Auto Brands Must Play By New Rules To Win Over Chinese Consumers

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TNS outlines five new rules for manufacturers wanting to get ahead in the worldâ€™s largest car market

Following a disappointing year of just 3.5% growth in the worldâ€™s car market[1], global insight company TNS today releases the findings of a new study to help international automotive brands gain a stronger foothold in the fast-growth markets of the East.

The Automotive Path to Purchase Study (TAPPS) is the worldâ€™s first real-time analysis of the car-buying process, which tracks every influence affecting consumer decision-making. Â

Its results from China reveal that weak branding and an incomplete understanding of the buying process is undermining many companiesâ€™ efforts to build a presence in the worldâ€™s largest auto market.

Andy Turton, Global Development Director at TNS, said:
â€œChina represents a massive growth opportunity for automotive manufacturers â€“ but we know that in this vast and disparat
market, there are very different influences in the car-buyerâ€™s path to purchase. Logging these in real-time, for the first time, provides a new level of accuracy to help auto brands better tap into the Chinese market - making sure theyâ€™re targeting consumers in the right way at every stage of the buying journeyâ€•.

With 470 models struggling to compete in China, promotional activity is everywhere.Â However, TAPPS shows these efforts may be compromised if manufacturers donâ€™t take time to understand the ways Chinese consumers shop for new vehicles and how this differs to more mature markets.

Drawing on continuous and interactive conversations with over 1,200 car buyers in 184 cities over a 6-month period, the findings from TAPPS highlight five new rules for car companies hoping to grow their presence in China:

1. The dealer is your new best friend:Â Forget the Western perception of car salesmen out to make a quick profit at the consumerâ€™s expense; in China, car dealers are viewed as the most reliable source of advice throughout the buying process.Â This is partly because the used car market is only now starting to emerge in China; in the West, trust is often eroded by the conflicting interests of dealer and consumer.Â Manufacturers who protect this trust by engaging with their dealer network in China to ensure a fair deal for customers will reap dividends.

2. â€˜Weâ€™ matters more than â€˜meâ€™: In a nation where 80% of people are first-time buyers, people rely heavily on the ac
friends and family, as well as on social media, when it comes to choosing a car.Â Manufacturers need to understand how to mobilise customers and fans to become brand ambassadors, for instance by providing practical advice for new drivers via social media and customer support.Â Becoming indispensable to current owners and fans is key to strengthening perceptions of the brand and generating powerful third party endorsement.

3. Once consumers start looking, itâ€™s too late: Brand loyalty towards cars in China is low and fewer people have fixed ideas about what they want at the outset.Â In fact, a third of those shopping after four months still have no idea what model or even type of car they are looking to buy.Â However, the average purchase period in China is far shorter than previously thought, with 40% of consumers deciding on a make and model within one month. Manufacturers canâ€™t afford to wait until consumers start looking before engaging them with a compelling brand story.

4. Offer the right deal: Getting a good deal is extremely important to Chinese buyers:Â 80% buy a car having secured a discount, compared to around 40% in Europe.Â However, manufacturers must ensure promotions and discounts donâ€™t undermine the brandâ€™s integrity.Â Reducing prices too much can be negatively interpreted by consumers and could create a commoditised market where people care more about price than the brand they are buying into. Â

5. Ignore digital at your peril: 95% of Chinese consumers use online sources during the buying process, and around a quarter are classed as heavy users.Â People who buy within 1-2 weeks are more likely to be digitally engaged and are also more likely to buy premium brands.Â If manufacturers donâ€™t invest in their online presence, they risk losing out on a lucrative segment of the market.Â Â Â

Turton concluded:
â€œThis study reveals that speed of decision-making, rules governing discounts and the great influence of social media create market dynamics in China unlike any in Europe.Â The key to maximum growth in China is a deep understanding of how to harness these in the right way, at the right stages of the buying process.â€•

About TAPPS

The Automotive Path to Purchase Study (TAPPS) is a powerful new approach to understanding the multitude of factors that influence the car-buying process.Â Unlike traditional studies which collect consumer information retrospectively, TAPPS is the first interactive, online study to measure in real-time the actual sequence of events in the buying process over a period of 4 to 6 months, across all touch points.

TAPPS in China surveyed over 1,200 car buyers in 184 cities via an online access panel. The research took place over 6 months, from August 2011 to January 2012. A rigorous screening process was applied to ensure that the sample was representative of the new car buying public in China.Â Reports from other markets are due in February 2013.

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