
Media information

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Volkswagen Group intends to further expand after sales business

- Growing vehicle fleet and stronger customer loyalty drive sustained growth despite fall in maintenance costs for electric vehicles
- Group After Sales provides support for more than 100 million vehicles throughout the world; about 50 million vehicles to join the fleet by 2030; parts are supplied by 154 depots
- Genuine spare parts sales¹ at €15.9 billion in 2018
- Master depot in Kassel adjusts to new requirements: warehouse for high-voltage electric vehicle batteries planned

Kassel/Wolfsburg, September 2, 2019 – The Volkswagen Group is orienting its after sales business fully towards meeting the upcoming challenges of digitalization and e-mobility. The growing number of electric vehicles with maintenance costs that are about 20 to 30 percent lower than conventional vehicles will have an impact on after sales business in the future. Nevertheless, the Group plans to considerably boost sales and profit from after sales over the next few years. The main drivers will be growing customer loyalty through digital services and the steady growth in the fleet of Group vehicles. Currently, 100 million vehicles receive support from 25,000 service stations throughout the world. By 2030, there will already be about 150 million vehicles. With sales of €15.9 billion in 2018 for genuine parts alone, after sales accounts for a significant share in Group sales. In comparison with 2017, sales grew by about 2 percent. As part of the e-mobility offensive, it is planned to build a warehouse for high-voltage batteries at the Kassel plant. Dr. Christian Dahlheim, Head of Group Sales: “After sales business has been a mainstay of the Volkswagen Group’s profit for many years. Against the backdrop of the transformation towards e-mobility and digitalization, we are working intensively to ensure that this remains the case in the future. We will continue to significantly expand this business area, which is important for us and our service partners, in the future.”

The goal of the Volkswagen Group is to have a neutral carbon balance by 2050. The Group has launched the most ambitious electrification offensive in the automotive industry. By 2028, about 70 full-electric models are to be launched and the Group will be investing about €30 billion in e-mobility up to 2023. This will make e-mobility accessible to broad sections of the population, which will already be reflected by growing numbers of electric vehicles over the next few years.

Compared with conventional vehicles, electric vehicles offer customers the advantage of low maintenance and wear costs. Depending on vehicle use, the difference may be between 20 and

30 percent and will have an impact on after sales business in the future. With the numbers of electric vehicles already planned – up to 3 million throughout the Group by 2025 – the electric share in the total vehicle fleet will probably reach between 10 and 15 percent by 2030. Conventional vehicles with higher maintenance potential will therefore still continue to account for a significant share of the vehicle fleet over the years to come.

The Volkswagen Group also sees considerable potential for boosting customer loyalty in after sales through the consistent digitalization of sales processes and the networking of vehicles. Imelda Labbé, Head of Group After Sales: “Digital after sales is our answer to the transformation of the automotive industry and the resulting strategic challenges for the after sales business model. Together with our service partners, we will address our customers considerably more individually than is currently the case and will significantly strengthen their loyalty. Vehicle maintenance will become an all-in experience: more convenient, more efficient and more transparent than ever before.”

The joint use of data by dealers and the manufacturer, subject to the approval of the customer, will allow customers to be contacted in a considerably more individual way than is currently the case. For example it will be possible to inform the customer proactively concerning upcoming service events via the customer’s smart phone or the vehicle infotainment system. This will also include proposing specific dates for appointments at the customer’s preferred workshop.

At the service workshops themselves, digitalization will make many processes considerably more efficient. Currently, an average workshop order gives rise to about 80 minutes of administrative work on up to 15 different systems. With the introduction of the future system generation of digital after sales, the aim is to limit administrative work to an average of only 15 minutes. This would represent a drastic reduction of more than 80 percent. Service advisers will no longer be burdened by work that does not add value and will be able to concentrate even more intensively on advice for customers.

In addition, the growing vehicle fleet will further boost after sales business. The global fleet of Group vehicles has currently reached about 100 million and will probably grow by about 50 percent by 2030 on the basis of current estimates. The basis of Group after sales business will therefore grow continuously and will offset the effect of the lower maintenance costs for electric cars.

The Genuine Parts Center in Kassel is focusing on the requirements of e-mobility as the global master depot. Here, Volkswagen operates a pilot plant to determine the optimum storage conditions for high-voltage batteries. These batteries are generally designed for the entire life cycle of an electric car; however, replacement batteries must be available, for example in the event of accidents. Following the completion of the project, it is planned to develop appropriate warehousing capacities.

About 2,400 employees work at the Kassel master depot. They ensure spare parts supplies to 86 countries throughout the world round the clock. The storage area is more than 1.2 million square meters. Every day, an average of 220 trucks, 111 railcars and 68 containers leave the master depot.

VOLKSWAGEN

AKTIENGESELLSCHAFT

¹⁾ Without Chinese joint ventures and independent importers



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About the Volkswagen Group:

The Volkswagen Group, with its headquarters in Wolfsburg, is one of the world's leading automobile manufacturers and the largest carmaker in Europe. The Group comprises twelve brands from seven European countries: Volkswagen Passenger Cars, Audi, SEAT, ŠKODA, Bentley, Bugatti, Lamborghini, Porsche, Ducati, Volkswagen Commercial Vehicles, Scania and MAN. The passenger car portfolio ranges from small cars all the way to luxury-class vehicles. Ducati offers motorcycles. In the light and heavy commercial vehicles sector, the products include ranges from pick-ups, buses and heavy trucks. Every weekday, 664,496 employees around the globe produce on average 44,567 vehicles, are involved in vehicle-related services or work in other areas of business. The Volkswagen Group sells its vehicles in 153 countries.

In 2018, the total number of vehicles supplied to customers by the Group globally was 10,8 million (2017: 10,7 million). The passenger car global market share was 12.3 per cent. In Western Europe 22.0 per cent of all new passenger cars come from the Volkswagen Group. Group sales revenue in 2018 totalled €235.8 billion (2017: €231 billion). Earnings after tax in 2017 amounted to €17.1 billion (2017: €11.6 billion).
