

What Marketing Strategies Did Mercedes-Benz Use to Succeed in the US Market?

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ABSTRACT

Mercedes-Benz is a well-known company from Germany because of their automobile and their marketing strategies. Because of their marketing strategies, they have the ability to take a large piece of a country's automobile market. In this paper, taking the US market as an example and mainly discuss what marketing strategies did Mercedes-Benz use to succeed in the US market. Through the article, our main goal is to analyze their marketing strategies through several main paths including media channels and their target market, which leads to the conclusion which is that Mercedes-Benz chose the appropriate media channel wisely which more people would be able to see the brand and get in touch with the brand. As Mercedes-Benz is a company who has a well-down marketing system, the meaning of this research is to learn from them and to apply on more other companies to help them build up a mature marketing system.

Keywords: *Marketing, Media Channels, Target Market*

1. INTRODUCTION

What is the Role of Advertising in Marketing Strategies?

Advertising has proved to be a pervasive marketing method, communication [sharing of meaning, ideas, etc.], economic and societal development [1]. As a vital segment for consumers to recognize, appreciate and purchase from a brand, advertisements have several functions.

1.1. Increase Awareness:

One of the most crucial advertising functions is to raise awareness, such as brand name, main products, and price. Highlighting the brand's distinctive features will help raise awareness of the product or service [2].

1.2. Persuade:

When businesses sell similar goods, they must educate consumers about the product's availability and convince them to purchase it. Marketers attempt to persuade consumers that their interests are superior to those existing on the market by using compelling

advertisements. Persuasion can be accomplished by creative promotional messages and product demonstrations [2].

1.3. Facilitate Exchange:

Advertising monitors the marketing process, which has a trade as its primary goal. While marketing is associated with this exchange, advertising facilitates it. Advertising accomplishes its goal by attracting the targeted audience to a specific place to buy the right product at the right price. As a result, advertisements can coordinate the three other P's: product, price, and place [1].

1.4. Gain Positive Attitude:

To construct or reinforce attitudes in the minds of the target audience, advertisements are necessary. Marketers expect that their target audience will cultivate a positive attitude toward their products. A positive attitude toward the brand aids increased sales. Through promotions, negative attitudes could also be corrected [2].

1.5. Remind:

The reminder objective is necessary because satisfied

customers can be targets for competitors' appeals. Well-established brands need to constantly remind the customers about their presence in the market [2]. As a result of constant exposure to a particular brand's information, brand loyalty is increased. Return sales and favorable recommendations to others are the products of brand loyalty.

2. MAIN FOCUS AND DISCUSSION

The following case outlines the marketing and advertising strategies adopted by Mercedes-Benz to achieve success in the US market.

Segmentation

Segmentation is the proactive process of identifying potential target consumers of the company's products [3].

2.1 Geographic Segmentation

Mercedes-Benz cars are used majorly by consumers living in metro-politician cities. Being a highly urbanized country, every state in the US obtains specific populations with enough disposable income to afford basic Mercedes Benz vehicles. For example, Mississippi, with the lowest median household income of \$43,441 [4], can ensure that more than 50% of its 2.98 million residents could afford a Mercedes Benz C-Class Sedan a base price of \$41,400.

Mercedes-Benz has taken a bold stance in the United States, with dealerships in every state (Figure 1). As a result, there had been ease of distribution models in America. Mercedes' aggressive strategy has made it a fierce competitor in the US industry, as well as ensuring its ability to nudge off any rivals. Mercedes-Benz has expanded its distribution channels by establishing a manufacturing plant in the United States. Even though not all models are produced at the US factory, it has helped improve distribution networks (Nhodza). This further solidifies Mercedes' product orientation in America, even surpassing many local brands. Ranked the 11th largest automobile manufacturer in the US, Mercedes-Benz surpassed Tesla Motors (a local brand ranked 13th) by a one percent higher market share in 2019 [5].

2.2 Demographic Segmentation

Age, gender, occupation, income, marital status, and family size are decisive factors of demographic segmentation [6]. Middle-aged people above 40 and youths from 25 to 40 years are the potential market for Mercedes Benz. The advertisement on Mercedes-Benz B-Class is labeled as "Safest Car Around For Young Families," and the campaign "She's Mercedes" in 2017 targets female drivers.

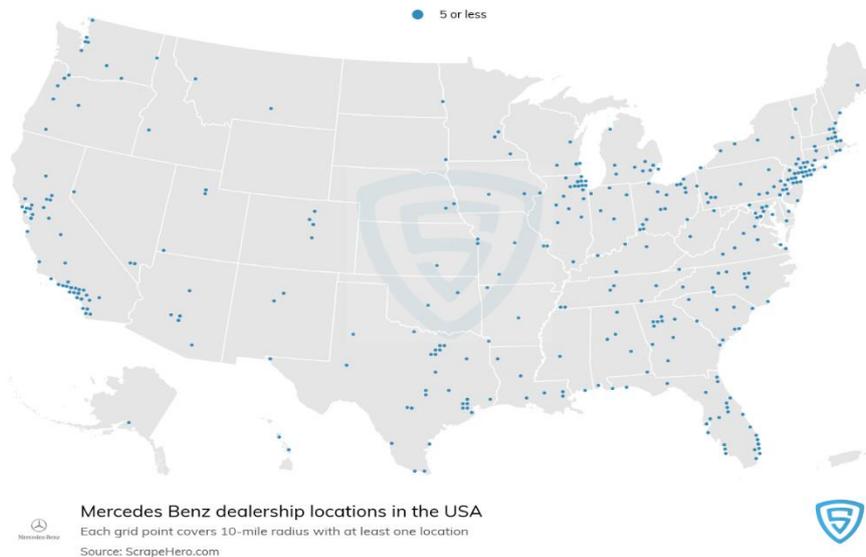
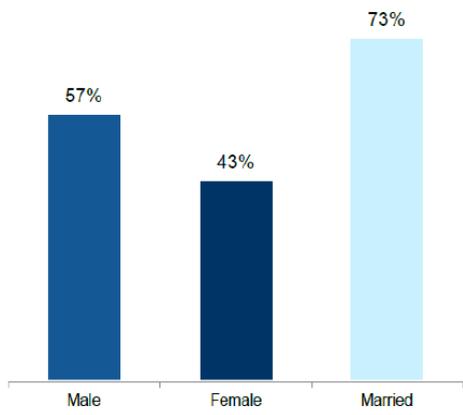


Figure 1 Mercedes-Benz dealership network in America [3].

Marketplace Overview
Customer Trends Optimistic Achievers



- 58% in post-family life stage, however, MB consumers are more likely to have kids at home than segment (31% vs. 27%)
- Affluent: Median income of \$170,000 (avg. for segment: \$145,000)
- Well-educated
 - 72% have college degrees
 - 47% have post-grad degrees
- Accomplished/Successful
 - Professional/Exec with a higher proportion of entrepreneurs
 - Index highly on: banking/finance, started a business, sold a business and/or professional

Figure 2 Market segment owning Mercedes-Benz cars in the USA (Nhodza, 2016)[3].

As shown in Figure 2 above, the average income of a Mercedes-Benz owner in the US is \$145,000, 72% are highly educated. Most are engaged in perceived elite industries such as business, entrepreneurship, and finance.

2.3 Psychographic Segmentation

"The lifestyle" was the chosen theme for Mercedes-Benz. This decision matches the theory of establishing differentiation in lifestyle and psychological traits [6]. Advertisements and campaigns target managerial, professional, and administrative individuals from the upper-middle or upper classes who have a specific desirable personal lifestyle, reflected by the 2018 commercial: "Your Mercedes-Benz isn't just a vehicle, it's part of your life, and an expression of your style." Urban professionals with high status generally acquire a luxurious lifestyle that advocates hedonism and values the satisfaction and fame of material wealth. As a signature of high social quality and wealth, Mercedes-Benz grants mental fulfillment and symbolic representation to those in the upper class; while giving the middle class the illusion of career success, social adulation, and elite status. Aspirations for the future are further enhanced by American values of optimism and future orientation.

2.4 Behavioral Segmentation

This segmentation is based on a particular item's purchasing behavior, which involves variables such as profit perceptions, loyalty, pricing, and so on [6]. However, Mercedes-Benz cars are purchased for various reasons, including engine performance and appearance; their high pricing, safety, and practicality cause users to expect a long product lifespan. In addition, the population

with high income may purchase more than one luxurious vehicle as collectibles [6]. Therefore, Mercedes-Benz needs to serve a double purpose for heavy drivers and collectors.

2.5 Market

The target market is the few key segments that a brand concentrates its marketing efforts on. For example, the two main target markets of Mercedes-Benz are middle-aged upper class and young people.

Throughout the brand's history, its target audience had always focused on upper-class individuals aged above 40. The reasons for this could be that middle-aged individuals have high purchasing power and put a strong emphasis on social class, corresponding to Mercedes-Benz's brand image. Features of this market include the pursuit of prestigious life, display of upper-class status, and consciousness on safety. Consistent character portrayal of affluent business professionals in advertisements and the product's high cost leads to the impression that Mercedes-Benz cars are indicators of wealth.

The population above 40 is likely to put more attention on safety than fashion. To appeal to this, a Mercedes E class TV commercial displays a well-to-do middle-aged man who has amassed money through his efforts and is involved in splurging on luxurious goods. The car's elegant appearance, both exterior and interior, as well as the driver's attire, made it obvious who Mercedes considered being the epitome of their customer base [7]. A man in a dark hood, representing death, sits in the passenger seat and distracts him from the road. The car comes to a sudden halt as it almost crashed into a construction site. Through this scene, the brand insinuates

that its safety system is more powerful than death itself, appealing to middle-aged individuals concerned about traffic accidents. Realistic graphics of the car braking in real-time allow the target market to think that they are not lured into false car features, mitigating the common distrust and negative emotions older people have towards TV- commercials.

Young people aged from 25-40 are increasingly essential markets as some have high purchasing power while others can influence the decisions of their friends and families. Stereotypically being a 'stuffy,' 'old-fashioned' brand, Mercedes-Benz managed to reduce the average age of their customers from 57 to 46 years old through a range of marketing strategies [8]:

2.6 Foregrounds Personality

The younger generation, especially those who grew up in the American culture, strongly values individualism and uniqueness. Mercedes-Benz is taking an approach to target young thoughts and embed them into its marketing. It has started aligning its marketing plans with customer requirements, evolving from a product-centric into a customer-centric organization meant for delivering customized products to individuals representing their lifestyle [9]. For instance, A-Class vehicles allow drivers to control remote features through voice commands and smartphones. The campaign named 'Just Like You' focuses on what makes the new car unique, mentioning its ability to reach people living in the digital era and understand their preferences, needs, and characteristics [10].

When purchasing a model in the US, there is a base price for the standard model, and extra features could be added according to the driver's idiosyncrasy. The idea that every person could 'design' a unique car of theirs encapsulates the brand's highlight on individuality.

Mercedes launched a strategy named "Generation Benz," forming an online community of people in the age group of 20 to 39 that could provide the necessary information about the buyer habits and their different preferences in this group to the Mercedes Benz marketing team [11]. Creating a database for the new generation with personalized information illustrates the brand's attention to the younger consumers and appeals to a customized, unique shopping experience.

2.7 Brand perception

An impactful promotion strategy is necessary to eliminate the stereotype that Mercedes-Benz is unfashionable and only for the middle-aged population. Under such a threshold, the brand is marketed as 'popular and cool' using the celebrity effect and social media. Mercedes-Benz takes a cue from the Netflix hit "Stranger Things" to promote its parking feature. This intriguing

advertisement depicts a reflective element of a traditional American neighborhood and a group of children riding bicycles. Mercedes-Benz introduces a new feature called "Remote Parking Pilot," which allows the car to park itself using Mercedes Me access. The main characters are featured as young adults, establishing elements of youth and vitality, reinforcing the brand's effort to connect with young customers. The constant usage of saturated blue and pink in Mercedes-Benz commercials and exploration of future technology leaves a novel impression in the minds of young people.

2.8 Media Channels

In accordance with its two main target markets, Mercedes-Benz advertises its products and enhances brand equity using two virtual media channels.

2.9 TV Commercials

Studies had shown a positive correlation between age and TV consumption: people from 55 to 64 years old watch an average of 3.36 hours per day, followed by 45 to 54 years and 35 to 44 years [12]. To target middle-aged upper class, who is likely to have leisure time on television, and save budget by cutting out less affluent households without television, Mercedes-Benz directed its advertisements through TV channels. Such media channel includes several benefits:

- A. **Cost-effective-** TV commercials appeal to a large quantity of high purchasing power with a single ad-spot that appears repetitively to increase brand equity.
- B. **Target specific audience-** Advertisers may reach their audience by buying ad spots during shows likely to be seen by their target demographic.
- C. **Gains Captive Audience-** Gaining a captive audience means that there are no competitors that share the audience's attention. For example, during a TV advertisement, Mercedes Benz cars are under the spotlight, each of its competitive advantages amplified without comparison. In contrast, advertisements in newspapers, telephone directories, and other print media may be put alongside competitors, mathematically lowering purchase probability

2.10 Social Media

Mercedes Benz repositions itself as an approachable and 'cool' brand to target young consumers. "The more people who want the car, the more exclusive it becomes. And social helps draw more young consumers to Mercedes-Benz," said Mark Aikman, general manager of marketing for Mercedes-Benz USA. "We want to create content that people feel 'wowed' by, making their online experience emotional and powerful as if they walk into an actual showroom." Media platforms and the celebrity effect are critical elements to the brand's success.

2.10.1 Facebook

Mercedes-Benz was able to gain more than 20 million followers on Facebook, running regional accounts dedicated to separate countries. Mercedes Benz USA posts a diverse range of information, including high-quality photographs, racing-related news, and automobile inventions to reinforce the brand's heritage value. Collaboration with media influencers such as car racing stars and journalists curate fresh content for their accounts.

2.10.2 Instagram

Mercedes-Benz has 1.2 million followers on its US Instagram account, serving mainly as a branding platform. It posts an average of 5-7 times per day of high-quality photography and gets an impressive amount of fan engagement. Innovative campaigns such as the #MBPhotoP in which the account was handed over to Kelly Lund, a famous globetrotter, generated thousands of likes and shares. In addition, the brand launched a

partnership with American, popular filmmaker Case Neistat who, in exchange for a CLA model, made several videos showing off his experience driving the car. Marketing on Instagram is focused less on direct sales but more on visually compelling content and brand stories written by buyers themselves.

2.10.3 YouTube

Mercedes-Benz has more than 280 million subscribers on YouTube and 60,822,513 million total views. Posted videos have a positive impact on the brand's popularity compared to text-based advertisements. For example, Style Pit, Stop features a series of documentary-style interviews in which celebrity guests like Daisy Lowe and Tinie Tempah take the Mercedes-Benz A-Class for a spin. Usage of the celebrity enhances trust and popularity among young people.

2.11 Typical Advertisement



Figure 3 A typical Mercedes-Benz advertisement

Figure 3 shows a Mercedes-Benz billboard advertisement for the C-Class Coupe. Overall usage of highly saturated colors and eye-catching glaze allows it to stand out from nearby competitors and gain attention from potential customers. Based on the yellow line-markings, it is inferred that the car is in a plane parking spot. Comparison between a plane and a car illustrates its fast speed, advanced technological quality. It targets people from the upper class who can exclusively use private planes (just as the car with five seats). Sceneries

of the ocean, the clear sky, and the mountains have the connotation of vacation and relaxation, reinforcing Mercedes-Benz's image of luxurious pleasure. The sea view background contrasts with the foreground of a tarmac, creating the illusion of power and beauty. This appeals to wealthy individuals seeking a vehicle that brings about deluxe trips and the young generation struggling in industrialized cities longing to escape into nature. The slogan 'A wolf in wolf's clothing' accentuates the idea of the car looking fierce and acting fierce. This

is incredibly engaging to upper-class entities who want an automobile that is practical, efficient, and durable, representing their high status with its attractive appearance.

3. CONCLUSION

Summarizing this article, we find that the success of Mercedes-Benz has a great deal to do with their marketing strategy. Mercedes-Benz has a wide range of media outlets, from print brochures to well-known online social media. We hope to get specific marketing strategies by analyzing the differences between different channels. It is based on these analyses that we propose that Mercedes-Benz can more carefully identify customer groups so that they can better promote their products.

RECOMMENDATION

From the success Mercedes-Benz achieved, it is recommended that brands:

1. Graphically analyze the demographic segmentation

Comprehending the age, gender, and income of a market through clear, visualized graphs allows companies to choose their target audience based on population proportions.

2. Get an in-depth understanding of the psychographic and behavioral segmentation

Understanding how the market views certain products, lifestyles, and fascinations allow brands to base advertisements on preferred messages.

3. Zoom in on a particular target audience, and specialize in promotions based on their idiosyncrasies

Focusing on a specific target audience and advertising based on their income, gender, and psychology is cost-effective and increases sales.

4. Capture the young market

The younger generation is gaining increasing disposable wealth and could influence the decisions of their friends and family.

5. Use social media for advertising products

Social media platforms are the cheapest way to achieve a vast audience through reposting and sharing advertisements.

6. Create advertisements based on targeted preferences

Advertisements should be carefully designed to fit the target audience and enhance brand image.

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