



CREATING BRAND IMAGE AND EFFECT, STUDY CASE: BMW WITH “SHEER DRIVING PLEASURE” IMAGE AND SLOGAN

UNDERGRADUATE THESIS

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**Submitted to fulfill the requirement
of the undergraduate degree program**

**International Business Administration
Faculty of Business & Social Sciences**

**BSD City, Serpong, Tangerang, Indonesia
May, 6th 2018**





APPROVAL PAGE

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CHAPTER 1 INTRODUCTION

I.1. General Overview

BMW or *Bayerische Motor Werke* is one of German top automobile producer and manufacturer. BMW has been in the market for somenay years. It was start as airplane engine manufacturer with the famous V12 engine (Global Cars Brand, 2015).

BMW that create car is under BMW Group. Beside BMW, BMW Group has BMW Motorrad, MINI, BMW M Performance, Rolls Royce. With that line up, BMW be able to compete against *Volkswagen* or VW group and Deimler Group (Mercedes benz, Smart, Maybach and AMG).

BMW also involved at motorsport (for research and development) (Diamond Atelier, 2016). BMW was involved in F1 with Williams and Sauber. But today, BMW become official safety car of Formula E, and Moto GP. BMW also involved at DTM, GT racing (GT1, GT2, GT3, GT4) Touring Car and Drifting.



Figure 1 I.1. BMW Aircraft V12 Engine. Source: (BMW Group)

I.2. Company Profile

I.2.A. BMW

BMW or *Bayersiche Motor Werke* is one of the legendary car company in the world. The car company with circular logo using blue, white and black as their logo, BMW legacy is

well known. Their slogan “Sheer Driving Pleasure” create impact with their design language and people perspective about BMW. BMW it self is under BMW Gorup. Beside BMW, other BMW Group Subsidiaries are BMW Motorrad, MINI and Rolls Royce (Anastasia, 2015).



Figure 2 I.2.A. BMW Logo. Source (Global Cars Brand, 2015)



Figure 3 I.2.A. BMW Group Logo. Source: (Daimler Corporate Communication, 2015)



Figure 4 I.2.A. BMW Motorrad Logo. Source: (Diamond Atelier, 2016)

For 1 century, BWM already fight against lot of car company. If looking couple of decades back, BMW was a airplane engine manufacturer (Anastasia, 2015). BMW create a V12 engine (means 12 cylinders engine that have configuration shape like V) for aircraft.

BMW Craftmanship start back in 1916 by two persons Karl Rapp and Gustav Otto (BMW Group).before BMW, then name was *Flugmaschinenfabrik Gustav Otto* and aso merged with *Bayersiche Flugzeug-Werke AG* (BMW Group).

In 1917, the name become BMW or *Bayersiche Motor Werke* and start to producing motorcycle (The Editors of Encyclopaedia Britannica, 2018). Their first product was The company’s R32 bike set a world speed record that stay and maintained until 1937 (BMW Group). When World war 2 arises, BMW create its claimed first of jet engine that will used by German Air Force (Diamond Atelier, 2016). In 1945, the World War ended, BMW try to shift to produced city car but ufnrotunately, BMW can not compete against *Volkswagen* or VW (Noakes, 2005). In 1959, BMW in bankruptcy condition, but Daimler help BMW to orperate (The Editors of Encyclopaedia Britannica, 2018).

Later in that year, BMW be able to back on its shape after Local Business man, Herbert Quandt took or acquired BMW and controlling interest in the firm (Global Cars Brand, 2015). BMW Introduced two productFirst, BMW introduce 700 series then followed by 1500 series that create success for BMW (The Editors of Encyclopaedia Britannica, 2018).

In the same year, BMW introduce new motorcycle that very popular in USA as part of their expansion program (Noakes, 2005).

In 20th century, when Mercedes Benz launched their *Sonderklasse* or commonly known as S Class, BMW also launched their 7 Series. That success is not give impact to their BMW's Sport Utility Vehicle or SUV (Noakes, 2005). In 1994, BMW purchase Rover group to be able compete in SUV level but lost \$ 4 Billions and sold to Ford 6 years after purchase (The Editors of Encyclopaedia Britannica, 2018). In 21st century, BMW start to buy another British company. In 2001, BMW decide to rebuilt MINI and that become a huge success (Noakes, 2005). BMW decide to compete in Ultra Luxury sedan that already played by VW Group with Bentley Brand (another British company that owned by German) and Maybach (own by Daimler). BMW purchase Rolls Royce from Bentley in 2003 (The Editors of Encyclopaedia Britannica, 2018). With that purchase (MINI and Rolls Royce), BMW be able to put their technology (such as I Drive system) to their products. With that if customer have BMW car (from year 2001) they be able to operate entertainment system in MINI or Rolls Royce.

Just like another German company, BMW also has their performance version. In Mercedes Benz its called *Aufrecht Melcher und Großaspach* or AMG and Audi has RS, in mean while on BMW its called M Performance (Noakes, 2005).

BMW today trying to be able keep in contention against BMW rival. Their head to head rival, Audi (or *Volkswagn* Group) and Mercedes Benz have a products that covered from hatchback or city car, Sedan (small, medium to large, Luxury and Ultra luxury plus performance version), SUV and crossover and high performance automobile. For example, BMW have M Performance (Claimed "M" as the most powerful latter in this World), Mercedes have AMG, Audi has RS. For Ultraluxury, BMW has Rolls Royce, Audi or VW Groups has Bentley and Mercedes has Maybach. (Noakes, 2005)

I.2.A.a. BMW in Indonesia

BMW Come to Indonesia in 1976 with E12 520i (1972-1981) and BMW give their assembly to another party (Detik oto, 2014). In 1993, BMW Group decide to choose PT Astra International Tbk to assembly their product (production conduct by PT Tjahja Sakti Motor and PT Gaya Motor) (Detik oto, 2014). PT BMW Indonesia established in 2001 and from assembly and production conducted by PT Asta International TBK (Detik oto, 2014). In 2011 or 10 years after PT BMW Indonesia established, BMW invested Rp 100 Billions for their Indonesian partner to increase Quality and production. Plus this investment for modernized and buy new equipment at their facility at Sunter (Detik oto, 2014).

In their facility in Sunter, BMW Indonesia assembly some BMW Products such as 3 Series, 520i, 530i (the luxury line), BMW 730Li, BMW X5 and X3. BMW used CKD or Completely Knock Down for be able to reduced the tax (CBU or Completely Build Up is have higher tax. But actually BMW not using CKD method, but SKD or Semi Knock Down, means car is already produced in Germany, but then take apart, send to Indonesia and re-assembly again in Sunter) (Dirgantoro, 2016).

But there is different story about BMW Group in Indonesia. All their product sold by different company in Indonesia. BMW product (not the M Performance) sold by Astra, For BMW Motorrad by Maxindo, MINI by Maxindo and Plaza Auto and for

BMW M Performance and Rolls Royce by Eurokars. Every exhibition such as Indonesia International Motor Show and GAIKINDO Indonesia International Auto Show, BMW Group always be in 1 place (beside Rolls Royce). For example at GAIKINDO Indonesia Auto Show or GIIAS, BMW, MINI, BMW M Performance and BMW Motorrad at in one hall which is at Nusantara Hall, Indonesia Convention and Exhibition or ICE BSD City.



Figure 5 I.2.A.a. BMW Indonesia 7 Series Assembly Process at Sunter. Source: (Dirgantoro, 2016).



Figure 6 I.2.A.a. BMW Indonesia 530li Luxury Line CKD. Source: (Arif, 2017)



Figure7 I.2.A.a. BMW Group at GIIAS 2017. Source: (Arif, 2017)

I.3. BMW Products

I.3.A. Normal Vehicle:

I.3.A.a. Sedan

- **Coupe:**
 - BMW 2 Series
 - BMW 4 Series
 - BMW 6 Series
 - BMW 8 Series
- **4 Door:**
 - 3 Series (Small medium Sedan)
 - 5 Series (Mid Sedan or BMW Called Athletic Sedan)
 - 7 Series (Luxury Sedan)

I.3.A.b. Sport Car

- BMW Z3
- BMW Z4
- BMW Z8

I.3.A.c. SUV and Crossover

- X1
- X2
- X3
- X4
- X5
- X6
- X7

I.3.A.d. Hatchback

- 1 Series

I.3.A.e. electronic and Hybrid Car

- I8
- I3

I.4. Research Problems

There are several research problems to be investigated in this research as follows:

1. This research attempts to study why BMW Slogan "Sheer driving Pleasure" create BMW Image (Sporty, Athletic)
2. This research attempts to study correlation Makreting, Brand Image and Slogan
3. This research attempts to investigate why BMW be able head to head with Mercedes benz and Audi.

I.5. Research Question

To achieve and solve Research Problem, some question will be appear. The questions are:

1. Why BMW and Mercedes Benz be able to head to head?
2. Why BMW drivers seesm that driving like maniac?
3. Why Costumer experience become one of the key factor to product development.
4. BMW owner love to be driver rather be driven (Mercedes mostly be driven)



1.6. Research Objective

The main Objective behind this research is to know about BMW and their brand image include slogan. And also why BMW with its uniqueness be able stand still against Mercedes Benz.

1.7. Report Structure

This paper will consist of 5 chapters, those are;

- Chapter 1: Background of Indonesia Automobile
- Chapter 2: Literature review and theories
- Chapter 3: Research methodology
- Chapter 4: Analysis
- Chapter 5 Solutions and Suggestion

CHAPTER II LITERATURE REVIEW

II.1. Consumer Behavior (i.e. Trend, Motivation and reactions)

Consumer behavior is a study that learning about consumers could help firms and organizations improve their marketing strategies (also activities regarding execution) by understanding issues that come out (Perner, 2018) (Schiffman & Wisenblit, 2015). Some of the issues are:

- How marketers can adapt and improve their marketing campaigns and marketing strategies to more effectively reach the consumer;
- What consumers know about particular products;
- Psychological factors about products and about consumer thoughts, feelings about the products;
- What are the points regarding the decision-making process;
- How people usually behave while shopping;
- Consumer psychology vs Marketing Strategy;
- What are the limitations;
- Influence effect;

Besides that, consumer behavior also involves the study of how people either individually or in groups, do some things (i.e. acquire, use, experience, discard, and make decisions about goods, services, or even lifestyle practices such as socially responsible and healthy eating) that have correlations with marketing strategy (Nawangwulan, Prasetya, Widyatmoko, & Seancho, 2012).

II.2. Marketing 7P theory

7P's is an extended version of 4P's. The 4P's consist of Product, Place, Price and Promotion. Another 3 are People, Process, and Physical Evidence (Hanlon, 2017).

Detail of the 7P's is:

- Product: Consist of brand name, brand goodwill, Branding, Features, Design (Hanlon, 2017).
- Place: Trade channel, trade support, Store location (Hanlon, 2017).
- Price: Positioning, list, discount, Payment method (Hanlon, 2017).
- Promotion: Marketing channel, Communication channel (Hanlon, 2017).
- People: Individuals on marketing activity, customer contact (Hanlon, 2017).
- Process: Research and Development, Design, Concepting (Hanlon, 2017).
- Physical evidence: Employee, Online interface (user interface) (Hanlon, 2017).

II.3. Brand Image

Brand image is important for a company or organization (Feng, 2014). Because that could be a weapon for a company to battle in their battle field. For example BMW. Independent.co.uk, Sun.com and a lot of media says that BMW drivers are the worst of rude. Specially for those who has BMW M Series. But with that "title", BMW still be able to head to head against Mercedes Benz. BMW design about dynamics, sporty looks but elegance (Perner, 2018).

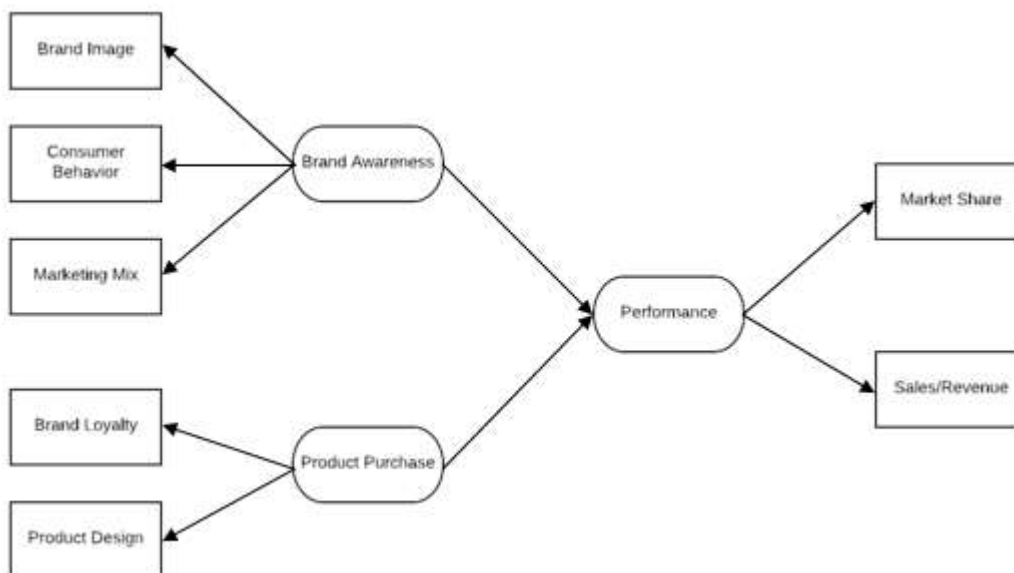
II.4. Brand Loyalty

Create Brand Loyalty is important. Be able to create brand loyalty, customer will buy and consumed in the end, tell others “buy BMW, the best” (Alkhalwaldeh, Al-Salaymeh, Alshare, & Eneizan, 2017). In this case, although BMW driver image somehow so bad, but lot of people still buy BMW.

II.5 Product Design

Product Design is one of key factors for automobile Industry (Beka, 2016). For example language design, how they create lamp, all technologies, interior and many more. For example, BMW vs Mercedes Benz. BMW, well known as dynamich, good as driver or be driven, and their 5 series, well known as Athletic Sedan (Noakes, 2005).

II.6. Research Model



II.7. Previous Study

Title of Research or Article, including authors (using the automated referencing)	Variables & Sub-Variables	Findings
1. The Effect of Brand Awareness on Brand Loyalty: Mediating Role of Brand Commitment (Alkhalwaldeh, Al-Salaymeh, Alshare, & Eneizan, 2017)	Brand Loyalty: <ul style="list-style-type: none"> • Succesfull Marketing strategy • Types of Brand Loyalty Brand Awareness: <ul style="list-style-type: none"> • Marketing Strategy • Marketing Communication Brand Commitment: <ul style="list-style-type: none"> • Long term relationship • Commitment 	<ul style="list-style-type: none"> • All variables have a connction. Just like sequences. Effect each others. If put in sequences, the sequence is Brand Awareness, brand zLoyalty and Brand Commitment
2. Environmental	Envirotmental Psychology:	<ul style="list-style-type: none"> • Environtment or people

Title of Research or Article, including authors (using the automated referencing)	Variables & Sub-Variables	Findings
Psychology and Product Design (Beka, 2016)	<ul style="list-style-type: none"> • Human Experience • Emotional Response Marketing: <ul style="list-style-type: none"> • 7P's Theory • Consumer Behavior 	surroundingg could effect people decision to buy goods or services or not or . Costumer review can be 1 things could effect a decision making. <ul style="list-style-type: none"> • Implementation of Marketing Strategy could be a factor of decision making. For example by advertisement.
3. Consumer Response to Product and Service Quality (Calin, 2015)	Purchasing behavior: <ul style="list-style-type: none"> • Post Purchase Behavior • Response of quality Goods or Service quality • Costumer Response • Consumer behavior 	<ul style="list-style-type: none"> • Quality on product or services could be a key for goods or service sustainability. • Costumer experience is important to be able create a stigma or paradigm that particular product is worth to be consumer or buy again (at least more then one).
4. The Growth of the Automobile Industry (Yazdanifard & Uchil, 2014)	Product Innovations: <ul style="list-style-type: none"> • Product life cycle • Trend • Product specification Marketing: <ul style="list-style-type: none"> • Brand management • Costumer experience 	<ul style="list-style-type: none"> • Car companys figure it out that how to compete against rival should listen what costumer wants, product uniqueness and what is trend. For example before Turbocharger or Supercharger era introduced, Normally Aspirated engine commonly use with bic displacement, but now, small cc with turbo or supercharged could make power more then the naturally aspirated. • Car fariety now increase. Costumer can pick from Small sedan until Hypercar or MPV to SUV • Car brand has a impact of stigma. For example people relate BMW and Mercedes as luxury (actually not all their products of Luxury

Title of Research or Article, including authors (using the automated referencing)	Variables & Sub-Variables	Findings
		<p>market. S class or 7 Series are for Luxury Market, AMG and M Sport series for high performance car, Brabus or Alpina combined sport and luxury. It depends on segments. That stigma comes from price of the automobile it self</p> <ul style="list-style-type: none"> • Customer experience can be a review for others.
<p>5. The Hierarchical Relationship Between Brand Equity Dimesions (Dib & Alhaddad, 2014)</p>	<p>Brand Awareness:</p> <ul style="list-style-type: none"> • Recognition • Brand Goodwill • Brand Image • Loyalty 	<ul style="list-style-type: none"> • This journal has similarities with other 4 journals above, but they describe on different way. This one more to create a relationship to csotumer equity (can lead to marketing). Others either Marketing Strategy or Marketing execution • When costumer trust particular product, they will buy and buy plus tell others how good the product are. Perhaps when they could be a fanboy.

CHAPTER III

RESEARCH METHODOLOGY

III.1. Research Introduction and Process

The first step to work with this research is by two words, Problem identification. Problem Identification is when researchers identified all problems (Anantadjaya & Nawangwulan, 2018). In this case about automobile. To know more, the author must conduct a research methodology and also become second part of this journey.

In this part, researcher will determined what method will be used, how to collect the data, how to process that is needed for this study (Anantadjaya & Nawangwulan, 2018). Next story or journey is finding or make the question and hypothesis (Anantadjaya & Nawangwulan, 2018).

Research and hypothesis have a relationship among each others and relevant as well (Anantadjaya & Nawangwulan, 2018). Next are literature site and its support (Anantadjaya & Nawangwulan, 2018). This step allows making more stronger. Next or the fifth is determining population and deign the samples (Anantadjaya & Nawangwulan, 2018). And those data will analyzed and process and will result for this research.

This research will combine to side of the coin. Qualitative and Quantitative. Qualitative is done by interview. Means researcher will conduct and interview with people that fit in.

Since this research try to see about battle of BMW: The targeted people for this research are:

- BMW and Mercedes Owners
- Car Anthusiast
- Car Owners
- Normal people (at least they have seen BMW)

To support all qualitative data, Researcher will also conduct the Quantitative. Quantitative will create a data by numeric that be able to reach lot of people (since Questionnaires can spread easily via online survey).

Both systems have advantages and disadvantages. Qualitative since researcher meet the correspondent, means that the data will more valid then Quantitative. Why? Quantitative used a survey that correspondent could lied. But in the other hand, Qualitative takes time and energy. Quantitative not, but the data must above 30 to make the data Solid. With 10% error, atleast 97 correspondents but targeted 100 if some answer is not useable.

III.2. Type of Study or Research

The Purpose of this study or research are:

- About battle between BMW and Mercedes Benz in Indonesia and The rest of the world
- About BMW's Sheer Driving Pleasure Image
- Indonesia and European Automobiles
- BMW vs Japan car brand in Indonesia
- Product comparation
- What people think about BMW

III.3. Type of Data

The Data's will divided by two. Those are Primary and Secondary. Primary by using Questionnaires or online survey with goals that to reach lot of peoples or correspondent. Using Questionnaires as primary because must simple. The Data from survey will supported by Result from the Interview. Interview allows researcher know more deeper.

III.4. Source of Data

Data will come from people who car anthusiast, BMW owners, and normal people. To larger scoop, the questionnaires will distribute online. But for specified figure, will conduct by interview.

III.5. Survey Question Design and Analysis Tools

III.5.A. Survey or Question Design

This Questionnaire will consist of 4 segments. The Segments are:

- Segments 1: Correspondent data
- Segments 2: What they know about Mercedes benz and BMW
- Segments 3: Product Comperasion

III.5.B. Analysis Tool

The analysis (for questionnaires) will used IBM SPSS, Microsoft Excel and Lucid Chart.

III.6. Sampling Method

Stratified would be the suit sampling Method. Stratified is devide into some sectors and randmoly choose from that sectors (Anantadjaya & Nawangwulan, 2018). For example in this research, could be BMW Owners or BMW Racing drivers, car anthusiast, car junkies or normal people (at least see BMW products)

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