

**J.D. Power 2024 China Automotive Market Insights: Intensifying Competition Spurs Manufacturers' Pursuit of High-Value Development**

**SHANGHAI: 23 Dec. 2024** — The J.D. Power 2024 China Automotive Market Insights,<sup>SM</sup> released today, provides to the manufacturers a comprehensive analysis of the profound changes in the automotive market in China. This year, Chinese domestic brands have made significant breakthroughs in both market share and brand power through technological advancements, while internal combustion engine (ICE) vehicles have accelerated their transition toward electrification, reshaping the market landscape. J.D. Power China has released nine research reports and studies this year showcasing the ongoing industry changes.

“The key themes for the 2024 Chinese automotive market are intelligence, profitability and globalization,” said **Jun Su, president of J.D. Power China**. “According to the J.D. Power 2024 China Tech Experience Index (TXI) Study,<sup>SM</sup> the TXI Index for the Chinese automotive market has begun to rise rapidly since 2023. That said, the intense market competition has also led to low profit margins. More than a dozen brands have exited the market this year and this trend may intensify in the next two years. Amidst profit challenges, a global strategy has become a key direction for many automakers. However, moving from product globalization to true brand globalization remains a long journey. In the future, how automakers focus on usage scenarios, create consumer-satisfying experiences and meet localized demands in their globalization journey will be the core path to achieving profitability and growth.”

**The Low-Value Dilemma of New Energy Products**

In 2024, new energy vehicle (NEV) owners' concerns have shifted from focusing on preferences for economy and driving range to safety. According to the J.D. Power 2024 China New Energy Vehicle—Automotive Performance, Execution and Layout (NEV-APEAL) Study,<sup>SM</sup> the importance of fuel economy and driving range, which increased by 1.9 percentage points in 2023, dropped 2.2 percentage points in 2024. Meanwhile, the importance of safety has risen for two years, reaching an increase of 8.4 percentage points. However, the gap in product appeal between international brands and domestic startups has significantly narrowed, with the gap decreasing to a single point (on a 1,000-point scale) from 18 points in 2023, indicating the competition between these two groups has entered a heated stage.

At the same time, despite the high proportion of new energy products, there is still a perception by vehicle owners of low value. According to the J.D. Power 2024 China Automotive Performance, Execution and Layout (APEAL) Study,<sup>SM</sup> among owners with a monthly household income of above 40,000 RMB, the average purchase price of traditional gasoline vehicles is 560,000 RMB, while the average purchase price of NEVs is 310,000 RMB.

**Quality Issues Increased: Design Issues and Function Stability are Major Pain Points**

In 2024, J.D. Power vehicle quality-related research studies which in China, which include the Vehicle Dependability Study (VDS), New-Energy Vehicle Initial Quality Study (NEV-IQS) and Initial Quality Study (IQS), show a rise in overall quality issues as the overall vehicle issues experienced in 2024 are higher than 2023. Design-related issues have become the major problem area in both NEVs and ICE vehicles. With the accelerated product iteration in the industry and the increase in in-vehicle functions, automakers may face a range of related problems if they fail to consider user scenarios when designing vehicles.

Quality issues are also reflected in J.D. Power studies on intelligence. According to the J.D. Power 2024 China Tech Experience Index (TXI) Study,<sup>SM</sup> as automakers compete to offer more advanced technologies,

the market penetration of these features has significantly increased, with the Market Depth Index<sup>①</sup> rising 44 points from 2023. The vehicle owners are now more likely to perceive advanced features, with an increase of 1.1 advanced features. However, among the issues with advanced features, those regarding instability or inaccuracy account for 45% of all types of problems owners experience. While intelligence-driven software features have improved the owner experience, the increasing cost efficiency of hardware may affect the long-term durability of vehicles.

## **The Rise of Gen Z and "Her Era"**

In 2024, the post-95 generation (Gen Z<sup>②</sup>) accounted for 30% of the sample in the J.D. Power 2024 China New Energy Vehicle Customer Experience Value Index (NEV-CXVI) Study,<sup>SM</sup> an increase of 12 percentage points from 2023. Gen Z is becoming the main force in the NEV market. The research shows that Gen Z vehicle owners expect a high-efficiency, transparent, and integrated experience, with higher expectations for seamless online-to-offline services. For example, if a Gen Z owner makes a service appointment but still has to wait at the dealership, their satisfaction drops 63 points, while for Gen Z owners, the drop is only 33 points under the same circumstances.

Meanwhile, the research on female owners reveals notable trends. "Her Era" refers to a period when female owners play a significant role in automotive markets. Female owners' satisfaction with NEVs continues to rise, with increased satisfaction with product design, but their issues with product quality are also rising year by year and have surpassed those of male owners. Female owners tend to have higher expectations for details and overall experience. For instance, this group has higher dissatisfaction with the alarm systems in driving assistance features; when the sound of the automated driving system's alarms is too loud, it affects their driving mood and the in-vehicle experience.

## **Digitalization Drives Structural Transformation: From Chain Models to Flat Response**

According to the 2024 J.D. Power service-related research studies, owner satisfaction with service experiences for both ICE and NEV vehicles has improved. However, owners are placing higher expectations on channel service efficiency and are demanding more transparency regarding after-sales service operations and pricing.

Currently, the direct sales model and widespread use of digital channels for NEVs have reshaped the customer experience. This shift also requires changes in automakers' structures. The traditional chain-style management model in manufacturing industries is now facing a challenge from the flat management model, which allows real-time tracking of owner issues and needs, enabling faster communication with internal teams and even directly reaching the supply chain to accelerate problem-solving. This efficient response capability demands higher standards for automakers' management structures. Manufacturers of traditional models must accelerate their transformation toward more agile and efficient operations. In this process, building an effective digital system is crucial. By achieving cost reduction, improved efficiency and effective collaboration, automakers can gain a competitive edge in the fierce market competition. Finding the best balance between cost control and customer experience will be key to gaining market share and ensuring long-term development.

To learn more about the J.D. Power China automotive market research reports and studies, please contact us: [china.marketing@jdpa.com](mailto:china.marketing@jdpa.com)

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<sup>①</sup> J.D. Power 2024 China Tech Experience Index (TXI) Study,<sup>SM</sup>

<sup>②</sup> J.D. Power defines Pre-Boomers as born before 1946; Boomers (1946-1964); Gen X (1965-1976); Gen Y (1977-1994); Gen Z (1995-2004). Millennials (1982-1994) are a subset of Gen Y.

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