

# Launching the bmw z3 roadster



BMW will be going through a crucial time period for their future success. During this time period it is imperative we concentrate on retaining and improving our brand image. Our company does not want to tarnish the image we have of the “ Ultimate Driving Machine” which BMW has so diligently created, maintained, and upheld for so many years. There is a strong possibility that changing our slogan from “ Made in Germany”, to “ Made by BMW” could have a dramatic impact on the perception on the BMW brand. The success of the new Z3 roadster will be the measuring stick for this change and the careful implementation of this vehicle will be immeasurable to the success of the company in the future.

The current image of the “ Ultimate Driving Machine” and the desired image of made by BMW displays our goal of being the “ best in its class”. BMW does not want to have our image tarnished by any mistakes in the roll out of the Z3 roadster at the Spartanburg plant. The future plans for us will include maintaining the interest in the Z3 roadster until it reaches the dealerships during March 1996. We will need to begin marketing our company as a global company and advertising the benefits of being a global company as opposed to a German company. Along with these relatively short-term goals, we will be looking towards the future and deciding where we want to take our company.

### Problem Analysis

Stated Problem: The overwhelming success of the Phase 1 marketing provided BMW a great stepping-stone to a successful marketing campaign. The problem now is where BMW goes from here. The second phase is going

to be extremely important because it will lead up to the actual roll out of the BMW Z3. The purpose for this phase will be to turn the interest developed during the first marketing phase into actual sales.

**Problem Definition:** This previously stated problem is also compounded with other short-term and long-term problems. For this reason we have analyzed what BMW was attempting to accomplish with their launching of the Z3 roadster, their position in the market as a brand, the framework of the activities that were also going on during the launch, the emerging horizon of competitors, and the effect of their dealerships on the company's success. An analysis of these factors provided issues that were being overlooked because of the energy and resources needed for the successful launch of the Z3.

BMW has stated in the case it wants to become a global company. This strategy while necessary at some point for a car company their size to compete in today's market will remove itself from its German roots. The branding of their product has caused BMW to be looked at as The German automobile in the same way Ferrari is thought of as The Italian automobile. BMW should seriously take into account the issues that may ensue from the production of BMW's in the United States. The production of the vehicle at the Spartanburg plant could pose quality perception problems with future consumers because BMW's current image of German engineering and the illusion of being built by " mythical little creatures in the Bavarian woods" that could be permanently damaged. For future success in the automobile market BMW will have to change from being built in Germany as the

advantage to being built by BMW to set this company apart from the rest of the automobile market.

The Spartanburg factory will need to be managed by the top factory managers that BMW currently has. The Spartanburg plant will be immediately faced with a relatively high production capacity and a brand new vehicle that has so many expectations placed on its back. An experienced management team will help add some stability to an unstable project. A smooth roll out of the Z3 roadster will quell some of these fears by potential consumers and help in the transition to the, built by BMW from built in Germany. A rough start at the plant could be extremely damaging not only to the sales of the Z3 but also to the future of the company.

The Spartanburg plant is going to be able to produce 300 vehicles a day or 109, 500 a year. The factory will be able to handle the demand for the Z3, but for BMW's current lineup it will run into problems if demand increases. The current sales for BMW's current lineup in the United States are 94, 500 vehicles. Add the sales of the Z3 roadster which has 9, 000 orders pre-booked by December 1995, four months before the actual roll out of the vehicle. We predict with the pre-booked orders during phase one at 9, 000 vehicles, the closer to the day the Z3 is rolled out on the showroom floor it will be more likely a customer will be interested in purchasing a vehicle.

With this analysis we believe BMW will sell an estimated 25, 000 Z3's in the next year. 25, 000 plus the 94, 500 equals 119, 500 vehicles which exceeds the current capacity of the Spartanburg plant. The demand for their vehicles if it keeps growing at the same pace (12. 8% average per year from 1992 to

1995) will hinder BMW's ability to fully take advantage of the plant and the cost savings from moving to the United States.

BMW currently has no competitors in the roadster market, but Porsche and Mercedes will be providing this niche market two new entries very soon. The new offerings from these two companies will be positioned as more expensive higher end vehicles. BMW's lower pricing strategy may end up hurting itself in the future by allowing the Mercedes and Porsche roadsters to be viewed as higher quality and performance machines. BMW's position with its current lineup in the luxury-performance market is not one of middle market positioning, as the Z3 positioning would suggest. This could also have implementations with perception of quality coming from Spartanburg plant. Although the broad appeal of the Z3 roadster should allow it to cross over to a higher priced segment with upgraded product attributes when the time comes. To go along with the current BMW line, an M version could be released with significant performance and aesthetic upgrades.

The dealers will be an integral part of the entire marketing plan. BMW has asked each dealer to absorb substantial costs in renovating their facilities and training. These upgrades to the dealer experience will have a direct effect on the " Total Brand Experience" BMW is striving to achieve. With the introduction of increased competition in the near future BMW must continue to focus on dealership training and incentives to ensure success in the future.

Scope: The release of the BMW Z3 roadster accompanied by the opening of the Spartanburg plant will have a significant effect on the success of BMW as

a company in the United States market. The introduction of this vehicle will also have a noteworthy effect on the industry because the success of the Z3 will impact the attractiveness of introducing a similar roadster by other automobile manufacturers.

### Alternatives

#### Short term alternative 1:

Invite major television program and journalist from the major newspaper, like the Wall street journal, the New York Times and the USA today, to the new plant and offer them a guided visit that will take them inside the manufacturing plant and show all the different stage that BMW Z3 goes thru. Visit that will serve as an incentive to write on the Roadster and provide an overlook for the car to the overwhelmed customers that the first phase of the launch reached.

#### Shot term alternative 2:

In association with major TV program and car magazines, launch a diversified number of documentaries that will serve as a historical advertising overview. Showing the German brand made car history and the German knowledge that will be used in the American plant to produce an American made car with a German quality.

#### Short term alternative 3:

Associate the dealers with the opening of the plant and the launch of the first car, by organizing a large party for them in the new plan. Introducing the

new location, where the BMW will be manufactured and showing them the commitment that BMW has on the American market, the dealers would understand the role that they have in the launching process so that they can get more involved and more enthusiastic in presenting the car to the customer which will help make the diffusion of the Z3 more effective and easy.

Long term alternative 1:

Create a BMW club that will start a Z3 roadster car series races all over the country and support members that want to take part into existing sport car races. The club will play a role in building a strong relationship between BMW and its clients and it will enforce the BMW image as the “ the ultimate driving machine”.

Long term alternative 2:

Launch a nation wide advertising campaign on televisions, radio station and big journals that present the different series of cars that BMW will launch in the near future. Cars from the 3 series to a new upgraded version of the roadster Z3, to keep the enthusiasm that customer had for the Z3 and use it for other product.

Long term alternative 3:

Start to prospect new technologies that would help differentiate BMW's product from the competition by developing strong competitive advantages that send an image of a highly sporty car having a strong horse power engine that preserve the environment. BMW need to seek and locate new

strategic possible location, where it can build new manufacturing plant that will be needed to support the future expected demand and to help develop an idea of a global brand.

### Strategic Recommendation

Incorporate mass media into the opening of the Spartanburg plant. Invite television stations, magazines, newspaper reporters, etc. to the grand opening of the plant. Have a huge array of BMW Z3's at the plant at the their disposal. Make the grand opening a weekend event. On Friday, invite bonified investors to the plant where they are able to test drive and “ play” with the car. On Saturday, present a press conference to the media about the vehicle and televise the event. On Sunday, give tours of the plant, assembly line, etc., to get everyone familiar with the new plant and the Z3. This strategy works as a double-sided coin. Not only do you promote the Spartanburg plant, but you promote the emergence of the Z3.

The success of a modern enterprise extends far beyond the purely economic aspects. Even more important is finding a balance between economic, environmental, and social goals. This triple bottom line of sustainability serves as the foundation for the long-term success of a company.

Sustainability provides the basis for future viability. This applies to the economy and society as much as it does to political decision-makers. It applies even more to an enterprise that is interested in actively positioning itself as a corporate citizen in society and gaining competitive strength. In order to remain profitable and viable for the future, companies have to offer solutions for the economic, social, and environmental challenges of today



and tomorrow. Future viability creates value and principles. A premium manufacturer must offer these as well. This is why sustainability management must be important for BMW.

BMW must create and innovate new technology to protect the environment and improve fuel consumption. This will set the Z3 apart from all other vehicles alike. Even though the Z3 has no competition at this time, environmental protection will be a huge advantage to BMW's advertising and marketing campaigns for their future 3, 5, and 7 series BMW's. This strategy is consistent with their long-term objective of globalization. As a company active in the international arena, BMW upholds a social, political and ecological commitment around the world, beyond the context of its products and production. By working together to achieve shared goals, industry and government have the power to create a uniquely effective alliance.

BMW needs to follow two key objectives: Reducing average fuel consumption and developing competitive, sustainable products. For BMW, the prospects do not lie in developing vehicles that do not offer clear customer benefits, for example a car that gets nearly 80 miles to the gallon or a super-thrifty vehicle that can travel more than 200 miles on one gallon of gasoline. Electrically powered vehicles based on fuel cell technology do not offer a long-term alternative for BMW due to the disadvantages in the technical concept.

A world without mobility is barely conceivable. Besides being essential to life and evolution, mobility is also a key prerequisite of economic growth and prosperity. Mobility is a basic human need – now more than ever. In this

century, BMW must redefine mobility, bringing new levels of personal independence.

However, in doing so, it has severely depleted the Earth's finite reserves of oil, and increased the long-term burden on the environment through the large-scale release of carbon dioxide (CO<sub>2</sub>). That is why it is imperative that alternatives for tomorrow are researched today, and BMW must develop a technology that represents the future of motor fuel.

This long-term strategic recommendation will help not only the Spartanburg plant, but BMW as a whole. If BMW can prove to their consumers that they have reduced the threat of environmental concerns, they will be able to use this sustainable advantage for future marketing and advertising campaigns. We can imagine it now ... “ BMW – The economic and social leader of the past ... The environmental leader of the future.”