

# Toyota motor corp and globalization research paper examples

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



Toyota Motor Corporation is a Japanese Multinational Company which was initiated on 28th of August 1937. It is headquartered in Aichi of Japan and currently employs approximately 300, 000 employees across the globe. Over the years, they have evolved into one of the most trusted companies in the world which allowed them to become the 2nd largest automobile manufacturer with regards to their volume. Apart from this, they are also the 9th largest company with respect to the revenue generated by them. In the year 2012, they also achieved a remarkable feat by reportedly producing their 200 millionth vehicles. The success story of Toyota is something that has been envied by rivals and has also set a milestone for others to follow.

The company's roots can also be traced back to Sakichi Toyoda in the year 1867. They produced the first Toyoda Model called G Automatic Loom in the year 1924, which was ultimately sold to a British Company in the year 1929. Extensive research regarding engines powered by gasoline began in the year 1930, which was followed by the compilation of Toyoda precepts in the year 1935. Then the Toyota Motor Corporation was established in 1937, which began a new era of growth for the company (Richard, 2003).

After its initiation in 1937, full scale production of their Honsha Plant began in 1938, paving the way for the production of vehicles in greater numbers. This was a major breakthrough for them. In the year 1950, the company faced a major financial crisis which it survived, paving the way for the creation of Toyota Sales Corp. Ltd in the same year. It was followed by the development of Crown Deluxe, Toyopet Master and Toyopet Crown in the year 1955 (Goldin, 2006).

Another major milestone was made by Toyota when they exported their first car to the United States in the year 1957, followed by the establishment of the Toyota Motor Sales United States Inc. This streamlined the export of their cars to the United States and was primarily set up for fulfilling that purpose. The year 1957, saw the expansion of Toyota's business overseas and its aim to globalize. With that initiative, they have managed to expand their operations in a wide range of regions around the world. Since 1957, Toyota cars have found their way into 170 countries, which clearly indicates the degree of globalization success of this giant multinational company.

### **Affect of Globalization on their product**

Like any other multinational company that has globalized, Toyota also had to face the challenge to redefine their products to align them with the local needs of the countries in which they intend to sell their vehicles. This is a major tool for any multinational, since only by catering to the needs of the locals will they be able to survive and sustain in that market in the long run (Richard, 2003). Hence, this product localization strategy also helped Toyota gain a strong foothold in those countries. As part of their localization strategy, they have also set up around 51 research bases in approximately 26 different countries across the world.

In addition to these bases, they have also set up research and development centers in 9 different locations in those foreign countries with the aim to better understand the markets in which they will operate. Therefore, this initiative has helped them balance out both localization and globalization of their product quite well.

Another major challenge faced by Toyota was to ensure that they maintain the same level of quality in their markets all over the world. This was a crucial challenge for them, since varying market conditions, customer preferences and customer expectations from a product vary from one place to another. However, Toyota faced and also successfully overcame the challenge to provide the same quality of product to their customers across the globe. Thus, making them stand out from the rest of the companies competing with them in the global market.

The increased emphasis of Toyota on the quality of their product is evident from the fact that they do not mention any specific country on the manufacturing tag, but it simply says that the product has been “ Made by Toyota”, which signifies that all the products of Toyota are united in their quality and are therefore under a common manufacturing tag. This also helps boost customer confidence in the brand, since; they understand that no matter where the product is bought, they can be assured that the quality of the product will be the same.

## **Public Reputation of Toyota**

Over the last 50 years, Toyota has evolved into a global brand, widely recognized and respected across the globe. Public reputation is a vital component for the survival of any business and is vital for the survival of the business in the long run. It also ensures that the company is able to make profits and expand further in global markets. Initially, Toyota did face tough challenges when it had to recall a significant number of vehicles in the year

2010. Some of the defects in the vehicles were quite dangerous, which had also turned fatal in one case.

The defects inherent in their vehicles, in the year 2010, came as a shock to many. Before this event, Toyota was considered to be a company that could do no wrong. Therefore customers did feel shocked and deceived when this recall was made. They had to recall around 2.3 million cars which spanned across 8 different models since; the accelerator was sticking in all of them. The most shocking part was, there 3 most successful models; Rav4, Corolla and Camry were affected more than any other model. Therefore, this acted as a major setback for a firm that was eyeing global markets. 5 Plants in North America also had to halt their production which further worsened their reputation.

Although the recall of vehicles with defects occurred in 2009, it had a profound impact on their reputation in the global market. Fortunately, by 2012 they have managed to recover from that and have once again become one of the most trusted brands in the United States as well as the rest of the world.

## **Toyota in Canada**

Toyota has already been quite successful in pleasing customers in Canada, which was evident when Toyota became the biggest star of the “Canada’s most trusted brand” in the year 2011. Due to the recall of faulty products, the ranking of Toyota had fallen to a mere 95 in the year 2010; however, they did make a quick recovery to 41 in the year 2011. It is been argued that

one of the prime reasons behind the success of Toyota in Canada was the strong social media campaign that was run by the company.

Social media had become an undeniably important part of an individual's life. This also means that the customers nowadays rely more heavily on these media to interact with businesses whose products they buy. Therefore, Toyota had made an extremely important decision by interacting with their customers through social media. Apart from this, they also used blogs as well as their own company website to better interact with their customers. To make the customers feel at ease and better relate to the brand, they also re-introduced their No. 1 fan contest on their social media based platforms (Goldin, 2006).

The sales of Toyota's vehicles in Canada is also going quite strong, in September 2012 alone they managed to sell 16, 834 Lexus and other Scion passenger cars. Apart from this, their Toyota Camry has also experienced its highest sales ever in September 2012. In addition, the sales of their cars in general increased by 21. 8% in this year alone and the sales of Camry cars increased by 23. 6% until September 2012.

As of September 2012, Toyota has sold approximately 14, 811 passenger cars, which were up by 15. 5% from the previous year. The sales of Camry were also up by around 1, 175 or 23. 6%. Their Yaris/Hatch series was up by 44%, which was a major milestone for them in Canada. In addition, their truck sales also increased by 7, 223 or 29. 1% in the current year as

compared to the previous year and it mainly involved RAV4, Tacoma, Highlander and also the 4Runner series to name a few.

The most amazing feat was achieved by the Hybrid series of Toyota in Canada. The hybrid series experienced a growth of 390.6% in the current year with the sales of Prius model experience a growth of 881% all by itself. The sales of Highlander hybrid series was also up by 211.1% in the current year followed by Camry series at 142.3% and Intermediate series at 355.5% respectively.

The sale of Lexus has also experienced a growth of 41.1% in September 2012 compared to the same time last year. The Scion series sales have also increased by 15.9% this September compared to the same time last year. Therefore, these positive sales figure does ring a bell that Toyota has been able to grab their own foothold in the Canada too, which is clearly evident from their achievements there.

Since a stiff struggle in the international market 3 years ago, Toyota has grown into one of the most successful multinational companies of our times. When its image was tarnished due to faulty vehicles, they quickly turned their attention to winning back the confidence of their shareholders as a result of which they also recalled approximately 2.3 million of those cars back. This step in itself had helped the customers understand, that Toyota did indeed value the safety of their customers more than anything else.

The entire corporation is based on 2 fundamental principles; respecting other people and also focusing on continuous improvement. Although, the

company has and still focuses on diversifying their offerings in the global market, their primary focus is based on these two fundamental principles. It still continues to provide the highest possible quality, which is consistent across the world (Reinert, 2006).

The Toyota Motor Corporation has and still continues to make significant progress in terms of product quality and also their market offerings. To stay in line with the “ go green” initiatives they have also created their very successful line of hybrids, whose technology was first developed in 1995. This improved technology uses less fuel and also causes less pollution and is therefore a very suitable solution for driving a car. This endeavor has also been very successful for them in their quest for globalization across the world and has helped the company achieve greater heights.

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