GAP JAPAN 2004

Japan - Auto Aftermarket Size and Structure 2004

SAMPLE PAGES

(Global Auto Aftermarket Panel)

SECTION 1 - EXECUTIVE SUMMARY

Table 1 Market at a glance in Japan

Passenger car parc (units)	X
Average car age	X
New car sales (units)	X
Used car sales (units)	X
Parts manufacturing (Yen billion)	X
Parts aftermarket (Yen billion)	X
% new OE parts	X

(Source: GAP 2004)
Data refers to 2002 unless stated otherwise

Aftermarket size

The auto parts' aftermarket in Japan is worth Yen x billion a year. It has been falling by about y% each year, due to improvements in parts' quality and more recently the downturn in the economy. Positive factors in the parts' replacement, and the repair and maintenance aftermarket is the system of mandatory inspection (Shaken). This ensures strong sales of original equipment (OE) parts. OE parts represent x% of sales of replacement parts.

Numbers of players

The many thousands of players active in the auto aftermarket in Japan include: parts' makers, parts' distributors, dealerships and service providers (over x). The larger players, that is and repairers who are taking share from the small-sized repair shops.

Main players

The auto market continues to be dominated by large Japanese companies, among them Toyota and Nissan. Foreign cars only account for x% of the y-million strong car parc. Japanese companies are active in many industry sectors in the auto markets, for example, car and parts manufacturing, insurance and auto services.

Currency

Currency used throughout report is the Japanese Yen. Rate of exchange US$ 1 : Yen 117

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SECTION 2.2 AFTERMARKET PARTS' SUPPLY/DISTRIBUTION

Table 13 Leading distributors, sales and network
(Sales Yen million)

Rank	Company	Sales	Centres
1	X	0.y	X
2	X	0.y	X
3	X	0.y	X
4	X	0.y	X
5	X	0.y	X
6	X	0.y	X
7	X	0.y	X
8	X	0.y	X
9	X	0.y	X
	Total	**Y**	

(Source: GAP 2003
*Includes sales of Nissan x, see below.

The leading distributors of OE parts are the domestic car and car parts' manufacturers. Their supply network is from distribution centres, which are based in prefectures, or administrative units, and they in turn distribute to smaller stores.

Some domestic car makers have established companies to market "second brand" parts and accessories. They include:–
•x established by y, with x and x.
•y established by x.
•x retail stores established by y.

Table 14 Toyota parts' distribution network by region

Region	Distribution Centres
E	1
E	6
E	8
E	8
E	5
E	3
E	1
E	5

(Source: GAP 2004)

Table 18 Parts', imported companies ranked by sales

(Sales Yen)

Rank	Company	Sales
1	VW Volkswagen	X
2	Daimler-Chrysler	X
3	BMW	X
4	Ford	X
5	PSA	X
6	General Motors	X
7	Fiat	X
8	Hyundai	X
9	Renault	X
10	Porsche	X

(Source: GAP 2004)

Parts for imported cars are supplied to the aftermarket through distribution centres which sell to affiliated car dealerships, auto parts' retailers, and independent repair outlets.

Table 19 Parts' distributors (non-OE) ranked by sales and network

(Sales Yen million)

Rank	Company	Sales	Centres
1	X	Y	Y
2	X	Y	Y
3	X	Y	Y
4	X	Y	Y
5	X	Y	Y
6	X	Y	Y
7	X	Y	y

(Source: GAP 2004)

The x largest distributors of non-OE parts have combined sales of Yen y million and they operate a total of x distribution centres, or hubs. Although some sell parts for imported cars these sales are not significant. For names of other parts' distributors see Section 3, Profiles "Parts distributors – Wholesalers."

Table 20 Auto paint companies sales (2002)

Rank	Company	Yen million
1	Y	X
2	Y	X
3	Y	X

(Source: GAP 2004)

(Source: Japan Association of Paint Manufacturers)

SECTION 2.3 NOT-NEW PARTS

Size of the not-new and "illegal" market

The not-new parts' market in Japan includes both previously used and remanufactured (recycled) parts. This market is small due to the regulatory system. Although it has been partially deregulated the mandatory car safety test ("Shaken") continues to restrict the use of not-new parts and require the frequent purchases of new, OE parts. The latter must be used to replace major safety-related components (juyo hoan), that is, the parts on the so-called "critical list".

Campaigns (for example, by the Ministry of Transport, the Environment Agency, and car insurance companies) to increase sales of less expensive not-new parts have not been very successful. The campaigns focused on parts on the so-called "non-critical" list, such as car bumpers, hoods or bonnets, front-fenders, and doors. (For more information on the critical list parts see "Appendix Regulatory Environment – Aftermarket repair facilities and parts."

The implementation of the Automobile Recycling Law, which comes into effect in 2004 may increase sales of remanufactured parts, largely by offering discounts to car owners when those parts are fitted.

There is no illegal market in Japan due to strict enforcement of regulations and negative consumer attitudes to illegal parts, such as counterfeits.

SECTION 2.4 INSURERS AND FLEET OPERATORS

Table 21 Number of cars insured and number of claims

Car size	Insured	Claims
Ordinary	X	Y
Small	X	Y
Total	x	Y

(Source: GAP 2004)

Table 22 Cars, insurance payments (Yen 000)

Car size	Vehicle damage	Total
Ordinary	xYen	Yen x
Small	xYen	Yen x
Total	xYen	Yen x

(Source: GAP 2004)

Insurer auto repair payments

The total auto insurance in Japan is worth Yen xbillion, and total auto claims paid out by insurers are Yen ybillion. Total claims include payments for repair of vehicles, for physical damage to vehicles, for theft, for damage to other property, for death, and for bodily damage.

Car insurers are represented by the Non-Life Insurance Rating Organization of Japan–NLIRO (www.nliro.or.jp/english/data/e_data03.pdf). For more information on auto insurance systems in Japan see "Appendix Insurers," and Table 40 Auto insurance premiums and claims (Yen) 2001," and Table 41 Traffic accident casualties (including motorcycles)."

No Claims Bonus

The value of no-claims bonus, after three years of accident free driving, is a x% discount.

Claims adjuster system

Payments for car repair in Japan are made under the "claim adjuster system." When a car owner make a claim it is investigated, and if approved, the insurer pays out. Insurers work with x registered adjusters, the "technical adjusters" deal with general-type vehicles, and the "specific car adjusters" deal with special purpose vehicles, such as mobile cranes and diggers.

Table 23 Insurers and numbers of cars insured, the market leaders

Rank	Company	Cars insured
1	Y	1
2	Y	1
3	Y	1
4	Y	1
5	Y	1

(Source: GAP 2004)

Number of auto insurers

There are x companies (x domestic and x foreign) licenced by the non-life insurance association, according to METI. The top x companies in the car insurance market could have a combined of x% share of the number of cars insured.

SECTION 2.5 AFTERMARKET SERVICE PROVIDERS

Table 25 Aftermarket service providers – key data

Repair and maintenance outlets	Number
Companies	
Certified facilities	X
-- of which independent	X

(Source: GAP 2004)

Types of service providers

The auto aftermarket in Japan includes outlets that sell cars and parts, and also offer repair and maintenance services, along with outlets that only offer repair and maintenance services.

The x maintenance and repair facilities includes affiliated car maker dealerships and independents. Repair facilities must be certified under a regulatory regime which, though it has been partially deregulated, is still strict. Outlets are categorized into three different classes, and an outlet's class determines the type of services it can offer, the criteria it must meet in terms of physical size, installed equipment, and the numbers and grades of the qualified staff employed. (See Appendix "Regulatory environment – Aftermarket repair facilities.")

Income in aftermarket outlets

Dealerships generate most income, approximately x of turnover, from new car sales and the remainder from maintenance and repair services. Service work is low value because it is mainly car maker established tune ups and warranty business, that is replacing parts under warranty.

The independents generate most income, over x%, from repair, maintenance, and parts' replacement work. Shaken or the mandatory test maintains business in the independent sector.

Table 26 Aftermarket car sales outlets

Car sales outlets	
Dealers selling Japanese cars	X
Independents selling Japanese cars	X
Dealers selling foreign cars	X

(Source: GAP 2004)

Structure of car sales channel

Japanese cars are sold through more than x car maker affiliated dealerships and another x independents. Not-new cars are mainly sold through independents, and increasingly the internet. Foreign cars are sold through x importers, which in turn sell to x authorized dealers operating x outlets. There are another x parallel importers, so called because they by-pass the authorized dealership system by buying directly from overseas.

Table 27 Car maker dealership networks, ranked

Rank	Company	Outlets
1	X	X
2	X	X
3	X	X
4	X	X
5	X	X
6	X	X
7	X	X
8	X	x

(Source: GAP 2004)

Table 28 Toyota car dealerships

Dealership	Cars serviced	Dealers	Outlets
X	X	X	X
X	X	X	X
X	X	X	X
X	X	X	X
X	X	X	X

(Source: GAP 2004)

Toyota is the largest company in both the car sales and the car repair service market. Its x affiliated dealers operate x outlets. The five service concepts –- Toyota, Toyopet, Corolla, Netz Toyota, Toyota Vista– handle different Toyota car makes. For example, Netz Toyota are one-stop shops, that is they sell new and used Toyota cars, and offer maintenance services. The company may merge its Netz and Vista networks.