

Changes and Challenges of Japanese Automobile and Auto-Parts Industry

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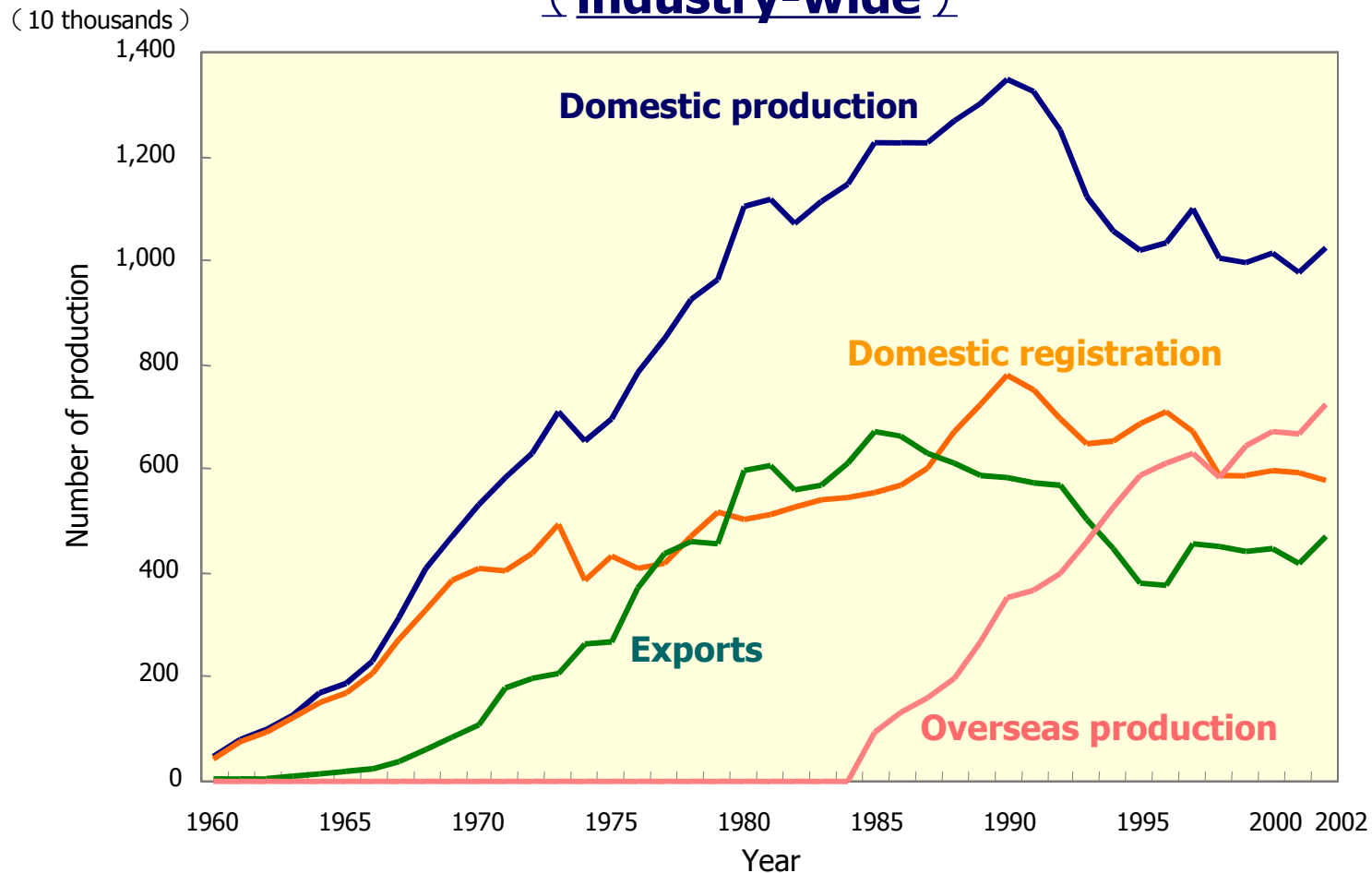
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**The Automobile Industry in Japan and Germany :
Strategic Challenges and New Perspectives in
the Age of Globalization**

October 12, 2004, in Tokyo, Japan

Changes of Japanese automobile production①

The trend of motor vehicle production in Japan (industry-wide)

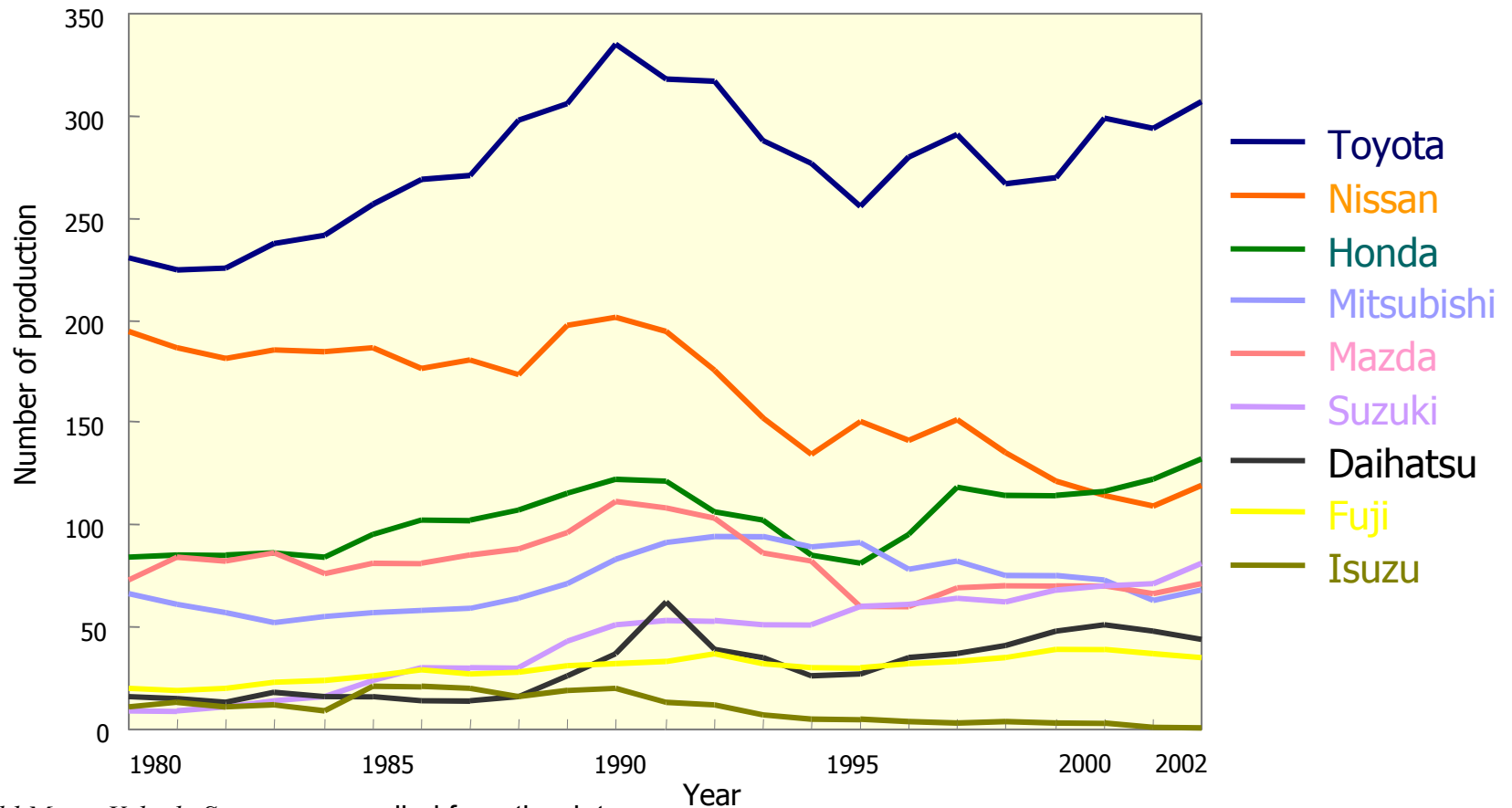


Source: *World Motor Vehicle Statistics*, compiled from the data

Changes of Japanese automobile production②

The trend of motor vehicle production in Japan (by manufactures)

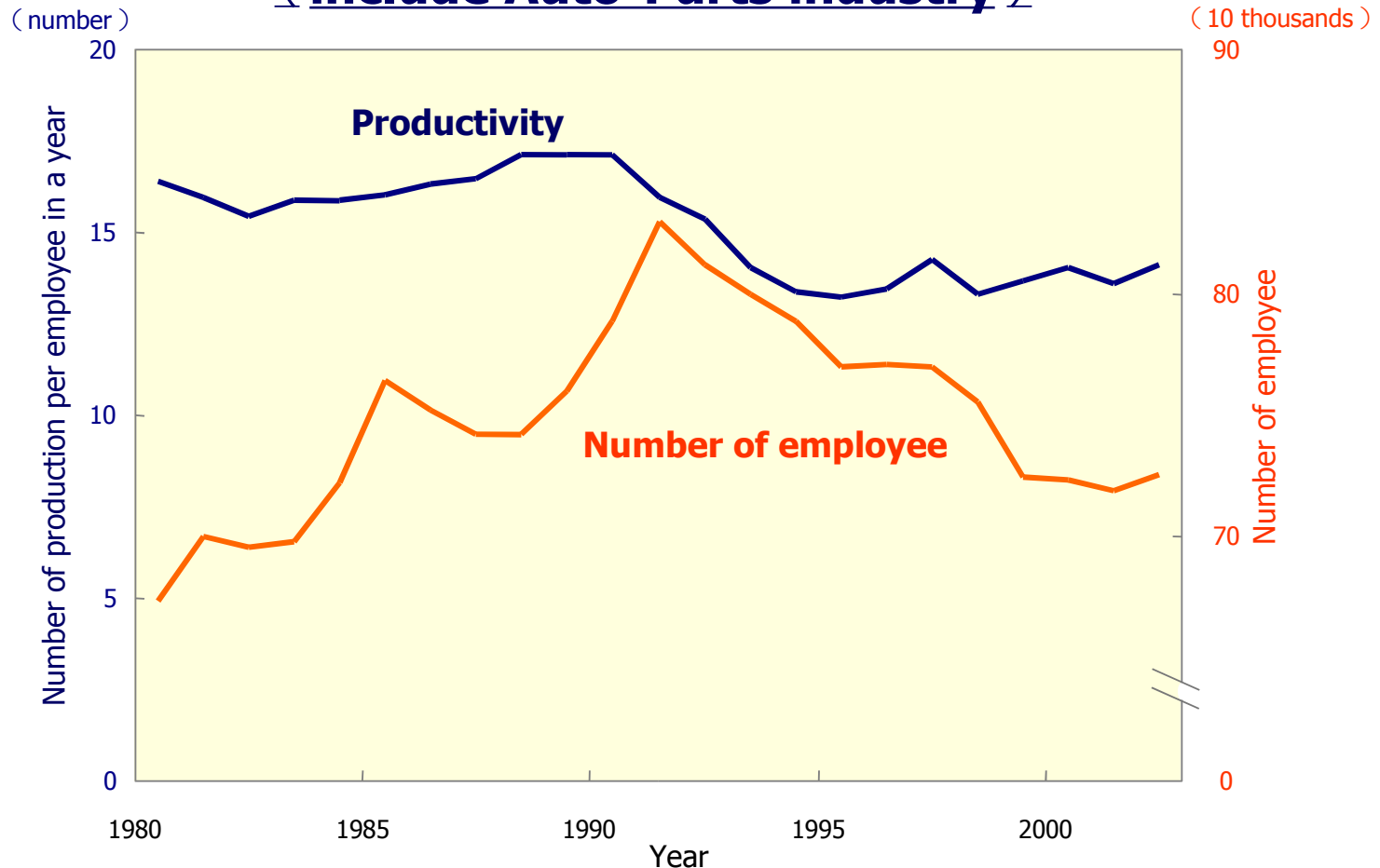
(10 thousands)



Source: *World Motor Vehicle Statistics*, compiled from the data

Changes of Japanese automobile production③

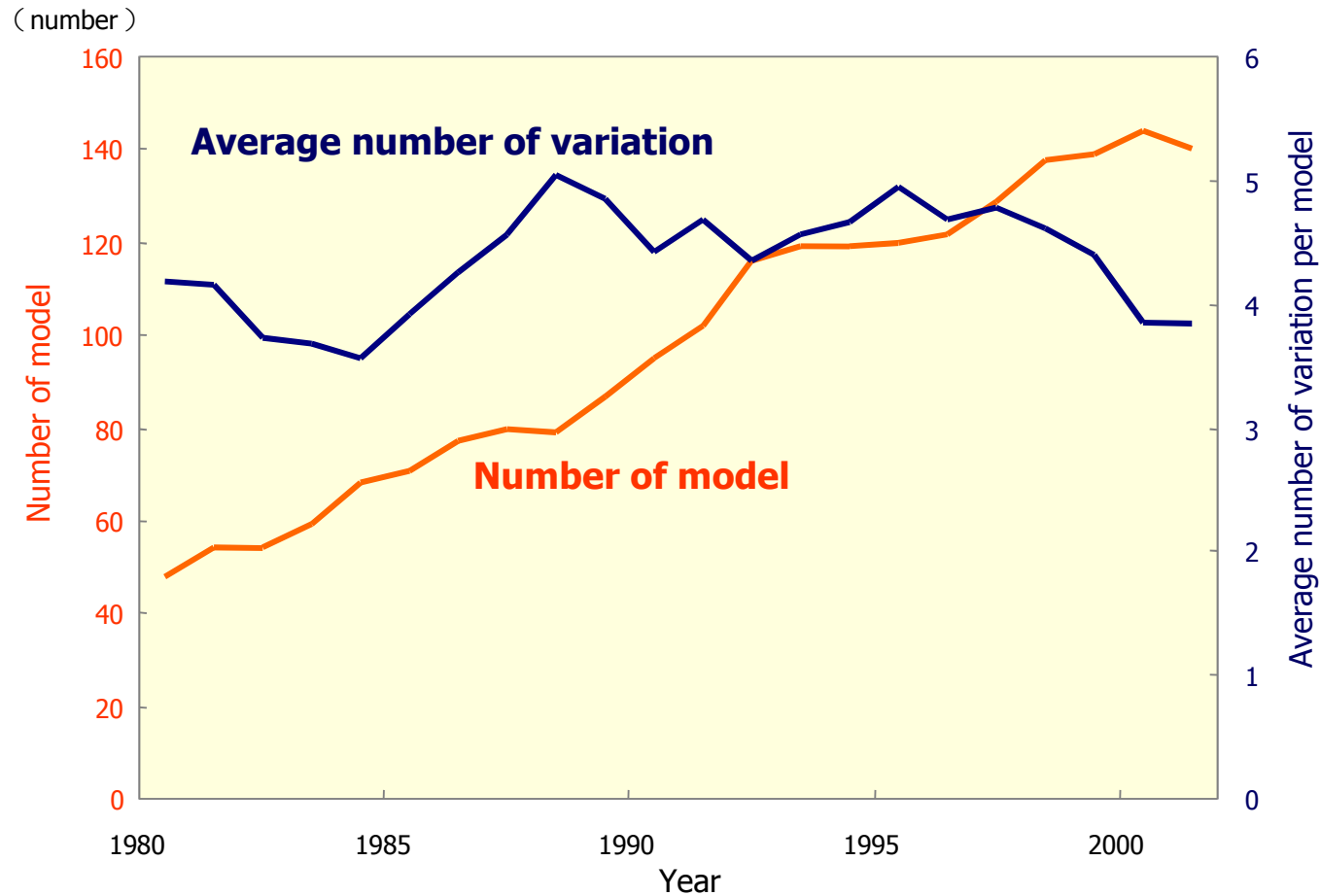
Productivity and number of employee (include Auto-Parts industry)



Source: *World Motor Vehicle Statistics, Census of Manufactures*, compiled from the data

Changes of Japanese automobile production④

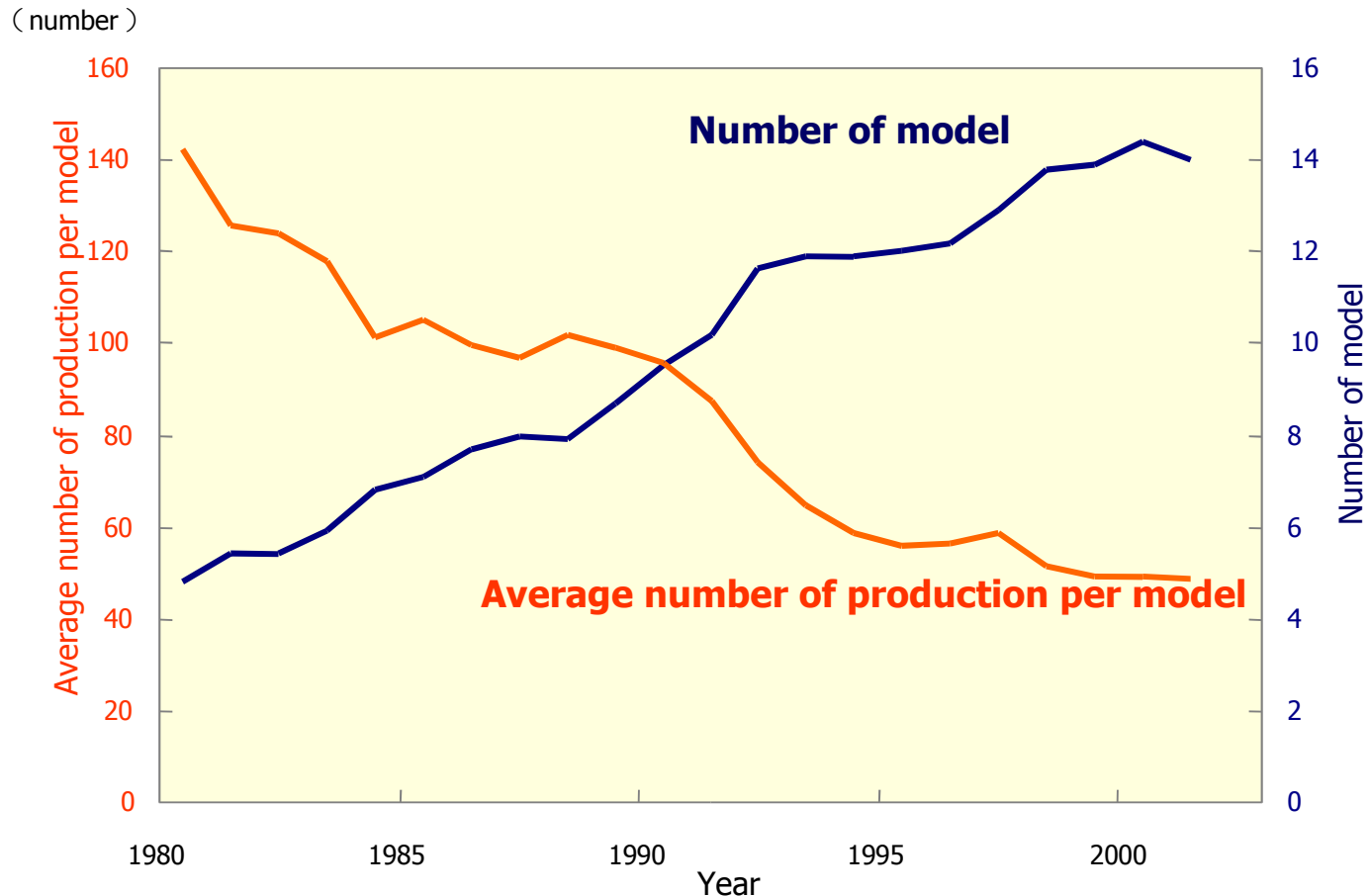
Number of model and average number of variation per model



Source: *Car Specifications*, compiled from the data

Changes of Japanese automobile production⑤

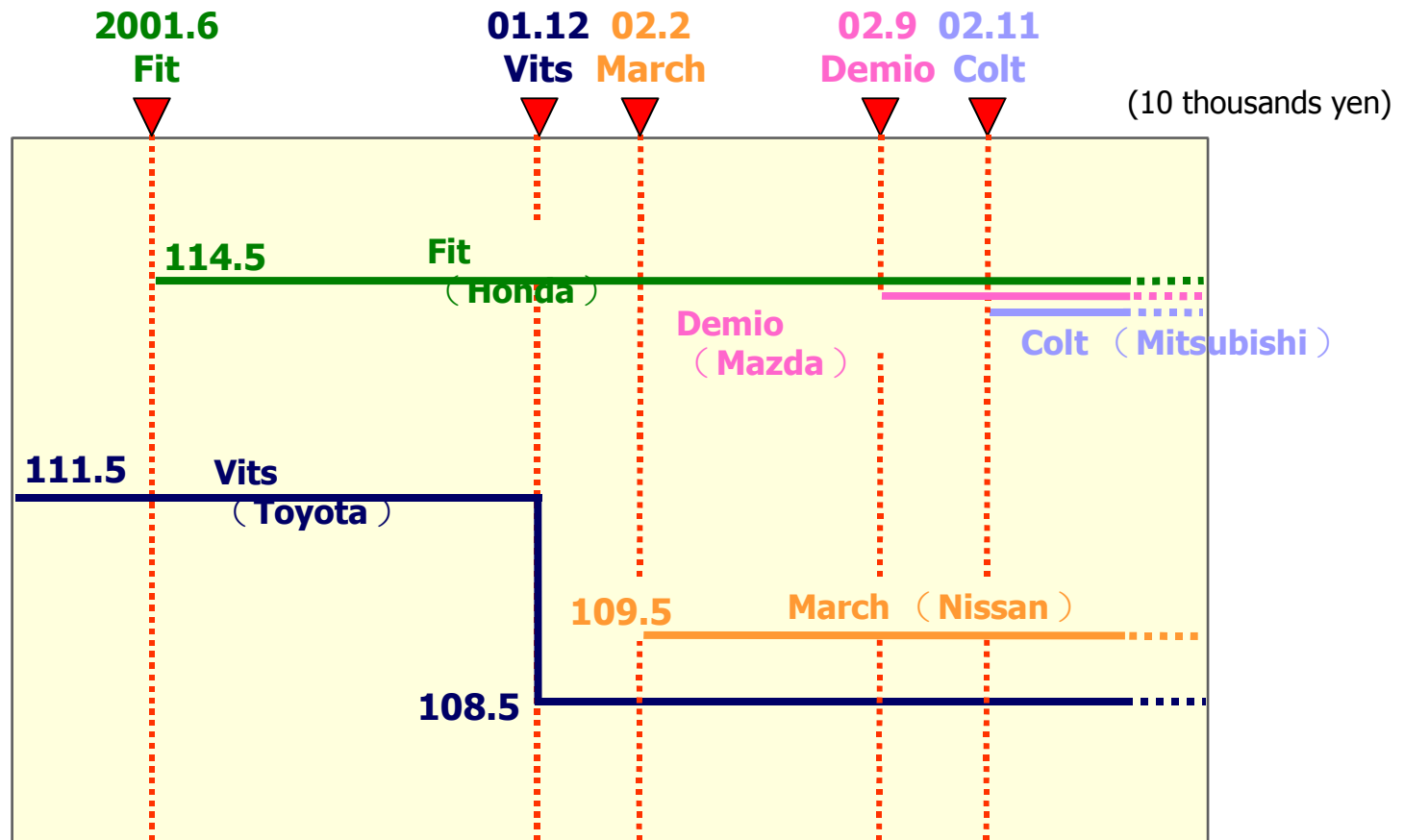
Number of model and average number of production per model



Source: *Car Specifications, World Motor Vehicle Statistics*, compiled from the data

Present states of Japanese automobile market①

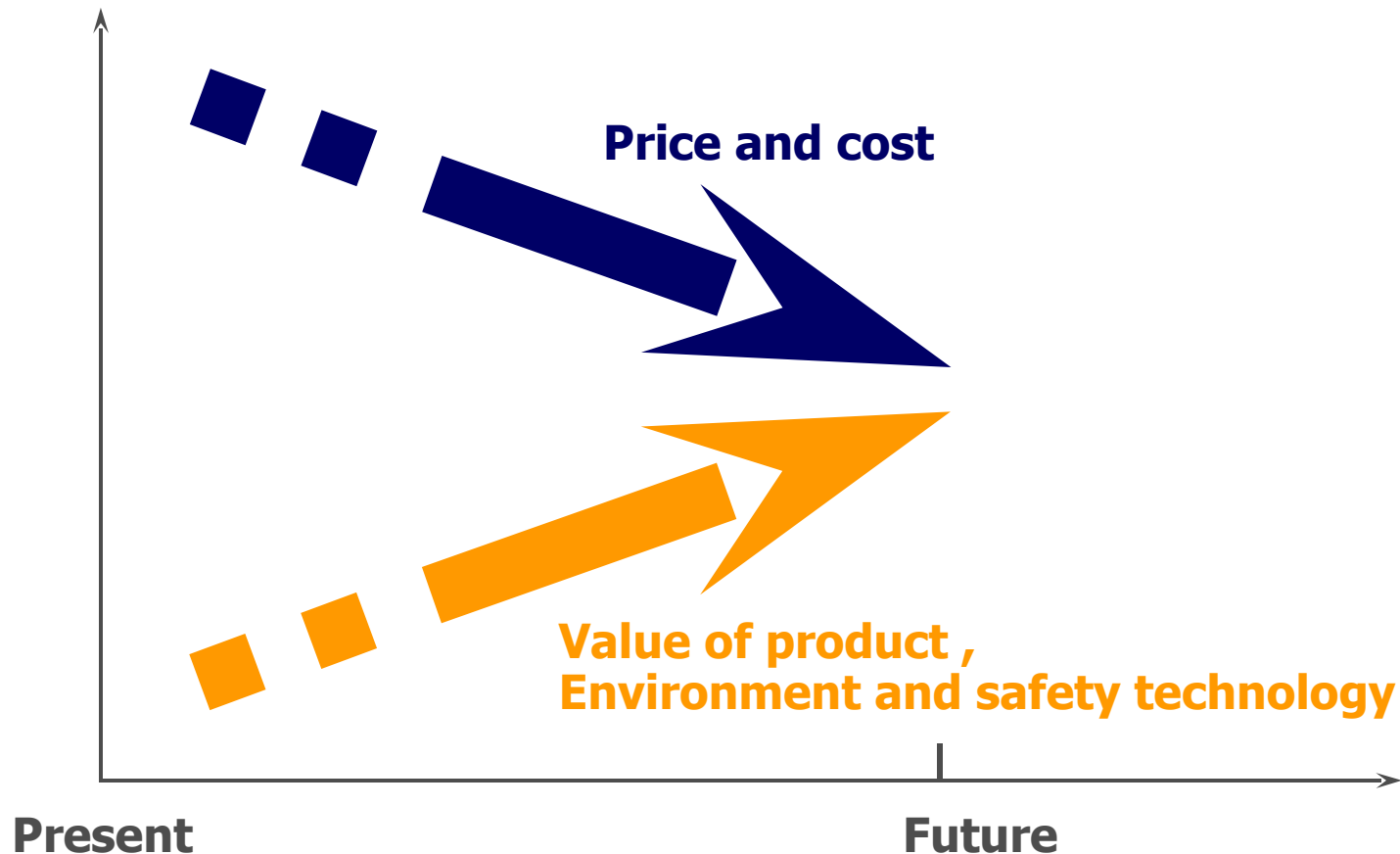
Price changes of popular small cars in Japanese market



Source: *Automotive yearbook*, compiled from the data

Present state of Japanese automobile market②

Prospect of automobile market trend



Present status of Japanese automobile market③

The competition is becoming ever severer !!

**Higher Value, Meets
Consumer Needs
Better**

||

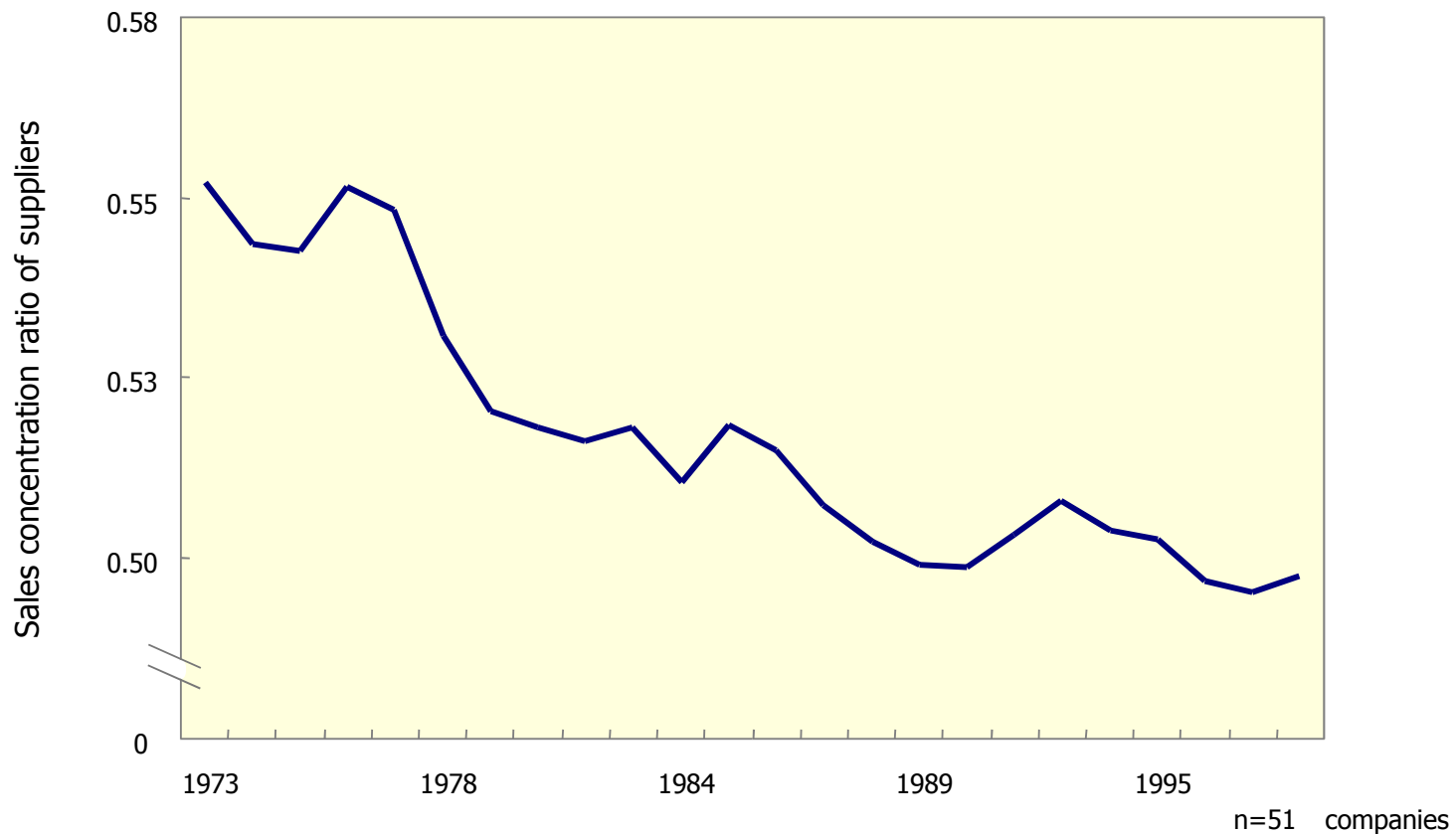
**Value of product &
Environment and
safety technology**



**More cost-
effective
&
shorter lead-time
R&D and
production**

Changes of transaction structure①

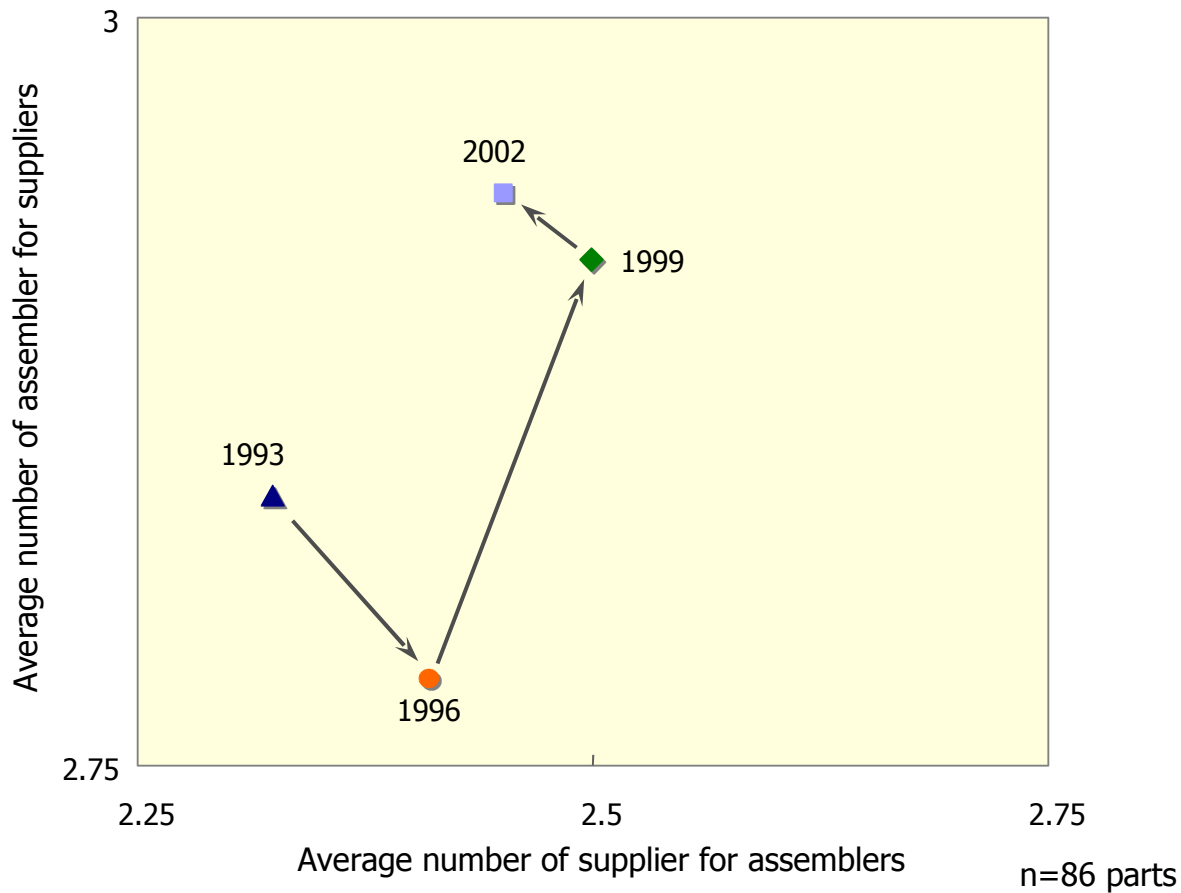
The structural change of the Japanese supplier system① (companies level)



Source: *Japanese Automotive Parts Industry*, compiled from the data

Changes of transaction structure②

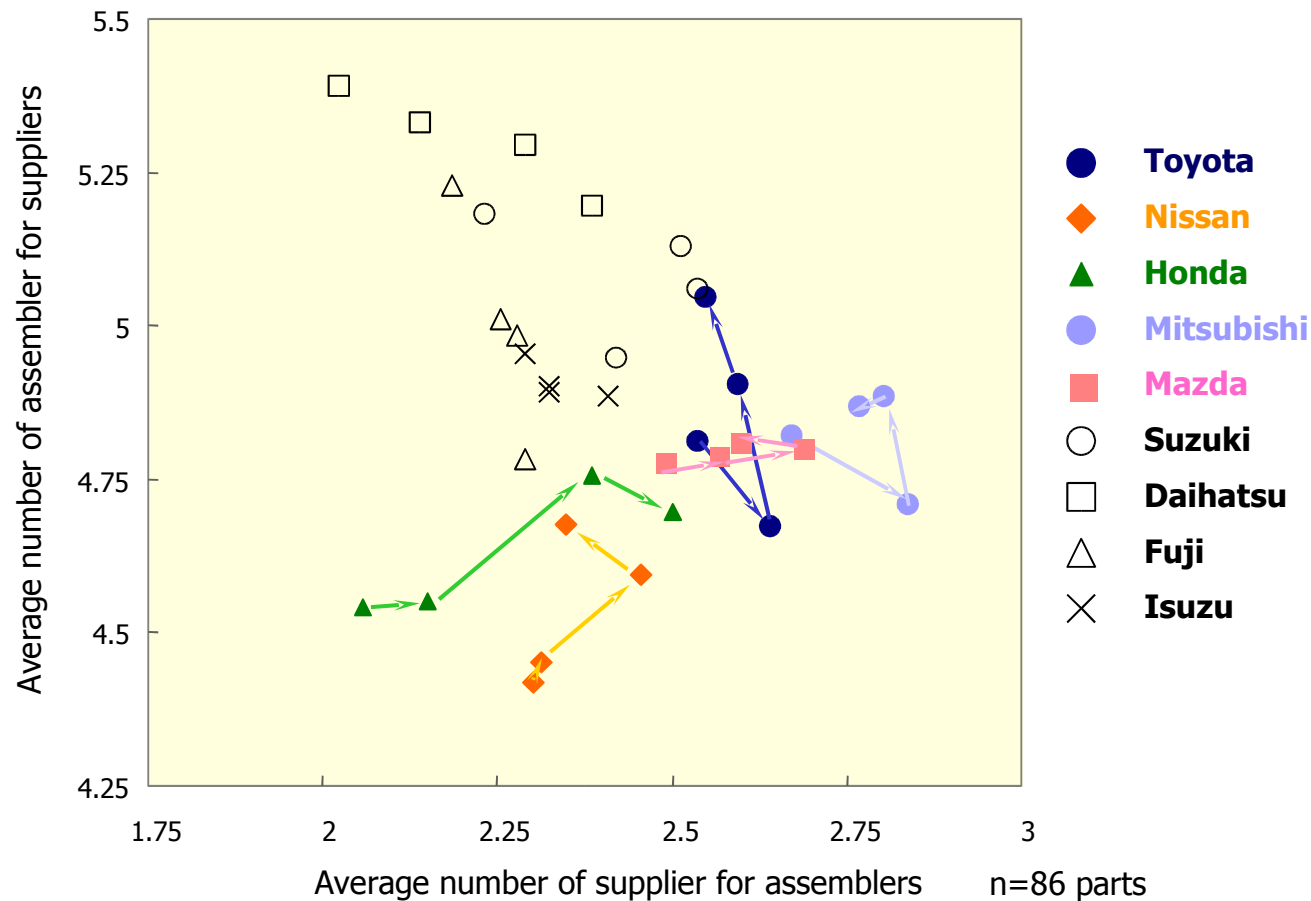
The structural change of the Japanese supplier system② : overall (parts level)



Source: *Automotive Parts Sourcing in Japan*, compiled from the data

Changes of transaction structure③

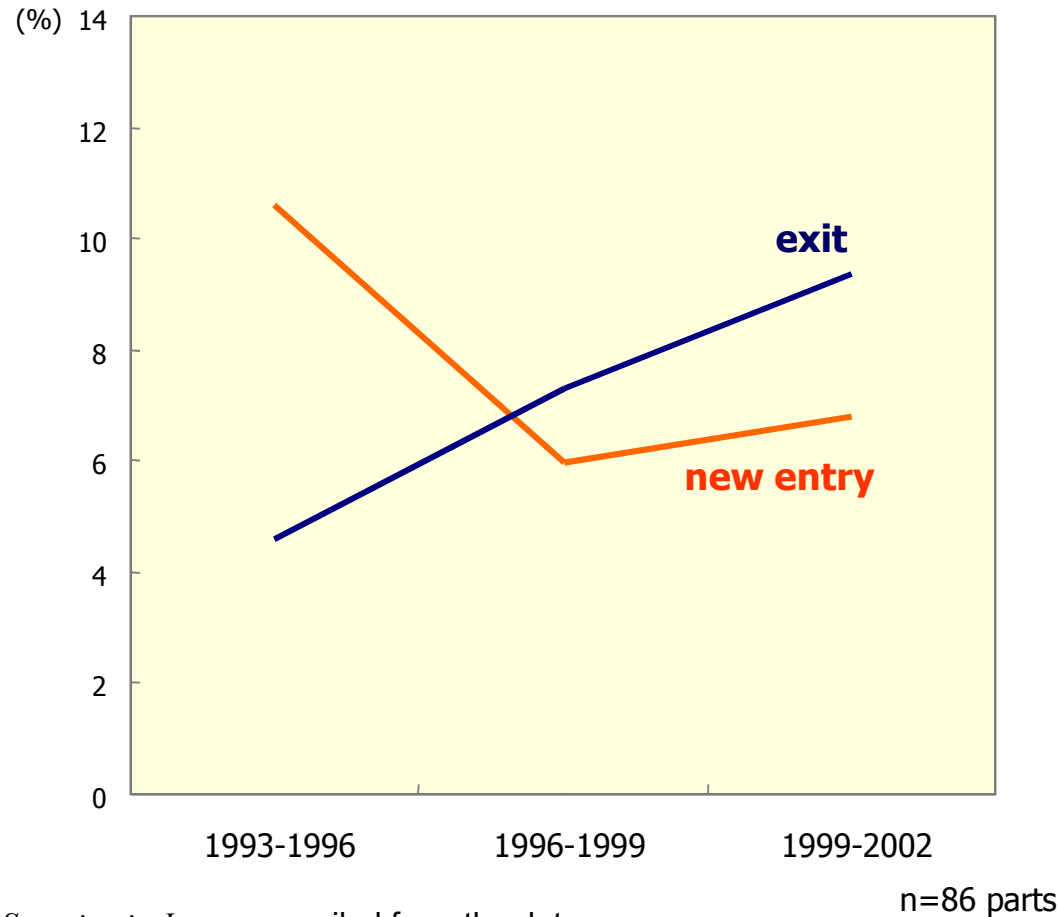
The structural change of the Japanese supplier system② : by supplier systems (parts level)



Source: *Automotive Parts Sourcing in Japan*, compiled from the data

Changes of transaction structure④

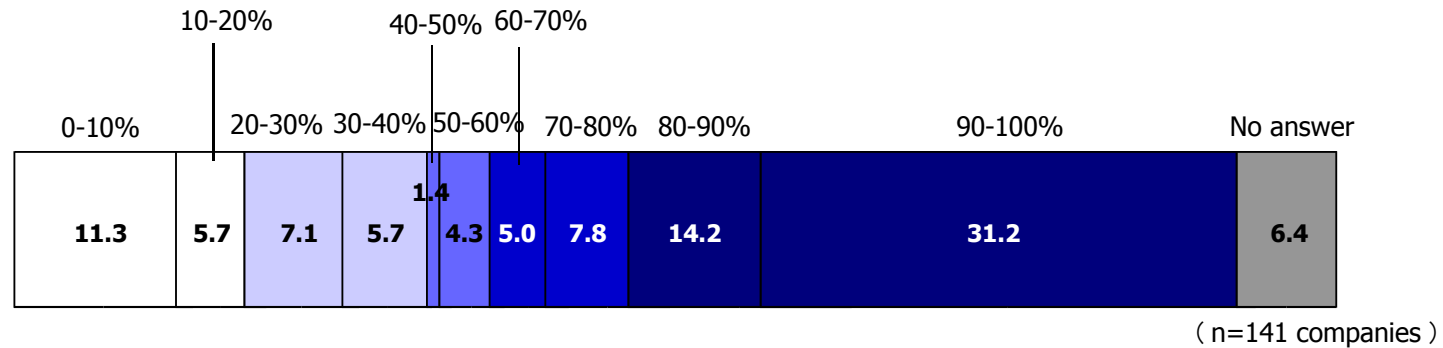
Ratio of new entry and exit companies (parts level)



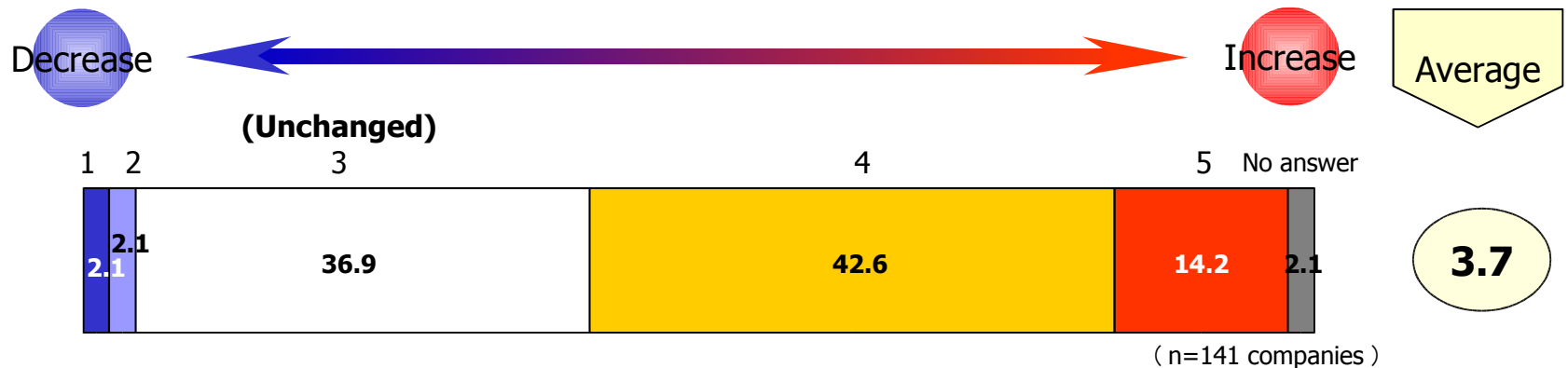
Source: *Automotive Parts Sourcing in Japan*, compiled from the data

Changes of transaction relationship ①

The amount of development that suppliers undertook in component development



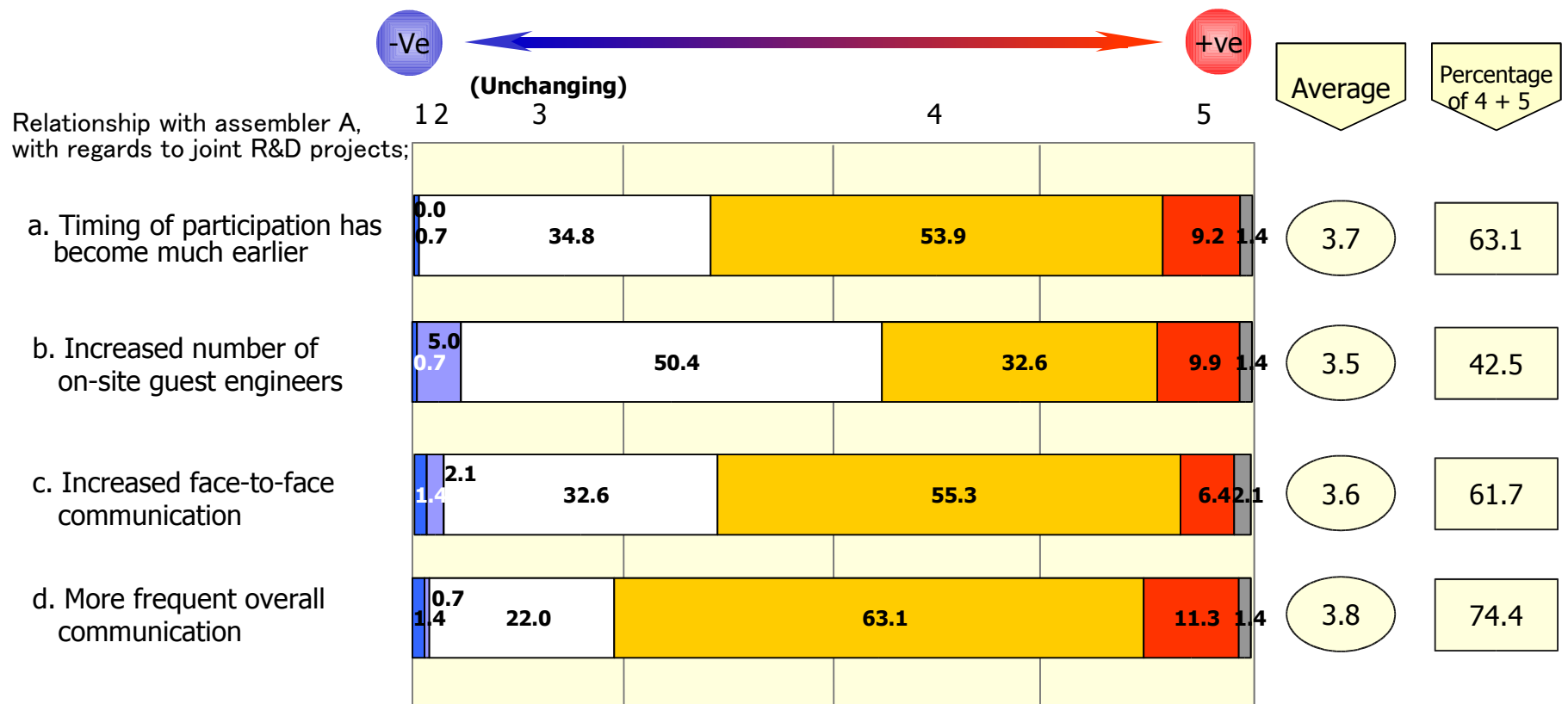
The change in this ratio over the last 4 years



Source: Fujimoto, Ku, and Konno (2004)

Changes of transaction relationship②

Change in relationship with manufactures over the last 4 years, from suppliers point of view



(n=141 companies)

Source: Fujimoto, Ku, and Konno (2004)

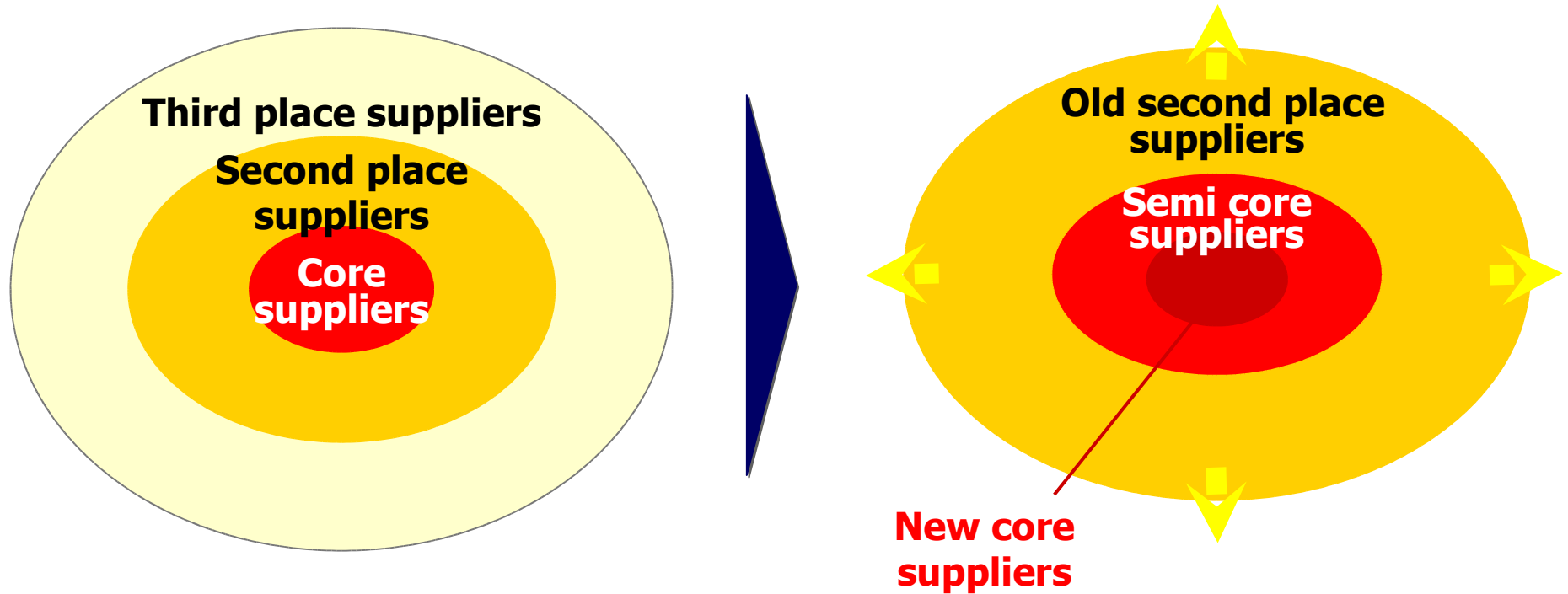
Discussion①

- R&D-related ties between assemblers and suppliers is becoming closer with regards to “development of completely new technology”
 - Relationship is becoming “closer” in terms of “knowledge chain”
- For projects that only involve “mere improvement of established technologies”, both assemblers and suppliers tend to expand transaction base, without being limited to their long-term partners.
 - Relationship is becoming more “open” in terms of “product chain”



At least for leading suppliers, transaction relationship is becoming “more open” and “closer” concurrently at the same time

Discussion②



The core suppliers can be further classified into two groups; "Ones that are able to work as assemblers' R&D partners in generating completely new technology" and those that are not.

**Thank you very much
for your kind attention!!**