



# How upmarket carmakers perform on the Chinese internet

Christophe Depeux with Alain Petit,  
[ip-label.newtest](http://ip-label.newtest)

# 1 HOW UPMARKET CARMAKERS PERFORM ON THE CHINESE INTERNET

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Unquestionably there is no country like China. While in practically every other country, many companies, particularly automobile manufacturers, are concerned about how low they have sunk without the slightest certainty of being able to lift themselves back up again, every indicator shows exceptional growth in the sale of new vehicles in China.

The Chinese Association of Automobile Manufacturers (CAAM) announces that 8.33 million motor vehicles were sold during the first eight months of this year, a strong 29.2% rise over the same period in 2008. Better yet, the increase skyrocketed in August with 853,300 vehicles sold, representing growth of 90% against the same month the year before!

Furthermore, as reported in the Wall Street Journal of 6 May, the ailing General Motors recorded a 50% growth in sales in the Chinese market in April, while the situation was alarming everywhere else, with a 33% downturn in sales between August 2008 and August 2009 in the United States alone.

## 1.1 A new Eldorado?

The first selection criteria are naturally the type of vehicle, its engine, comfort, options, and, of course, the price. In a supremely competitive environment, it is therefore essential for brands to be able to attract customers and convince them that by choosing that car, they are making the right choice. Marketing teams have long since been working hard to mount advertising campaigns in the streets, the press and television. They have also been busily setting up partnership in sports in the form of sponsoring, for instance, and have courted a selection of top pedigrees in diverse disciplines, even going so far as to stage special competitions.

Nevertheless, they still need to reach out to the customer, to match the dream to the reality of everyday life. What better than using what has become the medium of media – the internet?

More than a simple showcase, the manufacturer's site invites you inside to compare the models on offer, view them from all angles, interior, exterior, to walk around them, zoom in, discover in detail all the associations that can be made, to "build your own" car with powerful, easy-to-use simulators, to know the exact cost with the options selected or even work out a potential financing plan. All of this from the comfort of your own home, without worrying about opening times or putting up with the dealer's sales pitches.

From that perspective, the websites of automobile manufacturers may appear in an idyllic light, poised to convince the most undecided of prospects if he/she can afford to actually buy the car.

But in the internet's strength also lies its weakness, at least for carmakers. If it is theoretically relatively easy to entice a visitor into its virtual dealership, the same visitor can just as well leave it in order to connect to a competitor's site. The choice is generally based on the desire to obtain a maximum from what is on offer, whatever the model. The move from one website to another may be the effect of dissatisfaction resulting from the site's poor design, which makes it hard to find specific information, or arising from difficulties navigating the site because of slowness or the impossibility of obtaining specific information.

This study addresses upmarket carmaker's websites on the Chinese internet. While these manufacturers strive to offer ultra-high quality products, sparing nothing on design, options or engines, are their internet sites built and operated in the same spirit of perfection?

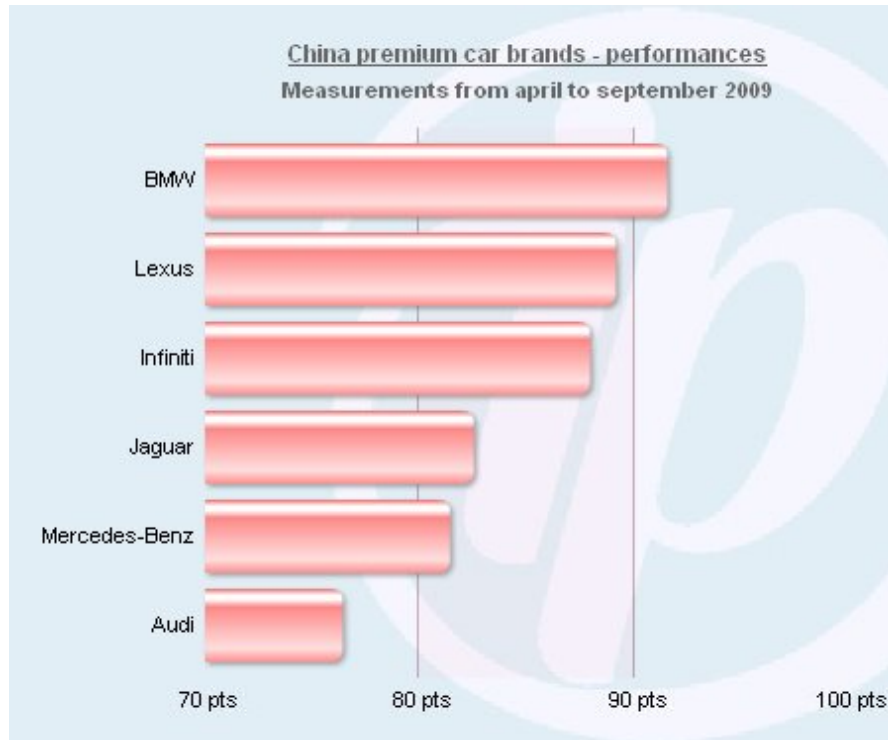
By way of an answer, ip-label.newtest measured the performance of the websites of the foremost automobile manufacturers implanted in China. Measurements were made in an end-user environment—the way an internet surfer would perceive it—from 12 of the largest cities in this vast country<sup>(1)</sup>.

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<sup>(1)</sup> Measurements made from Beijing, Chengdu, Fuzhou, Guangzhou (Canton), Hangzhou, Nanjing, Qingdao, Shanghai, Shenyang, Shenzhen, Zhengzhou and Xi'an.

## 1.2 Disparate performance

The table below is built on a 100-point index on the basis of two performance indicators: the rate of successful connection, and how fast the pages loaded.



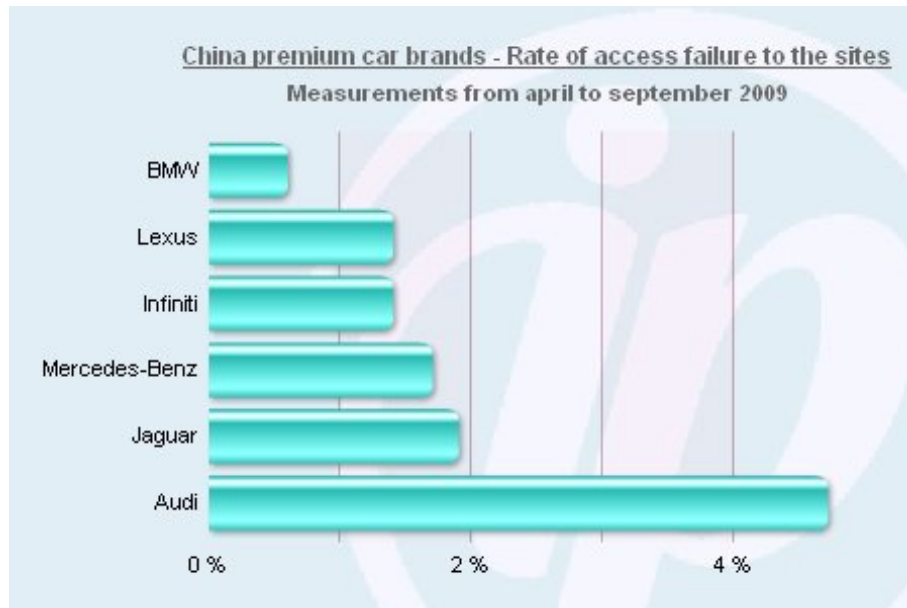
With 91.5 points, BMW boasts the best score. Just behind the German carmaker, the highest scores, nearing 90 points, were recorded for two upscale automobile makers of Japanese origin, Lexus and Infiniti, subsidiaries of Toyota and Nissan respectively.

Other Western makes lag behind. With 82 and 81 points, Jaguar and Mercedes-Benz manage to maintain an acceptable level, while Audi barely reaches a score of just over 76 points.

Why are the scores so low? While BMW and the Japanese Lexus and Infiniti show acceptable performance, it is far from excellent for the three other sites.

As all of these websites are marketing high-end products, design counts enormously. The designers of these virtual showrooms must display originality and make the visitor "want to want". To do so, they resort to numerous dynamic artifices, such as Flash objects, short videos, etc. It is essential for the site to be as dynamic as possible in order to attract visitors' attention, dazzle them, and make them forget that they could even think of leaving this site to visit another one.

## 1.3 A price to pay... for the web visitor



The “magic” of these technologies requires enormous amounts of data which must transit between the site host and the visitor’s computer. The greater the amount of data, the more time it takes for the web page to display in the browser. Sometimes the time to display a page is so long that the user becomes frustrated and gives up on the site which has become unpleasant to visit. This generates a failure in the carmakers’ attempts to provide a potential customer with information.

An access failure rate of 1.4 to 1.9% on their sites means that of 10,000 people trying to enter the virtual showrooms of Lexus, Infiniti, Mercedes-Benz and Jaguar, between 140 and 190 of them find the door closed.

For its part, Audi’s performance has prevented nearly 500 in 10,000 potential visitors from accessing the site.

The only one to offer service availability noticeably higher than average is BMW. Over the past 6 months, access to its service has been refused to only 60 visitors in 10,000.

How can such high failure rates be accounted for?

The way the website’s pages are designed can cause failures. The objects that must be loaded to the user’s browser are sometimes large and cumbersome. If the page is additionally made up of a large number of objects, for instance views composed of an assemblage of small images, the multiplication of exchanges that occur between the visitor’s browser and the server hosting the website will increase the time a page takes to display in full, sometimes considerably.

## 1.4 Knots in the network...

The phenomenon of slow-loading pages may be aggravated by another circumstance – available bandwidth. This term designates the ability of a network link to transfer a quantity of information in a given lapse of time. Just as a wide pipe diameter enables a large quantity of water to flow in a second, a network link with lots of bandwidth is able to transfer a significant flow of data.

Limited bandwidth is not a problem if it is located at the level of the internet user. Of course this will impede the visitor’s ability to view the pages in his/her browser, but will not hinder other visitors to the site.

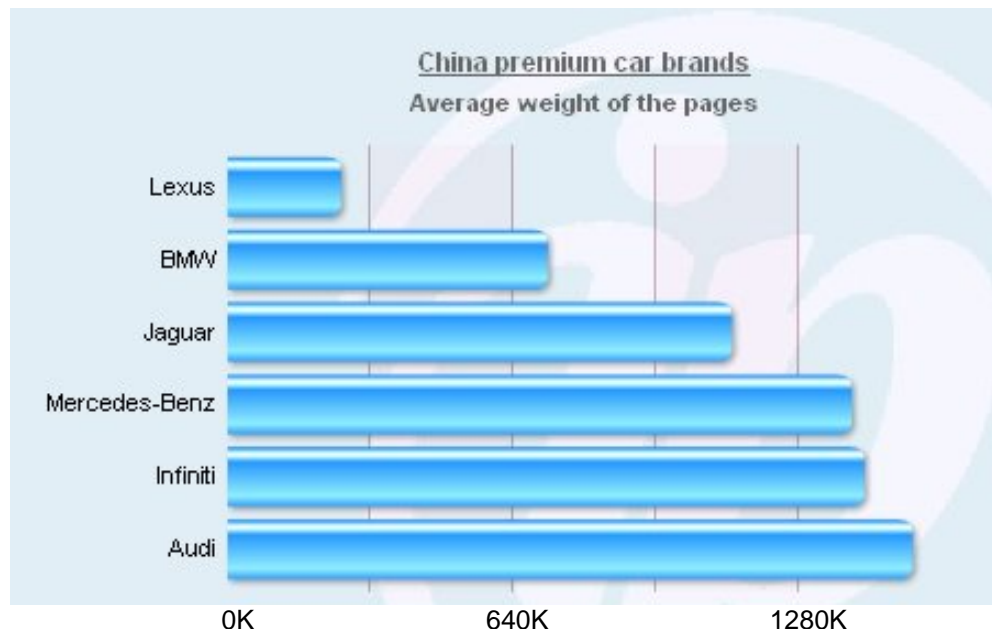
On the other hand, if the limitation occurs upstream, for example at the level of the web host or at a point of interconnection between two intermediate network operators, the situation can rapidly become critical, pointing as it

does to the paradox that the more successful the site is in attracting visitors, the less it is able to respond to visitors in a timely fashion, if at all.

In addition, China has a particularity which is a handicap for internet users in that country: a bipartite system made up of two networks run by two separate operators: China Netcom in the North, and China Telecom in the South. Interconnection between these two networks is very poor. This means, for example, that internet users in Beijing encounter degraded performance on sites hosted in Shanghai, and vice-versa.

Fully aware of this situation and yet wishing to offer the same service to all web users, all the carmakers opted for a solution which calls for caching their web content. They entrusted the hosting of their sites to CDN (Content Delivery Network) operators. This way, the site is not hosted on a server situated in a given location, but on a multitude of servers spread out over the whole of China. Every internet user thus accesses the server the closest to his/her location; in other words, under the best possible circumstances.

## 1.5 ...or deficient design?



Analysis of page content of our panelists' websites shows a relative maturity on the part of their designers, who designed their pages with a manageable number of objects.

Yet these few objects are sometimes large in terms of kilobytes. Page weight varies widely from one site to the next. It is therefore not surprising to note that the fastest and most available sites are those whose pages are the lightest in weight. A real featherweight, Lexus, weighs in with only 254K, while Audi presents an average page size of 1530K, translating into six times more data to be loaded to the visitor's computer.

Unlike companies in other business sectors, luxury automobile manufacturers have succeeded in combining a number of technical elements which allow them to offer elegant and dynamic virtual showcases in proximity to the internet user. But all these efforts are sometimes still not enough. Too many visitors are unable to access the websites.

## 1.6 The high cost of low performance

This situation is comparable to that of a crowded room with no space for more people. Although in real life no one likes being deprived of personal space and would leave rather than trying to squeeze in, it is not the same in the virtual environment of the internet. The space in which the visitor “moves” is totally different. It is no longer a question of perceiving people around one’s self, since the internet user is generally alone in front of the computer screen. It is therefore difficult to sense the crowd and to accept consequential slowness or even a refusal of access. The user is increasingly uncompromising and will give up on the site. There may ensue a feeling of frustration which then generates a bad image for the brand associated with the website. How can an automobile manufacturer make quality cars if it is not even capable of providing a “simple” website to its potential customers?

Thus stated, this reasoning may appear rather simplistic and naïve. And yet everybody, at one time or another in the same circumstances has felt confused, disappointed, discouraged or angry. These feelings are hardly ever directed at the network or the site designer. We subconsciously need to assign a name to the guilty party, and that name is the one that appears in the link or in the part of the page which actually does display.

Increasingly numerous and experienced, internet users are more and more demanding. They have a point in common: their lack of loyalty. With the internet, competing solutions are easier to know about and to access. Given the variety of offers online displaying their price tags, the quality of companies’ online services is now one of the components that will allow them to distance themselves from the others, by convincing, reassuring, and ensuring the visitor that he/she has made the right choice in crossing the line between prospection and purchase. Even if the decision is not immediate, even if the quality of the website is not the primary decisive factor in the desire to buy, underperformance can tip the balance in favor of walking away and shopping elsewhere.