

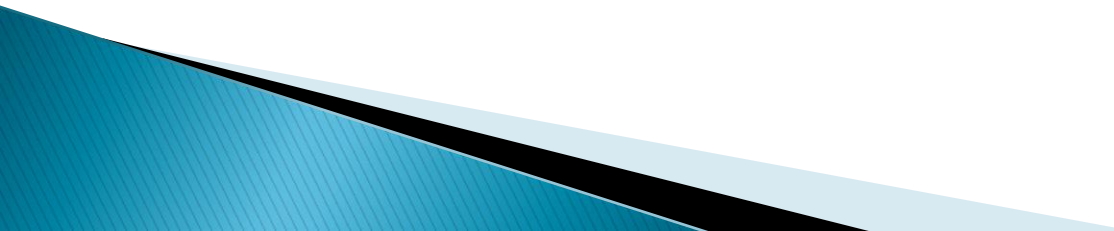
# Honda Motor Company Ltd.



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# Introduction

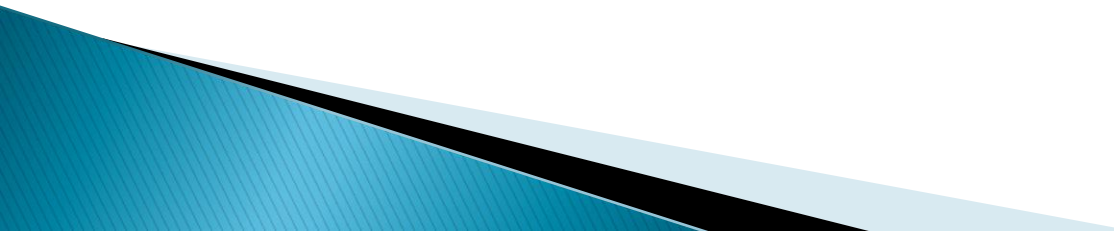
**Honda is a multinational automobile and motorcycle production and sales group**

- ▶ **Products: generators, farm machinery, power machinery , automobiles, motorcycles.**
  - ▶ **Founder: Soichiro Honda**
  - ▶ **179,000 employees**
  - ▶ **More than 120 production bases in 29 countries around the world.**
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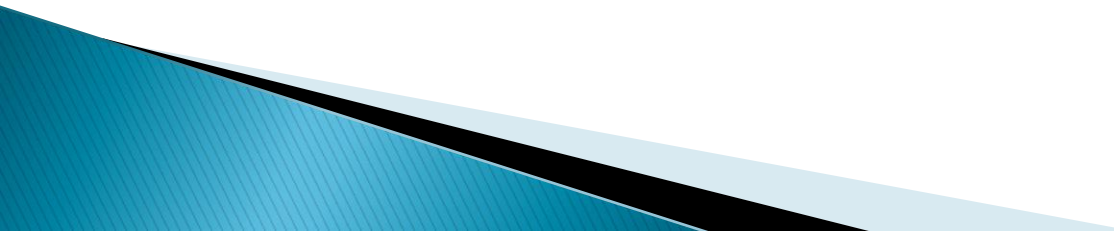
# Corporate Culture

- ▶ “Dream” & “Merchandise”
- ▶ Actively fulfilling a social obligation and exploring the environmental and safe solutions

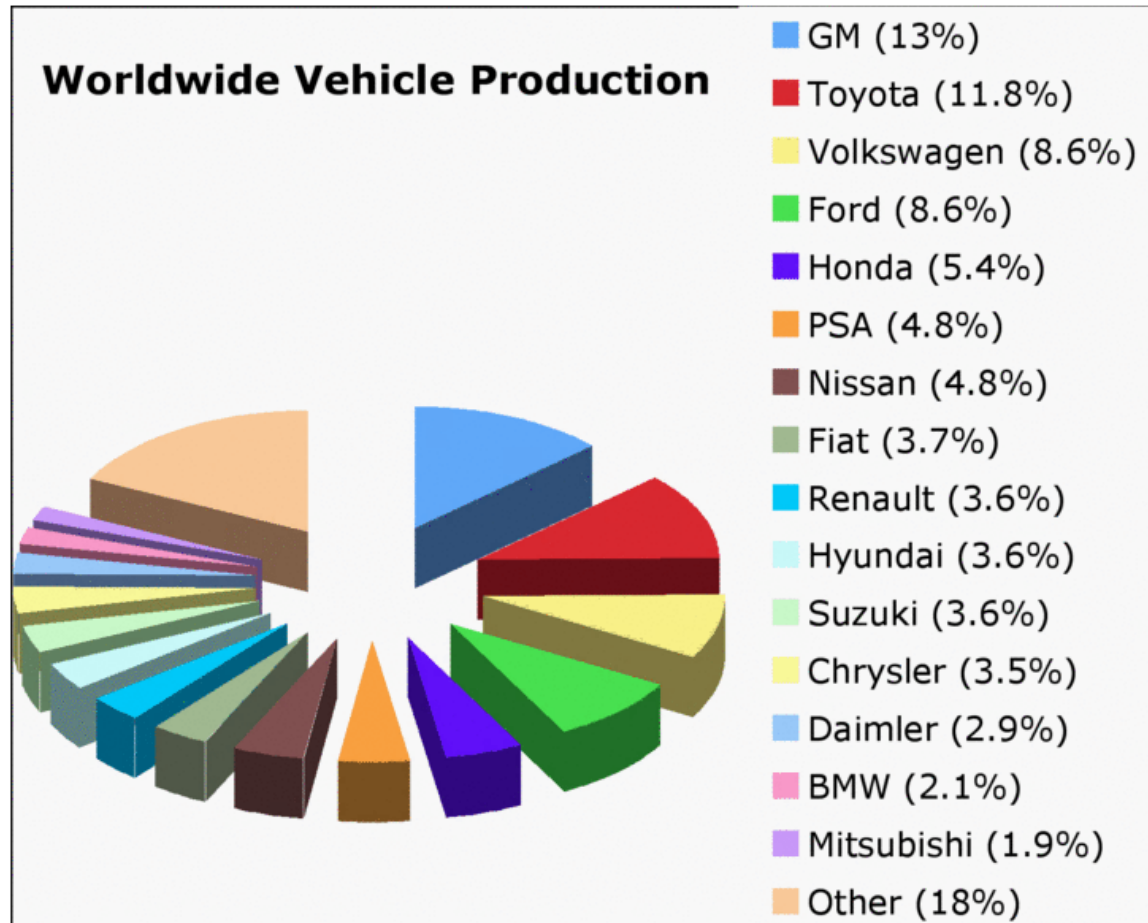
# History

- ▶ 1906: Soichiro Honda was born in Japan.
  - ▶ 1934: "East Sea Precision Machine Company".
  - ▶ 1946: "Honda Technology Research Institute".
  - ▶ 1948: "Honda Technology Research Industry Corporation".
  - ▶ 1949: Takeo Fujisawa joined in Honda as managing director.
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# History Continued

- ▶ **1962:** Honda began to produce automobiles.
  - ▶ **1980:** Soichiro won the American Society of Mechanical Engineers Award.
  - ▶ **1991:** Soichiro Honda died.
  - ▶ **1991:** the sales of subsidiary in U.S. ranked third in American market.
  - ▶ At present, Honda is the largest motorcycle manufacturer and the fifth automobile manufacturer in the world.
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# Worldwide Vehicle Production(2006)



# Global Expansion

- ▶ Not an easy task for any company
  - Cost efficient plant
  - “Glocalization”
    - Maintain qualities of smaller company
    - Stay connected
  - “Green Factory”
    - Adds Value and Loyalty
  - Six Region Global Structure

# Global Expansion Continued

## ▶ Issues

- Failed to understand European Culture
  - R & D
- Oversupply of Vehicles
  - R & D
- Weak brand image in European cultures
- Ineffective advertising strategies and tactics
  - Less attention



# SWOT Analysis

## ▶ Strengths

- Reputation and Brand recognition
  - Brand value worth just over \$19 Billion in 2008
  - Makes high quality vehicles.
  - Awards and Recognition
- Engineering capability
  - Invested \$5.2 billion on R&D, an increase of 6.5%
- Economy looking for fuel efficiency
  - Consumers are preferring small, fuel-efficient cars

# Weaknesses

- ▶ Vehicles somewhat bland
  - Prices for non-luxury cars are higher than competitors
  - Lack style and performance
- ▶ Employee Productivity
  - Make \$.59 Million/employee while Toyota and Mitsubishi make \$.73 and \$.71 million respectively.

# Opportunities

- ▶ Manufacturing different types of vehicles
  - Full-Sized pickups (Ridgeline)
  - Hybrid electric vehicles(FIT)
- ▶ Supply the demand of the Asian market for automobiles
  - Internationals trade going up
    - Demand in China expected to be 6.3 million by 2010
  - Establish production plants

# Threats

- ▶ Recent world-wide recession
  - Try to avoid downsizing or eliminating models
- ▶ Producing a vehicle for the masses
  - Sacrificing affordable for cheap
  - Damage brand name and reputation

# Competitor Analysis

- ▶ Other companies R & D
- ▶ Brand Image
  - Top 4
    - Toyota
    - GM
    - Volkswagen
    - Ford



# Ford



- ▶ Headquartered in Dearborn, Michigan
  - 4<sup>th</sup> largest automaker
  - Flexible fuel vehicles
  - Hybrid electric vehicles
  - Well designed R & D team

# Volkswagen

- ▶ Headquartered in Wolfsburg, Germany
  - 3<sup>rd</sup> Largest automaker
  - Boosted quality
  - Non-stop requirement for new projects
  - American market has been rising
    - 59% over the last 17 years



# General Motors

- ▶ Head quarters in Detroit, Michigan
  - 2<sup>nd</sup> largest automaker
  - Strategically placed markets
    - 34 Countries
  - Customer Satisfaction and Brand Recognition
  - Team work





# Toyota

- ▶ Headquartered in Toyota City, Japan
  - Largest Automaker and Competitor
  - Effective R & D
  - Strong and Aggressive Vision
  - Promotion, Public relations, and Advertising



# Industry Analysis

## ▶ History

- World War II halted production in U.S.
- 1960–U.S. Congress passed first emissions controls
- 1973–Oil Embargo

## ▶ Future Trends

- Shift from high performance to fuel efficient
- Increased technology and computerization
  - GPS
  - Voice recognition software
  - Driver assistance software

# Industry Analysis Continued

## ▶ Global Issues

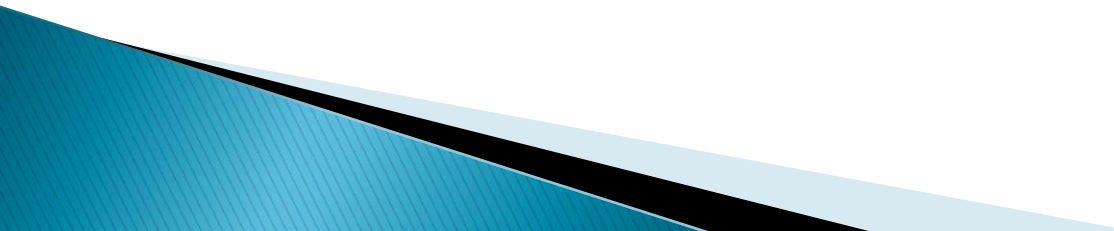
- Global recession is slowing down growth
  - Many incentives to buy
- Overall increase in international trade
  - Memorandum of Understanding with Korea
  - NAFTA
  - Japan Automotive Framework Agreement

# Recommendations

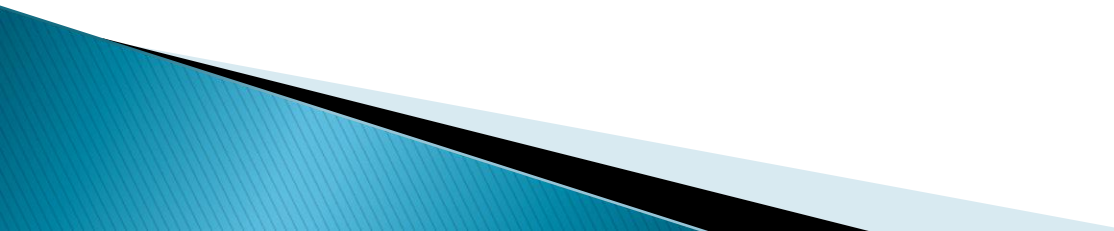
## ▶ Short term

- Strengthen the brand Image
  - Pay great attention to Japanese domestic market
- Focus on the improvement of operational management
  - Expand Production capacity
- Enhancing safety technology
  - Conform to real world situation

# Long-Term Recommendations

- ▶ Follow a strategy of product excellence
    - Expand product line to meet different classes demand.
  - ▶ Reappraise product strategy
    - Focus on “Localization”
  - ▶ Expand Automotive After-market
    - Lateral Expansion
    - Vertical Deepening
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# Conclusion

- ▶ A main global automaker
  - ▶ Fulfilling a social obligation
  - ▶ Harbors idea of “Provides joy to world users”
  - ▶ Product manufacturing & environmental protection
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**Questions?**

