



PROGRAMME: MBA

Development of a market entry strategy for Chinese car manufacturer XPeng into the German BEV market

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Executive Summary

A growing number of Chinese battery electric vehicle (BEV) manufacturers are expanding into Europe. As the second largest BEV market after China, Europe offers an attractive opportunity to diversify revenue streams, especially for manufacturers that are not controlled by the Chinese government. XPeng, one such manufacturer, has publicly announced its plans to enter the German market in 2024, continuing its gradual penetration of the European market. Germany is particularly favorable due to its rising GDP, low interest rates, government incentives for BEVs, growing charging network, and increasing environmental awareness among consumers.

XPeng aims for a 3% market share in the SUV and sedan segment by 2025 to subsequently become a key player in the market. To achieve these goals, a comprehensive market entry strategy is crucial. The development of this strategy is the main objective of this thesis.

The methodology used in order to develop this strategy includes an external analysis of market dynamics and trends, consumer preferences, and regulatory frameworks, as well as an internal analysis of XPeng's capabilities, resources, and brand positioning. The analysis identifies six key success factors (KSF) as cornerstones of the market entry strategy: price, quality, range and charging speed, brand image and consumer trust, R&D and IP (Intellectual property), and partnerships with high-quality dealerships.

The recommended market entry mode is export until the sales figures justify the establishment of a European production facility. To appeal to XPeng's target customers and capitalize on its competitive advantages, the value proposition for the German market is to 'Provide affordable, innovative, high-quality vehicles with the most advanced technology and safety features'. The product offering includes the flagship P7 and G9 models, followed by the introduction of more affordable models in 2025 and 2026, with delivery of the vehicles via XPeng's existing logistics network. In Germany, a dual-channel sales approach combining dealerships and online sales is used with traditional television and billboard advertising, video marketing, social media, and positive reviews increasing brand awareness. To drive sales, a value-based pricing approach in the €40,000 to €60,000 range is used, offering superior technology and performance at affordable prices supporting the value proposition. This strategy is expected to generate sales of more than €2 billion by 2028 and position XPeng as a key competitor in the German BEV market with a market share of 4.5%. In addition, a market share of 3% in the SUV and sedan segment is achieved in 2025.

The next steps to implement the strategy include establishing a legal entity in Germany, obtaining the necessary certifications, establishing the distribution network, contracting dealerships, developing a customer service network, introducing brand-building marketing strategies, launching sales, and continuously monitoring and improving operations based on customer feedback and market data.

Keywords: BEV, XPeng, Market entry strategy, Germany, China, Automotive

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1. Introduction

The consulting proposal in this thesis focuses on formulating a market entry strategy for XPeng, a Chinese BEV manufacturer, into the German market. The challenge stems from the increasing number of Chinese car manufacturers expanding into Europe (John, 2023). As the second-largest BEV market by revenue after China (Statista, 2023a), Europe offers lucrative opportunities, especially for manufacturers not controlled by central or local governments. Entering this market is crucial for these manufacturers to diversify their revenue streams beyond China, where government influences significantly determine market dynamics (Li & White, 2023).

Although the EU aims for a single market, significant differences between member states require careful market selection. Germany is particularly favorable for XPeng due to its automotive excellence, demanding customers, robust industry, and rich automotive culture. Germany's strong emphasis on innovation and technology aligns with XPeng's offerings. Additionally, Germany's commitment to sustainable practices matches the global shift towards BEVs, supported by a well-developed infrastructure, including a dense network of charging stations (Hasse, 2023). Germany's strategic location within the EU also facilitates access to neighboring markets.

Given Germany's key role in the BEV landscape, characterized by diverse consumer preferences, regulatory nuances, and intense competition, the main objective is to formulate a comprehensive strategy for XPeng's market entry to achieve a 3% market share in the SUV and sedan segment by 2025 with further growth afterwards. The strategy considers market dynamics, regulatory frameworks, and cultural nuances while incorporating XPeng's capabilities and resources. It covers critical aspects of market entry, including the mode of entry, business model, distribution, marketing and sales strategies. The proposed strategy aims to align with XPeng's corporate objectives and position the company as a key competitor in the German BEV market.

1.1 Justification of the consulting proposal

The consulting proposal has two main beneficiaries. On the one hand, this study is crucial for Chinese BEV manufacturers as it facilitates global expansion and mitigates market entry risks. The study navigates the complexities of the German market, addressing regulatory, cultural, and market-specific nuances presenting an essential tool to build a robust presence. At the same time, German BEV manufacturers competing with XPeng can gain valuable insights from this study. By adopting best practices derived from Chinese market entry strategies, they can strengthen their competitive position and proactively respond to the evolving landscape. This foresight of emerging trends and challenges ensures that German manufacturers remain agile, innovative, and well-prepared for increased competition and changing consumer preferences.

Overall, the study serves as a channel for knowledge sharing and promotes cross-cultural learning and collaboration between Chinese and German car manufacturers. By understanding the strategies that help Chinese BEV manufacturers succeed, German partners might adopt certain business models, innovative technologies, and effective strategies. This collaborative learning process enhances the overall competitiveness of the German market and positions it as a dynamic and innovative region globally.

1.2 Methodology

The methodology followed utilizes established frameworks to conduct external and internal analysis, forming the basis for the subsequent development of the market entry strategy.

First, an extensive literature review is conducted. This includes a thorough investigation of the German BEV market collecting relevant information, identifying prevailing industry trends, and examining the competitive landscape. Existing studies and reports are evaluated to gain in-depth insights into customer preferences, economic conditions, and regulatory frameworks in Germany. In addition, a comprehensive investigation of XPeng covers the company's objectives, products, resources, and capabilities.

The PESTEL framework and Porter's five forces model guide the external market analysis, assessing government policy, economic conditions, societal trends, technological progress, environmental aspects, and legal frameworks impacting XPeng's market entry. A detailed examination of competitors' products, technologies, and pricing strategies identifies differentiation opportunities for XPeng.

The SWOT and VRIO frameworks guide the internal analysis. First, XPeng's value proposition and business objectives are identified to ensure overall alignment. Next, the company's products and technology are analyzed to illustrate the company's key strengths. In addition, XPeng's physical, financial, human and intellectual resources as well as its most important partnerships are evaluated. The internal analysis concludes with the determination of XPeng's main strengths and weaknesses for entering the German market.

The market entry strategy is developed using KSFs, summarizing key findings from the external and internal analyses. Then, possible market entry modes are evaluated considering market access, resource requirements, risks, and strategic alignment with XPeng's objectives. A customized business model aligns XPeng's capabilities and resources with market requirements and competitive pressures, aiming for a sustainable and profitable approach. The strategy further includes a distribution plan covering export logistics from China to Europe and distribution channels in Germany. A comprehensive marketing strategy aims to increase brand awareness and sales, considering consumer preferences and cultural characteristics. A sales strategy ensures efficient accessibility to target customers throughout Germany. Considering these strategies, sales forecasts are created to evaluate the benefits of entering the German BEV market and to support decision-making and resource allocation. Finally, an action plan is developed for effective implementation, identifying key risks and contingencies to ensure success.

2. Context and goals of XPeng's market entry into Germany

XPeng Inc., also known as Guangzhou Xiaopeng Motors Technology, is a Chinese BEV manufacturer. It was founded in 2014 by Xia Heng and He Tao, two former senior executives at GAC Group. They have utilized their automotive technology and R&D expertise to design, develop, produce, and sell smart BEVs tailored to middle-class customers including SUVs, family and sports sedans. (Liang, 2023)

In its pursuit of innovation, XPeng has developed autonomous driving technologies in addition to producing its cars. XPeng aims to influence the future of mobility by creating cutting-edge technologies for advanced driver assistance systems (ADAS), in-car intelligent systems, and core vehicle components such as powertrain and electrical architecture. (XPeng, 2023a)

Headquartered in Guangzhou, China, XPeng employs close to 16,000 people worldwide (XPeng, 2022a). In recent history, XPeng has expanded into the European market establishing operations in Norway in 2021 and subsequently entering Sweden, Denmark, and the Netherlands in 2022 (XPeng, 2023b). In 2023, XPeng announced to further penetrate the European market, entering the German, French, and British markets in 2024 as part of its global growth strategy (XPeng, 2023c).

2.1 Business rationale for entering the German market

XPeng's decision to enter Germany continues its gradual European expansion. Germany serves as a key market in Europe, providing access to a large and diverse customer base with demanding automotive standards (BYD, 2022). Establishing itself in that market allows XPeng to raise its profile and compete with established companies in the BEV industry, enhancing its global brand image (Flores, 2023).

The market size and growth in Germany are key drivers for XPeng's decision, as the country is Europe's largest BEV market (**Figure 1**) and a center for automotive innovation (Stefan Di Bitonto, 2022). Additionally, Germany is strongly committed to sustainability which is in line with XPeng's mission to provide clean mobility solutions (Bundesregierung, 2022). Growing environmental awareness, government incentives, and strict emissions regulations are further driving the demand (European Environment Agency, 2024).

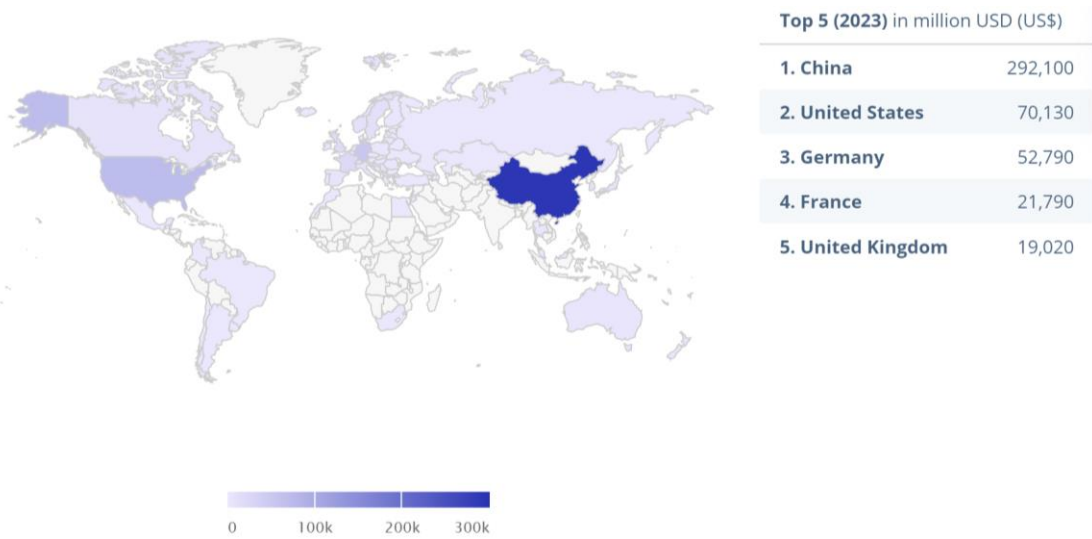


Figure 1: Sizes of the five largest BEV markets worldwide (Statista, 2023a)

XPeng's decision is further supported by Germany's well-developed charging infrastructure, which improves the overall ownership experience (IEA, 2022). Using this infrastructure, XPeng can provide easy access to charging for its clients, solving one key pain point.

Finally, XPeng is building its competitive position on its technological expertise demonstrated by its in-house R&D (XPeng, 2023c). To further enhance its expertise and create opportunities for long-term innovation XPeng entered a partnership with Volkswagen (VW) in 2023. This partnership not only provides technological knowledge exchange but also gives XPeng a partner with years of market expertise in Germany facilitating the market entry plans (XPeng, 2023d).

In conclusion, XPeng's decision to enter the German market is supported by market potential, global expansion aspirations, a supportive regulatory environment, established charging infrastructure, and a key partnership with VW.

2.2 XPeng's goals in the German BEV market

To become a major player in the German BEV market, XPeng aims to gain market share and increase sales volume, targeting a 3% market share in the SUV and sedan segments by the end of 2025. In addition, it has stated that its vehicles will be available in 12 dealerships starting May 2024, with aims to be present in 60 dealerships at over 120 locations across Germany by 2026. (Adams, 2024)

Considering the overall market size in the two segments as well as the goals outlined above, the target sales volumes for each of the next five years in the German BEV market are presented in **Figure 2**, providing an early assessment of XPeng's sales growth trajectory in Germany. In the upcoming years, XPeng's market penetration and sales success may be more accurately predicted with additional analysis and market research.

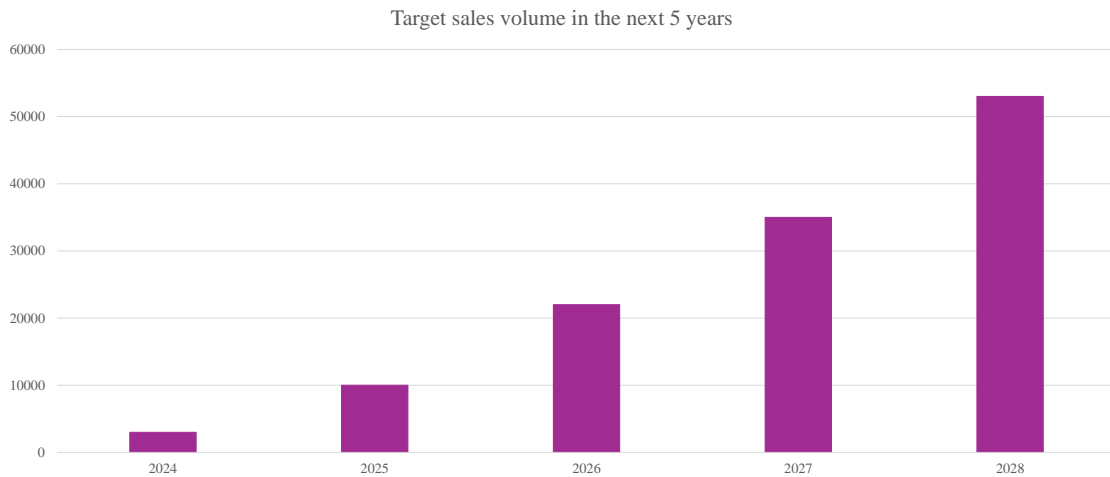


Figure 2: XPengs target sales in the upcoming 5 years calculated based on announced objectives

To attract customers and achieve sales targets, XPeng aims to establish a solid brand reputation and raise awareness in the German market. Leveraging its cutting-edge technology, XPeng seeks to demonstrate its capabilities and establish itself as a reliable brand. High-quality products and excellent customer service are crucial for increasing positive word-of-mouth and brand loyalty. (XPeng, 2023c)

In summary, XPeng aims to gain a 3% market share in the SUV and sedan segments by 2025 in the German BEV market. This goal relies on building brand reputation and loyalty through technological innovation, high-quality offerings, and superior customer service.

3. External analysis of the German BEV market

To determine the attractiveness of the German BEV market a comprehensive external market analysis is conducted. This chapter outlines key opportunities, barriers, and growth inhibitors XPeng needs to address for its 2024 market entry. It examines the market size and its projected growth, alongside current and future trends driving its evolution. After that, consumer preferences, needs, and trends are explored to determine key drivers that influence purchasing decisions. Then, the competitive landscape is investigated unveiling the key players within the market. Furthermore, the regulatory environment is evaluated presenting frameworks governing foreign car manufacturers' operations in Germany. Additionally, insight into distribution channels is given highlighting avenues for market penetration and reach. Lastly, an examination of growth inhibitors and barriers summarizes the key findings of the chapter laying the foundation for the market entry strategy.

3.1 Size and projected growth of the German BEV market

The German BEV market has grown significantly in recent years, with approximately 515,000 BEVs sold in 2023 (**Figure 3**), representing 18% of total new car registrations. (Kane, Inside EVs, 2023a). Over the next five years, annual BEV sales are expected to surpass 1,000,000 units (Statista, 2023a), driven by rising GDP per capita, decreasing inflation, and anticipated lower interest rates in 2024 (Statista, 2024). This increases consumer spending and boosts the growth of the overall economy (Aguado, 2024). The increasing variety of BEV models, advancements in battery technology, and Germany's commitment to sustainable mobility through subsidies and tax incentives further fuel this growth. (Spak & Narayan, 2021; Islam, Ahsan, Rahman, & Tanvir, 2023; Federal Ministry for Economic Affairs and Climate Action, 2023)

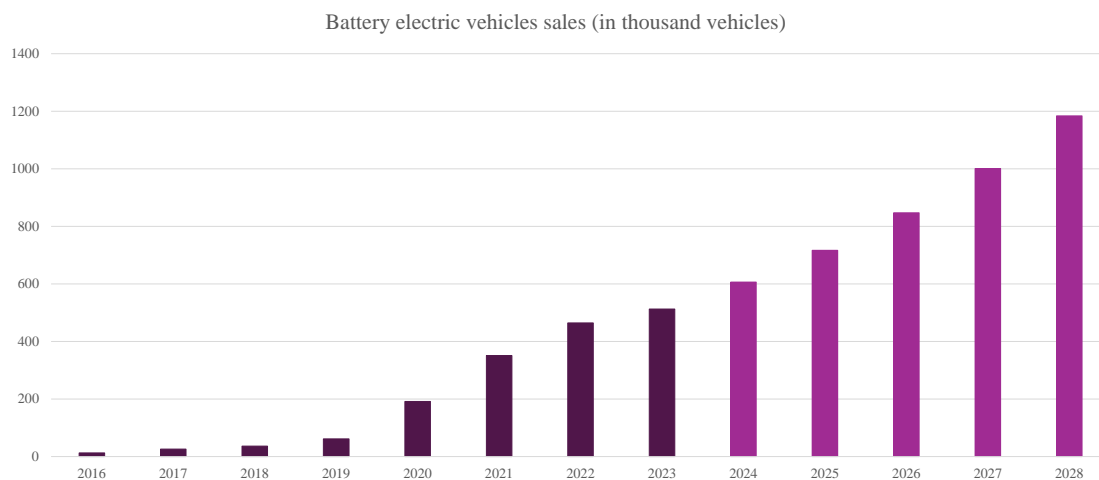


Figure 3: Sales of BEVs over the past eight years, along with a projection of sales until the year 2028 (Statista, 2023a)

In line with the increase in vehicle sales, the projected revenue for the German BEV market is estimated to increase and reach €34bn by 2024 (**Figure 4**). With a compound annual growth rate of 14.5% from 2024 to 2028 it is expected to reach a market volume of €66.2bn at the end of the period, reflecting sustained growth and market expansion. (Statista, 2023a) While China is projected to lead in revenue generation with an estimated market volume of €295bn by 2024 (Statista, 2023a), Germany, known for its robust automotive industry, is witnessing a surge in demand for BEVs making it an attractive target for XPeng (Frenkel, 2023).

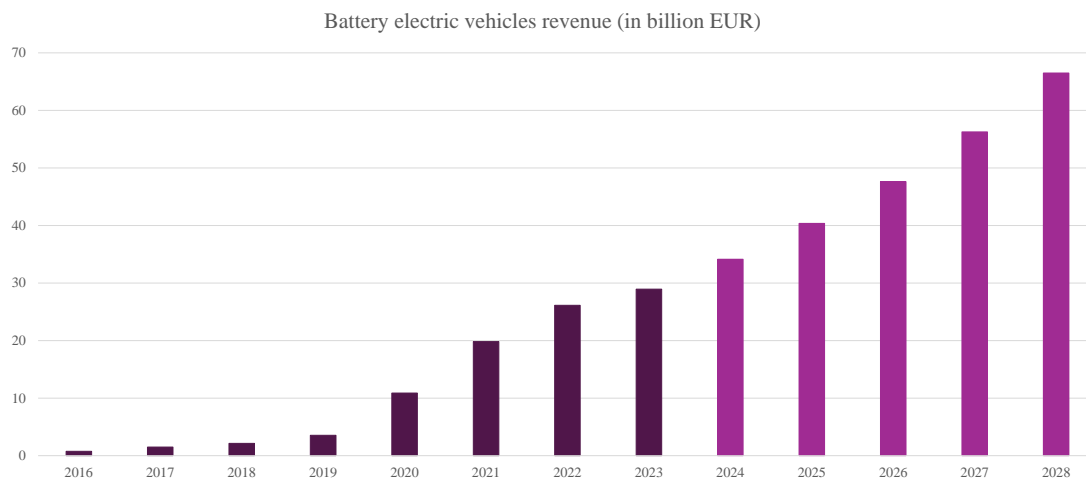


Figure 4: Revenues of BEVs over the past eight years, along with a projection of revenue trends until the year 2028 (Statista, 2023a)

3.2 Current and future trends in the German BEV market

Expanding on the trends mentioned, this section focuses on three current key trends in the German market and two future trends beneficial for XPeng's entry.

First, the government displays a strong commitment to sustainable automotive practices by offering strategic incentives and regulatory support for BEV adoption, e.g., tax benefits and subsidies, reducing the cost of ownership. (Lohrisch, 2023)

Second, German customers are becoming increasingly environmentally conscious. This trend increases the appeal of BEVs being a cleaner alternative that promotes sustainable mobility, quieter operation, and lower emissions (Umweltbundesamt, 2023). For XPeng, this trend is an opportunity for brand alignment and market receptivity. It allows XPeng to establish itself as a responsible option due to its commitment to sustainability. (XPeng, 2022a).

Third, Germany intends to strongly expand its charging infrastructure (**Figure 5**). This trend is essential to reduce range anxiety, which is one of the primary barriers to the adoption of BEVs. Aiming to deploy 136,400 charging stations by 2024, Germany is creating a robust charging network to enhance consumers' confidence in BEVs (Statista, 2023a).

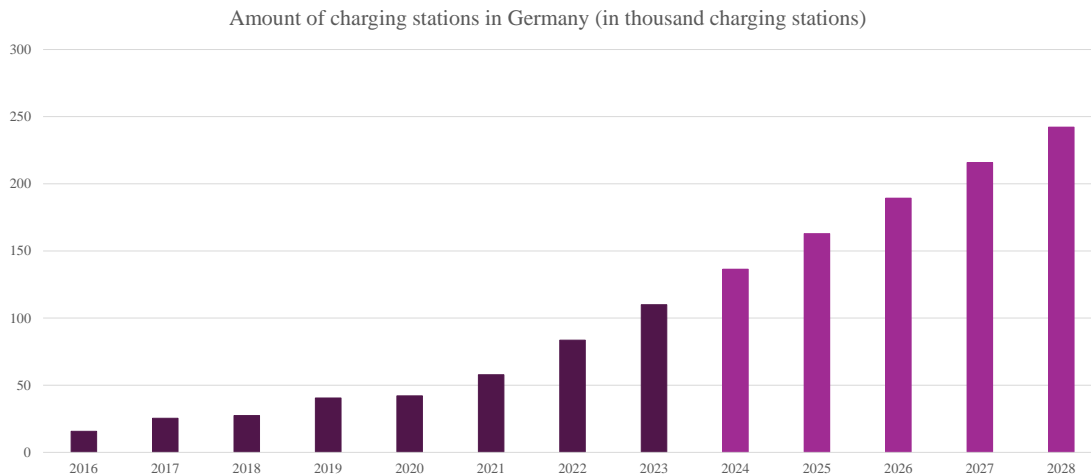


Figure 5: Amount of charging stations in Germany over the past eight years, along with projections for the upcoming five years (Statista, 2023a)

Future trends include technological advances and the development of a holistic e-mobility ecosystem (Khalid, 2023). First, the German automotive industry is traditionally at the forefront of technological development and continuously strives for technological excellence. In this environment XPeng has the opportunity to collaborate, in particular with established players such as VW, BMW, or Mercedes-Benz (XPeng, 2023d). These partnerships can accelerate XPeng's technological developments and create a competitive advantage in a market that strongly values innovation.

Additionally, Germany aims to integrate smart grids, renewable energy sources, and vehicle-to-grid communication, creating synergies beneficial for consumers and the environment (Khalid, 2023). Collaborating with energy suppliers and municipalities, XPeng can optimize charging times, enhance its market reputation, and increase acceptance among urban customers.

Overall, the trends present a favorable landscape driven by government incentives, environmental consciousness, and technological innovation. XPeng's market entry requires alignment with these trends through strategic market positioning and effective communication of its brand value and product offerings to establish a competitive position.

3.3 Consumer preferences, needs, and trends in the German automotive market

As mentioned, the German automotive industry has experienced a shift in consumer preferences, needs, and trends, driven by technological advancements, environmental concerns, and a changing economic landscape. This chapter presents said shifts, particularly emphasizing BEVs, alternative financing, online purchasing behavior, and brand recognition. It aims to outline the main concerns of customers and explore optimal sales strategies for the German market while also addressing the challenge of overcoming negative perceptions associated with Chinese cars.

BEVs: Shifting Attitudes and Adoption Barriers

The DAT report of 2024 shows that while interest in BEVs is growing, major obstacles prevent their broad adoption. Cost remains the main concern, with 87% of respondents citing high initial expenses as the main reason for not purchasing a BEV. Furthermore, concerns about perceived technological immaturity (75%) and battery reliability (80%) are common. While 30% of new car buyers considered purchasing a BEV in 2023, only 5% plan to do so within the next year. The majority want to wait three to five years (33%) or longer (47%) as they anticipate improvements in affordability and technology. (DAT, 2024)

In addition, the DAT report highlights key reasons for choosing internal combustion engine (ICE) vehicles over BEVs (**Figure 6**), including limited range (50%), inadequate charging infrastructure (38%), extended charging times (35%), and high purchase costs (43%). Conversely, BEV adopters cite environmental considerations (38%), technological appeal (35%), suitability for their mobility needs (37%), and utilization of government incentives (55%) as motivating factors. However, the recent expiration of government incentives has decreased the appeal for some consumers, with 33% stating that they would no longer consider purchasing one. (DAT, 2024)

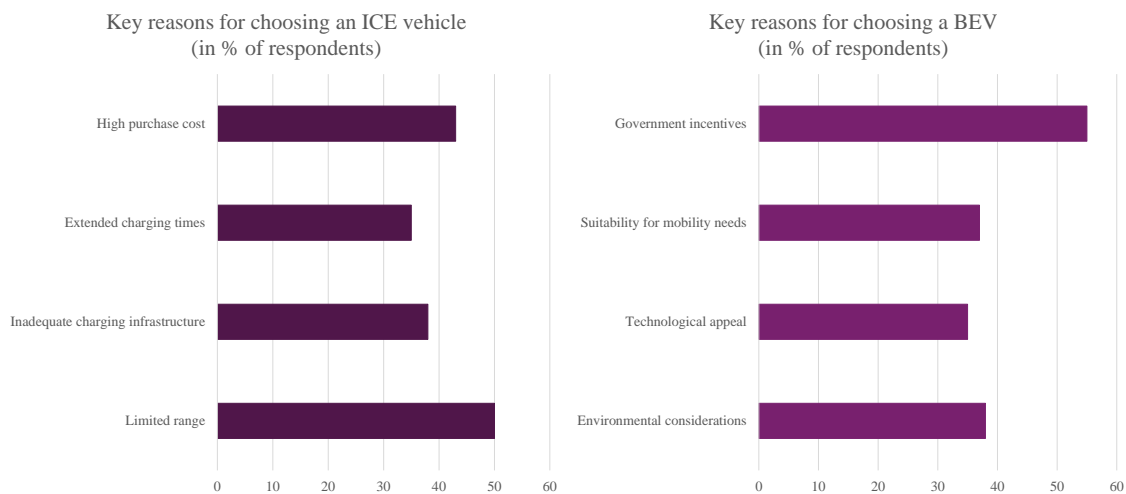


Figure 6: Reasons for choosing an ICE vehicle vs. a BEV according to the 2024 DAT report (DAT, 2024)

Leasing and credit financing become increasingly important

The high purchase cost of BEVs and new cars in general has led to the increasing importance of leasing and credit financing. In 2023, private new car buyers spent on average 80% of their annual net household income to afford a new car, up from below 40% fifty years ago (**Figure 7**). Loans and leasing options are thus crucial for driving sales and meeting customer needs. (DAT, 2024)



Figure 7: Ratio of income of new car buyers to car purchase price over the last 50 years (DAT, 2024)

Online Purchasing Behavior

The digitalization of car purchasing has transformed the automotive retail landscape, offering consumers the convenience of online platforms for browsing, financing, and purchasing vehicles. Currently, only 10% of new car buyers in Germany utilize online platforms for their purchases. However, 30% of consumers are open to completing the entire buying process online according to the DAT report. Still, 62% prefer traditional dealership interactions, emphasizing the importance of in-person transactions and test drives. (DAT, 2024)

Consumer Perceptions of Chinese Automobiles

Chinese automobiles face significant skepticism among German consumers, primarily due to perceptions of unfamiliarity and concerns regarding quality and reliability. According to the DAT Report, 88% of respondents are not considering a car from a Chinese manufacturer when looking to buy a new one. This skepticism extends to BEVs, where the share is 83%, underscoring the importance of brand reputation and trust in the German market. (DAT, 2024)

Driving factors of brand choice in Germany

In addition to the trends outlined above, XPeng must understand the German consumer's preferences and needs when buying a new car, to best tailor its offering and marketing. Deloitte's 2024 global consumer study of the automotive industry highlights the factors influencing consumers' brand choices for their next vehicle (**Table 1**). As XPeng is mainly active in China the differences between both countries are outlined to determine the key factors that need to be adjusted.

On the one hand, both German and Chinese consumers prioritize product quality, vehicle features and brand familiarity, underlining the crucial role of brand reputation and trust. On the other hand, German consumers place significantly greater emphasis on price than their Chinese counterparts (55% vs. 32%). Additionally, the prior sales experience is highly important among German consumers (27%)

underlining the necessity to have physical dealerships. For Chinese consumers, performance (53%), brand image (38%), and the availability of electric and hybrid options (33%) carry considerable weight, whereas these factors hold lesser importance in Germany. Recognizing these drivers of consumer choice is crucial when entering Germany, particularly for XPeng which is accustomed to serving different customer preferences in their domestic market. (Deloitte, 2024)

Table 1: Drivers of brand of choice for the next vehicle in China and Germany (Deloitte, 2024)

| Drivers of Brand of choice | China | Germany |
|---|-------|---------|
| Price | 32% | 55% |
| Product Quality | 52% | 47% |
| Vehicle performance | 53% | 30% |
| Vehicle Features | 37% | 39% |
| Quality of overall ownership experience | 28% | 31% |
| Brand familiarity | 36% | 39% |
| Previous service experience | 19% | 18% |
| Previous sales experience | 10% | 27% |
| Brand image | 38% | 15% |
| Availability of BEVs/hybrid options | 33% | 13% |
| Brand advertising | 12% | 6% |
| Brand affiliations | 14% | 5% |
| Other | 0% | 2% |

In conclusion, the German automotive industry is witnessing a major shift shaped by evolving consumer preferences and needs. While BEVs emerge as a key solution for sustainability, challenges like cost and infrastructure remain barriers to widespread adoption. To successfully enter the market XPeng must address these consumer concerns and improve accessibility. It is crucial to meet the demand for technological sophistication, holistic user experiences, and affordable premium options. Specifically, addressing range anxiety through extended driving ranges and charging infrastructure is decisive. Also, quickly building a strong brand image is key to appeal to hesitant German customers when it comes to Chinese vehicles. This must include physical dealerships to allow the consumers to experience quality and performance firsthand.

3.4 Competitive landscape in the German BEV market

The German BEV market is growing strongly. On the downside, the competitive landscape is characterized by the presence of multiple players. **Figure 8** shows that major German vehicle manufacturers dominate the market in unit sales and revenue. Mercedes-Benz, BMW, VW, and Audi occupy four of the top five positions in both cases. Tesla is their strongest competitor, with 8.2% of sales and 9.9% of revenue, ranking fourth and third, respectively. Additionally, Hyundai has a considerable influence, placing in the top 10 in both sales volume and revenue. (Statista, 2023a)

As XPengs product offering focuses on the sedan and SUV segments, the competitive analysis focuses on these two segments. The competitors analyzed include Tesla, VW, BMW, Mercedes-Benz, Audi, and Hyundai based on their significant market share and product lines that include offerings within both segments. For better comparison, every model’s characteristics are presented based on the base model. The competitive analysis is based on the main findings of consumer preferences, needs, and trends in the German BEV market. That includes key customer concerns, specifically range and price, which significantly influence purchasing decisions. It also explores vehicle features important to German consumers, including intelligent in-car systems and ADAS. Lastly, the competitive advantages of each competitor are outlined to determine areas of differentiation. This provides a comprehensive view of the competitive landscape and a better understanding of how competitors address key consumer pain points and preferences.

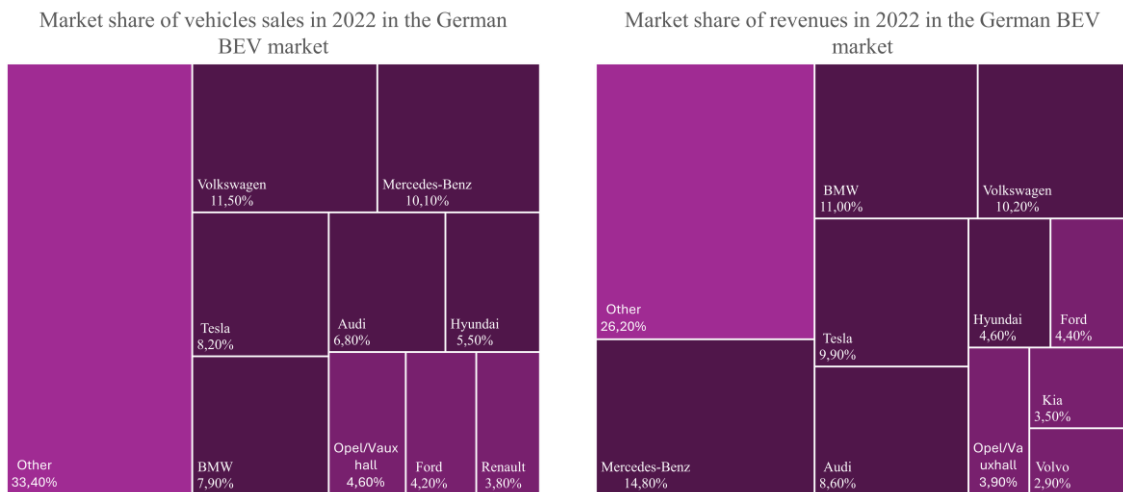


Figure 8: Market shares of vehicle sales (Left) and revenues (Right) in 2022 in the German BEV market (Statista, 2023a)

Tesla

Tesla is an American BEV manufacturer, known for innovation and sustainability. With its mission to accelerate the global transition to sustainable energy, Tesla has established itself in Germany, despite facing robust competition from traditional car manufacturers. At the moment Tesla has an approximate share of 10% of revenues and 8% of vehicle sales (Statista, 2023a).

Tesla's product lineup in Germany includes four models in the sedan and SUV segment (**Figure 9**). The flagship Model S sedan boasts high performance with a range of 650 km and rapid acceleration from 0 to 100 km/h in just 3.1 seconds. The Model X SUV, recognized for its falcon-wing doors, offers practicality and performance with a range of 560 km and an acceleration time of 3.8 seconds. The Model 3, emphasizing affordability, provides a range of 575 km and accelerates in 6.1 seconds. Meanwhile, the Model Y compact SUV offers versatility and a range of 530 km. All models feature rapid charging capabilities, achieving an 80% charge in just 27 minutes. (Tesla, 2024c)

Tesla's in-car intelligent system provides access to advanced features like navigation and media streaming, while its ADAS, including Autopilot and optional Full Self-Driving (FSD) capabilities, ensures safety and convenience (Tesla, 2024b). Pricing in Germany aligns with Tesla's global framework, with the Model S starting at €95,000, the Model X at €100,000, the Model 3 at €45,000, and the Model Y at €50,000 (Tesla, 2024a).



Figure 9: From the left: Tesla's Model S, Model 3, Model X and Model Y (Kane, Inside EVs, 2023b)

Tesla maintains several competitive advantages. First, its extensive Supercharger network, facilitating fast charging infrastructure across Europe, gives Tesla a significant edge in terms of convenience and long-distance travel (Han, 2021). Additionally, Tesla's ADAS features distinguish it from competitors (Fortuna, 2020). Furthermore, Tesla's robust brand recognition and customer base contribute to its competitive strength, characterized by strong demand and a dedicated following (Han, 2021). Finally, Tesla's battery technology and energy storage give it an edge in range, efficiency, and overall performance (Han, 2021).

VW

VW has made considerable progress in electric mobility, solidifying its position in the German BEV market. VW has introduced the ID series, a lineup of BEVs based on the Modular Electric Drive Matrix (MEB) platform resulting in a share of 11.5% of unit sales and 10.2% of revenues (Statista, 2023a).

VW's sedan and SUV lineup includes the ID.4, ID.5, and ID.7 (**Figure 10**). The ID.4 features a modern design, a range of 364 km, and accelerates from 0 to 100 km/h in 9 seconds. The ID.5 has a sportier design, a range of 556 km, and acceleration in 6.7 seconds. Leading the series, the ID.7 emphasizes versatility and cutting-edge technology with a range of 621 km and acceleration in 6.5 seconds. VW's models take about 30 minutes to charge up to 80% at fast-charging stations. Additionally, VW's IQ.DRIVE ADAS includes safety and convenience technologies such as Travel, Side, and Parking Assist. In terms of pricing, the ID series is competitively positioned, with the ID.4 starting at €40,000, the ID.5 at €49,000, and the ID.7 at €57,000. (Volkswagen, 2024)



Figure 10: VW's ID.4 (left) and ID.5 (Linklater, 2023)

VW's competitive advantages are underlined by its MEB platform, which enables standardized components and efficient production across vehicle types (Volkswagen, 2019). Moreover, VW's battery technology, leveraging pouch cells, ensures optimal energy density and form flexibility, contributing to superior performance and range (Lam, 2019). Lastly, VW enjoys the trust and loyalty of customers solidifying its position as a strong competitor in the German market (Pratap, Notesmatic, 2020).

BMW

BMW, a German car manufacturer with a legacy of luxury and performance vehicles, serves the BEV market through its i series. Currently, BMW holds roughly an 8% market share of vehicles sold and an 11% share of revenues. (Statista, 2023a)

BMW's BEV lineup (**Figure 11**) offers a diverse range of performance, range, and innovation. The iX1, an entry-level SUV, boasts a range of 439 km and accelerates from 0 to 100 km/h in 5.6 seconds. The iX3 mid-size SUV offers luxury and performance with a range of 471 km and acceleration in 6.8 seconds. The i4 sedan combines elegant design and robust performance, offering a range of 590 km and acceleration in 5.6 seconds. Meanwhile, the i5 delivers a sporty yet refined driving experience, with a range of 582 km and acceleration in 6 seconds. Lastly, the i7 combines luxury with electric performance, offering a range of 624 km and acceleration in 4.7 seconds. (BMW, 2024b)

BMW's intelligent system integrates advanced technologies (Sensors, HMI, predictive analytics,...) to enhance driving experience, safety, and comfort, while its ADAS includes functions such as collision warning, automatic emergency braking, and adaptive cruise control ensuring safety and excellent driving experience (BMW, 2024e). In terms of pricing, BMW caters to diverse customer segments ranging from €55,000 (iX1) to €67,000 (iX3) in the SUV segment and €56,500 (i4) to €115,700 (i7) in the sedan segment. (BMW, 2024a)



Figure 11: BMW's i Series (From the left: iX3, iX1, iX, i5, i7 and i4 (BMW, 2024d))

BMW's competitive advantage in the automotive market stems from its forward-thinking approach in electric mobility. Especially BMW's "Neue Klasse" initiative aims to set new standards in digitalization, electrification, and sustainability. Leveraging a flexible New Cluster Architecture, it prioritizes battery-electric drivetrains, promising ultra-efficient, high-performance vehicles with BMW's signature driving experience. Additionally, BMW's global electrification strategy targets putting 10 million BEVs on the road over the next decade, with at least 50% of the BMW's global deliveries being BEVs by 2030. (BMW Group, 2021)

This comprehensive approach to electric mobility, coupled with BMW's renowned brand and reputation for quality and innovation, solidifies its competitive edge in the market. (Pratap, Notesmatic, 2019)

Mercedes-Benz

Mercedes-Benz, known for its luxurious offering and performance, serves the BEV market through its EQ series. While being second in market share of sold vehicles at 10%, Mercedes-Benz takes the top spot with close to a 15% share of revenues. (Statista, 2023a)

Mercedes-Benz has a strong lineup of BEVs (**Figure 12**). The EQA balances luxury with practicality, featuring a range of 560 km and acceleration from 0 to 100 km/h in 6 seconds, while the EQB delivers spacious interiors and practicality with a range of 535 km and acceleration in 5.3 seconds. In the midsize SUV segment, the EQC combines luxury with performance, offering a range of 471 km and acceleration in 5.1 seconds. The EQE sedan and SUV prioritize comfort, space, and advanced technology, with ranges of 621 km and 628 km, respectively. Charging these models to 80% takes around half an hour. (Mercedes-Benz, 2024b)

Mercedes-Benz's intelligent system, including Mercedes Me Charge, enhances the driving experience and connectivity, while its ADAS ensure safety and seamless interaction between driver and vehicle (Mercedes-Benz, 2024c). Regarding pricing, Mercedes-Benz offers a wide range, with the EQE SUV commanding €83,500 at the high end of luxury, and the EQA and EQB serving lower price segments at

€50,700 and €53,500, respectively. The EQC is positioned in between at €60,000. (Mercedes-Benz, 2024a)



Figure 12: Mercedes' EQE sedan (front right), EQA (back right), EQB (back center) and EQE SUV (back left) (Stratstone, 2024)

Mercedes-Benz maintains a competitive advantage through several strategic initiatives. Firstly, its comprehensive portfolio ensures the transition to electric-only vehicle architectures by 2025 supported by a significant investment of over €40bn in R&D for BEVs between 2022 and 2030, driving innovation and accelerating BEV adoption. Additionally, the brand is strengthening its battery expertise and recycling capabilities through collaborations with industry leaders and the establishment of a battery recycling factory in Germany. (Mercedes-Benz, 2021)

These efforts, combined with its strong brand reputation for quality, luxury, and performance, a diverse product portfolio, and focus on innovation, solidify Mercedes-Benz's position as a leader in the market. (Ferris, 2021)

Audi

Audi is known for its premium vehicles and pioneering technologies. It is active in electric mobility through its e-tron series and holds a substantial presence with a market share of 6.8% of unit sales and 8.6% of revenues. (Statista, 2023a)

Audi's e-tron series offers a wide range of BEVs combining performance, comfort, and advanced technology (**Figure 13**). The e-Tron GT combines elegant design and remarkable performance, with a range of 500 km and acceleration from 0 to 100 km/h in 4.1 seconds. The Q4 e-tron, a compact SUV, emphasizes practicality and driving dynamics, featuring a range of 544 km and acceleration in 5.4 seconds. The Q8 e-tron, a full-size SUV, offers long-range of 582 km, driving comfort and acceleration in 5.6 seconds. Audi leads its German competitors in charging speed, with its models capable of reaching 80% charge in just 21 minutes. (Audi, 2024)

Audi's intelligent system, Audi MMI, integrates various functions for infotainment, navigation, and connectivity, offering a seamless user experience with features like personalization, AI integration, and smartphone connectivity. Audi's ADAS ensures safety and comfort, incorporating functions such as adaptive cruise control and lane departure warning. Pricing ranges from €52,950 for the Q4 e-tron to €106,000 for the e-Tron GT. (Audi, 2024)



Figure 13: Audi e-tron Q8 (left) and Q4 (Ligget, 2023)

Audi's competitive advantages are defined by its electrification strategy outlined in its "Vorsprung 2030" corporate plan. By 2026, Audi aims to equip all new models globally with electric drive systems, with a complete phase-out of ICEs by 2033, positioning the brand as an industry pioneer in zero-emission drive systems. Furthermore, Audi distinguishes itself with its onboard system, offering customers an exceptional user experience within its ecosystem. (Audi, 2021)

Renowned for its luxury, performance, and innovation, Audi has a strong brand image embodying a legacy of quality and racing heritage. It serves a variety of customer segments through its diverse product portfolio ranging from compact cars to luxury sedans, SUVs, and sports cars. (Audi, 2024)

Hyundai

Hyundai has developed into a significant contender in the German BEV market, driven by its BEV portfolio expansion and commitment to sustainable mobility. While Hyundai's market share is lower than that of its German competitors, the brand has gained notable traction, currently holding a share of 5.5% of unit sales and 4.6% of revenues. (Statista, 2023a)

Hyundai's BEV lineup (**Figure 14**) presents a combination of competitive range, intelligent systems, and design. Leading the lineup, the Ioniq 5 has a range of 507 km and accelerates from 0 to 100 km/h in 5.1 seconds. Built on the Electric-Global Modular Platform, it offers a unique blend of style and innovation. Hyundai's commitment to innovation extends to the Ioniq 6, offering a range of 614 km and similar acceleration to the Ioniq 5. The Kona Electric, with a range of 514 km and acceleration in 7.8

seconds, emphasizes practicality and affordability. Hyundai excels in charging speed, with models reaching 80% charge in 15 to 18 minutes. (Hyundai, 2024)

Hyundai's in-car AI system prioritizes connectivity and convenience, complemented by features like the Smart Regenerative System for maximizing range. Safety is paramount, with ADAS and other features integrated across the lineup. Pricing starts at €41,990 for the Kona Electric, making it an accessible entry point, while the Ioniq 5 and Ioniq 6 offer advanced features starting at €43,900. (Hyundai, 2024)



Figure 14: From the left: Ioniq 6, Kona Electric and Ioniq 5 (Leichsenring, Inside EVs, 2024)

Hyundai's competitive advantage is rooted in its strategy, "Hyundai Motor Way," targeting annual BEV sales of 2 million units by 2030 supported by a €75bn investment over the next decade. Key elements of this strategy include the development of an Integrated Modular Architecture, expansion of BEV production utilizing existing ICE plants, and investment in battery technology and materials. Hyundai's diverse product portfolio and initiatives in autonomous driving, hydrogen, robotics, and advanced air mobility, position it as a leading provider of innovative mobility solutions. Hyundai's reputation for competitive pricing and high quality further solidifies its appeal among customers. (Hyundai, 2023)

Summary

Comparing the prices of sedan models across the analyzed brands reveals three different segments (**Figure 15**). At the lower end, models like the Tesla Model 3 and Hyundai Ioniq 6 are priced around €40,000, targeting budget-conscious consumers. The mid-price segment includes the VW ID.7, BMW i4 and i5, and Mercedes EQE priced between €60,000 and €70,000 targeting consumers looking for a balance between luxury and affordability. High-end models like the Tesla Model S, BMW i7, and Audi e-tron GT priced around €100,000, appeal to buyers desiring luxury and performance. Given German consumers' preference for affordable luxury vehicles, XPeng should focus on positioning its models in the lower and middle segment to maximize appeal and capture customers looking for the price-value ratio.

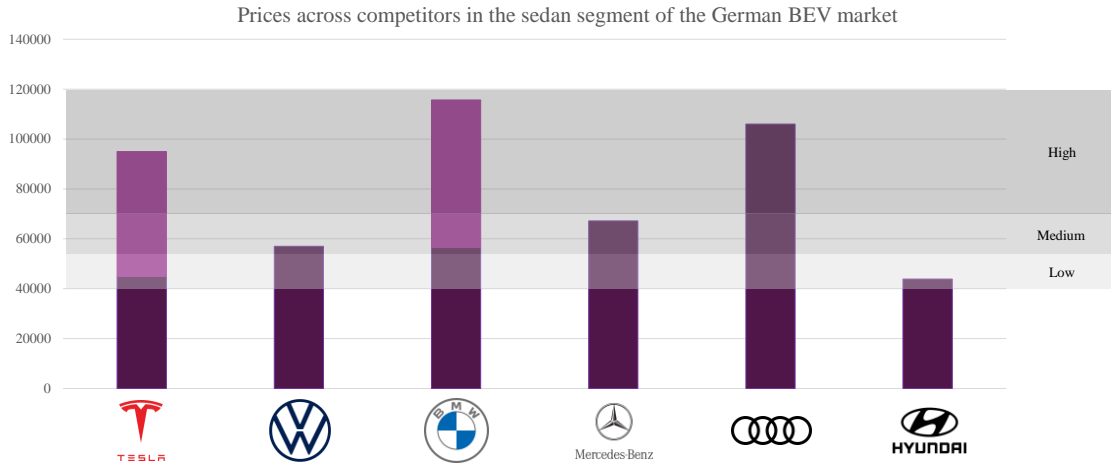


Figure 15: Price segments across brands for sedans segment in the German BEV market

The SUV segment also features three price segments (**Figure 16**). The lower segment, priced between €40,000 and €55,000, includes the Model Y, VW ID.4 and ID.5, Mercedes EQA and EQB, Audi e-tron Q4 and Hyundai Ioniq 5 and Kona Electric, aimed at consumers seeking the best price-value ratio. In the middle segment, the BMW iX1 and iX3, Mercedes EQC, and Audi e-tron Q8 range from €60,000 to €75,000 and appeal to buyers looking for a balance between luxury and affordability. The high-end segment, with premium models like the Tesla Model X and Mercedes EQE SUV ranges from €80,000 to €100,000, targeting consumers preferring luxury and sophistication. Following a similar strategy to the sedans, XPeng's should position itself in the lower and middle price segments, aligning with the preferences and needs of consumers while maximizing reach.

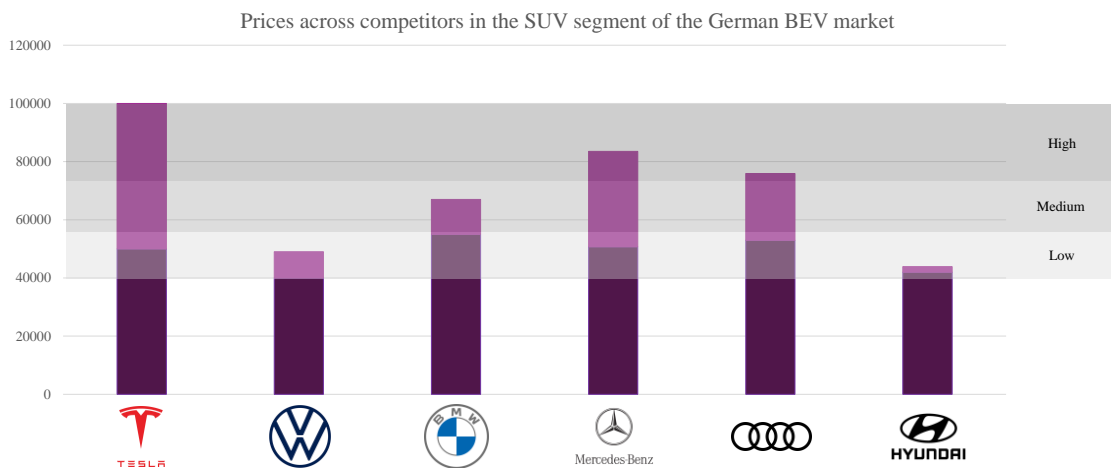


Figure 16: Price segments across brands for SUVs in the German BEV market

Comparing range capabilities shows a competitive landscape, with each brand offering base models capable of covering distances from 500 to 600 km on a single charge (**Figure 17**). Tesla leads with ranges exceeding 500 km for their Model 3 and Y, reaching 650 km for the Model S. VW, Mercedes, BMW, and Hyundai closely follow. While Mercedes, Audi, and Hyundai consistently maintain

competitive ranges across their product lineup, VW and BMW display range variability with some models offering ranges as low as 380 km. To be competitive in the German BEV market, XPeng must ensure ranges between 500 km and 650 km across the lineup because the price of the vehicles does not significantly impact whether high ranges are offered, as seen with Hyundai and BMW. Also, as range remains a significant pain point for consumers, ensuring competitive ranges across price categories is essential for success in the market. Exceeding this threshold can serve as a key differentiator.

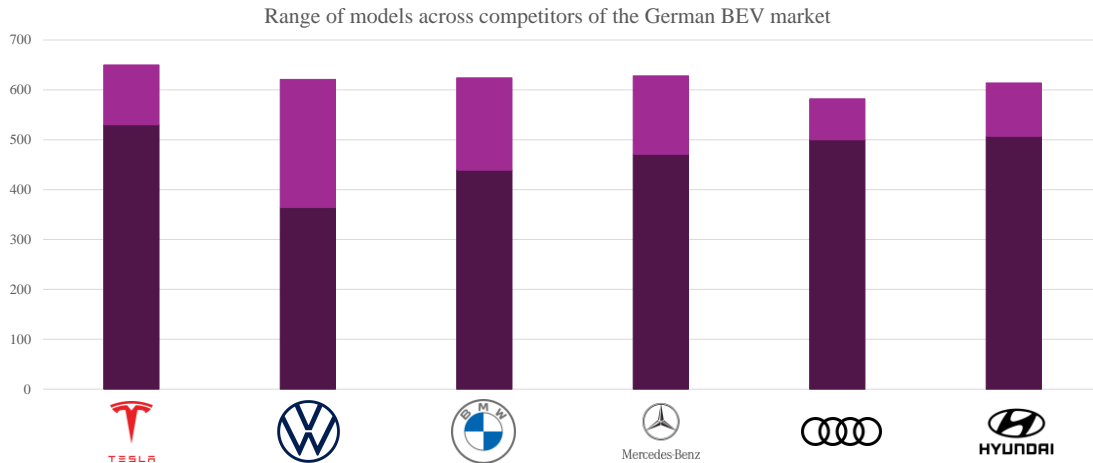


Figure 17: Range comparison across competitors' models in the German BEV market

Lastly, examining charging speeds reveals, that a 30-minute charge to reach 80% capacity is the standard offering (**Figure 18**). Anything below this threshold serves as a point of differentiation. While Audi and Tesla offer intermediate charging speeds at 21 and 27 minutes, respectively, Hyundai holds the top spot, with charging times of 15 to 18 minutes. Concludingly, success in the market requires charging speeds of 30 minutes in base models. Anything faster is a key differentiator, addressing customer concerns about range and recharging time as faster charging enhances the perception of BEVs for covering long distances, going against the notion that they are slower and less reliable compared to ICE vehicles.

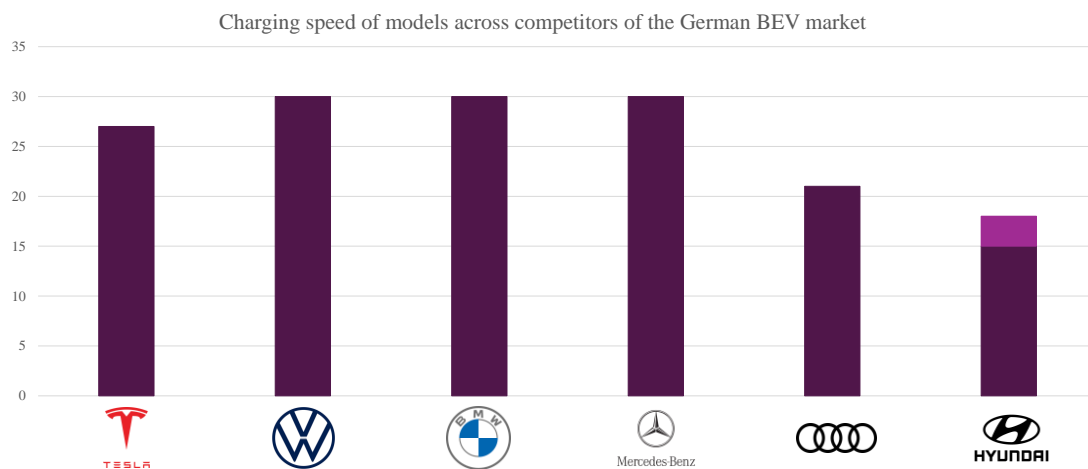


Figure 18: Charging speed comparison across competitors in the German BEV market

3.5 Regulatory environment in Germany for foreign car manufacturers

For foreign car manufacturers, the regulatory landscape in Germany is complex and crucial for both market entry and subsequent business operations. Navigating these regulatory frameworks is essential for success, ranging from strict import tariffs to data privacy and security regulations, tax incentives and subsidies.

Vehicle Homologation and Type Approval

Approval requirements in Germany include safety, environmental effects, and design, including general, electrical, and functional safety precautions. Testing and certification of compliance with these technical requirements, covering cars, safety components, and systems, is required for BEVs sold in all EU member states. In Germany, TÜV Rheinland provides inspection, testing, and certification for manufacturers selling vehicles in the market. It assists in developing plans for electric car homologation and offers type approval and certification services following EU directives. (TÜV Rheinland, 2024)

Import Tariffs and Duties

Germany has strict regulations and documentation requirements for importing items from China, including import taxes and customs fees. Cars are subject to a 19% tax rate with BEV imports being subject to an additional 10% levy imposed by the EU. This levy might rise to 30% if the European Commission determines that subsidies allow Chinese manufacturers to produce their products 20% cheaper than EU brands. (Lewis, 2023). Therefore, it is crucial for XPeng to thoroughly analyze the financial effects of import tariffs and duties when preparing to enter Germany (Guided Imports, 2024).

Data Privacy and Security

Compliance with data security and privacy regulations is crucial for XPeng's market entry. In particular the General Data Protection Regulation (GDPR) covering the collection, processing, and retention of personal data is important, as XPeng collects data from its vehicles for software updates, diagnostics, and performance improvements. Moreover, cybersecurity measures are essential to protect connected BEVs from cyberattacks. For that purpose, XPeng needs to rely on secure software development, regularly audit its systems, and implement strict security standards. Furthermore, XPeng needs to assess suppliers' security procedures to comply with supply-chain security. Lastly, German data localization laws emphasize that data is stored within the country or the EU, highlighting the need to consider the location of data transfer and storage. Complying with data privacy laws is crucial for success in Germany as it builds consumer trust and creates a positive brand reputation. (European Union, 2024)

Tax Incentives and Subsidies

Until 2023, the environmental bonus available in Germany offered considerable financial support for the purchase of BEVs. BEVs with a net list price of less than €40,000 were subsidized with up to €6,000 when purchased, and proportionately for leasing depending on the term. In 2024, however, the subsidies

for electric cars have been adjusted setting the maximum net costs for eligible BEVs to €45,000 and reducing the subsidy to €3,000. This is supplemented by a manufacturer's contribution of €1,500. Despite this adjustment, subsidies will continue to be available, signaling the strategic focus on promoting BEVs to support widespread adoption. (Cardino, 2024)

Moreover, BEVs registered until December 31, 2025, are exempt from ownership tax for 10 years. Additional tax benefits for companies for the private use of company owned BEVs, especially for low-priced vehicles with a gross list price of under €60,000, contribute to the overall attractiveness of BEVs offering XPeng the opportunity to take advantage of this favorable environment. (European Commission, 2024)

Conclusion

In conclusion, the regulatory environment in Germany for foreign BEV manufacturers presents challenges and opportunities. Vehicle homologation and type approval, combined with stringent import tariffs and duties, demonstrates the importance of regulatory compliance and effective cost-management strategies. Moreover, data privacy and security regulations, like GDPR, require XPeng to prioritize transparent data handling practices and robust cybersecurity measures to build consumer trust and adhere to legal requirements.

3.6 Distribution channels

When entering a new market, the distribution strategy to bring vehicles to the end customer is decisive. There are two main methods: Car dealerships and online sales. According to the 2024 DAT report, only 10% of new car sales in the German automotive market were made online, with 90% coming from dealerships. However, nearly a third of consumers can imagine doing the entire buying process online, while over 60% are against the idea (**Figure 19**). Thus, XPeng must not only sell its cars online but partner with retailers to meet customer demands. (DAT, 2024)

Readiness of customer for complete online new car purchase process (from initiation to purchase) in 2023 in %

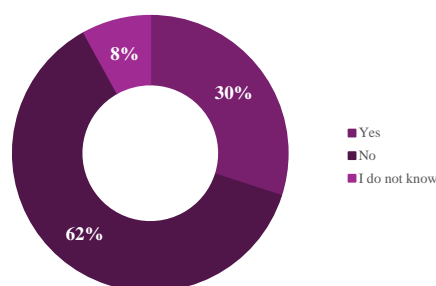


Figure 19: Customer readiness for completing the car purchase process completely online (DAT, 2024)

First, dealerships work as a contact point for clients, allowing them to see XPeng's cars in person, go for test drives, and get personalized guidance. Collaborating with well-established dealerships in key cities enhances brand awareness and accelerates client acquisition.

Second, digital platforms have changed car retailing by offering direct sales channels. To reach the 30% of customers that prefer the convenience of online shopping, XPeng can leverage its website, or third-party marketplaces (DAT, 2024). Transparent pricing, efficient logistics, and a flawless online experience are key for success in this channel.

Furthermore, fleet sales and corporate cooperation are beneficial. By reaching out to companies committed to sustainability, XPeng can offer attractive fleet deals ensuring a steady stream of orders reinforcing the brand's credibility and commitment to environmental responsibility.

In conclusion, XPeng's successful entry into the German market depends on efficiently using both sales channels. Additionally, exploring opportunities in fleet sales and corporate partnerships can maximize market penetration and appeal to a diverse customer base.

3.7 Growth inhibitors and barriers

Based on the analysis, entering the German BEV market is promising for XPeng. However, it is necessary to address the following key growth inhibitors and barriers:

- **Consumer Perception and Trust:** XPeng faces skepticism among German consumers towards Chinese cars. Negative perceptions regarding unfamiliarity, quality, and reliability pose significant hurdles. German consumers prioritize brand reputation and trust, making it essential for XPeng to invest in building credibility through transparent communication, quality assurance, and exceptional customer service.
- **Local Competition:** The market is saturated with established players like VW, BMW, Mercedes-Benz, and Audi, which have strong brand recognition, loyal customer bases, and extensive distribution networks. XPeng must differentiate itself by highlighting unique features, technological innovation, and competitive pricing to build a strong presence.
- **Range Anxiety and Charging Infrastructure:** Concerns about insufficient charging stations and long charging times present challenges for BEV adoption. XPeng must address these by enhancing charging speeds and offering competitive ranges to increase consumer confidence.
- **Regulatory Compliance and Homologation:** XPeng must navigate the complex regulatory requirements and homologation procedures to ensure compliance with German automotive standards. This involves obtaining certifications for safety, environmental impact, and design conformity. Collaborating with regulatory agencies and leveraging expertise in BEV technology can expedite this process and streamline market entry.

- **Government Incentives and Policies:** Government incentives and policies shape BEV adoption rates. XPeng must stay updated on evolving regulations, tax incentives, and subsidy programs promoting sustainable mobility. Leveraging available subsidies can enhance its competitive advantage and stimulate market demand.

In conclusion, XPeng faces formidable growth barriers and challenges in entering the German automotive market. Overcoming consumer skepticism, navigating intense competition, addressing range anxiety, ensuring regulatory compliance, and capitalizing on government incentives are critical for success.

4. Internal analysis of Chinese BEV manufacturer XPeng

After identifying the opportunities and threats in the market, an internal analysis of XPeng is carried out in this chapter determining the capabilities, resources, and competitive advantages to overcome the identified challenges and seize the opportunity to successfully enter the German BEV market. First, XPeng's value proposition and corporate goals are outlined to determine the strategic direction and operational objectives. After that, a detailed examination of XPeng's product offering and technological innovations is conducted to assess the maturity and sophistication of its BEV solutions. An assessment of XPeng's internal resources evaluates the company's organizational strengths and weaknesses. Additionally, XPeng's existing partnerships are analyzed to identify synergies that can contribute to a successful market entry. Concludingly, XPeng's competitive advantages are presented to identify factors that differentiate the company from main players in the German BEV market.

4.1 Value proposition and business goals of XPeng

XPeng aims to lead the transformation of smart BEVs through cutting-edge technology, envisioning a future where mobility experiences are shaped by innovation (XPeng, n.d.). The core objective is to offer customers high-quality, intelligent, and sustainable BEVs tailored to their needs (Meemi, 2022). Setting itself apart from competitors, XPeng focuses on delivering not only aesthetically appealing designs but also an interactive "smart" mobility experience (Meemi, 2022).

The core aspect of XPeng's strategy is the in-house development of its ADAS software, underscoring the company's commitment to technological excellence. This commitment extends beyond the initial purchase, as all BEVs can undergo firmware updates, ensuring continuous technical enhancements and the introduction of new functionalities. This emphasis on ongoing software innovation stands as a critical value proposition, reinforcing XPeng's dedication to providing customers with state-of-the-art solutions. (Meemi, 2022)

In line with its mission, XPeng's business goals revolve around expanding its product portfolio, elevating brand recognition, and strategically increasing market share through substantial investments in R&D, the expansion of its sales and service network, and the augmentation of marketing and branding efforts (Meemi, 2022). Notably, XPeng aspires to international growth, envisioning an expansion of its business footprint into other markets. (Platform Executive, 2023)

4.2 Products and technology offered by XPeng

XPeng offers five models in two categories. The P7 and P5 are competing within the sedan segment and the G3i, G6, and G9 in the SUV segment. The P7 and G9 represent the premium models while the P5, G3i, and G6 are more affordable.

The P7, introduced in 2019, is available in three specifications (RWD Long Range, AWD Performance, Wing Edition) starting at €49,990 in Europe. It features an aerodynamical silhouette with integrated LED headlights, streamlined body contours, concealed door handles, and a rear spoiler for enhanced stability (**Figure 20**). The interior offers seating for five passengers, with front seats equipped with heating and cooling systems. Additionally, it features XOpera, XPENG's 5D Media System. Powered by a Lithium-Ion Phosphate (LFP) battery, the base version achieves an acceleration of 0-100 km/h in 6.7 seconds, with a top speed of 200 km/h. The base range is 576 km with charging from 10% to 80% taking just 29 minutes. (XPeng, 2024a)

The P7 incorporates advanced software features, including XPilot 3.0, an ADAS utilizing cameras, radar technology, and sensors for smart driving and parking. XPilot integrates features like Autonomous Emergency Braking, Blind Spot Detection, and Parking Assistant. XmartOS enhances the driving experience with entertainment, comfort, and convenience features like Intelligent Voice Assistant and Over-the-air (OTA) software updates. In addition, the XPENG App enables drivers to remotely control their vehicle, check its battery status, and access additional smartphone functions. (XPeng, 2024b)



Figure 20: XPeng's premium sedan model P7

The G3i, introduced in 2021, is available in four specifications and starts at €20,000 in China. Its design features a minimalist aesthetic (**Figure 21**). It has XPeng's distinctive X Robot Face Design, dynamic colors in the interior, and a panoramic windshield. Powered by LFP battery technology, the base model achieves an acceleration of 0-100 km/h in 8.6 seconds and offers a range of 460 km on a single charge. Charging from 30% to 80% takes approximately 35 minutes. (XPeng, 2024c)

The G3i features XPilot 2.5 including intelligent parking assistance, lane centering control, adaptive cruise control, and active lane change. Additionally, XmartOS 2.0 provides an all-scenario voice assistant, Bluetooth digital key, and OTA updates for seamless connectivity and software enhancements. (XPeng, 2024c)



Figure 21: XPeng's compact crossover SUV G3i

The P5 with six specifications is expected to start at €48,000 in Europe. First introduced in 2021, the P5 has a futuristic design with sleek lines and dynamic contours (**Figure 22**). Inside, the P5 provides a comfortable environment, featuring a refrigerator and a mobile bedroom option achieved by flattening the front seat. Additionally, the P5 delivers an immersive cinema experience. Powered by LFP battery technology, the base model achieves an acceleration of 0-100 km/h in 7.5 seconds and offers a range of 460 km on a single charge. Charging from 30% to 80% takes approximately 35 minutes. (XPeng, 2024d)

The P5 features XPilot 3.5, including LiDAR technology for 360-degree surround vision, sub-meter positioning, and high-precision urban mapping. This enables advanced functionalities like Navigation Guided Pilot (NGP) and Valet Parking Assistant, offering intelligent assistance for navigating urban conditions, highway driving, and automated parking. Additionally, XmartOS 3.0 provides an all-scenario voice assistant, app ecosystem, digital Bluetooth key, and OTA updates for continuous software enhancement and connectivity. (XPeng, 2024d)



Figure 22: XPeng's sedan model P5

The XPeng G9, available in three specifications (RWD Standard Range, RWD Long Range, AWD Performance), entered production in 2022. In Europe, the base version starts at €57,600. Its design features the characteristic LED X-BOT front and rear lighting, embodying XPeng's dynamic and aesthetic design (**Figure 23**). The G9 includes advanced convenience features like automatic window adjustment, soft-close doors and multiple USB ports. It also shares the XOpera 5D Media System with the P7. Powered by LFP battery technology, the base model achieves an acceleration of 0-100 km/h in 6.4 seconds, with a top speed of 200 km/h. Charging from 10% to 80% takes just 20 minutes, with an additional 100 km of range added in just 5 minutes. The G9 has a range of 570 km on a single charge. (XPeng, 2024e)

Similar to the P7, software features include XPilot 3.0 for advanced driver assistance, XmartOS, voice assistant, OTA updates, and control via the XPeng App, providing users with comprehensive connectivity and convenience. (XPeng, 2024e)



Figure 23: XPeng's luxury SUV model G9

The XPeng G6, an SUV coupé introduced in 2023, is expected to come to Europe in 2024. It has three variants (RWD Standard Range, RWD Long Range, AWD Performance) and starts at €27,000 in China. It features a sleek, modern design with frame-less doors and a range of premium amenities (**Figure 24**). Standard features include dual-zone climate control, a heat pump for improved winter performance, and a Vehicle-to-Load system. The interior is fitted with high-quality materials including leatherette seats, with the front seats offering ventilation, heating, and multiple adjustment options. Additionally, the vehicle features a panoramic glass roof, an electrically operated tailgate, and advanced infotainment systems operated by XmartOS. Powered by LFP battery technology, the base model achieves an acceleration of 0 – 100km/h in 6.9 seconds. The 800-volt technology enables super-fast charging to 80% in 20 minutes and the maximum range on a single charge is 435 km (Leichsenring, Inside EVs, 2024).

The G6 is equipped with XNGP, XPeng's industry-leading ADAS. With 31 smart sensors, the G6 can manage various driving scenarios, in the city and on the highway. Key features include adaptive cruise control, lane-keeping assist, and traffic sign recognition. The enhanced voice assistant can process complex commands from any zone within the vehicle, even without network connection. (XPeng, 2024f)



Figure 24: XPeng's SUV Coupé G6

4.3 Assessment of XPeng's Resources

XPeng has a strong array of resources across multiple domains. This chapter provides an in-depth analysis of XPeng's physical, human, intellectual, and financial resources, highlighting the company's strengths and capabilities.

Physical Resources

XPeng's physical resources include a network of manufacturing facilities and leased properties. Central to its physical infrastructure is the manufacturing plant in Zhaoqing, China, with an annual production capacity of 100,000 units. A second plant in Guangzhou, China, specializes in trial production and manufacturing of charging solutions and electric drive systems. Furthermore, XPeng is expanding with new base in Wuhan, China, initiated in 2021. In addition, XPeng maintains leased properties in key locations like Beijing, Shanghai, Shenzhen, Silicon Valley and San Diego, primarily serving R&D, sales, and marketing functions. XPeng also leases facilities for direct stores, self-operated charging stations, and logistics centers across China, alongside flexible workspaces in Denmark, the Netherlands, Norway, and Sweden. (XPeng, 2022b)

Financial Resources

XPeng's financial resources exemplify strong fiscal performance and market resilience. With total revenues of €3.9bn in 2023, a 14% increase from the previous year, XPeng demonstrates robust growth. Moreover, XPeng witnessed a significant rise in vehicle deliveries, reaching 141,601 deliveries in 2023,

up 17.3% from the previous year. Despite facing a net loss of €1.3bn in 2023, a slight increase from €1.2bn in 2022, XPeng improved its cash flow from €400mn in 2022 to €1.3bn in 2023. These financial indicators highlight XPeng's strong business model and potential for sustained growth in the BEV industry. (XPeng, 2024g)

Human Resources

XPeng's workforce consists of 15,829 employees as of December 31, 2022, primarily based in mainland China and Hong Kong, with the rest stationed overseas (XPeng, 2022b). The workforce is categorized into distinct functions, with the largest segments being R&D (40%), sales and marketing (40%), and manufacturing (17%). Additionally, there are smaller teams dedicated to general administration and operations. XPeng places a strong emphasis on R&D, evident by its strong workforce, its corporate strategy and substantial investment in technology innovation. It has established six R&D centers across the globe to drive advancements in smart BEV technology and product innovation. Additionally, XPeng fosters a culture of innovation incentivizing employees to contribute to IP rights to maintain its leading position in smart BEV technology. (XPeng, 2022a)

Intellectual Resources

XPeng's intellectual resources are crucial for its technological leadership and competitiveness in the BEV industry. One key IP is its ADAS (XPilot) with advanced features like NGP for highway driving and automated parking, The NGP extends to complex urban driving scenarios with the introduction of City NGP, an innovative system that navigates through intersections, changes lanes, and maneuvers around obstacles. In addition, XPeng's XmartOS (Smart Cockpit) integrates advanced voice assistant technology, allowing seamless interaction with over 600 vehicle functions (XPeng, 2022a). Lastly, XPeng's charging technology sets new standards in charging speed and efficiency, capable of replenishing up to 100 kilometers in just 5 minutes. This continuous innovation and commitment to IP rights protection underscore XPeng's dedication to technological advancement in the BEV sector and presents one of its key distinctions in the market. (XPeng, 2022b)

4.4 XPeng's current partnerships

XPeng has developed strategic partnerships to advance its global ambitions. These collaborations span multiple areas like manufacturing and sales aiming for synergies enhancing XPeng's overall positioning.

VW

XPeng's partnership with VW involves co-developing two BEVs with the initial launch being an SUV model tailored for the Chinese market. This collaboration combines XPeng's expertise in smart BEV technologies with VW vehicle development and engineering capabilities aiming to offer Chinese consumers intelligent vehicles equipped with state-of-the-art software and hardware and reduce development time by over 30%. The partnership extends beyond vehicle development, also including a

joint sourcing program for common vehicles and platform parts to optimize cost structures for both partners. (Volkswagen Group, 2024)

Overall, XPeng's partnership with VW not only facilitates the development of intelligent connected vehicles for the Chinese market but also provides valuable resources, expertise, and cost-saving opportunities that can be leveraged when entering Germany.

Emil Frey in the Netherlands

In the Netherlands, XPeng partnered with Emil Frey, one of Europe's largest automotive retail organizations. Emil Frey oversees XPeng's sales and service network in the Netherlands, offering customers consistent pricing, access to a robust service and distribution network, and streamlined service efficiency. (Kane, Inside EVs, 2022)

Bilia in Sweden

In Sweden, XPeng used a similar approach by entering a partnership with Bilia, Sweden's largest automobile dealer and distributor. Bilia's extensive network of dealerships and service centers allows XPeng to deliver localized products and premium customer service. Its vehicles are retailed through Bilia stores, with service operations centralized in key cities like Stockholm, Gothenburg, and Malmö. (Kane, Inside EVs, 2022)

XPeng's successful establishment in the Netherlands and Sweden demonstrates its capability to adapt to new markets and build strong relationships with customers. Furthermore, it underlines the importance of collaborating with established dealerships offering customers a trusted environment and premium service. The experience gained from both markets can be applied to XPeng's expansion to Germany, enabling the company to effectively engage with customers and establish a competitive position.

4.5 XPeng's competitive advantage

Summarizing the key findings, XPeng has three distinct competitive advantages: offering a diverse range of high-quality, technologically advanced vehicles at affordable prices, a strong focus on R&D, and its strategic partnership with VW.

Diverse Range of affordable vehicles

XPeng strategically positions itself by offering a diverse portfolio of smart BEVs to serve a wide range of consumer preferences and budgets. The company's lineup includes the G3i compact SUV, the P7 midsize sedan, the P5 compact sedan, and the G9 large SUV and G6 coupé SUV. This extensive model range, featuring prices ranging from €20,000 to €60,000 (China), underscores XPeng's commitment to making smart BEVs accessible to a broader audience.

R&D Focus and IP

XPeng's second competitive edge is its strong emphasis on intelligence and innovation. The company invests significantly in R&D, with six R&D centers worldwide driving advancements in smart BEV technology and product innovation. XPeng's proprietary technologies, like XPilot and XmartOS, represent significant IP assets with the XPilot system setting industry benchmarks through its advanced autonomous driving features, enhancing safety and convenience for users.

Partnership with VW

XPeng's strategic partnership with VW further solidifies its competitive position in the BEV market. It allows XPeng to gain knowledge from one of the industry's leaders and access valuable resources. The collaboration extends to joint sourcing programs for common vehicle and platform parts, optimizing XPeng's cost structure.

Conclusion

XPeng's competitive advantages serve as a solid foundation for its entry into the German market. The company's commitment to offering a diverse range of vehicles at affordable prices aligns well with the preferences of German consumers, who value high-quality engineering without compromising on affordability. XPeng's emphasis on R&D ensures that its vehicles are equipped with cutting-edge technology and innovative features, appealing to the German customers. Furthermore, XPeng's partnership with VW provides invaluable resources and expertise, particularly in navigating the complexities of the German automotive industry.

5. Market entry strategy of XPeng into Germany

Based on the findings from the analyses, this chapter develops a comprehensive market entry strategy for XPeng. Initially, KSFs are identified summarizing the main findings from **Chapters 3 and 4** and serving as the basis for subsequent decisions and measures. The selection of the optimal market entry mode is then explained. Following this, the business model is elaborated, describing XPeng's unique value proposition, target customer segments, and product offering. The second part of the chapter focuses on formulating strategies for distribution, marketing, and sales. These strategies are aligned with XPeng's overall objectives to maximize reach, visibility, and revenue generation. The chapter concludes with a summary highlighting the expected financial benefits for XPeng of entering the German market serving as tangible validation of the efficiency and foresight of the market entry strategy presented.

5.1 KSFs for market entry into the German BEV market

When developing a tailored market entry strategy, understanding and leveraging KSFs becomes imperative. This chapter outlines the six KSFs that have been identified (**Figure 25**):

- **Price:** Nearly 90% of consumers identify high initial expenses as the primary barrier to BEV adoption and almost half choose an ICE vehicle over a BEV due to high purchase costs. This underscores the necessity for XPeng to strategically position its models in terms of pricing for both upfront purchases and leasing options.
- **Product Quality:** With 47% of German consumers prioritizing product quality when selecting their next vehicle, it becomes evident that meeting or exceeding stringent quality standards is imperative for XPeng to establish credibility and trust.
- **Range and Charging Speed:** Limited range and extended charging times rank among the top reasons for choosing ICE vehicles over BEVs. Addressing these obstacles is crucial for the broad adoption of XPengs vehicles.
- **Brand Image and Consumer Trust:** With roughly 40% of German consumers attributing high importance to brand familiarity, establishing a positive brand perception is needed for XPeng to gain traction in a market dominated by established competitors. More importantly, overcoming skepticism towards Chinese automobiles needs a concerted effort to build trust and credibility.
- **R&D and IP:** Given the concerns about technological immaturity of BEVs among German consumers, coupled with the anticipation of improvements in affordability and technology continuous innovation is crucial to sustain competitiveness. Additional emphasis on vehicle features and performance of German consumers, gives XPeng the opportunity to leverage its competitive advantage rooted in a strong commitment to innovation and intelligence and differentiate itself.
- **Partnership with High-quality Dealerships:** Selecting reputable and high-quality dealerships as partners is crucial, given the consumer preferences for traditional dealership interactions and the

significance of the prior sales experience. In addition, it allows leveraging their existing infrastructure and expertise to provide prospective customers with personalized guidance, test drive opportunities, and an immersive brand experience.

In conclusion, six KSFs play a pivotal role for XPeng when navigating the competitive landscape and establishing a strong presence in Germany. Addressing affordability concerns through competitive pricing strategies, emphasizing product quality, considering range and charging speed, brand image and consumer trust, investment in R&D and IP, and strategic partnerships with high-quality dealerships underscore the multifaceted approach needed for XPeng's success. By incorporating these KSFs into the market entry strategy, XPeng enhances its competitiveness, builds brand credibility, and effectively enters the German BEV market.

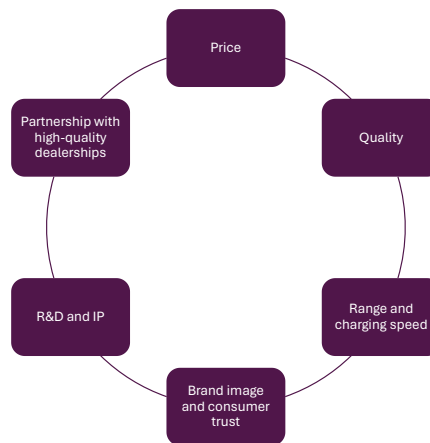


Figure 25: Six KSFs for XPeng for market entry into the German BEV market

5.2 Mode of entry into the German BEV market

The selected mode of entry for XPeng is **exporting**, offering several key advantages. Firstly, it requires a minimal initial investment enabling rapid market entry and expansion, while minimizing risks. XPeng retains control of the operation, thus preserving quality and brand image. Unlike franchising and licensing, exporting does not require the disclosure of IP, protecting XPeng's proprietary technologies and innovations. Moreover, it allows market testing without large financial commitment, unlike mergers, acquisitions and foreign direct investment (FDI). Finally, XPeng already has expertise in exporting and possesses a developed distribution network for shipping from China to Europe demonstrated by successful entries into the Dutch, Danish, Swedish, and Norwegian markets.

However, exporting entails certain challenges such as limited control over sales and marketing and reliance on intermediaries for logistics and distribution potentially leading to inefficiencies. Therefore, careful selection of distribution partners is crucial. Vulnerability to trade barriers, tariffs, and exchange rate fluctuations can also affect profitability.

When XPeng’s European sales volume makes exporting too expensive, utilizing **FDI** and setting up a production facility in Europe becomes viable (**Figure 26**). This approach allows XPeng to retain full control over operations, decision-making, and brand management. It enables customization of products, services, and marketing strategies to local preferences, increasing competitiveness and market penetration. Lastly, it offers higher profit margins and direct access to resources, talent, and market opportunities.

However, a certain volume of sales is needed because FDI involves high upfront investments and financial risk and requires considerable time and resources. The time to reach the needed sales volume can be used by XPeng to acclimatize to cultural barriers, language differences, and operational challenges impacting business performance and success.

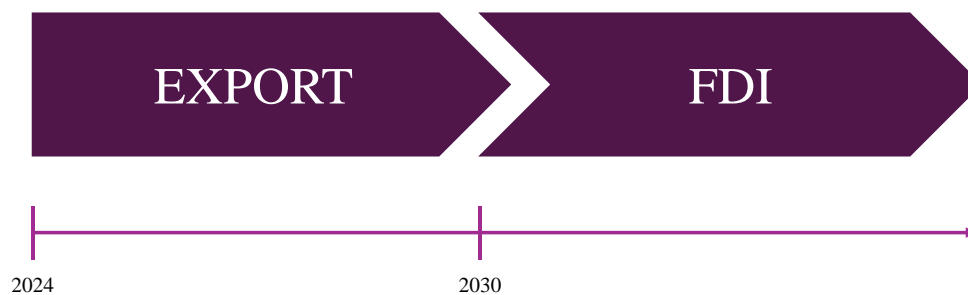


Figure 26: Mode of entry phases into the German BEV market

5.3 Business model for market entry into the German BEV market

XPeng's market entry requires a robust business model matching German consumer preferences while leveraging the company's strengths and capabilities (see **Appendix**). This includes defining XPeng's target customers, crafting a unique value proposition, and describing its strategic product offering in the German market.

Target customer

XPeng's target customers in Germany are primarily middle-class urban professionals prioritizing sustainability, innovation, and affordability. These consumers seek environmentally clean vehicles that offer technological appeal and cater to their mobility needs. Valuing a combination of affordable prices, high quality, advanced technology features, and exceptional performance draws them to XPeng's smart BEVs. XPeng must also target commercial fleet operators and companies, who seek reliable, cost-effective, and future-forward transportation solutions.

XPeng's value proposition for the German BEV market

Based on consumer preferences, the competitive landscape and the detailed examination of XPeng's capabilities and product offering, developing a compelling value proposition tailored to the target customers is essential. The cornerstones of XPeng's value proposition for the German BEV market are:

- **Affordable pricing:** With price sensitivity significantly influencing consumer behavior, XPeng must strategically position its BEVs in the lower and mid-price segments between €40,000 and €60,000. By offering competitive prices without compromising on quality and features, XPeng appeals to a wide range of customers and competes effectively with established market players.
- **Quality:** In a market known for its high-quality standards, XPeng must emphasize the superior craftsmanship and reliability of its vehicles to ensure that they meet and exceed German consumer demands. This attention to detail, ranging from material selection to precision engineering, boosts consumer confidence and counters the prevailing skepticism towards Chinese cars.
- **Advanced technology and features:** XPeng's commitment to technological innovation is a key differentiator. Through continuous investment in R&D, XPeng must keep integrating cutting-edge technology into its BEVs to improve performance, safety, and comfort.
- **Exceptional performance:** XPeng must place great emphasis on exhilarating driving dynamics of its BEVs. With fast acceleration across the different models, and a top speed of 200 km/h, XPeng's electric cars offer a driving experience that appeals to enthusiasts and practical drivers alike.

In summary, XPeng's value proposition for the German BEV market is:

“Provide affordable, innovative, high-quality vehicles with the most advanced technology and safety features.”

Product offering for market entry in Germany

To optimize profitability and meet market demands, XPeng must launch its two flagship luxury models P7 and G9 to exemplify XPeng's commitment to innovation and quality. These models already exist in the Swedish, Danish, and Dutch markets, requiring no further product adaptation for Germany. Below the specifications for each model are listed in detail, as well as future expansion plans:

- **Specifications:** The P7 represents the luxury end of XPeng's sedan offering. XPeng should introduce all three configurations in Germany. For the G9, XPeng's luxury SUV, all three variants must be introduced as well. The prices for the P7 and G9 variants need to be strategically positioned to reflect the premium nature of these offerings while remaining competitive. By offering a range of configurations and features, XPeng allows customers to choose the variant that best suits their preferences and budget.
- **Future expansion:** Looking ahead, XPeng should gradually expand its product offering. As the company establishes a strong presence and builds brand equity, the introduction of the more

affordable G6, G3i and P5 is essential to appeal to a wider audience and further cement the brand's image. However, as the profit margin for more affordable BEVs is not as high as for premium models, XPeng needs to utilize production facilities in Europe. That way, XPeng can optimize its cost structures, ensure competitive pricing, and increase profitability without compromising the brand's quality and performance standards.

To summarize, the business model for XPeng's entry into the German BEV market includes a distinctive value proposition centered around affordability, quality, advanced technology, and superior performance - a synthesis that meets the diverse needs and desires of German consumers. This value proposition targets urban middle-class professionals, commercial fleet operators and corporate customers seeking sustainable mobility solutions. Through a strategic focus on its flagship luxury models, the P7 and G9, complemented by future expansion efforts, XPeng can optimize its profitability while consolidating its brand equity.

5.4 Distribution strategy for the German BEV market

With the business model in place, an effective distribution strategy is developed. XPeng benefits from established logistics for shipping cars from China to Europe, leveraging its entries into Sweden, Norway, Denmark, and the Netherlands. As XPeng already has partners shipping cars, existing contracts need to be renegotiated in terms of volumes and prices while also considering new partners that can offer better prices and services.

For distribution within Germany, XPeng should adopt a dual-channel approach, encompassing both online sales and dealerships. While online sales are growing, traditional dealerships remain important among German consumers. By strategically positioning itself across these channels, XPeng can maximize market reach and accessibility for its BEVs. For dealerships, XPeng must partner with premium dealerships, located in urban areas (cities with over 100,000 inhabitants) and specialized in BEVs, to cater to its target customers and ensure a premium brand experience. Comprehensive support and training must be provided to dealerships to ensure alignment with XPeng's brand image and objectives. In parallel, XPeng must tailor its website to German consumers, to offer a seamless and immersive buying experience with detailed information about XPeng's models, emphasizing sustainability, innovation, and performance.

Executing this strategy ensures that XPeng caters to its target customers, showcases its unique value proposition and guarantees consistent brand alignment across Germany, establishing a strong market position.

5.5 Marketing and promotion strategy for the German BEV market

To increase XPengs reach and visibility, a comprehensive marketing and promotion strategy is needed. This chapter outlines the framework for XPeng's entry, including marketing objectives and strategies, promotional initiatives, and performance metrics.

Marketing objectives

Aligned with the KSFs identified, XPeng's marketing strategy focuses on three core objectives: developing brand image, fostering consumer trust, and driving sales growth. The main goals within these pillars are:

- **Increase Brand Awareness:** Achieve a brand recognition rate of 75% among target consumers within the first 6 months.
- **Build Consumer Trust:** Attain a 90% customer satisfaction rating within the first year.
- **Increase Sales Growth:** Achieve a 3% market share by the end of 2025.
- **Establish a Strong Dealership Network:** Secure partnerships with 120 dealerships by 2026.
- **Enhance Online Presence:** Increase website traffic by 50% and social media engagement by 75% within the first 6 months.

Marketing strategies

To achieve these objectives XPeng must implement a set of targeted marketing strategies:

- **Utilize Traditional Advertising Campaigns:** The target customers of XPeng are middle-class urban professionals predominantly found in an age group, where social media is not the main consumed medium (Statista, 2023c). Therefore, traditional advertising methods like billboard advertising and TV marketing are important to connect with them on a personal level and effectively market the products. Overall, it enhances customer engagement, contributing to increased brand awareness and sales growth.
- **Create a Website adapted to German consumer preferences:** XPeng must develop a website tailored to the preferences of its target customers presenting the unique value proposition. Additionally, it must be equipped with personalized features enhancing customer experience and facilitating communication. The website serves as a centralized platform for all marketing efforts as it is directly influenced by XPeng. It strongly contributes to improved brand perception, increased customer engagement, and higher conversion rates, ultimately leading to improved sales.
- **Leverage Video Marketing:** Video content plays a crucial role in XPeng's marketing strategy, including virtual showroom experiences, testimonials, and instructional content. It is highly engaging and effective in building trust and credibility with potential customers resulting in improved conversion rates and higher sales.

- **Leverage Social Media Marketing:** Social media is not the most consumed medium among target customers, but it is growing (Statista, 2023d). Therefore, active engagement on social media platforms is recommended to gain visibility and reach in the market. By sharing stories, promotions, and expert content, XPeng can improve brand awareness, and strengthen customer relationships fostering loyalty and advocacy for the brand.
- **Utilize Reviews for Trust Building:** After selling the first cars, leveraging positive first experiences is important to build trust. They also enhance XPeng's reputation, boost customer confidence, and improve conversion rates.

Overall, implementing these targeted marketing strategies helps XPeng to establish a strong presence in the German BEV market. They effectively engage target consumers, build trust, and drive sales growth achieving the marketing objectives.

Promotional Activities and Incentives

Promotional activities and incentives serve as essential components, to increase sales and enhance brand visibility. This includes a range of limited-promotional activities, mandatory incentives to support BEV adoption in Germany, and volume discounts for dealerships.

Time-limited promotional incentives, like discounts, special financing options, and free service packages create added value for consumers, encouraging them to take advantage of exclusive offers. By creating a sense of urgency and exclusivity, XPeng can generate immediate sales momentum and maintain interest in its offerings. Furthermore, XPeng needs to align with prevailing practices in the industry, like offering an additional €1,500 incentive in response to the government's recent cuts to subsidies for BEV adoption. Adhering to this standard and subsidizing a portion of the incentive strengthens XPeng's competitive position and appeal to consumers in Germany. In addition, offering volume discounts on bulk orders to dealership partners incentivizes dealers to actively promote and sell its vehicles enabling greater market reach. These partnerships not only encourage the provision of larger stocks but also contribute to the expansion of XPeng's dealer network and strengthen the company's status as a major player in the market.

In conclusion, promotional activities and incentives play a crucial role in the marketing strategy enabling XPeng to effectively target consumers, drive sales growth and consolidate its position as a strong competitor in the industry.

Measurement and Evaluation

KPIs track the effectiveness of marketing and promotion strategies. Regular analysis helps to assess campaign performance, identify areas for improvement, and optimize marketing strategies. The KPIs include:

- **Increase Brand Awareness:** Surveys to track brand awareness levels.

- **Build Consumer Trust:** Customer feedback systems to monitor satisfaction scores.
- **Increase Sales Growth:** Monthly sales figures and market share percentage.
- **Establish Strong Dealership Network:** Number of dealership agreements and locations.
- **Enhance Online Presence:** Website analytics and social media metrics.

By continuously monitoring these KPIs, XPeng can further refine its marketing strategies giving XPeng the opportunity to effectively build its brand image, gain the customer's trust and drive sales.

5.6 Sales and pricing strategy for the German BEV market

The next step is the development of a comprehensive sales and pricing strategy based on identified target customer segments and XPeng's overarching value proposition. To position XPeng's luxury sedan and SUV effectively, emphasis should be placed on their unique selling points, showcasing competitive advantages over other offerings in the market.

Adopting a value-based pricing approach that reflects the perceived value of XPeng's vehicles in the German market is imperative. However, prices have to be competitive and profitable. To attract a broader audience and offer customers superior technology, performance and quality at affordable prices, XPeng should position itself in the range of €40,000 to €60,000 as a premium yet attainable option with the most expensive versions being placed slightly above that. The specific prices for each of the models' specifications for upfront purchases and leasing options are shown in **Table 2**.

Table 2: Pricing for regular sales and leasing of all five XPeng models for market entry into Germany

| Model | Specification | Prices | Leasing rate | Down payment |
|-------|--------------------|-------------|--------------|--------------|
| P7 | RWD Long Range | € 49.990,00 | € 549,89 | € 4.990,00 |
| | AWD Performance | € 59.990,00 | € 689,89 | € 4.990,00 |
| | Wing Edition | € 69.990,00 | € 839,88 | € 4.990,00 |
| G9 | RWD Standard Range | € 57.600,00 | € 633,60 | € 5.760,00 |
| | RWD Long Range | € 61.600,00 | € 708,40 | € 5.760,00 |
| | AWD Performance | € 69.600,00 | € 835,20 | € 5.760,00 |
| G6 | RWD Standard Range | € 42.990,00 | € 472,89 | € 4.290,00 |
| | RWD Long Range | € 47.990,00 | € 551,89 | € 4.290,00 |
| | AWD Performance | € 51.990,00 | € 623,88 | € 4.290,00 |
| P5 | RWD Standard Range | € 44.990,00 | € 494,89 | € 4.490,00 |
| | RWD Long Range | € 49.990,00 | € 574,89 | € 4.490,00 |
| | AWD Performance | € 54.990,00 | € 659,88 | € 4.490,00 |
| G3i | RWD Standard Range | € 34.990,00 | € 384,89 | € 3.490,00 |
| | RWD Long Range | € 39.990,00 | € 459,89 | € 3.490,00 |
| | AWD Performance | € 44.990,00 | € 539,88 | € 3.490,00 |

To sell its vehicles, establishing a robust network of dealerships across key cities and regions in Germany is crucial. A dual-channel sales approach, incorporating both online sales through XPeng's website and offline sales at dealership locations best accommodates customers' preferences. Prioritizing customer satisfaction and retention is integral to the sales strategy, with a focus on delivering exceptional pre- and post-sale experiences. Dealership staff should be trained to provide knowledgeable and

personalized assistance to customers, guiding them through the purchasing process. In addition, implementing customer feedback mechanisms allows for continuous improvement of the sales and purchasing experience. Lastly, providing robust after-sales service is key, including maintenance, repairs, and warranty services. Integrating these aspects ensures that customers receive ongoing support post-purchase, enhancing brand loyalty.

After defining the target customer, working out the value proposition, setting the price and specifications of the product offering and determining the sales channels, the next step is to set sales targets for the next five years. First, the BEV sales in the sedan and SUV segment in Germany are forecasted (**Table 3**) using the projected market share of SUVs and sedans. (Statista, 2023b)

Table 3: Sales forecast for the SUV and sedan segment in the German BEV market from 2024 to 2028

| Period | 2024 | 2025 | 2026 | 2027 | 2028 |
|----------------------|----------------|----------------|----------------|----------------|----------------|
| BEV sales in Germany | 606.300,00 | 716.700,00 | 847.200,00 | 1.001.000,00 | 1.184.000,00 |
| Share of SUVs | 29,3% | 29,5% | 29,3% | 28,7% | 29,4% |
| SUV sales | 177.646 | 211.427 | 248.230 | 287.287 | 348.096 |
| BEV sales in Germany | 606.300,00 | 716.700,00 | 847.200,00 | 1.001.000,00 | 1.184.000,00 |
| Share of Sedans | 19,5% | 18,9% | 18,3% | 18,3% | 18,4% |
| Sedan sales | 118.229 | 135.456 | 155.038 | 183.183 | 217.856 |

Then, the sales forecast for XPeng is calculated (**Table 4**). The total market share is estimated on the basis of the target market share of 3% in both the SUV and sedan segment by 2025. Starting from 0.5% in 2024, it is assumed that XPeng's market share will grow by 1% per year. This results in a share of 4.5% in 2028, which rivals that of Hyundai making XPeng a key competitor.

Table 4: Sales forecast from 2024 to 2028 for XPeng in the German BEV market

| Period | 2024 | 2025 | 2026 | 2027 | 2028 |
|--------------------------|--------------|---------------|---------------|---------------|---------------|
| XPeng total market share | 0,5% | 1,5% | 2,5% | 3,5% | 4,5% |
| XPeng total sales | 3.032 | 10.751 | 21.180 | 35.035 | 53.280 |

Considering the larger share of SUV sales, it is assumed that 60% of XPengs sales are attributable to this segment and the remaining 40% to the sedan segment. Multiplying this share by total XPeng sales gives the sales in each segment.

Given the customer need for leasing, both segments are split between leasing and regular sales. The share of leasing is assumed to be 40% as this share is currently present in the German automotive market (LMMagazin, 2023).

Starting with the SUV segment, the leasing sales are forecasted first (**Table 5**). The number of leasing sales is calculated by multiplying the 40% leasing share with total sales in the segment. Then, the median lease instalment and down payments are calculated based on the assumed model and variant shares (see **Appendix**). In the SUV segment, sales start with the G9 extending to the G6 in 2025 and G3i in 2026. As the G6 and G3i are mass market models, their respective shares are higher. Finally, multiplying the

monthly leasing instalments by an average term of 36 months and the amount of leasing sales by the average down payment gives the leasing turnover in the SUV segment for XPeng over the five-year period.

After that, the regular sales are calculated. The shares of models and variants are equal to the leasing sales. However, as regular sales require the customer to pay the full price upfront, the median price of the models sold in each year is calculated. Multiplying the unit sales by the median price results in the total revenue.

Table 5: SUV segment sales forecast including leasing and regular sales from 2024 to 2028

| Period | 2024 | 2025 | 2026 | 2027 | 2028 |
|---------------------------------|------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| Share of SUVs | 60% | 60% | 60% | 60% | 60% |
| SUV sales | 1.819 | 6.450 | 12.708 | 21.021 | 31.968 |
| SUV market share | 1,0% | 3,1% | 5,1% | 7,3% | 9,2% |
| SUV leased cars | 728 | 2580 | 5083 | 8408 | 12787 |
| Share of model G9 | 50,0% | 40,0% | 35,0% | 30,0% | 25,0% |
| Share of model G6 | 50,0% | 60,0% | 55,0% | 45,0% | 40,0% |
| Share of model G3i | 0,0% | 0,0% | 10,0% | 25,0% | 35,0% |
| SUV median leasing rate | 600,18 € | 573,92 € | 569,67 € | 569,86 € | 565,61 € |
| SUV median leasing down payment | 4.625,00 € | 4.398,00 € | 4.364,50 € | 4.371,00 € | 4.337,50 € |
| SUV leasing sales | 6.421.645,18 € | 34.356.864,17 € | 79.944.259,76 € | 171.509.077,30 € | 304.999.929,56 € |
| SUV regular sales | 1.091 | 3.870 | 7.625 | 12.613 | 19.181 |
| Share of model G9 | 100,0% | 50,0% | 30,0% | 25,0% | 20,0% |
| Share of model G6 | 0,0% | 50,0% | 60,0% | 50,0% | 45,0% |
| Share of model G3i | 0,0% | 0,0% | 10,0% | 25,0% | 35,0% |
| SUV median price | 62.000,00 € | 54.645,00 € | 50.923,00 € | 49.017,50 € | 47.502,00 € |
| SUV sales in € | 67.663.080,00 € | 211.485.986,10 € | 388.277.690,40 € | 618.238.120,50 € | 911.126.361,60 € |

Sales in the sedan segment are calculated equivalently (**Table 6**). The difference lies in the models being sold. For sedans, sales start with the P7 extending to the P5 in 2026. In addition, the breakdown between the individual model variants is slightly different for the P7, as the Wing Edition is the most premium variant available for all XPengs models resulting in a lower overall share due to its price (see **Appendix**).

Table 6: Sedan segment sales forecast including leasing and regular sales from 2024 to 2028

| Period | 2024 | 2025 | 2026 | 2027 | 2028 |
|-----------------------------------|------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| Share of Sedans | 40% | 40% | 40% | 40% | 40% |
| Sedan sales | 1.213 | 4.300 | 8.472 | 14.014 | 21.312 |
| Sedan market share | 1,0% | 3,2% | 5,5% | 7,7% | 9,8% |
| Sedan leased cars | 485 | 1720 | 3389 | 5606 | 8525 |
| Share of model P7 | 100,0% | 100,0% | 90,0% | 75,0% | 60,0% |
| Share of model P5 | 0,0% | 0,0% | 10,0% | 25,0% | 40,0% |
| Sedan median leasing price | 677,89 € | 677,89 € | 668,54 € | 654,51 € | 640,49 € |
| Sedan median leasing down payment | 4.990,00 € | 4.990,00 € | 4.940,00 € | 4.865,00 € | 4.790,00 € |
| Sedan leasing sales | 4.721.960,68 € | 26.521.025,69 € | 61.864.891,65 € | 127.699.619,26 € | 225.720.985,22 € |
| Sedan regular sales | 728 | 2.580 | 5.083 | 8.408 | 12.787 |
| Share of model P7 | 100,0% | 100,0% | 90,0% | 75,0% | 60,0% |
| Share of model P5 | 0,0% | 0,0% | 10,0% | 25,0% | 40,0% |
| Sedan median price | 55.990,00 € | 55.990,00 € | 55.340,00 € | 54.365,00 € | 53.390,00 € |
| Sedan sales in € | 40.736.084,40 € | 144.460.918,80 € | 281.304.288,00 € | 457.122.666,00 € | 682.708.608,00 € |

In the last step, the sales in both segments are added. As can be seen in **Table 7**, the sales trend results in revenues from €120 million in 2024 to €2.1 billion in 2028.

Table 7: Total sales forecast for XPeng in Germany from 2024 to 2028

| Period | 2024 | 2025 | 2026 | 2027 | 2028 |
|-------------------------|-------------------------|-------------------------|-------------------------|---------------------------|---------------------------|
| SUV leasing sales | 6.421.645,18 € | 34.356.864,17 € | 79.944.259,76 € | 171.509.077,30 € | 304.999.929,56 € |
| SUV sales in € | 67.663.080,00 € | 211.485.986,10 € | 388.277.690,40 € | 618.238.120,50 € | 911.126.361,60 € |
| Sedan leasing sales | 4.721.960,68 € | 26.521.025,69 € | 61.864.891,65 € | 127.699.619,26 € | 225.720.985,22 € |
| Sedan sales in € | 40.736.084,40 € | 144.460.918,80 € | 281.304.288,00 € | 457.122.666,00 € | 682.708.608,00 € |
| Total sales in € | 119.542.770,27 € | 416.824.794,76 € | 811.391.129,81 € | 1.374.569.483,06 € | 2.124.555.884,38 € |

By leveraging this information, XPeng can develop realistic sales targets and quotas for both sales channels (**Table 8**). This is essential for guiding the dealerships and ensuring alignment with business objectives.

In view of the increasing share of online sales, the sales targets for each year have been calculated accordingly. Currently the share of dealership sales stands at 90%. As 30% of customers are willing to purchase cars online, it is assumed that within the next five years the share of online sales will grow, reaching 20% by 2028. This reflects changing consumer preferences and the increasing importance of online channels in automotive retail. Furthermore, in line with XPeng's expansion strategy starting with 12 dealers in 2024 and expanding to 60 dealers by 2026, the sales targets for each dealership are derived serving as KPIs to measure their performance.

Table 8: Target sales and quotas for both sales channels and per dealership

| Period | 2024 | 2025 | 2026 | 2027 | 2028 |
|-----------------------------|--------------|--------------|---------------|---------------|---------------|
| Share of online sales | 10% | 12% | 15% | 18% | 20% |
| Online sales | 303 | 1.290 | 3.177 | 6.306 | 10.656 |
| Share of dealership sales | 90% | 88% | 85% | 82% | 80% |
| Dealership sales | 2.728 | 9.460 | 18.003 | 28.729 | 42.624 |
| Number of dealerships | 12,00 | 35,00 | 60,00 | 80,00 | 100,00 |
| Sales per dealership | 227 | 270 | 300 | 359 | 426 |

To reach the target outlined above, effective marketing strategies and tactics for both channels are needed (**Chapter 5.5**). Strategies include marketing campaigns, promotional offers, and personalized sales experiences tailored to the preferences of German consumers. Additionally, establishing strong relationships with dealerships and leveraging their expertise in the local market enhances XPeng's sales efforts.

Finally, monitoring and evaluating sales performance using unit sales, revenue, market share, dealer performance, and customer satisfaction metrics as KPIs is essential for assessing the effectiveness of the sales strategy. Regular monitoring enables the identification of areas for optimization and allows for adjustments to pricing strategies, promotional tactics, and sales processes to maximize revenues and market penetration.

5.7 Financial benefits in the first 5 years of entering the German BEV market

This chapter puts the financial benefits calculated in the last chapter into perspective. **Figure 27** shows XPeng's forecasted revenues in 2028 compared to its main competitors assuming no changes in market share over the next 5 years and growth at market growth rate of 18%. It is observed, that each of the competitors has a higher total turnover than XPeng due to being well established in the market. However, XPeng is placed as a contender, generating just over €2bn. For comparison, this is roughly the turnover that Hyundai generates today. Tesla, VW, BMW, Mercedes and Audi are expected to earn between €6bn and €10bn annually, while Hyundai is expected to earn €3.5bn in 2028. In order to further grow and challenge the main players after 2028, it is necessary to switch from FDI allowing XPeng to increase sales at a higher rate. Therefore, planning for a production facility in Europe should start at that time.

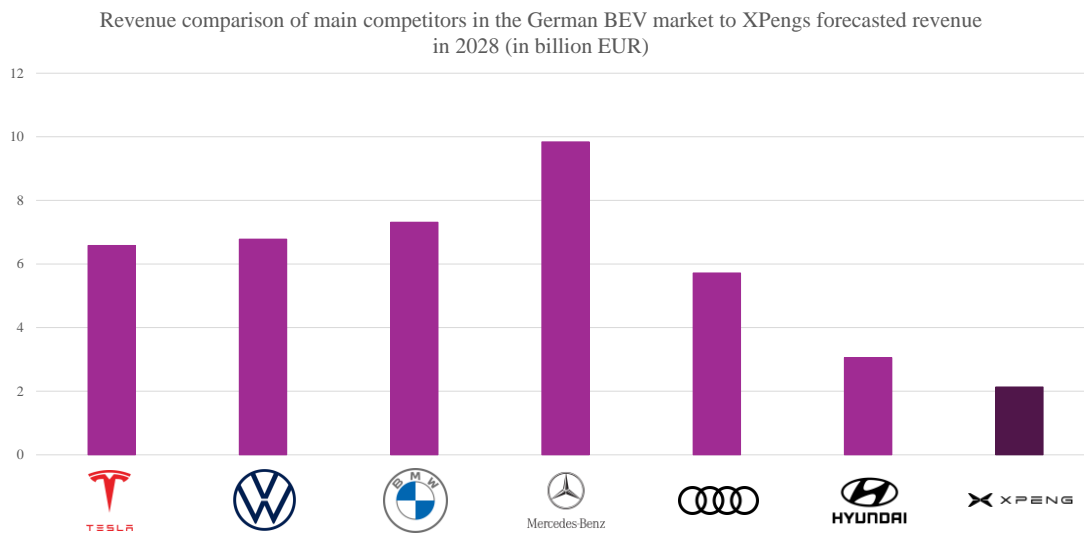


Figure 27: 2028 revenue comparison of main competitors in the German BEV market to XPengs forecasted revenue

Additionally, comparing XPeng's revenue in 2028 with its current revenue, it is observed that sales in Germany would account for a 50% increase from €4bn to €6bn. Such a high percentage of sales outside of China is very strong, considering that Tesla has a similar percentage of 35% of sales outside the US and XPeng has not yet entered markets such as France or the UK. However, this share makes sense, because Tesla does not have the same competition in the US as XPeng does in China within the BEV market. That is why the most attractive growing opportunities for XPeng lie within international expansion.

6. Implementation of the market entry strategy

Having developed the overall strategy to enter the German market, this chapter outlines the action plan comprising eight high-level actions, guiding XPeng through the processes of regulatory compliance, distribution network establishment, dealership partnerships, and after-sales support. Additionally, risks and contingencies associated with this market entry are discussed, highlighting potential challenges and mitigation strategies.

6.1 Action plan

To implement the strategy, eight high level actions are needed (**Figure 28**). Following this action plan allows XPeng to successfully start its entry into the German BEV market and establish a strong presence.

The first step involves establishing a legal entity in Germany to enhance the compliance process and operational efficiency. XPeng must obtain all required certificates for selling vehicles in Germany, relating to safety, environmental standards and technical norms. Additionally, it is crucial to comply with data protection and cybersecurity regulations, import regulations and customs duties, and to adapt to warranty and consumer protection laws.

The second step involves building the distribution network to deliver cars from China to Germany. XPeng can leverage its existing logistics delivering cars to other European countries. Additionally, XPeng should consider other logistics companies that specialize in car exports and offer better prices and volumes. Furthermore, setting up a central warehouse or using third-party providers for inventory management and distribution is necessary.

The third step involves building partnerships with established dealerships to ensure effective sales through this channel. This includes identifying, selecting and contracting dealerships as well as offering training programs for the dealers' staff to ensure expertise about XPeng and its products to provide excellent customer service. It also enables dealers to develop effective marketing and promotional materials for XPengs vehicles.

In step four XPeng must build an effective customer service network. This includes partnering with existing automotive service providers to offer maintenance and repair services, as well as comprehensive warranty and roadside assistance programs to ensure customer satisfaction.

Once this has been established, XPeng can begin building brand awareness and increasing demand for its vehicles. This includes the creation and launch of content for the various marketing channels.

In the sixth step, the sales operation is launched implementing the developed sales plan of **Chapter 5.6**. To support sales, a robust CRM system must be implemented to manage customer relationships and ensure personalized service.

Step seven aims to provide exceptional customer service, building trust and loyalty. This involves utilizing the established customer service network to promptly manage enquiries, complaints and support requests and provide other services, including maintenance and repairs.

The last step is monitoring and continuous improvement to track performance and adjust strategies based on feedback. It is crucial to implement a system to collect and analyze customer feedback and market data to identify areas for improvement and regularly review sales performance and market trends to adjust strategies as needed.

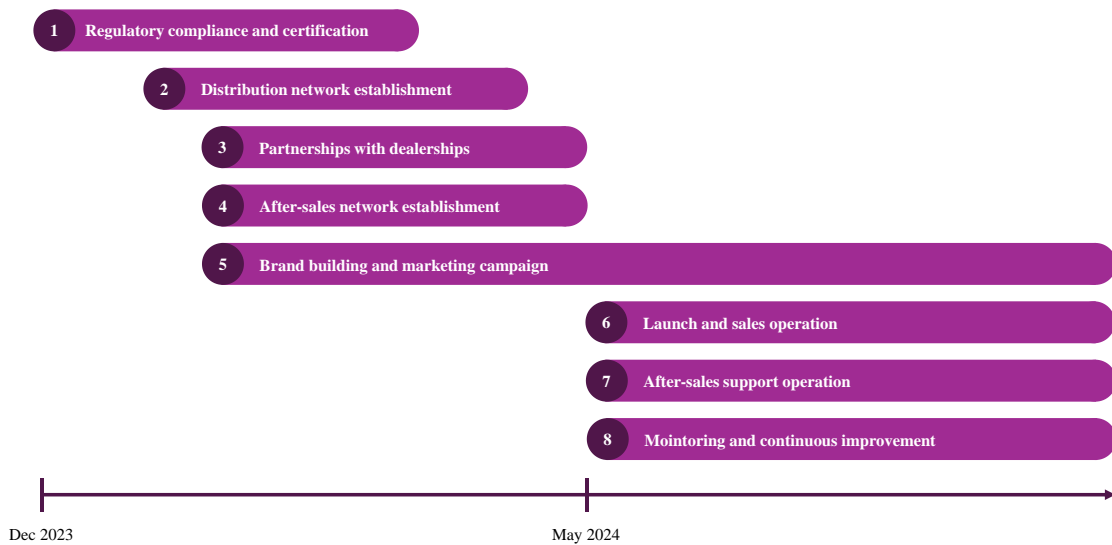


Figure 28: High-level action plan for XPeng's market entry into the German BEV market

6.2 Risks and contingencies when entering the German BEV market

Implementing the market entry strategy developed by following the steps of the action plan enables XPeng to establish itself as a major player in the German BEV market. However, this entry involves certain risks that must be considered. Understanding the impact and probability of each risk and planning contingencies is crucial. **Figure 29** shows the probability-impact matrix, containing five identified main risks. In addition, the residual matrix is shown, considering the selected contingency measures.

The first risk is consumer perception and trust. German consumers may be reluctant to buy XPeng vehicles, due to quality and reliability concerns and general consumer skepticism towards Chinese cars. To mitigate this, XPeng must invest in building credibility through transparent communication, quality assurance and exceptional customer service. Leveraging the VW partnership, selecting reputable dealers and running targeted marketing campaigns is crucial.

The second risk is the German charging infrastructure. Despite plans to build a comprehensive charging network, the reality might differ hindering BEV adoption. To mitigate this risk, XPeng should focus on increasing charging speed and ensuring competitive ranges for its BEVs.

The third risk involves rising import duties and tariffs. This risk arises from the chosen method of exporting potentially impacting XPeng's cost structure and profitability. A thorough analysis of the financial impact of these tariffs is needed. Building a production facility in Europe and engaging in trade agreement negotiations that favor BEV imports are mitigation solutions.

The fourth risk is reluctance from dealerships to partner with a Chinese brand. Offering attractive conditions, incentives, training, marketing support and performance guarantees can mitigate this. Additionally, XPeng should initially focus on building relationships with innovative and forward-thinking dealers who are more willing to adopt a new brand.

The fifth risk is maintaining high service quality and consistency across dealerships and service centers. XPeng should implement training programs for all partners and introduce clear service standards and regular audits to ensure compliance. Utilizing customer feedback to continuously improve service quality is essential.

To summarize, all risks are in the medium or high-risk areas of the matrix. The risks related to consumer perception and import duties are the two risks that require the most attention. By realizing the above contingencies, both risks can be moved into the medium risk area by reducing the likelihood or impact. In addition, the other three risks are shifted into the low-risk range. Following the proposed actions will allow XPeng to control these risks if they materialize, but all five need further monitoring.

| | | | Impact | | | | |
|-------------|-----------|---|----------|-----|--------|------|-----------|
| | | | Very Low | Low | Medium | High | Very High |
| | | | 1 | 2 | 3 | 4 | 5 |
| Probability | Very High | 5 | | | | 1 | |
| | High | 4 | | | | | |
| | Medium | 3 | | 2 | 5 | 3 | |
| | Low | 2 | | | 4 | | |
| | Very Low | 1 | | | | | |

| | | | Impact | | | | |
|-------------|-----------|---|----------|-----|--------|------|-----------|
| | | | Very Low | Low | Medium | High | Very High |
| | | | 1 | 2 | 3 | 4 | 5 |
| Probability | Very High | 5 | | | | | |
| | High | 4 | | | | | |
| | Medium | 3 | 2 | | 1, 3 | | |
| | Low | 2 | | | 5 | | |
| | Very Low | 1 | | | 4 | | |

Figure 29: Impact-Probability Matrix (top) and residual risk matrix considering contingencies

7. Conclusion

The aim of this thesis was to develop a comprehensive market entry strategy for XPeng into the German BEV market, including the mode of entry, business model, distribution, marketing and sales strategies to establish XPeng as a strong competitor, reaching a market share of 3% in both the SUV and sedan segment by 2025 and continuing to grow in the years thereafter.

In 2023, XPeng decided to enter the German market in 2024 as part of its international expansion strategy. As the third largest BEV market in the world, Germany presents an attractive target for market entry. A favorable macroeconomic environment with rising GDP and low interest rates, a committed government offering subsidies and incentives for BEVs, the expansion of a nationwide charging network and the increasing environmental awareness of consumers all contribute to this attractiveness.

Conducting an external analysis of the German BEV market, including market dynamics, consumer preferences, key competitors, regulatory environment and distribution channels, determined the key opportunities and barriers that need to be considered when entering the market. Complementing the external analysis, an internal analysis of XPeng was conducted, covering the company's value proposition, business objectives, product offering, resources and key partnerships, identifying key strengths and weaknesses.

The results of the analysis were summarized in six KSFs, which were defined as the cornerstones of the market entry strategy. These KSFs are price, quality, range and charging speed, brand image and consumer confidence, R&D and IP, and partnerships with high-quality dealerships, which, due to competitive forces and prevailing consumer preferences and needs, are key areas that build on XPeng's strengths and tackle key challenges.

Export was chosen as the mode of entry, primarily due to the low initial investment and the retention of control over operations, despite challenges such as limited distribution control and reliance on intermediaries. A substantial presence can be established through exporting, but once sales volumes justify the costs, building a manufacturing facility is crucial (FDI), allowing for full operational control, higher sales, profit margins, and customization to local preferences.

The business model developed includes XPeng's customized value proposition of 'Providing affordable, innovative, high-quality vehicles with the most advanced technology and safety features' for the urban middle class and commercial fleet operators who value sustainability, innovation and affordability. In addition, XPeng is set to enter the market with its two flagship models P7 (sedan) and G9 (SUV), followed by the launch of the more affordable G6 models in 2025 and G3i and P5 in 2026 to increase market reach and boost sales.

The vehicles are delivered to Germany via the existing logistics network, which already delivers cars to other European countries such as Sweden, Denmark and the Netherlands. In addition, a dual-channel approach is being pursued for sales, in which online sales are combined with traditional retail. In terms of retailer partnerships, the focus is on premium retailers in urban areas to ensure a high-quality brand experience.

To increase brand awareness, build consumer confidence and drive sales, a range of marketing channels is utilized tailored to the target customers, including traditional television and billboard advertising, a website tailored to German consumers, video marketing, social media and positive reviews. This is complemented by promotional activities such as limited time promotions for consumers and volume discounts for retailers.

To drive sales, a value-based pricing approach in the €40,000 to €60,000 range is adopted to offer superior technology and performance at affordable prices and support the value proposition. Sales are split between dealers and the brand's website. As part of the sales strategy, there is an additional focus on providing exceptional pre- and post-sales experiences to improve customer satisfaction and build brand loyalty.

This strategy leads to an expected turnover of over €2 billion by 2028 and positions XPeng as a significant competitor in the German BEV market with a share of 4.5%. In addition, this strategy achieves the goal of reaching a market share of 3% in both the SUV and sedan segment by 2025. In order to further increase sales and market penetration after 2028, planning for a production facility in Europe must begin at this time.

To implement the developed strategy and entering the German BEV market, next steps start with regulatory compliance and certification, including establishing a legal entity in Germany and obtaining the necessary certifications for vehicle sales. This is followed by setting up the distribution network, including logistics for shipping vehicles to Europe and establishing a central warehouse or using third-party providers for inventory management. This is complemented by the contracting of established dealerships and further development of a customer service network. With all this in place, XPeng can begin to publicize the brand using the marketing strategies described. The sales department then begins to implement the developed sales plan. Further actions include providing exceptional customer service utilizing the customer service network and overall monitoring and continuous improvement of operations based on customer feedback and market data.

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9. Appendix

| | | | | |
|--|---|---|--|--|
| Key partners <ul style="list-style-type: none"> - Distributors - Dealerships - Industry (VW) - Financial institutions and investors - Governments and regulatory bodies | Key activities <ul style="list-style-type: none"> - Sales and marketing - After-sales service - Distribution and dealership network management | Unique Value proposition <ul style="list-style-type: none"> - Advanced electric vehicle technology (Range, charging, and ADAS) - Intelligent driving assistance (ADAS) - Smart connectivity (XmartOS) - Design and comfort - Affordability Provide affordable, innovative, high-quality vehicles with the most advanced technology and safety features | Customer relationships <ul style="list-style-type: none"> - Personalized communication - Customer support - Community engagement - Feedback - After-sales service | Customer segments <ul style="list-style-type: none"> - Middle-class - Urban professionals - Environmentally conscious consumers - Tech-savvy consumers - Commercial fleet operators - Early adopters |
| | Key resources <ul style="list-style-type: none"> - Manufacturing facilities - Talent - Financial capital - Supply Chain | | Channels <ul style="list-style-type: none"> - Direct-sales (Online) - Dealerships - After-sales Service | |
| Cost structure <ul style="list-style-type: none"> - Share of dealerships - Labor - Marketing and advertising - Logistics and distribution | | Revenue streams <ul style="list-style-type: none"> - Vehicle sales - Leasing options - After-sales service - Software and technology upgrades | | |

Figure 30: XPeng's lean business canvas for market entry into Germany

| Assumptions | | | |
|-----------------------|-------------------------|--------------|----------------|
| Model introduction | P7 | 2024 | |
| | G9 | 2024 | |
| | G6 | 2025 | |
| | P5 | 2026 | |
| | G3i | 2026 | |
| Leasing details | Duration in months | 36 | |
| | Share of overall sales | 40% | |
| | Car value after leasing | 50% | |
| Share of P7 variants | | Sales | Leasing |
| | RWD Standard Range | 50% | 30% |
| | RWD Long Range | 40% | 50% |
| | AWD Performance | 10% | 20% |
| Share of G9 variants | RWD Standard Range | 30% | 20% |
| | RWD Long Range | 50% | 50% |
| | AWD Performance | 20% | 30% |
| Share of G6 variants | RWD Standard Range | 30% | 20% |
| | RWD Long Range | 50% | 50% |
| | AWD Performance | 20% | 30% |
| Share of P5 variants | RWD Standard Range | 30% | 20% |
| | RWD Long Range | 50% | 50% |
| | AWD Performance | 20% | 30% |
| Share of G3i variants | RWD Standard Range | 30% | 20% |
| | RWD Long Range | 50% | 50% |
| | AWD Performance | 20% | 30% |

Figure 31: Assumptions for sales forecast