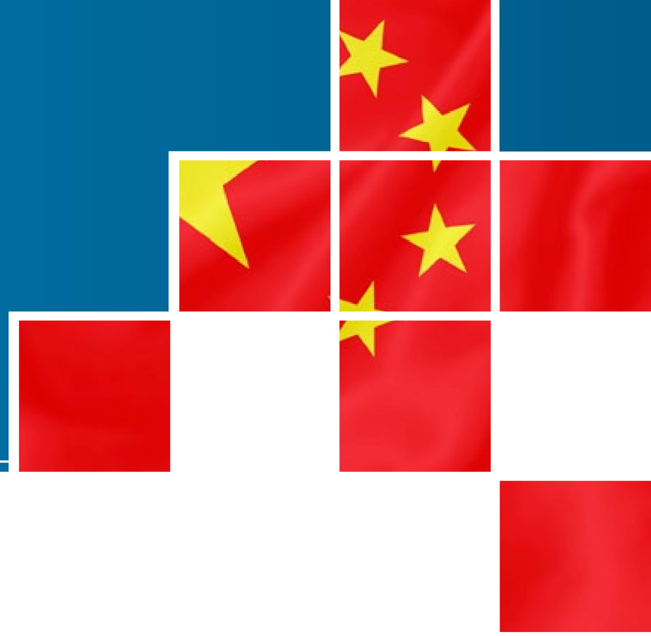
M2M Research Series

Fleet Management in China



Fleet Management in China is a comprehensive report from Berg Insight analysing the latest developments on the fleet management market in China.

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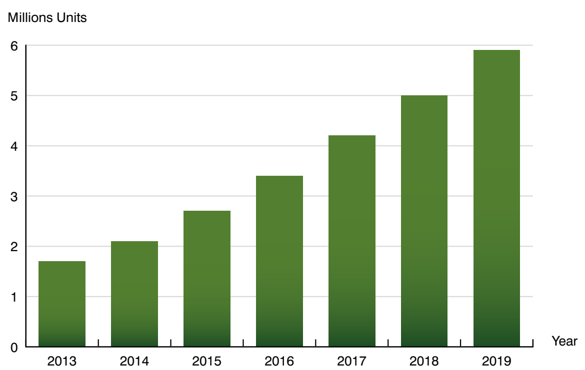
BERG INSIGHT

FMS market boosted by government initiatives and booming e-commerce market

Fleet management (FM) is an ambiguous term used in reference to a wide range of solutions for different vehicle-related applications. Berg Insight's definition of a fleet management solution is a vehicle-based system that incorporates data logging, satellite positioning and data communication to a backoffice application. The history of fleet management solutions goes back several decades. On-board vehicle computers first emerged in the 1980s and were soon connected to various satellite and terrestrial wireless networks. Today, mobile networks can provide ubiquitous online connectivity in many regions at a reasonable cost and mobile computing technology delivers very high performance, as well as excellent usability. All of these components combined enable the delivery of vehicle management, transport management, driver management and mobile workforce management applications linking vehicles and enterprise IT systems.

Commercial vehicle fleets play an essential role in the Chinese economy and are crucial for the development of the country. Road transport represents around 75 percent of the total goods transports on the Chinese market measured by weight, corresponding to almost 31 billion tonnes in 2013. The total ownership of trucks in China reached almost 17.9 million vehicles in 2011 according to official statistics. Around 2.5 million buses are moreover estimated to be in operation in the country.

Berg Insight is of the opinion that the Chinese fleet management market will experience steep growth in the next coming years. The development is boosted by a combination of political decisions to track selected trucks and buses and the explosion of e-commerce which forces logistics companies to improve the fleet management efficiency and customer service by enabling tracking of goods status information. National, provincial and regional initiatives to reduce pollution in the transport sector are moreover expected to speed up the renewal of the operating fleet of trucks and buses. This development along with increasing factory-fitting of telematics platforms together foster increased FM adoption on the Chinese market. The number of fleet management systems in active use is forecasted to grow at a compound annual growth rate of 22.9 percent from 2.1 million units at the end of 2014 to 5.9 million by 2019. The penetration rate in the total population of registered commercial vehicles including trucks and buses is estimated to increase from 9.0 percent in 2014 to reach 19.8 percent in 2019. Track & trace systems dominate the market and the installed base so far includes a notable share of low-end systems with comparatively limited functionality.



Installed base of active fleet management units (China 2013–2019)

The Chinese fleet management market includes numerous players that have installed tens of thousands of telematics systems for fleet clients. Top providers with installed bases of more than 100,000 units include E6GPS and Etrans. There are furthermore a number of players with installed bases in the range of around 50,000–100,000 units, including Beijing Zhongdou Technology (Ccompass), Shenzhen Huabao Electronics Technology, Shenzhen Weitongda Electronics and 666GPS. Other players with installed bases of approximately 50,000 units include Zhengzhou Shenyang Science & Technology, Shenzhen SOFAR Communication, Shanghai Transun Telematics Technology, Sinocastel, Baoding Beier Electronics and Aerospace Intelligent. Also a small number of international aftermarket solution providers have entered the Chinese fleet management market but the installed bases of the foreign providers remain limited. Among the few international providers that have entered this market and achieved installed bases of at least 1,000 units are Trimble, MiX Telematics, Microlise and Navman Wireless.

Some Chinese commercial vehicle OEMs have introduced telematics systems. In the truck segment, a small number of OEMs stand out as more prominent in terms of fleet telematics activities – most notably Foton and Shaanxi Automobile Group. There are further a number of telematics initiatives among the bus manufacturers from players such as Yutong and King Long Group. The latter is also known as the Three Dragons and includes the brands King Long, Golden Dragon and Higer. Multiple telematics offerings have been launched within the group. Also a number of other truck and bus manufacturers are exploring opportunities related to fleet telematics, but many OEMs still have little or no activity in this space. The automotive industry players on the Chinese market are in the future expected to increasingly equip new commercial vehicles with telematics systems in line with government initiatives.

This report answers the following questions:

- How does the fleet management market in China compare with Western markets?
- What is the ownership structure of commercial vehicle fleets in China?
- What is the price level of Chinese fleet telematics solutions?
- Which are the leading domestic providers of aftermarket fleet management solutions?
- What offerings are available from commercial vehicle OEMs?
- How are the international fleet management providers approaching the Chinese market?
- How is the regulatory environment in China affecting the fleet management industry?
- What hurdles are there for foreign players on the Chinese market?
- How will the commercial vehicle telematics industry evolve in the future?

Table of Contents

About the Authors

Jan Unander has 15 years of experience in the telematics space and the Chinese FMS market has been a special focus area during the last three years. He has a degree in Marine Engineering from Sjöbefälsskolan in Härnösand and has studied marketing at the University of Gothenburg and IHM.

Rickard Andersson is a Senior Analyst with a Master's degree in Industrial Engineering and Management from Chalmers University of Technology. He joined Berg Insight in 2010 and his areas of expertise include LBS, commercial vehicle telematics and mobile VAS.

Daniel Unander has a deep knowledge of the culture and business environment in China. Daniel has supported foreign companies in entering the Chinese market and runs his own business in the country. He has studied Mandarin for 4 years at Wuhan University.

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Who should buy this report?

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