

## **Porsche – the 10<sup>th</sup> brand of the VW-group**

### **Death of a legend?**

**Key words:** customer perception, brand images, Porsche and VW, German automotive market, common part strategy

The takeover battle between Porsche and VW is over. Porsche is about to be integrated as the 10<sup>th</sup> brand in the VW group and with it Porsche will meet the same fate as other famous high-premium brands before: Porsche is about to lose its independency and with that Porsche runs the risk of losing its old glamour and image of a high-premium car brand.

In the past decades there has been a trend for large car manufacturers to consolidate more and more different brands within one company. Therewith, the manufacturers follow two main aims. On the one hand they try to reduce manufacturing costs by using common parts in the various models of different brands. “But with the communization of vehicle platforms at several manufacturers, the gap between brands is narrowing.” (Upham, 2001). Premium car brands in particular run the risk of getting “stuck in the middle” (Mattes et. al, 2004) and thereby weaken their image, if the customer realizes this strategy. On the other hand, the different brands allow the manufacturers to serve the different segments by loading the brands emotionally. In order to differentiate and thereby be more successful, the manufacturers of the big car brands serve nearly each market segment (Ebel et al., 2004).

Now the question is will the magic of Porsche suffer from the integration and the common part strategy. Is Porsche about to lose its USP?

The paper will briefly depict the history of the VW and Porsche brand and look into where the magic of Porsche originates from. On the basis of a longitudinal annual calculation of concentration rates (1963 until 2008), the movements in the German automotive market will be presented and a current overview of the German automotive market will be given. Since the most important issue is what the customer recognizes, an online survey among students - the “consumers of tomorrow” - will be conducted. The findings should answer the following:

- Does the consumer realize the brand concentration?
- Does the consumer realize the common part strategy

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- Do these developments influence the perception of brand image?

A limitation of the survey is the restricted sample. The sample will be able to show a direction, but the findings do not claim representativity. A way for further research could be to verify the findings with a more representative sample and to explore if the findings are also valid for other brands of the German automotive market. Furthermore the effects of the common part strategy and the effect of the consolidation on the brand image should be explored deeper and more explicitly.

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