Global and China Automotive Seating Industry Report, 2016

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STUDY GOAL AND OBJECTIVES

This report provides the industry executives with strategically significant competitor information, analysis, insight and projection on the competitive pattern and key companies in the industry, crucial to the development and implementation of effective business, marketing and R&D programs.

REPORT OBJECTIVES

- To establish a comprehensive, factual, annually updated and cost-effective information base on market size, competition patterns, market segments, goals and strategies of the leading players in the market, reviews and forecasts.
- To assist potential market entrants in evaluating prospective acquisition and joint venture candidates.
- To complement the organizations' internal competitor information gathering efforts with strategic analysis, data interpretation and insight.
- To suggest for concerned investors in line with the current development of this industry as well as the development tendency.
- To help company to succeed in a competitive market, and

METHODOLOGY

Both primary and secondary research methodologies were used in preparing this study. Initially, a comprehensive and exhaustive search of the literature on this industry was conducted. These sources included related books and journals, trade literature, marketing literature, other product/promotional literature, annual reports, security analyst reports, and other publications. Subsequently, telephone interviews or email correspondence was conducted with marketing executives etc. Other sources included related magazines, academics, and consulting companies.

INFORMATION SOURCES

The primary information sources include Company Reports, and National Bureau of Statistics of China etc.

Abstract

The report covers the following:
1. Composition and function of automotive seating
2. Size and Trends of global and Chinese automotive seating market
3. Competitive landscape and trends of global and China's automotive seating industry
4. Automotive seating supply chain of major global and Chinese carmakers
5. Global and Chinese automotive seating manufacturers

Automotive seating industry, seemingly without technological barriers, is actually a capital-intensive business that does with high-tech expertise. First, automotive seating plants are usually adjacent to car factories, for the products are too large to be transported easily. Therefore, as carmakers add a new production base, automotive seating manufacturers need to follow up. In this case, substantial funds become a must. Second, safety, comfort, and light weight- three requirements on automotive seating- need rich technological accumulation and present high technological threshold. Moreover, a huge number of employees in automotive seating industry pose great challenges to managerial competencies.

Global automotive seating market has grown steadily on account of the two aspects. First, higher barriers in automotive seating industry lead to high market concentration and little competition. Automotive seating manufacturers have a greater say which enables them to raise prices constantly. Second, consumption is upgraded, a phenomenon starkly seen in China where consumers have higher requirements on automotive seating. Automotive seating saw an ASP of USD723 in 2010 with a market size of USD54 billion. The figures for 2015 were USD790 and USD70.1 billion. It is expected the market size will be valued at USD72.9 billion in 2016, and USD84.3 billion in 2020 when ASP arrives at USD865.

In automotive seating industry, Adient (a spin-off of Johnson Controls) and Lear are in the first camp, together holding about 48% of passenger car market. Adient has a broad customer base with almost all carmakers being its customers, while Lear provides products mainly for Ford, GM, BMW, and FCA and operates chiefly in North America and Europe but gets far less involved in the Asian-Pacific region. Adient seizes a dominant position in China with a market share of 40%.

Ranking of Global Top 12 Automotive Seating Manufacturers by Revenue, 2014-2016

Unit: USD mln	Headquarters	2014	2015	2016
TOYOTA BOSHKOU	Japan	75	80	85
TS	Japan	40	38	44
TACHI-S	Japan	25	24	28
FAURECIA	France	68	69	73
LEAR	USA	133	141	145
Adient	USA	155	162	170
MAGNA	USA	43	41	43
BROSE	GERMANY	20	21	23
DYMOS	SOUTH KOREA	19	22	23
DAS	SOUTH KOREA	18	20	22
DAEWON	SOUTH KOREA	9	10	11
NHK Spring	JAPAN	26	25	28

Source: Global and China Automotive Seating Industry Report, 2016 by ResearchInChina

Toyota Boshoku (a member of Toyota Group) and Faurecia (a subsidiary of PSA) fall into the second camp. Toyota Boshoku has been actively developing new customers outside Toyota in recent years. Faurecia serves mainly VW, PSA, and Renault-Nissan with its operations concentrated in Europe.

In the Chinese automotive seating market, almost all American cars and German cars are equipped with automotive seats from Adient and Lear, and among Japanese cars, all Honda cars carry automotive seats from TS, the majority of Toyota cars with automotive seats from Toyota Boshoku, and Nissan cars with automotive seats from a number of suppliers. Most of Chinese car brands use seats from joint ventures. Great Wall, BYD, Chery, and Geely adopt the model of partial own production and partial purchase from joint ventures. The joint ventures deliver cost-competitive products with better performance by relying on economy of scale and complete supply chain, while local brands retain their seating businesses just for enough say in negotiation with JVs and greater resilience in supply chain.

Most of Great Wall car seats come from its own seating business division and a few are provided by the joint venture between Great Wall and Yanfeng Johnson Controls. BYD’s car seats are largely supplied by its No. 16 business division and partly by Tachi-S, a three-party joint venture. Chery has low-end seats furnished by Wuhu Ruitai Auto Parts (a subsidiary of Chery) and high-end seats by Lear, making less and less purchase from Johnson Controls and GSK. Major suppliers of seats for Geely are Johnson Controls, Zhejiang Xindaimei Automotive Seating, and Zhejiang Jujin Automobile & Motor-cycle Accessories. Cooperation with South Korean Das provides solid support for Zhejiang Xindaimei Automotive Seating to gain a foothold in Geely. Zhejiang Jujin Automobile & Motor-cycle Accessories has investment from Geely and is also backed by Tachi-S.

As consumers pursue high-quality products, the ratio of home-grown seats will gradually fall, while that of JV seats will rise.

Table of contents

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