

Bmw: marketing process analysis



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“ Marketing is a social and managerial process by which individuals and groups obtain they need and want through creation and exchanging products and values with others” (Kotler et al. 2005). This definition incorporates both societal and organisation involvement in the realisation of the needs and wants of consumers through delivering products that is evaluated in terms of value created for the creator as well as the consumer rather than just offering a product.

According to Groucutt (2005), marketing is all about symbols, brands, and choosing of products and services which are focused and related to the customer. This definition indicates the symbolic meaning of products - as socio-economic symbols to alter the ego state of the target consumer.

Marketing is a process for defining markets, assessing quantitatively the need of the consumer segments within the markets, allocating value propositions to cater to the needs, conveying the value propositions within the responsible zones of the organisations in relation to the output, communicating with respect to the delivery of the value propositions, and finally monitoring the delivery of the values (McDonald 2007). This definition point out the very calculated movement from the organization's part in utilising its resources to suitably target the right markets through properly defining the market and thereby providing the right product attached with the right value. The feedback from the related market is also a part of the marketing process to ensure the commercial viability also.

BMW- Marketing process (LO 1. 1) :

Marketing process lays down the pathway to fulfill the unfilled needs of the customers by introducing products and services in the market to satisfy growing needs of the customers. The marketing process of BMW is modeled in sequence of steps which includes situational analysis, defining marketing strategy and appropriate marketing mix which promotes products sale (Kotler 2006). One of the key advantages of marketing process of BMW lies in the fact that its marketing approach is based on the situational analysis which catches the attention of the target audience, who are the segment A of the society (BMW 2010). Situational analysis as part of marketing planning process of BMW serves as a powerful tool to capture Australian luxury market by satisfying the changing consumer trends in the market. The advantages from the elements of marketing process are discussed in the following paragraphs.

the benefits and costs of a marketing orientation (LO 1. 2) :

Cost

Benefit

1. The two recently launched models X3 and X5 of BMW are a result of the market research conducted to serve the target audience. The cost spent on the research and development activities was enormous.

Besides cost, lot of time was spent to conduct analysis on the target market and to find out the requirement of the customers. These Sport car models are the result of the in-depth market research to satisfy the customer demands.

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2. The cost incurred on the marketing activities including the promotion, press conference, press release to target the audience was skyrocketing high.

1. Increased customer satisfaction as many people were craving for these new models of BMW.

2. The increase in sales and profits helped the company to attain competitive advantage in the age of growing competition.

Micro and Macro Factors affecting Decision Making SOWT (LO 2. 1) :

The success of BMW lies in the STP strategy which is based on segmentation, target audience and positioning strategy to capture the targeted population (www. bmw. co. au). By means of segmentation, BMW identifies specific buying characteristics of the target audience. BMW segments the society on the basis of geography, demography, socioeconomic and behavior characteristics of the society (Drummond and Ensor 2001). Geographically, European countries and North America serve as the main markets for BMW automobiles as these areas are most industrialized nations and the local residents are financially well off to buy high priced cars due to the increased per capita income. In respect to demographics, the men and women both aged 30-50 years are the main users of M3 and M5 models. Behaviorally, these audiences have a clear image about the company and its products. They believe in superiority, performance and excellence before making a purchase. BMW has excelled in its performance as its products are high in quality and also technologically superior. BMW has been able to create a

good brand image in the minds of the people by means of innovative advertising campaigns. BMW due to its strategic positioning is known for age old tradition of quality. BMW M series is among one of those luxury cars which can be recognized by the crowd at a distance due to its successful marketing strategy based on positioning, targeting and segmentation.

SWOT Analysis

Strengths:

BMW Automobiles is consistent in delivery quality projects. The firm comprises of robust workforce for effective product delivery. The firm makes use of latest technology, owns world class equipment and all the modern facilities in the designing and development of car models.

Weakness:

BMW is a global leader but still faces some shortcomings which are its incapability to work on small scale projects. BMW is known for its large seated cars and its inability to target the smaller segment is the only weakness.

Opportunity:

BMW automobile is rapidly expanding in different parts of the world. BMW makes use of latest technology to develop best of cars and operate effectively in international markets.

Threat:

The survey shows that the target market for BMW car model is looking for more value in the product which serves as a serious threat to the company.

Marketing Mix and Marketing Process-4p's (LO 2. 2) :

While considering marketing process, marketing mix of BMW cannot be kept in isolation. The marketing mix forms an important part of the decision making process. The first P is the product which provides customer with the description about the product and how it meets the customer requirement.

Example BMW X3, BMW X5 models, offered by BMW go through product life cycle which determines the age and maturity of the product in the market.

The products developed ensure constant income and the company also develops replacement products on consistent basis for a fair settlement. The prices of BMW cars varies depending upon model customer has asked for like sports car which are priced high, the engine size also determines the price of the product and many more. The pricing for BMW X3 is competition oriented and same for similar brands as the market is large and creating large profits is not as important as it will be for a small car. The place and location for BMW cars follows a distribution chain network comprising of manufacturer, dealer and consumer. The organization is in tie ups with the superior dealers across the world and they are further responsible to offer the product to the customers across the globe at strategic locations. To promote the BMW models X3 and X5, a broad range of advertising campaigns including print and television media are used for product launch, color supplements etc. the slogans used for BMW are smart choice, the ultimate driving machine designed for peace of mind have been used to create competitive edge in

the market, change the perception of people, mould their behavior towards car consumption and differentiate their products from competitors.

Target Strategy (LO 2. 3)

BMW follows a differentiated strategy catering to people with specific segmentation (David 2006). An example, BMW “ M” series is a super sports vehicle and refers to specific target audience. BMW made changes in its car models when introduced in India as compared to its American version. There was higher ground clearance so as to make the cars compatible to Indian road surface, high resistance to dust in Indian market, horns located on the steering and not lever were some of the changes introduced to make it suitable for Indian market.

Buyer Behavior and Marketing Activities (LO 2. 4)

Consumer buying behavior is a blend of mental and emotional process and involves elements from sociology and psychology which affects consumer behavior while making purchase. In case of exclusive products like BMW “ M” series the consumer purchase behavior is triggered by psychological factors, status symbol which influences customer’s attitude and behavior to make a purchase.

Product Positioning (LO 2. 5)

BMW M series, X3 and X5 are synonymous with performance and advanced technology used in driving. Drivers can now connect sports vehicle to the roads with high performance. The sport seats provide supportive front, back and thigh comfort. There are powerful headrests for drivers comfort with leather steering wheel with the horn placed at the lever comes to the ease of

the driver. The motronic engine is powerful on all road surfaces and provides smooth drive in all season (www. bmw. co. au).