

# Importance of set clear objectives for toyota marketing essay



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As one of the biggest automotive company that been operated at Japan, Toyota need to make sure they keep taking care about their reputation. In order to make sure that, Toyota able to recover their sales and also their reputation, Toyota need to implement strategic planning as one of the method to overcome this problem.

According to namac. org (...), Strategic Planning is a management tool that helps an organization focuses its energy, to ensure that members of the organization are working toward the same goals, to assess and adjust the organization's direction in response to a changing environment. [<http://www.namac.org/strategic-planning-what>] Under this planning, company will able to formulating, implementing, evaluating the strategies as the methods for the company to achieve their desire objective. Other than that, this planning also required the cross functional decision as a strategies to be created through the co-operation with different department. Besides that, the strategic planning can provide the foundation and the framework of the business plan.

In order to make sure that Toyota able to develop the strategic planning, they should able to identify an existing status, objectives, and strategies to their company. All the information that been identify can help them to investigate on the strength, weaknesses, opportunities, and threat. Strategic planning may cover on the visions, missions, objectives, Strategies and goals.

## **1. 1 IMPORTANCE OF SET CLEAR OBJECTIVES FOR TOYOTA.**

Objectives is one of the important elements that needed by Toyota that showing the result and need that must be achieve by Toyota in a short or long time off period. Objectives may cover on several things that are growth, profitability, technology, and also markets. Not only for Toyota, may objectives play the same role towards to other company or organization.

After facing a problem that needed Toyota to recall back their vehicles that having a safety, Toyota should able to set their new objectives such as maintaining the sales of their vehicles, to win back consumer loyalty and others. For the purpose of planning strategies for Toyota, an objective that been set must be relevant in order to shows the direction on what they wanted to achieve as a result of the strategies plan. In general, setting clear objectives may allow participants to measure the success or failure on the project. Besides that, it also helps the organization to determine the specific roles and responsibilities.

By having clear objectives, Toyota US that already hiring more than 35000 employees can help their employees to understand what they really expected from them. From the proper objectives, it may show directly which part or department that may involve in this situations. In other hands, it also may help them to make their own decision on their work. Clear objectives also can make sure that employee able to perform their work efficiently. However, if the objective is not clear enough it may reduce an efficiency of the workers. Toyota also can reduce an arguments in performance appraisal

process if the manager and also the employee clearly understand about the objectives that been define by Toyota.

Clear objectives may drive Toyota on the specific activity that helps it run smoothly in order to make sure that they able to achieve the objectives. As a result, it may show either it able to achieve the objectives or not. Objectives may direct Toyota to a target on what they wanted to achieve, so that Toyota may plan all actions and efforts that need them to focused on how they able to manage the objectives in an efficient ways. It also can motivate the leaders or managers with their team. If the team able to completed the project and achieving the objectives given it may become a reward to them.

<http://www.planware.org/strategicplan.htm>

<http://www.quickmba.com/strategy/strategic-planning/>

### **3. 0 ORGANISATIONAL AND ENVIRONMENTAL AUDIT**

Organization audit can be defined as one of the evaluation of the capabilities of the organization for implementing the necessary strategy for the forecasted environment. It may evaluating a major strength and weaknesses in efficient area of organization Organizational audit may concern on the company itself and in other hand it also known as internal factor that can be controlled by the organization. There are several factors that can be define such as, management, manufacturing, production/operation, distribution, purchasing, research and development, marketing, promotion and many more. Organizational audit is important to the organization on order to make sure thy able to maintain their strength and recover their weaknesses.

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Environmental audit knows as an auditing technique that may analyze the major microenvironment factors such as technological, governmental, political, legal, culture, demographic, social and others. It directly shows that, it concern on the factors from outside the organization that usually this type of factors cannot be controlled by the organization. Organization should already have an expectation what the need to do if they facing a problem from this factors.

### **3. 1 INTERNAL FACTORS**

Internal Factor Evaluation (IFE) matrix gives an opportunity for Toyota to evaluate major strengths and weakness. In the same time, it also evaluates and builds the relationship between the areas in the organization. This matrix also had been one of the ways for internal audit for the organization. Every organization must have their own weak and strong points that may show their company, therefore it been divided into two categories that are strengths and weakness. Internal factors for Toyota can be defined as management, manufacturing, production/operation, distribution, purchasing, research and development, marketing, promotion and many more.

In order to implementing the IFE matrix concepts, there are several stage that need to be completed by Toyota in order to gain an efficient and accurate result for their organization purpose:

i) List all the factors that can be identified in the internal of Toyota. List can be up to 10 factors that can be classified to strength and weaknesses of the company. From the list of factors that been listed before, Toyota need to divide it into two which are strength and weakness.

- ii) Giving a range weight from 0.0 to 1.0 which 0.0 represented the not important factors and 1.0 is very important factors. The weight assign depend on the importance of the factors toward the Toyota as a key factors to lead the organization to be successful. The factor also should be considered as one of the principal that may effect on the Toyota performance that must be given highest weights.
- iii) From 1 to 4, every factor that been identified will be assign. Rating are based n the weakness which are the major weakness will be rate 1 and the minor weakness will be rated 2. For strength, the major strength will be rated 4 and the minor strength is 3. On the other hand, the strength must get 4 or 3 rate and weaknesses will be rate on 2 or 1.
- iv) Multiply the weight and rating in order to complete IFE matrix math. It may drawn weighted score for each factors.
- v) After the weighted score of each factor been calculated, last stage to construct IFE matrix is by sum the weighted score to get the total score.
- Mba-tutorials. com, <http://www.mba-tutorials.com/strategy/57-ife-internal-factor-evaluation-matrix.html>

## **KEY INTERNAL FACTORS**

**Strength**

**Weight**

**Rating**

**Weighted score**

Strong brand name and trust

0.20

4

0.80

World largest car manufacturer

0.10

3

0.30

Strong financial performance

0.15

4

0.45

Camry is one of the top selling model

0. 15

3

0. 45

Research and development activities

0. 05

3

0. 15

Production system [JIT system]

0. 05

3

0. 15

## **Weakness**

Foreign importer for US market

0. 05

2

0. 10

Criticism toward safety recall problems



0.10

1

0.10

Selling falls nearly 9%

0.05

2

0.10

Poor retirement benefit of the employees

0.10

2

0.20

**TOTAL**

**1.00**

**2.60**

From the matrix, Toyota can identify that the total weighted score is 2.60 shows that Toyota been exceed the average that are 2.50 in their efforts to pursue strategies that capitalize on internal strength and recover the weaknesses. Toyota should maintain on their strategies in order to make sure that Toyota able to use all the strength for them to recover the weaknesses.

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From the IFE matrix, Toyota can identify several internal factors that may be able to give an impact to their organization. One of the major factors that can be identified is management of Toyota. It shows through the strong brand name and trust of the consumer toward their quality of product that been produce, environmental friendly concept and customized range.

Management refers to the group of team that together planned and monitor about the company. As a strong company in automotive and manufacturing industries Toyota must have a strong management system that will always make sure that ready to faces any problem.

This factor should always been audit because of the changes of the environment, trend of the lifestyle and the stability of the economics.

Management playing a huge responsibilities in running Toyota, they can be a strong brand name because of the strong structure of the management by Toyota itself.

Other factors that should be given attention in order to make sure that Toyota can stand longer in the manufacturing industry is employees. Now days, Toyota US hiring more than 35000 employees, Toyota should able to manage all their employees in order to make sure they able to run their organization efficiently. However, Toyota identified that their giving a poor retirement benefit to their employees. As one of the biggest organization, Toyota should take care about their employees.

Toyota should always audit their employee because as one of the company with good and strong image, Toyota has to make sure that their employee can shows the good performance in representing Toyota. Besides that,

Toyota can identify the responsibilities every employee and their performance toward them.

### **3. 2 EXTERNAL FACTORS**

External Factor Evaluation (EFE) matrix may allows Toyota to evaluate the external factor of the organization such as economic, social, cultural, demographic, environmental, political, governmental, technological and competitive. EFE is one of the best method in viewing and summarizing the opportunities and threats that been facing by Toyota.

There is several step need to be done by Toyota in order to implementing this matrix:

- i) Identifying all the external factors that may impact on the Toyota. After list all the factors, divide the factors to the two groups that are opportunities and threats.
- ii) Identify weight on each factor. On this stage Toyota need to assume on the important of the factor ranging between 0 that shows it not important to 1. 0 that shows the factors is very important. The total of the weight must be 1 or 100.
- iii) Assign rating between 1 to 4 which shows that 1 is not important, 2 is average, 3 is high and 4 is very high. Rating shows how Toyota responds on factors.

iv) In order to calculate the weighted score, Toyota should multiply each factor weight with rating that given. At last, the weighted should be sum. 2.5 showing the average total weighted score.

## **KEY INTERNAL FACTORS**

### **Opportunities**

#### **Weight**

#### **Rating**

#### **Weighted score**

New segment market

0.10

3

0.30

Innovative on developing new model

0.10

4

0.40

Doing promotion for their consumer

0.05

2

0. 10

Increasing demand on hybrid model

0. 15

2

0. 30

Continued global expansion

0. 05

1

0. 05

## **Threats**

Competition in a global automotive market

0. 05

2

0. 10

Changing on currency rate

0. 10

2

0. 20

Downturn economy

0. 15

3

0. 45

Rising of fuel prices

0. 15

1

0. 15

Appreciating Japanese Yen against US dollar

0. 05

3

0. 15

Tightening emission standard

0. 05

3

0. 15

## **TOTAL**

**1. 00**

**2. 35**

From the matrix, Toyota can identify that the total weighted score is 2.35 shows that Toyota been below the average that are 2.5 in their efforts to pursue strategies that capitalize on external opportunities and avoid threats. Toyota should add their strategies in order to make sure that Toyota able to use all the opportunities for them to recover the threats.

According to the external factors that been listed in the matrix, one of the important factors is innovative on developing new model or type of vehicle. This factors show on the improvement and development of the technology that been done by Toyota. Technology can be define as the use of knowledge of tools, techniques, system or method that been used by the company in producing their product. For Toyota, this factors is one of the important factor that need proper attention in order to make sure that they able to compete with their competitors. The growth of the technology is very fast because of the environmental that may impact on the manufacturing industry. The use of new technology also can measure on the capabilities of Toyota to be on the entire automotive product chain.

According to the hybridcars. com, (2006) on 2000 Toyota has been released the Toyota Prius as the first hybrid four-door sedan in the United States. It clearly shows that, Toyota always come out with innovative product together with technological development. Hybrid cars know as a car that having alternated sources of energy and gasoline. From the hybridcars. com it

shows the history of hybrid vehicles that show the technological development from year to year.

This factor should always be audited by Toyota in order to make sure that Toyota always followed the advancement of technology. A group of researcher can be develop by Toyota in order to make sure they also walk in with the development of technology.

Other external factors that need to be considered by Toyota is the forecast of downturn in economic. Economic is playing a huge role in any country all over the world. Now days, world facing the problem on the downturn of the economic; however it become to be recover by the year. Toyota should aware and prepare with the strategies in order to make sure that the economic factors will not giving a big impact to them. For example, hybrid car model known as affordable car that been sold with the affordable price. Toyota can take this opportunities especially when the downturn economics. Toyota can focuses in selling and producing the vehicles that suitable with the environment.

Because of frequent of changes on the economics, Toyota should always do an audit toward the strategies that suitable to be used by them. Besides that, Toyota can measure the condition of the economics in future and planned for the strategies to recover the economic downturn and also grab an opportunity on the stable economic.

#### **4. 0 SWOT MATRIX AND STRATEGIC POSITION**

SWOT analysis is one of the techniques or method that been used by the

company in their strategic planning process. Same goes to Toyota, Toyota  
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have decided to do a strategic planning process in order to overcome their problem that been faced by them now days. It technically shows that SWOT analysis is one of the tolls that required by Toyota. This analysis may help Toyota to list down the existing strategies and identify strength, weaknesses, opportunities and threats that been exist in Toyota.

4. 1 SWOT ANALYSIS <http://www.4wheelsnews.com/official-toyota-is-worlds-largest-car-manufacturer/>

SWOT analysis can be defined as one of the method to analyze the competitive position for the company. It may assess on two factors that are internal and external expect on doing the business. The term of internal can be classified as strength and weaknesses for the company. However, external factors may refer to opportunities and threats that come from other sources. SWOT may provide the helpful information in matching of the resources and also the capabilities on competitive environment.

## **STRENGTHS**

### **WEAKNESSES**

Toyota is one of the strong brand name and trusted that been measured according to the quality of product produce, environmental friendly concept, customized range.

World largest car manufacturer (2008)

Strong financial performance (total sales of 2009 is 7, 567, 000 units)

Camry as one of the top selling model

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Research and development activities

Toyota production system [JIT system]

For US market, Toyota known as Japan product. It may be seen as foreign importer.

Criticism toward safety problems recalls

Toyota sales fall nearly 9% on February.

Expenses related to poor retirement benefits of employees

## **OPPORTUNITIES**

### **THREATS**

New segment market

Innovative in producing the which more fuel efficient

Win back their customer by giving discount including zero financing for five years.

Continued on global expansion

Competitive within the car manufacturer.

Changing in the currency rate may impact on the profits and cost of the raw materials.

Forecast in downturn in the economy.

Rising of the fuel prices.

## **4. 2 SWOT MATRIX**

SWOT Matrix design to help the organization to identify and developing the competitive advantages of the organization. Toyota may able to identifying the strength and upcoming the opportunities. However, Toyota also needs to consider overcoming all the weakness. On other hand, SWOT matrix helps Toyota to identifying strength, weaknesses, opportunities and threats is fundamental idea behind the SWOT analysis.

### **SWOT MATRIX FOR TOYOTA**

#### **Strength**

#### **Opportunities**

#### **Strength – Opportunities Strategies**

As company with the financial strength, Toyota can win back their customer after the series on safety recalls for their certain model of car. Toyota able to giving a discount including zero financing for five years on their top selling model such as Camry.

As one of the largest car manufacturer, Toyota has an ability to enter a new market rather than others. For example, by using the strong brand name, Toyota simply launched Aygo model to capture youth market. Because of the strong brand name and trusted that been measure on the quality of the product that been produce by Toyota before this, Toyota able to grab the youth market.

## **Threats**

### **Strength – Threats Strategies**

As the largest car maker with the strong financial position, Toyota can create a R&D team of engineer to overcome the problems of raising the prices of fuel. One of the solutions that been identifying by Toyota before this, they launched hybrid gas – electric vehicles that known as Prius. Toyota need to invest on this R&D activities in order to produce new type of vehicles that more affordable and economical for their consumer.

Toyota identified that Camry was the most popular model that being choose by consumer. As one of the strategies for Toyota, Toyota should aware on the changing of demographic in US life style. It is because the changing of demographic such as the number of the family member, every years most of the US family will add their member. So that, they need a vehicles that able to accommodate them. Toyota can take this threats by planned a new strategies to designed new type of vehicles.

## **Weaknesses**

### **Opportunities**

#### **Weaknesses – Opportunities Strategies**

On February, Toyota identified that their sales dropped nearly 9%. This situation is one of the impact on the series of safety recall that been done by Toyota. In order to recover this situation, Toyota can come out with the new model that can attract new market. Toyota well known as the car manufacturer that suitable for the family and business use. Toyota can come out with new model like Aygo in order to win the youth market.

## **Threats**

### **Weaknesses – Threats Strategies**

In order to compete with Toyota competitor such as Honda, BMW, Suzuki, and others, Toyota need to make sure that they able to avoid all the problem after they launched the new model. It is because, consumer can simply change their perspective towards Toyota if they can identified the problem create by Toyota especially on the quality of the product produce. It shows that, Toyota must have a strong R&D team to make sure that the percentage of failure is low.

For US market, Toyota has been seen as foreign importer for US. In order to make sure that Toyota able to lead the market at US, Toyota should make sure that they able to prevent the crisis on the increasing price of fuel in all over the world. Hybrid car system is one of the solutions on it. Toyota should work towards it in order to win their consumer heart.

<http://www.businessteacher.org.uk/business-resources/swot-analysis-database/toyota-swot-analysis/>

[http://www.marketingteacher.com/SWOT/toyota\\_swot.htm](http://www.marketingteacher.com/SWOT/toyota_swot.htm)

### **4.3 STRATEGIC POSITION**

In order to evaluate internal factors of Toyota, Toyota can use Competitive Profile Matrix (CPM) as one of the strategies to compare Toyota with their competitors in the same industry. CPM directly shows the clear view of the strength point and also weak points that can be identified in the organization than can be relate with their competitors. According to mba-tutorials.com,

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CPM scored is measure on basis of critical success factors, each factor is measured in same scale mean the weight remain same for every firm only rating varies.

<http://www.mba-tutorials.com/strategy/85-cpm-competitive-profile-matrix.html>

Position of a company in ratio to its competitor in the industry

Compare the strength and weakness with competitors

Market Leader, Market Challenger, Market Follower, or Market Nicher

Charecteristic

[http://docs.google.com/viewer? a= v&q= cache: grEkc6UyUMcj: ocw. u-tokyo. ac. jp/wp-content/uploads/lecture-notes\\_eng/Eco\\_07/e-shintaku-07.pdf+STRATEGIC+POSITION...FOLLOWER&hl= en&gl= myπd= bl&srcid= ADGEESi40bs4we8EAIWsq4UpfwtuJHgYrCW0IE8fx-AGw0H9ukLisNbhrH0oOgLNJjkq8zG4RO6sR6oELanWhEePKwMkpWzfKmPSPjr5gbyhwBKzto\\_5RfNNSC0\\_CgRPXVSShzm-NWzr&sig= AHIEtbSouiQy97BgjST5d4veix4fy9T5xg](http://docs.google.com/viewer? a= v&q= cache: grEkc6UyUMcj: ocw. u-tokyo. ac. jp/wp-content/uploads/lecture-notes_eng/Eco_07/e-shintaku-07.pdf+STRATEGIC+POSITION...FOLLOWER&hl= en&gl= myπd= bl&srcid= ADGEESi40bs4we8EAIWsq4UpfwtuJHgYrCW0IE8fx-AGw0H9ukLisNbhrH0oOgLNJjkq8zG4RO6sR6oELanWhEePKwMkpWzfKmPSPjr5gbyhwBKzto_5RfNNSC0_CgRPXVSShzm-NWzr&sig= AHIEtbSouiQy97BgjST5d4veix4fy9T5xg)