Data response

Toyota in Europe

It could almost be said that Toyota is the world's only truly global car company. In East Africa, in Pakistan and Afghanistan, you won't find many, if any, Audis or Chevrolets - but you will find Toyota Rav4s. Across the world the three great car makers are Toyota, Volkswagen and America's General Motors. The world's most profitable, by far, is Toyota.

Toyota is not especially strong in Europe (844,000 cars sold in 2014) but the European business does make a healthy profit. By contrast General Motors made a loss of $1.37 billion in 2014. Toyota's business success is to see how to make money in a trading bloc.

Toyota first began selling cars in Europe in 1963. Since then, the company has matured into the leading Japanese car manufacturer employing approximately 93,400 people, both directly and through retailer channels. Toyota's operation in Europe is supported by a network of 31 National Marketing and Sales Companies representing 56 countries, approximately 2,700 sales outlets and nine manufacturing plants in seven countries.

Toyota's basic strategy is localisation, adapting its vehicles to meet the specific needs of Europe's varied customers. This means the company's operations in Europe - be they manufacturing, research and development or marketing - are generally located within the continent to serve the local market.

The first Toyota vehicles to be made in Europe were produced under licence in Portugal in 1971. In 1992, Toyota began full production of cars and engines in the UK with the introduction of the Carina. A new Toyota facility in France began producing the Yaris in 2001. In April 2002, Toyota opened a new plant in Poland to build transmissions. Today, Toyota UK builds the Avensis and Auris models that are then exported throughout the EU.

Toyota's diesel engine plant in Jelcz-Laskowice, Poland, began operations in 2005, as did the new vehicle manufacturing plant in Kolin, Czech Republic, which is a joint venture between Toyota Motor Corporation and PSA Peugeot Citroen. Around two-thirds of Toyotas sold in Europe are made in Europe by Europeans.

Questions (40 marks: 45 minutes)

1 Assess the advantages Toyota may gain from making most of its cars for European sale in its own European Union factories. **(10)**

2 Toyota has important research and development centres in Belgium, France and Germany. Assess the importance of locally focused innovation to a business such as Toyota. **(10)**

3 Evaluate the importance to Toyota of Britain remaining within its trading bloc: the European Union. **(20)**