

Promotional Methods Taken by Car Dealers: An Investigation of Traditional Marketing and Online Media in National Car Showroom

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Abstract

In this digital age, many retailers have blended traditional to online media in enhancing the customer experience thus making sales. In the context of automotive sales, car dealers worldwide have long practiced traditional marketing methods in the form of brochures, posters, flyers, banners and other physical display in combination with personal selling since the methods are proven by sales success. However, a new generation of customers is switching to online media to seek information and thus influence their purchase decision. This phenomenon is predicted to change the landscape of automotive retails globally. Hence, this study is conducted to investigate the promotional methods used by car dealers and its' effectiveness in securing sales. A series of interviews were conducted between June 2017 to August 2017 with five car dealers by using a semi-structured interview questions. The findings revealed two forms of promotional method which were commonly used by car dealers and car dealers' perception and preference on the promotional tools. As a result, the findings shall be fruitful for car marketers in learning the potential of current promotion practice and the future strategies. Further research is recommended to validate the findings through empirical studies and consequently, from car buyers' perspectives.

Keywords: Promotion Mix, Traditional Marketing, Online Media, Car Dealers

1.0 Introduction

Promotion mix encompasses marketer-controlled communications elements consisting of advertising, sales promotion, public relations, personal selling, and direct marketing. Traditional marketing methods which generally cover print, broadcast, direct mail and telephone marketing and any usual forms of advertising and marketing efforts were vastly implemented by marketers and retailers. Various literatures have proposed significant contribution of



traditional marketing methods in term of relevancy and can be combined with digital marketing (Todor, 2016), higher customer preference as compare with digital format (Danaher and Rossiter, 2011; Talafuse and Brizek, 2014) and are necessary for brand awareness and recognition (Pfeiffer and Zinnbauer, 2010). However, for the last decade, there were many studies incorporating social media as a new element of promotion mix as cited from Abdallah et al. (2017) (see Mangold & Faulds, 2009; Chang et al., 2015; De Keyzer et al., 2015; Rejón-Guardia et al., 2016; Lee and Hong, 2016; Lin and Kim, 2016; Okazaki and Taylor, 2013; Swani et al., 2016; Wu, 2016; Hill and Moran, 2011; Jung et al., 2016; Lee et al., 2016; Lugmayr, 2012; McCaughey et al., 2016; Powers et al., 2012; Steyn et al., 2011) and as a form of electronic word-of-mouth (see Teng et al., 2017; Viglia et al., 2016; Munar and Jacobsen, 2013). In automotive retails, there is minimum empirical evidence to support promotional methods used by car dealers. It is believed that car dealers have long practiced conventional promotional methods comprising of printed ads, television, radio, personal selling and trade show to name a few. According to Assistant Manager of Network Planning and Development from a national car maker, traditional marketing methods were adopted by car dealers since it provides promising result. However, the consumer is seeking information from online sources which already substitute the offline media (Duta and Das, 2017). This phenomenon is predicted to change the landscape of automotive retails globally. Hence, this study is to investigate the promotional methods used by car dealers and its' effectiveness in securing sales.

2.0 Literature Review

Kotler and Armstrong (2010, p. 426) define promotion mix or marketing communication mix as "the specific blend of promotional tools that the company uses to persuasively communicate customer value and build customer relationship". Five known promotion tools comprise of advertising, public relations, personal selling, sales promotion and direct marketing. Direct marketing synonymously links to any tools used to communicate directly to selected customers like direct mail, telemarketing, email, the Internet and direct-response television or shopping channel (Kotler and Armstrong, 2010).

In automotive industry, promotion mix is indicated as one of the key element in selling cars comprises of Above The Line (ATL) and Below The Line (BTL) promotion strategy. ATL promotion strategy includes promotion through the media, i.e. Radio, TV, Newspaper, Mobile and Internet. Meanwhile, the BTL promotion strategy includes sponsorship, endorsements, product placement, direct mail, personal selling, trade shows and public relations (Lenskold, 2003). The used of promotion mix by automotive companies is believed to enhance their target market awareness and at the same time increases the car sales which give more profit for their companies. Although the success of the promotion mix is still indistinct, by considering the rapid growth of automotive retails and changes of consumers' behaviors which require the automotive companies to choose promotion mix as a tool since it could encourage consumer purchasing decisions (Familmaleki et al., 2015).



With regard of traditional marketing methods, Todor (2016) explained that it might include any tangible items except digital means in order to provide product information for consumer. Hence, it is also considered the outbound marketing for buying consumer's attention (Todor, 2016). The outbound marketing is an approach to reach wider consumers' attention through wide-ranging media advertising, in-person contact and uncongenial tactics for getting sales (Photonics Media Marketing Newsletter, 2016). However, in this digital era, consumer purchasing behavior is mostly depending on the internet in order to gather the product information, which makes traditional marketing methods may seem not really effective (Batra and Keller, 2016). Despite of the revolutionization of consumer purchasing behavior, Lavinsky (2003) argued that traditional marketing methods are still relevant, considering the convincing USP (unique selling proposition) and offer, besides specifically determine the right target market.

Furthermore, advertising on online media comprises of internet-based media, i.e. search engines, websites, smartphone apps and social networks (Naik and Peters, 2009). It is originally designed to complement or facilitates the traditional marketing methods in selling products (Hanekom and Scriven, 2002). However, given internet-based media are more dynamic in terms of updating the content and details of the advertisement, many marketers like to leverage on online media as an advantage. Besides, the advertising expenditure in online media is inexpensive compared to the other traditional media, but effectively approaching the target audience and groups (Tavor, 2011).

Nevertheless, according to Beard and Yang (2011), many companies have chosen to advertise their product through online media and decreasing their advertisement expenditure in traditional media. By referring to Pepsi Company, they depicted that part of Pepsi advertisement expenditure has been devoted to favor a social media campaign as it is more cost-effective, evicting the expenditure on traditional media campaigns. Moreover, Procter & Gamble Company has increased the company advertising expenditure in online media since it shows progressive investment results rather than spending on traditional media advertising i.e. TV or print (Bennett, 2017). In this sense, advertising on online media has become the choice of many companies mainly for its inexpensive cost but with high returns.

In the context of automotive retails, car marketers might have practiced traditional marketing methods in the form of brochures, posters, flyers, banners and other physical display in combination with personal selling, including commercials on television and radio prior to the advent of digital technology. According to Gunnemann (2005), digital technology has transformed the automobile marketing effort where traditional marketing methods are no longer effective and require appropriate product placement through digital media to communicate with the target audience. However, this marketing strategy should align with market's cultural differences in order to make it effective (Zakia Jamal, 2014). Therefore, this work aims to examine the promotional efforts taken by car dealers in capturing sales and the effectiveness of the aforementioned tools.



3.0 Methodology

The qualitative study employs phenomenological design which was adapted from (Moustakas, 1994). Five car dealers whose working at national car showrooms were interviewed from June 2017 to August 2017. Car dealers were selected because of their direct experience with the phenomena and customers. Moreover, these dealers represent 4S car dealers which consider as full-fledge car dealership since they have Sales, Service, Spare part, Spray and body painting. Furthermore, all the interviewees represent West (Kuala Lumpur & Selangor), North (Perak & Kedah) and South Malaysia (Johor). Four out of five interviewees had at least three to nine years' experience in car retails. Table 1 depicted the profile of the interviewees.

Table 1 Demographic Profile of Interviewees (CD: Car Dealer)

Identity	Role held during	Gender	Location
	interview		
CD01	General Manager	Male	Ipoh, Perak
CD02	Sales Advisor	Male	Sg. Petani, Kedah
CD03	Sales Advisor	Male	Sg. Besi, Kuala Lumpur
CD04	Sales Advisor	Male	Hulu Langat, Selangor
CD05	Sales Advisor	Female	Muar, Johor

Face-to-face and phone interviews were utilized to collect the data from respondents by using a semi-structured interview questions. The open-ended questions as follows:

- What are the current promotional strategy that is being used by car dealers?
- What are the advertising methods employed by car dealers to promote cars?
- Do you think the promotional strategy adopted by car dealers are effective in getting sales? Why?
- Do you think the promotional strategy used at present pose any issues?

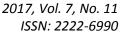
Other questions related to the challenges faced by car dealers in car retails were also asked primarily as ice-breaking cues that prompted the interviewees to talk about their perception on promotional strategies adopted by car dealers. All the interviews were audio-taped and transcribed by using procedures recommended by (Moustakas, 1994).

4.0 Findings and Discussion

Evaluation of the interviews specify the promotional strategies which were adopted by car dealers comprising of traditional marketing methods and online media.

4.1 Traditional marketing methods

Traditional marketing methods in various forms were predicted to be commonly used by car dealers. Four out of five interviewees generally agreed that they were using printed and broadcast media as promotional tools. CD01 responded that they rely on radio and television advertisements, brochures, banners, bunting which are provided by the Headquarters (HQ) as





well as flyers. he mentioned that "There are many advertisements, but I don't think it's really working. Now X [undisclosed brand] does a lot of radio advertisement daily. So, it does help a little". He continued that "We're using flyers as well, but in a small amount. Mostly comes from the salesmen initiative". Besides, the flyers will be distributed to houses and in public places. Moreover, CD01 took his own initiative to install flags at the gate whenever the new car model arrives. He stresses that any car dealers must have printed advertisements as a medium to convey information like car specification to customers. Similarly, CD03 and CD04 did mentioned about using flyers and telemarketing to advertise the cars to potential prospects. CD05 supports the notion as well based from her statement "I have many ways, like using flyers or banners. Flyers can also be used in many ways like distribute randomly, inserted in the newspapers or visit government offices and seeing a lot of people". Indeed, printed and broadcast media are found to be the most commonly used promotional tools by car dealers or marketers even in present times.

Personal selling is imperative in automotive retails. Three out of five interviewees stated that selling skills are an important promotional tool. For example, CD01 was more inclined towards personal selling in comparison with other methods. He emphasized that "Salespeople need to have effective communication skills. If people [potential customer] walks in and meet some lousy salespeople, it won't do. But there must be many salesmen anyway. If we're using less, then they cannot be dependable. The number of salesmen must be many". Further, he believes that personalized personal selling which focus on building relationship with the customer is efficient in guarantee sales. Hence, promotional materials just complement the personal selling activities (CD01). CD02 and CD05 shares the same perceptions where both interviewees mentioning about personal selling as promotional strategies in selling cars. CD05 stressed that a salesperson must be able to communicate effectively and removes shyness. She explained "When you [salesperson] see people [potential customers], you [salesperson] shouldn't be ashamed to distribute the flyers. Introduce yourself as a sales advisor of X [undisclosed brand]". CD02 also did mentioned about having a duty where they are required to entertained walk-in customers. Overall, personal selling was commonly used as a promotional tool or as a supporting tool to other promotional materials in automotive retails.

In terms of trade show, three out of five car dealers realized that they cannot rely solely on showrooms. CD01 explained that showroom contributes to limited sales. He states that car marketers must involve in roadshow at public places like bank and supermarket to name a few. This is based on his statements "Cannot depend on showroom only. We need to go out. We have gone to many roadshows, at the bank entrance and many more places". "Nowadays, very few people visit the showroom. Besides, there are many car dealers these days. So, if we do not follow the trend, we'll lose people [potential customers]. People found it difficult to visit this place [showroom], so to strengthen the marketing strategies, we go to roadshows, supermarket or other places" CD01 explained. He concluded that "Showroom cannot contribute to many sales anymore. So, we need to go out and make sales". CD02 states that in his showroom, the sales advisor should participate in roadshows for car promotion. "Usually, we have a duty DOP.



We went to X [supermarket], to shopping malls and so on to do roadshows". CD04 continues "As a salesman, we have a routine duty like flyers and joining roadshows which is a must". Hence, car dealers were moderately agreed that they commonly used tradeshow as one form of promotional effort.

Car marketer and dealer have been using word of mouth as a promotional tool which was mentioned by one interviewee. CD04 states that he relies on recommendation from previous customers as an effective promotional strategy in making sales. "The most powerful method is recommendation from friends" he stated. In sum, most car dealers have not mentioned word-of-mouth as a promotional tool, but it was recommended as an impactful tool in automotive retails.

4.2 Online Media

Consumer buying pattern is changing. As a result, the consumer seeks information about cars on online media as opposed to physical media (Batra and Keller, 2016). Therefore, car dealers have begun to advertise on online media like social media sites and website. CD01 states that the salesmen were using Facebook as a promotional effort. CD02 advertise cars by listing the models and contacts in the websites. This based on his statements "We have listed cars at carlist.com to advertise our products [cars]. When people see it on the internet, they will directly call. Because they don't have time [to go to showrooms]". "The most effective ads are on the electronic form like Facebook and Instagram" he recommended. CD03 was mutually agreed. He responded "Usually, I'll do online promotion on Facebook, Mudah.com [virtual market/auction place] and carlist.com. If I'm using flyers, the cost is higher as compare to online". Similarly, CD04 was also admitted using Facebook to pool prospect hence sales. Moreover, CD05 was also using Facebook to update current information on cars. However, she believed that online promotion is not applicable to her. In conclusion, most car dealers were using these tools on a normal basis.

4.3 The Effectiveness of Promotional Methods in Automotive Retails

Regarding the effectiveness of traditional marketing methods, CD01 responded that "Effective, but not so much. Because, when we're going to road show, we need to have the advertisements [printed] to show to the customer. So, people will be aware". Similarly, CD05 agreed that traditional methods are somewhat effective. For online media, CD02 reacted that the most effective tool is social media like Facebook and Instagram. "So far there are no issues. But it's just that, usually the response rate is below 10%". Moreover, CD03 explained that "It does help but not 100%, just a little. Let's say in a week, about 20 people will call or WhatsApp me. Normally, one to two will seal the deal. So, I would say the success ratio is about 1:5 or 2:5". Based on these responds, there is minimum empirical evidence to support its effectiveness on sales. Thus, the effectiveness of these tools is immeasurable. For instance, CD04 responded that "I am not sure because it's very subjective". Thus, it can be concluded that there is a mixed perception of the effectiveness of promotional methods taken by car dealers. Table 2 presented the concluding highlight of the promotional methods mentioned by the car dealers



while Table 3 depicted their perception on the most effective promotional methods which were derived from car dealers' inclination as a salesperson. From the table, online media, personal selling and word of mouth were preferred by car dealers in automotive retails.

Table 2 Promotional Methods Used

Categorization of	Usage	Sources
Promotional Methods		
Advertise on printed	Common	CD01, CD03, CD04,
and broadcast media		CD05
Advertise on online	Common	CD01, CD02, CD03,
media		CD04
Personal selling	Common	CD01, CD02, CD05
Trade show	Common	CD01, CD02, CD04
Word of mouth	Slightly mentioned	CD04, CD05

Table 3 Car Dealers Preference on Promotional Methods

Sources	Preferences	
CD01	Personal selling	
CD02	Online media	
CD03	Online media	
CD04	Word of mouth	
CD05	Personal selling	

5.0 Conclusion and Future Research

In sum, the most common promotional methods used by car dealers consist of printed and broadcast advertisements. The second most frequently mentioned tool was online media like website and social media sites, personal selling and trade show. Word of mouth was reported as a powerful tool to gain sales, but was slightly mentioned by car dealers. This proposes a fruitful avenue for further research. Furthermore, from car dealers' responses there is mixed perception of promotional method's effectiveness toward automotive sales. Next, three tools were identified as the preferred tools adopted by car dealers. However, each promotional method does complement one another, and it is quite difficult to judge their effectiveness separately. Besides, promotional methods alone probably are insufficient to guarantee sales. Theoretically, both traditional and online media presented various potentials to positively contribute to retailers, but industry experts are unsure of the best method. As the result, it will impact their current promotion strategies which rely on intuition and experiment. Hence, a gap is observed in this matter. However, the findings can assist car marketers in learning the potential of current promotion practice and the future strategies. Hence, further research is



recommended to validate the findings through empirical studies and from car buyers or users' perspectives.

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