

Fall from Grace

Abstract:

Like people, brands make mistakes. But their mistakes are much bigger because they reach millions of people and might destroy the image of the brand leading to a phenomenal fall from grace. This is a paper about brands losing status, respect, and prestige and how to avoid it.

Power & Vulnerability of Brand Image

This is not is not an analysis about the problems that one particular brand is currently facing. Much better reports could be found all over the media. This is a reminder for all of us about the real nature of brands and how demanding and challenging it is to manage them successfully over time. The bigger and more successful the brand gets, the more difficult and crucial it is to keep control over its activities, image and relationship with millions of customers on daily basis and around the globe.

More than a reminder it is a warning that brand's problems are literally like earthquakes. A city that will take several 100 years to be built in all its details, monuments, landmarks and character can be erased by an earthquake that lasts only few seconds. The same can happen to brands. A global brand with a world wide awareness and presence that has taken 100 years of hard work and development in the making could be destroyed by one single mistake or a relatively small technical problem for instance.

The Toyota Recall

As if the global economic crisis and its disastrous impact of the car industry were not enough, Toyota is now having its own private global crisis. The brand that was consecrated the world's biggest carmaker in 2008 after overtaking General Motors is probably facing the worst crisis in its history. This crisis is not only threatening Toyota's brief reign as the world's largest carmaker, but also its brand image and reputation for matchless quality and management. The entire brand aura is now seriously threatened.

Problems with "unintended acceleration" of its cars and the slow reaction from the company have triggered an escalating crisis and the recall of a more than 8 million vehicles worldwide. The firm's reputation for quality, on which the business was built, is now questioned and its market capitalization has dropped substantially. Sales are plummeting, and the company's handling of the crisis is subject to U.S. government's investigations.

The recalls occurred within a six-month period, but in fact the cause was at least six months old in each case and five or more years in the case of the gas pedal design. This delivered a pounding to Toyota's image as a maker of reliable, though somewhat dull cars. Even the Prius has been dragged into the mud. This car is the world's best selling hybrid car and Japan's most popular new car of all and Toyota's flagship in the growing category of the future cars.

This kind of technical problems can happen to any car brand or any brand in any other category. What makes the Toyota case more newsworthy and more alarming for all other brands to take the necessary learning is that nobody is safe from this kind of events. Toyota, the company that invented "kaizen", or "continuous improvement", is now stumbling over quality issues. The company has long been regarded as the flagship of Japanese innovation, manufacturing quality, industrial strength and brand discipline. Particularly since its "lean" manufacturing techniques and culture became the envy of the business world. Senior executives from around the world were studying Toyota in order to learn and apply its business principles and methods in their own respective companies and industries.

The impact of this crisis on the Toyota business will be sour and difficult but not without an end. Losses will be absorbed and wounds leaked and within few months of good crisis management, the story is expected to start fading and the pressure easing. However, the impact on the Toyota brand will be more critical. This crisis will definitely leave a lasting doubt deep in customers mind. The company will eventually get over this problem, but the scare will remain on Toyota's face and will be one of the defining elements for its personality and future.

Brand Legitimacy

Brands, like people, governments, and NGO, draw their legitimacy and right to enter people's life from one single idea, value, concept or fight. This single concept gives the brand or any other entity in contact with people and public opinion the reason-to-be, without which it will not be the same anymore, if still needed at all.

What is Nokia if it is not Connecting People – what is Volvo it is it not Safe, or at least safer than other cars – and what remains from Toyota when Quality and Reliability are questioned?

Toyota is a brand that has built its reputation, image and success on the concepts of Quality and Reliability. At the beginning, those concepts were particularly attractive to certain specific customer segments but with the continuous success and ascend of the brand it has managed to seduce and convince a much larger customer base around the globe.

With its model of success – widely known as the Toyota Way – the brand has managed to build on its Quality and Reliability as one dominant and appealing promise that convinced millions of customers to say "yes" to its cars.

Despite its limited credits with other automotive category drivers, like design, performance, character, driving pleasure and others, Toyota has managed to build a global successful giant corporation and a big brand. When it needed to address other customer segments that remained skeptical to its core promise, it has simply launched two other brands Lexus and Scion.

To be fair and realistic, Toyota choices as a brand were not bad at all; and 100 years of continuous growth and success is the best proof. In a world where the concepts of Quality and Reliability were becoming so scarce, Toyota's persistence and delivery paid-off. In the fast-paced modern world where people in general are bombarded with dazzling offers and exciting promises to later find themselves facing the depressing realities of deception, Toyota's Quality and Reliability were a great relief to its customers. A phenomenal business case that needs to be further studied and explained.

People lacking quality and reliability in their relationships, in their lives, in what they eat and what they wear and drive found a relieving solution in this Japanese brand that is "affordable, never breaks, never stops and if it does it is very easy to fix" – Isn't that amazing as a proposition. The brand that has convinced the more conservative segments at the beginning, managed to charm more and more customers who found themselves trading their own concepts of dream car for the Toyota experience.

With the crisis that the brand is now facing and the mechanical problems that some Toyota models are suspected to have, the whole image and "Legitimacy" of the brand is shaking. It does not matter much whether your Toyota has this particular mechanical problem or not, it is the concept of Quality and Reliability in our primitive minds that is shaking and could already be looking for another brand to hold its banner.

The danger for Toyota is that its loyal (and mostly satisfied) customers have long believed that the firm was "different" from other brands and thus hold it to a higher standard. The moment that Toyota is seen as just another big carmaker, a vital part of the mystique that has surrounded the brand will be lost and its Legitimacy threatened.

Are we exaggerating a little here, could be. But in the world of perceptions and personal brand preferences the whole picture is based on subjective convictions and opinions. The dominant majority of us are not car experts, and our choices are highly influenced by our perception. Moreover, and no matter what, always our brand of anything is the best till we dump it for another, isn't it?

Not Alone In Hell

For Toyota, this small mechanical problem will be causing a much bigger image damage that eventually time will alleviate. But Toyota is not the first or the last car make to face this kind of

problems. At the very same time that all the specialized media is closely following Toyota's latest measures and reactions to the problem, Honda is talking about recalls related to airbag inflation problems and VW in Brazil is recalling some of its models.

Audi faced a very similar problem in the U.S. and has taken more than 20 years to recover from reports of unintended-acceleration allegations that ultimately proved to be groundless. Ford image and business suffered from the Ford-Firestone rollover mess in 2000.

Crisis like these are not limited to the automotive sector, history offers many examples. An Austrian cheese brand produced by Prolactal has been taken off the shelves and production was stopped in January 2009 after six people died after eating the cheese that was contaminated with listeria bacteria. In 1982 Johnson & Johnson reacted swiftly after some Tylenol painkillers were found to have been mixed with cyanide. Every bottle of the brand was pulled from the shelves and the firm quickly came up with tamper-proof packaging. However, in this particular case, Johnson & Johnson was somehow perceived as the victim rather than the author of the crisis. Another famous example, from the early 1990's is that of Perrier, whose fizzy mineral water was found to be contaminated with benzene. The company recalled all its bottles, but its explanation for what had gone wrong was not clear and convincing for everybody. Perrier sales and brand, which had once stood for purity, never fully recovered.

Too Big To Care

People are wildly speculating about why this is happening for Toyota. Quality had gone downhill, and reliability is questioned. Some people and experts are blaming the race for top global position, too-rapid growth, cost-cutting, and weaknesses in the philosophy of the Toyota Way.

All the above might have contributed to the problem. Or to be more precise, they would have created the favorable conditions for this problem to happen. No doubt that brands, businesses and senior executives are under tremendous pressure to deliver. They are dealing with a long list of crisis, fierce competition, difficult goals, and business objectives that makes their role extremely tough. But this is not an excuse to make deadly mistakes. Nobody said that being a leading global brand or the CEO of such a corporation is an easy task but being there comes with a bigger responsibility to deliver or die.

Are companies and brands becoming Too Big To Care?

Like we have seen in a previous analysis titled "Brand Vanity" some global brands and institutions have failed because of their vanity-related business practices. We are not sure if something of this nature has contributed to the Toyota crisis, but what is surely happening and needs more study and attention from everybody is that some companies are definitely becoming too big to control their Brand Promises on daily basis.

This is a critical challenge for both brands and customers. When your brand and products reach billions of people, any mistake will have repercussions on millions of customers' lives and will not leave the brand intact.

Brand Daily Rituals

The question is how Toyota, and any other brand that faces a similar situation, should respond to what has become a crisis in customer trust. What brands in general should do to avoid such a big damage to trust, image and financial value? It is a very tough question and probably there is no magical solution that works every time and for every brand.

However, the best recommendation that we can give to brands and businesses is to always keep the highest levels of attention and control on their core brand promise and to never drop their guards when it comes to delivering on this promise in everything they do and say and on daily basis.

Nothing should get in the way of the honoring the brand promise. To deliver the brand promise "religiously" at every moment is what gives the brand its "legitimacy" and its place in the mind and in the lives of customers around the world.

Toyota brand has a long history of success and high customer satisfaction. For decades, the brand was continuously and steadily striving to completely satisfy customers and provide them safe and quality transportation means with zero defects. Within this big corporation a mistake was done and slipped through the system to reach the market and affected people in their lives and the brand in its future. Somebody designed a not so perfect mechanical piece, somebody approved it, another did not tested this element enough, and so one till this piece was assembled on millions of cars that are now recalled. On that particular day – or days – when this part was designed somebody lost focus or stopped too early in the "continuous improvement" process that Toyota preaches and applies. But because this was done within a top global corporation, this problem was magnified to affect millions of cars and people.

This is why delivering brand promise is a very serious business and should become a daily ritual – like a prayer – and the bigger the brand, the more important are the respect and application of this ritual.

Final Thoughts

It won't be clear for some time how badly the recalls have hurt the Toyota brand, but we can be sure that it will. The mythical reputation of the company and its methods is now being questioned. However, Toyota will stay an exceptional manufacturer of automobiles that have

earned a strong reputation and millions of loyal owners of which the vast majority will stick with the brand.

Toyota is still a great company at its core, but it is probably fair to say that consumers will never again look at the world's largest automaker the same way. But this will be an opportunity for Toyota and other big brands to take some crucial lessons.

Again, like people, brands work very hard to succeed, then comes the frenzy pursuit of limitless growth and expansion which will loosen the control on the brand promise and culture that in turn will lead to problems and the eventual death of the brand.

Everybody will fall sometime or another, make your fall a soft one. Accept the unexpected when it happens and always be true to the Brand Promise.

Some learning points to remember from the dilemma of big brands:

1. Admit your mistakes and assume responsibility in due time – big size is no excuse.
2. Refocus on the Brand Culture as a daily ritual – Your brand is your long term asset.
3. Delivering your Brand Promise is your reason-to-be – Becoming number One is a plus.
4. Have the humility to build again – People make mistakes, brands too.

What is important is for all of us to take the necessary lessons, Toyota will survive and life will continue.

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