

Executive Summary

I. Introduction

Volkswagen Group (the “Company”) is a global automobile manufacturer, leading the passenger car segment with 9.8MM sales and ranking among the top 5 brand-driven OEMs in 2015.

- Ia) Company Overview:* Volkswagen is dedicated to delivering “safe and environmentally sound” vehicles. The Company’s main brands include Volkswagen AG, Audi, Porsche, Škoda, operating in over 30 countries with a focus in the European countries and China.
- Ib) Scandal:* In August 2015, Company officials admitted to installing “defeat device” in diesel cars sold in the U.S. market. Following this, Volkswagen has faced several challenges in the marketplace. Explicit costs include recall costs, government fines, legal fees, and a projected loss in operating income. Analysis of the current financial situation has concluded an accumulated cost around **15.6MM €**. Additional, non-quantifiable costs include decreased brand equity and losses in employee and investor confidence. While Volkswagen has already issued press releases and allocated appropriate compensation for affected vehicles, there is still room in regaining consumer trust and growing the company moving forward.

II. Strategy 2025

Building from the existing Strategy 2018, we recommend that Strategy 2025 should focus on strengthening the company brand and continue pushing initiatives on sustainability.

- Iia) Rebuilding Trust:* In order to regain consumer trust and brand equity within the marketplace, we recommend focusing Volkswagen promotion on the company values. While Strategy 2018 focused on increasing sales, Strategy 2025 should focus on promoting sustainable values to the customer base. Our recommendation is to create a campaign based around each stage of manufacturing a Volkswagen car, and the steps that the company takes to make it sustainable.
- Iib) Hybrid Focus:* Through our industry research, we found that the hybrid market is the most viable to emphasize moving forward in the United States. Hybrid engines rank higher in numerous purchase drivers, making them appealing to customers. Our strategy is to market Volkswagen hybrid cars to existing brand loyalists between the ages of 35-49, that are now looking to replace their current conventional gas car.
- Iic) Global Development:* We have analyzed several countries in order to determine the most viable routes to develop Volkswagen’s marketing and sales efforts in, and concluded that Thailand and Indonesia provide the best opportunities for growth. Each of these markets demonstrates significant potential for Volkswagen to grow market share and build a stronger presence in Southeast Asia.

III. Implementation Timeline

Our proposed implementation timeline outlines the following ten-years. It begins with rolling out our hybrid program within the United States and increasing our presence through marketing in Thailand. After building out both of these segments, we recommend implementing marketing strategies within Indonesia. Our Southeast Asian marketing campaigns would be carried out either through establishing an independent branch or forming further strategic alliances with local companies.

IV. Criteria for Success

With respect to the proposed Strategy 2025 initiative, our key criteria for success include rebuilding trust, strengthening our global presence, and supporting sustainable consumer lifestyles. Identifying emerging marketing and taking action will be critical to Company success in future years.