

## Dieselgate and Volkswagen's Reemergence

By Ben Lee, J.D. Candidate 2021 | October 24, 2018

Nearly three years after Volkswagen Group's (VW) exposure in the notorious "Dieselgate" scandal, the company seems to have rebounded strongly and done away with the bitter taste that the colossal dupe gave consumers. In 2015, regulators discovered that VW had fitted approximately [482,000 cars in the US and 11 million more worldwide with a "defeat device."](#) The device triggered upon smog inspection of the car and artificially limited emissions during tests, but cars would then [emit 40-50 times that amount](#) when driven on the road.

VW indeed felt the sting for its actions; in the months following the scandal, various automobile trend sites showed that interest in VW cars – particularly those with diesel engines – had [dropped precipitously](#). Sales, especially VW's diesel automobiles, [declined somewhat](#) as well.

However, Volkswagen has somehow managed to rapidly overcome this PR nightmare, which included a hefty \$25 billion corporate sanction. In the wake of Dieselgate, VW has made strategically crucial decisions that, even now, look like they are [paying off handsomely](#).

VW's first key move was to assign Scott Keogh as CEO of VW Group North America. In the world of Audi, Keogh is considered somewhat of a legend. Keogh joined Audi of America in 2006 as its chief marketing officer and eventually became its president two years later. Audi had been seriously struggling to penetrate the US market, [but Keogh helped nearly triple Audi's sales across the country during his tenure](#).

More significantly, however, is VW's \$48 billion investment into a line of affordable electric vehicles under the slogan of "Electric for All." For a company known for lingering on its obsession with diesel and other fuel-based engines, VW has taken a sharp turn towards the electric vehicle world. Indeed, the company's massive investment raises questions. Is this just a stunt to overcome the PR nightmare and make the public disassociate VW with notions of dirty emissions? Volkswagen AG CEO, Matthias Muller, has voiced a rather strong opinion saying that he still sees an impending [revolution back to diesel vehicles](#).

Whatever the merits of these claims may be, VW is taking some concrete steps to prove that it's ready to compete in the world of electric vehicles. It recently displayed its futuristic [Audi e-Tron](#)



[in San Francisco](#), demonstrating that the company can capitalize on its exterior design while also transitioning to electricity. The company is even requiring its managers to drive EVs. It projects to make [25% of its sales of vehicles through EVs by 2025](#), a forecast which would mean about 2-3 million EVs by that time.

While the company's success in the long run in this area is far from certain, VW undoubtedly has the right pieces in play. It has phenomenal personnel that it's introducing in strategic avenues, plentiful niche enthusiasts under its Porsche and Lamborghini brands, and the capital to make a strong entrance into the EV world. The very scandal that seemed to put VW on the brink of disaster may actually have been the forceful push that the company needed towards EVs in order to compete in the rapidly changing auto industry.