



LIVE 4 SEASON

CASE STUDY

IIM-C • AUTO • VOLKSWAGEN

VOLKSWAGEN CASE STUDY

Total Market Last Three Years (YTD):

Year	Passenger Vehicles	Utility Vehicles
2010	599,432	98,170
2011	726,478	112,845
2012*	976,699	191,663

*Forecasted

Industry Market Share (YTD) in Percentage*:

Maruti Suzuki -37.8

Hyundai - 15.1

Tata Motors -12.5

M&M 8.7

Toyota -7

Chevy -3.6 (GM)

Ford -3.4

Honda-3.3

Volkswagen -2.7

Nissan -2

Skoda- 1.5

Fiat - .06

Rest 1.8

*As on June 2012

Volkswagen Global Vision:

The World's most innovative high-volume brand

Brand Positioning

Lower Premium Skoda

Upper Premium Volkswagen

Luxury Audi

Super Luxury Porsche, Lamborghini

About Volkswagen Brand:

Europe's leading car manufacturing brand

Sells from the up! to the Phaeton in more than 150 countries worldwide

Commenced sales in India in 2007 with the Passat

NSC based in Mumbai, manufacturing facility in Chakan and assembly in Aurangabad

Offers Polo, Vento, Jetta, Passat, New Beetle, Touareg and the Phaeton in India

Has a network reach of 108 dealerships in 87 cities across India

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Volkswagen Offer Matrix:

	Hatchback	Notchback	Coupe / Roadster	MPV	SUV
A0	Polo	Vento	-	-	-
A	-	Jetta	New Beetle	-	-
B	-	Passat	-	-	-
C	-	-	-	-	Touareg
D	-	Phaeton	-	-	-

Volkswagen Fact Sheet:

Polo & Vento - Plant Location: Chakan, Pune

Jetta & Passat Plant Location: Aurangabad

New Beetle, Touareg & Phaeton FBU

Dealerships in India

2008- 14

2009-40

2010-70

2011-100

2012-108(June 2012)

Sales of Volkswagen Passenger Cars

2009- 2039

2010-32627

2011-78408

2012- 41, 547(Jan -Jul 2012)

Investment

580 million Euros

Competitive Context:

Polo:

Core competition: Hyundai i20, Suzuki Swift, Chevrolet UVA

Extended competition: Nissan Micra, Toyota Etios Liva, Skoda Fabia, Suzuki Ritz, Ford Figo

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Vento:

Core competition: Honda City, Hyundai Verna, Ford Fiesta, Suzuki SX4

Extended Competition: Toyota Etios, Suzuki Dzire, Fiat Linea

Jetta:

Core competition: Chevrolet Cruz, Toyota Altis, Honda Civic

Extended competition: Renault Fluence, Skoda Laura

Passat:

Core competition: Toyota Camry, Honda Accord

Extended competition: Skoda Superb, Audi A4, BMW 3 Series, Mercedes C class

Core volume segment referred to here are the Polo and the Vento segment

Volkswagen India Sales:

Carline	2009	2010	2011	*2012
Polo	0	19395	38634	22389
Vento	0	8551	35671	16475
Jetta	2342	3283	2772	1899
Passat	615	836	1172	782
New Beetle	58	466	125	1
Touareg	24	70	6	0
Phaeton	0	26	28	1
Total	3,039	32627	78408	41547

Volkswagen Brand Communication Strategy:

Vision: Volkswagen is the world's most innovative high volume brand

Brand Guidelines: Innovative Valuable Responsible

Communicative Focus:

Innovative Democratization of Innovations with clear customer benefits

Valuable Price, Quality, Accessibility, Service, Maintenance, Running costs

Responsible: BlueMotion Technologies, Think Blue campaigns

The above is basis brand value and product positioning.

Product positioning:

Polo: German Engineering. Made in India.

Vento: German Engineering. Best in Class.

Jetta: German Engineering. For Dynamic Performers.

Passat: German Engineering. For Premium Needs.

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Volkswagen VoxPopuli

Premium brand, German technology, portrays snob value for the Volkswagen badge, decent reach but need to expand more especially since the brand sells cars like the Polo and the Vento, expensive cars as compared to the competition in respective segments, very good build quality cars, great drivability, can do with more features.

Challenge Background

- Volkswagen Brand is positioned as a 'premium' brand in the volume segment
- In each segment the Brand has its presence, its pricing clearly reflects the Brand positioning
- However in volume segments customers are price sensitive and the brand still wants to increase sales significantly

The Challenge

Considering the background:

- Work out a strategy to overcome this challenge without compromising on the Brand positioning or Brand value
- Define and recommend the communication path to achieve the critical objective without compromising on the Brand Positioning and the Brand Value