



慶應義塾大学ビジネス・スクール

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How Toyota Created Lexus

—The Development of Luxury Cars and the Cross-organizational Development of Brand Marketing—

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“A Japanese Premium Brand.” The Toyota Motor Corporation (hereinafter, Toyota), with a turnover in the vicinity of 24 trillion yen, operating profit of approximately 2.3 trillion yen and worldwide car sales figures of 8 million in 2007, launched the Lexus brand onto the Japanese market in August 2005. There were two reasons behind this. The first was the sense of impending crisis that emerged in 2000 about what the future held in a decade’s time. One cause of this sense of foreboding was the polarization of consumption in the Japanese market; that is, the tendency for medium-sized car customers, traditionally a Toyota stronghold, to be more inclined to “slightly smaller” or “slightly larger” cars. Another reason was the ascendance of imported cars on the luxury car market which saw the share of this market held by Japanese cars slump to approximately one-third in the five year period from 1990. The third factor was the declining preference for Toyota cars in the 30–40 year age group, and a fourth element was the feeling of helplessness that arose from the preceding factors.

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The second reason for the launch was the need for the Lexus on the Japanese market. Born and developed over 16 years in the United States, the Lexus had a special image in that country that “it’s not a Toyota, it’s a Lexus.” In Japan, however, the same cars were on the roads, not as Lexus cars, but bearing different names and a Toyota badge. For example, the LS was known as Celsior, the SC as Soarer, and the ES as Windom. The Lexus brand, however, needed to be created afresh in the Japanese market, rather than it simply being a reverse import from the United States.

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This case has been compiled by Professor Haruo Takagi and Professor Akihiro Inoue of the Graduate School of Business Administration, Keio University, based on “Toyota wa Doyatte Lexus wo Tsukuttanoka—“Nihon-hatsu Sekai e” wo Jitsugen shita Toyota no Soshiki Noryoku” [How Toyota Created Lexus—Toyota’s Organizational Ability for Realizing a Launch from Japan to the World], (Diamond Inc., 2007), published data and the results of their own surveys. It is a teaching material prepared to facilitate class discussion and, as such, is not a commentary on the quality of management in any way. Our gratitude to Akihiro Nishimoto, Ph D candidate in the Graduate School of Business Administration, Keio University, for his cooperation in the collection and collation of published materials.

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