How Chinese electric carmaker Nio keeps owners plugged in

Article

A new generation of carmakers are racing to corner the electric vehicle market in China, and Nio is one major player that galvanizes customer loyalty with an ecosystem of social networking, ecommerce, and other services on its app.

The electric auto sector is one of growing strategic importance in China, fueled by the government's pledge to be carbon neutral by 2060. Nio counts Li Auto, Tesla, and XPeng

Motors among its top competitors, though it stands alone in the mobile experience it provides. On top of the standard tools for managing the vehicle itself, the Nio app doubles as an ecommerce platform and social network—taking a road less traveled by auto brands, but one well worn by China's internet giants.

In addition to buying Nio vehicles right in the app, users can also tap the "surprise" button to access an online shop featuring a wide array of Nio-branded everyday items, such as eco-friendly pillows, antibacterial T-shirts, wine, and even cookware.

The social functionalities live behind the "discover" button. Nio owners and employees alike share their thoughts about the brand in feed posts, and app users can send direct messages to each other. At the virtual bulletin board, users can discover in-person activities in their communities, such as art exhibitions and soccer camps for their kids.

"Communities tend to lean towards loyalty," said Tu Le, analyst at Sino Auto Insights, in an April 2021 Reuters article. "That's exactly what Nio is tapping into." The app now has about 150,000 daily users, according to Nio executives cited in the article. About 69% of Nio's new customers in Q1 2020 came from customer referral, per a March 2021 report released by Bain & Company.

The automaker is also strengthening its ties to the general public with what it calls "Nio Houses," modern and comfortable spaces that serve not only as product showrooms, but also as community centers with cafes, libraries, and play areas for children. It has built 23 Nio Houses, with another 26 in the planning stages or under construction.

Broad as Nio's range of products and services may be, selling electric cars remains its core business, and considering the exponential growth in electric vehicle sales worldwide, it's easy to see why. Research firm Canalys forecast that the number of electric vehicles sold in China will grow by 51% in 2021 to reach 1.9 million, equivalent to 9% of all cars sold there.

Last year, China accounted for 41.0% of global electric vehicle sales, second only to Europe (with a 42.0% share) and well ahead of the US (2.4%), per Canalys.

Share of Electric Vehicles Sold Worldwide, by Country/Region, 2020
% of total

- Rest of world 14.6%
- US 2.4%
- Europe 42.0%
- China 41.0%
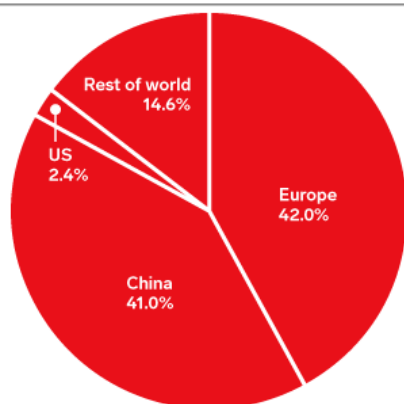
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For marketers in China, there are several takeaways from Nio's experience:

1. **Understand each market's unique pain points.** Residents of crowded cities in China, for example, are often unable to install charging points at home, so Nio brings battery-charging vehicles directly to its customers' cars.

2. **Think omnichannel retail.** In a July 2020 Accenture survey, 3% of recent car buyers in China said they had bought their vehicle online, and 14% said they wanted to buy their next one online. Despite the growth in auto ecommerce adoption, the company continues to invest in offline experiences such as its Nio Houses.

3. **Make the consumer experience social.** Word-of-mouth is very effective in China, both in online and offline channels.

4. **Encourage participation through rewards.** Nio app users receive rewards in the forms of vouchers and points when they complete in-app "missions" like adding products to shopping carts, filling out personal information, or watching videos.

5. **Don't get bogged down by traditional thinking.** Nio is selling battery-swapping as a service. Consumers in China are considered some of the most open-minded when it comes to new technologies.

6. **Collaborate with other brands.** Nio launched a travel collection with fashion designer Tom Dixon and a clothing range with Hussein Chalayan. Some of the most successful brand collaborations in China have also been the most surprising, but be conscious of cultural land mines.

7. **Livestream events.** The company livestreams its events on ecommerce platforms, social media, and its website. As platforms with livestreaming functionality continue to emerge, be sure to note their differences. Brands and publishers must be more strategic than ever when choosing their platforms.

8. **Deliver a consistent brand experience across all touchpoints.** Nio instills the same premium experience and customer-first approach across all of its products, services, and properties, both online and offline.