

Volkswagen – car giant to watch essay

[Business](#), [Management](#)



Volkswagen is indeed the car giant to watch. Martin Winterkorn, the CEO of VW, said that it would become the world's biggest automaker. Two years ago, this seemed implausible but now, it looks very much achievable. By earning \$975 million in the first 3 quarters of 2009 and having \$33.3 billion in cash, despite a collapse in global car sales, it proved that VW is a formidable competition. They bought 20% shares of Suzuki Motors to gear an assault on the rapidly growing markets of Southeast Asia and India, which were uncharted territories for VW.

With German engineering and affordable prices, they planned to take away customers of Toyota, Honda, Ford and other cars. There also have been other opportunities which VW have used to their own advantage. Too many Toyota recalls helped VW prove that, quality is also something that matters a lot and is not overseen in VW. Their primary sales region has been USA.

With decreasing prices and modifying models, Winterkorn is expecting mass market approach to work in the USA. With its ranking increasing in USA, they started to focus more on Southeast Asia and India. Even though selling in small markets such as Singapore and Hong Kong, they have set trends and influenced them. Even though they have cars like the Bugatti which has kept them ahead, cars like Audi and Passat have put them a bit behind in the race.

Audi, being their luxury car, requires high maintenance while VW's Passat was supposed to be their answer to Toyota's Camry. Yet being only \$8000 more than Camry, Passat has only sold 11,000 models compared to that of

Camry's 350, 000 models, in the last year. There are bigger threats for VW though.

Toyota's reliability seems to have a huge effect on VW's sales as seen above. Also cheaper lower-end cars in Asian and Indian market such as Subaru and Kia, are better known over there compared to VW which is still not popular. So bad is the market over there that VW is lucky to sell 20, 000 cars a year where 1 million cars sold per year. At the moment, they are ranked 15 out of 37, but they are still behind popular brands such as Toyota, Honda and Ford. Overall, Winterkorn's plans have actually worked.

Even though they are far behind in the race, they are catching up pretty quick with their two main rivals, Toyota and GM. If they keep going like this, they are sure to cross their rivals by the end of this decade. This might be a long time but under Winterkorn's management, this will be definitely possible.