

Estimation of vehicle sales growth in Asia

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Abstract: Background: Transportation is one of the furthestmost indispensable commercial properties in the modern world. An effective method of transportation safeguards the movement of individuals and product distribution could be directed in a safe and well-timed method. To meet this obligation, numerous categories and representations of vehicles were shaped by automotive companies to accomplish the requirements of customers especially in the background of passenger vehicles in Asia. Objective: Objectives of the Study is to identify estimation of vehicle sales and forecasts in Asia and to scrutinize vehicle sales in the ASEAN region by market. Results: there is an increase and expected increase of passenger vehicles sales in Asia due to evolving transportation needs, auto finance penetration, and fast dealership expansion and vehicle scrap page programmers. Conclusion: Therefore, Asia offers vast opportunities for manufacturers and distributors of automotive and vehicle components. Possibilities abound as the region's economy remains strong and the number of middle-class households with high net disposable income increases. Trade liberalization offers industry players ease in moving motor vehicles and auto components. Non-trade barriers are also being addressed.

Key words: Sales; Vehicle; Automotive; Estimation; Asia; Growth; ASEAN

1. Introduction

Transportation is one of the furthestmost indispensable commercial properties in the modern world. An effective method of transportation safeguards the movement of individuals and product distribution could be directed in a safe and well-timed method. To meet this obligation, numerous categories and representations of vehicles were shaped by automotive companies to accomplish the requirements of customers especially in the background of passenger vehicles in Asia. Automotive Industry "all those corporations and activities elaborate in the production of motor automobiles, comprising most machineries, such as locomotives and forms, but apart from tires, batteries, and petroleum. The industry's main products are commuter vehicles and light vans, as well as pickups, vans, and sport usefulness automobiles. Commercial vehicles (i.e., distribution trucks and outsized transport Lorries, often called semis), though imperative to the industry, are ancillary". Automotive industry is a representation of mechanical phenomenon through human compassionate. Being one of the wildest mounting segments in the domain its vigorous development segments are enlightened through environment of competition, product existence sequence and customer demand. Global manufacture schemes play a key role in East Asian financial prudence. Most industrial manufacture in East Asia is especially in

autos and auto parts, to enhance the domestic attractiveness, FDI upgrade procedure is typically accessible for assured industries which necessitate know-how allocation and dimensions building. At the same time, as low-cost automobiles fuel produce rivalry, automakers and fragments providers goal to obtain better cost effectiveness, depiction consideration on the way to low-cost knowledge avenues consequently. Furthermore, on the back of low charges and enlightening eminence, there are snowballing changes to situation of Asia as a worldwide source or courtesy base, supplementary floating the serious position of the province in the interior universal supply handcuffs.

1.1. Need and significance of the study

Automotive Manufacturing is obligating a robust multiplier consequence on the progress of any nation and also it is accomplished of being the driver of financial development. ASEAN are widening the border of land for the purpose of increasing trade and commerce, emerging global highways links, involvement of automotive segments significant in growing auto imports and exports and thereby generating job openings. It is need and significant to study about automotive industry in thoughtful determination to seize these prospects which consist of many Asian nations which also includes Indonesia, China, India and Thailand.

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1.2. Objectives of the Study

- i) To Identify estimation of vehicle sales and forecasts in Asia
- ii) To Scrutinize vehicle sales in the ASEAN region by market

1.3. Period of the Study: period of the study is from 2010 to 2014 year.

Scope of the Study: The study covers the Asian countries to the extent of automotive industries, with special emphasis on knowledge of automotive of only Asian countries.

Limitations of the Study: The study of Estimation of vehicle sales growth in Asia countries is prepared based on secondary information and the secondary source was limited to the extent of the Asian automotive industry only.

2. Previous Studies

According to Malaysia Auto report (2010) ¹ In 2009, vehicle sales dropped by 20 percent to 486,061 units from a record high of 607,805 units in 2008. Indonesia overtook Malaysia in 2008 to become the second-largest car market in ASEAN behind Thailand, but dropped back behind Malaysia again in 2009.

According to Reichhart and Holweg, (2007)² opined that, adjacent localities of the segment dealers and the automakers are cooperative for segmental amount, which may be why seller commons are general structures used to attain Just In Time (JIT) supply in the automotive production.

According to Industry forecast report (2010) ³, demand for motor vehicles in Indonesia picked up sharply between 2003 and 2005, recovering from a slump cause by the Asian Financial Crisis in 1997-98. However, substantially higher fuel prices, a sharp spike in inflation and higher interest rates all contributed to another collapse in 2006. Demand has since recovered, with an expected sales increase of at least five percent in 2010, as well as a boost in production (which fell by 22 percent in 2009).

Kurylko, (2007)⁴ showed that, Audi underway a package called the "Audi modular longitudinal platform technology" on its A5/S5 coupe, substituting to a segmental construction that will allow greatest of its product shapes to portion foremost modules. Complete its segmental method, Audi has established components for dearer workings, counting boiler and airing and vital workings of the form, determination train, and postponement.

Doran et al., (2007)⁵ stated that, A distinctive automaker obligation behaviour trade with roughly 200-300 suppliers, but the Smart car has only 25 segment suppliers (called "system partners") that delivers components, counting whole console structures, figure construction, decelerating regulator schemes, and seating components.

Gould, (2001)⁶ opined that, General Motors has roughly 30,000 sellers, with roughly 9,000 associates in its supply chain. It is firm to cooperate with this enormous amount of suppliers and simultaneously exploit the enormous competitive potential advantages of put on modularity in the supply web organization.

According to ASEAN auto market report (2011)⁷, three countries dominate the ASEAN auto market i.e. Thailand, Indonesia and Malaysia. They account for more than 90% of motor vehicle output, for example, their share of unit sales in automotive in 2010 stood at 86%.

According to the Economist (2009)⁸, stated that Despite the global economic downturn, Asia's emerging economies are recovering more quickly than other parts of the world. GDP and industrial production figures for emerging Asian economies have shown an impressive bounce in the second quarter. Singapore's GDP soared 21 percent, Indonesia managed a respectable five percent increase, and other countries in the region are expecting a similar rebound.

According to ASEAN auto market (2011)⁹, reported German automakers currently account for just 1% of unit sales in the ASEAN countries. This is due in part to the high import tariffs of up to 80%. By training a stronger strategic focus on the region – accompanied by a liberalization of trade – German firms could benefit more handsomely from the growth in the ASEAN auto market than has hither to been the case. The European Union should therefore push hard to boost free trade with the region. Since the countries with their own vehicle manufacturing facilities will continue endeavoring to protect their local industry and foreign automakers to expand their own local factories.

According to ASEAN auto market report (2011)¹⁰, Car Ownership in the ASEAN market could rise from some 26 million vehicles at last count to nearly 40 million by 2015.

3. Research methodology

Sources of Data: The strength of any research reliant on the organized method of information's assortment sources and its analysis. The study is equipped grounded on primary information's and secondary information's. The primary facts have collected through oral interview from stalwarts of automotive industry. The secondary information's have composed from the reports of website of Industry sources of Asia Motor Business forecasts and all existing literature has obtained from internet automotive websites, auto business magazines, and e-auto journals.

Exploration of Data: In exploration of data, to display the occurrence or nonappearance of precise features and to associate and compare facts standards or features midst connected matters with numerous joint features or variables, figures have been equipped and figures are influential communicative tools—it provides text the

concentration of readers, and professionally existent great volumes of composite evidence.

4. Results and discussion

Table 1: Estimation of vehicle sales and forecasts* in Asia for the years 2011-17

000s	2011	2012	2013	2014	2015	2016	2017
China	18,505	19,306	21,984	23,492	24,420	25,150	26,250
Japan	4,210	5,370	5,376	5,515	5,345	5,275	5,335
India	3,294	3,597	3,281	3,223	3,945	3,640	3,780
South Korea	1,550	1,450	1,548	1,620	1,555	1,525	1,575
Indonesia	893	1,116	1,230	1,208	1,095	1,235	1,385
Thailand	794	1,436	1,325	885	995	1,105	1,245
Malaysia	600	627	656	666	656	668	680
Taiwan	381	366	378	424	416	420	425
Philippines	165	183	208	263	288	302	320
Vietnam	111	81	97	133	147	159	168
Singapore	36	34	27	43	47	51	58
Total	30,539	33,566	36,110	37,472	38,459	39,530	41,221

Data sources: Industry sources; Asia Motor Business forecasts

Above Table 1 illustrates the estimation of vehicle sales and forecasts in Asia for the years 2011-2017. Out of Total eleven Asian countries in estimation of vehicle sales and forecasts i.e. 41,221, China stood first, second Japan and Third India, Fourth is South Korea, Fifth is Thailand, Sixth place is Malaysia respectively in vehicle sales and forecasts compared to other countries in Asia. Units of car sales and

estimation of car sales increased from the year 2011 to 2017. Therefore, it can be concluded that, there is an increase and expected increase of passenger vehicles sales in Asia due to evolving transportation needs, auto finance penetration, fast dealership expansion and vehicle scrap page programmes.

Table 2: Vehicle sales in the ASEAN region by market for the years 2011-14

Name of the countries	2011	2012	2013	01/03/13	01/03/14	% change
Indonesia	893,164	1,116,230	1,229,901	295,992	328,354	10.9
Thailand	794,091	1,436,335	1,325,079	412,680	224,171	-45.7
Malaysia	600,123	627,753	655,793	158,392	159,910	1
Philippines	162,413	182,779	211,000	49,076	59,556	21.4
Vietnam	110,938	80,652	96,692	18,692	24,168	29.3
Singapore	35,904	33,914	27,374	6,922	8,363	20.8
Total	2,596,633	3,477,663	3,545,839	941,754	804,522	-14.6

Sources: www.AsiaMotorBusiness.com

Above Table 2 represents about the Vehicle sales in the ASEAN region by market for the years 2011 – 14.

From the table out of total six ASEAN countries, Indonesia stood first in vehicle sales from the year 2011 to 2014 compared to other ASEAN countries. Vietnam, Philippines, and Singapore vehicle sales have increased slightly. But Malaysia has less increased vehicle sales compared to other ASEAN countries. Lastly Thailand vehicle sales decreased negatively than other countries. Therefore, it can be determined that, the overall vehicle sales have decreased negatively due to increase in prices and consumers expectation in latest automotive technology.

5. Suggestions

The following are the suggestions for the estimation of vehicle sales in Asia:-

Finding out the research study reveals that, the estimation of vehicle sales growth in Asia has increased, due to growing population, customer satisfaction in such a case, automotive industries have to still focus on upgrading the automotive technology to increase vehicle sales in future. Besides ASEAN should create a single regulatory regime for approval and homologation processes to improve time and cost efficiency for motor vehicles. Ultimately, ASEAN should promote to member – countries the introduction of an automotive technology – neutral emission based automotive taxation scheme, such that vehicles with low CO2 emissions would receive a tax relief where as high-fuel consumption and high CO2 emission vehicles would be taxed higher, independent of their power train technology. ASEAN Governments should encourage to availability and quality of skilled work force to facilitate public- private partnerships in

engineering and technology training to ensure that the work force meets industrial demand.

5. Conclusion

Therefore, Asia offers vast opportunities for manufacturers and distributors of automotive and vehicle components. Possibilities abound as the region's economy remains strong and the number of middle-class households with high net disposable income increases. Trade liberalization offers industry players ease in moving motor vehicles and auto components. Non-trade barriers are also being addressed. ASEAN's attractiveness for auto businesses is bolstered by the sound investment policy for the auto industry, competitive labor costs offered by ASEAN countries such as Viet Nam and the Philippines, and the availability of huge number of auto components manufacturers and strong engineering support, especially in Thailand and Malaysia. Investors could maximize FTA benefits by opting to use manufacturing hubs in low-wage ASEAN countries to service overseas market, or by operating as part of an integrated regional or global auto supply chain while based in a highly-developed ASEAN economy.

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