

## Impact of Digital Marketing on Automobile Industry

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### Abstract

The automotive industry is a sector that combines innovation, creativity, science, technology, ideas that bring momentum to the economy, people and the whole nation. The “YouDrive” Mercedes advertisement of 2013 is one example of social media marketing creativity in the automobile industry. The Mercedes team reported 3.8 million views of their YouTube channel in the 3 weeks following the campaign (Mercedes-benz website, 2013). Automotive industry has widely accepted this digital platform and Fans growth is considered as the most preferred method to measure success of social media marketing. The objective of this paper is to understand the concept and to study the current scenario of social media marketing in the automobile industry. This paper further considers the various key performance indicators (KPIs) used for social media measurement and the reasons behind adopting social media marketing. This paper also tries to identify the relationship between social media marketing, fans growth and sales generation.

**KEYWORDS:** Social Media Marketing, Automobile Industry, Fans Growth, Sales generation

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### Introduction

The Indian auto industry became the 4th largest in the world with sales increasing 9.5 per cent year-on-year to 4.02 million units (excluding two wheelers) in 2017. It was the 7th largest manufacturer of commercial vehicles in 2017. The Two Wheelers segment dominates the market in terms of volume owing to a growing middle class and a young population. Moreover, the growing interest of the companies in exploring the rural markets further aided the growth of the sector. India is also a prominent auto exporter and has strong export growth expectations for the near future. Automobile exports grew 20.78 per cent during April-November 2018. It is expected to grow at a CAGR of 3.05 per cent during 2016-2026. In addition, several initiatives by the Government of India and the major automobile players in the Indian market are expected to make India a leader in the two-wheeler and four wheeler market in the world by 2020.

### Objectives of the Study

- Identify whether the Investment proposal are useful to the Automobile Industry
- How Automobile Industry utilize the Digital marketing in India
- Identify the Impact of social media in the Automobile Industry

## **Growth of the Automobile industry:**

Growth of the Automobile industry is taking place in clusters. The automotive industry is developing in clusters. There are four major clusters in the automotive industry in India. They are in and around New Delhi, Gurgaon and Manesar in North India, Pune, Nasik, Halol and Aurangabad in West India, Chennai, Bangalore and Hosur in South India and Jamshedpur and Kolkata in East India. Of course there are several manufacturing units in many other parts of India but these four clusters are expected to become the main hubs for manufacturing in the automotive industry. The Government of India (GOI) is taking initiatives to develop the automotive clusters. For example, the GOI, in its 11th Five Year Plan (2007–2012), is planning to create the Specialized Education and Training Institute for the automotive industry. It is also taking measures to enhance transportation, communication, and Infrastructure facilities in these cultures.

### **Market Size**

Domestic automobile production increased at 7.08 per cent CAGR between FY13-18 with 29.07 million vehicles manufactured in the country in FY18. During April-November 2018, automobile production increased 12.53 per cent year-on-year to reach 21.95 million vehicle units.

Overall domestic automobiles sales increased at 7.01 per cent CAGR between FY13-18 with 24.97 million vehicles getting sold in FY18. During April-November 2018, highest year-on-year growth in domestic sales among all the categories was recorded in commercial vehicles at 31.49 per cent followed by 25.16 per cent year-on-year growth in the sales of three-wheelers. Premium motorbike sales in India crossed one million units in FY18. . During January-September 2018, BMW registered a growth of 11 per cent year-on-year in its sales in India at 7,915 units. Mercedes Benz ranked first in sales satisfaction in the luxury vehicles segment according to J D Power 2018 India sales satisfaction index (luxury). Sales of electric two-wheelers are estimated to have crossed 55,000 vehicles in 2017-18

### **Traditional vs digital marketing in the automotive industry.**

A research done by DealerSocket reveals interesting facts about digital marketing for the automotive industry. One of the most significant facts is that the return on investment in traditional media like radio spots, t.v. ads, billboards and tent sales are less than that of digital media. It states that the traditional media brings in an average profit of \$1,702 per vehicle, whereas digital marketing gets \$2,514 per sale.

Digital marketing is also beneficial as it helps automotive brands to target a very specific audience. The digital marketing campaign for a company like Maruti would be targeting a completely different set of audience as compared to a company like Audi. Digital Mediums are well optimized to show Ads to that very specific audience that the company wants.

## **Why choose digital marketing?**

Look at how well Tesla has used YouTube to create buzz and interaction with their audience. A medium like YouTube allows you to upload your videos for free and the return on investment is huge as well. Videos of Tesla have millions of views on some of their videos and their only investment is that which occurs in the shooting of the video.

Facebook and Instagram allow brands to directly advertise and promote their posts. Good brand presence on these platforms is a matter of pride for brands and not only for targeting customers. Automotive brands hire the biggest competitors in the market to manage their digital marketing even if the brand is not so active on social media. As they know that digital marketing is the future, and the online presence of a brand makes its reputation in today's world. Like one of the top 10 digital marketing agencies in India – Maxus was hired by Tata Motors for promotions even though Tata Motors is not very active on all forms social media.

The future of advertising in an automotive industry is clear. Digital marketing will play a big role in that. With developing technologies of VR and AR, there is a high probability that these will be integrated to improve digital marketing campaigns, and this should come as no surprise!

## **Investments**

In order to keep up with the growing demand, several auto makers have started investing heavily in various segments of the industry during the last few months. The industry has attracted Foreign Direct Investment (FDI) worth US\$ 19.29 billion during the period April 2000 to June 2018, according to data released by Department of Industrial Policy and Promotion (DIPP).

Some of the recent/planned investments and developments in the automobile sector in India are as follows:

- Ashok Leyland has planned a capital expenditure of Rs 1,000 crore (US\$ 155.20 million) to launch 20-25 new models across various commercial vehicle categories in 2018-19.
- Hyundai is planning to invest US\$ 1 billion in India by 2020. SAIC Motor has also announced to invest US\$ 310 million in India.
- Mercedes Benz has increased the manufacturing capacity of its Chakan Plant to 20,000 units per year, highest for any luxury car manufacturing in India.
- As of October 2018, Honda Motors Company is planning to set up its third factory in India for launching hybrid and electric vehicles with the cost of Rs 9,200 crore (US\$ 1.31 billion), its largest investment in India so far.

## **Government Initiatives**

The Government of India encourages foreign investment in the automobile sector and allows 100 per cent FDI under the automatic route.

Some of the recent initiatives taken by the Government of India are -

- The government aims to develop India as a global manufacturing centre and an R&D hub.
- Under NATRiP, the Government of India is planning to set up R&D centres at a total cost of US\$ 388.5 million to enable the industry to be on par with global standards
- The Ministry of Heavy Industries, Government of India has shortlisted 11 cities in the country for introduction of electric vehicles (EVs) in their public transport systems under the FAME (Faster Adoption and Manufacturing of (Hybrid) and Electric Vehicles in India) scheme. The government will also set up incubation centre for start-ups working in electric vehicles space.

### **Achievements**

Following are the achievements of the government in the past four years:

- Number of vehicles supported under FAME scheme increased from 5,197 in June 2015 to 192,451 in March 2018. During 2017-18, 47,912 two-wheelers, 2,202 three-wheelers, 185 four-wheelers and 10 light commercial vehicles were supported under FAME scheme.
- Under National Automotive Testing And R&D Infrastructure Project (NATRIP), following testing and research centres have been established in the country since 2015
  - International Centre for Automotive Technology (ICAT), Manesar
  - National Institute for Automotive Inspection, Maintenance & Training (NIAIMT), Silchar
  - National Automotive Testing Tracks (NATRAX), Indore
  - Automotive Research Association of India (ARAI), Pune
  - Global Automotive Research Centre (GARC), Chennai
- SAMARTH Udyog – Industry 4.0 centres: ‘Demo cum experience’ centres are being set up in the country for promoting smart and advanced manufacturing helping SMEs to implement Industry 4.0 (automation and data exchange in manufacturing technology).

### **Why Social Media Is Important To Automobile Companies**

- It is a great platform to engage with customers
- It is possible to generate leads on these platforms
- People share about things they love on Social Media – and vehicles are high up on their lists. Which makes Social Media platforms a good place for companies to be at!

Digital marketing isn't something new, but it is a great way to ensure success in the ever-changing automotive industry.

Here are a few tactics and trends to focus on:

1. Email marketing

'Email marketing continues to be one of the most effective online marketing strategies that dealerships can conduct. In fact, nearly 75% of adults say that email is their preferred method of communication in Email marketing is highly versatile, it can drive test drive bookings, show videos, new car launches and allows you to promote anything, while being able to track exactly how your customers respond to that email, in real time.

2. SEO

If you want to sell more cars, you need to ensure your SEO strategy is effective and can boost your website to the top of a search engine results page. The higher your rank, the greater the amount of opportunities you have to generate leads and close a deal.

3. Content marketing

A successful content marketing plan will help you provide the answers to questions shoppers have. By answering specific questions your company will be seen as a knowledgeable and trusted leader, which means, potential buyers are more likely to buy a vehicle from you than your competitors.

4. Mobile targeted marketing

Your marketing strategy should be optimised for the mobile user. Individuals are using different devices to search, but ensure your content, videos, design etc. are mobile friendly. More and more individuals turn to their smart phones to search.

5. Create a single customer view

Through different systems, you should collect data from around your ecosystem and consolidate this into a 360 single customer view, by merging identities from multiple devices into a single one. By unifying your data around each customer, you can send them marketing material based on their needs and behaviour to purchase a car. Automation will play a key role in this.

You can have the most optimised and well-designed website in the industry, but none of that will matter if you don't market where your target audience is. This is why digital marketing and advertising is important, your audience is online, you need to be to.

Digital marketing in the automotive industry is crucial, if you don't have a digital strategy, chances are you won't get the sales. Some of the areas where digital marketing helps are:

- **Brand Reputation:** The automobile industry thrives on industry reputation. People buy automobiles on recommendation, other than personal choices. Bad reviews online can hurt your chances of making a sale. Similarly, poorly handled customer support issues can steer away people from your brand because no one

wants a truck with a brand that does not bother with after-sales service. Online reputation management can take care of this problem.

- **Social Media Chatter:** Face book, Twitter, Instagram are some of the platforms where people discuss automobile purchases, experiences and tips. You need your own voice on these platforms to make people aware about your brand and the work you do. People, despite their reliance on user reviews, want an authoritative voice in their midst. The social media team will interact and engage with these potential or existing customers.
- **Search Engine Dominance:** A staggering presence on search engines is a must for every automobile brand. Interested buyers searching with generic keywords should find your brand's website easily. The website should feature among the top bracket. Additionally, ads of your brand should take up the space above the fold, along with the search results. A reliable digital advertising agency can do that for your brand.
- **Online Surveys:** Online marketing service providers can conduct online surveys for your brand to ascertain what your potential buyers may be thinking about your products and services. These surveys are useful before launching new products, or to know if the product will fit the demands of the market.
- **Content Dissemination:** The automobile industry has a niche following online. Generic blogs and web pages do not contain all the talk happening online. Your internet marketing service provider will take your content, videos and info graphics alike, to these niche sectors. That will get the influencers in the industry to take note and talk about your brand.

## Conclusion

This chapter provides an overview of the automotive industry in India with relevant facts regarding the Growth of the Automobile Industry Marketing structure and size, indication of Government inspire in the automotive industry. India is becoming a base of high value and advanced quality engineering products and services for multinational companies. India is emerging as a large domestic market for automotive manufacturers and has become a crucial link in the global automotive industries. This industry in India has become most dynamic and experiencing strong growth. The automotive industry is one of the largest industries in India and is a key driver for growth in the economy. Also the automotive industry has a strong multiplier effect on the Digital marketing.

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