Toyota’s Cultural Crisis

A case analysis of the company’s 2010 recall and the communications crisis that could have been avoided.

By Ashley Nichols
In late 2009, a public relations nightmare that had been brewing finally became a full-fledged storm of bad publicity when the Toyota Motor Corporation recalled more than 4.3 million vehicles due to a gas pedal and unintentional acceleration concern. Working in concordance the National Highway Traffic Administration (NHTSA), the company had attempted to fix the problem both by recalling of affected models and encouraging Toyota owners to remove improperly fitted floor mats, which were thought to be the cause of the issue. Meanwhile, American media outlets were reporting about Toyota’s so-called corrective actions.

At the beginning of 2010, Toyota’s future appeared tumultuous. After yet another gas pedal recall, the car company suspended its sales and ceased production of affected models. By February 4th, 2010, the company had recalled a total of 8.1 million vehicles (“A Timeline Of,” 2010). By this time, American politicians and Toyota owners had become increasingly distrustful towards the previously well-considered company. Most of this ill-will had come to light not because of the company’s actions, but because of its inactions.

Toyota’s public relations response to the recall crisis was very slow, and many Americans began to believe that the company had something to hide or was trying to cover its tracks. The CEO of the company, Akio Toyoda, did not make a statement about the crisis until February 5 (“A Timeline Of,” 2010). The American media criticized the company for a lack of transparency and action while the situation was unfolding. However, Toyota had been taking action. The issue was that the company had been practicing Japanese style public relations and was unprepared to face the cultural differences that turned the crisis into a media firestorm.

Another difficulty the company faced were the differing viewpoints of its public relations practitioners in the two countries. During the recall crisis, reports surfaced of Japanese and American public relations practitioners would get into screaming matches during phone
conferences as they tried to convince one another that their methodology of communication was the more effective one. This was ineffective for both sides. Instead of addressing the issues or resolving the recall, the Toyota representatives wasted time arguing about how to handle the crisis. This is because public relations practices vary greatly in the United States and Japan.

Public relations in Asian countries (and at Toyota) differs greatly from American traditions of communication. When a crisis strikes in Asian countries, the company involved works silently to resolve the problem before addressing the media. However, this method is seen as unprofessional in the United States where consumers, politicians and other affected parties expect answers first and action second.

Unfortunately for Akio Toyoda, the company also discovered the harsh reality of American business expectations. When a company is responsible for a crisis, Americans expect the company’s CEO or President to address the people and apologize for whatever wrongdoing is taking place. In Japan, executives bow as a form of apology. The deeper the bow, the deeper the regret the executives hope to express. In the United States, however, apologies are not enough (“Toyota’s President Getting,” 2010). Americans often desire answers and explanations for the crisis that has occurred. If those expectations are not met quickly enough, they are quick to blame company executives for the issue.

An example of this contrast was made clear in a CBS article titled “Toyota's President Getting Harsh PR Lesson.” In the article, Toyoda’s “poor crisis-management skills, coupled with a corporate culture built on doing things slowly by consensus” are cited as the reasons for the company’s public relations difficulties (“Toyota’s President Getting,” 2010). However, the corporate culture of consensus is not exclusive to Toyota. In fact, that method is very common among Japanese businesses. Unlike in the United States, where big decisions are often made
quickly in meetings, consensus is essential to preserving office harmony. Often, a decision has
been made through quiet conservation amongst employees and executives prior to a meeting
being held (Reid, 1999).

With the rise of technology, globalization continues to spread across the world. Unfortunately for the Toyota Motor Corporation the Japanese methods of public relations does not translate well to other countries across the globe. Therefore, what was a company to do? After the recall crisis, Toyota was faced not only with the public relations crisis of distrust from the American public and media, but also with the task of attempting to improve the way its employees communicated with one another and with the public.

After the recall crisis faded from media headlines, Toyoda took steps to improve the company’s communication methods and the way it does business. According to an article in the New York Times, Toyoda “tried shaking up Toyota’s hidebound corporate culture by… getting outside advice” (“Akio Toyoda,” 2011). At this time it is unclear what steps Toyota has taken to resolve the cultural issue of its public relations problems, but steps have been taken to improve the public’s perception of the company.

An advertising campaign reasserting Toyota’s commitment to quality and safety took to the airwaves in 2010. Also, during the fall of that year, a series of advertisements discussing Toyota’s technological breakthroughs and how they can improve people’s lives began to be aired. An example of these positive messages is the story of a soccer mother who, as she watches her son play football, discusses Toyota’s technological advancements that are used for safety testing. The message to consumers is clear that to the Toyota Motor Corporation, safety is a priority.
In the aftermath of the crisis and the public relations problem, many were left wondering what steps Toyota would take to regain its previously pristine reputation. However, despite a drop in sales during 2010, the carmaker is making an astounding comeback. Little more than a year after the crisis, it appears as though Toyota is making a recovery in both reputation and sales. According to the Federal Chamber of Automotive Industries, Toyota was the most purchased brand of new car in March 2011 (“Toyota, Honda Lead,” 2011).

There are a number of recommendations that could have been made to Toyota executives during the crisis to improve the outcome of the situation and mediate disagreements between Japanese and American practitioners. Prior to any type of crisis, a mandatory cross-cultural program during which representatives and executives of the Toyota company in different countries interact with one another to learn more about common business practices and expectations of differing cultures should have been implemented. When the crisis struck, each of the public relations teams in different countries should have developed a specialized response for each country’s communicational expectations.

Although the Toyota public relations faux pas became a case study in how not to practice effective public relations, it will hopefully keep the carmaker and other Asian companies from making similar mistakes in the future. If the company works to encourage a more international public relations perspective and maintains its commitment to safety, this crisis will soon become a thing of the past and will not have any long-term effects. The company’s recovery within the span of a year is evidence enough that in today’s fast-paced world, consumers are forgiving if a company is willing to improve and make change.
PR Plan

I. Executive Summary

During the 2010 gas pedal recall, the Toyota Motor Corporation suffered a public relations crisis that led to a decrease in consumer confidence. Though many components contributed to the public relations issue, one of the primary problems was due to miscommunications and misunderstandings between public relations practitioners from different countries affected by the recall.

II. Situation Analysis

In order to prevent future discord, the Toyota Company has developed a new “Communication Across Cultures” program for its public relations executives, which will allow them to travel to different Toyota headquarters throughout the world to meet with local practitioners. The program will be implemented every year, and different representatives from each Toyota headquarters will be selected to participate in the program during each cycle. Though cultural understanding is essential to the success of every business, hands-on experience working with practitioners in different cultures will facilitate future communication between public relation practitioners from different locations and the publics they work to inform.

III. Goal

The goal of the “Communication Across Cultures” program is for Toyota public relations practitioners to begin to think internationally while working locally in order to facilitate communicate between representatives from Japan, the United States, India, Australia, the United kingdom and other locations.
IV. Objectives

Objectives for the “Communication Across Cultures” are both impact and output objectives. Impact objectives of the program include encouraging more open and effective communication between public relations practitioners and improving public perceptions of Toyota’s public relations policies. Output objectives include planning the new program, submitting press releases announcing the new program to public relations media outlets and (for public relations executives) participating in the program.

V. Target Audience

Target audiences for the program campaign include Toyota public relations practitioners and outside public relations practitioners in Japan, the United States and elsewhere around the world.

VI. Key Messages

Toyota is committed to international and cultural understanding. The company is also dedicated to providing excellent service (including communication) to its customers.

VII. Strategies

Every year, public relations practitioners representing each country where a Toyota factory is presents will travel to another Toyota location to work side-by-side with those practitioners for two weeks. Every host site will welcome at least one practitioner from each participating country. Through this cultural exchange, both guests and hosts will educate each other about the business expectations and cultural communications traditions of their country.

VIII. Tactics

a. Develop schedule for public relations practitioner travel rotation based upon availability, seniority and annual agenda
b. Implement application process for practitioners interested in participating the program

IX. Budget

The budget for the “Communication Across Cultures” program is dependent upon a number of currently unpredictable factors (number of participants, travel costs, etc.) However, Toyota will set aside $10 million for the planning and implementation of this program. The budget will be reconsidered and adjusted accordingly one year after the program is initiated.

X. Evaluation

The effects of this program will be measured through a number of evaluation tactics including surveys distributed to Toyota public relations practitioners concerning the ease of communication between different countries. Interviews with participants will also be used to measure progress.
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