Online social media usage of car dealerships in Gauteng Province, South Africa

Abstract

The concept of social media is top of the agenda for many organizations today. Decision makers, as well as marketers, try to identify ways in which organizations can make profitable use of social media platforms. The adoption of social media in marketing communication campaigns to carry the marketing communication message to the target audiences remains a challenge to organizations in the motor industry. The purpose of this paper was to establish an understanding of the online social media tools used by car dealerships in their marketing communication strategies and campaigns. In achieving the purpose of this paper, a qualitative research approach using semi-structured in-depth interviews with marketing personnel of different car dealerships in Gauteng province, South Africa was followed. In this paper, a qualitative content analysis was used to analyze primary data using Atlas ti version 10 computer software. The findings of this paper revealed that the use of social media platforms by car dealerships varied in terms of message content. Recommendations to stakeholders in the motor industry and future research directions are provided.

Keywords: social media, marketing communications, communication channels, consumer-to-consumer communications, car dealerships.

JEL Classification: M31, M37.

Introduction

The media landscape has undergone an immense transformation over the past decade (Mangold and Faulds, 2009), and the use of social media has grown significantly among consumers (Guesalaga, 2016). Organizations have started to use social media platforms with intentions to make sense of their usefulness and effectiveness (Weinberg and Pehlivan, 2011). The influence of technology in society today, including the workplace, is undeniable. Computers, the Internet, email, and cell phones are now indispensable parts of social interaction are expanding continually. Social media has completely changed the life of many people. Being specific, social media has materially changed the way in which people communicate. Trainor et al. (2014) argued that social media conversations present people readily and easily usable ways to stay in touch with family, friends, colleagues, and co-workers, including the ability to rapidly share information, commentary, and enabling internal and external collaborations that lead to better customer solutions and relationships. Malthouse et al. (2013) pointed that due to the increase in number of social media platforms, the customers are no longer limited to passive with their relationships with organizations, as these customers can express their views to larger audiences. According to a study conducted by Nielsen (2009), 70 percent of Internet users trust the evaluations of consumers on social media platforms. Marketers of organizations can expect that brand communication will cease to be generated solely by the company, but increasingly by the consumers themselves through so-called user-generated social media communication (Bruhn, Schoenmueller and Schäfer, 2012). Caluschi (2013) pointed that the adoption of the new technological communication trends is visible in the motor industry, since this industry is extremely dynamic and represents the trendsetter in adopting new technologies to create new communication channels. Then, the question that can be asked is that do car dealerships in South African motor industry also take the advantage of social media in using these platform to communicate their marketing activities.

Therefore, the purpose of this research was to establish an understanding of the online social media tools used by car dealerships in their marketing communication strategies and campaigns. The stated research purpose requires a deeper understanding regarding the social media platforms. Therefore, this paper will start by theoretical background on social media platforms and literature review of previous studies on the use of social media is provided.

1. Theoretical background

This section provides theoretical background on social media by providing the definitions of social media, social media types, advantages and disadvantages linked to the use of social media.

1.1. Social media: definition. Hudson and Roberts (2012) argued that defining social media is a difficult task because of social media’s nature and vast platform types. Social media consists of web-based Internet networks where users can share information and communicate with other users in a collective manner. Hudson and Roberts (2012) define social media as “a form of electronic communication that allows user-generated interaction between the media’s creator and the user”. Smith (2012) pointed social media as a term used to describe social media.
interactions using technology (such as the Internet and mobile phones) with any combination of words, pictures, video, or audio. A key feature of social media is that it is not one-way communication, but interactive in nature; that is, users can communicate and socialize, sharing emails, documents, pictures, video, and audio files (Guesalaga, 2016).

1.2. Social media types. There are different types of online social media tools, and Facebook is one of social networking sites that allows users to find and add friends and contacts, send messages to friends, and update personal profiles. However, social networks are a qualitatively different type of product than text, pictures, and videos; there is a shift from the individual to the collective, as social networks leverage the power of relationships and the collective wisdom of many (Berthon, Pitt, Plangger, Shapiro, 2012). YouTube is a video-sharing website where users can upload, share, and view videos on a wide variety of subject matters, ranging from professional and educational to personal and comical (Hearing and Ussery, Part I, 2012). Twitter is a “real-time” information sharing network, founded in 2006, that enables people to relate by “tweets,” that is, short-text like messages, what is important in their lives and how they feel about people and events, and to discover other people and their thoughts and beliefs and likes and dislikes (Fleming and Miles, 2012).

LinkedIn is another social and networking site geared for professionals that was created in 2003 to provide professional people with access to networking, marketing, advertising, and job search opportunities. Any person can search for another person’s online profile; and no password is required to conduct a search. MySpace, founded in 2004, is another site used for social connection and interaction, which has been characterized as a “social entertainment destination” for the younger generation (Fleming and Miles, 2012). Another important social media-related term to define is “web log” or a “blog”. Blogs are comments posted by people on their own websites or social media sites; blogs contain information and commentary, as opposed to advertising or solicitation. In addition to an information-sharing exchange and editorial purposes, blogs can have a self-promotion function too (Smith, 2012). Related to a blog or blogging is the term “micro-blogging”, which refers to a blog that has brief entries concerning the daily activities of a person or a company and which is produced to keep friends, colleagues, clients, and customers informed (Fleming and Miles, 2012; Sarner et al., 2011).

1.3. Social media: advantages and disadvantages. Online social media tools present advantages to users and organizations, and these social networking sites allow individuals to interact with one another, build relationships and for prospecting and qualifying leads (Giamanco and Gregoire, 2012). According to Kumar and Singh (2013), the advantage of social media platforms such as Twitter, Facebook, YouTube, and blogs allows individual followers to “retweet” or “repost” comments made by the product being promoted. Social media itself is a catch-all term for sites that may provide radically different social actions. For example, Twitter is a social site designed to let people share short messages or “updates” with others. Facebook, in contrast, is a full-blown social networking site that allows for sharing updates, photos, joining events and a variety of other social activities. Kumar and Singh (2013) added that by repeating the message, all the users who are connected are able to see the message, thereby reaching more number of people. Social networking sites act as word of mouth. Because of the dissemination of information about the product through social networking sites, products/companies can have conversations and interactions with individual followers. This personal interaction can instill a feeling of loyalty into followers and potential customers. Also, by choosing whom to follow on these sites, products can reach a very narrow target audience. Social networking is a wonderful tool for establishing a brand.

Social media also fuels new expectations or beliefs about organizations, to which organizations should respond. These expectations can include those created by the social media about ethical business practices or the transparency of operations. In addition, social media users spread opinions about what organizations should focus on in the future. There are many social media websites that question the responsibilities and administration of organizations, that demand transparency, and that reveal corporate irresponsibility (Aula, 2010). The other advantage of social media is that it offers consumers an opportunity to talk to hundreds or even thousands of other consumers worldwide, organizations are no longer the sole source of brand communication. Additionally, consumers are turning away from traditional media such as television, radio, or print media and are increasingly using social media to search for information (Mangold and Faulds, 2009). However, Mangold and Faulds (2009) pointed that marketers of organizations should be strongly aware of the fact that they may not be able to use organization-created social media communication to improve hedonic brand image, but these marketers have a certain ability to influence consumer-to-consumer communications.

The next section focuses on the literature review of previous studies regarding the use of social media.

2. Literature review

According to Caluschi (2013), the adoption of the new technological communication trends is visible in
the motor industry. In the study by Schultz and Patti (2009), it was revealed that marketing managers are seeking new approaches to incorporate new technologies such as social media channels which include Facebook and Youtube into their integrated marketing communications (IMC) strategies, as these new tools essentially offer consumers new ways to communicate with each other, and increasingly present them ways to interact with the marketers who are trying to influence their purchases. In the study by Chang, Park and Chaiy (2010), it was proven that the emergence of social media platforms enhances customer relations with organizations. In another study, Sarner et al. (2011) uncovered that organizations have started to recognize the potential of online social media platforms and make considerable investments on these platforms than in the past. Despite the adoption of online social media platforms, Bruhn, Schoenmueller and Schäfer (2012) argued that the effect of user-generated social media communication has impact on awareness, functional, and hedonic brand image, but is beyond the control of the organization. Therefore, user-generated social media communication cannot be expected to be unequivocally positive, but can be either positive or negative. Both forms of positive and negative content convey information about a brand that can be particularly useful for consumers in terms of purchase decisions, for example, and, thus, increase the brand’s awareness. Hence, positive, as well as negative brand-related user-generated content on social media platforms can lead to a high level of satisfaction with this form of brand-based communication and, therefore, are expected to increase the awareness of a brand.

Wilson et al. (2011) studied the use of online social media to communicate with customers and improve their experience and findings revealed that the use of the social media can have the largest impact on an organization, affecting everything from research and development (R & D), operations and customers. Kietzmann et al. (2011) investigated the use of online social media as the building blocks of a social media strategy to reach target audiences and the findings uncovered that organizations that used social media for information sharing, to start conversations, and to gather information about their customers’ locations and their virtual presence. Guesalaga and Kapelianis (2012) investigated the use of social media by organizations and the findings discovered that 70% of the organizations were found to use social media platforms for information sharing and exploring their use rather than for sales purposes. Keinänen and Kuivalainen (2015) investigated the use of social media by managers within organizations, and results revealed that managers who use social media for private purposes tend to use it for business marketing purposes. In the study conducted by Aula (2010), it was revealed that social media has several implications for corporate strategic endeavors. In terms of corporate communication strategy, social media and similar Internet services are characterized by easy searching, open participation, a minimal publishing threshold, dialogue, community, networking, and the rapid and broad spread of information and other content via a wide range of feedback and linking systems. These dynamic, stakeholder liaisons mean less corporate control over stakeholder relations and easy communications between stakeholder groups. In terms of strategic reputation management, what is important is that social media content cannot be controlled in advance and that content cannot be managed in the same way as, for example, conventional media such as TV or newspapers. In practice, this study revealed that it is almost impossible for organizations to control conversations about themselves.

3. Research methodology

This section outlines the research methodology followed to realize the research purpose of this study starting with the research design, target population, sampling frame and technique, data collection, and data analysis method used.

3.1. Research design. An exploratory qualitative approach was followed in order to address the research objective. Malhotra (2010) points that an exploratory research design is useful when the researcher requires more information about a specific problem, opportunity or phenomenon. The qualitative research approach was chosen for a number of reasons: participants’ perspectives and experiences were emphasized, it took into account participants’ interpretation and it allows for flexibility. More specifically, the aim of using a qualitative approach was to collect data more effectively and to gain richer information by enabling participants to also express their opinions, and share their experiences with regard to the online social media platforms used in conveying marketing communication messages to their current and potential customers.

3.2. Target population. The target population of interest for the current study was the car dealerships operating in Gauteng province. Gauteng province was chosen due to its convenience and accessibility for the researcher. In addition, one province was selected, as the aim of the study was not to be representative, but rather to enable other researchers to gain understanding into the marketing communication practices of these dealerships. Marketing personnel or executives of dealerships were chosen as the unit of analysis considering their involvement in planning and execution of marketing communication campaigns. In this study, dealership principals, dealership assistant managers and senior sales managers of car dealerships
were interviewed, since they were holders of the data needed to answer the research questions. Table 1 provides a summary of the job descriptions of participants in the study.

Table 1. Summary of the job descriptions of participants

<table>
<thead>
<tr>
<th>Job title</th>
<th>Job description</th>
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<tbody>
<tr>
<td>Dealership principal/manager</td>
<td>Responsible for staff management, asset management, and planning and execution of the dealership marketing communication strategy</td>
</tr>
<tr>
<td>Dealership assistant manager</td>
<td>Acts as assistant to the dealership principal, participates in planning and execution of the dealership marketing communication strategy</td>
</tr>
<tr>
<td>New vehicle sales manager</td>
<td>Responsible for managing new vehicle sales staff, new vehicle stock, and participates in the planning and execution of marketing communication campaigns in the division</td>
</tr>
<tr>
<td>Senior used vehicle sales manager</td>
<td>Responsible for managing used vehicle sales staff, used vehicle stock, and participates in the planning and execution of marketing communication campaigns in the division</td>
</tr>
<tr>
<td>Service parts manager</td>
<td>Responsible for managing vehicle service division staff, vehicle parts stock, and participates in the planning and execution of marketing communication campaigns</td>
</tr>
<tr>
<td>Fleet sales manager</td>
<td>Responsible for managing new vehicle sales staff, new vehicle stock, managers major accounts or fleet buyers buying vehicles in bulk, and participates in the planning and execution of marketing communication campaigns</td>
</tr>
<tr>
<td>Senior used vehicle sales executive</td>
<td>Responsible for managing used vehicle sales staff, used vehicle stock, addresses customer complaints, takes customers through sales process and participates in the planning and execution of marketing communication campaigns in the division</td>
</tr>
</tbody>
</table>

3.3. Sample frame. In the current study, the Retail Motor Industry (RMI) member list was used as a sample frame to select accredited dealerships included in the study. The dealerships operating within the borders of Gauteng were contacted. Tustin et al. (2005) indicated that the sample frame may be a telephone directory, customer list, and research company databases, a list of e-mails addresses or even geographic maps. The researcher used Google, which is a well-known search engine on the Internet and search for list of accredited dealership in Gauteng from Retail Motor Industry (RMI) organization website (Retail Motor industry, 2014). RMI member list contains the contact details of accredited dealerships operating in nine provinces of South Africa. The researcher used the e-mail addresses and telephone numbers obtained from RMI member list to contact dealerships to get contact details of marketing personnel (involved in planning and execution of marketing communication campaign). Based on the contact details provided by the dealership managers or principals, other participants were contacted via e-mails to request their consents to participate and in-depth interviews were scheduled.

3.4. Sample technique. A purposive sampling method was used in this study. Purposive sampling method means that participants are selected because of some defining characteristics that make them the holders of the data needed for the study (Tustin et al., 2005). The population can be defined as the total group of persons or entities from whom information is required (Tustin et al., 2005). The target population refers to the collection of elements that possess information sought by the researcher (Malhotra, 2010). A purposive sampling method was used in order to concentrate on the participants, in this case, marketing personnel who possess the richest information based on their positions in their respective organizations, which presented a possibility to answer research questions.

3.5. Data collection. In-depth semi-structured interviews were used to collect the primary data in the current study using audio recorder. The primary data were collected using semi-structured in-depth interviews. According to Malhotra (2010), an in-depth interview refers to an interaction between an individual interviewer with a single participant, and the semi-structured depth interviews allow the interviewer to uncover underlying motivations and probe on a particular topic. The researcher used a research guide containing research question topics during the interviews with participants. The researcher had to arrange a time and date most suitable for an interview with participants. All participants were briefed telephonically about the research objectives and the research topic was emailed to the participants. This was done to ensure that the researcher, as well as the participants, were at ease, and prepared for the interview, as well as to build rapport and relationship before the data collection began. Before the interviews could begin, the motivation for the research was explained to the participant to put participants at ease.

3.6. Data analysis. In the current study, the use of qualitative content analysis was followed, as it ideally suited the purpose of this study, which aimed to establish an understanding of the online social media tools used by car dealerships in their marketing communication strategies and campaigns. In addition, Atlas ti version 10 computer software was used to generate themes. During the data collection period, the transcriptions of the interviews were analyzed, to enable any decisions to be made relating to what and how to probe for more detail during further interviews. The trustworthiness or validity of the qualitative data can be assessed by the care taken and practices employed during the data collection and analysis procedures. Following these techniques, the length and depth of the interviews, as well as the level and experience of the participants, resulted in rich information discussions.

4. Findings

The findings indicated that social media networks are used by car dealerships to interact with customers and for information sharing. The study revealed that car dealerships use online social media platforms for
different purposes in marketing communication strategies and campaigns. The content nature of information shared on these social media platforms was found to be different.

4.1. Facebook usage. Facebook was found to be used by car dealerships as a source of traffic and brand awareness platform due to its popularity amongst target audiences and its comprehensiveness. Marketers of car dealerships upload new vehicles’ photos, videos, and document files about products and services on offer on Facebook accounts in order to share information with target audiences. The study revealed that Facebook was used by car dealerships as one of the best drivers in terms of conversions and sales. Car dealerships leverage the existing traffic on the websites by putting Facebook and other social media icons that can be seen and clicked, which provide direct links to the Facebook page and any other social media account pages they have.

4.2. Twitter usage. Twitter as a short message communication tool was used by car dealerships to send short messages about product offerings and services, new vehicle product launches to target audiences. Twitter was found to be used by car dealerships to tell business success stories to the Twitter community in order to build brand reputation.

4.3. Youtube usage. Youtube was found to be used by car dealerships to share short videos and images in video format about dealerships newly launched vehicles, technical assistance and special offers between car dealerships and customers. YouTube was found to be integrated with dealerships’ traditional, offline marketing communication strategies. The findings uncovered that car dealerships were also creating viral videos in attempt to increase exposure and drive traffic.

4.4. WhatsApp usage. WhatsApp social media was found to be used by car dealerships to interact with existing customers as marketing communication medium. This social media platform was found to be used by car dealerships to capture existing customers’ comments on dealerships’ products and services. The findings uncovered that car dealerships used WhatsApp to send text messages about sales promotion campaigns, special offers, service repair reminder messages, and newly launched vehicle images, video and audio messages without paying any per short messages (SMS) charges. The platforms were also found to be utilized by car dealerships for the purpose of stimulating sales and create dealership brand awareness.

4.5. Additional findings on social media platforms’ usage. The findings further revealed that Facebook remains the most used social media tool by car dealerships to interact with target audiences followed by Twitter and WhatsApp, respectively. The study revealed that Youtube was the least used social media tool used to share information with customers. It was also discovered that a media cost and changes in target audiences’ media usage preferences were the main factors that led to shift to internet communication channels as a preferred media platforms by car dealerships. Despite the cost benefits of using social media, the study revealed the challenge faced by car dealerships in using the social media regarding content management. Content on social media need to be properly managed considering its open nature. The findings uncovered that due to the interactive nature of the social media and being an open communication the dealership should be careful of negative publicity. Dissatisfied customers can share negative information to colleagues through social media about the dealership or dealership’s services which might impact negatively on the dealership’s reputation and image. The current study further uncovered that dealerships engage in short message service (SMS) campaigns where existing customers’ contact cellphone numbers are used to send new product launch information and service repair messages.

5. Discussions
The findings were in line with the findings by Caluschi (2013) that the adoption of the new technological communication trends are visible in the motor industry, since this industry is extremely dynamic and represents the trendsetter in adopting new technologies to create new communication channels. The findings of the study were also in line with Schultz and Patti (2009) that marketing managers are seeking ways to incorporate new technologies such as social media channels which include Facebook and Youtube into their integrated marketing communications (IMC) strategies, new tools essentially offer consumers new ways to communicate with each other, and, increasingly present them ways to talk back to the marketers who are trying to influence their purchases. The findings of this study concur with the findings by Chang, Park and Chaiai (2010) that the use of social media platforms can be used to improve customer relations with organizations.

6. Contributions of the study
In examining the secondary research available, it appears that the current topic is not comprehensively covered in the South African context. Little research has been carried out in South Africa exploring online social media tools in the car retail sector. This study, therefore, benefits dealerships operating in the car retail sector within the motor vehicle industry by revealing how social media platforms can be utilized for marketing purposes. This study further contributes to South African car dealerships by highlighting the
shift of media usage trends by customers and the importance of using online social media and approaches that will help to increase the reach of dealerships’ marketing communication messages to target customers.

Conclusions
This study aimed to establish an understanding of online social media tools used by car dealerships in their marketing communication strategies and campaigns. The findings of this study revealed that the dealerships are moving away from traditional media types, namely print (newspapers and magazines), radio, and television, towards the internet. This media usage trend can be attributed to cost considerations, the car dealerships’ available marketing communication budget, and changes in customer media usage where customers tend to use the internet to search for information. This study further uncovered that customers tend to use social media platforms for sharing information with other social media users about their experiences with organizations, organizational products or services, and organizations’ brands. This study discovered that it is somehow difficult to manage the content on social media platforms considering its open nature of these platforms. This open nature of social media can allow customers to make negative comments about organizations and services which may impact negatively on organizations’ brand image.

Recommendations
It is recommended that social media platforms be used by dealerships to share information with target audiences regarding success stories or testimonials by customers in order to build the dealerships’ brand awareness and cultivate an appropriate image in the minds of target audiences. Social media should be incorporated into dealerships’ marketing communication strategies and not be used as a stand-alone strategy. In planning and executing social media campaigns, dealerships should provide target audiences with an opt-out option to ensure that messages are directed to interested audiences only. When sending e-mails, dealerships could use questionnaires to establish if target audiences are willing to receive marketing communication through social media platforms; this will minimize the possibility of direct marketing communication campaigns to less interested audiences.

Limitations and directions for future research
Because the researcher used a purposive sampling method, the findings of this study cannot be generalized to the larger population. However, the research objective was not to be representative, but to explore the marketing communication practices of the selected dealerships, and allow other researchers to transfer the findings. Furthermore, the study was confined to car dealerships operating within Gauteng province. Application of this study to motor vehicle manufacturers may yield different results, which could be of benefit to the motor vehicle industry. Because the study was confined to Gauteng province, the views of people outside the selected participants were not represented. Future research could aim to identify more participants in other provinces of South Africa.

References


