



VOLKSWAGEN DEALERSHIP COMMUNICATION

To: **Dealer Principals, General Managers
and Department Managers**

Mark Barnes Name

Vice-President, Customer Experience Title

Subject: **Customer Experience Survey Guidelines**

VW Brand Department

November 23rd, 2011 Date

The Customer Experience Survey (CES) has proven to be a valuable tool for our organization. The receipt of timely and detailed customer responses enables you to know exactly what they experienced at their recent visit to your dealership. As we pursue our Vow to make owning a Volkswagen something to smile about, our ability to accurately capture and respond to “voice of the customer” data is critical for our success.

While the vast majority of dealerships use the CES tool in an appropriate manner, it has become necessary to put in place new guidelines to ensure the integrity of all customer response data. The new CES guidelines that are detailed on the following pages address specific areas of customer processes and employee practices, and they also introduce penalties when the survey results are inappropriately influenced.

We realize that individual dealership Managers may not be aware of inappropriate employee behaviors. For that reason, we will take the following approach with this sensitive situation.

1. Any inappropriate incidents will be brought directly to the attention of the Dealer Principal / General Manager as an opportunity for you to address the behavioral issue.
2. Beginning January 4, 2012, there will be an impact for dealerships where your customer survey results are found to have been inappropriately influenced, and those details are described in the attached CES Guidelines. Within the next month, dealership Managers have an opportunity to educate employees on the new CES guidelines, including any implications you may wish to impose at your dealerships for inappropriate practices or employee behavior.

Providing our customers with an exceptional purchase and ownership experience is a key strategy that will enable Volkswagen dealerships to continue achieving growth and profitability. Thank you in advance for your support of these new CES guidelines.

Sincerely,

Mark Barnes

Volkswagen of America, Inc. Customer Experience Survey (CES) Guidelines

Effective: January 4, 2012

The purpose of the enclosed guidelines is as follows:

- Discourage misuse of the CES tool
- Communicate consequences in the event the data or the CES tool is being misused
- Ensuring the utmost integrity as it relates to the CES tool and treatment of customers and their personal data

Guidelines:

1. **Volkswagen of America, Inc. (VWoA) will monitor and identify potential improper use of the CES tool for the Regions' investigation on a monthly basis.**

Manipulation – Any direct, or indirect, attempt to influence, persuade or pressure a customer to respond to the customer experience survey in order to get higher marks.

Examples of **manipulation** include but are not limited to the following:

- o Pressuring a customer to respond to a survey in a specific manner.
- o Implying that anything other than “Truly Exceptional”, “all 10’s” or a “yes” is a failing response.
- o Offering to assist or assisting a customer to complete a survey.
- o Offering discounted services, a gift or reward of any type to complete the survey
- o Contacting a customer to challenge or express displeasure with how the survey was completed.
- o Requesting the customer send a letter or email to retract or correct a survey previously submitted.

Tampering – Any direct, or indirect, interference with the proper and accurate distribution, completion, collection or reporting of VWoA’s customer experience surveys.

Examples of **tampering** include but are not limited to the following:

- o Falsely reporting sales to VWoA under the incorrect Sales Consultant.
- o Altering or falsifying customer data such as email address, address, and phone numbers.
- o Customer opt-out rates that are significantly higher than average.
- o Completion of a survey intended for a customer by a dealership employee
- o Completion of any survey at any dealership owned facility. (Dealership employees, friends, family, etc. will need to complete their surveys from another location.)
- o Completion of surveys for dealership owned vehicles (used/body shop/Service loaner cars, etc).

Examples of **appropriate** behaviors include:

- o Follow-up with your customer after a sales or service experience
- o Make the customer aware that they will receive an email invitation to take a survey
- o Encourage the customer to complete the survey as a tool to help you improve
- o Ask for open and honest feedback, and
- o Thank the customer for their business

Consequences

If it is determined that any inappropriate survey activity has occurred, actions will be taken regarding the problem survey(s) including removal of survey results, falsified email addresses, etc.

Incentive programs will be recalculated accordingly, potentially leading to forfeiture of incentives already received by the dealership and/or employees at the dealership. These programs include but are not limited to:

- **Variable Bonus** – Customer Valid E-Mail Capture Rates prerequisite may no longer be met
- Sales Elite
- generationVW
- Customer First Club
- VWoA National, Region and Area programs

Notification of Offenses & Penalties:

Offenses will be tracked separately (Manipulation vs. Tampering). For the purposes of tracking offenses, a “dealership” is defined by the dealership code. In all instances, the Dealerships will be notified in writing of all offenses by the applicable VWoA Region Office.

Survey Manipulation:

First Offense – Survey will be removed from the system

Second and any Subsequent Offense – Survey score will be updated to reflect a -0- score and:

- Dealership will be charged \$1,000 to VW for survey administration and processing.
- If an individual employee has two offenses the individual employee will be disqualified from all incentive programs that include CES related criteria for 6 months.

Survey Tampering:

First Offense – Offender will be disqualified and suspended for 6 months for any program that includes CES related criteria as a qualifier or target (i.e. Sales Elite, generationVW, etc.).

- Offender will also be disqualified from any annual programs in the calendar year that include CES related criteria.
- **Reminder:** Incentive programs will be recalculated accordingly after the removal of falsified surveys, potentially leading to forfeiture of incentives. This includes the removal of falsified email addresses that may impact **Variable Bonus**.

Second Offense – All first offense penalties apply. In addition:

- Survey scores will be updated to reflect a -0- score.
- Dealership will be charged \$1,000 to VW for survey administration and processing.
- The dealership will be disqualified from dealer annual programs (i.e. Customer First Club, Wolfsburg Crest Club)
- If an individual employee has two offenses the individual employee will be disqualified from all incentive programs that include CES related criteria for 12 months.

Third and Any Subsequent Offense – First and second offense penalties apply with the exception of the separate charge for survey administration and processing. Third and subsequent offenses result in a charge per each tampered survey.

- The dealership will be charged back an amount equal to the number of surveys tampered in the offending month x \$1,000

Example: If a third or subsequent offense occurs in March, and the dealership tampered 10 surveys in March:

Chargeback amount = 10 x \$1,000 = **\$10,000**

- **Reminder:** This chargeback is independent of the Variable Bonus calculation. If the removal of manipulated and tampered surveys causes the dealership to no longer meet the minimum e-mail capture rate requirements for the Variable Bonus program, then the dealership will also be charged back Variable Bonus earnings for the impacted month(s).

Quantifying Offenses:

Offenses are measured on an individual employee basis, potentially leading to more than one offense in a given month:

Example A:

In a one month period:

- If Employee A has tampered with or manipulated 3 surveys = 1 offense

Example B:

In a one month period:

- If Employee A has tampered with or manipulated 1 survey and Employee B has tampered with or manipulated 1 survey = 2 offenses

Grace Period:

A dealer shall not be charged with a third qualifying offense unless and until fifteen (15) days have passed since the dealer received notice of the dealer's second qualifying offense. For illustrative purposes, consider the following example:

- March 1, 2012. Dealer commits a qualifying offense.
- March 15, 2012. Dealer commits a second qualifying offense.
- April 15, 2012. Dealer receives notice of both the first and second qualifying offenses.

In the above example, the dealer shall not be held responsible for a third qualifying offense that takes place on or before April 30, 2012. This grace period is to allow Dealer time to take action and prevent future offenses based upon the notification of the first and second offenses.

If the Dealer believes VWoA has issued an offense in error, the dealership's dealer principal or general manager may submit a letter (on dealership letterhead) in writing and evidence proving the error. Submit the package to your facing regional office for forwarding.

Dealer's CES Policy Violation Record:

For the purposes of computing the number of offenses and level of offense (i.e., first, second, or third qualifying offense), each qualifying offense of the CES policy shall remain on a dealer's record for one year on a rolling basis. For illustrative purposes, consider the following example:

- March 1, 2012. Dealer is notified of a qualifying offense. This constitutes a first offense.
- September 1, 2012. Dealer is notified of a qualifying offense. This constitutes a second offense.
- March 2, 2013. Dealer is notified of a qualifying offense. This constitutes a second offense. The dealer's March 1, 2012 qualifying offense is no longer part of the dealer's record because a year has passed since the time that the Dealer was notified. Accordingly, the March 1, 2013 offense is the second offense, while the September 1, 2012 offense is the first offense.
- August 1, 2013. Dealer is notified of a qualifying offense. This constitutes a third offense. Within the last year (on a rolling basis), dealer has been notified of qualifying offenses on September 1, 2012, March 1, 2013, and August 1, 2013.

2. Survey Record Filtering Guidelines

To ensure the integrity of the CES tool and to provide the best representative results of each respective dealership, VWoA will limit the surveying of customers in the following manner:

- Limit one service survey per customer within a 30 day period
- Limit one sales survey per customer each quarter (including KOS 5 sales)

Additionally, VWoA will filter the following types of customer records from the surveying process:

- Rental car and auction cars from service surveys (**Note:** As additional large fleet customers are identified, they will be added to the filters)
- Wholesale vehicle sales of New, CPO and Used vehicles
- Body shop ROs

The tracking of offenses will be effective January 4, 2012.