

# The luxury automobile industry marketing essay



**ASSIGN  
BUSTER**

In this modern era in which industries are the main reason for all the innovations that are being created and used by everyone, have a big impact on our daily lives. One industry that has amazed us with its brilliant creations is the automotive industry. It's the most competitive industry in the market that has high production prices and very competitive firms. Among these companies there is one that has always been able to stand out in the crowd with its unique collection of exquisite and luxuries cars with high performance and safety features that has satisfied the needs of the customers. The BMW group, headquartered in Munich, Germany, is one of the most successful multi premium automobile manufacturers in the world. `BMW Group, headquartered in Munich, Germany, is one of the most successful multi brand premium automobile manufacturers in the world.

## **THE COMPETITION**

Mercedes-Benz is one the biggest competitor of car manufacturing for BMW. They have always showed signs of competition in the market in terms with the model production and car specifications.

One of the giants in the luxury automobile industry is Mercedes-Benz, which is firmly established as an independent brand within one of the world's leading car companies, DaimlerChrysler. According to Mercedes-Benz's company website, the company sold 224, 421 vehicles in the U. S. during 2005. For decades, Mercedes Benz has been known for its prestige brand name and its classy and timeless look.

Mercedes-Benz's current strategy is built on four central pillars: global presence, leadership in technology, strong brands, and a broad product

range. To compete with other strong rivals in the luxury car segment, the company is committed to a combination of profit growth and quality improvement objectives. Mercedes-Benz is devoted to be an integrated mobility company that offering complex mobility services instead of just being a car manufacturer that sells vehicle. Consider, Mercedes-Benz identify consumer's demand for utility and characteristic as the trend of automobile industry, therefore applying the SUV technology from Chrysler onto their recent new models. In terms of resources and capabilities, Mercedes-Benz is a strong competitor. The company possesses strong financial resources and brand equity, has valuable merger with DaimlerChrysler which helps increasing technology base, and the management team is dedicated to further improve on car quality and cutting down cost with lean manufacturing process.

Currently, Mercedes-Benz is suffering from a plaque in profit and quality and its brand name is eroding since merging with DaimlerChrysler. If Mercedes-Benz is unable to make any improvement, it might damage its image in the premium market.

**\* [http://www.mbusa.com/cda/aboutus/jsp/index.jsp?page=our\\_company](http://www.mbusa.com/cda/aboutus/jsp/index.jsp?page=our_company)**

**\*[http://www.businessweek.com/magazine/content/06\\_03/b3967020.htm?campaign\\_id=search](http://www.businessweek.com/magazine/content/06_03/b3967020.htm?campaign_id=search)**

## **TARGET MARKET**

BMW's target market is of men and women between the age of 25 and 40.

BMW's goal is to let people believe in their product without the issue of

ethnicity. BMW believes that this strategy helps them to give a positive association towards their brand which assists them for their export markets. A survey showed that the BMW message reaches their target market. In the survey it was cited that more than 2/3rds of the respondents recalled BMW as a luxury car and nearly all of them recognized the name BMW itself. BMW has the variety of models that suite both the singles and the families which they can use for their own likings. The data collected from the survey clearly showed that the singles market was far too weak than of the families market. BMW knows about their financial status and that it requires the company to focus mainly on the educated customer. BMW's price segmentation limits the target market to the people with higher levels of income annually. Professions of survey participants included managers and other professional's BMW targets.

The survey also showed that respondents that were not targeted by BMW were also interested in their products. That's why people have associated the name of BMW as a status symbol. Some of those not targeted yet interested in BMW could move into the target market through graduation from college or increasing levels of corporate responsibility

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**THE COMPANY**

The company's slogans in English are "The Ultimate Driving Machine" and "Sheer Driving Pleasure". The company produces a huge variety of cars and motorcycles. The company's manufacturing plants are located all over the world including Austria, UK, Egypt, Mexico, Thailand, USA, Malaysia. BMW Group comprises of many segments within its vast portfolio, but I would be only concentrating on Automobiles. BMW is supported by 11 different model series which are: BMW C1, BMW 1 series, BMW 3 series, BMW 5 series, BMW 6 series, and BMW 7 series, BMW X 3, BMW X 5, BMW X 6 and the BMW Z4, BMW M5, BMW M6, and BMW Z4 M.

BMW has always maintained this core values since the company's inception. In addition to the message of these values, we can see it in advertising campaigns on television, press, magazine, trade fairs, motor shows, etc. We can also find company explicitly expresses one or more of these values in all BMW advertisements. However, we can also point out that BMW also bank's on the sensitively to the environment, which we can see with the current advertising strategies of the company. BMW has always used a differentiated strategy, this means that they aim on specific automobile markets. This markets suit different people within the specific segmentation. The markets that BMW would normally or likes to target are Sports Convertibles (Z3, 3 series, and new Z4), Executive (3 series, 5 series), Super Executive (7 series), Touring / Estate (3 series, 5 series), Super sports (M series), and 4X4 (X5). Let have a look at BMW competitor analysis where we can find BMW is <https://assignbuster.com/the-luxury-automobile-industry-marketing-essay/>

a provider of premium cars and primarily serves for customer as if life time experience for them. BMW ensures to have full satisfaction to their customers.

## **SWOT ANALYSIS**

An Internal and corporate analysis in terms of strength, weaknesses, opportunities and threats (SWOT) will assist in gaining an understanding of where BMW is currently in terms of strengths and where improvement is required within the business and what outside environmental threats it may face as well as what new opportunities are available to the company in the short and medium term.

Figure 1: BMW SWOT Analysis

### **STRENGTHS**

Diverse ranges of Products – BMW, MINI and Rolls-Royce

Strong Cash Flow Position

Increase turnover and trading profits

Strong Balance Sheet

World's leading Premium Quality Automobile Manufacturer

Brand Awareness

Human resources

Capabilities to turn resources into advantages

## OPPORTUNITIES

New Products

Market shift to globalization

Innovation & Alliances

Customers demand change to more comfortable and relevantly cheap cars

Diversification

New Technologies in Automobiles

## WEAKNESSES

Perception of High Prices

Customer disinterest

Environmental issues: Pollutions

Buyer sophistication and knowledge

Substitute products or technologies

## THREATS

New & existing competition

Volatility in Price of Fuel

New legislations



Consequences of the oil crisis

September 11th

Economic recession

Market shift to globalisation

Takeover bids

Far-East Automobile companies expansion

Extremely high competition for customers and resources

## **MARKETING STRATEGY**

In the early 2000s, BMW began to restructure its business. It focused on strengthening its position as the market leader in the premium segment of automobiles across the world.

In line with this, it adopted a product offensive strategy which aimed at flooding the automobile market with new launches (i. e. a new product every three months).

53% expenditure was increased by BMW to support this strategy. Cars that were launched as per the strategy were BMW 2 series Compact, BMW 7 series and Z4 Roadster.

Earlier in 2001 BMW's majority of success was attributed to develop consistent marketing policy, the market niche strategy.

The company was based on 4 core values:

## Technology, Quality, Performance, Exclusivity

Advertising was the main means of marketing and these advertisements were evolved for the economic, environmental and competitive change. During the year of 2001 BMW launched BMWfilms. com, THE HIRE, which consisted of 5 different short films which was then singled out to be the first high budgeted and high profile celebrity-laden internet marriage of advertisement and entertainment.

**Traffic to the site was up 55% to 214, 000 unique visitors compared to only 138, 000 the previous week.**

**The guerilla public relations campaign utilized several diverse promotion tactics including seeding news of the BMW Films at key Internet entertainment rumor sites and a radio DJ program in 20 key metro markets.**

**BMW sales increased by 12. 5% compared to 2000, surpassing the 200, 000 mark for the first time in history.**

Car manufacturer BMW takes the phrase ‘ beyond the banner’ seriously. In its ads for the BMW Compact, the car drives out of the banner ad and around the sides of the browser window, to show how much it “ loves corners”.

The company has used traditional banners, banners with pull-down menus, Superstitials, transitional ads which appear between pages, sponsorship and dynamic html ads like the one mentioned above to promote its brand message–the benefits of ownership in terms of the driving experience.

## **Internet**

468×60 banners are sold on a run-of-site (ROS) basis, meaning, they will appear on every search results page and on an equal rotating basis with other advertisers' banners. For online ads, each advertiser is given password-protected access to Real-Time advertising statistics,

## **Television**

The percentages of viewers of MSNBC and Bravo who are in BMW's target income bracket constitute 20.5%. The percentage of viewers in BMW's target age group (25-34) is 26.5%.

The BMW group uses e-commerce strategies to explore the market for effective business.

The group sees e-commerce as both a challenge and an opportunity for the entire company.

The BMW Groups production network is characterised by agility, the ability to respond quickly and flexibly within a changing framework

The BMW group introduced an online ordering system in 1998 which gives dealers the option of showing customers their desired car on the screen and confirming the delivery date on the spot

**Through the system, the time frame when the vehicle can be built with the desired fitting is fixed in few seconds and the place in the production process is immediately reserved and the manufacturing logistic department informed**

**The BMW group has optimised internal processes to such a level that changes according to the customer wishes regarding engine capacity, colour upholstery can be accommodated up to ten working days before the start of the production without effecting the delivery**

**BMW, utilises the internet as an integral tool for developing superior customer relations, through providing an environment inclusive, both to existing and potential customers, through expressing views and providing feedback on product development**

**E-mail Marketing**

**e-catalogue Brochure**

**Registration for test-drive**

**Mail alert**

**Personalization message**

**News alerts**

**New car launches**

**Used car specials**

**Events**

**VIP Club Info -Concerts, musicals, movies and related show information**

**BMW accessory offers**

## **Customer Thank you and congratulation**

### **Brochures**

#### **Website Registration Forms:**

**Permission based forms allow web visitors to subscribe with automated notification allowing confirmation of subscription and thank you messages.**

#### **Registrations for Events and New Vehicle Test Drives:**

**New Vehicle promotions and Event Registrations are sent out via email, allowing customers to easily register via online forms, advising what time and day they would like a test drive. Brisbane BMW are notified via email lead sheets and customer registration data is automatically compiled in a registration database making it ideal for tracking and follow up. Registering customers also receive an auto reply advising they have been booked in and will be contacted.**

#### **Service Reminders and Offers:**

**Service reminders and special offers are emailed frequently as a cost effective and powerful way of keeping services up to date whilst allowing customers to take advantage of special offers.**

#### **Sale Events Notices:**

**Regular sales event brochures are emailed to prospects and customers advising of great purchasing opportunities.**

#### **Accessory Offers:**

**The BMW accessory range is frequently promoted using email catalogue brochures.**