

Ways to Improve the Competitiveness of Mercedes-Benz E-Class Sedan in Luxury Car Market Segment

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Abstract: This paper takes Mercedes-Benz E-Class sedan as the research object, focusing on its competitive position and promotion path in the luxury executive sedan market segment. Based on five forces model, 4P marketing mix and STP strategic framework, combined with product life cycle (PLC) and decision-making process theory, this study systematically analyzes the current market environment, marketing strategy and user behavior characteristics of E-class vehicles. By combing its practice in product design, price structure, channel layout and brand communication, and comparing the performance of competing products such as BMW 5 Series, Audi A6 and Tesla Model S, it is revealed that although E-Class maintains its leading sales volume by virtue of brand accumulation, it is already tired in terms of intelligent experience, service model innovation and young image building. Some problems, such as the high age of users, dissatisfaction caused by digital service subscription, and lagging technology iteration, are restricting its long-term competitiveness. Therefore, this paper proposes that we should strengthen the independent operation of the electrified product line, optimize the function subscription mechanism, speed up the upgrade of OTA, and promote the transformation of brand image from "noble and steady" to "intelligent elite" in order to cope with the future market changes.

1. Introduction

In the global luxury car market, Mercedes-Benz has always occupied a decisive position. As one of the three luxury brands in Germany, Mercedes-Benz has won wide recognition from consumers around the world for its excellent engineering quality, leading scientific and technological innovation and profound brand heritage [1]. As one of the oldest executive-class cars of Mercedes-Benz, the E-class car has been playing a central role in the high-end commercial vehicle market after six generations of changes since it came out in 1953 [2]. It not only carries the brand concept of "The Best or Nothing" of Mercedes-Benz, but also becomes an important benchmark to measure the competitiveness of luxury cars of the same class [3].

In recent years, the global automobile industry is undergoing profound changes. The trend of electrification and intelligence is accelerating, and traditional fuel vehicles are facing unprecedented challenges. The rise of new power brands such as Tesla is reshaping consumers' perception of "luxury" with the ultimate technological experience and direct sales model [4]. At the same time, traditional competitors such as BMW 5 Series and Audi A6 are constantly upgrading their product strength, which makes the competition in the market segment where E-Class is located more and more fierce [5]. According to the sales data, the E-Class still leads the BMW 5 Series and Audi A6 with 7,011 vehicles in the UK market in 2021, showing a strong brand appeal, but this advantage is very weak, reflecting the fierce competition in the market.

Consumer behavior is also changing. The decision-making process of car purchase is more rational and information-driven, and the fit of word of mouth, digital service experience and brand image has become the key factors affecting purchase [6]. The younger generation of high-income groups have gradually become the potential main consumers, and they have put forward higher requirements for intelligent interaction, sustainability and personalized expression of vehicles [7]. At present, the average age of E-class target users is 54.6 years old, and the mature user structure may indicate that the brand has hidden concerns in attracting new generation elites. Under this

background, this paper focuses on Mercedes-Benz E-Class sedan with the British market as the main background, deeply discusses its competition pattern and marketing strategy in the current complex market environment, and further analyzes the feasible path to enhance its competitiveness in the future.

2. Analysis of the competitiveness of E-class cars (based on 4P+STP framework)

To clearly understand the current market position of Mercedes-Benz E-Class, we need to proceed from the four basic dimensions of product, price, channel and promotion, and make a systematic and comprehensive analysis in combination with its market division, target group selection and brand image building. Although this analysis method of 4P plus STP is relatively traditional, it has strong applicability and effectiveness for luxury brands with complex structure like Mercedes-Benz.

Table 1: Core User Persona and Consumption Behavior Characteristics of Mercedes-Benz E-Class Sedans

Dimension	Sub-item	Data/Description
Demographics	Average Age	54.6 years old
	Gender Ratio	Approximately 78% male
	Occupational Distribution	Corporate executives (42%), partners in professional service firms (28%), successful entrepreneurs (20%)
	Annual Income Range	Mainly £80,000–£150,000
Psychological Characteristics	Purchase Motivation	Display social status (61%), pursue ride comfort (55%), trust German craftsmanship (49%)
	Brand Attitude	High loyalty; still prefer the top three German brands when changing cars (over 60%)
Behavioral Characteristics	Decision-Making Cycle	Usually 2-4 months, with extensive information gathering
	Configuration Preferences	Prioritize the Enhanced Driver Assistance Package (58%), leather seats with heating function (63%)
	Car Replacement Timing	Often purchase after mid-cycle facelifts, avoiding initial release batches

First look at the product dimension. It has been more than 60 years since the first generation of Mercedes-Benz E-Class came out in 1953, and the sixth generation model is nothing new. According to PLC theory, this model is obviously in the mature stage. The remarkable feature of this stage is that the growth rate slows down and the market competition tends to be white-hot. If you want to achieve further breakthrough and promotion, you must rely on continuous improvement [8]. Mercedes-Benz has adopted a typical strategy in this respect-not pursuing subversive innovation, but focusing on micro-innovation. However, problems have also emerged: most of these upgrades are "follow-up" measures. Tesla and some emerging forces in China have already adopted these functions as standard, but Mercedes-Benz E-Class has lagged behind in technology update.

In terms of price strategy, Mercedes-Benz has demonstrated superb operational skills. They used a typical product line pricing method to subdivide Mercedes-Benz E-Class into multiple grades. The starting price of e200/e300 is 520,000 yuan, which is mainly aimed at those customers who are eager for luxury experience but don't want to spend too much. The middle grade e450 is more powerful, equipped with four-wheel drive system, and the price has increased accordingly. The starting price of the top AMG e53 has soared to 850,000 yuan, and the acceleration of zero-hundred is only 3.8 seconds, which is obviously tailor-made for a few high-end customers who pursue the ultimate performance. Mercedes-Benz also adopted the charging mode of optional configuration and bundled service. Such as advanced audio, panoramic sunroof and other configurations, consumers can pay separately according to their own needs, and the final transaction price is often much higher than the bare car price. In addition, there is a profit point that is easily overlooked but

has considerable profits-digital service subscription system.

In terms of sales channels, Mercedes-Benz has always adhered to the "Exclusive Distribution" model. The number of authorized dealers is limited, with only a few in each region, and only officially certified stores are eligible to sell Mercedes-Benz E-Class. Although the market coverage of this model is relatively narrow on the surface, it has a strong control advantage, which can ensure the high unity of the exhibition hall environment, reception process and service standards, and avoid the phenomenon of malicious price reduction or service quality shrinkage in order to compete for customers. In recent years, Mercedes-Benz is constantly improving its online sales channels. Consumers can customize the vehicle configuration through official website online and place orders directly, but the final delivery link still needs to be completed through offline stores, which can be regarded as a compromise scheme combining online and offline.

In the promotion strategy, Mercedes-Benz uses the classic AIDA model, that is, by attracting attention, stimulating interest, creating a desire to buy, and finally promoting the purchase action. The advertisements made by Mercedes-Benz are very textured, and both TV advertisements and print advertisements highlight the elegance and sense of science and technology of the products. Table 1 lists in detail the basic characteristics and behavior preferences of the current E-class main customers of Mercedes-Benz, which comes from a sample survey conducted by a third-party research institution in 2024 for the British market.

3. Challenges and competitiveness bottlenecks faced by e-class cars

E-class is not a poor sales at the moment, but it is increasingly difficult to maintain its market position. From the external environment, new energy forces, especially Tesla, have brought great impact. Model S has an amazing acceleration performance of 1.99 seconds, which dwarfs the traditional fuel vehicle in terms of dynamic response and intelligent experience. Its OTA upgrade can also make the vehicle continuously updated, and even if the E-class is top-matched, the car system will hardly change for several years, which is unattractive to young Kochi users. Although Mercedes-Benz has launched the EQE electric version of E-Class, its pace lags behind and its publicity is insufficient, and many potential customers are unaware of its existence. The aging of consumer groups is also a big problem. According to the sample survey, the average age of E-class car owners is 54.6 years old and is increasing year by year, which indicates that its main user base is far away from the core of social media and trend culture. A new generation of entrepreneurs or corporate executives under the age of 35 pay more attention to environmental protection, sense of science and technology and personality, and the image of E-class calm business is difficult to impress them. Table 2 shows the comparison of E-class and its main competitors in key dimensions:

Table 2: Comparative Analysis of Core Competitiveness between Mercedes-Benz E-Class and Major Competitors (2024 Evaluation)

Dimension	Mercedes-Benz E-Class	BMW 5 Series	Audi A6	Tesla Model S
Brand Perception (Traditional Luxury)	Very strong (★★★★★)	Strong (★★★★☆)	Strong (★★★★☆)	Weak (★☆☆☆☆)
Smart Cockpit Experience	Above average (★★★★☆)	Above average (★★★★☆)	Average (★★★★☆)	Very strong (★★★★★)
Autonomous Driving Capability (L2+)	Good (★★★★☆)	Good (★★★★☆)	Good (★★★★☆)	Leading (★★★★★)
User Acceptance of Subscription Services	Low (★★☆☆☆)	Average (★★★★☆)	Average (★★★★☆)	High (★★★★★)
Average Age of Target Users	54.6 years old	51.3 years old	52.1 years old	43.8 years old
OTA Upgrade Frequency (per year)	1-2 times	1-2 times	1 time	4-6 times

The digital service subscription system has been criticized, and new cars with functions such as

navigation and remote parking are free for several years, and the renewal fee is easy to cause users' resentment. Compared with BMW and Audi's friendly ways of similar services, Mercedes-Benz's move may increase profits in the short term, but it may damage brand loyalty in the long run. The product update speed also lags behind the market demand. The mid-term change of the sixth generation E-class mostly focuses on fine-tuning the appearance and configuration, with few technical breakthroughs, and its advantages in driving assistance and voice interaction are not outstanding compared with competing products. The solidification of brand image is also a deep-seated problem. Although Mercedes-Benz emphasizes "The Best or Nothing", the actual communication focuses on history, craftsmanship and sense of honor, and it does not shape "innovation" and "sense of the future". Although F1 performance shows performance, it fails to effectively connect consumers with E-level, resulting in poor recognition of E-level in science and technology.

4. Path and strategy suggestions for improving competitiveness

If Mercedes-Benz E-Class can not only barely maintain its market share in the next few years, but also re-establish its leading position, it is far from enough to make minor repairs, and it must be systematically upgraded from products, services to brand image. The current problem is clearly visible: the E-class car has excellent quality and strong brand influence, but it gives the impression that although it has the proper configuration, it lacks a sense of surprise. Especially in the face of Tesla's making the car like a mobile phone, and China's new forces are always offering free car networking services for life, Mercedes-Benz's "low price in the early stage and subscription in the later stage" model is increasingly insincere. Therefore, the primary task of enhancing competitiveness is to resolve the dissatisfaction of users.

Table 3: Suggestions for Brand Image Transformation of Mercedes-Benz E-Class (2025-2027)

Dimension	Current Perception (2024)	Target Perception (2027)	Implementation Path
Core Label	Prestigious, reliable, classic	Intelligent, progressive, sustainable	Strengthen promotion of F1 electrification technology and highlight carbon-neutral factory information
Technology Perception	Leading in safety, average in intelligence	Leading in both safety and intelligence	Improve the interaction capabilities of the MBUX system and open some APIs for third-party development
User Persona	Male executives aged 54 and above	Decision-makers in the tech/finance industry aged 40-55	Host closed-door salons in collaboration with London fintech companies and invite targeted test drives
Communication Slogan	"The Best or Nothing"	"Intelligence in Motion"	Gradually replace in digital advertising and event exposures

The product level is the most urgent, especially in the fields of intelligence and electrification. Although EQE has been launched, its publicity is too small, and many potential customers simply don't know that Mercedes-Benz has a pure electric executive car. In the future, EQE should be independently promoted, and it should not be hidden behind fuel vehicles. Enterprises can implement the "E-level two-line strategy": the fuel moderator plays a mature and steady style, while EQE takes the pioneering route of science and technology, and the exterior design is more radical. The interior removes physical buttons, adopts voice and gesture control in an all-round way, and at the same time accelerates the iteration rhythm of software, ensuring at least two major OTA upgrades every year, so that users can truly feel that the vehicles are getting newer and newer. In terms of driver assistance function, we should not only be satisfied with "having", but also be "easy

to use". For digital service subscription items such as remote parking and real-time road navigation, it is better to buy a car at one time or free for the first five years than to let users pay annually. According to the survey, more than 60% of car owners think that "renewing the fee for basic functions after buying a car" will affect their goodwill towards the brand, so they can't just focus on immediate profits. In the long run, only by letting users worry, can we win good reputation and customer referral. Table 3 gives a possible direction of brand image transformation, which combines the existing advantages and future development trends of Mercedes-Benz.

Channels and services need to be optimized. At present, the test drive appointment process is still too traditional, and it takes a long time to get a reply after making an appointment by phone. We can learn from Tesla's "door-to-door test drive+mobile exhibition hall" service, especially for people like corporate executives who have no time to go to stores. After-sales links should be strengthened, such as launching the "exclusive protection plan", which covers free car pick-up and delivery maintenance, battery health testing, emergency road rescue and other services. Packaging these into annual membership services and setting moderate prices can not only enhance user stickiness, but also create new sources of income. Finally, the brand positioning, can no longer blindly repeat the "century-old craft" and "luxury model" such old rhetoric, young consumers do not buy it.

5. Conclusions

As an executive luxury car with a long history, Mercedes-Benz E-Class still has a strong brand appeal and market share advantage in the market. In 2021, its UK sales volume was higher than that of BMW 5 Series and Audi A6, reflecting consumers' recognition of German craftsmanship, safety performance and the value of the trident star emblem. However, this lead is more based on traditional advantages than future-oriented structural competitiveness. As new energy car companies reshape users' definition of "luxury", intelligence, sustainability and personalized experience are becoming the core considerations for a new generation of high-net-worth people to buy cars. In this context, the brand aura on which E-Class relies is gradually being diluted, and the problems such as slow product update, criticized digital service charging model, and aging target users are increasingly prominent, exposing the lag of enterprises in strategic transformation.

The research further shows that it is not enough to support E-Class to continue to lead in the next decade only by tinkering with the configuration upgrade or the technical association brought by F1 events. The real competitiveness improvement must be systematic: at the product level, it is necessary to speed up the independent promotion and software iteration ability of pure electric vehicles such as EQE. In the pricing strategy, we should re-evaluate the user experience cost of subscription system and turn to a more transparent and humanized service model. In terms of brand positioning, it is necessary to get rid of the single narrative of "exclusive car for successful people" and extend to "smart travel partners" to attract young and middle-aged decision makers with more scientific and technological sensitivity. Only in this way can E-Class truly integrate into the mainstream of automobile industry reform while keeping the traditional luxury basic plate and realize the leap from "classic benchmark" to "future leader".

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