

Situation BMW stood as a strong luxury, affluent, and enthusiast brand for decades. However, in the US it captured only 0.25% market share. This seriously challenged their economic viability within the US market. Traditional marketing mass marketing strategies and dealership programs had repeatedly failed to generate significant share growth.

Challenge

- BMW had much qualitative research but no quantitative modeling infrastructure
- Introducing other European brand loyalists to the BMW experience
- Converting non-enthusiast luxury brand buyers
- Building brand loyalty and aspirational interests among existing BMW owners

Solution *Phase 1:*

Built targeting models for major segments of BMW owners and scored the general population (non-BMW owners) to build a prioritized list of most likely brand adopters. Models were based on attributes of existing customers and clustering profiles predicted likely membership to each BMW owner segment. Built a prospect list for direct marketing and delivered important analytics to improve mass marketing. Serial Design of Experiments (SDoE) and Machine Learning was used to arrive at best product, message, and channel for each prospect.

Phase 2:

Introduced a BMW branded credit card specifically designed to be top wallet – the main payment method for a customer. Associating brand with lifestyle, status, and exclusivity while delivering frequent and ongoing opportunities for brand reinforcement and marketing. Marketing strategies were highly tailored, ultimately to a segment of one with significant cross-selling of vehicles, service, complementary brands, and financial services.

Results

- US market share grew from 0.25% to 2.3% over 5 years, completely changing the economics of BMW's US division and forever changing BMW brand perception
- Card portfolio profitability was reached within one year
- BMW's owner profile broadened, empowering successful introduction of highly profitable SUVs
- Increased sales volume supported the business case and successful rollout of other financial services including vehicle and travel financing.