

Company and market analysis of bmw



**ASSIGN
BUSTER**

Businesses and enterprises become competitive in the market by consistently attracting and retaining customers. They have to do this by exchanging different kind of assets with consumers like: sufficient information, money, bonds, products, services, rank, and sentiment. In these cases of exchange, both the company and the consumers get benefitted. 1

Recent update on our BMW cars overall sales rate:

7% rise

9. 1% rise

2004

3. 2 % rise

2005

1. 5 % rise

2006

2% rise

2007

3% rise

2008

5% fall

2009

4. 7 % fall

Last two years we are suffering decline in sales rate.

As our BMW Company is trying to overcome from the consistent decline of sales, we have to analyze some questions precisely.

What should we sell in the market for the consumers? What will attract them to buy our cars? What will prompt them to buy that our good or service? What gives them the optimal utility? Understanding of consumer behavior will answer these questions very easily. This report contains the meaning and analyzing consumer behavior and its significance to make our BMW Company overcome from its measurable situation.

The word consumer behavior is defined as, the behavior that consumer show when they are purchasing, searching, using, analyzing while buying, evaluating and disposing the product and services which they look forward to assure their wants. Consumer behavior give importance on how consumers always make their decisions to spend their available assets (time, money, effort) on consumption of various products and services.[G. S. Gupta, 2004, P 119]

Customers and Consumers

The term “ customer” refers to someone who on a regular basis purchases any products and services from a particular shop or company in the market.

2

The term “ Consumer” is defined as someone who is engaged in any of the activities those are stated in the definition of consumer behavior.

<https://assignbuster.com/company-and-market-analysis-of-bmw/>

So their difference is based on the terms of a specific company or firm.

The term consumer behavior can be classified into two different kinds of consuming units: the personal consumer and the organizational consumer. 3

The personal consumer means an individual user. The person purchase goods and services for his or her own use, for the use his/her household, for his/her family or as a gift for a friend in any occasion.

The organizational consumer – this generally refers to the profit and not-for-profit organizations, government agencies (local, state, and Federal), and institutions (such as schools, hospital, and prisons), which purchase products, machineries, utilities, equipment, and service to run their organizations.

How to remain competitive in the market?

To become the most desired company in the market a company has to give more value and importance to the consumers than the other rival companies provide them. Customer Value refers to the distinction between all the utilities received from a total product and all the costs to buy those benefits and utilities. A company has to be more responsive and helpful to the consumers needs than the competitor companies in the market. A specialized analyzing of customer behavior is the key factor for strategic marketing formulation. The organization's success or failure, decline in sales or surplus in sales depends on the consumers' reactions to this specific marketing strategy. Marketing strategy starts with the analyzing of market segmentation, target market which means, the current state of the business environment, other rival companies and customers. 4

The next stage is research on marketing mix. The marketing mix includes the product, price, place and promotion to the target market. The final stage will be the computing the outcomes of the company because of the current marketing strategy and consumer's reaction to it.

Consumer attitude refers to the consumer emotions like: their thought, feelings, and approach toward some elements of the business and marketing environment such as a retail store, promotions or product. Tri-component attitude models and the multi-attribute attitude models provide a somewhat different perspective on the number of component parts of an attitude and how parts are arranged or interrelated.

Impact of External Influences on consumer behavior

There is a huge impact of external influences on consumer behavior. The external influences include: Global and national culture, their subcultures, family, income, social class, opinion leaders etc. 5

Now I will discuss a variety of factors that have an impact on consumer behavior. Besides, in this section it will be discussed about how our company should deal with these factors and how there will be augmentation of our car sales by dealing with these factors.

1) Factors that affect families and households purchasing decision:

Families have higher incomes than the households. Because in the families more people are employed comparing to the households. There are some factors which have a great impact on the purchasing decisions of the families and households. We should give a vast significance on these factors.

Besides, we have research some other factors like: age of head of household or family, marital status, presence of children, and employment status.

a) Age of head of household or family: If the age head of the household or the family is not that much then it is very easily understood that the person is not that experienced. So he will be in great confusion in making purchasing decision like: buying or not buying products. For attracting them we should take some steps. Like: We have to make some business promotions where it is shown that a young head of a family is buying our cars and get satisfied in the end. Like: BMW 5 Series 523i SE 4dr Saloon⁶. If the head of the family is experienced then we have to launch some unique modifications in the BMW cars like: inclusion of NOS, Ejector seat and extra exhaust tips etc. because the person is really capable of making a good purchasing decision. On the other hand, we can launch some business promotions for them as well.

b) Marital Status: Most of the young people of our country are unmarried. So we have to bring those modifications in our cars which really attracts the young generation a great deal. Like: we need to make some cars with gorgeous and attractive colors which really attracts the young generations. Besides, these modifications can be: bringing on fantasy and sensation in the BMW. For the married people we have to launch those products which help one in their married life and in the family. Besides, we have to make certain modifications in our current products so that it will be greatly convenient for the families and households. For example: we need make more promotions for some cars with great space into it so that the whole family can ride on to it. ⁷ Like: BMW 3 Series 320d [184] Sport Plus Edition 5dr Step Auto Diesel Touring⁶

c) Presence of children: If there is the presence of more children in the families then there will be need of more space in our cars for their use. So we have to give emphasis mostly in these kinds of families to sell our product. Besides, we have to launch certain cars with more space. 7

Like: BMW 1 Series 123d M Sport 2dr Step Auto Diesel Convertible or BMW 1 Series 135i M Sport 2dr DCT Coupe⁶

2) Family adaptability: Family adaptability is the ability of a family system to change its current situation of structure, relationships and relationship rules when there is a situational, economical and developmental change and stress. Family adaptability should be understood by the company while selling off their products and services. 7

3) Status: Status means, the position that is achieved or acquired by someone in a family or a group in the society. Besides it includes the rights, approaches towards society and duties associated with that acquired position. Status is defined in the depending upon the factors of age or sex, family, occupation, and friendship or common interest.

We have to analyze the status section carefully. If a person is in high status then we have to launch certain BMW cars with luxurious and unique facilities for them. Like: BMW 3 Series 330d SE 5dr Step Auto Diesel Touring (£29, 015 or £505 per month) or BMW 5 Series 520d SE 5dr Step Auto Diesel Touring (£29, 598 or £501 per month)⁶. If a person is in low or middle class status then we have to launch economical cars for them as well as making promotions for those economical products as much as possible. Like: BMW 5 Series 520d SE 4dr Step Auto Diesel Saloon (£27, 271 or £455 per month) or <https://assignbuster.com/company-and-market-analysis-of-bmw/>

BMW 3 Series 320d Efficient Dynamics 4dr Diesel Saloon (£22, 514 or £367 per month) 6. On the other hand, we can sell our present product in an economical way to those consumers. [Loudon, 2001, P 200]

4) Norms: Norms are the rules and standards that the families and the groups within the society are expected to follow by heart and soul. So we have to conduct thorough market research about what the certain families and groups want for them. We have to sell our products and services to them by meeting their needs. Besides we can make certain modifications in our cars for certain groups. In this way we can overcome from our decline in sales. [Loudon, 2001, P 200]

5) Socialization: Socialization is defined as, how a young member of a group or family learns the norms, values, culture of that specific family and group. Consumer socialization refers to the way of how a consumer learns their function as an effective consumer in the market. This process is generally for the young generations. So we should sell our product to them by making unique modifications in our so that it attracts them greatly. 3 Like: BMW 5 Series 520d SE 4dr Step Auto Diesel Saloon6

6) Power: Groups and families have power to influence their members' purchasing decision and behavior. There are several sources of power within a family or a group. These includes: reward power, coercive power, legitimate power, expert power, and referent power. We have to utilize these forms of power to influence and attract consumers. 3

We can use all three types of such group influence when developing several marketing promotions. Informational influence in promotion generally

<https://assignbuster.com/company-and-market-analysis-of-bmw/>

demonstrates powerful and experienced members of a group using a BMW. This will be a kind of message for the other members of the groups. The message can be like this: if you are or want to be in a group such as this one, you should use this car. It does not mean that the other members will be accepted or well rewarded by the group members for using it or punished for not using it. The message is really this: Everyone finds this car and its service the best among all. So all should use this brand without any hesitation including the members of that group or family.

7) Culture: Cultural changes affect the consumers in terms of their behavior and purchasing decision. So, understanding this has major implications for the formulation of marketing strategy. These typically include; product-planning, distribution channel, promotions, and target market decisions. 3

a) Product Planning: We have to assess consumers' present and emerging needs those will help us to identify new product launching and accomplish better product positioning among the target markets.

b) Distribution Channels: Altering consumer-value scheme may guide to diverse shopping models, and innovative channel may be essential to attain customers. For customers who are time-pressured, retailers may offer home service for them which will be very much competitive for them. Retailers may use discounts and provide special offers to unemployed consumers.

C)Promotion: Effective and precise promotions also help to make a purchasing decision.

d) Market Segmentation: Familiarity with consumer assessment orientations provides a quantifiable set of variables, related to their needs.

Some management theories on external influences on consumer behavior: 8

“ The greater the social orientation on consumer the greater will be consumer’s propensity to accept family and social norms”

_So we have to take moves according to their needs as they will be more driven to their family and norms. We have to sell our cars in a way that it will meet the needs of certain families and norms. So their choice will be our first target and we have to sell our cars and modify our cars according to their choice.

“ The greater the potential of a market choice to fulfill social aspirations or reduce social risks, the greater the chance of a consumer to make a positive purchasing decision

_So we have to launch our cars in a way that it doesn’t give rise to social risks and fulfill the social aspirations. Besides, we have to analyze what are their social aspirations and risks. We have to launch our cars according to their social culture.

“ Consumers will have greater propensity to engage in relationship with such market that is recommended by the opinion leader of referral networks.”

_ In this case we have to convince the specific opinion leaders of specific referral networks by meeting their needs. We have to understand what kind

of services and facilities they want from our car. We have to launch our car in such ways.

Web references:

1 The customer is always right

Online at <http://www.bme.eu.com/article/The-customer-is-always-right/> [28 Aug, 2010]

2 Customer Satisfaction

online at <http://www.bmi-t.co.za/?q=content/customer-satisfaction> [28 Aug, 2010]

3 consuming unit, socialization, power, culture/ Consumer Behaviour by Mr. Lawal Bello

Online at

http://www.nou.edu.ng/noun/NOUN_OCL/pdf/mkt%20724.pdf [28 Aug, 2010]

4 Marketing

From Wikipedia, the free encyclopedia

Online at <http://en.wikipedia.org/wiki/Marketing> [29 Aug, 2010]

5 Consumer Behavior

Online at <http://academic.brooklyn.cuny.edu/economic/friedman/mmconsumerbehavior.htm>

[29 Aug, 2010]

6 BMW Automobiles

Online at [http://www. bmw. co. uk/bmwuk/homepage/](http://www.bmw.co.uk/bmwuk/homepage/) [29 Aug, 2010]

7 FAMILY INFLUENCES & DECISION MAKING

Online at [http://www. articlesbase. com/marketing-articles/family-influences-decision-making-family-decisionmaking-1014177. html](http://www.articlesbase.com/marketing-articles/family-influences-decision-making-family-decisionmaking-1014177.html) [29 Aug, 2010]