



# Toyota Motor Sales, USA

Mary Nickerson, National Manager  
Advanced Technology Vehicle Marketing

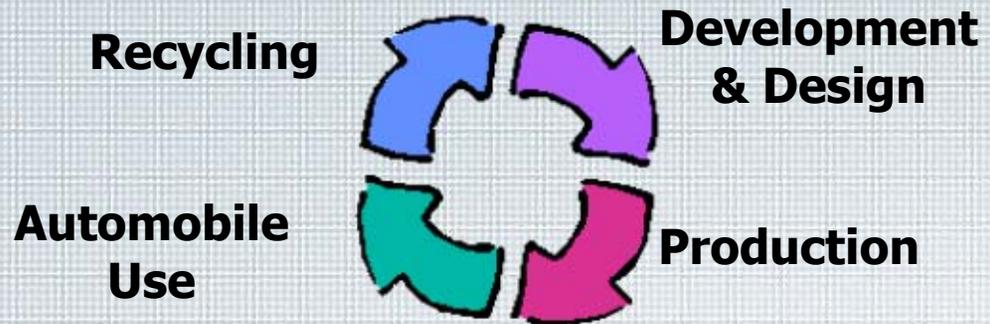
## Driving Hybrids into the Mainstream



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# Toyota Earth Charter

- In 1992, established an Earth Charter & Environmental Action Plan
- Commitment to Protect Environment at All Stages of Vehicle Development



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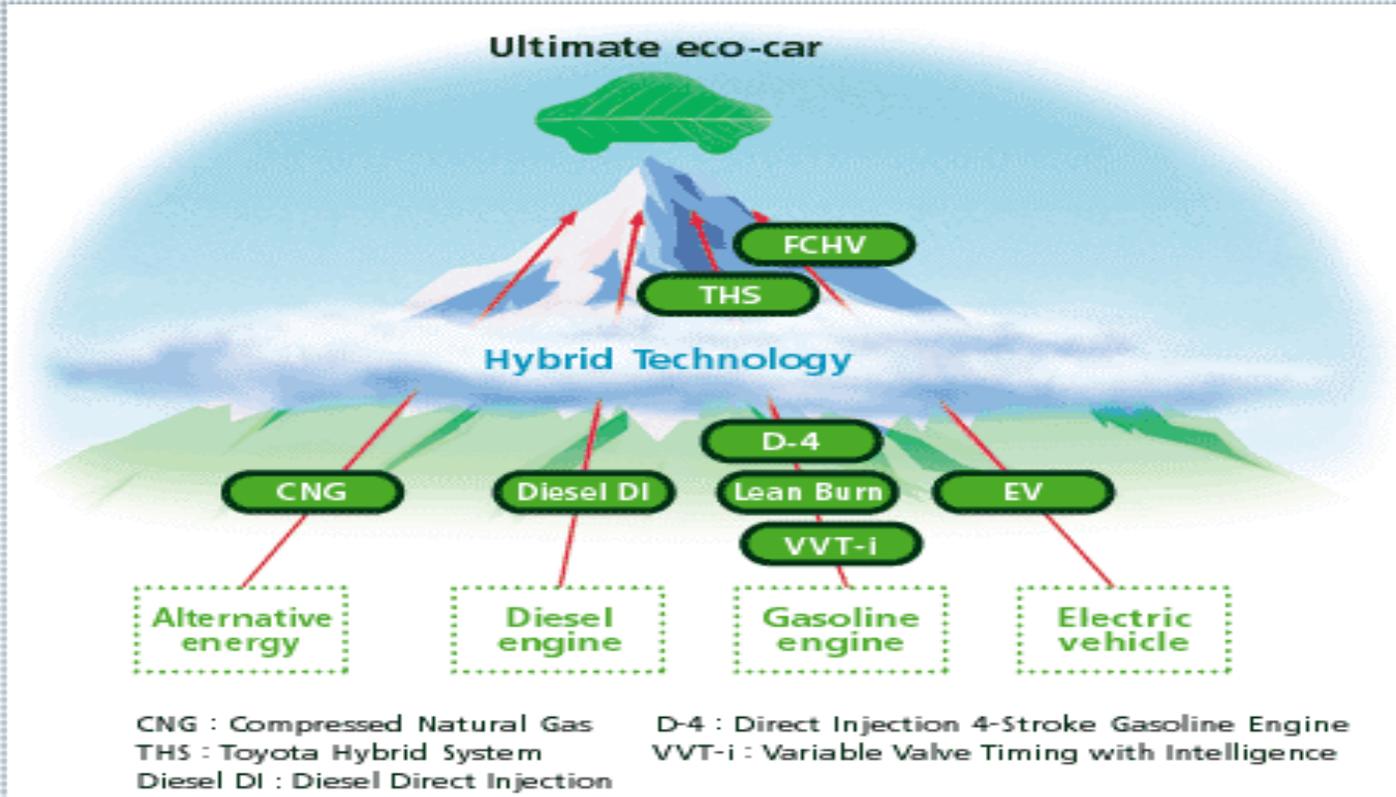
# Principles of Toyota Earth Charter

- Growth in Harmony With the Environment
- Technologies That Benefit Both Environment & Company
- Voluntary Continuous Environmental Improvement
- Build Environmentally-Based Relationships in All Sectors



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# Toyota's Concept for CO2 Reduction



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# Prius: Corporate Opportunity

- Align Toyota brand with environment and technology
  - Emphasize technology and environment benefit
- Demonstrate practical alternatives to ZEV mandates
  - Work to align regulations with industry's capabilities
  - Show reasonable steps towards clean air



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# 2001 Prius Goals

- Capitalize on corporate image opportunities
  - Gain environmental and technology image
  - Offer the market a clean solution without compromise
- Develop / implement strategic launch support plans
  - Build demand for the Prius & Toyota Hybrid System
  - Preserve future hybrid-dependent regulatory strategy
  - Demonstrate that Toyota was part of the solution
- Gain dealer participation / support for hybrid sales & marketing
  - Launch sales plan:  
12,000 units



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# Initial U.S. Research

- Family demo. programs in critical U.S. markets
  - Publicized via the internet
  - Provided real world feedback / advocates
- Focus groups
  - Uncertainty about Prius benefits / practicality
  - Price is critical
- Clinics
  - High interest with innovators / tech. savvy
  - Price is critical
- Purchase accelerator
  - Identified Internet as a primary method to deliver product information

**Conclusion: Use Alternative and Traditional Methods to sell Prius**



# 2001 Prius: Key Selling Points

- Technology Leader
- Affordable transportation
  - Base price: \$19,995
- Clean operation
- Comfort and convenience
- Quality and Safety



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# Prius Launch Success

- Enhanced environmental & pioneering image
- Garnered extensive media attention
- Created celebrity community endorsements
  - Select celebrity events
- Promoted new government incentives
- Gained Internet business model experience
- Instilled consumer confidence

## Sales Success

<b>2000</b>	5,562 units
<b>2001</b>	15,556 units
<b>2002</b>	20,119 units
<b>2003</b>	24,628 units



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# U.S. Automotive Market

- American light vehicle industry atypical of other worldwide car markets
  - Love of trucks and SUV's
  - High penetration of luxury vehicles
  - Low gas prices
  - Attitude of "bigger is better"
- Current 2004 U.S. selling rate may result in 16.8M total U.S. vehicle sales
- 2004CY U.S. Hybrid Sales Projections
  - Toyota Prius = 47,000
  - Honda Civic Hybrid = ~25,000
- New Hybrid Entries in 2004CY
  - Ford Escape Hybrid SUV, Honda Accord Hybrid

# Toyota in the U.S. Market

2004 Toyota Sales CYTD	250,133
2004 Toyota Share of U.S. CYTD	10.4%
2004 Toyota Prius Sales CYTD	6,140
2004 Toyota Prius Share of Toyota	1.9%
2004 Prius Share of U.S. Hybrid	64.6%



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# Evolution of Prius Target

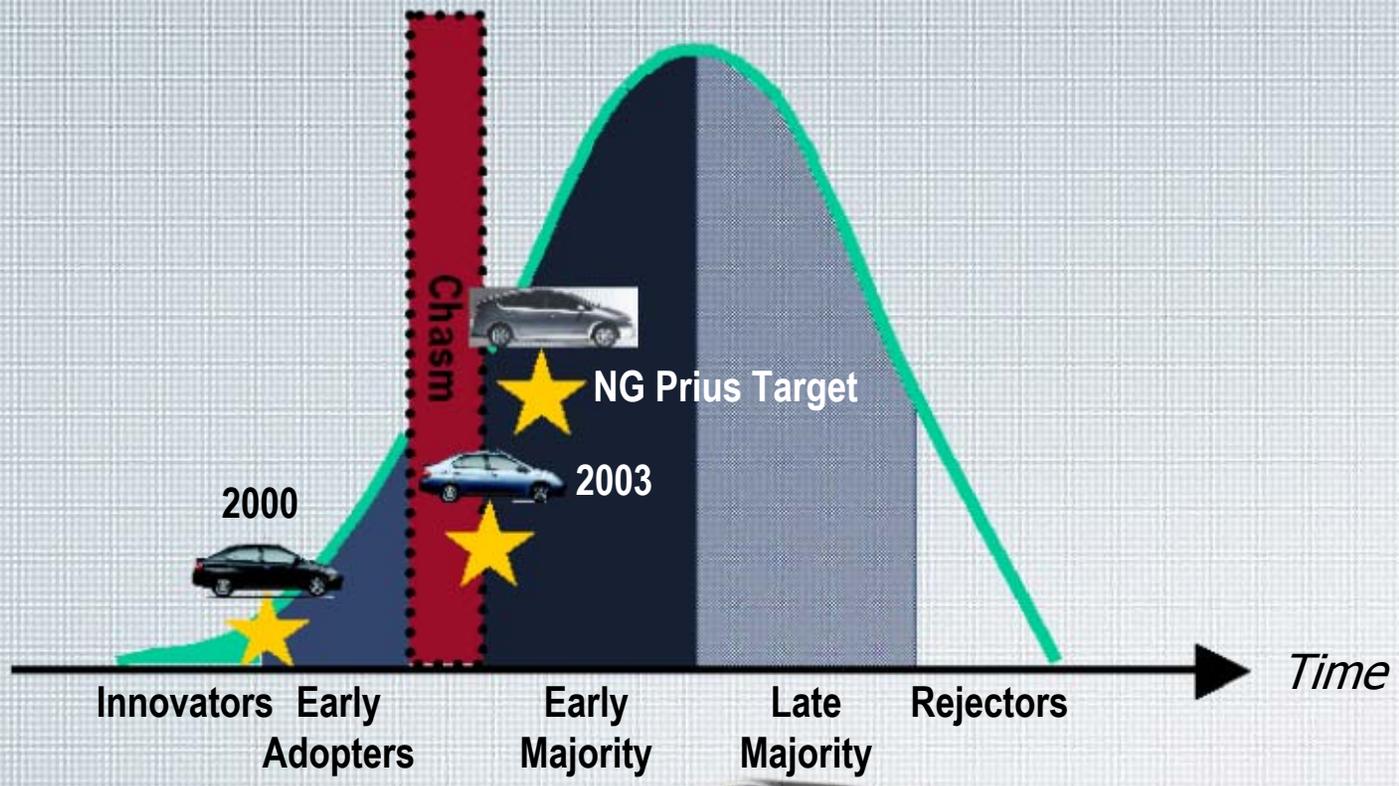
- Innovators & Early Adopter
  - Looking for the latest technology
  - Willing to take risks
- Early Majority
  - Time tested and reliable products
  - More economically focused
  - Risk averse



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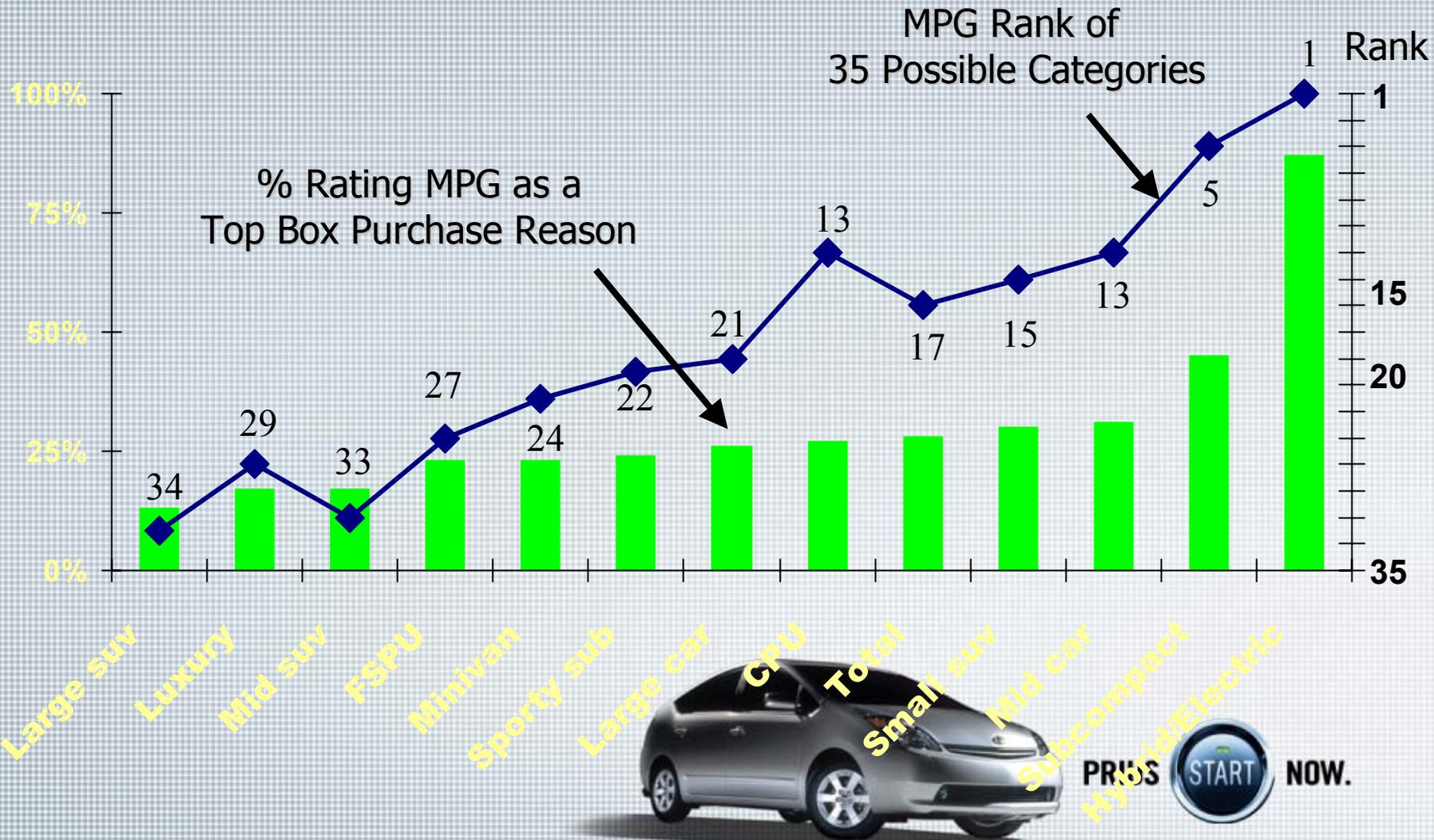
# Prius: Crossing the Chasm



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Source: "Crossing the Chasm" by G. Moore

# MPG Purchase Reasons Ratings & Rankings



Source: 2001 CDS (Q1-4) Top Box

# What Does the Market Want?

A significant and growing percentage of customers indicate a willingness to buy an environmentally friendly vehicle

**If, and only if, all other attributes are EQUAL**



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# Product Improvements

Key Selling Points	Previous Generation	Next Generation
<b><i>Bigger</i></b>	Compact sedan	Midsize
<b><i>Faster</i></b>	0-60: 12.5	0-60: 10.1
<b><i>More Efficient</i></b>	48 MPG	55 MPG
<b><i>Cleaner</i></b>	SULEV	AT-PZEV



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***Breakthrough technology  
delivering More with Less***

- Prius is the First
- Variations can be used in other platforms



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# 2004 Prius Marketing Goals

- 47,000 units (CY04) – Capture #1 Hybrid
- Build awareness AND understanding
- More mainstream
- Performance, utility, and convenience
- Hybrid Synergy Drive = powertrain of choice



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# Pre-Launch

- **Background**

- Dramatic changes in the new model
- Generate buzz and awareness for the new design and technology
- Elements will be aimed to attract early adopters

- **Objective**

- Generate awareness and capture 50,000 handraisers prior to launch



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# Pre-Launch

## Print

- May 2003 Weeklies
- June 2003 Monthlies



Get that new planet smell.

Thanks to our super-efficient Hybrid Synergy Drive™, the galactic Prius has all the performance of a conventional car while saving up to 55% closer.

Powered by for smog-fighting emissions, it's also surprisingly affordable and you never have to plug it in. Take a deep breath. The new Prius is on its way.

Coming this Fall. [toyota.com/newprius](http://toyota.com/newprius)

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TOYOTA

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# Pre-Launch

## Interactive

- [toyota.com/newprius](http://toyota.com/newprius)
- Live April 17, 2003



PRIOUS **START NOW** | **START LEARNING** | **START LOOKING** | **START ASKING QUESTIONS** | **START RECEIVING UPDATES**

**THE ALL-NEW 2004 PRIUS.**  
COMING THIS FALL



**A REVELATION BRILLIANTLY DISGUISED AS A CAR.**

Coming this fall, the all-new 2004 Prius will usher in a new era for the automobile. And not just because it's a gas/electric hybrid vehicle with room for five and ample cargo space. Or the fact that it's loaded with cutting-edge technologies like [Hybrid Synergy Drive](#).®

The real reason is because,

**PRIUS IN-DEPTH**  
Launch The Prius 3-D Demo

Prius prototype shown in all images. Production vehicle may vary.

POWERED BY  **GET THE FEELING**  
TOYOTA



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# Customer Loyalty Pre-Order Site

- Goal: get the new Prius to the “Prius Pioneers” as soon as possible → word of mouth
- Open to 18,000 current Prius customers
- Site open during month of July
- Captured ~1200 pre-orders



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# Pre-Launch Summary

- Handraiser objective: 50,000
- Handraisers-to-date: >80,000 (Toyota record)
- Prius minisite is the 2nd most visited section on toyota.com, with #1 in July and August
- Total non-fleet pre-orders: >6,200



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# Launch

## Strategy

Position Prius and Hybrid Synergy Drive as an exciting, new “no compromise” solution that gives consumers what they want and society what it needs



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# Launch

- **Target Audience**

- Early Adopter: Someone who is looking for the latest and the greatest in technology
- Early Majority: They embrace technology and how it makes their life simpler once that technology has been accepted by the early adopters



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# Launch



- **National TV**

- Network TV:

- Meet the Press, Evening News, Today Show, Alias

- Cable TV:

- PBS - Toyota World of Wild & National Geographic

- Spot TV:

- Markets include - Atlanta, Boston, Chicago, Denver, LA, NY, Sacramento, Seattle/Tacoma, St. Louis, Washington DC





# Launch

- **Radio**

- :10 National Radio - NPR: All Things Considered, Morning Edition, Talk of the Nation, Fresh Air
- :60 Spot – Markets: Boston, Denver, New York, San Diego, Seattle, Chicago, LA, Sacramento, San Francisco, Washington DC

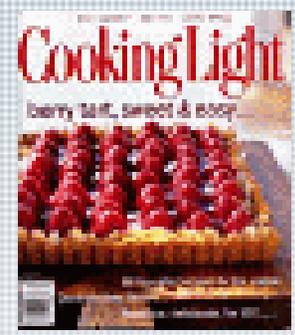
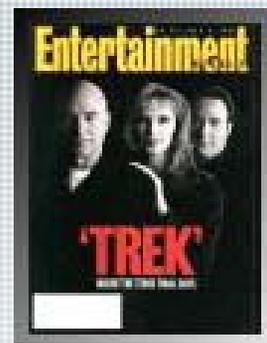
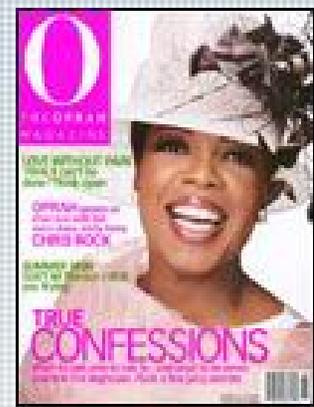




# Launch

## National Print

- Timing: October 2003 – September 2004
- 9 Pages
- 3 Spreads
- 2 Newspapers



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# Launch

## National Print

“Lifetime Supply” page

Lifetime supply of fresh air with every purchase.



*The next generation gas/electric  
Prius with Hybrid Synergy Drive®  
Best emission rating for a gas-powered  
production vehicle. Best estimated*



*The power to move forward.*

*fuel economy in a mid-size car.\* All  
with the best interests of the earth  
in mind. Take a deep breath everyone.  
The Prius is here. [toyota.com](http://toyota.com)*



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# Launch

## National Print

### "Room Enough" spread



Room enough to expand your mind.

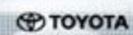
*The next generation gas/electric Prius with Hybrid Synergy Drive™ Inside the world's first mid-size hybrid, you'll find plenty of room for fun scenarios and all their gear.*

 The power to move forward.

Plus, push button start. Available DVD navigation. Seats that fold down. And of course, you never plug it in. Just step on the accelerator and let your mind expand. [toyota.com](http://toyota.com)

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# Launch National Print "One Small Step" spread

One small step on the accelerator. One giant leap for mankind.

The power to move forward.

The next-generation gas/electric Prius with Hybrid Energy Drive! Its revolutionary powertrain perfectly combines a 2.5L-I gasoline engine with a zero-emission

electric motor. The result? A bigger, more powerful Prius — that goes zero to 60 in just about ten seconds. And yet, it actually gets better mileage than ever.

US mpg average city and highway combined\* 1 and creates zero lower emissions. And no, you never plug it in. Carbons.\*

[toyota.com](http://toyota.com)

PREMIUM NOW

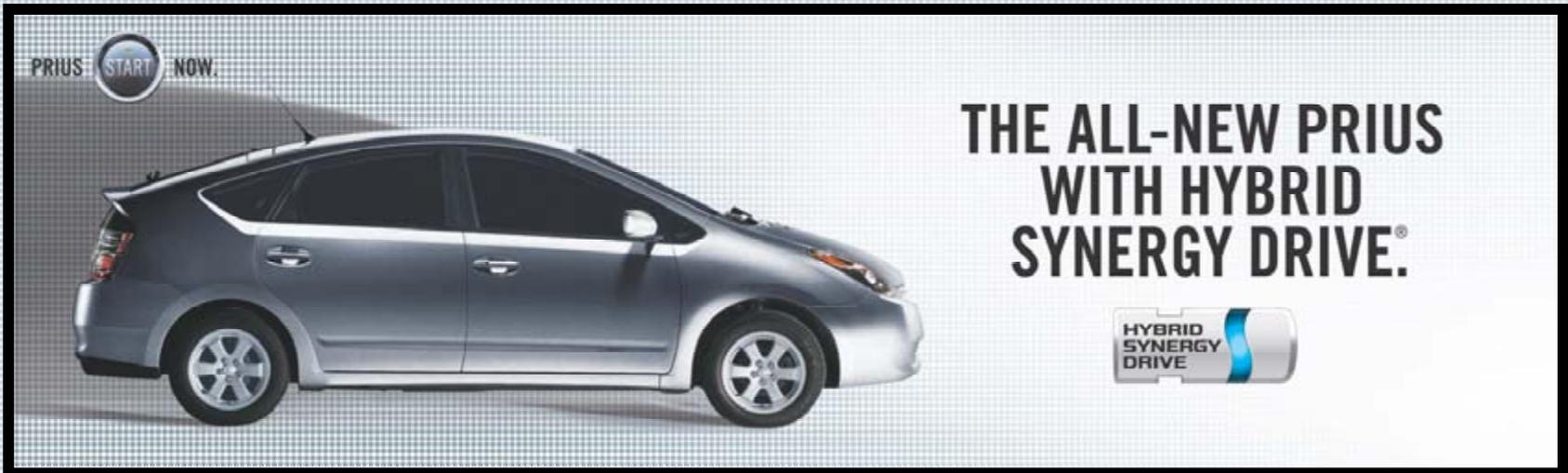
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# Launch

## National Outdoor

- Flight - 11/1 through 1/1/04  
- 7/1 through 10/1/04



# Launch



## Interactive Media

- Tax Sites
- Portal Homepages
  - Yahoo!- 10/17 - 02/04
  - MSN
    - MSN Technology Showcase
    - Integrate Prius features/ benefits into a showcase of the latest technology in the areas of communication, digital photography & music, etc.





# Launch: Toyota.com

- 3D Driving Experience with stylized backdrop of generic cityscape
- Allows users to get a better understanding of Hybrid Synergy Drive
  - Showcases the many operating modes of Hybrid Synergy Drive via
    - Product demonstrations: Smart Entry & Start, Energy Flow
    - Audio narration
    - Fuel/MPG calculator
    - Hybrid tax deduction page



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# Lifestyle:

## Prius-Start-Now Tour

- Ride & Drive caravan along east coast & southern states
- November – December
- Partnership with Whole Foods
- Participants learn about Prius and Hybrid Synergy Drive in an interactive format
- Handraiser/participant info provided to local dealers via Lead Delivery Tool



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# Lifestyle: Other

- Michelin Bibendum
- Environmental Media Association Awards
- Electric Vehicle Symposium 20<sup>th</sup>
- Race to Stop Global Warming
- Drive to Survive
- American Lung Association Walks
- International Yoga Expo



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# Launch: PR

## THE WALL STREET JOURNAL.

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### CARS

## Toyota's Prius: No Plug Required

By SHAWN FREEMAN

DETROIT—In a new push to expand sales of the Prius gas-electric hybrid car, Toyota Motor Corp. wants to get one thing straight: No, you don't have to plug it in.

Toyota hopes to expand sales of the hybrid vehicle by 30% next year—from 23,000 projected this year to 30,000 in 2004. But the auto maker concedes that most consumers are still puzzled by hybrids, which combine an electric motor with a gasoline engine to get much better fuel economy than traditional cars. In surveys, Toyota has found that about half of all consumers either wrongly believe that you have to plug in hybrids or say they don't know enough to answer the question.

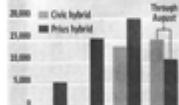
With more hybrids coming, auto makers badly need consumers to grasp the technology.

In October, Toyota dealers will begin selling the 2004 model of the Prius, which has been redesigned. The new model has more interior room and gets about 50 miles per gallon, a 10% increase over the previous model. The base price of the Prius is \$20,800. Later this year, Toyota also plans to begin selling a hybrid version of the full-size Tundra pickup truck and the Lexus RX 350.

Old notions have to die first, though. Consumers haven't grasped that early versions of fuel-efficient electric cars needed to be plugged in for power. Fuel-efficient cars were also tagged as impractical because they couldn't fit many passengers or people's stuff. Honda Motor Co.'s four-year-old Insight, which only has seats for two, never became popular.

### Gaining Some Traction

U.S. sales for Toyota's Prius hybrid and Honda's Civic hybrid



Source: IHS Inc.



Toyota will begin selling its redesigned 2004 Prius hybrid to U.S. consumers in October and will launch a broad marketing campaign to fuel sales.

But Honda's hybrid version of the Civic, which consumers think of as a normal-size car, has sold well. Toyota dealers say they have sold out of their 2003 Prius inventory and are predicting strong demand for the 2004 model.

Toyota officials think its new marketing effort will both explain the technology and help expand the car's customer base beyond a core of celebrity and tech-savvy customers. In new Prius commercials, a voiceover reminds buyers that "you never have to plug it in." The marketing campaign was developed by Saatchi & Saatchi, Los Angeles, and presented at a news conference in Detroit yesterday. Deborah Wahl Meyer, a Toyota marketing manager, repeated the point several times. "It's in everything that we talk about," she said.

Toyota is also targeting mainstream consumers, and not just tree-huggers.

The new commercials will show during prime time during "ER," "Alan," "CSI Miami" and on cable channels such as Discovery Science and Court TV. Toyota will advertise in *Fortune*, *Newsweek* and *Time*. Previously, Toyota had depended on the Internet and word-of-mouth to drive sales. Toyota officials wouldn't say how much they will spend on the new advertising.

Toyota hasn't given up on celebrities. In July, Toyota organized a private showing of the Prius in movie stars, producers and directors in Los Angeles. Toyota said it has 1,200 promoters of the 2004 Prius, including 24 orders from the Hollywood event.

Some of the glitterati were also looking for more than a showing. "Everyone wants a live one," Ms. Meyer said. "But we're not giving away live ones."

## Automotive News

www.automotiveneews.com

## Toyota tries to go mainstream with Prius ads

Charles Child

NEWS EDITOR

DETROIT—Toyota, which says



is now

driving. The price of the redesigned model stays the same as the outgoing car, \$20,400 including destination.

Detroit's Wahl Meyer, corporate manager of marketing communications, declined to say how much Toyota will spend to advertise the vehicle. She says the amount will be the "same as the amount we'll be for the same as the launch campaign for the redesigned Camry last year."

Prius's advertising for the current Prius was modest, largely print ads and Internet communications.

The company expects to sell 36,000 Prius units in 2004, up from 20,118 last year. All Toyota dealers will sell the redesigned Prius versus about 80 percent for the current model. The company requires special training and tools to sell the car.

### No plug needed

Saatchi & Saatchi's Los Angeles office prepared the advertising campaign. It attempts to communicate big ideas, such as Toyota cares about environmental stewardship, and small notions, such as the Prius needs no electric plug.

The campaign will try to give Toyota's hybrid a separate identity by calling it Hybrid Synergy Drive.

Toyota will buy print ads in mainstream publications such as *Time* and *The New York Times Magazine*. Meyer also is negotiating to sponsor broadcasts of National Public Radio.

The Prius would be the first automotive sponsor on NPR, she said.

Business suggested that the Prius' halo mission might change in a few years. Toyota will start offering hybrid powertrains in other U.S. models, such as the Lexus RX 350, in 2004. The company goal is to make hybrids a powertrain option on most of its models.

When that happens, Barium acknowledged, the Prius no longer will stand out as Toyota's hybrid halo. At that point, he said, the Prius could become a Toyota showcase for newer cutting-edge technology.

The redesigned car, for instance, has drive-by-wire steering. "It's something we've talked about, woodshed about," he says. "But we can see it working on a scale as soon as a technology standard leaves."

## Advertising Age



Hybrid car explained in new campaign.

is explain

Calif., created the campaign to electric technology. Print monthly, national TV air. The first spot from also air in Japan and ota said 1,200 of its ers ordered the 2004

Prius in a special Internet offer and that it already has 54,000 other prospects from the Internet. It aims to sell 36,000 of the cars next year vs. its projected 20,000 in 2003. AdAge.com QwikFIND aao98k

## Detroit Free Press

www.freep.com

## The New York Times



Associated Press

Hybrid-engine technology, will back its 2004 model of Prius with the same \$30 million media buy given to its first generation Prius in 2000. Publicis Groupe's Saatchi & Saatchi Los Angeles, Torrance,

# BRANDWEEK

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# Launch: PR

- Engines-of-Change Tour
- During October and November
- Ride & Drive tour in 15 cities
- Targeted at opinion leaders (local personalities, celebrities, government officials)
- Provide hands-on learning of Toyota's commitment, Prius and hybrid technologies



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# Strategic Marketing

- Marketing via celebrities, government agencies and strategic partnerships
  - Promote critical “Green” messages
  - Help influence the governmental debate on environmental issues
  - Expand upon Toyota’s reputation for environmental leadership and innovation
  - Create unique opportunities for Toyota to deliver its environmental messages
  - Create and inform opinion leaders / advocates across the spectrum of the U.S. population



# Strategic Marketing

- Governmental Organizations
  - U.S. Department of Energy - Clean Cities network
    - Accelerating the introduction and expanding the use of advanced technology and alternative fuel vehicles across the U.S.
- Non-Governmental Organizations
  - Global Green
    - Fosters a global value shift toward a sustainable and secure world through education, advocacy, partnerships, and programs
- Trade Associations
  - Electric Drive Transportation Association
    - Represents organizations that develop and produce battery, hybrid and fuel cell technologies, and serves as a central source of information on technical, market and policy issues
- Other
  - Environmental Media Association Awards
    - Awards for TV and Motion Picture productions which best communicate the environmental message
      - Toyota is presenting sponsor





# Strategic Marketing

- Celebrity partnerships
  - Oscars
    - Annually provide Prius vehicles to celebrities to drive to Oscars
  - Celebrity owners such as,
    - Cameron Diaz
    - Leonardo DiCaprio
    - Robin Williams
    - Tim Robbins
- Allows them to show their commitment to the environment
- Provides Toyota with unsolicited testimonials from Hollywood community





# Summary

- Toyota is committed to environmental leadership
- Market Research critical to launch success
- Traditional and alternative marketing needed to build awareness
- Partnerships and outreach to move to the early majority of the market and expand
- Customer acceptance drives success for Toyota



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