

Japan Used Car Market - Growth, Trends, Covid-19 Impact, and Forecast (2023 - 2028) - Mordor Intelligence

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Report description:

Currently, the Japanese Used Car Market is valued at USD 62.6 billion, and it is expected to reach USD 84.9 billion in the next five years, projecting a CAGR of 6.28% during the forecast period.

The Japanese used car market witnessed a significant dip due to the COVID-19 outbreak and subsequent lockdowns. Although the slump was not as significant when compared to the new car sales due to the buyer's reluctance and lower disposable cash in hand for new vehicle purchases, now, as life comes to normalcy, the market is expected to gain back its pace in the following years. The pandemic made owning a car an unavoidable aspect of an individual's life, as traveling via public transport was risky. People who preferred public transport during the pre-COVID-19 times are now potential customers of the used cars market.

Due to the increasing digitization and the ability of companies to provide immersive purchase experiences remotely, the Japanese Used Car Market is expected to witness significant growth. Furthermore, the rise in the value-added service offerings and the variety of finance providers offering credit for used cars are expected to contribute to the growth of the used car market in the region. However, the higher interest rates may turn away some potential customers, thus hampering the market's growth.

Factors, such as the rise in income levels, increasing demand for luxury cars, shorter car ownership periods, booming import-export, and a growing preference for two-wheeler owners to upgrade to small and compact cars, also drive the growth of the market.

Consumers in the country appear to prefer used cars not only because they are less expensive, but also because many of the new vehicles on the market are still relatively new - between three and seven years old - and in good shape, making them highly feasible possibilities to explore.?

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Additionally, better value-added services provided by online used car trading platforms over the conventional used car selling methods have significantly attracted buyers toward the used car market. These value-added services provide peace of mind to the customers and aid in the growth of the Japanese used car market.

Japan Used Car Market Trends

Growing Online Used Car Sales Aiding the Market

As smartphone and internet penetration in Japan is increasing, the used car market is getting more organized because used car retailers are using digitalization to make market offerings attractive. Facilities, such as an enormous number of photos and videos on the online platform and easy online instant finance services, are drawing more customers into buying used cars.

Tech-savvy customers in the age group of 25-40 years are demanding features such as end-to-end transactions, doorstep delivery, digitalized recommendation on the basis of driving behavior and lifestyle of the customer, and digitalized test drives. Players in the market are providing flawless and smooth access to car specifications, performance reports, and inventory information to customers to assist them in making informed decisions.

Many multi-brand and independent dealerships are expected to develop their online presence in order to participate in the online used vehicle market. Some dealerships are investing in their own websites and Instagram pages, in addition to advertising used car inventory on internet marketplaces. Used vehicle platforms are likely to focus on establishing a transactional marketplace to enable 100% online end-to-end transactions for customers from the comfort of their homes without having to visit showrooms.

Also, COVID-19 further aided the used car market, owing to lockdowns and restricted movement, making most dealers rely on internet enquiries and bookings to boost their sales. Virtual tours and remote inspections are being made available through online portals, and home delivery services are being offered by enterprises, including OEM certified/authorized dealerships .

Online platforms have been increasingly growing because they are connecting various vehicle sellers and groups, like independent dealers as well as private owners, with customers. These platforms are expanding their presence in the country to increase their market share and revenues. For instance, in September 2022, SoftBank Corporation , a major Japanese telecom provider, and Trusty Cars Pte. announced the establishment of CARRO JAPAN Corp., a joint venture that will provide a marketplace for used car subscription .

Growing Used Car Auctions Aiding the Market Growth

The price of used cars in the country is rising as a result of a weakening Japanese yen, which has an effect on markets that rely on the supply of used cars from Japan. The current value of the yen, which is the lowest it has been in 24 years, has sparked a renewed interest in Japan's used car market; a market that was already in high demand due to the well-documented supply shortages in the new vehicle market.

The average price of a used car in Japan in 2021 was around 1.55 million Japanese yen, up from 1.36 million Japanese yen in 2020, when the COVID-19 pandemic was at its worst. A used car costing between 500 thousand and one million Japanese yen was the most common price range.

As the pandemic as well as outside factors kept on hampering recuperation, Japan's economy faced a decrease in GDP starting COVID-19 pandemic . When restrictions are eased and economic activity returns to normal, accumulated demand should assist GDP in the short term. However, it is anticipated that relatively high inflation and sluggish global growth will stifle economic

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activity in the near future.

The outcomes of the new car market had an indirect effect on the market for used cars. The statistics for the new car market in Japan showed a significant drop not only as a result of manufacturing units being shut down during the peak period of mobility restrictions in April and May 2020, but also, and more importantly, as a result of disruptions in the global supply chain by the end of the year.

The automobile industry was negatively impacted by the lockdown, which caused people to stay at home, as well as a sudden global shortage of semiconductors. This caused used car prices to rise to levels not seen in ten years. The cost of a number of used models is now even higher than that of new ones. Auctions, in which vehicles are sold to buyers with the highest bids, typically serve as venues for the exchange of these models. We talked about how price fluctuations affect the demand for used cars in the report Revenue and Forecast for the Japan Used Car Market.

Japan Used Car Market Competitor Analysis

The Japanese Used Car Market is fragmented and is occupied by online players and company-operated used car dealers. The major players include USS Co. Ltd, PROTO Corporation, Trust Co Ltd, ORIX Auto Corporation, Yokohama Toyopet, SBT Japan, and others. Major global players have the edge over other smaller players due to their superior business models and increased number of pre-owned car retail outlets. Several new players are entering the market to gain market share. For instance, in June 2022, Mota Inc. launched a brand-new c-to-c automobile marketplace in Japan for the purchase and sale of used automobiles. Mota Direct, a new service, was added to the existing methods of buying automobiles online and auctioning them off to dealers.

Additional Benefits:

The market estimate (ME) sheet in Excel format
3 months of analyst support

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