

Toyota prius



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Toyota Prius: To infinity and beyond! Executive Summary
The Toyota Prius is on verge of redefining convention. As a hybrid car, the Prius is one of the most popular eco-friendly cars on the market. It has unlimited potential and is already turning heads.

Hybrid cars are powered by a combination of electric motor and a gas engine. The electric motor is powered by batteries that recharge when the engine is running, and during braking. The electric engine kicks on when the car is idling, which saves on fuel consumption. Studies indicate that hybrids offer a fuel efficiency rate of about 50% higher than similar sized gas-only cars. They are environmentally friendly cars, suddenly in very high demand by consumers. Since hybrid cars are still considered fairly new to the motor industry, there is a vast market that is still untapped. The high mile per gallon ratios and low gas emissions are just some of the many features that draw consumers. Our goal is to attract a customer base of both individual and corporate markets through irrefutable benefits and tempting incentives.

With offers that will make any one interested, our objective will be to increase both sales volume and profit. Performance Review
Toyota has a reputation as a manufacturer of reliable, attractive automobiles. After the initial U. S. release of the Prius in 2000, improvements were made to its safety features, mileage and reliability. Toyota is 2 years ahead of its 5-year action plan with development of the Prius. In 2002, the Prius received a 3-star safety rating for frontal impact crash tests, except for a passenger crash-test rating of 4 stars.

They also have a rollover resistance rating of 4 stars (<http://www.automotive.com>). Michael Quincy, an automobile critic, says, "Its practical; a crisply styled 4-door economy car," and "With most urban areas choked with commuter traffic during morning and evening rush hours, the Prius makes for a comfortable and quiet cocoon." MSN showed an expert rating of 8.

8 out of 10 and a user rating of 9.2 out of 10. An incredible 60 miles per gallon city and 51 miles per gallon highway make for an automobile that transcends environmental concern and economic class, due to today's rising gas prices and rising knowledge about the state of fossil fuels' impact on the planet. Sales so far have resulted in an astonishing 1.8% overall reduction of greenhouse gas emissions, equaling to over 5,600 metric tons of carbon dioxide. In 2003, Prius U.S.

campaign, titled, "The Power to Move Forward" targeted a wide range of potential customers. A core buyer is the environmentally conscious consumer that also needs a practical economy car. The Prius customer is knowledgeable about the latest technology and often uses their Prius to display their knowledge of and adaptability to technological advancement, as well as concern for the Earth. Not surprisingly, this means attracting young, eco-conscious and political celebrities who ride the Prius to red carpet events like the Oscars. Their print ad campaign targeted heads-of-households and parents featuring the headlines, "Daddy, what's smog?" and, "It's not an idea that's ahead of its time. It's an idea that cannot wait." Toyota also collaborated with National Public Radio, a first for both because it exceeded NPR's no-commercial policy.

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The Prius has a high-profile image among celebrities like Leonardo diCaprio, Cameron Diaz, Kirsten Dunst and many others. Prius has gained this celebrity following due to Toyota's marketing and promotional efforts, which involved offering eco-rides to the Oscars and other red carpet events. The Iron-man North America competition lent several Prius to encourage Lake Placid citizens to use gas-electric hybrids instead of gas-hungry SUVs.

The Prius crosses boundaries in marketing with appeal to the environmentally conscious, frequent travelers, young professionals and empty nesters. Increased attention has come to the Prius since the recent gas shortage. Although the Prius has many competitors, none are comparable in practicality, gas mileage, image, or cost-effectiveness. The demand for the Prius in the United States exceeds its current production in Japan. Toyota intended to sell 36, 000 Prius in 2004, and offered a pre-order option that resulted in over 1, 200 additional sales. Currently there are waiting lists at most Toyota-affiliated dealerships, some as long as 9 months. Prius owners receive a tax deduction of up to \$2, 000. As of right now, because demand is so high for the Prius, promotions are uncommon for not only Minnesotans, but the entire country.

Marketing Objectives Goals to be accomplished by sales volume: The goal is to increase production rates globally and to provide units more quickly to distribution sites. The year 2005 will account for the implementation stage for our market strategy. During this year, the Toyota's sales volume is expected to increase about 5%. Because of the high demand of the hybrid car, the sales volume from the Prius alone is expected to increase to 95%. In

2006, Toyota should see an increase in sales volume of 8%. Because of the preparations made in 2005, 2006 will see sales volume sky rocket for the Prius to 150%! Goals to be accomplished by market share: The goal is to remain a powerful competitor within the total hybrid car market. We will do this by attaining share growth and becoming the global share leader in the world. The plan is to maintain a market share of over 70% during this time when competition is at the lowest it ever will be.

In 2006, more competitors will have joined the market and it is expected that the over all market share directed towards individual customers will decrease. However, because of our market strategy, Toyota will be benefiting from its action plan and is estimated to gain 5% of this corporate based market share. Goals to be accomplished by profit: The goal is to identify opportunities for future expansion of market and profit and to appeal to a wider demographic target audience. Another goal is to introduce the latest technology available- to interest prospective buyers, thus increase profit due to increased sales. Prius Action Plan Individual Actions Taken We would market the Prius to individual consumers focusing on the selling features.

Mass-marketing campaigns will be utilized to increase customer awareness about the Prius. The primary media used will be television and radio advertisements and possible sponsorship of stations providing exposure. Peak times will be targeted to obtain the highest possible viewership and/or listenership during the campaign.

Spending more time emphasizing the strong selling points and benefits like the high mpg and Bluetooth technology that have been previously overlooked, Prius would be able to capture the attention for those in desperate need for great gas mileage and desire for new technology. Currently, Toyota does not need to promote the Prius. However, in order to increase sales volume and profit share as objected, a promotion to saturate the market with knowledge is necessary. This promotion will result in educating the consumer and make it appealing for those who wish to save money while being environmentally mindful. Corporate Actions Taken We would sell to corporate institutions like 3M, Avis, and local government agencies and offer better prices based on the quantity purchased. We would make the offer more attractive by customizing the Prius to their specifications.

Slight modifications tailored to their need might include detailing, paint colors, physical markings, and even a new interior layout for the right amount of space. Individual and Corporate Responsible Persons Our sales and market team will market the car and promote the benefits working with Prius would present. We would show organizations avenues to reduce spending by replacing old and gas guzzling cars with new, high tech, hybrid cars. It would be their job to prove that the Toyota Prius would save money and also improve their company's image. Regardless of the high demand of the Prius, Toyota would promise quick deliveries by mass producing these custom made cars at our factory in Kentucky. They have created a new division especially for producing hybrid cars.

Individual and Corporate Actions Begin Our market team will be developed immediately after recognizing these target markets. The advertising department will generate the commercials. The R&D department will research stations to determine which will best suit the needs for Toyota to reach a diverse target market. The Public Relations department will be responsible for promotions within the individual dealerships, such as low financing or cash-back opportunities.

The Kentucky division is expected to open in 2006 and is prepared to step up production. 10 million dollars has been invested in the facility to re-tool for production of the hybrid car. Projected capacity would be 48 thousand hybrid car produced per year in that facility. Planning for potential growth on the West Coast will also be considered when deciding where to place future plants. Individual Budget Our goal is to utilize existing dealerships as they are already established.

Dealerships are already well placed and established that an increase in budget for sales personnel is unnecessary. However, an increase in advertising would be advantageous. This increase in budget would account for television, radio and print costs.

Corporate Budget Prius needs to utilize the dealerships like the individual, but add a corporate sales staff. This is where the budget will have to increase in order to pay for such things like sales personnel and the transportation it will cost to have them travel to corporate sites. The budget will also increase because of the amount of vehicles used for demonstration purposes. With offering the extension of service contracts and warranties, the corporate

budget will increase. We will have to budget costs for technicians and product trainings to ensure adequate knowledge and service. Money spent in sales personnel, trainings, and travel will result in increased corporate sales in above average returns.

Prius Individual Marketing StrategyAs pioneers in the hybrid car industry, we will create a mass-market penetration strategy. Heavy advertising will lead the campaign with radio and television ads being the primary form of media used. Extended credit opportunities to qualified buyers will be offered to appeal to frugal consumers. The target audience will be those who are not currently aware of the benefits the Toyota Prius has to offer. The campaign will ideally break down the barriers and stereotypes that are currently limiting the customer base. The focus will be to a younger target market, educating them of the vehicle's features and quality ratings. Sample Radio Commercial: Sponsor: Prius 60 sec(Car pulling up, car door slams)Wife: What took you so long I called you twenty minutes ago.

Husband: I had to stop for gas on the way home. Wife: AGAIN Had to buy a gas-guzzler, didn't you Here, you've got some mail.(Opens letter)Husband: Huh. Wife: What's thatHusband: It's a card from Maplewood Toyota.

It says (In announcer's voice) How would you like to get 55 miles to the gallon Now is your time to act. Great gas mileage, 112. 3 cubic feet of space, versatility, advanced safety features, and cutting edge Bluetooth technology. The Toyota Prius has been unleashed.

This car may look like a pup, but this dog has bite. The Prius was designed to make no compromises. With the breakthrough technology in Hybrid Synergy Drive® , we've overturned conventional wisdom that says you have to sacrifice performance to achieve high fuel economy or low emissions. At Maplewood Toyota, we can give you this, all for just over \$20, 000.

Husband: How far is Maplewood Toyota? Wife: About ten minutes from downtown St. Paul on Highway sixty-one and Beam Avenue. Husband: Okay, let's go. Dealership Owner: Maplewood Toyota is located on the best highway in the state of Minnesota to buy a new or used automobile. Founded in 1982, Maplewood Toyota is Minnesota's number one volume Toyota dealer. Solid and consistent management in every department, backed by dedicated friendly employees, has kept Maplewood Toyota number one with its customers for many years.

Once again, we have one the prestigious President's Award for our dedication and commitment to maintaining Toyota's high standards for customer satisfaction. (Car pulling up, car door slams) Wife: Wow, you're home early. Husband: I know.

I haven't had to fill the tank since last week. Wife: You have mail. (Opens letter) Husband: Huh. Wife: What's that? Husband: A card from the gas station.

They miss us. Radio and television ads will be placed on major market stations (stations with the highest percentage of listenership and/or viewership) to reach the broadest range of the target market. The

promotions will be determined according to the time of day each station has the target market listening or watching.

Sample Television Commercial: Sponsor: Prius 60 sec (Two friends are driving in a Toyota Prius down a city street with the windows open. They are in their mid-twenties, and dressed in alternative casual clothing.) Passenger: I can't believe you bought a Prius. That's really not your style. Driver: Are you kidding I get 51 miles to the gallon, all the cargo room I need, and it was under \$25, 000. Passenger: (Sarcastically) Okay, I guess it is your style; cheap. Driver: Really, you wait and see. The Prius is the future.

Passenger: Yeah right. (They continue driving, and pass an older couple also driving a Prius. Frank Sinatra can be heard from their car. The passenger rolls their eyes. As they continue to drive, they pass a mother driving a Prius with two children singing "The wheels on the Bus go Round and Round". The passenger's eyes widen with shock from the coincidence. They then pass a punk with dyed hair, possibly a Mohawk, and noticeable piercings, listening to a song.

The car finally stops at a traffic light. The passenger looks to the right, hearing the theme song from James Bond. Their jaw drops in shock, and the camera angle shift to show that Sean Connery is stopped next to them at the light, and also driving a fully-loaded black Prius.) Mr. Connery: (Looks at the passenger with one eyebrow arched) (in the "Bond" voice) Prius, Toyota Prius. Radio Promotions Defined.

OnPoint Marketing & Promotions. 17 May 2005. < <http://www.onpoint-marketing.com/radio-promotions.htm> >.

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Arbitron. 6 May 2005. All Access. 17 May 2005.

< <http://www.allaccess.com>>. Prius Corporate Marketing Strategy Our goal is to develop strong business-to-business alliances (B2B), and better utilize the Toyota Prius on a corporate level. To begin with, we recommend developing a partnership with a major nationwide car rental company such as Avis, to increase fleet supplies.

Exposure of the Prius on a larger scale will also increase interest of personal consumers. Another avenue for fleet sales would be developing ??? green business??? with major corporations such as 3M, Coca Cola, Cargill, and other companies which consider themselves to be environmentally friendly. We suggest then expanding to companies more traditionally considered more service oriented, such as the U. S. Postal Service for mail carriers, and other delivery companies. Consumers, shareholders and society all benefit when a company integrates environmental friendliness into its business strategy.

If properly implemented, ??? green marketing??? can help increase the emotional connection between consumers and brands. Being branded a green company can generate a more positive public image, which will enhance sales. Most companies want to be good corporate citizens, but they are not focused on publicizing or marketing their green initiatives.

Instead, they are interested in reducing costs and improving efficiencies through pro-environmental activities, thereby creating a lower-cost competitive advantage. The 4 P??™s of the Prius Corporate Marketing Strategy Product: Toyota is a leader in quality and service worldwide. Toyota
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has the reputation of being a successful automotive manufacturer, and Prius is quickly becoming the most recognized and sought after hybrid car on the market. The style is recognizable by most, even though Toyota makes no effort to designate the actual product as a hybrid. Pricing: The goal for the Prius will be to continue to penetrate the U. S.

market by exhibiting steady pricing, and increase its sales volume by becoming corporate partner with a major rental car company such as Avis, for fleet supply of hybrid cars nationally. We should also increase our sales staff to promote the corporate sales program, aiming at companies such as 3M or Coca Cola who has worldwide locations, and could help promote their image as more environmentally well informed. Prius should find it easier to gain market share in the U. S. due to the weakened U. S. automotive manufacturers, such as Ford and General Motors. Efforts should focus on corporate alliances for volume discounts and wholesale pricing, and Toyota will continue toward large profits with worldwide distribution.

Prius should also work to offer corporate employees additional purchasing discounts, and extended warranty programs, and then rotate those cars into the used car sales fleet, as the resale value of the Prius continues to hold steady. Place: Toyota will begin building Prius hybrid cars in the Georgetown, KY plant in 2006, along with introducing a Camry hybrid. Toyota plans to reduce the waiting period to purchase the hybrid Prius, and hopes to attract parts suppliers to the Kentucky area as well, which will help in providing a finished product sooner. Future plans include producing more hybrids in Toyota plants in Indiana, Texas, California, Canada and Mexico as interest dictates. Promotion: Personal selling will be of major importance when

targeting the corporate/ fleet buying segment, because these customers buy in bulk they expect a presentation by a Toyota??™s representative to convince them that Prius is suitable for their fleet. Some companies will only seek to enhance there own brand image. Toyota Prius must cultivate a corporate culture that supports the success of a green marketing strategy and then educate consumers about it, by whatever means necessary. They can be reached through the business press and the traditional media as well. The environmental features make the Prius particularly interesting for business buyers, because of his low operating cost.

Projected Profit & Loss Statement December 31, 2006December 31, 2005
 (\$USD in 000) NET SALES1, 255, 260745, 111 Cost of sales1, 072, 346648,
 435 GROSS PROFIT182, 91596, 675 Administrative and selling expenses21,
 182 14, 738 Other charges407 211 21, 58914, 949 OPERATING PROFIT161,
 32681, 727 OTHER INCOME11, 20913, 445 172, 53495, 171 Financial
 charges2, 867 6, 723 Workers Profit Participation Fund8, 483 4, 422 Workers
 Welfare Fund3, 111 1, 729 14, 46112, 874 PROFIT BEFORE TAXATION158,
 07382, 297 Taxation54, 40729, 258 NET PROFIT FOR THE PERIOD103,
 66753, 040 BASIC EARNINGS PER SHARE1. 320. 67 ControlsThe action plan
 of both individual and corporate target markets will be monitored closely.

By keeping close tabs on the market and watching changes in demand and the economy, Toyota will be able to maintain a certain order of control. With flexible options and replacement plans, the Prius will continue to be the number one selling hybrid car. Reaction times will be quick and effective by allowing Toyota to be able to swiftly redirect their focus.

Toyota will watch for competition, delays in production, and changes in supplier and dealer relationships. Should anything stray from the original plan, Toyota will have had taken the necessary precautions to overcome any unforeseen events. A set of actions will be completed to reach projected sales volume and market shares. Alternative opportunities would account for replacement plans.

Instead of relying on radio and television, Toyota would be prepared to promote the Prius at sporting events or other entertainment venues. By utilizing billboards or kiosks, Toyota would be able to penetrate the same market in a different setting. Contingency Plans It would be unwise to not plan for unforeseen problems with these action plans and market strategies. Even by monitoring the current situation, some things will simply be out of the control of Toyota. For instance, it is possible that the new production plant in Kentucky will create a reverse effect.

With the increase in competition, is difficult to estimate the numbers of Prius buyers. It will be our objective to maintain this market share, but we are still in competition. The Toyota Camry is the number one highest selling gas vehicle in the United States. With the Camry hybrid due out in 2006, the Camry could take more of the market share than expected and adversely affect Prius sales. Toyota may just make more Prius hybrids than consumers want to buy and Toyota would find itself with excess inventory.

In this case, Toyota would be prepared to send them outside of the United States to other countries like Canada or Mexico. We would just refocus our market strategy to reach the foreign market. This is similar to Japan

exporting to the U. S. Another problem Toyota could face is the changing buyer/supplier relationships.

If the supplier relationship were to break down or create a lack of response from potential U. S. suppliers, Toyota will have to continue to rely on more expensive product from foreign suppliers. It is more costly and less time effective, but at least U. S.

factories will have the necessary parts to manufacture these cars. Again, there is another contingency. If in case there was a war or something to prohibit transportation into the U. S., Toyota would have to determine if it was feasible to continue building hybrids in this country. If they can't get the parts to build the finished product cost effectively, they will need to determine when to stop production in the U. S. to cut their losses.

ConclusionThe Toyota Prius has so much untapped potential. There is a huge market out there that needs to become more aware and excited about the latest advancement in the automotive industry. By using the above-listed strategies, Toyota will be able to gain a higher market share and retain the hybrid and customer base.