

Redefining a New Era: A Look Back at the Toyota RAV4's Last 25 Years

November 12, 2021

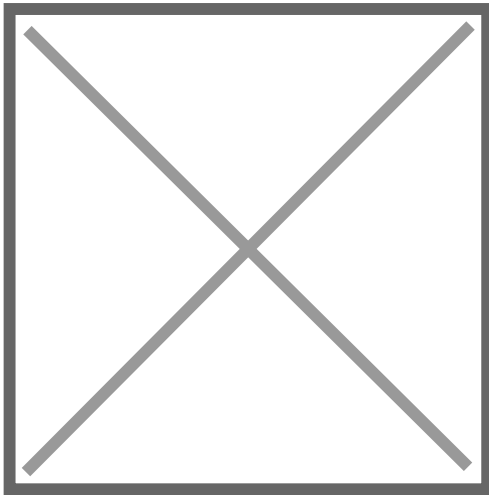
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When the RAV4 made its debut 25 years ago, it helped redefine a new era.

The RAV4 was unveiled as a concept car at the 1989 Tokyo Motor Show, and when it arrived in the United States as a production model in 1996, the small crossover set off on a journey to become one of the most influential vehicles in modern history. As not only one of the segment leaders, but also a segment disrupter, the RAV4 continues to embody what a crossover was designed for — providing drivers with the perfect blend of space and efficiency.

In the past two and a half decades, the RAV4 has helped create a whole new category of vehicles, and it's also become one of Toyota's top sellers. To celebrate 25 years, we sat down with Amy Chao, senior marketing planner at Toyota Motor North America, to share the history of the compact SUV and what makes the RAV4 so special.



Amy Chao, senior marketing planner,
TMNA

When the RAV4 debuted in the United States in 1996, what was going on in the market? What made it so revolutionary?

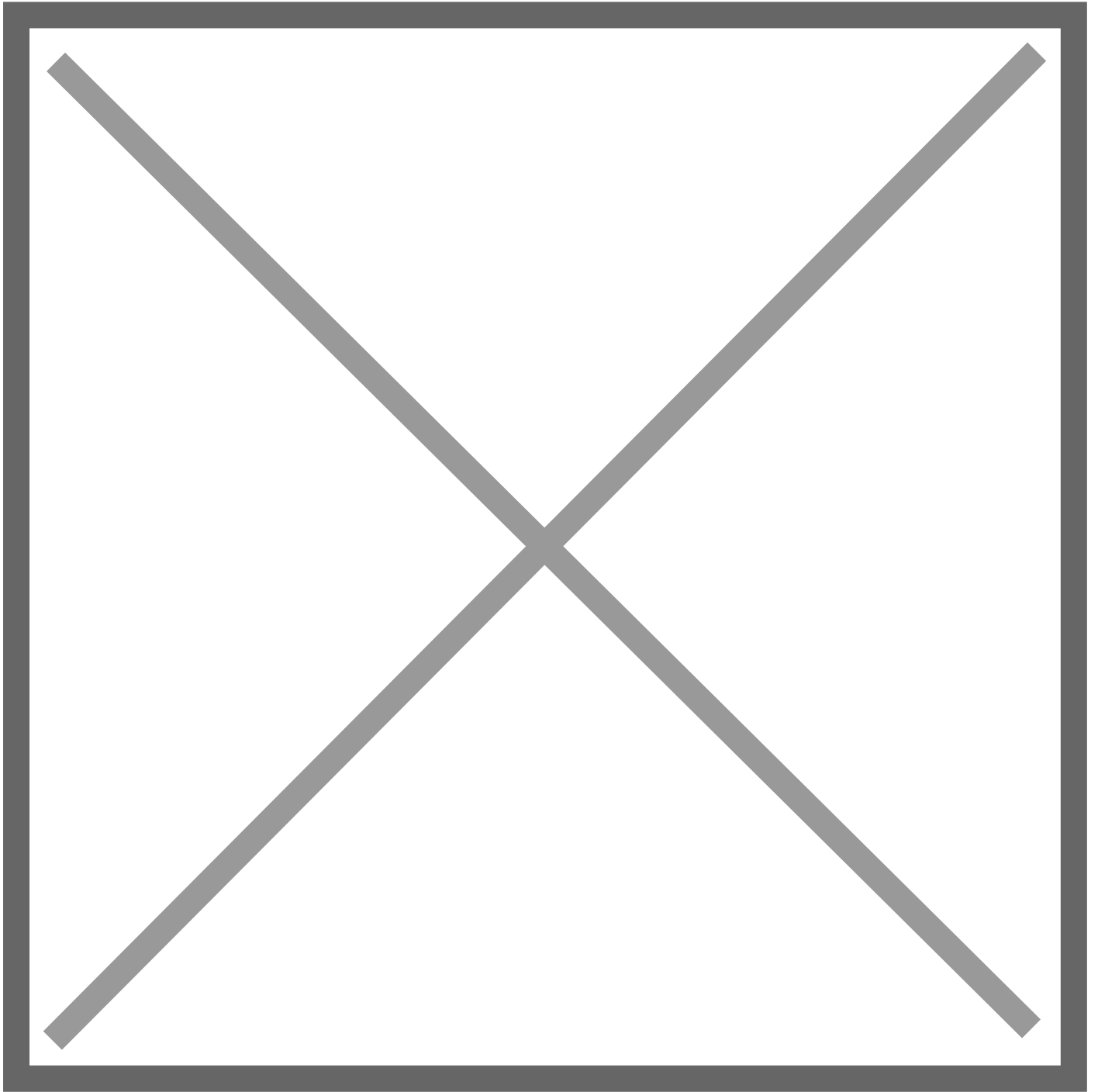
Chao: The RAV4 was born in an era dominated by body-on-frame SUVs, which at that time, were very utilitarian and leaned heavily on truck-based roots. They were road rough, got poor fuel economy, and were not mainstream products. That means that a unibody SUV like the RAV4 was a crazy idea at the time. The idea of a vehicle that combined the refined driving characteristics of a car, the cargo capacity of a wagon, and the high seating position and ground clearance of an SUV was certainly revolutionary.

Consumers defined “SUV” with vehicles like the 4Runner, the Ford Explorer or the Jeep Grand Cherokee. It was different for us to come to the market with this product that was significantly lighter, smaller, and what was at the time considered a quirky body style. People didn't really know what to think of it.

The RAV4 was a game changer for the SUV market. When did people realize it was going to be such an industry disrupter?

When it was released in the U.S. in 1996, the RAV4 was released with options, like a two- or four-door version, a five-speed manual or four-speed automatic, and front-wheel drive or all-wheel drive. That made it very different from the current offerings — and so it was met with some skepticism. Not only did people not really

know what to think, but they also didn't know how big of a market shift it was about to create.



Then in 1997 it was named Automobile of the Year by *Automobile Magazine*. That's really when consumers and other auto manufactures started to take notice and realize that there was about to be a shift to what we now call the small SUV market. By 2017, the RAV4 outsold Camry for the first time ever and became number one volume vehicle for Toyota — something the Camry held forever. In 2019, RAV4 achieved the highest sales of any SUV in a given calendar year.

What are some of the features that allowed the RAV4 to continue to be so popular?

I think there's a lot of reasons that we've shown some really strong sales over the last 25 years. Customers love that they can get a higher seating position, the all-weather capability of an SUV, but at the same time, not feel like they're driving something too big. The fuel economy is much closer to a sedan than a traditional SUV, so it allows for lower operating costs. And the interior packaging is really efficient — it's a great blend of the interior size and the exterior footprint.

It's designed to tackle everything from driving around the city, or in the suburbs, or actually taking on something outdoors. For example, in the current environment we're in, we're seeing a lot more people that want to go out and explore and take their vehicles off-road. I think it's that blend that really appeals to everybody.

The RAV4 is obviously not the same vehicle today as it was 25 years ago. How has it evolved over the years?

It's been a delicate balance over the last 25 years, trying to figure out the perfect vehicle size, engine performance, fuel economy, styling, all-weather capability and cargo capacity. We've definitely experimented over the years. We quickly learned that a two-door SUV with manual transmission was not going to be a hit. At one point, we introduced a third row but determined people prefer extra cargo room instead.

In terms of successes, we've had continued innovation with powertrains over the years. The RAV4 pushed the envelope when we debuted the hybrid powertrain in 2016 and continues to have success in the segment with the introduction of the RAV4 Prime in 2020. As consumers continue to change, we continue to evaluate what works and experiment a little. We've had some bumps along the road, but I think we're getting it right.



Tell us about the hybrid options. Toyota has been working on the hybrid for a while. What's different about it now?

Today, there's still a lot of change in the industry. There's often a misunderstanding about what hybrids and plug-in hybrids actually are. It was really important for us to get it right because, as you know, hybrid plays a huge part in our lineup. In the current market, customers have the choice of gas, hybrid or the plug-in hybrid powertrain, so they have the power to choose what works for their lifestyle. One size doesn't necessarily fit all so we need to find the right fit for every customer.

Now we're providing this vehicle that is fun to drive, provides great gas mileage and is at the right price point. We think that we've accomplished that, and I think the proof of that is now the RAV4 has become the number-one-selling hybrid in the U.S.

What's next for the future of crossovers? Where do you see the future of the RAV4?

As a segment, the growth shows no signs of slowing down and new competitors continue to join the market. Typical to Toyota, I think we will continue to evolve and move the needle as a leader in the industry. I think crossovers in general will become greener, will have higher tech, and more features. We know that there's a lot of great things coming down the line for the RAV4. We're going to continue to innovate and push the boundaries in the segment so we can continue to be the best-selling vehicle in its class.