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## **We are putting customers at the heart of everything we do as industry bounces back from Covid and semiconductor shortage**

**By Mike Todd, CEO at Volkswagen Financial Services UK**

The consequences of the global pandemic have been profound. Like many other sectors, large swathes of the automotive industry had to scale back or even stop production in the early stages of Covid-19, with a gradual reopening as restrictions eased during 2020.

Everyone hoped that the industry would be able to rebound strongly as more freedoms were restored and the car buying public could once again reignite its love affair with motor vehicles.

And whilst carmakers and car retailers have worked hard to rebuild confidence and create safe spaces for workers and the public as the health crisis extended into a second year, a new and substantial factor affecting the automotive industry supply chain has taken hold as 2021 unfolded.

A worldwide shortage of semiconductors, used in the manufacture of electronic devices, is currently placing great strain on the industry. As employers asked staff across the globe to work from home, the demand for mobile devices such as laptops and phones that kept workspaces and employees connected has escalated exponentially. This has led to critical components such as semiconductors being used primarily to facilitate production of the digital devices the public needs.

The result is that sectors such as the automotive industry, which are heavily reliant upon semiconductor components as part of the manufacturing process, are struggling to source the volumes to ensure that car production can keep up with consumer demand for new vehicles.

The Society of Motor Manufacturers and Traders (SMMT) believes that because of the semiconductor shortfall, we will see a 100,000-vehicle reduction in UK car production for this year. The reality can be seen in the latest production statistics. Recently released figures show that the UK's car industry output declined for the second month in a row in August, falling 27% year on year.

And it is not just a UK issue. According to analysts, IHS Markit, global car production is set to fall by over 700,000 in 2021 because of issues in the supply chain.

From Volkswagen Financial Services UK's perspective, we understand the frustrations and inconvenience this will cause to customers looking forward to taking ownership of a new vehicle but finding that production delays mean delivery will have to be put back.

Ensuring that our commitment to the highest levels of service continues to support our customers through difficult and challenging times, we have looked to how we can minimise delays, disruption and concerns.

We have several options that allow customers to extend their current finance agreements with us, but most notably our new Short Term Solutions PCP package\*, which allows customers to finance the optional final payment of their current vehicle for 12 months – and we aim to keep their monthly payments the same whilst they wait for the new car to arrive.

We developed and marketed this product at lightning quick speed, meaning customers can be reassured that they can continue to rely on their current vehicles whilst waiting for the arrival of their newly purchased car. It's a great example of the flexibility and market understanding that allows Volkswagen Financial Services UK to respond to circumstances as they arise and we continue to put our customers at the heart of everything we do.

This commitment is just part of an ongoing and evolutionary process to further enhance the customer experience as they interact with and return to Volkswagen Financial Services UK for their vehicle financing needs.

This includes a significant digitalisation programme which is making the selection of the right kind of finance agreement easier than ever, as well as whole host of digital tools that support customers as they assess what is best for them and choose the most appropriate finance package.

Over the past 18 months we've enhanced our online self-serve capability, giving our customers access to services that support them with managing their finance at a convenient time for them; for example, amending all personal and financial details, requesting documentation and the ability to make payments online.

As all businesses have had to plan and implement new processes to react to unprecedented times, we too have continued in our commitment to evolve our support for customers, brands and retailers with fresh thinking, product innovation and an understanding of the challenges and issues each are facing.

We pledge that as the impact of the pandemic begins to subside, the core customer-centric values that drive our business will remain and only get stronger.

**ENDS**

**T&Cs:**

\*With Solutions Personal Contract Plan. T&Cs apply. Indemnities may be required. Volkswagen Financial Services.

For customers interested in Short Term PCP or any other support related to semiconductor delays then please contact your local VWG retailer.

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**Information for editors:**

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