

Potential of the self-drive market (SDM) in China

John Koldowski

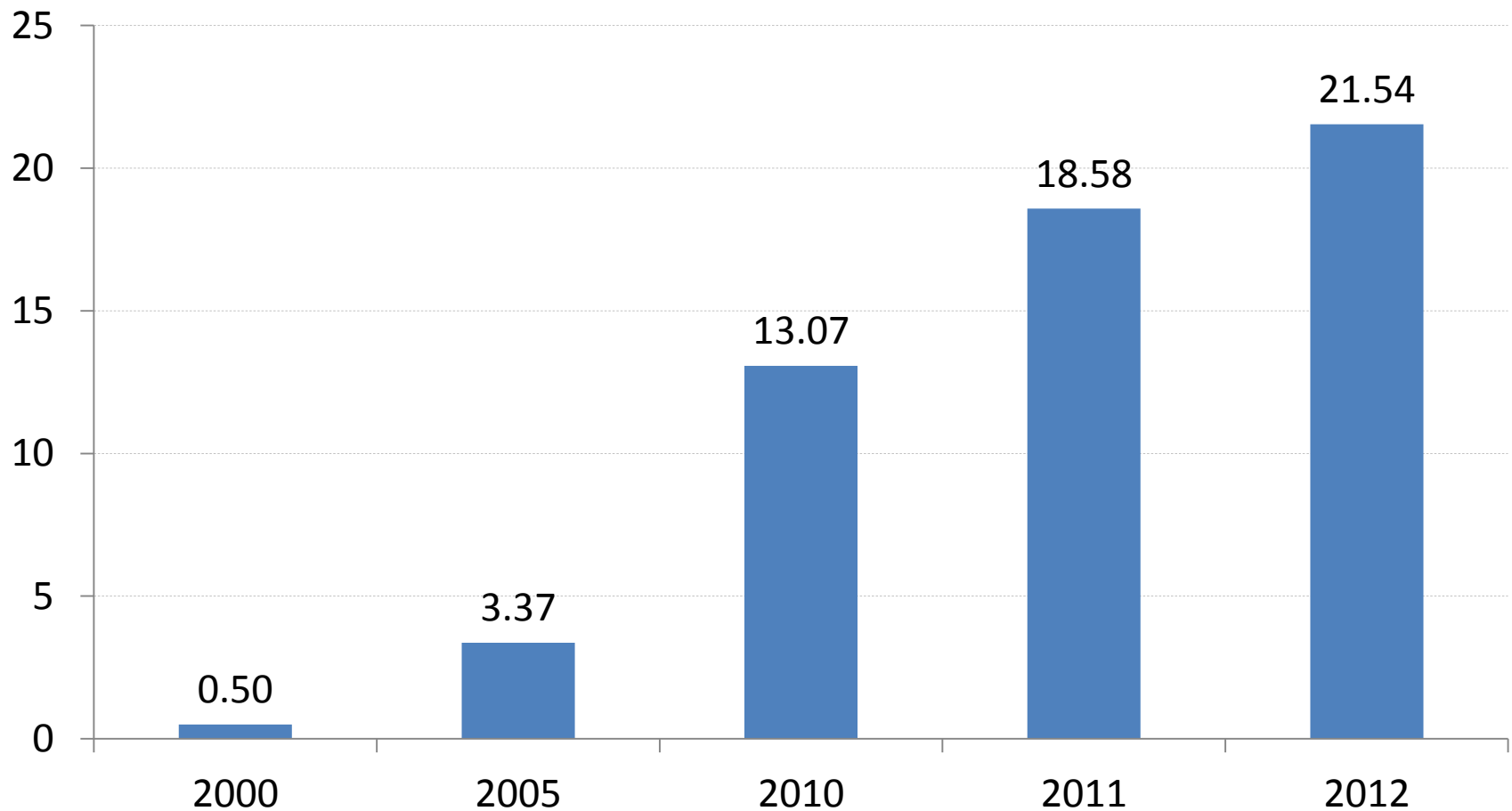
张科德

The current position of vehicle ownership in China

Ownership of Automobiles, 2000-12

Units/100 urban households

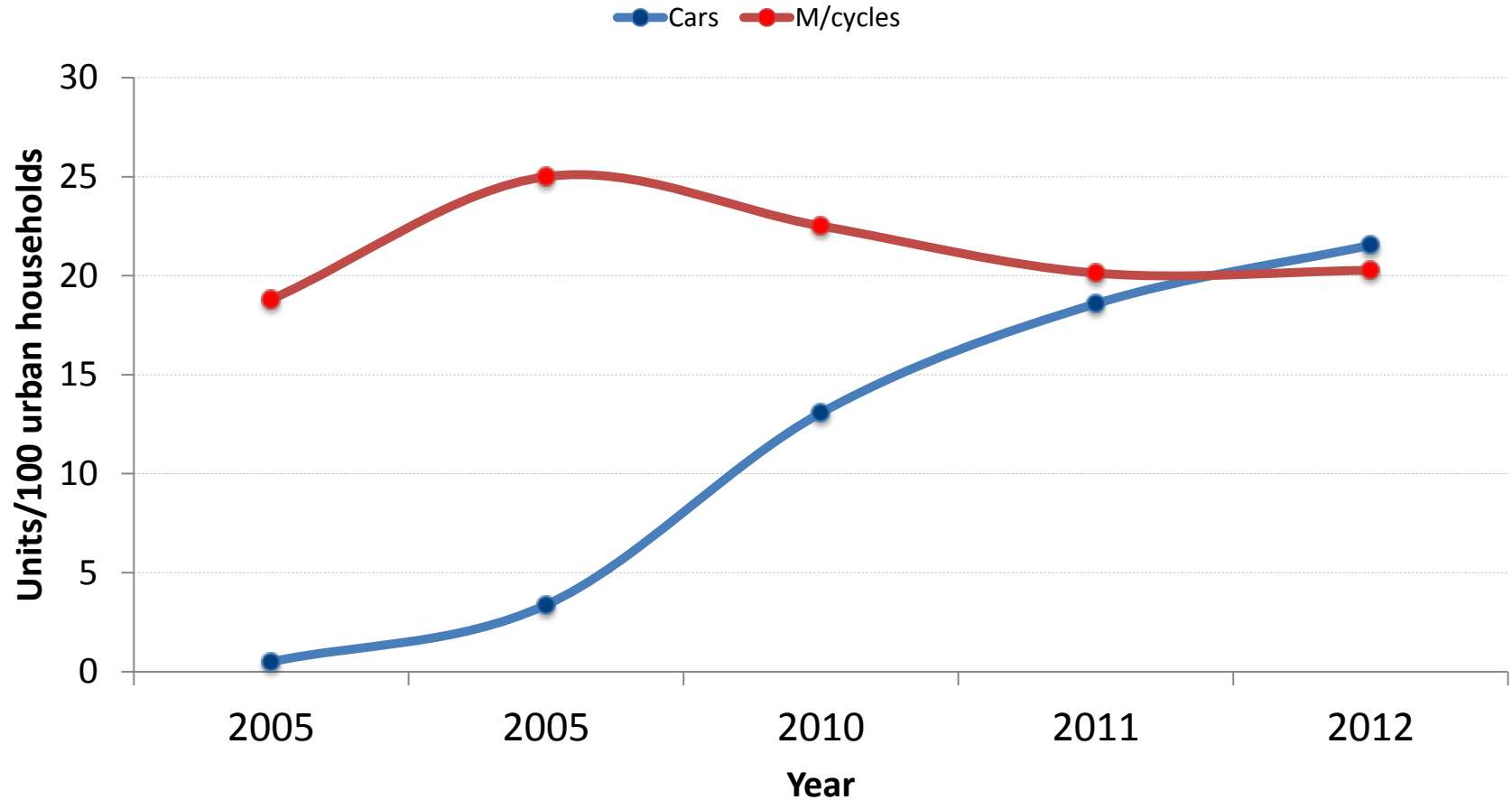
Source: National Bureau of Statistics, China



Ownership of Automobiles & Motorcycles, 2012

Units/100 urban households

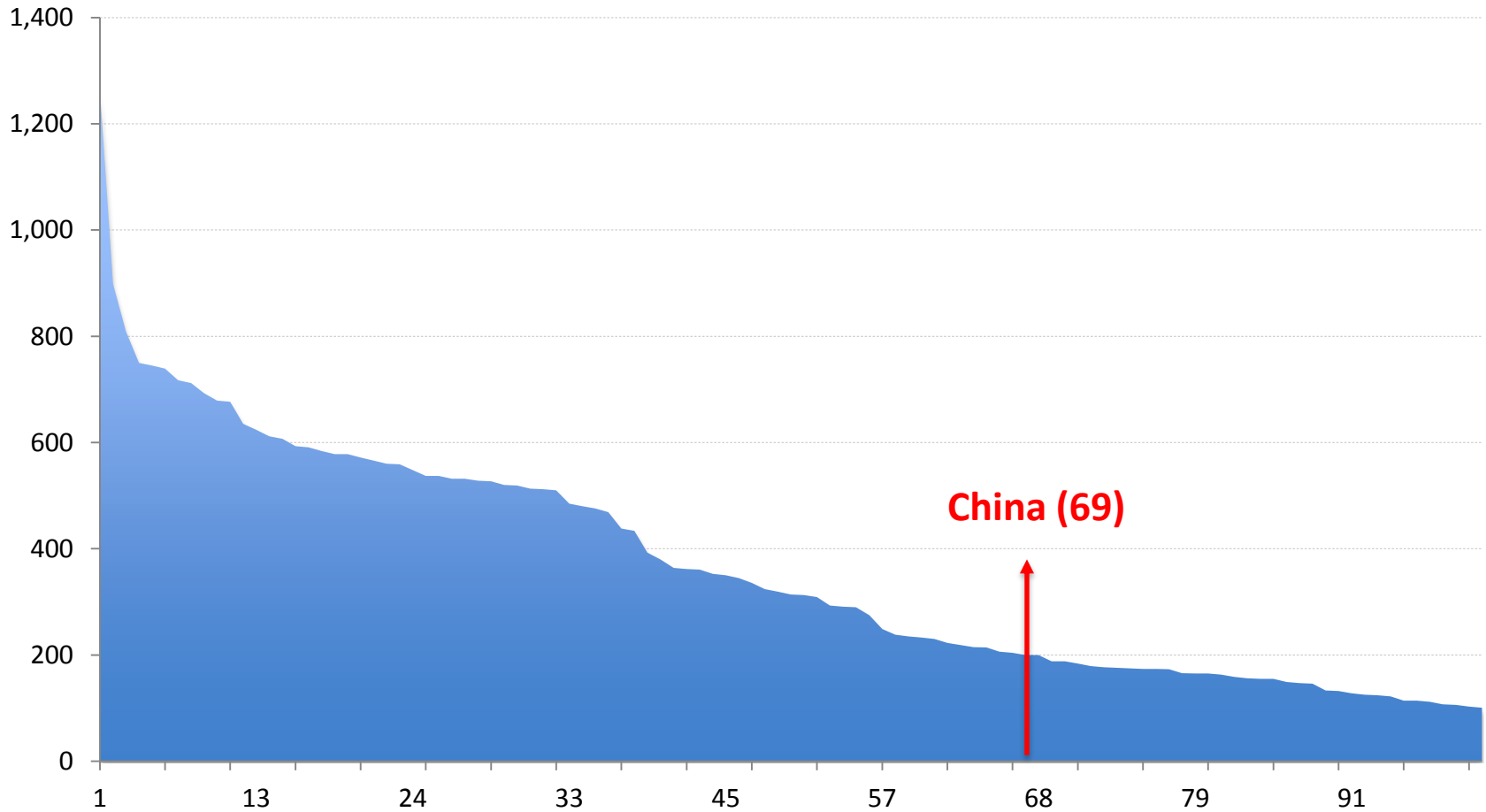
Source: National Bureau of Statistics, China



Cars per 1,000 population

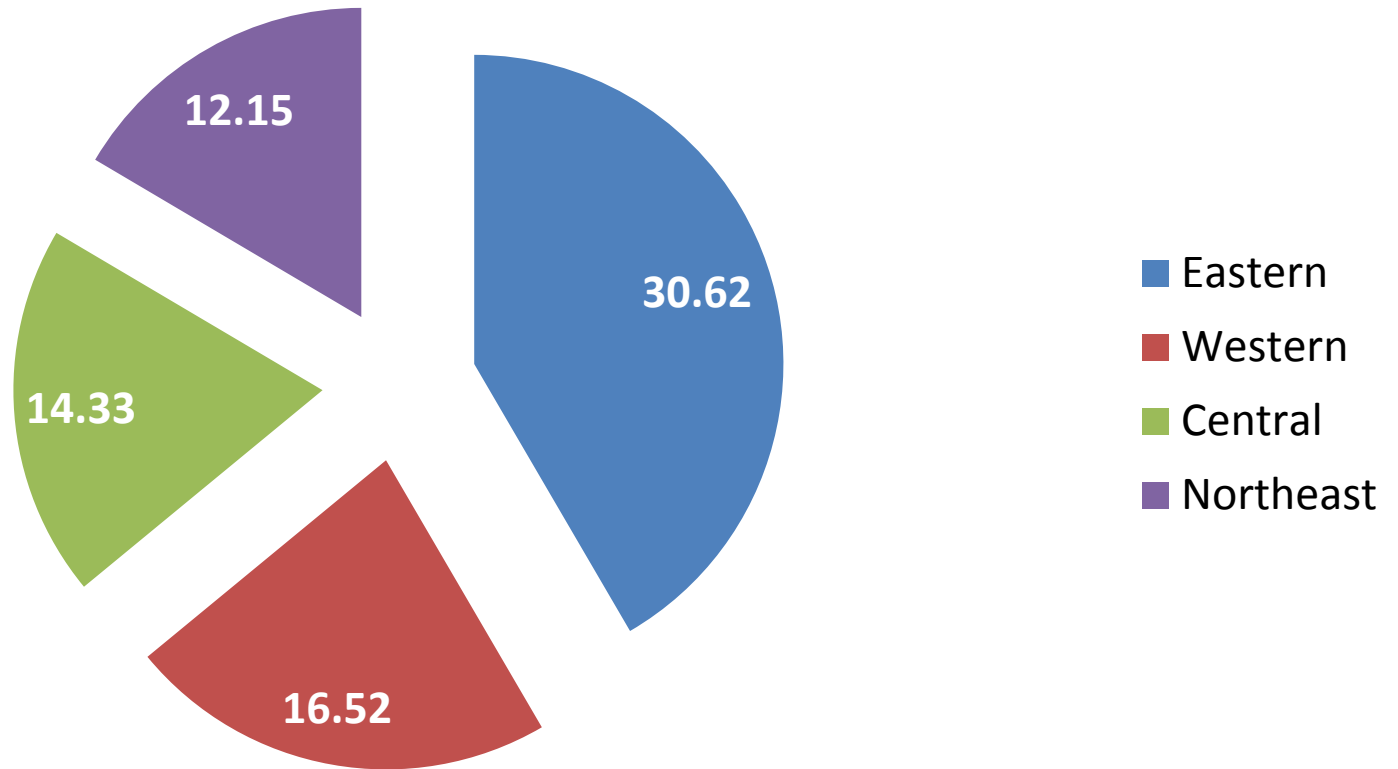
China has 188 cars/1,000 population (2013) [n=69/182]

Source: Wikipedia



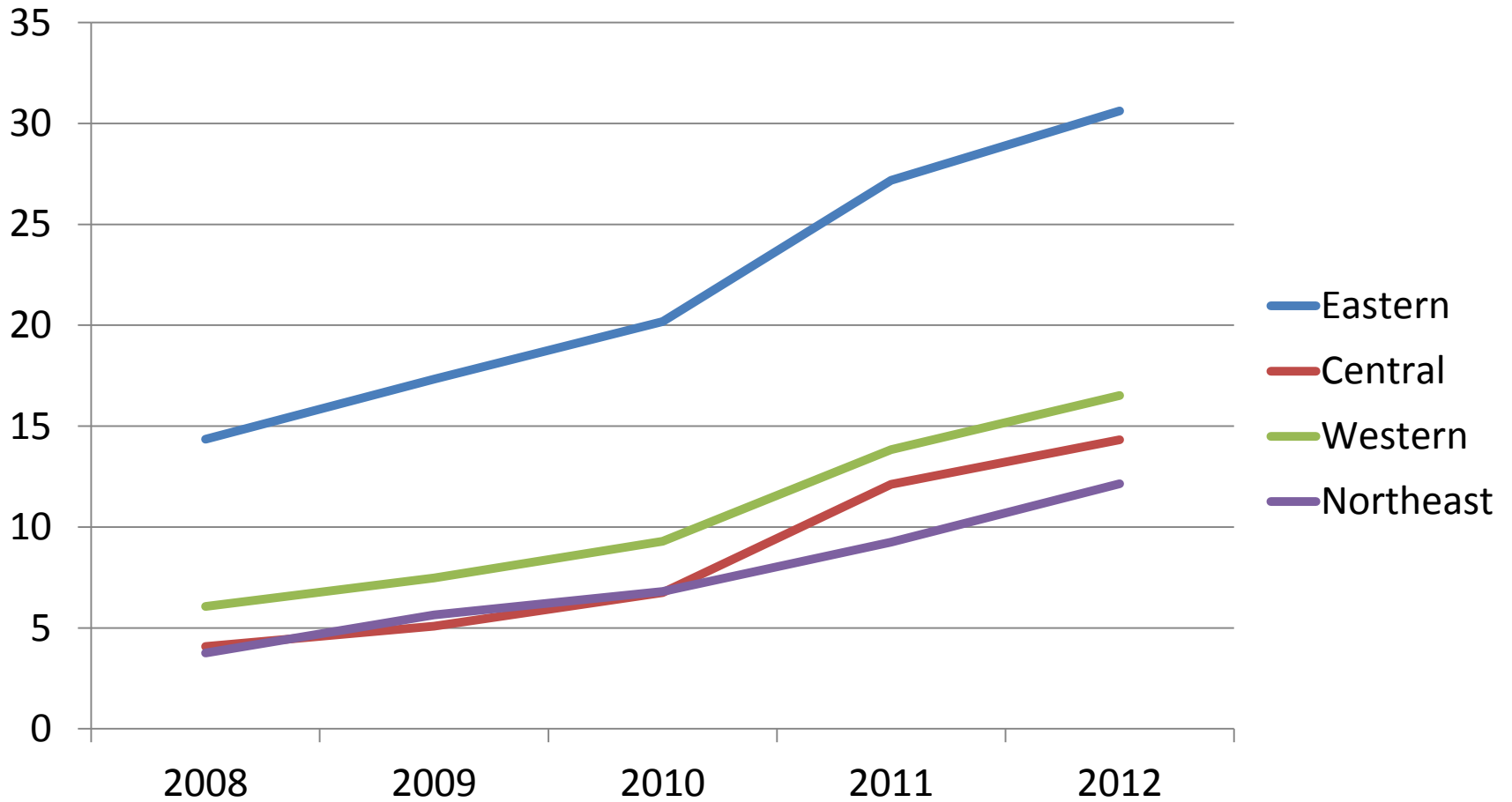
Penetration 2012

Automobiles/100 Urban Households

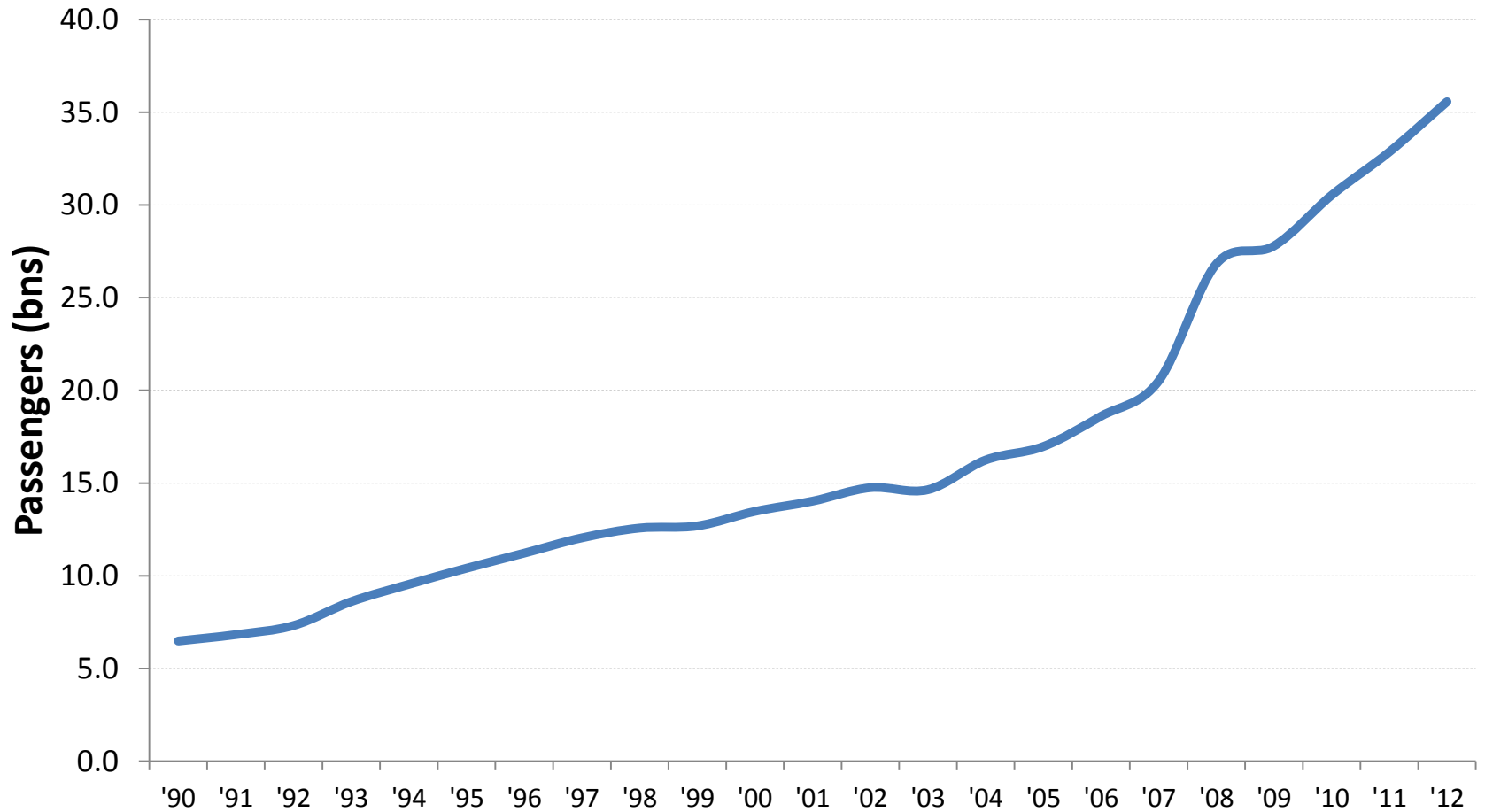


Ownership of Automobiles x Region

Per 100 Urban Households 2008-12

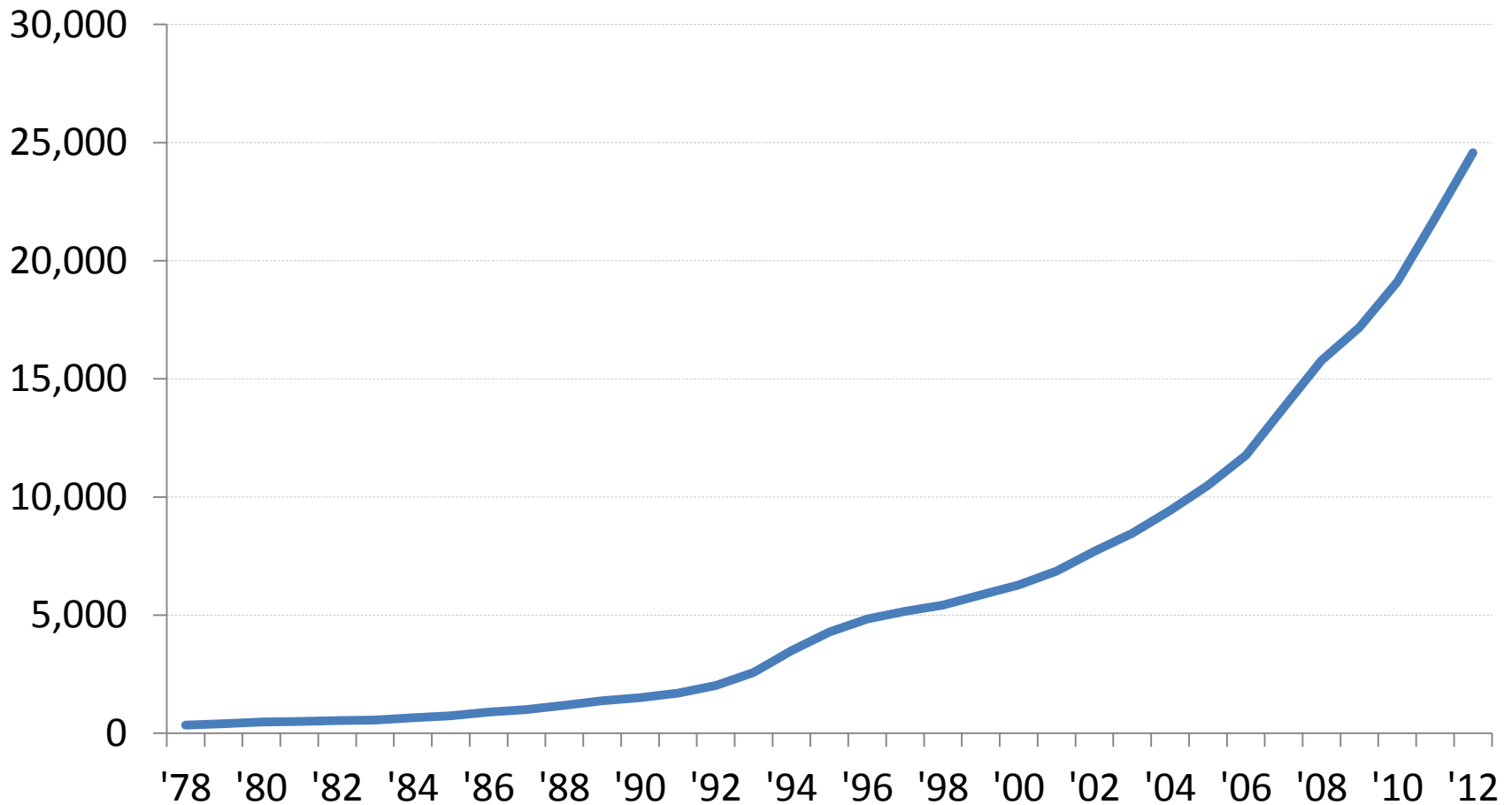


Highway Passengers x Year In billions



Annual Household Income 1978-2012

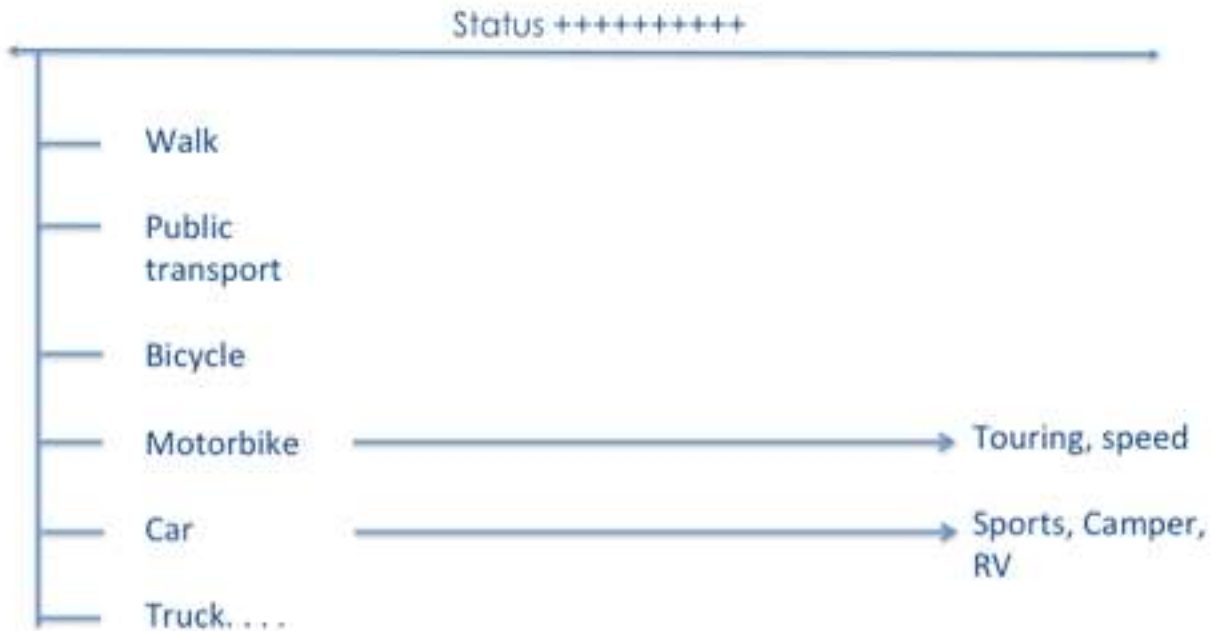
In yuan; source: National Bureau of Statistics, China



The Potential



Necessity Choice



Mr. Lee and the first Ferrari in China.

Source: magazine.ferrari.cn







Harley Davidson National Rally in China

May 15, 2013

Zhejiang Province, China

Some 1,000 Harley Davidson enthusiasts attended China's 5th annual Harley Davidson National Rally, on May 11, 2013 as part of the company's 110-year anniversary.













Harley-Davidson Owners in China

- Use their bikes almost exclusively for leisure
- Successful entrepreneurs between the ages of 35 and 55 years old - slightly younger than their US counterparts.
- Often own or lease at least one luxury vehicle
- Almost entirely Chinese nationals - less than 10% of customers are expatriates
- Small percentage are female, however that demographic has grown significantly since 2007.



2015 INDIAN MOTORCYCLE® MODEL LINE-UP

Concerning the rumored expansion of operations in China, Polaris [the management company] is looking for the best way to catch up with Harley-Davidson as far as their presence in the East is concerned.

<http://www.autoevolution.com>; May 22, 2013)



OCHA Regional Office for Asia Pacific

The Asian Highway Network

Issued: 1 March 2007

United Nations Office for the Coordination of Humanitarian Affairs (OCHA)
Regional Office for Asia Pacific (ROAP)
Executive Suite, 2nd Floor,
UNICEF Building, Rajabhat, Thailand
No. 44, Bangkok 10000, Thailand
<http://ocha.hq.un.org/roap>



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中国国家高速公路网
China National Expressway Network



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Points to consider

- Understand that the SDM is not a single segment but complex and diverse in terms of markets, locations, and impacts
- When taken together however, these segments can be a substantial component of the transport mix in some countries/provinces;
- Recognise that self-drive tourism can be particularly important for regional tourism destinations if you understand where it fits in the market mix.

Points to consider

- Self-drive tourists are most usually domestic tourists, but there are key international markets represented as well.
- Understanding the characteristics of self-drive tourists and the nature of visitor flows is central to the sustainable development of tourism in many destinations, and for the success of many tourism products.

Points to consider

- External factors such as disposable income and economic conditions can be key factors in influencing travellers to choose drive holidays.
- There appears to be a distinct desire or motivation to take drive holidays because they fulfil a need that cannot be satisfied by other forms of holidays;
- Drive holidays embody a 'sense of freedom' or 'independence' that attracts the traveller to choose this form of holiday. Reliance of scheduled transport is eliminated.

Points to consider

- ‘Travellers’ or ‘Tourists’. This could fuel preferences for ‘real experiences’ and ‘local information’ as opposed to things that may seem too ‘touristy’.
- This form of travel lends itself well to ‘short breaks’ as well as longer excursions, especially with the family and/or close friends and club members.

Points to consider

- Expenditure patterns differ:
 - Less spend on accommodation
 - More spend on food, fuel & experiences.
- Given that these travellers may end up in less visited areas, their expenditures are likely to have a significant multiplier impact on the local economies.

Points to consider

Overall, the suggestion is that more than just being an economic imperative, drive holidays represent a unique holiday experience that is sought after by segments of the travelling public at certain times in their life.

Points to consider

- Know the information search patterns and tools used by this segment:
 - Different pre, post and during trip.
- Develop smart technology (city/rural) to facilitate self-drive travel.



Points to consider

- Good signage and information can increase LoS in your region.
- Themed routes which gather a range of experiences under a single product banner that is directly linked to the activities of the drive market can be a useful development tool.
- Aim for circular routes not linear.

Promotion to the SDM

- Important that tourism stakeholders market the region in a cooperative fashion in a way that recognises the complimentary strengths of the region's diversity.
- Must be ahead of individual interests.

Promotion to the SDM

- Cooperative marketing ventures between operators and regional tourism authorities:
 - Enable economies of scale through the sharing of campaign expenses; and
 - Reduce the amount of advertising clutter that results from an individualistic and competitive approach to regional tourism development.

The Potential for China?

- Wide open to and begging for innovation.
- Tourism Malaysia - organising international level car rallies and treasure hunts. Similar practices could also work well in China



The Future?

A vision of travel in 2020



Source: Amadeus, 2014



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TechEdge

A CNBC SPECIAL REPORT

China to lead \$87 billion market for self-drive cars

Matt Clinch | @mattclinch81

Wednesday, 21 May 2014 | 1:00 AM ET



谢谢

John Koldowski

张科德