

Sinotrust's Analysis on Development of China's B-segment Market

Family cars that can be used for commercial purposes will boost the growth of B-segment market in the future

Beijing, June 8, 2011----B-segment market achieves recovery in 2011 due to the withdrawal of favorable policies for 1.6L or below engine size. B-segment vehicles can be divided into 3 Mainstreams, among which the B Mainstream, represented by Accord, Camry and Teana took the largest market share, accounting for 57.0%, which marks the B Mainstream the most mature one within B-segment market.

B Mainstream exerts bigger impact on the auto market because it attracts a large number of customers whose ideas in vehicle purchasing are more mature and whose characteristics are easy to be captured. We need to pay more attention to B Mainstream (hereinafter referred to as B-segment) customers' spending characteristics and changes in order to figure out the development trends of B-segment market.

The B-segment market has been attracted more and more young and female customers over the past few years. Therefore, customers will pay more attention to those stylish elements that can make models look young instead of the conservative and ordinary style used to be. Meanwhile, fewer first-time car buyers (or more buyers for their additional cars or vehicle replacement) mean customers do become more mature when they make purchase decisions.

B-segment customers are likely to evaluate the model from the following 6 aspects: technology, comfort, brand, styling, costs and price/performance ratio. According to their preferences, Sinotrust divided customers into 4 categories: cost-efficiency-oriented, performance-oriented, exterior-oriented and brand-oriented. Specifically, cost-efficiency-oriented customers are the most rational group. Take Mazda 6 customers for example. At the same price, Mazda 6 is equipped more features and consumes less fuel. Performance-oriented customers are the most prudent group. For instance, Reiz and Magotan customers will take product related performance into consideration before they do purchase, including vehicle's safety, power, comfort, maneuverability, advanced technologies, stability and quality. Exterior-oriented customers are the most emotional group because it is easy for Mazda Ruiyi and Spirior buyers to make purchase decisions if they think both the exterior and interior are in line with their personalities and living conditions but rarely pay much attention to the product itself. They are also willing to choose the product with sufficient power if they can accept its exterior and interior. Last, brand-oriented customers are the simplest group. Take Accord and Camry customers for example. They seldom compare models and what they want is to choose correct brands. That is why their purchase decisions are easy to make.

In terms of the competitiveness and market positioning of mainstream B-segment vehicles, Sinotrust put those mainstream models into three categories: the first category includes Accord and Camry which are accepted by lots of customers but their design is not unique. These two models can not only meet most B-segment customers' demands and vehicle selection criteria, but also can be used for commercial purpose, so they take the largest market share. The second category covers Superb, Reiz

and Mondeo Chia-x which are niche brands but their market positioning goes to the public. These three models are appropriate for both family and business use. Spirior and Ruiyi are the typical models of the third category which covers niche sporty brands in particular, holding the smallest market share.

As typical models of the first category, Accord and Camry are welcomed by various customers including cost-efficiency-oriented, performance-oriented, exterior-oriented and brand-oriented customers in particular. This type of models will maintain the mainstream in B-segment market. Although the second category, represented by Superb, Reiz and Mondeo, fails to attract as many customers as the first one, performance-oriented and cost-efficiency-oriented customers are still in favor of it due to more family-oriented models will be launched on the market. The second category will play the most important role in the future development of B-segment market. As regards Spirior and Ruiyi in the third category, they mainly attract exterior-oriented customers only, so they will maintain a stable growth in the future.

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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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