

# HONDA



**Official name:** Honda Motor Company Ltd

**Owned by:** Financial institutions plus public shareholding.

**Current situation:** Honda is world's fifth-largest car manufacturer by revenue and is also the world's largest motorbike manufacturer.

Honda has around 8% of the critical American and Chinese markets.

Honda is a mature company which builds above-average cars and has the respect of consumers globally.

However, into the longer term, Honda, like every other manufacturer, lives in fear of a downturn in the Chinese and American economies. Chinese companies are likely to try and win Honda's market share in China and the USA.

**Chances of survival:** good, provided Honda can keep keep selling into its key markets •

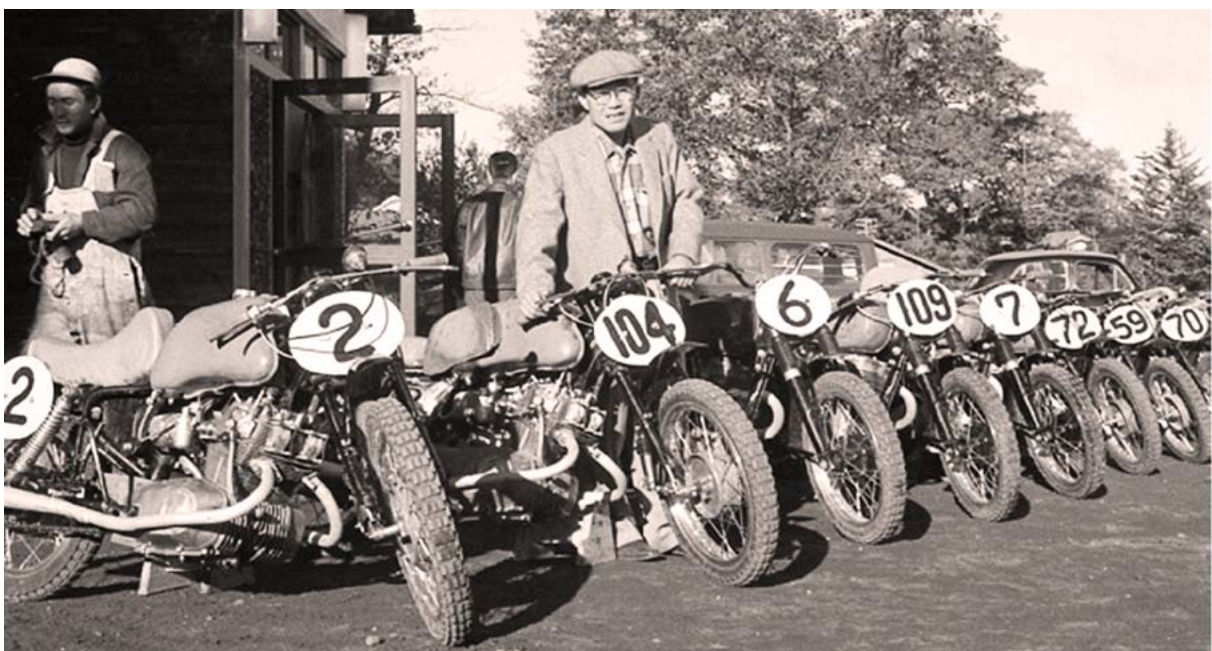


# A brief commentary on Honda



**S**OICHIRO HONDA was a mechanic who came up with an innovative design for piston rings. After selling his idea to Toyota in 1938, Soichiro set up a factory to make these piston rings. Unfortunately, war intervened and the factory was bombed flat.

After the war Japan urgently needed cheap, reliable transport and Mr Honda was the man for the job. He quickly became famous for his carefully constructed motorbikes.



In 1958 Honda began exporting to the US, and re-introduced motorcycling for the American masses. Honda motorbikes were utterly characterless, but they were cheap and reliable, which appealed to young and broke suburbanites.

Honda's first American bike – the C100 Super Cub – sold 50 million units worldwide, making it the bestselling motorcycle in history. Even today, descendants of this motorbike are still in daily use.



Although Honda began making light and tinny road cars in the early 1960s, it was the Honda Civic that established Honda motorcars in the West. Honda's timing was perfect: despite the Civic's tiny size and dubious crashworthiness, it hit the market just in time for the 1973 global fuel crisis.



Honda Civics sold in droves. The larger Honda Accord followed in 1976.





Honda president Soichiro Honda & his vice-president show their deep distress at the fall of the American car industry.

In 1982, Honda was the first Japanese car manufacturer to build a car plant in the US. This made it more difficult for American carmakers to brand Honda as a foreign invader.

Honda went from strength to strength.

It took a while for Honda to get its product right. Early Hondas were lightly built and terribly unsafe. They also rusted badly. With time and lots of trial and error, Honda sorted these issues. By the end of the twentieth century, Honda was a major global carmaker.



**The Honda *Fuya Jo* concept car.** First shown at the 1999 Tokyo Show, the Fuya Jo was designed for the party animals of the 21st century. Featuring a dashboard designed to resemble a DJ's mixing desk and a steering wheel shaped to look like a DJ's turntable,

Honda described this car as: “short yet tall 4-seater that induces the same kind of experience as riding skateboards or roller blades, or dancing in clubs.” You get the impression that there are still some serious fruitcakes working in Honda's design department.





Hondas are beautifully engineered cars with a definite ‘use-by’ date. They glide effortlessly along the road, offering both excellent performance and economy, and unless you fail to service them, are among the most reliable cars available – until they reach the end of their useful life.

The end of their useful life is somewhere between 120,000 and 200,000 kilometres, and it is an optimist who owns one after this.

That’s why it’s rare to see a Honda taxi.

It’s not that Hondas aren’t well built; they’re beautifully built, but they’re a consumer item, designed to give a decade or so of absolutely troublefree use, after which you trash the old one and buy a new one.

When a Honda has exceeded its useful life, not only does it become unreliable, but it is sometimes horribly expensive to fix. Hondas may be built like a Swiss watch, but a Swiss watch is complex and often difficult to repair.

You have been warned •

