Public Relations Campaigns Toyota Case Study

Toyota pedal-gate crisis

By: Katie Johnsen

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Toyota 2010 in the United States

Opened in the U.S. 1957

Corporate address Toyota Motor Sales U.S.A., Inc.

19001 South Western Ave.

Dept. WC11

Torrance, CA 90501

Telephone 800-331-4331

Employment 28, 783

Vehicle Sales 1,770,149

CEO Akio Toyoda

Major Market Vehicle Sales

Company Mission To attract and attain customers with high-valued products and services and the most satisfying ownership experience in America.

Vision Statement To be the most successful and respected car company in America.

*Part 1: SWOT Analysis and Research Skill*

Strengths

* **Long-lasting reputation-** Toyota has had a long lasting reputation for over 50 years of reliable and safe vehicles in the United States. They used newspaper advertisements, letters to customers, and social media to ensure their upstanding reputation.
* **Personal statement from CEO of Toyota**- Akio Toyoda made a public statement before the House Oversight Committee taking personal responsibility for any and all accidents related to the Toyota recalls. He discussed three topics: Toyota’s basic philosophy regarding quality control, the cause of the recalls, and how Toyota will manage quality control going forward.
* **Media presence from President of U.S. Sales-** Jim Lentz, President of U.S. Sales, appeared on multiple popular media outlets to assure the American public about the Toyota recalls. One of the most visible interviews of Jim Lentz was on the Today Show where he discussed the knowledge Toyota had of any mechanical issues and reassured customers that Toyota was working diligently to solve any issues. He also sent a letter to Toyota customers containing the facts about the recalls to ease any possible worry.
* **Toyota Web site additions-** Toyota placed a new section on their main website with lists of recalled vehicles, problems, and solutions. This was a positive move to show they were addressing the problem and ready to respond to customer issues.

Weaknesses

* **Minimal aftermath publicity-** There was minimal to no positive publicity about Toyota after all of the recalls were handled. Toyota should have a follow-up on the safety of their vehicles to reassure they are safe and to ease away from the recalls. When a customer searches Toyota online they should see positive reviews, not just news articles on the 2.1 million cars that were recalled.
* **Toyota took too long to respond-** Customers fueled by media stories believed Toyota took too long to respond to the recall situation and to the overwhelming amount of negative media attention. People want to see a company take full responsibility and be empathetic to victims and their families- they also want to see the CEO do all of this. (Newsweek,2010)
* **Took longer to create messages for global issues-**Toyota is a worldwide company and it takes longer to create positive messages with the correct wording for different languages and cultures.

Opportunities

* **Search Engine Optimization (SEO) control-** Toyota can direct negative attention to the Toyota website and control Search Engine Optimization. They can control words such as “Toyota sucks” and “Toyota fails” to control the flow of information.
* **Presence on automotive blogs-** In addition to President of U.S. Sales, Jim Lentz, appearing in traditional media, he could get on high-authority auto blogs to control negative Internet campaigns. Toyota is one of the highest selling vehicles in the U.S. and they need to target younger generations who read blogs and social media to find reviews and information. The key to getting past the recall crisis is to appear on any media venue and assure the safety of Toyota.
* **Social media-** Toyota can tweet, facebook, and blog to address any problems from customers. They used these media outlets to admit there was a serious problem, what they did to fix it and what is the next move. Their new slogan “moving forward” could be viewed as a response from the recall crisis and how as a company they will move forward and continue to make reliable and safe vehicles.

Threats

* **Competitors offered incentives-** General Motors (GM) launched a campaign to give Toyota owners worried about the ongoing recalls incentive to consider buying a GM vehicle. These incentives were: Toyota lease holders can get up to $1,000 in lease payments to terminate their Toyota lease and buy or lease a GM vehicle. Financing buyers can get 0% interest rates for 60 months on most GM vehicles. Cash buyers can get $1,000 down-payment assistance to get into a GM vehicle.
* **Viral Internet campaigns-** With such a public disaster and with the rise in social media and the Internet, it didn’t take long for viral “Anti-Toyota” campaigns to spread across the web. It was easier to manage communications pre-social media, yet Toyota needs to use this as a tremendous opportunity to join the conversation and engage customers and clients. (Newsweek, 2010) For example, there is a Web site titled “toyotausasucks.com”- this is not good publicity and should not appear in a search when a potential client searches Toyota.
* **Overwhelming negative media-** With the overwhelming negative media that Toyota has received from the multiple recalls, there is a chance that it could have permanently ruined customers image of Toyota. A lot of people watch the nightly news and now most of them only think about recalls when they see the word Toyota. It is up to Toyota to reassure them that their long-standing reputation and quality will persevere through these recalls.

*Part 2: Analytical Skill*

From the public relations perspective I would rate Toyota’s crisis management strategies as poor. Toyota has done many things right in responding to the recall crisis: its spokespeople have filled the media with messages of reassurance, its public relations professionals have blogged and tweeted non-stop, its website is full of details about the recall, and its call centre is working to handle customer enquiries. Yet why is its hard-won reputation still facing the biggest challenge in its corporate history? (Hemus, 2010)

Despite what Toyota says now or how they act, there is still a sense from clients and customers that Toyota ignored the problem until they were forced to take action. The most effective crisis management takes place before the problem escalates out of control. There are three smart ways to approach crisis situations: Avoid a crisis in the first place (prevention), quickly address and resolve crisis issues before they escalate, and seek possible ways to turn your crisis into an opportunity (Van Hook, 2010). Toyota did not follow any of these rules.

Another reason why Toyota is still struggling with its damaged reputation is because the recall crisis strikes at the heart of its reputation. Research from the think-tank Oxford Metrica shows that when a crisis strikes at the heart of brand values, it has the ability to do the most damage (Hemus, 2010). Toyota has built its reputation on reliability and quality, and the recalls called this to question and was especially threatening.

Toyota needs to follow its motto and “move forward” and fix what is now called one of the biggest public relations disasters in corporate history. After the initial crisis is over it is easier to speculate what should have been done, but here are some my recommendations of what Toyota could have done differently. Toyota should have clarified the problem versus the ideal state, meaning that the problem statement needs to be clear, concise and actionable. The following are poor problem statements: “Toyota has lost its way in quality” (too vague and general.) “Toyota expanded too fast, which led to overworked engineers- and thus quality problems” (makes an assumption about the root cause that has not been proven and cannot be acted upon). A better problem statement on what was actually known could have been: “Toyota’s reputation for quality and safety has been called into question because of large recalls and there is evidence that Toyota customers have been injured and even died because of defects in their cars.” (Newsweek, 2010) This statement will address what customers want to hear: the truth.

Next, Toyota should have broken down the problem and set targets. The overall problem was quality and safety- yet this is such a broad problem it needs to be broken down into a smaller set of problems. Then sub-teams can be formed to handle each smaller set of problems and then eventually the broad issue of quality and safety will be fixed. Once these problems have been identified and fixed, Toyota should continue on to fixing its visible reputation.

Toyota needs to stop its descent and must give people something positive to talk about. Errors are inevitable and recalls are a regular feature especially with something as complex as automobiles. They can turn the conversation to, “Even when Toyota hits a bump, it is always looking for its customers’ welfare.” If they do the public will be quick to forgive. (Salomon, 2010)

In conclusion, Toyota should have handled the situation in an honest and transparent way- keeping the public updated on a daily basis. Also, once Toyota found a problem they should not only announce the problem but also the solution to the problem at the same time. This will balance out the problems and give the public tools to fix the problems with their Toyota vehicles.

**Remember the old rule: the best defense is a good offense.**

*Part 3: Creative Skill*

Name of Campaign: Shifting Gears: The Toyota Way

Duration: 1 year (12 months)

Scope: Fully integrated advertising with a three-part PR campaign extending for a one-year duration.

Objective: To renew Toyota’s reputation and rebuild customers trust.

*Overall Strategy*

This campaign is designed into three parts to bring back the reputation of Toyota. The first step is based around TV advertising and highlighting the multiple awards that Toyota vehicles received in safety for 2011. The public wants to hear about how safe Toyota’s vehicles are, and even more so after the numerous recalls. The second step is to give customers an incentive to buy Toyota. Once the public has seen the commercials across a variety of TV stations then they will be greeted at the dealership by a bigger and better warranty program. The public might not be affected by the commercials, so the better warranty is to prove that Toyota stands behind the cars that come from their factories. The third and final step in the campaign is to attract the attention of the public in a fun and unique manner. Toyota will host the crew of the Emmy award winning television show, Top Gear. The film segments can be viewed on the Top Gear Web site and on free television sites such as Hulu. There will be footage of the Toyota manufacturing plants and the Top Gear crew driving Toyota vehicles and following up with their opinions. This will end the campaign on a great note and show the public that Toyota has nothing to hide and could possibly gain new Toyota customers.

*Tactics*

Step 1: Begin the campaign with TV commercials highlighting cars that were awarded top safety awards. These were awarded by the Insurance Institute for Highway Safety (IIHS) and rate a vehicle for how well it protects its occupants from front and side impacts, rollovers and rear impacts. In addition, the vehicles must offer electronic stability control.

* The 2011 Toyota Corolla was awarded the top safety pick for small cars.
* The 2011 Toyota Avalon was awarded the top safety pick for large cars.
* The 2011 Toyota Highlander was awarded the top safety pick for midsize SUVs.
* The 2011 Toyota Sienna was awarded the top safety pick for minivans.

These commercials should remind the public about Toyota’s reputation for safety and reliability.

Step 2: Toyota will increase its standard warranty of 3 years or 36,000 miles to 5 years or 60,000 miles. This will be a great incentive and will show customers that Toyota stands by the cars that come from their factories. These warranties will also make Toyota more competitive and ease customer worries that their car will be protected for a greater amount of time.

Step 3: The final step in this campaign is to attract the attention of the public in a fun and unique manner. Top Gear is an Emmy award winning television series about motor vehicles, primarily cars. The program is estimated to have 35o million viewers worldwide. A common theme on Top Gear is an approach to reviewing cars, which combines standard road test and opinions with an extremely unusual circumstance, or with a challenge to demonstrate a notable characteristic of the vehicle. Toyota will have top influencers such as Top Gear’s Jeremy Clarkson test drive Toyota vehicles and display their notable attributes. Toyota will also let the Top Gear team into the manufacturing plant to review first-hand the quality and testing processes. The campaign will film it, document it and use it to highlight how seriously safety and quality are taken at Toyota. Being open and transparent will show that Toyota has nothing to hide. This will help to rebuild trust and perhaps even gain some new followers in the process.

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