**Do customers care about the integrity of manufacturers?
Evidence from Volkswagen’s Dieselgate scandal**

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**Abstract:**

This paper examines the effect of Volkswagen emission scandal on the secondary market for used Diesel vehicles manufactured by Volkswagen’s brands (Volkswagen, Skoda, Audi and Seat).

Using data from Israel's Ministry of Transport and from Yad2, the leading classified advertisement website in Israel, we find that the Volkswagen emission scandal had a large negative effect on the number of title transfers and on the resale price of vehicles made by one of Volkswagen’s brands.

The effect is qualitatively similar for Volkswagen’s vehicles that were part of the recall and for those that were not.