

The Analysis of Japan's Car Production and Sales in 2019

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Japan's Car Production and Sales Statistics

Based on the statistics of "Marklines website", Japanese car manufacturers produced 9,215,476 units of cars in 2019, exported 4,600,911 units of cars (equivalent to 49.9% of the total production in the same year), and sold 4,614,565 units of cars domestically. Japanese car manufacturing declined 0.2% in comparison with the record in 2018, however, its export grew 0.6% in the same period.

Mazda:

The title of the 2nd biggest car producer has been alternately taken by Mazda, Daihatsu, Suzuki and Honda for years. In 2019, this place was occupied by Mazda with 1,010,275 units of cars being produced. Mazda allocated 11% of the whole car production in Japan and exported 84.1% of it in 2019. The domestic sales of Mazda in 2019 in Japan were 160,431 units of cars (the 2nd lowest record among the 8 major Japanese car manufacturers; the 1st lowest was Subaru selling only 113,187 units domestically).



The numbers of Mazda grew between 2018-2019. In production, its growth was about 1.4% and its growth in car export was 2.4%.

Why can't Mazda remain stable as the 2nd biggest car manufacturer in Japan? The answer is in Mazda's complicated journey from premium, which means when Mazda entered the premium car market, business gets harder for it, as it has to compete with stronger brands like Volvo, Benz, etc.

Going upscale is not an easy proposition for an automaker standing for value. Mazda argues that as a small brand, it's better off finding a niche that commands better margins. What Mazda forgot is that marketing is a competitive sport. What Mazda can or cannot do depends primarily on its competition, not on its competence. Jessica Caldwell, executive director of industry analyses at Edmunds told about Mazda, "I think their cars are great,". He continued "Everyone that drives them loves them in terms of the way they perform, the interior; they get really high marks." But whether they can command higher prices is a different matter.

Sure, Mazda can make "premium" vehicles, but how in the world is the company going to communicate that position in the face of overwhelming competition?

Suzuki:

The 4th biggest car producer in Japan is Suzuki. It shared 10.3% of the whole car production in Japan. In 2019, it produced 946,768 units (about 6,773 units of cars lower than that of Daihatsu). Suzuki exported 178,792 units in the same year (about 18.9% of its production). Its production reduced by 6.6% in comparison with 2016 and its global market became 7.8% smaller in the same period.

The numbers of Suzuki fell down due to the lower output in Japan as it improved its inspection systems - Suzuki plans to recall around 2 million vehicles in Japan after admitting that it cheated on safety tests, filed false fuel-efficiency reports, and failed to conduct proper inspections.

Toyota:

Toyota is the first Japanese car producer and the biggest in the world. It produced 3,415,864 units of cars in 2019 and around 61.6% of its production (2,103,639 units) were exported. 37.1% of cars produced in Japan are from Toyota. In 2019, Toyota's production improved by 8.8% and statistics show that the growth of its car export in 2019 grew 11.3% in comparison with 2018.



Why has Toyota been so successful for several years? Toyota's ability is to build brands, and this is its key to success. It has 3 leading brands in 3 different categories in the minds of prospects

- Toyota standing for reliability,
- Prius for hybrid,
- Lexus for luxury.

Daihatsu:

The 3rd biggest car producer in Japan is Daihatsu. It produced 953,541 units of cars in Japan in 2019, representing 10.3% of the whole car production in Japan. However, it did not export any cars to the world in the same year. The production of Daihatsu in 2019 grew 2.4% in comparison with 2018.



Under a joint strategy, Toyota and Daihatsu intend to combine their bases of operations in addition to sharing their respective areas of proficiency and technical expertise. This will leverage the advantages of both brands, allowing the development of attractive products that are competitive on a global basis in the small cars sectors .

Bad name kills good strategy, this is the main reason that Daihatsu doesn't have any export. After joining Toyota in 2016, its export was 0 yet. For global success, an easy pronounced name in English is vital. Laura Ries one of the marketing - branding guru in the world says that "Building a brand is like picking up a girl in a bar. To be successful you have to have a little mystery and intrigue. You have to stand apart from the crowd. You have to be authentic. You have to have credentials. And you have to have a good name". Daihatsu doesn't work for Toyota and Daihatsu.



It is hard to recover from a major mistake. The 2nd reason is falling demand in India- its biggest market. India is a key market for Suzuki, which accounts for roughly half the passenger vehicles sold in India through a majority stake in the country's largest automaker, Maruti Suzuki India Ltd.

Honda:

Honda as the 5th biggest car producer in Japan shared 9.1% of the total car production in Japan. It produced 843,056 units of cars in 2019 and 15.6% of its cars produced were sold abroad, which means it exported 131,322 units of cars in the same year. The production of Honda in 2019 became 5.4% smaller in comparison with 2018 and its export dropped sharply (25.7%) in the same period.



HONDA

How does Honda become a global brand, even though in Japan it is only the 5th largest brand?

The answer is in the U.S. market. Honda is a leading Japanese car manufacturer in the U.S., but is only the fifth in Japan.

In Japan, people perceive Honda as a manufacturer of motorcycles, thus Japanese buyers seldom buy Honda cars. Yet, many executives fail to realize this important point. In the face of sinking sales Honda spent millions of USD to upgrade its cars in an attempt to meet what it thinks is consumer expectations – when in fact, what the company needs to do is to tweak people's perceptions! (If the quality of cars is the most important thing, it should have the same position in all markets.)

Mitsubishi and Subaru:

Mitsubishi was ranked 7th and Subaru was ranked the 8th biggest car producers in Japan. Each of the brands shared 6.7% of the whole car production in Japan. Mitsubishi produced 619,464 units of cars and Subaru produced 618,764 units of cars (700 units lower than the record of Mitsubishi). Mitsubishi exported 375,512 units of cars (representing 60.6% of its production), however, Subaru sold 505,577 units of cars outside of Japan (representing 81.7% of its production).

Comparing the numbers of these two brands in the same period of 2018, it reveals that the export of Mitsubishi in 2019 was 15.7% lower than its export in 2018, and it lost 8.4% of its production in comparison with 2018. On the other hand, in the same period Subaru's export got 5.1% smaller and its production decreased by 6.2%.



Nissan:

Nissan is also more famous outside of Japan than it is inside of Japan. It is the 6th biggest car manufacturer in Japan. Its production was 807,744 units of cars in 2019, representing 8.8% of the whole car production in Japan. 56.6% of its production (456,225 units of cars) were for export. The same as Honda, it also lost its global market by 9.5% and its production declined 13.2%.



Nissan is a brand for everyone.

What's the market for Nissan vehicles? A brand that includes sedans, sports cars, SUVs, vans, minivans, trucks and commercial vehicles. And, of course, electric cars. That's a typical thinking in the car manufacturing industry and so competition is very serious. Nissan couldn't play well in this game and it settled in the 6th place among the 8 major car manufacturers.

It wants to sell its cars by this message "Innovation that excites."

What does a car buyer want his/her car to be? Normally, a car buyer wants to buy a car he/she thinks meet the following requirements,

- Is it reliable?
- Does it have a suitable guarantee?
- Is it chic?
- How is driving with it?
- Is its size suitable for my family?

Now, let's see why you should buy a Nissan? Because it is innovative!!! On the other hand,

Why should you buy a Toyota? Because it is reliable, so this message makes sense in the minds of buyers.

Prediction of Japan's Car Manufacturing Industry

The coronavirus pandemic is having a big impact on the automotive manufacturing industry. The head of a Japanese lobby group said on 19th March 2020 that the group's members will need to keep adjusting production, amid a projected slump in demand. Therefore, car production in Japan is expected to reach 680,000 units per month by the end of the 2nd quarter of 2020, according to Trading Economics global macro models and analysts' expectations. Looking forward, they estimate that car production in Japan will stand at 650,000 units per month. In the long-term, Japan's car production is projected to trend around 690,000 units per month in 2021, according to their econometric models. ■

The Prediction of Future Japanese Car Manufacturing (Unit: vehicle)

