

6th JAMA-CLEPA Business Conference in Stuttgart



*Mr. Shoji Kondo, Chairman of the JAMA Purchasing Committee
and Dr. Jürgen Harnisch, President of CLEPA*

JAMA and CLEPA, the Comité de Liaison de la Construction d'Equipements et de Pièces, held their 6th joint Business Conference in Stuttgart from 16-18 April.

Like on previous occasions, the conference provided a much appreciated opportunity for 120 representatives from nine Japanese vehicle manufacturers and more than 500 attendants from European-based suppliers to increase business contacts and to discuss future opportunities, visions and co-operation.

"Japanese producers have increased their purchase of EU parts and materials by 40%"

In his welcome address, Mr. Shoji Kondo, Chairman of the JAMA Purchasing Committee, stressed the continuing commitment of Japanese manufacturers to the European market. He particularly emphasised that Japanese automobile producers have increased their purchase of EU parts and materials by 40 per cent, from 4.88 billion dollars since the first JAMA-CLEPA conference in 1995 to 6.78 billion Euro in 2000.

Mr. Kondo highlighted the significance of building high-quality cars for European customers. For this purpose, closer and stronger co-operation between Japanese manufacturers and CLEPA suppliers is essential for both sides. However, he specifically noted that suppliers would be expected to supply high-quality and low-cost parts which fulfil the requirements of Centum, a Japanese Integrated Production Control System. These relate to quality, cost and delivery timing of parts and components. At present, both sides will have to work on improving their co-operation to achieve a mutually satisfactory win-win relationship.

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Japan are available at:
www.jama.or.jp/e_press/index.html

**A Monthly Review
of the Japanese Motor
Vehicle Industry**

In his keynote speech, Mr. Wolfgang Chur, Member of the Board of Management, Robert Bosch GmbH, echoed the key points of Mr. Kondo's observations. In order to satisfy the consumer, European suppliers should focus on delivering superior value to the automotive industry. He further stressed the need for suppliers and manufacturers to begin their close collaboration as early as the development stage in order to improve working efficiency and quality.

"European suppliers delivering superior value to the automotive industry"

For the first time in JAMA-CLEPA's joint history, an interactive panel discussion 'Business with Japanese Automakers - Experiences and Evolutions in Partnership

Relations between Vehicle Manufacturers and their Supply Chains' provided an opportunity for a frank exchange of ideas and best practices on some key issues.

Two major Japanese manufacturers, Toyota and Honda, represented by Mr. Rob Johnson, Vice President of Toyota's Purchasing Division, and Mr. Dietmar Gessner, Honda's Purchasing Department Manager, and representatives from two leading European suppliers, Faurecia's Armand Batteux, Executive Vice President and COO, and GKN's Ian Griffiths, Chief Executive of GKN Automotive Driveline Div., outlined their views of a mutually beneficial relationship and openly discussed concerns and issues raised by the audience.

Mr. Johnson agreed with Mr. Kondo in pointing out that European suppliers

would have to improve their performance in terms of quality and lead-time developments in order to live up to Toyota's world standard. Mr. Gessner similarly summed up Honda's requirements in a simple formula: 'supply good quality products at the right time in the right quantity'. If these factors were combined, Japanese carmakers and European suppliers could hope to further develop and build on a profitable relationship that succeeds in providing world-class products to European consumers.

The 6th JAMA-CLEPA Business Conference highlighted the increasing importance of co-operation of producers and suppliers to build high-quality cars for European customers. Following the success of the 6th Conference, a 7th one is already envisaged. ■

JAMA Topic

Survey highlights latest trends in the Japanese passenger car market

A new survey indicates changes and recent trends in Japan's market for passenger cars in the financial year 2001, which ended in March 2002. The survey concludes that, as compared to the financial year 1999, more households own one or more cars, while the average car becomes cheaper and safer. The rising star in the Japanese market is clearly the Recreational Vehicle (RV) which seems to meet the taste and needs of a growing segment of car purchasers.

More Japanese households own one or more passenger cars

In general, the market saw a modest increase in the percentage of Japanese households which own passenger cars (from 78.6% to 79%). Interestingly, the proportion of main drivers who are female or senior citizens increased from 33% to 35% and from 15% to 18% respectively.

The so-called "Silver" segment of the market, i.e. people in their sixties, experiences major changes in lifestyle and income upon retirement. This segment is increasingly interested in smaller vehicles and RVs. In addition, there is a highly visible transition from sedans to RVs among motorists in their thirties who raise children and emphasise RV-related features such as their "multipurpose versatility", "spaciousness for the entire family" and "capability to carry much cargo." These factors mainly account for a considerable increase in households owning RVs (from 25.3% to 35.9%) and mini passenger cars 17.1% to 19.3%.

There was a modest, ongoing increase in households with more than one vehicle (up by 0.7% to 38.0%), typified by growth in the group in which one vehicle is an RV (56.5% as compared to 50.4% in the previous study). The study also highlights that people tend to keep their cars for a longer period, currently 6.1 years on average.

Vehicle users are placing more emphasis on safety

There was a modest increase in the percentage of registrations of used cars (from 26% to 28%) as compared to new cars. Those consumers who decide to buy a brand new car tend to buy cheaper cars. Vehicles produced in Asia could benefit from this trend, as they bear an image of being "inexpensive" and "economical." There are indications that the image of such vehicles is becoming more positive among the segment aged 24 and younger, as indicated by descriptions of "individualistic", "interesting" and "feel affinity with it." Even though there is no trend to buy more expensive cars, vehicle users are placing more emphasis on safety.

Furthermore, the trend towards Intelligent Transport Systems (ITS) and the use of the Internet to gather information is expected to grow. ■

Bringing Mazda “back to the future”

In the fifteenth of our Profile series, News from JAMA interviews Mr. Stephen Odell, President Mazda Motors Europe.

Mazda is the company to watch out for. Mr. Stephen Odell, the new European President since January this year has the perfect credentials to bring Japan’s fifth largest car manufacturer “back to the future”.

Mr. Odell, of British nationality, has spent over 20 years in the automotive business, starting with Ford UK. His career spans many countries including Europe, North America and Asia. He has also worked for several Ford brands, including Jaguar, where he was Vice-President for Marketing and Sales for North America and where he launched the S-Type. Prior to his current post, he served as Chief Operating Officer for Mazda’s North American operations for two years, where he gained a first hand understanding of Mazda’s business and a taste for the quality and reliability of Japanese cars.

Diversity of European Lifestyle

Whilst he is obviously looking forward to the many challenges that lie ahead, he candidly states that the European market is, to say the least, complex. “Complex” due to its many different languages, tax regimes, environmental legislation and financial markets. He admits that the Euro will go a long way to sort the last one out, although he stresses that the Euro zone is far from complete! Lastly, European lifestyle and taste is so diverse that it is virtually impossible to design a car to suit all European tastes, let alone Japanese and American. Although, he does believe the new Mazda RX-8 and Mazda6 go a long way to meet global taste, if there is such a thing.

When asked to set out his three main challenges, Mr. Odell does not beat

about the bush and offers a clear response. The first is dealer and distributor profitability. He smiles when he says this, stating that no doubt his competitors say the same thing, but he explains openly that without profit, the dealer/distribution network rapidly becomes eroded, something that he wants to rebuild quickly. With the launch of the new Mazda6 and the Mazda RX-8 and many replacement models in the next 18 months, Mr. Odell



Mr. Stephen Odell

will concentrate on selling more cars, more parts and, above all, will try to do so as efficiently as possible.

Given that this is one of his major challenges, what are his views on the EU Commission’s decision to amend the current car Block Exemption, which regulates how cars are distributed across Europe? Mr. Odell states that he “supports competition, but that the Commission has omitted some important factors”. First, he highlights a misconception about profit and points out that there is not much pan-European

profit made by car manufacturers at the moment. Second, Mr. Odell is of the view that car prices might not come down, but actually go up and using Denmark as an example, he questions whether manufacturers can make money in a market where pre-tax prices are so low. Third, he fears that the new-found competition will hit the small dealers and put them out of business. “Surely this is not what Commissioner Monti wants, but the local dealer, which meets the need of the local community and who is best placed to serve customers, is in danger of disappearing”, he comments.

His second challenge is to create demand. He wants Mazda to be much more present on customers’ radar screens and recognises that in the past, the company has had a fragmented product offering. However, with the new Mazda6, common rail diesel models, the MPV and the RX-8, he is confident that Mazda is back on track and the radar screen will be picking up the Mazda signal. He is also confident that the new models will be at the “front of the pack” with environmental-friendly technologies and state-of-the-art safety measures.

Mazda’s “Zoom-Zoom” Campaign

Mr. Odell speaks enthusiastically of Mazda’s “Zoom-Zoom” marketing campaign, explaining the concept of “emotion of motion”. He wants Mazda to reflect the child that has not grown-up, the busy board member with a sense of humour, the fun car, the choice of the people, combined of course with the quality and reliability that Mazda’s Japanese tradition is so well recognised for.

He knows that his third challenge - people (hire, train and retain) - will keep

him and his management very busy. Hence, the need to look after Mazda personnel across Europe which now number some 1000 people, not including the 2000 dealers across Europe and the many indirect jobs that develop around these.

What does "Europe" mean for Mazda? "We have three main markets" he comments "Japan, North America and

Europe, the latter accounting for some 20 to 25 percent of total sales". He hopes to regain lost terrain and one day sell 200,000 units, compared to the 155,000 units sold in 2001. Clearly, Europe is a key market. From 2003, Mazda will start manufacturing the Demio vehicle in the Ford Valencia plant. Mr. Odell argues that "manufacturing in Europe will not only make Mazda a European manufacturer but also no doubt help relieve the

exchange rate fluctuations between the Yen and the Euro".

Mr. Odell is on a mission, a mission to bring Mazda "back to the future". He realises that he is in the business of making cars for people who want to have fun and who see the car as a representation of themselves. ■

Essay by Peter Nunn

Sports Car World

All good things come to an end, they say, and so it is with a heavy heart that Japan bids sayonara to some of its most famous sports car names. Cars like the Nissan Skyline GT-R, Toyota Supra and Mazda RX-7 are being withdrawn from production this Summer. It's the end of an era.

You might wonder why and the simple answer is 'emissions.' New regulations drafted in during 2000 call for a drastic tightening of the numbers relating to CO, HC and NOx emissions. Car makers say the engineering work needed to modify the sports car engines to meet these 'Heisei 12-nen emission regulations' is not inconsiderable and when balanced against current sales volumes here in Japan, the investment both in time and money just doesn't add up.

So the end is nigh. Still, you can't say the Skylines and Supras of this world haven't had a good run. All petrol-powered cars in Japan currently meet 'Showa 53-nen emission regulations.' That's to say, standards dating back to 1978, or several lifetimes ago as far as the car industry is concerned.

So a revision had to come and when new guidelines were laid down in 2000, a period of grace was allowed. That, the car makers must have been grateful for, seeing as the call now was to cut those CO, HC and NOx levels by a steep 70%.

Call it an interesting new technical challenge, yet as one door closes, another one opens. Successors



to the current breed of Skylines and RX-7s are already in the wings, cars that are 'cleaner,' more earth-friendly yet still blessed with strong sports car DNA. Cars like Mazda's upcoming rotary-powered RX-8 and Nissan's thunderous GT-R concept, for instance. A hot Supra successor is also rumoured.

For all their performance and history, cars such as the Skyline GT-R and RX-7 might be relatively unknown outside Japan these days but back home, they're still heroes. Both Nissan and Mazda came up with special celebratory models to mark the end of current production and when Nissan's limited run of 1000 Skyline GT-R was announced, a rush of orders meant they all sold out the very first day. You could call that bowing out in style. ■

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