

# Pestle analysis of bmw marketing essay



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The company “ Bayerische Motoren Werke AG” was established on 6th March 1916 in Munich, Bavaria, Germany and has been publicly traded since 1969. The English name of this brand is “ Bavarian Motor Works”. Each of the company’s products proudly displays the BMW emblem from 1917 and it represents the state colors of Bavaria. The company produces and markets cars and motorcycles and with BMW, the MINI marque, and is the parent company of Rolls- Royce Motor Cars. The group employed over 100 , 000 employees and have marketing subsidiaries present in 17 countries all over the world. Source? According to the official website of BMW Group the total revenue for 2011 is €68. 821 billion, and Net Profit for 2011 is € 4, 907 million.

#### PESTLE Analysis.

To help make decisions and to help for future events, corporations and organizations need to understand the wider “ meso – economic” and “ macro – economic” environments in which they operate. According to Gerry Johnson, Kevan Scholes and Richard Whittington (2005, p. 65 – 68) the PESTLE Analysis categories environmental influences into six main types: political, economic, social, technological, legal and environmental. The same authors go on to understanding how PESTLE factors might affect on and drive change in general is only simple a starting point. Managers need to understand the key drivers of change and also the differential effect of these external influences and drivers on particular industries, markets and individual organizations. Ginter and Duncan (1990) states that macro – environmental analysis involves:

Scanning macro – environments for warning signs and possible environmental changes that will affect the business;

Forecasting future directions of environmental changes;

Monitoring environments for specific trends and patterns;

Assessing current and future trends in terms of the effects such changes would have on the organization.

### Political Factors

The political factor has a vast influence on BMW and the spending power of consumers and other businesses. The worldwide production network of the BMW Group is the backbone for growth in the global market. According to the official website of the company thanks to the close cooperation between all of the plants, manufacturing takes place quickly and flexibly. Also the BMW Group has 17 production forces in six countries as China, Austria, UK, South Africa, etc. According to David Campbell, George Stonehouse and Bill Houston (1999, p. 108) the governments have direct control or influence over:

Economy policy – Most of the cases the governments set policy over the levels of taxation and expenditure in the country.

Regulation and legislation – this covers laws which have influence on the employment, consumer protection, contract and trading, tax, health and safety at work, monopolies and mergers, etc. The political factors the European Union laws with the carbon emissions, produced by cars, have meant that BMW has had to recheck their cars and engines in order to

adhere to European Union laws. Because of this BMW invested in greener technologies as well as providing new technological advances and this has increased BMW's manufacturing costs. In order to promote their greener image BMW company have manufactured the first passenger car running on hydrogen ready for common use. This new greener image is being increased by new technology that is called Efficient Dynamics and is being promoted in UK with integrated campaign that stands behind the words " Less emissions and more driving pleasure." UK announced that heavy polluting cars would be taxed at a new higher rate at road tax £210 a year.

Government international policy - when government intervention influences exchange rates, international trade, etc.

Economic Factors.

Like the political factors also play significant role in the business environment and development. According to The General Environment ( p. 90 ) the state of the economy at present and in the future can affect the fortunes an strategy of the firm.

In June of 2012 BMW was listed as the 1 most reputable company in the world by www. Forbes. com. One of the best indicators of how valuable a brand is a global annual BrandZ Top 100 survey, conducted by the world market research firm Millward Brown. The value of an automotive brand depends on many factors. According to www. economy. bg BMW Group returns to the top of this year's ranking after last that the company was overtaken by Toyota. According to the results of BMW's value increased by 10 % over the past 12 months and an amount of 24, 62 billion dollars, while <https://assignbuster.com/pestle-analysis-of-bmw-marketing-essay/>

Toyota fell with 21, 78 billion dollars or this means 10 %. Troubled globalization of the supply of Japanese cars because of the floods and the nuclear accidents in Japan Fokushima and floods in Thailand has caused researchers attributed this change in percentages in the chart. According to www. economy. bg China has the largest market for automobiles in the world and this is due to benefiting luxury brands like Audi, BMW and Mercedes, an increasing demand of Chinese market.

1 .

BMW

24 , 62 billion dollars

2 .

Toyota

21 , 78 billion dollars

3 .

Mercedes

16 , 11 billion dollars

4 .

Honda

12 , 65 billion dollars

5 .

Nissan

9 , 85 billion dollars

6 .

Volkswagen

8 , 52 billion dollars

7 .

Ford

7 , 03 billion dollars

8 .

Audi

4 , 70 billion dollars

9 .

Hyundai

3 , 60 billion dollars

10 .

Lexus

3 , 39 billion dollars

The table shows Top 10 of the largest car brands in the world for 2012 according to their value.

Important environmental factor which has had an influence is the economic climate in which it operates the financial crisis. The economic crisis that has occurred in the last years has effect on consumer purchase behaviour and also consumer ability to gain credit because of the credit crunch. In 2007 BMW lost € 517 million due to currency fluctuations and increasing raw material prices, this is another factor regarding the economic climate because the dollar has fallen against the Euro. The governments have imposed new road tax and they are dependent on a car emissions. The oil prices have reached 150 dollars a barrel and this is another contributing factor that has affected BMW's sales. The raw materials due to increasing transport cost, went up in price, which increased BMW's own costs and in that way affected profits. On the other hand this made the price for diesel and petrol rise that increased the cost of transportation for road users. Consumers are looking for more fuel – efficient vehicles in order to offset the rise in fuel prices and the higher road tax and that has an effect on the larger vehicles.

Social Factors.

According to David Campbell, George Stonehouse and Bill Houston (1999, p. 104) every single cultures of each business operates countries can be of particular importance for the socio – cultural future of the company or the organization. According to them there are specific cultural differences

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between all countries. That culture of a given country consists of the values, attitudes and beliefs of its people which will affect the way that they act and behave. Culture its able to affect on consumers tastes and preferences, able to work, attitudes to work and also education and training, attitudes to ethics, attitudes to credit, to the social role of a business in society and etc. For the last years BMW Group specialized into many different markets and countries meaning that they are dealing with different cultures, values, expectations and incomes. In order to be successful in all markets this means that the winning formula in one country is not necessarily work in another and so this should be taken into account.

Community relations:

Each location of the company in each country is selected and chosen carefully. The company of BMW takes into account the location by its own unique society. The location corresponds to the citizen social level, also to their political and cultural awareness and economic situation. The main goal of the neighborhood activities is it to responsibly integrate the BMW Group into the local level and to achieve mutual rapport and unity. In this context the company is participating in different social institutions through donations, including money and providing free resources.

Furthermore, the company protects projects that are implemented in separate communities with social and educational institutions. Also provide a financial support for events like street parades and donating functions.

Education and Intercultural Understanding :

The BMW Group doing really well and has a chance to develop and support important skills for the outside of the company. The success of the company is it mainly because of the skills and knowledge of its employees. The companies support its expressed in providing access to technical and scientific knowledge and this initiative has for goal also to promote socio - cultural skills for work in team and international understanding. The BMW company also focused on projects that teach the younger people topics as mobility and new technologies , because in nowadays its not a secret that the technology is too developed and hide a really good opportunities for better communication, and understanding between different cultures and countries.

#### Culture:

With over 100 events worldwide BMW Group socio - cultural commitment it is an essential part of corporate communications from 40 years. Unlimited freedom of creativity is from real importance, this is also as crucial for the art area because its innovation in the business enterprise. BMW Group places the big focus of its cultural commitment on modern and contemporary art.

#### Technological and Environmental factors:

According to David Campbell, George Stonehouse, Bill Houston (1999 p. 105 ) analysis of the technological environment involves developing an understanding of the effects of changes in technology on all areas of a business and its activities including - production processes, products and services, information and communications, transport and distribution, society, politics and economies.

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New technology provides to better quality and functionality for the customers and this change affect the products available to consumers and businesses.

According to John L. Thompson (1992) the Environmental factors include the weather and climate change. Changes in temperature can impact on many industries including farming, tourism and insurance. With major climate changing occurring due to global warming and with greater environmental awareness this external factor is becoming a significant issue for companies to consider. The growing desire to protect the environment has an impact on many industries such as travel and transportation industries ( for example the success of hybrid cars ).

In nowadays technology has been a key selling point for car manufacturers and not only, because customers feel the need for safer, more entertaining and cheaper vehicles. BMW Group has had to invest in qualified technologies in order to maintain their competitive advantage in such a fast changing industry like this. The last technological advances of BMW Group they showcased by Formula 1 car, which has the very newest technology concerning engines, safety and performance skills.

The BMW Group's long - term energy strategy its innovations for improved fuel economy. ( official website of BMW Group ) In the period from 1995 to the end of 2008 the BMW was able to reduce CO2 emissions of their vehicles sold in Europe with almost 27 %.

The future technological achievements of BMW include:

Brake energy regeneration

Auto Start Stop function and gear shift indicator

Fuel economy through ancillary component management

BMW's hybrid models: the BMW Active Hybrid X6 and the BMW Active hybrid 7.

Demand – controlled cold air intake.

New wind tunnel technology for innovative aerodynamics.

Hydrogen 7 – first series – developed hydrogen vehicle with a hydrogen combustion engine

Emission – free driving fun – the MINI E.

## Legal Factors

There are few reasons that are very important for legal force in business environment. There are many reasons for companies produce low quality products: lying with the price and not actual advertising, trying to take attention and don't interest of customer satisfaction, interest only in making profit. BMW Group is interested to protect the customers and the society at all of unfair advertising and business behavior and activities. Also the company it has a big role in wealth activities, helping to not so developed countries to cover with wealth problems and try to develop their knowledge.

The Group operates in countries where the HIV/Aids pandemic represents a serious threat for the society and the local population, and therefore also for

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the members of the employees of the company. The BMW Group' s most comprehensive public commitment to fighting HIV/Aids is being applied in South Africa, where in some areas 20 % or more of the people population is infected with HIV.