

Global strategy – toyota

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Global Strategy - TOYOTA

Toyota Motor Corporation is one of the best leading vehicles manufacturing company in the world. It is ranked as the eighth largest company in the world and best second after GM in the category of motor vehicle production globally. Toyota Motor Corporation is a multinational company whose headquarters are in Japan. Kiichiro Toyoda established Toyota in 1937 when he started creating automobiles that were a spin-off from his fathers textile loom company. The company produces and sales a variety of vehicles ranging from passenger cars, trucks, personal cars and buses. Today, Toyota deals with various models and brands such as Carina, Lexus, Scion, Premio, Corolla and many others.

Toyota motor corporation company has a number of subsidiaries in the world. These subsidiaries help in marketing of Toyota vehicles and products within their respective countries. Toyota Motor Corporation manufactures vehicles in 27 countries globally and sales are made in more than 170 countries and regions. The focal point of the company is the automotive industry although it is involved in other sectors. One major involvement is in the financesegment and other industries such as informationtechnology, E-business, biotechnology, Japanese prefabricated housing, building of robots and intelligent transport systems.

The success of Toyota Motor Corporation in production of vehicles has been in adoption of strong sales strategies. This is incorporated in the vision and value statement of the company whose efforts focuses on quality and positive feedbacks from ownership. Toyota motor corporate mission and

values evolved from the company's origin that is reflected in lean manufacturing and just in time production. The managerial values are instrumental in development and are collectively referred to as Toyota Way.

The Toyota Way incorporates production system of the company and has four components or philosophies.

These components include; first, long-term thinking as a means for making managerial decisions.

Secondly, an elaborate process for problem solving which helps in resolving of issues through application of appropriate measures.

Thirdly, addition of value to the company by developing its entire staff as a form of skill development. This is achieved through various programs as an asset to the company. The most important virtue of existence is creation of good relationship between the company and the people it serves.

Fourth, the recognition of the importance of solving root-problems that leads to organizational learning and development (Liker, 2003). The corporate vision of Toyota is to achieve long-term growth in harmony with stakeholders, local communities, environment and global economy.

Toyota Motor Corporation has five core values that express the company's beliefs and values observed by all its subsidiary branches. Every Toyota team member is expected to use the values while executing their daily work and in the event of dealing with customers. These core values include challenge, improvement, respect, go and see and teamwork.

The purpose of mission of Toyota Motor Corporation is to participate fully in people's lifestyles, economy and society through automotive manufacturing. This is achieved through development of strategies that focus on the future of automobile industry with a view of positioning its company. Toyota Motor Corporation values all its stakeholders such as customers, employees, local communities, business partners and shareholders (Herbig, 1995). Toyota values the importance of incorporating strategies that lead to proper relationship with all its stakeholders.

Toyota Motor Corporation relates well with its stakeholders through maintenance of sincerity in its actions, consideration of environmental initiatives and acting in spirit of good faith. A major development was the fact of revising its corporate socialresponsibilitypolicy to enhance a close link with its stakeholders. Toyota balances its operations with customers by addressing their diversifying needs through application of quality first policy. Toyota Motor Corporation relates properly with local communities with an objective of being a good corporate citizen. Good relationship with employees is one of the most important components that aim at sharing Toyota Way in the entire world.

The existence of good relation between employees and Toyota Motor Company is to develop human resources and respect diversity within the organization. Shareholders are the other stakeholders of Toyota Motor Company. The relations with shareholders aim at realizing stable growth by enhancing corporate value through establishment of long-term stable growth.

Improvement of corporate value does not only benefit shareholders but will lead to greater understanding of the company. The most three financial strategies observed by Toyota include stability, growth, and efficiency (Walltsen, 1998). A balanced pursuit of the three priorities enables the company to achieve steady and sustainable growth in the long-run. One priority of Toyota management policy is to distribute its profits to shareholders. This aims at reinforcing corporate structures that leads to development of production and sales business. Another group of stakeholders in Toyota Motor Company is business partners. Toyota relates to its business partners by undertaking fair and open business activities that relates to development of law language. Toyota Motor Corporation works hard towards realization of mutual benefits for purpose of building mutual trust. Through cooperation with business partners, dealers and suppliers, Toyota contributes to sustainability of society development. A proper mechanism of communication with suppliers is developed to create a strong bond between suppliers and the entity.

Toyota's strategy

The domestic and global Toyota strategies are developed in a way that increases sales and meets the demands of many customers. There are certain strategies considered by Toyota relating to the organization as a corporate. The domestic strategies include first, increase in competitive strength through application of technological advancements.

Second, cost reduction efforts achieved through production of hybrid vehicles that meet the demands of users. The company has strategized to

manufacture vehicles that are efficient in fuel consumption, emit limited amounts of carbon dioxide and are easily recoverable.

Third, Toyota Motor Company is working hard towards expansion of value chain with an objective of becoming total mobility service provider.

Fourthly, the company has strategies that lead to increased efforts on financial services and information communication systems (Herbig, 1995).

This is achieved through discontinuation and integration of older models.

Global strategies include marketing, pricing, and promotion that contribute a big percentage in development of Toyota Motor Corporation. Offensive marketing strategies are established to promote sales of environmentally friendly vehicles. This helps to establish a strong relationship between customers and the company to beat global competition. Toyota's global strategy incorporates three main elements that include stepping beyond harmonious growth to become one of the best world leaders.

A second element incorporated in marketing strategy includes sharing of prosperity with employees to create a strong relationship.

Finally, the marketing strategy aims to benefit the entire society through technological advancement and sales of value added products. Through its subsidiary companies in different countries, Toyota ensures that the needs of customers are met adequately.

The marketing mix of 4p's is one major strategy developed by Toyota and has helped it to survive in global markets. The marketing mix in this aspect refers to product, price, place and promotion that have helped the company

to reach the entire market. Toyota produces a variety of vehicles that meet the demands of the end users which is a corresponding mark on product. The prices of the vehicles are affordable making it possible to meet demands of customers. Toyota uses place as an element of marketing mix and a feature of distribution that helps the company to meet global demand of its product. Promotional strategies have been developed by the management at Toyota to reach several regions in the world. The level of applying both domestic and global strategies has led to improvement in provision of quality products and services (Walltsen, 1998).

Certain changes in business environment and at Toyota Company have resulted to some positive or negative effects. One major changes adopted by the company is application of modern technology in production. Change in technology is one critical area that relates to dissemination and preparation of relevant information in business values. Another change in business environment has been the use of e-sales in marketing which is an aspect of globalization. This in its capacity has affected positively in various areas such as transportation, removal of trade barriers, warehousing and communication. Consumers are in a position to purchase their model of Toyota cars via the internet without movement from one place to another. The influence of key market players at Toyota Motor Corporation has helped it to raise competition that is a relevant requirement in business environment.

Five Porter's forces analysis

Porter's five forces are designed to evaluate the competitive forces within Toyota Motor Corporation. These forces include threats of new entrants, threat of substitute products, and threat of established rivals, bargaining power of buyers and bargaining power of suppliers. Toyota Motor Corporation clearly understands the dynamics of its structure for effective competition in the market. There are a number of other vehicle manufacturing companies that pose threat of entry but Toyota has developed strong strategies that outweigh challenges of new entrants. In the case of substitute products, Toyota has strategized itself effectively to beat competition posed by substitute products (Fields, 2000). The threat posed by substitute products is in relation to profitability that is dependent on price-to-performance ratios of different products.

Threat of established rivals is one of the major challenges in matters relating to competition at Toyota Motor Corporation. The degree of rivalry is favorable and one of the most obvious among the five forces. This is because it is one component used by Toyota to measure the level of competition in global market. This is a key element that helps the company to keep check relating to production of quality vehicles (Liker, 2003). The bargaining power of Toyota customers is an outstanding value as many buyers are in a position to afford different brands of Toyota without pain. Their prices are usually friendly and this means that the competitive market environment within Toyota is favorable. Bargaining power of suppliers is unfavorable as there is higher supplier power and low buyer power. There is also the possibility of supplier's market integration and fragmentation of customers. The degree of differentiation in inputs supplied is one major observation in

Toyota that is a measure of supplier power.

Key success factors in Toyota market

The success factors in the marketing strategies in Toyota relates to application of technological advancement in marketing, promotion and branding. The use of promotions and advertisementsites in the internet has made it possible for Toyota to command a big share in global market. Production of hybrid vehicles and consideration of environmental factors makes the company a successful player in the market (Walltsen, 1998). Effects of globalization are another success factor at Toyota Company in the aspect of communication, technological advancement, and transportation. The use of E-commerce as a way of marketing makes it easy for Toyota to market most of its vehicles in the entire globe.

SWOT analysis

The external threats can be reduced in the current Toyota's position through application of strong values to curb effects of global competition. One major issue under consideration should be recruitment of a well-composed human resource work force. In addition, adoption of modern technology and good marketing strategies can help to fight against external forces. There are certain weaknesses that Toyota Motor Company need to improve to meet global demand and competition. One key area is to produce vehicles in models that consumers want. This is will counter the weakness of over supply in vehicle manufacturing industry. One major opportunity in Toyota Company that matches its strengths is the manufacturing of new model cars that meet demands of a particular market segment in this case the youth. It is strength and an opportunity as the company has the right mix of products

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that meet demand of market it serves. This can be achieved as Toyota Company continues to focus on positioning, segmentation and targeting in different countries.

Strategy formulation and measurement

Toyota motor Company has developed certain strategies that makes it come from the current state of affairs to a better future market development with an objective of achieving competitive edge. Toyota Motor Company incorporates four main strategies in its formal structure that helps the entity to achieve competitive advantage in global market. The four main components include multinational, global, international and transnational. Multinational strategy should focus on revenues other than cost and national differences. Other considerations include differentiation of products to cater for consumer preferences and tastes.

International strategy is formulated in a manner that involves the capability of transferring products from developed countries to other non-industrialized nations. Global strategy is formulated in a manner that emphasis on efficiency for purpose of achieving economies of scale. A major consideration is production of vehicles that are environment friendly, as they do not pollute the atmosphere through carbon emission. The strategy should incorporate transnational demands such as addressing of revenues and costs that are simultaneously manageable (Kumar, 2006). The capabilities and resources within the organization must to some extent be centralized and decentralized.

After formulation of strong strategies, it is important for Toyota to evaluate certain measurement principles that reflect the true picture of the company. This can be achieved through honoring the language of law of each participating country and undertaking fair corporate activities. This will lead to achievement of competitive advantage in the market.

Second, creating advanced technologies for purpose of providing outstanding products to meet needs of customers.

Third, working properly with business partners and other stakeholders to achieve long-term growth. In addition, the measurement policy should aim at establishing mutual benefits while keeping the company open to new partnerships.

Fourth, a major measurement is respect of customs and culture for each nation with a view of contributing to social and economic developments. These strategies can be implemented through proper coordination of resources through corporate activities in the entire community.

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