

STO7009
BUSINESS ANALYTICS ASSIGNMENT

**COMPREHENSIVE ANALYSIS OF THE MARKETING PERFORMNACE OF
TOYOTA MOTORS.**

BY

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1. INTRODUCTION

1.1 Overview of Toyota Motor Corporation.

Toyota Motor Corporation stands as a pivotal entity within the international automotive sector, securing its position as a premier producer and distributor of vehicles worldwide (Nkomo, 2019). Since its inception on August 28, 1937, by a Japanese businessperson named Kiichiro Toyoda, Toyota has evolved from its initial stages to emerge as one of the foremost car manufacturers globally, celebrated for its pioneering approaches, dependability, and dedication to sustainability (Toyota Global, 2023).

As of March 31, 2023, Toyota Motor Corporation, primarily engaged in the production and sales of motor vehicles, employed a workforce of over 700,000 individuals on a non-consolidated basis and Over 350,000 on a consolidated basis across its global operations, Offering a wide array of vehicles, including sedans, SUVs, trucks, and hybrids, Toyota is dedicated to catering to the diverse demands of its international clientele. The firm's devotion to excellence, innovation, and environmental stewardship has profoundly impacted its corporate culture and has left a lasting mark on the automotive industry. This analysis will be based on passenger's cars because Toyota continued to strengthen its market position in the passenger cars segment, achieving a record-breaking year in terms of sales.

1.2 Importance of Marketing Analytics in Toyota

All marketing decisions are based on assumptions and knowledge of consumer behaviour. (Hawkins, Mothersbaugh & Best, 2007). Within the dynamic realm of the automotive industry, the advent of marketing analytics has become an indispensable instrument for manufacturers to adeptly navigate through the complexities of market dynamics, consumer predilections, and the competitive milieu (Kumar and Reinartz 2016), Marketing analytics employs technology and methods to assess the effectiveness of marketing across various platforms such as blogs and social media, measuring campaign impacts on consumer engagement and sales. It is vital for companies like Toyota, offering insights into consumer behaviours and preferences that drive more targeted marketing strategies. Additionally, it identifies new market opportunities and potential areas for product innovation by analysing trends and patterns in consumer data. In a competitive environment, analytics provide insights into competitors' strategies, strengths, and weaknesses, allowing for more strategic positioning and value propositioning in the market (Davenport, Harris, & Morison, 2010).

2. MARKETING ANALYTICS APPROACH

2.1 Data Collection Methods

Quantitative data collection methods are used to identify and provide a more comprehensive understanding of the motivations of digital moms to interact with brands online (Treviño et. al., 2019), The Toyota Global site, Statista, and annual reports provide a detailed overview of customer engagement, sales, production, and financials, giving insights into the automotive market and Toyota's market position. This information is crucial for assessing the effectiveness of Toyota's marketing strategies globally.

2.2 Tools and Technologies Used for Analytics

The integration of Excel and Power BI for marketing performance analytics is employed to transform raw data into actionable insights. Power BI also can combine different databases, files, and web services so that it can quickly make changes or fix data and problems automatically (Raje et. al., 2021), In this analysis Power BI is used for dynamic visualisation of sales trends, and consumer engagement levels, demonstrating their commitment to data-driven decision-making. This approach enhances the evaluation of current marketing strategies and guides future tactics, keeping Toyota competitive in the automotive industry.

3. PROBLEMS AND CHALLENGES ENCOUNTERED.

The Problems and challenges met are linked to the weaknesses and Threats outlined in the TOWS matrix analysis as seen in Table 1. This analytical approach highlights the critical areas where the organisation's vulnerabilities and external threats intersect, offering a comprehensive overview of potential challenges. By examining these aspects, the matrix sheds light on strategic weaknesses that need addressing to navigate and mitigate against the identified risks effectively. In this context, one of the pronounced issues is market penetration of electric vehicles and absence of indigenous flora in regions where Toyota vehicles are prevalently utilised can be attributed to the brand's renowned durability and reliability, characteristics that align well with the environmental and systemic conditions of these areas.

3.1 Market Penetration issues.

A declining market share compared to competitors directly affects market penetration by showing a company's diminishing presence and influence in a specific market. This decline suggests that competitors are more effectively attracting and retaining customers, potentially through superior products, pricing, marketing strategies, or customer service. As a result, the company's ability to penetrate or further penetrate the market diminishes, making it challenging to grow sales and improve profitability within that market space.

3.1.1 Electric vehicle Segment.

Toyota, a leading player in the global automotive industry, has recently failed to meet up in market share within the electric vehicle (EV) segment. Despite Toyota's strong brand and extensive range of hybrid vehicles, the company has been slow to adapt to the rapidly growing demand for fully electric vehicles, leading to a loss of market share to competitors who have more aggressively pursued EV technology and marketing.

Toyota revenue performance in the EV segmentation compared to its competitors like BMW, Volkswagen, Mercedes Benz etc. as shown in Fig. 1, is attributed to several factors, including consumer perception that Toyota lags in innovation within the EV space, limited EV model availability, and insufficient marketing efforts aimed at promoting Toyota's EV offerings. Data from industry reports indicate a year-over-year decline in Toyota's EV market share of 5% in key markets such as Europe and North America.

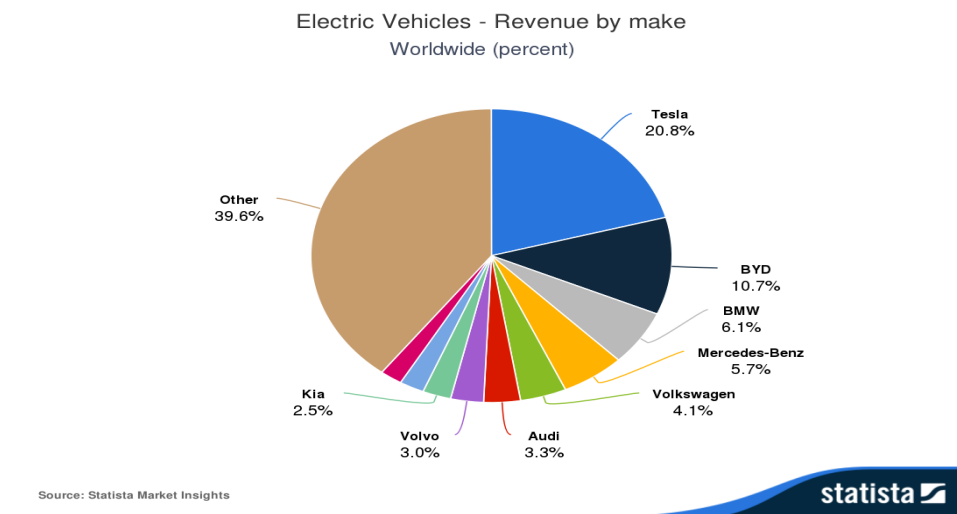


Fig. 1: Electric Vehicles Revenue Generated by make. (Statista, 2023)

3.2 Toyota's Local Assembly Plants in Africa: The Notable Absence in Nigeria

Despite its position as the second-most populous continent, Africa holds the smallest market share in the global automotive industry. This disparity is highlighted in the analysis of Toyota's global operations, which reveals that the corporation operates just four assembly plants across the continent, located in Egypt, Ghana, Kenya, and South Africa as seen in Fig. 2 below.

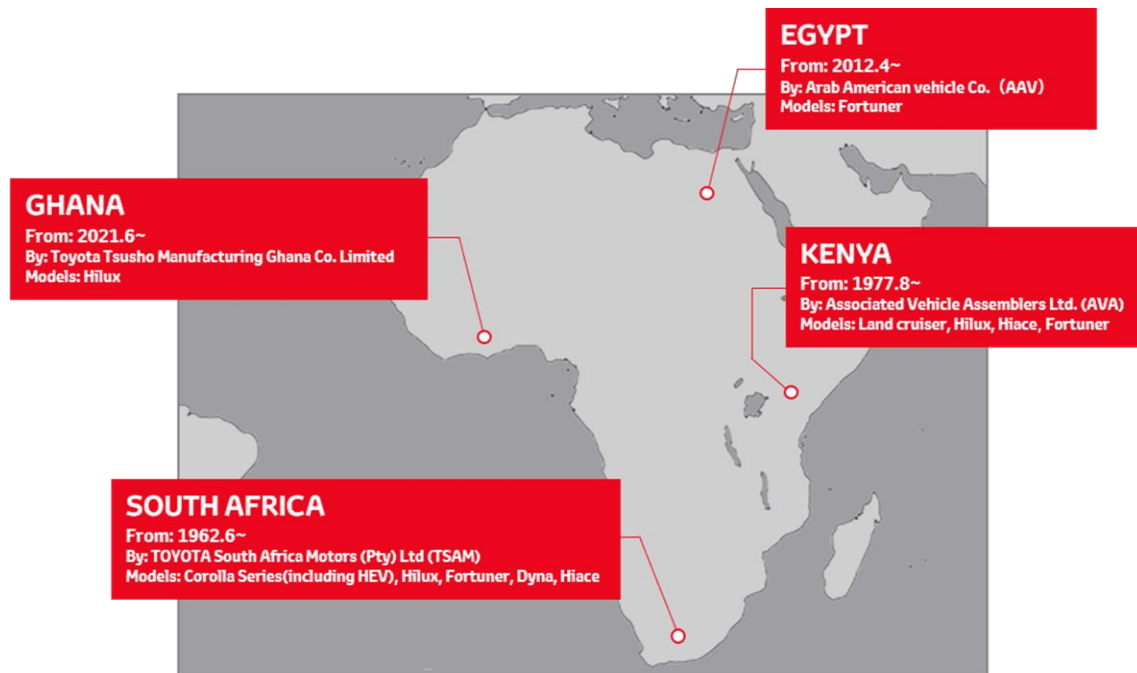


Fig. 2: Toyota Production in the African region. (Toyota Africa, 2023)

This strategic placement of assembly plants correlates with the distribution of revenue across the continent, where South Africa emerges as the top revenue-generating country within Africa for

Toyota over the years as seen below

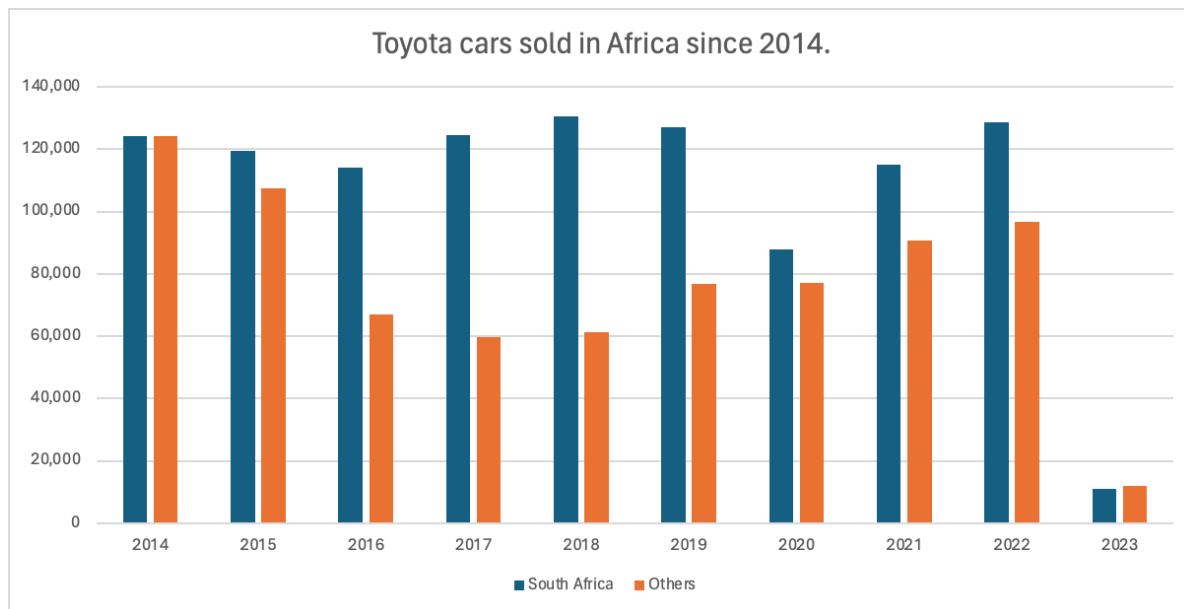


Fig. 3: Toyota cars sold over the years in Africa since 2014 (Source: author)

This is indicative of the strategic importance of these locations not only for assembly but also as key markets for Toyota's products in Africa. Furthermore, the analysis sheds light on Toyota's leading sales figures in South Africa, which are significantly bolstered by its local assembly plants and the strong brand loyalty it has cultivated among South African citizens over the years. This local manufacturing presence not only facilitates easier access to vehicles but also aligns with economic incentives like reduced import taxes and job creation, enhancing Toyota's market appeal. In contrast, Nigeria presents a different scenario. Despite Toyota being the most popular

car brands in Nigeria as shown below

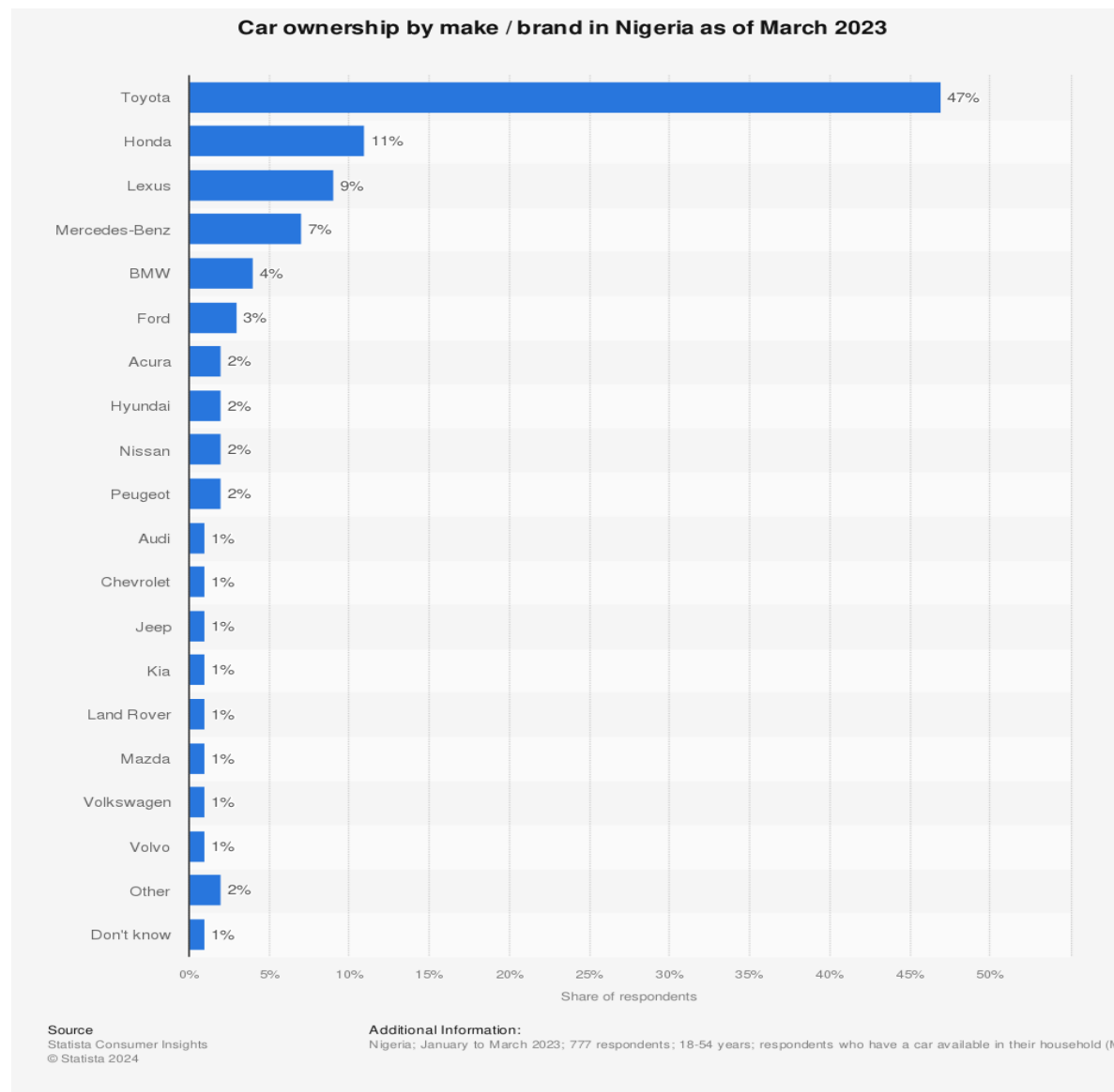


Fig 4: Car ownership in Nigeria by brands. (Statista, 2023).

the absence of local assembly plants there hinders its market potential. Without local manufacturing, Toyota vehicles in Nigeria are subject to higher import taxes and costs, making them less accessible and economically attractive to a broader segment of the Nigerian population. This disparity in local manufacturing presence markedly influences the brand's market penetration and sales volumes between the two countries. This is especially important in a country like Nigeria where road conditions are challenging (Amaka, 2023), This underscores Toyota's reputation for manufacturing vehicles that are not only well-built but also capable of withstanding the harsh realities of everyday use, a crucial selling point in many African markets.

Toyota's durability and reliability are key to its popularity in regions valuing rugged performance, offsetting its few assembly plants in Africa and the absence in important regions. It is clear that the most popular used car in Nigeria according to Checki and Carmudi is the Toyota Camry (torqueng, 2016). This insight into Toyota's strategy in Nigeria highlights its approach to the country's promising yet underexploited automotive market.

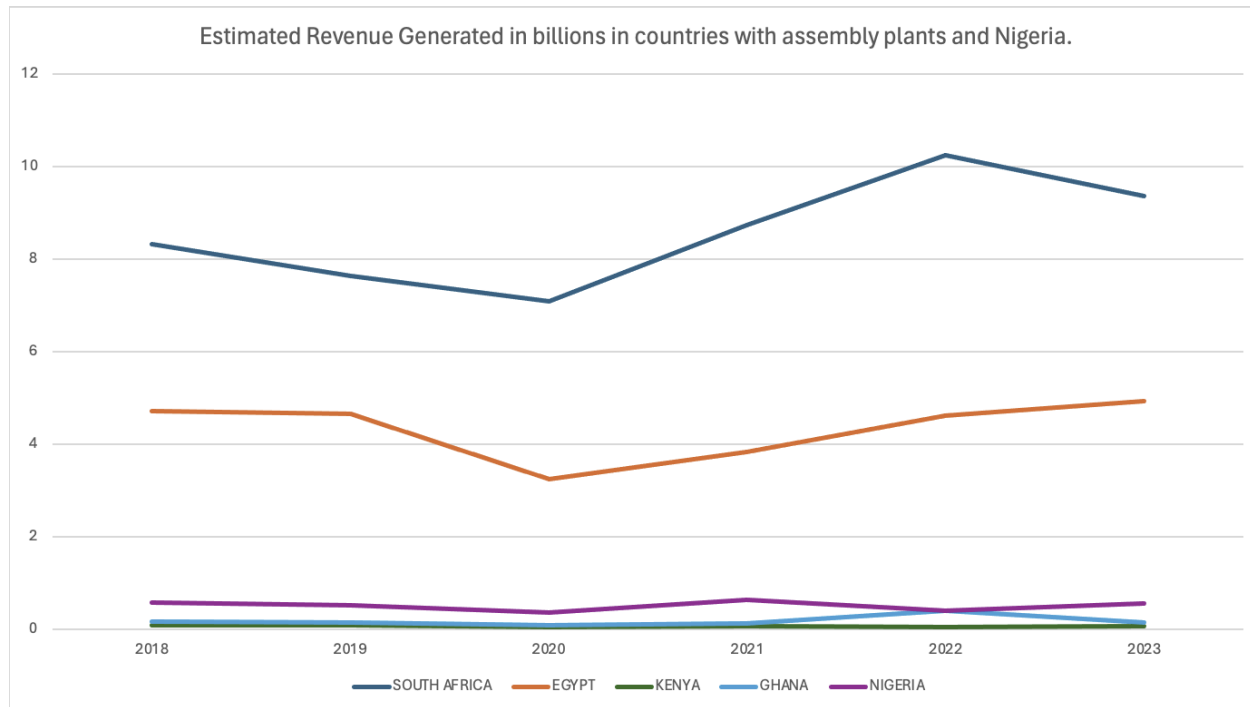


Fig. 5: Revenue Generated in billions in countries with assembly plants vs Nigeria. (source: author)

in Nigeria, Toyota's operations are limited to sales through local dealerships (Toyota Nigeria, 2024), which, while still generating revenue, do not engender the same level of economic enrichment as local manufacturing might, due to less direct investment in local production capabilities and fewer jobs created in manufacturing.

Toyota, despite lacking assembly plants in Nigeria, has demonstrated a competitive revenue generation capacity comparable to Ghana and Kenya, both of which host assembly facilities. This is attributed to Nigeria's large market size and strong brand loyalty among consumers. Toyota benefits from a well-established distribution network and a reputation for reliability, which appeals to Nigerian consumers despite the absence of local manufacturing. Additionally, Nigeria's higher vehicle import volumes, combined with favourable tariffs, and import policies, further enable Toyota to maintain a robust market presence. This analysis has shown that brand

perception often outweighs localized production in driving consumer preference in various African markets.

This strategic discrepancy underscores the broader economic benefits of local manufacturing versus mere distribution, positioning countries with Toyota assembly plants to better harness the economic potentials of the automotive industry, thus contributing more robustly to national growth compared to markets like Nigeria where such facilities are absent. it sees more businesses align with environmental and social causes to appeal to increasing pressure for brands to authentically stand for something greater than the products they sell (Walsh, 2016).

4. SOLUTIONS AND RECOMMENDATIONS.

4.1 TOWS Matrix Analysis

INTERNAL EXTERNAL	<u>STRENGTHS</u> S1 - Durability and Reliability S2 - Affordable Prices S3 - Global Presence	<u>WEAKNESSES</u> W1 - Declining Market Share W2 - Electric Vehicle emerging markets
	<u>OPPORTUNITIES</u> O1 - Autonomous vehicles Expansion O2 - Untapped Market	<u>STRATEGIES (S/O)</u> Leverage durability and reliability alongside cost-effectiveness in autonomous vehicle production.
	<u>THREATS</u> T1 - Less Eco-Friendly Vehicles	<u>STRATEGIES (W/O)</u> Expanding into unexplored markets such as the burgeoning autonomous vehicle sector will help in augmenting market share.
	<u>STRATEGIES (S/T)</u> Utilise its worldwide presence, including regions such as Nigeria, in the	<u>STRATEGIES (W/T)</u> Transitioning into the Electric Vehicle market will enhance the brand's

T2 - Inadequate local assembly plant	expansion of assembly plant infrastructure.	reputation in an environmentally sustainable manner.
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Table 1: TOWS Analysis matrix for Toyota Motors.

4.1.1 Summary of the TOWS Matrix Analysis

TOWS matrix provides means to develop strategies based on logical combinations of factors related to internal strengths (or weaknesses) with factors related to external opportunities (or threats) (Ravanavar & Charantimath, 2012). Strategically, Toyota is positioned to counteract its weaknesses and threats by diversifying into eco-friendly vehicle production and enhancing its assembly plant infrastructure, particularly in high-potential areas like Nigeria.

Transitioning into the EV (Electric Vehicle) market and focusing on sustainability could not only improve the company's environmental footprint but also bolster its market share by aligning with current and future transportation trends. This strategic pivot is essential for staying competitive in an evolving automotive landscape, emphasising the need for innovation and adaptation to technological advancements and environmental considerations.

4.2 Expanding into Emerging Markets: Electric Vehicle (EV) Market.

Between 2022 and 2028, the size of the global electric vehicle market is expected to increase from 538.8 billion U.S. dollars to reach an estimated global market size of some 906.7 billion U.S. dollars by 2028 (Simsek et. al., 2023). As the global electric vehicle (EV) market is projected to grow significantly in the coming years, Toyota faces both a challenge and an opportunity in solidifying its position within this expanding market.

The International Energy Agency (IEA) predicts that the global EV market will see an exponential increase, with EV sales expected to comprise over 40% of total vehicle sales by 2030, up from just 10% in 2021 (International Energy Agency, 2022). This forecast underscores the urgency for Toyota to address its declining market share in the EV segment and to capitalise on the market's growth potential.

To navigate this challenge, Toyota can implement several strategic solutions. Firstly, accelerating the development and diversification of its EV lineup is crucial. By offering a broader

range of EV models that cater to various consumer preferences and price points, Toyota can better compete with rivals who have taken early leads in the EV market.

Additionally, partnering with governments and private sectors to improve charging infrastructure with fast-charging stations and wireless technology can overcome major obstacles to electric vehicle adoption. Collaborations aimed at enhancing the charging ecosystem will not only benefit Toyota EV owners but also contribute to the broader adoption of electric vehicles, aligning with global sustainability goals (Kumar, S., & Lee, H., 2022).

Implementing these solutions requires Toyota to leverage its resources, innovation capabilities, and global presence. By doing so, Toyota can strengthen its competitive position in the EV market, ensuring its growth aligns with the global shift towards sustainable transportation in an environmentally sustainable manner.

4.3 Local Assembly and Market Growth: Boosting Toyota's Presence in Nigeria.

Consequently, by setting up additional assembly facilities within countries such as Nigeria, Toyota could mitigate expenses linked to import duties and transportation. This strategy could lead to more competitively priced Toyota cars in the local market. That is all lead to understanding - how marketers can improve their marketing campaigns to more effectively reach the consumer (Stankevich, 2017). Focusing on local production in Nigeria can boost job creation and positively affect the economy, aiming to expand market presence, improve brand perception, and build customer loyalty. This strategy involves adapting to the local market through understanding regulations and tailoring products to fit local needs, underscoring the importance and complexity of such an endeavour.

The establishment of assembly plants in Nigeria by Toyota could act as a catalyst for economic development, generating employment opportunities both directly within the facilities and indirectly through the associated supply chains and service networks. This increase in employment is likely to bolster Toyota's brand reputation and cultivate loyalty among the Nigerian populace, thereby elevating its market share across Africa and improving customer engagement indicators. Furthermore, it aligns with the economic development goals of many African countries, making Toyota a more attractive partner for local governments (Porter & Kramer, 2011).

Furthermore, Toyota must carefully navigate the complex regulatory landscape, ensuring compliance with various local manufacturing standards, environmental regulations, and labour

laws. Understanding and leveraging these policies can be crucial for the economic viability of localised production (Dunning, 1993). Successfully doing so can unlock significant government incentives aimed at attracting foreign investment, such as tax breaks or subsidies, which are essential for the economic viability of such endeavours (Dunning, 1993). This strategic approach not only aids Toyota in aligning with local policies but also enhances its operational sustainability and growth prospects on the continent.

5. CONCLUSION

5.1 Summary of Findings.

The analysis reveals a nuanced landscape of Toyota's market penetration issues, particularly within the electric vehicle (EV) segment and its operational dynamics in Africa, with a focus on Nigeria. Toyota's strategic placement of assembly plants in Egypt, Ghana, Kenya, and South Africa reflects its operational focus, yet the absence of a production facility in Nigeria—a significant market for Toyota—highlights a potential oversight in leveraging one of Africa's largest economies. Nigeria's market potential, underscored by the demand for durable vehicles suited to challenging road conditions, presents an untapped opportunity for Toyota.

Toyota's market share within the rapidly expanding EV market underscores the company's challenges in keeping pace with competitors who have more aggressively embraced EV technology. Despite Toyota's strong brand recognition and its pioneering role in hybrid technology, its slow adaptation to the fully electric market, limited EV model range, and insufficient marketing efforts targeted at its EV offerings have contributed to a perceptible lag in innovation. This is evident from the year-over-year 5% decline in market share in key markets such as Europe and North America.

5.2 Future Outlook for Toyota's Marketing Performance and its Limitation

The recommended strategy for Toyota to pivot towards leading in the Electric Vehicle (EV) market, leveraging its hybrid technology expertise while accelerating EV development and market

penetration, appears comprehensive and forward-thinking. Focusing on strategic local assembly in high-potential markets like Nigeria offers Toyota a unique opportunity to enhance its competitive edge and increase its global market share. This strategy tackles current obstacles while also aligning with the broader move towards sustainable transportation, setting Toyota up for expansion and leadership in the automotive sector. However, the analysis might oversimplify Toyota's challenges and opportunities in market penetration, especially in the dynamic EV sector and in regions like Africa, by not accounting for specific consumer behaviours and the rapid technological evolution.

The failure to consider the low Customer Lifetime Value (CLTV) in countries like Nigeria, where economic factors might limit consumer purchasing power, further adds to this oversimplification. Additionally, overlooking the detailed examination of cultural, economic impacts on consumer preferences, and potential shifts in regulatory policies affecting the EV market, means the strategy might not fully capture the complexities and uncertainties Toyota faces. Integrating these considerations is crucial for a more nuanced and effective strategy that anticipates and navigates the intricacies of global automotive landscapes.

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