The Volkswagen Group, a German automobile manufacturer, offers a broad range of products, from middle-class to luxury cars and commercial vehicles. This company is one of the world's major producers of passenger cars and commercial vehicles, with sales revenue totalling €104.9 billion (2006). Best known from the 1960s onward for its popular Beetle model, the Volkswagen Group is today Europe's largest carmaker with vehicle sales in more than 150 countries.

The Volkswagen Group is divided into two divisions: Automotive and Financial Services. The Automotive Division deals with the development of vehicles and engines and the production of passenger cars, commercial vehicles, trucks, and buses. The Financial Services Division oversees the business fields of dealer and customer financing, leasing, insurance, and fleet business.

The business lines—Volkswagen brand group, Audi brand group, commercial vehicles, and remaining companies—are located under the umbrella of the Automotive Division. The Volkswagen brand group with its product line—VW passenger cars, Skoda, Bentley, and Bugatti—continues to be the business line with the highest sales revenue (€54.9 billion, 2006). However, the Audi brand group, with its Audi, SEAT, and Lamborghini vehicles, contributed more than 30 percent of the 2006 sales revenue. In 2006, taken together, the sales of the Volkswagen passenger cars brand increased by more than 10 percent.

In 2007, Porsche, having purchased $8 billion worth of stock, expanded its 20 percent investment (2005) in VW to a significant 31 percent. This was soon followed by an expression of intent by the Porsche supervisory board in early 2008 to increase its share in the lower Saxony carmaker to more than 50 percent. This brought the two companies together in an organizational amalgamation; the companies' common founder, who once dreamed of producing a "people's car" (Volkswagen in German), later gave his name to the production of the ultimate elite sports car, Porsche.

Competing in the Global Market

Volkswagen still achieves most of its sales from the European market. In South America and South Africa, sales figures were higher in 2006 than in the previous year, while negative operating results were reported in the North American and Asia-Pacific markets in 2006. Despite the conviction that higher sales revenue could be achieved in North America, the financial year ended with a significant loss because of higher sales promotion costs and unfavorable exchange rates. Volkswagen reports that because of exchange rates and increased local and international competition, the operating loss in this market showed an increase over the previous year.

A "People's Car"

Ferdinand Porsche's brainchild of a high-quality car for everyone began to be realized with the advent of Gesellschaft zur Vorbereitung des Deutschen Volkswagens mbH (founded in 1937) and its successor the Volkswagenwerk GmbH (renamed in 1938). Ferdinand Porsche became one of the latter's general...
managers. In 1939 the production of passenger cars was disrupted with the outbreak of World War II. After being integrated into the Nazi economy during the war years, the carmaker’s focus switched to the production of munitions. With the increase in arms buildup, Volkswagen extensively used forced labor from abroad. Following the Allied occupation of Germany, the company was placed under the trusteeship of the British military government (1945-49).

By the end of 1945, Volkswagen had restarted the production of civilian vehicles. It was the start of the series production of the Volkswagen Type 1. In the following years, the organization restructured, reinvested, and reinvented; this period saw a significant increase in the production of passenger cars and the commence ment of the production of commercial vehicles.

In the postwar period, Volkswagen quickly started to export cars abroad and to establish local subsidiaries and/or sales agencies. By October 1953, 44 percent of vehicle production constituted export business: Volkswagen epitomized the prosperity of the German economic miracle. Over time and with the production of the widely popular Beetle and its successful export to the United States, the Beetle soon vanquished earlier anti-German sentiment. It was to become a symbol of freedom and peace for a whole new generation.

See also
BMW, Company Profiles: Western Europe, DaimlerChrysler, Fiat, Ford Motor, General Motors, Germany, Honda Motor, Mitsubishi, Nissan Motor, Renault, Toyota Motor, Volvo

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