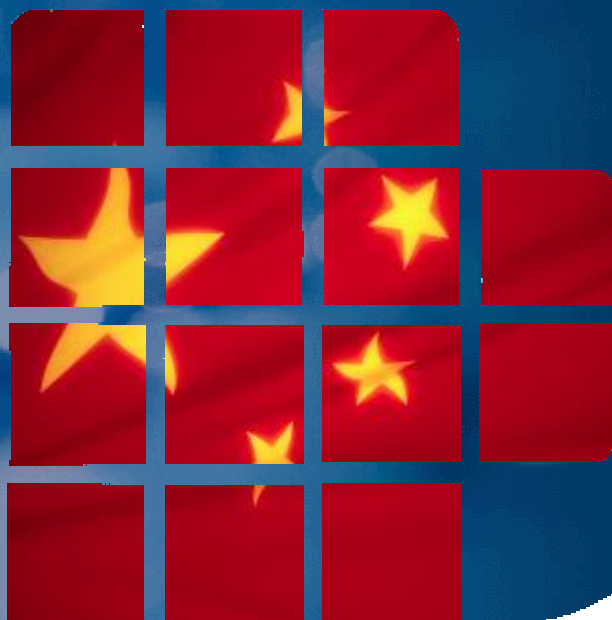


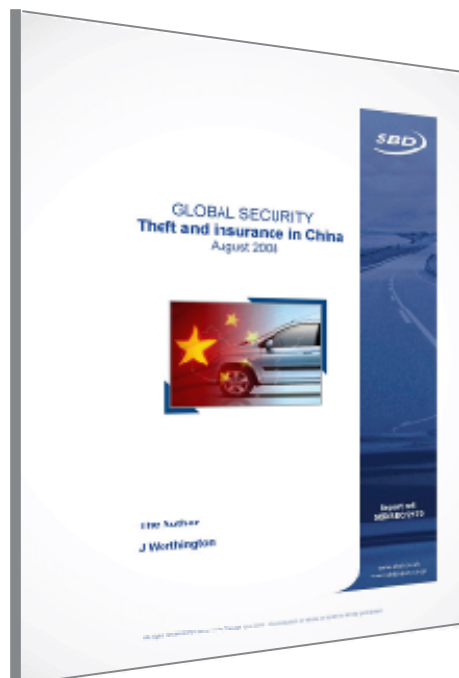
# *Mystery of the East*

## *Security situation uncovered*



### **An insight into the buyer behaviour and cultural influences of theft and insurance in the Chinese market.**

The difficulty in obtaining reliable information on the benefits and requirements of security systems in the highly influential market of China is widely accepted. In order to meet the consumer need and secure market share, it is vital to understand the techniques used by thieves, the risk to particular models, and the perceived effect of security features. SBD's research entitled ***"A guide to car theft and insurance in China"*** provides coveted insight into these key issues.



#### ***This report will help you to:***

- **Realise** the value of cost-effective security features that provide insurance incentives for consumers
- **Avoid** damage to brand reputation by taking recommended security strategies
- **Understand** techniques used by thieves targeting and defeating security systems in new car models
- **Overcome** the barriers to adoption of security in China

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## Brand image in China a high sales motivator

### ...the driving force in automotive technology

The impact of car theft, and the cost of vehicle insurance, is an area where information is vital to be able to plan an appropriate vehicle specification for China.

The economic boom in China is fast but not uniform across the population, and there is a social divide that is rapidly expanding. The gap between “those who have and those who have not” is usually filled by black market trade. The bigger the gap, the bigger the black market, and there is a strong desire for cars within that gap in China. SBD believe that this gap will increase in the coming years and will continue to be a motivating factor to increase car theft in China. Vehicle theft statistics in China mask the fact that despite some improvements in police response, the theft problem for cars has not reduced over the last few years.

The pattern of theft in China shows that as vehicles become popular, they become theft targets and sophisticated theft methods, sufficient to defeat some of the latest immobilisers, are already being used.

Currently the only legal requirement for car security in China is to fit a steering lock (or equivalent), however, several non-domestic manufacturers are fitting immobilisers and other features because their cars are being targeted by Chinese car thieves. The awareness of the benefits of security systems amongst the growing population of new drivers in China is extremely low, and theft insurance is an inconvenient and difficult process to reclaim any value if a car is stolen.

China is highly regionalised, and different administration methods for vehicle registration across different regions means that it is very easy to forge a false identity for a vehicle. Thieves only have to move a stolen vehicle from one region to another to make their resale efforts easier.

Overall, despite some increasing efforts by Police, insurers and legislators in China, the responsibility for security currently rests with the vehicle manufacturers.

The business case is difficult because there is a low perceived value in security features, however the brand image of a vehicle is a high sales motivator, and high theft rates can have a negative impact on the brand image.

#### Typical aftermarket security devices



#### What key questions does the report answer?

- How are cars stolen and what security features would prevent theft in China?
- What is the purchasing power of new car buyers?
- What are the barriers to adoption of security in China?
- What are the real opinions of Chinese people and what do they want?

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**Compete in a market like no other...**

**...about the report author**



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Jeremy has worked with the SBD security department for 7 years in research, technical specialist, and management roles, and preceding that spent 5 years with Nissan Technical Centres both in the UK and in Japan. Jeremy is responsible for managing our prestigious Toyota client project, and in 2006 took the post of Head of Technical to run our SBD Japan office based in Nagoya from where he manages our extensive Japanese client base.

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The introduction of surprising new legislation relating to the fitment of tracking systems on all new vehicles from 2009, will require significant design modification to vehicles and manufacturers will also have to develop new partnerships with service providers in order to meet the new requirements.



***Theft and car insurance in India***

From October 2008, new legislation is being introduced in India which will increase the insurance requirements mandating immobilisers and create a new market opportunity for vehicle manufacturers and suppliers.

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