

Sinotrust's Analysis of the Chinese MPV Market in 2010

The growth of the MPV market will outpace that of the sedan market in the future

Beijing, April 8, 2011---In 2010 the narrowly defined passenger vehicle market achieved a sales volume over 11 million units. Among its various segments, the sales growth of the SUV and the MPV segments is very impressive. The former ranks first with a growth rate of 100.4%, while the latter ranks second with a growth rate of 80.4%. At the "Auto Policy and Market Analysis Workshop" organized by the China Automobile Dealers Association and co-organized by the CPCA and Sinotrust on April 8, Sinotrust shared its insights into the Chinese MPV market in 2010.

In 2010, the MPV market experienced an explosive growth due to the steady economic growth in China, a continuous increase in residents' income, the stimulation of the governmental automotive policies and the timely adjustments in product strategies by automakers. However, in fact, the major contributors to the rapid growth of the MPV market are the MPV models launched before 2009. Currently, the MPV market is still a seller's market, that is, there is a very small range of MPV models on the marketplace.

In 2010, the sales volume of the MPV market was 4.45 billion units, taking up only 4.0% of the total sales volume of the narrowly defined passenger vehicle market. That is to say, the MPV market is still a niche market. Compared with the well-developed auto markets in Europe and the U.S., the auto market in China is still in a process of popularization. For car owners mainly concerned about "business use", MPVs overlap in large part with SUVs. And according to our analysis of car owners' decision making process, the MPV seems lackluster compared with other vehicle types. All this explains why the MPV's market share is so small.

The MPV market can be further broken down into the following three segments by vehicle utility: MPVs mainly for business use, MPVs for both family and business use, and MPVs for family use only. According to the changes in the market shares over time, we can see that before 2010 MPVs mainly for business use took the largest share, over 50%; in 2008 the market shares of the other two types of MPVs started to increase, and in 2010 the market share of MPVs mainly for business use declined to 40.1%, while that of MPVs for both family and business use rose to 33.4% and that of MPVs for family use only, although very small (26.5%), experienced the most rapid growth.

The MPV market can also be divided into high-end, mid-level and entry-level segments by vehicle price. According to the changes in the market shares over time, the mid-level and high-end segments show a sharp decline, while the entry-level segment shows an impressive improvement--- now it takes a lead among the three with its market share soaring to 43.8% in 2010 from 7.1% in 2007

By adopting the two aforementioned indicators (utility and price) together, we can divide the MPV market into nine segments, which can be grouped into three areas. Area 1 includes high-end MPVs mainly for business use, high-end MPVs for both family and business use, and mid-level MPVs mainly for business use; Area 2 includes entry-level MPVs for both family and business use, entry-level MPVs

for family use only and mid-level MPVs for family use only; while Area 3 covers entry-level MPVs mainly for business use, mid-level MPVs for both family and business use and high-end MPVs for family use only.

According to our study, the three Areas are currently at different development stages. The segments in Area 1 (middle and upper MPVs for business use) are all in a recovery after the 2008 financial crisis, and their combined market share in the MPV market is 49.4%, indicating a rosy outlook. The segments in Area 2 (middle and lower MPVs for family use) experienced an explosive growth in 2010, with the current combined market share at 49.0%. The segments in Area 3 are all facing their own bottlenecks and their combined market share is only 1.6%.

The inferior position that the MPV holds in the mid-level private car market is the key restrictive factor for the growth of the MPV market in terms of market share and sales volume, because passenger vehicles at this price level are what auto consumers prefer most. However, the middle and upper MPVs for business use (in Area 1) and the middle and lower MPVs for family use (in Area 2) will both have a bright future. We believe, driven by a steady economic growth and the popularization of private cars, the growth of the MPV market will continue to outpace that of the sedan market in the future.

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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 over 700 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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