

Business analysis of the honda motor company



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Honda Motor Company, Ltd is Japanese motoring company which is famous for making automobiles and motorcycle. Honda is largest motorcycle manufacturer. Apart from development of automobiles, its domain also ranges from garden equipment, marine engines, robots, solar cell and personal watercraft to power generators. It also develops luxury cars naming Acura. Thus main motive of Honda is to manufacture products of transportation sector, it focuses on customer satisfaction and also to build environment friendly product. Soichiro Honda is Honda's founder, whose main area of interest is in development of automobile, so from the start their development consists of invention of more technologies that are more flexible in doing tasks. Around the world the company has implanted assembly plants. These plants are located in various South Asian countries like China, , Pakistan, , Japan, , Indonesia, India, Thailand, Turkey , also European countries like Belgium , Peru and American countries like Canada, England New Zealand, Brazil. As it can be seen that the Honda manufacture and supplies product to countries which are diverse in environment condition , language, lifestyle, business and market condition etc, so while designing cars all these conditions must be kept in mind. While considering the design cars for American and South-Asian countries various factors should be kept to mind. For instance designing cars in South-Asian market conditions to given focus are consumption of fuel, fuel economy, car structure, design vehicle utility and the temperature factor.

In this paper we are going to discuss the whole process of manufacturing of car for specifically South Asian market. Here we have done detailed research and analysis of the method of designing and developing cars. The challenges

and problems that are encountered are discussed and also the objectives to be achieved using appropriate research method.

Analysis

3. 1 Identify the development of a new product, service or process.

3. 1. 1. New Honda Product Development Needs and Objectives

As it is discussed that the main purpose of the paper is to discuss the way to design a car that will specifically suit South Asian Marketing condition.

Satisfaction level is in terms of temperature, availability of resources, and weather condition for mainly for South Asian Markets and last but not the least satisfaction of end users. Since last few years Honda main focus for the development is in European and American countries so the car designing do not required any significant changes in their specifications but when the development location changes some strategy is needed is to be specifically implemented so as to suite only South Asian market. So the mode of the basic work is same only some changes needed to be done in terms of fuel economy, suspension system, braking and steering system, safety, weight, size, friction tolerating mechanism, friction reducing mechanism and overall look of product. The most recently added technology in the automobile is the use of computer technology for designing cars like CAD (Computer Aided Designing) and CAM (Computer Aided Manufacturing) and also for automating the system. This requires changing in many other area of the system of car. Again the economic factor must be kept into the mind, the car which is not economically feasible for customers no matter how good it is will

definitely affect its sales. Thus features that is beneficial for enhancing the systems functionality and features of an automobile may increase the overall cost of production and it may not be affordable for customers. Therefore designing automobile for south Asian market is balancing of many factors. Consideration must be given to each factor and also it is possible to make compromise among the factors. Yet, basic system for all system remains the same come what may.

Following are the factors that Honda has care of while manufacturing and implementing automobiles in South Asian market:

The main factor to be taken into consideration is that one has to understand cultural, geographical, climatic condition of South East Asia. To do business these conditions has to be kept in mind.

In business the main objective is to profit. So to attain this objective the ratio of distribution of production side has to be increased.

Effective strategies needed to be developed. This should be done with the consultation with top level management.

To deliver the products quickly to the targeted set of customers, Honda must increase the distribution of dealership.

According to Auto Asian report South Asian Countries has potential customers. The new arising economy range has lot of buying potential. So Honda in order to gain profit must do business in the area.

New research methods must be developed to keep in mind the conditions of South Asian countries.

In order to do thorough research work first market condition is studied and survey is done, then analysis work is done, after interpretation, conclusion is derived. And thus effective strategies are developed.

Following are the feature taking into consideration of internal configuration as well as external look and appeal of product:

Colours: The model of the car is available in colour of two types i. e. exterior(12) and interior(3). For internal three colours are fixed Ivory cloth, Black Cloth as well as Gray Cloth. i. e. The exterior colours such as Atomic Blue Metallic Crystal Black Pearl, Alabaster Silver Metallic, Taffeta White, Polished Metal Metallic, Celestial Blue Metallic, Spectrum White Pearl etc.

Size and Shape: This new car is prepared by using the following specifications:

Length: 200 in.

Width: 80. 3 in.

Height: 60 in.

Wheel Base: 120 in.

Curb Weight: 3223 lbs [1]

Body Structure:

Front Head Room: 44. 2 in.

Front Hip Room: 59. 7 in.

Front Shoulder Room: 57. 3 in.

Rear Head Room: 38. 6 in.

Front Leg Room: 43 in.

. Rear Shoulder Room: 59. 5 in.

Rear Hip Room: 59in.

Engine Capacity:

Luggage Capacity: 14. 5 cu. ft.

Maximum Seating: 5

Fuel Tank Capacity: 19. 9 gal.

Engine Type:

Base Engine Type: Inline 4

Base Engine Size: 2. 6 liters

Mileage and Fuel Economy:

EPA Mileage Estimates: (City/Highway/Combined)

Range in Miles: 428. 5` mi. / 620. 5 mi. / 510. 5 mi. [1]

3. 1. 2 Market Analysis for New Honda Product

As in the introduction it is discussed that, the main aim of this research is to provide specification for development of the new model of car for the Honda

Motor Company, Ltd which satisfy the requirement specification of customers in terms of environmental condition, conditions of roads as well as feasibility of South East Asian market. In this research marketing research is done to do promotion of their product in the area.

Marketing analysis is one of the most difficult tasks while conducting any research. In this phase as more marketing survey is needed to be done to collect data, to do interpretation and deriving necessary conclusion. During analysis phase of marketing, analyst needs to do corresponding brain work to the proper analysis of the data to do research as well as devising business plan. Thus the task of analysis is of vital importance in order to meet the goal of Honda. Conducting the market analysis is always difficult tasks for the any kind of new product as this phase requires more research on this topic in order to conclude with the accurate outcomes. During the marketing analysis, analyst needs to do really hard work in order to collect all the information which is related to the current research problem as well as their business plan. Hence market analysis is always very important part in order meet the goals of Honda Corporation in our case. There are various kinds of marketing analysis methods proposed and presented by the authors. For the market analysis for new Honda car model of Honda Corporation the model called Porters 5 Forces used. Porters Five Forces model is basically developed by the Michael E. Porter [Competitive Strategy: Techniques for Analyzing Industries and Competitors “ in 1980]. This model has five forces which are used by the Honda Car Corporation for analyzing their industry structure in strategic processes.

Porters Analysis for Honda Car Products:

Basically the Porter's model is depending upon the Honda Corporation's corporate strategies for new product should meet the opportunities and threats in external environment.

There are five forces of this model used by the Honda Corporation which is described below. These five forces based analysis working over the five main areas of Honda Car Corporation such as threat of entry, power of buyers, power of suppliers, competitive rivalry, and threat of substitutes.

The Threat of Entry

Economies of scale, for example, direct cash purchasing or group purchasing of new Car product benefits.

Entry of low or high cost e. g. for extra new insights of car product, how much it will cost?

Easily accessible distribution channels of Honda Car Corporation.

Advantages of cost are not depends on the position of customer.

Will these new product competitors retaliate?

Government policies of South East Asian Countries and their actions influences.

The taxes and other rules and policies are not changeable.

The Power of Buyers

For the Honda car corporation power of buyers is high because there few, large players available in South East Asian market.

For the Honda car corporation, switching cost for buyers between the various suppliers is very low as Honda having most of things have their own services provided for every supplier.

Flexibility of car products: Honda Corporation make a car product very flexible means it made by according to buyers requirements. It's easy to any customer for drive or all aspects

The power of suppliers

For the Honda Car Corporation power of suppliers is exactly opposite to power of buyers.

Power of supplier's lies for Honda Corporation in high switching costs e. g. switching the maintenance supplier for new car.

Supplier's power is high as the brand of Honda Car Corporation is powerful.

Customers of new car of Honda Corporation are basically fragmented in such way that they having litter bargaining power of various related accessories.

The Threat of Substitutes

Where there is product-for-product substitution, e. g. Honda new car is better replacement for its previous model in the area of South East Asian Environment without need making that car compatible environment.

Market position is tight because of others cars products high rates.

Competitive Rivalry

Honda car has the competitors such as Toyota, Hyundai, Mahindra and some local automobile manufactures. Thus, Competitive rivalry is high for this new Honda car corporation.

Time Estimation for New Product Development

For developing new automobile in South Asian market Honda can follow a typical product life cycle model . The life cycle for development of car for Honda corporation refers to the sequence of phases in which the whole car is manufactured . The whole process is divided into modules and sub modules, dead line for task completion is provided to each of the module and thus, in a well planned manner the whole car is manufactured. It takes place in six stages.

Figure 2: Product Development life cycle model for the new car product of Honda Corporation. [5] [6]

The steps of execution of product life cycle are discussed one by one in the following section.

Envision-For development of car model Honda organization system engineers task is to first visualize the car model. Vision helps in maintaining clarity of thoughts. It is easy to convert the vision into reality afterwards. The visualization process comprise of specifically the external appearance and look of the product. In this case the cars overall appearance is the appealing factor that will determine its buying preference. As the eye appeal determines the buy appeal so it is very important to focus on the overall look

of the car. The good design for the car will take into consideration of the look, color, design, accessories and weight of the car.

Plan- Planning can be said as the set of procedures to achieve the overall objective or goal. In this case overall planning to develop the product is made up. In this phases all the things that is required for the manufacturing of car is listed out. Whole planning of product is done with time specification starting from the specification, analysis to the final stage of development. In this case all the planning has to be done by keeping in mind the development of product in South Asian market.

Design-Car design for Honda consists of doing both internal and external design. The color, capacity, size all are designed by keeping in mind of South Asian market. If all the conditions are satisfied, then the product manufacturing process starts.

Develop-This phase involves actual development process of automobile. This phase involve manufacturing building of car in assembly lines. After single components are developed, after that assembling of each part to whole product is also made.

Testing-In this phase it is checked out that if the automobile is developed according to the specification or plan or not. Each part and each components functionality is tested. It is tested in South Asian markets environmental condition (temperature, humidity, atmospheric pressure) and road condition. It is actually made to take test ride on the road.

Release-It is the final or last phase of product lifecycle. After all the phase is completed successfully and satisfied results are obtained . Before this phase promotional and marketing activities are also implemented. Then, finally the product is launched to the market.

Details of time required for every phase

Envision- In this phase visualization of car model is prepared. The task has very importance in manufacturing.

Time: 5 weeks

Task: To have the vision of the automobile to be developed.

Plan- In this phase plan is carried out for the development of car. In planning all what how and when condition are thought about. Scheduling of all activities are also take place in this phase.

Time: 10 weeks

Task: To do planning about the how and when whole process is going to be executed.

Design- This phase id completed by the engineers who do the overall designing of the Honda Corporation car development.

Time: 15 weeks

Task: To do the designing of internal and external parts of the automobile design.

Develop-In this phase actual manufacturing process of car is done.

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Time: 30 weeks

Task: Actual manufacturing process of the car

Testing- Testing involves checking out all the features and functioning of the system if they are as planned about or not.

Time: 10 weeks

Task: To check if car is manufacture according to specification or not.

Release-This phase is the final phase when the product is actually launched in the market . In this case, Honda Corporation is going to launch new car in South East Asian countries.

Time: 10 weeks

Task: To finally launch the product in the market.

3. 1. 4 Action Plan for New Product Development

When the development of plan is completed then action plan for manufacturing of Honda Motors car is prepared which is specifically being prepared for the market of South East Asian countries. If we want the Project to succeed well then efficient action plan must be created. Especially strategic planning method planning is used for developing the action plan. Following action plan is prepared with the help of this data.

Clarifying the Objectives: The prime objective of Honda Corp is to establish market in South East Asia. Main goal is to develop product which will have new design features. Also the fuel efficiency of the engine should be good.

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This help Honda Corporation to maintain their brand image and also to do business in new part of the world i. e. South Asian market. This factor is good in terms of maintaining profitability. If the goal is clear to all the persons working in the organization, then it will be very much difficult to complete the objectives.

Preparing list of action: When the objective is clear i. e. to launch new car in South Asian market. After that list is prepared in that actions are listed out in sequence that is to be carried out. Here in this paper we have to plan like in which location of south Asia to set up the factory, who will be are the target customers, Are the cars will be able to run in their road condition, are the environmental condition perfect. All these tasks are listed out and then scheduled to action.

Analyzing and prioritize the task: Since the project of Honda Corporation is a huge one, this must be analysed with the help of an expert who have got thorough knowledge about the South Asian market. After analyzing the task the expert provide with reports which are suitable to the market, climate and road condition of South Asia. Prioritizing the task i. e. doing the task first which is of most importance will promote to manufacture product according to deadline. It will also help to lessen the confusion and will allow successful completion of launching the car in South Asian market . Thus will be helpful in increasing profitability in business.

Organize and monitor the plan: The listed out action plan are organized into meaningful schedules. All the organized tasks are distributed to the subordinates. In Honda Corporation the mangers can monitor the plan if it is

working according to the schedules. The monitoring task will help in the facilitation of work.

Reviewing the plan: The reviewing of plan will help to check if the task that is performed according to specification or not.

Marketing Strategy: To launch any new product to the market, one of the basic objectives is to making the target customers aware about that this kind of product is available in the market. Once the product development is complete, after that we must make marketing plan for launching the product in the market. One can use different kind of strategies in marketing like direct marketing indirect marketing. Product sale greatly depends how well an organization market the product and quality of product.

Development Actions

When we finished total plan of product development we start actual product development process. We make plan for development like date starting date of development process and end date of actual product development is to be completed. For Example: we start requirement gathering for new car of Honda Motors assigned to team by 5 Jan 2011 and this must be completed within period of one months. In 5 Feb 2011 we start next step that is design phase.

In 17 mar 2011 we start creating prototype of the model. In 18 may 2011 we make analysis of the prototype. 27 may 2011 we start process planning activities. In 28 June 2011 we start actual product development process. In Jan 1st we start marketing and launching of the product in South East Asian countries market. This the specification of time span required in every phase.

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This period sometime change because of if any phase defects are detected this will goes to backward phase for rework.

Maintenance and feedback

This phase is of vital importance of maintaining the reputation of the product in the Global market. Feedback must be taken from the customers to check out of they are satisfied with the products or what kind of the development process. This is most beneficial for to increase product sale and to fulfill needs of the customer.

3. 2 Task 2: Resource Management and Research for New Honda Product

3. 2. 1. Research Methods Used for New Product Market Potential:

To do market research thoroughly one has to analysis of product prices, of similar product available in the market place, market size and scope. There are different methods used for the market research. In this research descriptive analysis method is used because of multiple advantages.

This method describes about the lifestyle, behavioral preferences of people.. It is basically designed for doing investigation about the current status of people buying preferences and pattern. First task in this case is collection of data then proper analysis is done and finally interpretation and conclusion I drawn from them. It uses description analysis as a tool to understand the concept and designing pattern from it. This method will be particularly useful for this research paper because as Honda is going to open new business in South Asian countries, it is very important to understand the lifestyle and

behavioral pattern of people over there. [Ref: “ The Secrets of Strategic Management:” The Ansoffian Approach Igor H. Ansoff, Peter H. Antoniou]

1) Data Collection Method

As already discussed descriptive research method is used in for research to manufacture new model of Honda in new market segment. Different kind of data like primary data, secondary data, will be required to be collected . So it is in need to use some kind of data collection method. All four kind of descriptive data collection method can be used namely surveys, questionnaires interviews, observations.

Survey: In this kind of methodology an investigation is conducted on particular marker segment . It is done to know about all the information about the current segment.

Questionnaires: A list of questions is prepared namely open ended and closed ended questions and they are distributed to public to fill them. On the basis of answer some conclusion are drawn from them.

Interview: It is direct one to one communication between two persons it may be telephonic or direct. One of the greatest advantages of this method is that one will be able to gather information by studying gestures and postures of the person.

Observation: In South Asian market it is very important to understand people. As they are new to them. To do the best way to do it is very important to implement this way to do it.

2) Data Analysis Method

In descriptive research method, multiple kind of data analysis method is available. But here we will use only that kind of method which is used specifically in this market. The description about the two kind of method is as follows.

Factor analysis: This kind of method of analysis is used to do analysis of various kinds of factors like geographical, cultural, economical and political.

Main component analysis: This method of analysis is done as follows. First the whole project is divided into modules or components.. Then separate analysis of each component is done. This helps in reducing problems and eliminating complexity from the project.

[Ref: " The Secrets of Strategic Management:" The Ansoffian Approach Igor H. Ansoff, Peter H. Antoniou]

3. 2. 2 Types of Resources Required

Different kind of resources are needed for the development of new automobile . Honda company can use following kind of resources for developing new technology in new market segment:

Manpower,

Raw Material

technology

Expertise

Finance

Managerial Resource.

Marketing and Advertising resources

Manpower : - Manpower can also be called as human resources. Human are the one of the most important constituent of an organization. Human resources is a terminology used for description for people who form the component of an organization. It can be also applied to human economics. For example a small organization or whole country. Human resources namely a functional component in an organization whose main task is about implementing management strategies and also to assign task is to individuals. Human Resources can also be setting strategies and devising system, standards, policies and processes. It will help in implementing strategies in whole organization. The kind of purpose that it will serve is following. It will help in maintaining compliance with the local, regional, government and federal laws. It also does recruitment of new individuals, giving confirmation and devising transfer to new location to them. Keeping employee record and maintaining confidentiality is also one of the main tasks. Designing and development of organization is also the task which holds importance in it. Transformation of Business domain and implementing change management is one of the purposes fulfilled by human resource management team. Monitoring the Performance of individuals, their code of conduct and behavioral management is done by Human management team. Maintaining Industrial and employee relations is very important as company is going to establish new segment in South East Asian countries. Workforce

analysis and personnel data management of people working in the organization is done by people. Management also has authority to do Compensation of salary and thinking in favor of employee benefit. Management is also responsible for providing Training and development to employee to any new technology if it is needed for organizational development. Motivating employees, appraisal and morale building will help in the retention of the employee in the Honda motors.

Raw material: - Raw material is something that is naturally picked and some labor and action is provided on it to transform it into final product. Some raw materials used that are used for manufacturing of cars are: aluminum and steel for building body parts, titanium is used for building some exhaust systems and platinum can be turned to be utilized to build the internal part of catalytic converters. Though the major part of developing automobile is virgin steel, petroleum-based products like vinyl's and plastics also contribute to making large percentage of automotive components. From petroleum some light weight materials can be extracted to develop light weight cars, this can considerably reduce the percentage. As the price of diesel and petrol keep on increasing it is very much important to design the engine which may help in saving fuel and increasing the life of vehicle.

Technology- Technology refers to the use of new idea to implement some new theory with the help of various tool and techniques. For instance Multi Point Fuel Injection (MPFI) is a technology that is used for some kind of efficiency. This advantage of this technology is that superior fuel combustion helps in saving engine, better fuel management it helps in saving fuel, engine performance helps in increasing the average of engine and reduced

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pollution it helps in making our glob get greener. Common Rail Direct Injection (CRDI) is another technology that is used to help in reducing the cost of the project. All these technology in addition to the new technology that will be developed by research and development team will help in increasing the benefits of the organization Honda Motors.

Expertise- For developing the work one need to select the people who are expertise in the particular domain . All these factors that needed to be developed . It will help in developing the product as per South Asian market demand. This help in building automobile that is perfect.

Finance-It is science which helps in the management of the monetary details. The areas that are related to of finance sector are business finance, public finance and personal finance. It comprises of looking for the development of money related things like the development of domain Finance is must for the completion of development process. Without finance on have many limitations to perform working successfully. Honda motors financial position in the market is good.

Managing Resources-Resource management task is of primary importance that helps in the in managing resources of the organization. It helps in building, saving and allocation of resources. It helps in the development of plan and implementing them.

Marketing and Advertising resources-Marketing resource will be very much helpful in the establishing new system in South East Asian market.

Advertisement mechanism can be any like newspaper, magazines,

pamphlets, news channel and radio station etc. It helps in making the product known and popular in the market.

3. 2. 3 Resources Possible Sources.

Raw material-For any kind of manufacturing process it is basic part to identify and collection of raw material. The raw material helps in the formation of final product. The raw material collection will not be so much difficult for the Honda motors, as they are in the domain for many years. But the challenge which the company will come across is to transport the raw material in the south Asian market. Second thing that will be come into account is people management . The people management means hiring of employees in the industry for doing the work. This concern can also be termed as a challenge , as interacting with the people of the South Asian market will be difficult as the language will be different from that of the other. Also working in different environmental location will be a tough job.

For in concern with the financial resources it will not so difficult for Honda motors to tie with different banks in South Asian Market. Only the challenge that will occur is to understand the bond and policies of respective countries and to make compromises accordingly.

For doing marketing and an advertisement of the product one have to do it very tactfully. As bad marketing plans can also damage the reputation of the good product. Advertisement medium may be any like leading newspapers, T. V channels, and radio stations. And the entire marketing plan should be kept in mind that it is done in South Asian Countries.

[Ref: <http://www.hondacivic.info/>]

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3. 3 Task 3: Research Findings and its Evaluation

3. 3. 1. Marketing Strategies for New Honda Product.

For the new Honda product, Honda Corporation decided to use the “ Ansoff Matrix” strategy. This is nothing but the matrix representation of business for new product; this shows how the business increases the sales and hence growing using the four different choices of actions. These choices are either used individually or combined. Following are four choices which are used for this Honda Corporation car in the area of South East Market Area [“ Corporate Strategy”, H. Igor Ansoff]

These options are:

1) Market Penetration: This has main concern is about to concentrate on existing products to existing markets. In other words we can say that market presentation for the Honda Corporation is basically focusing on South East Asian Markets existing cars for setting the goals for increasing the overall sales inside this area of market. Thus for becoming the success in development of new product for this South East Asian Countries, Honda Corporation must needs to know detailed insights for gaining more customers and response at the start. On the basis of this current conditions of existing market of SE Asian Countries, Honda Corporation decide their marketing plans. There are different strategies of presentations are available to use for Honda Corporation such as:

Attack competitor’s sales: This is best presentation strategies used for this new Honda Car Corporation over the SE Asian Market. Also, this method frequently used for such mature mar