

Bound for sustainable growth

***Delivering on consumer needs in the
Chinese passenger vehicle market***

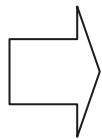
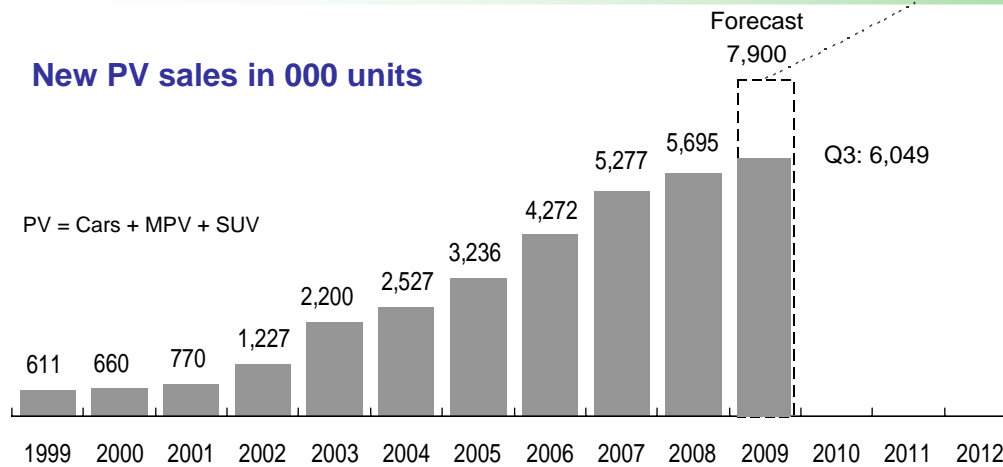
*Klaus PAUR
Regional Director Automotive
North Asia
TNS China*

Shanghai, 12th November 2009



Consumer confidence has come back to the Chinese passenger vehicle market

Over the years, consumer have become more discerning



What are the critical developments of consumer needs?

What impact did economic downturn have on consumer behaviour?

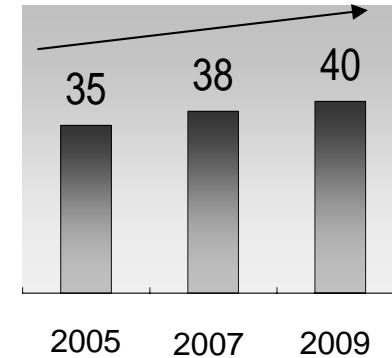


Critical developments of consumer behaviour

More determination in brand choice

- Indication of clearer brand positioning

Brand commitment



Stretch from basic transportation and traditional status symbolism

- Family aspects, but also extroverted needs become more important

Purchase motivations

Fit in socially 25%
 Basic transport 24%
 Show off success 15%



Take care of family 33%
 Increase freedom 25%
 Attract attention 17%



TNS China 2009 Brand Health and Needs Segmentation Study



Critical developments of consumer behaviour (cont'd)

Category thresholds have been raised

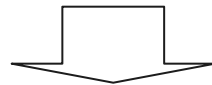
- Fundamental car ownership benefits start to become hygiene factors
- Consumers focus more on interior design and comfort, optimized performance, and eco friendliness

Latest technology in small car segment

Fuel economy in the luxury car segment

Navigation equipment the all segments

Luxurious interior in all segments



Consumers demand more sophisticated and stylish vehicles

... however, designs need to be fitted into the context of Chinese traditional values



TNS China 2009 Brand Health and Needs Segmentation Study

Impact of economic downturn on consumer behaviour

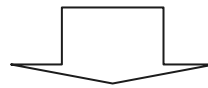
Catalyst to accelerate development of alternative energy powertrains



Value for money

Resale value

Low running cost



Eco-friendliness has become an issue



TNS China 2009 Brand Health and Needs Segmentation Study

3 main obstacles for considering alternative energies

Knowledge

$\frac{2}{3}$ of car buyers have no or very little knowledge about the technology
 60% won't consider buying alternative energy cars
 If knowledge, 70% are interested

Purchase price

30% are willing to pay more for alternative energy car
 The majority is ready to pay up to 20% more
 Government incentive programs

Image

“Basic qualities” of driving are not delivered:

Require higher maintenance costs	44%	→	Cost saving
There aren't enough service centers available	39%	→	Convenience
Poor driving performance	18%	→	Performance
Break down easily	16%	→	Reliability

Ambiguous delivery of alternative energy vehicles

Alternative powertrains do not yet clearly respond to needs of various consumer groups



➤ “Status”-oriented

- + Cutting edge technology
- Immature and unreliable performance
- Safety doubts



➤ “Care”-oriented

- + Fuel efficient
- Inconvenient recharging
- Practicality
- Value for money
- Distinctive/futuristic styling



➤ “Fun & Adventure”-oriented

- + Trend setting
- Insufficient performance
- Too expensive

TNS China 2009 Brand Health and Needs Segmentation Study

What opportunities for Chinese car manufacturers?

Ride on the wave of environmental sensitivity

Close the technological gap to international car manufacturers

- Solve the technological challenges
- Respond to the major concerns of consumers
- All-round improvement on overall product quality (safety, maneuverability, equipments, workmanship, etc.)

Take advantage of increased “value for money” - attitude after economic downturn

Become a credible alternative to international car makers

- Reinforce brand building efforts
- Primary focus on Chinese market and leverage existing awareness
- Target international markets outside the mainland

Bound for sustainable growth



Thank you for your attention !