

The First Issue of *China Automotive Consumer Trends Report* Jointly Released by Sinotrust and Auto.Sohu.

Different regions show remarkable variations in automobile consumption, and consumers in the Yangtze River Delta have the most advanced consumption concept

Beijing, July 14, 2011---Sinotrust and *Auto.Sohu.* jointly released the first issue of *China Automotive Consumer Trends Report* (hereinafter referred to as *Report*) on July 14. Wang Chunyan, who is in charge of the *Report* and General Manager of Sinotrust Automotive Marketing Strategy Services, pointed out that by releasing this *Report*, Sinotrust not only provides the entire automotive industry with an easier access to its research results on Chinese auto consumers, but also helps automakers capture more accurate automobile consumption trends and make better marketing decisions.

By analyzing consumers' demographic and social characteristics, and car-purchasing, using and repurchasing behaviors, the *Report* makes a prediction about the future trends in China's automobile consumption. In addition, the *Report* also elaborates on the typical consumer characteristics of different regions and gives in-depth analyses of the representative cities. 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)*.

Based on the study on 2,000 new car owners, the *Report* involves 7 segments of passenger vehicles (A00, A0, A, B, C, SUV and MPV) and covers the cities of different tiers across the major regions in China.

I. Key finding of the *Report on Chinese Consumption Characteristics of Auto Users*

Sedan users: Mainly for private or family use; youngest group; with the highest proportion of female users

In terms of demographic and social characteristics, sedan users are mostly male (56.9%), and averagely aged 34.4. 66.1% of them are married and have children, with the average number of family members 3.07, and 71.1% of them have attained an associate's or bachelor's degree. In addition, they are mostly private company owners or self-employed persons engaged in retailing/wholesale, real estate/construction/decoration and finance/banking/insurance/securities sectors. Their average taxed monthly individual income is RMB 9,682.3.

Relatively speaking, the proportions of female users, young people and people unmarried or married without children are higher among sedan users than among SUV and MPV users. Of the three types of car users, sedan users' family size is the smallest, and their average individual income is the lowest.

In terms of car-purchasing and car-using behaviors, the main car-purchasing motive of sedan users is

for family or private use. Vehicles' appearance, safety and comfort are their major concerns. They use their cars mainly for commuting to and from work, shopping/outing and leisure family activities. They usually drive their cars on in-city roads, high-ways and overhead roads. As sedan users mainly use their cars for private or family use, they are much more concerned about fuel economy than SUV and MPV users.

In terms of repurchasing behaviors, 86.1% of the current sedan users are first-time car buyers, and their average planned time for car-repurchasing is 5.9 years later and their average repurchasing budget is RMB 234,000. Comparatively speaking, the proportion of first-time car buyers is higher among sedan users than among SUV and MPV users. Also, sedan users have the nearest car-repurchasing plan and the lowest budget.

SUV users: Mainly for leisure or business use; oldest group; highest income level

Compared with sedan and MPV users, SUV users have very strong characteristics. In terms of demographic and social characteristics, the proportion of male users is higher among SUV users than among sedan and MPV users. In addition, the average age and the average taxed monthly individual income of SUV users are higher than those of sedan and MPV users.

In terms of car-purchasing behaviors, the proportion of the people buying cars for leisure activities and more graceful taste is higher among SUV users than among the other two types of users. Vehicles' appearance, safety and internal space are SUV users' main car-purchasing concerns. Compared with sedan and MPV users, SUV users care more about vehicles' appearance, engine performance and off-road performance, but much less about fuel economy.

In terms of car-using behaviors, the proportions of the people using cars for leisure activities and visiting clients are both higher among SUV users than among the other two types of users. In addition, the roads used by SUV users are more diversified than those used by sedan users and, therefore, the average fuel consumption of SUV users is higher than that of sedan users.

In terms of repurchasing behaviors, the proportion of first-time car buyers is lower among SUV users than among the other two types of users. In addition, of the three types of users, SUV users' car-repurchasing plan is the farthest and their average repurchasing budget is the highest.

MPV users: More people among MPV users using their cars for business trips and cargo transportation; largest family size

Compared with sedan and SUV users, MPV users' characteristics seem mild. Their most notable demographic and social characteristic is that their family size is larger than that of the other two types of users; while, regarding the other demographic and social characteristics, MPV users are just the in-between of sedan and SUV users.

In terms of car-purchasing, using and repurchasing behaviors, one of the most important features of MPV users is that they are more concerned about vehicles' internal space than sedan and SUV users. In addition, the proportion of the people using cars for business reception, cargo transportation and outdoor work is also higher among MPV users than among the other two types of users. While in terms of the other features, MPV users are just the in-between of sedan and SUV users.

II. Key findings of the Report on Chinese Auto Consumption Characteristics of the Region--The Yangtze River Delta

China has 10 urban agglomerations, which are represented by the Beijing-Tianjin-Hebei Agglomeration, the Yangtze River Delta and the Pearl River Delta. Although only covering less than 1/3 of the cities across China, the 10 urban agglomerations took a share of nearly 60% in the national narrowly-defined passenger vehicle sales in 2010. Therefore, it is very important for us to conduct auto consumer characteristics research in these urban agglomerations.

Centered mainly on Shanghai and secondarily on Nanjing and Hangzhou, and fanned out to the southern Jiangsu and the northern Zhejiang, the Yangtze River Delta covers 16 cities, and is one of the largest urban agglomerations in China, with its GDP nearly 20% of the national GDP. In this region, the core cities have strong radiation on the nearby cities, and the economic and cultural ties between the cities are close. With the continuous improvement in the intercity communication facility construction, the "Urban Agglomeration Effect" is increasingly visible in this region. In the cultural aspect, the residents there uphold the concept of "using practical knowledge to manage affairs" (i.e. a utility- and efficiency-oriented and practical attitude), and pursue the "exquisite and elegant" style (i.e. the superb, graceful and reserved style).

The car users in the Yangtze River Delta have the following characteristics:

In terms of demographic and social characteristics, the proportions of young people, highly-educated people, people engaged in trading/import and export, and people working with WFOEs or JVs are higher, while the proportion of the self-employed persons is lower, among the car users in this region than among the car users across the country. In addition, the income level of this region is significantly higher than the national average.

In terms of car-purchasing behaviors, more car users in this region take the car as a necessity. Therefore, once their income is raised to the level that can afford a car, they are highly likely to buy one. In addition, as more residents there are married and have minor children, the proportion of the car users reporting that they bought their cars because they got married or would have a baby is also higher in that region.

In terms of car-purchasing behaviors, the car users in this region think vehicles' appearance, safety and comfort are important. Compared with the other regions, the car users in this region have a more advanced and open consumption concept, and are more concerned about advanced technology.

Furthermore, influenced by the culture of the south of the lower reaches of the Yangtze River, the car users of this region are keener on graceful and high-quality life and so care more about vehicles' internal trim.

In terms of car-using behaviors, due to the close economic and cultural ties between the cities and frequent population flows, the proportion of the people using cars for visiting their hometowns and traveling on holidays is higher among the car users in this region than among the car users across the country.

In terms of car-repurchasing behaviors, the average planned time for repurchasing of this region is sooner than the national average. However, in terms of repurchasing budget, this region is the highest among the major regions across the country.

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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 sustainable and profitable customer relationship.

About Sinotrust

Sinotrust is a leading supplier of marketing solutions and credit solutions in China. We collect, analyze and manage information about markets, consumers and businesses to provide marketing research, business information, consulting and database marketing services through integration of information, services and technology. Our products and services help you make better marketing and credit decisions and develop profitable customer relationships.

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.

At the beginning of 2007, Experian, the leading global information services company, made a strategic investment in Sinotrust with both capital and know-how. The investment keeps on improving our service capabilities.

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