

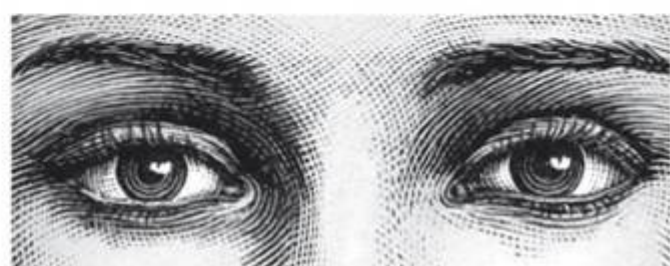
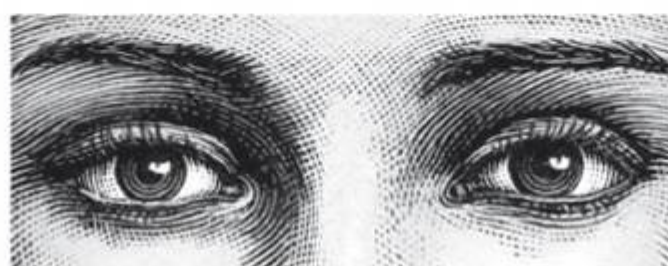
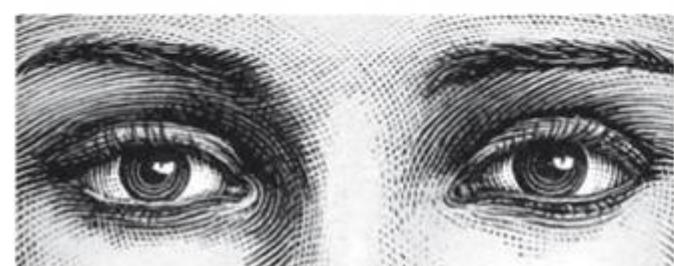
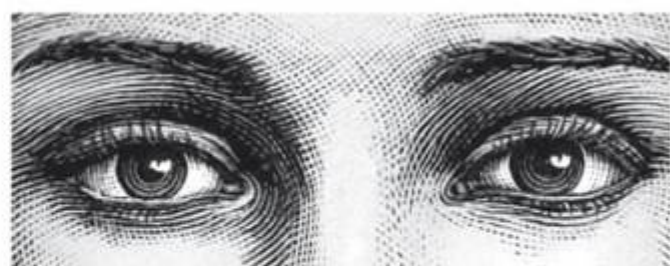
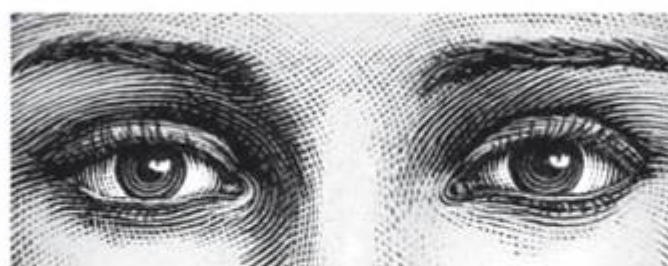
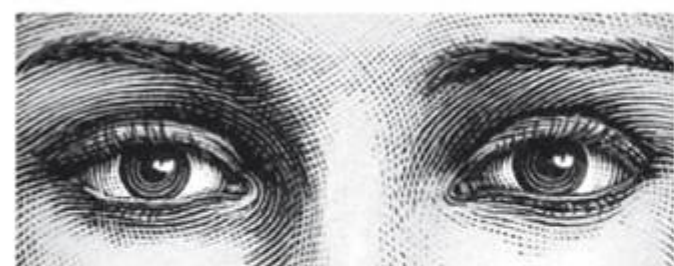
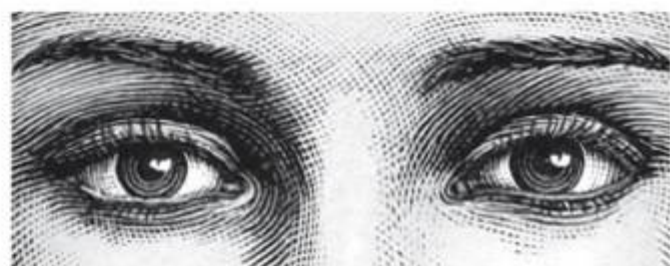
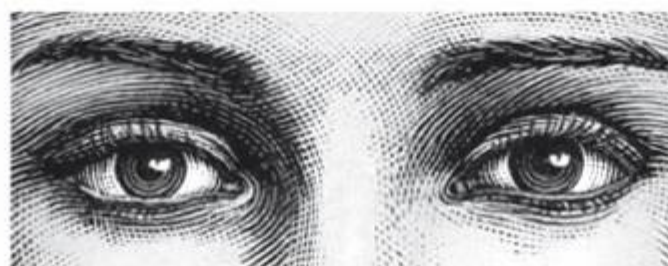
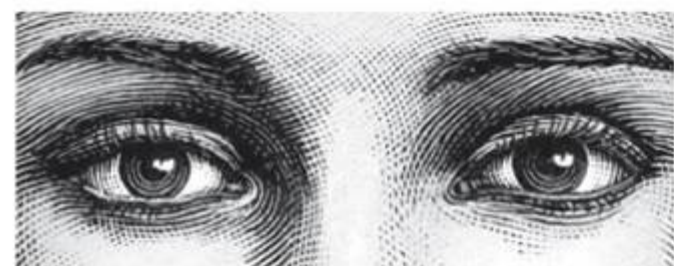
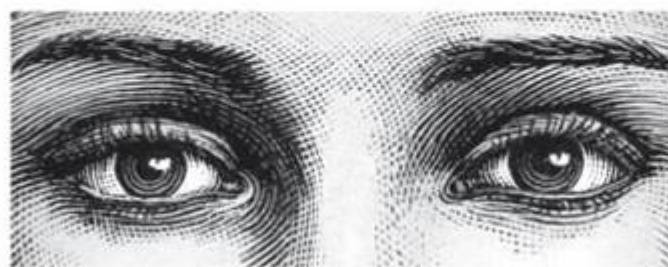
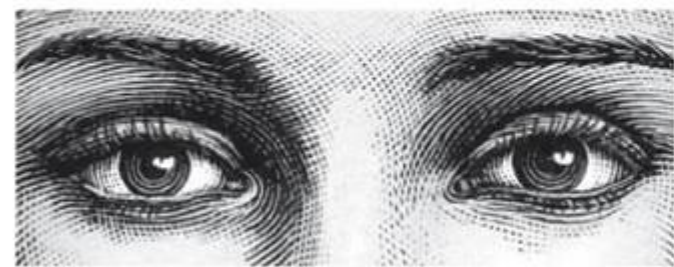
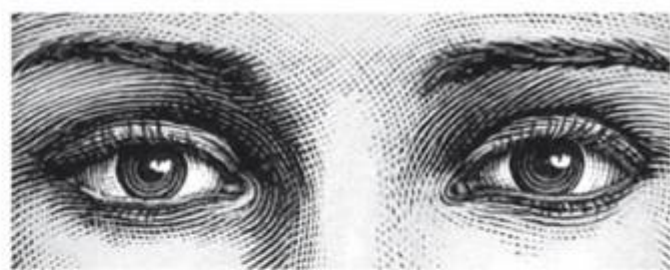
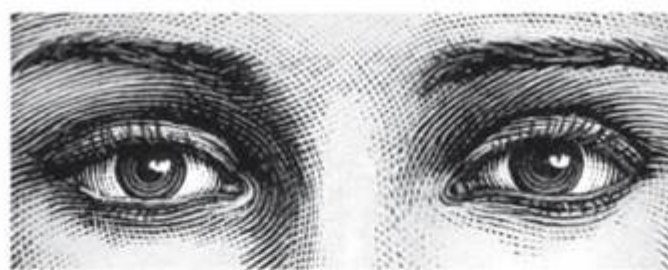
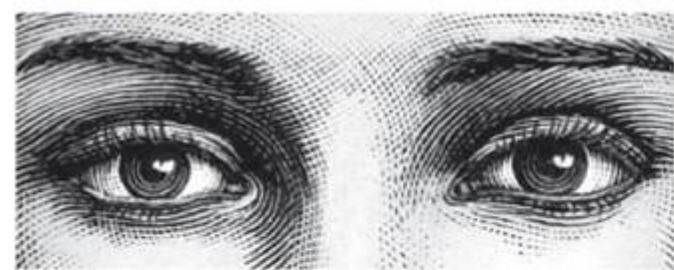
Change Bite

The Changing Nature of the Car Consumer in China | 22.01..2009



“It is not the strongest of the species that survive, nor the most intelligent, but the one most responsive to change.”

Charles Darwin



China's Three Generation of Car Buyers

ME



Young Family



New Master



The Chinese car buyer is not one homogeneous whole. There exist three different generations each with their own needs, desires and purchasing power.

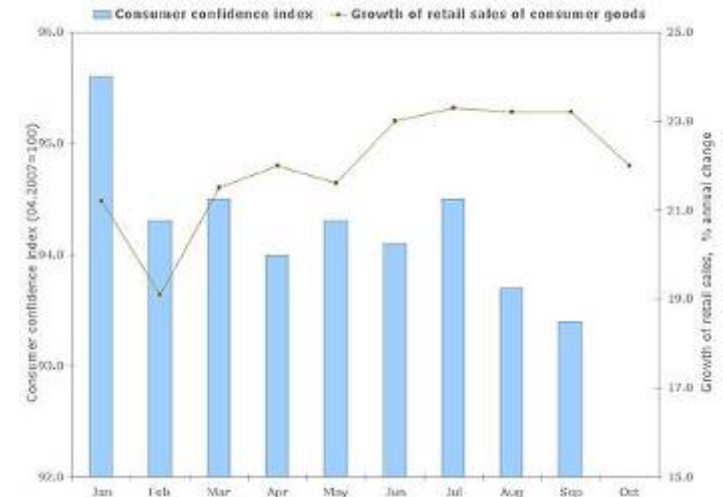
The 'me' generation

- Born between 1978-1987.
- Many of them are single child and beneficiaries of China's economic miracle.
- They are first time car buyers. A car is an escape from the grind of subways & public transport.
- It is also an early material symbol of fulfilling 'expectations' put on them.



The 'young family' generation

- Born between 1968-1977.
- They are burdened with responsibility. In some cases they have to support three generations – themselves, a young child & retired parents.
- They have been used to planning out their lives. The economic downturn & slump in asset/stock prices will upset their plans.
- Their medium term outlook will be 'wait & watch'.
- They will be led by reason and you can expect them to be hard nosed in driving a bargain.



Source: National statistics

Note: September 2008 latest figures for consumer confidence

ChinaStakes.com

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Beijing Leads the Housing Price Drop

January 15, 2008
by CSC staff

The Olympics are now only 8 months away and Beijing, the capital of China, has become the first city with a dramatic housing price drop in the new year of 2008. Many real estate developers suggest the drop was caused by the price competition from promotion sales before the Chinese Spring Festival. Whether Beijing will encounter economic difficulties after the Olympics remains in question.

A report by a real estate research institution claimed that, recently, lots of buyers maintained a "wait and see" attitude, leading to a large decrease on trading volume. After several months of rising prices, a downward trend has started.



The 'New Masters' generation

- Born between 1958-1967.
- This group enjoyed healthy growth in personal assets in the last boom.
- You can expect them to be fairly price insensitive.
- They have been through multiple business cycles. They are wiser & tougher. Most importantly they realise money & success means nothing if not enjoyed.
- They have achieved career success and are looking for meaning & contentment outside of work life.



10 changes about Chinese car consumers

1. From mobility to self-actualisation
2. From being chauffeured around to personal driving pleasure
3. From car envy to car crazy
4. From badge value to cash value
5. From growing up lonely to “车友” (che you) / car buddies
6. From standard equipment to pimp my car
7. From external show-off curves to internal comfort & mental space
8. From paying lip service to green to green action
9. From familiar luxury to art collectible
10. From sales outlet to experience centers & concierge service

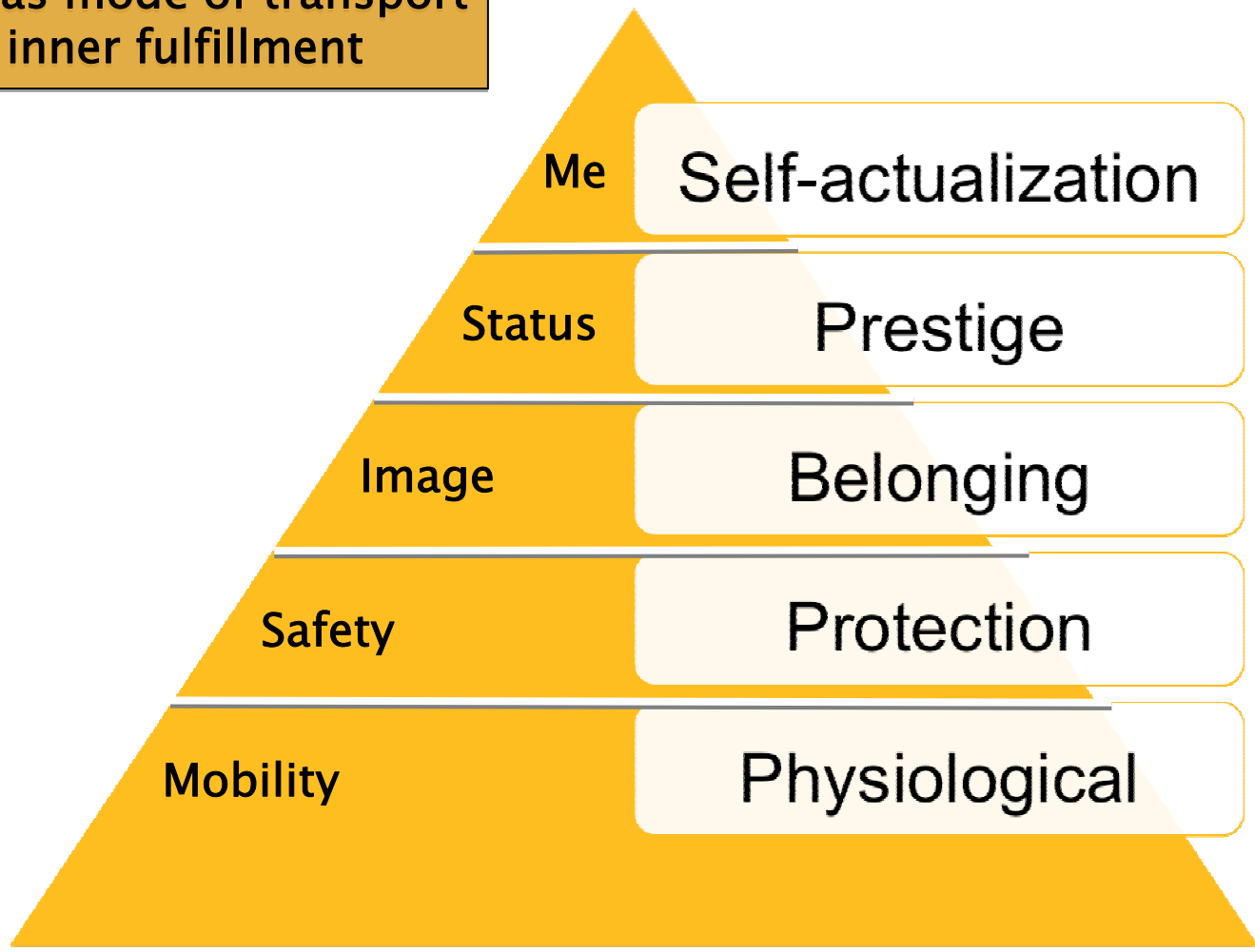
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From mobility To self-actualisation



Chinese car culture is maturing

From: car as mode of transport
To: car as inner fulfillment



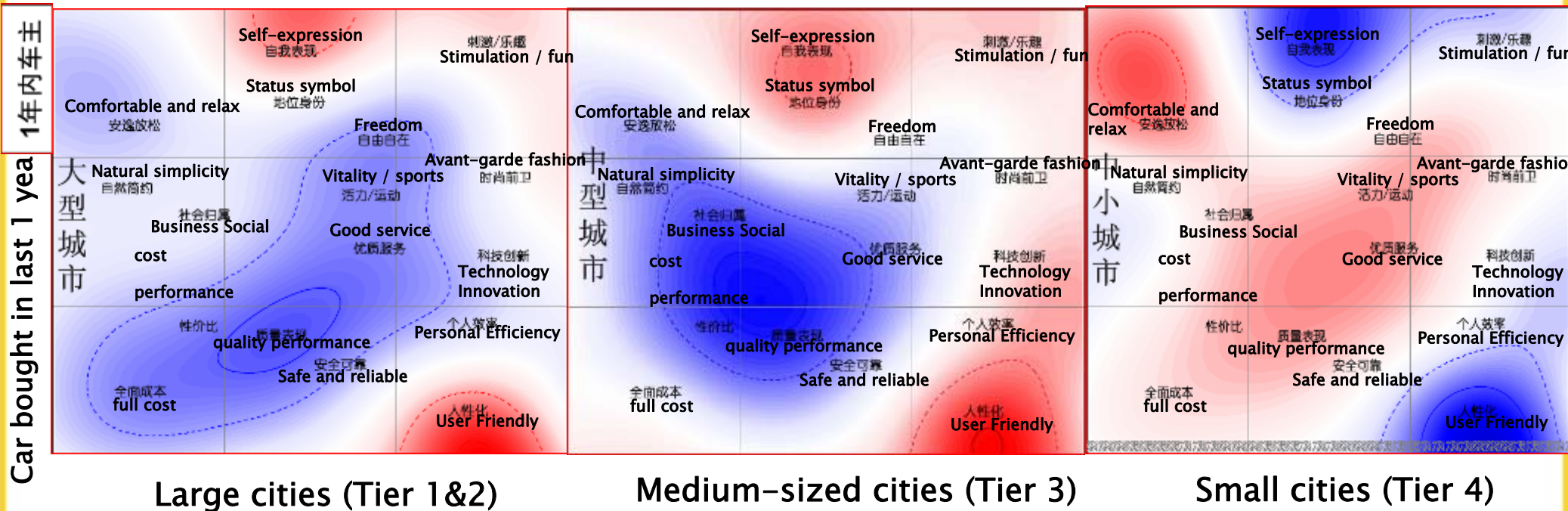


“A car is no longer a simple transportation tool but a kind of lifestyle and a kind of state people enjoy. ”

– A net pal of BAA car club forum

Consumers in Tier 1&2 care more for individuality than those in Tier 3&4

Consumers in tier 1&2 cities see their car more as a form of **self-expression**



Source: Sinotrust

New world for the same machine

Old world – Means of transport & productivity



New World – Means of fulfillment & socialisation



New world for the same machine

Old world – Means of transport & productivity

Efficiency

Weekdays

Me

Career enhancement

New World – Means of fulfillment & socialisation

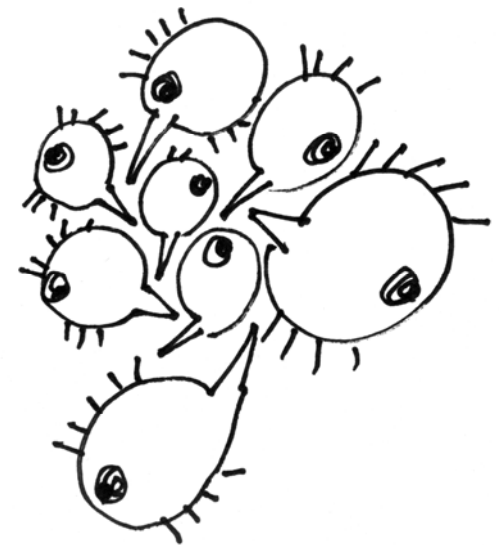
Enjoyment

Weekends

Family & Friends

Life enhancement

From being chauffeured around To personal driving pleasure



- With over 350,000 \$US millionaires China has the second highest number of millionaires in Asia (after Japan). And growing at nearly 10%. *
- It is time for these people to ‘enjoy’ their life; reward themselves
- Luxury consumption is being increasingly driven by the need for a rich and indulgent experience

* Source Merrill Lynch Cap Gemini World Wealth Report



Sheer Driving Pleasure



- For decades status meant being chauffeured around in a luxury marquee.
- Now the 'new masters' are wanting to savor the joy of driving the beautiful machines themselves.
- It is not surprising to see them swapping seats with their chauffeur to play with their new toys.

Driving is taking on a new dimension

“ I like driving, because the car is my own space. Driving alone in the car, I can feel myself clearly. I am not only driving the car but also driving myself to achieve the goal. Although there are many difficulties and challenges ahead, it depends on how you drive yourself. Driving for me is releasing myself. ”

Mr. Zhang from Shanghai, aged 43yrs,

http://blog.zhiji.com/blog/readblog_1280921.html



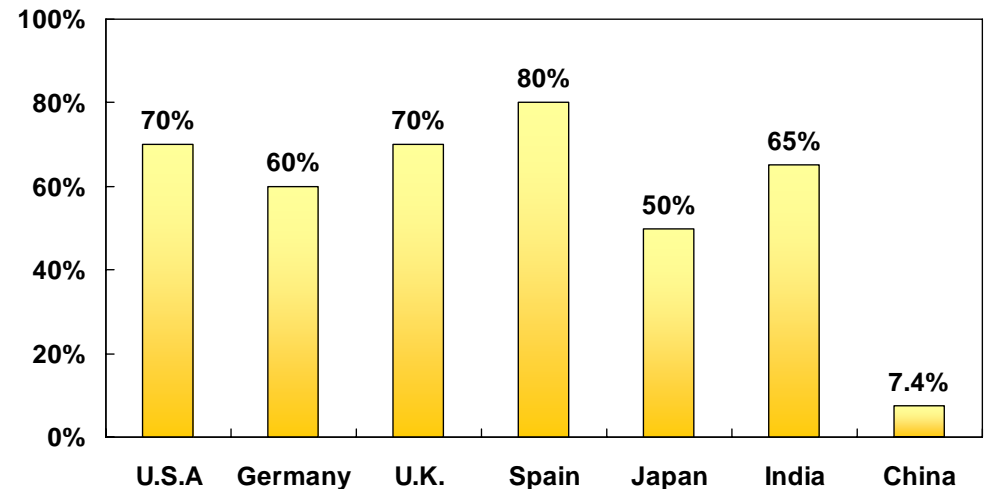
From car envy To car crazy



Car envy is shifting credit behaviors

- Chinese consumers have traditionally bought cars with hard cash.
- Figures from Chinese commercial banks revealed Chinese consumers' personal loan balances recorded 3.3 trillion Yuan (\$480 billion) in total last year.
- But to date, loans used for purchasing cars only accounted for 110.7 billion Yuan, even less than 3 percent of housing loans

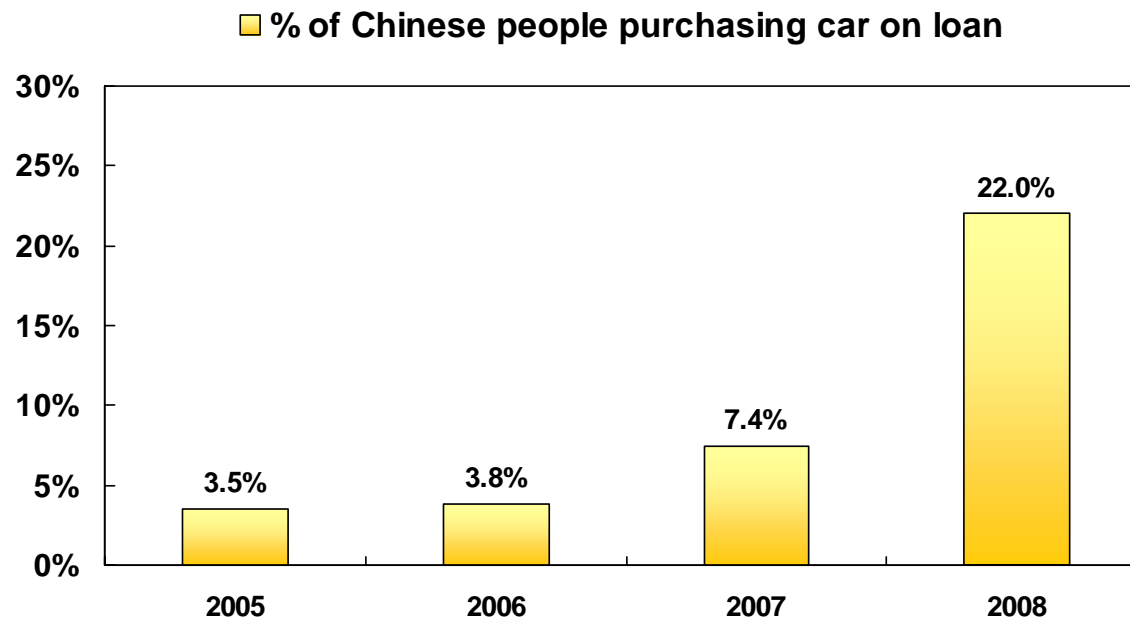
■ % of people purchasing car on loan in key countries in 2007



Source: Sinotrust

Car envy is shifting credit behaviors

- While less than 7 percent of cars were sold in China through loans in 2007, according to statistics from Sinotrust, a leading automobile industry research company, this figure is expected to reach anywhere between 20 to 25% this year



- The mindset is changing with the ‘me generation’. Yesterday Debt was bad. Today Credit is good.
- Car craze is on the rise. They can’t wait to get their hands on of them

68% of undergraduate and 76.2% white collars have strong interest in installment service and like to have a try.

http://finance.ce.cn/bank/yhsy/ykzs/200612/20/t20061220_9809584.shtml

- Consumers in the traditionally progressive eastern China are more willing to drive today & pay later

| Area of China | Eastern China | Western China | Middle China | North Eastern |
|-------------------------|---------------|---------------|--------------|---------------|
| Auto loan (2006 end) | 62% | 15% | 13% | 10% |

Source of data: People’s Bank of China 2007-05-30

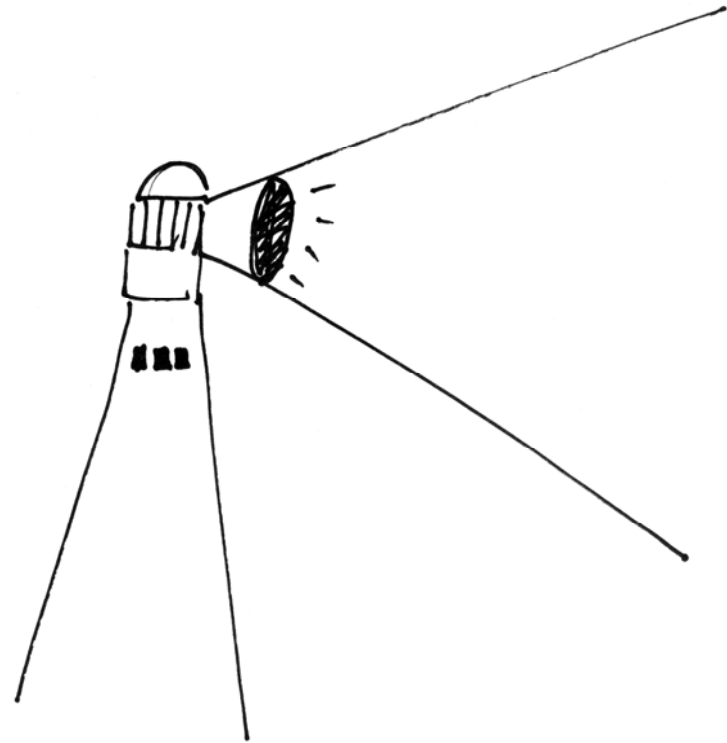
- With the economic slowdown consumers will have lesser cash in their pockets & are already thinking of deferring their purchase.
- The opportunity for auto loans to fulfill the car craze will get even bigger. *In fact it will be critical to stem the slump in the industry.*
- It will however call for ingenious ways to tailor payment plans & also making the process more convenient.

Since the financial crisis nearly 2/3rds of consumers have chosen to defer their car purchase



4

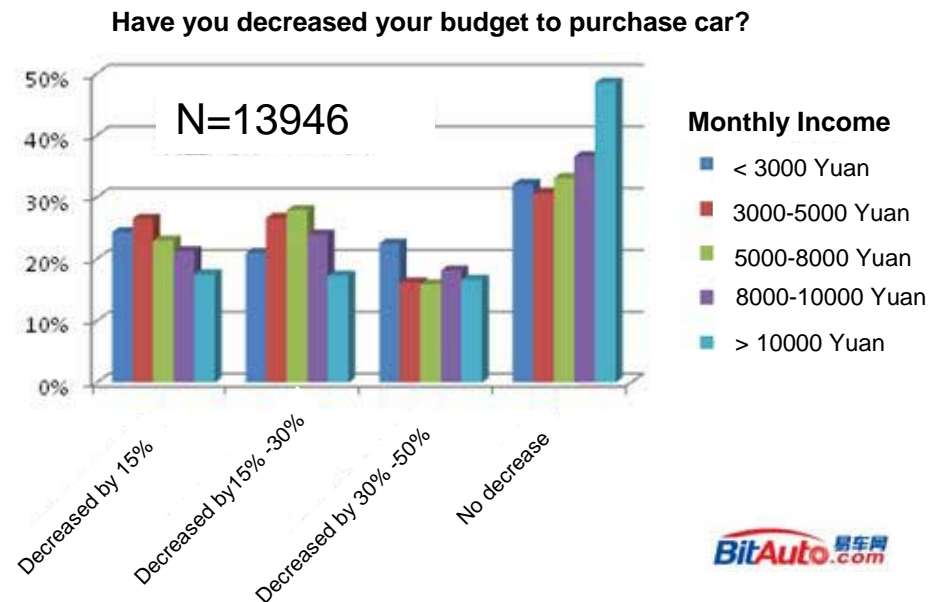
From badge-value To cash value



Budgets are getting slashed

- With the global slowdown, Chinese are unlikely to sacrifice their undervalued stock investments to purchase a car just for ornamental value.
- Unlike the newly rich of 10 years ago who were eager to signal their arrival by purchasing a car – for today's young family generation it will be a decision based a lot more on cash value than mere badge value.

About 60% of potential consumers have cut their car purchase budget



Consumers will be looking for more value

- Better Gas Mileage
- Low maintenance cost
- Hassle free maintenance service given their busy lives



But value means new things

- Handling, not horsepower
- Mileage efficiency
 - Chinese cities (like many Asian cities) are notorious for traffic congestion



Value means new things

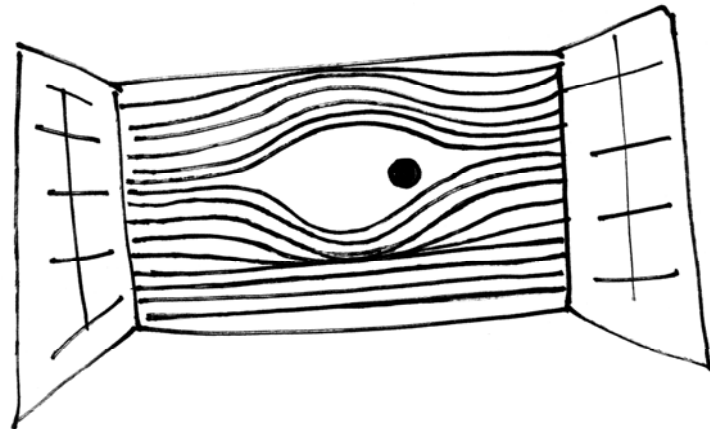
- Long term value over short term cost



Cost of Car + Fixed maintenance cost = Overall cost of ownership rather than sticker price

5

**From growing up lonely
To “车友” (che you)/ car buddies**



- Although the single child gets a lot of attention from grandparents and parents, they still grow up yearning for attention & friendship from like-minded people.
- As they come of age with a job and financial independence it is time for them to get into meaningful social networks.
- After work mates & internet friends; “车友” (Che You) or Car Buddies is one of the most important social network.

The screenshot shows the Xcar website interface. At the top, there's a navigation bar with links for '首页', '资讯', '评测', '购车', '报价', '车迷', '图库', '财经', '社区', 'XTV', '搜索', and '车迷汇'. Below this is a search bar and a '社区频道' section with a search input field. The main content area features a grid of car club categories, including '小车车友会', '紧凑型车友会', '中型车车友会', and '豪华车车友会', each with sub-links for various car models and brands.



- Car buddies are not just casual friends who meet occasionally, but they are people who share similar interests and values.
- They influence each other's decision making.



“Yesterday, I attended a tree planting charity event , which attracted several car clubs of Beijing...if I buy a car, I will choose a big-scale car club just like today! Feel very proud! Look at these car buddies, they chat with each other just like they are old friends. There are indeed changes that happen in the life of people who own a car.

– A net pal of BAA car club forum

“车友” is sweeping across China cutting across city tiers & geographical regions.

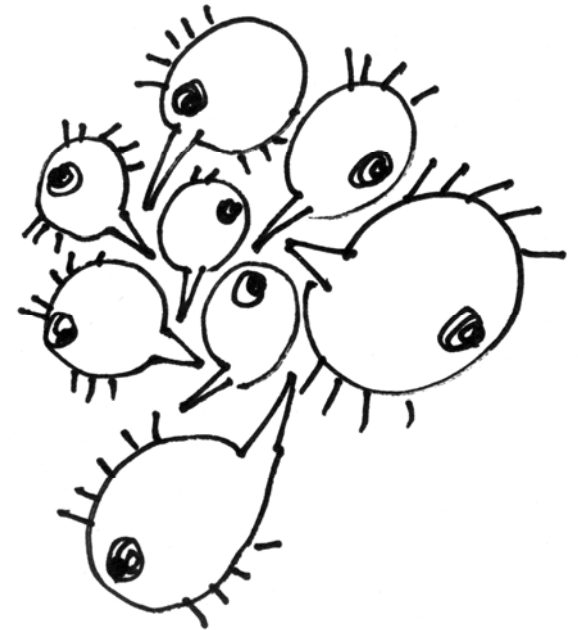
One of the biggest car buddy club XCAR has chapters all over China.

The screenshot shows the XCAR website interface. At the top, there is a navigation bar with links for '首页', '资讯', '评测', '购车', '报价', '车型', '图库', 'XTV', '时尚', '社区', '搜索', and '车迷汇'. Below this is a search bar and a '登录' button. The main content area is titled '地方分会' (Regional Branches) and lists various car clubs across different regions of China. The regions and their respective clubs are:

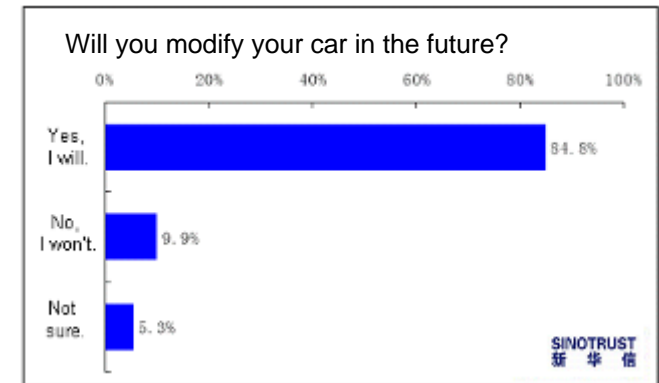
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|--|--|--|---|---|---|
| 北京车友会 内蒙古车友会 new | 上海车友会 江西车友会 | 广东车友会 海南车友会 | 四川车友会 西藏车友会 new | 陕西车友会 甘肃车友会 new | 黑龙江车友会 辽宁车友会 |
| 河北车友会 天津车友会 | 江苏车友会 浙江车友会 | 深圳车友会 湖南车友会 | 云南车友会 贵州车友会 new | 新疆车友会 青海车友会 new | 吉林车友会 |
| 河南车友会 山西车友会 | 福建车友会 | 湖北车友会 广西车友会 | 重庆车友会 | 宁夏车友会 new | |

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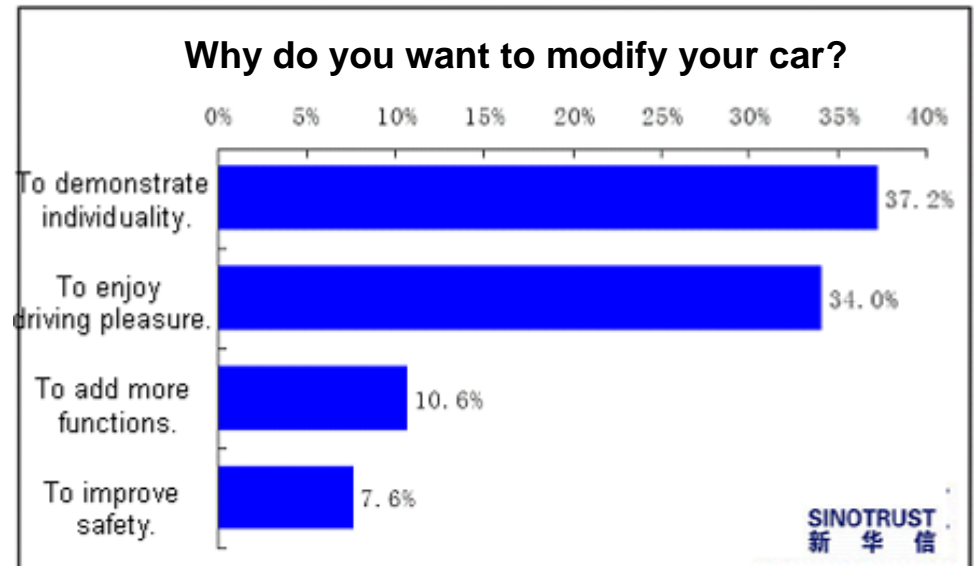
**From standard equipment
To pimp my car**



- Brought up on a strict diet of discipline and high expectations the car is the first big ticket temptation for the 'me generation'.
- In a survey by Sinotrust a staggering 85% of them said they are thinking of souping up their cars in the future.



- Standard equipment will be so passé.
 - 37% of those who want to modify their say it will be a reflection of their individuality
- Not far behind a cool 34% equated pimping up their car with “enhanced driving pleasure.”



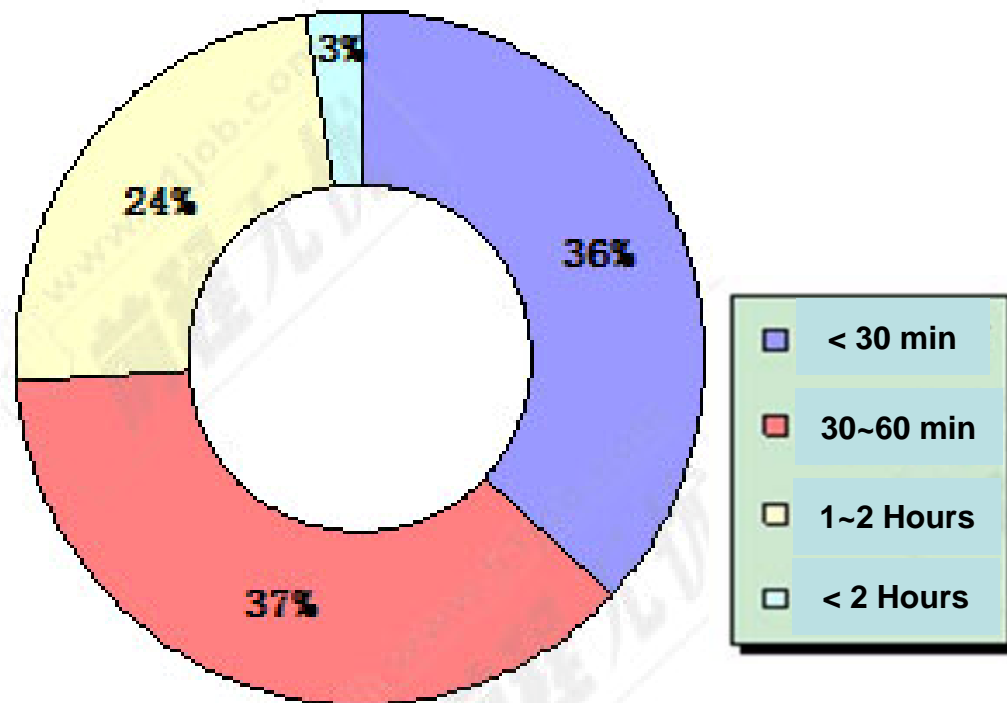
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**From external show-off curves
To internal comfort & mental space**



Commuting time in the big Chinese cities is on the rise

How much time do u spend on your way to and back from office every day?



According to 51job.com, 24% of white collar workers in Beijing / Shanghai / Guangdong spend 1-2 hours everyday on their way to office & back.

Source of data: 51.job, 2008 Jan.

Mental time is becoming more sought after

- China's urban population density is 3 times the world average.
- At times it could be more about '**mental space**' than physical space in one's car.
- A place to relax / unwind
- This kind of personal space is a relatively new luxury.



Internal space takes center stage

- Three generations have to fit inside the car comfortably.
- The little things will matter – boot space, baby seats, cup holders.
- From external ‘looks’ (how good it appears to others) these people will be increasingly interested in internal space for me & my family



Consumers in the south (Guangzhou) and east (Shanghai) have historically been both more practical and mature. Now they are getting more demanding on internal space & comfort.

In this car clinic fewer consumers in Guangzhou and Shanghai were satisfied with SGM's cars in terms of interior space, interior comfort and back seat.

| | all | Beijing (C) | Chengdu (D) | Guangzh ou (E) | Shanghai (F) |
|---------------------|-----|----------------|----------------|----------------------|-----------------|
| base=all | 600 | 170 | 130 | 140 | 160 |
| External appearance | 38 | 38 | 34 | 43 | 36 |
| Interior space | 26 | 28 | 28 | 24 | 24 |
| Interior comfort | 31 | 37E | 35E | 22 | 29 |
| Front seat | 36 | 36 | 30 | 39 | 36 |
| Back seat | 24 | 26E | 32E | 14 | 23 |

From paying lip service to green To green action



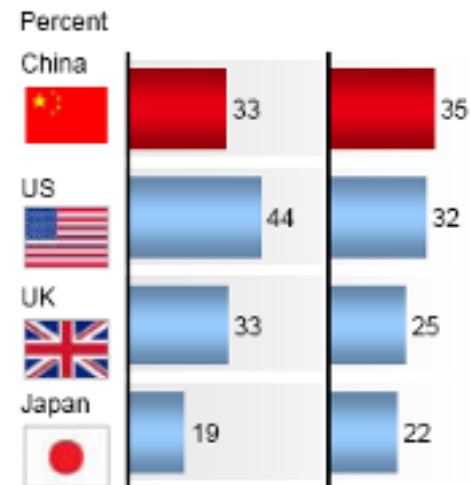
Eco Consciousness is gaining traction

- 33% of Chinese consumers want to understand the environmental impact of the products & services they buy.
- 35% trust companies who reveal the environmental impact of their products more than companies who don't.



"I want to understand the environmental impact of the products and services that I buy/use"

"I trust companies that show the environmental impact on their products more than companies that don't"



Source: Insights China by McKinsey - 2008 Consumer Survey

In fact, China is an unexpected “Eco-Absorption” market



- In general Chinese are some of the most concerned consumers in the world, often surpassing Americans and Europeans.
- In a report released in July 2008 called "The Impact of Chinese Consumer Perception of Climate Change on Business," Havas-owned Media Planning Group (MPG) found China is "actually one of the more globally aware nations in the world in the realities of climate change," said Paul McNeill, MPG's Beijing-based CEO, Greater China.
- China possesses a strong willingness to lead a more environmentally-beneficial lifestyle.
 - According to the survey, 46% of Chinese respondents can be classified as eco-absorbed, or very focused on the issue of climate change.
 - Ninety-one percent agree climate change will affect them and their families
 - 93% believe they can contribute to solving the problem.

Eco-Absorption



- 31% of Chinese consumers identify the environment as a higher priority than the economy, a percentage that is significantly higher than consumers in the U.S. and slightly higher than consumers in the U.K., according to a study released in September 2008 and conducted by WPP Group agencies Landor Associates, Cohn & Wolfe, and Penn, Schoen & Berland Associates.
- 69% expect to spend more money on green products in the coming year.
 - In the U.S., by comparison, only 38% of consumers expect to increase their spending on green products in 2009, and just 33% of U.K. respondents said they will spend more.
- According to Synovate, three-quarters of all Chinese respondents claimed they bought a green product in the past year
 - 60% bought energy efficient devices; 70% reduced use of plastic bags and 82% cut power consumption.

But the car sector is lagging on green

- The race to a 'greener' automotive industry in China is still in its infancy
- Chinese consumers are simply unwilling to pay a steep premium for a car with Green credentials especially in these tough economic conditions



Only 3% of car buyers cite 'environmentally friendly' as one of their top three buying factors, versus 38% who cite 'better gas mileage'. Indeed, if consumers can't save enough on gas to make up for the higher cost of purchasing a hybrid car, it could be a tough sell.

McKinsey Annual Chinese Consumer Survey, 2008

- The government is however committed to sustainable mobility

China, US team up for green vehicles

BY ZHANG Qi

China and the United States yesterday agreed to collaborate on developing electric and hybrid vehicles in a significant boost to the "green programmes" expected to reshape the automobile industry.

The collaboration comes at a time when US President-elect Barack Obama is heralding green cars as a crucial part of his energy strategy, while the Chinese government is also promoting these vehicles to cut the country's dependence on imported oil and reduce greenhouse emissions.

The agreement, signed between China's Ministry of Science and Technology and the US Department of Energy, will see the two countries collaborate on battery performance, testing and evaluation methods, standards and codes, and lifecycle analyses, according to David Rodgers,



A visitor to the BYD booth passes a BYD F6 DM on display during the 2008 North American International Auto Show in Detroit, Michigan, in January.
Bloomberg News

deputy assistant secretary of the US Department of Energy.

The US auto industry is being retooled for low-carbon-emission automobiles, either plug-in hybrids or pure battery-operated vehicles as Obama has called for an "end to the age of oil in our time" and hopes to see one million hybrid cars on the road by 2015.

China has also laid out an ambitious blueprint. Wan Gang, minister of Science and Technology, said earlier

last month China plans to put 60,000 new-energy vehicles for trial runs in 11 cities by 2012 for public transportation, public services & facilities and postal services.

China currently imports nearly half of the oil required in the country. A recent McKinsey report has said the country is likely to double its oil imports by 2030 if the current growth rates continue. By promoting electric cars, the imports could be cut by around a quarter, it said.

The Sino-US collaboration could benefit some Chinese companies such as BYD Co, which have been aggressively developing green cars.

Chinese battery companies have been providing advanced lithium battery packages for testing at the national laboratory near Chicago in the US, said Rodgers.

BYD Co, the world's biggest maker of mobile-phone batteries, plans to sell hybrid cars in the US by 2010.

Chinese are less prepared

- Japanese car manufacturers are best prepared to lead in alternative energy solutions in the eyes of the consumer
 - While nearly two-thirds of Chinese car buyers consider fuel efficiency (61%) and reduced emissions (64%) to be important factors in a good green image, only 16% & 17% of those interviewed credit domestic car makers with having these features *



GM Chevrolet Equinox hydrogen car debuts in China

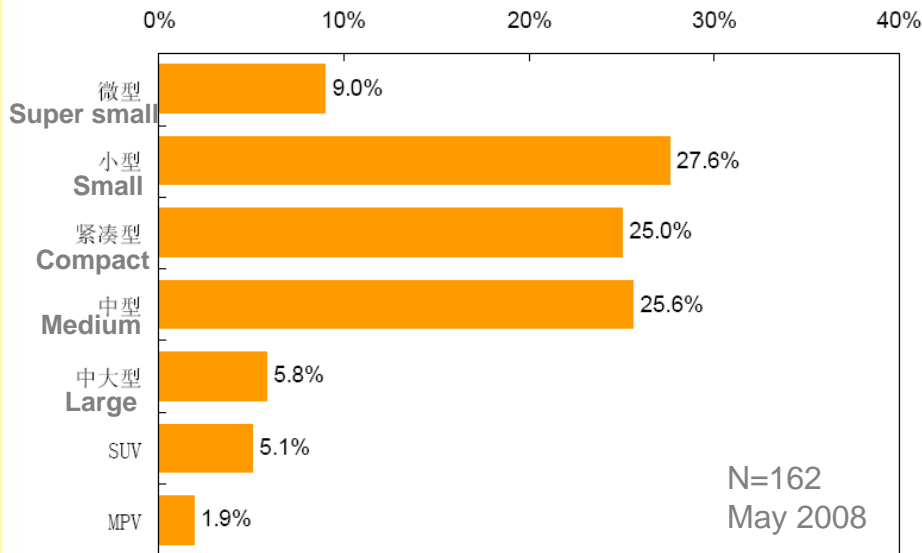
Japanese brands scored best in a range of green image indicators -

| | |
|-----------------------|-----|
| Minimised Emissions | 56% |
| Fuel Efficiency | 56% |
| Reliable Technology | 54% |
| Affordable technology | 48% |

**TNS China Survey of 1100 car owners*

- The first step in translating green awareness to green action could be in the form of smaller cars

36.7% consumers would choose small or super small car

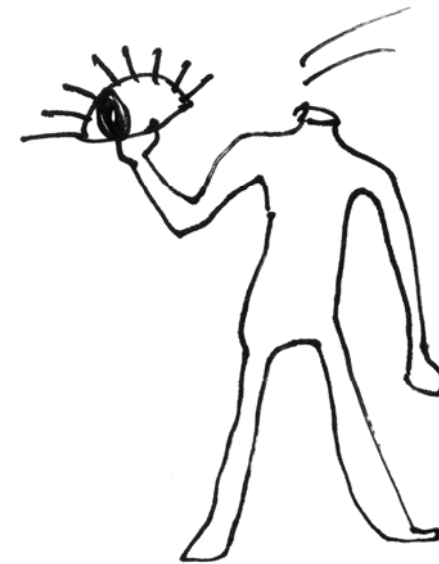


Data source: Sinotrust

Launched in Nov 2008 - Panda, a new super small car developed by Geely a leading Chinese auto maker



From familiar luxury To art collectable



The connoisseurs

- Connoisseurs and collectors are still a rare breed in China, but they are growing in number and can exhibit high spending power.
- TNS identifies these consumers as being typically over 35 years of age, male and based in first tier cities*. Their favourite collectible items include watches, antiques and high end furniture.



Collects contemporary artwork, Chinese figurine, He Tian jade, Puer tea

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V8
V8 Zagato
Lagonda
DB7
Vanquish
AR1
DB9
V8 Vantage

The Story and Pictures of Aston Martin

are presented within this web site as dedication to the greatest automobiles ever made. What began as a dream shared between two amateur automobile racers during the dawn of motor sport grew to one of the worlds most exclusive marques. The trip was not easy nor void of near catastrophe, such as several near bankruptcies. It's legend that for the majority of years Aston Martin has been running the company lost money. However, the dedication and perseverance of those that build these handcrafted machines willed the marques to survive while it's contemporaries fell by the wayside.

I'm Rob Walker and I've been hunting down Aston Martin's since 1999. I have filled this web site with the all of the models I and my camera have come across. Mostly at shows and events in the New York tri state area. As an internet marketing professional I have combined two of my hobbies - Web Sites and Aston Martin - into this site. It is always a work in progress. If you have any questions, comments, or pictures that I can post please email me - [Contact ME](#).

Please visit the extensive Aston Martin [Gallery](#).

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The New Aston Martin V8 Vantage



In The News

I've final completed my move to PA and have settled into my new job. All is good with me and things are great with Aston Martin. David Richards and friends have taken over the marque from Ford and have great plans for this great brand.

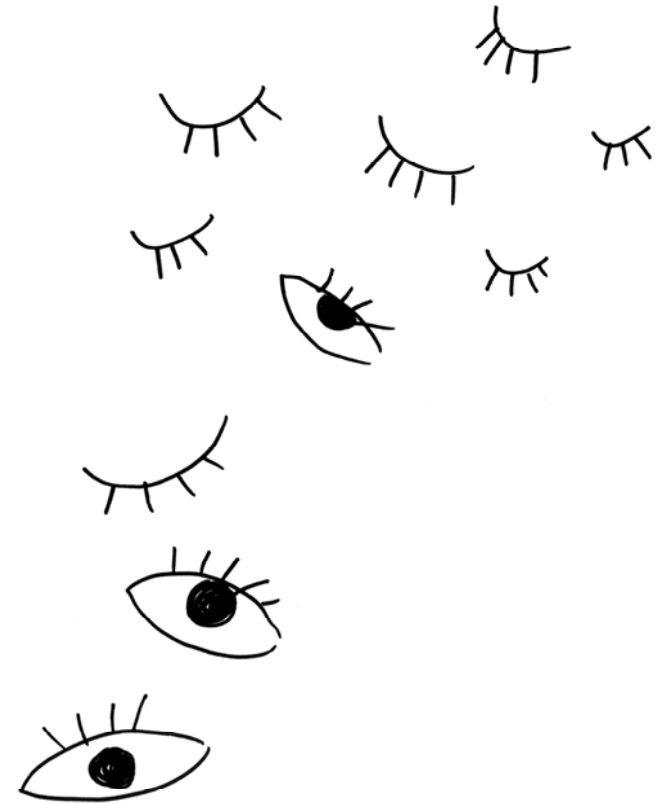
Also, keep an eye out for the last Vanquish. Production stops on this marque changing machine in July.

This site is in no way affiliated with Aston Martin Lagonda, Aston Martin Owners Clubs, or the Ford Motor Company

Collectors are identifiable by their appreciation of uniqueness, brand heritage and the finest craftsmanship

**From sales outlet –
To experience centers &
concierge style service**

10



- The growth of web based specialised media has heightened consumer expectations.
- The old fashioned car outlet now has to deliver the experience that digital media has created.

Brand Knowledge



Brand Experience



Introducing The Car Experience Center


- A day out to remember
- Experiences designed around discovery

The screenshot shows the Land Rover Experience website. At the top left is the Land Rover logo. The navigation bar includes 'VEHICLES', 'OWNERSHIP', 'GO BEYOND', 'ABOUT US', and 'EXPERIENCE'. Below the navigation bar are links for 'Home', 'Experience Locator', 'Adventure Days', 'Training', 'Corporate Fun', and 'Environmental'. The main header features a large image of a Land Rover driving through a stream with the text 'WELCOME TO LAND ROVER EXPERIENCE'. A map popup is open, showing a location in Beijing, China, with the title 'The Great Wall Land Rover Experience Beijing' and a 'More Information' button. Below the header are three content blocks: 'WHAT IS LAND ROVER EXPERIENCE?' with an image of a Land Rover and text about the global network; 'ADVENTURE DAYS' with an image of a steering wheel and text about learning new skills; and 'EXPERIENCE LOCATOR' with an image of two people and text about finding the nearest experience centre.

- The way brands present this experience is as important as the experience itself.
- It is time to take a leaf out of what started in the hospitality industry and has now been embraced by hi-end technology brands.



VERTU



What is Verdu Concierge?

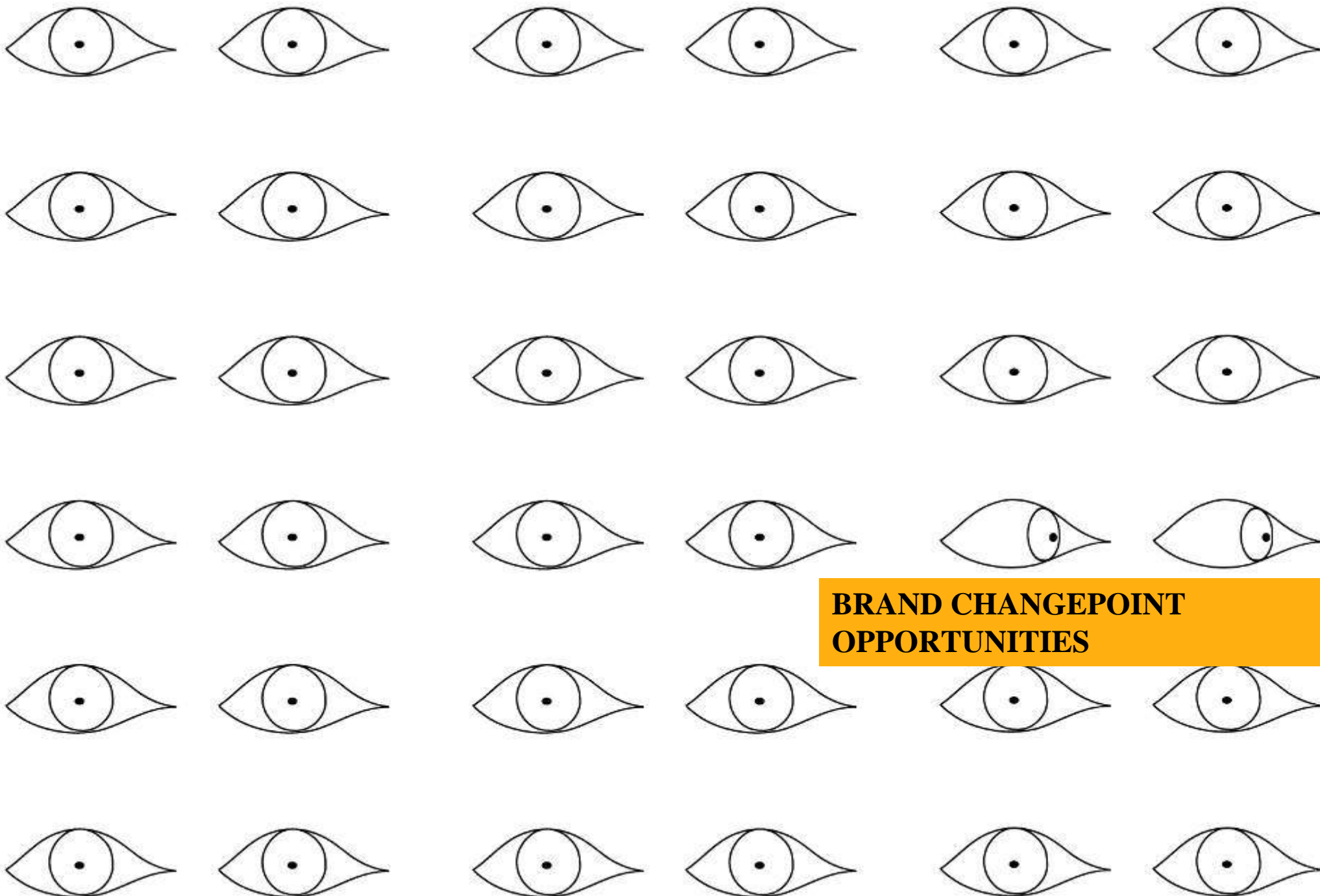
Every Verdu handset connects directly to the exclusive Verdu Concierge service. At the touch of a dedicated button, personal assistance is on hand, 24 hours a day.

With expert advice on travel, entertainment, accommodation, restaurants and events, Verdu Concierge is available in several languages.

Car Concierge – a new opportunity to create a point of difference

- First step will be understanding him/her not just as a car consumer but from all their life interests.
- Then designing experiences around their interest areas.
- A more personal & unique after sales support experience.
- And Service will be more Hi-Touch rather than Hi-Tech.





BRAND CHANGEPOINT OPPORTUNITIES

Reframe the user context of the car

- Brands must understand the critical change that car culture is going through in China - from means of transportation to means of self-actualisation and socialisation. This should influence brand platforms and new product positionings.
- Brands can also create desire with a completely new set of audiences (wife, children or even parents) by reframing the usage context of the automobile against those segments too.
- This diversity of usage will cascade into a need for greater accessorisation of the automobile; in turn leading to a multiplier effect on revenues.
- Personal and mental space is a relatively new luxury in China. This presents a whole new opportunity to recast the car and the commuting time into a third space; for unwinding or recharging.

Shift your value proposition

- Brands need to reframe their value proposition keeping in mind the current consumer mindset.
- It will be important to position vehicles against real value, not just sell them as ornamental play toys.
- One stream of opportunity will lie in educating consumers to look at long term total cost of ownership as opposed to short term sticker price.
- Brands should also explore collaborating with equipment-makers like tire companies or fuel companies to provide value-added services and bundled offers.

Heighten the driving pleasure

- Since premium car buyers are increasingly driving themselves without a chauffeur, premium brands should highlight how their cars deliver on personal driving pleasure vs. just only help them achieve prestige and status.
- Brands can also recast the automobile from a single experience to a multi sensorial one and create unique brand rituals as one of the ways to bring this to life.
- Fulfill the consumer's search for uniqueness by giving your brand more meaning, a point of view or an inspiring ideology. Then extend the brand point of view in finding meaningful connections in the world of art, architecture, music etc.

Make buying a car on credit easier

- In these hard times car financing will be imperative to reverse the slump in sales.
- At the same time this will be a new revenue stream for automotive manufacturers.
- With banks getting over cautious towards lending, automotive brands are in a good position to offer the financing themselves leading to a higher share of margins.
- These credit schemes are also a great way to get CRM programs developed with relevant up-grade / accessory selling.

Tap the “车友” (che you) / car buddies

- In these hard economic times, car buddies represent a great word of mouth opportunity.
- We can upgrade these networks to e-commerce platforms for accessories & after sales.
- We should be encouraging people who have experienced our brand to give us feedback on the product & services that go along with it.

Co-create with the me-generation

- At the entry level we can introduce DIY offerings / accessories encouraging them to creatively express themselves.
- At the mid to high level brands should be collaborating with design houses / designers to provide personalisation to the buyer



Go green the smart way

- Since Chinese consumers want to go green, brands that can help them fulfill on their conscious, without paying the extra, will gain significant advantage.
- Brands need to recast the green message from “green for good” to “green for cheap”. Brands have to clearly demonstrate that growing green is now a means of being financially savvy (fuel efficient cars are cheaper & greener).

Think experience center, not showroom

- Car brands must transition their sales outlets to experience centers and provide concierge services.
- Brands should be thinking of restaging the **entire** brand experience – not just marketing communications.
- To provide focus to this role the brand team would do well to appoint a “chief experience officer”.
- Service should move from car service to a complete lifestyle service; with a price attached.

Thank You!

Eager to continue the conversation?

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