

# Literature Review on Automobile Industry (BMW Company)

1) Adari, J.C, Thrane, H & Taube P (2007). Focusing on premium brands: BMW core strategy

2) Morrison, K. (2010) Competitive Advantage at BMW: Analysis, BEST BUSINESS RESEARCH PAPERS, 116

3)

Bavarian Motor Works (BMW) is a German automobile, motorcycle and engine manufacturing company. It is headquartered in Munich, Bavaria, and Germany. It also owns and produces the Mini make, and is the parent company of Rolls-Royce Motor Cars. The brand value of BMW has been increasing by 10% through negative economic turbulence. BMW now has \$24,623,000,000 of brand value, the highest brand value in automotive industry in 2018.

As seen in the studies, the automobile industry is faced with huge challenges due to the fluctuating market environment with ups and downs, changing demands of the well-informed customer and tough competition. All these factors have made it stronger in terms to survive in market for automobile chains to be more responsive and flexible. BMW have well understood these challenges associated with today's environment and have incorporated various technologies, strategies and mechanism in their supply chain. In spite of the odds, the firm has shown great character and have demonstrated to be a competitive enterprise and a long term player. Its triple bottom-line approach of economic, social and environmental sustainability has enabled the firm to be one of the top auto makers in the world.

BMW being a German company, even other countries wise have their own makes in Japan, Korea, America, etc. have tough competition around the world. But BMW has the quality standard and trustworthy so that customer have full confidence when buying the car.

BMW has sales from stock as well as customized vehicles for customers to choose.

In Operations term, BMW's supply chain process starts with customer and ends with the customer. It uses a build to order system along with mass customization strategy to deliver cars as per customer requirements. Once a customer makes a request, it is sent to a central database. The firm has a huge supplier network comprising of more than 12000 suppliers in 70 countries. The firms purchasing division is responsible for selection, validation, evaluation, quality assurance of supplied goods and services while ensuring sustainability is achieved throughout the value chain. In order to achieve this, they firstly train their employees extensively on the desired levels quality and sustainability and how to go about achieving them. The central purchasing headquarters is in Munich. As mentioned, there are two areas in particular that firm concentrates on, one is managing and minimizing risks

across the chain and secondly utilizing opportunities and leveraging potential through continuous improvement practices together with their suppliers.

### Reference

<https://www.ukessays.com/essays/marketing/a-case-study-on-bmw-marketing-essay.php>

## Research Methodology

### **Research Approach**

The approach adopted for this study is to generate data, analyze it and reflect with respect to the customers point of view. the study focuses on exploring the customer preference for BMW cars. Aim of this Approach is to obtain full information.

### **Research Design**

for this research descriptive design analysis is used. This is simple in nature and take care of simple analysis.

### **Data Collection**

An investigation of the topic is based on the secondary type of data. There are two types of data First is primary data and another is secondary data .information comes under the primary data Another data is secondary data is already accessible.

### **Secondary Data**

The literature study is the significant part of this topic. The secondary data that is mainly publish in article and literature is the combination of the foundation of the reference from the frame work and the models which are described. For the application of the selected company that is BMW we are taking the reference of the annual reports of the concern company and different automotive articles.

**Criticism of the sources** – It is important to take into consideration that the secondary data is more frequently affected by values and purpose from the origin of the primary data. As mentioned before the information used in the study is obtain from the BMW and other automotive manufacturer websites and annual reports. Moreover, to have a critical perspective towards all the information we will value the information better and distinguish facts from the subjective opinions.

### Research Implication

According to BMW's Research & Development, they will increase research and development (R&D) spending to an all-time high of up to 7 billion euros (\$8.6 billion) this year as part of efforts to bring 25 electrified models to market by 2025. Spending on developing electric and autonomous cars pushed R&D costs a billion euros higher last year (2018), reaching 6.1 billion euros. BMW this month reported a 5.3 percent rise in 2017 operating profit on surging demand for high-margin sports utility vehicles, helping to offset higher research spending. The company has set up a development campus outside Munich devoted to the development of autonomous driving; at least 100 million euros is to be spent on battery-cell research.

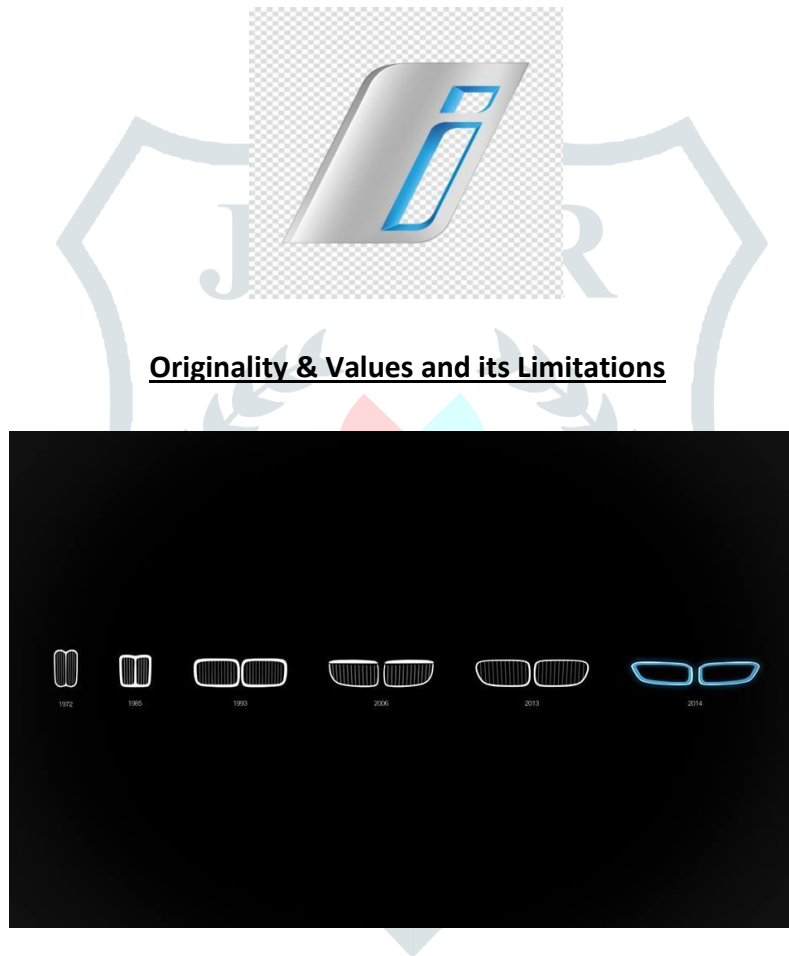
### SWOT ANALYSIS

<p><b>STRENGTHS</b></p> <ul style="list-style-type: none"> <li>• LEADER IN LUXURY CAR SEGMENT</li> <li>• DYNAMISM IN GROUP</li> <li>• AD CAMPAIGN MATCHES WITH COMPANY BASICS.</li> <li>• STRONG MARKETING CHAIN AVAILABLE IN US.</li> </ul>	<p><b>WEAKNESSES</b></p> <ul style="list-style-type: none"> <li>• NET PROFIT AT THE END OF 2005 WAS LOW FOR BMW GROUP</li> <li>• CONFUSION OVER AD</li> <li>• ONLY IN HOUSE STUDY DONE.</li> <li>• HEAVY COST ON PRODUCTION</li> </ul>
<p><b>OPPORTUNITIES</b></p> <ul style="list-style-type: none"> <li>• MARKET CAPTURING THROUGH EMERGING CREATIVE CLASS</li> <li>• REVENUE GROWTH THROUGH NEW SEGMENT</li> </ul>	<p><b>THREATS</b></p> <ul style="list-style-type: none"> <li>• LOSS OF OLD BRAND IMAGE &amp; CUSTOMER</li> <li>• CRITISISM FROM EXPERTS AS DEFENSIVE CAMPAIGN</li> <li>• HIGH COST OF NEW AD CAMPAIGN</li> <li>• IMAGE DEPENDENT ON NEW AD COMPANY</li> </ul>

### **KEY POINTS**

- BMW group is to spend as much as \$8.6 billion on R&D in 2018.
- The German carmaker will unveil 20 new models this year.
- The firm has not updated on reports of an investigation into emissions-cheating software.

BMW's "Project i" is a program created to develop lightweight eco-friendly urban electric car concepts designed to address the mobility and sustainability needs for people who live in megacities.<sup>[1][2]</sup> According to BMW, "Project i" has three phases. The Mini E demonstration was the first phase of this project, and it was followed by a similar field testing that began in January 2012 with the BMW ActiveE all-electric vehicle. The ActiveE was based on the BMW 1 Series Coupe and built considering the lessons learned from the Mini E trial. The last phase of "Project i" was the development of the i3 and i8 electric cars.



BMW has kept their own originality front grille “Kidney Grille” . They have it from their first production model, keeping it same looks in other models as well in different year. No one has similar or same design grille in Mercedes or Porsche cars etc. From 1-series model to 8-series, X-series to Electric car model, all have their own originality of kidney grille.

It's one of the automotive world's most distinctive features, an enduring design that immediately identifies a **BMW** as being a BMW. It's the 'kidney grille', a mainstay of all BMWs for over 85 years.

This is what make BMW more unique compared to other cars.

### #3 Pros & #2 Cons

**PRO #1: Performance**

**PRO# 2: Quality of Interior**

**PRO# 3: Available Technologies**

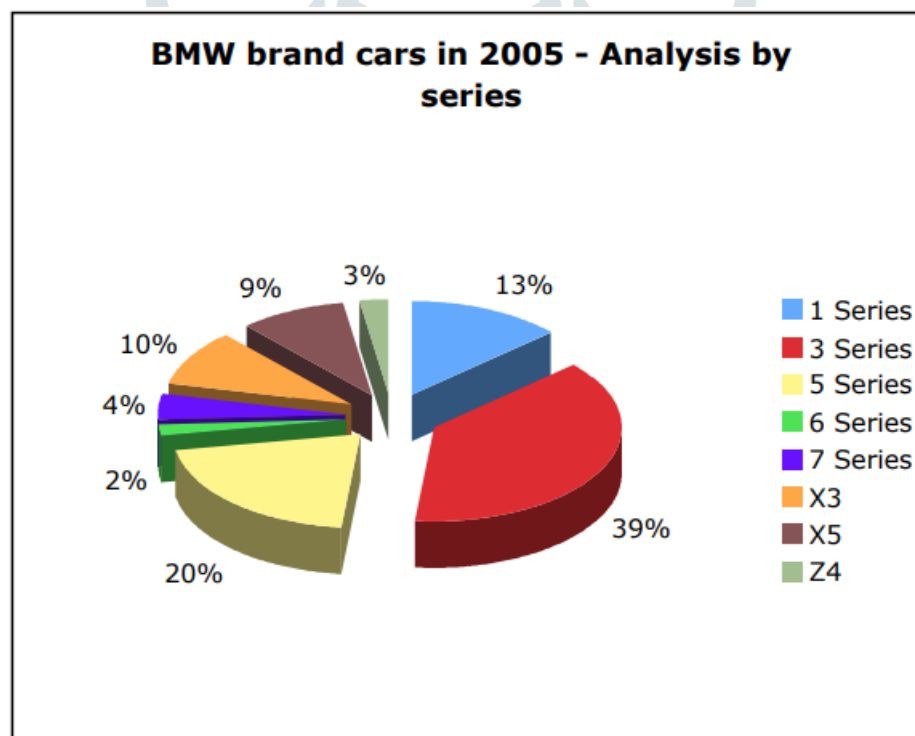
**CON #1: Foreign Car Manufacturer**

**CON #2: Price**

The cons of every BMW are going to be reliability and running costs. BMWs do break, and they will be expensive to repair once they break. No matter how much BMW-lovers will tell you otherwise.

### Data analysis

The products BMW cars are of many different types like Sedans, coupes, convertibles and sport wagons (Touring) in the 1 series,3 series,5 series,6 series and 7 series other than that SUVs ,X3, X5 are a roadster called Z4 are other models. M-Models also offers by BMW like 3 series, 4 series,6 series and Z4. M stands for Motorsports, this cars are like race cars.

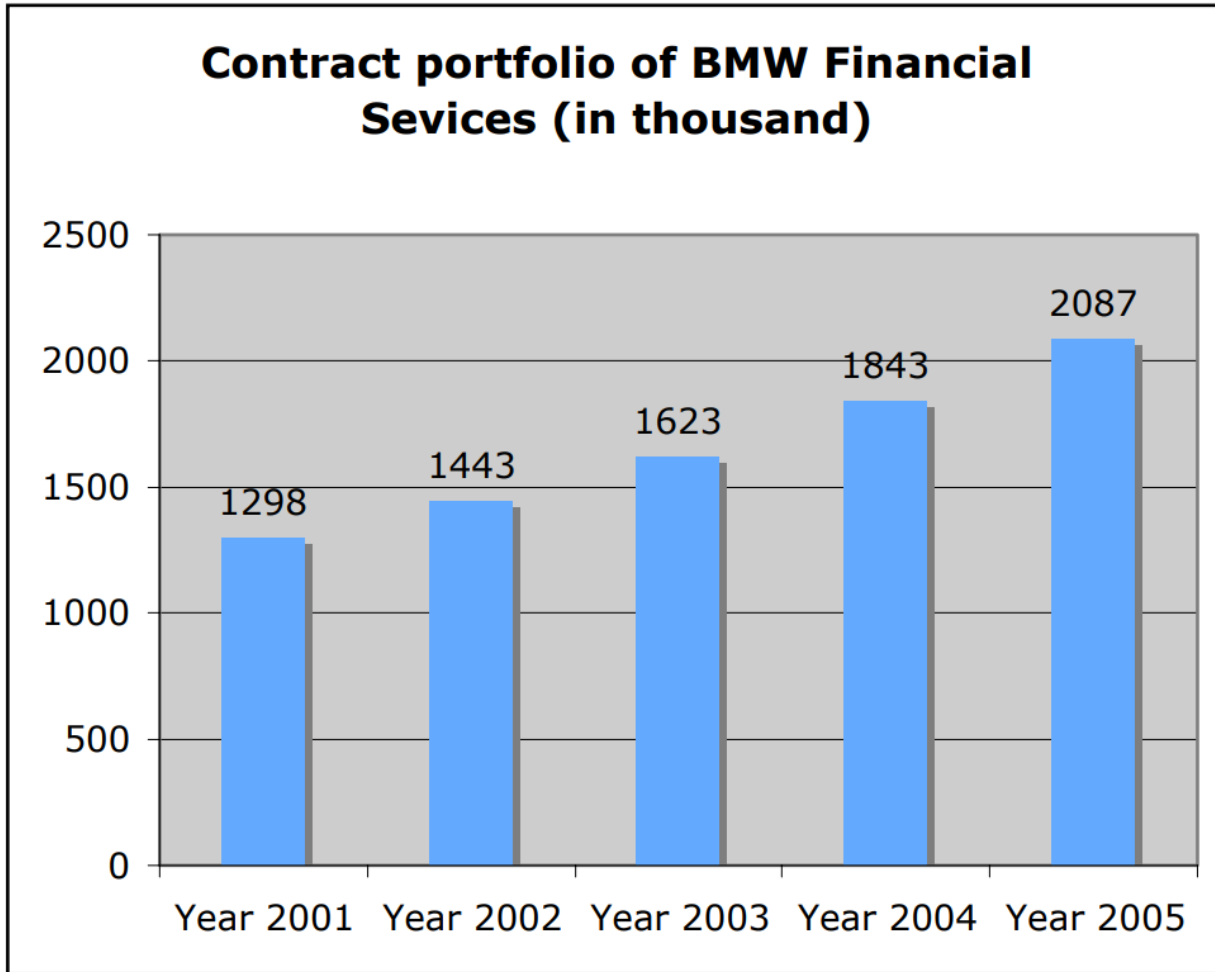


In the year 2004, the smallest car is 1-Series car in the product portfolio of BMW. This car can be describe in the smallest premium car with high technology. Audi-A3 and the Mercedes-Benz A class are the main competitors of this car.

The 3-Series car is in the segment for premium car in the middle class. during 2005 this car is the worlds best selling model series with the production of 434,342 cars. 3-Series available in sedans,sports-coupe and wagon wheels.

The 5 – Series is the larger premium cars which is available in sedan and wagon wheels models.

In 2002 the 7 – Series was introduced in exclusive Sedans. This car had massive productions during year 2005.



Company has another important services in finance sector name as BMW FINANCE. Financial services is financing and insurance company of BMWs. 41.1% of the sold BMWs finance or leased by BMW financial services in 2005.