

How come Volkswagen is still selling cars?



Initial reports suggest that five weeks into its emissions scandal, there has been a negligible impact in the UK on sales of VW-branded cars. If that is maintained, what might explain it?

Could it be that the public believes that VW has handled its crisis in an exemplary fashion and has therefore quickly forgiven it? No. VW's heartfelt apologies, sacking of the CEO and commitment to an investigation were straight from the crisis communications manual. But VW admits that its deceit has led to a fundamental breach of trust. Nobody has yet forgiven them.

Could it be that VW's consumer brand is trumping the 'corporate reputation' issue? It seems so. The company's corporate reputation – its trustworthiness – has definitely been trashed among its sophisticated stakeholders. It faces investigations from politicians and massive fines from regulators; investor confidence in its management and business strategy has collapsed as quickly as its shareprice. Yet this appears to be of little consequence to the public still buying its cars.

The cheat software was designed to mislead regulators but it doesn't affect the safety or

performance of the car. The public wants affordable, quality engineering – which VW does by the bucket – and public concern about higher levels of pollution in their VWs seems muted.

But there is a bigger issue here. That actually, the public is unsurprised when a big company behaves badly. Research from polling company, Populus, found that 60% of the British public does not trust big businesses to be honest with them. This could explain the recent 'Which?' survey which revealed that 80% of respondents believed that other car manufacturers would be implicated in the cheating scandal.

Companies have either ignored or been unsuccessful in communicating to the public why it should trust big business. But look again at the Populus research. Some 40% of the British public does trust big businesses to be honest with them;

60% agrees that it makes a positive contribution to life; and there are about 15 million 'pro-business' adults in the UK.

Broadly speaking, most of the people who are sceptical of big business don't work for or with such companies. They are thus unlikely to experience how 'trustworthy' they can be. And there's the challenge and the opportunity for corporate communicators.

If big business does not individually and collectively seek to earn public trust – to build corporate reputation with the public not just brand reputation – it can expect to end up in a worse position: more highly regulated and less profitable.

Maybe VW will be forgiven but some companies facing issues and crises – such as Rolls Royce, John Lewis, Cadbury, Unilever, Starbucks, Google, Amazon – have clearly started in a stronger position than others because of the strength of their corporate story.

