



## Press Release

### **J.D. Power Asia Pacific Reports: Rising Fuel Prices Cause Some Vehicle Owners in China to Reduce Their Driving While Others Are Delaying Vehicle Purchases**

**SHANGHAI: 4 August 2008** – In a recent online survey conducted in China, nearly 80 percent of respondents say that the recent increase in fuel prices has caused them to reduce their vehicle usage, while 26 percent of participants who intended to purchase a vehicle in 2008 have decided to delay their purchase, according to the J.D. Power Asia Pacific and SINA.com China Gas Price Snapshot Survey.

On June 19, the Chinese government opted to increase the price of fuel at the pump by approximately 17 percent nationwide. With this increase, Chinese drivers pay approximately 6 RMB per liter of gasoline (US\$3.36 for a gallon of gas), up from about 5.2 RMB per liter (US\$2.85 per gallon), previously. The China Gas Price Snapshot Survey examines the impact that these higher gas prices have on consumer behaviors and attitudes, primarily in the areas of vehicle usage and vehicle purchase intention.

Prior to the June gasoline price increase, gas prices had already been rising steadily in China. According to the J.D. Power Asia Pacific China Customer Satisfaction Index Study, in 2004, vehicle owners spent an average of 7,716 RMB on fuel annually. By 2007, this figure had risen to an average of 9,744 RMB, or an increase of nearly 15 percent in three years. By May 2008, vehicle owners in China were spending approximately 10,584 RMB on fuel, on average, annually—an increase of more than 10 percent over 2007. After the June price adjustment, Chinese consumers are expected to spend an average of 12,500 RMB on gas annually.

“Based on the China Gas Price Snapshot Survey, it appears that at least some vehicle owners have already started reducing the frequency and distance of their driving,” said Michael Dunne, managing director of J.D. Power Asia Pacific, Shanghai. “Many buyers are also delaying vehicle purchases, and are instead turning to public transportation or carpooling to keep their gas expenditures down.”

Delayed vehicle purchases are already having an effect on overall sales, according to J.D. Power and Associates research. Earlier this month, J.D. Power and Associates revised its growth forecast for China’s passenger vehicle market downward. China passenger vehicle sales are now forecast to reach 5.95 million units in 2008, which is an increase compared to the 5.42 million units sold in 2007, but a decrease from the 6.2 million units forecast at the beginning of the year.

Other key survey findings include:

- Among survey respondents who plan to buy a new vehicle in 2008, approximately 90 percent say that the gasoline price increase will affect their future purchase decision.
- Approximately 30 percent of survey participants who currently own a vehicle say they are now thinking about switching to a more fuel-efficient vehicle.
- Nearly 50 percent of survey participants who intend to buy a vehicle in 2008 indicate that the recent increase in fuel price caused them to consider purchasing a Japanese brand, because of perceptions of better fuel efficiency.
- Nearly 90 percent of survey participants say they expect that gasoline prices will rise again before the end of 2008.

The China Gas Price Snapshot Survey collected feedback from online respondents regarding recent changes in the China automotive marketplace and was jointly organized by J.D. Power Asia Pacific and SINA.com. The

survey was fielded between July 8 and July 15, 2008, and is based on the responses of 2,713 visitors to the SINA.com Web site. Self-stated vehicle owners comprise more than 70 percent of total respondents in the survey.

**About J.D. Power Asia Pacific**

J.D. Power in the Asia Pacific region has offices in Tokyo, Singapore and China conducting customer satisfaction research and providing consulting services in the automotive, information technology and finance industries. Together, the three offices bring the language of customer satisfaction to consumers and businesses in China, India, Indonesia, Japan, Malaysia, Philippines, Taiwan and Thailand. Information regarding J.D. Power Asia Pacific and its products can be accessed through the Internet at [www.jdpower.com](http://www.jdpower.com). Media e-mail contact: [merry\\_yu@jdpower.com.sg](mailto:merry_yu@jdpower.com.sg)

**About J.D. Power and Associates**

Headquartered in Westlake Village, Calif., J.D. Power and Associates is a global marketing information services company operating in key business sectors including market research, forecasting, performance improvement, training and customer satisfaction. The company's quality and satisfaction measurements are based on responses from millions of consumers annually. J.D. Power and Associates is a business unit of The McGraw-Hill Companies.

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**Media Relations Contacts:**

Merry Yu  
Senior Marketing Specialist  
J.D. Power Asia Pacific  
Suite 1601 Shanghai Kerry Center  
1515 Nanjing West Road  
Shanghai 200040  
China  
+86 21 2208 0808  
[merry\\_yu@jdpower.com.sg](mailto:merry_yu@jdpower.com.sg)

John Tews  
Director, Media Relations  
J.D. Power and Associates  
5435 Corporate Drive, Suite 300  
Troy, MI 48098 USA  
001 248 312-4119  
[john.tews@jdpa.com](mailto:john.tews@jdpa.com)

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