

Applications of mis at toyota marketing essay



**ASSIGN
BUSTER**

Toyota Company was established in 1937 by Kiichiro Toyoda as a by part of Toyota Industries which was owned by his father with the sole motto of being an automobile company. In 1934 i. e. 3 years before its establishment, the company created its first product, that was the Type A engine and then in 1936 it created the first car that was Toyota AA. Toyota Motor Corporation includes many other companies in its group; some of them are Hino motors, Daihatsu, Lexus and the Scion. It also includes several non-automotive firms. Toyota group is one of the largest multinationals in the world.

Applications of MIS at Toyota for strategic business objectives:

Operational Excellence:-

Operational excellence was firstly pertinent to manufacturing sector; however, now it is applied through various industries. Numerous models have been considered to attain operational excellence. Total Quality Management, Lean Manufacturing, Six Sigma and Business Process Reengineering are some of such models. Companies have started applying such models in their operations to attain improved results.

In American automobile sector Toyota was late competitor in an established market of giant automobile brands such as GM, Ford and Chrysler. In order to grab a strong position in such a market Toyota used its Toyota Production system (TPS) to accomplish operational excellence and established itself in the American automobile sector. Quickly after the success of Toyota Production System a lot of researches were done on models to attain operational excellence. Automobile giants like Ford built their own system named Ford Production System, and General motors implemented the Global <https://assignbuster.com/applications-of-mis-at-toyota-marketing-essay/>

Manufacturing System. But other than Toyota's Production system none of the others worked and the companies had to suffer loss while Toyota gained a lot from it.

The main objectives of the Toyota Production System were to frame out "muri" i. e. overburden and "mura" i. e. inconsistency, and to eliminate the waste product that they called as "muda". The most effective and important part of Operational Excellence was to design a process that was capable of producing the desired result without any inconsistency. It was also important to ensure that the process was flexible enough to work without any stress or overburden as this created a lot of waste material. Toyota was able to achieve this goal and hence this was the biggest achievement in the reduction of waste production that helped Toyota a lot. Toyota production system handles seven kinds of waste elimination. These are:

Waste due to over production.

Waste occurred due to waiting in production.

Waste in transportation.

Waste of process itself.

Waste of left out stock.

Waste generated due to movements.

Waste of creating defective product.

Customer and Supplier intimacy:-

Customer and supplier intimacy is one of the most important generic strategies of business strategies. Some other strategies include basic strategies, like product distinction, low cost leadership, and emphasis on market position. Each of these frequently is enabled by means of IT and systems. In case of Customer and supplier intimacy, Information systems are used to develop strong relationship and loyalty between customers and suppliers. As to a firm both the customers and suppliers are valuable.

One example of firm that take care the suppliers is Toyota. Toyota has information systems that give their suppliers direct access to their production schedules, enabling suppliers to lower these customers' credit limits.

Besides, it is necessary to take care of the customers, particularly their gratification of firm product or services that given by firm. For a firm to be successful, customers are very important. Why it is important to make the customers satisfied? Because every time the sale comes from two types of customers these are new customers and repeat customers. It is tougher to draw new customers than upholding old customers. So, it is vital to maintain the customers. Customer satisfaction is the only key to maintain customers. When customers are satisfied they come back to you, tell decent thing about the firm. All of this things gain goodwill to the firm. And of course in return give more profit to the firm.

Improved decision making:-

The chief advantage of Toyota's MIS (Management Information System) is their ability to unify their corporate goals all over the world by making use of their systems properly.

Though the MIS of Toyota are perfectly helpful in generating statistical documents and statistics analysis they are also used as a tool where the officials and teams of the firm agree upon a set of objectives for the employees to try to achieve within a definite time frame. The success of any objective in Toyota depends on the constant monitoring of progresses. Toyota makes use of its MIS tremendously in monitoring this progress. Since all objectives must be assessable they can be monitored by the creation of management documents to be studied by the officials of Toyota.

In past, the business documents of Toyota had to be manually analysed for documentation and now the analysis can be immediately and comfortably keyed onto a computer by a data processor, and thereby enabling quicker and improved decision making that gives instant responses for the company in its totality.

MIS of Toyota that help in improved decision making are:

Jidoka:-

Jidoka make use of raw data to create simulations - imaginary circumstances that give response to a variety of ' what if' queries regarding modifications in strategy. This enables more effective and improved decision making in the organization that would not be possible in the absence of MIS systems.

PokaYoke:-

<https://assignbuster.com/applications-of-mis-at-toyota-marketing-essay/>

Toyota uses these inexpensive, highly reliable MIS all the way through its production to stop imperfections. The computers of Toyota cannot create business strategies on their own; but they certainly have aided the organization in knowing the effects of their policies, and support in effective decision-making. The PokaYoke are used to transform statistics into info helpful for improved decision making.

Competitive advantage:-

The competitive advantage of an organization lies not so much in the lean techniques, today's profitable product, or anything else but it lies in the ability of the organization to understand circumstances and create appropriate, smart results.

Toyota's competitive advantage was to be well able to find out the requirements and desires of customers before they essentially tell them. Toyota used very effective product development strategy that was capable to reduce the cycle time for developing new models, and bringing new products to market almost thirty per cent faster than its competitors. This agility gave Toyota a competitive advantage in business surroundings driven by changes in market tendencies and government instructions. Toyota's superiority on new technology and the situation came from the Toyota Production System (TPS). As part of the TPS, the firm employed a just-in-time production system. The just-in-time production system permitted for a decline in inventory and operating costs. It permitted Toyota to be lithe and firm in making modifications to the production system and vehicles. The TPS system also required quality check and control to be put up into the

production line. Employees could control quality guarantee by stopping production as required to remove defects. The TPS system transformed the eminence and throughput of the establishment and aided to form an organization that was dedicated on consumers' future necessities, rather than reacting to existing wishes.

Survival of Toyota:-

Toyota is targeting to help make a more affluent society. To comprehend this, we are addressing the subsequent points:

- (1) Be an energetic force in universal reinforcement by employing the most innovative ecological technologies
- (2) Making vehicles and a mechanical humanity in which publics can live without harm, securely and at ease.
- (3) Encourage the charm of cars all over the globe and understand a large growth in the number of Toyota fans.
- (4) Be actually international company that is reliable and appreciated by all peoples round the globe. The main purpose of Toyota is to assimilate sustainability into commercial activities in tactical management perception is the challenge of ecological subjects which the automobile companies cannot be open from.

It has honestly struggled to search for answers through ecologically welcoming technology for a stretched time. Sustainability management was in recent times integrated to run R&D activities methodically.

Along with the 4th Eco-friendly Action Plan in 2004, Toyota said “Coordination with publics, Culture and the Environs” which targets for steady long term development, while determined for harmony with persons, civilization and the surroundings. From this perception, centred on the subject “Improvement into the Future – A Desire to Build an Improved Society,” the Toyota Universal Vision 2010 suggests the commercial appearance for which all of Toyota should attempt and the model changes Toyota should endure.

The centre of sustainability management in Toyota is its good association with investors. For surviving with ecological challenges, Toyota’s R&D undertakings are very remarkable. In the decision making procedure for R&D, ecological subjects seem to be of topmost priority.

Toyota has directed various self-diagnoses such as the short-term analysis of the Toyota Ecological Action Strategy, risk analysis concentrating on management of risks generated from production accomplishments, and ecological management system inspection. The consequences of them are imprecise and make it hard to recognize their determinations to toughen its product in ecological perceptions. Adding to this, the confirmation for ecological and communal reports, within or outside, was not directed.

Part-2

Business Value Matrix (www.toyota.com)

The actual competition in the new market is to generate importance for customers, shareholders, and workers. Subsequently, old and new

<https://assignbuster.com/applications-of-mis-at-toyota-marketing-essay/>

companies are restructuring their value plans and core proficiencies. It is at this position that Value management supports to direct company's acquaintance to capitalize on added value pleasing specific customers' requirements.

Captivating gain of the chances of an international market, Toyota has implemented a universal strategy, but in view of the individualities of markets in which it performed. The lines " think global, act local" infers the necessity to contemplate market and industry in global terms, and simultaneously to attain familiarizing to the local consumer's needs.

Toyota's triumph equally on the Japanese market and intercontinental market is owing to its aspiration to create products with great quality, constantly perfecting and updating automotive technologies, producing new models, displaying concern for intake, and also for the nature surroundings, concentrating on the purchaser. Hence, Toyota has dedicated itself to create hybrid systems as an elementary feature of the eco car machinery. Toyota has set up project laboratories in Europe and America for an improved understanding of native effects and inclinations of present and potential consumers, showing attention to their desires.

Toyota's worldwide strategies are seeing entering the global developing market slowly, stable, and surely. Moreover, Toyota took benefit of the chances given by developing countries with budding economies, lesser wage expenses and more plastic markets of new European associate countries.

Even if universal economic crisis has influenced the complete automobile business, influencing Toyota too, the corporation rests on the best of the most prosperous conglomerates of the automobile industry.

However, lately, Toyota cars showed some manufacturing glitches and they had to be called back, the management of Toyota has continued in its unique principles, that is, honesty and faithfulness to customer, carefulness for their safety, seeking for public confessions for inadequacies of its cars and reassuring more devotion for the quality and safety of upcoming products of their firm. Embracing a universal policy based on the research, product plan, and constant quality enhancement, technical modernisation, but also admiration for customers around the globe, so that without any hesitation they can say that Toyota Motors Corporation captured the entire world.

Long-Term Business Philosophy:

Toyota is all about long-term philosophy. The emphasis company is to add value to customers and society. This pushes a long-term methodology to making a learning association, one that can become accustomed to modifications in the environment and stay alive as a dynamic organization. Devoid of this foundation, none of the investments made by Toyota for constant improvement and learning would have been fruitful.

The Accurate Procedure Will Create the True Outcomes:-

Toyota is well known as a procedure oriented firm. Through their experience they have known what processes work, starting with the model of one piece flow. In order to achieve finest quality at the minimised cost with great

safety and morale, flow has always been the key. This process focus is built into the Toyota's DNA, and leaders believe that using the correct process will lead to the outcomes they wish.

Add Importance to the Business by Developing Your Customers and Companions:-

There are certain tools that are designed to help people for constantly improving and constantly developing. Like for example, one-piece flow is a very challenging process that rapidly surfaces difficulties that demand speedy solutions, otherwise the production will halt. This is totally suited for Toyota's employee development objectives impeccably because it provides people the sense of urgency desirable to meet business problems.

Constantly Resolving Core Problems helps Organizational Learning:-

Organizational learning is given utmost importance in Toyota. Finding root causes of problems and avoiding them from happening is the emphasis of Toyota's constant learning system. Reflection, Tough examination and communication of lessons learned are significant to development as is the discipline to normalize the best known practices.

The Business Value Matrix:

The Business Value Matrix offers a better structure to define businesses, resources orientation, their core knowledge and values, consumer emphasis, value drivers, and general policy; by presenting two value dimensions "hard" and "soft".

Hard vs. Soft Value:

The distinction between Hard and Soft Value strengthens the applicability of technology, marketing, research and development, service management and sales, in order to aid present and future necessities of a difficult market.

Hard Value is dedicated on constant design of technology on products and procedures, advances, new designs, enhancements, etc. on the other hand, Soft Value is more concentrates on the firm's marketing appearance and management. Soft Value puts stress into psychosomatic insights or intangible things most of the times they are intangibles, e. g. attention of the customer, management, image of the brand, feelings of the people, simplicity to deal with, etc., however, Hard Value pays attention on tangibles things that can be easily measured by the organisation, like for example customisation of product, innovations, price saves, etc. Therefore for these causes, hard value is called the players of technology developments and the Soft value is called the makers of brand image. Hard and Soft values are not validated yet, there are still suggestions. The table (Tab-1) shown below differentiates Hard and Soft Values on some more aspects.

Parameters

Hard Value

players of technology developments

Soft Value

makers of brand image

Human Resources

Technological background is desired. It strengthens in design, procedures and technological enhancements.

Soft value requires creative individuals in management, sales, and marketing.

Research And Development

It desires in depth exploration; study and advancement, constant creation of technology, modernisations, and new plans.

It requires R&D on image formation, new ideas to sell products and services.

Core Competence

Hard emphasizes their capitals and capabilities toward one direction. They specialize in one domain or even sometimes in one item.

Their capabilities lie in a blend of talents and abilities.

Technology

They have the capability to make new technology in processes and products.

They make use of existing technologies; they do not create new ones.

Knowledge Generation

New creators of technical knowledge with high excellence and applicability.

Knowledge generation is restricted to individual's management and implied knowledge, comprising knowledge gained from consumers and market.

Tab-1: Hard vs. Soft Value based on different parameters.

Hence, now we can conclude that the Soft Values market is centred on marketing, brand image, reputation, feelings, like ego, supremacy, to tie a relationship with the consumer \pm organization. Hard Values market is creating a straight relationship, consumer \pm technology, because, they make and use the technology to aid the present and future requirements of difficult markets, leading all their resources to one direction technology (process and product).

Elements of Business Value Matrix:

The Business Value Matrix is organized taking into account the value propositions along with the accumulation of the two value dimensions, i. e. Hard & Soft. The outcome of this permutation is a two cross three matrixes as shown in Figure (Fig: 1). subsequently, this produces six value propositions: Innovators, Brand Managers, Price Minimisers, Simplifiers, Technological Integrators and Socialisers.

The components of the Value Matrix are evaluated from two different perspectives. Table 2 (Tab-2) demonstrates both perceptions, customer viewpoint as “ customers get” and company perception as “ company need to do”

<https://assignbuster.com/applications-of-mis-at-toyota-marketing-essay/>

BUSINESS VALUE MATRIX

New Value Dimension

Hard Soft

Original Value Propositions

Brand Managers

Innovators

Product Leadership

Fig:-1 the Business Value Matrix.

Customer Intimacy

Operational Excellence

Socialisers

Technological Integrators

Simplifiers

Price Minimisers

Value Propositions

What Customers Get?

What Companies need to do?

Strategic Objectives

Operative Objectives

Innovators

New innovative designs, products never seen before.

Provide breakthrough

through generations of continuous new designs,

new features within

technological basis

Long term vision, robust

R&D and product development, capacity to innovate within short product lifecycles.

Brand Managers

Status from the product, they get lifestyle, a feeling of superiority.

Expand the market reinforcing the solid brand image of the product and the company.

Superb brand recognition. Focus market sector. Superior control over the product styles, quality and promotion.

Price Minimisers

Ordinary, reliable products and services at lowest price possible. They get security on the product.

Production growth reaching high quality levels in the most cost effective way and waste free.

Strong order fulfilment sustain

by efficient and effective production processes within

<https://assignbuster.com/applications-of-mis-at-toyota-marketing-essay/>

tight quality processes

controls

Simplifiers

Convenience and availability of the products. Hazard free experience.

Building streamlined

processes to make life simple and un complicated for customers in a novel and profitable way

Strong availability. Superb order fulfilment ± distribution by conventional and un

Conventional resources (networking, IT, etc.)

Technological Integrator

Tailored products and services. They buy

total solutions

Tailor specific and continuous solutions for carefully selected customers on the basis of permanent relationships.

Strong relationship with customer. Knowledge of

Customers businesses, products and operations.

Capacity to configure any specific need. Able to adopt the customer's strategy.

Socialisers

Flexible services and inter personal relationship because they trust in the company.

Build confidence and

trustiness on the customers

Sensitive fulfilment of customers' needs supported by careful deliver, reliability, and honesty. Excellent personal service.

Tab-2: Comparison between What Customers Get? And What Companies need to do?

Application of Business Value Matrix:

It is possible to apply more than one value proposition to one company.

There could be two additional alternative units of analysis. The first one the organisation as a complete unit, second one the business units and finally the functional units.

Let's apply this to Toyota Motor Corporation.

Organisation as a complete unit: First we need to determine that when considering whole Toyota as a single business unit, what is the most appropriate value proposition? We found this difficult because unit as a whole does not take into account departmental issues that, combined with some product issues, could have internal conflicts.

Two Functional Units: These are the manufacturing department and the product development department (marketing & product design). In this case, the manufacturing department will behave as price minimiser and the product development department will behave as product leader (brand managers innovators). However, here we found a certain degree of conflict. The conflict starts when the product development department behaves as product leader brand manager. The conflict comes into picture when new products are introduced, continuously affecting factory efficiencies and undermining the price competitiveness of the commodity product.

Two Business Units: Toyota is a Manufacturing business unit and Contracts is the commodity business unit. In this case, the Manufacturing business unit behaves as a Brand Manager and the commodity business unit as Price Minimisers. Each business unit manages its own product and production without any conflict due to the nature of the Manufacturing business unit. The design and marketing department works closely with production, ensuring that new products are introduced at the right time and quality for each season. Here production efficiencies, although important, are low priority. The company understands that there is cost associated with the introduction of a complete range of new products for each season. On the other hand, the commodity business unit is free to pursue a price minimiser strategy as to reduce product variety and to ensure that new product introduction tends to consist of minor changes to existing demands, eliminating the need for extensive production trials. As a result, there is no conflict working by business units.

Toyota working by functional unit Toyota working by business unit

<https://assignbuster.com/applications-of-mis-at-toyota-marketing-essay/>

The consumer decision practice:

A substantial feature of the Business to Consumer (B2C) market is its stress on "consumer driven business". To meet consumers' desires, it is essential to understand how they take purchase decisions and the value adding actions critical in their obtaining process. To recognize such actions, a consumer decision procedure (CDP) model is used, which describes and predicts customer behaviour. By examining CDP activities, managers could find out how the Internet can facilitate business activities to make a competitive benefit and eventually values for their clients. The five main consumer activities and the retailers' responses in CDP are:

Need appreciation: Consumers must decide factors that initiate them in determining on their requirements for a specific product or service. Retailers must identify these needs and plan to fulfil them.

Information search: Consumers must look for more info about their requirements, depending on the significance, value, volume, and fulfilment achieved from the search. Retailers must wisely evaluate their buyers' sources of info and significance, to get ready for effective communication with the aimed markets.

Evaluation of substitutions: Consumers then use the statistics to select among the replacements, grading them to make buying plans. The technique in which consumers assess the alternatives rest on their features and definite buying desires. Sellers therefore need to know how their customers evaluate alternatives.

Choice: Consumers then make a buying decision and list their chosen products or services. Retailers can thus increase a consumer's value beliefs and initiate a buying choice.

After purchase: Lastly, many activities must be accomplished including: payment, transportation, and other post purchase facilities. Here, suppliers must provide safe, appropriate, and flexible imbursement mechanisms and give quality services to construct good will and inspire consumer constancy.

The e-business value matrix:

Virtual CDP has become data concentrated and not often requires dealings with products, sales people, or service engineers. Officials must thus pay responsiveness to the ways their corporations can create importance. To create value with info, it is vital to answer the query: " what additional value methods might be moved to a simulated value chain?" To reply to this, the value matrix concept is adopted and a matrix of value is created thus creating chances that places a basic information based value creating practice in one dimension and a consumer decision procedure in another, as shown in Figure (Fig. 2); we term this an " e-business value matrix" (EBVM). Each cell is marked as an e-service, which recognizes the fundamental interconnectivity of the Business to consumer actions and IT purposes. Each e-service mined from the EBVM is a chance to add importance for customers. A business can therefore generate modest benefit by exploiting distinguished e-services to upkeep e-business strategies. For example, Toyota. com is concentrates on providing smart search and new product reference e-services along with services like customisable vehicles and

online finance facility to its customers; this effectively formed competitive gain from such e-services.

Fig: 2 The E-business value matrix

The goal driven methodology:

Developing a Business to consumer (B2C) application involves contribution of stakeholders both in the business and outside the business. Though, there may be clashes between their necessities, and a methodical and contagious procedure is desirable to let stakeholders to take account of their requirements and manage clashes. Figure (Fig. 3) shows the goal driven procedure. To demonstrate the methodology, the official website of Toyota that is www.toyota.com is used to explain the accomplishments in each phase.

Case Study: www.Toyota.com

Toyota has established its online store www.Toyota.com since 2005. In addition to the common utilities of a B2C system, member's services are offered by the website that includes a search engine, vehicle customization, online service booking, store locator, online parts store, financial services and dealer and showroom locator. Recently, Toyota made an effort to develop the services provided by the website to contend more efficiently in the changing situation.

Toyota desired to become an online car care and service provider promoting new trend to buying cars by providing optimized car search and online customizations to the cars as desired by the online customer who wish to

<https://assignbuster.com/applications-of-mis-at-toyota-marketing-essay/>

buy their car online. This is accomplished by providing varied services comprising of four well-made and distinguished e-services to fulfil customer needs: a search engine for their website, intelligent customizations to the car online, Interactive gallery, and online service bookings. These specific e-services are designed to achieve Toyota's four objectives of commitment to quality, constant innovation, safest and most responsible ways of moving people and respect for the planet.

E-Business strategy formation:

A top precedence in the development of Business to consumer applications is to frame the E-Business strategies. An e-business must clearly consider how these strategies should be aligned with the application. The primary phase tries to recognize the type of consumers: what are their requirements, what are the activities in the CDP that must be supported, and which of the e-services can be engaged. Competitive examination and the EBVM model can be utilized to form the strategy, and the outcomes can then be applied to decide the core e-services desired.

Identifying core e-services:-

An e-business's competitive benefit may be fixed in its exceptional products or services. Prosperous e-businesses must create new permutations of activities that were not earlier conceivable and improve primary services, which should be precise and pioneering, and plays a crucial role in understanding the strategy. Superiors should look after the services given by contenders, set apart their e-services from their rivals, and recognize new

prospects. For more precision, the processes of identifying core e-services are divided into two sub-steps.

Define customer sections

The requirements for B2C applications frequently differ significantly with target market sector. The accomplishment of an e-business may be known by its capability to create tailored e-services for diverse market sectors to interest consumers.

Toyota.com has categorized its customers into two sections, members that can be an employee of Toyota or a customer of Toyota and guests who just visit their site. Personalized e-service necessities should be stimulated from these two customer sections.

Classify critical value added services

In order to choose the appropriate core e-services, an e-business must cautiously assess and arrange its e-service and define the value added activities on the basis of the requests of the customer sections and the study of the competition. The EBVM is utilized during this development. By taking into consideration the recognized activities, the system developers then adopt how the IT services support the primary e-services that support the E-Business strategy and tie it with customer desires. For example, an online car store website can offer a smart agent that gathers product information from various other websites and makes a price and features comparison for customers. After the primary e-services have been recognized, they can be fabricated into the application.

To recognize the important activities, Toyota.com is examined for its business needs (vehicle customization, online service booking, store locator, and online parts store), promotional purposes, and the fundamental customer desires found from member feedback. Thus, the need appreciation (NA), information search (IS), and after