

## Best Brand Equity

Brand Positioning within Volkswagen Group to reach the targets of Together 2025+

December 2020

## Disclaimer

The following presentations contain forward-looking statements and information on the business development of the Volkswagen Group. These statements may be spoken or written and can be recognized by terms such as “expects”, “anticipates”, “intends”, “plans”, “believes”, “seeks”, “estimates”, “will” or words with similar meaning. These statements are based on assumptions, which we have made on the basis of the information available to us and which we consider to be realistic at the time of going to press. These assumptions relate in particular to the development of the economies of individual countries and markets, the regulatory framework and the development of the automotive industry. Therefore the estimates given involve a degree of risk, and the actual developments may differ from those forecast. The Volkswagen Group currently faces additional risks and uncertainty related to pending claims and investigations in a number of jurisdictions in connection with findings of irregularities relating to exhaust emissions from diesel engines in certain Volkswagen Group vehicles. The degree to which the Volkswagen Group may be negatively affected by these ongoing claims and investigations remains uncertain.

The recent outbreak of COVID-19 (commonly referred to as coronavirus) has negatively impacted and may continue to impact economic and social conditions in some of Volkswagen's primary markets, including China and Europe, as public, private, and government entities implement containment and quarantine measures. The continued spread of COVID-19 may cause shortages of necessary materials and parts from suppliers directly or indirectly affected by the outbreak and may cause operational disruptions and interruptions at Volkswagen's production facilities, leading to significant production downtimes

A negative development relating to ongoing claims or investigations, the continuation of COVID-19, an unexpected fall in demand or economic stagnation in our key sales markets, such as in Western Europe (and especially Germany) or in the USA, Brazil or China, and trade disputes among major trading partners will have a corresponding impact on the development of our business. The same applies in the event of a significant shift in current exchange rates in particular relative to the US dollar, sterling, yen, Brazilian real, Chinese renminbi and Czech koruna.

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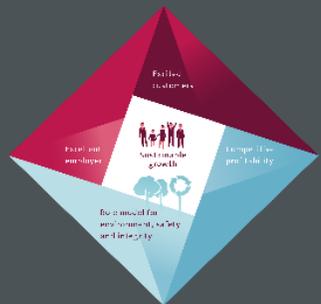
## PROJECT FRAMING: BEST BRAND EQUITY

We are convinced that we have a strong Investment Proposition

# TOGETHER 2025<sup>+</sup>

FOCUS AND SPEED

Shaping  
mobility –  
for generations  
to come.



- Strong brands with clear positioning and great products that inspire customers
- A leading position in China with global footprint and value creating growth
- Fully committed to "Go to Zero" and shaping e-mobility
- Transforming to one of the leading automotive software players
- Taking complexity out and pushing for industry-leading economies of scale
- Delivering on demanding financial targets and committed to dividend pay out ratio

Unleash value

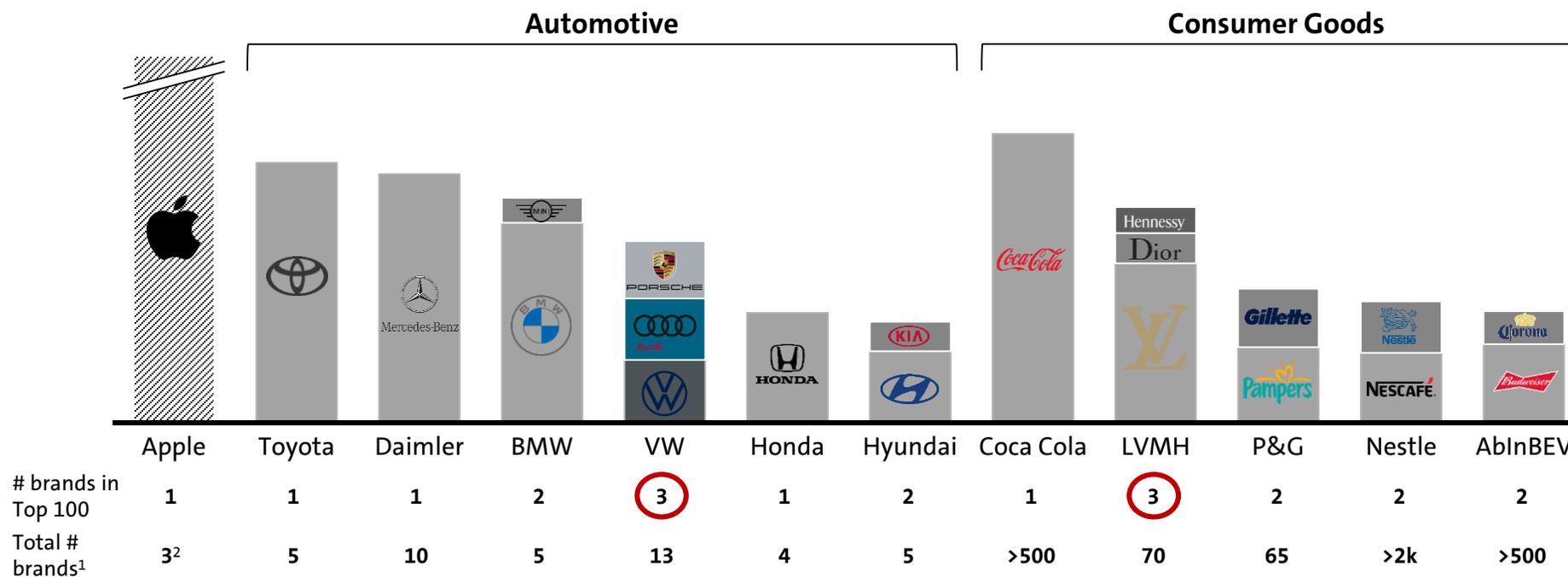
Integrity as the foundation of a successful business

## PROJECT FRAMING: BEST BRAND EQUITY

In 2020 only the VW Group and LVMH have 3 of their brands within Interbrand's Top 100 Best Global Brands ranking

Brand equity 2020 (€ Mrd., Interbrand)

Interbrand



Note: Exchange rate 1 EUR = 1,15 USD; 1) Consumer facing brands; 2) Acquisition of >100 further software and service companies  
Source: Interbrand Best Global Brands Ranking 2019

## PROJECT FRAMING: BEST BRAND EQUITY

### Our new strategic framework: The Brand Strategy NAVIGATOR

All layers of the pyramid contribute to brand equity

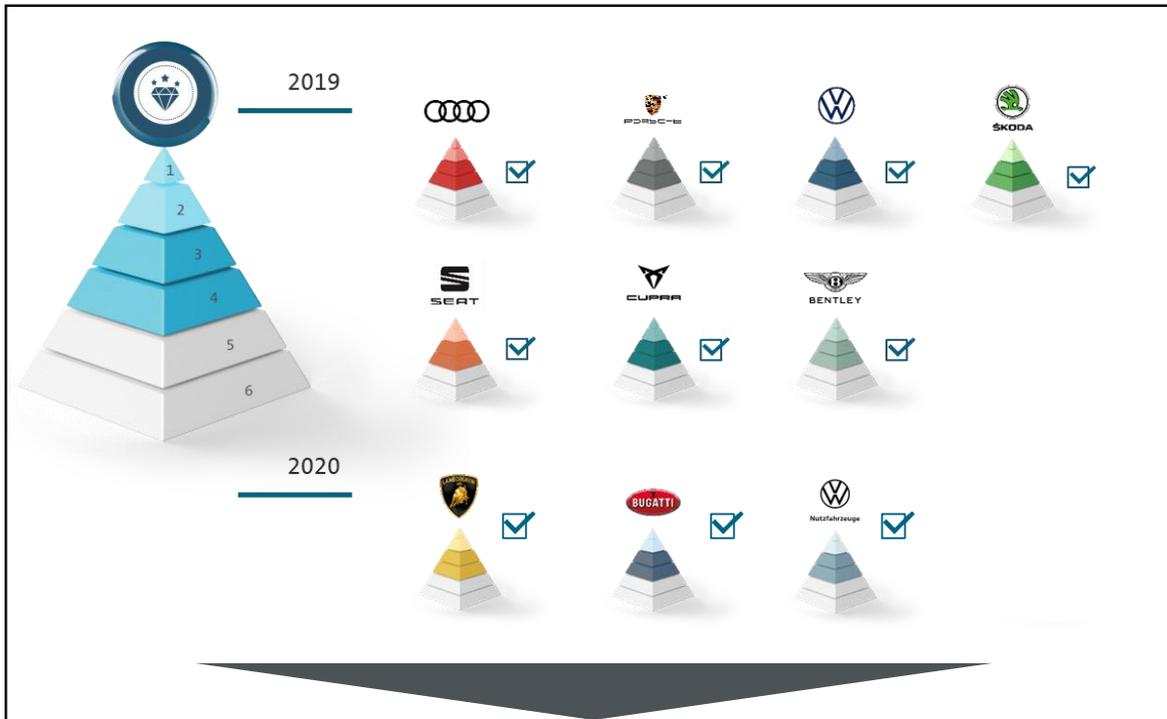


The Brand Strategy NAVIGATOR is continuously applied across all brands and regions globally

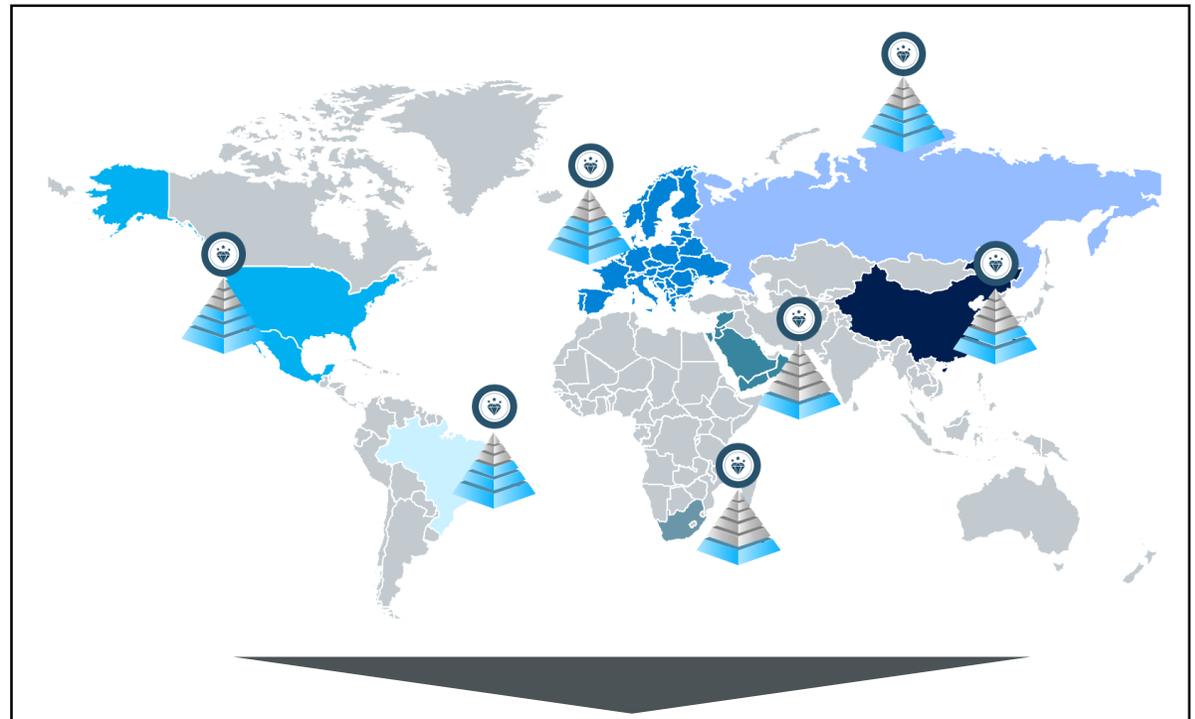
- 1 Customer Segments & (Future) profit pools ▶ How to maximize share of profit pools
- 2 Ideal Volkswagen brand portfolio 2030 ▶ Streamlined brand portfolio with clear roles
- 3 Vision, mission, brand values ▶ Distinct brand positioning with limited overlaps
- 4 (Target) customer oriented product design ▶ Differentiated product portfolio, design and services
- 5 Governance model ▶ Effective brand strategy process and governance

## PROJECT FRAMING: BEST BRAND EQUITY

The Brand Strategy Navigator enables us to “speak one language” in our Multi-Brand Strategy implementation



**Roll-out Brand Strategy NAVIGATOR**  
for all VW Group brands



**Regional Roll-out Best Brand Equity**

2019	2020/2021		Coming...	
EU5	China	Russia	Middle East	Rest of World
	USA	Brazil	South Africa	

# Transfer of Customer Vehicle Demands into SIGMA Milieus via data link



## Customer Vehicle Demands

Clustering according to joint car demands



## Demographic characteristics



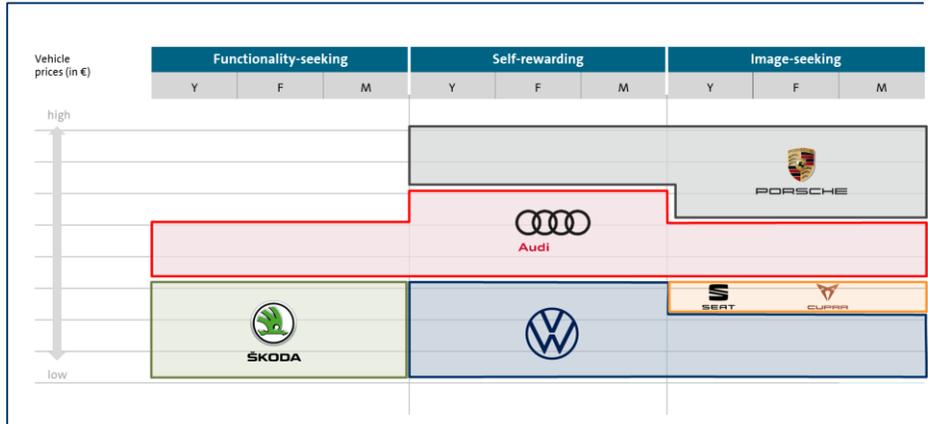
Clustering according to life stages



## Customer Vehicle Demand Spaces (CVDS)



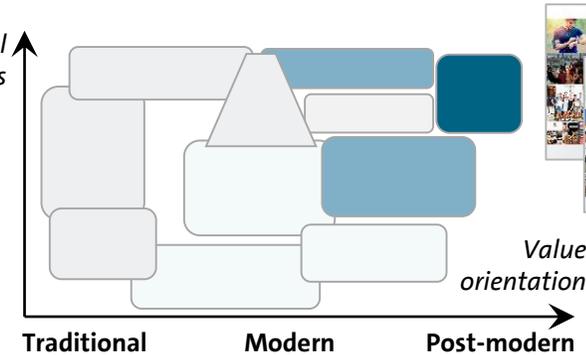
Market research  
on new car  
buyers



## SIGMA Milieus

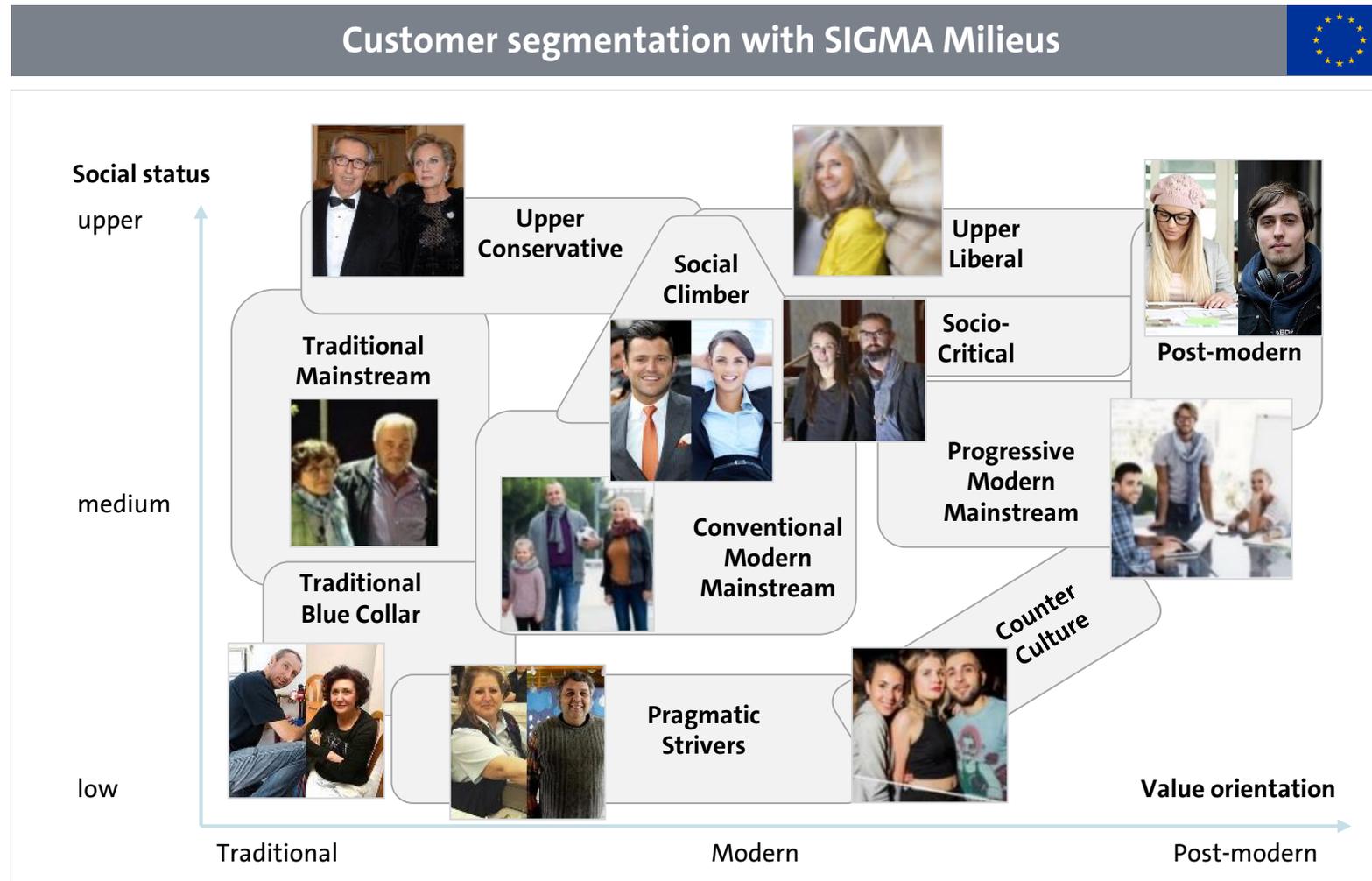


Social status



# SIGMA SENSOR: The values, living environments and lifestyles of our customers can be globally described in their social milieus

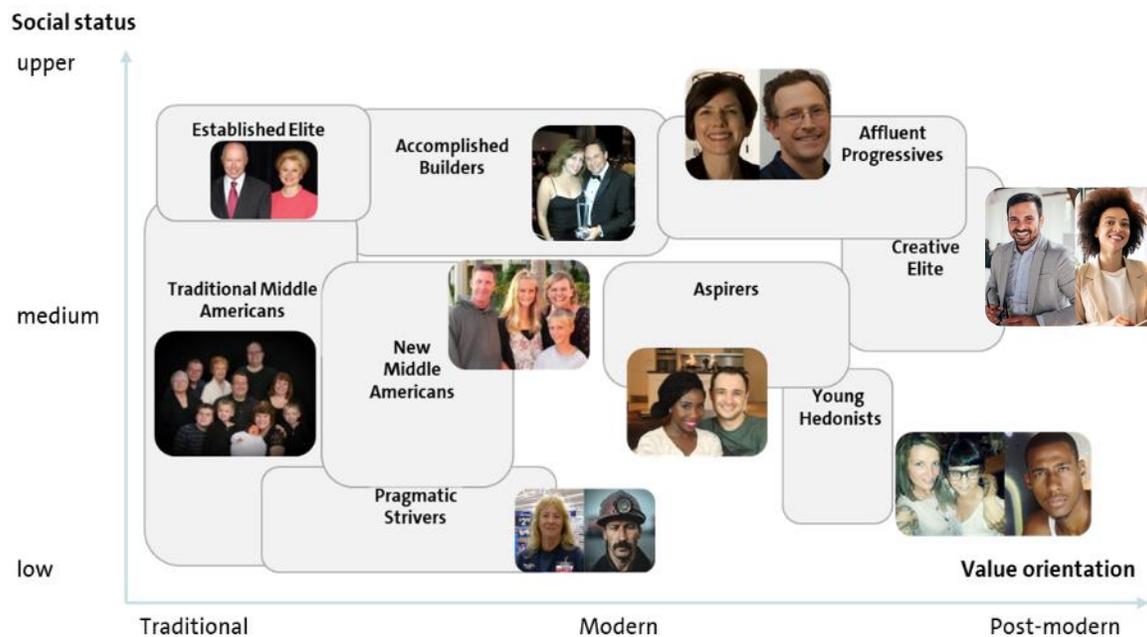
Example: Europe



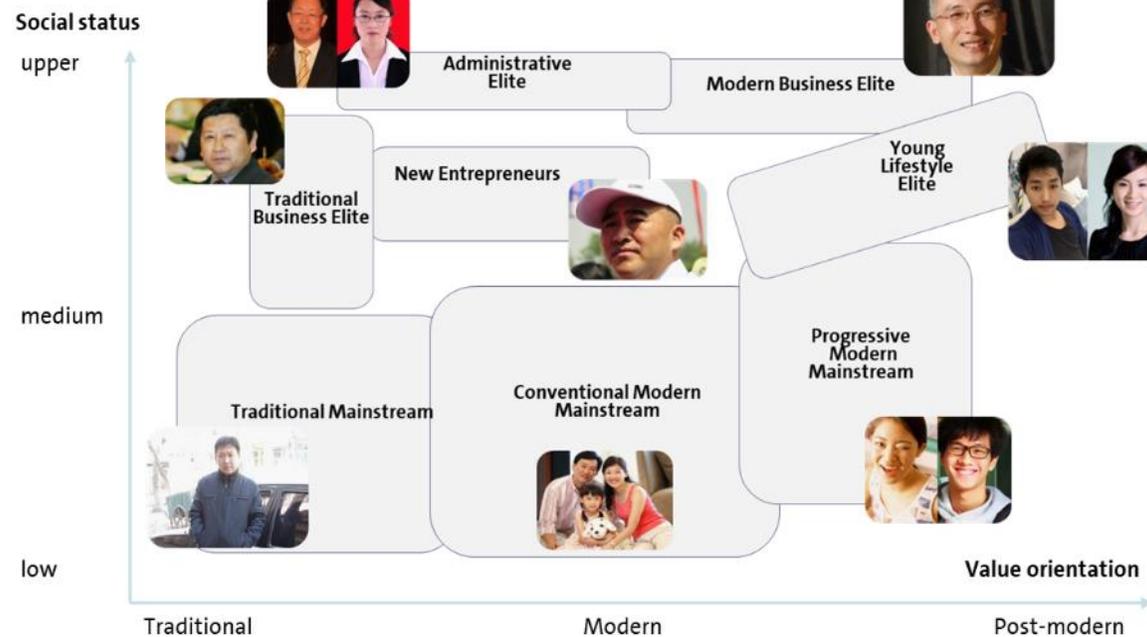
Source: SIGMA Sensor Europe 2019

# SIGMA SENSOR: The values, living environments and lifestyles of our customers can be globally described in their social milieus

Customer segmentation with SIGMA Milieus



Customer segmentation with SIGMA Milieus



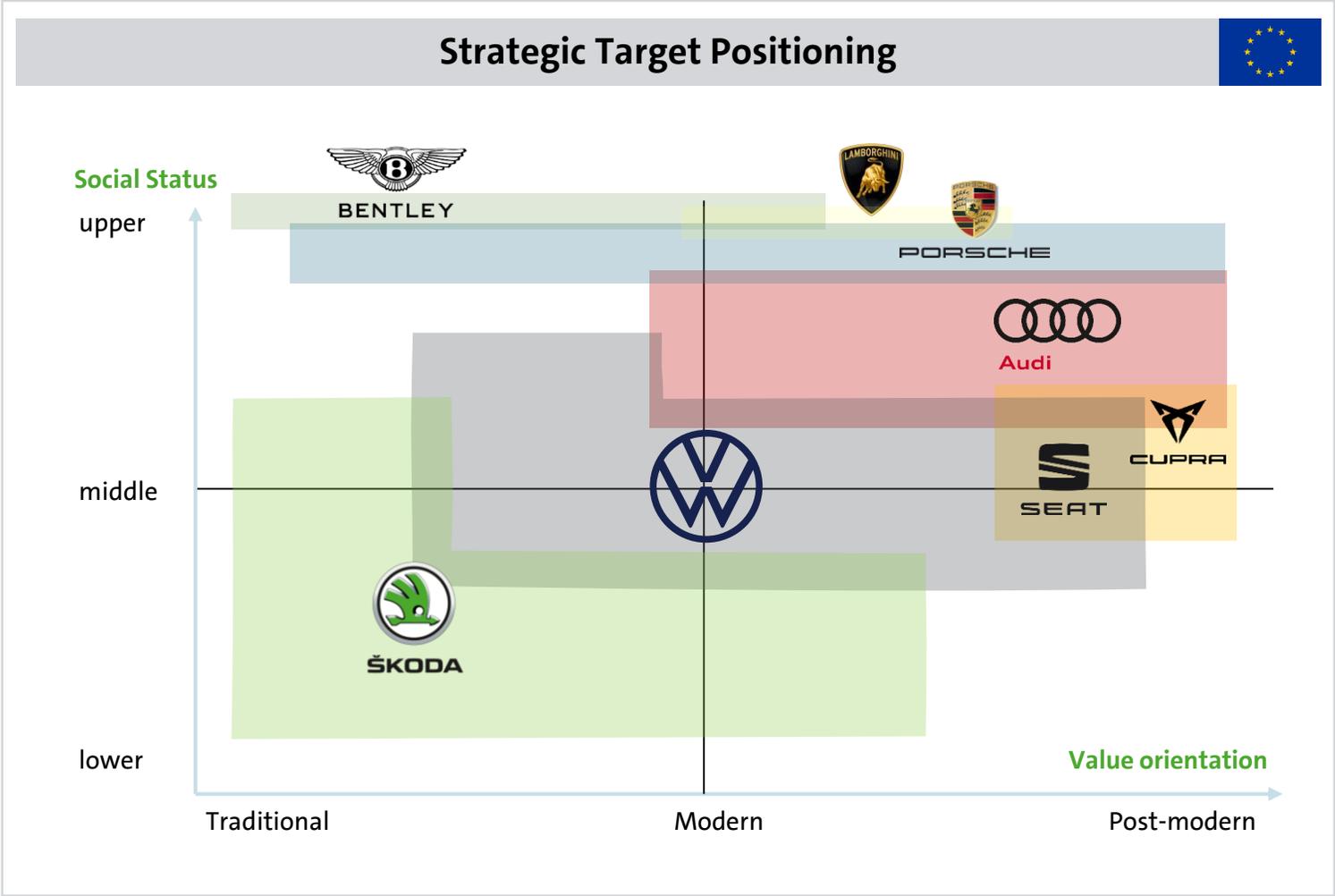
Source: SIGMA Sensor USA 2019

Source: SIGMA Sensor China 2019

# In EU5, the Volkswagen Group Multi-Brand Strategy is targeting lower overlap and maximum profit pool exploitation



EU5





# Brand Territories ensure an ideal differentiation for all Volkswagen Group brands within the new “Customer Vehicle Demand Spaces (CVDS)”-Tool

FLEXIBILITY & PRACTICABILITY



TECHNOLOGY & INNOVATION



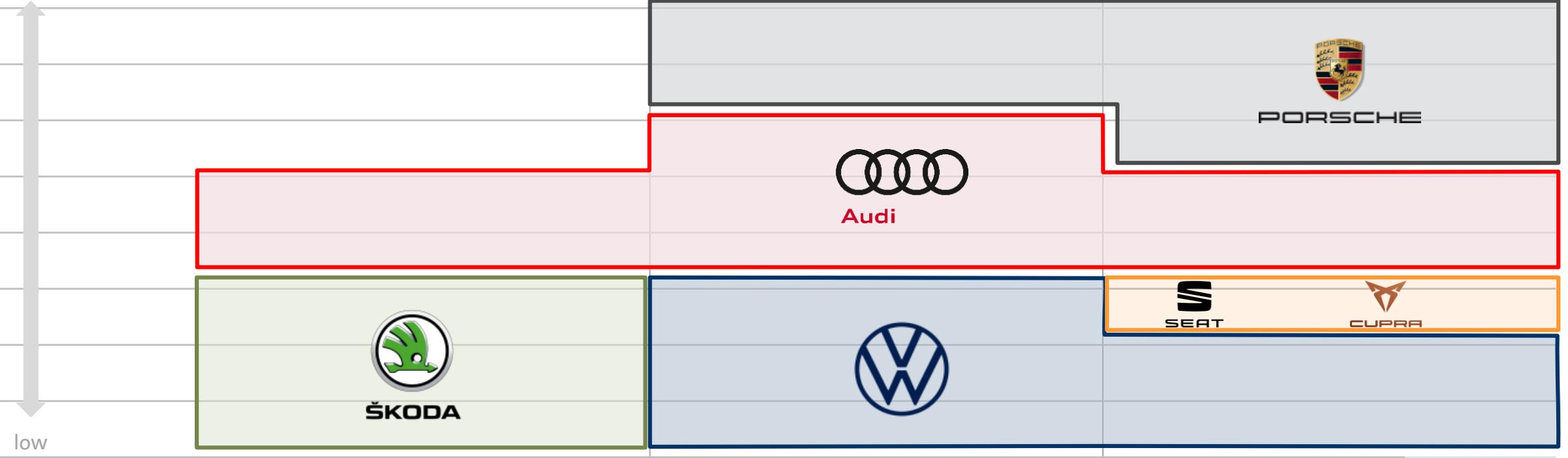
STATUS & DIFFERENTIATION



Vehicle prices (in €)

Functionality-seeking			Self-rewarding			Image-seeking		
Y	F	M	Y	F	M	Y	F	M

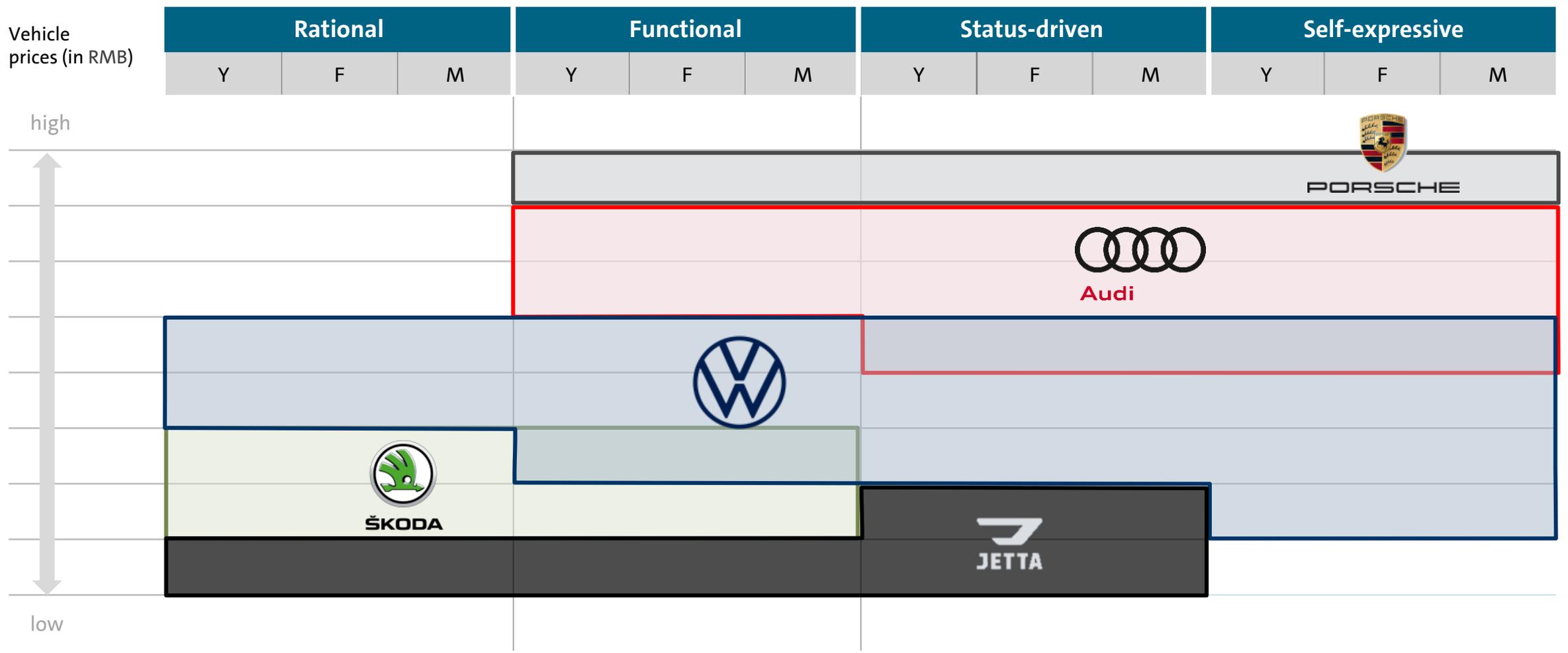
high



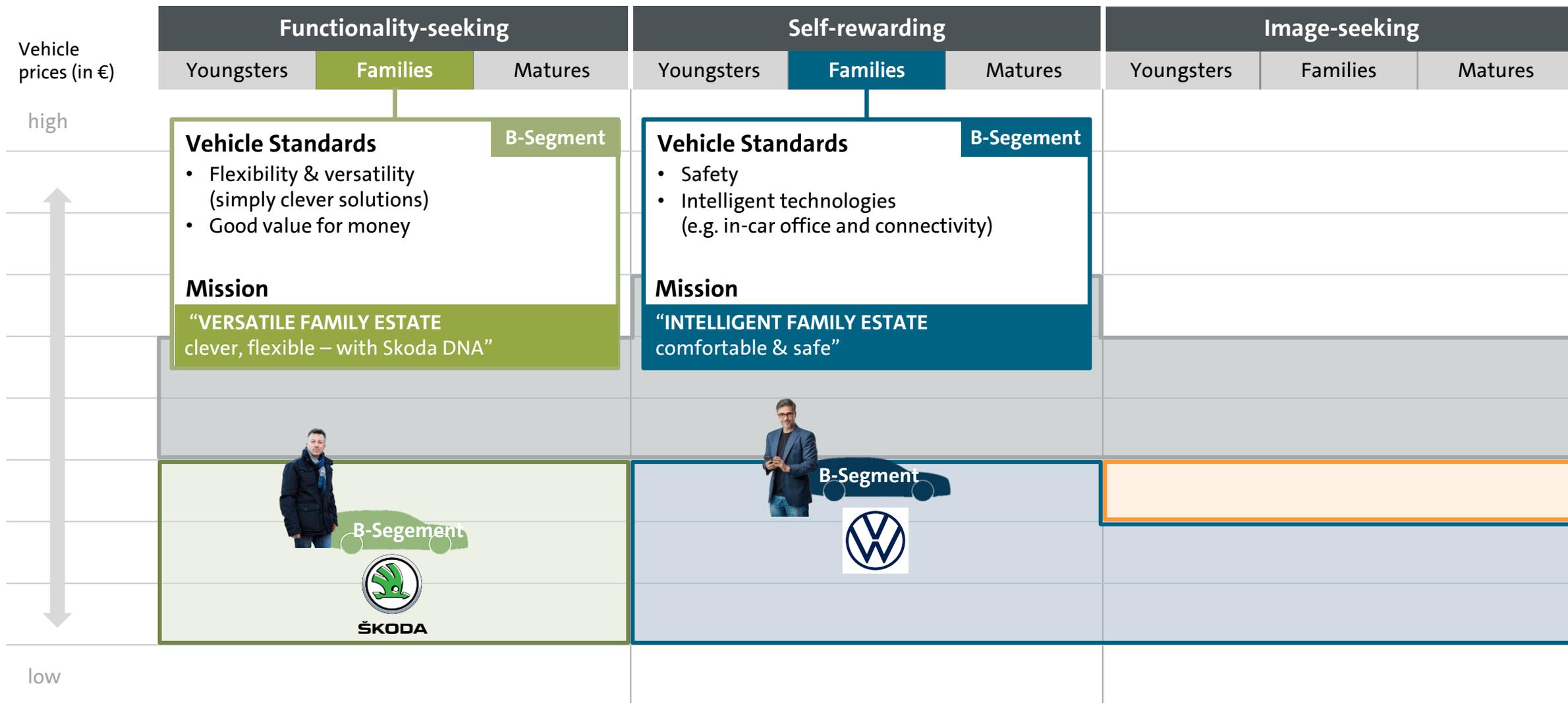
low



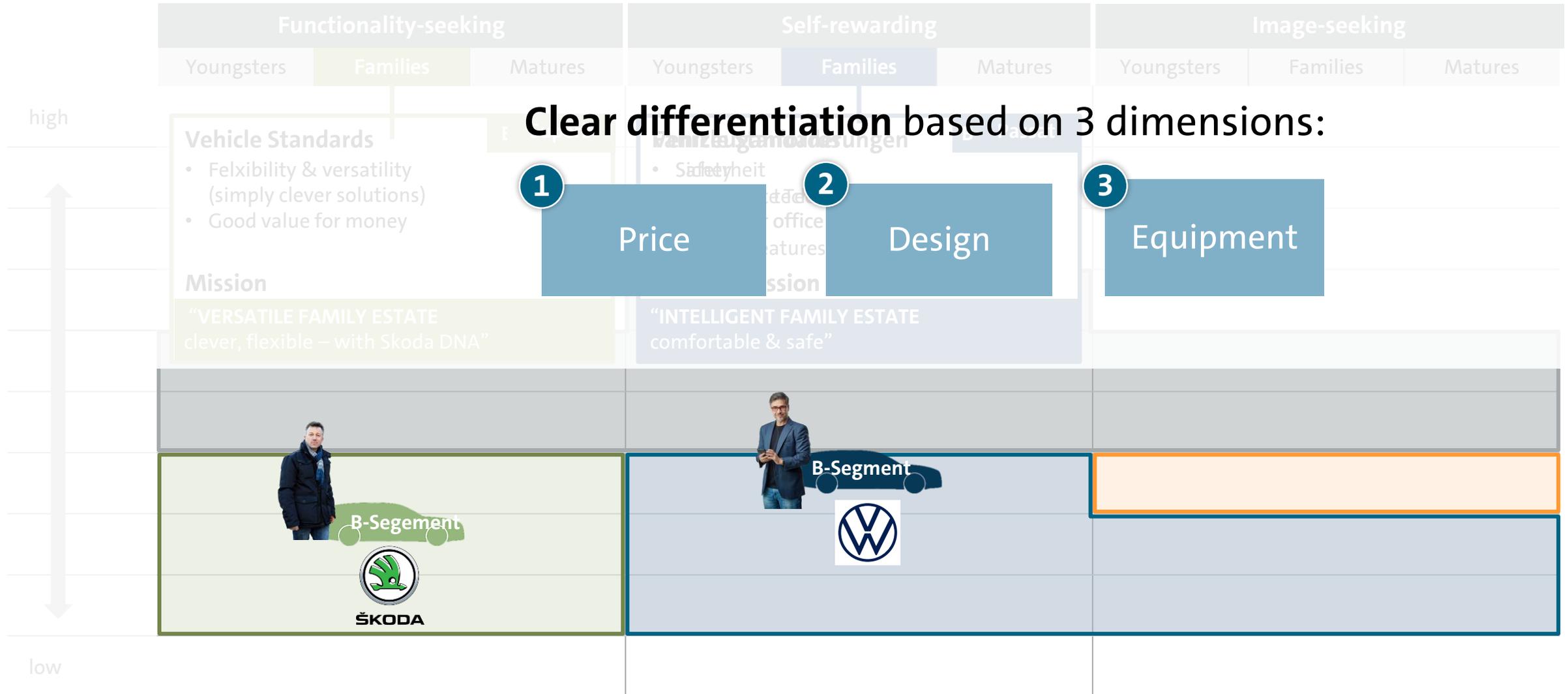
# Brand Territories ensure an ideal differentiation for all Volkswagen Group brands within the new “Customer Vehicle Demand Spaces (CVDS)”-Tool



# EXAMPLE: With the CVDS Tool, the VW Passat and Skoda Superb are systemtically differentiated based on clear customer research



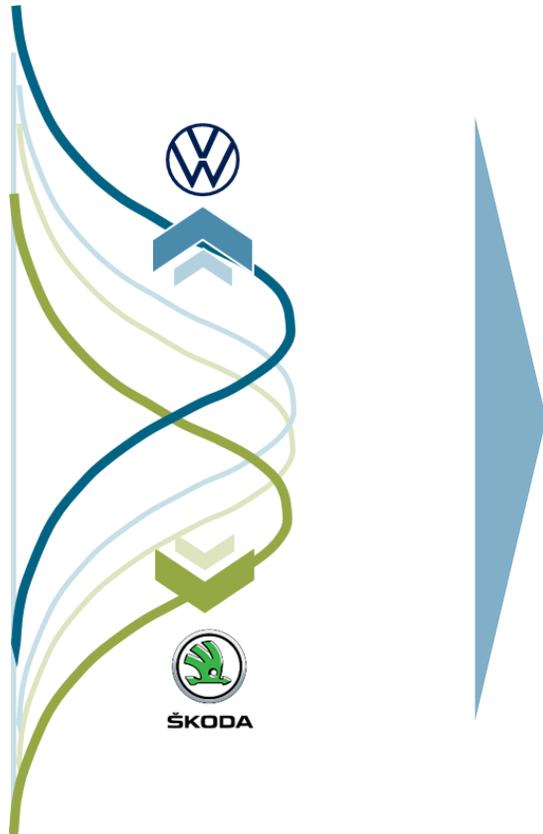
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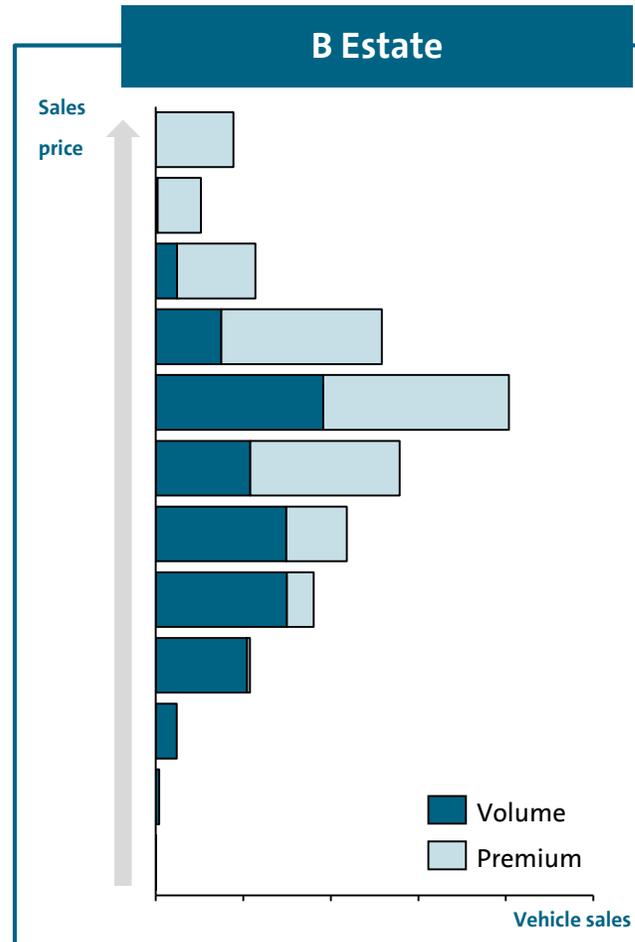


# Ideal coverage of all price segments: example price class analysis Passat Estate vs. Superb Estate

## Target Picture



## Market



## Volkswagen Group



BBE

New "Orchestration": The VW Group has taken over a new steering and systematic global management role within the new Multi-Brand Strategy collaboratively with all brands

