

Toshiba corporation history and operations marketing essay



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Toshiba Corporation is undoubtedly one of the oldest, successful, corporations in the world. Formed in 1939, the Toshiba Corporation is a world class producer of both industrial and consumer electrical products. In this essay, firstly I will provide information about the history of the Toshiba Corporation. Then I will focus on its operation over the years in terms of product development, market share and involvements in customer acquisition. The conclusion will be an outline of my opinions about the factors which make Toshiba the giant Corporation it is today.

Tokyo Shibaura Electric K. K, formed in 1939, is as a result of the merger of Tokyo Denki which was founded in 1890 and Shibaura Seisaku-sho, which was founded in 1875. Shibaura Seisakusho was formed by Tanaka Hisashige as a manufacturer with its equipment specialization being telegraph. It was the first manufacturer of such equipment in Japan. It was first named Tanaka Seisakusho up until 1904 when it was renamed Shibaura Seisakusho. It was a major manufacturer at an era when Japan became an industrial power. Initially founded as Hakunetsusha, Tokyo Denki was the first Japanese manufacturer of incandescent electric bulbs. Few years after, it also diversified its production to produce other consumer products. The name ‘ Toshiba’ was officially in use since the year 1978. The headquarters of the Toshiba Corporation is in Tokyo, Japan.

Toshiba’s operations have changed a lot over the years. For positive causes, business decisions have been made to ensure growth and the fulfilling of their motto: ‘ Leading Innovation’. Toshiba has operations in nearly all regions of the world. Since the merger, the Corporation has expanded largely through acquisitions and organic growth. It bought other industry firms in the

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1950s and 1940s. In 1977, a Brazilian company; Semp combined with Toshiba's South American operations to form Toshiba Semp. By the year 1999, Toshiba had several groupings that included: Toshiba Carrier Corporation, Toshiba Lighting and Technology, Toshiba America Information Systems, Toshiba Chemical, Toshiba International Corporation, Toshiba Electrical equipment and Toshiba Music Industries.

Today, Toshiba is organized into groupings, business divisions and subsidiaries. The Digital Products Group includes a Digital Products and Services Company, Toshiba TEC Corporation and a network and solution control center. The Electronic devices group is organized into a Semiconductor and Storage Products Division, an Analog and Imaging IC Division, a Discrete Semiconductor Division, Memory Division, Logic LSI Division, Toshiba Mobile Display Co. Ltd, ODD Division and a Center for Semiconductor Research and Development. The social Infrastructure group consists of Power Systems Company, Nuclear Energy Systems and services Division, Power Industrial Systems Research and Development Center, Thermal and Hydro power Systems and Services Division, Social Infrastructure Systems Company, Railway and Automotive Systems Division, Transmission and Distribution Systems Division, Toshiba Elevator and Building Systems Corporation, Motor and drive Systems Division, Automation Products and Facility Solution Division, Environmental Systems Division, Defense and Electronic Systems Division, Toshiba Solutions Corporation and the Toshiba Medical Systems Corporation. The Home Appliances Group is made up of Toshiba Home appliances Corporation, Toshiba Carrier Corporation, Toshiba lighting and Technology Corporation, and Harison

Toshiba Lighting Corporation. There are other business divisions in Toshiba which include Smart Community Division, New Lighting Systems Division and Materials and Devices Division.

Just like any other company operating in the World, Toshiba's operations have faced uncertainties from the macro environment. An example is the 1987 case where a subsidiary of Toshiba: Tocibai Machine was on the spotlight for allegations of the illegal selling of CNC milling machines to the Soviet Union.

The machines were alleged to be used in the production of quiet submarine propellers. This was in breach of the CoCoM agreement. The scandal had negative impacts on the relations of The United States and Japan. It also led to the arrest of two executives and imposition of sanctions to the Corporation. Recently, in July 2012 an accusation was made against Toshiba in the United States. The accusations claimed that Toshiba was responsible for fixing LCD panel prices at a high level. This has cost Toshiba and other manufacturers a total of approximately half a billion US dollars. Toshiba's risk management systems are doing their best to ensure minimal or none existence of such situations. Several risks have been noted by the Toshiba TEC group with significance from among the risks that could affect performance. These include new business and product development; Retail information systems business environment; expansion of overseas production; document processing and telecommunications systems business environment; information security, compliance and internal control and employee retirement obligations. These factors may affect the overall production in some cases. An example is the revaluation of Chinese Yuan, <https://assignbuster.com/toshiba-corporation-history-and-operations-marketing-essay/>

which can affect business. Political climate and limited power sources in developing countries are also a challenge. When there is a large scale problem in quality, recalling of products becomes inevitable. It could lead to lower performance.

For optimum production, there has to be adequate supply of inputs. Toshiba has had their share of rough times of inadequate supply. It needs materials such as rubber, silicon, steel and some chips that need to be imported. It also needs labor input in the operation of production machines and the day to day running of the corporation. One of the earliest challenges was the Great Kanto Earthquake in 1923. Many employees of Tokyo electric lost their lives in the disaster.

Tokyo electric took the challenge as an inspiration by researching into new fields of production such as radio and medical equipment. The war period, between 1940 and 1956 saw a decline in production. The delivery of Supplies was affected. Toshiba stood up to the challenge by developing machines of Japanese origin only. The company then grew by supplying radios, military supplies, vacuum tubes and generators. To get back on track, they opened subsidiaries and exporting began.

The world has witnessed, for several times, the introduction of new products into the market by Toshiba. Toshiba's business divisions engage in the production of home appliances, medical equipment, office equipment, information technology equipment, electronic materials and components, and logistics. Its operations are mainly divided into four business groupings: Electronic devices group, digital products group, social infrastructure group

and home appliances group. Through research, the Corporation develops products that are more customer-specified. Toshiba is accredited for several Japanese firsts. These include Radar, of 1942; TAC digital computer, of 1954; Transistor TV and the microwave oven, both of 1959; color video phone, of 1971 and Japanese word processor, of 1978. Toshiba is also responsible for delivering to the world the first ever laptop computer in 1986. Ten years later they also manufactured the sub-notebook personal computer. At the end of 2004, Toshiba made an announcement that it would cease producing cathode ray tube televisions. In 2005, the first High Definition DVD was invented by Toshiba. In 2006, Toshiba stopped manufacturing in-house plasma televisions. To stay competitive and lead in innovation, they invested in SED display. Toshiba has complied with most of the regulations put in place by concerned parties. Toshiba's telecommunication green approach was developed to comply with environmental care.

What the consumers experience most are invention wars where each manufacturer tries to bring a new product to the market first. With the globalization of environment and health awareness, Toshiba has been keen in manufacturing friendly products. They complied with the European RoHS Directive, which demanded that products should not contain harmful chemicals such as Lead, Cadmium, Mercury, Polybrominated diphenylethers, Hexavalent Chromium and Polybrominated biphenyls. It led to their production of compliant IP and digital telephones. In compliance to the European WEEE Directive, Toshiba promotes the 3R policy of reduce, re-use and recycle. Its digital and 5000-series IP telephones are compliant to this policy. Toshiba Corporation ceased the use of foam polystyrene materials in

packaging. They now use eco-friendly materials. According to Toshiba reports, all its LCD TVs are compliant to Energy Star standards. Some of the models even exceeded the required features by not less than 30%. Some of these regulations have actually reduced production costs in some business divisions as the eco-friendly alternatives tend to be cheaper and of good quality. In 2011, Toshiba was ranked position 13 globally by the Greenpeace Guide. It was acknowledged for giving estimates of emissions from each stage of a product's cycle.

Toshiba has ventured into new markets, partnerships and acquisitions in effort to lead in innovation. In 2001, Toshiba got into a contract with Orion Electric, a leading video electronic maker and supplier. The company would manufacture TV and video products for Toshiba to meet the demand posed by Toshiba's markets in North America.

The ODD division formed a partnership with their Counterpart Samsung Electronics and became Toshiba Samsung Storage Technology Corporation. In 2012, Toshiba Mobile display Co. Ltd merged with Sony Mobile Display Corporation and Hitachi Displays Ltd forming Japan Display Inc. Toshiba also acquired Westinghouse Electric Company in October 2006 from the government of The United Kingdom.

The acquisition came as a surprise for many industrialists since a growth was expected in the market for nuclear reactors. This meant more profits for Toshiba. Toshiba has also developed the marketing concept in their business. They are highly inventive. They also employ new ways to talk to their customer who states the needs. This has enabled them to deliver and

grab more customers as compared to their competitors. Toshiba has been able to grow financially as a result of new markets and loyal customers.

Pricing is a tough job for most manufacturers. Every manufacturer must get their profit from the product and retain customers. At the same time, the manufacturer also has to tap into new markets. For Toshiba, price fluctuations have not been a major issue, except in cases where government taxation is high or production cost is high. Other issues like distance from the nearest production line are also considered. The price has been seen to fluctuate slightly understandably among different countries due to the above factors. There is a huge demand for smart technologies. In response, very many companies have been formed to meet the demand. As several Corporations produce similar products, the only difference in some products seems to be the brand name. There is a high availability of close substitutes for Toshiba products.

An example is in the laptop computers where the consumers have more than 10 brands to choose from. In such cases, Toshiba has been seen to employ the production concept of marketing by assuming that the customers will favor the products that offer the most in terms of quality, features and performance. Toshiba's job remains to making continuous product improvement. Availability of similar products from other manufacturers has led to revision of prices where applicable.

In terms of profitability, Toshiba is doing fairly well. For example, in their financial year of 2012, the Corporation had revenues estimated at ¥6, 100. 3 billion. In the same year, 55% of the total sales were done in the rest of the

world. Japan accounted for the other 45%. The Corporation's Social and Infrastructure grouping generated 36.6%.

Home Appliances generated 8.7%; 24.5 was generated by the Electronic Devices area and Digital Products grouping generated 25.5%. The remaining 5% was generated from other activities. In 2011, a total of 2,483 patents were registered in the United States alone. A 2010 report shows that Toshiba was the fifth largest PC seller in the World, as per revenues. Toshiba was also ranked fourth in semiconductor manufacturing, by revenue. It is listed in London Stock exchange, Tokyo Stock Exchange, Osaka securities Exchange and Nagoya Stock Exchange. These achievements have helped grow its profits. As a large Corporation, economy or industry status has not highly affected its costs and operations in recent times. This is due to the groupings way of doing business where when one group is performing slowly, the others one are still stable. Toshiba also applies non-price competitive strategies.

An example is the diversification of products where the Corporation manufactures several different products. It also leads in Innovation. With a workforce of 210,000 people as at early 2012, Toshiba guarantees to deliver.

Despite the heavy competition from other worldwide recognized brands, Toshiba has gone global in terms of growth, market expansions and future planning. It is known to highly employ the strategy of business acquisitions. An example is the takeover from Discover Card to sponsor the topmost

screen in Times Square, New York. Messages and advertisements made in the screen propel the company's growth to another level.

In 2009, Toshiba acquired the HDD business of Fujitsu. Toshiba also acquired the Shares of a Swiss advanced power meter maker at a price of \$2.3 billion. In 2012, Toshiba became the world's largest seller of point-of-sale systems. This was made possible by the acquisition of IBM's business in the same for a staggering \$850 million. Thriving in a changing technological environment calls for high levels of innovation. Toshiba has divisions in all continents. Most act as distribution, support and information centers to the customers.

Toshiba Corporation works towards fair pricing of their products to their loyal potential customers. Toshiba runs a customer feedback program in which opinions from random customers are collected and weighed to come up with the average customer preference and satisfaction levels. Toshiba claims to go as far as calling individual customers for opinions. Their implementation of the customer concept of marketing has boosted their profits. Toshiba has captured a larger share of each customer's expenditure. They have also built high customer loyalty. Financial reports of as recent as 2012 show Toshiba's performance getting better.

With a talented Chief Executive Officer, mistakes in decision making have been highly avoided. I think that the only change that Toshiba needs to make is to invest further in new fields for more diversity. They also need to work to reach everyone in the world because everyone is a potential customer.

Conclusion

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Toshiba has grown so much from the Tokyo-Shibaura it was back in 1939. Today's world is hungry for newer and smarter technologies. It is an obligation for Toshiba to be at the fore front of technological developments. Toshiba has led in innovation due to their ability to develop products as per the markets' specifications. Toshiba aims for a global market. A global market will increase their ability to innovate as the feedback will come from a wider customer base. A global market will also ensure the company's stability. They will be able to counter competition from all parts of the world. All these can be done when the customers are satisfied. Their development of the product concept of marketing has propelled them to where they are today. As the invention wars continue, the only working strategy remains to be a combination of good history, and the implementation of right management strategies.

TOSHIBA CORPORATION 13