

# Crisis Communications in Japan



Communicating in the right way during a crisis is a challenge everywhere. But in Japan this task is even more difficult. The media works differently here compared to the U.S. or Europe. Foreign firms often struggle when a crisis strikes, which companies like Citibank, Schindler and Daimler-owned Mitsubishi Fuso have learned the hard way.

Why are crisis communications so difficult in Japan? It all starts with the press club system, which is something unique to this nation. There are about 800 press clubs countrywide attached to all ministries, national and local government departments, political parties, but also to industrial associations or to entities like the Tokyo Stock Exchange.

About 90% of all reported news in Japan comes from the press club system. Members of press clubs are the large national and regional newspapers, the two news wires, NHK and the major TV stations. All other media—including weekly and monthly magazines, Internet and free press, freelancers and most international media—are usually barred access.

Let us look at the case of the Swiss elevator company Schindler to illustrate the dangers inherent to such a setup. In June 2006 a fatal accident happened with one of the company's elevators. The next day Schindler's media nightmare in Japan started, a nightmare that still continues today, although no authority has found the firm to be guilty so far.

What went wrong? Clearly the company had been slow in making an official statement on the accident and in dealing with the affected family and the media. It was even seen trying to shift the blame from itself to the elevator's maintenance firm.

All of this would be wrong in any other country as well. But Schindler committed one additional mistake: the company underestimated the importance of the specific press club "handling" this accident.

The elevator industry is overseen by the Ministry of Land, Infrastructure and Transport and Tourism (MLIT). Hence the press club at the MLIT was the one in charge here. All briefings to the media on this accident, its background, inspection results and any other updates were given by the Ministry at this press club, as were Schindler's own press conferences. Hence this press club basically monopolized the media coverage since day one.

Reporters at press clubs usually come from the social departments and often lack industry-specific know-how. They monitor accidents and scandals with painstaking attention to detail and focus on punishing the wrongdoers. They are neither interested nor able to move on to a thorough analysis of underlying industrial problems and suggestions to their eventual solution.

A company first of all has to express remorse that one of its products led to an accident, regardless of whether it bears any responsibility or not. This kind of apology is a must in Japan. Put in a nutshell, any firm involved in a scandal has to convince its relevant press club reporters that it takes the case seriously, including all necessary measures to prevent reoccurrence.

During this process the firm deals exclusively with the social press club reporters, who have a monopoly on coverage. Even colleagues from the business section of the same newspaper, say *Asahi* or *Yomiuri*, will not touch this topic until the firm has been "cleared" by the social reporters. This also explains why technical explanations—often given by Western firms in such situations—regularly fail to impress reporters and thus do not get reported.

Two months ago Schindler gathered more than 20 Japanese journalists at a major press event in Hong Kong to explain their newest elevator models, as well as their safety features. Unsurprisingly the Japanese reporters' questions focused exclusively on the accident of 2006. Until today only two Japanese media reported on the Hong Kong event, while there have been numerous ones dealing with the accident and the bereaved family.

The lesson is clear. No company can overcome critical media reporting in Japan without clearing the biggest hurdle first: the media in charge at the relevant press club, be it at the MLIT or any other public institution. Unless companies understand the ins and outs of dealing with the press club system, a crisis can reach the point where a company's reputation becomes virtually unrestorable.

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