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Car wars

By K Jayshankar



How the mighty have fallen. For, history was created last year when for the first time, China sold more cars than America.

Industry data shows that in 2009, as against a figure of 10.4 million vehicles (cars, trucks and other autos) sold in the USA, the market in China rose by 46 percent to a record high of 13.6 million vehicles. When you contrast this with the data that the Chinese market in the early 1980s had only a million private cars, well, you don't need an economist to tell you where the growth story is truly being written - especially as reports indicate that over 2000 new drivers join the traffic snarl of Beijing traffic every day.

The Detroit Car Expo in January attracts the world's attention as the premier Auto show in the world, with the media and curious car lovers turning out in large numbers to gape at the latest metal beauties. This at a time when the American economy no longer commands the respect of days passed. Remember, there was a time when it was said that what is good for General Motors is good for America (and, by extension, the world)!

What is it about cars that fascinate all of us? The iconic status of cars in American life has provided much grist to literature; with novels, movies and songs being written about what cars signify to an average citizen. If the American dream had cars in them, with the spread of the American lifestyle around the world, it is hardly surprising that it was bound to fuel such dreams in other parts of the world as well.

Despite being seen as part of the smokestack era, the automobile industry signifies high technology because if you look under the hood what drives a good car today is electronics, with about 20 percent - 30 percent of the engineering being electronics. Today, with global warming and climate change being at the centre of all corporate and political discussions, the big car is an anathema. The hybrid car, particularly Toyota Prius and Honda Civic Hybrid, are symbols of responsibility.

You proclaim yourself to be a global citizen when you drive one showing that you take responsibility for greening the world and have joined the ranks of those in the battle against exploitation of the earth's resources.

The small car was originally a European idea but it is the innovations in Japan that caught the eye of the world. With its large landmass and ample resources, Americans naturally chose large cars, but the first oil shortage of the '70s was a wakeup call that Americans refused to heed. Asia, on the other hand, lapped up the concept primarily for economic reasons. In the crowded Asian cities, a small car not only was a more convenient option but was easier on the pocket for most people.

Given the reliability associated with Japanese products, the recent automobile recall by Toyota and Honda comes as a nasty jolt. Reports suggest that Toyota is likely to recall nearly 8 million vehicles globally (more than the number of cars and trucks it sold worldwide in 2009) due to a fault in the pedal assembly; whereas Honda at the same time has recalled about 646,000 cars due to a fault in the power windows. January showed a steep fall in the sales of these two majors in the American market, with some estimates showing a 25 percent drop.

The hit is not just to the Japanese auto industry. The 'Made in Japan' label, which has been the ultimate USP for Japan for decades, has developed cracks. The bastions of quality have been found to be negligent. Not surprisingly, some parts of the American media are gloating over the discomfiture of the Japanese car makers. Hyundai and General Motors are attempting to capitalise on Toyota and Honda's plight by offering aggressive discounts to make customers switch to them. However, reports in the Korean press have also been cautioning the Korean manufacturers not to fall the 'Toyota way' - the speculation being that in the aggressive quest for market leadership, severe cost reduction exercises contributed to quality errors.

But the story elsewhere is different. Like China, India's car market has also expanded and the latest figures show that the market leader, Suzuki India (called Maruti Suzuki), sells more cars than the parent company in Japan. To many, the car is not a symbol of transportation but upward mobility. The bigger the car, the richer the man - so goes the popular notion.

The launch of the cheapest car in the world, the Nano from Tata Motors, has been much talked about for it was a huge affirmation of the frugal engineering skills of Indian auto experts. India today is achieving record sales, with the industry recording 33 percent growth in January, 2010 despite price increases, compared to the same period last year, What of the future? It is not inconceivable that well-known brands continue to fall to Chinese and Indian hands, as has happened with Jaguar, Land Rover and other cases.

The markets in India and China are hungry for the cars as it signifies the change of living standards - and with the economies of both nations on an upward trend, the sale of automobiles is not likely to abate in the near future. Evidently, no amount of climate change warnings or worries about traffic congestions will reduce the desire for car ownership, even while city planners stress the need to invest more in public transportations (through metros, bus services, etc). The imagery associated with having your own vehicle harks back to a primitive need for speed and control that will compel individuals to find their own means of personal transportation.

While today, African nations are importing cars from Japan and Korea, apart from the United States and Europe, you can be sure that in the next decade you will see Chinese and Indian cars on the roads of Africa.

***Jayshankar is a certified Management Consultant and managing Director of Empowered Learning Systems Pvt. Ltd., India.
jay@empoweredindia.com***