

The *China Automotive Consumer Trends Report*—Jing-Jin-Ji City

Cluster Jointly Released by Sinotrust and Auto.Sohu

Different regions show remarkable variations in automobile consumption, and consumers in the Jing-Jin-Ji area have diverse car consumption concepts

Beijing, November 9, 2011----Sinotrust and Auto.Sohu jointly published the *China Automotive Consumer Trends Report—Jing-Jin-Ji City Cluster* on November 9. By analyzing consumers' demographic and social characteristics, and car-purchasing, using and repurchasing behaviors, the Report interprets the purchasing characteristics of auto customers in the Jing-Jin-Ji city cluster. According to Wang Chunyan, who is in charge of the *Report* and General Manager of Sinotrust Automotive Marketing Strategy Services, the number of cities in the 10 major city cluster only accounts for 27.8% of the national total, but the 2010 passenger vehicle sales volumes in these cities accounted for 57.7% of the auto market as a whole. Therefore, it is of great significance to study the characteristics of the auto consumers in China by analyzing city clusters.



The Jing-Jin-Ji city cluster is one of the largest city clusters in China with Beijing as the core city and Tianjin and Shijiazhuang as two secondary core cities. It also includes 13 prefecture-level cities. The GDP of this city cluster accounts for around 10.8% of the national total. The core cities in this area have a relatively strong radiating effect on the surrounding cities. The very close economic and cultural exchanges between the cities and the frequent population flow in this city cluster form a very strong “One-city Effect.” Culturally, the residents in this area seek “elegance and practicality”—practicality, steadiness and reliable quality and “obedience and classics”—classical and low-profiled brand characteristics.

Car users in the Jing-Jin-Ji area mainly show the following characteristics:

1. Relatively high proportion of female buyers; relatively young in age

In terms of demographic characteristics, the car buyers in the Jing-Jin-Ji city cluster are mostly the only child of the three-member family. Due to the similar proportions of males and females in this cluster, the male and female car users account for similar proportions with 52.1% of male ones and 47.9% of female ones. Since the female residents in this area generally have good education background and are very independent in finance, the proportion of female car users in this area is 8.6% higher than the national average.

The car users in the Jing-Jin-Ji city cluster are averagely aged 34, 0.6 year younger than the national average. This part of buyers are mostly salary earners with a stable income who have the ability to buy cars independently after a short-time money saving. Moreover, the residents in this area have a relatively strong purchase demand, so the car buyers show a young trend. Of the car buyers, 55% are married and have children; however, this proportion is still 11.8% lower than the national average. The relatively high living cost is the direct reason behind this phenomenon.

2. Relatively high proportion of well-educated buyers; with lower income than the national average

In terms of sociological characteristics, the education resources in the Jing-Jin-Ji city cluster are relatively centralized, so the population quality is higher than the national average with the vast majority of the residents having college or above education. Therefore, the car buyers in this area are better educated than the national average. 41.3% of them have university education, 9.2% higher than the national average; 17.8% have high school or below education, 9.0% lower than the national average.

The backbone industries of this city cluster are real estate, construction, etc. and car buyers are also mainly engaged in these industries. Compared with the other areas in China, less car buyers are engaged in the retail/wholesale industry and more are in the real estate/construction/decoration industry. The proportion of those who work in private enterprises, SOEs and collectively-owned enterprises is slightly higher than the national average, while the proportion of individual entrepreneurs is lower than the national average.

The majority of the customers in the Jing-Jin-Ji city cluster are salary earners from SOEs or private enterprises, while the customers from the other areas are mostly management of private enterprises or individual business owners (typically in Jiangsu and Zhejiang). Therefore, compared with the other areas, the car users in this area have very low incomes. Their individual post-tax monthly income is RMB 7,495.7, 16.0% lower than the national average; their household post-tax monthly income is RMB 15,514.6, 4.1% lower than the national average.

3. To meet individual/family needs, car users pay more attention to such attributes as interior

trim, exterior, etc.

In terms of car-purchasing behaviors, the consumers in the Jing-Jin-Ji city cluster mainly buy cars to commute to/from work, go outings and transport family members. Compared with the other areas in China, this area witnesses a relatively high proportion of single consumers; therefore, a relatively high proportion of them buy cars for outings. In addition, due to the relatively low proportion of individual entrepreneurs in this area, fewer consumers buy cars for business use.

Car buyers in this area prefer MPVs that have large space and are suitable for outings and they are more concerned about the exterior, roominess, safety, interior trim, comfort, brand, etc., in which they pay significantly more attention to exterior, interior trim, brand, price, etc. than consumers in the other areas, which is directly related to the culture quality of Northern people.

4. Less commercial purposes, mainly drive the car on city roads/highways, etc.

In terms of car-using behaviors, car users in the Jing-Jin-Ji city cluster are mostly office workers who mainly use their cars for work commuting and family outings. People in this area usually go business travels by such traffic tools as airplane, train, etc. that will not result in congestions; therefore, the proportion of consumers in this area who buy cars for shopping, dining out and playing sports is 6.3% higher than the national average.

The roads in the Jing-Jin-Ji city cluster are mainly intra-city ring roads and highways and consumers are the permanent residents who work and live in the local area; therefore intra-city ring roads (99.9%) and highways (77.7%) are most commonly used road conditions. They only drive on provincial highways, mountain roads, etc. occasionally when they go outings.

The four seasons in Northern cities are distinct and the icy and snowy weathers in winter last relatively long time, so Northern car users drive their cars in icy and snowy road conditions for more than 3 months within a year (11.6% higher than the national average), which contrasts sharply with the Southern cities.

5. Car users have relatively high satisfaction with the purchase; they are generally first-time buyers

People in the Jing-Jin-Ji city cluster are generous, conservative and do not bother about trifles. This character exerts an important impact on the car-purchasing behaviors of Northern consumers who are mainly divided into two types: practical and individualized. The practical are concerned about car price-performance ratio. They only pay special attention to models with reliable quality and satisfactory price and pay less attention to other models. The individualized have requirements for car details. Only when the models meet their needs will they buy them. They just need the model positioning to meet their needs.

Consumers in this area usually buy qualified models according to their needs; therefore, car users have higher satisfaction with their own models than those in the other areas (Satisfaction score: 8.3 points, 0.3 point higher than the national average).

The proportion of first-time buyers in this area (86.8%) is slightly higher than the national average and the time to buy the second car is 6.1 years on average, slightly longer than the national average. The second-car budget is RMB 25,000 lower than the national average (Around RMB 223,000). The age of second-time buyers is over 30 years old and they are mainly management of non-profit organizations. Car users of this age segment are more concerned about product quality and brand. They usually consider trading in upper-medium models of VW, GM, etc. and the mainstream models of these automakers are mainly priced at between RMB 200,000 and 300,000.

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About China Automotive Consumer Trends Report

The first issue of *China Automotive Consumer Trends Report* was jointly released by Sinotrust and Auto.Sohu. in July 2011. The Report is designed to help the automakers in China capture more accurate consumer trends and make better marketing decisions. The Report consists of two sub-reports: *Report on Chinese Consumption Characteristics of Auto Users (Semi-annual report)* and *Report on Chinese Auto Consumption Characteristics of the Region (Quarterly Report)*. The former is also called the "Basic Report", which analyzes consumers' demographic and social characteristics and car-purchasing, using and repurchasing behaviors on a semi-annual basis in order to capture the consumption trends of the Chinese car users of different vehicle segments; the latter conducts a comparison of the Chinese car users' consumption characteristics between the 10 urban agglomerations on a quarterly basis in order to identify the regional variations and help automakers develop more effective regional marketing strategies.

About Sinotrust Automotive Marketing Solutions

Sinotrust is a leading supplier of marketing solutions to the Chinese automotive market. With offices in Beijing, Shanghai and Guangzhou, we have a team of over 260 skilled professionals devoted to our automotive marketing solutions. Our Automotive Marketing Solutions integrate information, services and technology to provide marketing research services, marketing consulting & business strategy services and database marketing services, helping automotive companies position their products correctly, identify target markets accurately and conduct effective marketing so as to develop

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About Sinotrust

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We employ about 600 people in our offices in Beijing, Shanghai and Guangzhou, supporting organization clients from automotive, financial services, insurance, retail, telecommunications, IT, manufacturing, consumer products and trade sectors. Over 80% of the Fortune 500 companies operating in China are using different products and services of ours.

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