

Automotive News

Hyundai's hot; timing's good, too

New models fill void for shoppers uneasy about Toyota recalls

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LOS ANGELES -- High-flying Hyundai may be in the best position to take advantage of all the trouble at Toyota.

Independent researchers say the Korean brand is growing in consumer awareness and acceptance -- and not just because its Japanese rival is damaged.

"Hyundai is benefiting from a perfect storm," said James Bell, market analyst for Kelley Blue Book. "It's a result of introducing new products like the Sonata and Tucson, while Honda's mainstream vehicles, like the CR-V and Accord, are a bit stale, and Toyota is experiencing a huge consumer perception crisis."

Kelley Blue Book says Hyundai surpassed both Toyota and Honda in February to become the No. 1 brand in customer loyalty. And KBB said Hyundai's redesigned mid-sized Sonata sedan, which went on sale in February, cracked its top 10 list of most-researched vehicles for the first time.

Meanwhile, the redesigned Tucson was the most-considered vehicle of all 454 models on Edmunds.com last month. The crossover surged from No. 83 in December, when the new version debuted.

To Edmunds, "consideration" means a Web site visitor looks at reviews, videos, photos and digs deep by checking out all trim lines.

Not only is that the first time a Hyundai nameplate has been on top, but Edmunds analysts say no vehicle has ever moved up as quickly as the Tucson. The Sonata was No. 4 in February, up from No. 33 in both December and January.

New faces

"Our dealers are seeing people we've never seen before," says Dave Zuchowski, Hyundai Motor America sales chief. "Our Web traffic is off the charts -- higher than it was during cash for clunkers."

Zuchowski says dealers have only a 20-day supply of Tucsons. Production was bumped up in Korea this month to deliver an extra 20,000 U.S. units.

"By the end of April, we will sell more Tucsons than we sold all of last year," he said. Hyundai sold 15,411 Tucsons in 2009. Through February, dealers sold 4,957 -- more than double the first two months last year.

Hyundai brand sales rose 8 percent last year in a market down 21 percent and are up 17 percent so far in 2010. Market share grew from 3.0 percent in 2008 to 4.2 percent last year.

Buyer consideration for Hyundai vehicles is soaring, according to Edmunds. Edmunds analyst George Kang says about 4 million of Edmunds' 16 million to 17 million monthly visitors fall into the "consideration" category. Their traditional favorites have been the [Toyota Camry](#) and [Honda Accord](#). He says the Tucson snagged 3.2 percent of those viewers in February while the Camry was knocked out of the top 10.

"I have not seen a vehicle rise that quickly," Kang says of the spurt since December. "To see a newcomer come in at No. 1 was a wild number for us to see."

More loyalty

Hyundai's loyalty is up, too. Kelley Blue Book says Hyundai owners looking online at new models within the brand surged 10.4 percentage points to 56.3 percent in February .

Hyundai was No. 1 in that category. Toyota fell from first to third, down 4.4 percentage points to 53.3 percent. Honda remained second with 55.8 percent, up 0.7 percentage points.

Hyundai dealers aren't backing down from Toyota's aggressive incentives this month. Hyundai offers a \$199, 36-month lease for the Sonata, a \$239, 36-month lease for the Tucson and long-term low percentage rate loans.

"We know Toyota is being aggressive," says Bill Wallace, owner of Wallace Hyundai in Stuart, Fla. "But if you look at all the features, what you get for the money, we'll win. We're stacking up well against everybody. Hyundai is red hot. Bring 'em on."



ENLARGE

The redesigned Tucson topped Edmunds.com's February list of models under consideration by shoppers.

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