

Bachelor's thesis,

# **Market entry strategies for innovative mobility brands, a comparative analysis of NIO's brand communication in China and Germany**

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## Abstract

This thesis conducts an in-depth exploration of NIO's brand communication tactics in the Chinese and German markets, with a particular emphasis on the market entry strategies employed by innovative mobility brands. By employing Hofstede's Cultural Dimension Theory, the research scrutinizes the cultural disparities between the two countries that significantly impact NIO's branding methods and market entry approaches. The research methodology encompasses a cultural analysis of both Chinese and German cultures, a case study examining NIO's market entry, and a comparative content analysis of the company's brand communication across social media platforms in the respective markets. The findings demonstrate that NIO's strategies are carefully adapted to cater to the unique cultural contexts of each market, embodying the "think global, act local" philosophy. In summation, this thesis yields valuable insights into the successful implementation of market entry and brand communication strategies for innovative mobility brands, taking into consideration the cultural intricacies of the target markets. The study contributes to the extant body of literature on international brand management and market entry strategies, offering a foundation for future research endeavors focused on the global expansion of innovative mobility brands.

**Keywords:** Brand management; Brand communication; Market entry strategy; International brand management; Electric vehicle market.

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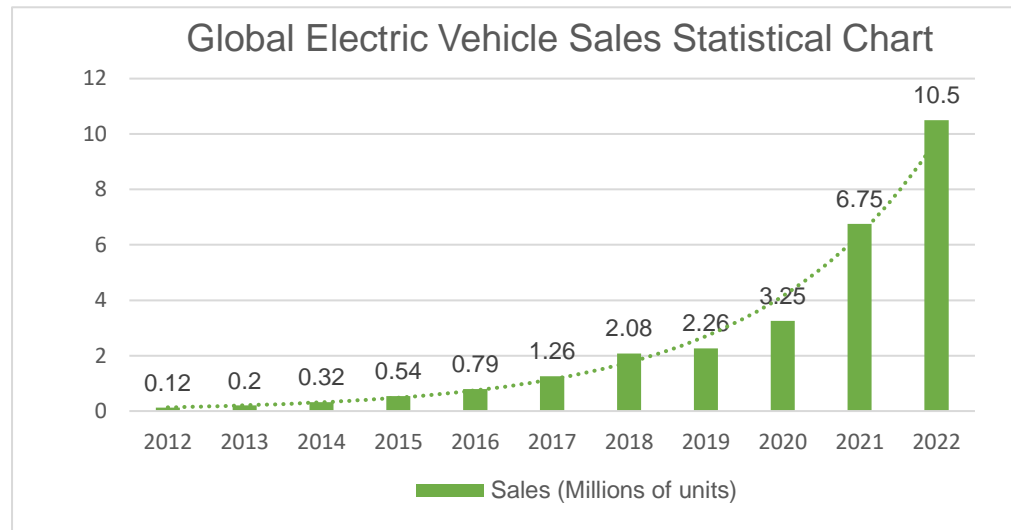
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# 1 Introduction

## 1.1 Background of Research

The automotive industry is undergoing significant changes as it transitions towards electrification, low carbonization, informatization, and intelligence (Jiang et al., 2021). This transformation is leading to the restructuring of the automotive industry's ecology and competition pattern (Bailey et al., 2010). Simultaneously, these changes are a response to the growing demand for environmentally friendly and energy-efficient modes of transportation (Yong et al., 2015). As a result, automotive companies are shifting their focus towards the development and production of electric vehicles (EVs) and investing in new technologies to meet these changing consumer preferences (Bohnsack et al., 2014; Kley et al., 2011).

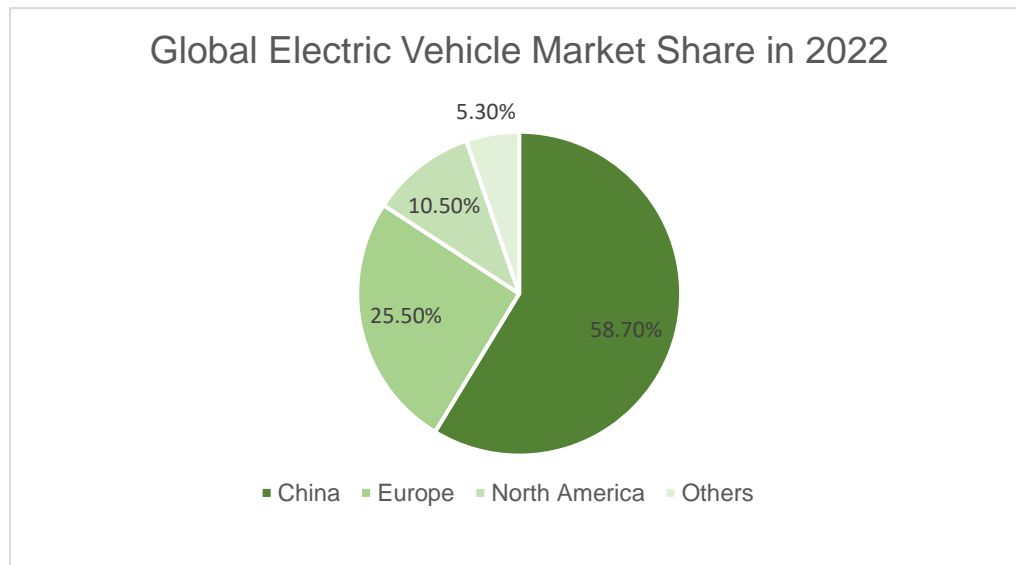
According to the Global Electric Vehicle Outlook 2022, published by the International Energy Agency (IEA), and Global Electric Vehicle Market Overview in 2022 published by Virta (Electric Vehicle Charging Service Company). The global electric vehicle market has been growing steadily in recent years, with sales increasing by more than 40% in 2021 (Global Electric Vehicle Outlook 2022; The Global Electric Vehicle Market In 2022 – Virta). This growth has been driven by several factors, including government policies to promote clean transportation, improvements in battery technology and charging infrastructure, and increasing consumer demand for environmentally-friendly vehicles (Ajanovic & Haas, 2016; Yong et al., 2015).



**Table 1** Global Electric Vehicle Sales

**Table 1** demonstrates the continued strength of global electric vehicle sales. In 2022, a total of 10.5 million new battery electric vehicles (BEVs) and plug-in hybrid electric vehicles (PHEVs) were delivered, representing a 55% increase over the previous year (MOTOR NEWS REPORTER, 2023; Roland, 2023). It is evident that the electric vehicle market is continuing to show strong potential to expand its influence in the overall automotive market. According to data

presented by EV-volumes, electric vehicle sales in 2022 have already reached 6.1 million units in China and 2.6 million units in Europe. As shown in **Table 2**, China holds the title of the largest electric vehicle market to date. Meanwhile, Europe also performed well, maintaining an annual growth rate of 20% from 2020 to 2022 despite the ongoing impact of the Covid epidemic and the Russian-Ukrainian war. Overall, this shows that the electric vehicle market has relatively strong potential for expansion and further impact in Europe and Chi-



**Table 2** *Global EVs Market share in 2021.*

na (Hertzke et al., 2018).

According to a report by The Guardian, Tesla is still the world's most valuable automaker with a market capitalization of about \$332 billion, despite a 65 per cent shrinkage in 2022 due to dwindling demand and logistical hurdles(Reuters, 2023). Tesla's success in rapidly increasing market value, sales volume, and consumer attention has made it a focal point in the transformation of the automobile industry, which has drawn the attention of many traditional auto giants. The term "bull's-eye" refers to Tesla's prominent position at the center of this automotive electrification transformation(Jiang et al., 2021). Since China has the world's largest industrial capacity and market, developing electric vehicles is an important opportunity for local brands to cut through and overtake(Du & Ouyang, 2017; Jiang et al., 2021). The success of Tesla and the potential of electric vehicles has also shown many entrepreneurs in China the opportunity to replicate Tesla's path to success, and as a result, a series of new electric vehicle brands have emerged in China in recent years, such as NIO.inc, Xpeng Auto, Li Auto, and so on(Jiang et al., 2021). Among these startups, they all have posed a threat to the traditional automotive industry and have also trended their competitors to have to move towards vehicle electrification.

With strong growth in electric vehicle sales, almost all original equipment manufacturers (OEM) saw sales growth in 2022, according to EV volumes.



Total global EV deliveries also grew 55 % year-over-year, this includes Chinese car brand BYD, which is focused on launching a range of BEVs and PHEVs for production and sales, and has already outsold Tesla with 1.86 million units sold (Roland, 2023). However, a range of data shows that most car brands are committed to selling BEV and PHEV models, with only brands such as Tesla, NIO inc., GAC motor and Xpeng motor focusing on selling BEV. This may give them an advantage in attracting environmentally conscious consumers who are increasingly interested in reducing their carbon footprint, especially in Europe and China (Biresselioglu et al., 2018; Huo et al., 2010).

According to the report from Forbes Innovation Transportation section, Chinese electric car makers are coming to Europe in gangbuster mode, aiming to win sales from volume manufacturers like Volkswagen and Stellantis (Winton, 2022). The report also cites a research from Fitch Solutions Country Risk & Industry that demonstrates Chinese electric car brands are also aiming their target at the premium end of the market, forcing traditional premium car brands like Audi, BMW, and Mercedes-Benz to put their heads down and slow down their constantly complacent position (*Autos Key Themes For 2023*, 2022; *Global EV Race Heats Up As VW Threatens Tesla's Market Share*, 2021). This includes BYD's launch of three electric models in the European market in September 2022, starting at €38,000 for pre-order in Germany. As well, NIO inc. enters the Norwegian market in October 2021 and the German market at a launch event in Berlin in October 2022 and focuses on its subscription-based car buying service (NIO Inc., 2022). Among these two, NIO can be considered as the more distinctive Chinese electric car brand in Europe EVs market.

According to the topic of this thesis, the strategic alternatives of NIO to enter different markets and how the strategy is implemented will be discussed mainly according to the brand management and brand communication industry. The choice of a strategy of market entry is a critical component of the internationalization strategy (Morschett et al., 2010). Choosing a proper market entry strategy can have a significant impact on brand performance (Arregle et al., 2006). And in brand market entry strategies, brand image plays an important role in developing product advantages, brand extensions and brand alliances (Wijaya, 2013). Due to the strong association between brand image and brand communication, to manage brand communication content is recommended with reference to the factors such as brand positioning, brand target audience, target market culture, etc. to develop brand market entry strategies.

## 1.2 Problem Statement

NIO has been committed to expanding into the global electric vehicle market since its establishment in 2014. Countries with high market attractiveness are often considered to have a great potential to absorb additional foreign companies (Samiee, 2013). This makes Norway an obvious prime target market with high market attractiveness for NIO's entry into the European electric vehicle market with its superb electric vehicle market share with 64.5% according to

Norsk Elbilforening (Norwegian Electric Vehicle Association). In the same way, Germany, as a major car sales country, is moving towards a sustainable market for electrified vehicles. It also makes the market more attractive and has become the next target of NIO. In October 2022, NIO held a launch event in Berlin, Germany, to officially launch its products. Whether this successive market entry strategy in different European countries is linked and how it differs from NIO's market entry strategy in China becomes a relevant problem to be considered in the discipline covered in this paper. If a Chinese mobility brands like NIO tries to enter the market of another country, it required to understand what the market of the target country is like (consumer habits, market conditions, cultural differences, etc.). And it needs to have a clear understanding of how to use a proper brand communication strategy to adopt to different country markets.

All in all, the problem of how to specify a market entry strategy and how to implement it in the appropriate way requires to be seriously considered for all kinds of Chinese mobility brands trying to internationalize.

### 1.3 Research Question and Objective

Based on the market entry problems faced by existing internationalized electric vehicles, the research questions in this thesis will focus on: *What are the differences in international brand's market entry strategy and brand communication in German and Chinese markets?*

By using NIO as an example, outline the market entry strategies of electric vehicle brands in Germany and China and differentiate them in terms of the orientation of the brand communication content. The objective is to take NIO example as a reference for all innovative mobility brands to have better understanding of how to develop an appropriate brand communication content to help the brand better reach markets in target countries.

## 2 Theoretical Background and Basis

### 2.1 International Brand Management

International brand management is a complex field that has attracted a significant amount of research attention in recent years. Although the topic of this thesis focuses on the integration of market entry strategies and brand communication, when a brand decides to enter a different national market, it requires studies related to international brand management to be implicated (Bell, 2008; Lee & Carter, 2011). The purpose of this part of literature review is to provide an overview of the current state of knowledge in the field of international brand management.

One of the key themes in international brand management research is the importance of brand equity. Brand equity refers to the value that a brand adds to a product or service, and it is critical for firms seeking to establish them-

selves in international markets(Aaker, 1992; Kapferer, 1994; Keller & Brexendorf, 2019). Ideally, the internationalization of a brand will maintain consistency of brand equity in the world market, including the same brand values, the same product formula, the same packaging design, the same advertising plan, etc. in both international and domestic markets(Bell, 2008). This would be the most effective way to sell the brand worldwide, but unfortunately such a unified international brand management strategy is rarely possible(Keller et al., 2008).

The reason for this situation that international brands rarely adopt a unified strategy across national markets are partly associated with another central research theme in international brand management, which is cultural diversity. Culture is a critical factor in determining how consumers perceive and interact with brands, and firms must carefully consider cultural differences when developing and implementing international brand strategies(de Mooij & Hofstede, 2010; Hofstede, 1980).

Finally, a growing area of research in international brand management is the impact of digital technologies on brand management. The rise of social media and other digital channels has fundamentally changed the way that brands interact with consumers, and firms must carefully consider the opportunities and challenges that digital technologies present for international brand management(R. Hanna et al., 2011). In the context of international brand management, brands need to consider what kind of communication content they choose to present in different channels of social media in different country markets to cater to the changing international market.

Overall, the literature on international brand management highlights the complexity of managing brands across national borders and underscores the importance of carefully considering a range of factors, such as brand equity, culture, digital technologies, and brand communication, when developing and implementing international brand strategies(R. Hanna et al., 2011; Hofstede, 1980; Kapferer, 1994; Keller et al., 2008; Shocker et al., 1994). And different international brands must choose the right international branding strategy to do business around the world according to their own requirements.

### 2.1.1 International Brand Strategy

International brand strategy is part of corporate strategy, which refers to how a company can reduce risk and increase profits by diversifying to compete in other industries or by expanding geographically(Kennedy et al., 2020; Michael Geringer et al., 1989). Although reaching new customers is the most obvious advantage in an international branding strategy, there are still many risks to be faced, such as cost risk, operational risk, economic risk, political risk, or cultural risk (Kennedy et al., 2020; Maltby, 2010; Schuiling & Kapferer, 2004). This has led to the derivation of international brand strategies with different characteristics of diversification strategies.

**Figure 1** illustrates the four main international brand strategies. Each strategy involves a different approach and contends with a different set of factors. These four main strategies have different key points assigned to two main types of pressure. These are the emphasis on cost and efficiency, and the corresponding local cultural needs.



**Figure 1** 4 Types of International Brand Strategies

The standardization advantage of international branding strategy in **Figure 1** refers to a company's ability to increase its competitive advantage in the market by providing globally standardized services or products that yield stable profits at a lower cost in the industry (Arseculeratne & Yazdanifard, 2013; Dumitrescu & Vinerean, 2010; Medina & Duffy, 1998). This is reflected in the cost pressure on international brands and the designated response strategy (Kennedy et al., 2020). Differentiation advantage is also considered in international brand strategy as a locally tailored strategy to bring differentiated services or products to the brand or use localized marketing to promote brand in order to gain advantage in the context of local customer preferences and market conditions (Arseculeratne & Yazdanifard, 2013; Dumitrescu & Vinerean, 2010; Kennedy et al., 2020). This is where these four international branding strategies have taken different directions to enhance the strengths of the brand:

*International Brand Strategy.* This strategy involves exporting products and services to other countries without making significant changes to the products or the way they are marketed. Companies using this strategy may have limited operations in foreign markets and may rely on local distributors or partners to sell their products.

*Global Brand Strategy:* This strategy involves standardizing products and services across all markets to achieve economies of scale. Companies using this strategy have centralized operations and decision-making processes, and they often use a standardized marketing approach across all markets. It also allows the brand to be sold worldwide at the lowest possible cost.

*Multi-National Brand Strategy:* This strategy involves customizing products and services to meet the specific needs of each local market. Companies may use this strategy to decentralize their operations and give local managers the authority to make decisions based on local market conditions and local consumer preference.

*Glocal Brand Strategy:* This strategy combines elements of both the multi-national and global strategies. Companies using this strategy try to balance the benefits of standardization with the need to adapt to local market conditions (Dumitrescu & Vinerean, 2010). This combined brand strategy is understood in the marketing industry as “think global, act local” (Quelch & Hoff, 1986).

Overall, the choice of international strategy depends on a company's goals (consider cost pressure or local responsiveness), resources, and the characteristics of the markets they are entering. Companies must carefully consider the benefits and drawbacks of each strategy to determine which one is best suited to their needs.

#### 2.1.2 “Think global, act local” – Glocal Brand Strategy

The “think global, act local” glocal brand strategy refers to a marketing approach that involves developing a global brand image while customizing marketing tactics to suit the local market needs (Dumitrescu & Vinerean, 2010). This strategy recognizes the need to maintain a consistent brand identity across international markets while also acknowledging that cultural differences, customer preferences, and local regulations may require adjustments to the marketing mix (Quelch & Hoff, 1986; Vignali, 2001).

From a brand management perspective, a glocal brand strategy involves identifying the global core elements of the brand, such as brand values, mission and positioning, which need to be communicated locally appropriate in different markets. At the same time, marketers must understand local market dynamics, such as language, culture and consumer behavior, in order to adjust product offerings, pricing and promotions to meet local needs and preferences (He & Wang, 2017).

Successful implementation of the glocal brand strategy requires a balance between global brand consistency and local adaptation. This approach enables companies to leverage the benefits of a strong global brand image while also connecting with consumers on a local level and gaining a competitive advantage in the market (Svensson, 2001). For example, large fast-food chains, such as McDonald's and KFC, rely on the same brand names and the same core menu items around the world. These companies have also made some concessions to local tastes (Elle, 2014; Kennedy et al., 2020; Vignali, 2001). For example, McDonald's has introduced local afternoon tea products in France, such as kolaches, macarons, and even wine, this approach makes sense for McDonald's glocal strategy, as afternoon tea is a core element of the French romantic diet culture. Similarly, Coca-Cola sees itself not as a global organization, but as a multi-local enterprise (Dawn, 1994). Coca-Cola pursues a glocal strategy, allowing for differences in packaging, distribution, and media that are important to a particular country or geographical area. For example, Coca-Cola launches Chinese New Year packaged products and a series of Chinese New Year-themed advertisements in China every year during the Chinese New Year. This is how Coca-Cola has been able to establish a presence in over 200 countries, following local laws, cultures and consumer preferences (Svensson, 2001).

Overall, the "think global, act local" strategy is an effective way for companies to navigate the challenges of marketing in a globalized world while also remaining relevant and competitive in local markets.

### 2.1.3 Brand Portfolio Strategy

Brand portfolio strategy refers to the process of managing a company's various brands and products as a portfolio in order to achieve the desired market position and profitability, which is a crucial part of a firm's brand equity (Carolino Sousa Santos Junior, 2018). It involves determining the optimal number of brands and products, their positioning, and their interrelationships in the marketplace (Aaker, 2006; Morgan & Rego, 2009). In terms of broad business strategy, companies have an incentive to focus on brand portfolio management because it provides the structure and discipline needed to support and enable a company's successful strategy. In this sense, the brand portfolio becomes particularly salient when a company faces changing market conditions or pressing growth targets or pending mergers, acquisitions and alliances (Hsu et al., 2016).

As the trend of globalization continues to grow, many international companies have begun to consider moving from a multinational brand strategy to a global brand strategy. International brands have also started to adapt to the globalization trend by restructuring their brand portfolio strategies to suit the market environment. (Schuiling & Kapferer, 2004). Some notable international brand groups such as Coca-Cola, Volkswagen Group, BMW Group, Unilever and Procter & Gamble, etc., have been adapting to this trend by restructuring their brand portfolios. For example, Unilever and Procter & Gamble have eliminate

a large number of their brands including many local brands in order to adapt to the globalization trend and prioritize their global brand portfolios (Schuiling & Kapferer, 2004). In this context, companies pay much more attention to building their international brand portfolios than to their local brand portfolios, and to some extent such international brands lose some opportunities to grow locally. Therefore, it is particularly useful to develop further understanding of local brands relative to international brands in the current globalization context (Schuiling & Kapferer, 2004).

As companies expand their operations to new markets, they often need to adapt their brand portfolios to fit local market conditions, while also maintaining a consistent global brand identity (Aaker, 2006; Kapferer, 1994). In the context of marketing, when a brand portfolio has real strength, such as a reputable brand history or a brand product that is a guarantee of quality. Then even if the main brand lacks uniqueness and individuality, it can make the whole family of brands powerful through its portfolio of brands (Aaker, 2006). Ford and Volkswagen Group, for example, seem unlikely to be strong without so many of their various brands with this additional connotation (Porsche, Chevrolet, Jaguar, Land Rover, Audi all have different brand strength in the brand portfolio). In comparison, this is also a wake-up call for companies with a single brand portfolio, as there may be no way to improve brand equity if the quality of their products or brand concepts are single and uninteresting (Aaker, 1992; Stephen J. et al., 2004). The BMW Group can serve as a good example of the success of a classic single-brand portfolio, with the master brand supported by a set of descriptors brands (300 series, 500 series, 700 series, M series, X5 SUV, Z4 convertible, etc.) (Aaker, 2006). It can also be shown that although the brand has maintained its brand presence in the market in its brand portfolio strategy, it has also built a differently positioned brand image through its products to suit different consumer preferences, a situation that is particularly pronounced in the automotive brand segment. The above-mentioned brand portfolios, including the BMW Group and the Volkswagen or Ford Group, are presented in different ways that largely correspond to the brand extensions in the brand strategy. (Aaker, 2006; Aaker & Keller, 1990; Broniarczyk & Alba, 1994).

The financial risk of entering new markets has become daunting for many consumer product manufacturers, and establishing a new brand in a target market often requires costly capital (Tauber, 1981). As a result, companies are using established brand names to facilitate entry into new markets (Aaker & Keller, 1990). This includes line extensions and brand derivations, both of which are categorized as strategic approaches to brand extensions. The success of a brand extension often depends on an understanding of consumer behavior in the target market (Aaker & Keller, 1990). And leading marketing or brand management-related researchers have discussed consumer behavior and culture at considerable length, concluding that most aspects of consumer behavior are culture-bound (de Mooij & Hofstede, 2011). This also makes the entire international brand strategy, including brand portfolio strategy or brand extensions strategy considerable relevant to culture (Dumitrescu & Vinerean, 2010; Gelder, 2003).

## 2.2 Hofstede's Cultural Dimension Theory in Global Branding

With the rise of globalization in recent years, this has led to an increase in cultural diversity and brought new opportunities and challenges for brands. In this context, the marketing industry is witnessing an increasing interest from major brands in the impact of global branding and brand communication (de Mooij & Hofstede, 2010, 2011; Soares et al., 2007). Culture is also widely recognized in the psychological disciplines as a powerful force that shapes people's perceptions, dispositions, and behaviors. (Markus & Kitayama, 1991). According to various global marketing disciplines, consumer behavior and culture play a key role in the globalization trend of brands, and most aspects of consumer behavior are culture-related (Aaker & Keller, 1990; de Mooij & Hofstede, 2010, 2011; Schuiling & Kapferer, 2004; Soares et al., 2007). Cultural differences can significantly affect consumer behavior, and failing to recognize these differences can lead to unsuccessful marketing campaigns and ultimately, business failure (Steenkamp, 2001). As a result, brands required modifications to their marketing messages and strategies to align with local cultural norms. This has also led to an understanding of national culture being seen as increasingly important in global branding.

In the last decades, various models of cultural conceptualization dimensions have emerged to apply to various fields, among which the Hofstede cultural dimension model is widely used in the global marketing field with extensive involvement in psychology, sociology, marketing or management research (de Mooij & Hofstede, 2011; Soares et al., 2007; S ndergaard, 1994; Steenkamp, 2001). This cultural model has been widely used to explain cultural differences between countries in the concepts of self, personality and identity, and even in the processing of information, which provides useful assistance and insight into the changing measures of brand strategy and communication required by global brands to contend with differences in their local markets. (de Mooij & Hofstede, 2010).

### 2.2.1 Hofstede's Five Dimension of Cultural Theory

Hofstede identified five dimensions of national culture including power distance, individualism/collectivism, masculinity/femininity, uncertainty avoidance, and long-term/short-term orientation (Hofstede, 1980). Included in the description of the dimensions is an introduction to the definition of the dimensions and related examples that highlight the differences between cultures in branding context.

*The power distance dimension* can be defined as extent to which less powerful members of society accept and expect inequality in the power allocation. In societies with high power distance, there is a significant gap between those who hold power and those who do not, and one's social status must be clear so that others can show proper respect (de Mooij & Hofstede, 2010). For example, a brand marketing in a country with a high power distance, such as China, would likely need to use hierarchical language that emphasizes the social status associated with the product in order to attract consumers to as-



sert their social status locally(Yoon, 2009). Global brands serve this purpose, and some brands that focus on luxury goods, alcoholic beverages and fashion products are somehow fulfilling the consumer's need for social status manifestation in such a society(de Mooij & Hofstede, 2010).

*Individualism/Collectivism dimension* refer to how much emphasis is placed on individual goals versus group goals(Hofstede, 1980). Cultures that prioritize individualism tend to place a higher value on personal achievement and autonomy, while collectivist cultures emphasize the importance of group harmony and cohesion. On the other hand, collectivism and individualism can be distinguished as high and low contexts in terms of communication(de Mooij & Hofstede, 2010). This also makes it essential for brands to pay attention to whether their focus is on social cohesion or feature prominence in communicating in a collectivistic or individualistic culture.

*Masculinity/Femininity dimension* describes the degree to which a culture values traditionally masculine traits such as competition, achievement, and assertiveness versus traditionally feminine traits such as nurturing, collaboration, and quality of life(de Mooij & Hofstede, 2002). For example, a brand marketed in a highly masculine culture, such as Germany, may emphasize its ability to enhance productivity and efficiency, while a brand marketed in a highly feminine culture, such as Norway, may emphasize its ability to enhance work-life balance.

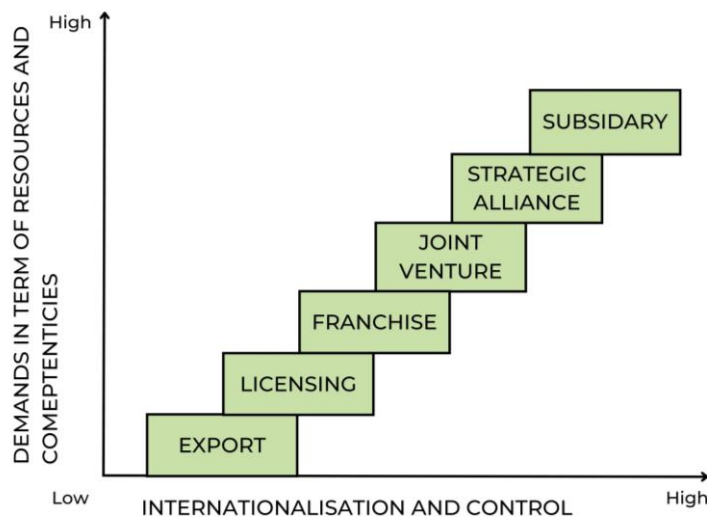
*Uncertainty Avoidance dimension* refers to the extent to which people feel threatened by uncertainty and ambiguity and try to avoid these situations(Hofstede, 1980). Cultures that score high in uncertainty avoidance tend to be risk-averse and prefer clear rules and procedures, while cultures that score low tend to be more open to experimentation and change. People with high uncertainty avoidance cultures are less open to innovation and variation than those with low uncertainty avoidance cultures(de Mooij & Hofstede, 2002, 2011). This explains the difficulty of some innovative brands to be accepted in the cultural context of certain regions.

*Long- versus short-term orientation dimension* is the extent to which a society exhibits a pragmatic future-oriented perspective rather than a conventional historic or short-term point of view(Hofstede, 1980). Values included in long-term orientation are perseverance, ordering relationships by status and observing this order, thrift, and having a sense of shame. Conversely, in a short-term oriented culture, values tend to be more oriented towards the pursuit of personal stability and the pursuit of happiness(de Mooij & Hofstede, 2010).

## 2.3 Market Entry Strategy

Market entry strategy refers to the method or approach used by a company to enter a new market. It is a crucial component of the internationalization brand-

ing process(Andersen, 1997; Samiee, 2013). The decision on market entry strategy needs to be closely linked to the structure of the target market (i.e. market dynamics including economic, policy, cultural, competitive status, etc.) (Buckley & Casson, 1998). As shown in **Figure 2** below, based on the different strategic objectives of the brand, such as controlling costs, controlling the degree of management or the degree of internationalization, there are many different market entry strategies to respond to different objectives(Andersen,



**Figure 2** Main Market Entry Strategies

1997; Buckley & Casson, 1998).

In existing literature, most strategies are appraised as alternatives to exporting, or as alternatives to greenfield foreign direct investment(FDI)(Buckley & Casson, 1998). But other strategic options including licensing, franchising and joint venture, alliance or subsidiary are identified as internalized branding strategies(Buckley & Casson, 1998).As shown in **Figure 2** this type of strategy often requires a high degree of centralized control and highly globalized standards, as well as high costs and high demand for resources, and therefore has higher risks. (Agarwal & Ramaswami, 1992).

### 2.3.1 Direct and Indirect Export Strategy

Exporting is domestically located and administratively controlled market entry strategies(Buckley & Casson, 1998). Direct exports involve selling products or services directly to customers in the target market without intermediaries(Agarwal & Ramaswami, 1992). This strategy gives the exporter full control over the marketing, pricing, and distribution of their products. Direct exports can be done through various channels such as e-commerce, distributors, agents, and sales representatives. This strategy requires a significant investment in market research, logistics, and marketing activities to establish a presence in the new market.

Indirect exports involve using intermediaries such as export trading companies, agents, and distributors to sell products or services to customers in the target market. This strategy is suitable for companies with limited resources and knowledge of the target market. The intermediary handles all aspects of the export process, including logistics, customs clearance, and distribution. This strategy is less risky than direct exports, but exporters may have less control over their products' pricing and distribution (Goodnow & Hansz, 1972).

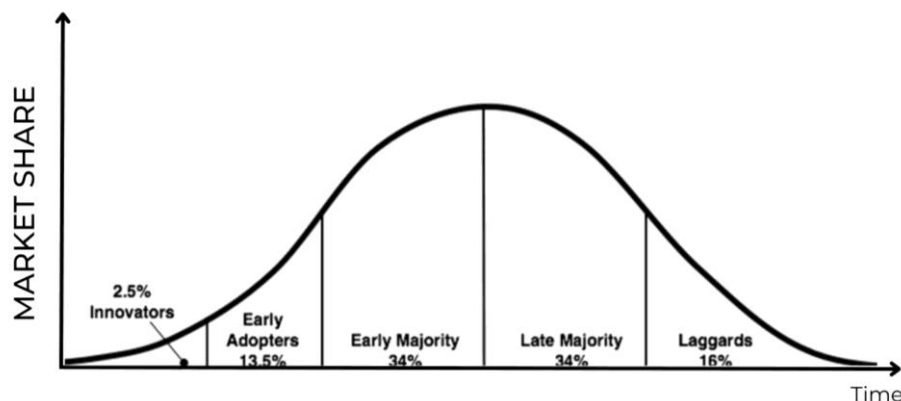
In summary, the choice between direct and indirect exports depends on the company's resources, knowledge, and objectives in the target market. Companies need to conduct thorough market research and analysis to determine the most suitable market entry strategy for their export strategy.

### 2.3.2 Licensing Market Entry Strategy

Licensing is a market entry strategy with higher risks and costs compared to export market entry strategies, unlike exporting which are located abroad and controlled by contract (Agarwal & Ramaswami, 1992). Licensing allows a company to enter a foreign market by granting permission to a foreign company to use its intellectual property (IP), such as patents, trademarks, copyrights, and trade secrets, in exchange for royalties or fees (Buckley & Casson, 1998).

### 2.3.3 Diffusion Model of Innovation

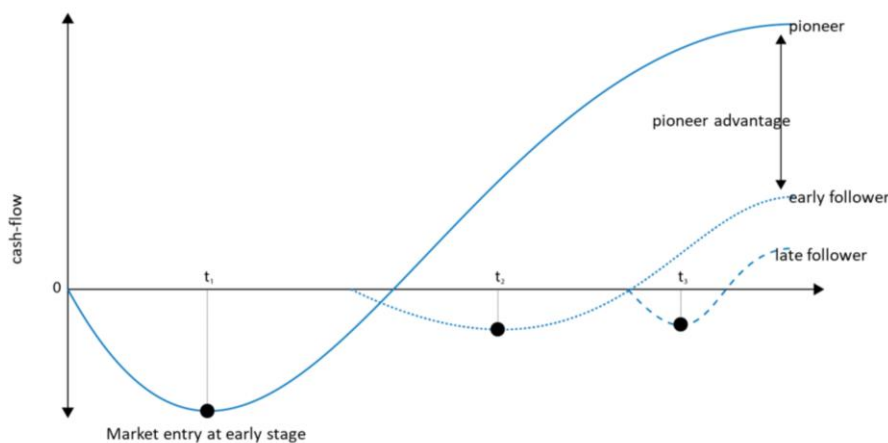
The diffusion of an innovation has been defined as the process by which that innovation "is communicated through certain channels over time among the members of a social system" (Rogers, 2010).



**Figure 3** *Diffusion Model of Innovation*

As shown in **Figure 3**, innovative brands, ideas, products, and behaviors do not appear simultaneously in the social system (Mahajan & Peterson, 1985; Rogers, 2010). For innovative brand entry strategies, choosing when to launch an innovation into the market requires careful choices by brand management. Bringing new innovations to the market too early often requires a lot of risk, and people's acceptance of new ideas is not high. As **Figure 3** shows, innovator brands tend to have a low market share and attract only a portion of the population that is open-minded and willing to take risks (Rogers, 2010). Moreover, innovative brands entering the market too early also need to face the threat of existing brands and followers.

According to **Figure 4**, there will be a series of followers trying to get a share of the market after the innovative brand enters the market (Rogers, 2010). Especially for disruptive innovative brands, they take a significant risk as most of their followers will copy their ideas or even improve on their innovations, thus making such innovative pioneers lose their advantage at a later stage (Ho, 2022).



**Figure 4** *Innovative Pioneers Face the Threat of Followers.*

As followers, it is also logical that they can learn from the failures or successes of the pioneers and have enough time to improve their innovative ideas to enter the market (Rogers, 2010).

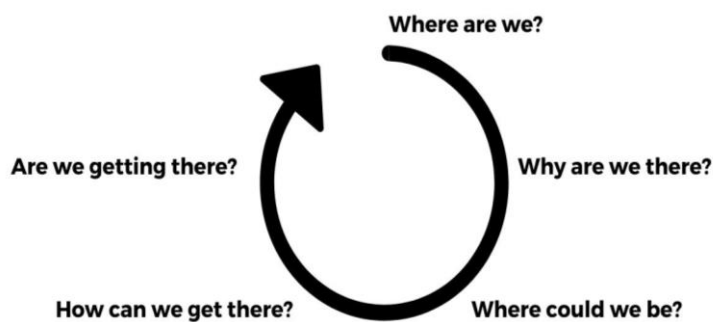
## 2.4 Brand Communication Management

American Marketing Association (AMA) defined a brand as "a name, term, sign, symbol, or design, or a combination of them, intended to identify the goods and services of one seller or group of sellers and to differentiate them from those of competitors" (Kotler, 2000). From a brand communication perspective, a brand is defined as a mark left in the mind of the consumer that creates a specific meaning and feeling (Wijaya, 2013). Thus, a brand is more than just a logo, name, symbol, trademark, or name attached to a product. Based on the multiple meanings of brand (Kotler, 2000), brand communications need to consider how to strengthen the brand's identity in multiple ways to enhance a range of marketing objectives to reinforce brand equity (Aaker, 1992; Kapferer, 1994; Kuksov et al., 2013).

### 2.4.1 Strategic Planning in Brand Communication Management

Brand communication involves the production of a long-term unique solution, each solution is highly in demand for innovation, which makes each brand in different markets has different needs (Stephen, 1974). Therefore, for advertising communication, it needs a systematic communication strategy planning, which also needs to meet the realistic, functional, structural, and pragmatic (S. Hanna & Rowley, 2011; Stephen, 1974).

Strategic brand communication plans are widely studied in the marketing field, and a variety of plan models are constantly being discussed (S. Hanna & Rowley, 2011). Various brand communication models, such as relational network brand (Hankinson, 2004), city image communications (Kavaratzis, 2004), destination branding process (Cai, 2002; Laws, 1991), etc., all take a strategic view of the brand building process with different eyes to achieve different goals (S. Hanna & Rowley, 2011). According to Stephen King's planning guide published in JWT, the brand communication planning process needs to consider five consecutive questions.



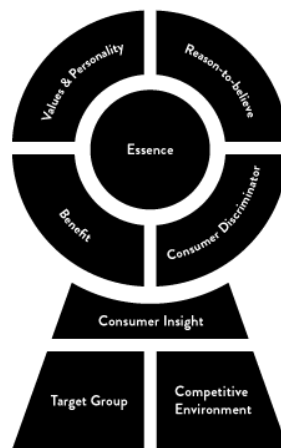
**Figure 5** *Communication Process Planning Cycle*

As shown in **Figure 5**, Brands are required to make their brand communications more effective by answering these five questions. For brand communication, ads that aim to reinforce or slightly modify existing perceptions work better than ads that make people change their perceptions completely (Stephen, 1974).

#### 2.4.2 Brand Model – Brand Key Model

The brand key model was developed in the mid-1990s by Unilever, one of the largest brand groups in FMCG, in order to align all its brand portfolios more effectively with each other and to understand and comply with the essence contained in the entire Unilever brand (Bruce & Jeromin, 2016).

According to **Figure 6**, the Brand Key Model can effectively explore the various connotations of a brand including benefits, values, personality, and reasons to believe based on consumer insights and consumer positioning as well as the overall competitive market environment to ultimately differentiate itself from other brands by using less understandable brand language to become the essence (Bruce & Jeromin, 2016). Brand essence is the core element of a brand's identity that captures its unique character and personality. It is the essence of what a brand represents, and it should be communicated consistently across all brand communications (Urde, 2003).



**Figure 6** *Brand Key Model*

### 2.4.3 Brand Positioning

Brand identity pertains to the way the brand identifies itself (Kapferer, 1994). Brand positioning is a key component of identity and needs to be clear and effective in order for the brand to stand out in a confusing market and meet the needs and vision of its customers (Kotler et al., 2019). This differentiation is what tells customers what your brand is and how it delivers on its promise.

### 2.4.4 Consumer Insight

Consumer insight refers to a deep understanding of the attitudes, behaviors, motivations, and emotions of consumers that drive their purchasing decisions (Lake, 2009). For brands, it is research into the behavior of the target consumer, with the goal of making the brand offering match the consumer's desires. Research in the field of consumer behavior has proven that consumer insights will help brand managers and customers establish various points of excellence and create positive brand experiences for consumers to enhance their overall satisfaction with the brand (Schmitt, 2011).

## 2.5 Interim Conclusion and Finding

Based on the theme of the thesis, international brand management requires a comprehensive approach to deeply understand cultural differences as cultural values influence consumer behavior and brand perception. And Hofstede's cultural dimension theory can provide relevant information and support for understanding cultural differences. This enables international brands to understand well the local market and consumer situation and give corresponding measures in the market entry strategy. And finally, a suitable brand model to enable the entire brand communication to continuously export a specific message to drive the success of the brand in the global marketplace.

## 3 Methodology

### 3.1 Cultural Analysis – Chinese and German culture

The first part of this thesis focuses on the importance of cultural understanding in international brand management. To achieve this, the research will conduct an analysis of the cultural differences between China and Germany, as these two countries have distinct cultural backgrounds. Hofstede's theory of cultural dimensions will be used as the primary framework for the analysis, which will identify and analyze the cultural characteristics of China and Germany in different aspects. The analysis will summarize the similarities and differences between the two cultures, providing a relevant basis for subsequent case studies on market entry strategies and brand communication content development.

The summary of cultural differences between China and Germany will serve as a guide for international brand management, especially in the context of the case study of NIO's brand communication in China and Germany. It will provide valuable insights into the development of appropriate brand communication content that is culturally sensitive and relevant in the target market. Moreover, the analysis of cultural differences will contribute to answering the research question of the thesis on the differences in international brand's market entry strategy and brand communication in German and Chinese markets. Ultimately, this research will provide a comprehensive understanding of the impact of cultural differences on international brand management.

### 3.2 NIO Case Study

NIO is a Chinese electric car brand that has gained significant attention for its innovative concept and is looking to expand its global presence, particularly in the European market. Given NIO's unique positioning and innovative approach, it serves as an appropriate case study for exploring market entry and brand communication in the context of international brand management discussions.

Conducting a case study of NIO's market entry and brand communication strategies can provide valuable insights for other innovative mobility brands seeking to enter new markets. By analyzing NIO's approach, this thesis can offer a better understanding of how brands can develop effective brand communication content to successfully enter their target markets. Ultimately, this case study has the potential to inform and guide the strategic decision-making of innovative mobile brands seeking to expand globally.

#### 3.2.1 Outline of Market Entry for NIO in China and Germany

The market entry strategy of a brand is deeply influenced by the market situation itself, which includes various factors such as market share and consumer preferences (de Mooij & Hofstede, 2002; Goodnow & Hansz, 1972). This thesis will examine the different market entry strategies of NIO in China and Germany.

Considering the unique positioning of the brand in both markets. The analysis will first focus on the electric vehicle market situation in both countries, identifying key market trends and identifying the primary competitors.

To understand consumer preferences in both markets, this study will consider the role of cultural values and norms in shaping consumer behavior and preferences in each market, based on previous analysis of cultural differences between China and Germany. The results of this analysis will be used to identify the key drivers of consumer behavior in each market and provide a relevant basis for subsequent discussions on NIO's market entry strategy.

Finally, the study will outline the brand's strategy for entering both markets based on the above analysis and will use the Diffusion model of innovation as a framework to discuss the timing of the NIO's innovative concept's entry into the market. This will include identifying the most effective channels and strategies for brand communication in each market and developing a clear and compelling value proposition to meet the needs and desires of consumers in both markets. Overall, the analysis will highlight the importance of adopting a market-specific approach to international brand management and the need to adapt brand communications and market entry strategies to reflect the unique cultural and market characteristics of each market.

### 3.2.2 NIO Brand Communication Content Analysis in China and Germany

The correlation between brand entry and brand communication highlights the importance of studying brand communication in the context of international brand management. Thus, this thesis also aims to research the core of brand communication in the communication of entry into different markets. To achieve this, the study will conduct a content analysis of NIO's brand communication in different social media platforms to identify key messages and themes. The analysis will be used to construct two brand key models to compare the brand communication strategies used by NIO in China and Germany.

The brand key model will serve as a framework to summarize the key elements of brand communication, including brand positioning, brand benefits, brand personality, and brand essence, etc. Through this analysis, the research aims to provide a better understanding of how NIO communicates its brand in China and Germany, and how this communication strategy may differ based on cultural differences between the two markets. Ultimately, the goal is to answer the research question of the thesis, which is to explore the differences in international brand's market entry strategy and brand communication in German and Chinese markets.

## 4 Comparative Cultural Analysis of China and Germany

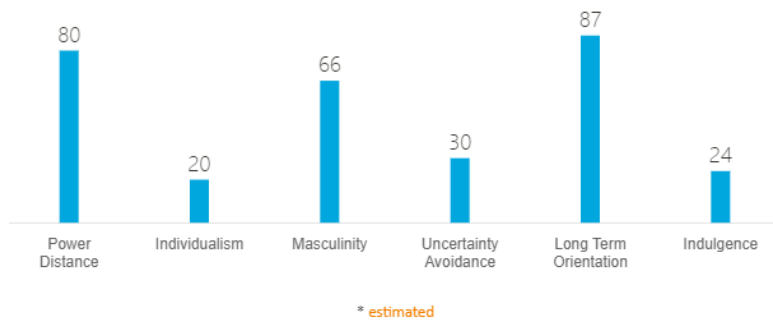
In this chapter, the thesis undertakes an examination of Chinese and German cultures independently, utilizing Hofstede's framework of cultural dimensions. The analysis will delineate the salient attributes of each culture and subsequently furnish a comparative exploration of the cultural manifestations inherent to the two nations.

### 4.1 Hofstede's Cultural Dimension of China

In this section, an in-depth analysis of the cultural characteristics of China is presented, drawing upon Hofstede's Cultural Dimensions Theory as a frame-



work for understanding the unique attributes of Chinese society. By examining each dimension, this analysis aims to provide valuable insights into the different aspects of Chinese culture that are necessary to consider when developing marketing strategies for innovative mobile brands. As shown in **Figure 7**, it is the result of an estimation of each dimension of Chinese culture through Hofstede's cultural dimensions theoretical framework.



**Figure 7** Evaluation of Different Dimensions of Chinese Culture

#### *Power Distance Index (PDI):*

China's high Power Distance Index (PDI) signifies a hierarchical society, accepting and respecting unequal power distribution. Rooted in historical and philosophical traditions, particularly Confucianism, this cultural trait emphasizes deference to authority, loyalty, and respect for elders and superiors (Farh & Cheng, 2000). It manifests in centralized organizational decision-making, top-down communication, and the use of titles and formal language.

High PDI influences various societal aspects, including workplace, family, and social interactions. Consequently, Chinese individuals are more willing to demonstrate their status to gain respect and express superiority. In the automotive market, this cultural aspect is significant. Employees at lower levels often avoid driving vehicles with higher brand value than those in higher positions, while supervisors drive luxurious cars to showcase status.

Automotive manufacturers targeting the Chinese market should develop marketing campaigns emphasizing status-enhancing vehicle features, such as luxury materials, advanced technology, or exclusive design elements. Offering a range of models catering to different social strata allows consumers to select vehicles that align with their status, appealing to a broader audience while acknowledging the importance of power distance in Chinese culture.

#### *Individualism vs. Collectivism (IDV):*

Chinese culture is characterized by a strong emphasis on collectivism, which prioritizes group harmony, family, and social networks over individual achievements. This cultural dimension is deeply rooted in Chinese society, with historical and philosophical influences such as Confucianism playing a

significant role in shaping the importance of group cohesion and interdependence. It is certainly also related to China's socialist political system of common wealth, which the thesis will not discuss here.

As with cultural distance characteristics, collectivism is also reflected in all aspects of social life, including interpersonal relationships, decision-making processes, and communication styles. However, collectivism particularly highlights the close relationship between an individual's social status and the social group. In the same way that power distance is embodied, collectivism similarly emphasizes status, but here the concept can be described in terms of "mianzi" (face), i.e., the preservation of one's reputation and that of others is essential to maintaining group harmony.

This cultural dimension is also particularly manifest in Chinese-style families. In Chinese families, decisions are often made collectively, with a focus on ensuring harmony and meeting the needs of all family members. Combined with the characteristic of power distance, elders and authority figures within the family typically have a significant influence on decision-making, and their opinions are highly valued. Moreover, family members are expected to contribute to the well-being and prosperity of the family unit, with individual accomplishments viewed as a reflection of the family's success. This has enabled the majority of Chinese families to remain consistently cohesive.

When it comes to the automotive, the collectivist nature of Chinese culture can be observed in the decision-making process and the factors considered when choosing a vehicle. For example, a Chinese family may prioritize a vehicle that offers ample space to accommodate multiple generations, ensuring that both aging grandparents and young children can enjoy a comfortable life. In addition, they may place greater importance on the safety features and fuel efficiency of the vehicle, as these factors contribute to the overall well-being and financial stability of the family.

In this context, a car manufacturer looking to target the Chinese market could develop a marketing campaign that highlights the vehicle's suitability for families. This could include showcasing the car's spacious interior, advanced safety features, and fuel efficiency, as well as emphasizing the potential for the vehicle to support family outings, intergenerational bonding, and shared experiences. By aligning their marketing strategy with the collectivist values of Chinese culture and demonstrating the car's ability to meet the needs of the entire family, the manufacturer can effectively appeal to the preferences of Chinese consumers.

#### *Masculinity vs. Femininity (MAS):*

In Chinese culture, masculinity is relatively high, although not as dominant as in some other cultures. Chinese society has historically exhibited gender roles consistent with traditional notions of masculinity and femininity. Men are typi-

cally expected to be strong, assertive, and responsible for the financial well-being of the family, while women have traditionally been associated with caregiving and nurturing roles.

However, these expectations are changing as modernization and globalization lead to changing gender dynamics and increased gender equality. Thus, this culture known as masculinity in China exhibits a society that is success oriented and driven, not just limited to men. The necessity to ensure success for all types of people in society can be worked for by many Chinese who will sacrifice family and leisure priorities. For example, hairdressers provide services late into the night, white-collar workers work overtime as a matter of course, and people tend to move to big cities for better jobs and pay, leaving their families behind in their distant hometowns. Success orientation would better describe the masculinity in China today.

Against this backdrop, the automotive industry can certainly be more inclined to convey strength, power, and performance to position the car as a symbol of success and ambition. In addition, manufacturers must be aware of the changing gender dynamics in Chinese society and adapt their marketing strategies accordingly. By incorporating gender-neutral or inclusive messaging, car brands can appeal to a broader range of consumers, including women who are increasingly involved in the decision-making process when purchasing a car. This approach acknowledges the importance of masculinity in Chinese culture, while adapting to the changing social landscape.

#### *Uncertainty Avoidance Index (UAI):*

In Chinese culture, people are generally more comfortable with ambiguity and change, allowing them to adapt to various situations and navigate uncertainties with pragmatism and flexibility. And in the long history of philosophical thought in Chinese culture, the need for adaptability, flexibility and resilience in the face of uncertainty is also constantly encouraged.

Chinese culture has always been comfortable with ambiguity, for example Chinese words are full of ambiguity making them difficult for westerners to understand, this is also reflected in the workplace, although due to the power distance companies need to develop processes but because of the low uncertainty avoidance of the culture and the multiple meanings of words, the processes become flexible and adaptable. This also makes Chinese culture a lot more accommodating to such established rules.

This low UAI cultural attribute also makes Chinese auto consumers more adaptable to the uncertainty of innovative technologies. This makes it feasible for emerging automotive brands rich in innovation and cutting-edge technology to attract and be accepted by consumers. At the same time, it is pushing the Chinese automotive market to continue to innovate, which is why China's electric vehicle industry is somehow growing faster and larger than other countries.

### *Long-term Orientation vs. Short-term Orientation (LTO)*

China is a country with a strongly long-term oriented culture, which means that it is a very pragmatic culture. China is a country with a strongly long-term oriented culture, which means that it is a very pragmatic culture. This is likewise related to traditional philosophical thinking and politics that have been passed down from generation to generation. Chinese politics, for instance, constantly emphasizes its long-term strategy of governance.

In societies with a LTO or pragmatic orientation, people believe that truth depends heavily on circumstances, context and time (Hofstede, 1980). They demonstrate the ability to easily adapt traditions to changing conditions, have a strong propensity to save and invest, be frugal, and persevere to achieve results.

In that context, the durability and reliability of products and long-term value in the automotive industry are particularly important. Consumers prefer long-term benefits over short-term satisfaction, which is one of the reasons why the sustainable environmental concept represented by electric vehicles can be promoted. In addition, with the support of this cultural dimension, automakers can explore strategic partnerships with Chinese regions to develop long-term relationships and strengthen lasting relationships with regional consumers.

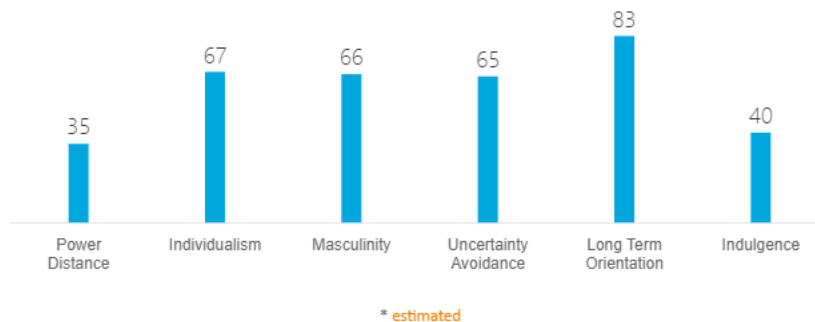
### *Indulgence vs. Restraint (IVR)*

China exhibits a rather conservative state in that cultural dimension, which shows that China is a restricted society. As shown in the previous discussion of various aspects of Chinese culture dimension, the Chinese typically place social harmony, family values and long-term goals above immediate gratification and leisure pursuits. In a way that makes some people at the bottom of the social ladder and suffering often cynical or pessimistic, not the majority of people are able to express their desires at will and people are bound by social norms that lead to the belief that indulgence is questionable.

In the context of the automotive industry, the low IVR culture characteristic of Chinese culture will also influence the preferences of marketing consumers. While consumers may appreciate the added attributes of luxury and status-enhancing vehicles, they value practicality, reliability, and long-term value more than anything else, reflecting the introverted cultural orientation of Chinese society. Both conservatism and indulgence may be possible for automakers when it comes to and marketing their products and reminding them of the important role of diversifying their product portfolios to meet different consumer affordability and values.

## 4.2 Hofstede's Cultural Dimension of Germany

As in the previous section, in this section, the culture of Germany is also analyzed in each dimension of culture based on Hofstede's cultural dimension theory and insights are given to help automotive brands develop relevant marketing strategies. As shown in **Figure 8**, it is the result of an estimation of each dimension of German culture through Hofstede's cultural dimensions theoretical framework.



**Figure 8** Evaluation of Different Dimensions of German Culture.

#### *Power Distance Index (PDI):*

German culture exhibits a relatively low "power distance," indicating a preference for an egalitarian approach to power and decision-making. This cultural trait is rooted in German values of individualism, democracy, and utilitarianism, which emphasize equality of rights, individual responsibility, and the importance of competence and expertise. In addition, this cultural characteristic is the consequence of a highly decentralized and powerful German middle class.

In organizations, decision-making processes tend to be more decentralized, with a greater emphasis on collaboration and participation from all levels. Similarly, in familial and social settings, individuals are often expected to voice their opinions and contribute to decision-making, regardless of their age or position within the hierarchy.

In this more egalitarian social and cultural context, the majority of consumers are less concerned about whether their car purchases indicate their social status and are more likely to value factors such as quality, performance, engineering, and practicality. This is to some extent a demonstration of the fact that most German automotive brands are trying to position their cars as a symbol of craftsmanship and high standards by demonstrating as much advanced engineering, precise processing and innovative technology as possible.

#### *Individualism vs. Collectivism (IDV):*

German culture shows a high degree of individualism, reflecting the importance attached to individual rights, personal freedom and the pursuit of

personal goals. This cultural trait is influenced to some extent by historical and philosophical traditions, such as the Enlightenment, which emphasizes reason, critical thinking, and individual autonomy.

In the context of this cultural identity, individuals are encouraged to create value in an organization, individual performance and personal innovation are often valued, and employees have a high sense of responsibility for the work they are responsible for. In terms of interpersonal communication, it is more direct and follows honesty, but sometimes it can be "hurtful", but also tolerant, because it gives the other person a chance to learn from mistakes. In their lives, they generally believe that personal independence and self-expression should be valued and that individuals are encouraged to develop their own unique identities and pursue their own personal goals.

In the automotive industry, this culture can be seen in the priority consumers give to car brands that reflect their personal tastes, value needs and personal desires, valuing customization and individual design as well as performance. This makes it necessary for car brands competing for the German market to consider emphasizing customization options, unique design or performance features, while also demonstrating the values that the brand holds to appeal to consumers who value personal expression and individuality.

#### *Masculinity vs. Femininity (MAS)*

German culture exhibits a moderate to high degree of masculinity, reflecting a cultural tendency toward achievement, success and performance. This cultural identity is also related to the influence of historical factors such as the industrial revolution, which led to rapid socio-economic development and a growing emphasis on efficiency, productivity and technological progress, which led to a culture that developed in a masculine direction.

This cultural trait is manifested in German organizations in the form of masculinity-related, competition-oriented values that emphasize individual performance, efficiency and productivity. In the context of daily life, while men may take on the role of breadwinner, women are increasingly involved in the effort to be appreciated, society continues to emphasize gender equality, and the status of men is not as high as the term "masculine" implies.

In this cultural context, consumers, both women and men, are more eager for vehicles that reflect their desire for success, performance, and achievement. Attributes such as quality engineering, innovative technology and precise handling are valued. This can also be shown by the fact that motor racing is hugely popular in Germany and that there are always German brands that shine in the races (e.g. Mercedes Benz in Formula 1, Porsche in the 24 Hours of Le Mans, etc.) because the vast majority of people feel proud of this technical victory. As for car manufacturers, they need to emphasize car positioning and

innovative technology as well as the image of success to adapt to the German consumers' need for a sense of achievement.

#### *Uncertainty Avoidance Index (UAI):*

German culture exhibits a high degree of Uncertainty Avoidance, reflecting a cultural preference for stability, orderliness, and predictability. This cultural characteristic is influenced by Germany's historical experiences, such as political and economic upheavals, which have shaped the society's emphasis on structure and risk avoidance. In line with the philosophical heritage of Kant, Hegel and Fichte there is a strong preference for deductive rather than inductive approaches, be it in thinking, presenting or planning: the systematic overview has to be given in order to proceed.

In the organization, combined with the low power distance in the culture, the certainty of the individual's decisions is not overridden by the greater responsibility of the supervisor. This also leads to the Germans' preference to compensate for their high level of uncertainty by relying strongly on expertise, as well as focusing on detailed planning and risk management and following established procedures. In life, it is common for individuals to value following traditions and maintaining stability in order to seek predictability in their lives.

With this cultural characteristic, the reliability and safety of automotive brands are naturally highly valued by consumers. This consumer focus on stability in turn leads to a preference for automotive brands that have a proven track record, a well-established reputation for reliability and comprehensive safety features. As a result, Automakers striving for the German market require an emphasis on vehicle reliability, safety and quality control. For example, advanced driver assistance systems and strict crash test ratings can emphasize the brand's good reputation for safety.

#### *Long-term Orientation vs. Short-term Orientation (LTO)*

Germany's high score of 83 on the cultural dimension of pragmatism signifies that it is a society with a pragmatic orientation. In such societies, individuals tend to perceive truth as highly contingent on context, situation, and time. They exhibit a remarkable ability to adapt traditions to changing conditions, demonstrating a strong inclination towards saving and investing, frugality, and persistence in accomplishing desired outcomes.

In organizations, there is often a focus on long-term planning, investment in research and development, and continuous improvement, while still valuing established procedures and traditions. In social and familial settings, individuals may seek a balance between embracing change and maintaining continuity with past practices.

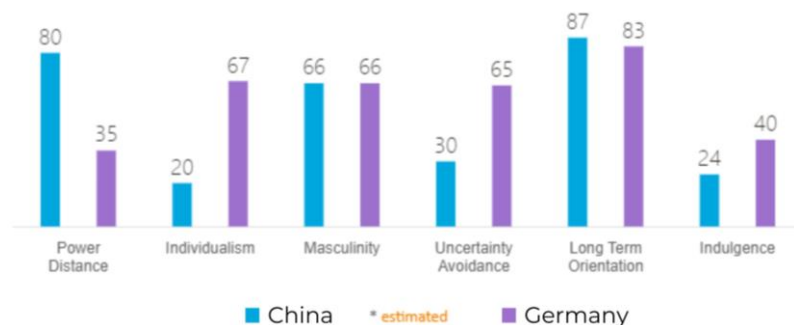
With this cultural feature, German consumers are likely to value vehicles that focus on durability, sustainability and continuous improvement, while also appreciating the heritage and legacy of older automotive brands.

#### *Indulgence vs. Restraint (IVR)*

German culture exhibits a moderate degree of Indulgence, reflecting a balance between enjoying life's pleasures and adhering to societal expectations and self-discipline. individuals may seek a balance between pursuing personal desires and adhering to social norms and expectations.

This has led automotive consumers to consider reliability, fuel efficiency, and other practical quality aspects while focusing on their love of a pleasant driving experience. For the manufacturer, comfortable interiors and advanced entertainment systems, for example, represent indulgent pleasantness, while the use of the vehicle's attributes also represents the normative and introspective cultural characteristics of German culture.

#### 4.3 Interim Conclusion and Finding- Cultural Comparison Between China and Germany



**Figure 9** *Comparative Evaluation of the Cultural Dimensions of China and Germany*

As depicted in **Figure 9**, Chinese and German cultures share some similarities but also exhibit notable differences across various dimensions.

Firstly, there are certain dimensions in which the two countries differ significantly. In terms of power distance (PDI), China reflects a hierarchical society with uneven power distribution, while Germany prefers a society with more equal power distribution. Regarding individualism and collectivism (IDV), Chinese culture favors collectivism, emphasizing harmony and collective achievement over individual success. Conversely, German culture values individualism and self-expression. Uncertainty avoidance (UAI) in Chinese culture demonstrates flexibility, oscillating between compliance and discretion. In contrast, Germany's higher uncertainty avoidance suggests a preference for structure, planning, and risk minimization.



While both countries exhibit similar indices for masculinity, long-term orientation, and indulgence, the manifestation of these dimensions differs due to variations in other dimensions. Chinese masculinity is linked to family harmony, social status, and material wealth, influenced by collectivism and high-power distance. German masculinity, however, places more emphasis on personal achievements and is expressed as individual values in multiple aspects of life.

In summary, Chinese culture is characterized by collectivism, high power distance, and strong long-term orientation, while German culture exhibits greater individualism, lower power distance, and moderate long-term orientation. These cultural underpinnings significantly influence consumer preferences and decision-making processes. Consequently, international brands require development and implement of market-specific strategies to effectively adapt to consumer preferences and resonate with their target audiences.

## **5 Market Situation and NIO's Entry Strategy Analysis in China and Germany**

In this chapter, the thesis will sequentially present foundational information pertaining to NIO's operations in China and Germany, examine the electric vehicle market landscapes within both nations, delineate the market entry methodologies implemented by NIO in each respective national market, and ultimately furnish a comparative analysis of the two cases.

### **5.1 NIO in China**

NIO.inc is a Chinese electric vehicle (EV) manufacturer founded in 2014 and is considered one of the leading players in China's EV market. NIO has been upholding the vision of building a better future and a brighter sky, and has adopted "Blue sky coming" as the brand slogan to express the brand's commitment and determination to build a sustainable future.

In China NIO is commonly referred to as "wèi lái(蔚来)", which is pronounced the same as the Chinese word for "future(未来)". The chinese brand name is also intended to use this homophonic connection to emphasize the brand's vision and commitment to creating a cleaner environment and brighter, bluer skies for future generations.

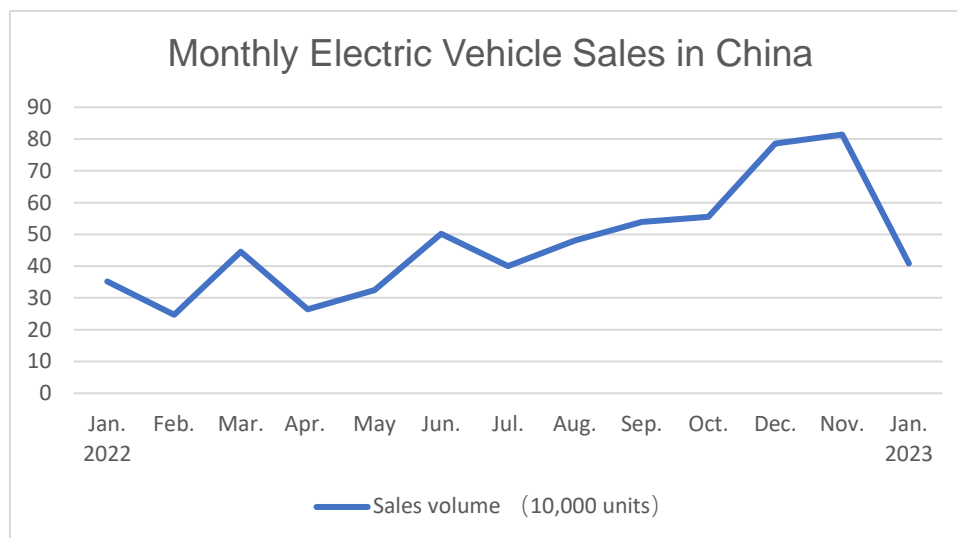
NIO is currently selling several models in China, including multiple SUV models, large sedan and mid-size coupe. According to NIO's 2022 full-year financial report(*NIO Inc. Reports Unaudited Fourth Quarter and Full Year 2022 Financial Results.*,2023), NIO's 2022 vehicle deliveries in China to reach 122,486 units, an increase of 34% over 2021. However, its gross margin for the entire brand is down from 2021 and the company is still in the red. This is also related to the brand's high technology development and ministry (including battery performance, autonomous driving capabilities, and charging infrastructure), market pre-expansion and weakened production capacity in 2021 due to China's epidemic control. There is no doubt that for NIO at the current

stage, although sales are showing positive developments, the most important task is to achieve profitability.

#### 5.1.1 Chinese E-Vehicle Market Situation Analysis

The global electric vehicle market will continue to grow at a strong rate in 2022, with China still standing as the global sales leader (Bibra et al., 2022). Despite all the unfavorable factors facing the electric vehicle market in China (real estate crisis, Covid epidemic lockdown, etc.), it continues its rapid growth trend with over 6 million electric vehicles (including more than 5 million BEV and 1.5 million PHEV) sold for the year 2022, growing another 82% year-on-year in an explosive growth pattern (Roland, 2023). The share of electric vehicles in the overall automotive market in China has reached 25.6%, and BEVs are at the center of the entire electric vehicle market.

Despite the overall rapid growth of the Chinese EV market in 2022, a review of monthly sales in 2022 shows that the Chinese EV market can be said to have experienced several successive waves of ups and downs and has not been developed in a stable manner. **Table 3** illustrates the turbulent electric vehicle market in China from January 2022 to January 2023. It is clear from the table that China's electric vehicle market sales show an ups and downs in the first half of 2022 and a booming optimism in the second half. However electric vehicle 2023 total sales in January put an end to the positive upward trend in the second half of 2022. In the following pages, we will focus on the reasons for the ups and downs of electric vehicles in China.



**Table 3** *The Turbulent Chinese Electric Vehicle Market*

Based on what is shown in **Table 3**, China's electric vehicle sales in the first quarter of 2022 are quite low compared to the entire year. A primary factor contributing to this decline in sales from January to March 2022 can be attributed to seasonal influences. Specifically, this period precedes the Chinese New Year holiday, a time when a majority of the Chinese population adheres

to cultural traditions, such as purchasing a new car for the holiday season to exhibit "mianzi(face)" (to demonstrate their social status).

Despite the cultural propensity to acquire new vehicles during this period, the car delivery rate experiences a notable decline. This reduction can be ascribed to the decrease in working days within the production and sales chain of auto-motive manufacturers, owing to the forthcoming Chinese New Year holiday. As a result, the availability of new vehicles is limited, causing an escalation in demand and, subsequently, higher prices for new cars. Given the scarcity of incentives for car purchases during this period, rational Chinese consumers may opt to postpone their acquisitions until vehicles become more cost-effective. This situation contributes to the observed decrease in electric vehicle sales throughout the first quarter of 2022.

After the Chinese New Year, manufacturers resume normal productivity, restoring the supply-demand balance in March. Additionally, the market witnesses a surge in promotional activities compared to the pre-holiday period, which in turn drives sales volume upward.

And in April, the electric vehicle market once again saw a sharp decline. The reason for this is mainly because in April 2022, the Chinese epidemic broke out in Shanghai once again leading to the shutdown of the city. This had a direct impact on the majority of China's electric car manufacturing plants located in Shanghai (e.g. the shutdown of the Tesla super factory in Shanghai directly resulted in tens of thousands of model 3 not being delivered). As a result, vehicle manufacturers' capacity decreases and consumers are less willing to buy.

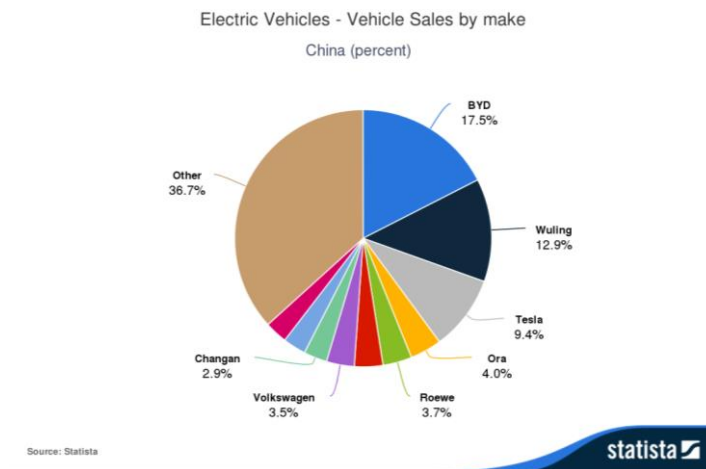
One of the reasons why EV sales, which continued to rise after the second half of 2022, hit a serious downturn in January 2023 is that the Chinese government announced back in 2022 that it would cut subsidies for EV purchases in 2023, which led people to buy EVs as soon as possible while the policy was still in place.

In summary, the Chinese EV market is limited by seasonal constraints, i.e., the Chinese New Year's influence on people's purchasing behavior, manufacturers' production capacity, and government policy controls.

### 5.1.2 NIO's Competitor Analysis in China

According to Counterpoint's China electric vehicle market research report, the Chinese electric vehicle market exhibits a highly dynamic and competitive nature (Mandal, 2023). The report reveals that local brands constitute 80% of the market share in China's EV market, with BYD and Wuling emerging as frontrunners. As shown in as illustrated in **Table 4**, the market is also impacted by the presence of foreign EV brands such as Tesla and General Motors

Group. In this context, NIO, which was established just in 2014, faces considerable competition.



**Table 4** *The highly competitive Chinese electric vehicle market*

In 2022, NIO's market share for electric vehicles in China is approximately 2%, But in fact, this related to NIO's premium brand positioning. Its products are all priced above 300,000 RMB, which is slightly higher than other local Chinese electric vehicle brands. According to **Figure 10**, the top-selling models in China are all low-end and mid-range models. The top selling Wuling Mini EV, have gained high market share by relying on ultra-low prices which around 20000 RMB. And BYD and Tesla are relying on the lower middle position, constantly in the price war and monopolize the mid-range EV market.



**Figure 10** *Low and Mid-range Models are At the Top of the Sales Ranking*

In targeting the premium Battery Electric Vehicle (BEV) market, NIO's primary competitors include luxury brands such as Audi, BMW, and Mercedes-Benz—

collectively known as BBA in China. As **Table 5** shows, these traditional luxury brands do not dominate the sales of BEV, and NIO is seen as the leading brand in this market segment.

Top Premium BEV Sales in 2022					
Models priced over 400,000 RMB			Models priced over 300,000 RMB		
Brand(Models)	Sales	Price	Brand(Models)	Sales	Price
 NIO ET7	22,910 台	45.80	 NIO ES6	42,332 台	38.60
 NIO ES7	13,746 台	46.80	 BMW iX3	26,669 台	39.99
 NIO ES8	13,505 台	49.60	 NIO EC6	17,265 台	39.60
 HiPhi X	4,349 台	57.00	 BMW i3	14,434 台	34.99
 Porsche Taycan	3,292 台	89.80	 NIO ET5	10,400 台	32.80
 EQC	3,220 台	49.19	 Xpeng C9	6,332 台	30.99
 Hongqi E-HS9	2,672 台	50.98	 IM L7	4,654 台	33.88
 LYRIQ	2,461 台	43.97	 EQB	4,064 台	35.18
 BMW iX	1,684 台	74.69	 EQA	3,423 台	32.18
 EQE	1,627 台	47.80	 SAIC R7	2,935 台	30.25

**Table 5** NIO's leading position in China's premium BEV market.

In summary, NIO's premium position in the Chinese EV market has resulted in a low market share, and competitors like BYD and Tesla have been able to increase their sales by lowering their prices. This price war poses a challenge for NIO's premium brand positioning, and the company has responded by producing the ET5 as a move into the mid-range electric car market. It remains to be seen whether NIO will be able to successfully penetrate the low and mid-range markets while maintaining its premium brand image.

### 5.1.3 Chinese Consumer Analysis – From Cultural Perspective

Based on the analysis of Chinese culture in Chapter 4.1, automobile consumers in a Chinese cultural society that highlights high power distance, collectivism, masculinity, low uncertainty avoidance, long-term orientation, and strong restraint have the following characteristics:

- a) The need for social status and "face": In Chinese society, where collectivism and high-power distance are combined, the need for personal reputation and status to be identified is extremely high. As a result, automobile ownership is often seen as a symbol of wealth and status. Consumers may prefer luxury and prestigious car brands to show their achievement and social status.
- b) Collectivism and family orientation: Chinese society values collectivism and family orientation, which influences vehicle-buying decisions. Consumers may lean towards larger vehicles such as sedans, SUVs, or MPVs to accommodate family members, especially in the context of the traditional Chinese family structure.

- c) High acceptance of new technologies: Chinese consumers are generally receptive to new technologies and innovations due to a low level of uncertainty avoidance. And the restricted reality has intensified the desire for entertainment to the point where the entertainment attributes of are also highly in demand. This openness has led to a growing demand for electric and smart vehicles, with brands such as Tesla, NIO and BYD gaining traction in the market.
- d) High demand for durability: Considering the long-term oriented culture, the importance of the economic effect of the use of cars makes the electric cars to be promoted. The durability and reliability of electric vehicles are highly valued by Chinese consumers to emphasize the economic effect.

#### 5.1.4 NIO's Market Entry Mode in China

NIO is a Chinese electric vehicle (EV) manufacturer that is stepping into the global market. However, the company's market entry strategy in the home country of China was critical to its initial success. In this section, the thesis will analyze NIO's market entry strategy in China, including its approach to product development and distribution.

##### 5.1.4.1 Early Market Entry Readiness

Originating as a Chinese electric vehicle (EV) brand, NIO's market entry journey has been intricate and multifaceted. Established on November 25, 2014, NIO was founded by a consortium of prominent Chinese investors, including Liu Qiangdong, the founder of e-commerce company JD, Lei Jun, the founder of Xiaomi, and investors from Tencent. Rather than directly entering the automotive industry, NIO opted to invest in China Racing/NEXTEV TCR (now NIO 333 Racing), participating in Formula E racing. The company secured the first-ever driver's championship in the history of the FIA Formula Electric Championship with its team.

Subsequently, NIO expanded rapidly, establishing subsidiaries in Germany, the UK, and North America in 2015 to foster technology development. Each of these subsidiaries will be involved in different areas of automotive manufacturing technology, such as the U.S. division looking at autonomous driving, the German division targeting the design area, and the U.K. division targeting FE operations and power development, it builds a technical foundation for NIO EV manufacturing. This international expansion underscores NIO's ambition to compete in the global market. This series of technology reserves has driven NIO to develop the EP7 supercar and EVE concept car, garnering worldwide consumer attention. Finally, NIO's first mass-produced BEV SUV model ES8, was unveiled at the 2017 Shanghai International Auto Exhibition (**Figure 11**), and NIO officially went from the track to the road, opening the door to the Chinese electric vehicle market.



**Figure 11** *NIO ES8 at the 2017 Shanghai International Auto Exhibition*

#### 5.1.4.2 Market Entry Strategy in China

NIO's market entry strategy includes a series of direct investments, partnerships, and collaborations with other companies to build a solid foundation for developing and manufacturing electric vehicles (EVs) in the Chinese market.

NIO established the NIO Capital investment fund, which invests in startups and companies focused on developing technologies and solutions related to EVs and mobility. By investing in these companies, NIO gains access to new technologies, intellectual property and other resources that it can use to improve its own EV manufacturing capabilities, while also laying the groundwork for the subsequent development of EV swap stations and battery development.

In addition to direct investments, NIO has formed partnerships and collaborations with other companies to expand its reach and capabilities. For example, the company partnered with Anhui Jianghuai Automobile Group (JAC) to establish a joint venture, which focuses on the development and production of EVs, it is also lays the foundation for securing production capacity for NIO electric vehicles. NIO also collaborated with companies such as Intel, Mobileye, and Nvidia to develop advanced technologies related to autonomous driving, artificial intelligence, and machine learning.

Furthermore, NIO has established its own manufacturing facility, the NIO Factory, which employs advanced manufacturing processes and automation to increase efficiency and productivity. The company has also developed its own supply chain network, which includes partnerships with suppliers and logistics companies to ensure that it has access to the necessary components and materials for EV manufacturing.

Overall, NIO's market entry strategy leverages direct investment, partnerships and collaborations to build a solid foundation for EV development and manufacturing in the Chinese market. This strategy allows NIO to acquire new technologies, enhance its capabilities, and build a competitive advantage in the EV industry.

After establishing the infrastructure for its electric vehicle development and manufacturing through the strategies described above, NIO has further developed a series of strategies to build a competitive advantage for its sales in China. NIO officially inaugurated its first national flagship store in Beijing on November 25, 2017, which is a sign that NIO has officially stepped into the direct sales business pattern. NIO's direct investments and partnerships prior to market entry have directly contributed to significant cost reductions in its direct sales model, as well as improved product quality and production efficiency. According to Li Bin, the founder of NIO, the cooperation between NIO and Jianghuai Automobile Factory breaks the earlier situation of "joint venture OEM (all components imported from abroad and assembled domestically)" of Chinese automakers to "cooperative manufacturing", NIO will completely control the whole vehicle manufacturing process and consider manufacturing from the design stage.(NIO News., 2021). This direct sales method enables consumers to purchase vehicles efficiently, streamlining the process from order placement to factory production and delivery.

NIO's factory ownership and direct sales approach grant the company greater control over the sales process, facilitating the alignment of customer experiences with its brand values. This can result in improved communication, accurate information dissemination, and a seamless purchasing process for consumers. Leveraging this sales model, NIO is extending its reach in the Chinese market by increasing the number of offline stores. To date, NIO has 385 service outlets in China. Among them, NIO has eschewed the concept of traditional 4S store (Automobile Sales Service Shop 4S: sale, sparepart, service, survey.) of Chinese auto brands and lays out NIO House as the offline experience store of NIO, and provides showroom, library, resting, joy camp, living room(**Figure 12**) and other urban services in a multi-functional building. 23 of them have been opened in China, covering 19 cities. At the same time, different from the urban service NIO House, NIO Space is deployed in another form, that is, it mainly undertakes the display of brand exhibits and sales, with a more compact space, but in a number of diffusion type to sink into the Chinese market and reach more users. NIO challenges the traditional 4S store concept with a unique sales and marketing approach in China and emphasizes building a stronger brand-consumer relationship to reach the Chinese market more intensively.





**Figure 12** *Shanghai NIO House Living Room*

In summary, NIO's strategy to enter the Chinese electric market is built on foundation of direct investment, partnerships and collaboration with other companies to develop and manufacture electric vehicles. This foundation also drives NIO's further entry into the Chinese market with the concept of NIO House/Space for direct sales to consumers.

#### 5.1.4.3 Diffusion Model of NIO Power Swap Innovation

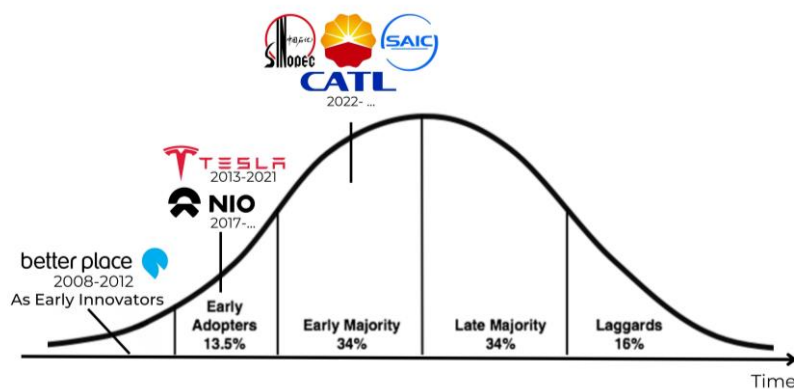
In Chapter 5.1.4.1, the unveiling of NIO's first production SUV, the ES8, at the 2017 Shanghai International Auto Exhibition is discussed, marking the company's official entry into the Chinese electric vehicle market. Alongside the launch of the ES8, NIO introduced the innovative Power Swap Station concept, aimed at addressing range anxiety concerns among electric vehicle users. Instead of waiting for their battery to charge, customers can quickly exchange their depleted battery for a fully charged one at NIO's Swap Station, reducing downtime significantly. This innovative approach garnered attention from Chinese consumers, enhancing NIO's brand awareness and establishing a more robust and innovative brand image within the market.

However, NIO was not the first to develop the concept of electric vehicle power swapping. In 2008, venture-funded international company Better Place began investing in battery charging and swapping services for electric vehicles. The company collaborated with the Renault-Nissan-Mitsubishi Alliance, where Renault produced electric vehicles and Better Place constructed a network of swapping stations. Deployments occurred in various regions, including Israel, Denmark, and Hawaii, between 2008 and 2012. Unfortunately, Better Place declared bankruptcy within four years, signaling the failure of the power-swapping model.

Subsequently, Tesla also attempted to implement the power-swapping concept in 2013. However, the high costs associated with individual swaps, con-

struction expenses, and safety concerns regarding battery replacement led Tesla to abandon its ambition to adopt the swap in 2021.

Since the launch of the swap station concept in 2017, NIO has built a total of 1,315 power swap stations in the Chinese market and has provided a total of 18 million swaps to customers. As early as 2021 NIO released the switch station layout plan to build more than 4,000 NIO Power switch stations worldwide by 2025. And in 2022, following NIO's swap station deployment, Sinopec, PetroChina, SAIC and CATL, three major automotive companies and battery technology companies, have joined forces to establish a new energy technology company dedicated to technology development for electric vehicle services, which includes the sale and deployment of swap facilities.



**Figure 13** Diffusion Model of Power Swap Innovation

According to the innovation Diffusion model in **Figure 13** for the electric vehicle power swap concept, it can be observed that better place, which was the earliest innovation pioneer, was forced out of the market early. The most underlying reason for the failure of Better Place was that it entered the market too early and led to various problems:

- Technology Immaturity:** When Better Place entered the market in 2008, electric vehicle technology was still in its infancy. The lack of standardization in battery technology and vehicle design posed a challenge for the company to develop a universally compatible battery-swap infrastructure.
- Limited partnerships:** Better Place's partnership with the Renault-Nissan-Mitsubishi Alliance limited the company's ability to forge additional partnerships with other automakers, and Renault's electric vehicles did not reach sufficient sales volume to warrant interchange usage and were discarded.
- High infrastructure costs:** Building and maintaining a vast network of battery swapping stations required significant capital investment, which strained the company's financial resources. Additionally, the low number of electric vehicles on the road at that time meant that the demand for swapping services was insufficient to generate a sustainable revenue stream.
- Consumer preferences:** During Better Place's market entry, consumers were not yet accustomed to the idea of electric vehicles, let alone battery swapping services. The unfamiliarity with this new concept led to a lack of

consumer trust and adoption, ultimately impeding the company's ability to expand its user base.

In conclusion, the company's early entry into the market, when electric vehicles and their supporting infrastructure were still in their infancy, exacerbated these challenges and ultimately led to the company's collapse.

As a follower of innovation, NIO effectively leveraged the lessons learned from Better Place's failures to develop a suitable market entry strategy with its Power Swap Station concept, choosing the right moment to enter the market.

In terms of technological barriers, a key distinction between NIO and Better Place is that NIO invested significantly in technology reserves during the pre-branding process. By establishing a technology R&D department in the US and investing in NIO Capital for technology research and acquisitions, NIO ensured a robust foundation for implementing the power exchange technology, thereby reducing deployment costs to some extent (as mentioned in Chapter 5.1.4.1 of the thesis).

Furthermore, unlike Better Place's collaboration with Renault-Nissan-Mitsubishi Alliance, which led to the decentralization of power-swap technology, NIO possesses its own electric vehicle manufacturing facility, enabling it to design vehicles according to its own standard battery specifications for the power-swap concept. And on that basis, NIO also actively participates in collaborative R&D, partnering with Bosch and Shell to lower the barriers to power swap technology by sharing and developing technology together (**Figure 14**). In addition, NIO has entered a strategic partnership with Sinopec to build power swap infrastructure based on Sinopec's extensive network of petrol stations in China.



**Figure 14** NIO's Strategic Partnership with Bosch Group and Shell.

In terms of consumer preference and acceptance, NIO's entry into the Chinese market coincided with the early stages of the nation's booming electric vehicle market. In 2017, China witnessed the cumulative sales of approximately 777,000 electric vehicles, which includes both battery electric vehicles (BEVs) and plug-in hybrid electric vehicles (PHEVs). This figure marks a sig-

nificant growth of around 53% compared to the sales in 2016(Stevenson, 2018). This upward momentum in EV sales also shows the potential of EVs in the Chinese market and the rising acceptance of EVs by responding consumers, makes it even more possible for NIO to have more car owners to support the use of the power swap service.

In summary, compared to Better Place's market entry timing, the timing of NIO's entry into the market for the power swap concept comes during a period of maturing electric vehicle market in China, with decreasing technical barriers and incentives from the Chinese government to encourage it. This allowed NIO to leverage these factors to integrate into the brand's market entry strategy and combine them with the customer experience. Here, we cannot predict whether the trend of power exchange concept will remain strong in the future, but in terms of NIO's strategic approach to bring this concept to the market, the number of power exchange networks and services established by NIO as shown in the report can be considered as a more successful market entry strategy.

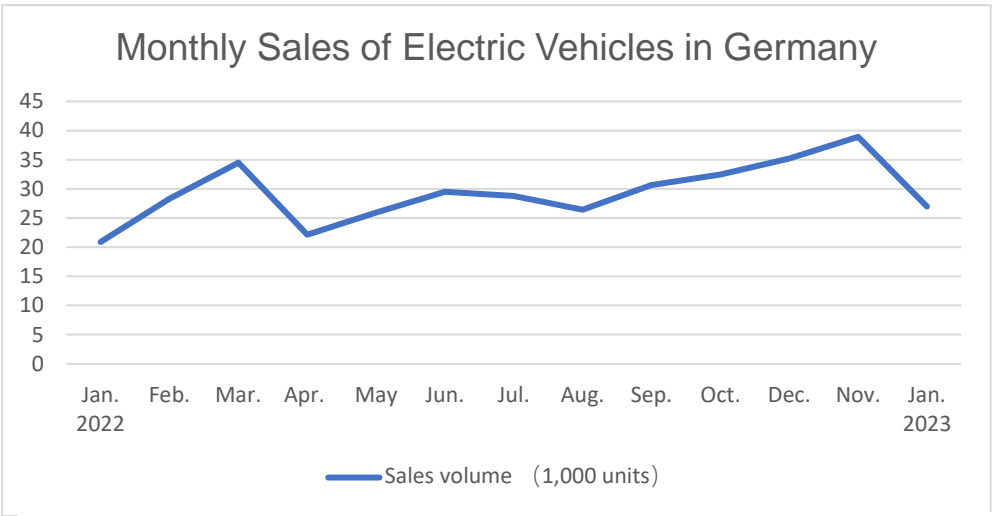
## 5.2 NIO in Germany

Back in 2021, NIO announced their plan to enter the market in 25 countries and regions by 2025, and officially entered Norway in 2021(NIO Inc., 2022). In October 2022 in Berlin, Germany. The slogan "New Horizons" was used in the NIO Berlin launch event and revealed its next steps in the European market, reflecting NIO's commitment to building a global and diverse community of users who share a common vision for a positive and sustainable future.

NIO plans to expand its presence and product portfolio in Germany by promoting its main electric luxury SUV, the ES7(EL7 in Europe), and its electric executive sedan, the ET7 and compact sedan, the ET5. However, the initial entry into the German market did not start out smoothly, and NIO was even involved in a legal dispute over the similarity of its SUV ES7 name to Audi's S-series models(Lang, 2023). Until now, NIO has only 512 registered models in Germany, and it is obvious that NIO is still struggling in the early stages of entering the German market.

### 5.2.1 German E-Vehicle Market Situation Analysis

The German electric vehicle market is one of the fastest growing and most competitive markets in the world. According to data from the German Kraftfahrt-Bundesamt (KBA: Federal Motor Transport Authority) and Statista, the market share of electric vehicles in German vehicle market increased from 0.7% in 2015 to 13.5% in 2020 and is projected to reach 23.1% by 2023. The total revenue of the electric vehicle market in Germany is expected to grow from US\$ 20.7 billion in 2020 to US\$ 51.9 billion in 2023(*Electric Vehicles - Germany | Statista Market Forecast*, 2023; KBA, 2023).



**Table 6** *Steady German Electric Vehicle Market*

An analysis of the monthly sales data for the German electric vehicle (EV) market throughout 2022, as presented in **Table 6**, reveals a gradual increase in sales over the course of the year, with notable exceptions in April 2022 and January 2023. This section examines the factors contributing to the sudden declines in sales during these periods and explains the factors affecting the German electric vehicle market.

The primary causes for the sharp drop in German EV sales in April 2022 are attributed to the geopolitical situation arising from Russia's invasion of Ukraine in late February 2022. This event negatively impacted the European supply chain, logistics, and the German economy, consequently leading to reduced EV sales. Furthermore, the escalating conflict in Russia and Ukraine prompted a surge in energy prices in Germany, causing considerable uncertainty among consumers and fostering hesitancy in purchasing electric vehicles.

Additionally, a year-long market analysis highlights Tesla as the dominant brand in the German EV market, consistently leading in monthly sales. However, Tesla's best-selling models, Model Y and Model 3, are primarily manufactured in the company's Gigafactory in China. In April 2022, a COVID-19 outbreak in Shanghai resulted in a city-wide lockdown, which directly affected Tesla's export capabilities and led to weaker-than-usual sales performance in Germany.

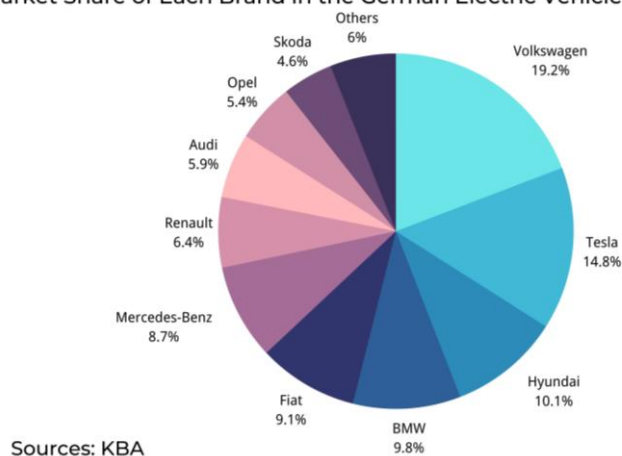
Following April 2022, the German EV market rebounded, with sales continuing to rise and reaching their peak at the end of 2022. In January 2023, however, sales experienced a sharp decline. The main reason for this is that the government's announcement in mid-2022 that it would stop subsidizing BEVs by the end of 2022 also forced consumers to grab them before the government stopped subsidizing them, which naturally cut consumer interest in buying BEVs after the subsidy was stopped.

Overall, the main factors affecting the German electric vehicle market include government policy support, uncertainty over international political unrest, energy prices, and capacity and transportation factors for electric vehicle products.

### 5.2.2 NIO's Competitor Analysis in Germany

The data presented in **Table 7** highlights the competitive landscape of the electric vehicle (EV) market in Germany, where NIO, a Chinese EV manufacturer has just entered the German market, struggled to establish its presence.

Market Share of Each Brand in the German Electric Vehicle Market in 2022



**Table 7** VW, Tesla, Hyundai leading the German EV Market.

The German electric vehicle market is dominated by Volkswagen, which has a market share of 19.2% in 2022. Volkswagen has invested heavily in electric vehicle research and development, and has launched several new models with improved performance, range, and design, such as the ID.3, ID.4, and ID.5.

Tesla also shows strong potential to become the second largest electric car brand in Germany with a 14.8% market share in 2022. Tesla has a competitive advantage in terms of technology, innovation and quality and has attracted many customers with its Model 3 and Model Y vehicles.

Hyundai, an international brand from South Korea, is also able to be active in the German market as the third largest electric vehicle brand in Germany with a market share of 10.1% in 2022. Hyundai has a diverse portfolio of electric vehicles ranging from small cars to SUVs, such as the Kona EV, the Ioniq EV and the Ioniq 5.

According to KBA's report on the best-selling electric car models in Germany in 2022, Tesla's Model Y and Model 3, the Volkswagen ID series and Hyundai's KONA models top the list. In the data shown in **Table 8**, we can also see that the Fiat 500 electric car is also quite popular.

	BRAND	MODEL	SALES 2022
1	TESLA	MODEL Y	35,426
2	TESLA	MODEL 3	33,841
3	FIAT	500	29,635
4	VW	ID.4, ID.5	24,847
5	VW	ID.3	23,286
6	HYUNDAI	KONA	17,029
7	OPEL	CORSA	14,979
8	DACIA	SPRING	14,366
9	HYUNDAI	IONIQ5	14,080
10	VW	UP	13,238

**Table 8** *The best-selling electric car models in Germany in 2022*

By analyzing the prices of these models, the models are priced in an affordable positioning between 30,000 euros and 60,000 euros. This also reflects the fact that consumer preference in the electric vehicle segment also favors low to mid-range, such as the Fiat 500 and Opel Corsa models, both of which are poised for continued high sales in 2022.

In conclusion, the German EV market is similar to the competitive situation in China, where brands at the upper end of the market compete for consumers' attention through the price advantage of mid- and low-end models. This situation makes us doubt whether the premium brand positioning that NIO has been adopting will be accepted by German consumers.

According to the data given by KBA, for the premium EV brands in the German market, the sales figures are more prominent for Audi, Mercedes-Benz, and Porsche. The well-known premium brand BMW is only well-selling in its lower-end portfolio i3 series. This has obliged the NIO to accept the challenge brought by these traditional luxury German car brands in the German market with its premium brand positioning.

In conclusion, for NIO, which has just entered the German market, its premium brand positioning makes it face threats from low and medium-end brands from all over the world, as well as fighting against traditional luxury German brands.

### 5.2.3 German Consumer Analysis – From Cultural Perspective



According to the analysis of German culture based on Hofstede's cultural dimensions doctrine in Chapter 4.2 of this thesis, in a German cultural society that highlights low power distance, individualism, masculinity, high risk avoidance, long-term orientation, and indulgence, automobile consumers have the following characteristics:

- a) Detailed information about the car is highly regarded: In German societies with low power distance, there is an expectation of equal distribution of power and a more consultative approach in decision making. This means that German car consumers are likely to value transparency, fairness, and equality in their interactions with automotive dealers and manufacturers. They are likely to expect detailed information about vehicle features, prices, and after-sales service.
- b) High demand for individuality expression: A high degree of individualism in German culture means that people value personal freedom, self-expression, and uniqueness. Consequently, automobile consumers may prefer vehicles that reflect their individuality and personal preferences. They may be drawn to customizable options, unique features, and innovative designs that allow them to express their identity and differentiate themselves from others.
- c) High standards of excellence in performance: The masculine orientation in German culture emphasizes assertiveness, ambition, and material success. German automobile consumers might value performance, speed, and power when selecting a car. They may be more likely to choose vehicles that project an image of success and achievement, such as luxury or sports cars.
- d) High standards and demands for reliability: Given their high level of uncertainty avoidance, German automotive consumers are likely to prioritize safety and reliability when purchasing vehicles. They may prefer brands with proven track records, and they may be more inclined to invest in vehicles with advanced safety features and comprehensive warranties.

#### 5.2.4 NIO Market Entry Mode in Germany

This section of the study examines the market entry strategy of NIO, an emerging Chinese electric vehicle (EV) manufacturer, in the German market. Although NIO officially entered the German market in 2022, its presence in the European market back to 2021. The discussion focuses on the strategic positioning of NIO during different phases of its market entry, as well as the localized service and sales model employed to enhance its market penetration and success.



#### 5.2.4.1 Early Market Entry Readiness

On May 6, 2021, NIO officially announced its expansion into the Norwegian market, marking the company's initial foray into international markets. Subsequently, NIO introduced its flagship electric SUV, the ES8, as the inaugural model in Norway, with deliveries scheduled to commence in September 2021, coinciding with the opening of the NIO house in Oslo. This NIO house, the first located outside of China, serves as the largest user center in Norway, spanning an area of 2,100 square meters. Moreover, NIO revealed plans to establish four additional NIO houses in Bergen, Stavanger, Trondheim, and Kristiansand in 2022.



**Figure 15** *First NIO ES8s Arrive at Drammen Port in Norway.*

In parallel, NIO appointed Marius Hayler, former Vice President of Volvo Norge and former Country Director of Jaguar Land Rover Norge, as General Manager of NIO Norway. The company also introduced its innovative CSU (Chargeable, Swappable, and Upgradeable) platform and the accompanying charging and swapping system to Norway, aiming to establish a comprehensive charging infrastructure across the country. By 2022, battery exchange stations in Norway have been integrated into five major cities and connecting highways. It is committed to building a complete ecosystem in Norway, including cars, services, digital experiences and life, a community of electric vehicle users to attract more users.

NIO's entry into the Norwegian market prepares it for the German market and makes it less difficult to enter the European market, NIO's strategy of entering the Norwegian market prior to entering the German market can be attributed to several factors:

- a) **Market Readiness:** Norway has been a global leader in the adoption of electric vehicles (EVs), with a significant percentage of new vehicle sales being electric. This market readiness made it an attractive entry point for NIO, as Norwegian consumers are already familiar with and receptive to EV technology.
- b) **Supportive Government Policies:** The Norwegian government has implemented various policies and incentives to promote the adoption of EVs.

These include tax exemptions, reduced tolls, and access to bus lanes, among others. This supportive environment made it easier for NIO to establish its presence and gain a foothold in the European market.

- c) **Lower Competitive Pressure:** The Norwegian EV market, while growing rapidly, may have presented a less competitive landscape compared to the German market. Germany is home to several established automakers, such as Volkswagen, BMW, and Mercedes-Benz, which dominate the local market. By entering the Norwegian market first, NIO could gain valuable experience and refine its market entry strategy before facing the more intense competition in Germany.
- d) **Establishing Brand Reputation:** By entering the Norwegian market, NIO had the opportunity to build its brand reputation and showcase its product quality and capabilities in a receptive environment. A strong performance in Norway could create positive word-of-mouth and enhance NIO's reputation before entering more competitive markets like Germany.
- e) **Learning and Adaptation:** The Norwegian market allowed NIO to gain insights into European consumer preferences, regulatory requirements, and business practices. This consumer insight and experience could be leveraged to tailor its products and services.

Overall, NIO's strategy of being the first to enter the Norwegian market has gained experience and brand reputation for NIO's future entry into the European market and will help NIO get a more European consumer perspective to build a consumer-based EV community in Germany and drive the internationalization of the brand.

#### 5.2.4.2 Market Entry Strategy in Germany

As a startup Chinese electric car brand, NIO only has an electric car manufacturing facility in China and is not currently partnered with any European vehicle manufacturers. Consequently, NIO exports its products directly from China to Europe for sale. In line with its market entry strategy in Norway, NIO has adopted a direct export entry strategy for the German market.

As discussed in Chapter 2.3.1, direct export market entry strategies involve brands marketing and selling their export products directly in the target market, without the involvement of third parties. By implementing this strategy, NIO enables German consumers to order products from China through the official NIO online platform. This approach allows NIO to maintain full control over its marketing and sales strategies, maximize profits, and establish direct contact with its customers. Meanwhile, NIO has introduced a flexible purchase option in Germany, a subscription service, which gives German consumers the option to subscribe to different models of EV with different battery sizes monthly and enjoy a hassle-free battery swap service, eliminating to a large extent the worries of German consumers about battery usage.

Furthermore, in addition to its EV products, NIO's market entry into Germany includes the introduction of its CSU (Chargeable, Swappable, and Upgradeable) service platform that NIO has been promoting. The infrastructure construction required for this range of services also implies an entry market strategy of direct export. But different from the export of Chinese NIO electric vehicle products to Germany, NIO invested in the construction of the NIO Energy Europe plant in Pest, Hungary in September 2022, with the aim of exporting the infrastructure of NIO Power Swap Station directly to the markets of European countries, training for European power operations and R&D of power products(NIO, 2022).



**Figure 16** *First NIO Power Swap Station in Germany Officially Opened.*

Simultaneously, NIO is engaged in negotiations with international automakers to license its battery-swapping technology, aiming to broaden its European presence and earn the confidence of European vehicle consumers. By licensing its battery swap system to other organizations, NIO seeks to address concerns regarding the availability of charging stations and the time required for charging electric vehicles, which often hinder consumers from adopting electric mobility. This strategy is anticipated to promote the adoption of electric vehicles among European consumers by alleviating range anxiety and enhancing the charging infrastructure(Campbell, 2022).

In summary, NIO's strategy for entering the German market is divided into two main levels, the first is a strategy for the direct export of NIO electric vehicle products to the German market to ensure control over the sales and marketing of NIO products in Germany. The second is NIO's strategy to promote the entry of the CSU battery service platform into the German market, through which it will address the range anxiety of European consumers about electric vehicles.

### 5.3 Interim Conclusion and Finding - Comparison of the Brand's Strategy in Market Entry China and Germany

Based on the analysis of the different market entry strategies of NIOs in the above sections, the following relevant points of comparison are summarized:

- a) Market entry readiness for different purposes: When NIO initially entered the Chinese market, the company was in the early stages of brand development, and its preparations primarily focused on establishing technical expertise in electric vehicle manufacturing. However, as NIO had already gained experience in manufacturing and selling vehicles in China prior to entering the German market, its preparations for the German market were more market-oriented. This approach involved building market advantages and acquiring a comprehensive understanding of consumer preferences and needs in advance.
- b) Distinct product portfolios: Upon entering the Chinese market, NIO was in the nascent stages of product development, with its product portfolio consisting solely of the flagship SUV ES8. However, when entering the German market, NIO presented a more diverse product portfolio, including not only the flagship SUV ES8, but also the premium sedan ET7 and the compact sedan ET5.
- c) Distinct competitive market situations: NIO positions itself as a provider of high-performance, premium smart electric vehicles. In the Chinese market, the company faces competition from low-cost, local low-end and mid-range EVs, such as Wuling, Changan, and SAIC. Despite this, NIO has managed to establish a strong foothold in the premium segment and gain an advantage over traditional German car brands, such as BMW, Audi, and Mercedes (collectively referred to as BBA). In the German market, however, NIO faces competition not only from established BBA brands and Volkswagen, but also from other international car brands, including Hyundai, Fiat, and Tesla.
- d) Different marketing communication strategies: Based on the cultural analysis of China and Germany, we can conclude that the preferences of car consumers in the two countries are different. This has led to a different focus of NIO's marketing communications in the different markets in order to appeal to consumers in their respective markets.

The market entry approach employed by NIO is contingent upon the unique phases of brand maturation and the disparate geographic and market contexts. Nevertheless, the fundamental tenet underpinning NIO's tactics for penetrating various markets remains consistent with its brand vision, "blue sky coming," which endeavors to encourage the widespread adoption of electric vehicles to foster an ecologically sustainable future. As elucidated in this section, the discrepancies in consumer predilections between the two markets make it necessary for brand communication messages to be adapted to the different markets. Consequently, this has catalyzed the subsequent comparative content analysis of NIO's brand communication strategies in the respective markets.

## 6 Comparative content analysis of NIO's communication in China and Germany

In this chapter, the thesis will analyze the content of NIO's social media communication within the Chinese and German markets separately and encapsulate the principal messages conveyed by NIO in each respective market. The key messages disseminated by NIO across both markets will be juxtaposed with the Brand Key Model for comparative analysis, and the determinants influencing these messages will be synthesized.

### 6.1 Content Analysis of NIO's Brand Communication in China

In this section, we will explore NIO's brand communication strategies in the Chinese market, focusing on the content disseminated through various social media platforms. By examining the brand values, personality, and benefits communicated by NIO in China, we aim to gain a comprehensive understanding of how the company positions itself and appeals to its target audience. This analysis will provide a foundation for comparing NIO's brand communication approaches in China and Germany, as well as insights into adapting and tailoring communication strategies for different markets.

#### 6.1.1 Social Media Platforms in China

China boasts a diverse and unique social media landscape, primarily due to government regulations and the Great Firewall, which restricts access to many popular Western social media platforms. Consequently, the country has developed its own ecosystem of social media platforms that cater to its vast user base. In this section, we will discuss the main social media platforms in China that are relevant to NIO's brand communication strategy.

- a) WeChat represents a highly prevalent and versatile social media application in China, boasting over 1.2 billion monthly active users. The platform encompasses an array of functionalities, including communication, social interaction, mobile transactions, and mini-programs. Specifically, WeChat's mini-programs afford the opportunity for engagement with consumers, dissemination of news, provision of brand-associated services and promotions, among other functions. This feature serves as a principal conduit for brand communication within the WeChat ecosystem.
- b) Weibo often referred to as 'China's Twitter', is a microblogging platform that allows users to share short posts, pictures, and videos with their followers. With over 500 million monthly active users, Weibo is the ideal platform for brands to make announcements, promote content and interact with their audience in real-time.
- c) Douyin Known as TikTok outside China, Douyin is a short-video sharing platform that has gained immense popularity in recent years, with over 600 million daily active users. Brands often create engaging and entertaining video content to showcase their products, services and brand culture, effectively targeting younger demographics.

In summary, the primary social media platforms in China, such as WeChat, Weibo, and Douyin play a crucial role in NIO's brand communication strategy. Each platform offers distinct opportunities for NIO to engage with its target audience, allowing the company to convey its brand value, benefit and personality effectively. With a clear understanding of these platforms, we will now move to section 6.1.2, where it will analyze the representation of NIO's brand key message in its communication efforts on these platforms.

#### 6.1.2 Content analysis of NIO Communication in China

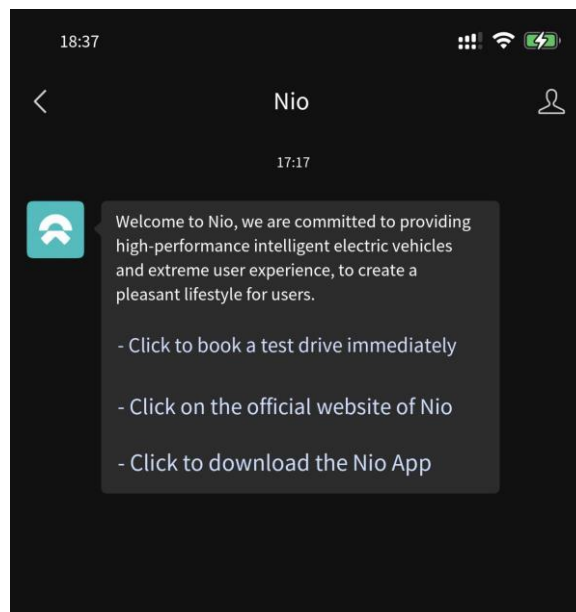
In this section, we will analyze NIO's brand communication content in China, focusing on the company's presence across various social media platforms, including WeChat, Weibo, Douyin and Dongchedi. The analysis will cover key themes and strategies used in brand communication to convey brand values, personality, and benefits to Chinese consumers.

The potent functionality of social media platforms in China, including WeChat, Weibo, and Douyin, all enables the efficient dissemination of information and multimedia content. Consequently, NIO can effectively transmit content across these three distinct platforms with minimal variation, thereby maximizing outreach to potential consumers. However, based on the main functions of the different social media, the content that NIO disseminates on each social media has its own different relevance.

##### 6.1.2.1 NIO's Brand Communication on WeChat in China

In the context of WeChat, this social media platform is less focused on entertainment compared to other media. As WeChat primarily serves as a tool for interpersonal communication, NIO's content on this channel is more directly targeted at owners or consumers interested in purchasing an electric car from the company. Consequently, NIO disseminates information on this platform more internally, mainly featuring brand news, product updates, events, and flagship store locations.

WeChat also functions as a service platform for NIO customers, enabling them to book test drives, file complaints, access after-sales services, and communicate directly with the company. As shown in **Figure 17**, when WeChat users follow the official NIO account directly, the chat leads directly from NIO to test drive appointments, website links, and downloading the NIO APP. NIO utilizes WeChat's unique communication features to facilitate interaction with its customers. By offering a personalized and responsive service, NIO demonstrates a proactive and customer-centric approach in its brand communication. This customer-oriented approach enhances the overall purchasers and owner experience and reinforces NIO's commitment to providing exceptional support and care for its clients.



**Figure 17** *NIO in WeChat Leads Consumers to Understand the Brand and Purchase.*

#### 6.1.2.2 NIO's Brand Communication on Weibo in China

[NIO on Weibo](#), in contrast to WeChat, has a stronger emphasis on entertainment and engagement. While a significant portion of NIO's brand communication on Weibo is similar to that on WeChat—such as product sales and deliveries, battery swap station layouts, brand news events, and so forth—the platform's entertaining nature allows the brand to share additional content related to campaigns held between NIO and its customers.

For example, NIO's #ClearPark campaign featured prominently on Weibo (shown in **Figure 18**), showcasing content centered on people and nature, rather than focusing solely on NIO electric vehicles. Through these campaigns, NIO has always emphasized the importance of environmental protection and sustainability and has repeatedly shown that there is a partnership between NIO and international environmental agencies and local environmental organizations to build authority on an environmental level. At the same time, the campaign has integrated the development of a rapprochement between plants and animals and people into the brand communication rather than electric cars. This approach reinforces the brand's commitment to its fundamental sustainability philosophy, highlights its vision and demonstrates a strong sense of social responsibility, which can resonate with and gain the approval of consumers.





**Figure 18** *NIO Sustainable Campaigns Showing on Weibo*

Furthermore, NIO's Weibo campaigns (shown in **Figure 19**) often include content with a human focus, promoting harmony and interaction. For instance, NIO has recently dedicated a substantial portion of its Weibo content to the camping activities organized by the brand. Instead of emphasizing the technological and functional advantages electric vehicles offer for outdoor travel, NIO's Weibo content focuses more on the joy that the events bring to people.



**Figure 19** *The human touch demonstrated by NIO camping campaign.*

In addition, NIO frequently interacts with its vehicle owners on Weibo, retweeting content featuring their personal stories. The content shared by NIO often showcases the happiness experienced by couples or families taking delivery of their cars, further emphasizing harmony between people (shown in **Figure 20**). By focusing on these human-centered narratives, NIO strengthens its brand image, fosters a sense of community among its customers, and ultimately builds a stronger connection with its target audience.





**Figure 20** Couple ET5 Owner Reposted by NIO on Weibo

In summary, NIO's communication on Weibo emphasizes entertainment, engagement, and human-centered stories. It showcases campaigns focused on sustainability and harmony, as well as customer experiences, which reinforces the brand's commitment to environmental protection and builds a stronger connection with its audience.

#### 6.1.2.3 NIO's Brand Communication on Douyin in China

On the [official NIO Douyin account](#), NIO's communication content is tailored to the platform's highly engaging and dynamic nature. As a short-video platform, Douyin enables NIO to create visually appealing and entertaining content that resonates with its target audience.

In comparison to WeChat and Weibo, NIO's communication on Douyin tends to be more focused on creative storytelling, incorporating music, humor, and visually appealing elements to capture the attention of viewers. This approach allows NIO to showcase the brand's personality and connect with potential customers on an emotional level.



**Figure 21** NIO Creative Douyin Short Video Archive Display

The content on Douyin often highlights NIO's electric vehicles, their innovative features, and the overall driving experience. It demonstrates the integration of technology and design, as well as the convenience and excitement associated with owning a NIO vehicle. In addition to this, NIO keeps the brand's vision of sustainability in mind, combining nature with the car in its videos and showing more details of electric vehicle use, such as outdoor charging, intelligent voice, media entertainment systems and more. Furthermore, NIO continues to communicate the brand's concept of a "second living room" (shown in **Figure 22**) for car interiors through short videos about the details of NIO electric car interiors. Through these videos, NIO aims to create a sense of aspiration and desire for its electric vehicles among its target audience.



**Figure 22** *NIO Interior Design Philosophy: NIO interior design language: "the Second Living Room"*

In conclusion, NIO's content on Douyin is characterized by engaging, visually appealing, and emotionally resonant videos that showcase the brand's values, innovative features, and commitment to creating an enjoyable driving experience for its customers. The platform enables NIO to connect with its target audience in a more immersive and interactive manner, building a stronger emotional bond with potential customers.

#### 6.1.2.4 Summary of NIO Branding Key Messages in China.

NIO's communication strategy in China underscores the central brand value of innovation, sustainability, and user-centric experience, adopting an approachable brand personality with an informative, informative, and accessible tone of voice that fosters rapport with the audience. The key communication message of NIO pertains to the harmonious nexus between humanity, nature, and technology, as manifested through its people-oriented approach. By prioritizing this communication at its core, the brand's image is fortified, engendering a durable emotional connection with the target demographic in China.

## 6.2 Content Analysis of NIO's Brand Communication in Germany

In this section, we will explore NIO's brand communication strategies in the Chinese market, focusing on the content disseminated through various social media platforms. By examining the brand values, personality, and benefits communicated by NIO in Germany, the section aims to gain a comprehensive understanding of how the company positions itself and appeals to its target audience. This analysis will provide a foundation for comparing NIO's brand communication approaches in China and Germany, as well as insights into adapting and tailoring communication strategies for different markets.

### 6.2.1 Social Media Platforms in Germany

To analyze NIO's brand communication in Germany, it is essential to understand the most popular and relevant social media platforms in the country. Some of the key platforms include:

- a) Instagram: It constitutes a predominantly visual platform that appeals to younger demographics. This platform is particularly suited for disseminating visually engaging content, encompassing images and brief videos, thereby facilitating the establishment of a robust visual identity for brands. Moreover, Instagram enables brands to forge more intimate connections with users, further enriching the platform's appeal for brand communication and consumer engagement.
- b) YouTube: As a video-sharing platform, utilizing YouTube, brands have the opportunity to present product demonstrations, consumer evaluations, and event documentation, thereby fostering brand awareness and enhancing perceived reliability among their desired market segments.
- c) LinkedIn: Primarily a professional networking platform, LinkedIn is ideal for B2B communication and brand positioning within the industry. Companies can share industry news, thought leadership articles, and company updates to build credibility and engage with professionals.

### 6.2.2 Content analysis of NIO communication in Germany

In this section, the thesis will provide a content analysis of NIO's brand communication in the German context, with the aim of clarifying the company's brand communication strategy in the European market. The investigation will include prevalent and important social media platforms in Germany such as Instagram, Youtube, LinkedIn, and will explore NIO's engagement strategy with its target audience through these channels. The focus of the analysis will include the brand values, brand personality and brand benefits communicated by NIO's communication initiatives on these platforms. Ultimately, a comprehensive summary of key messages from NIO's brand communication in Germany and serves as the basis for a comparative analysis of NIO's brand communication strategy in China and Germany.

#### 6.2.2.1 NIO's Brand Communication on Instagram in Germany

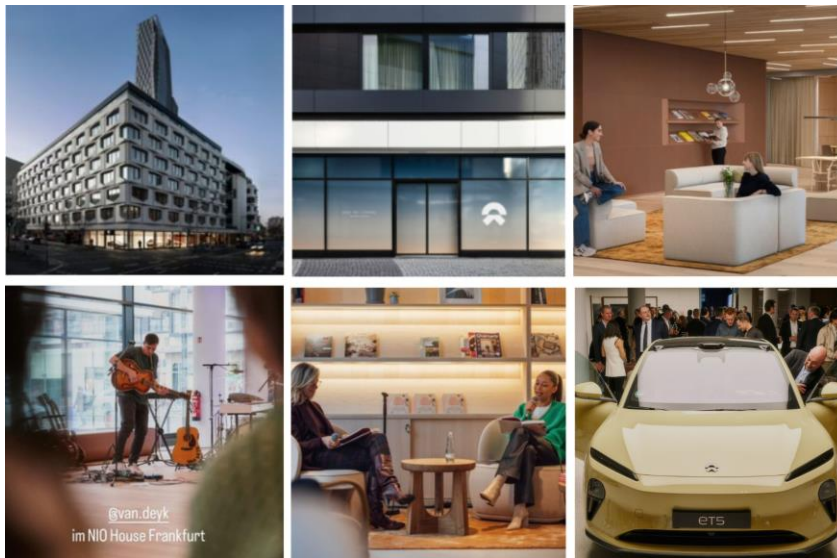
NIO's brand communication on Instagram within the German market emphasizes visually captivating content, exhibiting the company's electric vehicles, innovative attributes, and the comprehensive driving experience. By analyzing the content of the official [NIO Deutsche](#) account on the Instagram, it is clear that the NIO entity has used the image-centric nature of the platform to enable the brand to highlight its design aesthetics, technological advances and premium service, resonating with the German audience's appreciation of brand's quality, innovation and attitude.

NIO's Instagram presence within the German market exemplifies a contemporary, refined, and progressive brand personality. The visual content is curated with a consistent color palette, style, and tone, manifesting a sense of elegance and meticulous attention to detail. Concurrently, the NIO electric vehicle, as illustrated in **Figure 23**, is depicted in detail, employing a relatively subdued yet sophisticated car color scheme (evocative of Mercedes' signature metallic silver and Porsche racing yellow and blue). This utilization of luxury car hues serves to underscore the brand's premium positioning within the market.



In addition, NIO showcased various aspects of the NIO House, interacting with the audience and conveying the brand's vision of creating a seamless and enjoyable experience for electric vehicle owners. NIO House content on Instagram highlights the modern, sleek, and sophisticated design of these spaces. NIO emphasizes the attention to detail and the seamless integration of technology and design in their NIO House locations. The various events held at NIO House create an aspirational lifestyle narrative that conveys the experience of being a NIO customer with access to the brand's unique services. It also simultaneously builds trust and sexual desire within the target audience by demonstrating positive interaction and satisfaction.





**Figure 24** *NIO House and Events on Instagram*

In summary, NIO's Instagram communication in the German market highlights both its electric vehicles and the NIO House. The content related to electric vehicles undertakes to showcase the brand's design philosophy, highlighting advanced technology, and user-friendly features. The content about the NIO House showcases the unique and luxurious customer-centric experience, highlighting NIO's service of providing exclusive spaces for users to connect, relax and enjoy various amenities. Through these two main themes, NIO's Instagram communications effectively promote the brand's values, innovative products, and exceptional customer experience.

#### 6.2.2.2 NIO's Brand Communication on YouTube in Germany

NIO's YouTube communication within the German market communicates the brand's rich sporting legacy, derived from its involvement in Formula E and the EP9. Additionally, the focus is directed towards the driving experience and performance underpinnings of its products, as evidenced by reviews from a diverse array of influencers and automotive specialists.



**Figure 25** *NIO EP9 Sets a New Record at the Nürburgring*

Through various videos on their YouTube channel, NIO highlights the EP9's impressive performance figures, such as its acceleration, top speed, and electric range, through the EP9's record-breaking performance at the Nürburgring in Germany (Shown in **Figure 25**). By showcasing these specifications, NIO demonstrates its ability to compete with the world's leading performance car manufacturers and positions itself as a leader in premium electric vehicle innovation with a sporty DNA.

In addition to introducing the EP9's performance, NIO's YouTube content also highlights the advanced technology and engineering that underpins the super-car. The aerodynamic design, electric powertrain, battery system and driving experience of the vehicle are showcased through reviews from influencers and automotive specialists, giving viewers an insight into the innovations that contribute to the EP9's extraordinary performance. The NIO EP9 was tested by the famous British car show [The Ground Tour](#), by the show's well-known hilarious automotive reviewer Richard Hammond, and made a huge impact on the YouTube automotive channel, by nearly 3.6 million views, and 4,000 active comments.



**Figure 26** *Richard Hammond Testing EP9 in The Ground Tour*

In summary, the content analysis of the NIO EP9 on YouTube highlights the brand's commitment to performance and innovation in the electric vehicle market. By showcasing the EP9's design, technology, and record-breaking capabilities, NIO effectively communicates its dedication to advancing the boundaries of electric vehicle performance and solidifies its position as a market leader.

#### 6.2.2.3 NIO's Brand Communication on LinkedIn in Germany

The communication strategy of NIO on the Link social media platform is similar to that of Instagram. However, as the Link social media platform is geared towards the B2B segment, NIO utilizes this platform to share more insider information about the brand, such as sales volumes and future plans. This approach allows NIO to establish a more personalized and targeted communica-

tion strategy with their business partners, which could lead to a stronger and more sustainable relationship between the brand and its partners.

Furthermore, the communication strategy of NIO in Deutschland places a significant emphasis on the premium experience offered by NIO House, which is designed to create a community of premium customers in Europe. This strategy is reflective of NIO's vision to establish a premium brand image and create a loyal customer base in the European market. By providing customers with a premium experience at NIO House, NIO aims to foster a sense of exclusivity and exclusiveness, which could lead to increased customer loyalty and brand advocacy.

In sum, NIO's communication strategy on the Link social media platform and in Deutschland highlights the brand's commitment to creating a personalized and premium customer experience. Through these strategies, NIO aims to establish a strong and sustainable relationship with its partners and customers, thereby strengthening its position as a premium electric vehicle innovator in the European market.

#### 6.2.3 Summary of NIO Branding key messages in Germany

NIO's communication strategy in the German market focuses on emphasizing its rich sporting legacy, advanced technology, and premium customer experience. Through various social media platforms such as Instagram, YouTube, and LinkedIn, NIO highlights the design aesthetics and user-friendly features of its electric vehicles, positioning itself as a leader in premium electric vehicle innovation. NIO's NIO House locations provide a unique and luxurious customer-centric experience, reflecting the brand's commitment to creating a personalized and premium customer experience. Additionally, NIO utilizes insider information about the brand and personalized communication strategies on LinkedIn to establish a strong and sustainable relationship with its business partners. Overall, NIO's communication strategy in the German market effectively contributes to the brand's premium positioning, innovative technology offerings and exceptional premium customer experience.

### 6.3 Comparison of Brand Communication in China and Germany

Comparing the content focus of NIO's communications in the two markets, we can see that both follow the brand's vision of spreading a sustainable world through electric vehicles. In terms of content, both emphasize the benefits of the brand's innovative technology and its customer-focused approach to service. However, the brand's communication personality and values, as well as its benefits, have a different orientation in the communication process.

In the next section, the thesis will be based on the results of the content analysis of the brand communication, summaries the essence of the brand communication and put it into the brand key model to compare the NIO communi-

cation in two market, in order to find out the differences and the influencing factors that cause the differences.

### 6.3.1 Distinct Brand Key Models in China and Germany

The Brand Key Model is a model for exploring brand keys based on consumer insights, market context and target audience. Due to the differences between the Chinese and German markets and consumers, the Brand Key Model is used in this section to explore the keys to brand communication and to compare the two different models.

#### 6.3.1.1 NIO Brand Key Model in China - Brand Communication Perspective

Consumer insight: In China, which is characterized by collectivism, individual reputation is highly valued, and they often want to feel privileged by owning a certain brand, and they also care more about the feelings of their families when their personal superiority is satisfied.

Brand essence: Based on this consumer insight, we can conclude that the essence of NIO's communication can be defined as "Harmony through technology". With the technological base of the NIO brand, he offers consumers more "opportunities for harmony", such as integration into nature, into the family and into love. These brand communications, which are highly engaging for consumers, are constantly emphasized, as is the NIO communication of the brand's interior "second living room", which emphasizes the state of harmony between consumers and their families.

#### 6.3.1.2 NIO Brand key Model in Germany - Brand Communication Perspective

Consumer insight: In a German culture where individuality is emphasized, consumers are more likely to express their individuality, which makes them very attracted to unique technology and services, as they feel different from others, and especially premium services make this group of consumers feel recognized for their success, and they also recognize the benefits of technology.

Brand essence: Based on a series of consumer insights, we can conclude that the essence of NIO's brand communication is to "Put technology at the heart of the brand's range of services". This has resulted in the brand image being seen as a technological movement in the minds of German consumers, while at the same time a range of premium services are aimed at the upper echelons of German consumers, drawing their attention to NIO's technology and services.

### 6.3.2 Interim Conclusion and Finding

By analyzing the comparison of the contents, we can observe that the products and services communicated by NIO in the two markets are in fact not



essentially different. However, there is a significant difference between the two in terms of communication essence (which relate to the approach, style and content of the brand communication). The main reason for this is the difference in consumer behavior based on cultural differences between the two markets.

Meanwhile these differences also have a lot to do with the position of the brand in both markets. As the brand is more easily accepted and spread in the Chinese market, it is able to develop rapidly, so that the content is less about the product and more about spreading the story to resonate with consumers. In the German market, NIO needs to find a communication strategy that suits the values and consumer behavior of German consumers and to complete its entry into the market to establish its roots, which in itself is a difficult and long-lasting process, and to continuously introduce the attributes of the brand's products and services in depth so that consumers can understand what kind of brand NIO is, rather than just labelling NIO as a Chinese electric car brand.

## **7 Result and Discussion**

In a series of investigations encompassing cross-cultural analyses of Chinese and German markets, case studies on NIO's market entry strategies, and brand communication content, it is concluded that in the rapidly globalizing electric vehicle (EV) market, emerging EV brands are increasingly pursuing internationalization. However, within the context of international brand management, market entry strategies are typically developed incrementally, with thorough consideration given to brand management. Successful market entry can only be achieved through a well-planned brand management strategy.

Moreover, a comprehensive analysis of the target market's consumers is necessary for effective brand communication during market entry, as consumer behavior is significantly influenced by cultural factors. Understanding the target market's culture is crucial for a brand to successfully enter the market and convey its branding message.

Furthermore, the NIO case study reveals that the brand's premium positioning has consistently shaped its overall brand communication strategy, underscoring the importance of brand positioning in brand management. However, the singular focus on premium positioning may present challenges in the current EV market landscape. For instance, traditional German brands like BBA have lost much of their initial dominance in the Chinese EV market. This situation raises questions about whether high-end positioning in the EV market hinders a brand's ability to gain traction and whether a more modest positioning could yield greater benefits. Notably, the NIO case study also highlights the current dominance of low and mid-range brands in the Chinese EV market, suggesting that a strategic adjustment in product pricing might enhance profitability.

In summary, the NIO case study demonstrates that the brand's premium positioning has significantly influenced its international marketing approach, leading NIO to maintain a premium positioning in both market entry and brand communication strategies. However, given the evolving EV markets in China and Germany, brand management strategies must remain adaptable. For innovative mobility brands, the focus should not only be on effective brand communication for market entry, but also on developing a long-term vision for the brand's growth. Even when successful in entering different markets, it is essential for these brands to anticipate future scenarios, ensuring their continued market presence amidst shifting trends.

## 8 Conclusion

In conclusion, market entry strategies for innovative mobility brands are crucial to establishing a brand's presence in foreign markets. A comparative analysis of NIO's brand communication in China and Germany reveals that cultural differences play a significant role in the success of international branding efforts. Effective international brand management requires a deep understanding of local consumer behavior, preferences, and cultural values (Andersen, 1997; de Mooij & Hofstede, 2002, 2011).

With the main argument of the paper for the electric vehicle market, in today's international electric vehicle market, more and more electric vehicle brands are trying to enter the global market with innovative ideas. The challenges of entering the global market, however, include research into international brand management, cultural analysis and market research, making it impossible for these innovative mobility brands to enter the global market in the short term. Brands need to develop a holistic view of the various aspects involved in brand management, and just because a brand is popular in its home market does not mean that it will be recognized in other countries.

Research in international brand management suggests that brands need to adapt their communication strategies to fit the cultural context of the target market (Gelder, 2003; Steenkamp, 2001; Yoon, 2009). This is especially true for brands entering new markets where cultural differences can have a significant impact on consumer behavior. Additionally, research in brand communication highlights the importance of a brand's core identity and messaging in building a strong brand image and brand equity (Aaker, 1992; Kapferer, 1994; Keller & Brexendorf, 2019). Meanwhile brand communication involves the creation of a long-term unique solution when entering a market, each solution having a high demand for innovation, which makes each brand different in different markets (Stephen, 1974). This has led to the need for brands to have an established brand identity (Kapferer, 1994), to stand out in a disorganized market with a clear positioning (Kotler, 2000), and to use its own brand identity to guide the core of the entire brand communication.

As with the results of the case study of NIO in this thesis, the brand's core identity centers around technology, and its messaging emphasizes premium

services, verified brand management requires that all strategies revolve around the brand identity (Kapferer, 1994; Keller et al., 2008). The results of this case study are also illustrating the importance of a brand's core identity in international brand management that a brand's core identity is essential to building a strong brand image, both nationally and internationally. A brand's core identity should be unique, relevant, memorable and reflect the values and purpose of the brand. Effective international brand management requires consistent messaging that reinforces the brand's core identity while adapting to local cultural differences.

Furthermore, Cultural differentiation also impacts consumer behavior and attitudes toward branding. Research has shown that cultural values such as individualism, collectivism, and power distance can influence consumer preferences for certain brand attributes, such as quality, status, and innovation. Brands that understand these cultural differences can use them to their advantage in developing branding strategies that align with local consumer values (de Mooij & Hofstede, 2002; Yoon, 2009). Meanwhile, in conjunction with the brand's positioning, brands need to identify the target audience that really suits them. Using cultural research as a basis allows for a better understanding of the target audience, gaining insights into the target audience and enabling an understanding of the reasons for the composition of consumer values and the basis for decisions on consumer purchasing behavior. As highlighted by the results of the NIO case study in this thesis, NIO's communication approach has resonated with German consumers, who value individuality and recognize the benefits of technology. However, in China, where cultural values prioritize community over individuality, NIO's communication strategy has had to adapt to highlight the social benefits of technology. This differentiated communication focus allows brands to survive in different cultural markets in the context of international trends and to pinpoint which consumers are their potential customers in different markets.

In conclusion, the NIO case study underscores the importance of conducting a comprehensive cultural analysis of the target market for international brands or those undergoing internationalization. This analysis is crucial as it directly influences consumer buying habits in the target market. During the market entry phase, brand communication must be tailored to the behavior of the target market's consumers to effectively engage with them.

For numerous innovative mobility startups, particularly those in China, a precise brand positioning can facilitate effective brand communication in an international context. However, it is essential for all innovative startups to recognize that innovation is transient and necessitates a long-term projection of future market trends. Consequently, adopting a flexible strategy that is not limited to a single approach is crucial for their continued success and adaptability in the evolving market landscape.

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I hereby confirm that I have written this work independently and have used no sources other than those indicated nor aids other than those permissible and have appropriately declared all citations.

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