



**Press Release**

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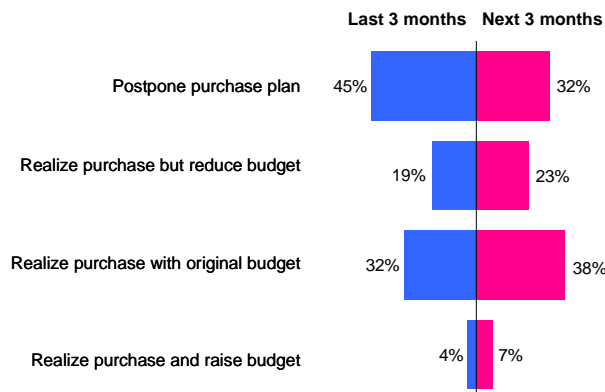
Cindy LIU Holly ZANG  
Tel: +86 21 6360 0808 – 156  
Mobile: +86 1350 192 4102  
Email:Cindy.Liu@tns-global.com

**Car makers in China have cause for optimism in 2009**

**16<sup>th</sup> April 2009, Shanghai** – While consumers in China remain cautious in deciding about a car purchase, growing optimism among Chinese auto buyers may indicate a continuing recovery of the passenger vehicle market. This is one of the principal outcomes of a recent TNS China Automotive survey of 1,026 mainland car purchase intenders, in run up to the 13<sup>th</sup> Shanghai International Automobile Industry Exhibition.

Almost half of consumers intending to buy a car (45 percent) have postponed their purchase in the first quarter of the year, due to concerns about the economic slowdown. Only one out of every three soon-to-be car buyers (32 percent) is considering postponing their purchase when assessing their plans for the next three months. Encouragingly in parallel, nearly four out of ten purchase intenders (38 percent) are set to proceed with their purchase plans.

*Graph: Car purchase plans in the past vs. the next 3 months*



Optimism is shown mainly by car buyers over 30, of whom not more than 25 percent plan to postpone their purchase decision with almost half (46 percent) intending to pursue their purchase as initially planned. “Car buyers above 30 years old constitute the core consumer group for automotive purchases”, says Klaus Paur, Shanghai-based TNS Automotive Director for North Asia. “Most of them have already progressed in their career, and can allocate a decent amount of money for a car purchase. A positive look at the future from this group of consumers is certainly good news for car makers in China.”

Growing optimism is accompanied by increasing budget consciousness, however, with one in every four future car buyers (23 percent) intending to scale down their purchase budget. The vast majority of purchase intenders (76 percent) declare being influenced by the government's new purchase tax policy; i.e., the reduction of purchase tax to 5 percent for cars with engine displacements of 1.6 litres or smaller. "After three months, we can see the benefit of the purchase tax reduction", comments Paur. "It directly serves those who are confident enough to buy now. But it is also assimilated into the purchase decision making process of those still hesitating, and may help to bring forward the decisions themselves. In this sense, it can help to create confidence."

The survey also contains some particularly good news for Chinese car manufacturers. In overall terms, the economic downturn helps them to become more interesting to consumers in the mainland. Four out of every ten future car buyers (44 percent) who mainly consider international brands for their car purchase are open to switching to Chinese domestic brands in response to the current economic situation. Likewise, 60 percent of purchase intenders considering both international and Chinese brands now show an increased preference for Chinese makes. "The economic slowdown offers real opportunities for Chinese domestic car makers", Paur concludes. "They can benefit from the cautious consumer behaviour and position themselves as attractive alternatives to foreign brands – *if* they deliver sufficiently well on consumer expectations regarding product quality and reliability!"

### **About this study**

TNS Automotive China conducted this syndicated study of car consumer confidence in early April 2009 to deliver expert industry data and insights about Chinese car buyers' attitudes and behaviours in the economic downturn. The car consumer confidence survey is based on 1,026 online interviews among potential car buyers in eight cities across mainland China.

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In business since 1992, TNS is one of the first international market research agencies to start operations in China. In recent years, TNS has grown substantially and established itself as one of the most successful and reputed market research and consulting agencies in China, with over 150 professional researchers and more than 300 employees in three full service offices in Beijing, Shanghai, and Guangzhou. TNS China focuses on the Automotive, Consumer, Finance, Healthcare and Technology sectors.

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