

Bmw case study

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BMW is in the midst of implementing changes to increase its sales and improve its image in the US market.

In this phase BMW should target achieving 100,000 units by the year 1996 in order to hold a competitive place in the US luxury car market. The main problem BMW is facing in the US market is poor customer satisfaction index which is negatively affecting the brand image. BMW should concentrate on improving customer satisfaction by way of investing into opening its own exclusive showrooms in key locations in the US which will serve as an example for other dealers to emulate.

By investing in customer experience of buying and owning a BMW car from its dealers the company can achieve its target goal and entrench itself strongly into the US luxury car market. The goal BMW should strive to achieve is to sell 100,000 units by end of the year 1996 which translates to about 10% year on year sales growth from the year 1992. This goal also means BMW gets about 8% market share of the luxury automobile sector in the year 1996 considering 3% annual growth rate in the luxury segment.

This goal is realistically achievable given that the efforts of the 'Second Great Opportunity' have already started yielding results with a 23% unit sales increase for the year 1992. This is also very important to have this goal in order to keep up the momentum gained by the recent revamped advertising campaigns and strategies implemented. There can be an argument to make the goal as to increase market share to 10% but to achieve this figure the number of unit sales needed is higher than the

capacity of BMW to produce vehicles and makes it come close to a mass producer which is clearly not in the BMW global strategy.

The primary impediment to achieving this goal is the abysmal customer satisfaction score of BMW as given by the J.D. Power Consumer Satisfaction Survey which is way behind all of the competitors. This is an indication that though the product itself is brilliant the experience of buying and owning the car leaves a lot to be desired which directly means lesser sales. It sets a trend of negative feedback on the brand image and impacts sales growth.

The other impediment of the introduction of the new Lincoln

Continental Mark VIII model leading to suffer competition on the sentiments of "Buy American", is less of a threat due to the fact that BMW has already started the plan to build a new manufacturing facility in Spartanburg, South Carolina, which will be operational by 1995. Buyers of BMW cars as per company records, are from the younger age bracket and are very demanding customers, which directly means that they are harder to satisfy.

The primary place of interaction for a customer is the dealerships and franchises.

They are the face of the company as far as the customer is concerned and all their experiences of buying and owning a BMW car stem from the dealer they went to. The solution to improving the customer satisfaction is best achieved by enhancing the dealer experience. The detailed plans laid out by the "Integrated BMW Network Development Concept" should be implemented at the earliest and should be the primary area of investment for BMW.

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The effort of putting together the 'Retail Operations Concept' with the detailed 'Dealer Operating System' (DOS) has already been done but hasn't been fully implemented yet.

BMW noun Invest In opening exclusive sell-known BMW snowstorm In strategic locations across US which can serve as the showpiece of how a showroom and dealer should function as laid out by the DOS. This will go a long way into establishing best practices among the dealers and introduce uniformity in customer experience as the other dealers follow the example set by BMW. Also they should audit the existing dealer network and terminate the underperforming dealerships. All this goes a long way towards increasing customer satisfaction which in turn will lead to direct sales increase.