

Bmw analysis: swot



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INTRODUCTION

The research I conducted for this report was mainly based upon information found on the company's website and other resources which related to my research. The sources I used for this research were reliable sites and currently dated. Most of the information I found was biased towards the company and did not have enough information on the topics I was researching. The information found was opinions of marketers for the company and not facts. Another issue was the authors of the information were not known of and no information was provided about them, making the sources incredible. Below are the strengths, weaknesses, opportunities and threats for the company I researched which has been placed into a swot analysis graph.

EXECUTIVE SUMMARY

The company selected for this project is Bavarian Motor Works, otherwise known as BMW. In this report includes a swot analysis (strengths, weaknesses, opportunities and threats). Other aspects researched were product portfolio, market shares, profitability of the company, and employment. Since BMW produces high end vehicles and motorcycles, it is important for the customers to view these aspects of the company. All of these aspects are important in appealing to a global market. I have exposed four major strengths, weaknesses, opportunities and threats.

In 1916 the company was founded as Bayerische Flugzeug-Werke by Otto Werke, and then later became Bayerische Motoren Werke. They prospered during the first World War making aircraft engines in Munich, Germany. It wasn't until 1945 that they started producing cars for the Soviet occupiers.

Their first motorcycle was completed in 1947 and was soon ready for export in 1950. With the expansion of the growing company it built more plants with the largest being in Dingolfing, Germany. In 1970 Herbert Quandt made it not only a European company but expanded it to an International company. Throughout the 80's and 90's they not only expanded factory wise but also with new products. They acquired the Rolls Royce Company which is another high end car and also Mini Cooper to appeal to the lower end consumers. BMW started in 1916 as a small business and now it has grown to one of the most recognized car company's around the world.

FINDINGS

	WEAKNESSES
STRENGTHS	1) Research and Development.
1) Well-known and a strong brand globally.	2) High prices.
2) High Budget.	3) BMW is a well-known company with a high status branding.
3) Highly skilled labour.	4) Customer needs.
4) Advertising.	
	THREATS
OPPORTUNITIES	1) Chinese Manufacturers.
1) Innovation and Alliances.	2) Rising Fuel Prices.
2) Diversification.	3) Mercedes and Audi.
3) New Technology.	4) Recession.
4) New Line.	

DISSCUSSIONS

STRENGTHS

BMW is a well-known company with a high status branding that has a very high recognition factor.

BMW has advertised their cars to consumers through media and film industry greatly over the years showing that their cars are built for all classes.

Another Strength is that they have high budget to invest which can pay for labour, services, or product research. This means that BMW is a profitable company who has enough money to invest.

they also have highly skilled labour, as BMW is a big company they need skilled labour to make their products because BMW is a branded company, if the labour is poor the products will be cheap and they can lose customers. To make customers they have to invest more. The more they invest, more they make profit.

WEAKNESSES

Developing new models, is it really worth it. Each day BMW is striving to produce and develop new cars to satisfy the customers. In the long run, who actually knows if these cars are going to be a big hit. The company might actually be wasting their time and money in producing a model that will not be worthwhile. When developing and producing cars it is important to work out whether or not the car will become one that is popular on the market.

Another weakness of the BMW industry is getting the customers to buy these cars. Hybrid vehicles will save you fuel, but it will be so expensive that it might be hard trying to find customers to buy them at such a high price.

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Another reason the price of the vehicle is so high is because they are shipped across the United States and also come from a factory in Germany. The expenses of the vehicles and the shipping rate are what make BMW's cars so expensive.

BMW having created such a high status of their brand they cannot afford to have any downfalls this will destroy the brand which has developed over the years to be a brand that ensures customers their receiving quality and perfection for their money.

BMW has had a tansy to produce cars with complicated and rather disturbing user interfaces in their cars compared to their rivals who go for a more simplistic and user friendly environment in their cars.

OPPORTUNITIES

BMW has a great opportunity to increase its profitability by innovation and alliances. BMW has a great history of alliances such as its purchase of Rolls Royce which don't only produce the world's finest cars but is also the biggest manufacturer of aeroplane engines. On the innovation side BMW has a tie up with alpine among others to style and modify their cars in order to make it more appealing to their customers.

A brand driven by businessman in Europe to sheiks in Dubai. BMW is indeed a diverse brand; this diversity gives BMW the opportunity to sell its cars to people around the globe making it one of the most famous brands.

BMW was the first company to create X drive which increases stability and efficiency whilst driving. Customers who look for such a thing shall only be

able to get it from BMW as they are the only ones which the technology. Such technology gives BMW the opportunity to be at the front line of technology in the automotive industry now with hybrids a great demand in today's market BMW being the first to develop this technology before its competitors.

BMW has an opportunity of developing new products i. e. they release a new line of cars that can target different markets segments such as the lower class o providing they luxury of their alliances in their cars giving their customers more then what they ask for.

THREATS

Chinese car manufactures pose the biggest threat now days to BMW.

Chinese car manufactures are producing cars identical to BMW with far better technology and a lot lower pricing to their customers.

The rise in fuel prices has a great impact to BMW's performance line of cars, compared to other performance cars in the same line as BMW, BMW's car are known to be a lot higher in consumption of fuel.

BMW's competitors are their biggest threat. BMW, Mercedes and Audi have always been in competition producing similar cars throughout their history, BMW has always been on the top but in recent years Mercedes and Audi have produced cars with far better design, technology and cost of running.

The recession has caused car manufactures to cut costs and reduce their labour force this could lead to a downfall in BMW's quality and sales. The

release of new models during the recession could have a great impact on the huge investments on research and lower profit margins.

RECOMMENDATIONS

They are certain places where BMW falls behind its rivals. The recommendations on improving these downfalls are as follow

BMW has to find a way to reduce prices, especially in these difficult times. BMW's greatest rivals Mercedes and Audi are all either cheaper or on par with BMW. Audi is comparably cheaper than BMW where as Mercedes is on par with BMW on prices but taking into consideration the user interface of Mercedes the price is justified. BMW should look back at into their design stages and find a way of cutting back costs without compromising on quality in order to have better priced cars and stay ahead of the competition.

BMW's user interfaces are very complicated. It as though it was not built for the general public. BMW needs to give this serious consideration as even though their cars drive and feel great. It is their i-drive system that lacks. Using ideas from their subsidiaries such as Rolls Royce, BMW can apply a similar user interface to their cars with no additional cost thus making their customers happy and overcoming the problem.

The current environment demands greener more fuel efficient cars, BMW even though having the technology and having spent large amount of money on this area have failed to implement their research to their production lines.

CONCLUSION

This report basically tells you about BMW's SWOT analysis. SWOT analysis means Strengths, Weaknesses, Opportunities and Threats. BMW's main <https://assignbuster.com/bmw-analysis-swot/>

Strength is their brand name, high budget, their highly skilled labour and advertising. Weaknesses are their high pricing to their cars; due to this the competitors can have an advantage. BMW has created a high expectation putting them in the spotlight. If one of the products loses its brand image then the whole group can lose its brand image. They have few Opportunities such as that they can merge with other international companies and promote their products. They can enter a new market providing low end cars. BMW's threats are Chinese car manufactures producing similar cars. Being a company of such high calibre such manufactures should not be a threat to them and they should be able to ensure their customers of their product.