



## SOCIAL MEDIA AS A TOOL OF MARKETING: A STUDY OF INDIAN AUTOMOBILE INDUSTRY

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### ABSTRACT

The automotive industry is a sector that combines innovation, creativity, science, technology, ideas that brings momentum to the economy, people and the whole nation. The "YouDrive" Mercedes advertisement of 2013 is one example of social media marketing creativity in the automobile industry. The Mercedes team reported 3.8 million views of their YouTube channel in the 3 weeks following the campaign (Mercedes-benz website,2013). Automotive industry has widely accepted this digital platform and Fans growth is considered as the most preferred method to measure success of social media marketing. The objective of this paper is to understand the concept and to study the current scenario of social media marketing in the automobile industry. This paper further considers the various key performance indicators (KPIs) used for social media measurement and the reasons behind adopting social media marketing. This paper also tries to identify the relationship between social media marketing, fans growth and sales generation.

**KEYWORDS:** Social Media Marketing, Automobile Industry, Fans Growth, Sales generation.

### 1.1 INTRODUCTION

Social Media Marketing is the process of gaining website traffic or attention through social media sites (wikipedia). The "YouDrive" Mercedes advertisement of 2013 is one example of social media marketing creativity in the

automobile industry. The Mercedes team reported 3.8 million views of their YouTube channel in the 3 weeks following the campaign (Mercedes-benz website,2013). Another major success story at social media platform is of

Ford's Fiesta Movement campaign in US. By this campaign Ford got 6,000 order bookings from all 50 states and 100,000 who showed their interests as potential buyers, 97% of which were non-Ford drivers. The aim of Fiesta Movement was to create awareness of the new Fiesta B-car before launch U.S., was simple: put 100 Euro-spec cars in the hands of mostly young people who are adept at social media and assign them a variety of "missions" that are documented on various websites (kumar,2012). Every major car launch, promotion and campaign has a social media component. Auto brands have used social media to amplify their presence on television, build audiences on Twitter and Facebook, and get consumers more excited than ever about owning a new pair of wheels. Automobile Industry in India is seeing the best growth rate possible. In 2009, India had 40 million passenger vehicles and more than 2.6 million cars were sold in India in 2009 (26% increase), which made country the second fastest growing automobile market in the world (Source: Wikipedia). Top social brands are BMW India, Skoda India, Hyundai India respectively while top social cars includes Honda City, Tata Nano, Hyundai i20 as per the "Report on Indian Automobile Industry" conducted by Simplify 360. "A social media analysis" may'14, emergence of social media has added another avenue for dealers to leverage in order to interface with customers. A recent study conducted by Facebook found that car owners who are manufacturer's fan are stronger advocates than those who aren't and spread good word-of-mouth to three times more people than the average Facebook user. That's a powerful finding indicating a valuable avenue for dealers and manufacturers to attract potential customers and engage with existing ones. We've all seen the great success stories of companies like Ford with the launch of their

Fiesta campaign and the YouTube sensation of Volkswagen. All of these stories demonstrate the power of social media and telling a compelling story in the automotive industry. Brand storytelling is just one part of the picture. It's a piece of the overarching social media puzzle that drives true success for organizations. Brands like VW, Ford and Mini Cooper have consistently excelled at telling their story on social media. But, telling a compelling story isn't the only piece of the puzzle that is important for brands trying to be leaders online. At the end of the day, business is about selling a product. Studies show that while selling is one of the most important pieces of the business, it's still one that brands are struggling with on social media. The challenge with selling on social media is the fact that brands are being forced to approach their customers in a different way. Instead of using traditional sales tactics, brands are required to nurture their leads and build real, meaningful relationships to close a deal. Social media is about responding to customer queries, commenting on customer stories, being present to the customer and representing the essence of the brand through digital platforms. Being present is essential; engaging with their audience is hugely important and learning from the mistakes is imperative.

## **1.2 DATA AND METHODOLOGY**

The current study attempts to explain the concept of Social Media Marketing and its adoption in the Indian Automotive Industry as a marketing tool. The nature of research is completely descriptive. It is a conceptual research which is based on review of previously done researches in this area. All the relevant data used in research paper has been collected from secondary sources e.g. e-journals, newspaper, Govt. publications and various e-resources.

### 1.3 OBJECTIVES OF THE STUDY

The objectives of this paper are:

1. To understand the concept and to study the current scenario of social media marketing in Indian automobile industry .
2. To find out various key performance indicators (KPIs) used for social media measurement.
3. To determine the reasons behind adopting social media marketing.
4. To identify the relationship between social media marketing, fans growth and sales generation.

### 1.4. LITERATURE REVIEW

#### 1.4.1. Social media marketing: An Overview:-

Social Media is the fusion of sociology and technology driven by user -generated content. It's an umbrella term that defines various activities (conversations) that integrate technology , social interaction and the sharing of words ,images, videos and audio (WorldDealer). Simply said, "social media is people having conversations online"(WorldDealer). Conversations are done by various forms of social media- blogs , microblogs, wikis, podcasts, online chat, RSS, Social networks, message boards, video and photo sharing sites, communities and forums. In traditional advertising there was little dialogue between consumers and customers, but social media has changed that (Diffley, Kearns, Bennett & Kawalek, 2011). " No marketing activity is planned without online & social media", says Mercedes India Chief. No presence on the social networks is not affordable, if your competitors have (neti, 2011) . Social media marketing is the latest "buzz". Social media marketing uses social media as a persuasion tool to persuade consumers about the worthiness of company's products and

services (neti, 2011). It is marketing using online communities, social networks, blog marketing and more. It is not merely about hitting the frontpage of Digg or any other social news website. It is a strategic and methodical process to establish the company's influence, reputation and brand within communities of potential customers, readers or supporters (neti, 2011).

#### 1.4.2. Social media Marketing : Indian Context:-

Indians are increasingly logging into Facebook and Twitter accounts, as evident from a record growth of 37.4 percent in social networking during 2013, according to a study by eMarketer. Though the growth rate of social network users may be slowing globally, but Indians are consistently showing a rising trend, as the number of social media users in urban India is projected to cross a whopping 80 million this year from 63 million years ago. India is having the second largest Facebook user base outside the US and is expected to top the world by 2016. "If you want to connect with people and be part of their community, you need to go where the community is. You need to be connected before you are actually needed," explained Ed Bennett, who oversees social media efforts at the University of Maryland Medical Center. According to the 2010 Regus Global Survey of business social networking, India ranks no.1 in the usage of social networking by business having the highest activity index, 127, much more than the US' 97 (Regus Global Survey,2010). 53% of the Indian respondent companies reported that they had acquired new customers using social networks while 35% American companies managed that (Regus Global Survey,2010). Many companies are coming big way for Social Media Optimization (SMO) for their Product or Services nowadays. Adoption of social media by automobile industry brought transparency

in the communication. Companies are using various strategies like customer support, brand promotions etc. to win the hearts of their customers and acquire new customers in the social media space. The war is then about which brand is more socially active than the other. A study by public relation firm Burson-Marsteller shows that 86% of 100 largest companies on the Fortune 500 list use at least one of the social media sites such as Facebook, Twitter, YouTube or blogs, and 28% of them use all four platforms. The study also shows that 65% of these companies use Twitter, which makes it as the most popular social media site among business firms (Burson-Marsteller, 2010). Ford has consistently been the first to join new social platforms (Google+) and test their latest features (Twitter Advertising) while Peugeot was the first automotive brand to launch a Pinterest campaign (Simplify 360° report, 2011). While, Maruti Suzuki is one of the leading automobile company in India to adopt social media in engaging with its customers followed by VW. Maruti Suzuki has a strong presence in Blogs whereas Ford, Honda and Audi have a very strong presence in Blogs (Simplify 360° report, 2011). Most auto makers believe social media is a cost-effective method of marketing. 25%-30% of Honda's marketing efforts are via social media, while 25% of Ford's global media buy now is digital. It is possible to create promotion without any cost in social media which is unheard of for other traditional media (Wadhwa & Vashisht, 2013). But, Executives are concerned with their budget justification for a social media plan, when there is lack of supporting materials to confirm the effectiveness of the social media platform (i.e. conversion rate, the relation between buyer-seller relationship and increase in sales), and the rate of return on investment (ROI) that they can earn from this plan (Blanchard, 2011). Auto

makers particularly are interested in the Millennials, an age group typically defined as those born between 1980 and 2000 that largely ignore traditional marketing techniques. Majority of the people talking about the automotives in India are in the age group of 18-35 and 44.67% of the conversations is related to negative sentiment about car servicing (Simplify 360° report, 2011).

### **1.4.3.Social Media Marketing techniques:-**

According to the earlier studies, major SMM techniques used by companies are social networks, COBRAs and eWOM to successfully advertise online. Social networks such as Facebook and Twitter provide advertisers with information about the likes and dislikes of their consumers (Kincy & Jason (2011) .This technique is crucial, as it provides the businesses with a "target audience" (Kincy & Jason,2011) .With social networks, information relevant to the user's likes is available to businesses; who then advertise accordingly. Consumer's online brand related activities (COBRAs) is another method used by advertisers to promote their products. Activities such as uploading a picture of your "new Eco car to Facebook" is an example of a COBRA (Muntinga , Moorman & Smit, 2011 ) .Another technique for social media marketing is electronic word of mouth (eWOM). Electronic recommendations and appraisals are a convenient manner to have a product promoted via "consumer-to-consumer interactions" (Muntinga, et al.,2011) . Kozinets, Valck, Wojnicki & Willner (2010) emphasized the importance of word of mouth communication. They observed blog sites for six months and suggested social media communication strategies . Berger & Schwartz (2010) also observed that social networks are effective for spreading word of mouth and free advertising.

Brand health tracking and CRM are necessary tools of SMM to access sentiments of customers , to get their insights, to engage with and to reach them (Simplify 360° report,2011). Besides research tools, various companies provide specialized platforms and tools for social media marketing such as Social media measurement ,Social network aggregation, Social bookmarking, Social analytics, Automation, Social media, Blog marketing, Validation and Brand ambassador (Cambria, Grassi, Hussain & Havasi ,2011) . Measuring social media metrics is important for understanding the performance of social platforms. When it comes to marketing the brand name for car models, automotive companies have a challenging task.

#### **1.4.4. Relationship between Sales Generation and Fans Growth:-**

The average consumer's decision to purchase a car relies heavily on the brand name and reputation. In 2012, the automotive brand with the strongest brand name was Ferrari. During this year they made record profits, while selling 7,318 cars. At the same time, they had more than 10 million Fans. Considering the price of a Ferrari and the strength of the brand name, it is apparent that brand awareness affects the overall demand, which in turn raises the equilibrium price (Tracking the right KPIs: the automotive industry, 2014) . However contrasting results were reported by Simplify 360° report, 2014 .This study was conducted between the years 2012 and 2013 by considering 12 major auto brands and it was concluded that there is no positive relation between increase in sales and increase in facebook fans. However, there is plenty of evidence demonstrating the potential of social as a marketing channel across manufacturing brands, dealerships and aftermarket products and services. For example: 38 percent of consumers say they will consult

social media in making their next car purchase. 23 percent of car buyers say they use social media to communicate their purchase experience. 84 percent of automotive shoppers are on Facebook and 24 percent of them have used Facebook as a resource for making their vehicle purchases. 40 percent of new car purchases over the next 10 years will be made by millennials. 94 percent of millennial car buyers gather information online. Clicks on Facebook auto ads climbed from 16 percent to 39 percent between October 2012 and April 2013 (source: facebook). A study of Deloitte Touche' USA revealed that 62% of US consumers read consumer generated online reviews and 98% of them find these reviews reliable enough; 80% of these consumers said that reading these reviews has affected their buying intentions (Industry statistics). Thing that complicates the matter is that the majority of car sales occur onsite at dealership locations and it is often difficult to track the marketing return of investment on a macro scale. However, by properly using social media measurement tools, automotive companies can increase brand awareness, receive product feedback, bolster dealership traffic, and more.

#### **1.4.5. Key Performance Indicators:-**

Some important Social Media KPIs for Automotive Companies are the following: (Tracking the right KPIs: the automotive industry, 2014)

Fan Growth: The increase in Fans during a select time range. Engagement Rate: The amount of user interactions (Likes, comments and shares) that occur with your Page. Response Rate: The percentage of user posts or questions that the admin responded to. User Activity: Identifying the times of days and the days of week in which your users are most engaging most frequently with your Page. Shareability:



The amount of shares a Page receives per day. Interactions: The number of interactions that a Page or post receives and the types of interactions (Likes, comments and shares). Paid Advertisement Engagement: The number of likes, comments and shares received on a Newsfeed advertisement. Paid Advertisement Reach: The number of Facebook newsfeeds that a Facebook advertisement will reach. For automotive brands, social media is an incredibly powerful communication channel for increasing brand awareness. Considering the fact that the customer adoption ladder can take years, it is critical that consumers recognize the brand as soon as possible. Additionally, improving the brand reputation of an automotive company has a direct correlation for raising the price of a car. This is especially relevant for luxury cars. The steps

and strategies for increasing brand awareness and customer loyalty on social media mainly should focus on increasing Fan growth rates, engagement rates, and responding to Fan inquiries. One of the main goals of brand marketing for automotive companies is to increase dealership traffic on either a micro or macro scale. The company shouldn't expect results over night. SMM is a long term strategy. It will not happen overnight. The results might become visible anywhere from three to six months.

**1.4.6. Reasons for SMM Adoption:-**

After the analysis of most of the studies , it can be concluded that the following purposes have been served by social media marketing if implemented effectively which are mentioned in the table 1. below:

Significant reasons for adopting social media marketing as a part of holistic marketing strategy in automotive industry	
<b>Create brand awareness</b>	Increase customer base
<b>Relationship building</b>	Generate leads
<b>Increase customer Loyalty</b>	Drive sales
<b>Increase overall customer retention</b>	Educate customers/prospects
<b>Improve Activity metrics( website activity, followers)</b>	Improve internal communication
<b>Survey metrics</b>	Improve operations /customer service
<b>HR-Recruiting ,retaining</b>	Search Engine Optimization benefits
<b>PROACTIVE conversation management</b>	Reputation management

Despite of all these benefits, Auto Industry failing to tap power of social media to deliver actionable sales leads, says Report by CMO Council. CMO Council Report finds Auto Ecosystem Marketers looking for better ways to integrate marketing with sales generation and sales funnel activities. This all depicts that social media marketing and sales generation in perspective to Automobile Industry has not been studied in detail especially in Indian economy. The present study is an attempt towards bridging this gap and investigating this aspect in the automotive sector in India.

**1.5.CONCLUSION**

This research paper discusses the various aspects of social media marketing, reasons for its adoption, its presence in Indian automotive industry. By studying various aspects it can be concluded that Automobile Industry is one the flourishing industry and social media marketing is equally aiding it in a sophisticated manner. Though, it has not been concluded that whether there is any positive relationship between sales generation and fans growth but besides this fact its positives cannot be negated like it creates brand awareness,

customer loyalty , marketing- mix feedback, aids in product introduction and many more. Social Media Marketing is the must .

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