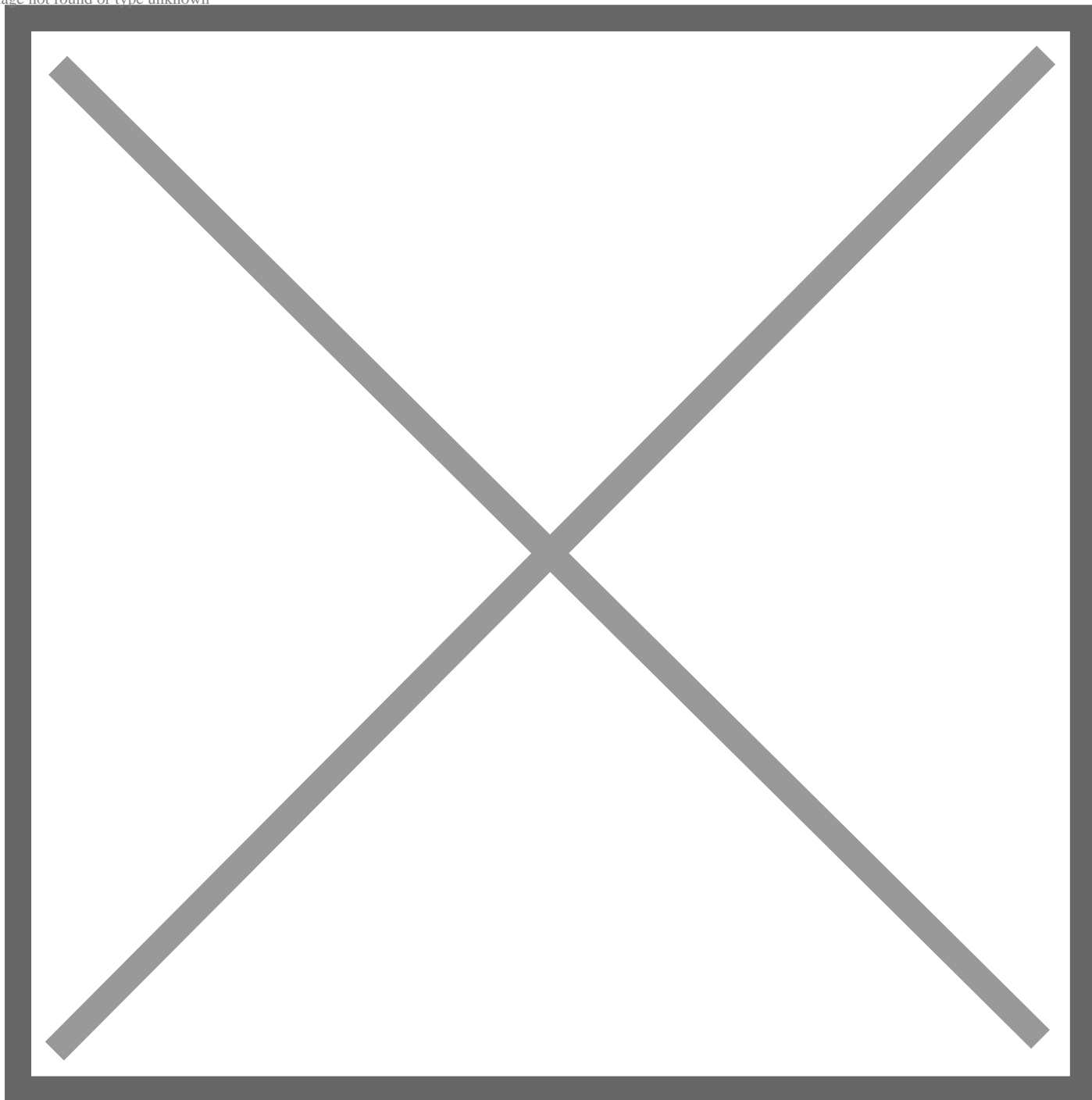


# 35: The State of the Sedan: Relic or Revival?

May 20, 2021

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*Ask someone to picture a car, and most people will imagine a sedan. They're arguably the default vehicle of the modern age... or at least they were. Currently, two SUVs are sold for every sedan, and many manufacturers are slowing or ceasing sedan production, entirely.*

*Toyota's Sam Goot (Vehicle Marketing and Communications) and Paul Daverio (Production Planning and Strategy) join us to explain exactly why Toyota is standing tall as one of the only manufacturers still fully committed to the cars we know and love.*

*From the new features and styles available in recent models to their role in popularizing electric vehicles, tune in as we discuss the state of the sedan.*

**Intro:** [00:00:02] [Intro]

**Tyler Litchenberger:** [00:00:20] Alright, Kelsey. So, today, sounds like these allergies are a little bit bad in Texas. Sorry about it, everybody. But today, we are talking about the state of the sevan-

**Kelsey Soule:** [00:00:43] The sevan. It's a car. It's a van.

**Tyler Litchenberger:** [00:00:46] It's affected my mind, too, apparently. If you know me, you know I'm a SUV girl. I love my GX, right?

**Kelsey Soule:** [00:00:55] Yes.

**Tyler Litchenberger:** [00:00:55] But sedans have served me well in my life. And today, we're talking about the state of the sedan.

**Kelsey Soule:** [00:01:00] Sedans are everyone's starter vehicle for the most part, I feel like. Everyone can relate to that.

**Tyler Litchenberger:** [00:01:05] Yeah, absolutely.

**Kelsey Soule:** [00:01:06] What was your starter vehicle?

**Tyler Litchenberger:** [00:01:08] Oh, man. Well, the Isuzu Trooper, as I mentioned in another episode, I had to learn to parallel park that. But-

**Kelsey Soule:** [00:01:14] You and Kristin Cavallari?

**Tyler Litchenberger:** [00:01:15] Yeah. Mine was a coupe, actually. It was a 1999 Mercury Cougar, when they re-released the Cougar as a coupe.

**Kelsey Soule:** [00:01:24] Nice. I had a 99 Toyota Camry. It is exactly what I asked for. And I feel like—no, no, we're reclaiming the Camry as exciting. I was going to say, I feel like that's not a reflection of my personality, a 99 sedan, but like I love the Camry.

**Tyler Litchenberger:** [00:01:43] Yeah. And you joined like, I feel like it was handed down from like family, right?

**Kelsey Soule:** [00:01:47] No, I literally asked my parent-

**Tyler Litchenberger:** [00:01:49] Oh, you asked? I love it.

**Kelsey Soule:** [00:01:50] For the four-door, too. Like everyone's asking for a coupe, whatever, and I was like, no, no, no, no, I want a 99 Camry, and black, four doors. And they were like, you got it, \$3,500, it's yours. Yeah.

**Tyler Litchenberger:** [00:02:08] Amazing.

**Kelsey Soule:** [00:02:09] Okay. Alright. I promise we're going to get into the episode here. Okay. So, if you ask someone to picture a car, most people will imagine a sedan. Until recently, sedans were actually the most popular car on the market. But in 2015, SUVs overtook their sales for the first time. Just four years later, SUVs were outselling sedans two to one. And now, some car manufacturers are actually turning their backs on the sedan segment altogether.

**Tyler Litchenberger:** [00:02:33] Not Toyota, though. So, what exactly is going on? Are sedans going extinct or has Toyota simply cornered the market? In this edition of Toyota Untold, we're exploring the state of the sedan.

**Kelsey Soule:** [00:02:50] Joining us today is Sam Goot from Toyota's Vehicle Marketing and Communications Department. Among her many achievements, Sam was part of the team that led the RAV4 to become the best-selling small SUV in the United States just a few years ago. Also joining us is Paul Daverio from our Product Planning and Strategy Department. Both Paul and Sam have been with Toyota for more than 20 years, so we have an absolute wealth of knowledge and experience to dig into between them.

**Tyler Litchenberger:** [00:03:15] Welcome, Sam and Paul to the podcast. Thank you for being here today.

**Sam Goot:** [00:03:19] Thank you for having us.

**Tyler Litchenberger:** [00:03:21] We're talking today about sedans in the US market, because as we know, there's a lot of SUVs out there. People in America love to pack their families into bigger vehicles. I am one of them. I drive a GX. I love my Lexus GX. I only have two kids, but it's nice to have the option to pack more people in there. But I started out in sedans. Sedans have literally driven me to the point until I got a family. And then, I was like, I need the third row, and my husband was like, why? And I was like, I don't know. I just need the third row.

**Tyler Litchenberger:** [00:03:53] And Kelsey, you drive a bigger vehicle as well, in the 4Runner, but sedans are still very important to Toyota and to the market in general. So, today, we're talking about the state of the sedan. With this decline in market share, there's growing sentiment among some of the population that the sedan is a car of the past. Does their diminished place on the road reflect the greater choice offered to drivers nowadays or is the sedan simply on its way out? Toyota certainly doesn't think so. In fact, we're as enthusiastic about sedans as ever. Sam and Paul, tell us why.

**Sam Goot:** [00:04:30] The truth is we're making them, we're investing in them, because consumers are buying them. Although the sedan market has decreased over the last couple of years, it's still a good chunk of business. It's over 20% of the industry sales, and represents, last year, just over right around three-and-a-half million units. So, we're going to continue to make them as consumers are still continuing to buy them. And we're going to try to get our fair share or unfair share of our market share with them.

**Paul Daverio:** [00:04:59] I think we might even be seeing the very beginning of a counter trend. In some of our product planning research, we come across customer groups quite often that are feeling like sedan is in vogue, coming back, and that SUV even is so associated with the family life stage that I think all the minivan from 20 years ago, even though Toyota just launched our Sienna, it's still that there's something about kind of the sportiness, the ride height, the proportions, the nimbleness that only a sedan can offer, and a sports car, of course. But for carrying passengers, a sedan does that still quite well, offering both utility, cargo passenger, as well as what we say, fun to drive or nimbleness. There'll always be a market for those customers.

**Tyler Litchenberger:** [00:05:50] Yeah, fun to drive is definitely a selling point. My husband's vehicle is forever in the shop, and so we get a loaner vehicle, and our last one was a Corolla. And it was so fun to drive. I forget driving a sedan and you forget how great the steering is. And so, I'm sure not only for people's first car, but as people are going into different life stages, that those are key attributes that people are looking for.

**Paul Daverio:** [00:06:13] Yeah. We've even stuck with the manual transmission on Corolla, too, which adds another element of fun to drive, the level of engagement. And of course, it's sad. It's hard to find some teenagers back 20, 30 years ago, a lot of us grew up with manual transmissions, and today, it's hard to find those.

**Tyler Litchenberger:** [00:06:31] They're still asked for. We know we see that in social. My brother learned how to drive a manual. I could do it if it was a life or death situation, I think.

**Paul Daverio:** [00:06:41] I wouldn't say they're coming back yet, but we can see some mix of sedans with six, eight, 12% manual transmission even.

**Tyler Litchenberger:** [00:06:49] I think what's interesting, especially on TikTok, younger generations, like those who can drive a stick then come in, the comments are like, what is that? Why would you have to do that?

**Kelsey Soule:** [00:07:00] Regardless of Toyota's position, overall sedan sales have dropped dramatically and many competitors have even slowed down or ceased production altogether. This is a huge shakeup to the marketplace, but where does it leave Toyota?

**Sam Goot:** [00:07:12] It's an opportunity for us. As our competitors abandon the segment, we can continue to thrive. If you look at the standard midsize segment last year, our market share was over 25%, about 27-and-a-half percent in that segment alone. And then, if you just look at the first two months of this year, in that segment alone, we're over 30%. So, as they abandoned, that opens up that opportunity for us to sell more vehicles, which is a great opportunity for Toyota.

**Sam Goot:** [00:07:39] People are leaving the segment, and we're introducing more sedans and options in our sedan lineup. Consumers are making their choice with their wallet and choosing Toyota, like we were just talking a little bit ago about how they're fun to drive. The Apex, we introduced that last year, which is a phenomenal vehicle and awesome to drive. So, I think it's worth their banding and we continue to expand our offerings. We're maximizing our market share.

**Paul Daverio:** [00:08:06] We'll put it this way, we will welcome our competitors to leave the sedan market. It will be a much bigger pie for us. It's about four million cars. And if you think, if we can achieve 15, 20% of that market, that's a huge volume for Toyota. And you look at the moves that we've made in the sedan programs that we have, and we're definitely doubling down on sedan the last few years. All-wheel drive added to Camry, Avalon.

**Paul Daverio:** [00:08:36] And we've got appearance packages like the Nightshade program added across all of our vehicles, but also with the sedans. Of course, hybrid electrification, we have on the sedans. That started even earlier than on the crossovers of the TRD program that we've added now to Camry and Avalon. Our V6 power trains on those two programs. A lot of those actions happened in the last 18 months, in fact.

**Sam Goot:** [00:08:58] Yeah. And as we look forward, starting in April, is when we're going to see an influx of a lot of new products being introduced over the next 16 months, which is roughly 25 products and half of them are in the stands.

**Tyler Litchenberger:** [00:09:10] Wow. That's incredible.

**Kelsey Soule:** [00:09:11] We really weren't kidding when we said that Toyota is committed to the sedan. That's a huge offering of products. The goal of any company, car manufacturer, or otherwise is to release products that appeal to the mass consumer in the market. They want to do everything they can to offer product that fulfills everyone's wishes and desires. Obviously, it isn't realistic to actually cater to everyone. Any business must ultimately decide where it wants to focus and where to make compromises.

**Tyler Litchenberger:** [00:09:37] This is as true when it comes to making a car as anything else. Kelsey and I see all the time that you guys have ideas, and thoughts, and wants, and wishes for our vehicles, but we can't just design the model that you want to buy. We also have to take into account external factors, such as complexity, compatibility, and even capacity of our factories. That said, in spite of these limitations, it certainly seems like Toyota is doing its best to offer a car that appeals to everyone.

**Paul Daverio:** [00:10:06] Complexity is always something that the planning organization has to keep an eye on for the sake of our dealers and customer choice, of course. And it's a business decision, and even the manufacturing side of the business, too. And that comes into play, by the way, whether it's a sedan, or whether it's a crossover, or a minivan, or truck for that. In fact, our trucks have some of the most complex, our pickups. But you do have to be careful. But even within the sedan market, it's not a homogenous market where there's one customer.

**Paul Daverio:** [00:10:38] There is a lot of diversity in the sedan market. Some, you've got customers buying car for basic transportation on one hand to some of those other emotional reasons on the other hand, such as nimbleness, styling reasons, as I mentioned, with proportions of the car, and maybe how you bend sheet metal and make it even more sexy for the customer. So, there's a spectrum of reasons of why you buy. And through that spectrum, you design a TRD program, or a Nightshade program, or an Apex program for a Corolla, or the great strategies that we have, too. We have the SE, XSE on the sporty side and we have our XLE on what we say as the core side.

**Kelsey Soule:** [00:11:21] With all these new additions and developments, cars must also shed old technologies as they become antiquated. So, how do the designers account for the long life of the vehicle? And at what point in the design process does the decision to remove outdated features like a CD player, for example, get made?

**Paul Daverio:** [00:11:38] It does have to do with some kind of hard points around engineering decisions that you have to—it might be that you want to, now is the time or forecasting the time when to remove something. But sometimes, it has to have the right lineup with other changes to the vehicle, because otherwise, you'd have a blank spot there.

**Kelsey Soule:** [00:11:54] So, you're basically deciding in—so if you're building a new vehicle today, designing it, you're deciding what that vehicle is going to look like four or five years from now. So, like in between then, iPhones can change their chargers eight times like they do, and then you're stuck. So, it's interesting how we decide that. But yeah, I've always wondered about the CD player, because I think my 4Runner still has a CD.

**Sam Goot:** [00:12:18] I have just gotten to a new Prius and I don't know if it does or not. That's interesting. And I used the CD player in my other one on occasion.

**Tyler Litchenberger:** [00:12:25] Kelsey, I need to remind my kids who I am with my college mixed CDs, okay? We still need the CD players just in case they forget, mom with things that are back in the day.

**Sam Goot:** [00:12:35] I had my mixtape, so I'm aging myself.

**Tyler Litchenberger:** [00:12:39] Market research and understanding consumer trends are vital parts of product development. You have to know that a car will sell before you spend time and resources creating it. Yet, in the past, Toyota has displayed a real willingness to take a plunge, launching new ideas, and seeing how people will react to them. Paul explains how they managed to strike that balance between consistency and innovation.

**Paul Daverio:** [00:13:01] There are different ways that we come to a conclusion to green light a program or a derivative, let's say, in this case. Sometimes, it is, I wouldn't say the word experiment, because it's an extremely expensive experiment in the automotive industry that you could throw away. Now, it is far more studied. All that

is complexity when you get it together. So, yes, you have to make sure there are enough segments of customers out there to satisfy, regardless of sedan users.

**Paul Daverio:** [00:13:31] And as I said, sometimes, these studies take us years to get to with research, literally using design bucks to test and go there. But sometimes, it does start with deep understanding of the market. And then, we have to confirm our hypothesis through maybe research. We talk to our dealers a lot. We actually have a dealer advisory panel that we work with very closely. But it's really our job and product planning is part of our sales pillar and market voice within the company to use everything at our disposal to make those decisions.

**Paul Daverio:** [00:14:06] But we don't take them lightly, and they require a lot of patience and discipline to come to a conclusion. At the end of the day, we have to size the market for a particular program, because we have to assign some sort of following to it. After we launched something, we're always listening to make sure it's at least living up to our expectations. And then, we can, in some way pivot, and even further enhance that program.

**Kelsey Soule:** [00:14:32] For a while, if you wanted a luxurious, smooth ride, something with a nice interior, you may have bought a car, a sedan. Those of us looking for something a little bit more rugged, a higher ride, got a truck or an SUV. The RAV4 is actually the best of both worlds. Perhaps, crossover vehicles like this have factored into changing the marketplace.

**Paul Daverio:** [00:14:51] I do think that there are qualities that make a sedan, and it tends to be lower center of gravity, lower ride height, less wheel to body gap. And all that added together gives it proportions that allows designers to style nice, sexy designs, as well as handling. SUVs, we've seen a lot of changes, and especially unibody SUVs are evolving so much to even as you drive them, they feel more car-like and less rugged-like maybe from 30 years ago. So, what is going to be the future? I think in between is I think we will see some new genres come in between those, the sedan and the crossover.

**Paul Daverio:** [00:15:36] And it's going to be very interesting, because how do you satisfy, is there space there? As a planner, we have to ask ourselves, is there a market there to be in between? and is that enough to sustain business? And there's not always a clear answer and there's not always one swing at that answer either. I think not just Toyota, but others will try several attempts to see, what's an in between? Is there a new genre there between car and crossover? So, it makes our job as fun, and of course, it also keeps the customer engaged to help us figure those out.

**Sam Goot:** [00:16:13] But also, what'll be interesting, too, is Gen Xers, as we age, and our families are leaving the household, and we become empty nesters, do we convert then, as Paul talked about earlier, into sedans from our SUVs?

**Tyler Litchenberger:** [00:16:28] Alright. So, the Toyota Camry has a unique reputation. Everyone has their specific idea of what the car is, even if that's just remembering the model their parents drove when they were a child or Kelsey specifically requesting it as her first car. The Camry is a very different car than it used to be. The recent redesigns completely changed the game, amping the car up, and turning it into something far more capable than ever before. That might not gel with everyone's perception, especially not if their last experience with the Camry was, for example, driving a hand-me-down their grandparents gave them as a teenager. How are we spreading the word about the Camry's new features and abilities? And how are we ensuring that people know just how much the car's changed?

**Sam Goot:** [00:17:08] I would say more and more in our marketing, you're seeing that we're really highlighting how our cars are fun to drive and living that up. And I think that's really what's turning consumers, expanding their understanding of Toyota beyond that QDR, and looking at them differently, that they're cool.

**Tyler Litchenberger:** [00:17:25] During the presentation, Akio Toyoda used the word sexy.

**Sam Goot:** [00:17:29] I think a lot of our cars are sexy today. They're sexy. They're fun to drive. And bringing out more of those emotional reasons to purchase a car versus some of those rational reasons.

**Tyler Litchenberger:** [00:17:40] And we see in social, too, Camry is a generational hand-me-down from people. My grandmother in Berkeley, California, with the narrow roads there had a 92 Camry that when we sadly had to take away her license and her ability to drive, it was still going and works great despite anything that she may have navigated through those narrow roads in Berkeley, California. But this is a vehicle that's a, hey, I got my mom's Camry, or hey, I got someone. How do we continue that affected legacy with a vehicle like that and maybe bring that over to other vehicles like Corolla, which is the best-selling, I think, sedan in the world?

**Sam Goot:** [00:18:22] Correct.

**Paul Daverio:** [00:18:22] My take on Camry is it's so much a part of Toyota, but it's also a part of American culture in some ways. And maybe that's too bold to state, but I'll go there anyway. To be 19 years best-selling means that we, as a company, and at the risk of sounding too proud, it means we really have to listen to the market. Because even though, as you said, Tyler, my grandparents car, honestly, you've got to be still more progressive to really stay relevant to that 16, 18, 25-year-old, first-time, new car buyer to make that a car that they want to buy, not just their grandparents wanted to buy, because tastes change.

**Paul Daverio:** [00:19:09] We've worked very hard over many generations to keep studying the market, listening to the market, challenging our engineers, and our engineers being able to deliver whether it's a new platform or a new styling, like Ian Cartabiano being worked on for this generation of Camry and his team or new technology to put Toyota's safety sense in Camry. It's critical to have that and to have it updated as our TSS system updates. Even though those are the challenges, keeping that history, but at the same time bringing generation after generation new to the table.

**Tyler Litchenberger:** [00:19:49] So true. And I remember when we redesigned it, next generation, a couple of years ago, talking to the designer of it, Ian Cartabiano, he said, when I designed it, I had to think about, in the Middle East, people take Camrys and they use them to be driven around so they have a driver. And so, you need a little bit of space to be able to be driven around. But with these additional grades that we've had with TRD, we have Nightshade, other things that we've added here in the US, what do you think the US consumer specifically loves about the Camry?

**Sam Goot:** [00:20:21] That's interesting. I think it's a little bit unique for each consumer, as they're shopping and selecting. Obviously, Toyota is known for its QDR, and a lot of shoppers are gravitating towards the Camry, because it's legendary with its quality. And then, I think other shoppers, as they're seeing the redesigned Camry, it's turning their head, and realizing, that's not the Camry that my parents drove. This is the Camry of today and not of yesterday, and they're excited to get it, and just a really cool sedan.

**Tyler Litchenberger:** [00:20:47] The Camry's ability to evolve and stay fresh is extremely impressive. Awards and recognitions aside, it has remained the best-selling car in the US for the last 19 years. How is it still so popular?

**Sam Goot:** [00:21:00] I'll just say, what is there not to love? It's sporty. I want to say it's just a nice standard midsize sedan. As Paul was just talking about, we have a whole range in that lineup from your standard Camry to the TRD Camry, which he was saying is the V6 and sporty. And I get so excited, I still catch myself as I'm on the road if there's one next to me or across the light, it turns my head every time. That vehicle is just so sharp and sexy. It's one of those examples that we can just bring and make some really cool sedans. So, from my

standpoint, what's there not to love about a Camry? Just to me, it's the hands down absolutely number one.

**Kelsey Soule:** [00:21:44] One way that we've managed to keep our consumers excited is through variety. Between the different models and individual grades, there are just so many options. So, what defines each of these grades and what are the differences between them?

**Sam Goot:** [00:21:56] Each have their unique personalities. But as we're looking at the marketing, especially as we're introducing new vehicles, taking the vehicle that's just going to stand out. Lately with our marketing, we've been shifting a lot of focus on the hybrid models, which have been gaining popularity, too, and picking those colors that are really going to pop and draw in our consumers.

**Paul Daverio:** [00:22:15] Again, it comes back to complexity, what's the right balance for the business versus the market? But the fact of the matter is, even though it's always going to be a challenge to manage that complexity from the factory and the business side, this market that we live in has so much diversity in it. And so, when I say diversity, I don't just mean cultural diversity, I even mean lifestyle diversity, geographic diversity, where and how you drive, and then the elements that your vehicle is in.

**Paul Daverio:** [00:22:48] But that cultural diversity has influenced kind of people's preference for styling. And we see this very clearly with what we call the mixes of those grades and how they're sold throughout the country. So, let me give you an example. On Camry, we sell a huge amount of our sport grades, the SE, XSE. It's 60-plus percent of our mix. And you might even see a lot of that happen on the West Coast, more cultural, trendy West Coast. So, it really is to satisfy the market request or market need for all of that choice.

**Paul Daverio:** [00:23:21] To look at Camry still a little bit longer, when we say a sport grade like the SE versus an LE, what we're talking about is both styling appearance, and a lot of time, that means, actually, their sheet metal or bumper change. There's a different face on it. If you look at Camry, your SE versus LE, but also, inside the car, you might have a more sporty trim of materials, maybe some stitching accent pieces that kind of message the sportiness, but then third level is also of handling.

**Paul Daverio:** [00:23:54] So, we will tune the suspension a little bit tighter, a little bit more sportier suspension for that customer. So, it's leaning in towards a more authentic sportiness, but it's not all the way where you would have—and TRD goes further in that direction. It is just a deep study that our group will work on for years to make a decision such as bringing a TRD program to the Camry, for example. It's not something that we do very quickly. It requires a lot of market study to identify and size the market, as well as engineering to plan to help build the parts for that vehicle. So, TRD, which stands for Toyota Racing Development, and we have Camry in NASCAR, and have had that prior to our Camry TRD launching.

**Paul Daverio:** [00:24:44] It was a decision to say, look how many of those customers overlap, the NASCAR fan, our Camry customer felt very natural for us to take a brand that was not only authentic in racing history for us, for Toyota, but also had already been introduced with derivatives on the truck side. So, it got born out of a couple of those two different directions to result in our Camry TRD or Avalon TRD today that you see, which is beyond our SE, XSE Camrys, far beyond that in terms of styling and handling, and then only offered with a V6 powertrain, whereas you can get an SE in a four cylinder.

**Tyler Litchenberger:** [00:25:29] These days, one of the most significant choices to make when selecting a vehicle is which powertrain you want. As sedan's involved, the market is increasingly looking towards an electrified tomorrow. Hybrid powertrains come with a wealth of benefits. They both improve fuel economy. They're more environmentally conscious and they're built with an eye towards the future. With all that in mind, surely, there's a downside. Does the consumer lose anything by opting for a hybrid?

**Sam Goot:** [00:25:53] No, they're absolutely not losing anything as they switch to a hybrid powertrain. But beyond hybrid, there's other electrification options in our lineup and more to come. And depending on consumers' lifestyle, they'll continue to make those choices that are right for them, that meets their needs. And I think it's just going to be an interesting industry in the coming years as the electrification lineup across OEMs grows.

**Paul Daverio:** [00:26:23] I think there's some people that think that car is on the decline, car/sedan is on the decline, and therefore I'm not going to get as much choice when I choose a car. I'm not going to get, for example, the powertrain that I would want, that are offered on a crossover. And we, at Toyota, would say no, everything from traditional gasoline powertrains, like V6s and four cylinders.

**Paul Daverio:** [00:26:47] In addition to that, our electrification strategy that we've been out talking about even recently, our goals for electrification, we will be offering all that also through the car as a critical component for us to get to that strategy, for us to deliver on that strategy. For us to be able to deliver 40% of our sales electrified by 2025, we have to be selling a very high mix of hybrids, plugin hybrids, in RAV4 Prime, for example, but also, in Camrys, in Corollas, and Avalons. There's no way to get there without the car side also being able to bring that mix.

**Kelsey Soule:** [00:27:31] So, basically, you're saying we need to have a mix of options and grades, but also, a mix of options electrified, so that we can meet our electrified goals. Because if it was just hybrid, we couldn't get there. It needs to be a mix of hybrid, plugin, et cetera.

**Paul Daverio:** [00:27:45] Yes. And when I say electrified, we do mean hybrid, which Toyota has a strong history of that, but we also mean plugin hybrid. We mean battery electric vehicle. We even mean fuel cell hybrids.

**Sam Goot:** [00:27:56] And it's not only to meet our goals, it's to meet the consumer demand. There's increasing consumer demand. So, we want to put the products out there that Paul and his team worked so hard about that the consumers want and give them those options. And a fun fact is Toyota, for over 20 years, I believe it's 21 years, is the hybrid leader, so proven technology for Toyota.

**Kelsey Soule:** [00:28:21] Toyota's prowess in the electric market is undeniable. We've sold more electrified options than the rest of the automotive industry combined, and that is truly impressive. At the same time, SUV demand still significantly outweighs sedan's. SUVs account for almost 50% of car sales in the United States, and they're typically not electric vehicles, or not yet. With the rising popularity of the SUV, how can we continue to strike such a strong balance between electric and non-electric options, especially when working towards emissions goals?

**Sam Goot:** [00:28:52] If you look at our lineup, our hybrid lineup is continuing to expand. Just last month or the last few months, Highlander Hybrid has been breaking its all-time sales records. RAV hybrid is doing extremely well. We just introduced the all new Venza, which is only available in hybrid, which is an SUV. The current generation of Sienna that just launched late last year is all hybrid.

**Sam Goot:** [00:29:22] So, there is a lot of hybrid options as you look at our SUV lineup and a lot of options as you look at our passenger car lineup. And it's interesting if you go back just a few short years ago, our hybrid sales mix was less than 10% of our total sales. Fast-forward to last year, 2020, it was roughly 16%. Then, if you just look at the short time period, we're in 2021, the first two months, it's over 20%. So, we're well on our way to hitting those goals, the stated goals of that 40% in 2025.

**Kelsey Soule:** [00:29:55] And do you think that's a product of people just becoming more comfortable with the electrified options, more education, or because the parity between the combustion engine and the hybrid option,

the gap is becoming smaller?

**Sam Goot:** [00:30:09] A lot of things are contributing to it. As more are on the road, people have friends that have a hybrid, and they're in it, driving it, they're getting Ubers that are hybrid. So, the more people are exposed to these alternative powertrains, the more comfortable they are, and the more willing they are to purchase them, and the higher they go under consideration list. So, I think as they become more mainstream, we're just going to continue to see that demand for the electrified options to increase.

**Tyler Litchenberger:** [00:30:35] In short, it's good news for electric cars. How is that going to shape the future? And what can we expect from the next generation of electric vehicles?

**Sam Goot:** [00:30:42] For those people that are in California, in the LA, Sacramento, and San Francisco areas, one of their options, which is a phenomenal option, is the Mirai, which is a fuel cell vehicle. We just launched earlier this year the next-generation Mirai, which is getting phenomenal reviews. The vehicle, really, it's a standout. There's zero compromises with this vehicle. It's a head turner.

**Sam Goot:** [00:31:07] It is absolutely gorgeous. It is sexy. It's got the performance that the previous generation didn't quite have. But the reception from our consumers on this next generation Mirai is over the top and our sales so far this year are exceeding our expectation. So, I think as consumers look at alternative fuels, if you're in that area where you're near that infrastructure, this is a great choice.

**Paul Daverio:** [00:31:30] Sam is basically saying that science can be sexy.

**Kelsey Soule:** [00:31:33] It really doesn't look like what some used to call like a science project. It looks like a vehicle that you want to drive. Like it could stand up next to Camry, Avalon, et cetera, and fit in.

**Sam Goot:** [00:31:47] It can stand up to the Lexus lineup and fit in. It is a luxury vehicle. It is spot on. So, what's phenomenal, too, we just literally, you guys, came off our best Mirai weekend in the history of Mirai. Like I had a meeting with the regions on Friday, San Francisco and LA. And they were pumped up, because they're like, we feel big momentum going. We feel like dealers are going have a big weekend, never thought one dealer, because we have 10 dealers that are selling the Mirai, one of them test and sold 42 Mirais this weekend. We sold over 160 Mirais this weekend. You look at tomorrow's sales report, we'll have exceeded our month-end objective. So, if we keep on this case, we're going to have the best ever month in the history of Mirai.

**Kelsey Soule:** [00:32:34] That is awesome. That's great. We just need more early adopters to get used to the idea of maybe feeling in a different way than they're used to.

**Sam Goot:** [00:32:43] And those people that are and want to minimize our footprint on the environment, the emissions, only out of the tailpipe, drops water. It is zero emission vehicle in its truest sense. Believe with anything, sedans can be sexy.

**Kelsey Soule:** [00:33:01] So, there you have it. The state of the sedan is far more optimistic than maybe you thought. There are more options when choosing a sedan than ever. Not only that, but their dominance in the field of electric cars means that they're definitely here to stay.

**Tyler Litchenberger:** [00:33:15] I'm Tyler.

**Kelsey Soule:** [00:33:15] And I'm Kelsey.

**Tyler Litchenberger:** [00:33:17] And thanks for listening to Toyota Untold.

**Kelsey Soule:** [00:33:22] Paul, Sam, thank you so much for joining us today on Toyota Untold, giving us the rundown on all things sedan.

**Paul Daverio:** [00:33:27] Thanks to both of you. It was fun.

**Sam Goot:** [00:33:29] A lot of fun. Thank you.

**Kelsey Soule:** [00:33:33] This podcast is brought to you by Toyota Motor Sales USA, Inc., and may not be reproduced or redistributed in whole or in part without prior permission from Toyota. The opinions expressed in this podcast are those of the guests and our hosts, and do not necessarily reflect the views or opinions of Toyota. Please note that Toyota is not responsible for any errors, or the accuracy, or timeliness of the content provided. Used with permission. All rights reserved worldwide.