

# SPOTLIGHT | Snapshot of How Car Buyers Shop: Chinese vs. Indian Customers



Call it a meeting of the two "Asian Behemoths," the "Oriental Giants" and even the "Chinese Dragon and the Indian Elephant," the recent historic visit between China's President Xi Jinping and India's Prime Minister Narendra Modi has just been witnessed by the world with great interest.

Here at J.D. Power, these two economic powerhouses are of utmost importance to us because as many automakers will agree, the sheer size of the population and low vehicle penetration rate in these markets make these two countries an attractive destination for global automakers.

But just how similar or different the Chinese and Indian consumers are?

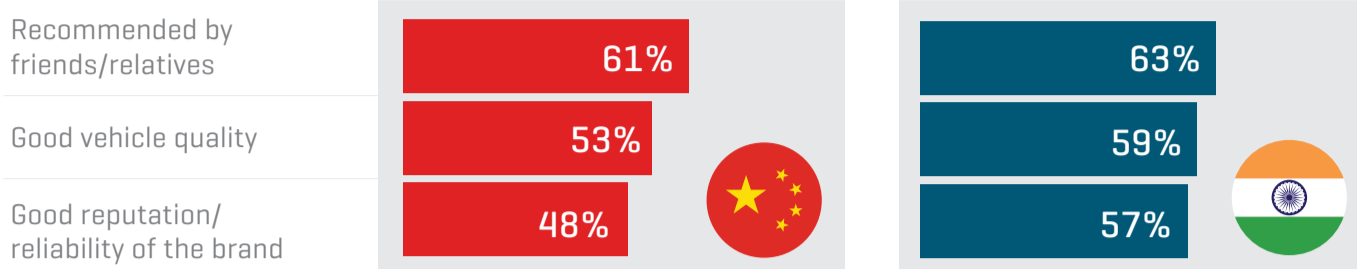


We take a look at some key indicators from our J.D. Power studies and have our Country Heads, **Dr. Mei Songlin** (Vice President and Managing Director of J.D. Power China) and **Mr. Mohit Arora** (Vice President of J.D. Power Asia Pacific) to weigh in.



## Key reasons for purchase

Interestingly, the top three key reasons driving purchase are the **SAME** between China and India. Here's what Dr. Mei and Mohit have to say...



Among intenders who are looking to buy a new vehicle, "good vehicle quality" is the leading reason driving consideration. As these intenders progresses to the purchasing stage, recommendations from friends and relatives then takes over as the key driver for their purchase decision.

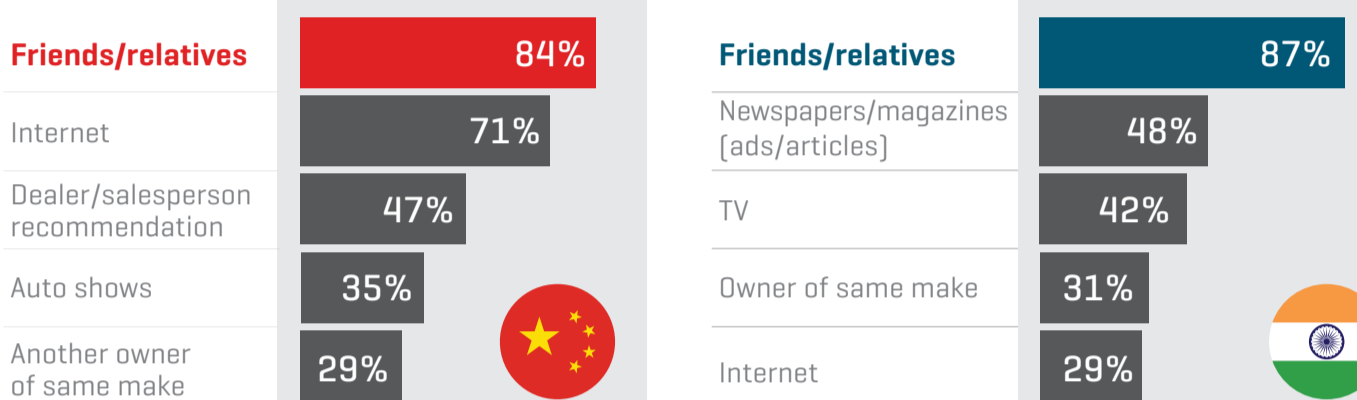
Mei

The key reasons above govern the overall vehicle preference within the constraints of the budget set by the customer.

Mohit



## Top 5 Information Sources for Automotive Buying Decisions in China and India



Word of mouth has the strongest influence on both Chinese and Indian consumers while the Internet has seen increasing penetration in recent years especially in China.

Moreover, in the future, more word of mouth recommendations will be made online in Internet discussion forums.



## Type of websites that car buyers visit



Special websites are sites that are dedicated to automotive content. Manufacturers' websites are increasingly getting less attention. Also, more Chinese consumers are open to purchasing vehicles online.

Mei

Manufacturers' websites remain as top sources of information for car searches. This means that auto makers have to ensure that their websites must be appealing and intuitive.

Mohit



## Vehicle financing



Cash is the top payment in China, but this mode of vehicle financing is decreasing on a YOY basis. Auto financing is an emerging business for the coming years.

Mei

Loans have found increasing favor in recent years as a greater proportion of first-time buyers are fairly young and are not able to pay the entire amount in cash. In addition, there is a greater confidence in their earning capacity to repay over the next several years.

Mohit



## First, additional or replacement vehicle



With the rise of the middle class, many customers are buying a car for the first time and this is especially so in tier 2 cities and below. In tier 1 cities, the middle class is ready to upgrade and/or buy a second car.

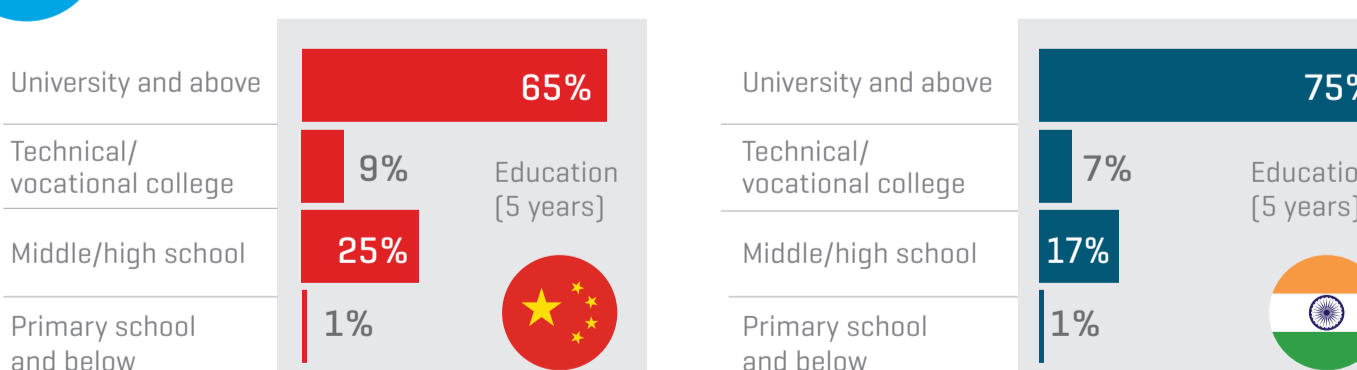
Mei

As two-fifths of new-car customers are upgraders from two-wheelers every year, the buying pyramid is likely to be maintained for the coming years.

Mohit



## Education levels of car buyers



Chinese new car buyers are mostly well educated and better informed of the market. There are some differences in vehicle preferences by age groups. Consumers born in the 1960s are more about vehicle safety and performance, whereas those born in the 1970s and 1980s are more concerned with vehicle quality. Younger intenders born after 1990 tend to focus more on the vehicle body type than intenders in other generations.

Mei

The new car buyer is a highly educated, well-informed customer. Dealerships need to prepare well to receive a customer who is knowledgeable and demanding. Such customers are sensitive that they are making an expensive purchase and will seek to get the best value out of his deal.

Mohit