

# Accelerating into crisis

Toyota's handling of a recall is a case study in how not to do it for brands operating on a global scale

Of all the marketing jobs, is there anything cooler than working in crisis management? It's like being in the special forces of a PR firm. You could be torn away from party invitations at any moment to answer the call of a client with a brand in distress.

That call is usually answered using the six or seven simple guidelines that form the basis of most crisis management plans. The steps can look bloody obvious at first glance, but their wisdom and value should be readily apparent to anyone watching Toyota's current tailspin into a chaos entirely of its own manufacture.

The first rule is to prepare for the crisis that does not yet exist, because one is bound to come. Toyota may have had WPP crisis management firm Robinson, Lerer & Montgomery on retainer in the US for many years, but it seems the firm's influence did not reach across the Pacific to Toyota's head office. Look no further than the startled look on the face of Toyota's president, Akio Toyoda, last week, as he tried to avoid or ignore the international news teams stalking his every move at Davos.

Robinson, Lerer & Montgomery's first piece of advice would have been to immediately close all other channels of communication to avoid sending out multiple, confusing messages. Alas, that warning came too late for Toyota's US operations, which were already issuing an array of divergent and contradictory messages to bemused car-owners.

While one spokesman reassured owners that incidents were 'rare and infrequent', another was educating them on how to apply 'firm and steady pressure' to a faulty accelerator pedal if they found their Toyota to be unresponsive; yet another was explaining why the immediate recall of 5m cars was an essential step. Meanwhile, local dealers were dramatically describing to news reporters the angry response of Toyota's customers. Apparently unaware of the unfolding crisis, Toyota's TV ads continued to promote the brand's 'dependability', 'safety' and 'reliability' until their withdrawal late last week.

Meanwhile, back in Tokyo: silence. This breaks another key crisis management principle: elect a single, senior, friendly face to communicate key messages. Requests to speak with senior Toyota executives in Japan last week

**'Toyota's first official Japanese spokesman addressed news teams wearing a pollution mask'**



were ignored. The only press release from HQ related to tree-planting in the Philippines and there was no mention of the recall on Toyota's corporate website. When the first official Japanese spokesman addressed news teams, he did so wearing a pollution mask that concealed about 60% of his face and 30% of his explanation. 'Not the public display of concern that American consumers expect,' was how one US anchorman adroitly put it.

The patron saint of crisis management is Machiavelli, whose advice – 'Good news over time, bad news all at once' – would also have served Toyota well. So far, it has managed to postpone and prevaricate its announcements to such a degree that it has made a crisis out of its crisis-handling. This is the week the story moves from its unreliable cars to its unreliable corporate response. A dangerous shift.

Where does this leave Toyota? Five million cars in need of a recall and repair that will cost hundreds of millions to rectify, losses of \$68m a day in the US as Toyota's self-imposed freeze on vehicle sales kills profits, and perhaps more than \$1bn of damage to its \$30bn brand equity, which was built on decades of consistent associations with reliability and quality – and that's just so far. Toyota's 'accelerator problem' is exactly that: still getting worse.

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■ The crisis began when Toyota realised that the accelerator pedals on some of its models were sticking in a depressed position. The fault has allegedly caused several serious accidents in the US, where Toyota is defending itself against at least 10 lawsuits that claim unintended acceleration caused five fatalities and four injuries.



Toyota awkward media strategy has confused consumers in US

■ In response, Toyota first recalled 2.3m US vehicles, including the popular Camry and Corolla. Last week, it expanded the recall to 1.8m European cars and an additional 1.1m US cars. It then suspended sales of eight further models in the US.

■ The recall is separate from November's recall of 4.2m Toyota and Lexus models in

the US, relating to throttle pedals that could get stuck under floor mats.

■ On Friday, Toyota president Akio Toyoda finally acknowledged the issue to the media: 'I feel very sorry that we have caused our customers unease. We are now working to grasp the facts so that we can deliver an explanation as quickly as possible.'