

Volkswagen Brand: A Case Study

The story of Volkswagen, the car as famous for its appearance as it is for advertising, is strongly intertwined with the history of the last century. It is also one of the greatest brand successes ever.

The Volkswagen Company was originally operated by the German Labour Front (Deutsche Arbeitsfront), a Nazi organization specifically charged with the organization of the German workforce without trade unions. The legendary German car design, Ferdinand Porsche, designed the original 'People's Car' during Hitler's tenure of power. Nazi propaganda heavily promoted the Volkswagen as a symbol of German progress and community. World War II interrupted production of the Volkswagen. By 1945, both the Volkswagen factory and its home city of Wolfsburg were in ruins. Volkswagen was seen through its association with the Nazi regime as having a tainted brand and, for some, an unsaleable brand. The British, who administered the region in the postwar period, refused to transfer the plant to the UK. The French tried to get the British to sell the equipment to the France, but that did not happen. The machinery was also taken as payment in kind for war reparations. The British occupiers looked for a car company to manage the Wolfsburg plant. The Ford Motor Company was contracted and Henry Ford II assessed the plant. Their opinion was that the Volkswagen was not worth their investment. Eventually, and despairingly, the plant was turned over to German management under Heinz Nordoff. The Volkswagen Corporation that we know today was born. Exports to the most part of the world grew in strength. However the vast market of the US remained elusive until the 1950s. The Volkswagen car's unusual rounded appearance, its engine in the rear, together with its historical connections with Nazi Germany originally proved a disincentive in the US. This changed in 1959, when the New York advertising agency, Doyle Dane Bernbach, began a landmark advertising campaign, dubbing the car 'the Beetle' because of its shape and pointing to its size as an advantage to the consumer. This campaign was very successful, and for some years following, the Beetle was the leading automobile import sold in the United States. It was the 'hero' of the popular Disney 'Love Bug' movie series.

Although the German government had founded the company, in 1960 the state denationalized it by selling 60% of its stock to the public. Volkswagen acquired the Audi auto company in 1965. Volkswagen and its affiliates operate plants throughout most of the world. In addition to cars, the company produces vans and minibuses, automotive parts, and industrial engines. Its own several other auto companies, including Audi in Germany and SEAT (Sociedad Espanola de Automoviles de Turismo) in Spain, and it also makes and markets cars with Fiat of Italy and Skoda of the Czech

Republic. The Volkswagen hardly changed from its original design, however, and by 1974, with increasing competition from other compact foreign cars, Volkswagen came near bankruptcy. This spurred the company to develop newer, sportier car models; among them were the Rabbit and its successor, the Golf. In 2000 the Beetle design was revived with a new engine, with great international success. Billboards in New York for the new Beetle read 'The World's Cup is half full Again'.