

УДК 339.138:629.33

JEL M31, L62, R49

**MARKETING ANALYSIS OF CHINESE USED CAR MARKET****Zhao Houcheng**

442302891@qq.com

Master of Economics,

Lecturer of Automotive Engineering Department

Sichuan Hope Automotive Vocational College

Sichuan, China

**B. A. Zhalezka**

boriszh@yandex.ru

PhD in Technical Sciences, Associate Professor,

Associate Professor of the Department of “Marketing”

Belarusian National Technical University

Minsk, Republic of Belarus

**V. A. Siniauskaya**

olechka\_si@mail.ru

PhD in Economics, Associate Professor,

Associate Professor of Department of Industrial Marketing and Communications

Belarusian State Economic University

Minsk, Republic of Belarus

*In this paper different aspects of used car market development in China are analyzed. Influence of epidemic on the Chinese used car market is considered. SWOT-analysis of the Chinese used car market is made. Weaknesses and threats of Chinese used car market functioning are identified, strengths and opportunities of this market are revealed: strong policy support; market scale will enlarge; remarkable concentration increase; brand used car important role; trading service platform establishment. The market features indicated that Chinese used car market is making the shift to one of the dominant positions in Chinese auto industry.*

**Keywords:** marketing analysis, used car market, Chinese economics, epidemic situation, SWOT-analysis.

**Цитирование:** Houcheng, Zh. Marketing analysis of Chinese used car market /. Zh. Houcheng, B. A. Zhalezka V. A. Siniauskaya // Экономическая наука сегодня : сб. науч. ст. / БНТУ. – Минск, 2021. – Вып. 13. – С. 126–131. DOI: 10.21122/2309-6667-2021-13-126-131

**Introduction.** With the rapid social and economic development, China has become one of the most important markets in the world for the automotive industry. As one of the important parts of auto market, used car market kept 20% - 30% increase annually. Under the influence of the epidemic, automobile production, sales, export and other aspects are seriously affected and declined, but still ranked first in the world.

At present, car ownership in China has reached about 260 million vehicles, many of which have entered the peak of redemption, providing a huge source of supply for the used car market. Although Chinese used car sales have grown rapidly in recent years, it has been difficult to form the main body of used car operators, which has severely restricted the development of the used car market. At present, China's used car valuation process is relatively subjective. Some analysis of Chinese automotive market was made in the works of X. Zhang, L. Chen, J. Liu [1, p. 161–168], Y. Long [2, p. 35–36], L. Tan, X. Teng, S. Li [3, p. 115–117], H. Zhang, A. W. Zheng [4, p. 10–13], J. Chen [5], F. Jinxi [6, p. 32–35],

L. Zhiliang [7]. B. Zhang [8, p. 270–284] introduced the comparative analysis of modern industrial compounds in China, Singapore, South Korea and Japan.

But there is no standard at all, and it is difficult to quantify. But there is no third-party independent valuation agency in China, no one does the valuation of used car market. The data of used car trading websites, insurance companies, dealers, and associations are all in their own hands. Solving the problem of transparent valuation of used car market and establishing an industry standard is urgent.

Target of this research is investigation of the features of the Chinese car market development, influence of epidemic on its activity, and revealing the factors which define Chinese used car market dominant position in the world auto market.

**Results and its discussion.** After entering the 21st century, Chinese automobile industry began to develop rapidly. The annual output growth rate reached 50,4 % in 2003, the sales growth rate reached 81,6 % in 2006. In 2009, Chinese automobile production and sales were 13.791 million units and 13.645 million units respectively, an increase of 48.30 % and 46.15 % year-on-year. For the first time, Chinese automobile production and sales ranked first in the world. The annual production volume reached the peak in 2017, among which the annual production volume reached 29 015 800 units and the sales volume reached 28 888 500 units. In 2019 Chinese auto production and sales were more than 25,7 million units, accounted for about 28 % of global auto production and sales, and it remains the world's largest auto market.

Epidemic had great influence on Chinese automobile industry and used car market development. China's used car transaction volume fell sharply in January, but the more serious impact was revealed in February, and the used car market began to recover in March 2020. Production fell sharply in January but the bigger impact was felt in February. According to the China association of automobile manufacturers, China's auto production in January 2020 was 1,767 million units, down 34,1 % month-on-month and 25,4 % year-on-year. Among them, passenger vehicle production was 1,436 million units, down 34,3 % month-on-month and 28,1 % year-on-year. Commercial vehicle production was 331000 units, down 33,4 % month-on-month and 10,5 % year-on-year<sup>1</sup>.

According to the data of China automobile circulation association, in February 2020 the transaction volume of used car market in China was 71100, with a month-on-month decrease of 92.78 % and a year-on-year decrease of 91,19 %. From January to February, the accumulated transaction volume of used car was 1055900, down 47,34%<sup>2</sup>. In the five hardest-hit provinces of Hubei, Guangdong, Henan, Zhejiang and Hunan, factory restarts have been relatively late, typically since mid-to-late February. According to a Marklines survey, 22 factories in five provinces that have been delayed by the outbreak have a total capacity of 6,654 million units per year. In March 2020 the car market will gradually see signs of recovery. On March 9, 71,28 % of used car dealers and 90,8 % of used car dealers had returned to work<sup>3</sup>.

During epidemic the sales of used cars in physical stores have declined. Few customers visit physical stores to see cars or drive cars in person, but self-media sales and online sales have risen sharply. From offline car viewing to online car viewing, the relevant purchase procedures are handled directly through the Internet to reduce the burden of customer service.

---

<sup>1</sup> Rubber Tech China. International Exhibition on rubber Technology [Electronic source]. – Mode of access: [http://www.rubbertechexpo.com/rubber\\_new\\_detail/media\\_centre\\_text\\_1587002442\\_51521.html](http://www.rubbertechexpo.com/rubber_new_detail/media_centre_text_1587002442_51521.html). – Date of access: 15.10.2020.

<sup>2</sup>After the outbreak, the used car industry will break through adversity? [Electronic source] // Sohu. – Mode of access: [https://www.sohu.com/a/379569813\\_112518](https://www.sohu.com/a/379569813_112518). – Date of access: 15.10.2020.

<sup>3</sup> During the 2020 epidemic, China's used car industry market status and Development Trend Analysis digital upgrade will become the key to development [Electronic source] // Sohu. – Mode of access: [https://www.sohu.com/a/383517894\\_114835](https://www.sohu.com/a/383517894_114835) – Date of access: 15.10.2020.

The Chinese used car market has shifted its focus to online sales, focusing on online sales planning. Used car dealers rely more on offline operations than new car dealers. Due to the uncertainty of the car condition, both the buyer and the seller need to go through the offline inspection of the car to finalize the transaction, and the procedures of transferring, moving out, used car loan, etc. need the buyer and the seller to meet. Therefore, for used car dealers, at present, they can only do online information published car source, reserve intention customers, and so on the real return date to work.

At present the car dealer of each big area has returned to work basically. The first- and second-tier cities have more migrant population, and the recovery of transactions was relatively slow compared with the third- and fourth-tier cities. The third-tier and fourth-tier cities, which are less affected by the epidemic and whose main consumer groups are local people, saw the fastest recovery of market consumption, which almost tends to the normal level.

Taking QingYuan city in GuangDong province as an example, the epidemic situation in the city itself is not particularly serious. Since February 10th, a number of car dealers have started work, and nearly 90 % of them have resumed normal operations in early March. As QingYuan city has a good economic foundation, consumers have higher consumption capacity and relatively higher risk of epidemic prevention and control, which further stimulates the consumption power of private cars, the additional users based on the demand for safe travel for families, and the first-purchase users in non-restricted cities, thus strengthening the transformation of these users' demand.

Research shows that under the influence of the outbreak, people's level of economic capacity and quality of life has also been affected. The vast majority of people prefer installment alleviate the pressure of the money during big item purchase. With the influence of the epidemic, the recognition degree of the perfect automobile consumer finance service has been increased. 80 % of users believe that standardized, transparent and safe auto financing products are attractive and will be their priority when buying a car, which is undoubtedly "timely rain" for easing the economic pressure on users in the context of the epidemic.

In the stage of epidemic prevention and control, people's travel is affected and restricted. It is better for them to choose reliable service agencies to handle all kinds of complicated procedures than to handle these procedures by themselves. This not only reduces their troubles, but also guarantees the safety of users under the epidemic prevention and control.

After the outbreak, the provision of customized financial products and services for users based on the purchase demand scenario of consumers will be a catalyst for the overall upgrading of enterprise services.

According to the report of the China Automobile Association, the epidemic did not reduce consumer demand for car purchases, but the transformation of short-term demand was suppressed. "Driving to reduce the chance of infection" and "family travel safety needs" are the main factors for strengthening their purchase of private cars.

JD Power's "Research Report on the Impact of the New Coronary Pneumonia Epidemic on Consumers' Willingness to Buy Cars" also pointed out that nearly half of the respondents who had no car purchase plan (48,8 %) said they might "may" or "will definitely buy" a car. With the improvement of the epidemic situation, the suppressed car purchase demand of users has not only been further gradually released, but also spawned new consumer demand.

In the process of buying a used car, in addition to paying attention to whether the car has an accident, the brand of the car and the price, the vast majority of users are more sensitive to the installment interest of the used car. On the one hand, the emergence of industry chaos makes users more cautious when buying used cars by installment, strengthening the attention to the interest rate, the number of repayment periods, monthly repayment amount and other issues; on the other hand, the occurrence of the epidemic makes the personal eco-

conomic ability is also limited, reducing the repayment pressure to keep a full life fund has become a key consideration of users.

Compared to the advanced market in western countries, development of Chinese used car market has several lacks, but nevertheless, this market has good prospects of the development.

SWOT-analysis of used car market is represented in the Table.

SWOT-analysis of used car market

Strengths	Weaknesses
<p>1. Good policy support, including of the used car market development directions into government macroeconomic reports and plans. An example of the policy support is the Demonstration Project of Used Car Trade Market Upgrading and Reconstruction, which was realized by the Ministry of Commerce and Finance of China and included 40 markets of second-hand cars in 10 Chinese provinces. The goals of this project were to reform second-hand cars trading market and promote cross-regional transactions.</p> <p>2. Increasing of the brand used car significance. Many big car manufactures have initiated to create brand car trademark, for instances Chengxin, Anji from SAIC Motor, Certified used car from FAW-Volkswagen, Anxin from FAW TOYOTA Motor, AAA from FAW Audi, and Xiyue used car from GAC HONDA, etc. This trend develops competition between used car brands and promotes used car market activity.</p>	<p>1. Weak trust between buyer and seller, because consumers have few resources for evaluation of used cars and have quality, price and legal risks during used car purchase. In Chinese market few mechanics are experienced enough to value cars independently. That is why many potential used car demands cannot transfer into real market demand.</p> <p>2. Weakness of after-sell service systems. Chinese second-hand car market did not have essential service function, facilities and method. Services for the new car market can not be used at the used car market, which has bad influence on the consumers and that is why the expansion of used car market is restricted.</p>
Opportunities	Threats
<p>1. Increasing of the concentration in used car trading. The prospect of the Chinese used car market development is the large-scale car trade. It will increase of efficiency of cross regional used car transactions, reduce the operational transfer cost, and improve the comparative advantage in used car price. Large-scale cross regional trade companies, auction companies, third-party service companies will arise at the market.</p> <p>2. Expansion of Chinese used car market scale. Large cities have leading role in regional markets forming, the used car transfer gradient can be established from developed area to less developed area, thus to form the unified Chinese market.</p> <p>3. Trading service platform establishment, which will provide used car trade testing, evaluation and other services for both individual trader and dealer. This platform includes replace platform between new and used cars, service platform among manufactures, and alliance platform among trade market nationwide.</p>	<p>1. Low technical abilities, irregular transactions and non-effective management at the Chinese used car market. The taxes for different trade participants are different: 0 % for brokers, 2 % for companies, 4 % for auctioneers. These circumstances lead to the chaos and unfairness in Chinese used car market.</p> <p>2. Lack of used car evaluation and assessment systematic criteria. Few companies in Chinese used car market have specialized equipment for car evaluation. The results of evaluation are subjective and depend of the experience and responsibility of estimator, which decrease their rationality. Different subject evaluation results made by several estimators reduced the real indication on car real value, which restricts the Chinese used car market development. This market needs nation-wide rational evaluation system.</p>

Source: the own elaboration on the base of the article [9]

While ensuring the sales strategy of offline used car stores, it is need to develop diversified sales strategies in the near future, focus on improving the service quality of online

sales platform, and use more online media to promote the used car sales of enterprises. Continuously improve the management, marketing and service capabilities of brand used cars, will change the basis of competition, continuous innovation.

**Conclusion.** Chinese car market becomes one of the dominant markets in automotive industry. Affected by the epidemic, this market returned to work and in March 2020, and main circumstance is transfer from offline sale and testing of cars to online mode, so that customers can stay at home and have remote access to all the information of the car. China's used car market is now in a situation where risks and opportunities coexist. The main risks are lacks in integrity, evaluation criteria, after-sell service systems, incomplete policies and regulations. In addition to the self-regulation of the market, macro-policy is also the main force to promote the development of the used car market. National taxation preferences, policy and financial support are all boosters that promote the development of the used car market. Such features as expansion of market scale, increasing of concentration and role of brand used car, and trading service platform establishment will define future Chinese used car market development.

### References

1. Zhang, X. (2014) The development strategies of used cars e-commerce. *International Journal of Business and Social Science*. 5 (6), 161-168.
2. Long, Y. (2012) Used car marketing strategy research based on the network environment. *China business*. (9), 35-36.
3. Tan, L., Teng, X., Li, S. (2013) Used car marketing research – from the perspective of network marketing mode. *China storage and transport*. (7), 115-117.
4. Zhang, H., Zheng, A. W. (2012) Current Situation Analysis and Development Strategy of China's Used Car Market. *Auto Industry Research*. (7), 10-13.
5. Chen, J. (2015) *Growth strategies of the Chinese automotive manufacturers*. Tokio, Shinzansha Press.
6. Jinxi, F. (2018) Related Policy Analysis on Used Car Market Standardization and Promotion Development]. *China Motor*. (2), 32-35.
7. Zhiliang, L. (2017) *The Chinese automobile industry: Manufacturing system and technological strategy*. Tokio, Shinzansha Press.
8. Zhang, B. (2018) Comparative analysis of the results of modernization of the largest economies of Asian countries. *Ehkonomicheskaya nauka segodnya*. (7), 270-284.
9. Yang, Y. (2013) Development of Used Car Market in China. *Modern Economy*. 4 (6), 453-460.

---

*Статья поступила в редакцию 22 декабря 2020 года*

### МАРКЕТИНГОВЫЙ АНАЛИЗ КИТАЙСКОГО РЫНКА ПОДДЕРЖАННЫХ АВТОМОБИЛЕЙ

**Чжао Хоучен**

442302891@qq.com

магистр экономики,

преподаватель факультета машиностроения

Сычуаньский автомобильный профессиональный колледж

г. Сычаунь, Китайская Народная Республика

**Б. А. Железко**

boriszh@yandex.ru

кандидат технических наук, доцент,

доцент кафедры «Маркетинг»

Белорусский национальный технический университет  
г. Минск, Республика Беларусь

**О. А. Синявская**  
olechka\_si@mail.ru

кандидат экономических наук, доцент,  
доцент кафедры промышленного маркетинга и коммуникаций  
Белорусский государственный экономический университет  
г. Минск, Республика Беларусь

*В статье проанализированы различные аспекты развития китайского рынка поддержанных автомобилей. Рассмотрено влияние эпидемии на этот рынок. Выполнен SWOT-анализ данного рынка. Определены его слабые стороны и недостатки функционирования, сильные стороны и перспективы развития: развитию рынка будет способствовать государственная поддержка; масштаб рынка будет расти; произойдет заметное увеличение объемов торговли поддержанными автомобилями; важную роль постепенно приобретут брендовые поддержанные автомобили; создание торговой сервисной платформы станет основой рынка поддержанных автомобилей. Данные особенности и перспективы показывают, что этот рынок занимает доминирующую позицию в китайской автомобильной промышленности.*

**Ключевые слова:** маркетинговый анализ, рынок поддержанных автомобилей, экономика Китая, эпидемиологическая ситуация, SWOT-анализ.

#### Список использованных источников

1. Zhang, X. The development strategies of used cars e-commerce / X. Zhang, L. Chen, J. Liu // International Journal of Business and Social Science. – 2014. – Vol. 5, № 6. – P. 161–168.
2. Long, Y. Used car marketing strategy research based on the network environment / Y. Long // China business. – 2012. – № 9. – P. 35–36.
3. Tan, L. Used car marketing research – from the perspective of network marketing mode / L. Tan, X. Teng, S. Li // China storage and transport. – 2013. – № 7. – P. 115–117.
4. Zhang, H. Current Situation Analysis and Development Strategy of China's Used Car Market / H. Zhang, A. W. Zheng // Auto Industry Research. – 2012. – № 7. – P. 10–13.
5. Chen, J. Growth strategies of the Chinese automotive manufacturers. / J. Chen. – Tokio: Shinzansha Press, 2015. – 138 p.
6. Jinxi, F. Related Policy Analysis on Used Car Market Standardization and Promotion Development / F. Jinxi // China Motor. – 2018. – № 2. – P. 32–35.
7. Zhiliang, L. The Chinese automobile industry: Manufacturing system and technological strategy / L. Zhiliang. – Tokio: Shinzansha Press, 2017. – 325 p.
8. Zhang, B. Comparative analysis of the results of modernization of the largest economies of Asian countries / B. Zhang // Экономическая наука сегодня : сб. науч. ст. / БНТУ. Минск, 2018. – Вып. 7. – P. 270–284.
9. Yang, Y. Development of Used Car Market in China / Y. Yang, H. Chen, R. Zhang // Modern Economy. – 2013. – Vol. 4, № 6. – P. 453–460.