

# THE RISE OF LOYALTY ADVOCACY & INFLUENCE

Social Media and  
the New Automotive  
Purchase Cycle



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# Introduction

The rise of social media has broad implications for retail businesses, especially the automotive sector. Consumers now have the ability to broadcast their opinions and recommendations to their networks via social media. To understand the effect of social media on dealers and manufacturers, DriverSide and Dealer.com™ partnered with GfK Automotive Research to study the impact of social media on the automotive shopping process. The organizations set out to answer the following questions:

**How are car shoppers using social media to research brands, models and dealerships at different stages of their shopping journey?**

**What is the impact of consumer-to-consumer recommendations on vehicle consideration and purchase decisions?**

**What prompts consumers to follow a dealership or manufacturer on Facebook or Twitter, and what responsibility does that entail for the business?**

**What is a new decision-making model that accurately reflects the car shopping process with social media?**

**What are the most successful social media strategies that appeal to consumers and maximize advocacy and loyalty?**

The organizations surveyed nearly 2,000 U.S.-based consumers who had recently purchased a new car, or who were planning to purchase one within 12 months and had started shopping. The findings from the survey reveal just how much consumers are influenced by the advice and advocacy of others via social media channels in making their purchase decisions.

The findings, along with other recent research undertaken by technology and business leaders, shed light on the importance of building loyalty and encouraging advocacy among consumers so they positively influence other car shoppers. The findings also formed the basis for a new model that accurately reflects the influence of social media throughout the purchase process. At the end of this report, we outline the Five Fundamentals, five concrete steps that both new car dealerships and manufacturers need to follow in order to leverage social media to maximize loyalty, advocacy and influence. ■

# Executive Summary

Dealer.com, DriverSide and GfK Automotive Research partnered to explore the impact of social media on the car buying process. The research surveyed approximately 2,000 consumers who had recently purchased a new vehicle or who were planning on purchasing a new vehicle within the next 12 months and had already started shopping.

Key objectives of the study were based on McKinsey & Company's *Consumer Decision Journey*, a new consumer buying process identified by consultant David Court and others that is cyclical and heavily influenced by the advocacy of other consumers. Using the *Consumer Decision Journey* as a guide, we studied how social media influences different stages of the auto shopping process and the impact of consumer advocacy and loyalty. The result is the *Automotive Purchase Cycle*, an emerging model for the automotive retail market that illustrates how loyalty drives advocacy and, via social media and networks, influences the decisions of other in-market car shoppers.

We found that a significant number of people are indeed using social media as a resource when shopping for a new vehicle. Information on social media networks is helping consumers determine which brands and models to consider and also which dealerships to consider purchasing from. This "consumer-to-consumer marketing" influences other in-market consumers. The advocacy of others is often more valuable to consumers than traditional marketing pushed from dealerships and manufacturers.

Furthermore, consumers who consider themselves loyal to a dealership or brand are more engaged social media users and are more likely to advocate on behalf of a dealership or manufacturer than are "non-loyalists." The result is that social media is a powerful tool that manufacturers and dealers should use to identify loyalists and maximize advocacy of loyalists.

## Statistics on Social Media Use

Eighty-four percent of U.S. vehicle shoppers use Facebook. Twenty-seven percent of them have used or will use Facebook as a resource while shopping for their new vehicle. When this data is extrapolated across the 9.1 million vehicles sold in the U.S. last year, it equates to 2.4 million vehicles whose sales were influenced by social media networks. And 2.4 million is the same as the combined number of 2010 new retail Ford and Toyota sales in the U.S., which demonstrates the breadth of opportunity Facebook presents to automotive dealers and manufacturers.

Thirty-eight percent of new vehicle buyers will use social media to research their next vehicle purchase.



**27%** of car shoppers who use Facebook have used or will use it as a resource while shopping for their new vehicle.

*Of those who used social media while shopping:*

**41%** said they saw a post that caused them to add a brand or model to their consideration.

Engagement on social media channels after the purchase is impressive. Approximately one out of every four buyers is using social media to communicate the purchase experience. Among those who used social media in the new vehicle process, fifty-eight percent of purchasers posted a comment or status update on Facebook about their new vehicle and 24% “liked” the brand. Thirty-four percent posted a comment about the dealership they purchased from and 24% “liked” the dealership on Facebook. Thirty-three percent tweeted about their new vehicle and 28% tweeted about their dealership.

The influence of social media on others is also significant and signals the importance of advocacy between consumers as a powerful force. Of those who used social media while shopping, 41% said they saw a post that caused them to add a brand or model to their consideration. Six percent said they saw a post that caused them to remove a brand or model from consideration. The same positive effect is observed for dealerships. Twenty-eight percent saw a post that caused them to add a dealership to their consideration, and 3% saw something that caused them to remove a dealership from consideration.

Reading social media posts from friends and family members can sway consumers both positively and negatively. Of those who used Facebook during their shopping process, 65% said a friend’s favorable post would positively impact their opinion of a brand or vehicle. Fifty-nine percent said a friend’s critical post would negatively impact their opinion of a brand or vehicle.

## Social Media and Loyalty

Social media use and engagement among consumers who consider themselves loyal to at least one dealer or manufacturer is higher than among those who have no loyalty. As stated above, approximately one out of four, or 23%, of car buyers used social media to communicate their new vehicle purchase to their network. Among those loyal to a brand, that number jumps to 33%. Among those loyal to a dealership, that number increases again, to 37%.

Of those who were loyal to a brand, 72% said they were very likely to recommend the brand they were loyal to. Among those loyal to a dealership, 77% said they were likely to recommend the dealership. For those not loyal to either a brand or dealership, those likely to recommend a brand or dealership fell to 67%. That is, those consumers who exhibit some degree of loyalty are more likely to advocate on behalf of the dealership or brand they are loyal to.

This study revealed four critical points. First, dealerships and manufacturers need to recognize that the purchase process for consumers now includes social media. It’s a new force that is expected to get stronger. No matter what purchase model is used to guide the marketing mix, social media needs to be an integral part of it.

Second, dealers and manufacturers need to use social media to help buyers become loyalists. Any chance of establishing loyalty starts with a positive, transparent buying experience that fosters trust. Once consumers feel a sense of trust, they are more likely to bond and feel a sense of loyalty. Loyalty then leads to advocating for a brand or dealership, thus influencing others who are in the market for a new vehicle, while minimizing brand and dealership defection. In short, we believe social media is the tool manufacturers and dealers should use to create and maintain a loyal base of customers.

Third, for dealerships and manufacturers in a world with social media, the new critical moment is the moment after the purchase, when consumers are “bonding with” their new vehicle and highly likely to tout their purchase experience or their new vehicle on social media channels. Dealers and manufacturers need to foster relationships with customers that make them more likely to want to engage and advocate for the brand and dealership after they drive their new car off the lot.

Finally, manufacturers and dealers need to deliver a consistent online and offline experience. Consumers want information that is of value to them in exchange for their engagement and loyalty via social media. The most valuable information saves them money: exclusive offers and savings, information on lowering cost of ownership, etc. Dealers should offer these opportunities in exchange for the customers’ support and follow through by providing an excellent in-dealership experience every time they come into the store. ■

## CHAPTER 1

# The Past, Present and Future of the Automotive Purchase Process

Before the advent of social media, networks, blogs and other consumer-driven media, marketing was primarily an exercise in obtaining mass impressions and winning over consumers through targeted, one-way communications from manufacturers and dealers. The role of manufacturers was to spend the bulk of their advertising budgets on increasing awareness of their brands and models through broadcast and print advertising.

**People are influenced more by the opinions of family and friends than by marketing messages.**

In recent years, websites and digital and search marketing have been added to the mix. Increasing brand awareness effectively is thought to maximize the chances of being part of the consumer's consideration set at the beginning of the shopping process.

As consumers progress through their shopping process, the role of the dealership becomes more important in driving the consumer to a purchase decision. Dealerships influence customers through advertising, e-mail and phone outreach as well as face-to-face at the dealership. Both manufacturers and dealers rely on point-of-purchase promotions to close the sale, including pricing incentives, test drives and tried-and-true in-dealership selling.

Historically, very little effort has been expended on maintaining a relationship with customers after they purchase the vehicle. With the advent of social media, however, the need to invest in facilitating a meaningful relationship with customers after they have purchased is much more critical. Consumers now have the ability to share their experiences in the form of both advocacy and criticism with their social networks. According to Facebook, the average number of "friends" in a person's network is 170. People are influenced more by the opinions of their family and friends than they are by other marketing messages. This shift means that manufacturers' and dealerships' job of encouraging advocacy and positive influence is just getting started when consumers drive their new vehicle off the lot.

## The New Automotive Purchase Cycle

A new model that accurately illustrates how consumers are shopping for cars today is called the *Automotive Purchase Cycle* and is based on McKinsey & Company's *Consumer Decision Journey*, identified by consultant David Court and others. As the name implies, the new process is cyclical and heavily influenced by the advocacy of other consumers.

The experiences consumers have with a product or service after they have purchased it continue to shape their opinions. These opinions are likely to be shared with friends, family and even strangers via social media, significantly influencing the purchase decisions of others. This “consumer-driven marketing,” in contrast to manufacturer- and dealership-driven marketing, is occurring today in blogs, social media and online consumer reviews.

The four stages of the new Automotive Purchase Cycle are Consider, Evaluate, Purchase and, the most important, Interact, which is the stage occurring entirely after the purchase of the vehicle.

### Consider

In the new cycle, consumers begin at the Consider stage, where they start to examine their initial set of options. It remains very important for manufacturers and dealers to build brand awareness at this stage because the process is fluid; consumers today are bombarded with marketing messages and choices, and their initial consideration set can actually grow as they progress through the process.

If a brand isn't part of the initial consideration set during Consider, there is still a chance it will be picked up later. However, brand options at the Consider stage are still as much as three times more likely to be purchased than brands that aren't (*Harvard Business Review*, “Branding in the Digital Age,” December 2010). This means that although brands still have opportunities to break into a consumer's set of options later in the process, it's optimal to be in the initial consideration set.

### Evaluate

During the Evaluate stage, consumers conduct their research using traditional and online sources, phone calls and in-dealership visits to “pull” information to aid in their decision process. According to McKinsey, touch points, or information sources, during the Evaluate stage are increasingly coming from other consumers, and less often from manufacturers and dealerships. Consumers are highly influenced by friends and family; research shows that 45% of consumers ask friends or family for recommendations (IBM Global Business Services, “From Social Media to Social CRM: Reinventing the Customer Relationship”).

McKinsey & Company found that automobile shoppers initially consider an average of 3.8 brands and add 2.2 brands during the Evaluate stage (*McKinsey Quarterly*, “The Consumer Decision Journey”). Manufacturers whose brands



**45%** of consumers ask friends or family for recommendations.



*Of those who recently purchased a new car, or who were planning to buy shortly and had already visited a dealership,*



*said their direct interaction with a dealership was or would be very influential in their final purchase decision.*

are initially being considered need to stay vigilant because new competition can surface later in the process.

As consumers get closer to making a purchase decision, visiting the dealership and interacting with the sales staff and the vehicle itself become critical touch points. Of those who recently purchased a new car, or who were planning to buy shortly and had already visited a dealership, 76% said their direct interaction with a dealership was or would be very influential in their final purchase decision. This shows the importance of the in-dealership experience.

## Purchase

Today, the purchase experience is critical in determining the likelihood of a post-purchase relationship between the consumer and the dealership and/or manufacturer. If it's a positive experience, consumers will be more open to continuing engagement and more likely to feel some degree of loyalty to a brand or a dealership. If the experience is negative, the possibility of creating a loyal customer will be significantly diminished. The consumer's perceptions during this stage lay the groundwork for the newest and most critical stage: Interact.

## Interact

Once consumers have made a purchase decision, a powerful secondary cycle referred to as the *loyalty loop* develops. Consumers who enjoy their product and purchase experience may go on to advocate on behalf of that brand. Some may bond with it, increasing the likelihood that at the time of repurchase, they may return to that brand without considering any others (figure 1). More importantly, loyalists can also become advocates, endorsing a dealer or manufacturer on blogs, customer reviews and social media sites, and positively influencing others who are looking to purchase. This consumer-to-consumer advocacy greatly increases the likelihood that new brands will be added to the initial consideration set of others and is a strong influencer in the ultimate purchase decision.

### Positive Brand Dealer Interaction

**Creates a brand loyalty loop, potentially eliminating consideration of other brands at the time of repurchase.**

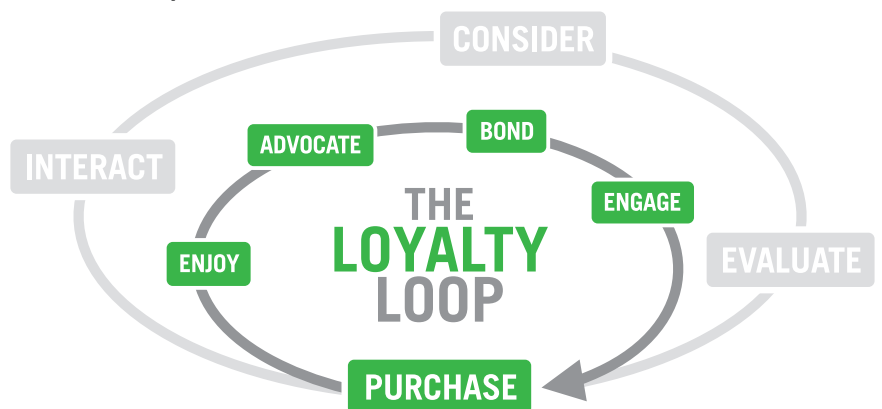


FIG. 1

Conversely, consumers who have a bad or even mediocre experience are likely to avoid the product in the future and start all over again at the Consider stage the next time they are in the market for a new car. Additionally, those with negative experiences can negatively influence others who are looking to buy. Thus, the flip side of consumer-driven marketing is that instead of advocating for a dealer or manufacturer, unhappy consumers can actively disparage the product to their social networks, creating a compounding negative effect by discouraging others from buying.

### Negative Brand Interaction

Consumers outside the loyalty loop may potentially disparage the brand (negatively affecting additional prospects), reconsider and evaluate other brands, creating a double negative impact.

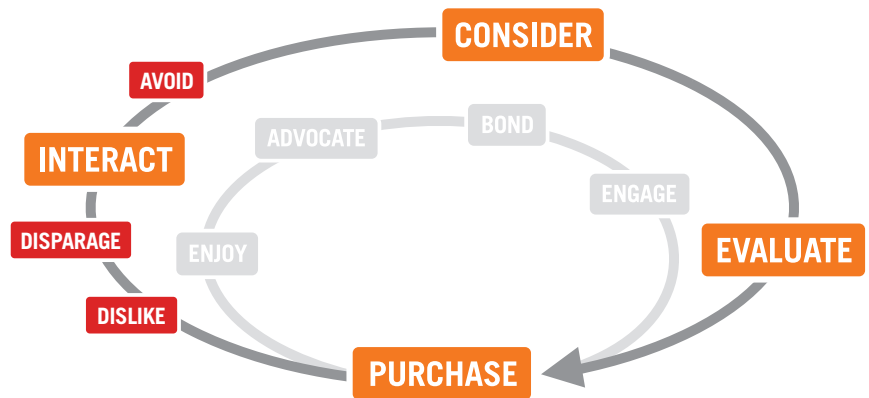


FIG. 2

In the last decade, social media has grown to such dimensions that it has had a dramatic impact on how consumers and brands interact. Initially viewed as a means for people to share photos and anecdotes from their personal lives, social media has evolved to be a forum for people’s perceptions and opinions of just about everything in their lives, including what they buy and where they buy it. We examine this evolution and its impacts in the following section.

**Social media has evolved to be a forum for people’s perceptions and opinions of just about everything in their lives.**

## The Rise of Social Media and Two-Way Marketing

Social media and customer-generated reviews and ratings have shifted the source of information away from one-way, primarily business-to-consumer marketing. Now, information comes from two-way communications in which people have the power to post and publish content.

**If Facebook were a country, it would be the third largest in the world.**

More and more, consumers are turning to each other for input: Where should I go on vacation? What restaurant should I eat at? And now, Which brand and model of car should I buy, and where should I buy it?

The growth in the adoption and use of social media on a global scale is significant. Worldwide, 800 million people are now using Facebook. To put this in perspective, if Facebook were a country, it would be the third largest in the world, trailing only China and India (Population Reference Bureau, prb.org).

Fifty-nine percent of adults are what Forrester Research calls “Joiners”—people who maintain profiles or visit social networking sites. Among Generation Y, this number jumps to 80% (Forrester Research, “2011 Social Media Predictions: Now Social Media Marketing Gets Tough”). Similarly, 80% of online consumers maintain at least one profile on a social networking site (IBM Global Business Services, “From Social Media to Social CRM: Reinventing the Customer Relationship”). The sheer volume of people embracing social media and the accessibility of their opinions and experiences has put word of mouth “on steroids.”

Not only are people joining social media outlets, but the amount of time they spend on these sites is increasing. According to Nielsen, users spent more than six hours on Facebook during the month of May 2011, more than on Yahoo!, MSN and even YouTube. Mobile and handheld devices are further amplifying

social media interaction. With this level of engagement, it is clear that Facebook has major gravitational pull.

There are many factors fueling this growth, in both the number of outlets and the size of the audience, but it’s clear that people’s views on social media are evolving. Originally using social media to communicate only with friends and family, consumers are now increasingly adding products and companies to their social networks, including those in the automotive sector.

### Top 5 Web Brands for May 2011 (U.S.: Home and Work)

BRAND	UNIQUE AUDIENCE (000)	TIME/PERSON
1. Google	155,007	1:20:25
2. Facebook	140,336	6:20:55
3. Yahoo!	133,966	2:08:26
4. MSN/Windows Live/Bing	117,853	1:20:34
5. YouTube	109,003	1:23:31

Source: The Nielsen Company. Read as: During May 2011, 155 million unique U.S. people visited Google using PC/laptops from home and work locations

**FIG. 3**

## The Role of Businesses in Social Media

People participate in social media because they want to interact with people they like, primarily family and friends. Once there, people become more and more open to receiving information from businesses via social channels in the form of “liking” or following a business, or in passively researching businesses’ social media properties.

As people join social media outlets and become accustomed to seeing recommendations from their networks – for anything from restaurants to books – their desire grows for content that can aid them in a purchase decision. As more businesses establish a social media presence, people become more accustomed to it and recognize the value of this new information channel.

Looking to non-automotive verticals, consumers are increasingly turning to social media for business information. According to Compete’s quarterly Online Shopper Intelligence Study, online consumers are now using retailers’ Facebook pages as a type of online circular to engage with brands online (figure 4). According to the report, one-quarter of consumers now visit the official Facebook page of a retailer or consumer product at least once a month, and 56% of these respondents use retailers’ Facebook pages to keep up-to-date on sales and promotions.

### Consumer Reasons for Visiting a Retailer Facebook Page



Source: Compete Online Shopper Intelligence, Q1 2011 (compiled from a survey of 3,269 online purchasers between April 14 and May 5, 2011)

**FIG. 4**

These trends indicate that as consumers get more comfortable interacting with businesses on Facebook, the need to provide better automotive-related content increases.

But how does all this translate to the automotive shopper?

## CHAPTER 2

# Social Media, Pull Marketing & Customer Loyalty

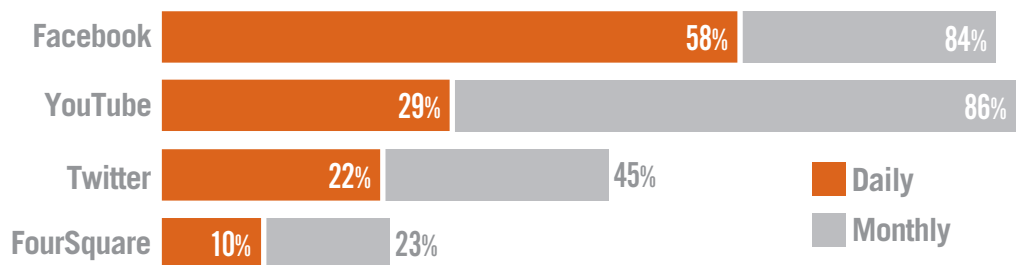
## Surveying the Role of Social Media in the Automotive Shopping Process

At its core, social media is based on friends and family connecting and sharing their personal experiences and opinions. We set out to understand what impact, if any, social media use has on car purchasing. We surveyed nearly 2,000 car shoppers and recent car purchasers, asking what resources they used while shopping and what level of influence these resources had on their decisions.

### Social Media Use

Social media use is significant; 84% of respondents visit Facebook, and more than 58% visit it on a daily basis. YouTube use is also high; 86% of respondents visit it, but daily use is lower, at 29%. Twitter has a 45% visitation rate, and 22% of respondents use it at least daily. Finally, location-based FourSquare has 23% of respondents citing general use and 10% using it to check in at least daily.

### Frequency of Visits

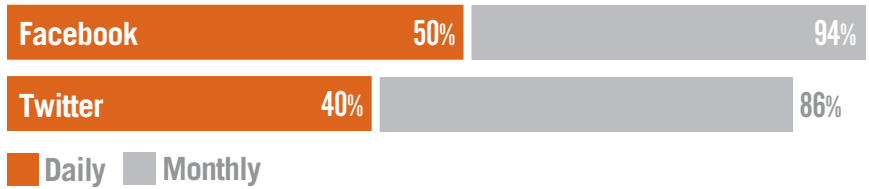


How frequently do you visit each of the following regardless of whether it is with a computer, laptop, mobile phone or tablet? Base=Total respondents (n=1,967)

FIG. 5

Taking a deeper look, social media users show significant engagement. When asked about their frequency of posting content, tweeting and/or checking in, 50% reported posting content at least daily on Facebook, and 40% reported tweeting on Twitter daily (figure 6).

## Frequency of Posting Content

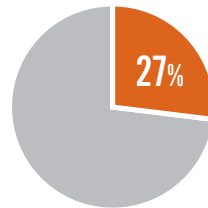


How frequently do you post content, write an online review and/or check in for each of the online services you use? Base=Respondents who visit Facebook (n=1,645)

FIG. 6

## The Growing Impact of Social Media on the Automotive Buying Process

Our study revealed a growing trend of car shoppers and recent purchasers using social media as a resource during the shopping process. Most importantly, the information they are finding on social media is influencing what kind of car they purchase and which dealership they purchase from.



Twenty-seven percent of car shoppers and purchasers used or planned to use Facebook as a resource during their automotive shopping process. To put that in perspective, considering that approximately 9.1 million retail cars and light trucks were sold in the U.S. in 2010 (minus fleet sales), the number of unit sales influenced by social

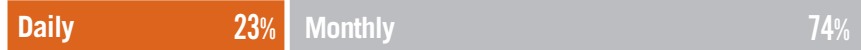
media was approximately 2.4 million. This is about the same as the annual Toyota and Ford retail sales – combined. For the typical dealership averaging 1,300 new car sales per year, more than 350 units – nearly 30 cars per month – are therefore sales that can be influenced by Facebook.

## The Growing Impact of Facebook on the Automotive Buying Process

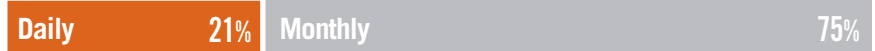
Facebook is a significant influencer of commerce in essential retail sectors, including automotive. Of the 84% of our survey population who said they use Facebook, more than 76% visit a company Facebook page at least monthly, and 44% do so at least weekly. Sixty-one percent reported they search for information about products, services or companies on Facebook. Eighteen percent indicated they do so at least weekly, and 18% indicated they do so daily. The chart below outlines the frequency and purpose of consumers' Facebook use (figure 7).

## Frequency of Activities on Facebook

Read friends/family reviews/opinions about product, service, or company



Visit a company's Facebook page



Request advice from friends or family



Search for info about a product, service or company



Share an opinion about a company or product



*How often do you do each of the following on Facebook? Base=Respondents who visit Facebook. (n=1,645)*

**FIG. 7**

Dealerships, automotive brands and car models are a frequent topic of Facebook users who are in the new vehicle market; 51% reported that they have shared their recommendation for an automotive brand and 46% reported that they have shared their recommendation for a dealership (figure 8).

## Sharing Auto Recommendations on Facebook

Share your recommendation for an auto brand



Share your recommendation for a dealership



*How often do you do each of the following on Facebook? Base=Respondents who visit Facebook. (n=1,645)*

**FIG. 8**

This shouldn't be too surprising, considering that a new vehicle is the second-biggest purchase for most consumers, trailing only a home. Most people need to feel personally connected to and confident about the vehicle they ultimately purchase. Because of this personal connection and need for affirmation, as well as the growth in social media use, car buying and specific vehicles and dealers become natural topics of conversation for Facebook users.

## Likelihood of Using Social Media

Percent very likely or somewhat likely to:



*How likely are you to use social media for the following actions even if this service isn't available today? 5 pt scale (5 Very likely, 1 Very unlikely). Base=Total respondents (n=1,967)*

**FIG. 9**

Consumers are also viewing social media as a resource for making their automotive shopping decisions. When we asked this same group about research for their next vehicle purchase, 38% indicated they were somewhat likely or very likely to use social media to research a vehicle for their next purchase, and 37% said they were somewhat or very likely to research a dealership in this way.

These numbers clearly indicate that social media is moving from being primarily a sharing platform to being a powerful consumer resource, one that can heavily influence others in the vehicle shopping process. This transformation from sharing to receiving information is a form of “pull marketing,” a phenomenon we explore further just below, followed by a detailed examination of how it affects each of the four stages of the new Automotive Purchase Cycle.

## The Shift from Push to Pull Marketing

The traditional model of “pushing” advertising messages in a one-way stream is no longer viable as the single method of communication with consumers.

**The “pull” dynamic facilitates two-way conversations with the consumer.**

Social media is the ideal platform for consumers to use to share information with others and filter the information they receive. When consumers find interactions and experiences that are of value to them, they can choose to openly engage by “pulling” content toward themselves. This “pull” dynamic opens unique channels through which dealers and manufacturers can facilitate two-way conversations with the consumer.

As an example of the shift, two-thirds of the touch points during the Evaluate stage involve consumer-driven marketing, such as customer reviews and word of mouth. Only one-third of the touch points during this stage are company-driven (*McKinsey Quarterly*, “The Consumer Decision Journey”).

Social media has become so integrated in consumers’ daily activity that some are looking for even deeper engagement. In a study conducted by GroupM



Search, 74% of respondents who used search and/or social media as part of their shopping process said Facebook is their desired format for future engagement involving their ownership experience (GroupM Search, “The Virtuous Circle: The Role of Search and Social Media in the Purchase Pathway”).

Social media has shifted online engagement from “managing the customer” on the business’s terms to facilitating social engagement on the consumer’s terms. To adapt, dealers and manufacturers need to embrace the reasons people participate in social media in the first place – enhancing personal connections and controlling the messages they receive – and then engage transparently and meaningfully with their customer base.

## The Impact of Social Media on the Four Primary Stages of the Automotive Purchase Cycle

For a growing number of consumers, each stage of the new Automotive Purchase Cycle is influenced to some degree by social media, particularly Facebook. However, the role social media plays at each stage varies greatly with influence, peaking in the Consider and Evaluate stages, dropping during the Purchase stage, and then increasing again during Interact, the stage after Purchase.

It’s important to note that the use of social media as a resource in the buying process is still in its infancy, and it trails traditionally used resources, including manufacturer, third-party or dealer websites, and expert and consumer ratings and reviews. This is to be expected, given that marketers are in the early stages of determining how to harness social media as a business tool, and successful implementations of marketing campaigns using social media, although increasing, are still few and far between.

In the following pages, we examine the data and offer an early indicator of the importance and influence social media will have in the coming years.

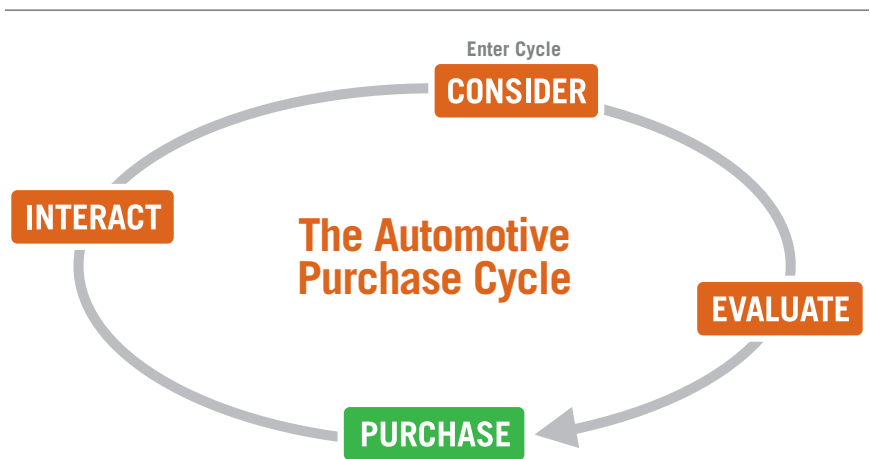


FIG. 10

## The Consider Stage

Social networks are a viable source for building awareness, an important factor for those entering the Consider stage of the Automotive Purchase Cycle. In the study conducted by GroupM, respondents said social media is vital to increasing their awareness of new brands and products.

**25%** of the car buying population feels that social media has significant influence on their purchase decision.

Our own research revealed that one-quarter of the car buying population feels that social media has significant influence on their purchase decision, and that this is especially true early in the purchase cycle when they are contemplating

which makes and models to consider, as well as general price ranges and vehicle features. For these consumers, the opinions of friends and family were powerful influencers.

Twenty-eight percent of the buying population feels that social media greatly influences the narrowing of their brand or model consideration. Twenty-seven percent said social media greatly influences their identification of a dealership from which to purchase. The chart below gives more insight into the areas of influence during the purchase process (figure 11).

### Social Media Influence on Purchase Process

#### Percent greatly influenced by social media in this area

- 31%** • Learning the expected price range for a purchase vehicle
- 29%** • Learning about features and technology on vehicles
  - Connecting with others regarding their vehicle ownership experience
- 28%** • Narrowing down my brand or model consideration list
  - Finding out about after-sales services and events
  - Thinking about what specific model(s) to consider
- 27%** • Identifying dealerships or other places to consider buying from
  - Connecting with others to find out which dealerships to consider or not
  - Narrowing down dealerships or other places to consider buying from
- 26%** • Finding out where to have service on my vehicle
  - Getting information on maintaining my vehicle

**FIG. 11**

Approximately two-thirds of those who use Facebook in the automotive purchase process indicated that a friend's favorable post about a brand or vehicle positively impacts their own opinion of that brand or vehicle, and 69% indicated that a friend's favorable post about a dealership positively impacts their opinion of the dealership (figure 12).

## Impact of Vehicle-Related Posts from Facebook Friends



FIG. 12

Conversely, 61% stated that negative or critical posts impact their feelings about a dealership and 59% said they feel the same negative impact on their opinion of a brand or vehicle. This illustrates the power of advocacy from a trusted set of friends and family, and how it can significantly sway consumers in making purchase decisions.

Recommendations from friends, observations of “likes,” forwarded links, and eye-catching visuals all positively influenced consumers’ consideration sets.

## The New Buying Cycle With Social Media

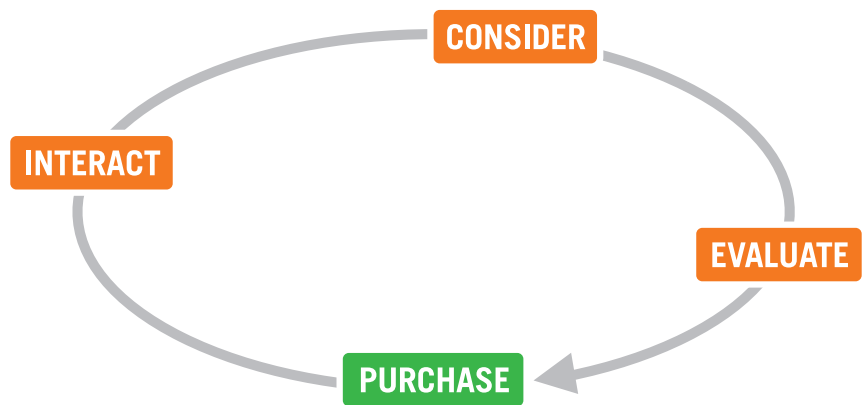


FIG. 13

## The Evaluate Stage

Once consumers become serious about purchasing a new vehicle, they move into the Evaluate stage. Whereas 27% of respondents feel social media has influence on where they buy a vehicle, social media plays less of a role at this stage because of three factors. First, consumers have yet to embrace social media broadly as a resource for shopping. Second, both OEMs and dealers are still forming their social media efforts and determining how to best use the new channel. And third, there is no replacement for actually seeing and driving a vehicle.

Among consumers who contacted a manufacturer online,



indicated their online experience positively impacted brand impressions.

Given that the emergence of OEM Facebook pages is in its infancy, only 13% of buyers today report communicating with manufacturers via their Facebook page. This number is expected to grow as people’s perception of Facebook as a resource for automotive shopping grows and as manufacturers embrace it for outreach.

Contrary to previous popular belief, McKinsey discovered that a consumer’s initial set of choices can actually grow during the Evaluate stage, and for many, social media is influencing this dynamic. The same study found that social media can influence the elimination of brands and products during the Evaluate stage.

McKinsey found that automobile shoppers consider an average of 3.8 brands during the Consider stage and add 2.2 brands during the Evaluate stage (*McKinsey Quarterly*, “The Consumer Decision Journey”). Our study corroborated this, revealing that of those who used Facebook in the shopping process, 41% added brands or models to their consideration set as a direct result of seeing a post or information on Facebook. Dealerships can benefit too. Twenty-eight percent of the same group of car shoppers and purchasers reported adding a specific dealership to their consideration set as a result of seeing a post on Facebook (figure 14).

### Adding or Removing from Consideration



*Do you recall seeing a posting or information on a social media source (Facebook, Twitter, blogs, forums, etc.) that caused you to either add or remove a specific brand or model/dealer on your consideration list? Base= Respondents who use Facebook during automotive purchase process (n=538)*

**FIG. 14**

In the new cycle, adding vehicle options is very fluid throughout the process, but brand awareness is still important; those brands in a consumer’s initial consideration set are up to three times as likely to be purchased as brands that aren’t (*McKinsey Quarterly*, “The Consumer Decision Journey”).

Nine out of 10 consumers indicated that Facebook was the resource that caused them to add or remove a brand from consideration. The table on the next page examines the reasons consumers cited for considering or deciding against a brand or model based on social media influence.



## Reasons Consumers Add or Remove a Brand or Model from Consideration

### Added

- A friend on Facebook owned a particular model and gave it a great review
- My friends posting that they like a product made me click on that page to learn more about it
- Dodge Facebook page had vehicle info, customer feedback, connected w/ other Dodge fans, pics of vehicles, website link
- The images provided on the Ford Focus Rally page inspired me to look into and seriously consider purchasing a Ford Focus
- A video ad really got my attention
- Someone retweeted it and the promotion looked good
- A good customer review from a reputable forum user

### Removed

- Friends said they didn't like the manufacturer
- People telling me of engine problems, and lack of power in that model
- I was able to get more information about a model and decided against it

*Please describe what you saw that caused you to consider a brand/model that you weren't considering before. Please describe what you saw that caused you to no longer consider a brand/model you were previously considering. Base=Added/removed a brand/model for consideration (n=218, 30)*

### FIG. 15

The following table examines similar circumstances, this time evaluating the impact on dealerships:

## Reasons Consumers Add or Remove a Dealer from Consideration

### Added

- I saw other people rave about this dealer on Facebook
- I had friends/family tell me good things about it
- The good reviews and the number of people who liked the dealership on Facebook
- I liked their page and saw that my friends did as well

### Removed

- Bad customer reviews
- Someone made a comment about how rude the staff was

*Please describe what you saw that caused you to consider a dealership that you weren't considering before. Please describe what you saw that caused you to no longer consider a dealership you were previously considering. Base=Added/removed a brand/model for consideration (n=218, 30)*

### FIG. 16

Consumers also visit the dealership website and the physical dealership during the Evaluate stage. However, interaction with dealership or manufacturer Facebook pages is low at this stage.

Among consumers who contacted a dealer online,



indicated their online experience positively impacted their impressions of the dealer.

Approximately three out of four consumers who do have contact with the manufacturer or dealership online note having a positive impression of the brand and/or dealership. This illustrates that online contact tends to be more positive than negative, and reinforces the potential upside in building brand and dealer equity via online channels.

## The Purchase Stage

The purchase experience has always been an important factor in customer satisfaction. At the point of purchase, customers are signaling they've found the right vehicle, at the right price, from the right dealership.

Visiting the dealership is still one of the most important steps in the purchase process. Consumers need to see and experience the vehicle before they make a significant purchase. They also need to negotiate on price and financing. The final purchase decision – the point at which the consumer makes the decision to buy the car – frequently happens in the dealership while the consumer is interacting with the vehicle and communicating with dealership staff. In other retail markets, up to 40% of consumers change their mind at the point of purchase because of something they see, learn or experience, including talking with sales staff (*McKinsey Quarterly*, "The Consumer Decision Journey").

Communicating transparently and establishing trust with customers maximizes the chances of selling them a vehicle. According to the 2011 Edelman Trust Barometer, trust, transparency and accuracy are critical for companies doing business today. Furthermore, consumers act on trust with their wallets and their referrals; 97% buy products and services from those they trust, and 90% don't buy from those they don't trust (Edelman Trust Barometer, 2011). If the dealer can win the sale and have it be a positive experience for the consumer, however, the dealer's work is just beginning.

## Trust Drives Purchase

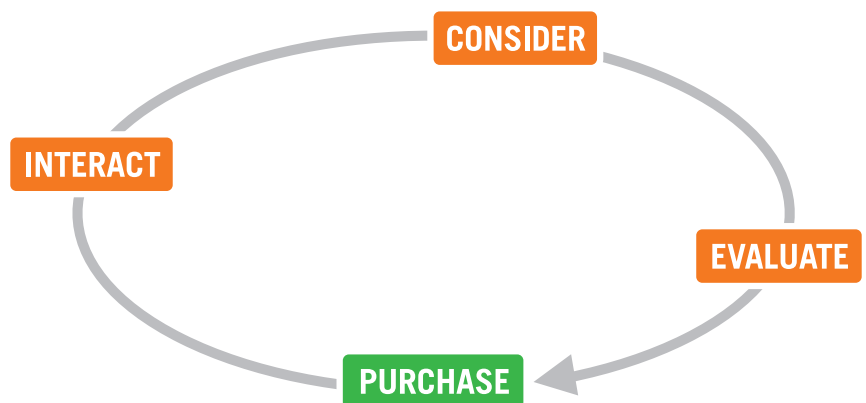


FIG. 17

## The Interact Stage

Our research shows that leading up to the purchase, consumers rely heavily on the in-dealership experience and experiences with the vehicle. This doesn't mean that social media isn't important, though. In fact, it is critical, for several reasons:

The experience during purchase and immediately afterward is a pivotal time for a consumer to make the decision to continue the relationship with the dealer, through service, future vehicle purchases, or both. Furthermore, if the experience is positive, it increases the likelihood that customers will endorse the vehicle and/or dealership to their networks via social media.

The need to foster trust during the purchase process and immediately post-purchase is vital to establishing a meaningful relationship with the consumer that could lead to loyalty. More importantly, through social media, one buyer now has a much greater ability to impact the decisions of many others – positively and negatively, both in the Purchase stage and in the crucial Interact stage. Because the average Facebook user has 170 friends in his or her network, the amplification of one person's advocacy has the ability to reach thousands. In the next section, we further examine how car purchasers are engaging on social media channels after they buy their car.

## Awareness, Trust, Loyalty and Advocacy

### Awareness and the Socially Active Car Owner

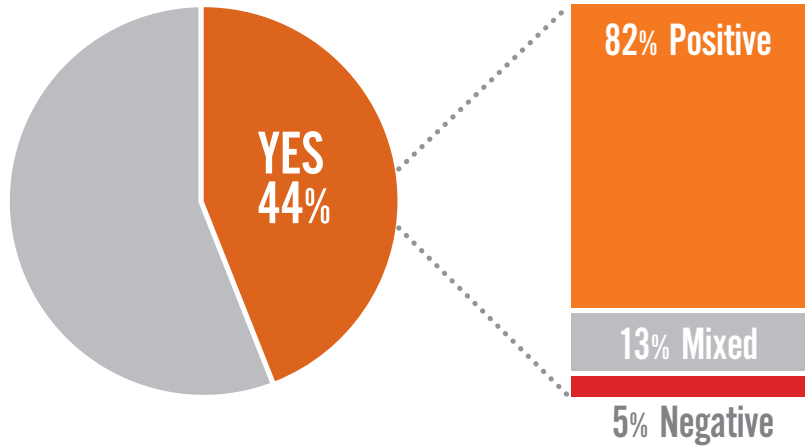
Our research revealed one in four (23%) vehicle buyers indicated they use social media as part of their new vehicle ownership experience. Of those buyers, 58% mentioned they updated their Facebook status about their new vehicle, and 34% said they mentioned the dealership in their post.

#### Update Status

**58%** posted a comment or updated their status about their new vehicle on Facebook.

When we asked buyers who used Facebook in the purchase process whether they had ever posted a comment about an automobile brand or model on their Facebook page, 44% indicated they had. Of those, 82% said it was mostly or all positive information; only 5% said it was mostly or all negative information (figure 18). Thus, consumers are willing to share bad news via Facebook when it arises in a vehicle or dealer experience, but in practice, positive posts far outweigh negative ones.

### Have you posted a comment about an automobile brand or model on your Facebook page?

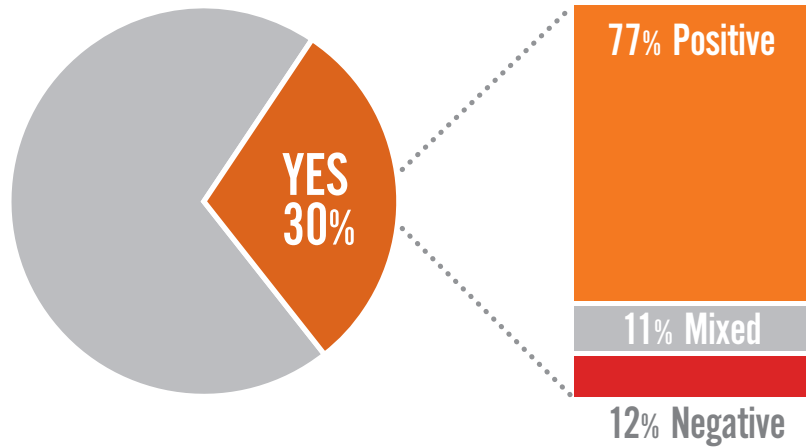


Have you personally ever posted a comment about an automobile brand or model on your Facebook page?  
 Base=Used Facebook during automotive purchase process. (n=538, 236)

FIG. 18

As the chart below highlights, 30% of the same group of socially engaged owners indicated that they had posted a comment about a dealership on their Facebook page. Of those, 77% said the comments were mostly or all positive (figure 19). The groups making the most positive comments were automotive enthusiasts and affluent, younger men.

### Have you posted a comment about an automobile dealership on your Facebook page?



Have you personally ever posted a comment about an automobile dealership on your Facebook page?  
 Base=Used Facebook during automotive purchase process. (n=538, 163)

FIG. 19

Sharing a new vehicle purchase experience with Facebook friends is commonplace and is an implicit, if not explicit, endorsement of a vehicle and/or dealership.



## Introducing the Loyalty Loop, and Why Advocacy Matters

**Loyalty lessens the chances consumers will consider other competitive options.**

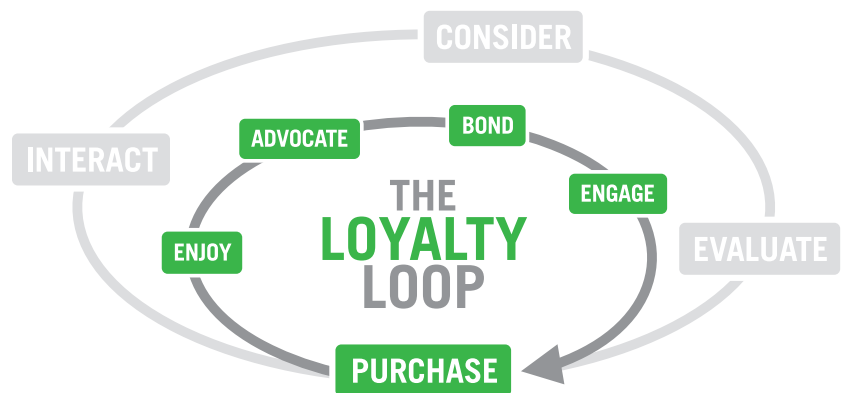
As discussed in the introduction, once consumers have made a purchase, a powerful secondary cycle referred to by McKinsey & Company as the *loyalty loop* may develop. Consumers who enjoy their purchase have the potential to bond with the brand, product or retailer, increasing the

chance they will purchase again when they are next in the market. This loyalty has an added benefit because it lessens the chances consumers will consider other competitive options the next time they are ready to buy.

More importantly, loyalists have incredible influence over their social networks and can advocate on behalf of dealers and brands on blogs, customer reviews and social media outlets. This consumer-to-consumer advocacy via social media is like “word-of-mouth on steroids,” greatly increasing the likelihood that these brands will move into the initial consideration set of others and strongly influencing the ultimate purchase decision.

### Positive Brand/Dealer Interaction

**Creates a brand loyalty loop, potentially fostering advocates, product bonds and brand engagement**



**FIG. 20**

Conversely, consumers who have a bad or even mediocre experience are likely to avoid the product, start again at the Consider stage when they're next in the market, and potentially spread their negative influence to their social networks.

## Negative Brand/Dealer Interaction

Consumers outside the loyalty loop may potentially disparage the brand (negatively affecting additional prospects), reconsider and evaluate other brands, creating a double negative impact.

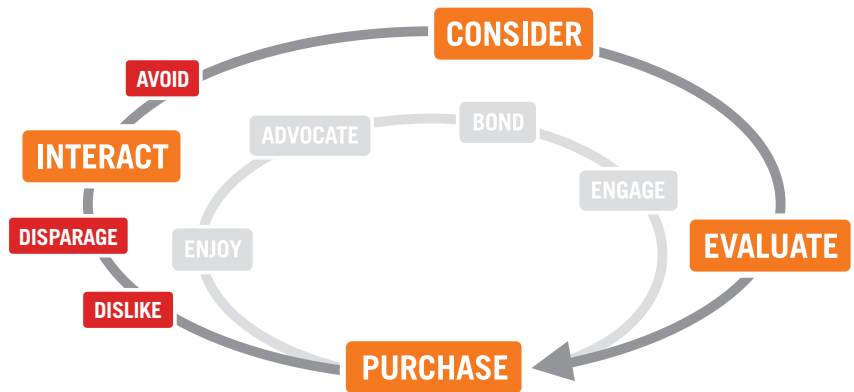


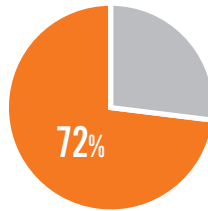
FIG. 21

Because 45% of consumers ask friends and family for recommendations on what to purchase (IBM Global Business Services, “From Social Media to Social CRM: Reinventing the Customer Relationship”), dealers and OEMs benefit significantly when customers advocate on their behalf.

## Trust Drives Loyalty, Loyalty Drives Advocacy

The key to fostering advocacy lies in maximizing opportunities to create a loyal customer. As mentioned above, this process starts earlier in the cycle, most notably during the Purchase stage. Most customers are willing to voice positive experiences once their loyalty has been established.

Our research revealed that approximately 57% of car shoppers have some degree of loyalty to at least one brand. Manufacturers therefore have ample opportunity to benefit by identifying these loyalists and encouraging their advocacy. And these loyalists are ready to voice their positive opinions and recommendations; of those who claimed to have some degree of loyalty to a brand, 72% said they are extremely likely to recommend a brand or model to their network (figure 22).



Loyalty to a dealership is considerably lower, at 19%. Most dealer loyalty is created by personal purchase experience with that dealership, and by fair and honest business practices. Approximately half of consumers mentioned they are loyal because they believe the dealer to be trustworthy, honest and ethical. Twenty-nine percent will shop only at dealerships with a good reputation. Loyalty has a strong, positive impact on the shopping process and how consumers talk and/or write about the dealership.

Like those loyal to a brand, the majority of dealer-loyal consumers, 77%, said they are extremely likely to recommend the dealership to which they are loyal (figure 22).

## Likelihood to Recommend Brand/Model (% Extremely Likely)



Considering your overall experience, how likely are you to recommend this vehicle/dealership? 5 pt. scale (5 Extremely likely, 1 Not at all likely). Base=Total Owners (n=962)

FIG. 22

What we've always known is that customers with the greatest lifetime value are loyal, repeat customers. Repeat customers spend 33% more than new customers, and their referrals are 107% higher than those from non-repeat customers. Finally, it costs six times more to sell something to a prospect than it does to sell the same thing to a repeat customer (About.com, "Customer Relationships Are Key to Your Marketing Strategy"). And thanks to social media, these loyal customers just became even more valuable because of their higher use of social media and willingness to advocate on behalf of dealers and manufacturers.

## Loyalists and Their Use of Social Media

Our research revealed that not only are loyal consumers willing to advocate on behalf of a dealership or manufacturer, but loyalists are also more active on social media than are non-loyal consumers.

Approximately four out of five brand loyalists frequent Facebook weekly or more frequently. The same rate also applies to those loyal to a dealership. This frequency is approximately 10% higher than frequency among those who don't consider themselves loyal to a brand or dealership (figure 21).

## Consumers Who Visit Facebook at Least Weekly



How often do you visit Facebook regardless of whether it is with a computer, laptop, mobile phone or tablet? Base (top to bottom)=1,967, 1,123, 844, 379, 1,588

FIG. 23

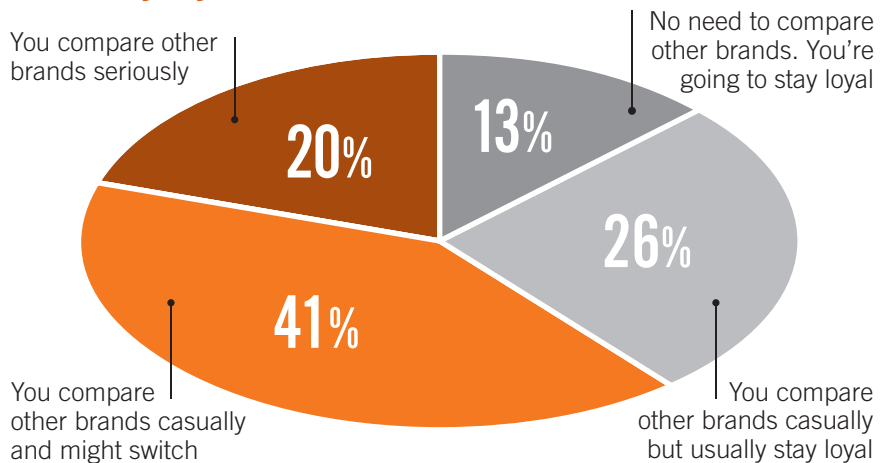
Furthermore, loyalists turn to social media as a shopping resource at a higher rate than non-loyalists. Thirty-four percent of loyalists used or will use Facebook to help shop for a car, compared to 27% for the entire new vehicle population. For dealership loyalists, this number is 33%. What’s more, dealer-loyal consumers are less likely to shop around to get the best price and are particularly drawn to dealerships with a good reputation. Interestingly, heavy Facebook users tend to be more loyal than casual Facebook users, a clear indication that this group is much more engaged and likely to be brand or dealership advocates on social media channels.

## Expanding a Loyal Customer Base

With loyal consumers being heavier users of social media, the goal of manufacturers and dealers should be to leverage social media to nurture their base of loyalists and sway those who are open to switching brands or dealerships.

Among brand-loyal consumers, 13% take their loyalty seriously and don’t shop around. Another 26% might compare other brands casually but are confident that they will ultimately stick to the brand they are loyal to. This means that almost 40% are a strong base that should be nurtured to ensure they continue their loyalty (figure 24).

### Brand Loyalty



*Which of the following best describes how you feel this brand loyalty impacts your new vehicle shopping process, if at all? Base=Has loyalty to at least 1 brand (n=1,123)*

**FIG. 24**

The opportunity for manufacturers lies in the 41% who consider themselves loyal but compare brands casually and are open to switching. Manufacturers should identify this group and encourage the advocacy of their loyal base of customers to lure them away from other brands. Doing so effectively means manufacturers have the potential to attract and retain 80% of their brand loyalists.

In terms of dealership loyalty, the opportunity is smaller, with 15% of consumers considering themselves strongly loyal and 6% shopping to verify price but tending to stick with the dealership they are loyal to. This base of 21% dealer loyalists can still be instrumental in helping the dealer attract new customers to the store. ■

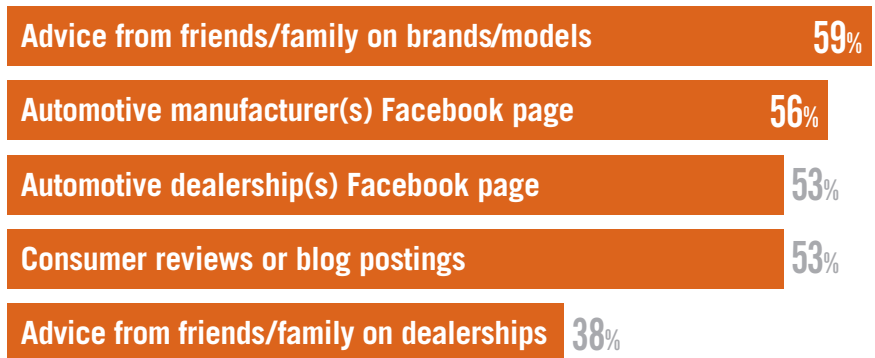
## CHAPTER 3

# The Five Fundamentals

The evolution of social media represents a new era in automotive retailing. Dealers and OEMs now have ample opportunities to leverage social media to benefit the dealership and brand. Based on our research and the findings outlined in Chapters 1 and 2, we have created the Five Fundamentals, five concrete steps that dealers and manufacturers alike can take to reshape their marketing and customer service efforts, increasing loyalty, advocacy and influence.

As we've established, dealers and OEMs need to focus more on nurturing customers after the purchase. Owners who are converted into advocates will reward businesses with repeat purchases while actively influencing other customers by championing those businesses. It is important to note that 59% of those who said they did use social media or will do so as part of their next purchase also said they will rely on advice from friends and family on models and brands; 38% said they did or will use advice from family and friends about dealerships (figure 25).

### Facebook Resources Used or Will Use



Please indicate which types of pages or content you reviewed or will review from within Facebook.  
Base=Used Facebook during auto purchase process (n=538)

FIG. 25

Where are they getting this advice? Our research showed 40% of car shoppers will use social media to recommend a brand or model to their network and 40% will recommend a dealership to their network.

With that as a backdrop, here are the Five Fundamentals, a series of concrete steps that dealers and OEMs can take to harness the power of social media, drive sales and loyalty, and connect with shoppers and car owners alike.

## Step 1: Embrace Social Media as a Vital Communications Channel

Social media and networks are the new marketplace for both manufacturers and dealers. It is therefore critical that businesses consider social media programs with the same authenticity and seriousness with which they approach other areas of the business.



*of consumers think interaction via social media will have a positive influence on their loyalty.*

Almost half of consumers (49%) believe their social engagement will lead to future purchases, and 38% think interaction via social media will have a positive influence on their loyalty (IBM Global Business Services, “From Social Media to Social CRM: Reinventing the Customer Relationship”). This channel clearly deserves attention and resources.

Social media offers more than a channel for simply promoting vehicles and services; in fact, taking a strictly promotional approach could ultimately backfire by turning off consumers. Social media must be approached as a public communication and customer service channel. How dealerships and manufacturers engage in the conversations that are happening on social media and networks is being watched. Among those who used Facebook as part of their shopping process, 64% said quality interactions between dealership staff and Facebook followers would make them likely to “friend” the dealership. Fifty-nine percent said they would “like” a manufacturer’s page if there were quality interactions between the manufacturer’s reps and its Facebook followers.

Dealers should designate at least one staff member to manage the dealership’s social media programs. Building trust and being genuine is critical, so dealerships should avoid the temptation to hire just anyone to push out information. Whoever manages the social media in the dealership should know the dealership well, and must be empowered to answer questions, publish information and respond to “friends” and followers in a knowledgeable and prompt manner.

We go into more detail concerning the most desired content on social channels in the next steps; as a general rule, however, consumers want content that is of value, and they want to receive it through transparent and prompt engagement.

Most manufacturers are already staffed for social media outreach. The best ones are building a solid fan base. Outside the industry, other consumer brands are leveraging social media to build and nurture fan communities and get them involved in discussions of their brand or products. For example, on the Coca-Cola Facebook page, there is a constant flow of new discussion topics and declarations of fandom. Facebook and its viral functionality makes it easy for Coke fans to share and connect, which lets consumers market to other consumers.

As the fan base grows, conversations need to be monitored closely and addressed, whether they be complaints about a dealership or accolades from a new owner. Reaching out to those who are engaged and bringing them into the community is the ultimate goal.

There are a few strategies to keep people engaged and talking on social media. In the spring of 2011, Facebook reintroduced Facebook Questions, a service that polls users. Brands are leveraging this functionality to drive engagement. For example, the NHL used the service around the time of the Stanley Cup; it was able to garner 25,822 votes in less than a day and drive viewers to the Stanley Cup series broadcast.

Similarly, Ford hosts a website (thefordstory.com) that allows customers to post suggestions on products via a “Your Ideas” section. This is an excellent way to engage owners by letting them voice their opinion. They feel trusted and heard, and that likely helps to build loyalty among owners.

## Step 2: Ask Prospective Customers to Like/Friend/Follow You

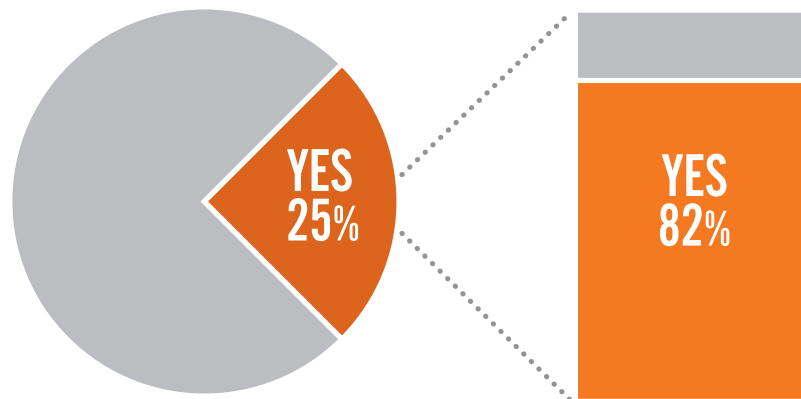
Step 2 seems almost too simple to include, but asking friends or prospects to friend or follow the dealership or brand is the critical step to building a solid social network. Yet too many often fail to take this step.

Sixty-one percent of consumers in our survey (those who either purchased or interacted with a brand) were not asked by the manufacturer to “like” the brand or visit a specific vehicle page on Facebook. Of the 25% who were asked, 82% did “like” the manufacturer, signaling a high propensity to interact with a manufacturer on social media.

### Asking Prospective Customers to “Like” the Brand

Were you ever asked by the manufacturer to “like” their brand and/or specific vehicle on Facebook?

Did you actually follow through and “like” the manufacturer’s page?



Base=1,158

Base = 293

FIG. 26

Similarly, 74% indicated that they were never asked by a dealer to “like” the dealership Facebook page. Of those who reported being asked, 81% said they did “like” the dealership.

Both dealership and OEM websites should have easy-to-view icons that link to social media pages, including a call-to-action to friend/follow them on Facebook and an explanation of what consumers can expect for content and benefits.

For dealerships: Point-of-purchase signs, business cards, and even service forms can initiate the “liking” process, and dealership staff should routinely ask customers to friend/follow the dealership, making sure to tell shoppers the exclusive benefits of engaging via social networks.

For manufacturers: Ad campaigns, including print, TV and radio, should mention social media properties, with particular emphasis on campaign components that live on social media outlets.

## Step 3: Create Content That Drives Consideration and Sales Among New Customers

Our research uncovered the type of content consumers want to see on social media channels while they are shopping for their new vehicle. In addition to transparent and prompt interaction, dealers and manufacturers need to provide content that appeals to consumers and that will help drive consideration for the brand, model and dealership.

**Consumers are looking for ways to save money, save time and enhance the ownership experience.**

Our research showed consumers are looking for ways to save money, save time and enhance the ownership experience. In many ways, the desired content mirrors the content commonly found on the corporate and dealership websites – what respondents rated as most important was information that helped them learn more about the features of the vehicle, its cost and what others think of it.

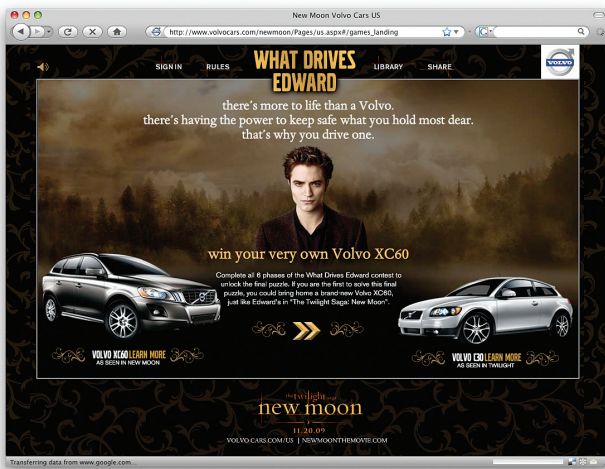
For manufacturer sites, pricing information, incentives and rebates, and general vehicle information were valued most. Product reviews were also considered very helpful. Other offerings, such as games, special-interest information and phone apps, have sizeable niche interest potential.

A good example of a manufacturer using social media is Volvo's WhatDrivesEdward.com campaign. Volvo used the release of the movie *Twilight: New Moon* to connect with a new market and energize a brand usually thought of as sensible and safe. We highlight this program in the following case study.



# What Drives Edward?

Social media and a vampire helped Volvo reposition itself and appeal to a new market. The creator of the popular *Twilight* teen-vampire series had written Volvo into her story as the vehicle of choice for protagonist Edward Cullen. Volvo embraced the opportunity and developed a campaign around the release of the series's second film, *Twilight: New Moon*.



Leveraging social media, the campaign brought *Twilight*'s legions of devotees into the Volvo community through online conversations, delivering a passionate young audience to carry the brand forward.

Volvo tapped an agency, Euro 4D Digital, to target both young fans and their car buying parents, and to focus on four key objectives:

**Infuse energy and emotion into a brand perception often linked mainly with utility and sensibility**

**Modernize the brand by emphasizing its progressive design and performance**

**Position Volvo as dynamic and evolving**

**Make the leap from respected and trusted to beloved**

The result was WhatDrivesEdward.com, an integrated promotion in which TV, print, dealer and digital efforts worked together to connect the Volvo brand to the excitement surrounding *Twilight: New Moon* and to stimulate social media conversation.

A cross-media promotion kick-started the campaign weeks before *New Moon* opened, driving fans to a homepage, WhatDrivesEdward.com, through which they could sign up for a sweepstakes giveaway to the film's premiere. Once registered, visitors could participate in gamelike interactive puzzles that tested knowledge of the *Twilight* series while offering a chance to win the Volvo featured in the movie. Increasingly complex puzzles were added to WhatDrivesEdward.com each week, and participants were encouraged to exchange hints and ideas on dedicated Twitter and Facebook pages. Simultaneously, Volvo created a YouTube channel to feature cross-promotional Volvo/*Twilight* videos.

The campaign was a smash, registering 369,619 sweepstakes participants, 19% of whom completed all seven puzzles. At its November 2009 apex, traffic to Volvo's homepage spiked from 600,000 unique monthly visitors to more than 2 million, and its overall site traffic was three times as high as that of any of its competitors. Volvo also saw a 20% increase in online car configurations for the models featured in the *New Moon* film.

**Volvo saw a 20% increase in online car configurations for the models featured in the *New Moon* film.**

Volvo attributed the stunning results largely to social media engagement, and followed WhatDrivesEdward.com with similarly social media-intensive campaigns. ■

Traditional product information (price, specs, configurator, photos), also associated with manufacturing websites, as well as product reviews, are cited as most helpful to consumers using Facebook. Other offerings, such as games, special interest information and phone apps, are secondary but still have sizeable niche interest potential.

### Content That Manufacturers Could Create on Facebook



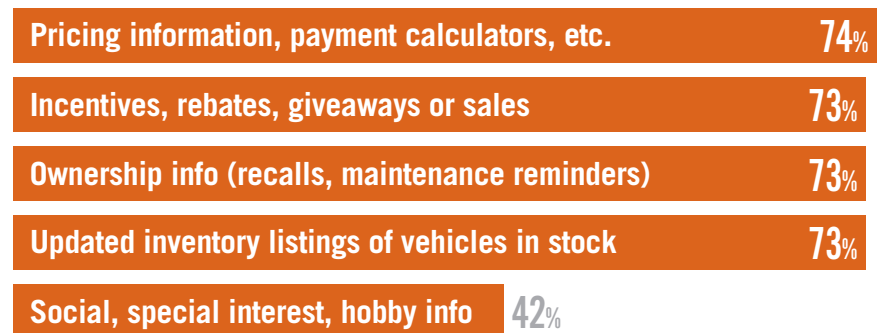
*How helpful would you find each of the following types of information/content in determining which vehicle brands to buy or at least consider purchasing? 5 pt. scale (5 Not at all helpful, 1 Extremely helpful). Base=Use Facebook during automotive purchase process (n=538)*

**FIG. 27**

For desired dealership social media content, preferences were similar. Pricing information and payment calculators, incentives, recall information and current inventory ranked highest among respondents. Product reviews from owners as well as comments about the brand or dealer were also rated high, underscoring the importance of using social media as a public communications channel.

There is a high degree of consistency among Facebook users between what they would find most helpful on dealership and manufacturer pages. The most helpful dealer-specific content includes current inventory, store location/hours/services, special benefits for “friends,” and dealer reviews by customers.

### Content That Dealers Could Create on Facebook



*How helpful would you find each of the following types of information/content in determining which vehicle brands to buy or at least consider purchasing? 5 pt. scale (5 Not at all helpful, 1 Extremely helpful). Base=Use Facebook during automotive purchase process (n=538)*

**FIG. 28**

Taking it one step further, we asked people what would prompt them to take action and “like” a manufacturer or dealership on Facebook. Seventy-four percent of consumers from our survey who used Facebook would “like” a manufacturer that provided exclusive offers and savings to Facebook followers. Almost the same number said they want helpful information about lowering the cost of ownership (improving gas mileage, etc.), and 67% said they would “like” a manufacturer that allowed them to be the first to get information and special announcements.

Similar themes emerged for dealerships. Among those who used Facebook as part of their shopping process, 77% want discounts for service, and 73% want the ability to ask a mechanic a question. In addition, 72% want exclusive offers and savings, and 70% want to see helpful information about how to lower the cost of owning their car (maximizing gas mileage, etc.).

This type of content appeals to consumers because it allows them to gather vehicle and dealership information that is critical for decision making while they are on social channels where they are already spending much of their online time. They are also able to view mostly unedited interactions between owners and other consumers and the manufacturer and/or dealer. This can sway even the most casual shopper to consider a make, model or even dealership.

Fortunately for manufacturers and especially dealers (who usually have fewer resources), most of the desired content can be repurposed from other sources and incorporated into content tabs. Another option is to link from Facebook to content pages on the dealership’s website.

Paid advertising on social media is also a viable way to attract consumers who are actively shopping. Fifty-seven percent of Facebook users in our study said seeing a promotion or advertisement that is “liked” from a friend or family member would impact their consideration for that brand or dealership. Advertising on social media can be highly targeted and cost-effective.

## Step 4: Create Content That Drives Loyalty and Advocacy Among Owners

Sixty-four percent of consumers believe they need to have a passion for a brand first in order to engage that brand on social media (IBM Global Business Services, “From Social Media to Social CRM: Reinventing the Customer Relationship”). Consumers who have signaled the ultimate affinity for a vehicle brand via their purchase present a golden opportunity for dealers and OEMs to engage and nurture them after they drive their new vehicle off the lot.

As we've established, consumers who consider themselves loyal to at least one brand or dealership are more likely to advocate on behalf of the dealer or manufacturer to which they are loyal. They are more actively engaged on social channels, and they are more likely to use social media to search for their next vehicle – creating an extraordinary opportunity for both manufacturers and dealers to use social media to build a solid base of loyalists.

Our findings also make it clear that dealer loyalists use social media to decide what to do with their car after the purchase. Thirty-eight percent of those loyal to a dealership indicated that social media greatly influences their decision about where to service their vehicle, compared to 26% of consumers in general. Thirty-six percent of those loyal to a dealership indicated social media greatly influences their decision about where to get information on maintaining their vehicle, again compared to 26% of consumers in general.

The focus should be clear with owners – make it fun, easy and cost-effective for them to own their new vehicle. Dealers can reap big rewards, including repeat vehicle purchases and increased business in fixed operations. Furthermore, a bonded fan base of loyalists amplifies advocacy and increases sales while minimizing the number of competitors considered by those fans.

Dealerships should provide ownership tools to increase post-purchase engagement. Offer owners an “online garage” allowing them to manage service records and easily access recall notices and maintenance schedules. Provide videos on how to operate certain features or troubleshoot certain issues so owners don't have to flip through a manual. Use social media channels to host a Q&A session during which a technician answers questions about car trouble or maintenance. To make it manageable, set a recurring day and time or keep the Q&A to the first 20 questions submitted.

Thirty-one percent of those who purchased a vehicle indicated they would likely interact on Facebook with a sales rep from the dealership they purchased from if that ability were available. Offering this service would be a great way for sales reps to stay close to their customers and check in to see how the vehicle is working out for them.

Manufacturers can offer many of the same services as dealers, but the focus should be on driving business to local dealerships. For example, recall notices should link to a store locator so owners can easily find the local dealership to get their vehicle serviced.

Manufacturers should also follow the example of other businesses and offer a rewards card or other special-offer programs through Facebook. For example, Starbucks card users can check the balance of their Starbucks card on Facebook at any time. Manufacturers could create incentives for consumers to get their oil changed, have their snow tires installed and get other regular service, and reward them with free service, giveaways and other incentives to keep their service business at the dealership.

## Step 5: Leverage Social Media to Break into the Consideration of Loyalists and Encourage Competitive Switching

Remember that 41% of those who consider themselves loyal to a brand are open to switching to a new brand if it's more compelling. In addition to using social media to build loyalty, manufacturers and dealers should use it to lure customers away from others.

Our research found that consumers who are offered a customer rewards program that saves them money, who encounter a no-pressure sales staff and who read positive reviews about a dealership written by other customers are more likely to consider switching to a different dealership.

Manufacturers and dealers can optimize consideration by using many of the content creation strategies discussed in Steps 3 and 4.

To get the attention of those who are loyal to other brands, businesses must go beyond the norm, creating offers and crafting messages that are highly compelling. For example, in early 2009, Hyundai found that traditional rebates and incentives were not enough to compel consumers to purchase a car, because people were afraid of losing their jobs and not being able to make their payments. In response, the manufacturer offered the Hyundai Assurance program, an incentive whereby people could return the car within a year of purchasing if they lost their job involuntarily or, if self-employed, if they were forced to declare bankruptcy. With the help of this program, Hyundai's market share actually grew 8% between 2008 and 2009, a time when most other automakers were experiencing big declines.

Dealers should offer services and incentives that are both convenient and valuable to attract new customers. We asked those loyal to a dealership what it would take to get them to consider switching. Forty-five percent said they would be somewhat or very likely to consider a different dealer if they were offered a customer rewards program that included discounts on service, free tire rotation, etc. Approximately 34% said they would consider switching if they read positive consumer reviews of another dealership or if a friend or family member recommended the dealership. These findings underscore the importance of consumer reviews and reputation management, which should be integrated into social channels and published for others to see. ■

## CHAPTER 4

# Looking Forward

As we've discussed, social media is a growing force in automotive retailing. We anticipate it will become even more significant as businesses learn to leverage these channels more effectively and consumers continue to turn to the advocacy and influence of their networks when making purchase decisions.

The most significant discovery in our research was the correlation between consumers who are brand or dealership loyal and their higher use of and reliance on social media. If there is one key finding you as a reader should take away from this report, it is the understanding that social media can be a very effective tool in building and maintaining a solid base of loyal customers who will then advocate on your behalf, effectively growing your business through the word-of-mouth referrals of your customers.

We see a day coming when manufacturers and dealerships will measure social media effectiveness as diligently as they measure their conversion rates, cost-per-click campaigns and other digital marketing activities. In the not-too-distant future, dealers and manufacturers will track the influence and advocacy that brought a new customer into the showroom and will reward their salespeople for fostering a new "friend" or follower.

The dealerships and brands that will continue to thrive will be those that recognize these trends as being indicative of a very new chapter of automotive retailing, one that is just getting started. ■

## Methodology

The findings discussed in this report result from a 25-minute self-administered online survey of respondents recruited from online panels. The sample consisted of a total of 1,967 respondents. There were two consumer groups of primary interest in the sampling plan: 1) recent buyers and 2) near-term intenders.

The recent buyers group consisted of 1,005 people who had purchased a new vehicle within the past 12 months. This group was specified to assess actual purchase behavior and recall of their recent shopping/purchase experience and influences. The near-term intenders group consisted of 962 individuals who planned to buy a new vehicle in the next 12 months and were actively engaged in the shopping and decision process. This group was targeted to assess resources used to date in the shopping process as well as to look forward to what resources they will use to make their purchase decision. Roughly 90% of the questionnaire was common among the two groups; the 10% difference was attributable to past versus present references.

For both groups, respondents were required to be at least 50% responsible for the purchase decision and have no one in the household employed in a sensitive industry, such as working for an automotive manufacturer, marketing agency or market research firm. Care was taken to construct a universe of respondents that was representative of both geo-demographics and the automotive industry. Modest data weighting was used to match the final desired sample universe.

All analysis was performed using a 90% confidence level which translates to statistically significant differences of approximately +/- 2.5 percentage points for the entire sample of recent buyers and near-term intenders. If analyzing the recent buyer and near-term intender samples separately, these significance levels are generally +/- 3.5 percentage points. ■

## Resources

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## Dealer.com

Dealer.com is the global leader in online marketing solutions for the automotive industry, providing award-winning websites, search, social and digital advertising tools to automotive dealers and manufacturers. The company's innovative websites and integrated online tools include advertising alternatives that significantly lower the cost of customer acquisition, enhancing dealers' efficiency and profitability.

Recent national and international accolades include placing No. 14 on *Outside* magazine's 2011 list of Best Places to Work in America and receiving two Stevie Awards from the American Business Association, for Best Overall Company of the Year and Fastest-Growing Company of the year in 2011.

**[www.dealer.com](http://www.dealer.com)**

## DriverSide

Recognized by CNET as the best site to use to maintain a vehicle, Driverside.com was the first website specifically designed for automobile owners. DriverSide allows consumers to save money on servicing and maintenance costs, diagnose car problems as well as buy and sell automobiles. DriverSide's in-house editorial staff offers useful advice on how to own and operate a vehicle and new and used auto reviews. The site's community features allow consumers to participate in forums, meet other owners of a particular vehicle, share knowledge and post reviews on mechanics and dealers. The company also works with businesses across the auto industry to provide comprehensive programs designed to attract and retain customers and increase profits. The award-winning website has been featured in the *New York Times*, *USA Today*, and the *Wall Street Journal* and on *Good Morning America*.

**[www.driverside.com](http://www.driverside.com)**

## GfK Automotive

For nearly 30 years, GfK Automotive has been the preeminent provider of product, brand and consumer research and consulting to the global automotive industry. Counting most major Asian, European and North American carmakers among its client base, GfK Automotive research consultants deliver integrated information and insights to the automotive community.

**[www.gfkamerica.com/sectors/automotive](http://www.gfkamerica.com/sectors/automotive)**