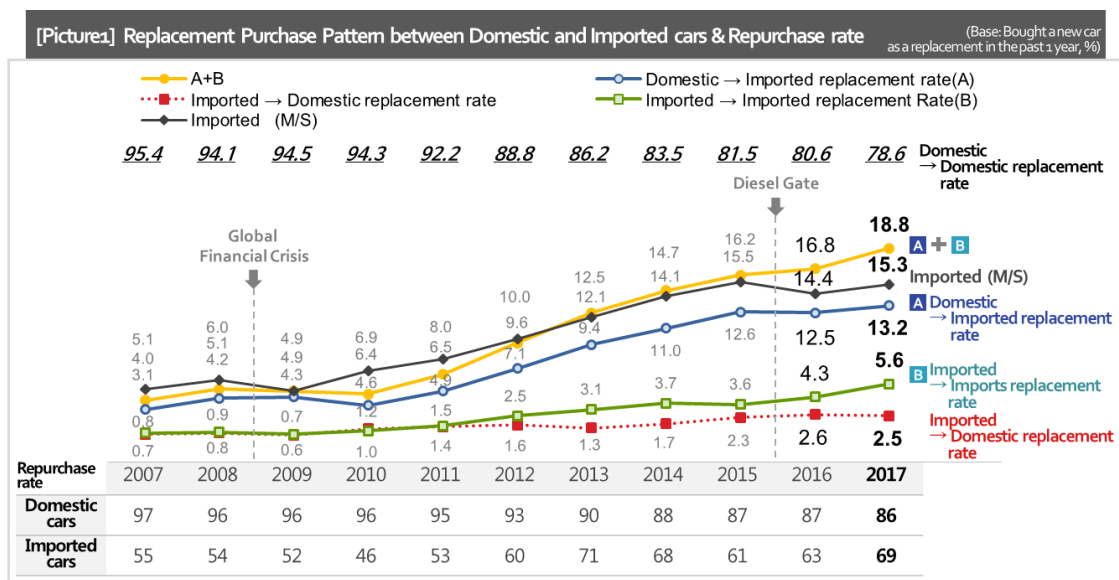


## Automobile Consumer Report 17/18-5; The race of imported cars with no end

- Imported cars growing by 1.5%p in replacement market each year in the past 10 years
- Also, expected to exceed 20% in the same the next year
- Not much affected by the Diesel Gate

Three out of every four new cars are replacement purchase after a disposal of used cars. The imported cars' market share in the replacement purchase market is almost identical to that in the total market, which is forecastable based on the switch from domestic to imported car purchase. Despite the huge scandal of the diesel gate, the sales of imported cars has not been affected much, continuing to grow significantly by 1.5%p each year. It is not possible at all to predict when imported cars will stop growing in their sales at the moment.

'The Annual Syndicated Automobile Study', conducted by an automobile specialized market research firm, Consumer Insight, every July since 2001, asked consumers about what their new and previous cars were (either domestic or imported). The replacement patterns of those who bought a new car in the past one year are as follows [picture 1] for the past 10 years from 2007 to this year.



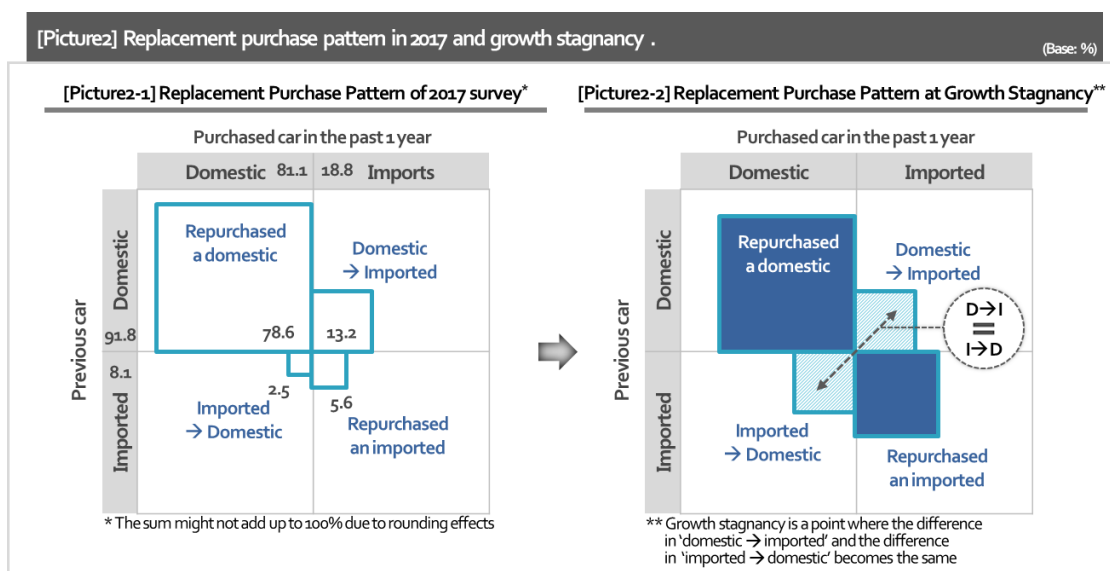
The switch patterns in the car replacement of the past 10 years show that the switch from 'domestic to domestic,' which is a pattern of buying a new domestic car after previously using a domestic car, decreased by 16.8% from 95.4% in 2007 to 78.6% this year [picture 1]. The switch from 'domestic to imported' has been more than quadrupled from 3.0% to 13.2% with the repeat purchase of imported cars having skyrocketed to 5.6% from below 1%. The imported cars' market share in the replacement market rose by more than 4 times to 18.8% from 4.0% in the past 10 years, recording 1.5%p growth each year. On the hand, the transfer from imported to domestic cars has been very slow from 0.7% to 2.5% for the same 10 years. Such a super-negative factor as the diesel gate did not make much impact, making it hard to predict when the imported cars will stop growing.

### For more Information

Inquiry: Yoon, Taesun, Managing Director Tel. 02) 6004-7655 Fax 02) 543-5984 e-mail: yoonts@consumerinsight.kr  
19F, Geopyeong, Town, 129, Bongeunsa-ro, Gangnam-gu, Seoul, Korea 06121 Consumer Insight Inc.  
www.consumerinsight.co.kr

Another thing worth it to watch for, along with the market share, is repeat purchase rate. The repeat purchase of domestic cars has gone down from 97% to 86% in the past 10 years, with the same of the imported cars having risen up to 69% from 55%. It is significant to note that the gap in the repeat purchase between domestic and imported cars has been closing in rapidly. The same repeat purchase in a long term implies the market share of 50% to 50% between domestic and imported cars. Repeat purchase rate is the priority index to take care of.

[Picture2-1] is a diagram that summarizes [Picture 1]. To summarize the current replacement market, the share of imported cars is 18.8% that is composed of 13.2% of 'domestic to imported' and 5.6% of 'imported to imported'. On the contrary, the switch from 'imported to domestic' was only 2.5%. When a product in a growth stage, inflow should be greater than outflow, and a stagnancy means that inflow and outflow have become the same. No more growth of imported cars' market share implies that the switch from domestic to imported and the other way around has become the same as illustrated in [Picture 2-2]. That is, the growth trend of 'domestic to imported' at 13.2% should be equal to the switch from imported to domestic that currently lingers at 2.5%. In other words, the cease of the imported cars' growth in market share assumes that the rising trend of 'domestic to imported' turns downwards and stays there long while the transfer from 'imported to domestic purchase' which is very unlikely to happen, is made on to a long growing trend to make the switches from imported to domestic and the other way around the same, causing the imported cars to stop growing. Such switch patterns as illustrated inevitably yield very negative outlook for the domestic cars.



Currently, only Japan, Germany, and France account for more than 50% of their automobile market share with their domestic cars among major automobile manufacturing countries in worldwide. The United States, England, and Italy all gave out their markets to imported cars by more than 50%. Korea is one of the countries with the greatest market dominance at 85%, only next to Japan. In case of the United States, the country used to dominate 90% of its market in 1965, but had lost its market share by 1% per year for the past 50 years to come at its current market share in the 40% range. It wonders to what extent Korea could fight back against the imported cars.

The research results on this report are based on 'the 17th Annual Syndicated Automobile Study (fielded in July, 2017)' that ConsumerInsight, an automobile specialized market research firm, conducted since 2001, with the sample size of over 100,000 consumers per study.

## For more Information

Inquiry: Yoon, Taesun, Managing Director Tel. 02) 6004-7655 Fax 02)543-5984 e-mail: yoonts@consumerinsight.kr  
19F, Geopyeong, Town, 129, Bongeunsa-ro, Gangnam-gu, Seoul, Korea 06121 Consumer Insight Inc.  
www.consumerinsight.co.kr

◆ Reference: 「Consumer Insight」 Annual Automobile Syndicated Study Outline

The contents was excerpted and summarized from the results of 'Annual Syndicated Automobile Study' conducted by Consumer Insight Inc. in every July since 2001.

<b>Respondent</b>	Car owners/purchase intenders within next 2 years	<b>Total</b>	<b>1,887,946</b>
<b>Recruiting Panel</b>	Random quota sampling from Consumer Insight's IBP(Invitation Based Panel) & other major portal site members	<b>2017</b>	96,123
<b>Sampling</b>	Quota sampling by gender/age	<b>2016</b>	100,788
<b>Data Collection</b>	E-mail survey	<b>2015</b>	105,672
<b>Sample Size</b>	Yearly average of 100,000 persons	<b>2014</b>	101,821
<b>Study Contents</b>	U&A(Usage and Attitude) & CEQ(Consumer Experienced Quality)	<b>2013</b>	101,701
<b>Fieldwork Period</b>	Every July	<b>2012</b>	95,012
		<b>2011</b>	97,356
		<b>2010</b>	106,291
		<b>2009</b>	91,129
		<b>2008</b>	95,472
		<b>2007</b>	105,149
		<b>2006</b>	106,088
		<b>2005</b>	139,825
		<b>2004</b>	171,499
		<b>2003</b>	118,195
		<b>2002</b>	129,277
		<b>2001</b>	126,458
		(Year)	(persons)

Inquiry: Taesun, Yoon, Automotive Director Tel. 02) 6004-7655 e-mail: yoonts@consumerinsight.kr  
Copyright© Consumer Insight All Rights Reserved. Can't be used for commercial purpose.

## For more Information

Inquiry: Yoon, Taesun, Managing Director Tel. 02) 6004-7655 Fax 02)543-5984 e-mail: yoonts@consumerinsight.kr  
19F, Geopyeong, Town, 129, Bongeunsa-ro, Gangnam-gu, Seoul, Korea 06121 Consumer Insight Inc.  
www.consumerinsight.co.kr