Will Nissan's global reshuffle help or hinder the ASEAN region?

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Nissan Motor Corporation recently announced a restructure of its global operations. Worldwide, its previous seven regions will be reduced to four, namely Japan and ASEAN, China, the Americas and a newly formed region dubbed AMIEO, consisting of Africa, the Middle East, India, Europe and Oceania.

The salient question raised by the grouping of Japan with the ASEAN region is whether the latter will diminish in importance. The answer is both yes and no.

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Our take on the regional realignment is that the ASEAN market will be less important for Nissan when it comes to sales and product development. What is clear is that consumer behaviour and vehicle usage differ considerably between Japan and ASEAN. And within the ASEAN region itself, preferences vary from country to country. The Thai market, for instance, favours the Pickup Truck bodystyle, while Indonesian buyers gravitate towards 7-seat MPVs and SUVs.

From this point onwards, we no longer expect Nissan to develop models tailored to the tastes and requirements of ASEAN consumers.

The sales mantle will be taken up by sister brand Mitsubishi, under the Renault-Nissan-Mitsubishi Alliance, given its recent announcement of plans to develop new ASEAN-specific models. This, in turn, is likely to lead a decline in Nissan's ASEAN sales volume over the longer term.

On the production side, Nissan aims to either shut or downsize a number of its global plants as part of its four-year medium-term business plan. This process began with the closure of its Indonesian facilities in 2019, leaving only the Thai plant operational in the ASEAN region.

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Moving forward, Thailand will take on greater importance as the production base for Pickup Trucks and the brand's e-Power models. Nissan launched production under Thailand's xEV incentive scheme with the Kicks e-POWER and is now exporting the model to Japan. The next generation of the NOTE e-POWER is scheduled to begin production under the Thai scheme in 2021 and may also be exported to the Japanese market. This points to future growth for Nissan's Thai-built e-POWER models as the OEM seeks to exploit the advantages offered by the country's xEV incentive programme.

The upshot of the regional realignment is a likely decline in the ASEAN market's global sales importance, with Mitsubishi spearheading regional sales for the alliance. On the flipside, Nissan has the potential to boost its ASEAN production volume by a significant margin over the longer term, supported by the success of its e-POWER products, as well as the choice of Thailand as the export base for models powered by this key technology.

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