

## Saudi Arabia

### Market Environment

The latest industry reports reveal that Saudi Arabia's automotive vehicle population at the present time consists of approximately 5 million units. In 1991 71,582 new cars were sold in Saudi Arabia and 123,091 trucks.

The market for wheel balancing equipment, alignment equipment and other tire related service equipment keeps growing at about 10% per year. Directly related to the Saudi Arabia market for the above kinds of equipment is the value of the tire imports. Importing about US \$ 387 million worth of tires per year Saudi Arabia is the largest tire market in the Middle East. The demand for tires and inner tubes in Saudi Arabia stems almost exclusively from the replacement market. The import market is shared by the USA 7%, Japan 40%, South Korea 21%, France 5%, Germany 4% and Italy 4%. More than 30 countries supply tires and inner tubes to the Saudi market. There are about 30 major importers/wholesalers of automotive parts including tires and tubes in the Kingdom and they generally restrict sales to their respective regions. Tires are normally sold at special outlets which also carry other automotive parts and accessories such as batteries, engine coolants and oils, engine additives, etc.. Those retail stores as a rule perform all tire related services. Due to the environmental conditions prevailing in the Kingdom the average life expectancy of tires is shorter than the world average of 55,000 km for car tires and 75,000 km for truck tires. There is no local production of tires and inner tubes in Saudi Arabia but there are three retreading plants in the main urban centers of the Kingdom.

Over 70% of the tire related service equipment is purchased by automotive repair shops.

It is customary in Saudi Arabia to have a wheel alignment and balancing job done every one or two years.

Some 70% of the gas stations within the cities and on the highways are equipped to maintain and repair automotive vehicles.

There is no local manufacturing of wheel balancing and alignment equipment in Saudi Arabia. The US dominates this market followed by Germany and Japan.

All foreign companies who wish to do business in Saudi Arabia are required to have a local agent. Saudi firms prefer exclusive agreements either covering the whole country or one of the three main provinces.

Competitive pricing and excellent after sale service are the keys to successful marketing in Saudi Arabia.