

Globalization of BMW, Rolls-Royce, and the MINI

Bayerische Motoren Werke, which is German for Bavarian Motor Works, is better known globally for its acronym BMW (bmwgroup.com). BMW was created as a combination of three German manufacturing companies: Rapp Motorenwerke and Bayerische Flugzeugwerke in Bavaria and Fahrzeugfabrik Eisenach in Thuringia. Aircraft engine manufacturer Rapp Motorenwerke became Bayerische Motorenwerke in 1916, and the company added motorcycles to its product repertoire in 1923. BMW expanded to automobiles in 1929 when it purchased Fahrzeugfabrik Eisenach, which built Austin 7 cars under a license from Dixi. Fittingly, the first BMW car was called the BMW Dixi.

Globally, BMW is known for streamlined design, incredible luxury, and top-notch performance. The company has more than 125,000 employees, delivers about 2.4 million vehicles annually, and has a revenue of €95 billion (about \$103 billion in U.S. dollars). Its leadership spans products in automobiles, motorcycles, and aircraft engines. Innovation is one of the main success factors for the BMW Group, and innovation is infused into all of BMW's product lines. The company claims that focusing on the future is an important part of BMW's identity and day-to-day work, and the reason for its global success. In addition to the well-known BMW brand, BMW also owns the iconic Rolls-Royce brand and the distinctive MINI automobiles.

BMW and "driving pleasure" are synonymous, even by people not owning a BMW! BMW creates driving pleasure from the perfect combination of dynamic, sporty performance; ground-breaking innovations; and breath-taking design. With a range of car models, a unique feature of BMW is its "M" designation models that takes the "driving pleasure" to another level. BMW "M" (for Motorsport) was initially created to facilitate BMW's racing program, but has since become a supplement to BMW's vehicles portfolio with specially modified higher-trim features. BMW M is part of an outstanding motorsports heritage and stands for high performance out of passion, with the latest addition to the line being the BMW M760. It's the evolutionary link that connects

BMW and Rolls-Royce, bridging the gap between the 7 Series and the entry-level Rolls-Royce Ghost.

Rolls-Royce is considered the most exclusive luxury automobile brand in the world, and the company delivers on its promise of effortless power, luxury, quality, and perfect sanctuary. This reputation is rooted in the brand's long history and rich tradition. The entry-level Rolls-Royce Ghost carries a price tag of around \$250,000, and the models' cost increase from there. Rolls-Royce has, from its early days of daring experimentation, created a vision for luxury that is rooted in constantly chasing perfection. This perfection drives the supreme quality, exquisite hand craftsmanship, and attention to the finest detail to maintain its global position as the pinnacle luxury automobile manufacturer in the world. Like Rolls-Royce, the MINI also traces its roots to the United Kingdom.

MINI is a car brand owned by BMW that specializes in small cars. The full platform of MINI cars is small, with the idea of maximizing the experience and concentrating on the essential. A long-standing attention to clever solutions with distinctive designs unlocks urban driving and caters to customers' individual needs. The most iconic is the MINI Cooper, named after British racing legend John Cooper. The MINI Cooper product line has a uniquely sporty blend of classic British mini-car heritage and appeal, and precise German engineering and construction. According to the MINI team, they are targeting affluent urban dwellers in their 20s and 30s who enjoy the

fun, freedom, and individuality that the MINI cars offer—or perhaps we should just say they target newly graduated college students living in cities!

To help with its targeting of affluent urban dwellers for the MINI or the even more affluent clientele for the BMW or Rolls-Royce, the BMW Group's leaders have studied brands outside of the automobile industry to create the company's future retail strategy. Enter the "product genius." BMW's product genius is a noncommissioned car expert who will spend whatever time is needed to educate customers about their car choices, options, and any issue that the customer wants to get more information



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on. This shifts the “performance” from closing the sale of a car to making the customer satisfied, which lessens the typical pressure most customers feel when walking into a car dealership (and likewise lessens the pressure on the salesperson to sell a car to get a commission).

Sources

Jonathan M. Gitlin, “The 2017 BMW M760i Is a Hell of a Car, but Is It an M?” *ARS Technica*, February 8, 2017; “BMW at 100: Bavarian Rhapsody,” *The Economist*, March 12, 2016; Carmine Gallo, “BMW Radically Rethinks the Car Buying Experience,” *Forbes*, April 18, 2014; “How German Cars Beat British Motors—and Kept Going,” *BBC News*, August 2, 2013; and Hannah Elliott, “The Best Luxury Sedan Is Still a BMW,” *Bloomberg BusinessWeek*, June 6, 2016.

Case Discussion Questions

1. How do you think BMW integrates its various unique brands into a global effort that works for them (BMW, Rolls-Royce, and the MINI) across the world’s many global markets?
2. What is your reaction to the global brand of BMW when you hear its name, think of the brand, and see BMW vehicles on the road?
3. Rolls-Royce’s chase of perfection drives the supreme quality, exquisite hand craftsmanship, and attention to the finest detail to maintain its global position as the pinnacle luxury automobile manufacturer in the world. How do you think the Rolls-Royce brand helps, or hurts, other BMW brands globally (i.e., BMW, the MINI)?
4. The MINI is a unique car offering in the BMW portfolio. It has long-engaged in clever solutions and distinctive designs that have enabled terrific urban driving and have catered to customers’ individual needs. Do you agree that this is the focus for the MINI, and do you think it is working as advertised globally?