2016 Automotive News World Congress - Jim Lentz

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Introduction: Jason Stein, publisher and editor, Automotive News

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Thank you.

Good afternoon everyone and welcome to a brand new year.

You know … one of the big highlights of 2015 was the actual date of October 21st.

That's the day when Doc Brown and Marty McFly traveled through time in their flying DeLorean and went "Back to the Future"… landing on that date in time.

In the movie there were some interesting predictions about the future.

Unfortunately … most didn't come true.

My Cubs didn't win the World Series …although they did make the playoffs. And … we don't have flying cars …YET.

But the auto business can claim some incredible recent successes including:

- Six straight years of sales growth
- a stronger focus on customer
- and like we've seen at this year's auto show adrenaline-pumping design and engineering innovations from all automakers.

But even with these success stories our industry faces challenges we all have to work on to ensure our long-term prosperity.

Let's start with strengthening our reputation for safety and quality.

Now as mobility companies… our reputation for safety and quality is on the line with every mile our customers drive.

So we share a responsibility to invest in a safer transportation experience for all drivers, passengers, and pedestrians no matter what brand they own.

And under new proposals, the federal crash-test scorecard may be amended to include a battery of new tests and an opportunity for higher ratings for specific collision-avoidance systems and pedestrian safety features.

Fortunately, virtually all automakers are ahead of the curve in their research and development of advanced safety technologies.

For example, at Toyota we recently introduced new packages of advanced safety components called Toyota Safety Sense and Lexus Safety System Plus designed to:

- Prevent or mitigate rear-end collisions,
- Help keep drivers in their lane,
- And enhance road safety at night.

Additionally, we recently joined nine of our fellow automakers in a pledge to make automatic emergency braking a standard feature on future vehicles.

And like other companies we're exploring new frontiers of autonomous mobility.

Our approach is called "Mobility Teammate." We believe a car and driver can work TOGETHER to increase both vehicle safety AND the joy of driving.

At the heart of this concept is our belief that a human driver must always be behind the wheel. We don't see a day coming soon when you'll just hop in the back seat, open the newspaper and scan the headlines while the car drives you to work.

Instead our focus is on building cars that can actually enhance a driver's operation of the vehicle while helping to reduce or mitigate serious and fatal accidents.

And that brings me to our second industry challenge which is building and sustaining society's trust in our companies and products.

Customers want to do business with companies who develop innovativeproducts and technology but that's not enough to secure their trust in us.

We must also…

- Demonstrate our products' individual and societal benefits
- Empower customers by establishing transparent communications
- And partner with external parties who can conduct independent product research

So in this spirit we announced in November an investment of more than 1-Billion dollars to establish the new Toyota Research Institute based at both Stanford University and MIT.

At the Institute we'll strengthen our research and understanding of artificial intelligence and robotics to help us:

- Improve transportation safety by decreasing the likelihood that a car will be involved in an accident
- Make driving more accessible and enjoyable to more people regardless of ability
- And move existing technology indoors by using robotics to provide indoor mobility solutions to the elderly or those with handicaps

And last week, Toyota announced its next-generation connected car framework at the Consumer Electronics Show in Las Vegas.

Our new framework builds on advances in IT and communications systems to more closely integrate Toyota vehicles with connected technologies.

For example, our new “Smart Device Link” will provide a platform that makes it safer and easier for consumers to use apps on their mobile devices through their vehicles.

And a “Data Communication Module” will connect future Toyotas to cellular networks expanding the ability to transmit data while helping to make connected cars safer and more secure.

Another way to build trust is to recognize and respond to the rapid changes in the car-buying demographic.

The face of America is rapidly becoming more diverse and we all see the increasing diversity of our guests and their buying power in our dealer showrooms.

Women, multicultural, and younger buyers are driving more of the auto business today and they’ll continue to drive our future.

For instance…

- More than 80 percent of car buying decisions are made or influenced by women
- In less than five years buying power by Hispanics, African Americans,and Asian Americans will EACH exceed 1-Trillion dollars…
- And in 2014 the Millennial generation more than 80 million strong accounted for 27 percent of new car sales, passing Generation-X to become the second-largest group of new car customers.

As an industry we must never waver from a commitment to diversity and inclusion.

If our companies want to continue building cars and trucks for the way our customers live we need to reflect and respect the diversity of our team members, suppliers, dealer partners, customers and the communities we serve.

Now the third challenge we all face is striking the right balance between meeting customer product demands with rising fuel economy standards.

Current fuel regulations will raise fleet wide MPG by about four percent per year through the next ten years.

But as pump prices continue to drop and according to some analysts this will continue for the next couple of years, demand for SUVs and pickup trucks surge to new heights.

So on one hand we want to give customers what they want but on the other hand we have to be cognizant of the increasing fuel standards.

This is one big challenge all automakers have to face.

And … as an industry we're all stepping up our game.

In fact, the EPA announced that across the industry model year 2014 fuel economy stands as the highest level ever recorded.

As a result, overall fuel economy has grown by five MPG in the last decade, a 26 percent increase.

And according to the Auto Alliance for model year 2015, there were an astonishing
492 cars, trucks and SUVs on the market that had highway fuel economy of 30 MPG or higher.

At Toyota we're taking a broad portfolio approach with a variety of products and advanced powertrains.

This approach allows our company to respond to an array of customer preferences, new laws and regulations and the cyclical changes in economic conditions and petroleum prices.

One of our newest models added to the portfolio last year was our Mirai hydrogen fuel cell vehicle, which gets an equivalent of 60 MPG.

We believe Mirai and hydrogen fuel cell technology represents the future of sustainable transportation.

That's why we're offering royalty-free licenses to more than 56-Hundred fuel cell-related patents we hold globally.

We hope sharing this technology with the auto industry will bring us closer to achieving a future hydrogen society helping us to improve lives for generations to come.

You know, there's never been a better time to be in the mobility business and in nearly every aspect the pace of change is more rapid than at any time in history.

Automakers, our dealer partners and our suppliers are pushing the envelope in terms of…engineering, design, technology, powertrains, and premier customer experiences.

But as we celebrate our achievements … we CAN'T forget our challenges.

So to help ensure our future prosperity we must:

- Strengthen our industry's reputation for safety and quality
- Work every day to build society's trust in our companies and products
- And meet our customers' needs with a portfolio of outstanding products and services

I'm confident we're up to the task and that's why Toyota's so excited about this year and the next fifty for both our company and our industry.

If we all work for our customers and society, our future is limitless.

And who knows, maybe we'll see a flying Mirai someday soon.

As they said in Back to the Future…“*Where we're going we might not need roads.*”

Thank you and all the best for a successful year.

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