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Lecturer Name: Tushara Balendran Dian Mayasari

Student Name: AYSHA SULTANA

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Table of Contents

1. International Market Entry Strategy and Marketing Mix Analysis	1
1.1 Introduction.....	1
1.2 Comparative Market Environment Analysis.....	2
1.2.1 Overview of the German and Chinese Markets	2
1.2.2 PESTEL Analysis – Germany and China	2
1.2.4 Social and Cultural Environment Comparison	6
1.3 Segmentation, Targeting, and Positioning (STP) Comparison	8
1.3.1 Segmentation Strategy Germany and China	8
1.3.2 Targeting Strategy Comparison.....	8
1.3.3 Positioning Strategy Comparison	9
1.3.4 Evaluation of STP Adaptation.....	11
1.4 Comparative Analysis of the International Marketing Mix (7Ps).....	12
1.4.1 Product Strategy in Germany and China	12
1.4.2 Price Strategy in Germany and China.....	14
1.4.3 Place (Distribution) Strategy.....	16
1.4.4 Promotion Strategy	16
1.4.5 People.....	17
1.4.6 Process	17
1.4.7 Physical Evidence	18
1.5 Directional Development Strategy (One Market Focus)	19
1.6 Ethical Issues in International Marketing	20
1.7 Recommendations for Future International Marketing Strategy	20
2. Reflective Account.....	21
2.1 Reflective Framework.....	21
2.2 Reflection on the Research Process	21
2.3 Analysis of Learning	21
2.4 Action Plan for Future Development	23
2.5 Conclusion	23
Bibliography	24

Figure 1. 1: Comparative Analysis of Mercedes-Benz Pricing: Germany vs. China	15
Table 1. 1: PESTEL Summary: Germany vs China (Automotive/Luxury Context).....	5
Table 1. 2: STP Strategy Comparison – Mercedes-Benz in Germany vs. China.....	11
Table 1. 3: Overall Evaluation of Marketing Mix (7Ps) Adaptation – Mercedes-Benz in Germany vs China	18

1. International Market Entry Strategy and Marketing Mix Analysis

1.1 Introduction

This report critically analyzes Mercedes-Benz's international market-entry strategy and its adaptation of the marketing mix in two strategically significant markets: Germany and China. The primary objective is to evaluate how the brand responds to contrasting macro-environmental conditions, cultural influences, and consumer behaviors, and to assess the extent to which its international marketing strategies are standardized or adapted across markets. The analysis also explores ethical considerations and future strategic directions, demonstrating critical engagement with contemporary international marketing theory and practice.

Mercedes-Benz represents one of the most established global luxury automotive brands, recognized for engineering excellence, technological innovation, and premium positioning. As part of a highly competitive global automotive industry undergoing rapid transformation due to electrification, digitalization, and sustainability pressures, the company provides a strong case for examining how legacy premium brands evolve their international strategies. Its long heritage in Germany contrasts with its relatively recent but highly successful expansion in China, now one of its most important growth markets.

Germany and China have been selected due to their strategic and environmental contrasts. Germany reflects a mature, highly regulated, and innovation-driven home market with sophisticated consumers and strong sustainability expectations. China, in contrast, represents a rapidly evolving, status-oriented luxury market shaped by distinct cultural values, digital ecosystems, and government industrial policy. This chapter first compares the macro-environments of the two countries, then analyses segmentation, targeting, and positioning strategies, and finally evaluates the adapted marketing mix, ethical considerations, and future strategic recommendations.

1.2 Comparative Market Environment Analysis

1.2.1 Overview of the German and Chinese Markets

The German automotive market remains a cornerstone of Europe's industrial landscape, producing over 4 million passenger cars annually and employing nearly 773,000 people across OEMs and suppliers, underscoring its economic significance within Germany and the EU (GTAI, 2025). Germany also ranks among the world's leading producers of electric vehicles, reinforcing its commitment to the mobility transformation amid global pressure to decarbonize and innovate (Reuters 2026). However, domestic passenger car sales have remained relatively stagnant in recent years, reflecting broader structural headwinds, including global supply chain shifts and slower market growth than in emerging regions (S&P Global Mobility, 2026; CoxautoInc, 2025). European premium brands have historically dominated the domestic market, but Chinese OEMs are gradually increasing their share of battery-electric vehicles in Europe's key markets, including Germany, thereby intensifying competitive dynamics (JATO, 2025; McKinsey, 2023).

In contrast, China's automotive market is the largest globally, with light-vehicle production and sales exceeding 31 million units in 2024, far outpacing those of Germany and other major markets (ICAEW, 2025; Focus2Move, 2026). China's rapid adoption of new energy vehicles (NEVs) and extensive government industrial policy support have fueled unprecedented growth and technological advancement in electrification and smart connectivity, attracting hundreds of domestic and international brands (Chen, 2024). This scale and pace of development create a highly competitive environment that requires multinational firms to tailor their market strategies to local conditions. Chinese consumer demand continues to diversify, and foreign brands are increasingly localizing operations to remain competitive (Autotrader Insight, 2024; EIAS, 2023).

1.2.2 PESTEL Analysis – Germany and China

A PESTEL analysis highlights significant differences in the macro-environmental contexts of Germany and China, which influence Mercedes-Benz's international marketing strategy in both markets. The following analysis explores key factors shaping the brand's approach.

Germany benefits from a stable political system within the European Union (EU), with consistent policies supporting environmental regulations and advanced manufacturing. The EU Fit for 55 climate package, which mandates strict CO₂ emission reduction targets for passenger cars and vans, places additional pressure on German OEMs (Original Equipment Manufacturers) to decarbonize. These regulations influence their product strategies, especially regarding electric vehicles (EVs), as well as investment in sustainable innovation (European Commission, 2023). However, this regulatory stability comes with stringent compliance requirements that increase operational costs for businesses.

In China, the political environment is characterized by strong government direction and industrial policies that prioritize new energy vehicles (NEVs). The Chinese government provides extended tax exemptions and subsidies for NEVs, which facilitate the adoption of electric vehicles and incentivize both domestic and foreign manufacturers to align with national industrial goals (MIIT, 2024). However, China's centralized governance and rapid policy changes create an unpredictable regulatory environment, which can add complexity for foreign firms.

Economically, Germany is a high-income, export-oriented economy with a relatively mature automotive market. German consumers have higher disposable incomes and strong preferences for premium products, resulting in a focus on quality, engineering excellence, and sustainability in the automotive sector. The average income in Germany in 2025 is approximately €45,000, which converts to about RMB 315,000 (using an exchange rate of 7.0) (Statista, 2025). This higher income enables German consumers to invest in high-quality, sustainable vehicles and to prioritize engineering innovation.

Conversely, China remains the largest automotive market globally, with light-vehicle sales significantly outpacing those in Germany. Rapid urbanization and a rising middle class are driving the automotive sector's dynamic growth in China. The average income in China in 2025 is around RMB 52,000, reflecting a growing consumer base with greater purchasing power, though it remains lower than in Germany (China National Bureau of Statistics, 2025). Despite the lower average income, luxury automotive demand in China is increasingly driven by aspirational purchasing, especially among affluent urban elites and status-conscious consumers. Mercedes-

Benz must adapt its strategies to meet the needs of these consumers, whose luxury purchases are more about prestige and status rather than pure functionality. As China's NEV market continues to expand, foreign brands like Mercedes-Benz are also exposed to growing competitive pressures from local firms.

Social factors play a crucial role in shaping consumer behavior in both markets. In Germany, consumers have high expectations for engineering quality, environmental sustainability, and brand heritage. The trend toward sustainability and the aging population also influence purchasing behavior, particularly among younger, environmentally conscious urban buyers (S&P Global Mobility, 2026). In China, social drivers include rapid urbanization, digital engagement, and the desire to signal status through luxury goods. Luxury automotive ownership is closely tied to prestige, personal success, and technological leadership. This means that Mercedes-Benz must tailor its communication and branding strategies to resonate with these cultural values, leveraging digital platforms and influencer partnerships to enhance brand appeal and engage younger, digitally savvy consumers (Autotrader Insight, 2024).

Both Germany and China are at the forefront of technological innovation, but with different emphases. Germany leads in advanced manufacturing, with a strong focus on Industry 4.0, automation, and precision engineering in automotive production (GTAI, 2025). This gives Mercedes-Benz a competitive edge in producing high-quality vehicles. On the other hand, China is rapidly adopting connected-car technologies, digital retail channels, and EV platforms, reflecting the country's growing interest in digital innovation and the need for automakers to integrate local tech partnerships to remain competitive. Mercedes-Benz's integration into China's digital ecosystem is essential for its long-term success in the market.

In both Germany and China, environmental concerns significantly influence the automotive market. Germany's EU-based regulations, particularly the Fit for 55 climate package, prioritize decarbonization and the transition to electric mobility, compelling automakers to accelerate the adoption of electric vehicles (EVs) and reduce their carbon footprint (European Commission, 2023). The EU's strong sustainability framework forces Mercedes-Benz to adjust its strategies to align with both regulatory pressures and consumer demand for greener vehicles. China, too, has

stringent environmental regulations that target pollution reduction and promote the adoption of new energy vehicles (NEVs). However, enforcement can vary across regions, creating a complex and sometimes inconsistent compliance landscape for businesses. Mercedes-Benz must navigate these varying regulations while ensuring its product offerings comply with China’s evolving environmental standards.

Legal factors in Germany are characterized by a strong legal framework, including strict consumer protection laws and data privacy regulations (such as GDPR). These laws provide a transparent environment that supports the operational stability of foreign firms but also raises compliance costs. In China, legal factors are more complex due to an evolving regulatory landscape, particularly in data protection, with the Personal Information Protection Law (PIPL) being one of the most significant recent developments. These regulations pose unique challenges for foreign companies operating in China’s data-intensive and digital marketing environment, requiring compliance with national laws while navigating an often rapidly changing legal system (DLA Piper, 2025).

Table 1. 1: PESTEL Summary: Germany vs China (Automotive/Luxury Context)

Factor	Germany	China	Implications for Mercedes-Benz
Political	Stable democratic system; strong EU regulatory framework; strict environmental and safety policies	Centralized governance; strong state involvement in industry; industrial policy favoring NEVs and domestic innovation	Germany requires a compliance-driven strategy; China requires alignment with state priorities and policy incentives.
Economic	High-income, mature automotive market; slow growth; high labor costs, but skilled workforce	World’s largest auto market; fast growth in EV and luxury segments; rising middle class; cost advantages in supply chains	Germany = premium retention market; China = key growth and volume driver
Social	Consumers value engineering quality, reliability, sustainability, an aging population, and cautious spending.	Luxury seen as a status symbol; younger affluent buyers; digital-first consumers; rapid urbanization.	Branding in Germany emphasizes heritage & quality; in China, it requires prestige, innovation & digital engagement.

Technological	Advanced manufacturing; strong R&D; Industry 4.0; engineering excellence	Leader in EV tech adoption, battery supply chains, smart connectivity, digital ecosystems	Need for global engineering consistency + local tech partnerships in China
Environmental	Strong EU emissions laws, carbon neutrality targets, and high sustainability awareness	Pollution reduction policies, aggressive EV adoption targets; enforcement varies by region	Pushes Mercedes toward EV leadership in both markets, but a faster rollout is required in China
Legal	Transparent legal system; strict consumer protection; GDPR data privacy laws	Evolving regulatory frameworks, data laws (PIPL), advertising regulations, and foreign business rules can change quickly.	Germany = predictable compliance; China = regulatory risk management essential

1.2.4 Social and Cultural Environment Comparison

The social and cultural environments of Germany and China exert significant influence on consumer behavior, particularly in the luxury automotive segment. In Germany, consumer behavior is largely shaped by rational decision-making, functional preferences, and an emphasis on quality, engineering excellence, and long-term value retention. These behaviors can be explained through Hofstede's cultural dimensions, particularly Individualism and Uncertainty Avoidance.

Germany scores highly on Individualism (Hofstede Insights, 2025), indicating that consumers there tend to prioritize personal goals and values over group affiliations. This aligns with the preference for vehicles that offer quality, engineering excellence, and long-term reliability, as consumers are inclined to make purchasing decisions based on their own needs and expectations rather than external pressures. Additionally, Germany scores high in Uncertainty Avoidance, reflecting a culture that values stability and security. As a result, German consumers tend to conduct extensive information searches and compare technical specifications, safety ratings, and total cost of ownership before making a purchase. This behavior reflects a preference for reliable products that offer a sense of security, emphasizing rational decision-making and careful value assessment.

Sustainability and environmental consciousness also play increasingly important roles in shaping consumer behavior in Germany. Many affluent German consumers prioritize electric or hybrid vehicles to align their personal values with broader societal goals, such as reducing emissions and improving resource efficiency (European Commission, 2023). These preferences for environmentally friendly options can also be tied to Germany's long-standing focus on sustainability, reflecting a collective cultural effort to support environmental causes. As Hofstede suggests, high Uncertainty Avoidance cultures, like Germany's, tend to gravitate toward predictable solutions that offer long-term benefits, such as sustainable, eco-friendly technologies.

Consequently, Mercedes-Benz's marketing messages in Germany often emphasize technological superiority, emissions performance, and engineering heritage to resonate with local cultural expectations, which are deeply rooted in rational, individualistic values and a desire for reliable, long-lasting products.

In contrast, Chinese consumer behavior in the luxury automotive market is strongly influenced by symbolic consumption and social status signaling. Research shows that luxury purchases in China are frequently associated with prestige, personal success, and social recognition, particularly among urban, digitally savvy millennials and Generation Z consumers (Zhang et al., 2025). Cultural values emphasize "face" (面子), in which high-status brands confer social capital and reflect achievement, driving a stronger emotional and symbolic dimension in purchase decisions than in Germany (Huang & Sarigöllü, 2024). Additionally, digital ecosystems and social media platforms play central roles in shaping Chinese luxury consumption patterns, with live-streaming, influencer endorsements, and mobile commerce significantly impacting brand perception and purchase intent (McKinsey & Company, 2023). Therefore, Mercedes-Benz often leverages aspirational messaging, celebrity partnerships, and digital engagement to appeal to cultural drivers in China, focusing on exclusivity, modernity, and technological innovation as markers of status.

1.3 Segmentation, Targeting, and Positioning (STP) Comparison

1.3.1 Segmentation Strategy Germany and China

In both Germany and China, Mercedes-Benz employs sophisticated market segmentation to identify distinct consumer groups, yet the criteria and emphasis differ markedly due to contrasting market dynamics. In Germany, segmentation predominantly comprises demographic and behavioral variables, with a focus on income, age, lifestyle, and purchase behavior. Premium German consumers are segmented into affluent professionals and environmentally conscious buyers who prioritize engineering excellence, safety, and sustainability, traits that align with long-standing automotive traditions and technical expectations in the home market (GfK, 2024). Geographic segmentation also plays a role, as urban buyers are more likely to choose electric variants than rural buyers. Conversely, in China, Mercedes' segmentation strategy emphasizes psychographic and socio-cultural variables, reflecting consumers' diverse aspirations and symbolic needs. Segments in China include affluent, status-seeking urban elites; young, affluent professionals with digital lifestyles; and tech-savvy consumers who value innovation, connected experiences, and luxury symbolism over purely functional attributes (Huang & Sarigöllü, 2024; McKinsey & Company, 2023). The prominence of digital behavior in China further drives segmentation based on online engagement and mobile purchasing patterns, leading to differentiated marketing approaches across digital platforms. Thus, while both markets are segmented on income and premium preference, China's approach incorporates cultural and digital behavior dimensions more deeply than Germany's.

1.3.2 Targeting Strategy Comparison

In crafting distinct targeting strategies for Germany and China, Mercedes-Benz adapts to markedly different consumer landscapes and luxury market dynamics. In Germany, the brand primarily targets upper-income professionals and established families who prioritize engineering performance, safety, reliability, and environmental responsibility. A recent survey of the German automotive market highlights that affluent German buyers demonstrate strong brand loyalty and value meticulous build quality and long-term cost efficiency, making them ideal targets for Mercedes's traditional luxury sedans and evolving electric portfolio (KPMG, 2025). Furthermore,

heightened environmental awareness among German consumers has led to greater targeting of early adopters of luxury electric vehicles, aligning with broader societal values associated with sustainability and regulation (Statista, 2025). Conversely, in China, Mercedes-Benz's targeting strategy casts a wider net, encompassing status-driven aspirational segments, affluent urban elites, and tech-centric younger consumers. Research on Chinese luxury consumption reveals that prestige, modernity, and high digital engagement are major purchase triggers, with affluent Chinese customers exhibiting greater sensitivity to brand symbolic value than purely functional attributes (Oliver Wyman, 2024). In addition, China's luxury market is characterized by rapid digital penetration, with mobile commerce and social platforms influencing purchase intent, prompting Mercedes to target digitally engaged groups through personalized, tech-driven campaigns (Deloitte, 2024). Overall, while German targeting emphasizes long-standing premium values and sustainability, China's approach focuses on luxury symbolism and digital consumer behavior.

1.3.3 Positioning Strategy Comparison

Positioning strategies for Mercedes-Benz in Germany and China are carefully tailored to resonate with differing cultural values, consumer expectations, and competitive landscapes. In Germany, Mercedes-Benz positions itself as a heritage brand embodying engineering excellence, safety, and sustainability, reinforcing its legacy as an icon of precision and long-term reliability. This approach can be linked to product attributes positioning, as it emphasizes the technical and functional qualities of the vehicles, such as engineering precision and safety standards, which are core expectations for German consumers (Week 5, Slide 28). The product attributes are particularly relevant in this case because the brand emphasizes these tangible, technical characteristics to cater to Germany's rational decision-making culture.

This approach also aligns with symbolic positioning, in which Mercedes-Benz is framed not just as a luxury product but also as a trusted mobility partner that embodies national engineering traditions and long-term reliability (Berg & Vance, 2025). This creates an emotional connection with consumers who associate the brand with a symbol of cultural pride and trust. Additionally, the German market's heightened environmental awareness has shifted Mercedes-Benz's positioning to also focus on sustainability, appealing to early adopters of electric vehicles (EVs)

who prioritize the symbolic association with environmental responsibility (Statista, 2025). Here, usage positioning becomes crucial as Mercedes-Benz is not merely selling cars; it's selling a lifestyle that aligns with sustainable mobility and a future-oriented vision.

In China, however, Mercedes adopts a positioning strategy that emphasizes prestige, modernity, and lifestyle appeal to reflect local consumer aspirations. This approach aligns with product class positioning (Week 5, Slide 28), in which Mercedes-Benz positions its vehicles within the luxury automotive class, which is not only about functionality but also about symbolic value and social standing. Research on Chinese luxury markets indicates that foreign automotive brands gain a competitive advantage when associated with symbolic attributes such as status, social recognition, and trendsetting technology, rather than purely functional features (Euromonitor International, 2025). This positioning aligns with usage positioning (Week 5, Slide 28), in which Mercedes-Benz's models, such as the long-wheelbase S-Class and GLS, are marketed with messaging that reinforces success, exclusivity, and digital sophistication. The vehicles are not only presented as functional products but as symbols of achievement and lifestyle innovation that cater to the aspirational needs of Chinese consumers.

The brand leverages premium visuals, celebrity endorsements, and high-impact experiential events to reinforce the message that Mercedes is a luxury product in the high-end automotive segment. This approach also reflects product attribute positioning (Week 5, Slide 28), focusing on features that extend beyond basic functionality, such as advanced technology, exclusive design elements, and a luxury experience, which are significant drivers of the Chinese luxury market.

While the German strategy is anchored in tradition and technical credibility, the Chinese strategy integrates cultural symbols of achievement, modernity, and prestige into its market positioning, emphasizing lifestyle aspects that resonate deeply with China's affluent, status-conscious consumers.

Table 1. 2: STP Strategy Comparison – Mercedes-Benz in Germany vs. China

STP Element	Germany	China	Key Difference
Segmentation	Demographic (income, age), behavioral (loyalty, sustainability interest), geographic (urban vs rural EV uptake)	Psychographic (status, lifestyle), behavioral (digital engagement), demographic (rising affluent middle class)	China uses deeper lifestyle and digital behavior segmentation.
Targeting	Affluent professionals, established families, eco-conscious luxury buyers, loyal repeat customers	Urban elites, young affluent professionals, tech-savvy luxury consumers, status-oriented buyers	Germany targets stability and loyalty; China targets growth and aspiration.
Positioning	Engineering excellence, heritage, safety, sustainability, long-term reliability	Prestige, social status, modern luxury, innovation, digital sophistication	Germany = rational prestige; China = symbolic prestige
Value Proposition	Timeless premium performance with sustainable innovation	Luxury that signals success and technological leadership	Functional vs symbolic emphasis
Emotional Appeal	Trust, security, responsibility	Success, achievement, exclusivity	Cultural motivations differ strongly
Marketing Focus	Product quality, efficiency, and engineering credibility	Brand image, lifestyle, digital presence, experiential luxury	Communication style differs by culture

1.3.4 Evaluation of STP Adaptation

An effective STP adaptation strategy requires a firm to tailor its segmentation, targeting, and positioning to local market nuances rather than applying a uniform global model, and Mercedes-Benz demonstrates this adaptive approach with measurable impact in Germany and China. In Germany, Mercedes predominantly adopts a differentiated strategy that segments affluent, quality-driven consumers, targets high-income, technology-oriented buyers, and positions its offerings around engineering excellence and sustainability, resonating with local consumer expectations shaped by stringent environmental policies and mature purchase behaviors (Akaichi & Cheikhrouhou, 2021). Conversely, in China, Mercedes broadens its segmentation to include urban status-seeking cohorts and younger, digitally engaged luxury consumers, targets them through emotional and symbolic cues, and positions its brand as a marker of prestige and a forward-looking lifestyle, aligning with cultural preferences for social recognition (Wu & Lee, 2022). Research

indicates that luxury brands that adapt STP elements to local cultural and behavioral frameworks achieve greater brand relevance and competitive advantage than those that rely on standardized global marketing approaches (Bartikowski & Walsh, 2019). Mercedes' adaptive STP approach in China, including localized product variants, digital engagement, and lifestyle partnerships, has enabled the brand to grow its market share faster than less-adaptive competitors, illustrating how tailored STP strategies can drive performance across diverse macro-contexts.

1.4 Comparative Analysis of the International Marketing Mix (7Ps)

1.4.1 Product Strategy in Germany and China

Mercedes-Benz's product strategy in Germany and China reflects both core brand consistency and market-specific adaptation to meet different customer needs and competitive conditions. In Germany, Mercedes continues to emphasize its traditional portfolio of premium sedans, SUVs, and performance vehicles, underpinned by engineering excellence, safety, and environmental innovation. A strong example of this is the Mercedes-Benz E-Class, which consistently ranks among the best-selling models in Germany. The E-Class represents Mercedes' commitment to combining luxury, performance, and sustainability, aligning with the German consumer's focus on reliability, technical specifications, and long-term value (Roland Berger, 2025). In response to heightened environmental expectations and evolving regulatory standards, Mercedes has also expanded its EQ electric brand family alongside conventional internal combustion models. German buyers prioritize product reliability and sustainability, driving Mercedes to incorporate advanced driver-assist features, efficient powertrains, and sustainable materials (Automotive World, 2024).

Conversely, in China, Mercedes-Benz's product strategy is broader and more tailored to local tastes and emerging consumer segments. One of the best-selling models in China is the Mercedes-Benz E-Class L (the long-wheelbase version of the E-Class), which has become particularly popular due to its rear-seat comfort, a preference linked to chauffeur-driven culture and the symbolism of status (ANALYZE Asia, 2025). Additionally, the Mercedes-Benz S-Class remains a flagship model, frequently associated with luxury and prestige, making it highly sought after in China's affluent urban market. China's rapid adoption of new energy vehicles (NEVs) has also prompted Mercedes

to accelerate the localization of EV design and features to align with regional expectations for connectivity, range, and digital integration (Frost & Sullivan, 2025). This has led to the introduction of electric variants of popular models, such as the EQS sedan.

Mercedes-Benz adopts a balanced approach between global standardization and local product adaptation across Germany and China. Core vehicle platforms, safety technologies, and design language remain largely standardized to maintain brand consistency, support economies of scale, and shape global perceptions of quality (Wirtz, 2022). However, selective adaptation is evident in response to cultural and market-specific preferences. In China, the long-wheelbase models, enhanced rear-seat features, and locally integrated digital services demonstrate adaptation to chauffeur-driven use and technology expectations (Thun & Sturgeon, 2023). In Germany, adaptation focuses more on powertrain efficiency and sustainability features, aligned with regulatory and consumer environmental priorities, showing a subtler but still market-responsive product strategy.



Best-selling S-Class in China



Best-selling E-Class in Germany

1.4.2 Price Strategy in Germany and China

Mercedes-Benz implements differentiated pricing strategies in Germany and China to balance brand premiumization with local market conditions and competitive pressures (Keegan & Green, 2013; Czinkota, Ronkainen & Cui, 2021). In Germany, pricing reflects the brand's emphasis on engineering excellence and sustainability, with relatively high base prices that align with strong brand equity and affluent consumer willingness to pay for advanced safety, technology, and performance features (DBS Group Research, 2024). German pricing also incorporates regulatory-linked cost factors, such as emissions compliance and vehicle taxation, which raise final prices but reinforce premium positioning (ACEA, 2024). Conversely, in China, pricing strategies must

contend with both import tariffs and fierce competition from domestic NEV brands, leading Mercedes to adopt a “value-over-volume” approach that maintains premium pricing while integrating local cost efficiencies through in-market production (Reuters, 2025). Chinese consumers are highly sensitive to price-quality perceptions, particularly in the rapidly growing electric and SUV segments, requiring nuanced pricing tiers that balance aspirational appeal with competitive advantage (China EV100, 2025). Additionally, offering long-wheelbase and enhanced-luxury variants at premium price points enables Mercedes to capture status-driven consumer surplus in China more effectively than in Germany. Overall, while both markets sustain premium pricing, China’s pricing strategy incorporates broader segmentation and value signals to adapt to competitive intensity and local preferences.

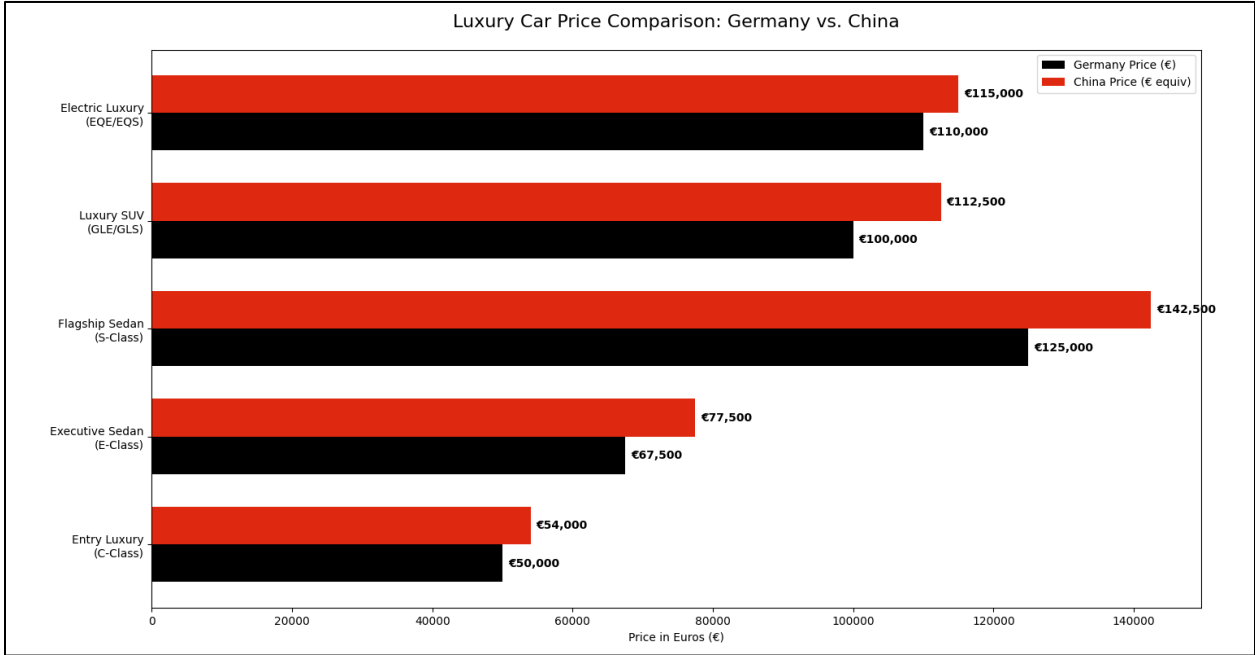


Figure 1. 1: Comparative Analysis of Mercedes-Benz Pricing: Germany vs. China

Note: Prices are indicative 2025 manufacturer list prices compiled from the official websites of Mercedes-Benz Germany and Mercedes-Benz China, supported by industry pricing analysis (JATO, 2025; Reuters, 2025). Currency conversions based on average 2025 exchange rates.

Across Mercedes-Benz’s model range, vehicle prices are generally higher in China than in Germany due to a combination of market structure and consumer expectations. Entry- and mid-level luxury models carry price premiums linked to import duties on certain variants, enhanced in-car technology, and a stronger perception of foreign brands as status symbols. Executive sedans

show even larger gaps because Chinese long-wheelbase versions include rear-seat luxury upgrades. Flagship models attract additional prestige premiums and are influenced by luxury-oriented tax structures. SUVs command higher prices amid strong local demand and competitive positioning, while electric models show smaller price differences as government incentives partly offset the costs of advanced batteries and technologies.

1.4.3 Place (Distribution) Strategy

Mercedes-Benz's distribution strategies in Germany and China reflect both global consistency and market-specific adaptation to optimize customer reach and service quality. In Germany, the brand relies on a network of authorized dealerships and service centers strategically located in major urban and suburban regions, emphasizing personalized customer experiences and extensive after-sales support, which aligns with buyers' expectations for premium service and technical expertise (Automotive News Europe, 2024). Dealerships often serve as brand ambassadors, offering test drives, financing, and maintenance under one roof. In contrast, China's distribution system combines traditional dealerships with innovative digital-to-offline (O2O) channels, including branded flagship stores in tier-1 cities and virtual showrooms integrated with e-commerce platforms such as Tmall and WeChat to serve tech-savvy consumers (McKinsey & Company, 2025). This hybrid model enables greater market penetration across vast geographies while personalizing the customer journey. Mercedes also emphasizes local partnerships in China to facilitate logistics and inventory management and enable faster delivery. The result is a more digitally enabled and flexible distribution network in China than the largely conventional, service-intensive network in Germany.

1.4.4 Promotion Strategy

Distinct cultural expectations and communication ecosystems shape Mercedes-Benz's promotional strategies in Germany and China. In Germany, the focus is on rational messaging that emphasizes engineering excellence, safety credentials, and sustainable innovation, typically communicated through traditional media, auto shows, and experiential test-drive events that appeal to technically informed consumers (Interbrand, 2025). German promotion leverages product credentials and narratives of long-term reliability to build trust. In contrast, China's promotional

approach integrates high-impact digital campaigns, social commerce, and celebrity endorsements to resonate with status-driven and digitally active consumers (Daxue Consulting, 2025). Platforms such as WeChat, Doyin, and livestreaming events are central to reaching affluent millennials and Gen Z, where visual storytelling and aspirational content dominate brand engagement (Nielson China, 2024). Cultural influences also lead to differentiated messaging: Germany emphasizes functional superiority; China highlights prestige, lifestyle, and innovation, reflecting the local cultural value placed on social status and modernity.

1.4.5 People

Mercedes-Benz places strong emphasis on “People” in its service delivery, tailoring personnel strategies to local expectations in Germany and China. In Germany, the brand’s service personnel are trained to provide highly technical, consultative interactions, reflecting local consumers’ strong preference for detailed product knowledge and engineering expertise (Euromonitor International, 2025). German dealerships prioritize specialist training for sales consultants and after-sales technicians, reinforcing Mercedes’s reputation for reliability and professional competence. In contrast, Mercedes’s strategy in China emphasizes relationship-building, personalized service, and hospitality to meet cultural expectations for high-touch luxury interactions (Roland Berger, 2025). Chinese service teams are often trained to combine technical knowledge with concierge-style support, including digital communication via mobile platforms such as WeChat to maintain customer engagement beyond the showroom (Oliver Wyman, 2024). Additionally, China’s luxury market demands bilingual service staff and dedicated premium lounges that meet affluent customers’ expectations of exclusivity and comfort. As a result, while German service strategy centers on technical proficiency, China’s focuses on experiential luxury and personalized engagement.

1.4.6 Process

The process element in Mercedes-Benz’s service delivery reflects different expectations in Germany and China as customers navigate purchase and ownership journeys. In Germany, the customer journey emphasizes structured dealership interactions, with a strong focus on technical consultation, test drives, financing discussions, and after-sales support, consistently delivered by

trained sales professionals and formal service procedures (Capgemini Research, 2025). German buyers typically value transparency, efficiency, and thoroughness throughout the purchase funnel, including extended test-drive sessions and detailed product briefings. In contrast, the Chinese customer journey blends digital engagement and offline interactions, with initial research, virtual showroom tours, and real-time social commerce influencing early decision-making before transitioning into personalized dealership experiences (Accenture, 2024). For many Chinese consumers, mobile apps and integrated digital platforms offer seamless appointment booking, online finance tools, and rapid feedback, reflecting a preference for a fast-paced, convenience-driven process (Kantar Worldpanel, 2025). Consequently, Mercedes has adapted its process design to more deeply integrate digital touchpoints in China while maintaining strong in-person support in both markets.

1.4.7 Physical Evidence

Physical evidence for Mercedes-Benz reflects differing cultural expectations in showrooms and brand touchpoints across Germany and China. In Germany, brand experience emphasizes premium showroom environments with detailed product displays, personalized consultations, and technical demonstrations that reinforce engineering excellence and reliability (Autovista Group, 2025). Showrooms often highlight sustainability initiatives through material choice and digital displays. In China, physical evidence blends luxury aesthetics with immersive technology and experiential design, featuring digital configurators, interactive displays, and lifestyle branding to appeal to affluent, status-oriented customers (Euromonitor International, 2026). Flagship stores in major cities function as both retail spaces and cultural hubs for brands, reflecting the local value placed on prestige and modernity.

Table 1. 3: Overall Evaluation of Marketing Mix (7Ps) Adaptation – Mercedes-Benz in Germany vs China

Marketing Mix Element	Germany	China	Level of Adaptation	Key Strategic Reason
Product	Focus on engineering quality, sustainability, and EV efficiency	Long-wheelbase models, rear-seat luxury, and advanced connectivity	High	Cultural preferences and status expectations in China

Price	Premium but competitive within the mature luxury market	Higher prestige pricing, tiered luxury variants	Moderate–High	Stronger status signaling and feature upgrades in China
Place	Traditional dealership network, strong after-sales focus	Hybrid model: dealerships + digital/O2O platforms	High	China’s digital retail ecosystem and geographic scale
Promotion	Rational messaging, heritage, performance, sustainability	Digital-heavy, aspirational, celebrity/influencer-driven	High	Cultural emphasis on prestige and lifestyle in China
People	Technically trained, consultative service staff	Service staff trained for luxury experience & rapid response	Moderate	Higher service speed and experiential expectations in China
Process	Structured, information-rich purchase journey	Digital-first journey with seamless online–offline flow	High	Chinese consumers expect convenience and tech integration
Physical Evidence	Premium, professional, engineering-led showroom design	Experiential flagship stores, immersive tech displays	High	Luxury retail as a lifestyle and status environment in China

1.5 Directional Development Strategy (One Market Focus)

In China’s dynamic automotive landscape, Mercedes-Benz’s strategic development prioritizes sustained market growth, innovation, and competitive differentiation. To capture ongoing demand in the world’s largest automotive market, Mercedes has emphasized expanding its new energy vehicle (NEV) portfolio, including locally tailored models and enhanced luxury variants such as long-wheelbase sedans that resonate with Chinese status signaling and urban preferences (Frost & Sullivan, 2026). The company’s innovation strategy leverages localized R&D and digital integration to enhance connectivity features and adapt products to regional usage patterns, supported by partnerships with Chinese tech firms (Roland Berger, 2025). To strengthen competitive positioning against both domestic NEV producers and other global luxury brands, Mercedes has integrated premium bespoke services, digital customer engagement platforms, and flexible pricing tiers that appeal to diverse affluent segments (KPMG China, 2026). Looking ahead, future direction includes scaling EV production capacity, deepening digital-to-offline (O2O) retail

integration, and reinforcing brand prestige through experiential marketing tailored to Chinese cultural values.

1.6 Ethical Issues in International Marketing

In China's international marketing context, ethical considerations for luxury brands like Mercedes-Benz center on data privacy, responsible advertising, and sustainability commitments. China's robust digital ecosystem and strict data protection environment governed by laws such as the Personal Information Protection Law (PIPL) and evolving regulatory guidance from the Cyberspace Administration of China require multinational marketers to implement high standards of customer data governance, transparent consent practices, and secure information handling to avoid legal sanctions and consumer distrust (China Briefing, 2026; DLA Piper, 2025). Additionally, ethical promotion must comply with China's Advertising Law, which emphasizes truth in advertising, fair competition, and respect for social values, especially in influencer and livestreaming campaigns (Charlesworth Group, 2025; Hogan Lovells, 2024). From a sustainability and CSR perspective, Mercedes-Benz Group China's Sustainability Blue Paper highlights efforts in carbon reduction, supply-chain transparency, and community engagement, reflecting a commitment to environmental stewardship and social responsibility (Mercedes-Benz Group China, 2025). However, ethical challenges remain in ensuring that sustainability claims are not perceived as "greenwashing" and that digital marketing respects consumer rights in a rapidly evolving regulatory environment.

1.7 Recommendations for Future International Marketing Strategy

To strengthen Mercedes-Benz's future performance in China, the company should deepen its localization strategy by expanding its collaboration with domestic technology partners to enhance connectivity, digital services, and electric-vehicle innovation tailored to local consumer expectations. Marketing efforts should further integrate premium online experiences with high-end physical showrooms to create a seamless luxury journey that reflects China's digitally driven retail environment. In the long term, accelerating investment in local EV production and sustainable supply chains will reinforce environmental credibility and regulatory alignment.

Additionally, enhanced after-sales service packages and loyalty programs can improve customer retention in China's highly competitive luxury automotive market.

2. Reflective Account

2.1 Reflective Framework

This reflective account uses Graham Gibbs' Reflective Cycle, a structured model that encourages systematic learning from experience. The framework moves through six stages: description, feelings, evaluation, analysis, conclusion, and action planning, enabling deeper critical insight and continuous improvement in academic and professional contexts (Gibbs, 1988; Moon, 2013).

2.2 Reflection on the Research Process

Description:

During the research process, I consulted a variety of academic journals, industry reports, and company sources to analyze Mercedes-Benz's strategies in Germany and China. Initially, I felt confident in selecting relevant frameworks and organizing my sources. However, as I gathered more data, I found it challenging to synthesize and organize the information into a coherent comparative analysis.

Feelings:

At the outset, I felt excited about the project and confident in my ability to select the necessary frameworks and sources. As the research progressed, I became overwhelmed by the volume of information. I struggled to effectively connect the data, which left me frustrated and uncertain about the structure of my analysis.

Evaluation:

Looking back, I recognize that my main challenge stemmed from the lack of a structured approach to note-taking and data synthesis. While I identified credible sources, the lack of a clear system for organizing the information made it difficult to produce a coherent analysis. On the positive side,

the process helped me refine my ability to identify key concepts and critically evaluate the data's relevance.

Analysis:

This experience made me realize the importance of structured note-taking and the need to reflect on my progress periodically. Applying Kolb's experiential learning cycle (1984) and Schön's reflective practice (1983) helped me recognize the value of reviewing my methodology throughout the process. It became clear that reflection is not only about evaluating research outcomes but also about adapting and refining the approach as new challenges arise. Using Gibbs' Reflective Cycle (1988) as a guide, I found that breaking down the process into distinct stages—description, feelings, evaluation, analysis, conclusion, and action plan—helped me clarify my thinking. This structure helped me better understand where I had gone wrong and how I could improve in future projects.

Conclusion:

Ultimately, the research process taught me that research and analysis are dynamic and require constant adjustment. I learned that it's not enough to collect data; it's crucial to engage with the data critically and reflect on the process to make the information meaningful. The experience reinforced my understanding of experiential learning and the reflective practice of improving upon existing strategies as I move forward.

Action Plan:

For future research, I plan to adopt a more systematic approach to data organization and synthesis. I will use concept mapping and structured templates to help organize key ideas and sources. Additionally, I will regularly pause to reflect on my progress, using Gibbs' Reflective Cycle as a guide to ensure I am applying theories correctly and refining my methods as needed.

2.3 Analysis of Learning

Through this project, I developed stronger research skills by refining my ability to locate credible academic and industry sources, compare perspectives, and synthesize complex information into structured analysis. My critical thinking improved as I moved beyond description to evaluate how

theory applies differently across cultural and market contexts, particularly when interpreting strategic adaptation. This process deepened my understanding of international marketing practice, highlighting the importance of contextual sensitivity, ethical awareness, and strategic flexibility in global markets. Overall, the reflection reinforced the value of critical self-evaluation as a tool for continuous professional learning (Brookfield, 2017; Mezirow, 1997).

2.4 Action Plan for Future Development

Moving forward, I plan to further strengthen my analytical and professional capabilities by developing more advanced data evaluation skills and engaging more confidently with diverse academic perspectives. I aim to improve time management by setting clearer research milestones and allowing more time for critical review and synthesis. To enhance my understanding of international marketing practice, I will follow industry reports and global business case studies more consistently. I also intend to seek feedback from peers and lecturers to refine my academic writing and argumentation style. Overall, my action plan focuses on continuous learning, reflective improvement, and applying theory more effectively in real-world contexts.

2.5 Conclusion

This assessment has critically examined how Mercedes-Benz adapts its international marketing strategies across two contrasting environments: Germany and China. The analysis demonstrated that while the brand maintains a consistent global premium identity, its segmentation, targeting, positioning, and marketing mix reflect significant localization. China, in particular, requires greater adaptation given cultural values, digital consumer behavior, regulatory conditions, and the rapid transition to electric mobility. Ethical considerations and sustainability pressures further shape strategic decision-making, underscoring the need for responsible, context-sensitive marketing practices. The reflective component highlighted the importance of structured research, critical evaluation, and experiential learning in developing professional competence. Overall, the study illustrates that successful international marketing depends on balancing global brand consistency with local responsiveness, strategic agility, and continuous learning to remain competitive in dynamic global markets.

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