

Good example of company analysis: canon inc research paper

[Business](#), [Company](#)



Executive Summary

Canon Inc is a Japanese multinational company whose main production specialization is optical and imaging products. The company is constantly seeking to expand its global operations. The report below analyzes some of Canon Inc's approaches to business operations and from the report, the recommendation is that Canon Inc. be allowed to initiate operations in this country. This because the report shows that most of company's approaches to business operations and are the same time oriented on not only boosting the company's wellbeing but also the public wellbeing. The report shows that allowing Canon to initiate operations will benefit the country in a variety of ways. The introduction of company's operations in the country will increased spending and therefore open up the economy. In addition, it will open up employment opportunities and will also stimulate growth in product quality from local manufacturers. Therefore, the recommendation is that Canon be allowed to run its operations in the country.

Company Description

Canon Inc is a Japanese multinational company that operates in the optical and imaging product market. The company's headquarter are in Ohta-ku, Tokyo, Japan. Among its most renowned products include camcorders, cameras, copy copiers, computer printers, video equipment, inkjets and steppers. The company also manufactures medical equipment and industrial equipment. Established in 1933, the company has over the years grown to become a globally recognized brand. The company generates the largest portion of its revenue in Europe (31%). The Americas market generates

about 27% of its revenue, Japan generates about 20% while the rest is generated in the rest of Asia and other parts of the world. The company's current chief executive officer is Fujio Mitarai. Canon currently has a workforce of around 194, 151 employees globally. As of December 2013, the company common stock was 174, 762 million yen. In the last business year (2013) the company's non-consolidated net sales totaled to 2, 128, 798 million yen while its consolidated sales totaled to 3, 731, 380 million. Canon operates most of its business from Japan where most of its products are manufactured but it also has manufacturing subsidiaries in big countries such as Germany, the United States, China Malaysia, Vietnam and Thailand. In fact, in Asia, the company has total of 16 manufacturing facilities out of Japan. The company has been relatively stable over the last few years has exhibited some growth mainly because of its diversification and constant research and development.

Company International Strategy

Canon Inc.'s international global strategy commenced in the 1970's when it launched its Premier Company Plan that aimed to make it a global entity. It was the year the company started thinking about going global and in fact, the year saw Canon establish its first international subsidiary, Canon UK Ltd. In 1996, Canon launched its famous ' Excellent Global Corporation Plan. This plan outlines how Canon would become a company worthy of respect and admiration on a global scale. According to its corporate goal, Canon sees itself prospering and growing over the next century and even the next two centuries. To do this, the company has established a comprehensive

international strategy that aims it to make it become one the leading global brands. This strategy is based in the Kyosoi philosophy which means living and working in harmony to achieve common good.

Canon Inc. International strategy is focused on continuous integration of production operations and the driving of costs to low levels through processes and also new product research and development. Research and Development is part and parcel of the company's international strategy. Currently, Canon has 9 global research and development facilities with three of these located in Asia, specifically, India, China and the Philippines. These regions are chosen because of their huge population and consequently their huge market potential for Canon. The same applies to another country like the United States where the company has an R&D research facility which over the years has been very effective and has received many patents from the local government for newly invented products. 10% of Canon annual revenue is directed to research and development activities.

The company also implements its global strategy via the global product divisional structure. In this structure, there are 3 major product groups; consumer products (for example, reflex cameras, image scanners binoculars inkjet printers etc.), office products (large printing systems and copiers), industrial products (broadcasting equipment's, semiconductor production equipment, medical equipment).

The company's has concentrated very much in the Europe as this is where most of its revenue comes from. Consequently, it has opened manufacturing subsidiaries in many European countries including Germany and France. The company has also been targeting the Americas market with its biggest

manufacturing subsidiary being in the United States from where the company distributes the rest of its products throughout the continent.

The company however has intensive competitors who also produce similar products. Some of the company's greatest competitors include Nikon Corporation, Xerox, ASMK Holding N. V, Fujifilm, Sony, Samsung and Panasonic.

The company's international strategy seems to be working because in spite of intensive competition, the company has managed to maintain a consistent market share and even in the last few years, its market share has significantly increased. This can be attributed to the intensive research and development that the company engages in as it attempts to produce products that meet the emerging needs of each and every region of operation. This is its major strength. One area of weakness however is that the company has not done much to tap into emerging markets such as Africa.

Company's Marketing Strategy

Canon sells its products in countries all across the world, with the majority being in Europe, closely followed by the Americas and then Asia. The United States, Germany, France, China and Japan are some of the countries where the company makes humongous sales. These are countries with the highest market potential and there are a lot of activities in these nations that utilize Canon products.

Canon realizes that segmentation is a key tool for modern marketing, and the company has used this tool to perfection. Market segmentation is the process of dividing markets into meaningful, identifiable and relatively

similar groups or segments.

Canon Inc. has subdivided its market into two major segments. For each of these segments, the company has been using different strategies to reach the customers and convince them to buy its products. The first is demographic segmentation. This segment comprises of families and individuals who use the company's products for personal uses, for instance, individuals and families who use cameras to capture and illustrate important moments. Under this segmentation, Canon uses bases of gender, age, ethnic background, family life cycle and income. The company uses a several of communication strategies including the use of social media and electronic advertising through television and so on. The company boasts of specialization in regards to products for different population segments, for instance in regards to camcorders, the company has specially designed products for the young generation.

The next segmentation-psychographic segmentation comprises of business and professionals who use the company's products for a wider scope of activity. These may include both small and medium corporations that use items such as multi-functional printers, color production printers, office printers, scanners and so on. One again, the company adopts an aggressive marketing strategy that ranges from online advertising, to physical product presentations.

These strategies are used in all countries. In regard to distribution, Canon sells its products to big retailers like Amazon or Tesco which then sell the product to the final consumer. Demands and orders are also made through these retailers who then make orders to the company's manufacturing

centers.

Canon's Logistics Approach

The company manufacture its products in countries such as Japan and the United States, Germany, France and so on where its sells some and keeps some as part of its inventory. These countries act as good production centers mainly because of the technology factor. Technology is highly advanced in these countries and this greatly aids in the manufacturing process. This helps to eliminate total manufacturing costs.

In a country such as China which has huge market potential because of its huge population, the Company has more than 7 manufacturing centers. The same applies to countries such as India and Malaysia which are highly populous. By basing manufacturing processes in these countries, the company is able to enjoy the cheap labor that comes with the huge population and overall production costs are reduced.

In recent years however the company has been modifying its logistics strategy mainly by slashing its level of worldwide inventory. This applies to both transport and part inventory. This new venture is aimed at enabling the company to cater for one of pillars of the company's logistics strategy- to slash transport time and logistics costs.

In addition, the company has started reviewing its current transport routes to boost the direct transport of goods and products to customers without the goods going through the inventory of the intermediate distributors and bases in the countries where the company operates.

All these new proposals are aimed at reducing the company's overall logistics costs.

Company's HRM approach

The total number of worldwide employees who work for Canon is 194, 151.

36% percent of these employees (about 70, 000) are based in Japan.

Canon believes in making use of the local available labor in the countries where it operates and in. Once it has established a base in a particular country, the country engages in an intensive recruitment process of local workers. These worker undergo aggressive training under the mentorship and guidance of professionals from other countries where the company already has a solid base.

This approach means once the company is allowed to initiate operations in this country it will offer enormous employment opportunities to workers from within which is ultimately good for the country. Other companies come with their own imported labor but this is not the case with Canon.

Canon is also greatly dedicated to abiding to the labor laws of each country that it operates in and also maintains proper labor relations through sufficient dialogue between management and labor. The company's salaries or remunerations are linked to the role and performance of each worker. The position based salary system compensates persons impartially and fairly without regard to age and gender. The achievement of the employee and work related performances and processes are evaluated to define annual remuneration. This system has been enacted in all countries where the company operates.

Summary

Canon become a global entity whose international strategy is focused on continuous integration of production operations and the driving of costs to lower levels through processes and also new product research and development.

Allowing the company to initiate operations in the country will be of significant benefit. It will inadvertently open up employment opportunities for the country. It will also bring about competition that might prompt local industries to improve the quality of their products. The company will also pump money into the public market as introduction of its products will translate to increase spending among the population which increases money flow . The company might however lead to the demise of local companies as the population might orient towards Canon's products which are globally renowned for their quality.

Conclusion

The report above has given some of the company's basic approaches to business operations. From the analysis, it is clear that Canon's approaches to business are very ethical and if allowed to start operations in the country, the country will greatly benefit. Therefore, the recommendation is given that Canon Inc. be allowed to immediately start operating in the country. The rationale for this is that allowing the company to being operations will bring about great economic benefits. The introduction of Company's operations in the country will increased spending and therefore open up the economy. In addition, it will open up employment opportunities and will also stimulate

growth in terms of product quality from local manufacturers.

Endnotes