

Volkswagen Group China

Done by





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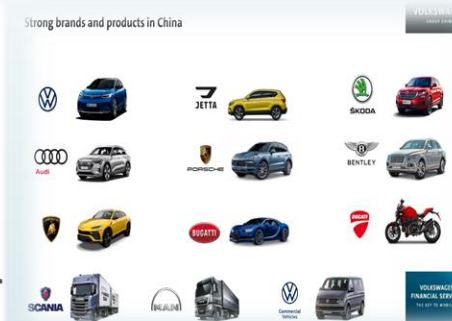
Volkswagen and China



- ▶ First mover advantage
- ▶ Started contact with China in 1978
- ▶ Entered the Chinese market in 1984

Volkswagen Group China

- Largest Manufacturer in China (about 19% market share)
- Biggest Market of the VW Group (more than 50%)
- Biggest Market for Porsche >300k
- 41 production plants in 2021



Number of employees	~100.000
Vehicle sales in units	3.3 mil. (2021)
Operating result	€9.75 bn. (2020)

General Environment

➤ PESTEL

- Political (good trade relations, positive change towards FDI)
- Economical (Increase in GDP and purchasing power, RMB became easier tradeable, rise in FDI)
- Social (booming population, favor domestic brands (shift towards quality))
- Technological (lagged behind the foreign car industry)
- Environmental (lagged behind on regulations concerning pollution etc., “first leap” from 1972 onwards)
- Legal (FDI regulations lifted, heavy tariffs on car imports)

Competitive Environment

Porter's 5 Forces

Threat of new Entrants

Risky investment

High switching costs

High capital requirements

Low

Bargaining Power of suppliers

Suppliers can control prices

High taxes on imports of suppliers

High reliance on suppliers

High

Bargaining Power of Buyers

Few options of cars

High switching costs

High demand

Low

Threat of substitute products and services

Recently started MTR system

High switching costs

Largest bike population in world

High

Rivalry between existing competitors

Few competitors, undeveloped market

High fixed costs

Increasing industry growth rate

Low

Entry mode

- A joint venture provided VW with the perfect mix of lesser risk and a positive stance from the government.
- Domestic suppliers were set up close by
- FDI was further lobbied to the government
- One Model approach
- Sold as taxis to the government

Ownership

Strong brand,
economies of
scale, experience

Location

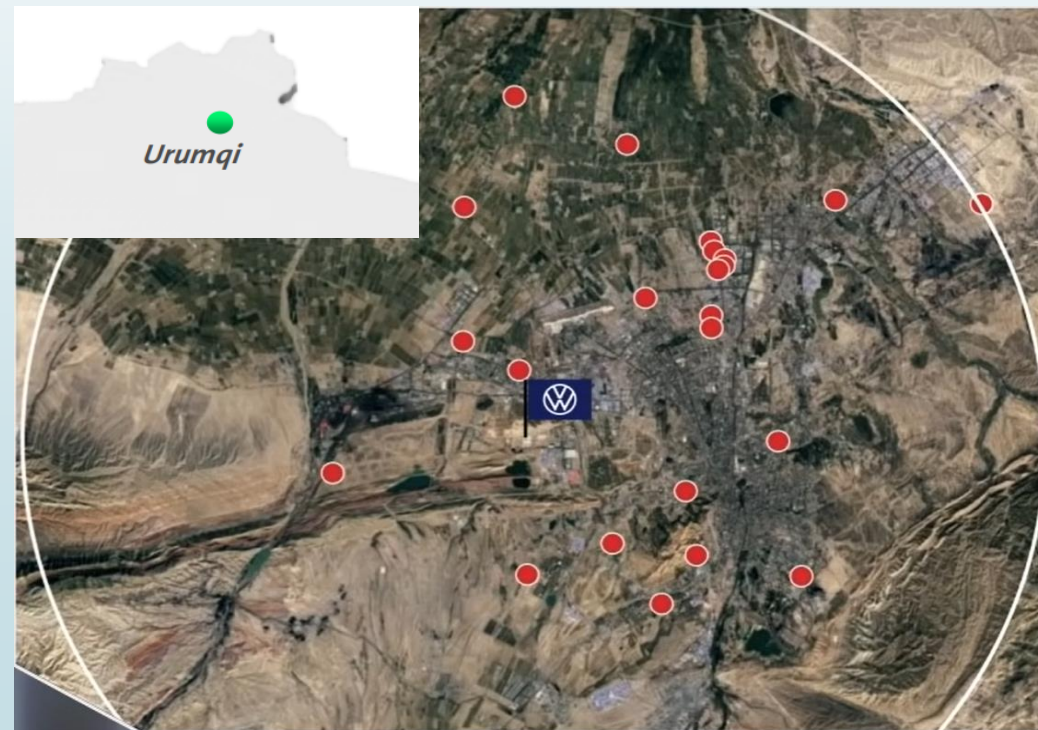
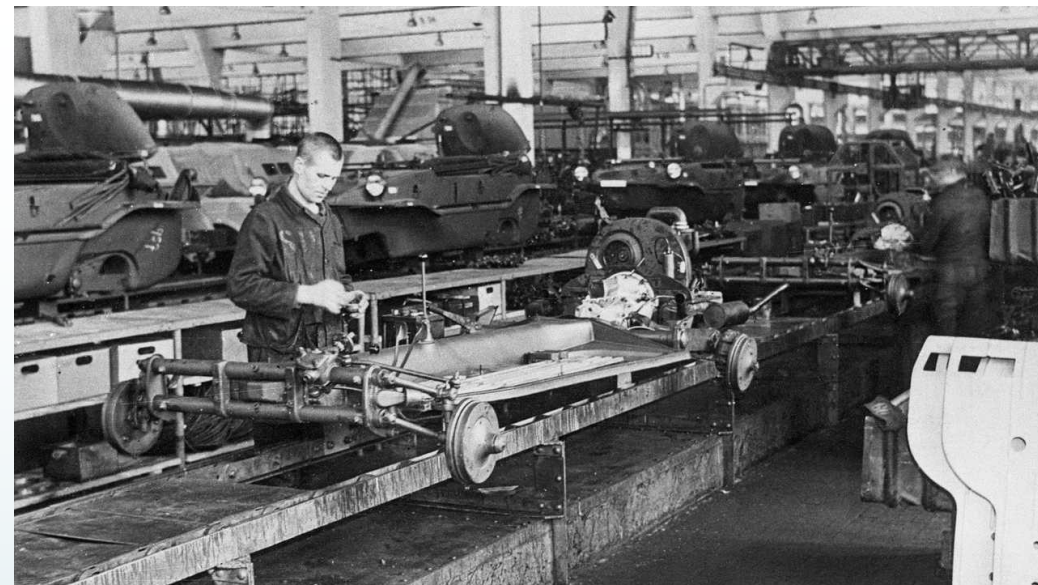
Cheap labor,
huge market,
cheap raw
materials

Internalization





Knowhow and
expertise,
successful foreign
management,

CSR

- Transformation into E-mobility
3 mil. By 2026
- History with CSR is flawed
- Dieselgate
- Forced Labor



Expand NEV footprint in China across all entities using all platforms VOLKSWAGEN GROUP CHINA

	一汽-大众 FAW-VOLKSWAGEN	上汽大众 SAIC VOLKSWAGEN	大众安徽 VOLKSWAGEN ANHUI	Audi FAW NEV Co., Ltd.
MQB 	Bora BEV Golf BEV Tayron PHEV Magotan PHEV	Tharu BEV E-Lavida Tiguan PHEV Passat PHEV		
MLB 	A6L PHEV e-tron ...			
MEB Capa. 900 Tsd. 	ID. Family ...	ID. Family ...	(SOP 2023) ?	
PPE Capa. 300 Tsd. 				(SOP 2024) 