MBA in Leadership and Sustainability

Final Assessment

**Luxury Brand Analysis - Mercedes Benz India**

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I, at this moment, declare that the work I have submitted for Marketing Management final assessment is my work. All reference material used in this paper have been correctly cited and noted in the reference's table.

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## **Introduction:**

## Mercedes Benz (MB) is a world-renowned brand, which has lived up to its mission statement throughout the decades, consistently delivering innovation and a superior automotive design. Headquartered in Stuttgart, Germany, Daimler AG is the German automotive corporation behind the highly successful Mercedes Benz brand today. (Disiere, 2019) Mercedes Benz stands for the aspiration to deliver "the best or nothing" in terms of products, technology and services. Mercedes Benz is known for manufacturing vans, trucks, buses and luxury cars globally and competes with other prestige manufacturers such as BMW, Audi and Porsche.

## Mercedes Benz established itself in Chakan, Maharashtra, in 1994 and who were the pioneers of the luxury car market in India. (Chowdhury, et al., 2020) India is a lucrative global location for the prestige car market and has attracted many of the prominent brand names from around the world. It is a reflection on the changing lifestyles of the more affluent class in the country. (Verma & Rathore, 2013)

## As competition and customers expectations increase, Mercedes Benz needs to transform the organisation's marketing strategy to ensure the customer's value can be delivered consistently. (Knox, 2004). The Purpose of the paper is to review the Mercedes Benz marketing strategy within the Indian market. Using the marketing mix concepts, the writer shall address areas associated with geographical presence, branding, marketing mix, broad product range and technology leadership.

## **Marketing Mix 7P's and 4C's:**

Marketing Mix is a set of marketing tools that an organisation uses to influence consumers to purchase its products. The term [four Ps](https://www.investopedia.com/terms/f/four-ps.asp), product, price, placement, and promotion has expanded to seven P's to include people, process and physical environment. However, these seven P's align with four other pillars of marketing the four C's, which consist of consumer wants and needs, cost, convenience, and communication. Focussed not only on marketing and selling a product but also on communication with the target audience from start to finish. (Hester, 2019)

1. **Product-Mercedes Benz:**

In marketing Mercedes Benz, the product is the most important P of the 4P's, Mercedes are one of the leading global brands who also maintain a strong presence in the India market, and is also assembling a number of its exclusive models. (Bhasin, 2019)

Product warranty, after-sales service, road assistance, safety factors, brand name and a company image, are contributors to the Mercedes product for the profiles including saloons, coupes, cabriolets and SUVs. These comprehensive services are necessary along with the physical styles of the cars.

Ensuring that it remains one of the leading car manufacturers, Mercedes Benz remains committed to manufacturing high-quality cars first and foremost.

A product is any item that can be offered to a market for ownership, to satisfy a want or a

need (Kotler et al., 2005). It is evident from the definition that Mercedes-Benz produces

products that fulfil individuals transportation needs by providing vehicles to those who prefer

private transport compared to the public.

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Mercedes Benz is known for its image and lifestyle through the social media platforms it uses, which in turn attracts wealthy customers. This group appreciate the recognition that they are seen as portraying an upper-class lifestyle. Sedans, SUVs and sports cars are considered the most substantial product portfolios in the luxury car segment.

1. **Promotion-Mercedes Benz:**

In the past Mercedes has focussed on luxury, safety and precision engineering to form part of the marketing strategy. However, with healthy competition, environmental concerns, there is a need to pursue changing customer attitudes. Mercedes are always considered as a traditional luxury brand, as times are changing and younger customers are entering the market an energetic, fun-loving side of the Mercedes Benz must appear. (Bhasin, 2019)

BMW has experienced significant growth (Li, 2014) through both innovation and digital advertising supported by in-store promotions. Therefore Mercedes need to re-focus and invest in digital media advertising to hold onto loyal customers.

Through the use of online advertising and social media, Mercedes-Benz has increased its target market and now introduced extended warranty conditions and established a more focussed customer service through sales, television and print media globally.

1. **Price-Mercedes Benz:**

Depending on the geographical location, models can cost from 30,000 up to well over 100,000 dollars. Mercedes Benz has been pushing strongly in the Indian market in the premium segments, and have identified that consumers are less concerned about the (Bhasin, 2019) value of the product they are getting. That being said, the company is focussed on producing higher-quality cars first and foremost.

Mercedes Benz has been successful in the manufacturing full luxury, coupes and sports sedans and with these comes a premium price based on features and the competition.

1. **Place-Mercedes Benz:**

Mercedes Benz has always considered the strategic positioning for sales, distribution and technical support facilities which is a significant factor for customers to know how and where they can purchase products and obtain ongoing support.

Mercedes Benz has established manufacturing, sales and services centres globally in regions such as China, India, Europe, North America and Asia. Given India is a growing market, there are over eighty dealership sites established in major cities alone. (Bhasin, 2019)

1. **People-Mercedes Benz:**

The employees of MB interact with the customer and thus represent the brand in the market. The staff need to be adequately trained, well-motivated and must possess the right attitude. (Subroto, 2005) MB needs to conduct extensive training programs to develop the necessary skills, as the people who represent the company must also define its values. MB needs to concentrate on hiring local employees throughout the Indian market who can adequately communicate and serve the needs of the consumers. (Daimler , 2014)

1. **Process-Mercedes Benz:**

The way of providing a service and the behaviour of the people who deliver the service affects customer satisfaction. (Cravens & Piercy, 2008) Mercedes-Benz must concentrate on consolidating the sales and service activities to provide superior customer service throughout the entire life cycle of the vehicle. MB, have created a personalised and priority service committed to the AMG and Speciality car customers. *"My Mercedes, My Service"* (Mahendra, 2016) aims at enhancing the customer's vehicle ownership experience, making the after-sales experience as the new differentiator in the luxury car segment.

1. **Physical Environment-Mercedes Benz:**

The physical evidence attracts the consumers to purchase the products, which includes the images of the products, outlets, staff appearance, customer service, and the atmosphere in the outlets or the showrooms. MB is providing customers with a brand experience through test-drives, off-roading and displays of the entire product portfolio. One of the newest additions to MB is the pop-up stores that are being positioned in critical high street locations within metropolitan areas throughout India, (Irani, 2018) including Innovative roadshows and in-store campaigns that can attract a considerable number of consumers to the brand.

## **iia Marketing Mix 4C's:**

1. **Cost-** **Mercedes Benz:**

The cost here refers to the value that a product or service generates for the consumer and also its opportunity cost, i.e. the sacrifice made by not choosing its alternative.

1. **Communication-** **Mercedes Benz:**

[Effective communication](https://theinvestorsbook.com/effective-communication.html) in this context does not only refer to the promotion of products or services. But it is a two-way process where the consumer's feedback to know their preference, ideas, views, experiences and queries are also openly welcomed by the marketers. (Prachi, 2018)

1. **Convenience-** **Mercedes Benz:**

The distribution strategies of a product or service must be such that it is easily accessible by the consumers.

1. **Consumer-** **Mercedes Benz:**

The marketers now focus on what precisely the consumers want, what are their expectations from a product or service. (Prachi, 2018)

1. **Differentiation and Competitive Advantage:**

Differentiation in marketing, relates to the process of distinguishing a product or service from others, to make it more attractive to a particular target market. This involves differentiating it from competitors' products as well as a firm's own products. (Martin, 2019)

Competitive advantage is defined as the condition which allows a company to operate more efficient or otherwise higher-quality manner than the companies it competes with and which result in benefits accruing to that company. (Dustin, et al., 2014)

Mercedes Benz offers a wide range of car types that contain options centred around innovation, price differentiation and an extended promotional mix, and allowed them to penetrate the minds of consumers (Datta, 2010) via those unique selling points. Which provides them with more options that they would not get from other car manufacturers with limited variations. (Martin, 2019)

What differentiated Mercedes from other luxury manufacturers was that it has always been considered a world leader in safety. They developed the first-ever road car (saloon S-Class) which was instrumental in the introduction of pre-tensioners on seat belts, airbags, traction controls and electronic stability programs (ESP). Mercedes Research and Development (R&D) program has had considerable expenditure budgets to maintain itself as a leader in safety. (Brunello, 2015) Mercedes has put R&D ahead of competitive advantage and profitability.

Mercedes Benz has the mandate to review sustainability within the entire passenger car program by introducing carbon-neutral products by the year 2039. This ambitious goal shall review topics of raw materials, supply chain, production of vehicles and their use phase and recycling concepts.

1. **Dealing with Commoditisation:**

Commoditisation is defined as the process, by which goods that have economic value and are distinguishable in terms of attributes (uniqueness or brand) end up becoming simple commodities in the eyes of the market or consumers. It is the movement of a market from differentiated to undifferentiated price (Christopher & Peck, 2003)

Commoditisation within the Mercedes Benz products and services are similar to Audi and BMW products and services in features, prices and services. The trend toward commoditisation is still accelerating due to globalisation, as knowledge sharing has grown among competitive rivals and the development of newer technologies has impacted the potential of maintaining uniqueness in the industry, whilst not losing market share.

In a commoditised world when the products/services provided by a firm can be supplied by similar companies, then that product/service becomes a commodity (undifferentiated product/service), and the price is often the only factor in supplier selection.

Therefore, commoditisation needs an adjustment in the current strategy.

1. **Segmentation**:

[Market segmentation](https://blog.alexa.com/marketing-research/market-segmentation/) is the process of dividing a [target market](https://blog.alexa.com/marketing-research/target-market) into smaller, more defined categories. It segments customers and audiences into groups that share similar characteristics such as demographics, interests, needs, or location. (Tarver, 2020)

Mercedes-Benz and BMW have both used a similar strategy in the prestige marketplace. They, along with Audi, provide products for consumers with higher financial and social status who also have the desire for advanced technologies.

Mercedes reached out to a younger demographic audience through the introduction of the CLA series, which saw BMW introduce the 3 Series and Audi the A3. By maintaining market presence and brand name, Mercedes remained focussed on holding onto core customers. (Anon., n.d.)

Mercedes-Benz used market segmentation and reached out to a younger audience in 2010 through the creation, of "Generation Benz," an online community of approximately 200 people between the ages of 20 to 39. (Zoeller, 2020) This process assisted in educating the marketing team about buyer habits and preferences in this demographic. The "Generation Benz" community provided a customer profile to Mercedes Benz, allowed them to create a successful marketing campaign launching the Mercedes-Benz CLA product. (Zoeller, 2020)

1. **Branding**:

Branding, by definition, is a marketing practice in which a company creates a name, symbol, logo, design, word or sentence that a company used to distinguish their products from others (Kenton, 2020) and identifies the product from other similar products and services in the market. (Smithson, 2015).

Mercedes-Benz positioning statement "The Best or Nothing" emphasise perfection in engineering, safety and luxury at the highest level. (Bhasin, 2019) Mercedes-Benz philosophy projects elitism and intrigues consumers who share the same ideology.

Mercedes-Benz, BMW and Audi all have similar strategies that provide products to the consumer throughout their lives with progressively higher-priced products as the consumer moves up the income bracket. (Zoeller, 2020) However, the challenge for luxury brands is how to appeal to a younger demographic without losing the prestige of the brand and risking the loss of core customers. In order to entice the younger less affluent consumers has been the introduction of new models or product line extensions with a lower price point. (Zoeller, 2020)

1. **Experiential Marketing**:

Experiential marketing is a strategy that engages consumers using branded experiences. Sometimes referred to as "live marketing" or "social media experience," the idea is to create a memorable impact on the consumer, through the use of brand stories that captivate audiences, no matter where they happen to be. (Smilansky, 2017)

One of the critical reasons for Mercedes Benz strong brand presence and recall is its customer-centric approach; this has been reflected in the marketing approach of the brand and MB adopted experiential marketing as one of their key elements for customer engagements. MB has created MB trophy, Stardrive and Luxdrive, which is leading MB's experiential initiative. (Anon., n.d.)

The MB brand, along with other luxury brands all competes in India's most fiercely competitive markets. As companies launch new models to lure new customers, they will be investing heavily in marketing and advertising campaigns, which shall see experiential emerge as one of the most important strategic tools to attract the emotions of the younger generation.

It not just about the luxury brands who are spending towards experiential, automakers in other segments are also spending to emotionally connect with the buyers. Renalt, Tata Motors who recently was seen showcasing new models, at the IPL matches where customers could experience the latest styles at the cricket.

1. **Customer Relations and Experience Management:**

Customer relationship management (CRM) refers to the principles, practices and guidelines that an organisation follows when interacting with it customers. From the organisation's point of view, this entire relationship encompasses direct interactions with customers, such as sales and service-related processes, [forecasting](http://terms/f/forecasting.asp), and the analysis of customer trends and behaviours. (Hargrave, 2019)

Today customers require excellent service and transparency. Customer service can no longer be separated from sales which is why Mercedes-Benz has the densest network reach with 93 outlets in 45 cities throughout India. In addition to service outlets, they recently launched 'Service on Wheels' which is a manifestation of there 'Go to Customer' strategy, which aims to get closer to the customers with remote dealership presence. (Irani, 2018)

Circle Elite, is a loyalty program, which enrols customers to a world of benefits, and privileges by merely calling a hotline number. The programme has tie-ups with leading lifestyle and luxury brands in the spheres of hospitality, entertainment, travel, sports, healthcare and more. Customers of Mercedes-Benz are automatically enrolled in the programme at no additional cost. (Irani, 2018) "She's Mercedes" is a global platform dedicated to inspire, connect and empower women through their accomplishments and successes, and honours the multiple roles women play in society.

Mercedes-Benz India currently has the most comprehensive network reach for any luxury car marker in India. While communicating with the dealers, complaints were having a direct impact on the companies customer satisfaction. Therefore, Zoho Desk was established, which connects the customers with the dealerships. Users from the dealerships can quickly notify them of any issues that arise, and the dealer-facing teams can track and solve problems effectively. (Naik, 2020)

1. **Internet Marketing:**

**Internet marketing** is the process of promoting a business or brand and its products or services over the internet using tools that help drive traffic, leads, and sales. Which also include the use of mobile devices, [social media](https://www.investopedia.com/terms/s/social-media.asp), search engines, and other channels to reach consumers. (Ward, 2109)

Mercedes-Benz India has joined hand with USA-based e-commerce platform Roadstar to make assault the online space in India. Mercedes-Benz believes that establishing an online business for both dealership-certified cars and new cars will not affect the existing dealer-centric business model. (Panday, 2019) There are MB customers who still prefer that traditional experience of touch and feel in a new car buying experience. (Panday, 2019) however, some customers prefer opting out, for a smooth, transparent experience online which just another avenue that MB can tap.

1. **Pricing and Cost Structure:**

Cost structure means the types and relative proportional size of fixed and variable costs incurred by the business, organisation or industry. The concept is best explained in smaller units, such as by-product, service, customer, product line, division, or geographic region. (Spacey, 2018)

1. **Stakeholder, Sustainability & Triple Bottom Line (TBL)**:

A stackholder can be classified as a party who has interest in a company, who can either affect or be affected by the business. Primarily, stackholders are investors, employees, customers and suppliers. (Chen, 2020).

Sustainability focuses on meeting the needs of the present without compromising the ability of future generations to meet their needs. The concept of sustainability is composed of three pillars: economic, environmental, and social (Grant, 2020).

TBL refers to people, profit and planet which are used to measures a corporation's level of commitment to [corporate social responsibility](https://www.investopedia.com/terms/c/corp-social-responsibility.asp) and its impact on the environment over time. (Porter , et al., 2007)

Mercedes Benz India, first electric vehicle EQC being modelled from the EQ concept that was showcased in Paris 2016.

1. **Conclusion**:

Mercedes Benz has enjoyed success in both good and bad times and been able to maintain a strong position as a premium brand in India. Having the ability to control risk via the introduction of innovative products, technology and services along with attraction and retention of both new and current customers, have been a significant success factor. To remain in touch, Mercedes has heavily invested in R & D of technologies and digital services. Maintaining a leadership role in luxury cars, Mercedes must innovate and expand its services in emerging markets, develop green technologies and maintain safety and sustainability for continual improvement.

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only sell what someone specifically wants to buy