

Bmw overview and industry trends and issues



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BMW (Bayerische Motoren Werke Group) is a one of the leading luxury carmakers European automobile industry. BMW was founded on March 7th 1916 by Franz Popp and Max Friz. BMW started out by making airplane engines for German army up until the end of WWI in 1918. BMW in this report will look at BMW's position in the European automobile industry and it will also analyse the marketing mix, Trends and issues in the industry. BMW based in the German state of Bavaria. BMW is creating and distributing a series of successful, premium-priced passenger cars and motorcycle. In 1928 BMW purchased their first car factory at Eisenach/Thuringia and with it, the license to build a small car call, " Dixi". Also provides financial service to support worldwide sales and distribution of cars and motorcycles. In 2008 the company sold 1. 2 million automobiles under its largest brand-the BMW.

Trends and issue in the Industry:

SWOT ANALYSIS

My S. W. O. T analysis will define each of the Bayerische Motoren Werke (BMW) Company's strengths, weaknesses, opportunities, and threats.

Strengths

BMW group has luxury brands ranges MINI, Rolls-Royce and BMW it's very popular car so it's strengths of BMW.

BMW current positions in market are very repudiated and loyal so company turnover and trading profit growth are also high. BMW is a reliable brand.

BMW has a new technology and world's leading premium quality of automobile manufacturer so it's create good reputation of all the customer and company profit are high.

BMW is a brand so everyone know that what is BMW so it's good to launch a new product on market and earn to profit.

Weaknesses

BMW is brand so it's know as a leading automobile company and very high prices so normal person has a perception that BMW prices are always high so they can affordable so it's one of the BMW weaknesses.

BMW are luxury cars manufacturer so it's middle class people not affordable so this one also BMW weakness.

Opportunities

BMW image in market it's good so if the new product launch it's good for earning money and increase sales.

BMW customer care service are good so if there any customer need any help and improved a cars so it's will be consider to new other cars and launch it.

BMW release a Miniseris car it's successful in Europe and the US market so BMW continue with this success they offering a diesel version to be released and it's really helpful to BMW's profile and brand value. So it's good opportunity to release this model to other country.

BMW Economy is growing by 2007 2.75 to 3.75 percent and then 2008 and 2009 it's 2.5 to 3 percent so it's mean more people purchasing BMWs so it's good opportunities to cover the UK and other market.

Threats

BMW most of the model are oil and current condition are oil prices going high and high so it's really one threat for the BMW so maybe they have to launch a Diesel model more than oil car model.

Current situation and globalize market governments policies always changes so it's one of the threats for BMW to due a tax rate and import and export his car model etc.

BMW has to always know the current political issues and new legal policies so if the interest going high so it's will directly effect to BMW cars.

PEST ANALYSIS

Political

In this time budget, Gordon Brown penalize drivers of the eco-friendly cars. In budget he announced that heavy polluting cars would be higher rate of road tax £210 a year. So it's means BMW has to improved his car petrol engine so it's performed longer as well as last longer life value.

BMW has to always careful about launching new cars and give the proper safety equipments on it. For example BMW manufacture one of their car without any airbags that could be illegal so it's they always checked all the cars and awarded that safe of the car.

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Economic

If the interest rate going high it's really effect to BMW and other company of sales and profit, it's means that if the rate going high customer not buying a new cars and not investing any money. So that why BMW decrease the cars price and so not good for the BMW. Currents interest rate is 0.5% so it's good for the customers to buy new cars.

One of the most important point is unemployment, current situation still many sector recession period most of the people not doing any job so they not buy any luxury cars and any other item so it's not good for BMW.

Social:

In current market day by day new fashion and life style will be change so it's really hard to manage the customer need and what they wants so BMW always care of this which of the product customer really needs and market demand.

Population also effect the BMW sales market, if the family size reducing that means they just saving a money and not buying any luxury cars and item so BMW has to control his model price and also look the customer needs.

Technological:

Technologies are more important factor to current situation for BMW because all the other competitors using a new technology to give a better performance against to other company. And they improved the cars to new materials and developments.

If the technologies will be increase its means BMW also promote his model through internet and other media so it's really helpful increase sales and profit.

Porters Five Forces Analysis

Threats of new entry :

In new company entering an automotive market a massive amount of capital is required. In automobile industry BMW brands are very loyal so any new customer trust to this company and buy a new car. But a new company launch in an automobile industry it's really hard to manage customer and they needs.

Power of buyers :

In automobile industry most of the time prices are fixed. In this industry individual buyers are less power but a large buyer have a bargaining power to lower price level. BMW always buy a bulk not a single to it's really help to buyers power.

Power of suppliers :

In BMW, powers of suppliers are low because of the high production. If the BMW switching the suppliers then it will be supplier's power will be high so automobile industry everyone doing a good relation to the suppliers so that the powers of suppliers are low and production of the company going high.

Competitive rivalry :

In automobile industry competitive rivalry is very high. Strong advertising and promotion brand make a different to the product. It's really easy to buy a new product to customer but it's really hard to buy a suitable and good quality product.

Substitution:

Substitution are really affect the BMW sales because of the high price of model customer choose the same cars but a low prize on other company etc. Audi TT, Mercedes CLK who fulfill customer need.

Marketing Objective

BMW never publish its aim and objective because of the competition. But in my research I can find some statement the main aim would be:

BMW increase sales growth in all criteria

Profit maximization

Growth into new market

Meeting stakeholder needs

Aim

Objective

Increase Sales Growth in all aspects of BMW

Sales increase from 1. 4million to 2 million by 2020.

Motorbike sales increase from 100, 000 to 150, 000 by 2012

To raise its production capacity in China to 41, 000 cars per year.

Profit Maximization

Increase efficiency by 3. 3% in the production of cars

Costs savings of £1. 6bn by 2012 without cutting jobs.

Profit margins from BMW's automotive operations should exceed 8% by 2012, up from 6. 3% in 2006,

Growth into new markets

Research in to new markets

Meeting stakeholders needs

BMW's share price has been slipping in recent months, so investors want it to find economies of scale and cut costs

Cut average emissions by 25% by the end of 2008, in line with a voluntary industry agreement struck in 1998.

" www. bmw. com"

BMW has to improved sales and profit to consider this topic and work on it.

Marketing strategy

Segmentation

BMW have to identify specific characteristics to improve the segmentation area. In this segmentation BMW has to look at this geographic, demographic, behavioral, and socioeconomic. Market segmentation provides guidelines for company to develop new marketing strategy and diverse product market. BMW three brands BMW, Mini and Rolls-Royce clearly focuses on international market.

Geographic:

In geographical segmentation divided on district, country, village, state, regions. BMW has to choose one particular geographic sector and concentrate on them. Because of the company launce a new product in new area it's really hard to increase the demand but its easy to sale on old sector. So BMW will have to chances of generating profit and gaining market share in specific market. Geographically, BMW main markets are Europe and North America both are heavily manufacturing and residents are situated to buy upper market.

Demographics:

In this demographics segmentation divide the market into personal characteristics such as: age and family life cycle, Gender and income, race, nationality and generation also include. So BMW has to target to particular market to sell their products. Demographics segmentation is the easiest way to measure the market.

Age and family life cycle: customer needs always change to grow and his life style status change so it's company has to decide which product are better for particular age and their life style.

Gender: BMW has to always include this point to launch a new product because of the particular area and gender it's really help to BMW to increase the sale.

Targeting:

BMW using a particular target specific automobile market, it means different people and BMW give the different cars sector so it's really help to customer find a his needs and budget cars.

BMW divided the different section of the cars to customer demand. Sports convertible (Z3, 3 series and Z4), Executive (3 series, 5 series) super executive (7 series), Touring/Estate (3 series, 5 series), Grand Tourers (Z5), Super sports (M series) and 4X4 (X5). This all model BMW launce a different sector and customer needs.

Positioning:

BMW image has a very high to luxury cars, performance, technologically advanced, good quality this are the main factor, so BMW has a good positioning in automobile industry. It's good for the BMW because of the new company launch a same cars and cheap price but never effect to BMW sales. BMW compete to Mercedes, jaguar, Audi, Lexus so it's really difficult to manage cars quality and marketing strategy. The positioning of the

companies and their brands has been build up over many year sales and customer satisfaction.

Evaluate and Marketing Mix

Marketing mix under for heading often referred to as the 4 Ps: Product, Price, Promotions and Place. Marketing mix is really good important elements of a company plan. So BMW has to consider this point in to his strategy.

Product :

The Most important elements in the marketing mix is company product, because this provides the useful to know customer requirements. BMW have to develop their product into the brand that helps to create a good position on customer mind. If the BMW brand are superiority leads it's help to high sales, and give the BMW power the premium price.

BMW products are very high performance, technologically advanced and luxuries. This will be start middle to prestigious card.

The present models are:

BMW 3 Series – Sedan, Coupe, Convertible, Touring, Compact

BMW 5 Series – Sedan, Touring

BMW 6 Series – Coupe, Convertible

BMW 7 Series – Sedan

BMW Z4 – Roadster

BMW X3 - SUV

BMW X5 - SUV

BMW M -Convertible, Coupe

Mini Cooper - an independent brand within the BMW Group

Rolls-Royce

According to GM of BMW the management of products and brand is a key factor in marketing success. [www. bmw. com](http://www.bmw.com)

Vehicle Production

2004

2005

2006

2007

2008

2009

% Change

BMW

1, 059, 978

1, 122, 308

1, 179, 317

1, 302, 774

1, 203, 482

1, 043, 829

-13. 3

MINI

189, 492

200, 119

186, 674

237, 700

235, 019

213, 670

-9. 1

Rolls-Royce

875

692

847

1, 029

1, 417

918

-35. 2

Motorcycles *

93, 836

92, 012

103, 759

104, 396

104, 220

82, 631

-20. 7

* from 2006 including BMW G650 X assembly by Piaggio S. p. A., excluding Husgvarna Motorcycles (14, 232 motorcycles)

BMW Group deliveries to customer

2004

2005

2006

2007

2008

2009

% Change

BMW

1, 023, 583

1, 126, 768

1, 185, 088

1, 276, 793

1, 202, 239

1, 068, 770

-11. 1

MINI

184, 357

200, 428

188, 077

222, 875

232, 425

216, 538

-6. 8

Rolls-Royce

792

796

805

1, 010

1, 212

1, 002

-17. 3

Motorcycles **

92, 266

97, 474

100, 064

102, 467

101, 685

87,300

-14.1

** excluding Husqvarna Motorcycles (13,052 motorcycles).

BMW Group deliveries of automobiles* by region and market (in 1,000 units)

2004

2005

2006

2007

2008

2009

Germany

283.6

295.9

287.7

280.9

280.9

267.5

Rest of Europe

299.7

350.8

375.0

443.6

432.2

357.3

Northern America

315.9

329.0

337.4

364.0

331.8

271.0

United Kingdom

145.3

156.2

154. 1

173. 8

151. 5

137. 1

Asia

106. 4

125. 7

142. 1

159. 5

165. 7

183. 1

Other Markets

57. 9

70. 4

77. 7

78. 9

73. 8

70. 3

<http://www.bmweducation.co.uk/coFacts/view.asp?docID=73>

In BMW product life cycle main points are Introduction, Growth, Maturity, and Decline.

So it's true that new product has to pass all the product life cycle factors. BMW knows as good brands so it not very difficult to launch a new product in the market and also BMW international represented so all over the world.

In 2010 BMW launce a new series 7 and 8 so every product has to pass on this life cycle it's depend on customer demand and market strategy that how product work and what is the sales and profit.

Introduction:

BMW new series are stragglng on introductory periods because of the customer not knows the cars feature and price and compare to other product. Starting point there is no competition and also low scale volume of product. It's really hard to create a demand of new product and BMW always launch luxury cars so it's to high cost so starting point company has to lose some money.

Growth:

BMW new series its growing periods demand already increase and company make money so it's good to for the profit also. If the cars market going high the BMW share also high. Growth periods is competitors also entry the market so BMW has to control price and technology. BMW launch a MINI

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brand in Europe and other markets and it's really high-performance in 2002, BMW sale more than 144, 000 Mini brand cars on particular periods.

Maturity:

In this periods most of the product are common periods and all prices are same and feature also same. In Maturity periods production cost and manufacturing cost are low and profit are also normal so it's really good for company. BMW has to good competition market on this maturity periods.

Decline:

In this stage BMW product demand will be going down so its company due to new product launch and replace the old one. In this stage company give the discount and sales his cars so it's lose for the company.

BMW is a one of the luxury brands and it's popular for cars in automobile industry. BMW customer sector are upper and middle class people and price rate are also premium. BMW is a brand so most of the people like to buy and BMW use a new technology and give the customer needs.

Price:

The price strategy has been used to BMW and other company competition. BMW is series market based around the same price. In automobile industry is large and production cost are not so important but creating the large profit is not a necessary as it would be a smaller company.

In automobile Industry BMW compare with other competitors same market:

**Prices are in US Dollars

Models

(From) Lowest price**

(To) Highest price**

3 Series

Sedan

\$29, 850

\$36, 950

Coupe

\$30, 500

\$36, 800

Convertible

\$37, 800

\$44, 100

Touring

\$30, 800

\$32, 550

Compact

\$28, 100

\$35, 200

5 Series

Sedan

\$39, 800

\$58, 300

6 Series

Coupe

\$69, 300

\$72, 200

Convertible

\$76, 300

\$78, 900

7 Series

Sedan

\$69, 300

\$117, 200

X3 (SUV)

\$30, 300

\$36, 300

X5 (SUV)

\$40, 800

\$69, 800

M Series

Coupe

\$47, 100

Convertible

\$55, 600

Z4 (Roadster)

\$33, 600

\$40, 900

Mini Cooper

Rolls-Royce

www.bmweducation.co.uk/companyfacts/competitors/fact1.shtm

BMW has to always think about prices of the product because if the price will be high to other competitors demand will be down so it's very difficult to manage price and everything will be covered.

Promotion:

BMW using advertising most obviously as promotion techniques, advertising has always focused on entirely on their cars with same advertising company.

BMW always using advertising like media, TV, Magazine and other sources, so it's really useful to new cars launches. In 2002 BMW branding campaigns use first radio for a national advertising. BMW was worked advertising agency WCRS since 1979 to develop adverts for BMW cars. BMW also use online advertising so in current situation it's really help to customer find a new cars feature in online and know the price and how to get it. So advertising it's really help to BMW sales.

Place:

Selecting a proper Place it's really hard decisions for the company and particular target market. BMW has to distribution system performs logistical, transactional and facilitating. Function.

BMW has to improved to select a proper place to going a business because it's seems that more places your product is available, so more money you'll get. BMW give a dealerships on every street but it's selected areas and

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target market. So it's really helpful decision to take a good place for the company.

BMW always used one level distribution this is where it comes from the manufactures to independent dealers who then sell to the consumers.

It's shows that BMW using one level of distribution so it's good for BMW to contact to

direct customer and know what the customer need.

Recommendations:

BMW cars navigation system are quite complex so it's really improved to new cars. If BMW increase navigation system then it's his car value must be high.

BMW launch new six gas cylinder vehicle but it's will be give low mileage. So BMW has to do any work on this problem and use the proper technology and improved the cars mileage.

A BMW car has a limited cargo space compare to other competitors car. So BMW has to work on it and improved a new cars and then launch.

Most of the customer has a perception that BMW cars are always high prices so it's bad for BMW sales and profit. So BMW has to advertised and give the proper cars feature and price to customer and other media so he knows that which cars better for and what is the feature.

Conclusion:

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BMW group has a good brand value so it's really more opportunities and wide production plants and high technology give the more cars sales and increase the BMW profits. BMW is current luxury car manufacturing companies so its brand value are very high. In current situation cars are very important and primary transport to society. BMW earn more profit from the increasing a sales to high quality of cars and good service. BMW are loyal to the customer so they like to buy a new car. BMW group has a high standard production and efficient managements. Its future depends on the external environments and internal activities.