

# Pestle analysis of bmw: shaping the automotive industry

[Business](#)



In this PESTLE analysis of BMW, you'll learn many critical factors that have led to the success of the BMW corporation. Each factor falls under one or more of the macro environmental influences related to the PESTLE framework. Specifically, you'll learn...

- Who BMW is most likely to compete with?
- Where BMW Group has allocated funds for lobbying?
- How the company reaches and reacts to audiences around the world?
- And what futuristic technology is working on right at this moment?

This is only the beginning of the information you'll find in this PESTLE analysis of BMW. Let's get started.

Before you begin: What is PESTLE analysis?

### **Political factors: Adapting to carbon emission regulations**

BMW Group is affected by common political influences, such as the introduction of new policies, regulations, and political corruption. But unlike smaller corporations, BMW Group has an intense amount of funds, profits, and brand image. This means it can influence policies for the growth of the company.

BMW Group is powered by more than 15 production companies worldwide. The manufacturing is efficient, but can also be halted by policies and regulations, like the end-of-life vehicle recycling system.

Additionally, political instability affects BMW Group in two ways: First, it can affect consumers' ability to buy or change buying patterns directly. This is a concern in specific countries like Brazil, China, and Russia. And second, if

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BMW has invested in countries with political instability, those investments may be at risk.

BMW Group has also allocated funds to influence political factors in favor of the company. One such incident pertains to Europe, where BMW lobbied to slow down European plans to increase fuel efficiency in cars by putting a stricter limit on carbon emissions.

The company also emphasized its inclusion of greener technologies by developing the first common use of hydrogen passenger car. This car was developed because Europe taxes cars that heavily produce pollution.

### **Economic factors: A quiet fear of tariffs and currency fluctuations**

Several years ago, BMW Group topped the list for most reputable company. Now it consistently battles Toyota for the title. Who takes first place between the two depends on valuation. Back in 2012 BMW's value hit a 10 percent increase while Toyota's value fell by 10 percent.

Global economy fluctuations also affect BMW's performance, valuation, and profits. Specific regions, like Europe, can have a massive impact on the company's success. And over the last few years the GDP has fluctuated. Fluctuations make it difficult for BMW Group to speculate profits and losses in the coming year since the currency is so volatile.

Tariffs are also impactful to BMW. It's possible to build a BMW in Mexico and sell it to Europe without a tariff. However, if you build a BMW in the United States and then sell it to Europe, the company suffers a 10 percent tariff.

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Despite this quiet fear, BMW will be investing \$600 million in a South Carolina plant. Tariffs increase the costs for necessary vehicle parts, such as steel and aluminum. South Carolina important more than \$500 million worth of steel and aluminium in 2017 — with tariffs the cost will increase over \$106 million. This will likely eat at BMW's profits.

### **Social factors: Heavy R&D meets millions of social media followers**

All countries have cultural differences that are unique to the country. This means BMW Group must adjust products and marketing to fit the people it sells to. This requires adaptation to each market; using a one-size fit all approach won't yield results.

BMW has manufacturing companies all over the world including China, South Africa, and Austria. The company chooses the location of these plants based on heavy research and development. This requires not only understanding who the consumers are and why they buy, but also the political and economic landscape.

A part of knowing and using this knowledge involves the integration of social media. BMW has social media pages on all the major platforms. On Facebook it has over 13 million fans and posts daily updates and entertaining images to provoke engagement from followers.

Twitter is where the company often responds to customer inquiries, comments, and complaints. Although it doesn't seem to have a dedicated customer service section to help people on a consistent basis, someone does respond to followers when necessary.

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Instagram is an easy choice for any car manufacturer. BMW boasts nearly 20 million followers and a feed of dazzling photos of their cars in various luxury locations. It's a simple way to showcase BMW's lavish lifestyle to the younger audiences that frequent Instagram.

### **Technological factors: The newest luxury gadgets**

With so much competition in the automotive industry, the only way for any car brand to stand out is through innovation and adaptation. This involves adapting the newest technology into each car — everything from the latest parts to leisure options like Bluetooth, WiFi, and more. Considering BMW is known for its luxury, the company can't afford to skip out on these “leisure” options because consumers have come to expect them.

BMW Group also prides itself on innovation and mobility. The cars can come with automatic car parking, hybrid vehicles, and autonomous driving. This last one, autonomous driving, is a big topic in the automotive industry. Brands like Tesla are at the forefront of self-driving cars, but unlike them, BMW Group talks about bringing it to the public.

### **Legal factors: The need to abide by hundreds of rules at once**

BMW Group abides by a host of copyright laws related to its vehicles, as well as the technology incorporated, including WiFi and Bluetooth. It's trickier because the Group must abide by the regulations in each country the vehicles are manufactured and sold. Any changes to these laws (in any given location) can pause or fully halt BMW's performance and creation of new technologies.

## **Ecological factors: Less CO2 and more hybrid model cars**

Nowadays, consumers worry about the health of the planet. And two major impactful problems are CO2 emissions and fuel-usage by cars. As a means to please this audience, BMW has dove headfirst into the development and distribution of hybrid car models. These cars use less fuel than the average.

On top of this, the BMW Group is also introducing more electric model options to the public.

Also read: SWOT analysis of BMW

## **PESTLE Analysis of BMW: Conclusion**

BMW is a popular, lavish vehicle manufacturer providing high-performance cars to audiences all over the world. BMW Group is a formidable force, able to affect bills and regulations because of the massive funds the firm brings in each year. Although the company is often competing against other vehicle manufacturers, like Toyota, its obsession with innovation allows it to stand out amongst most competitors.

Not only is the Group looking to introduce autonomous driving to the public, it also focuses on the development of green technology for eco-friendly audiences. It can showcase these offerings (and more) on their social media pages, which have millions of followers. Despite the threat of expensive tariffs, BMW Group shows no signs of slowing down in the automotive industry.

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