



Press Information

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CHINA'S AUTO MARKET HEADS FULL SPEED TO MATURITY

*TNS at Automotive Industry Leaders Roundtable Highlights
People not Product is Key to Success*

Shanghai March 6th, 2008... With the number of first time owners in China's booming car market standing at approximately 70 per cent of all new car buyers, consumer focus for car purchase has widely been on product features and the demonstration of status. However, as highlighted by TNS Greater China Managing Director Jim Sailor speaking at the Economist Group's Fourth Automotive Industry Leaders Roundtable in Shanghai, while the product that manufacturers offer as well as its ability to show off success are important, increasingly so is the expectation of today's modern consumer that brands resonate with their lifestyle.

"In this fast developing market, car manufacturers need to build strong brands to distinguish themselves from increasing competition. The tremendous potential of the Chinese auto market by itself is no guarantee for sustainable success," comments Sailor. "Uncompromising customer orientation will be key to accomplishing their ambitious goals," he adds.

With more choice available to them across all product categories than ever before, consumers in China are fast becoming more discerning and developing higher expectations of the brands they choose to surround themselves with. With just 38 per cent of new car buyers expressing any commitment to a particular brand, car manufacturers have to accelerate their efforts to better profile their brands.

"Although first time buyers dominate the landscape currently, it won't be long before a second wave hits the market. First time buyers only buy for the first time once," Jim continues. "It is critical for car manufacturers to be successful over the long term in the Chinese market to build a solid brand identity, link that identity to consumers in their early – even pre-sale – relationships and then make it applicable throughout the customer lifecycle."

But with geography hampering the creation of effective distribution networks, and sales people often inexperienced themselves, the role of car dealerships as the 'face' of the brand has had little opportunity to gain a proper foothold. Only less than 15 per cent of car buyers see auto dealers as credible or informative factors in buying a car. Where car buyers in China are in fact

getting their information from – besides recommendations from friends and family - is the internet which more than 40 per cent of respondents in a recent TNS/KPMG study ranked as “extremely important” or “very important” in making a purchasing decision.

For marketers looking to reach consumers, the internet is clearly the right vehicle, but for them to make their brands appropriate to consumers’ lifestyles they need to look beyond simple company websites. “If they develop a strong online presence and deliver a rich stream of online news into the marketplace through chat rooms, blogs, press releases and trade reviews, then they are doing the right thing,” Jim concludes.

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About China’s automotive market

China has now overtaken Japan to become the world’s second-largest auto market after the United States. Total new vehicle sales (including trucks and buses) grew by around 22% to 8.8 million in 2007. New passenger vehicle sales reached 5.3 million units (including MPVs and SUVs), an increase of 25% compared to 2006.

Today, China has approximately 70 car manufacturers (OEMs) and the automotive industry is relatively fragmented: the country’s top seven manufacturers account for around 50% of passenger car market share. Also, foreign brands currently dominate the market, accounting for almost 75% of China’s car sales. However, domestic manufacturers are increasing their activities rapidly, as they try to expand their product lines in the medium and upper car segments.

About TNS

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