

# Marketing comparison for bmw and mercedes benz



What is marketing? Who really knows? In our era, most of the people have in their mind a different meaning of the marketing. For me, marketing is a mean which pulls the strings of our economy. The language of marketing has been borrowed from the military. We talk about defensive marketing, offensive marketing, and guerrilla marketing. Often overlooked, however, is flanking, one of the most powerful military strategies.

As for the official meaning of the word, marketing is:

Marketing is the process by which companies create customer interest in goods or services. It generates the strategy that underlies sales techniques, business communication, and business developments

Marketing is defined by the American Marketing Association (AMA) as “ the activity, set of institutions, and processes for creating, communicating, delivering, and exchanging offerings that have value for customers, clients, partners, and society at large.

The Chartered Institute of Marketing defines marketing as “ the management process responsible for identifying, anticipating and satisfying customer requirements profitably.

Maybe there are thousands different meanings of marketing but in the end they are all agreed that it was created to help the market and the consumers to fulfill their needs.

## **BMW VERSUS MERCEDES-BENZ**

This assignment is to analyze and compare the marketing strategies of BMW and Mercedes-Benz. Both companies are renowned market leaders in  
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supplying automobiles. The pair has a history of providing innovative cars for the past century. Over the years with the improvement of technology BMW and Mercedes-Benz have met customer needs by producing the most inspiring and well developed cars of their times. The BMW Group concentrates on selected premium segments in the automobile market. This means that they specialize in providing a high quality product and in return they can achieve higher revenues per vehicle sold. In contrast Mercedes-Benz which also provide to the premium segment of the market have concentered their name in history as manufacturers of luxury cars, have opened their doors to a range of more dynamic models targeting the slightly younger market. Mercedes's biggest competitor has long been BMW. The two companies' marketing strategies mirrored one another in the 1990s. Thus in 1996, Mercedes signed a deal to promote its vehicles in Universal Pictures' The Lost World, but it was many years behind BMW, which in 1995 made an agreement to feature its vehicles in the James Bond film Goldeneye.

More important was a huge shift by both companies in response to the rise of Japanese luxury vehicles such as Lexus and the Acura Legend. Advertising messages gave an emphasis on value instead of luxury. Germany's two luxury leaders, Mercedes and BMW have rebounded with a reversal of marketing strategies that include new, lower-priced products.

## **THE HISTORY OF BMW**

Bayerische Motoren Werke AG (BMW), (wikipedia, 2010) or Bavarian Motor Works is a German automobile, motorcycle and engine manufacturing company founded in the year of 1913 by Karl Rapp. First of all, the firm has <https://assignbuster.com/marketing-comparison-for-bmw-and-mercedes-benz/>

produced aircraft engines from a former bicycle factory which was near Munich. It was near to this plant when Gustav Otto built the aircraft company called Bayerische Flugzeugwerke AG and in 1922 these two organizations merged to BMW. The name of BMW means Bayerische Motoren Werke.

In their early years of BMW Company, it has produced mainly aircraft engines, but also some motorcycle engines. It was not until 1928 when BMW bought a car factory that BMW began producing cars. Along with the factory they bought the license to produce a small car called the Dixi.

BMW involved in aircraft engine production during WWII which led to a 3 year ban on production at the end of the war. It was not until 1949 that they were able to return to production which they did with the 250cc R24 motorcycle.

It was not until 1951 when BMW introduced a spacious, 6-cylinder sedan called the 501. This was followed by the 502 which featured a lightweight alloy V8 engine. Later in the 1950s they began producing the BMW 507, a lightweight, V8 propelled sports car. This vehicle hoped to achieve the same sporting success such as the 328 roadster. But this wasn't to be. They were losing money on every 507 that was produced and so production stopped in 1960.

Moreover, during that period BMW bought the design and manufacturing rights to the Isetta which was mend to become one of the most successful micro cars in that years. It was a time when cheap, short distance transportation was needed and the 2-seater, with an economical engine, fit the requirements perfectly. Manufacturing rights for the Isetta were sold to

various production companies around the world and these included the British Railways works in Brighton, UK.

The 1960s saw BMW enjoying a number of successes including the BMW 1500 which was a 1499cc, four cylinder touring sedan introduced in 1961. This was the first of the modern BMW sports sedans. They went on to produce a series of popular sedans including the famous BMW 2002. This was a 2-door sedan that had been based on the 4-door 1600.

By the 1970s BMW had established their reputation as an innovative automobile manufacturing company. The decade of 1960-1970, saw the introduction of the 3-tier sports sedan range consisting of the 3-series, 5-series and the 7-series. Between 1970 and 1993 BMW car production quadrupled and turnover increased by 1700% which is a huge incline even for today's.

Today's 'Beemer's' have retained their prestigious reputation for quality and reliability. The company is taking steps to reduce the impact they and their motor cars have upon the environment so we can expect to see more innovative and exciting developments from a company who have not only survived two world wars and a massive depression, but thrived.

## **TARGET MARKET OF BMW**

BMW's (OP Papers, 2010) target market are customers between the ages of 25 and 45 who were new to the luxury car market, nevertheless without alienating their current customer base. The customer base of BMW was male in the age around 46 years old, married with no children, and had a median income of about \$150,000. Moreover, the Internet was used by 85% of <https://assignbuster.com/marketing-comparison-for-bmw-and-mercedes-benz/>

customers before buying a BMW (Hespos, 2002). “ Combining the ideas of producing a series of short films and using the Internet in an advertising campaign, short films for the Internet was born with BMW Films” (Hespos, 2002). The luxury automobile maker that has established a mark for itself in the luxury car segment with its high performance cars. BMW is a powerful brand that is truly experienced by car lovers all over the world as a symbol of performance, power and luxury, all combined into its power packed machines that are treat to watch, drive, and possess. That’s why, it is truly known as the “ Ultimate driving Machine”.

BMW’s tighter feel and enhanced responsiveness gave drivers the sense they were in complete control, something no other brand of automobile offered. This handling advantage was greatly appreciated by sports car aficionados and car enthusiasts.

## **MARKETING STRATEGY OF BMW**

BMW has many different strategies of marketing. One of these strategies is the support of its dealer network. This succeeds only through a range of actions.

Dedicated Dealer Marketing Service which assists with all marketing requirements for example:

Local advertising for product range

Support for local promotions

National promotions

Hire of promotional equipment for dealer events

Image library which stocks various images available for dealers to use when creating their own marketing communications such as leaflets, invitations and direct mail.

Educational materials

Moreover, there is a Continuous Customer Contacts Program (CCCP) with the objective of increased customer loyalty and satisfaction.

BMW also focuses on a great range of advertising. One thing that all BMW adverts have in common is that they focus entirely on the cars.

On TV there are many branding campaigns and new car launches. Some TV spots depict stereotypical corporate-cog executives who squelch creativity and initiative. " Beware of the compromisers". They say things like, " Choose your battles", or " Is this idea really worth falling on your sword for?" Later, the recurring message throughout the campaign comes in, " At BMW, ideas are everything".

Radio branding campaigns (2002 was the first year that BMW used radio for national advertising) also uses. It does not tend to be used at a national level, although may be used regionally.

As for the press, Color press is listed, for example: Tatler, Vogue, lifestyle magazines, motoring publications, broadsheet newspapers and tabloid newspaper weekend color supplements. Black & white: national press.

In addition to higher profile national advertising, dealers also run their own local campaigns through:

Local press

Radio

Bus advertisements

At the cinema, screens usually show short films. Other ways of advertising includes supply of sales literature, brochures, direct marketing, price lists and point of sale materials. Finally, other methods BMW use to promote its brands and products:

Product Placement

BMW Art Car Collection

Sponsorship

These and many others are the marketing strategies of BMW in order to enhance its market share. As for Mercedes-Benz.....

## **THE HISTORY OF MERCEDES – BENZ**

The history of Daimler-Benz (Jiffynotes, 1996) went back to the 1880s and its founders Carl Benz and Gottfried Daimler, whose separate companies became a single one in 1926. Besides the two Germans, an important figure was Austrian banker Emile Jellinek, who in 1897 became a Daimler board member. Jellinek offered a variety of useful marketing advice and suggested a car with an engine to the front. After outlining a type of racer that he

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wanted to built, he promised to purchase 36 of them, a sizable order at a time when very few people had even ridden in an automobile. In return he asked that Daimler name the car after his daughter, Mercedes.

The car, introduced in 1900, had a top speed of only 30 miles per hour, which at that time made it one of the fastest vehicles on the road. But a Mercedes could go much faster and nine years later its manufacturers built a special Benz capable of reaching 141 miles per hour. In the economic upheaval that followed World War I, Daimler's and Benz's companies joined forces as Daimler-Benz AG, founded in 1926. Its symbol was a three-pointed star, which symbolized air, land, and sea arenas in which Daimler engines dominated.

During World War II, the company became associated with the Nazi regime. Hitler's airplane engines and military vehicles made especially for the Third Reich. But it recovered quickly from the war and in the 1950s established itself as a manufacturer of luxury sedans in Europe and America.

## **TARGET MARKET OF MERCEDES-BENZ**

In 1993, Rosemarie Totzauer (Jiffynotes, 1996) reported in Brandweek, "Mercedes is succeeded to reintroduce itself and evolve from a company long defined exclusively by its gas-guzzling luxury sedans and sports cars. The renewed Mercedes will offer a greater, more complete line of vehicles for the rapidly changing, more complex and higher risk luxury segment. Mercedes-Benz, therefore, has to think itself as a company known for value and a diversity of vehicle concepts rather than for the prestige of the three-pointed star."

The slogans changed from the old “ Engineered Like No Other Car in the World.” created by McCaffrey and McCall, to a new one “ Sacrifice Nothing,” which gave a succinct statement of the company’s changed marketing policy. The target market had broadened, and also had the Mercedes lines. The latter now included the C class, which replaced the 190 series as a product for the low end of the market. The E class, a mid-size luxury car and the S class, for the high-end luxury vehicles that had previously comprised the sum total of the company’s product. The SL is recognizable only in sports cars.

Moreover, as Fara Warner wrote in Brandweek in 1994, “ Mercedes is considered an exclusive luxury car for white males which tried to broaden its appeal with value prices and new products.

## **MARKETING STRATEGY OF MERCEDES-BENZ**

Mercedes Benz marketing strategy (ExampleEssays, 2002) was in first place centered on the safety, luxury, and precision engineering of its cars, but due to increase competition in the luxury car industry and changing consumer attitudes about the Mercedes Benz brand that strategy has changed.

Nowadays, their marketing strategy is more life style oriented and is focused more on presenting fun loving, approachable, and energetic side of Mercedes Benz. The evolution of Mercedes Benz’s marketing strategy can be automatically connected to the expansion of its target market, which now includes people twenty five to forty five years old as well as its initial targets the baby boomers. In order to provide superior customer value to its target market Mercedes Benz has found it necessary to expand its product line up,

provide more competitive prices, increase communications with its target  
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market, maintain accessibility to consumers, and continue its excellent customer service.

The marketing strategy of Mercedes-Benz is short of the same as BMW. More specifically, Mercedes spends a big amount for advertising campaigns.

Mercedes-Benz launches an international advertising campaign on the theme of sustainability. The first printed advertisements using the new brand design will feature the E 300 BLUETEC to be launched in Germany in December 2007.

Moreover, four different print ads will be placed in all large-circulation magazines in Germany, running in parallel with a TV commercial and an online campaign. The sustainability campaign will be extended in mid-2008 to include additional vehicles and developments related to Mercedes-Benz' activities which are combined under the heading ' True Blue Solutions'.

Dr. Klaus Maier, Executive Vice President of Mercedes said that " In our marketing campaign on sustainability we promote innovative technologies for environmentally sound mobility such as the BLUETEC emission treatment system, which Mercedes-Benz offers to its customers as the world's cleanest diesel."

Mercedes' new marketing campaign focuses on safety over luxury. This is not surprising since the financial crisis has reversed consumer priorities. It's now frowned upon to brag about buying the most luxurious car. Instead the most popular guy is the one who gets the most worth for as little money as possible spent on a new car.

Mercedes-Benz is now allocating 50% of its UK marketing budget to digital media, according to its VP for brand communications, Anders Sundt Jensen. The dynamics of the UK market and the advanced consumer behavior in the UK meant the automotive brand was already allocating half of its budget to digital, well ahead of other European territories where the company was far from allocating even 40%. The key to the company's success online was the creation of specialist expertise within the company. " We don't have normal marketers just doing online ads, or just putting our TV ads online," Anders Sundt Jensen said. " We have a whole department, for example, at our headquarters in Germany just doing digital marketing."

Also, one of the marketing strategies of Mercedes-Benz followed is to start promoting some of its cars on iPhone and Facebook.

Another marketing action that gave a step forward to Mercedes-Benz is the promotion of a series of « green cars». Mercedes-Benz brings to the market hybrid cars that are environmental friendly.

To sum up, the key that makes Mercedes-Benz a powerful competitor in the market is the below:

Delightful customer care

Retail network ready for the future

Efficient, integrated processes and systems

Sales and Marketing MBC

Product Price Place Promotion People Processes

Perfectly positioned brand and effective marketing

Fascinating products

Motivated, qualified employees

Effective market penetration

## **CONCLUSION**

Undoubtedly, BMW and Mercedes-Benz were, are and always be two whoppers. Their marketing strategies are about the same. Their advertising campaigns, the TV and radio spots and the customer's services are alike. The difference between them and the reason why they are both special is their target market and their market position, what they want their customers to remember about them.

BMW focuses to young customers aged 25 to 45 and it promotes the slogan « Ultimate driving machine». It appeals to those who want to have the sense they were in complete control.

On the other hand, Mercedes-Benz is still considered an exclusive luxury car for white males, but now decides to broaden its appeal with value prices and new products. It appeals to those who love luxury and safe cars but not too expensive.