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BMW 7 Series Marketing Plan



Team 2

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Executive Summary

BMW is one of the well-known brand in the market which started its business by manufacturing aircraft engines developing and advancing into manufacturing some of the most well-known car models. This report presents a marketing plan for BMW 7 series which highlights the current state of the situation, the strategies and our ultimate objective to achieve our goals. Below are some of the highlights from the report:

Current-State Assessment:

- BMW currently holds third position in the market with 12% market share
- BMW 7 series price ranges start with \$83,100 to \$156,700 with increasing cost based on the customized features needed by the customer

2017 U.S. Target Market:

- We expect BMW will have 14% market share in 2017
- Planning to sell 8,700 cars with revenues of \$722 million.

2017 Goals and Objective:

- The key goal of this marketing plan is to successfully cross the chasm and establish a strong beachhead presence in the early majority portion of the TALC by increasing total 7 Series SAM to 15,000 units in 2017

Marketing Strategy:

- The BMW company has adopted a marketing strategy that chooses to sell their product to those customers who have high standards for quality and luxury.

Introduction

The purpose of this marketing plan is to provide the analysis and guidance required for the BMW 7 Series product line to establish a strong beachhead in the mainstream large luxury vehicle market from which it can grow sales in a shrinking TAM environment. This intention of the plan is to define the current market, identify the growth potential, evaluate the competitive environment, and to establish marketing objectives and goals that are aligned with the company mission statement. Based on these goals, target markets will be identified to which the proposed marketing mix will be applied. An implementation and control strategy will be outlined to evaluate the progress and success of the plan in achieving the marketing objectives and goals.

Company Analysis

BMW, which stands for Bayerische Motoren Werke, is a German luxury vehicle manufacturer founded in 1916. This German-based company is one of the world's most renowned brands, known for its high-quality material, craftsmanship and beautifully designed cars. BMW is the world's most successful car and motorcycle manufacturer with 124,729 employees as of 2017. It opened its first U.S. automobile manufacturing plant in the latter half of the 1990s and has expanded its brand empire to include Mini and Rolls-Royce. In addition, since more customers are looking for hybrid and dual-fuel cars, demand for the plug-in electric BMW i line is

increasing.

The automaker's famous advertising slogan describes each of its vehicle as "the ultimate driving machine", and it's not mere hyperbole. BMW Group has a long tradition of creating the automotive future and the BMW 7 Series proves that. The BMW 7 Series embodies everything that BMW stands for, and features a great deal of comfort, well-being and innovation. The BMW company has adopted a marketing strategy that chooses to sell their product to those customers who have high standards for quality and luxury. This strategy has proven successful as shown in Fig 1 below, which compares 2016 and 2017 annual sales revenue [10]. The table shows new sales

Automotive Segment	Q1- 2017	Q1- 2016	Change in %
Automotive Sales(units)	587,237	557,605	+5.3
Earnings before interest and tax (EBIT) (in million euros)	1,871	1,763	+6.1
EBIT margins (in %)	9.0	9.4	-0.4 pp
Net financial assets (million euros)	21,243	17,511	+21.3

Fig 1: Comparison of 2016 and 2017 BMW automotive revenue and profits

Volume, Revenues and Earnings records in first quarter 2017. As we can see in the table, margins have dropped slightly whereas sales, earnings and assets have increased substantially.

Figure 2 below shows a projection of annual sales volume growth from 2016 to 2021. We can see that except for Western Europe, annual sale of units is forecast to increase for North America.

Region ('000 units)	2016	2021	Chg.
World	8,184	9,519	16%
Rest of the World	629	789	25%
BRIKT*	457	642	40%
China (Mainland)	1,968	2,629	34%
Japan	240	252	5%
North America	1,914	2,270	19%
Western Europe	2,976	2,936	-1%

Fig 2: Worldwide sales volume projection from 2016 to 2021

In addition to its strong position in the automobile industry, BMW offers a successful range of financial and leasing services. The steadily increasing revenue stream provided by the financial services division is shown in Figure 3 below.

Profit before Tax (PBT) Financial Services
[in mn €]

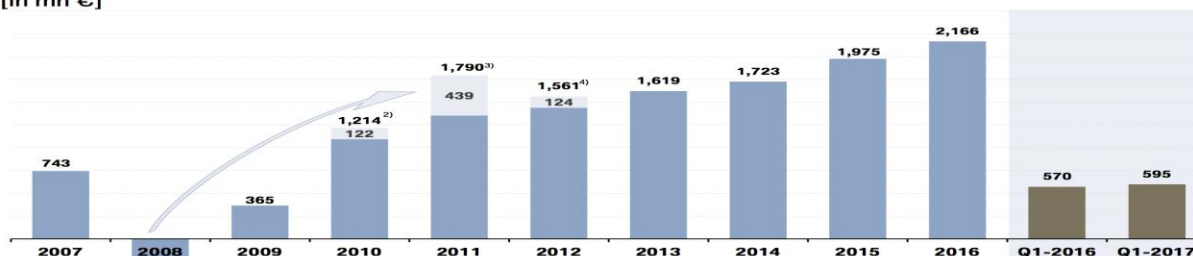


Fig.3: Before tax profit trend for the financial services division

Capabilities

The mission statement of BMW is to become the world's leading provider of premium products and premium services for individual mobility. Business capabilities of BMW are characterized by product differentiation and design. BMW is continuously upgrading its automotive vehicles, pacing the industry with unique innovations such as the display-key-controlled remote parking capability offered in the new BMW 7 series. Four strategic areas for BMW have been specified as "Growth", "Shaping the Future", "Profitability" and "Access to technology and customers". It must be noted that BMW's top challenge is to sustain its competitive advantage, since maintaining this edge depends on the ability of the company to introduce innovative products, features and capabilities on a regular manner. The fact that BMW received positive acclaim for superior after-the-sales customer service is greatly valued by customers.

Product Analysis

Technological progress is enabling many products to provide user friendly, comfortable and tech-savvy access to its usage. Similarly, these advancements are having a strong impact in the luxury vehicle arena, especially when it comes to BMW 7 series car. BMW 7 series strives to provide a feeling of exhilaration with its high technology features, comfort and performance while combining these into a luxurious experience for both drivers as well as the passengers.

The marketing plan focuses on four models from the BMW 7 series: the 740i Sedan, 740e xDrive iPerformance, 750i Sedan, and M760i xDrive Sedan. These models are differentiated along the dimensions of acceleration, horsepower, and price are shown in Figure 4 below.

Sedan Models	MPH	Horse Power	Starting Price
740i Sedan	5.4s	320 HP	\$83,100+
740e xDrive iPerformance	5.1s	322 HP	\$90,700+
750i Sedan	4.6s	445 HP	\$96,400+
M760i xDrive Sedan	3.6s	601 HP	\$156,700+

Fig.3: Comparison of key differentiators among four 7 Series models

The complete breakdown of the product and its general functionality is provided in Appendix 1A.

HIGH LEVEL FEATURES:

Through its radical engineering system, the BMW 7 series drivetrain is providing a high overall performance level which has become a threat to coupes. It's revolutionary lightweight Carbon core helps generate a lower center of gravity to help improve its agility. The iPerformance feature of this model earns an estimated 112 MPGe, while the M performance model boasts a 601-hp Twinpower Turbo V12 engine. The users can precondition the cabin in the iPerformance model which gives a feel of control and luxury whenever the car is ready to be used [1].

The feature which separates BMW 7 series from other luxury vehicles is its intuitive intelligence technology. The 7 series consists of the iDrive 6.0 system, which boasts gesture control and touch sensitivity to navigate the system by waving and pointing at on different options such as media, navigation etc. [2] The entertainment functions can be used and adjusted directly from the touch command tablet.



The finest feature of this car is represented in its ability to remotely park with the display key. The remote-control parking function allows the driver to get out of the vehicle before parking it via its remote control, which helps in moving it forward or reversing out of a tight parking space or garage. This feature is controlled and monitor by a Park Distance Control (PDC), the parking assistant and the surrounded view sensors features.

One unique exterior feature of the BMW 7 series is the BMW Laser light. The Laser light illuminates up to a range of 600 meters which is twice as far as conventional headlights. The Laser light feature helps improves safety and nighttime visibility. The equipment also includes LED low beam and high beam headlights with a laser module. The BMW Laser light includes LED parking lights, LED daytime running lights, LED indicators, LED cornering lights, Adaptive headlights and BMW selective beam.



In terms of the well-being and comfort of the driver and passengers, the Executive Lounge, Ambient light design, and Bowers and Wilkins speakers help provide a first-class luxurious experience. The Executive Lounge design in the 7 series provides an ample amount of space for



the front and back seats with a wide range of adjustment options, an optional massage function, and a footrest for a comfortable resting position, along with a folding table to provide a place of retreat. The Ambient Light Design in the BMW 7 series gives a modern lounge interior experience with the Panorama glass roof Sky Lounge. Finally, to add a cherry on top, the BMW 7 series provides the Bowers and Wilkins Diamond surround sound system which provides an excellent studio quality sound in the

vehicle. The positioning of the speakers guarantees the drivers and passengers to enjoy the best possible sound regardless of their seat positions. The vehicle consists of sixteen speakers with an output of 1,400 watts which provides a theatrical experience [3].

Overall, the BMW 7 series has displayed a typical BMW design in its most elegant form with its high-class style in its exterior and interior display with advanced technological features and facilities making it an unforgettable experience.

Market Definition, Potential and Demand

This part of the report discusses the market size and demand for the BMW 7-Series in the United States. It's clear that from the statistics of the previous years, BMW 7-Series has a good market in the U.S. Because many sources have overlapping definitions of large luxury cars and midsize luxury cars we include a clear definition of our large luxury cars segment as follows.

Luxury car definition:

The Luxury Cars Market segment includes passenger cars of an average footprint around 5m² (54 ft²), an average mass around 2200 kg (4850 lbs.) and a passenger/cargo volume larger than 3.4 m³ (120 ft³). Models of this market are also characterized by their high price. There are numerous companies that produce exclusively for this market [4].

- European Car Segment: F (Luxury Cars)
- US Car Segment: Large Cars

Models in this market are also described as Full-size Luxury Cars and High-end Luxury Cars. Example models in this market are Audi A8, BMW 7 Series and Mercedes-Benz S-Class.

Current situation assessment:

Large luxury vehicle sales are expected to slow after a record-breaking year in 2016. Tesla has crushed the competition in the large luxury car market for the third year in role, as shown in Figure 4 below [5]. Although Tesla entered the market three years ago, it has become the market leader

by achieving the most sales in the US in 2016, with 28% for Tesla Model S as shown in Figure 5 [6]. The second top sales were achieved by Mercedes-Benz S-Class at 18%. The third position was for BMW 7-Series with 12%. Experience indicates that it is tough to make significant money if you are number three or lower in market share [7].

Large luxury cars sales in the USA			
Model	2014	2015	2016
Tesla Model S	18,480	26,566	29,156
Mercedes-Benz S-Class	25,276	21,934	18,803
BMW 7-Series	9,744	9,292	12,918
Audi A8	5,904	4,990	4,149
BMW 6-Series	8,647	8,146	3,947
Others	18,628	15,969	31,779
Total	86,897	86,897	100,752

Fig. 4: Luxury Cars Sales in the US. Source EV Obsession.

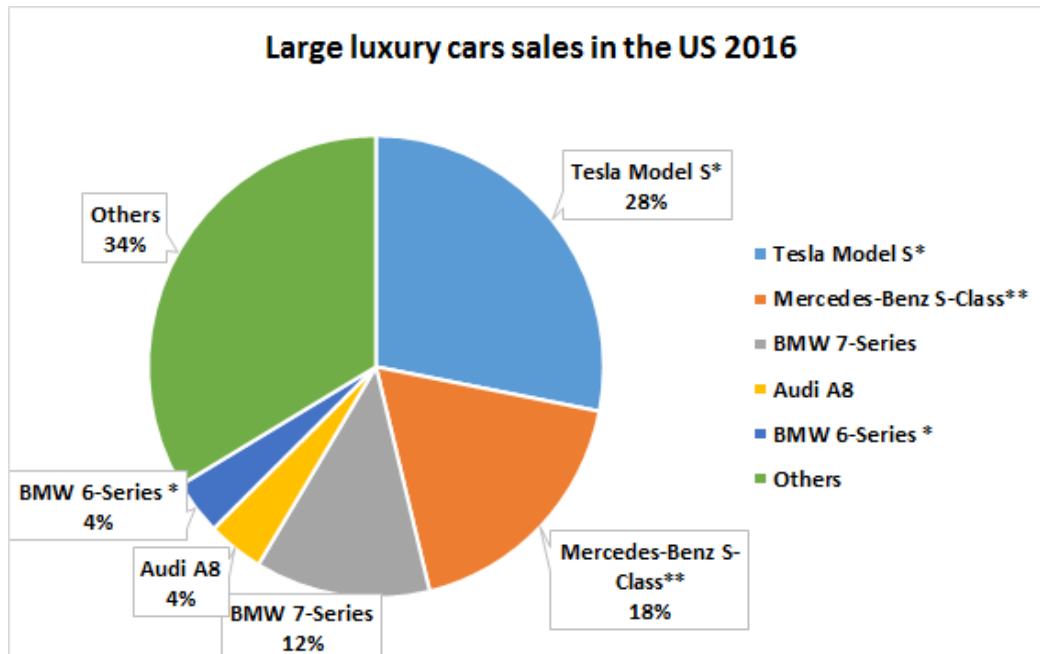


Figure 5: Large luxury cars sales percentages in the US in 2016.

Market size and growth:

Market size is one of the several factors that determine whether the company can make money in a specific market or not. According to Figure 4 above, the total number of large luxury cars sold in 2016 years was about 100k. As shown in Figure 6 [8], the sales growth of the compact luxury SUVs and large luxury SUVs are projected to be 23% and 21% respectively. This increase of the mentioned luxury cars had affected the projection of the large luxury cars market segment, which is expected to show a volume decrease of 13% in 2017.

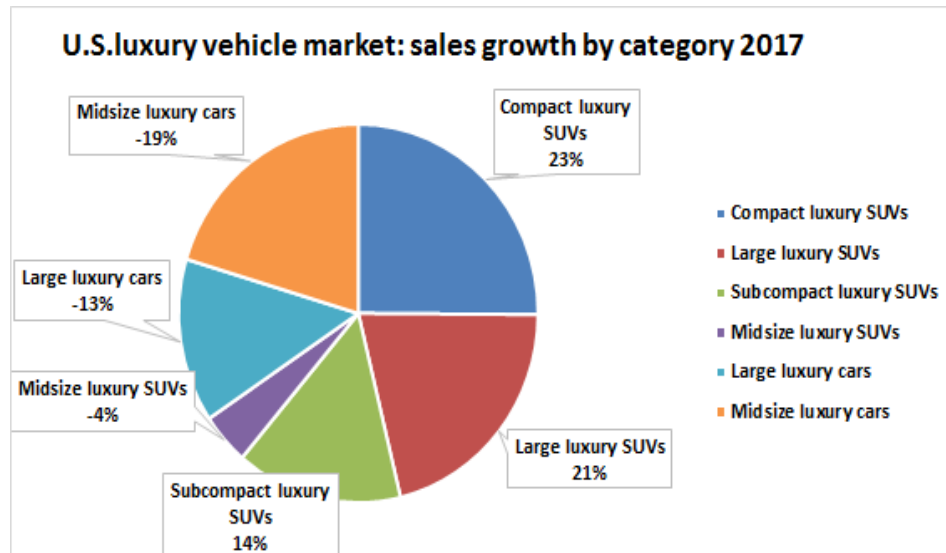


Fig. 6: U.S. luxury vehicle market sales growth by category 2017.

Total Achievable Market:

The total available market is the expected total of all unit sales of all competing products. As mentioned above the large luxury cars sales is expected to decrease by 13% in 2017. That means the total number of sales will be less than 100k compared with sales in 2016. We calculate the total available market by subtract 13% of 100 k, so the expected sales for the large luxury cars will be 87k cars in the U.S. in 2017 with revenue of \$7.2 billion.

Total Achievable Market = \$7.2 B (87k car)

Serviceable Available Market:

The served available market is the company's portion of the expected sales in 2017. According to the first quarter of 2017, BMW 7-Series sales are projected to be slightly lower than 2016 with a 2% drop as shown in Figure 7 [9]. Despite this small decrease in 2017 sales to date, due to the significantly reduced TAM we still expect that BMW 7-Series will have a 14% market share in 2017 by selling 8,700 cars with revenue of \$722 million.

Serviceable Available Market = \$722 M (8,700 cars)

BMW 7-Series U.S. Sales of first quarter			
Month	2015	2016	2017
January	637	847	545
February	572	616	623
March	732	850	935
April	1507	872	994

Fig. 7: BMW 7-Series U.S. Sales of first quarter 2017.

Competitor Analysis

The BMW 7 series competes in the ~ \$100k segment of the full-size luxury sedan class. The 7 Series has three big competitors in this segment: Mercedes Benz S class, Audi A8 and Tesla Model S.

Figure 8 below provides a comparison of vehicle dimensions and mileage ratings [10]. BMW 7 series has greater rear-legroom space than its competitors. Tesla Model S is smaller in length and has lesser rear-legroom and hence falls under the midsize luxury car segment. Even though Tesla Model S is technically a competitor to the BMW 5 series, we also consider it a competitor for the 7 series since sales of Tesla Model S is higher than all the cars listed in the table and it offers some good features and technology. Tesla is disrupting the large luxury car market. Also, note that Tesla Model S is fully autonomous whereas the other cars are semi-autonomous.

Cars	Length in Inches	Rear-legroom in Inches	Trunk Space in cubic ft.	Mileage
BMW 7 Series	206.6	44.4	18.2	21 mpg
Mercedes-Benz S class	205-206.5	43	16.3	18 mpg
Audi A8	207.4	42.9	14.2	19 mpg
Tesla Model S	196	35.4	26.3	300-400 miles per full charge

Fig. 8: Comparison of competitor vehicle dimensions and MPG ratings.

From the sales point of view Tesla Model S is leading the pack, followed by Mercedes-Benz S class, BMW 7 series and, lastly, Audi A8. The basic model of Tesla Model S starts from

\$69,000, whereas the BMW 7 Series start from \$83,500.

Comparing BMW 7 Series with its competitors:

These four share many of the same attributes — adaptive cruise control, front collision warning, head-up displays, all-wheel drive, adaptive air suspensions, back and side sunshades, collision prevention assist, parking assistance, lane changing assistance, touch screen infotainment system etc. The table in Figure 9 is a list of pros and cons of the competitors.

BMW 7 Series	Mercedes-Benz S Class	Audi A8	Tesla Model S
<u>Selling points:</u> <ol style="list-style-type: none"> 1) Display Key fob 2) Rear Executive Seating 3) Gesture Control 4) Trunk and rear-legroom space 	<u>Selling points:</u> <ol style="list-style-type: none"> 1) Front Interiors and Exterior looks 2) Performance and handling 	<u>Selling points:</u> <ol style="list-style-type: none"> 1) Night Vision assistance 2) 360-degree parking view/assistance 3) Diesel Engine 	<u>Selling points:</u> <ol style="list-style-type: none"> 1) Fully electric 2) Fully autonomous 3) Autopilot 4) Air filter unit 5) Falcon wing doors
<u>Cons:</u> <ol style="list-style-type: none"> 1) High Maintenance cost 2) Drive, handling and performance not as good as S class 	<u>Cons:</u> <ol style="list-style-type: none"> 1) Expensive 2) Bad leather quality near the dash board 	<u>Cons:</u> <ol style="list-style-type: none"> 1) Undersized trunk 2) Outdated infotainment system 3) Need an upgrade as soon as possible 	<u>Cons:</u> <ol style="list-style-type: none"> 1) Options get pricey 2) Not luxurious as the other three cars 3) The Model S can only muster a maximum driving range of 316 miles.

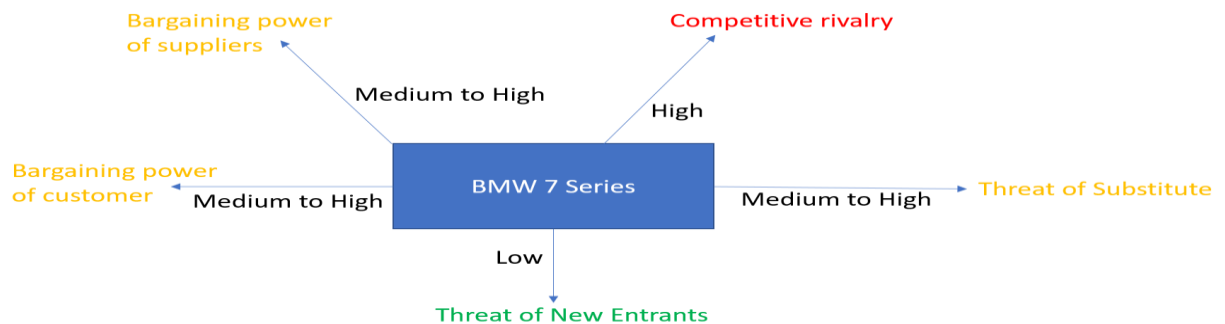
Fig. 9: Pros and cons of the main competitors

There is a fierce competition between BMW 7 Series, Mercedes-Benz S Class and Tesla Model S. From table in Figure 10 we can clearly see that the Tesla Model S wins the battle on most of the criteria and there is not much of a difference between the 7 Series and the S Class. The Audi A8 has not been updated for a long time and the features of this car are outdated and the sales of this car lag the competition. The Audi A8 is set to launch its updated model by the end of 2017 which could be a threat to the 7 series.

Category	BMW 7 Series	Mercedes-Benz S Class	Audi A8	Tesla Model S
Performance	8.5	9	8	9
Economy	9.5	8.5	9	10
Cabin Space and Comfort	10	9.5	8.5	9
Technology, connectivity and features	9.5	9	8.5	10
Ride and Handling	9.5	10	9.5	9.5
Price	9.5	9	8.5	9
Environment friendly	9.5	9.5	8.5	10

Figure 10: [11, 12, 13 & 14]

Porter's Five Forces:



Threat of new entrants:

The threat of a new entrant is very low in the full-size luxury car segment as it requires a lot of capital and faces entry barriers since the cost incurred to set up a manufacturing plant is very high and it requires a lot of knowledge for new, innovative designs.

Threat of substitutes:

The threat of substitutes is medium to high as people could divert their interest to fully electric cars or even mid-size autonomous cars which would be more economical.

Bargaining power of buyers:

Bargaining power of customer is medium to high. BMW 7 Series and its competitors are in an exclusive product range. Since the buyers can choose the product according to the desired price range, this implies that the bargaining power of buyers is high. Furthermore, with environmental and emissions issues hovering over the industry, the buyers have the last say with substitutes available.

Bargaining power of suppliers:

BMW has a good supply chain management system and a long relationship with its suppliers. The bargaining power of suppliers is high in this industry as the suppliers can dictate the price tag for the raw materials. There are reports of Tesla pressuring some suppliers not to work with BMW or Daimler, due to their huge bargaining power [15]. Grohmann Engineering was recently bought by Tesla, this April, and is reportedly not going to supply BMW moving forward. It is possible that this is part of a larger strategic move by Tesla to dominate the cost battle.

Competitive rivalry:

The 7 series has a lot competition from Tesla Model S and Mercedes-Benz S Class. The Audi A8 updated version launch later in the third quarter of 2017 could be a major threat. It is very important for BMW to keep updating the 7 series and pay attention to its R&D to stay in the race.

Conclusion:

Between Audi A8 and BMW 7 Series, the winner is BMW 7 series. Between Mercedes-Benz S Class and BMW 7 Series it is a very tough competition. The S Class has better performance, ride and handling but the 7 Series has better technology, comfort, luxury and is less expensive than the S Class. It depends on the buyers taste to pick between the two. Between the Tesla Model S and the 7 Series, Tesla Model S is a better car than the 7 series with respect to technology, features and economy but the 7 series is more comfortable and luxurious. There is serious competition between BMW 7 series, Mercedes-Benz S Class and Tesla Model S. Audi A8's updated model will be a threat by the end of 2017.

SWOT Analysis

Strengths:

The biggest strengths of the BMW 7 series can be found within the technological advantages that it has over the competition. As we discussed earlier, the Display Key FOB is an exciting feature that separates the 7 series from the competitors; not even Tesla has a feature for the car to park itself with the driver standing outside of the vehicle. Another big technological feature that isn't found in other competitors is the gesture control. Gesture control lets you control everything on the dashboard without having to touch it, which allows for some very futuristic advertising; think of the movie *Minority Report*, where Colin Farrell is using gesture control to analyze a future crime scene.

Another strength we can utilize to our advantage is drivability. For example, when compared to Tesla Model S, the BMW 7 Series can drive much longer distances without needing to be charged. Furthermore, the BMW 7 Series stock gets better gas mileage compared to Audi A8 and Mercedes Benz S class. 7 Series gets 23 City /31 Highway MPG, compared to the 17 City/ 26 Highway and 19 City/ 29 Highway for the S class and A8 respectively; these are not trivial differences and can be leveraged in marketing campaigns [16].

Along the same lines of drivability, the BMW 7 Series has the best comfort amenities of all the competitors, especially in the back seats. The backseat experience is truly world class, with reclining seatbacks, footrests, personal 10.2” TVs dashboards for each passenger, and an LED sky roof that has the option to fragrance the area. Tesla Model S and Audi A8 can’t compete with these features at all, while Mercedes Benz S class is still found wanting. These small advantages of luxury and drivability can be leveraged in marketing campaigns based around driving experience and road trips.

Weaknesses:

The biggest weakness of the BMW 7 Series is the performance per cost. Generally speaking the stock BMW 7 Series has measurably slower zero to sixty times than the competition. According to Car and Driver, the stock models of the cars in question is as follows: Tesla Model S 0-60 in 2.5 seconds, BMW 7 Series 0-60 in 4.8 seconds, Audi A8 0-60 in 3.9 seconds, and finally Mercedes Benz S class goes from 0-60 in 4.4 secs [17]. While BMW 7 Series has models that can compete with the other cars on 0-60 times, such as the m760i with a V-12 engine that can ramp up from 0-60 in 3.6 seconds [18]. The problem is the accompanying price tag is almost twice the cost of a stock model, starting from \$156,495. However, this is not as bad as it seems, as it is still the cheapest new V-12 car that you can buy.

There are other weaknesses that the BMW 7 Series has when compared to all the competition. For example, as we reviewed earlier, it has less autonomous driving features than the Tesla Model S. It also suffers from having less market penetration than the Mercedes Benz S class and Tesla Model S, as the latter appears to be disrupting the luxury car market and the former being the established market leader to date.

Opportunities

The biggest opportunity the BMW 7 Series has is timing the release of the newest model. Since the 7-series released its newest model in 2016, the new Audi A8 isn’t due to release until later this year, and the new Mercedes Benz isn’t due to release until 2018. This is a great opportunity to aggressively market the competitive advantages the BMW 7 Series has compared to the dated models of the competitors.

Another opportunity is to build the brand image around customer service, which falls in line with the luxurious feel of the BMW 7 Series compared to the dated Audi and Mercedes models and the Tesla. If you know your window is small, you can start anticipating for your model to be the outdated one and start focusing on something that can’t ever get outdated which is service. By establishing a brand that excels in service, you will build brand loyalty that will encourage your

customers to buy future models that can compete with the impending refreshes of the other car manufacturers.

Threats:

The biggest threat for the BMW 7 Series is the new models from competitors. The Audi A8, which is supposed to be released in the third quarter of 2017, is going to have a lot more technology features than the BMW 7 Series. In particular, the refreshed model is supposed to be capable of level 3 autonomous driving, which rivals Tesla Model S [19]. Similarly, the Mercedes S class is getting a refresh in 2018 which will be capable of level 4 automation, and maybe some level 3 automation features [20].

Another threat is Tesla Model S disrupting the luxury car market, with its smaller build. As we discussed earlier, strictly speaking, the Tesla Model S is in a different category when compared to the A8, 7 series and S class. However, there is the threat of that market segment starting to die off because those customers want the Tesla Model S instead. Even if the market segment flourishes, Tesla could make another larger, more luxurious model that would directly compete in our market segment and be a very big threat due to the popularity that Tesla has right now.

Lastly, there is a threat of Tesla acquiring suppliers that may increase costs for BMW 7 series and other models in the future. There are reports of Tesla pressuring some suppliers not to work with BMW or Daimler, due to their huge bargaining power [21]. Grohmann Engineering was recently bought by Tesla, this April, and is speculated not to supply BMW moving forward. It is possible that this is part of a larger strategic move by Tesla to dominate the cost battle. Although, since Tesla isn't profitable yet, this could also just be a tactic to get closer to profitability.

Marketing Objectives and Goals

BMW 7 Series sales in 2016, the 1st year the new 6th generation 7 Series product line was released, were 12,918 units. This sales figure is a significant increase over 2015 sales, which was 9,298 units, but not enough to catch up to Mercedes S Class and Tesla sales and not consistent with the company mission statement to become the leading provider of premium products and services. Given that the Audi A8 and the Mercedes Benz S Class will release updated versions of their product lines in 2018, respectively, there is only a 1-2-year window to translate the competitive advantage provided by all the leading-edge technology the 7 Series must offer into a strong increase in market share. These 1st year buyers represent the Early Adopter portion of the Technology Adoption Life Cycle (TALC) for the BMW 7 Series, which is expected to last for seven years. As shown in Figure 11 below, the key goal of this marketing plan is to successfully cross the chasm and establish a strong beachhead presence in the early majority portion of the

TALC by increasing total 7 Series SAM to 15,000 units in 2017.

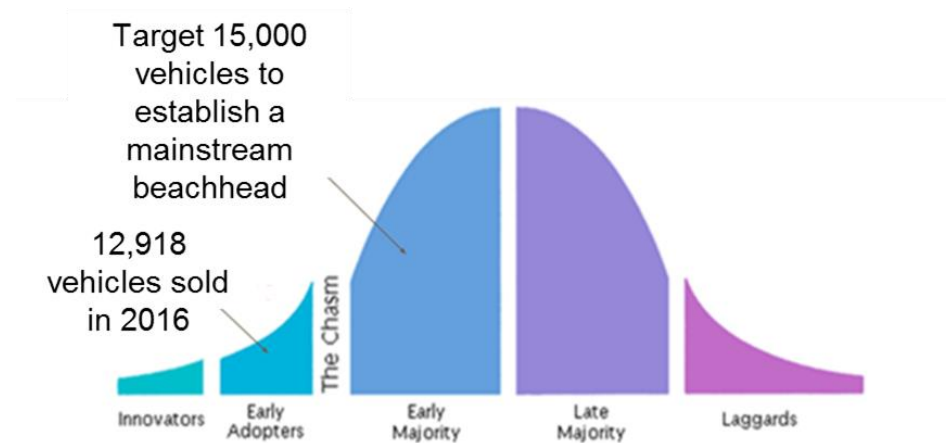


Figure 11: Technology Adoption Life Cycle (TALC) for the BMW 7 Series

Based on our estimate of the large luxury vehicle TAM decreasing to 86,000 in 2017, this 15,000-unit target SAM represents a target market share of 17%. To establish the basis for further growth, we must position the new models we are releasing in 2017, the M760i and the 740e hybrid, in adjacent market segments and achieve robust 1st-year sales. By establishing a diverse customer base in multiple mainstream market segments, we will be able to create and ride a tornado of growth that will enable us to achieve our mission of becoming the market leader. The table in Figure 12 below summarizes the marketing goals and objectives for 2017.

<u><i>Mission Statement</i></u>	
Become the leading provider of premium products and services	
2017 Objectives	Increase SAM to 15,000 units
	Increase market share to 17%, regardless of TAM
	Achieve M760i sales of > 1,000 units
	Achieve 740e sales of > 3,000 units

Figure 12: 2017 marketing goals and objectives for the BMW 7 Series

Segmentation, Targeting and Positioning

Traditional 7 Series Demographic

BMW manufactures high-performance, luxury vehicles whose owners value them for the status and prestige they confer. The ultimate driving experience that BMW provides comes with a relatively high price tag. For example, as the flagship of the BMW line, the BMW 7 Series starts at a price of \$81,500 and can rise to \$157,000 depending on the desired trim level. These price

points can only be afforded by people who have attained a certain level of success in their careers. Typical 7 Series customers belong to the upper middle class, with income levels between \$100,00 - \$350,000. They are often in their 50's since it takes a fair amount of time to acquire the education and work experience required to achieve this type of salary level. By this age, many successful, driven professionals are looking to reward themselves after years of striving, and to let others know that they have arrived. The general demographic segmentation of this high-end market is shown in the table shown in Figure 13 below [22].

General BMW Customer Demographics		
Dimension	Target	Justification
Geography	North America and Europe	Developed economies that can support a large number of high-paying jobs
Financial status	Upper middle class (\$100,000 - \$350,000)	These are the people that can afford the car
Age	30-50 yrs old	Have achieved some success monetarily and are looking to build their image

Figure 13: The demographic requirements for the BMW market.

Broadening the Marketing Reach: Extended Segmentation

In the Automotive Consumer Dynamics report, a 2008 comprehensive study of the US automobile market [23], the market intelligence company Acxiom used sophisticated modeling and analyses of consumer data from over 50 million vehicle purchases to profile 124 million US households into 10 automotive consumer groups. While the data is a little dated, it nonetheless provides valuable information on the relative sizes of the consumer groups that are likely to purchase a luxury vehicle. The table in Figure 14 below summarizes the profiling results of this study. The groups are defined by the number of households, the vehicle they are most likely to purchase, and their dominant characteristics. Of the 10 automotive consumer groups identified, 5 of these were characterized as upper middle class and represented 39% of all US households (HH). The two groups that are shaded blue, Upper Rung Country and Rich and Retired, encompass the classic BMW 7 Series demographic described above. This has been the beachhead market for the 7 Series once the early adopters are exhausted. Since these two groups only represent 27% of upper middle class HH's, widespread, mainstream adoption of the 7 Series requires us to identify and target suitable adjacent upper middle-class segments. The yellow shaded group, Married with Children, is not a likely target market for the 7 Series since this group will have high demands on their disposable income due to the financial obligations of raising children and the purchase and upkeep of starter homes. The two green shaded groups, Upper Ring City and The Single Life, represent 7 Series marketing opportunities in groups that are inclined to purchase high-performance vehicles. They represent an additional 53% of upper middle class HH's and, as such, represent a potentially lucrative target for mainstream market share growth. The remaining groups are shaded red in the table to indicate they do not have the income level required to purchase the 7 Series.

Group #	Automotive Consumer Group	High Propensity Vehicles	Group Characteristics	Consumer HH (millions)	% of Upper Middle Class HH
1	Upper Rung City	European, Japanese, Luxury, SUV, Sports	Mostly single, city, wealthy	11.5	24
2	Upper Rung Country	European, Japanese, Luxury, SUV, Sports	Mostly married, suburbs and towns, wealthy	5.8	12
3	Rich and Retired	Mixed Origin, Luxury Car	Married, upper-middle to affluent	7.2	15
4	Married with Children	Mixed Origin, Minivan	Married, young kids, upper mid income	14.1	29
5	The Single Life	European, Japanese, Sports Car	Single, no kids, upper-middle income	9.4	20
6	Urban Marrieds	Mixed Origin, Mixed Vehicle Type	Mostly married, young, mid income	8.9	n/a
7	Working for a Living	Japanese or Korean, Sports Car	Mostly single, middle income	8.2	n/a
8	Wide Open Spaces	Domestic, Full-size Pickup	Rural, lower income, young kids	18.9	n/a
9	Unattached Urbans	Korean, Mixed Vehicle type	Single, lower-to-middle income, mostly city	23.4	n/a
10	Singles on a Shoestring	Korean Car	Single, no kids, lower income	12.7	n/a

Fig. 14: Results of the Automotive Consumer Dynamics Report with beachhead target market groups shaded blue. Adjacent upper middle-class groups suitable for mainstream market expansion are shaded green.

Personas for the Mainstream Market

According to a recent Tesla company report [24], volume sales of large luxury vehicles in the US for 2016 were 100,752. If we assume, based on their high propensity to buy luxury cars, that groups 2 and 3 in the Acxiom table above represent the large luxury vehicle car market for 2016, then the traditional beachhead target market groups, Upper Rung Country and Rich and Retired, account for only 53% of the total large luxury vehicle market. This translates to only 53,000 potential buyers. By identifying target personas in the Upper Rung City and The Single Life consumer groups, the mainstream market reach can be increased to 139% of the 2015 luxury car market, or 127,000 upper middle class households.

The two consumer groups identified above as attractive adjacent markets for the 7 Series represent over 21 million US households. Clearly not all these consumers are in the market for a BMW 7 Series luxury sedan. A finer brush is needed to clarify these additional target markets. We can use insights gleaned from a study done for European luxury car manufacturers in the late 1990's by SIGMA, a German research firm that specializes in identifying shifts in consumer tastes [25] by going beyond standard demographic profiling. They use extensive consumer interviews, coupled with visits to their home and workplace, to build a picture of the mindset of the consumer. They found that the luxury car market was headed for an expansion. BMW's traditional base of hard-core, yuppie enthusiasts, a group SIGMA called "social climbers", was becoming passé. As the yuppies declined, SIGMA foresaw that other groups with new upscale mindsets would increase in number. We can use the interpretation of these changing mindsets as a basis to develop personas for expanded target markets [26].



Persona 1 – Upper Conservatives

Wealthy, traditional thinkers

Never were interested in driving sporty cars

Consider luxury and comfort over driving performance

Strive for elegance and sophistication

Would purchase S Class Mercedes and Jaguar

This persona is characteristic of the traditional BMW 7 Series target market. The emerging preference for luxury over performance signals a need to address this in the marketing plan.



Persona 2 – Post Moderns

High-earning innovators (architects, entrepreneurs, artists)

Highly individualistic

Open towards head-turners (convertibles and roadsters)

This persona aligns well with the Acxiom study Upper Rung City consumer group. To make inroads into this segment, the marketing plan should position the M760i, with its combination of very high-performance and state-of-the-art technology, as the epitome of a unique driving experience.



Persona 3 – Upper Liberals
Socially conscious

Open-minded professionals

Often with families

Were successful in the 90's

Driving Volvo, SAAB and SUV

This persona represents a subset of the Single Life consumer group. This is fertile ground for the disruptive threat of Tesla, so it is imperative for growth the marketing plan addresses this segment. The plan should position the eco-friendly 740e hybrid as a green, safe yet exhilarating alternative to the mid-size luxury or crossover vehicles this segment typically supports.

Positioning

The positioning strategy needs to create an image or identity of the BMW 7 Series in the minds of each of the target personas that resonates with their respective value drivers. This image must serve to differentiate the 7 Series from the image held by each persona of the competitor offerings. To match product benefits to persona values, a table of customer values is presented in Figure 15 below.

Persona	Key Values
Upper Conservatives	Luxury; comfort; elegance; sophistication
Post Moderns	Style; superiority; performance, technology
Upper Liberals	Environmentally friendly; safety; clean and modern look, efficient

Fig. 15: Key customer values for the three target market personas.

The current perception of the brand held by the customer is critical to understand to match the product value drivers to the benefits sought by each target market. Since this perception is always held relative to the competitor offerings, tools such as perceptual mapping can be used to help determine how to position the product and create the appropriate value propositions.

Upper Conservatives Positioning

Position Map 1 in Appendix A1 compares the BMW 7 Series to the top two competitors in the Upper Conservative market segment, the Mercedes S Class and Audi A8, along the two key

expected benefits for this segment: luxury and performance. The 7 Series is perceived as the best of all the luxury cars along the performance dimension [27]. Along the luxury dimension, the S Class is perceived as superior to the 7 Series. Figure 16 below shows the positioning strategy for the 740i and 750i in the Upper Conservatives market segment. To gain market share in this group, the marketing plan must emphasize all the new features in the 6th gen that enhance luxury and comfort, such as the Rear Executive Lounge Seating Package and the Vitality Program.



Fig. 16: Positioning the 740i and 750i as the leader in luxury and comfort.

Post Moderns Positioning

For Post Moderns, in addition to performance and technology, where it was just shown the 7 Series is perceived well, a sense of style and superiority are strong values. Position Map 2 in Appendix A1 compares the 7 Series to the S Class and Audi A8 along the dimensions of looks and status [28]. The 7 Series leads the competition in looks, but lags the S Class in consumers' perception of status. This is a competitive advantage for the S Class in this segment since this driven, innovative consumer values the recognition of his status as a self-made leader and a high-achiever. The marketing plan must create the imagery of the 7 Series as an iconic status symbol of power and strength, with a long reputation of exceptional performance. As shown in Figure 17 below, by targeting this segment with the high-performance M760i, with its AWD twin-turbo V12 drivetrain M performance package, BMW can position the 7 Series as empowering to Post Moderns and an extension of their competitive natures. Whereas the S Class status is based on a perception of wealth and past laurels, the M760i will imbue the Post Moderns with a sense of superiority through an electrifying feeling of heightened potential and total adventure.



Fig. 17: Highlighting innovative materials and M Performance to position the M760i among Post Moderns.

Upper Liberals Positioning

Upper Liberals are a consumer group that hasn't been a typical target market for the 7 Series in the past. With the high value, they place on being environmentally friendly, and their willingness to buy lower priced vehicles, the Tesla Model S is a strong competitor in this segment. As we saw in the previous positioning map, BMW is perceived well for looks, an important attribute for this consumer group that values a clean and modern design. The real fight will be centered on how Upper Liberals perceive the 7 Series as being a green alternative. Position Map 3 in Appendix 1A, which compares the top three large luxury vehicles with Tesla along the dimensions of luxuriousness and environmental friendliness, clearly shows that Tesla is essentially synonymous with being eco-friendly [29]. BMW has some work to do to close this large gap. The marketing plan must target this group with the 740e hybrid, which gets 112 MPGe and has a Night Vision headlight system that uses infrared cameras to spot objects on the road at night, such as deer, far in the distance, giving the driver plenty of time to respond, as a clean-looking, efficient choice with green aspirations and an outstanding safety record. This strategy is depicted in Figure 18 below.



Fig. 18: Positioning the 740e hybrid's sustainability and safety among Upper liberals.

Marketing Strategy

For the marketing plan to achieve its growth goals, the various marketing tactics must be aligned with the newly defined target segments. While continuing to reinforce the excellence and innovation the BMW brand stands for, efforts must be made to “green” the brand to capture critical market share with Upper Liberals. Promotional spots partnered with key conservation and environmental groups will be emphasized. Pricing will continue to be value based for the base model and the M760i, but cross-price elasticity models must be developed to determine the optimal price decrease required for 740e hybrid sales to cut into Tesla demand. In an age where instant gratification is often expected, our distribution network will be enhanced with the implementation of state-of-the-art order-to-delivery (OtD) and Proflex distribution management systems. These processes will be coupled to an integrated Web-based purchasing portal that will allow customers to customize the details of their purchase. The tactics described above will be communicated both broadly, with celebrity endorsements and digital shorts produced by BMW Films, and in a segment-specific way, with heavy use of targeted E-Marketing tactics. A significant investment will be made in identifying appropriate sub-segments of our target markets for personalized marketing, such as Silicon Valley venture capitalists or NPR subscribers who contribute generously. A significant ROI on the marketing investment will be realized only if the new models being released in 2017 are effectively positioned among the Post

Moderns and Upper Liberals by the marketing mix.

Product and Brand Management

As every person is unique, so are brands since they represent a customer's ethics and values. Everything about the brand is designed to transform customer's dreams into reality, today and in the future. Product and brand are interrelated. But brands are much bigger than the product as brands are something that are bought by the customer, whereas the product is something which is manufactured by the company. So, every firm must be constantly in touch with the consumers of their brands to know about their views and needs which are changing overtime. When it comes to BMW, its brand represents sustained excellence and innovation. If BMW is to fight back the market erosion of Tesla, it will need to add another dimension to its brand value: fostering sustainability and championing the environment.

Many companies are fighting for the same customers in the competitive luxury car market. BMW has a strategy of introducing a new model for each of its series every six years. But as the competition is fierce, it is very difficult to maintain the loyalty of the customers. There are basically three types of customers for BMW 7 Series [6]. Upper conservatives and postmodern people are elegant and wealthy people, so to maintain their loyalty BMW should spend more money in ads that should be printed in Tech magazines and small movies which should be shown in first class flights [5]. For upper liberals, to increase their interest along with ads and short films, one of the keys is to turn the brand green, with promotional spots on NPR, the Sierra Club, and sponsoring beach cleanup days. This will increase the perception of BMW as being socially responsible and generate interest in the product. Total estimated cost for ads, short movies and green initiatives will cost approximately \$4 million.

Pricing Management

In general, BMW 7 Series follows a value pricing model, where superior technology and services allow the company to charge premium prices. BMW has a high-value brand name that creates a strong desire for customers to own BMW vehicles. Premium pricing re-enforces the perceived value and prestige of the brand. Moreover, BMW has high marketing costs due to the lavish marketing collateral that goes all out to create an emotional connection to the brand as it strives to excite potential buyers with its very cool technology, yet simultaneously immerse them in a 5-star luxury experience. These costs must be recouped by pushing the price up as much as possible to realize a sustainable gross margin. Discounting prices in this environment would undermine the status associated with this type of branding.

In addition to branding considerations, a price comparison of the base models of the major players in the large luxury car class shows that the 7 Series 740i price is comparable to the Audi A8, and less expensive than the Mercedes Benz S Class – its main competition (Fig 19). Since the S Class has higher market share than the 7 Series, and is significantly more expensive, we can conclude that pricing is not a relevant strategy in that battle. Likewise, as the Audi A8 continues to lose market share to the 7 Series, there is no pricing pressure from them either. In the battle for market share among these base models, we should adopt a strategy of increasing our marketing efforts to attack the perception of the S Class as the luxury leader. In the situation described above, we have room to increase our prices to fund this, in the full confidence that no

sales erosion to Audi will occur due to our overwhelmingly superior technology.

To achieve the goal of penetrating adjacent market segments, both upscale and downscale consumer groups are being targeted with the M760i and 740e, respectively. In the case of the M760i, its competition for those upscale customers in the Post-Moderns segment, such as the Mercedes-AG S63/S65 shown in the table below, are all priced higher than the 7 Series offering [30]. Again, price is not the key consideration when marketing to these wealthy consumers with very price-insensitive tastes. However, when we look at the low, \$69,000 price tag of the Tesla Model S compared to the \$96,600 740e we are positioning against it in the Upper Liberals segment, it is apparent that we need to adopt a more competitive pricing strategy to stanch the hemorrhaging of the large luxury vehicle class TAM to the smaller, less expensive Tesla Model S class. Although there is a federal tax credit of \$4,668 for 740e buyers to offset the higher hybrid cost, potential Tesla consumers would benefit from this program as well. One immediate step the marketing plan will take is to fund a cross-price elasticity study, where the effect of 740e price reductions on Tesla Model S demand is modeled and appropriate pricing determined. Since the 740e electric-only range is just 25-28 miles per charge, we won't be able to win over customers committed to an all-electric experience. Nonetheless, we can sway Upper Liberals who are inclined to participate in the large luxury car market from defecting with a lower price that reflects the diminished sustainability value relative to Tesla. The lower gross margin is a price we must pay to stabilize the TAM until product development can close the EV technology gap.

Base Models	Price	Segment
BMW 7 Series 740i	\$83,100	Upper Conservatives
Mercedes-Benz S Class	\$96,600	Upper Conservatives
AudiA8	\$82,500	Upper Conservatives
Tesla Model S	\$69,000	Upper Liberals
Derivative Models	Price	Segment
BMW 740e (hybrid)	\$90,700	Upper Liberals
BMW 7 Series M760i	\$156,700	Post Moderns
Mercedes-AG S63/S65	\$145,600 - \$248,800	Post Moderns

Fig 19: Price comparison between the BMW 7 Series and the competitors in our three target segments

Distribution Management

The BMW Group sales organization has a network of 342 BMW passenger car centers in the U.S. The national flagship sales center is a dealership located in Manhattan. BMW distribution strategy is to make more of the inventory that exists available to sell, reduce the dealer's floorplan cost, and reduce BMW's variable expenses. Partnerships between the dealers and BMW are based on financial incentives, marketing support, and corporate training. For instance, the dealers can get 8% average discount off the manufacturer's suggested retail price on a new BMW 7-Series. In addition, the BMW Group partially reimburses direct advertising expenses for the BMW brand at the point-of-sales to encourage the dealers to do all it can to push the BMW brand.

Because of the high competition with other carmakers, such as Mercedes-Benz and Audi, BMW has made significant changes to its central organization to manage its distribution channels and supply chain more efficiently. The distribution department has been reorganized according to the order-to-delivery (OtD) process, starting from ordering and parts supply through production and customer handover. In this structure, the distribution department now takes over all aspects of the distribution process from once a car comes off the assembly line all the way up to vehicle handover at dealers. In addition, BMW is working on a project called Pro-flex, which would, among other things, automate BMW's distribution according to certain customer priorities and transport schedules. Changing systems to account for such considerations is a big change, and the project aims to improve order flexibility across all OtD functions, including sales, program planning, and logistics.

In our market plan, we suggest that the BMW Group should enhance their Web-based purchasing systems to be integrated with new programs such as OtD and 'Pro-flex'. Since our three target segments are characterized by successful people whose achievements allow them to stand out in the crowd, this integrated system should make the distribution channels more flexible and allow them to customize their vehicle purchase by selecting among a high number of optional features.

Communications Management

BMW is committed to reaching its target audiences through excellent communications that employ various methods and practices to promote their latest models as well as to increase their brand value. Some of the tactics that BMW currently uses to realize these objectives and to achieve the goal of increased market share are mentioned below.

One of the methods which plays an integral part in BMW communication is its public relations department. Public relations use many communication channels such as press releases, annual reports, speeches, and seminars to maintain regular contact with all their organizational stakeholders.



Another method that can be applied either globally or to specific customer segments is communicating the marketing message through celebrity endorsement. BMW engages in this method by attracting celebrities that are respected by most the BMW target customer segment. Celebrity endorsements can be performed in relation to the BMW brand in general or through specific car models within BMW portfolio. Using this tactic offers increases

BMW's credibility level and enhances its appeal to the masses. Total cost estimate is \$5,000 - \$100,000+, depending on the celebrity and their influence.

A wide audience can be reached inexpensively by communicating through E-Marketing tactics. BMW uses the internet for online advertising, marketing public relations, promotions, direct marketing and improving its customer relationship. A cost-efficient way to reach specific target markets is through e-newsletters, e-magazines, and online broadcasts. The marketing plan should budget \$250,000 to create e-lists tailored to the 3 target segments. For instance, e-mails to a BMW-

sponsored Napa wine tasting could be sent to all Silicon Valley venture capitalist organizations to expose Post Moderns to the exhilaration of a BMW. Apart from that, since almost every type of customer is connected on social media sites, BMW communicates and connects through means such as Instagram, Facebook, Twitter and YouTube where they have millions of followers.

One last exceptional method is through BMW Films Campaigns. “BMW Films” communicates to customers through online short films on BMW website. To access the films, the customers’ needs to register, thus giving BMW an opportunity to reach them through their information provided during registration. The campaign is supported by TV ads, prints, billboards, and online advertising. Estimated cost is \$4 million per film. BMW’s goal is to release new films more frequently than once a year.



Implementation and Control

Budget

To make sure that we can cost effectively implement our strategic goals via tactics discussed in detail in our previous sections, we must establish a workable budget. We will be operating under the assumption that our goals are 90% achievable, as all goals must have a “stretch” element, which for us will be 10%. If we are to sell 1,800 additional units (90% of our goal), that will give us an additional cash flows of approximately \$18.3 million. Calculations are based under the assumption of 9% profit margin, and additional 600 units of M760i and 1200 units of 740e sold (assuming 3/1 740e to M760i distribution).

Model	Unit Sales	Stock Price	Gross Sales	Profit (9%)
M760i	600	\$ 157,000	\$ 94,200,000	\$ 8,478,000
740E	1200	\$ 91,000	\$ 109,200,000	\$ 9,828,000
Total				\$ 18,306,000

With an estimated cash flows of \$18.3 based on projected sales, we have established a ceiling of spending that protects us from not getting any return on investment for our marketing efforts. In other words, if we spend all 18.3 million on marketing then we effectively would increase our market share to 17% without making any more money, this is the worst-case proposition.

Our tactics section has a myriad of efforts that we take to be effective in reaching our targeted market segments, but to outline an implementation and control for all of them falls outside of the scope of this marketing plan. Below, we will explore our three most elaborate marketing tactics; the BMW films, web based purchasing system, and electronic marketing efforts. While the efforts outlined below will only consume about \$12.4 million of our cash flows, this leaves us in an enviable position of evaluating what is working and what isn’t, and spend resources to seek more effective marking methods with the remaining \$6+ million.

BMW Films Campaign.

BMW films campaign, that originally kicked off in 2010 has been revived in 2016 with a short film, The Escape, starring Clive Owen, John Bernthal, and Dakota Fanning. We plan to continue this campaign in 2017 with another short film.



The responsibilities for the “pre-production” phase is split between the producer, story developer, casting director and director. We anticipate the cost of pre-production to be \$3,200,000 and will take 5 weeks; running from WW25 to WW28. Most of the costs are for casting, as we want to cast premium talent, just as we have done in the past.

The responsibilities for the “production” phase is split between the production designer, sound designer and the cinematographer. We anticipate the cost of production to be \$350,000 and will run for 1 week; running WW29.

The responsibilities for the “post-production” phase is split between the film editor, sound editor, technical director, and marketing team for distribution. We anticipate the cost of post-production to be \$450,000 and the distribution costs will be absorbed by marketing department; running from WW30 to WW34 when the project will be finished. Overall, we anticipate the project to cost \$4,000,000 and to run for 9 weeks.

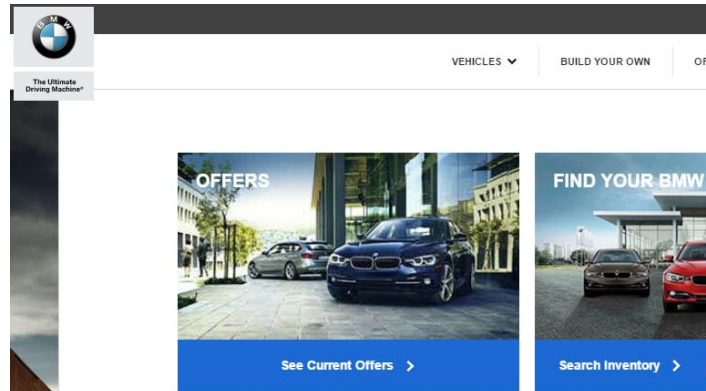
Phase	Segment Owner	Cost	Segment	Duration	Schedule									
					WW25	WW26	WW27	WW28	WW29	WW30	WW31	WW32	WW33	WW34
Pre-production														
	Producer	\$200,000	Screenplay development	3 weeks										
	Story Developer	\$100,000	Story Boards	1 week										
	Casting Director	\$2,500,000	Casting	1 week										
	Director	\$400,000												
Production														
	Production Designer	\$150,000	Filming	1 week										
	Sound Designer	\$100,000												
	Cinematographer	\$100,000												
Post-Production														
	Film Editor	\$200,000	Film Editing	2 weeks										
	Sound Editor	\$100,000	Sound Mixing	1 week										
	Technical Director	\$150,000	Distribution	1 week										
Finish														
Total														
		\$4,000,000		9 weeks										

Measure of effectiveness for the film will be the amount of views it gets on YouTube and other distribution channels. While our 2016 short film, The Escape, only got ~6million views on YouTube, we feel that the short film wasn't adequately marketed. Our success criteria will be to increase the amount of views for our next short film to over 12 million views, effectively doubling the exposure. We think this is a very realistic goal since we have 12.3 million followers each on both Twitter and Instagram, we are confident that we can get these followers to view this upcoming short film with effective use of social media.

It is challenging to correlate views to sales, but this will be something we will need to track to see if our sales spike with the release of these films and calculate the return on investment. If we are making good returns on the films, we will continue to roll them out, otherwise the project will be end of life and will can spend those funds more effectively.

Web Based Purchasing System.

As we discussed in the Distribution Management section, one of our tactics for making our distribution channels more robust and accessible to our customers. To integrate OtD and Proflex distribution management systems into an integrated web based purchasing portal we will need to embark on a software development project. The web based purchasing system project will fall within a traditional software development lifecycle, having a planning, design, development, test, and deployment phases.



The planning phase will be owned by the Sales Director on staff already and the project manager hired for the task. We anticipate that the project manager salary will cost an additional \$150,000 annually, and our sales and marketing team involved in the efforts of the planning phase are already on salary. The requirement analysis and feasibility studies are anticipated to take 3 weeks total.

The design phase will be owned by a team of five software engineers and a systems engineer, which will be hired for the task. We anticipate the software engineers and systems engineer will cost an additional \$580,000 annually. The definition of the production requirements and pathfinding of the design approach are anticipated to take 2 weeks total.

The development phase will be owned by the software engineering team. We don't anticipate any additional costs for this phase. The coding of the web purchasing system is anticipated to take 12 weeks total.

The test phase will be owned by a team of three software testers which will be hired for the task. We anticipate the software testers will cost an additional \$150,000 for the duration of the testing phase, which is estimated to take 4 weeks.

Lastly, the deployment phase will be owned by the systems engineer and software support team which will be hired for the task. We anticipate the support team will cost an additional \$500,000 annually to maintain the newly implemented software and perform customer support. The implementation performed by the systems engineer will take approximately 1 week, after which we will enter an on-going maintenance phase to keep the system running smoothly. Overall we anticipate the project to cost \$1,380,000 and to last 22 weeks through the deployment phase.

Phase	Segment Owner	Cost	Segment	Duration	Schedule																						
Planning	Sales Director	redundant	Requirement Analysis	1 week	WW25	WW26	WW27	WW28	WW29	WW30	WW31	WW32	WW33	WW34	WW35	WW36	WW37	WW38	WW39	WW40	WW41	WW42	WW43	WW44	WW45	WW46	WW47
	Project Manager	\$150,000	Feasibility Study	2 weeks																							
Design	Systems Engineer	\$80,000	Production Requirements	1 week																							
	Software Engineers x6	\$500,000	Design Approach	1 week																							
Development	Software Engineers x6	redundant	Coding	12 weeks																							
Test	Software Testers	\$150,000	Testing	4 weeks																							
Deployment	Systems Engineer	redundant	Implementation	1 week																							
	Support Team	\$500,000	Maintenance	on-going																							
Total		\$1,380,000		22 weeks																							

Measure of effectiveness for the web based purchasing system will be online sales. It will take us selling around 168 740e cars to break even on the cost of this project. We will track sales monthly to see if we are on track to break even on this project. As far as control, if at the end of the year it costs us more to maintain the web purchasing system that we generate on online sales, we will end of life this project. However, this seems to be unlikely as web based purchasing doesn't seem to be capable of regression, compared to traditional distribution channels.

Electronic Marketing

The plan for electronic marketing efforts is twofold. First, to leverage existing platforms to market to current followers and customers. Second, is to make use of advertising to reach a broader customer base with the aim of increasing market share. To help reduce costs and create cohesion in our strategy we will reuse imagery, videos, and other content on each of our marketing platforms. For example, we will use clips of our TV commercial in our social media feeds. Our top markets will be metro NYC, northern NJ, southern CT, Philadelphia, Baltimore, LA, Chicago, Dallas, Houston, Washington DC, Boston, San Francisco/San Jose/Silicon Valley, Atlanta and Seattle chosen for their GDP and wealth per capita.

For social media, we currently have 6.2 million followers on Google+, 12.3 million followers on Twitter, 2.5 million followers on Facebook, and 12.3 million followers on Instagram. Twitter and Instagram is where we will focus most our social media efforts per posts and ads as it has the greatest reach and potential.

Per ads costs will run about \$10,000 per month over the next year in each market for a total of \$1,200,000. We anticipate this will reach around 126 million people, as we will run ads on all social media channels. The social media coordinator will be responsible for these efforts; we play to utilize the current marketing team on staff. The timeline will be daily content updates, per schedule (see sample three-day schedule below).

Date	Topic	Facebook	Instagram	Twitter	Google +	Hashtags	Image
Friday, June 9, 2017	National Best Friend's Day	Here's to the one who always rides shotgun.	Here's to the one who always rides shotgun.	Here's to the one who always rides shotgun.	Here's to the one who always rides shotgun.	#bmw #ride #luxury #car #7series #whip #shotgun #nationalbestfriendsday #friendship	Close-up of interior driver and passenger
Saturday, June 10, 2017	Weekend Getaway	For a luxurious weekend getaway.	Where are you driving this weekend?	Weekend getaway.		#bmw #ride #luxury #car #7series #whip #weekend	Convertible
Sunday, June 11, 2017	Sophistication	Sunday sophistication.	Sunday sophistication.	Sunday sophistication.		#bmw #ride #luxury #car #7series #whip #sophistication	car driving along coast

The success criteria for the social media posts above will be to exceed BMW's current average likes per post by 10% and to have a click through rate on ads of improvement of 10% of current state, plateauing at 2% or better. This will validate that our efforts are netting positive customer response, although the return on investment will be hard to gauge without heavy analytics that are outside of the scope of this marketing plan.

Email campaign will be implemented as well, but only focusing on CRM and sending bi-weekly emails to existing customer database. By utilizing our existing customer base, we will keep costs to only the employee hours. As far as the timeline, we can implement this tactic immediately with bi-weekly email communication. Our success criteria will be 25% open rate, and 5% click through rate, which will be above industry standards. To measure ongoing success of the program we will be tracking bi-weekly progress to these goals and adjusting content based on response rates.

Finally, we will be leveraging celebrities for social media promotions to increase or follower base across different social media platforms, like YouTube and Snapchat. Below is pricing for YouTube and Snapchat price per post, which is broken up by follower exposure. We will be utilizing one celebrity post per month of over 7million followers on both platforms, for a total cost of \$450,000 per month or \$5.4million annually. Our success criteria will be an increase in sales and social media followers around the timing of the celebrity marketing posts. If we continue to see positive responses in sales or followers we will continue to do these promotions, our analytics team will be doing return on investment calculations and will provide specific end of life criteria.

Average earnings for influencer posts on selected social-media platforms

Followers	YouTube	facebook	Instagram
100k - 500k	\$12,500	\$6,250	\$5,000
500k - 1m	\$25,000	\$12,500	\$10,000
1m - 3m	\$125,000	\$62,500	\$50,000
3m - 7m	\$187,500	\$93,750	\$75,000
over 7m	\$300,000	\$187,500	\$150,000

Followers	snapchat	Vine	twitter
100k - 500k	\$5,000	\$3,750	\$2,000
500k - 1m	\$10,000	\$7,500	\$4,000
1m - 3m	\$50,000	\$37,500	\$20,000
3m - 7m	\$75,000	\$56,250	\$30,000
over 7m	\$150,000	\$112,500	\$60,000

Conclusion

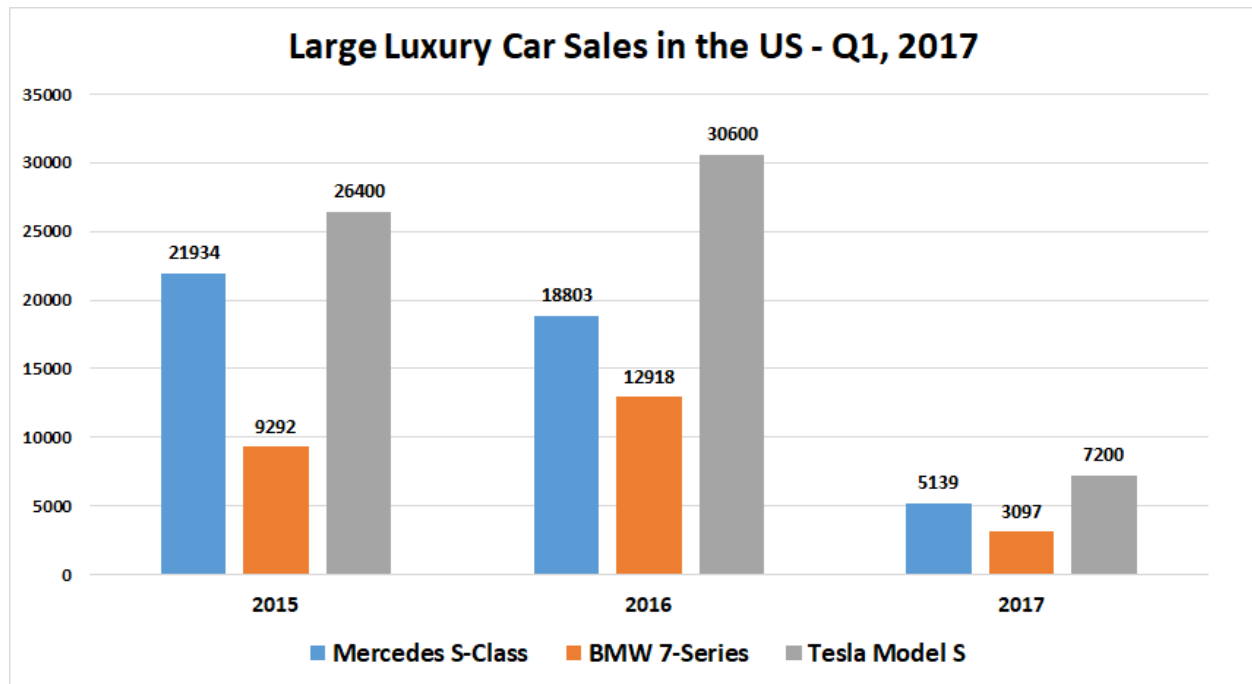
We have embarked on a long and exciting journey together, going through this marketing plan for the BMW 7 series. We have reviewed in detail what we established as required for the BMW 7 Series product line to establish a strong beachhead in the mainstream large luxury vehicle market from which it can grow sales to meet our goals of increasing the market share and sales. To meet our goals, we reviewed the current state of the market, identified the growth potential, evaluated the competitive environment, and established marketing objectives that are aligned with the company mission statement. Finally, we have a robust implementation and control strategy to evaluate the progress and success of the plan in achieving the marketing objectives and goals. Now let's go out there, and make some money!

Appendix

A1. Comprehensive table of product features

Model	MPH (Acceleration 0–60 mph Automatic)	Performance	Interior Seating	Exterior	Fuel Tank Capacity (gallons)	Length/Width/ Height (in)	Price
740i Sedan	5.4s	3.0-liter BMW TwinPower Turbo inline 6-cylinder, 24-valve 320-hp engine. Combines a twin-scroll turbocharger with variable valve control (Double-VANOS and Valvetronic) and high-precision direct injection.	14-way power-adjustable front seats, including 4-way lumbar support, memory system for driver's outside mirror, seat and steering wheel. Dakota Leather upholstery. High-gloss FineLine Wood trim.	V Spoke light alloy wheels (Style 642), 18 x 8.0; and 245/50 run-flat all-season tires. Non-metallic or Metallic paint (excluding BMW Individual exterior paints).	20.6	206.6 / 74.9 / 58.2	\$83,100+
740e xDrive iPerformance	5.1s	2.0-liter BMW TwinPower Turbo inline 4-cylinder, 16-valve 255-hp engine. Combines a twin-scroll turbocharger with variable valve control (Double-VANOS and Valvetronic), high-precision direct injection and eDrive 111-hp electric motor (322 hp total power output).	14-way power-adjustable front seats, including 4-way lumbar support, memory system for driver's outside mirror, seat and steering wheel. Dakota Leather upholstery. High-gloss FineLine Wood trim.	V Spoke light alloy wheels (Style 642), 18 x 8.0; and 245/50 run-flat all-season tires. Non-metallic or Metallic paint (excluding BMW Individual exterior paints).	12.1	206.6 / 74.9 / 58.2	\$90,700+
750i Sedan	4.6s	4.4-liter BMW TwinPower Turbo V-8, 32-valve 445-hp engine. Combines two turbochargers with variable valve control (Double-VANOS and Valvetronic) and high-precision direct injection.	20-way power Multi-contour front seats, including articulated upper backrest, 4-way lumbar support, driver- and passenger-seat memory, and adjustable side and thigh support. Black panel center console with brushed aluminum, touch-sensitive controls.	Double Spoke light alloy wheels (Style 630), 19 x 8.5; and 245/45 run-flat all-season tires. Non-metallic or Metallic paint (excluding BMW Individual exterior paints).	20.6	206.6 / 74.9 / 58.5	\$96,400+
M760i xDrive Sedan	3.6s	6.6-liter BMW M Performance TwinPower Turbo V-12 cylinder, 48-valve 601-hp engine. Combines two mono-scroll turbochargers with variable valve control (Double-VANOS and Valvetronic) and high-precision direct injection.	20-way power Multi-contour front seats, including articulated upper backrest, 4-way lumbar support, driver- and passenger-seat memory, and adjustable side and thigh support. FineLine Black Wood trim. Black panel center console with brushed aluminum, touch-sensitive controls.	Double Spoke light alloy wheels (Style 760M), 20 x 8.5 front, 20 x 10.0 rear; and 245/40 front, 275/35 rear run-flat performance tires. Cerium Gray accent finishes (front air intakes, rocker panel strips, rear trunk strip, twin tailpipes).	20.6	206.6 / 74.9 / 58.2	\$156,700+

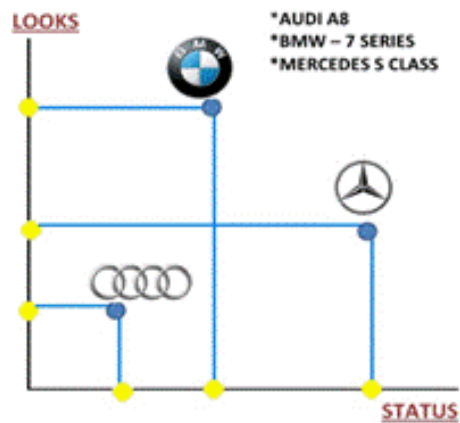
A2. Comparison of luxury car sales.



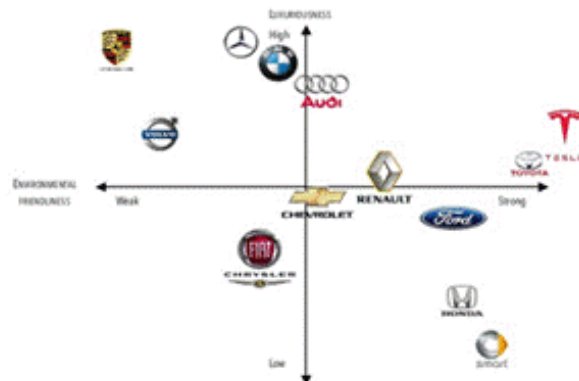
A3. Perceptual maps



Map 1: A perceptual map comparing how large luxury car customers perceive the market competition along the dimensions of performance and luxury.



Map 2: Positioning map comparing the top three large luxury cars along the dimensions of looks and status.



Map 3: Positioning map comparing Tesla to the top three large luxury cars along the dimensions of luxuriousness and environmental friendliness

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