

Microenvironmental factors affecting toyota



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Microenvironmental factors are “ The factors close to the company that affect its ability to serve its customers” [principles of marketing]. The microenvironmental factors that affected the introduction and sale of the Toyota Prius were its customers, competitors and publics.

Customers are anyone who buys or rents from the company. Customers are the most important microenvironmental factor that affect a company as they survive on meeting the wants and needs of the customer and failure to do so will result in the company failing. Toyota studied their customers and saw that they wanted a car with better fuel consumption and as a result Toyota decided to make the Prius, their first hybrid car.

Toyota dealt with their customers by setting up a website to educate the customers about the Toyota Prius. They took advantage of Earth Day to send out green seed cards shaped like Toyota's logo to prospective buyers and they also gave away some green Prius at Earth Day events. However, Toyota did not recognise that consumers normally don't buy cars for the saving in the long-run so “ fuel savings are not going to be the key in convincing people to purchase the Prius” [principles of marketing]. As a result of this Toyota has asked governments to give tax cuts to cars with better fuel consumption.

Competitors are any company in the same market place as your company. In order for a company to be successful in the market place a competitor must gain a competitive advantage over its competitors. Toyota has been successful in maintaining its competitive advantage although competitors like Citroën have cars which are just as efficient as the Toyota Prius, “ Toyota

is still the market leader in this segment” [principles of marketing]. They have done this by capturing people imagination by being the first Hybrid car on the market and through the effective use of advertisement.

Publics are any group that has an actual or potential interest in an organisation’s ability to achieve its objectives. Good relations with the public help to enhance the company’s reputation so helping to increase in sales. The biggest factors of the Toyota Prius’ microenvironment are media and the government.

Toyota has worked with Government bodies and has asked for tax incentives encourage people to buy more environmentally friendly cars to increase the amount of hybrids sold. Toyota also has spent 15m of its 200m annual marketing budget on the Prius. It has introduction ads that appealed more to peoples’ emotion to get them to buy the Prius.

Overall, Toyota has analysed its microenvironment extremely well as it has maintaining its competitive advantage over it competitors and has sold over 1m Prius with the waiting list of the Prius waiting list being over 18 month and becoming a status symbol among Hollywood stars.

Question 2:

The macro environment consists of six forces that affect the whole microenvironment, demographic, economic, natural, technological, political and cultural forces.

The Toyota Prius is such a highly technologically advanced vehicle with its four cylinder petrol engine and 33-kilowatt electric motor. This could be one

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of the demographic factors that prompted the introduction of the Prius for Toyota. The Prius appeals to Generation Y also known as the “echo boomers” who were born between 1977 and 1994. Their comfort with computers, digital technology and overall technical advances prove they are an attractive target for marketers wanting to create a device at the high end of new, innovative devices on the market today e. g. iPad , Toyota Prius.

The economic environment consists of the factors that affect consumer buying power and spending patterns. With many countries experiencing economic recession, consumer purchasing power is reduced. People have less money and now have to spend more carefully. The recent high petrol prices are causing a rising demand for greener, more fuel efficient cars that are cheaper to run. Several governments are providing incentives to people to buy these hybrid cars. In the UK, the government is offering reduced car tax on initial purchase. Electric car drivers can also avoid the £8 per day Congestion Charge in London.

Toyota must be aware of and keep up with the technological environment which includes the forces that create new technologies, creating new product and market opportunities. This is the most rapidly changing environment. By introducing the Toyota Prius, the company has gained a technological initiative in the hybrid market. Toyota knew that their target market for this product would include technology enthusiasts, or ‘techies’ as they are known, and included reference to the cars leading technology in their advertisements.

Natural forces also affected Toyota's decision to manufacture a hybrid car. Consumers are becoming more concerned about the environment and about how the products they purchase have an effect on it. Petrol and diesel are both non-renewable fossil fuels which release carbon emissions that contribute to global warming. Therefore there is a demand in the market for alternatives to petrol-powered vehicles, such as electric cars. Hybrid cars like the Toyota Prius offer improved gas mileage and emissions standards. Toyota have used this opportunity to position themselves in the market as an 'environmentally concerned company'

Toyota needs however, to be aware of the political environment which may pose restrictions on its business activity. The political environment includes laws, government agencies and pressure groups that influence and limit various organisations and individuals in a given society. Recently, the EU commission announced new legislation which will be brought in that requires all manufacturers selling cars in the European Union to lower average CO₂ emissions of new cars. The governments of some countries have intervened and offered tax incentives to stimulate the purchase of clean-fuel and high-mileage hybrid cars.

Cultural values have an effect on the products people choose to buy. Although core values and beliefs held by society are quite persistent, secondary cultural values are more open to change. Recent changes in cultural values include a greater appreciation for nature. People are starting to realise that nature is finite and fragile. They are beginning to seek out more environmentally-friendly products, one of these being fuel-efficient cars. Toyota has responded to this by introducing the Toyota Prius onto the

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market. Even in Hollywood it seems that it is now cool to be environmentally responsible as a range of A-listers are now owners this hybrid car.

Question 3:

Toyota has ran a masterful marketing campaign so far. It has become the “environmentally concerned” car manufacturer and the technology leader in the hybrid car market. It has targeted “techies” and early adopters by educating consumers about the new car.

Toyota have used the power of the internet to promote the Prius. The first thing they did was educate consumers about the prius. They launched a website to distribute the information and sent 40000 e-brochures to likely buyers. It worked. The Prius “flew out of dealer’s showrooms” and they even had difficulty “keeping up with demand”. They also ran print ads with tag lines such as “when it sees red it charges”, an emotional reference, and they ran television ads as well. By using these marketing tools to great effect the company was firmly established as a caring brand in the consumer’s mind. The new “environmentally concerned” Toyota is clearly a hit with customers as it sold 400000 hybrids in 2006 alone. It has even succeeded in making being green cool as a host of Hollywood celebrities like Cameron Diaz and even Arnold Schwarzenegger has one to park, ironically, beside his giant hummer.

Another effective strategy was to become the market leader in a new technology. It was risky to jump into the market that soon as it could have cost the company a lot of money if it didn’t work out. Toyota always subtly stresses the technology aspect of the car in its advertising. Surprisingly

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hybrids aren't all that efficient. The Citroen CZ, C1 and C3 all have better fuel consumption than the Prius, but it doesn't matter as Toyota "have captured people's minds". Its marketing campaigns have won over the environmentally conscious companies like IKEA, who are switching their car fleet to hybrids. Toyota's efforts have left other car makers "racing to catch up".

Marketing segmentation was used to great effect by Toyota. It set out very early on to target the "techies" and the "early adapters" through emails and the online website. "Many Prius owners are immersed in technology", they even have their own website called "Priusenvy.com". It really has taken off with the "techies". They were able to make changes such as "cruise control" and a "sniffer" to the car without the help of a qualified mechanic or engineer. This success can be attributed to the narrow targeting of the cars.

Toyota could improve its strategy by appealing more to the general market for cars. Today the cost of a Prius is significantly lower than it was when it first came out. Perhaps it's time to focus on what a great small family car it would make or how it might suit a professional, like a teacher for example. There are many environmentally conscious people among the ranks of the middle class families of Ireland. By honing in on the small family market Toyota could bring an alternative to the Ford Mondeo and the Volkswagen Passat.

Overall Toyota has done almost everything right with the Prius. When we think “ Hybrid” we think “ Prius” exactly like “ MP3” and “ iPod”. That is the sign of an extremely efficient marketing campaign.