

**IN THE UNITED STATES DISTRICT COURT
FOR THE SOUTHERN DISTRICT OF FLORIDA**

**IN RE: TAKATA AIRBAG PRODUCTS
LIABILITY LITIGATION**

Case No. 1:15-md-02599-FAM

**THIS DOCUMENT RELATES TO:
ECONOMIC LOSS TRACK CASES AGAINST
BMW, HONDA, MAZDA, NISSAN, SUBARU,
AND TOYOTA DEFENDANTS**

**REPORT BY THE SETTLEMENT SPECIAL ADMINISTRATOR ON THE
IMPLEMENTATION OF THE OUTREACH PROGRAMS PURSUANT TO THE BMW,
HONDA, MAZDA, NISSAN, SUBARU, AND TOYOTA SETTLEMENT AGREEMENTS**

STATUS REPORT NO. 3 FILED JANUARY 7, 2019

The Settlement Special Administrator of the BMW, Honda, Mazda, Nissan, Subaru, and Toyota Settlement Agreements (collectively, the “Settlement Agreements”) submits this Report to the Court to provide information and insight as to the ongoing efforts of the Outreach Programs under the Settlement Agreements¹.

As explained in further detail below, the Outreach Programs have been designed through discussion with the Parties, the National Highway Traffic Safety Administration, and the Independent Monitor of the Takata recalls to utilize techniques and approaches not previously applied in the recall industry, with a focus on personalized, targeted direct campaigns aimed at maximizing the volume of outreach attempts per consumer via traditional and non-traditional channels with the goal of maximizing the recall remedy completion rate to the extent practicable given applicable provisions of the Settlement Agreements. Consistent with this, the Settlement

¹ The data and information contained in this report is generally as of the middle of December 2018.

Special Administrator and Outreach Program Vendors regularly confer and communicate with the automobile manufacturers to coordinate concerted efforts to ensure that outreach to affected vehicle owners is conducted as efficiently and as effectively as possible and to continually improve the overall process.

1. Direct Outreach

a. Consumer Population Segmentation

In order to tailor and personalize messaging, imagery, and deployment strategies to individual consumers with the goal of increasing the probability of spurring affected drivers to take action, and to test what activities are increasing repair rates relative to others, the Settlement Special Administrator and Outreach Program Vendors, in consultation with the automobile manufacturers, have organized the outstanding consumer population into 10 different groupings. These groupings vary generally based on average age, income, presence of children, and education. For example, one group is comprised of large families with children under the age of 16. Another group contains retirees over the age of 60 with children who no longer living at home. Another includes busy, educated, career-focused young professionals with high incomes who do not have children.

From here, for purposes of drafting, implementing, and testing creative assets with different language and imagery, these groupings have been further clustered into five individual segments. Those segments are as follows:

1. “Apple Pie” – This segment is predominately made up of large households, with married homeowners who have school age children and/or older children. This segment spans several different income levels. These individuals are generally perceived to be busy with their children and family activities, so these creative assets seek to overcome the inconvenience of

being without a vehicle, which is a significant hurdle for this population. Given the family-centric nature of this segment, the creative asset imagery and language is planned to focus on the risk that an unrepaired inflator poses not only to the individual but also to the family as a whole.

2. “On the Go” – This segment is predominately composed of highly educated, career-focused individuals, most of whom are relatively young and fall into a relatively high income bracket. These individuals generally do not have children, so they are typically concentrated on their own day-to-day activities. With this in mind, the creative assets are planned to acknowledge the segment’s busy schedules but to appeal to the individuals’ sense of self, by asking the consumer why he or she has not yet had the repair completed when millions of other people have, and by focusing on the fact that the repair is fast and effortless, in order to overcome objections that the individuals do not have the time to have the repair completed.
3. “Golden Years” – This segment is predominately comprised of older individuals and leisure seekers who are either near the end of their careers or retired. For the most part, the individuals in the Golden Years segment have grown children who are no longer living in their households. Some of these individuals may have had prior issues with a dealership, so these pieces are official and formal in nature to emphasize that they are coming from a trusted source.
4. “Starting Out” – This segment is predominately made up of young, single individuals, often just starting out with relatively low income. They typically do not have children and are not homeowners. Given their ages, this segment has grown up in a wired world, very comfortable with technology and social media. These creative assets will be designed with that in mind, leveraging electronic means of communication. The messaging will also include strong and concise language with impactful imagery to grab and hold the attention of the recipients. The

pieces will also seek to emphasize that the repair will be completed at no charge, to overcome concerns that the individuals will be sold additional products or services as part of the repair process.

Unlike the first four segments above which are driven by demographic and behavioral characteristics, the fifth segment will be driven by more objective ownership information, specifically around “New Owners.” These individuals who only recently had an affected vehicle registered in their names may not have received prior communication about scheduling a repair. With this in mind, the creative assets designed for this segment use more official, informative language and imagery, which has proven effective as a first communication to consumers, e.g., the owner notification letters issued by automobile manufacturers under 49 CFR part 577, rather than language and imagery of a more aggressive nature that may be necessary for someone who has not responded to many communications over an extended period of time.

Each of these segments will further be broken down by Priority Group grouping. Those individuals with vehicles in the lower Priority Groups, such Priority Groups 1 – 4, have received numerous prior communications related to the Takata recall. Those individuals with vehicles in Priority Groups 5 and higher, on the other hand, would not have received as many prior communications since those vehicles have not been under active recall and outreach for as long, as per the Third Amendment to the Coordinated Remedy Order. Therefore, the language and imagery for those individuals in Priority Groups 1 – 4 is planned to be more forward and more aggressive regarding the urgency and severity of the Takata recall. Hispanic versions of each creative asset will also be developed to target those individuals with a Spanish language preference.

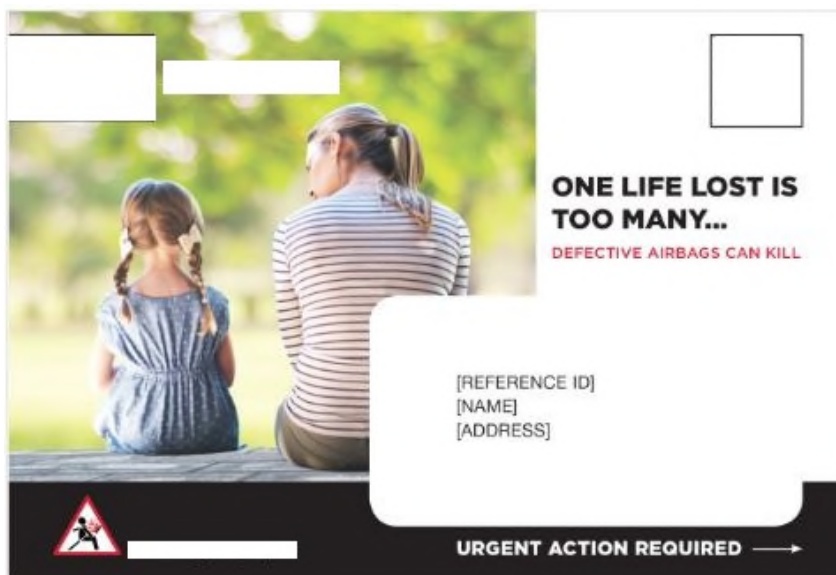
Lastly, the Outreach Programs will utilize a control set of assets without any specific messaging or imagery associated with any underlying segments, which will allow for the appropriate measurement and testing of the effect on response rates and repair rates associated with the personalization of the segmentation process.

b. Creative Asset Development

The Settlement Special Administrator and Outreach Program Vendors have drafted creative assets for the segments above and are currently in communication with the Parties, the National Highway Traffic Safety Administration, and the Independent Monitor of the Takata recalls to incorporate further feedback into the final assets that will be implemented in the outreach campaigns. As such, the below creative assets are draft examples² of a larger set of assets that will be deployed.

1. Apple Pie

Postcard Example, Priority Groups 1 – 4 - Front



² These draft examples are generic in that they do not contain any brand logos, vehicle images, or year/make/model information. However, the final versions will be personalized in these respects, so that the individual receiving the piece knows that it is coming from a trusted source and is intended for them individually.

Postcard Example, Priority Groups 1 – 4 - Back

YOUR [YEAR] [MODEL] HAS A DEFECTIVE AIRBAG.
 YOU AND YOUR FAMILY ARE AT RISK OF SERIOUS INJURY OR DEATH.



Don't be
the one
that leaves
their child
behind

WHAT YOU NEED TO KNOW:

- We've tried contacting you and you haven't responded. Please let us know what we can do to make this **FREE** repair easier for you.
- Defective airbag parts can explode shooting sharp metal fragments at drivers and passengers.
- Even those seated in the rear of the vehicle could be injured or even killed.
- The repair is **FREE** with no other charges, and your parts are available!

[NAME], THE REPAIR IS EASY AND CONVENIENT:

- The repair can be completed in as little as one hour, depending on your dealer's schedule.
- **FREE** loaner vehicles are available.
- Our call center is open Monday through Friday, 8am to 11pm, and Saturday, 8am to 8pm EST.

CALL OR TEXT "FIX" TO [PHONE NUMBER] IMMEDIATELY
 to schedule your **FREE** repair.



Email Example, Priority Groups 5 - 12



Para Español Haga Clic Aquí



LIFE IS FULL OF PRECIOUS MOMENTS
 DON'T LET A DEFECTIVE AIRBAG TAKE THEM AWAY

[NAME], THE AIRBAG IN YOUR [YEAR] [MODEL] IS DEFECTIVE AND NEEDS TO BE FIXED IMMEDIATELY.

CALL OR TEXT "FIX" TO [PHONE NUMBER] IMMEDIATELY TO SCHEDULE YOUR FREE REPAIR.



Defective airbag parts can explode, causing **SERIOUS INJURY** or **DEATH**.

Even those seated in the rear of the vehicle could be injured or even killed. You need to complete this free repair as soon as possible in order to keep yourself, and your family safe.

We know your family keeps you busy, so we've made the repair **EASY** and **CONVENIENT**:

- The repair is free with no other charges.
- The repair can be completed in as little as one hour, depending on your dealer's schedule.
- Free loaner vehicles are available.
- Our call center is open Monday through Friday, 8am to 11pm, and Saturday, 8am to 8pm EST.

CALL OR TEXT "FIX" TO [PHONE NUMBER] IMMEDIATELY TO SCHEDULE YOUR FREE REPAIR.



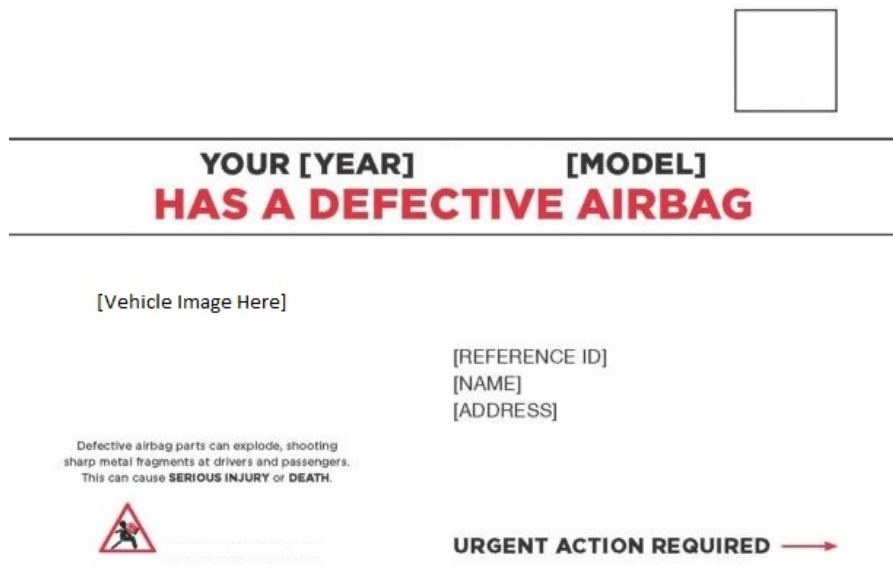
CALL TO SCHEDULE
FREE RECALL REPAIR



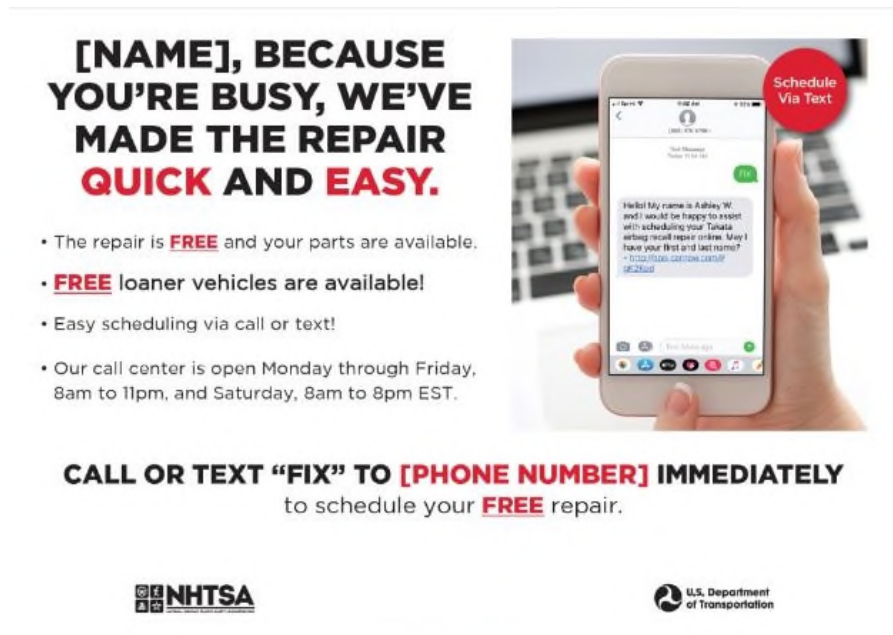
LOCATE
NEAREST DEALER

2. On the Go

Postcard Example, Priority Groups 5 – 12 – Front



Postcard Example, Priority Groups 5 – 12 - Back



Social Media Example, Priority Groups 1 – 4



3. Golden Years

Postcard Example, Priority Groups 5 – 12 - Front



Postcard Example, Priority Groups 5 – 12 - Back

YOUR [YEAR] [MODEL] HAS AN URGENT AIRBAG SAFETY RECALL
TO PROTECT YOURSELF AND YOUR LOVED ONES, IT NEEDS TO BE REPAIRED IMMEDIATELY.

WHAT YOU NEED TO KNOW:

- Defective airbag parts can explode, shooting sharp metal fragments at drivers and passengers. This can cause **SERIOUS INJURY** or **DEATH**.
- The repair is **FREE** and there will be no other charges.

[NAME], WE'VE MADE THE REPAIR QUICK AND EASY:

- The repair can be completed in as little as one hour, depending on your dealer's schedule.
- **FREE** loaner vehicles are available.
- Your dealer may offer **FREE** vehicle pick up and drop off. Please inquire when scheduling your repair.
- Our call center is open Monday through Friday, 8am to 11pm, and Saturday, 8am to 8pm EST.

CALL [PHONE NUMBER] IMMEDIATELY
to schedule your **FREE** repair.

Letter Example, Priority Groups 1 – 4



[Brand Information Here]

[Vehicle Image Here] [YEAR] [MODEL]

Dear [NAME],

We have tried contacting you regarding the airbag in your [YEAR] [MODEL] which is defective and under an URGENT airbag safety recall. While others we've contacted have taken action on their FREE recall repair to protect themselves and thier loved ones, we see that you have not. What can we do to help you get your vehicle fixed too?

Defective airbag parts can explode, causing SERIOUS INJURY or DEATH. You need to complete this FREE repair as soon as possible in order to keep yourself and your loved ones safe.

We understand that it can be inconvenient to take your vehicle to a dealership. That's why we've made the repair QUICK and EASY:

- The repair is FREE and there will be no other charges.
- The repair can be completed in as little as one hour, depending on your dealer's schedule.
- FREE loaner vehicles are available.
- Your dealer may offer FREE vehicle pick up and drop off. Please inquire when scheduling your repair.
- Our call center is open Monday through Friday, 8am to 11pm, and Saturday, 8am to 8pm EST.

PLEASE, CALL [PHONE NUMBER] IMMEDIATELY TO SCHEDULE YOUR FREE REPAIR.

At your safety is a top priority. Please don't continue to put off this FREE repair. Every moment you wait is another moment you and your loved ones are at risk.

Sincerely,



Please, DO NOT WAIT to schedule your FREE repair.
ACT NOW, to protect yourself and your loved ones from this life-threatening airbag recall.

4. Starting Out

Postcard Example, Priority Groups 1 – 4 - Outside, Front



Postcard Example, Priority Groups 1 – 4 - Outside, Back



Postcard Example, Priority Groups 1 – 4 - Inside Front



Postcard Example, Priority Groups 1 – 4 - Inside Back



5. New Owners

Letter Example

[Brand Information Here]



[REFERENCE ID]
[NAME]
[ADDRESS]



[Year, Make, Model, and
Brand Image Here]



URGENT AIRBAG SAFETY RECALL

Dear [NAME],

Our records indicate that you recently registered a [YEAR] [MODEL] in your name. This vehicle is under an **URGENT** airbag safety recall. The airbag is defective and needs a **FREE** repair **IMMEDIATELY**. Parts for your [MODEL]'s **FREE** repair are available!

Defective airbag parts can explode when the airbag deploys, shooting sharp metal fragments at drivers and passengers. This can cause **SERIOUS INJURY** or **DEATH**.

Repairing your defective airbag is **EASY** and **CONVENIENT**:

- The repair is **FREE** and can be completed by your local, authorized dealer.
- Repairs can be completed in as little as one hour, depending on your dealer's schedule.
- **FREE** loaner vehicles are available.
- Our call center is open Monday through Friday, 8am to 11pm, and Saturday, 8am to 8pm EST.

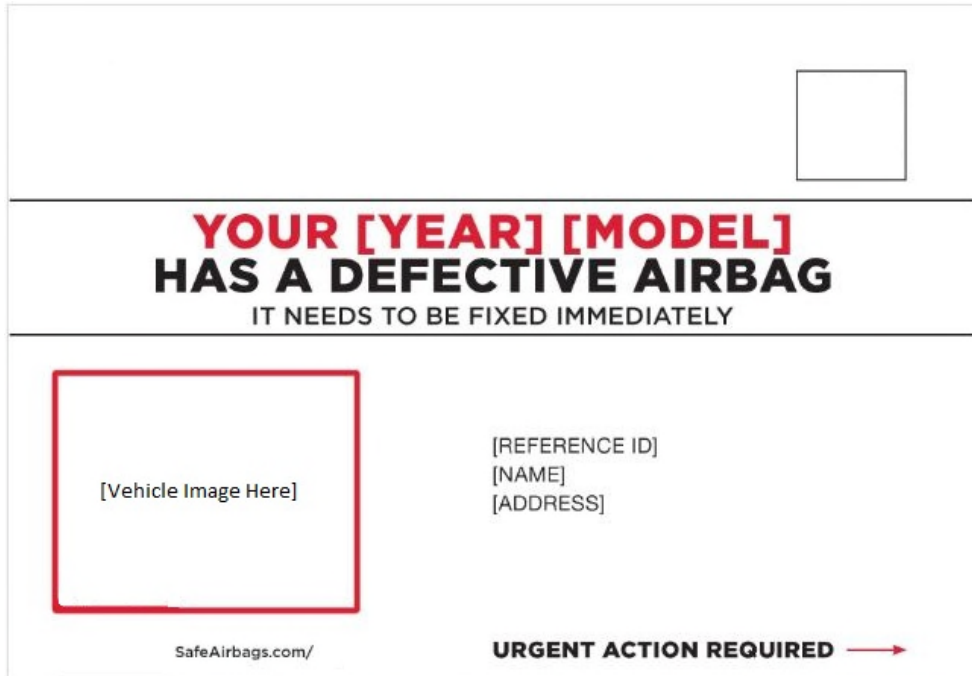
At your safety is a top priority. Every moment you wait to complete your **FREE** repair is another moment you and your passengers are at risk. Please Act Now!

CALL OR TEXT "FIX" TO [PHONE NUMBER] IMMEDIATELY TO SCHEDULE YOUR FREE REPAIR.

Sincerely,

6. Control Group

Postcard Example - Front



Postcard Example - Back



c. Deployment

A total of 66,310,226 outbound deployments have been made by the Settlement Special Administrator and Outreach Program Vendors to affected consumers. These deployments are broken out by channel below:

<u>Channel</u>	<u>Volume</u>	<u>Overall Appointment Rate³</u>
Direct Mail Pieces	20,649,690	3.49%
Emails	15,430,490	0.45%
Outbound Calls	6,277,305	4.84%
Digital (Facebook) Impressions ⁴	23,952,741	Engagement Rate ⁵ – 0.18%

To be clear, these appointment rate figures are intended to measure relative success of the use of different channels, so that learnings can be leveraged to continually improve the process over the several years of the Outreach Programs. However, these incremental appointment rates are not intended to illustrate the overall effectiveness of the Outreach Programs, and extrapolating these figures in an attempt to do so is imprudent for a variety of reasons. For example, many individuals who have received communications under the Outreach Programs may have chosen to go straight to their dealerships to schedule repair appointments, rather than calling one of the Outreach Programs' 1-800 numbers to do so. Those appointments and repairs therefore would not be reflected in the response figures above.

³ "Overall Appointment Rate" measures the number of Takata inflator replacement appointments scheduled by the Settlement Special Administrator and its Outreach Program Vendors relative to the total number of vehicles targeted in each particular channel.

⁴ Digital and Facebook are considered to be relatively low-cost channels used to expose individuals to the message with high frequency. These Impressions were made with a "Reach" of 2,808,164 (i.e., the number of people who saw the Outreach Program's content). Facebook deployment was temporarily suspended near the end of October while new creative assets are developed and approved for use. These new assets are anticipated to be deployed in the first quarter of 2019.

⁵ "Engagement Rate" provides the percentage of people who actually engaged with the Digital Impression.

An excellent example of this is the Louisiana Office of Motor Vehicle letter mentioned in prior status reports⁶. That letter saw around a 7% response rate to the Outreach Programs' call center. Beyond this, however, when the actual volume of repairs performed following that letter was analyzed, its overall success becomes even more evident. Total **repair** rates in Louisiana, where a letter was mailed on behalf the Office of Motor Vehicles, were approximately **177%** **higher** in the four weeks following the letter's mailing than in other states in the same zone where Department of Motor Vehicle letters were not sent. The Independent Monitor of the Takata recalls has analyzed other Department of Motor Vehicle letter mailings and found the increase in repairs in other states to be even higher than this. This remarkable success perfectly illustrates why looking at response rates in isolation as a proxy for the success of the Outreach Programs is simply misguided⁷.

d. Overall Results

The Settlement Special Administrator and Outreach Program Vendors have performed a total of 404,140 appointments and "warm transfers" to dealerships to allow the consumer to schedule an appointment directly with the dealer, and 1,243,218 recall remedies have been completed since the transition of the Outreach Programs to the Settlement Special Administrator and Outreach Program Vendors⁸.

⁶ Several states authorized the deployment of a letter on behalf of their respective state Motor Vehicle departments to 1) inform their affected citizens of the Takata recall as well as its urgency; 2) notify the recipient that he or she had a vehicle subject to this recall registered in his or her name; and 3) provide information for how the individual could schedule an appointment to have the remedy completed.

⁷ Moreover, the above incremental response rates are generally consistent with rates that may accompany a marketing program utilizing similar methods. However, notably, the Takata recall in no way resembles a marketing program. A marketing program would be aimed at selling a presumably desirable good or service to a targeted group of individuals who have previously exhibited some kind of interest in that good or service and for whom accurate contact information is therefore available. The Takata recall, on the other hand, involves repeatedly communicating to a fixed group of individuals, many of whom have received numerous notifications over a period of years, to try to urge them to have a recall completed on their vehicles. Despite these marked differences, Outreach Program response rates are largely in line with those aspired for and experienced in the marketing field.

⁸ Each automobile manufacturer continues significant and extensive outreach efforts beyond those activities performed by the Settlement Special Administrator in the Outreach Programs under the Settlement Agreements. Furthermore,

2. Additional Activities and Efforts

In ongoing consultation with the parties, the National Highway Traffic Safety Administration, and the Independent Monitor of the Takata recalls, the Settlement Special Administrator has also undertaken several other activities to be performed in addition to and in conjunction with direct outreach to consumers.

The Settlement Special Administrator has drafted earned media materials for deployment throughout the country, both on national and local levels. These materials include national and local press releases, b-roll packages, and radio news releases. The Settlement Special Administrator is currently in the process of reviewing these materials with the Parties as well as the National Highway Traffic Safety Administration and the Independent Monitor of the Takata recalls and incorporating associated feedback. Once this is complete, the Settlement Special Administrator anticipates issuing national releases as well as targeted local releases in the first quarter of 2019. In relation to this effort as well as to inform the development of future creative assets, the Settlement Special Administrator is continuing the process of engaging a vendor or vendors to assist in performing quantitative and qualitative consumer research aimed at better understanding what will drive affected consumers to repair their vehicles.

3. Conclusion

The Settlement Special Administrator offers this Report to ensure that the Court is informed of the status of the Outreach Programs to date. If the Court would find additional information helpful, the Settlement Special Administrator stands ready to provide it at the Court's convenience.

as mentioned, consumers often schedule repair appointments directly with their local dealerships rather than by calling the Outreach Program's call center to do so. As such, the total recall remedy completion count presented herein cannot be attributed solely to those activities conducted by the Settlement Special Administrator and Outreach Program Vendors and exceeds the number of appointments and "warm transfers" set by Outreach Program Vendors.

/s/ Patrick A. Juneau

PATRICK A. JUNEAU

Settlement Special Administrator

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that, on January 7, 2019, I electronically filed the foregoing document with the Clerk of the Court using CM/ECF. I also certify the foregoing document is being served this day on all counsel of record via transmission of Notice of Electronic Filing generated by CM/ECF.

/s/ Matthew P. Weinshall

Matthew P. Weinshall