Yellowknife, Canada... to the blistering heat of the Death Valley desert.

With zero-emissions... more than 300 miles of range... and over 60 MPG equivalent fuel efficiency... we believe Mirai represents the future of sustainable transportation. In fact, with vehicles like Mirai... and Prius... Toyota has its sights set on reducing our average vehicle emissions by 90 percent worldwide by the year 2050.

And one of my favorite things about fuel cell technology... is that hydrogen can be produced from just about... EVERYTHING... including water... landfill waste... or even... as one of Mirai's famous naysayers once put

it... good old “B.S.”

Now, we’ve all heard the old phrase, “When life gives you lemons.” Well, when it comes to fuel cell technology, we gave that phrase a new... “twist.”

Check it out. ([“Fueled by Lemonade” video](#))

You know... 100 years ago... replacing your horse with a horseless carriage was a giant leap forward in personal mobility. But today... automakers, our dealer partners and suppliers do so much more than build and sell great cars.

- We provide exceptional customer experiences...
- We invest in infrastructure, R&D and advanced safety technologies to ensure long-term growth and safer travel for everyone...
- And we’re developing future mobility solutions for our customers and our environment.

One of my heroes... the great UCLA basketball coach, John Wooden, once said, “The main ingredient of stardom is the rest of the team.”

Coach Wooden’s words of wisdom apply to our industry as well.

If we all listen to our customers... make sustainable investments... and continuously improve our vehicles... we’ll be able to define and drive the best future mobility solutions for our companies and our great industry.

Thank you... and all the best for a great holiday and a successful end to 2015.

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