

## Market Entry Strategy – How to enter the German electric car market as an Asian niche manufacturer?

Every marketplace follows its own rules. The same applies to the German automotive market. That means, even competitive products do not automatically succeed in new geographic markets. The key to a successful and sustainable market development is a consistently elaborated and executed market entry strategy.

### Background

Our client, a medium-sized Asian company, is one of the leading manufacturers of electric cars worldwide. The company's core activities range from research and development to manufacturing and distribution of electric cars. Besides their domestic production facilities, the company operates subsidiaries in China and North America which are the current key markets.

In the course of its globalisation strategy, the company intended to tap the growth potentials within the European market for electric cars, where the brand name is relatively unknown. ANXO MANAGEMENT CONSULTING has been assigned to advice and to support the niche manufacturer along the entire market entry process initially for the German and subsequently for the Austrian and Swiss markets (D-A-CH markets).

### Approach

As it's first step, ANXO conducted a pre-study in order to develop in-depth understanding of the general basic market conditions, customers, competitors and sales potential. Some key aspects of the general basic market conditions comprise the issues of governmental promotion, status quo and development of the infrastructure as well as the diffusion and potential of the propulsion technologies.

A further substantial element of the pre-study was customer perspective. Therefore, our secondary research incorporated the trend of demand for all propulsion types including the applied purchase criteria.

By defining the strategic positioning within the market according to a two-dimensional portfolio considering "price-level" and "range of daily usage" we identified direct competitors and potential customer segments from which we derived the sales potential accordingly.



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On the basis of the gained market insights from the pre-study, we elaborated a market entry strategy. The product features led to specific potential customer segments. The selected target groups within the B2B-sector were companies with fleets and car rental companies as well as city authorities. Within the consumer segment, the relevant target groups were suburban families and customers with a strong focus on healthy lifestyle and sustainability.

As a new player on the D-A-CH markets, our client entered the market with competitive pricing to overcome the lack of brand awareness. As it addressed different customer groups, we differentiated the distribution and service strategy according to the business and customer segment. With respect to the consumer segment, ANXO was successful in winning a big retail service chain for automobile after-sales services as distribution partner.

Another important component of the market entry strategy was the marketing and communication strategy. The activities were focused on internet, PR and sales promotion, with the German website as the central communication instrument. ANXO managed the entire process (selection, briefing and supervising the web agency).

The last step of the market entry strategy included setting up small and efficient marketing and sales organisation for the D-A-CH market. Here, our client benefited from our extensive service portfolio, which includes interim management as well as personnel recruitment.

## Problem, solution and added value

Aligning a market entry strategy requires profound insights into the target market. A reliable local partner may provide valuable benefits as it contributes comprehensive understanding of the local market, a good network to industry experts, agencies and media as well as knowledge of legal, political and cultural conditions.



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