

Corporate Communications at Toyota

Introduction: Toyota Motor Corporation

Toyota motor corporation (TMC) has been the world's third largest automaker (2001) offering a full range of models from mini-vehicles to large trucks. Global sales of its Toyota and Lexus brands, combined with those of Daihatsu and Hino, totalled 6.17 million units in the calendar year 2002. Besides its own 12 plants and 11 manufacturing subsidiaries and affiliates in Japan, Toyota has 45 manufacturing companies in 26 countries/locations, which produce Lexus and Toyota brand vehicles and components. As of March 2003, Toyota was employing 264,000 people worldwide and marketing vehicles in more than 140 countries. The automotive business accounted for more than 90 per cent of the company's total sales, which came to a consolidated 16.05 trillion yen in the fiscal year to March 2003. The company's diversified operations include telecommunications, prefabricated housing and leisure boats alongside its automotive business.

In April 2002, Toyota adopted a new strategic direction articulated in its 2010 Global Vision programme. The programme describes long-term policies for Toyota's strategic direction and operations (see Box 1 below). In it, Toyota describes how by 2010, the company expects society to encourage a pro-environmental stance and, specifically, to encourage the reuse and recycling of goods. In addition, the Global Vision suggests that nationalism will have declined by 2010 and given way to a mature society that respects all people regardless of nationalities and ethnic backgrounds – global corporations therefore need to respect their working environments and the different people and communities that they serve and interact with. The Global Vision also articulates new marketing opportunities, including China, India and other emerging markets, that have yet to become fully motorized, and sets the ambitious marketing aim of capturing around 15 per cent (Toyota's global market share was 10 per cent on April 2, 2002) of the global vehicle market by tapping these emerging markets.

A Vision for the Corporation

The 2010 Global Vision also sets forth the corporate image and reputation (that is, 'how each stakeholder views the organization') that Toyota should strive for, in line with the mentioned changes in society and societal expectations. The corporate identity that Toyota has been seeking to project amongst its stakeholders is that of a leader in global regeneration and in the application of IT in automobiles for better and safer motorizing. The company has also been wishing to be viewed as one that is expanding the appeal of automobiles across the world, creating more 'fans' and achieving a global market share of around 15 per cent in the early 2010s. Moreover, the company wants to be seen as a truly global enterprise that transcends nationalities and ethnicities and is respected by all peoples around the world.

**Box 1: Excerpts from the Global Vision 2010 document
(see www.toyota.co.jp/en/about_toyota/message)**

Innovation into the Future – A Passion to Create a Better Society

Since its founding, our company has been aiming to enrich society through car making. Our goal is to be a ‘good corporate citizen’, constantly winning the trust and respect of the international community. Continuing in the 21st century, we aim for stable long-term growth, while striving for harmony with people, society and the environment. From this perspective, centred on the theme ‘Innovation into the Future’, the Toyota Global Vision 2010 proposes the corporate image for which all of Toyota should strive and the paradigm change Toyota should undergo. Under Toyota’s Basic Principles, we practice openness and fairness in our corporate activities, strive for cleaner and safer car making, and work to make the earth a better place to live. Through ‘Monozukuri – manufacturing of value – added products’ and ‘technological innovation’, Toyota is aiming to help create a more prosperous society. To realize this, we aim for the following:

1. To be a driving force in global regeneration by implementing the most advanced environmental technologies.
2. To create automobiles and a motorized society in which people can live safely, securely and comfortably.
3. To promote the appeal of cars throughout the world and realize a large increase in the number of Toyota fans.
4. To be a truly global company that is trusted and respected by all peoples around the world.

Effectively, Toyota’s stakeholder engagement and environmental responsibilities go back to 1992. In 1992, the company adopted a set of Guiding Principles (see Box 2 below), which amongst other things, urge Toyota to ‘respect the culture and customs of every nation and contribute to economic and social development through corporate activities in local communities’. These Principles also appeal to employees to dedicate themselves to ‘providing clean and safe products and towards enhancing the quality of life everywhere through our activities’. In the same year (1992), the company adopted the Toyota Earth Charter. Based on this charter, the company began to produce cars that were friendlier to both people and the environment.

In January 1998, Toyota created an Environmental Affairs Division under the direct supervision of its President. Toyota also received the US Environmental Protection Agency’s Global Climate Protection Award 1998 for developing Prius (the world’s first passenger vehicle in mass production planned to be powered by a hybrid power train system). Since 1998, Toyota has been disclosing information on its environment-related activities through an Environmental Report. On June 25, 1999 Toyota became the first automaker to be awarded the United Nations Environmental Programme (UNEP) Global 500 award for the leadership it demonstrated ‘in the development of environmental technologies and measures’. On September 11, 2003 it was reported that Toyota had earned the leading position on the ‘Dow Jones Sustainability Index (DJSI)’ in the automobile sector. DJSI analysts maintained that:

while VW [Volkswagen] scored significantly higher in the social dimension (that is, standards for suppliers, human right issues in the value chain) than Toyota, Toyota seems to execute more systematically its strategies regarding environmental issues, including recycling, efficiency and technology.

Box 2: Guiding Principles at Toyota (see Toyota.co.jp)

1. Honour the language and spirit of the law of every nation and undertake open and fair corporate activities to be a good corporate citizen of the world.
2. Respect the culture and customs of every nation and contribute to economic and social development through corporate activities in the communities.
3. Dedicate ourselves to providing clean and safe products and to enhancing the quality of life everywhere through all our activities.
4. Create and develop advanced technologies and provide outstanding products and services that fulfil the needs of customers worldwide.
5. Foster a corporate culture that enhances individual creativity and teamwork value, while honouring mutual trust and respect between labour and management.
6. Pursue growth in harmony with the global community through innovative management.
7. Work with business partners in research and creation to achieve stable, long-term growth and mutual benefits, while keeping ourselves open to new partnerships.

Since 2000, Toyota has worked steadily on improving employee awareness of its environmental credo through in-company bulletins, environmental pocket books supplied to employees, seminars, events held during the Environment Month, etc. The company also encourages employees by giving them awards. For instance, Toyota employees who involve themselves in volunteer activities such as the cleaning up of river banks, tree-planting, etc., are considered for the ‘Award for Good Conduct’ instituted by the company. In January 2002, Toyota initiated a new internal communication exercise: screening movies (such as Erin Brokovich) on the environment for the benefit of its employees.

Communications

As a monolithic corporate brand, Toyota has been using both product-led communications around specific cars as well as corporate-led communications around themes identified in its Global Vision document. On March 2003, for example, Toyota ran advertorials in the Japan Times enlightening the readers about the company’s ‘green’ or environmentally friendlier cars. In addition, the automaker has been intending via its leaf care logo (follow link in Box 3 below) to convey its ‘commitment to reduce the environmental impact of products, plants and processes’.

Box 3 Toyota’s car leaf logo

www.toyota.com/about/environment/technology/screensaver.html

Toyota has been trying to give something and contribute to the communities in which it operates and with which it conducts business. This contribution has taken the form of financial grants and

the volunteer time of Toyota associates. Toyota has been engaging local communities in the areas of education, the environment, culture and the arts, international exchanges etc. In 2001, for instance, Toyota initiated a reforestation project in China's Hebei Province, where the environment had undergone considerable degradation over the years. Toyota employees volunteered to plant 500 hectares of land with poplar, pine and wild apricot trees. The 'Toyota Teach Primary School Project' has been serving 140 schools in the areas of Umlazi and Umbumbulu in South Africa. Toyota South Africa Manufacturing, based in Prospecton, has been sourcing most of its employees from these areas. The project has been aiming to swell the number of students with maths and science competencies who may later pursue technology-related careers.

In Thailand and Cambodia, Toyota in association with the Japan Alliance for Humanitarian Demining Support (JAHDS) has been providing landmine detection technologies and backup systems to international NGOs. In Britain, Toyota has joined with the British Red Cross to hold interactive road shows to raise awareness levels regarding road accidents amongst kids. In 1987, the Toyota Equal Access for Minorities (TEAM) programme was started to increase meaningful opportunities available for minorities and women in all areas of business. The percentage of ethnic minority dealers of the Toyota and Lexus brands rose by 37 per cent by 1988. A Corporate Diversity Department was established in April 1998 to develop enterprise-wide awareness of diversity issues.

Notwithstanding its community outreach and stakeholder engagement programmes, two promotional materials issued by Toyota – a print ad carried by *Jet* magazine in 1998 and another a postcard for the youth market distributed by the company in May 2001 – were at the centre of controversies. On May 23, 2001 Reverend Jesse Jackson threatened a boycott against Toyota accusing the company of using racist advertising while excluding blacks among its dealers and board of directors. Jackson also demanded that the company fire its advertising agency, Saatchi and Saatchi (Los Angeles), for its racism and cultural insensitivity. Don Esmond, Senior Vice President and General Manager for the Toyota division of Toyota Motor Sales USA, apologized in May 2001 for the postcards. The statement from Toyota said:

Toyota offers its sincere apologies to anyone who was offended by the postcard. Toyota is a good company that made a mistake in this instance and is determined to improve.

As the controversy over this postcard raged, sections of the media alluded to Toyota's 'controversial' print ad for Corolla released in 1998. The publisher of the *Jet* magazine joined Toyota in a printed apology to *Jet*'s readers. Toyota also came out with the following statement in 2001:

Some discussion of this issue (involving the controversial postcard) has referred to a 1998 print ad for Corolla that highlighted the car's legendary reliability. Intended for general magazine media, it played upon classic conflicts in young male-female relationships. The ad featured a picture of the Corolla and does not depict an African American couple or any people, as has been reported.

Thereafter, Toyota has been working with its advertising agency in the US, Saatchi & Saatchi, to explore possibilities of affiliating with an African American agency. The company has been hoping to face the criticism and expand its multi-cultural marketing abilities this way. The company now has an affiliation of this kind with an Hispanic agency, Conill Advertising. Toyota also established a 'Diversity Awareness Review Panel' comprising a cross-section of employees

who screen all promotional materials before they are used and distributed. The company also held a series of meetings with Reverend Jesse Jackson with the intent of discussing and reviewing its diversity programmes. Reverend Jackson described these meetings as productive and observed; ‘this company has something to offer – outstanding products, money, infrastructure and know-how’.

In September 2001, Toyota announced a \$7.8 billion long-term diversity commitment for the next decade. In January 2002, as part of the organisational changes Toshiaki Taguchi, President and CEO, Toyota Motor North America Inc. – whose direct responsibilities involve corporate communications including corporate advertising, investor relations and overseeing the Toyota US Foundation – announced that Veronica Pollard, an African American, was being promoted as Group Vice President in charge of corporate communications. In this capacity, Veronica oversees investor relations, corporate advertising, corporate media relations, philanthropy and community relations, direct mail, internet etc. Pollard also became Vice President in charge of diversity programmes of Toyota reporting directly to President Taguchi.

Toyota’s participation in Motor Sports: Corporate Communication Exercise?

In 1990, because of its contributions to the motor sport in previous decades, Toyota had been given the green flag to join the ranks of the Formula One (F1) World Championship Racing as a full constructor. This in other words meant that Toyota would be developing an entire racing car. Toyota announced its participation in F1 in January 1999. Having made the announcement, Toyota made preparations on several fronts – it prepared its ‘Toyota Panasonic Racing Team’ for the F1 event, the F1 car was being developed, and on March 23, 2001, Toyota unveiled its first ever F1 race car. Toyota’s performance in the British Grand Prix has so far been the most memorable one in the company’s brief F1 history. Toyota’s Cristiano da Matta and Olivier Panis came first and second overall on the Silverstone Circuit.

Although the team’s performance at F1 events has been patchy at best, Toyota’s participation in the F1 World Championships is seen as ‘the company’s most successful communication tool yet. Internally and externally, the F1 programme has had a significant impact’ (Times Inc., 2003). Toyota’s own communications to its employees suggests the same:

It (the F1 project) helped to motivate Toyota’s 260,000 strong workforce around the world. All the employees take great pride in the Toyota TF103, the racing car that competes in the F1 Grand Prix, which was built using the same technological basis as the production cars they build and sell.

Externally, the F1 participation enabled Toyota to invite stakeholders such as dealers, suppliers and sales personnel to the events, to watch the F1 spectacle and to talk business.

The Organisation of Communications

In July 2003, Toyota revamped its corporate communication efforts. According to the Toronto-based Globe and Mail newspaper (24 July, 2003) Toyota combined its advertising and public relations departments into one integrated group. In the words of Peter Renz (National Manager PR and advertising, Toyota Canada):

We combined all the departments to ensure that we were speaking with a consistent voice and sending out a consistent message all the time. It's given us an opportunity to think more 'out of the box' in terms of ideas. When we get together we think of unique ways of communicating. Our agencies are thinking that way too and you get all three elements – Internet, PR and advertising – working together, you find tremendous efficiencies.

Effectively, communications within the Toyota corporation is to a large extent decentralised to its geographically separated subsidiaries in Argentina, Australia, Belgium, Brazil, Canada, China, France, Germany, India, Indonesia, Korea, New Zealand, Philippines, Poland, Singapore, South Africa, Taiwan, Thailand, USA, Venezuela, and Vietnam. Each of these subsidiaries has its own communications staff, including marketing communications and product brand managers, internal communications staff and a number of specialists in media relations, public affairs and, in some cases, investor relations. Within both smaller and larger subsidiaries like the USA and Canada, staff has been consolidated into one single communications department, to have a point of call with the central communications department at Toyota HQ and, it has been suggested, to ease coordination and control of communications.

Questions for Reflection

1. Identify, describe and categorize the important stakeholder groups of the Toyota Corporation using the stakeholder typology; and discuss whether and how Toyota is responsive to these stakeholder groups and the nature of their claims through its Global Vision 2010 document and the stakeholder engagement and communications mentioned in the case.
2. Evaluate from a strategic perspective the communications strategy of Toyota, including its strategic vision and corporate identity within the automotive industry, its specific stakeholder engagement programmes and the specific internal and external communications used.
3. Evaluate Toyota's handling of the specific issue around Jess Jackson; include in your evaluation an analysis of the issue and the way in which Toyota has responded to it.
4. Discuss the current organization of communications within the Toyota corporation; evaluating its strengths and weaknesses and suggesting (if needed) alternative or additional structural forms.