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Mercedes-Benz in Germany and China

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Section 1: Main Report

1. Introduction

Germany and China represent a dual strategic challenge for Mercedes-Benz. On one hand, the same brand with the famous three-pointed star must create trust with the German market through its historical prestige and compliance with regulations, at the same time creating interest with Chinese customers by emphasizing digital appeal, electric vehicle (EV) momentum, and the image of being modern and trendy. Historically, Germany represents the basis of the Mercedes-Benz brand, but, China presents a higher level of financial risk due to rapidly changing policies, rapidly advancing EV penetration, and rapid technological advancements in digital technologies that can reveal gaps in perceived premium status today versus yesterday (IEA, 2025; McKinsey & Company, 2025; Mercedes-Benz Group AG, 2026). The study begins with PESTEL and Hofstede, followed by a review of STP and the 7Ps. Then, using a BCG reading based on China, a Germany-centric ethical dialogue, and finally a series of recommendations to determine how much Mercedes-Benz needs to adjust without compromising its high-end core.

2. Company Background

Mercedes-Benz was founded by Karl Benz and Gottlieb Daimler at the end of the 19th century. It started with the mission to deliver world-class luxury vehicles with innovation, safety, and superior engineering and an empowering vision to lead the future of sustainable and electric mobility while redefining luxury transportation. As such, Mercedes-Benz' reputation for excellence in engineering quality and safe premium mobility was created during this period. Although today's corporate position does not rely solely on the past, history continues to play a critical part. The Group describes itself today as a global luxury mobility provider that focuses on delivering desired vehicles at attractive prices while providing credible technology solutions to enable electrified transportation instead of increasing volumes (Mercedes-Benz Group AG, 2026). Therefore, Germany is more than simply the country of origin for Mercedes-Benz. It is also where claims regarding quality, safety, and environmentally responsible transition are judged most strictly (ACEA, 2025; VDA, 2026).

In contrast to Germany, Mercedes-Benz views China differently. In addition to establishing China as a prestigious destination for luxury automobiles initially, the market is currently among Mercedes-Benz' top markets for sales, dealerships, localization, and innovation efforts. The move from imported luxury vehicles toward locally produced and developed products was demonstrated once again at Auto Shanghai 2025. At that event Mercedes-Benz stated that China would become home to its largest research and development facility outside of Germany (Mercedes-Benz Group AG, 2025b). The reason for highlighting these factors is shown in current sales materials which illustrate why China's existence matters: China provides significant revenue to the corporation although local premium EV competitors and softening luxury demand indicate that the Chinese market is harder to penetrate than previously when Mercedes-Benz expanded into this market (Associated Press, 2025; Mercedes-Benz Group AG, 2025a; Mercedes-Benz Group AG, 2026). Premium buyers evaluate luxury value more heavily in terms of software, interior smartness, and frequency of new model releases rather than exclusively relying on historical ties to Europe. Thus, while Germany assesses credibility for Mercedes-Benz, China evaluates whether the corporation adapts to meet growing demands for relevant premium products (Mercedes-Benz Group AG, 2025b; McKinsey & Company, 2025).

3. Comparative Macro-Environment Analysis: PESTEL

While PESTEL represents a traditional approach used by many international marketing researchers and educators to assess external factors beyond a firm's control, for the purpose of this research, PESTEL will be used primarily as an analytical tool to compare and contrast two national environments in which Mercedes-Benz currently conducts business. The PESTEL model includes six key components: political, economic, social, technological, environmental, and legal. Each of these categories will be examined separately below.

3.1 Political and Legal Forces

Political and legal forces present similar opportunities and constraints for Mercedes-Benz in Germany versus China. On the positive side, Germany's stable institutions, along with Mercedes-Benz' proximity to European policy-making provides Mercedes-Benz a relatively predictable environment. However, this same environment places pressure on Mercedes-Benz regarding CO2 regulations and supply chain due diligence requirements (Federal Office for Economic Affairs and Export Control, 2025; European Commission, 2025). Germany recently extended tax advantages for electric vehicle company car purchases until at least 2025 which supports Mercedes-Benz' efforts to increase sales of electric vehicles (The Federal Government of Germany, 2025). Overall, China presents a different combination. The Chinese government actively supports the transition from internal combustion engines to electric motors; however, local content requirements combined with rapidly changing regulatory frameworks related to digital governance create a more uncertain environment for Mercedes-Benz (State Council Information Office of China / Xinhua, 2020; The State Council of the People's Republic of China, 2025a).

3.2 Economic Forces

Economic conditions present very different opportunities for Mercedes-Benz in Germany compared to those found in China. The German economy is considered mature and affluent. As such, Mercedes-Benz enjoys a highly competitive premium segment in terms of registration data; however, growth prospects remain limited and costs associated with conducting business in Germany are extremely high. Therefore, Mercedes-Benz cannot solely depend upon increasing volumes to drive

revenue increases (ACEA, 2025; VDA, 2026). Conversely, China offers a significantly larger potential customer base, along with greater support for automotive demand via governmental policies. Nonetheless, China also represents the more difficult environment for Mercedes-Benz. Recent McKinsey studies have indicated that foreign automobile manufacturers operating in China are being evaluated based on their ability to compete with indigenous electric vehicle manufacturers not only in terms of brand prestige but also in terms of technology and digital utility (Associated Press, 2025; McKinsey & Company, 2025; McKinsey & Company, 2024). Other reporting suggests that some European luxury automobile brands have experienced softer sales trends in China as they face increased competition from growing numbers of successful domestic competitors (Associated Press, 2025). As a result, Germany represents a margin protection market whereas China represents a growth market where Mercedes-Benz will need to adapt to continue expanding sales.

3.3 Social Forces

Similar to economic conditions, social trends provide contrasting opportunities for Mercedes-Benz in Germany compared to China. In Germany, there is a strong relationship between engineering quality and prestige; additionally, consumers increasingly seek sustainable products when purchasing luxury goods. As such, Mercedes-Benz benefits from its reputation for safe automobiles and sustainable manufacturing practices. In contrast, while prestige is still important in China, the social definition of luxury is shifting away from exclusively representing European brand heritage toward representing smart functionality, advanced digital experiences, and visible technological advancements (Wang and Tong, 2017; McKinsey & Company, 2024; McKinsey & Company, 2025). Regardless of market location – Germany or China – status remains a critical driver of commercial success for Mercedes-Benz. However, the specific cues associated with demonstrating status differ across the two markets.

3.4 Technological Forces

From a technological perspective, both Germany and China represent favorable markets for Mercedes-Benz. However, from a strategic viewpoint, China represents a more challenging environment. Germany provides Mercedes-Benz access to a

developed industrial infrastructure; whereas China serves as a rapidly evolving hub for development and implementation of EV-related software systems and battery technologies (IEA, 2025; The State Council of the People's Republic of China, 2025b). Mercedes-Benz's recent Auto Shanghai presentation further emphasizes the role that China will play as a testing ground for vehicles and technologies that meet the needs of the local consumer (Mercedes-Benz Group AG, 2025b).

3.5 Environmental Forces

Both Germany and China pose environmentally driven demands for Mercedes-Benz; although these demands vary based on the respective country's unique characteristics. In Germany, Mercedes-Benz operates under extreme pressure related to climate disclosures, supply chain scrutiny and adherence to various environmental regulations. In contrast, while governmental policies in China favor rapid adoption of electric vehicles and related technologies, concerns over issues such as battery recycling capacity/circularity/life cycle management have begun to take center stage (European Commission, 2025; Federal Office for Economic Affairs and Export Control, 2025; The State Council of the People's Republic of China, 2025a). Germany is viewed as having both high legitimacy and heavy compliance pressures in terms of environmental stewardship. China is viewed similarly; albeit for differing reasons. Growth prospects for Mercedes-Benz are strong; however, if the company fails to rapidly adapt to changing environmental and regulatory circumstances in China, the consequences may be severe.

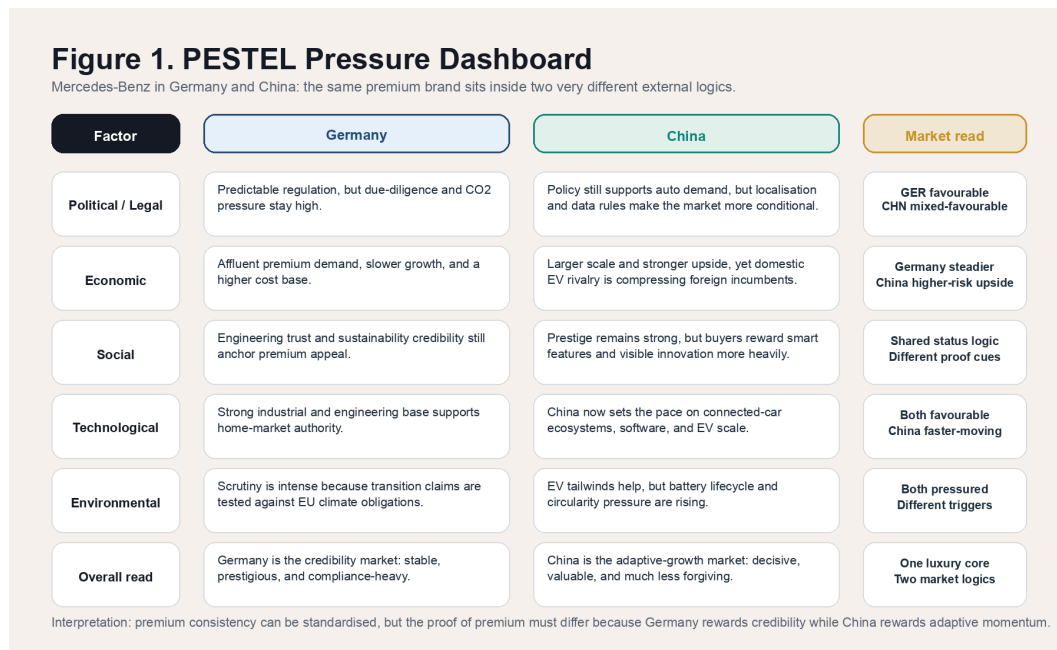


Figure 1: Comparative PESTEL pressure dashboard for Mercedes-Benz in Germany and China

3.6 PESTEL Favourability Summary

PESTEL Factor	Germany	China	Judgement for Mercedes-Benz
Political and legal	Stable institutions, strict EU climate and supply-chain regulation, EV tax support	Strong industrial policy support, localisation pressure, faster policy shifts	Germany = favourable but compliance-heavy; China = favourable but policy-dependent
Economic	Mature premium market, slower growth, high cost base	Large demand potential, stimulus support, intense domestic EV competition	Germany = margin-defence market; China = growth market with higher risk

Social	Engineering trust, safety, restrained prestige, sustainability scrutiny	Status signalling, younger premium buyers, digital and technology expectations	Germany = stable premium logic; China = premium meaning is evolving rapidly
Technological	Advanced manufacturing and R&D base	Fast intelligent-vehicle ecosystem, software race, connected-car leadership	China more favourable for technology-led premium repositioning
Environmental	Strong decarbonisation and due-diligence pressure	EV tailwinds, but battery circularity and lifecycle scrutiny	Both markets are mixed, with Germany stricter and China faster-changing

Table 1: PESTEL favourability comparison for Mercedes-Benz in Germany and China

Taken together, the PESTEL comparison suggests that Mercedes-Benz should treat Germany as the market that tests regulatory resilience and brand credibility, while China is the market that tests strategic agility. Both remain attractive, but neither is attractive in a passive sense.

4. Cultural and Consumer Behaviour Comparison: Hofstede

4.1 Comparative Hofstede Interpretation

Culturally, both markets have positive attitudes toward culture but these attitudes are expressed differently. Hofstede is useful here since Mercedes Benz is marketing a culturally interpreted form of prestige, rather than just a functional good. China ranks much higher in terms of power distance and long term orientation than does Germany. As well, Germany ranks much higher in individualism and will accept less hierarchical structures during decision making (Hofstede Insights, 2026). Although there is some similarities in how prestige functions as a social signal in both countries, Germany reacts more to technical proof of the product whereas China interprets visible status and future forward technologies more heavily (Wang and Tong, 2017; McKinsey & Company, 2024).

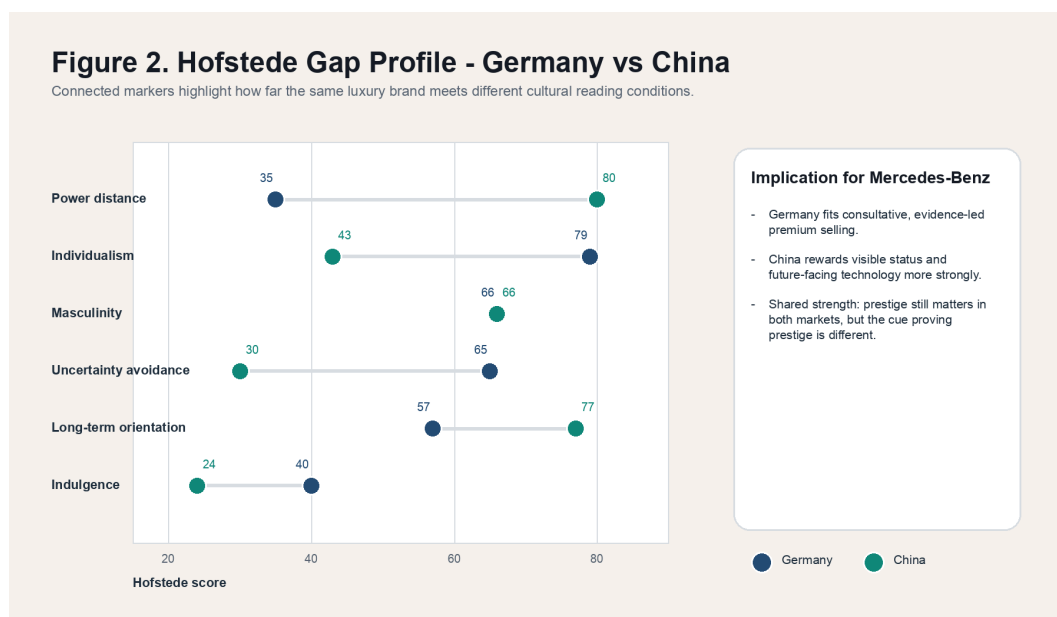


Figure 2: Hofstede gap profile for Germany and China

From a practical standpoint, for Mercedes Benz, this means the sales room experience and the storytelling surrounding the brand. Individualism is more prevalent in Germany supporting consultative selling based on facts about products, the engineers credibility and transparency regarding ownership. Collectivism is higher in China along with power distance so visible prestige, hospitality and social proof become commercial drivers particularly within the executive and chauffeur

driven segments. Also important to Mercedes Benz in China is the fact that buyers are thinking longer term so they are asking if Mercedes Benz looks like it is ready for the future versus looking at its history (Li et al., 2024; McKinsey & Company, 2025).

4.2 Advantages and Limitations of Hofstede

As stated before however, Hofstede has limitations. McSweeney states that national averages may represent cultural homogeneity better than actual cultural heterogeneity, which is relevant to Mercedes Benz given that a Shanghai entrepreneur, a chauffeur driven executive buyer, a provincial EV upgrader and a German fleet manager and an AMG enthusiast do not view prestige similarly (McSweeney, 2002). Therefore, Mercedes Benz should consider using Hofstede as an initial direction rather than a detailed instruction guide and testing it against direct segment evidence related to luxury motivations, EV satisfaction and digital purchasing behavior (Wang and Tong, 2017; McKinsey & Company, 2024; Li et al., 2024).

A second limitation of Hofstede is temporal change. Signals for premium culture in China are now dependent upon city tiers, ownership purposes and stages of EV adoption. Similarly, German buyers differentiate sharply between fleet buyers, performance oriented buyers and those interested in sustainable premium vehicles. Therefore Hofstede provides a framework for assessing risk but it should not be used to assess what is happening in real time when deciding on channels of communication, messages or services.

5. STP and Positioning Analysis

5.1 Segmentation

Demand for premium automobiles is not homogeneous, even within a single national market. Wind and Douglas note that segmentation works best internationally when companies combine the commonalities of cross-national demand with the unique characteristics of specific national demand patterns rather than assume that a single broad segment exists universally (Wind and Douglas, 1972). In Germany Mercedes-Benz can segment demand into four categories including engineering continuity for loyal customers, corporate/fleet executives and AMG performance buyers and a growing number of affluent customers who wish to make the transition from traditional gasoline powered vehicles to electric vehicles without sacrificing brand prestige. In contrast China requires a different approach. Demand from younger affluent professionals, entrepreneurs who are using their status to buy the car, top-end chauffeured buyers and digital first EV intenders need to be addressed. However the importance of various dimensions of value such as badge, cabin technology and visible innovation differs by segment (McKinsey & Company, 2025; Ye et al., 2025) .

5.2 Targeting

Targeting is asymmetrical between the two countries. In Germany Mercedes-Benz prioritizes retaining current customers, upgrading them to new models and increasing profit margins in a mature market where the company already has significant visibility and legitimacy. In China the selection criteria for whom to target are more limited but require greater demands from potential customers. Mercedes-Benz must continue to target executive luxury and top end buyers as in previous years but must also address relevance issues concerning consumers comparing German premium heritage to local EV innovations within the same decision frame. Evidence suggests that targeting based solely on brand image will no longer be sufficient to drive WTP for EVs in China; instead targeted bundles of features valued by each premium sub-segment will be required (Mercedes-Benz Group AG, 2025a; Ye et al., 2025; McKinsey & Company, 2024).

5.3 Positioning and Perceptual Explanation

Therefore the type of evidence that Mercedes-Benz requires to demonstrate its competitive position will vary depending on the market. For example, in Germany technical assurance regarding ownership of the vehicle will remain highly relevant as Mercedes-Benz defends a legitimate premium franchise. In China the badge must provide fresh evidence as consumers compare German heritage to local EV innovations within the same decision frame. A single global message will therefore perform poorly: too focused on novelty for Germany; too focused on heritage for China (McKinsey & Company, 2024; McKinsey & Company, 2025).

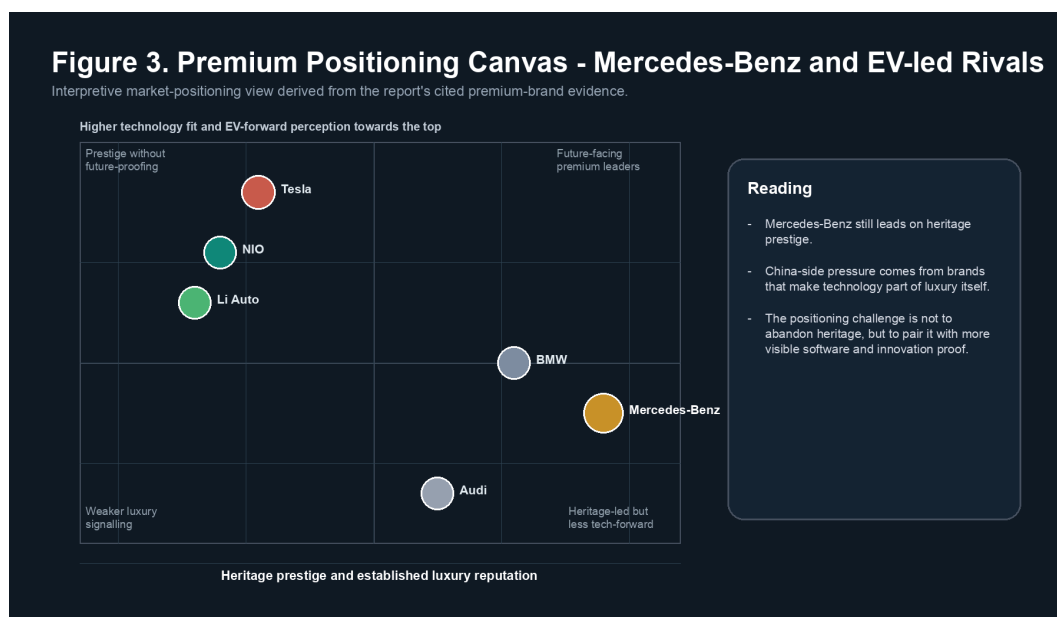


Figure 3: Premium positioning canvas for Mercedes-Benz versus EV-led rivals

The perceptual map demonstrates this clearly. Heritage prestige remains very strong for Mercedes Benz; however, premium culture in China now links luxury directly to software/cabin intelligence and visible innovation. This does not mean that Mercedes Benz should abandon heritage prestige; it means that the firm must create differing proofs of concept to support heritage prestige: technical/engineering proof in Germany; luxury/technology fusion in China (Zou and Cavusgil, 2002; Associated Press, 2025; McKinsey & Company, 2025; Mercedes-Benz Group AG, 2025b).

6. Comparative International Marketing Mix (7Ps)

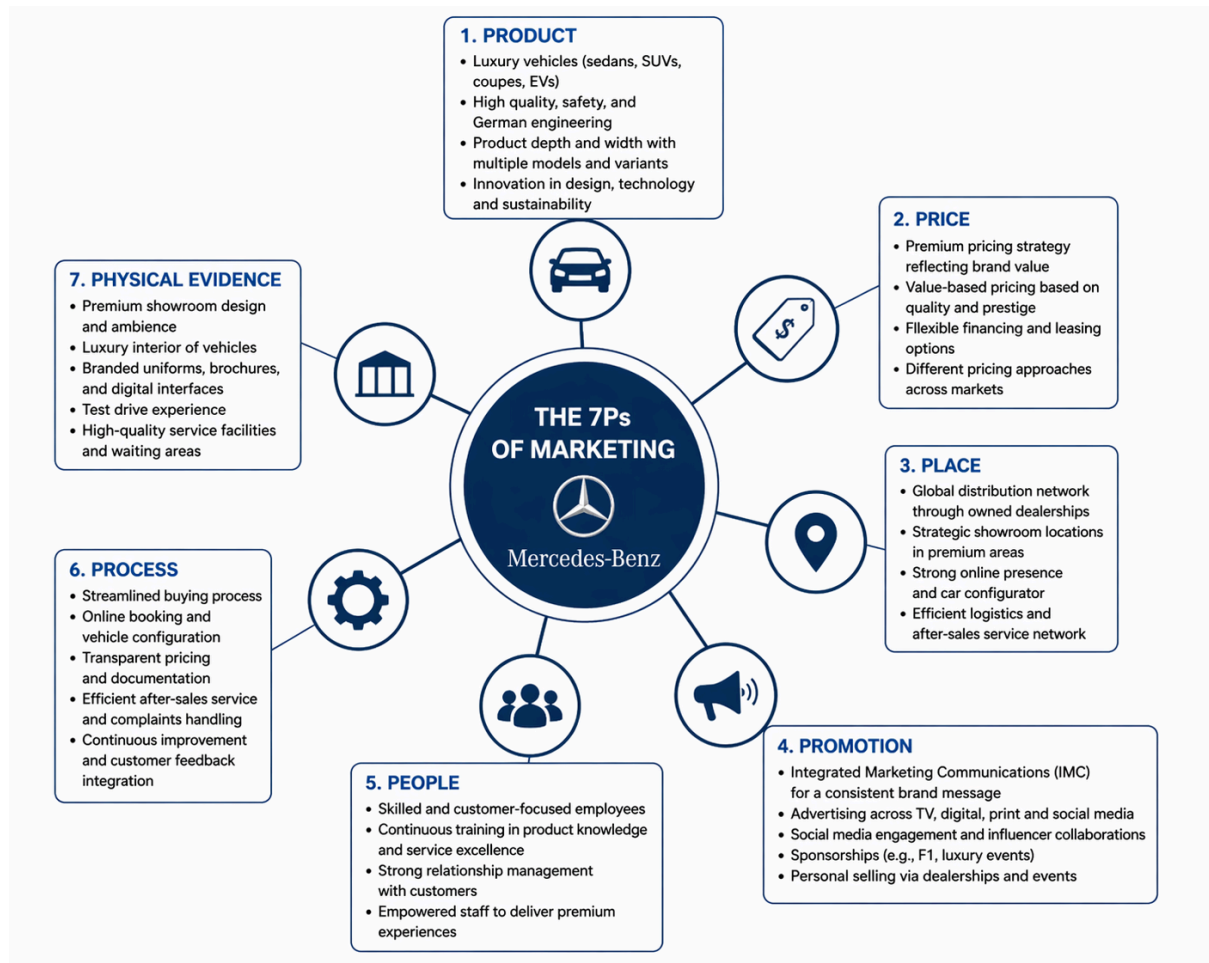


Figure 4: Marketing Mix (7P) for Mercedes-Benz (Created by Author)

6.1 Offer Architecture: Product + Price

In the 7Ps, the central question is not whether Mercedes-Benz should standardise or adapt, but where each choice creates more value. International marketing theory suggests that firms perform best when they keep a coherent strategic core while adapting the customer-facing parts of the offer to local conditions (Czinkota and Ronkainen, 2011; Doole and Lowe, 2012; Zou and Cavusgil, 2002). Therefore, the engineering core of the luxury brand must be maintained consistently in both countries, but product proof and price logic may vary by country.

In Germany, engineering continuity, safety, performance and a believable commitment to transitioning to electric vehicle technology should continue to be emphasized. However, in China, greater emphasis must be placed on adaptation as the present premium market demand for cars combines social status with the display

of digital intelligence, cabin experience and rear seat comfort. As indicated by Mercedes-Benz at Auto Shanghai 2025, China has now been recognized by Mercedes-Benz as a market for signaling technological capability relevant to local conditions (Mercedes-Benz Group AG, 2025b). Additionally, data regarding the willingness to pay for electric vehicles among Chinese premium consumers as well as McKinsey's results from 2025 indicate that Chinese premium consumers evaluate bundles of features more aggressively than the value of badges alone. Therefore, pricing in China must demonstrate clear value based upon the competitive offerings available in China as opposed to being assumed based on the company's European heritage (Associated Press, 2025; Ye et al., 2025; McKinsey & Company, 2025).

The operational implication of this pricing logic is that in Germany, residual value protection and service assurance can still justify a premium. Conversely, in China, price discipline must be coupled with visibly justifiable features, faster software updates and more apparent distinctions between trims since many of these signals have traditionally been bundled together by local competitors.

6.2 Route to Market and Experience: Place + Process + Physical Evidence

The second cluster includes place, process and physical evidence. A mature dealership and after sales network exists in Germany where physical presence, maintenance reassurance and service consistency are highly valued. Conversely, China necessitates an urban/digital-physical strategy that is more curated. According to McKinsey's 2024 consumer studies, Chinese buyers switch between researching online, comparing digitally and validating offline. Li et al. demonstrated that EV buyer satisfaction relies heavily on usage experience, software responsiveness and after-sales quality. If these aspects appear slower or less integrated than local EV competitors' offerings, Mercedes-Benz faces the risk of losing on experience even though engineering is superior.

One outcome of this is that distribution in China must accomplish more persuasiveness than distribution in Germany. Flagship stores, rapid test drive coordination, digital lead capture and post purchase application support all contribute to the premium promise itself. Germany can rely more heavily on network continuity than China. To prevent Mercedes-Benz from appearing slower than competing local EV brands in China, a theatrical and digitally-integrated customer journey must exist.

6.3 Communication and Service Delivery: Promotion + People

The third cluster consists of promotion and people. In Germany, promotion should focus on measured confidence: safety engineering quality residual value logic and credibility of sustainability. In China, prestige must be told through innovation intelligent mobility and modern luxury (McKinsey & Company, 2025) and not solely through tradition (Wang and Tong, 2017). Technical authority and reliability is what German frontline employees use to build trust. Chinese employee teams require the same level of product knowledge as their German counterparts; however, they require significantly stronger relationship building skills and premium hospitality as the service experience builds status.

Integrated marketing communications is an integrated use of all promotional elements as a means of developing a single consistent and unified brand image in all media (Kotler and Keller, 2016). For example, Mercedes Benz utilizes this strategy and ensures that advertising, digital platform and dealership experience convey consistently the same "premium" image. Although there are similarities in the overall branding strategy used by Mercedes Benz, the focus or emphasis on some aspects of branding differs from country to country. In addition, while both Germany and China emphasize modern luxury when referring to Mercedes Benz, they differ in their emphasis.

The similarity between the two markets is that frontline employees serve as ambassadors for their respective brands. The differences between employee performance styles are technical accuracy and responsiveness/relationship depth/hospitality – i.e. German teams reinforce trust through technical correctness while Chinese teams reinforce trust through responsiveness/relationship building/premium hospitality. This is a people/promotion issue — not a discretionary service add-on.

As illustrated across the seven Ps, the tension between over-adapting vs. under-adapting to the market is strategic in nature rather than cosmetic in nature. Over-adaptation would dilute the luxury code of Mercedes-Benz and potentially undermine the German credibility that currently provides the foundation for global brand equity. Under-adaptation would cause the offer to be perceived as prestigious but technologically obsolete in China. Thus, a balanced asymmetrical strategy would

be optimal: One premium core but different proof of that premium in each market (Zou and Cavusgil, 2002; McKinsey & Company, 2025).

Strategic Cluster	Germany	China	Adaptation Judgement
Product + Price	Engineering continuity, premium stability, EV transition with trust	Technology-led luxury, stronger feature localisation, sharper value justification against local EV rivals	Moderate adaptation, highest in China
Place + Process + Physical Evidence	Dense service network, ownership reassurance, traditional premium cues	Urban flagship concentration, stronger digital-physical integration, premium experience as proof of modernity	High adaptation in customer journey design

Promotion + People	Heritage, safety, sustainability credibility, technical consultative selling	Aspirational innovation, digital prestige, high-touch relationship management	High adaptation in message framing and service delivery
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Table 2: Integrated 7Ps comparison of Mercedes-Benz in Germany and China

6.4 Key Adaptation Judgement

On balance, Mercedes-Benz should standardise its luxury core but adapt more forcefully in China around experience design, software-visible value, and the proof points used to defend premium pricing. The similarity across both markets is premium consistency; the difference is how that consistency is evidenced.

7. Directional Development Strategy in China: BCG Matrix

7.1 Framework Definition and Rationale

The BCG Matrix would be helpful here, since it allows companies to categorize their products or business areas based on market development and relative market share. This enables them to determine how much to spend on each area and when to discontinue it (Hedley, 1977) . In China the conditions will force the application of the model to produce the largest amount of portfolio decisions. Legacy Internal Combustion Engine Products continue to have some value, Luxury high end lines provide symbolic value, and Electric Products must be pursued with urgency, despite short term uncertainty around Market Share (Mercedes-Benz Group AG, 2025a ; McKinsey & Company, 2025). The key issue is not simply comparing countries. The key issue is allocating a portfolio under pressure.

7.2 BCG Application to Mercedes-Benz China

A rough BCG reading produces four categories. Core executive sedans and SUVs in long-wheelbase or highly localised premium forms operate as cash cows because they benefit from established recognition and relatively mature demand. The top-of-the-line luxury models (Maybach etc.) are considered stars, because they have maintained a level of status demand for customers who want to demonstrate their wealth and protect their halo value. There are no clear "stars" in the Electric Vehicle Range (EQ), which positions this group as Question Marks. Although the overall electric vehicle market is growing quickly, the competition from Chinese manufacturers, whose technological narrative and value proposition for customers changes rapidly, creates significant challenges for Mercedes-Benz (IEA, 2025 ; Associated Press, 2025). The less desirable legacy lines, which do not contribute significantly to the brand identity of Mercedes-Benz in China are at risk of becoming dogs unless they create interest without losing margin or strategic relevance.

Figure 5. BCG Portfolio View for Mercedes-Benz in China

The matrix is used here as a prioritisation lens rather than a mechanical investment rule.

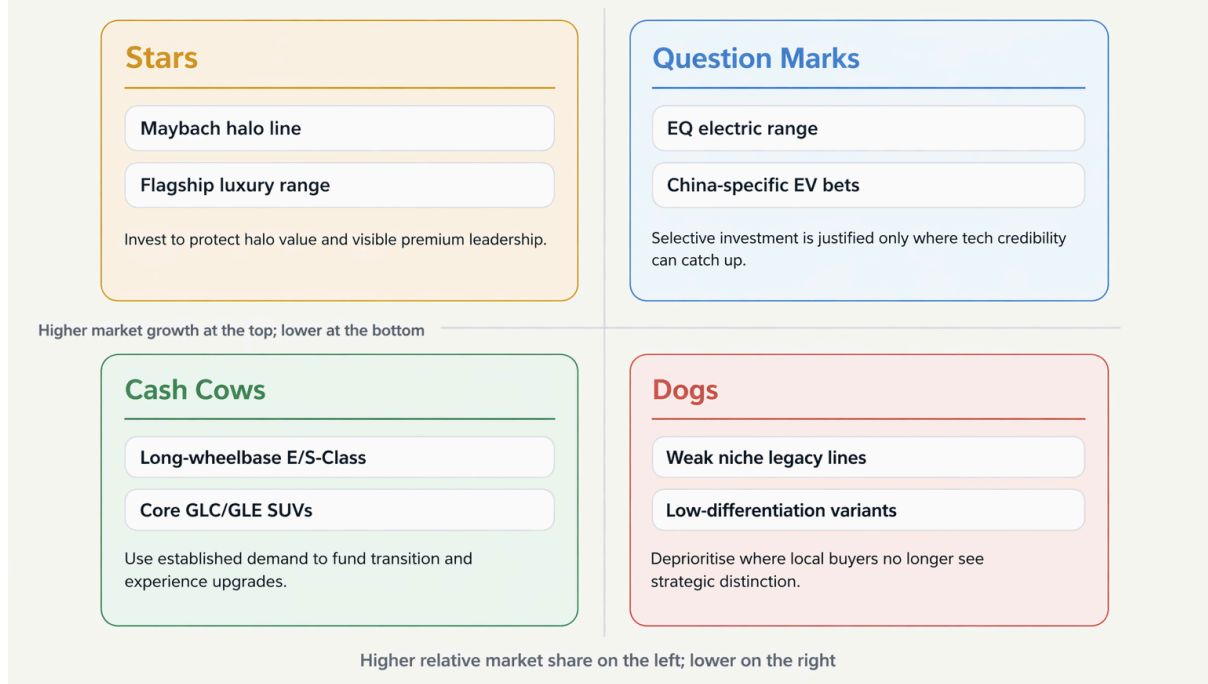


Figure 5: Portfolio allocation view of Mercedes-Benz in China using BCG logic

7.3 Critical Evaluation

When used responsibly, the BCG matrix encourages managers to think clearly: China cannot be viewed solely as a single growth story. As Hambrick et al., have shown, performance cannot be explained solely by the growth-share position of a firm, and that portfolio models are misleading when the definitions of categories are too broad or when synergies are overlooked (Hambrick, MacMillan and Day, 1982). This warning is particularly relevant given that premium halo effects and platform sharing mean that one model's strategic value cannot always be reflected in its current share data.

The BCG model also struggles when a model's strategic value is not evident in immediate share data. For example, although a Maybach Halo model may sell fewer units than a core SUV model, its ability to influence perceptions of a brand's desirability can justify greater investments. Similarly, although an EQ model may appear weak in terms of share data today, its strategic value lies in its ability to keep Mercedes-Benz engaged in conversations related to Premium-EVs in China.

Finally, the BCG model fails to account for instability in relative share due to buyer behavior. Buyers in China may consider purchasing from BMW, Audi, Tesla, NIO, Li Auto or upper-tier BYD products based on whether they prioritize badge value, software capabilities, cabin technologies or EV ranges. Therefore, the BCG model is better suited as a prompt for prioritization rather than as an automatic investment decision rule (Associated Press, 2025 ; McKinsey & Company, 2025).

8. Ethical Issues in Mercedes-Benz's Marketing Mix: Germany Focus

8.1 Two Ethical Examples

Germany is clearly the location where ethics issues need to be discussed first because Mercedes-Benz' claims regarding quality, engineering and sustainability are directly linked to its legitimacy within the German home market. Here are two ethical examples that arise from Mercedes-Benz activities.

One ethics-based example arises from Mercedes-Benz' raw material reporting. Reporting illustrates a more structured way of assessing potential human rights and environmental risks associated with procurement of minerals and batteries. The reporting is consistent with both German law requirements and marketing ethics principles requiring accountability before impression management (Federal Office for Economic Affairs and Export Control, 2025 ; Murphy, Laczniak and Harris, 2017).

Another ethics-based example arises from the Battery Recycling Plant located in Kuppenheim. The reason for citing this example is that circular economy strategies are being implemented across product design (product), production processes (process) and tangible evidence (physical evidence) instead of just serving as marketing-communication claims (Mercedes-Benz Group AG, 2024b ; Arnold, 2009).

8.2 Two Unethical or Contested Examples

While scrutiny continues to exist externally with respect to social responsibility campaigns continuing to target Mercedes-Benz and while documentation provided by the Business & Human Rights Resource Center indicates that Mercedes-Benz is still operating under challenge rather than in an ethically settled position (Business & Human Rights Resource Centre, 2024); premium marketing relies substantially on consumer trust. A second concern relates to the difference that exists between Mercedes-Benz' increasing focus on sustainability through e-mobility/circular economy/efficiency measures (i.e., electrification and recycling) and continued sales messaging that highlights top-of-the-range vehicle opportunities and that indicate that while demand for EVs has developed slower than expected in certain segments of the market; this does not invalidate the strategy (Mercedes-Benz Group AG, 2025a ; European Commission, 2025). However, from an ethical marketing

perspective; this means that environmental claims must stay proportionate and carefully evidenced (Arnold, 2009; Murphy, Laczniaik and Harris, 2017).

8.3 Ethics-to-7Ps Mapping

Ethical Status	Example	7P Link	Evaluation
Ethical	Raw-material due diligence and risk reporting	Process / Product	Stronger governance and traceability support credible premium claims
Ethical	Kuppenheim battery-recycling plant	Physical Evidence / Process	Tangible circularity investment improves sustainability proof
Contested	Ongoing scrutiny over mineral sourcing and rights concerns	People / Process	External challenge shows ethics performance is still disputed
Contested	Risk of overstating sustainability progress while high-margin legacy lines remain central	Promotion / Product	Communication must stay aligned with transition reality

Table 3: Ethical and contested marketing-mix issues in Mercedes-Benz's Germany-facing positioning

The ethical similarity across both markets is that premium claims rely on trust. The difference is where the trust gap opens: in Germany the risk sits more visibly in sustainability credibility and supply-chain proof, whereas in China the same issue is filtered more through technology credibility and adaptation speed. Ethics therefore remains part of positioning, not only compliance.

9. Recommendations

These recommendations will be most effective if applied in order rather than individually. Mercedes Benz has to first establish the meaning of its Premium Core before determining what China-based experiences represent the greatest visibility in proving future readiness. After establishing the direction and scope of the Premium Core, Mercedes Benz can expand the adaptation agenda. This sequence is critical because the brand's risk is not just about being at a level of low-growth; it is also about strategically drifting between its Heritage Strengths and Market Expectations.

1. Mercedes Benz should use Germany as the Evidence Base for Credibility and China as the Test Bed for Adaptive Premium Execution, rather than attempting to apply one Commercial Logic across both Markets. By doing so, Mercedes Benz will be able to create Trust anchored in German Proof Points without making the mistake of marketing China a Heritage-Led Message.
2. China-Specific Product and Customer Experience Adaptation should occur with greater urgency — specifically in Software-Visible Value, Cabin Technology, and Digitally Integrated Premium Service — since this is exactly where Chinese EV Challengers are Re-defining the Category (Li et al., 2024; McKinsey & Company, 2025). The priority is not discounting, but clearer value justification.
3. In China, Portfolio Management should adhere to a BCG Discipline wherein Dependable Luxury Lines Fund Investment in Electrified Products capable of Legitimate Competition, while Under-Powered Legacy Lines are Deprioritized (Hambrick, MacMillan and Day, 1982; Hedley, 1977). Resources should be allocated based upon Strategic Roles rather than Sentiment towards Legacy Products/Brands.
4. Across both markets, ethics communication should become more evidence-led and less declarative, using measurable supply-chain and circularity indicators from Germany to support claims (Federal Office for Economic Affairs and Export Control, 2025; Mercedes-Benz Group AG, 2024a; Arnold, 2009). That would narrow the gap between sustainability rhetoric and verifiable evidence.

10. Conclusion

Germany and China pose fundamentally different questions to Mercedes Benz. Germany poses the question regarding whether the Brand may sustain Legitimacy under growing Regulatory Pressure and increasing Sustainability Pressures. China poses the question regarding whether a Legacy Premium Brand may continue to Define Prestige in an Environment where Software, Localization, and EV Momentum are all Developing at a Rate Greater than Heritage. Mercedes Benz performs well in both Countries — but for Different Reasons. Mercedes Benz will perform Best in Germany when it Behaves like a Credible, Disciplined Premium Manufacturer. Mercedes Benz will perform Best in China when it utilizes that Same Premium Core as a Platform for Visible Adaptation. The strategic Lesson is Not to Choose Between Standardization and Adaptation — Rather to Decide More Precisely Where Each Belongs

Section 2: Gibbs Reflection

Description

This report was primarily concerned with evaluating the international marketing strategies employed by Mercedes-Benz across both German and Chinese markets. In the initial stages, the majority of the research and subsequent analysis were based upon an operational/industry-based level of analysis, including but limited to the scale of manufacturing, battery technology, and regulatory matters. While these factors were appropriate for this analysis, they tended to shift the emphasis from the specific marketing strategies adopted by Mercedes-Benz toward broader discussions related to the automotive industry. This problem was most pronounced through the comparison of the German and Chinese markets due to the fact that both countries have a large amount of literature available regarding their respective policies, plans for electrification, and technological advancements. Therefore, it was necessary for me to adjust the focus of the analysis to include an examination of customer perceptions, brand positioning, and the marketplace.

Additionally, the nature of the resources selected impacted the overall tone of the analysis. Initially, my reliance upon company reports resulted in a relatively descriptive/corporate type of writing. Including academic/regulatory/consumer insight sources early in the analysis enabled me to increase the analytical depth of the comparative analysis between both markets.

Feelings

I felt very comfortable because there is so much publicly available data about both markets. However, as I began drafting the essay, I realized that the analysis was not centered enough on marketing interpretation, therefore creating some uncertainty with respect to compliance with the assignment's requirements.

As well, I experienced difficulties in obtaining balance between Germany and China. Germany appeared to be a more stable and easier to analyze country compared to China, which appeared to be more complex/dynamic. This led to a tendency to emphasize China significantly, which necessitated making adjustments to obtain a

more balanced treatment. Furthermore, maintaining a neutral tone was difficult as many automotive manufacturers tend to promote extremely positive or extremely negative attitudes toward their brands.

Evaluation

One major advantage of completing this assignment was utilizing frameworks such as PESTEL, Hofstede, STP, and 7 Ps to provide a basis for comparison. These frameworks were utilized more effectively over time to support analysis versus simply providing descriptive content. Additionally, using various types of resources enhanced the credibility of the arguments developed.

However, prior drafts were highly dependent upon description. For example, PESTEL was initially used to merely list environmental factors vs. assessing how favorable those environmental factors were toward strategy. Similarly, Hofstede was at risk of being applied in a simplistic manner without considering its limitations. Although these issues were resolved in subsequent drafts, they highlighted the necessity of conducting critical evaluation in addition to applying frameworks.

Analysis

The primary lesson learned during completion of this assignment was to understand how to utilize frameworks as analytic tools rather than as mere descriptive models. PESTEL became more effective once it was utilized to determine how each environmental factor supported or constrained strategy. Hofstede also required careful interpretation since McSweeney (2002) posits that national culture models may oversimplify complex realities. This further emphasized the importance of combining cultural frameworks with empirical consumer data (Wang and Tong, 2017; McKinsey & Company, 2025).

An additional realization occurred during completion of the STP and 7Ps sections. My original analysis focused solely on standardization vs. adaptation. However, I ultimately narrowed down the argument when I determined that Mercedes-Benz could maintain a consistent core luxury image while varying how value is delivered in each market. This illustrates the findings of Wind and Douglas (1972) and Zou and

Cavusgil (2002), who contend that companies must achieve a balance between global consistency and local responsiveness.

Finally, ethics became increasingly integral to the analysis. Factors such as supply chain transparency and sustainability claims affect the credibility/product acceptance and trust associated with brands (Murphy, Laczniak and Harris, 2017; Federal Office for Economic Affairs and Export Control, 2025). This illustrates that ethics is an inherent component of marketing strategy vs. being treated as a separate entity.

Conclusion

This project provided me with a greater comprehension of international marketing by demonstrating that analysis involves interpretation versus description. The comparison between Germany and China illustrated that markets consist of dynamic environments where strategic actions depend on structural characteristics as well as evolving expectations among consumers.

Moreover, my key takeaway from this experience is that frameworks become useful only when applied thoughtfully. They are useful only if used effectively to support judgment rather than merely to organize information.

Action Plan

Going forward, I will endeavor to segregate industry-related information from marketing-based analysis sooner in order to maintain focus. Further, I will attempt to incorporate cultural frameworks and consumer data simultaneously when applicable in order to enhance continuity. Additional considerations will be made relative to organized resource usage by differentiating between sources that are descriptively-oriented versus critically-oriented. Finally, ethical considerations will be incorporated into the analysis more quickly instead of tacked-on at later points in the process.

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