

New Energy Vehicle Marketing Model Innovation in the Internet Era

– Taking NIO Inc

Bojia Chen^{1,a,*}

¹MAPLE GLORY UNITED SCHOOL, Xiamen, 361000, China

a. gary@mapleglorystu.com

*corresponding author

Abstract: This article is elaborate on the NIO Inc.(NIO)marketing strategy in the electronic vehicle marketing and analyze NIO's marketing strategy. Because of the electronic vehicle marketing is developing rapidly and the market competition is intense. The object is to know why NIO car can increase their sales volume when where are lots of competitors in the market. This article directly shows four marketing strategies of NIO which involves price, product, placement and services with these four ways, NIO have their different strategies to attract the consumers. The result of the research is NIO is good at catch consumers' mentality. NIO focus on the service of the consumers a person who bought a NIO car they can get some services that traditional car company cannot given. That is an important way for NIO to get large consumers in the shot time. NIO's sales volume is continues to rise, in other words other car company can learn from NIO's marketing strategy.

Keywords: Electronic vehicle, market strategy, market research

1. Introduction

In the last few decades, the popularity of cars has become higher people's journeys began to change from bicycles to cars and with the development of the times. In China, as per the Ministry of Public Security, the total number of motor vehicles in the country is projected to reach 417 million by 2022, including approximately 319 million automobiles. The count of motor vehicle drivers has reached a staggering figure of 502 million, out of which around 464 million are car drivers. Furthermore, it is estimated that there will be nationwide registration for approximately 34.78 million new motor vehicles and issuance of licenses to about 29.23 million newly qualified drivers in the same year [1]. However, the increase of gasoline vehicles has also led to an increase of carbon dioxide emissions, and the increase of carbon dioxide emissions has led to global warming, so many countries have begun to care about environmental issues, began to control the production of gasoline vehicles, and increased the development of new energy vehicles. With the increasing global energy shortage, environmental pollution and driving safety challenges, the global automotive industry is developing in the direction of new energy, intelligence, connectivity, and sharing [2]. The need for vehicles has grown as a result of their desire to travel in style. Additionally, a pleasant automobile must utilize

more expensive raw materials to provide a good ride; as a result, the cost of the car business will rise along with the price, making it unaffordable for some people. In the mid-21st century, the electronic car appeared. Because electronic car do not have the engine, so the noise and engine vibration will be less than the traditional gasoline car. So the electronic car is easier to make the comfortable experience. In China, the government's purpose is to protect the environment to reduce air pollution, so the government encourages car companies to produce electronic car the government will give the car company some extra money to develop their electronic vehicles. The consumer buys the electronic car the government will also give them some preferential policy like mitigate purchase tax. In this time lots of traditional car companies will decide to join in producing electronic vehicle. Most of them have experience to produce gasoline car so when they produce electronic is also attracts lots of consumers to buy.

And because the electronic car's using cost is cheaper than the traditional gasoline car, and the maintenance cost is also lower than gasoline car. Consumers want to spend less money to experience high quality so most consumers, choose to buy electronic car. The electronic car market is getting bigger. There are also a lot of new brands that specialize in producing new energy vehicles, they have special research on electronic vehicles. As a result, the competition in the electronic vehicle market has become more and more fierce, and the most important problem for each car manufacturer is the marketing strategy who have a good marketing strategy that can get more consumers. At this time, NIO also achieved continuous sales growth under the impact of the COVID and strong market competition. It can show that they have some special marketing strategy for selling cars. The marketing strategy of leveraging consumer psychology to enhance the competitiveness of Internet automotive enterprises entails not only assessing the intrinsic value of their products, but more crucially, excelling in marketing efforts. This ensures that consumers opt for the company's offerings under similar circumstances, or even when faced with a slight disadvantage, rather than choosing those offered by peers and competitors. The scope of psychological investigation is becoming increasingly comprehensive and aligns better with the characteristics of modern marketing, enabling a more effective maintenance of equilibrium between "supply" and "demand" [3].

The purpose of this study is to explore why NIO can continue to increase its sales among so many competitors and win the trust and love of consumers. The research method of this study is a case analysis of the different marketing strategies of NIO, and analyzes the advantages and disadvantages of their marketing strategies.

2. The Information of NIO

As a hot topic at present, more and more studies on electric vehicles have been conducted by scholars all over the world [4]. NIO is one of the electric vehicles in the market. NIO is a new energy automobile brand in China, which was founded in 2014. It is one of the leaders of the development of new energy vehicles in China. At present, nine models were introduced and they are ET7, ET5 Touring, ES8, ET5, ES5, ES7, EC7, EC6 and EP9. The margin for price adjustment is from 298,000 ¥ to 656,000 ¥ [5]. Which covers a relatively large number of consumers in electric vehicles. NIO began to produce its first new energy vehicle product in 2018, which has since opened the road to the sale of new energy vehicles. When NIO started to sell cars, the results were not good. In the first quarter of 2019, the sales volume was only 3,989 cars. In this year, the total liability of NIO was 19,403,841 yuan, and even in 2020, the total liability of NIO was 22,779,686 yuan. At this time, the company's total liability was increasing, but after about three years of improvement and promotion of marketing strategy, the sales volume was 24,439 units in the third quarter of 2021, and the total revenue also arrived 36,136,423 yuan in 2021 from 7,824,904 yuan in 2019. Gross profit increased from negative 1,198,822 yuan in 2019 to 6821,433 yuan in 2021. From the financial statements of NIO in recent years, the data of total profit, total debt and total income can be seen that NIO started to

produce electric vehicles in 2018, and its original development plan may be disrupted in 2019 and 2020 due to the impact of the COVID. However, it is constantly adjusting its marketing strategy and making efforts in product research and development. It began to improve in 2021 and continued to rise after 2021. Alessandro Pisano said, in order to implement a strategy of product differentiation in the highly competitive BEV market, which will comprise approximately 200 electric vehicle manufacturers in China alone by 2022, NIO seeks to project an image of a highly recognized brand that is close to the consumer, with interactions extending beyond the friendly exchanges that occur during the vehicle purchase and delivery phases [6].

At the same time, future vehicles have improved the quality ratio of their products and changed their marketing methods. When many consumers think of new energy vehicles when they have not yet purchased a vehicle, the first thing they think of is NIO, which is inseparable from their successful marketing. The following article will analyze their centralized marketing strategy. NIO's marketing strategy involves price, products, placement and services.

3. Marketing Strategies Analysis

3.1. Price Strategies

Consumers can choose the configuration of the battery, which is a product strategy can be a price strategy based on the product strategy. When ordering vehicles, NIO's ordering strategy is not the same as that of traditional car manufacturers, and it is also different from the current mainstream electric vehicle brands. Traditional vehicles can only be selected according to the color, function and wheel hub of the car according to their preferences when consumers are ready to buy. But electric cars will have an additional battery capacity option. But a higher configuration or larger battery capacity means the price will increase. Many consumers may choose other lower configurations because of a lack of budget when choosing, or choose models with relatively small battery capacity when buying new energy vehicles but the consumer experience will be worse, that will affect the consumers' impression of the brand. So NIO have their own marketing strategy on the price. When consumer choose to buy a NIO's car they will have two type of battery to choose. One is buy the car's battery directly than consumers need to pay 70,000 RMB for a small battery or 128,000RMB for a big battery that is mean consumers can buy the whole car directly, including the battery, and there are no additional costs in the future. The other one is choose to rent batteries, If the consumer chooses to rent a small battery cell, the price of the car can be reduced by 70,000 yuan, and the subsequent monthly rent needs to pay 980 yuan. If consumers choose to rent a large battery, they can reduce the price of the vehicle by 1.28 million yuan at the time of purchase, and pay only 1,680 yuan per month in the future. Consumers who choose to rent batteries can reduce the cost of buying a car when they buy a car, and the subsequent monthly payment will take about 6 years to reach the reduced car price, which is very cost-effective for many consumers and the consumer can select more configuration because the car price reduce. This is NIO's marketing strategy on price.

3.2. Product Strategies

NIO uses its unique NOMI mate in its products, allowing cars and consumers to have a new way of human-car interaction. MINOMate products will make consumers feel more connected when using them, rather than a machine with no temperature, Let consumers feel warm of the NIO. When NIO first time released their own car ES8 in 2018, NIO's product manager emphasized the NOMI mate inside the car at the press conference. NOMI mate is a small robot inside the NIO's car. NOMI mate is connected to the vehicle system in the car of NIO, and this robot can show different expressions, which is completely different from the vehicle system of other new energy vehicles. The vehicle system of other brands emphasizes convenience, but these systems are just machines, NIO a NOMI

mate the consumer can say “Hey NIMO” than the consumer can ask NOMI to do anything that other vehicle system can do. In normal vehicles, the consumers often need to adjust some Settings manually, but with the NIMO, consumers can use voice control, which ensures the safety of the vehicle, and also allows the driver and passengers to care more closely with the system. NIO emphasized NIMOMate at the press conference and subsequently released NIMOMate2.0, which was deeply loved by consumers. Through NOMImate, NIO allows cars and consumers to have more interaction, so that the distance between cars and consumers becomes closer, and the consumer's psychology will get the same interaction as that of people.

3.3. Placement Strategies

Jinpeng Liu and Shiyun Zhou said, the physical location of NIO is not a typical 4S store. NIO House, the business's physical location, is greater than just a typical marketing or display space. There are living rooms, reading rooms, and lounges in NIO house. China Securities Network statistics show that there are 83 physical outlets around the country, the most of them are found in business areas like Shanghai Lujiazui and Beijing Wangfujing. The location that NIO chose can also help NIO become more well-known and influential [7]. NIO not only makes efforts in the product and the car experience for consumers, but also has its own system in the service for consumers. NIO has built a lot of NIO centers in the country, which have theater, meeting rooms, shared studios, libraries, etc., which can be provided to consumers. Activities will also be held regularly in the NIO center, and consumers can directly communicate with the management of NIO and ask questions, so that consumers feel that there is no distance between them and the enterprise and feel warmer. Nio is very concerned about the feelings of consumers, they hope that consumers not only get the quality of products, but also hope that they can get intimate service in the service. Such as road rescue, and test drive activities or drink events at the NIO center. These activities can improve the stickiness between consumers and NIO, and through activities, consumers can take the initiative to share NIO.

3.4. Services Strategies

Despite the increasing number of charging stations, the problem of long charging times has not been solved. There were 763 thousand private charging stations and 558 thousand public charging stations as of June 2020. In 2020, there will be a 57.8% of stations that are private, up from 12.2% in 2015 [8]. The main reason why some consumers choose to buy electric vehicles is because they think that the charging of electric vehicles is convenient and cheap. However, some families who do not satisfy the conditions for charging their cars often can only continue to choose gasoline cars, because they cannot charge electric vehicles at any time when they go home, which will greatly increase their trouble. In order to solve the problem that some consumers cannot charge at home, NIO has built a lot of change battery stations. On October 26, 2023, the number of change battery stations of NIO reached 2,000. In order meet the demands of consumers in the modern world, NIO manufacturers offer subscriptions and swapping, which takes less time than recharging. The charge time, battery changing ability, and charging sources at battery stations are the three features of the NIO Battery. NIO provides customers with an excellent battery that is sustainable and kind to the environment. In addition, the battery may be switched out in as little as three to five minutes [9]. The technology for batteries must last longer in cost of miles traveled based on one charge. When consumers buy a car, they will be given the right to change the electricity, and they can change the electricity for free 4 times a month, which is completely enough for the daily travel of ordinary consumers. This is the marketing strategy of NIO for consumers who do not meet the charging conditions at home, and it is a good interest for all consumers who have bought NIO. In order to promote online users, build organizations, trade products, and provide vehicle owner support through the online user community,

nextev marketing is a crucial first step. Information like news releases, test drive appointments, and user-posted feedback about the product on the DEBUG system will be evaluated by Nextev. Fellow of Nextev (Nextev sales consultant) makes the effort to bring the consumer's selected model to their door for an unrestricted number of test drives and offers a 30-day car rental experience. Customers can also write off a portion of the cost of the rental vehicle after the experience. They even send user suggestions straight to the head of the experience manager group. Users can report any complaints or inquiries about regular service in the exclusive service group, regardless of whether they have purchased NIO value-added services. Senior executives Li Bin and others frequently interact with members of the community [10].

4. Success Model Summary

4.1. Price

NIO is good at making efforts in marketing strategies, and it can ensure that consumers feel preferential prices, but also ensure that NIO's interests are not lost. NIO's car battery rental is a good marketing strategy. In the current fierce competition in the market of new energy vehicles, the companies should start from the consumer psychology, under certain circumstances, the reduced price can meet the consumer psychology, because most people are more willing to spend less money to buy more and better goods. New energy vehicle enterprises should learn from NIO's marketing strategy on price and start with price, so that consumers can buy good products with less money, which can also greatly increase the reputation of the brand in the minds of consumers. The price strategy of NIO's car rental battery is a good way, which not only allows consumers to enjoy lower prices, but also allows consumers to enjoy lower prices. Satisfy the psychology of consumers, but also to ensure their income.

4.2. Product

The marketing strategy of NIO in the product is also different. They know that they have different car system with other electric vehicles and traditional gasoline vehicles, and NIO constantly explains its car system at its product launch conference, so that more consumers know the difference of NIO in the car series and the advantages of NIO in the car system. They constantly emphasized their NIMO mate at the product release conference, which made many consumers interested in NIO's products. Consumers who have already bought NIO cars, will be more willing to promote NIMOmate in their cars. There will be a chain effect, the brand tells the consumer the benefits of the product, and the consumer tells other consumers who are ready to buy the product with more convincing words after experiencing it for themselves, to persuade new consumers to buy the product.

4.3. Placement

NIO has also made full efforts in service, and NIO has given a lot of rights and interests to consumers who have bought NIO. The NIO Center is also an example of a good marketing strategy. The activities of the NIO Center can not only allow consumers to communicate, but also allow the company's management and consumers to communicate face to face, and point out shortcomings and correct them. Consumers think that the NIO center can communicate with more consumers, from which there may be some opportunities for cooperation. This is also a marketing strategy for NIO. The marketing strategy of NIO to build the NIO center can not only gather consumers, but also get the trust and recognition of consumers. Many consumers want to find the same group, because they buy the same products, they hope to have more communication with the same group of people, NIO center

just satisfy this point. NIO's marketing strategy in service can not only increase the stickiness between consumers and brands, but also constantly know its shortcomings and make improvements.

4.4. Services

NIO is good at satisfying consumer psychology. All owners who buy NIO can get the right to free power change 4 times a month. General consumers will think that the service of free power change needs to be purchased by themselves, but NIO only needs to buy a car to give this right. This satisfies the idea that consumers want to get preferential treatment or benefits when buying goods. Due to the extensive promotion and layout of NIO cars in the changing station, the changing station can be found in almost all cities and expressways in southern China, so the owners of NIO can run long distances without worrying about charging. Moreover, the change station of NIO car can only be changed for NIO car, so the efficiency will be greatly increased when used, because there is no need to queue up for charging with other brands of electric vehicles like traditional chargers, and consumers only need to wait for the front of the NIO car to change the battery. In other words, the change station of NIO is specially built for the owners of NIO, which will give the owners of NIO a feeling of being specially served. NIO's method of building a power station can not only do marketing for its brand, but also meet the psychology of consumers, so that consumers can help NIO do publicity.

5. Conclusion

This research shows the reason why NIO can get good results in today's fierce competition in the electric vehicle market and continue to maintain it is closely related to the marketing strategy of NIO. Their marketing strategy is powerful because they know the advantages of their products and will seize their advantages to promote sales when marketing, and NIO has focused most of its marketing strategy on serving consumers. NIO marketing its brand and products through price, service, construction of changing power station and opening of NIO center. The reason for the success of NIO is that it satisfies the psychology of consumers, so that consumers can not only get preferential prices, but also get services beyond this price. This article gives a preliminary explanation and analysis of the marketing strategy of NIO. Through the above successful marketing strategies, NIO has gained a place in today's fierce competition in the new energy market, and has a considerable market share in the new energy vehicle market. Their success is by no means accidental. The article can let some users who are interested in the marketing strategy of NIO have a preliminary understanding of the marketing strategy of NIO. In this study, the author did not visit NIO Center to experience the services provided by the future center. Author only made an understanding and evaluation of NIO Center on the official website of NIO. Author hope that author can investigate and survey NIO Center and explore in the follow-up research. The results show that the most important purpose of these posts from NIO is to build brand image, inform stakeholders and build relevant brand awareness.

References

- [1] Central People's Government of the People's Republic of China (2023). *The number of motor vehicles in the country reached 417 million and the drivers exceeded 500 million*. Retrieved from https://www.gov.cn/xinwen/2023-01/11/content_5736278.htm
- [2] Wang, P.X. (2020) *Brand Communication via Mobile Application for New Energy Automobile: A Content Analysis of NIO Brand in China*. Bangkok University.
- [3] Guo, R. (2019) *An Analysis of the Most Competitive Marketing Strategies of Internet Automobile Enterprises from the perspective of Consumer Psychology*. *Modern Marketing: Information Edition*, 11, 2.
- [4] Jiang, Q., Wei, W., Guan, X., Yang, D. (2021) *What Increases Consumers' Purchase Intention of Battery Electric Vehicles from Chinese Electric Vehicle Start-Ups? Taking NIO as an Example*. *World Electric Vehicle Journal*, 12(2), 71.

- [5] Diao, C. (2023). *Analysis of Marketing Strategy of NIO's New Energy Vehicles. Highlights in Business, Economics and Management*, 19, 250-254.
- [6] Pisano, A., Saba, M., Baldovino, J.A. (2023) *A Critical Review of NIO's Business Model. World Electric Vehicle Journal*, 14(9), 251.
- [7] Liu, J., Zhou, S. (2022). *Analysis of China's New Energy Vehicle Market Competitive Strategy: Taking Tesla and NIO as Examples. Proceedings of the 2022 7th International Conference on Social Sciences and Economic Development (ICSSED 2022)*.
- [8] He, J., Liao, S., Li, X., Yu, P. (2022). *Research on Marketing Strategy of New energy Vehicles in China. Proceedings of the 2022 7th International Conference on Social Sciences and Economic Development (ICSSED 2022)*.
- [9] Kader, T. (2022). *Case Study: NIO Battling Tesla with Battery as a Service. Cambridge Open Engage*.
- [10] Zhang, L.J. (2022). *Research on Genius Marketing Strategy from NIO. Proceedings of the 2022 2nd International Conference on Economic Development and Business Culture (ICEDBC 2022)*.