

The Regional Expansion Strategy for China's Automotive Brands and the Challenges for the Transportation of Completed Vehicles

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Summary

China's automotive market has expanded rapidly from 2009 on, and has maintained the top position in the world for three consecutive years. There is promise for stable growth in the future also, and it is forecast that it will reach 25-35 million vehicles by the period from 2015 to 2020. What has been driving this growth is the passenger car market, but for the top manufacturers thereof foreign-invested joint-venture manufacturers are in the majority. Such manufacturers have already built up bases for growth in China, and the number of vehicles sold in China has come to constitute a great weight within global sales. Many joint-venture manufacturers previously had been aiming at the expansion of sales in the areas surrounding their production sites, but in the medium term have established branch plants in the regions and have been creating regional expansion strategies to attempt an increase in their market share.

Meanwhile, in contrast with the expansion of the market, when you total up the number of vehicles in stock for dealers in each region, it indicates that there were approximately 2.2 million vehicles in the second half of 2012. While also being the world's top-class growth market, in the level of sales it became clear that a demand gap in production and sales still exists in great measure, and much of that is considered something for which the direction for easing or improvement will appear via the pursuing of the increasing of efficiency in the area of transportation.

In China also, the manufacturers have been planning in leading fashion regarding the transportation of completed vehicles. However, the increasing outsourcing of the distribution of cars is on a trend of expansion, and it is considered that transportation companies with growth potential as new prime contractors will appear along with manufacturers' expansion of sales. In that case, on the assumption that they will be able to deliver products to the customer speedily, then suggestions for further improvement in the "soft" and "hard" areas will probably be required.

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