

Appraiser Blog

# Mazda's American Dream: Chasing 500,000 Sales Milestone



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Mazda, the renowned Japanese automaker, is experiencing a remarkable resurgence, poised to achieve remarkable sales milestones in the coming years. This impressive transformation, initiated in 2016, is characterized by various strategic moves that have positioned Mazda for unprecedented success.

From dealer facility upgrades and innovative new products to a dedicated captive finance partner and a commitment to electrification, Mazda is proving itself as a formidable force in the automotive industry.

### **A Journey of Success**

Mazda's North American Operations has been tracking towards its best year ever, and the momentum shows no signs of slowing down. The brand anticipates that it will surpass 350,000 vehicle sales in 2023 and ambitiously aims to exceed 500,000 sales by

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2025. This optimism is rooted in Mazda's comprehensive brand transformation and strategic endeavors.

## **Retail Evolution: A Game-Changer**

Central to Mazda's transformation is the Retail Evolution program, launched in 2016. This initiative encourages dealers to upgrade their storefronts to create a more open and inviting boutique and studio-esque environment. The impact of Retail Evolution has been profound, not only enhancing the brand's image in markets across the United States but also instilling a sense of pride among Mazda dealers.

While the largest investments made under this program have reached \$30 million, the average expenditure by dealers hovers around \$5 million. An impressive 90 percent of Mazda's sales are now conducted through Retail Evolution stores, which have witnessed a staggering 200 percent increase in profits.

## **A Dedicated Captive Finance Partner**

Mazda's financial services have also undergone a transformation with the introduction of Mazda Financial Services, replacing a reliance on JPMorgan Chase in April 2020. This partnership with Toyota Motor Credit Corp. has resulted in a more holistic financial solution across the entire retail business.

Over 70 percent of Mazda's business now flows through Mazda Financial Services, signifying a significant shift towards a more seamless and customer-oriented financial system.

Tom Donnelly, Mazda North America CEO, acknowledges the impact of this transition, stating, "The level of service, the tools, and the technology are really night and day from what we had before."

## **Innovative Product Lineup**

Mazda's product lineup has also witnessed significant enhancements. The introduction of the CX-50 compact crossover, manufactured at the Mazda-Toyota Manufacturing USA joint venture factory, added substantial volume to Mazda's

portfolio of crossovers. The CX-5, one of the brand's best-sellers, is now facing competition within its own lineup as the CX-50 gains traction. A second shift at the factory has been implemented, offering the CX-50 the capacity it needs to compete effectively.

Additionally, the larger CX-90 three-row crossover has outperformed its predecessor, the CX-9, both in terms of sales and market share. The CX-90's plug-in hybrid powertrain and refined interior have resonated well with consumers, resulting in record-breaking sales figures.

The upcoming CX-70, a five-seater crossover featuring a hybrid powertrain, is slated for release in the near future. This launch will further diversify Mazda's crossover lineup, catering to consumers with varying preferences.

### **Electrified Future**

As the automotive industry witnesses a surge in investments in full battery-electric vehicles (BEVs), Mazda has chosen a different path by expanding its lineup with plug-in hybrids. While the automaker plans to introduce one BEV in 2025, the focus remains on plug-in hybrids as a practical choice for the current market conditions.

Mazda's dedication to electrification is clear, but the company's approach is shaped by consumer demand and a sense of practicality. The potential replacement of the CX-5 with an EV, allowing the CX-50 to flourish in the same segment, exemplifies Mazda's adaptability in this dynamic industry.

In summary, Mazda's resurgence in the American market is marked by a comprehensive transformation strategy, innovative products, upgraded dealer facilities, and a strong commitment to customer satisfaction and electrification.

With an ambitious target of 500,000 sales by 2025, the automaker is not just riding a wave but creating one of its own, proving that Japanese excellence and innovation are as potent as ever in the automotive industry.