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# Toyota Unveils New Prius as EV With an Engine

Japanese car maker seeks to boost sales, elevate model profile as rivals go all in on pure electrics



Toyota's new Prius hybrid goes on sale starting this winter.

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The Prius hybrid helped cement Toyota Motor Corp.'s TM -1.13% decrease; red down pointing triangle

environmental bona fides in the late 1990s by marrying an electric motor to a gasoline engine to boost fuel economy.

Now, this pioneering model is getting a reboot, as the Japanese car company looks to arrest a multiyear sales slide for the car and prove hybrids have staying power in the electric-vehicle age.

Toyota gave the public its first look at the next-generation Prius in Japan early Wednesday and plans to show off the redesigned car later in the day at the Los Angeles Auto Show.

The new Prius, which goes on sale starting this winter, underlines the car company's commitment to a more than two-decade old technology that it helped pioneer. It also comes as many of its rivals are diving into purely electric vehicles with some even dropping hybrids altogether.

At the Los Angeles Auto Show this week, the focus is expected to be on fully electric models, such as new offerings from Hyundai Motor Co. and Kia Corp.

Toyota has said that it believes hybrids represent the best of both technologies and are a solution for buyers who don't have regular access to electricity or charging.

"In many ways, it's an EV with an engine," said Simon Humphries, Toyota's design chief during an event in Tokyo.

Toyota also revealed a new Prius Prime, a version of the hybrid that can be plugged in and travel a short distance on electricity only. This model will debut in showrooms in the spring.

With this newest generation, Toyota executives say they are trying to gussy up the Prius's visual appeal, giving it a sportier look and recasting the silhouette to make it appear sleeker than its more angular predecessor. The Prius, while a game-changer at the time of its debut, has often been criticized by reviewers for its homely design.

"We wanted to make a car that people would choose not only for its rational benefits, but also its emotional experience," Mr. Humphries said.

The Prius Prime will also get a boost in its battery range, with the new version offering 50% more in travel distance on a single charge than the outgoing model, Toyota said.

Company executives have also been skeptical about how fast electric vehicles will catch on, citing the lack of public chargers and difficulties securing certain battery materials.

At the same time, Toyota's public doubts about EVs have put it in the crosshairs of environmental groups and some investors, who say the car company is at risk of lagging behind competitors. In response, Toyota has ramped up planned EV spending, including investment in new models and battery-making capabilities.

"In a diverse world, we need a variety of options," Mr. Humphries said.

Still, sales of teardrop-shaped Prius have tumbled in recent years as rival brands put out their own hybrids, and Toyota expanded the technology to other models in its lineup, such as the popular RAV4 SUV.

In 2011, the Prius accounted for about 68% of Toyota's hybrid sales. By last year, that percentage had dropped to 8%, according to company sales figures.

"The Toyota Camry hybrid is a great car and gets pretty darn close to the same gas mileage as the Prius, so the challenge will be how the Prius stands out," said Mike Sullivan, a car dealer with more than a dozen dealerships in the Los Angeles area, including Toyota.

Mr. Sullivan said he believes that there is pent-up demand for the Prius, especially in southern California where the Prius first gained popularity in the U.S., as celebrity owners such as Leonardo DiCaprio helped turn the fuel-sipping small hatchback into a status symbol.

Today, the Prius is still a mainstay for environmentally conscious buyers who can't justify an EV either because of price or because of lack of access to a charger, said Michelle Krebs, an analyst with Cox Automotive. But its appeal has become more limited as more hybrid options became available and buyers' preferences have shifted away from compact cars toward larger crossovers and SUVs.

"It's more of a niche vehicle," she said.

However, hybrids in general are in high demand right now with rising gasoline prices and many buyers downsizing to smaller, more fuel-efficient vehicles, Ms. Krebs added. They are also among the vehicle types in the shortest supply as car makers have given priority to larger, more profitable trucks and SUVs during ongoing parts shortages.

"I'm probably sitting on 600 to 700 orders for the current Prius and Prius Prime," said Doug Eroh, president of Longo Toyota in El Monte, Calif. "We can't get enough of them, new or used."