

<p>Institution: Loughborough University</p>
<p>Unit of Assessment: C19 Business and Management Studies</p>
<p>Title of case study: Transforming the Approach to Brand Display in the World’s Largest Automotive Manufacturer</p>
<p>1. Summary of the impact</p> <p>Loughborough University research into strategic marketing and customer engagement has resulted in the development of the Toyota Retail System (TRS), a comprehensive benchmarking toolkit for the retail activities of the world’s largest automotive company. TRS has provided Toyota with resilient practices and a structured approach to merchandising across its dealer network, including customer interaction and showroom layout. It has also been used to analyse and transform Toyota’s displays and presentations at the world’s leading motor shows. TRS is now available to Toyota personnel and affiliates in more than 150 countries and has been described by the company as “fundamental” to its continuing success.</p> <p>2. Underpinning research</p> <p>The Toyota Production System (TPS) is a process-driven, production-orientated approach to the delivery of continuous improvement and the elimination of manufacturing faults. It has been central to Toyota’s rise to its present position as the world’s largest automotive manufacturer. In 2004 researchers at Loughborough University, led by Professor Jim Saker (in post from 1989-present), were asked to help develop a similar system to optimise the company’s customer-facing activities.</p> <p>This work began by drawing on Saker’s earlier research, carried out in the mid-1990s with Gareth Smith (Lecturer, Senior Lecturer 1988-2011), into culture-driven strategic market planning (SMP). Saker and Smith investigated the appropriateness of conventional SMP and its relationship to an organisation’s culture, using social theory/organisational behaviour and generic strategic planning to develop new insights into the debate [3.1]. These insights were important in understanding the cultural dimensions that underpinned TPS and determining how such a manufacturing-based system could be applied in a sales and marketing context.</p> <p>The first phase of research carried out in collaboration with Toyota took place between 2004 and 2006 and involved Saker, Gary Reed (RA, Lecturer, 2004-2009) and Vicky Story (PhD Student, Lecturer, 1994-2008). With customer interaction a key consideration, it was imperative that the system was designed to encompass the attitudes and personality traits of car sales people. A wide-ranging sectorial study, published in 2005, highlighted the respective roles of two aspects of “adult playfulness” in determining sales success, suggesting that “fun-loving” leads to a learning orientation, adaptive selling and increased job satisfaction while “frivolous” negatively impacts on job performance [3.2].</p> <p>Another vital element of the system’s development was the extent to which information technology should be embraced as part of the sales process. Research carried out at three Toyota dealerships – in Cardiff, Brussels and Madrid – investigated this aspect by examining how the introduction of a computer-assisted selling process (CASP) influenced customer perceptions of the overall purchasing experience. CCTV observation and interviews with staff and visitors revealed greater use of IT was well received by customers [3.3]. Further research – including interviews with dealership managers and employees, questionnaires and focus groups with existing customers – showed CASP not only improved customers’ general perceptions but also enhanced the effectiveness of sales staff [3.4].</p> <p>A final element that the new system needed to take into consideration was the customer’s perspective on the complexity of the act of buying a car. Meetings and interviews with a number of manufacturers established that all new car launches tended to send the same marketing message to all customers and did not necessarily take into account how consumers might respond to novel products. It was argued that marketing departments would be able to embark on more appealing launch campaigns if they were to measure and capture more relevant information pertaining to consumer characteristics such as familiarity, expertise and involvement, so allowing them to better</p>

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understand a product's appeal to a segment of the market rather than its entirety [3.5].

Each of these research themes and the insights and findings derived from them ultimately helped inform the development of what came to be known as the Toyota Retail System.

3. References to the research

The publications from this research are published in appropriate high level mainstream business journals.

- 3.1. Saker, JM and Smith, IG (1997) Towards Culture Driven Strategic Marketing Planning: The Use of Participatory Action Research, *Journal of Strategic Marketing*, 5(3), 127-141, ISSN: 0965-254X. DOI: 10.1080/096525497346767
- 3.2. Maxwell, S, Reed, JM Saker, JM, Story, VM (2005) The Two Faces of Playfulness: A New Tool to Select Potentially Successful Sales Reps, *Journal of Personal Selling & Sales Management*, 25(3), 215-229, ISSN: 0885-3134. DOI: 10.1080/08853134.2005.10749060
- 3.3. Reed, GM, Story, VM, Saker, JM (2004) Information Technology: Changing the Face of Automotive Retailing?, *International Journal of Retail & Distribution Management*, 32(1), 19-32, ISSN: 0959-0552. DOI: 10.1108/09590550410515524.
- 3.4. Taylor-West, P., Saker, J.M. (2012). "Computer Assisted Sales Processes in Automotive Retailing", *International Journal of Retail & Distribution Management*, 40(7), 493-509. DOI: 10.1108/09590551211239828
- 3.5. Taylor-West, P., Saker, J.M., Champion, D. (2013). "Segmenting for complexity; persuading people to buy what they don't understand", *Journal of Strategic Marketing*, 21(4), 332-346. ISSN: 0965-254X. DOI: 10.1080/0965254X.2013.790470

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G3.1. Project Fund Holder: Professor Jim Saker

Title: Monitoring the Toyota Retail System Implementation in Europe

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4. Details of the impact

Developed as a result of Loughborough University's research, the Toyota Retail System has been used on an increasingly widespread basis throughout the impact period. It is now available through the company's Global Knowledge Centre and has been described as "fundamental" to Toyota's status as the largest automotive manufacturer in the world.

The results of the project were first collated and developed into a guide to good practice on a dedicated TRS website coordinated by Toyota Motor Europe. They were then incorporated into the corporate publication *Toyota in Europe*, in which TRS was used to support Toyota's "customer first" initiative. Writing in *Toyota in Europe*, Toyota Motor Europe's President and CEO noted that the company's success "requires that our people be the best trained and motivated in the industry and our facilities, equipment and processes second to none". Acknowledging TRS as TPS's retail equivalent, the publication said: "TRS aims to achieve efficiency in retailing while at the same time delivering the best purchase and ownership experience for our customers." TRS was immediately installed as a cornerstone of Toyota's retailer training, with *Toyota in Europe* describing the system as "an effort to apply key lessons learned from TPS to the retail environment" [5.1]. The Director of Marketing and Communications at Toyota's Global Knowledge Centre (GKC) has confirmed TRS's "significant impact" on Toyota's training material [5.7].

In 2009 and 2010 Toyota's National Marketing and Sales Companies implemented TRS as a benchmark of good practice in the development of their dealer networks across Europe. This process influenced every area of the retail experience, including showroom layout, display analysis, merchandising, customer process interaction and areas such as standards for activities (e.g. test-drives). The Director of Marketing and Communications at the GKC has acknowledged

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the research's role in developing "benchmark standards... across all Toyota dealerships", adding: "TRS allows us to have a resilient retail customer experience, which has allowed us to grow to become the largest motor company in the world." [5.7]

Concomitantly, Loughborough University's research team further refined the system through a series of innovative experiments carried out at Le Rendez-Vous Toyota, a dealership on the Champs-Élysées in Paris. Le Rendez-Vous is the equivalent of a brand laboratory in which current and concept cars are displayed but not for sale. Tests were conducted to assess the existing methodology and to evaluate the effectiveness of new retail ideas, including how to apply Toyota's values across different national cultures and the success of visitor interaction with displays explaining concepts such as hybrid technology in cars [5.2]. Le Rendez-Vous's manager has described Loughborough University's work as "invaluable", observing: "The team helps challenge what we do, and as a result we develop better ways of going forward." [5.8]

The work at Le Rendez-Vous led in turn to the transformation of Toyota's stands at the Paris, Frankfurt and Geneva Motor Shows [5.3, 5.4, 5.5]. Using TRS principles to rethink display concepts, improvements were made both to displays and to presentations. The Loughborough University research team's evaluations included assessments of the major press conference held at each show, monitoring of crowd numbers during specific activities and analyses of competitor performance. At the Geneva Motor Show in March 2013 the Toyota stand, incorporating improvements informed by TRS, beat its main rival, VW, in visitor numbers per exhibit for the first time since the project began [5.6]. The Director of Marketing and Communications at the GKC has noted: "Motor shows are very expensive for the manufacturer, and following a clearly researched process to improve their effectiveness is vital... The principles and understanding generated in Geneva, Frankfurt and Paris are being fed back into the Knowledge Centre and can then be applied more widely within the organisation." [5.7]

As well as being embraced across Toyota's European operations, TRS is now available through the GKC. Based in Los Angeles, the GKC serves as a forum for learning and sharing best practice from various countries and regions and aims to help distributors around the world develop personnel and improve sales and marketing methods while respecting local values and cultures. This means the best practices central to TRS are now available to Toyota staff and affiliates in more than 150 countries. The Director of Marketing and Communications at the GKC has remarked: "The TRS project... has shaped what we do as a company at the retailer/customer interface globally. It is a fundamental key to us being the largest automotive company in the world." [5.7]

5. Sources to corroborate the impact

The following sources of corroboration can be made available at request:

5.1. Toyota in Europe (March 2008; see, for example, pages 36 and 62)

Internal Company Reports on the following:

5.2. Research at Toyota Rendez-Vous, Paris**5.3.** Report to Toyota Motor Company in Japan on the Paris Motor Show 2010**5.4.** Report to Toyota Motor Europe on Frankfurt Motor Show 2011**5.5.** Report to Toyota Motor Europe on the Geneva Motor Show 2011**5.6.** Report to Toyota Motor Europe on the Geneva Motor Show 2013**5.7.** Letter from Director of Marketing and Communications, Toyota Global Knowledge Centre**5.8.** Innovative Manufacturing and Construction Research Centre web pages: High performance models - <http://www.lboro.ac.uk/eng/research/imcrc/brochure/first-edition/high-performance.html>