

China's brands strive for tech edge

Experts: Domestic automakers must grasp opportunities, make most of latest market trends, **Hao Yan** reports.

Chinese automotive experts have highlighted the need to react quickly and seize market trends to meet customer demand if domestic automakers are to capitalize on opportunities to lead future global development in the industry.

Nine Chinese automakers joined hands on Feb 5 in Beijing to proclaim their brands' strong rise through synergies in innovation and transformation, to carry their responsibilities for the future development of the industry.

Attendees at the recently held China EV100 2018, a non-government, non-profit forum discussing the future of electric vehicles, said that many Chinese auto brands are embracing the opportunity to grow via developing new technology that can help revolutionize business models in the domestic market.

"A new technology, bred domestically or abroad, is more likely to realize profitability, and competitiveness in commercial application in China," said Liu Shijin, vice-president of the China Development Research Foundation, who attended China EV100 in January.

Zhang Baolin, chairman of Chongqing Chang'an Automobile Co, shared a similar point of view and said that Chinese automakers are exploiting the advantages of integrating new business models in the current evolutionary market climate.

"Conventional Chinese car makers and new players who have joined the race are cooperating with each other in research and development and production," Zhang said earlier this month at the China Automotive Brands Development Summit in Beijing.

Anhui Jianghuai Automobile Co, or JAC Motors, is one example of a domestic manufacturer that has shifted its business model towards the future and is developing into the new automotive business environment.

JAC Motors joined hands with German automaker Volkswagen AG in November last year to develop and sell commercial vehicles powered by both combustion and new energy power trains in a 50-50 joint venture in



Visitors get up close with Chinese electric vehicle startup Nio's ES8 SUV at an auto show in Guangzhou. PROVIDED TO CHINA DAILY

Both parties use their products and technologies in an equal way to better support development and further help the upward climb of JAC's brands."

Xiang Xingchu, president of JAC Motors

Hefei, capital of Anhui province, where JAC Motors is headquartered.

"We are integrating our resources in our joint ventures," said Xiang Xingchu, president of JAC Motors. "Both parties use their products and technologies in an equal way to better support development and further help the upward climb of JAC's brands."

The Hefei-based car maker has also worked with Nio Auto, a Shanghai-based developer of high-performance electric vehicles. The two companies have built a production plant to manufacture the electric sports utility vehicle, Nio ES8, which is set to roll off the production line in the first half this year.

Chairman of Nio, William Li, said the domestic market and supply chain are the key foundations for the Chinese brands to turn their dreams into reality.

Taking advantage of the world's largest car market has helped Chinese brand automakers to set a blistering pace of development and gain a strong foothold. Local branded cars accounted for 43.9 percent of the domestic market last year, up 0.69 percent.

More than 10.8 million local-brand vehicles were delivered last year, 3 percent more than in 2016, similar to the overall market's annual growth rate of 3 percent, according to the China Association of Automobile Manufacturers.

Chinese automobile brands are developing right here in the world's largest auto market, and that has helped bolster the already robust local automotive supply

chain, said Liu from the China Development Research Foundation. "Chinese auto brands are competing side by side with their international peers. Despite being weak in some areas, Chinese car makers are ahead of the world in other areas," he added.

Having accurate insights into Chinese customer demands is just one of the advantages enjoyed by domestic auto brands, since these companies have devoted themselves for a long term to the market patterns and consumer preferences, according to Zhang at Chang'an.

"We seize the market trends better, so Chinese brands are well-equipped to meet the demands of Chinese customers," Zhang said.

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Rivals race to meet rising demand for car sharing

By LI FUSHENG
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China's booming car-sharing sector has great potential, with demand unlikely to be fully met by current industry players in the short term, according to consultancy firm Roland Berger.

In a recent report, Roland Berger estimated that Chinese people's demand for car rental and ride-hailing would surge to 37 million trips a day this year, about 4.5 times the figure in 2015.

That means the market in 2018 is a goldmine worth 380 billion yuan (\$60 billion), the consultancy firm said, and the cake is too large for players in the sector to swallow up in the near term.

The vast market potential is attracting new players to jump on the bandwagon, with the latest being Ctrip, a Chinese online travel service provider.

Ctrip launched its car-sharing business ahead of Spring Festival, with an initial fleet of 10,000 cars, according to Beijing News newspaper. The service is now available in megacities, including Beijing, Shanghai and Guangzhou, and will be expanded to more cities soon.

Wang Yuchen, CEO of Ctrip's car-sharing unit, said the company used to focus on the daily or even long-term car rental business, but demand for car use over shorter periods is also huge.

Earlier this month, Chinese ride-hailing company Didi Chuxing announced plans to partner with automakers, charging network operators and after-sales service providers to build an open car-sharing platform.

The 12 carmakers involved include leading new energy car producers BAIC BJEV and BYD, as well as the international Renault-Nissan-Mitsubishi Alliance.

Ogi Redzic, senior vice-president of Connected Vehicles and Mobility Services at Renault-Nissan-Mitsubishi, said the potential business and technology opportunities the alliance will explore with Didi were "quite promising".

In December, Mobike, a major Chinese bike-sharing operator, set up a car-sharing business with registered capital of 20 million yuan in Southwest China's Guizhou province.

It said that users will be able to unlock, lock and park cars and make payments by using the same app they use to rent shared bikes.

In January, Meituan-Dianping, China's largest online platform for ordering food, buying movie tickets, and booking restaurants, announced that it would soon launch its own car-hailing service in seven Chinese cities after testing its related app in Nanjing, Jiangsu province, for about 10 months.

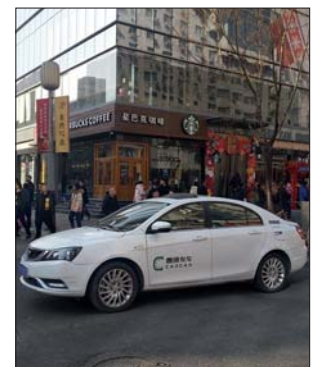
Investors are bullish about the sector as well. In January, Chinese automaker Geely announced its ride-hailing brand Cao Cao had finished its first round of funding, raising 1 billion yuan.

"The completion of the Series A round of funding represents the market's confidence in us," said Liu Jinliang, Cao Cao's chairman.

The ride-hailing platform is the first of its kind to be invested in and operated by a Chinese automotive company.

It now offers services in nearly 20 cities and plans to expand into more this year.

Chinese customers are enthusiastic about such services as well, as shown by a Roland Berger survey that found that 71 percent of respondents are willing to pay more for better mobility services in China.



Cao Cao has attracted investors' interest with its ambitions for the nationwide market. PROVIDED TO CHINA DAILY

Nissan's Easy Ride to go head-to-head against Uber

YOKOHAMA — Facing a future in which self-driving cars may curb vehicle ownership, Nissan Motor is taking its first steps to becoming an operator of autonomous transportation services, hoping to break into a segment set to be dominated by Uber Technologies and other technology firms.

In partnership with Japanese mobile gaming platform operator DeNA, the automaker will begin public field tests of its Easy Ride service in Yokohama next month, becoming among the first major automakers anywhere to test ride-hailing software developed in-house, using its own fleet of self-driving electric cars.

Easy Ride, which Nissan plans to launch in Japan in the early 2020s, is meant to feel more like a concierge service on wheels, making — for example — restaurant recommendations while the car is on the move.

The announcement follows an agreement by Nissan and its automaking partners Renault and Mitsubishi Motors earlier this month to explore future cooperation with Chinese transportation services conglomerate Didi Chuxing.

These moves mark a push by the automaker to avoid becoming the 'Foxconn of the auto industry': a mere vehicle supplier to ride and car-sharing companies.

"We realize that it's going to take time to become a service operator, but we want to enter into this segment by partnering with companies which are experts in the field," Nissan's chief executive, Hiroto Saikawa, told Reuters in an interview this month.

A person close to the deal has said that the agreement is intended to explore opportunities for Nissan and others to supply



A self-driving vehicle using the Easy Ride service based on the Nissan Leaf electric vehicle developed by Nissan and mobile gaming platform operator DeNA Co, is shown in Yokohama, Japan. TORY HANAI / FOR CHINA DAILY

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Hiroto Saikawa, chief executive officer of Nissan

battery-electric cars to Didi Chuxing for a new electric car-sharing service it is setting up in China.

He noted, however, that Nissan and its alliance partners could explore a broader agreement, which might possibly involve Nissan providing self-driving taxi technology to the dominant Chinese ride-hailing service.

Niche market

Creating an upscale autonomous taxi service, rather than trying to beat other companies on price, could help Nissan against bigger competitors like Uber, market experts said.

"By doing something with a more premium feel, it could allow Nissan to charge more for

its service and potentially relieve some of that profitability pressure they could face if they were to try to race to the bottom in terms of pricing," said Jeremy Carlson, automotive analyst at IHS Markit.

Automakers are looking for ways to profit from the rise of car-sharing services, which along with self-driving cars, are likely to lead to a decrease in vehicle ownership and chip away at future profits.

IHS Markit expects global sales of autonomous vehicles will soar to more than 33 million units in 2040 from 51,000 in 2021, while Goldman Sachs has predicted that the ride-hailing market will grow eightfold by 2030 to be five

times the current size of the taxi market. Nissan has embraced new technologies, launching the Leaf, the world's first mass-market electric car, in 2010. The company was an early proponent of self-driving cars, pledging in 2013 that it would market fully autonomous cars in 2020.

Although it has been rolling out automated highway driving functions and self-parking capabilities in a growing number of its models, rivals ranging from Tesla to Subaru have installed increasingly advanced self-driving features in their cars.

GM and Daimler are building and expanding car-sharing services, and GM has said it plans to launch a self-driving taxi service next year.

Nissan also has its own car-sharing service using its ultra-compact battery electric models, but after years of trials, the service is available only in Yokohama, home to the automaker's headquarters.

After bringing in Ogi Redzic, who previously led the automotive business group of mapping data firm Here Technologies, to head Renault-Nissan's mobility services division in early 2016, Nissan in the past year or so has begun to gear up its strategy to compete in the new transportation area.

Its partner DeNA is one of the world's biggest social gaming networks with 30 million users. The company's expertise in developing real-time user interfaces and payment systems will help give shape to the taxi service platform.

The company already operates a user-sourced car-sharing app in Japan, and had been developing a self-driving taxi system with a Japanese robotics startup before teaming up with Nissan.

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