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Strategies for Non-OEM autoparts market in DangJin, ChungNam province

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An aerial photograph of a coastal city. A large, modern cable-stayed bridge spans a wide body of water. A large ship is visible in the water, moving towards the bridge. The city is built on a peninsula, with buildings and greenery visible. The sky is blue with some clouds.

01

Current Situation

01 Current Situation of Non-OEM Market in Korea



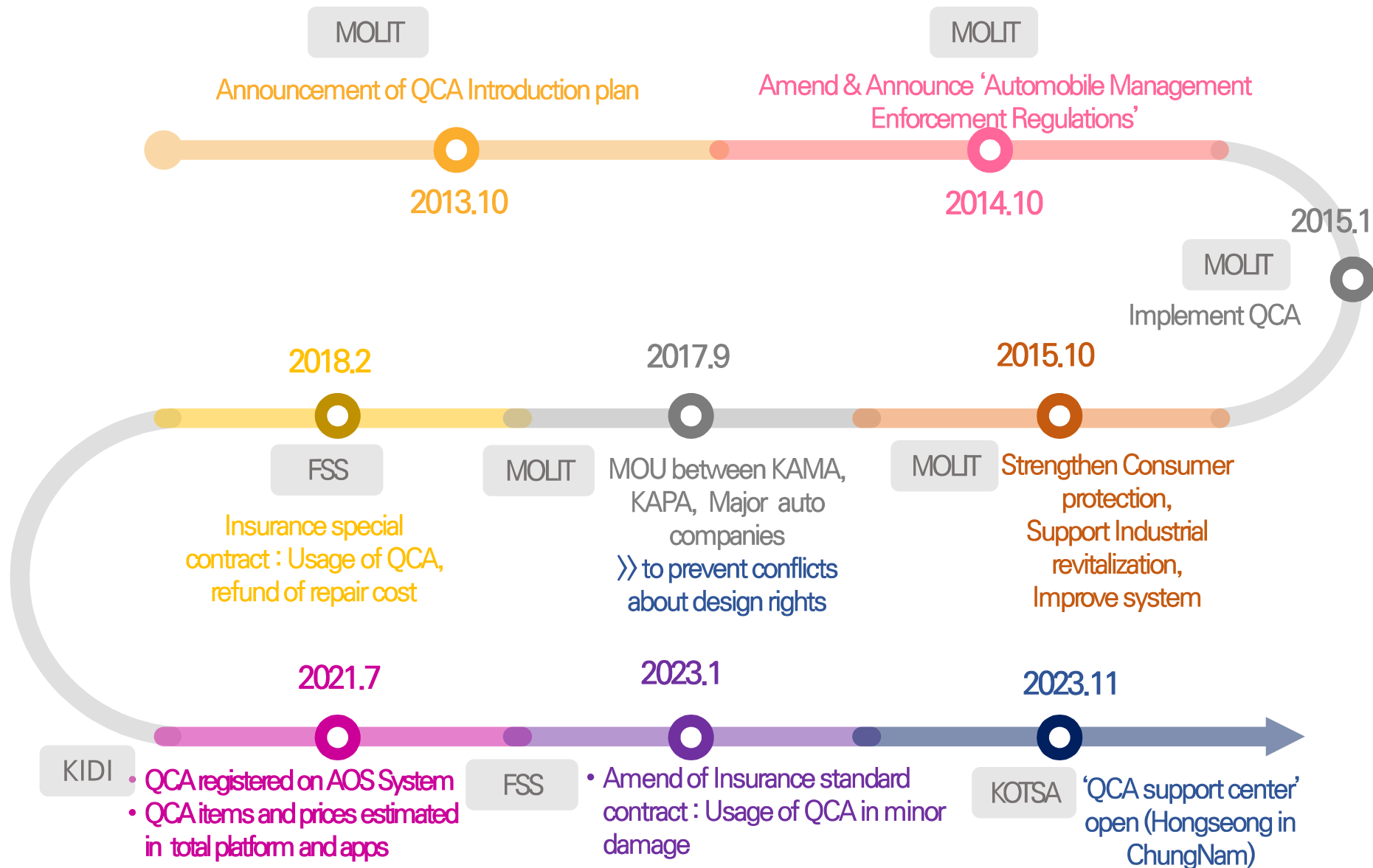
Introduction

- **“Quality-Certificated Autoparts” (QCA)**
 - Non-OEM autoparts that MOLIT certificates performance and quality as equivalent as OEM autoparts.
 - Registered on AOS* (Automobile repair cost Online Service) system
 - * Insurance process system that car-repair shops submit costs on the computer network.
- However, Lack of Consumer awareness of QCA, Inconvenience for purchase
 - Low usage

Certification cases		exterior	lights	Consumable	Total
Domestic Companies	Domestic car	319	2	161	483
	Imported car	1	-		
Foreign Companies	Imported car	717	582	3	1,302
Total		1,037	584	164	1,785

Source : KAPA(2022.10)

01 How QCA has been developed

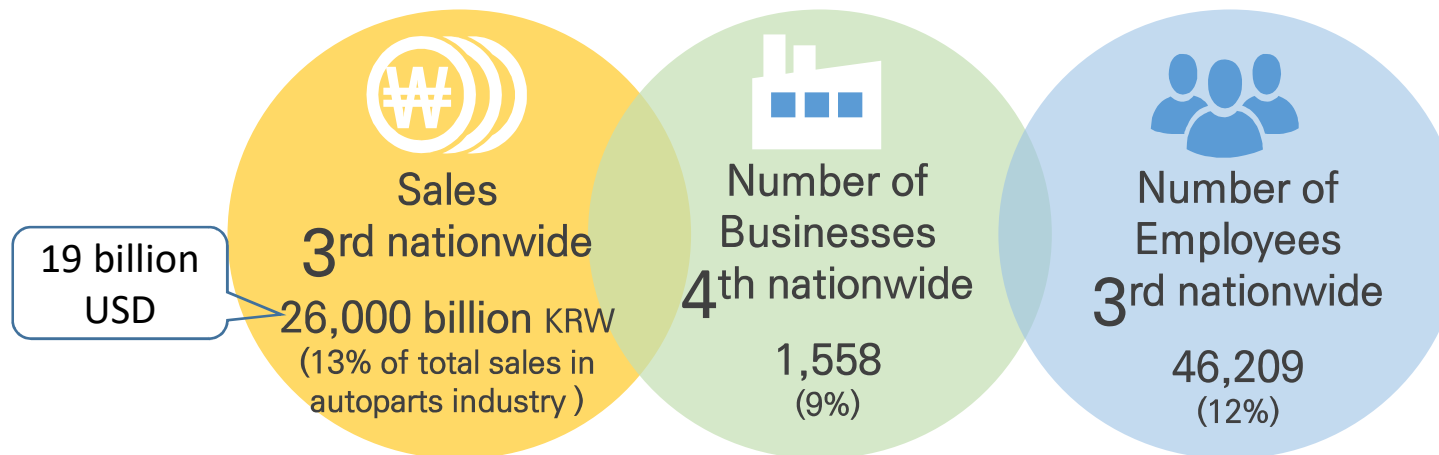


01 Autoparts industry in ChungNam



ChungNam is the 3rd Biggest Cluster in Autoparts industry

- Automotive Ecosystem in ChungNam
 - 1st tier vendor(9.7%), 2nd (35.8%), 3rd (54.5%)
 - 3rd vendors got increased, 1st & 2nd vendors got declined (compared to FY2015)
- Structure of Sales
 - Delivery to Upper vendor(88.2%), Delivery to Manufacturer(10.2%), Sales to Market (1.6%)
 - Domestic (90%), Export(10%)
 - * Export to : US(29.0%), China(24.5%), Middle-east Asia(19.4%), EU(16.3%), Japan(9.1%)



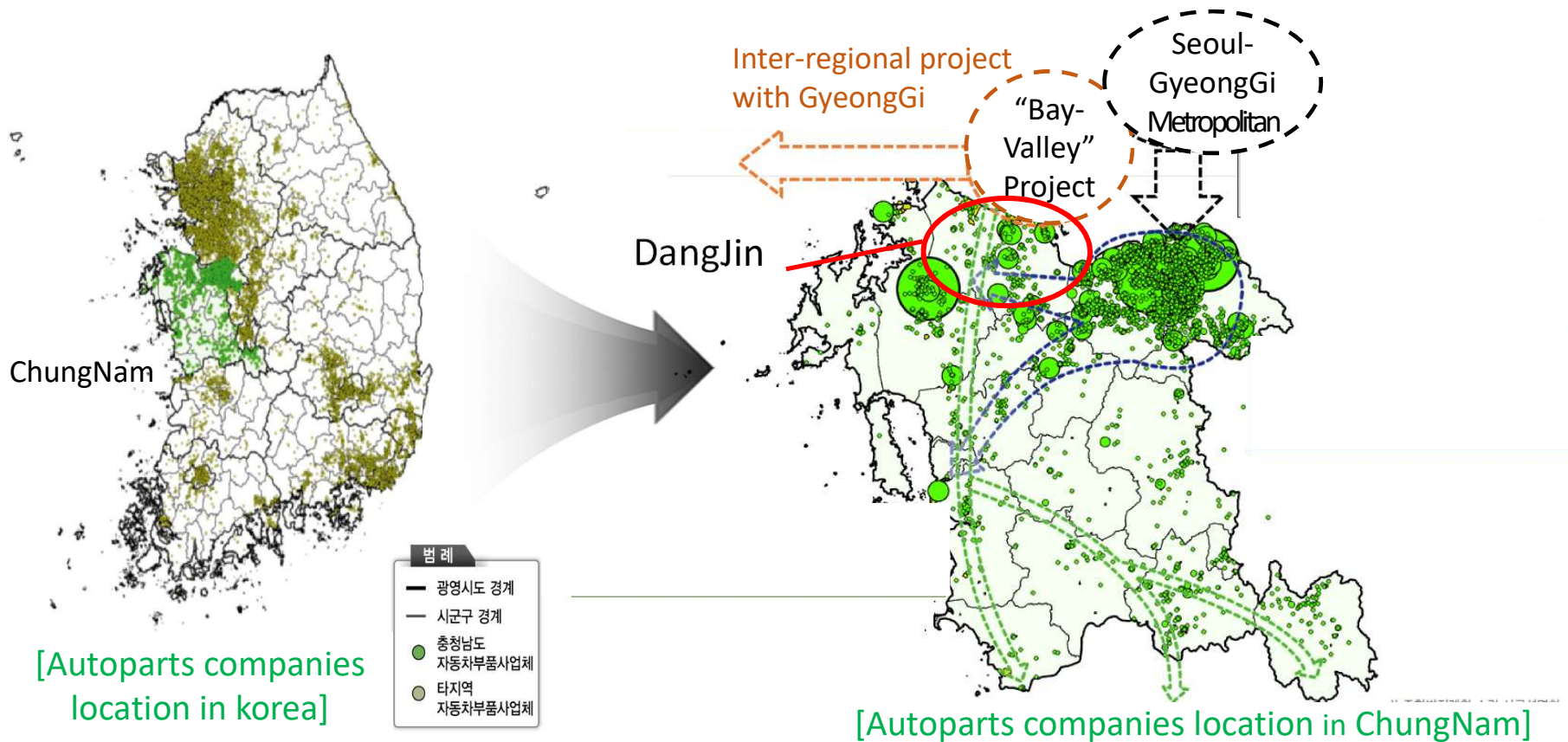
Source : KOSIS (FY2022)

01 Autoparts industry in Chungnam



DangJin has a leap momentum forward to the next automobile industry

- ChungNam + GyeongGi : 1/3 autoparts companies in Korea located
 - * Bay-Valley Magacity Project (DangJin = Logistics, Hydrogen energy industry)
 - * 3 Major automobile manufacturer locates, full amount of Imported cars unloaded
- Selected as a leading city for 'Corporate innovation park project'



An aerial photograph of a city harbor, likely San Francisco, showing a large bridge spanning the water, with ships and city buildings visible in the background under a blue sky with clouds.

02

Questionnaire about QCA's Marketability

02 Questionnaire about QCA's Maketability

Survey Design

	Context
targets	Car repair/service shops in 15 regions
Period	2021.09.10. ~ 2021.10.01
method	1:1 interview
respondents	317

Respondents Overview

		Numb ers	Ratio			num bers	Ratio
Sex	M	316	99.7	Age	20s	1	0.3
	F	1	0.3		30s	12	3.8
Reg ion	GyeRyong	8	2.5		40s	76	24.0
	GongJu	17	5.4		50s	134	42.3
	GumSan	10	3.2		60s	92	29.0
	NonSan	17	5.4		70s~	2	0.6
	DangJin	18	5.7	Sales amou nt / Mont h (KRW)	~ 20Mil.	115	36.3
	BoRyong	17	5.4		20~30 Mil.	65	20.5
	BuYeo	12	3.8		30~40 Mil.	53	16.7
	SeoSan	19	6.0		40~50 Mil.	27	8.5
	SeoCheon	10	3.2		50 Mil. ~	57	18.0
	Asan	50	15.8	Empl yees	1	111	35.0
	YeSan	14	4.4		2~5	157	49.5
	ChonAn	90	28.4		6~10	47	14.8
	ChongYang	10	3.2		10 ~	2	0.6
	TaeAn	11	3.5				
	HongSeong	14	4.4				

02 Results



Awareness of QCA

Awareness of QCA	Ratio (%)
Don't know it well	2.5
Have heard of it	22.4
Know it well	69.4
Know it very well	5.7
Total	100.0



Dealing with QCA

Dealing with QCA	Ratio (%)
YES	99.7
NO	0.3
Total	100.0



Overall Impression about QCA

Overall Impression about QCA	ratio(%)
Seems like used autoparts	6.9
Seems like counterfeit	23.7
Seems cheap	53.9
Same as OEM autopars	15.5
Total	100.0



Impression about QCA's quality

Impression about QCA's quality	ratio(%)
Cheaper and Worse quality than OEM	22.4
Cheaper and Similar quality to OEM	65.0
Cheaper and good quality than OEM	12.6
Total	100.0

02 Results



Major dealing QCA items

Major dealing QCA items	ratio(%)
Bumper	13.6
Body (fender, door, trunk...)	2.8
Lights	26.8
Functional parts(brake, wiper, shock absorber...)	19.9
Consumable parts(filter, engine oil, battery..)	36.6
Total	100.0



Intention to recommend

Intention to recommend	Ratio (%)
Little intention	2.8
Don't know yet	19.2
Somewhat willing to recommend	65.6
Very willing to recommend	12.3
Total	100.0



Reasons to recommend

Reasons to recommend (plural responds)	ratio(%)
Can provide information to customers and expand choices	19.9
Consumers prefer relatively inexpensive items	28.5
Sales margin of QCA is higher than OEM items	7.4
No need to use OEM items for older model cars	21.8
QCA items has similar quality to OEM items	22.3
Total	100.0



Recommendable item to customers

QCA items	Ratio (%)
Bumper	8.4
Body	5.8
Lights	29.3
Functional parts	21.3
Consumable parts	35.2
Total	100.0

02 Results



Reliability on QCA's Quality

Reliability on QCA quality	Ratio (%)
untrustworthy	15.5
Trustworthy	72.8
Very trustworthy	11.7
Total	100.0



Cost Satisfaction with QCA

Cost Satisfaction	ratio(%)
Dissatisfied	16.1
Satisfied	77.5
Very Satisfied	6.3
Total	100.0



Outlook of QCA market

Positive outlook	ratio(%)
Amend of car-insurance standard contract would help consumer choices increase	26.8
Consumers prefer cheaper items due to long-term economic recession	19.1
Consumers would trust quality if government guarantees	24.7
New fields such as Non-OEM, Car tuning market will expand	18.4
New business chances for autoparts companies	11.0
Total	100.0



advices for QCA distribution

advices	Ratio (%)
Online platform to do Easy order, pay, delivery to repair shop	11.7
Mandatory guidance of Non-OEM items in case of car repair	30.9
Priority use of government for constant demand-guarantee	24.9
Information of QCA and Improvement impression	21.5
Broaden consumer's choice by supplying QCA data	11.0
Total	100.0

02 Summary

Awareness

- Awareness of QCA is quite high.
 - * Ration of 'don't know' is only 2.5%
 - * Car-insurance special/standard contract

Impression

- Overall Impression about QCA is still negative
 - * Cheap, Used, Counterfeit
- However, Impression about Quality is positive
 - *cheaper than OEM but similar/good quality
 - *common opinion of "No doubt about QCA quality"
- Best Recommendable items are Lights

Usability and Distribution

- Almost 100% car-repair shop have used QCA, and experience recommending to customers.
 - *Mainly 'consumable parts' 'lights'
- 75% of customers accept to use QCA
 - * Low resistance to QCA

Market outlook

- Car repair shops has Positive outlook about QCA market.
- To increase usability, mandatory guidance is needed

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03

How to Vitalize

03 How to Vitalize

1) Foster QCA and related Industries in DangJin, ChungNam



- need to establish support system from start-up to export
- Education system for human resources
- Experience-Space facilities for getting used to QCA usability



- (DangJin Corporate innovation park) MOU with 11 agencies (2023.10.30)
- universities : education
TP, KOSMES, KOREG : funds, subsidies
KAPA, KISTI, IUC : QCA database, training

03 How to Vitalize



Future vision of autoparts industry in DangJin Corporate Innovation park

- As-Is : industrial ecosystem of autoparts manufacture / manufacturing services
- To-Be : autoparts distribution, business supporting services, manufacture value-added
→ expansion of industrial ecosystem, provision of innovation-base



03 How to Vitalize

2) Make the most of Leading projects in DangJin



- DangJin Corporate innovation park project
- in the 2nd stage, planned to use QCA actively as a part of "Collaboration model"
- KAPA takes the co-lead to expand QCA usability



- the goal of Bay Valley project is to foster Asan-bay as a next main industrial cluster in Korea.
- Main role of DangJin is 'Logistics of DangJin port'
- 'Hydrogen energy industry'
- need to improve conditions of DangJin port, and strengthen the function of outport

An aerial photograph of a large, multi-lane bridge spanning a wide body of water. The bridge has several tall, white piers supporting its structure. In the background, a city with various buildings and industrial areas is visible along the shoreline. The sky is blue with scattered white clouds. A dark blue rectangular box is overlaid on the center of the image, containing white Korean text.

감사합니다.