

ANALYZING THE ROLE OF SOCIAL MEDIA IN NEW AUTOMOTIVE CONSUMER DECISION JOURNEY FOR CAR PURCHASE INTENTION

PrabhaKiran*

R. S Vasantha**

Abstract

Objective: The paper identifies the consumer decision journey in the new environment of Social Media and attempts to propose the new model of consumer decision journey. The idea of social media has drastically altered the way consumer interacts with manufacturers and service providers and they are more vocal in voicing their needs and wants. The main objective of the paper is to analyze this paradigm shift in the decision process and suggest a new streamlined process.

Methodology: Various secondary sources were studied in order to conclude the new decision process. The review of literature consisted of sources from white papers, research article, blogs, company websites and review papers.

Findings: the review of literature revealed that there is a drastic change in the way consumers are searching about the product they desire and are more concerned towards the value in return of money spent. They are exactly aware of their requirements and expect the companies to understand their needs accurately and deliver the services.

* **Ph.D.Research Scholar, School of Management Studies, Vels University**

** **Professor, School of Management Studies, Vels University, Chennai**

Novelty: The proposed new model that studies the restructured process of consumer decision journey will redefine the way marketers need to develop a strategy so that consumers can be served in more better and efficient way.

Key words: Consumer Decision Journey, Purchase Decision, Social media

Introduction

The world has been transformed due to the digital wave that has swept and impacted the way a consumer reacts to the information available in the internet. Social media is an integrated part of consumer's life and hence it plays a major role in influencing consumers for developing purchasing decisions. The fact that twitter is now the second largest search engine after Google and Facebook would be equal third most populated country proves the fact about penetration of Social Media in our lives. In fact Social Media has shriveled the world from the actual six degree of separation and has brought it down to 4.74. The adoption of social networks has been immense and dynamic leading them to become powerful enablers and amplifiers of word of mouth. The technologies associated with web 2.0 have motivated the consumer to participate in the dialogue through various social media networks and develop collaborations between companies, employees, partners and consumers. The communication has led to formation of user generated content that is driving the way consumers are taking decisions related to their purchase. The new model of consumer decision journey has been developed as a result of this transformation. The paper attempts to analyse the changing consumer decision journey pattern and study the social media's impact on each stage of the journey while purchasing a car. Another major objective of the paper is to study the various types of user generated content and its influence on consumers automotive purchase intentions. Focus is on car purchase intentions as the car purchase is one of the most important decisions in consumer's life and is time and money consuming. Car purchase is a complex cycle and it begins even before the consumer decides that they want to buy a car. The process is propelled by digital and social connections. ¹According to a study 60 percent of auto buyers consider internet as one of the most important tool that influences their decision to buy.²Internet users spend almost a fifth of their everyday time on social media and 75 percent of millenials are on social networking sites³. This is one major advantage that manufacturers can leverage upon.

According to Google’s ZMOT study in 2011, the actual information search begins almost a year ahead and intensifies at around 4-6 months prior to actual purchase.⁴ It is at this moment that consumers are heavily involved in interactions with likeminded people. The study also revealed that on an average consumers use more than 18 sources that help them make a purchase decision. Searching products online forms a major part of this source and more so with social media where recommendations from family and friends and similar communities help the consumers in finalizing a desired car⁵.

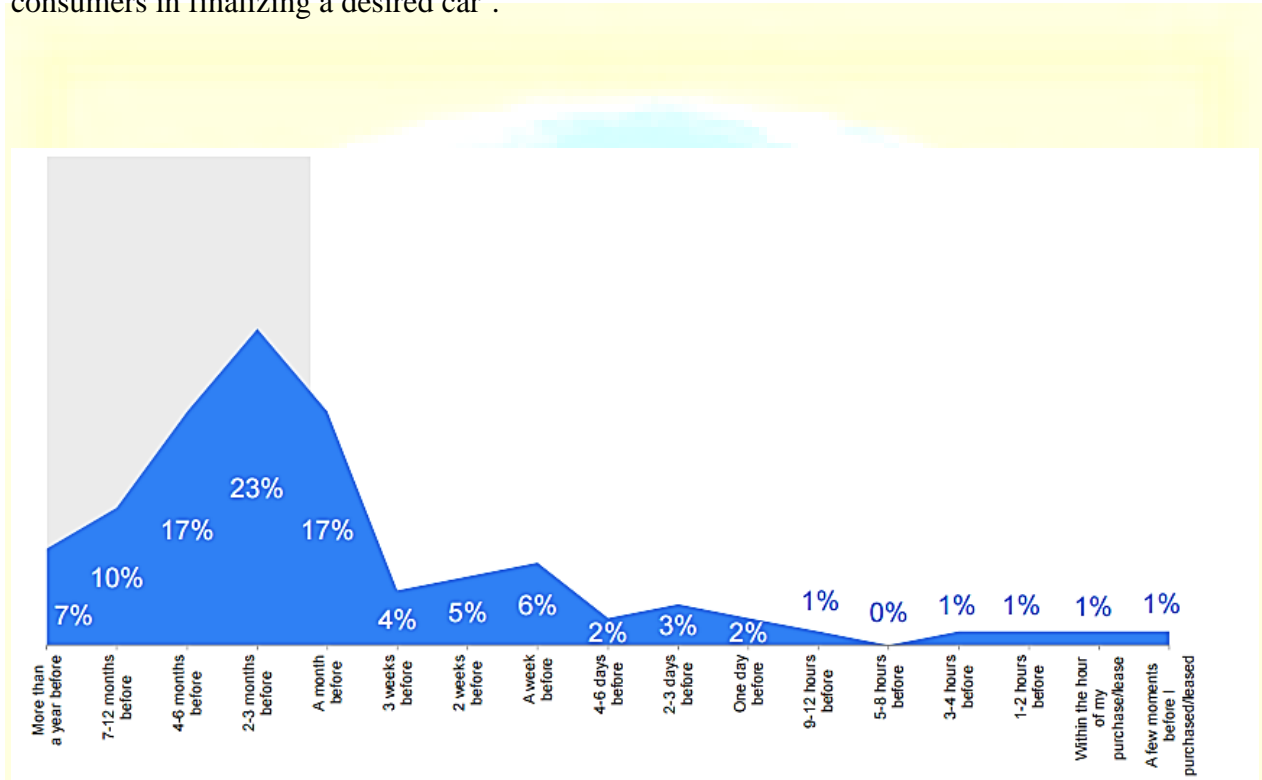


Fig 1.Source: Google/Shopper Sciences, Zero Moment of Truth Study – Automotive, Apr 2011

Ford has leveraged social media wonderfully. In the year 2010 when they decided to enter US small car market with Fiesta, they had no ground market as they had not sold any sub compact car after Aspire in 1997. They strategized to use social media which had just picked up the pace and eighteen months prior to the launch of their new vehicle Ford decided to provide test drive to 100 Social media influencers for a period of six months. The task given to them was to document their experience and post them on various social channels. The impact of the campaign was

staggering and Fiesta garnered 6.5 million Youtube views and 50,000 requests for information related to the car and Ford was able to sell almost 10000 units within first six days of sale.⁶

Objectives:

1. To analyze the role of social media in influencing consumers car purchase intention at different levels of the consumer decision journey.

An important study carried out by Dealer.com, DriverSlide and GfK Automotive identifies the car buying process very closely. The survey was conducted on 2000 consumers who were considering purchasing a vehicle within next 12 months or have purchased a new car in last 12 months. The study is grounded on Mckinsey's and Co. Consumer Decision Journey which was formulated by David Court and majorly endorses the advocacy of existing users. The study has highlighted that there is substantial evidence that consumers are using social media as one of the major sources while considering new car. The available information allows consumers to identify their requirements and help in zeroing on to a specific brand, model and even the most suitable dealer to be considered for the car purchase. The changing scenario of consumer to consumer marketing is one of the most important aspects of social media and the advocacy is another valued facet of this media which is quite different from traditional marketing that was actually the scene previously followed by dealers and manufacturers. The aim of marketing is to make the product or services reach consumers at right moments and influence their decision making behavior. The new decision journey defines these moments and derives a track that identifies the consumer's engagement with the product or services. Consumers are frequently considering a number of products and constantly adding and removing them based on their needs and requirements and therefore it is even more important for brands to engage consumers in their decision journey. Social media serves as an impressive platform that can bring consumers, manufacturers and dealers together at a single place where they can communicate with each other freely and share information in a more efficient way. It has been found that out of four buyers one will definitely use social media in the process of purchasing a new vehicle, 58% of the consumers post an update/comment/like on social media about the dealer and of them 24% get influenced and like the brand. 33% consumers tweet their experience with the new vehicle and 41% said that they were encouraged to add the brand in their consideration after viewing a

post by other users. 65% consumers said that a positive or negative post can impact their initial opinion about the brand/model of the vehicle under consideration.⁷

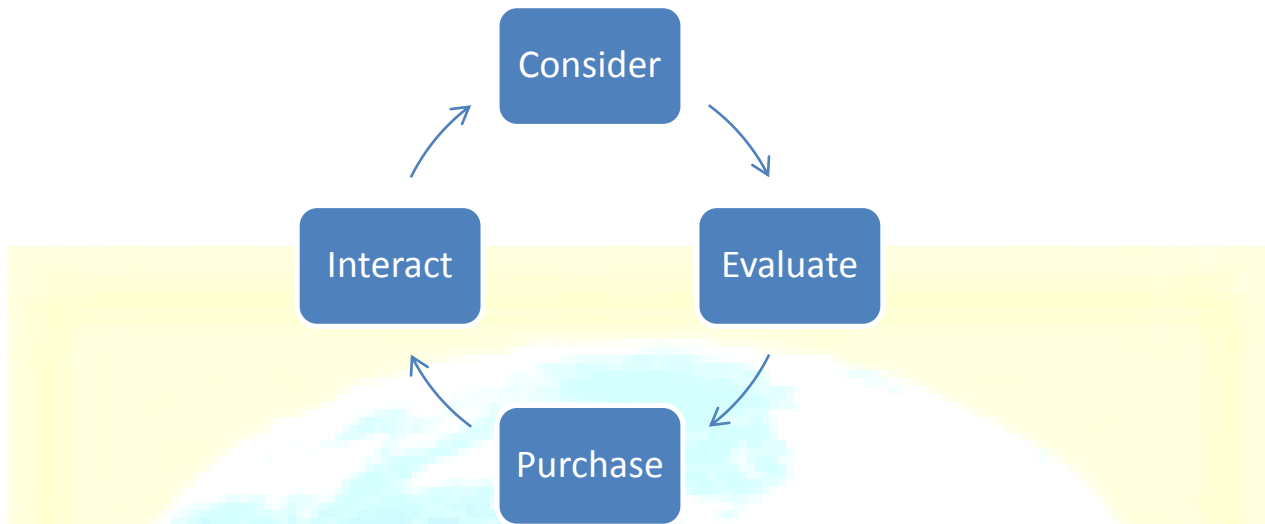


Fig.2 Consumer Decision Journey, Mckinsey& Co., 2009

Transformation of consumer decision journey through social media

The study conducted by Mckinsey has out rightly proposed that the traditional marketing funnel concept no longer holds good and fails considerably to consolidate all the moments of consumers buying process. The dynamic digital environment has drastically altered the way consumers search product and related information and are more informed than before. The study has suggested that more holistic approach needs to be taken towards marketing approaches that will assist marketers to navigate in the present social media environment which is not linear and is even more complex as compared to traditional funnel. This new approach is named as Consumer Decision Journey.⁷

Social media is described as a platform that enables its users to communicate, share, comment, like and advocate their opinions to one another. This peer to peer to interaction has been the major driver that leads to formation of User Generated Content. The content so generated can be extremely influential and impactful in consumer decision making. According to an article titled “Your Spending Your Money In All the Wrong Places” published in Harvard Business Review in year 2010 David Edelman has stated that the traditional consumer decision process although appears simple and convenient but fails to capture the influences from several moments across

the process. Author has further argues that marketers must consider these touch points cropping up at various intervals in the consumer decision journey and consumer experiences with the brand that begins with interaction with service departments, leading them to company websites to the social media presence of these brands through fan pages and resellers sites. The aim is not to deliver consumer depending on entity but to restructure the brand around the needs and requirements of consumer. This vital alteration in organizational thinking of realigning and modifying the traditional structures for focusing on adapting to the consumer digital footprint, that assists in influencing through advocacy, requires more attention on social media platforms for succeeding.

2. To study impact of User generated content on the consumer decision in social media environment.

Social media has empowered consumers as they are now able to share their views and employ their distinct and collaborative influence on other consumers. This influence extends upto to brands as well as specific models. Social media has enabled the consumers to be dynamic, gather in depth information and share their opinions. Study has shown that consumers are no longer silent acceptors of information provided by organisations but are equally active in generating and distributing information via social media platforms.²⁰ The information exists in various forms like videos, texts and audio. Consumer-generated content can be text, images, video or other digital information posted and shared by end-users, content such as blogs, wikis, discussion forums, posts, chats, tweets, podcasts, digital images, video, audio files, advertisements and other forms of media that was created by users of an online system or service, often made available via social media websites.^{16,10} Accenture in its report that was published in 2013 has stated that user generated content can immensely influence consumers purchasing activities and the impact is more so in the social media environment.²¹ User Generated Content is described as any type of data or media that is provided by users of the website. The data can include contents from social media, information available on Wikipedia, youtube and flickr.⁹ The user generated content are created by regular users of the website and is also defined as online content that can be initiated, circulated and used by users.¹⁰ User generated content involves information related to product or services that enhances product awareness and has capability of influencing consumers purchasing decisions.^{11,13} Henning et. al. in their study have identified electronic word of mouth

as statements that are electronically delivered and give information about a product, services or brand which are delivered by prospective, genuine or prior users.¹⁴ Smith et al. have suggested that in case of brand related content User generated Content and Electronic word of mouth are user alternatively.¹⁵

Studies have shown that brand related User generated content can have strong influence on consumers when shared via social media as compared to other sources. The main reason behind this is that it is considered to be being circulated a trustworthy source as they belong to friend groups or known personal group network.^{17, 18} Authors have also proved that electronic word of mouth through social media are more impactful than traditional word of mouth as traditional word of mouth has faster reach and can reach the target audience quickly.¹⁹

Social UGC and its impact on Touchpoints /stages of CDJ

Social media is one of the most important parts in creating electronic word of mouth and impacting consumers in various touchpoints. Google in its recently released report titled “Zero Moment of Truth” has very keenly highlighted importance of social media and its influencing power in consumer buying journey. The study has put forth that consumers have been metamorphic in accepting and using the information through social media and their purchases are no longer following the traditional funnel model. Consumers are adding and subtracting brands as well as products from their list of segregated products though out their buying process.⁸



Fig3: ZMOT, Google Insight Study, 2011

Discussion: Model Implication

The proposed model consolidates the impact of User Generated content on consumer decision journey. The study has touched upon only upto intent phase of the consumer decision journey and the social media generated user content's impact on it. The proposed model derives its inspiration from Mckinsey's Consumer Decision Journey and Google's Zero Moments of truth theory. Both have explained the consumer decision journey in the digital world. Google argues that moments of truths begin quite early in the consumer's mind and marketers need to focus on those touch points in order to leverage maximum trust and loyalty from consumers. Mckinseyon the other hand states the four stages of consumer journey that drives consumers buying behavior. The present study has tried to focus on social media generated user content's impact on consumer purchasing decision for vehicle consideration.

Drivers of Social Media Usage

Social media drivers are explained by those attributes that drive a consumer to consider social media for searching information about the product, in this context it is car. The communication that each member of community can have with other member is an important attribute that drives consumers towards using social media. After communication consideration about the model, brand and color, technical specifications and need assessment is done. This is followed by the further strengthening the connections with more users and gaining better insights in the product under consideration. These features of social media are having a direct impact on consumer's decision making process differently at different stages.

Using User Generated Content for Comparison and evaluation

User generated content that is available freely allows users to compare the various options in market and evaluate them based on the needs of the consumers. These comments are very helpful in funneling out a single vehicle based on requirement and most suited to the consumer's needs. The impact of user generated content is very strong on intentions to buy and can drive the consumer to even change the initial consideration and opt for completely new vehicle.

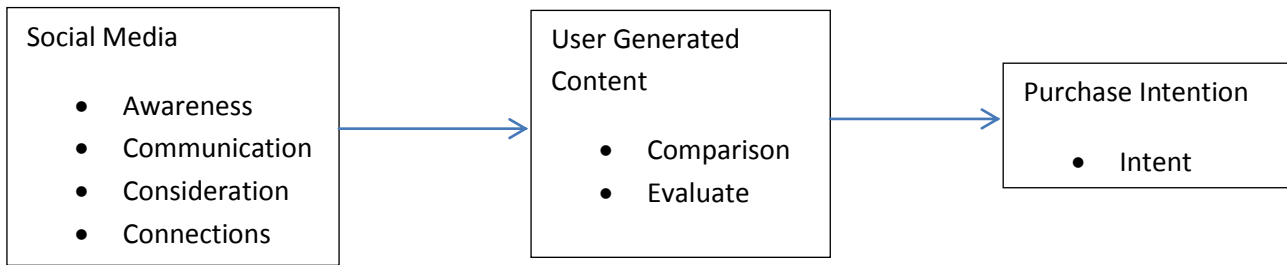


Fig4. Proposed Model

Conclusion

The model discusses the consumer journey only up to intention phase as scope of the paper is limited. But the impact of social media cannot be negated for the further stages and need to be further analysed. Seth Godin has coined the term consumer tribe that represents the uniqueness of consumers that have similar likings and needs. Mckinsey fails to see this aspect and hence is unable to explain the similar values and goals of consumers. This tribe behavior of consumers are potential influencers and poses a great untapped opportunity that can help in brand building and brand loyalty. The after purchase behavior is another area that can influence future consumers as current users aggressively use social networking sites for expressing their opinions about the purchased product. The impact of positive and negative comments about a brand can influence a prospective consumer and his future behavior with the brand. Through secondary resources it was found that social media is major source that is generating huge amount of user generated content and steps must be taken to develop tools that can capture this content and derive meaningful insights from them. Companies hence need to be proactive and manage their social media presence intelligently.

Reference

1. Bruce Giffin and Joe Richards, "The Role of the Internet in the New and Used Vehicle Purchase Process," [PolkView, February 2011].)
2. comScore Report, "It's a Social World: Top 10 Need-to-Knows About Social Networking and Where It's Headed" (12/21/11).
3. Pew Research Center, "Millennials: A Portrait of Generation Next."
4. <https://www.thinkwithgoogle.com/research-studies/zmot-auto-study.html>

5. <http://www.smartinsights.com/content-management/content-marketing-strategy/googles-zmot-brilliant-or-bocks/>
6. <http://www.jeffbullas.com/2010/02/18/the-7-secrets-to-fords-social-media-marketingsuccess/>
7. *McKinsey Quarterly*, "The Consumer Decision Journey," David Court, Dave Elzinga, Susan Mulder, and Ole Jørgen Vetvik, June 2009; http://www.mckinseyquarterly.com/The_consumer_decision_journey_2373
8. Your Spending Your Money in All the Wrong Places, November 2015 issue (pp.88–94, 96, 98, 100) of *Harvard Business Review*.
9. <http://atlanticwebworks.com/blog/5-types-user-generated-content/>
10. <https://www.boundless.com/marketing/textbooks/boundless-marketing-textbook/social-media-marketing-15/introduction-to-social-media-and-digital-marketing-98/types-of-consumer-generated-digital-content-486-10596/>
11. Daugherty, T., Eastin, M. S., & Bright, L. (2008). Exploring consumer motivations for creating user-generated content. *Journal of Interactive Advertising*, 8(2), 1e24.
12. Smith, A. N., Fischer, E., & Yongjian, C. (2012). How does brand-related user-generated content differ across YouTube, Facebook, and Twitter? *Journal of Interactive Marketing*, 26(2), 102e113
13. Blakley, J. (2013, May 2). Brands as publishers and how it's changing marketing [Web log post]. Retrieved from <http://www.postano.com/blog/brands-as-publishers-and-how-its-changing-marketing>.
14. Hennig-Thurau, T., Gwinner, K. P., Walsh, G., & Gremler, D. D. (2004). Electronic word-of-mouth via consumer opinion platforms: what motivates consumers to articulate themselves on the Internet? *Journal of Interactive Marketing*, 18(1), 38e52.
15. Smith, A. N., Fischer, E., & Yongjian, C. (2012). How does brand-related user-generated content differ across YouTube, Facebook, and Twitter? *Journal of Interactive Marketing*, 26(2), 102e113.
16. https://en.wikipedia.org/wiki/User-generated_content,
17. Chu, S. C., & Kim, Y. (2011). Determinants of consumer engagement in electronic word-of-mouth (eWOM) in social networking sites. *International Journal of Advertising*, 30(1), 47e75.

18. Corrigan, J. (2013, July 19). The benefits of user-generated content [Web log post]. Retrieved from <http://raventools.com/blog/benefits-user-generated-content/>.
19. Christodoulides, G., Michaelidou, N., &Argyriou, E. (2012). Cross-national differences in e-WOM influence. *European Journal of Marketing*, 46(11/12), 1689e1707.
20. Stewart, D. W., &Pavlou, P. A. (2002). From consumer response to active consumer: measuring the effectiveness of interactive media. *Journal of the Academy of Marketing Science*, 30(4), 376e396.
21. Accenture. (2013). Retail technology vision 2013. Retrieved from <http://www.accenture.com/SiteCollectionDocuments/PDF/Accenture-Retail-Technology- Vision-2013.PDF>.

