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OF SCIENCE AND TECHNOLOGY**

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SUPPLEMENTARY / SECOND OPPORTUNITY EXAMINATION QUESTION PAPER	
EXAMINER(S)	DR. CHRIS VAN ZYL
MODERATOR:	MR. RAINER RITTER

INSTRUCTIONS
<ol style="list-style-type: none">1. Answer ALL the questions.2. Write clearly and neatly.3. Number the answers clearly.

PERMISSIBLE MATERIALS

1. Toyota case description
2. Business calculator

THIS QUESTION PAPER CONSISTS OF 20 PAGES (Including this front page)

QUESTION 1

Analyse the attached case study “**TOYOTA HILUX**” and present a detailed case analysis report containing reference to all the relevant strengths, weaknesses, opportunities and threats. The recommendations should include suggestions of how the current strategy could be adapted in order to provide **TOYOTA HILUX** with an alternative successful strategy. The suggested changes to the current strategies need to be well justified and motivated. The recommendations should furthermore be very specific about how the strengths and opportunities that were identified to be utilized in order to improve or eliminate the identified weaknesses and to minimize the effect of the identified threats on the enterprise performance.

The following aspects need to be included in your final answer:

- | | |
|--|------------|
| (a) Synopsis or Executive summary; | [5 marks] |
| (b) Comprehensive SWOT analysis; | [30 marks] |
| (c) Business model description; | [10 marks] |
| (d) Current organizational strategic position; | [10 marks] |
| (e) Discussion of the findings; | [10 marks] |
| (f) Conclusion; | [5 marks] |
| (g) Recommendations. | [30 marks] |

TOTAL MARKS: 100

Toyota Hilux: how South Africa's top pickup battled market challenges

Samenthea Pheko, Geoff Bick and Claire Barnardo

On a sweltering summer's day in early December 2014, a mysterious silver tin was delivered to the head offices of Toyota South Africa Motors (TSAM) in Johannesburg. Addressed to the CEO, Dr Andre van Zyl, the unforeseen consequences of this small package on Toyota's brand reputation could ultimately not be assessed. Confused by its unexpected arrival, Dr van Zyl nervously opened it to reveal the blunt message. It read: "#2 place Hilux" on the card and inside it contained a selection of, by then, mostly melted chocolates. Sent from Jeff Nemeth, CEO of Ford Motor Company of Southern Africa (FMCSA), van Zyl too started to feel his body temperature rise. He motioned to his PA:

"Quickly, get Williams for me!"

he uttered tensely.

The arrogance of a market challenger stealing a march on the leader, even for merely a month, was not something that van Zyl would tolerate, after all the effort that he and his team had invested in keeping the Toyota Hilux as number one. However, given the lack of new products to launch or some competitive pricing promotions from the principal, he was unsure as to what counter-attacking initiatives to pursue. How would Toyota regain their position in 2015 as market leader and the best-selling pickup in South Africa?

As Calvyn Williams, sales and marketing manager, swiftly made his way down the golden corridor he wondered what it was that van Zyl so urgently wanted to discuss.

1. Background

1.1 *The automotive industry in South Africa*

The South African economy is globally integrated and market-orientated with a gross domestic product of R3.991bn (US\$307m)[1] in 2015. The manufacturing sector is important to support sustainable growth in the country, and it possesses the highest growth and employment multipliers of all the country's economic sectors. The biggest contributor to South Africa's (SA) manufacturing output and one of the more dynamic parts of the segment is the automotive industry.

Vehicles, such as passenger vehicles, light commercial vehicles (LCV), medium commercial vehicles, heavy commercial vehicles, extra heavy commercial vehicles and buses are produced in South Africa. In 2015, the South African industry offered no fewer than 55 brands and 2,872 derivatives of passenger car models for consumers to choose from making it one of the most competitive trading environments in the world. Toyota South Africa Motors (TSAM) had a market share of 19.9 per cent, which was followed by Volkswagen Group of SA (VW), Ford Motor Company of Southern Africa (FMCSA), and Associated Motor Holdings[2]. TSAM had also maintained their overall market leadership in 2015 for the 36th year running. Toyota's heritage in South Africa spans more than 55 years,

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Disclaimer. This case is written solely for educational purposes and is not intended to represent successful or unsuccessful managerial decision-making. The authors may have disguised names; financial and other recognisable information to protect confidentiality.

and during this time, the Japanese automaker have turned it into Africa's largest manufacturer, South Africa's largest vehicle exporter and the country's biggest investor in the automotive sector.

1.2 Light commercial vehicle segment

The LCV class, also commonly called pickups (or "bakkies" in South African terms), refers to vehicles that weigh less than 3,501 kg. In 2015, there were about 31 brands with 625 model derivatives to choose from in this hotly contested segment of the vehicle market. Many of the brands are from Japanese automakers such as Toyota, Mitsubishi, Isuzu, Mazda and Nissan with the likes of GWM, Ford and General Motors completing the bench (Exhibit 1).

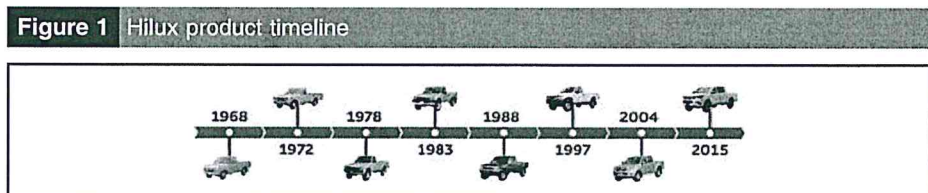
South Africa is known as "bakkie country" because of its wide-open terrain as well as the agricultural industry. It was no surprise then that five locally manufactured LCV models, namely, the Toyota Hilux, Ford Ranger, Nissan NP200, Chevrolet Utility and the Isuzu KB were among the top ten vehicles sold in 2015. Over the years, the half-ton section of the market has been mainly dominated by Nissan and Chevrolet, while Toyota, Ford and Isuzu showed toughness in the one-ton segment. One-ton pickups are in high demand as both recreational and commercial vehicles due to their versatility. Also, the increased refinement and higher levels of luxury, with similar to passenger vehicle comfort of pickups have given rise to their prominence in the South African vehicle market. Pickups have become faithful companions to members of the agricultural sector. The one-tonners serve as tough workhorses to many businesses, while being thoroughly equipped for day-to-day family chores and off-road weekend leisure activities.

Given the love that South Africans have for their favourite companions, the competition in the local segment is tough, with different contenders attempting to topple the segment leader, the legendary Toyota Hilux. The LCV segment can be subdivided into different segments, namely, the Single Cab, Double and Extra Cab segments with each giving way separate battles. Since its introduction in South Africa more than 47 years ago, the Toyota Hilux has continually enjoyed its enviable position as market leader. But there has been a notable change in the shape of its competition. With such intense rivalry many have pondered how Hilux sustained its overall market leadership. Some suggest that it is the one-tonner brand heritage that underpins its success (www.ignitionlive.co.za/shootout-big-bakkie-battle/ for images of vehicles).

2. The Hilux brand

2.1 Hilux "bakkie king"

With a powerful presence in South Africa, one of the flagship brands in Toyota's stable that has helped the company to be the country's most popular automotive brand, is South Africa's best-selling pickup, the Toyota Hilux. The popular one-ton pick-up earned a reputation as one of the most trusted and reliable commercial vehicles in the world. The history of the Toyota Hilux spans eight generations with more than 1 million units sold and the longest-running vehicle model name in the South African market. Hilux wears the crown as "SA's most popular vehicle", a distinction it enjoyed 43 times in 47 years (Figure 1).



The first "Hi-lux" (as it was spelled back then) was introduced around 47 years ago in SA. The name "Hi-lux" stood for "high" and "luxury" which referenced the high comfort and specification level of the vehicle, which was comparable to passenger vehicles at the time. It proved to be the pickup the country had been waiting for and went to the top of the commercial vehicle sales chart in 1970, the year after its introduction[3]. In 1973 the second generation "Hi-lux" model was introduced and became the LCV segment market leader, and would start the legacy of one-ton market dominance. Over time, the Hilux brand became known for its quality, durability, toughness, strength, resilience and sturdiness with many accolades to confirm its legendary status (Exhibit 2). The legendary Hilux also pioneered many "firsts" (Exhibit 2) in the LCV segment and along with its continuous dominance in the segment has earned it the title as "bakkie king". With its legacy firmly entrenched in local vehicle market, it is no surprise that competitors have put Toyota's flagship model under immense pressure to test its resolute as market leader.

2.2 Hilux tough

Toyota has always sought to position the Hilux brand in a way that it connects with consumers on technical, functional and emotional levels. The positioning statement for the legendary bakkie has always involved the element of toughness, which they believe epitomises the one-tonner's DNA. By creating the tough image for the Hilux pickup, the brand was able to give customers the opportunity to express or project an image of their own toughness through the use of the vehicle. The Hilux is a real "toughie", and it displays its toughness through many ways. Like when its toughness was truly tested as Clarkson and Co of BBC Top Gear fame took an old 1988 diesel Hilux bakkie with over 305,000 km on the clock and subjected it to all sorts of physical abuse which it survived. As testimony to the Hilux's never-say-die attitude it now enjoys pride of place in the Top Gear studios and was appropriately dubbed "The Invincible Hilux".

Toyota had always maintained the Hilux image of toughness in its advertising campaigns. In September 2010, they ran the "Hilux Man Up Challenge" campaign (Figure 2). One of the major objectives of the campaign was not only to steal some thunder from the upcoming launch of the VW Amarok but also to test the online platform through the interactive marketing campaign. The idea behind the "Hilux Man Up Challenge" was that participants had to prove how tough they were by collecting "Man points" to win a kitted out Hilux at the end of the competition. Participants had to compete in various challenges, on and offline.

The campaign was launched instantaneously across a number of channels, such as outdoor, radio, television commercials and Web content, with all the communication aimed at driving the consumer to the Man-Up website. Over the subsequent months, television, radio and Web content was continuously updated with more media touch points such as Web banners, print and press advertisements, magazine card drops, emailers, dealership posters and live activations to keep the momentum going. The campaign proved very successful in reaching its target audience and meeting the campaign objectives. The team

Figure 2 Hilux man up challenge



set out to achieve 8,000 registrations on the Man-Up website and ended up with 24,808 registrations with 1,073 Hilux test-drives undertaken. In addition, the campaign helped to expand Toyota's consumer database along with reminding South Africa that the Toyota Hilux was still the vehicle for the "real man".

Through the years, the Hilux bakkie has been described as "Tough", "Tough + Safety" and "Tough, Tougher-er". Over time, Toyota has tried to distinguish itself from other LCV competitors and their own tough statement by also incorporating humour into the Hilux brand – like the "Hilux is not for sissies" television commercial, "Buddy" the charismatic "talking" brindle Boxer dog; and the suburban female who takes on a tougher personality when she uses her husband's Hilux to go shopping. Incorporating humour worked well for Toyota. Despite its no-nonsense approach, the Hilux package has gradually developed over the years to become a complete motoring solution to allow especially the urban pickup owner to bridge the gap between work use and everyday driving needs.

2.3 Hilux owner

As displacement is a major factor in the local vehicle market, i.e. "My engine or bakkie is bigger than yours" and "My bakkie is tougher than yours", it became essential that Toyota create stories which Hilux owners could use to share over their weekend "braai" (barbeque), commonly referred to as "braai talk". The automaker's constant brand awareness campaign through different media channels such as television commercials, radio, billboard advertising and public relations campaigns allows for the message of toughness to come across and gives the Hilux owner exciting stories to tell. By having these bragging conversations and stories to share, the Hilux owner to some extent becomes a brand advocate for the legendary one-tonner.

The Hilux range comprises different Hilux grades such as Single Cab, Double Cab and Extra Cab pickup, it is easy to understand that different customers may exist. The typical profile of Hilux Single Cab and Double Cab owner is a male, aged between 35 and 49 years, full-time employed, with Single Cab owners earning less than R40,000 (US\$3,079) per month, while Double Cab owners earn more than R60,000 (US\$4,618) per month. While most of the Single and Double Cab owner profiles are very similar, the Extra Cab owners appeared to be slightly younger at 34 years old, also males, but who are self-employed and earn less than R40,000 (US\$3,079) per month.

Even though the Hilux pickups are mainly sold through the dealer channel to private customers, it is also sold to fleet customers. The Hilux Single Cab, known as workhorse, remains the number one choice among fleet customers who operate in the construction, farming and mining environment. Fleet customers are price sensitive, and their purchasing decision is highly influenced by the "value for money" proposition along with the critical safety features and reliability of a pickup.

Despite some differences in demographics Hilux owners would agree that quality, durability, trustworthy brand, resale value and toughness are important in their purchasing decision along with off-road usage and the towing capacity of a pickup. In addition, Toyota dealers have indicated that the different grade customers also have different expectations for their Hilux bakkies. For example, Single Cab owners like performance, Double Cab owners prefer powerful engines, while Extra Cab owners like rearward opening doors.

With South Africa being "bakkie country" with a culture of bakkie owners wanting to displace one another, it was no surprise that the demographics for the Ford Ranger, Isuzu KB and the Amarok were very similar to that of the Hilux. The customer profile is male, aged between 35 and 49 years and full-time employed with income between R40,000 and R60,000 (US\$30,794,618) per month. Competitor brand owners also consider safety, security, comfort and other luxury features amongst their highest considerations.

With many similarities, it is clear that brands competing in the one-ton segment of the vehicle marketing were vying for the same customers, which made competition prominent and if necessary marketing warfare.

3. Marketing warfare

3.1 Volkswagen's "Arctic wolf", the Amarok

A fight in the LCV segment began for Toyota with one of their biggest rivals in the South African vehicle market: Volkswagen (VW). Set to launch the much-anticipated Amarok one-ton bakkie (see www.volkswagen-vans.co.uk/en/models/Amarok.html) in November 2010, VW had its eye on the Hilux throne.

The VW's Amarok ("Arctic Wolf") was derived from the language of the Inuit, of Eskimo origins. The name was meant to invoke positive associations with the international market along with establishing a convincing argument that the Amarok should be considered a fierce competitor from the onset in the LCV segment. The much-anticipated Amarok was set to be a game changer in the competitive LCV segment which had been dominated for many years by the Toyota Hilux. Traditionally, the VW brand had steered clear from the LCV segment and was not known for producing big bakkies. Even though VW lacked the experience of participating in this segment, the German automotive giant could not be deterred from making an optimistic projection of the pickup's sales for the first three months at 1,200 units and a modest 4,600 through 2011 to claim 15 per cent of the one-ton Double-Cab market.

Unlike the Hilux which forms part of the Toyota dealer network where passenger and LCV's are sold alongside each other, VW was set to sell their Amarok through its specialist commercial product outlets. With this news, observers were unsure how to interpret their decision, as some speculated that VW dealers were not trained to deal with the pickup customer and that the automotive giant was perhaps still unsure as to whether Amarok was a truck or a pickup.

VW's message to the market, however, focused on highlighting Amarok's design which was aimed at delivering a smaller, but more powerful turbocharged engine with a punt of "small is better" mantra. The intention of the German one-tonner was to drive the notion that the two-litre twin-turbo had more power and a little more torque than the Toyota three-litre and suggested that there was a move in the market towards smaller engines with more power. Many were excited about the prospect of the newcomer and were of the opinion that while Amarok entered the most competitive segment of the market, the vehicle looked better, drove better, was bigger inside and out and its towing capacity was much more than Hilux.

At that time at the Toyota headquarters in Sandton, Dr Andre van Zyl had tasked Calvyn Williams, sales and marketing manager, to develop some counter tactics. Calvyn was reading the same newspaper headlines about the upcoming launch of the Amarok while he waited for his team to arrive. He considered his own concerns regarding the Amarok which was set to invoke positive associations from its German heritage of quality along with higher levels of comfort which may appeal to customers in the LCV segment. As he went over these questions, he remembered that in the local vehicle market, customers are all about the capacity to displace other vehicle owners. Just thinking about the VW's aggressive stance regarding a small two-litre engine with more power and torque, he remembered how important it was for, especially "bakkie" owners, to be able to brag about their engines over the weekend "braai". With a wry smile, he sat down for his weekly coffee meeting with his team and asked:

Gentleman, I hear that there is a wolf called "Amarok" about to enter the Hilux terrain. My question to you today is, whether you think the VW Amarok is a real threat for our tough Hilux bakkie, and how do we deal with this newcomer?

Arno Richards, VP: sales and dealer network stirred his coffee as he considered his answer to Williams' question, and retorted: "only orange juice and milk comes in two litres so don't worry, you won't lose any sleep over the cry of this new 'wolf'".

3.2 Ford Ranger vs Toyota Hilux: it is war!

Following the uneventful launch of the Amarok, Williams and his team thought they could take a quick break, which was not to be, as the market planning department sent through a competitor watch memo (Exhibit 3) of more competitor activity in the hotly contested LCV segment. This time it was Ford Motor Company of Southern Africa (FMCSA) who was ready to take the market by storm with the launch of its new generation Ford Ranger in January 2012. Unlike the Amarok, which was a sheep dressed up as a wolf and posed no serious threat in 2011 with only 4,757 Double Cab sales with 13 per cent of the market compared to Hilux's 14,753 units and 43 per cent of market share (Exhibit 4). The Ford Ranger (Figure 3), on the other hand, was set to harass Toyota and terrorise the loyal Hilux drivers and perhaps even dethrone the Hilux as "bakkie king".

As Williams reviewed the memo, he realised that the Ford engine and towing capacity, aggressive styling and "big and bulky" features would certainly appeal to the local market, and the Hilux, which was then in its seventh year, could battle to sustain its market leadership. Williams further wondered whether the decision to extend the model life of the seventh generation Hilux could come back to haunt them as all the major players in the segment Isuzu KB, Amarok, Nissan Navara and now the Ford Ranger, had improved their product line up over the last couple of years.

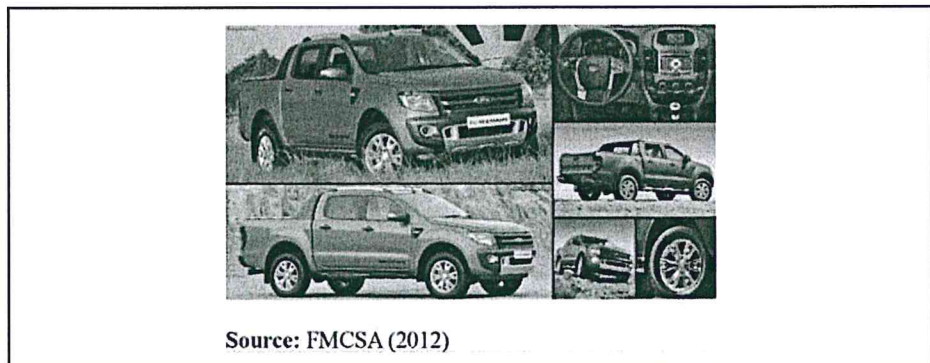
Williams was joined by the rest of his team for an impromptu meeting to discuss the way forward given the competitor alert for the Ford Ranger. Richards asked Williams' permission to start the discussions and in a serious and dramatic tone, he turned to the rest of the team:

I hope you guys have come prepared for battle, because this is warfare! The new Ford Ranger is no laughing matter and we need to think carefully about how we are going to approach this fight. Unlike its predecessor that had no appeal in the market and struggled to sell, the new Ranger is set to throw everything at us and our ageing bakkie to become number one in the LCV segment, he put across.

4. Sales defeat in 2014

Being number one, Toyota was used to fighting off constant market competition. The month-on-month sales between January and October 2014 showed that Hilux continued to lead the way with almost 3,000 units sold each month. The "bakkie king" was set to retain

Figure 3 New Ford Ranger



its throne for the 2014 calendar year. But unfortunately for Toyota, the Ford Ranger was determined to dethrone the king in 2014 even if only for one month.

In November 2014, the National Association of Automobile Manufacturers of South Africa (NAAMSA) figures showed that the Ford Ranger pickup was the best-selling vehicle in the LCV segment with 3,054 units compared to Hilux's 2,897 and thereby toppling the legend by 157 units (Exhibit 5). This announcement meant that the Ford Ranger finally outsold the legendary Hilux which had to settle for the unfamiliar second place.

Chuffed with Ranger's feat over Hilux, the CEO of FMCSA, Jeff Nemeth thought it fitting to surprise the CEO of TSAM, Dr van Zyl, with a holiday treat in the form of a box of chocolates with the message "#2 place Hilux" on it (Plate 1) Dr van Zyl acknowledged Hilux's defeat to Ford Ranger for the month.

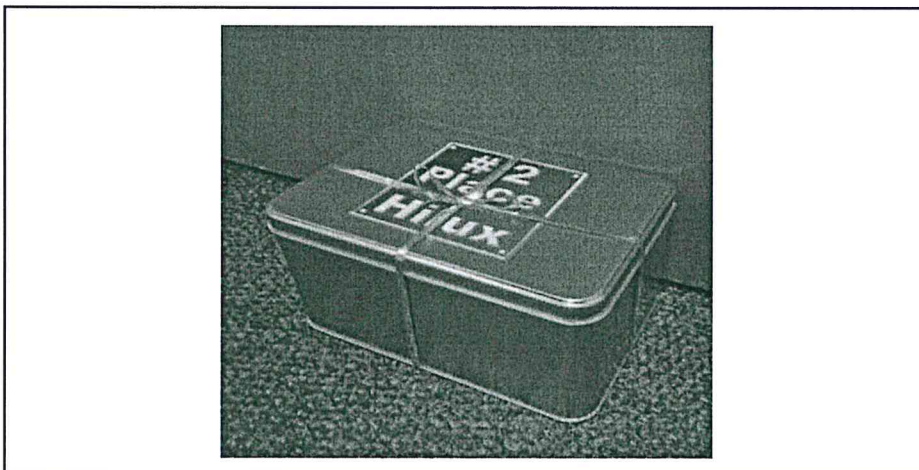
Unfortunately, for Williams and his team, the Dr's restraint was short lived, as he interrupted their monthly sales meeting saying, "Make sure this never happens again!" and left the chocolate box on the floor. With shocked expressions, the sales team inspected the box, and their stomachs turned when they saw the message. Williams called Richards and his team immediately sprang to action and within two hours they launched an incentive programme and sent a bulletin to the dealer network with a special message that read:

Everyone wants to be treated to something special at this time of the year. Occasionally we receive a gift that we could really do without [. . .] with a picture of the now infamous box of chocolates.

Within minutes of the bulletin being released, the sales team was inundated with calls from angry dealers all fired up and ready to fight. As Richards managed the calls from the dealers, he realised that despite the unpleasant nature of this task, Ford's bold gesture had really lit up the fire of the dealers and the spirit of Toyota. He thought about Toyota's special relationship with the dealers and knew that even if competitors go ahead and match all the features of the Hilux pickup they would find it difficult to reproduce the dealer network.

The sales figures for December 2014 were one of the most anticipated for the year. As the team reviewed the results, it was evident that the Hilux pickup had reclaimed its throne, while Toyota secured the title as overall market leader in South Africa for 35 consecutive years, a feat which they were truly proud of. But as Williams thanked Richards and his sales team for their efforts in December, he realised that the fight with Ford Ranger had only

Plate 1 Chocolate box from FMCSA (Dec 2014)



started. With 14 months to go before the new Hilux would be launched, this could be serious and they needed to secure their position.

5. Sustaining market leadership

5.1 Market leadership for 35 years

To celebrate the momentous achievement of 35 consecutive years of market leadership for Toyota in South Africa, Calvyn Williams, sales and marketing manager, undertook to take the dealer network on a special trip in the form of a seven-day Mediterranean cruise. Even though the trip was to thank the dealer network for their contribution to Toyota's success and allow them some down time, Williams thought it would also be an opportune time to rally in the troops and discuss the upcoming year's targets and specifically the threat to the Hilux pickup in its model run-out.

Williams knew that he needed the dealers' assistance to successfully pull off what marked the run-out year of the current generation Hilux, as the new model was only set to launch in another 14 months. He was aware that the Hilux pickup (in its 10th year) would possibly be the most vulnerable and would be Ford Ranger's best chance to topple the "bakkie king".

Adding to competitor onslaught was the challenge to ensure that all the current generation Hilux pickup units were sold before the expected launch date. This was particularly complicated as the international launch of the new generation Hilux was set for May 2015 in Thailand, long before the launch in South Africa. Customers would have access to freely available pictures of the new Hilux range on websites and social media, which would make it a tough task for salesmen to convince customers to buy the old model when the new model was on its way. Before he entered the conference room on the ship to have a business session with the dealers, Williams quickly took down some questions to ask the CEO and the management team upon his return to Johannesburg, which included the following:

- Q1. How are we going to ensure the smooth run-out of the Hilux pickup? How do we avoid stock (inventory) build up especially following the international launch of Hilux in Thailand?
- Q2. What type of strategy (push or pull) should we consider to liquidate our stock and how will we support our dealer network efforts?
- Q3. How are we going to keep our dealers motivated to run-out Hilux successfully?
- Q4. What type of incentive support should we consider? Should we match the competitors' discounts on their pickups? What would this do to the resale values of our pickups?
- Q5. How are we going to prevent customers who may need a vehicle now from going to our competitors, while we still months away from launching our new product?
- Q6. What type of media campaign should we consider for the run out and also the launch of the new generation Hilux?

Williams reviewed the questions he had jotted down and realised that it could not wait until he was back in the office and decided to send an email to his team immediately.

5.2 Hilux "Brand heritage" vs Ranger "Forward momentum"

With time to spare before his weekly sales meeting, Richards decided to read the morning news headlines, discovering to his disappointment, yet another article (Exhibit 6) this time on the Wheels24 website broadcasting the Ford Ranger's record sales of 6,483 units for the month of April 2015. Hopefully, FMCSA would refrain from sending another box of chocolates to the doctor, but he sighed and thought that Hilux managed to stay on top for

many years, yet in the past six months alone the Ford Ranger managed to trump our pickup twice. *We still have long to go before we launch our new generation Hilux, but will it be too late?* Richards knew it could be emotionally devastating for himself, his team and the dealers if Hilux was dethroned as “bakkie king” and therefore they needed to fight to keep the position at all costs and also to protect their pride.

Richards thought about the intense rivalry in the LCV segment and knew he needed to reiterate to his sales team as well as the dealer network that the main objective for 2015 was to ensure that the Hilux pickup stayed at number one even with the constant onslaught from competitors. He understood how important being number one was for the Hilux pickup, as customers would be able to brag about driving the best-selling and number one pickup brand in the country. He thought of the brand promise, which was built on quality, durability and reliability along with the vehicle’s ability to retain value over time with its respectable resale values.

Given the importance of the resale value in the customer’s purchasing decision, Richards and his team had to carefully manage any possible incentive support to ensure that it did not impair the resale value of the vehicle while still stimulating the sales. Due to the aggressive discount support by its competitors, especially Ford with their Truck Month promotions, Toyota decided to also stimulate the Hilux sales with modest incentive support in comparison to their rivals. The Hilux run-out programme took the form of incentive support to the customer and dealer, as well as retail, advertising, to support the campaign to stimulate the sales for the year until all old generation Hilux units were sold. In addition, the sales team were on high alert for their competitors’ activities in the market, as they focused on successfully defending Hilux’s position.

Even though the sales team’s priority was to ensure Hilux remain number one in the LCV segment, the team had another monkey on their back which they wanted to get rid of, their annual sales target. Over the past couple of years, the Toyota sales team had unfortunately missed their annual sales targets set by Toyota Motor Corporation (TMC), despite being the market leader in the South African vehicle market. To restore their standing with TMC as well as to celebrate the run out of the Hilux bakkie, Williams decided to set both his sales team and the dealer network a Daruma challenge for 2015.

5.3 Daruma challenge, let us rise to the challenge!

A Daruma challenge symbolizes the goals and targets that are set by a team to achieve their target. The 2015 challenge was set at an overall 118,400 units by TSAM to achieve their annual sales target and commitment to TMC. The challenge was rolled out to all the dealers in the Toyota network and a tiered target achievement approach was followed based on dealer size, i.e. mega, large, medium or small, which allowed all dealers to participate and also push to achieve their respective targets, which had various pay-out levels based on achievement. Given the enormity of the target, “118,400” units, the programme was launched across the entire Toyota model range to allow dealers to maximize sales opportunities for target achievement.

To show TSAM commitment to dealers and also to lead the charge of the tough challenge, Williams and Richards set out to engage with the dealers by means of a week-long road show across the country. The purpose of the road show was to encourage dealers to take up the challenge and also light up the fire of the Toyota team spirit. Both men were aware of the importance of cohesion among themselves and the dealers, recognizing that the dealer network relationships were invaluable and critical to the success of Toyota.

To further motivate the dealer network, a Daruma doll[4] was issued to all dealers to serve as a constant and visual reminder of their target and to motivate dealer staff to achieve their targets. The Daruma doll is commonly used for goal setting, and considered to be a symbol of perseverance and therefore also serve as a gift of encouragement. Once the goal is

decided, e.g. 118,400, the target is marked on top of the dolls head and the owner paints one eye to indicate that the goal or challenge has been accepted (Plate 2). As soon as the goal is achieved, the second eye is painted to indicate the successful achievement.

During the following months, the dealer network and sales team were energized with the Daruma challenge as well as fighting off the attacks from the Ford Ranger for market leadership. As Richards waited on the NAAMSA flash results for the month of December 2015 and also total results for the year, he was both anxious and also excited. He wondered whether his team, along with the dealer network, had done the unthinkable in respect of the Daruma challenge along with their relentless efforts to keep Hilux at number one. As he viewed the results, he was overwhelmed with emotion, Hilux had once again proven its toughness with a total of 35,684 units sold, remaining the leader for 2015, as well the overall top-selling vehicle in South Africa and also ensuring that TSAM maintained its overall market leadership in 2015 for the 36th consecutive year running.

Remembering the Daruma challenge, he went out of his office to greet his team and confirm the wholesale figures, the final number for the 2015 sales were 119,300 units, exceeding the target set. He called Williams and told him to get his marker ready to colour in the second eye of the Daruma doll, target achieved (Plate 3).

As Williams returned to his office to soak in the team and the dealer network's achievements, he reflected on the tough but rewarding year 2015 has been for Toyota. The challenges the team overcame during the year reflected the team spirit of Toyota and proved that the relationships with the dealers were stronger than ever before. He was especially grateful for the outstanding achievement of the Hilux pickup in the LCV segment as the competition was fierce in 2015, considering the aggressive discounting and advertising on the part of the one-tonner's competitors.

Plate 2 Daruma doll and challenge accepted

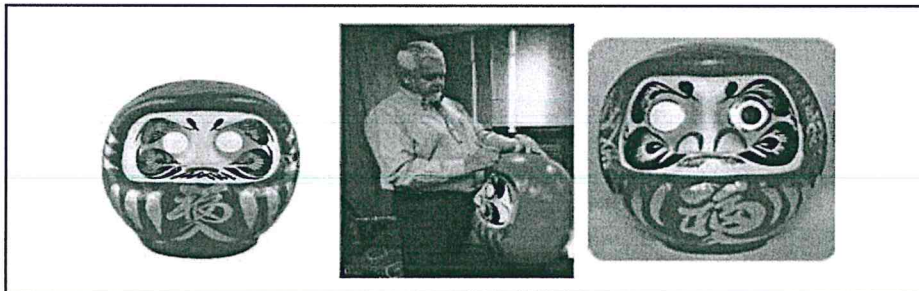
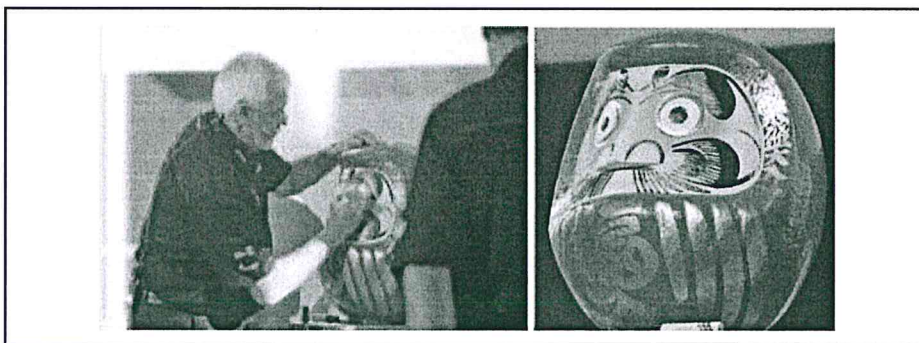


Plate 3 Daruma doll (target achieved)



6. Conclusion

But with the new generation Hilux launch only a few months away, Williams wondered whether he could really breathe a sigh of relief knowing that "A new era of tough" was about to begin. Or were there going to be further counter initiatives from the market challenger, Ford, to topple Toyota Hilux from their market leadership position?

With more European brands, such as Mercedes Benz, Renault and Fiat about to enter the light commercial segment in the next few years, the pickup war looks set to intensify in South Africa. Will the Hilux pickup continue to lead the way in the most competitive segment in the South African vehicle market? The Ford Ranger in particular has made significant inroads by almost doubling its market share in the segment from 10.4 per cent in 2012 to 20.1 per cent in 2015, and as such distinguished itself as a fierce challenger to Hilux in the hotly contested LCV segment. Ford's rise to prominence is evidence of the ongoing battles that market leaders face from rivals which cannot be ignored unless brands are willing to be deposed.

Will Toyota retain their market position and sales figures in light of the competitive landscape? Is there sufficient strength in the brand or loyalty from its owner base to carry it through the next phase? What unforeseen counter moves can be expected from Ford in particular and any of the other LCV suppliers that could dislodge Toyota? The last thing that Williams would want in 2016 is for Dr Andre van Zyl to receive another box of melted chocolates as he had in 2014.

Keywords:
Marketing,
Strategy,
Marketing strategy/methods,
Strategic management/
planning

Notes

1. Exchange rate used US\$1 = R13 when case was published.
2. Automotive Industry Export Council (AIEC) (2016).
3. Toyota South Africa, 2014.
4. A Daruma doll is a Japanese traditional doll which is usually red and depicts a bearded man, the eyes are white so a person can decide on a goal.

Exhibit 1. Market share – light commercial vehicles (LCV)

Figure E1

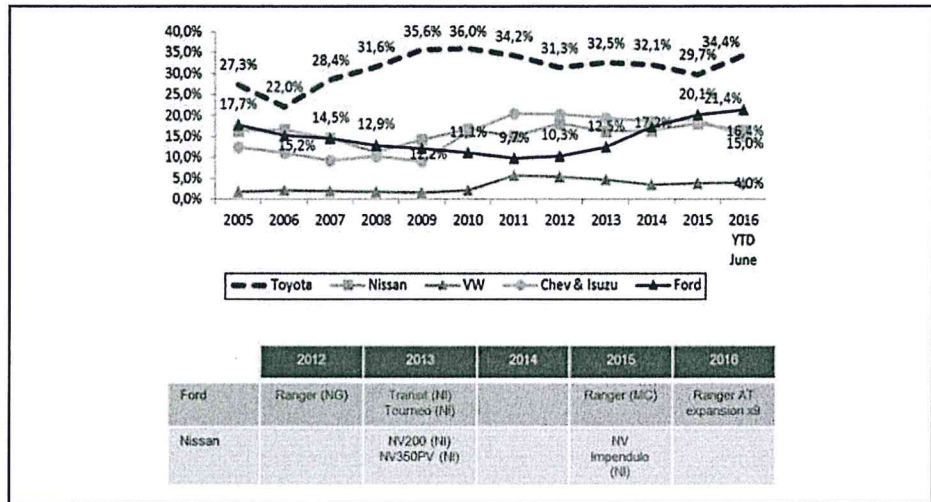



Exhibit 2. How Hilux become a legend!

Year	Milestones
1968	Global production starts, Hilux is introduced to South Africa 1969
1972	Hilux was the first to offer a <i>long-wheelbase</i> in 1972
1973	Second generation Hilux is launched and becomes a top seller
1979	the <i>2,2-litre diesel engine</i> in 1979 was another first for the LCV segment
1980	Hilux becomes the first 4 × 4 variant making its appearance in the local market Toyota was the first manufacturer to offer a compact 4 × 4 bakkie in 1980
1983	Fourth generation is introduced and the first double cabs make their appearance
1984	Hilux continued to lead the way in 1984, when it was the first to offer a <i>double cab variant</i>
1986	First <i>five-speed transmission</i> for a one-ton bakkie in 1986
1989	First <i>diesel 4 × 4 one-tonner</i> offered in SA in 1989
1994	The 400,000th Hilux bakkie is produced in SA and during the 1990s it becomes the second most popular vehicle
1997	Half a million Hilux bakkies production milestone
1998	The fifth generation is introduced and features ABS as well as airbags First to include <i>ABS brakes</i> in 1998 Hilux was the first light commercial vehicle to offer dual front airbags in 1998 The Hilux Raider upped the game in a "first for bakkies", by offering refinement and safety features which had never before been on offer in a bakkie
2003	Toyota South Africa sets a new 72-h endurance record by making eight Hilux bakkies cover a distance equal to circling the globe twice-in three days-this record remains unmatched
2004	The Legend sub-brand is introduced with Legend 35, as Hilux celebrates 35 years of market presence and 32 per cent market share
2005	The seventh generation Hilux brings substantial expansion and investment to the plant in Prospecton
2005	The IMV (Innovative Multi-Purpose Vehicle) concept is introduced and entails building four different body shapes for the local and export markets in the same plant
2009	The popular Hilux Legend 40 is introduced From South Pole to North Pole -in partnership with Arctic Trucks (AT), two AT Hilux vehicles, as part of an expedition organized by the Kazakhstan National Geographic Society, crossed 2 308 k m of the Antarctica High Plateau to the South Pole in just 4.5 days, making it the first time a conventional vehicle had ever traversed the South Pole
2010	Due to high demand there is a second production run of Legend 40 Hilux makes it all the way to Iceland and the North Pole during a ground-breaking Arctic Truck expedition
2011	In 2011 two Hilux AT44 6 × 6 and two Hilux AT44 4 × 4 vehicles (originally built in Prospecton then converted to AT44 specification at TSAM's Sandton workshops) saw a team from Extreme World Races (EWR) set another new world record for the fastest time to reach the North Pole, which took only 47 h; of which only 17.5 h were spent driving
2012	Hilux enters the Dakar rally with two specially built Imperial Toyota off-roaders which end in a podium finish, and the Hilux Dakar edition is launched
2013	Manufactured at Toyota's Prospecton Plant, 72 877 Hilux units are exported to 67 countries
2014	Hilux is South Africa's top-selling vehicle across all segments with 37 561 units sold the Legend 45 package is launched
2015	In 2015 another world-first for bakkies was introduced-Intelligent Manual Transmission or i-MT is an "intelligent" manual transmission which helps eliminate shift shock by matching engine revs to the transmission speed
2015	Overall best-selling vehicle in SA in 2015 (in its run-out year)


Exhibit 3. Competitor watch: Ford Ranger new generation (October 2011)

Figure E2


COMPETITOR WATCH: FORD RANGER NEW GENERATION



Double Cab
"This is the one the others will follow. The comfort on the inside isn't just about the finish and features. There's more space all round, with the best legroom in its class in the back, so everyone's happy. Larger rear doors make it easier than ever for everyone to get in and out and with more storage than its competitors".
www.ford.co.za



Super Cab
"All new Ranger's longer wheelbase means more space all round. Even in the back. And with rear doors that open towards the back and no fixed pillar blocking the way, getting the stuff you need in and out of the back quickly is effortless. There's plenty of practical storage, including two covered compartments in the floor, so you can fit more in." www.ford.co.za



Single Cab
"When you choose the Single Cab it's all about the job at hand, with 16% more cargo volume it doesn't mean you should compromise on comfort. New Ranger Single Cab is big enough to get the job done and deliver an easy going, roomy ride".
www.ford.co.za

MEDIA COMMENTS

"The new gearbox can also deduce whether the bakkie is going uphill or downhill - and how steep it is - by assessing the engine torque. The transmission uses this information to adjust the shift points to suit the level of gradient. The transmission is also programmed to hold a gear when going around a corner at high speed". www.motoring.co.za

"All-new Ranger can also haul exceptionally heavy loads, with a towing capacity ranging up to a best-in-class 3,350kg, and an outstanding payload capacity of up to 1,333kg on models with the 2.2-litre diesel engine".
www.overdrivev.co.za

"The new Ranger will initially be available with two new Ford Duratorq engines: a 2.2-litre (110kW and 375Nm) and a 3.2-litre (160kW and 470Nm). From our experience driving the 2.0 twin-turbo diesel in the Amarak, we'd recommend the bigger engine, as when the engine is off boost there's just too much car for the power available".
www.overdrivev.co.za

(continued)

Figure E2

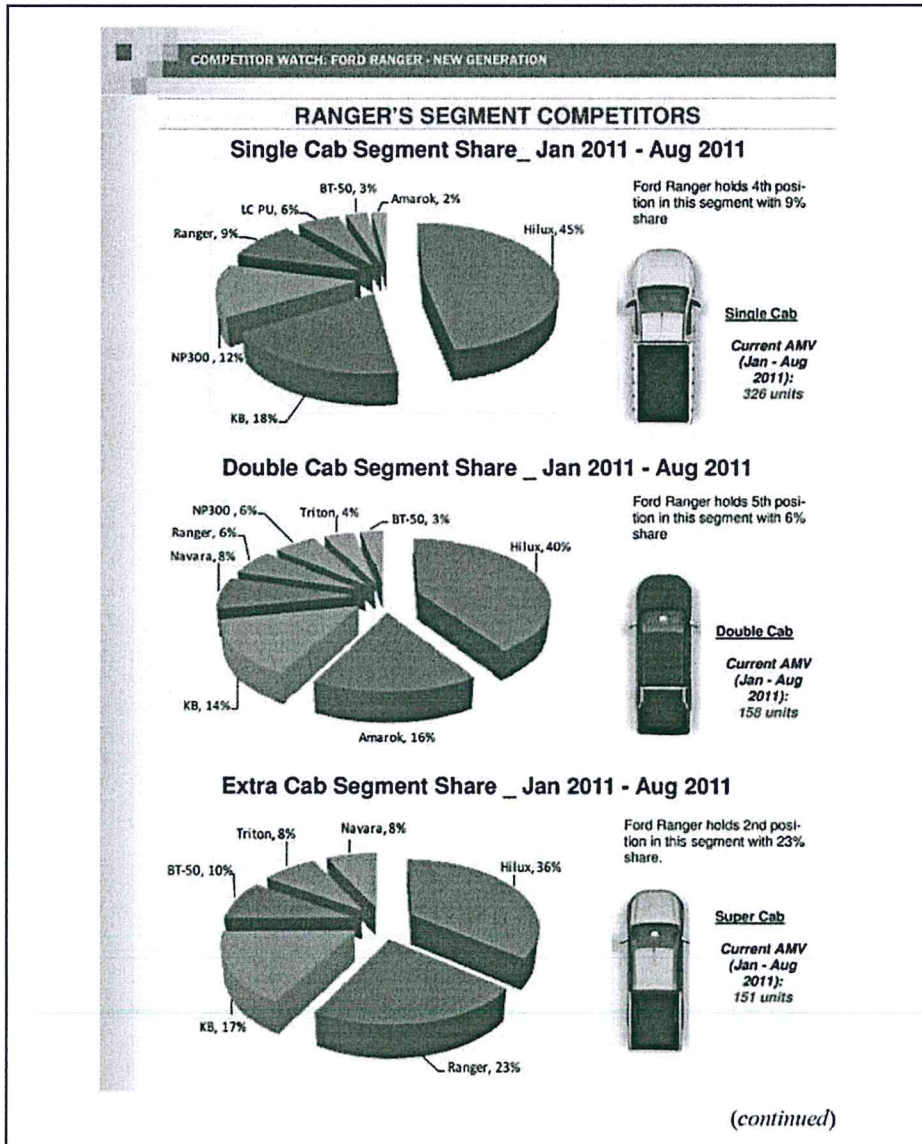


Figure E2

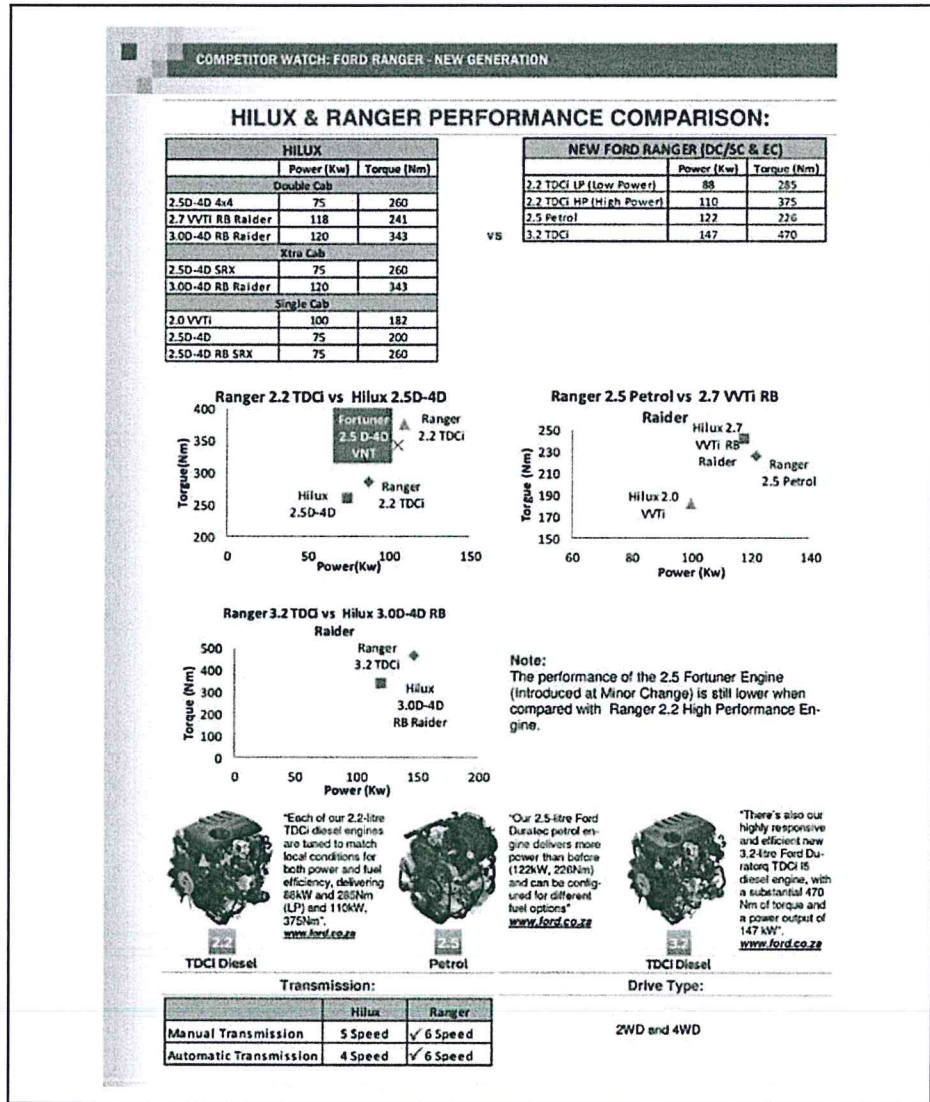


Exhibit 4. 1Ton Segment Hilux double cab and competitors

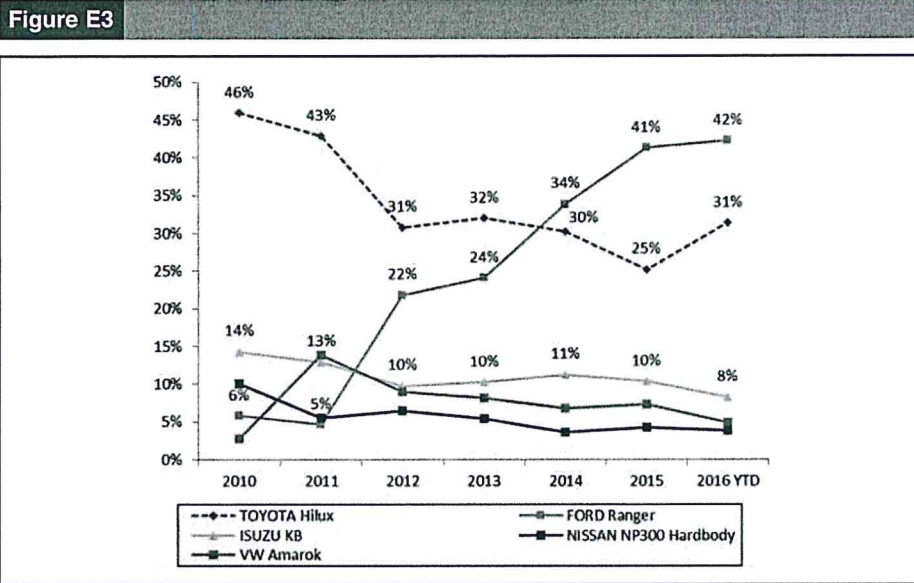


Exhibit 5. Hilux dethroned: SA has new top Bakkie?

Figure E4

Hilux dethroned: SA has new top bakkie
2014-12-02 17:54

CAPE TOWN - Earlier in 2014, Wheels24 reported on **Toyota remaining SA's No.1** automaker after 34 years with its Hilux continuing to be overall market leader for commercial vehicles.

In November 2014 however, SA's most popular bakkie was trumped by **Ford's Ranger**.

TOP LOCAL BAKKIES

The National Association of Automobile Manufacturers of South Africa (Naamsa) figures for November 2014, revealed the Ranger bakkie to be the best-selling vehicle in the light commercial class with 3054 units sold to the Hilux's 2897.

Ford SA's vice president of marketing, sales and service, Mark Kaufman, comments: "We're thrilled that South Africans continue to show such confidence in Ford's products, especially our locally produced Ranger."

"We are exceptionally proud of our Ranger's achievement as it was South Africa's best-selling pick-up for the first time and topped 3 000 unit sales for the second consecutive month."

Notes: Lightstone AUTO.is the independent provider of the South African new vehicle sales information to the Department of Trade and Industry (DTI) and the automotive industry

SHARE:

TOP BAKKIE IN NOVEMBER: The Ford Ranger has dethroned Toyota's Hilux in November 2014, reports Naamsa. Image: Ford

Related Links

- Naamsa: New car sales decline in Nov
- Super September for SA car sales
- Exports perk up poor August vehicle sales

Exhibit 6. No fluke, Ranger outsold Hilux again!

Figure E5

Was a fluke? No, Ranger tops Hilux again

2015-05-08 10:56

- Ford grabs highest market share
- Ranger dethrones Hilux
- Ford post sales increase

Back in November 2014 Ford's popular Ranger beat arch-rival Toyota's Hilux as the top-selling bakkie in South Africa. Now its gone and done it again...

Its April 2015 sales not only trumped the Hilux for the second time but also took the title of SA's top-selling vehicle, according to Naamsa.


Ford SA posted stellar April 2015 sales, headed by its Ranger, to record its best-yet market share and highest April sales with 6483 units.

Ford increased its volumes by 24.5% compared to the same period in 2014 and claimed an overall market share of 16.3%.

SA'S TOP BAKKIE

The Ranger, assembled at Ford's Silverton plant near Pretoria, was tp in the light commercial vehicle (LCV) segment with 3095 sales - the second time it has reached the top of the total vehicle sales list.

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SA'S NEW FAVOURITE BAKKIE? Ford's Ranger bakkie has toppled Toyota's Hilux from its pedestal a second time as South Africa's top-selling bakkie.
Image: Ford

Related Links

- Entries open for Namib Ranger Odyssey
- Next Ranger bakkie for SA unveiled
- 2014 car sales: Ford SA's best year yet

Notes: Lightstone AUTO.is the independent provider of the South African new vehicle sales information to the DTI and the automotive industry

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