

Case Study on Market Mix Strategies of Toyota Motor Corporation

Abdullah Madoh¹, Jumana Alenazi², Lulwa Alkhamees³, Abhilash Panwar⁴
Kuwait University^{1,2,3}
ABES Engineering College⁴

About company:

Toyota Motor Corporation is a Japanese multinational automotive manufacturer headquartered in Toyota City, Aichi, Japan. In 2017, Toyota's corporate structure consisted of 364,445 employees worldwide and, as of September 2018, was the sixth-largest company in the world by revenue. As of 2017, Toyota is the world's second-largest automotive manufacturer. Toyota was the world's first automobile manufacturer to produce more than 10 million vehicles per year which it has done since 2012, when it also reported the production of its 200-millionth vehicle. As of July 2014, Toyota was the largest listed company in Japan by market capitalization and by revenue.

Toyota is the world's market leader in sales of hybrid electric vehicles, and one of the largest companies to encourage the mass-market adoption of hybrid vehicles across the globe. Toyota is also a market leader in hydrogen fuel-cell vehicles. Cumulative global sales of Toyota and Lexus hybrid passenger car models achieved the 10 million milestones in January 2017. Its Prius family is the world's top selling hybrid nameplate with over 6 million units sold worldwide as of January 2017.

Strategic Focus and Plan

There are three aspects of the existing corporate strategy that are developed in relation to their overall impacts caused to the marketing plan of Toyota Company. These are:

1- Mission statement of the company.

Toyota tries to make a progressively prosperous society through car manufacturing. Consequently, the Organization is gone for accomplishing a steady and long-haul development in future, and this should be in synchronization with various variables: the significant environment, worldwide economy, nearby networks served, and the Inward Condition of partners

2- The company goals.

The Company has invested in offering of cross breed choices for each model that is sold in the market. This is gone for empowering the Organization to make an absolute closeout of 1 million.

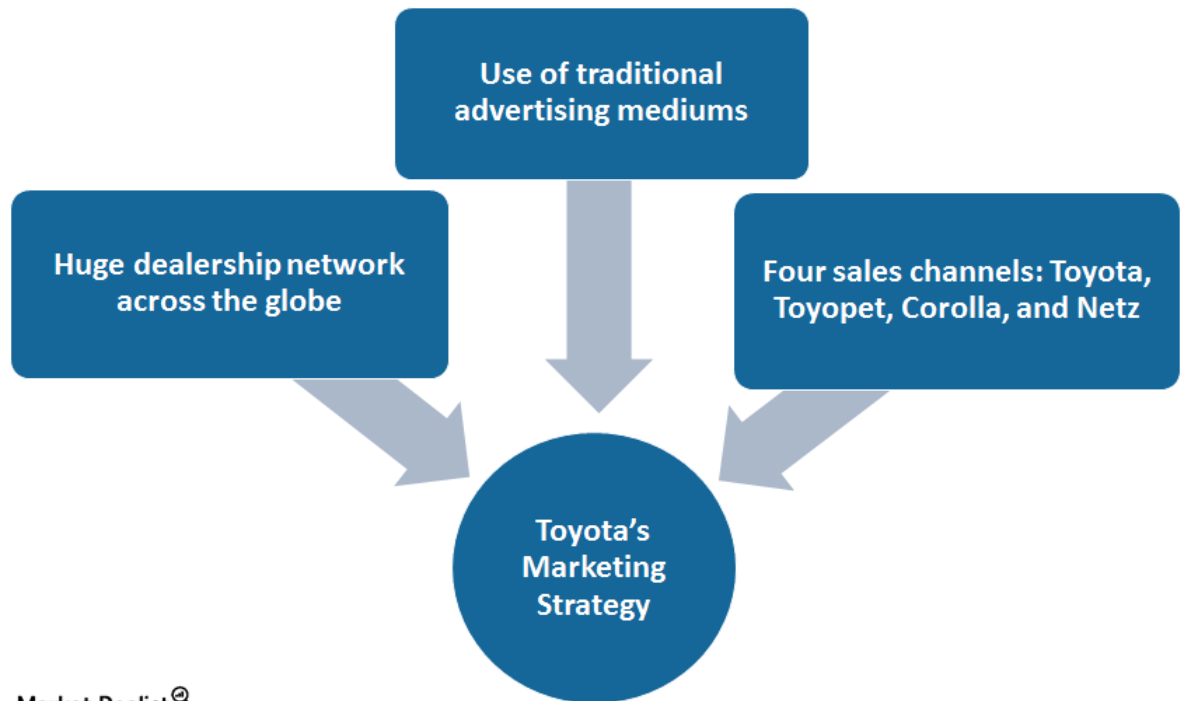
Half and half vehicles inside a year, and this objective has been set to have been accomplished constantly 2012. Toyota Organization has improved its 2011 Ecological Activity Plan and it is committed in six distinctive key territories, which are: the Natural Administration; changes in Vitality and Climate; the Nature of Air; concerned Substances; the parts of Reusing and Improved Resource usage; and Societal Collaboration. The Organization is resolved to decrease carbon dioxide emanation and it is accepted to take consolidated activities of guaranteeing that nature is kept clean all the time by watching the expressed mileage esteems

3- Core competency and sustainable competitive advantage.

Toyota Company is progressing in the direction of the accomplishment of a superior and more sustainable economy by having a stable worldwide market. With progression in new innovation and other related issues, the Organization is putting resources into different procedures that will empower it to understand its set goals and destinations over some undefined time frame. The Organization has an all-around created and equipped network of skill that are into innovative work over viewpoints that are to keep the Company on top in item and administration conveyance to its worldwide market. Additionally, it has a wide scope of conveyance arrange all

over the world and this has empowered it to achieve a part of the market that is overseeing it to more prominent dimensions.

Understanding Toyota's Marketing Strategy



Market Realist[®]

Source: Company's Filings

Marketing Goals and objectives

Toyota's gigantic size and limit is an extraordinary favorable position in meeting industry growth. The number of customers needing vehicles is continually expanding, consequently making a greater market for Toyota and requiring a greater amount of their items. The apparent significance of owning a vehicle due to increased voyaging needs in the present generally corporate world is always expanding as well. Toyota's extraordinary size will empower them to effectively address the issues of this developing populace of clients needing autos.

The organization continues making quality item and make it a standard not settle on this, and not to surrender to the contenders' weight and rise their costs then customers will remain loyal to the organization. At that point, everybody gets an opportunity to know the real values behind Toyota's past, current, and ideally future presence. Toyota is building lesser stages to be utilized in the get together of its different models. This is as a cost cutting measure; they expected to pack their platforms from 20 to ten in the yearning exercise. This is particularly vital since their central adversaries; GM and Passage have made remarkable enhancements in their creation procedure. Toyota is likewise thinking twice about its enlarged get together focuses. It is considering most ideal approaches to diminish them without hindering its effectiveness.

Target Market

Every one of Toyota's items is intended to focus on a particular market. The plan criteria range from best speed, limit and outside appearance like shading and shape. There is a high speed, little, two-situate show vehicles for the moderately more youthful and single individuals who are adventurous to the enormous five-situate models for the family set up. Demographically, they

additionally target circumstances on the smooth landing area street just as the unpleasant and tough rough terrain landscape. We are going to choose to talk about the marketing mix of Toyota's 4p's, which is product, place, price, promotion.

4P's of MARKETING MIX

Products of Toyota

Toyota provides their customers with both tangible and intangible products ranging from cars to warranties. A product of high quality is usually self-marketed, and this is what makes Toyota vehicles so desirable. They have nineteen car models, which are further broken down into different categories.

- Passenger – comprising of small, medium size, and large vehicles. Aurion, Yaris, Camry, Tarago, Corolla and Rukus
- SUVs & 4WD– Kluger, Rav4, Parado and Landcruiser 200
- Hybrid – Prius and Camry
- Commercial – HiAce, Coaster, Landcruiser 70 and HiLux.

Toyota also offers vehicle parts such as gears and other parts. As far as the intangible parts are considered, they offer financial services, warranties, road assistance, car services and extended warranties. Their extended warranties have various mileage coverage options ranging from 36,000 to 1,00,00 miles.

Customer Interest tops the list of priorities for Toyota, and hence, they have a *research center* totally dedicated to gathering data on the consumer expectations from Toyota. By 2005, they had invested 22.2 million in their research center. Toyota has put together the Hybrid product line to deal with the increased prices of gas. The first Hybrid car was Toyota Prius Hybrid, which can drive up to 48 miles to its gallon. The Hybrid model was first launched in Japan in 1997, and 2001 worldwide. Camry and Highlander were later introduced in their Hybrid product line.

Place's

Toyota always keeps its customer first and knows the importance of making its product available to the target audience. They sell their vehicles through dealerships and sales are made to customers by the selling staff on one to one basis. The sales staff in all these dealerships works together in teams of seven or eight similar to their teams in the assembly plants. The staff is highly skilled with not only sales but also product information, data collection, finance insurance and order taking. Toyota focuses on the 'pull' strategy and make cars that the customer demands. Apart from this, Toyota has sales representative going from door to door in Japan.

The company relies heavily on dealerships to sell their products to potential customers. Toyota vehicles in Japan are sold through four main channels namely Toyota for Luxury Brand of vehicles, Toyopet for medium market, Corolla for compact vehicles and Netz for targeting customers with new values in the 21st century. Toyota has around 170 distributors in all the countries and regions worldwide that they are based in. Toyota distribute Lexus brand vehicles through a network of approximately 170 sales outlets and Daihatsu through approximately 2300 sales outlets A typical dealership of Toyota is similar to the western dealership. They try to minimize supply chain costs and keep a reasonable service level along with having high quality products. They have organized suppliers into different tiers where the first level suppliers work in a product development team. The second-tier suppliers make individual parts. This enables cross sharing of the personnel as Toyota sends their staff to the suppliers in case there is a work overload.

Pricing

Toyota became the second largest two-carmaker company in the year 2003. Due to their innovative designs and heavy investments in promotional activities, they have enticed customers all over the world. They built high quality vehicles and price them moderately.

The selling price of any product is usually determined by the cost price and the profit taken together. Any increase in the cost of production is directly passed to the customers in terms of selling price. However, Toyota has a different approach. Even though the formula is same they use it slightly differently making a huge different. Instead of calculating the selling price, they calculate the profit. Thus, they go by selling price-cost price=profit. They believe that it's the market mechanisms and the consumers who determine the selling price. They also give utmost attention to waste elimination. The profit of the company has increased over time due to the high quality and low-cost vehicles.

According to a report in 2007, Toyota unit sold increased heavily to 2,281,000 units worldwide. They offer vehicles of all price range. The price range of their cars starts from \$18,990 and goes up to \$80,000 according to the model, add options and make. They use low cost and differentiation to have a competitive edge in the automotive industry. They differentiate their product on the basis on quality, technology and superior design.

Promotion

Toyota uses different promotional strategies to increase their sales volume. They advertise themselves through radio, newspapers, television, yellow pages, flyers, billboards, Internet, word of mouth and brochures. They use catchy slogan to draw attention to their brand. It has been 'Moving Forward' since 2004; however, they have come with a new tagline in the US market – "Let's Go Places". In 2012, they announced Virat Kohli as their brand ambassador in India.

In addition to this they started with a cash back offer. These offers are given by the Toyota corporate to dealer and the consumers revive it as an instant rebate. Such offers especially attract the non-cash buyers. Some of the promotional schemes also allow the customers to use rebate as a down payment.

To promote their new model Yaris, they come with a show called "The Block". By promoting shows they are able to reach a wider audience. In the show, they try to entice customers by offering them a chance to win a new Toyota car.

Client Analysis

Toyota's clients are assorted and they go from the low salary workers to the very rich. They are across the board far and wide. Toyota has provided food for all vehicle needs that may emerge for any person with their wide scope of engine vehicles. They extend from little games autos to big family vehicles and trucks just as vans. The clients contain a differed gathering of individuals, with differing ages, salaries, geological areas, and social and social statuses. Clients go for Toyota items to fulfill distinctive needs and needs. Low salary workers are furnished with a basic mode of transportation that is both inside their value extend and effective. Customers going for class and elegance are additionally catered for.

<u>Strengths</u>	<u>Weaknesses</u>
<ul style="list-style-type: none"> • Toyota is a big brand, and one of its biggest strengths is its great reputation. • Due to the size of the company, it can invest a lot in research and development which helps the company position itself strategically. • The company can also attract a wide array of customers as compared to its competitors. • Toyota has many different car models which appeal to the different types of customers according to their needs 	<ul style="list-style-type: none"> • The biggest weakness of Toyota is its size. • The company has many employees who make it difficult for them to manage and coordinate any changes in plans to adjust to their competitors' moves. • The large number of models makes it difficult to appease all types of customers at the same time. • Toyota markets itself as a reliable brand, therefore, does not focus on price or luxury. • High-end buyers are often unimpressed by the strategy pushing them to other manufacturers.
<u>Opportunities</u>	<u>Threats</u>
<ul style="list-style-type: none"> • The main opportunity is that there has been an increased global market for affordable and fuel-efficient vehicles. • There has also been a growing market in developing countries. These regions have grown rapidly over the past few decades creating a huge demand for automobiles. • In the past few years, there has been an increase in 	<ul style="list-style-type: none"> • The number of competitors in the global market has increased, meaning it is difficult for Toyota to maintain the same share of the market as before. • The costs of raw materials are at an all-time high. It results in a much expensive end product leading to customers looking for cheaper alternatives elsewhere. • Since the Yen is weaker as compared to other currencies, Toyota is facing a threat of lower profits when the revenue is sent back to Japan. • Toyota is often seen as an affordable and reliable brand which limits its ability

<p>demand for electronic advancements in vehicles. Toyota can use this to gain advantage over competitors.</p> <ul style="list-style-type: none"> • Toyota can learn from the high-end manufacturers how to separate their various models depending on the market they are targeting. 	<p>to diversify into other markets.</p> <ul style="list-style-type: none"> • Poor marketing campaigns might have led to this confusion.
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Clients buy Toyota items on individual premise as indicated by their particular needs. In a few cases we have associations buying vehicles for their company's utilization or for their employees. In such a case, the item purchaser and buyer isn't really the item client. When people buy the organization's item, there is an expanded presentation to its different items. Product Awareness is upgraded through notices, pamphlets, site data, and other instructive sources. The open door for Toyota to create pay from complimentary items, for example, books and classes by individuals is huge.

Situation Analysis

Toyota's ability to remain over profitability proficiency and quality rankings can be credited to its interior condition. This involves the manner in which creation process is overseen by the top management who are well known for their competency. The generation group has an unquenchable obsession to improve the proficiency and viability of its assembling activities. Along these lines, to fully understand the circumstance examination of Toyota Organization, a SWOT investigation is resolved and it mainly consists of the Organization's quality, shortcomings, accessible chances, lastly the dangers that the Organization is encountering or anticipated to experience.

SWOT Analysis for Toyota's Marketing Plan

PEST Analysis

PEST Analysis is a measurement tool which is used to assess markets for a particular product or a business at a given time frame. PEST stands for Political, Economic, Social, and Technological factors. Once these factors are analyzed organizations can take better business decisions.

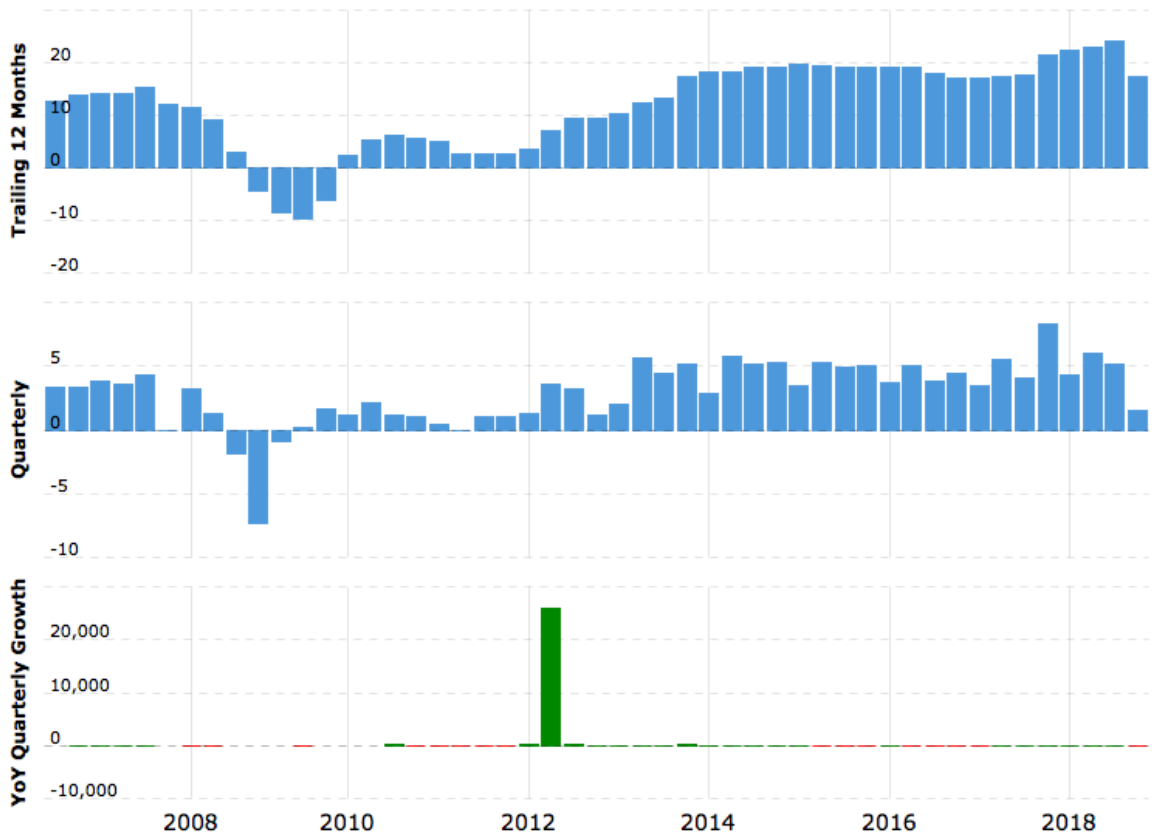
Toyota, Political factors tax may either increase in price or decrease revenue. Economic factors, the depreciation of a currency the Toyota company located might result in decreasing the profit it is making. If there is economic growth in the country that will help Toyota to increase its profit. The promotion that made by Toyota company increase loyalty of their customers. A social factor that is Toyota can offer international Motors with affordable price. The Toyota company interactive with different customers and national so they have to offer all the need and want to customers. Finally, technology factors they deal will full range of transmission equipment by utilizing technology, network operations are simplified by consolidating multiple services onto a single access line.

Financial Data

Toyota's Net Income

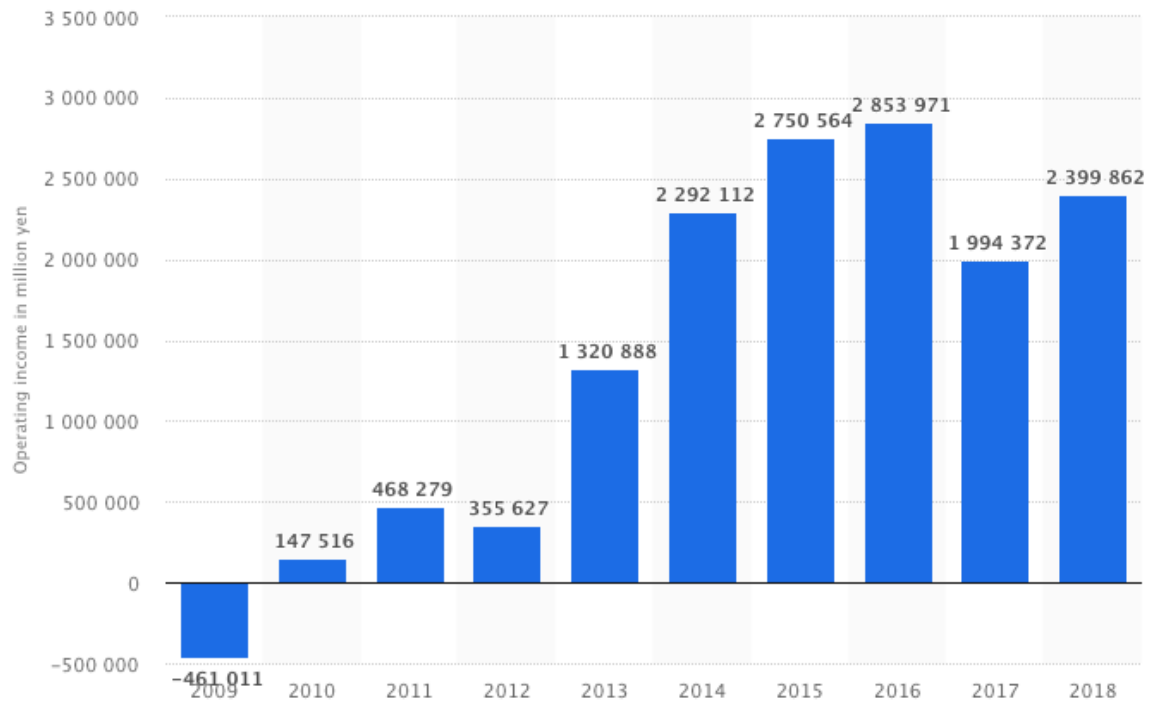
Toyota annual/quarterly net income history and growth rate from 2006 to 2018. Net income can be defined as company's net profit or loss after all revenues, income items, and expenses have been accounted for.

- Toyota net income for the quarter ending December 31, 2018 was **\$1.610B**, a **80.79% decline** year-over-year.
- Toyota net income for the twelve months ending December 31, 2018 was **\$17.345B**, a **19.63% decline** year-over-year.
- Toyota annual net income for 2018 was **\$22.446B**, a **31.81% increase** from 2017.
- Toyota annual net income for 2017 was **\$17.029B**, a **11.28% decline** from 2016.
- Toyota annual net income for 2016 was **\$19.195B**, a **2.94% decline** from 2015.



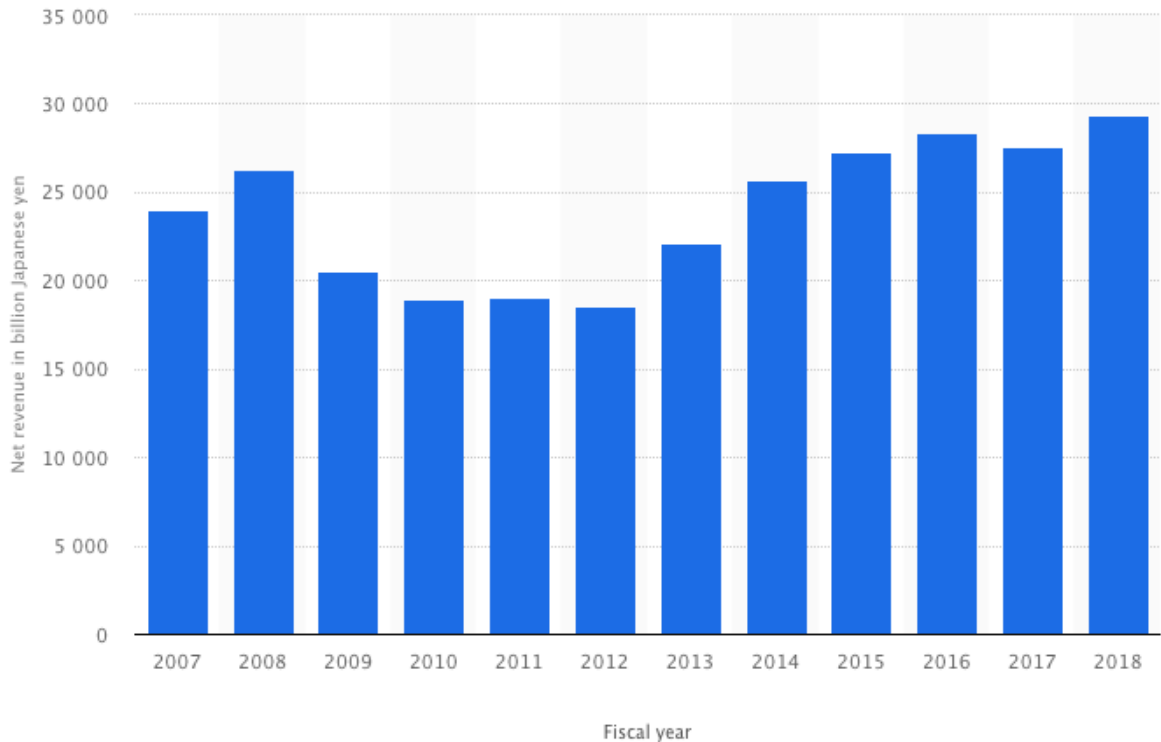
Operating Income "Loss"

This statistic shows the operating income of the carmaker Toyota from the fiscal year of 2008 to the fiscal year of 2018. In the fiscal year of 2018, Toyota's operating income amounted to around 2.4 trillion yen. The Toyota Motor Corporation is a Japan-based multinational company with headquarters in Japan. Toyota is the incumbent leader in terms of global car sales by manufacturer.



Net Revenue

This statistic shows the Toyota's net revenue from the fiscal year of 2007 through the fiscal year of 2018. Toyota had total net revenues of approximately 29.4 trillion Japanese yen (or about 260.8 billion U.S. dollars) in the fiscal year of 2018. In 2015, Toyota was ranked as the second most valuable corporate brand in Asia.



In conclusion, we can say that Toyota strategic focused and plan on the mission statement of the company, company goals and the core competency. Also Toyota has a marketing goals and objectives such as making the customers loyal for the company. We will talk about the target market of Toyota. Toyota target market is the people who live in rough areas. Moreover, we explained the 4p's (places , product , prices , promotion) in detailed way. In addition to client analysis, situation analysis and swot analysis. At the end we covered the financial section and how the company gain revenue.

Recommendations:

- 1- Hiring fresh ideas to the production system.
- 2- Increasing production capacity in worldwide plants as it is competing in global market.
- 3- More customer centric production and services.
- 4- As Toyota is an Asian giant in car manufacturing and sales, they can get more influence in the Asian market.

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