

Toyota: How to win Back Your Customers

Toyota is in hot water. The company recently announced recalls on seven U.S. and European models, due to faulty gas pedals and braking systems. Not only is this a tremendous blow for the world's largest automaker's image, but it could also have a serious impact on its sales.

Toyota is now focusing on winning back its customers and reassuring them of the quality and the safety of its vehicles.

"Our 172,000 team members and dealers across North American are making extraordinary efforts to complete our current recalls as quickly and conveniently as possible," stated Yoshimi Inaba, President and COO of Toyota Motor North American, during his testimony on February 24. "We have rigorously tested our solutions and are confident that with these repairs, Toyota vehicles will remain among the safest on the road today."

"Our dealers are making extraordinary efforts to complete our recalls as quickly and conveniently as possible, said James Lentz, president and CEO of Toyota Motor Sales USA, Inc during his testimony on February 23. "Some dealers are staying open 24-7 and they are repairing vehicles at a rate of 50,000 a day. To date, we have repaired close to a million vehicles."

Unfortunately for Toyota, a drop in sales has already been registered. In the US, sales have declined by 8.7%, due in part to the removal of some defective models from the market, in Jan 2010. For the first time in 10 years, Toyota's sales sank below 100,000 units; and in the first few days of February, the stock was down 5.69% on the Tokyo Exchange.

Listening to the customer: what are people saying about Toyota?

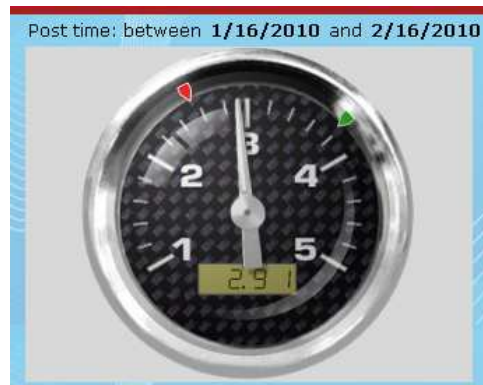
Statistical data, sales volumes, growth percentages, etc... all provide a clear picture of the situation, yet give no indication of a brand's reputation. A company needs to monitor its customers' opinions and analyze if and how they change, in order to understand what they want, what they approve of and what they criticize.

People log on to internet forums and blogs, daily; they exchange ideas, opinions and experiences. With the right tools, a company can tune in to these voices and extract qualitative data to get the big picture on its reputation.

Expert System used Cogito Monitor (our semantic software which automatically processes content in detail) to find out what users have said about Toyota. We examined the comments posted on the most popular U.S. automobile blogs and forums such as: caranddriver.com, carforum.com, autoblog.com etc...

First, we analyzed how the current opinions about Toyota differ in comparison to those expressed just last year. By looking at the brand monitor (a graphic which resembles a speedometer), we can immediately see that people currently have a lower opinion: 3.38 in Jan 2009 and 3.21 in Jan 2010. This difference is even more substantial if we consider that, compared to last year, the number of online comments about Toyota has risen by 38.5%. Therefore, not only have the negative opinions increased percentage-wise, but so has the absolute value; more users have commented and their opinions are negative.

In the past weeks (from Jan 15 to Feb 15, 2010), the value plummeted to 2.91, the lowest value registered in the past two years (it had never gone below 3.0).



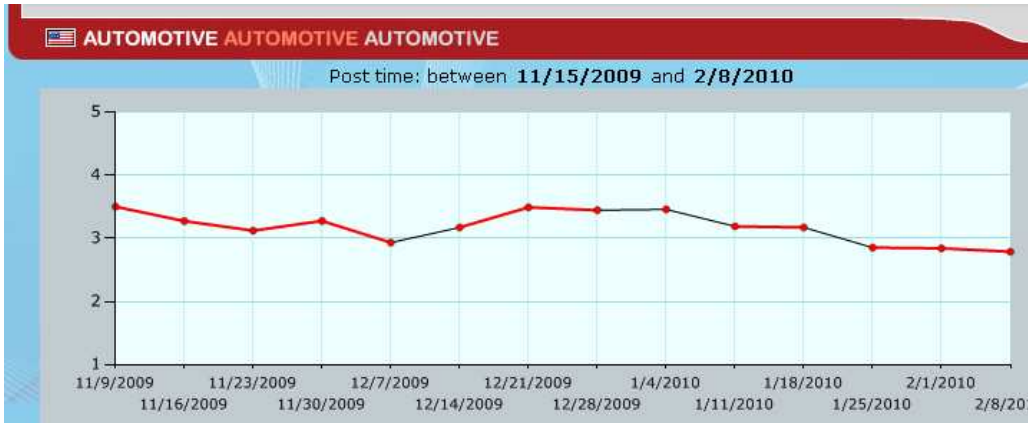
It's plain to see that drop in opinions occurred around Jan 29, the same time Toyota recalled the seven car models (concerning approximately 1.8 million vehicles)...

We can imagine that customers were worried and angered by this news and an analysis of the data seems to confirm this fact...

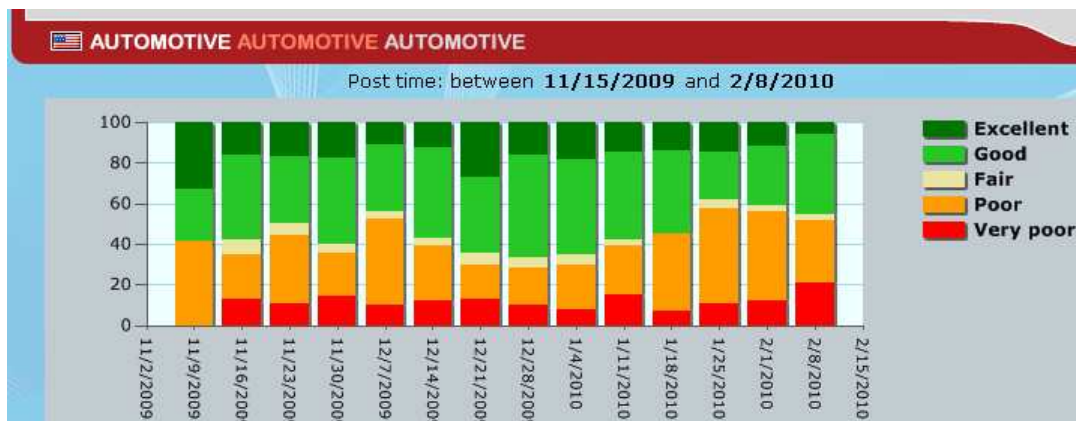
The reputation of Toyota's most popular model, the Prius, took the greatest plunge. In February, Toyota admitted that there were problems with the vehicle's ABS and within a month, the Prius's reputation tumbled from 3.35 to 2.75.

Dec 15, 2009 - Jan 15, 2010	Jan 15, 2010 - Feb 15, 2010





The comments examined seem to confirm a crisis on an international scale. In the past three months (Nov 15, 2009 – Feb 8, 2010), the Japanese maker has been on a downward spiral, with the greatest drop occurring during the last week of January (when the media buzz about the malfunctions was at its highest).



If we go on to examine the opinion ratings (excellent, good, fair, etc...) with which users' comments were classified, we can see an increase in the percent of negative opinions (poor and very poor) in these past few weeks.



Further investigation revealed exactly which characteristics of Toyota's vehicles were most under scrutiny within the past three months: the aspects which received the lowest values were the gas pedal (2.63) and the braking system (2.28), while the values for aesthetics (3.10) and price (4.00) remained high.

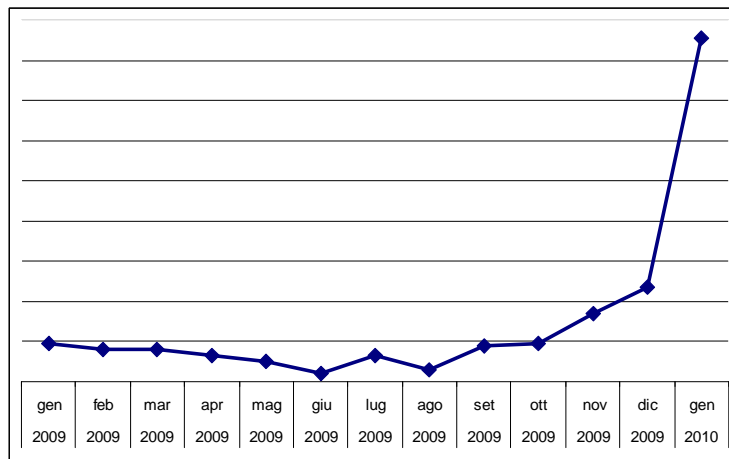
Gas pedal	Braking system	Aesthetics	Price
Post time: between 11/16/2009 and 2/16/2010	Post time: between 11/16/2009 and 2/16/2010	Post time: between 11/16/2009 and 2/16/2010	Post time: between 11/16/2009 and 2/16/2010
			

Therefore, users' opinions confirm that the gas pedal and the brakes are the least liked aspects of Toyota's vehicles, which is in accordance with the maker's announcement (made after their investigative follow-up to the numerous complaints received).

Could the crisis have been foreseen?

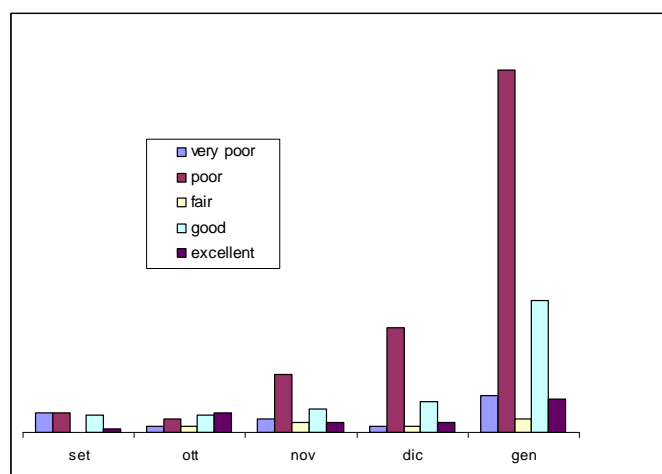
Could Toyota have foreseen the imminent crisis just by analyzing the opinions expressed online? Could they have had a notion of which aspects were being discussed and criticized by users?

By looking at the quantity of comments concerning Toyota's gas pedal (from Jan 2009 until Jan 2010 included), we can observe a sizable increase in the number of opinions expressed. We can also notice that users began to discuss the gas pedal more frequently during Oct-Nov...
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But what were people saying?

Looking over the past 5 months, starting with Sept 2009 - when more and more users began to discuss this aspect - we discovered that the negative opinions regarding the gas pedal began to increase in November ("poor" opinions were clearly increasing) and climaxed in January 2010.



Below is a sample comment expressing a poor opinion of Toyota's gas pedal.

Brand:	Line:	Product/service:	Feature/part:	Quality:	Rating:
Toyota	Product		Acceleration		
.....Driver(s)...../					
		(GENERAL) 4Runner Avalon Camry Corolla Highlander Highlander Hybr		(GENERAL) Drivability Esthetic Helpfulness Kindness NVH Performance	Excellent Fair Good Poor Very poor

AUTOMOTIVE AUTOMOTIVE AUTOMOTIVE

195 posts selected by the constraint, page 18 of 20

5 **Brand problems swept under the rug** 10/19/2009 8:09 AM

Re: More Trouble for Toyota? [210delray] by gagrice

I think the issue is not just one case. It is an accumulation over several years. Toyota has a chink in their armor and the lawyers sitting on cases around the country are going to pounce all at once. You don't really believe the attorneys for Toyota are any less unscrupulous do you?

This **problem** with **Toyota** sweeping runaway acceleration under the rug goes way back. There are dozens of complaints to the NHTSA on the Prius alone dating to when it first came out. No recalls were ever issued, yet the complaints keep coming in. Finally after 5 fatal accidents all attributed to runaway acceleration, Toyota issues a recall. Though they are clueless as to what really happens???

Post ID: **4650d7d2-8b55-49b2-bfdb-9ba348303c21**

Selected votes:

Toyota | Product | (GENERAL) | Acceleration | (GENERAL) : Poor

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Semantics in business: averting risks and revealing opportunities

The information contained in internet blogs and forums is a strategic resource for a business. The pressing need to pay attention to the "voice of the customer" has more and more companies willing to invest in a dependable system to track their customer's online opinions.

Automatic monitoring and analysis can reveal customers' needs, identify problems - or potential problems- and help companies avoid unfortunate events such as the chain reaction which led to the nosedive in Toyota's reputation.

Semantic technology provides an immediate interpretation of those 'warning signals', which cannot even be detected by traditional investigative systems.