



Volkswagen Playing 'Truth Or Dare' To Market Its Diesel Vehicles

Today's diesel-powered automobiles aren't your father's diesel-powered automobiles.

That's one of the core messages [Volkswagen Group of America Inc.](#) hopes to deliver in a new (and sufficiently quirky, given the company's advertising heritage) marketing effort that includes a website where [light-footed VW owners](#) are boasting about extreme mileage accomplishments.

The pro-diesel push comes at the same time as a new "Meet the Volkswagens" ad campaign that pairs Max, the restored black VW Beetle that speaks with a German accent, with "Bus," an immaculately restored white and red 1968 Microbus (whose voice is supplied by actor Thomas Haden Church).

VW has a simple message in each instance: its autos are fuel-efficient, green and safe vehicles that won't break the household budget. And, to ensure that the message has a chance of being heard, VW plans to keep its 2009 advertising budget at the same level it was in 2008.

That is a serious commitment given that VW reportedly raised last year's spend by 45.7 percent over the 2007 level. The Nielsen Company reports that the overall automotive sector cut overall 2008 advertising spending by 15.5 percent to just over \$10 billion.

VW's U.S. marketing chief, Tim Ellis, told USA Today that "When we invest in marketing, things happen. We think it's important to stick to our roots and stick to our value message. We're getting a higher percentage of the dwindling marketplace. And when this crazy situation comes straight side up again, we'll be positioned to increase our share even further."

VW isn't escaping the auto industry carnage. The Herndon, Va.-based company saw April sales tumble by 16.1 percent to 16,289 vehicles. Full year sales for 2008 declined by 3.2 percent to 223,128.

The automobile industry's global slump underscores the bold nature of VW's American gambit. Last year it announced plans for a \$1 billion production plant in Chattanooga, Tenn. that will produce 150,000 vehicles annually - 30 percent of which will be powered by VW's TDI (turbo direct injection) engines.

On top of that, VW has boldly set a U.S. sales goal of one million vehicles by 2018.

To reach its lofty sales goal VW knows that it must persuade Americans (the emphasis is on younger consumers) that diesels aren't the clunky, smoky and noisy engines of yesteryear.



That's where the [TDI Truth And Dare](#) website comes into play. VW is inviting potential customers to "dare to learn the fascinating truth about TDI clean diesel."

VW's Jetta TDI

Fortunately, VW has plenty to talk about on the diesel front. Last October, its diesels cracked the U.S. Environmental Protection Agency's [Top Ten list](#) of most fuel-efficient vehicles available in America.

The Jetta diesel sedan and wagon with manual transmissions landed in seventh place with ratings of 30 mpg city and 41 mpg highway. The sedan and wagon with automatic transmissions are in eighth place with ratings of 29 city and 40

highway.(Toyota's Prius (48/45) and Honda's Civic Hybrid (40/45) topped the list.)

Rather than simply parroting Uncle Sam, VW has opted for quirky ads that feature a Bill Nye-like science guy who parks a Jetta in a deep freeze to show its reliability, and attaches a coffee machine filter to the tailpipes to show that - you guessed it - the filter remains clean enough to be re-used to brew a cup of coffee.

VW isn't alone in crowing about green, fuel-stingy diesels.

[BMW](#) in February announced that its diesel models had qualified for the federal "Advanced Lean Burn Technology Motor Vehicle Tax Credit." The BMW 355d sedan will earn purchasers a credit of up to \$900, while the pricier X5 diesel comes with a credit of up to \$1,800.

And [Mercedes-Benz](#) has been making a lot of noise about its BlueTEC diesel vehicles - including an the E-Class sedan with a 3.0 liter BlueTEC diesel engine that can manage 44 miles per gallon.

But the TDI Jetta sedan, Jetta Sportwagon and Toureg SUV also must contend with green machine leader Prius (Toyota), challengers Fusion (Ford) and Insight (Honda) and the rest of the increasingly green electric and plug-in hybrid pack. (Did we mention General Motors' Volt?)

"I've always been a diesel fan, but the problem seems to be that there's still a big job to do on education," said Edmunds.com industry analyst Jessica Caldwell. "Hybrid sort of swooped in there, along with electric vehicles, and said 'this is the way it's going to be.'"

"Diesel somehow got lost along the way," Caldwell said. "Not every manufacturer is pursuing diesel so it's easy to see how this could happen. Many people kind of forget about diesel, they're not aware."

But, even as VW promotes its TDI technology, it also must address that "legacy of negative opinion," Caldwell said, "even though the truth of the matter is that diesel is a lot different than it used to be."

Why Americans aren't bypassing increasingly green and fuel-stingy diesels for EVs and PHEVs that command a higher premium is a mystery to Peter Sealey, a marketing professor and consultant who counts cars among his passions.

"I think VW is looking at the U.S. as a profoundly changed marketplace," Sealey said. "And I think they see a real chance in this period of turbulence to pick up the pace."

Just as Toyota is becoming defined by the success of its Prius, Sealey sees an opportunity for VW or a competitor to "become known as the diesel car company."

It's hard to find a rental car in Europe that isn't a diesel, notes Sealey, who raves about the European diesels' performance, handling and fuel economy. (Of course Europe's fleet was noticeably shaped by years of stabilized fuel prices, fuel taxes that favored diesel and a decision to push new-generation diesels for fuel-economy and emissions reasons.)

"I think our cars going forward are going to look a lot more European," Sealey said. "And VW is saying, 'hey, before the Big Three can get their act together again we're going to become a real contender against the Japanese and other European manufacturers.'"

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