



# An Analysis of Car Sales & Production in Indonesia and Opportunities for Fastener Suppliers

by Sharareh Shahidi Hamedani

## Indonesia's Statistics in Terms of Car Manufacturing

In terms of population, Indonesia with 258.7 million is the biggest country in ASEAN. Its GDP is 3.0 trillion USD (11,720 USD per capita) and it is predicted that its growth is 4.8% annually. Indonesia is the second-largest car manufacturing nation in Southeast Asia and the ASEAN region.

Car Production	Global Ranking	Country	2016	2015	2014	2013	2012	2011	2010
	12th	Thailand	1,944,417	1,915,420	1,880,007	2,457,057	2,429,142	1,457,798	1,644,513
17th	Indonesia	1,177,389	1,098,780	1,298,523	1,206,368	1,052,895	838,388	702,508	

In 2017, Indonesia's total car production capacity stood at 2.2 million units per year. However, the utilization of Indonesia's car production capacity was expected to fall to 55 percent in 2017 as the expansion of domestic car manufacturing capacity had not been in line with growth of domestic and foreign demand for Indonesia-made cars.

## Indonesia's Statistics in Terms of Car Sales Market

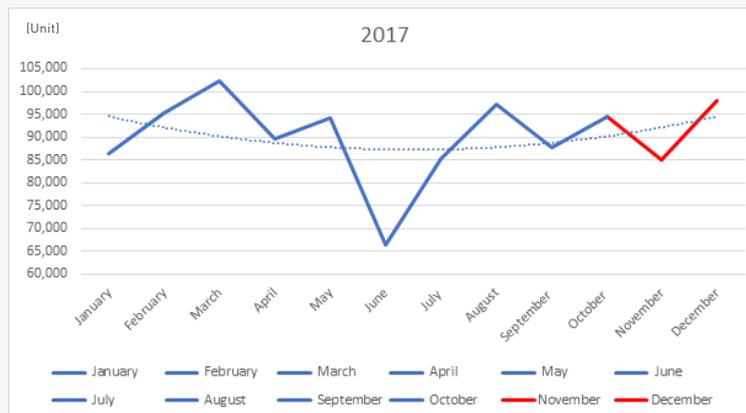
In terms of market size, Indonesia is the biggest car market in Southeast Asia and ASEAN. Indonesia accounts for about one-third of total annual car sales in ASEAN, followed by Thailand on the second position.

The statistics of car sales in Indonesia in 2017 are as below. Based on the following graph, it is predicted that Indonesia's car sales can pass the record in 2016 and 1,080,000 units of cars in 2017 (Note: Units in November and December are predicted numbers).

Car Sales			
Country	2014	2015	2016
Indonesia	1,208,019	1,013,291	1,061,735
Thailand	881,832	799,632	768,788
Malaysia	666,465	666,674	580,124
Philippines	234,747	288,609	359,572
Vietnam	133,588	209,267	270,820
Singapore	47,443	78,609	110,455
Brunei	18,114	14,406	13,248
Total	<b>3,190,208</b>	<b>3,070,488</b>	<b>3,164,742</b>

## Where Should Fastener Producers Look for Opportunities in the Indonesia Market?

Five automotive brands from Japan controlled car sales in Indonesia in the first half of 2017 with a dominating (combined) market share of about 90 percent. Based on data from the Indonesian Automotive Industry Association (Gaikindo), Toyota, Daihatsu, Honda, Mitsubishi and Suzuki accounted for about 90 percent of total car sales in Indonesia during the January-June 2017 period. In total, 533,903 car units were sold in this six-month period. These figures confirm the dominant position of Japanese car manufacturers in Indonesia's automotive industry. Not surprisingly Indonesia is often called "the backyard of Japanese car-makers" and this also makes it tough for European and US car brands. Although they are attracted by the promising perspectives of Indonesia's automotive market (big population, rising GDP per capita, yet still low car ownership per capita), they face serious difficulty to gain market share. That is the reason that several western car brands closed their factories in Indonesia over the past couple of years (for example, American car-maker Ford Motor Company). With 36.5 percent, Toyota controls the largest market share in Indonesia, followed by Daihatsu (17.6 percent). The following table on the next page shows shares of the brands in the Indonesia market.



Indonesia's Car Sales	
MONTH	2017
October	94,461
September	87,645
August	97,256
July	85,323
June	66,389
May	94,091
April	89,623
March	102,336
February	95,159
January	86,324
Total	<b>898,607</b>

## What Should Fastener Producers Do?

Based on the above information, it is clear that Indonesia's automotive market is a focused market. Working in a focused market is easy because the suppliers know about the market a lot and on the other hand it is also difficult because so many suppliers come to this type of market and the competition will be tough.

In this type of market, branding strategy can help players be different from other competitors.

Fastener producers which position themselves in the minds of potential users will succeed in this type of market. Fastener producer positioning is the aggregate perception the market has of a particular fastener manufacturer brand, produced fasteners in relation to their perceptions of the competitors' production in this industry. It will happen whether or not a fastener producer's management is proactive, reactive or passive about the on-going process of evolving a position. But a fastener brand can positively influence the perceptions through enlightened strategic actions.

Brand	Sales	Share
Toyota	195,288	36.56%
Daihatsu	94,287	17.65%
Honda	93,262	17.46%
Mitsubishi	53,034	9.93%
Suzuki	51,764	9.69%
HINO	12,828	2.40%
Nissan	9,146	1.71%
Isuzu	8,167	1.53%
Datsun	4,759	0.89%
Mercedes-Benz	2,098	0.39%
Chevrolet	1,809	0.34%
Mazda	1,593	0.30%
UD Trucks	1,286	0.24%
BMW	1,180	0.22%
Lexus	724	0.14%
Scania	611	0.11%
Hyundai	571	0.11%
KIA	543	0.10%
Tata	490	0.09%
VW	231	0.04%
MINI	236	0.04%
Renault	209	0.04%
Total	<b>534,116</b>	<b>100.00%</b>

In marketing, positioning has come to mean the process by which marketers try to create an image or identity in the minds of their potential consumers for its product, brand, or organization. It is the 'relative competitive comparison' their product occupies in a given market as perceived by the target market.

Based on the positioning concept, in Indonesia market, it is predictable that the main fastener importers to Indonesia are:

1. Japanese producers: their position in the minds of Indonesian fastener users is "original fasteners for Japanese cars". The total value of Japanese exported fasteners to Indonesia in 2016 was more than 627 million USD.
2. Singapore: It is the 2nd biggest exporter to Indonesia and its position can be "Just-In-Time orders" because Singapore is the biggest port in the ASEAN and even one of the biggest in the world and it is close to Indonesia. The value of fasteners exported from Singapore to Indonesia in 2016 was more than 255 million USD.
3. China: It is positioned as the one offering the cheapest price, so it is the 3rd biggest fastener exporter to Indonesia and the value of its fasteners exported to Indonesia in 2016 was more than 76 million USD
4. Thailand: It is the 4th biggest fastener exporter to Indonesia and its position is the biggest car manufacturer in ASEAN region, which means its position in the minds of Indonesian fastener users is "It knows about fasteners a lot." Its value of fasteners exported to Indonesia was 38 million USD.
5. Australia and USA: They are respectively ranked the 5th and 6th biggest exporter to Indonesia.
6. Taiwan: Its value of fasteners exported to Indonesia was 20 million and it is ranked the 7th biggest exporter to Indonesia. I believe that if Taiwanese fastener suppliers position themselves as "Fastener is the main business in Taiwan, so we are professional," they can definitely improve their export value to Indonesia.

**Reference:**

- 1- <http://www.oica.net/wp-content/>
- 2- <https://www.indonesia-investments.com/news/todays-headlines/these-5-japanese-brands-control-90-of-indonesia-s-car-market/item8029?>
- 3- <https://www.brandingstrategyinsider.com/2007/08/great-moments-2-5.html#WpbwwWaB0U0>

**金聖精密股份有限公司**  
**JS GLOBAL LIMITED**

We're JS GLOBAL LIMITED certified with ISO 9001:2008 for automobile parts, specializing in stamping and machine milling for over 20 years.

We could not only offer you the in-house progressive die & fine blanking, but also have the ability of prototype tooling and over molding according to customers' design. Our customized service covers the complete processed production, including through stamping, heat treatment, vibration, blasting, plating, sorting before packaging, and delivery on time with good quality.



TEL: 886-4-733 2178 FAX: 886-4-735 4888 www.jhyglobal.com

E-mail: tim@jhyglobal.com / jinsheng@jhyglobal.com

No.105, Ln. 140, Sec. 3, Xiandong Rd., Hemei Township, Changhua County 508, Taiwan

TS16949  
NQA T9099  
IATF 0227577