

# The strategic direction for the future business essay



**ASSIGN  
BUSTER**

THE HONDA MOTOR COMPANY LIMITED has established in 24th September 1948. Honda has expansion to take a leading position in the field of motorcycle automobile and power product Japanese market was in the nuisance because of the shortage of money and fuel but JAPAN was still in require of basic transportation Honda utilise All rights booked. Honda manufacturing facility attract engine to a bicycle that create cheap and efficient method of transportation.

## **HONDA HEAD OFFICE JAPAN**

In the global market the Honda is world largest engine manufacture and market leader in the motorcycle. Honda has been operating 120 manufacturing facility in 29 country and 167, 234 people worldwide Honda has broaden whole over the world in the following market.

Honda established in United States of America in 1959 by the name of American Honda motor company . inc.

In Thailand 1964 Asian Honda motor company limited.

The first market in the Europe in 1963 Honda (UK) limited recognized in the LONDON

Honda found in the South America (BRAZIL SAO PAULO) in the 1971 by the name of Honda motor Brazil.

By the late 1980 the only 25 year after the firm entered in the automobile industry. The key point of go in front the Honda's success is continuous innovation that was found by MR SOICHIRO HONDA had a great interest in automobile as basis today the Honda company stand as the 9th largest <https://assignbuster.com/the-strategic-direction-for-the-future-business-essay/>

motor cycle manufacture in the world. The market share of the Honda until now 10. 2 % and its ranked a no 5 in the UNITED STATES OF AMERICA.

## **In 2006**

Honda aircraft company begins the sales of the in Honda jet advance light jet . in the 2006 the Honda aviation company awarded by popular science magazines the winner of the publications 2006 aviation and space category

The Honda Philippines begins the mass production their motorcycle plant

Honda established subsidiary in Ukraine.

New automobile plant in the Vietnam begins operation (civic) and flexible car at Brazil launched the cold wing airbag the first man market motorcycle with an air bag system . new company to conduct solar cell business established.

## **In 2007**

Honda sales it is going to launch low price hybrid and advance diesel technological in the near future . they were also voted as number one car manufacture in the world for the third period .

## **1. 2 CURRENT MARKET POSITION**

In 2007 the price of fuel was high and the less efficient (US) economy but Honda reported 1%sales increased while its competitor including Toyota has reported double loss. Honda sales grow approximately 20% in 2007 year.

Honda Nissan and Toyota were still not safe to the global financial crisis of 2008 as these company declined in the profits at the Beijing auto show

Honda presented the LI NIAN 5-door niche bank and announced that they

<https://assignbuster.com/the-strategic-direction-for-the-future-business-essay/>

were looking to developed an entry level brand exclusively for the Chinese market similar Toyota SCION brand in the USA

## **PRINCIPAL PRODUCT AND FUNCTION OF EACH SEGMENT**

Segment

Principal product and services

Function

Motorcycle business

Motor cycle terrain vehicles and personal motor craft and vehicle

Research and development manufacturing sales related service

Automobile business

Auto and relevant parts

Research and development manufacturing sales related service

Financial service business

Financial insurance services

Research and development manufacturing sales and related services

Power product and other business

Power products and relevant part and others

Research and development manufacturing sales and related services others

## **GEOGRAPHICAL REGION TOTAL REVENUE IN MILLIONS IN 2007**

Japan

¥68, 190

North America

¥5, 980, 876

Asia

¥1283, 154

Europe

¥1236, 757

Other

¥905, 163

## **EMPLOYEE WORLD WIDE IN HONDA**

In whole over the world Honda had 144. 785 employee in 2006 this number has increased in 2007 and reached at 167, 231 in the Honda group.

In 2007 the sale of Honda grew 11. 9 percent compared in 2006.

In the foreign market the sales grew 7. 7 percentages on automobile and 9.

3 percentage on the power product. Because of the world recession

motorcycle market of Honda in the North America, Europe or in the Asian market is not grew real.

## **Honda operating data in the percentage according to the business portfolio in the 2007**

Business

Percentage

Motorcycle

13. 44

Automobile

78. 46

Financial

4. 01

Power product and other

4. 09

### **1. 3 STRATEGY APPLIED BY HONDA COMPANY**

#### **THE GLOBAL STRATEGY**

As Honda is global company and Honda Company has broaden whole over the world in America, Europe or in the Asia. The strategy is to maintain the competent supply the extreme quality of the product at low price worldwide customer and satisfied them. However also improve their quality to develop

<https://assignbuster.com/the-strategic-direction-for-the-future-business-essay/>

more in product and launched into the global market and commitment for the future.

## **CORPORATE STRATEGY**

The Honda Company includes four business- motorcycles, automobile, power and the financial business. In 1963 the Honda becomes the leader with the characteristics like extreme fuel economy, best safety product and driving more contentment. Honda proves their self not in Japan and US but it has proved worldwide.

Motor business was the first business of the Honda because of the special interest of the MR HONDA in the auto mobile. Honda has operated lucratively in 28 motorcycle plant in the 21 countries as well as R&D operation in the US, INDIA, ITALY, CHINA, GERMANY and THAILAND. Then Honda becomes the more popular than ever.

The first power product lunched in the 1953 and has prolonged portable generator, out board engines, power carrier. The power products are produced at 11 plants in the 9 different countries. Honda is stretched it to the robot industry with ASIMO and Honda has reached on the sky after launched Honda jet and also providing financial services worldwide to improve the sales.

### **ASIMO BUSINESS STRATEGY**

Honda business strategy is to R&D compete in the competitive automobile industry . Honda always focus on the quality of the product , durability and environmental and social issues, low fuel efficiency than other automobile

<https://assignbuster.com/the-strategic-direction-for-the-future-business-essay/>

industry in the market in the. Honda continuously creative and innovative technical foundation, these all strategy leads Honda slowly in the US and Europe at time of oil rate flatution and the world recession but Honda keep their R&D strategy that will benefits people as well as company in the future.

The dealership of the Honda is also one the strength. The innovation and the efficient service supply, manufacturing and distribution system is also a source of success in the global market.

## **ACCORDING TO HONDA ANNUAL REPORT 2007**

Global auto sales by company

Sale in percentage

General motor

13

Ford motor

10

Volkes wagon

5

Nissan motor

15

Honda motor



5

Toyota

12

Other

40

The world automobile market is captured by Asian brands in the US market . threats to the US car maker is the growing TOYOTA , HONDA and NISSAN that are threatening strategy to the GENERAL MOTOR the world current largest car maker.

The Honda motor competitor of all time whole over the world TOYOTA MOTOR, NISSAN HYUNDAI . FORD VOLKES WAGON and GENERAL MOTOR.

## **OPERATIONAL STRATEGY**

Honda operational strategy is to satisfy their customer worldwide by customer or also keeping the high level of transparency in the operational level they also follow the law and the regulation to perform better their operational strategy according to the country where they want to do business. The Honda strategy is to look future forecast. The Honda operates worldwide market with the 167234 employees and associate to produce their service to 23million customer annually worldwide.

## **INDIVIDUAL STRATEGY**

The individual strategy of Honda Company is to sell with happiness, produce by happiness, and buy with the happiness. Sell with the happiness means to make good communication with their dealer and. Produce with the happiness means manufacturing and R&D and produce quality product whole over the world for their customer. Buy with the happiness means associate with their customer expectation whole over the world.

## **2 CURRENT MARKET SITUATIONS BY MACRO ANALYSIS**

The macro analysis examines opportunities and threats that exist in the environment. Both opportunities and threats exist independently of the organization. The SWOT ANALYSIS differentiates between a strength and weakness from an opportunity and threat. PESTLE and Porters 5 Forces have been regarded as two effective tools they are also known as the macro factors.

### **2. 1 PESTEL ANALYSIS OF HONDA**

P - POLITICAL - In the 1965 the US was engage with the Vietnam in war. American represents the Honda 50 modal in the south Asian market because of the bad economic condition modal 50 was not so much success is was declined in the market. In the 2005 the interest rates in the Indonesia were rise because of the government improbability it effect inflation and rising the price of the gasoline in 2006 the government strategy remain same but suddenly the economy of the India were boost on that time the demand of the motorcycle were high their and the easy business rule and the tax

regulation lead Honda to India than Honda start making the profit that was one of the strength of the Honda.

E - ECONOMIC - Honda become wider its business in whole over the world (North America, Europe, and Asia) because of the world recession Honda loss their consumer heavily the other factor also influence like rising the price of fuel declined the demand for the automobile , motorcycle, and the power product . Because of the recession and the fluctuating gas price in 2007 Honda unit sales declined 18. 2% in the North America.

S - SOCIAL CULTURAL - Honda has 167, 134 employees worldwide Honda has improve the employment for the local community in the North America, Europe and in the Asia. Since the recession is entered in whole over the world Honda is innovative and introduce new product in the market less cost and the best quality than China manufacturers they also have done research and development on to produce or launch less pollution vehicles in whole over the world.

T - TECHNOLOGICAL - Technology is vital for competitive advantage and is a most important driver of globalization. Honda has utilising the information technology to control their world wide operation. On the production process the Honda motor is innovated since they have started automobile business. Honda is innovated in the auto fit machine and mass production, distribution, reduces cost also save time. On the marketing process Honda advertise on the news paper, Magazine. With the help of the internet (IT) they have displayed their upcoming modal on the different web site or encourage people trading on line.

L – LEGAL – The parameters set for a business by a governing body like the legal implications in terms of products and services to be sold out, in terms of rules and regulations imposed on employment by law etc . china manufacturer start making problem to Honda . the chins manufacturer start making the motorcycle in the southern Asia to defeat Honda the economic condition of the south Asia was not good because of the recession or oil price fluctuation . the people were not buying the Honda motor cycle at the same time chins manufacturer start making the motorcycle on the very less price than Honda, to overcome this situation Honda launched new modal VAVE in the market with less price and high quality.

E – ENVIRONMENTAL – the environmental problem like global warming, hole on ozone layer because of the pollution. Honda continuously research on the less emit ion of CO2 & toxic waste & to develop hybrid and electronic vehicle. They have also generated and implement less pollution diesel engine.

## **2. 2 PORTERS FIVE FORCES ANALYSIS**

Porters five forces analysis helps to contrast a competitive environment of the organisation it's also shown in the diagram description are as following.

Threat of new entrant's – now a days the business environment is very competitive in whole over the world . ford is continuously, aggressively committing with the Honda or producing barriers to make maximum profit for the Honda in the market. Honda has also getting the problem in the distribution system in the USA rather than FORD because of the US government law and policies.

2. Bargaining power of Buyers – Buyers are the customer of Honda always take care of the expectation their customer, as Honda is global company so the Honda always keep innovating, developing, researching and launching new product for the different age group for instance Honda launched air blade scooter in the Vietnam in 2007 to attract young people but in the 2007 Suzuki has also launched modal of Hayete scooter with same function like air blade but price was less than air blade so the customer preferred to buy Hayete scooter modal of Suzuki result the share price of Honda were shrink.

3. Threat of substitute products – Brands like Yamaha motorcycle company Yamaha can be the best competitor for the Honda. Yamaha is also pioneered in the business of the motorcycle manufacturing, if the Yamaha make good quality than the Honda for instance R6 modal of the Yamaha is close substitutes of the Honda modal F4 if the Yamaha innovative or improve the quality and decline the price than Honda it can be very serious problem for Honda.

4. Bargaining power of suppliers – Contract, raw material suppliers, the volume of the raw material providers would determine their supply capacity, supplier are very powerful. Honda always influence on to produce less price vehicle than other motor company like general motor, ford motor to compete in the market . supplier are very power full they can refuse to do work with the or they can switch their supply or start doing work with GM motor or the ford motor, in case Honda loss their key supplier it might be affect cost it could go up.

5. Competitive rivalry - It's the business competition in between other company in the market in the automobile industry Honda has three bigger rival Honda have to compete with them like general motor, ford motor, and Toyota motor. these three rival of Honda always keep innovation research and development on their modal time to time to compete in the market for instance Honda introduce ACCORD modal in1976, after that the Toyota introduce the modal CAMRY in the market. At the same time general motor introduce MALIBU and ford introduced FUSION. Toyota. General motor and ford motor can replace Honda from the market . Honda have to improve their quality and should be more innovate to compete.

## **2. 3 SWOT ANALYSIS HONDA**

### **STRENGTHS**

Highly aware brand name and the company stand on the 9 position on global scale with the 167000 employee and the associate.

Honda has made outstanding relations with their suppliers, stake holder or with customer worldwide developing the manufacturing technology.

Differentiation from other company like Toyota, GM motor ford economically.

Environmental conscious they have launched hybrid cars or less emit ion diesel engines..

Since they have been start automobile business Honda motor is Innovative, and doing research and development to satisfy the need of the customer.

## **WEAKNESS**

The Honda is global company Image of the company is more of a “ cool” kind and not professional some time they stress a lot on to produce a low price automobile

It’s not global, focuses mainly on the UNITED STATES or the Europe.

Has only one main hub and limited destination to do to business

## **OPPURTUNITIES**

Since they started the business in the automobile industry they highly Target the major continents (SOUTH ASIA, AMERICA, and EUROPE)

Honda has opening more hubs in key geographical areas as business units in the Vietnam china and India. Sales promotions and marketing on the global scale through different websites and different business magazines.

## **THREATS**

Changing the government policies taxation policies in different countries fuel rate fluctuation world economic recession.

Threat from the big brand in the global market like (GENERAL MOTOR, FORD, TOYOTA. These all creates competitive environment in global market for Honda motor.

The Global economic recession, fuel price fluctuation worldwide and natural disasters like tornado hurricane.

## **2. 4 KEY DRIVERS**

High quality, low price more safety feature like airbag etc.

Honda motor organizational environment is very professional, they innovative the supply chain and the distribution system and the manufacturing system is the core competency. Personal research on the customer need in the global market. They have separate department to handle the customer complaint and the customer issue.

## **2. 5 CORE COMPETENCY**

The core competency of the Honda motor is to launch their product in the global market with low price than other automobile company in the global market.

## **2. 6 ORGANISATIONS STRUCTURE**

Reference <http://world.honda.com/profile/organisation/>

The Honda have supervise their operation from the Japan in whole over the world like in the china, Asia & oceanic, Europe Latin America north regional sales operates from the Japan

As Honda is a global organisation, the stake holder is customer their employee, business individual company, trading union. The position of their stake holder is very strong worldwide. Board of the director primary duty is to select qualified employee and associated or the CEO to run their operation very smoothly worldwide.



The working environment of the Honda corporation is very friendly, good communication with employee and board of the director.

Honda has continuously coordinated with internal and external manpower in board of director and auditors to perform well in the market. The Honda Corporation operate their four basic operations in the automobile motorcycle and power product and service part.

## **2. 7 SYNOPSIS OF THE HONDA/SUMMARY**

The following report looks after the macro analysis of an organisation, and considering all these factors gives us the understanding of SWOT analysis of the organisation pestel analysis porter five forces and key driver and core competency. Based on this marketing analysis, Mr sosichiro Honda the founder of the Honda motor because of his great interest in the automobile. He has made a big global organisation to serve their product in whole over the world including American continent Europe and Asia.

Honda gives respect individually, every employee give them chance to grow up them self and initiate. Initiate means the company encourage people to be creative. Honda motor is also described as the all the three HAPPINESS. BUY WITH THE HAPPINESS, PRODUCE WITH HAPPINESS, SELL WITH THE HAPPINESS. Honda maintain his position in the global scale they have done innovation since they have started Honda motor in 1948 and the consistency in the in the operations, manufacturing and supply worldwide. in the term of the advertise to spread awareness about their product time to time on different web sites and news paper, different business magazines

Key factor to survive or compete in the global market & fulfil the demand of their customer & and make happy their stake holders. Honda proudly focus on innovation

### **3 STRATEGIC DIRECTIONS FOR FUTURE**

The choices of the company is launched more innovated product in the global market less pollution. Since they have launched less emit ion diesel engine for the air craft and hybrid car for the safe environment. Now the Honda strategy is to explore the business in the market or India and china and north America (brazil) because these two countries economy is grooving very fast so buying power the consumer is very high . now they have already launched so many automobile in the Indian market like less price Honda unicorn 150 cc engine, Honda dio, Honda eterno scooter and to be more innovated to produce more economical vehicle less pollution better feature and more safety for their consumer. Or they also advertising of their new product launching on the different web site or in the different magazine their strategy is to make people fully aware about their new products in the global market. Honda also gives the environmental training for employee and associate or develop more technology to become a global market leader.

#### **3. 1 LIMIT RANGE OF CHOICES FOR FUTURE**

##### **3. 1. 1 Based on the competitive strategy**

Honda is global organisation its spread around the world it stand on the 9th place in automobile industry there are some outstanding company in the world of automobile also spread around the world like Toyota . general

motor, ford, mercerizes, these all motor has made the very competitive environment for business in front of the Honda motor.

According to the analysis of the section one and two the position of the Honda motor in the global market is better than the other company in the market in 2007 the Honda motor is reported 1 percent of growth in the time of world recession or fuel rate fluctuation in whole over the world all company like General motor, ford or other automobile company record very heavy losses on their sale on the global scale but Honda motor is innovated since they start automobile business.

### **3. 2 RECOMMENDATIONS FOR HONDA**

After look at all the analysis of the organisation Honda should have to do the smart work to become the global leader. Honda is global company. The board of director and the associate have to select right person for the right job like the hire good and educated people to perform the in the organisation and the director of the Honda motor should have to perform their duty to control the quality and to develop more technology to perform in the manufacturing process or in the distributing process

The risk management system prevent and addressed the different kind of the risk in the company like fuel rate fluctuation, world economic recession Natural disaster and the risk manage department, should have full knowledge how to make our organisation more profitable in the global market or how to overcome by this kind of risk. The Honda motor has the potential to become truly global leader if they spread their units of two wheeler countries like Australia and some African country.

The information on the execution of the business by director . the time to time auditing should be done by senior management to have control on the manufacturing process or in the distribution process.

The Honda motor is doing good business in whole over the world they get the good profit margin at the time world economic recession however the other company like Toyota, GM motor and ford motor got heavy loss in the sale.

Honda motor have to be more innovative developed their technology in the manufacturing and to be continuing with the research and development.

### **3. 3 THE SUPPORT OF THE RECOMMENDATION**

As Honda is global automobile organisation on this level the customer expectation are will reach on the top the Honda have to jam-packed the demand of the customer in the global market. Honda has the potential to become the global leader in the automobile industry. In the some parts the Honda motor was not did well at the time of world economic recession because of the less potentiality of the employees to in the so many areas like information execution and analyse the risk in the market that's why i recommend to Honda motor should select write employee and the associate for write job to become global leader in this competitive environment. And the Honda did not have the potential to analysis risk like economic recession, fuel rate fluctuation how to overcome and make profit in the global market. After the whole analysis of the report of the Honda motor's (executive the top management) information execution was not performing well and the distribution system. i find the Honda should have take care of all these fact

to become a innovative and the true automobile manufacturer in the global competitive market.