



Hiroshi Okuda, Chairman

Toyota will continue to innovate relentlessly to ensure further growth.

Mission

MISSION

Toyota seeks to create a more prosperous society through automotive manufacturing.

Vision

VISION

Toyota aims to achieve long-term, stable growth in harmony with the environment, the global economy, the local communities it serves, and its stakeholders.



Strategic Management Of Toyota Corporation



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1. Toyota Motor Introduction

Toyota Motor Corporation is one of the world's leading automakers, offering a full range of models, from mini vehicles to large trucks. Global sales of its Toyota and Lexus brands, combined with those of Daihatsu and Hino, totaled 6.78 million units in CY2003*. Besides its own 12 plants and 11 manufacturing subsidiaries and affiliates in Japan, Toyota has 45 manufacturing companies in 26 countries/locations, which produce Lexus- and Toyota-brand vehicles and components. As of March 2003, Toyota employs 264,000 people worldwide (on a consolidated basis), and markets vehicles in more than 140 countries. Automotive business, including sales finance, accounts for more than 90% of the company's total sales, which came to a consolidated ¥16.05 trillion in the fiscal year to March 2003. Diversified operations include telecommunications, prefabricated housing and leisure boats.



America	Europe	Africa	Asia
American Samoa	India	Saipan	
Australia	Indonesia	Samoa	
Bahrain	Israel	Saudi Arabia	
Brunei Darussalam		Singapore	
China	Kiribati	Solomon Islands	
Fiji	Kuwait	Sri Lanka	
Guam	Malaysia	Tahiti	
Hong Kong, China	Nepal	Taiwan	
	New Caledonia	Thailand	



2. History of Toyota

The history of Toyota, starts with the birth of founder Sakichi Toyoda. It traces the company's development through 1937 from when Toyota Motor Corporation was established to when the 2 millionth Prius hybrid was sold.

1867	Birth of Sakichi Toyoda.
1924	Sakichi Toyoda invents Toyoda Model G Automatic Loom.
1929	Automatic-loom patent is sold to a British company.
1930	Kiichiro Toyoda begins research on small gasoline-powered engine.
1933	Automobile Department is established at Toyoda Automatic Loom Works, Ltd.
1935	The Toyoda precepts are compiled.
1936	The AA Sedan is completed.
1937	Toyota Motor Co., Ltd. is established.
1938	Honsha Plant begins production
1950	Company faces a financial crisis; Toyota Motor Sales Co., Ltd. is established.



1951	Suggestion System begins.
1955	The Toyopet Crown, Toyopet Master and Crown Deluxe are launched.
1957	The first prototypes of the Crown are exported to the United States; Toyota Motor Sales U.S.A., Inc. is established.
1959	Motomachi Plant begins production.
1962	Joint Declaration of Labor and Management is signed.
1965	Toyota wins the Deming Application Prize for quality control.
1966	The Corolla is launched; business partnership with Hino Motors Ltd. begins.
1967	Business partnership with Daihatsu Motor Co., Ltd. begins.
1974	Toyota Foundation is established.



3. Background of Toyota Kirloskar Motor Pvt. Ltd



Mr. H Nakagawa
Managing Director



Sandeep Singh, DMD



Mr. S Tomonaga, DMD



Mr. Shekar Viswanathan
DMD, Commercial

Date Of Establishment	October 6, 1997
Chairman	Mr. Mitsuhiro Sonoda
Vice Chairman	Mr. Vikram S Kirloskar
Managing Director	Mr. H. Nakagawa
Deputy MD's	Mr. Sandeep Singh Mr. S. Tomonaga
DMD, Commercial	Mr. Shekar Viswanathan
Paid-In Capital	Rs. 7 billion
Shareholders	Toyota Motor Corporation (89% equity) Kirloskar Group (11% equity)



4. Products of Toyota International

Passenger

Avalon



Camry



Corolla



Avensis



Tarago



Prius



Echo



Sports

MR2



Camry Sportivo



Corolla Sportivo



Celica



4 W/D

Rav 4



LandCruiser Prado



LandCruiser 100



Kluger



Commercial

LandCruiser 78 Hiace



Coaster



Hilux

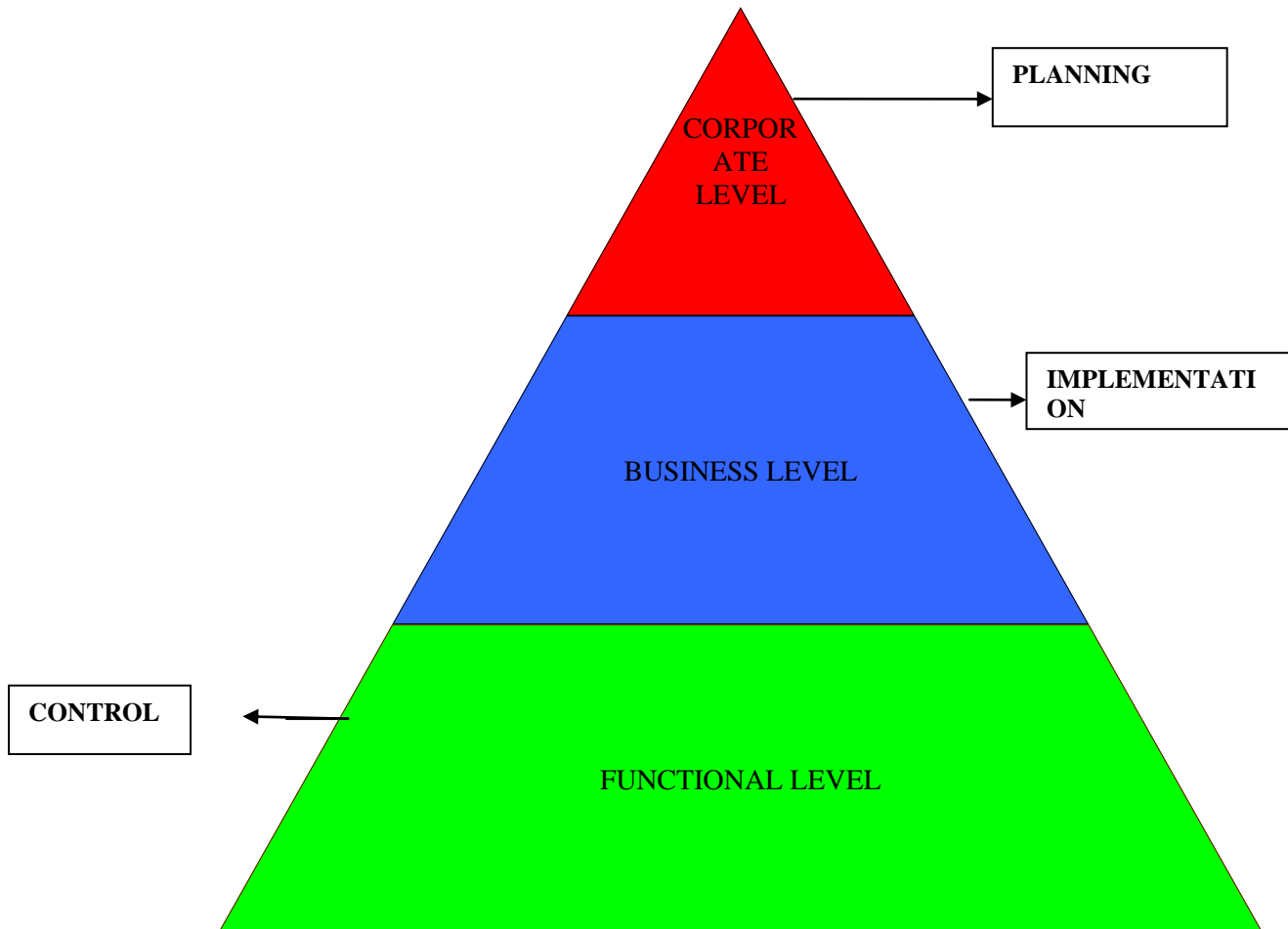


Town Ace





5. Levels of Strategic Planning



There are three levels of the strategy management

1. Corporate level :

It describes the company's overall direction in terms of its general attitude towards growth and management towards various business and products line.

For e.g. The corporate strategy of Toyota are cutting waste, listing specific advice such as: "Cut down on the distance that things move throughout the plant." Another example of this advice, representative of Toyota



strategic management and its attitude towards its workforce, is: “Utilise the inherent talent of your workers.”

2. Business level strategy:

At this level the aggregated business strategies comes into picture .

For ex. Toyota business strategies include the development of hybrid cars.

Part of Toyota strategic planning is developing a premium position in hybrids in tune with present consumer values.

3. Functional level strategies:

This level of strategy includes all the 4 functional area ie marketing, finance, hr, operations. The organizations here take all major decisions in all the 4 functional areas. They make it a point to choose the most appropriate strategy while appointing employees, allocating resources, arranging funds and initiating promotion techniques.

6. Key Towards Business strategy

SWOT Analysis is keys to business strategies used to evaluate the Strengths, Weaknesses, Opportunities and Threats involved in a business venture. It involves specifying the objective of the business venture and identifying the internal and external factors that are favorable and unfavorable to achieving that objective.





SWOT analysis of Toyota Motors

STRENGTHS

1. Toyota has become the generic name in the Pakistan market. Whenever the company launches the new car in the market it has always the great support of the already market orientation so the car introduced by it easily covers the introduction stage. People have a lot of trust for their name and this is why Toyota is the leader in automobile industry.
2. Toyota has a great strength for its 2.0D car, Toyota is the hot selling diesel engine car in Pakistan and is the only company offering the diesel engine in this category of cars.
3. The important edge over the company editors are the ample availability of the spare parts in the markets. The price of spare parts is comparatively low and availability all over the country has proved to be beneficial for the company.
4. Toyota is a financially strong company. This can be seen by analysis of the financial reports of the previous years.
5. Toyota vehicles have got a much stronger resale value than other car in Pakistan. This is why people prefer to buy a Toyota.
6. Toyota vehicles are made according to the Pakistani environment. No doubt the other cars are available but Toyota has an edge because it has learnt various conditions of the Pakistan environment and people. So new additions and changes are proving to be successful.
7. Toyota has an edge over others because it is the only automobile company in Pakistan, while offers many variants of its vehicles. Also Toyota offered many variants of colors.
8. Toyota is proud to have a successful team of competent managers and skilled workers. Extensive training have enabled the employees to perform outstandingly.



9. Toyota is the only company having the most sophisticated network of dealerships where customers are treated by professional dealers. There are seventeen dealers in Pakistan where sales, service and spare parts are offered, leading to convenience for the customers.

WEAKNESSES

1. There is some weakness in the case of ergonomic interior of Toyota corolla as well. The power steering is not speed sensitive and the air conditioning system in severe heat is in-effective. Interior dimensions are less and heavy body and small engine sometimes create problems in hilly areas.
2. There are some weaknesses in the dealership network. The dealers sometimes tend to deviate from the recommended course of action and principles of Toyota. This results in customers complaints sometimes.
3. The company is besieged with internal operating problems which are not very serious. Because of dependency on Toyota's principles delivery of cars is done after 4-6 months. This is because CKD kits are ordered four months before and once they arrive from Japan, assembly and delivery takes some more time.
4. A lot of effort is pull into the sales forecasting because of the changing political and economic scenarios. For this reasons inventory has to be kept low.
5. The company feels that one weakness is the changing policies of the government and also the 30% cash L/c margin. This has lead to an adverse environment.

OPPORTUNITIES

1. Export is a major opportunity for Toyota Indus Motors. Vehicles were exported to Bangladesh just once in order to prove the plant capacity and efficiency of the company. This should be started again.
2. The contract with the government departments e.g. Motorway Police, Shaheen Force and the digniteries where corolla has an opportunity to deal with the business markets along with dealing in consumer markets.



3. Toyota can do better by focusing on segments much more than presently being done.
4. Toyota should also try to lower its price of Corolla in the segment where Honda city has penetrated.
5. It can offer discounts to Government departments and large organizations on purchase of its vehicles in more quantities.
6. Success of the manufacturing of Daihatsu core is a major opportunity for Toyota to excel further careful planning and the right time to launch the new car can prove to be a success.

THREATS

1. Even though Toyota enjoys the position of being the no.1 automobile company, still it faces some threat from competitors especially Honda. Honda has adopted aggressive strategies for capturing the market.
2. Even though Toyota keeps a careful eye on the changing trends, still the changing customer needs and trends can prove to be a threat.
3. A major threat is the changing political and economic scenarios of Pakistan. Changing government policies affect the company's performance. Devaluation of rupee adverse shifts in foreign exchange rates, trade policies of government's is a threat. Moreover the company is threatened by the ongoing rate of 30% cash L/c margin.
4. Import of re-conditioned cars is also considered as a threat for the company.
5. The planned car manufacturing plants of Hyundai and Daewoo can prove to be tough competition for Toyota if they are successful.



7. Keys towards Strategic Planning

1. Vision:-

Looking ahead to 2020, Toyota believes that re-examining the relationship between nature and industry and pursuing harmony between monozukuri, people, and society in general, and nature is extremely important. Also, by seeking harmony between monozukuri and the cycles of nature, Toyota is helping promote efforts toward finding a harmonious balance between the cycles of nature and the cycles of industry. We believe that it is our mission to tackle challenges in new fields in order to achieve this.

2. Mission :-

To sustain profitable growth by providing the best customer experience and dealer support.

3. Objective:-

The third key element is the explicitly stake the business in terms of the results its needs and wants to achieve in a medium and long term.

The main objective of Toyota is world domination, with regard to supplying cars.

4. Value:-

Toyota's first priority is to be a successful business and that means investing for growth and balancing short term and long term.

5. Goals:-

Goals are the specific interim or the ultimate time based measurement to be achieved. While implementing strategies in pursuit of companies objectives. The goal of the organization are set consistent , achievable and realistic. As per survey's the present major goal of the organization is to adopt the best technology and appoint few more personnel that would bring efficiency in the organization.



6. Programs:-

Last but not the least “program” plays a significant role in maintaining a smooth track within the organization. Toyota has got an implementation plan followed up by the above strategic plan. Toyota performs a review and audit before launching or incorporating its product.

7. Strategies:-

Strategies are the rules and guidelines, the vision, mission, objectives and goals are sought to be achieved.

The following are some of the key strategies adopted by Toyota:-

1. Base your management decisions on long term philosophies, even at the expense of short term goals
2. Create continuous process flow to bring problems to the surface
3. Use pull systems to avoid over production
4. Level out the workload
5. Build in a method to stop and fix problems when they are discovered, this ensures quality the first time
6. Standardized tasks provide the foundation for continuous improvement and employee empowerment
7. Use visual control so no problems are hidden
8. Use only reliable, thoroughly tested technology that serves you people and processes
9. Grow leaders who thoroughly understand the work, live the philosophy and can and do teach it to others



8. Strategic Management Process

Strategic thinking provides the foundation of the strategic management. By providing an insight into the forces behind the intense competition, by developing a sustaining competitive advantage based on organization core competency.

It can be broadly divided into three phases:

PHASE 1

Strategic formulation:

It is referred as a strategic plan

1. Framing mission objectives:

The first step adopted by Toyota was to frame the mission and objectives for the organization.

For example: - The mission statement of Toyota is “To sustain profitable growth by providing the best customer experience and dealer support.”

2. Analysis of the internal environment:

After setting the mission and objectives the next step is to analyse the internal environment.

E.g.: Toyota is trying to improve the working condition so that the employees in the organization can work peacefully.

3. Analyze of external environment:

The management conducts the analyses of the external environment.

E.g.: Toyota is trying to build more fuel efficient cars and also makes hybrid cars which runs on battery as well as petrol or diesel in order to make the car more green.

4. Gap analyses:

Management also conducts gap analyses that is for this purpose the management compares and analyses its present performance level and desired future performance level.



5 Framing alternative strategies

The management needs to frame alternative strategies and accomplish the objectives of the firm.

E.g. The Toyota is also planning an alternative brand if the planned brand doesn't work as per the aspirations.

6 Choice of strategies:

Toyota has various alternative strategies and chooses the best among the various strategies.

Phase 2

Strategic implementation:

The strategies are formulated for each and every functional area. Once the strategies are formulated the next stage is strategic implementation

Step 1

Formulation of plans, programs and projects

Setting strategies will not guarantee success, so every organisation also needs to work laboriously in order to achieve the desired results. Toyota has a broad plan which includes the goals, policies and procedures.

Step 2

Project implementation

The project passes through various stages i.e.

1 Toyota makes it a point that their concept is achievable.

2 They plan an organized in such a way that the results are achieved without any damage or duplications.



3 clean up phase: Toyota follows follow up action of above listed phases.

Step 3

Procedural implementation:

Toyota before implementing any new strategies examine all the government regulatory framework.

Step 4 resources and allocation:

It deals with the arrangements and commitment of physical financial and hr, Toyota allocates all its resources in such a way that there is no duplication of work and also aims at avoiding wastage
e.g. it sets different goals for the delegates

step 5

Structural implementation

There is a need for an organizational structure for implement strategies.

Step 6

Functional implementation

Toyota as an organization implements all its functional plans and its policies

Step 7

Behavioral implementation

After implementing the strategy an organization studies the behavior of the strategy.

E.g. Toyota studies the impact of its strategies by keeping a small conference meeting with all its divisional heads

Phase 3

Strategic evaluation and control:

It is the phase in which the manager tries to assume that the strategic choice is properly implemented and is meeting the objective of the organization



Step 1

Setting standards

Toyota in order to initiate control is done by setting standards and making them aware of the tolerance limit they should keep.

Step 2

Measurement of performance

The next step is to measure the actual performance with the planned one.

E.g. the organizational heads compares the set targets with the achieved one.

Step 4

Finding out deviation

At this step the organization pin points the deviation or blockages if any

E.g. while implementing a new product Toyota faced a problem in the marketing of the product.

Step 5

Analyzing deviations

Here the executives in the marketing department are the cause of deviations

E.g. Toyota could not market its product because the marketing team had selected a wrong market for marketing their product.

Step 6

Taking corrective measures

The top level management of Toyota will analyze the blockage and give an alternative

E.g. in order to remove the blockage Toyota may quit the current market and then enter into another market which is appropriate for the organization.



Portfolio Analysis:

“A tool by which management identifies and evaluates the various businesses that makes up the company.”

Techniques or Tools for the Portfolio Analysis:

There are two different techniques used for the portfolio analysis:

- Boston Consulting Group Matrix BCG Approach
- 7's McKinsey Model
- General Electric Matrix GE Approach

9. BCG Matrix

The BCG matrix method is based on the product life cycle theory that can be used to determine what priorities should be given in the product portfolio of a business unit. To ensure long-term value creation, a company should have a portfolio of products that contains both high-growth products in need of cash inputs and low-growth products that generate a lot of cash. It has 2 dimensions: market share and market growth. The basic idea behind it is that the bigger the market share a product has or the faster the product's market grows the better it is for the company.

Placing products in the BCG matrix results in 4 categories in a portfolio of a company:

1. Stars (=high growth, high market share)
 - use large amounts of cash and are leaders in the business so they should also generate large amounts of cash.
2. Cash Cows (=low growth, high market share)
 - profits and cash generation should be high , and because of the low growth, investments needed should be low. Keep profits high



3. Question Marks (= high growth, low market share)

- have the worst cash characteristics of all, because high demands and low returns due to low market share
either invest heavily or sell off or invest nothing and generate whatever cash it can. Increase market share or deliver cash

4. Dogs (=low growth, low market share)

- beware of expensive 'turn around plans'
Thus to conclude with dogs these are the products that should be divested because it is these are of no good for the company and has become a kind of liability for Toyota.

The following is the BCG matrix of Toyota

TOYOTA COROLLA BCG MATRIX

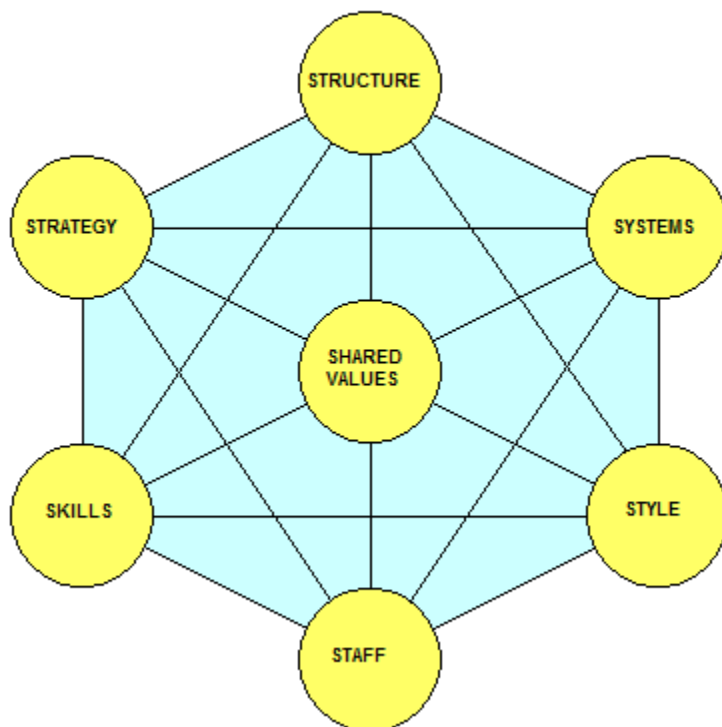
STAR 2.0D 2.0D Saloon	CASH COWS SE Saloon GLi
QUESTION MARK Xli 1.3	DOGS

10. 7'S MCKINSEY MODEL

This model was developed in the 1980's by Robert Waterman, Tom Peters and Julien Philips whilst working for McKinsey and originally presented in their article "Structure is not Organization".

The 7S Model which they developed and presented became extensively used by managers and consultants and is one of the cornerstones of organizational analysis.

McKinsey "7S" Model



Essentially the model says that any organization can be best described by the seven interrelated elements shown above:

Strategy

Toyota plans for the allocation of a firm's scarce resources, over time, to reach identified goals, Environment, competition, customers.

Structure

The way the organization's units relate to each other: centralized, functional divisions (top-down); decentralized (The structure of Toyota company is decentralized); matrix, network, holding, etc.



Systems

The procedures, processes and routines that characterize how important work is to be done: financial systems; hiring, promotion and performance appraisal systems; information systems.

Skills

Toyota organization is gifted with creative and innovative peoples who often come with new innovations in order to increase the value of the organization.

Staff

The people working in the Toyota corporation are highly qualified professionals and are trained to handle the task given to them.

Style

Toyota often follows western style of managing the organization and the managers are friendly with the employees, they don't dominate the employees too much by which the employee feels relaxed and the organizational goals are met easily.

Shared Value

Toyota organization is formed not only for selling products and earning profit but it give more importance to values. Toyota care for the environment and is trying to keep the impact of human being low by producing environmentally friendly cars and buses.

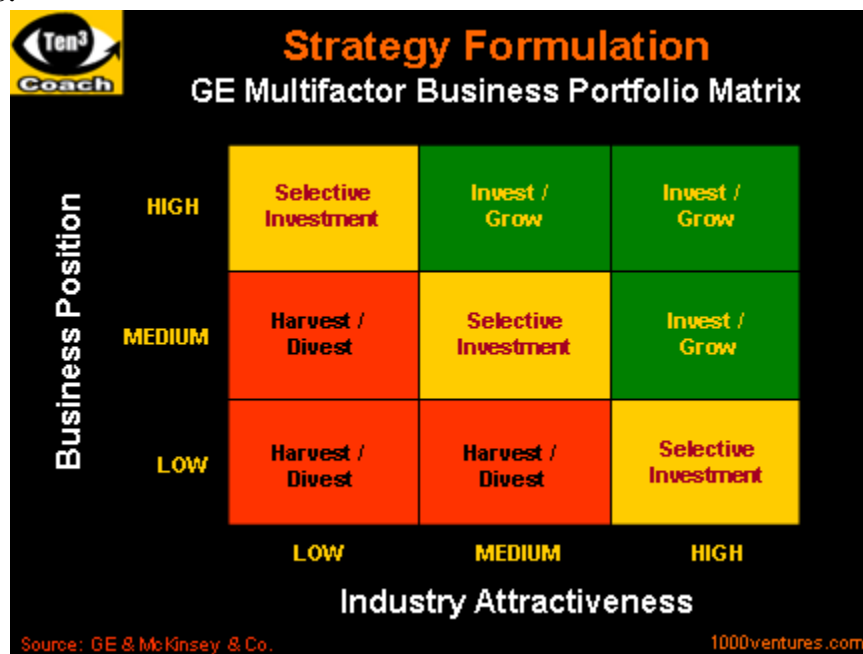


11. GE Matrix

The GE matrix is also known as GE business screen which includes 9 cells based on 2 parameters i.e. long term industry attractiveness and business strength and competitive position.

The GE business screen is an extension to BCG matrix

The 1st parameters i.e. industry attractiveness includes the following factors. Growth rate, profitability, size, pricing practice, opportunities, threats etc. whereas the 2nd factor that includes technological positions, strengths and weakness.



The 9 cells of GE matrix are grouped on the basis of low to high industry attractiveness and weak to strong business strength and competitive position. There are 3 zones indicating 3 different combinations.

1 "GO AHEAD"

Under these phase the signal is to proceed and take decisions such as Toyota has become universally acceptable and now it should go ahead and take up more marketing development and expansion in respect of Toyota Corolla.



2 “Wait and Watch”

These is the 2nd zone of GE matrix, this indicates hold and maintain current strategy. The products like Toyota Cuore, Toyota Qualis etc all these comes in the zone that gives the signal for wait and watch because these products are given good promotional advertisement techniques.

3“STOP”

Coming to the 3rd zone it gives signal to stop under the product of DABUR. The products like dazzil, real active drinks are under the scenario of divestment stage.

Thus to conclude with GE matrix it allows the user to select whatever criteria they feel are more appropriate to their business situations.

GE / McKinsey Matrix

		BUSINESS Strength		
		Low	Medium	High
Market Attractiveness	High			COROLLA
	Medium		CUORE	
	Low			



12. Structure Follow Strategy

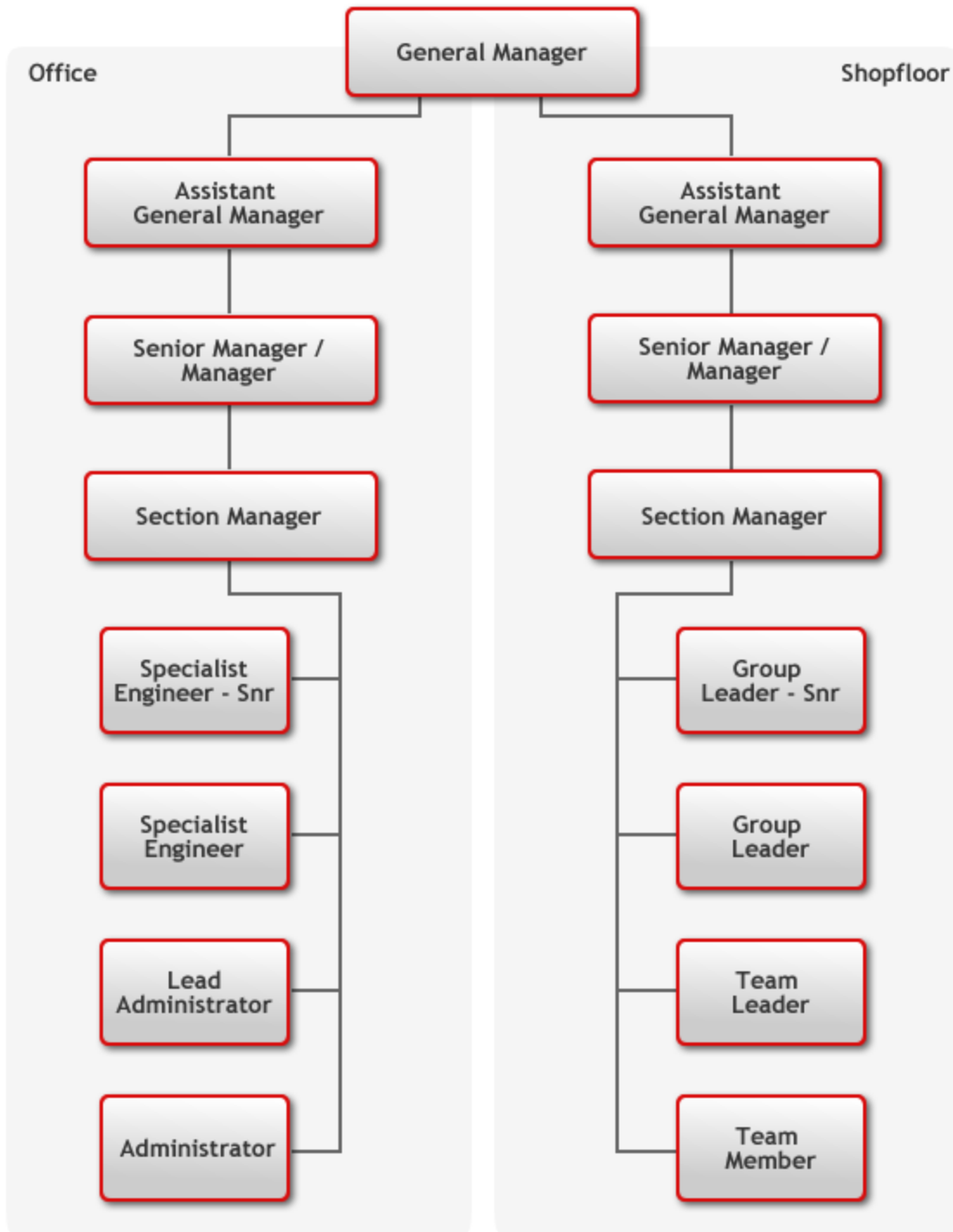
Organizational structure plays significant role in setting the framework of the organization. There are basically 4 types of organization structure.

- 1 Functional
- 2 Divisional
- 3 Strategic Business Units
- 4 Matrix structure

Out of these Toyota follows the divisional structure because when the organization grows geographically and through product diversification as the small business grows it has more difficulty in managing different functions in different geographical market

Toyota requires a structure that would control operations. This is called the main divisional structure which can be performed following basis. Every division of DABUR has got its own manufacturing marketing research unit.

Thus every division of DABUR is relatively self contained and has a divisional who is responsible for all its operations.





13. Grand Strategies /Corporate Level Strategies

Identification of various alternatives strategies is an important aspect of strategic management as it provides the alternatives which can be considered and selected for implementation in order to arrive at certain result. At this stage, the managers are able to complete their environmental analysis and appraisal of their strengths and they are in a position to identify what alternatives strategies are available for them in the light of their organizational mission.

There are four main strategies:

- 1) Stability Strategy
- 2) Growth/Expansion Strategy
- 3) Retrenchment Strategy
- 4) Combination Strategy



1) Stability Strategy

Stability strategy implies continuing the current activities of the firm without any significant change in direction. If the environment is unstable and the firm is doing well, then it may believe that it is better to make no changes. A firm is said to be following a stability strategy if it is satisfied with the same consumer groups and maintaining the same market share, satisfied with incremental improvements of functional performance and the management does not want to take any risks that might be associated with expansion or growth.

Stability strategy is most likely to be pursued by small businesses or firms in a mature stage of development.

Stability strategies are implemented by 'steady as it goes' approaches to decisions. No major functional changes are made in the product line, markets or functions.

However, stability strategy is not a 'do nothing' approach nor does it mean that goals such as profit growth are abandoned. The stability strategy can be designed to increase profits through such approaches as improving efficiency in current operations.

Why do companies pursue a stability strategy?

- 1) the firm is doing well or perceives itself as successful
- 2) it is less risky
- 3) it is easier and more comfortable
- 4) the environment is relatively unstable
- 5) too much expansion can lead to inefficiencies

Situations where a stability strategy is more advisable than the growth strategy:

- a) if the external environment is highly dynamic and unpredictable



b) strategic managers may feel that the cost of growth may be higher than the potential benefit

Types of stability strategies;

1) **Pause/Process with caution strategy** – some organizations pursue stability strategy for a temporary period of time until the particular environmental situation changes, especially if they have been growing too fast in the previous period. Stability strategies enable a company to consolidate its resources after prolonged rapid growth. Sometimes, firms that wish to test the ground before moving ahead with a full-fledged grand strategy employ stability strategy first.

2) **No change strategy** – a no change strategy is a decision to do nothing new i.e continue current operations and policies for the foreseeable future. If there are no significant opportunities or threats operating in the environment, or if there are no major new strengths and weaknesses within the organization or if there are no new competitors or threat of substitutes, the firm may decide not to do anything new.

3) **Profit strategy** – the profit strategy is an attempt to artificially maintain profits by reducing investments and short-term expenditures. Rather than announcing the company's poor position to shareholders and other investors at large, top management may be tempted to follow this strategy. Obviously, the profit strategy is useful to get over a temporary difficulty, but if continued for long, it will lead to a serious deterioration in the company's position. The profit strategy is thus usually the top management's short term and often self serving response to the situation.

4) **Modest Growth strategy** – Modest Growth strategy is a strategy where company sets a particular goal which is to be achieved during that year. For example, company set a goal of increasing the turnover by 10%.

5) **Sustainable growth strategy** – By adopting this strategy the company tries to sustain itself in the highly competitive market.

In general, stability strategies can be very useful in the short run, but they can be dangerous if followed for too long.

From the above strategies Toyota follows Sustainable Growth Strategy.



2) Growth/Expansion Strategy

Expansion or growth strategy is adopted by the company in order to expand and achieve a higher rate of growth in the organization.

There are two types of Growth Strategy:

1. Internal Growth Strategy
2. External Growth Strategy

1. Internal Growth strategies

- a. Intensification Strategies
- b. Diversification Strategies

a. Intensification Strategy

The following are three types of intensification strategy

1. Market Penetration Strategy
2. Market Development Strategy
3. Product Development Strategy



1) Market penetration strategy

The first strategy company is looking to adapt for increasing their sales and profits. Marketing efforts of the company to offer their existing products in the current markets is called market penetration strategy. The best way to do this is to attract competitors' customers and look for potential customers for the existing products.

Market Penetration Figure



2) Market development Strategy

Developing a new market for the existing company product is called market development strategy. This is the process of finding new markets for the new customer to increase company performance by increasing sales and profits. Companies can develop markets on geographical such as city, country, region, state etc and demographical such as age, sex, gender, class etc.

Market Development Figure



A marketing manager has to think about the following questions before implementing a market development strategy: Is it profitable? Will it require



the introduction of new or modified products? Is the customer and channel well enough researched and understood? The marketing manager uses these four groups to give more focus to the market segment decision: existing customers, competitor customers, non-buying in current segments, new segments.

3) Product Development Strategy

Developing or modifying new products and offering to the existing market is called product development strategy. This strategy takes time and money for developing a new product. Marketing Manager must conduct a detailed survey whether it is feasible to introduce new product in the current market.

Product Development Figure



Product development strategy examples

Toyota Corporation is new cars in the hybrid category. Such as Toyota Prius



b. Diversification Strategy

Diversification Strategy is the development of new products in the new market. Diversification strategy is adopted by the company if the current market is saturated due to which revenues and profits are lower. At the corporate level, it is generally and it's also very interesting entering a promising business outside of the scope of the existing business unit.

There are four types of diversification strategies

1. Vertical Diversification
2. Horizontal Diversification
3. Conglomerates Diversification
4. Concentric Diversification

1. Vertical Diversification

There are two types of vertical diversification.

- a. Forward integration

Here the company goes one step closer to the customer.

For example: A manufacturer opening his own retail outlet.

- b. Backward integration

Here the company moves one step back and takes control of its suppliers.

For Example: A vehicle assembler starts manufacturing his own vehicles.

2. Horizontal Diversification

Here the company expands its business by opening up new business units.

3. Conglomerates Diversification

Here the company diversifies its business by entering into new business ventures. Such as an automobile manufacturing company entering into computer manufacturing business.

4. Concentric Diversification

Here the company will diversify its network within the sector where it operates

For example: Honda is following concentric diversification as it has diversified its products only in automobile sector.



2. External Strategies

a. Merger

Here two companies merge with each other in order to make use of the market situation favorably. It is a form of synergy. Here the name of both the companies remains as it is.

b. Acquisition

In acquisition one company will acquire the other company and run its business in the name of the acquiring company. Here the name of the acquired company is dissolved and the name of the acquiring company is placed.

c. Amalgamation

Here two weak companies come together and a new organization is formed in a new name.

d. Joint venture

Here two companies enter into a deal of joint venture for a certain period of time and agree to share the profit and losses if any of the business carried out.

Retrenchment grand strategy

A Retrenchment grand strategy is followed when an organization aims at a contraction of its activities through substantial reduction or the elimination of the scope of one or more its businesses, in terms of their respective customer groups, customer functions or alternatives technologies either singly or jointly in order to improve its overall performance. Retrenchment involves a total or partial withdrawal from either a customer group or customer functions, or the use of an alternatives technology in one or more of firms businesses, as can be seen from the situation as given below:

Types of Retrenchment Strategies:

1 . Turnaround Strategy

Here a complete Turnaround Process is made in order to make the loss making unit into a profitable one.



2 . Divestment Strategy

Here a part of the company is sold off by the company's management.

3 . Liquidation Strategy

Here the whole company is sold off by the company's management.

4 . Disinvestment Strategy

Here a part of Public Sector Company is sold to private sectors.

Combination Strategy

Combination Strategies are a mixture of stability, expansion or retrenchment strategies applied either simultaneously (at the same time in different businesses) or sequentially (at different times in the same business). It would be difficult to find any organization that has survived and grown by adopting a single 'pure' strategy. The complexity of doing business demands that different strategies be adopted to suit the situational demands made upon the organization.

For Example:

Toyota adopts a combination of Stability and Growth Strategies

Under Stability Strategy the company adopts Sustainable Growth Strategy and Under Growth Strategy the company adopts Product Diversification Strategy from Internal Growth Strategy and mergers with Kirloskar Pvt Ltd, India for External Growth Strategy.



14. Conclusion



15.Recommendation

1. Toyota should adopt innovative strategies for marketing for marketing the products. I order to excel in the market.
2. Toyota should build a strong network of dealers all across the world in order to make the product available when needed
3. Toyota should try to make the delivery system more effective and quick