

The Link between Consumers and Passenger Vehicle Preferences in China

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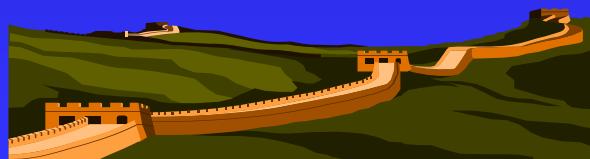
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1.INTRODUCTION

- The Chinese automotive market has grown rapidly over recent years particularly since China entered the WTO in 2003.
- In 2005 total vehicle sales rose 14 % over the previous year to 5.89 million, (an increase of 3.7 million vehicles over 2000).
- The Chinese market is now the second largest automobile market in the world.



Chinese Consumer Preference

- An increasingly wide range of models have been exposed to the Chinese consumer.
- Some brands popular in western countries are not popular in the Chinese market
- The country of origin and model/brand preferred by Chinese PMV consumers is of interest.



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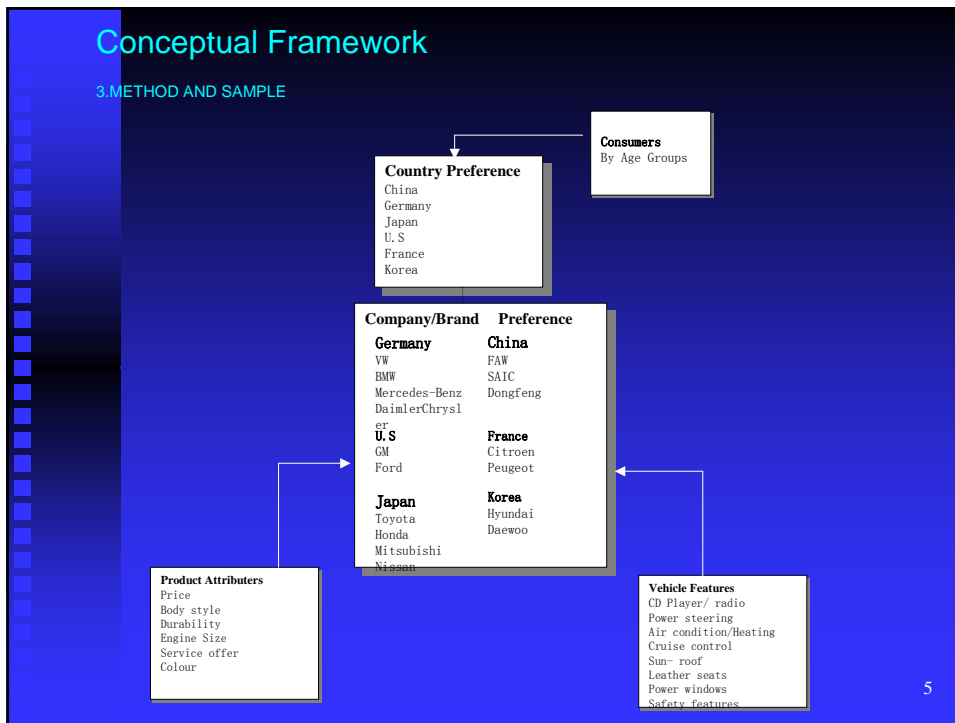


2. COUNTRY IMAGE EFFECTS

- 'Country-of-origin' research : a few of studies have explored the use of consumer characteristics and automotive vehicle preference.
- American consumers prefer indigenously made products (Gallup 1991, Swift 1989).
- British and Spanish consumers prefer a car of domestic origin to a foreign car (Peris et al. 1993).
- Japanese consumers favour home-country products Gurhan-Ganli and Maheswaran (2000)
- Products made in Germany and Japan enjoy a world-wide reputation for quality. Less developed countries often suffer from negative 'country-of-origin' effects.

Conceptual Framework

3 METHOD AND SAMPLE



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Method and Sample

- A Survey Technique method employing a Questionnaire was used.
- Data collection centred in Beijing

Sample size: 371

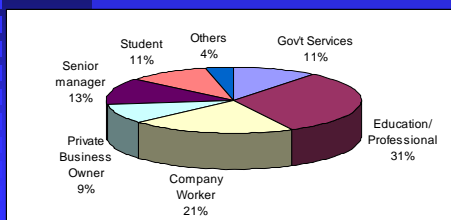
Age mean: 35 (from 18-70)

Age 18 – 20, 2% ,Age 21 - 30, 44%

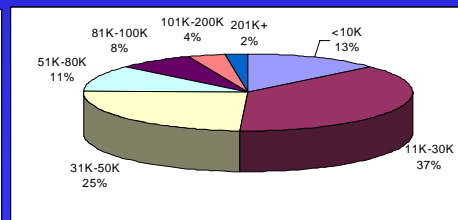
Age 31 - 40, 29% ,Age 41 – 50, 20%,

Age over 51, 5%

Respondents Occupations



Annual Income of Participants (unit: RMB)



Preference Ranking

- Respondents were asked to rate a number of motor vehicles sourced from different countries across a preference scale with 5 as the highest rating and 1 as the lowest.
- Respondents were asked to rate a number of vehicle features across a preference scale with 5 as the highest rating and 1 as the lowest.

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4. CONSUMER AGE GROUP AND COUNTRY OF ORIGIN PREFERENCE

Data analysis: Cross tabulation

- **German vehicles:** 81% of the 41-50 age group highly favoured German sourced vehicles with 28% rating them in the top preference 5.
- **Japanese vehicle:** 75% of the over 41 age group rated Japanese vehicle at 3-5 on the preference scale.
- **US vehicles:** Most favoured by the young with 63% of the under 21 age group ranking US sourced vehicles in the 3-5 preference range.

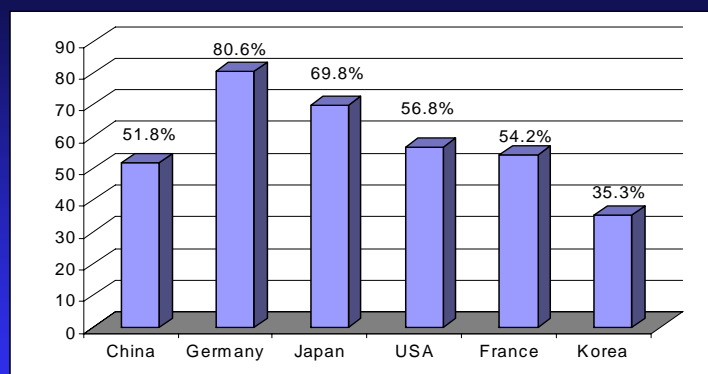


CONSUMER AGE GROUP AND COUNTRY OF ORIGIN PREFERENCE (2)

- French vehicles: held in high regard by the over 60 age group.
- Chinese vehicles: Older people (over 50) most favoured domestic brands with 90% rating them at 3-5 preference scales
- Korea: The 41-50 age group held these in the lowest regard with 78% rating them on the 1-2 preference scale.

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Favoured Country of Origin for Potential Vehicle Choice (3-5 preference range)



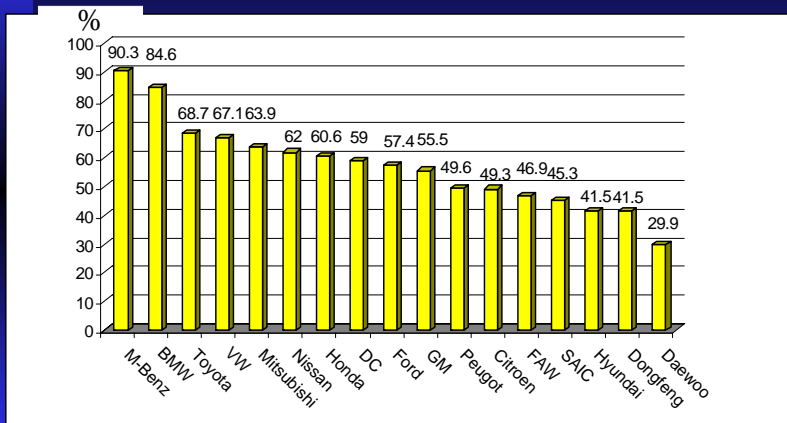
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5. CONSUMER AGE AND BRAND/COMPANY PREFERENCE

Auto Company:	Age >21	21-30	31-40	41-50	51-60	>60	Total (Mean)
GERMAN							
VW	2.88	2.76	3.02	3.31	3.00	3.00	2.96
BMW	3.13	3.77	3.80	3.89	3.25	4.00	3.77
Mercedes-Benz	3.25	3.80	3.80	4.01	3.75	4.50	3.83
Peugeot	3.00	2.79	2.91	2.70	3.06	3.50	2.82
US							
GM	2.50	2.47	2.66	2.82	2.63	3.50	2.61
Ford	2.38	2.61	2.75	2.86	2.63	3.50	2.70
JAPANESE							
Toyota	2.75	2.75	2.88	3.29	2.87	3.50	2.91
Honda	2.50	2.76	2.81	3.24	2.69	3.50	2.87
Mitsubishi	2.13	2.87	2.82	3.27	2.56	3.50	2.88
Nissan	2.88	2.52	2.81	3.04	2.75	3.50	2.73
FRENCH							
Citroen	2.38	2.36	2.70	2.58	2.81	3.50	2.53
Peugeot	2.50	2.54	2.54	2.45	2.69	3.00	2.53
CHINESE							
FAW	2.75	2.42	2.48	2.50	2.50	3.00	2.47
SAIC	3.38	2.37	2.42	2.43	2.63	3.50	2.43
Dongfeng	2.63	2.31	2.34	2.32	2.44	3.50	2.34
KOREAN							
Hyundai	2.63	2.27	2.45	2.22	2.31	3.50	2.33
Daewoo	2.38	2.01	2.20	1.96	2.25	3.50	2.07

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Company Preference (3-5 preference range)



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6. VEHICLE ATTRIBUTES AND CONSUMER PREFERENCE

VW		BMW		Mercedes-Benz	
Variable	Coefficient	Variable	Coefficient	Variable	Coefficient
Leather seats	-.274	Safety features	.150	CD/radio/tape	.226
CD/radio/tape	-.176	Cruise control	.137	Safety features	.195
Power steering	.171				
Color	-.111				
DC		GM		Ford	
Variable	Coefficient	Variable	Coefficient	Variable	Coefficient
Power steering	.212	Power steering	.194	CD/radio/tape	.210
CD/radio/tape	.120	CD/radio/tape	.180		
		Power windows	-.119		
Toyota		Honda		Mitsubishi	
Variable	Coefficient	Variable	Coefficient	Variable	Coefficient
CD/radio/tape	.154	Cruise control	.160	Safety features	.189
Price	.119	Air condition	.137	Leather seats	.112
Color	-.105				
Nissan		Citroen		Peugeot	
Variable	Coefficient	Variable	Coefficient	Variable	Coefficient
Air condition	.129	CD/radio/tape	.156	Safety features	.127
Price	-.119				
Color	-.107				
FAW		SAIC		Dongfeng	
Variable	Coefficient	Variable	Coefficient	Variable	Coefficient
Body Style	-.197	Power steering	-.167	Safety features	.162
Power steering	.117			Body Style	-.132
Hyundai		Daewoo			
Variable	Coefficient	Variable	Coefficient		
Power windows	-.178	Safety features	.134		
Leather seats	.157	Price	-.121		
Cruise control	-.145				

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CONCLUSION

- This study examined the linkage between PMV country of origin and brand preference with a range of age groups of potential Chinese consumers.
- Country of origin analysis for a vehicle showed some common trends across all age groups (eg. the high regard for Germany and a low regard for Korea).
- The study denoted vehicle brand preference across a range of age cohorts (eg. A general preference for Mercedes Benz and BMW).
- The study also examined, via regression analysis which vehicle attributes were important in the formation of vehicle preference



Contributions & Suggestions

- **Contributions:** This is a unique empirical study of the automotive market in the world's fastest growing market
- **Limitations**
- **Suggestions for future studies.**



Thank You

