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Expansion Strategy

(Abstract)

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Abstract

The purpose of this study is to examine the strategies auto parts manufacturers use to expand their customer base in the automotive industry. In particular, customer expansion strategies of tier 2 suppliers that supply parts to tier 1 suppliers that directly deliver parts to automakers have not been widely discussed. This study examines the customer expansion process and strategies of Japanese tier 2 suppliers through the case of tier 2 supplier A, whose main customer is Denso Corporation ("Denso"), a major Japanese tier 1 supplier.

As a result of the analysis, Tier 2 supplier A's transactions in Japan are, in a sense, stable in terms of both quality and quantity, but instead of a large decrease in orders, a large increase is also unlikely. Therefore, it was found that tier 2 supplier A was acquiring new customers by using its overseas bases in Thailand, the U.S., and China as starting points; rather than utilizing each overseas base in isolation, tier 2 supplier A was acquiring new customers by combining multiple bases. It also became clear that tier 2 supplier A was acquiring new customers and expanding sales based on its overseas bases while making good use of relationships with existing customers.