

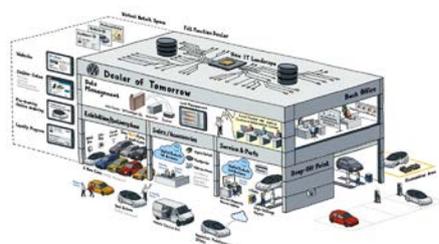


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Volkswagen digitalizes sales – New era of car buying to start in 2020

- Volkswagen fundamentally restructures its sales model – program to be launched in Europe in April 2020
- Transformation in sales driven by progressive digitalization and connectivity of Volkswagen fleet
- Online business to be expanded and direct sales to be possible
- Customers to be targeted more individually through city stores and other new sales formats

Wolfsburg / Berlin. Volkswagen is making its sales organization fit for the future. The brand is to fundamentally realign its sales model together with its dealers. The new sales model is to be launched in Europe in April 2020. Today in Berlin, Volkswagen and the European Dealer Council presented their vision for the future world of Volkswagen's 5,400 dealers and service partners as well as their 54,000 employees in Europe. The objective is to provide seamless individual round-the-clock support for customers going far beyond vehicle sales on the basis of a unique Volkswagen customer ID. Each year, the Volkswagen brand intends to introduce about 5 million customers to the new world of mobility around the globe and to offer them individual services on the basis of their ID. The car buying experience itself will also change. On-line sales are to be massively expanded and direct sales are to become possible. Five new sales and service formats such as city showrooms or pop-up stores are to be added. At the same time, the sales organization is to become more flexible and efficient.



"This is the right step at the right time," says Jürgen Stackmann, Board Member for Sales of the Volkswagen brand. "We have adopted this approach because our business environment is changing at a breathtaking pace in view of new technologies, changed customer expectations and new market players."

According to Stackmann, Volkswagen is outstandingly well-positioned, with qualified sales and service partners, an established logistics network, a

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strong product portfolio and extremely loyal customers. He said that the new sales model was the combination of this infrastructure with the new elements which would define business in the future, such as digital products and services or new on-line sales possibilities for products and services.

The new sales model is being driven by the progressive digitalization and connectivity of the Volkswagen fleet, which will reach a new level with the introduction of the new, fully connected electric ID. family in 2020. From then on, Volkswagen customers with their personal ID number are to be at the center of a fully-networked world of mobility including seamless individual support going beyond vehicle purchasing, with round-the-clock availability. "This way, we will learn more about our customers' needs and will be able to develop optimum tailor-made offerings for each individual customer through intelligent data management. This is already practiced successfully in other sectors," the Sales Board Member continued.

In this world of mobility, customers will benefit from a wide variety of tailor-made offerings. For example, vehicles will be kept up-to-date by over-the-air software updates via the mobile phone network. Vehicles will notify the dealer that the next service is due via the predictive maintenance app. Customers will also be able to access a broad portfolio of services from the Volkswagen We digital ecosystem such as We Park, We Deliver or We Connect. There will also be services going beyond customers' own vehicles such as We Share – the planned car sharing offering from Volkswagen.

On-line business will make a key contribution to the development of the new sales model and is currently being massively expanded. Within the framework of its new digital partnership with its dealers, Volkswagen will develop a joint Internet platform which will handle the entire purchasing process through to contract conclusion, including financing, payment and even used car trade-ins. Customers will be able to choose from the entire brand model range and to complete their car purchase with their selected dealer online. For Volkswagen, the new platform will offer the possibility of direct sales for the first time; the brand intends to use this possibility mainly in the fields of software and on-line services.

People who prefer to maintain personal contact with the brand and the dealer will have a choice of different points of contact in the future. There will be five new formats in addition to the traditional full-feature dealership with sales and service under one roof. Each dealer will only need to have one full-feature facility in the future. Dealers will be able to shape their presentation by agreement with the relevant importer to make their business more effective and customer-oriented, with city showrooms, pop-



up stores, service factories, used car centers or scalable full-feature dealerships (i.e. of variable size).

"We believe in the new business model as it will strengthen dealers' entrepreneurial responsibility," said Dr Matti Pörhö, President of the European Dealer Council (EDC), which represents the interests of Volkswagen dealer councils in Europe. "In the areas of digitalization and E-mobility, the major tasks for the future, dealers will play a key role. To shoulder these challenges, dealers need a firm foundation of profitability." Pörhö praised the fair and open cooperation with Volkswagen: "We actively participated in shaping the business model right from the start.

At the event in Berlin, Volkswagen and the EDC sealed the new sales model, with Jürgen Stackmann and Matti Pörhö symbolically signing the new contract that is to govern relations between the manufacturer and its dealers in Europe from April 2020 onwards. In the early summer, the German dealers' association had already agreed to the content of the contract, followed by the European importers a few weeks later. By the end of November, all European dealers are to sign the new contract.

Note: a recording of the event in Berlin will be available in the Volkswagen Newsroom at: <https://www.volkswagen-newsroom.com/en>.

About the European Dealer Council (EDC)

The European Dealer Council is the umbrella organization for the dealer councils of Volkswagen, Audi and Volkswagen Commercial Vehicles from 21 countries in Europe. The EDC is used as a platform for dialogue between dealers and the manufacturers and importers concerned. All the members of the governing body are proprietors of large car trading groups. Dr. Matti Pörhö from Finland has been President of the EDC for five years. The organization was established in 1991 and has its headquarters in Hanover, Germany.

About the Volkswagen brand: "We make the future real"

The Volkswagen Passenger Cars brand is present in more than 150 markets throughout the world and produces vehicles at over 50 locations in 14 countries. In 2017, Volkswagen delivered 6.23 million vehicles including bestselling models such as the Golf, Tiguan, Jetta or Passat. Currently, 198,000 people work for Volkswagen across the globe. The brand also has over 7,700 dealerships with 74,000 employees. Volkswagen is forging ahead consistently with the further development of automobile production. E-mobility, smart mobility and the digital transformation of the brand are the key strategic topics for the future.
