

Toyota's marketing strategy

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



The total market capitalization is \$507B. In terms of price performance, TATA Inc has shown the most impressive percentage change. They recorded a 2.2% increase while Daimterchryster showed a 0.25% increase. Honda co lagged behind the list of top performers with 0.13%. The lowest performers were Ford Co, Chicago, Toyota and Gen Motors with performance changes of -2.3%, 0.9%, 0.13% and 0.12% respectively.

There has been a decline in the industrial gearing levels. This is because the firms are using less of debt than equity itself to finance its operations.

However there is an improvement in the industrial Net Profit Margin Ratio.

This can be attributed to favourable fiscal legislations, sound production and marketing strategies and technological advancement that has led to low manufacturing and selling costs.

There has been a tremendous growth in market capitalization. Assuming that the market price per share was at a constant level, such growth would be attributed by a positive investor reaction/ confidence in the sector.

Key competitors

- Honda motors
 - Tata motor company
 - Ford motor company
 - Daimlerchrysler Inc

The automobile motor industry has been experiencing a fast growth. The decline in the average industrial gearing ratio sends positive signals to potential investors since it suggests low financial risk. The firms would also

be able to borrow more from external sources without adversely affecting their liquidity.

Tremendous improvements on profit may however attract new entrants into the industry thus diluting the market powers/ shares of the incumbents.

Marketing and Product Mix

Toyota plc manufactures a wide range of vehicle brands. These include Hilux, Prius, RAV 4, Aventis, Amazon among others. The company also specializes in the manufacture and sale of robots and heavy self propelling machines like tractors. They also offer consultation services on motor manufacture and design. Toyota sells its products to the US, Europe and Africa. PROMOTION

Toyota uses a vast range of marketing strategies to market its fleet of products. These include the internet (website), radio and television. Others include magazines, billboards and also through trade exhibitions usually held at its points of sale. Public relations is also adopted by the company for instance through press releases and conferences. It also accomplishes this by sponsoring of clubs and other associations who use the company's logo in their sportswears.

The company also indulges in sales promotions where vehicles are freely offered with a view to attract more customers in the long- term.

Price

In order to arrive at the price at which to offer for sale for its products, Toyota considers quite a number of significant factors. These are:-

The cost and availability of materials needed in the manufacturing process.

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Labor costs for all the staff i. e. production, assembly, marketing and top directors.

Distribution costs i. e. costs associated with the final delivery of goods/ products to their customers.

To avoid understanding their manufacturing costs, overheads are absorbed and allocated into the cost units. And using a given mark-up normally determined by the management, the price is determined.

The company also does pricediscrimination as a marketing strategy. Prices vary depending on the financial capability of the respective customers. Price also varies with seasons with high prices being charged during the boom period and low prices during the recessionary economic conditions. Price also varies depending on the mode of payment whether cash or hire purchase.

Placement/ Distribution

The company's headquarters are based in the UK. It has many distribution centers worldwide. This is important for Toyota as it enables their products closer to the customers. The Company's employee workforce approximates 3700. The team comprises of highly competent staff who are both motivated and committed to the achievement of the overall objectives of the firm. The firm has a sufficient mechanism of processing customer's orders as and when required, at times online. Inventory is properly managed by keeping optimum inventory levels. This maintains both the ordering and holding costs at a minimum.

Internal Market Strategy

The host Country for the firm to enter shall be France. France is well known for the manufacture and sale of highly merchandised Peugeot cars through PSA Peugeot inc. It is rich in technology and becoming a partner with a company from such a state would give Toyota economies of scale advantages. The country enjoys a central location and would serve as the most appropriate distribution center.

Mode of Entry

Toyota shall liaise with PSA Peugeot through strategic partnership. This would be the most ideal because profits and losses would be shared at an agreed proportion between the two partner companies. Partnership also gives the company(s) taxation advantages since dividends would not be subjected to taxation.

Partnerships are also easy to initiate compared to other modes that are characterized by complicated legal procedures and conformation with International Financial Reporting Standards.

With partnership, it is easy to incorporate as many new entrants in the long run so long as they are limited to 20.

References

1. <http://biz.yahoo.com/ic>
2. Reed Supermarkets: a New Wave of Competitors