

## Ensure Quality, Qantas, and These will Merely be Bad Press Days



It was less than two years ago that Toyota, its image forged upon quality, durability and reliability, endured thousands of recalls, with each defect, no matter how large or small, immediately reported upon, worldwide. This barrage went on for many months, and culminated in the company's CEO, Akio Toyoda, being called before the United States Congress.

It is hard to imagine a set of circumstances more designed to impact negatively upon a brand's value.

So what happened to the Toyota brand since these events of 2010?

Since this time the Toyota brand increased in value by 11%, according to Millward Brown's annual Z-score, thereby reinforcing its standing as the world's most valuable car brand. Toyota is ranked 27th on this measure. BMW is ranked 30th, Mercedes Benz 50th.

Toyota's domestic brand share has hardly altered over this period.

How can this possibly be the case?

The answer lies in that brand value and the quality of the product delivered are inexorably linked. It is no mistake that Kottler begins his famous "4Ps" with "Product" .... not "Promotion". In the most recent JD Power car quality rankings, the Japanese carmaker's luxury Lexus brand reclaimed its top spot among all car brands, improving from 4th the year before. Toyota ranked 7th, up from 21st.

Qantas is under the PR hammer at the moment. Commentators warn of the impact this "wage-negotiation crisis" will have upon the Flying Kangaroo's brand value and, indeed, question its very survival outside of the hands of private equity. Based upon the Toyota case study above, however, or indeed the outcome of the other 2010 corporate disaster, the BP Deepwater Horizon oil spill, apparently brand damaging events mean little unless they profoundly impact upon a company's ability to do business; as long as the intrinsic quality of the product is high.

In the case of Qantas these recent events will have, at worst, a negligible impact upon the brand's image. All airlines are now pretty much the same. The food is the same, the seats are the same and the entertainment is the same across all carriers. Qantas' positive and differentiated image lies almost entirely upon its long term investment in building an emotional connection with the Australian public. An extra 1000 TARPS of "I still call Australia home" will easily overcome any public negativity resulting from a pay dispute between rich pilots and an Irish CEO.

On the other hand though, is Qantas capable of delivering the quality superiority it once had over its competitors? If it does not do so then, over time, each and every negative press day will indeed begin to lower its brand value in this, one of the most generic of markets. Toyota was able to bounce back from unrelenting negative press by redelivering quality, durability and reliability. It has not done so by a single-minded strategy of cost reduction.

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