

**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. 2 FILED OCTOBER 17, 2018

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 for Takata 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 the budgetary constraints within the Settlement Agreements. Consistent with this, the Settlement Special

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

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 Analysis and Segmentation

The Settlement Special Administrator (“SSA”) and Outreach Program Vendors, in consultation with the automobile manufacturers, are currently developing strategies to further segment the population to target various groups of vehicle owners in specific ways. The primary objective is to increase each individual’s probability of repairing his or her vehicle by tailoring the outreach to the individual through the message, the creative content, the communication channel, and the cadence of the communication.

Following the initial segmentation which consisted of a handful of general demographic-based segments, there will be 7-12 additional segments based on behavioral, psychographic, and demographic characteristics of the vehicle owners. In addition to this strategy, the population will be segmented by other more objective factors, including but not limited to the consumer’s distance from a dealership, whether the vehicle at issue is commercially-owned, and whether the current owner of the vehicle at issue recently purchased that vehicle such that he or she may not have previously received outreach related to the recall. Additionally, the population will be segmented to specifically take into consideration vehicles located on U.S. military bases or Indian reservations, as well as in Puerto Rico and other U.S. territories.

In order to assess the effectiveness of this segmentation process, clear test plans will be followed to determine whether the personalized messaging based on the defined segments results in an increase in repair rates for those groups.

b. Creative Asset Development

As explained above, based on the segmentation analysis, different creative assets, including mail, email, and social media displays, and inbound and outbound call scripts, are being developed to deliver to consumers content and messaging that is personalized and meaningful to better capture the consumers' attention and to improve the consumers' understanding of the Takata recall, including its urgency and severity.

Below are examples of some of the creative that has been developed and utilized in outreach following input from the respective parties. Example 1 was developed for use as a general piece to set a baseline for expected response rates from creative assets that are not personalized based on behavioral, psychographic, and demographic characteristics. It was intended to convey the urgency and severity of the Takata recall and that the individual's safety is at risk by using imagery to which every consumer driving a vehicle can relate—a bright, red dashboard warning light. Example 2 was also developed as a general piece but was created to simply and cleanly address a misconception regarding the Takata recall, namely, that replacement parts are not widely available.

Both of these pieces included the logo of the associated automobile manufacturer as well as the year and model of the targeted consumer's vehicle (although this information has been redacted in the versions below). The pieces also included the logos for the United States Department of Transportation as well as the National Highway Traffic Safety Administration. The success of these two pieces, with respect to their stylistic differences as well as to who responded

to the pieces, has then been analyzed to determine which type of individual may be more likely to respond to each. For example, Example 1 generally had an overall response rate of around 5.16%, while Example 2 had an overall response rate of around 5.67%².

Example 1, Front:



² Another series of creative assets used relatively graphic imagery intended to invoke an emotional response to the Takata recall in the targeted consumer. However, these assets contained no logos associated with the Department of Transportation or the National Highway Traffic Safety Administration, no logo for the automobile manufacturer, and no vehicle year, make, and model information. Compared to the two examples shown herein, this set of creative assets did not perform as well, with a response rate of around 1.6%, and was therefore suspended. The SSA and Outreach Program Vendors believe that this low performance was attributable to the “non-branded” nature of this series of assets, which may result in consumers disregarding the communication as unauthorized or illegitimate. Further testing and data analytics are planned to be conducted in this respect.

Example 1, Back:



THIS IS AN URGENT SAFETY RECALL.

The airbag in your vehicle is defective. Defective airbag parts can explode when the airbag deploys, potentially shooting metal fragments at you and your passengers. Until your airbag is repaired, you and your passengers may be at risk of **SERIOUS INJURY or DEATH.**

Your airbag is dangerous. It must be repaired IMMEDIATELY.

It's **one quick call** to set up an appointment with your local dealer to make this **FREE** repair. The repair can be completed in as little as one hour, depending on the model and your dealer's schedule. Your dealer may provide a loaner vehicle for you during your **FREE** repair.

We sincerely apologize for the inconvenience, but your safety and the safety of your passengers is a top priority.

Thank you for your continued loyalty,
Your Recall Resolution Team

Why should you care?

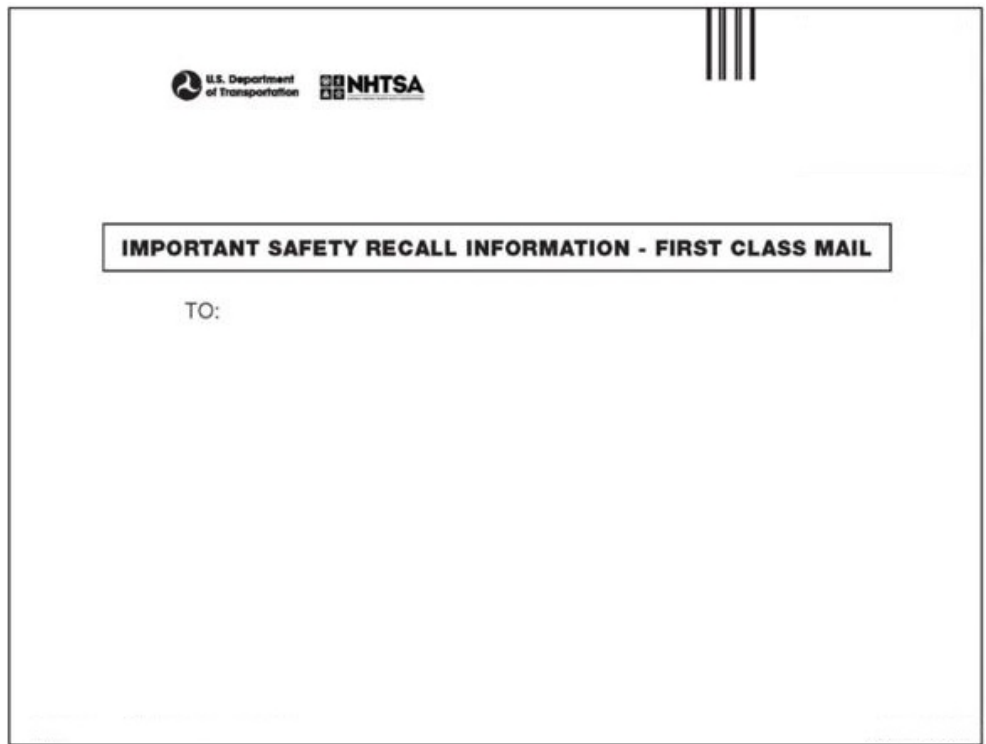
- ▶ The **Takata airbag inflator** in your vehicle is under recall.
- ▶ The recalled inflator could explode when your airbag deploys.
- ▶ Metal fragments from exploded inflators can cause serious injury or even death.

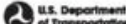

CALL NOW TO SCHEDULE YOUR **FREE** REPAIR


Monday through Friday, 8am to 11pm, Saturday, 8am to 8pm EST.
Hablamos Español.

Example 2, Front:





IMPORTANT SAFETY RECALL INFORMATION - FIRST CLASS MAIL

TO:

Example 2, Back:

**YOUR _____ IS ON
AN URGENT AIRBAG RECALL LIST.
YOUR FREE REPAIR
PARTS ARE
AVAILABLE NOW.**

DON'T WAIT. Call and schedule an appointment to get your defective airbag repaired immediately. The repair is **FREE**. Your dealer may provide a loaner vehicle during your **FREE** repair. Until your airbag is repaired, you and your passengers may be at risk of **SERIOUS INJURY** or **DEATH**.

CALL OR TEXT "FIX" TO:

c. Deployment

A total of 49,194,762 outbound deployments have been made by the SSA 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	13,545,336	2.97%
Emails	9,238,744	0.42%
Outbound Calls	3,725,878	4.82%
Digital (Facebook) Impressions ⁴	22,684,804	Engagement Rate ⁵ – 0.18%

³ “Overall Appointment Rate” measures the number of Takata inflator replacement appointments scheduled by the SSA 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 2,763,246 (i.e., the number of people who saw the Outreach Program’s content).

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

Included in the above deployments of Direct Mail Pieces are specific efforts conducted in conjunction with the Office of Motor Vehicles for the State of Louisiana and the Department of Motor Vehicles for the State of New York. After discussion with the automobile manufacturers and the SSA regarding the severity of this recall, these States authorized the deployment of a letter on behalf of their respective State departments to 1) inform their affected citizens of the Takata recall as well as its urgency; 2) notify the recipient of the letter that he or she had a vehicle subject to this recall registered in his or her name; and 3) provide contact information for how the individual could schedule an appointment to have the remedy completed.

The SSA and Outreach Program Vendors have experienced relatively high response rates with these letters, at nearly 7.3%. Over and beyond this inbound call volume received directly by the SSA, the letters motivate consumers to contact their local dealerships directly on their own to schedule repair appointments, as is apparent from spikes in repair rates seen in these particular states shortly following the deployment of these letters (but not in other states around the same time, all other things remaining equal). As such, the SSA and the parties are pursuing similar efforts in other states.

d. Overall Results

The SSA and Outreach Program Vendors have performed a total of 317,371 appointments and “warm transfers” to dealerships to allow the consumer to schedule an appointment directly with the dealer, and 969,848 recall remedies have been completed since the transition of the Outreach Programs to the SSA and Outreach Program Vendors⁶.

⁶ Each automobile manufacturer continues significant and extensive outreach efforts beyond those activities performed by the SSA in the Outreach Programs under the Settlement Agreements. Furthermore, consumers often schedule repair appointments directly with their local dealerships rather than by calling the SSA’s Outreach Program Vendors to do so. As such, the total recall remedy completion count presented herein is not attributable solely to those activities conducted by the SSA and Outreach Program Vendors and exceeds the number of appointments and “warm transfers” set by Outreach Program Vendors.

2. Additional Activities and Efforts

In ongoing conference with the parties, the National Highway Traffic Safety Administration, and the Independent Monitor for Takata, the SSA has also undertaken several other activities to be performed in addition to and in conjunction with direct outreach to consumers.

The SSA has engaged a public relations firm to assist with earned media campaigns throughout the country, both on national and local levels. This activity is intended to complement the direct outreach activities conducted by the SSA as well as by the automobile manufacturers, by continuing to raise awareness and to increase understanding around the Takata recall through trusted and reliable news media outlets.

Also, in order to better understand the behaviors and media consumption habits of affected vehicle owners and to better inform the segmentation and creative asset development processes described above, the SSA is in the process of engaging a consumer research firm to perform interviews, surveys, focus groups, and qualitative and quantitative analyses to better understand 1) what compelled those individuals who have remedied their vehicles to do so and 2) what barriers have prevented those individuals who have not remedied their vehicles from doing so.

Additionally, given their significant differences from individual consumers who own one or two vehicles, the SSA is developing specific strategies around commercial enterprises or individuals that own several vehicles affected by the Takata recall. These strategies are generally tailored depending on the number of unique affected vehicles owned by the entity or individual. Outreach to small fleets and dealerships is generally planned to be conducted via phone and rely upon alternative methods for repair, such as mobile repair, for example, whereby a trained and qualified repair technician can remedy the vehicle onsite. Moreover, many vehicles titled to insurance companies may be considered “total losses” after a prior accident such that they are no

longer on the road, so the SSA and the parties are investigating how to further confirm when this is the case in order to update the vehicle status around such vehicles for outreach purposes.

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.

/s/ Patrick A. Juneau
PATRICK A. JUNEAU
Settlement Special Administrator

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that, on October 17, 2018, 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