



A RESEARCH PAPER ON IMPACT OF SOCIAL MEDIA ON SALES PROMOTION – A CASE STUDY ON INDIAN AUTOMOBILE INDUSTRY

Prof. V S Chauhan

Acharya Bangalore B School, Bangalore.

Abstract

Social media has a significant impact on the sales and sales promotion of an automobile. Social media does not completely influence purchase behaviour but plays a crucial role as catalyst and help consumer in their decision making process. Social media has already gained momentum with all the technological changes. The firms have acknowledged it as inexpensive promotional tools. Blogs provide an on line interaction between consumer who use the same product and this way they exchange information and opinions about the products. Social media assists automobile firms to understand consumer's perception about their products and find room for improvement to satisfy the consumers better. In totality social media has emerged as an economical and effective tool to reach out to potential consumers and serve existing consumers better to retain them and create a loyal consumer base.

Key words: *Social Media, Sales Promotion, W-O-M, Influencers.*

INTRODUCTION

Marketing is about identifying and meeting human and social needs. Marketing is a very important aspect in business since it contributes greatly to the success of the organization. Since the goal of marketing is to make the product or service widely known and recognized to the market, marketers must be creative in their marketing activities. In this competitive nature of many businesses, getting the product noticed is not that easy. Marketing promotes product awareness, helps boost product sales, builds company reputation.

Social Media refers to the means of interactions among people in which they create, share, and exchange information and ideas in virtual communities and networks. Andreas Kaplan and Michael Haenlein define in their paper titled '*The challenges and opportunities of social media (2010)*' define social media as "a group of Internet-based applications that build on the ideological and technological foundations of Web 2.0 and that allow the creation and exchange user generated content. Furthermore, social media depend on mobile and web-based technologies to create highly interactive platforms via which individuals and communities share, cocreate, discuss, and modify user-generated content.

CLASSIFICATION OF SOCIAL MEDIA

Social media technologies take on many different forms including magazines, Internet Forums, weblogs, social blogs, micro blogging, wikis, social networks, podcasts, photographs or pictures, video, rating and social bookmarking. Apart from using social media as a medium for interaction, marketers have realized the potential of this as a means to market their products and get feedback on customer experiences. Customers' experiences, product reviews, comments in forums or blogs and other forms of customer online voice are considered as credible by other consumers (Elliott, 2002; Bates et al., 2006).

SOCIAL MEDIA AND SALES PROMOTION

Social media marketing refers to the process of gaining traffic or attention through social media sites. Social media marketing programs usually centre on efforts to create content that attracts attention and encourages readers to share it with their social networks. This form of marketing is driven by word-of-mouth, meaning it results in earned media rather than paid media.

Marketers use various tools to promote their products, including advertising, direct marketing, Internet or interactive marketing, sales promotion, personal selling, and publicity or public relations (Belch & Belch, 2007). With the advent of advanced technology and the subsequent emergence of Web 2.0 (second generation of Internet-based applications), there is an increased potential for social marketers to use the Internet for promotion.

Social media is a great way for business to interact with their customers and promote sales. Some of the ways companies to increase sales through social media are - Offer a special promotion, Create custom landing Page, Create conversation around products, Personalize the message and Contests. It's important to cultivate social media promotion strategy and tie it to a bigger marketing campaign at large.



SOCIAL NETWORK ANALYSIS

Social Network Analysis (SNA) is the methodical analysis of social networks. Social network analysis views social relationships in terms of network theory, consisting of *nodes* (representing individual actors within the network) and *ties* (which represent relationships between the individuals, such as friendship, kinship, organizational position. These networks are often depicted in a social network diagram, where nodes are represented as points and ties are represented as lines.

REVIEW OF LITERATURE

The review was divided into 4 parts consisting of Social Media, Sales Promotion, Word Of Mouth (WOM), Influencers.

- **McKinsey, 2007; Hitwise 2007, Forrester, 2007**, in their study stated that Despite the novelty of the issue and the lack of reliable measurements it is obvious that the Web 2.0 has already attracted a good deal of attention among marketers who seem willing to invest in social media applications and integrate them into their strategic marketing arsenal.
- According to the **Social Network Practitioner Consensus Survey of May 2007** more than 50% of professional's are- using social networks and an increasing number of corporations are already experimenting with social media as part of their organizational structure and marketing strategy.
- In the views of **Karaganis 2007; Bruns2008**, 'Speaking up' has become the dominant metaphor for participation in online spaces such as blogs, wikis, news sites and discussion lists.
- According to the **E-Commerce Times (2008)** social media play already a "big role in B2B marketing, driving traffic, building thought leadership and facilitating word of mouth referrals
- In the works of **Cothrel, 2000; Kozinets, 1999; Hoffman & Novak, 1996** it was found that, Consumption-related online communities essentially represent WOM networks, where individuals with an interest in a product category interact for information such as purchase advice, to affiliate with other like- minded individuals, or to participate in complaint or compliment interactions .

RESEARCH DESIGN

The study is both exploratory and descriptive in nature as it is concerned with describing, exploring and providing fresh insights.

STATEMENT OF PROBLEM

To find the influences of people and organizations who use social media to avail information about sales promotion techniques and activities in the automobile sector.

SCOPE OF THE STUDY

The study aims at covering the various types of social media's and its impact on sales promotion and how this would affect individuals and organization in their buying decisions.

OBJECTIVES OF THE STUDY

1. To find the influences of people using social media.
2. To study the impact on the sales promotion in the automobile sector.
3. To analyze and compare the influences within a social media community.

SOURCE OF DATA

The secondary source was considered which primarily included the various Blogs of different companies in the automobile industry and data from other social networks and also online forums started by individuals.

SAMPLING

The sample had been derived from the online forum gearheads.com with about 151 posts in a particular thread consisting of individual automobile enthusiasts.

LIMITATIONS OF THE STUDY

The time was a constraint to conduct an in-depth study. 2. It was difficult to identify the influencers with over so many posts. It was difficult to identify if the post was updated by the companies or individuals as the authenticity of members is not known.



The Indian automobile industry is divided into the following segments mainly

- Passenger vehicles consisting of cars and buses.
- Commercial vehicles consisting of the light commercial vehicles, Multi Utility vehicles, Sports Utility vehicles, Heavy Commercial vehicles.
- Three wheelers consisting of Rickshaws, Trolleys, Delivery Vans.
- Two wheelers.
- Besides these four segments there is also a growing segment within the electrical car area in India. Electrical cars are both economical, efficient and environment friendly.

Key Indian companies in the automobile industry

Company Name	Products Manufactured	Manufacturing Location	Total Group Turnover(USD)
TATA Motors	Cars, Commercial vehicles	Pune, Jamshedpur, Ahmedabad	27.6 Billion
Maruthi Udyog	Cars	Gurgaon	7.5 Billion
M & M	Cars, Commercial vehicles	Nasik, Zahirabad, Chennai	7.4 Billion
Hero Moto cop	Motorcycles	Gurgaon	3.9 Billion
Bajaj Auto	Motorcycles	Pune, Pantnagar, Aurangabad	3.39 Billion
Ashok Leyland	Commercial Vehicles	Hosur, Pantnagar, Alwar, Chennai	2.5 Billion

Source:<http://www.ibef.org/industry/india-automobiles.aspx>

The Indian automotive industry has emerged as a 'sunrise sector' in the Indian economy. India is emerging as one of the world's fastest growing passenger car markets and second largest two wheeler manufacturer. It is also home for the largest motor cycle manufacturer and fifth largest commercial vehicle manufacturer.

India is emerging as an export hub for sports utility vehicles (SUVs). The global automobile majors are looking to leverage India's cost-competitive manufacturing practices and are assessing opportunities to export SUVs to Europe, South Africa and Southeast Asia. India can emerge as a supply hub to feed the world demand for SUVs.

India also has the largest base to export compact cars to Europe. Moreover, hybrid and electronic vehicles are new developments on the automobile canvas and India is one of the key markets for them. Global and Indian manufacturers are focussing their efforts to develop innovative products, technologies and supply chains.

The automotive plants of global automakers in India rank among the top across the world in terms of their productivity and quality. Top auto multinational companies (MNCs) like Hyundai, Toyota and Suzuki rank their Indian production facilities right on top of their global pecking order.

SWOT Analysis of the Indian automobile industry

The following is a SWOT analysis of the Indian automobile industry for both the two and four wheelers.

STRENGTHS

- Investments by foreign car manufacturers.
- Increase in the export volumes
- Low cost and cheap labour.
- Increase in the working and middle class income.
- Increasing demand for European quality.
- Expert skills in producing small cars which is eco friendly.
- Large pool of skilled engineers.

WEAKNESSES

- Low quality compared to other automotive countries like Germany and Japan.



- Low labour productivity.
- Production cost is generally higher than some other Asian countries such as China.
- Low investment in R&D area.

OPPORTUNITIES

- Growing population in the country.
- Focus from the government in improving the road infrastructure.
- Rising standard of living.
- Increase in income level
- Rising rural demand.
- Women users have increased.

THREATS

- Lack of technologies for Indian companies.
- Imports of two wheelers from the Chinese market in India.
- Smaller players that do not fulfil international standards.

DATA COLLECTION

The data for the research was collected by observing an online forum called gearheads.com which is an online forum started by individual automobile enthusiast. It is an online forum where individuals speak out their opinion and communicate with each other their experiences on using and owning an automobile. The forum only talks about automobiles mostly four wheelers.

The online forum has various communities and the data for the research was collected by observing many threads in each community mainly <http://gearheads.in/showthread.php?12100-The-Red-Cheetah-comes-home-!-My-Red-XUV-Ownership-Report/page5> and [http://gearheads.in/showthread.php?7808-XUV-500-\(000ohhh\)-the-Silver-streak/page2](http://gearheads.in/showthread.php?7808-XUV-500-(000ohhh)-the-Silver-streak/page2).

There were about 151 posts collected from each thread involving 30 automobile enthusiasts who have been interacting on a continuous basis from August 2013 to March 2014, the thread thus came to an end in the year 2014 and was active for about two years.

DATA ANALYSIS

The data collected by observing the thread is depicted in a simple tabulated form which shows the names of the members as well as their degree of centrality:

Nitinralli	41	28	13	858.000
Ironhide	2	0	2	0.000
Mclaren 1885	1	0	1	0.000
Lazybrain	2	1	1	0.000
Camchennai	4	3	1	1.000
KRRaj	1	0	1	0.000
Gonugupta	1	0	1	0.000
Godfather	1	0	1	0.000
Drsachdent	3	1	2	0.000
Pradeep	2	0	2	0.000
NFSpoet	4	2	2	1.000
Cbzraja	1	0	1	0.000
Dinesh Sachdev	1	0	1	0.000
Speed79	2	1	1	0.000
V_power	2	1	1	0.000
Xx carmozome	1	0	1	0.000
Sundar	1	0	1	0.000
Jack sparrow	2	0	2	0.000
Kairalee	1	0	1	0.000
Xuvlover	1	0	1	0.000
7xkaushal	2	1	1	0.000

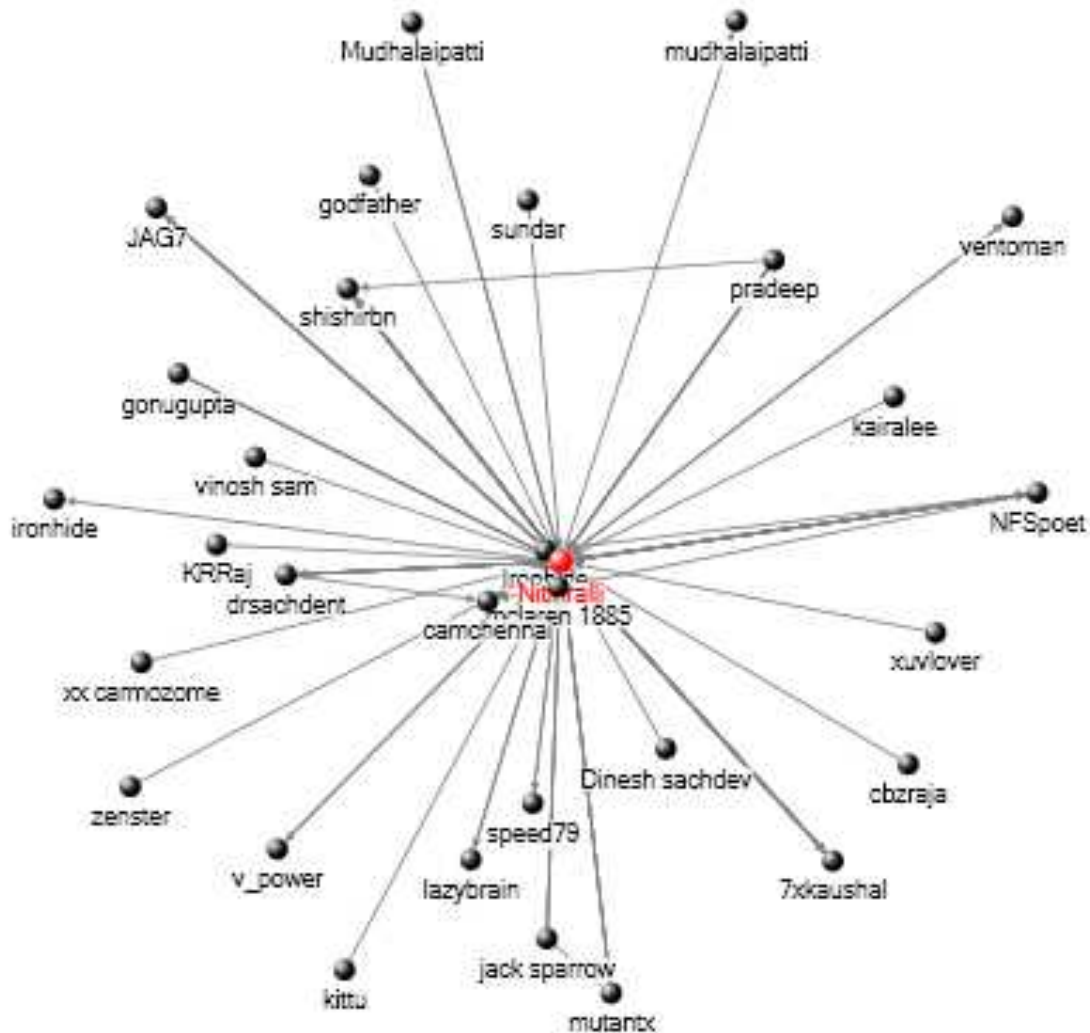


Mutantx	3	2	1	0.000
Kittu	1	0	1	0.000
Zenster	1	0	1	0.000
Ironhead	1	1	0	0.000
JAG7	2	1	1	0.000
Mudhalaipatti	3	1	2	0.000
Ventoman	2	1	1	0.000

Tabulated data from the various posts

NETWORK DIAGRAM

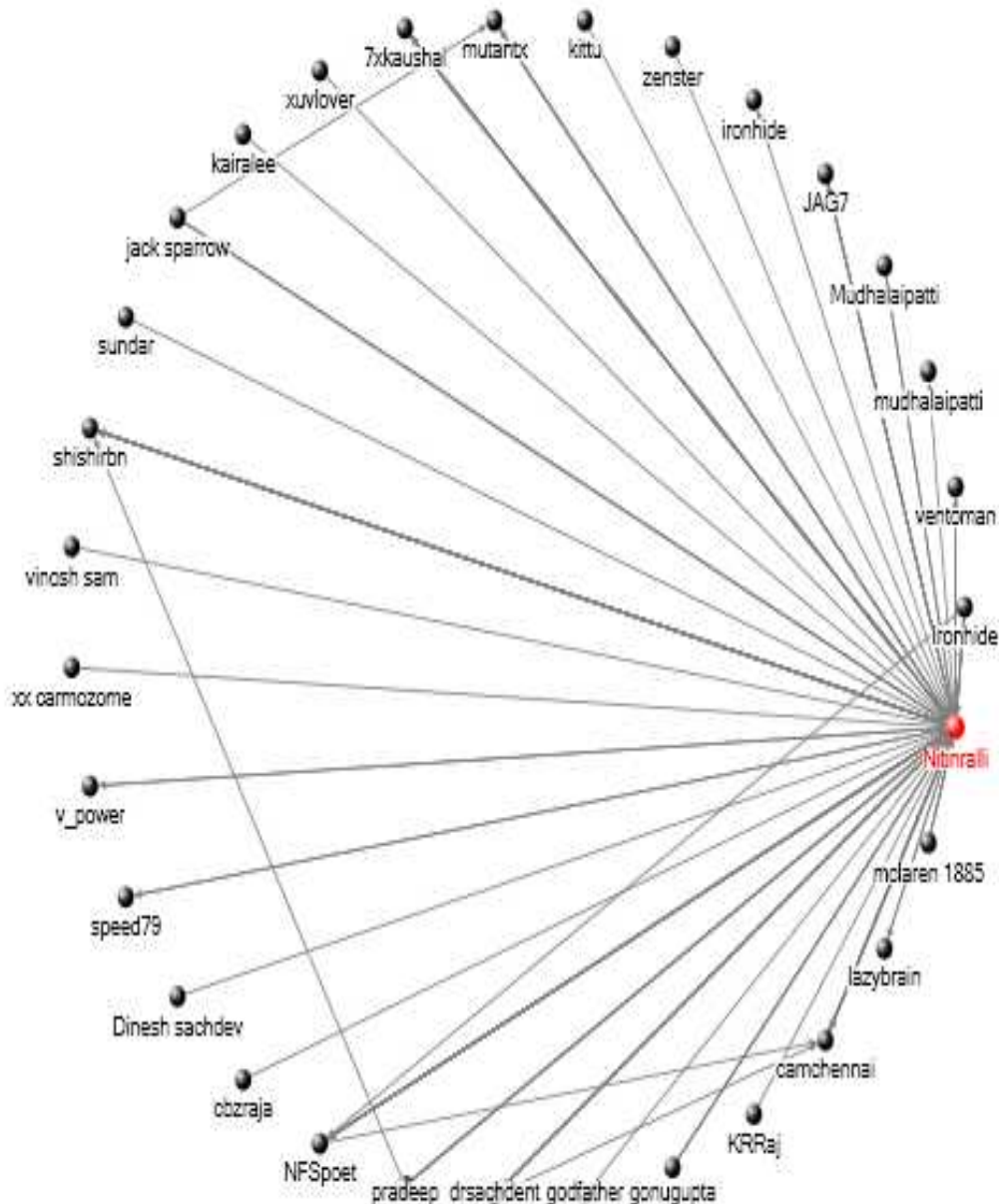
The data can be represented both in the form of star and circular diagram, both represent the interaction among the members of the thread. From the diagram it is very evident that there is an individual who have interacted the most hence he is the influencer, he is also the most reliable individual as other members rely on him for advice. It also represents the interaction among other members of the thread.



Star network diagram showing interaction among the members



The data can also be represented in the following network



Circular network diagram showing interaction among the members

Interpretation

From the data collected and analyzed it can be inferred that social media does have a significant impact on the sales and sales promotion. The inference can be divided into sub parts which substantiates the analysis.

SALES

In the thread observed it is evident that social media does help in the increase of sales as one of the members who was active on the thread read through the various comments of a person and purchased the same automobile. The following is the post updated by I.V.Ramanan after his purchase “Thanks Nitinralli ! I've been continuously reading all through your feedback & comments from day one on XUV, your ICE thread (First XUV to be ICE'ed) & your latest thread on wheel upgrade query, and this helped me purchase my car”.



SALES PROMOTION

The thread also helped to inference that sales promotion is also possible through social media as it spread awareness about the various sales promotion schemes provided by a company. The thread also helped members to know the sales promotion schemes of Mahindra & Mahindra through the posts updated by the members of the thread. The post also talks about the various processes quoted by M&M for the accessories the following is a post by a member of the thread:

Sl. No	Product Feature	Market Rate (Rs)
1	Sun control Film(side & Rear)	6780
2	Sun control Film(Front)	7750
3	Floor Matting Transparent	2500
4	Reverse Parking system	5500

PRODUCT DEVELOPMENT

The thread also had posts where members have spoken about the changes M&M can incorporate in their cars in the future. One such post is as follows:

“Thanks guys. It sure looks awesome. Mahindra did a good job in producing a car like this; however they still need to go a long way to come to international standards. I have been facing few issues related to these hence the comment. Otherwise, engine is super slick. I mean it literally has no noise like other diesel cars. I have 3 diesels cars and I know how they sound, but XUV is super duper silent, inside and outside”

MAJOR RESEARCH FINDINGS

From the research conducted following are the findings derived from it:

1. Social media is an economical promotional tool that is used by companies to attract potential consumers. Social media helps consumers to know about any new product launched by the companies through their official websites and blogs started by individuals.
2. It is evident that viral Word Of Mouth is much more effective in influencing the purchase behaviour of individuals. Potential consumers in recent times have started to rely more on individuals who they do not know personally, they share only a virtual relationship.
3. Social media is also an inexpensive way of reaching out to the potential consumers and spread awareness about the various schemes introduced by the business organization. Social media is gaining more importance and marketers have started to see social media as an important tool to reach out to their potential consumers.
4. Companies are also looking at blogs and forums as a means of improving their product features and services to serve consumer needs better. Social media is also a way through which companies get to know about the products of their competitors by observing their blogs.
5. There is a stronger tie among members in an online community. Social media helps companies to identify consumers who in their blog may give innovative ideas to improve the features of existing products or ideas to come up with new products.

RECOMMENDATIONS

1. Companies must concentrate more on starting their own blog as many blogs and online forums are initiated by individuals.
2. Automobile companies can create their own page in social networking sites like Facebook, as it has a larger consumer base than other social network sites.
3. Companies must concentrate more on satisfying those loyal consumers by identifying the influencers in the blogs so that there is positive word of mouth.
4. Companies can also pose as consumers and write on individual's blog to instigate the consumers to give their honest opinion.
5. Companies can also encourage consumers to suggest any better features to the existing products in their blogs.

SCOPE FOR FURTHER STUDY

There is a scope of further study as following the dot.com boom of the 90s and the high-tech debacle at the beginning of the 20th century, the Internet - already counting today around 1.5 billion users worldwide - is by and large perceived by most academics and businesses today as a mainstream business platform and integral part of the commercial and - increasingly -



of the social landscape. While identifying the influencers there is a scope to even study the authenticity of the members in the on line community.

The following table given in the global study substantiates the scope of further study on the same topic:

Sl. NO.	Brand	Change	Fans
1	 BMW	256 216	13 084 218
2	 Ferrari	287 460	11 124 682
3	 Mercedes-Benz	217 055	9 925 755
4	 Audi USA	142 646	6 633 426
6	 Porsche	141 269	5 330 557
7	 Lamborghini	166 272	5 111 756
8	 Ford Mustang	79 422	4 965 582
9	 Harley-Davidson	50 412	4 539 188
10	Tata Nano	340 449	3 491 491

Furthermore a research can even be conducted on the impact of social media on various other sectors like Education, Hospitably, Tourism, and Entertainment etc as social media is seen by many marketers as the next gold rush.

CONCLUSION

From the research conducted it can be concluded that social media does have a significant impact on the sales and sales promotion of an automobile. This can be substantiated with the posts that have been already mentioned in the data interpretation. Social media does not completely influence purchase behaviour but plays a crucial part in helping consumer decide on what to purchase. It can also be concluded that social media is gaining momentum in the present with all the technological changes and companies have identified it as an inexpensive promotional tools.

Blogs provide an on line interaction between consumer who use the same product and this way they exchange information and opinions about the products. Social media also provides automobile companies to know the consumers perception about their products and find room for improvement to satisfy the consumers better.

In totality social media has emerged as an economical and effective tool to reach out to potential consumers and serve existing consumers better to retain them and create a loyal consumer base.

REFERENCES

1. Cothrel, J. P. (2000). *Measuring the Success of an Online Community. Strategy and Leadership*, February, 17–21.]
2. Forrester, 2007, *Marketing On Social Networking Sites* by Charlene Li, Josh Bernoff, Katheryn A.
3. Godes, David, Dina Mayzlin. (2004). *Using online conversations to study word-of-mouth communication. Marketing Science* 23(4) 545–560]
4. Karaganis, J., ed. (2007). *Structures of participation in digital culture*. New York: Social Science Research Culture.
5. McKinsey, (2007), *how business is using Web 2.0: A McKinsey global survey*, The McKinsey Quarterly.
6. Pinheiro, Carlos A.R. (2011). *Social Network Analysis in Telecommunications*. John Wiley & Sons. p. 4. ISBN 978-1-118-01094-5.

Websites

- http://en.wikipedia.org/wiki/social_marketing ,<http://socialmediatoday.com/node/448280> .
- <http://smallbiztrends.com/2010/07/the-5-types-of-influencers-on-the-web.html>.