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Automotive Aftermarket in China

Industry Study with Forecasts for **2011 & 2016**

Study #2262 | December 2007 | \$4900 | 340 pages

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The prime driver behind the strong growth in China's light vehicle parts aftermarket is the dramatic increase in the light vehicle park, which has grown more than 16% annually since 2001.

Demand in China to grow 17.9% yearly through 2011

The aftermarket for light vehicle components and parts in China is forecast to increase at an annual rate of 17.9 percent, reaching ¥76.9 billion in 2011. The prime driver behind the strong growth in China's light vehicle parts aftermarket is the dramatic increase in the light vehicle park, which has grown more than 16 percent annually since 2001. Whereas the China vehicle park was at one time primarily composed of business and government vehicles, consumer sales now drive the industry as personal income has risen. Despite the rapid growth of the vehicle park in recent years, there is still plenty of room for continued growth since the ownership rate of automobiles is very low by international standards.

Increased aftermarket spending per vehicle will also contribute to growing demand, but to a much lesser extent than the growth in the vehicle park. Overall growth in per vehicle spending is attributable to a myriad of factors. As personal income continues to rise across the country, the automotive aftermarket will see increasing demand for non-essential upgrades to automobiles and a preference among consumers for value added products such as electronics -- e.g., autosound, navigation systems and the like. Other beneficial factors include greater annual average miles traveled per vehicle and the rising number of older vehicles in the park. The rampant use of counterfeit parts has a negative

Automotive Aftermarket in China, 2011 (¥76.9 billion)



Mechanical
54%

Electrical
20%

Electronic
14%

Exterior &
Structural 12%

impact on the aftermarket because the parts are priced very low. However, on the other hand it contributes to growth in the aftermarket as the use of inferior counterfeit parts increases the repair frequencies for light vehicles.

Electronic products to be fastest growing segment

Mechanical products will remain the largest light vehicle aftermarket segment through 2011, due in large part to the regular replacement requirements of products such as filters and the high cost of items such as engines and associated parts. Demand for electronic products, which include autosound, electronic controls and modules, navigation

products and security systems, will see the fastest growth through 2011. Replacement rates for electrical, exterior and structural parts will also experience robust growth.

Pro service providers to remain dominant over DIY

Professional service providers will remain dominant throughout the forecast period, with those aligned with the strong brands of popular light vehicle producers most likely to increase their market share. The small DIY segment will grow rapidly as new light vehicle buyers become more knowledgeable about vehicle maintenance and repair.

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Sample Text, Table & Chart

ELECTRONICS PRODUCT AFTERMARKET

Navigation Products

Chinese light vehicle aftermarket demand for navigation is forecast to increase 14.0 percent in 2007. The primary driver of this growth is the process of plant modernization. The replacement of a vehicle from one generation to the next, navigation systems rely primarily on satellite technology. GPS receivers collecting information from satellites and Global Positioning Systems (GPS) has become widespread, helping drivers get exact location and topography of their surrounding area to assess the best route. Following the trend in developed countries, in China navigation systems for vehicles are also experiencing the transition from installed GPS to PND (portable navigation devices), which are cheaper and more favored by car owners.

Prices of navigation products have been dropping rapidly in the past several years, which is helping to stimulate demand. The new generation of GPS sold in China provides a wide range of geographical information, including the exact positions of restaurants, supermarkets, hospitals and other facilities on the map. Some producers promise to regularly update the map free of charge, while others charge for update services. Hence, GPS also functions as an updatable electronic map, especially useful in booming Chinese cities where new buildings and facilities emerge on a daily basis. In addition to the visual display, newly developed GPS devices communicate a user's position and direction of movement through an audio interface. This approach has become practical only recently as the necessary computer-related technologies have become portable and inexpensive. This feature in particular provides a boost to inexperienced drivers. Since portable GPS devices are very easy to install, there will also be significant aftermarket demand for navigation systems from owners of older cars without factory installed GPS.

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**SAMPLE
TEXT**

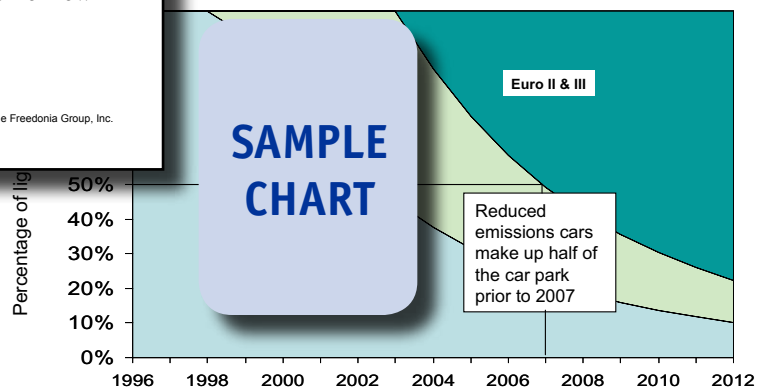
**TABLE VI-1
EXTERIOR & STRUCTURAL PRODUCT
AFTERMARKET IN CHINA
(million yuan)**

Item	1996	2001	2006	2011	2016
Light Vehicles in Use (000)	7150	11720	24950	53650	88400
¥ E&S products/vehicle	168	176	175	173	173
Exterior & Structural Prdt Aftmkt	1200	2060	4370	9200	15200
Tires	0	0	0	0	0
Windows & Glass	0	0	0	0	0
Other	0	0	0	0	0
% exterior/structural	2	2	2	2	2
Total Automotive Aftermarket	0	0	0	0	0

**SAMPLE
TABLE**

CHART II-11

PERCENTAGE OF NEW EMISSIONS CONTROL VEHICLES INTO VEHICLE PARK -- PASSENGER CAR EXAMPLE

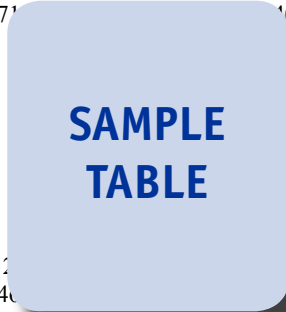


**SAMPLE
CHART**

Sample Profile, Table & Chart

TABLE IV-2
AUTOMOTIVE FILTER AFTERMARKET IN CHINA
 (million yuan)

Item	1996	2001	2006	2011	2016
Light Vehicles in Use (000)	71	100	130	150	170
¥ auto filters/vehicle	10	15	20	25	30
Automotive Filter Aftermarket	710	1500	2600	3750	5100
Air Filters	150	300	500	700	900
Oil Filters	200	400	650	900	1200
Fuel Filters	100	200	300	400	500
Other	160	300	450	650	900
% filters	2	3	4	5	7
Mechanical Product Aftermarket	40	60	100	150	200



COMPANY PROFILES

Fengfan Company Limited

Eight Fuchang Road
 Baoding, Hebei 071057 CHINA
 86-31-2320-8320
<http://www.sail.com.cn>

Annual Sales: 2006, as reported by company
 Employees: 1,000 (2006)

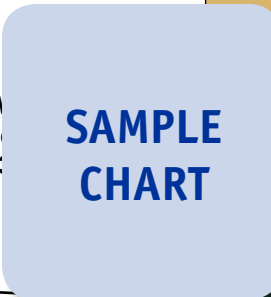
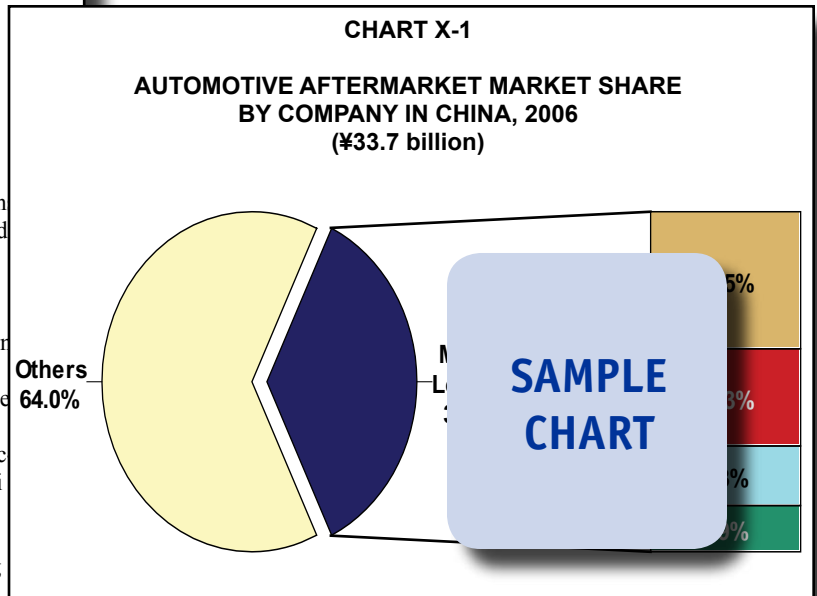
Key Products:

International: Manager

Fengfan sells lead-acid batteries for automobiles, motorcycles, locomotives, and communication and power generation equipment. The Company is privately held and operates through its Baoding Sail Storage Battery Company Limited subsidiary (China).

Fengfan's Baoding Sail Storage Battery subsidiary participates in the Chinese automotive aftermarket industry through the production and sale of automotive batteries marketed under the SAIL brand name. The SAIL line comprises six- and twelve-volt lead-acid automotive batteries, which can be used in vehicles produced by various manufacturers, including Honda Motor Company Limited (Japan), Mitsubishi Motors Corporation (Japan) and Volkswagen AG (Germany).

Production and research and development activities for Baoding Sail Storage Battery are carried out at a facility in Baoding, Hebei, China. Additionally, Baoding Sail Storage Battery sells batteries in Europe through Lexel Trading GmbH (Germany).



OTHER STUDIES

Automotive Diagnostic Products

US automotive diagnostic product demand will grow 5.8% yearly, driven mainly by more electronic/electrical systems in cars, a shift toward technician-owned handheld devices and the rising influence of software over hardware. Equipment will remain dominant while software updates grow the fastest. This study analyzes the \$975 million US automotive diagnostic product industry, with forecasts for 2011 and 2016 by type and service performer. It also evaluates company market share and profiles major players.

#2290 01/2008..... \$4400

World Motorcycles

Global motorcycle demand will grow 6% yearly through 2011. Gains will be led by developing markets based on rising incomes and the introduction of higher quality machines with newer technologies. In developed markets, fuel prices and car restrictions will make motorcycles more attractive as transportation. This study analyzes the 44.3 million unit world motorcycle industry, with forecasts for 2011 and 2016 by type, world region and for 18 countries. It also details market share and profiles major players.

#2251 11/2007..... \$5400

World OEM Automotive Electronics

Global demand for OEM automotive electronics will grow 7.5% yearly through 2011. Gains will be driven by more electronics use per vehicle and faster technology transfer from developed to developing countries. The best prospects are emerging in safety, entertainment and power electronics. This study analyzes the \$106 billion world OEM automotive electronic industry, with forecasts for 2011 and 2016 by product, world region and for 23 countries. It also evaluates market share and profiles major players.

#2230 09/2007..... \$5500

Automotive Repair & Maintenance Services

The US automotive repair and maintenance services market will grow 4% annually. Mechanical services will remain the largest segment while electronics will grow the fastest. New light vehicle dealers will continue as the dominant service provider while quick lubes, tire stores and repair chains will lead gains. This study analyzes the \$86.2 billion US automotive repair and maintenance service industry for 2010 and 2015 by type and provider. It also evaluates company market share and profiles industry players.

#2146 01/2007..... \$4400

Automotive Aftermarket in North America

The North American aftermarket for light vehicle parts will grow 3.2% annually through 2010 as more vehicles reach prime service age. Mechanical products will remain dominant while electronics will lead gains. Professional service performers will strengthen their dominance over consumer/DIY performers. This study analyzes the \$50.2 billion North American automotive aftermarket parts industry for 2010 and 2015 by product, service performer and country. It also evaluates market share and profiles major firms.

#2121 11/2006..... \$4400

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