

Survival of the hugest: Chinese consumers seek safety in SUVs

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Chinese drivers are rushing to buy sport-utility vehicles in an "arms race" for safety on the country's hair-raising roads, analysts say, as SUV sales hit the gas despite a slowing economy.

SUV purchases in the world's number one car market surged more than 50 percent in the first quarter of 2016 from a year earlier, while sedan sales fell 9.3 percent, according to industry data.

"The primary reason is a fairly primitive one," says Robin Zhu, auto analyst at Sanford C. Bernstein in Hong Kong. "It's about survival.

"It's about people's desire to feel safe on the roads. Because [SUVs] are bigger, and in low-speed collisions, from a consumer psychology point of view, you'd rather be the one in the SUV."

Another 50 models new to the Chinese market will go into production in the country this year, according to consultancy IHS Automotive, many of them to be showcased at the Beijing Auto Show opening Monday.

China's roads have a reputation for danger, with footage of horrific traffic accidents from the country's ubiquitous surveillance cameras broadcast daily on television.

The World Health Organization estimates that more than a quarter of a million people are killed on the country's roads every year—over four times official government statistics.

Death rates remain comparatively high because of inadequate rescue systems and poor treatment, according to a study by Chinese researchers published last year in medical journal *The Lancet*.

A businessman in an SUV in Beijing, who asked not to be named, told AFP he chose it "because it makes me feel safe when I drive".

Bill Russo, automotive chief of advisory Gao Feng in Shanghai, said the appeal of an SUV comes from a feeling of "command" and the perception "you can deal with anything the road throws at you".

Rising road rage on China's congested streets has also made SUVs more popular, said Zhu. Traffic police handled more than 17 million cases of driver aggression last year, according to public security ministry statistics.

"There's a bit of an arms race going on," he explained.

'Sedans on stilts'

Analysts say that while consumers in the US and other countries may be drawn by the image of SUVs going off-road in rough conditions, in China most of them are based on ordinary cars.

"The so-called SUVs today are sedans on stilts," said Zhu.

More Chinese buyers have turned to SUVs as their fuel economy has improved and a drop in oil prices have made the vehicles more affordable to run.

The most popular models are "small, car-based crossover types", said Russo, noting that "the vast majority" have engines smaller than 2.0 litres.

"They're economical SUVs, they're not big, gas-consuming environmentally unfriendly vehicles," he said.

Chinese buyers are content with small engines in large bodies, said Michael Dunne, CEO and strategist at Dunne Automotive in Hong Kong.

Ten years ago educated urbanites preferred sedans because larger vehicles were associated with rural people and construction workers, he said. But in the last two years, SUVs have become "fashionable".

"They're not that interested in acceleration, passing, speed. They're more interested in the look," said Dunne.

But the boom may not last, executives warn. "Even if now the SUV is popular, in the future there will probably be a change," said Toyota China head Hiroji Onishi, suggesting that minivans could see their appeal widen.

At the same time, while higher margins in the SUV segment have made the vehicles a driver of profits for foreign automakers, increasingly popular cheaper local models have made significant inroads in claiming market share.

Chinese companies such as Great Wall, Changan and Wuling have become national brands, Russo said, and in March six of the 10 top-selling SUVs were from Chinese firms.

According to association data, Chinese carmakers accounted for 60 percent of SUV sales in the first two months of the year, compared to only 20 percent of sedans.

The best-selling SUV in China, the Haval H6, costs from 88,000 yuan (\$13,600) according to the company's website. The best-selling foreign-

brand SUV, the Volkswagen Tiguan, go for 200,000 yuan and up on major car sales portal Autohome.

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