

Running Head: MECHANICAL ENGINEERING

BMW- Strategic Management

Student's Name

Institutional Affiliation

Company Essay on BMW

### ***Introduction***

*Company overview, Products, and Operations*

Headquartered in Munich, BMW is one of the leading UK based automobile manufacturer specializing in premium cars. The company mainly targets European and American automobile market. However, its services also extend to International technology as well as financial services (Christiansen and Strobel, 2019). The manufacturing plants of the company are situated in 13 countries around the world. There exist three main business divisions of BMW namely Motorcycles, automobiles and financial services. Moreover, the narrow specialization of the company allows it not to disperse into several areas and successfully develop in its niche. Some of the core products of BMW are BMW I, BMW Mini, Roll Royce motor cars and BMW

Motorrad (Hwee, 2015). The website of the company is <https://www.bmw.com/en/index.html>  
***Competition and strategic position of BMW***

An analysis of competitive forces according to the model of M. Porter revealed threats that have a key impact on the company's position in the industry - this is the intensity of competition (BMW's direct competitors are Mercedes, Audi, Volkswagen, Porsche, Infiniti, Jaguar, Subaru, Yamaha, Ducati), as well as the possibility of strengthening consumer power and suppliers (Hwee, 2015). With rapidly advancing technology and innovation in Hybrid cars, the competition for BMW is getting fierce. Due to such advancement and fewer entry barriers, more companies have entered the market of hybrid cars. It is worth noting that Toyota seems to be ahead of BMW in the hybrid car market increasing the threats for the company in the future (Christiansen and Strobel, 2019). However, BMW is investing more in Research and development as well as in marketing campaigns to promote its products effectively and stand out in the competition.

### ***History of BMW and Progression in Recent years***

The abbreviation BMW stands for Bayerische Motoren Werke (Bavarian Engine Factories). The name refers to the place of origin of the company: what is now the Free State of Bavaria, the largest of the federal states of Germany. The company from which the current Bayerische Motoren Werke AG emerged was called Rapp Motorenwerke GmbH and had been manufacturing aircraft engines since 1913 (Christiansen and Strobel, 2019). During World War I, Rapp supplied the engines of the former German imperial air force. At that time, the role of cars for the general public was very limited. Those who had to travel long distances used the railroad

(Rainey et al, 2016).

One of the new concepts introduced by BMW in the gasoline market was eta technology, which was introduced in the fall of 1981. The letter “e” signified eta, a symbol of the economy. Indeed, the 2.7-liter six-cylinder engine that this very specific model was equipped with was optimized without sacrificing torque and economy, consuming just 8.4 liters of fuel per 100 km with a power of 122 liters (Hwee, 2015). In 2014, BMW’s share was 18%, Mercedes 17%, Lexus 16%. Thus, BMW was a leader. As for Europe, in January 2016, the BMW brand took 9th place, its share increased by 4.9% compared to 2015. In the UK, the Mercedes brand occupies a leading position and its growth in 2014 compared to 2013 was 12 %. BMW is in second place and it has a decline in sales of 15%. January / February 2015/2016 the situation on the market has changed a bit: BMW takes 13th place, its share of sales fell by 23%, due to the general situation in the market (Christiansen and Strobel, 2019).

### ***Recent developments and Plans***

The company is planning to manufacture a standalone M car as well as 25 electric cars in the coming years that would give it a competitive advantage. According to the latest news, BMW car Bev mini would be produced in England and a newer version of X3 crossover namely IX3 would be produced in China (Christiansen and Strobel, 2019).

### ***Future Recommendation***

BMW should focus more towards manufacturing small cars that are compatible with its image and are also profitable at the same time. In order to achieve this, thorough market research is

required by BMW in the upcoming years. Moreover, the target market in western countries prefers more eco-friendly cars whereas in the developing countries the demand is getting higher for cars that retain the brand and prestige of B MW (Hwee, 2015). Hence, BMW should formulate such strategies that meet the needs of the target market in both parts of the world.

### ***Conclusion***

In conclusion, the BMW Group does not achieve mass market sales like Toyota or Honda but remains the absolute leader in its niche segment. The brand is competing effectively with its niche markets competitors like Audi and Mercedes especially in the UK market through continuous innovation such as the production of electric cars. Moreover, BMW is more into product diversification as compared to its competitors such as Audi. Products like Mini, Motorrad, and Husqvarna. Moreover, unlike its competitors like Audi and Mercedes, BMW is also into motorsports and has a list of sports cars . This gives the company competitive advantage and an opportunity to target wider market.

### **References**

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