An Analysis of Mercedes-Benz Marketing Strategy

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Abstract: The report will be divided into five sections to analyze the business behavior and cases of Mercedes-Benz, starting with an introduction to the landscape and Brand category of Mercedes-Benz, followed by a detailed description of the target customers and product segments of the brand, then followed by a description of the corporate culture and philosophy of Mercedes-Benz and an outlook on the future development of the brand. Finally, the article will describe author’s own experience of Mercedes-Benz employees' knowledge and understanding of the brand and suggestions and opinions on the future development of Mercedes-Benz.

Keywords: Mercedes-Benz, Marketing analysis, Sales.

1. Brand category of Mercedes

As the first step of Assessing the Landscape, it is necessary to analyze the strengths and weaknesses of the Mercedes-Benz brand. Talking about the advantages of Mercedes-Benz, it has a strong brand history and culture as support, brand equity is very powerful and can attract the attention of many consumers, with many fans and loyal users. It also has Strong technological capabilities and innovation, Mercedes-Benz is almost a leader in automotive innovation, giving customers the most cutting-edge enjoyment. The quality of Mercedes-Benz is also impeccable, always with consistent and reliable quality, excellent manufacturing technology, and always at a very high level of product quality. However, the disadvantages of Mercedes-Benz also create many limitations. Due to the high price and the high barrier to car sales, sales are not very high. After-sales maintenance and repair costs are high, which may further lose sales and market share. In recent years, people and the country's call and initiative for energy saving and emission reduction, more people choose new energy vehicles, facing the challenge of new energy vehicles, resulting in a declining market share.

1.1. Retail environment

Mercedes' offline sales stand out from all other car dealers in that their retail environment allows you to have a detailed understanding of the different types of Mercedes vehicles and choose the model you encounter based on your needs. This environment helps the Mercedes brand because their dealers are very welcoming and patient and customers will gladly pay for the products they need.

1.2. Future trend: Mercedes-Benz’s 2039 Road to CO2 Neutrality

In Marco level, the goal is the transformation of the full range of passenger cars into a carbon-neutral product range as of 2039. This includes – from socially and climate-friendly degraded raw materials, through the supply chain, and the production of the vehicles – all stages up to the use phase as well as recycling concepts.

In Micro level: Mercedes-Benz is not ahead of other car brands in the new energy vehicle market because new energy vehicles use electric motors instead of internal combustion engines. Mercedes-Benz wants to take the lead in the electric vehicle market and needs to achieve a unique competitive advantage through innovation, so innovation becomes more critical for Mercedes-Benz[1].

2. Customer Segmentation

2.1. Target Market

Long thought of as a luxury car only for the upper income class, Mercedes actually divides its customers into upper-middle class and upper class. Mercedes has also designed different cars for different age groups[2]. The diversity of Mercedes-Benz brand heritage and products determines the diversity of Mercedes-Benz target customers, but they have some common characteristics and preferences:

- Their consumption level is significantly higher than the average consumer of the same level, and they do not care if the product is economical enough.
- They pay great attention to the quality assurance of the car, the appearance and interior of the car, and the pursuit of the ultimate product.
- They focus on the brand effect of the car, on the social status that the car can bring to them, on the social attitude and quality of dignity and calmness.

2.2. State of mind for Mercedes customers

For most potential Mercedes customers, who are not in a hurry to own a car, or even a large percentage of customers who already own a car, a Mercedes is more like a work of art, a collector's item, a status symbol for them.

They can be middle class, wealthy capitalists, public figures with high social status. But without exception are very satisfied with their lives, and hope that their cars can also well reflect their noble image, which is a true picture of the heart of potential customers of Mercedes-Benz.

2.3. Exclusive competition advantage for Mercedes: Dignity

Dignity is the unique advantage that makes Mercedes-Benz the answer to beating other luxury car competitors now that it has achieved this success. Dignity is in the blood of Mercedes-Benz, from the exterior design of the vehicle to every interior detail, and the culture of inland China emphasizes the status of "authority". For example, in most businesses or institutions in the interior of China, there is a
clear power class gap and people are generally taught to respect authority[3]. Mercedes-Benz has always given a noble, authoritative attitude and brand culture, pursuing the ultimate in supremacy, making it unique.

3. Brand Value Proposition

![Figure 1. Components of the Mercedes-Benz brand image](image)

Figure 1 presents the components of a brand image. For the construction of the Mercedes-Benz brand image, the most basic is the attributes of Mercedes-Benz cars, that is, Produce high-quality and reliable cars.

The relatively advanced brand image is the benefits that the Mercedes-Benz brand can provide to customers and the values that the brand pursues, which are Give customers the ultimate experience of using a car and the brand values of Mercedes-Benz stability, excellence and pursuit of perfection.

The most advanced brand image is the brand character and ultimate pursuit of Mercedes-Benz, which is the brand characteristics of Dignity, calmness, elegance, charming, dignity and the pursuit to build the world's most desirable cars.

3.1. Mercedes Design: Sensual Purity and Modern Luxury.

The designers at Mercedes-Benz are reconciling tradition and modernity in designing the cars for the future. Their work centers on “Sensual Purity” as an expression of modern luxury. The new design idiom featuring reduced edges and creases – indentations and recesses in the sheet metal – aims to create clear forms and sensual surfaces which showcase high tech while also arousing emotions. The design creates something out of the ordinary and makes a major contribution to shaping the brand image. For Mercedes-Benz designers, good design has to be both beautiful and intelligent.

3.2. Mercedes’ goal: to build the world’s most desirable cars.

The Mercedes-Benz strategy is made up of six pillars. At its heart is the transformation of the company to become the number 1 for electric mobility and all-encompassing digitalization. At the same time, there is a clear focus on the structural improvement of profitability, with sustainability as a guiding principle. The basis for the success of our new strategy is provided by our highly qualified and motivated team.

3.3. Motivation introduction for Being Mercedes

“First Move the World” – that is the Purpose of Mercedes-Benz Cars. It is the deeper meaning behind Mercedes’s work, it is what drives them, our “reason why”. “First Move the World” means pursuing more than what is immediately achievable. This pioneering spirit is part of Mercedes DNA. In times of change, it gives them a direction for all-embracing and sustainable business strategy and their decisions. It gave rise to, for example, Ambition 2039 – the road to sustainable mobility[4].

4. The Research On the Feeling of the Mercedes-Benz brand

4.1. 4.1 Interview to a Mercedes Saleswoman

The author interviewed a Mercedes-Benz salesperson to find out how she feels about the brand and corporate culture, why she chose to work for Mercedes-Benz, and cites the qualities that she believes set the company apart from other companies.

Throughout the interview, she emphasized the opportunities that Mercedes-Benz has given her. “Being in sales at Mercedes is a very big platform and I always recognize that, I get to meet a lot of different successful people and deal with customers and feel their love for the brand and I’m very grateful to our team for giving us such a strong presence and making sure that every customer gets the product or information they want and I think I'm also a very loyal employee of Mercedes-Benz, and all in all it's a very enjoyable job.”

In the process of interviewing her, we can feel her confidence, which is not only the confidence of the person herself but also comes from her trust in the company. She always believes that she is working for the best car company, and also believes that customers will always like Mercedes-Benz because the brand of Mercedes-Benz always has attraction and charm, which can be said to be the epitome of Mercedes-Benz employees, and also the spirit of the brand to customers and society.

Mercedes-Benz has changed from a car brand to a cultural symbol, a respected and even symbolic group that is recognized by most people. This is the highest level pursued by all brands. When a brand is mentioned, the first thing that comes to mind is a culture rather than a specific product, it means that the brand has long been integrated into people's lives and has become an integral part of their lives.

5. Final Brand Recommendations

5.1. Problems that Mercedes faced

Mercedes-Benz is currently facing the most serious challenges that do not come from previous competitors such as BMW, Audi, these traditional brands, but from the impact of new energy vehicle brands such as disruptive. Mercedes-Benz is very good at traditional fuel cars, for the development of new energy, vehicles do not have a good competitive advantage, for the new energy vehicle market does not have a strong dominant power.

From the perspective of the car production line, Mercedes-Benz's new energy vehicle production capacity is not enough to support the current consumer demand for new energy vehicles, and this decline is difficult to reverse in the short term.
5.2. Recommendations to best drive growth

5.2.1. Recommendations & Solutions in 2-3 years

1. Fully exploit the existing consumer market of traditional fuel vehicles and try to expand their dominant position in the traditional car market.

2. Improve the product layout of new energy vehicles as soon as possible to ensure complete product coverage for all categories of new energy vehicles.

3. Use your identity as a traditional luxury car manufacturer to continue to create product differentiation and use innovation to fill the gaps in new energy vehicles, such as luxury new energy vehicles.

4. Continuously segment the market, understand the individual needs and product pain points of potential users of new energy vehicles nowadays, and create a premium luxury new energy vehicle in line with the trends and fashions in response to these issues.

5. Spending energy on product diversification. On the one hand, it is necessary to plan new product production plans according to the characteristics of the Chinese car market. In this regard, we should learn more from BMW, which has been sparing no effort to introduce as many models as possible into the Chinese car market, and Mercedes-Benz, which should work hard to constantly supplement and enrich the product range sold in China, and at the same time to understand the Chinese car market deeply and introduce the right models at the right time[5].

6. Conclusion

This report analyzes the characteristics and strengths of the Mercedes brand, identifies the market segmentation and customer audience of Mercedes, introduces the future trends of Mercedes and the company's vision, and uses field interviews and research to understand what Mercedes companies and employees think about the brand, and finally presents the current problems and short-term solutions for Mercedes.

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