

University of Wales Trinity Saint David

Strategic management and sustainability

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Assessment 1

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Introduction

Sustainability measurement plays an important role in enhancing the brand positioning and brand recall value of the organisation. Volkswagen is one of the top leading automotive companies in Germany as well as all over the world that has been able to satisfy its customers for the last 85 years. However, as per the data of 2015 the company has gone through several challenges in terms of managing its organisational processes due to different reasons. The current report structure is going to describe a different aspect of the challenges that the company has faced along with providing important recommendations that they can work upon.

An overview of the organisation

Volkswagen is one of the top leading automotive brands in the UK that has been able to attract a huge customer base from different parts of the world. The company was founded in 1937 by the German Labour Front. At present, the headquarters of the company is present in Wolfsburg, Germany (Volkswagenag.com, 2022). The company has one of the largest as well as popular subsidiary lists which has led them to attract potential customers from different parts of the world. The company has faced several litigations from different countries and it has impacted its overall growth and brand recall value in an exponential way. However, the company is trying to implement effective strategies in terms of rebuilding the trust and further regaining the loyalty of the customers which will impact their overall growth and profitability in a positive way (Volkswagenag.com, 2022).

The key business strategies of Volkswagen in the last 5 years

In order to gain a competitive advantage and expand the business in different parts of the world, the company has decided to implement some sustainable and effective strategies. According to the data of 2017 the company has decided to focus their strategies on expanding the number of EV vehicles which are currently in its product line and further stand

out in the competitive EV industry all around the world. They have also decided that 20 to 25% of the sales volume will be EV vehicles (Statista, 2022). The company has also presented its prototype and further announced that by the end of 2030 all car models will be of the electric version. This will cost them around 30 to 50 billion euros in terms of creating the prototypes and further executing all the strategies to make it a reality. According to the data of 2018 the company has decided to enter the motorsport industry and further diversify their business in the different domains that will enhance its visibility in the automotive industry and impact its overall brand recall value in a positive way. At the beginning of 2019, the company decided to discontinue the production of some of the models as it was affecting their overall operational cost and further impacting their overall growth and profitability in a negative way. In 2018 the company has decided to invest 100 million dollars in a company based in silicon valley that is operating through solid-state battery start-ups. It has become one of the largest automotive investors and gaining representation on its board (Statista, 2022). In 2019 the company has decided to introduce an entry-level product line for young buyers that will expand their customer base and further help them to gain a competitive advantage over other players in the market. For example, they have entered China with some of their product line such as sedans, SUVs and more which has led them to enter the international market and further stand out in the highly competitive EV industry all around the world. In 2019 the company has unveiled their refreshed electric brand logo Frankfurt Motor Show. This had led them to occupy the mind space of their potential customers and further enhance their overall brand recall value and brand positioning in the highly competitive automotive industry of the world. In the same year, the company announced a program where it will be relaunching its old model by incorporating an EV system in order to enhance its dominance in the electric vehicle industry all over the world (Statista, 2022). In the year 2020, the company announced to invest around 86 billion dollars in the next five years and further increase their production in the EV industry and further gain a competitive advantage over other players in the market. According to the data for 2021, the company has addressed a significant drop in the overall sales and profitability in China as well as in

different parts of the world. In 2022 the company introduced the electric van as one of the unique electric vehicles which have impacted their brand position as well as brand recall value in an exponential manner (Statista, 2022).

Analysis of the extent to which the company has utilised their capability and resources as per the current business strategies

Being one of the largest automotive brands in the UK the company has started using their resources and capabilities to provide the best quality services to its customers. It has also helped them to create effective strategies among the different subsidiaries and further maximise their overall profitability. For example, most of the top leading subsidiaries in the world come under the brand Volkswagen. This has helped them to attract a huge customer base from different parts of the world which have led them to become world's one of the most popular brand. According to the data for 2020 the company has an employee strength of 662,575 people (Annualreport2020.volkswagenag.com, 2022). They have trained these employees in order to provide the best quality services to different potential customers in different parts of the world. Apart from that, they have created a system where employees can utilise their innovation and creativity and further work at their peak potential in order to grow the overall brand in an exponential way. In order to disrupt the electric vehicle industry, the company has made significant changes in their overall systems and processes and further has taken the advantage of its capability and resources to maximise the effectiveness of its strategies. For example, that company has started reserving raw materials such as steel in order to create an effective EV model which can not only help them to enter the EV industry but also dominate other potential competitors. For example, the company has started focusing on autonomous tech and mobility services in order to enhance the effectiveness of the production strategy and further grow the tier brand in an exponential way. As mentioned earlier that the company has a different set of subsidiaries in different

price ranges for different sets of customers (Ditlev-Simonsen, 2022). This has not only helped the company to attract a huge customer base but also helped them to satisfy a different set of demands and needs of the customers as well. In this way, they are able to become one of the popular brands in different parts of the world and further gain a potential competitive advantage over the rest of the competition. In order to reach out to potential customers, they have diversified their overall business by opening different manufacturing locations in different parts of the world. This has helped them to take care of their potential customers in terms of providing them with the best possible services and further growing the business at an exponential rate (Sergio and Rylova, 2018). The company has catered for their customers for the last 85 years and it has helped them to develop an efficient supply chain network. They have utilised their financial resources to develop car models for different price ranges as well as for different sets of customers. In order to do that, they have taken the advantage of potential and skilled employees who have not only managed the different organisational processes in an effective way but led them to create EV models with maximum accuracy. Above all the company has taken the advantage of its financial resources in order to enhance the effectiveness of the marketing and promotional strategy. For example, the subsidiary of the company utilises its own set of marketing and promotional strategies in order to attract customers in that particular domain. Apart from the company has also taken the advantage of social media and other digital resources in order to analyse the need and demands of the customers. Moreover, it has led them to take the advantage of different digital marketing and advanced technological tools to maximise the growth and profitability of the company. In this way, they have been able to gain a competitive edge over other players in the market and further the overall EV as the well normal automotive industry (Jellinghaus, 2022).

Measures that VW took in terms of managing sustainability and gaining a competitive advantage

Sustainability and competitive advantage are integral parts of the business that help an organisation to build its capability and further grow exponentially. Volkswagen being one of the largest manufacturers of automobile vehicles has taken the advantage of different strategies in order to manage its sustainability and further gain a competitive edge over other players in the market.

In terms of sustainability, the company has implemented differently sustainable strategies within the organisation such as a new auto group strategy which has led, to bringing sustainability within the firm. For example, most automobile vehicle works with burning oil principles which not only emits different toxic gases into the environment but also contribute to environmental pollution. ESG performance of an organisation plays a crucial role in attracting new investors and further managing different organisational processes in an effective manner. That is why the company has focused on utilising its resources to maximise the overall ESG performance which has led them to satisfy the need of potential shareholders (Volkswagenag.com, 2022). On the other hand, it has led them to impact the environment in a positive way. Mobility solutions, as well as automatic driving, are also an important sustainable strategy of the organisation that has helped them to bring sustainability within the organisation and further impact the life of the people in the society in the best possible manner. Energy, charging as well as batteries are becoming an integral part of the automobile industry (Volkswagenag.com, 2022). That is why companies like Volkswagen are taking the advantage of their organisational resources to work on the life cycle of the batteries in order to enhance the efficiency of their EV model. In this way, they will be able to produce highly efficient EV vehicles which will not only satisfy the need of the customers but also impact the quality of life of the people in the society in a big way. Above all, in order to enhance the safety of the customers, they are trying to bring self-driving cars into the market (Volkswagenag.com, 2022). For that, they are working on making efficient

software that can easily help the vehicle navigate through the road and further reach the destination.

On the other hand, there are several strategies that are taken into consideration by the organisation in terms of gaining a competitive edge over other players in the market. For example, product diversification is one of the integral strategies which is used by the organisation in order to create a monopoly in the industry. In this way, they are able to cater for audiences from different product ranges (Klein, 2022). Apart from that research and development strategy is one of the integral strategies in order to gain a competitive advantage over other players in the market. This has helped them to analyse the current market trend in the automotive industry and further gain a competitive advantage over other players in the market. According to the data for 2019 the company has spent around 5.7 billion dollars on marketing and advertisement. The company has taken the advantage of social media as their primary source of marketing which has led them to produce a huge result in terms of reaching out to huge customers and further turning them into potential buyers (Lopez, 2022).

Recommendations

On the basis of the above discussion, there are different recommendations that can be made which will help the organisation to maximise its sustainability and further help them to gain a competitive edge.

- For example, the company has taken advantage of several unethical practices in order to gain a competitive advantage in the automotive industry. Installation of the emission cheating devices has led them to face negative challenges related to diesel gates. This has impacted their overall brand recall value in a negative way and further led them to face huge financial losses. Hence implementing ethical practices within the organisation will lead them to increase credibility and further maximise the overall customer satisfaction level (Annamalai *et al.*, 2019).

- Electric vehicles and self-driving cars are becoming popular in the automotive market all around the world. Therefore, it is necessary for the organisation to take the advantage of the technological resources and further build efficient software that can regulate electric as well as automotive vehicles in an efficient manner (Haas, 2022).
- For an electric vehicle life cycle of the battery plays a crucial role. Hence the company need to focus on building an effective production strategy in terms of building highly efficient battery and further maximising the productivity of the cars as well.
- Legal factors influence businesses in a significant way. Therefore, in order to manage the organisational processes in an effective manner, the firm needs to adhere to the laws as well as the legal structure of the country. It will help them to run their business in a smooth way and further manage sustainability (Lu *et al.*, 2019).
- Digital marketing is becoming an integral part of the business. Therefore, the company can implement effective digital as well as social media marketing strategies within the organisational systems and processes. It will lead them to minimise the operational cost and further impact the overall growth and profitability in an exponential manner (Lv, 2019).

Conclusion

The current report structure has described the impact of sustainability as well as a competitive advantage over the overall growth and profitability of an automobile company. In this case, Volkswagen has been taken into consideration in order to analyse the different aspects of the above topic. Above all meaning full recommendation has been made accordingly which can help the company to gain a competitive edge and manage sustainability.

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