ORIGINAL PAPER

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DOI: 10.26794/2220-6469-2021-15-1-75-81
UDC 338(045)
JEL K10

Problems and Trends in Promoting Japanese Automotive Products on World Markets

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ABSTRACT

This paper presents a study of the international car market; analysis of the development of automotive markets in Europe and Russia's national car market; a review of the global car market; and international trading activity in the car market. Japan's automotive industry is significantly developed with Toyota as one of the world's leaders. Also, in addition to cars, Japanese companies are among the leaders in the production of motorcycles and engines for cars participating in sports races. Japanese legislation encourages the production and sale of cars with high environmental friendliness, hybrid and electric cars. This step allows companies to focus their production on a new class of cars, which helps Japanese companies outstrip European and American cars of the future. However, cars' air pollution is relevant for Japan since the state subsidizes automakers and consumers, reducing taxes and supporting companies that switch to hybrid vehicles.

Keywords: Automotive industry of Japan; international car market; regulation of car market

For citation: **Makarova I.V., Nikolishvili D.Z. Problems and trends in promoting Japanese automotive products on world markets.** ***Mir novoi ekonomiki = The World of New Economy*****. 2021;15(1):75-81. DOI: 10.26794/2220-6469-2021-15-1-75-81**

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Japan is one of the biggest players in the automotive market. The largest corporations — Toyota, Nissan, Mitsubishi, Honda and many less well–known companies that manufacture cars mostly for domestic use (Suzuki, Daihatsu). Note that almost all major Japanese automobile companies have a subsidiary brand, produce luxury cars for sale abroad and were created for the US market. Competitors — USA and Germany.

Japanese companies currently operate in two markets: local and external. In the local market, the range of vehicles varies considerably from other markets — in Japan, a large number of low–wage people are buying small cars because of the large difference in payments to the State for the ownership of this mode of transport. Also, if it is assumed that this model of the car will not be able to enter the foreign market, the company will sell it on the territory of Japan, where competition is much lower. One examples is Toyota Crown — the trademark, which was introduced in Japan more than 30 years ago, has never been placed on the world market.

Production costs for all the world's automobile companies are approximately 20% of the sale price. Another 20% of the sale price is the transport and R&D costs of the company, the remaining 60% — is the margin per brand. In the domestic market, Japanese companies try to maintain lower prices by encouraging buyers to switch cars frequently to new models, using the efficient Trade–in mechanism. For the external market, Japanese companies produce models such as Toyota Tundra or Mitsubishi L200. These cars are extremely convenient for the American market, which is famous for its affection of pickups. In Japan, by contrast, a pickup — is very rare, as these cars consume large amounts of fuel, which in Japan is expensive because of what is purchased in the Arab region [1].

Cars with engine capacity less than 1.4 litres are very common in Japan because they consume significantly less petrol [2].

Japanese cars are popular in China and the best selling is Nissan Bluebird. Japan sells many more cars to countries without own automobile production. This is due to the fact that Japanese companies most often offer high–quality cars with the most essential systems in the cabin. This allows consumers to use the car for a long time and at low cost, compared to European electronics–filled cars, which significantly increases the cost of the car. For example, the price of one–class cars in the maximum range: Nissan — 140 thous. yuan, *или* 1 million 500 thous. rub., a BMW — 346,9 thous. yuan, or 3 million 500 thous. rub. (https://www.bmw.com.cn/zh/all–models/3–series/sedan/2019 /specshee).

That is, the cost of BMW in identical configuration is more expensive, which is associated with the cost of the brand, possibly delivering components, given that Japan is much closer to China.

Automobile production in Japan was an economic miracle — in 10 years, the country's economy has become one of the most advanced in technology. It is important to note that Japan — is an island State with virtually no mineral resources. Because of this factor, the production of machinery has begun, which, 50 years later, remains one of the most sought after in the world.

The truck market in Japan is represented by several companies in several modes. Mitsubishi company's is one of the most successful in the freight transport sector, its cars can be seen in almost any country of the world. In addition, Japan is manufactured large–scale truck tractors by company Hino, and is also sold worldwide and compete with Europe's specialized companies such as Iveco and Scania (*see fig. 1*).

For other transport modes, Yokohama, Suzuki and Honda motorcycles are in demand

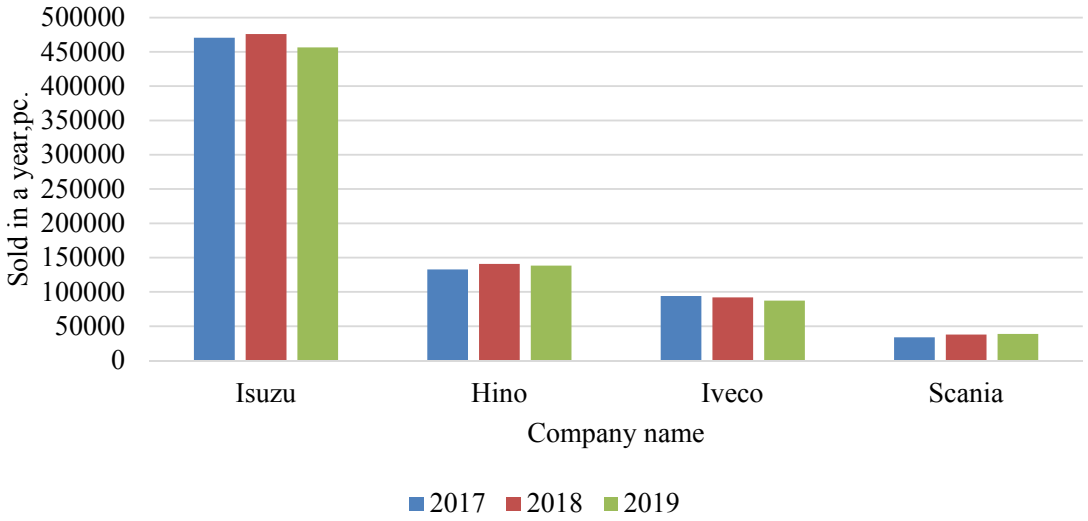

Fig. 1. **Sale of trucks in the world**

Source: URL: https://auto.vercity.ru/statistics/sales/.

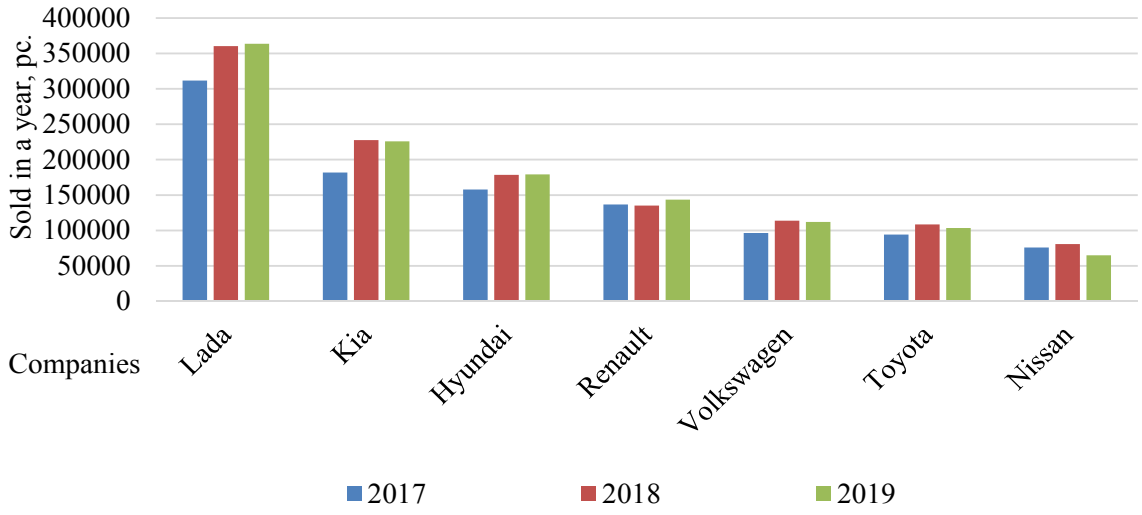

Fig. 2. **Car market in Russia**

Source: URL: https://auto.vercity.ru/statistics/sales/.

on the world market. The Japanese company sells an average of 2,400 bikes a year. As in the automotive sector, Japanese companies sell motorcycles at a more loyal price than American or European competitors. Japanese motorcycles are quite practical in terms of engine and handling.

A new Honda motorcycle with 218 horsepower engine in Russia will cost the buyer 1.75 million rub., about the same motorcycle as Ducati company's — for 250 thous. rub. more expensive. Japanese engines are used in most sports races: Honda supplies engines and motorcycles to Formula 1 teams Red Bull Racing and Alpha Tauri Racing, which also shows that Japanese technology is in the leading positions in the world.

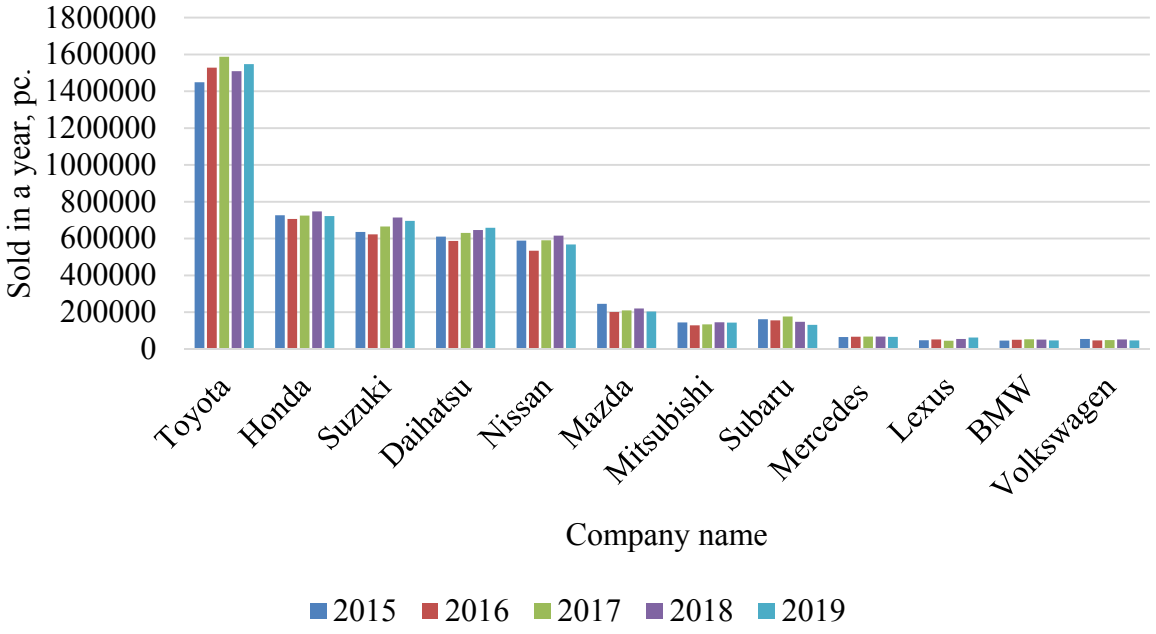

Fig. 3. **Car sales in Japan**

Source: URL: https://auto.vercity.ru/statistics/sales/.

Consider Japanese car sales in some countries and worldwide. In terms of the Russian Federation (*see fig. 2*), the number of Japanese cars sold is above the budget (including South Korea). For example, in 2019, Toyota cars were ranked 6th after Lada, Hyundai and Kia.

This situation is due to the fact that the majority of the Russian population does not have the money to buy Japanese cars, as they are only represented in in the business car segment and SUVs, while South Korean manufacturers supply us car as economy class, which allows citizens to buy them for relatively little money.

Japanese cars are more competitive than European cars on price criteria. For example, Nissan Teana or Toyota Camry can be compares with BMW 3 series, and the amount per car will vary from half a million to one million if you consider different complete sets. Consider the cost of complete set "Comfort" Nissan Teana or BMW 3 series. At the most standard level Nissan Teana will cost the buyer 1 million 300 thous. rub., BMW, in turn, is worth 1 million rub. more. In addition, BMW's component costs are 2–3 times higher than Nissan's.

In Russia, European manufacturers raise prices through brand and modern electronics (https://www.bmw.com.cn/zh/all–models/3–series/sedan/2019/specshee).

Japanese buyers try to buy cars from the domestic manufacturer, American cars are almost non–existent, European cars — are expensive both on purchase and in service (*see fig. 3*). Chinese and South Korean cars are not allowed on the market, as Japanese companies will suffer losses due to lower prices.

In Japan, compact and hybrid cars are the most popular. The first "hybrid" in Japan is Toyota Prius, which is also popular in Europe and USA, but due to climatic conditions did not take place in Russia. At present, Japanese companies present electric car concepts as the most promising in many international car shows. Currently, Nissan Company occupies a large share of the electric car market (Nissan Leaf). This brand, like Prius, is popular in Europe, as it has few competitors (mostly

Table

Toyota car sales by continent

Continent/Year	2016	2017	2018	2019
North America	2 764 475	2 831 235	2 773 791	2 696 447
Europe	924 660	981 038	1 002 249	1 045 367
Asia	2 583 214	2 639 100	2 891 929	2 822 350
Japan	1 636 495	1 597 471	1 569 566	1 587 297
South America	395 766	431 839	427 851	391 908
Oceania	259 381	273 619	264 379	255 928
Africa	183 397	183 246	196 202	200 559

Source: compiled by the authors based on URL: https://global.toyota/en/company/profile/production-sales-figures/.

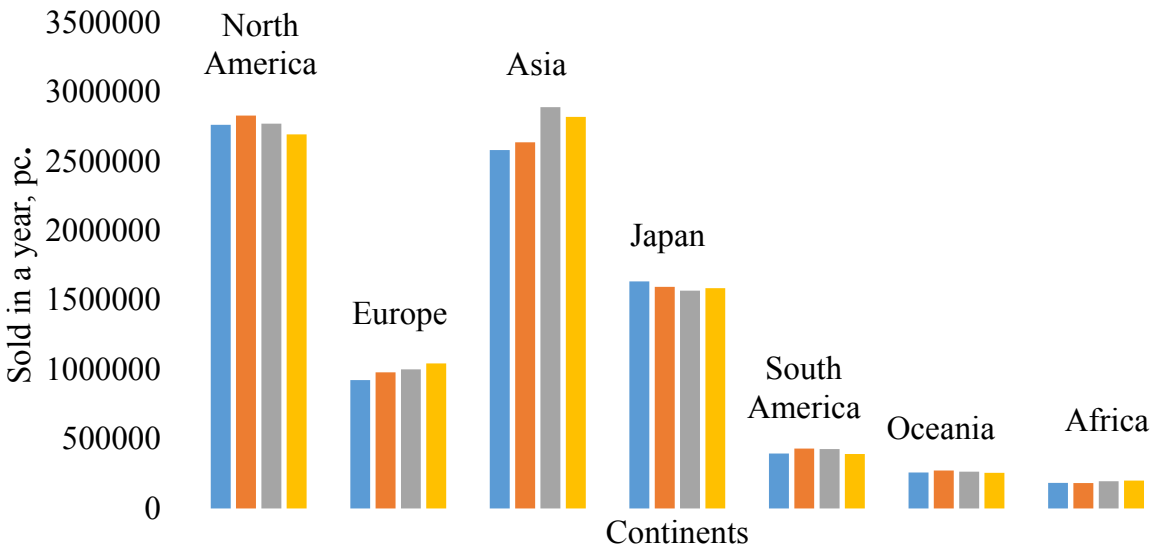

Fig. 4. **Toyota car sales worldwide**

Source: compiled by the authors based on URL: https://auto.vercity.ru/statistics/sales.

luxury European companies or Tesla, but its value is much higher).

Toyota car sales in different regions are shown in the *table*. If Japanese car sales in the European market are considered, they are significantly lower than in Russia, North America and Asia (*see fig. 4*).

The most developed is the Asian market — 2 million 822 thous. 350 pieces sold in 2019, of which in Japan — 1 million 587 thous. 297 pieces. The North American market is slightly inferior — 2 million 696 thous. 447 pieces in the same year 2019. In all Europe sold less than in Japan — 1 million 45 thous. 367 pieces.

In Europe are known such companies, as Czech Skoda, German: Volkswagen, BMW and Mercedes, Italian: FIAT and Alfa Romeo, French: Reno and Peugeot. A number of Japanese companies have established

subsidiaries in the European and American car markets. The European Union imports about a quarter of Japanese automakers' cars, while it exports only 6% of all exports to Japan. This indicator brings us back to the fact that the Japanese car market is dominated by domestic manufacturers.

The situation in the US market is similar to that in Europe, where home–made cars are mostly used, such as Ford, Chrysler and Chevrolet. But because America has fewer companies than Europe, and the number of cars — 2 per family, there are more Japanese cars. For the US market, the Japanese make models of cars that are not even sold in Japan. As mentioned earlier, these cars are Toyota Tundra and other pickups. Despite the support of their own manufacturer, Americans believe that Japanese cars are significantly better in terms of durability. It is due to durability that Japanese motors are called "millionaires", while European motors on average "run" distance in the area of 250–300 thous. km. Also, the attraction of Japanese cars to the US is that the largest Japanese companies have factories there and do not need to spend extra money on transportation and parts for these cars.

In Asia and the Pacific, Japanese car sales are the most popular in almost all countries except in South Korea, where the automobile market is highly developed. China's top–selling — Japanese brand cars, despite the successful development of its own automobile production over the past 10 years, most of which are exported to low–tech, low–income countries [3].

As a result of the promotional policies implemented since 2009, the demand for hybrid vehicles has been growing — amounting to 60% of all cars sold in Japan.

Another regulatory measure is vehicle recycling. Recycled cars are used in the manufacture of new machines, which reduces environmental problems in the country and reduces the purchase of components from abroad. Disposal in Japan by a dedicated vehicle recycling centre.

As Japan began to switch to electric vehicles more than 10 years ago, almost every city parking lot and toll roads have chargers for them. The next step in the development of Japan's auto industry is to switch to self–propelled cars.

The prospect of integrated firms is predictable, much more difficult to understand what is expected of automobile manufacturers, who find it very difficult to survive and compete in the global international automobile market. Today, a large number of firms exist in alliances with automotive manufacturers of TNCs from different States [4].

In summary, the main challenge for Japanese companies remains to increase sales in Europe, to enter new developed markets, to create new models of electric vehicles for sale in South America and emerging markets in South–East Asia [5].

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The article was received on 16.11.2020; revised on 01.12.2020 and accepted for publication on 22.12.2020.
The authors read and approved the final version of the manuscript.