

Bmw – product life cycle



BMW – Product Life Cycle “ Speaking of successful history: The automobile was invented in Germany about 120 years ago – not by us by the way. But that is another story. We have however, shaped the development of the automobile – for years and decades. Crucial, trendsetting innovations came and continue to come from BMW, from BMW Group’s excellent engineers. That much about history. The world has changed. And BMW Group needs to change as well (Reithofer, 2008). ” When Dr.

Norbert Reithofer, Chairman of the Board of Management for BMW AG, addressed shareholders during their annual meeting on May 8, 2008, he carefully acknowledged the strong financial foundation of the company, the three world-renowned brands it represented and the fact that it is the most innovative and technological leader in the automobile industry. However, despite such accolades, he carefully laid out a plan for change and direction that would continue the success of the company through 2020 (Reithofer, 2008).

Such bold acknowledgments of success combined with the continual desire to stretch above competitors could be a main indicator behind the dissimilarities between the product life cycle shown in figure 11-1 and that of BMW. The figure shows four life stages of every product, Introduction, Growth, Maturity and Decline. According to vice president of marketing for BMW, Jim McDowell, the average product life cycle for a BMW (depending on the series) is around seven years. However, they prefer to concentrate efforts around Introduction and Growth versus an overall focus of all life stages (Kerin, Hartley & Rudelius, 2000, p. 04). By consistently introducing new models of the same product lines customers are able to enjoy similar,

yet updated products, throughout the lifespan of the series. This strategic thinking and use of the product life cycle figure is different from that of other automobile makers. Competitors prefer to introduce one vehicle and move it through the life cycle without change. BMW may introduce a series hatchback one year and then introduce the same series sedan the following cycle (Kerin, Hartley & Rudelius, 2000). McDowell (Kerin, Hartley & Rudelius, 2000, p. 04) explains the methodology behind this marketing mind frame by stating “ Anyone can sell a lot of cars the first year, when a car is new. It is our challenge to constantly improve the car and to continuously find new innovative ways to market it. ” In 1975, BMW introduced the 3 series product line. Since then five different variations and five different body styles of the vehicle have been introduced (BMW 3 Series, 2008). By consistently reinventing and upgrading the same vehicle, the 3 series maintains a commitment of reliability and familiarity to customers.

With the name comes a strong equity that carries from generations to the next. One strategy to reintroducing this product to new customers is through a strong website presence. BMW established an interactive website that allows customers to compare vehicles, ask questions and even build their own vehicles to personal specifications (bmwusa. com, 2008). Such online ease also allows for an easy introduction of the X5 vehicle. The X5 vehicle is a sporty sports utility vehicle that could potentially appeal to a younger market.

By allowing the same website accessibility plus the brand equity already pre-established through the 3 Series, the X5 becomes another valuable option to youthful customers. BMW maintains a consistent awareness of their current

customer base combined with their future customer demographic. To adjust their marketing they use a combination of product modification (as explained earlier) and marketing modification to continually provide the best product to their market(Kerin, Hartley & Rudelius, 2000).

One example of marketing modification is given by Kerin, Hartley & Rudelius (2000), during the past ten years BMW has broadened their market appeal to “ a much larger percentage of women, African Americans, Asians and Hispanics (p. 305). ” In addition, BMW has done extensive work in making their vehicles more environmentally friendly. Currently they offer 22 models of vehicles with extremely low Carbon Dioxide emissions – a feature that will appeal to environmentally concerned customers. To compliment their commitment to this issue, www. bmw. om also switches itself into energy conserving mode if the website isn’t visited for a preset period of time (bmwusa. com, 2008). Whilst on the website, I chose one of the low Carbon Dioxide emission vehicles, 2009 328i convertible and built my own version. Through the ease of the vehicle name, I was easily able to figure that the vehicle I selected had a 2. 8 liter engine. This was a fact that I never would have known before and oddly enough began to appreciate. The website easily navigated through the building process and I did notice myself increasing the amount of extra amenities that I chose.

After all, my mindset told me, what’s the extra \$499 iPod player when you’re already spending \$45 thousand on a vehicle? Before I knew it, my \$45 thousand vehicle had increased by \$10 thousand but yet I still needed the amenities. Now that I had them, I did not want to give them back. I believe this is a money trap that many customers could also fall into. The thing I

genuinely appreciated about the process is that I felt as though I had more bargaining power in a realtor because I knew the retail prices of the additions beforehand.

After purveying the immense BMW website, I would consider BMW's marketing strategy as multi-branding. The name BMW speaks volumes alone, but underneath the name also comes Rolls Royce, Mini Cooper, plus the enormous awareness of the 3 Series which alone accounted for 40 percent of BMW sales in 2005 (BMW 3 Series, 2008). The prestige of “ the Ultimate Driving Machine” remains the same. As Reithofer (2008) stated, it remains the leader in technology in the automobile industry. However, now with the interactive website and the marketing adjustments, it now feels more accessible to all.

References BMW 3 Series (2008, November 08). In Wikipedia, the free encyclopedia. Retrieved November 08, 2008, from http://en.wikipedia.org/wiki/BMW_3Series bmwusa.com. Retrieved November 08, 2008, from BMW Web site: <http://www.bmwusa.com/> Kerin, R. , Hartley, S. , & Rudelius, W. (2000). Marketing. New York City: McGraw-Hill Irwin. Reithofer, Norbert (2008, May 8). Retrieved November 08, 2008, from BMW Group Annual Meeting Web site: http://www.bmwgroup.com/bmwgroup_prod/e/0_0_www_bmwgroup_com/investor_relations/corporate_events/hauptversammlung/2008/_pdf/rede_presseversion.