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## Toyota Scales Back Production of Big Vehicles

By **BILL VLASIC** and **NICK BUNKLEY**

DETROIT — [Toyota](#) acknowledged Thursday that, like its rival automakers in Detroit, it misjudged the drastic swing in the American market away from larger vehicles.

With sales of pickups and big S.U.V.'s tumbling, Toyota said it would shut down truck production at two United States plants for three months and consolidate its pickups into one factory next year.

The Japanese automaker also said it would begin making its Prius gas-electric hybrids in a new plant in Mississippi by late 2010 to meet demand for more fuel-efficient vehicles.

"It shows that Toyota is just as fallible as anybody else," said Joseph Phillippi, a principal of AutoTrends Consulting. "They're human after all."

While overall vehicle sales have dropped 10 percent this year, sales of large pickups are down about 25 percent through June, and S.U.V. sales have fallen over 30 percent, according to data compiled by Ward's Automotive Group.

The shift has hit Detroit's Big Three much harder. [General Motors](#), [Ford Motor](#) and [Chrysler](#) have responded by idling truck plants across North America and temporarily laying off tens of thousands of workers.

But Toyota's announcement that it will suspend truck production at plants in Texas and Indiana was an unwelcome first for the Japanese company.

"We never have faced anything like this before," Mike Goss, a Toyota spokesman, said. Sales of Toyota's full-size Tundra pickup fell 53 percent in June, and the company has bulging inventories of both the pickup and its large Sequoia S.U.V.

So Toyota is taking a page out of Detroit's playbook by ceasing truck production at its plants in Princeton, Ind., and San Antonio from Aug. 8 until early November. The company will also suspend production of V-8 engines at a factory in Huntsville, Ala.

More than 4,000 employees will be affected, but the workers will be paid and attend training sessions during the shutdowns.

"By using this downturn as an opportunity to develop team members and improve our operations, we hope to emerge even stronger," said Jim Wiseman, vice president for external affairs for Toyota's North American manufacturing division.

Toyota introduced its Tundra model last year, at the same time that it opened its San Antonio plant in the heart of Texas pickup country.

The new plant and truck were aimed directly at Detroit's last stronghold of profits and market share. But in retrospect, Toyota's timing could hardly have been worse.

"In many ways, Toyota's strategy hasn't been any different than [G.M.](#) or [Ford](#), which was to build bigger vehicles with bigger engines and bigger profits," said Maryann Keller, an industry consultant in Greenwich, Conn.

While the Tundra has been favorably compared with Ford's F-series and G.M.'s Chevrolet Silverado, the advent of \$4-a-gallon gas has torpedoed sales in the entire segment.

The drop in sales has already forced Ford to delay the introduction of its F-series this fall.

"No one gets away unscathed," said James N. Hall, principal at the consulting firm 2953 Analytics in Birmingham, Mich. "When segments go down, you're going to ride down with them."

Toyota said it would discontinue building pickups in Indiana next year, and move all of its Tundra production to San Antonio.

The automaker had planned to build its midsize Highlander S.U.V. in a plant under construction in Blue Springs, Miss.

But Toyota said Thursday that it will put Highlander production into the Indiana plant, and devote the new Mississippi facility to the popular Prius. Now built exclusively in Japan, the Prius has been selling out in American showrooms. In June, Prius sales fell 33 percent because dealers simply couldn't fill orders.

Mr. Goss, the Toyota spokesman, said production plans for the Prius in Mississippi have yet to be completed. But he said an average Toyota assembly line produces 150,000 vehicles a year.

Over all, Toyota's United States sales have dropped nearly 7 percent this year, and the company has also seen shortfalls in supplies of its Yaris and Corolla small cars.

But analysts said that Toyota's moves Thursday demonstrate the flexibility and financial resources that make it such a formidable competitor.

"They have piles of cash and are as flexible as any company in the industry," said Ms. Keller. "This is probably a good thing for Toyota because, in their history, they have shown that adversity is what makes them stronger."

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