Volkswagen Diesel Scandal Market Impact and Strategic Response

Posted on March 24, 2019

View this essay online:
https://academic-master.com/volkswagen-diesel-scandal-market-impact-and-strategic-response/

1.1 Customers

After the scandal of ‘diesel’ emissions, Volkswagen had a negative impact on customers. Many of the customers switched from Volkswagen to other brands (Dowling, 2016). The profit of Volkswagen has tumbled nearly 20% in 2016 because the customers switched from this brand. In order to remove the negative impact on the customers, Volkswagen has written to all consumers to invite them to dealerships for technical measures applied to their vehicles (Volkswagon, 2017).

1.2 Suppliers

Suppliers of Volkswagen who have significant sales with the company were stressed after the scandal of diesel emissions. Suppliers had to make more advanced technology in order to limit the emission of diesel vehicles. Further, suppliers have to provide electronic and mechanical components to Volkswagen, so they became afraid after the scandal as they were also affected by this scandal (Sharman et al., 2016).

1.3 Public

According to Chossière et al. (2017), public health is affected by air pollution, so vehicle emissions from Volkswagen have a negative impact on the health of the public. After the scandal of diesel emissions, Volkswagen upgraded its software, which was designed in a way to reduce the impact of emissions on the environment. Directors of Volkswagen have discussed how the negative impact on the public could be overcome in order to regain the position of the company. As the profitability of a company depends upon its sustainability, and sustainability is possible only when the company has no negative impact on society and the welfare of people, Volkswagen is trying to be environment-friendly.

1.4 Competitors

Volkswagen has supplied 80,000 affected cars in Australia. Competitors took advantage of it as they upgraded their software, and many customers were attracted to other brands (Stein, 2017). Subaru introduced fresh vehicles in the market with overlapping prices and benefited from the scandal at Volkswagen (Shah, 2015).

The Australian Competition and Consumer Commission filed a complaint against Volkswagen in the Federal Court. So, Volkswagen paid billions of dollars to the court for a civil penalty (Stein, 2017).

2.0 Macro Environment

2.1 Technological Environment

Australia is a technologically advanced country as Australia depends upon technical resources. Shelton et al. (2016, p. 172) argued that technology is central to the existence of human beings, so it is very important for Australia in the current situation and for the future. Therefore, Volkswagen faces technological pressure in order to sustain itself in Australia. Furthermore, there is high pressure not to harm the environment through diesel emissions. So, the technology in Australia is very advanced and has no negative impacts on the environment.

2.1 Political Environment

The political system is stable in Australia, so the company has less pressure from the political environment. Chacko & Davis (2017, p. 27) argued that Australia is a democratic, modern, developed and stable nation; therefore, with a stable political system, it is a good place for Volkswagen to run its business.

2.2 Economic Environment

The economic system in Australia is strong, competitive, safe and has a low level of risk. So, it is good for foreign and domestic companies to operate their businesses. The healthy economic and political system ties with South and North America, the European Union, as well as Africa and the Middle East, further support the economy of Australia. Moreover, the economic environment is sustainable for the Volkswagen company.

2.3 Cultural Environment

The Australian nation is well-established and has new influences. Moreover, the people of Australia are educated and trendy. They want uniqueness in their lives. They want to have luxurious lives with luxurious things. Furthermore, Australians are united and have shared values; therefore, understanding their culture and meeting their needs is an easy task for the firms. Therefore, the cultural environment in Australia is a good sign for Volkswagen to do its business operations.

3.0 Customer Profile

Currently, Volkswagen is targeting consumers from all over the world as Volkswagen is providing cars to customers. Volkswagen targets young people who appreciate quality, precision and technology. The marketing campaign of the company comprised technical features. After the scandal of diesel emissions, companies are making efforts to make advances in diesel technology in order to satisfy their consumers. Recently, Volkswagen discovered problems with cars, so they resolved the problems by implementing a consumer-based approach to designing the new vehicles. Moreover, VW is targeting customers who are associated with fun, Polo and Golf. Volkswagen is also targeting those consumers who are interested in innovative products (Systyi, 2014). Volkswagen faces a heavily competitive and difficult industry outlook as there are many automaker companies worldwide. Volkswagen targets psychographic customers who are motivated towards transportation. They want to go out in a car, which redefines their lifestyles, and that's why Volkswagen redesigned the car to attract male customers as the customers for Volkswagen are highly educated and they know the trends of cars.

Gender	Targeting highly self-conscious and status-conscious males and females.	People who want to travel, enjoy the freedom of traveling, like to hang out and are always willing to take risks without fear.
Age	Teenagers and middle-aged people who like to travel a lot in their own vehicles.	Mostly teenagers who want to show off by showing their new or extra advanced car to their colleagues or friends.
Target Area	They are basically targeting people from around the world who want to explore new meanings of traveling.	People from around the globe, especially those from developed countries, are more likely to afford a Volkswagen.

Through the table above, it can be understood that VW's potential customers are the ones who are outrageous, like to travel a lot and especially who are status-conscious because they want to show off their VW to their friends or colleagues in the office or university. Typically, those people are VW's

customers who like sports and those who are attracted to buying branded cars.

References

Chacko, P. & Davis, A. E., 2017. The natural/neglected relationship: liberalism, identity and India–Australia Relations. *The Pacific Review,* 30(1), pp. 26-50.

Chossière, G. P. et al., 2017. Public Health impacts of Excess NOx emissions from Volkswagen Diesel Passenger Vehicles in Germany. *Environmental Research Letters,* 12(3), pp. 34-45.,

Dowling, J., 2016. *Still no money for Volkswagen Customers in Australia even though US Owners get compensation.* [Online]
Available at:
https://www.news.com.au/technology/innovation/motoring/still-no-money-for-volkswagen-customers-in-australia-even-though-us-owners-get-compensation/news-story/45c872bc95d7f18046637377d77f4e4b
[Accessed 31 August 2017].

Shah, R., 2015. *As Volkswagen loses, other Automakers could benefit.* [Online]
Available at:
https://www.cnbc.com/2015/09/24/as-volkswagen-loses-other-automakers-could-benefit.html
[Accessed 31 August 2017].

Sharman, A., Wright, R. & Inagaki, K., 2016. *Suppliers see silver lining in the Volkswagen scandal.* [Online]
Available at: https://www.ft.com/content/50a4f610-6e7c-11e5-8171-ba1968cf791a
[Accessed 31 August 2017].

Shelton, J., Martek, I. & Chen, C., 2016. Implementation of Innovative Technologies in Small-Scale Construction Firms Five Australian Case Studies. *Engineering, Construction and Architectural Management,* 23(2), pp. 171-191.

Stein, L., 2017. *Volkswagen diesel scandal: ACCC sues over dodgy emissions claims.* [Online]
Available at:
https://www.abc.net.au/news/2017-03-08/accc-sues-volkswagen-over-diesel-emissions-scandal/8335506
[Accessed 31 August 2017].

Systyi, D., 2014. *Marketing Audit of Renault & Volkswagen.* [Online]
Available at: https://rockstarsbm.wordpress.com/category/volkswagen/
[Accessed 31 August 2017].

Volkswagen, 2017. *Volkswagen Emission Information.* [Online]

[Accessed 31 August 2017].