

Vw's resources

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VW's Resources VW's Resources Based on the resources and capabilities in Table 5. 4 and Figure 5. 7, one would like to offer some strategy recommendations for VW (Table 5. 4 Appraising VWs resources and capabilities, n. d.).

Product development is considered an important aspect in the automobile industry. To be a market leader, it is essential that companies in this industry must be innovative. One observes however that one of the main weaknesses of VW is in the area of product development. A strategy that VW must adapt is to increase its budget allocation in research and development. They should improve on the features of its automobiles in terms of workmanship, design and technical and engineering aspects. They should conduct a market survey and determine what buyers are looking for when purchasing a car. Based on the market research, VW should disseminate the information gathered to the research and development department so they can make the necessary adjustments in the automobile designs of VW. Since engineering is the core technical strength of VW, they should further enhance this strength by working hand in hand with the research and development team. Aside from the engineering strength of VW, another advantage of VW over the other automobile manufacturers is their heavy investment in plant and equipment. This, together with their gains in engineering can help overcome their weakness in terms of product development.

Marketing and sales is considered an important capability in the car industry. One notices though that VW does not fare well in this area. The first step that VW should do is to redefine its target market. One probable reason why they do not perform as well as their competitors in this aspect may be because the strategies that they are employing are not appropriate to their target

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market. If VW will be able to specifically identify its target market, it will know how its characteristics and needs. The proper marketing and sales strategies will then be designed to answer to their target market's needs. VW must look into the possibility of enlarging its auto dealerships nationwide and increasing their sales people. Increasing the sales people is not enough, they should also give them the right training to boost their sales. A review of VW's marketing and sales pitch must be undertaken to determine its effectiveness. Another way to increase VW's sales is to offer more incentives to their dealers and sales people whenever they reach their quota. Since VW's strength is in the emerging markets, they should focus their attention in these markets. As of 2010, China is the largest market for the VW brand having a 33% market share worldwide (Soh, 2010). Given that VW has always had a weak North America market, one recommends that they do not give too much emphasis in this market because they might just be wasting resources in a place where profits may not be too promising (Cato, 2011). Based on Table 5. 4, it can be seen that another VW strength is its government relations. VW should use this to their advantage by marketing their cars to government institutions, agencies and organizations (Table 5. 4 Appraising VWs resources and capabilities, n. d.). This may be a market which they can tap.

In terms of manufacturing, VW is considered a high-cost producer. Cost efficiency is necessary to remain competitive in the industry. VW should conduct a review of its production costs and find out the areas in its production process where they can cut cost without sacrificing the quality. They can consider sub-contracting some services if it will be cheaper for the company. VW should seek other possible raw material suppliers which can

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give them trade discounts to reduce production cost.

VW has been in the market since the 1930s. Its name is almost synonymous with technical strength in the automobile industry; thus, it should exploit this advantage. They should focus on their strengths and further enhance it. In the areas where they are weak such as marketing and research, they should continually find ways to address these weaknesses, turn them into opportunities and look at it as a challenge to strive to do better.

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