

Research on Localized Marketing and Business Management Strategies of Chinese New Energy Vehicle Enterprises: A Case Study Based on NIO

Jie Qi *

PSB Academy, Newcastle University, Singapore

* Corresponding author: 3981FERU@psba.edu.sg

Abstract. With the improvement of environmental awareness and technological progress, new energy vehicles are gradually entering people's vision. Domestic new energy vehicle brands are emerging one after another, and the willingness of Chinese consumers to purchase new energy vehicles is also constantly increasing. In recent years, NIO has been at the forefront of new energy vehicles in China. This article applies the 4Ps and SWOT analysis to study the marketing strategies of NIO. This study collects information about NIO, organizes and analyzes the collected data. Identify the advantages and existing problems of NIO through these methods and provide corresponding suggestions. Research has found that NIO has a unique marketing strategy. But in recent years, new energy vehicle brands have been constantly emerging, and the problems that have arisen in NIO's own development have also led to NIO being threatened. Therefore, it is necessary to develop different solutions for different problems and improve the brand image of NIO. NIO's exposure can be increased through a combination of online and offline methods.

Keywords: NIO; 4Ps; SWOT analysis; marketing strategy.

1. Introduction

In the automotive industry, fuel powered vehicles and new energy vehicles are commonly seen today. The new energy adopts a car charging mode, integrating advanced car power control and driving technology, and the main power structure is a rechargeable power battery. New energy vehicles are also relatively simple in structure, with fewer moving parts, which reduces daily maintenance and saves expenses. The import volume of crude oil in China increased from 145 million tons to 462 million tons between 2006 and 2018 [1]. China is currently the largest importer of oil, but oil is a non-renewable resource. Traditional car exhaust emissions emit a large number of harmful substances, which have an impact on air quality and human health. New energy vehicles have almost zero emissions, greatly reducing pollution to the entire Earth's environment. New energy vehicles contribute to energy conservation, achieve sustainable development, and have low costs, low noise, and high driving efficiency. Due to the certain gap between traditional domestic cars and foreign ones in some key technologies and core products, the development of new energy vehicles can continuously innovate in technology and achieve breakthroughs. Various signs indicate that China's new energy vehicles are constantly developing and growing.

In 2013, under the strong advocacy of the State Council, local governments responded to the national call and launched a subsidy policy for the purchase of new energy vehicles. Reducing the cost of purchasing cars has led to the development of new energy vehicles in China [2]. The layout of the new energy vehicle industry is accelerating, and the after-sales service after purchase is continuously optimized, which involves all cities. China is actively cultivating relevant talents to provide more professional skills training for new energy vehicles and improve the driving experience.

Due to the continuous rise of new energy vehicles, there has been a lot of commercial research on the sustainable development of new energy vehicles in the future. These studies provide a direction for the advancement of new energy vehicles, but there is relatively little research on a certain brand of new energy vehicles in China. Each brand has its own core values, and each car has its own unique

characteristics. Targeting specific brands for marketing analysis can better assist brands in their development.

This study takes NIO Automobile as an example to analyze the local marketing and business management strategies of domestic new energy vehicles. Firstly, investigate the background of NIO. After that, research NIO's brand from the aspects of product, price, location, and promotion strategy. Use SWOT model to collect data on internal and external factors of NIO. Finally, the study provides suggestions for the NIO brand.

2. 4Ps Theory of NIO

2.1. Background of NIO

NIO is a new energy vehicle company registered in Shanghai on November 25, 2014, founded by Li Bin. NIO creates a joyful lifestyle for users by providing high-quality and functional electric vehicles. NIO stands for A New Day, expressing NIO's vision of pursuing a better tomorrow. NIO Automobile delivered a total of 160038 new cars throughout 2023, a year-on-year increase of 30.7%; As of December 31, 2023, NIO has delivered a total of 449594 new cars, continuously leading the high-end pure electric market [3].

2.2. Product Strategy Analysis

Cars for sale, services provided around NIO Automotive, and the activities related to cars are NIO's three main product lines [4]. The vehicles on sale by this brand are divided into two types: SUV and sedan. NIO is committed to providing consumers with the latest and best technology. The company continuously develops new battery technologies, intelligent driving systems, and other innovative technologies. The company is able to quickly adjust its production line and launch new products. NIO has established strategic partnerships with various suppliers to ensure the provision of high-quality components. At the same time, NIO regards the global market as an important area for business development.

NIO provides multiple charging methods: household charging stations, public charging stations and battery swapping stations. For household electric piles, NIO will hire professional personnel for on-site installation services. After installation, insert the charging gun into the charging port to start charging, and it will automatically disconnect after being fully charged. If users encounter a situation where the vehicle's battery is low while going out, users need to look for a public charging station. These public charging stations are generally distributed in public places such as shopping malls and parking lots, which are very convenient. In addition to household and public charging stations, NIO has also established a wide range of battery swapping stations, which can be used to replace fully charged batteries when the battery is low.

NIO continuously innovates its technology and has obtained multiple patents. The patent layout mainly focusses on the domestic market, with research and development centers mainly located in Shanghai and Anhui. Battery power supply, installation, charging stations, and resource allocation are the main patent layouts involved in the brand. Due to not producing batteries, NIO does not pay too much attention to the construction of batteries. Instead, it places more emphasis on resource allocation, collaborative settings, and the setting and connection of charging stations for the entire vehicle [5]. NIO Automotive applied for six patents in China in 2015, with a large number of applications starting in 2016, and the peak of applications in 2017 and 2018 [5]. There are many applications for B60L (Electric vehicle power device; power supply for vehicle auxiliary equipment; electric braking system for general vehicles; magnetic suspension or suspension of vehicles; monitoring and operation variables of electric vehicles; electrical safety devices of electric vehicles) and B60S (Vehicle maintenance, cleaning, repair, support, lifting or debugging not included in other categories) technology, indicating that NIO focuses on technological innovation and patent protection [6].

2.3. Price Strategy Analysis

The prices of each series of NIO cars vary, with SUVs costing around 330000 to 650000 yuan and sedans costing around 300000 to 500000 yuan. The average price of NIO cars is around 410000 yuan [4]. This price is at the upper end among new energy vehicles. When entering the market, the brand arouses curiosity among those who want to purchase new energy vehicles, which has a certain psychological effect. High pricing can also become a symbol of high quality and service.

NIO insists that it will not participate in price wars, and the company's pricing is pursued in a one-step manner. NIO has adopted a high-end positioning strategy in price positioning, competing with top luxury car brands. Therefore, the consumer group who purchase NIO cars is mainly concentrated in the middle and high-income groups, who have a good awareness of environmental protection and love automotive technology.

2.4. Place Strategy Analysis

NIO Automobile adopts an online ordering and offline experience model in marketing. Establishing NIO community operations in major cities is aimed at establishing connections between businesses and users, and understanding their real needs; Secondly, it is beneficial for management execution and quick response, thereby enhancing the user's overall pleasant experience.

NIO can learn a lot of user behaviors that are difficult to measure originally through the Internet and do the job more accurately and effectively in future marketing activities. Purchase the favorite vehicles through applications, WeChat, or official websites. The system installed in the car can record daily driving trajectories, usage habits, and other data after the user drives to provide services. The brand's App is for online live streaming sales, bringing users closer to the enterprise.

Offline marketing is undertaken by NIOHouse (NIO Center) and NIOSpace (NIO Space) [7]. NIO did not adopt the model of a 4S store offline, but instead created a NIO House like a club. At present, NIO centers are located in bustling city centers such as Shanghai, Beijing, Guangzhou, and other areas, attracting public attention and making people familiar with the brand. The unique design and ultimate goal of NIO Center are also centered around the concept of "user centeredness and service orientation". The brand hopes to create a "home" scene, creating a sense of joy and belonging for users, so that they can share their own value while feeling the value.

Another service policy of NIO Automobile is the "dedicated person to pick up and return the car" service, which is characterized by not taking up personal time. This not only saves maintenance space, but also solves the pain points that users find troublesome.

2.5. Promotion Strategy Analysis

In NIO's BaaS (Battery as a service) solution, consumers can choose to only purchase the car body and rent the battery. In this way, NIO Automobile not only solves the problem of high battery costs, but also provides more convenient services. Consumers only need to pay monthly battery rent, greatly reducing the threshold for purchasing a car. The price of vehicles equipped with a 70kWh battery series will be reduced by 70000 yuan, while the price of vehicles equipped with a 100kWh battery will be reduced by 128000 yuan [8]. The proposal of battery swapping for new energy vehicles can be considered a cost-effective decision. The initial investment in batteries is borne by the power grid company, which reduces the cost of purchasing cars for users and also lowers the cost of renewable energy generation [9]. The battery swapping of new energy vehicles is very efficient. The traditional charging station that fully charges the vehicle takes about an hour, while changing the battery only takes 3 to 5 minutes, greatly reducing the time [9].

What's even more worth mentioning is that NIO Service provides three lifelong services for car owners: lifetime free warranty, lifetime free road rescue, and free car networking services

3. SWOT Analysis of NIO

SWOT analysis is a strategic approach that is divided into two parts: SW is the investigation of internal strengths and weaknesses, while OT is the opportunity and challenge from external sources. This analysis method can identify favorable and unfavorable factors for oneself and make adjustments based on actual situations. Maximize advantages, seize opportunities, and clarify future development directions.

3.1. Strength

NIO has utilized flexible production processes to respond to changes in market demand. The brand puts a lot of effort into product innovation. Although the NIO ES8 is a pure electric vehicle, it has the performance of a sports car and can achieve an acceleration of four seconds per 100 kilometers. The 240-kw high-performance asynchronous induction motor installed on the ES8 can ensure stable current output for electric vehicles [10]. Besides, NIO ES8 uses advanced automotive aluminum alloy for its body, which weighs only 335 kg, reducing its weight by about 40% compared to traditional steel bodies [11].

The battery rental marketing model of separating vehicles and electricity gives it a certain advantage in the industry [12]. The separation of car and electricity has added flexibility to NIO's sales approach and reduced purchasing costs. Doing this will increase the number of people who want to purchase new energy vehicles and tap into potential customers. Replacing the battery of a car can also extend the lifespan of the battery and increase the time users spend using the vehicle.

NOMI is NIO's voice assistant, providing a kind of companionship for passengers inside the car. The function of NOMI is also very powerful, it can continuously recognize the instructions issued by the car owner and has reminder and reminder functions [13].

Controlling the NIO Phone allows for one click activation of the smart car control card anytime, anywhere. When approaching the vehicle, the lock can be automatically unlocked without the need for operation. Fully connected and barrier free, making travel and daily life more intelligent [13].

3.2. Weakness

In terms of cost, NIO incurs significant research and marketing expenses. The cost of building a battery charging station in China is 309000 US dollars, while building a battery swapping station requires 772000 US dollars, including battery and venue rental costs [11]. From the 2022 financial report, NIO's financial fundamentals are not optimistic, with a loss of 14.559 billion yuan for the entire year. It has suffered losses exceeding 65 billion yuan for five consecutive years [14]. NIO needs to ensure sufficient funding, otherwise it will have adverse effects on its operations.

Compared to other electric vehicle brands, NIO was founded relatively late, and its technology is not yet fully mature. Research on products requires continuous learning, accumulation, and innovation.

NIO's negative operating cash flow in 2019 was due to a car self-ignition issue, resulting in the recall of 4803 ES8 vehicles [15]. The final delivery of orders for the whole year was 20600 units, far below expectations [15].

In the following years, due to the impact of the epidemic, the future supply chain was disrupted, and the production and sales of automobiles in the future decreased.

3.3. Opportunity

China has provided policies for the new energy vehicle industry and encouraged its development, providing more opportunities for the expansion of NIO vehicles [16]. New energy vehicle models can enjoy preferential policies such as vehicle and vessel tax reduction and purchase tax reduction, thereby reducing the cost of using and purchasing new energy vehicles.

In addition, with the current promotion of low-carbon living in China, more and more consumers are choosing new energy vehicles as their means of transportation. The market demand is increasing, and users are constantly increasing.

With the continuous increase of NIO's market share in the domestic market, NIO will attract some enterprises to invest.

The most important thing is that the influence of NIO brand is still significant in the public's mind, and there are many people who identify and support NIO. NIO has the potential to continue expanding sales and market share.

3.4. Threat

New energy vehicle brands are emerging one after another, constantly introducing new features and varieties. As of the end of 2021, the capacity utilization rate of new energy vehicles in China was only 58.4% [17]. The international mainstream evaluation standard is that if the utilization rate of automobile production capacity is below 79%, it is considered as overcapacity [17]. The functions of new energy vehicles launched by various brands are becoming increasingly sophisticated and will increase personalized customization and services, posing significant challenges to NIO. The needs of customers will change over time and policies will also change, so NIO needs to have the ability to respond to various changes and highlight the core competitiveness of the brand.

4. Suggestions for the future development of NIO

If NIO wants people to become familiar with this brand, promotion is essential. NIO needs to actively participate in online and offline publicity. This approach can make people think of this brand first when buying new energy vehicles.

At present, the number of users of short video platforms represented by Tiktok and Kwai has reached more than 900 million [18]. Social media platforms are not only meeting people's needs for information and entertainment, but also gradually changing their consumption habits, especially for young people. Many young people first seek professional car buying advice online, and then go offline to complete their purchases. Therefore, NIO brands can publish their cars on social media to increase exposure.

Moreover, posting or television advertisements in public places such as subways and shopping malls also plays a promotional role. This approach can attract people's attention. If people have a need for the things and happen to see the brand's promotional advertisement, people will consider whether the brand can become their choice.

It is particularly important for NIO to hold exhibitions offline, and initiate flash mob activities in shopping centers is a good choice. These pop-up stores can leave an impression of the brand on people during the shopping process. Set up an interactive experience area where potential consumers can truly sit in the car and experience it, with staff explaining the vehicle's features and features. Introducing VR driving equipment to simulate driving scenarios and increase fun.

NIO's outstanding performance at auto shows and related exhibitions will constantly make people familiar with and choose to purchase this brand. NIO ought to emphasize the innovative technology and special functions of new energy vehicles. Consumers will have an understanding and comparison of different car models, which greatly affects their purchasing decisions. The guide continuously pays attention to different needs of consumers through activities.

For customers who have already purchased NIO, the brand needs to conduct a follow-up visit to these customers. NIO can interact with customers and use feedback from mini programs or email to know what customers need and how products can be improved. In addition, the NIO application can enhance the section on customer driving experience, and different models have their own evaluations. Establish follow-up reviews so that customers can continue to provide feedback after a period of use.

A crown logo can be added to the portrait of loyal customers, allowing them to talk about the driving experience of purchasing a car model, which is more convincing.

Regarding research and development issues, NIO can choose to cooperate with other related enterprises to improve product quality and technology. However, at the same time, NIO needs to have its own core competitive advantage and cannot rely solely on the technology of other companies. NIO can try to communicate with the government to obtain funding and policy support for research and development.

5. Conclusion

This study found that NIO has its own brand uniqueness. NIO has developed high-end intelligent electric vehicles with commendable quality, innovative products, and obtained multiple patents. The operation mode of NIO's car electric separation has to some extent reduced customer expenses, and battery packs can be purchased or rented. The brand provides three lifelong services for car owners, and is equipped with a NIO community. NIO has two sales models: online and offline. The staff of the offline flagship store provide customers with detailed information about the product's features and invite them to experience it. Customers can also download the NIO app to view corresponding introductions and product images. However, with the continuous emergence of competitors for new energy vehicles, NIO has also come under pressure. The study provides suggestions by analyzing the internal strengths and weaknesses of NIO, as well as external threats and opportunities. Firstly, NIO needs to actively participate in promotional activities. Posting vehicle related information on social media or posting posters and TV commercials in public places is an important means of exposure. Holding exhibitions or attending car shows offline can allow customers to truly experience the performance of cars. Secondly, NIO can conduct follow-up visits to customers who have already purchased vehicles through email or mini programs. The NIO app also needs to supplement the consumer's post purchase experience as a reference for potential consumers. In addition, brands can cooperate with relevant industries and apply for government support in terms of funding.

The study uses 4Ps and SWOT models to analyze the marketing strategies of local new energy vehicle markets, taking NIO Automobile as an example. Explore the current situation and existing problems of NIO automobiles, and provide corresponding suggestions based on this.

Finally, the content of this study is still one-sided, only analyzing the advantages of the NIO brand without explaining its drawbacks. And there was no more in-depth search and comparison of some real data such as sales volume and production volume. These shortcomings have led to some limitations in the content of this article, so in future research, it is necessary to search and analyze real data.

References

- [1] Li Qian, Wang Hao, Ge Peng A Review of the Development History and Future Prospects of New Energy Vehicles in China. *Practical Automotive Technology*, 2020 (9): 285 - 288 seven.
- [2] Ni Shucun. Research on the Development of China's New Energy Vehicle Industry. *Technology and Innovation*, 2023 (5): 179 - 181.
- [3] Chen Qi. The sales performance report for 2023 was released, but the joys and sorrows of car companies are not interconnected. *Automotive and Accessories*, 2024 (01): 31 - 33.
- [4] Zhao Yiran, Zhao Yu. Marketing Strategy Analysis of NIO New Energy Vehicles. *Chinese Market*, 2023 (14): 139 - 142.
- [5] Xu Xiaoyan, Yin Wenjie NIO - Patent Analysis of Electric Vehicle Charging Stations. *China Science and Technology Information*, 2022 (15): 18 - 20.
- [6] Yan Suo, Feng Yuanzheng Comparative analysis of patents between NIO and Tesla Chinese Inventions and Patents, 2021, 18 (z1): 55 - 66, 79.
- [7] Zhang Liang, Li Yu. Exploration of New Energy Vehicle Marketing Strategies from the Perspective of 4C Theory. *Journal of Wuhan Business School*, 2023, 37 (03): 37 - 41.

- [8] Song Shiwei, Wang Ruxue, Fu Jiayi. SWOT analysis of the new energy vehicle electric separation business model from the perspective of new infrastructure - taking the NIO BaaS model as an example. *China Business Review*, 2021 (16): 150 - 152.
- [9] Yao Suhang, Qiao Yarong, Zhang Yumeng Research on the Operation of Battery Exchange Mode Based on the Development Background of New Energy Vehicles - Taking NIO Battery Exchange Mode as an Example. *Special Purpose Vehicles*, 2022 (6): 8 - 10.
- [10] Xiao Mingxin, Cheng Liqin, Lu Yongshuai A Study on the Path of Service oriented Upgrading in Manufacturing Industry under Consumer Demand Orientation - Taking NIO Automobile as an Example. *Business Economics*, 2021 (11): 43 - 46187.
- [11] Wang Yuan, Bai Qixin, Wang Ru, et al. Research on the Business Model of NIO Automobile in the "Uka Era" - Based on the Value Network Perspective. *Financial Management Research*, 2024 (01): 10 - 19.
- [12] Dusa. Tesla and NIO's automotive lightweight technology. *Automobiles and Accessories*, 2020 (17): 42 - 43.
- [13] Wei Lan. Continuously Growing NIO to Create a Warm Cockpit for Users. *Intelligent Connected Vehicles*, 2023 (06): 86 - 88.
- [14] Qiao Ling. NIO has worries *Securities Market Weekly*, 2023 (9): 66 - 67.
- [15] Wang Dongyue. NIO: Battle of 2023. *Securities Market Weekly*, 2023 (1): 42 - 43.
- [16] Ye Jiale, Zhou Fengjie. Exploration of the Development of New Energy Vehicle Industry. *Transportation Energy Conservation and Environmental Protection*, 2023,19 (05): 7 - 10+16.
- [17] Hou Weisheng. The new round of competition for new energy vehicles will become more intense. *Business Observation*, 2023, 9 (15): 14 - 17.
- [18] Gao Lijun. Using Short Videos to Live Industry News - Practical Exploration of the Automotive Video Program "Extreme Charge" in Peninsula Metropolis Daily. *All Media Exploration*, 2023 (10): 83 - 84.