

Toyota motors swot analysis case study examples

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Toyota Motors is a Japan based automobile manufacturer. The company was founded in 1937 by Kiichiro Toyoda. The company has her headquarters in Aichi, Japan and is arguably the largest automobiles manufacturer globally according to production and sales. The company has in her employ about 320, 808 people worldwide and is present in about 170 countries worldwide.

Toyota is quite different and unique in almost all aspects that concerns her. Starting from the production process and methods, to her pricing, to her marketing strategies, to her innovation, to her technological cutting edge and her strong universal brand name. Her unique production process known as the Kanban process has placed her as a higher stead over other automobile manufacturers. The process is also referred to as the just in time method which is highly efficient, highly cost saving, hence, their products being relatively cheap compared to their competitors. The company makes use of third parties in the production process and these suppliers only provide the parts when they are required in an integrated supply chain system. This also eliminates unwanted costs. Also, the company has scored a first in the production of hybrid and environmentally friendly cars. The Toyota Prius was widely welcome by the whole world and Toyota was widely commended for this product.

The company also revels in her strong global brand image which is based on the quality of her products, customized ranges and the production of green cars. The Toyota Camry, Corolla, Sienna, Scion and Prius are all beautiful and popular products among consumers.

Toyota has a strong financial strength as evidenced by the huge turnovers the company has made in recent years. The company has a very strong

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distribution network globally. This helps the company improve and increase her sales in order to consolidate on the number one position she has attained worldwide. Hence, the continued efforts at improving the quality of her products, her manufacturing processes and systems and the relationships between suppliers and consumers.

WEAKNESSES

Recent lapses in quality of products which led to the recall of about 10 million units of Toyota products worldwide from the last quarter of 2009 till March ending of 2010 due to safety issues has dented the image of the company and also deflated the public confidence in the ability of the automobile giant. Sales and production were temporarily halted as the company was heavily criticised.

In 2009, there were unfunded pension issues. It was touted that there was about 653.7 million dollars unfunded for post retirement benefits and projected pensions of her workers. This is enough to impede the cash flows in the company. In addition, the company has been continually labelled a foreign company, especially in the American and to some extent in the European market. Another big minus for the company is that she markets most of her products in the American and Japanese markets. Also, the company has a lesser market share compared to some of her fierce competitors such as Ford and General motors.

OPPORTUNITIES

With the recovery signs showed by the automobile industry after the global economic meltdown of 2008, the automobile industry can then hope for better days ahead.

The ever increasing clamour for a greener environment and the spiralling energy costs enhance the increased demand for hybrid electric cars because they are highly fuel efficient and environment friendly. It is estimated that the 4 million units mark would be reached by 2015 with incursions made into the Chinese market besides the American, Japanese and the Western European market. Also, opportunities abound in the Asian market with the focus on China and India.

THREATS

The global automobile market is highly competitive. Globalisation even makes the competition fiercer. The fierce competition could result in reduced sales which would adversely affect the company's financial position.

Also, the stringent environmental laws put into place by different governments in the European Union will bring about increased costs for research, product development, manufacturing operations, testing and marketing.

Also, continued frictions because of trade imbalances between Japan and a lot of countries and Japans rigidity in opening her markets to imports is a big threat for the company. In addition increased competition of small, highly fuel efficient, cheaper cars by other competitors and the entrance of several

newly industrialized nations' cars into the market such as the Tata cars of India and other Nissan products is a huge threat for Toyota. Also, the increasing gasoline prices caused by the oil cartels in OPEC and the ever increasing political and economic instability in the middle east has increased the costs of production and costs of maintaining vehicles.

THE COMPANY'S UNDOING

The "Americanisation" of Toyota is a huge mistake on the part of the company's management. Because a huge chunk of the market sales emanate from the American market. Toyota concentrated more on the American market and the American consumers, neglecting other regions where they had a foothold. This negated the dream of becoming a truly international brand which the founding fathers of the company had in mind.

RECOMMENDATIONS

The company should continue with the Kanban production process which is highly effective and cost efficient.

Also, as electric and hybrid cars are the future of the automobile industry, Toyota should build on the success of the Toyota Prius in developing better models for the various markets globally and engage in aggressive marketing models to maintain her status in the market.

Also, Toyota should make inroads into the African market as the continent has a huge potential.

In conclusion, Toyota would continue to be a global automobiles leader if she can explore the African market and also improve on the production of electric cars.

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