

Marketing strategies of bmw and porsche marketing essay



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The main aims of this report is to explore the marketing strategies of BMW and Porsche, two famous automobile enterprises and the sales of X 1 models and 911 series designed by them. To achieve this aim, the industry and company backgrounds have been introduced in advance. Furthermore, the macro-environmental forces and micro-environmental forces which could influence the market of BMW and Porsche have been discussed. Thirdly, the SWOT analysis on BMW and Porsche and the discussion about their market segmentation, targeting strategies and positioning strategies have been presented. The results showed that although the market segmentations, targeting strategies and positioning strategies of BMW and Porsche are different, both of them have chosen the appropriate strategies to develop their business. In order to promote the development of BMW and Porsche some recommendations have been listed. In the first place, BMW owning high reputation among the customers should develop its business in the luxury cars industry. In addition, some models with lower prices should be designed by Porsche to meet the needs of the customers with lower incomes. In this way, the newly emerging market in the developing countries could be controlled by it. By extending the targeted market, the competitiveness of BMW and Porsche could be improved.

Table of contents

1. Introduction

In order to improve the competitiveness of enterprise and products, some new and attractive products have been designed and some excellent marketing strategies have been adopted by the automobile manufacturers, especially some famous automobile manufacturers, such as BMW and

Porsche. The main purpose of this report is to evaluate the operation and marketing of BMW and Porsche.

In order to attract more customers and meet the demands of the market, some excellent products have been proposed by BMW and Porsche. X1 which focuses on the young and middle age customers who like sporting but with limited budget is one new car model designed by BMW. The 911 is one car model designed by Porsche aiming at differentiating its products to attract different kinds of customers and improve the market share.

2. Analysis and discussion

2. 1. Industry background

With the rapid development of economy and the improvement of people's living standards, the automobiles have become one important part in many people's daily life. The research conducted by Gan (2003) shows that the developing trends of the automobile industry could be divided into three aspects. In the first place, the improvement of the incomes of the citizens in many developing countries has increased their abilities to purchase automobiles. Therefore, the market size has been extended. In addition, many citizens with higher income always prefer some new and attractive automobiles which could meet their special needs. Therefore, this fact requires the automobile manufacturer to design some innovative models. Thirdly, the higher profits in automobile industry attract more investors to invest in this field and much more automobile factories have been established. This phenomenon seriously improved the competition in this

field. Therefore, various marketing strategies have been taken by the enterprises to improve the competitiveness of their products.

2. 2. Company background

BMW is one German automobile enterprise established in 1918. The rapid development of BMW in the past several decades has led this automobile manufacturer to become one famous international enterprise (Tong, 2011). The oversea subsidiaries of BMW locate in China, India, South Africa and so forth. As one enterprise focusing on the environmental protection, some environmental-friendly models have been designed by it. In this way, BMW with social ethics owns higher reputation in the society. The main target customers of BMW are the common citizens, instead of the wealthy businessmen. Hence, many products designed by BMW are not expensive but useful. For instance, X 1 is one automobile model designed for the young people preferring sporting but with limited budget (BMW, 2009). The main marketing strategies of BMW are designing more new models to meet the different needs of common customers and extend the market share.

Porsche is one luxury automobile enterprise which was firstly established in 1931. Porsche always focuses on the production of luxury automobiles and aims at meeting some special needs of the wealthy customers (Hall-Geisler, 2012). For instance, Porsche 911 model which was among the most successful competition cars ever was designed for the customers enjoying the racing (Best Cars, 2012). In the three main models designed by Porsche, consumer models, racing models, and prototypes cars, the proportion of racing models is relatively high. The main marketing strategies of Porsche are producing the luxury automobiles to meet the needs of wealthy people.

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Therefore, although the Porsche's market share is not high, its profits are high.

2. 3. Macro-environmental forces

In this section, three macro-environmental forces, economic forces, cultural forces, and technological forces, which could shape the marketing, will be analyzed. In the first place, the rapid development of global economy in the past several decades has improved the incomes and purchasing powers of the common citizens (Vrontis, 2003). The GDP per capita in different regions is showed in Figure 1.

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Figure 1. GDP per capita in different regions (Wade, 2008)

The improvement in the salaries or incomes has encouraged more individuals to purchase the private automobiles. Especially, some wealthy individuals prefer to purchase some automobiles with famous reputation. In addition, the research conducted by Paige (1979) shows that in modern society more individuals focus on their freedom and the automobile is always viewed as one symbol of freedom since in the view of many individuals with one car they could go to many far regions. This cultural feature has encouraged plenty of individuals, especially the young people to purchase their own cars. Finally, the technological force is one important force that influences the whole automobile industry. At present, the basic technologies in the automobile manufacture have been mastered by much more enterprises. The lower barriers in the technologies have permitted more enterprises to enter into this industry (Nicolas & Abedini, 2008). As a result,

the competition in this field has become much fiercer than before. Of course, many new technologies have been used by some enterprises to improve their production and enhance their competitiveness. In summary, the macro-environmental forces, such as the economic forces, cultural forces, and technological forces, are favorable to the automobile industry.

2. 4. Micro-environmental forces

In this section, three micro-environmental forces, customers, competitors, and suppliers, will be discussed comprehensively. In the first place, due to the fact that the target customers of BMW are the common citizens and those with lower incomes, the needs of these target customers are various. Such micro-environmental force makes the market much more complicated (Morrissey & Phillips, 2007). Especially, with more small and medium sized automobile manufacturers entering in to the low-end market, the competition has become much fiercer and the development of BMW has been thwarted to some extent. Sometimes, the low-qualified raw materials lead to the poor quality of the automobiles produced by BMW (BBS, 2012). In general, from the perspectives of micro-environmental forces, the business environment of BMW is relatively complicated. In addition, due to the fact that Porsche always locates in the leading position of the luxury automobile industry and the fashion in this field is led by it (Best Cars, 2012). Therefore, the needs of customers are always directed by the designs of Porsche and the threats from competitors are limited. In general, the business environment of Porsche is much better than that of BMW.

2. 5. SWOT analysis

BWM

Strengths

In the first place, plenty of models have been designed by BMW to meet the different needs of customers. Therefore, among the common customers, BMW owns higher reputation. In addition, BMW has established great reputation in the society by some environmental-friendly actions, such as reducing the CO2 output in production. Thirdly, some “ green” automobile models designed by BMW are favored by many customers while the core technology producing the “ green” automobile models could not be mastered by many enterprises. In this way, this strength of BMW is favorable for it to maintain the leading position in the environmental-friendly automobiles.

Weaknesses

Due to the qualities problems, BMW has recalled its automobiles worldwide for many times. These incidents have seriously damaged the influence of BMW in the society. Therefore, the weakness existing in the quality control in the product should be reduced by BMW.

Opportunities

The rapid development of economy in many developing countries has increased the incomes of many citizens. Accordingly, more individuals would choose to purchase some inexpensive automobile models. Under such environment, more business opportunities could be mastered by BMW to promote the sales of automobiles in the international market. In addition, at

present, more governments support the citizens to use the environmental-friendly automobiles. this is one great opportunity for BMW to promote the sales of its environmental-friendly automobiles series.

Threats

With the development of technological and economic strengths, plenty of new automobiles enterprises have been established in some developing countries or undeveloped countries. These new automobile manufacturers with limited capital and less advanced technology, always choose the local citizens with lower incomes as their target customers. Sometimes, the patriotism would encourage the local citizens to purchase the cars made by their countries, instead of BMW. Especially, in some countries, to protect the local brands, the governments may set many barriers to prevent BMW from entering into their countries. Therefore, the development of the competitors would seriously threaten the BMW.

Porsche

Strengths

To maximize its profits, different models, such as consumer models, racing models, and prototypes and concept cars, with different target customers and different functions have been designed by Porsche. In this way, the needs of the customers with lower income and the wealthy people could be met by the automobile series of Porsche. Accordingly, the poor performance in the sales of some series would not threaten the operation of the whole organization.

Weaknesses

The prices of the automobiles produced by Porsche are relatively high. This fact prevents many customers with lower incomes from purchasing the automobiles made by Porsche. Therefore, the most serious weakness of Porsche is that its competitiveness in the customers' with lower incomes is not great.

Opportunities

The increase of the wealthy individuals in the world extends the market size of Porsche since these customers prefer some racing models and prototypes and concept cars made by Porsche. In addition, in most cases, one sense that driving one Porsche car is one symbol of wealthy status has been formed. Therefore, this is one great opportunity for Porsche to promote its luxury models.

Threats

The threats of Porsche are from the development of some competitors in the market of luxury cars. With the development of technology, more automobiles enterprises could produce the luxury cars. Especially, the reputation of competitors has been improved significantly by the reasonable advertising strategies. In this way, the sales of luxury cars produced by Porsche would be threatened to some extent.

2. 6. Market segmentation

According to the research conducted by Boejgaard and Ellegaard (2010), the market segmentation in customer market could be classified into four sorts, namely geographic segmentation, demographic segmentation,

psychographic segmentation, and behavioral segmentation. With the rapid development of transportation network, the geographic segmentation has become less important. For BMW, the demographic segmentation is targeted and the income of the customers is focused on. In general, it is the individuals with lower incomes that are the main customers of BMW (BMW, 2009). For Porsche, both the demographic segmentation and psychographic segmentation are targeted. In the first place, the income of the customers in the demographic segmentation is focused on by Porsche. In general, it is the wealthy individuals that are focused on by the Porsche. Different models with different prices have been designed by Porsche to meet the wealthy individuals with different income. In addition, the socioeconomic status and personality are paid attention to by Porsche. In most cases, the customers with higher socioeconomic status and those preferring to show their wealth and status make up of the market of Porsche.

2. 7. Target markets

For X 1 produced by BMW and 911 made by Porsche, different market segmentations are targeted. In the first place, the demographic variables, especially the age and income, are taken into consideration in the market segmentation of X 1. X1 models in which some sporting features are included are designed to meet the needs of some young people preferring sports (Cammisa, 2012). Hence, the age is one important variable in the market segmentation. Furthermore, the prices of X 1 models are not high and could be accepted by the young people with limited budget. In addition, the psychographic variables and demographic variables are included in the

market segmentation of 911 series. Especially, the target customers of 911 series are the wealthy individuals.

2. 8. Targeting strategy

The research conducted by Delre, Jager, Bijmolt, et al. (2007) shows that the targeting strategy includes undifferentiated targeting strategy, differentiated a targeting strategy and concentrated targeting strategy. In the undifferentiated targeting strategy, the same promotional message is sent to everyone. In the concentrated targeting strategy, only one promotional strategy is designed to communicate the benefits expected by a special group of customers. In the differentiated targeting strategy, more than one promotional strategy would be designed. In the processing of choosing one targeting strategy, the size of market segmentation, segment structural attractiveness and organizational objectives, and some other factors should be taken into consideration (Kley, Lerch, & Dallinger, 2011). In general, it is the differentiated targeting strategy that is chosen by both BMW and Porsche. In the advertising, BMW and Porsche always communicate with the customers with different promotional messages. For instance, they always choose to promote their products favored by the young people via Internet while promote the products favored by old people via newspaper or TV (McCoy, Everard, Polak, & Galletta, 2007). By designing more than one targeting strategy, the competitiveness of enterprise and products in the market could be improved greatly (Mandel & Johnson, 2002).

2. 9. Positioning strategy

According to the research conducted by Blankson and Crawford (2012), positioning is one process by which marketers try to create one image or <https://assignbuster.com/marketing-strategies-of-bmw-and-porsche-marketing-essay/>

identity for its brands, products, or organizations in the minds of the target customers. The positioning strategies mainly include the Corporate Brand Positioning Strategy, Product Features and Benefits Positioning Strategy, Price-Quality Positioning Strategy, Competitive Positioning Strategy and so forth (Blankson & Crawford, 2012). Undeniably, every positioning strategy owns its advantages and weaknesses. In order to promote the sales of products, it is the mixed positioning strategies that are adopted by BMW and Porsche. In the marketing mix strategy adopted by BMW and Porsche, the quality, price, needs of customers, and business environment are taken into consideration. Therefore, compared with the single positioning strategy, the mixed positioning strategy is much more favorable to the sales of BMW and Porsche.

2. 10. Recommendations

In order to improve the competitiveness of BMW and Porsche in the market, some recommendations are presented as follows. In the first place, for BMW, the luxury automobile is another potential market segment. At present, the reputation of BMW among the customers is excellent and some advanced designing ideas and advanced technology have been mastered by it. Especially some high-end cars sold by BMW are favored by the wealthy customers. Therefore, developing its business in the luxury market could improve the strengths of BMW and improve its profits. In addition, due to the great influence of the brand on the customers, considerable customers hope to purchase the cars sold by Porsche. However, it is the higher prices prevent them. If Porsche could choose the individuals with lower income as its target

customers and design some low-end models, its sales in the individuals with lower income will be increased greatly.

3. Conclusions

Depending on the analysis, discussion and recommendations above, some conclusions of this are presented as follows. In the first place, the macro-environmental forces are favorable to the development of automobile industry. In addition, although the macro-environmental forces are favorable, the SWOT analysis shows that both BMW which chooses the individuals with lower income as the target customers and Porsche focusing on the luxury cars own many business weaknesses and threats. Thirdly, BMW focuses on the demographic segmentation and Porsche emphasizes on the demographic segmentation and psychographic segmentation. Accordingly, relevant targeting strategies and positioning strategies have been adopted by two enterprises. In order to adjust the marketing strategies of BMW and Porsche and improve their competitiveness in the market, some recommendations are presented as follows. In the first place, developing the business in the luxury market and meet the needs of wealthy customers, the strengths of BMW could be improved. In addition, by designing some low-end models, the emerging automobile markets in some developing countries or undeveloped could be controlled by Porsche. In summary, in order to promote the development of enterprises, both the BMW and Porsche should master the opportunities to extend their market.