

The background of volkswagen



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Many people are wondering what is the secret of success of this giant group? What is the key that Volkswagen group has used and is still using to enter a new market every year, with the rate of growth always increasing?. Well, the key is just the right key for any successful company which is the very strong and well handled market campaign . For instance, in Egypt the group introduced new products to the Egyptian market and kept on following and introducing until these products took the lead while watching competitors performance to try and follow up, furthermore Volkswagen has a enormous selection of vehicles which gave them a higher market share compared to its rivals. Volkswagen overcame those competitors by handling all of the customers' complaints and knowing all competitive products starting with price, place, packaging and promotion, ending with how to satisfy their customer at after sale through the service and offers putting in their mind also that high quality also has an impact on customer satisfaction and product performance. Volkswagen offered in the Egyptian market a set of affordable cars the least expensive yet one of the best cars among its fellow competitors. The group in Egypt in these couple of years has focused and is still focusing on making a good reputation, and by that they start with making a luxurious, powerful car with high safety necessities. A VW car is known with its high resale value and lifetime durability. The VW group has also focused on introducing new technologies and new products. VW has also made TV and radio commercials to help the customers realize what the TSI motor is as well as the new dual shift gear box. Other than commercials, the marketing campaign has offered full product line promotion and contacting all clients periodically to ensure the evaluation of a good product orientation.

In addition, VW the parent try to expand the Volkswagen Group's customer base by acquiring new, satisfied customers around the world. The company's vision is to be able to become the most highly innovative car manufacturing company offering the best quality to its customers. In addition, it aims to increase satisfaction along with our existing clients. The firm manufactures more than one car to satisfy the Egyptian costumer, they focus on the young customer and the middle age in the upper middle class by giving them a high quality car and powerful performance. As we take a look at their wide variety of products; there is the VW polo which is priced for 140, 000 EGP, the legend Golf with a price up to 200, 000. These two hatchback small cars are built for the young people who are looking for performance and high quality . The VW group introduced two luxurious sedans, the Jetta and Passat . The prices of those cars range from 200, 000 to 265, 000. Those two cars are built with a very high technology and high quality standards and also by adding a commanding engine . The German engineers cooperated with the marketing department in Egypt and focused on what the people need for a car and manufactured it for them. The company's aim is not only to build a car for its customers but also it aims to build a strong relationship between the company and its clients by creating and maintaining a qualified picture through positive media exposure and following up with the company clients, which contributed to its customer loyalty by always making sure and asking their client " help us to improve our service". As for the promotions Volkswagen advertises about invention of the tsi engine that people thought of as an appealing idea that a 1. 4 CC motor can give u the feeling of driving a car with 2. 5 CC engine it's not only about performance but also about the very low consumption of this engine. Moreover, they also offered test-drives

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for people in order to increase the credibility of the firm; Volkswagen added a massive number of dealers and keeps on adding new service centers to make it easier for its clients to reach them. The Volkswagen group supported the improvement of Egypt's ambulance by supplying Egypt more than one thousand five hundred ambulances cars, in addition Volkswagen formed an online game called super trumps which used Volkswagen vehicles to make up the pack and the game was hosted on MSN messenger and users had to ask their friends and the outcome that in less than two months the game generated more than 5500 new registrations and more than 1 million referral were attained through MSN messenger in three months . The firm has succeeded to attract customers by building a relationship constructed on high loyalty and commitment, to meet customer's expectations and gain high prominence on customer's service, nonstop and constant customer contact.

Volkswagen strengths is relied on making great effort to cut deserts, defects by more than 50 percent, on the other hand the company boosted quality in the last 4 years more than any car maker, in addition that VW managers attend test drives to see the clients impression after the test drive and for that reason they know exactly their different products pros and cons and also the company in Egypt owns 4 service centers which I think it's an satisfying option for the client and that's all was due to their " family culture ", no leading brand. Moreover, holding seven different car brands and presenting two broad categories, one for the usual driver and one for the performance-minded driver; as we come to the weaknesses the Volkswagen expenditure of capital is comparatively higher than the Daimler and the

company is suffering from the poor cash flows, and low number of showrooms. The group opportunities are to have different features, price range for dissimilar people, and to reduce the potential cost with their production plan and to have a broad range of products to guarantee to be the leading car maker all over the world. The threat was that the top line vehicles in the VW brand were mostly similar to the middle line of the Audi and that was quite clear in the confusion between the Volkswagen passat and the Audi A4. Market segmentation is the process of dividing the market or splitting customers into different groups or segments. Customer segmentation can be accomplished by using different methods but Volkswagen worked on dividing the market into several segments and selecting out of them the most beneficial ones, developing marketing strategy; the key benefits of the market segmentation is a better matching of customer needs, preservation of customers and finally improved profits furthermore the group protects its market position, and avoid competitive threats, moreover the firm has multidimensional view which is relied on who are they, what do they need and how do they act . Volkswagen pursues a niche market segmentation by which it split segments to sub-segments therefore It has a high profitable business chance because it adapts its marketing mix to the need for specific market niche for example Vw has the aim to gain bigger share of the small luxury car segment with the Vw Jetta and Passat this market has a volume of approximately as for about more than 8 million cars were sold at 2006; Volkswagen target the superior middle level income clients, because of its brand name image, its products are in general proffered by the consumers in addition that Volkswagen is a classy car that would be best suitable for those of age 18 and more . Think about <https://assignbuster.com/the-background-of-volkswagen/>

the BCG matrix Audi is a star it's an up market finest product , it have great designs and powerful sales; On the other hand seat is a dog nobody knows the point of it , it have very low growth rate as well as low market share the cash produced is only for maintaining its operation costs; as we come to the great cash cow of the group you will find that Volkswagen brand has high share in the marketplace and generate a lot of cash for other company investments, besides that it is a big reliable brand. And Skoda is a question mark- the Czech car has the prospective to obtain the position of the golf as Europe's preferred economical and trustworthy mean of transportation; Volkswagen mission" is to make the vw group the leading automaker by 2018 economically and ecologically" as said by Prof dr. Martin winterkorn , Volkswagen's chairman of the board of management; additionally, the group goal is to increase unit sales to more than ten million automobile per year, Volkswagen intends to capture an above-regular share of the expansion of the main growth markets.

This chart explains that Volkswagen Company is achieving success every time they produce new products; it shows that the only competitor that might face the organization in the future is Toyota Company. But in general it is obvious that the sales of the company are expected to grow through the years and that the company is very strong in the market place having competitive advantage over tough competitors like General Motors, Ford, Renault- Nissan, Hyundai and Kia organizations. The numbers in the chart are based on the sales of more than one hundred countries worldwide.

Also another chart showing that according to researchers, Volkswagen group has the highest market share among all car manufacturing companies

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exceeding their two main competitors which are BMW and Mercedes-Benz. It also shows that the company's percentage of sales is growing every time unlike its competitors as revealed in the chart that the sales expanded in one month achieving the highest market share.

Finally, to summarize the main points Volkswagen company is one of the most innovative and successful companies in car manufacturing field, it has several competitive advantage over their competitors such as price, durability, customer loyalty and reliability. The company is very creative in marketing their products either online or on television; they know how to make customers see the value of their vehicles, the company's main objective is to innovate for customers and to enhance their awareness about the organization and the most important thing that jumps into customer's mind is the price of the product and what benefit will he achieve after purchasing it, Volkswagen answers all of these questions giving their customers products with affordable prices and high quality.

PART B

The marketing campaign of the Volkswagen group has presented full product line promotion and contacting all customers every so often to make sure the evaluation of a good product orientation, Volkswagen plan that its clients will favor products that offer most quality and performance and options that the organization should track to make continuous product improvement . the company at first focus on what the client needs and then deliver the product as the client wants , and then try to promote its product to end with revenue through consumer satisfaction. Moreover , the group goal is to raise unit

sales to more than ten million car for each year, Volkswagen intends to capture an above-regular share of the expansion of the main growth markets. Volkswagen brand name vision is to become the most innovative high volume producer presenting the finest quality in the respective category. As for the mission the Vw aim is to make the Volkswagen group the top leading car maker by 2018 and to make intelligent innovations or technologies to satisfy its clients. The objectives are as too many corporations maximize their earnings, ecological aims, and improving business picture. Volkswagen strengths is relied on exerting big effort to downsize deserts, defects by more than 50 percent, on the other hand the group boosted quality in the past 4 years more than any automobile producer; furthermore, owning seven different car brands and offering two wide categories, one for the normal driver and one for the performance-minded driver. The weakness of VW is the Reliability VW the parts cost more than a Honda and certain automobiles that are on the road at present and also the company still follows some brands in overall quality such as Mercedes and BMW. Always Volkswagen as a giant company builds its opportunities on its results so due to its stock exchange outcome the group is expecting to catch the attention of new investors on the other hand the company aim is to decrease its potential expenditure. Volkswagen is threaten from a softening in vehicle sales in Europe and South America in estimated for 1999, besides that most of the top line in the Volkswagen brand is very similar to the midline in Audi. Volkswagen competitive advantage is relied on its skill to keep brand identity while achieving economies of scale as well as the ability to manufacture dissimilar models with the same mechanism. At Volkswagen, the company view the

investment in other countries is the way to lower their cost and expenditures because the manual labor in Germany is very costly, on the other hand a disadvantage of operating in other countries that the company does not have enough market information about the new market they just came into therefore it is recommended to start opening if you have first have enough knowledge of your home market second start operating with sale office . there are numerous aspects that should be taken into concern.(politically) The general economic situation Europe for example the financial downfall in Spain might persuade policies of other European countries and take a role in any political decision in any country ; as for the environmental concern Volkswagen is concerned with the global warming and declining of natural resources so this will make people find another ways to manufacture its products so Volkswagen now is working to find new ways for how to make new environmentally -friendly vehicles. A lot of European countries are in debts now and the US is still on the road now to recover from the real estate economic disaster, people are keen now to keep money more than wasting it now; on the other hand there are still a lot of people who would be attracted to the product and manage to buy it, in addition that the company has to increase its effort to advance technology in its vehicles to make more fuel efficient and environmentally clean cars to attract more people. As for the social concern Corporate Social Responsibility (CSR) consists in a company reunions its economic goals with sustainable expansion and individual development; this approach is generally based on recognized concepts. These concepts of company nationality or corporate social responsibility highlight a company's motivation to take for granted social responsibility, and include components such as its approach towards human rights, the <https://assignbuster.com/the-background-of-volkswagen/>

needs of its staff and suppliers, and promise to public issues. Increasing or decreasing the tax rate in any country will make a difference in the pricing and the distribution of the product and it can have a pessimistic impact on the firm's income and sales. Volkswagen owns more than 18% of the global passenger car market share and the growth rate of Volkswagen on year over year base stood at 35.7 %, which was quite inspiring for the company's international view. Volkswagen is performing very well in the small luxury car segment and then the small hatchback cars and at last the sporty cars like Lamborghini, Porsche, Bugatti. There is more than one way to improve your customer relationship through taking responsibility of your problems and holding the complaints as well as responding quickly to them and following up regularly with your clients. Volkswagen offers a wide variety of products and brands, but its main focus is on the automobile industry the VW group owns Volkswagen, Audi, Seat, Skoda, Bentley, Bugatti, Lamborghini, Porsche, Scania, Man and finally Ducati. Volkswagen competitors are Toyota, Mercedes, BMW, GM and Honda. In Egypt the companies working on the same industries are Honda, Mercedes and BMW. I can leverage my company through making a high quality product, and more efficient and compact than other product , in addition that you must offer to your clients a better customer service as well as offering a more efficient-reliable-easier to use website.