



Balancing Local Adaptation and Global Coherence: Brand Configuration of German Premium Car Manufacturers in China

Maren Opfolter

Dissertation written under the supervision of professor Gonalo
Salazar Leite

Dissertation submitted in partial fulfilment of requirements for the
MSc in Management with specialization in Strategy, Entrepreneurship
and Impact, at the Universidade Cat3lica Portuguesa, May 2026.

Abstract

Title: Balancing Local Adaptation and Global Coherence: Brand Configuration of German Premium Car Manufacturers in China

Author: Maren Opfolter

China's premium automotive sector is undergoing rapid disruption, challenging the ability of Audi, BMW and Mercedes-Benz to preserve global brand coherence while meeting local market demands. Operating through joint ventures and facing shared institutional pressures, these firms have adopted visibly different branding configurations. This study examines how and why they configure their brands differently under similar pressures and how these configurations affect the tension between local competitive positioning and global brand coherence.

Adopting a qualitative, multiple-case design, the study triangulates corporate and industry sources with eight expert interviews. It draws on institutional theory, the standardization-adaptation debate and customer-based brand equity, with brand architecture and product as the analytical dimensions.

The findings reveal three distinct approaches: Audi's dual-brand adaptation, BMW's embedded adaptation and Mercedes-Benz's coherence-protecting adaptation. All three constitute a strategic compromise, but are reached at different layers of the brand configuration. Three complementary factors emerge as explanations for the divergence: joint-venture structure, the interpretation of 'premium' at firm level and the symbolic boundary of each brand.

The central contribution is a layer-conditional trade-off framework: the tension between local competitiveness and global coherence depends not on the degree of adaptation, but on the layer at which adaptation occurs. Functional and product adaptation build local relevance at low coherence risk, whereas brand-core adaptation increases the risk of dilution.

Keywords: brand configuration, standardization-adaptation, institutional theory, joint ventures, Chinese automotive market, brand architecture

Abstrato

Título: Equilíbrio entre Adaptação Local e Coerência Global: Configuração de Marca pelos Fabricantes Alemães de Automóveis Premium na China

Autora: Maren Opfolter

O setor automóvel premium chinês atravessa uma rápida disrupção, desafiando a Audi, a BMW e a Mercedes-Benz a preservar a coerência global da marca enquanto respondem às exigências do mercado local. Operando através de joint ventures e enfrentando pressões institucionais comuns, estas empresas adotaram estratégias de marca visivelmente diferentes. Este estudo analisa como e porquê configuram as suas marcas de forma diferente sob pressões semelhantes, e como essas configurações afetam a tensão entre o posicionamento competitivo local e a coerência global da marca.

O estudo adota um desenho qualitativo de casos múltiplos, triangulando fontes empresariais e setoriais com oito entrevistas a especialistas, apoiando-se na teoria institucional, no debate estandardização-adaptação e no brand equity baseado no consumidor, tendo a arquitetura de marca e o produto como dimensões principais.

Os resultados identificam três lógicas de resposta: a adaptação de marca dupla da Audi, a adaptação integrada da BMW e a adaptação protetora de coerência da Mercedes-Benz. As três constituem um compromisso estratégico, mas alcançado em camadas diferentes da configuração de marca. A divergência decorre da estrutura da joint venture, da interpretação do significado premium e da fronteira simbólica de cada marca.

O contributo central é um modelo de trade-off condicionado pela camada: a tensão depende não do grau de adaptação, mas da camada em que esta ocorre.

Palavras-chave: configuração de marca; estandardização-adaptação, teoria institucional, joint ventures, mercado automóvel chinês

Table of contents

List of tables.....	VI
List of abbreviations.....	VII
1 Introduction.....	1
1.1 Background and relevance.....	1
1.2 Problem statement	1
1.3 Research aim and research questions	2
1.4 Scope and contribution	3
2 Literature review	5
2.1 Industry and market context	5
2.1.1 Sino-foreign joint ventures in the automotive industry.....	5
2.1.2 Transformation of the Chinese automotive market.....	5
2.1.3 Competitive dynamics in the premium segment.....	6
2.2 Brand strategy and configuration.....	7
2.2.1 Global brand standardization versus local adaptation.....	7
2.2.2 Consumer perceptions of global and local brands	9
2.2.3 Brand configuration dimensions	10
2.3 Institutional pressures in international markets	11
2.3.1 Institutional theory	11
2.3.2 Institutional pressures in China.....	12
2.4 Research gap and analytical framework	13
2.4.1 Research gap	13
2.4.2 Adopted theoretical and analytical framework	14
3 Methodology	16
3.1 Research design and data sources.....	16
3.2 Data collection.....	16
3.3 Data analysis.....	18
3.4 Research quality criteria	20

3.5	Methodological limitations	20
4	Findings.....	22
4.1	Differential brand configurations under shared institutional pressures.....	22
4.1.1	Brand architecture adaptation	22
4.1.2	Product adaptation.....	25
4.1.3	Cross-case synthesis: drivers of differential configurations	27
4.2	Implications for local competitive positioning and global brand coherence.....	29
4.2.1	Case-level effects on local positioning and global coherence	29
4.2.2	Trade-off between local positioning and global coherence	30
5	Discussion	32
5.1	Theoretical contributions	32
5.2	The layer-conditional trade-off framework	33
5.3	Practical implications.....	35
6	Conclusions, limitations and future research	37
6.1	Conclusions	37
6.2	Limitations and future research	38
7	Bibliography.....	40
	Appendices	45

List of tables

Table 1: Institutional pressures in the Chinese automotive market	13
Table 2: Integrated analytical framework	14
Table 3: Overview of interview sample	18
Table 4: Brand architecture configurations	22
Table 5: Product configurations	25
Table 6: Layer-conditional trade-off framework	34

List of abbreviations

ADAS	Advanced Driver Assistance Systems
EV	Electric Vehicle
HQ	Headquarters
JV	Joint Venture
LWB	Long Wheelbase
MNC	Multinational Corporation
NEV	New Energy Vehicle
OEM	Original Equipment Manufacturer
PBG	Perceived Brand Globalness
PBL	Perceived Brand Localness
R&D	Research and Development

1 Introduction

1.1 Background and relevance

China is the world's largest automotive market, with 34.4 million vehicles sold in 2025 (CAAM, 2026). The market is undergoing a fundamental transformation: new energy vehicles (NEVs), the official Chinese category for electrified vehicles, accounted for 47.9% of total vehicle sales in 2025 and domestic brands led by BYD have overtaken foreign manufacturers in this segment (Automobility, 2025; CnEVPost, 2026). German premium manufacturers like Audi, BMW and Mercedes-Benz are facing the most severe crisis to date in their most important single market, with combined sales declining by approximately 260,000 vehicles year-on-year in 2025 (CarNewsChina, 2026).

The structure of the Chinese automotive market is strongly shaped by joint ventures (JVs), which have played an important role as market entry points for German Original Equipment Manufacturers (OEMs) since the 1980s. Originally designed as a regulatory instrument by the Chinese government, JVs remain central to the China business of many foreign manufacturers, even though the foreign-ownership cap was relaxed from 2018 onwards (German Chamber of Commerce in China, 2025b).

In this highly competitive environment, branding is becoming a key tool for differentiation. This creates an increasing tension between protecting the global identity and meeting local market requirements: while global premium brands traditionally focus on a coherent brand identity, the Chinese market demands China-specific car models, adapted local communication and aggressive pricing (German Chamber of Commerce in China, 2025b). The conflict is intensified by the challenges of JV governance, as Sino-foreign JVs strive for greater independence from their headquarters (HQ) to keep up with the 'China speed' (German Chamber of Commerce in China, 2025a).

1.2 Problem statement

As the Chinese premium segment undergoes rapid transformation, the effectiveness of established brand positioning strategies is increasingly challenged. Within Sino-foreign joint venture structures, branding decisions cannot be made unilaterally, but must be balanced between the requirements of the HQs, the priorities of local partners and the expectations of the state. These competing demands constitute the institutional pressures under which the three German premium OEMs operate. They introduce an additional layer of complexity that existing branding literature does not adequately address.

Despite operating under comparable institutional pressures, Audi, BMW and Mercedes-Benz appear to have adopted different brand configurations in China. What remains unclear is why these firms interpret and translate similar pressures differently and how these differences affect the balance between local competitive positioning and global brand coherence.

Existing literature extensively addresses the standardization-adaptation trade-off. However, it provides limited guidance on how premium brands configure their branding decisions within joint venture structures that are simultaneously exposed to regulatory, competitive and consumer-related pressures. This study bridges this gap by examining how these pressures, their interpretation at a firm level and the resulting brand configurations are related in the context of German premium car manufacturers in China.

1.3 Research aim and research questions

The general objective of this study is to explain how and why Audi, BMW and Mercedes-Benz configure their brand strategies differently in China under shared institutional pressures and to assess how these configurations affect the tension between local competitive positioning and global brand coherence.

This objective leads to the following research questions:

RQ1: How and why do Audi, BMW and Mercedes-Benz configure their branding strategies differently in China despite facing shared institutional pressures?

RQ2: How do different brand configurations affect the tension between local competitive positioning and global brand coherence among German premium OEMs in China?

The first RQ seeks to explain differences in brand configuration across the three cases, while the second RQ examines the implications of these configurations for local competitive positioning and global brand coherence. To answer these questions, the study first identifies the main institutional pressures that shape German premium OEM branding in China. It then analyzes how Audi, BMW and Mercedes-Benz interpret and prioritize these pressures in their China strategies and compares the resulting brand configurations. Brand architecture and product are the primary dimensions of the analysis. Finally, the study assesses how these configurations influence local competitive positioning and global brand coherence and whether a trade-off between both outcomes emerges.

1.4 Scope and contribution

The study focuses on German premium car manufacturers operating in the Chinese passenger car market through JV structures. It compares Audi, BMW and Mercedes-Benz, because all three brands operate in the same national market, compete in the same premium segment and face comparable institutional pressures, while showing different approaches in their brand configuration. Although these brands form part of larger corporate brand portfolios (Volkswagen Group, BMW Group and Mercedes-Benz Group), the analysis focuses on the core brand and its China-specific configuration. Other brands within the corporate portfolio (e.g. MINI, Rolls-Royce, AMG and Maybach) are not included in the analysis.

The institutional and competitive environment is considered the primary factor shaping brand configuration decisions. Although JV structures are considered part of the structural context of these decisions, they are not analyzed as a separate explanatory variable due to restricted access to internal governance processes.

The time frame concentrates on the phase of increased competition associated with electrification and the rise of Chinese domestic brands since 2020. The analysis focuses on brand architecture and product as primary dimensions, where the most observable inter-case differences are expected. Pricing and communication are referenced only as contextual evidence where directly connected to these dimensions. The definition of each dimension is specified in Section 2.2.3. In terms of methodology, the study is a qualitative case analysis, based on expert interviews and secondary data such as industry reports and company documents.

The study contributes to international branding and institutional theory by explaining why comparable firms facing similar institutional pressures translate these pressures into different brand configurations. It also develops a layer-conditional trade-off framework that shows how different forms of adaptation affect local competitive positioning and global brand coherence. From a managerial perspective, the study provides practical implications for German premium OEMs seeking to balance China-specific relevance with global brand consistency.

The thesis is structured as follows: Chapter 2 reviews the literature on global brand management, local adaptation, institutional pressures and brand configuration. Chapter 3 outlines the qualitative multiple-case methodology, while Chapter 4 presents the empirical findings on brand architecture and product adaptation across the three cases. Chapter 5

discusses the theoretical and practical implications, while Chapter 6 concludes by outlining the limitations of the study and avenues for future research.

2 Literature review

This chapter provides an overview of the relevant literature and context for the study. It starts with outlining the market and institutional environment of the Chinese automotive industry. It then introduces theoretical concepts on global branding and institutional pressures. Finally, the chapter introduces the analytical framework used in the empirical analysis.

2.1 Industry and market context

2.1.1 Sino-foreign joint ventures in the automotive industry

Since the 1980s, foreign manufacturers seeking access to the Chinese automotive market have been required to operate through equity joint ventures with domestic partners. Under this requirement, each foreign carmaker was limited to a maximum of two local joint venture partners, with foreign equity capped at 50% (Chen *et al.*, 2020; Bai *et al.*, 2025; Brandt and Thun, 2010). The Chinese government designed this policy on a quid pro quo basis: protected market access in exchange for technology transfer and industrial know-how (Nam, 2011; Howell, 2018). For several decades, these JV structures became the dominant market entry mode for foreign automakers and by the early 2010s all major global manufacturers operated exclusively through such structures in China (Holweg *et al.*, 2009; Reuters, 2012).

Since 2018, China has gradually liberalized foreign ownership in the automotive sector, allowing foreign OEMs to hold the majority of shares or establish fully owned operations (EIAS, 2023; Bai *et al.*, 2025). This policy shift reflects the growing strategic confidence of domestic producers, who had leveraged their JV experience to develop and strengthen their own brands (MERICS, 2022; EIAS, 2023). In parallel, foreign OEMs started adjusting their China strategies by raising equity stakes in existing JVs, expanding local R&D and developing China-specific products (EIAS, 2023; Liang *et al.*, 2025).

Despite this liberalization, joint ventures remain the dominant structure through which Audi, BMW and Mercedes-Benz operate in China (MERICS, 2022; EIAS, 2023). This structural context shapes the conditions under which their branding decisions are made.

2.1.2 Transformation of the Chinese automotive market

The Chinese automotive market has evolved from a heavily protected environment into the world's largest and most competitive automotive market (Ou *et al.*, 2018; Chen *et al.*, 2020). The transition toward electrification has been shaped primarily by state interventions, motivated by the strategic goal of reducing oil dependency and establishing China as a global technology

leader (Thurbon *et al.*, 2023). Starting with the ‘Ten Cities, Thousand Vehicles’ program in 2009 and reinforced by the 2017 Dual Credit Policy and the ‘Made in China 2025’ initiative, the government established NEV development as a national industrial priority (Ou *et al.*, 2018; EIAS, 2023; Thurbon *et al.*, 2023). In the Chinese regulatory context, NEVs include battery electric, plug-in hybrid and fuel-cell vehicles. As a result, NEVs account for almost half of total Chinese car sales in 2025 (IEA, 2025). In this study, the broader term electric vehicle (EV) is used when referring to the technological and market shift toward electrified mobility more generally.

By systematically accelerating the rise of domestic manufacturers, this policy architecture restructured the competitive environment. From 2015 to 2022, independent Chinese EV brands increased their market share while JV brand sales declined by 17% (IMD, 2024). These domestic competitors differentiate themselves through their competitively priced products, integrated digital ecosystems and rapid development cycles. These capabilities were made possible by state subsidies and the development of the domestic supply chain (MERICS, 2022; KPMG, 2025).

2.1.3 Competitive dynamics in the premium segment

While the market transformation described above affects all segments, its implications are most acute in the premium segment: brand positioning, pricing power and consumer expectations are most directly exposed to the challenges of electrification and the rise of domestic competitors (EIAS, 2023; McKinsey, 2025b). The following section examines these competitive pressures in detail.

The premium segment in China has historically been dominated by German manufacturers, particularly Audi, BMW and Mercedes-Benz. Building on the joint venture structures described in Section 2.1.1, all three established early and strong market positions during the expansion of China’s passenger car market in the 1990s and 2000s (Holweg *et al.*, 2009; Sturgeon and Van Biesebroeck, 2011). Over time, the brands developed substantial brand equity based on perceptions of engineering excellence and quality, a foundation that allowed them to sustain their dominance in the premium segment for several decades (J.D. Power, 2024; McKinsey, 2025b).

However, the competitive dynamics have changed rapidly with the emergence of domestic electric vehicle manufacturers. A new generation of Chinese premium-positioned EV brands including NIO, XPeng and Li Auto has entered the market with technologically advanced

vehicles and strong digital capabilities (MERICS, 2022; McKinsey, 2025b). These companies increasingly compete directly with traditional premium manufacturers by targeting similar price segments and customer groups. By operating with development cycles of less than 25 months, often described as ‘China speed’, they bring new models and features significantly faster to market than established automakers (KPMG, 2025). Beyond established automotive players, technology companies such as Xiaomi and Huawei have entered the market, leveraging their software expertise and further blurring the boundaries between the technology and automotive industries (MERICS, 2022; Statista, 2025).

In response, German OEMs have begun to adjust their Chinese strategies. Having historically dominated the market, the foreign OEMs' aggregated market share has fallen from around 60% to 40%, with German brands' sales dropping 22% between 2020 and 2024 (Rhodium, 2025). German car producers have struggled to attract younger, tech-savvy consumers, who increasingly prioritize digital features, smart cockpit integration and native EV platforms over traditional engineering credentials. These are areas in which domestic competitors have established clear advantages (MERICS, 2022; McKinsey, 2025b). All three German OEMs have consequently expanded local R&D capabilities, started developing China-specific models and deepened partnerships with Chinese technology firms in areas such as autonomous driving and digital services. These initiatives reflect a broader strategic shift in which China is increasingly treated not only as a key sales market but as a center of product innovation (MERICS, 2022; EIAS, 2023).

This dynamic creates a structural tension for German premium brands: adapting deeply to local expectations risks undermining the global brand coherence that is essential for premium positioning, while not adapting enough threatens local market relevance (German Chamber of Commerce in China, 2025b).

2.2 Brand strategy and configuration

2.2.1 Global brand standardization versus local adaptation

The market and governance context identified in Section 2.1 raises the question of how global brands should be configured across markets. In international marketing literature, this question is framed as the standardization-adaptation debate: it addresses how far a brand maintains a consistent identity and positioning across markets and how far local conditions require adaptations (Levitt, 1983; Vrontis, 2003).

Early contributions emphasized the advantages of global standardization. Levitt (1983) argues that technological advancement drives a convergence of consumer preferences, allowing standardized firms to achieve economies of scale in development, production and marketing. For global brands, this logic is supported by brand equity research: a consistently communicated brand identity builds recognition, trust and equity across markets (Keller, 1993; Kapferer, 2008). When consistent brand associations are reinforced across multiple markets, they accumulate into a competitive advantage that is difficult to replicate (Kapferer, 2008).

The standardization thesis attracted immediate criticism. Douglas and Wind (1987) argue that markets remain heterogeneous in strategically significant ways: cultural norms, institutional frameworks, competitive dynamics and consumer preferences differ across countries in ways that a uniform approach cannot adequately address. A purely standardized approach therefore risks losing local consumers to more responsive competitors.

In practice, firms rarely apply either approach in its pure form. Most companies maintain a standardized brand core, including the name, values and visual identity, while adapting the design of products, pricing, communication and distribution to local conditions (Jain, 1989; Vrontis, 2003). The degree of adaptation varies by product category, market and competitive context. Standardization and adaptation are therefore treated as points on a continuous spectrum, with firms calibrating their position based on the configuration of each market (Douglas and Wind, 1987).

Beyond positioning firms on this spectrum, later work reframes global marketing strategy as a multidimensional concept (Jain, 1989; Vrontis, 2003). Zou and Cavusgil (2002) demonstrate empirically that firms can outperform those applying either extreme in isolation by combining standardization, cross-market coordination and global market integration. The central question shifts from *whether* to standardize to *which* brand elements benefit from global consistency and which require local calibration (Vrontis, 2003). This distinction is fundamental for the analytical framework of this study.

The standardization-adaptation debate addresses the content of brand decisions, but it does not address how firms organize the decision-making process itself. This organizational dimension is addressed by the Integration-Responsiveness (I-R) framework (Bartlett and Ghoshal, 1987; Prahalad and Doz, 1987). It identifies two competing forces: the pressure for global integration, which favors centralized coordination and efficiency across markets, and the pressure for local responsiveness, which favors decentralized decision-making tailored to market-specific

conditions. Most multinational corporations (MNCs) face both simultaneously and resolve the dilemma through what Bartlett and Ghoshal (1987) call the ‘transnational’ organization, which pursues both simultaneously rather than trading one off against the other. Applied to brand management, the framework distinguishes between decisions that should be centrally controlled and those delegated to local markets (Jain, 1989; Zou and Cavusgil, 2002).

2.2.2 Consumer perceptions of global and local brands

The standardization-adaptation debate examines branding from a corporate strategy perspective. Brand configuration decisions ultimately aim to influence consumer perceptions, which require separate consideration.

Previous research shows that global brands are consistently associated with quality, prestige and innovation, signaling a connection with global consumer culture (Steenkamp *et al.*, 2003). In complex product categories such as automotive, these associations are particularly strong, as purchasing decisions are heavily influenced by technological superiority and status (Mandler *et al.*, 2021). For German premium brands in China, this mechanism has historically been fundamental to their dominance in the premium segment (Steenkamp *et al.*, 2003; McKinsey, 2025b).

At the same time, consumers value local brands for their cultural embeddedness and responsiveness to local preferences (Mandler *et al.*, 2021). Steenkamp and de Jong (2010) argue that global and local brand perceptions are not opposites, but rather two independent dimensions that can coexist. Mandler *et al.* (2021) address this through perceived brand globalness (PBG) and perceived brand localness (PBL). Both concepts function as independent signals of brand credibility. However, in advanced and globalized markets, PBG loses its differentiating power as a global brand presence becomes a basic expectation rather than a distinguishing attribute (Mandler *et al.*, 2021). In the Chinese premium market, this dynamic is already observable: the new generation of buyers increasingly views traditional German engineering as a baseline rather than a differentiating factor (McKinsey, 2025b).

For German premium OEMs, this creates a structural tension at the level of consumer perception: a purely global positioning risks losing relevance with consumers who increasingly value local digital competence, while strong localization could erode the PBG-based equity that continues to anchor premium positioning (Mandler *et al.*, 2021). The central question is therefore not whether to maintain global or local elements, but how to configure them along specific branding dimensions. From a brand equity perspective, local adaptation does not

necessarily weaken a global brand. Its effect depends on whether local adaptations remain consistent with the brand's core associations or whether they alter the brand's local meaning (Keller, 1993; Kapferer, 2008).

2.2.3 Brand configuration dimensions

Building on the insight that brand configuration requires calibration rather than a binary choice, this study uses two dimensions as analytical tools: brand architecture and product.

The brand architecture dimension refers to the structure of the brand portfolio and the relationship between the global master brand and local sub- or partner brands. Aaker and Joachimsthaler (2000, p. 10) conceptualize brand architecture as a spectrum ranging from the “branded house”, where a single master brand includes all products, to the “house of brands”, where independent brands are positioned separately. Visual brand elements such as the logotype and brand name are among the most strongly standardized, which makes any deviation in brand architecture a strategically significant decision (Kapferer, 2008). In JV structures, brand architecture decisions become especially complex, because choices about local sub-brands or co-branding must be agreed with the local partner.

The product dimension refers to the design, functions, quality standards and brand-specific physical characteristics. Kapferer (2008, p. 182) describes these elements as part of the brand's “physique”, making product decisions a central component of brand identity. While most companies globally standardize product features, a significant share still adapts this dimension locally (Kapferer, 2008). According to Vrontis (2003), the product represents the most standardized dimension in the marketing mix. However, specific sub-elements such as design, features and product variants show higher sensitivity to local market conditions, while remaining more standardized than pricing and promotion (Vrontis, 2003). In the Chinese automotive context, this is reflected in the development of China-specific models and locally adapted EV platforms (MERICS, 2022; McKinsey, 2025b).

Pricing and communication are also recognized as central elements of brand configuration. Both are among the most locally adapted elements of the marketing mix and particularly sensitive in the Chinese premium segment, where intensified price competition and culturally specific communication channels shape brand perception (Vrontis, 2003; Kapferer, 2008; McKinsey, 2025b).

Together, these dimensions operationalize the standardization-adaptation logic introduced in Section 2.2.1 and connect it to the consumer perception dynamics discussed in Section 2.2.2.

The study treats brand architecture and product as the primary analytical dimensions, while pricing and communication serve as contextual evidence.

2.3 Institutional pressures in international markets

2.3.1 Institutional theory

Institutional theory argues that organizations adapt their strategies to external expectations, rather than to efficiency alone, in order to gain legitimacy and secure access to resources (DiMaggio and Powell, 1983). DiMaggio and Powell (1983) introduce the concept of ‘institutional isomorphism’ to explain why organizations within the same field tend to become similar over time. They distinguish three types of pressures. Coercive pressures stem from states or resource providers that enforce compliance through laws or dependencies. Mimetic pressures arise when organizations imitate successful peers under uncertainty. Normative pressures originate from shared educational backgrounds, professions and industry networks that diffuse common values and standards (DiMaggio and Powell, 1983). Scott (2014) reframes these mechanisms as regulative, normative, and cultural-cognitive pillars, each of which provides a distinct basis of legitimacy. This study adopts the cognitive dimension in place of the mimetic one, as shifting consumer beliefs about premium status in China are better captured as a cultural-cognitive rather than as a mimetic process (Scott, 2014).

Subsequent research has challenged the idea that organizations are passive recipients of institutional pressures. Oliver (1991) emphasizes that firms balance the search for legitimacy against their interest in strategic autonomy, developing a typology of five strategic responses to these pressures: acquiescence (full conformity), compromise (partial conformity through bargaining among divergent demands), avoidance (circumventing conformity, including ceremonial decoupling), defiance (open rejection) and manipulation (proactive efforts to alter the institutional environment itself). This typology is well suited to explaining strategic heterogeneity under shared institutional pressures and is applied in this study to classify the differential brand configuration responses of Audi, BMW and Mercedes-Benz.

While Oliver's (1991) typology focuses on the strategic options available to individual firms, it does not address the additional complexity faced by MNCs operating across multiple institutional environments at once. This is examined by Kostova *et al.* (2008), who extend institutional theory to the MNC context. They argue that MNCs operate under multiple institutional environments simultaneously: home-country institutions, host-country institutions and internal corporate rules. This results in a state of institutional duality, where subsidiaries

must balance external legitimacy in the host environment with the requirement for internal consistency across the multinational network (Kostova *et al.*, 2008).

The institution-based view of strategy (Peng *et al.*, 2008) builds on these insights to emphasize the role of formal and informal institutions in shaping firm behavior in international markets. In emerging markets such as China, institutional frameworks are often less stable and more subject to state intervention than in mature economies. As a result, strategic choices are driven less by industry conditions and firm resources than by the need to secure legitimacy within these institutions (Peng *et al.*, 2008).

These perspectives together suggest that multinational firms must continuously adapt their strategies in response to institutional pressures from regulatory frameworks, social expectations and shared market logics. The study therefore uses institutional theory as an explanatory framework to understand why German OEMs adjust their brand configurations in China in ways that go beyond what competitive dynamics alone would suggest.

2.3.2 Institutional pressures in China

The Chinese automotive market is one of the most institutionally complex environments that foreign MNCs face globally. Drawing on institutional theory (DiMaggio and Powell, 1983; Scott, 2014), the institutional pressures faced by German OEMs can be grouped into three types: coercive pressures from state regulations and industrial policy, normative pressures from changing industry standards and competitive expectations and cognitive pressures from changing consumer beliefs about brand value and technological competence.

Table 1 summarizes the key institutional pressures relevant to the Chinese automotive market and their strategic implications.

Dimension	Institutional Pressure	Strategic Implication	Source
Coercive	Mandatory JV requirement	Foreign OEMs were required to operate through JV with domestic partners and were limited to minority equity stakes.	IMD (2024); Bai <i>et al.</i> (2025)
	Dual Credit Policy	Mandatory NEV credit quotas incentivize rapid electrification of product portfolios and push OEMs to accelerate EV development.	Ou <i>et al.</i> (2018); EIAS (2023)
	Made in China 2025	NEVs were designated as a strategic national industry, directing subsidies and infrastructure investments towards domestic producers.	NBR (2017); EIAS (2023)

Normative	‘China-speed’ product cycles	Domestic entrants established development cycles <25 months, creating strong pressure on foreign OEMs to accelerate innovation.	German Chamber of Commerce in China (2025b); McKinsey (2025a)
	‘In China, for China’ product logic	Premium vehicles are increasingly expected to be China-specific rather than adapted from global platforms.	German Chamber of Commerce in China (2025b); McKinsey (2025b)
Cognitive	Technology replaces heritage as premium signal	Smart cockpits and EV-native platforms increasingly replace engineering heritage as driver of premium status.	MERICS (2022); McKinsey (2025b)
	Rising preference for domestic brands	Younger consumers increasingly consider Chinese EV brands as alternative to established brands.	Automobility (2025); Rhodium (2025)

Table 1: Institutional pressures in the Chinese automotive market

These pressures are mutually reinforcing and have intensified significantly since China's EV transition began (MERICS, 2022). They cumulatively restructure the institutional environment in which German OEMs operate: the environment simultaneously demands deeper local integration while threatening the global brand coherence on which premium positioning has historically depended. Despite facing comparable pressures, Audi, BMW and Mercedes-Benz respond differently.

2.4 Research gap and analytical framework

2.4.1 Research gap

Previous research has addressed global brand standardization and adaptation, institutional theory and the transformation of the Chinese automotive market as individual areas. However, their intersection remains underexplored.

The standardization and adaptation literature (Levitt, 1983; Douglas and Wind, 1987; Zou and Cavusgil, 2002) explains how firms adapt marketing and branding elements across markets, but provides limited insight into why firms facing similar pressures choose different adaptation patterns. Institutional theory explains why companies respond to external pressures (DiMaggio and Powell, 1983; Oliver, 1991; Kostova *et al.*, 2008). However, it does not specify how these pressures translate into concrete branding decisions. As Peng *et al.* (2008) note, institutions function as the rules of the game, but firms interpret and respond to these rules with varying degrees of agency.

This creates a gap in understanding strategic heterogeneity under institutional isomorphism: Audi, BMW and Mercedes-Benz operate under comparable institutional conditions, yet their brand configurations in China appear to differ. Existing research rarely examines why such

variations emerge and how they affect the balance between local competitive positioning and global brand coherence.

2.4.2 Adopted theoretical and analytical framework

This study combines three theoretical perspectives. Institutional theory provides an explanatory lens for understanding the external pressures that create demand for local adaptation in China. The standardization-adaptation literature and the I-R logic explain the strategic tension between global consistency and local responsiveness. The branding configuration dimensions provide the empirical structure through which adaptation becomes observable.

The analytical framework translates these theoretical perspectives into a process-oriented structure. German premium OEMs operating in China are subject to shared institutional pressures arising from regulation, competition and evolving consumer expectations. These pressures do not automatically produce identical responses. Instead, they are interpreted and prioritized differently by each firm, leading to different brand configurations. Oliver's (1991) typology serves as the analytical lens, linking shared pressures to divergent firm-level configurations. These configurations are then evaluated based on their implications for local competitive positioning and global brand coherence.

Table 2 maps each theoretical perspective to a specific analytical layer of the framework. This structure guides the coding system and the cross-case comparison in the empirical analysis.

Analytical layer	Theoretical foundation	Function in this study	Empirical focus
Institutional pressures	Institutional Theory (DiMaggio and Powell, 1983; Scott, 2014); Institution-based view (Peng <i>et al.</i> , 2008); Institutional duality (Kostova <i>et al.</i> , 2008)	Explains why pressure for local adaptation emerges in China	Regulation, EV policy, competitive speed, price pressure, consumer expectations
Firm-level interpretation and prioritization	Oliver's (1991) typology of strategic responses to institutional pressures	Explains why firms respond differently to shared pressures	Perceived urgency, China relevance, adaptation limits, perceived brand risk
Brand configuration	Standardization-Adaptation theory (Levitt, 1983; Vrontis, 2003); Brand architecture (Aaker and Joachimsthaler, 2000); Brand identity (Kapferer, 2008); I-R framework (Prahalad and Doz, 1987)	Shows how strategic responses become visible across branding dimensions	Brand architecture and product as primary dimensions; pricing and communication as complementary evidence
Outcome implications	PBG/PBL framework (Mandler <i>et al.</i> , 2021); Customer-Based Brand Equity (Keller, 1993)	Assesses the impact on local competitive positioning and global brand coherence	Local relevance, competitive fit, premium consistency, coherence with global brand core

Table 2: Integrated analytical framework

Local competitive positioning refers to the extent to which the brand configuration aligns with the dominant local competitive expectations of the Chinese premium market segment. These expectations relate to software integration, the digital ecosystem and China-specific product features. Sales and market share indicators are used as contextual indicators of competitive pressure, not as direct measures of configuration success. Global brand coherence refers to the consistency of brand identity, architecture and meaning across markets, a prerequisite for maintaining brand equity and avoiding dilution (Kapferer, 2008).

To assess these outcomes, the framework draws on the concepts of PBG and PBL (Mandler *et al.*, 2021). These concepts suggest that local relevance and global consistency can coexist, rather than being mutually exclusive. The framework treats the relationship between adaptation, local competitive positioning and global brand coherence as an empirical question rather than assuming a predefined trade-off.

3 Methodology

3.1 Research design and data sources

This study adopts a qualitative, multiple-case study research design. It follows an interpretive research paradigm, treating branding configuration decisions as context-dependent phenomena that are socially and institutionally embedded and require contextual interpretation, rather than quantitative measurement (Yin, 2018). Given the exploratory nature of the research and the focus on understanding company-level strategic decisions within a complex environment, a qualitative approach is appropriate. Qualitative research is particularly suitable for answering how and why questions and for studying a phenomenon within its real-life setting (Yin, 2018).

A multiple-case design was chosen over a single-case study because it allows for more systematic cross-case comparison, strengthening the analytical basis for identifying patterns and explaining differences. While a single case would limit the basis for cross-case comparison, three comparable cases allow for the detection of variation and its potential causes (Eisenhardt, 1989).

The three cases Audi, BMW and Mercedes-Benz were selected through purposive case selection, based on their theoretical relevance to the research question (Eisenhardt, 1989). The study focuses on the branding strategies of these firms within their respective joint venture structures in China. All three German OEMs operate in the same national market, compete in the same premium segment and face a shared set of institutional pressures. These factors make them suitable for a comparative, multiple-case study design. However, the study does not assume that these pressures affect all firms in the same way. Instead, the comparative design enables the analysis to examine how similar external pressures are interpreted and translated into different brand configurations.

The study draws on secondary data, such as industry reports, and on primary data from semi-structured interviews. The detailed data collection process and analytical approach are described in the following sections.

3.2 Data collection

The empirical foundation is based on both primary and secondary data. Secondary sources were used to document observable differences in cases and market developments. Expert interviews were used to interpret the underlying strategic logic behind these configurations.

The secondary data was collected through a structured search of publicly available sources, including corporate publications (annual reports, investor presentations, strategy updates), consultancy and industry reports (McKinsey, KPMG, J.D. Power, German Chamber of Commerce China) and automotive trade media (CarNewsChina, Automotive World). The sources were selected based on their relevance to the branding configuration dimensions and their ability to document observable differences across the three cases. Sources published between 2020 and 2026 were prioritized, reflecting the period of intensified competitive and institutional pressure analyzed in this study. The use of multiple secondary sources enables data triangulation and increases the robustness of case study research (Yin, 2018).

Primary data was collected by conducting semi-structured interviews. Yin (2018) describes these as guided conversations that allow for flexibility while maintaining a consistent line of inquiry. A non-probabilistic, purposive sampling strategy was used, whereby interviewees were selected based on their professional experience and knowledge of the research topic. While this approach does not aim to be statistically representative, it ensures that each participant contributes meaningful insight to the research questions (Patton, 2014).

Two interviewee profiles were defined to capture complementary perspectives: Type A interviewees are employees of German automotive OEMs or their joint ventures in China, working in brand management, sales or strategy-related roles and providing insights into strategic priorities, market interpretation and coordination challenges in the China context. Type B interviewees are consultants and industry analysts specializing in the Chinese automotive market and offering an external, comparative perspective on market dynamics and cross-brand differences. Together, the two profiles aim to triangulate internal and external viewpoints on the same research phenomenon.

In total, eight expert interviews were conducted between 08.04.2026 and 09.05.2026. All participants were contacted individually and took part on a voluntary basis. The interviews were conducted via video call and lasted between 32 and 60 minutes.

Table 3 provides an overview of the interview sample. A more detailed overview including each interviewee's analytical contribution is provided in Appendix 2.

No.	Role	Brand affiliation	Years of experience with China context
A1	China Business Management / JV coordination	Audi	5+
A2	Sales and product strategy in FAW-Volkswagen context	Audi / FAW JV	16
A3	China strategy and operations management	Audi China	20+
A4	Strategy & digitalization China	Mercedes-Benz	3+
A5	China Strategy & business development	BMW	5+
B1	China automotive consulting	Cross-brand	25+
B2	Market intelligence / China-Europe mobility trends	Cross-brand	7+
B3	China automotive observer / academic-consulting perspective	Cross-brand	10+

Table 3: Overview of interview sample

An interview guide was developed based on the analytical framework established in Section 2.4.2. This framework covers the branding configuration dimensions, as well as the role of institutional pressures and JV governance in shaping brand decisions. The guide is structured into seven sections and was shared with interviewees in advance to help them prepare for the interview. The full interview guide is included in Appendix 1.

Throughout the findings chapter, internal interviewees are referenced as A1-A5 and external interviewees as B1-B3. The first mention of each interviewee includes a short functional descriptor; subsequent references use the code only.

3.3 Data analysis

All interviews were automatically transcribed and then manually reviewed and cleaned to ensure accuracy. Personal data was anonymized and transcripts were translated to English where necessary. A summary of the coded evidence can be found in Appendix 4.

The empirical material was analyzed using a structured qualitative content analysis based on Mayring (2014), combining deductive and inductive elements. This approach is particularly suitable for theory-informed research as it combines systematic, rule-based coding with interpretive flexibility. It enables researchers to work deductively from existing theory and inductively from empirical material (Mayring, 2014).

The analysis proceeded in several steps. First, a deductive category system was developed based on the analytical framework and the research questions. The coding structure follows the study's

process logic: institutional pressures, firm-level interpretation and prioritization, brand configuration responses and outcome implications. Institutional pressures were coded to identify the external forces affecting branding decisions. The interpretation and prioritization codes captured how each firm interpreted and prioritized these pressures. Brand configuration codes captured observable decisions relating primarily to product and brand architecture, with pricing and communication coded where they were directly connected to these primary dimensions. The outcome codes captured the implications for local competitive positioning and global brand coherence.

In the second step, the interview material was systematically coded using the predefined category system. Relevant text passages were assigned to categories based on their content. This process was carried out according to the coding guide (see Appendix 3), which defines the categories and coding rules.

In the third step, the category system was refined inductively. Subcodes that emerged from the empirical material were added to capture aspects that were not fully covered by the initial framework. This iterative process allows for both a theory-driven structure and openness to new insights from the data.

In the final step, a cross-case comparison was conducted to identify similarities and differences in branding configurations across Audi, BMW and Mercedes-Benz within their respective joint venture contexts. For each case, the coded passages on brand architecture and product were condensed into case profiles and the outcome codes were used to assess the implications for local competitive positioning and global brand coherence. Cross-case comparison of these profiles produced the three response logics presented in Chapter 4. This step links the coded interview material directly to the analytical conclusions, ensuring that each configuration logic can be traced back to specific coded evidence rather than general impressions. The comparison focused not only on identifying differences in brand configuration, but on explaining why these differences emerged under shared institutional pressures.

Secondary data was analyzed using the same category system to ensure consistency across data sources. Secondary and primary data were analyzed separately before being integrated within each analytical dimension. This ensured that insights from corporate and industry sources remained distinct from those of the expert interviews.

Sales and market share indicators were used to provide contextual evidence for assessing local competitive positioning rather than as direct performance outcomes. While they support the

interpretation of competitive relevance, they are not used to establish a direct causal link between brand configuration and firm performance.

3.4 Research quality criteria

The quality of the research design was ensured by addressing the following key qualitative research criteria: transparency, reliability and validity.

Transparency was achieved by clearly documenting the research process, including the methods for data collection and the coding guide for the data analysis. This makes the analytical process traceable and understandable (Yin, 2018).

Reliability is supported by the consistent application of a structured coding approach across all cases. Using a predefined coding guide ensures that the categories and coding rules are applied systematically. This enables a stable and comparable analysis (Mayring, 2014).

Validity was enhanced through triangulation: multiple data sources (secondary data, expert interviews) were combined, enabling the findings to be cross-validated across different types of evidence (Yin, 2018). In addition, insights were strengthened by incorporating different perspectives from internal practitioners (Type A) and external industry experts (Type B). According to Patton (2014), this approach constitutes data triangulation, whereby the consistency of information derived from different points of view is cross-checked to reduce systematic bias and increase the credibility of the findings. Beyond triangulation, the multiple-case design further strengthens validity by enabling cross-case comparison and pattern identification (Eisenhardt, 1989).

3.5 Methodological limitations

Despite the measures taken to ensure the robustness of the research design, several methodological limitations must be acknowledged.

First, the study is based on a limited number of expert interviews and three purposively selected cases. The sample is not statistically representative and the findings cannot be generalized statistically to all foreign automotive OEMs in China. Instead, the study aims for analytical transferability (Yin, 2018): its findings may inform analytically comparable cases, such as other foreign premium OEMs facing similar institutional pressures in China, but do not extend to other market segments or geographic contexts, which differ in their competitive and institutional conditions.

Secondly, a key limitation is the restricted access to the internal decision-making processes of the analyzed firms. While the study includes interviews with company-internal practitioners, these respondents represent specific functional areas such as marketing or strategy and may not be directly involved in all relevant decision-making processes. Strategic branding decisions within JV structures tend to be confidential and difficult to observe. Consequently, the study cannot claim full insight into the organizational and governance mechanisms underlying them. For this reason, joint venture governance is treated as a contextual factor rather than an independent explanatory variable and the analysis focuses on observable brand configurations and interview-based interpretations of strategic priorities.

Thirdly, the study relies on expert interviews, which inherently reflect subjective perspectives. Internal interviewees may offer organization-specific or strategically framed insights, whereas external experts may base their views on generalized market interpretations. While combining these two perspectives broadens the analytical lens and partially mitigates individual bias, such bias cannot be fully eliminated.

In addition, the analysis is partly based on secondary data such as industry reports and corporate communications. These sources may be selectively framed and are not always fully comparable across cases, which can influence the interpretation of findings. This was partially mitigated through triangulation across multiple independent sources.

Moreover, the study analyzes a period of severe market disruption in the Chinese automotive sector. The branding configurations observed between 2020 and 2026 may reflect crisis responses rather than stable, long-term strategies.

Finally, the qualitative coding process involves a degree of subjectivity. Although a structured coding guide was applied consistently across all cases, the coding was conducted by a single researcher without intercoder validation due to resource constraints. Interpretative bias therefore cannot be completely eliminated.

4 Findings

This chapter is structured to address the two research questions sequentially. Section 4.1 examines how Audi, BMW and Mercedes-Benz configure their branding strategies in China with regard to brand architecture and product. It also identifies the drivers behind the observed divergence under shared institutional pressures (RQ1). Section 4.2 then assesses the implications of these configurations for the tension between local competitive positioning and global brand coherence (RQ2), building on the operationalization presented in Section 2.4.2.

The findings triangulate secondary data with five internal (A1-A5) and three external (B1-B3) interviews.

4.1 Differential brand configurations under shared institutional pressures

Brand architecture (4.1.1) is discussed first as it reveals the clearest structural difference across the three cases, followed by the product dimension (4.1.2). Section 4.1.3 summarizes the drivers behind the divergence.

4.1.1 Brand architecture adaptation

This section examines how Audi, BMW and Mercedes-Benz position their China portfolios on the spectrum from branded house to house of brands (Aaker and Joachimsthaler, 2000). The comparison focuses on whether China-specific adaptations are visible at the level of the brand architecture itself or remain embedded within the global master brand.

Table 4 summarizes the resulting brand architecture configurations.

Dimension	Audi	BMW	Mercedes-Benz
Structural configuration	FAW-Audi (1988) + SAIC-Audi (2024)	BMW Brilliance Automotive (2003)	Beijing Benz Automotive Co., Ltd. (BBAC, 2005)
Position on spectrum	Hybrid; sub-brand tier added	Branded house	Branded house
China sub-brand	AUDI four-letter brand	None	None
Logo / nomenclature	Differentiated for sub-brand	Roundel preserved	Three-pointed star preserved
Official rationale	“Two partners, two brands”	“In China, for China and with China”	“Purely Mercedes-Benz”

Table 4: Brand architecture configurations (Audi, 2026; BMW, 2026c, 2026a; Mercedes-Benz, 2026)

Audi

Audi shows the strongest deviation from a unified branded-house logic. It operates two parallel brand identities through FAW-Audi (four-ring) and SAIC-Audi (AUDI four-letter). According

to the official rationale, this is a proactive approach to customer segmentation, separating traditional premium buyers from tech-savvy EV consumers (Audi, 2026; Bloomberg, 2026).

The interview evidence adds two further layers to this rationale. An internal FAW-Volkswagen sales manager (A2) links the omission of the four rings to a master-brand-protection logic: by launching a China-specific EV line under a separate identity, Audi shields the four-ring brand from the segment's aggressive discounting, allowing it to “keep the four-ring brand sellable in the market” (A2). An internal Audi China strategy lead (A3) adds the JV-structure dimension. Audi's two-partner strategy with FAW and SAIC has “caused conflict and loss of trust” with the four-letter brand now partly functioning as a structural device to prevent direct competition between the two Audi-branded JVs. Both interviewees state that the two Audi JVs are legally distinct competitors under Chinese competition law and are not permitted to exchange information. Audi China acts as a neutral coordination layer between them. The parallel structures have, according to A3, created situations in which one Audi entity competes against another rather than against external rivals. The four-letter brand can therefore be interpreted as partly addressing internal portfolio overlap. A China automotive industry consultant (B1) confirms the architectural significance, identifying the AUDI sub-brand as the strongest brand architecture adaptation among the three cases.

Audi can therefore be interpreted as a dual-brand adaptation case: local responsiveness is pursued through a visible architectural split between the Audi four-ring brand and the AUDI four-letter brand. Three complementary factors emerge for Audi's architectural choice: customer segmentation, master-brand commercial protection and JV structure complexity. While these three drivers are not mutually exclusive, only the first is presented in Audi's official communications.

BMW

BMW appears to maintain a unified branded-house identity, absorbing localization pressure primarily at the technology and software layers. The official strategy is framed as “In China, for China and with China”, emphasizing deep localization in product, technology and software while preserving brand consistency (BMW, 2026a, 2026b). The defining feature is therefore not the absence of localization, but its locus: the visible brand identity layer, including logo, nomenclature and the Neue Klasse design language, remains globally consistent, while software and digital services are adapted to Chinese market requirements through local technology

partnerships. In this context, partners are presented as functional collaborators rather than co-branded entities.

This interpretation is supported by both external and internal evidence. The internal BMW strategy employee (A5) confirms this logic by describing the company's approach to China as a translation of the global brand rather than a separate, China-specific brand identity. For A5, the boundary of acceptable localization is reached when the vehicle no longer “drives, looks and feels like a BMW”. B1 notes that BMW’s Neue Klasse and China-specific model adaptations respond to Chinese market expectations, while remaining clearly identifiable as BMW. An automotive market analyst (B2) explicitly positions BMW as having the strongest global brand consistency of the German premium OEMs, linking this to BMW’s stronger ownership position in its joint venture and greater control over brand decisions. However, the link between BMW’s ownership position and greater control over brand decisions remains an external interpretation rather than a confirmed mechanism.

BMW can therefore be interpreted as an embedded adaptation case with standardized brand-core elements and locally adapted marketing mix elements (Vrontis, 2003; Kapferer, 2008). Local responsiveness is pursued through product, software and technology integration, but without creating a separate China-specific brand identity. This protects global brand coherence and avoids the brand ambiguity visible in Audi’s dual-brand configuration.

Mercedes-Benz

Mercedes-Benz remains closest to a strict branded-house logic within the sample. All activity in China is presented under one unified identity, with the phrase “purely Mercedes-Benz” serving as an explicit boundary marker (Mercedes-Benz, 2026). Unlike Audi, Mercedes-Benz has announced no China-specific sub-brand and technology partnerships are presented as functional collaborations within the Mercedes-Benz brand. Momenta provides a China-specific driver-assistance system, jointly developed and trained on local driving data, which Mercedes-Benz positions explicitly as a “True Mercedes-Benz experience” (Mercedes-Benz, 2026).

An internal Mercedes-Benz strategy consultant (A4) summarizes this configuration in three ways. The underlying principle is articulated as “Mercedes-Benz is Mercedes-Benz”, with a consistent approach to global design language, quality and the luxury experience across markets. The boundary of acceptable adaptation is drawn at the visual layer: “A Mercedes in China should still be recognizable as a Mercedes in the US”. While acknowledging that China

demands the largest deviations from global standards of any market, A4 locates these deviations in product and software rather than brand architecture.

Mercedes-Benz can therefore be interpreted as a coherence-protecting adaptation case with separation between standardized brand-core elements and locally adapted marketing mix elements. This is consistent with the configurational logic identified by Vrontis (2003) and Kapferer (2008): brand architecture and visible identity are considered the standardized core, whereas product and software are the focus of substantial localization. The interview evidence suggests that Mercedes-Benz separates brand coherence from local adaptation pressure by keeping the visible brand identity stable while adapting product and software elements.

4.1.2 Product adaptation

This section compares product adaptation in the three cases. The analysis focuses on three aspects: the platform structure, the depth of software and digital-ecosystem localization and the scope of China-specific models and hardware adaptation. Table 5 summarizes the product configurations before the cases are discussed in more detail.

Dimension	Audi	BMW	Mercedes-Benz
Platform logic	Dual: PPE-based four-ring models and ADP-based four-letter models	Global Neue Klasse platform with China-specific variants	Global MMA platform with China-specific variants
Software and digital ecosystem	AUDI OS; local ADAS and smart-cockpit partners (Momenta, Huawei)	BMW OS X for China; Momenta ADAS; local navigation and connectivity partners	MB.OS China; Momenta ADAS; local AI and mapping partners
China-specific models and hardware adaptation	Strong portfolio expansion (AUDI E5/E7X); China-specific EV configurations and LWB models	LWB variants and China-specific Neue Klasse adaptations; local comfort features	China-exclusive LWB; rear-seat comfort and chauffeur/family-oriented features

Table 5: Product configurations (Audi, 2026; BMW, 2026c, 2026a; Mercedes-Benz, 2026)

Audi

Audi's product configuration mirrors the dual-brand architecture. The four-ring line remains tied to Audi's global Premium Platform Electric (PPE). Meanwhile, the AUDI sub-brand uses the China-developed Advanced Digitized Platform (ADP), which was developed jointly with SAIC (Audi, 2026). This creates a dual product logic: one line adapts global Audi models for China, while the other builds China-specific EV products from a local platform base. The software localization is extensive and includes Chinese apps, AI functions and local advanced driver assistance systems (ADAS) and smart cockpit partners, such as Momenta and Huawei.

The expansion of the China-specific portfolio is the largest in Audi's history, with eight new models planned for 2026 alone (Audi, 2026; Yicai Global, 2026).

The interview evidence supports the underlying adaptation logic. An Audi China Business Management interviewee (A1) highlights long-wheelbase versions and a substantially different infotainment system as key differences from the global Audi product. A3 describes the Audi sub-brand logic as reversing the traditional Germany-to-China development model by building on Chinese partner capabilities and adding “Audi genes”. The dual-platform structure operationalizes the JV separation, while the software and hardware adaptations respond to local digital-first premium expectations. Product decisions therefore reinforce the architectural separation identified in Section 4.1.1.

BMW

BMW's product configuration is based on the localization of the global product architectures. The Neue Klasse is presented as a global BMW technology platform, while China-specific variants including long-wheelbase (LWB) models and localized digital services address the requirements of the local market. A central example is the BMW Operating System X for China: it consists of around 70% locally developed code and integrates Chinese technology partners within a globally consistent software architecture (BMW, 2026c). The official logic distinguishes a globally uniform core described as “core functions, architecture and design principles” from “content, services and technologies” that are adapted to specific markets (BMW, 2026c).

This product logic is supported by the interview evidence. B1 notes that BMW's Neue Klasse models are adapted to Chinese expectations through longer versions and digital features, while remaining clearly identifiable as BMW. A5 similarly locates acceptable localization in features such as rear-seat comfort, local apps, voice assistants, navigation services and ADAS functions for Chinese traffic situations. Overall, BMW's product configuration extends the unified logic identified at the brand architecture level: the global Neue Klasse platform is preserved as the standardized product core, while substantial localization occurs at the software, ADAS and hardware layers.

Mercedes-Benz

Mercedes-Benz operates the global Mercedes-Benz Modular Architecture (MMA) platform, while localizing selected hardware, such as long-wheelbase variants and six-seater GLC LWB. The operating system MB.OS incorporates local partners for AI and assisted driving, such as

ByteDance's Doubao voice assistant and Momenta's ADAS. Official communications present these elements as part of the “True Mercedes-Benz experience” (Mercedes-Benz, 2026).

A4 supports this logic: Mercedes-Benz retains its global platform and adapts it for the Chinese market, while sourcing ADAS software from Momenta. A4 emphasizes that long-wheelbase versions, China-specific names such as ‘680’, rear-seat comfort and chauffeur-oriented features are key adaptations for the Chinese market, while the visible design language remains largely global. Changes specific to China are “functional or digital rather than architectural” (A4). Mercedes-Benz’s product configuration confirms a coherence-protecting logic: global platforms and brand identity remain central, while China-specific adaptation is concentrated in hardware configuration and software features.

4.1.3 Cross-case synthesis: drivers of differential configurations

Examining the two configuration dimensions together reveals systematic differences in how the three OEMs interpret and prioritize the shared institutional pressures identified in Section 2.3.2. The coded evidence (Appendix 4) indicates that coercive pressure affects all three cases, yet visible architectural adaptation appears only at Audi. Normative pressure is reflected in all three cases through expanded local R&D, China-specific models and local technology partnerships, but with substantial differences in visibility and depth. The most differentiated responses appear in relation to cognitive pressure, where the shift from engineering heritage to technology as the premium signal is interpreted differently across the three brands. The cases thus differ not in whether they adapt, but in how visible the adaptation is and at which layer of the brand configuration it occurs.

When interpreted through Oliver's (1991) strategic response framework, all three cases operate within the compromise category of the typology. None of the cases shows full acquiescence in the sense of fully subordinating the global brand to China-specific demands, nor full defiance in the sense of ignoring local institutional pressures. Instead, the cases differ in the level at which compromise is reached. Mercedes-Benz shows the most restrictive compromise at the brand architecture layer, preserving a unified master brand while concentrating substantial adaptation at the product and software layers. BMW reaches a comparable architecture-protecting compromise but localizes the software layer more deeply, as reflected in the high share of locally developed code in BMW Operating System X. In contrast, Audi demonstrates the most visible compromise at the architectural layer itself, accepting a distinct China-exclusive brand identity.

The case evidence suggests three complementary explanatory factors for these differential configurations:

(1) Organizational structure: The three cases differ in the structural complexity of their Chinese joint-venture arrangements. Audi operates through two parallel joint ventures (FAW and SAIC), which creates the need to manage potential internal portfolio overlap. This structural factor is reflected in Audi's dual-brand configuration. BMW and Mercedes-Benz each operate through a single joint venture, which removes this source of internal competition. For BMW, external observers link its stronger ownership position to greater control over global brand consistency, although this interpretation remains indicative, as the study does not analyze internal JV governance. Mercedes-Benz is shaped less by structural fragmentation and more by a consistently centralized approach to its global master brand.

(2) Interpretation of premium brand meaning: The cases differ in their interpretation of what defines a premium brand in the Chinese market. Audi's configuration suggests a redefinition of premium relevance around tech-savvy younger consumers, with brand identity itself becoming a variable to be calibrated. In contrast, BMW's approach treats premium identity as anchored in technological leadership and in the China-specific translation of global brand values, with the localized technological layer functioning as the carrier of premium meaning. Mercedes-Benz frames premium as being anchored in symbolic continuity: the global design language, luxury experience and brand recognizability serve as premium signals, meaning that local adaptation is limited where it could weaken these cues.

(3) Acceptable limits of adaptation: The three cases differ in where they locate the non-negotiable boundary of the brand. Audi draws this boundary most widely: by introducing a separate China-specific brand identity, it accepts the highest degree of visible deviation from the global master brand. Both BMW and Mercedes-Benz draw tighter boundaries, confining adaptation to layers below the brand architecture, but with different areas of focus. BMW follows an embedded adaptation logic, pursuing local responsiveness through technology, software and model variants while maintaining a stable master brand. Mercedes-Benz follows the strongest coherence-protecting logic, keeping all adaptation within a strongly controlled global design language and brand identity.

Taken together, the findings show that the variation does not stem from the institutional pressures themselves, but rather from how each firm responds to them. Three factors shape this response: how each firm interprets the meaning of 'premium' in China, where it draws the line

on acceptable adaptation and the structural complexity of its joint-venture arrangement. This leads to three distinct response logics: Audi's dual-brand adaptation, BMW's embedded adaptation and Mercedes-Benz's coherence-protecting adaptation.

4.2 Implications for local competitive positioning and global brand coherence

This section examines the implications of the identified configuration logics for local competitive positioning and global brand coherence, based on the outcome construct developed in Section 2.4.2. Performance indicators are considered as contextual evidence rather than as causal proof.

4.2.1 Case-level effects on local positioning and global coherence

The outcome picture for Audi is ambivalent. Its China sales declined by around 5% year-on-year to 617,514 vehicles in 2025, while sales of fully electric vehicles reportedly fell by 44% (Automotive World, 2026). Meanwhile, the Audi E5 Sportback received 10,153 orders within 30 minutes of its launch (CarNewsChina, 2025), but actual deliveries reached only 7,070 units by end-January 2026, prompting a limited-time discount package in February (China Daily, 2026). These indicators suggest that Audi's dual-brand strategy generates genuine local resonance and short-term attention, but it has not yet translated this attention into competitive strength in China's EV market. Interview evidence supports this ambivalence. A1 describes the E5 as less of a profit-oriented product and more of an investment in future brand presence, while A3 frames the four-letter Audi as an attempt to balance tradition and modernity. However, Audi also faces the strongest coherence risk. All three Audi insiders highlight ambiguity surrounding the relationship between the four-ring Audi brand and the AUDI four-letter brand. A1 states that the E5 has "little to do with Audi" and A3 highlights the difficulty of explaining how the two brands are both different and connected.

BMW achieved a more balanced outcome, but one that is less visible to consumers: because its adaptation is embedded in software and product rather than expressed through a distinct local identity, BMW's localization is harder to perceive than Audi's visible dual-brand split. BMW Group delivered 625,527 BMW and MINI vehicles in China in 2025, which represents a 12.5% year-on-year decline, while the Group's global financial performance remained relatively stable (China Daily, 2026). This suggests that BMW's global position remained consistent, but its position in China weakened due to local competitive pressure. The main advantage of BMW's embedded adaptation logic is lower coherence risk. China-specific adjustments remain integrated within the global BMW brand rather than being expressed through a separate local

identity. B2 links BMW's stronger ownership position in its joint venture to greater control over global brand consistency, while B1 describes Neue Klasse adaptations as being relevant locally, yet still clearly identifiable as BMW. However, the same configuration creates a different limitation. Rather than premium dilution, BMW's risk lies in whether its product and software adaptations are perceived as relevant enough to compete with leading local brands. If Chinese premium consumers increasingly evaluate brands based on software, connectivity and digital ecosystem fit, then a coherent global identity alone may not be sufficient to maintain local relevance.

Although Mercedes-Benz has the strongest coherence-protecting configuration, it faces the steepest performance pressure of the three cases. In 2025, Mercedes-Benz sold around 571,900 vehicles in China, marking a year-on-year decline of approximately 19.4% (China Daily, 2026). Combined with the decline in the Group's global EBIT, this reinforces a strategy of price and margin discipline over volume. A4 explains that Mercedes-Benz does not engage in across-the-board price wars, instead accepting lower volumes to avoid damaging residual values and premium perception; adaptations in China thus remain substantial but subordinate to the principle that "Mercedes-Benz is Mercedes-Benz". On the two outcome dimensions, Mercedes-Benz therefore achieves the strongest global coherence of the three cases, as the brand core is not touched by adaptation, but at the cost of the weakest local competitive position: its decision not to compete on price or through a distinct local identity may contribute to weaker local competitive positioning in a market increasingly shaped by both.

An external industry observer (B3) situates these outcomes within a broader cognitive shift in the Chinese premium market. German engineering heritage is no longer the dominant premium signal, as Chinese manufacturers are increasingly setting the technological benchmark. Local competitive positioning therefore depends less on global heritage and more on demonstrable technological relevance, with global coherence alone offering diminishing differentiation.

4.2.2 Trade-off between local positioning and global coherence

The findings across the three cases suggest that the trade-off between local competitive positioning and global brand coherence is conditional rather than automatic: it depends on which layer of the brand configuration is adapted, not on how much adaptation occurs. The three cases adapt at different layers. Audi adapts at the brand-architecture layer, which in this case reaches into the symbolic brand core because it changes the visible relationship between the China-specific AUDI identity and the global four-ring master brand. BMW follows an

embedded adaptation logic, with localization occurring in product, software and technology, while the visible master brand remains stable. Mercedes-Benz demonstrates the strongest logic for protecting coherence, accepting substantial functional and digital adaptation while keeping the symbolic brand core tightly controlled.

This pattern reflects a logical rather than a causal mechanism: functional and product-level adaptations remain subordinate to the symbolic brand. While they alter how the brand is experienced locally, they do not change what the brand stands for. Adaptations at the symbolic brand core operate differently because they alter the brand's meaning. When the brand core is modified, the associations on which premium positioning rests, namely heritage, recognizability and identity, risk losing their differentiating function. This is why functional adaptations can build local relevance while preserving coherence, whereas brand-core adaptations carry a higher risk of dilution.

Importantly, the trade-off operates in both directions. While Audi's approach risks diluting global brand coherence, BMW and Mercedes-Benz's more controlled approaches carry the opposite risk: protecting the brand core does not automatically generate local competitiveness. Therefore, coherence protection and local competitiveness are distinct outcomes, neither of which is automatically secured by the other.

Taken together, the findings suggest that different brand configurations affect the tension between local competitive positioning and global brand coherence depending on the layer and visibility of adaptation. Product and software adaptations can strengthen local competitiveness while preserving coherence, as long as it remains aligned with the global master brand. However, brand architecture adaptation may create stronger local responsiveness, but also increases the risk of ambiguity and premium dilution. The decisive factor is therefore not how much a firm adapts, but at which layer: visible adaptation of the brand core carries a different risk than layered functional adaptation. Audi prioritizes local flexibility and experimentation, BMW seeks a layered balance and Mercedes-Benz prioritizes protecting the brand core while accepting potential short-term pressure on competitiveness.

5 Discussion

The Findings chapter identified three distinct response logics and examined their implications for local competitive positioning and global brand coherence. The central theoretical insight of this study is that brand adaptation in China should not be assessed based on its overall extent, but rather on the layer at which it occurs. This chapter situates these empirical observations within the broader theoretical framework presented in Chapter 2, refines the underlying pattern and derives practical implications for German OEMs operating in China.

5.1 Theoretical contributions

The empirical findings of this study connect to the three theoretical streams introduced in the analytical framework in Section 2.4.2: institutional theory, the standardization-adaptation debate and customer-based brand equity.

First, they refine Oliver's (1991) strategic response perspective by suggesting that compromise is not a uniform response category, but occurs at different layers of brand configuration. They also qualify the institutional isomorphism prediction (DiMaggio and Powell, 1983): despite facing the same regulatory, competitive and consumer pressures, the OEMs did not converge on a similar brand configuration. This indicates that shared institutional pressures alone do not produce similar strategic responses. They also support the institutional view of Peng *et al.* (2008), that strategic choices in emerging markets are shaped by how firms interpret institutional pressures, rather than by the pressures themselves. This is consistent with the institutional duality argument of Kostova *et al.* (2008), which states that MNCs respond to multiple institutional environments simultaneously.

Second, the findings also refine the standardization-adaptation debate (Levitt, 1983; Zou and Cavusgil, 2002; Vrontis, 2003), together with the related I-R framework (Bartlett and Ghoshal, 1987; Prahalad and Doz, 1987). The standardization-adaptation literature distinguishes between globally standardized and locally adapted brand elements, but it treats this distinction primarily in observable terms. It does not systematically capture how deeply an adaptation reaches into the symbolic core of the brand. The three cases demonstrate that this distinction is important: separate brand identities and long-wheelbase variants are both observable adaptations, but their implications for global coherence differ because they operate at different layers of the brand configuration. The study therefore puts forward the argument that the layer at which adaptation occurs is more important than the overall degree of adaptation. This concept is developed into a framework in Section 5.2.

Third, the findings add specificity to Keller's (1993) customer-based brand equity framework and are consistent with the distinction between PBG and PBL proposed by Mandler *et al.* (2021), particularly the idea that PBG and PBL can coexist rather than operate as opposites. The two frameworks converge on the same empirical implication: adaptation preserves or erodes brand equity depending on which layer of the configuration it touches.

The following section translates this insight into a refined framework that specifies the impact of different layers of adaptation on the trade-off between local competitive positioning and global brand coherence.

5.2 The layer-conditional trade-off framework

Building on the brand configuration dimensions and theoretical anchors used in this study, the findings suggest that local adaptation should not be treated as a single strategic choice. Consistent with the outcome definitions in Section 2.4.2, local competitive positioning refers to the fit with China-specific premium expectations, while global brand coherence refers to the consistency of brand identity, architecture and meaning across markets. On this basis, the following framework proposes that the tension between local competitive positioning and global brand coherence is more dependent on the layer at which adaptation occurs than on the overall degree of adaptation.

Functional adaptations, such as software, infotainment, ADAS and digital ecosystem integration, can increase local relevance while presenting comparatively lower risk to global coherence when aligned with the global brand experience. At the product-configuration layer, adaptations such as long-wheelbase models, rear-seat comfort, China-specific variants or local EV configurations, can create a stronger local fit, without necessarily weakening global brand coherence, provided they remain aligned with the brand's global product logic. Brand-core adaptations, such as separate brand identities, logo changes or naming deviations, are the most symbolically visible because they affect how the brand is recognized and interpreted. They therefore pose the greatest risk of brand ambiguity and dilution.

Table 6 summarizes this layer-based logic by distinguishing functional, product-configuration and brand-core adaptations according to their local responsiveness potential and their implications for global brand coherence.

Adaptation layer	Examples	Local competitiveness effect	Global coherence risk
Functional layer	Software, infotainment, ADAS, apps, digital ecosystem	Improves digital relevance, user experience and ecosystem fit	Low, if integrated into global brand experience
Product-configuration layer	LWB models, China-specific variants, rear-seat comfort, EV configurations	Strengthens product-market fit through local use cases and comfort expectations	Medium, if product logic becomes detached from global brand
Brand-core layer	Separate brand identities, logo changes, naming deviations	High symbolic visibility; enables stronger local differentiation and segment targeting	High, risk of ambiguity and premium dilution

Table 6: Layer-conditional trade-off framework

Applied to the three cases, Audi is positioned closest to the brand-core adaptation layer. While the Audi four-letter brand creates a visible local proposition, it also reduces the immediate recognizability of its connection to the global Audi four-ring brand. BMW is positioned closer to the product and functional adaptation layers. Local responsiveness is embedded in software, technology and model variants, while the master brand remains stable. Mercedes-Benz also adapts at the functional and product-configuration layers, but follows a more restrictive logic: local software, comfort and hardware adaptations are accepted only where they remain subordinate to a strongly protected symbolic brand core. This reinforces the central insight of the second research question: the trade-off is shaped less by the overall extent of adaptation than by its location within the brand configuration.

Figure 1 applies this layer-conditional framework to the three cases. It shows that Audi, BMW and Mercedes-Benz differ less in the overall extent of adaptation than in where adaptation becomes most visible within the brand configuration. This helps explain the resulting trade-off mode and its implications for local competitiveness and global brand coherence.

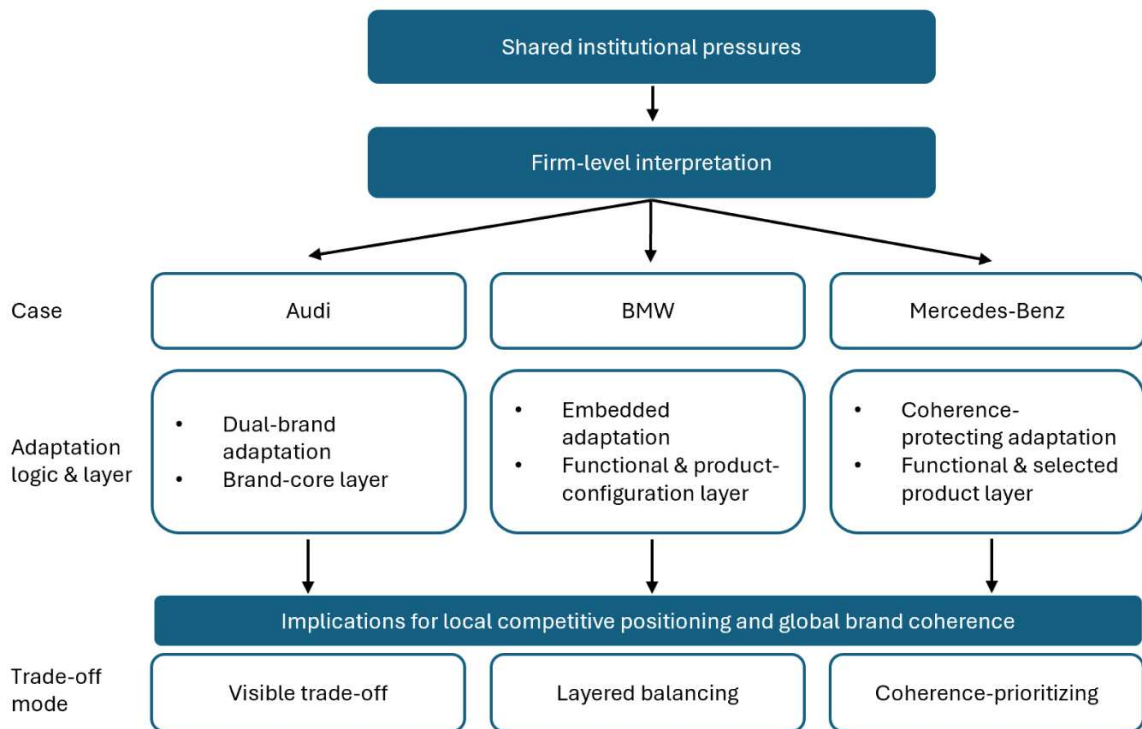


Figure 1: The layer-conditional trade-off across the three cases

5.3 Practical implications

The findings of this study and the framework developed in Section 5.2 have four practical implications for German premium OEMs operating in China through joint-venture structures:

(1) From localization volume to brand-core governance: The findings suggest that in China the central branding question is not how much to localize, but rather where in the brand configuration localization should occur. Managers should systematically govern the distance between local adaptations and the global brand core by identifying which layers can absorb adaptations without weakening core brand associations and which layers require stricter protection. This shifts the localization decision from a question of volume to a question of layer-specific brand governance. In joint venture contexts, clear internal governance is also required to determine which entity controls brand architecture, partner visibility and customer-facing differentiation.

(2) China as an upstream market for premium expectations: The findings indicate that China is no longer a downstream market where globally developed premium concepts are merely adapted after the launch. Expectations around digital experience, software integration and EV-native mobility emerge particularly early and visibly in China and are increasingly relevant for global product and brand decisions. For German premium OEMs, this implies

treating Chinese consumer expectations as leading signals of future premium mobility, rather than as deviations from the global standard. Local technology partnerships should therefore be viewed as strategic brand enablers, rather than merely technical supplier relationships. They must be integrated in ways that strengthen the local experience without undermining perceived technological competence.

(3) Redefine the premium status through locally credible proof points: The findings suggest that in the Chinese premium segment, German engineering heritage has increasingly shifted from a clear differentiator to a basic market expectation. German premium OEMs therefore need to redefine premium positioning through locally credible proof points rather than heritage claims alone. The findings suggest that Chinese consumers increasingly evaluate premium meaning based on software reliability, smart-cockpit quality, ecosystem integration and service responsiveness.

(4) Brand architecture experiments require narrative governance and long-term metrics: Visible adaptation at the core of the brand, as illustrated by the Audi four-letter brand, can signal local relevance in ways that more conservative configurations do not produce. However, the findings also suggest that such configurations carry the highest risk of brand ambiguity and coherence loss. Firms pursuing this level of adaptation should actively manage how customers interpret the relationship between the local proposition and the global master brand over time. They should also evaluate the success using metrics that capture changes in brand perception, the effects of product cannibalization and long-term customer retention, rather than focusing only on launch attention or short-term sales.

Overall, the managerial challenge for German premium OEMs is not to reduce the global nature of their brands, but to ensure that their global premium offering is perceived as credible locally in a market that increasingly defines premium through digital capability, speed and ecosystem fit. Although these implications are derived from the automotive context, the underlying principle may also be relevant for other MNCs facing strong local competitors and shifting premium perceptions in other emerging markets.

6 Conclusions, limitations and future research

This chapter presents the main conclusions of the study, reflects on its limitations and outlines potential avenues for future research.

6.1 Conclusions

The central finding of this study is that adaptation outcomes in China depend less on the extent of the adaptation and more on where within the brand configuration it occurs. The three German premium OEMs Audi, BMW and Mercedes-Benz face comparable institutional pressures, but respond with three distinct configurations, each locating adaptation at a different brand layer. Together, these configurations demonstrate that the strategic question is no longer whether to localize in China, but where in the brand configuration localization should occur without compromising the global brand identity.

The three response logics emerge as the answer to the first research question. Audi employs a dual-brand adaptation strategy: alongside the global four-ring master brand, it introduces a distinct China-specific identity, the AUDI four-letter brand. BMW pursues an embedded adaptation logic, concentrating local responsiveness in the functional and product-configuration layers, while maintaining a consistent global brand identity. Mercedes-Benz pursues a coherence-protecting adaptation logic, accepting substantial local adaptation in functional and selected product-configuration layers, while protecting the symbolic brand core. Three complementary drivers account for this divergence under shared institutional pressures: the structural complexity of joint-venture configurations, the firm-level interpretation of what constitutes a premium brand in the Chinese context and the location of the symbolic boundary of the brand core. According to Oliver's (1991) typology, all three cases fall within the compromise category, but the compromise occurs at substantially different layers of the brand configuration.

The second research question is addressed by refining the standardization-adaptation logic. The relationship between local competitive positioning and global brand coherence is conditional on the layer at which adaptation occurs, rather than being linear. Adaptation at the symbolic brand-core layer creates observable and interview-based indications of coherence risk, whereas adaptation at the functional and product layers can build local relevance with comparatively lower risk to global coherence. The three cases illustrate three distinct trade-off modes: Audi illustrates a visible trade-off, BMW a layered balancing mode and Mercedes-Benz a coherence-prioritizing mode. The study's main theoretical contribution is the layer-conditional trade-off

framework presented in Section 5.2. This framework integrates Keller's (1993) brand-association logic, the PBG/PBL framework of Mandler *et al.* (2021) and the standardization-adaptation literature of Vrontis (2003) and Zou and Cavusgil (2002). It provides an analytical structure that specifies the conditions under which local adaptation generates coherence risk. Section 5.3 presents the practical implications of this framework in detail: brand-core governance, China as an upstream market for premium expectations, the redefinition of premium through proof points and the careful management of brand architecture experiments.

The framework shifts the central managerial question from '*how much to localize*' to '*where in the brand configuration localization should occur*'.

6.2 Limitations and future research

The findings should be interpreted within the scope of the research design. As outlined in Section 3.5, the multiple-case design allows for analytical rather than statistical generalization. The study is also cross-sectional, covering the period from approximately 2020 to 2026. The identified configurations may therefore reflect responses to a period of market disruption rather than stable, long-term strategies.

A further limitation concerns the asymmetry of the primary data. Audi is represented by three internal interviewees, while BMW and Mercedes-Benz are represented by one internal interviewee each. Consequently, Audi is the analytically richest case, while the BMW and Mercedes-Benz analysis relies more heavily on external experts and secondary sources. Additionally, performance indicators were employed solely for contextual evidence. While the study observes correlations between configuration logics and market outcomes, it cannot establish causal effects. Finally, JV governance was treated as an important contextual factor rather than an independent explanatory variable due to limited access to internal decision-making processes.

In addition to design limitations, the analytical scope was deliberately narrowed: as outlined in Sections 1.4 and 3.5, the analysis focused on brand architecture and product, while pricing and communication were treated as contextual evidence and only integrated where directly connected to product positioning, brand architecture or implications for outcomes.

Beyond the design-related limitations, this study identifies opportunities for theoretical development. While existing standardization-adaptation literature addresses the visibility of adaptation, it does not systematically address its intensity or depth. A more operationalized treatment of intensity, for instance quantifying the adaptation of brand elements against

symbolic core invariance, would allow researchers to test the generalizability of the layered logic identified in this study to other premium categories, host-country contexts and types of multinational firms.

These methodological limitations and theoretical opportunities suggest four directions of future research.

First, a longitudinal study of the Audi four-letter brand would be particularly valuable. Such a study could trace how the four-letter brand and its relationship with the four-ring master brand evolve over time, focusing on brand meaning, customer understanding and potential shifts in core brand associations. This would directly address the open question of whether Audi's visible brand-core adaptation becomes accepted as a coherent extension of Audi or remains a source of brand ambiguity. Beyond the Audi case, such a longitudinal study would generate transferable insights for other premium brands considering visible brand-core adaptations in emerging markets.

Second, future research should examine the consumer perspective more systematically. Using PBG and PBL scales developed by Mandler *et al.* (2021) to survey Chinese premium car buyers would help to determine whether the configurations identified are perceived as the firms intend them. This would address a limitation inherent to the study's design, namely that it focuses on observable configurations rather than on consumer interpretation.

Third, the transferability of the layer-based framework should be tested in different contexts. Relevant comparisons could include Japanese premium OEMs in China, German premium brands in India or MNCs in related sectors, such as luxury goods or consumer technology. The framework could also be applied in reverse by examining how Chinese OEMs adapt their brand configurations when entering European markets. As these companies lack established global brand equity and face different pressures, such a comparison would reveal whether the layer-conditional logic operates symmetrically regardless of market direction.

Fourth, a quantitative study with a larger sample and several market phases could examine the relationship between brand configuration and performance. Future studies should consider outcome measures other than sales, such as tracking brand perception, measuring premium pricing power and assessing retention, cannibalization and residual value. This would help to answer the question of causality that remains open in the present study.

Given that this study captures a phase of intense market disruption, whether any of the three response logics proves durable as the market stabilizes remains an open empirical question.

7 Bibliography

Aaker, D.A. and Joachimsthaler, E. (2000) 'The Brand Relationship Spectrum: The Key to the Brand Architecture Challenge', *California Management Review*, 42(4), pp. 8–23. Available at: <https://doi.org/10.1177/000812560004200401>.

Audi (2026) *Auto China 2026: Audi continues its product initiative with China-tailored models and technologies*. MediaInfo. Ingolstadt/Peking. Available at: <https://www.audi-mediacycenter.com/en/press-releases/auto-china-2026-audi-continues-its-product-initiative-with-china-tailored-models-and-technologies-17104> (Accessed: 28 April 2026).

Automobility (2025) 'State of China's Auto Market - September 2025', 16 October. Available at: <https://automobility.io/2025/10/state-of-chinas-auto-market-september-2025/> (Accessed: 16 May 2026).

Automotive World (2026) 'Audi's ring-free China EV brand struggles out of the gate', 3 March. Available at: <https://www.automotiveworld.com/news/audis-ring-free-china-ev-brand-struggles-out-of-the-gate/> (Accessed: 6 May 2026).

Bai, J., Barwick, P.J., Cao, S. and Li, S. (2025) 'Quid Pro Quo, Knowledge Spillovers, and Industrial Quality Upgrading: Evidence from the Chinese Auto Industry', *American Economic Review*, 115(11), pp. 3825–3852. Available at: <https://doi.org/10.1257/aer.20221501>.

Bartlett, C.A. and Ghoshal, S. (1987) 'Managing across Borders: New Organizational Responses', in P.J. Buckley (ed.) *International Business*. 1st edn. Routledge, pp. 307–317. Available at: <https://doi.org/10.4324/9781315199689-20>.

Bloomberg (2026) 'Audi Bets on Split Branding To Regain Spark for China Car Buyers', 24 April. Available at: <https://www.bloomberg.com/news/articles/2026-04-24/audi-bets-on-split-branding-to-regain-spark-for-china-car-buyers> (Accessed: 6 May 2026).

BMW (2026a) *BMW Group Report 2025*. Available at: <https://www.bmwgroup.com/en/report/2025/downloads/BMW-Group-Report-2025-en.pdf> (Accessed: 15 May 2026).

BMW (2026b) *BMW Investor & Analyst Days 2025*. Available at: https://www.bmwgroup.com/content/dam/grpw/websites/bmwgroup_com/ir/downloads/en/2025/investor-and-analyst-days-2025/BMW-Group-Investor-Analyst-Days-2025-Key-Messages.pdf (Accessed: 13 May 2026).

BMW (2026c) *The Start of a New Era: The BMW Group at Auto China 2026*. Press Release. Available at: <https://www.press.bmwgroup.com/global/article/detail/T0457355EN/the-start-of-a-new-era:-the-bmw-group-at-auto-china-2026?language=en> (Accessed: 28 April 2026).

Brandt, L. and Thun, E. (2010) 'The Fight for the Middle: Upgrading, Competition, and Industrial Development in China', *World Development*, 38(11), pp. 1555–1574. Available at: <https://doi.org/10.1016/j.worlddev.2010.05.003>.

CAAM (2026) *China's auto output, sales reach new highs in 2025*. China Association of Automobile Manufacturers. Available at:

https://english.www.gov.cn/archive/statistics/202601/14/content_WS6967432ec6d00ca5f9a088ff.html (Accessed: 16 May 2026).

CarNewsChina (2025) ‘AUDI E5 Sportback receives 10,153 orders within 30 minutes of launch’, 17 September. Available at: <https://carnewschina.com/2025/09/17/audi-e5-sportback-receives-10153-orders-within-30-minutes-of-launch/> (Accessed: 15 April 2026).

CarNewsChina (2026) ‘Prestige cracks: BMW, Benz, Audi slash prices as China’s luxury market turns local’, 13 February. Available at: <https://carnewschina.com/2026/02/13/prestige-cracks-bmw-benz-audi-slash-prices-as-chinas-luxury-market-turns-local/> (Accessed: 5 April 2026).

Chen, Y., Lin Lawell, C.-Y.C. and Wang, Y. (2020) ‘The Chinese Automobile Industry and Government Policy’, *Research in Transportation Economics*, 84, p. 100849. Available at: <https://doi.org/10.1016/j.retrec.2020.100849>.

China Daily (2026) ‘Audi reclaims top spot in China’s premium car market’, 15 January. Available at: <https://global.chinadaily.com.cn/a/202601/15/WS6968529aa310d6866eb33dc9.html> (Accessed: 15 May 2026).

CnEVPost (2026) ‘China NEV sales total 1.71 million units in Dec, bringing full-year 2025 sales to 16.49 million’, 14 January. Available at: <https://cnevpost.com/2026/01/14/china-nev-sales-1-71-million-dec-2025-caam/> (Accessed: 16 May 2026).

DiMaggio, P. and Powell, W.W. (1983) ‘The Iron Cage Revisited: Institutional Isomorphism and Collective Rationality in Organizational Fields’, *American Sociological Review*, 48(2), pp. 147–160. Available at: <https://doi.org/10.2307/2095101>.

Douglas, S.P. and Wind, Y. (1987) ‘The Myth of Globalization’, *Columbia Journal of World Business*, 22(4), pp. 19–29.

EIAS (2023) *The German Automotive FDI in China: EVs, Innovation and Competitiveness*. Policy Brief 6. European Institute for Asian Studies. Available at: <https://eias.org/wp-content/uploads/2023/10/EIAS-Policy-Brief-No-06.2023-German-Automotive-FDI-in-China-1.pdf> (Accessed: 15 March 2026).

Eisenhardt, K.M. (1989) ‘Building Theories from Case Study Research’, *Academy of Management Review*, 14(4), pp. 532–550.

German Chamber of Commerce in China (2025a) *Business Confidence Survey 2025/26*. Beijing. Available at: <https://china.ahk.de/en/news/business-confidence-survey-2025-26> (Accessed: 13 March 2026).

German Chamber of Commerce in China (2025b) *Localization 3.0: The Smart Engagement of German Companies in China in 2025*. White Paper. Available at: <https://workdrive.zohopublic.com.cn/external/a34fe9726118d2f263039482883680802bd0ae2dc6c152cab72278008bbbec9e> (Accessed: 7 March 2026).

Holweg, M., Luo, J. and Oliver, N. (2009) ‘The past, present and future of China’s automotive industry: a value chain perspective’, *International Journal of Technological*

Learning, Innovation and Development, 2(1–2), pp. 76–118. Available at: <https://doi.org/10.1504/IJTLID.2009.021957>.

Howell, S.T. (2018) ‘Joint ventures and technology adoption: A Chinese industrial policy that backfired’, *Research Policy*, 47(8), pp. 1448–1462. Available at: <https://doi.org/10.1016/j.respol.2018.04.021>.

IEA (2025) *Global EV Outlook 2025: Expanding sales in diverse markets*. Paris: International Energy Agency. Available at: <https://www.iea.org/reports/global-ev-outlook-2025> (Accessed: 12 March 2026).

IMD (2024) *China’s automotive odyssey: From joint ventures to global EV dominance*. Institute for Management Development. Available at: <https://www.imd.org/ibyimd/asian-hub/chinas-automotive-odyssey-from-joint-ventures-to-global-ev-dominance/> (Accessed: 5 March 2026).

Jain, S.C. (1989) ‘Standardization of International Marketing Strategy: Some Research Hypotheses’, *Journal of Marketing*, 53(1), pp. 70–79. Available at: <https://doi.org/10.1177/002224298905300106>.

J.D. Power (2024) *China Automotive Market Insights 2024*. Available at: <https://china.jdpower.com/sites/china/files/file/2024-12/2024%20China%20Automotive%20Market%20Insights.pdf> (Accessed: 6 March 2026).

Kapferer, J.-N. (2008) *The new strategic brand management: creating and sustaining brand equity long term*. 4th edn. London, Philadelphia: Kogan Page Publishers.

Keller, K.L. (1993) ‘Conceptualizing, Measuring, and Managing Customer-Based Brand Equity’, *Journal of Marketing*, 57(1), pp. 1–22.

Kostova, T., Roth, K. and Dacin, M.T. (2008) ‘Institutional Theory in the Study of Multinational Corporations: A Critique and New Directions’, *Academy of Management Review*, 33(4), pp. 994–1006. Available at: <https://doi.org/10.5465/amr.2008.34422026>.

KPMG (2025) *25th Annual Global Automotive Executive Survey*. Available at: <https://kpmg.com/xx/en/our-insights/transformation/annual-global-automotive-executive-survey.html> (Accessed: 13 April 2026).

Levitt, T. (1983) ‘The Globalization of Markets’, *Harvard Business Review*, 61(3), pp. 92–102.

Liang, J., Qiu, L.D. and Xiao, J. (2025) ‘Technology spillovers from Sino-foreign auto joint ventures to indigenous brands’, *International Journal of Industrial Organization*, 104, p. 103232. Available at: <https://doi.org/10.1016/j.ijindorg.2025.103232>.

Mandler, T., Bartsch, F. and Han, C.M. (2021) ‘Brand credibility and marketplace globalization: The role of perceived brand globalness and localness’, *Journal of International Business Studies*, 52(8), pp. 1559–1590. Available at: <https://doi.org/10.1057/s41267-020-00312-2>.

Mayring, P. (2014) *Qualitative content analysis: theoretical foundation, basic procedures and software solution*. Klagenfurt. Available at: <https://nbn-resolving.org/urn:nbn:de:0168-ssolar-395173> (Accessed: 15 April 2026).

McKinsey (2025a) *Accelerating automotive product development*. Available at: <https://www.mckinsey.com/capabilities/operations/our-insights/automotive-product-development-accelerating-to-new-horizons> (Accessed: 16 May 2026).

McKinsey (2025b) *McKinsey China Auto Consumer Insights 2025*. McKinsey & Company. Available at: <https://www.mckinsey.com/industries/automotive-and-assembly/our-insights/china-auto-consumer-insights-2025-gaining-momentum> (Accessed: 13 May 2026).

Mercedes-Benz (2026) *China Update*. Available at: <https://group.mercedes-benz.com/dokumente/investoren/presentationen/mercedes-benz-group-2026-china-update.pdf> (Accessed: 15 April 2026).

MERICS (2022) *The bumpy road ahead in China for Germany's carmakers*. China Monitor. Mercator Institute for China Studies. Available at: <https://merics.org/en/report/bumpy-road-ahead-china-germanys-carmakers> (Accessed: 13 March 2026).

Nam, K.-M. (2011) 'Learning through the international joint venture: lessons from the experience of China's automotive sector', *Industrial and Corporate Change*, 20(3), pp. 855–907. Available at: <https://doi.org/10.1093/icc/dtr015>.

NBR (2017) *Chinese Government Support for New Energy Vehicles as a Trade Battleground*. The National Bureau of Asian Research. Available at: <https://www.nbr.org/publication/chinese-government-support-for-new-energy-vehicles-as-a-trade-battleground/> (Accessed: 16 May 2026).

Oliver, C. (1991) 'Strategic Responses to Institutional Processes', *Academy of Management Review*, 16(1), pp. 145–179. Available at: <https://doi.org/10.2307/258610>.

Ou, S., Lin, Z., Qi, L., Li, J., He, X. and Przesmitzki, S. (2018) 'The dual-credit policy: Quantifying the policy impact on plug-in electric vehicle sales and industry profits in China', *Energy Policy*, 121, pp. 597–610. Available at: <https://doi.org/10.1016/j.enpol.2018.06.017>.

Patton, M.Q. (2014) *Qualitative research & evaluation methods: Integrating theory and practice*. 4th edn. Thousand Oaks: Sage Publications.

Peng, M.W., Wang, D.Y.L. and Jiang, Y. (2008) 'An institution-based view of international business strategy: a focus on emerging economies', *Journal of International Business Studies*, 39(5), pp. 920–936. Available at: <https://doi.org/10.1057/palgrave.jibs.8400377>.

Prahalad, C.K. and Doz, Y.L. (1987) *The Multinational Mission: Balancing Local Demands and Global Vision*. New York: Free Press.

Reuters (2012) 'China ex-minister says foreign auto JV policy "like opium"', 3 September. Available at: <https://www.reuters.com/article/business/china-ex-minister-says-foreign-auto-jv-policy-like-opium-report-idUSBRE882082/> (Accessed: 5 March 2026).

- Rhodium (2025) *The Hangover: Foreign Carmakers' China Strategies*. Rhodium Group. Available at: <https://rhg.com/research/the-hangover-foreign-carmakers-china-strategies/> (Accessed: 23 February 2026).
- Scott, W.R. (2014) *Institutions and Organizations: Ideas, Interests, and Identities*. 4th edn. Thousand Oaks: Sage Publications. Available at: <https://us2.sagepub.com/en-us/nam/institutions-and-organizations/book237665> (Accessed: 25 May 2026).
- Statista (2025) 'Electric vehicles in China'. Available at: <https://www.statista.com/topics/5623/electric-vehicle-market-in-china/> (Accessed: 13 February 2026).
- Steenkamp, J.-B., Batra, R. and Alden, D.L. (2003) 'How perceived brand globalness creates brand value', *Journal of International Business Studies*, 34(1), pp. 53–65. Available at: <https://doi.org/10.1057/palgrave.jibs.8400002>.
- Steenkamp, J.-B.E.M. and de Jong, M.G. (2010) 'A Global Investigation into the Constellation of Consumer Attitudes toward Global and Local Products', *Journal of Marketing*, 74(6), pp. 18–40. Available at: <https://doi.org/10.1509/jmkg.74.6.18>.
- Sturgeon, T.J. and Van Biesebroeck, J. (2011) 'Global value chains in the automotive industry: an enhanced role for developing countries?', *International Journal of Technological Learning, Innovation and Development*, 4(1–3), pp. 181–205. Available at: <https://doi.org/10.1504/IJTLID.2011.041904>.
- Thurbon, E., Kim, S.-Y., Tan, H. and Mathews, J. (2023) 'Creative-Destruction in China's Electric Vehicle Industry', in E. Thurbon, S.-Y. Kim, H. Tan, and J.A. Mathews (eds) *Developmental Environmentalism: State Ambition and Creative Destruction in East Asia's Green Energy Transition*. Oxford Academic. Available at: <https://doi.org/10.1093/oso/9780192897794.003.0005>.
- Vrontis, D. (2003) 'Integrating Adaptation and Standardisation in International Marketing: The AdaptStand Modelling Process', *Journal of Marketing Management*, 19(3–4), pp. 283–305. Available at: <https://doi.org/10.1080/0267257X.2003.9728212>.
- Yicai Global (2026) 'Audi's CEO Denies Rumors German Carmaker's China JVs Will Merge', 18 March. Available at: <https://www.yicaiglobal.com/news/audis-ceo-denies-rumors-german-carmakers-china-jvs-will-merge> (Accessed: 5 April 2026).
- Yin, R.K. (2018) *Case study research and applications: design and methods*. 6th edn. Los Angeles: Sage Publications.
- Zou, S. and Cavusgil, S.T. (2002) 'The GMS: A Broad Conceptualization of Global Marketing Strategy and Its Effect on Firm Performance', *Journal of Marketing*, 66(4), pp. 40–56. Available at: <https://doi.org/10.1509/jmkg.66.4.40.18519>.

Appendices

Appendix 1: Interview Guide

Introduction

Q1: Please briefly describe your professional background and your connection to the Chinese automotive market.

Institutional Context

Q2: Which institutional conditions (e.g. regulatory, competitive or in terms of consumer perception) have, in your view, most significantly influenced the brand strategy of German OEMs in China?

Q3: How have competitive expectations in the Chinese premium segment changed with the rise of Chinese NEV brands?

Q4: How would you assess the current state of the 'German Engineering' premium among Chinese consumers?

Product Dimension

Q5: To what extent do Audi, BMW and Mercedes-Benz develop vehicles in China that are specifically designed for the Chinese market as opposed to globally adapted models?

Q6: Do Audi/BMW/Mercedes-Benz develop native EV platforms in China out of strategic conviction -- or would this step not have happened without the regulatory pressure of Chinese politics?

Q7: Where do OEMs draw the line on product adaptation? What can be localized without jeopardizing the global brand identity?

Brand Architecture

Q8: How do German premium brands use brand architecture to respond to local market conditions in China?

Q9: How do JVs navigate the tension between the OEM's global brand identity and the local ambitions of the Chinese partner?

Q10: Do China-specific sub-brands enhance local relevance or dilute the core brand?

Pricing & Communication

Q11: How are the three brands responding to the increased discount pressure in the Chinese premium segment - and what does this say about their brand positioning?

Q12: To what extent is brand communication locally adapted in China, and where do you see the greatest deviations from the global standard?

Comparative Analysis & Implications

Q13: Do you observe differences in how German premium OEMs configure their brand strategies in China and what do you attribute these to?

Q14: How strongly do the described brand configurations influence the tension between global premium positioning and local competitiveness and where do you see the greatest risks?

Closing

Q15: What would you consider the most important recommendations for brand management in a German automotive JV in China?

Q16: Are there aspects of brand configuration in the Chinese automotive market that we have not yet discussed and that you consider particularly relevant?

Appendix 2: Overview analytical contribution interviews

No.	Interview date	Field of Expertise	Thematic focus	Analytical contribution	Used in
A1	08.04.2026	Negotiations with joint-venture partners, strategic projects, market analysis, stakeholder alignment, coordination within JV environment	Audi's E5 launch logic; framing of dual-brand configuration; product and infotainment localisation	Frames the AUDI sub-brand as a presence-building investment rather than a margin-driven launch: "the E5 was launched simply to demonstrate presence, as an investment for the future". Identifies the central coherence risk explicitly: "the car has little to do with Audi [...] Audi sold its values and principles for the Chinese market". Provides the strategic-intent reading of the configuration from inside Audi China.	Sections 4.1.1 Audi; 4.1.2 Audi; 4.2.1 Audi outcome assessment
A2	14.04.2026	Product strategy and marketing for Audi premium line, China-specific adaptation, pricing coordination, competitive analysis	Master-brand protection logic; institutional rationale for ring-free sub-brand; communication adaptation	Articulates the master-brand protection logic explicitly: the four-letter brand was created "without the rings, because that is precisely the distinction one wants to draw to keep the four-ring brand sellable in the market. From a brand-strategic perspective, in my view, that is genuinely a balancing act." Provides the operational and antitrust-conditioned perspective on how Audi navigates the tension at the architectural layer.	Sections 4.1.1 Audi; 4.2.1 Audi coherence risk
A3	27.04.2026	Strategy, operations management, sales strategy, China market expertise, and JV-related business coordination	JV-governance complexity; structural drivers of dual-brand configuration; decision-making across the global-local network	Identifies inter-JV friction as a complementary driver: "There was a huge dispute [...] It has caused conflict and loss of trust in the relationship". Frames the AUDI sub-brand as a reverse-development logic: "We take something that already exists in China, that one of our partners has, that is good. We take it as a basis, build on top of it ourselves with what carries Audi genes". Provides the strongest evidence for the JV-governance driver in the cross-case synthesis.	Sections 4.1.1 Audi; 4.1.3 drivers of differential configurations; 4.2.1 Audi
A4	27.04.2026	Brand strategy, local brand development, China autonomous driving innovation, strategic consulting and international management	Coherence-protection logic; 'Mercedes-Benz is Mercedes-Benz' as boundary marker; price-discipline	Articulates the Mercedes-Benz coherence-protection principle: "Mercedes-Benz is Mercedes-Benz" and "a Mercedes in China should still be recognizable as a Mercedes in the US". Locates adaptation in non-visible layers: "Purely technologically speaking, you have a different stack in the car in China than in the rest of the world. The customer notices this in usage, but they don't notice it through haptics, through what they can see". Provides the central case for the coherence-protecting adaptation mode in the layer-conditional framework.	Sections 4.1.1 MB; 4.1.2 MB; 4.2.1 MB; 5.2 layer-conditional framework
A5	28.04.2026	Corporate and product strategy, market intelligence for industry	Embedded adaptation logic; trade-off as managed not solved;	Provides the central internal validation of BMW's embedded adaptation logic: "BMW is not trying to become a different brand in China [...] It is more a China-specific translation of the global BMW brand". Critically articulates: "BMW does not fully solve the trade-	Sections 4.1.1 BMW; 4.1.2 BMW; 4.2.1 BMW; 4.2.2

		mega trends, Strategic projects steering	technology-partner integration	off. It manages it in a different way [...] the tension moves into the product and software layer". This refines the layered-resolution mode by identifying trade-off transfer rather than elimination.	trade-off modes; 5.2 framework
B1	06.05.2026	China automotive market, OEM strategy, supplier strategy, regulatory and geopolitical complexity, software-defined mobility, AI-driven mobility, and global competitive implications of China	Cross-case external assessment; heritage erosion; Chinese NEV competition in the premium segment	Confirms that the AUDI sub-brand is the most visible architectural intervention among the three cases: "Audi has had a new sister brand for two years now, the Audi without the rings." Identifies the structural threat from Chinese premium NEVs: "The Chinese luxury vehicles are actually all NEVs [...] which the three luxury manufacturers now have to contend with." Confirms the erosion of the "Made in Germany" cognitive signal.	Sections 4.1.1 cross-case; 4.2.1 BMW and cross-case; 5.1 theoretical contributions
B2	09.05.2026	EV strategy, market intelligence, data-driven business strategy, automotive analytics, China–Europe mobility trends, OEM and supplier support	Cross-OEM positioning differences; JV ownership as coherence driver; pricing-strategy comparison	Positions BMW as having the strongest cross-market consistency, linking it explicitly to ownership: "BMW could have a more independency of their brand strategy worldwide and then for Volkswagen, Audi [...] will be more likely very impacted by the local market". Confirms that Mercedes-Benz price discipline is observable externally: "for the German brand they react pretty slow and very conscious". Provides the external benchmark evidence for BMW's branded-house logic.	Sections 2.3.2 institutional pressures in China; 4.2.1 cross-case outcome assessment; 5.1 theoretical contributions; 5.3 practical implications
B3	09.05.2026	China tech trends, innovation, Sino-European automotive networks and China–Europe business relations	China as upstream innovation hub; JV-governance evolution; foreign-OEM cognitive context	Identifies the shift toward upstream production: "on the one hand, products are being developed in China for the Chinese market, but on the other hand, they are now also being developed in China for the global market." Frames the German OEMs' shift away from the "Made in Germany" label: "Made in Germany no longer holds the same status [...] as Chinese products have now advanced to the point where they are, in some cases, preferred by consumers." Provides the external perspective on how German OEMs reframe Chinese partnerships from supplier to learning relationships.	Sections 4.1.3 drivers of differential configurations; 4.2.1 cross-case outcome assessment; 5.3 practical implications

Appendix 3: Category system

Main code	Subcode	Code label	Definition / coding rule	Supporting examples / experts
1	1.1	Coercive pressures	Institutional pressure driven by state regulation, industrial policy, JV requirements, EV policy, localization expectations, data/software regulation or subsidies.	“As a German producer in China you have to operate through a joint venture.” (A1)
	1.2	Normative pressures	Institutional pressure driven by industry standards, competitive expectations, China-speed, local R&D expectations and the “In China, for China” logic.	“You have the possibility to be much faster, and it also happens much faster.” (B2)
	1.3	Cognitive pressures	Pressure driven by shifts in consumer beliefs, perceived premium meaning, German engineering associations, domestic brand confidence, digital expectations and brand loyalty.	“Made in Germany no longer holds the same status.” (B2)
2	2.1	Firm-level interpretation and prioritization	Passages explaining how a firm interprets, prioritizes or frames China pressures and adaptation needs.	“the attempt is to balance tradition and a certain kind of modernity.” (A3)
	2.2	Strategic urgency / China relevance	Passages showing perceived urgency, strategic role of China, investment logic or market importance.	“The future is here.” (A3)
	2.3	Acceptable adaptation limits / brand risk	Passages identifying what may or may not be adapted without harming the brand core.	“A Mercedes in China should still be recognizable as a Mercedes in the US.” (A4)
3	3.1	Product adaptation	China-specific models, long-wheelbase versions, model variants, EV adaptations, China-specific platforms or product changes.	“the biggest difference is the China-market-exclusive L-version, the long version.” (A1)
	3.2	Software / digital / ADAS localization	China-specific operating systems, maps, apps, ADAS software, connectivity, cockpit, infotainment or tech partnerships.	“you have a different stack in the car in China than in the rest of the world.” (A4)
	3.3	Product-market reception	Passages referring to market or customer reactions to specific product adaptations, launches or features.	“How it was received: positively, I would say at first, because it came across as cool to the Chinese.” (A1)
4	4.1	Branded house vs. house of brands position	Passages that help position a case on the branded house–house of brands spectrum (Aaker and Joachimsthaler, 2000).	“At Mercedes-Benz there is a guiding principle: ‘Mercedes-Benz is Mercedes-Benz.’” (A4)
	4.2	Sub-brand / sister brand / master brand relationship	China-specific sub-brands, AUDI four-letter brand, master brand protection, portfolio separation and relation to global brand.	“without the rings, because that is precisely the distinction one wants to draw.” (A2)
	4.3	JV-related portfolio / brand structure	Passages on the role of multiple JVs, Audi China, partner structures and portfolio separation in brand configuration.	“From a sales perspective these are two separate companies.” (A2)

5	5.1	Pricing adaptation / discount pressure	Passages on price competition, discounts, price reductions, price floors and affordability adaptation, coded as contextual evidence.	“we as German brands have absolutely no chance against the new forces here in China when it comes to the price war.” (A2)
	5.2	Premium price protection / price war limits	Passages explaining refusal or limits to price adaptation to protect premium image, margins or residual value, coded as contextual evidence.	“we will not follow this price war in every case.” (A4)
6	6.1	Communication adaptation	Local adaptation of brand communication, channels, campaigns, social media, influencers, events and dealer or customer interaction, coded as contextual evidence.	“All social media channels available here have to be served [...] including WeChat.” (A2)
	6.2	Brand experience / local touchpoints	Passages on experiential marketing, showrooms, launches, communities or customer-relationship communication, coded as contextual evidence.	“In China, malls are a huge thing.” (A1)
7	7.1	Local competitive positioning	Interpretive outcome code for implications of a brand configuration for relevance and competitiveness in China. Used for statements on local fit, technology relevance, customer appeal and market reception.	“they don't want to buy the German car because they don't offer what they need.” (B3)
	7.2	Global brand coherence	Interpretive outcome code for implications for consistency with the global brand core, premium identity and cross-market recognition. Used for statements on design language, master brand consistency and visual identity continuity.	“The global identity remains clearer.” (A5)
	7.3	Premium dilution risk	Specific global-coherence risk where adaptation, discounting or brand architecture may weaken premium perception, residual value, exclusivity or clarity of brand meaning.	“for me it was not an Audi.” (A1)
	7.4	Trade-off mode	Interpretive outcome code for evidence that local adaptation and global coherence either conflict, coexist or are balanced under specific conditions.	“BMW does not fully solve the trade-off. It manages it in a different way.” (A5)

Appendix 4: Coded interview extracts

Main code 1: Institutional pressures

1.1 Coercive pressures		
Case	Interview	Coded segment / Quote
Audi	A1	"I experienced this myself a lot, the state's intervention in the economy. The state has a very strong say, even at the founding of a company in China. As a German producer in China you have to operate through a joint venture; you cannot produce on your own as an automotive manufacturer."
Audi	A2	"Here in China, due to political regulations, everything is moving entirely towards electric vehicles, and this is one of the reasons we are losing relevance."
BMW	A5	"China made it very clear that electrification, local innovation and intelligent vehicles are strategic priorities. So no global OEM can treat China as just another sales market anymore. You need local production, local R&D and faster implementation."
Mercedes-Benz	A4	"China is very strongly shaped by the Five-Year Plan that the Party sets. This Five-Year Plan dictates that China not only wants to be the workbench of the world, building cheaply products designed in the West, but that China wants to become world-leading in the relevant industries."
Cross-case	B1	"In my view, this is indeed a triad of pressures, but it is dominated by what the state prescribes. That is also what Chinese manufacturers orient themselves toward."
Cross-case	B3	"Institutionally, foreign manufacturers were dependent on entering joint ventures. Today, this is no longer necessary in the same form. But today the change is [...] that they are now much more focused on the topic of data."
1.2 Normative pressures		
Case	Interview	Coded segment / Quote
Audi	A2	"the new competitors here in China who are often state-backed and -promoted and have been built up on a green field [...] German consumers buy a car and drive it for five, six, seven years, that's the lifecycle. Chinese consumers, especially young consumers, drive their vehicle for perhaps two years."
Audi	A3	"It started [...] that there was more and more push: on the one hand electrification, and on the other suddenly the announcement that Chinese manufacturers were coming."
BMW	A5	"Chinese NEV brands have changed the benchmark. They are fast, very digital, very customer-oriented and they often launch features much quicker than we do. [...] customers no longer compare BMW only with Mercedes or Audi. They compare it with NIO, Li Auto, Xiaomi, BYD premium models, and other local players."
Mercedes-Benz	A4	"The battery cars they build are technologically flawless; they have an infotainment that strongly meets local needs, karaoke and all sorts of features. Infotainment has a higher focus than it does for us."
Cross-case	B1	"The luxury vehicles of the Chinese are essentially all NEVs [...] And these are of course the major forces against which the three luxury providers must now compete."
Cross-case	B2	"Brands like BYD are very strong. And in the recent years, they also start to race [...] they don't want to be the cheap cars provider anymore and they want to enter to the premium market."
Cross-case	B3	"They have the possibility to do things much faster, and it does indeed go much faster. Feedback is also obtained much more quickly."
1.2 Cognitive pressures		
Case	Interview	Coded segment / Quote
Audi	A1	"Audis were known simply as the German manufacturers that were not digitised, that did not have many features. Chinese carmakers offer millions of

		features. Audi did not have as many features and was not as futuristic, whereas BYD is known for futuristic cars."
Audi	A2	"the topic of brand identity and brand loyalty no longer plays a role, especially among young buyers. [...] the younger ones feel less brand loyalty and have other reference points for why they buy a car: hype [...] price sensitivity, and digitalisation, that is, the car as an extension of the digital ecosystem."
BMW	A5	"Chinese customers, especially younger premium customers, increasingly expect premium to also mean digital convenience. [...] So for BMW, premium is no longer only about materials, performance and brand prestige. It is also about whether the car fits naturally into the customer's digital life."
Mercedes-Benz	A4	"The Chinese have, in terms of consumer behaviour, by now developed such a national pride that they sometimes prefer to buy a Chinese car over a German one, even over an American one. [...] the Chinese, first, are more self-confident, that they can buy domestic products."
Cross-case	B1	"forming this beacon, Made in Germany, that was certainly no longer the case."
Cross-case	B2	"For the parents generation, definitely [...] German brand have very positive image. And for the younger generation who are like Gen Z [...] they more care about like if the car is like very modern, have all the cool functions they want."
Cross-case	B3	"Made in Germany no longer has the same standing or the recognition it once had [...] Chinese products have now reached a level where they are in some cases even preferred by consumers."

Main code 2: Firm-level interpretation and prioritization

2.1 Firm-level interpretation and prioritization		
Case	Interview	Coded segment / Quote
Audi	A1	"From my perspective, the E5 in China is not there to make a profit, this is my personal interpretation, no one told me this. To me, the E5 was launched simply to demonstrate presence, as an investment for the future."
Audi	A2	"There are simply different joint venture structures and different players, that is, shareholders. For that reason it is relevant from a trademark and antitrust perspective to maintain this separation."
Audi	A3	"In essence, the attempt is to balance tradition and a certain kind of modernity."
BMW	A5	"my perspective is mainly on how BMW can remain clearly recognizable as a global premium brand while still adapting fast enough to local expectations."
Mercedes-Benz	A4	"At Mercedes-Benz there is a guiding principle: 'Mercedes-Benz is Mercedes-Benz.' You have a global aspiration as to which brand understanding you want to present and where."
Cross-case	B3	"I believe that this pressure is very, very strong: technologies have simply developed so strongly by now that German automotive manufacturers are lagging behind, and through these partnerships they have the opportunity to apply these technologies themselves."
2.2 Strategic urgency / China relevance		
Case	Interview	Coded segment / Quote
Audi	A1	"I still see China as one of the two largest markets for Audi. [...] Internally it always oscillated between largest and second largest. One of the largest in any case."
Audi	A3	"China had been Audi's largest market for around three years at that point. [...] Just last Friday I was in Beijing for the opening of the Auto Show, essentially the world's largest motor show. The future is here."
BMW	A5	"China is particularly relevant for BMW because it is not only one of our largest sales markets, but also one of the most advanced and demanding markets in terms of electric mobility, digital ecosystems and speed of innovation."

BMW	A5	"China has become more of an innovation market for BMW. It is not just: 'How do we modify a global car for China?' It is more: 'What do we learn in China that could shape BMW's future worldwide?'"
Mercedes-Benz	A4	"5,000 jobs are being cut while 2,000 are being built up in China."
Cross-case	B2	"It is now the case that, on the one hand, development happens in China for China, but on the other hand, also increasingly in China for the global market."

2.3 Acceptable adaptation limits / brand risk

Case	Interview	Coded segment / Quote
Audi	A1	"Not everything could be different, otherwise it wouldn't be an Audi anymore."
Audi	A3	Marketing is also a point, again brand strategy. [...] If you push against them, there are consequences, or at least quite a bit of dispute or stress."
BMW	A5	"the line is reached when the car no longer drives, looks and feels like a BMW. The proportions, the driving dynamics, the role of the driver, the sporty premium positioning, these things cannot become arbitrary."
Mercedes-Benz	A4	"The design language inside the car also has a global aspiration: A Mercedes in China should still be recognizable as a Mercedes in the US. The two should not differ too greatly."

Main codes 3-6: Brand configuration

3.1 Product adaptation

Case	Interview	Coded segment / Quote
Audi	A1	"the biggest difference is the China-market-exclusive L-version, the long version. Only for China. They are not allowed to be exported to Germany, not allowed to be driven in Germany [...] These cars exist only in China."
Audi	A2	"all these long versions: the A4 L, that is, the A4 Lang, is a vehicle built very specifically for the Chinese market, also partly built locally here. And of course now in the new world: all the electric vehicles are also built locally at Audi FAW NEV."
Audi	A3	"We take something that already exists in China, that one of our partners has, that is good. We take it as a basis, build on top of it ourselves with what carries Audi genes: design, technology, partly also quality."
BMW	A5	"a longer wheelbase, more focus on rear-seat comfort, local apps, a different digital ecosystem, voice assistants, navigation services, or ADAS functions for Chinese traffic situations. These are things customers expect. If you do not offer them, you quickly look less competitive."
Mercedes-Benz	A4	"in China you sell sedans, nowadays almost always also SUVs with a long wheelbase. The cars are somewhat longer than ours in Europe or in the US. [...] in China the number 8 is associated with luck. So instead of a 650-series S-Class, you have a 680-series S-Class in China."
Cross-case	B1	"The [BMW models] are of course offered in a somewhat longer version for the Chinese market. Is that absolutely necessary? Not necessarily, but it has simply become established now."

3.2 Software / digital / ADAS localization

Case	Interview	Coded segment / Quote
Audi	A1	"Infotainment-wise there are also enormous differences. [...] features such as apps, WeChat, China-exclusive apps. The ability to watch films in the car [...] What I found really cool was the food-ordering system. You can order food directly from the car when you're stuck in traffic, and the courier finds you directly, it was integrated with the infotainment system."
Audi	A2	"Chinese consumers expect products that work entirely digitally, and especially the young customers focus increasingly on electric vehicles. [...]"

This brings us back to German engineering [...] But here we keep running up against our technical limits, because we are currently failing in the battery area."

BMW	A5	"local apps, a different digital ecosystem, voice assistants, navigation services, or ADAS functions for Chinese traffic situations. [...] BMW cannot simply buy technology and place it into the vehicle. The question is always: How is this technology translated into a BMW experience? Partners bring speed and local intelligence. BMW brings integration, premium standards, validation, and brand logic."
Mercedes-Benz	A4	"We took our own platform and adapted it accordingly for China. And then via Momenta, that's the name of the provider, it is also publicly known, you can quote that, we bought in additional software from a Chinese provider."
Mercedes-Benz	A4	"Purely technologically speaking, you have a different stack in the car in China than in the rest of the world. The customer notices this in usage, but they don't notice it through haptics, through what they can see. They cannot see it, but they feel it in how they can use the product. The China-specific adaptations are functional or digital rather than architectural."
Cross-case	B2	"they more care about like if the car is like very modern, have all the cool functions they want. For example, they can connect with the Chinese social media. Like the WeChat or Alipay [...] and also this SDV function is very strong in China."

3.3 Product-market reception

Case	Interview	Coded segment / Quote
Audi	A1	"I was a bit involved in the pre-orders. Those were surprisingly high. Pre-orders don't mean much in themselves, we always say internally that twenty per cent of pre-orders translate into actual purchases when it comes to Audi in China. [...] How it was received: positively, I would say at first, because it came across as cool to the Chinese."
BMW	A5	"Chinese customers expect the car to be deeply integrated into their everyday digital life. They do not see software, voice control, navigation, autonomous driving functions or entertainment as 'extra features'. They see them as part of the basic premium experience."
Cross-case	B1	"The [AUDI without rings] [...] have now entered with the obligatory SUV, which actually looks better in reality than in the pictures. [...] At the moment they are not selling so well yet, but this is relatively new and was initially only cautiously rolled out."
Cross-case	B2	"even German premium cars were very high prized, but the software part is very like it behind. So this is a very important reason for the younger generations [...] they don't want to buy the German car because they don't offer what they need."

4.1 Branded house vs. house of brands position

Case	Interview	Coded segment / Quote
Audi	A3	"Now it is more like keeping focus on the original partner and trying something new with the second. [...] We are now trying to move away from [the VW model of two equally weighted parallel models] at Audi, by saying: we have the four rings on the one hand, with which we address rather traditional clientele. And we have the four letters, with which we particularly address younger urban target groups."
BMW	A5	"BMW is not trying to become a different brand in China. It is trying to show that the BMW idea can still be relevant in a very different market environment. The brand promise remains global, but the proof points become more local. That is why I would not call it a separate China brand strategy. It is more a China-specific translation of the global BMW brand."
Mercedes-Benz	A4	"At Mercedes-Benz there is a guiding principle: 'Mercedes-Benz is Mercedes-Benz.'"

Cross-case	B1	"Audi has had a new sister brand for two years now, the Audi without rings, and has built vehicles here on the platforms of the joint-venture partner SAIC that are oriented rather toward the Chinese market."
Cross-case	B2	"BMW could have a more independency of their brand strategy worldwide and then for Volkswagen, Audi [...] will be more likely very impacted by the local market [...] deep collaboration with the local headquarter."

4.2 Sub-brand / sister brand / master brand relationship

Case	Interview	Coded segment / Quote
Audi	A2	"from a brand-strategic perspective, in my view, that is genuinely a balancing act [...] there is the AUDI with the four letters and without the rings [...] without the rings, because that is precisely the distinction one wants to draw, to keep the four-ring brand sellable in the market."
Audi	A3	"If I launch a new brand that no one knows, the first issue is how to make it known. In this case [...] I have to differentiate myself from the other brand on the one hand, while still being somehow connected to it. That is the challenge: at the same time you explain to the customer outside: 'We are something different, although we are not the same, but somehow still belong together and are in a broader sense related.'"
BMW	A5	"If customers only hear 'BMW heritage' but experience outdated software, then the brand promise does not work anymore."

4.3 JV-related portfolio / brand structure

Case	Interview	Coded segment / Quote
Audi	A2	"From a sales perspective these are two separate companies. From a competition standpoint it is actually regulated in such a way that we know nothing about each other. [...] Internally we are not allowed to speak of competition, so we don't refer to competitors but simply to the southern joint venture."
Audi	A3	At Audi this was not possible. There was one partner [...] but then it became increasingly difficult [...] There was a huge dispute. [...] It has caused conflict and loss of trust in the relationship."
Cross-case	B2	BMW has more detailed decision-making coming from Germany, whereas Mercedes-Benz seems to operate more on a 50–50 basis. For Audi or Volkswagen, however, the Chinese joint venture partners appear to have a very strong voice, possibly even more than 50 percent in some cases. [...] Joint venture governance is therefore very strong in China.

5.1 Pricing adaptation / discount pressure

Case	Interview	Coded segment / Quote
Audi	A1	"Audi tried to adapt to those prices, but the message was always: it is impossible for us to truly match these prices. Financially and technically it is not feasible for us. [...] We did follow them on price to some extent. We are also very close to the red line where it would only mean losses."
Audi	A2	"the price war is one of the most important sales elements you observe here. The price is what many customers ultimately base their purchase decision on. [...] But it must be said clearly: we as German brands have absolutely no chance against the new forces here in China when it comes to the price war."
BMW	A5	"Price pressure in China is very strong, especially in the NEV segment. Many local competitors operate with aggressive pricing, fast model cycles, and high equipment levels. Premium manufacturers cannot fully isolate themselves from this environment."
Cross-case	B2	"they already decreased the price to be like to be competitive to the Chinese market, but at least I know that may say that's quite still quite expensive."

5.2 Premium price protection / price war limits

Case	Interview	Coded segment / Quote
------	-----------	-----------------------

Audi	A3	"Do you throw yourself fully into it, do you go along with it, or do you manage to resist the price war and say: this is ruinous [...] I will lose volume, I will give up market share. But I believe that the whole thing will stabilise and that I will then return, with a rebound effect."
BMW	A5	"How far can we respond commercially without damaging the premium positioning? Discounts can secure volume in the short term, but they can weaken brand price quality in the long term. [...] BMW tries not to compete only on price, but on value [...] pure price competition is not a sustainable strategy for a premium brand."
Mercedes-Benz	A4	"the board has made it very clear that we will not follow this price war in every case. We rather accept that for a few years we cannot run the same volumes [...] but still try to sell our vehicles with appropriate margins, that is, not undersell ourselves on the market. [...] Part of high quality is that a Mercedes-Benz you buy retains a corresponding residual value, even after a few years as a used car. If you go in with low prices, that will also be felt in the residual value."
Cross-case	B2	"for the German brand they react pretty slow and very conscious, like not like Chinese brand to decrease price so match the market. They can maintain it, especially like for the Mercedes-Benz in the past they have the strategy in the last few years. They focused on the premium market only."

6.1 Communication adaptation

Case	Interview	Coded segment / Quote
Audi	A1	"In China, malls are a huge thing. People do most of their shopping in malls. [...] Everyone wants to set up a pavilion. It's a kind of contest: whoever has the most impressive pavilion has the best car."
Audi	A2	"All social media channels available here have to be served and I am not talking about Instagram, but really about Chinese social media channels, including WeChat as a Chinese communication platform. [...] Influencers are often used [...] in our southern joint venture with AUDI [...] they have won over female tennis players."
Audi	A3	"Classical advertising in that sense has almost been switched off. Dealers run livestreams non-stop [...] Much, much more is done that way here. Everything is simply much more digital."
Mercedes-Benz	A4	"At the launch of the CLA, for example, there was a partnership with McDonald's. There were Mercedes-Benz burgers at McDonald's for a time. That is unthinkable in Europe or the US. In China it was a partnership that worked."

6.2 Brand experience / local touchpoints

Case	Interview	Coded segment / Quote
Audi	A1	"the dealerships are very interesting. Very beautiful dealerships, located in city centres or business districts in cities like Shanghai, Beijing, Guangzhou. The dealerships are designed in a strikingly futuristic way [...] In China it feels as though you were entering a roller coaster at Europa-Park, the design is so futuristic."
Audi	A2	"Here you are always in direct sales, customers come into the dealership, see a car, and want to buy it directly. It's not like in Germany, where you first order a car, perhaps configure it, and pick it up after four, five or six months. Here they want to do it directly, they want to sign the contract immediately."

Main code 7: Outcome implications

7.1 Local competitive positioning

Case	Interview	Coded segment / Quote
Audi	A2	"It feels when you look at the Chinese competitors like everything is different. [...] [Audi remains a premium brand in China but] in the sales statistics sometimes Audi is in front, sometimes BMW because purely from

		positioning or differentiation, in my view, there are no longer such large differences to identify."
Audi	A3	"Audi was clearly ahead of BMW and Mercedes-Benz in the market at the time. [...] [Now] Mercedes-Benz and BMW waited considerably longer but are now overtaking us with this, because they simply build more models locally in China than we do."
BMW	A5	"Chinese customers expect the car to be deeply integrated into their everyday digital life. [...] So if I had to rank it, I would say: competition from Chinese NEV brands creates the immediate pressure. Changing customer expectations define what BMW has to deliver."
Mercedes-Benz	A4	"The market has changed greatly over the past decades [...] As a consequence, German, European and American manufacturers run into major problems there."
Cross-case	B2	"the brand image is change [...] it's not so attractive for the younger generation]"

7.2 Global brand coherence

Case	Interview	Coded segment / Quote
Audi	A2	"[Audi China is the bridge] in coordination with Audi China, because we are attached to them throughout these marketing and sales processes [...] but is then of course phased into the global brand strategy at Audi AG."
BMW	A5	"By keeping one BMW brand, that risk is lower. The global identity remains clearer."
Mercedes-Benz	A4	"you should recognise a Mercedes in China just as you do in the US. The two should not differ too greatly. [...] In terms of design language, you have few changes, not noticeably so [...] Mercedes-Benz is fairly consistent in maintaining a global language."
Cross-case	B1	"[BMW models] are offered in a China-specific [...] longer version [...] this has now become established."

7.3 Premium dilution risk

Case	Interview	Coded segment / Quote
Audi	A1	"I think the car has little to do with Audi. If one can put it that way: Audi sold its values and principles for the Chinese market. [...] for me it was not an Audi. It is simply the German interpretation of a Chinese car."
Audi	A2	"we are essentially always in a kind of balance with them [BMW and Mercedes-Benz]. Naturally, we conduct market observation [...] but it must be said clearly: we as German brands have absolutely no chance against the new forces here in China when it comes to the price war."
Audi	A3	"you have to be careful, that is right. [...] you have to be careful, that is right. [...] At the same time you have customers, let's say in our world of the four rings, who are perhaps a bit irritated and ask: 'What is this now?' [Translation of original German.]"
BMW	A5	"the tension does not disappear. It moves into the product and software layer. BMW still has to decide how far local software, local partners, local ADAS logic, local infotainment and China-specific product features can go before the car feels less like a global BMW and more like a localized tech product with a BMW badge."
Cross-case	B1	"Chinese consumers are in fact not particularly brand-loyal per se; when a new model arrives, they are happy to switch."

7.4 Trade-off mode

Case	Interview	Coded segment / Quote
Audi	A1	"For Chinese customers it is fine, they perceived that the Germans can also do this kind of thing [...] But for the E5, my impression was rather [...] it was not at the quality level of the Audis sold in Germany."
Audi	A3	"the market is so big, it will continue to grow, there is so much room that we will hopefully be successful with the two approaches in the future."

BMW	A5	"I think BMW does not fully solve the trade-off. It manages it in a different way [...] The advantage is that customers still see one clear BMW identity. The disadvantage is that the product has to do much more work. The car itself must prove that BMW can be both globally premium and locally relevant."
Mercedes-Benz	A4	"How Mercedes-Benz handles it: the board has made it very clear that we will not follow this price war in every case. We rather accept that for a few years we cannot run the same volumes [...] but still try to sell our vehicles with appropriate margins, that is, not undersell ourselves on the market."
Cross-case	B1	"Made in Germany, that was certainly no longer the case."