

## BA1400 – Principles of Marketing Final Project

In 2014, the Center for Alternative Fuels, Engines, and Emissions, found irregularities on the Volkswagen cars, showing that some of their car models had been having poor on-road emissions and that they are contaminating more than what they actually proved on their tests. Later on, on September 2015, the United States Environmental Protection Agency repeats tests on the cars and realizes that there has been a violation on what they are selling, so they try to contact Volkswagen for an explanation. Volkswagen finally admits that they had been cheating the tests by putting a software on the motors so that whenever a test was made, different results would be shown instead of what the car really generated on a daily use day. Around 11 million of cars were affected by this scandal all around the world, including brands like Audi, SEAT, Skoda, Porsche and Volkswagen. The company had to pay millions of dollars on different penalty fees around the world, according to the countries' normative to cover damages from the scandal, because people who owned their cars started to sue the company and the company also had to indemnify some money to people who owned one of the affected cars; different quantities were offered depending on the country, for example, in the US, a person could get over 20,000 dollars of indemnify and in Europe people would get up to 5,000-6,000 euros, not only the indemnify but they also offered to fix their cars or change them for some other car models that weren't involved in the cheating problem. The CEO of the company, Martin Winterkorn, resigned and people that were involved in the fraud had to spend some months in jail and had to pay expensive bails.

Even though Dieselgate was a big scandal non-favoring to Volkswagen, after that, they were the biggest car company selling for the next 3 years. Sales weren't

affected at all by the scandal, in fact, they were great and it was something surprising considering how big the repercussions Volkswagen confronted were. Damage caused to earth from the vehicles was something people didn't care much or enough to stop trusting their money to Volkswagen, if the problem would had been about people's safety like a malfunction on their car brakes or seat belts, a problem were people would had been affected directly, I think their reaction would had been worse because damage would had been made to them and not the planet. What did end up having a repercussion was the cost of Diesel and Diesel cars, they lower down after the scandal because people started to think that Diesel was the problem, that using Diesel over gas would contaminate and not what Volkswagen actually did with their software. But also, the type of tests that are done to cars nowadays have changed since the scandal happened, instead of doing them inside a laboratory, scientists attach a little machine and cars are drove on the streets just how normal people would drive them and not through a speed up test.

Nowadays, climate change has a big part whenever you're starting a business, knowing the repercussions your business could have on the planet will be a reason for the business to not succeed or to even not get started, there are specific rules created based on global warming that help to regulate how much damage your business can bring to the world. Lately, people care more about how products are made, what they are made from and how they would affect in the future after they life cycle. Besides the fact that sustainability has been getting stronger and stronger through this last couple of years.

Consumer's trust is very important for a company, people rely on what they say they are offering them, if you lie to your consumers and then they find out the truth, consequences can be very big, they trust you their money on a product that it's supposed to be what you are telling them. Specially because Volkswagen had

always bragged about how great their cars were and how they could run big distances and didn't damage the environment as much as other type of cars. Fortunately, for Volkswagen, lying to their costumers didn't affect them as much as how everybody would think and this will just be remembered as another scandal. But ethically, was it correct to lie to their customers and cheat their tests just so that they could sell amounts of cars that they knew were going to cause an impact on global warming? Definitely not, considering they have been selling cars since 1937 and how far they have gotten the company, people would expect better things from them than a fraud. Ethically, it was completely selfish, a fraud and incorrect. As we have learnt, there always has to be put on a limit on how far business can go, how much damage on people, animals or earth it will cause, otherwise, penalty fees will be applied or the business won't be allowed to continue its project.

In conclusion, it is important to always be honest and clear on what you are selling, not only for your business' achievement and impression it will give to others but also because it is important to think about your costumer's wellness and added to that, on planet earth, making business should be a win-win situation for everybody, doing things the right way will always give you a good image and that is also a way to promote your business, the way people talk about you company might influence others on whether they will trust you or not. In a few years from now, if we don't keep on taking good care on what we consume and how it affects the planet, there won't be a good life quality for people and animals to live here and what's the point of making a lot right now if next generations won't enjoy it as much as we do? Never rely on what you already have as a company, it can be all gone if you make a wrong movement.