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From manufacturer to mobility provider:
BMW's response to the disruption in the automotive industry

Julia Ellinger

152116171

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ABSTRACT

TITLE: From manufacturer to mobility provider: BMW's response to the disruption in the automotive industry

AUTHOR: Julia Ellinger

The dissertation is written in a teaching case format to illustrate how established companies balance out addressing the need of established consumers as well as reacting on current consumer trends. Changing market environments tempt manufacturers to offer access services as an alternative consumption mode to ownership. Companies need to understand the impact of those business model innovations on the parent brand and its current customers.

The selected company is BMW, which is confronted with digitization, resulting new technologies and emerging competitors disrupting the traditional business. By concentrating on meeting customers' needs rather than focusing too much on selling products, the company has taken the right path in becoming a mobility provider. The introduction of an own car sharing service paves the way to address new targets and is a positive communication tool.

This study analyzes the impact of car sharing on purchase behavior of consumers. By consulting secondary research and collecting quantitative data via an online survey can be concluded that both, owners and non-owners of the brand, positively evaluate the mobility service. Additionally, the received responses indicate that car sharing usage cannot fully substitute car ownership and that DriveNow usage influences consumers purchase preferences for a BMW.

Keywords: sharing economy, ownership, brand management, brand extension, car sharing

ABSTRATO

TÍTULO: From manufacturer to mobility provider: BMW's response to the disruption in the automotive industry

ESCRITOR: Julia Ellinger

A dissertação foi escrita acompanhada por um caso para ilustrar como as empresas poderão se equilibrar, atendendo às necessidades dos consumidores estabelecidos e reagindo às tendências atuais. Mercados voláteis fazem com que os fabricantes ofereçam serviços de acesso como um modo de consumo alternativo ao de título de propriedade. As empresas beneficiariam de saber o impacto dessas inovações nos modelos de negócios da marca original e nos seus clientes atuais.

A empresa selecionada é a BMW, que é confrontada com a digitalização, resultando em novas tecnologias e distintos concorrentes que mudaram os negócios tradicionais. Ao se concentrar em atender às necessidades dos clientes em vez de se focar em demasia na venda de produtos, a empresa tomou o caminho certo ao se tornar um fornecedor de mobilidade. A introdução de um serviço próprio de partilha de carros abre caminho para novos alvos e é uma ferramenta de comunicação positiva.

Este estudo analisa o impacto da partilha de carros nos padrões de compra dos consumidores. Ao consultar a pesquisa secundária e dados quantitativos através de uma pesquisa online, pode-se concluir que os proprietários e não-proprietários da marca avaliam positivamente o serviço de mobilidade. Além disso, as respostas recebidas indicam que o uso do serviço não pode substituir totalmente a posse de um carro e que o uso do DriveNow influencia as preferências de compra do consumidor para um BMW.

Palavras-chave: sharing economy, propriedade, gestão de marca, extensão de marca, car sharing

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INTRODUCTION

Consumer trends, vehicle technologies, manufacturing practices and regulations from authorities pose a tremendous disruption to the traditional automotive business models. (Mocker & Fonstad, 2017). One impressive development in the 21st century is the rapid evolution of the sharing economy which also affects the car industry. Newcomers to the mobility sector providing different service solutions to consumers pose a serious threat to the sales business of vehicle manufacturer brands (Bert, Collie, Gerrits, & Xu, 2016). In order to counteract, established car brands, such as BMW and Daimler, jumped on the bandwagon and introduced own car sharing services. Manufacturers' transform their strategic positioning into becoming a mobility service provider to support sustainable growth (Csizmazia, 2015).

Using the example of BMW introducing an own car sharing service, DriveNow, the purpose of this study is to understand how automotive brands can benefit from implementing car sharing services in regard to brand perception and brand loyalty. It also will be identified how to design the service concept to address the needs of the younger generation as well as not to damage the premium parent brand equity.

Academically, this study is relevant as the effect of new consumption models on the parent brand equity is relatively less researched as this phenomenon is still in its early stages. This dissertation is written as a teaching material for Brand Management courses for graduate students. Case studies are a popular research approach to analyze a specific area with boundaries regarding the environment, situation or organization. The advantage of the case study research is to capture the complexity of a real-life situation so that the phenomenon can be studied in greater levels of depth. Students are encouraged to apply their knowledge about brand extension theories, brand equity and loyalty to a real-life scenario. Taking all provided data about the market and the company into considerations, students should be able to establish well-structured answers to the questions if car sharing can compensate for car ownership in general, how the implication of an own car sharing service impacts the parent brand and propose a strategy for further development of the service.

This dissertation portrays how well-established companies handle the challenges that come with emerging technologies and the digitization intimidating their traditional business. This development affects all business areas worldwide; therefore, this case can serve as an example for other industries as well. From a managerial perspective, it is interesting how companies find

a way to make use out of the new technologies and reposition themselves in order to remain successful.

This dissertation is structured into three main parts; literature review, teaching case and teaching notes followed by a brief conclusion and limitations overview. The literature review prior to the case will be from explanatory nature to elaborate on the different marketing concepts that are applied in the case study to present the topic and guide to the scope of the analysis. The case study will be introduced by the problem statement. The protagonist will serve as a consultant supporting the BMW Group in finding a good strategy for future development. Throughout the case, the reader will be guided through the company presentation, market development, competitive landscape and the actions the consultant has taken combined with market research data in the exhibits. The adjoining teaching note is where the major analysis will be steered and serves as a guideline for the instructor how to structure the case discussion. The final part provides the brief conclusion and a demonstration of the major limitations.

Research Questions

1. What are the drivers for using car sharing?
2. How does car sharing affect the brand equity of an automotive brand?
3. Can car sharing usage have an impact on purchase preferences?

LITERATURE REVIEW

Sharing economy business models

Ownership in contrast to access based consumption is losing its desirability among the younger generation. Millennials prefer paying for the experience of temporarily accessing goods or services for the time they need them. Business models of access-based consumption reach from car and apartment sharing over music and tv streaming platforms to jewelry or designer clothes rental tremendously harming the traditional business models within these sectors. (Bardhi & Eckhardt, 2012).

The consumer-object relationship differs from owning an object versus accessing a certain object for a specific time frame. The owner of a certain product has full property rights which allows him to use, sell, grant or deny access to others. In contrast to that, sharing implies that there is a shared ownership with no limitations of use and care taking of the product. Companies owning the products that they provide for temporary usage to consumers are rather defined as access based consumption models. (Bardhi & Eckhardt, 2012). Additionally, there are peer-to-peer sharing models that allow to connect privately owned goods or resources with open capacity with users that are in temporary need for those specific products. (Yang, Song, Chen, & Xia, 2017).

Based on the three core principles, value, coverage and trust, sharing economy companies address the needs of both suppliers and consumers. Getting access to products that usually are connected with up-front and operational cost whenever needed, brings tremendous value to consumers that are infrequent users of the respective product. Coverage refers to the availability, the geographical reach and the user-friendliness of a sharing service. Consumers are likely to use sharing services only if they trust the provider (Bert et al., 2016).

The owners of the designated online platforms do not necessarily have control of the content that is distributed via their website or applications. There might be some restrictions or limitations of content that is not allowed to share; however, the content is produced by the users of the platforms, not the owners. Thus, the platform is fueled by social dynamics such as enjoyment, word of mouth propaganda and self-marketing of the community (Hamari, Sjöklint, & Ukkonen, 2016).

Purchase decision making process

This thesis thrives to understand how car sharing usage affects the phases of the decision-making process and how manufacturers can benefit from that impact. The purchase decision making process is divided in five phases by Philip Kotler. In the beginning the consumer recognizes a need or a problem, then he starts gathering information. After evaluating choices, the consumer finally makes the purchase decision followed by post purchase behavior (Kotler & Armstrong, 2008).

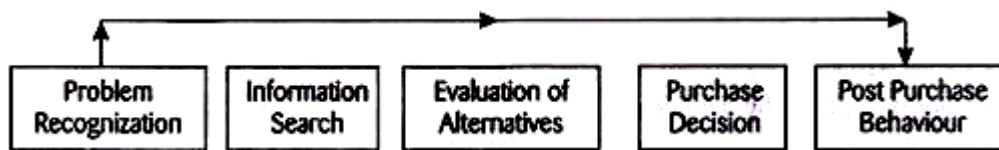


Figure 1 Decision Making Process

Regarding information gathering can be distinguished between an internal and external search process. Primarily, by scanning their memory for decision relevant information people do the internal search. In addition, consumers tend to consult external information channels to get further information (van Rijnsoever, Farla, & Dijst, 2009).

The decision-making process with its phases can differ regarding the level of involvement that comes with the decision or with the product. High involvement decisions lead to more extensive information search and evaluation of alternative phases leading to more time spent within these phases, whereas dozens of decisions are made daily without active information search or comparison of alternatives; so-called low involvement consumer behavior (Lynne & Zaichkowsky, 1985). Consumers involving with products means that they perceive the product as being of high importance and that the brand plays an essential role for the decision making (Clarke & Belk, 1978). Little information gathering about brands, a lack of evaluating alternatives, consumers perception of the products within the area is that they are relatively similar to each other as well as no identified preference for a certain brand allude to low involvement (Lynne & Zaichkowsky, 1985).

Brand equity and brand loyalty

The value of a brand, also called brand equity, is measured by consumer attitudes about positive attributes of a brand as well as satisfactory consequences of using the brand (Keinan & Avery,

2012). The brand equity is built on several attributes of a brand; name, logo, image and perceptions with a product, service or the provider from a consumer perspective. Perceptions and preferences for a brand can be established on advertising, packaging as well as marketing communications. Those factors are the base for the relationship with consumers as they give first impressions about quality, performance or other aspects that influence consumers' preferences among alternative products. In many cases consumers favor one brand, which they trust and have good experiences with, over competitive products even at a higher price. The value associated with the brand which is built on all the mentioned factors is called brand equity (Keller, 2003).

The first step is to develop a suitable brand identity to generate brand awareness as a base of a proper brand value. A company needs to know when and where the brand is recalled in the minds of consumers to adjust their marketing activities in order to send the right message. The next step is to give the brand a meaning which is defined by performance of the product as well as the imagery connected to the brand. The first two steps form the knowledge that consumers and non-consumers have about the brand. The third step is to elicit appropriate consumer responses to the identity and the meaning of the brand. They have judgements about quality, credibility, relevance and superiority of the brand and feelings they associate with it. Within the final step it is to develop an active and long-lasting relationship between the customer and the brand. Creating loyal and promising brand relationships depends on consumers' favorability of the judgements and feelings evoked by the brand (Keller, 2001).

After building a strong brand with high value, brands benefit from greater customer loyalty and have a more secure position in the competitive landscape regarding price changes, better opportunities for trade and intermediary cooperation as well as for licensing or brand extension strategies. Being loyal to a brand means that consumers generally make repeated purchases of products from one brand or use a specific service continually over time instead of trying out different brands within one category (Keller, 2001). This research aims to understand if using manufacturer owned car sharing services implies loyalty to the car brand and therefore leads to car purchases of the specific brand.

Strategic Positioning

Accessing downscale markets is attractive in terms of reaching economies of scale. However, premium brands may be cautious with positioning products downwards, as it can have negative spillovers to the perception of the brand (Aaker, 1993).

The traditional product life cycle specifies that products' sales increase over time until a peak is arrived. After that sales decline and the product should be taken out of the market as seen in Figure 3.

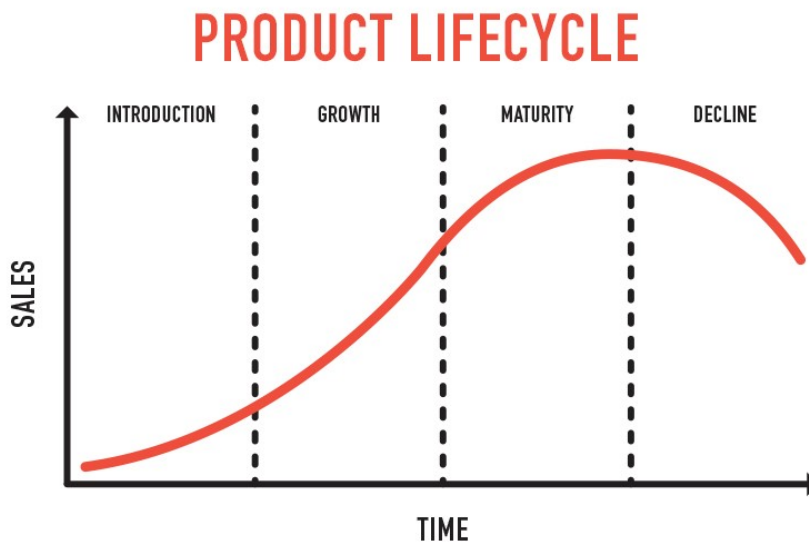


Figure 2: Product Life Cycle Model

Moon Y. identified three positioning approaches to break free from the traditional product life cycle. Reversed positioning strategies suppose that by taking away typical attributes associated with a good or service and adding surprising new ones, mature products can be shifted backwards into the growth phase. Breakaway positioning aims for the product being associated to a completely different category in order to reposition mature products for further growth. For new technologies consumers shy out, it is suggested to apply the stealth positioning strategy. This strategy imposes that new technologies should be integrated in products consumers are familiar with to get them used to them (Moon, 2005).

Brand Extension

Making products available for temporary consumption cannot be categorized as brand extension per se, but consumers' evaluations on brand extensions can be compared to how they rate access business models (Baumeister, Scherer, & Wangenheim, 2015). Research states that the perceived fit of the extension service or product to the parent brand as well as expertise and quality of the brand are key drivers for successful extension strategies. Depending on the nature of the parent brand, the superiority of the drivers for the evaluation of the extension may vary.

Services are evaluated by consumers mainly based on the outcome of the service, customers' interactions with employees as well as the physical environment where the service takes place. Therefore, the success of a service brand extension is mostly subject to the quality of the parent brand service (Völckner, Sattler, Hennig-Thurau, & Ringle, 2010). On the other hand, product brand extensions are perceived most favorable if the extension product is similar to the existing portfolio of the parent brand (Aaker and Keller, 1990). Whereas one might assume that owners of premium car brands rate the introduction of car sharing services less favorably, the so-called ownership effect describes that owners of a brand evaluate brand extensions more favorable due to their stronger brand associations and knowledge about the brand (Baumeister et al., 2015). This dissertation aims to investigate if the addition of a sharing service harms the parent brand equity, the importance of the brand in the sharing context as well as how the access offer can positively influence the parent brand and support loyalty.

Cannibalization

Once a brand is established, extending their product line is an important and often used expansion strategy (Keller, 2001). By offering also a temporary access mode to consume existing products, car manufacturers risk losing potential buyers of new vehicles and therefore reduce their profitability (Bellos, Ferguson, & Toktay, 2013). If a new product of a brand is considered as a substitute of an already established product within the same brand and therefore sales from the established product turn into sales of the new product this is called cannibalization (Keller, 1993). On the other hand, researchers argue that some car manufacturers can expand their customer base as they reach new targets that usually use public transportation instead of buying an own car for financial reasons (Bellos et al., 2013). According to Levitt, it is crucial that market leaders do not rely on their current competitive advantage and not to assume that they will defend this position forever. Primarily, companies also need to understand the business area they are operating. In the case of car manufacturers, the business area definition is not limited to the car business, but rather as transportation in general. If companies only focus on improving their traditional business, smaller companies from outside the industry develop dramatic innovations that perfectly address changing consumers' needs. Therefore, it is necessary to be sensitive to consumers' responses and to give them solutions to upcoming needs before the competition does to keep being a pioneer (Levitt, 1960).

TEACHING CASE:

From manufacturer to mobility provider:

BMW's response to the disruption in the automotive industry

“Dear Mrs. Müller,

We hope this email finds you well. Thank you for accepting this project and we are confident that in collaboration with 123Consulting we can find a solution that fits both the BMW brand and DriveNow and supports further growth of both. Please find attached all the data and prior research you asked for to perform this challenging task.

We have noticed that the younger generation refrain from ownership in many ways. The car as a status symbol is eroding and shared mobility is a growing trend to fit the changing demand. With the introduction of DriveNow as an own car sharing service, BMW has jumped onto the bandwagon and found a way to address the younger generation. DriveNow might have the potential to support brand awareness and customer loyalty beyond the service. However, it is important not to disregard existing BMW clients and the exclusivity of the premium cars.

As explained before, the main goal of this project is to identify how owners and non-owners of a BMW evaluate the introduction of DriveNow and if we should further increase the variety of the car models within the DriveNow fleet.

Please bear in mind that we expect you to present your findings and recommendations in three months.

Let us know if any ambiguities need further clarification we can help you with. We are looking forward to your insights and are confident that with your contribution we can make a positive impact.

Good luck and best regards,

Jens Huber

Future mobility direction BMW Group”

Julia Müller was sitting in front of her computer reading the email over and as she had three more days to go before the deadline was due.

She wanted to make sure that she did not leave out any important detail that was expected from her to consider for this task. It was her first project lead since she joined 123 Consulting the year before; therefore, she wanted to perform not only good but in the best way she could, to convince not only the customer but also her manager. She was confident that she considered all details and started reviewing the data to prepare the final presentation including the recommendations that she would make to BMW.

BMW

The Bayerische Motoren Werke Aktiengesellschaft (BMW) is based in Munich, Germany and is parent company to the BMW Group. General purpose of BMW is to develop, produce and sell engines, engine-equipped vehicles, associated accessories as well as products of the machinery and metalworking industry. The BMW Group was operating in 150 countries around the globe with a workforce of around 125,000 people in 2018.

BMW was among the most successful passenger car and motorcycle manufacturers worldwide and one of the largest industrial companies in Germany. With the BMW, MINI and Rolls Royce brands, the Group represented three of the strongest premium car brands around the world. Due to their expertise in engineering and innovation, BMW vehicles were characterized by aesthetics, quality, and technology.¹ In 2017, BMW was classified as the second most valuable car brand (Exhibit 1).

BMW had been originally founded in 1916 as Bayerische Flugzeugwerke AG (BFW), as an airplane producing company. In March 2016, they had celebrated their centenary with the slogan “THE NEXT 100 YEARS”. Their major business strategy NUMBER ONE > NEXT had been very future-oriented and claimed to develop premium mobility products, brands and services for the individual based on new technologies, the digitalization, connectedness and social responsibility.² Building on that strategy their mobility service portfolio had stretched from an own branded car sharing service, DriveNow, to an application that had provided easy access to a network with over 130.000 available charging stations for electric vehicles spread over 29 countries, ChargeNow. With ReachNow, DriveNow, ParkNow, and ChargeNow the BMW Group had been continuously creating a whole digital mobility ecosystem for customers.³ Those services were not limited to BMW owners but eligible for drivers of all car brands.

Changing environment & mobility trends

“Never before in nearly 130 years of automotive history has our industry changed as fast and as completely as now: How we engineer our cars, how we produce them, how we present a new model, where we sell it, who we sell our cars to and who we work with in the future”

– Rupert Stadler, CEO of Audi AG⁴

The above statement summarizes how the digitalization causes major disruptions in the automotive industry in a very good way. Traditional car manufacturers had to compete with different types of companies. In addition to their long-term rivals in the car industry, there were on the one hand new emerging car companies such as Tesla and on the other hand technology companies like Apple and Google that worked on developing new technologies for the industry such as electric or autonomous vehicles. Those new entrants posed a serious threat to automakers as they offered new types of cars to consumers with more revolutionized technologies compared to traditional cars.⁵

One of the biggest disruptions in that industry will have been the introduction of self-driving cars. Yet the technology was not mature enough and there were still some ethical issues that need additional clarification and legal regulations. Thus, autonomous vehicles were not expected to be on the road before 2021 and will have not affected mobility patterns on a large scale before 2027.⁶ Unlike, electric mobility was already widely used. Especially in the public transportation sector, many buses or trains were powered electrically. Many car manufacturers also had started to produce fully electric or hybrid cars. However, since the range of an electric motor was very limited compared to petrol or diesel engines and the infrastructure to charge the batteries was scarce in suburban areas, where the ownership of a car is inevitable, many consumers still shied away from buying an electric car. All the same, many cities focused on creating a well-established infrastructure for electric cars with designated parking areas equipped with charging stations at many different locations.⁷

Additionally, the digitization had changed the consumer buying behavior in the way that the information search and purchase process focused on online. To reach the consumers at the right channels, automakers needed to enhance the customer experience especially from a digital perspective.⁸ To enhance the customer journey and fuel customer loyalty it was to create a competitive advantage by offering a unique customer experience.⁹

The internet was not only a good communication tool, but also an emerging sales channel for personal vehicles. Automotive consumer studies had revealed that consumers showed

increasing interest in buying cars online in the future. Especially Chinese, Indian and US consumers tended to online car purchasing in the future, whereas only 47% of German car buyers were interested (Germany as the only European country investigated). However, 80% still wanted to see the vehicle and 70% even wanted a test drive prior to the purchase.¹⁰

Another thing was that cities were constantly growing in population with limited space. Thus, public transportation faced the challenge to transporting a larger number of people as well as to minimize commute times.¹¹ Consequently, urban mobility was a quickly expanding sector with huge potential for business model innovations offering a variety of different services; such as ride sharing, car sharing or scooter sharing. What all the emerging businesses had in common was the sharing economy aspect, meaning that people took value of underutilized resources by offering them to strangers via online platforms for temporary consumption.¹²

The sharing trend had established into many different business areas; such as common people can temporarily access everything from designer handbags to luxury homes to speed boats to music instruments via various online platforms¹³. Accordingly, the car as a status symbol and the resulting desire to own a car had been shrinking over the prior years as consumers rather invested in experiences than in objects. People that lived and worked in urban areas tended to travel less than 8,000 km annually; meaning a car purchase was not lucrative for them¹⁴ (Exhibit 2).

For drivers that used a car on an irregular basis, it was much more efficient to register for a car sharing service instead of investing in an own car that came with regular operating cost regarding gas, insurance, maintenance and depreciation. Based on their annual mileage car owners drove, 17% of city car drivers, 46% of compact car drivers and most of midsize and large car drivers had acted more efficiently using sharing services instead of owning a car (Exhibit 3). Hence, car sharing had been quickly taking root in many different cities all over the world easing the daily life of many consumers.¹⁵

It would appear that car sharing was becoming the most promising business area within the sharing economy. In 2015, the car sharing business in North America, Europe and the Asia-Pacific region served 5,8 billion users with 86.000 vehicles with annual revenues of €650 million (Exhibit 4).¹⁶ When analyzing the potential of the car sharing business, Julia came across a study by Statista that proposed that the number of car sharing users worldwide was expected to grow up to 36 million until 2025 (Exhibit 5) whereas 15 million already should be reached in Europe by 2020 (Exhibit 6).

Established car manufacturers', such as BMW's and Daimler's, reaction to the changing environment was that they had implemented digital services into their vehicles to create connected and smart cars as well as introduced mobility services by themselves instead of giving the market into the hands of new entrants.¹⁷

How it works – Car sharing

Car sharing services provided assets to consumers which they only paid for when and for how long they used them. Additionally, the type of car could be selected in order to meet the current situation why a car is needed. Providers allocated clean, well-maintained and well-operating cars to their customers. All expenses regarding maintenance, parking, taxes, insurance or gasoline were included in the payment fee which was either minute or hourly based. If users had to bring the car to a petrol station to refill, they usually were rewarded by additional free minutes.¹⁸

There were three different car sharing models. Round trip car sharing allowed users to pick up and drop off the car at the same location, had to be booked well in advance and was usually charged on an hourly basis. Then there was a so-called station-based car sharing which differed from one-way car sharing as there were fixed pick-up and drop-off stations instead of one single station which gave the users more flexibility.¹⁹ Stations were easy to access, as they were most likely located around railway stations, airports or other busy public transportations intersections.²⁰ However, the most flexible version was free-floating car sharing where the vehicles could be picked up and dropped off at any legal public parking space within a designated business area and was paid per minute.²¹ Free-floating car sharing services worked via an application on users' smartphones which was connected to the GPS of the cars, thus the location of the closest available vehicle could be checked out.²²

DriveNow

The car sharing service DriveNow had been established as a joint venture between BMW and the car rental company Sixt in 2011. As of March 9, 2018, DriveNow was a fully owned subsidiary of the BMW Group with headquarters in Munich, Germany. Starting in Munich with a fleet of 300 cars as a free-floating service concept²³, they had been expanding quickly until 2018 with more than 1,000,000 registered users and a fleet of over 6,000 vehicles. DriveNow was one of the major players in the car sharing business.

DriveNow offered a range of high-quality premium vehicles of BMW and MINI models to their customers for temporary use. Finding and booking the vehicles worked via the DriveNow application on consumers' smartphones. Cars could be picked up and dropped off randomly within a specified business area. By paying per minute, DriveNow offered a highly flexible and convenient service to their customers. Thus, there was a one-time registration fee of 29,00€ due when signing up for DriveNow.

After introducing the service in various cities in Germany, such as Berlin, Dusseldorf, Cologne, and Hamburg within the first two years, DriveNow had started to go abroad in 2014. The international expansion had started in Austria and the United Kingdom. Then they had entered the Danish, Swedish, Belgian and Italian market. Finally, the service was launched in Finland and Portugal in 2017. In 2018, the business areas concentrated on the capital in each country except from Germany (Exhibit 7).²⁴

Starting only with the BMW 1 Series and some MINI models, DriveNow had included more and more different BMW and MINI models in the fleet over the years to optimize the customer experience. In 2018 the fleet involved all existing MINI models as well as some entry BMW models including the i3 as a fully electric car (Exhibit 8). The fleet differed from country to country by number and the models that were included in the offer. In Copenhagen, for example, DriveNow only consisted of electric BMW models.²⁵

The cost started at 0,33€ per minute. However, the pricing varied by type of the car but did not exceed 0,36€ per minute in Germany. Driving a petrol engine BMW X1 or BMW 2 series was as much as expensive as driving the fully electric i3. DriveNow's communication prioritized the eco-friendly aspect of car sharing and therefore, emphasized the access to electric mobility within their service particularly. By using the BMW i3, DriveNow customers had already surrounded the globe 250 times which led to 1.700 tons saved CO₂ emissions (Exhibit 9).²⁶

Competition

As a consequence of emerging players starting to offer different mobility service concepts as an alternative to traditional car ownership, Daimler as the first OEM had launched their own branded car sharing service, called car2go, in 2009. Daimler had been a pioneer in establishing a single brand free-floating car sharing service. The idea of car2go had been developed already in 2007 running a project phase for research and science in Ulm, Germany in 2008. In 2010 they officially had entered the market. Within the first eight years car2go had grown constantly and was available in 14 European cities, eleven locations across Canada and the United States

as well as one Chinese city. With 26 locations and 3.1 million members worldwide, whereof 1.8 million were Europeans, and a fleet of 14,000 vehicles, car2go was market leader in the free-floating car sharing service area and therefore, the largest competitor of DriveNow.²⁷

Starting only with Smart cars, they had extended their portfolio over the years by including also some Mercedes Benz models (Exhibit 10). The car2go fleet offered around 1,400 electric vehicles for their customers such as the Smart ForTwo electric drive and the Mercedes-Benz B-Class Electric Drive in all locations. While in Stuttgart, Amsterdam and Madrid the fleet fully consisted of electric cars. At some point the business areas of DriveNow and car2go crossed; nevertheless, car2go's operating area was bigger. The business model of both services was very similar; free-floating car sharing with minute-based rates and a one-time registration fee. Both service providers allowed their members full access to entry models of their respective product range within their different locations.²⁸

Not only car manufacturers, but also the German railway provider "Deutsche Bahn AG" had challenged their own traditional business by establishing an own car sharing service. Starting with a pilot phase in Cologne and Stuttgart in 2009, the station-based service, called Flinkster, was with more than 1.700 stations available in many German cities. It also operated with well-structured city networks in some locations in the Netherlands and Austria and other European cities (Exhibit 11). The fleet offering was categorized in different vehicle classes by several brands such as Smart, Opel, Ford or Volkswagen. Users could also rent premium cars from brands like Audi, BMW or Mercedes Benz on demand, thus needed to make a reservation well in advance.²⁹ In general, consumers were obliged to pay a registration fee for Flinkster as well. However, frequent railway travelers holding the BahnCard did not have to pay that fee. The German train company understood that car sharing contributed an optional extra to their customers and therefore brought added value to the company.³⁰ Deutsche Bahn had also introduced another mobility service to their customers. "Call a bike" was a free-floating bike sharing service which was available in many German cities to move within the urban area. Bikes could be located and booked via an application that worked similarly to free-floating car sharing services except that they charged on a half-hourly basis.³¹

Other competitive automakers, such as CITROEN with *Multicity*, Ford with *Ford2go* and Volkswagen with *quicar*, had followed implementing own car sharing services³² whereas none of them still existed in Germany in 2018.³³ Given that car2go dominated the German car sharing market in terms of members, number of vehicles and locations, it was hard for other players to

enter and establish on the market. Even though the car sharing market was expected to continually grow within the coming several years, there were high entry barriers to overcome as sharing companies' success was based on three core principles; value, coverage and trust. First, value was brought to the consumers by providing access to cars which they usually had not been willing or able to afford. Second, the car sharing service provider needed to guarantee the availability of cars throughout the operating area even at peak hours to satisfy the customer in terms of coverage. Finally, trust was another important issue regarding sharing services as consumers needed to rely on the service in case of emergencies as well.³⁴ By offering similar services in terms of car types and usage, competitors were likely lead into a price war or surpassing each other in the number of vehicles whereas there was not enough demand for a number of different players resulting in none of them making profit.³⁵

To differentiate from the well-established car sharing services of the competitors, Audi had followed a different approach to offer a premium mobility solution for their clients. Thereby, the goal had been to illustrate the advantage of owning a premium car as well as to address a different target group than other car sharing providers. "Audi on demand" had offered the possibility to rent an Audi for a daily fee, but the differentiating factor was that people did not have to pick up the car at any rental company, but the car was brought to the consumer and picked up at any location by an Audi concierge. Targeting corporate clients, Audi had introduced a service called "Audi shared fleet" which was designated to companies implementing a corporate Audi fleet that was offered to their employees for professional and private use and payed via an app.³⁶

All in all, the only manufacturer owned car sharing services for private use that had been taken root were DriveNow and car2go offering free-floating services in contrast to Flinkster with a station-based model. See Exhibit 12 to get an overview about the different service options.

Consumers

The consumers were curious trying out new technologies or products. Due to that, the sharing economy companies had had the potential to expand quickly. In this context, it was crucial to understand if consumers generally tended to refuse car ownership and completely switched to using car sharing or if it was a temporary solution for a specific period in their life. Generally, the traditional BMW business attracted a different target group than the car sharing service DriveNow. Consumers that bought a BMW or MINI were not that sensitive to costs and had

decided to buy that specific brand or model not only due to utilitarian benefits but rather due to its premium quality, performance or special design.

One of Julia's main concerns when studying BMW and DriveNow was how established the car sharing market was and found that Germany was even pioneering the European car sharing business in terms of both users and the availability of vehicles (Exhibit 13 & Exhibit 14). Over 50% of Germans had at least heard of car sharing and another 30% had generally looked into it, therefore, showed a particular interest in the new mobility concept (Exhibit 15). Within the prior ten years the number of registered car sharing users had increased by a factor of ten (Exhibit 16). Most of them preferred free-floating car sharing services instead of station based models (Exhibit 17) as it gave them more flexibility.³⁷

Consumers signed up for car sharing services for many different reasons. The majority of car sharing members used the service due to economic benefits. One of the most influencing factors was the availability of vacant cars in their immediate proximity to their residence. Others found car sharing a cheap transportation option as it did not have a monthly membership fee or valued that they could use it in different cities. However, there was also a big portion that had registered just for fun to try out the car sharing experience (Exhibit 18). In order to identify the major reasons Julia had conducted an online survey to find out why people decided to not use car sharing (Exhibit 19). BMW had identified the typical DriveNow user was mainly male, below 30 (Exhibit 20) with a higher educational background and an advanced income level. They usually did not own a car but used car sharing as an add-on to public transportation. Therefore, it was assumed that the public transportation infrastructure influenced the likelihood of using the mobility services.³⁸

Decision at hand

Automakers had to prevail against emerging players that offered alternatives to traditional car ownership in addition to their long-term competitors in producing cars.³⁹ OEMs providing vehicles to consumers for temporary consumption implied additional revenue streams as well as a touch point with potential customers that could have been interested in buying an own car at some point in the future.⁴⁰ Julia consulted several consumer studies to estimate if the concept of ownership was obsolete and consumers were likely to switch completely from owning cars to using shared mobility services in the future. She acknowledged that most people will not have shed car ownership completely as well as increasing car sharing fleets in urban areas will partially have covered the lost sales of individual cars. Although car sharing will have expanded

quickly and widely, it was expected to have only a slight impact on new car sales in general.⁴¹ Additionally, Julia conducted an online survey with a sample of 96 respondents whereof 60% were female and 90% were male aged between 18 and 57 years. More details on the segmentation can be found in Exhibit 21. Segregating car sharing users versus non-users, the survey also investigated attitudes towards innovation and comparing ownership versus sharing preferences (Exhibit 22). Additionally, she analyzed the importance of car ownership among consumers. Thereby she asked non-owners of cars and consumers that already had used car sharing about their likelihood to buy an own car within the following five years (Exhibit 23). Since most of the surveyed consumers, independent from car sharing usage, perceived car ownership as important and were likely to buy a car within the following five years, it had been a smart move from BMW to go in that direction already in 2011. Due to the strong market position of car2go and DriveNow, other competitors that had entered the market at a later stage, such as different brands of the Volkswagen Group, had to leave the market (i.e. quicar) or had to target a different target group (i.e. Audi shared fleet) in order to scale.⁴²

Knowing that the consumers were expected to buy more and more cars online in the future, DriveNow gave consumers the opportunity to experience and test drive BMW and MINI models subconsciously by offering a convenient transportation option as a temporary solution while not owning a car. When owning a product, consumers often regard their possessions as a form of self-expression, especially in the case of high involvement products such as cars. Nevertheless, people identified less with rented goods compared to owned ones.⁴³ DriveNow users could be influenced in narrowing down the eligible brand choices for a car purchase. In the best case they immediately fell in love with a BMW or MINI model even before they had identified the need to buy an own car (Exhibit 24). Additionally, including in-car equipment and accessories in DriveNow cars could impact future decision making in terms of which features to include in an own car resulting in additional revenue streams in a long-term perspective.

BMW wanted to understand how the consumers evaluate DriveNow as a service and which role the brand BMW played in the mobility service context. To investigate further on the brand equity of DriveNow, Julia conducted an analysis about brand awareness, familiarity and usage among different car sharing providers (Exhibit 25). Additionally, she investigated on how consumers evaluate different service attributes (Exhibit 26) and how the service personality differs from the parent brand personality (Exhibit 27).

To measure the impact of the parent brand on the new service offering, Julia had resorted to research methods on perceptions and evaluations of different brand extensions. Those studies proposed that extensions were evaluated more favorably if the extension fits with the product portfolio of the mother brand regarding product similarity and the needs they satisfy.

It was also crucial to understand if the judgement of the mobility service differed between owners and non-owners of a BMW. Concerning premium brands, many consumers value the feeling of exclusivity. If this got lost, customers could buy cars from competitors instead. It was decisive that BMW did not lose its premium image due to the introduction of a mobility service. On the other hand, they wanted to address upcoming consumer demands to win new potential clients. Resulting very favorable evaluations of both owners and non-owners of BMW cars could have led to owners switching to the mobility service instead of purchasing. Existing BMW clients evaluating the new consumption mode too positively or too negatively, both could hurt the brand. Ideally, the introduction of an own branded car sharing service stimulated additional demand from established owners of a BMW while it also attracted non-owners to get to know the brand converting them into future buyers.⁴⁴ BMW's top priority was to secure the parent brand image and not to lose buyers to their rivals due to devaluating the brand by offering car sharing. The survey intended to estimate the impact of DriveNow on the parent brand image and vice versa and how both were evaluated by owners and non-owners of the brand (Exhibit 28).

So far, it was unclear if DriveNow harmed BMW's traditional business of selling cars or benefited the brand. Therefore, it was key to understand how the access offer should have been designed to both protect the BMW brand and support the growth of DriveNow as a service. As the car sharing market was a very competitive landscape with several providers offering similar service options, DriveNow considered two different scenarios to create a unique positioning. One of Julia's main tasks was to find out which positioning was better evaluated by the consumers and led them to use the service more frequently and at the same time did not harm BMW's core business of selling cars.

1) Premium Cars

The DriveNow fleet focused on MINI and entry BMW models. Those models were usually smaller than their high-class models and were therefore better suitable for driving in the city center. However, to attract a different target group, DriveNow thought about including more upscale models in the service that have higher performance

engines, dynamic exterior, more high quality in-car equipment and selected interior design. Becoming a premium free-floating service for private use would demonstrate an innovation to the car sharing market.

2) Electric Mobility

In every location, DriveNow already offered the fully electric BMW i3 to customers. In Copenhagen, the whole fleet of 400 cars only existed of electric vehicles which was very popular among consumers. Given that most cities had already created the infrastructure to promote electric mobility by building up several charging stations and designated parking areas for electric vehicles, DriveNow considered repositioning as fully electric car sharing service. Thus, DriveNow could better support one of car sharing's main intentions to reducing CO2 emissions in the city center and bring electric vehicles closer to the consumers. In the same time, DriveNow could integrate their mobility service ChargeNow into their electric fleet via connected services which helped users to find charging stations nearby.

Including more premium models in the service, offering would differentiate DriveNow in the way that competitors mainly provided entry models of different brands for car sharing. The consequence of that could have been that DriveNow was perceived as premium car sharing service. However, introducing upscale cars in the service resulted in higher costs and; therefore, the consumers needed to be charged a higher price. Price sensitive consumers were more likely to use other car sharing services that fit their budget whereas wealthy consumers were more likely to buy a car instead of using a shared solution as it was more convenient.

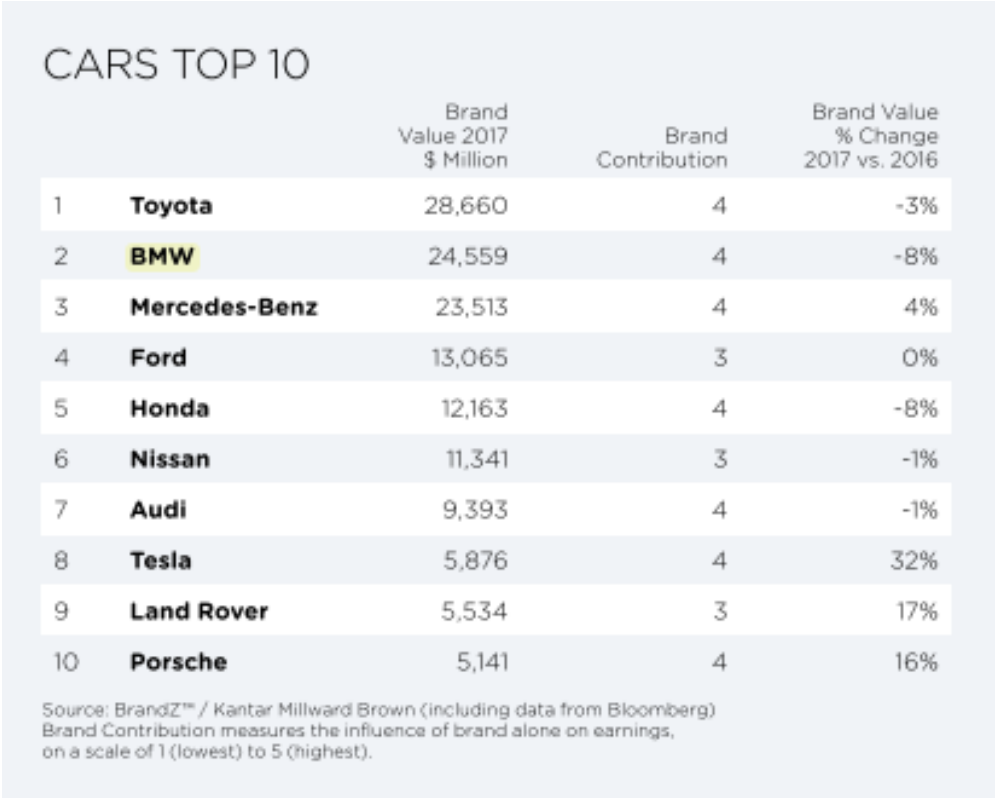
On the other hand, electric mobility was very common among public transportation providers and would support one of the sharing economy's core principles, sustainability. The main concern why consumers were reluctant to buy electric vehicles was the lacking infrastructure of charging stations. As car sharing was primarily used to commute within the urban area where the number of charging stations was constantly increasing, a fully electric car sharing experience offered a method to give consumers a better understanding of the benefits of green mobility. In some locations, users even saved some time while parking the vehicles as there were designated parking areas for electric cars. In the same time, a fully electric car sharing service would constitute a clearer distinction from BMW's core business of selling premium, high performance cars.

In the survey Julia had confronted consumers with the two different scenarios and based on their evaluation of each scenario while considering especially the opinion of established owners of a BMW, she was confident to make a good recommendation to BMW how to design the future strategy (Exhibit 29). The most important recommendations to be made to BMW should consider the following aspects:

- 1) Is car sharing a temporary solution for consumers or is the society completely switching from ownership to temporary accessing goods?
- 2) Does the implementation of DriveNow benefit the parent brand?
- 3) What would be the best strategic positioning strategy for DriveNow for the future?

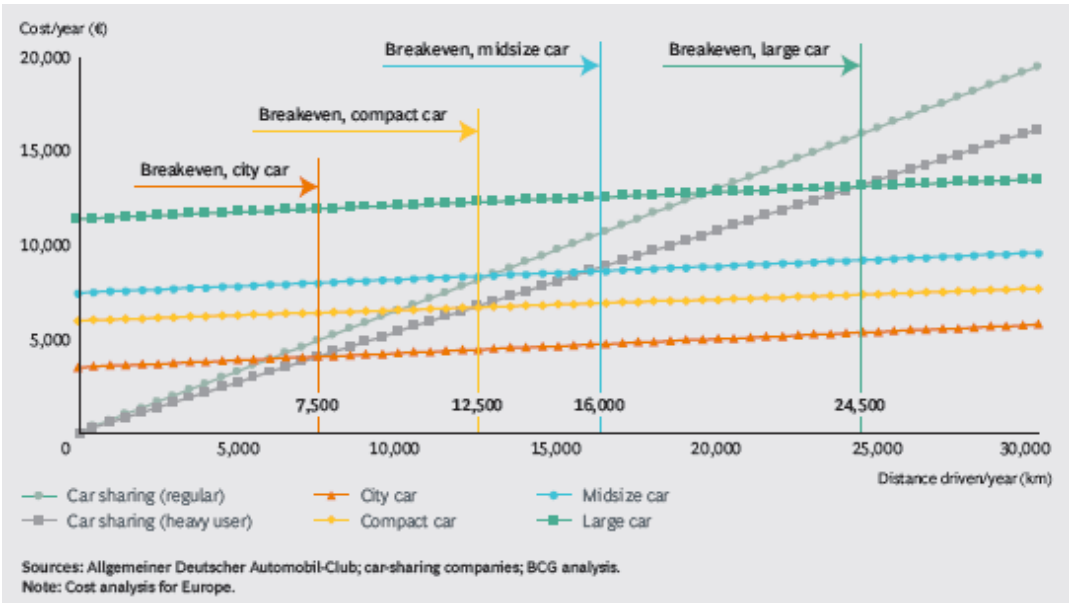
TEACHING CASE EXHIBITS

Exhibit 1: Most valuable car brands worldwide 2017



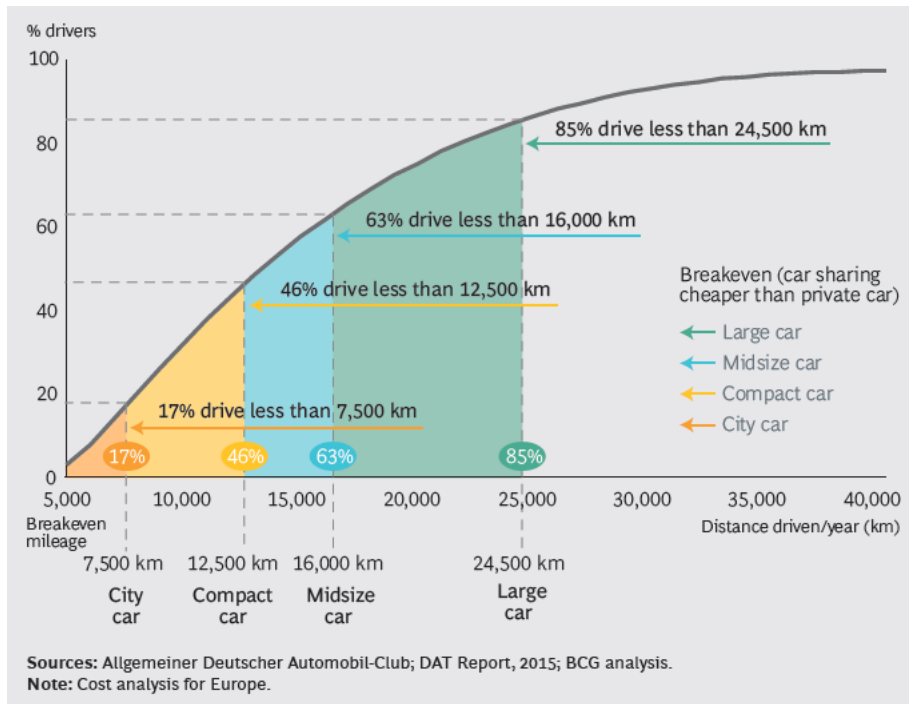
Source: Millward Brown, 2018

Exhibit 2: Annual costs car sharing vs. own car



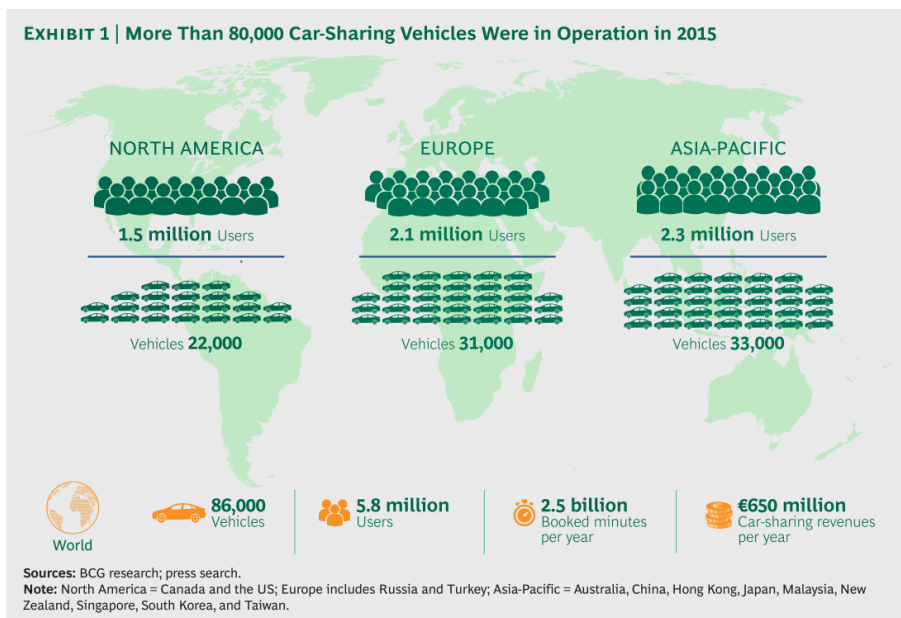
Source: Bert et al, 2016

Exhibit 3: Money savings for car owners when switching to car sharing per car type



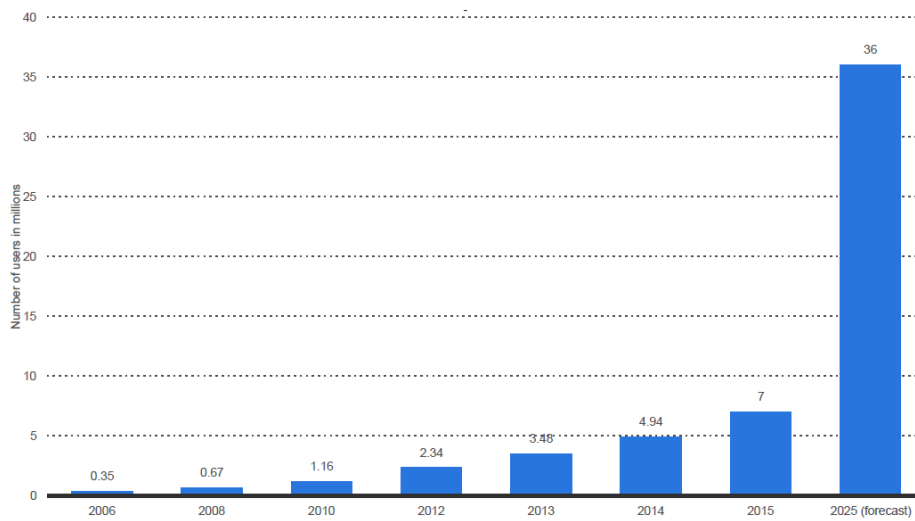
Source: Bert et al, 2016

Exhibit 4: Car sharing market volume worldwide in 2015



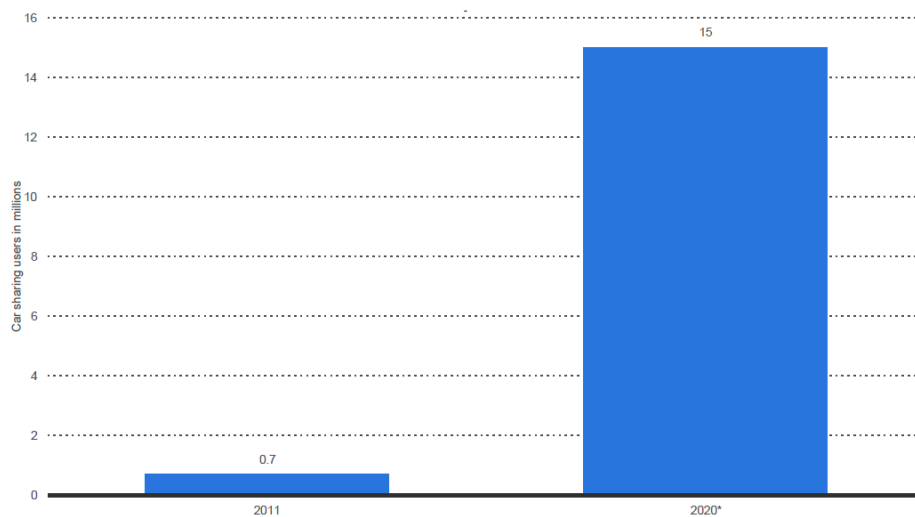
Source: Bert et al., 2016

Exhibit 5: Expected growth of car sharing usage worldwide until 2025 by user numbers in millions



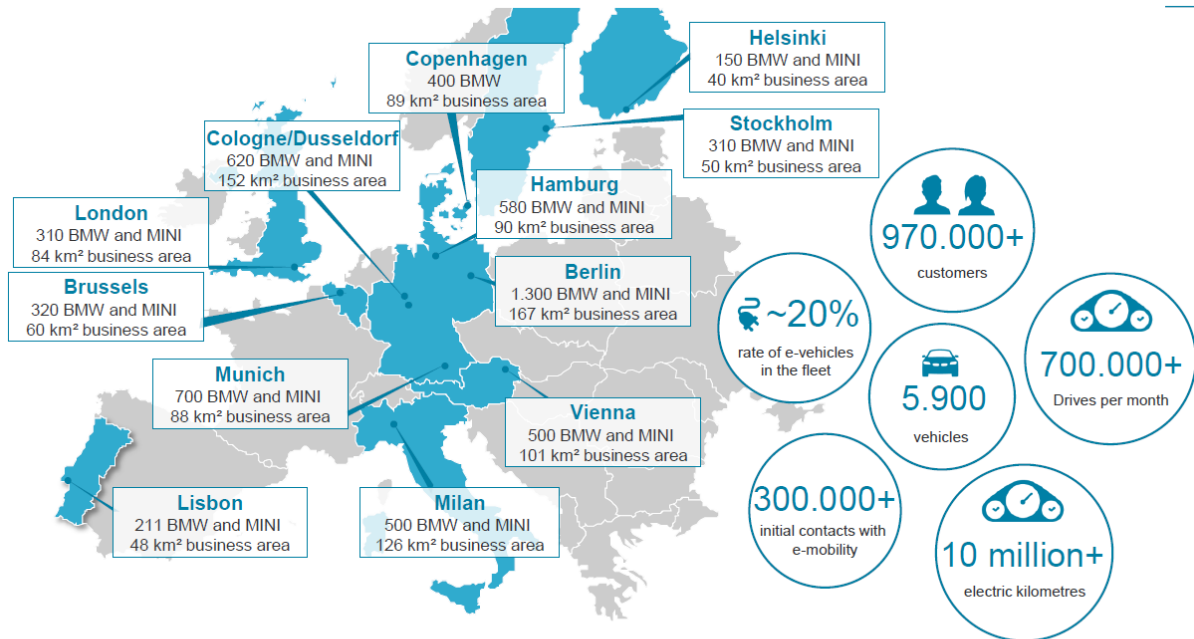
Source: Statista, 2016

Exhibit 6: Expected growth of car sharing usage in Europe until 2020 in millions by user numbers in millions



Source: Statista, 2016

Exhibit 7: DriveNow locations and facts



Source: DriveNow, 2017

Exhibit 8: DriveNow fleet in Germany product variety



BMW i3
Electric, sustainable and urban



BMW i3 WITH RANGE EXTENDER
For more range



BMW X1
Compact and versatile



BMW 1 SERIES
Sporty and agile

Spoilt for choice?
You could say so!
Treat yourself to
the right car for
any occasion.



BMW 2 SERIES ACTIVE TOURER
For those big plans



BMW 2 SERIES CONVERTIBLE
Enjoy an open life



MINI CONVERTIBLE
Open to new adventures



MINI 3 DOOR
Simply unmistakable



MINI 5 DOOR
Compact character



MINI CLUBMAN
The MINI for any instance



MINI COUNTRYMAN
Spacious and ready for adventure

Source: DriveNow, 2018

Exhibit 9: Electric mobility factsheet of DriveNow in 2018



250 times

electric around the world

DriveNow customers have already driven over 10 Million kilometres with the electric vehicles so far.



1.700 tons

CO2 saved

That equals the amount of CO2 that 136.000 trees can absorb in one year.



1.4 Mio.

electric drives

DriveNow customers have already driven more than 1.4 Million times with the electric vehicles.



870

electric vehicles

In all its cities, DriveNow also offers electric BMW i3. Thus DriveNow is one of the biggest e-carsharing providers in Europe.



©DriveNow

Source: DriveNow, 2018

Exhibit 10: Car model variety in car2go fleet in Germany in 2018

The car2go models

Bigger, more powerful, elegant, and ready for you and your destinations:
Mercedes-Benz A-class, B-Class, CLA, and GLA are the new additions to the
free-floating carsharing fleet of car2go.



smart fortwo

A-Class

B-Class

CLA / GLA




Source: car2go, 2018

Exhibit 11: Flinkster's stations network in Europe with more than 1.700 stations in Germany and abroad in 2018



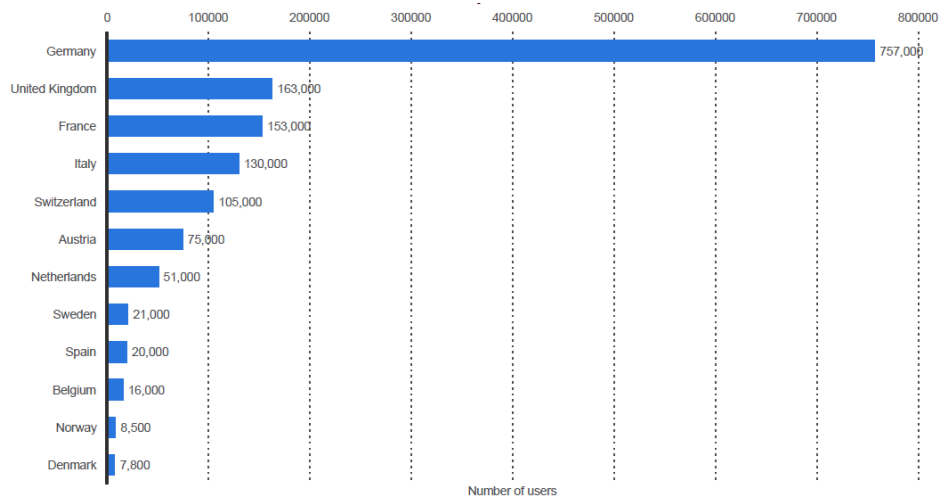
Source: Deutsche Bahn Connect, 2018

Exhibit 12: Competitive comparison of car sharing providers in Germany in 2018

| | Type | Pricing | Pricing e-mobility | Hourly packages | One-time Registration Fee |
|---|---------------|--|--------------------|---|--|
|  | Free-floating | 0,33€/min – 0,36€/min Fees vary based on car model | 0,36€/min | 3 hours = 29,00€ 6 hours = 54,00€ 9 hours = 79,00€ 24 hours = 109,00€ | 29,00€ |
|  | Free-floating | 0,26€/min – 0,34€/min Fees vary based on car model | 0,29€/min | 2 hours = 17,90€ 4 hours = 29,90€ 6 hours = 44,90€ 24 hours = 59,00€ 48 hours = 109,00€ Fees vary based on car model and specific mileage included | 9,00€ |
|  | Station-based | Day tariff: 2,30€ - 8,00€/hour + 0,18€ - 0,20€/km Night tariff: 1,50€ - 1,90€/hour + 0,18€ - 0,20€/km | | | 29,00€ Only if no BahnCard holder |

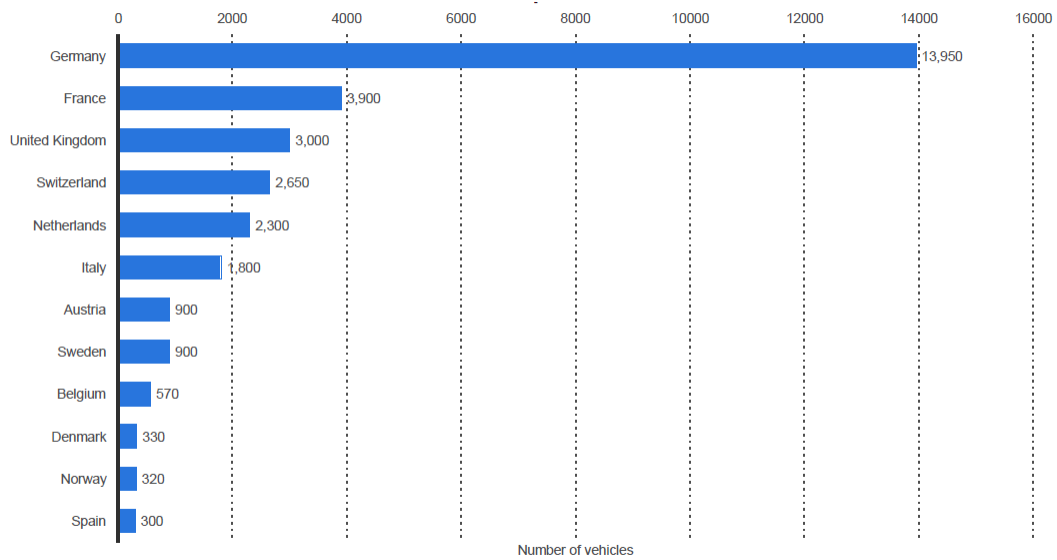
Source: DriveNow, car2go & Deutsche Bahn Connect, 2018

Exhibit 13: Number of car sharing users in Europe by country in 2014



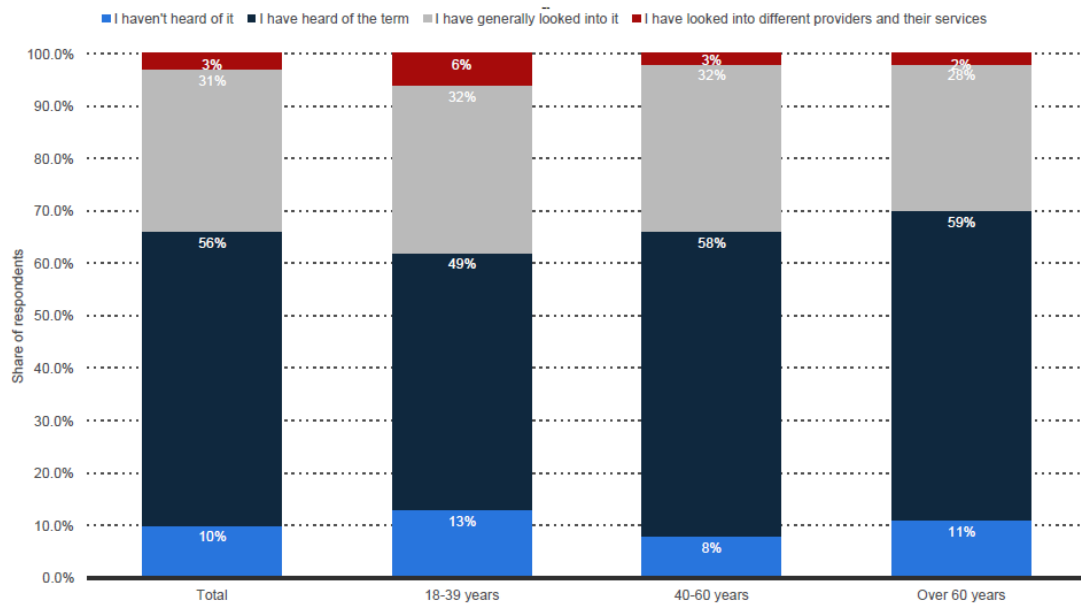
Source: Statista, 2016

Exhibit 14: Number of car sharing vehicles in Europe by country in 2014



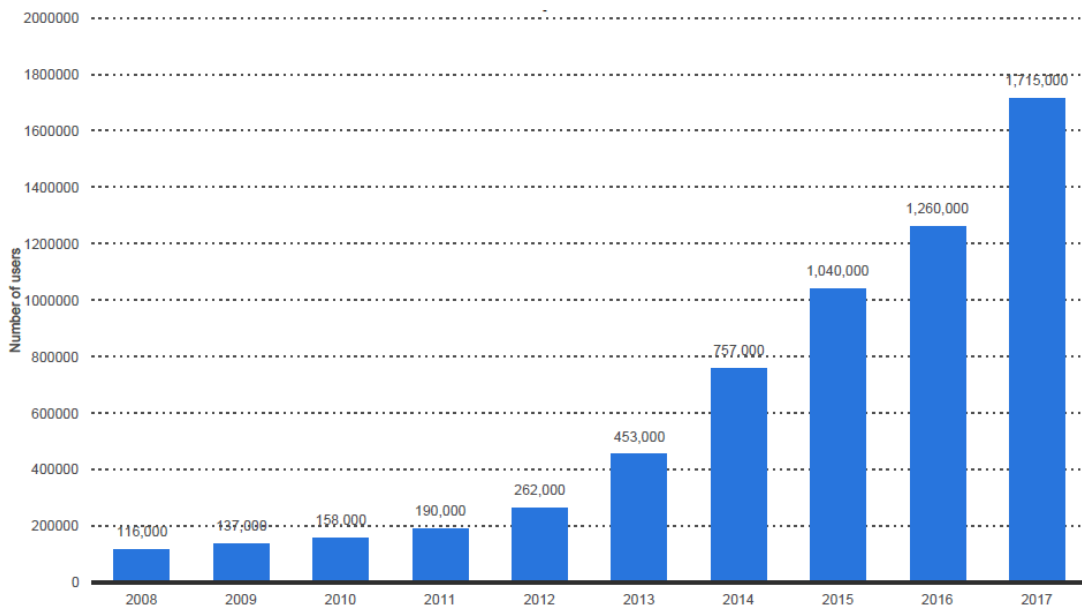
Source: Statista, 2016

Exhibit 15: Familiarity with car sharing concept in Germany in 2015



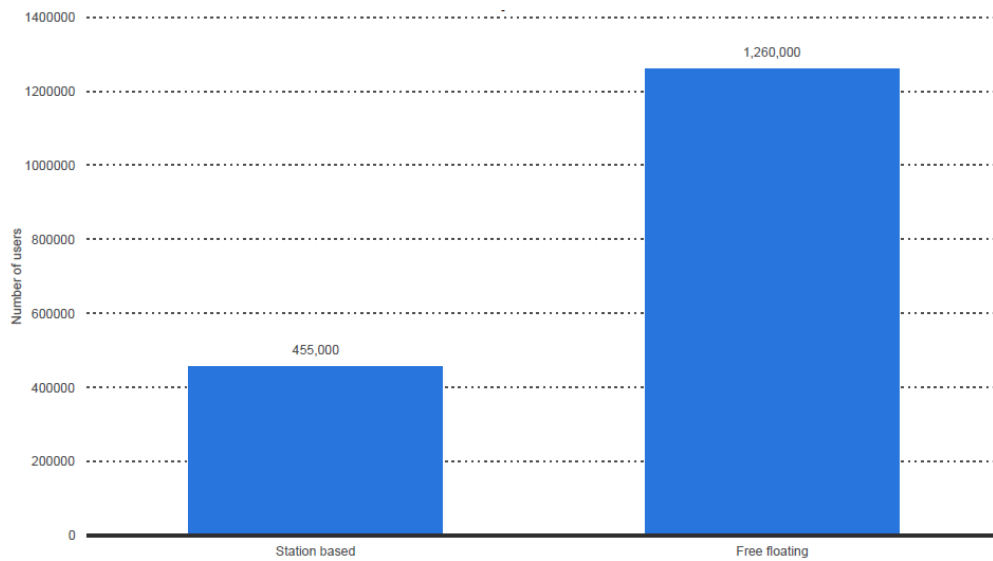
Source: Statista, 2016

Exhibit 16: Number of registered car sharing users in Germany from 2008 to 2017



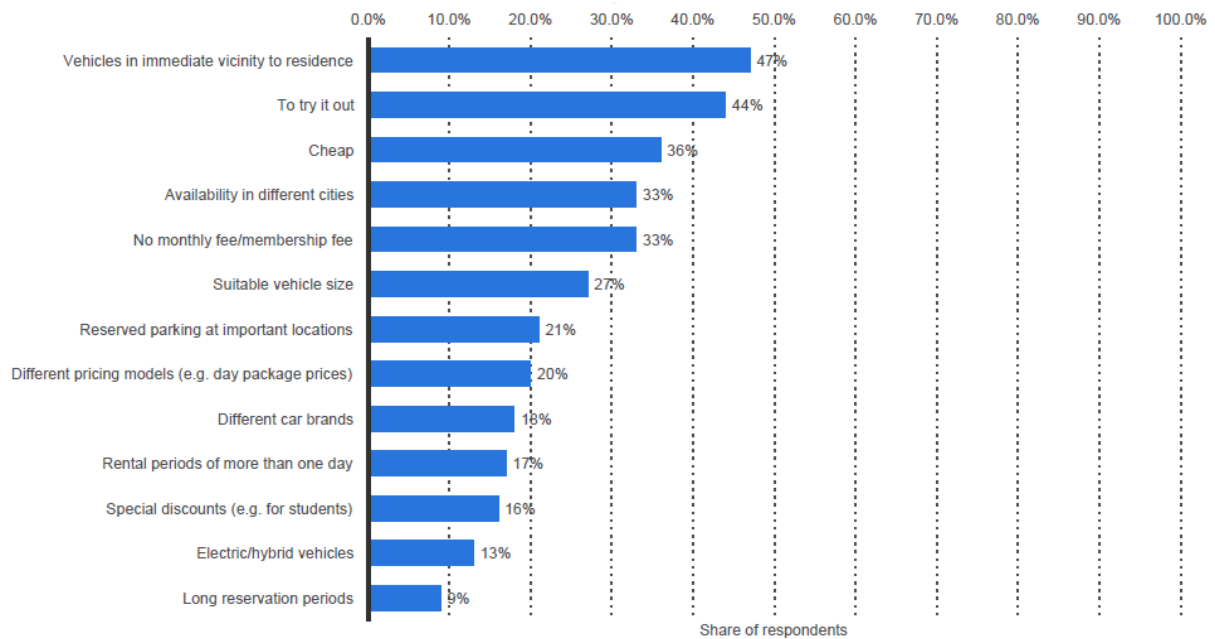
Source: Statista, 2016

Exhibit 17: Number of car sharing users in Germany in 2017 by type



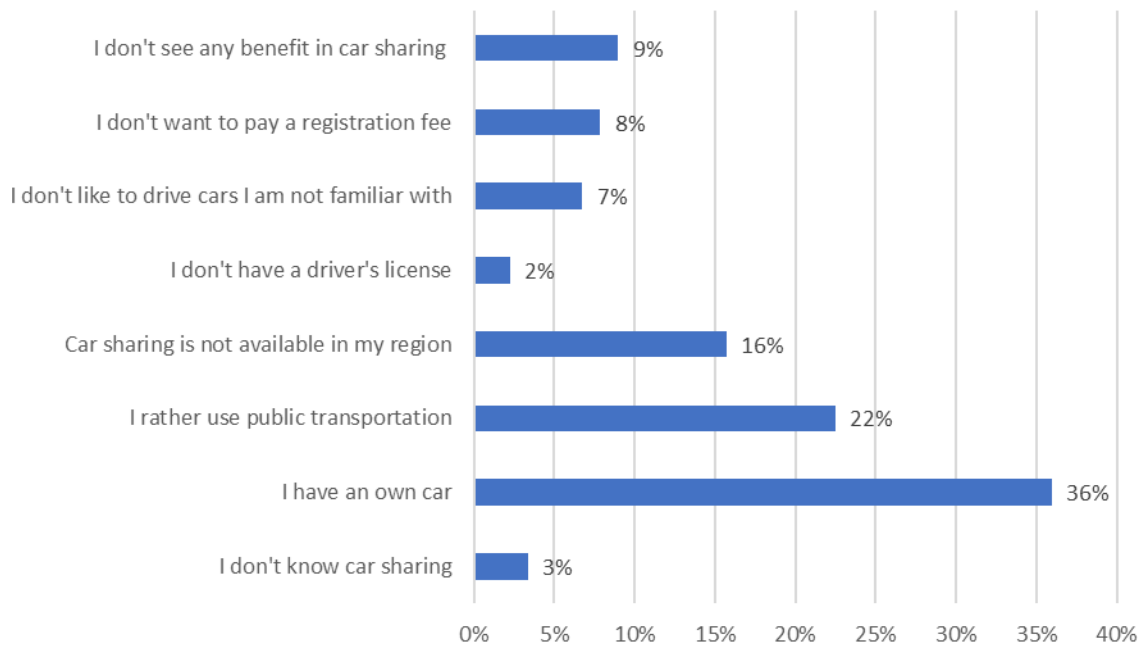
Source: Statista, 2016

Exhibit 18: Drivers to sign up for car sharing



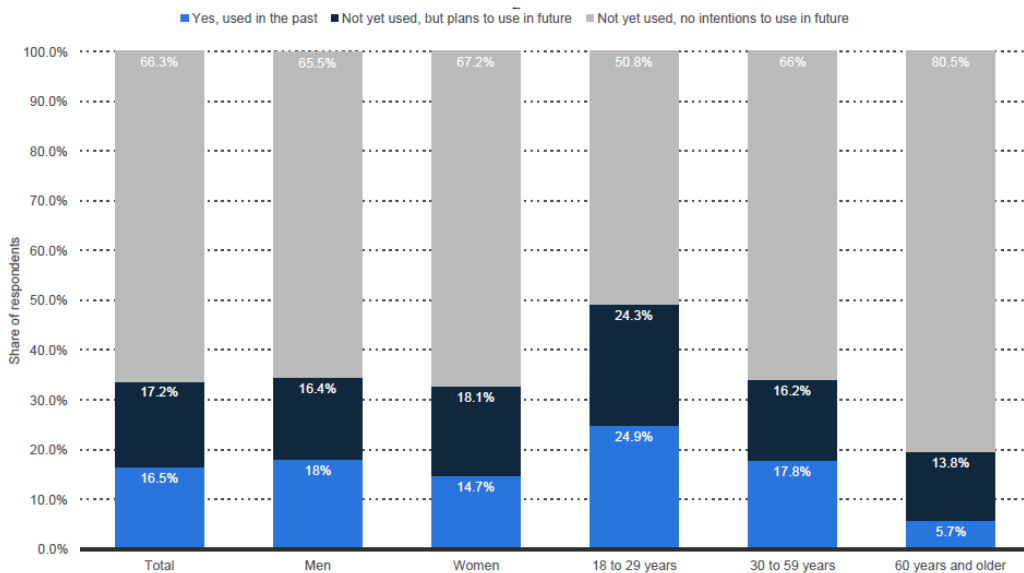
Source: Statista, 2018

Exhibit 19: Main reasons not to use car sharing



Source: Casewriter, 2018

Exhibit 20: Consumers' intention to use car sharing in Germany



Source: Statista, 2018

Exhibit 21: Car ownership status, preferences for BMW and car sharing usage by Age, Gender and Living Situation

| | AGE | | | GENDER | | LIVING SITUATION | | | |
|----------------------------|------------|------------|-----------|------------|------------|------------------|---------------------------|-------------------------|---------------------|
| | 18 - 24 | 25 - 34 | 35+ | Male | Female | with parents | with partner, no children | with partner & children | single, no children |
| Total | 45% | 53% | 2% | 40% | 60% | 18% | 25% | 7% | 45% |
| Primary Driver | 39% | 57% | 4% | 45% | 55% | 20% | 33% | 10% | 37% |
| Secondary Driver | 52% | 48% | 0% | 28% | 72% | 24% | 12% | 4% | 60% |
| No Car | 54% | 46% | 0% | 39% | 61% | 0% | 15% | 0% | 85% |
| BMW Owner | 30% | 61% | 9% | 61% | 39% | 9% | 26% | 26% | 39% |
| Interested in buying a BMW | 51% | 47% | 2% | 36% | 64% | 13% | 20% | 2% | 64% |
| Car Sharing User | 44% | 53% | 2% | 63% | 43% | 9% | 22% | 11% | 58% |
| DriveNow User | 44% | 53% | 3% | 41% | 59% | 12% | 29% | 6% | 53% |

Source: Casewriter, 2018

Exhibit 22: Consumer attitudes

| | | Car Sharing User | Non-User |
|---|---|------------------|----------|
| Attitudes towards innovation | Compared to my friends, I am likely to be the first trying out new products or services. | 58% | 52% |
| | Compared to my friends, I am more likely to experiment with new ways of doing things | 78% | 53% |
| | Compared to my friends, I am likely to continually seeking new product experiences. | 67% | 52% |
| | Compared to my friends, I am more interested in new technologies | 81% | 64% |
| Attitudes towards sharing | Using shared services makes life more affordable | 89% | 90% |
| | Using shared services makes life more convenient and efficient | 91% | 93% |
| | I will only trust sharing companies that are recommended by someone I trust | 60% | 69% |
| | Temporary access is the new ownership. | 58% | 63% |
| | If I can afford it, I prefer to buy products. | 74% | 83% |
| Car sharing service provider similarity | All car sharing services are much the same, so it would not matter if I changed the provider. | 34% | / |
| | The service I am currently using most is the best choice for me and I do not want to change. | 77% | / |
| Car sharing vs. Ownership | Car sharing usage is compatible with my lifestyle. | 72% | 41% |
| | Using car sharing completely fulfills my needs. | 48% | 16% |
| | Car sharing fits well with the way I like to get things done. | 55% | 29% |
| | I want to buy a car in the future, so I use car sharing only as a temporary solution. | 52% | 45% |
| | Car sharing can replace ownership in all concerns. | 13% | 24% |
| | Using car sharing is better for the environment than owning a car. | 92% | 87% |
| | Using car sharing is less expensive than owning a car individually. | 85% | 68% |
| | Owning a car is less expensive than using car sharing. | 14% | 17% |
| | Owning a car is more convenient than using car sharing. | 88% | 85% |
| | Car sharing usage is more convenient than car ownership. | 37% | 24% |
| Owning a car is a burden for me. | 23% | 16% | |

NOTE: The sample included 96 people whereof 90% were German, 60% female and 40% male; The table consolidated the answers to the presented questions according to agreement (somewhat agree + strongly agree) as a comparison between car sharing users and non-users.

Source: Casewriter, 2018

Exhibit 23: Importance of car ownership and desire to buy in the future

| | | Car Sharing User | Non-User |
|---------------------------------------|-------------------------------------|------------------|----------|
| Ownership Status | Yes, I am the primary driver | 51% | 64% |
| | Yes, I am not the primary driver | 29% | 27% |
| | No, there is no car in my household | 20% | 9% |
| Likelihood to buy a car in the future | Definitely yes | 41% | 25% |
| | Probably yes | 32% | 41% |
| | Might or might not | 18% | 19% |
| | Probably not | 10% | 6% |
| | Definitely not | 0% | 6% |
| Importance of car ownership | Extremely important | 30% | 48% |
| | Very important | 40% | 38% |
| | Moderately important | 26% | 10% |
| | Slightly important | 4% | 4% |
| | Not important at all | 0% | 0% |

NOTE: The sample included 96 people whereof 90% were German, 60% female and 40% male; The table consolidated the answers to the presented questions as a comparison between car sharing users and non-users.

Source: Casewriter, 2018

Exhibit 24: Attitudes towards car brands and purchase preferences by brand compared by DriveNow users vs. non-users.

| | BMW | | MINI | | Mercedes | | Audi | | VW | |
|--|------|----------|------|----------|----------|----------|------|----------|------|----------|
| | User | Non User | User | Non User | User | Non User | User | Non User | User | Non User |
| Like a great deal | 65% | 54% | 41% | 26% | 38% | 35% | 50% | 51% | 18% | 20% |
| Like somewhat | 24% | 24% | 24% | 36% | 35% | 36% | 29% | 31% | 50% | 46% |
| Neither like nor dislike | 6% | 13% | 18% | 26% | 15% | 16% | 15% | 9% | 24% | 15% |
| Dislike somewhat | 6% | 3% | 12% | 9% | 12% | 9% | 6% | 6% | 9% | 15% |
| Dislike a great deal | 4% | 3% | 6% | 4% | 0% | 4% | 0% | 4% | 0% | 6% |
| Never owned and no intention to buy in the future. | 24% | 42% | 53% | 64% | 44% | 55% | 29% | 36% | 50% | 42% |
| Owned but do not own anymore. | 12% | 16% | 3% | 6% | 3% | 11% | 6% | 7% | 18% | 9% |
| Currently owning, but would not buy again. | 0% | 0% | 0% | 0% | 3% | 2% | 0% | 0% | 3% | 6% |
| Currently owning and would buy again. | 9% | 13% | 3% | 4% | 6% | 11% | 18% | 9% | 9% | 9% |
| Would seriously consider when making a car purchase. | 44% | 27% | 32% | 24% | 32% | 20% | 32% | 35% | 18% | 31% |
| Would be my first choice when making a car purchase. | 12% | 2% | 9% | 4% | 11% | 2% | 15% | 13% | 3% | 4% |

NOTE: The sample included 96 people whereof 90% were German, 60% female and 40% male aged between 19 and 57 years

Source: Casewriter, 2018

Exhibit 25: Brand awareness and usage of different car sharing providers

| | | DriveNow | car2go | Flinkster | Zipcar | Multiplicity | Other |
|--|---------------------|----------|--------|-----------|--------|--------------|-------|
| Awareness | Top of mind | 46% | 27% | 0% | 0% | 0% | 27% |
| | Not familiar at all | 25% | 25% | 48% | 80% | 93% | / |
| Familiarity with car sharing providers | Slightly familiar | 10% | 15% | 37% | 18% | 6% | / |
| | Moderately familiar | 23% | 38% | 15% | 1% | 1% | / |
| | Very familiar | 29% | 18% | 1% | 0% | 0% | / |
| | Completely familiar | 13% | 5% | 0% | 1% | 0% | / |
| Usage of sharing providers | Driver | 28% | 15% | 0% | 0% | 0% | 1% |
| | Passenger | 6% | 2% | 0% | 0% | 0% | 0% |
| | Driver & Passenger | 3% | 0% | 0% | 0% | 0% | 0% |
| | Never used | 63% | 83% | 100% | 100% | 100% | 99% |

Source: Casewriter, 2018

Exhibit 26: Evaluation of different service attributes of DriveNow

| | | General | Service Quality | Car Quality | Convenience | Product Variety | Availability | Flexibility | Personal Experience |
|--------------------------------|-------------------------------|---------|-----------------|-------------|-------------|-----------------|--------------|-------------|---------------------|
| Evaluation of DriveNow service | Extremely negative | 0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% |
| | Slightly negative | 2% | 2% | 1% | 0% | 10% | 5% | 2% | 1% |
| | Neither positive nor negative | 34% | 47% | 37% | 37% | 49% | 45% | 43% | 45% |
| | Slightly positive | 39% | 43% | 34% | 45% | 34% | 38% | 43% | 40% |
| | Extremely positive | 25% | 9% | 28% | 17% | 7% | 12% | 13% | 13% |

Source: Casewriter, 2018

Exhibit 27: Comparison of brand personality traits of BMW and DriveNow

| BMW is | fun | useful | good value for money | compliant | special | young | attractive |
|----------------------------|-----|--------|----------------------|-----------|---------|-------|------------|
| Strongly agree | 34% | 19% | 3% | 2% | 17% | 12% | 34% |
| Somewhat agree | 47% | 52% | 30% | 12% | 40% | 39% | 46% |
| Neither agree nor disagree | 15% | 21% | 38% | 26% | 26% | 36% | 15% |
| Somewhat disagree | 5% | 7% | 24% | 52% | 15% | 11% | 5% |
| Strongly disagree | 0% | 1% | 5% | 8% | 3% | 1% | 1% |

| DriveNow is | fun | useful | good value for money | compliant | special | young | attractive |
|----------------------------|-----|--------|----------------------|-----------|---------|-------|------------|
| Strongly agree | 36% | 55% | 24% | 8% | 13% | 46% | 34% |
| Somewhat agree | 18% | 17% | 28% | 3% | 25% | 18% | 27% |
| Neither agree nor disagree | 41% | 25% | 42% | 38% | 41% | 33% | 33% |
| Somewhat disagree | 3% | 3% | 3% | 19% | 12% | 1% | 4% |
| Strongly disagree | 2% | 0% | 3% | 32% | 10% | 1% | 1% |

NOTE: The sample included 96 people whereof 90% were German, 60% female and 40% male aged between 19 and 57 years

Source: Casewriter, 2018

Exhibit 28: Evaluation of the impact of DriveNow on the parent brand image compared by owners of a BMW vs. non-owners as well as DriveNow users vs. non-users

| | BMW Owner | Non-owner | DriveNow User | Non-user |
|--|------------------|------------------|----------------------|-----------------|
| Impact of DriveNow on BMW Image | | | | |
| There is a good fit between DriveNow and BMW. | 87% | 62% | 74% | 63% |
| DriveNow is similar to the BMW brand portfolio in terms of the needs they satisfy. | 48% | 32% | 47% | 29% |
| It is logical for BMW to make an own car sharing service. | 74% | 53% | 68% | 53% |
| I would rather use a car sharing service that is operated by a car manufacturer than a service which I don't know. | 74% | 63% | 74% | 62% |
| DriveNow car sharing service has a positive impact on the brand image of BMW. | 65% | 63% | 77% | 75% |
| The fact that BMW is extending into car sharing makes me think of BMW as a less special brand. | 13% | 11% | 9% | 13% |

NOTE: The sample included 96 people whereof 90% were German, 60% female and 40% male; The table displays the impact DriveNow has on the parent brand image according to agreement (somewhat agree + strongly agree) as a comparison between owners of a BMW car and non-owners, as well as DriveNow users and non-users.

Source: Casewriter, 2018

Exhibit 29: Evaluation of both potential new service concept comparison between owners and non-owners of a BMW

| | | BMW Owner | Non-owner |
|------------------------------------|---|-----------|-----------|
| Evaluation Premium Service Option | If they offered more premium cars, I would have a more positive opinion about the service. | 21% | 13% |
| | If they offered more premium cars, I would use the service more frequently. | 36% | 13% |
| | A service with premium cars is for people like me. | 29% | 9% |
| | It would not make any difference to me if they included more premium cars. | 50% | 50% |
| | It would make me think of BMW as a less special brand. | 14% | 13% |
| | I use DriveNow only in the city center; therefore, I prefer a smaller car. | 64% | 50% |
| | Willingness to pay more for a premium car sharing service. | 36% | 19% |
| Evaluation Electric Service Option | If they offered more green cars, I would have a more positive opinion about the service. | 78% | 69% |
| | If they offered more green cars, I would be more likely to use the service more frequently. | 55% | 43% |
| | A car sharing service with electric vehicles is for people like me. | 67% | 47% |
| | It would not make any difference to me if they included more electric cars. | 44% | 44% |
| | I use DriveNow for long distance trips; therefore, I prefer petrol cars. | 0% | 10% |
| | Willingness to pay more for electric car sharing service | 66% | 33% |

NOTE: The sample included 96 people whereof 90% were German, 60% female and 40% male; The table presents the evaluation of both alternative new strategies according to agreement (probably yes + definitely yes) as a comparison between owners of a BMW car and non-owners.

Source: Casewriter, 2018

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TEACHING NOTES

Synopsis

The case “From manufacturer to mobility provider: BMW’s response to the disruption in the automotive industry” was written by Julia Ellinger in the context of a Master of Science dissertation at Católica Lisbon School of Business and Economics.

This case addresses how companies have to deal with a changing environment and consumer trends that pose a serious threat to their traditional business. It especially reports how traditional car manufacturers response to the disruptive changes regarding emerging technologies and the resulting changing consumer behavior. The story tells how BMW, as a worldwide leading car manufacturer, had to reshape its business strategy into becoming a mobility company instead. To create new touch points with the car ownership adverse younger generation, BMW introduced different mobility services addressing their different needs.

By studying this case, students are confronted with a real management problem considering many different aspects. The main goal is to identify how the parent brand can be supported by the introduction of new business models consuming the products. Students are provided data from market studies to be analyzed as a basis for the decision regarding future strategic positioning.

Target Audience

This teaching case can be used for graduate students in Brand Management or Strategic Marketing courses to teach different aspects of the respective fields.

Teaching Objectives

The teaching objective of this case is to give students an overview of how traditional companies react to technological disruption, specifically in the context of the automotive industry.

Teaching Strategy

The students are encouraged to read and think about the case individually prior to class. In the beginning of the lecture the instructor could give a short 15-minute introduction to the case before starting the discussion. The introduction should describe the changes in the society and the environment many industries are facing nowadays and how the sharing trend threatens the traditional business of many established enterprises. Continued by an explanation how the

worldwide leading car manufacturer BMW reacts on those challenges associated with the changes. The discussion of the case intends to enlighten that industry progress often comes with new challenges for all players in the market independent from their positioning and that being successful means to keep up with the zeitgeist.

Alternative to the instructor providing a short recapitulation, students can be asked the following questions to elicit the same information background to continue with the main discussion:

1. Please describe recent trends in the automotive industry.
2. What are the associated challenges and how does BMW handle them?

After the quick summary of all key facts of the case, the instructor can start with the actual case discussion.

Questions for discussion

Is sharing a temporary solution for consumers or is the society completely switching from ownership to temporary accessing goods?

After reading the case, students should be aware that sharing can be categorized as business models that bring underutilized assets to consumers that are in temporary need of the respective goods or services. Research implies that sharing economy businesses depend on three key factors; value, coverage and trust (Bardhi & Eckhardt, 2012; Bert et al., 2016). As sharing is prominent in so many different industries, it cannot be generalized if there is a wholistic trend against ownership. Students might argue that sharing makes experiencing some goods more affordable and fits in the lifestyle of the younger generation. Therefore, it gives price-sensitive consumers the chance to interact with goods or services for a limited time even though they cannot afford it. General assumptions about attitudes towards sharing and ownership can be drawn from case Exhibit 22.

How do consumers usually buy cars? Do they still buy cars?

This is a good trigger questions to repeat the purchase decision-making process. Students are likely to repeat the five phases of the decision-making process; need recognition, information search, evaluation of alternatives, the actual purchase decision as well as post purchase behavior. When it comes to the purchase-decision making it is also recommended to recap the concepts of high vs. low involvement products as the phases might differ in terms of

importance. For many people cars denote not only utilitarian benefits, but also hedonic ones. As high involvement products, cars can serve as a form of self-expression for some people; therefore, the brand is essential in the decision-making process (Clarke & Belk, 1978).

Students can be directly asked the same question as posed in the online survey: “do you want to buy a car within the next five years”. As students are likely to have a job within the next five years, earn money, might start to plan a family and a variety of other reasons, these are the most relevant potential car buyers within that time frame. As different consumer studies and the online survey confirms (case Exhibit 23), consumers still want to buy a car. The desire of car ownership is not expired even though it is not as important as it was generations ago.

How can DriveNow usage impact consumers buying behavior regarding future potential purchases?

Sharing companies have the possibility to bond with consumers at an earlier stage before they consider buying products of the respective category. Based on the personal experience with the brand, it is prominent in consumers’ minds. When the need to purchase a certain product arises at a later stage, consumers are more likely to buy from that brand. Car sharing is a good way to address consumers that cannot afford to buy a car, but already identified the need to use a car from time to time. DriveNow users get access to cars from specific brands; BMW and MINI. Therefore, it is a perfect method to increase awareness of the respective brands among consumers and a good communication technique. Consumers get first-hand experiences with the brand in a comfortable way and therefore, do not have to do extensive information search online or waste time with arranging a test drive at the dealership. Positive experiences with the brand have favorable impact on the purchase intention of a specific product and the brand is in the evoked set when thinking of brands to consider for a car purchase. With caution that consumers are likely to buy more and more cars online in the future, DriveNow is a good communication tool as people can experience the BMW brand offline.

Does the implementation of DriveNow harm or benefit the parent brand?

This question offers a good opportunity to recap some basic concepts of brand management and apply it to a real management issue.

At first, students might say that the implementation of an own car sharing service cannibalizes new-car sales and therefore, harms the parent brand. If students are too focused on the cannibalization effect, the lecturer should allude to the research paper “Marketing Myopia” by

Theodore Levitt which is a basic reading in Marketing classes. Based on that, students are encouraged to reconsider their thinking and come to the conclusion that companies cannot rely on the idea of their product being indispensable with no serious substitutes but rather need to adapt to changing consumer demands and address their needs before the competition does (Levitt, 1960).

The discussion should be steered into considering how DriveNow can impact the brand equity of the parent brand. Students should be aware that brand equity represents the value of a brand. This value is measured by consumers' attitudes towards and consequences of using the brand. When discussing brand equity it is recommended to recap shortly on the different steps how brand equity is built; awareness and image which form the knowledge of brand. Those are followed by the responses a brand evokes and the relationships made (Keller, 2001).

Accordingly, it can be discussed how brand extension strategies fit into that context. As car sharing indicates a new form of consuming existing products, it cannot be categorized as brand extension per se. However, on the basis of brand extension theories one can make a derivation to what extent consumers accept a car manufacturer owned car sharing service (Baumeister et al., 2015). Consumers form their evaluation of an extension based on the knowledge they have about the core brand. Thereby is decisive if the information is suggestive for the extension and perceived favorably in comparison with competitors. Depending on a high level of similarity, consumers are likely to perceive the evaluation positively and vice versa. Users and non-users as well as BMW owners and non-owners evaluate the service positively in terms of impact on the parent brand image see case Exhibit 28.

Awareness describes the extent to which consumers know the brand and can connect it to the right products. From the survey results (case Exhibit 25) can be concluded that DriveNow is the most recalled brand when thinking of car sharing providers, the service with the highest familiarity level as well as most used among the participants which alludes to high salience. Students might argue that a well-established single-brand car sharing fleet increases the awareness of the manufacturer brand as well. As the cars are well spread within the urban area, consumers will be exposed to the cars not only once but rather on a regular basis which attracts the attention of consumers and therefore, has kind of a sampling effect. Sampling is an important method to introduce new products, change the image of a product or redeem word of mouth (Marks & Kamins, 1988).

Evaluating different criteria of the DriveNow service (case Exhibits 26), demonstrates that the car quality and the personal experience factor is mainly perceived as being positive, both leading to favorable attitudes towards the parent brand. Consumers can develop a preference for a specific brand within a product category based on good experiences with the brand. A strong brand can symbolize higher quality and trustworthiness and therefore, consumers are even willing to pay a higher price for that specific brand.

Comparing brand personality traits of both brands, shows that both are perceived as being young and attractive. In contrast to BMW, DriveNow is evaluated as better value for money and more useful. However, more people rate BMW as more special (case Exhibit 27).

The fundamental goal of brand equity is to create a long-lasting relationship between customer and brand. Case Exhibits 24 show that DriveNow users have more favorable evaluations and show more interest in buying a BMW or MINI than non-users. To measure if there is a statistical significance a Chi-Square test of independence was calculated. A significant interaction was found $\chi^2(1, N=96) = 4,69, p = ,03$ which explains that DriveNow usage has a small to moderate effect on the interest in buying a BMW in the future (Exhibits TN 1). Both support the assumption that loyalty towards the parent brand can be created starting buy using the mobility service.

Lamberton and Rose propose and the survey results confirm that the introduction of an access-based consumption service has a positive effect on consumers' attitude towards the brand, loyalty and the company's image (Lamberton & Rose, 2012).

Does the evaluation of the DriveNow service differ between owners and non-owners of a BMW car?

To secure the core business of BMW of selling cars, it is decisive that existing clients do not perceive it as a less special brand due to the integration of an access service for the same products. Owners of a brand have stronger associations to the brand based on their familiarity and personal experience with the brand. Information integration theory has been used to understand judgements of consumers and applied to investigate on consumers' evaluations on brand alliances and brand extensions in several cases in the past. It describes how different stimuli are appreciated, assimilated and integrated to generate or adapt a certain impression or belief about an object. According to information integration theory, owners project their positive attitudes to the new brand-related offering. However, research says that this theory does not hold if a prestigious brand is extended downwards because they fear to lose exclusivity

of the brand. Owners are confused as the brand sends inconsistent information. Thus, owners also take into consideration how the extension fits in with the brand in general and are more likely to have a positive attitude based on a good fit (Baumeister et al., 2015).

Although there could no statistical significant difference between owners and non-owners of a BMW concerning the impact of the DriveNow integration on the BMW brand image be found (Exhibits TN 2). The sample shows that DriveNow fits well with the BMW brand and both parties perceive that the mobility service supports a positive image of BMW (case Exhibits 28).

What would be the best positioning strategy for DriveNow for the future?

Students may not only consider the survey results, but look at the problem from a macro perspective. Differentiation from the competition by including more upscale car models is not the best option. Despite that the surveyed consumers are more likely to dismiss such a service concept and are not willing to pay more for the service if the car is from higher quality (case Exhibits 29), it is also connected with higher production and operational costs. Going into that direction takes the risk of losing current users as well as there is lacking demand for a luxury car sharing service.

A pearson-moment correlation coefficient was conducted to measure the relationship between the evaluation of a premium DriveNow service and a positive evaluation of the service on the parent brand image split by owners and non-owners of the brand. There is a strong negative correlation at a significance level of 0,05 between the evaluation of the premium DriveNow version and a favorable impact of the service on the parent brand image for owners of a BMW, but no correlation for non-owners of the brand. Therefore, it can be assumed that BMW owners perceive the introduction of a more premium DriveNow version as a negative impact on the parent brand image (Exhibits TN 3) and that they prefer a clear distinction between the service and the core brand regarding products.

Taking into consideration sustainability as one of the basic concepts of the sharing trend, it is more logical to opt for electric mobility. Based on the positive experience in other countries, where DriveNow already operates a fully electric fleet, rolling out that service concept might be the better choice. In addition to that, consumers are shy to buy electric vehicles and by using an electric car sharing service, they are more likely to lose the fears of contact with the new powertrain. Another advantage of an electric DriveNow fleet would be the clear distinction from the classic BMW cars with performance oriented petrol engines. Existing BMW clients would not perceive a devaluation of the brand if the service fleet does not cross with their own

purchased BMW vehicle. One more competitive advantage is that BMW operates other mobility services, such as ChargeNow or ParkNow. Integrating ChargeNow into every electric DriveNow vehicle supports users in finding the next available charging station and making sure that they do not run out of battery. On the other hand, students might argue that a fully electric DriveNow service has less communication effect regarding future purchases since users do not have the chance to experience the classic BMW motors and cars.

A Pearson-moment correlation coefficient was conducted in order to measure the relationship between the evaluation of an electric DriveNow service and a positive evaluation of the service on the parent brand image split by owners and non-owners of the brand. There is a strong positive correlation at a significance level of 0,01 between the evaluation of the electric DriveNow version and a favorable impact of the service on the parent brand image for owners of a BMW, and a medium positive correlation at a significance level of 0,05 for non-owners of the brand. Therefore, both parties evaluate the introduction of an electric DriveNow version positively in terms of impact on the parent brand image. (Exhibits TN 4). Taking all details into consideration, it is recommended to go for the electric service option.

CONCLUSION

Companies must constantly observe the changing market and societal environment. Emerging trends always impose new business opportunities. To be ahead of the game, companies need to adapt to new technologies and offer new customer experiences. Even though, the sharing economy might threaten traditional revenue streams, it also represents new ways to target consumers.

By entering the car sharing market already in 2011, BMW recognized this chance and since then developed its own car sharing service to being one of the dominant players in the market. A combination of high quality cars with a service design that perfectly addresses consumer's needs, makes the DriveNow service so successful.

The main drivers for using car sharing are economic benefits, convenience as the vehicles are in immediate vicinity to residence as well as curiosity to try it out. Consumers that do not use car sharing mostly own a car, prefer the use of public transportation or have no possibility to use as it is not available in their region. However, it can be concluded that car sharing cannot substitute car ownership and that most consumers are likely to buy an own car within the following five years.

After several years continuing growth, it can be concluded that DriveNow does not harm the brand equity of BMW but rather supports positive attitudes of both, established BMW clients and consumers that never owned a BMW. In addition, this study detected that DriveNow usage has an effect on purchase preferences of a BMW in the future which also supports the loyalty to the parent brand beyond the extension. So far, the product portfolio of DriveNow concentrates on MINI models and entry BMW models. When considering the two alternative strategies for the future (e-mobility vs. premium) it was detected that for established BMW clients it would have a negative impact on the parent brand image if DriveNow expanded its product portfolio into more upscale BMW models. Therefore, it can be concluded that BMW clients prefer a distinction between their purchased products and the products that are provided in the mobility service.

LIMITATIONS

The study mainly focusses on the German car sharing market as it is one of the best-established markets; therefore, it remains unclear if the conclusions made can be projected on other markets as well.

The study did not consider if the attitudes and perceptions towards the parent brand have changed based on DriveNow usage. In regard to the short time frame of the study it could not be measured if people evaluated BMW differently before they used DriveNow or not. For future research that will be conducted over a longer time period could be suggested to do an experiment with two samples where consumers are interviewed about their perception of BMW prior and after being exposed to DriveNow. This experiment could give a much clearer picture of how DriveNow influences the parent brand.

Knowing that the two biggest players car2go and DriveNow signed a joint-venture early in 2018, it is unclear if this study holds after the merger and how this will affect both parent brands. As it is still undecided how the new service concept of Daimler and BMW will look like, it cannot be predicted if the new service has the same positive impact on BMW's brand image as DriveNow has as long as it operates as single-brand service.

TEACHING NOTES EXHIBITS

Exhibits TN 1: Effect of DriveNow usage on interest in buying a BMW in the future

Interested in buying a BMW * DriveNow User Crosstabulation

| | | | DriveNow User | | Total |
|----------------------------|--------------------------------|------------------------|---------------------|-----------------------|-------|
| | | | Never used DriveNow | Already used DriveNow | |
| Interested in buying a BMW | Not interested in buying a BMW | Count | 37 | 14 | 51 |
| | | % within DriveNow User | 61,7% | 38,9% | 53,1% |
| | Interested in buying a BMW | Count | 23 | 22 | 45 |
| | | % within DriveNow User | 38,3% | 61,1% | 46,9% |
| Total | Count | 60 | 36 | 96 | |
| | % within DriveNow User | 100,0% | 100,0% | 100,0% | |

Chi-Square Tests

| | Value | df | Asymptotic Significance (2-sided) | Exact Sig. (2-sided) | Exact Sig. (1-sided) |
|------------------------------------|--------------------|----|-----------------------------------|----------------------|----------------------|
| Pearson Chi-Square | 4,688 ^a | 1 | ,030 | | |
| Continuity Correction ^b | 3,818 | 1 | ,051 | | |
| Likelihood Ratio | 4,714 | 1 | ,030 | | |
| Fisher's Exact Test | | | | ,036 | ,025 |
| Linear-by-Linear Association | 4,639 | 1 | ,031 | | |
| N of Valid Cases | 96 | | | | |

a. 0 cells (0,0%) have expected count less than 5. The minimum expected count is 16,88.

b. Computed only for a 2x2 table

Symmetric Measures

| | | Value | Approximate Significance |
|--------------------|------------|-------|--------------------------|
| Nominal by Nominal | Phi | ,221 | ,030 |
| | Cramer's V | ,221 | ,030 |
| N of Valid Cases | | 96 | |

Exhibits TN 2: Evaluation of the impact of DriveNow on parent brand image compared by owners and non-owners of the brand

T-Test

Group Statistics

| | BMW Owner | N | Mean | Std. Deviation | Std. Error Mean |
|--|--------------|----|------|----------------|-----------------|
| Impact of DriveNow on brand image of BMW | No BMW Owner | 66 | 3,57 | ,559 | ,069 |
| | BMW Owner | 23 | 3,82 | ,505 | ,105 |

Independent Samples Test

| | | Levene's Test for Equality of Variances | | t-test for Equality of Means | | | | | | |
|--|-----------------------------|---|------|------------------------------|--------|-----------------|-----------------|-----------------------|---|-------|
| | | F | Sig. | t | df | Sig. (2-tailed) | Mean Difference | Std. Error Difference | 95% Confidence Interval of the Difference | |
| | | | | | | | | | Lower | Upper |
| Impact of DriveNow on brand image of BMW | Equal variances assumed | ,392 | ,533 | -1,898 | 87 | ,061 | -,251 | ,132 | -,513 | ,012 |
| | Equal variances not assumed | | | -1,994 | 42,176 | ,053 | -,251 | ,126 | -,504 | ,003 |

An independent-samples t-test was conducted to compare how BMW owners and non-owners evaluate the integration of DriveNow in terms of fit and perceptions to the parent brand. There was no significant difference in the scores for BMW owners (M=3,82; SD=0,505) and non-owners (M=3,57; SD=0,559); $t(87) = -1,90, p = 0.61$.

Exhibits TN 3: Relationship between the evaluation of the premium DriveNow version and a positive impact on the parent brand image split by BMW owners and non-owners

BMW Owner = BMW Owner

Correlations^a

| | | DriveNow car sharing service has a positive impact on the brand image of BMW. | Evaluation of Premium DriveNow |
|---|---------------------|---|--------------------------------|
| DriveNow car sharing service has a positive impact on the brand image of BMW. | Pearson Correlation | 1 | -,563* |
| | Sig. (2-tailed) | | ,036 |
| | N | 23 | 14 |
| Evaluation of Premium DriveNow | Pearson Correlation | -,563* | 1 |
| | Sig. (2-tailed) | ,036 | |
| | N | 14 | 14 |

*. Correlation is significant at the 0.05 level (2-tailed).

a. BMW Owner = BMW Owner

→ Correlations

BMW Owner = No BMW Owner

Correlations^a

| | | DriveNow car sharing service has a positive impact on the brand image of BMW. | Evaluation of Premium DriveNow |
|---|---------------------|---|--------------------------------|
| DriveNow car sharing service has a positive impact on the brand image of BMW. | Pearson Correlation | 1 | -,129 |
| | Sig. (2-tailed) | | ,506 |
| | N | 66 | 29 |
| Evaluation of Premium DriveNow | Pearson Correlation | -,129 | 1 |
| | Sig. (2-tailed) | ,506 | |
| | N | 29 | 32 |

a. BMW Owner = No BMW Owner

There is a strong negative correlation at a significance level of 0,05 between the evaluation of a premium DriveNow version and a favorable impact of the service on the parent brand image for owners of a BMW, but no correlation for non-owners of the brand.

Exhibits TN 4: Relationship between the evaluation of the electric DriveNow version and a positive impact on the parent brand image split by BMW owners and non-owners

BMW Owner = BMW Owner

Correlations^a

| | | DriveNow car sharing service has a positive impact on the brand image of BMW. | Evaluation of Electric DriveNow |
|---|---------------------|---|---------------------------------|
| DriveNow car sharing service has a positive impact on the brand image of BMW. | Pearson Correlation | 1 | ,812** |
| | Sig. (2-tailed) | | ,008 |
| | N | 23 | 9 |
| Evaluation of Electric DriveNow | Pearson Correlation | ,812** | 1 |
| | Sig. (2-tailed) | ,008 | |
| | N | 9 | 9 |

** . Correlation is significant at the 0.01 level (2-tailed).

a. BMW Owner = BMW Owner

BMW Owner = No BMW Owner

Correlations^a

| | | DriveNow car sharing service has a positive impact on the brand image of BMW. | Evaluation of Electric DriveNow |
|---|---------------------|---|---------------------------------|
| DriveNow car sharing service has a positive impact on the brand image of BMW. | Pearson Correlation | 1 | ,369* |
| | Sig. (2-tailed) | | ,027 |
| | N | 66 | 36 |
| Evaluation of Electric DriveNow | Pearson Correlation | ,369* | 1 |
| | Sig. (2-tailed) | ,027 | |
| | N | 36 | 36 |

*. Correlation is significant at the 0.05 level (2-tailed).

a. BMW Owner = No BMW Owner

There is a strong positive correlation at a significance level of 0,01 between the evaluation of an electric DriveNow introduction and a favorable impact of the service on the parent brand image for owners of a BMW and a medium positive correlation at a significance level of 0,05 for non-owners of the brand.

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