

Bmw marketing case analysis flashcard



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Before achieving the final goal, Grinner had to focus on three issues: first, he must find out how to satisfy the nonuser behavior changes; second, make an appropriate strategy to reposition the pricing policies; third, process the reform of dealership network. Marketplace Analysis: In the early asses, the sales volume in United States automobile market declined dramatically. The same thing is happened on the luxury/ performance segment of the market, which is BMW competed in.

Based on the Exhibit 2, we could figure out the main reasons for the unit sales reduction were 1987 Tax Reform Act, stock market crash, Luxury Tax imposed and Gas Guzzler Tax. Those facts changed the social values and consumer buying behavior to some extent. For the first issue, BMW faced great competition in the late asses, due to a series of “Luxury Tax” Acts and penalties of fuel efficiency standard, it was more expensive for customer to own a car, so the consumer behavior changed at that time.

They tended to be more value-oriented purchasing. What’s more, new competitors entered the luxury segment and reshaped the market, such as Accuracy, Infinite and Lexus. By established reputation for reliability and dealer service, they won high scores at the top of the J. D. Power Customer Satisfaction Survey and established a new concept of the luxury car: a reliable car tit good value. However, BMW was pursuing a prestige image at the same time. So only the Japanese car caught what the consumer thinking.

Secondly, with the price increased driven by changes in the value of the DAM, the 5- and 7- series prices rose 27% at the same period, even the cheapest BMW was almost \$25, 000 in 1989. Meanwhile, the prices of Bum’s

new competitors Accuracy, Infinite and Lexus were lower than Bum's price. But, for the sake of someone who had recently bought a BMW, it cannot drop the price directly. So Grinner had to identify new pricing ideas that not only adapt to the new market environment, but also fall in with consumer's value-oriented buying behaviors.

For the third issue, dealer is one of the key factors for the successful of an automobile manufacture. In German, BMW had 800 dealers, all of whom sold BMW exclusively. In contrast, only 1/3 of 354 BMW dealers sold exclusively BMW in U. S. As we know, dealer's attitude toward the automobile manufacturer would influence the sales volume. So, if those dealers cannot deliver satisfactory service to Bum's customers, the customer would turn their face to other auto brands, since dealers were the key customer contact. That's why approximately half of Bum's U. S. Lealer sold fewer than 100 BMW cars in 1991. New Strategy: In order to bring BMW back to the leading position in U. S. Market, Karl Grinner realized that BMW need to put together an integrative strategy to do this. The new strategy became: " BMW—The Smart Choice". Firstly, in the aspect of consumers, they paid more attention on the personal experience. By compared with Lexus, BMW inclined to be the Ultimate Driving Machine, which means that the car can makes consumer to be a better driver, while Lexus provides an extremely comfortable riving condition, but Lexus drives the consumer.

So BMW delivered its Better-car/ Better-Driver idea to the consumers, and made them realize what a luxury car should be, and let them focus not only on the reliable, fuel efficiency, comfortable, but also on the diving experience. As can be seen from Exhibit 1 1, the " Better Driver" theme is a <https://assignbuster.com/bmw-marketing-case-analysis-flashcard/>

strong appeal to younger buyers, who also have strong purchasing power. Secondly, for the pricing issue, considering the composition of the product line on the low end and the position of the “ price ladder”, Grinner introduced some lower price models into the U. S. Racket to deal with the price/value issue.

BMW produced a new product iii for more attainable price. At \$19, 900, the lowest price among Bum’s current car in the U. S. Moreover, the prices of 325 and 740 were only 6% and 2% more than their predecessor models’, while offering all-new engines. Thirdly, in order to provide better services to consumers, BMW reformed its dealership network by three steps. First, BMW appointed area manager to interface with each dealer, and assisted dealers improve their performance. Second, BMW developed Dealer Operating System to provide a regulation during dealers selling ND service process.

Third, BMW provided bonuses to those dealers who sold great volume of cars and has good customer satisfaction. Because exclusive was a key to an effective BMW dealer network, BMW pushed dealers sold exclusively BMW. Thus, BMW would enhance its “ Customer Care” programs very well by a better-regulated dealership network. BMW aimed to establish the first class franchise, which focuses on consumer orientation and the delivery of customer benefits of prestige, fun and excitement with a feeling of trust and guarantees prudent investment.