

Multi-national Marketing Analysis of Volkswagen

Volkswagen is a global company and has been thriving for decades. However, some major trends affect global business in general, including economic forces, level of technology, distribution, political, and legal forces. Knowing how to deal with uncontrollable elements in the business environment is key to success. Volkswagen had to deal with political and economic instability, and it made use of its marketing program design to adjust to these uncertainties.

The main challenge Volkswagen was facing was with its supply chain. It aimed at being less dependent on its faraway suppliers to shore up its raw materials and shorten its supply chain. In the process of achieving this, they had to deal with the uncontrollable factors of doing business abroad.

Firstly, the global pandemic was a huge role player in this transition. Volkswagen had factories in China, and they went idle as everything had to shut down due to the pandemic. The factory present there was the biggest and most profitable and responsible for 40% of its annual sales. No operation meant zero profit.

Secondly, Volkswagen had to deal with political and economic instability. It got its wires and contraptions for cars from them and the recent invasion of Russia into Ukraine did not favor them. This did not affect Ukraine alone but the Eastern European countries as well. This economic shutdown forced Volkswagen to stop the production of its electric vehicles at its biggest factory in Germany.

To continue, another uncontrollable that Volkswagen faced was handling shipments and distribution. A fire on a cargo destroyed about 4000 of its most expensive cars.

All the uncontrollable factors discussed above led Volkswagen to want to have more control over its supply chain. It restructured its marketing design to help boost sales and increase the company's revenue.

- They decided to favor dual sourcing of some components instead of a single one to secure supply in other countries
- They decided to invest more in the U.S to reduce the weight of dependency on China and balance the global set-up better
- They are thinking of building a new battery plant in the U.S that will focus on the manufacturing of electric vehicles
- They refocused their product portfolio on SUVs
- They rebranded their old vehicle models and decided to shift towards the trend of electric vehicles

Conclusion

Volkswagen had to face the uncontrollable factors of doing business globally, including geopolitical and economic instability, which led to supply chain shortages. As discussed above, they had to restructure their multinational strategy to be able to bounce back and generate more revenue/profit. By doing so, they were able to access new markets to increase the supply chain, build new plants to diversify risks, and balance global setup by investing more in the U.S. This boosted its market share in the US and led to more opportunities.