



Technology-Driven Strategy and Competitive Structure Transformation: A Structural Analysis of XPENG's Rise and Periodic Challenges

Yonghuai Dai

University of British Columbia, Vancouver, Canada
yonghuai0906@126.com

Abstract. This paper examines XPENG's strategic evolution in China's rapidly transforming new energy vehicle market. Through analysis of XPENG's technology-driven approach, product positioning, and organizational reforms under President Wang Fengying, the study reveals how the company established its "affordable intelligent driving" advantage while facing intensifying competition from BYD, Tesla, Li Auto, and NIO. The research employs PEST framework to evaluate external environmental factors and proposes strategic recommendations for sustainable growth. Findings indicate that while XPENG's technological capabilities remain strong, success depends on translating technical advantages into clear product positioning, efficient cost control, and differentiated brand communication.

Keywords: XPENG; New Energy Vehicle; Intelligent Driving; Competitive Strategy; Technology-Driven

1 Introduction

China's new energy vehicle (NEV) industry has undergone rapid expansion and competitive restructuring over the past five years. According to data from the China Automobile Dealers Association (CADA), NEV market penetration has risen continuously since 2020: approximately 5.8% in 2020, exceeding 13% in 2021, reaching over 25% in 2022, climbing above 35% in 2023, and hitting a historic high of 60.4% in December 2025 [1]. This leap in penetration signifies that NEVs have transitioned from policy-driven "early adoption products" to mainstream market "regular choices," with industry competition evolving from "who gets there first" to "who can establish sustainable advantages in scale, cost, and product capability."

During this window, XPENG quickly rose to become one of the leading "new forces" in the automotive industry, joining NIO and Li Auto as the "Wei-Xiao-Li" trio. However, while NIO built its brand around premium services and energy replenishment systems, and Li Auto established its identity through family-oriented scenarios and extended-range technology, XPENG carved out a "technology-driven" path: using intelligent features (particularly assisted driving and software iteration) as differentiation points to attract tech-savvy consumers willing to pay for "smarter cars."

To understand "why XPENG rose," we must examine its key product milestone: the P7.

From a financial structure and strategic expression perspective, XPENG has maintained high-intensity R&D investment over the long term, treating intelligent driving, algorithms, and software platforms as core assets. Reports indicate the company has continuously increased investment in intelligent driving, chip coordination, and algorithm R&D, with R&D expenses expanding year by year [2]. XPENG's investor relations information also demonstrates consistent emphasis on R&D intensity [3]. This "high R&D intensity" only becomes a corporate advantage rather than a burden when it can be transformed into concrete product competitiveness. The P7 represents the most typical achievement of this transformation. If XPENG's early brand positioning was "technology-driven," then the key product that transformed this positioning into market influence was the XPENG P7, launched in 2020. When the P7 debuted, its subsidized price range was approximately RMB 229,900 to 349,900, with maximum NEDC range exceeding 700 kilometers—a price-range combination that already demonstrated significant competitiveness at the time [4]. More importantly, the P7 did not compete purely on "long range" but bundled "intelligent driving capability," "continuous OTA upgrades," and "relatively accessible pricing" to create a comprehensive selling point distinct from competitors. Compared to the Tesla Model 3 at the time, the P7's narrative advantage in the Chinese market was not just slightly lower prices, but greater emphasis on adaptation to local road scenarios, Chinese voice interaction, and software iteration speed. Compared to most domestic brand pure electric vehicles, XPENG was not merely pursuing electrification but making assisted driving capability a core label.

This advantage was further amplified in 2021 through OTA and NGP. In early 2021, the XPENG P7 achieved large-scale OTA upgrades through Xmart OS 2.5.0, adding over 40 new functions and more than 200 experience optimizations, while opening the NGP (Navigation Guided Pilot) beta to public testing. The significance of this milestone was that it made consumers feel "XPENG cars aren't static products after purchase—they keep getting smarter." In the market environment at the time, many consumers' understanding of intelligent driving remained at "whether it has ACC or lane keeping," while XPENG had already begun positioning highway navigation-assisted driving as a core selling point. This "visible hardware, continuously evolving software" product logic meant the P7 was not just selling a car but selling a technological expectation. In 2021, XPENG delivered 98,155 vehicles, with the P7's success largely validating this model [5]. Figure 1 shows the XPeng annual deliveries from 2020 to 2023. If the P7 represents XPENG's first technology blockbuster phase, then the G6 demonstrates its further strategic ambition: pushing high-end intelligent assisted driving from "relatively premium" down to a price range that RMB 200,000-300,000 consumers can afford. Launched in June 2023, the G6's price range was RMB 209,900-276,900, officially positioned as "the strongest intelligent electric SUV in the RMB 250,000 class," emphasizing its XNGP full-scenario intelligent assisted driving, 800V SiC high-voltage platform, front-rear integrated aluminum die-casting, and CIB battery-body integration technology [6]. This means XPENG is no longer just saying "we have intelligent driving" but "we've compressed what was originally

more premium, more expensive technology combinations into more mainstream price ranges." This is essentially the "affordable intelligent driving" concept: unlike Huawei's intelligent driving, which is mostly bound to higher-priced models like the AITO M7 Max and M9, XPENG attempts to make high-end intelligent driving accessible to a broader range of users rather than an exclusive configuration for premium vehicles.

Therefore, XPENG's rise cannot be simply summarized as "invested a lot in R&D, so it rose." More accurately, while the smart electric vehicle market was still in a dividend period, XPENG transformed R&D investment into product advantages consumers could directly perceive: higher intelligence, more frequent OTAs, longer nominal range, and relatively acceptable prices. This allowed it to successfully occupy the mental space of "tech-oriented users" and "intelligent driving early adopters" beyond NIO's premium services and Li Auto's family-oriented extended-range positioning.

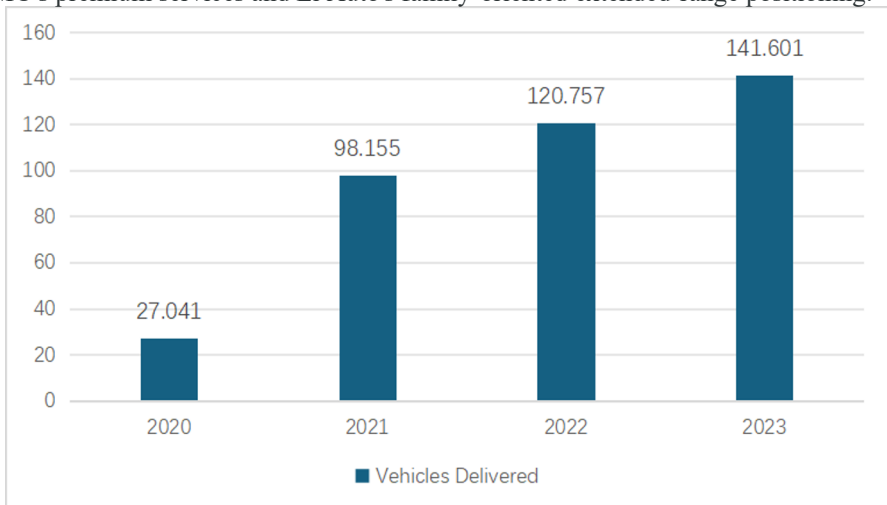


Fig. 1. XPeng annual deliveries, 2020-2023

2 Changes in Competitive Structure and Periodic Challenges

However, XPENG's subsequent problems also stemmed from this exact source: when the industry transitioned from the "intelligent driving dividend period" to "comprehensive involution," purely technological labels were no longer sufficient to sustain growth. Consumers began comparing prices, energy replenishment convenience, space comfort, family scenario adaptability, and brand voice more pragmatically. In other words, XPENG faced not a market where "good technology means winning" but one where every player has distinct advantages and highly differentiated strengths.

First, the G9 misstep was a crucial turning point. After the G9's launch in 2022, market controversy was not just about "slightly higher prices" but deeper product definition and configuration logic issues. Media outlets including The Paper widely

reported that the G9's initial SKU setup was complex, version differentiation confusing, and pricing logic unclear, making it difficult for consumers to quickly understand "which version is most worth buying and what's the difference between versions" [7]. In the highly competitive NEV market, consumers won't give brands much time to "slowly explain." Particularly since the G9 was positioned in the RMB 300,000-class SUV market, a segment already crowded with strong products: Li Auto L8/L9 representing family scenarios and extended-range routes, NIO ES6 with premium services and battery swap systems, and Tesla Model Y with brand and scale advantages. The G9 originally aimed to break through with intelligence and 800V architecture, but the launch event made the market first feel "complex" and "chaotic," making it difficult to establish clear cognition like the P7 did. When product definition itself has problems, subsequent adjustments can only patch damaged perceptions.

Second, XPENG's predicament was not a single product issue but increasingly distinct advantages among competitors in their respective routes. Li Auto's core advantage is not just the internet catchphrase "refrigerator, color TV, big sofa" but how extremely well it meets family users' real needs: larger space, more comfortable seats, stronger long-distance travel convenience, and the "less range anxiety" brought by extended-range technology. The Li Auto L9 emphasizes a 52.3kWh large battery, 280km CLTC pure electric range, and 1,412km combined range on full fuel and full charge—product positioning essentially targeting "whole family long-distance travel" needs [8]. For many family users, they may not care most about how advanced your assisted driving algorithms are but rather whether visiting hometowns during Spring Festival or weekend trips with children are more worry-free. XPENG emphasizes technology narratives while Li Auto emphasizes scenario narratives, with the latter often easier to quickly understand in mass markets.

NIO's differentiation focuses more on energy replenishment systems. One natural anxiety of pure electric vehicles is the significant gap between nominal range and real-world range, which further shrinks with temperature, road conditions, driving habits, and battery aging. NIO circumvented this pain point to some extent through its battery swap network. By mid-2024, NIO had built over 2,400 battery swap stations, with approximately 800 highway swap stations along Chinese highways; its official page emphasizes users can complete fully automatic battery swaps in about 3 minutes [9]. This means for users who frequently travel long distances and mainly operate in first- and second-tier cities and highway network coverage areas, NIO offers not "larger battery capacity" but a "completely different energy replenishment method." Notably, from the second half of 2025, NIO ushered in an important operational turning point. In Q4 2025, NIO achieved net profit of approximately RMB 1.25 billion, marking its first profitable quarter. This turning point mainly benefited from strong sales of the new ES8 and Onvo L90 models, as well as significant improvements in cost control.

Furthermore, XPENG's own brand marketing and market expression also had problems. One thing needs clarification: XPENG may not be "not spending on marketing" but rather "marketing efficiency is not high enough, brand expression not stable enough." From financial disclosures, XPENG's 2022 sales, general and administrative expenses reached RMB 6.69 billion, with 2023 full-year SG&A expenses still around

RMB 5.87 billion; from H1 to H2 2023, the company was actively compressing dealer commissions and marketing advertising expenses. Meanwhile, Li Auto's 2022 SG&A expenses were approximately RMB 5.67 billion, rising sharply to RMB 9.8 billion in 2023 [10]. This shows the problem should not be simply understood as "XPENG didn't do marketing" but rather: during a stage requiring extensive brand communication, XPENG did not make its brand label simple and stable enough like Li Auto did. Mentioning Li Auto immediately brings "family," "extended-range," "space comfort" to mind; mentioning NIO brings "premium service," "battery swap" to mind; Tesla naturally carries Musk and global tech brand halo. In contrast, although XPENG also emphasizes intelligent driving, early product matrix and external expression changed several times, causing the public's first impression to not be firmly anchored.

In summary, XPENG's subsequent predicament was a typical "dual squeeze" structure: externally, competitors were competing for users with very distinct differentiated advantages—Li Auto targeting families, NIO targeting energy replenishment and premium services, Tesla targeting brand and scale, BYD targeting cost and industrial chain; internally, XPENG exposed problems in product definition, marketing expression, organizational coordination, and resource balance of high R&D investment. It was the results of "stronger external pressure, more chaotic internal rhythm" that caused it to slide from its highlight period into an adjustment period.

3 Reforms After Wang Fengying's Arrival: From "Technology-Oriented" to "Product and Operations Focused"

XPENG's core problem in the previous phase was that while "technology was strong, product definition, sales efficiency, and organizational coordination failed to keep up." Wang Fengying's arrival was precisely aimed at systematically strengthening these weaknesses. In January 2023, XPENG officially appointed Wang Fengying as President, responsible for product planning, product portfolio management, and sales operations, reporting directly to He Xiaopeng [11]. This appointment itself shows XPENG had realized that relying solely on the technology route was insufficient to solve all problems; the company must further evolve from "technology-driven" to "technology, product, sales, and supply chain coordination-driven."

3.1 Personnel and Organizational Reform

Wang Fengying's most important action after joining was sorting out internal organizational chains. Media reports show that in early 2024, she led a new round of organizational restructuring involving marketing, human resources, intelligent data, manufacturing, and product planning departments [12]. This means the reform was not simply replacing a few executives but adjusting the entire enterprise's collaboration mechanism. One of XPENG's past problems was that the chain between technology, product, marketing, and sales was too long, making it difficult for market feedback to

quickly propagate to product definition; Wang Fengying's reform core was shortening this chain.

3.2 Channel and Sales System Reform

Wang Fengying's second key action was reforming the sales system. In the past, XPENG relied more on direct sales models, which while beneficial for brand control and service uniformity, also meant higher fixed costs and slower channel expansion. Media reports show that from September 2023, XPENG began advancing "Project Jupiter," gradually reducing inefficient direct stores, increasing dealer stores, and integrating sales regions to expand coverage and reduce channel costs [13]. From an operational data perspective, this reform has its realistic background. XPENG's 2022 sales, general and administrative expenses were RMB 6.69 billion, still as high as RMB 5.87 billion in 2023—though declining, this expense pressure was enormous for a company still in losses at the time [14].

3.3 Product Positioning and Product Line Restructuring

The most core aspect of Wang Fengying's reform was not channels but product positioning. The G9's problem was not "high prices" but consumers temporarily not understanding who this car was sold to, which configuration was most worth buying, and what its core advantages were compared to competitors. The G9 launch phase's complex SKU and unclear pricing logic caused users to fail to quickly establish cognition—fatal for the RMB 300,000-class competitive SUV market [7]. After Wang Fengying joined, XPENG began more clearly sorting out product positioning. The G6 is a typical example: unlike the G9's attempt to "break through" in multiple dimensions simultaneously, it more clearly positions itself in the "RMB 200,000-300,000 intelligent pure electric SUV" segment, emphasizing "high-end intelligent driving + 800V + more accessible prices." This actually fits XPENG's original brand advantages better than the G9.

3.4 Supply Chain and Platform Reform

Beyond people and products, another important direction of Wang Fengying's reform was enabling XPENG's technological advantages to land at lower costs. In 2023, XPENG released the "Fuyao Architecture" at its global supplier conference, emphasizing platformization, parts commonality, and supply chain coordination, aiming to shorten R&D cycles, reduce costs, and improve production-sales-supply coordination efficiency [13]. This shows XPENG is no longer satisfied with "technological highlights" but now requires "technology must achieve scale efficiency." This is particularly critical for XPENG because its R&D pressure has always been substantial. Financial reports show XPENG's 2022 R&D expenses were RMB 5.21 billion, still reaching RMB 5.28 billion in 2023, while net losses expanded from RMB 9.14 billion to RMB 10.38 billion [14].

4 PEST Framework Analysis of XPENG's External Environment

4.1 Political

China ended its previous NEV purchase subsidy policy at the end of 2022; however, simultaneously, the government announced in 2023 that NEV purchase tax benefits would be extended to the end of 2027: exempt from purchase tax in 2024-2025, with maximum exemption of RMB 30,000 per passenger vehicle; halved in 2026-2027, with maximum tax reduction of RMB 15,000 [15]. This shows policy is not completely exiting but gradually shifting from direct subsidies to automakers and consumers toward more tax-benefit-oriented, more market-oriented support methods. This change affects all automakers but to different degrees. BYD is relatively less impacted due to stronger vertical integration capabilities in batteries, parts, and complete vehicles, with more stable cost control; Tesla relies on global scale and brand advantages to maintain attractiveness even without subsidies through price adjustments. XPENG's problem is that it is neither the lowest-cost nor highest brand premium player, so as policy dividends weaken, it more easily exposes operational vulnerabilities.

4.2 Economic

The impact of economic factors on XPENG cannot stop at the level of "economy is bad, people buy fewer cars." More specifically, when economic expectations are unstable, consumers become more cautious about optional consumption above RMB 200,000-300,000. Vehicles are already large durable goods, and XPENG's main price segment is not the lowest-end market—it relies more on users willing to pay more for intelligence, design sense, and tech appeal. National Bureau of Statistics data shows that in 2023, China's total retail sales of consumer goods grew 7.2% year-on-year, with automobile retail growing 5.9%, but real estate-related consumption such as building materials continued declining, reflecting incomplete balanced consumption recovery [16]. In this environment, while consumers will still buy cars, they value certainty and cost-effectiveness more.

4.3 Social

The favorable aspect of social factors for XPENG is that Chinese consumers' recognition of domestic NEV brands has significantly improved in recent years. McKinsey's 2024 China Auto Consumer Insights show Chinese consumers' attention to electrification and intelligence continues rising, with multinational brands' traditional brand halo in the EV field significantly weakening, and more consumers shifting from international luxury brands to Chinese premium NEV brands [17]. This is certainly an opportunity for XPENG as it represents "domestic, technology, intelligence." However, there is also an unfavorable side: the same McKinsey research points out that Chinese consumers' acceptance of EVs has declined for the first time, with one important rea-

son being uneven charging infrastructure development in some regions, where users' concerns about energy replenishment convenience remain [17].

4.4 Technological

Technological factors appear most favorable to XPENG since it built its foundation on technology. But the complexity of technological environment change lies in: the more technology advances, the higher the industry average becomes, making XPENG's original leading advantages harder to perceive as "exclusive advantages." In P7's era, XPENG's NGP and frequent OTAs were indeed distinctive; but by G6 and G9's era, Huawei's intelligent driving, Li Auto's intelligent driving, and Tesla FSD's localization advancement were all raising industry benchmarks. In other words, XPENG remains strong, but "strong" no longer automatically translates to "absolute leadership."

5 Development Recommendations Based on Current Situation

5.1 Continue Adhering to Intelligence, but Must Translate Technology into Clearer Product Language

XPENG's foundation remains intelligence—this direction cannot be abandoned. But the problem is not whether to continue intelligent driving but: going forward, it cannot just say "our technology is strong" but must say "what problems does this technology solve for whom." For example, for family users, what truly matters may not be what architecture the algorithm uses but whether long-distance driving is less tiring and parking is more worry-free; for urban commuting users, what matters is whether assisted driving is truly stable in congested road conditions and whether learning costs are low. What XPENG needs to do in the future is translate technology into scenario language more easily understood by consumers.

5.2 Make "Affordable Intelligent Driving" a Stable Label, Not a One-Time Communication Concept

The G6 has initially communicated that "the RMB 200,000-300,000 range can also buy strong intelligent driving capability," but this is not enough. This label must be repeatedly validated in subsequent models, otherwise it becomes just a marketing slogan. If XPENG fails to break into the premium segment, it will be forced to move downmarket, then talk flagship technology, then talk cost-effectiveness; it must continuously establish "high-end intelligence in mainstream price ranges" as a stable brand impression. Only then will consumers automatically think "XPENG = mainstream intelligent pure electric more suitable for tech users" when looking at Li Auto, NIO, Tesla, and BYD.

5.3 Continue Working on Cost Control to Prevent High R&D Investment from Dragging Down Operations

From financial data, XPENG's R&D investment cannot be substantially reduced in the short term because intelligent driving, batteries, and electronic architecture all require continuous investment [14]. So the key is not "reducing R&D" but using platformization, parts commonality, and larger sales scale to amortize the same R&D expenses across more models and larger sales volumes. Wang Fengying's promotion of the Fuyao Architecture and supply chain coordination is essentially aimed at achieving this [13].

5.4 In Marketing, Talk Less About Abstract Concepts and Build More Stable Mental Models

Li Auto's success largely comes from "simple, clear, repetitive" brand expression. XPENG also needs to do this in future marketing. It cannot just showcase complex parameters at launch events but must let consumers immediately understand: compared to competitors, what is your most worth-buying reason? For example, facing Li Auto, emphasize "more authentic intelligent pure electric experience"; facing NIO, emphasize "high-voltage fast charging + lower threshold"; facing Tesla, emphasize "stronger localized intelligent driving and cockpit experience"; facing BYD, emphasize "higher-end intelligence." Marketing is not about listing all advantages but getting the most critical differences into consumers' minds.

6 After-Sales Service and Customer Relationship Management

From the consumer perspective, the reason NEVs still make some users hesitate is not just price but their lack of sufficiency about "what will happen after long-term use." Compared to traditional fuel vehicles that have undergone over a century of market testing, NEVs still have stronger uncertainty in the public mind: how long can the car actually last, will batteries obviously degrade after several years, will frequent fast charging affect lifespan, and if accidents or failures occur, can after-sales intervene in time? McKinsey research on EV consumer needs points out that when users consider purchasing EVs, what they care about most is not single technical parameters but real range, charging time, total cost of ownership, comfort, and software upgrade experience, with anxiety about range and energy replenishment convenience always present [18]. Deloitte's 2026 Global Automotive Consumer Study also shows that among Chinese respondents, 32% explicitly expressed concerns about battery safety, while range and charging time remain among the main hesitation points [19].

This means that for a relatively young NEV brand like XPENG, after-sales service and CRM are not "matters to handle after purchase" but part of sales conversion itself. When consumers hesitate before purchasing, it is often not because they don't recognize intelligent driving, cockpit entertainment, and interior comfort but because they

worry "if problems arise later, who is responsible, how is it handled, and what is the cost." Especially for a company like XPENG with much shorter establishment time and brand history than Toyota, Volkswagen, Mercedes-Benz, and BMW, consumers will naturally compare it with traditional manufacturers' maturity in reliability and service systems. In other words, XPENG must not only prove "this car is advanced" but also prove "I don't have to worry after buying this car."

From an enterprise operations perspective, after-sales service and CRM are not cost centers but the common foundation of sales conversion, brand trust, and long-term user stickiness. XPENG initially established differentiation through technology, but as NEVs enter a more mature competitive stage, it must further answer consumers' most realistic question: after purchase, who will guarantee me? Only by clearly answering this question can its intelligent advantages more easily convert into sales.

7 Competitive Landscape and XPENG's Response: Finding Structural Space in Differentiated Competition

7.1 Comparison with BYD

BYD's greatest advantage is cost and scale. Official data shows BYD's 2023 sales exceeded 3 million vehicles, making it one of the global NEV sales champions [20]. It has extremely strong product density and market dominance in the RMB 100,000-150,000 range, particularly forming strong cost-performance barriers in the Qin and Song series. From XPENG's perspective, the truly rational approach is not to go head-to-head with BYD in the RMB 100,000+ market but to avoid its strongest battlefield and focus on the RMB 200,000-300,000 range, strengthening "higher-end intelligence" differentiation.

7.2 Comparison with Tesla

Tesla's strengths lie in global brand, vehicle handling, and software capabilities. Official data shows Tesla's 2023 global deliveries reached 1.81 million vehicles [21]. Its Model 3/Model Y still have very strong brand attractiveness in the Chinese market. Meanwhile, Tesla's high-end assisted driving system FSD-related functions are also gradually advancing in China [22]. However, Tesla has also faced two typical controversies in China: first, relatively minimalist interior and riding experience, with comfort not being its strongest point; second, while its high-end intelligent driving has strong brand voice, Chinese users have higher requirements for local road condition adaptation. XPENG's response space here lies in: not competing with Tesla over who is more like a global tech company but emphasizing "better understanding of Chinese roads, better understanding of Chinese users, stronger localized experience."

7.3 Comparison with Li Auto

Li Auto's core advantage is not just the internet catchphrase "refrigerator, color TV, big sofa" but how extremely well it meets family users' needs. Li Auto L9 official materials show it is equipped with a 52.3kWh large battery, 280km CLTC pure electric range, and 1,412km CLTC combined range [8]. The true significance of this data is that it makes the scenario "pure electric for urban commuting, no obvious anxiety for long-distance travel" very clear. For many family users, they may not order just because you have one more assisted driving function but will be moved by "more convenient visits to hometowns, more comfortable family travel."

7.4 Comparison with NIO

NIO's advantages concentrate on energy replenishment systems and premium services. NIO official data shows that by the end of June 2024, it had built 2,482 battery swap stations globally, with 806 along Chinese highways, accumulating over 47 million swap services [9]. This means NIO offers not "larger batteries" but a completely different energy replenishment logic. For users who frequently travel long distances and mainly operate in first- and second-tier cities and highway network coverage areas, NIO's attractiveness lies in "I hardly have to worry about range degradation and long-distance charging efficiency." In contrast, XPENG cannot replicate NIO's high-cost, high-investment battery swap network, so its realistic path can only be to continue strengthening 800V high-voltage fast charging, improving real energy replenishment efficiency, and offsetting NIO's service advantages through lower purchase thresholds.

7.5 Comparison with Huawei/AITO and Xiaomi

In recent years, Huawei's AITO and Xiaomi have emerged as new competitors that XPENG must take seriously. AITO's advantage lies in the combination of Huawei's intelligent driving and brand voice, with M7/M9 continuously strengthening "intelligent driving + luxury" cognition; Xiaomi SU7 relies on Lei Jun's personal IP, internet traffic, and strong product communication capabilities to quickly create buzz in the RMB 200,000-300,000 range. Xiaomi official materials show SU7 starts at RMB 215,900, with Max version at RMB 299,900, pricing that directly competes with Model 3 and mainstream mid-to-high-end pure electric sedans [23]. For XPENG, when facing these new entrants, the most dangerous thing is not "others have better technology than you" but "others are better at storytelling and have more stable product rhythms." Therefore, its response key does not lie in temporary traffic but in continuously delivering products, channels, and organizational coordination.

8 Overseas Expansion and International Market Layout

China's NEV market competition has entered a highly "involved" stage, meaning automakers domestically often have to compete with equally strong opponents for extremely limited incremental share. In contrast, while overseas markets have smaller overall volume than China, competitive intensity is often not as fierce, and single-vehicle profit margins in some markets are higher. For XPENG, going overseas should not be understood as an "optional add-on" but as a strategic direction that must be continuously advanced in coming years. Reuters reported in March 2026 that XPENG plans to double overseas sales in 2026 and increase overseas market revenue share to 20%; company management also reiterated on earnings calls that by 2030, they hope overseas markets will contribute 70% of profits [24]. This shows that at the corporate strategy level, going overseas is no longer just storytelling but seen as an important source for future profit structure restructuring.

8.1 Why Going Overseas Is Not a "Bonus" but a "Must" for XPENG

If viewed only domestically, XPENG will long face several very strong types of opponents: BYD with scale and cost advantages in low-price ranges, Tesla with sustained attractiveness in brand and handling, Li Auto with extremely strong mental models in family scenarios and extended-range routes, NIO establishing differentiation through battery swap and premium services, and new entrants like Huawei's AITO and Xiaomi continuously raising market expectations for "intelligence" and "brand heat." In other words, for XPENG to win domestically, it must not only make good products but simultaneously against very mature competitors across marketing, channels, energy replenishment, cost, and brand expression dimensions.

8.2 Which Overseas Markets Are Less Competitive Than Domestic While Offering Better Profit Margins

If we start from the question "where should XPENG go," overseas markets cannot be generalized but must be viewed stratification. First is ASEAN and the entire Southeast Asian market. This is the most worthy region for focused expansion because it has sufficient scale, fast enough growth, and overall lower competitive intensity than China's domestic market. ASEAN countries have large populations, urbanization processes continue advancing, and NEV markets remain in rapid expansion phases. For XPENG, Southeast Asia's greatest attraction is that it is neither as high-barrier as Europe nor as profit-compressed as China's domestic market, making it more suitable as an early key layout region.

Second is the Latin American market. Reuters reported in March 2026 that XPENG launched the G6 and G9 in Mexico, making Latin America an important new node for overseas expansion, and explicitly stated the goal of increasing overseas revenue share to 20% [24]. This shows XPENG already views Latin America as a new growth market rather than limiting itself to Europe. Third is the Middle East market. Reuters data shows the Middle East has become an important direction for

Chinese vehicle exports, with China exporting approximately 1.39 million vehicles to Gulf countries in 2025 [25]. The Middle East's characteristic is strong purchasing power, high acceptance of high-configuration SUVs and intelligent products, and Chinese brands typically face smaller brand barriers there than European brands.

8.3 How XPENG Should Go Overseas

For XPENG, going overseas cannot just be "selling domestic models abroad" but must unfold around the following directions. First, translate "affordable intelligent driving" into language overseas users can understand. In China, terms like "XNGP," "800V," and "affordable intelligent driving" have some communication foundation; but in overseas markets, consumers may not naturally understand these concepts. XPENG should translate its technological capabilities into more direct value points. Second, prioritize thoroughly establishing regional markets before gradually overflow replication. For XPENG, ASEAN and Southeast Asia are important not only because of large market space but because they are suitable as regional footholds to create demonstration effects. Third, treat overseas markets as long-term projects for profit and brand rather than short-term crisis-solving tools. This is critical because if domestic product definition, channel efficiency, and marketing expression are not sorted out, going overseas just replicates domestic problems abroad.

9 Conclusion

This study provides a comprehensive analysis of XPENG's strategic evolution in China's highly competitive new energy vehicle market. The findings reveal that XPENG successfully established its market position through technology-driven differentiation, particularly with its "affordable intelligent driving" strategy embodied in the P7 and G6 models. However, the company faced significant challenges during the industry transition from technology dividend period to comprehensive competition, exemplified by the G9 product misstep and intensifying competitive pressure from BYD, Tesla, Li Auto, and NIO. The organizational reforms led by President Wang Fengying have addressed critical weaknesses in product positioning, sales efficiency, and supply chain coordination. Looking forward, XPENG's sustainable growth depends on translating technological advantages into clear product language, establishing stable brand positioning, optimizing cost structures, and successfully expanding into overseas markets. While the domestic market remains challenging, strategic international expansion into Southeast Asia, Latin America, and the Middle East offers promising avenues for growth and profit diversification.

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