Consumers in China Increasingly Enthusiastic about New-Energy Vehicles and Eager for Battery Technology Advancement, J.D. Power Survey Finds

More than 80% of consumers completely or partially agree new-energy vehicles will replace those powered by internal combustion engines.

Consumers have high expectations for improving the range of electric cars and battery charging time.

**SHANGHAI: 26 Feb. 2018** – Propelled by growing public concerns about the environment and thanks to incentive policies, the enthusiasm among consumers in China for new-energy vehicles (mainly electric cars) has been steadily increasing, with consumers also expecting breakthroughs in battery technology, according to a recent J.D. Power survey on Chinese consumers’ purchase intentions regarding new-energy vehicles.

The online survey, which was designed and conducted by J.D. Power in January to understand Chinese customers’ perception and desire for new-energy vehicles, has a total of 2,212 respondents across the country.

The survey shows that 86% of consumers say they “completely agree” or “partially agree” that new-energy vehicles (NEVs) will replace internal combustion engine cars, and 95% say they are “very willing” or “slightly willing” to choose an NEV for their next vehicle purchase. Environmentally friendly (76%) and fuel economy (63%) are the most often cited reasons for purchasing an NEV, while government incentives, such as subsidies (61%) and free license plates (40%), are also important. However, if there were no subsidies, 41% of consumers indicate they would not select an NEV and 29% would not select an NEV if there were no free license plates.

“Behind the enthusiasm for new-energy vehicles are a growing environmental awareness and a series of incentive policies. There is still a gap between such fervor and real demand, however. When governmental incentives gradually fade away, auto manufacturers need to be cautious and get prepared for the potential decrease of demand for NEVs,” said Jacob George, Vice President and General Manager at J.D. Power Asia Pacific.

Battery life remains a big concern. The survey finds that consumers in China expect a shorter charging time and a longer driving range. More than three-fourths (77%) of consumers prefer new-energy vehicles with a driving range on a full charge of more than 200 kilometers, while 38% prefer a range of more than 300 kilometers. About one-third (30%) indicate they prefer a charging time of less than 6 hours and 12% prefer battery changing, which takes only a few minutes.

“Consumers’ high expectations for new-energy vehicles, especially battery technology, will likely drive manufacturers to enhance research and development efforts for technology advancement and breakthroughs. Battery technology has become one of the most formidable challenges that manufacturers must address,” said Jeff Cai, General Manager of Auto Products Practice at J.D. Power China.
Most consumers are still concerned about dependability and high maintenance costs due to the constraints of current battery technology. Seven in 10 (68%) consumers are concerned that the mileage driven on one charge will decrease over time. Other concerns include high charging frequency (65%); long charging time (60%); high battery replacement/maintenance cost (59%); vehicle breakdown caused by battery troubles (49%); and insufficient battery warranty services (40%). “How to achieve a longer driving range with a lower battery charging frequency, how to further reduce battery costs and how to address its recycling—all these are pressing challenges that need to be addressed before we can really embrace the era of new-energy vehicles,” added Cai.

Specific to battery use, consumers also have other concerns, such as the lack of a battery recycle system, which may result in pollution (27%); lack of clarity about the usage and maintenance of battery (22%); and uncertainty about how to dispose of a worn-out battery (21%).

Following are additional findings of the survey:

- **Trust plays an important role**: Consumers in China trust conventional automakers (93%) more than new entrants (81%) to develop new-energy vehicle technologies. Customers trust new automakers less due to their low brand awareness, unreliable product quality and immature technologies; however, they have more faith in new players when it comes to innovation capabilities.

- **New-energy vehicle purchasing options matter**: New-energy vehicle intenders are willing to try new ways of purchasing and servicing NEVs: 41% prefer online car shopping and 30% prefer to visit the branded service stores directly owned by the manufacturers for after-sales service and maintenance.

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