Honda Motor Company Ltd.

Mark Nies
Grant Miller
Zeng, Wangyang (Winnie)
Wang, Xin (Merry)
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.
“Dream” & “Merchandise”

Actively fulfilling a social obligation and exploring the environmental and safe solutions
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.
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.

- GM (13%)
- Toyota (11.8%)
- Volkswagen (8.6%)
- Ford (8.6%)
- Honda (5.4%)
- PSA (4.8%)
- Nissan (4.8%)
- Fiat (3.7%)
- Renault (3.6%)
- Hyundai (3.6%)
- Suzuki (3.6%)
- Chrysler (3.5%)
- Daimler (2.9%)
- BMW (2.1%)
- Mitsubishi (1.9%)
- Other (18%)
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
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 $0.59 Million/employee while Toyota and Mitsubishi make $0.73 and $0.71 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
- 4th largest automaker
- Flexible fuel vehicles
- Hybrid electric vehicles
- Well designed R & D team
Volkswagen

- Headquartered in Wolfsburg, Germany
- 3rd 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
  - 2nd 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
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
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
Conclusion

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