

## 2. Toyota

The multinational Japanese car company, *Toyota*, has increased its market share in Japan and undergone rapid worldwide growth. By 2005, it had 46 factories in 26 countries. *Toyota* avoided trade barriers in Europe and the USA by building factories inside those areas. *Toyota* has world-leading manufacturing technology, rapid product development and total devotion to customer satisfaction.

Central to *Toyota's* manufacturing is just-in-time (JIT) production and a focus on high quality through continuous improvement (Kaizen). Quality control is the responsibility of the fully empowered production line workers.

*Toyota's* efficient product development process results in the introduction of new models every two years. There are over 60 existing models in Japan with many of these adapted for the American and European markets. In America, its entry into pick-up trucks and sport-utility vehicles (SUVs) has been responsible for steady growth in this region.

*Toyota's* culture emphasises customer satisfaction and employees setting themselves ever more demanding targets. The challenge for *Toyota* is how to sustain its quality culture as the company continues to grow globally.

[Source: adapted from "The Car Company in Front – Special Report: Toyota", *The Economist*, 29 January 2005]

- (a) Using Ansoff's Matrix, explain the growth strategies used by *Toyota*. [6 marks]
- (b) (i) Explain why *Toyota* can be described as a multinational company (MNC). [2 marks]
- (ii) Identify **three** advantages for *Toyota* of locating production plants overseas. [3 marks]
- (c) Discuss the factors that have led to *Toyota's* worldwide success. [9 marks]