

## Auto Makers' Total Recalls

A faulty cruise control switch has led Ford to recall more than 10 million vehicles in eight years—a new record. But 2007 has also been a bad year for VW

by [Douglas MacMillan](#)

As if Ford ([E](#)) weren't saddled with enough problems, on Aug. 3 the Detroit carmaker issued a massive recall of 3.6 million vehicles, citing a defective cruise control switch that could lead to fires. Together with the nearly 7 million vehicles the company has already recalled for the same reason since 1999, it's the largest automotive recall ever recorded.

Ford is one of many automakers feeling the sting of quality assurance problems over recent years. The number of vehicles recalled in the U.S. peaked in 2004 at 30.8 million, falling off to 11.2 million in 2006, according to the National Highway Traffic Safety Administration (NHTSA), the division of the Transportation Dept. that oversees and tracks manufacturer recalls. But the number of recall issuances last year was nearly as high as it has ever been, and the wide range of manufacturers at fault—including brands known for high safety standards, like Toyota ([TM](#)) and Volkswagen ([VLKAY](#))—may have buyers thinking twice before they drive off the car lot.

Owners of new Fords needn't sweat this recall, however. It only affects certain cars, trucks, SUVs, and vans of model years 1994 through 2002, including Lincoln Town Car, Ford Crown Victoria, Ford Explorer, and F-Series pickups. A spokesperson from Ford wouldn't estimate how many vehicles the company expects to service in the recall, but says that "take-rates in the industry of about [two-thirds] are not rare."

### TOYOTA, A RECALL LEADER?

It's not just older models that get recalled. Frequently car manufacturers, or the NHTSA, discover a problem with a car shortly after it's released to the public. For the past two years, *BusinessWeek* has compiled lists of the most recalled new cars—and for both years, the results were surprising.

While General Motors ([GM](#)), DaimlerChrysler (now [Chrysler LLC](#)), and Ford led the list in 2006, Toyota saw a departure from its quality-obsessed character—recalling nearly 1.5 million vehicles worldwide, spanning every single model line produced that year (see [BusinessWeek.com](#), 7/19/06, "[The Most Recalled Cars 2006](#)").

This year the bombshell on the list was Volkswagen of America, which recalled more than a million New Beetles because of a faulty brake light switch (in both the 2007 and older lines), and some 58,000 Passats for a fragile vacuum line. The company predicts that only about 30% to 35% of the vehicles in this recall are faulty but advises all owners of affected models to visit their local dealer.

### VW'S GLASS IS HALF FULL

This comes at a critical time for Volkswagen of America. The company lost \$900,000 in 2006 and about the same in 2005, with sales of the New Beetle and Passat off 20% and 30% respectively.

While recalls heap unexpected costs on carmakers—from parts and labor to reengineering to more indirect costs like brand damage—Volkswagen sees the upside potential. "Whenever a customer has a negative experience it could have some detriment, but there's also an opportunity to take care of the customer," says Keith Price, a spokesperson for the company. Volkswagen also uses recalls as an opportunity to reevaluate its approach to vehicle development, as

well as its relationships with parts suppliers.

Of course, not all recalls are a big deal. More than 18,000 owners of the 2007 Jeep Compass were told this year that their owner's manual didn't "contain the required higher rollover risk warning information." That recall probably won't save too many lives—more likely it will help keep Jeep manufacturer Chrysler out of court.

[Click here](#) to see the most recalled cars of 2007.

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