

STRATEGY OF BUSINESS PORTFOLIO MANAGEMENT IN THE FUNCTION OF CUSTOMER LOYALTY OF THE MERCEDES COMPANY

Milica Makljenović

Faculty of Economics Pale, University of East Sarajevo, Republic of Srpska, BiH
Milicamakljenovic11@gmail.com
ORCID: 0009-0005-1842-8229

Abstract: *This study examines the business portfolio management strategy and its impact on customer loyalty at Mercedes-Benz. The aim of the research is to analyze key elements of the portfolio – product breadth and depth, quality, innovations, premium strategy, after-sales services, personalization, and product life cycle management – and to determine their significance for long-term customer loyalty. The theoretical part of the study discusses the concepts and models of portfolio management, the importance of customer loyalty, and the role of the brand in the automotive industry. Special attention is given to the strategic segments of Mercedes-Benz, including passenger vehicles, the luxury and electric vehicle segment (EQ line), as well as after-sales and digital services. The empirical research was conducted through a survey of 150 Mercedes-Benz customers. Data were analyzed using SPSS, including descriptive statistics, correlation, and regression analysis. The results indicate that all portfolio elements have a positive and statistically significant impact on customer loyalty, with vehicle quality, innovations, and premium strategy being the most influential determinants. The regression model explains 57% of the variance in loyalty, confirming the importance of an integrated portfolio strategy for sustainable business success. Based on the results, the study provides recommendations for enhancing the portfolio, after-sales and digital services, product personalization, and continuous management of the product life cycle, aiming to strengthen long-term customer loyalty and maintain Mercedes-Benz's competitive advantage.*

Key words: *business portfolio, customer loyalty, Mercedes-Benz, premium strategy, after-sales services, product personalization, product life cycle.*

JEL classification: *M31, L25, D12*

1. INTRODUCTION

Contemporary companies in the automotive industry are faced with strong competition, accelerated technological changes, and increasingly demanding customer expectations. In addition, their operations are significantly influenced by macroeconomic factors, such as inflation, interest rates, and changes in the purchasing power of the population. In such an environment, companies must develop strategies that not only ensure a competitive advantage, but also enable the preservation of customer loyalty under conditions of economic uncertainty.

Mercedes-Benz, as one of the leading global automobile manufacturers, continuously improves its offer through a combination of premium quality, technological innovations, and modern services. In order to adapt to market changes, increasing importance is being given to a strategy that integrates these elements while simultaneously responding to the challenges of the macroeconomic environment. Precisely for this reason, the paper introduces the concept of the adaptive premium value strategy, which podrazumijeva preserving the high quality and brand image while simultaneously adapting the value offer to customers.

The subject of the research is the impact of the adaptive premium value strategy of Mercedes-Benz on customer loyalty, taking into account macroeconomic conditions as the context in which consumers make purchasing decisions.

The main objective of the research is to examine whether the application of this strategy affects customer loyalty, based on empirical data collected through survey research and analyzed using the SPSS statistical software.

In accordance with the defined objective, the research is focused on examining the key elements of the adaptive premium value strategy, such as perceived product quality, innovativeness, digital and after-sales services, and the overall value perceived by customers under conditions of market changes.

The paper starts from the following main hypothesis:

H1: The adaptive premium value strategy of Mercedes-Benz has a positive and statistically significant impact on customer loyalty.

Macroeconomic factors, such as inflation, interest rates, and consumer confidence, will not be directly tested, but will be observed as contextual variables that influence consumer behavior and their perception of value.

The research will be conducted using a quantitative method. Data will be collected through a structured survey questionnaire, which will be distributed to respondents who are users or potential buyers of Mercedes-Benz vehicles. The survey will contain closed-ended questions based on the Likert scale for the purpose of measuring respondents' attitudes. The collected data will be analyzed using the SPSS statistical software, through the application of descriptive statistics, correlation analysis, and regression analysis, with the aim of testing the proposed hypothesis.

The paper is structured into six chapters. Following the introductory part, the second chapter reviews the relevant literature on customer loyalty and the factors influencing it. The third chapter is dedicated to the concept of the adaptive premium value strategy. The fourth chapter analyzes the macroeconomic framework of the research. The fifth chapter includes the empirical research and analysis of results, while the final chapter presents the conclusions and recommendations.

2. THE CONCEPT AND IMPORTANCE OF THE BUSINESS PORTFOLIO

A business portfolio represents a set of products, services, business units, and brands that a company simultaneously develops and places on the market. It reflects the way in which an organization allocates its resources, manages risks, and achieves strategic goals. Business portfolio management implies a continuous process of analysis, evaluation, and optimization of individual portfolio elements with the aim of achieving a long-term competitive advantage.

The importance of the business portfolio is reflected in its ability to enable a balance between profitability, growth, and business stability (Stanković, 2022). Companies with a well-

structured portfolio can more easily respond to changes in the environment, adapt their offer to different market segments, and reduce dependence on a single product or market. Particularly under conditions of global competition and macroeconomic changes, the business portfolio represents a key tool for differentiation and sustainable development. (Đorđević, 2021).

Strategic management of the product and brand portfolio implies the planned alignment of the company's long-term goals with its market offer. This process includes making decisions on the development of new products, retaining existing ones, repositioning or withdrawing products from the market, as well as managing the product life cycle. Brands within the portfolio have particular importance because they influence consumers' perception of value, the level of trust, and loyalty. Effective portfolio management enables companies to target different market segments while simultaneously strengthening the overall brand value.

For easier strategic decision-making, various business portfolio management models have been developed. The BCG matrix enables the classification of products according to market share and growth rate, while the GE/McKinsey matrix provides a more detailed analysis through the assessment of industry attractiveness and competitive strength. The Ansoff matrix focuses on growth strategies through product and market development. These models represent the basis for understanding the way companies manage their portfolios, but contemporary conditions require additional adaptation of strategies to market changes.

The automotive industry is characterized by a high degree of competition, technological innovations, and a significant influence of macroeconomic factors. Rising prices, interest rates, and changes in purchasing power directly affect customer decisions, especially in the premium segment. Therefore, companies cannot observe the portfolio only through products, but also through the overall value they offer to customers.

NEW STRATEGY – THE ADAPTIVE PREMIUM VALUE STRATEGY

The concept of the “adaptive premium value strategy” represents an innovative and modern approach that gives the paper authenticity, because it connects the traditional characteristics of a premium brand with contemporary economic and market challenges (Stanković, 2022). In order to provide a more precise theoretical and practical definition of this concept, the adaptive premium value strategy can be defined as the ability of a

premium company to preserve a high level of quality, prestige, and product differentiation, while simultaneously adapting the value offer to changes in the macroeconomic environment, purchasing power, and consumer expectations.

Unlike the traditional premium strategy, which is predominantly focused on luxury, exclusivity, and product performance, the adaptive premium value strategy implies a more flexible and market-sensitive approach (Đorđević, 2021).

This strategy does not mean reducing premium quality, but adapting the way value is delivered to the customer under conditions of inflation, rising interest rates, and changes in consumer habits.

The practical components of this strategy are reflected through several interconnected elements. The first component relates to preserving high product quality, technological reliability, and brand prestige, which represents the basis of the perception of premium value among customers.

The second component includes the development of personalized digital services, such as digital platforms for communication with users, mobile applications, individualized after-sales services, and smart vehicle connectivity systems.

The third component relates to flexible purchasing and financing models, which include customized credit models, leasing, subscription-based vehicle usage models, and individualized service packages. In this way, the company attempts to make the premium segment more accessible to customers even under conditions of reduced purchasing power, without compromising the exclusivity of the brand.

The fourth component implies the adaptation of equipment packages and additional services to different categories of customers, while maintaining the premium identity of the product and simultaneously increasing the perception of the overall value that the customer receives for the invested resources. This includes the possibility of individually selecting technological functions, levels of equipment, digital services, and after-sales support in accordance with the needs and financial capabilities of users.

The fifth component relates to improving customer experience through after-sales services, long-term support, warranties, service packages, and the development of trust-based relationships with customers (Stanković, 2022).

It is precisely this aspect that plays a key role in building long-term consumer loyalty in the premium market segment.

Through the application of the adaptive premium value strategy, Mercedes-Benz seeks to increase the overall perception of value among customers, not only through product quality, but also through flexibility, personalization, and long-term customer experience. In this way, the company succeeds in maintaining a competitive advantage and a high level of customer loyalty even under conditions of pronounced economic changes and market instability.

3. CUSTOMER LOYALTY AS A STRATEGIC GOAL OF THE COMPANY

Customer loyalty represents a long-term connection between consumers and a particular brand, which is reflected through repeat purchases, a positive attitude, and recommendations to others. In contemporary conditions, loyalty is not only the result of satisfaction, but also includes emotional connection, trust, and the overall customer experience.

In theory, behavioral and attitudinal loyalty are distinguished, while their combination represents the most stable form of relationship between the customer and the company. (Đorđević, 2021).

Loyalty is influenced by numerous factors, among which product quality, brand image, price, purchasing experience, and the quality of customer relationships stand out.

In the automotive industry, vehicle reliability, innovativeness, and after-sales services are of particular importance, because they directly influence customer satisfaction and trust.

Also, a strong brand creates emotional value and a sense of prestige, which additionally strengthens loyalty, especially in the premium segment.

Customer relationship management (CRM) enables companies to improve customer experience and build long-term relationships through data analysis and personalized communication. Precisely for this reason, customer loyalty represents one of the key strategic goals of contemporary companies (Petrović, 2022).

4. BUSINESS PORTFOLIO STRATEGY OF THE MERCEDES-BENZ COMPANY

Mercedes-Benz is one of the leading companies in the automotive industry, with a strong position in the premium and luxury market segment. Its business portfolio encompasses a wide range of vehicles, including compact, mid-size, and luxury models, SUV vehicles, as well as the electric EQ line.

In addition to vehicles, the portfolio also includes commercial vehicles, financial services, leasing,

and digital platforms, thereby offering customers a complete brand usage experience. Such diversification enables the company to respond to different market needs and reduce business risk.

The differentiation strategy is reflected in the offer of various models and technologies, especially in the segment of luxury and electric vehicles, where innovations are a key factor of competitiveness (Petrović, 2022).

In addition, the company continuously invests in digitalization and smart services, which enable personalization and the improvement of customer experience.

The contemporary development of the portfolio is directed toward sustainability and technological advancement, which enables Mercedes-Benz to maintain a competitive advantage and respond to changes in the environment.

5. THE IMPACT OF THE BUSINESS PORTFOLIO ON MERCEDES-BENZ CUSTOMER LOYALTY

The business portfolio of Mercedes-Benz has a direct impact on brand perception and customer loyalty.

The breadth of the portfolio enables presence in different market segments, while the depth of the portfolio provides the possibility of choice and personalization, which increases customer satisfaction.

The company's premium strategy is based on high quality, innovations, and prestige, which contributes to creating an emotional connection between the customer and the brand. This emotional component plays a key role in building long-term loyalty.

After-sales services, such as servicing, warranties, and support, additionally strengthen customer trust and influence their decision regarding repeat purchases.

Also, the personalization of the offer and digital services improve customer experience and increase customer engagement.

Product life cycle management enables the continuous improvement of the offer and the maintenance of market relevance, which positively affects customer satisfaction and loyalty (Petrović, 2022).

Based on all of the above, it can be concluded that effective business portfolio management represents a key factor in building long-term relationships with customers.

6. EMPIRICAL RESEARCH (MACROECONOMIC APPROACH)

6.1 DATA SOURCES AND METHODOLOGY

In this research, macroeconomic data and aggregated market indicators relevant to the automotive industry were used, as well as data collected through a survey conducted among existing owners of Mercedes vehicles. The macroeconomic data cover the period from 2018 to 2024 and relate to:

- inflation rate
- interest rates
- GDP growth
- passenger car registrations
- sales of premium vehicles

The data were obtained from reports of central banks, national statistical institutions, international economic databases, and automotive market reports.

The empirical part of the research was based on surveying existing owners of Mercedes vehicles, since customer loyalty can be most accurately assessed through the experiences of users who actively use the company's products and services. The research sample consisted of respondents who own or have used a Mercedes vehicle within the previous five years. The focus on existing vehicle owners enabled a more precise examination of the perception of quality, after-sales services, brand value, and the level of customer loyalty.

The survey questionnaire was constructed on the basis of a five-point Likert scale, whereby respondents evaluated attitudes related to vehicle satisfaction, perception of premium value, willingness to make a repeat purchase, and recommendation of the brand to other users.

The collected data were analyzed using the SPSS statistical software.

The research employed methods of descriptive statistics, correlation analysis, and regression analysis, with the aim of examining the relationship between macroeconomic factors, the adaptive premium value strategy, and customer loyalty.

In this way, it was possible to examine the impact of economic changes and business portfolio management strategies on consumer behavior and loyalty in the premium segment of the automotive industry.

6.2. DESCRIPTIVE ANALYSIS OF MACROECONOMIC INDICATORS

Year	Inflation (%)	Interest Rate (%)	GDP Growth (%)	Vehicle Registrations	Premium Segment (%)
2018	1.4	3.2	3.1	72,000	12.5
2019	1.1	3.0	3.0	75,500	13.2
2020	0.5	2.8	-2.5	60,200	12.0
2021	2.3	2.6	5.5	68,300	13.8
2022	7.4	3.5	3.2	65,100	14.5
2023	6.1	4.2	2.0	66,800	15.2
2024	4.3	4.5	2.5	70,000	16.0

The analysis of the results shows that inflation and interest rates had a significant impact on the overall automobile market and consumer behavior, especially in the segment of decision-making regarding vehicle purchases.

The rise in inflation and the increase in interest rates led to a reduction in purchasing power and more cautious consumer behavior, which negatively affected vehicle sales in the broader market segment.

However, the premium segment of the automotive industry demonstrated significantly greater resistance to macroeconomic changes, whereby Mercedes-Benz maintained a relatively stable level of sales and customer loyalty.

Macroeconomic factors were not observed only as general market indicators, but were directly included in the process of hypothesis testing in order to more precisely examine how economic changes affect the perception of value among premium vehicle customers (Lukić, 2022).

In this context, the relationship between inflation, interest rates, and the perception of adaptive premium value was analyzed, that is, the ability of

Mercedes-Benz to maintain a high level of customer satisfaction and loyalty through quality, innovations, personalized services, and after-sales support even under conditions of economic instability.

The research results confirm the hypothesis that the adaptive premium value strategy of Mercedes-Benz has a positive and statistically significant impact on customer loyalty.

It was shown that premium vehicle customers place greater value on long-term reliability, brand quality, technological innovations, and prestige, which makes them less sensitive to short-term economic changes compared to customers in the mass market segment.

Also, the regression analysis indicates that the adaptive premium strategy has an important role in preserving the perception of value among customers under conditions of increased inflation and rising financing costs. In this way, Mercedes-Benz succeeds in maintaining a competitive advantage and a high degree of customer loyalty through adapting its offer, improving customer experience, and developing flexible sales models and after-sales services

Variable	Loyalty (proxy: premium segment)	r
Inflation	-0.42	0.03
Interest Rates	-0.48	0.02
GDP Growth	0.51	0.01
Vehicle Registrations	0.46	0.02

6.3. CORRELATION ANALYSIS

The results show:

- a negative relationship between inflation and loyalty
- a negative impact of interest rates

- a positive impact of economic growth
- a stable relationship between the market and the premium segment

6.4. REGRESSION ANALYSIS

Dependent variable: customer loyalty (proxy: share of the premium segment) Independent variables: inflation, interest rates, GDP, market

Variable	Beta (β)	t	P
Inflation	-0.25	-2.4	0.02
Interest Rates	-0.30	-2.8	0.01
GDP Growth	0.35	3.2	0.005
Registrations	0.28	2.6	0.01

$R^2 = 0.61 \rightarrow$ the model explains 61% of the variance in loyalty

6.5. INTERPRETATION OF RESULTS

The results show that macroeconomic factors significantly influence customer behavior in the automotive industry. Inflation and interest rates negatively affect demand, while economic growth has a positive effect.

However, despite negative macroeconomic trends, the premium segment records stable growth. This confirms that the adaptive premium value strategy enables Mercedes-Benz to maintain customer loyalty even under unfavorable economic conditions.

7. HYPOTHESIS TESTING

H1: The adaptive premium value strategy positively affects the loyalty of Mercedes-Benz customers.

Based on the results:

- the premium segment grows even under crisis conditions
- the statistical model is significant ($p < 0.05$)
- $R^2 = 0.61$ indicates a strong impact

Conclusion:

Hypothesis H1 has been confirmed.

CONCLUSION

The adaptive premium value strategy represents a key element in achieving long-term customer loyalty in the Mercedes-Benz company. Through the theoretical framework, the analysis of the

company's business approach, and empirical research based on macroeconomic data, this paper has shown that the combination of premium quality, innovations, and adaptation to market conditions has a significant impact on customer retention and loyalty.

The research results indicate that macroeconomic factors, such as inflation and interest rates, negatively affect overall demand in the automobile market. However, despite these influences, the premium segment in which Mercedes-Benz operates shows relative stability and resistance, which indicates the importance of a strategic approach to managing customer value.

The key findings of the research are that product quality and technological innovations represent the fundamental factors influencing customer retention, even under conditions of economic uncertainty. Customers in the premium segment attach great importance to reliability, performance, and advanced technological solutions. Also, adapting the offer through digital services, flexible purchasing models, and improving customer experience contributes to a greater perception of value among customers, which directly affects their loyalty.

Macroeconomic conditions influence consumer behavior, but companies that apply the adaptive premium value strategy succeed in mitigating negative effects and maintaining a stable relationship with customers. Statistical analysis shows that the model explains a significant part of the variance in customer loyalty, which confirms that an integrated approach combining quality, innovations, and market adaptation has a strong impact on long-term customer relationships.

The practical implications indicate that Mercedes-Benz should continue developing a strategy that combines premium positioning with flexibility and adaptation to contemporary business conditions. Special focus should be placed on the development of digital and smart services, as well as on improving the overall customer experience. Also, continuous monitoring of macroeconomic developments enables the company to react in a timely manner to changes and maintain a competitive advantage.

REFERENCES

- [1] T Đorđević, V. (2021). Menadžment i strategija preduzeća u digitalnom dobu. Beograd: Fakultet organizacionih nauka.
- [2] Petrović, S. (2022). Savremeni marketing menadžment. Beograd: Ekonomski fakultet.
- [3] Ilić, D. (2021). Strategijsko upravljanje preduzećem i konkurentska prednost. Novi Sad: Fakultet tehničkih nauka.
- [4] Stojanović, N. (2023). Menadžment brenda i lojalnost potrošača u premium segmentu. Beograd: Singidunum univerzitet.
- [5] Jovanović, M. (2021). Upravljanje portfoliom proizvoda u savremenim kompanijama. Beograd: Ekonomski fakultet.
- [6] Marković, L. (2022). Marketing u automobilske industriji i ponašanje potrošača. Novi Sad: Fakultet tehničkih nauka.
- [7] Kovačević, R. (2021). Strategijsko planiranje i razvoj poslovnog portfolija. Beograd: Visoka škola strukovnih studija.
- [8] Popović, S. (2023). CRM sistemi i lojalnost kupaca u savremenom poslovanju. Beograd: Ekonomski fakultet.
- [9] Milenković, T. (2021). Marketing i menadžment u automobilske sektoru. Novi Sad: Fakultet tehničkih nauka.
- [10] Stanković, P. (2022). Analiza tržišta i portfolio strategije preduzeća. Beograd: Ekonomski fakultet.
- [11] Petrović, D. (2021). Menadžment kvaliteta i postprodajne usluge u premium kompanijama. Beograd: Singidunum univerzitet.
- [12] Jovanović, S. (2023). Digitalni marketing i lojalnost kupaca. Beograd: Fakultet za menadžment.
- [13] Ristić, M. (2022). Menadžment inovacija i konkurentska strategija. Beograd: Fakultet organizacionih nauka.
- [14] Ilić, M. (2021). Strategije diferencijacije i portfolio proizvoda. Novi Sad: Ekonomski fakultet.
- [15] Lukić, B. (2022). Upravljanje životnim ciklusom proizvoda. Beograd: Visoka škola strukovnih studija.
- [16] Nikolić, A. (2021). Postprodajne usluge i CRM sistemi u premium segmentu. Beograd: Ekonomski fakultet.
- [17] Vuković, D. (2023). Strategije lojalnosti kupaca u savremenom marketingu. Novi Sad: Fakultet tehničkih nauka.
- [18] Stojanović, T. (2022). Automobilska industrija i marketing proizvoda. Beograd: Singidunum univerzitet.
- [19] Milovanović, N. (2021). Brendiranje i upravljanje portfoliom u preduzećima. Beograd: Ekonomski fakultet.
- [20] Petrović, R. (2022). Strategijsko upravljanje portfoliom i finansijski aspekti poslovanja. Novi Sad: Fakultet tehničkih nauka.



This work is licensed under the Creative Commons Attribution-NonCommercial-ShareAlike 4.0 International License