

To : Gabe Dunn, CMO, Polestar

From: Praveen Rajendran Nair, Hrithik Koduri

Subject : Marketing strategy for Polestar 3

Date : 12/09/2022

The creation of this document did not involve collaboration with anyone whose name is not mentioned above.

Praveen Rajendran Nair

Hrithik Koduri

Executive summary

The following document discusses in detail the value proposition, market segmentation, targeting, profiling, competition based positioning, price, augmented product, promotion strategies and distribution channel related information for Polestar 3.

A strong value proposition has been built on benefits vs cost analysis for our products versus our closest competitors. To do this data was collected and analyzed on the existing EV market in the United States. This is followed by creation of user personas to identify market segmentation. 3 different user personas were created in this process and pros and cons for each user persona was analyzed to narrow down on a target customer. For Polestar 3 the target customer was found to be a middle aged senior executive with a family of 4-6 people. To further reach this segment profiling was done and behavior patterns associated to the target user were identified. To position our product, we don't feel goal based positioning would be effective as EV is a saturated space, hence a competition based positioning approach has been discussed and a detailed perceptual map has been included in the document. Our analysis with competitors showed that the current price point is reasonable and needs no changes. Further implementation in terms of augmented product and necessity to place the product in the city center has been discussed. A notable suggestion for promotion is to offer tax credits like we did for Polestar 2 as we find that it is likely to be enticing for our target customer.

Value Proposition

Polestar 3 is the elegant balance between high performance and utility coupled with advanced technical capabilities for people who desire form factor along with sustainable engineering.

Middle ground between performance and convenience with best in class range and efficiency in its price segment. To better understand our value proposition, we obtained a dataset from kaggle (Exhibit 1) on electric cars having a variety of specifications and pricing and grouped them into 7 different clusters ('A','B','C','D','E','F','G'). The polestar 3 model falls in the cluster F (Exhibit 2).

The distinguishing features of cluster F are -

- Acceleration time (in seconds)
- Top speed (in km/h)
- Range (kms)

Further evaluation of cluster F shows that there are 3 SUVs in this segment - 'Tesla Model X-Long Range', 'Tesla Model X-Performance' and 'Polestar 3' (Exhibit 3).

Specifications/Pricing	Tesla Model X-Long Range	Polestar 3
Acceleration time (in s)	4.6	4.6
Top Speed (in km/h)	250	220
Range(kms)	450	610
Efficiency (WHkm)	211	250
Fast charge (kmh)	490	500
Price (in \$)	83,990	89,900

Specifications/Pricing	Tesla Model X-Performance	Polestar 3
Acceleration time (in s)	2.8	4.6
Top Speed (in km/h)	250	220
Range(kms)	440	610
Efficiency (WHkm)	216	250
Fast charge (kmh)	480	500

Price (in \$)	156,450	89,900
---------------	---------	---------------

From this we can clearly see that:

Bours - Cours > Balternative - Calternative

Polestar 3 offers a perfect balance of peak performance and utility with best in class range and efficiency for a comparatively lower price.

Market Segmentation among EV users

→ **Brad the middle aged senior executive** - Brad is a 40 year old senior executive and family man. All his time is split between his wife, three children and company. He wants a vehicle that is both functional and representative of his status. As both his personal and professional life require him to travel a lot, efficiency, mileage and reliability are important to him.

→ **Tom the young techie** - Tom is a 30 years old single guy and works in the technology industry. For him technical capabilities and form factor are important. He is looking for high tech options and sleek designs. He is looking for a car that can stand out and make a statement. He is passionate about getting out of the city and going on long rides during the weekend.

→ **Mitch the automobile enthusiast** - Mitch is 25 years old and is extremely passionate about automobiles. He is a graduate student and is looking for best in class performance. He likes the thrill of acceleration and luxurious interiors.

Targeting

From the above information, Brad is our ideal target market as he is rich enough to afford a SUV at our price point and is in need of the utility our car is able to provide. As a family man, he is looking for a reliable option with sustainable performance and design that is elegant enough to suit his status. Also, since most of his travel is within the city and functional in nature, minor differences in top speed won't matter to him. We choose not to select Tom as evaluation and prioritization of different technical capabilities is subjective and hard to estimate. Mitch is out of the picture as minor differences in top speed (Tesla Model X having a higher top speed), will be enough to sway his decision.

Profiling

Other key distinguishing factors for Brad which can be used to profile him are -

1. Career oriented and spends time online reading expensive business journals.
2. Kids study at costly private schools.
3. Health conscious lifestyle and membership to costly gyms/fitness programs.
4. Owns real estate in posh areas of the city.

Competition based positioning

To the middle aged urban dwelling executive, Polestar 3 provides almost all the benefits as its competitor (most times more) at a comparatively justifiable price point (Exhibit 4) - "Largest incremental value at the smallest incremental cost".

4Ps

- Price : Polestar 3 is at the perfect price where it can be marketed as a premium product with functionalities that justify its price compared to its competitors (Refer Fig. 1 & Fig. 2). Polestar 3's closest competitor at this price is unable to provide even a marginal improvement on any aspect except Top speed. No change to the current price is suggested.
- Product : Little to no change can be made on the core product. The augmented product can be made better by -
 1. Offering 6 months servicing pickup and drop off facility. Since our target customer segment is likely to be busy, he will appreciate the time he saves indulging in maintenance. This will also help create a superior customer experience as this means lower chances of the car breaking down.
 2. Building EV charging stations near the city center where most of our target customers are likely to work, furthermore partner with office building owners to build EV points in parking lots so that cars can be charged easily while parked and while our executives work.
- Promotion : Offering tax credits as was done for Polestar 2 will help provide a significant push to capture the market. As most of our target audience is in the high income segment, a tax reduction will be greatly appreciated.
- Place : Polestar 3 should be kept at places most likely to be visited by our target audience. We know that most of our target audience resides at the city center, furthermore these are people who are likely to visit shopping malls on weekends, In terms of other leisure activities, these are people who are likely frequent visitors at golf clubs and high end restaurants. It is recommended that the product be placed in and around these areas to establish awareness and create a sense of familiarity.

Conclusion

It is clear that Polestar 3 has a well defined value proposition and target customer, with the right execution strategies and marketing principles the product can realize its potential. Augmenting the product by including service packages and building EV charging networks in the city center will all help in creating better value exchange relationships. Put together the above proposed plan will not just aid acquire new customers but also retain them for a long duration. This will help us sell to these customers associated products like software upgrades and machine parts which over the extended customer lifetime will create high CLV (Customer Lifetime Value).

Tesla	Model 3 Long Range Dual Motor	4.6	233	450	161	940	Yes	AWD	Type 2 CCS	Sedan	D	5	56175
Tesla	Model 3 Standard Range Plus	5.6	225	310	153	650	Yes	RWD	Type 2 CCS	Sedan	D	5	100852.5
Tesla	Model Y Long Range Dual Motor	5.1	217	425	171	930	Yes	AWD	Type 2 CCS	SUV	D	7	65100
Tesla	Model Y Long Range Performance	3.4	261	435	167	910	Yes	AWD	Type 2 CCS	Sedan	D	5	110250
Tesla	Model Y Long Range Performance	3.7	241	410	177	900	Yes	AWD	Type 2 CCS	SUV	D	7	189820.05
Audi	e-tron 50 quattro	6.8	190	280	231	450	Yes	AWD	Type 2 CCS	SUV	E	5	26029.5
Audi	e-tron Sportback 55 quattro	5.7	200	380	228	610	Yes	AWD	Type 2 CCS	SUV	E	5	23131.5
Audi	e-tron 55 quattro	5.7	200	365	237	590	Yes	AWD	Type 2 CCS	SUV	E	5	22456.35
Audi	e-tron Sportback 50 quattro	6.8	190	295	219	470	Yes	AWD	Type 2 CCS	SUV	E	5	25793.25
Audi	e-tron S 55 quattro	4.5	210	320	270	510	Yes	AWD	Type 2 CCS	SUV	E	5	34646.85
Audi	e-tron S Sportback 55 quattro	4.5	210	335	258	540	Yes	AWD	Type 2 CCS	SUV	E	5	31166.1
Byton	M-Byte 95 kWh 4WD	5.5	190	390	244	460	Yes	AWD	Type 2 CCS	SUV	E	5	36079.05
Byton	M-Byte 72 kWh 2WD	7.5	190	325	222	420	Yes	RWD	Type 2 CCS	SUV	E	5	32743.2
Byton	M-Byte 95 kWh 2WD	7.5	190	400	238	480	Yes	AWD	Type 2 CCS	SUV	E	5	34789.65
Jaguar	I-Pace	4.8	200	365	232	340	Yes	AWD	Type 2 CCS	SUV	E	5	30695.7
Audi	e-tron GT	3.5	240	425	197	850	Yes	AWD	Type 2 CCS	Sedan	F	4	42834.75
Lightyear	One	10	150	575	104	540	Yes	AWD	Type 2 CCS	Liftback	F	5	40010.25
Lucid	Air	2.8	250	610	180	620	Yes	AWD	Type 2 CCS	Sedan	F	5	34273.8
Porsche	Taycan Turbo S	2.8	260	375	223	780	Yes	AWD	Type 2 CCS	Sedan	F	4	59262
Porsche	Taycan 4S	4	250	365	195	730	Yes	AWD	Type 2 CCS	Sedan	F	4	71442
Porsche	Taycan 4S Plus	4	250	425	197	890	Yes	AWD	Type 2 CCS	Sedan	F	4	48699
Porsche	Taycan Cross Turismo	3.5	250	385	217	770	Yes	AWD	Type 2 CCS	Station	F	4	57750
Porsche	Taycan Turbo	3.2	260	390	215	810	Yes	AWD	Type 2 CCS	Sedan	F	4	72958.2
Tesla	Model S Long Range	3.8	250	515	184	560	Yes	AWD	Type 2	Liftback	F	5	131250
Tesla	Model X Long Range	4.6	250	450	211	490	Yes	AWD	Type 2	SUV	F	7	83989.5
Tesla	Model S Performance	2.5	261	505	188	550	Yes	AWD	Type 2	Liftback	F	5	108092.25
Tesla	Model X Performance	2.8	250	440	216	480	Yes	AWD	Type 2	SUV	F	7	156450
Polestar	3	4.6	220	610	250	500	Yes	AWD	Type 2 CCS	SUV	F	5	89900
Mercedes	EQV 300 Long	10	140	330	273	290	Yes	FWD	Type 2 CCS	SPV	G	7	47250
Nissan	e-NV200 Evalia	14	123	190	200	180	Yes	FWD	Type 1 CHAd	SPV	G	7	39375
Renault	Kangoo Maxi ZE 33	22.4	130	160	194	-	No	FWD	Type 2	SPV	G	5	57198.75
Tesla	Cybertruck Tri Motor	3	210	750	267	710	Yes	AWD	Type 2 CCS	Pickup	G	6	90289.5
Tesla	Cybertruck Dual Motor	5	190	460	261	710	Yes	AWD	Type 2 CCS	Pickup	G	6	101839.5
Tesla	Cybertruck Single Motor	7	180	390	256	740	Yes	RWD	Type 2 CCS	Pickup	G	6	114767.1

Exhibit. 1 - Dataset snapshot of the various EV brands and models in U.S

Cluster Summary						
Clusters	Avg_Acc(Sec)	Avg_TopSpeed(Km/H)	Avg_Range(Km)	Avg_Efficiency(WhKm)	Avg_FastCharge(Km/H)	Avg_Price(USD)
A	12.19	130.71	143.57	168.71	170.00	\$ 81,390
B	8.66	150.59	265.68	168.73	293.18	\$ 44,750
C	7.89	164.27	329.33	180.93	401.00	\$ 59,122
D	5.41	201.80	400.00	186.67	618.00	\$ 59,690
E	5.93	197.00	345.50	237.90	487.00	\$ 29,753
F	4.01	241.62	466.92	198.23	659.23	\$ 76,686
G	10.23	162.17	380.00	241.83	528.00	\$ 75,120
Polestar 3 (F)	4.6	220	610	250	500	\$ 89,900

Exhibit. 2 - Result of clustering the Fig.1 data

Brand	Model	AccelSec	TopSpeed_K	Range_Kr	Efficiency_Wh	FastCharge_K	RapidChar	PowerTrai	PlugType	BodyStyl	Segmen	Seats	Price USD
Audi	e-tron GT	3.5	240	425	197	850	Yes	AWD	Type 2 CCS	Sedan	F	4	\$ 42,835
Lightyear	One	10	150	575	104	540	Yes	AWD	Type 2 CCS	Liftback	F	5	\$ 40,010
Lucid	Air	2.8	250	610	180	620	Yes	AWD	Type 2 CCS	Sedan	F	5	\$ 34,278
Porsche	Taycan Turbo S	2.8	260	375	223	780	Yes	AWD	Type 2 CCS	Sedan	F	4	\$ 59,262
Porsche	Taycan 4S	4	250	365	195	730	Yes	AWD	Type 2 CCS	Sedan	F	4	\$ 71,442
Porsche	Taycan 4S Plus	4	250	425	197	890	Yes	AWD	Type 2 CCS	Sedan	F	4	\$ 48,699
Porsche	Taycan Cross Turismo	3.5	250	385	217	770	Yes	AWD	Type 2 CCS	Station	F	4	\$ 57,750
Porsche	Taycan Turbo	3.2	260	390	215	810	Yes	AWD	Type 2 CCS	Sedan	F	4	\$ 72,958
Tesla	Model S Long Range	3.8	250	515	184	560	Yes	AWD	Type 2	Liftback	F	5	\$ 131,250
Tesla	Model X Long Range	4.6	250	450	211	490	Yes	AWD	Type 2	SUV	F	7	\$ 83,990
Tesla	Model S Performance	2.5	261	505	188	550	Yes	AWD	Type 2	Liftback	F	5	\$ 108,092
Tesla	Model X Performance	2.8	250	440	216	480	Yes	AWD	Type 2	SUV	F	7	\$ 156,450
Polestar	3	4.6	220	610	250	500	Yes	AWD	Type 2 CCS	SUV	F	5	\$ 89,900

Exhibit. 3 - Key competitors in cluster F

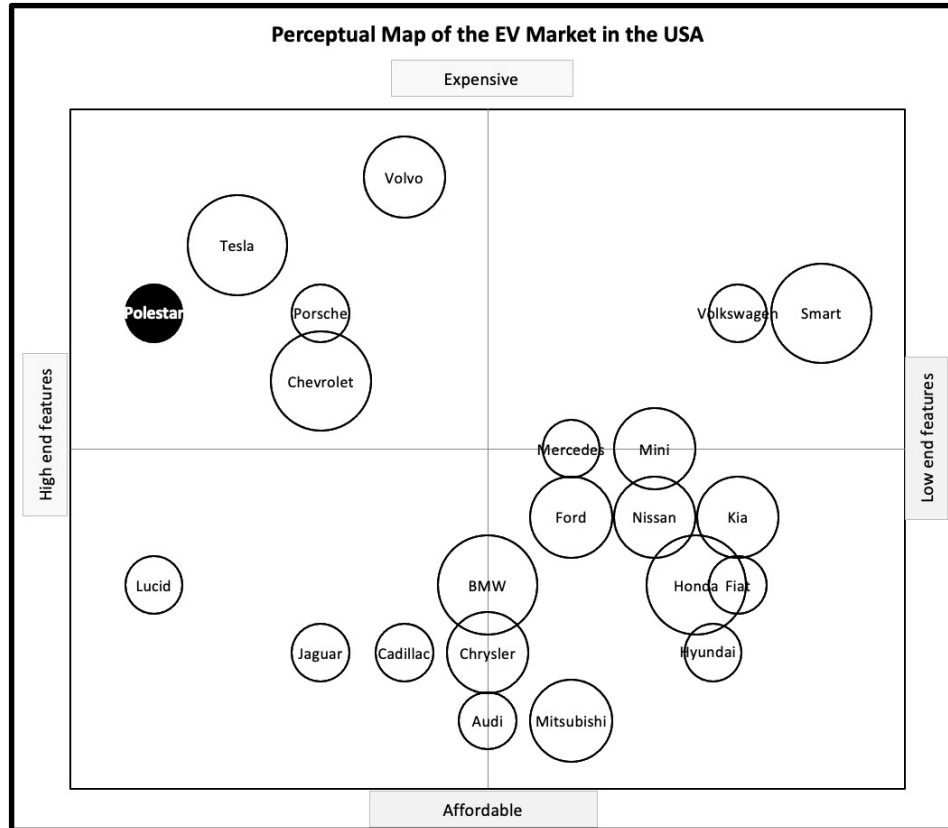


Exhibit. 4 - Competition Perceptual Map