

Toyota: Top choice among African Americans

Written by William Reed

Wednesday, 28 September 2011 13:16

The “Black Market” will play a major role among automobile makers for the next two decades. The African-American market is “the best thing going” and if automobile manufacturers don’t establish credible linkages for their brands with this audience they will, undoubtedly, lose significant market share and growth opportunities. The U.S. Census Bureau projects that the African-American population will grow 12 percent by 2020 and by nearly 25 percent in 2030. In 2010, the Black car-buying pace totaled 10 times that of the general market. Last year, Toyota led all automotive brands among new vehicle purchases made by African Americans. New vehicle registrations among this audience totaled 641,090 and amounted to 7.4 percent of all 2010 new vehicle registrations. Ford ranked second among African-American buyers with Chevrolet rounding out the Top 3. The demand for Buick jumped 70 percent. Korean brands are also making gains among this key buying group.

In a well-publicized campaign about “respect and reciprocity” Black newspaper publishers dared Toyota to forge better business relationships with them and the communities that they serve. In their response to Black media operators and market experts, Toyota has, in fact, set a new trend in the industry. Toyota made moves to reach Black buyers where they live. Deals are being “put in place” that align automotive manufacturers’ and dealers’ specific initiatives to this audience. America’s Black newspaper publishers have reached an advertising agreement with Toyota that will soon have their local publications promoting the benefits of purchasing a Toyota product. Toyota’s Lexus is America’s luxury market leader, but Buick, Hyundai, Kia, Cadillac, GMC and Infiniti are also doing extremely well in the African-American market and should be on Black newspaper client lists as well. However, Acura, Land Rover, Mercedes and BMW are not increasing their share of the African-American market as effectively. These companies have an opportunity to connect more with this audience and increase their market share by attracting more affluent African Americans to their brands.

On the downside, “I want a 2012 Toyota Prius” isn’t a mantra of many Black car buyers. Blacks have not been vocal in terms of hyping the Prius or any of the environmentally-conscious automobiles. First and foremost is concern about the overall cost, a 2011 Prius ranges from \$23,225 to \$30,700. And rarely have you seen a basketball player, hip-hop artist or actor stepping out of a battery-powered Prius.

In 2011, executive leaders at Toyota had their hands full, but fought back from massive safety recalls, the global credit crisis and factories damaged in the March 11 Japan earthquake. Despite those challenges, the world's largest automaker has restored its North American production to normal levels. This production schedule surpassed the company’s initial expectations. Shortly after the March 11 disaster, Toyota had forecast a return to normal production by November or December. But, in June, Toyota reported that eight of its 12 North American-built models returned to 100 percent output - Avalon, Camry, Corolla, Matrix, Highlander, Sienna, Sequoia and Venza. In August, Toyota confirmed 100 percent production of Tacoma, Tundra, RAV 4 and Lexus RX 350. Together, the 12 models account for nearly 70 percent of the company's U.S. sales.

Over coming years, automotive manufacturers will seek to capture larger numbers of Black buyers. Drive by any African-American church on Sunday, and you’ll see that Blacks are also purchasing Cadillacs, Lincolns, Mercedes and BMWs. Those companies aren’t “ponying up” like

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Toyota. The pact between the Black Press of America and Toyota sets standards Black consumers should too demand. Black publishers want local companies and multi-nationals to understand the value of using their publications as advertising mediums; conversely, it's important that Black consumers demand that minority-owned media firms receive a fair share of corporate or governmental advertising expenditures. So, it's necessary that Black consumers insist on retailers' "respect" and "reciprocity" that result in advertising purchases that equal the level of Black patronage of their products. Companies' use of Black media to reach African-American consumers with language and content that resonates among them makes good sense.

(William Reed is available for speaking/seminar projects via BaileyGroup.org)