

# The sustainability of toyota company marketing essay



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In this report we shall be looking at the sustainability of Toyota Company, in spite of company faced lots of crisis but they performed well. In todays world sustaining in the market is very tough. A company has to face lots of problems. Business sustainability means managing their financial, social and environmental risks, obligations and opportunities. in simple words; it's also called as profits, people and planet. Business sustainability requires companies the follow the principles of sustainable development. In this report we shall be discussing about the problems faced in social, environmental, and economical.

### **Company background:**

In 1937, Toyota Motor Company Limited was first established from Toyoda Automatic Loom Works, one of the world's leading manufacturers of weaving machinery (Toyota )

Toyota Motor Sales Co., Ltd. was established later in 1950, and the first Toyota cars introduced in the United States of America in 1957, which lead to the incorporation of Toyota Motor Sales, U. S. A., and Inc. established its headquarters in a Rambler dealership in Hollywood, California. Sales began in 1958 and totalled a modest 288 vehicles — 287 Toyopet Crown sedans and one Land Cruiser. (Toyota). Toyota Motors registered with the New York Stock Exchange (NYSE) and Tokyo Stock Exchange and the London Stock Exchange with the symbol TM, and it became a publicly traded company.

The company's major competitors within the same automobile industry are Ford Motor Company, General Motors Corporation, and Honda Motor Co., Ltd and as of 2010, Toyota held over 16% of the U. S. market share. With more

than 1, 500 Toyota, Lexus and Scion dealers in the United States of America  
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alone and around 320, 000 people working for Toyota Company. According to survey conducted by OICA correspondents, Toyota sells vehicles in 170 countries and is currently regarded as the world's largest automobile manufacturer by both sales and production. (OICA correspondents survey, 2009)

For past 25 years, Toyota has an increase in both sales and market share. By the end of the 1980s, Toyota had gained a reputation of being the most powerful and exceptionally well-run car company (Toyota Motor Corporation History).

After a consistent growth for a decade, the company ranked at top the Japanese automobile industry and ranked number three worldwide. In the beginning of the 1990s, Toyota easily conquered 43% of the Japanese car market, and in the United States of America and it sold more than one million cars and trucks for the first time in its history. Toyota also entered the luxury car market by bringing Lexus LS400 luxury sedan and by the mid-1990s replaced BMW, Mercedes-Benz, and Jaguar. In 2000, Toyota introduced its first ever Hybrid model car- the Prius, which gave more and more success to the company in new millennium. Hybrid is a core technology that we will use for all future powertrains to improve fuel efficiency and reduce emissions while delivering impressive driving performance. Toyota has introduced multiple hybrid options and brought seven new models in the market. Currently in the market, 10% of total sales in the U. S. are hybrids car and Toyota has sold nearly 75% of the entire hybrids car in America alone so far. Worldwide, Toyota has sold over 2 million hybrid cars. In 2009, The Company introduced a Toyota Certified Used Hybrids program to offer <https://assignbuster.com/the-sustainability-of-toyota-company-marketing-essay/>

more high-quality options to their customers interested in hybrid vehicles. (Hybrids).

## **Corporate Philosophies**

Toyota follows a corporate rule that include “ harmonious growth” and “ enhancement of profitability,” and this purpose is clearly understood by our senior management and employees. At Toyota, employees are continuously trained in the “ Toyota Production System,” or TPS. The main objectives of the TPS are to remove the overburden and inconsistency so that we can eliminate the waste.

## **Executive summary**

Toyota motor sales started in 1957 in California, and started its sale from 1958 with total of 288 vehicles, 287 sedans, and 1 cruiser. Toyota motors registered itself with New York Stock Exchange (NYSE) and Tokyo Stock Exchange and the London Stock Exchange and became publicly traded company. Toyota’s faced tough competition from ford, general motors, and Honda motors. In United States of America, Toyota had 1500 cars. Toyota had more than 32000 employees. According to a survey conducted, Toyota has sold its cars in 170 countries and currently became the largest automobile company by sales and production. By end of 1980s Toyota became most powerful and well run car company. In 1990s it conquered 43% of share in the market. in 2000, Toyota launched 1st ever hybrid car, which contributed more success to the company. From 2009 Toyota started to use certified user hybrid system. From 2007 onwards Toyota started to get complaints regarding few car models, on investigation it found that there was a manufacturing defect in accelerator, brakes, because of this few of <https://assignbuster.com/the-sustainability-of-toyota-company-marketing-essay/>

people faced accidents and died. So Toyota decided to recall 878000 cars. This made a drastic effect on the Toyota image company. But after many criticism faced finally decided to recall on selected models . due to this company's shares value dropped by 16%. And Toyota faced many other economic problems. On March 11th japan faced a strong earthquake, with effect to this Toyota suspended their all operations. On April 18th 2011 Toyota resumed their work . due to this natural calamity production output fell by 63% which resulted in delay in deliveries. inspite of all these problems Toyota made a remarkable increase by 26% in US market. One year after the problems showed an economic recovery in 2nd resulted in \$2. 2 billion profit. We have recommended the management to start with disaster management fund, were the certain per cent of profit shall be transferred to this account for future use. We have recommended the management to introduce new plants such Renewable Energy and others so that it does not pollute more in the ecosystem. We are innovating new type of braking system which shall increase the safety of the customer. by 2015 we shall be completing our 5 r process. By 2014 all of our employees shall be fully trained, experts as we formed a schedule. Toyota had to decrease its sales forecast for year 2009. And in North America Company gave an option to lower the wages and gave voluntary layoffs. In Britain Toyota made a deal with labour unions for reducing wages and cut the bonuses . Toyota requested Tokyo government for a bridge loan of 2 billion. As they facing a decline in sales by 40%.

## **Body of contents:**

### **Social issues:**

From 2007 onwards it was reported that few of the Toyota car models had problems in accelerators, pedals, brakes and were mysteriously getting stuck. This malfunction could create many life- dangerous driving conditions for consumers. The U. S. attorney for the Southern District of New York, the Securities and Exchange Commission and the Los Angeles city attorney are conducted a probe on the Japanese automaker. That's on top of investigations from federal regulators, Congress and the news media over Toyota's sudden-acceleration problems. Government officials are focusing more on whether the company fully disclosed its safety problems in its vehicles and whether it following the securities laws. (Bensinger, 2010) . Many skeptics feel that this would be an extreme financial downfall for Toyota. Toyota to decide to recall 878, 000 cars due to suspension fault Toyota has proved to be loyal to the Deming principles by calling for a national recall of select models of its automobiles. This shows that Toyota is really concerned about the welfare of its customers (F. T. Ogletree, 2010) . As far back as March 2007, Toyota started getting reports of gas pedals being slow to rise after being stepped on. Engineers fixed the problem in the Tundra pickup early in 2008, but troubles persisted in other models, eventually leading Toyota to announce massive recalls for the accelerator and floor mats that could trap the gas pedal. (Toyota is part of a list of issues for Japan Inc., 2010).

**Economic issues:**

When company senior management decided to recall all the cars, Toyota shares had an immediate economic impact. The first of these of decision was taken on January 26th to temporarily halt production at six plants in North America. (Connor, 2010). The decision to stop sales and production in America had a substantial risk on Toyota. The car which had been recalled accounted for about 60% of sales in 2009 and 60% of the automobile industry. Toyota (US) dealers projected to lose around \$2. 47 billion in monthly revenue due the halt in sales of both new and used versions and the individual dealers in the U. S. potentially lost around \$1. 75 million to \$2 million a month in revenue. (Haq, 2010). The economic news also cast a cloud of uncertainty over the company shareholders and caused the stock price to plummet (Toyota suffers another blow to its already wavering reputation, 2010). Toyota's share in U. S. market share fell by 16% which recorded the lowest level since January 2006, and its monthly sales dropped below 100, 000 vehicles for the first time. With more rumours and fear sales heavily pushed Toyota's shares down by 3. 7% in Tokyo market and due to this, the stocks down 17% since its recall was announced. (Krolicki, 2010)

Due to economic recession, Toyota had to hold investment worth £88million. And wanted to cut the production by 15000 cars and also Toyota spokesman said the review of investment decisions was likely to take several months. (Toyota's £88m investment on hold, 2008)

Toyota had to request Tokyo provide a “ bridge loan” of \$2 billion, becoz of recent sales figures indicating that the Japanese largest company

experienced a decline of 40% in sales of motor vehicles in its largest market, <https://assignbuster.com/the-sustainability-of-toyota-company-marketing-essay/>

the United States.. (Auto Industry In Global Depression, 2009) . Toyota had to decrease its sales forecasts for 2009 from 10. 4 million to 9. 7 million to less than 8. 5 million to 6. 3 million and had to borrow loans from government. Toyota completely stopped its entire temporary work force of around 10, 500 on fixed-term contracts that worked as its 12 domestic plants. Some full-time workers took leaves or worked part time. The company had cut pay for factory executives and eliminated bonuses for all salaried workers. In Britain, Toyota made a deal with unions, to reduce wages and working hours by 10 per cent in exchange for job security. In North America, it froze wages and offered voluntary layoffs.

### **Environmental Issues:**

After the earthquake's occurrence on March 11, 2011, Toyota temporarily suspended operations at all of its domestic factories due to damage to social infrastructure including energy supply, transportation systems, gas, water and communication systems caused by the earthquake, shortages of parts from suppliers, and damage sustained by some subsidiaries of Toyota in regions adjacent to the disaster zone. On March 18, 2011, Toyota began resuming production in stages. As of April 18, 2011, Toyota had resumed operations at all domestic factories (Toyota, 2011). Production in terms of domestic output fell by 63 per cent in March 2011. The natural calamity made Toyota; suspend their production, which resulted in long delays to deliveries and a drop in sales (Toyota to recall 878, 000 cars due to suspension fault, 2010). According to the latest data, Toyota's sales in the US rose up by 26% in July. Despite falling first quarter sales, Toyota increased its forecast for full-year sales and profits. Senior officials said we



are recovering from the tsunami effect faster than expected, and raised its full-year forecast for net profit from 280bn yen to 390bn yen. Toyota also raised its forecast for full-year sales from 7.2 million to 7.6 million vehicles. Toyota is planning to hire 4,000 temporary workers in Japan to help it make up for lost production. (Toyota profits plunge after earthquake disruption, 2010)

Toyota showed an economic recovery in early August, 2010, one year after their troubles began. The company's second-quarter results included a \$2.2 billion profit. (Wallace, 2010)

### **Recommendations:**

We should take an initiative to clean up the environment in and around the manufacturing plants and factories. These activities will benefit the local residents in higher quality of life but also create environmental awareness among the employees. If we want to sustain our environment we should not only make eco cars but also consider other factors. Production plants cause many environmental issues like biohazards, toxic wastes in ecosystems. Which we should control to a certain extent so that we can save the atmosphere. We can produce those parts which can be assembled and disassembled and can be recycled to be used in the new vehicles. Other initiatives would be like recycling of wastewater and reducing the usage of substances which can endanger ecosystems. We can start new plants like, Using Renewable Energy, Afforestation at Plant site to conserve Local Ecosystems and to contribute to the Local Community, Energy and Resource Conservation Activities. The company should manufacture a different braking system such that if the normal brakes fail, this emergency brake can stop it. With the help <https://assignbuster.com/the-sustainability-of-toyota-company-marketing-essay/>

of this lots of accidents will be saved. As said Jim Lentz, president and Chief Operating Officer, TMS said, Nothing is more important to us than the safety and reliability of the vehicles our customers drive," I would like to remind them, that our company's priority is, Safety, Quality, and Volume. These priorities were confused, and we were not able to stop, think, and make improvements as much as we were able to before. The company should replace all the defected parts and replace it with the new ones. The company should also verify and test the product before making it in use. They should strictly follow the qualities and each product should be tested from an authorised agency . Every employee should be given proper training and should be properly supervised. Zero tolerance of error should be followed. The company should have a disaster management fund so that when there is a natural calamity the company doesn't face major problems and the fund can be properly utilised. The company should have a direct contact with customers for feedback. The company should start innovating new eco-friendly cars which will pollute less in the atmosphere . The company should also try to shift the major manufacturing units to the places where it's less cost involved and less natural calamity. We can buy the car parts from the vendor directly so that we can save the middlemen's cost and our profits will increase.

## **Implementations**

Toyota U. S. shall fully start new initiative, the 5r process - refine, reduce, reuse, recycle and recover energy for green manufacturing by year 2014-2015 . our water management which was started in year 2003, shall be improved by completely reducing the water usage per vehicle by 2013. We

shall innovate a new hybrid eco-friendly car which will harm the ecosystem, consumes less fuel and can have more mileage at lower price by 2017. We are on process to remove the accelerators which were used before and we will be replacing it with better component. We have started the process of disaster plan. Every year certain percentage of profits shall be transferred to disaster management fund. We are planning to strengthen the social media so that the customers can give their feedback. From now onwards we will be introducing a new advanced braking system which will have more efficient and effective than the current braking system. New advanced braking shall be launched by 2014. We have started to do research on new places where there be more sustainable for the company to produce the cars . Our plan to shift our production plants and shall start production by 2020. We formed a training schedule for our employees so that everyone can fully trained and be an expert, according to this plan all employees shall be fully trained by 2014. We are planning to recruit new employees for the post of supervisors who can supervise the employees while producing the car and they shall be reliable for zero error tolerance. By 2015 we can increase our awareness towards global environment issues and contribute more on social awareness. From 2019, we can start The Toyota Forestay Hills Model Forest initiative in japan. We can engage in tree-planting activities in the town of Peablanca, Cagayan Province. We will launch the “ Toyota Eco Youth program” in Malaysia next year. With immediate effect Toyota started to updating and posting various things in Toyota. com and also created a special page dedicated to safety and recall information. Toyota started heavily on social media like -Facebook; twitter so that they can be connected directly with the customers. Even top executives of Toyota took personal roles in the efforts.

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**Conclusion:**

Toyota, as the world's no. 1 auto maker has proved its competitiveness to maintain their position by achieving the top ranking in Fortune Global 2009 report. With continues effort on services and quality, they can achieve higher level of excellence compared to their competitors. Toyota can sustain from the problems faced it is hoped that global environmental issues will not be a problem to mankind in the future. The saving our planet should be the responsibility of every industry leader. After the recalls of few models because of accelerator pedal fix, Toyota implemented a strong consistent action plan. A plan was developed to ensure the public that Toyota will be committed to safety. And also an action plan to rebuild the image of the company. In the United States of America, Toyota launched a series of special television advertisements specifically created for the emphasizing that we are working " tirelessly to fix the problem. The effort of eliminates waste does improve the environmental quality. Similarly, this effort reduces cost for Toyota. By recycling usable components of a vehicle, the manufacturers of the components will have lower sales