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THE INFLUENCE OF BMW GROUP ENERGY STRATEGY COMMUNICATION ON CORPORATE IMAGE

ABSTRACT

This paper deals with the application of BMW Group energy strategy communication in order to build excellent BMW corporate image worldwide with the purpose of analyzing the current situation regarding this topic on the Croatian car market as well as analyzing the possible influence of BMW environment protection care and energy strategy on BMW corporate image in the Republic of Croatia.

To ensure sufficient supply of energy in order to meet the future needs, the BMW's chosen priorities worldwide are to promote efficient use of today's available energy sources and to develop innovative solutions for the future. The company uses these elements in building the desirable BMW corporate image. On the basis of the conducted survey, it was more than obvious that these activities still do not play a large role in building a good BMW corporate image among BMW customers in Croatia. Obviously, there is great possibility for the BMW Group to improve its corporate image in Croatia and on the similar markets both with the application of intensive environmental care and the energy strategy communication.

KEY WORDS

BMW Group, car market, marketing communication, corporate image, Croatia, energy strategy, environmental protection

1. INTRODUCTION

To ensure sufficient supply of energy in order to meet the future needs, the BMW's chosen priorities worldwide are to promote efficient use of today's available energy sources and develop innovative solutions for future generations – the innovative solutions which will meet the future market needs. BMW is worldwide committed to the principle of sustainable mobility. And yet, mobility needs energy. The sustainable mobility principle reduces fossil fuels consumption and

cuts down environmental pollution. Therefore, the task of this paper is to discuss the nature of BMW Group sustainable mobility project which includes alternative fuel projects and is committed worldwide, and to look closer at its influence on the BMW corporate image in Croatia. The objective is to consider in detail the mentioned problem and to analyze it as objectively as possible paying additional attention to the situation on the Croatian car market. The desirable BMW corporate image, namely, is strongly connected with the company's care about the environment, alongside the sustainable approach. Cars of the future must be built to reduce their environmental impact. For that reason, BMW is investing a lot of effort on reducing fuel consumption and limiting emissions. According to the BMW Group Sustainable Value report 2003/2004¹, the BMW Group investments in environmental protection in thousand euros are presented in Figure 1. The growing investments significantly represent the great number of different activities undertaken in order to reach the desirable corporate image worldwide.

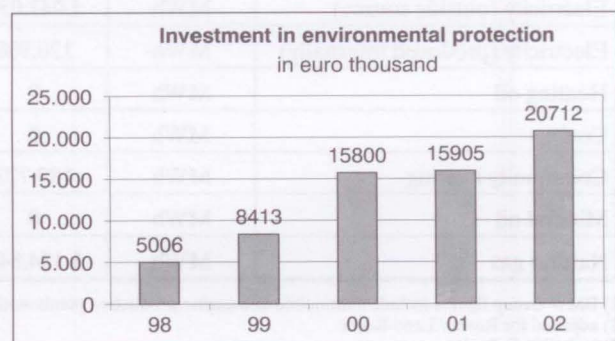


Figure 1 - BMW Group worldwide investment in environmental protection in thousand euros

Source: Sustainable Value report 2003/2004, BMW Group, Munich, 2003

Recently, it has been accepted that big corporations such as BMW Group have established unique and uniformed management and communication systems worldwide in order to ensure high quality and environmental standards. Therefore, according to Kitchen and Schultz², companies use integrated communication of the overall corporate mission and values. The communication which is integrated between various parts and divisions of the corporation. The communication which is integrated in terms of messages to various groups and target audiences as well as between various media used by the corporation. And last but not least – communication must be integrated with the financial goals of the corporation. According to Kitchen and Schultz², the integrated marketing communication (IMC) is the major communication development in the last decade of the 20th century. Furthermore, the latest researches show that great international corporations, the same being true also for car manufacturers, are using different strategic projects in order to communicate their environmental friendliness to the audience and to build up an image of a responsible corporation. This has direct reflection on their sales figures. There is a question about influence of corporate environmental responsibility com-

munication on their image worldwide. The objective of this paper was also to consider in detail the influence of BMW Group corporate energy strategy committed worldwide on its image and the sales results on the Croatian car market. To put it differently – whether the communicated corporate social and environmental responsibility on the worldwide basis has any direct influence on the corporate image and on the purchase decisions among BMW customers in Croatia. The second aim was to find out if BMW customers in Croatia are informed about the crucial BMW sustainable activities worldwide and whether they are informed about alternative fuels of the future at all.

2. MAJOR CHARACTERISTICS AND PROBLEMS RELATED TO BMW GROUP ENERGY STRATEGY AND CORPORATE IMAGE CONCEPT

2.1. Generally about the BMW Group figures

High standards of product quality and environmental protection are becoming even more important

Table 1 - BMW Group figures: vehicle production and energy consumption worldwide

BMW Group figures ¹⁾		1998	1999	2000	2001	2002
Vehicle production						
Automobiles ²⁾	units	706.426	755.547	834.519	904.335	1.090.258
Personnel in production	number	47.137	48.543	50.300	57.373	61.895 ³⁾
Accident frequency ⁴⁾	number	15	14	17	15	17
Complaints from local residents ⁵⁾	number	47	86	74	159	146
Land development ⁶⁾	%		24,6		20,4	
Property area	m ²		12.491.329		15.301.975	
Energy consumption						
Energy consumption total	MWh	2.517.528	2.518.423	2.636.565	2.788.126	3.503.102
Energy cons.per unit produced	MWh/unit	3,56	3,42	3,16	3,08	3,21
Electricity (outside source)	MWh	1.043.051	1.086.358	1.163.233	1.262.232	1.180.217
Electricity (produced internally)	MWh	120.908	117.168	94.757	83.331	95.057
Heating oil	MWh	9	45.119	23.729	21.727	27.536
Coal	MWh	0	0	0	0	0
Community heating	MWh	189.773	192.559	117.896	297.025	166.159
Mineral oil	MWh	0	0	0	0	0
Natural gas	MWh	1.154.848	1.140.219	1.236.950	1.207.142	2.129.190

1) BMW Group figures include automobile and engine production plants worldwide

2) adjusted for Rover / Land Rover

3) including Oxford

4) number of reportable industrial accidents per one million man-hours

5) increase sales since 1998 due to outdated CDP dryer in Munich paint shop/completion of new building for pre-treatment by 2002

6) ratio of developed to undeveloped area.

Source: Sustainable Value report 2003/2004, BMW Group, Munich, 2003

Table 2 - BMW Group figures: Environmental protection, emissions, water and waste

BMW Group figures ¹⁾		1998	1999	2000	2001	2002
Expenditures ²⁾						
Investment in environmental protection	euro. million	5,0	8,4	15,8	15,9	20,7
Ongoing expenditures on the environment	euro. million	26,7	29,8	31,5	32,1	33,2
Emissions						
Carbon dioxide (CO ₂) ³⁾	t	803.386	833.232	870.862	897.507	1.068.690
CO ₂ per unit produced	t/unit	1,14	1,10	1,04	0,99	0,98
Nitrogen oxide (NO _x)	t	987	875	476	404	481
SO ₂	t	4	5	6	6	7
Carbon monoxide (CO)	t	279	275	244	277	283
Volatile organic compo. (VOC)	t	2,636	2,87	2,679	2,78	3,521
VOC per unit produced	kg/unit	3,73	3,80	3,21	3,07	3,23 ⁴⁾
Particles, dust	t	33	35	37	34	28
Water						
Wastewater, total	m ³	2.340.409	2.131.837	2.206.733	2.085.809	2.324.655
Water consumption /Water input	m ³	3.423.820	3.403.209	3.344.939	3.391.628	3.618.995
Process water input	m ³	2.737.398	2.650.677	2.481.127	2.277.757	2.293.257
Process wastewater	m ³	870.815	868.044	882.286	971.938	998.917
Process wastewater, per unit produced ⁵⁾	m ³ /unit	1,23	1,15	1,06	1,07	0,92
Total heavy metals and heavy metal compounds	kg	400	383	318	318	347
Waste						
Waste, total	t	259.000	278.232	291.082	305.634	317.129
Waste total per unit produced	kg/unit	367	368	349	354	291
Materials for recycling	t	236.532	257.817	268.998	279.492	295.275
Waste for removal	t	22.468	20.415	22.084	26.141	21.854
Scrap	t	268.334	284.567	297.838	317.920	326.364

1) BMW Group figures include automobile and engine production plants worldwide

2) figures for the German production plants

3) including CO₂ emissions from external power

4) structural increase in 2002 due to new method of calculation in accordance with the VOC regulation (31st Regulation, Federal Emission protection)

5) from 1998 to 2000 only BMW (excl. Rover); 2001 only BMW; 2002 BMW and MINI

Source: Sustainable Value report 2003/2004, BMW Group, Munich, 2003

worldwide. It is obvious that big international corporations are paying huge attention to their proper usage and to their integration into all forms of corporate communications: management, marketing and organizational communication. The strategy of long-term profitable market growth is directly linked with the BMW's policy towards economic sustainability and efficient use of resources. In addition to setting objectives for the communication and deciding what resources are available to accomplish its objective, the organization must, according to Argenti³, also determine what kind of image credibility they have with the constituencies in questions. That's how the reputation of BMW Group and the image of its brands are in-

creased worldwide. The sustainable development concept – company's social responsibility, its transparent activities and open, strategic communications are simply excellent and capital investments in its future market growth. Regarding the Sustainable Value Report 2003/2004¹, the BMW Group vehicle production and energy consumption figures are presented in Table 1 which documents that there has been great progress in environmental protection even though the number of the produced vehicles is significantly growing, the energy consumption per each produced unit is becoming lower every year.

The following table presents the data about the growing BMW Group environmental protection in-

vestments and lower emission of carbon dioxide per each produced unit which guarantees the sparing use of resources and excellent production planning. After all, BMW stands for transparent activities and open communication which will build future essential corporate success.

2.2. The BMW Group corporate communication concept and its influence on corporate image – some specific problems from automotive industry

Until the latter half of the 1960s, marketing communication meant almost only pure advertising. Later on, remarkable steps forward were done in order to integrate different forms of communication. Still, organizations are becoming increasingly aware of the fact that communication as a function is not being fully exploited. It is obvious that any serious international corporation is not going to miss its chance to try to use all the possible benefits out of its great environmental care results because that has direct influence on their corporate image and, after all, on their sales results.

The great interest in images stems primarily from the assumption that a positive image is the basic prerequisite for building a commercial relationship with various target groups. That is why the importance of corporate image has been recognized by an increasing numbers of companies. According to Brinkerhof⁴, corporate image creates emotional added value for the company which ensures that the company is always one step ahead of its competitors. A sound corporate image is competitive, which means distinctive and credible.

The corporate communication takes into account the sum of total marketing communication. Out of that, according to Jackson⁵, corporate communication can be defined as the total communication activity generated by a company to achieve its planned objectives. One of them is to reach the desirable corporate image at target audience on the worldwide basis. And also to reach the acceptable sales target, when talking about car manufacturers worldwide. However, at the same time the automotive industry is facing a huge global challenge: to reduce fuel consumption and to minimise CO₂ emissions accordingly.

2.3. Some important issues related to different BMW Group energy strategy projects

At the moment, the BMW Group is developing new technologies in order to improve the efficiency and ecological balance of its cars. The average fuel consumption of BMW Group cars was reduced by roughly 35 per cent between 1978 and 2000. The German car manufacturers' federation VDA has agreed

to reduce the average fuel consumption by 25 per cent by the year 2005, compared to the level existing in 1990. The important fact is that BMW already reached this target in 2002 and is still continuing to develop advanced technologies – to produce better engines and lighter cars, to reduce carbon dioxide CO₂ emission and to study new solutions such as – Hydrogen. And, of course, to communicate this worldwide. Hydrogen (H₂) is the only completely carbon-free fuel. Therefore, the BMW Group has been conducting research on hydrogen-powered engines and vehicles since 1978. In 1979, BMW built the 520 with a 2.0-litre 4-cylinder engine for hydrogen or petrol. In 1999 the BMW 750hL was presented for the first time. In the year 2000, BMW became the world's first car manufacturer with a fleet of 15 hydrogen cars – the model BMW 750 hL. Those cars with stored liquid hydrogen in their special 140-litre hydrogen tanks were promoted worldwide and clocked up a total of over 170,000 kilometres. Preparation for the series production of hydrogen cars started at the BMW Group in 2001 with the sixth generation of hydrogen cars. In order to promote this, the BMW Group organized the CleanEnergy World Tour during which the cars were presented to the worldwide public. The CleanEnergy exhibition was organised in collaboration with the Deutsches Museum in Munich, as well as the additional educational work at schools. The entire project is presented on the BMW Group web page and additional CD ROMs in different languages (even Chinese-Mandarin) were produced for the world market⁶. In the long run, the BMW Group have different sustainability goals – economic, social and environmental. One of the most important goals is to participate in different demonstration projects to show that hydrogen cars can be used in traffic and that it can be generated from renewable energy sources.

2.4. Some important information about the Croatian car market

Taking a closer look at the data presented in Figures 2 and 3, it is more than obvious that the whole Croatian car market has seen significant growth during the recent years.

The same is true also for the number of sold BMW vehicles. As it has been accepted from the previous studies that good sales results are strongly connected with excellent corporate image one should conclude that BMW has strong corporate image in Croatia.

There was an attempt to verify the hypothesis that for small countries like Croatia, big car manufacturer companies like BMW still do not use the benefits of worldwide communication of their environmental friendliness to target audience. According to van Riel⁷, namely, the companies are clearly making ef-

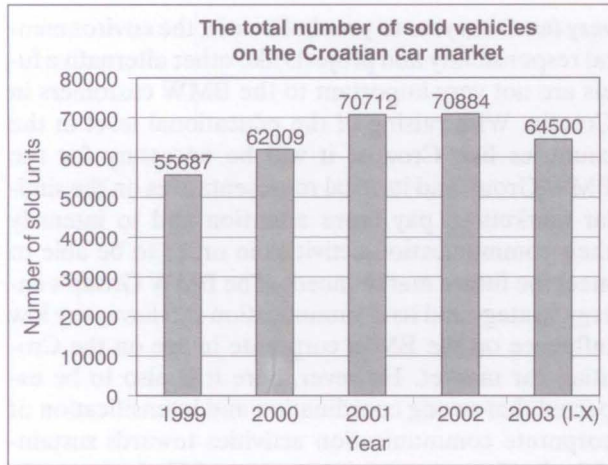


Figure 2 - The total number of sold vehicles on the Croatian car market

Source: Croatian car market analysis, Promocija Plus research agency, Zagreb, 2003⁸

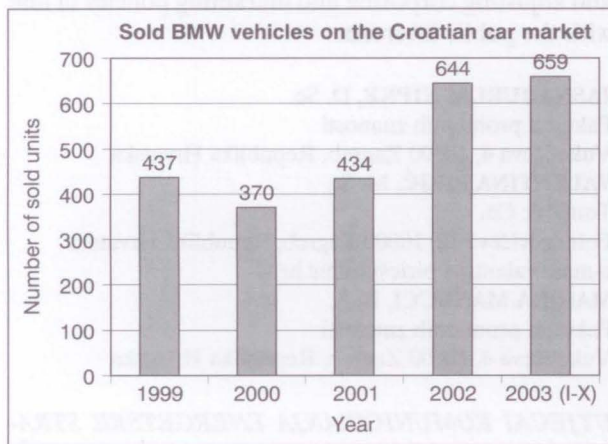


Figure 3 - Sold BMW vehicles on the Croatian car market

Source: Marketing analysis and statistics, Promocija Plus Agency, Zagreb, 2003⁸

forts to reduce the fragmented communication output and to harmonize all forms of internal and external communication. In case of Croatia there was the question whether the BMW Group worldwide environmental care has any influence on the BMW corporate image in Croatia. If it were so, one should expect even better sales results at the end of the day.

3. DETERMINING POSSIBLE CORRELATION BETWEEN BMW GROUP ENERGY STRATEGY AND ITS CORPORATE IMAGE IN CROATIA

Within the scientific research it has been searched for any correlation between the BMW Group corporate energy strategy and its influence on the corporate image in Croatia. A convenience sample of the BMW

customers in Croatia (N = 150) was used. The testing was carried out through the following questions: Have you ever heard about CleanEnergy Project? Which company is running the CleanEnergy project worldwide? Was the information about BMW low CO₂ emission of any importance to you when you were buying your new BMW vehicle? Do you think that BMW's environmental care (low CO₂ emission, new technologies like Hydrogen etc.) are of any importance to its image in Croatia? Can you name some alternative fuel sources? Have you ever seen any BMW ad in the Croatian newspapers that communicates company's environmental care, low CO₂ emission or low fuel consumption? Have you ever read any published article about the BMW environmental care concepts, low CO₂ emission, low fuel consumption or alternative fuels development in Croatian newspapers? Do you think BMW has good corporate image? Do you think that BMW energy strategy influences its company image in Croatia?

During testing, only 10% of respondents, meaning the actual BMW vehicle owners heard about and were familiar with the CleanEnergy project. Out of those 10% respondents who were familiar with the project, 100% of them clearly connected that project with the BMW Group. This shows that the CleanEnergy project is accepted in their minds as pure BMW Group worldwide project. There was also very a low rate of those respondents who were informed about the alternative fuels of the future – only 18%. The results of the conducted survey have shown that only 2% of respondents were interested in the information about low BMW CO₂ emission when buying a new BMW vehicle. On the other hand, 60% of them believe that the BMW environmental care is of great importance to the company's image in Croatia. A very interesting problem is that people obviously tend to believe that corporate environmental responsibility is crucial to its corporate image and on the other hand they do not pay any attention to environmental protection factors while buying new vehicles for themselves. This opens another chapter – do they really care about the environment or is it just purely a matter of trying to be in the trend? Asking them about the published BMW print ads in the Croatian magazines and daily newspapers, the results have shown that 90% of the respondents had never noticed BMW print campaigns which communicate any such projects as CleanEnergy. But 10% out of all the respondents recognized the BMW print campaigns containing communication about low fuel consumption. None of them has ever seen any BMW print campaigns which communicate low CO₂ emission or any other kind of company's environmentally friendly projects such as CleanEnergy in the Croatian newspapers and magazines. Furthermore, it is significant that obviously much better results were

achieved concerning the published BMW articles written in different Croatian publications on BMW environmental care, new energy strategy, low emissions etc. The result was: 24% of the respondents were familiar with some BMW corporate environment care projects through published articles – mostly about low BMW fuel consumption. Only 6% of the respondents really believed that general BMW energy strategy committed on a worldwide basis has any influence on the company's image in Croatia. Furthermore, the conducted survey has shown that the level of education also influences people's environmental care flexibility. The majority of those familiar with the BMW corporate projects conducted in order to expand the company's environmental awareness have high educational level.

4. CONCLUSION

Through its innovative power, the BMW Group is perfectly prepared to master the challenges of a successful future in the long run on the highly developed markets worldwide. Nevertheless, based on the conducted survey on the BMW Group example it seems that for Croatia it could be correctly assumed that Croatia is still a market where the communicated corporate social responsibility and energy strategy on the worldwide basis still have really very low influence on the accepted corporate image and final purchase decision among the BMW customers in Croatia. Obviously, Croatian car market still has a very long way to go in order to reach the environmental awareness which has already become standard in the economically high developed markets worldwide. Since the respondents with higher educational level are obviously much better informed, the conclusion is that environmental awareness will grow in the future following the expected educational level growth trend. The BMW customers in Croatia are still insufficiently informed about the crucial BMW sustainable activities worldwide, which can indicate that neither BMW pays enough attention on communicating those subjects on the underdeveloped markets such as the Croatian market, nor have people reached the sufficient level of understanding of these crucial points of environmental awareness. When discussing this subject with the respondents, it is more obvious that this is still a matter of trend and fashion than real care. Finally, the respondents are also insufficiently informed about the alternative fuels of the future. Out of all this it is obvious that BMW is still not using the maximum benefit out of the clear and strategic marketing communication of reducing fuel consumption and using new technologies on the Croatian car market. The same can also be true for other underdeveloped markets, as well. Even though the BMW sales results are growing

very fast from year to year in Croatia, the environmental responsibility and projects like other alternative fuels are not very important to the BMW customers in Croatia. With raising of the educational level in the countries like Croatia, it will be necessary for the BMW Group and its local representatives on the similar markets to pay more attention and to intensify their communication activities in order to be able to meet the future market needs. The BMW Group's energy strategy and its communication still have very low influence on the BMW corporate image on the Croatian car market. However, here it is also to be expected that strong coordination and intensification of corporate communication activities towards sustainable development, environment and Hydrogen technology, will have stronger influence on the future BMW corporate image on the Croatian car market. This means that there is a strong need for analyzing and adjusting corporate and marketing policies in line with the public interests.

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UTJECAJ KOMUNICIRANJA ENERGETSKE STRATEGIJE BMW GROUP NA KORPORACIJSKI IMIDŽ

SAŽETAK

Članak se bavi analizom načina na koji BMW Group provodi komunikaciju svoje energetske strategije sa svrhom izgradnje izvanrednog korporativnog imidža na svjetskom nivou uz namjeru analiziranja aktualne situacije u odnosu na navedenu tematiku na hrvatskom automobilskom tržištu te analizu mogućeg utjecaja korporacijske brige za zaštitu okoliša i energetske strategije na BMW-ov korporacijski imidž u Republici Hrvatskoj.

Kako bi se osigurala odgovarajuća opskrba energijom koja bi bila u mogućnosti zadovoljiti buduće potrebe, BMW-ovi svjetski prioriteti nalaze se u promicanju efikasne upotrebe danas raspoloživih izvora energije te u razvoju inovativnih solucija za buduće potrebe. Tvrtka koristi te elemente za izgradnju poželjnog BMW-ovog korporacijskog imidža. Bilo kako bilo, iz rezultata provedenog istraživanja, više je nego očito da navedene aktivnosti još uvijek ne igraju dovoljno veliku ulogu u izgradnji dobrog BMW-ovog korporacijskog imidža među vlasnicima BMW automobila u Hrvatskoj. Očito je da za BMW Group postoji veliki prostor za moguće djelovanje u svrhu poboljšanja aktualnog BMW-ovog imidža u Hrvatskoj i njoj sličnim tržištima uz intenziviranje komunikacije vezane uz zaštitu okoliša i energetske strategije.

KLJUČNE RIJEČI

BMW grupa, automobilsko tržište, tržišna komunikacija, korporacijski imidž, Hrvatska, energetska strategija, zaštita okoliša

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