



BMW

BMW DOES NOT NEED TO DEFEND ITS MARKET. IT CAN TAKE SOMEBODY ELSE'S.

A ten-year architecture for turning industrial simplification, pricing freedom and fleet scale into market conquest.

MATEUSZ CHRZANOWSKI
SYSTEM OF SYSTEMS ARCHITECT

SWIPE TO READ →



BMW still has strategic freedom.

2.3%

Q2 AUTOMOTIVE EBIT

3.6%

H1 AUTOMOTIVE EBIT

-30.2%

CHINA DELIVERIES

+7.6%

EUROPE DELIVERIES

The European automotive crisis is usually discussed as a defensive problem. Manufacturers are reducing capacity, cutting jobs, simplifying organisations, fighting Chinese competition and trying to protect margins that have already deteriorated. BMW is not outside that pressure. In the second quarter of 2026, its Automotive EBIT margin fell to **2.3%**, while the first-half margin was **3.6%**. Group deliveries in China fell **30.2%** year-on-year in the second quarter. But at exactly the same time, BMW Group deliveries in Europe increased by **7.6%**. BMW therefore has a problem, but it does not yet have the kind of crisis that removes strategic freedom and leaves only rescue decisions. It still has a strong brand, strong products, industrial capability, an established European network and enough financial and organisational strength to choose what kind of company it wants to become over the next decade.

The obvious strategy is the wrong one.

That distinction matters because the obvious strategy would be to protect the premium position, preserve transaction prices, improve efficiency and continue fighting Mercedes and Audi for the same premium customers. I think that would waste the most interesting opportunity created by the current market. BMW should not ask how to protect the boundary around premium. It should ask whether that boundary is still useful. More specifically, it should ask how much of the market below it can be taken while the manufacturers currently occupying that market are too weak, too expensive or too slow to respond. The 3 Series should not merely compete more effectively with the C-Class. It should attack the Octavia. The 5 Series should not merely improve its position against the E-Class. It should attack the Superb and Passat. Not symbolically and not through occasional dealer discounts. Structurally, deliberately and at scale.

3 SERIES**OCTAVIA****5 SERIES****PASSAT + SUPERB**

The Middle Market Has Already Moved Towards BMW

€40.5K

OCTAVIA SPORTLINE

€41.8K

OCTAVIA 4X4 SPORTLINE

€42K+

OCTAVIA RS

The traditional price ladder made this strategy unnecessary. When mainstream and premium were separated by a large economic distance, an Octavia customer and a 3 Series customer belonged to different purchasing categories. The same was true of a Passat or Superb and a 5 Series. That separation is now collapsing. In Poland, a well-equipped Octavia Sportline with automatic transmission currently reaches roughly **€40,500**, while the 4x4 Sportline is approximately **€41,800** and the RS is already above **€42,000**. This is no longer an inexpensive mass-market car in the historical meaning of the term. It is a mainstream product moving into a price range where the customer can begin looking upward instead of sideways.

Mainstream is already approaching €50,000.

The Superb makes the same point one segment above. Current new L&K stock offers show a 204 hp automatic car around **€44,000**, while other well-equipped L&K examples move through roughly **€46,000-€49,000** and higher depending on powertrain and specification. These are properly equipped cars: electric seats, massage, Matrix lighting, a large infotainment system, navigation and the comfort equipment expected from the upper end of Škoda's range. The Passat is positioned similarly. Business Plus starts at approximately **€44,800** and Style at about **€48,400**. In other words, the European customer can now spend close to **€50,000** on a mainstream Volkswagen without doing anything particularly exotic.

This changes the strategic question completely. BMW does not have to drag a **€60,000** premium car into a **€25,000** mainstream market. The mainstream market has already moved much of the distance towards BMW. And once that has happened, historical segment labels become less important than the actual economic decision made by the customer.

€44K

SUPERB L&K

€46-49K

SUPERB L&K RANGE

€48.4K

PASSAT STYLE

BMW Is Already Much Closer Than Its Catalogue Suggests

The most important evidence is not the BMW configurator. It is the market. New 2026 BMW 320i M Sport cars in Poland are currently advertised around **€46,500-€48,100** despite catalogue values far above those transaction prices. One example listed at the equivalent of approximately **€48,100** carries a catalogue price close to **€58,600** and includes M Sport, Comfort Package, driver-assistance systems, HiFi, acoustic glazing and Sensatec upholstery. Another 320i M Sport is offered around **€46,500** after a discount equivalent to almost **€19,000** from its advertised catalogue value. These are not old used cars being disposed of after years on a dealer forecourt. They are new 2026 vehicles.

Germany compresses the gap even further. New 320i cars have recently appeared around **€40,000-€44,000**, while a new 320i Touring M Sport has been offered below **€45,000**. A new 520i is currently advertised by a BMW dealer group at **€46,729**. That last number should attract attention. A new BMW 5 Series can already appear in the German market at essentially the same nominal price level as a well-equipped Passat or Superb in Poland. Different national tax and commercial structures mean those numbers cannot simply be transferred one-for-one between markets, but that is not the important conclusion. The important conclusion is that the physical products called BMW 3 Series and BMW 5 Series are already being sold far below the psychological price categories normally attached to them.

€40-44K

NEW 320i / GERMANY

€46.7K

NEW 520i / GERMANY

€46.5K

320i M SPORT / POLAND

Exceptional pricing is already real.

€30.1K

OFFICIAL 320i CAMPAIGN

€28.6-29K

EARLIER 2026 OFFERS

Ukraine shows the extreme end of the same mechanism. In BMW's current official Ukrainian campaign, a 320i with a normal price of **UAH 2.107 million** is offered for **UAH 1.538 million**. Using the exchange rate stated by BMW itself for that campaign, the special price is approximately **€30,100**. Earlier 2026 offers went even lower, to roughly **€28,600-€29,000**. These are official BMW importer prices, not grey-market reconstructions. BMW has therefore already demonstrated that a new 320i can exist commercially around **€30,000** under the right market conditions.

This does not prove that BMW can simply announce a **€30,000 3 Series** across the EU tomorrow while preserving its present margin. It proves something more useful: the vehicle itself is not economically imprisoned inside its catalogue price. We already know that BMW can move the transaction price dramatically when the commercial architecture requires it. The problem is therefore no longer whether such pricing can exist. The problem is how to turn exceptional pricing into a repeatable industrial model.

The 3 Series Should Attack the Octavia. The 5 Series Should Attack the Passat and Superb.

This is where I would stop thinking in traditional automotive segments. The 3 Series should be repositioned as a high-volume European company car capable of taking customers directly from the upper part of the Octavia market. The objective would not be to make every 3 Series cost **€30,000**.

The objective would be to create an industrial architecture in which a properly equipped 3 Series sits close enough to a properly equipped Octavia that the customer no longer perceives them as belonging to different financial worlds. When one car costs around **€42,000** and the other can already appear in European dealer stock around **€40,000-€47,000**, the remaining distance is not an impossible market boundary. It is an optimisation problem.

The 5 Series should perform the same function one level higher. A market in which Superb and Passat specifications routinely approach **€45,000-€50,000** while a new German-market 520i appears below **€47,000** is already giving BMW the opening. The strategic target would be to make a well-equipped standard 5 Series structurally viable somewhere around the high-**€40,000** to low-**€50,000** range across the relevant European markets. At that point the customer looking at a Passat or Superb receives a question that Volkswagen and Škoda would rather never be asked: why am I buying this when I can buy a BMW?

3 SERIES**OCTAVIA****5 SERIES****PASSAT + SUPERB**

The asymmetry is the weapon.

3 SERIES**OCTAVIA****5 SERIES****PASSAT + SUPERB**

This is not the same as BMW becoming a mainstream manufacturer. The strength of the move comes precisely from the fact that it does not. BMW keeps the badge, the product quality, the engineering reputation, the design, the driving characteristics and the perception accumulated over decades. It simply uses those assets against a market below instead of keeping them protected behind a price wall. Volkswagen can reduce the price of a Passat. Škoda can add more equipment to a Superb. Neither can make the customer feel that a Passat or Superb has become a BMW. That asymmetry is the weapon.

Three Versions Are Enough

The move cannot be executed by taking today's catalogue, keeping hundreds of possible combinations and simply cutting the price. The standard 3 Series and 5 Series need a different product architecture. For each model I would create three complete specifications. The first would use high-quality non-leather upholstery. The second would add leather and a higher comfort specification. The third would be M Sport. All three would be properly equipped from the beginning. There should be no artificial poverty model whose only purpose is to generate a low "from" price before the customer discovers that the actual car requires another **€8,000** or **€10,000** of options.

A serious modern BMW intended for private customers and corporate fleets should simply contain the functions people reasonably expect: good lighting, proper driver-assistance systems, blind-spot monitoring, automatic transmission, electric seat adjustment where appropriate, good climate control and a coherent comfort package. If the leather version justifies ventilated seats, put them in. There is no need to push the latest technology developed for the 7 Series into the volume 3 Series. The 7 Series and cars in the S-Class category have historically existed partly as technological flagships. That function should remain at the top. A high-volume 3 Series does not need everything BMW engineers are capable of inventing. It needs everything required to remain unmistakably a good BMW.

01

CORE

High-quality non-leather

02

COMFORT

Leather + comfort layer

03

M SPORT

Complete sport specification

Customers do not necessarily want a configurator.

01

CORE

High-quality non-leather

02

COMFORT

Leather + comfort layer

03

M SPORT

Complete sport specification

The number of colours can also be limited. Customers often overstate the importance of theoretical configurability when discussing cars and then behave very differently when an attractive real offer appears. I have seen this in my own family. My parents originally had a clear preference for a different colour when buying a Peugeot. Once the right car appeared with the right engine, automatic transmission, useful equipment and the right price, the colour stopped being the decision. They bought the car. That is how a large part of the real market works. People do not necessarily want a configurator. They want a good offer without discovering that something obvious is missing.

One portfolio. Different economic logics.

The 3 Series should therefore become highly standardised and available as both Sedan and Touring. I would not maintain an extensive Individual logic for it because that would work against its new mission. The standard 5 Series should follow the same three-specification architecture, also with Sedan and Touring, but the 5 can retain a completely separate 5 Series Individual path. A customer who genuinely wants a special paint, interior, unusual combination of options and extensive personalisation can still have it. That car can be built only to order, carry a much higher margin and even require ten or twelve months of waiting. There is nothing wrong with that. The mistake is forcing a fleet customer ordering hundreds of nearly identical cars and an Individual customer ordering one unique car through the same complexity model.

Above this layer, BMW should change almost nothing conceptually. The 7 Series, X6, X7, M models, expensive 5 Series variants and Individual products can remain highly configurable, technologically aggressive and highly profitable. A customer buying a **€120,000** or **€150,000** car has a different relationship with optional equipment and pricing than a company choosing hundreds of vehicles around **€40,000-€50,000**. The portfolio should not be forced to follow one economic logic. The upper layer generates margin and prestige. The 3 Series and standard 5 Series can generate scale and market conquest.

3 SERIES / SCALE

5 SERIES / SCALE + INDIVIDUAL

7 / X6 / X7 / M / PRESTIGE

The Missing Question Is: Where Does the Discount Come From?

15-20%

STRUCTURAL COST TARGET

0%

QUALITY REMOVED FROM THE CAR

A strategy like this becomes meaningless if the entire price reduction has to be paid from BMW's existing margin. The permanent discount must come from a lower real cost of producing the car. Based on the difference between current mainstream prices, existing BMW stock prices and the level at which I would position the volume cars, I would work around a target of approximately 15-**20%** structural cost reduction. The exact BMW number cannot be calculated from public information because the data required to calculate it properly - internal labour content, supplier contracts, component costs, production losses, line utilisation, internal logistics costs, variant-specific complexity, warranty effects, tooling economics and many other variables - are not public. Pretending otherwise would be theatre. BMW itself could calculate the exact target once the complete operating system had been reconstructed.

Optimisation lives inside the process.

But a 15-**20%** optimisation target does not strike me as extraordinary. In my own work with production systems, reducing cost by around **20%** through eliminating process errors and inefficiencies is not an extraordinary result. It is often what becomes possible once the real process is mapped and the accumulated waste is removed. That does not require removing **20%** of the product. It means finding where the operating system consumes labour, time, space, movement, materials, equipment capacity and management attention without producing equivalent value.

Even inside a production system that remains fundamentally the same, savings can come from redesigning workstation logic, changing how tools are used and positioned, removing unnecessary movement, correcting material flows, changing sequencing, eliminating waiting, improving workplace ergonomics, reducing avoidable handling and fixing process interfaces where one operation creates work for another. The visible machine can remain where it is while the economics around that machine change significantly. That is exactly why optimisation performed only from cost reports misses so much. Real loss often exists between the categories visible in the accounting system.

WORKSTATION LOGIC

TOOL PLACEMENT

MATERIAL FLOW

SEQUENCING

WAITING

ERGONOMICS

HANDLING

INTERFACES

Complexity travels backwards through the system.

Now add something much larger than ordinary process optimisation: radically reduce product variability. Three 3 Series specifications and three standard 5 Series specifications mean fewer seat combinations, fewer wiring variants, fewer trim combinations, fewer option-dependent parts, fewer logistics exceptions, fewer supplier permutations, fewer sequencing problems, simpler inventory, longer repeatable production series and much greater purchasing volume for identical components. Configuration complexity does not disappear when the customer closes the configurator. It travels backwards through the entire industrial system. It reaches procurement, suppliers, warehousing, line-side logistics, sequencing, assembly, quality, planning and after-sales support. Reducing that complexity removes cost from many layers simultaneously.

This is why I do not see a required saving in the 15-**20%** range as the obstacle that would kill the idea. Ordinary production optimisation can already reveal savings of that magnitude. Here we would be combining ordinary process optimisation with a deliberate redesign of the production scope itself. The ambition is larger, but so is the available optimisation surface. The objective is not to remove **20%** of BMW from the car. It is to remove unnecessary cost from the system that produces the BMW.

SEATS

WIRING

TRIM

OPTIONS

LOGISTICS

SUPPLIERS

INVENTORY

QUALITY

BMW Is Already Showing That Planned Production and Discounting Can Work Together

There is another public signal that makes the proposal more credible. Many cars described casually as “stock” are not necessarily physical vehicles sitting on dealer property. BMW dealers already advertise cars that are still in production or even available to be allocated into production. One current example from an authorised BMW dealer in Poland is an X7 xDrive40d that was explicitly described as still being in production with delivery planned for September 2026. The car carried a catalogue value equivalent to roughly **€153,600** and was already advertised for approximately **€135,800** - almost **€18,000** below catalogue - before it physically existed on the dealer’s forecourt. The listing uses illustrative images precisely because the actual vehicle is not yet there.

The same pattern appears elsewhere. A current iX3 listing describes the vehicle as available for production, allows the configuration still to be changed, and nevertheless advertises a discount of almost **10%** from its stated catalogue value. Other new BMW listings show substantial differences between catalogue value and advertised transaction price across several models.

-€18K

X7 DISCOUNT BEFORE ARRIVAL

~10%

iX3 PRODUCTION ALLOCATION

The difference between discounting and architecture.

DISCOUNT MANAGEMENT / LOWER PRICE WHEN CONDITIONS PERMIT

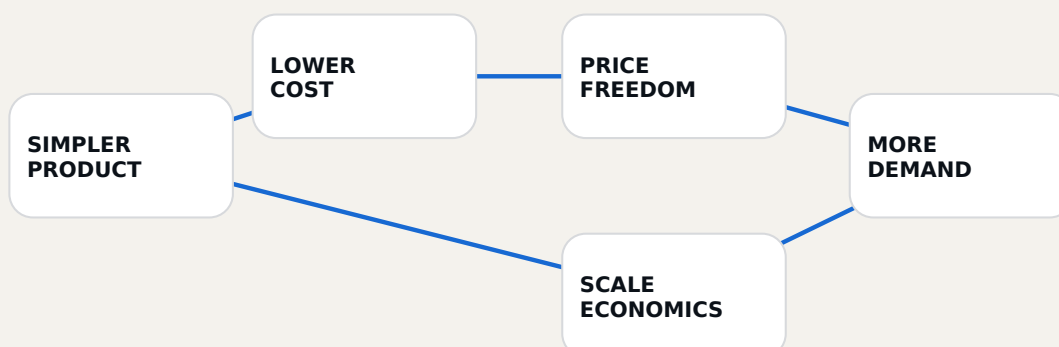
SYSTEM ARCHITECTURE / LOWER COST BY DESIGN

These advertisements do not expose BMW's internal manufacturing cost, and they do not need to. They expose something operationally important: the commercial system already couples planned production, predefined specifications and substantial discounting before the car becomes physical dealer inventory. BMW is not discovering for the first time that some combinations of model, specification, production allocation and transaction price can be commercially attractive. It already operates this way. The proposal is to stop leaving that advantage fragmented across campaigns, production slots and dealer offers and turn it into a deliberate European product architecture for the two models capable of doing the most damage to the market below.

That is the difference between discount management and architecture. Today BMW can sell individual cars substantially below catalogue because the surrounding commercial conditions permit it. The strategic move would be to redesign the production system so that the lower price becomes profitable because the car itself is systematically cheaper to produce.

Volume Is Not Only the Result. It Is Part of the Optimisation.

Once the product is simplified and the unit economics improve, volume becomes another part of the mechanism. A 3 Series selling in much larger numbers gives BMW stronger purchasing leverage, spreads development and tooling costs over more units, increases utilisation of industrial assets and allows longer repeated production sequences. The same relationship applies to the 5 Series. Higher volume is therefore not only the reward for lower pricing. It can help sustain the lower unit cost that made the pricing possible in the first place. That creates a feedback loop: simpler product architecture lowers cost, lower cost creates pricing freedom, aggressive pricing increases demand, higher demand increases volume and greater volume further strengthens the economics of standardisation.



A factory should implement the architecture.

The lower part of the BMW portfolio - 1 Series, 2 Series, X1, X2 and X3 - can follow the same principle where appropriate. Those cars already occupy more accessible positions and do not require the same dramatic market repositioning, but unnecessary configuration complexity is no more valuable there than it is in the 3 Series. The core strategic weapons, however, remain 3 and 5 because they allow BMW to attack precisely the corporate and private-customer territory where Volkswagen and Škoda are strongest.

If that strategy ultimately requires additional capacity, BMW should not begin by asking which old European factory happens to be available. Design the production architecture first, determine the required scale, logistics, supplier structure, energy model and cost base, and only then select the geography. If the right answer is a purpose-built high-volume plant in Morocco, build it in Morocco. A factory is an implementation of production architecture, not a historical monument that should dictate it.

ARCHITECTURE

SCALE

LOGISTICS

SUPPLIERS

ENERGY

GEOGRAPHY

Fleets Can Change the Market Faster Than Advertising

The first major offensive should be fleets, particularly in Poland, Czechia, Slovakia, Hungary and Romania. The proposition is brutally simple: the 3 Series becomes a normal company car for middle management; the 5 Series moves deeper into senior-management fleets currently occupied by Superb and Passat. BMW already has credibility as a corporate-car brand. It does not need to teach Western Europe that managers can drive BMW. The task is to move that established relationship further down corporate hierarchies and spread it much more aggressively across Central and Eastern Europe.

This matters because fleet sales do much more than generate units. They change what the market sees. A company buying 800 BMW 3 Series does not create 800 private sales conversations. It creates 800 moving demonstrations of a new market position. The cars appear outside offices, factories, hotels, airports and customer sites. Employees see colleagues receiving them. Suppliers see them. Competing employers see them. The car ceases to be perceived as something above the corporate category and becomes part of the category itself. After several sufficiently large fleet contracts, the comparison changes from “Should we upgrade from an Octavia to BMW?” to “Why are we still giving managers an Octavia when another company gives them a BMW?”

POLAND

CZECHIA

SLOVAKIA

HUNGARY

ROMANIA

A 10% shift across a huge market is enough.

This is especially significant in the eastern part of the continent. Using the UN statistical definition of Eastern Europe, the region contained about 284.5 million people in 2025, compared with 744.4 million across Europe - just over **38%**, which is reasonably described as roughly **40%** of the continent's population. This is a demographic statement, not a claim that the region represents **40%** of European new-car registrations. Its strategic meaning is simply that this is not a marginal appendix to the European consumer market. Almost two-fifths of the continent's people live in that statistical region.

BMW would not need anything remotely resembling majority capture for the strategy to become economically significant. Even a **10%** shift of the relevant fleet and private-customer demand would create very large incremental volume. The exact obtainable percentage requires a full business model, fleet data, capacity modelling, residual-value analysis and country-by-country economics. I am not going to manufacture that number from public information. But the strategic proposition does not depend on pretending that BMW can capture half the market. It depends on recognising that a relatively small shift across a very large population can be worth an enormous number of vehicles.

284.5M

EASTERN EUROPE / 2025

38%+

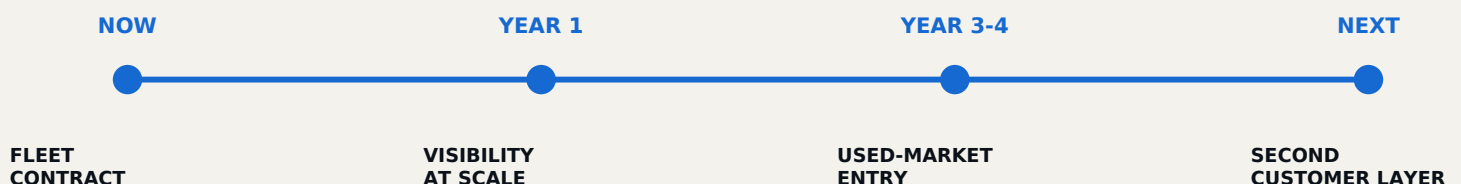
OF EUROPE'S POPULATION

10%

ILLUSTRATIVE DEMAND SHIFT

Time becomes part of the architecture.

There is also a delayed second market built into the same move. Three or four years after the first large fleet cycle, thousands of those 3 and 5 Series cars enter the used market. A second customer layer gains access to BMW. The visual presence of the brand expands again without BMW having to sell those customers a new car. The initial fleet strategy therefore changes not only first-registration market share but the structure of the used market several years later. Time becomes part of the architecture.



Volkswagen's Problem Is Not That It Cannot Respond. It Is That It Cannot Respond Fast Enough.

Volkswagen Group will not be destroyed by an aggressive BMW 3 and 5 strategy. It is far too large and diversified for that. But the Volkswagen passenger-car brand is already operating from a much weaker position than BMW would be attacking from. In the first half of 2026, Volkswagen Passenger Cars reported an operating margin of **2.4%**; even after excluding specified restructuring and ID.4-related special items, the figure was **3.8%**. Škoda, by comparison, delivered an **8.5%** operating margin. Volkswagen itself is already undertaking deep structural work intended to improve efficiency.

That weakness matters because a price response requires economic capacity. If BMW structurally places a properly equipped 5 Series around **€49,000-€53,000**, a Passat at **€45,000-€48,000** is suddenly in an uncomfortable position. For Volkswagen to restore a clear economic separation, a genuinely well-equipped Passat would probably need to move towards something around **€37,000**. That represents roughly a **20%** reduction from the area in which useful Passat specifications currently sit. Volkswagen cannot sustainably produce that response by asking dealers to surrender margin. It would have to make the Passat materially cheaper to produce.

2.4%

VW PASSENGER CARS

3.8%

VW EX SPECIAL ITEMS

8.5%

ŠKODA

A strong attack leaves only bad options.

And that means rebuilding exactly the system BMW should redesign first: variants, production flows, purchasing, labour, logistics, capacity, tools, organisation and product complexity. Volkswagen is already in the middle of a major restructuring. It therefore has possible responses, but BMW would be forcing it to respond while it is still constructing the ability to respond. That delay is a strategic asset for BMW.

A strong attack is not only one that makes your own product more attractive. It is one that leaves the competitor choosing between bad options. Volkswagen can maintain pricing and allow customers to move upward to BMW. It can cut pricing and put additional pressure on already weak economics. It can add equipment and increase cost. It can accelerate restructuring and accept further disruption. Or it can attempt to move the Volkswagen brand further upward, which only brings it closer to the BMW comparison. None of those responses is impossible. None is comfortable.

MAINTAIN PRICE**CUT PRICE****ADD EQUIPMENT****RESTRUCTURE
FASTER****MOVE UPMARKET**

The Best European Response to China May Be an Attack on Europe

The Chinese problem is normally framed separately. BMW loses ground in China, Chinese brands expand technologically and commercially, and European manufacturers ask how to defend themselves. But the systems are connected. BMW's 2026 European performance is already stronger than its Chinese performance: European deliveries increased while China declined sharply. That does not make China irrelevant, but it means BMW has another strategic lever besides trying to recover every unit lost there. It can substantially strengthen the market on which it already has home-field advantages.

A Chinese manufacturer entering Europe has a very attractive proposition when it can place a highly equipped product beside a **€45,000** Volkswagen and ask why the customer should pay so much for the European badge. The proposition becomes more difficult when the European product standing beside it is a BMW 3 Series. BMW already has the brand, dealerships, service network, fleet relationships, customer familiarity and decades of accumulated market trust. At the right price it forces Chinese entrants to attack not an overpriced mainstream product but one of Europe's strongest premium brands.

That does not solve China by magic and it does not make Chinese manufacturers disappear. It changes the battlefield. BMW can lose some position in China and simultaneously create a much larger European volume base by attacking segments it historically chose not to occupy. A strategic problem in one region does not have to be answered only inside that region.

BMW Would Not Lose Premium. It Would Finally Use It.

The obvious concern is brand dilution. I think that confuses premium with high price. BMW does not preserve premium by ensuring that every model is expensive enough to exclude the market below it. It preserves premium by ensuring that a BMW remains a BMW. The quality has to stay. The materials have to stay appropriate. The sound insulation, assembly quality, driving characteristics, seats and customer experience cannot be visibly sacrificed to hit a price target. A **€30,000** BMW that feels cheap would be an extraordinarily efficient way to destroy the entire strategy because it would damage the very asset that creates the asymmetric advantage.

The upper range protects the other side of the brand. A 7 Series, X7, X6, M car or heavily individualised 5 Series can remain expensive, technologically dense and customisable. There is no contradiction between a highly standardised 3 Series built as a large-volume industrial product and an Individual 7 Series built for a customer who wants almost unlimited choice. They perform different functions inside the same portfolio. BMW does not lose premium because the 3 Series becomes more accessible any more than it loses premium today because the 1 Series exists.

QUALITY

MATERIALS

SOUND INSULATION

DRIVING

SEATS

EXPERIENCE

Premium did not become cheaper.

Marketing should therefore never present the strategy as BMW becoming cheap. That would immediately weaken the positioning. The message should attack the market that created the opportunity:

PREMIUM DID NOT BECOME CHEAPER. THE MIDDLE MARKET BECAME ABSURDLY EXPENSIVE.

That sentence changes the psychological direction of the move. BMW does not explain why it has reduced its price. Volkswagen and Škoda have to explain why their cars have moved so close to BMW.

Marketing is part of the system.

And, taken to its deliberately provocative extreme, BMW could even have some fun with the industrial crisis around it. If one day a former Volkswagen factory became available, BMW could buy it and turn it into a BMW museum rather than use it for production. The serious production capacity could go to the location that actually makes architectural sense. The museum would simply make sure everybody understood what had happened. Marketing is not separate from the system. Perception is one of its components.



This Is a Ten-Year Market Architecture

Seen from a pricing department, this proposal is a discount strategy. Seen from production, it is variant reduction. Seen from procurement, it is volume consolidation. Seen from sales, it is a fleet programme. Seen from marketing, it is repositioning. Seen from finance, it is a unit-cost exercise. Seen from competitive strategy, it is an attack on Volkswagen and Škoda. Seen from the China discussion, it is a way to make Europe harder for foreign entrants. Look at each layer independently and the idea appears fragmented. Connect them and it becomes one architecture.

The chain is direct. Simplify the product and production complexity falls. Reconstruct the real processes and remove accumulated inefficiency, and the cost base falls further. Lower cost creates pricing freedom. Pricing freedom expands the addressable market. Fleet penetration creates volume and visibility. Volume improves purchasing and factory economics. Visibility changes perception. Perception changes private demand. Fleet cars later expand the used market. Higher European volume reduces the strategic dependence on recovering every lost unit elsewhere. Meanwhile, Volkswagen's weak economics and restructuring extend its response time. Every component reinforces another.

PRICING

PRODUCTION

PROCUREMENT

SALES

MARKETING

FINANCE

COMPETITION

CHINA

Turn fragmented evidence into one operating system.

That is why the relevant question is not whether BMW can afford to discount a 3 Series or a 5 Series. We already see large discounts in Poland, Germany and Ukraine. We even see BMW dealers selling production allocations at discounted prices before the physical car reaches the dealership. The relevant question is whether BMW can take the fragmented evidence already visible in its own market behaviour and convert it into one deliberate operating system.

I believe it can. The target cost reduction required to make the strategy structural is not beyond the range that serious production optimisation can deliver, especially when ordinary process improvement is combined with radical reduction of product complexity. The product does not need to become worse. It needs to become easier, cleaner and cheaper to produce at scale.

PRODUCT

PROCESS

PRICE

FLEETS

VOLUME

PERCEPTION

BMW can redraw the market.

BMW therefore does not need to spend the next decade asking how to preserve the premium market it already has. It has a much more interesting option. It can use the 3 Series to make an Octavia customer question the Octavia. It can use the 5 Series to make a Passat or Superb customer question the Passat or Superb. It can use fleets to change what a normal management car looks like across a large part of Europe. It can preserve the expensive upper range, preserve the quality, preserve the brand and still move dramatically down the price ladder through better industrial architecture.

The European automotive crisis will force many manufacturers to defend themselves. BMW is still strong enough to do something else.

IT CAN USE THE CRISIS TO REDRAW THE MARKET BEFORE ITS COMPETITORS ARE READY TO STOP IT.