

Launching the bmw z3 roadster

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The introduction of the Z3 Roadster provided BMW's marketing team the exciting opportunity, not only to promote a great new product, but to change their entire corporate image. The Z3 appealed to a new target market; and the marketing approach needed a shift from traditional to non-traditional. Z3's target market was defined in psychographic terms, as opposed to the more traditional demographic terms.

Potential buyers included those who were interested in unique image statements, those who had always dreamed of owning a roadster, and those who desired to express their individuality. The target market included individuals within various life stage-defined segments. Reaching this market required a new and creative marketing strategy. Strategically, the Z3 launch was vitally important. BMW had recently built a \$600 M plant in Spartanburg, South Carolina – and needed to pay for it. BMW was challenged with creating a new “made in USA” image in order to target franchise expansion toward more youthful groups. Non-Traditional Marketing BMW's new strategy was a completely new marketing approach with new risks and new benefits; you could call it a paradigm shift.

The biggest risk in non-traditional marketing is the loss of control. Unlike in traditional marketing, where the message is created by the marketing team, non-traditional marketing more heavily relies on word of mouth. The problem is that people say whatever they want. It's far more difficult to control the message with a non-traditional marketing strategy. Further, there's no guarantee with non-traditional marketing. The car may or may not make it into the movie; Jay Leno may or may not say nice things about the car; the

press may or may not pick up on the story. In comparison, if a company designs and purchases a print ad, it's a guarantee.

On the upside, non-traditional marketing is less costly and creates messages that are more real, and perhaps more believable. There may be greater risk involved, but “leveraging the buzz” really works. While traditional marketing relies on repetition of a single message, non-traditional marketing creates a “choir” of messages. Combination of Strategies Although the new marketing approach was successful in Phase 1, traditional marketing has its benefit too – primarily, control of the message. If BMW were to use non-traditional methods of advertising exclusively, their message could become distorted and fail to accurately project the intended image to the public. At the other extreme, if the company uses only traditional means of advertising, they will do so at a considerable cost, yet have total control of their message. The media of broadcast could be whatever BMW is willing to pay for, be it television, radio, print, or roadside billboard.

The combination of both traditional and non-traditional marketing strategies enables BMW to get their message out through many different media channels. It also allows BMW to meld and/or morph the message into what BMW wants to stress. With this approach, customers are exposed to different forms of advertising, which appears to have a positive impact on sales.

Successful Z3 Launch According to BMW the Z3 launch was very successful.

Could the company have done things differently and have been more successful? Probably. But their plan to launch the BMW was designed to cover several media types and resulted in exposing customers to the Z3

from various sources and venues. Several of these elements provided “hype and exposure” and resulted in greater orders for the vehicle, in excess of the firm’s expectations.

Printed Catalog: Introduction into the Neiman Marcus catalog in September 1994 was expected to generate 20 orders for the Z3. Within the first two days of the catalog’s announcement of the vehicle, 100 orders were placed and by Christmas, over 6,000 customer orders or waiting list applications were vying for the 100 allocated vehicles. Was this venue successful:

definitely. **Internet:** Another successful element of the launch was the BMW Internet site. When the “Build Your Own Roadster” module was introduced the average hits on the site went from 35,000 to over 125,000 hits daily. The partnering of the web site with Apple’s product brought 25 seconds of airtime during Academy Awards (Apple TV spot). Again, here was another successful element.

National Press and Television Coverage: A third successful element included Press and Television coverage. The Z3 was introduced in Central Park amidst 200 media representatives, providing extensive television and print coverage. Was this a risk worth taking? Yes, it provided exclusive coverage on national television. **Single Television Show with Popular Talk Show Host:** Another element in the launch included approaching the Tonight Show and asking if Jay Leno wanted to use the car on his show. This was a very risky endeavor since BMW did not put any restrictions on how the car could be used. Luckily this resulted in the car having more exposure to another source of potential customers. **Radio Coverage:** Yet another element of the launch

was Radio coverage where BMW approached specifically screened disk jockeys to come up with ideas and promote the Z3.

This type of advertising was aimed at getting the brand into the “ conversation milieu” and it did. Though BMW was promised 3, 800 spots, they receive over 6, 000 spots during this promotion. Television Commercials: Traditional advertising and elements were also peppered into the launch of the Z3. BMW bought commercial time on popular television shows to advertise the Z3. Successful? The company projected that they would have 5000 orders for the new roadster by December 1995. The successful campaign resulted in over 9, 000 orders for the Z3 roadster being ordered by December 1995; almost double their original projections. Their multi-media campaign was definitely non-traditional, yet it worked.

But, now BMW was faced with a new problem in Phase II. How do they continue the “ hype and excitement” and get the product delivered to their customers when full-scale product production and availability wasn’t expected until March 1996? Phase II Plan Helmut Panke has engaged you as a consultant on design of the Phase II plan. What specific objectives would you set? What budget and media plan would you propose? By the time BMW started manufacturing Z3 for distribution, the entire production run, 15, 000 vehicles, had been ordered. One of the biggest challenges that the company faced was the time between launching the introduction of the Z3 to the public and actually getting the product to market. Product positioning in advertising would play an important role in maintaining the “ hype” and traditional means as well as dealer availability to “ show” the car would need

to be included in the marketing plan. With the 1996 summer Olympics occurring, and BMW a sponsor, it was important to produce as many “Atlanta Blue” Z3s as possible. This would further help advertise the Z3 to the world and associate it with the “healthy, clean living” spirit of the Olympics.

The marketing plan for the Z3 and other product lines should be expected to be at least 75% of the advertising budget for 1996. The consultant needs to use the “windfall” success of the Z3 launch to improve the brand image and promotion of other BMW vehicles. The Bond movie associated the Z3 car with adventure and carefree living. Transferring of the traits associated with the Z3 to the other products lines (3, 5, and 7 series) is crucial if the company is to rebrand itself. The quality image of “Made by BMW” also needs to play a prominent role in the message. The merging of the product lines in one of the available media could blanket all the cars with similar traits. They could use traditional media such as magazine ads, television commercials and billboards.

If this were occurring today, they could use U-tube videos, iPhone applications (game where you build a car and can drive it), contest for making video ads, or give a Z3 to someone who is well-known and ask that they blog about it. They could also include the car in a music video, partner with a popular TV show (like Ford did with American Idol). Summary BMW gambled in the use of non-traditional advertising with the launch of the Z3 and “won”. They followed up the non-traditional advertising and used traditional methods to supplement it. They were able to match the product with a “method” and had the right timing to achieve winning results. Not all

products are able to find the “ right match”. Often times, products are ill matched, or the timing is wrong and the company is faced with a costly advertising failure.

If BMW is to continue its success of non-traditional advertising, they must find the right match and complements to promote the entire brand. Careful screening of non-traditional methods could help achieve this goal.