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TREND BRIEF: Social Media in the Automotive Industry

The Cobalt Group

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What is Social Media?

Social media is a common topic of discussion within the automotive industry, yet a consensus on its practical application is hard to find. From a public perspective, social media are digital networks that enable people to share ideas and opinions about products and services in a public manner. From a marketing perspective, social media is the digital analog to traditional public relations. With these general definitions in mind, the applications and opportunities seem endless. However, leveraging social media successfully requires a well planned social media strategy.

The goal of a social media strategy is to become part of the conversation in order to influence opinion, address concerns and learn from people that are talking about your brand. It requires careful planning, goal setting and following established guidelines to avoid damaging a brand or reputation. By entering the fray of social media with an established plan, OEMs and dealers can promote their brands and help influence what consumers are saying about them.

The Value of Social Media

The past few years have seen a shift in marketing from offline to online. Digital marketing relies on broadcasting the message to the masses, basing its efficiency on reach and frequency. This is highly effective for upper-funnel product awareness and reach. However a mass broadcast approach becomes less effective as consumers make their way through the purchase funnel. Through social media, OEMs and dealers have the potential for continued interaction with consumers through the research and engagement process.



The most effective use of social media is to become part of a conversation with consumers. It all starts with listening. By listening via social media monitoring, OEMs and dealers can understand customer sentiment and how customers perceive their brand. Monitoring provides valuable and timely insight on how consumer brand consideration might be shifting, or early notification of PR issues/opportunities. Listening also permits OEMs to measure marketing effectiveness by seeing what content is created by consumers and how other consumers react to it. Listening provides unique and direct exposure to what advocates of your brand have in common, effectively showing who to market to and how to market to them.

OEM and Dealer Opportunity

The best opportunities **do not** arise from ambitiously surging into a broad range of social platforms with the assumption that by casting a large net, the brand and dealer are bound to meet its audience.

By leveraging social media, OEMs and dealers can:

- Gain customer insight and understanding of how their brand is perceived.
- Extend their reach into social media channels where customers are more engaged and considered more trustworthy.
- Extend communication with customers and prospects throughout the sales life-cycle while educating and influencing how the brand is perceived.
- Increase customer consideration, purchases and loyalty.
- Coordinate messages across automotive industry tiers, from the OEM to dealer, to create more and deeper customer connections.
- Improve the dealer's appearance in search engines, by creating and managing their presence in more digital channels, thereby increasing traffic and generating leads.

Risk

Today, dealers are actively participating in social media sites and interacting with customers.

While their efforts are genuine, some potentially critical issues have been identified:

- Beginning participation before listening/monitoring.
- Failing to define a communication plan, process and goals.
- Not spending the time to create a social media strategy and identifying success criteria.
- Not engaging in social media channels that align with the OEM or dealers strategy.
- Spreading themselves too thin across too many social media initiatives.
- Participating by broadcast and not listening to customers.
- Not using the right resources – outsourcing the ongoing management of social and not leveraging internal brand and marketing experts.

When a dealer interacts on social media sites, the consumer may perceive them as speaking on behalf of the OEM. Without an OEM-supported strategy, dealers will continue to leverage social media on their own. With this in mind, it is extremely important that the OEM becomes involved to guide dealers and ensure a uniform strategy.

Recommended Approach and Best Practices

Cobalt recommends a structured approach that can be divided into three key activities.

1. Listen

- Monitor social and review sites to see what consumers are saying about the OEM or dealership.
- Monitor your competitors and other industry sites.
- Understand that listening provides clear benefits, even if you decide not to actively participate in the conversation.

2. Engage

- Be authentic, personal and add value in a timely manner.
- Integrate social media into your overall marketing plan.
- Integrate social media into all aspects of marketing, including the dealer's website, to ensure a coordinated effort across all media.
- Understand which social media services and features to integrate where and for what purpose.
 - Sharing of product pages to make content viral and increase traffic back to websites. Very low effort, anyone can do this.
 - Avoid using third-party widgets because of possible data leakage that could be used by competitors to target your customers.
 - If already active on social sites, embed widgets to encourage growth of social network; adding interaction to static sites while also showing real world customer interactions.
 - Avoid publishing an inventory feed to social sites. This data is of little value to consumers and may be perceived as spam.
 - Integrate social media into owner marketing – existing customers have the potential to become the best brand advocates, e.g. to follow or fan the dealer's social network or the create reviews for the dealership.
- Acknowledge what is being said.
- Don't try to control the conversation, instead respond.

3. Cultivate

- Be consistent in tone of voice and frequency of your interactions.
- Create a feedback contact process for your business so that consumers have an identified method of engaging directly with your brand.

About The Cobalt Group

Cobalt is North America's leading provider of digital marketing and advertising solutions for the automotive industry. For fifteen years, Cobalt's mission has been to help automobile dealers and manufacturers increase their retailing effectiveness and profitability. Cobalt provides marketing solutions to almost half of the automotive dealerships in the United States, as well as Canada and Mexico. Cobalt's digital marketing solutions and data services are endorsed by approximately two-thirds of the world's major automotive manufacturers.