

# Marketing

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It was formerly known as Japan OLL Company. Toyota is one of the world's Top ten Automotive Industry Corporations and Japan's largest car company. Toyota is part of the consortium. In 2006, only booked revenue related to Toyota reached 21.0369 trillion yen, and the net profit reached 1.3721 trillion yen. As of November 2013. The total number of employees reached 30.9 million. As one of the world's largest car manufacturers, Toyota is committed to tackling environmental and social issues. The company's approach is both long-term and holistic.

The total life cycle of the product, from design and use of materials to end-of-life recycling, is examined for environmental impact, as will be shown in this report. But Toyota is also concerned with the socio-economic aspects of its operations, such as the health and safety of employees, as well as that of the communities in which the company operates. The Toyota Prius is a hybrid vehicle, leading the worldwide trend of energy saving and environmental protection in the auto industry. At present the Prius has sold out 1.74 million vehicles worldwide, becoming the world's bestselling hybrid vehicles.

So far Toyota has rolled out its third-generation Prius since 2009 in Japan, pricing nearly 250 million yen with hot sales. The third-generation Prius has its excellent performance in fuel economy and comfortable driving experience. Firstly design is more aerodynamic with a 0.25 coefficient of drag figure. Thirdly the third-generation Prius is equipped with the 1.8-liter gasoline engine, different from the previous 1.5 liters. Together with the added power of the electronic motor, the new Prius will generate a total of 134 horsepower, different from the previous 110 horsepower.

Additionally there are three kinds of driving positions; they are EVE, CEO, and POWER to meet the needs of the motorists. The last but not the least, it is obvious that the new Pries appearance is markedly fashionable and greatly designed. The above selling points may be effectively attracting the customers through an integrated marketing communications plan for Toyota Pries in the Chinese market. Figure 1: Toyota third-generation Pries 1. 2 2. Introduction of This Report Marketing is important to satisfy individual and organizational objectives.

By adopting a various methods, like planning, pricing, promotion and distribution of odds and services, a company promote the sales to the new products and is so vital for the sustainable development of the corporation. Marketing is so basic that it cannot be considered a separate function on a par with others such as manufacturing or personnel. Besides with the changing of marketing concept, marketing also involves competitor concept. Doyle (1987) indicates that marketing also should develop products and services that match these better than those of competitors.

A marketing strategy is the blueprint on how to allocate resources to achieve business objectives. Without a marketing strategy, there is no clear focus on which customers to target and to satisfy. Hence a sound marketing strategy is critical to the success of every organization - whether large or small, for-profit or non-profit, domestic or global. With the advance of technology and globalization process, more and more companies today succeed through marketing strategies instead of production since there are so many similar products available in the market.

And an effective market strategy inform and lure consumers to make the intended choice, this is why this topic is chosen for this report. The purpose of this report is to promote new car model named Pries in Mainland Market. And there are two main parts of this report. One is about the analysis of external environment with the usage of PESTLE analyzing method and the other is the development of marketing strategy based on APS. 2. PESTLE Analysts There are many factors in the macro-environment that affect the organization.

The PESTLE framework helps to analyze the different macro-environmental factors that may affect business strategies and how these factors may influence the business performance (Whetting, 2000). The framework outlays six important factors: lattice, economic, socio-cultural, technological, environmental and legal as shown in Figure 2. Figure 2: PESTLE Framework that would possibly affect the organization's business therefore its strategic planning. However, PESTLE model is more helpful in capturing the long-term picture where the business environment is relatively stable.

The analysis of macroeconomic environment differs according to the characteristics and operating needs of different industries and enterprises. The analysis of the PESTLE environment for Toyota in China market can be summarized into five sections as follows. 1. 3 2. Political and Legal Environment Political environment includes national social systems, the nature of the ruling party, government guidelines and policies, acts, etc. Political environment means the ruling party's nature, the social systems,

governmental policies and guidelines etc. Generally, those in developed countries such as America and I-J are preferable to Toyota.

However, as in some developing countries, some of the policies and governmental systems can be barriers to the company. For example, there are not sufficient legal systems in China especially the law for the protection of patent. From the part of legal and political environment, there are so many for Toast's business in China. 1. 4 2. 2 Economic Environment

Economic environment: economic environment mainly consists of macro-and micro- two aspects of the content. Macroeconomic environment mainly refers to a country's population size and growth trends, national income, gross domestic product (GAP) and its changes and so on.

Microeconomic environment mainly refers to consumer income and other factors in areas or region that the business in. The Chinese automobile market is regarded as the important emerging markets by Toyota. As for the Toyota Pries, the overall automobile market is quite positive. According to Lieu Shining, the deputy director of the State Council Development & Research Center (DRP), China's annual automobile sales could peak at 50 million units (Lei King, 2011). Nowadays China has become the largest auto market in the world, accounting for 20% of world car sales. According to Toyota, the 2011 sales objective in China is 910 thousand vehicles.

As shown in the Figure 3, even though the growth rate in the automobile market will decline in the next few years, but the umber of car sales will continue to rise with big growth ratio every year (Seeking Alpha, 2010).

Figure 3: Predicative and Current Car Market Sales in China In the near

future there are surely some trends in the China's automobile market. Firstly the hot trend is fuel efficiency, which is also a continuing consumer concern. According to a statement from Legislative Affairs Office of State Council (ALA), the battery electronic vehicle, fuel cell, and plug-in hybrid vehicles are expected to be energy vehicles (Lieu, 2007).

Besides the other trend may be quality, for the consumers re becoming more safety-conscious (Roberto, 2011). More and more the safety features are largely taken into consideration by the consumers, not alone the price factor.

1. 5 2. 3 Social Environment Socio-cultural environment: social and cultural environment include residents education and culture, religious beliefs, customs, aesthetic point, values, and so on in a country or region. For example, cultural level affects residents' needs. So in different place, Toyota Motors should provide different products and service to meet various kinds of needs in the market. 1. 6 2. Technical Environment Technical environment: in addition to the technical environment and enterprise field activities directly related to the development of technical means, participants of automobile industry should also be informed of the key support areas of science and technology investment by the government, the speed of technology transfer and technology centralization, etc. Recently, Chinese government has put a lot of investment in new energy research and development activities and a lot of new auto products arise such as that of BODY powered by pure electric engine. All of these bring halogens to Toyota auto models.

Toyota Motors should pay attention to the technology about motor and new energy to make its products to keep pace with the times. Powerful dynamic "engine" is the prosperity of technology innovation by Toyota. Toyota Motors Company will continue to innovate in product design, model, quality and service improvement, let customers feel more convenient, innovative, valuable and practical; this is the key of Toyota remains to have long-term competitive advantage.

1. 7 2. 5 Environmental Environment Environmental factors concerns with environmental and ecological aspects like either, and climate change, which can affect certain industries.

This is also true for Toyota especially it outsourcing manufacturing of products in China. Since China government has become more cautious about the negative effects of manufacturing activities to its environment with the pressure from the public, there will be more investment in ecological projects by the company during the next few years to overcome such bad effects and lower level of social responsibility.

1. 8 3. Marketing Strategy The marketing mix is the combination of marketing activities that an organization engages in in order to best meet the needs of its targeted market (Kettle, 2001).

It traditionally comprises of APS I. E. Product, price, place and promotion.

And the marketing strategy for Toyota Pries in Chinese market is summarized below.

1. 9 3. 1 product Toyota Pries belongs to the category of new energy vehicles. Nowadays the new broad sense its competitors can be any other vehicles from different car manufacturers, including Honda, Ford, General Motor, and Volkswagen. So far the Chinese consumers tend to choose the traditional vehicles, and the China's new energy vehicles market

has not developed into a mature market. Speaking in this way the competitive environment of Toyota Prius may be quite fierce.

In narrow terms the main competitors of Toyota Prius are those new energy vehicles, mainly the hybrid vehicles. Compared with other new energy vehicles, Toyota Prius has developed a great competitive advantage. From the aspect of product, when drawing up the integrated marketing strategy for Toyota Prius, brand identify will direct the process of the brand marketing activities. Taking the previous two generation Prius into account, the third-generation Prius still positions it as number one reliable hybrid vehicle with the convenience of technology and safety features.

With more and more car manufacturers launching hybrid vehicles, Toyota Prius positions itself as the number one hybrid sedan in China. The automobile industry is trying to move away from the green niche market to the mass market, therefore it is important for Toyota to target a more profitable and broad audience. In addition, product-related core competencies are the source of the existence and development for company. Toyota's core competencies are mainly in the core technical expertise of engine-transmission system and hybrid techniques, they reduce core hybrid products with unique competence Toyota (e.g. Fuel efficiency, easy to start, easy to speed, low noise, and relatively low cost. The unique ability of Toyota hybrid engines accesses it into a variety of different product markets. 1. 10 3. 2 price The Prius is a hybrid vehicle that belongs to the medium passenger car segment, pricing from 250 thousand to 300 thousand RMB. This way the target customers are from anywhere in China, but the



customers in the developed cities of east China, such as Shanghai, Beijing, Jiangsu Province, and Zhejiang Province may be more interested in the environment friendly vehicles.

On one hand, the pollution problems in such developed areas are more serious and the consumers have fully developed the environmental awareness. On the other hand, they can afford to the Toyota Prius, price factor may not be the unique decision point. This pricing strategy is based on its market segmentation. The target customers can be either male or female aged between 30 to 50 years old; they are likely to be married with family responsibilities. Besides they may be in higher managerial, administrative, or professional occupations, belonging to the upper middle class.

By and large, we can conclude three main mindsets of potential buyers according to the psychographic factor. They are technology pioneers, environmentally friendly, or value conscious. Most buyers will be a mix of the three mindsets motivating the purchasing behavior. In addition, the target customers of Toyota Prius are most likely to already own a lower medium car or similar, and in all probability the previous car is from Toyota.

1. 11 3. 3

Place distribution system can better connect a company and its customers, which further can provide a steady flow of them.

The distribution and sales channels for Prius is sufficient including both Toyota AS stores as well as other sales agencies in China. One thing that is critical for its success is to standardize the service quality within them to deliver high level of services to customers.

1. 12 3. 4 Promotion A mixture of marketing communication tools can be integrated to promote the Toyota

Pries. On the basis of the analysis of target customers and marketing objectives, it can be inferred that the product information can be reached through the business ores and the traditional media; however creative strategy may obtain particularly good marketing effect.

To appeal to the target market, the unique selling points should be emphasized during the promotion process. Taking the stage of the product life cycle, the communication information should change over time, early promotion should focus on the awareness and education aspect, and later promotion can concentrate on creating the excellent driving excitement and specific benefits on environmental protection. Examples of marketing communications tools include: TV, magazines, newspapers, resources, mail shots, and websites.

Toyota Pries will take the car rental projection, allow the interested customers driving eliminate the barriers to purchase (high initial cost, unproven technology, and safety worry). Presently the allowance for purchasing hybrid vehicles in China is not clear; there may be possibilities that purchasing the Pries can receive a considerable allowance. 4.

Conclusion On one hand, organizations provide goods and services to the customers in order to seek for values, and the marketing strategy and activities of the corporations could benefit the process of transforming goods and services from the corporations to their customers.

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