



Internationalization Strategy for CUPRA

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Policies and Strategies for Business Internationalization
Final Group Project - Report

Index:

Strategic Management.....	3
External Environment Variables.....	5
STEEP Analysis.....	6
Types of Strategies.....	7
Functional Resource and Capability Analysis.....	9
References.....	11

Strategic Management

Vision and Mission Alignment:

Vision: CUPRA's vision must integrate a global perspective that highlights its position as an innovative brand in the automotive sector. For example: 'To be recognised as a leader in sustainable mobility and innovative design in key international markets'.

Mission: The mission should be tailored to reflect the positive impact on international markets, highlighting the unique value proposition. For example: 'To provide high-performance vehicles with advanced technology and iconic design, enhancing the driving experience in every corner of the world.'

Strategic Goals: A measurable objectives for entering foreign markets.

- **Short Term (1-2 years)**

- Identify and prioritise 3 key international markets through demand and trend analysis.
- Increase brand recognition by 15% in selected markets with digital campaigns.
- Establish agreements with at least 5 local partners or distributors.

- **Medium Term (3-5 years)**

- Launch a model adapted to local needs, achieving 20% of international sales.
- Open 10 dealerships or 'CUPRA Experience Centres' in strategic cities.
- Participate in 3 key international automotive industry events per year.

- **Long Term (5-10 years)**

- Achieve 5% market share of premium electric vehicles in key markets.
- Develop a portfolio of 5 international models adapted to local regulations.
- Position CUPRA as one of the 10 most recognised premium brands globally.

SWOT Analysis: Highlight internal strengths and weaknesses, as well as external opportunities and threats.

<p>Strengths</p> <ul style="list-style-type: none"> ● Innovation and Design: Recognition for vehicles with advanced technology and distinctive design, reinforcing its positioning as a premium brand. ● Focus on Electric Mobility: Products aligned with the growing global demand for electric vehicles (EV). ● Relationship with the SEAT/VW Group: Support from an established automotive group, ensuring access to technology, resources and global distribution. 	<p>Weaknesses</p> <ul style="list-style-type: none"> ● Lack of International Presence: Operations limited to a national market, with low global visibility. ● Dependence on Traditional Distribution Network: Less focus on direct or digital channels compared to international competitors. ● Production Capacity: Potential limitations to scale quickly in high-volume international markets. ● Relatively New Brand: Limited recognition against established premium brands.
<p>Opportunities</p> <ul style="list-style-type: none"> ● EV Market Growth: Increasing global demand for electric vehicles, spurred by government policies and sustainability trends. ● New Emerging Markets: Expansion in regions with growing economies, such as Asia-Pacific and Latin America. ● Adoption of Autonomous Technologies: Opportunity to lead in innovation with advanced autonomous driving systems. 	<p>Threats</p> <ul style="list-style-type: none"> ● Intense Competition: Established international brands, such as Tesla, BMW and Audi, dominate the premium electric market. ● International Regulations: Complex and variable regulatory requirements in different markets. ● Economic and Political Volatility: Risks in foreign markets due to currency fluctuations, trade wars or political instability..

External Environment Variables

Market Conditions:

Understanding consumer demand and the competitive landscape in target countries is crucial for CUPRA. Key factors to consider include the growing global trend towards electric and hybrid vehicles, with increasing consumer preferences for sustainable mobility solutions. In markets like Europe, the US, and Asia, premium electric vehicles are experiencing a surge in demand.

Competitive analysis should focus on brands like Tesla, BMW, and Audi, which dominate the premium EV segment. CUPRA's differentiation through sporty aesthetics and unique brand identity must be emphasized to carve out a niche. Additionally, local market preferences such as compact designs in Asia or performance-oriented models in North America should shape product offerings.

Regulatory Environment:

Legal frameworks vary significantly across countries and can impact CUPRA's operational strategy. In Europe, stringent environmental standards under EU directives necessitate compliance with emissions and sustainability requirements. The US market imposes safety regulations and varying state-level EV incentives, which can influence pricing and market entry strategy. Asian markets like China have high import duties but also provide subsidies for electric vehicle manufacturers under certain conditions. CUPRA must evaluate labor laws, import/export tariffs, and potential trade barriers to ensure smooth operations in these regions.

Cultural Sensitivity:

Cultural factors play a pivotal role in CUPRA's brand reception. In markets with strong cultural emphasis on luxury and performance, like the Middle East, highlighting the brand's premium and dynamic qualities would resonate well. Conversely, in Asian countries where practicality and affordability are more valued, CUPRA might need to adjust its marketing narratives. Building a culturally sensitive advertising campaign that aligns with local traditions and lifestyle preferences can enhance brand perception. Local partnerships and collaborations can also help CUPRA navigate cultural nuances effectively.

STEEP Analysis

Social Factors:

Consumer preferences are shifting towards sustainable and tech-driven mobility solutions. Younger demographics, particularly Millennials and Gen Z, prioritize eco-friendly brands that align with their values. Demographic trends, such as urbanization in Asia and North America, also create opportunities for compact, city-friendly EVs. CUPRA's sporty and sustainable image could appeal to these segments, provided it tailors its approach to regional tastes and lifestyle priorities.

Technological Factors:

The technological infrastructure in target regions varies significantly. Developed markets like Europe and North America have well-established EV charging networks, which align with CUPRA's electric vehicle offerings. However, in emerging markets, insufficient charging infrastructure could be a challenge. Partnering with local companies to establish charging stations and integrating advanced connectivity features into vehicles can enhance market readiness. Additionally, investments in digital retail and after-sales support are critical for tech-savvy consumer bases.

Economic Factors:

Economic conditions such as GDP growth, disposable income levels, and currency stability will shape CUPRA's pricing strategy. In high-income markets, premium pricing may be sustainable, but in developing countries, more affordable models or localized production could be necessary. Exchange rate volatility can impact profitability, necessitating hedging strategies. Monitoring economic trends like inflation and consumer spending habits will help CUPRA adapt to local economic environments.

Environmental Factors:

Sustainability is a key consideration in CUPRA's international expansion. Countries with stringent environmental regulations, such as those in the EU, provide both challenges and opportunities. Aligning CUPRA's product offerings with global sustainability trends and integrating green technologies like recyclable materials and renewable energy sourcing can boost its appeal. The growing emphasis on zero-emission vehicles worldwide provides a fertile ground for CUPRA's electric lineup.

Types of Strategies

Market Entry Strategy

- **Recommendation: Joint Ventures**

CUPRA should form local partnerships to access expertise, distribution, and navigate regulations, sharing risks and costs. In low-barrier regions like the EU, direct exporting can complement entry with minimal investment.

Growth Strategy

- **Recommendation: Localized Innovation**

CUPRA should design EVs tailored to local preferences, like compact cars for Asia and performance models for North America, while integrating advanced features and sustainable materials. Partnerships with local charging networks will support growth and customer satisfaction.

International vs. Local Strategy

- **Recommendation: Hybrid Approach (Internationalization)**

CUPRA should establish a consistent international identity emphasizing its sporty, premium, and sustainable values. Simultaneously, adapting to diverse regional contexts—through product variations, market-appropriate pricing, and localized marketing—can enhance its appeal across different cultures and consumer needs. For example, prioritizing luxury in Middle Eastern markets while emphasizing practicality in Asia allows the brand to maintain an international image while addressing local preferences effectively."

Corporate Governance

CUPRA, a subsidiary of SEAT S.A. under the Volkswagen Group, operates with integrity, compliance, and transparency. As a subsidiary of SEAT S.A. under the Volkswagen group, CUPRA does business with honesty, legality, and openness.

The audit and good Practices Commission (CABP), which was founded in 2016, supports its governance under the direction of Chairman Wayne Griffiths. The CABP, which is led by Luis Comas Martines de Tejada and has members like Mark Philipp Porche and Dr. Stefan Piech, makes sure that the law and moral principles are followed

Employees are guided in ethical behavior and obligations by Cupra's code of conduct, which is in line with the values of Volkswagen. A compliance program encourages sustainability. A compliance program encourages sustainable development, openness, and good governance. By making it possible to report misconducts, strengthen CUPRA's dedication to upholding moral principles.

Governance practices

- Seat S.S has an Audit & Good practices Commission (CABP), an autonomous and independent control body that oversees risk management and regulatory compliance.
- The company adheres to the Volkswagen Group's Social Charta, which establishes principles for social and industrial relations.
- CUPRA emphasizes integrity and compliance as fundamental pillars of its corporate strategy.

Sustainability and responsibility

- Sustainability is a key pillar in SEAT S.A's corporate strategy, which includes CUPRA.
- The company has invested 5 billion euros between 2020 and 2025 for electrification and sustainable mobility.

Whistleblower System

To detect and combat irregularities and conduct that goes against the company's belief and values, CUPRA, a division of SEAT S.S., has put in place whistleblower channels.

The strong corporate governance framework of SEAT S.A, and the Volkswagen Group support.

VRIO Framework

- **Value:** CUPRA's electric technology, sporty designs, and sustainability meet the rising demand for innovative EVs, delivering strong customer value.
- **Rarity:** CUPRA's high performance, electric mobility, and VW Group support make it unique, especially in emerging markets.
- **Imitability:** CUPRA's technology, designs, and sporty image are hard to replicate, giving it a competitive advantage.
- **Organization:** With VW Group's resources, CUPRA can expand internationally by strengthening global teams, forming local partnerships, and optimizing digital marketing and after-sales support for sustainable growth.

Functional Resource and Capability Analysis

- **Structure and Culture**

Cupra operates as an independent brand under the Volkswagen Group, blending innovation, performance, and sustainability into a dynamic culture that sets it apart in the automotive sector.
- **Marketing**

Cupra positions itself as a premium brand, leveraging motorsport heritage and targeting eco-conscious, performance-driven consumers. Its digital campaigns, strategic sponsorships, and EV models enhance brand visibility and differentiation.
- **Financial Resources**

Backed by the Volkswagen Group, Cupra enjoys financial stability, enabling investments in R&D, marketing, and production to support its transition to electric mobility while maintaining growth.
- **Operational Capabilities**

Cupra shares Volkswagen's and SEAT's advanced manufacturing facilities and platforms, reducing costs and ensuring high-quality production, reinforcing its reputation for excellence.

- **R&D**

Focused on innovation, Cupra develops cutting-edge electric and hybrid technologies. Volkswagen's R&D resources enable unique designs and high-performance vehicles to remain competitive in the evolving market.

- **HR Challenges**

Cupra invests in upskilling and fostering diversity to attract and retain talent, particularly in EV technologies, ensuring its workforce meets the demands of electrification.

- **IT Capabilities**

Advanced IT systems enhance vehicle connectivity, support digital transformation, and improve customer experiences, including expanded e-commerce capabilities.

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