



November 26, 2018

## Volkswagen to boost marketing efficiency

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- **By 2020, Volkswagen brand intends to improve marketing efficiency by about 30 percent with a media budget remaining stable at €1.5 billion**
  - **Digital share of media mix to grow to almost 50 percent by 2020 – in 2015 the share was about 25 percent**
  - **Number of campaign elements to increase about five-fold – objective is direct, personalized communication with customers**
  - **Global agency network Volkswagen brand to be reduced from about 40 agencies to three lead agencies**
  - **Jürgen Stackmann, Board Member for Sales: “The brand is to be managed in a leaner, more centralized way.”**
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Wolfsburg. The Volkswagen brand plans to improve its marketing efficiency by about 30 percent by 2020 at the same time as keeping its marketing budget approximately stable at €1.5 billion. The digital share of the media mix is to grow to almost 50 percent by 2020. In 2015, the share was about 25 percent. Against the backdrop of an increasingly personalized way of addressing customers, the number of campaign elements such as films or advertisements will increase about fivefold. In future, the Volkswagen brand will reduce its global network of about 40 agencies to three lead agencies. The Omnicom Group is to be responsible for Europe and South America, and WPP for North America, while Cheil will continue to be active for the Volkswagen brand in China.

From 2019, Volkswagen is to pool its marketing activities in these regions in four new powerhouses, which are to be established in Berlin, New York, São Paulo and Beijing. Jürgen Stackmann, Board Member responsible for Sales of the Volkswagen brand: “The brand is to be managed in a leaner, more centralized way. With the new partnerships, we will reach an unprecedented level of innovative power in marketing. Thanks to our more focused agency landscape and the expansion of our digital activities, we will become significantly more efficient. The far-reaching transformation of Volkswagen, which will also become evident to our customers next year with the world premiere of our ID., will fundamentally change our marketing.”

Jochen Sengpiehl, Chief Marketing Officer (CMO) of the Volkswagen Passenger Cars brand: “Thanks to our new sales model, we will be in a position to communicate direct with the customer in the future. In the past, direct contacts were largely a matter for the dealers. In future, we will

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personalize our offering to a far greater extent than has previously been the case."

The changes in marketing will focus on four main areas. In the **product area**, the key topics in 2019 will be the eighth-generation Golf and the ID. Both cars will be fully connected, also allowing direct digital services for the customers in the car. In addition, Volkswagen intends to set up new **digital platforms** such as the new online sales platform for the digital "We" services such as the digital delivery service "We Deliver". Volkswagen and diconium are developing a sales platform where customers will be able to purchase and manage on-demand functions for the connected vehicle in the future. The brand expects about 360 million visitors to its global website in 2020 alone, 70% more than in 2015.

New **brand platforms** such as partnership with DFB and UEFA will also call for new approaches in marketing. The new **brand design**, which is to rejuvenate and modernize the presentation of the brand next year, will probably be presented in the spring.

Volkswagen intends to accomplish these tasks mainly with the new powerhouse approach. The four powerhouses will bring their most creative people together under one roof. In each case, between 100 and 200 employees will work on campaigns in an integrated, cross-functional approach and develop content from strategy through to implementation and distribution. For the first time, this approach will make global campaigns possible.

In future, direct communications between Volkswagen and customers will be managed via a personal customer ID which is to be introduced with the new brand sales system from 2020 onwards. This will also allow the creation of a holistic, individualized customer experience via all points of contact with Volkswagen, in marketing too. The analysis and utilization of market and consumer data as well as the deployment of highly advanced digital tools and artificial intelligence will play a key role.



In the Volkswagen powerhouse, campaigns and content will be developed in a unique fully-integrated, cross-functional approach and then distributed using all the channels available in a highly individual way adapted to the specific target group.

In future, Volkswagen will steer its marketing activities via three lead agencies which will operate four new creative powerhouses in the brand's key regions.

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#### 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.

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