Journal of International Business Education 21.

Promo 1st Version

Huaxing Auto: Choosing the Right Gateway to Africa's EV Market

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Abstract. This fictional case examines Huaxing Auto, a mid-sized Chinese electric vehicle (EV) manufacturer, as it evaluates entry into the African market. The decision centers on selecting the most suitable entry country among Nigeria, Kenya and Botswana. Each country presents distinct advantages in terms of market size, infrastructure readiness, policy support and regional integration through economic blocs such as ECOWAS, EAC, and SADC. Students are required to analyze macroeconomic indicators, infrastructure constraints, and regional trade frameworks to determine the optimal market entry strategy. The case also raises strategic considerations regarding entry mode; specifically, whether Huaxing should export vehicles or pursue foreign direct investment through local assembly. The case is grounded in real-world data on African EV market conditions as of 2026 and introduces students to the challenges and opportunities of emerging-market internationalization.

Keywords: emerging markets; Africa; EV; market entry.

1. Introduction

In late 2025, Li Wei, Director of Global Expansion for Huaxing Auto, studied a digital map of Africa glowing on his screen at the company's Shanghai headquarters. Colored pins marked Nigeria, Kenya, and Botswana which were three countries under serious consideration for Huaxing's entry into Africa's rapidly developing electric-vehicle (EV) market.

Huaxing Auto, a mid-sized Chinese EV manufacturer, had built its reputation on affordable, durable vehicles designed for emerging markets. After steady growth in Southeast Asia and the Middle East, the company was now preparing to make Africa its next growth frontier. With a population exceeding 1.4 billion and a young, urbanizing demographic, Africa presented significant long-term potential for affordable EV adoption.

Li Wei's task was to identify which country offered the most suitable foundation for Huaxing's first African operation considering infrastructure readiness, market potential, government policy, and the country's role within its regional economic community (REC). The goal was not just to enter a new national market but to establish a strategic foothold that could later support regional expansion through frameworks such as the African Continental Free Trade Area (AfCFTA).

Li Wei was well aware of Bottom of the Pyramid (BOP) markets, i.e., the over 4 billion consumers earning less than $3 per day and how successful marketing in countries with a large number of such consumers must involve creative approaches. He also realizes that most countries in Africa have a large number of consumers in this segment and also those in the lower middle-income group. As argued by many experts including Prahalad and Hammond[1], and Rangan et.al.[23], the key to long-term viability in such markets is to create social value in addition to economic value. Li Wei hopes to utilize these insights and create an operational strategy for the chosen country which can create social value for the communities and in the process create long-term viability. He also realizes the importance of emphasizing asset productivity and return on invested capital when formulating the operational strategy.

2. Company Background

Huaxing Auto, founded in 2015 in Guangzhou, China, operated under the mission "Clean, affordable mobility for every household." Unlike large Chinese automakers such as BYD or SAIC, Huaxing targeted lower-middle-income consumers, focusing on cost efficiency, battery innovation, and localized assembly to serve developing-market needs.

The company owned two production plants in China and one assembly facility in Vietnam. Its three core models were:

- Huaxing Mini – Compact city EV (~US $9,000).
- Huaxing Crossover – Mid-size family vehicle (~US $14,500).
- Huaxing Van – Light commercial model (~US $17,000) for ride-hailing and delivery fleets.

Huaxing's success in Vietnam and the Philippines was driven by joint ventures with local distributors, leasing programs that reduce purchase barriers, and mobile-based service systems for maintenance. Encouraged by those results, the company believed a similar approach could work in Africa if it selected the right country and understood how that market could potentially be a good platform to access a broader regional bloc.

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