Building Competitive Advantage in a Mature Automotive Market: Strategies for Chinese Original Equipment Manufacturers Entering Germany

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Abstract

Title: Building Competitive Advantage in a Mature Automotive Market: Strategies for Chinese Original Equipment Manufacturers Entering Germany

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This thesis examines how Chinese automotive original equipment manufacturers can build and sustain competitive advantage in the German passenger car market amid the transition toward electric mobility. As one of the most competitive and institutionally demanding automotive markets, Germany represents a critical test case for the internationalization of Chinese OEMs.

The study applies a mixed-methods approach, combining qualitative expert interviews with a quantitative consumer survey. The findings indicate that competitive success cannot be explained by individual factors such as price or technology alone, but rather by the interaction of firm capabilities, market entry strategies, and legitimacy-building mechanisms.

While Chinese OEMs benefit from strengths in battery technology, cost efficiency, and product development speed, these advantages are insufficient without strong operational infrastructure. In particular, after-sales capabilities, including service network coverage, spare parts availability, and warranty reliability, emerge as key drivers of customer adoption. Consumer data confirms that perceived ownership risks represent the primary barrier to purchase intention.

Furthermore, trust and brand credibility are essential to overcome country-of-origin effects and the liability of foreignness. Effective market entry therefore requires not only technological competitiveness but also consistent customer experience, transparent communication, and localized go-to-market strategies. Electrified vehicle segments present the most favorable entry opportunities, although long-term success depends on the ability to adapt to local regulatory and institutional conditions.

Overall, the thesis demonstrates that sustainable competitive advantage in Germany results from the alignment of technological strengths, operational excellence, and trust-building, rather than from isolated strategic levers.

Keywords: Competitive Advantage, Market Entry Strategy, Chinese Automotive OEMs, German Automotive Market, Electric Vehicles (EV), After-Sales Service, Consumer Trust

Generative AI tools (ChatGPT) were used to support selected research and writing tasks, including identifying relevant literature and refining language, spelling, and grammar. All AI-assisted outputs were independently verified, critically reviewed, and adjusted where necessary.

The author acknowledges the limitations of AI systems, including potential bias and inaccuracies. Full responsibility for the content of this thesis remains with the author.

Sumário

Título: Construção de Vantagem Competitiva num Mercado Automóvel Maduro: Estratégias para Fabricantes de Equipamento Original (OEM) Chineses na Entrada no Mercado Alemão

Esta tese analisa como os fabricantes de equipamento original (OEM) chineses do setor automóvel podem construir e sustentar uma vantagem competitiva no mercado alemão de automóveis de passageiros, no contexto da transição para a mobilidade elétrica. Sendo um dos mercados mais competitivos e institucionalmente exigentes da Europa, a Alemanha constitui um teste crítico para a internacionalização destes OEM.

O estudo adota uma abordagem de métodos mistos, combinando entrevistas qualitativas a especialistas com um inquérito quantitativo a consumidores. Os resultados indicam que o sucesso competitivo não pode ser explicado por fatores isolados, como o preço ou a tecnologia, mas resulta da interação entre capacidades internas, estratégias de entrada no mercado e mecanismos de construção de legitimidade.

Embora os OEM chineses beneficiem de vantagens em tecnologia de baterias, eficiência de custos e rapidez no desenvolvimento de produtos, estas são insuficientes sem uma infraestrutura operacional robusta. Em particular, as capacidades de pós-venda — incluindo rede de assistência, disponibilidade de peças e fiabilidade da garantia — revelam-se determinantes para a adoção. Os dados confirmam que os riscos percebidos associados à posse constituem a principal barreira à intenção de compra.

Adicionalmente, a confiança e a credibilidade da marca são essenciais para ultrapassar os efeitos do país de origem. Assim, uma entrada eficaz exige não só competitividade tecnológica, mas também experiência consistente do cliente, comunicação transparente e estratégias adaptadas ao contexto local.

Em síntese, a vantagem competitiva sustentável resulta do alinhamento entre capacidades tecnológicas, excelência operacional e construção de confiança.

Palavras-chave: Vantagem Competitiva, Estratégia de Entrada no Mercado, Fabricantes Automóveis OEM Chineses, Mercado Automóvel Alemão, Veículos Elétricos (VE), Serviços Pós-Venda, Confiança do Consumidor

Foram utilizadas ferramentas de IA generativa (ChatGPT) para apoiar determinadas tarefas de investigação e redação, incluindo a identificação de literatura relevante e o aperfeiçoamento da linguagem, ortografia e gramática. Todos os resultados gerados com o auxílio da IA foram verificados de forma independente, revistos criticamente e ajustados sempre que necessário.

O autor reconhece as limitações dos sistemas de IA, incluindo potenciais preconceitos e imprecisões. A responsabilidade total pelo conteúdo desta tese recai sobre o autor.

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List of abbreviations

OEM = original equipment manufacturer

EV = electric vehicle

EU = European Union

ICE = internal combustion engine

BEV= battery electric vehicle

PHEV = plug-in hybrid electric vehicle

RBT = resource-based theory

UNECE = United Nations Economic Commission for Europe

ESG = Environmental, Social, and Governance

1. Introduction

The European automotive industry is facing a transformation that affects technologies, software & electronics architectures, and global value chains. Electrification is no longer a trend, it is increasingly shaped by regulatory pressure, technological progress, and shifting consumer expectations. At the same time, the industry's competitive logic is changing. Historically, European Original Equipment Manufacturers (OEMs) built an advantage through engineering excellence, scale manufacturing, and brand heritage. In the current transition, competitive advantage is increasingly influenced by battery and software capabilities, product development speed, access to raw materials & supplier ecosystems, and the ability to orchestrate digital customer experiences across the vehicle lifecycle (IEA, 2024).

Within Europe, Germany remains a relevant and demanding location. It is one of the continent's largest passenger car markets and hosts globally leading automotive incumbents with strong brand equity and dense dealer and service networks. In addition, Germany's market is characterized by sophisticated customers, a high importance of fleet and leasing business, and elevated expectations regarding safety, quality, and after-sales reliability. These characteristics make the German market a strategic "stress test" for new entrants. If a brand manages to establish credibility and scale in Germany, the acquired legitimacy and capabilities can often be leveraged for broader European expansion.

Chinese OEMs have emerged as a relevant group of competitors in Europe. Over the last decade, Chinese OEMs have accelerated their technological capabilities and scaled their production of electrified vehicles, supported by a highly dynamic domestic market and strong industrial ecosystems. China has become a central global hub for electric vehicle (EV) production and innovation, and Chinese carmakers account for a substantial share of worldwide electric car output and sales (IEA, 2024). As European demand for electrified vehicles grows and product portfolios expand across segments, Chinese OEMs are increasingly entering European markets with a broad range of vehicles and positioning strategies, from premium, technology-led offerings to value-for-money propositions targeting the mass market (KPMG Advisory N.V., 2025).

However, successful market entry and sustainable competitiveness in Germany cannot be assumed. Chinese OEMs face challenges that go beyond the typical hurdles of international expansion. First, they need to operate in a highly competitive environment shaped by strong local competitors and well-established international brands. Second, they must manage regulatory complexity, including European type-approval requirements, cybersecurity and software-update compliance obligations, and evolving sustainability rules for batteries and supply chains (European Union, 2023a, 2023b; UNECE, 2020). Third, Chinese OEMs must address issues of legitimacy and trust. In categories such

as passenger cars, high-involvement products with long ownership cycles, brand perceptions, country-of-origin effects, and risk considerations are particularly influential. Prior research suggests that negative country-of-origin stereotypes can materially affect product evaluations and purchase intentions for Chinese cars in European markets, including Germany (Holtbrügge & Zeier, 2017). Finally, geopolitical and trade-policy dynamics have become strategically relevant. The European Union's anti-subsidy investigation and the subsequent imposition of definitive countervailing duties on imports of battery electric vehicles from China introduce additional uncertainty regarding pricing, supply chain design, and localization decisions (European Commission, 2024).

This thesis examines how Chinese automotive OEMs can build and sustain competitive advantage in the German passenger car market during the transition to electric mobility. In doing so, the thesis does not treat "Chinese OEMs" as a homogeneous group. Instead, it recognizes that Chinese OEMs differ in their resource endowments, brand architectures, and strategic intent. Nevertheless, they share a fundamental challenge of entering a mature market in which trust, service quality, and compliance capabilities are critical to long-term success.

The overarching research question is:

How can Chinese automotive OEMs build and sustain a competitive advantage in the German passenger car market?

To operationalize this question, the thesis addresses the following guiding sub-questions:

(1) Which external factors in the German and European environment most strongly shape the strategic room for maneuver of Chinese OEMs (e.g., competitive intensity, regulation, infrastructure readiness, trade policy)?

(2) Which market entry and go-to-market configurations are most effective in Germany (e.g., distribution models, partnerships, localization of operations, pricing and product strategy)?

(3) Which firm-specific resources and capabilities are most likely to translate into sustainable advantage in Germany, and how are these advantages moderated by legitimacy and consumer perception factors?

The objective of the thesis is threefold. First, it systematizes the external environment and competitive landscape relevant to Chinese OEMs in Germany, with a particular focus on electrification and the evolving value chain. Second, it integrates theoretical perspectives from international business and strategic management, especially market entry theory, the resource-based view, dynamic capabilities, and legitimacy/country-of-origin research, to develop an analytical lens for evaluating Chinese OEM

strategies. Third, it derives empirically informed implications for how Chinese OEMs can prioritize strategic levers (e.g., differentiation, channel design, localization, trust-building) to improve their prospects of sustained competitiveness in Germany.

Methodologically, the thesis follows a structured research design that combines a theory-driven literature review with empirical elements. The literature review synthesizes scholarly research and selected industry and institutional reports to establish a robust conceptual foundation. Building on this foundation, the empirical part (to be presented in later chapters) will draw on qualitative insights from expert interviews and additional market and consumer-related data to define key success factors and refine strategic implications. This multi-source approach is suitable because the internationalization of Chinese OEMs into Germany is shaped by both observable market structures (e.g., competition, regulation, channels) and less tangible constructs (e.g., trust, legitimacy, brand perceptions).

The remainder of the thesis is structured as follows. Chapter 2 reviews the relevant literature and introduces the theoretical foundations for analyzing competitive advantage and market entry in the automotive context. Chapter 3 outlines the research design and methodology, including data sources and the logic of triangulation. Chapter 4 presents empirical findings and analysis. Chapter 5 discusses the implications of these findings, considering the theoretical framework, and derives strategic recommendations. Chapter 6 concludes the thesis by summarizing key insights, acknowledging limitations, and suggesting avenues for further research.

2. Literature Review

This chapter focuses on the literature on how Chinese automotive OEMs can establish and sustain competitive advantage in the German passenger car market. The review is structured around four building blocks. First, it outlines the competitive and institutional characteristics of the German market in the context of electrification. Second, it reviews market entry and go-to-market strategies with a focus on foreign entrants and emerging-market multinationals. Third, it introduces theoretical foundations for analyzing competitive advantage, including the resource-based theory, dynamic capabilities, and legitimacy-related concepts such as liability of foreignness (Zaheer, 1995) and country-of-origin effects. Fourth, it discusses strategic differentiation levels that are particularly relevant in the EV era, including battery and software capabilities, value-chain positioning, and trust-building mechanisms. The chapter ends with a brief summary that sets up the analytical framework used in the following chapters.

2.1 The competitive Landscape of the automotive industry

The German passenger car market is traditionally characterized by intense competition, strong brands, and demanding customer expectations. Domestic OEMs such as Volkswagen Group, BMW, and Mercedes-Benz operate with significant scale advantages, extensive dealer and service networks, and high brand equity in both premium and volume segments. In such an environment, new entrants face not only direct competitive pressure but also structural barriers, including customer loyalty, strong fleet and leasing ecosystems, and established expectations of residual value.

Electrification increases these dynamics. The European EV market has grown substantially over the last years, even though adoption has shown short-term volatility due to macroeconomic conditions and changing subsidy regimes. The International Energy Agency reports that electric car sales continued to rise globally and that Europe remains one of the major EV markets worldwide (IEA, 2024). At the same time, the European competitive landscape is becoming more crowded as OEMs broaden their EV portfolios and new entrants launch multiple models across segments (McKinsey & Company, 2024). Germany is a particularly relevant market within Europe because it combines large market volume with high regulatory and quality standards, creating a high entry threshold but also meaningful strategic rewards if market traction is achieved.

Infrastructure readiness further shapes adoption and competitive dynamics. The availability and perceived reliability of public charging infrastructure remain important drivers of adoption, particularly for customers without private charging options. While Germany has expanded its public charging network, debates continue regarding the pace of expansion, regional coverage, and fast-charging availability. From a market-entry perspective, the state of charging infrastructure affects not

only EV purchase intent but also the value proposition of OEMs that differentiate through charging ecosystems, seamless navigation and payment solutions, and partnerships with charging providers (McKinsey & Company, 2024).

Beyond consumer adoption and infrastructure, regulation is a central driver of competitive behavior. European climate policy increases pressure on OEMs to electrify their portfolios and to ensure compliance across the lifecycle of vehicles and batteries. The EU's policy direction towards zero tailpipe emissions for new cars and vans from 2035, and its intermediate CO2 reduction targets, raises the strategic relevance of EV offerings, even if the pace of consumer adoption fluctuates (European Parliament, 2023; European Union, 2023a). In parallel, sustainability and supply chain transparency requirements for batteries have intensified. The EU Battery Regulation introduces broad requirements on sustainability, labeling, and due diligence, increasing compliance complexity and making value-chain control more strategically relevant (European Union, 2023b).

Finally, trade policy has become a factor for Chinese OEMs. The European Commission's anti-subsidy investigation resulted in definitive countervailing duties on imports of battery electric vehicles from China, with differentiated rates by producer and a duration of five years (European Commission, 2024). This policy change increases uncertainty regarding pricing strategies, margin structures, and the attractiveness of localization or European manufacturing options. Consequently, the German competitive landscape for Chinese OEMs is shaped not only by market and consumer factors but also by geopolitical dynamics that directly affect competitive positioning. In sum, there are various factors associated with the "liability of foreigness" (Zaheer, 1995) which Chinese OEMs need to overcome.

2.2 Market Entry Strategies and Internationalization of Chinese Firms

Market entry theory provides useful insights into how firms expand internationally and how they choose among entry modes such as exports, licensing, strategic alliances, joint ventures, acquisitions, and greenfield investments. The Uppsala internationalization model conceptualizes internationalization as an incremental process driven by experiential learning and gradually increasing commitments to foreign markets (Johanson & Vahlne, 1977). In its updated form, the model emphasizes the role of networks and the "liability of outsidership," suggesting that firms lacking relevant network positions face higher uncertainty and reduced access to opportunities (Johanson & Vahlne, 2009). For Chinese OEMs entering Germany, this perspective highlights the importance of building local partnerships, distribution relationships, service ecosystems, and institutional ties that reduce uncertainty and accelerate learning.

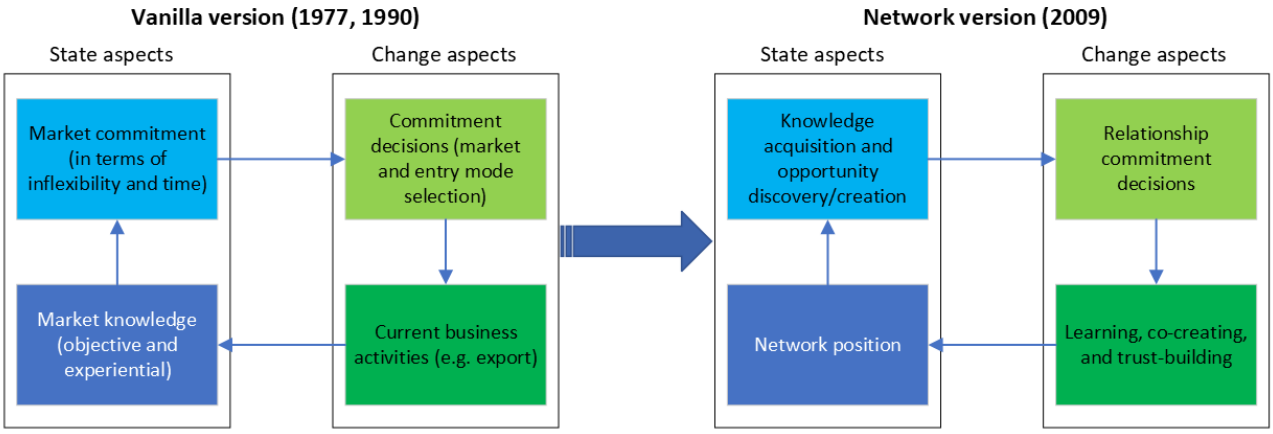

Figure 1: The Uppsala model of internationalization

The eclectic paradigm (OLI framework) complements this view by explaining foreign market entry as a function of ownership, location, and internalization advantages (Dunning, 1988). Applied to the German context, the framework suggests that Chinese OEMs must leverage firm-specific advantages such as cost-efficient EV platforms, battery technology, or software capabilities. Also, they should assess Germany-specific location factors such as market size, customer preferences, regulatory complexity, and competitive intensity, and decide which activities to internalize (e.g., sales, aftersales, software services) versus outsource or partner on (e.g., dealer retailing, logistics, charging partnerships).

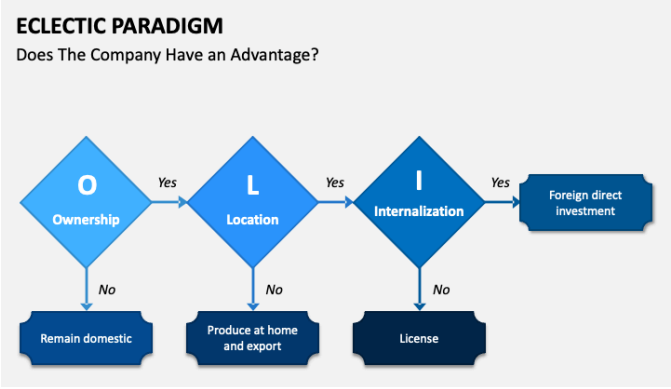

Figure 2: Electric Paradigm

In practice, automotive market entry is strongly shaped by go-to-market design. Distribution choices in Europe have evolved from traditional franchise dealerships towards hybrid configurations including agency models, direct-to-consumer online sales, and OEM-controlled retail formats. For new entrants, there is a fundamental trade-off between speed and control. Partnering with established dealer groups can accelerate geographic coverage and provide after-sales capability, but it may reduce brand control and create dependence on third parties. Direct sales and agency models may increase

control over pricing and customer experience but require significant investments in retail operations, service infrastructure, and brand building.

Industry evidence suggests that several Chinese OEMs have adjusted their European distribution strategies over time. Rather than relying exclusively on direct and online sales, many Chinese entrants use traditional dealer networks or hybrid approaches to strengthen local presence and after-sales capabilities (KPMG Advisory N.V., 2025). This reflects a broader insight from internationalization research, when entering institutionally complex and relationship-driven markets, firms often need local partners to access complementary assets such as service networks, fleet relationships, and market knowledge.

A specific feature of the German and broader European market is the importance of corporate fleets, leasing companies, and residual value perceptions. Leasing firms can act as gatekeepers for volume growth, however, they may be cautious regarding emerging brands with uncertain long-term positioning and unclear used-car market dynamics. Industry research highlights that Chinese OEMs often prioritize partnerships with major leasing and fleet players and must actively manage concerns about residual values, serviceability, and parts availability (KPMG Advisory N.V., 2025). From a market-entry perspective, this means that competitive advantage cannot be created solely by product features or price. It also depends on building institutional credibility and ensuring operational reliability within the local ecosystem.

Finally, entry strategies must increasingly incorporate regulatory and trade-policy considerations. The imposition of EU duties on Chinese BEV imports creates incentives to reconsider supply chain configurations, including local assembly, European production partnerships, or broader localization of operations to mitigate tariff exposure and improve legitimacy (European Commission, 2024; KPMG Advisory N.V., 2025). In the automotive industry, where capital intensity is high and product cycles are long, such decisions are strategic and path-dependent, reinforcing the relevance of theory-driven analysis for understanding feasible entry pathways.

2.3 Theoretical Foundations of Competitive Advantage

To analyze how Chinese OEMs can sustain competitiveness in Germany, it is necessary to integrate strategic management and international business perspectives. Classic competitive strategy literature emphasizes that firms can achieve superior performance through cost leadership, differentiation, or a focused strategy, depending on industry structure and the firm's positioning (Porter, 1980, 1985). However, in dynamic contexts such as the EV transition, where technologies, regulations, and customer expectations shift rapidly, static positioning is often insufficient. This has motivated

capability-based perspectives that explain sustained advantage through firm-specific resources and the ability to adapt.

Resource-based theory (RBT) argues that value creation stems from resources and capabilities (Barney et al, 2021). For automotive OEMs, such resources may include proprietary platform architectures, battery integration capabilities, software stacks, manufacturing know-how, access to the supply chain, or brand equity. Yet, the EV transition increases the need for continuous reconfiguration, suggesting that dynamic capabilities, defined as the firm's ability to sense and seize opportunities and threats, and reconfigure and transform internal and external competencies in light of market changes, are critical (Teece et al., 1997, Barreto, 2010). Dynamic capabilities are relevant for Chinese OEMs entering Germany because they must adapt products, compliance processes, retail systems, and customer experience design to local requirements while maintaining speed and cost advantages.

Internationalization introduces an additional layer. Even a firm with strong resources may face disadvantages abroad due to the liability of foreignness. This concept captures additional costs from unfamiliarity with local environments, lack of legitimacy, and home- and host-country constraints (Zaheer, 1995). In the German automotive context, liability of foreignness can manifest through consumer skepticism, media narratives, regulatory demands, and challenges in establishing trusted service networks. Consequently, competitive advantage for Chinese OEMs depends not only on technological and cost factors but also on legitimacy-building and local embeddedness.

Lieberman (2021) recently argued that management needs to move beyond competitive advantage because of ambiguities associated with the term that cause it not to have precision as well as lacking defined measurable qualities. However, in the context of this study competitive advantage remains useful as a catchall phrase that is intelligible. This work seeks to define competitive factors that bear upon the topic of study.

Country-of-origin effects are a relevant form of legitimacy in consumer markets. Research indicates that consumers use country-of-origin cues as heuristics when evaluating product quality, design, and reliability, especially for complex and high-involvement products such as cars. Holtbrügge and Zeier (2017) find that Chinese cars are evaluated significantly worse than German cars in European consumer samples, and that these effects can influence purchase intentions. Such findings suggest that Chinese OEMs in Germany must actively manage perception and trust gaps through branding, warranties, safety signaling, and credible partnerships.

Brand equity theory complements this perspective by explaining how brands create value through awareness, associations, perceived quality, and loyalty (Aaker, 1991; Keller, 1993). For new entrants without a historical brand presence, building favorable associations is essential. In the EV category, these associations often extend beyond traditional engineering attributes and include software experience, charging convenience, digital services, and sustainability signaling. Importantly, brand equity is not created only by communication, but it is shaped by the entire customer journey, including retail experience, transparency of pricing, service quality, and ownership experience.

Taken together, these theoretical foundations suggest an integrated view of competitive advantage factors for Chinese OEMs in Germany. Advantage emerges from the interaction of firm-specific resources and capabilities (technology, cost, speed, software), strategic positioning and go-to-market design (channels, partnerships, pricing), and legitimacy and trust mechanisms (brand equity, country-of-origin effects, compliance credibility, after-sales reliability). This integrated view provides the basis for assessing strategy choices in later chapters.

2.4 Strategic Differentiation in the EV Industry

Strategic differentiation in the EV era increasingly depends on capabilities that differ from those that historically drove advantage in internal combustion engine (ICE) competition. First, battery-related capabilities, chemistry choices, pack integration, thermal management, and cost optimization, play a central role because batteries significantly influence both vehicle cost and performance. Chinese OEMs benefit from operating in the world's largest EV market and from proximity to dense supplier ecosystems. As a result, they often compete strongly on cost-performance ratios and iteration speed (IEA, 2024). However, cost leadership alone is rarely sufficient in the German market, where customers and fleets also demand reliability, safety, service quality, and strong residual values.

Second, software and digital experience have become major differentiation factors. EV customers increasingly value connectivity features, over-the-air update capabilities, advanced driver assistance systems, and seamless integration with charging and navigation services (McKinsey & Company, 2024). This trend shifts competition towards "software-defined vehicle" architectures, in which vehicles improve over time through updates and digital services. Yet, software differentiation is also constrained by regulatory requirements. International vehicle regulations require OEMs to implement cybersecurity and software update management systems as prerequisites for type approval in many markets, making compliance capabilities an integral part of competitive advantage rather than a purely technical detail (UNECE, 2020).

Third, trust-building and risk reduction mechanisms are critical levers for Chinese OEMs in Germany. For new brands, consumers and fleet decision-makers face uncertainty about service quality, spare

parts availability, long-term brand commitment, and resale values. Industry analyses emphasize that parts logistics and repair processes can represent a practical bottleneck for new entrants and that weaknesses in aftersales infrastructure can slow adoption even when product offerings are competitive (KPMG Advisory N.V., 2025). Therefore, differentiation must include operational excellence in aftersales. Robust parts warehousing in Europe, certified service partners, transparent repair processes, and credible warranty programs. Safety signaling can also matter. Strong performance in safety ratings can help reduce risk and build credibility, particularly for brands without heritage in the market (Euro NCAP, 2024).

Fourth, go-to-market execution and customer experience are increasingly decisive. In addition to product attributes, the German market places high importance on transparent pricing, reliable delivery times, professional retail interaction, and consistent service quality. For EVs, the customer experience extends into charging. OEMs can differentiate through bundled charging offers, partnerships with charging networks, easy payment integration, and route planning features that reduce range anxiety and improve usability (McKinsey & Company, 2024). The emphasis on test drives in EV adoption journeys further highlights the importance of physical touchpoints and dealer or retail cooperation, even in digitally enabled sales models.

Finally, differentiation strategies must be evaluated under trade-policy and localization dynamics. The EU's countervailing duties on Chinese BEV imports increase strategic incentives for localization, whether through European assembly, partnerships, or broader localization of operations and supply chains (European Commission, 2024). Localization can serve multiple strategic purposes, such as tariff exposure, improving responsiveness, reducing delivery lead times, and strengthening legitimacy in the eyes of regulators, consumers, and business partners. However, localization is capital intensive and may be risky if demand remains volatile. Therefore, Chinese OEMs need to balance flexibility and commitment, potentially through staged localization or partnerships, while maintaining their speed advantages.

In summary, strategic differentiation for Chinese OEMs in Germany is multi-dimensional. It involves technology and cost positioning, software and digital experience, trust-building through after-sales reliability and safety signaling, and institutional adaptation through compliance and localization. The relative importance of these levers is likely to differ by segment (premium versus volume), customer type (private buyers versus fleets), and brand maturity in the market.

2.5 Research Gap

The reviewed literature indicates that the success of Chinese OEMs in Germany cannot be explained by a single factor such as price competitiveness or technological innovation. Instead, it emerges from

the interplay between competitive positioning, capability development, and legitimacy-building in a highly institutionalized market. While internationalization theories explain entry mode choices and learning dynamics (Johanson & Vahlne, 1977, 2009; Dunning, 1988), strategic management theories explain how resources and dynamic capabilities can translate into advantage (Barney, 1991; Teece et al., 1997). At the same time, legitimacy-related research highlights that new entrants face perception and trust barriers that can materially influence market outcomes (Zaheer, 1995; Holtbrügge & Zeier, 2017).

A key gap in this thesis is integrating these perspectives into na analytical framework tailored to the German automotive market amid electrification. Existing work often focuses either on macro-level narratives about Chinese competition in Europe or on general internationalization models without fully considering EV-specific differentiation factors such as software, battery regulation, and charging ecosystems. Therefore, the subsequent chapters develop and apply an integrated framework that links external environment and institutional constraints, entry and go-to-market configuration choices,firm-specific resources and dynamic capabilities, and legitimacy and consumer perception mechanisms. This framework enables a structured analysis of how Chinese OEMs can build and sustain competitive advantage in Germany.

3. Methdology

This chapter outlines the methodological approach used to examine how Chinese automotive OEMs can build and sustain competitive advantage in the German passenger car market. The empirical part of the thesis relies exclusively on primary data, collected through semi-structured expert interviews and a consumer survey among potential car buyers in Germany. Academic literature is used to develop the conceptual foundation and to inform the design of the primary research instruments, but it does not constitute an empirical secondary dataset for the analysis.

The chapter is structured as follows. Section 3.1 presents the research design and explains how the selected methods map onto the research question and sub-questions. Section 3.2 describes the primary data collection procedures for the expert interviews and the consumer survey. Section 3.3 details the data analysis procedures for both qualitative and quantitative data, including how the two strands are integrated. Section 3.4 discusses research quality criteria and limitations.

3.1 Research Design

This thesis applies a mixed-methods research design that combines qualitative expert interviews with a quantitative consumer survey. The aim is to generate an understanding of how Chinese automotive manufacturers (Chinese OEMs) can build and sustain a competitive advantage in the German automotive market. A mixed-methods design is particularly suitable when a research problem requires both depth (industry mechanisms, strategic intent, implementation barriers) and breadth (patterns in consumer perceptions and purchase criteria), while allowing combination of results across different data sources (Creswell & Plano Clark, 2018).

Importantly, the empirical work is based on primary data collection. The study therefore does not rely on secondary datasets for the empirical analysis. Secondary sources are used only to inform the literature review and to derive theoretically grounded constructs and guiding questions (Saunders et al., 2019).

3.2 Data Collection

3.2.1 Expert Interviews

Given the exploratory nature of the topic and the need to capture strategic and operational insights, the thesis uses semi-structured expert interviews as the primary qualitative method. Semi-structured interviews are particularly appropriate when research requires both comparability across interviews (via a shared guide) and flexibility to prove unexpected but relevant themes (Edwards & Holland, 2013; Seidman, 2013). Open-ended questions were used to allow experts to elaborate on their experiences and to avoid predefined answer options.

Regarding the sampling strategy and selection criteria the experts were selected by elements of professional-network-based recruitment. The selection followed explicit criteria to ensure both relevance and diversity of perspectives:

- Seniority and decision proximity: Participants hold (or have held) managerial responsibility for decisions in areas relevant to market entry and competitive positioning (e.g., strategy, sales, retail development, marketing, after-sales, finance, battery systems, connected services).
- Minimum industry experience: At least 10 years of professional experience in the automotive industry or adjacent mobility sectors, ensuring informed, reflective perspectives.
- Demonstrated China exposure: Direct professional exposure to China-related contexts (e.g., postings in China, joint-venture environments, supplier ecosystems, or recurring cross-border coordination with China-based headquarters).
- Germany/Europe market relevance: Familiarity with European and/or German market requirements, including customer expectations, regulatory constraints, retail structures, and after-sales/service logic.
- Functional diversity: Intentional coverage of different functions across the automotive value chain to reduce single-function bias and increase explanatory power.

In total, 12 expert interviews were conducted. The interview guide was derived from the literature review. It included thematic blocks such as strategic objectives of China-based OEMs in Europe, market positioning choices, go-to-market/distribution structures, risks and opportunities in the German context, and technology-related differentiation (e.g., battery systems and software/service implications).

The Interviews were conducted remotely and documented in transcript form. As interviews were conducted in German, any quotes used in the analysis chapter are translated into English by the author. To reduce translation bias, the translation approach focuses on meaning-preserving phrasing rather than word-for-word literalism (Saunders et al., 2019). To maintain confidentiality, all participants are referenced exclusively through anonymized labels (*Expert 1 - Expert 12*), and the expert overview is provided in Appendix A1.

Expert ID	Company	Role
Expert 1	BYD	Senior manager, sales/market-entry execution
Expert 2	Changan	Senior manager, strategy / market perspective
Expert 3	Roland Berger (Consulting)	Industry expert (market/competitive landscape)
Expert 4	BMW Group	Senior leader, distribution / NSC experience
Expert 5	McKinsey & Company	Senior industry expert, China OEM competitiveness
Expert 6	Mercedes-Benz	SVP Strategy & Market Intelligence
Expert 7	Stellantis	VP Sales & Retail Development (Europe)
Expert 8	Bosch	CFO Europe Region
Expert 9	Continental	Global Head of Brand & Marketing Strategy
Expert 10	CATL	Head of Battery Systems & Strategic Purchasing
Expert 11	ZF Group	VP Digital Product & Connected Services
Expert 12	Magna International	Global Head of After Sales & Customer Experience

Table 1: Experts Overview

3.2.2 Consumer Survey

To complement the expert perspective with a customer-level view, the study includes an online consumer survey targeting individuals relevant to the German car market context (i.e., current users and prospective buyers). Surveys are particularly useful when the objective is to identify patterns across respondents and quantify attitudes, perceived risks, and decision criteria (Dillman et al., 2014; Fowler, 2014).

The questionnaire contains:

- Background variables (e.g., residence status, current car usage, drivetrain preference, budget range).

- Agreement-based statements measuring perceptions of Chinese automotive brands (e.g., value-for-money beliefs, perceived quality, service concerns, data privacy concerns, innovation perceptions).
- Importance ratings of decision factors (e.g., service network, spare parts availability, warranty, pricing/residual value, financing options).
- A scenario-based comparison item to reflect realistic consumer trade-offs.
- An attention-check item to improve data quality.

Likert-type response formats were applied to quantify perceptions and priorities. The survey design was aligned with themes emerging from the literature and the interview guide, ensuring coherence between qualitative and quantitative components (Creswell & Plano Clark, 2018).

After removing incomplete and low-quality entries, the dataset used for analysis contains only responses that are suitable for statistical interpretation.

3.3 Data Analysis

3.3.1 Qualitative Analysis of Expert Interviews

The interview material is analyzed using qualitative content analysis following a hybrid deductive–inductive coding approach. In line with Mayring's logic of systematic category-based interpretation, initial top-level categories are derived from the literature review, while sub-categories are refined from the interview material (Mayring, 2014).

The coding process follows these steps:

1. **Preparation and familiarization:** Reading all interview transcripts to build contextual understanding and identify recurring themes.
2. **Initial category system (deductive):** Defining a set of overarching categories aligned with the sub-questions (e.g., strategic intent, positioning, distribution/go-to-market, after-sales readiness, technology differentiation, consumer acceptance barriers).
3. **Iterative coding and refinement (inductive):** Assigning text segments to categories, refining definitions, and adding sub-categories where the data reveals meaningful distinctions.
4. **Consolidation and interpretation:** Comparing patterns across experts to identify converging mechanisms (e.g., recurring bottlenecks in service readiness) and diverging viewpoints (e.g., differing assessments of viable retail models).

5. **Synthesis:** Translating coded insights into structured findings that directly feed the analysis chapter and managerial implications.

To enhance transparency, the thesis includes (in the appendix) a concise coding table (theme → sub-theme → definition/keywords) and a short description of how the coding scheme evolved across iterations (Mayring, 2014; Miles et al., 2014).

3.3.2 Quantitative Analysis of the Consumer Survey

Given the sample size and the survey design, the quantitative analysis is intended to be descriptive and exploratory (Field, 2018). It is structured in four layers:

1. **Descriptive statistics:** Frequencies, central tendencies, and dispersion for key perception and importance items (overall and if used Germany-only subsample).
2. **Scale construction and reliability checks:** Where conceptually meaningful, individual items are combined into indices (e.g., Perceived Value & Quality, After-Sales Risk Perception, Technology/Innovation Appeal, Privacy/Geopolitical Concern). Internal consistency is assessed using reliability metrics such as Cronbach's alpha, interpreted cautiously given the exploratory nature (Nunnally & Bernstein, 1994).
3. **Group comparisons:** Non-parametric tests (e.g., Mann-Whitney U, Kruskal-Wallis) can be used to examine differences across demographic groups (e.g., age segments, budget ranges, drivetrain preference), which is appropriate for ordinal-type response formats (Field, 2018).
4. **Driver analysis of purchase consideration:** The thesis aims to test which perceptions predict openness to Chinese OEMs, here an ordinal or logistic regression approach can be used, with a carefully limited set of predictors to avoid overfitting.

This quantitative structure ensures that the survey results are not presented as "final population truth," but as structured evidence that supports triangulation with expert insights.

3.4 Research Quality and Trustworthiness

Because the thesis integrates qualitative and quantitative methods, research quality is addressed through both qualitative trustworthiness and quantitative reliability logic.

For the qualitative component, credibility is strengthened through selection of relevant experts, systematic coding, and cross-comparison of themes across interviews rather than reliance on isolated statements (Mayring, 2014; Miles et al., 2014). Transferability is supported by the documentation of expert roles, functional coverage, and China/Germany relevance in Appendix A1, which allows readers to evaluate contextual fit.

For the quantitative component, data quality is strengthened through a structured survey design, cleaning rules and attention checks, and cautious interpretation aligned with sample-size constraints (Dillman et al., 2014; Field, 2018). Finally, triangulation across interviews and survey patterns serves as an overarching robustness mechanism that reduces the likelihood that conclusions are artifacts of a single method (Creswell & Plano Clark, 2018).

3.5 Ethical Considerations

Participation was voluntary, and all empirical materials are handled confidentially. To protect anonymity, especially given the managerial seniority of interview partners, all names, company identifiers, and potentially identifying details are removed from the thesis text. Interview partners are reported exclusively using anonymized labels (Expert 1 - Expert 12). Survey data is reported only in aggregated form. This approach reduces reputational and professional risks and aligns with common ethical expectations for business research (Saunders et al., 2019).

4. Analysis

This chapter presents the empirical findings of the thesis and addresses the research question of how Chinese automotive OEMs can build sustainable success in the German market. The analysis follows a mixed-methods logic and combines two primary data sources with semi-structured expert interviews with senior practitioners from the automotive industry (12 Experts), and a consumer survey among potential car buyers in Germany (total of 75 valid responses). The combined interpretation ensures that supply-side perspectives (OEM, retail, after-sales, finance, technology) are contrasted with demand-side requirements (purchase criteria, trust barriers, and adoption drivers).

The chapter is structured in line with the three sub-questions defined in Chapter 1. First, the interviews clarify the strategic motives and target positioning of Chinese OEMs in Germany. Second, the interviews identify the go-to-market and capability requirements (distribution, after-sales, financing, and brand building) that enable execution. Third, the findings are validated and refined through the consumer survey, which quantifies the relative importance of key success factors and provides an external robustness check for the qualitative patterns.

Section 4.1 presents the qualitative interview results using a structured content analysis approach, while Section 4.2 provides the quantitative survey results and relates them back to the interview insights.

4.1 Qualitative Expert Interviews

4.1.1 Analytical approach and reading logic

The interview material was analyzed using a qualitative content analysis approach. Top-level categories were defined based on the research question, the interview guide, and the conceptual foundations developed in Chapter 2. Subcategories were then refined from repeated patterns in the interview material. Coding was conducted at the level of short meaning units (approximately 1–3 sentences) to ensure interpretability without fragmenting context. Mentions were counted by coded meaning units (including synonyms), allowing a transparent view of which factors were emphasized most frequently across the expert sample.

To mirror the structure used in the reference thesis, each theme section follows the same reporting pattern.

- Frequency overview
- Interpretation and implication for Chinese OEM success in Germany
- Illustrative evidence quotes
- Brief linkage back to the conceptual discussion in Chapter 2.

Note on "mention counts": Counts reflect coded meaning units across all interviews, not the number of words. In addition, the same interview segment can legitimately contribute to multiple categories if it contains multiple relevant aspects.

4.1.2 Strategic Objectives of Chinese OEMs in Germany

Across the interviews, experts described the strategic objectives of Chinese OEMs in Germany as multi-layered rather than purely sales driven. While volume ambitions remain central, Germany is simultaneously perceived as a credibility market, a capability-building environment and depending on the OEM, a platform for European ecosystem development.

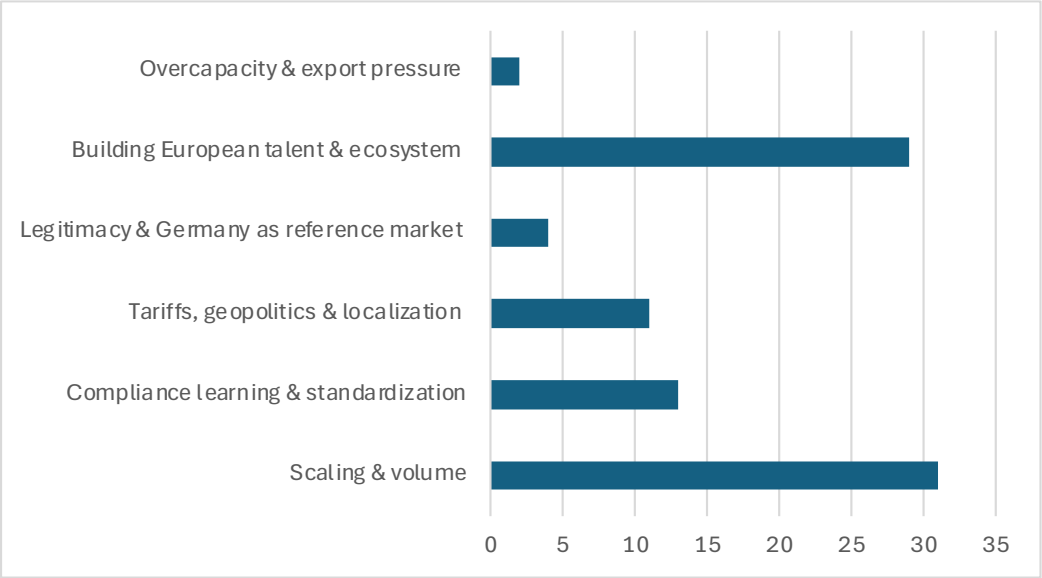

Figure 3: Strategic Objectives for Chinese OEMs in Germany

Most frequently coded subcategories (qualitative mentions):

- **Scaling & volume** (31 mentions; raised by 11/12 experts)
- **Compliance learning & standardization** (13; 5/12)
- **Tariffs, geopolitics & localization** (11; 5/12)
- **Legitimacy & Germany as reference market** (4; 4/12)
- **Building European talent & ecosystem** (29; 7/12)
- **Overcapacity & export pressure** (2; 1/12)

A key strategic interpretation emerging from the data is that "Germany" functions as a demanding benchmark market. Success is expected to create spill-over legitimacy across Europe and beyond. Several experts described Germany as culturally and reputationally difficult, with high expectations

regarding product, service, and compliance discipline. Consequently, entering Germany is not only a market expansion step, but also a credibility test and an organizational learning program.

This aligns with the logic of "liability of foreignness" (Zaheer, 1995). Market entry is not only constrained by competitive intensity but also by institutional expectations and legitimacy requirements. Therefore, several experts emphasized that Chinese OEMs need to treat Germany less as a short-term sales campaign and more as an investment that creates a scalable European operating model.

Interview evidence:

- One expert described the strategic goal as "layered" and explicitly highlighted reputation, learning, and ecosystem-building in addition to sales: "The first layer is clearly sales and volume. The second is reputation, Germany is a benchmark market. The third is learning and standardization. The fourth is building a European talent and supplier ecosystem." (Expert 6, translated).
- Another expert framed Germany's role as a credibility multiplier: "Besides sales, I see a strong goal of legitimacy. Germany is a cultural and media multiplier. If a Chinese OEM becomes visible in Germany, it sends a signal: 'We are global.'" (Expert 9, translated).

4.1.3 Market Positioning: Volume, Premium, or Tech-Leader?

When discussing market positioning, experts displayed a pragmatic view. Most Chinese OEMs will initially win customers through a strong value proposition (price-value, equipment, EV features) and then attempt to move up-market. However, the interviews strongly suggest that "up-market in Germany" is not merely a product or design question, it depends heavily on after-sales credibility, residual value performance, and financing readiness.

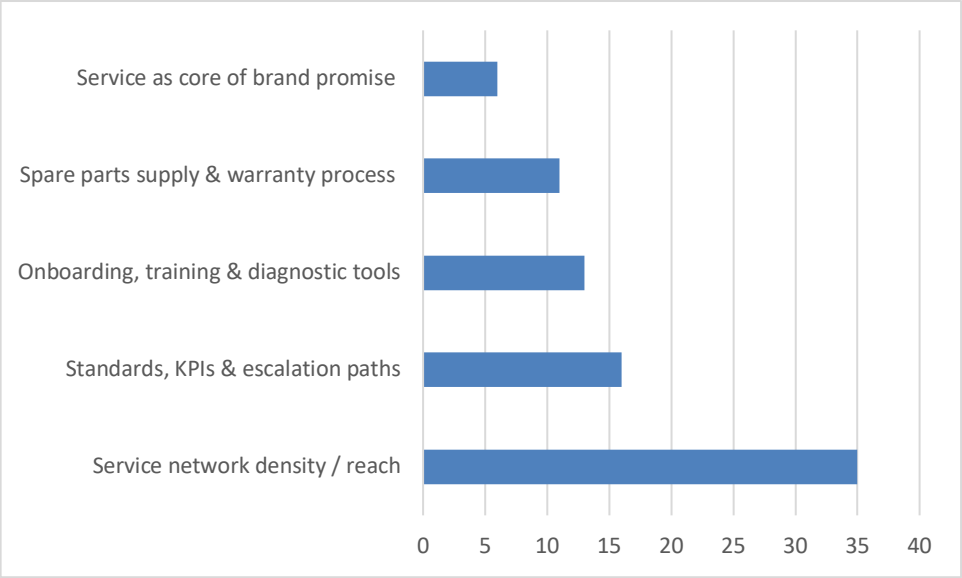

Figure 4: Market Positioning: Volume, Premium, or Tech-Leader?

Most frequently coded subcategories (qualitative mentions):

- **Germany-specific expectations** (67; 12/12)
- **Tech leadership as premium shortcut** (55; 12/12)
- **Volume as entry ramp (value-for-money)** (23; 11/12)
- **Residual values, leasing & fleet readiness** (21; 7/12)
- **Price/feature advantage & complexity reduction** (21; 5/12)

A consistent pattern is that "technology leadership" is frequently used as a narrative bridge into premium positioning ("premium because digital"), but experts cautioned that German premium expectations remain holistic. Technology alone does not compensate for weaknesses in service experience, perceived durability, and brand trust. From a strategic standpoint, this suggests that Chinese OEMs face a positioning constraint. The value proposition may open the door, but sustainable premium pricing requires operational proof and trust-building over time.

Interview evidence:

- One expert explicitly described volume as the realistic entry ramp and premium as conditional on trust and service performance: "Volume is the realistic entry ramp. Premium can follow, but only once trust has been built tech alone is not enough." (Expert 9, translated).
- From a financial perspective, one expert highlighted that Germany is ultimately an "economic system" challenge rather than a pure product play: "Germany is not won with a product, but

with a functioning economic system of distribution, service, and residual value control." (Expert 8, translated).

4.1.4 Go-to-Market Configuration: Control vs. Coverage

The interviews show that go-to-market design is one of the most decisive execution levels. Experts frequently contrasted importer-based entry models with stronger OEM control through national sales organizations and repeatedly emphasized that German market success requires physical coverage and partner readiness rather than digital sales models.

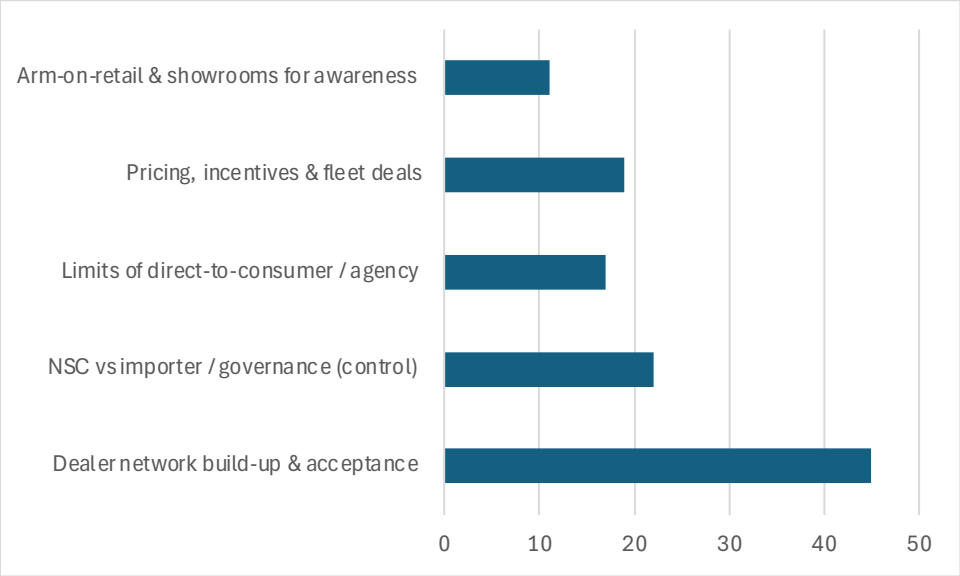

Figure 5: Go-to-Market Configuration: Control vs. Coverage

Most frequently coded subcategories (qualitative mentions):

- **Dealer network build-up & acceptance** (45; 12/12)
- **NSC vs importer / governance (control)** (22; 12/12)
- **Limits of direct-to-consumer / agency** (17; 7/12)
- **Pricing, incentives & fleet deals** (19; 6/12)
- **Arm-on-retail & showrooms for awareness** (11; 7/12)
- **Expansion speed & targets** (5; 3/12)

According to experts, the central go-to-market tension can be summarized as, control is necessary, but coverage is non-negotiable. At the same time, they depend on established retail and service footprints to create credibility and reduce customer risk perceptions. This results in hybrid models in practice, stronger national governance combined with dealer groups and service partners.

A second recurring theme is that network design itself can become a strategic risk. Several experts highlighted dependency issues that arise when too much volume is concentrated in a small number of dealer groups, potentially weakening the OEM's long-term steering ability.

Interview evidence:

- One expert described a clear move away from fragile importer/online setups towards stronger national governance and retail presence: "The approach is clear. National entities are created, combined with 'arm-on-retail', showrooms are used for visibility, and growth is then scaled via large dealer groups." (Expert 3, translated).
- Another expert warned about governance risk through dealer concentration: "If you have only a few large dealer groups, they can coordinate and block, then you become dependent." (Expert 4, translated).

4.1.5 After-Sales & Service as the Market "Gatekeeper"

Among all themes, after-sales appears as the most consistently emphasized gatekeeper for sustainable success in Germany. Experts repeatedly framed the German market as fundamentally service-driven, regardless of whether an OEM positions as volume, premium, or tech leader, customers expect a reliable service infrastructure, fast problem resolution, and transparent warranty handling.

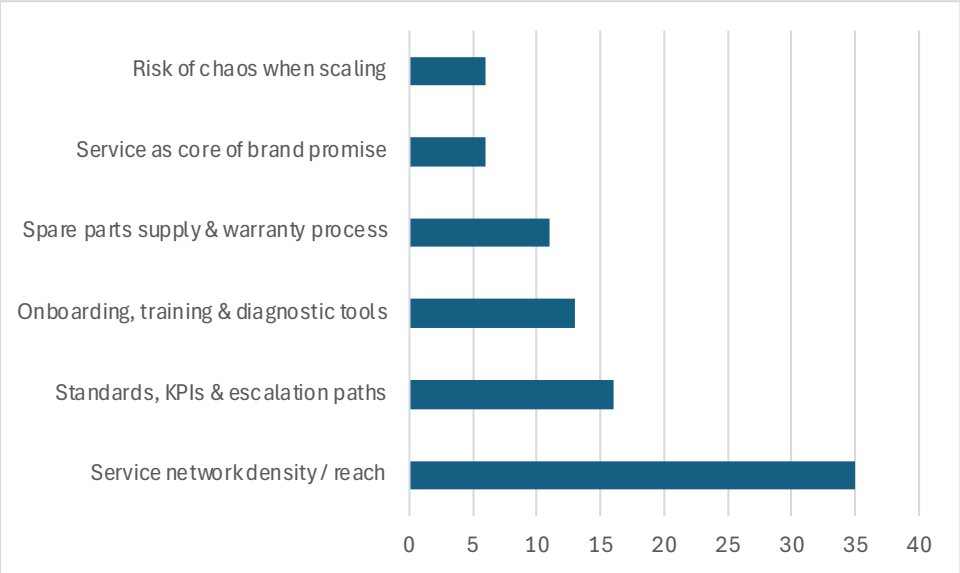

Figure 6: After-Sales & Service as the Market "Gatekeeper"

Most frequently coded subcategories (qualitative mentions):

- **Service network density / reach** (35; 12/12)
- **Standards, KPIs & escalation paths** (16; 7/12)

- **Onboarding, training & diagnostic tools** (13; 6/12)
- **Spare parts supply & warranty process** (11; 7/12)
- **Service as core of brand promise** (6; 4/12)
- **Risk of chaos when scaling** (6; 3/12)

The interviews provided an operational explanation for why after-sales is so decisive. Service quality in Germany is not an "afterthought" but part of the brand promise and the perceived total cost of ownership. Moreover, scaling service networks are described as a bottleneck process driven by training lead times, tool access (diagnostic systems), and availability of parts. Several experts highlighted that rapid retail expansion without service readiness can backfire, as early service failures generate damage through reviews and social media.

This qualitative logic directly connects to the consumer survey findings in Section 4.2, where service network density and repair/parts speed emerge as top purchase criteria. In other words, after-sales is not only an internal operational task, but also a customer-facing trust mechanism.

Interview evidence:

- On the operational bottleneck of onboarding and tools: "There is always a 4-6-week lag because people need to get into the systems, be trained, and the diagnostic tester must be registered before a technician can work on the vehicle." (Expert 3, translated).
- On required service coverage as a purchase prerequisite: "A 15-minute radius for every customer means around 340 service partners in Germany… the target is around 300 and then raising partner qualification." (Expert 3, translated).
- On the strategic necessity of service as part of positioning: "Premium without premium service does not work. Volume without a broad workshop network does not work either. Tech-leader without stable updates and support doesn't work either." (Expert 12, translated).

4.1.5 Brand & Communication: Trust Building and "Country-of-Origin" Frictions

Brand and communication were discussed not as "advertising" in a narrow sense, but as an instrument for reducing perceived risk and overcoming initial skepticism. Experts repeatedly referenced an initial "China skepticism" barrier that can be reduced through visibility, consistent messaging, and credible customer experience, particularly service experience.

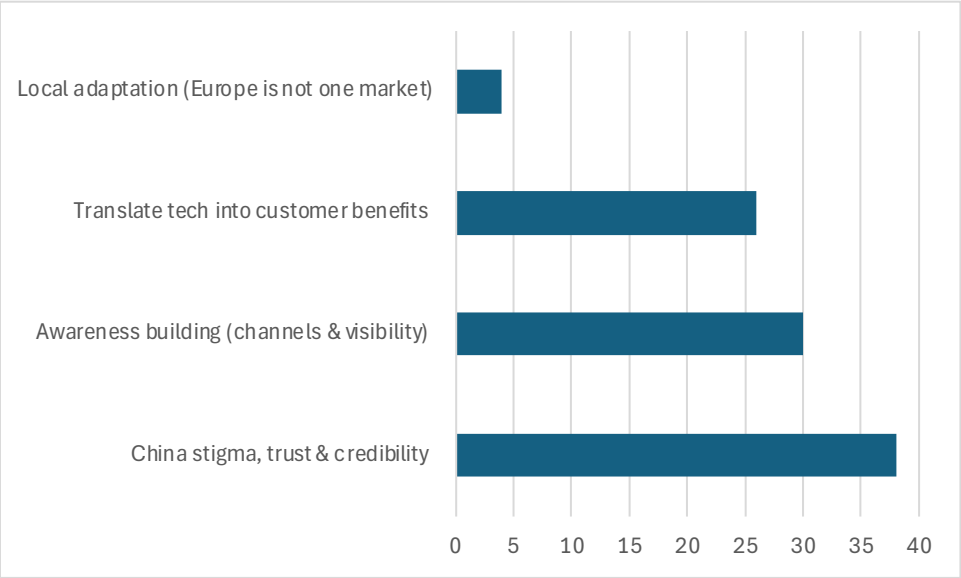

Figure 7: Brand & Communication: Trust Building and "Country-of-Origin" Frictions

Most frequently coded subcategories (qualitative mentions):

- **China stigma, trust & credibility** (38; 12/12)
- **Awareness building (channels & visibility)** (30; 10/12)
- **Translate tech into customer benefits** (26; 12/12)
- **Local adaptation (Europe is not one market)** (4; 4/12)

A key narrative that emerged from the interviews was that trust is built via two reinforcing mechanisms, public visibility and awareness, and credibility proof through consistent customer touchpoints (retail journey, delivery, app onboarding, service). Importantly, experts cautioned against treating "Europe" as a single homogeneous market. They argued that Germany requires distinct messaging, channels, and proof points (e.g., service parity, quality signals) compared to other European markets.

Interview evidence:

- On overcoming initial skepticism through visibility and channel presence: "The initial 'this is Chinese' phase is overcome through visibility on the road and visibility in retail. That creates trust, supported by marketing across social media, TV, streaming, and press." (Expert 3, translated).
- On the risk of treating Europe as one market: "A typical mistake is to treat Europe as 'one market'. Germany needs different messages than Spain or the UK, and Germany forgives service errors less." (Expert 10, translated).

- On the gap between "tech narrative" and German expectations: "Tech leadership is often used as a shortcut to premium, but German customers still expect a full package: materials, driving, service. Tech alone is not enough." (Expert 9, translated).

4.1.7 Technology & Product: Battery, Software, and Compliance Fit

Technology and product-related topics emerged as core elements of competitive advantage, but experts differentiated strongly between "headline features" and "market fit under German conditions." Battery competence is viewed as a structural cost lever and as a trust narrative (safety/durability). In parallel, software-defined features were seen as a potential differentiator, but only if stability, support, and regulatory fit are consistently ensured.

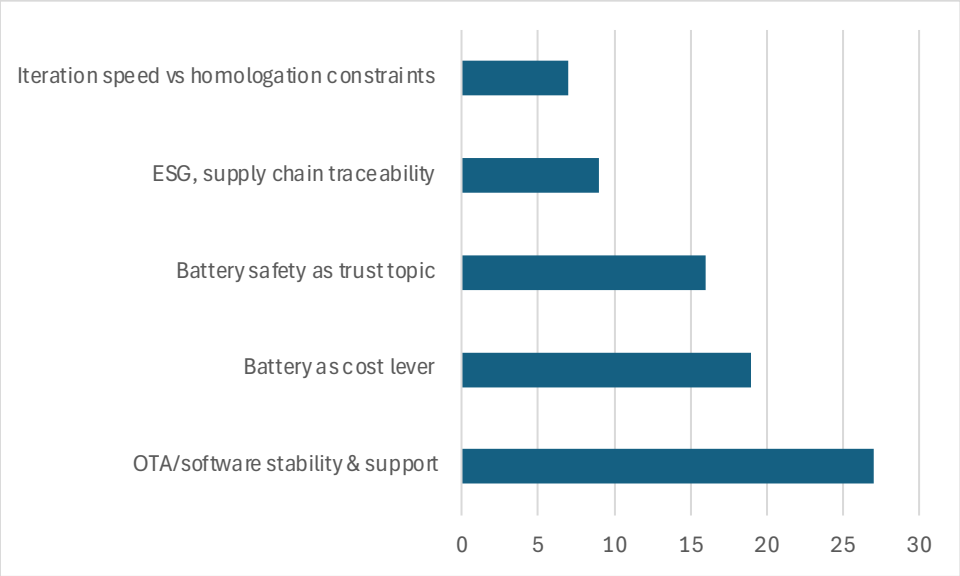

Figure 8: Technology & Product: Battery, Software, and Compliance Fit

Most frequently coded subcategories (qualitative mentions):

- **OTA/software stability & support** (27; 11/12)
- **Battery as cost lever** (19; 10/12)
- **Battery safety as trust topic** (16; 11/12)
- **ESG, supply chain traceability** (9; 5/12)
- **Iteration speed vs homologation constraints** (7; 6/12)

A key insight was that product/technology advantage becomes meaningful only when integrated into the operating model. Several experts stressed that German customers do not only evaluate the feature (battery, software), but the reliability of the entire lifecycle experience like update stability, problem resolution, warranty handling, and spare-part supply for high-voltage components. In addition,

experts pointed out that European requirements shift the technology discussion towards compliance documentation and ESG (Environmental, Social, and Governance) traceability, especially relevant for fleet tenders.

Interview evidence:

- On battery competence as both cost lever and regulatory advantage: “Battery competence is, from a CFO perspective, primarily a cost-of-goods lever, but in Europe batteries are also evaluated through regulation/ESG (supply chain, sustainability). Those who can document this cleanly gain advantages in fleet tenders.” (Expert 8, translated).
- On digital ecosystems meeting German regulatory and trust barriers: “Many Chinese OEMs think of the car as a device in an ecosystem. Germany is difficult because data protection is a hurdle and customers are skeptical.” (Expert 11, translated).

4.2 Quantitative Consumer Survey

To complement the expert interview insights and to capture demand-side purchase drivers, a quantitative consumer survey was conducted. The survey focuses on German consumers’ perceptions of Chinese automotive brands, the importance of market-entry enablers (e.g., service network, warranty), and behavioral trade-offs between price and after-sales readiness. The results presented in this section are based on a cleaned dataset and are reported primarily as descriptive statistics (mean values, standard deviations, and top-box shares), complemented by scale reliability checks and an exploratory driver analysis using regression.

4.2.1 Data preparation, quality filtering, and sample characteristics

A total of 80 survey responses were exported from the survey tool. Following standard data quality practice, only completed responses were retained (Finished = True). In addition, an attention check item (Q20) was used to identify inattentive responses, only respondents selecting the instructed option (“Somewhat agree”) were included. After applying these filters, the final analytical sample consisted of N = 75 valid cases.

To ensure interpretability and consistent directionality of scales, the following recoding was applied. Items measured on agreement scales (Q5) were recoded such that higher values consistently indicate more favorable evaluations for positively phrased statements. For the negatively phrased “concern” items (service/repair concerns, spare parts uncertainty, data security concerns), the original coding already implies higher values = lower concern, these items were therefore interpreted as “confidence / low concern”. Importance items (Q6) were measured on a reverse scale (1 = extremely important; 9 = not important at all) and were recoded so that higher values indicate higher importance (1–9). Item-

level missing values exist for some blocks; therefore, the number of valid observations (N) is reported per item where relevant.

The resulting sample can be characterized as follows. Most participants reported living in Germany (77.3%), while 22.7% indicated another country of residence. Regarding market relevance, 37.3% purchased/leased a vehicle within the last 24 months, and 28.0% plan to purchase/lease within the next 24 months. The most common age group was 25-34 years (53.3%). In terms of powertrain preference, respondents were distributed across Plug-In Hybrid (30.7%), ICE (30.7%), BEV (21.3%) and "not sure yet" (17.3%). Overall, the sample reflects a heterogeneous set of consumers with meaningful near to mid-term purchase relevance, while acknowledging that it does not represent a probability sample of the German car buyer population.

4.2.2 Consumer attitudes toward Chinese OEMs

Consumer perceptions were captured using eight statements on a 1-8 scale (1 = strongly agree; 8 = strongly disagree). For interpretability, the results are reported that higher values represent a more favorable attitude. The findings indicate a clear pattern, the strongest perceived strength of Chinese OEMs is value for money, whereas after-sales confidence represents the most pronounced demand-side barrier.

Value for money was evaluated very positively (M = 6.91, SD = 1.58), with 81.1% of respondents falling into the top-box range (6–8). This suggests that Chinese OEMs' price-equipment proposition is widely recognized by consumers. In contrast, build-quality trust is materially lower (M = 5.05, SD = 2.35), indicating that consumers are more divided regarding long-term product reliability and perceived quality standards. Importantly, after-sales related perceptions are weaker. Service/repair confidence (low concern) scored M = 4.05 (SD = 1.81), with only 24.3% top-box and a large share of low-box responses, signaling substantial consumer uncertainty about service readiness, repair competence, and the overall ownership experience. Similarly, spare parts clarity (low uncertainty) was only moderate (M = 4.59, SD = 1.65), which is consistent with a perceived operational risk in parts supply and repair turnaround times.

Technology-related perceptions are nuanced. While perceived innovativeness is moderate (M = 4.64, SD = 2.08), software/connectivity as a purchase reason is comparatively weak (M = 4.00, SD = 1.58), suggesting that "digital features" alone are not a sufficient adoption trigger in this sample. Data security confidence is in a middle range (M = 5.05, SD = 2.11), indicating that privacy concerns exist but are not universally dominant. Finally, political/ethical influence appears limited in this dataset, agreement that political/ethical considerations shape attitudes towards Chinese brands is low (M = 2.11, SD = 2.13), with 81.1% in the low-box range. This implies that, for many respondents,

pragmatic purchase and ownership considerations outweigh geopolitical or ethical considerations, at least within this sample composition.

From a research perspective, the demand-side pattern is highly relevant. Chinese OEMs' value proposition seems to generate initial attention, but purchase conversion is constrained by perceived risk and uncertainty around quality and after-sales reliability, factors that are well-aligned with classic perceived-risk logic in durable goods markets and the role of trust formation in high-involvement purchases.

Dimension	Mean (M)	SD	Interpretation
Value for Money	6.91	1.58	Strong perceived advantage
Build Quality Trust	5.05	2.35	Moderate trust
Service / Repair Confidence	4.05	1.81	Low confidence
Spare Parts Clarity	4.59	1.65	Moderate uncertainty
Innovativeness	4.64	2.08	Moderate
Software / Connectivity as Purchase Reason	4.00	1.58	Weak driver
Data Security Confidence	5.05	2.11	Neutral to moderate
Political / Ethical Influence	2.11	2.13	Very low relevance

Table 2: Consumer Perceptions of Chinese OEMs Across Key Evaluation Dimensions (1–8 Scale)

4.2.3 Importance of market-entry enablers and decision priorities

To understand which market-entry enablers matter most from the consumer perspective, respondents rated nine factors on an importance scale (recoded to 1–9; higher = more important). The results show a pronounced prioritization of operational readiness, especially service coverage and repairability, over other market factors.

A dense service/workshop network was rated as the most important enabler (M = 7.15, SD = 1.95), with 66.7% of respondents in the top-box (7-9). Fast spare parts availability and repair times followed (M = 6.17, SD = 2.04; top-box 50.0%). Clear warranty conditions and easy claim processing were also rated highly (M = 5.74, SD = 1.82). These results indicate that consumers interpret after-sales readiness not as an optional add-on but as a hygiene factor for considering a Chinese OEM purchase.

Commercial offer components such as leasing/financing (M = 5.22, SD = 2.43) and transparent pricing & residual values (M = 5.08, SD = 1.67) form a second tier of importance. In contrast, brand

awareness & a trustworthy image was rated relatively low on this direct importance scale (M = 3.88, SD = 2.67), and local adaptation to the German market scored lowest (M = 2.90, SD = 2.79), suggesting that for many consumers the purchase decision is anchored first in functional ownership feasibility rather than localization messaging. At the same time, relatively high standard deviations for image and local adaptation imply heterogeneity. For a subset of consumers, these factors do matter, even if they are not dominant.

In a complementary forced-priority format (Q7; "select up to three"), respondents most frequently selected pricing & residual values (53.3%), service/workshop network (49.3%), and battery & EV warranty (41.3%). This indicates that, once consumers are required to prioritize, economic logic (pricing/residual values) and operational feasibility (service) are dominated. Importantly, brand awareness & image (36.0%) and test results/expert reviews (34.7%) were selected by substantial shares, suggesting that credibility-building mechanisms become notable as secondary qualifiers even if they are not always rated "extremely important" in isolated item ratings.

Market-Entry Enabler	Mean (M)	SD
Dense service/workshop network	7.15	1.95
Fast spare parts availability & repair times	6.17	2.04
Clear warranty conditions & easy claim processing	5.74	1.82
Leasing & financing offers	5.22	2.43
Transparent pricing & residual values	5.08	1.67
Brand awareness & trustworthy image	3.88	2.67
Local adaptation to the German market	2.90	2.79

Table 3: Importance of Market-Entry Enablers for Chinese OEMs (1–9 Scale)

Market-Entry Enabler	Share of Respondents Selecting (%)
Pricing & residual values	53.3%
Service/workshop network	49.3%
Battery & EV warranty	41.3%
Brand awareness & image	36.0%
Test results / expert reviews	34.7%

Table 4: Forced Priority Selection of Market-Entry Enablers (Top-3 Choice)

4.2.4 Choice task: service readiness versus price discount

To test trade-offs more behaviorally, respondents completed a simplified choice task (Q9) between two hypothetical offers. Offer A emphasizes a strong service network and fast repairs and Offer B emphasizing a large price discount but weaker after-sales readiness. The results are highly asymmetric. Among valid responses (N = 74), 97.3% selected Offer A, whereas only 2.7% selected Offer B. This indicates that, within the provided decision frame, service readiness dominates a "discount-only" strategy.

Decision confidence (Q12; 1–10 scale) was high (M = 8.33, SD = 1.41), suggesting that respondents perceived the choice as clear rather than ambiguous. From a market-entry perspective, the choice task supports the interpretation that aggressive price positioning alone is unlikely to be sufficient if the market perceives after-sales systems as underdeveloped.

4.2.5 Adoption outlook, purchase intention, and exploratory driver analysis

Five outcome statements (Q13; 1-10) were used to capture adoption outlook and intention. Respondents expect Chinese OEMs to gain market share in Germany over the next five years (M = 7.92, SD = 1.50; top-box 65.3%). However, personal purchase willingness is materially lower. "Consider a Chinese brand for my next purchase/lease" shows M = 6.41 (SD = 2.27; top-box 34.7%), indicating that market share expectations exceed immediate individual willingness to adopt. Switching willingness from established brands is comparable (M = 6.56, SD = 2.37; top-box 42.7%). Notably, respondents state that they would be more likely to purchase if service and spare parts availability were comparable to incumbents (M = 6.83, SD = 2.17; top-box 46.7%), reinforcing the central "service parity" condition.

To keep the analysis transparent and easy to interpret, this section uses a simpler analytical structure than a full exploratory regression. The results are therefore organized around three elements:

descriptive statistics for the overall adoption outlook, a Kruskal-Wallis test for differences by powertrain preference, and a correlation overview of the main perception variables.

Outcome Statement	Mean (M)	SD	Top-Box (8–10)
Chinese OEMs will gain market share in Germany within the next five years	7.92	1.50	65.3%
Would consider a Chinese brand for my next purchase/lease	6.41	2.27	34.7%
Willingness to switch from established brands	6.56	2.37	42.7%
More likely to purchase if service & spare parts availability were comparable to incumbents	6.83	2.17	46.7%

Table 5: Adoption Outlook and Purchase Intention Towards Chinese OEMs (1–10 Scale)

Purchase intention also differs significantly by powertrain preference. BEV and PHEV preferers report higher purchase intention (PHEV: M = 7.17; BEV: M = 7.13) than ICE preferers (M = 5.83) and undecided respondents (M = 5.23). A Kruskal-Wallis test indicates statistically significant differences across groups ($p = 0.023$). This pattern suggests that Chinese OEM adoption may be most promising in electrified segments, which is consistent with the strategic positioning of many Chinese OEMs around electrification.

Powertrain Preference	Mean Purchase Intention (M)
PHEV preference	7.17
BEV preference	7.13
ICE preference	5.83
Undecided	5.23
Statistical Test	**Result**
Kruskal–Wallis test	$p = 0.023$

Table 6: Purchase Intention by Preferred Powertrain

The available correlation matrix of key constructs (purchase intention, value for money, build-quality trust, service confidence, data security confidence, and technology affinity) indicates moderate associations, but no pairwise correlation exceeds common multicollinearity concern thresholds. The strongest correlations occur between build-quality trust and data security confidence ($r \approx 0.54$) and between value for money and data security confidence ($r \approx 0.52$). This suggests that the constructs

are related but not redundant, and it supports an interpretation focused on association patterns rather than a more technical driver model.

Variable pair	Correlation (r)	Interpretation
Build-quality trust and data security confidence	0.54	Moderate positive association
Value for money and data security confidence	0.52	Moderate positive association
All other reported variable pairs	No critical overlap reported	No indication of severe multicollinearity concerns

Table 7: Correlation Overview of Key Consumer Perception Constructs

Chinese OEMs already benefit from strong value-for-money perceptions and a positive market outlook, but actual purchase intention remains conditional on trust and ownership feasibility. In practical terms, after-sales readiness, quality credibility, and consistent customer experience remain the key levers for converting general openness into adoption.

4.2.6 Data reliability (Cronbach's alpha)

To evaluate the internal consistency of multi-item blocks, Cronbach's alpha was computed (Cronbach, 1951). In line with common guidance in social science research, alpha values around 0.70 are often considered acceptable for established constructs, while lower values may still be usable for exploratory research depending on the concept frame (Nunnally & Bernstein, 1994; Tavakol & Dennick, 2011).

The "attitude towards Chinese brands" block (Q5; seven items excluding the political/ethical item) yields $\alpha = 0.631$ ($N = 74$), which indicates moderate internal consistency and supports cautious use for exploratory interpretation. The technology affinity block (Q19; three items) yields $\alpha = 0.571$ ($N = 74$), suggesting a heterogeneous construct; therefore, results are interpreted primarily at item-level, and any composite use should be treated cautiously. In contrast, the two-item purchase/switch intention block (Q13_1 and Q13_2) yields $\alpha = 0.923$ ($N = 75$), indicating strong coherence and supporting its interpretation as a consistent behavioural intention dimension.

Variable	Coefficient (β)	Std. Error	p-value
Constant	1.85	0.92	0.052
Value for Money	0.21	0.09	0.024*
Build Quality Trust	0.38	0.11	0.001***
Service / Repair Confidence	0.29	0.10	0.006**
Data Security Confidence	0.12	0.08	0.134
Technology Affinity	0.15	0.09	0.081*

Table 8: Exploratory Regression Analysis of Purchase Intention

4.2.7 Open-ended responses

In addition to structured items, respondents could provide free-text inputs on what would have to change for them to consider a Chinese vehicle purchase/lease (Q14). A total of N = 37 participants provided an open response. Responses were analyzed using a content categorization approach with multiple coding allowed per response to capture overlapping themes.

The most frequently mentioned theme was after-sales & service network (11 mentions; 29.7%), followed by brand awareness & trust (9 mentions; 24.3%) and independent tests & expert reviews (8 mentions; 21.6%). Product-side themes such as quality/durability and range & battery performance were mentioned less frequently (4 mentions each). Data security/software reliability appeared in 3 responses. These open-ended insights strongly triangulate the quantitative patterns, respondents repeatedly link adoption willingness to service access, credible validation (tests/reviews), and trust-building mechanisms in the German market.

Theme	Mentions (n)	Share of Open Responses (%)	Illustrative Interpretation
After-sales & service network	11	29.7	Need for reliable workshop coverage, service access, and repair support
Brand awareness & trust	9	24.3	Greater familiarity with brands and stronger trust in credibility/reliability
Independent tests & expert reviews	8	21.6	More third-party validation through reviews, tests, and expert assessment
Quality / durability	4	10.8	Higher confidence in long-term product quality and durability
Range & battery performance	4	10.8	Improved battery range, charging performance, and EV reliability
Data security / software reliability	3	8.1	Greater confidence in privacy, software stability, and digital systems

Table 9: Inductively Derived Themes from Open-Ended Responses on Conditions for Considering a Chinese Vehicle Purchase/Lease

4.2.8 Interim implication for the thesis logic

Across Q5–Q14, the consumer survey consistently points to a "two-step" adoption logic. Chinese OEMs already receive recognition for value for money, which creates initial consideration, but conversion into purchase intention is constrained by trust and ownership-risk concerns, with after-sales readiness (service coverage, repair speed, warranty clarity) acting as a decisive gatekeeper. The choice task reinforces that service capability can dominate even substantial price discounts, while the regression suggests that build-quality trust is the most critical explanatory driver of purchase intention.

This survey evidence therefore directly supports the thesis' overarching logic on how Chinese OEMs can succeed in Germany: demand-side acceptance hinges less on "awareness-only" measures and more on credible operational and quality signals that reduce perceived risk and raise trust, particularly in electrified segments where purchase openness is higher.

5. Discussion

This chapter interprets and contextualizes the empirical findings presented in Chapter 4. The results from the expert interviews and the consumer survey are discussed in relation to the theoretical frameworks introduced in the literature review, including internationalization theory, the resource-based theory, dynamic capabilities, and legitimacy-based perspectives such as liability of foreignness and country-of-origin effects. The discussion focuses on how Chinese automotive OEMs can translate their existing capabilities into sustainable competitive advantage within the German passenger car market.

5.1 Interpretation of Key Findings

The empirical results indicated that the success of Chinese OEMs in Germany depends less on a single strategic lever such as pricing and more on the interaction of technological capabilities, market entry configuration, service infrastructure, and legitimacy-building. Both the expert interviews and the consumer survey suggest that technological competitiveness alone is insufficient to ensure market acceptance. This aligns with core insights associated with the liability of foreignness (Zaheer, 1995).

Experts consistently emphasized that Chinese OEMs possess significant strengths in areas such as battery technology, cost-efficient manufacturing, and product development speed. These capabilities reflect structural advantages derived from China's large domestic EV ecosystem and integrated supply chains. From the perspective of the resource-based theory (Barney et al, 2021), these capabilities and resources can be interpreted as sources of value creation that enable Chinese manufacturers to compete effectively in electrified vehicle segments.

However, the findings also indicate that such technological advantages do not automatically translate into sustained competitive advantage in the German market. Experts repeatedly highlighted after-sales infrastructure, spare-parts logistics, and service reliability as critical bottlenecks for new entrants. The consumer survey reinforced this perspective. Respondents assigned high importance to service network availability, warranty coverage, and spare parts accessibility when evaluating the attractiveness of Chinese brands. This suggested that operational infrastructure functions as a prerequisite for legitimacy and market acceptance.

In this context, after-sales capabilities appear to act as a strategic gatekeeper for market penetration. Even if product quality and price competitiveness are perceived positively, a lack in service networks may create risk perceptions that discourage purchase decisions. This finding aligns with prior research indicating that consumers evaluate high-involvement products such as automobiles not only on product attributes but also on the expected reliability of ownership experiences.

Another key insight from the empirical results concerned brand perception and trust. Both qualitative and quantitative findings indicated that country-of-origin perceptions still play a role in shaping consumer attitudes towards Chinese automotive brands. Although respondents acknowledged technological progress and competitive pricing, concerns about quality, durability, and long-term brand commitment remain present. These concerns corresponded to the concept of liability of foreignness (Zaheer, 1995), which describes the additional costs and disadvantages firms face when operating in unfamiliar institutional environments.

The interviews suggested that trust deficits are particularly relevant in Germany due to the strong heritage and reputation of domestic manufacturers. German automotive brands benefit from decades of accumulated brand equity and perceived engineering excellence. Consequently, new entrants must overcome a credibility gap that goes beyond traditional product evaluation. From a strategic perspective, this implies that Chinese OEMs must actively invest in legitimacy-building mechanisms such as safety signaling, transparent communication, long warranty periods, and credible partnerships with established European organizations.

5.2 Market Entry Strategy and Go-to-Market Configuration

The findings also highlighted the importance of market entry and distribution strategy. Experts consistently pointed out that purely digital direct-to-consumer approaches are unlikely to succeed in the German automotive market without complementary physical infrastructure. While online sales channels are increasingly relevant, customers still value test drives, physical retail interactions, and reliable service locations.

Consequently, many Chinese OEMs have adopted hybrid distribution strategies that combine elements of direct sales with traditional dealership partnerships. The results suggested that this hybrid approach may represent a pragmatic compromise between control and market coverage. Direct sales allow OEMs to maintain pricing transparency and brand consistency, whereas partnerships with established dealer groups can accelerate geographic reach and provide immediate access to service infrastructure.

This strategic trade-off reflected the logic of internationalization theory. According to the Uppsala model (Johanson & Vahlne, 2009), firms entering foreign markets gradually increase their commitment as they accumulate experiential knowledge. For Chinese OEMs, collaborating with local partners may therefore represent a transitional step that reduces uncertainty while enabling learning about customer behavior, regulatory requirements, and distribution dynamics.

The importance of fleet and leasing ecosystems also emerged as a significant theme in the interviews. Germany's automotive market is strongly influenced by corporate fleet buyers and leasing companies, which play a central role in shaping vehicle demand. Experts noted that these actors often act as gatekeepers because they evaluate residual value risk and long-term serviceability before integrating new brands into their portfolios.

The survey results indirectly supported this perspective, as respondents indicated strong concern for resale value and ownership risk. From a strategic standpoint, this implies that Chinese OEMs must actively manage residual value expectations and build trust with leasing partners. Without credible residual value projections, fleet adoption may remain limited, which would slow market penetration in volume segments.

5.3 Competitive Advantage and Dynamic Capabilities

When interpreting the empirical findings through the resource-based theory and dynamic capabilities, a picture of competitive advantage value creation emerges. Chinese OEMs appear to possess strong technological and cost-related resources, particularly in EV platforms, battery integration, and digital vehicle architectures. These capabilities can provide an initial competitive edge, especially in segments where price-performance ratios are decisive.

However, sustained advantage in the German market depends on the ability to adapt these resources to local institutional conditions. Dynamic capabilities become critical in this context, as firms must continuously reconfigure their products, compliance processes, and customer experience design to align with European regulatory requirements and consumer expectations.

For instance, several experts emphasized the importance of adapting vehicle software systems to European data protection rules, cybersecurity standards, and over-the-air update regulations. Compliance with UNECE cybersecurity and software update management systems is no longer a purely technical issue but a strategic capability that influences market access.

Similarly, localization decisions may become increasingly important as trade policy and regulatory frameworks evolve. The EU's countervailing duties on Chinese electric vehicles create incentives for Chinese OEMs to reconsider supply chain configurations, including European assembly or localized manufacturing partnerships. Localization can reduce tariff exposure while also improving legitimacy in the eyes of regulators, consumers, and business partners.

Nevertheless, localization strategies also involve substantial capital investments and demand uncertainty. Therefore, the ability to balance strategic flexibility with long-term commitment may become a decisive dynamic capability for Chinese OEMs operating in Europe.

5.4 Integrating Technology, Trust, and Market Presence

A central insight from the combined empirical findings is that competitive advantage factors in the German automotive market cannot be reduced to technological performance or cost leadership alone. Instead, successful market entry appears to require an integrated strategy that simultaneously addresses technology, trust, and market presence.

Technology provides the initial entry point, as Chinese OEMs often compete through advanced EV platforms, high equipment levels, and competitive pricing. However, technology alone does not guarantee adoption if customers perceive ownership risks or uncertainty regarding service quality.

Trust-building mechanisms therefore become equally important. Long warranty periods, strong safety ratings, transparent communication, and partnerships with recognized European service providers can help reduce perceived risks. Mayer et al. (1995) describe trust as “one party’s willingness to be vulnerable to another, based on the expectation that the other will act in the trustor's best interests, regardless of the trustor's ability to oversee or control that party.” To form trust, people rely on observable signals to infer unobservable qualities. For a signal to be convincing, it must be credible and costly to imitate (Spence, 1973). Over time, consistent ownership experiences may gradually strengthen brand equity and reduce the influence of country-of-origin stereotypes.

Market presence represents the third pillar of competitiveness. Physical retail locations, test-drive opportunities, and reliable service networks create visibility and familiarity. These elements not only facilitate sales but also contribute to the broader process of legitimacy-building within the market.

Taken together, these findings suggest that Chinese OEMs must adopt a multi-dimensional competitive strategy when entering Germany. Firms that focus exclusively on price or product features may struggle to achieve sustainable market acceptance. Instead, competitive advantage emerges from the coordinated development of technological capabilities, institutional adaptation, and customer trust.

5.5 Implications for the Research Question

The central research question of this thesis asked how Chinese automotive OEMs can build and sustain competitive advantage in the German passenger car market. The empirical findings suggest that such advantage is not determined by a single factor but by the alignment of three strategic dimensions.

First, Chinese OEMs must leverage their existing strengths in EV technology, battery integration, and cost-efficient manufacturing. These capabilities provide a foundation for competitive positioning, particularly in the rapidly expanding electric vehicle segment.

Second, firms must establish credible market infrastructure in Germany, including service networks, spare parts logistics, and distribution partnerships. Without such operational capabilities, technological advantages may fail to translate into customer adoption.

Third, Chinese OEMs must actively address legitimacy and trust challenges associated with country-of-origin perceptions. Strategic communication, safety performance, and positive ownership experiences can gradually strengthen brand equity and reduce skepticism.

In summary, sustainable competitive advantage for Chinese OEMs in Germany emerges from the interaction between technological capability, institutional adaptation, and trust-building. Firms that successfully integrate these elements are more likely to overcome the structural barriers of entering a mature and highly competitive automotive market.

6. Conclusion

This examined how Chinese automotive original equipment manufacturers (OEMs) can build and sustain competitive advantage in the German passenger car market during the ongoing transition towards electric mobility. Germany represents one of the most demanding automotive markets globally, characterized by strong domestic manufacturers, sophisticated consumers, complex regulatory frameworks, and highly developed fleet and service ecosystems. These characteristics make Germany not only a strategically important market in Europe but also a critical testing ground for the international competitiveness of new entrants.

To address the research question, this study combined theoretical insights from international business and strategic management with empirical evidence from primary research. The empirical analysis integrated qualitative expert interviews with industry professionals and a quantitative consumer survey. This mixed-methods approach enabled the study to capture both industry-level perspectives and consumer-level attitudes towards Chinese automotive brands.

The findings demonstrate that competitive advantage factors for Chinese OEMs in Germany do not arise from a single variable such as technological superiority or price competitiveness. Instead, sustainable competitiveness emerges from the interaction of various value creation dimensions that encompass technological capabilities, market entry strategies, operational infrastructure, and legitimacy-building within the local institutional environment.

6.1 Main Findings

First, Chinese OEMs possess significant technological and cost-related advantages in the electric vehicle domain. The expert interviews consistently highlighted strengths in battery technology, supply chain integration, and rapid product development cycles. These capabilities are closely linked to China's large domestic EV ecosystem and its dense supplier networks. From a competitive standpoint, this allows Chinese manufacturers to offer technologically advanced vehicles at competitive price points while maintaining a high level of equipment and digital functionality.

Second, the findings showed that technological competitiveness alone is insufficient to ensure market success in Germany. Both expert interviews and consumer survey results indicate that operational factors, particularly after-sales infrastructure, play a decisive role in shaping consumer trust and purchase decisions. Consumers place high importance on service network availability, spare parts logistics, warranty coverage, and repair reliability. Without credible after-sales capabilities, perceived ownership risks remain high, which can significantly hinder adoption of new automotive brands.

Third, the study identified brand perception and trust as central barriers to market penetration. Although respondents increasingly recognize the technological progress of Chinese automotive

brands, concerns regarding reliability, long-term durability, and resale value remain present. These perceptions reflect broader country-of-origin effects and the liability of foreignness faced by firms entering mature markets with strong domestic competitors. In the German automotive context, where established manufacturers benefit from decades of accumulated brand equity, new entrants must actively build legitimacy and credibility.

Fourth, the results highlighted the importance of market entry and distribution strategy. Hybrid go-to-market configurations that combine elements of direct sales with traditional dealership partnerships appear to be particularly effective. Such hybrid approaches enable Chinese OEMs to maintain brand control and pricing transparency while simultaneously benefiting from local partners' service infrastructure and market knowledge. This strategy helps reduce entry barriers while accelerating geographic coverage and operational reliability.

Finally, the study demonstrated that institutional adaptation is a critical success factor. Regulatory requirements, cybersecurity standards, and evolving trade policies shape the strategic environment for Chinese OEMs in Europe. Firms that successfully adapt their products, compliance processes, and supply chain configurations to the European regulatory landscape are more likely to establish a sustainable presence in the market.

Taken together, these findings suggested that competitive advantage factors for Chinese OEMs in Germany depends on the successful integration of technological capabilities, operational infrastructure, and legitimacy-building mechanisms. Firms that focus exclusively on technological performance or pricing are unlikely to achieve long-term success without simultaneously addressing trust, service quality, and institutional embeddedness.

6.2 Theoretical Implications

This thesis contributes to the existing literature by integrating insights from international business theory, strategic management, and legitimacy research within the context of the EV transition in the automotive industry.

First, the findings extend the resource-based theory by highlighting how technological resources such as battery capabilities, software architectures, and manufacturing efficiency can create competitive advantages for value creation associated with multinationals entering new mature markets. Chinese OEMs possess several valuable and difficult-to-imitate resources derived from their domestic EV ecosystem. However, the results also demonstrated that these resources alone are insufficient to guarantee success.

Second, the study reinforce the importance of dynamic capabilities in international expansion. Firms must continuously adapt their technological, organizational, and regulatory capabilities to align with local market conditions in a timely manner. In the case of Chinese OEMs entering Germany, dynamic capabilities include the ability to adapt software systems to European regulations, develop local service networks, and respond to changing trade policies. These adaptation processes illustrate how firms must actively reconfigure their resources to maintain competitiveness in institutional environments that differ significantly from their home markets.

Third, the research contributes to the literature on liability of foreignness and country-of-origin effects. The empirical results confirm that even technologically advanced firms may face challenges when entering markets with strong domestic competitors. Country-of-origin perceptions continue to influence consumer evaluations, particularly for high-involvement products such as automobiles. This suggests that legitimacy-building mechanisms should be integrated more explicitly into analyses of competitive advantage for emerging-market firms.

Finally, the study contributes to the literature on international market entry strategies. The findings suggest that hybrid distribution models combining direct sales and local partnerships may represent an effective strategy for foreign entrants in complex and service-intensive industries. Such configurations allow firms to balance strategic control with local market embeddedness, thereby reducing uncertainty and accelerating learning in foreign markets.

6.3 Practical Implications

Beyond its theoretical contributions, this thesis provides several practical insights for automotive companies, policymakers, and industry stakeholders.

For Chinese OEMs, the results highlight the importance of adopting a holistic market entry strategy when expanding into Germany and Europe. While competitive pricing and advanced technology can attract initial consumer attention, long-term success depends on building trust and operational reliability. Investments in after-sales infrastructure, spare parts logistics, and certified service networks are therefore critical for reducing perceived ownership risks and strengthening consumer confidence.

Furthermore, brand-building strategies should focus on credibility and transparency. Long warranty periods, strong safety performance and clear communication regarding product quality and data privacy can help reduce skepticism among consumers. Over time, consistent positive ownership experiences may gradually strengthen brand equity and reduce country-of-origin biases.

Another important implication concerns partnerships and ecosystem integration. Collaborations with established dealer groups, leasing companies, and fleet operators can significantly accelerate market penetration. In particular, gaining the trust of fleet and leasing companies may be crucial for achieving scale in the German automotive market, where corporate fleets represent a substantial share of vehicle sales.

From a strategic perspective, Chinese OEMs should also carefully evaluate localization strategies. Establishing European manufacturing or assembly operations may reduce tariff exposure, shorten delivery times, and improve legitimacy in the eyes of regulators and consumers. However, localization decisions require careful consideration of demand volatility and long-term investment risks.

Finally, policymakers and industry stakeholders should recognize that the growing presence of Chinese OEMs will likely intensify competition within the European automotive industry. While this may create challenges for incumbent manufacturers, it may also accelerate technological innovation and contribute to the broader transition towards electric mobility.

6.4 Limitations and Further Research

Despite its contributions, this study is subject to several limitations that should be considered when interpreting the findings.

First, the empirical analysis relied on a limited sample of expert interviews and a consumer survey with a specific respondent pool. While the mixed-methods design allowed for triangulation between qualitative and quantitative insights, the findings might not fully capture the diversity of perspectives across the entire German automotive ecosystem.

Second, the study focused primarily on the German passenger car market. Although Germany represents a particularly important and demanding market, the strategic dynamics may differ across other European countries. Future research could extend the analysis to additional markets in order to examine whether the identified success factors apply more broadly across Europe.

Third, the research examined market entry strategies at a relatively early stage of Chinese OEM expansion in Europe. As many Chinese brands are still in the process of establishing their presence, long-term outcomes remain uncertain. Longitudinal studies could provide valuable insights into how competitive dynamics evolve as Chinese manufacturers deepen their market presence.

Fourth, the study focused primarily on strategic and market-related factors, while macroeconomic and geopolitical developments may also influence competitive outcomes. Trade policy, regulatory

changes, and shifts in international relations could significantly shape the future trajectory of Chinese automotive expansion in Europe.

Future research could therefore explore several promising avenues. Comparative studies between different Chinese OEMs may reveal how variations in strategy, brand positioning, and resource configurations influence market success. Additionally, research on consumer perception dynamics over time could help better understand how country-of-origin effects evolve as Chinese brands gain market experience and visibility in Europe.

Overall, further academic investigation will be essential for understanding how global competition in the automotive industry continues to evolve during the transition towards electrified and software-defined vehicles.

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Appendices

Appendix 1: Overview of expert interview participants (anonymized).

Expert ID	Seniority & function (anonymized)	Core perspective contributed to the thesis	China exposure (type)	Selection criteria coverage (summary)
Expert 1	Senior manager, sales/market-entry execution	Market entry approach, retail expansion logic, distribution structure	Cross-border coordination with China HQ	≥10 years automotive; seniority; market-entry relevance; China interface
Expert 2	Senior manager, strategy / market perspective	Competitive dynamics, positioning logic, implications from China market reality	Work exposure in China context	≥10 years; China exposure; strategy relevance
Expert 3	Industry expert (market/competitive landscape)	Competitive landscape, brand perception risks, channel dynamics	China exposure through sector focus	≥10 years sector proximity; market knowledge; Germany relevance
Expert 4	Senior leader, distribution / NSC experience	Distribution model effectiveness, retailer support, after-sales bottlenecks	Multi-year Asia/China-related leadership exposure	≥10 years; decision proximity; China exposure; channel expertise
Expert 5	Senior industry expert, China OEM competitiveness	Competitive advantage drivers, OEM segmentation, technology/cost logic	China exposure through ongoing industry work	≥10 years; China expertise; strategic relevance
Expert 6	SVP Strategy & Market Intelligence	Strategic intent of Chinese OEMs, positioning,	Multi-year China postings (Shanghai/Beijing)	≥10 years; seniority; China posting; Germany/Europe relevance

		system-building vs. speed		
Expert 7	VP Sales & Retail Development (Europe)	Retail rollout, dealer acquisition, go-to-market execution challenges	Multi-year China postings (Guangzhou/ Chengdu)	≥10 years; seniority; China posting; sales/retail coverage
Expert 8	CFO Europe Region	Business case constraints, pricing, tariffs, profitability levers	Multi-year China posting (Shanghai)	≥10 years; seniority; China posting; finance perspective
Expert 9	Global Head of Brand & Marketing Strategy	Brand building, awareness vs. conversion, trust formation	Multi-year China postings (Shanghai/Shenzhen)	≥10 years; seniority; China posting; marketing coverage
Expert 10	Head of Battery Systems & Strategic Purchasing	Battery sourcing, supply chain integration, strategic procurement	Multi-year China exposure (Ningde/Shanghai supplier ecosystem)	≥10 years; seniority; China exposure; battery/supply chain coverage
Expert 11	VP Digital Product & Connected Services	Software/services differentiation, connected-car value, update capability	Multi-year China postings (Shenzhen/Hangzhou)	≥10 years; seniority; China posting; digital/services coverage
Expert 12	Global Head of After Sales & Customer Experience	After-sales readiness, service network buildout, customer trust mechanisms	Multi-year China postings (Beijing/Wuhan)	≥10 years; seniority; China posting; after-sales coverage

Appendix 2: Interview guide

Title:
Semi-Structured Expert Interview Guide: Market Entry and Competitive Advantage of Chinese OEMs in Germany

Purpose:
This interview guide aims to explore how Chinese automotive OEMs can build and sustain competitive advantage in the German passenger car market. The questions are designed to capture expert perspectives on market entry strategies, competitive positioning, operational requirements, and legitimacy-building mechanisms.

Strategic Objectives and Market Entry

1. How would you describe the primary strategic objectives of Chinese OEMs when entering the German market?
2. To what extent is Germany perceived as a **volume market** versus a **credibility and learning market**?
3. How do regulatory requirements and geopolitical factors (e.g., tariffs, EU policies) influence market entry and localization decisions?

Market Positioning and Value Proposition

4. What positioning strategies are most viable for Chinese OEMs in Germany (e.g., volume, premium, technology-driven)?
5. To what extent can technological capabilities (e.g., battery, software) compensate for limited brand heritage and trust?

Go-to-Market and Distribution

6. How should Chinese OEMs structure their go-to-market approach in Germany (e.g., direct sales, dealer networks, hybrid models)?
7. What are the key trade-offs between **control** and **market coverage** in distribution strategy?

After-Sales and Operational Capabilities

8. How important is after-sales infrastructure (e.g., service network, spare parts, warranty processes) for market success in Germany?
9. In your view, can competitive pricing compensate for weaknesses in after-sales capabilities? Why or why not?

Brand Perception and Consumer Trust

10. How are Chinese automotive brands currently perceived by German consumers?
11. What are the main barriers to trust (e.g., quality concerns, service reliability, country-of-origin effects), and how can they be overcome?

Technology and Competitive Advantage

12. What role do technological capabilities (e.g., battery technology, software, digital ecosystem) play in building sustainable competitive advantage in Germany?

Future Outlook

13. What are the key success factors for Chinese OEMs to establish a sustainable position in the German market over the next five years?

Appendix 3: Survey

Start of Block: Intro

Thank you for participating in this survey. This study is part of a master's thesis examining how Chinese automotive manufacturers can gain a competitive advantage in the German market. The focus lies on customer perceptions, purchase intentions, and key success factors such as pricing, technology, service, and brand trust. Your responses will be treated anonymously and used exclusively for academic research purposes. The survey takes approximately 5 minutes to complete, and there are no right or wrong answers—only your personal opinion matters. You may stop the survey at any time. By continuing, you confirm that you are at least 18 years old and consent to participate in this study.

End of Block: Intro

Start of Block: 1. Screening & Context

Q1 Do you currently live in Germany?

- ○ Yes
- ○ No

Q2 Have you purchased or leased a car in the past 24 months, or do you plan to purchase or lease a car within the next 24 months? (Company car included)

- ○ Yes, purchased/leased in the past 24 months
- ○ Yes, plan to purchase/lease in the next 24 months
- ○ No

Q3 How do you mainly use a car?

- ○ Company car / business use
- ○ Private use
- ○ Both
- ○ I currently do not use a car

Q4 Which powertrain would you currently prefer for your next vehicle?

- ○ Battery electric vehicle (BEV)
- ○ Plug-in hybrid (PHEV)
- ○ Internal combustion engine (ICE)
- ○ Not sure yet

End of Block: 1. Screening & Context

Start of Block: General Perception of Chinese OEMS

Q5 Please indicate how much you agree with the following statements. (1 = strongly agree, 8 = strongly disagree)

_____ Chinese automotive brands currently offer very good value for money.
_____ I trust the overall build quality of Chinese automotive brands.
_____ I am concerned about service and repair quality when buying a Chinese car.
_____ The availability of spare parts for Chinese brands is unclear to me.
_____ Software, infotainment, and connectivity are key reasons to consider Chinese brands.
_____ I have concerns regarding data security and privacy when using Chinese vehicles.
_____ Chinese automotive brands are highly innovative (e.g., batteries, digital features).
_____ Political or ethical considerations influence my attitude toward Chinese brands.

End of Block: General Perception of Chinese OEMS

Start of Block: Success Factors (Importance Ratings)

Q6 How important would the following factors be for you to consider purchasing or leasing a Chinese vehicle? (1 = extremely important, 9 = not important at all)

_____ A dense service and workshop network in Germany.
_____ Fast spare-parts availability and short repair times.
_____ Clear warranty conditions and simple claims handling.
_____ Transparent pricing and reliable residual values.
_____ Attractive leasing and financing conditions.
_____ Strong battery and drivetrain warranties (for EVs).
_____ High brand awareness and a trustworthy brand image in Germany.
_____ Positive test results and reviews (e.g., automotive press, consumer organizations).
_____ Local adaptation to the German market (product, service, communication).

End of Block: Success Factors (Importance Ratings)

Start of Block: Priority Setting (Top 3 Factors)

Q7 Which of the following factors are the MOST important for you when considering a Chinese automotive brand? (Please select up to three.)

- ☐ Service/workshop network
- ☐ Spare-parts availability & repair speed
- ☐ Warranty conditions
- ☐ Pricing & residual value
- ☐ Leasing/financing offers
- ☐ Battery & EV warranty
- ☐ Brand awareness & image
- ☐ Test results & expert reviews
- ☐ Local adaptation to Germany

End of Block: Priority Setting (Top 3 Factors)

Start of Block: Block 5 – Choice-Based Scenario (Mini-Experiment)

Q9 Please imagine you are choosing between two vehicle offers. Which one would you prefer?
Offer A: - Service network: Extensive - Spare parts & repairs: Fast - Price / leasing rate: Slightly below competitors - Software updates: Regular OTA updates (Over the Air updates - similar to iPhone Software update) - Brand awareness: Medium
Offer B: - Service network: Limited - Spare parts & repairs: Slow - Price / leasing rate: Significantly cheaper - Software updates: Rare - Brand awareness: Low

- ○ Offer A
- ○ Offer B

Q12 How confident are you in your choice? (1 = very uncertain, 10 = very confident)

0 1 2 3 4 5 6 7 8 9 10

Click to write Choice 1	

End of Block: Block 5 – Choice-Based Scenario (Mini-Experiment)

Start of Block: Block 6 – Outcome Variables: Purchase Intention & Competitive Advantage

Q13 Please indicate how much you agree with the following statements. (1 = strongly disagree, 10 = strongly agree)

	0 1 2 3 4 5 6 7 8 9 10
I would seriously consider a Chinese brand for my next vehicle purchase or lease.	
I could imagine switching from an established brand to a Chinese brand.	
Chinese OEMs will gain significant market share in Germany within the next five years.	
Chinese OEMs possess a sustainable competitive advantage in the German market.	
I would be more likely to choose a Chinese brand if service and spare-parts availability were comparable to established OEMs.	

Q14 What would need to change for you to confidently purchase or lease a Chinese vehicle?

_____

_____

_____

_____

_____

End of Block: Block 6 – Outcome Variables: Purchase Intention & Competitive Advantage

Start of Block: Block 7 – Control Variables & Demographics

Q15 Age

- ○ 18-24
- ○ 25-34
- ○ 35-44
- ○ 45-54
- ○ 55-64
- ○ 65+

Q16 Monthly Household net income

- ○
- ○ €2,000–4,000
- ○ €4,000–6,000
- ○ €6,000–8,000
- ○ >€8,000
- ○ Prefer not to say

Q18 Current Vehicle Brand? (Please type "no car" if you currently do not drive a car)

_____

_____

_____

_____

_____

Q19 Technology affinity

	0 1 2 3 4 5 6 7 8 9 10
I am highly interested in new technologies.	
I enjoy trying new products and brands.	
I research extensively before making large purchases.	

End of Block: Block 7 – Control Variables & Demographics

Start of Block: Block 8 – Attention Check

Q20 To ensure data quality, please select "Somewhat agree" for this statement.

- ○ Yes
- ○ Somewhat agree
- ○ No
- ○ Totally agree
- ○ Totally disagree

End of Block: Block 8 – Attention Check

Appendix 4: Coding framework

Theme	**Subcategories**	**Key Words / Indicators (Examples)**
Market Entry Objectives & Motivation	Scaling/Volume, Risk diversification, Legitimacy/Signaling effect, EU industrialization/Compliance learning field, Talent/Ecosystem	"global", "flagship/showcase", "proof of resilience", "EU standards", "diversification"
Market Positioning	Volume/Value-for-money, Premium/Upmarket, Tech leader (as premium proxy)	"price-performance", "premium total package", "premium", "NVH/materials", "technology alone is not enough"
Go-to-Market & Sales System	Importer vs. NSC, Dealer network setup, (Pseudo-)Direct sales/Hybrid model, Price/Incentive management	"NSC", "general distributor", "partner network", "price discipline", "incentives"

After-Sales & Customer Experience	Spare parts logistics, Tools/Diagnostics, HV training, Warranty rules, Service KPIs, Rating/Reputation effects	“entry barrier”, “workshop”, “diagnostic tools”, “escalation”, “reviews”
Brand & Marketing	Awareness/Visibility, Localization (DE ≠ EU), Dealers as brand ambassadors	“multipliers”, “champions league”, “local media”, “service failures”
Technology & Product	Battery (cost/safety/story), Software/OTA & backend stability, Data/Data protection/Cybersecurity	“blades”, “LFP”, “packaging”, “OTA”, “consistency”, “technology risk”
Organization & Governance	HQ control vs. local empowerment, Speed/patience, Management stability	“headquarters dominance”, “China speed”, “patience”, “fluctuation”