

A Strategic Assessment of China's Light Passenger Vehicle Aftermarket

4th Edition

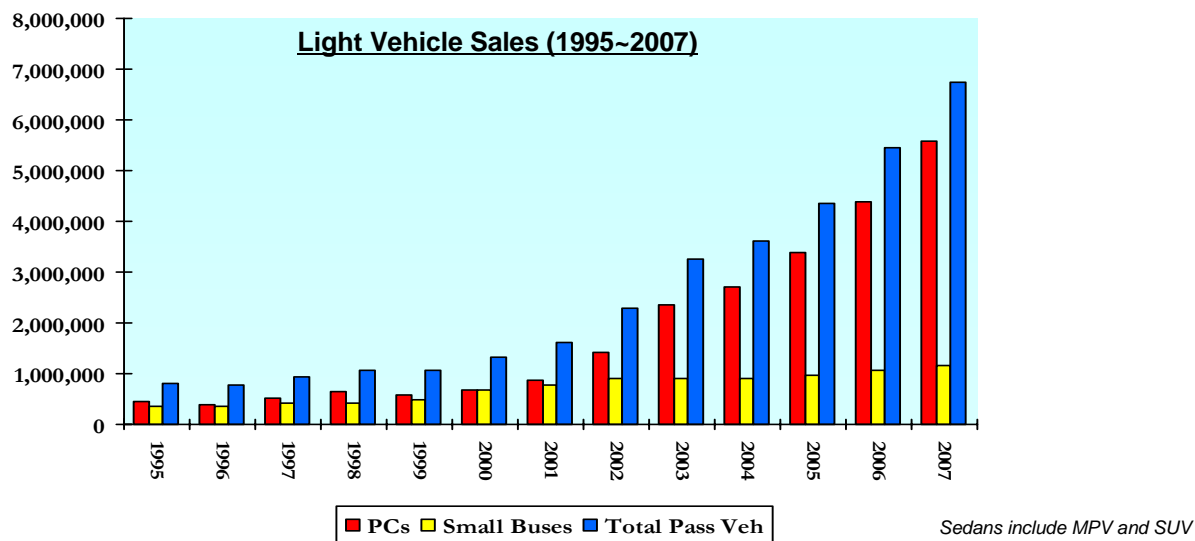


For Multi-client Sponsorship
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Introduction

China's automotive industry, despite some signs of slowing, is expected to show sustained double digit growth over the next five years. The explosive growth of the last 5 years has created an increasingly sizeable and diverse aftermarket which has now gotten the attention of the world's leading parts and service suppliers. The aftermarket's profile is quickly changing as higher quality cars are taking the main share of the car parc. To support this growth and shift in vehicle make-up, the aftermarket structure and key players will also change dramatically. This growth and dynamism is offering attractive opportunity to foreign companies which will only expand going forward.



Other dynamics...

- Shift to **private ownership** from company or government...will have major impact on service requirements, car care and service source.
- Significant **model proliferation** based on new foreign entrants, upgrades of existing models and local vehicle maker expansion.
- **Foreign entrants** at multiple levels of the supply chain, from vehicle makers to parts suppliers, service providers and distribution companies.
- Evolution of **branded / all-makes parts**, as an alternative to genuine, substitute or fake parts.
- Trend to **localization** of parts supply and enhanced price competition.
- Major fight for **market share** and **brand establishment** across the market

...as a result, the aftermarket will receive significantly more attention as it reaches viable scale and more attractive vehicle composition.

About Technomic Asia

Technomic Asia, a division of Tompkins International (www.tompkinsinc.com) is a business strategy and supply chain consultancy with more than 25 years of experience helping clients plan and execute Asian growth and operational strategies. Technomic Asia assists companies in entering the Asian market or in expanding their business by providing critical market insight, an understanding of business potential and assistance in designing the optimum strategy for success. Technomic Asia's Steven Ganster and Kent Kedl are co-authors of "The China Ready Company," a book that details the process to develop a successful China strategy. Please visit our website at <http://www.technomicasia.com>.

Need for Analysis

The need for objective, quality market insight is apparent...

- Available market data is inconsistent, poor quality and hard to obtain.
- As the market grows rapidly, the need to have a solid picture of the existing base market as a forecast reference will be critical.
- Intelligent and experienced analysis is required.

Recognizing this need among its client base, Technomic Asia has developed a special report on China's automotive aftermarket now in its 4th and enhanced edition, which...

- Provides a logical and clear description of the aftermarket structure in terms of parc, vehicle segmentation and forecasted growth.
- Quantifies current market size by key areas such as maintenance & light repair, collision, and major repairs.
- Employs a detailed and build up approach to quantifying and segmenting the market at multiple levels.
- Portrays the current and evolving service and parts distribution structure as well as key dynamics.
- Develops a logical forecast to 2012 by vehicle and aftermarket business segment.
- Presents this insight in a strategic, management oriented format which can be readily used as a planning tool.

As a multi-client format, this report provides a very cost effective means of building a foundational market perspective for your ongoing planning initiatives.

Program Scope

The scope of the program will cover the following aftermarket segments and parameters

Vehicles	Light passenger vehicles (sedans, SUVs, MPVs, light buses and mini vans), with detailed segmentation into six vehicle categories: <ul style="list-style-type: none"> • Small Sedan (e.g. Cherry QQ) • Mid sized sedan (e.g. VW Skoda) • High end sedan (e.g. Buick Park Avenue) • Luxury sedan (e.g. Lexus) • Light bus (e.g., Jinbei) • Mini van (e.g. Wuling)
Vehicle Age	Parc segmented into 3 age groups: <ul style="list-style-type: none"> • 0 to 3 years • 4 to 9 years • >9 years
Channels	Full supply chain from parts production to end consumers with both current and future dynamics
Geography	National China with segmentation by 31 provinces and municipalities
Parts & Services	Maintenance & light repair (MLR), collision, other major and minor repair categories (accessories and car care excluded)
Timeframe	2007 as base year for quantification and forecasts to 2012

Objectives and Methodology

This report will address the following key topics:

- An insightful and concise **snapshot of China's economy**, investment environment, entry considerations and related issues to serve as a backdrop for assessing the automotive aftermarket.
- An historic and forecasted **growth outlook for China's light vehicle market** in terms of vehicles types, drivers/constraints, ownership, etc., which will serve as a foundation for developing a picture of the aftermarket.
- Summary view of the **total parts and service aftermarket market**, covering size, segmentation, parts types, key players, growth and trends.
- A detailed assessment of **China's automotive parc** in terms of size, vehicle composition, age and future growth including detailed segmentations.
- A description of the **maintenance and light repair service market** services provided, frequency, pricing, value, etc. Current and forecasted 2012 value by vehicle and service type will also be provided.
- A description of the **collision repair market** covering the insurance market, accidents rates, service providers, repair types/costs, service value, etc. Current and forecasted 2012 value by vehicle type will also be provided.
- A description of **"other" major and minor repairs** covering the engine and other major overhauls as well as minor "spot" repairs. Current and forecasted 2012 value by vehicle type will also be provided.
- An evaluation of the **parts distribution and supply chain structure** describing value chain, all key player groups, auto parts cities, pricing characteristics and future dynamics.
- Perspective on key **opportunities and challenges** facing players in China's automotive aftermarket over the forecast period with recommended key strategic issues to consider.

To develop the insight in this report, a multi-pronged methodology was implemented covering both primary and secondary research.

- Comprehensive secondary research covering published material, on-line sources, etc.
- Government bodies at both the national and city levels
- Industry associations such as:
 - China Automotive Maintenance & Repair Trade Association
 - All China Federation of Industry & Commerce Auto Parts Chamber of Commerce
 - China Auto Parts Market Alliance
 - China Auto Parts Marketing Association
 - Shanghai Automotive Parts Circulating Trading Association
- Direct interviews with multiple levels of the value chain, covering:
 - Domestic parts makers
 - International parts makers
 - Garage chains
 - Parts distributors
 - International service and car care providers
 - Leading vehicle makers
- Leading local insurance companies, e.g. PICC, Pacific, Ping An

Market quantification will be provided by year and vehicle category. Parc data is developed by an analysis of vehicle sales over a 20 year period considering average life spans.

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