

THE EFFECTS OF THE CRISIS ON THE SALES OF TOYOTA CARS IN ROMANIA

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Abstract:

The economic crisis has strongly influenced the global car production, especially in 2008 and 2009. Our country's car market was in turn affected by the crisis, but the decrease of the number of sold cars began in 2009. This paper aims to analyse the effects of the crisis on the sales of Toyota cars in Romania, but at the same time we also present the efforts that Toyota Motor Corp. carries out in order to increase the number of vehicles sold.

Key words: crisis, automobile, car market, Toyota

JEL classification: E20, E23

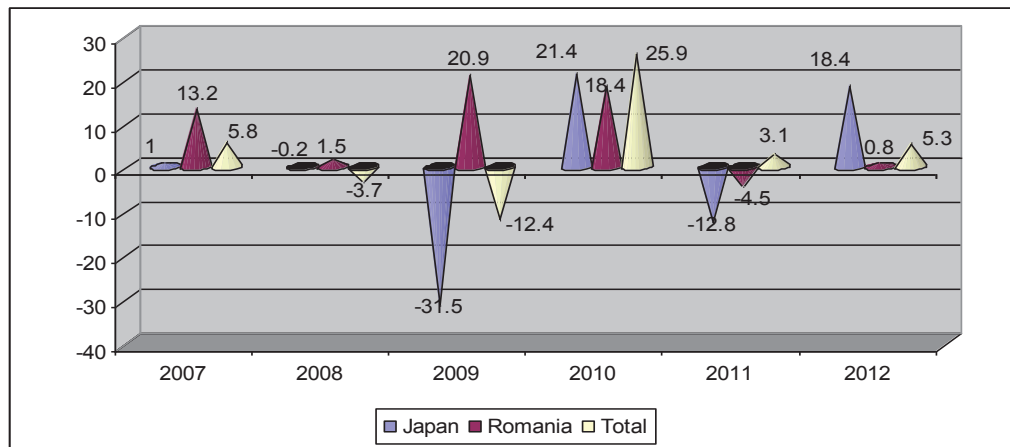
1. Introduction

The auto industry was among the economic sectors affected by the economic crisis, being influenced globally, not just in certain areas.[1] The figures on global car production show that the years during which the crisis was felt in conjunction with other factors led to results far below the values obtained in the previous years. Thus, the automotive industry achieved fewer products in 2008 and 2009 as compared to the previous years. The year 2010 recorded a significant percentage increase, and 2011 and 2012 are the years in which the values are positive but much lower than in 2010.

In our country the data are completely different from the global evolution, as it may be noticed in chart no. 1. In the period analysed, in Romania the values were increasing in 2008 - 2010, but in 2011 there was a 4.5% lower production than in 2010. The last year brings positive values again concerning car production in our country.

Worldwide automobile production

Chart 1 (%)



Source: www.oica.net

Neither did Japan record any values in the same trend as those obtained worldwide, but the Japanese economy was strongly affected both by the economic crisis

and the natural events that hit the country in the last years. Despite these events occurring in Japan, the automobile production decreased only in 2009 and 2011, in the other years included in the analysis the values are positive. The year 2010 is a remarkable one, considering that it had a 21.4% growth, given that the previous year it recorded a 31.5% decrease.

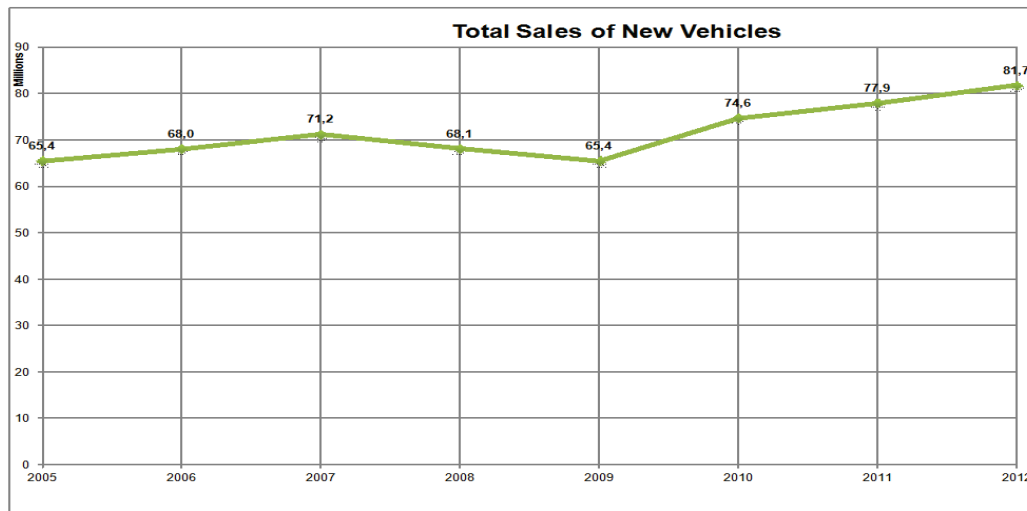
It is relevant to highlight the statistics for Romania and Japan because this paper aims to analyse the evolution of Toyota car sales in Romania. The company that presented Toyota cars for the first time is a Japanese company and Toyota Motor Corp. currently runs its business in Japan.

Across Europe, Toyota Motor Europe is responsible for the sales and marketing activities for Toyota and Lexus vehicles, for parts and accessories, as well as for the production of Toyota brand cars in Europe. The number of direct and indirect employees that Toyota has in Europe totals approximately 94,000 people and the investments from 1990 to 2012 are of 7 billion. Toyota's activity in Europe is done through a network of 30 local marketing and sales companies from 56 states, totalling 3,000 sales centres and nine production centres.[2]

2. Toyota Romania in the context of the economic crisis

The evolution of the new cars sold overlaps to some extent the car production evolution, so that 2008 and 2009 are the years that recorded decreases in the number of new cars sold (chart no. 2) at a time when the trend was upward. After these two years, the number of new cars sold is increasing, and this demonstrates the outgrowing of the crisis by the automotive industry.

Chart 2



Source: www.oica.net

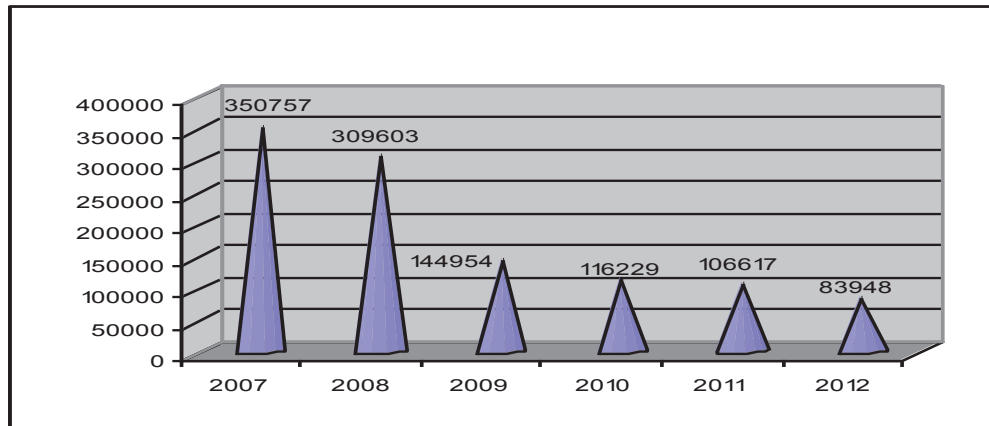
The presentation of the car sales evolution in the country, regardless of brand, is relevant in an effort to analyse the dynamics of the car sales as compared to evolution worldwide. Chart no. 3 shows the evolution of the number of light motor vehicles because they are sold in Romania by Toyota.

In Romania the number of light vehicles sold regardless of brand is characterised by a continuous decrease during the period analysed from 2007 to 2012. In our country, if we analyse the macroeconomic indicators, we notice that 2009 is when the effects of the economic crisis were felt. The same aspect may be noticed regarding the number of light vehicles sold, despite the downward trend of this indicator. The difference between the number of light vehicles sold in 2008 as compared to 2009 is of 164,649 vehicles,

that is to say in 2008 about twice as much was sold.

The evolution of light vehicles sales in Romania

Chart 3 (per piece)

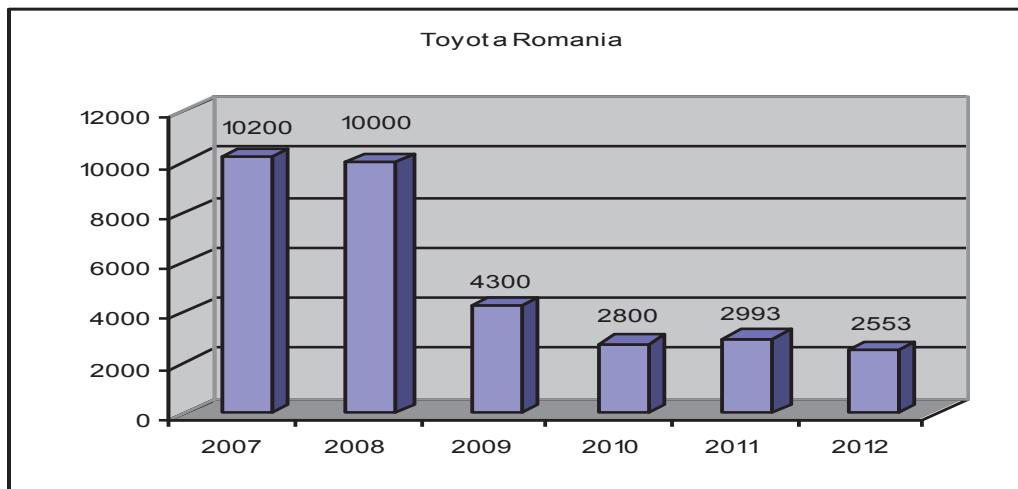


Source: Auto Statistical Bulletin, www.apia.ro

For Toyota the evolution of car sales in Romania is highlighted in chart no. 4. Toyota brand faced the same situation, so we can say that the downward trend in the sales was general and was not found only at brand level which is the subject of our study. The decrease in the number of cars sold under the Toyota brand in 2009 is as great as the reduction noticed in the auto market because from 10,000 cars sold in 2008 it reached 4,300 in 2009. In 2011 the number of cars sold under the Toyota brand increased slightly, but the following year the figures were decreasing.

The evolution of car sales within Toyota

Chart 4 (per piece)



Source: Auto Statistical Bulletin, www.apia.ro

As it can be seen, the economic crisis has affected the entire auto market and the Toyota cars sales. In Romania, we noticed a slight improvement in the sales for this brand, but far from what was happening before the economic crisis.

The fierce competition existing on the automobile market led Toyota Motor Corp. to establish its future strategies emphasising the importance of protecting the environment and producing cars with low consumption so as to win the struggle with

the competitors on the market. At the same time, it gives careful attention to the consumer's desires and brings hybrid models on the market, relying on the Toyota Prius model, which it imposed as the best hybrid in the world. Currently, hybrid engine has been extended to the class B and C models (Yaris, Auris), thus ensuring easier access to this latest technology in the automotive field. Toyota Motor Corp. is motivated by the worldwide sales of Toyota Prius, so that it planned to introduce 14 hybrid cars until November 2015, even though the hybrid cars are only 10% of Toyota's sales worldwide.

Competitiveness and constant innovation capacity has enabled Toyota to have the most sold car model in the world. This is the Toyota Corolla, produced in 1966 and which has sold more than 39 million copies so far. The permanent innovations have led to such results, especially given that the Toyota Corolla model is still currently produced, being the eleventh version.[4]

3. Conclusions

The economic crisis has affected the automotive market both in terms of world economy and in terms of the Romanian economy. The decrease in the sales was more than obvious for the period analysed, and this trend is also recorded at Toyota brand level. Despite the fact that in the recent years Toyota ranks first among the global carmakers, the effects of the crisis have negatively affected the sales of cars. Toyota hybrid models are increasingly gaining more ground worldwide showing that the efforts made by the Japanese to maintain the brand on the first position in the world are not random, but especially because they have realised what consumers actually want. Production at Toyota Motor Corp. was affected by the earthquake in Japan in 2011 which led to a decline in production, but it did not decisively influence activity.

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