

The Rivian Recall Crisis

a) Summary of Crisis Scenario

Rivian is an electric vehicle manufacturer based in Irvine, CA. The company is publicly traded. Like many startups with vast amounts of venture capital investment, it is yet to be profitable, which puts Rivian under close scrutiny and speculation in the media and on the stock market.

In August 2022, a customer reported a separation of the upper control arm from the steering knuckle and Rivian immediately began an internal investigation of the problem. A month later Rivian was made aware of six further instances of the same issue. In conclusion, on October 7, Rivian decided to voluntarily recall almost all of its 14,000 vehicles due to loose fasteners that could, in the worst case, lead to loss of steering control (Bellan, 2022; McLain, 2022). No injuries have been linked to this fault and according to Rivian, 1% of all recalled vehicles reportedly had this defect.

b) Is FUD involved in your scenario?

No — there was no disinformation spreading around, as the cause of the recall was very swiftly and clearly communicated before rumors could even spread. This is not a campaign initiated or nurtured to sabotage the company.

c) PR Objective

There are two main objectives, focused on two different stakeholders.

1. **Minimize impact on the stock market and on current investments:** Rivian is publicly traded, fueled by venture capital and far away from being profitable. Stock market speculation is immense and a plummeting share price could heavily impact Rivian's

finances and thus the company's very existence, as cash reserves are burning fast. Likewise, investors like Amazon have to be pleased, too, as they could pull their money out if they see that the company is being mismanaged.

2. **Minimize impact on customer satisfaction and trust:** Rivian has never manufactured cars before and has no history that can tell whether the cars are reliable, or the servicing infrastructure is sufficient. To see almost all of their first cars being recalled, should be a big concern to many customers. And current customer satisfaction always impacts future buyers.
3. **Minimize impact on potential customers:** If people were considering buying a car from Rivian but heard about the recall, they might change their minds. The last PR objective is to minimize negative media headlines.

d) PR Strategies

The following strategies will be deployed to handle the crisis:

1. The recall happened, because of a thorough internal investigation by Rivian engineers, which is a great basis for the communications department. It is crucial to gather as much information as possible and prepare it in a way, that everyone involved in managing the crisis can easily understand.
2. Develop key messages for communication strategy.
3. Issue written statement explaining the nature of the defect, the number of affected vehicles and what Rivian will do to minimize impact on customers.
4. Create a dedicated team to monitor social media and media coverage.
5. Inform customers as fast as possible.
6. Inform employees.
7. Choose CEO R.J. Scaringe as spokesperson.
8. Establish 24/7 customer support hotline.
9. Create comprehensive webpage on Rivian website with Q&A section to inform about the recall, what will be done to minimize the impact on customers.
10. Inform *National Highway Traffic Safety Administration* and sort out all legal and regulatory questions.

11. Establish dedicated channel for communicating internally with investors and address their concerns regarding stock market impact.

e) Goal of Media Interviews or Press Conference

The goal is to provide as much transparent information as possible and to ensure that customer safety and satisfaction are the number one priority. It is also the platform to tell how this defect will be tackled.

f) Theme

As mentioned earlier, the key messages are very clear:

1. **Customer safety** is our number one priority, that is why we reacted so quickly.
2. **Customer satisfaction** is key for us, that is why we are deploying mobile servicing to make the fix as fast and convenient as possible.
3. **Customer trust** is key for us, that is why we communicated so quickly and voluntarily recalled our cars. (This is very much linked with the previous key message.)

g) Media Statement

This statement uses the original as its basis but is adjusted to emphasize the importance of customer safety stronger and earlier. It is also significantly shortened.

Earlier today we were notified about a concern, affecting a small percentage of our Rivian R1S and R1T models.

With this information, we immediately notified affected owners that we will voluntarily recall 13,000 of our 14,317 vehicles to absolutely ensure quick measures and maximum safety of all our customers.

The official recall notice will be posted by the National Highway Traffic Safety Administration tomorrow, however, we wanted to inform our car owners as fast as we could ourselves to guarantee utmost transparency and protection.

On a small percentage of vehicles, the fastener connecting the front upper control arm and steering knuckle may not have been sufficiently torqued. While we've only seen seven reports potentially related to this issue across our fleet to date, even one is too many.

Our customer's safety is our number one concern and we can confirm that no injuries were reported.

Through the Rivian App or by calling our 24/7 hotline, the number is 855-RIVIAN, all customers will be able to schedule a convenient time for our mobile service to come by and tighten the fastener in question to a higher torque tolerance.

This of course will be absolutely free of charge, even in remote areas.

Nothing is more important than the safety of our drivers and we will always operate with this level of action.

Thank you very much!

h) Q&A

What kind of measurements are you taking to ensure that this issue will not happen again?

Thank you for this important question. I want to be very clear: Customer safety is our absolute priority. To prevent a recurrence, we're taking extensive measures, including a thorough review of our processes and enhanced testing protocols. We understand the concerns, and we're committed to regaining your trust through decisive and fast actions to make our cars as safe and reliable as possible.

You are recalling the R1S and R1T, but can this issue also occur in the EDV?

What we do know, is that this concern has been reported in the R1S and R1T and that all affected customers were notified earlier today. Again, nothing is more important than the

safety of all our drivers — and our great technicians are working tremendously hard to make the servicing as fast and convenient as possible.

Investors have poured billions into Rivian, and yet the company is still unprofitable and now faces this massive recall. Is this the start of the end? What reassurances can you provide to shareholders who must be concerned about the company's financial stability?

Let me start by saying that nothing is more important than our customer's safety, which is why we started a thorough internal investigation the moment we learned about the concerns. We have taken immediate measures to ensure maximum safety of our products and we will always operate with this level of action.

While you claim no injuries have been linked to this defect, it's sheer luck that no accidents occurred. How can customers trust that Rivian vehicles are safe when such a critical issue went unnoticed until now?

While no injuries were reported, we absolutely understand all concerns. No one told us to recall our vehicles, only we did, because our customer safety is paramount. I can assure, that we are working tremendously hard behind the scenes every day to make sure our cars are as safe as possible.

Given the gravity of this recall, why should consumers and investors have confidence in Rivian's leadership, including yourself, to effectively navigate the company through this crisis?

Words don't do much, only action does. That is why we voluntarily recalled all affected vehicles because we believe that is the only right thing to do. Our customer's safety is our number one concern, and will always be.

Rivian is competing in a market dominated by established players like Tesla. How do you expect this recall to affect your ability to gain market share and compete effectively?

I appreciate your interest in our business activities, but our focus today has to be what we do on a daily basis to ensure that the safety of all our drivers is ensured.

Are you holding your suppliers accountable for this issue, or is the entire blame being placed on Rivian's internal processes?

We have precisely identified the issue and taken immediate measures to address it. Nevertheless, our suppliers and our company are constantly finding ways to make our products better and safer on a daily basis.

With this recall, some consumers might wonder if Rivian is simply another "unicorn" startup with a flashy exterior but shaky foundations. How will you regain and maintain consumers' trust moving forward?

We understand the concerns this recall has caused. I can stand here and talk all day, but the only way to create trust and satisfaction is to build great and reliable products and offer great service. We are confident that our hard-working mobile technicians will make the servicing as convenient and fast as possible, and we are looking forward to seeing customer feedback on this.

How do you expect this recall to affect Rivian's reputation, particularly as a relatively new entrant in the electric vehicle market? What steps are you taking to rebuild trust among your customers and investors?

Taking a step back to look at the big picture, I can only underscore how important customer safety is to us. We have taken every measure to address the cause of the current issue, and we will keep improving and innovating every single day. Nothing is more important than to build cars that are as safe as possible.

How can you explain the fact that such a critical safety issue went unnoticed until customers reported it? Is this a reflection of systemic issues in Rivian's quality control and safety procedures?

I can assure you, that nothing is more important to us than to build safe products. We have taken measures and are working every day to make ensure safety in every piece of our supply chain and assembly line. That is why we took such quick transparent measures and voluntarily recalled our fleet, because customer safety is what guides our mission.

Do you have anything else that was not mentioned today?

Yes, I want to thank all our customers for their trust and thank our hard-working technicians who are currently on the road addressing the issue. Customer safety is our biggest priority, and we took all measures to make sure the recall causes as little inconvenience as possible. Please go to your Rivian app or contact 855-RIVIAN to receive free mobile servicing wherever you are and contact us for any concerns you may have. Nothing is more important than your safety and satisfaction. Thank you!

Bibliography

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- McLain, S. (2022, October 8). *Rivian Recalls Nearly All of Its Vehicles Due to Loose Fasteners*. Retrieved from Wall Street Journal: <https://www.wsj.com/articles/rivian-is-recalling-nearly-all-of-its-vehicles-11665188392>