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A Global China

The Road to Chinese OEMs Expanding Their Sales Overseas

China's automotive industry is expanding at an increasingly rapid pace. Domestic OEMs who have built a strong foothold in major markets such as Europe and the U.S are looking to break ground in new markets like India and Africa. At the same time, newer players are hoping to establish, or expand, their presence in the West.

Regardless of their experience and understanding of the local, or international, automotive landscape, expanding to new markets for both types of OEMs can be equal parts promising and challenging. The strategies and products that could have proven beneficial for domestic OEMs in China may not work well in a broader market like the U.S. Likewise, the tactics that have previously proven successful for larger Chinese OEMs in the U.S. may not translate as well to other regions.

A Global China takes a deep dive into both of these movements, identifying the challenges and opportunities faced by Chinese OEMs wishing to expand. Throughout, it provides key insights into how these OEMs are adapting to new markets while profiling the automakers who expanded successfully. The report works similarly to understand the best business practices for western markets as well as the regulatory, commercial, and technological challenges Chinese OEMs face abroad.

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Key questions answered

- > What are the different strategies that Chinese OEMs are using to expand their footprint outside of China?
- > What are the main barriers to expansion outside China and can Chinese OEMs overcome them?
- > How are Chinese OEMs adapting their offerings and branding in order to successfully appeal to new consumers?

This research supports



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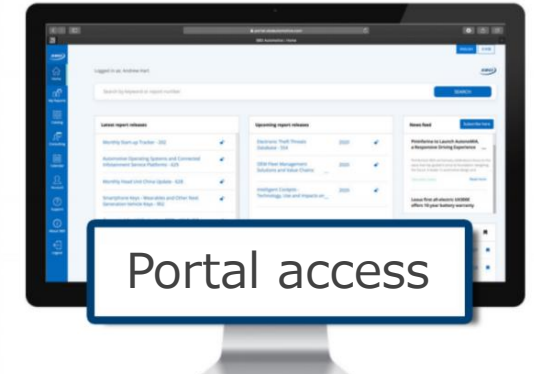
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Example slides from the report



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Chinese OEMs are strongly motivated to sell outside China

Here is a roundup of the key motivations that are pushing Chinese OEMs to explore new alternatives and look for new opportunities in challenging markets like Europe or the US while they have already succeeded in less competitive, developing markets. The fast growth of the new energy vehicles industry in China has radically changed the face of the domestic Chinese sector, and now these companies with new and strong expertise are looking to expand in more quickly changing markets.



New Business Opportunities

The new energy vehicles represent **a big opportunity for Chinese OEMs** that after a slowdown of the domestic market growth, a period of crisis, are looking for **new opportunities to keep the momentum going**.

The generally higher pricing of cars in Europe is another attractive factor that considered the lower production costs in China might give OEMs **opportunity to realize higher margins**.



Brand Image

Proving themselves in a challenging market like Europe can establish a brand name on the global stage, which also gives value in domestic markets.

Also, the strict requirements force each company to push the boundaries in terms of quality and safety.

This is key **to removing the bad reputation for cheap low-quality products** like has happened earlier in the consumer electronics industry.



Product/Service Improvement

Different expectations in a more developed market are also the key to **unlocking innovations and improving both products and services**.

Like companies did when entering the Chinese market, this is an **opportunity for Chinese OEMs to also develop products to cater to a different audience**.

This is important **not only for the product but also for new business models** that might not have been adopted yet in the home country.



Preferential Industry Policy

The **right regulatory environment is crucial** in the choice of a new market.

Chinese OEMs have strategically targeted countries where the sales of EVs was particularly incentivized.

Some examples **are the ASEAN Regional Comprehensive Economic Partnership** which includes tax reduction for vehicles imported and exported.

In Northern European countries such as **Norway, Sweden, and Germany** the numerous incentives for EVs represent an important resource.



Leverage EV Expertise Advantage

In the domestic market, Chinese OEMs have already **managed to capture the largest share of the market** where before foreign companies dominated.

This has given them the **confidence to approach once again developed**, highly competitive markets like Europe.

Along with the strong expertise in EV development, **China also has a fully developed supply chain**, especially for key components like the batteries, for which they control the majority of the global resources.



North America - Detail

The table below lists all Chinese OEMs' presence, models' segments, sizes, powertrains, current status, and future expansion plans (2023-2025) in the region.

OEM Group	Brand	Current			1Expansion			OEM Included in the Profile Section
		Powertrain	Size and Body Type	Countries Entered	Powertrain	Size and Body Type	N of Countries for Planned Expansion	
BAIC	Beijing	ICE	B, C, SUV, Pickup	1				
BYD	BYD	ICE	C, MPV	1	EV	C, D, SUV	1	✓
Changan	Changan	ICE	B, E, SUV	1				✓
Geely	Polestar	PHEV, EV	D, SUV	2-9				✓
JAC	JAC	ICE	A, B, C, D, SUV, Pickup, MPV	1				✓
SAIC	MG	PHEV, ICE	C, D, SUV	1				✓



Europe B-Segment Volume EVs

The table below highlights what CASES+ leading, and competitive offerings look like in this specific region and segment by bringing examples from other B-segment EVs in Europe

	C	A	S	E	S	+
Examples of Leadership 	 HONDA <ul style="list-style-type: none"> Pillar-to-pillar display system for infotainment and instrument cluster with dual 12.3" and 8.8" Wireless Android Auto and Carplay, voice assistant and built-in navigation, and software OTA update 	 CHEVROLET <ul style="list-style-type: none"> Adaptive Cruise Control Enhanced Automatic Emergency Braking Hands-free driving Lane-Centering detecting curves with real-time cameras, sensors, and GPS 	<ul style="list-style-type: none"> Open R link profiles with Android Automotive to manage navigation, radio temperature, apps, and apps driving, ambient lighting, and comfort 	<ul style="list-style-type: none"> EV-specific services charging station information and transaction, other in-vehicle payments Remote charging control 	<ul style="list-style-type: none"> ECU: Secure storage, secure boot, secure execution, secure OTA Electrical architecture: Secure gateway 	<ul style="list-style-type: none"> 3D instrument cluster
Examples of Competitive offering 	<ul style="list-style-type: none"> Built-in connected features, and smartphone duplication Map and software OTA updates 	<ul style="list-style-type: none"> Autonomous emergency braking Lane keeping assist 	 CITROËN <ul style="list-style-type: none"> Up to 3 profiles managing navigation history, contacts, and audio settings 	<ul style="list-style-type: none"> Charging station information 	<ul style="list-style-type: none"> External Interface: Mutual authentication, encrypted communication, secure firewall 	



Developing Countries' Small ICE SUVs Positioning Chessboard

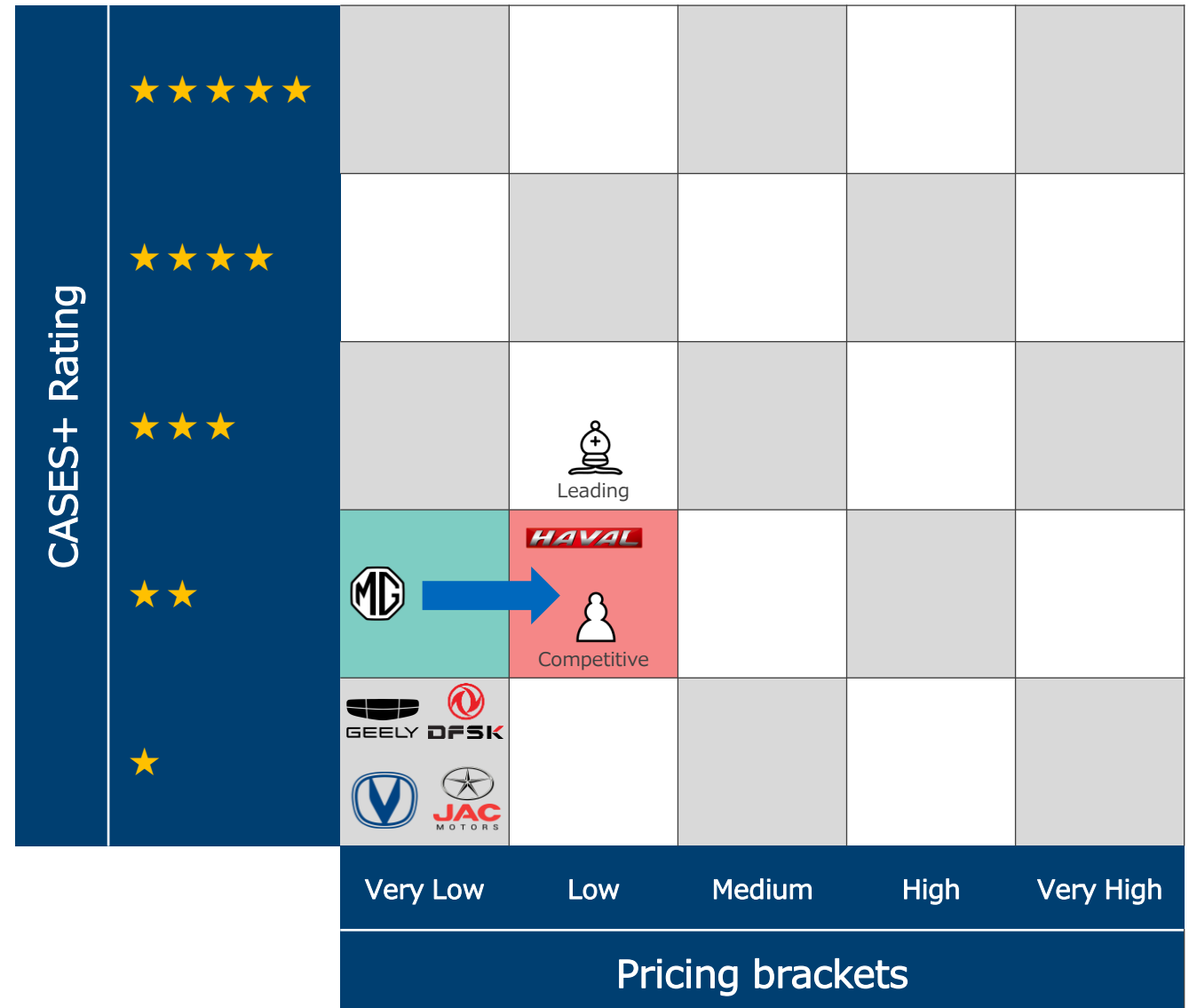
Chessboard Overview

The table on the right displays the positioning of Chinese OEMs compared to the best and competitive offerings from local and other foreign OEMs within the segment.

Positioning is based on CASES+ overall rating shown at the beginning of the section against pricing divided in brackets as Very Low, Low, Medium, High, and Very High.

Insights

- Haval sub-brand of GWM focused on SUVs and Pickup Trucks is one of the most well-known in developing countries, and on average with small SUV models such as Jolion/H2 Haval matches the competitive offering of other OEMs in terms of CASES+ but a slightly lower price.
- A threat to the incumbents is represented by SAIC's GM which scores similarly in CASES+ but offers its smaller SUVs ZS, and ZX at a significantly lower starting price.
- Other brands such as Geely, Changan, JAC, and Dongfeng's DFSK offer compelling and affordable alternatives but with fewer autonomy features and more basic connected features, sometimes lacking services that most expect on modern vehicle's infotainment such as Android Auto and Apple CarPlay.
- Important to note is also that some of these brands (i.e. MG) are also starting to deliver EV models in these regions, even if for now they remain a very small percentage.





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