

**INVESTIGATING THE MARKETING COMMUNICATION
PRACTICES OF CAR DEALERSHIPS IN GAUTENG PROVINCE,
SOUTH AFRICA**

by

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- The Almighty God, for wisdom, strength, mercy, love, and grace.

LIST OF ABBREVIATIONS

AIEC	Automotive Industry Export Council
BMI	Bus manufacturing Industry
BRT	Bus Rapid Transit
BUSA	Business Unity South Africa
CEM	customer experience management
CKD	completely-knocked down
CSI	Customer Satisfaction Index
DTI	Department of Trade and Industry
EU	European Union
FMCSA	Ford Motor Company of Southern Africa
GDP	Gross Domestic Product
GMSA	General Motors South Africa
LCVs	Light commercial vehicles
MBFSSA	Mercedes-Benz Financial Services South Africa
MBSA	Mercedes-Benz South Africa
MIDP	Motor Industry Development Programme
NAACAM	National Association Automotive Component and Allied Manufacturers
NAAMSA	National Association Automobile Manufacturer of South Africa
NADA	National Automobile Dealers' Association
NEDLAC	National Economic Development and Labour Council
OEM	Original Equipment Manufacturer
OES	original equipment supplier
OICA	Organisation Internationale des Constructeurs d'Automobiles
PDA	Personal Digital Assistants
R&D	Research and development
RCM	Relationship Communication Model

RMI	Retail motor industry
ROI	return on investment
SABS	South African Bureau of Standards
SARB	South African Reserve Bank
SPSS	Statistical Package for Social Science
TFSSA	Toyota Financial Services South Africa
TISA	Trade and Investment South Africa
VWSA	Volkswagen South Africa

ABSTRACT

The purpose of this research was to investigate the marketing communication practices of car dealerships, in order to identify what factors are considered in the selection of the marketing communication mix incorporated in the marketing communication strategy. Furthermore, identify and establish an understanding of the marketing communication mix elements used by car dealerships in their marketing communication strategies. A qualitative research approach was followed in this paper. Semi-structured, in-depth interviews were conducted with marketing personnel of various car dealerships in Gauteng, South Africa. In this paper, a qualitative content analysis was followed, and Atlas.ti version 10 computer software was used to generate themes. The study uncovered that car dealerships use various marketing communication mix elements to achieve their marketing communication objectives, such as creating dealership brand awareness, stimulating sales, and closing sales transactions. The study revealed also uncovered that internet is also used by car dealerships in executing marketing communication strategies. The study revealed the internal and external factors considered in planning and executing marketing communication strategies and campaigns. The study further discovered that these marketing communication elements are not used in isolation, but support each other in conveying marketing messages that lead to the attainment of various marketing communication objectives. The findings revealed that despite the use of radio and print media, social media types are increasingly being used by dealerships to share information with existing customers and potential customers regarding the dealerships' products and special offers, although the use of social media platforms varied. The study also discovered that car dealerships experience some challenges in planning and executing marketing communication strategies and campaigns. Recommendations to stakeholders in the motor industry and future research directions are provided.

KEY TERMS

Marketing communication mix elements; Social media; Retail Motor Industry, South Africa; car dealerships; Marketing mix; Personal selling; Advertising, Direct marketing; Interactive media; Personal selling; Word-of-mouth; Sales promotion; Public relations, Sponsorship, Target audience.

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CHAPTER 1: INTRODUCTION AND BACKGROUND TO THE STUDY

1.1 INTRODUCTION

The use of marketing communication elements is an important part of the organisational activities of many organisations. Marketing communication activities are aimed at informing, reminding and persuading present and potential customers to support the organisation by purchasing its products (McDaniel, Lamb & Hair, 2013:368). In addition, marketing communications is a powerful tool when organisations aim to influence consumer decision-making and their buying and consumption behaviour (Tolani, 2010:10). Marketing communication is also an important marketing tool which provides customers with information to help them make purchasing decisions. The result of a successful marketing communication campaign will lead to sales growth, an increase in market share, and subsequently to increased profitability (Ahn, Lee, Lee and Paik, 2012:360).

There are many elements of marketing communication at the marketers' disposal; for example, advertising, direct marketing, personal selling, sales promotions, public relations and sponsorships may all be employed to maximise the impact of promotional activities (Du Plessis, 2010:5). Marketing communication campaigns are carried out by organisations using media vehicles such as print, internet, television, radio, outdoor billboards, public transportation, yellow pages, speciality advertising (on items such as notebooks and pencils) and other media (catalogues, brochures, newsletters) in promoting their product (Keller, 2009:147).

Marketing communications result in increased marketing expenditure, where the largest expense is usually incurred by marketing communications, more specifically, advertising (Feng and Purushottam, 2012:92). However, the marketers are accountable for marketing communication spending and other marketing expenditures (Pergelova, Prior and Rialp, 2010:39). This is supported by Raithel, Scharf, Taylor, Schwaiger and Zimmerman (2011:115) in highlighting that marketers are under pressure to demonstrate the financial return associated with marketing expenditures. Due to this pressure, marketers have been reducing their marketing communication spending, specifically on advertising, and have been selecting other marketing communication elements/approaches (Feng and Purushottam, 2012:93).

Manufacturers and dealerships in the motor industry typically use marketing communications to attract customers and increase sales. However, it is interesting to note that manufacturers in the motor industry may pay part, or all of the expenses of the dealership's sales promotions (Szmerekovsky and Zhang, 2009:904). According to Szmerekovsky and Zhang (2009:904) two-tier advertising is a typical example of this type of joint promotion effort between a manufacturer and a franchised dealership, in which the dealership initiates and runs a local advertisement and the manufacturer pays part, if not all, of the cost. However, most recently it has been highlighted that in the motor industry; the responsibility for promotions and advertising is shifting from the car manufacturers to the car dealerships (Kaplan, 2013).

This chapter will address the following aspects: Firstly, a background to the proposed study will be provided, including the role of motor industry in the economy, the structure of the motor industry, and the role of dealerships. Secondly, the literature review section will look at marketing communication strategies and prior studies. Thirdly, the problem statement, the objectives of the study, the research questions, and working assumptions will be considered. Fourthly, the research methodology will be explained, indicating the approach which will be followed to answer the research question and realise the research objectives. Finally, the delimitations, limitations, the chapter layout; and ethical considerations of the proposed study will be provided.

1.2 BACKGROUND OF MOTOR VEHICLE INDUSTRY

This section provides an overview of the South African motor industry and its structures to illustrate the role of this industry in the economy, from South African perspective. This section will focus more on the motor industry's production output, employment contribution and marketing communication expenditure, specifically advertising expenditures. In addition, the role of dealerships in the industry will be discussed. This section serves as background that constitutes basis of the problem statement of this study.

1.2.1 South African perspective on the motor vehicle industry

The South African motor industry has developed considerably during the past four years and it has become a self-sufficient industry of vehicle manufacturing, distribution, servicing and maintenance (OICA Correspondence Survey sales statistics, 2012). The total annual new vehicle sales have grown from just under 395 222 in 2009 to 623 921 in 2012. The motor industry continues to play an important role in other developing

countries including South Africa as it is an important contributor to Gross Domestic Product (GDP) of South Africa and employment (Berndt, 2009). In 2012 the motor industry contributed 6.8 per cent to the GDP as compared to 6,2 per cent of the year before (NAAMSA 4th Quarterly Report, 2012:2). In addition, in the third quarter of 2012 the Real gross domestic product (GDP) at market prices reached 2.5 per cent. The main contributors to the increase in economic activity in 2012 were the wholesale, retail and motor trade; catering and accommodation industry contributing 0.5 per cent, finance, real estate and business services contributing 0,8 per cent, general government services with 0,4 per cent and the manufacturing industry contributing 0.3 per cent. A negative contribution of -0.2 per cent was recorded by the mining industry (Statistics SA Gross Domestic Product 3rd Quarter Statistical Release, 2013:6).

Furthermore, in the third quarter of 2013 the motor industry contributed 7 per cent to the GDP of the South African economy (NAAMSA 4th Quarterly report, 2013:2). The manufacturing sector's total GDP contribution was 11.6 per cent of the South African GDP the third quarter of 2013 (Statistics SA Manufacturing Statistical Release, 2013:11). This means that the motor industry contributed approximately 60.3 per cent of the total South African manufacturing industry's total GDP contribution. The economic role of the motor industry in South Africa and other African countries is discussed in detail in Chapter 2 of this study.

1.2.2 Employment contribution in South Africa

In 2011, the motor vehicle industry employed 462 210 people (Statistics SA labour survey, 2012). However, there were 512 236 people employed by the motor vehicle industry at the end of the third quarter of 2012 (Statistics SA, 2012). This increase in employment was also visible in the motor vehicles sales division, with the 64 393 people being employed in 2011 increasing to 67 554 people in the third quarter of 2012.

Moreover, at the end of the fourth quarter of 2013, the motor industry showed an annual employment growth of 1.8% (NAAMSA 4th Quarterly Report, 2013). By contrast, the construction industry and the mining industry experienced an annual employment decline of 2.1% and 2.5%, respectively. In addition, the electricity, gas and water supply industry experienced an employment decline of 1.6% (Statistics SA, Quarterly employment statistics, 2013:5). Considering the above facts, this implies that the motor industry plays an important role in employment creation in South Africa, despite decline in other sectors.

1.2.3 Corporate advertising expenditure in South Africa

There was a visible decline in national advertising spending, from R32 046.6 million in 2011 to R21 529 million in 2012. The table below indicates the South African corporate advertising spending for the year 2011 and 2012, respectively (Financial Mail AdFocus, 2013).

Table 1.1: Top 50 national advertisers - South Africa

Rank 2011	Rank 2012	Advertiser	2011 ad spending (million Rands)	2012 ad spending (million Rands)
1	1	Unilever	1 291.3	1 203.8
35	27	Ford Motor Company	158.7	142.1
37	35	General Motors SA	146.4	106.6
47	36	Hyundai SA	114.0	106.1
44	42	Toyota SA	124.4	90.8

Source: Adapted from: Adfocus, 2012. (Rands in millions)

As can be seen from Table 1.1, the Ford Motor Company, General Motors SA, Hyundai SA and Toyota SA were among the top 50 national advertisers in 2012, despite the national advertising spending decline. However, some corporations in the motor vehicle industry, including BMW SA and Daimler AG slipped out of the top 50 national advertisers (as in 2011) to positions 68 and 84, respectively. Moreover, despite a general decline in advertising spending in monetary terms in 2012, Ford Motor Company and General Motors SA, spent R142.1 million and R106.6 million on advertising, respectively. However, in 2012, BMW SA and Daimler SA lost their spots in the top 50 national advertisers rankings with their promotion spending of R57.7 million and R51.4 million, respectively. It is also noteworthy that Kia Motors SA and Nissan SA spent R65.8 million and R52.5 million, respectively, on advertising in 2012 (Financial Mail AdFocus, 2013).

Based on these facts and figures, it can be stated that the motor industry plays an important role in the South African economy, especially in terms of advertising expenditure. However, there is not much information available regarding the total promotion spending (which includes all the promotion mix elements) from dealerships as well as corporate manufacturing companies. Moreover, it can be observed from Table 1.4 that there is a decline in advertising expenditure in monetary terms by corporations within the motor industry.

1.2.4 The structure of the motor vehicle industry

The motor industry can be categorised into manufacturing, distributing and selling of the final products and parts. The global motor industry can be differentiated into three tiers, namely, original equipment manufacturers (OEMs) or vehicle assemblers; original equipment supply (OES) of motor parts and accessory sales through the official car dealerships, consisting of franchised and independent car dealerships (Barnes and Morris; 2008:34). Independent car dealerships have no affiliation with vehicle manufacturers and sell any kind of used car regardless of the manufacturer, while franchised car dealerships sell new and used for vehicle for vehicle manufacturers. The South African motor industry has numerous OEMs or vehicle assemblers; OES-motor parts and accessory sales through the vehicle assemblers; franchised car dealerships; and independent dealerships (Naudé and O'Neill, 2011:115-116). These dealerships play a central marketing role in the South African motor industry as they serve as the link between OES, OEMs and customers. The focus of this study is on car dealerships considering their central marketing communication role.

The next section provides literature review on marketing communication which also from part of the background of this study.

1.3 THEORETICAL BACKGROUND AND LITERATURE REVIEW

The main aim of this section is to provide a background regarding the formulation of the marketing communication strategy and to review previous studies on the marketing communication mix elements. The literature review of previous studies in this section indicates the gap filled by this study in marketing communications.

1.3.1 Marketing communication strategy

The marketing communication strategy refers to an integrated programme of promotional mix elements which aims to present an organisation and its products to customers; to communicate the need-satisfying attributes of products and to facilitate sales; and thus contribute to long-term profit performance (Strydom, 2011:181). This definition implies that a marketing communication strategy is designed with the aim of using a mix of marketing communication elements to convey a marketing message directed to target audience about the organisation or its products to facilitate sales, which in turn will assist with the achievement of long-term profit performance. This is backed by Du Plessis (2010) and Keller (2009:139) who state that organisations should engage in marketing

communications planning to decide which marketing communication mix elements will be used, and they should design marketing communication strategies using an integrated marketing communication (IMC) perspective. The findings reveal that using various promotion mix elements has impacted on marketing performance and the growth of organisations (Keller, 2009:146). This is supported by studies of Tafesse and Korneliussen (2012) on the effect that the use of various marketing communication elements has on the marketing performance of organisations which indicated that the use of multiple marketing communication elements has a higher impact on marketing performance than using just one promotion mix tool. The following figure indicates the development of a promotion strategy from an integrated marketing communication perspective:

As displayed by the Figure 1.1, it is imperative to consider internal and external environmental factors which include marketing communication budget, marketing communication objectives, available marketing communication budget, and various marketing communication mix elements (Strydom, 2011:180). This is also supported by Keller (2009:146) asserting that organisations should consider using a combination of various marketing communication mix elements, as well as various media channels, when developing their marketing communication strategies and campaigns.



Figure 1.1: The integrated marketing communication (IMC) process

Source: adapted from: Strydom (2011:179). Integrated marketing communication process

The marketing communication mix elements that can be used from an IMC perspective include: personal selling, media advertising, point-of-purchase advertising, trade and consumer promotions, publicity, event marketing and other internet-enabled media

formats (Keller, 2009:141). Keller's interpretation is that using multiple marketing communication mix elements brings more complementary advantages as they are able to reach target audiences who are not reachable by other marketing communication mix elements. Studies by Voorveld, Neijens, and Smit (2011:82) suggest that consistent messages conveyed through multiple marketing communication mix elements bring desired behavioural responses more effectively and such messages tend to be received well by target audiences. Figure 1.1 also indicates monitoring, evaluation and control of marketing communication strategies and campaigns as an important element.

The next section reviews previous studies on advertising as one of the elements of marketing communication mix.

1.3.2 Previous studies on advertising

A whole range of studies have investigated the economic effects of advertising on sales, and various other studies have examined the relationship between advertising expenditure and its efficiency in achieving the promotional objectives. However, few researchers have focused on the role of the whole marketing communication mix in realising the marketing communication objectives of organisations. These studies have overlooked the factors considered in developing marketing communication strategies as a whole of the organisations, specifically, car dealerships and they have focused more on advertising such as (Sundaran, 2007; Bruce, Peters, and Naik, 2012; Simester, 2009; Szmerekovsky and Zhang, 2009). The empirical evidence suggests that advertising as a marketing communication mix element has a positive effect on sales, brand equity and image of organisations (Sudarsan, 2007; Breuer, and Brettel, 2012; Buil, de Chernatony and Martínez, 2013).

Sudarsan (2007) posits that the ultimate objective of advertising, as a marketing communication element, is to increase sales. The results of the above study by Sudarsan also showed that advertising influenced sales, though its relative effectiveness was not the same for all business categories. Studies by Bruce, Peters and Naik (2012) and Buil (2013) highlighted that although advertising has a role in building brand knowledge, it has led to huge levels of marketing communication expenditure. Moreover, Simester (2009) argued that although advertising does affect future sales, the effect is not always positive, and the outcome in the long run may be negative. Barraso and Llobet (2012) assessed the dynamic effects of advertising on consumer awareness and sales, and the results

show that the effect of advertising on awareness is dynamic and accounts for changes in sales over the product's lifecycle.

Various studies have examined the efficiency of advertising (Pergelova, Prior and Rialp, 2010; Crespo-Cuaresma, 2012; Singh, Sharma and Mahendru, 2011; Büschken, 2012). Using information made available by the Spanish Association of Manufacturers of Cars, Pergelova, Prior and Rialp (2010) examined the relationship between advertising spending and its efficiency in achieving marketing communication objectives. Their results have shown that an increase in advertising spending, whether for off-line or online advertising, is highly efficient.

In Germany, (Crespo-Cuaresma, 2012) assessed the relationship between marketing communication expenditure and sales in the premium car segment. The results showed that an increase in marketing communication expenditure, specifically advertising spending, resulted in high sales. Büschken (2007) used Data Envelope Analysis to assess advertising spending and sales, and the results indicated that marketing communication spending is positively related to sales. Similarly, in India, Singh, Sharma, and Mahendru (2011) used various models, including regression and econometric models, to find out the cause and effect relationship between advertisement expenditure and sales, and the results showed that there is a positive relationship between advertising expenditure and sales.

The next section reviews previous studies on other marketing communication mix elements.

1.3.3 Previous studies on other marketing communication mix elements

Few studies have focused on the effect of various other marketing communication mix elements, for example, to examine the effect of sales promotions on sales (Buil, de Chernatony and Martínez, 2013; Kim, 2007). Buil, de Chernatony and Martínez (2010) examined the causal relationship between advertising, sales promotion and net sales revenue. The results of the study showed that the individual attitudes towards advertisements and sales promotions play a key role in influencing brand equity, and those organisations can optimise the brand equity management process by considering the existing relationships between different dimensions of brand equity.

A study by Kim (2007) explored the effect of advertising and publicity on corporate reputation and sales revenue. The results show that advertising can be used by

organisations to enhance their reputation, and that what is reported in the media about the organisation as publicity has an impact on the organisation's reputation and sales revenue. Polh (2009) studied the role of public relations and indicated that public relations add value to the organisation's prosperity and it can be used to save the organisation's promotion costs.

The next section presents the problem statement of this study.

1.4 PROBLEM STATEMENT

It has been established that motor vehicle industry in South Africa plays an important role in the economy through production output and employment contributions. One could argue that such an important industry would be well researched. However, this is not the case in South African context. The literature study revealed that many studies have focused on examining the causal relationship between advertising and sales and brand image in other industries rather than the motor vehicle industry. The literature review also indicated that few research ventures have focused on examining the relationship between advertising spending and its impact on achieving marketing communication objectives (Pergelova, Prior and Rialp, 2010; Crespo-Cuaresma, 2012), rather than the planning process and execution of marketing communication strategies of organisations, specifically, at the retail level.

The previous studies discussed in literature review section above did not consider the factors considered in developing of the marketing communication strategy. These studies did not investigate how the entire marketing communication elements are incorporated in the organisations' marketing communication strategy, and there have been no study that investigated this topic at the planning stage and execution stage, specifically, at the car dealership level from South African perspective. Therefore, it is important to investigate the marketing communication practices of car dealerships on this basis and considering the fact that organisations in the motor vehicle industry have been reducing their marketing communication spending, specifically on advertising, and have been turning to other marketing communication elements/approaches (Feng and Purushottam, 2012:93). Raithel *et al.* (2011:115) have identified another phenomenon that is occurring where marketers are under pressure to demonstrate the financial return associated with marketing communication expenditures. With the pressure imposed on marketers to reduce marketing communication expenditures, it becomes also vital to revisit the recommendations made in the studies by Keller (2009), and Tafesse and Korneliussen

(2012) that research be done on how other marketing communication elements can be used to yield profitable results.

Therefore, the problem statement of this study is structured as follows: To investigate the marketing communication practices of car dealerships by identifying what factors are considered in the process of developing a marketing communication strategy for car dealerships. Knowing which factors are considered in the process of developing a marketing communication strategy of car dealerships will assist in identifying the marketing communication mix elements incorporated in marketing communication strategies of car dealerships.

1.5 OBJECTIVES OF THE STUDY

1.5.1 Primary objective

The primary objective of this study is to investigate the marketing communication practices of car dealerships in Gauteng province.

1.5.2 Secondary objectives

The secondary objectives are:

- To identify the factors considered in the process of developing a marketing communication strategy for car dealerships.
- To identify the marketing communication mix elements used by car dealerships in their marketing communication strategies.
- To identify the challenges experienced by dealerships in developing/planning and executing their marketing communication strategies.
- To recommend future actions that can be done by car dealerships in developing/planning marketing communication strategies in the future

1.6 RESEARCH QUESTIONS

This study seeks to answer the following research questions:

- What are the factors considered in selecting marketing communication mix elements to be incorporated in the marketing communication strategy?
- What are the marketing communication mix elements used by car dealerships?

- Do dealerships use similar marketing communication strategies towards existing and potential target audiences?
- What are the challenges experienced by dealerships in developing and executing marketing communication strategies?
- What can be done to prepare for the future in developing and executing marketing communication strategies?

The next section provides the significance of this study.

1.7 THE SIGNIFICANCE OF THE STUDY

The study was partially justified by the marketing communication expenditure fluctuations in organisations, including those within the motor vehicle industry. Further grounds for this study are the economic contribution by this industry to employment and the GDP of the national economy. Moreover, the role of dealerships within the motor vehicle industry influences employment and growth in other sectors, such as metal manufacturing and rubber manufacturing (Australian Government Department of Industry, 2013). The use of integrated marketing communication mix elements results in high marketing performance that includes high sales, high growth, high production and employment growth (Tafesse and Korneliussen, 2013:215). The findings of this study could contribute to the expansion of the theoretical field of marketing communication management in South Africa based on its application in a real life scenario. The findings of this study will serve as a guideline in developing marketing communication strategies to motor vehicle dealerships and other sectors. Moreover, the study will identify further areas of research on the topic.

The next section explains the research methodology followed in this study.

1.8 RESEARCH METHODOLOGY

This section provides the research methodology followed in this study, starting with the research design, sampling method, target population, sample size, sample frame, data collection method, and closing the discussion with data analysis.

1.8.1 Research design

Research design is defined as the procedures for collecting, analysing, interpreting, and reporting data in research studies (Creswell & Plano-Clarke, 2011:53). In this study an exploratory qualitative study focusing on investigating the current marketing

communication practices in selected franchised dealerships in Gauteng province in order to identify what the factors are to be considered in developing a marketing communication strategy, identify marketing communication mix elements used by dealerships, and identify challenges experienced by dealerships in developing and executing marketing communication strategies. In order to achieve the primary and secondary objectives of the study, secondary research was conducted, followed by primary research.

To achieve the objectives of this study, secondary research which consists of an applicable literature review using up-to-date relevant information retrieved from relevant scientific journals, textbooks, annual reports, and specific websites was used. Tustin, Ligtelm, Martins and Van Wyk (2005:88) describe secondary research as information that has been collected for some other purpose and is readily available. The use of secondary data has the advantage that it provides the necessary background information to the particular problem or research study at hand (Kumar, 2005:85). In this study, an analysis of the motor vehicle industry and a literature review on marketing communications were undertaken, as presented in detail in Chapters 2 and 3, respectively. After completion of secondary research, a primary research was conducted in this study.

The next section explains a primary research followed in this study.

1.8.2 Primary research

The term primary research refers to the collection of first-hand information to shed light on a particular problem under investigation. The purpose of the primary research exercise of this study was to achieve its primary objective, namely to investigate marketing communication practices in selected dealerships in Gauteng, with the aim to identify the factors considered in the process of developing a marketing communication strategy for car dealerships, and to identify the marketing communication mix elements used by car dealerships in their marketing communication strategies. In addition, a primary research was conducted in this study to identify the challenges experienced by dealerships in developing and executing their marketing communication strategies, to identify the challenges experienced by dealerships in developing and executing their marketing communication strategies, and further recommend future actions for the dealerships in developing marketing communication strategies. The research was conducted by means of an exploratory study during which marketing personnel of selected dealerships were interviewed using in-depth interviews.

The sampling method used in this study is discussed in the next section.

1.8.3 Sampling method

The sampling method used in this study was purposive sampling. This sampling method implies that participants are selected because of some defining characteristics that make them the holders of the specific information needed for the particular study (Tustin, 2005:346). Purposive sampling method was used to identify the respondents who possess the richest source of information on the topic based on their strategic positions in their respective companies. In addition, it is indicated that a purposive sampling method is recommended in qualitative studies as the method conforms to a certain criteria (Coldwell and Herbst, 2004:81).

1.8.4 Target population

The target population can be defined as the total group of persons or entities from whom information is required (Tustin, 2005:337). The target population included car dealerships within Gauteng province, and for the purposes of this study, both franchised car dealerships, were targeted. Gauteng province was chosen due to its convenience and accessibility for the researcher. Car dealerships were identified as target population in this study considering their central marketing communication role in motor vehicle industry as discussed in Section 1.2.8. The participants identified for this study were marketing personnel involved in planning and executing marketing communication strategies and campaigns of car dealerships. Therefore, apart from the dealership principals, assistant managers and senior sales executives of car dealerships were interviewed since they are the holders of the data that needed to answer the research questions due to their involvement in planning and executing marketing communication strategies. The participants were selected considering their level of experience in the motor retail industry, and five years' experience was used as an inclusion criterion as it was considered sufficient to enable participants to answer research questions. The profile of the participants is explained in detail in Chapter 4 of this dissertation.

1.8.5 Sample size

In this study, the targeted sample size of this study was eleven car dealerships, and thirteen marketing personnel from eleven car dealerships served as participants. According to Brynard and Hanekom (2006:56) the researcher is allowed in a qualitative study to use a small sample with few rules for determining sample size and ten or more respondents may be interviewed until saturation point is reached.

Sample frame used in this study is explained in the next section.

1.8.6 Sample frame

According to Maholtra (2010:373) a sample frame refers to a list or directions used to identify the target population, and examples of sample frames include the telephone directory, an association's directory listing the organisation in the industry, a mailing list purchased from a commercial organisation, a city directory or a map. In the current study, the eleven car dealerships were selected from the RMI member list of accredited dealerships (as a sample frame), and the contact details from the RMI member list were used. The dealership managers (principals) of dealerships within the borders of Gauteng were phoned, sent electronic mails (email) by the researcher to explain the purpose of the study, and request appointments for participation in study.

The data collection method that was used in this study is discussed in section 1.8.7 below.

1.8.7 Data collection

In this study, in-depth interviews were used to collect the primary data in order to address the research objectives of this study. An in-depth interview is an interaction between an individual interviewer and participants, allows the interviewer to uncover underlying motivations and probe on a particular topic. Probing is important in obtaining meaningful responses (Malhotra, 2010:185-186). According to Malhotra (2010:188) the other advantages of using in-depth interviews are; it attributes the responses directly to the respondent and it results in free exchange of information because there is no social pressure to conform to group responses. Babbie (2004:263) indicated that interviews attain higher response rates than other methods, such as for example, mail surveys do. According to Yin (2011:32) the presence of the researcher during the interview plays a critical role in the qualitative interviews. Moreover, an interview guide was used in this study during the data collection as it is not easy to approach research without some agenda and game-plan in mind. Denscombe (2007:189) described interviewer guide as document that contain a list of questions on a research topic to be covered by an interviewer during an interviewer with participants.

The data analysis method that was followed in this study is discussed in section 1.8.8 below.

1.8.8 Data analysis

Data was to be analysed through the use of the Content analysis approach. Content analysis refers to a systematic observation and classification of the open-ended and/or semi-structured interviews (Welman, Kruger and Mitchel, 2005:220). According to Welman, Kruger and Mitchel, (2005:221) content analysis can be described as the quantitative analysis of qualitative data. The basic technique involves counting the frequencies and sequencing of particular words, phrases or concepts in order to identify keywords or themes. In this regard, responses were transcribed in order to transform raw data into an understandable form for the subsequent interpretation of the data (van Rensburg and Smit, 2009:105).

The delimitations and limitations of this study are provided in the sections 1.9.1, 1.9.2, and 1.9.3 below.

1.9 DELIMITATIONS AND LIMITATIONS

1.9.1 Geographic delimitation

Due to limited research budget, the study covered only businesses operating in the Gauteng Province.

1.9.2 Industry delimitation

The study explored the marketing communication practices of car dealerships only within the motor vehicle industry.

1.9.3 Limitations

Due to limited financial resources and time, a small sample was used, and as a result the findings of this study cannot be generalised to all car dealerships in South Africa.

The next section provides ethical considerations taken into account in this study.

1.10 ETHICAL CONSIDERATIONS

The rights, values and interests of the respondents were respected. The relevant companies were contacted telephonically and electronically by email to propose their participation in the study. According to Tustin, (2005:149) researchers can send an advance letter to prospective respondents to inform them about the interview, or respondents can be contacted telephonically to schedule an appointment prior to the

interview. Once consent was obtained, appointments for in-depth interviews were made with the selected participants. At the beginning of each in-depth interview, the aims of the research and the length of the interview were outlined to the selected respondents. Moreover, it is indicated that in-depth interviews are useful when the issues under investigation are of a confidential nature (Tustin, 2005:162). The purpose of the study was explained to the respondents and more emphasis placed on the issue of confidentiality. The respondents were requested to sign the consent form to assure the selected respondents that the interviews would be handled with strict confidentiality, and the data collected would be kept in password protected text and voice files. The researcher ensured that the study was at a minimum ethical in terms of South African societal norms and endeavoured not to offend intended or identified potential respondents and international readers. The ethical considerations observed in this study are discussed in detail in Chapter 4.

The next section outlines the layout of this dissertation.

1.11 LAYOUT OF THE STUDY

The following chapters are part of the dissertation:

Chapter 1: The chapter presents the background to the research problem, objectives and context of the study. It also presents the research questions to be answered in this study and brief discussion of the research methodology followed.

Chapter 2: The chapter presents an analysis of the motor vehicle industry with emphasis on role players in this industry.

Chapter 3: The chapter provides a review of the literature on marketing planning process and marketing communication which is the focus area of this study.

Chapter 4: The chapter presents the research methodology used in this study, bearing in mind all the factors that may have an influence on the selection of research design, research approach, sampling method, and data analysis method. The chapter concludes with ethical considerations observed and the evaluation of the quality of this research study.

Chapter 5: The chapter outlines the presentation and analysis of the findings of the study.

Chapter 6: The chapter provides a summary of the findings, conclusions and recommendations based on research findings, and possible future research studies will be suggested.

The next section provides the summary of this chapter of this dissertation.

1.12 CHAPTER SUMMARY

This chapter provided the introduction and the background of this study that forms the basis of the problem statement. In addition, the research objectives of this study and the research methodology followed to address the research objectives are provided. Lastly, the ethical considerations observed in the study and chapter layout were outlined.

The next chapter provides the analysis of the motor vehicle industry.

CHAPTER 2: ANALYSIS OF THE MOTOR VEHICLE INDUSTRY

2.1 INTRODUCTION

This chapter presents an overview of the global motor vehicle industry and depicts the state of the South African motor vehicle industry with emphasis on the industry's contribution to the economy. Secondly, an overview is provided of how the South African motor vehicle industry is structured in comparison to global motor vehicle industries. The overview of role players in the South African motor vehicle industry is discussed with more emphasis on the role of dealerships.

2.2 THE ROLE OF THE MOTOR INDUSTRY IN THE ECONOMY

This section will provide a general overview of the motor vehicle industry from an international perspective in terms of the contribution to the GDP, employment contribution, and the sales and exports contribution. The discussion will focus more on the motor vehicle industry's production output, employment contribution and marketing communication expenditure, specifically advertising expenditures.

2.2.1 Overview of the international motor vehicle industry

This section of the chapter discusses the background to the global motor vehicle industry and its importance in the global economy.

2.2.1.1 Role of the motor vehicle industry in international production output

The motor vehicle industry manufactures and supplies its products to the world, and it represents the largest manufacturing sector in the world (OICA Correspondence Survey, 2015). This industry is the most global of all industries, with its products spread around the world (Barnes and Morris, 2008:32; Lamprecht, 2009:130). In 2015, the world motor vehicle production reached 90.6 million vehicles. The 2015 vehicle production level indicated a production increase of more than 3.7% when compared to the 2012 production level of 84.1 million. The industry is also considered to be one of the largest investors in research and development (R&D), investing almost €85 billion in research, development and production (OICA Correspondence survey, 2015).

In addition, the motor industry draws on a wide range of supplier industries, ranging from raw materials (such as steel, aluminium, plastics and chemicals), sophisticated component assemblies, tooling, and design up to engineering services (Charles, 2009:3). The global motor vehicle industry is currently being led by the main manufacturers, known as Original Equipment Manufacturers (OEMs), namely, Toyota, General Motors, Volkswagen, Hyundai, Ford, Nissan, Honda, PSA, Suzuki, Renault and Chrysler (OICA Production Statistics, 2012) as indicated below.

Table 2.1: World production of top 10 global motor vehicle manufacturers, 2012

Rank	Group	Total production output	CARS	Light commercial vehicles	Heavy commercial vehicles (Inc. buses)
1	TOYOTA	10 104 424	8 381 968	1 448 107	274 349
2	G.M	9 285 425	6 608 567	2 658 612	18 246
3	VOLKSWAGEN	9 254 742	8 576 964	486 544	191 234
4	HYUNDAI	7 126 413	6 761 074	279 579	85 760
5	FORD	5 595 483	3 123 340	2 394 221	77 922
6	NISSAN	4 889 379	3 830 954	1 022 974	35 451
7	HONDA	4 110 857	4 078 376	32 481	
8	PSA	2 911 764	2 554 059	357 705	
9	SUZUKI	2 893 602	2 483 721	409 881	
10	RENAULT	2 676 226	2 302 769	373 457	

Source: Adapted from OICA Correspondence Survey, 2012

In 2012, Toyota was ranked as the top motor vehicle manufacturer in the world with a vehicle production output of 10.1 million vehicles, followed by General Motors and Volkswagen with a production output of 9.28 million and 9.25 million, respectively. Hyundai and Ford were also among the top five global motor vehicle manufacturers with 7.12 million and 5.56 million production output, respectively. This production output includes the production of cars, light commercial vehicles, heavy commercial vehicles and buses. In addition, it is indicated that the motor industry is a growing industry. Organisation Internationale des Constructeurs d'Automobiles (OICA Production Statistics, 2012) indicates that after the 2009 decline to 61.8 million units

due to the 2008 economic crisis, the global vehicle production recovered globally, with some difference in other regions.

Furthermore, the worldwide production grew by 3.2% during the third quarter of 2012 in comparison to the third quarter of 2011. Asia had a total production of 43.7 million units of all vehicle types in 2012, followed by the U.S.A. with 20 million, and Europe trailing with less than 20 million units. In the same year (2012) the global production of passenger vehicles increased by 3% and commercial vehicle production increased by 4%. (OICA Production Statistics, 2012). Europe's production showed a sharp reduction of 6.2% in 2012 and its share in the global auto production stands at only 19%. However, Russia and Turkey maintained their share of global production at 4%. Africa's production output of 556 637 units showed a growth of 5.1%, manifesting in a global share of 1%. In 2012, South African production output reached 532 545 units (OICA Production Statistics, 2012). This implies that South Africa contributed more than one-third of African's motor vehicle production output. The production growth of vehicles continued in 2015, the motor industry's global production output grew by approximately 1% with 90.6 million units as compared to 2014 production of 89.7 million units (OICA Production Statistics, 2015).

2.2.1.2 Worldwide Gross Domestic Product (GDP) contribution of the motor vehicle industry

The motor vehicle industry is considered an important component of economic growth worldwide. In the U.S.A., the motor vehicle industry contributes 3% to 3.5% to the overall GDP, and it contributes 11.5% of the manufacturing industries' contribution to the GDP in the U.S.A. The industry spends \$16 to \$18 billion every year on research and product development, of which 99% is funded by the motor vehicle industry itself (Centre of automotive research report, 2015:1)

The motor vehicle industry is regarded as an important contributor to the GDP in Europe, as the EU motor vehicle industry constitutes 7% of the manufacturing industries' GDP contribution (European Guide, 2012:7). The EU motor vehicle industry is also classified as one of the growing industries and a total of 17.2 million of manufactured motor vehicles was recorded in 2014, compared to the 16 million units in 2010 (European Automobile Manufacturers' Association, 2015). In Australia, the motor vehicle industry comprises 150 component, tooling, design and

engineering firms and contributes 5.3% of the manufacturing sector's GDP contribution with \$5,4 billion in 2011-2012 (Australian Government Department of Industry, 2013).

2.2.1.3 Worldwide employment contribution of the motor vehicle industry

It is estimated that in the U.S.A. more than 1.7 million people are employed by the motor vehicle industry. In addition, the industry assists in creating employment in other sectors and contributes to a net employment impact of nearly 8 million jobs in the U.S.A. economy. Approximately 4.5% of all U.S.A. jobs are directly and indirectly supported by the strong presence of the motor vehicle industry in the U.S.A. economy. These employees collectively earn over \$500 billion annually in compensation and generate more than \$65 billion in tax revenues (Centre of automotive research report, 2015:2). The employment growth in the U.S.A. is strongly influenced by Japanese-branded motor vehicle companies. Japanese-branded motor vehicle companies had a total employment effect of 1 233 668 jobs in the U.S.A. (Prusa, 2013:17).

The motor vehicle industry is also regarded as a key contributor to the European economy (Brendt, 2009:310). It is estimated that over 12 million people are employed within the motor vehicle industry and over €26 billion is invested on research and development (European Guide, 2013:26). In Australia, the motor vehicle industry employed 42 000 people working in the motor vehicle and parts manufacturing sector in August 2013 (Australian Government Department of Industry, 2013).

The motor vehicle industry is considered to be a core contributor to India's manufacturing economy and the industry that shows potential growth. The motor vehicle industry of India has been recording remarkable growth over the years and has emerged as a major contributor to India's workforce. It is estimated that the industry currently accounts for employing about 19 million people both directly and indirectly (SIAM 53rd Annual Convention, 2013).

2.2.1.4 Global corporate advertising expenditure in other world countries

In 2012, the Advertising Age reported an increase in marketing communication spending, specifically, advertising spending by organisations in the motor industry.

General Motors and Toyota Motor Corporation were among the organisations that spent more on advertising (Advertising Age, 2013). Moreover, the U.S.A.'s motor industry logged the second-highest economic growth rate with advertising spending increasing by 12%. The upward trend was fuelled by advertising spending by Japanese and South Korean motor manufacturers, such as Toyota, Honda, Nissan and Kia (Advertising Age, 2012). Increasing advertising spending mirrored a growth in sales, with U.S.A. light-vehicle sales rising by 13.4% to 14.5 million vehicles in 2012 (Automotive News Data Center, 2013). The 100 Leading National Advertisers spent an estimated \$104.5 billion on U.S.A. advertising, up just 2.8% from 2011, (Advertising Age Data Center, 2013). The following table below indicates the corporate advertising spending in the U.S.A. for the years 2011 and 2012, respectively.

Table 2.2: Top 10 U.S.A. advertisers

Rank 2012	Rank 2011	Advertiser	2012 U.S.A. Ad spending (MUSD)	2011 Ad spending (MUSD)	% change
1	1	Procter & Gamble Co.	4 829.7	4 903.2	-1.5
2	3	General Motors Co.	3 067.4	2 815.7	8.9
3	4	Comcast Corp.	2 989.1	2 763.4	8.2
4	2	AT&T	2 910.0	3 135.0	-7.2
5	5	Verizon Communications	2 381.0	2 523.0	-5.6
6	7	Ford Motor Co.	2 276.9	2 141.3	6.3
7	9	L'Oreal	2 239.7	2 124.6	5.4
8	6	JP Morgan Chase & Co.	2 086.9	2 351.8	-11.3
9	8	American Express Co.	2 070.9	2 125.3	-2.6
10	16	Toyota Motor Corp.	2 008.1	1 749.4	14.8

Source: Ad Age's 100 Leading National Advertisers. (Dollars in millions)

From the Table 2.2 above, it can be seen that corporations within the motor industry were well represented on the Top 10 list of leading national advertisers of all products in the U.S.A. in 2012. General Motors Company and Ford Motor Company were ranked second and seventh, with advertising spending of \$3 067 million and \$2 276 million, respectively. Advertising spending continues to rebound globally, though increases slowed in the first quarter of 2013 and reached \$74.1. Global

advertising spending grew by 1.9% to \$76.6 billion from the second quarter of 2013. Advertising expenditure trends, however, fluctuated across the regions, as spending dropped in Europe and marginally increased in the Middle East, Africa, Latin America and the Asian-Pacific. The Middle Eastern and African regions continued its recovery from the advertising decline of early 2012, as advertising expenditure grew by 2.9% during the first quarter of 2012 (Nielsen's quarterly Global AdView Pulse Report, 2013).

Naik and Peters (2009:288) highlighted that online and interactive marketing communications continue to grow at a fast pace. The U.S.A.'s online and interactive marketing communication expenditure by the motor vehicle industry reached \$5.07 billion in 2013 at the expense of print advertising; in addition, online advertising is expected to rise by 12.8% to reach \$7.80 billion in 2017 (eMarketer Newsletter, 2014). The National Automobile Dealers Association reported that the dealerships in the U.S.A. have dramatically increased their internet and other digital advertising spending from 5% in 2002 to 26.5% in 2013 (National Automobile Dealers' Association, 2014). The trend seems to be the same in other parts of the world, for example, in the United Kingdom, the motor vehicle industry increased its online and other interactive marketing communication spending to 7% in 2013 (Internet Advertising Bureau UK Adspend survey, 2013).

2.3 SOUTH AFRICA AND REGIONAL PERSPECTIVE OF MOTOR VEHICLE INDUSTRY

This section presents an overview of the South African motor industry and its structures to illustrate the role of this industry. This section will focus more on the motor vehicle industry's production output, employment contribution and marketing communication expenditure, specifically advertising expenditures, export, and capital expenditure. In addition, the structure of the industry and role of dealerships and other role players in the industry will be discussed.

2.3.1 South African motor vehicle industry sales

The South African motor industry has developed considerably during the past seven years and has become an independent industry of vehicle manufacturing, distribution, servicing and maintenance (OICA Correspondence Survey Sales

Statistics, 2013). The total annual new vehicle sales have grown from just under 395 222 in 2009 to 650 620 in 2013, as indicated in Table 2.3 below.

Table 2.3: Africa sales: all vehicles

Region/countries	2009	2010	2011	2012
Algeria	205 521	248 917	271 900	286 300
Angola	4 000	4 000	4 000	5 000
Botswana	5 500	5 000	9 000	5 000
Burkina	5 000	5 500	5 500	6 000
Burundi	1 000	600	500	510
Cameroun	2 500	2 700	2 700	3 000
Congo	2 300	2 000	2 000	2000
Egypt	205 521	248 917	271 900	286 300
Gabon	4 000	4 000	4 000	5 000
Libya	54 000	54 000	56 000	30 000
Morocco	109 969	103 436	112 093	130 306
Nigeria	51 000	37 000	45 000	45 000
South Africa	395 222	492 907	572 241	623 921
Total	1 188 074	1 276 521	1 475 727	1 569 263

Source: Adapted from: OICA Correspondence Survey sales statistics, 2012

In 2010, the South African vehicle sales showed a substantial increase from the 395 222 units sold in 2009 to 492 907 being sold in 2010, and in 2011 there was a further sales increase when 572 241 units were sold. In 2009 and 2010, the South African motor vehicle industry contributed 33.2% and 38.6%, respectively, to the total motor vehicle sales in Africa and in 2011 and 2012 it contributed 38.7% and 39.76% to the total motor vehicle sales in Africa, respectively (OICA Correspondence Survey Sales Statistics, 2012). In 2014 and 2015 the South African motor vehicle industry contributed 37.9% and 39.84% to the total motor vehicle sales in Africa, respectively (OICA Correspondence Survey Sales Statistics, 2015). Therefore, considering the continuous vehicle sales growth in the preceding years, it can be concluded that the South African motor vehicle industry shows definite growth prospects.

The motor industry continues to play an important role in other developing countries, including South Africa, as it is an important contributor to the GDP and employment (Berndt, 2009). In 2012, the motor industry contributed 6.8% to the GDP, compared to 6.2% in the year before (NAAMSA 4th Quarterly Report, 2012:2). In addition, in the third quarter of 2012, the real GDP at market prices reached 2.5%. The main contributors to the increase in economic activity in 2012 were the wholesale, retail and motor trade; while the catering and accommodation industry contributed 0.5%, finance, real estate and business services contributed 0.8%, general government services contributed 0.4% and the manufacturing industry contributed 0.3%. A negative contribution of -0.2% was recorded by the mining industry (Statistics SA Gross Domestic Product 3rd Quarter Statistical Release, 2013:6).

Furthermore, in the third quarter of 2013, the motor industry contributed 7% to the GDP of the South African economy (NAAMSA 4th Quarterly report, 2013:2). The manufacturing sector's total GDP contribution was 11.6% to the South African GDP in the third quarter of 2013 (Statistics SA Manufacturing Statistical Release, 2013:11). This means that the motor industry contributed approximately 13% of the total South African manufacturing industry's total GDP contribution.

Moreover, in 2013, the real GDP of the South African motor vehicle industry at market prices increased by 1.9% from 2012 (South African Reserve Bank 3rd Quarterly Bulletin, 2013:4). The main contributors to the increase in economic activity for the year 2013 were the mining and quarrying industry which contributed 0.6%, while finance, real estate and business services contributed 0.3%, with the wholesale, retail and motor vehicle trade; catering and accommodation industry and the transport, storage and communication industry each contributing 0.2% (Statistics SA Gross Domestic Product 3rd Quarter Statistical Release, 2013:2). Despite the GDP contribution made by other industries, it is clear that the motor vehicle industry makes a valuable contribution to the South African economy.

2.3.2 South African motor vehicle production

According to the National Association of Automobile Manufacturers of South Africa (NAAMSA), 2009 was a difficult year for the global, as well as the entire South African motor vehicle industry. All sectors of the South African motor industry: retail; auto parts manufacturing; and vehicle production experienced unprecedented

viability challenges. During the first few months of 2009, the operating environment in all three sectors of the industry deteriorated, while they showed minor improvement, both domestically and globally, during the second half of 2009, after the global financial and economic crisis decreased. Improvement in the domestic market was dependent on a revitalisation in consumer expenditure, lower inflation, interest rate reduction and fiscal stimulation (NAAMSA 2nd Quarterly Report, 2009). There was a steady growth in the industry as a sign of recovery from the recession (NAAMSA 2nd Quarterly Report, 2009).

In addition, the global new motor vehicle production in 2011 reached a record amount of 80 092 840 units. This represents an increase of 2.5 million vehicles produced, or 3.2% compared to the 77.6 million new vehicles produced during 2010. In South African new vehicle production rose to 532 545 vehicles in 2011, up from the 472 049 units produced in 2010, an improvement of 60 496 vehicles or 12.8% as indicated in Table 2.4 below (NAAMSA 4th Quarterly Report, 2012).

Table 2.4: The South African motor industry's performance in global context

	2008	2009	2010	2011
Global vehicle production	70.19 million	61.70 million	77.62 million	80.09 million
SA vehicle production	0.563 million	0.374 million	0.472 million	0.533 million
SA share of global production	0.80%	0.61%	0.61%	0.66%

Source: Adapted from: NAAMSA 4th Quarterly reports, 2008, 2009, 2010, 2011 and 2012

NAAMSA figures for 2009 reported a decline of 25 726 units in car sales when compared to the 85 769 new cars sold during the corresponding quarter of 2008 in South Africa. The combined commercial vehicle sales during the first quarter of 2009 at 33 242 units reflected a decline of 22 173 units when compared to the 55 415 units sold during the corresponding quarter of 2008.

For the 2010 first quarter aggregate, industry reported passenger car sales at 81 450 units, which is an exceptional increase of 14 371 units compared to the 67 079 new cars sold during the corresponding quarter of 2009. The combined commercial vehicle sales during the first quarter of 2010, at 39 446, units recorded an improvement of 3 464 units compared to the 35 982 units sold during the corresponding quarter of 2009 (NAAMSA 1st Quarterly Report, 2009).

2.3.3 South Africa Motor industry capital expenditure

The South African motor vehicle industry showed a constant increase in capital expenditure, specifically R&D expenditure in the past five years (NAAMSA, 2014). Table 2.5, on the next page, illustrates the capital expenditure of the motor industry in million Rands from 2009 to 2013.

Table 2.5: SA motor industry capital expenditure

Capital expenditure	2009	2010	2011	2012	2013
Export investment and production facilities	2 215.9	3 351.1	3 522.7	3 990.2	3 604.9
Land and buildings	178.7	441.2	176.4	402.2	424.3
Research and development	74.1	202.4	203.6	306.1	319.3
Total	2 468.7	3 994.7	3 902.7	4 698.5	4 348.5

Source: Adapted from: NAAMSA, 2014

Table 2.5 indicates a continuous increase in R&D expenditure. In 2010, the R&D expenditure increased by more than 100% from 74.1 to R202.4 million. In 2011 and 2012, the R&D expenditure was R203.6 and R306.1 million, respectively. Moreover, the continuous increase was also visible in 2013 as the R&D expenditure increased by 4% to R319.3 million. In addition, Table 2.5 indicates a continuous increase in export and production expenditure in the motor industry which increased from R2 215.9 million in 2009 to R3 604.9 million in 2013.

2.3.4 South African motor industry exports

The total number of vehicles exported from South Africa between 1995 and 2010 amounted to 1 860 927 units. In 2010, a total of 239 465 South African-produced vehicles were exported, consisting of 181 654 motor cars and 57 811 commercial vehicles. In 2009, a total of 174 947 South African produced vehicles were exported: 128 602 motor cars and 45 514 commercial vehicles. Revenue generated by the South African motor trade (excluding fuel sales) during 2010 totalled R309.7 billion (compared to R275.6 billion generated during 2009), of which the annual value of sales of new motor cars and new commercial vehicles amounted to R113.5 billion (compared to R96.3 billion in 2009).

During 2012, there was visible export growth in the number of motor vehicles exported from South Africa to Europe and other African countries. The South African motor industry exported 277 893 vehicles to international countries. Europe and other African countries represented the major destinations with 87 591 vehicles, or 31.5% of the total vehicles, going into the Eurozone, and 80 223 vehicles, or 28.9% of the total exports, destined for African countries. As can be seen from Table 2.6 below which shows the historical vehicle export performance figures, the year-on-year growth of 2012 vehicle exports into Africa was 19.0% versus a decline of 10.7% in vehicle exports into Europe.

Table 2.6: South African motor vehicle exports

	2009	2010	2011	2012	% Change 2012/2011
Europe					
Cars	30 923	68 460	67 431	40 758	-39.6%
Commercial vehicles	10 639	22 274	30 613	46 833	+53.0%
Total	41 562	90 734	98 044	87 591	-10.7%
Africa					
Cars	11 577	9 376	14 619	11 034	-24.5%
Commercial vehicles	33 114	33 157	52 821	69 189	+31.0%
Total	44 691	42 533	67 440	80 223	+19.0%

Source: Adapted from: (NAAMSA, 4th Quarterly Reports, 2012:5)

2.3.5 Growth of the motor vehicle industry

According to South African 3rd Quarterly Auto Report (2013:7), South Africa registered a 7.5% year-on-year (year-to-year) increase in new vehicle sales in May 2013. The figures rose to 53 997 units being sold in May 2013, up by 3 750 units from the 50 247 sold in May of the previous year (2012), according to figures released by NAAMSA. The best performing segment in May 2013 was the sale of light commercial vehicles (LCVs), bakkies and minibuses, which grew at 11.1% year-on-year, or by 1 425 units, bringing the year-to-date aggregate to 14 031. In May 2013, sales of heavy trucks and buses recorded an increase of 8.6% year-on-year to 136 units. Sales of medium commercial vehicles faced a decline of 0.3%.

Finally, there is anticipated growth in commercial vehicles sales, in particularly the local bus industry. The local bus industry will be boosted by investment in the Bus Rapid Transit (BRT) system, as more big contracts are being awarded by South African municipalities. For example, Bus Manufacturing Industry (BMI) has upwardly revised its bus production forecast from 4% year-on-year in 2013, to 5.6%, bringing the total amount of buses to be produced to 1 310. This growth is set to continue over the 2013 – 2017 forecast period, with the average year-on-year growth expected to come in at 5.6% (South African 3rd Quarterly Auto Report, 2013:7). In 2014 and 2015, the South African motor vehicle sales was 644 259 and 617 927 respectively which indicate 4.1% sales decline which is attributed to increase of interest rates (Wheel24, 2016).

2.3.6 Employment contribution of the motor vehicle industry in South Africa

In 2011, the motor vehicle industry employed 462 210 people (Statistics SA labour survey, 2012). When comparing the 2011 and 2012 figures, it was established that there were 512 236 people employed in the industry at the end of the third quarter of 2012 (Statistics SA, 2012). This employment improvement was also visible in the motor vehicle sales division where an increase from 64 393 people being employed in 2011 to 67 554 people being employed in the 3rd quarter of 2012 was evident.

Moreover, at the end of the 4th quarter of 2013 the motor industry had an annual employment growth of 1.8% (NAAMSA 4th Quarterly Report, 2013). In contrast, the construction and the mining industry experienced an annual employment decline of 2.1% and 2.5%. In addition, the electricity gas and water supply industry experienced an employment decline of 1.6% (Statistics SA Quarterly employment statistics, 2013:5). In the 4th quarters of 2014 and 2015, the motor industry had an employment growth of 1% and 0.5% respectively (NAAMSA 4th Quarterly Report, 2015:2). Considering the above facts, it is obvious that the motor industry plays an important role in employment creation in South Africa, despite decline in other industrial sectors.

2.3.7 Advertising expenditure of motor vehicle industry in the South Africa

In 2012, there was a visible decline in national advertising spending from declining from R32 046.6 million in 2011 to R21 529 million in 2012. Despite the national

advertising spending decline in 2012, Ford Motor Company, General Motors SA, Hyundai SA, Toyota SA were among the top 50 advertisers in all industries and sectors. However, other corporations in the motor vehicle industry, including BMW SA and Daimler AG slipped out of the top 50 national advertisers in 2011 to positions 68 and 84, respectively. Table 2.7 below shows South Africa's corporate advertising spending for the year 2011 and 2012 (Financial Mail AdFocus, 2013).

Table 2.7: Top 50 national advertisers - South Africa

Rank 2011	Rank 2012	Advertiser	2011 Ad Spending (million Rands)	2012 Ad spending (million Rands)
1	1	Unilever	1 291,3	1 203,8
35	27	Ford Motor Company	158,7	142,1
37	35	General Motors SA	146,4	106,6
47	36	Hyundai SA	114,0	106,1
44	42	Toyota SA	124,4	90,8

Adapted from: Adfocus, 2012. (Rands in millions)

Table 2.7 shows that Ford Motor Company and General Motors SA, were ranked among the top 50 national advertisers with advertising spending of R142.1 million and R106.6 million respectively. However, BMW SA and Daimler SA lost their positions in top 50 national advertisers' rankings, as their promotion spending in 2012 declined by 12% and 15% (Financial Mail AdFocus, 2013).

Ailawadi, Beauchamp, Donthu, Gauri, and Shankar, (2009:39) pointed that the new media platforms comprising of online, mobile and social media appear to be a growing area of advertising for manufacturers and retailers worldwide. Revenue from online advertising, mobile and social media in South Africa is expected to reach R59.6 billion in 2017 – up from R19.8 billion in 2012. In addition, until 2017, advertising is expected to fall from 31% to 26%. Radio is also expected to see strong growth in advertising revenue in 2017, and increase from R3.6 billion to R5.5 billion in 2017 (Price Waterhouse Coopers, 2014). Because of the fact that Motor vehicle industry plays an important role in the economy of South Africa, especially in terms of its contribution to promotion expenditures, the assumption can be made that this industry is important. However, information from reliable sources is hardly available

regarding the total marketing communication spending (which includes all the communication mix elements) from car dealerships as well as corporate manufacturing companies.

2.3.8 The structure of the motor vehicle industry

The motor industry can be structured based on different activities performed in the industry, namely, manufacturing, distributing and selling of the final products and parts. The global motor industry can be differentiated into three tiers, namely: Original equipment manufacturers (OEMs); original equipment supply (OES) of motor parts and accessory sales through the OEMs, and official car dealerships consisting of franchised and independent car dealerships (Barnes and Morris; 2008:34). The South African motor industry has numerous OEMs or vehicle assemblers; OES-motor parts and accessory sales through the vehicle assemblers, official car dealerships; and independent dealerships (South African Year Book, 2012:16; Naudé and O'Neill, 2011:115-116). There are approximately 1 374 official new car dealerships holding specific franchises; an estimated 1 410 RMI accredited used vehicle outlets; about 304 vehicle engine parts manufacturers; 1 588 tyre dealers; 483 engine reconditioners; 192 vehicle body builders; 2 907 parts dealers and around 220 farm vehicle and equipment suppliers (South African Year Book, 2012:16).

The next section briefly discusses various role players in the South African motor industry.

2.3.9 Role players in the South African motor industry

The following role players feature in the South African motor industry.

2.3.9.1 The Retail Motor Industry Organisation (RMI)

The RMI provides a collective bargaining voice that helps its members in negotiating better trading conditions with OEMs and OESs. RMI has 7 500 members in 2014, is a member-driven organisation that seeks solutions to concerns raised by its members in the day-to-day running of their businesses. Members' needs are serviced through six regional offices and 83 professional staff. In addition, the RMI is the major employer representative of the Motor Industry Bargaining Council, playing a significant role in labour negotiations as well as the industry's social benefit

schemes, dispute resolution processes and exemption procedures (Retail Motor Industry, 2014).

2.3.9.2 National Association of Automobile Manufacturers of South Africa (NAAMSA)

NAAMSA serves as an important source of information about the motor industry in sub-Saharan Africa. The NAAMSA membership base includes major importers and distributors of new vehicles as well as local manufacturers and assemblers, making it the dominant organisation for all franchise holders and independent dealerships marketing vehicles in South Africa. Every month, NAAMSA releases of the latest new vehicle sales figures, which serve as an important barometers of the country's manufacturing and retail activities, consumer trends and general the economic state as reflected by the status of the motor vehicle industry (National Association of Automobile Manufacturers, 2014).

NAAMSA has a working group committee tackling major issues facing the industry, ranging from local content of vehicle crime statistics and safety legislation to be adhered to by OEM in South Africa. NAAMSA has an export division that aims to reach for overseas markets, and a whole range of activities linked to the Motor Industry Development Programmes. NAAMSA membership cannot be enforced; however, the membership brings benefits to members by recording production and sales data, which in return provides monthly media exposure based on reported production and sales data (National Association of Automobile Manufacturers, 2014).

2.3.9.3 Automotive Industry Export Council (AIEC)

This council was established in 1999 as the motor industry's export promotion body. It incorporates all motor industry divisions and it works closely with the Department of Trade and Industry, especially, Trade and Investment South Africa (TISA). The council's objectives include the following:

- Promotion of South Africa's manufacturing ability
- Exhibitions in Europe and the U.S.A.
- Visits of trade missions to potential African and overseas markets
- Research and investigation of new markets and opportunities

- Provision of information to assist members on export market initiatives (AIEC Automotive export manual, 2013:1)

2.3.9.4 National Automobile Dealers' Association (NADA)

NADA is a professional body that represents the interests of the owners and operators of new vehicle franchise motor dealerships, as well as qualifying used car dealerships in South Africa. NADA activities include the enhancement of the image of the retail motor business; facilitating the interface between dealers and the motor manufacturers who supply them; building rewarding relationships between dealers and their customers; and bringing relevant issues facing its members to the attention of government at all levels (National Automobile Dealers, Association, 2014).

In addition, NADA regularly examines the structure of the agreements between motor manufacturers and their franchisees to ensure there is a satisfactory working relationship between the parties. At both regional and national levels, NADA arranges regular opportunities for members to meet and address current issues in the industry. An international convention is held bi-annually which focuses on global issues impacting on day-to-day business in the South African motor industry. NADA also arranges top-level study tours to other countries to monitor the latest trends and developments in motor retailing. In this way, NADA members are able to anticipate industry developments such as customer satisfaction index (CSI) measurements, multi-franchising and new developments in vehicle marketing (National Automobile Dealers, Association, 2014).

The next section provides discussion on the dealerships operating in South Africa.

2.3.10 Dealerships in South Africa

There are a variety of car dealerships in South Africa; some operating as franchises and others as independent entities. According to the South African Year Book (2012:16), there are approximately 1 374 new car dealerships holding specific franchises, and an estimated 1 410 RMI accredited used vehicle outlets in South Africa. These dealerships play an important role, specifically in implementing marketing retail activities such as marketing communication. Franchised and independent dealerships play a central role in marketing the final product (motor vehicle) to consumers, and act as a link between the car manufacturers, the

suppliers of spare parts and financing companies (Gupta, 2008:37). The difference between franchised and independent dealerships is that independent dealerships have no affiliation with the motor vehicle manufacturers while franchised dealerships do have affiliation with these manufacturers and sell both new and certified used vehicles and spare parts. The relationship between dealerships and vehicle manufacturers is important in order to effect marketing activities effectively. This is supported by Nadin, (2008:6) in highlighting the importance of having a trust-based relationship between the car manufacturers and car dealerships, and that car manufacturers should rely on the fairness approach in order to get the cooperation of car dealerships in effecting marketing activities. The dealerships have perform some of the following retail and marketing functions:

- Marketing communications through various channels like print media, sales promotions, promotional schemes and offers, targeting customers and maintaining a customer database.
- Sales services: cold calling, dealing with walk-ins customers, providing demonstrations and test drives, following up on enquiries, and managing potential sales leads.
- Managing and maintaining stock levels of vehicles and spares.
- Forecasting consumer demand of vehicles spare parts, placing orders with manufacturers on behalf of customers, sales and service staff training.

The major car dealerships operating in South Africa include McCarthy Motors which offers 30 vehicle brands in their more than 100 dealerships nationwide (McCarthy, 2013). Sandown Motor Holdings (Pty) Ltd, another large dealerships in South Africa holding the franchise for Daimler AG in South Africa (Sandown Motor Holdings, 2014). Another large dealership operation in South Africa is Imperial Auto which supplies a comprehensive range of motor vehicles, including passenger vehicles and commercial vehicles (Imperial Auto, 2014). Barloworld Motor Retail South Africa is also one of the large dealerships which sell new and used vehicles in South Africa and Botswana (Barloworld Motor Retail, 2014). The other large dealership is super group dealership which has 44 motor vehicle dealerships of which 28 are franchised. This group has four commercial motor vehicle franchises and operates in Gauteng, Mpumalanga and North West province. Supergroup Motors is another large dealership group which is a subsidiary of Supergroup Holdings with 45 dealerships in South Africa and 1 371 employees employed at these dealerships and its sales revenue amounted to R 9 348 millions in 2015 (Supergroup Holdings Annual Report,

2015). The other large dealership group in South Africa is Unitrans Automotive. Unitrans Automotive offers some of the top vehicle brands in South Africa, including Toyota, Lexus, Opel, Chevrolet, Volkswagen, Audi, BMW, MINI, Mercedes Benz, Mitsubishi, Fuso, Jeep, Chrysler, Dodge, Freightliner, Nissan, Datsun, Renault and MAN. Through these network of dealerships in South Africa, the dealership group specialise in the sale of both new cars and pre-owned vehicles for the passenger and commercial markets (Unitrans Motors, 2016).

The next section provides discussion on the history of vehicle manufacturing companies and their dealership networks in South Africa, and also indicating their market share in terms of sales.

2.3.11 Vehicle manufacturing companies and dealership networks in South Africa

This section provides brief background on the motor manufacturing organisations that distribute their vehicles through dealership networks in South Africa. The dealerships marketing the vehicles of the motor vehicle manufacturing organisations discussed in this section were included in this empirical study.

2.3.11.1 Toyota South Africa

Toyota's first encounter with the South African market was in 1961 when Toyota introduced a light delivery vehicle called Stout bakkies from Japan. The company's marketing division and parts distribution centre is based in Woodmead, Gauteng, and is responsible for managing dealership contracts and vehicle part distribution networks in South Africa. The company's production plant is in Durban, Kwa-Zulu Natal. Toyota SA's Durban plant has an annual production capacity of almost a quarter of a million vehicles and approximately half of all production is exported to approximately 60 countries worldwide. Toyota SA offers in-house insurance and financial services to its customers. Toyota Financial Services South Africa (TFSSA) launched its products and services to Toyota customers in May 2000 as a Registered Credit and Financial Services Provider. Toyota SA has approximately 200 dealerships that are responsible for marketing and distributing Toyota's vehicle ranges in South Africa (Toyota South Africa, 2014).

As South Africa's largest manufacturers and exporters of built up vehicles; the company is also a significant employer, with in excess of approximately 8 500

employees. Toyota SA has also created employment opportunities for more than 50 major motor vehicle component suppliers and many more secondary suppliers of individual components and raw materials. In 2013, Toyota SA invested R1 billion at its Durban plant and the company's parts supplier network followed by a R363-million expansion in 2012 of its parts distribution centre in Gauteng (Engineering News, 2013). In 2015, Toyota SA increased its vehicles sales to 11,235 vehicles and its local market share to reached 20.8% (Toyota South Africa, 2016).

2.3.11.2 Nissan South Africa

Nissan South Africa (Nissan SA) has supplied vehicles to South African customers for the past 40 years. Though this was initially done through the importation and local assembly of completely-knocked down (CKD) vehicles, it was soon followed by the establishment of manufacturing facilities at Rosslyn, near Pretoria. Nissan SA delivers to about 8% of the total South African vehicle market with a comprehensive range of passenger cars, light, medium and heavy commercial vehicles and its recreational and other specialised vehicles. To meet its objective of significantly growing its market share, Nissan SA is currently engaged in a dynamic programme of new model introductions. In addition, a total of over 1 900 people are employed by Nissan in South Africa. In 1999, Nissan Motor Company formed a strategic alliance with France's Renault group. Nissan SA produces the Renault Sandero and its own vehicle ranges at Nissan's Rosslyn plant in Pretoria. In addition, Nissan SA manages the distribution networks and vehicle ranges in South Africa for both their company and Renault (Nissan South Africa, 2014).

2.3.11.3 BMW South Africa

BMW produces and sells vehicle ranges in South Africa and it has moved from operating as a completely knocked down production facility to being a manufacturer of local parts and importing fully built-up luxury motor cars. Their Rosslyn Plant manufactures BMW 3-Series bodies for export to India, Canada and the U.S.A. It is anticipated in the future that the plant will be capable of producing up to 60 000 units per annum. This will result in a substantial increase in BMW's export capacity to R50 billion. BMW SA's Sales and Marketing Division is responsible for selling the BMW and the MINI brand. BMW SA has 56 dealerships selling BMW and MINI vehicle ranges and vehicle parts (BMW South Africa, 2014). In 2015, BMW SA sold

33 400 new BMW and Mini vehicles in Africa, including South Africa. South African sales were at 24 200 units, and rest-of-Africa sales at 9 200 units (Engineering news, 2016).

2.3.11.4 Mercedes Benz South Africa

Mercedes-Benz South Africa (MBSA) is a wholly-owned subsidiary of the global motor manufacturer, Daimler AG. The Mercedes-Benz group of companies in South Africa was established in 1954. The company's manufacturing plant is in East London, and it manufactures the Mercedes-Benz C-Class model for the local and US markets. It also produces Mercedes-Benz commercial vehicles and buses and trucks. The head office is based in Zwartkop, Gauteng, and is responsible for managing dealership contracts and vehicle parts distribution networks in South Africa. Since 1997 Mercedes-Benz Financial Services South Africa (Pty) Ltd (MBFSSA) has been providing finance and insurance solutions to customers. In 2013, MBSA reached passenger car sales of 22 636 units, surpassing the previous year by 4.8%. The entire commercial vehicle industry in South Africa has grown by 5.4% since 1995, while MBSA has experienced a 5.7% market share growth over the same period. Vehicle financing, implemented largely at the dealerships, saw Mercedes-Benz Financial Services (MBFS) attain a penetration rate of 34%, up four percentage points from 2012 (Mercedes-Benz South Africa, 2014).

2.3.11.5 Audi South Africa

The Audi South Africa office resides under the Volkswagen Group South Africa. The Audi Marketing Communications and Audi Dealer Development departments operate from Sandton City, Johannesburg. Audi Marketing Communications is responsible for determining and executing brand campaigns to further strengthen the image of the Audi brand and to increase awareness of the brand in the advertising arena. The Marketing Communications Department at Audi South Africa is also responsible for Customer Relationship Marketing, Retail Marketing within Audi Dealerships, and Audi Promotions and Events nationally. Audi Dealership Development is responsible for developing and managing policies and strategies that will result in the strongest possible dealer network for the Audi brand. This is achieved through dealer standards, business management and training and developing the dealer network's non-technical staff (Audi South Africa, 2014).

2.3.11.6 Volkswagen South Africa

Volkswagen South Africa (VWSA) has had a long history in South Africa since the first Beetle rolled off the line on 31 August 1951. VWSA's engine plant is based in Uitenhage in the Eastern Cape. VWSA offers a comprehensive range of motor insurance products and vehicle finance services to its customers. Since 2012, Volkswagen SA is the top-selling passenger vehicle manufacturer in South Africa for the fourth consecutive year and selling 107 689 units in the total market consisting of Volkswagen and Audi units (99 106 Volkswagen units and 16 743 Audi units). In 2012, their Polo and Polo Vivo models were top selling passenger cars accounting for 14.4% of the passenger car market. In 2013, VWSA retained its leadership position in the South African car passenger market with the total sales of 8 516 units and a market share of 22.8%. VWSA has a dealership network which is responsible for the sales and after-sales service of Volkswagen vehicles and consists of over 120 franchised dealerships countrywide. The dealership network is supported by the Volkswagen Dealership Academy, which ensures that all employees at the dealerships receive extensive support, on-going training and relevant career development (Volkswagen South Africa, 2015).

2.3.11.7 General Motors South Africa

General Motors South Africa (GMSA) is a wholly owned subsidiary of the multinational General Motors Company, utilising the corporation's global design, engineering, purchasing, manufacturing, sales and capital investment resources. With its head office and manufacturing facilities in Port Elizabeth, the company began distributing Chevrolet vehicles in 1913 and started manufacturing in South Africa in 1926. GMSA employs approximately 1800 people at its assembly plants and headquarters in Port Elizabeth. GMSA's sales and marketing office is located in Woodmead in Johannesburg, and its regional offices are in Durban and Cape Town. The company's 137 dealerships are situated in towns and cities throughout the country, distributing brands like Chevrolet, Opel and Isuzu (General Motors South Africa, 2014). In 2014, GMSA had a market share of 9.8% in South Africa (General Motors South Africa, 2015)

2.3.11.8 Renault South Africa

The history of Renault in South Africa goes back to 1953 when the first vehicle the 4CV was imported to South Africa. Renault South Africa's vehicles are produced at Nissan's Rosslyn plant in Pretoria. This is the outcome of the Renault-Nissan Alliance, Renault SA has made significant investments of approximately R1.36 billion to develop of their supply chain and modernise the production processes. Renault SA distributes six models through its dealerships and Nissan SA dealership networks in South Africa. In 2014, Renault South Africa's market share increased by 1.1% to 3.1% while its car dealership channel market share came very close to reach the 5% (Renault South Africa, 2014).

2.3.11.9 Ford Motor Company of Southern Africa (FMCSA)

FMCSA has been active in the South African automotive industry since 1923. FMCSA is a wholly-owned subsidiary of Ford Motor Company, selling Ford and Mazda vehicle ranges. In 2012 FMCSA sold over 47 000 Ford and Mazda vehicles, capturing over 9% of the total South African market share. In 2013 FMCSA invested R3.4 billion to produce bakkies and engines for local consumption and for export to 148 countries worldwide. In 2013, FMCSA employed approximately 3 700 people in South Africa and distributed vehicles and vehicle parts through approximately 127 dealerships (Ford Motor Company of South Africa, 2014).

2.4 CHAPTER SUMMARY

This chapter presented an analysis of the motor vehicle industry worldwide and regional perspectives. The discussion was on the economic contribution of the motor vehicle industry, in terms employment contribution, the GDP and exports. In addition, the structure of the industry and marketing communication expenditure, specifically the advertising expenditure of the motor vehicle industry and the trends of advertising media shifts were highlighted. Finally, the role players in the motor vehicle industry with more emphasis on motor vehicle dealerships were discussed in order to illustrate their marketing role in the industry.

The next chapter discusses the marketing planning process with emphasis on marketing communications which constitute the focus area of this study.

CHAPTER 3: MARKETING COMMUNICATIONS

3.1 INTRODUCTION

Chapter 2 presented an analysis of the motor vehicle industry, with emphasis on the South African scenario. It was shown that the motor vehicle industry plays an important role in the South African economy, inter alia through its contribution to the GDP and employment (Naudé and Badenhorst-Weiss, 2011:48). It also showed that the motor vehicle industry is highly competitive and characterised by high marketing communication expenditures. Marketing communications play an important role in the survival and growth of business organisations in the motor industry, considering its important role in building the brands of all competitors in the marketplace (Pergelova, Prior and Rialp, 2010:39). Marketing communications is also used to convey important and detailed product information, such as product quality, brand attributes, product availability, price levels and new product launches (Xu, 2012:4).

Marketing communication results in an increase of marketing expenditures, of which the biggest part usually spent on promotions, specifically advertising (Feng and Purushottam, 2012:92). Raithel *et al.* (2011:115) point out that marketers are increasingly under pressure to demonstrate the financial return associated with marketing expenditures. Due to this pressure, marketers have been reducing their marketing communication spending, specifically on expensive advertising campaigns, and have been turning to other marketing communication elements/approaches (Feng and Purushottam, 2012:93). In this chapter, marketing communication will be discussed with the emphasis on the marketing communication process, the communication elements and media types that could be utilised in a marketing communication strategy, and the development of an integrated marketing communication mix.

This chapter commences with analysing the process of planning an overall marketing strategy, in order to illustrate some of the environmental factors and marketing mix elements that impact on the decisions of marketers in developing the marketing communication strategies is a part of the marketing strategies of the organisations. Thereafter, discussion of the process of developing a marketing communication strategy is provided as the focus area of this study indicating the

identification and application of specific marketing communication mix elements in the marketing communication strategies of organisations. The integration of the chosen marketing communication mix elements and media to form the IMC plan is the final area discussed in this chapter. Lastly, in closing, Figure 3.9 is added to summarise the topics covered in this chapter.

3.2 THE MARKETING PLANNING PROCESS

The formulation of marketing objectives, strategies and plans are done within the ambit of the business objectives and strategies that are formulated at a higher hierarchical or strategic level. The basic premise of the marketing planning process is that it aims to match the internal marketing resources and capabilities with existing and emerging environmental and market conditions. The marketing planning process serves as a structure that highlights the analyses, decision areas, and activities that marketing management has to consider in order to formulate broad, as well as specific, marketing objectives, and to develop a broad marketing strategy and detailed marketing plans to realise the objectives that were set. These marketing plans stipulate the activities to be performed by the marketing division of an organisation (Arrey, 2013:17). The marketing objectives and action plans are practical, quantifiable, and potentially controllable “roadmaps” of marketing decisions and activities. Marketing plans should, therefore, be creatively designed in line with the resources of the organisation and within the context of a dynamic external environment (Arrey, 2013:17; McDonald, 2011:208; Varadarajan, 2010:126; Taghian, 2010:827).

Figure 3.1, on the next page, graphically illustrates the marketing planning process which consists of four steps, namely:

1. the situation analysis;
2. market segmentation and target market selection;
3. setting the marketing objectives and the marketing strategy and plans, and
4. performing marketing strategy implementation and control.

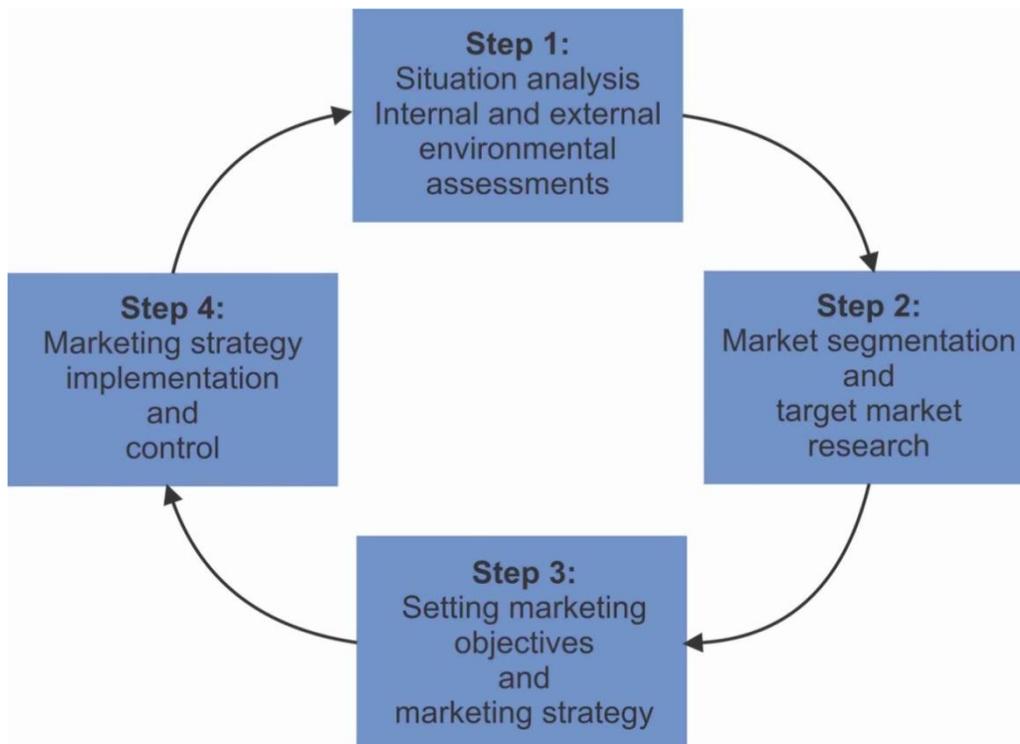


Figure 3.1: Steps in the marketing planning process

Adapted from: Marketing planning process (Kotler and Keller, 2012:51)

Figure 3.1 shows that marketing planning is based on the situation analysis that entails a detailed assessment of both the internal and external marketing environments (Taghian, 2010:827). The situation analysis may consist of a broad analysis of the marketing environment, also called an industry analysis (Porter, 2008:25), which is followed by an in-depth analysis of the internal and external environments impacting directly on the individual organisation. This analysis should eventually culminate in a SWOT construct, which identifies the main strengths and weaknesses of the organisation, and the opportunities, and threats it is exposed to. This enables planners to understand how strengths can be leveraged to realise new opportunities, and identifies weaknesses that can slow progress or increase organisational threats (Helms and Nixon, 2010:216). The key to an effective situation analysis is to identify the capabilities of the organisation and the trends in the marketplace that will have the greatest impact on the organisation (Jackson and Wood, 2013:36).

In the next section, each of the steps in the marketing planning process will be discussed in more detail.

3.2.1 Step 1: Performing the situation analysis

Figure 3.1 shows the situation analysis as the first step in the marketing planning process. The situation analysis entails the study of the business environment which consists of sub-environments, namely, the micro-, market-, and macro-environment in which the organisation operates (Varadarajan, 2010:8). These components of the business environment are discussed in the sections below as have an impact in developing marketing communication strategies of organisations such as car dealerships. Marketing communication strategy forms part of the organisations' marketing strategy.

3.2.1.1 Analysing the micro-environment

Figure 3.1 illustrates that performing the situation analysis involves analysing the micro environment of the organisation. The micro-environment represents the internal environment of the organisation. When analysing the internal environment, marketing managers need to analyse the organisation's mission, business objectives and strategies, its resources, skills and capabilities (Strydom, 2012:48). According to Van Schie (2012:38) they should also consider the organisation's targets or goals, services to be provided and synergy to be exploited, as no single management is expected to have all the talents and other qualities essential for planning, direction and control.

Organisations can establish what its strengths or weaknesses are in terms of resources to be used in strategic planning (Helms and Nixon, 2010:217). These strengths or weakness may be in the form of resources, such as the skills and competencies of the marketing personnel (Morgan, 2012:104). From the marketing point of view, marketing resources refers to resources available to marketers that can be turned into marketing capabilities that can create value to customers (Morgan, 2012:104). According to Morgan (2012:105), the marketing resources within the micro-environment that can be used to the advantage of the organisation include: tacit knowledge resources, physical resources, human resources, organisational resources, informational resources, relational resources, and legal resources.

Despite the internal analysis of resources within the micro-environment, the marketers need to consider the organisation's overall objectives and mission to

ensure that these internal variables support each other. This is backed by Arrey (2013:19) pointing that in most organisations strategy decisions (including marketing communication strategy decisions) are guided by the organisation's mission and corporate objectives. The marketing resources can be turned into capabilities that can serve as strengths or weaknesses to an organisation, and they need to be analysed as a part of internal assessment or analysis using the SWOT analysis tool.

In the next section, the other dimensions of the situation or business environmental analysis are discussed by firstly explaining the broad analysis of the business environment which is followed by a discussion of the market analysis which includes industry analysis.

3.2.1.2 Analysing the macro-environment

Figure 3.1 shows that in performing a situation analysis, the marketers analyse the macro-environment in which the organisations operate. The macro-environment consists of variables beyond the control of the organisation's management (Van Schie, 2012:63). Varadarajan (2011:35) depicts that the macro-environment consists of the following sub-environments, namely, the political/ legal environment, economic environment, social environment, technological environment, physical environment, and international environment. These sub-environments have an indirect influence on the organisation's marketing strategy and its implementation based on the opportunities and threats these sub-environments present to the organisation. These sub-environments are explored to establish which possible opportunities or threats may arise from them, and might impact on the marketing strategy and marketing communication strategy that forms the focus of this study.

- **The legislative/ regulatory environment**

The political environment defines the monetary and legislative policies of the country in which an organisation operates (De Beer, 2012:34). It includes policies, laws and regulations of the government that influence the business activities (including marketing activities) of the organisation (Lamprecht, 2009:55). Government, as a regulatory body, affects the business environment in which organisations operate, for example, through tax laws, labour laws, competition law, and so on. These laws may present opportunities or threats to organisations such as dealerships.

- **The economic environment**

The economic state of the country affects the marketing strategy decisions of organisations operating in that country. The economic environment includes external variables such as interest rates, inflation rates, level of economic growth, currency exchange rates, and fiscal and monetary policies (Du Toit, Erasmus and Strydom, 2010:119). Rollins, Nickell and Ennis (2014:2727) indicate that an economic recession can severely affect the marketing performance and survival of organisations. The authors mentioned above highlight that during an economic recession, organisations alter their marketing strategies by either cutting marketing or R&D budgets, or investing in more marketing and R&D. This argument is also backed by Cheong, Kim and Kim (2013:143), emphasising that during an economic recession, retail sales are slow, and advertising budgets (that form part of the marketing budget) are often reduced, as organisations face severe pressure to cut back on marketing investments. Therefore, organisations such as dealerships should analyse the economic situation in the business environment where they operate in order to understand if the current economic environment presents opportunities or may pose threats.

- **The technological environment**

The technological environment includes new innovations, improved products and services that may impact on organisations' marketing activities in terms of new changes (De Beer, 2012:33). These changes in the technological environment may present threats to the organisation because the cost of acquiring new technologies may significantly increase the capital costs of the organisation, which, in turn, might affect the marketing budgets. On the other hand, these changes in technology may present opportunities to dealerships. For example, internet and mobile phones as contemporary media platforms can be utilised by marketers to convey marketing messages and allow customers to book for test drives online. The internet as an example of a technological force has proved to be an inexpensive way to interact with customers (Kiran, 2012:15). Kiran (2012:15) points out that the internet

allows customers to search, view and buy products and services without necessarily having to personally visit the service providers.

Online social networking technologies, such as Facebook and Myspace are increasingly being used by organisations to generate more direct sales, and to attract and connect with customers more cheaply than traditional marketing communication channels such as television, radio and newspapers (Mangold and Faulds, 2009:357). Caluschi (2013:473) points out that the motor industry is quick in adopting the new communication channels and trends, and tests them as part of their marketing communication mix.

Many studies indicated that organisations can benefit from these new platforms, as these platforms present opportunities through two-way online interactions (Fulgoni and Lipsman, 2014; Thomas and Truong, 2010; Mangold and Faulds, 2009; Simmons, 2008). In addition, these new platforms can be used because they are considered to be convenient and cost-effective (Kirtiř and Karahan, 2011:261). Pergelova, Prior and Rialp (2010:39) point out that in the motor industry the pressure to justify the marketing expenditures, particularly on advertising, has led marketers to search for a new advertising mix, stressing internet usage as a viable option. Online advertising is believed to be highly cost-effective relative to other media, particularly when taking into account its ability for more precise targeting and two-way dialogue with customers (Pergelova, Prior and Rialp, 2010:39).

- **The social environment**

The social environment includes the values, beliefs, attitudes, opinions, and lifestyles of stakeholders outside the organisation (De Beer, 2012:35). In analysing the social environment, a marketer needs to consider the factors associated with demographic and cultural forces with regard to the impact these factors may have on organisation's marketing strategy. The analysis of demographic factors includes the study of the human population regarding size, geographic distribution, age, education levels and income distribution (De Beer, 2012). The social environment influences customers' buying behaviour and product selections, and therefore, also the marketing strategy the organisation should develop. Lamprecht (2009:48) points out that there

are differences in literacy and consumer skills, as a result of a country's educational system, influence what kinds of adaptation in products and in marketing communications are necessary. Therefore, it is necessary for marketers to consider social factors that may impact on the marketing strategy of an organisation.

- **The physical environment**

The physical environment consists of the environment from which the organisations access raw materials, and other natural resources (Du Toit, *et al.*, 2010:107). The physical environment and the natural resources of that country affect the nature of its economy. A country's natural resources are one indicator of its economic potential and raw material availability, while its topography helps determine the physical distribution and market accessibility (Lamprecht, 2009:51). These natural resources include the land and physical space on which organisations, such as dealerships, premises are built. The availability or the shortage of raw materials influence the marketing activities of an organisation, for example, a shortage of available space on which to build a dealership may affect the marketing activities of the organisation as the dealership might not have sufficient space to accommodate its marketing staff and its stock. In addition, having limited natural resources compels marketers to adapt their marketing instruments and revise their policies on product development, pricing, distribution, and branding (Kotler, 2011:132).

Kotler (2011) argues that organisations must carefully balance their growth goals with the need to pursue sustainability, and increased attention needs to be on social marketing thinking to meet the new challenges in the physical environment. This implies that dealerships need to consider the physical environment in the planning and execution of their marketing communication activities to achieve sustainability. This is backed by De Craecker and De Wulf (2009:29) in pointing out that the marketing communication in the motor industry usually goes side-by-side with the use of materials, which can even be considered as waste, on some occasions. However, new communication elements and practices can be used, such as email instead of postal mail, the use of recycled materials, if printing is really necessary, and more

efficient processes like waterless printing in an attempt to conserve the environment.

- **The international environment**

The international environment consists of variables outside a country's borders with regard to other the sub-environments in the macro-environment to determine the impact of changes on the organisation (Du Toit *et al.*, 2010:132). The global economic environment surrounds the domestic economic environment of an organisation. In an increasingly global world, a country can no longer function in isolation as an organisation's domestic economy is influenced by the changes taking place in the global economic environment (Lamprecht, 2009:49). According to Lamprecht (2009), these impacts and changes include international culture, the international economy, international politics and international legal systems that might impact on organisations operating in the motor industry.

3.2.1.3 Analysing the market environment

Figure 3.1 on page 42 depicts that in performing the situation analysis, the market environment of the organisations is analysed. Analysing market environment includes the industry analysis in which the organisation operates. According to Mekić and Mekić (2014:2303) the seminal Porter five forces model still constitutes a useful tool to grasp the dynamic nature of a broad industry. When performing an industry analysis the organisation should maintain a broad perspective of their particular market place by also incorporating organisations that indirectly impact on their business domain, at different horizontal and vertical levels within the industry. Porter's Competitive Forces Model may seem outdated; however, the model is still an applicable tool that can be used in analysing the business environment (Dälken, 2014:7). According to Hyun (2010:144), an appropriate understanding of the market environment is an essential requirement when formulating the marketing strategy in the motor industry. Hyun (2010) points out that the changing context of market conditions, such as market concentration and growth, have been found to have a significant impact on marketing decisions, such as price levels, advertising expenditure, and the number of models to be offered to customers.

As shown in Figure 3.2 below, the forces of Porter's Model are: the bargaining power of customers, the bargaining power of suppliers, the threat of competitors or potential entrants, and threats of substitute goods and services.

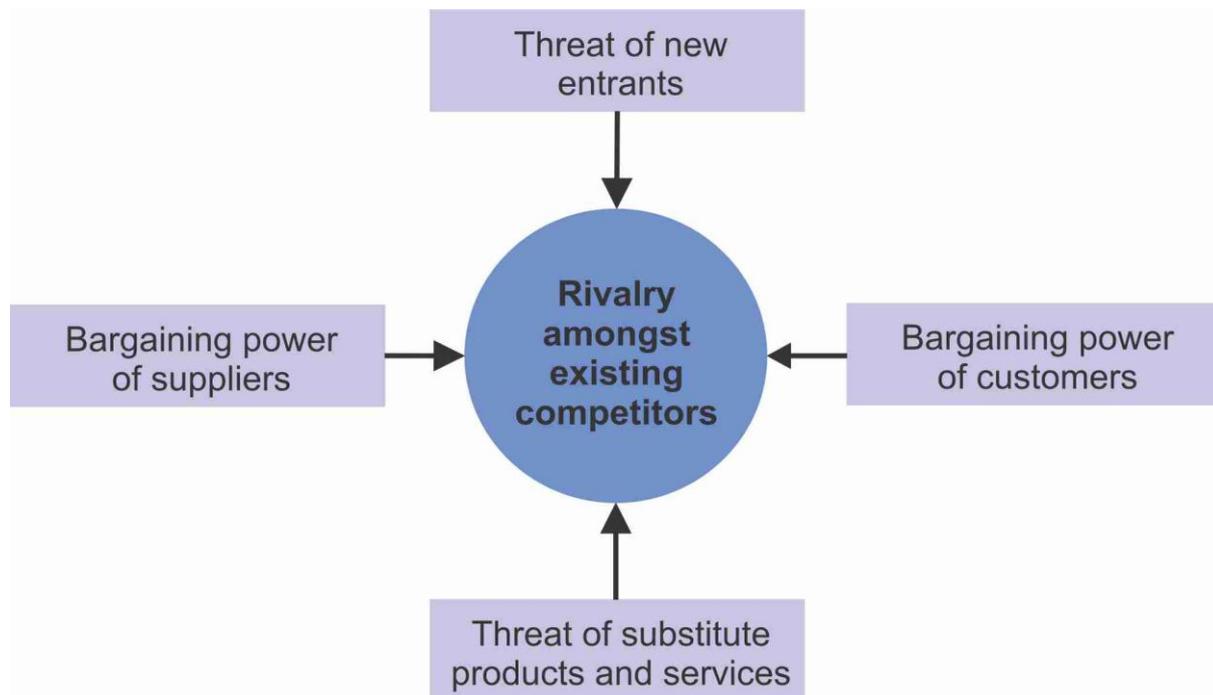


Figure 3.2: Porter's five forces model

Sources: Five forces framework (Porter, 2008:27).

Each element of Porter's Model as depicted in Figure 3.2 is discussed in the next sub-sections.

- **The bargaining power of buyers/ customers**

Analysing consumers in the market is one of the most important aspects of the entire environmental analysis. Alrubaiee and Al-Nazer (2010:155) the market is dynamic, vibrant, competitive and characterised by more informed customers who have access to many media channels of their choice, and this has led to more diversified and demanding customers. The availability of many media channels enables customers to access more information about products and suppliers, and it increases their bargaining power in the market. According to Porter's model, the bargaining power of buyer/ customers can be high if the customers are large and are able to switch easily from one supplier to another (Dälken, 2014:3). Varadarajan (2012:133) highlights that marketers should understand how demand-side factors, such as customers, influence the organisational strategy.

The point is that marketers should understand the organisation's target customers' needs, attitudes, beliefs and preferences, their numbers and individual size, sensitivity, and their customers' responsiveness to the organisation's marketing activities. These can be achieved by conducting a customer analysis. The objective of conducting a customer analysis is to obtain the information that can be utilised for market segmentation and target marketing. According to Tafesse, Narui and Korneliussen (2014:24) car buyers are analytical in their car buying decisions by assessing alternative offers against relevant attributes such as price, safety and reliability. In addition, Caemmerer (2009:535) points out that analysing customers behaviour through market research is essential to understand which message contents are appealing to target audiences and to identify the appropriate marketing mix elements and the appropriate media to effectively and efficiently reach target audiences.

Wang (2012:8395) argues that in order to understand their customers more clearly, organisations may integrate an abundance of data collected about them. Typical methods that are used to understand customers include web browsing, purchasing patterns, and compiling details on customers' demographics and psychographic behaviour. According to Taylor-West, Saker and Champion (2013: 333), due to differences in consumer perceptions about new cars, the marketers need to deliver differing messages to address consumer differences in their marketing communications.

- **The bargaining power of suppliers**

Suppliers are the individuals and businesses that provide the resources required by the organisation to conduct their business activities (Du Toit *et al.*, 2010:112). According to Porter's model, the bargaining power of suppliers defines the risk that suppliers might threaten organisations by increasing prices for goods or services. There are various factors which can serve as indicators for high bargaining power of suppliers, namely, the industry is dominated by a few organisations and is therefore more concentrated than the industry it sells to, or the industry is not the most important customer of the supplier group. In addition, the bargaining power of suppliers can be influenced by the size of the supplier, the number of suppliers, and the availability of alternative customers (Dälken, 2014:3). Therefore, marketers of dealerships should monitor changes in the

market environment, as these suppliers can be both sources of opportunities or threats. In addition, dealerships need to build relationships with suppliers or manufacturers who supply them with primary stock in the form of vehicles as indicated in Chapter 2 of this study. According to Szmerekovsky and Zhang (2009:904) manufacturers and dealerships in the motor industry cooperate in their marketing communication efforts. Manufacturers and dealerships use marketing communications to attract customers and increase sales and these manufacturers may pay part or all of the expenses of the dealership's sales promotions. Szmerekovsky and Zhang (2009:904) explain that two-tier advertising involves joint promotion efforts between a manufacturer and a dealership in which the dealership initiates and runs a local advertisement and the manufacturer pays part, if not all, of the cost.

- **The threat of substitute goods or services**

When conducting an environmental analysis following Porter's model, organisations should identify the potential competitors and threat of substitutes. According to Hubbard and Beamish (2011), the force 'The threat of substitutes' is influenced by several factors such as switching costs between substitute products/services and other industry products (Dälken, 2014:3). Roberts-Lombard (2010:171) highlighted that there are other main competitive forces which are significant in the motor industry. An important competitive force is the threat of substitute goods or services. This threat is significant in the motor industry, given the large number of motor manufacturers and large number of motor dealerships in South Africa, and the ever-increasing number of motor dealerships, most of which are franchised and some independent organisations, including motor vehicle auctioneers.

- **The threat of competitors**

The second significant competitive market force is the threat of competitors and potential entrants. The term 'competitor' refers to individuals or organisation that offer similar products or substitute products to target customers (Du Toit, 2010:114). According to Porter's model, competition includes the force 'Rivalry among Existing Competitors' which includes several forms of competition which could be based on different discounting approaches, such as, price discounting,

new product introductions, innovative advertising campaigns, and service improvement measures (Porter, 2008:32). This threat can be influenced by factors, such as the industry growth rates, the number of competitors, switching costs for consumer product between competitors, product differentiation, or exit barriers for weak competitors. Roberts-Lombard (2010:171) points out that there is a very intense competition in the motor industry as a result of the increasing number of competitors. Roberts-Lombard and Nyadzayo (2014:792) posit that in order to survive in a competitive environment, the transactional interactions with customers should be transformed into long-term collaborative partnerships through effective Customers Relationship Management (CRM) programmes. According to Roberts-Lombard and Nyadzayo (2014) the profitability of motor dealerships is dependent on the dealerships' abilities to motivate existing customers to increase service usage and to purchase additional products.

The increasing competition is evident by the increasing number of manufacturers entering South African market and increased dealerships. According to NAAMSA, there are 22 manufacturers of motor vehicles and 21 vehicle importers and exporters in South Africa. These vehicle manufacturers and importers are involved in the manufacturing of motor vehicles as well as the importing and exporting of both component parts and fully built-up vehicles (NAAMSA Submission Report, 2013:1). The South African motor industry is made up of multinational companies of Asian, American and European origin (Ambe, 2013:49). The multinational motor vehicle brands represented in South Africa include Toyota, BMW, Volkswagen, DaimlerChrysler, Nissan, General Motors, Ford, Mazda, Land Rover, Volvo and Fiat (Ambe, 2014:52). These manufacturers and importers sell brand franchises to various groups, such as the Unitrans group, McCarthy retail, Imperial group and Consolidated Motor Holdings. In total there are six main retail motor groups that serve the South African market, together with a number of independent operators (Berndt, 2009:02).

In summary, when formulating the marketing strategy, an organisation needs to consider the level of indirect and direct competition in the industry as part of its market analysis (Varadarajan, 2010:133). For instance, competitors' actions can have an impact on what messages to convey to target audiences; which media channels to use; and which marketing communication mix elements to utilise in the

organisation's marketing communication strategy. According to Caemmerer (2009:525) organisations in the motor industry can carry out surveys on several points in time to track consumers' changing attitudes towards their car brands, key competitors and trends. Market research can be defined as the organisation's ability to provide relevant answers to market-related questions (Morgan, 2012:107).

Based on the external environmental analysis, the organisation can identify its own strengths, weaknesses, opportunities, and threats. This is known as the SWOT analysis. Figure 3.3 below shows the SWOT analysis.

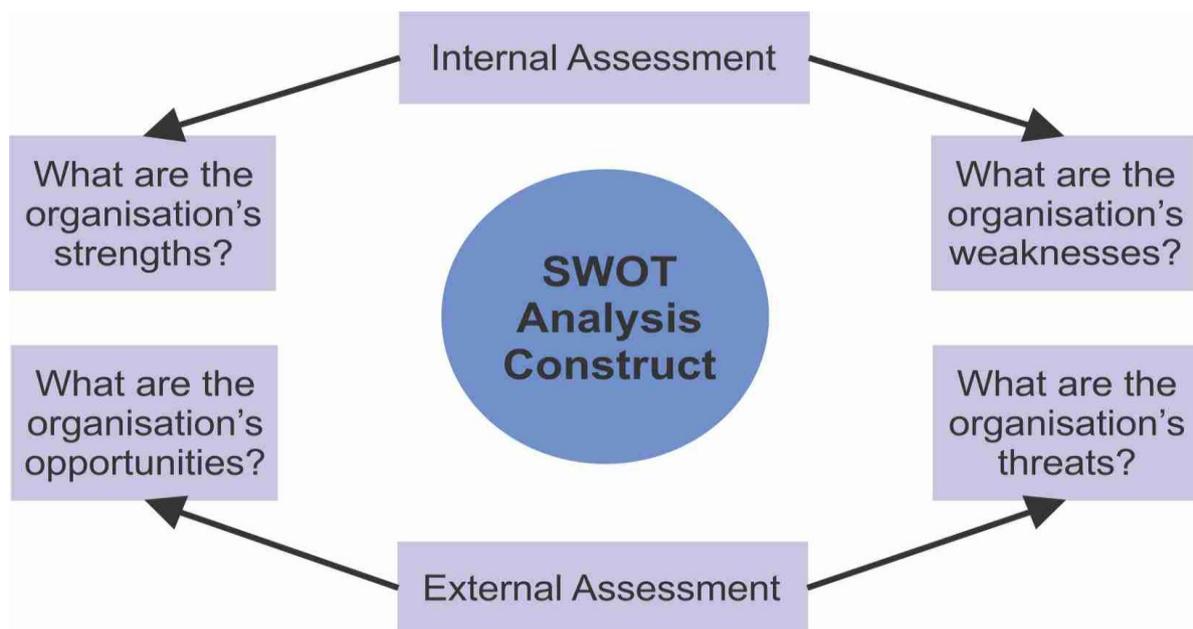


Figure 3.3: Strengths-Weaknesses-Opportunities-Threats (SWOT analysis)

Adapted from: SWOT Analysis (Kotler and Keller, 2012:51)

Figure 3.3 depicts the SWOT analysis that can be used in analysing the organisation's internal and external environment during the marketing planning process, as suggested by Kotler and Keller (2012:52). The internal environmental assessment may identify the broader organisational and strategic issues that may be classified as either weaknesses or strengths. The internal assessment focuses on the organisation's resources. These resources includes the dealership' intellectual property rights, internal staff capabilities, available financial resources, and other resources which can be used to compete in the market.

Furthermore, the SWOT analysis identifies major opportunities and market segments in the market and the competitors' positions within these market segments. The

external environmental analysis, as depicted in Figure 3.3, also includes the organisation's interaction with other external constituencies (Varadarajan, 2010:126). The customers, competitors, intermediaries, and suppliers are variables in the organisation's market environment that have a direct influence on the organisation's marketing activities, while the macro environmental variables have a more indirect impact on opportunities and threats that the organisation is exposed to.

3.2.2 Step 2: Market segmentation and target market selection

Based on Figure 3.1 (earlier in this chapter), the next step after the analysis of the internal and external environment, is to conduct a market segmentation exercise. Market segmentation is a method of dividing a broad target market into subsets of consumers who have similar needs, and selecting one or more segments to target with a specific marketing mix (Gogoi and Mehdi, 2014:1). Martins, (2012:62) points out that the most common ways of segmentation are demographic segmentation based on geographic locations of potential customers, and psychographic segmentation which is based potential customers' lifestyles, personality, social class and values; demographic segmentation which is based on potential customers' demographic factors such as age (life stage), gender, race or ethnicity, occupation, education level, and household size; and behavioural segmentation which is based on potential customers' purchasing behaviour in terms of the frequency of purchase and their expenditure.

Du Plessis, Van Heerden and Cook (2010:54) point out that a Living Standard Measure (LSM) can also be used in South Africa to divide market segments considering their living conditions. According to Du Plessis *et al.* (2010), LSM segmentation can give marketers an idea about the kind of people in each category including their gender, race and income. LSM 1-4 indicates the poorer part of the population, LSM 5-7 represents the middle class, and LSM 8-10 indicates the wealthier section of society. LSM segmentation considers the number of major appliances, such as television sets and other service subscriptions, and its advantage is that it can be used as the basis for structuring marketing communication messages and developing media strategies.

An additional advantage of market segmentation is that it provides the opportunity to increase organisation's market share and the organisation's profitability by better

satisfying the needs and wishes of the selected segments (Chiu, Chen, and Ku, 2009:4558). This is backed by Freathy and O'Connell (2012:398) emphasising that the benefit of market segmentation is to allow the organisation to identify key consumer groups and evaluate their importance, which in turn, allows the organisation to service these key consumers more effectively. In addition, Freathy and O'Connell (2012:399) suggest that market segmentation needs to start by identifying customers and group them into segments that display homogeneous preferences relative to other segments. Secondly, the organisation needs to match their products and marketing mix with the selected segments.

Identified segments also need to be evaluated in terms of their numerical size, their purchasing power, their relative accessibility and their reachability. In the motor vehicle industry, dealerships need to conduct market segmentation to ensure that marketing resources are not wasted, and that their marketing mix matches the selected segments' needs and preferences.

3.2.3 Step 3: Marketing objectives and marketing strategy formulation

Figure 3.1 (earlier in this chapter) shows the formulation of marketing objectives and marketing strategy as step 3 in the marketing planning process. Marketing objectives are designed to support and facilitate the achievement of higher organisational objectives. During the marketing planning process, the marketing objectives are guided by the organisation's corporate mission and objectives (Arrey, 2013:18). Managers need to be familiar with quantitative measurement processes, in order to determine whether or not they have reached their objectives. They also do set their objectives within a time frame that indicates when and how objectives should be reached. Overall, the marketing objectives aim to provide superior value to their customer and in the process achieve a competitive advantage in the marketplace (Varadarajan (2010:133). The marketing strategy based on clear marketing objectives, spells out in broader terms what actions the organisation should take (Varadarajan, 2010:133).

After the formulation of the marketing strategy, it needs to be turned into action plans. These action plans, such as the communication plan, represent the implementation actions of the marketing strategy. Slater, Hult and Olson, (2009:552) argue that the marketing strategy aims to create a marketing mix that enables the

business to achieve its objectives in their target market. The strategy implemented is represented by decisions regarding the marketing mix elements which can be used to achieve the organisation's marketing objectives. According to Slater *et al*, (2009:552) the marketing mix constitutes the component parts of the marketing strategy. The marketing mix entails decisions about organisation's product, its price, how is it distributed, people, process, physical evidence, and marketing communication. The marketing mix, therefore, represents the organisation's product or service offering and consists of controllable variables that the organisation combines to satisfy the needs of the target market. Figure 3.4 depicts the elements of the marketing mix.

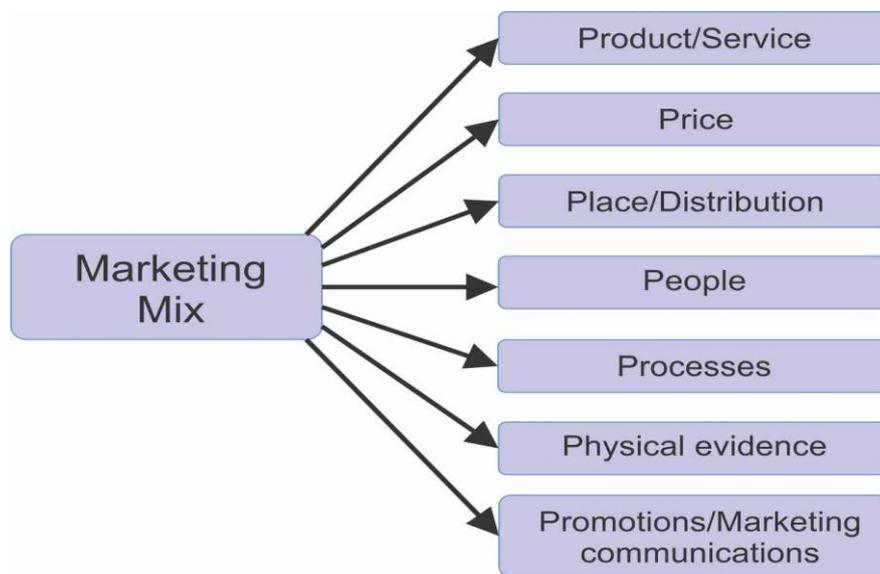


Figure 3.4: The marketing mix

Source: Researcher's own compilation, 2015

The elements of the marketing mix illustrated in Figure 3.4 are discussed in the following section to provide a setting for this study. These elements of marketing mix are discussed considering the impact they have in developing marketing communication activities directed towards target audiences of dealerships.

3.2.3.1 The marketing mix

Figure 3.4 illustrates the marketing mix elements that are used by organisations to compete and differentiate themselves in the market. It is imperative to provide a definition first to ensure a common understanding of the term 'marketing mix'. Marketing is defined as the process that involves conception of product, price,

distribution and promotion (marketing communications) activities, in order to establish an exchange process that is of the mutual benefit for the organisation and its customers (McDaniel, Lamb, and Hair, 2013:3). This definition focuses on the four basic marketing mix elements, namely, product, price, place or distribution, and promotion, and is called the 'traditional' marketing mix consists of these four components. However, many authors argue that the traditional marketing mix does not truly represent all marketing activities that the organisation should perform (Gordon, 2012:123; Grönroos, 1990:5; 1994:6; 2002:132). The extended marketing mix is based on customer-centricity consists of seven components, which include the four traditional components as well as people, processes and physical evidence. This extended mix, as proposed by Goi (2009:3), forms the basis of this study. The marketing communication mix elements and advertising media, which is the focus of this study, form part of the promotion or marketing communication element of the extended marketing mix. The next section discusses each of the seven elements of the marketing mix.

- **Product**

Figure 3.4 shows the product as one of the marketing mix elements. The product refers to a tangible features or intangible service that the organisation is selling to consumers (Gordon, 2012:122; Ginevičius, Podvezko and Ginevičius, 2011:88). The product consists of three layers, namely, the core product, actual product and augmented product. The core product depicted on Figure 3.5 represents the primary feature of the tangible product or service offering. From the customer's perspective, it contains the main functional benefits the customer is seeking from the product, for example, a customer may be searching for safety when buying a particular product (Strydom, 2012:118).

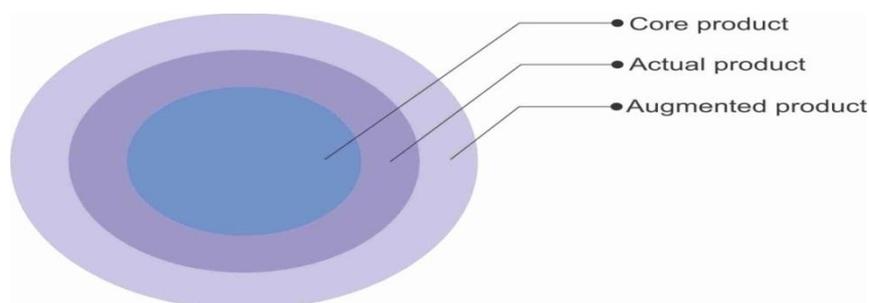


Figure 3.5: Product concept

Adapted from: Product concept levels (Strydom, 2012:118)

The actual product as illustrated in Figure 3.5 represents the tangible characteristics of the product or service, such as product size, colour and shape. In terms of motor vehicles the tangible components, for example, it can be a red five door, two litre engine BMW sedan. Augmented product surrounds the core and the actual product and it represents the additional or secondary features of the product or service which include style, brand image, prestige, quality, technology, pre-and post-sales service, guarantees, packaging and brand name. In addition, the augmented product expresses the value-added benefits, such as additional customer service, warranties, and delivery. All these features contribute towards the tangible and intangible benefits of the product in the eyes of existing and potential customers (Kotler and Keller, 2012:170).

Belch and Belch (2012:60) agree that a product as a marketing element comprises more than just a physical object. However, it includes the total needs-satisfying benefits it offers for the customers. These values may be purely functional such as safety and fuel efficiency. However, the social value of the product may be even more important such as positive complements from friends, colleagues and family members regarding the purchased product. Brand building is crucial as it contributes to the symbolic value or features associated with the total market offering. Branding can help to communicate and maintain a unique brand image and brand identity. However, Sewell (2011:1280) points out that the focus of dealerships' advertisements is frequently on price margins and not on location or warranty. Price as a marketing mix element is discussed next.

- **Price**

Price is depicted on Figure 3.4 as the second marketing mix element. Price is, and remains, one of the most important criteria that influence consumers' purchasing decisions. Price especially as competitive tool is important when an organisation intends to obtain the bigger portion of the market, as customers use the price to compare the current price with past prices or with their own perceived prices or competitors' prices (Snieškienė, 2009) as cited by Dikcius and Katkuvienė (2014:356). Price does not just merely represent a number on a tag. Price represents the marketing mix element that generates revenue for an

organisation, and in setting the price the marketers need to understand consumer pricing psychology (Kotler and Keller, 2012:206).

The price of a product should be consistent with the consumers' perceptions of its quality levels, and should also support the image of a product, brand and organisation (Belch and Belch, 2012:61). This is supported by Kotler and Keller (2012:206) emphasising that price has a psychological element, and it is often linked to the specific image of the product in the eyes of consumers. Parbhu (2012:13) points out that price is determined by the costs linked with the production of the vehicle, including specifications, structural costs and competitor positioning. Therefore, it is important that marketers of dealerships to consider all these factors, and align the pricing strategy with the other marketing elements such as marketing communication as the price cannot work in isolation; it needs to be combined with other marketing mix elements in order to achieve the marketing objectives of an organisation. Place as an element of the marketing mix is discussed next.

- **Place/ distribution**

Distribution is depicted on Figure 3.4 as the third marketing mix element. Distribution is an important marketing mix element that can be used to achieve a competitive advantage through the effective delivery of the product to the customers. According to Devlin (1995) as cited by (Akroush, 2010:55) contact points that are accessible to customers should be used. Distribution refers to how and where customers can access and buy the organisation's products (Ginevičius *et al.*, 2011:88). According to Gordon (2012:123) distribution which is often called 'place' represents the location where the product or service can be purchased and includes the physical store and online virtual outlets. The distribution channel of an organisation has an effect on all the other marketing elements, and vice versa. Distribution influences the price, as the price is dependent on the number and type of intermediaries, as well as by the level of support and motivation needed by intermediaries. Distribution influences the marketing mix elements to be used and the amount to be spent on marketing communications, for example; how much to be spent on advertising, direct marketing, public relations, the number of sales employees needed by the organisation, and which media types to use. This implies that organisations, such as dealerships, can create a

competitive advantage based on their distribution decisions on how customers can access their products or services. In addition, these dealerships can convey marketing communication messages that point exact location where target audiences can access marketing offering in this case motor vehicles.

An important factor impacting on the organisations' distribution activities is their decision regarding market coverage. The types of market coverage are categorised as intensive, selective, and exclusive market coverage (Du Toit *et al.*, 2010:404). The impact of the market coverage decision on distribution of organisation is shown below.

Intensive market coverage

In this case the organisation uses a wide network of distributors to sell their products. This market coverage is best suited to convenient products with broad market appeal.

Selective market coverage

In this case a limited number of retailers are used by the organisation. Economies of scale are achieved by focusing on those intermediaries who achieve the best results.

Exclusive market coverage

Exclusive market coverage is pursued when the organisation aims to select or to restrict the availability and accessibility of the products for the purpose of image. This type of distribution is suitable for organisations with highly specialised products such as cars.

After a decision has been made regarding the type of the market coverage, the organisation should decide on which type of distribution will complement the selected market coverage. Products can be distributed either directly or indirectly through intermediaries (Hutt and Speh, 2014:201). Direct distribution occurs when the manufacturer sells directly to the customers. Indirect distribution occurs when the product is sold through intermediaries. In the motor vehicle industry most manufacturers of vehicles and spare parts use dealerships as the intermediaries, specifically, franchised car dealerships in case of new vehicles.

According to Parbhu (2012:13) dealerships are the key contact points for customers and represent a place where vehicles are retailed to the public. This is supported by Taylor-West and Saker (2012:483) that the purchase of the motor vehicle involves highly involved decision-making process when compared with

other retail experiences and the majority of customers still choose to buy a car in a traditional dealership network despite the introduction of computer-assisted selling process (CASP) by dealerships. Taylor-West and Saker (2012:1) argued that marketers in the motor industry need to deliver unique messages to addresses consumers' different perceptions about their product offerings (motor vehicles)

- **Marketing communication**

Figure 3.4 on page 56 shows marketing communication as one of traditional marketing mix elements. This study focuses primarily on this marketing mix element, marketing communication. This marketing mix element will be discussed in detail in Section 3.3 (later in this chapter).

In the “extended marketing mix” **people, processes** and the **physical evidence** which are added as important elements of organisation's market offering. These elements are shown on Figure 3.4 on page 56. These marketing mix elements are briefly explained below.

- **Processes**

The process as depicted on Figure 3.4 on page 57 refers to the way in which the customers are treated or how they experience the organisation's services. Customers are more concerned about the benefits derived from the product and the process of service delivery that influence customer satisfaction (Rajagopal, 2011:189). An organisation involved in the sales of high-value products such as motor vehicles, should adopt a customer-centric approach that will allow customers to co-design products (Rajagopal, 2011:189). Parbhu (2012:14) highlights that in the motor industry, motor vehicle manufacturers provide strict guidelines and standards to ensure a positive, consistent and quality experience for customers across all dealership networks. The after-sales service support is offered by the dealership staff who are trained on different car lines by motor vehicle manufacturers.

People, as an important marketing mix element in an organisation's processes, are discussed in the next sub-section.

- **People**

Figure 3.4 on page 57 shows people as one of important marketing mix elements. People include employees as controllable internal marketing mix element. These employees play an important role in service provision. Employees involved in service provision should be trained, informed, committed and motivated to consistently deliver the required standard of service. According to Christopher, Payne and Ballantyne, (2013:4) indicated motivated and trained employees, such as salespeople, can play important role in creating value for customers. The manner in which salespeople interact and communicate with customers at the organisation's contact points plays an important role in creating brand image and value for customers. Customer value refers to the package of benefits and solutions that an organisation offer and provide to their customers and other stakeholders. Gounaris and Tzempelikos (2014:1669) argue that understanding the needs of external customers and developing the required skills internally to meet these needs are crucial in creating customer value. Their argument is based on the principle that if employees are treated as customers, jobs as products and the marketing techniques are applied internally within an organisation, employees will be influenced to become more customer-focused, leading to an improved quality of service and ultimately to a competitive advantage in the marketplace.

In addition, the division of labour is important in value creation, and requires a form of co-creation of value that requires both parties in an exchange to participate (Carrubbo, Bruni and Antonucci, 2014:76). This implies that the organisation such as dealerships should carefully manage their marketing activities and relationships with stakeholders such as marketers, salespeople, intermediaries, suppliers, employees and organised labour in order to create value for the customers.

- **Physical evidence**

Figure 3.4 on page 57 shows physical evidence as one of the extended marketing mix elements. The physical environment can be designed to evoke positive customers' feelings and responses. The physical evidence is used to create good experience-centric services for customers encompasses the organisation's interior design, and human clues emanating from people interacting physically

with this physical environment. Verhoef *et al.* (2009:39) agrees that organisations around the world have acknowledged the concept of customer experience management and have incorporated the notion into their mission statements, searching for distinctive customer experiences for their customers.

The five senses, namely, sight, smell, sound, taste, and touch are crucial when designing tangible elements in creating a favourable experience for customers (Soars, 2009:286). Customers gain information regarding the physical environment of the organisation through their senses. De Farias *et al.* (2014:88) argue that the sensory appeals present in the retail environment create experiences for customers, and can bring a competitive advantage. It must be kept in mind that a product consists of both tangible and intangible components, and as such, a motor vehicle is essentially a tangible product which is often accompanied by intangible services, and customers often rely on physical evidence in a service environment to evaluate the quality of a service. Parbhu (2012:14) indicates that a dealership represents a key point where customers interact with brand and staff, where they close transactions, and access supporting services. Therefore, the behaviour of the sales staff and the dealerships' interior designs can provide an added experience to customers. Fatma (2014:32) posits that organisations should have customer experience management (CEM) systems that will focus on building relations with customers by concentrating on creating positive experiences during the customers' interactions with the organisation.

Marketing strategy implementation and control are discussed in more detail in the next section.

3.2.4 Step 4: Marketing strategy implementation and control

The marketing planning process will not be complete, unless the formulated strategy is successfully implemented as depicted in Figure 3.1 on page 42. For a marketing strategy to be successful, it must involve vigorous implementation, evaluation, and control. Ramaseshan *et al.* (2013:1229) argue that the marketing strategy should be deeply intertwined with the organisation's internal and external environment, and it must be ensured that strategies are working in practice. A strategy is not just a good

idea, a statement or a plan. It is only meaningful when it is actually being implemented.

Rosier, Morgan and Cadogan (2010:450) point out that effective implementation of a formulated strategy depends on factors such as its internal and external appropriateness, feasibility and desirability. They added that the development of competency in implementing the formulated strategy (the ability to translate ideas into actions) can create a competitive advantage for the organisation. Therefore, the implementation of the formulated strategy requires an organisation to adopt a disciplined management approach. Ramaseshan *et al.* (2013:1225) point out that the combined impact of marketing strategy formulation and implementation relative to the organisation's internal and external environment need to be clarified, otherwise the organisation potentially reduces the capability to maximise performance outcomes. Once action plans have been identified they need to be implemented, as failure to act with immediacy could result in changing consumer needs being fulfilled by competitors (Craven, Piercy and Baldauf, 2009:34).

Therefore, an effective implementation of the marketing strategy requires a periodic revision of the market situation, immediate implementation of the marketing strategy and the measurement of the organisation's progress towards the attainment of its marketing objectives (marketing performance measurement). This will require the organisation to have certain marketing performance indicators which are aligned with the marketing strategy. These marketing performance indicators can be used as control mechanisms to identify deviations in the evaluation of actual marketing results against the set marketing performance standards. Lamberti and Noci (2010:140) point out that the marketing performance mechanisms or system should be part of marketing accountability which represents a key issue in pursuing the marketing strategic objectives. This view is supported by Caemmerer (2009:535) which points out that an important point to consider when planning and implementing marketing communications which form part of marketing strategy is the evaluation of the campaign. For instance, the evaluation of a communication campaigns launched includes tracking attitudinal and behavioural changes in the target segment while the campaign is running in order to establish whether the execution is effective.

As the focus of this study is marketing communications, the formulation and implementation of marketing communication strategy of car dealerships, will be the focus area of the rest of this chapter. The formulation and implementation of the marketing communication strategy is discussed in detail in the next section.

3.3 FORMULATION AND IMPLEMENTATION OF THE MARKETING COMMUNICATION STRATEGY

Marketing communications are used to ensure that the consumers are informed of the products being offered by the organisation (Chaharsoughi and Yasory, 2012:2008). Marketing communication consists of the following elements: advertising, personal selling, sales promotion, direct marketing, public relations and publicity (Keller, 2009:141; Chaharsoughi and Yasory, 2012:2008). Furthermore, with the advancement of information technology, new approaches in communicating with consumers have come to the fore (Keller, 2011:141). These communication approaches incorporate the internet and social media such as Facebook, Twitter, and YouTube.

Marketing communications refers to the marketing mix element by which organisations can provide information regarding products or services, prices, delivery channels, and any information to the organisation's audience (Kotler and Keller, 2012:154; Goi, 2009:55). Therefore, to communicate the marketing message, organisations should understand that everything they do can send a message to the target audiences. Product, price, and distribution actions can communicate certain messages to their target audience. Marketing communications presents a platform to showcase important features of the other elements of the marketing mix.

The development of a superior product at a reasonable price, and then making it available to the market, is not sufficient. Marketers need to develop consistent marketing communication messages so that trust can be built and to ensure coherence in target audience perceptions (Jerman and Završnik, 2013:205). This is supported by Tafesse and Korneliussen (2013:217) that state that all the marketing mix elements including corporate practices and philosophies, product attributes, customer service settings and distribution activities possess a marketing communication dimension. Jerman and Završnik (2012:706) argue that competitors can imitate the other marketing mix elements; but marketing communication can

create a unique value in the mind of the consumer. Well-developed, reasonably-priced and efficiently distributed products need effective marketing communication to create a competitive advantage and unique position in the mind of the target audience. In order to inform, persuade or remind targeted consumers effectively, marketers should use one or more of the elements of marketing communication (Du Plessis *et al.*, 2010:3). The use of traditional and new communication channels are evident in the motor industry (Caluschi, 2013:473). According to Caluschi (2013:473) the motor industry creatively develop new communication channels and invests huge budgets in communication through these channels.

In order to communicate effectively, marketers need to understand the fundamental elements of an effective communication models. The marketers must know which audiences they want to reach and what responses they want to get; they must encode their messages in a way that the target audience usually decodes messages; they must transmit the message through efficient media that reach the target audience; and they must develop feedback channels to monitor the responses (McDaniel, Lamb and Hair, 2013:584). This implies that both parties should have the same understanding of the meaning of the words or language used. Poor encoding of communication messages can lead to images or symbols that have different meanings or no meaning at all to the audience, and an inaccurate translation of content that can cause the receiver to decode the message differently from the intended meaning. It is important to ensure that a message contains the language of the receivers in both visual and verbal terms. It is also imperative to use suitable images and symbols that arouse the interest of the target audience. Jerman and Završnik (2012:710) highlighted that effective marketing communication occurs when the consumer can correctly interpret the initial message as it was meant to be sent.

Marketing communications can be effected following the communication model as suggested in the Figure 3.6 below. The two most important elements in the communication process are the sender and the receiver. The other additional elements which represent the major communication elements are: the message and media channel. Four elements represent the major communication functions: encoding, decoding, response or feedback, and the last element in the system represent noise.

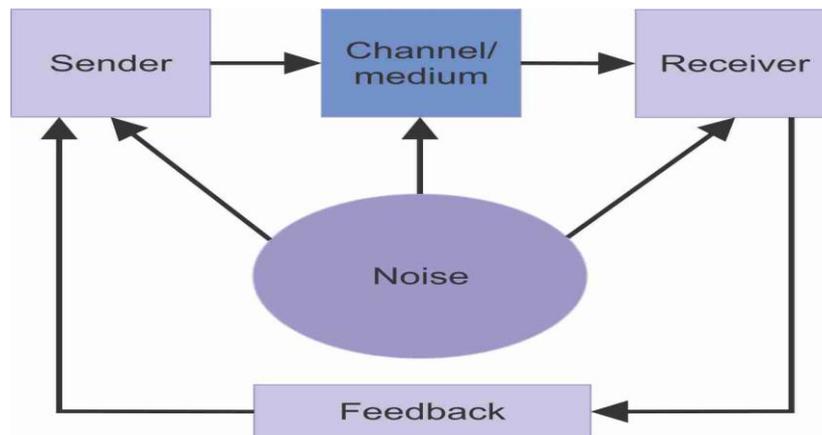


Figure 3.6: The communication process

Adapted from: Communication model (Strydom, 2009:136; Kotler and Keller, 2012:257)

Figure 3.6 indicates the important elements of an effective communication process. The sender represents the organisation that conveys the marketing message; the receiver refers to the target audiences, and noise may be any distractors that may disturb the target audience, such as marketing communication activities by competitors. Channel refers to media channels that may be used to carry the marketing message to the target audiences. For example, in the case of a dealership, the message can be an advertisement in a magazine or on the website. Feedback refers to the verbal or non-verbal responses that show that the message was received and well understood (Kotler and Keller, 2012:256). Verbal feedback can be in the form of oral responses or written electronic mail where target audiences enquire about advertised products or services. Non-verbal feedback can be body gestures such as smiles by customers. The focus of this study is on marketing communication that incorporates message formulation and message transmission via the marketing media vehicles.

The formulation of message and message transmission via the marketing media vehicles, the marketing communication should focus more on the receivers and the meaning created by the receiver in the communication process. This is supported by Finne and Grönroos (2009:182) by proposing a Relationship Communication Model (RCM), which can be used to convey messages from the consumer perspective that considers the impact of historical, future, internal and external factors on message integration. Unlike traditional marketing communication that focused on the present only, the proposed model by Finne and Grönroos (2009) include the time factor as a crucial ingredient. According to Finne and Grönroos (2009:181) the external factors

include environmental factors such as current media trends, traditions, the economic situation, and the advertising originating from various sources. Internal factors refer to factors related to the customers themselves; these include customers' attitudes, capabilities, and personal interests. According to Finne and Grönroos (2009:181), the marketers should use the media channels accessible to the target audiences in conveying marketing communication messages.

According to Strydom *et al.* (2012:179) there are six steps in developing an effective marketing communication strategy. The steps suggested by Strydom *et al.* (2012:179) are based on RCM discussed in the preceding paragraph. These steps are depicted in Figure 3.7 and subsequently discussed in detail with more emphasis on the step where the marketing communication mix elements are considered and selected.



Figure 3.7: Steps in formulating a marketing communication strategy

Source: Adapted from Strydom(2011:179). Integrated marketing communication process

3.3.1 Step 1: Analyse the marketing communication environment

In the previous section it was indicated that the marketing planning process is an integrated process that involves a situation analysis as depicted in Figure 3.7, the formulation of marketing objectives and marketing strategy, the formulation of marketing action plans, and control. The control during the marketing planning process involves the monitoring of both the internal and external environment as well

as the review of the marketing action plans (Taghian, 2010:827). The review of the marketing plan provides the organisation with information regarding its current market position, what it intends to achieve in the future and how it will achieve its plans. However, this requires a periodic revision of the market situation and the organisation's progress towards the attainment of its marketing objectives (Morgan *et al.*, 2009:911). Specifically, the organisation should review its marketing plan to establish what it has achieved and to determine its shortfalls based on its formulated marketing objectives. The main emphasis is rather on the future scenario and actions of the marketing division. The marketing communication plan is derived from this plan. Caemmerer (2009:526) suggests that a situation analysis represents the first step in the planning and implementation of marketing communication by organisations, including those operating in the motor industry. This implies that the dealerships need to conduct an environmental analysis in order to understand its position in the market as well as its competitors' marketing communications. In conducting an environmental analysis, the organisation's internal resources, products or services, what competitors are doing and the general marketing communication trends in the industry must be investigated. In addition, surveys are conducted to track, for example, consumers' attitudes towards car brands to establish what they perceive about these vehicle brands.

Therefore, the situation analysis should highlight favourable marketing communication opportunities for the organisation (Caemmerer, 2009:526). Kliatchko (2009:141) emphasised that the marketing communication strategy should be congruent to the marketing strategy which is derived from the overall business strategy. This implies that organisations such as dealerships may use the SWOT analysis model, as explained in the preceding section, when developing marketing communication strategies, in the same way as when developing the organisation's overall business strategy and marketing strategy. Akroush (2012:51) emphasises that the organisation should start by analysing both the external environment and the internal environment during strategy formulation to identify possible opportunities, threats, strengths and weaknesses. The SWOT analysis assists marketers to identify trends and important developments and any possible opportunities and threats (Kotler and Keller, 2012:51). The focus of this study is on marketing communication,

therefore the SWOT analysis may be used for the internal and external assessments of variables that have an influence on the marketing communication strategy.

According to Morgan (2009:911), organisational resources such as human, financial, and information resources may serve as important inputs to the organisation's marketing capabilities. Therefore, marketers can use the organisation's resources to the best advantage of the organisation in developing and executing the marketing communication strategies. Despite the internal analysis of an organisation in order to identify its strengths and weaknesses, the marketers should also conduct an external environmental analysis to understand opportunities and threats in the organisation's environment. The external environmental analysis includes the organisation's interaction with external constituencies such as customers, competitors, and other key stakeholders in the context of communication and delivery of products (Varadarajan, 2010:126).

Finne and Grönroos (2009:180) argue that in developing marketing communication messages, marketers should follow a customer-centric approach. This implies that dealerships should formulate messages in the language that customers (target audiences) understand, and they should convey these messages so that they are accessible to the target audiences. In addition, the marketers should learn about current marketing communication trends to adapt the marketing communication strategies to the external environment. However, as indicated previously, all the elements of the marketing mix contain a marketing communication element, therefore, organisations, such as dealerships, should strive to provide customers with a higher level of quality service. In doing so, dealerships should provide products (in this case motor vehicles and other services) of quality, quality after-sales service and positive customer experiences. Service quality is defined as the degree and direction between customer expectations and perceptions (Roberts-Lombard, 2010:171). In addition, in conducting an external environmental analysis, organisations should identify their competitors (Wu and Olk, 2014:2106). This implies that the marketers of dealerships should identify their competitors' marketing communication activities, including the media channels and services they offer; placing more emphasis on the competitors' marketing communication initiatives with the intention of developing distinctive marketing strategies.

After the communication environmental analysis has been completed, the next step is to formulate the marketing communication objectives, which are derived from the marketing plan. This is briefly discussed in the next section.

3.3.2 Step 2: Setting the marketing communication objectives

Figure 3.7 shows setting marketing communication objectives as the second step. These marketing communication objectives should support the overall marketing objectives of the organisation. These objectives ensure that an organisation is aware of what its strategies are, what they expect to accomplish and when a specific strategy has accomplished its purpose (McDonald and Wilson, 2011:207). Marketing communication objectives, like most objectives, should be specific, measurable, realistic, and be time-bound (Du Plessis *et al.*, 2010:27). The marketing communication strategies are developed with the objective of creating awareness, building brand image or increasing sales (Strydom, 2012:178). On the other hand, the marketers' objective might be to seek a cognitive, affective, or behavioural response. That is, the marketer might want to put something into the consumer's mind, change an attitude, or persuade the consumer to act (Adetunji, Nordin and Noor, 2014:25). Therefore, marketers of car dealerships should ensure that the marketing communication objectives are derived from the marketing objectives and they support each other. In addition, marketing communication objectives can be formulated based on the marketing communication mix elements to be used in the strategy.

3.3.3 Step 3: Identifying the target audience

Figure 3.7 shows that after marketing communication objectives have been set, the organisations including dealerships should identify and define their target audiences. The target audience identified will influence the marketing communication decisions, namely, what will be said, how the marketing communication message will be, which marketing communication mix will be used, and how the message will be delivered (Strydom, 2012:179; Finne and Grönroos, 2009:181). These audiences could include potential buyers, current users, groups and the general public (Kotler and Keller, 2012:258). An analysis of the target audiences influences decisions that are taken related to the marketing communication element to be used, the type of message to be communicated, and how the message will be communicated (Strydom,

2012:179). This analysis of audiences will be based on market segmentation as indicated in Section 3.2.2. This is supported by Winer (2009:109) indicating that target audiences are critical components of the typical integrated marketing communication (IMC) decisions. Winer (2009:109) highlights that consumers are now interacting with the company through various media channels of their choice. This resulted in an increase in the large number of new media, some of which are under the control of the organisation, but many which are not. Therefore, marketers of car dealerships should identify their target audiences when planning marketing communication strategies and campaigns.

3.3.4 Step 4: Establishing the marketing communication budget

Figure 3.7 shows that after the target audience has been identified and defined, organisations such as the dealerships must compile a marketing communication budget. One of the most difficult marketing decisions is how much to spend on marketing communications considering traditional and new media (Winer, 2009:112). Du Plessis *et.al.* (2010:68) point out that organisations need to understand the necessity of flexibility in the budget, and need to agree about the percentage they wish to allocate to flexibility in the budget. The number of marketing communication budgeting methods suggested by Strydom (2012:179-180) and Kotler and Keller (2012:262) that can be useful in determining marketing communication expenditures by dealerships are discussed below.

- **Percentage-of-sales method**

Under the percentage-of-sales approach, the marketing communication expenditure is determined by setting a specified percentage of the previous year's or predicted future sales. This is considered to be the easiest marketing communications budget to use (Strydom, 2012:179).

- **Affordable method**

The second marketing communication budget method is to spend as much as can be afforded by the organisation. The availability of funds is the main consideration in making a decision about marketing communication expenditure.

- **Return-on-investment method**

This method considers marketing communication expenditure to be an investment, the benefits of which are derived over the number of years. Thus, as with any investment, the marketing communication expenditure is determined by comparing the expected return with the desired return (Strydom, 2009:141).

- **Competitive-parity method**

The competitive-parity method is based on the premise that the marketing communication expenditure should be directly related to market share. The marketing communication expenditure of an organisation should be in proportion to that of competitors in order to maintain the organisation's position in the market. The idea is to establish what competitors' marketing communication expenditures are and try to match them (Kotler and Keller, 2012:262).

- **Objective-and-task method**

The objective-and-task method calls upon marketers to develop promotion budgets by defining specific objectives, determining the tasks that must be performed to achieve these objectives and estimating the cost of performing these tasks. This method forces a manager to scientifically analyse the role they expect promotions to play and the contribution it can make toward achieving marketing objectives. It also helps maintain control over promotion expenditure and avoids the frustrations often faced by promotion managers as a result of cuts in promotion appropriations due to economic slowdown. The objective-and-task method has the advantage of requiring management to spell out its assumptions about the relationship between money spent, exposure levels, trial rates, and regular usage. It also forces management to plan communication campaigns accurately and in more detail to meet budget requirements (Strydom, 2012:180).

In case of car dealerships, the above discussion implies that marketers should consider and select a marketing communication method they will use prior to selection of marketing communication elements. The selection of marketing communication elements that can be incorporated in the marketing communication strategy of dealerships is discussed in detail in the next sub-section as it forms the focus of this study.

3.3.5 Step 5: Selecting the marketing communication elements

Figure 3.7 shows that once the message is designed, marketers of organisations such as car dealerships must select appropriate marketing communication channels or communication elements to carry the message. The selection of the marketing communication element or channel to be used in a communication plan should be linked to the attainment of specific marketing communication objective (Du Plessis *et al.*, 2010:29). The marketing communication channel involves the transmission of a message from a sender to a receiver, and it is represented by the communication dimensions of frequency and mode of communication (Jerman and Završnik, 2012:710). Communication frequency refers to the amount of communication that occurs between an organisation and its target audiences (Kotler and Keller, 2012:271). This is supported by Keller (2009:146) asserting that organisations when developing consistent marketing communication messages should consider using the combination of various marketing communication mix elements, as well as various media channels in their marketing communication strategies. Personal and non-personal communication channels are discussed below.

- **Personal communication channels**

Personal communication channels involve two or more persons communicating directly with each other, either face-to-face, person-to-audience, over the telephone or through email. Businesses can take several steps to utilise personal influence channels to work on their behalf. These include the identification of influential individuals and companies and assigning extra effort to them, creating opinion leaders by supplying certain people, such as salespeople and independent experts, with the product; making use of celebrities, using influential or believable people in testimonial advertising, developing word-of-mouth referral among customers, and establishing an electronic forum on which customers and other stakeholders can communicate (Kotler and Keller, 2012:260).

- **Non-personal communication channels**

Non-personal communication channel are indirect communications aimed at more than one party and include the use of advertising, sale promotions, and public relations. Non-personal channels can be used to create product awareness, and

it include the use of marketing activities such as trade shows and other outdoor promotional events (Kotler and Keller, 2012:261).

Once the decision has been made whether to use non-personal or personal communication, or alternatively, both of these channels, decisions have to be made regarding the marketing communication mix elements to be used in both scenarios. Organisations must allocate the marketing communication budget to various marketing communication elements such as advertising, direct marketing, personal selling, sales promotions and public relations (Keller, 2009:141). Figure 3.8 depicts the elements of the marketing communication mix which forms part of Integrated Marketing Communications (IMC). IMC is discussed in detail in Section 3.4 of this Chapter discussing the goal and types of IMC strategies.

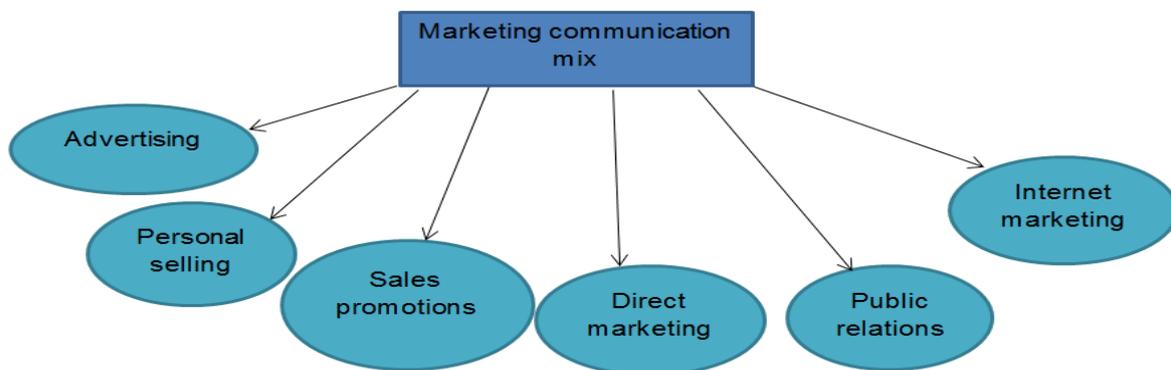


Figure 3.8: Marketing communication mix elements

Source: Researcher's own compilation, 2015

The next section will explore the range of marketing communication mix elements depicted in Figure 3.8, namely, advertising, direct marketing, personal selling, sales promotion, public relations, and internet marketing.

3.3.5.1 Advertising

Figure 3.8 depicts advertising as one of the marketing communication mix element. Advertising is one of the most popular and visible marketing communication elements. Advertising is used to achieve several marketing communication objectives. It is paid for by a seller to communicate persuasive information about its products, services or organisation to the target audience (McDaniel *et al.*, 2013:587). McDaniel *et al.* (2013:613) argue that even though advertising has a greater ability to reach a larger number of people simultaneously than do the other elements, it has

less ability to prompt an immediate behavioural change and inability to alter deeply rooted attitudes.

The advantage of advertising is that it allows marketers to effectively target the specified audience through the use of appropriate channels, as marketers have full control over who is targeted (Caemmerer, 2009:528). When making use of advertising, the marketer of car dealerships has to decide on advertising objectives, costs and which media channel to use. The contact between the marketer and the audience is indirect, and it takes a longer period of time to deliver information, change attitudes, and create trust between the two parties. There is evidence that suggests that advertising has a long-term effect on brand equity and a positive effect on differentiation (Boulding, Lee, and Stael, 1994; Jedidi, Mela, and Gupta, 1999) as cited by Pergelova, Prior and Rialp (2010:39). This is also backed by Sudarsan, (2007) in highlighting that the ultimate objective of advertising is to increase sales. In another study, Buil (2013) indicated that advertising has a role in building brand knowledge. Advertising objectives can be classified according to whether their aim is to inform, persuade, or remind, depending on the product life cycle (Strydom, 2012:185-186). Informative advertising is typically heavily used in the introduction stage of a product category, where the objective is to build primary demand. Secondly, persuasive advertising becomes important in the growth stage, where a company's objective is to build selective demand for a particular brand. Thirdly, reminder advertising is important with mature products. The advantage of advertising objectives is that properly planned objectives can stimulate an increase in the sales of the advertised products (Tolani, 2010:10). There are different types of advertising that can be utilised by car dealerships in their marketing communication strategies and campaigns. These media types are briefly discussed in the next sections

- **Different types of advertising media**

Different media types have various benefits and disadvantages as will be indicated in the discussion that follows.

- ***Television advertising***

Television is considered to be the powerful non-personal advertising medium as it combines sight, sound, and motion and reaches a broad spectrum of consumers. Television advertising is an effective means of vividly demonstrating

product attributes, explaining consumer benefits, and portraying non-product-related user and usage imagery, brand personality and so on. Television has the potential for creativity, allows convincing acting and has ability to capture target audience's emotions. Television advertisements contribute to brand equity by enhancing awareness, strengthening associations or adding new associations, and eliciting a positive consumer response (Keller, 2002) as cited by Chattopadhyay (2010:177).

The main advantage of television is that it combines sound, sight and motion. Products can be demonstrated as well as explained which make it ideally suited for the advertising of motorcycles. Television provides wide geographic coverage and great flexibility in terms of timing the presentation of the message, but is an expensive medium (Kotler and Keller, 2012:272). Belch and Belch (2004) as cited by Chattopadhyay (2010:177), highlights that television is considered the perfect medium to advertise, as advertisement exposure can showcase the most attractive side of the product. The disadvantages of television advertising are the higher costs, the fact that it can be a highly puzzling medium and that the audience is selective.

– ***Radio advertising***

According to Zheng (2014:36) radio is considered to be the important mass communication medium. This non-personal communication medium offers the most effective reach to the target audience due to its high geographic and demographic selectivity and its power is based on its capability to build an emotional bond with the target audience. The advantage of radio advertising is that it is relatively cheaper when compared to print and television advertising (Kotler and Keller, 2012:272). In addition, researchers has found that radio offers a stronger affective responses and brand recall at an affordable cost, resulting in higher return on investment (Verhoef, 2000) as cited by Zheng (2014:36).The main disadvantage of radio is that, because radio is a powerful and low-cost medium, it is a highly cluttered advertising medium (Strydom, 2012:187). Radio is considered a low-cost medium because of its broad reach. However, audience attention on radio is often at a low level (Kotler and Keller, 2012:272). This implies that audience attention relies entirely on the listener's ability to retain information based solely on hearing it.

– ***Outdoor and banner advertising***

Outdoor advertising is a low cost with high repeat exposure medium. Outdoor advertising is also classified as non-personal communication method. The outdoor advertising medium is also characterised by greater flexibility and low competition and it includes the use of billboards (Kotler and Keller, 2012:272). The advantages of outdoor advertising are that it serves as an excellent reminder advertising due to the large size of displays and its easy noticeability (Strydom, 2012:187). In addition, outdoor advertising is found to have a realistic appeal, and its images are considered to be plausible and convincing to the target audiences (Messaris, 1977) as cited by (Van Meurs and Aristoff, 2011:84). The disadvantages of outdoor advertising are its creative limitations and limited audience selectivity (Kotler and Keller, 2012:272). However, there is argument about how outdoor advertising should be utilised, including the type of information to be included on the advertisement. It is recommended that marketers in managing outdoor advertising, the text should be simple, precise and clear (Van Meurs and Aristoff, 2009:84). The disadvantage of outdoor advertising is that outdoor advertising messages are encountered by the target audiences in a highly distracted state such as when driving a car (Wilson, and Till, 2011:911).

– ***Magazines advertising***

Magazines are an excellent medium when high-quality printing and colour are desired in an advertisement. This non-personal communication medium has the capability to reach a national market at a relatively low cost per reader. Through special interest magazines or regional editions of general interest magazines, an advertiser can reach a selected audience with a longer life span. However, magazines are less adaptable than newspapers. They require advertisements to be submitted several weeks before publication. In addition, because they are published weekly or monthly, it is more difficult to use topical messages. Magazines are often read at times or places far removed from where bought (Kotler and Keller, 2012:272). Chattopadhyay (2010:177) added that magazine advertisements deliver highly qualified targets and are effective in increasing brand sales and market share.

– ***Newspapers advertising***

Newspapers as a form of print advertising provide detailed product information to target audience due to its self-paced nature and low cost (Chattopadhyay, 2010:177). Newspapers have a short life and poor reproduction quality. Despite the disadvantages of newspaper, it is considered to be a powerful medium, as consumers can read it every morning. As an advertising medium, newspapers are flexible and timely. Advertisements can vary in size from classifieds to multiple pages. In addition, since pages can be adapted, the same type of time constraints, which apply to radio, magazines and television, do not limit newspapers. Newspapers can also be used to cover one city or several urban areas. Advertisements can be inserted or cancelled at very short notice. Newspapers also provide very intense coverage of a local market because almost everyone reads them (Kotler and Keller, 2012:272).

– ***Social media advertising***

The social media is unique media platform such as Facebook, Twitter and MySpace groups, users can use it to communicate with one another (Mangold and Faulds, 2009:358). These are social media tools offer users new ways to communicate with each other, and present these users with ways to talk back to the marketers who are trying to influence their purchases. The advantages of social media are its convenience usage, ability to build relationships between users and cost advantages (Kirtiş and Karahan, 2011:261). Social networking channels, such as Facebook, have created a new-generation platform allowing organisations to be promoted at a very low cost. On the other hand, social networking helps managers to connect with one another, and in addition, they help in connecting with potential customers and existing customers through a very unique platform to gain competitive advantage (Ivanov, 2012:537). Moreover, it is indicated that consumers have accepted and embraced these new technological tools. Countries like South Africa, Chile and Finland are leading the way in digital communication and mobile development which present an opportunity to the marketers (Schultz and Patti, 2009:77). Schultz and Patti (2009:76) suggest that marketing managers should seek ways to incorporate new technologies, such as social media channels which include Facebook and YouTube, into their IMC strategies.

Therefore marketers of dealerships can use social media platforms such as SMS, Facebook, YouTube, WhatsApp and Twitter to communicate with target audience about their service offerings and convey messages about new product launches. However, there are factors that influence the optimal selection of media vehicles. Saen (2011:1695) points out that media selection is a major concern in marketing communications, given the media options available, and the audiences to be reached. Considering the complexity of media selection, dealerships needs to engage in media planning to select various media vehicles to be used in their marketing communication strategy. Raithel et al. (2011:115) indicate that marketers are under pressure to demonstrate the financial return associated with marketing budget. This view is supported by Kotler and Keller (2012:272) emphasising that it is important for the marketers to search for the most cost-effective media vehicle within each chosen major media type to keep the cost down, or to reach the maximum audience size within a limited budget. However, Du Plessis *et al.* (2010:119) argue that marketers using media objectives as a point of reference during media selection should consider the following factors:

- Geographic coverage: The geographic areas that have more potential to purchase the organisation's products and services as it provides insight in terms of the location where to focus media exposure.
- Scheduling: The media planners need to consider the time placement of advertisements in order to achieve optimum coverage aimed at the target audiences.
- Reach: The percentage of target audiences reached by the media type is an important consideration in media selection. The dealerships can use the media type that has the potential to reach a higher percentage of target audiences.
- Frequency: The media planners need to consider the average number of times that target audiences are exposed to the marketing communication message. If the frequency of media is higher, the media planners of dealerships can decide to use that specific media type.
- Creative aspects and mood: in using a particular media type, media planners are able to implement a creative strategy in an attempt to attract target

audiences' attention. Mood also plays an important role in selecting media type, for example, a festive season mood can influence the type of the media selection.

- Flexibility: the media planners need to consider the degree of flexibility contained by the media type in order to cope with a changing business environment. This implies that dealerships should consider flexibility of its media strategy, such as changes in media or new media vehicles that may require change in a media strategy.

Based on the above considerations, dealerships may have a choice of a variety of media vehicles to select from and may use a combination of different media vehicles. Gu, Higa and Moodie (2011:291) point out that media selection can be carried out based on various media selection theories, namely, the rational selection theory (Media Richness Theory); the Media Fitness Framework (MFF) and the Social Influence Perspective (SIP). The MRT suggests that marketers in the media selection process need to consider the attributes of the media vehicle and the message exchanges by achieving a good match between the chosen media and the level of ambiguity in the message. MRT uses media's capacity for generating immediate feedback. In the case of dealerships, media classifications such as face-to-face, telephone, written and personal letters can be ranked from high to low richness. According to MRT, messages with low ambiguity are suitable for lean media.

The second media selection theory (Social Influence Perspective) argues that people's perceptions about media richness are different; the media type that is considered to be lean as suggested by MRT can be used to communicate a message effectively. The third media selection theory (Media Fitness Framework) posits that marketers can select certain media because it fits or is suitable for a particular case. This theory suggests that the media selection is based on the match between the media, the communication task, the communicator, the target audience and the supporting environment.

Despite the different views on media selection theories, marketers should understand how various marketing communication activities and media vehicles can work together to achieve synergy or to support each other, since this is critical in

applying the IMC approach (Keller, 2009:146). Media synergy has received more attention in recent years, and the findings reveal that using multi-media channels results in the attainment of marketing communication objectives such as brand equity and ultimately sales. (Naik and Peters, 2009; Keller, 2009; Schultz *et al.*, 2009; Voorveld, 2011; Voorveld *et al.*, 2010). Keller (2009:146) argues that the marketers should consider using multi-media channels. This implies that dealerships should consider using multiple media channels to achieve media synergy. Media synergy occurs when the combined effect of multiple marketing communication activities exceeds the sum of their individual effects (Voorveld *et al.*, 2011:69). Voorveld, Neijens and Smit, (2011:82) support the argument that consistent messages should be conveyed through multiple marketing communication mix elements, in order to ensure desired behavioural responses from target audiences. These multiple forms of communication can either be personal or non-personal (Kotler and Keller, 2012:260).

In the next section personal selling as marketing communication element depicted on Figure 3.8 is discussed.

3.3.5.2 Personal selling

The next marketing communication tool strategy to be reviewed is the personal selling strategy. Strydom *et al.* (2012:193-194) explain that personal selling can be a more effective marketing communication tool when used to obtain a purchase commitment from customers of products and services. One of the advantages of personal selling over advertising is its flexibility in responding to the customers' objectives and questions, and by providing the support that finally results in a sale.

Kotler and Keller (2012:294) identified the following important steps of personal selling: Prospecting as the first step in personal selling process involves looking for leads and then turning them into prospects or potential customers. The second step is the pre-approach, once a lead has been qualified as a prospect, the salesperson must gather as much information as possible about the prospect to produce a customer profile. This will help the salesperson to develop a customer benefit plan suited to the prospect's specific needs, and will assist in the preparation of the sales presentation. The third step in personal selling is the approach stage, this is referred to as the 'sales opener' and is the first impression conveyed to the prospect. The

salesperson must carry this out properly in order to maximise the chance of going to the next step in the personal selling process. The fourth step in personal selling is the sales presentation where the salesperson has persuaded the prospect to respond positively. To go further, selling skills need to be used to persuade the prospect that there is value in the seller's proposition. A good presentation is required to capture the prospect's attention and to motivate him/her to take action. The fifth step in personal selling is handling objections, which requires the salesperson to be well prepared for questions and answers on the technical and business aspects of the sale and must answer those questions confidently and competently. Having the relevant technical experts present to assist with explanations and to validate the details provided saves time and increases the chances of a sale being successful. The sixth step in personal selling is closing the sales, at this stage, the presentation has now been conducted and both parties are now closer to finalising a transaction. However, questions and answers about various aspects of the product and the sale are still likely to arise and the salesperson is required to handle this competently through proper preparation. The customer may be concerned about minor choices such as the colour. The last step in personal selling includes follow-up and maintenance, at this stage, after-sales service and follow-up are crucial aspects of the sales process. This provides reassurances to the customer that the promises made regarding the service or product will be honoured. It also helps to ensure customer satisfaction, to generate goodwill between the customer and the salesperson and his/her company, and to foster lasting customer relationships.

Considering the above personal selling steps, the personal selling activities of dealerships should be based around properly trained sales personnel to respond to any product-related questions and to render the best customer support possible. It is important that a sales force strategy be designed out of the personal selling strategy. This will enable the sales representatives to comply with what is expected of them so that the business can achieve its personal selling strategy.

In the next section direct marketing as one of marketing communication elements depicted in Figure 3.8 is discussed.

3.3.5.3 Direct marketing

The third marketing communication tool to be investigated is the direct marketing strategy. Mulhern (2009:85-101) investigated the effect of digital marketing in the field of direct marketing. According to him, the adoption of digital marketing is probably the best direct marketing strategy because of the availability and high utilisation of modern technology by various target markets. Digital direct marketing offers a better opportunity for customisation, better response rates and can be used as a supportive tool for other marketing communication elements. Chi (2011:46) agrees with Mulhern (2009:85-85) that the digital medium brings about countless reproduction of content, consumer networking, user-generated content and an expansion of media from news and entertainment to almost any technology that has a digital interface with people. Although digital direct marketing is regarded as the better option for direct marketing strategies, it is still vital to work out a properly planned process to ensure the success of such an undertaking.

Another consideration for the business is the return on investment (ROI) of digital direct marketing. The organisation should assess whether the expected return will justify the expenses incurred to establish digital direct marketing strategies. Digital marketing is in fact a lot more complicated and Rakić (2014:188) highlighted that the internet, mobile broadband, e-commerce, internet-enabled entertainment, and social networking are essentially changing the way people interact with each other and the world. These shifts represent a paradigm shift in the way that people communicate and interact with one another. Therefore, this requires marketers to apply new approaches to the marketing strategy, involving media that do not simply replace traditional media, but rather expand media choices so as to capture reach, intimacy, and engagement.

In addition, Rakić (2014:189) highlighted that the marketing potential of digital communications will be lost if it is not integrated into the overall marketing strategy. Rakić (2014:190) suggested the creation of an environment of related elements involving both digital and traditional media, and the strategic integration of digital media, such as social media, into a firm's marketing communications strategy, with social media marketing as a mandatory element of their marketing strategy. Rakić (2014:190) emphasised that it is no longer enough to merely incorporate digital

media as standalone elements of a marketing plan. Marketers need to consider both social and traditional media as part of an ecosystem whereby all elements work together toward a common objective. This view is backed by Mangold and Faulds (2009:358) that social media, as a component of digital media, be considered a hybrid component of the marketing communication mix, and therefore be incorporated as an integral part of the organisation's IMC strategy. Digital tools should be used as part of an integrated process.

Keller (2009:146) highlights that the best communication results can be achieved by an organisation if a number of traditional and new digital media tools are combined. Customers have different technology preferences and the integration of a number of digital tools will result in reaching a broader number of customers. Organisations can select from a number of digital marketing tools and they can be utilised in various combinations. When using a new digital tool, businesses should ensure that the target market can easily use it, and that the technology will not soon become obsolete.

Direct marketing is a rapidly growing marketing communication element. It is convenient for consumers as consumers do not have to visit a store (Strydom, 2012:156). The reasons that justify the growth of direct marketing include the following, its ability to provide a mechanism for the prospect to respond; its interactivity that allows two-way communication, Its ability to provide a measurable response (Strydom, 2012:156).

The most popular forms of direct marketing include direct mail, catalogue marketing, interactive TV kiosks, websites, telemarketing and mobile devices (Kotler and Keller, 2012:287). The popular components of direct marketing which can be used by dealerships are discussed in detail below.

– ***Direct mail***

Direct mail is the personalised, flexible marketing communication and it permits target market selectivity. However, the cost of direct mail per person reached is fairly high when compared with other media types (Kotler and Keller, 2012:287). Direct mail includes sending offer to customers, announcement, a reminder to individual consumer using mailing lists, letters, and flyers. According to Kotler and Keller (2012: 187) direct mail has become popular because it allows target

audience selectivity, it can be personalised, is flexible, and it allows early testing and response measurement.

– ***Telemarketing***

Telemarketing is the systematic and continuous personalised communication with existing and potential customers through telephone, cellular phone or other electronic channel. Telemarketing includes email communication which is direct to each customer. Telemarketing also involves responding to a prospect's enquiry through email. Inbound telemarketing is electronic communication initiated by the customer while the marketer initiates outbound telemarketing. Inbound telemarketing can be used to take orders and provide customer service, while outbound telemarketing can be used to set appointments for field salespeople, invite prospects to visit a trade show booth, and for other similar actions (Kotler and Keller, 2012:289).

– ***Electronic mail***

Electronic mail is a tool that is used by organisations in conveying marketing communications such as reminders to target audiences. This is most basic digital marketing tool used as part of direct marketing by organisations. Businesses can compile a list of customers' email addresses and use this list to send out bulletins and newsletters electronically to thousands of customers in a very short time. McDaniel *et al.* (2013:629) point out that internet has dramatically changed how advertising is carried out by organisations and it allows sending of e-mails containing advertising messages to target audiences.

– ***Short messages services (SMS) using mobile devices***

Short message services or SMS is another form of direct marketing used to communicate with target audience and it includes the sending marketing messages as text message. SMS targets customer through handheld wireless devices like mobile phones and Personal Digital Assistants (PDAs). The main advantage of SMS is that it can reach target customers anywhere, anytime. To promote the selling of products or services, all the activities required to

communicate with the customers are transferred through mobile devices. Combining customers' user profile and context, advertising companies provide the target customers with exactly the advertisement information they desire (Tripathy and Siddiqui, 2008:47).

SMS through the use of mobile devices such as cellularphones surpass traditional marketing communication channels and support one-to-one, many-to-many, and mass communication. The most popular mobile application is referred to as text messaging or Short Message Service (SMS) (Chattopadhyay, 2010:178). This is backed by Fulgoni and Lipsman (2014:13) in indicating that mobile advertising campaigns generate high responses when compared to direct mail, and present a viable channel as it incorporate access to other social networks such as Facebook and Twitter. Moreover, it is argued that mobile phones receive the majority share of time spent by consumers in the digital ecosystem (Fulgoni and Lipsman, 2014:13).

In the next section, sales promotion as marketing communication element depicted in Figure 3.8 is discussed.

3.3.5.4 Sales promotions

The fourth marketing communication tool strategy to be investigated is the sales promotion strategy. According to McDaniels, *et al.*, (2013:651) sales promotion offers customers short-term incentives to purchase the product. Keller (2009:481) identified sales promotion as another marketing communication that can be included in an organisation's marketing communication strategy. This implies establishing sales promotion goals, selecting appropriate strategies and establishing a separate sales promotion budget that will work towards achieving the organisation's marketing communication objectives. Management should also evaluate the performance of the sales promotion activities. One problem that organisations often face is that many sales promotion tools are used as tactical strategies, which are only effective in the short run. To overcome this problem, Kotler and Keller (2012:276) recommended that the organisation's sales promotion objectives should be derived from broader marketing communication objectives which are in line with the overall marketing objectives. Sales promotion objectives may include the following:

- Building product trials among non-users

- Attracting switchers away from the competitors' brands
- Encouraging immediate purchases

However, the ideal result is that sales promotion will have a short-run sales impact and long-run brand equity. (Kotler and Keller, 2012:276). Buil, de Chernatony and Martínez, (2010) examined the causal relationship between advertising, sales promotion and net sales revenue. The results of the study show that the individual attitudes towards advertisements and sales promotions play a key role in influencing brand equity, and those organisations can optimise the brand equity management process by considering the existing relationships between different dimensions of brand equity. This implies that if sales promotion is combined with other marketing communication tools, such as advertising, it can be effective in achieving both short-run and long-run marketing communication objectives.

McDaniel *et al.* (2013:651) expound that the sales promotion strategies which are followed by many businesses, are to cut product prices. Cutting product prices is the best way to get a response from a buyer. The sales will reach the set targets through manipulating price. The problem is that this addiction to price promotion damages the brand and undermines the long-term objectives. The strategy should rather be to use sales promotions at a higher level in the overall marketing communication mix. With this approach, the sales promotion becomes more integrated with the main brand strategy. Sales promotion strategy should be seen as supporting marketing communication tool to brand objectives.

Kotler and Keller (2012:277) identified various tools for sales promotions, which may be incorporated into organisation's marketing communication strategy. These tools included coupons, cash refund offers, price packs, premiums, prizes, patronage awards, free trials, product warranties, tie-in promotions, cross-promotions, price-off, allowance, free goods and speciality advertising. All these tools can be applied to achieve the business sales promotion strategy. However, trade show sales promotion is considered to be more effective in the long run and leaves a longer-lasting impression with a customer than other sales promotion tools. Tafesse and Korneliussen (2012) investigated the underlying dimensions of trade show performance. The study indicated that trade shows are growing viable sales promotion tools and it is imperative to consider the selling and non-selling

dimensions of trade show sales promotions. Tafesse and Korneliusen (2012:240) continue by mentioning that most trade shows can be used for relationship building, image-building, and information gathering from exclusive audiences that are usually not reached by the other sales promotional tools. The non-selling dimensions of trade shows include generating new product ideas from customers, enhancing image, and intelligence-gathering about competitors. Tafesse and Korneliusen (2012) further add that it is crucial to measure the trade show performance against the set objectives. Objectives for entering a trade show can include the following, identifying new customers, exchanging information with competitors, introducing new products, information gathering, and developing and maintaining relationship with customers (Tafesse and Korneliusen, 2012:240).

In another study Tafesse (2014:43) pointed that it is also important to plan for trade shows well in advance and to negotiate with the trade show organisers on various aspects. These aspects include the booth position and location, booth size and booking discounts. The trade show's performance can also be increased by post trade show follow-ups. The number of sales leads alone is an inadequate measure of trade show. A good strategy will be to follow up on cold and hot leads and have a marketing follow-up on cold leads to further encourage potential customers who did not want to commit themselves to a sale, but might be persuaded after the trade show. During the trade show follow-up process, the use a direct mail and direct sales are the most successful. According to Tafesse (2014:45) trade show organisers often evaluate their efforts using various metrics such as attendance volume, attendance growth, exhibitor and visitor satisfaction, revenue growth, and profitability. Therefore, having a properly planned post-show lead measurement and response system will be necessary to increase the performance of a trade show. Moreover, post-show performance evaluation is a critical follow-up priority for trade show organisers as it allows them to identify points of strength and weakness and to learn from them.

In the next section public relations as marketing communication element depicted in Figure 3.7 is discussed.

3.3.5.5 Public relations

Another marketing communication tool to be reviewed is the public relations strategy. Strydom (2012:196) explains that public relations aim to create good relations with different stakeholders. These stakeholders include employees, shareholders, government, suppliers, and competitors. However, the public relations function is often confused with marketing, and this confusion brings a huge misunderstanding about the role of public relations in the organisation (Rensburg and Cant as cited by Venter, 2010:281). The bottom line is that public relations remain a management function that aims to depict the organisation in a favourable light and to counteract unfavourable publicity.

Despite the important role of public relations, the use of social media and other online platforms requires organisations to have corporate reputational-management strategies (Rokka, Karlsson and Tienari, 2014:802). The authors argue that branding is facing challenges due to the rise of digital and social-media environments that allow electronic word-of-mouth.

In addition, the authors suggest that corporate reputation can be managed in a social media by creating open communication and fair treatment of employees as they represent the mouthpiece of the organisation. The authors' view is backed by Aula (2010:44) in emphasising that the loss of reputation affects the organisation's competitiveness, positioning, the trust and loyalty of stakeholders, media relations, and the legitimacy of operations. Aula (2010:46) recommends that strategic reputation management should focus on ethics rather than chasing short-term objectives. The author continues by emphasising that reputational risk management should start before, and not after, a reputational crisis has occurred.

Aula (2010:47-48) indicates that organisations struggle to control online reputation management in efforts to create favourable publicity. Social media users interact and connect continuously with organisations in all kinds of ways. It can be argued that online publicity forms a global communication and media sphere in which it is difficult to identify boundaries between different media, content, and/or content-producing stakeholders

Other public relations activities that can incorporate in organisation's public relations strategy include press news releases, special events, exhibition shows, organised

social activities for networking with stakeholders, trade fairs, and sponsorship (Strydom, 2012:197). Sponsorship remains one of the visible public relations activities used by organisations to establish, enhance, or alter brand image. According to Novais and Arcodia (2013:308) the idea behind the popularity of sponsorship as a marketing communication tool to achieve image goals, is its capability of linking a brand to an event, and the image of the event being transferred to the sponsor. Therefore, marketers of dealerships can consider using public relation activities to achieve brand image.

In the next section internet marketing as a marketing communication element depicted in Figure 3.8 is discussed.

3.3.5.6 Internet marketing

As discussed in the preceding section, changes in technology have influenced how marketing communication activities are carried out. Chi (2011:46) points out that the internet brings about countless reproduction of content, consumer networking, user-generated content and an expansion of media from news and entertainment to almost any technology that has a digital interface with people. Internet marketing includes the use of the World Wide Web (WWW). Ailawadi *et al.* (2009) indicate that internet marketing, comprising of online, mobile, and social media, and reflects greater growth in advertising usage by manufacturers and retailers. Some studies show that internet advertising is effective in building brand equity. Advertisers were one of the early proponents of the internet, embracing its dual promise of global reach and one-to-one targeting (Dreze and Hussherr, 2003; as cited by Chattopadhyay, 2010:177). This view was supported by Büschken (2013) who investigated the effectiveness of internet advertising and found it to be effective as it led to brand recognition and awareness.

Kotler and Keller (2012:272) indicated that many advantages exist for internet marketing. It is interactive and involves high selectivity in terms of potential target audiences. The user has to choose to enter a company's home page, so there is more active participation than when reading a magazine. Customers can select the additional information they require, continuing to participate in the communication. Customers can choose from a wide array of information and instantly get information targeted to their needs (Mangold and Faulds, 2009:359). Internet offers readers the

opportunity to provide feedback in a more conversational mode through email, which may also result in two-way communication. If a reader wants to comment on anything that was seen, he or she can do so by sending a message to the advertising company. The feedback can take the form of questions about the product, requests for a salesperson to visit, or general product and queries. This two-way communication advantage represents a reason for many companies to turn to internet websites to support their other communication efforts. The internet also has a powerful role to play in lowering post-purchase dissonance, using mechanisms such as loyalty clubs and special offers. Another aspect is the synergy benefit that the internet supplies that may be used to support other marketing communication channels.

The other advantage of the internet according to Ivanov (2012:538), is that it can be combined with other elements of the marketing mix, so that new technological capabilities enhance the existing marketing mix elements rather than replacing them. Ivanov (2012) argue that the internet can be used to respond to a question or customer's complaint or to confirm an order placed through other channels of communication. The organisation's website on the internet can also be used as a contact point for the application of the promotional offer or for supporting information about the organisation and its products.

Ailawadi *et al.* (2009) point out that despite the advantages of internet marketing, the internet usage in today's world has changed as customers are overloaded with information. Customers go online to perform certain functions (banking, shopping, and research) and then go offline. Marketers of dealerships can therefore know how customers use the internet and use it to the benefit of their organisations. Chaffey and Smith (2008:504) highlight that through understanding the key communication characteristics of internet-based marketing, organisations can exploit these online media while guarding against their weaknesses.

The internet is ideal for this internet users since it provides a better time/value ratio compared to traditional media channels. Ivanov (2012:358) maintains that reach, frequency, impact and relevance are very important with internet marketing. The only difference is that marketers have to understand why they are using the Internet. The reason should be about pulling the user into the organisation's site, and preferably,

gathering information about them for later use. For the performance of the organisation's website to be effective and appreciated by website visitors, the organisation's homepage must be attractive and user-friendly. The major advantage of the internet is that the information can be updated and added at a relatively low cost, and on the other hand, it enables the availability of real-time information.

The last step in developing the marketing communication strategy is discussed next.

3.3.6 Step 6: Monitoring, evaluation and control of marketing communications

The final stage in developing marketing communication strategy as depicted on Figure 3.7 requires monitoring, an evaluation and control of the marketing communication efforts in meeting the marketing communication objectives and the overall strategic objectives of the organisation (Strydom, 2012:183). The success of an organisation may result from the effectiveness of its marketing communication efforts. Many authors highlight the positive impact of marketing communications on organisational performance (Ewing 2009; Breuer and Brettel, 2012; Buil, de Chernatony, and Martínez, 2013). The organisational performance can be measured using both subjective and objective indicators. Subjective indicators involve the subjective assessment of the organisation's performance in comparison with its competitors, with its targeted results, and in comparison with the performance during the previous period. Subjective measures include return on investment, profits, and sales (Strandskov, 2010:120). Objective performance indicators are based on official data from the financial statements of the company.

Kotler and Keller (2012:274) suggest that in measuring the advertising communication's effect, the advertising impact on awareness, brand knowledge or brand preference. In addition, marketers in other instances would also like to measure the advertisement's sales effect using historical data. In the study by Bansal, Masood and Dadhich (2014:2232) it was discovered that measuring the return on investment (ROI), lack of sufficient resources, and monitoring of social media pose challenges to marketers. Bansal *et al.* (2014) argue that it is possible for the internal staff to leak out information through the media and if the company does not check the profiles regularly, it may result in negative publicity. Likewise, the results of the personal selling activities should be evaluated, and modifications be made to narrow the gap between actual and desired results. Kotler and Keller

(2012:295) believe that during the personal selling strategy compilation, the objectives assigned to salespeople should also include management's expected sales results. Sales quotas are used to state these expectations. Businesses may give incentives to salespeople who achieve their quotas. Team selling incentives can also be used. Objectives, other than sales, are also important in many businesses. These include increasing the number of new accounts, providing services to customers, and attaining marketing strategy and promotion objectives. Therefore, the marketers of dealerships should be prepared to monitor and evaluate the results of their marketing communication efforts in order to make changes where necessary. The next section discusses an integrated marketing communication in order to illustrate its role in marketing communication strategy.

3.4 THE INTEGRATED MARKETING COMMUNICATION (IMC) STRATEGY

It becomes necessary for organisations to develop integrated marketing communication strategies in order to convey effective marketing messages that will bring long-term benefits. Keller (2009:140) mentioned that communications with a market are considered to be part of the long-term direction of an organisation. Organisations pay for marketing communication expenditures in the financial year in which these expenses occur, but the marketing communication effect (brand equity) can last much longer than the current financial year. As discussed in the preceding section, the IMC strategy process involves the process of setting goals, which include creating the overall message, and then determining which types of communication strategies will be used. In the following sections the goals of IMC, types of IMC strategies, and strategies linked to specific marketing communication element are discussed.

3.4.1 The goal of integrated marketing communication

The first step in the IMC strategy process is to set marketing communication goals based on the strategic marketing goals derived from the organisation's vision, mission and overall strategy at corporate level (Kliatchko, 2009:141). Strategic communication goals are what a business wants the overall marketing communication strategy to achieve. The strategic marketing goal is to position products clearly and differentiate it in the marketplace. Tactical goals are desired

outcomes for a specific marketing communication effort with a market. Action goals are set for those marketing communications that are intended to cause the receiver to do something about the message that was received (Jerman and Završnik, 2012:709).

According to Keller (2009:141-142) the ultimate goal of IMC is to move from the traditional approach to marketing communication to the new integrated approach of IMC. IMC strategies are therefore substituting fragmented advertising, direct marketing, personal selling, sales promotions and public relations programmes, particularly for retailers. Keller (2009:141) indicated that IMC strategies can be designed around advertising, direct marketing, personal selling, sales promotion and public relations or any combination of these, and determine the role that each type of promotional tool plays in a particular strategy. The marketers of dealerships should consider using IMC in order to convey messages to target audience.

3.4.2 Creating the organisation's IMC message

Once the IMC strategy is formulated, the overall IMC message should be created. The idea of an IMC strategy is that each message delivered through each communication medium will achieve tactical positioning and action goals that support the business's strategic positioning and brand (Keller, 2010:59). However, when planning marketing communication and the use of various types of messages in communication activities, the marketer should consider consumers' perceptions on what they already think and how they act towards the business's products as well as situational factors (Finne and Grönroos, 2009:185). The IMC strategy requires that all messages delivered by all types of media should display the same or supportive or consistent theme (Keller, 2009:138). Therefore, the marketers of dealerships should ensure that the messages are coordinated and executed to the benefit of their organisations using marketing communication elements so that support each other. Keller (2009:146) argues that with a marketing communication objective to build brand equity, marketers should evaluate all the different possible communication options according to effectiveness criteria.

3.4.3 Types of integrated marketing communication strategies

After the goals of the IMC strategy are set and the overall message of the IMC strategy has been created, the types of strategies must be established. The IMC serves as a framework for planning and executing integrated media strategies or campaigns by combining traditional and new media formats to achieve marketing communication objectives (Tafesse and Korneliussen, 2013:216). However, Keller (2009:146) expanded the type of marketing communication tools at the disposal of the organisations in pursuing IMC campaigns or strategies by including personal selling, point-of-purchase, consumer promotions, event marketing and media advertising and other internet-enabled formats. According to Tafesse and Korneliussen, (2013:217) the use of multiple marketing communications and media tools leads to media synergy which occurs when the combined effects of multiple media tools exceed the sum of the effects of any individual media tools. Studies have revealed that consistent marketing communication messages conveyed through multiple media tools generated the desired results far more effectively (Keller, 2009; Voorveld, Neijens and Smit, 2011; Tafesse and Korneliussen, 2013).

Gombeski *et al.* (2008:100) identified four key marketing communication elements which may be used by organisations to achieve various marketing communication objectives which include: brand enhancement, prospect generation, customer acquisition, and loyalty development. These marketing communication objectives are briefly explained below.

3.4.3.1 Prospect generation communication strategy

Gombeski *et al.* (2008:102) emphasise that a prospect-generation communication strategy must aim to find customers who are ready to buy and can generate high net income for the organisation. In addition, the important marketing function of communication should persuade and invite customers to try (trial) the organisation's products and services. In a customer retention situation, the marketer should generate communication that stimulates and encourages customer feedback and helps to grow loyalty by engaging the customer. Gombeski *et al.* (2008:102-103) argue that it is imperative to make communication easy for the customer to support the prospect-generation communication strategy. The marketer should find customers who are ready to buy and are able to generate high net income for the

organisation. This entails developing prospects' profiles and targeting the prospects, developing a prospects' database, and developing targeted communications. Gombeski *et al.* (2008:103) adds that in developing targeted communications, the organisation should use direct customised mail, phone calls, emails, focused programme/product/service brochures, events, and newsletters to provide the prospective customer with repeated information to make the decision to use an organisation's service. The regular communications will inform a prospective customer that the organisation wants his/her business, reinforce the credibility, and can also lead to positive word-of-mouth communication. In addition, Gombeski *et al.*, (2008:104) suggest that organisations can also use websites, toll-free numbers, and call centres to make it easy for customers to make enquiries.

3.4.3.2 Customer retention communication strategy

The second type of IMC strategy is the customer retention communication strategy. This kind of proactive communication can be used to ensure that the existing customers are retained and develop customer advocacy. According to Gombeski *et al.* (2008:105) communicating with customers during and after they purchase a product as well as continuous dialogue with customers, will ensure that customers become loyal customers and retained. Polo, Sese and Verhoef (2011:201) highlight that it is important to retain customers as a part of customer retention, and the building of long-standing relationships with customers remains the central element in the creation of value. Polo *et al.* (2011) argue that customer retention costs are relatively low when compared to customer acquisition costs. This is supported by Livne *et al.* (2011) pointing out that customer retention enhances market value for most of the organisation. Guido *et al.* (2011:993) highlight that since a business's next sale is most likely to come from the customer initiated a sale recently, customer retention efforts are vital to ensure that this scenario materialises. To develop a viable direct marketing strategy that supports customer retention and acquisition, Guido *et al.* (2011:993) highlighted the usefulness of database marketing. The database technologies present marketers with opportunities to convey personalised, one-to-one communication that has remarkable results in customer relationship management. Once data warehouses are established with the information of all the customers that have initiated into a sale with the business, it will be easy for the business to contact customers in the future. Customers can be contacted to follow

up on customer satisfaction, reminders of service and maintenance dates, updates of new product ranges and any business developments and correspondence.

According to Reichheld and Sasser (1990) as cited by Livne, *et al.* (2011:338) a 5% investment in a customer-retention strategy could improve the overall profitability of a variety of service companies by anywhere from 25% to 85%. This implies that it is necessary when developing a customer-retention communication strategy of a dealership to understand the underlying factors that shape customers' attitudes and consuming behaviour. These include customers' perceived value about dealerships and dealerships' products, and customers' attitudinal dimensions of loyalty. Moreover, for a customer retention strategy to be effective, customer satisfaction, customer loyalty and customer value are necessary in the promotion of high customer retention for many organisations. Thus, motor dealerships can retain their greater clientele base if these customers are satisfied, loyal and perceive high value of services and products offered (Nyandzayo and Robert-Lombard, 2010:168).

3.4.3.3 Brand enhancement communication strategy

The third type of IMC strategy is the brand enhancement communication strategy. Marketing communication managers of dealerships should consider communication strategies that aim to enhance their brands. Gombeski *et al.* (2008:100) suggest that the development of a brand enhancement strategy involves identifying key messages and products that are differentiated. This can be carried out by creating communication vehicles, such as print, electronic, web-based, or point-of-service, that convey the organisation's position, key messages, product and services to various audiences. In addition, a brand enhancement strategy should involve Internal marketing through both the communication to and training of employees about the brand promises, and the organisation should capitalise on external channels. Some examples include newspaper, television, and radio advertising; direct marketing; point-of-service information; Yellow Pages; websites; and events, and salespersons and liaison representatives. This is backed by Keller (2009:141) in highlighting that marketing communications allow companies to link their brands to experiences and feelings. In this way marketing communications can contribute to brand equity through establishing the brand in memory and creating a brand image.

3.5 CHAPTER SUMMARY

Figure 3.9 provides a summary of the discussions covered in this chapter indicating marketing communications as the main focus area of this chapter.

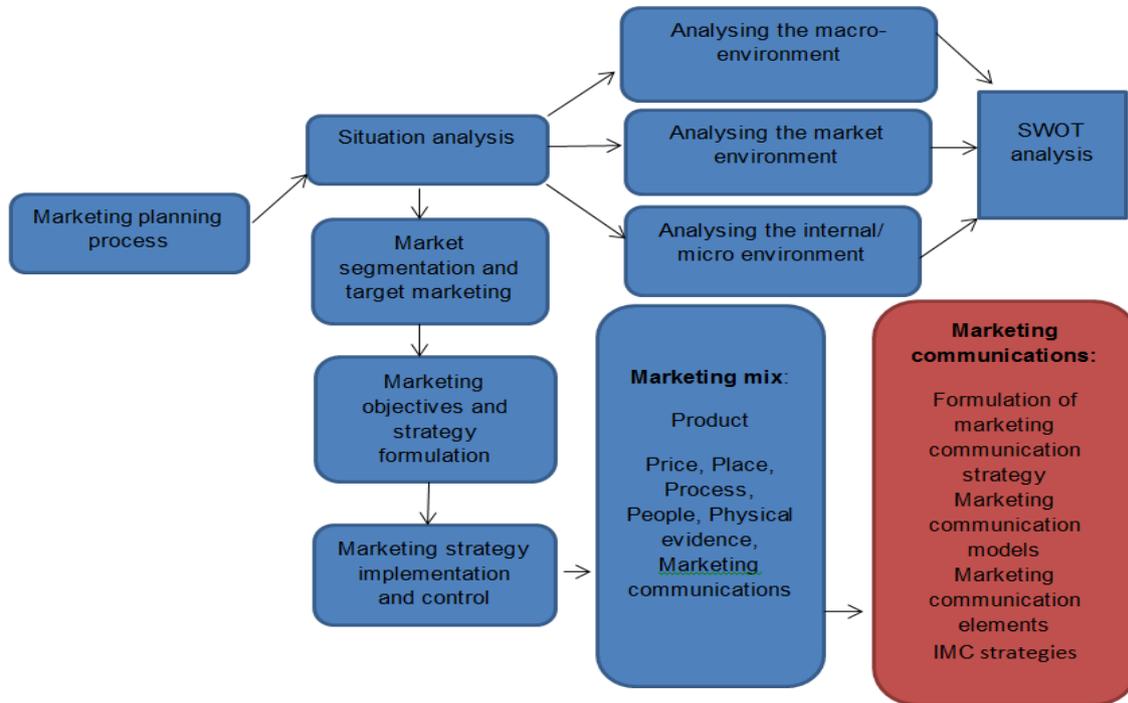


Figure 3.9: Summary of Chapter 3

Source: Researcher's own compilation, 2015

As illustrated by Figure 3.9, this chapter dealt with the marketing planning process, the process of developing marketing communication strategy and the marketing communication mix elements. The chapter commenced with discussing the marketing planning process, and highlighted the well-known marketing mix in order to show the impact other mix elements have marketing communication strategy. Subsequently, the process of developing the marketing communication strategy was discussed with emphasis placed on environmental factors considered in developing marketing communication strategies, the marketing communication mix elements considered, and evaluation of marketing communication strategies and campaigns. During the discussion, the marketing communication elements were discussed in detail as they form an important part of the marketing communication strategy. Lastly, the IMC concept was discussed focusing on its goals and strategies linked to the concept. The next chapter provides theory on the components of research methodology and the detail discussion of research methodology followed in this study.

CHAPTER 4: RESEARCH METHODOLOGY

4.1 INTRODUCTION

The focus of this chapter is on the design of the research methodology. The research design and methodology used in this study are explained: the qualitative research strategy, methods and procedures are discussed in detail, while motivating the selection thereof. The research methodology discussion is followed by a description of the quality issues in evaluating this qualitative study, as well as the ethical considerations adhered to and the measures relevant thereto. As indicated in Chapter 1, the objective of the study is to investigate of the marketing communication practices of car dealerships in Gauteng province, South Africa. More specifically, the focus of this research venture is to identify factors considered in developing marketing communication strategies, and investigate how the marketing communication mix elements are utilised by these dealerships. The discussion in this chapter starts with discussion of the components of research methodology which include types of research designs, types of data (secondary and primary data), comparison of quantitative and qualitative research, different data collection methods, and provides a detailed discussion of the research process followed in this study.

4.2 RESEARCH DESIGN

In this section, various types of research design are discussed in this section. The types of research approach and the types of data are explained in detail. A comparison of quantitative and qualitative research approaches is provided, and a justification for the chosen research approach (qualitative research approach) in the current study is provided.

4.2.1 Types of research design

Research design is defined as the procedures for collecting, analysing, interpreting, and reporting data in research studies (Creswell and Plano-Clarke, 2011:53). According to Zikmund and Babin (2010:64) research design is defined as a master plan that provides a framework for collecting and analysing the data. Figure 4.1 below depicts three main types of research designs, namely, exploratory, descriptive

and causal research (Zikmund and Babin, 2010:50; Malhotra, 2010:83; Tustin *et al.*, 2005:83). Each of these will be discussed in more detail in the section.

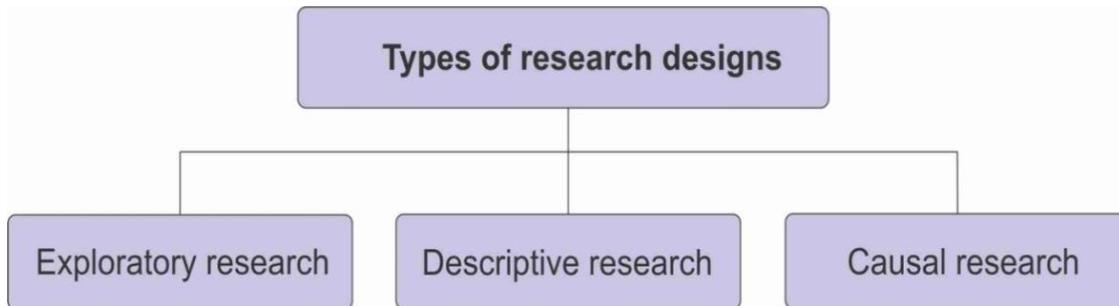


Figure 4.1: Types of research design

Sources: Adapted from: Zikmund and Babin (2010:50), Malhotra (2010:103) and Tustin *et al.* (2005:83)

4.2.1.1 Exploratory research design

Exploratory research is performed to help illuminate ambiguous situations or to discover ideas that might create prospective business opportunities (Zikmund and Babin, 2010:50). Malhotra (2010:104) points out that an exploratory research design is useful when the researcher requires more information about a specific problem, opportunity or phenomenon. In this case, exploratory research can be valuable in that it creates insight into the research problem and increases the understanding of the marketing communication practices of dealerships.

4.2.1.2 Descriptive research design

Descriptive research is constructed to answer who, what, where, when and how questions (Tustin *et al.*, 2005:86). Descriptive research also describes the specific details of a position, situation, participants or phenomenon. According to Zikmund and Babin (2010:51) a descriptive research design aims to create a picture of a given situation by describing objects, people, organisations or the environment.

4.2.1.3 Causal research design

The causal research is used to discover cause-and-effect relationships between variables (Malholtra, 2010:113). More specifically, the researcher may investigate whether one variable causes or changes the value of another variable. The causal research design is most appropriate to research objectives that require the

researcher to understand which independent variables affect a dependent variable (Tustin, Ligthelm, Martins and Van Wyk, 2005:87).

Zikmund and Babin (2010:65) argue that there is no single best research design. However, these different types of research designs offer the researcher a number of options to choose from, each with its own advantages and disadvantages. In addition, it is argued that it is essential that when choosing a specific research design, it should follow from the research problem and objectives (Malholtra, 2010:114). As mentioned previously the purpose of the study was to understand the marketing communication practices of car dealerships, therefore, the study was exploratory in nature. In the next section, information types and sources are explained, indicating the research approached used in the study.

4.3 PRIMARY VERSUS SECONDARY DATA

During the research process, the researcher needed to identify the sources of data and methods for data collection (Tustin *et al.*, 2005:88). It is always important for the researcher to determine whether the research objectives can be achieved through the use of secondary data to eliminate the need for collecting primary data. However, if the availability of secondary data is limited, the researcher may undertake the collection of primary data (Malholtra, 2010:133). In order to achieve the objectives formulated for the current study, the researcher chose to use both secondary and primary data. Figure 4.2 depicts two categories of data sources; these data sources can be classified into two groups, namely primary and secondary data.

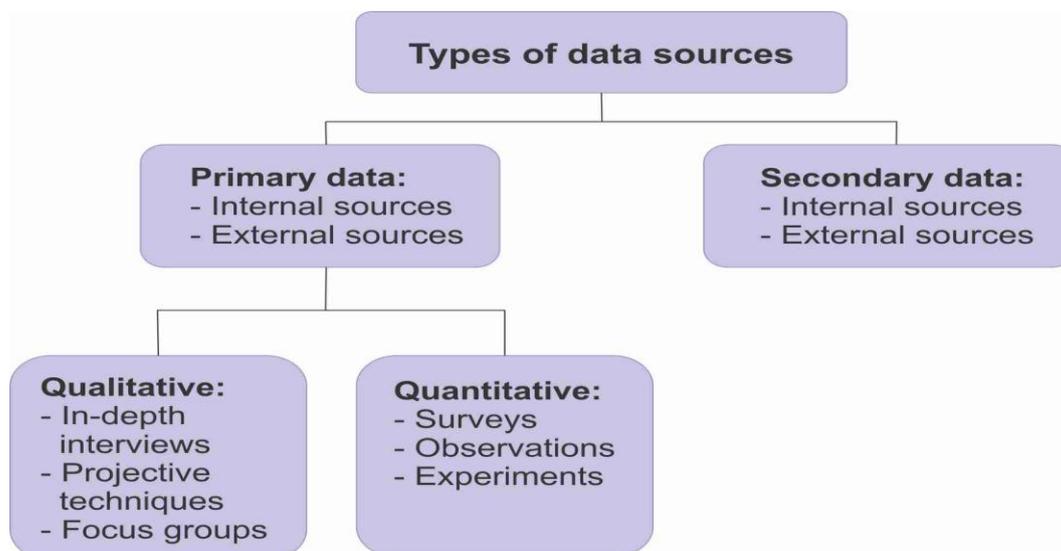


Figure 4.2: Data sources

Source: Adapted from Malhotra (2010:171) and Tustin *et al.* (2005:83)

Secondary data as indicated in Figure 4.2 refers to information that has been collected for some other purpose rather than the research problem at hand (Malhotra, 2010:132; Tustin *et al.*, 2005:88). The use of secondary data has the advantage that it provides the necessary background information to the particular problem or research study at hand (Kumar, 2005:85). As depicted in Figure 4.2, secondary data may be obtained from internal and external sources. Internal sources refer to the information available within the organisation, for example, company records, annual reports and sales records (Malhotra, 2010:138), while with external sources, the researcher acquires information from outside sources, for example, websites, libraries, professional marketing research institutions, trade associations, commercial publishers, non-profit organisations and universities (Malhotra, 2010:140; Tustin *et al.*, 2005:88). The use of secondary data is characterised as a cost-effective method for obtaining information and provides the researcher with a number of advantages (McDaniel and Gates, 2010:72). However, the limitations or disadvantages of secondary data should be considered. Table 4.1 below provides an overview of the advantages and disadvantages that are linked to the usage of secondary data.

Table 4.1: Advantages and disadvantages of secondary data

Advantages	Disadvantages
Clarify or better define the research problem	The data may not be available
Develop approach to the problem	The data may not be relevant to the problem
Provides imperative background information and builds credibility for the research report	The data may lack accuracy
Can alert researchers to potential problems and/or opportunities	The data may be insufficient to solve the research problem
Answer certain research questions	The data can be outdated

Source: Adapted from McDaniel and Gates (2010:72) and Malhotra, (2010:133)

For the purpose of this study, an analysis of the motor vehicle industry and literature review was undertaken and was outlined in Chapters 2 and 3, respectively, using secondary data from published academic articles, official companies' websites, government departments' reports, and motor vehicle industry annual reports.

Chapter 2 provided an overview of the South African motor vehicle industry, and Chapter 3 constituted a literature review discussing the marketing planning process and the concept of marketing communication as an important element of the marketing mix and provided a review of previous studies on the topic.

After a review of the existing literature, primary data had to be collected by means of an exploratory study, in order to achieve the research objectives, namely, to explore or understand the marketing communication practices of car dealerships in Gauteng, with the aim to establish an understanding regarding the marketing communication tools used. Primary data (as shown in Figure 4.2) refers to the information which is collected specifically to address the research problem at hand (Malhotra, 2010:132) and is usually collected when secondary data does not answer the research question (Tustin *et al.*, 2005:89). According to Malhotra (2010:132) obtaining primary data can be expensive and more time-consuming, but the data is generally more relevant to the research objectives when compared with secondary data. In collecting primary data, researchers need to determine the research approach to be followed: qualitative or quantitative (as indicated in Figure 4.2).

The comparison of the quantitative and qualitative research is provided in the section below, followed by a discussion of the research approach used in the current study.

4.4 QUANTITATIVE AND QUALITATIVE RESEARCH

In deciding which research approach to use, both quantitative and qualitative approaches are compared in line with the research objective and the type of research questions.

Table 4.2 (on the next page) provides a comparison between qualitative and quantitative research. There are several differences between the two research approaches; however, the key to effectively using any of the two is to match the right approach to the right research framework (Zikmund and Babin, 2010:132).

Table 4.2: Qualitative versus quantitative research

Research facet	Qualitative research	Quantitative research
Purpose	Discovery of new ideas, thoughts or feelings; understanding of relationships, ideas and objects	The validation of facts, estimates, relationships and predictions
Types of questions	Probing, unstructured, open-ended	Limited probing, mostly structured
Sample size	Small	Large
Amount of information from each respondent/participant	Substantial	Fluctuates
Requirements of administration	Interviewer must have special skills	Interviewer with fewer special skills or no interviewer
Types of data analysis	Subjective and interpretative	Statistical and summation
Hardware or tools	Projection devices, video recorders, tape recorders, pictures, discussion guides	Questionnaires, computers, printouts
Researcher training	Psychology, sociology, social psychology, consumer behaviour, marketing, marketing research	Statistics, decision models, decision support systems, computer programming, marketing, marketing research
Types of research	Exploratory	Descriptive and casual

Source: Adapted from Zikmund and Babin (2010:133) and McDaniel and Gates (2010:92),

Table 4.2 shows that there are important differences between quantitative and qualitative research based on its purpose, types of questions, sample size, amount or quantity of information, requirements of administration, type of data analysis, required hardware or tools, and types of research (Zikmund and Babin, 2010:132). The research factors that differentiate qualitative and quantitative research as depicted in Table 4.2 are briefly explained as suggested by Zikmund and Babin (2010:133) in the sub-sections following.

- Purpose

The purpose of the qualitative research approach is the discovery of new ideas, thoughts or feelings; understanding relationships, ideas and objects, while quantitative research is concerned with the validation of facts, estimates, relationships and predictions.

- Type of questions

Qualitative research uses open-ended, unstructured and probing questions, while quantitative research mostly uses closed-ended questions and it has limited probing.

- Sample size

Qualitative research allows usage of a small sample size, however, it offers thick description of the subject of interest while quantitative research requires usage of larger sample size.

- Amount of information from each participant

Qualitative research produces in-depth information, while quantitative research produces varied results as the information fluctuates.

- Requirements of administration

Qualitative research requires a skilled interviewer as the interviewer serve as an important instrument in the data collection process, while quantitative research can be conducted by an interviewer with fewer special skills.

- Type of analysis

The data analysis of qualitative research is subjective and interpretative, while the data analysis of quantitative data is statistical and it requires summation.

- Hardware or tools

Projection devices, video recorders, tape recorders, pictures, and discussion guides are used in qualitative data collection, while the quantitative data is collected using questionnaires, print-outs and computers.

- Types of research

Qualitative research tends to be exploratory in nature, while quantitative research tends to be descriptive and causal in nature. Based on the consideration of the differences explained above, a qualitative research approach was followed in the current study. This research approach was relevant to the research objectives of this study as it varies from the quantitative approach because it aimed to understand social action in terms of its specific context, rather than attempting to

generalise some theoretical population (Yin, 2011:4). Therefore, because this study is not quantitative, it does not generalise the regularities of human behaviour from a larger sample. Instead, it is aimed at understanding the marketing communication practices of car dealerships.

The next section briefly explains the data collection methods that can be used in quantitative research.

4.4.1 Data collection methods in quantitative research

Quantitative research involves the collection of primary data from a large number of respondents with an intention to generalise about a specific population, and the findings are subjected to mathematical analysis (Malhotra, 2010:133). According to Tustin *et al.*, (2005:89) the quantitative research normally makes use of closed-ended questions (responses that allow respondents to choose between two or more answers). As indicated in Figure 4.2, quantitative research includes observations, experiments and surveys. These data collection methods are discussed briefly.

4.4.1.1 Observations

The observation approach is the systematic process of recording the behavioural patterns of people, objects and occurrences without questioning or communicating with respondents (Tustin *et al.*, 2005:266). Observation research provides opportunities to serve as an instrument in recording the data for the researcher (Belk, Fischer and Kozinets, 2013:57). However, this data collection method is not relevant for the purpose of this study as it could not answer the research objective of this study.

4.4.1.2 Experiments

Experiments are conducted when the researcher manipulates one or more independent variables and measures their effect on one or more dependent variables (Malhotra, 2010:253). Experimentation allows the researcher to demonstrate that a change in a dependent variable may be attributed solely to the change in an independent variable (Tustin *et al.*, 2005:301). This data collection method is not relevant for the purpose of this study as it could not answer the research objective of this study.

4.4.1.3 Surveys

Surveys involve collecting primary data using structured questions that require respondents to choose from a set of predetermined answers. The predetermined questions can be asked verbally, in writing, or via computer (Malholtra, 2010:211). According to Tustin *et al.*, (2005:144) surveys can be categorised into two types, namely, interviewer administered and self-administered surveys. This data collection method could be used to collect the primary data, but it does not adhere to the objectives of this study as the research aimed to investigate the marketing communication practices of car dealerships with intention to gain in-depth understanding of this research topic.

- Self-administered surveys: this type of survey that uses a paper questionnaire includes in-house personal interviews, intercept interviews, landline telephone interviews, and cell phone interviews (Tustin *et al.*, 2005:144).
- Telephone interviews: this type of survey is conducted over the telephone in which a trained interviewer asks the participant questions and makes a record of his/her responses (Cooper and Schindler, 2008:223). It is usually faster and cheaper than personal interviews due to reduced travelling costs and administrative savings from training interviewers and supervision (Tustin *et al.*, 2005:144).
- Self-administered surveys: this type of survey allows respondents to complete the questionnaires themselves (Tustin *et al.*, 2005:184). Self-administered surveys can be mailed, faxed or computer delivered to respondents (Cooper and Schindler, 2008:711).

The next section briefly explains the data collection methods that can be used in qualitative research.

4.4.2 Data collection methods in qualitative research

Qualitative research is data that takes into account the cultural, social, institutional, temporal, personal or interpersonal characteristics of the context in which the data is collected (Belk *et al.*, 2011:3). Qualitative research is used to collect primary data with the aim of gaining insight into and understanding of the problem (Malholtra, 2010:131). Qualitative research provides a detailed understanding of a problem;

therefore, this qualitative understanding rises out of studying a few individuals and discovering their perspectives in great depth (Creswell and Plano-Clarke, 2011:8). The three most commonly used qualitative research methods, as shown in Figure 4.2, are focus groups, in-depth interviews and projective techniques. These qualitative research methods are discussed below.

4.4.2.1 Focus groups

Focus groups involve bringing together a small group, usually consisting of 6–12 participants, for an informal and interactive discussion on a specific topic (Zikmund and Babin, 2010:141). A focus group is usually led by a trained moderator who instigates dialogue among the participants (Tustin *et al.*, 2005:168). The purpose of a focus group is to gain insights by listening to a group of people talk about issues of interest to the researcher (Malhotra, 2010:173). This data collection method could be used to collect the primary data, but it was not possible to bring together participants into a group that will answer research objectives.

4.4.2.2 In-depth interviews

An in-depth interview is an interaction between an individual interviewer and a single participant. In addition, semi-structured in-depth interviews allow the interviewer to uncover underlying motivations and probe on a particular topic. Probing is important in obtaining meaningful responses (Malhotra, 2010:185-186). The aim of an in-depth interview is to probe and stimulate answers to the research questions (McDaniel and Gates, 2010:107). The advantages of using in-depth interviews are that it attributes the responses directly to the respondent and it results in the free exchange of information because there is no social pressure to conform to group responses (Malhotra, 2010:188). This data collection method was chosen as the most relevant data collection method to answer the research objectives, as it allowed the interviewer an opportunity to probe and obtain in-depth understanding of the research topic.

4.4.2.3 Projective techniques

With projective techniques, respondents are asked to respond to a range of vague stimuli, and based on the response, the researcher can draw conclusions about their attitudes, emotions, motives and beliefs (Tustin *et al.*, 2005:176). Projective

technique is considered as an unstructured, indirect form of questioning that allows the participants to project their underlying feelings regarding the issues of concern. Participants may be asked to interpret pictures or to speak about what other people would feel, think or do. In this way, researchers can uncover the participants' true thoughts (Malhotra, 2010:190). This data collection method could be used to collect the primary data, but it was not possible to bring together participants into a group in order to answer research objectives.

The research process followed in the current study is discussed in detail in the next section.

4.5 THE RESEARCH PROCESS FOLLOWED IN THE STUDY

This section discusses the research process followed in the current study to collect the primary data. Table 4.3 (on the next page) provides a summary of the research process followed, and each step is explained in detail providing a practical application and theoretical basis, where necessary. In addition, the primary research objective of the current study is reiterated in Table 4.3 to indicate its relevance in the selection of the research approach followed.

Table 4.3: Summary of the research process followed

Activity	Description of process
The primary objective of the study	To establish an understanding of the marketing communication practices of car dealerships in Gauteng Province (South Africa)
Selecting the research design	Exploratory
Research approach	Qualitative research
Sampling	Non-probability, purposive sampling
Population	Car dealerships in the South African Motor Industry (Toyota, Volkswagen, Volvo, Audi, General Motors, Nissan, BMW and Mercedes)
Sources of data	Primary and secondary sources
Data collection method	Face-to-face interviews (semi-structured in-depth interviews)
Data analysis	Content analysis
Data presentation	Narrative presentation and visual interpretation
Ethical considerations	Achieved through informed consent and confidentiality.
Quality of the research	Achieved through credibility, conformability, and dependability

Source: Researcher's own compilation, 2015

Table 4.3 indicates the research objective of the current study, namely: To establish an understanding of the marketing communication practices of car dealerships in Gauteng Province (South Africa). This research objective was crucial in choosing the research approach to be followed in the current study. The qualitative research approach was chosen for a number of reasons: participants' perspectives and experiences are emphasised, it takes into account the participants' interpretations and it allows for flexibility. However, there are limitations to this research approach as the method is very subjective in nature and one cannot generalise the basis of the method. Qualitative research was used to gain insight into dealership marketing personnel perceptions, suggestions and problem areas with regards to the involvement in planning and executing marketing communication strategies. More specifically, the aim of using a qualitative approach was to collect data more effectively and to gain richer information by enabling participants to also express their opinions and feelings, and share their experiences with regard to the elements of the marketing communication mix used in conveying marketing communication messages to their current and potential customers.

The other stages followed in the research process of the current study as depicted in Table 4.3 are explained in the next sub-sections.

4.5.1 Stage 1: Selecting research design

Exploratory research is performed to help illuminate ambiguous situations or to discover ideas that might create prospective business opportunities (Zikmund and Babin, 2010:50). Malhotra (2010:104) points out that an exploratory research design is useful when the researcher requires more information about a specific problem, opportunity or phenomenon. In this case, exploratory research can be valuable in that it creates insight into the research problem and increases the understanding of the marketing communication practices of dealerships. In the current study, an exploratory research design was followed in order to gain an in-depth understanding of the marketing communication practices of car dealerships.

4.5.2 Stage 2: Sampling

Sampling methods, in general, are discussed in this section, and the sampling method used in the current study is discussed.

Sampling involves the researcher acquiring information from a subset (the sample) of the population (McDaniel and Gates, 2010:326). According to Tustin *et al.*, (2005:339) researchers need to develop a sampling plan. Maholtra (2010:372) identify five steps of the sample design process, namely, define the population, determine the sample frame, select the sampling technique, determine the sample size and execute the sampling process. These steps are discussed briefly below.

4.5.2.1 Stage 3: Define the population

The target population of interest for the current study was the car dealerships operating in Gauteng. Gauteng was chosen due to its convenience and accessibility for the researcher. In addition, one province was selected, as the aim of the study was not to be representative, but rather to enable other researchers to gain understanding into the marketing communication practices of these dealerships. Marketing personnel of dealerships were chosen as the unit of analysis considering their involvement in the planning and execution of marketing communication campaigns.

More specifically, the participants identified for the study were marketing personnel involved in planning and executing marketing communication strategies of car dealerships, and in this study, also the dealership principals, dealership assistant managers and senior sales managers of car dealerships were interviewed since they were holders of the data needed to answer the research questions.

Once the population had been defined, the researcher needed to determine the sample frame.

4.5.2.2 Specify the sample frame

A sample frame refers to a list or directions used to identify the target population. Examples of sample frames include the telephone directory, an association's directory listing the organisation in the industry, a mailing list purchased from a commercial organisation, a city directory or a map (Maholtra, 2010:373). In the current study, the Retail Motor Industry (RMI) member list was used as a sample frame to select accredited dealerships that were included in the study. The dealerships operating within the borders of Gauteng were contacted. The researcher used Google, which is a well-known search engine on the internet and searched for

a list of accredited dealerships in Gauteng on the RMI organisation website (www.rmi.org.za). The RMI member list contains the contact details of accredited dealerships operating in nine provinces of South Africa. The researcher used the email addresses and telephone numbers obtained from RMI member list to contact dealerships to obtain the contact details of marketing personnel (involved in the planning and execution of marketing communication campaigns). Based on the contact details provided by the dealership managers or principals, other participants were contacted via email to request their consent to participate, and in-depth interviews were scheduled.

However, in other instances, the dealership principals were interviewed based on their consent, availability and their participation in the planning and execution of marketing communication campaigns. Tustin *et al.* (2005:342) indicated that the sample frame may be a telephone directory, customer list, and research company databases, a list of emails addresses or even geographic maps. In this study dealerships operating within the borders of Gauteng were used as the target population, as indicated above. Therefore, a map of Gauteng was also used to ensure that the sample was drawn from the correct target population.

The sampling methods are discussed in detail below.

4.5.2.3 Select the sampling method

The third step in developing a sampling plan is to select the sampling method. In this case, the researcher needs to determine if probability or non-probability sampling will be applied in order to draw the sample. These two methods are explained below with more emphasis on non-probability sampling as it is the one used in the current study.

- **Probability sampling**

Probability sampling gives each element in the population a known, non-zero chance of being included in the sample (Tustin *et al.*, 2005:344). There are a number of probability sampling techniques a researcher may select (Malholtra, 2010:376)

Single random sampling:	population members are selected randomly and every population member has an equal chance of being chosen.
Systematic sampling:	the individuals of a population are selected at regular intervals. For example, every nth number on the list is chosen.
Stratified sampling:	the population is divided into sub-groups known as strata and a random sample is selected from each of these sub-groups.
Cluster sampling:	the population is divided into sub-groups known as clusters. Thereafter, a sample of clusters is randomly selected.
Multistage sampling:	a sampling technique that uses a combination of two or more of the probability techniques discussed above.

- **Non-probability sampling**

Non-probability sampling does not provide all the population members an equal chance of being chosen as part of the sample and therefore may not be representative of the population (Zikmund and Babin, 2010:432). Using a non-probability sampling method usually relies on the researcher's discretion (Tustin *et al.*, 2005:344) and includes the following methods (Malhotra, 2010:376; Tustin *et al.*, 2005:344):

Convenience sampling:	the individuals of the sample are chosen on the basis of them being readily available to the researcher.
Judgemental/Purposive sampling:	individuals are selected based on the researcher's judgement on what forms a representative sample of the population.
Quota sampling:	individuals are selected on the basis of satisfying some form of pre-specified criteria that apply to the population.
Snowball sampling:	the sample members are selected and then prompted to identify additional members that may possess similar characteristics to be included in the sample.

The sampling method used in the study is purposive sampling. Purposive sampling means that participants are selected because of some defining characteristics that make them the holders of the data needed for the study (Tustin, 2005:346). The

population can be defined as the total group of persons or entities from whom information is required (Tustin, 2005:337). The target population refers to the collection of elements that possess information sought by the researcher (Malhotra, 2010:372). A purposive sampling method was used in order to concentrate on the participants in this case marketing personnel who possessed the richest information, based on their positions in their respective organisations, which presented them with the possibility to answer research questions.

4.5.2.4 Determine the sample size

The sample size refers to the number of individuals to be included in the final sample (Tustin *et al.*, 2005:97). As indicated in the preceding sections, non-probability sampling was used in the current study and the qualitative research approach was followed. Brynard and Hanekom (2006:56) point out that it is allowed in a qualitative study to use a small sample and there are no fixed rules for determining the sample size. In this study, eleven dealerships were targeted from 1552 franchised and independent car dealerships operating within Gauteng Province. Thirteen participants from eleven dealerships were interviewed which led to the saturation point of this study. Saturation point refers to a point of diminishing return to a qualitative sample, where, as the study goes on, more data that do not necessarily lead to more information are obtained (Mason, 2010).

The final step in developing the sampling plan is to execute the sampling process.

4.5.2.5 Execute the sampling process

This step involves the development of the operational procedure for selecting the sample elements (Tustin *et al.*, 2005:97). In the current study, eleven car dealerships were selected from the Retail Motor Industry (RMI) member list of accredited dealerships (as a sample frame), using the contact details from the RMI member list. The dealership managers (principals) of dealerships within the borders of Gauteng were phoned and sent emails by the researcher to explain the purpose of the study. A map of Gauteng was used to ensure that the dealerships selected operated within the borders of the province. Then, the dealership principals were asked for a convenient time for a first meeting and interview. However, in other instances after briefing the dealership principals about the research objectives during the first meeting, the dealership principals provided the researcher with the contact details of

other marketing personnel that participate in the planning and execution of marketing communication strategies of these dealerships. More specifically, in-depth interview participants were selected from different dealership groups, considering their job description and their respective involvement in the planning and execution of marketing communication activities. The average duration of an interview is between 35 minutes and 1 hour. Table 4.4 below shows the interview number; dealership represented; and job title of participants.

Table 4.4: Job titles of participants and duration of interviews

Interview Number	Dealership	Job title of participant
1	Commercial Audi	Dealership principal
2	Volkswagen	Dealership principal, new vehicle sales manager, service parts manager
3	McCarthy Audi	Dealership assistant manager
4	Leo Haese BMW	Senior used vehicle sales manager
5	General Motors	Sales manager
6	Club Motors BMW	Senior used vehicle sales executive
7	Volvo	New vehicle sales manager
8	Imperial Renault	Dealership principal
9	Super group Nissan	Fleet sales manager
10	McCarthy Toyota	Used vehicle sales manager
11	Mercedes Benz	Dealership principal

Table 4.4 shows the job description of the participants in the study. The job descriptions of participants included in the study comprised 4 dealership principals, 1 dealership assistant manager, 5 sales managers, 1 service manager and 1 senior sales executive as they participate in the planning and execution of marketing communication strategies of their respective dealerships. These participants gave the study a fair representation at all management levels within car dealerships. In addition, these participants have minimum five years working experience in the motor retail sector or at car dealership level to provide meaningful insight about the research topic, and they also form part of the planning team. Moreover, these

participants are important in conveying relevant information about dealership brand represented, products (motor vehicles) offered, and providing details which are important in customers' decision making process.

Table 4.5 below provides a summary of the job descriptions of participants in the study.

Table 4.5: Summary of the job descriptions of participants

Job title	Job description
Dealership principal/manager	Responsible for staff management, asset management, and planning and execution of the dealership marketing communication strategy
Dealership assistant manager	Acts as assistant to the dealership principal, participates in planning and execution of the dealership marketing communication strategy
New vehicle sales manager	Responsible for managing new vehicle sales staff, new vehicle stock, and participates in the planning and execution of marketing communication campaigns in the division
Senior used vehicle sales manager	Responsible for managing used vehicle sales staff, used vehicle stock, and participates in the planning and execution of marketing communication campaigns in the division
Service parts manager	Responsible for managing vehicle service division staff, vehicle parts stock, and participates in the planning and execution of marketing communication campaigns
Fleet sales manager	Responsible for managing new vehicle sales staff, new vehicle stock, manages major accounts or fleet buyers buying vehicles in bulk, and participates in the planning and execution of marketing communication campaigns
Senior used vehicle sales executive	Responsible for managing used vehicle sales staff, used vehicle stock, addresses customer complaints, takes customers through the sales process and participates in the planning and execution of marketing communication campaigns in the division

In the next section, the data collection method used in the study is discussed.

4.5.3 Stage 4: Data collection used in qualitative research

The primary data was collected using semi-structured, in-depth interviews. According to Malhotra (2010:185) an in-depth interview refers to an interaction between an individual interviewer with a single participant, and the semi-structured depth interviews allow the interviewer to uncover underlying motivations and probe on a particular topic. Probing is important in obtaining meaningful responses. In-depth and semi-structured interviews were used to collect the primary data in the current study. Babbie (2004:263) argued that interviews attain higher response rates than do other

methods like mail surveys. According to Yin (2011:112), the presence of the researcher during the interview plays a critical role in the qualitative interviews. In addition, the interview guide was used as it would not be very easy to approach research without some agenda and game-plan in mind. The use of the interview guide during in-depth interviews is discussed in detail in next sub-section below. The practical approach followed by the researcher in approaching the participants and conducting in-depth interviews to ensure higher response rate is explained in the next sub-sections.

The following guidelines, as suggested by Yin (2011:135-139) and Saunders *et al.*, (2009:136), when collecting the primary data through in-depth interviews were taken into account:

- **Approaching the managers for consent to conduct interviews**

Each of the selected participants was phoned by the researcher to explain the purpose of the study, and to ensure them of the confidentiality of the information provided. The participants were asked for a convenient time for a first meeting. In most cases, the participants were personally met at least two weeks before the actual interview, during which they were introduced to the researcher and informed in regard to the expected length of the interviews. In one case a prior meeting was not possible – due to the participant's time constraints, but the person agreed to be briefed telephonically.

- **Finding a suitable location for in-depth interviews**

The researcher had to arrange a time, date and location most suitable for an interview with the participants. All the interviews were conducted in the boardrooms of the selected dealerships as the venues were considered quite for interviews to be conducted. All the participants were briefed either telephonically or in person about the research objectives, and the research topic was emailed to the participants. This was done to ensure that the researcher and the participants were at ease, and prepared for the interview, as well as to build rapport and relationship before the data collection began. Before the interviews could begin, the motivation for the research was explained to the participant to put them at ease.

- **The use of interview guide during in-depth interviews**

According to Malhotra (2010:185) in-depth interviews in qualitative research entail a discussion between the researcher and the participant, using an interview guide or interview schedule with several open-ended questions to provide the topics that need to be discussed. The order of the topics is flexible, as long as all topics are covered during the interview. Therefore, this kind of interview is generally considered 'unstructured', in contrast to the highly structured questionnaire and process used in quantitative interviewing, and it allows the interviewer to probe for further information. Boyce and Neale (2006:11) explain that an interview guide provides topics of subject areas within which the interviewer is free to explore, probe, and ask questions that will clarify and explain that particular subject. The interview guide directs the administration and implementation of the interview process to ensure consistency across the interviews; and thus, to increase the reliability of the findings. Skilled interviewers are guided by the natural flow of information, rather than by constantly referring back to the questions prepared in the interview guide; the interviewers just occasionally check whether all the topics or themes required are being addressed.

- **Translate the information needed into questions**

Maholtra (2010:335) points out that a questionnaire should translate the information needed into questions that the respondents can and will answer. In the current study, the information needed was to answer the research objective, namely, understand the marketing communication practices of car dealerships. This purpose, together with the research objectives, enabled the researcher to clearly identify the types of questions that needed to be included in the question guide. Table 4.6 provides a link between the secondary objectives of the study and the questions that were formulated in order to achieve those objectives (see Appendix B for the questionnaire). In addition, the question guide had a background question about the dealership and a background question about the job description of the participants and their experience within the motor retail industry.

Table 4.6: Link between secondary objectives and questions formulated

Secondary objectives	Questions achieving each objective	Type of question
To identify the marketing communication mix elements used by car dealerships in their marketing communication strategies.	<p>Question 2 How does your organisation communicate with its target market/audiences as part of the marketing communication strategy? Please explain your answer (in terms of marketing communication tools, media channels, why you are using/or not using these/other marketing communication tools and media channels?)</p>	Open-ended
To identify the factors considered in the process of developing a marketing communication strategy for a car dealership.	<p>Question 3A What are the marketing communication mix elements which are used by your organisation in communicating with target market/audiences? Please explain your answer</p> <p>Question 3B What are the factors considered in selecting marketing communication mix elements to be incorporated in marketing communication strategy?</p> <p>Question 4 Does your organisation have specific marketing communication strategies aimed at retaining existing customers? Please explain your answer.</p>	open-ended
To identify the challenges experienced by dealerships in developing and executing their marketing communication strategies.	<p>Question 5 What are the challenges you have experienced in planning and executing your organisation's current marketing communication strategy? Please explain your answer.</p>	open-ended
To recommend what can be done by dealerships in developing promotional strategies in the future.	<p>Question 6 What are marketing communication practices or methods not currently used by your organisation that you think you might consider using in the future? Please explain your answer giving reasons.</p>	open-ended

However, after the review of the first interview, Question 4 as indicated in Table 4.6, was added as it appeared to be relevant to the research topic. From the second interview to the last interview, the participants were probed on marketing retention communication strategies after the addition of question 4 on the question guide. The interview guide used gave the researcher more confidence, and as the researcher gained experience from conducting the interviews, the researcher became increasingly skilled to probe for more information, and the researcher became gradually more sensitive to the flow of the conversation. The in-depth interviews with marketing personnel were conducted by using an interview guide, to ensure that all

the issues considered crucial to the study were covered (See Appendix B for the detailed interview guide).

According to Boyce and Neale (2006:11-12) an interview guide should include the following components, namely: introduction, questions, and closing. In the current study the interview guide for the study consisted of the introduction, opening question, and questions on general issues accompanied by probing questions and closing as explained in later sections.

In the introductory phase, the researcher and the participant greeted and engaged in some informal conversation. In addition, the purpose of the interview was explained briefly by the researcher. Moreover, the informed consent was confirmed by explaining that the data and the identity of the participant were confidential; and permission to record the conversation was also requested (see Appendix A).

- **Conducting the in-depth interviews**

During the introductory phase, the researcher started the interview by asking the participants to introduce themselves and share their experience in the motor vehicle industry, without any direct or probing questions. The question was asked to put the participants at ease and to build rapport with them; and it provided some background to the participants' knowledge and experience in the motor vehicle industry.

After the opening question, general questions were asked about the business activities and target audience of their respective organisations. After each of these questions the participants were asked about the marketing communication strategy in terms of how they do communicate with their existing clients and potential clients, and specific interview questions were posed – to discover their ideas on the aspects of factors considered during planning, advertising media channels and the marketing communication strategy of the organisations.

The questions for the interview guide were developed from the issues identified and discussed in the literature review. The interview guide was discussed with the researcher's supervisor to review the content, structure and wording before interviews were conducted. The major topics remained the same for all the interviews, but the sequence of the questions and the probes varied, in order to

suit the flow of conversation. The in-depth interviews for the study had their own context and situations that directed exactly how they were to be conducted, but general practices pertaining to data quality were followed.

The following guidelines when using in-depth interviews (Saunders *et al.*, 2009:326) were taken into account when conducting the interviews: ensure that interviewees are appropriately selected to be able to provide the relevant information, find a suitable location, establish and maintain rapport, be neutral and non-direct, avoid interviewer bias, avoid response bias and finally, the analysing when interviewing.

To ensure that interviewees are appropriately selected to be able to provide the relevant information, the position and experience of the participants were confirmed before conducting the interviews. For the purpose of the current study, only experienced marketing personnel involved in the planning and execution of marketing communication campaigns were included. In addition, to find a suitable location, the researcher asked in advance whether the office or boardroom of the dealership was suitable and available for the specific interviews. The researcher conducted interviews at participants' board rooms and offices since these locations offered a quiet environment for an interview.

- **Establishing and maintaining rapport**

To establish and maintain rapport, the interview was started with small talk; and then the participant was asked to tell the story of his/her experience in the motor vehicle industry. Although the qualitative interviews were sometimes quite informal, the interviewer made sure that all the critical issues, as listed in the interview framework, were discussed. The interviewer attempted to be neutral and non-direct by not leading participants with comments and the responses were audio recorded and then transcribed. The goal was to let the participants express their own priorities as part of their own way of describing how they plan the communication campaigns they are going to use. The researcher aimed to use as few as possible of his own words in probes and follow-up questions, in order to encourage the participants to expand on their original answers. When it happened that the sequence of the phases and the topics discussed differed from

the interview guide, the participants were given the opportunity to follow their own sequence.

- **Avoiding interviewer bias**

Response bias refers to when interviewees respond in a manner that tends to portray them in a socially acceptable manner, or in response to interviewer bias. To overcome the potential bias, the researcher focused on acting in a neutral and unbiased manner, while facilitating the interviews. Response bias is more common when sensitive issues are being addressed. The researcher briefed the participants personally, by sending an email, explaining to them that the study was for academic purpose only, and that the information would be treated with the necessary confidentiality. The researcher remained neutral to reduce any potential response bias.

- **Analysing when interviewing**

During the data collection period, the transcriptions of the interviews were analysed, to enable any decisions to be made relating to what and how to probe for more detail during further interviews. The trustworthiness or validity of the qualitative data can be assessed by the care taken and practices employed during the data collection and analysis procedures. Following these techniques, the length and depth of the interviews, as well as the level and experience of the participants, resulted in information-rich discussions.

Despite the adherence to the above procedures, the collected data should be edited, coded, (Tustin, 2005:99), transcribed, and verified in order to facilitate processing and analysis. (Malhotra, 2010:42). Thereafter, the data is analysed to derive information related to the research problem (Malhotra, 2010:42). According to Zikmund and Babin (2010:66), data analysis is defined as the application of reasoning to understand the data that has been collected.

Data analysis and data presentation/display are discussed in the next sections.

4.5.4 Stage 5: Data analysis

Content analysis refers to the systematic observation and classification of communication through open-ended and/or semi structured interviews (Welman, Kruger and Mitchel, 2005:220). According to Welman *et al.* (2005:221) Content

analysis can be described as a quantitative analysis of qualitative data. The basic technique involves counting the frequencies and sequencing of particular words, phrases or concepts in order to identify keywords or themes (Van Rensburg and Smit, 2009:105). In the current study the responses were transcribed in order to transform raw data into an understandable form for subsequent interpretation of the data

In the current study the use of qualitative content analysis was followed, as it ideally suited the purpose of this study, which aimed to understand the complex contemporary phenomenon of the planning and execution of the marketing communication strategies. The following steps were followed, based on the qualitative content analysis as adapted from Henning *et al.* (2010:104):

4.5.4.1 Step 1: Preparation of the data

The interviews with the eleven marketing personnel were recorded digitally and transcribed verbatim. The observations during the interview (for instance, background noises, sounds, pauses, and other audible conduct) were not transcribed, because that was not necessary for the kind of analysis used. All transcriptions were checked several times, while listening to the recording of the interview to ensure accuracy. Once the recorded data had been transcribed, sorted and typed, the transcriptions were read and re-read several times – while listening to them several times to get to know the data.

4.5.4.2 Step 2: Peer check of a sample of the transcribed interviews

The coding system was tested by applying it to three of the transcribed interviews by the researcher and the supervisor. The difference in the coding was discussed; and some of the codes had to be adjusted.

4.5.4.3 Step 3: Code all the text

When sufficient consistency with the coding system had been achieved, it was used to code the rest of the interviews. As new codes emerged, the coding system had to be adjusted or refined, and the transcribed interviews had to be read again, based on the latest structure. In this study, the coding was effected using theoretical concepts that form part of the planning process and executing the marketing communication strategy in order to address the research objectives.

4.5.4.4 Step 4: Categorise the codes

The major benefit from the inductive approach is that it allows for research findings, usually in the form of a model or theory that reflects the basic structure of the data emerging from the frequent, dominant or significant themes inherent in the raw data. Following the advice of Merriam (2009:187), that the fewer the number of categories, the greater the level of abstraction, the researcher reduced the number of original codes by comparing and contrasting all the codes to find similarities. Codes with clear connections were clustered and assigned descriptive labels, also referred to as categories, for the purpose of the study. For example, themes that form part of internal factors were grouped to internal environmental analysis and external factors of consideration during the planning of marketing communication strategy were grouped to external environmental analysis.

4.5.4.5 Step 5: Identify themes

The researcher examined the code clusters to develop themes that form part of the theoretical constructs that were used as a foundation to describe the results. The identified marketing communication themes were adopted from literature as discussed in chapter 3 of this study.

4.5.4.6 Step 6: Link themes to existing theory

The themes are linked to larger theoretical constructs found in the literature; these themes are indicated in Chapter 5 of this study. A construct is created by the grouping of specific concepts used to express the specific issue or reality under study (Cooper and Schindler, 2006:43). The abstract nature of concepts create problems in a research setting due to the different characteristics that people attach to these concepts, often despite numerous discussions in the literature. Therefore, it is necessary that the researcher defines the meaning of the concept that is used. In the study the constructs are created by the grouping of the themes. The term 'theoretical construct' is used, since these constructs are linked to the literature. Each of these constructs comprise of concepts or themes. The inductive data analysis process used for the study transcended the basic descriptive level and aimed to develop a framework based on the major themes found. This was done, as suggested by Corbin and Strauss (2008:106), by starting from raw data, thinking about the raw data, delineating themes and then exploring the relationships between

the various concepts, and linking them all together into a theoretical whole, and then explaining the themes, and how are they related. However, the focus of the analysis was guided by the purpose of the research, namely: to understand the marketing communication practices, and the planning and execution of the marketing communication strategies of car dealerships. This assisted the researcher in being more objective, and in dealing with concepts and themes, and to think critically about the elements of the marketing communication mix. In addition, the literature reviewed on the theoretical framework was used to position the findings of the study within the larger body of existing knowledge, and to interpret the findings.

Data was analysed through the use of the Content analysis approach as discussed earlier. In addition, Atlas.ti version 10 was used to generate conceptual networks and to count frequencies of the codes according to themes and categories. The conceptual networks that were generated constituted the findings and insights obtained from in-depth interviews conducted in the study in order to achieve the research objectives. Furthermore, Atlas.ti was used to determine occurrences of all the themes per participant regarding the marketing communication mix and the media types used by car dealerships.

The data presentation followed in this study is discussed in detail in the next section.

4.5.5 Stage 6: Data presentation

The data display allows the researcher to develop a visual interpretation of the data and helps to illuminate patterns and interrelationships in the data to find meaning, and to provide an organised, compressed assembly of information that permits the drawing of conclusions (Malhotra, 2010:196-197). There is more than one acceptable way to present qualitative results. A display can be in narrative (descriptive format or text), or in a non-narrative format (tables, figures, diagrams, chart, matrix); alternatively, both narrative and visual displays can be used. Narrative text with direct quotes is still the most frequent form of display used when reporting on qualitative studies. Descriptions form the foundation for the qualitative data analysis, while the verbatim text provides the evidence for the interpretation of the findings. Yin (2011:235) identifies the following options for presenting the data in narrative form, to display the data when reporting on the findings: Firstly, combining quoted extracts with selected paragraphs of descriptions by the researcher.

Secondly, using lengthier presentations with longer quoted dialogue, that covers multiple paragraphs for more in-depth coverage of the participants' own words.

However, recently qualitative research has been presented in more creative and non-narrative formats. Yin (2011:235) identifies three major modes for displaying qualitative data: tables, lists and graphic representations. In order to draw conclusions from large amounts of qualitative data, these should rather be displayed properly in the form of tables, charts, networks and other graphical formats, as well as other such techniques to facilitate the process of analysis. In the study, both narrative and visual displays in the form of tables, and figures are used to report the findings.

The qualitative content analysis of the themes found in the overall process of marketing communication planning and execution was displayed visually in the form of a conceptual networks or diagrams to illustrate the hierarchical relationship between the themes and the categories/clusters of codes. These networks were then used to conceptualise and illustrate the categories, themes and theoretical constructs.

Miles and Huberman (1994:11) argued that there are better ways of displaying data than extended text and field notes that overload the human capabilities for processing and making sense of data. In order to draw conclusions from large amounts of qualitative data, these should rather be displayed properly in the form of tables, charts, networks and other graphical formats, as well as other such techniques to facilitate the process of analysis. In the study, both narrative and visual displays in the form of tables, figures and networks are used to report the findings. These networks are then used to conceptualise and illustrate the categories, themes and theoretical constructs.

Maholtra (2010:197) points out that there are computer software packages that can assist in the analysis of qualitative data and Atlas.ti, XSIght and NVivois are examples of qualitative data analysis software packages. Although these software packages differ in their complexities, their ultimate common function is to assist the researcher in organising, managing, and coding qualitative data (Merriam, 2009:194).

Atlas.ti was used in the study for coding the primary data, facilitating connections between codes referred to as themes. In addition, the use of this software enabled the researcher to use narrative format containing visual displays of the qualitative data to increase the understanding when reporting on the findings of the study (Chapter 5).

The key quality issues adhered to in the evaluation of this qualitative study are discussed in the next section. These key quality issues constitute research ethics observed in the current study are summarised in the next section.

4.6 RESEARCH ETHICS

Below is a summary of the research ethics that the researcher adhered to as proposed by Zikmund (2003:77-89); Cooper and Schindler (2008:31-53):

- Plagiarism: The researcher ensured that due credit is given to any and all authors consulted in the research process;
- Voluntary participation: The researcher ensured that participants are aware that participation in the proposed study is voluntary and that they have the right to withdraw from the study at any point without any negative consequences;
- Financial / Non-financial incentives: The researcher did not at any time facilitate the participation of participants through financial or non-financial incentives;
- Physical or psychological harm: The researcher ensured the physical and psychological safety of participants during the participation of the study;
- Informed consent: The researcher obtained explicit written consent from respondents when making a video and/or audio recording of the interview. Appendix A contains the informed consent form that the researcher used;
- Confidentiality and anonymity: The research at all times adhered to the participants' requests for their identity to remain confidential; In addition, the researcher ensured that the a confidentiality agreement signed by transcription service provider is drafted (see Appendix C);
- Deception: The researcher at all times truthfully informed participants of all aspects of the research study, and informed them that the study is purely academic;

- Archiving and data storage: The researcher ensured that all information and data obtained is securely stored in a password-protected computer;
- Objectivity, honesty and integrity: The researcher at all times endeavoured to conduct the research with objectivity, honesty and integrity;
- Fabrication / Falsification of data: The researcher did not at any time fabricate or falsify any information or data obtained; and
- Misleading / false reporting of findings: The researcher reported any and all findings truthfully and in a manner that is easily understood to avoid misleading the readers thereof.

The next section explains how the quality of this research was evaluated.

4.7 EVALUATING QUALITY OF THE RESEARCH

Patton (2002:66) points out that when conducting qualitative research, the quality of a qualitative inquiry should be evaluated; there are no absolute or definite characteristics, but rather strategic principles that provide a direction and a framework for developing specific designs and concrete data collection and data analysis tactics. Yin (2011:19-21) explains that all qualitative inquiries should aim to reach credible conclusions – by doing trustworthy and credible research, despite the variance in overall research strategy, methodology, data collection or choices made. Therefore, three specific objectives can be identified when building trustworthiness and credibility, namely, transparency, methodology and adherence to evidence. Transparency means that research procedures should be described clearly and in a detailed way, and then documented, to be accessible for review by others. Methodology requires the following of an orderly set of research procedures, conducting rigorous fieldwork, avoiding unexplained bias, and the bringing of a sense of completeness – by checking the procedures followed, the data collected and the conclusions drawn. Adherence to evidence means that the conclusions drawn are based on the data that have been collected and accurately analysed.

The following section describes the key quality issues in evaluating qualitative this qualitative study:

4.7.1 Credibility

According to Saunders *et al* (2012) others have formulated new terms to accommodate qualitative research by substituting reliability and validity with 'measures of trustworthiness'. Eriksson and Kovalainen (2008:294) indicated that to ensure credibility the following key questions need to be asked when evaluating your research:

- Whether you have familiarity with the topic and whether the data are sufficient to merit your claims?
- Whether you have made strong logical links between observations and your categories?
- Whether any other research can, on the basis of your materials, come relatively close to your interpretations or agree with your claims?

The data obtained from interviews is linked to the research objectives and research questions. It is also relevant and contains solid and rich descriptions. In addition, professional peer review and consultation was sought during the process of analysis and final report writing to assist the judgement of the researcher. Furthermore, participants of the current study can be contacted for verification purposes in order to evaluate the credibility of the study. Transcripts of the in-depth interviews conducted are made available on CD to verify that the findings of this study were not just the imaginations of the researcher, but based on the primary data collected.

4.7.2 Dependability

According to Eriksson and Kovalainen (2008:294) dependability refers to the researcher's responsibility for offering information to the reader, that the research process has been logical, traceable, and documented. All these activities establish the trustworthiness of research. All interview audios and transcribed interview data is made available in the CD as an annexure. Hard copies of signed ethical consent forms are scanned and saved as part of documentary evidence.

4.7.3 Conformability

According to Eriksson and Kovalainen (2008:294) conformability refers to the ideas that the data and interpretations of an inquiry are not just imagination. Conformability

is about linking findings and interpretations to the data in ways that can be easily understood by others. In order to ensure conformability, the requirement for transparency is met. Primary documents of original transcripts are made available to support the dependence in the conformability of data.

4.7.4 Transferability

Transferability is concerned with the researcher's responsibility to show the degree of similarity between his or her research or parts of it, and other research, in order to establish some form of connection between the current research and previous results (Eriksson and Kovalainen, 2008:295). Transferability is thus not about replication, but rather whether some sort of similarity could be found in other research contexts. The analysis of data will provide rich and solid descriptions to satisfy the concerns for transferability regarding the marketing communication practices.

4.7.5 Authenticity

According to Malhotra (2010:199), a researcher must be honest, truthful and maintain professional conduct during all the stages of research for a study to be authentic. Therefore, in the study the researcher attempted to be truthful in explaining the purpose of the study and did not deceive participants when inviting them to participate in the study. In addition, the researcher will not try to falsify the findings of the study during the reporting stage. Finally, the study adhered to University of South Africa research policy. Formal approval of the study was obtained in July 2014 from the Research Ethics Committee of the Department of retail and marketing management of the University of South Africa. Given that the study involved adults' consent, the consents were obtained directly from the participants.

In this study an interpretive perspective is followed. According to Henning, van Rensburg and Smit (2009:21), interpretive research paradigm emphasises experience and interpretation. Interpretive research is fundamentally based on the meaning and understanding of members' definition of situations. Therefore, in the current study, a qualitative methodology was chosen for a number of reasons: participants' perspectives and experiences are emphasised, it takes into account

participants' interpretation and it allows for flexibility. There are limitations to this research approach, however; the method is subjective in nature and one cannot generalise the basis of the method. Qualitative research was used to gain insight into dealership marketing personnel perceptions, suggestions and problem areas with regard to their involvement in the planning and execution of marketing communication strategies. More specifically, the aim of using a qualitative approach was to collect data more effectively and to gain richer information by enabling participants to also express their opinions and feelings, and share their experiences with regard to the elements of the marketing communication mix used in conveying marketing communication messages to their current and potential customers.

4.8 CHAPTER SUMMARY

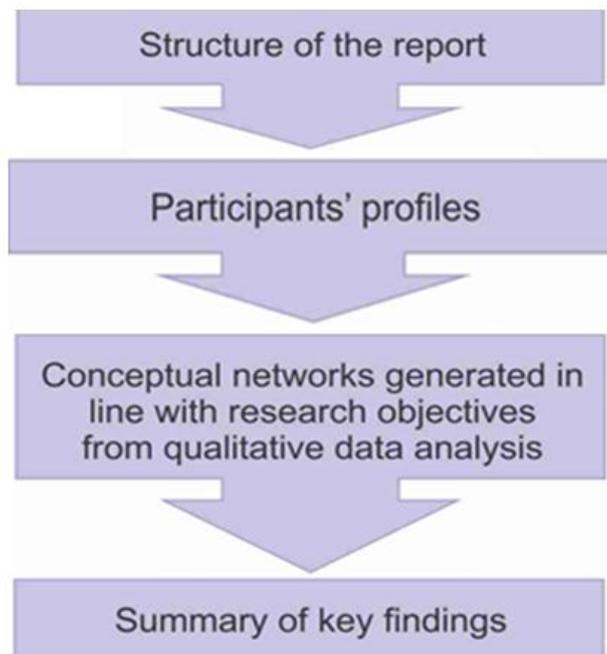
The chapter has discussed and justified the research design employed in the research study, namely, an inductive approach to qualitative content analysis. It has explained the data collection process, which involves how purposive sampling was used to select marketing communication personnel, and how in-depth interviews were then conducted with these participants. The data analysis was done by applying qualitative content analysis; and the Content analysis was discussed in detail. The chapter has further justified the interpretation and reporting procedures followed to conceptualise and present the qualitative results. The chapter also outlined how appropriate qualitative research consideration was given to maximising reliability and validity, as well as how the requirements for research ethics were adhered to.

The next chapter discusses the results and the interpretation of the data collected.

CHAPTER 5: RESEARCH FINDINGS

5.1 INTRODUCTION

The primary research objective of this study as stated in Chapter 1 is to investigate the marketing communication practices of car dealerships in Gauteng, South Africa. In order to realise this objective, three secondary objectives were set. The secondary objectives are aimed at identifying the internal and external factors considered in developing the marketing communication strategy of car dealerships, determining the marketing communication mix elements used by car dealerships and identifying the challenges experienced by car dealerships in developing and executing marketing communication strategies. Realising these secondary research objectives will allow the researcher to make recommendations on how car dealerships can develop effective marketing communication strategies. As indicated in chapter 4 the study followed a qualitative approach to realise the research objectives. In-depth interviews were conducted with dealership managers, assistant managers, and senior sales executives in order to gain an understanding of their marketing communication strategies. The profiles of the participants are explained in detail in Section 5.3.



This chapter addresses the following aspects: Firstly, the structure of this qualitative report, the profiles of the participants in this study, and the conceptual network that

illustrates the links of constructs in this study are provided. Secondly, the findings and discussions of the study are presented. Lastly, the summary of the key findings of the study are outlined. This chapter on the empirical findings of the study will follow the diagrammatic flow depicted below.

5.2 STRUCTURE OF THIS QUALITATIVE RESEARCH REPORT

There is more than one acceptable way to present qualitative results. Data display or data structuring can be in a narrative, which involves sharing participants' views and comparing their ideas, or in a non-narrative format. The non-narrative format involves the use of tables, figures, diagrams, charts or a matrix to present qualitative data. Alternatively, both narrative and visual displays can be used. Data display allows the researcher to develop a visual interpretation of the data and show links in the data to find the meaning that permits the drawing of conclusions from the collected data (Malhotra, 2010:196-197). Narrative text with direct quotes is still the most frequently used form of display when reporting on qualitative studies. Descriptions form the foundation for the qualitative data analysis, while the verbatim text provides the evidence for the interpretation of the findings. Yin (2011:235) identifies the following options for displaying the data in narrative form when reporting on the findings: firstly, combining quoted extracts with selected paragraphs of descriptions by the researcher. Secondly, using lengthier presentations with longer quoted dialogue that cover multiple paragraphs for more in-depth coverage of the participant's own words.

However, Miles and Huberman (1994:11) argued that there are better ways of displaying data rather than an extended text that overloads human capabilities for processing and making sense of data. In order to draw conclusions from large amounts of qualitative data, these should rather be displayed properly in the form of tables, charts, networks and other graphical formats to facilitate the process of analysis. In this study, both narrative and visual displays in the form of tables, figures and networks are used to report the findings.

Furthermore, in this study the verbatim quotations of participants are used to support the research findings. These verbatim quotations are identified by the number of the participant and numbered as P1, P2, and so on. In addition, themes derived from the overall planning and execution of the participants' marketing communication

strategies are exhibited visually in the form of diagrams or conceptual networks to illustrate relationship between the various themes.

The next section provides the profiles of participants that participated in this study.

5.3 PARTICIPANT PROFILES

The section provides the profiles of the participants that indicate the bases for their selection to participate in the study.

5.3.1 Basis for the selection of participants

As outlined in Chapter 4 on page 112, the participants targeted in the study are marketing personnel or managers involved in the planning and execution of marketing communication strategies of car dealerships operating in Gauteng province. The bases for selecting the respondents were their **managerial positions**, their **level of industry experience**, and most importantly, their personal involvement in their organisation's marketing communication strategies.

5.3.1.1 Managerial positions

The participants were deliberately included in the study because of their respective positions in their respective car dealerships. The designations of managers included in the study comprised four dealership principals, one dealership assistant manager, four sales managers and two senior sales executives, as all of them participate in the planning and execution of marketing communication strategies and campaigns of their respective dealerships. These dealership principals, dealership assistant managers and senior sales managers or executives of car dealerships were interviewed, considering their positions in the car dealerships and they gave a fair representation of participants from all management levels of car dealerships.

5.3.1.2 Personal involvement

The participants identified for the study were marketing personnel involved in the planning and execution of the marketing communication strategies and campaigns of car dealerships. The participants in the current study were selected considering their personal involvement in the planning and execution of their car dealerships' marketing communication strategies and campaigns.

5.3.1.3 Level of experience

In addition, these participants had experience in the motor retail sector or at a dealership level to provide meaningful insight about the research topic. The participants had a minimum of five years' industry experience in motor vehicle retailing. This selection criterion was followed in order to have participants with the necessary industry experience and the capabilities to answer the research questions.

The next section explains the saturation point of this study and word counts covered during primary data collection.

5.4 SATURATION POINT OF THE STUDY

The saturation point of the study was reached during the eleventh interview. Saturation point is defined as a point of diminishing return to a qualitative sample, where, as the study goes on, more data that do not necessarily lead to more information are obtained (Mason, 2010). A total of 99 988 words were reached from the eleven in-depth interviews, which serves to illustrate the volume of the study. The total duration of all interviews was 565 minutes and nineteen seconds. Table 5.1 depicts the total word count reached in each in-depth interview and duration of each interview.

Table 5.1: The total word count of participants during in-depth interviews

Participants	Word count	Interview duration
Participant 1	8 131	45 minutes and 58 seconds
Participant 2	9 029	51 minutes and 35 seconds
Participant 3	7 832	46 minutes and 23 seconds
Participant 4	10 057	59 minutes and 24 seconds
Participant 5	13 876	56 minutes and 15 seconds
Participant 6	9 716	68 minutes and 05 seconds
Participant 7	8 306	44 minutes and 12 seconds
Participant 8	8 558	58 minutes and 24 seconds
Participant 9	11 008	53 minutes and 48 seconds
Participant 10	7 344	43 minutes and 10 seconds
Participant 11	6 131	38 minutes and 05 seconds

Participants	Word count	Interview duration
Total	99 988	565 minutes and 19 seconds

Table 5.1 shows that 8 131 words were covered during the first in-depth interview with Participant 1. The lower word count obtained with Participant 1 was due to the researcher still being a novice; however, the word counts increased as the researcher gained more experience and these word counts reached its highest level with Participant 5 at 13 876 words. After the in-depth interview with Participant 5, the number of word counts decreased with Participant 6 at 7 161 words and Participants 7 and 8 at 8 306 and 8 558, respectively. The word count increased with Participant 9 to 11 008 words and drastically decreased from 11 008 to 7 344 with Participant 10, and it further decreased with Participant 11 to 6 131 which was lower than the word counts reached during the first in-depth interview, depicting the saturation point of the study.

The next section explains the structure used to present the research findings of this study.

5.5 THE CONCEPTUAL NETWORKS GENERATED FROM QUALITATIVE DATA

The conceptual network of themes is further presented graphically and is based on the basic process in developing a marketing communication strategy that is discussed in Section 1.3.1 on page 6. The conceptual framework is an analytical tool with several variations and contexts, and it is used to make conceptual distinctions and to organise ideas and related themes. In this study, the major themes are: how the marketing communication strategies and campaigns are developed or planned and executed, which involves:

- (1) performing an environmental situation analysis which involves consideration of internal and external factors impacting on marketing communications,
- (2) selecting marketing communication elements to be incorporated in the marketing communication strategy, these elements include advertising, personal selling, sales promotions, public relations, and direct marketing.
- (3) selecting media types such as radio, television, print and internet, and

(4) the evaluation of the organisation's marketing communication strategy and campaigns.

The four activities above represent an important focus area of this study and the respondents were further probed about the general challenges experienced in planning and executing marketing communication campaigns, as well as their opinions regarding future marketing communication approaches that may be pursued. The conceptual network depicted in Figure 5.1 below, is therefore based on the basic process of developing a marketing communication strategy as mentioned earlier.

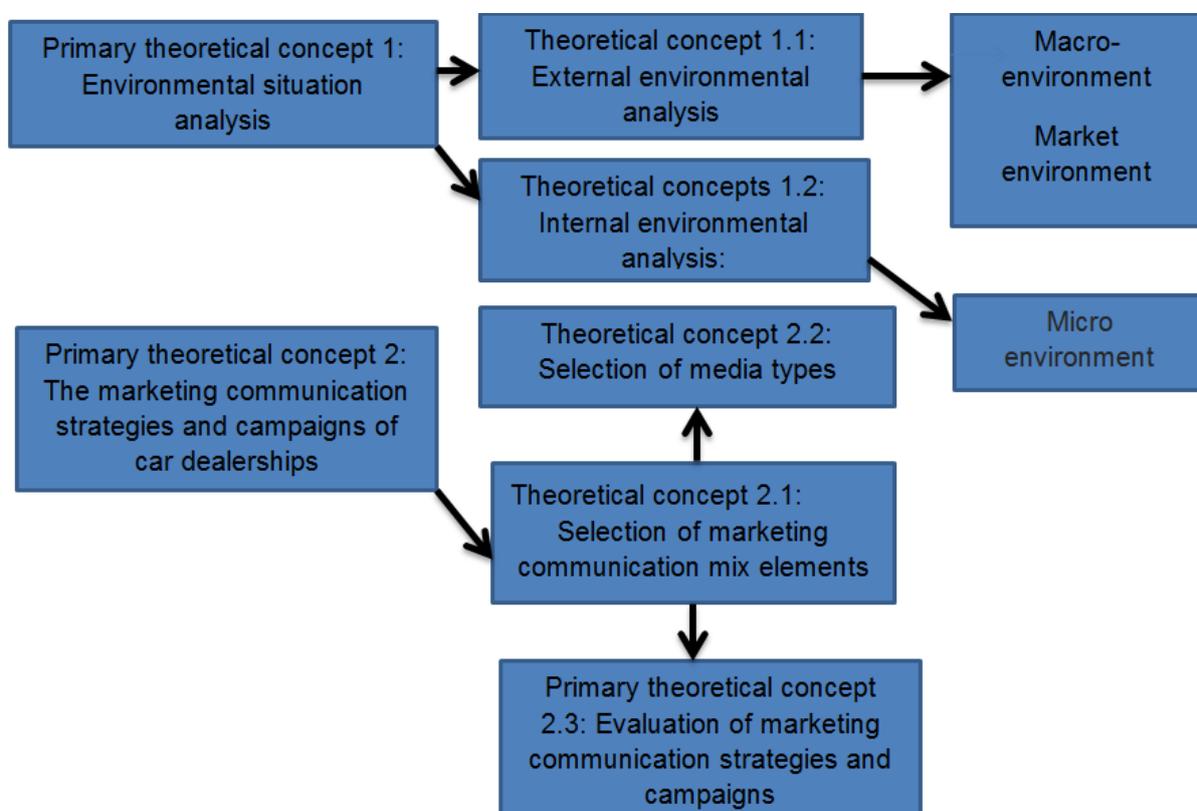


Figure 5.1: Conceptual network of the marketing communication planning process

Adapted from: Strydom, 2011:179

The next sections present the analysis and interpretations of the research results of this study based on the theoretical concepts depicted in Figure 5.1.

5.6 PRIMARY THEORETICAL CONCEPT 1: ENVIRONMENTAL SITUATION ANALYSIS

The primary theoretical concept 1 as depicted in Figure 5.1 addresses the first **secondary research objective**, namely to establish the factors considered in the

process of developing the marketing communication strategy of car dealerships. These factors can be broken into two theoretical concepts, namely, an internal environmental analysis, and an external environmental analysis. A detailed network analysis generated using Atlas.ti version 10 showing the links between constructs under each category is attached and marked as Annexure F.

The situation analysis involves monitoring both the internal and external environments. The situation analysis involves doing both an internal and external environmental analysis on a continuous basis throughout the development, implementation and evaluation of the promotion strategy of the organisation (dealership). Particular attention is paid to the analysis of the organisation's target audience(s) and its competitors. Of real importance is a clear delineation of the target audience, and in the case of this study, determining their media preferences and usage. As a part of the internal environmental analysis, the company examines its products and services, as well as its past and present marketing communication campaigns.

The next sub-section presents the external environmental factors that are considered by car dealerships in developing marketing communication strategies and campaigns. Category 1 of the primary theoretical concept 1 addresses the first secondary research objective which aims to identify the external environmental factors that are considered by car dealerships in developing marketing communication strategies. The external environmental factors include factors in the macro and market environment of organisations as discussed in Chapter 3 on pages 68 and 69. In the next sub-section the findings regarding the macro-environmental factors which are considered by car dealerships during planning of marketing communication strategies and campaigns are provided.

5.6.1 Macro-environmental factors

Figure 5.1 on page 138 depicts the external environmental analysis as one of the important themes pointed out by participants. The external environmental analysis involves the scanning of variables outside the company. The external environmental analysis includes macro-environmental analysis and market environmental analysis. The macro-environment analysis involves the scanning of the following external environmental factors, just to mention the few that are pertinent in developing

marketing communications, namely: economic factors, social factors, and technological factors. These external factors are analysed to establish which possible opportunities or threats may arise from them and impact on a marketing communication strategy. In this section, the macro-environmental variables pointed out by the participants are discussed and interpreted. The external environmental analysis includes the scanning of the market environment which will be explored further in the next sub-section.

5.6.1.1 Economic factors

A few participants indicated that their dealerships consider economic factors when developing marketing communication campaigns. Participant 2 emphasised that interest rates are major considerations when developing marketing communication campaigns in his dealership. He said:

“I think the interest rates are a talking point at the moment so we would go and advertise interest rate where you subsidise the interest rate”.(P2)

Participant 2 added that these interest rates influence how they structure the marketing communication messages in his dealership when planning marketing communication campaigns and they also subsidise the interest rate. He said:

“we’re currently advertising interest rates because its hype at the moment.” (P2)

Participant 2’s view on the consideration of interest rates was also shared by Participant 1. Participant 1 said:

“we are advertising xenon lights (product feature) and prime interest rate minus 4%.”

According to Participants 1 and 2, interest rates are important considerations as they are incorporated in the marketing communication messages when developing marketing communication campaigns.

Participant 2 added that changes in fuel prices also influence the planning of marketing communication campaigns. He said:

“When fuel price goes up, it’s just come down now – then and obviously we would market our vehicles which are so fuel efficient to the rest of the competitors so you’re constantly changing.”(P2)

According to Participant 2, changes in fuel prices are also important considerations as they impact on how to structure marketing communication messages and which cars should be part of the marketing communication campaign.

5.6.1.2 Technological factors

The participants further pointed out that technological changes have brought changes into customers' lifestyles in terms of media usage trends which have also impacted on the use of marketing communication tools. The impacts of these technological changes are considered by dealerships in planning marketing communication campaigns, since the mind-set of the customer has changed. Participant 3 indicated that the dealership generally still uses traditional media types, however, they are moving towards a higher use of the internet and this influences the planning of the marketing communication strategies and campaigns. Participant 3 said:

“Different types of mediums but we're big on online which is your Auto Trader because the world has moved now. We don't focus on magazine and newspapers that much.” (P3).

According to this participant his dealership is more online due to changes in world technology and do not focus on print media such as newspapers and magazines.

Participant 2 added that technological innovation, specifically the internet, makes customers' lives easier and they can easily sit in their homes and together with all the decision-makers (in the family) view cars on offer in order to facilitate a buying decision. He said:

“With the internet it's made it so much easier for a buyer where he can sit in the comfort of his home and together with all the decision -makers, the family, the wife and the kids or whatever and look at various vehicles from the comfort of their lounge or whatever it might be. So obviously the things have shifted, the marketing activity has shifted to internet and social media.”(P2)

According to Participant 2, changes in technology, specifically the internet, is an important consideration when planning campaigns as it allows the whole family to participate in the online search for vehicles in their own spaces, and the marketing activity has shifted to internet and social media.

Participant 7 also added that changes in technology influences their decision to use the internet in their marketing communication campaigns as it is faster than other communication platforms. He said:

“The technology has taken over. Everybody wants to find an easier and better and faster way to do things and the one way is to go either online. It’s faster and easier and much quicker than to buy a newspaper and page through the thing to get what you’re looking for, whereas online you can just go and search it.” (P7)

According to Participant 7, the technology has taken over traditional media platforms and the majority of target audiences want to find an easier and better way to search for vehicles online.

5.6.1.3 Additional external influencing factor

In addition to the mentioned macro-environmental variables mentioned at the beginning of this section, Participant 9 identified seasonal factors as an important consideration in the planning of marketing communication campaigns of his dealership. Participant 9 alluded to the fact that the allocation of budgets on marketing communication campaigns is linked to specific time periods with the busiest months of the year for getting more budget allocations. Participant 9 said:

“...then we have to sit down and say, which are the busiest months, and allocate more budget to those months...” (P9)

According to Participant 9, the annual marketing communication budget is divided up so that the busiest months of the year get more budget allocation which illustrates seasonal considerations.

In the next sub-section the findings regarding the macro-environmental factors which are considered by car dealerships during planning of marketing communication strategies and campaigns are provided.

5.6.2 Market environmental factors

The market environmental analysis involves the scanning of market variables with special attention to target audiences and competition. The target audiences have influence on decisions regarding what will be said in the marketing communication

elements, how it should be said, and which medium and marketing communication elements will be used. Competitors also influence how the marketing communication messages will be conveyed to the target audience and on the marketing communication message.

5.6.2.1 Target audience

In developing marketing communication strategies and campaigns, dealerships tend to follow the customer-centricity approach. It is important for marketers of car dealerships to stand out from all the media clutter and find their niche. In order to do this, marketers must identify and segment the market by defining target audiences that share similar preferences. In defining the target audiences, the dealerships use different communication methods, depending on whether the target audiences are existing customers or new customers. Defining the target audiences appropriately allows marketers of car dealerships to reach the appropriate target audiences with their marketing campaigns. The participants highlighted that the dealerships consider the target audiences' profiles, locations, and media usage trends when planning marketing communication campaigns in efforts to ensure that the marketing messages reach the target audiences. Furthermore, the participants pointed out that customer relationship systems (CRMs) are used to capture target audiences' contact details which are then used in marketing communication campaigns.

- **Media usage trends of existing and potential customers**

In analysing target audiences in the market environment, Participant 10 indicated that the shift in media usage by target audiences, both existing and potential customers, guides their dealerships in terms of which media platform they should use in order to convey the marketing messages. He said:

"It moves with the trend. I mean if Facebook dies, something else will be new. We've got to keep in touch with what our customers are using as a medium of communication. If they're trending more on Twitter, we'll be on Twitter, if they're trending more on MXIT, no problem, we go back to MXIT, depending what the platforms offer for our customers, whether we can reach them an appeal to them."(P10)

Participant 10 emphasised that their dealership keeps on monitoring target audiences' **media usage trends** in order to use the media platforms that will ensure that the target audiences receive the marketing communication message.

In addition to Participant 10's view, Participant 4 pointed out that the availability of target audiences at specific places, such as shopping malls, has a bearing on the planning of marketing communication strategies and campaigns in terms of when the shopping mall displays should be carried out. He said:

“Exactly, like if you have a newer model we take it to the mall. We target those days which we know that are busy, month ends, the 15th. You know, most government departments get paid on the 15th. So there's a lot of movement at the malls and then that's how we do it mostly.” (P4)

According to Participant 4, the timing of when to engage in a particular marketing communication campaign is important to ensure the maximum exposure for the dealership's products to the target audiences.

Participant 2 added that the media usage of target audiences has changed, and their target audiences are no longer relying on traditional media platforms, such as newspapers, to search for cars, but rather these customers tend to use the internet. He said:

“Because it's actually been proven that the mind-set of the customer is changing. The customer is no longer reading through the newspaper to find his car. He is going into Google and say “find me a car”. So we've experienced that a lot of customers – we don't seem to have as much showroom traffic as we used to. People don't come in to have a look.” (P2)

According to Participant 2, fewer customers visit their dealership's showrooms when compared to the past, due to shifts in the target audiences' media usage and mentality.

Participant 3 added that the radio station and radio shows that are mostly listened to by target audiences are selected in planning marketing communication strategies and campaigns in order to get more reach. He said:

“The target market, yes, with radio it's more influenced by the target market because what basically happens is that the radio will tell us there are certain

type of listeners and they'll give us the stats, the number of listeners, which show sells more, has more listeners and stuff like that so we pick and choose based on the shows because certain shows are more expensive to advertise on over certain shows and then we do look at that, the volume versus opportunity cost on which show presents more opportunity costs for us than the other.” (P3)

According to Participant 3, certain shows are targeted when buying marketing communication spaces in the media, and radio shows with more listeners are selected based on listenership statistics.

- **Competition dynamics**

Participants indicated that competing car dealerships represent a major factor of concern due the level of competition, and further considering the threat of substitute goods or services (motor vehicles) in the market. This threat is due to the large number of car dealerships in South Africa offering more or less similar products in terms of features and attributes. In addition, the participants pointed out that their car dealerships constantly monitor their competitors' marketing communication activities with the intention of developing marketing strategies that will be distinct and catch the target audiences' attention.

Participants indicated that competition in the car retailing sector does not only exist externally, but it exists even within the dealerships belonging to the same dealership group. Participant 4 emphasised that **price competition** on cars is more prevalent in the car retail sector and this causes car retailing to be very competitive. He said:

“I can close a deal with you on 2013 model to give you an example, selling the car for R399 000. The deal is closed when we part ways and then 5 kilometres away from my dealership you find the very same car selling about R60 000 cheaper because this is a very competitive game.” (P4)

Participant 11 added that customers are aware of this price competition and they would typically go to different car dealerships to get a quotation on the same vehicle which will compel competing dealerships to cut prices by offering discounted prices. He said:

“A customer would typically go there and get a quotation on a vehicle and then they would come here and get a quotation on the same vehicle here and it

becomes a situation where we, you know, where we have to look at the discount to lower it a bit or rather push it up to give the customer more discount to get the transaction, to get the deal at the end of the day.”(P11)

Participant 3 confirmed that customers come to dealerships with quotations from competitors which forced his dealership to **act faster** in closing sales deals. He said:

“If a customer comes and they have a quotation and you see you can beat that quote you sit them down, you make the finance, you make sure that you follow all the steps to make sure that you close the deal as fast as possible. This is a different world altogether. It’s - you need to strike as fast as lightning. Sometimes you need to be faster than lightning.”(P3)

In addition to the external competition that exists between competing car dealerships, Participant 5 pointed out that there is internal competition amongst internal sales staff within the dealerships competing for the same clients. He said:

“We are competing against each other and on top of that you are competing against another dealership as well. Then that dealership, within that dealership there’s also sales executives competing against each other. So it’s all about you as an individual, how you’re going to sell the cars. What makes you different to the guy sitting next to you.” (P5)

According to Participant 5, in the car retailing there is **competition** amongst dealerships of the same brand, and sales executives are also competing against each other within the dealerships.

5.6.3 Internal environmental factors

In this sub-section the findings regarding the internal or micro-environmental factors which are considered by car dealerships during planning of marketing communication strategies and campaigns are provided.

5.6.3.1 Micro-environment analysis

Category 2 of the primary theoretical concept 1 addresses the first secondary research objective which aims to identify the internal environmental factors that are considered by car dealerships in developing marketing communication strategies. The theory on internal environmental analysis is discussed in Section 3.2.1 of

Chapter 3 on page 43. The following dimensions of the internal environmental analysis are important in planning the marketing communications strategy of car dealerships, namely, the marketing communication budget, the marketing communication objectives, the dealerships' products and services offerings, and dealerships' value-added marketing activities.

- **Marketing communication budget**

Participants identified the marketing communication budget as a primary internal factor that is considered in planning marketing communication strategies and campaigns. The majority of the participants indicated that it is necessary to ensure that the marketing communication budget is allocated in order to support the attainment of the dealerships' marketing communication objectives. In addition, dealerships use different marketing communication budgeting methods. The budgeting methods pointed out by participants include the **percentage of sales, affordability and objective-and-task methods**.

Despite the mentioned budgeting methods, Participant 9 highlighted that the marketing communication budget in his dealership is linked to specific time periods each year during which the marketing communication budget is allocated, which illustrates the use of affordability budgeting method. The **affordability budget method** involves the allocation of a certain amount annually for marketing communication purposes when the management determines its total budget. This budget method ignores the role of marketing communication as an investment and it focuses on short-term planning. Participant 9 said:

"They giving you x-amount of budget to say basically you can use that kind of money per month, which basically gives you an x-amount, they give you basically R500 000,00 or R600 000,00".(P9)

According to Participant 9, his dealership bases the budget on the available budget which is limited to between R500 000 or R600 000 for the development of marketing communication campaigns throughout the year, and this illustrates the **affordability budgeting method**. Furthermore, Participant 9 indicated that the marketing communication budget is allocated annually and is divided on a monthly basis as and when a specific promotional need arises that needs to be addressed. This further confirms the usage of the **affordability budget method**.

Participant 1 is cited below emphasising how the budgeting according to percentage of sales method is utilised by his dealership. The **percentage-of-sales method** requires that the marketing communication budget be determined by setting a specified percentage of the previous year's sales or predicted future sales. The following point is highlighted by this participant:

“You should spend about 3% of your total sales budget on advertising. That's how much money you should be spending on advertising. So if you are making or if your sales is R100 you should be spending R3 on advertising, 3% of your total sales turnover.”(P1)

Participant 10, on the other hand, explains how the **objective-and-task** marketing communication budget method is used by his dealership. This method requires that marketers define specific communication objectives, while determining the promotional activities that must be performed to achieve these objectives and then estimate the cost of performing these tasks. He said:

“You're looking at the impact with the amount of input; you're going to put cash wise with the return that you've got. Because it's got to be directed to the target market you want and it must create a reaction. I mean, you're looking at enhancing the bottom-line. If I go out and spend money on behalf of the shareholders, they expect a certain return. For an example, if I send out a SMS campaign, I do expect to sell five or six cars for the week out of the campaign. So it must be structured in a manner that it attracts that kind of market that will be looking for a particular vehicle model (mentioned vehicle brand).”(P10).

According to Participant 10, sales targets are set when developing marketing communication campaigns, in his case, five or six car sales per week are expected from an SMS campaign. In addition, Participant 10 emphasised that each marketing communication campaign aims to enhance the bottom-line as the shareholders' money spent on campaigns should bring a certain return.

- **Marketing communication objectives**

In general, the participants pointed out that they engage in marketing communication campaigns to achieve specific marketing communication objectives from target audiences, which in turn, can lead to responses or reactions from the target

audiences. These marketing communication objectives aim to convey messages about the locations of the dealerships, available products on offer, brands and existence, and to convince target audiences to visit these dealerships for further information. Some participants also indicated that their dealerships maintain continuous communication with existing customers as a part of the marketing communication retention strategy.

Participant 1 pointed out that in planning marketing communication campaigns, the car dealership's marketing communication objective focuses on creating an element of uniqueness that will differentiate the dealerships from its competitors. Participant 1 said:

"the dealer's obligation is to go out there and differentiate my dealership from other dealerships. You can use xenon lights (motor vehicle/product feature) or interest rates to differentiate your dealership"(P1)

This implies that when dealerships convey a marketing communication message, an element of uniqueness is incorporated to distinguish their dealership from competitors by using motor vehicle product features or other economic factor such as interest rates to catch target audiences' attention. This view was also shared by Participant 2 that their intention in developing marketing communication campaigns is primarily aimed at convincing the target audiences to visit their dealership for further information rather than going to a competitor. Their marketing message was based on low instalment repayments as a distinctive factor to attract target audiences. He says:

"We're getting that message across because it's in combination as I mentioned with instalments so you can drive a top of the range vehicle for R8 500 a month, so we're pointing that out, our vehicle model (mentioned vehicle model) for example, R5 000 a month. But obviously that is the marketing side so the customer needs to come in and we can explain how you do it."(P2)

Therefore, according to Participant 2, low instalments repayments are used in their marketing communication campaigns to attract customers to come in for a personal selling opportunity.

Participants 4 and 10 indicated that the marketing communication objectives should support their respective car dealerships' overall marketing objectives which aim for an **increase in sales**, to introduce the dealerships and **create awareness**. Participant 4 indicated that their target audiences are diverse, and as a result, they use different promotional tools, such as cold calling, flyers and telephone calls to convey the marketing communication messages about their dealership just to create awareness. He said:

"We get different kind of customers and we get them differently, sometimes by way of getting leads, sometimes cold calling, it's still cold calling going out to a said department just to introduce yourself. You can do flyers; make time that on such and such a robot I'm going to be there just to give out these flyers to get to know, to get people to know who am I and what I'm doing."(P4).

According to Participant 4, in their dealership they sometimes get leads, and in other instances they also visit certain departments in companies to introduce themselves.

Participant 10 emphasised that their dealership develops marketing communication campaigns in order to attract the target audiences to come and buy their product and thus **increase sales**. He said:

"If I send out a short message campaign, I do expect to sell five or six cars for the week out of the campaign. So it must be structured in a manner that it attracts that kind of market that will be looking for a particular vehicle model (mentioned vehicle brand) (P10)."

According to Participant 10, when a particular marketing communication campaign is developed as a part of marketing communication strategy a certain sales target is set.

The quotes below are taken from Participant 2, 3, 5, 10 and 11 which relate to the generally mentioned marketing communication objectives emphasising **creating awareness** and **getting inquiries** and **generating reactions** from target audiences. These statements are:

"You know, we tend to rather look at something that creates awareness for the dealership. In other words, we don't go and advertise a product as such. So we

won't go and advertise (mentioned vehicle model) or one of our vehicles or a service. We want people to know who we are and where we are." (P11)

"We go there basically to create awareness for the business, (mentioned dealership name), what we have". (P5)

"It's also for a reminder to also serve a purpose of a reminder that we do exist."(P3)

"To get the people to inquire about our products and services". (P2)

"Because it's got to be directed to the target market you want and it must create a reaction. I mean, you're looking at enhancing the bottom-line. (P10)

In summary, according to Participants 5 and 11, their dealerships develop marketing communication campaigns to **create awareness** about the existence of their dealerships. Participant 11 added that the objective is also to create awareness regarding their dealerships' location and advertising a particular vehicle model.

Participant 3 stated that their dealership develops marketing communication campaigns to **remind** target audiences about their existence as a dealership. According to Participant 3, their dealership develops marketing communication campaigns with the objective to trigger target audiences to inquire about their offerings. According to Participant 10 their dealership develops marketing communication campaigns with the objective to trigger target audiences to **react** by buying their product offerings, in his case, vehicle sales and thus enhancing the bottom-line (profitability).

The participants further indicated that their dealerships maintain continuous marketing communication contact with the existing customers in order to establish and maintain a long-term relationship with them. The participants indicated that it is important for them to maintain and retain existing customers to grow their businesses, and further, to try to provide added value to the customers.

Participant 4 pointed out that maintaining relationships through continuous contact with the existing clients is crucial as it enables the car dealerships to monitor the changes in clients' demographic characteristics, such as their income, education level, and profession. Participant 4 said:

“You start with someone who say five years back I sold a car which was worth R50 000. That guy was earning maybe R5 000 studying at the same time, but if you keep good contact with him you might find that one day he is a professor or head of department earning 15/20 times he used to earn five years back. You stand a good chance to can take him out of that low priced car to an executive car. Customer, if you retain your customers chances are you know from time to time where they are.”(P4)

According to Participant 4, changes in the target audience’s income level can present a good opportunity to promote a client out of a low-priced car bracket to high-priced car.

Participant 2 also shared the same sentiment as Participant 4 that keeping existing customers is important for the success of the business as is it easier to do deal with customers you know. Participant 2 said:

“The existing client is the key. If we can, we have the saying if we can maintain and acquire new customers and that is great but you must maintain your existing database because that’s where it is. We have a relationship with the people so they know who we are. So it will be I think a little bit difficult if you want to go and start all over again with another branch. You know, you don’t know anybody there. It’s always easier if you know somebody or have a face or something behind the telephone. That is the key I think to retain, to retention.”
(P2)

According to Participant 2, it is more difficult to acquire new customers when compared to retaining the existing customers as there is already an existing relationship with them.

- **Dealerships’ value-added marketing activities**

Participant 3 indicated that his dealership provides customers with gifts when they buy a car from his dealership just to add value to customers, and customers are given a choice of different gifts to choose from. He said:

“You have your watches, the coating parts, the torches, the paddles. There’s T-shirts; there’s caps, stuff like that. A nice, another thing is that you can choose

on the accessories we have when you buy a car. You can choose a gift from those that will be wrapped for you and be given to you.” (P3)

According to Participant 3, his dealership offers gifts which include watches, coating parts, torches, paddles, t-shirts and caps to **add value** to customers.

Participant 5 added that within their dealership special **invitations** are sent to customers to add value to customers, such as inviting customers to bring cars to be washed and further informing them about available special deals. He said:

“We also run car washes and so guys that bring their cars to our workshop, you see, but that, then that – we also send out SMSs. I mean, if your number is on the system you will get a message inviting you to a specific event. Maybe we have a special running, prime minus 5 or 10% discount or 50 trade-in assist on your vehicle.” (P5)

According to Participant 5, his dealership sends messages to existing customers when there are specials running, in this case it may be a **prime minus 5% or 10%** discount special or a car wash offer to add value.

- **Additional internal influencing factor: Internal stock levels**

Participants also revealed that the available products or stock levels impact on the marketing communication objectives when developing marketing communication campaigns. Participant 1 pointed out that the available stock levels serve as a major indicator that determines whether sales promotion campaigns involving special deals and clearance sales can be planned and executed by his dealership. He said:

“If I for example have a build-up of stock of let’s say I’ve got too many vehicles (mentioned vehicle model) I will say let’s do a special deal on this vehicle model (mentioned vehicle model) and let’s send it out to our database, you know, something just to clear my inventory problem or whatever.” (P1)

According to this participant their dealership’s sales promotion campaigns are influenced by the internal **stock level**.

Participant 3 added that sales promotion campaigns, such as clearance sales, are often carried out in their dealership towards the year-end in order to push sales of older vehicle stock and further minimise the depreciation costs. Participant 3 said:

“We would have a clearance sale. Usually towards year-end we would have a clearance sale, getting rid of all the aging stock, because you know every year the car depreciates so what we try to do is to get rid of those cars before the year-end and make sure that we do not carry a lot of depreciation.” (P3)

According to Participant 3 clearances sales are carried out to get rid of **aging stock** and **minimise depreciation cost**.

The next section provides findings regarding the marketing communication strategies of car dealerships.

5.7 PRIMARY THEORETICAL CONCEPT 2: MARKETING COMMUNICATION STRATEGY OF CAR DEALERSHIPS

As discussed in Section 3.3 of Chapter 3 on page 73, the selection of the marketing communication mix elements and media types represent important marketing activities in developing or planning marketing communication strategies and campaigns. Therefore, in this section, the findings regarding the selection of marketing communication mix elements and media types used by car dealerships are provided.

5.7.1 Theoretical concept 2.1: Selecting marketing communication mix elements

This section present the analysis and interpretations of the research results regarding theoretical concept 2 as depicted in Figure 5.1 on page 138 which involves the selection of marketing communication elements. The second secondary objective of this study as indicated in Chapter 1, Section 1.5.2 is to identify which marketing communication mix elements are used as a part of marketing communication strategy of car dealerships. This objective aims to investigate how marketing communication elements are used by car dealerships.

All the participants confirmed that in their respective dealership they use advertising, personal selling, sales promotions, public relations in the form of sponsorships, and direct marketing.

5.7.1.1 Advertising

Participant 7 indicated that his dealership develops **advertising campaigns** in order to **create awareness** about their product and service offerings. He said:

“We create awareness and as well as we do get response from the clients or potential clients which will be interested in the deals we’re offering.” (P7)

According to Participant 7, advertising is used in their dealership to inform the target audience about their product and service offerings. Participant 3 added that in their dealership, banner advertising is used to inform their target audiences of their existence. He said:

“Putting up banners to show people that, we do exist around this corner” (P3).

According to Participant 7, banners are used to **create awareness** about their dealership’s existence.

Participant 6 added that their dealership engages in advertising to create awareness about the products that they have and about their location. He said:

“Conscientise about the products that we have and about the location (situation), where we are situated as a dealership.” (P6)

According Participant 6, advertising is not only used to inform or create awareness about location, but is also utilised to educate the target audiences about their products. In addition to an advertising objective to create awareness, Participant 1 indicated that in his dealership, **advertising** campaigns are developed in order to **convince** target audience to visit their dealership. He said:

“We advertise in order to make, try and convince target audiences to come to my dealership to buy a (mentioned brand name).” (P1)

According to Participant 1, his dealership utilises advertising to persuade target audiences to come to the dealership and buy the car brand they represent.

Participant 2 added that in their dealership advertising is used with the intention to **retain** the existing customers within their dealership. He said:

“And the reason being we’ve identified is that once the vehicle is out of its warranty period they seem to go elsewhere, so there’s specific advertising

that's taking place right now is to conquest those customers to stay within the franchise as opposed to going outside to backyard, identified is that once the vehicle is out of its warranty, we actually does advertise economy parts.”(P2)

According to Participant 2, his dealership has identified that once the vehicle is out of its warranty, customers tend to go to other businesses for service repairs, and therefore to retain these customers they advertise economical parts.

5.7.1.2 Personal selling

Participant 3 indicated that despite the use of advertising as marketing communication element, the salespeople play an important role when customers come into the dealership as a part of **personal selling**. He said:

“But the most important thing is that when the customers come here what do you do. That’s where the salesperson comes in...” (P3)

This view was endorsed by Participant 7. Participant 7 said:

“Customer comes into the dealership and if he’s interested in the vehicle, we hand him an application form that he has to fill in completely. Then he has to provide us with his ID, driver’s, proof of address, a proof of income and maybe bank statements if it’s required. Then we submit that application to all the major banks that we work through via a business manager in our company. And then she then negotiates the deal with the bank, I negotiate the deal with my client, and if he’s happy with the interest rate and the instalment and the period or the term that he’s going to finance the car, we arrange delivery.” (P7)

According to Participant 3, salespeople play an important role when customers visit the dealership and Participant 7’s view is that these salespeople are involved in qualifying potential customers during walk-ins and taking these customers through the sales process.

Participant 10 added that personal selling is also used in his dealership and they rely on the salespeople to take customers through the sales process. He said:

“It’s the quality of the people you have. That’s where you rely on them to follow process, involve the customer through the journey and there’s a question at the end where the client actually assess the trip, would he recommend the dealer,

how was he treated, was the car delivered on time. All those steps must be followed so that you feel warm from, right through your purchase journey.”
(P10)

According to Participant 10, the quality of the salespeople plays an important role in the sales process as the experience they provide to customers influences whether the customer will recommend the dealership to other customers or not.

Participant 3 added that excellent service provided by salespeople is the biggest contributor to sales, as it offers the opportunity for referrals since customers who get good customer service always refer other customers to come and buy cars from the car dealership. He said:

“In personal selling we basically engage in walk-ins. You as customer, me as a salesperson promoting myself through word of mouth, through making sure that the service that I offer is excellent because one of the biggest contributors to our sales, it’s referrals because customers who get good customer service they always refer their friends and cousins and relatives to come and buy cars from us and in most instances we get to meet with the customers personally.” (P3)

According to Participant 3, the excellent sales service provided by salespeople contributes towards word-of-mouth and referrals, and thus contributes to increase in their sales.

Participant 4 confirmed that personal selling is also used in his dealership. He said:

“To be direct with you my personal selling works this way. Any customer that I meet before we part ways I have to get at least five names, five referrals, and...” (P4)

According to Participant 4, his dealership’s personal selling approach is executed in such a way that each potential customer, after conversation with the salesperson, provides at least five referrals.

Personal selling is used to create awareness about their products and location. Furthermore, car dealerships rely on personal selling to qualify customers and take these customers through the selling process during walk-ins and outdoor selling. The participants pointed out that both proper training of salespeople and customer service, contribute to customer retention.

Participant 10 further highlighted that salespeople are encouraged to take their own initiatives such as joining social clubs. He said:

“The sales people go out themselves. You know, it's on own initiative. We encourage them to belong to groups, you know. They must go to church, social clubs, there's rotary, there's clubs, they have social clubs of their own, they must play some sports. I mean, if you're a sales person, it's the type of person you want to hire; you must hire somebody that's outgoing, that's going to be out there. That's what sells the vehicle.” (P10)

According to Participant 10, salespeople should be outgoing people and belong to social groups in order to create a networking platform that will contribute to vehicle sales.

Participant 9 highlighted that his dealership uses personal selling in the form of meetings with potential customers. He said:

“...what we normally do is, we're setting up meetings in the boardroom, invite them, and give them a profile of what we're planning to do and we get all the big companies (mentioned companies' names). ...we invite them for an hour, two hours, and we provide them with snacks and stuff and we show them on the screen what we can do, what we will do for them.” (P9)

According to Participant 9, representatives of big companies are invited to one- to two-hour presentation sessions in the board room, during which their dealership product offerings are presented to them.

Participant 8 pointed out that salespeople play an important role in customer retention. He said:

“That's the most important part of it, so what we do with regards to retaining customers is, we do follow-up calls. So after, let's say you brought your car here for a service, we from the dealership would phone you in two days' time, say, “sir, were you happy with the service, is your car sorted out,” and all that. Obviously that is just to make sure that you're happy. If you're not happy, we can then rectify it so we know that you come back in future.” (P8)

According to Participant 8, salespeople make follow-up courtesy calls after a service has been rendered to customers to establish if the customers are satisfied with the

service, and in the case of dissatisfaction, the problems are rectified and thus this contributes towards customer retention.

5.7.1.3 Direct marketing

Participants mentioned that dealerships engage in **direct marketing** activities using SMSs, telephone calls, and emails to contact existing customers to convey marketing communication messages. SMS or email campaigns are used to convey marketing communication messages regarding special offers, to inform target audiences about new vehicle models, as reminders for vehicle services, and in other cases, just for courtesy contact.

Participant 1 confirmed that his dealership engages in direct marketing communication activities to convey messages to target audiences. He said:

“I would say SMS and email is probably the most popular when it comes to direct marketing.” (P1)

According to Participant 1, emails and SMSs are used as a part of direct marketing. Participant 4 also confirmed that his dealership engages in direct marketing to communicate with its target audiences. He said:

“By way of email at least twice in a year, at least. If I say I failed to keep in touch with my customer – at least twice in a year I must give him a call or give her a call.”(P4)

According to Participant 4, their customers are contacted through emails or telephone at least twice a year in order to maintain contact.

Participant 1 highlighted the importance of a CRM system in engaging in direct marketing activities. He said:

“... what the system does, that system tells me, warns me of when it’s your birthday, it tells me when your car is supposed to be coming in for service so we can warn you and say, your car should be ready for its first service now time-wise, you know; just please check it and if necessary make an appointment to bring the car in for service. So I have access then to you. So if for example I get a new model in now and I want to tell all my clients about it I

can go to that system and I can send you either an email or I can send you an SMS.” (P1)

According to Participant 1, a CRM system assists in guiding the message contact to be sent a direct marketing message in the form of an SMS or email to the customers, as it informs the internal staff about customers' birthdays and provides information about when the car is due for service.

Participant 10 pointed out that in his dealership, emails and SMSs are used as a part of direct marketing. He said:

“Email, yes we do on our current existing data base, because the data base is massive. And the nice thing about an email campaign or an SMS, the client normally forwards it to the next person and they normally, you know, it's something very easy and it's easily forwarded to a relative or somebody. It's a very powerful medium.” (P10)

According to Participant 10, the reason why emails and SMSs are used in his dealership is due to their snowball effect as the messages can easily be forwarded to relatives or somebody else. Participant 2 also confirmed that his dealership uses SMSs and emails as part of direct marketing. He said:

“There is a marketing campaign so we send out SMSs ... we send out emails ...” (P2)

According to Participant 2, when his dealership has marketing communication it is also channelled through emails and SMSs for the message to reach target audiences.

In addition to SMSs, emails are used as a part of direct marketing. Participant 8 argued that they are not effective. He said:

“We do use it because it's cheap. I mean, to send an email costs you nothing. But it's not as effective as some of the other marketing.” (P8)

According to Participant 8, emails are used in his dealership due to its cost-effectiveness.

5.7.1.4 Sales promotions

Participants mentioned that **sales promotions** as a marketing communication tool is utilised by dealerships to achieve the marketing communication objectives. These sales promotion activities include special deals, clearance sales, cash back trade-in assistance competitions, and special price incentives used to entice existing and potential customers to visit dealerships.

Participant 3 pointed out that his dealership engages in sales promotions in the form of clearance sales which are sometimes carried out during the year-end. He said:

“We would have a clearance sale. Usually towards year-end we would have a clearance sale, getting rid of all the aging stock, because you know every year the car depreciates so what we try to do is to get rid of those cars before the year-end and make sure that we don’t carry a lot of depreciation because if a car (mentioned vehicle model) is standing here in 2013 recommended retail is R500 000. In 2014 a 2013 model would definitely be cheaper. So we make sure that we try to push those units to make sure that before the year ends we sells those units. Then we don’t carry the cost of depreciation.” (P3)

According to Participant 3, clearance sales are conducted to get rid of all the aging stock, and to minimise car depreciation as cars depreciate each year.

Participant 3 added that his dealership also runs competitions as part of sales promotion. He said:

“What’s happening here is that if you buy one of our vehicles (mentioned brand), any vehicle, pre-owned, new, as long as if it has the our logo (mention logo symbol) on it, then you qualify to win your car back. What happens is you don’t win the car, but you win the value of the car. If let’s say for instance there’s car (mentioned vehicle model) is selling for R550 000. You come to finance on the car for R550 000. The bank will add its interest and other things. If you win the value of the car you win the R550 000. That’s how it works.” (P3)

According to Participant 3, a competition is run to stimulate sales at their dealership where customers, by virtue of buying their vehicle brand, stand a chance to win an amount equivalent to the vehicle’s value.

Participant 1 emphasised that his dealership runs sales promotion campaigns in involving special deals. He said:

“What we do is we say, let’s take a specific model and we’ll get the cooperation of our Financial Services department (mentioned brand) and we will say we want to offer our clients a special deal, a low monthly repayment that would attract that person and get his attention to see, that I can afford R4 000 for this specific model (mentioned vehicle model) for example.” (P1)

According to Participant 1, in cooperation with their financial services department, a low monthly repayment is arranged on a specific vehicle model to attract and obtain the attention of the target audiences as a part of sales promotion.

Participants 2 confirmed that his dealership engages in sales promotion campaigns in offering special deals to target audiences. He said:

“We currently have premium vehicles. When I say premium now, currently have specials on specific models (mentioned vehicle models).” (P2)

According to Participant 2, special deals that are run in his dealership are on specific models, not on all vehicle models offered.

Participant 5 alluded to the fact that sales promotion campaigns in his dealership are run in the form of trade-in assistance. He said:

“We do run – it’s actually a lot. We have like for example trade-in assistances towards your trade-in.” (P5)

Participant 5 implies that trade-in assistance, as a part of sales promotions, is used to attract target audiences who need to change their existing cars and use their car as a trade-in or deposit.

Participant 7 also confirmed that his dealership runs sales promotion campaigns which vary with time. He said:

“That specific day, we’ll be open and there will be a special of may be a cash back or a discount or a trading assistance or something like that and we drew a lot of customers to the dealership that way.” (P7)

Therefore, Participant 7 indicates that sales promotions in his dealership are run in the form of cash back, discounts and trade assistance in order to attract a large number of customers.

Participant 10 confirmed that his dealership engages in sales promotions in the form of clearance sales. He said:

“It’s broad based. It’s just as, any deal is negotiable. Its clearance sale for a half-yearly festive campaign and the people are hitting on it online. What we advertise, we advertise most of the cars at cost or cost plus 2.5%, depending. It varies what cars you’ve got, across the range.” (P10)

This participant implies that half-yearly clearance sales are run and supported by online advertisements of their cars at cost price, or cost plus 2.5% profit margin, depending on the vehicle model included in the campaign.

Participant 10 confirmed that sales promotions in his dealership are carried out on a continuous basis. He said:

“...we do have a product called Agility (name of campaign), which continuously runs. In short what it boils down to, it’s an affordable payment, short finance term, and a guaranteed value at the end of that finance term. So you drive the vehicle for three years, at the end of the three years you can give the vehicle back to the dealership and you can get a new vehicle model...” (P11)

Therefore, Participant 11 indicates that his dealership offers its agility sales promotion campaign to offer customers an affordable repayment plan, short finance term, and a guaranteed value at the end of that finance term. In addition, customers can give the vehicle back to the dealership at the end of finance term and upgrade to a new vehicle model or receive the guaranteed value amount of the car.

5.7.1.5 Public relations and sponsorships

Participants confirmed that their dealerships engage in **public relations** in the form of **sponsorships**, special events and celebrity endorsement in order to build the dealership's brand in the society and institutions, and further achieve other marketing communication objectives.

Participant 1 highlighted that his dealership engages in public relations in the form of **sponsorships**. He said:

“We get approached by many people. Displays in shopping malls, sponsorship at golf days, school events, and athletics events, sponsoring the programme and all... We get hundreds of requests from people that want sponsorship so it’s quite a big thing in our life.” (P1)

Participant 1 indicated that sponsorship is the part of their activities and his dealership is approached by many people for sponsorships, and therefore, they sponsor golf days, school events and athletics events.

Participant 4 confirmed that his dealership engages in sponsorships of soccer games as part of its public relations initiatives. He said:

“In terms of marketing perspective when we sponsor let’s say there’s a soccer game for amateur teams, but it’s a game that will pull crowds and then we say we’ll sponsor maybe the main prize, the agreement that we have to reach with the company or the school that we’re sponsoring, whoever we’re sponsoring, is branding, and the main branding is going to be ours.” (P4).

According to Participant 4, an agreement with the company or school being sponsored is signed which allows his dealership to create brand awareness as they will have the opportunity to be the main brand at the event.

Participant 7 confirmed that his dealership also engages in public relations sponsoring of films. He said:

“... currently we’re sponsoring a movie, which is going to be released probably next year around February or March. We have provided them with four vehicles of ours, three demo vehicles and one used vehicle to use in the movie. And then from there they, obviously we’ll get brand awareness from either the actors or the people working there or, we’ve also branded the vehicles as well.” (P7).

This participant indicated that sponsoring films with branded vehicles as a public relations initiative presents an opportunity to create dealership’s brand awareness.

Participant 11 alluded to the fact that his dealership sponsors sports events such as golf days. He said:

“We have relationships with most of the golf courses in the area. So we do go there, sponsor one of them, give them some gifts, which is cheaper, and display. So that helps for awareness. We are very much involved with the diplomatic community, because there’s quite a lot of diplomats in this specific area, and we go to their, what they call open days and we display our vehicles and the salespeople and the sales manager goes there and create awareness.” (P11).

Participant 11 indicated that sponsoring sports events with gifts is cheaper and presents their dealership with an opportunity to allow their salespeople to create brand awareness through vehicle displays at the events.

Participant 10 explained that his dealership visits schools in their area as a part of public relations. He said:

“Just visiting schools in around the area. We don’t actively work on the social days. A lot of hard work, but those employees that have kids at schools, we encourage them to actually go and visit the school governing bodies and they do it. I mean, I get a lot of business from my parts manager and service manager and all these other colleagues of mine whereby they do work like PR, like I do at my kids’ school. So it’s all word of mouth. So unless you do something for your community, you can’t get return, it’s no use us dropping pamphlets and you’re not actively engaged.” (P10).

Participant 10 indicated that his dealership visits schools as a part of public relations and it offers the parts manager, service manager and other staff members a platform to engage with the public and get word-of-mouth referrals.

The quotes of Participants 3 and 9 are provided below to confirm that sponsorships are used in their dealerships. The quotes are:

“We do sponsor events. Recently we’ve been sponsoring a cycling event that’s been taking place with some of the guys. They’ve been travelling between Bronkhorstspruit and they now went to Eastern Cape. We do sponsor depending on the requested sponsorships. If people come and request sponsorships if the funds are there and the budget is there we do sponsor” (P3).

According to Participant 3, his dealership engages in sponsorships by sponsoring cycling events and they are willing to continue sponsoring depending on the availability of budget.

“As a dealership, but also for whoever player we’re giving the cars to. We go to the clubs and say, we’ve got four cars, give me the top four guys that you want to give cars to. Then we go back to vehicle manufacturer (mentioned brand name) and say, we want four cars, this is the highest paid guy, we want him to get a 2-litre, this one will drive a 1.8, this one will drive a 1.6.” (P9).

This participant indicated that when requests for sponsorships are received, these sponsorship requests are discussed in consultation with the vehicle brand manufacturer in terms how are to be carried out.

Participant 3 added that they encourage clients to send them invitations if they have activities so that cars can be displayed. He said:

“We also encourage our customers to send us invitations if they have activities at their workplace and matter like that so that we can go there and display our cars. We also do that in companies, hospitals, sponsor some soccer games. We also have our own soccer team where we get to go and play with different companies and get a chance to network with their staff.” (P3).

Therefore, Participant 3 indicates that his dealership engages in sponsorships and they also have a soccer team that plays against different companies which gives them the opportunity to network.

Participant 4 pointed out that his dealership sends special invitations to their existing customers to attend their sponsored events, such as the big golf tournament at Sun City. He said:

“And to add on that December time we know that we’ve got this big golf spectacular in Sun City. Already I know of the customers I have who am I going to invite, come December time I’ve got plus/minus ten customers I can take out to go watch Million Dollar Golf Challenge in Sun City. It adds value.” (P4).

Participant 4 indicates that the big golf tournament at Sun City is used to add value by offering existing customers sponsored tickets to watch the Million Dollar Golf Challenge.

Participant 5 confirmed that his dealership sends invitations to their existing customers. He said:

“And obviously invite a couple of potential clients but the main idea of a golf day is they invite their existing customers, guys that we know, he does drive our brand (mentioned brand). He will in three years’ time come back and then buy the car from us.” (P5).

According to Participant 5, the invitations are not sent to all customers, but only to customers who drive their brand of car and are likely to buy from their dealership in the next three years.

Participant 8 stated that his dealership has been at cultural events and it has started targeting sports events and sponsoring those events. He said:

“We are starting to target sports events. Obviously we haven’t really done it yet. What we’ve done this year is, we’ve been to the South African National Defence Force Potjiekos or cultural day, where we put two potjies and displayed some cars, played some music. So we are looking at something like that where you have big exposure. Obviously sports days we haven’t really targeted, but it is something that going forward we’d like to do.” (P8).

According to Participant 8, cultural events or Potjiekos events presented their dealership with an opportunity to display their cars and in future the dealership is looking at sport events for bigger exposure.

In addition to sponsorships, participants indicated conflicting views about the benefits and effectiveness of celebrity endorsements at the dealership level. Some participants believe that celebrity endorsements do not bring the expected results and is a waste of money, while others believe it a worthwhile investment. The quotes taken from participants are provided below to confirm the findings regarding the different views on celebrity endorsements or sponsorships.

The quotes are:

“He is the manager of the rugby team at the moment. I sponsor him with a car (mentioned vehicle model). Now, you know, the reason that I do that, he is seen at all these rugby venues and games and what have you and also the young players see him driving a sponsored car (mentioned brand) and they

say, hey this manager (mentioned person), that's a nice car, what's it like, you know. And also he then promotes the brand amongst all of his network, whether is the players or his friends and family.” (P1)

This participant indicates that his dealership sponsors a well-known person with one of their vehicles to promote the brand amongst his network.

“It works. In rugby let me give you an example with rugby. A rugby player (mentioned sports personality) has got a lot of followers and the minute they see the player in a specific vehicle model (mentioned vehicle brand and model) definitely sure out of ten you can get at least three sales for free” (P4).

According to Participant 4, sponsoring a sports personality does benefit the dealership in terms of sales.

“It's great for the manufacturer or the franchisor because every bit helps, but customers at the ground level they don't see the difference. If they come here or go to the Boksburg or where they bought the vehicle, they bought the brand, so they don't differentiate, they're supporting here specific brand because why, because we are either independent or we belong to a group and it's run individually. They don't see it that way.” (P2).

Participant 2 argued that a celebrity endorsement (sponsoring a well-known person) does not help the dealership but the manufacturer, as customers view the vehicle brand.

“He was also looking for a sponsorship. Now his agent said that if you sponsor him a car, he will incorporate the car into music videos and he will put on his Facebook page, “I just took delivery of my new vehicle model (mentioned vehicle model), what a great car.” You do expect that from them. But most of the celebrities just want the car, because we're important and we're clever and they don't, they give nothing back. They just want a car, our feeling in the whole group is that it's a waste of time and money.” (P8)

Participant 8 indicated that celebrity endorsements by sponsoring a well-known personality, is a waste of time and money as it does not bring results to the dealership.

“It’s not seen as the branch specifically because what is that person doing for the branch specifically. It’s no use for sponsoring a celebrity who is well known nationally. What is it going to do for us here? Very little, but he might promote the brand, the franchisor, and the manufacturer.” (P2)

According to Participant 2, sponsoring a celebrity who is well known nationally does not promote the dealership, it might promote the vehicle manufacturer.

“We’ve done it before, but we find that, in most of the cases, I need to be careful of what I’m saying, but most of the cases you’ll find that the person is just there for the vehicle, and there’s no real benefit that comes through from that person, the sponsorship, back to the dealership. It’s got to be a win-win situation and it doesn’t seem to be.” (P11)

According to Participant 11, celebrity endorsements do not benefit the dealership as it seems the celebrity is just there to get a sponsored vehicle.

5.8 LEVEL OF USAGE OF COMMUNICATION MIX ELEMENTS

The following chart graphically illustrates the percentages of the usage of marketing communication elements or tools for marketing purposes by car dealerships in considering frequency counts.

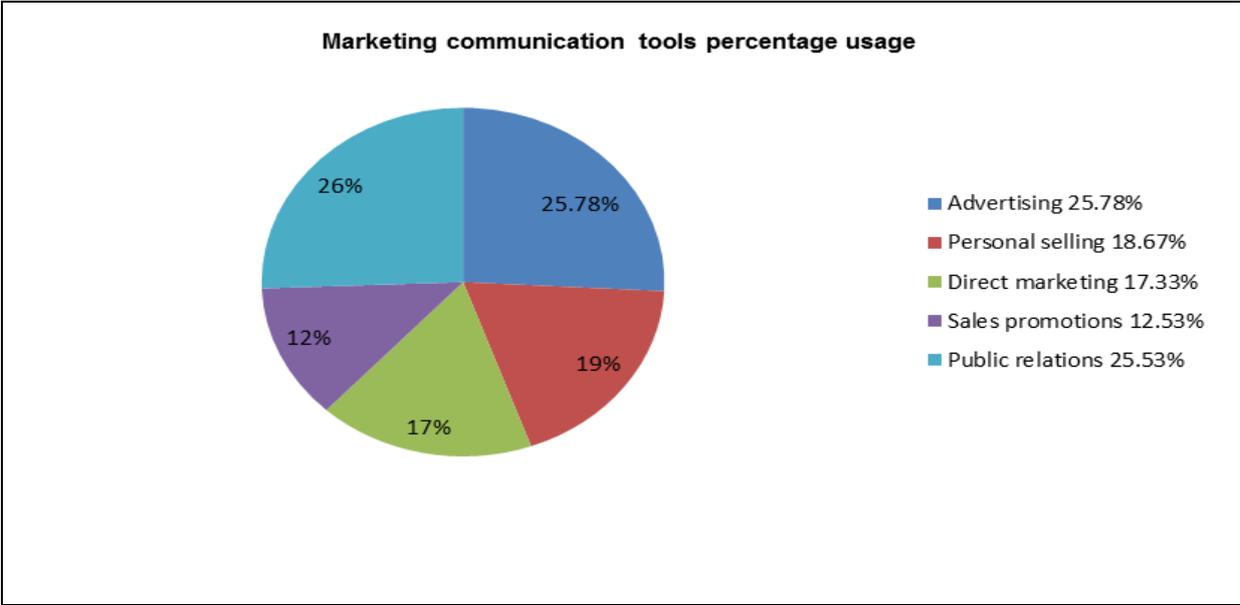


Figure 5.2: Marketing communication mix elements percentages

Source: Researcher's own compilation, 2015

The researcher wanted to identify what marketing communication mix elements are used by car dealerships to convey marketing communication messages to target audiences. The results in Figure 5.2 indicate that advertising (25.78%) and public relations (25.53%), personal selling (18.67%) and direct marketing (17.33%) are the most used marketing communication elements in conveying marketing communication messages. Sales promotions (12.53%) appear to be the least used marketing communication tool. The lower percentage usage of sales promotion can be attributed to its dependency on the dealerships' stock levels as indicated by participants in Section 3.2.1. In addition, the higher percentage usage of advertising and direct marketing can be attributed to environmental factors mentioned in Section 3.2.2, namely, competition, changes in media usage trends by target audiences that impact on the shift from using traditional media channels (print, radio and television) towards new media types such as the internet, SMSs and emails which are considered as cost effective. The higher percentage usage of public relations can be attributed the dealerships' needs to create brand awareness and relationships in the communities, institutions and target market in general. The higher percentage usage of personal selling can be attributed to role of salespeople in creating awareness about the product offerings, the dealership itself, and their role in the selling process. Atlas.ti was used to determine occurrences of all the marketing communication mix themes per participant, and these occurrences are listed in Appendix F to illustrate how percentages were calculated.

The next sub-section will present the media types, both traditional and new media types, used by dealerships in conveying marketing communication messages to target audiences.

5.8.1 Theoretical concept 2.2: Media types used by dealerships

This section presents the results on the media types used by car dealerships as depicted on Conceptual network on page 138. This aims to identify which media types are used to convey marketing communication messages directed to target audiences. Different media types are discussed in detail in Chapter 3 on pages 76 to 82.

5.8.1.1 Media types used by car dealerships

Table 5.2 depicts the different media types used by car dealerships to convey marketing communication messages to target audiences. The usage of media types differed between car dealerships participated in the study.

Table 5.2: Media types used by car dealerships

Media types	Examples of media types
Print	Pamphlets, newspapers (local and national newspapers)
Television	National television channels
Radio	Local and national radio stations
Outdoor	Transit, billboards, shopping mall exhibitions/displays
Internet	Websites, emails, online social media (Facebook; Twitter)
Telephone	Landline, cellular phone

Table 5.2 depicts the different media types mentioned by participants, which include print, television, radio, outdoor displays and the internet that are used by dealerships to convey marketing communication messages to target audiences.

Participant 1 mentioned that print media is used for advertising in his dealership. He said:

“The motoring supplement, that is where we concentrate because we just feel that if you’re interested in buying a vehicle you would certainly be looking at the motoring supplement, so that’s where we tend to concentrate our advertising efforts as far as print media is concerned.” (P1)

Therefore, Participant 1 indicates that print media in the form of the **motoring supplement** is used for advertising, based on the belief that the appropriate target audiences will be reached.

Participant 7 confirmed that print media, together with other media types, are used in their dealership to convey marketing messages to target audiences. He said:

“... new customers we get from a huge data base, mainly from internet, newspaper, radio, TV advertising and then also walk-in customers, new customers. We interact with them, show them our vehicles, explain what the vehicle can do. And with existing customers we follow up on clients that have taken that delivery. Every, within 48 hours we get in contact with our customer,

the new customer that purchased the vehicle and then quarterly every year.”
(P7)

This participant indicated that newspapers as a print media, internet, radio and television are used to convey their product information to target audiences in his dealership.

Participant 2 highlighted that print advertising is used to convey marketing communication messages to the target audiences. Participant 2 said:

“And then we’re also looking at the pamphlets that we’re going to be handing out.” (P2)

He added that radio is also used as a medium to convey marketing communication messages. He said:

“Radio and newscast ads running..., which is then area-specific. You can’t expect a customer to drive from out of town or when I say out of town, Witbank, Middelburg or whatever the radius is. That wouldn’t be attractive for him.” (P2)

According to Participant 2, pamphlets and radio in the form of newscast advertisements are utilised in his dealership to convey marketing messages, and area-specific radio advertising is used.

Participant 4 confirmed that radio is used as a communication media by their dealership. He said:

“Mostly regional radio stations, (mentioned regional stations).” (P4)

The participant indicated that his dealership used regional radio stations to convey marketing communication messages which are directed to target audiences in a specific area.

Participant 3 pointed out that television advertising is used at his dealership to convey a marketing message related to special deals offered by the dealership. He said:

“It’s usually for special deals because we’ve got vehicle manufacturer (mentioned brand) promoting the brand.” (P3)

According to Participant 3, television is not used to promote the vehicle brand in his dealership, but it is usually used to promote special deals by the vehicle manufacturer and to promote the brand.

In addition, Participants 1, 4 and 9 mentioned that cost is a prohibitive factor that influences the selection of the media type, and that influenced the shift to the internet as the preferred media type. Participants emphasised that their dealerships are advertising more on line due to cost considerations

The quotes taken from Participants 1, 4 and 9 are:

“There are other options which are very expensive. Radio is quite popular, but it is price-prohibitive. You know, it’s quite expensive to advertise on radio so you will find that if a dealer is going to advertise on radio you will find it is generally a group.” (P1)

This participant indicated that radio is the popular medium, however, it is expensive and as a result it is used in his dealership only when they advertise as a dealership group.

“Honestly speaking we talk about financial constraints. They would love to go nationally.” (P4)

According to Participant 4, his dealership would like to advertise on national radio stations, however, it is prohibited by financial constraints.

“Advertising on TV is an enormous amount of money we’re talking about. It’s not R10 000 like a news advertisement. We’re talking R100 000 one ad. On TV, one flash, R100 000 gone. Another flash two hours later, it’s R100 000 gone. So they can blow R1-million in one week.” (P9)

According to Participant 9, television advertising is very expensive when compared to other mediums.

“So all our pre-owned vehicles are put on what they call their vehicle locator, with pictures et cetera, et cetera, and it’s a link, you know, back to the dealership when somebody wants to look at the vehicle. But no advertising like I said in the normal sense of the word, you know, print, hardly ever television, it’s too expensive and as well as radio.” (P11)

This participant indicated that his dealership uses internet by adding links, but that television advertising is not used by his dealership due to cost constraints.

“Emails, so it’s all shifted, so all the advertising spend has shifted there whereas maybe in the past that you would’ve been in the newspaper, media print which is so much more expensive compared to internet based marketing” (P2)

This participant showed that the internet is used in his dealership considering its cost-effectiveness when compared to print media that is expensive.

“It would be on the small scale advertising and marketing it would be – we have car magazines like your Auto Wheels, your Car magazine. The other one it’s Auto Wheel, it’s car.com. Different types of mediums but we’re big on online which is your Auto Trader because the world has moved now. We don’t focus on magazine and newspapers that much. We also do newspapers would be your Record, your (mentioned regional newspaper name)” (P3).

Participant 3 emphasised that his dealership uses more internet advertising, which includes online magazines and regional newspapers, to convey its marketing communication messages to target audiences.

“Printing is used, and it will be mainly in the premium selection side. They usually do the printing. They advertise in (mentioned regional newspaper name). It’s just the cost to do that.” (P5)

This participant highlighted that print media (regional newspaper) is used in his dealership for certain product offerings (premium selection side) and this decision is taken based on cost considerations.

Despite the high costs associated with radio as an advertising medium, the participants believe that this media is effective. Participant 1 mentioned that radio advertising can be effective. He said:

“Radio if you can afford it is very, very effective but it’s very expensive so, you know, it’s... Look, we work, we work on a figure of – you should spend about 3% of your total sales budget on advertising” (P1)

According to Participant 1, radio can be used for advertising purposes as is an effective medium if the dealership can afford the costs.

Participant 4 mentioned that they do propose to use national radio stations for marketing communication purposes. He said:

“We sometimes propose that we do go to national radio stations (mentioned radio stations’ names). Those are national radio stations, but due to financial constraints, tight budgets...” (P4).

According to Participant 4, they sometimes propose the use of national radio stations for advertising purposes in his dealership, however, due limited budget they cannot afford it.

Participant 6 mentioned that his dealership uses internet advertising to convey its marketing communication messages. He said:

“For the target market, so for them doing it through website it’s much more easier and less costly and less risky because mostly if you take cars away from the site there’ s a risk of insurance that should be paid if you are going to be driving the cars from Menlyn let’s say to the mall in Hammanskraal” (P6)

According to Participant 6, this offered advantages to his dealership as it reduced the travel and insurance costs of having to drive the cars to shopping malls for displays.

Participant 10 added that internet as an advertising medium is convenient and offers the advantage of flexibility to alter the marketing message quickly when the message needs to be adapted. He said:

“If I need to edit or change something that we discussed yesterday, it’s just a telephone away or an email away and say, this is what I observed at the dealership, I suggest we change this, try that. He can either try it, because every dealership has its own website or whatever. I can either try it, pilot it at mine and if the throughput is very well and received and good, the nice thing about online marketing is that you can change it today. With prints it’s once off, it’s done, if it didn’t work, it didn’t work. Whereas online if the ad didn’t work yesterday, I say, goodness, nobody called me, nobody said, hey you guys are doing X, I can actually edit it immediately and see if I change my angle of attack, I get a different response.” (P10)

According to Participant 10, online marketing is easy to evaluate and if the online campaign is not bringing results it can be adapted to prompt responses from target audiences.

In addition to internet usage, Participant 1 highlighted that the approaches followed in communicating messages regarding new and pre-owned or used vehicles stock differs on online advertising. He said:

“If you are looking for a pre-owned car, a used car, you go onto the internet and you go to Surf4Cars or Auto Trader or what we have, so that is where we concentrate our advertising for used cars because used cars, it’s a specific car that we are advertising. There’s a picture and there’s a price, a description and a price for the car, it’s a particular car, whereas on new cars we don’t go onto a particular car. We say that we can offer you this vehicle model (mentioned vehicle brand and model). So on new car advertising it’s a little bit more generic than it is – I mean, more specific than on a pre-owned car. A pre-owned car is very specific. It is that particular car that I’m offering you and that’s the picture of that car.” (P1)

According to Participant 1, the internet is used mostly for used vehicles, while print and radio are mostly used for conveying messages regarding new vehicles. The reason for the differentiated approach is that with new cars a vehicle model is advertised, while with pre-owned vehicles a specific vehicle with its description is advertised.

Further quotes are provided below taken from Participants 2, 8 and 10 to confirm internet usage as the preferred medium to convey marketing messages. The quotes are:

“Where you would get away with, you know, linked sites – when I say linked sites on a used car for example where you would maybe print a half a page for R16 000 you’re going to get away with a whole Auto Trader R2 500 a month for a month, Auto-find 2 000 a month, Surf4Cars, Car4You, all those people – I think it adds up to about 12 websites linked per month for the same amount of money.” (P2)

According to Participant 2, his dealership uses internet due to its low cost when compared to print media where a half a page advertisement costs around R16 000. In addition to the cost advantage, the participant indicated that the internet offers more advantages by offering the dealership the opportunity to link its advertisement to other 12 websites.

“We advertise on the website. So we don’t know who is going to go onto the website. Normally what they’re saying is your younger generation are the website people and all that, but you’re finding that your older generation is also starting to use the internet because it’s a convenient way for searching for a specific car, you don’t have to page through 600 books or you don’t have to phone 800 dealerships, you can just put in the website whatever you want, (mention vehicle model and brand) and it will give you a list of 50 that’s available and then you can contact the dealership.” (P8)

This participant emphasised that his dealership advertises on the internet (website) as it offers young and older generations a convenient way of searching for a specific car.

“We do the websites, which is R6 000 a month here and R4 000 a month there. We have moved away from print advertising, meaning newspapers and print booklets like your Auto Trader book and your Auto Mart book and your Auto Find book. We generally find that people don’t like paging through books and books looking forever.” (P8)

The participant pointed out that his dealership has moved away from print media advertising, such *Auto Trader*, *Auto Mart* and *Auto Find*, to internet (website) advertising as they have realised that people do not like paging through magazines.

“Well there’s lots of, we can, we even have a video too, I can even, the video that I can send him of the vehicle from the inside, show him all around. And then I can send him the link, he downloads it on the other side.” (P10)

The participant pointed out the advantage of internet advertising which allows his dealership to send a customer a video of vehicle on offer through a link.

- **Social media**

Participants mentioned that social media is used by dealerships to interact with customers and potential customers as a marketing communication medium. The participants are cited below indicating how they use social media such as Facebook, and WhatsApp for marketing communication purposes.

“There is a marketing campaign so we send out SMSs, we load it on Facebook, we send out emails.” (P2)

According to Participant 2, his dealership has an SMS and email marketing campaign which is also made available on the Facebook social media platform.

“We work on Facebook. We try to, when for instance we deliver a vehicle to a customer, take a picture, request permission to put it onto Facebook, alternatively give them the picture and ask them if they are on Facebook to put it on their profile. You know, it does create that spin-off typically, where people say, hey, I see you got a new car (mentioned brand), where did you buy it, Fountains, you know, and the thing goes and goes ...” (P11)

Participant 11 confirmed that his dealership uses Facebook social media platform where customers are requested to take a picture during the vehicle delivery which is then uploaded to Facebook, which in turn, contributes to the dealership through word-of-mouth. Participant 11 added that social media has a snowball effect. He said:

“And there the thing starts picking up momentum in a snowball effect, it creates awareness and draws new customers in.” (P11).

Therefore, the participant indicated that social media can be used by dealerships to create awareness about dealership and its product offers, and attract new customers.

I can send him the link on his phone via WhatsApp. Because it's a link, then he can download from the link off his phone. If he's got data, he can quickly download it. I try to keep the video as small, as short as possible so that it doesn't eat too many bundles.” (P10)

Participant 10 indicated that WhatsApp social media platform is used to send links with small videos of vehicles on offer to customers' phones. In addition, this participant indicated that these videos should be kept small to use less data when they are downloaded on phones.

“And so we put it on Facebook and invite them to view it either via a YouTube clip or a picture or an explanation from a technician to explain to them how it works that way, because if you don't know all the potential of the vehicle, they're not going to enjoy the vehicle. So that's where the clients then go and they say, oh but there's navigation available for my car for instance and then they can contact us and we book them in for navigation and install it.” (P7)

Participant 7 implied that social media provides a platform to convey messages on Facebook and to invite target audiences to view photos of cars, and to view vehicle clips through a YouTube video, and to view a YouTube clip providing an explanation about the vehicle's functionalities. In addition, Participant 7 pointed out that social media can be used to introduce new products on offer, such as navigators that can be installed in customers' cars.

Despite the benefits of using social media, Participant 8 highlighted that social media need to be properly managed, specifically the content. He said:

“We've started social networks. Only problem with social networks is, if you don't have somebody doing it live or on-going, it can also hurt you, because remember, a social network is interaction. So you need to be careful for negative publicity on the social network side as well. Because it's an open communication. So we have started, but we're not very big on it yet.” (P8)

Participant 8 highlighted that social networks involve an open communication which requires proper management because if it is not carefully managed it can result in negative publicity.

- **Outdoor media**

Table 5.2 shows that dealerships use outdoor advertising media such as billboards and shopping mall displays to convey their marketing communication messages. Participants are quoted below indicating differing views regarding shopping mall displays and how they engage in other outdoor marketing communication activities,

such as shopping mall displays and outdoor billboards to create awareness and generate leads. Some participants feel that engaging in shopping mall displays seem to be waste of time, money and they tend to promote the manufacturers' brands rather than specific dealerships.

Participant 1 indicated that displays at shopping malls is more on communicating brand and should be the vehicle manufacturer's responsibility. He said:

"A display in the mall is that 99.9% of the people that are there are just tyre kickers. They just want to come and have a look at the car, you know. They're interested and they have a look at the car and that but they're not really that interested. If they were that interested they would make the trouble to go to a dealership and make an appointment with a sales executive to see a car, you know. It's those— the manufacturers expect us to do these displays at the malls and what have you but I don't believe it's very effective at all." (P1)

Participant 1 indicated that as a dealership they are expected to engage in shopping mall displays, however, his experience is that the majority of the people at shopping malls are not interested and he believes it is ineffective.

Participant 2 shared Participant 1's view that shopping mall displays do not benefit the dealership. He said:

"You know what, once again expensive, and you're doing the brand the favour again not the branch specifically. Golf days, malls, it's all just promoting the brand, nothing specific for the branch." (P2)

Participant 2 argued that shopping mall displays are expensive and when the dealership engages in this displays at golf days or shopping malls the benefits goes to the vehicle manufacturer, not the dealership branch.

Participant 3 mentioned that the shopping mall displays have differing results. He said:

"We've been to a mall at Brits. We didn't get anything on that. It's just like each and every company. You have your highs and lows. Certain shopping displays work. Certain displays don't work." (P3)

Participants 3 provided a counter-argument that shopping malls displays have both positive and negative results, as some work to the benefit of the dealership while others do not.

Participant 6 confirmed that his dealership engages in shopping mall displays. He said:

"It shows at malls where we park and mostly it's done by the new car department where they take a number of cars, different – maybe they might take a bakkie, (mentioned vehicle model). They might take a double cab and they might take a small 5-door car and an SUV." (P6)

Participant 6 showed that the new car department at his dealership displays different vehicle models at the shopping malls.

Participant 5 mentioned that his dealership does participate in outdoor displays. He said:

"From a new sales division we do outdoor activities where now we do take cars to specific companies." (P5).

Participant 5 stated that his dealership's new vehicle sales division does engage in outdoor displays, however, these outdoor displays are carried out at specific companies.

Participant 7 indicated that his dealership uses shopping mall displays, but use a different approach. He said:

"It's because at the dealership we've got a lot of work to do as well. We don't have time to sit there and, like you said earlier, the people that walk by are just maybe students or, we don't have time to talk to them and chat to them you know, with them. We've got work to do at the office. So that's what we call a silent salesman in our terms." (P7)

According to Participant 7, because of time constraints and other activities at their dealership office, his dealership engages in shopping malls displays using the silent sales approach (no salesperson is available at the shopping mall during the display).

Participant 4 highlighted that shopping mall displays are executed in his dealership at selected shopping malls. He said:

“We target these upmarket malls where we take the kind of vehicles we have just to do ...” (P4)

According to Participant 4, his dealership engages in shopping malls displays, however, these displays are only carried out at upmarket shopping malls.

Participant 11 mentioned that his dealership engages in outdoor activities such as using billboards and shopping mall displays. He said:

“Alright, so those bill boards, yes, number 1. We also do displays. So we’d go to the odd mall. You know, we find that malls work, but expensive as well. So displaying the car or anything there for a short period of time cost quite a lot of money. We have relationships with most of the golf courses in the area. ...we go to their open days and we display our vehicles and the sales people and the sales manager goes there and create awareness in that sense of the word, ...”(P11)

According to Participant 11, shopping mall displays tend to work to the benefit of the car dealership, but are expensive as displaying the car at the malls for a short period of time, costs quite a lot of money. The participant added that they have a relationship with golf courses where the dealership’s vehicles are displayed during open days.

Participant 10 mentioned that his dealership does not use billboards. He said:

“No, no, as a dealership we don’t. We looked into it, but you know, expense per month just doesn’t justify. The people know where we are.” (P10)

According to Participant 10, the reason why billboards are not utilised in his dealership is because their monthly expenses do not justify the benefits.

Participant 1 alluded that his dealership does not use outdoor billboards as an advertising medium. He said:

“Outdoor such as billboards and what you have seen on the route to here is totally manufacturer’s (mentioned brand name) responsibility That is making you aware of the brand.” (P1)

The participant emphasises his dealership does not have advertising billboards and his view that outdoor billboards are the vehicle manufacturer’s responsibility.

- **Telephone**

Table 5.2 shows that dealerships use the telephone to interact with existing customers. Participants 4 and 5 are quoted below explaining how they use the telephone to communicate with customers.

“At least twice in a year I must give him a call or give her a call.” (P4)

According to Participant 4, the telephone is used in his dealership to communicate with existing customers at least twice a year to maintain contact with existing customers.

“It’s more or less, I mean, most of the time they will be the ones that keep in contact with you. I mean, in the used car they actually do call you because now you bought a used car so sometimes services or whatever ...” (P5)

According to Participant 5, the telephone is used in his dealership to communicate with existing customers, to do follow-ups on services offered, to remind customers about vehicle services, and just to keep contact with existing customers.

The next section addresses the level of usage of media types by dealerships for marketing purposes.

5.8.1.2 Level of usage of media types for marketing communication purposes by car dealerships

The chart in Figure 5.3 (on the next page) gives an indication of the percentage usage of media types used for marketing purposes by car dealerships.

The participants were asked which media types are used by car dealerships to convey marketing communication messages to target audiences. The question was asked in order to establish which media types appear to be the mostly used by dealerships, and to further capture the participants’ views on the percentage usage of these media types. The results in Figure 5.3 indicate that the internet appears to be the most used media type, capturing more than 70% usage by dealerships when compared to print media that captures 20% and lower, and television with less than 10%.

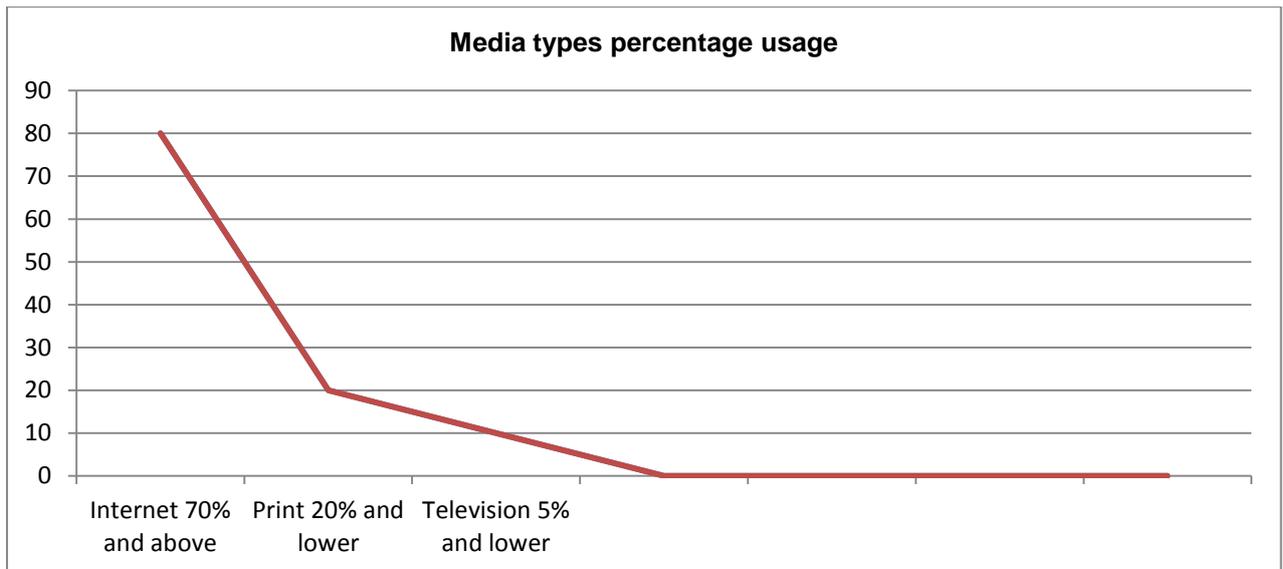


Figure 5.3: Media types percentage usage by car dealerships for marketing purposes

Source: Researcher's own compilation, 2015

The quotes taken from Participant 2, 3, 7, 8, 10, and 11 are provided below to confirm the findings regarding the percentage usage of internet against print media in their respective dealerships. The quotes are:

“Small, probably 80/20 or 90/10. It’s got down to that whereas in the past it used to be 100%.” (P2)

According to Participant 2, a small margin of its marketing communication campaigns are still covered by other media types such as print, and audio, but the majority of about 80% or 90% are based on internet media.

“I’d say online 70% and then audio media I’d say maybe 10/15% and then visual I’d say around about 5%.” (P3)

Participant 3 stated that some of their marketing communication campaigns are still covered by audio media at 10% or 15%, and with visual at 5%, but the majority of about 70% are covered by online.

“I’d say 80% online, 20% still on the newspaper, on the paper itself.” (P7)

According to Participant 3, some of its marketing communication campaigns are still covered by newspapers, but the majority of about 80% are online.

“At the moment I’d say 95% of the time we are using internet. These are Imperial Select, Car Find, Junk Mail; we also do encourage the sales people to

use OLX and those types of internet. So most of our effort and money spent and all that at the moment is going into internet.” (P8)

This participant confirmed that his dealership’s marketing communication campaigns are based on 95% internet media and salespeople are encouraged to use more online platforms such as OLX to convey marketing communication messages.

“It’s all 100% online. I don’t do prints at all.” (P10)

The participant pointed out that his dealership’s marketing communication campaigns are completely online with no print media usage.

5.7.1.1 The usage of different social media networks by dealerships

The following chart gives an indication of the social media networks used by car dealerships for sharing information with the target audiences.

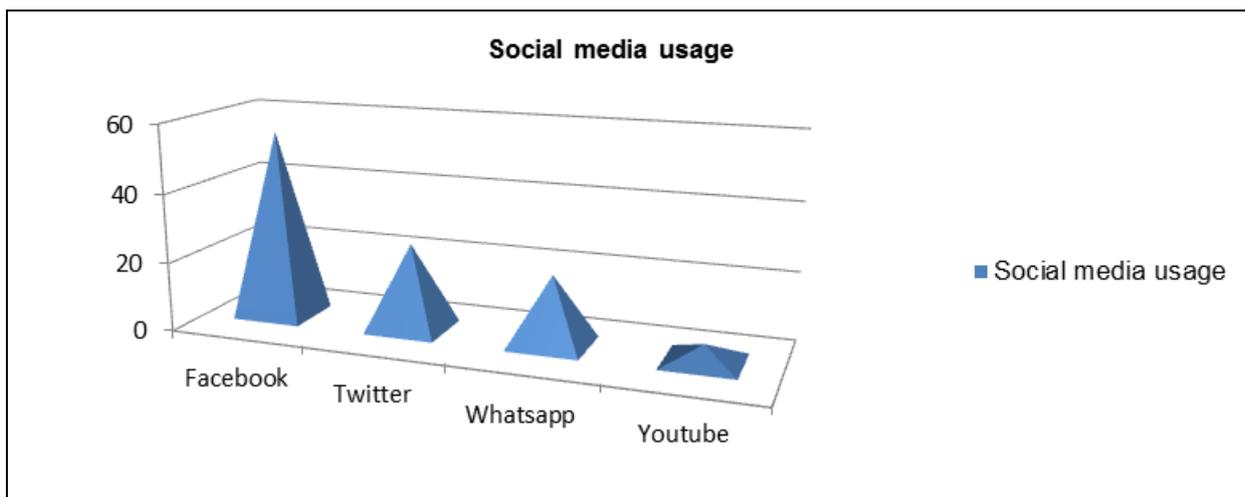


Figure 5.4: Social media used by car dealerships for marketing purposes

Source: Researcher's own compilation, 2015

The results in Figure 5.4 indicate that Facebook is the social media tool that is used most by dealerships who have adopted social media platforms to interact with target audiences. This is followed by Twitter, and WhatsApp, respectively. According to participants’ views YouTube is the social media tool that is used least to share information with customers.

Participants were asked which media types are used by car dealerships to convey marketing communication messages and to share information with target audiences, and when further probed on social media usage, three participants pointed out that

social media networks are used by their respective dealerships to interact with customers and for information sharing.

The quotes taken from participants are cited below to support the findings regarding the use of social media by car dealerships for marketing communication purposes.

The quotes are:

“We encourage all our customers to look our Facebook pages and there’s continuously information being loaded up. For instance new car sales they’ll take a picture of the customer having delivery of his vehicle and that will then be uploaded onto our Facebook page so the customer is encouraged to obviously like our page and he continuously will get those news feedbacks.”
(P2)

According to Participant 2, his dealership encourages customers to visit their Facebook page and if customers like dealership’s Facebook page, these customers will continuously get news feedbacks.

“And so we put it on Facebook and invite them to view it either via a YouTube clip or a picture or an explanation from a technician to explain to them how it works that way, because if you don’t know all the potential of the vehicle, they’re not going to enjoy the vehicle. So that’s where the clients then go and they say, there is navigation available for my car for instance and then they can contact us and we book them in for navigation installation and install it.” (P7)

Participant 7 highlighted that his dealership uses Facebook social media to invite target audiences to view videos or clips on YouTube where a technician provides an explanation regarding vehicles’ technical aspects.

“It filters from, the system is designed in such a manner that, once I load, it runs from the mother website, because all the design it’s all my ads that I put on the manufacturer’s website, (mentioned manufacturer’s brand name), go through to, pull through to all my other links. So they automatically go to Facebook, automatically go to Twitter, they automatically go through to my filter website, even the manufacturer’s website itself, the dealership website (mentioned dealership’s website name), the other online Call a Car, McCarthy Call a Car.

So everything filters through. So you only upload the details once and they filter through on special.” (P10)

Participant 10 confirmed that his dealership uses social media platforms where their marketing communication messages that go to Facebook, automatically go to Twitter, they automatically go through to the dealership’s website, and even the manufacturer’s website itself.

Participant 6 added that WhatsApp is used in his dealership to convey marketing communication messages to target audiences. He said:

“And then if I get the leads of that car through WhatsApp I would send the client that this is the car that I was telling you about. Then on my videos that I take I tune the car all around, open the doors, explaining whatever that is inside the car. The kilos I put the camera directly on the dashboard and I tell how much the kilos are.” (P6)

Participant 6 alludes that the WhatsApp social media platform is used by salespeople to send videos of the car all around, and while its doors are opened to provide an explanation about the car to customers. Participants further pointed that their marketing communication campaigns aimed at existing and potential new customers differ.

In the two sub-sections, the findings regarding the marketing communications aimed at existing and potential customers are provided.

- ***Marketing communication strategies campaigns aimed at existing customers:***

The participants pointed out that marketing communication campaigns aimed at maintaining contact with existing clients are made possible by using the customers’ records that are stored in internal databases. These database systems and diaries are used by dealerships to keep records of customers’ personal information and contact details to be used for further marketing communication purposes. The dealerships use customers’ personal contact details to send SMSs, emails, and to make telephone calls to customers with special invitations to promotional events, to inform them about special deals on new cars, special deals on service repairs on

older cars out of warranty, newly launched vehicles, and on the customers' birthdays to congratulate them.

Participant 1 indicated that having a computer databases containing the contact details of customers is useful in order to maintain contact with clients. Participant 1 pointed out that they record in their **CRM system** when the customer makes a contact with the dealership and the information stored can be used to facilitate a transaction and for future marketing communication purposes. He said:

"I will take all your particulars, your ID number, what vehicle you've bought, etc. I'll have all that information on my systems and it is required in order to generate firstly a proposal for you, a quote, and then secondly an offer to purchase. So once I've got all that information onto the computer I can then print for you a proposal saying this is what the car will cost you and what have you and then if you are convinced that the deal is right for you we will then print what we call an offer to purchase. Now, that information is stored into our system (mentioned the system name)."

He added that the CRM database informs the dealership about customers' birthdays, and when the customers' cars are due for service repairs. However, the operation of CRM databases differed among the different dealerships and manufactures. He said:

"All the different manufacturers have different systems but it's a CRM system. Now, what that system does, that system tells me, warns me of when it's your birthday, it tells me when your car is supposed to be coming in for service so we can warn you and say, you know your car should be ready for its first service now time-wise, you know; just please check it and if necessary make an appointment to bring the car in for service. So I have access then to you. So if for example I get a new model in now and I want to tell all my clients about it I can go to that system and I can send you either an email or I can send you an SMS." (P1).

Participant 8 also emphasised that in his dealership they use databases to keep customers' information which is used to send bulk marketing communication messages. He said:

“What we do is we harness the data base we do have. So obviously throughout the years we have a document or a programme on the computer where we load all the customers’ information, then we would send bulk SMSs to specific customers saying, listen, Mega Sale now on”.

Participant 11 also confirmed that in his dealership they have a CRM system where the contact information of existing customers are stored. He also added that the information of anyone making contact with the dealership for the first time, is captured automatically in the system so that future marketing communication messages can be sent to them. He said:

“We have a system, a CRM system, that belongs to our vehicle manufacturer (mentioned brand), that has each and every customer that we make contact with, be it that person phoning in for the first time, somebody we’ve sold a car to on a prior occasion, a workshop customer, any lead, any contact that we receive, goes into that system and it gets managed on a daily basis. So we can go back to that system and extract that information and say, right, we’d like to invite all C-class owners or B-class owners or whatever the case may be, you know, and then we can send specific SMSs, campaigns or a letter or an email.”
(P11)

According to Participant 11 his dealership uses the **CRM system** to **extract information** about their customers so that **letters or emails** can be sent to **convey marketing communication messages**.

Participant 3 added that **diaries and records** are kept on the **system** in their dealership **electronically** for **future marketing communication purposes**. He said:

“As you go you keep the records as you go. You don’t get rid of any paper. You keep your diaries. If you diarise it you keep it. Make sure you don’t lose your diary or you diarise it electronically on the system which is the system we spoke about (mentioned the system name) because even if customers don’t buy it doesn’t mean that they will never buy again later, they never buy at a later stage. You see, they might not buy now because the deals has declined on everything but if you keep in contact with the customer they’ll come back and buy.” (P3)

According to Participant 3, it is important to **keep contact** with customers as it does not mean that if the customer does not buy today he will never buy in the future.

Participant 7 also confirmed that in his dealership they have CRM system which monitors if the existing customers are happy, and finds out if there is anything that they can assist them with. He said:

“We’ve got a system where we have to log onto every day. Every day in the morning or the afternoon. And we’ve got to phone a certain amount of clients to find out if they’re still happy with their purchase, if there’s anything that we can assist them with, does the car maybe need a service, and can we book a service. And if they’ve got any problems, we take their details and we give it to the workshop and sometimes you get the customer that’s driving the car for three or four years already and he’s possibly in the market to trade it in. So you offer him a new model. And if he’s interested, he will either pass by the dealership or you’ll go to him.” (P7)

According to Participant 7, the customers’ contact details are captured on the system when they bring in their vehicles for a service at the workshop, and they contact them afterwards offering new model vehicles.

Participant 1 added that whenever his dealership has **special deals**, existing customers are informed. He said:

“So there’s continuous communication with the clients. You know, if I decide tomorrow that I’ve got special deals which I’ve put into the newspaper for R3 999 why not our clients tell about it. I send them all an email saying, we’ve got this deal; are you interested.” (P1)

According to Participant 1, when advertisements are placed in newspapers for special deals, electronic mails are used to maintain continuous communication with existing customers.

- ***Marketing communication strategies and campaigns aimed at potential customers:***

Participant 1 pointed out that when planning a marketing communication campaign dealerships consider the target audiences’ living standard measurements (LSM). He said:

“We choose the media according to which we believe are best exposed to the higher LSM groups.” (P1)

According to Participant 1, the target audiences' profile in terms of LSM is considered when planning marketing communication campaigns.

Participant 6 indicated that the target audiences' affordability is considered when developing marketing communication campaigns. He said:

“...there are times when we do marketing at universities and basically when we go there we go with our smaller cars. We go with our (mentioned brand's entry level vehicle model). We go with our (mentioned brand's second entry level vehicle model). Which are all of them new, less than 150 000, so most probably those ones when we are at universities we are targeting at final year students. We are targeting at students who have parents who can afford to buy cars for them. We are also targeting at the staff members, the incumbent staff members that might need to buy cars.” (P6).

According to Participant 6, when his dealership plans marketing communication campaigns for target audiences at universities, they select entry level vehicle models for displays that target final year students and staff members, and target students who have parents who can afford to buy cars for them.

Participant 3 added that their dealership considers its target audiences' **location and income** when deciding where to place the dealership's marketing communication billboards. He said:

“It's selected billboards. What we also do, we look at the traffic, how many cars use that route. And then is that a profitable route because you can have a, you can have cars driving on a certain route but most of those cars are taxis, you see. That's why if you look at Moloto Road you can't put a billboard on Moloto Road because the income, the target market that uses that route, it's not most.” (P3)

According to Participant 3, it will be useless to place a marketing communication message if it will not reach the target audience according to their demographic profiles, such as income and area, based on the route used by target audiences.

Participant 2 pointed out that the location of the target audience is considered when developing marketing communication campaigns. He said:

“Which is then area-specific. You can’t expect a customer to drive from out of town or when I say out of town, you know, Witbank, Middelburg or whatever the radius is. That wouldn’t be attractive for him”. (P2).

According to this participant, his dealership's campaigns are area-specific and are aimed at target audiences within their area of operation and they do not expect customers to travel from far away such as Witbank and Middelburg to come to their dealership.

Participant 4 added that busy days such as target audiences’ pay dates are considered when developing marketing communication campaigns. He said:

“Exactly, like if you have a newer model we take it to the mall. We target those days which we know that are busy, month ends, the 15th. ...most government departments get paid on the 15th. So there’s a lot of movement at the malls and then that’s how we do it mostly”. (P4)

According to Participant 4, when planning shopping mall displays, his dealership considers busy days such as pay dates for government officials, and month ends so that newer vehicle models can be exposed to target audiences.

Participant 10 confirmed that the target audiences the dealership needs to reach are considered in developing marketing communication campaigns. He said:

“The target you want to reach, yes.” (P10)

The next section present the analysis and interpretations of the research results regarding theoretical concept 2 as depicted in Figure 5.1.

5.9 THEORETICAL CONCEPT 2.3: EVALUATION OF MARKETING COMMUNICATION STRATEGIES AND CAMPAIGNS

The participants emphasised that it is important to evaluate and measure the results of marketing communication campaigns against the formulated marketing communication objectives. This evaluation of marketing communication activities will assist in identifying areas that need adaptation and correction, such whether the media type used is effective or not in reaching the target audiences. The literature

review on the importance of evaluating marketing communication strategies and campaigns is discussed in Chapter 3 on page 93 and 94.

Participant 1 mentioned that the evaluation and measurement of media effectiveness is carried out in his dealership. He said:

“By monitoring the response that I get from the two different media I can decide, know my response from newspaper A (mentioned newspaper names) is much better than it is from newspaper B, so I can spend more money at newspaper A because I’m getting more return from my investment (used a jargon). That’s very important to be able to measure the effectiveness of your advertising because if you don’t you’ll never know.” (P1)

Participant 1 indicated that the decision about which newspaper to use in advertising is influenced by the return they get after an evaluation and measurement of media effectiveness.

Participant 3 pointed out that a questionnaire is used in his dealership to evaluate the marketing communication efforts. He said:

“What we basically do, we have a questionnaire, just a certain form of question on our application form where we ask you how did you know about us... Were you referred to us? How did you get us? How did you get to the information about the dealership?” (P3)

According to Participant 3, a questionnaire is used in his dealership to ask target audiences how they knew about their dealership or where did they get the dealership’s contact numbers, in order to evaluate the effectiveness their communication channels.

Participant 10 confirmed that the evaluation of marketing communication campaigns are carried out in his dealership, and the measuring of media effectiveness is done on on-going basis in order to allow adaptations to be made where they are deemed necessary, and to further understand market trends. He said:

“It’s on-going. I mean, all campaigns are reviewed daily and weekly. You know, in fact, we were sitting, before I met you we were sitting in the morning to see what stock profile we’ve got, what we’re going to put on the – what mix I’ve got. You’ve got to do asset management which is a daily exercise. You know, as

you move, you've got to analyse trends of what's selling, what's not, because that also guides the factory and the manufacturing process.” (P10)

The quotes below are taken from Participants 2 and 3 explaining the evaluation and measuring the results of marketing communication campaigns in their respective dealerships.

“It's a bit difficult for each and every one to measure. However, in new vehicles we do because if you, for example, you're doing 50 vehicles a day times 21, that's quite a few customers that you're seeing a month, whereas sales it's more specific I think because let's say your target is 100 vehicles a month, you can measure something like that so if you're doing social or SMS campaigns you can actually measure what's coming back because of the prompt feedback. The mass advertising I think it just throwing something out and see what comes out.” (P2)

According to Participant 2, it is difficult to measure the impact of mass media advertising campaigns, however, SMS campaigns can be measured due to prompt feedback that is visible in terms of sales targets. Participant 2 added that on SMS campaigns they can measure the number of frequencies where customers clicked the 'yes' option to an SMS. He said:

“... we can measure how many responses we get from an SMS for the customers that hit the yes that is the response but obviously with the booking page that's a little bit difficult to say whether they booked via our SMS or whether they booked via Google.” (P2).

According to Participant 2, it is however difficult to establish if customers made bookings through a text message or google website.

“... the phone calls that are coming in and stuff like that.” (P3).

According to Participant 3, the number of phone calls that are received after the launch of the marketing communication campaign are used to evaluate the impact of that campaign.

The next section provides the findings regarding the challenges experienced by car dealerships in developing or planning and executing marketing communication strategies and campaigns.

5.10 CHALLENGES EXPERIENCED IN PLANNING AND EXECUTING MARKETING COMMUNICATION STRATEGIES

The third secondary objective was to identify challenges experienced within the dealerships in developing and executing marketing communication strategies. This section presents the challenges experienced by managers in planning and executing marketing communication strategies. The challenges presented in this section will provide guidance to marketers at car dealerships on how to effectively use the marketing communication mix elements and various media types in the future.

Managers were asked about challenges they are experiencing when planning and executing marketing communication strategies or campaigns which may render marketing communication strategies or campaigns ineffective. Table 5.3 indicates the challenges raised by participants when responding to the research question. However, the listed challenges differed amongst participants, and each challenge listed is supported by the quotation or quotations taken from participants.

Table 5.3: Challenges experienced by car dealerships in marketing communications

– Financial resources - Limited budget , media cost constraints
– Competition - Developing unique marketing communication message or selling preposition
– Social media management - Management fear losing control of brand to consumers
– Lack of transparency by media owners
– Poor internal communication - Lack of consultation
– Lack of dedicated marketing personnel
– Difficulty in measuring media effectiveness

Source: Researcher's own compilation, 2015

5.10.1 Specific challenges

5.10.1.1 Marketing communication budget constraints

Table 5.3 indicates that the budget is one of the challenges that has a major impact on the planning process of the marketing communication strategies in terms of which elements and media types to use as part of the marketing communication strategy.

Participant 11 mentioned that cost constraints serve as limitations in planning and effecting marketing communication campaigns. He said:

“I think cost is an issue. If one could work around that. I think more so, you know, getting feedback or getting results, meaning I spent R10 000, 00 and I mentioned this earlier, but I don’t know how many people have either bought or contacted us at least because of that effort. I think managing and showing me what the result is. So I put so much effort in ...” (P11)

According to Participant 11, cost constraints and the inability to measure the results of marketing communication efforts in terms of how many target audience contacted the dealership as a result of the marketing effort pose a challenge in planning marketing communication campaigns.

Participant 4 added that media cost and having tight budgets serve as constraint when planning marketing communications. He said:

“We sometimes propose that we do go to national radio stations (mentioned radio stations’ names). Those are national radio stations, but due to financial constraints, tight budgets we cannot ...” (P4)

Participant 4 indicated that they have sometimes proposed using national radio stations for marketing communications in his dealership. However, due to the high media costs and their limited budget they have not been able to do this.

5.10.1.2 Developing unique marketing communication message

Table 5.3 indicates that developing a unique marketing communication message is also a challenge when formulating marketing communication strategies. Participant 1 is cited below emphasising the above-mentioned challenge to create a unique selling proposition that can be used to outplay competitors. In addition, Participants 1 and 11 indicated that one dealership’s marketing communication activities might benefit other car dealerships instead of the car dealership running the marketing communication campaign.

The quotes are:

“The major challenges that one faces is to make your offer unique, because if I send out an advertisement whether it be in print media or over the radio and

you hear it and you think that's very interesting but you don't necessarily remember which dealership was advertising that special, so you will get back to your office then and you will look for your closest dealership.” (P1)

According to Participant 1, it remains a challenge to make a dealership's offers in print or radio marketing communication messages different from that of the competitors. In addition, the participant highlighted that target audiences, after hearing radio advertisements, go to the closest dealership rather than the one that made the advertisement.

“Look, you've got to be careful when you do market and advertise your brand or your dealership that there may be a spin-off for somebody else.”(P11)

According to Participant 11, advertising poses a challenge due to its spin-off effect where other dealerships benefits from competitors' advertisements and this requires careful attention.

5.10.1.3 Poor internal marketing communication

Table 5.3 depicts poor internal communication as a potential barrier to the planning and execution of marketing communication strategies. Participant 6 pointed out that the lack of effective internal communication regarding marketing strategies and activities, and making assumptions that all employees have product knowledge poses a challenge. He said:

“Unless – I wouldn't know whether if management it's a bit slack when coming to that or they take it for granted that everyone should know what should happen because one thing that I have discovered is that when I started working there because of my past experience the manager that I worked for he took it for granted that because where I came from my average was slightly higher, then it would mean that I know everything that I should do. So from that perspective even the product was not the same. There were no courses for product knowledge, nothing. Ever since I joined there I haven't gone to even a single course.” (P6)

5.10.1.4 Lack of transparency by media agencies/owners

Table 5.3 shows that lack of transparency by media agencies remain a challenge which in turn can discourage car dealerships from using print media (newspapers) to advertise. Participant 8 is cited below pointing out that media agencies despise dealerships' interest.

“Even in terms of advertising, let me tell you an example. Newspaper company (mentioned media owner) sends you an email “we only have one spot left for today, we’ll you two at a special for R3 500,” what, what, what, so you think it’s a great special. So you advertise. You get the newspaper; you’d find three pages further on also of dealership offering same brand (mentioned brand name) advertising. So why would you want to advertise in the same newspaper as another guy?” (P8)

“Well I think they just want the money. They’re not really interested in growing the business.” (P8)

According to Participant 8, media owners or a newspaper company (mentioned media owner) can send the dealership an email which markets a spot in the newspaper at a special price of R3 500m meanwhile a competitor (offering the same brand) has been offered the same opportunity to advertise in the same newspaper. This does not benefit the dealership in terms of business growth.

5.10.1.5 Lack of committed marketing personnel

Table 5.3 also indicates that a lack of committed marketing personnel and poor planning in terms of location represent a challenge in executing marketing communication strategies. Participant 3 is cited below stressing that uncommitted staff members may render marketing communication initiatives that form part of the marketing communication strategy ineffective.

“I think the only effective thing that could be done is to employ relevant people to relevant posts because now for marketing they have nothing in place and the reason for that I do not know why would not they have a person who does marketing. If they have a person who does marketing for the group then he is not ...” (P6)

5.10.1.6 Poor marketing communication planning

Table 5.3 also indicates that lack of poor planning in terms of location represent a challenge in executing marketing communication strategies.

“Wrong choice of location or maybe we went during the wrong time of the month when people were not going that much into malls. Those are other things. Those are other factors that might have affected the whole thing.” (P3)

According to Participant 3, the selection of a wrong shopping mall (location) can impact on the shopping mall display results.

5.10.1.7 Measuring media effectiveness

Table 5.3 depicts the difficulty in measuring media effectiveness as another challenge that managers experience in executing marketing communication strategies. Participants 2, 7, and 8 are quoted below positing that measuring media effectiveness remains a challenge in executing marketing strategies.

“However, the second part of the SMS is click on the link to go to our booking page, so that is very difficult to measure whether they actually went to the link on the booking page via the SMS or whether they went there directly from the website. So in a way, yes, we can measure how many responses we get from an SMS for the customers that hit the yes that is the response but obviously with the booking page that’s a little bit difficult to say whether they booked via our SMS or whether they booked via Google.” (P2)

According to the participants, SMS campaigns can be measured. However, it is very difficult to measure whether target audiences actually went to the link on the booking page via the SMS or whether they went there directly from the website.

“That’s the thing. We’re a very busy dealership. The thing is, I wouldn’t say busy as in terms of helping clients, but I mean busy, we’ve got a lot of admin and work to do on the floor and everything. So for a client to call in, we forget to ask him, sir, but how did you hear of us or madam, how did you hear of us? It flies out of your head, you don’t think of it at that stage to ask him. All you think about is this customer wants to buy a car, I’m going to sell him a car. That’s all

you think of. You don't actually measure, we've never, I my personal self has never measured where my deals are coming from." (P7)

According to the participant, at a personal level in his dealership, he has no idea where the deals come from due a lot of administration duties and other internal dealership duties he has to perform.

"Well, I'd say the biggest risk for us is obviously spending money on something that's not going to work. That's why we're not doing any print, because we'd find that you spend R6 500,00 on a full page in the Pretoria News, which doesn't generate any, even if you have the greatest strategy, maybe you're targeting it incorrectly. So, it's difficult, especially if you can't measure it, like if you go into print, nine out of ten times you can't really measure it unless you set up a separate SMS line or a separate telephone number or something to try and measure it." (P8)

According to this participant, it is difficult measure the impact of print media; however, it is possible to measure a separate SMS line or a separate telephone number.

5.10.1.8 Social media management

Participant 8 also pointed out that although they use internet marketing and social networks to interact with clients, management of social networks remains a challenge.

"We've started social networks. Only problem with social networks is, if you don't have somebody doing it live or on-going, it can also hurt you, because remember, a social network is interaction. So you need to be careful for negative publicity on the social network side as well. Because it's an open communication. So we have started, but we're not very big on it yet." (P8)

The participant indicated that due to the interactive nature of the social media and being an open communication the dealership should be careful of negative publicity.

5.10.1.9 Competition

The following quotes are provided to confirm competition as a challenge:

“If you come to me and say to me I’ve been to see a dealer, dealer X, and he’s offered me 6% discount, can you match it, I’d say of course I can match it, no problem. Or if you come to me and you say to me they offered me R10 000 for my trade-in, can you do the same, I’ll say of course I can do the same because we’re working with exactly the same margin.” (P1)

The participant points out that dealerships can match each other on prices of product offerings which fuels competition.

“We’ve become huge competitors within our own brand. That’s the problem.” (P2).

According to the participant competition also exists between dealerships of the same brand.

“As a dealership what we offer. But the problem is there is how many dealerships (mentioned brand name) and they all sell the same thing.” (P5)

According to Participant 5, the number of dealerships offering the same vehicles increases competition.

“You’ll find I got this car for R250 000 and dealership B got it for R230 000. For me to make profit I must sell it at least R260 000 and then for him to make profit he has to sell at R240 000 so automatically I stand a chance to lose.” (P4)

The participant argues that when the competing dealerships have different cost-prices on the same car, the one with the lowest cost-price stands a better chance to outplay the other.

The next section provides findings regarding the future communication approaches that can be utilised by car dealerships.

5.11 FUTURE MARKETING COMMUNICATION APPROACHES

The fourth secondary objective was to recommend actions and steps that dealerships can take in the development of marketing communication strategies in the future. The next section provides the findings regarding the viable marketing communication approaches identified by participants during the in-depth interviews.

The researcher asked managers if there are any alternative marketing communication approaches that they might consider using in the future. The researcher asked this research question to identify potential innovative ways that might be used in the future to convey marketing communication messages. Most of the participants pointed out that they had not thought of any new marketing communication approaches; however, two participants suggested that video advertising and proper planning of events marketing are viable options. In addition, one of the participants suggested that the introduction of product information specialist portfolios at dealerships might reduce the negative perception about the pressure exerted by salespersons towards potential clients, and save salespeople time in explaining product information. The participants are cited below emphasising the desire to use traditional media types (radio and print), video advertising, outdoor displays, the introduction of product information specialist portfolios at dealerships, and the silent salesperson approach as viable marketing communication approaches in the future.

Participant 1 is quoted below emphasising that traditional media types can still be used in combination with the internet to convey marketing communication messages.

“Website has got to be kept up to date. Print I think is probably the biggest one. Radio if you can afford it is very, very effective but it’s very expensive.” (P1)

The participant emphasised that the website has to be regularly updated, and believed that print and radio can be effective, despite the high costs associated with these media types.

Participant 4 is quoted below indicating that outdoor displays at unusual places, such as the courts of law, can create awareness and exposure, especially if competitors have not thought of reaching their target audiences at that type of place.

“If you think of how much the accused (mentioned a person) is paying that guy per month... And then after the case or when the court stops and they leave for home, let’s say I invite three of my colleagues and say to them let’s go park in front of that court with our business cards or even during lunchtime, even during his lunchtime. Reporters, journalists, as long as you know people who are around that area can afford to buy this car, expose that car there,” (P4)

According to this participant, visiting and parking cars at the courts can present an opportunity to hand out business cards to target audiences during their lunch times.

Participant 5 pointed out that a new portfolio could be provided at the dealership where a product genius (product information specialist) will be available to provide potential customers with product information to make the sales executives' jobs easier.

“Just to provide product knowledge to the customer in terms of, whatever the customer wants to know. So this person now will have to be, he will have to know each and every specific vehicle brand (mentioned brand) in and out. That also is also good for the sales executive because now we don't have to now do that. You can do ...” (P5)

Participant 7 indicated that innovative shopping mall displays can be used to create awareness and generate leads using the silent sales person approach where cars are parked at the mall with business cards and a box in which interested potential customers can insert their names and contact details.

“We're going, in the evening we go and sit there just for two or three hours, because we've got a little box, the customer interested, he signs his name and his details and we will call him the following morning.” (P7)

In addition, the participants with no online social network platform as part of their marketing communication strategy at their respective dealerships, pointed out that social media is a viable marketing communication approach that can be incorporated into marketing communication strategies. Participants are quoted below indicating that social media networks such as Twitter, Facebook and WhatsApp as viable communication platforms.

“Social media and it's something that as a group we are slowly moving into. Once again, like I said, you need to have the right person to run that for you. You can't just every three hours quickly type something on there. You need to monitor it better. So that's something we are looking at doing.” (P8)

In addition, Participant 10 pointed out that personal networking during weekends by sales staff of dealerships is also a viable marketing communication approach that can be used to communicate marketing communication messages. Participant 10 is

cited below emphasising the importance of using personal networks and the value of salespeople joining social clubs as a viable marketing communication platform to convey marketing messages.

“We encourage them to belong to groups, you know. They must go to church, social clubs, there’s rotary, there’s clubs, they have social clubs of their own, they must play some sports. I mean, if you’re a sales person, it’s the type of person you want to hire; you must hire somebody that’s outgoing, that’s going to be out there. That’s what sells the vehicle.” (P10)

Moreover, Participant 11 indicated that adopting new technologies to the best advantage can present opportunities to create innovative communication approaches to communicate with clients. Participant 11 is cited below pointing out that the use of motor vehicle technologies can present a better way to communicate with existing clients as it allows marketing communication messages to be channelled into various social media channels.

“You know, if I go totally beyond the usual now, I know that our vehicle manufacturer (mentioned manufacturer) worldwide is working on a system whereby we can communicate with the vehicle. You know, that we can by communicating with the vehicle, we can pick up an eminent problem perhaps, you know, and say to the customer, this is from a service perspective, say to the customer, look, you need to bring you vehicle in because we think that there may be a problem, whatever the case may be. Communication from a hub, from the dealership server to the vehicle and back, telling us what’s happening with the vehicle or what’s going on. Also saying to the customer, you need a service, that type of thing. I think in terms of technology then, you know, a few things are going to pop out quite soon that we may use.” (P11)

The next section outlines the key findings from the in-depth interviews conducted for the study.

5.12 KEY FINDINGS FROM IN-DEPTH INTERVIEWS

In this section, key findings and insights gained from the in-depth interviews with participants will be presented in line with the identified themes.

5.12.1 Key findings on marketing communication strategies and campaigns

In alignment with the research objective, it was necessary to establish the factors that are considered in the process of developing marketing communication strategies or campaigns at car dealerships. The study discovered that dealerships consider the following internal and external factors when planning marketing communication campaigns:

- Internal factors: the available marketing communication budget, marketing communication objective, dealership stock levels, the nature of the product offering (pre-owned vehicle or new vehicle model) the internal staff competencies.
- External factors: target audiences, target market media usage trends, competition, economic interest rates, fuel prices, and customers' needs.

The study also uncovered that measuring the result of each marketing communication campaign is imperative at the dealership level. Furthermore, the study found that the effectiveness or results of a marketing communication is measured on an on-going basis in order to allow adaptations to be made where deemed necessary by the managers. In addition, the study found that having a unique selling proposition incorporated in the marketing communication message is crucial at dealership level, considering the level of competition in the car retail sector which is characterised by more or less similar products.

5.12.2 Key findings on the marketing communication mix elements

In line with the research objective, it was imperative to establish an understanding of the marketing communication mix elements used by car dealerships in their marketing communication strategies or campaigns. The study revealed that dealerships use the six marketing communication mix elements, namely, advertising, direct marketing, personal selling, sales promotions, and public relations, as part of the marketing communication strategy to convey the marketing messages to target audiences. Results indicate that advertising (25.78%), public relations (25.53%), personal selling (18.67%) and direct marketing (17.33%) are the most used marketing communication elements in conveying marketing communication messages in terms of percentage usage. Sales promotions (12.88%) appear to be

the least used by dealerships. The lower use of sales promotions can be attributed to its dependency on the dealerships' stock levels and competition.

The higher percentage usage of advertising and public relations and direct marketing can be attributed to the following environmental factors: changes of media usage trends by target audiences that impact on the shift from using traditional media channels (print, radio and television) towards new media types (internet, SMS, emails), and the cost considerations of media types. The higher percentage usage of personal selling can be attributed to role of salespeople in creating awareness about the product offerings, the dealership itself, and their role in the selling process. Furthermore, the findings shown that marketing communication mix elements are used to achieve various marketing communication objectives, namely, creating awareness, generating leads, building and maintaining relationships with customers that will ultimately lead to closing the sales deal and generating income for the dealership.

5.12.3 Key findings on the media types used by dealerships

The research objective aimed to identify the marketing communication mix elements used by car dealerships in their marketing communication strategies as reiterated above. Advertising was found to be most used marketing communication element in conveying marketing communication messages. This made it important for the researcher to probe on the media types used by dealerships to convey marketing communication messages in their respective advertising campaigns. The results of the study revealed that the internet as the most used media type in conveying the marketing communication messages of dealerships directed at target audiences. The dealerships are moving away from traditional media types, namely print (newspapers and magazines), radio, and television, towards the internet. This media usage trend is attributed to cost considerations, the dealerships' available marketing communication budget, and changes in customer media usage trends where customers tend to use the internet to search for information.

Various reasons were identified for this shift to internet usage by dealerships, for example, customers are able to view advertised products (cars) in their own space and the internet is flexible which allows the dealerships to change their marketing communication messages when necessary. The findings reveal that some of the

dealerships have started to adopt the use of social media platforms to interact with customers. Facebook appeared to be the most widely used social media platform by dealerships that have adopted social media as a communication tool. WhatsApp, Twitter, and YouTube social media are the least used social media networks.

5.12.4 Key findings on challenges experienced by dealerships

The research study sought to establish the challenges experienced by dealerships in developing and executing marketing communication campaigns. The study found that despite the shifting media usage trend, dealerships find it challenging to manage their dealership websites and social media. Therefore, dealerships tend to outsource this activity or appoint specific persons tasked with managing the dealerships' websites and social media networks. The results further indicated that cost constraints and limited marketing communication budgets serve as limitation in planning and effecting marketing communication campaigns. The limited budget impacts the planning process of the marketing communication strategies in terms of which elements and media types to use as part of the marketing communication strategy. The study revealed that developing unique marketing communication messages is a challenge in formulating marketing communication strategies, considering the competition in the sector.

In addition, the study discovered lack of transparency by media owners and lack of dedicated marketing personnel as challenges in executing the marketing communication campaigns of the dealerships. Finally, the study uncovered that the measurement of media effectiveness and poor internal communication regarding the marketing communication strategy pose a challenge to the dealerships' marketing communication campaigns.

5.12.5 Key findings on the future marketing communication approaches

Being consistent with the secondary research objective, it was necessary to probe managers about any alternative marketing communication approaches they might consider using in the future. The researcher asked this research question to identify potential innovative ways which can be used in the future to convey marketing communication messages. The majority of the participants pointed out that they had not thought of any new marketing communication approaches; however, two

participants suggested that video advertising and proper planning of events marketing are viable options.

In addition, the study showed that the use of more traditional media types (depending on the available budgets), video advertising, outdoor displays, the introduction of product information specialist portfolios at dealerships, and the silent salesperson approach can be used as viable marketing communication approaches in the future. The introduction of product information specialist portfolios at dealerships can be used to reduce the negative perceptions about the pressure exerted by salespersons towards potential clients and save salespeople time in explaining product information.

5.12.6 Additional key findings on the use of data base

In efforts to answer the primary research objective, the study discovered that dealerships use database systems containing customers' personal details which are then used in the process of communicating, establishing and maintaining customer relationships with their existing customers. These database systems are used by dealerships to keep records of customers' personal information and contact details to be used for further marketing communication purposes. The dealerships use customers' personal contact details to send SMSs or emails containing special invitations to the customers; the reasons for this are just to add value to customers, to inform them about available special deals, and to ensure continuous contact with customers in order to build and preserve a marketing relationship. In addition, the dealerships provide customers with gifts when they buy their cars from dealerships as added value to customers.

5.13 CHAPTER SUMMARY

The chapter discussed the results of the in-depth interviews. The four theoretical constructs that encapsulate the findings were discussed, namely: the planning of marketing communications, marketing communication mix elements, and the media types used to convey marketing communication messages to target audiences. The study showed that advertising is used to create awareness about the dealerships, products offered and special offers; and also to attract target audiences to dealerships. Dealership brand plays a role in influencing target audiences in terms of

which dealership to choose. Personal selling is used to create awareness, assist potential clients to realise the need and the benefits that can be derived from making a purchase decision. In addition, personal selling, direct marketing and public relations are used to create and maintain relationships with customers through continuous contact. Moreover, the study has shown that the internet is the most used advertising medium by car dealerships and that dealerships are moving away from traditional advertising media types towards new media types, such as social media.

Furthermore, the challenges experienced by car dealerships in planning and executing marketing communication strategies were presented. Moreover, video advertising, event marketing and the introduction of product information managers at dealerships were pointed out as viable marketing communication approaches that should be incorporated into marketing communication strategies in the future. In addition, online social media platforms and the creation of personal networks by salespersons were identified as possible marketing communication approaches that can be utilised to convey the marketing communication messages of car dealerships. Finally, establishing and maintaining a continuous communication with existing clients is imperative for relationship marketing that forms part of the customer retention strategy.

The occurrences of all the themes of participants within theoretical constructs are listed in Appendix F.

The next chapter will discuss the findings from this research, together with the findings from other researchers. This will assist in drawing conclusions and making recommendations.

CHAPTER 6: CONCLUSIONS AND RECOMMENDATIONS

6.1 INTRODUCTION

The research objective of this study was to investigate the marketing communication practices of car dealerships in Gauteng, South Africa as explained in Chapter 1. The research findings were discussed in Chapter 5. In this chapter, the research objectives are revisited, to prove that the research methodology and research findings have indeed realised these objectives. The research findings of this study are summarised, together with the findings of the previous studies discussed in Chapter 3. In carrying out the evaluation of the research findings of this study, the secondary objectives, as formulated in Chapter 1, are revisited; the empirical research findings regarding each objective are provided; and are compared to the principles identified in the literature study. Recommendations, based on the research findings, are made for stakeholders in the motor vehicle industry. Finally, the limitations of the study, the recommendations for future research, and the summary are provided.

The next section focuses on the first secondary research objective.

6.2 SECONDARY RESEARCH OBJECTIVE 1: SITUATION ANALYSIS

This section revisits the first secondary research objective which was derived from the primary research objective of this study. The first secondary research objective was stated as follows:

“To identify the factors considered in the process of developing a marketing communication strategy of car dealerships.”

Identifying the environmental factors considered in the process of developing a marketing communication strategy during situation analysis will assist marketing communication managers of car dealerships in selecting the marketing communication elements to be used. The conducting of a situation analysis was discussed in Chapter 3 on page 68 as the first step in developing marketing

communication strategy. Situation analysis involves consideration of internal and external factors that influence marketing communication decisions.

In the next sub-sections, the findings regarding the internal or micro-environmental factors which are considered by car dealerships during planning or developing of marketing communication strategies and campaigns are provided.

6.2.1 Findings: Marketing communication objectives

In Section 5.6 of Chapter 5 on pages 148 to 152, participants revealed that the marketing communication objectives are also considered when selecting the different marketing communication mix elements that are incorporated in the marketing communication strategies of car dealerships. During the discussions with participants, it was discovered that the marketing communication objectives are derived from the overall marketing objectives. Participants indicated that these marketing communication objectives were formulated to support their respective car dealerships' overall marketing objectives which aim for an increase in sales; to introduce the dealerships to customers and other stakeholders; and to create awareness about the product lines that are carried. Marketing communication objectives, such as creating awareness, generating leads, building brand awareness, and building customer relationships were found to be pursued by car dealerships. These marketing communication objectives were also found to be a major consideration in establishing and allocating the communication budget of the dealerships. The findings of the study with regard to the considerations affecting the marketing communication objectives, that are derived from the overall marketing objectives in planning marketing communications, is in line with the literature theory as pointed out in Section 3.3 of Chapter 3 on page 71, that during the marketing planning process it is vital to ensure that the marketing objectives are guided by the organisation's corporate mission and objectives.

6.2.2 Findings: The marketing communication objectives and budget

The study found that the marketing communication budget is considered in the planning of all marketing communication campaigns as indicated in Section 5.6 of Chapter 5 on pages 148 and 152. During the discussions with participants, the majority indicated that it is necessary to ensure that the marketing communication

budget is allocated in such a way that it supports the attainment of the dealerships' marketing communication objectives. The study also revealed that dealerships use different marketing communication methods such as percentage of sales, affordability and objective-and-task methods in planning marketing communication campaigns. In addition, participants revealed that seasonal factors were an important consideration in the planning of marketing communication campaigns at dealerships. One of the participants (Section 5.6 of Chapter 5) revealed that the allocation of budgets for marketing communication campaigns is linked to specific time periods with the busiest months of the year being allocated a larger budget.

The participants pointed out that the marketing communication budget remains a major consideration in selecting the marketing communication mix elements to be used in marketing communication campaigns. Advertising, sales promotions, direct marketing, shopping mall displays and public relations in the form of sponsorships, special events invitations, and special gifts are used by car dealerships in their efforts to achieve various marketing communication objectives. These marketing communication objectives include increasing sales, creating awareness about the product offerings and the dealerships' locations.

The findings of the study on marketing communication budget considerations concur with the literature theory as discussed in section 3.3 of Chapter 3 on pages 72 and 73 indicating that marketers consider different marketing communication methods in planning marketing communication strategies and campaigns. However, the literature discussed in Chapter 3 does not indicate that the existence of the relationship between marketing communication budget and marketing objectives as revealed by the findings of this study.

6.2.3 Findings: Internal stock levels

Participants also revealed that the available products or stock levels impact on the marketing communication objectives when developing marketing communication campaigns (refer to Section 5.6 of Chapter 5 on page 153 and 154). During the discussions with participants it was revealed that sales promotion campaigns, such as clearance sales, are often carried out by car dealerships towards the year-end to push the sales of older vehicle stock and to further minimise depreciation costs.

This finding regarding internal stock consideration is in line with the literature theory as discussed in Chapter 3 on page 70 that when performing situation analysis, dealerships should consider their internal product offerings. This findings offers insight as it reveals the reasons which trigger the planning of marketing communication campaigns such as clearance sales.

Despite the above-mentioned internal factors, participants in Section 5.6.2 of Chapter 5 on pages 141-147 emphasised that external factors, such as target audiences, competition and the economy, are also considered in the planning of marketing communication strategies and campaigns. The next sub-sections provide the empirical findings on target audience and competition as market environmental factors considered by car dealerships when developing marketing communication strategies and campaigns.

6.2.4 Findings: Target audiences

The study discovered that car dealerships considered the **target audiences'** media usage trends when planning marketing communication campaigns dealerships during situation or environmental analysis (refer to section 5.6.2.1 of Chapter 5 on pages 143-145). During the discussions, participants revealed that defining the target audiences appropriately allows marketers to reach the appropriate target audiences with their marketing communication campaigns. The participants further highlighted that the dealerships consider the target audiences' profiles and target audiences' location in planning marketing communication campaigns to ensure that the marketing messages reach the target audiences. By analysing target audiences in the market environment, the study revealed that the shift in media usage by target audiences, both existing and potential customers, guides the dealerships in terms of which media platform they should use to convey the marketing messages.

The findings regarding the consideration of target audiences in the planning of marketing communication campaigns concur with the relationship communication model (RCM) as discussed in Section 3.3 of Chapter 3 on page 68.

6.2.5 Findings: Competition

Participants indicated that competing car dealerships represent a major factor of concern due the level of **competition** and the further threat of substitute goods or

services (motor vehicles) in the market (refer to Section 5.6 of Chapter 5 on pages 5 and 146). This threat is due to the large number of car dealerships in South Africa that are offering more or less similar products in terms of features and attributes. During discussions with the participants, it was discovered that car dealerships constantly monitor their competitors' marketing communication activities with the intention of developing marketing strategies that will be distinct and catch target audiences' attention. The study further revealed that customers come to dealerships with quotations from competitors which force the dealerships to act faster in closing sales deals. It was further revealed by participants that in addition to the external competition that exists between competing car dealerships, there is internal competition amongst internal sales staff within the dealerships that are competing for the same clients (refer to Section 5.10 on pages).

The research findings of this study concerning competition among car dealerships is in line with the literature as discussed in Section 3.2 of Chapter 3 on pages 51 and 52, that car dealerships are influenced by the nature of the products which have more or less similar product attributes and which present a challenge during the development of unique selling propositions. In addition, the findings of this study concur with the literature that an appropriate understanding of competition in the market environment is an essential requirement in formulating a marketing strategy in the motor industry.

The next section provides the empirical findings on the economic state of the country, technological changes and seasonal factors, as macro environmental factors considered by car dealerships when developing marketing communication strategies and campaigns.

6.2.6 Findings: Economic considerations

During the discussions with participants, it was revealed that car dealerships consider economic factors when developing marketing communication campaigns during situation analysis. Interest rates and fuel price changes were found to a major consideration when developing marketing communication strategies and campaigns. Participants in Section 5.6 on page 140 revealed that interest rates and fuel price changes influence how the car dealerships structure the marketing communication messages when planning marketing communication campaigns. In addition,

participants pointed out that the technological changes have brought changes into customers' lifestyles in terms of media usage trends which also impact on the use of marketing communication elements.

The findings of this study regarding economic considerations during the planning of marketing communication strategies and campaigns coincide with the literature theory, as discussed in Section 3.2.1.2 of Chapter 3 on page 45, that the economic state of the country which includes interest rates and fuel prices affects the marketing strategy decisions of organisations operating in that country.

6.2.7 Findings: Technological considerations

The study uncovered that the technological changes and trends were considered by dealerships in planning marketing communication strategies and campaigns during situation analysis, since the mind-set of the customer has changed towards new technological innovations and they have adopted the use of technology (refer to Section 5.6.1, Chapter 5 on page 141). This study revealed that dealerships consider the use technology, specifically, internet as it allows the whole family to participate in the online search of vehicles in their own spaces.

The findings of this study regarding technological considerations during the planning of marketing communication strategies and campaigns coincide with the literature theory, as discussed in Section 3.2.1.2 of Chapter 3 on pages 45 and 46, that technological changes and new technological trends influences the planning of marketing communication strategies.

The next section provides recommendations to car dealerships regarding micro-, market- and macro-environmental factors, as discussed in the preceding sections, and as factors of consideration when developing marketing communication strategies and campaigns.

6.2.8 Recommendations for dealerships regarding situation analysis

Based on the findings of this study presented in this section, it is recommended that the dealerships should ensure that they constantly monitor target audiences' media trend usages in order to guide themselves in terms of which marketing communication elements and media types need to be used to enhance their reach

and the attainment of marketing communication objectives. In addition, the dealerships should understand the target audiences' needs so that they may match the products they offer with customers' needs, and should develop marketing communication messages that promise solutions to target audiences' needs, and ultimately trigger target audiences' responses. The majority of participants emphasised the need to consider target audiences in the planning of the marketing communication strategies and campaigns.

Furthermore, the dealerships should also monitor the competition closely to avoid repetition of the same marketing communication messages, and should come up with unique marketing communication messages that will differentiate the dealerships' brands. Some participants further pointed out that they often have to conduct sales promotion campaigns, such as special deals and clearance sales, in an attempt to avoid the high depreciation costs and high storage costs associated with carrying excess stock levels. Based on this revelation, therefore, it is recommended that dealerships should monitor economic factors to guide them in terms of customers' demand and the stock levels to be kept that will avoid the need for sales promotion campaigns because of excess stock and high depreciation costs. Dealerships should also consider the seasons of the year, marketing communication objectives and available marketing communication budget when planning marketing communication campaigns in order to guide allocation of budget, and allocate more budget to busiest seasons.

The next section provides the literature research findings and empirical findings of this study in line with the second secondary research objective.

6.3 SECONDARY RESEARCH OBJECTIVE 2: SELECTING MARKETING COMMUNICATION MIX ELEMENTS

In order to realise the primary objective regarding the marketing communication practices of car dealerships, the second secondary research objective was formulated to investigate the marketing communication mix elements used by car dealerships. The investigation on marketing communication mix elements will provide insight on how car dealerships select these elements in planning marketing communication strategies and campaigns. The second research objective was stated as follows:

“To identify the marketing communication mix elements used by car dealerships in their marketing communication strategies.”

Identifying the marketing communication mix elements used by car dealerships will assist in understanding the reasons behind marketing communication managers' decisions for using or not using each of the elements. This will assist in understanding how marketing communication mix elements are selected by dealerships when developing marketing communication strategies and campaigns. This will also assist in establishing the percentage usage of each marketing communication mix element.

The next section provides the findings on the marketing communication elements, namely, advertising, personal selling, direct marketing, sales promotions, and public relations that may be used by car dealerships when developing marketing communication strategies and campaigns. The next section also provides an indication regarding the percentage usage of the marketing communication elements and media types used by car dealerships. In addition, the findings regarding the evaluation of marketing communication campaigns and strategies in comparison with literature discussed in Chapter 3.

6.3.1 Findings: Advertising

In order to realise the secondary research objective 2, the participants were asked about the marketing communication mix elements which were used by their dealerships in communicating with their target market/audiences. This study in Sections 5.7 of Chapter 5 on pages 155 and 156 revealed that dealerships use the advertising as marketing communication element, to create awareness, inform, and remind target audiences about dealerships, locations, new product launches, special offers, and special event occasions to be hosted. This study also revealed that advertising is also used by dealerships to communicate message about dealerships' brand to the target audiences. In addition, the study further found that advertising is not used in isolation, but to support other marketing communication mix elements in conveying marketing messages that lead to the attainment of the marketing communication objectives.

The findings of this study regarding advertising concur with the literature findings, as discussed in section 3.3 of Chapter 3 on pages 75 to 82 that advertising is used to

create awareness, inform and remind target audiences about product offerings and assist in building brand knowledge in the minds of target audiences. In addition, this findings are in line with findings discussed in section 3.3 of Chapter 3 on page 75, that organisations may use advertising, personal selling, direct marketing, sales promotions, public relations, and the internet to support each other and increase the message impact of these elements.

6.3.2 Findings: Personal selling

In addition, participants indicated that despite the use of advertising as marketing communication element, salespeople play an important role as a part of personal selling when customers come into the dealership (refer to Section 5.7 of Chapter 5 on pages 156-158). The study uncovered that these salespeople are also involved in qualifying potential customers during walk-ins and taking these customers through the sales process. Furthermore, the study uncovered that excellent service provided by salespeople is the biggest contributor to sales, as it offers opportunities for referrals, since customers who have received good customer service always refer other customers to the dealership. During the discussion with the participants, this study uncovered that training of salespeople is important in order to ensure that salespeople have product knowledge and customer service skills.

The findings of this study regarding personal selling concur with the literature findings, as discussed in section 3.3 of Chapter 3 on pages 82 and 83 regarding the important role of salespeople in the selling process.

6.3.3 Findings: Direct marketing

The study further revealed that dealerships engage in **direct marketing** activities using SMS, telephone and email to contact existing customers to convey marketing communication messages (refer to Section 5.7 of Chapter 5 on pages 159-160). SMS or email campaigns are used to convey marketing communication messages regarding special offers, to inform target audiences about new vehicle models, as reminders for vehicle services, and in other cases just as courtesy contact. Furthermore, the study (in Section 5.7 of Chapter 5 on pages 160-162) discovered that dealerships use the internet as an advertising medium and direct marketing medium to send emails. Moreover, the study found that dealerships focus their

marketing communication activities to attract customers to dealerships in order to generate sales by incorporating unique selling propositions into their marketing communication messages.

The findings of this study regarding direct marketing concur with the literature findings, as discussed in section 3.3 of Chapter 3 on pages 83 to 87 that SMS, telephone, and email are used to send personalised messages to target audiences.

6.3.4 Findings: Sales promotions

The study uncovered that **sales promotion** as a marketing communication tool is utilised by dealerships to achieve their marketing communication objectives (refer to Section 5.7 of Chapter 5 on pages 161-163). These sales promotion activities include special deals, clearance sales, cash back trade-in assistance competitions, and special price incentives used to entice potential and existing customers to visit dealerships and ultimately buy product offerings (cars). The study further discovered that low monthly repayments (with the cooperation of the car dealerships' financial services department) are arranged on a specific vehicle model to attract and get attention of the target audiences as a part of sales promotions. This study also revealed that sales promotions are used by dealerships to increasing sales and clear aging stock. During the discussions with the participants, it was revealed that sales promotion campaigns of dealerships in most cases linked with a particular vehicle model, the availability of excess vehicle stock with slow sales, and availability of aging stock.

The findings of this study regarding direct marketing concur with the literature findings, as discussed in section 3.3 of Chapter 3 on pages 87 to 89 that sales promotions is used to increase sales. The findings of this study add insight on application that sales promotion activities of dealerships is prompted by availability of excess stock with slow sales and aging stock.

6.3.5 Findings: Public relations

The study found that car dealerships engage in **public relations** in the form of **sponsorships**, **special events** and **celebrity endorsements** in order to build dealerships' brand in the society and institutions, and to further achieve various other marketing communication objectives (refer to Section 5.7 of Chapter 5 on pages

163-169). During the discussions with the participants, it was uncovered that car dealerships sign agreements with the companies or schools being sponsored which allow these dealerships to create brand awareness by supplying them with the opportunity to be the main brand at the event. In addition, it was revealed that car dealerships visit events at schools as a part of public relations which offered the parts manager, service manager and other staff members a platform to engagement with the public and obtain word-of-mouth referrals. However, participants indicated conflicting views about the benefits and effectiveness of celebrity endorsements at the dealership level. Some participants believe that celebrity endorsements do not bring the expected results and is a waste of money, while others believe it a worthwhile investment.

The findings of this study regarding public relations concur with the literature theory, as discussed in section 3.3 of Chapter 3 on pages 89 to 90 that public relation activities are carried-out in other to promote brand.

6.3.6 Findings: Percentage usage of marketing communication elements

In this sub-section the results of the empirical research findings: percentage usage of marketing communication elements by car dealerships is presented.

The study discovered that of all the marketing communication elements, advertising had the highest percentage usage (refer to Section 5.8 of Chapter 5 on page 169 and 170). The results graphically displayed in Figure 5.2 indicate that advertising (25.78%) and public relations (25.53%), personal selling (18.67%) and direct marketing (17.33%) are the most used marketing communication elements in conveying marketing communication messages. Sales promotions (12.53%) appear to be the least used marketing communication tool. The lower percentage usage of sales promotion can be attributed to its dependency on the dealerships' stock levels as indicated by participants in Section 5.5. In addition, the higher percentage usage of advertising and direct marketing can be attributed to the environmental factors mentioned in Section 5.5 of Chapter 5 namely, competition, changes in media usage trends by target audiences that impact on the shift from using traditional media channels (print, radio and television) towards new media types (internet, SMS and email) which are considered to be cost effective. The higher percentage usage of

public relations can be attributed the dealerships' needs to create brand awareness and relationships in the communities, institutions and target market in general.

The study uncovered that car dealerships use different media types such as print, television, radio, outdoor displays and internet to convey marketing communication messages to target audiences (refer to Section 5.8 of Chapter 5 on pages 172-188). However, it was found that the internet was preferred by dealerships to convey marketing communication messages to target audiences. During the discussions with participants, it was mentioned that cost was a prohibitive factor which influenced the selection of the media type, and that led to the shift to the internet as the preferred media type. Participants emphasised that their dealerships were advertising more on online platforms due to cost considerations. Participants also mentioned that social media such as Facebook, YouTube and WhatsApp are used by dealerships to interact with customers and potential customers as a marketing communication medium. Despite the benefits of using social media, the study revealed that social media needed to be properly managed, specifically the content, as it involves an open communication with the target audience.

The findings of this study regarding the use of media types concur with the literature theory, as discussed in Chapter 3 on pages 45 and 46, that the adoption of new technological communication trends are visible in the motor industry, as the industry represents the trendsetter in adopting new technologies to create new communication channels.

6.3.7 Additional findings: The use of database

Although database is not one of marketing communication mix elements, however, it remains an important element in planning marketing communication strategies and campaigns. The study discovered that car dealerships use databases to keep customers' personal details that are used to maintain continuous contact with customers. All the participants confirmed that their respective car dealerships have a CRM database system which is used as a source of information to access customers' personal details to enable communication with customers about special deals, reminders about vehicle services, and to send gifts during the customers' birthdays. All the participants confirmed that customer service as unique selling proposition contributes towards customer retention strategies (refer to Section 5.7 of

Chapter 5 on pages 187-190). During the discussions participants indicated that keeping existing customers is important for the success of the business as it is easier to do deal with customers you know.

The findings of this study regarding the use of database as an important element in planning and executing marketing communication strategies and campaigns was not covered in literature, but it is an important element as used by dealerships to keep personal details of customers for future marketing communication campaigns, and for maintain continuous contact with customers. These continuous contacts with existing customers form part of relationship marketing which contributes towards customer retention. In addition, these databases are used by dealerships to track sales records of customers, in order to determine prompt time to send marketing communication messages to these existing customers.

6.3.8 Findings: Evaluation of marketing communication strategies

This study in Section 5.9 of Chapter 5 on pages 192 to 194 uncovered that it is important to evaluate and measure the results of marketing communication campaigns against the formulated marketing communication objectives. This evaluation of marketing communication activities assist to identify areas that need adaptations such whether the media type used is effective or not in reaching the target audiences. The evaluation of marketing communication campaigns in dealerships are carried out on on-going basis in order to understand changing market trends and determine if the campaigns yield the target results. During the discussions with participants, the study uncovered that different media platforms and telephone lines are used for each marketing communication campaign in order to measure the reach of the campaigns in terms of enquiries received by the dealership.

The findings of this study regarding the evaluation concur with the literature theory, as discussed in Section 3.3 of Chapter 3 on pages 93 and 94 that market communication strategies and campaigns need to be evaluated in order to make adaptations where necessary. The findings of this study add insight in terms of application, as enquiries received on different telephones is used measure the campaigns' ability to reach target audiences.

The next section provides recommendations to car dealerships based on the empirical findings of this study with regard to the marketing communication mix elements, media types and evaluation of marketing communication campaigns.

6.3.9 Recommendation on the selection of marketing communication mix

In considering the findings of this study in this section, it is recommended that dealerships should use the marketing communication elements that will assist in creating unique selling propositions. Dealerships should ensure that their salespersons are well trained and motivated in order to improve customer service that can serve as unique selling proposition. The majority of the participants pointed out that salespeople play an important role in the dealerships' marketing communication efforts during walk-ins, outdoor selling, and shopping displays as part of personal selling. Therefore, it is recommended that salespeople should be appropriately trained in customer care, and should be motivated to provide excellent customer service in an attempt to create good experiences for the customers. In considering the findings regarding cost considerations, it is further recommended that when dealerships advertise, the media type selected should not only be guided by cost considerations, however, the media reach and advertising objectives should also be considered. It is recommended that social media platforms be used by dealerships to share information with target audience regarding success stories or testimonials by customers in order to build dealerships' brand awareness and cultivate the appropriate image in the minds of target audiences. The various social media platforms should be incorporated into the marketing communication strategies of dealerships and not be used as a stand-alone strategy. In planning and executing direct marketing through SMS campaigns, dealerships should provide target audiences with an opt-out option to ensure that messages are directed to interested audiences only, while when using emails, dealerships could use questionnaires to establish if target audiences are willing to receive marketing communication emails to minimise the possibility of emails being treated as junk mail.

Furthermore, it is recommended that dealerships should evaluate their marketing communication efforts such as media effectiveness, PR activities to identify ineffective campaigns, as well as effective campaigns that led to the realisation of the marketing communication objectives. However, on PR campaigns, participants

presented divided views about the celebrity endorsements that form part of PR campaigns. Therefore, in order to ensure mutual benefits from celebrity endorsements, it is recommended that dealerships should communicate their expectations from celebrity endorsements to the sponsored party, and in addition, an exit clause should be included in the agreement in instances where the sponsored party breaches terms and conditions of the agreement.

The next section compares the empirical findings of this study with the findings of previous literature as discussed in Chapter 3 in order to address the third secondary research objective.

6.4 SECONDARY RESEARCH OBJECTIVE 3: CHALLENGES EXPERIENCED BY CAR DEALERSHIPS

This section revisits the third secondary research objective which was derived from the primary research objective of this study. The third secondary research objective is formulated as follows:

“To identify the challenges experienced by dealerships in developing and executing their marketing communication strategies.”

Identifying these challenges will assist in making the necessary recommendations to the car dealerships on how to overcome them.

The next sub-sections provide the empirical findings of this study regarding the challenges experienced by car dealerships in developing and executing the marketing communication strategies and campaigns.

6.4.1 Findings: Budget constraints and high media costs

In order to realise research objective 3, participants were asked to identify challenges experienced within the car dealerships in developing and executing marketing communication strategies. The study discovered that dealerships experienced some challenges in planning and executing marketing communication campaigns and strategies, namely, marketing communication budget constraints and media costs (refer to Section 5.10 of Chapter 5 on pages 195-196). The study revealed that car dealerships had in the past proposed to use national radio stations for marketing communication campaigns; however, due to the high media costs and their limited budget they have not been able to implement it. In addition, the study

revealed that dealerships tend to use more of internet consideration this media' cost effectiveness.

The findings of the study on marketing communication budget constraints concur with the literature as discussed in Section 3.3 Chapter 3 on pages 80 to 81, indicating that marketers are under pressure to demonstrate the financial return associated with marketing budgets, and as a result these marketers have been reducing their marketing communication budget, and are turning to other cost-effective marketing communication approaches.

6.4.2 Findings: Competition and the unique selling proposition

The study also discovered that internal as well as external competition, and the difficulty experienced in creating unique selling propositions remained a challenge in developing marketing communication campaigns (refer to Sections 5.10.1.2 and 5.10.1.9 of Chapter 5 on pages 196-201). During the discussions it was indicated that developing unique marketing communication messages remained a challenge in formulating marketing communication strategies, as one dealership's marketing communication activities might benefit other car dealerships rather than the car dealership running the marketing communication campaign due to some similarities in product offerings (motor vehicles and vehicle repair services). The study uncovered that internal competition exist amongst the salespeople of the same dealership (refer to Section 5.10.1.9 of Chapter 5 on pages 199 and 200).

The findings of the study regarding the challenges of competition concur with literature, as discussed in Section 3.2 of Chapter 3 on pages 52 and 53. The findings of this study add insight by revealing that dealerships also experience internal competition which exists between salespeople of the same dealership and that creating unique selling proposition is difficult in marketing communications.

6.4.3 Findings: Lack of transparency by media owners

Lack of transparency by media owners was identified by one of the participants as a challenge when formulating marketing communication campaigns (refer to Section 5.10.1.4 of Chapter 5 on page 198). During the discussion with the participants, the study uncovered that media owners or a newspaper company may send the

dealership an email marketing a spot in the newspaper at a special price, only to find that a competitor that sells the same vehicle brand, has been given the same offer. This does not benefit the dealership in terms of business growth.

The findings of this study regarding lack of transparency by media owners when selling advertising space to dealerships is not covered by literature, and it adds insight on how to evaluate media owners when selecting media to use for the campaigns.

6.4.4 Findings: Lack of committed marketing personnel

Lack of dedicated marketing personnel due to mismanagement, and poor planning in terms of location were identified as challenges in executing marketing communication campaigns (refer to Section 5.10.1.5 of Chapter 5 on page 198). During the discussions with participants, the study uncovered that having less committed salespeople and choosing the wrong shopping malls for displays may cause the dealerships' marketing communication campaigns to fail. According to one of the participants, sales personnel tend to be less committed to shopping mall displays that bring no financial returns to the dealership.

The findings of this study regarding lack of committed marketing personnel is not covered by literature, and it adds insight on how to planning programmes that will encourage these marketing personnel to be motivated and encourage to put more effort in carrying-out marketing communication campaigns.

6.4.5 Findings: The difficulty in measuring media effectiveness

The difficulty in measuring media effectiveness was identified as a challenge in developing and executing marketing communication campaigns (refer to Section 5.9 in Chapter 5 on 199 and 200). During the discussions with participants, the study revealed that it is imperative to measure media effectiveness in terms of its reach, and that managing mass media campaigns, social media and websites remained challenges in terms of content management. In addition, the study uncovered that the decision about which newspaper to use in advertising is influenced by the return they get after evaluation and measurement of media effectiveness. Participants further emphasised that it is often difficult to be accurately determine from which marketing communication element the dealerships derive most of sales.

The findings of this study regarding measuring media effectiveness concur with literature theory as discussed in Chapter 3 on pages 80 and 81, that media reach should be evaluated. The findings of this study add insight by revealing that it remains difficult to measure accurately as to from which media type is sales derived, and highlighting the challenges relating to the management online content on the dealership website and social media.

6.4.6 Findings: Poor marketing communication planning

During the discussions with participants as presented in Section 5.10 on page 200, one of the participants pointed that poor planning of marketing communications from dealerships' management side present a challenge especially when wrong location is selected for a particular campaign.

The findings of this study regarding poor planning of marketing communication campaigns is not covered as a challenge in literature theory in Chapter 3, however, it adds insight that in practice when planning campaigns, geographic considerations are imperative.

6.4.7 Poor internal communication

During the discussions with participants as indicated in Section 5.10 on page 199, one of the participants indicated that poor internal communication exist poses a challenge in executing marketing communication strategies and campaigns.

This finding regarding poor internal communication between the senior management and junior marketing staff was not covered as a challenge in literature theory in Chapter 3, and it add insight that in practice when executing marketing communication strategies internal communication is vital.

The next section provides recommendations on how to address identified challenges experienced by car dealerships when developing and executing marketing communication strategies and campaigns.

6.4.8 Recommendation on challenges experienced

Participants indicated that during the planning of marketing communication campaigns and the selection of marketing communication tools/elements, the limited marketing communication budget served as a limiting factor. Based on these results,

it is recommended that dealerships should allocate sufficient budgets to the marketing communication elements to allow for the choice of media types that offer more exposure and the ability to attract the target audiences' attention. In addition, dealerships should strive to use a combination of marketing communication mix elements in an attempt to achieve high reach as long as the marketing communication effort has a the prospect of reaching the target audiences.

Secondly, it is recommended that the dealerships should develop and incorporate unique selling propositions in their marketing communication activities that will differentiate themselves from competitors and further catch target audiences' attention with the marketing communication messages. Participant 1 highlighted that the competitive nature of the car retail sector serves as a challenge to dealerships and presents challenges in developing unique selling messages that will drive the customer to visit a particular dealership rather than going to a competing dealership.

Thirdly, it is recommended that dealerships should appoint an employee internally or an external company that will be responsible for website management and social media management. Participants indicated that website management is important and social media can build or break the organisation's image if the content is not properly managed and regularly monitored.

Fourthly, it is recommended that dealerships should ask media owners about the marketing communication contents of a newspaper or magazine publication previous to accepting any special deals from media owners in order to avoid having similar competing brands advertising in the same publication. Participant 8 pointed out that media owners lack transparency and that these media owners disregard dealerships' interests.

Fifthly, the dealerships should involve marketing personnel at all levels in the planning of marketing communication strategies and other promotion campaigns to obtain their inputs and to further communicate the approved marketing communication strategy or promotion campaigns to all internal marketing staff. Participant 6 highlighted that there is a lack of communication between managers and the salespeople who are involved in executing the promotion campaigns at the dealership level.

Furthermore, dealerships should ensure that dedicated and motivated salespeople are appointed to lead the execution of promotion campaigns. Participant 3 highlighted that some marketing communication campaigns, such as shopping mall displays, fail because of having less dedicated salespeople in the campaign.

Moreover, dealerships should use media tools that are measurable in order to measure their effectiveness. It is recommended that dealerships should use questionnaires to establish how the customers got the information about the dealership that led them to a particular dealership rather than the competitors' dealerships. These questionnaires can either be self-administered or be administered by salespeople to get the mentioned information. Participant 2 indicated that measuring media effectiveness remains a challenge as it is difficult to establish how customers acquired information about the dealership.

Lastly, dealerships should ensure that clear internal communication between senior management and other marketing staff regarding marketing communication strategies and campaigns exist to ensure effective execution of the planned marketing communication activities.

The next section provides the general literature findings and empirical findings of this study which addresses the fourth secondary research objective, as well as recommendations to dealerships.

6.5 SECONDARY RESEARCH OBJECTIVE 4: FUTURE MARKETING COMMUNICATION STRATEGIES

The fourth secondary research objective was:

“To recommend future actions that can be done by car dealerships in developing promotional strategies in the future.”

6.5.1 Findings: Future marketing communication approaches

The study found that most of the participants haven't thought of any new marketing communication approaches to be used in the future; however, two participants suggested that video advertising and proper planning of events marketing are viable options (refer to Section 5.11 of Chapter 5 on pages 201-203). In addition, one of the participants pointed out that the introduction of product information specialist at

dealerships might reduce the negative perception about the pressure exerted by salespersons towards potential clients and save salespeople time in explaining product information. Furthermore, the study discovered that the participants were still keen to use traditional media types (radio and print) despite cost constraints and they also wanted to use special events. Moreover, the study discovered that video advertising, outdoor displays, the introduction of product information specialist portfolios at car dealerships, and the silent salesperson approach as viable marketing communication approaches could be applied in the future.

The findings of this study with regard to future marketing communication approaches which can be utilised by dealerships concur with the literature, as discussed in Section 3.4.3 of Chapter 3 on pages 96 and 97, that the combination use of traditional media types and new media types can be used to achieve media synergy. The finding on the use of silent salesperson approach is not found in literature and this finding adds to the body of knowledge in the topic. Silent salesperson is used when cars are parked at specific events and shopping mall displays during the absence of salesperson where interested target audiences can take business cards placed on cars' windows with contact details of salespersons. The salespersons' contact details are then used to contact the dealerships to enquire more about car offers and special deals.

6.5.2 Recommendation regarding future marketing communication approaches

It is recommended that car dealerships should be innovative in developing marketing communication campaigns, such as using the silent salesperson approach, in an attempt to save time and money. The silent salesperson approach involves displays of car dealerships products (cars) where business cards are placed on the cars for interested parties to contact the car dealership in their own time. In addition, in using silent shopping mall displays, boxes are placed next to the displayed vehicles for interested parties to insert their contact numbers. Participant 7 pointed out that silent shopping mall displays are used to avoid spending the whole day at the shopping malls during vehicle displays.

Secondly, it is recommended that special events should be used as a viable marketing communication platform held even at unanticipated places where other competitors might not think of. Participant 4 indicated that special events can be

executed at places such as courts of law; memorial services; and even at funerals as long as the dealerships will be able to expose their product offerings to the target audiences and generate leads.

Thirdly, it is recommended that car dealerships should consider using social media platforms and appoint internal staff member to manage it or alternatively appoint external service providers to manage it. Participant 8 pointed out that managing the social networks may pose a challenge to the car dealership network as it requires somebody to manage it. Lastly, car dealerships should consider using a combination of traditional media and new media types in conveying their marketing communication messages in marketing communication campaigns to obtain the combined impact of these media types. Participants highlighted that they are keen to use traditional media types (radio and television) taking into account the impact of these media types, however, they are discouraged due to cost considerations. It is further recommended that the car dealerships should study customers' lifestyles and interests to ensure that gifts that are sent to these customers do appeal to them or match their lifestyle and interests, and ultimately add value to the customers.

The next section provides the contribution of this study based on the empirical research findings.

6.6 THE CONTRIBUTIONS OF THIS STUDY

Through studying and examining the secondary research available, it appears that the current topic has not been comprehensively covered in the South African context. Little research has been carried out in South Africa exploring marketing communications in the car retail sector. This study explored an area that has received limited attention in the literature and it therefore benefits dealerships operating in the car retail sector within the motor vehicle industry.

This study further contributes to South African car dealerships by highlighting the shifting of media usage trends by customers and the importance of using marketing communication media and approaches that will help to increase the reach of the dealerships' marketing communication activities. This study further contributes to South African car dealerships by highlighting that the combination use of multiple marketing communication mix elements in marketing communication campaigns as

this has a potential to increase the effectiveness of their campaigns as these elements support each other. In addition, the study contributes to South African car dealerships by emphasising the usage of multiple media types in marketing communication strategies and campaigns as the effort could increase the chances of marketing communication message to reach target audience. Moreover, the findings regarding the use of the silent salesperson approach constitutes new information to the body of marketing communication knowledge as it is not found in the literature.

The study further discovered challenges that need to be addressed in order to increase the effectiveness of marketing communication efforts. The finding about the challenge presented by the lack of transparency by media owners when marketing advertising spaces in the media constitutes a new finding to the body of knowledge. Dealerships may find this information on space available in the media valuable for improving their marketing communication efforts or strategies to achieve marketing communication objectives.

The research study had some limitations that are addressed below.

6.7 LIMITATIONS OF THE STUDY

Due to the fact that a researcher used a purposive sampling method, the findings of this study cannot be generalised to the larger population. However, the research objective was not to be representative, but to explore the marketing communication practices of the selected dealerships, and allow other researchers to transfer the findings. Furthermore, the study was confined to car dealerships only operating within the borders of the Gauteng province. Qualitative approach was used to collect in-depth data, and a small sample size was used.

Recommendations for future research directions are provided in the next section.

6.8 RECOMMENDATIONS FOR FUTURE RESEARCH

From the research findings, conclusions and limitations discussed, the following suggestions for future research are provided:

As the study was confined to car dealerships, application of this study on motor vehicle manufacturers may yield different results, which could be of benefit to the motor vehicle industry.

Due to the study being confined to the Gauteng province, the views of people outside the selected participants were not represented. Future research could aim to identify more participants in other provinces of South Africa. Furthermore, expanding the sample by including individual customers may yield different results.

As the study used a qualitative approach and covered open-ended questions only, future research should try to incorporate a mixed-method approach in order to cover closed questions and more participants.

As the marketing communication budget considerations appear to be a prohibitive factor in planning marketing communication campaigns and strategies, therefore, further research can be conducted to determine the relationship between the marketing budgets and its impact on sales in car dealerships.

In the current study, it was found that male participants constituted the majority. Therefore, further studies may be conducted to further establish the gender parity of marketing personnel involved in the marketing communication activities of dealerships and to establish if gender issues have any impact on the marketing communication effectiveness.

Further research can also be conducted using the desktop approach to investigate the messages of the online marketing communication content to investigate its adherence to the Advertising Standards Authority (ASA)'s code of conduct.

The next section provides the summary of this chapter which concludes this dissertation.

6.9 SUMMARY

This chapter concludes the research study, which aimed to investigate the the marketing communication practices of car dealerships in Gauteng, South Africa. The research findings were compared with the research finding of other research studies. The research findings were also used as the basis for the conclusions drawn and recommendations made for car dealerships in the motor vehicle industry. From research findings it can be concluded that marketing communication objectives, available marketing communication budget, dealerships' stock levels, target audiences, competitors' marketing communication activities, interest rates and fuel price changes are important environmental factors considered during the planning

stage of marketing communication strategies and campaigns. In addition, the study revealed that marketing communication mix elements are used by dealerships to support each other in conveying marketing communication messages to target audiences.

Despite the use of different marketing communication mix, based on the findings of this research it can be concluded that car dealerships experience challenges in planning and executing marketing communication campaigns and strategies, especially marketing communication budget constraints and competition and lack of transparency by media owners when marketing advertising spaces in the media. It is suggested that despite these challenges, dealerships should exert more innovative approaches such as video advertising, silent personal selling, and special event marketing communication campaigns in improving the impact of their marketing communication activities. Moreover, it is recommended that car dealerships should keep customers' personal records such as contact details in their data base for the purpose of future marketing communication campaigns and continuous contact with existing customers. Establishing and maintaining a continuous communication with existing clients is imperative for relationship marketing that forms part of the customer retention strategy. Furthermore, this study recommended that car dealerships should evaluate their marketing communication strategies and campaigns on continuous basis in order to effect changes when it is necessary. The study's contribution to the car dealerships was highlighted, preceded by the study's limitations.

Future research opportunities were also identified which include the research that could aim to identify more participants in other provinces of South Africa. Further research can also be conducted using the desktop approach to investigate the messages of the online marketing communication content to investigate its content and adherence to the Advertising Standards Authority (ASA)'s code of conduct. Lastly, the researcher pointed that expanding the sample by including individual customers may yield different results that may lead to better planning and execution of marketing communication strategies and campaigns.

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APPENDIX A: CONSENT FORM

Consent for participation in an academic research study

Department of Marketing management and Retail

**Research Title: Marketing communication practices of car dealerships in
Gauteng**

Research conducted by:

Mr. S.S. Makgopa (36034177)

Cell: 078 477 5209

Dear Participant

You are invited to participate in an academic research study conducted by Siphon Makgopa, Masters Student from the Department of Marketing Management and Retail at the University of South Africa.

The aim of this study is to investigate the marketing communication practices of car dealerships in Gauteng to gain insight on how marketing communication strategies are planned and executed. Understanding the marketing communication practices of car dealership will assist in identifying the factors considered in developing marketing communication strategies. In addition, also identify challenges experienced by dealerships in planning and executing their marketing communication strategies and furthermore, recommend what can be done by dealerships in developing marketing communication strategies in the future.

Please note the following:

- The in-depth interview will last for forty five (45) minutes to one (1) hour.
- Please be sure to speak up as the interview will be audio recorded and also to allow interviewer to take notes.
- All responses will be kept confidential. This means that your interview responses will only be shared with the research team members and we will ensure that any information we include in the report does not identify participants.

- Your participation in the study is very important; however, you may end the interview at any time.
- Please take note that you will not benefit directly from your participation as you will not receive payment or financial reward, however, the results of the study will be of scientific and practical importance in developing marketing communication strategies.
- There are no foreseeable physical or psychological risks involved in participation. You might be mildly inconvenienced by the time it will take for interview
- Please remember that you don't have talk about something you don't want to.
- Please contact my Supervisor, Mr D. P. Theron, on tel. (012) 429-4871 (email: therodp@unisa.ac.za) if you have any questions or comments regarding the study or if you would like to be informed of the final findings of the study. The findings will be available by the end of 2015.

Are there any questions about what I have just explained?

Are you willing to participate in the interview?

Please sign the form to indicate that you understand the information given above and that you give your consent to participate in the study on a voluntary basis.

Interviewee

Witness

Date

APPENDIX B: INTERVIEW GUIDELINE

Student : Mr Siphon Makgopa
Field of study : MCom: Business Management
Student number : 36034177
Supervisor : Mr D.P. Theron

INTERVIEW GUIDE

1. Background questions

- What are your organisation's main business activities? Please explain
- Who is your target market?
- Participant's job description in the company and work experience

2. Marketing communication strategy

- How does your organisation communicate with its target market/audiences as part of marketing communication strategy? Please explain your answer (marketing communication tools, media channels, why are you using/or not using these/other marketing communication tools, media channels?)

3. Marketing communication mix elements

- What are the other marketing communication mix elements which are used by your organisation in communicating with target market/audiences? Please explain your answer
- What are the factors considered in selecting marketing communication mix tools to be incorporated in marketing communication strategy?

4. Communications aimed at retaining existing customers

- Does your organisation have specific marketing communication strategies aimed at retaining existing customers. Please explain your answer.

5. Challenges experienced

- What are the challenges you have experienced in planning and executing your organisation's current marketing communication strategy? Please explain your answer.

6. Future marketing communication strategies

- What are marketing communication practices or methods not currently used by your organisation that you think you might consider using in the future? Please explain your answer

APPENDIX C: CONFIDENTIALITY AGREEMENT

Research Title: Investigating the marketing communication practices of car dealerships in Gauteng

CONFIDENTIALITY CLAUSE

The research code of ethics mandates that confidentiality should be maintained throughout data collection, data analysis and report writing.

As a transcriber I understand that I have access to confidential information. By signing this statement, I am indicating my understanding of this responsibility and agree to the following:

- I understand that all information obtained or accessed by me in the course of my work is confidential. I agree not to disclose or divulge to unauthorised persons any of this information, unless specifically authorised to do so.
- I understand that names and any other identifying information about study sites and participants are completely confidential.
- I agree to use the data solely for the purpose stipulated by the client.
- I agree to shred any hard copies of data in my possession on completion of transcribing project. All electronic copies will be permanently deleted from the hard drive of my computer upon completion of this task.

MONICA DROTSKY

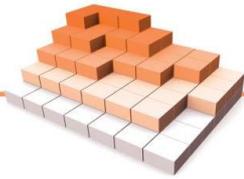
A handwritten signature in cursive script, appearing to read "M Drotzky".

LEONORE HOUGH

A handwritten signature in cursive script, appearing to read "L Hough".

Date: 2015-01-16

APPENDIX D: DECLARATION BY EDITOR



Retha Burger
B.A.(H.E.D.)

tel: 012 807 3864
cell: 083 653 5255

fax: 012 807 3864
e-mail: retha@skillnet.co.za

Independent Skills Development Facilitator

Dear Mr Makgopa (Student no. 36034177)

This letter is to record that I have completed a language edit of your MCom dissertation entitled, "Investigating the Marketing communication practices of car dealerships in Gauteng Province, South Africa".

The edit that I carried out included the following:

- Spelling
- Grammar
- Vocabulary
- Punctuation
- Pronoun matches
- Word usage
- Sentence structure
- Correct acronyms (matching your supplied list)
- Formatting
- Captions and labels for figures and tables
- Checking of in-text references
- Generation of Table of Contents, Lists of Figures and Tables

The edit that I carried out excluded the following:

- Content
- Correctness or truth of information (unless obvious)
- Correctness/spelling of specific technical terms and words (unless obvious)
- Correctness/spelling of unfamiliar names and proper nouns (unless obvious)
- Correctness of specific formulae or symbols, or illustrations.

Yours sincerely

Retha Burger

17 February 2016

APPENDIX E: ETHICAL CLEARANCE CERTIFICATE



Ref #: 2014/CEMS/MRM/002

ETHICS REVIEW COMMITTEE: DEPARTMENT OF MARKETING AND RETAIL MANAGEMENT

Mr S. Makgopa (36034177)
Supervisor: Mr D. Theron (1959514)

This is to certify that the application for ethics clearance submitted by
Mr S. Makgopa (36034177)

For the study

Marketing communication practices of car dealerships in Gauteng

Master's Degree in Business Management

Decision: Ethics Clearance Granted

The application for ethics clearance for the above mentioned research was reviewed by the unit committee of Marketing and Retail Management on 30 July 2014 in compliance with the Unisa Policy on Research Ethics. **Ethical clearance is granted.** Please be advised that the research ethics review committee needs to be informed should any part of the research methodology as outlined in the Ethics Application (Ref. Nr.: 2014/CEMS/MRM/002), change in any way. This certificate is valid for the duration of your study.

The Marketing and Retail Management Research Ethics Review Committee wishes you all the best with this research undertaking.

Kind regards,

Ms E.C. Nell
Deputy chair of the Unit Ethics Review Committee
Telephone: +27 12 429 4456
Date certificate issued: 30 May 2014

Prof Vallant Clapper
Executive Dean: CEMS



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APPENDIX F: NETWORK OF THEMES

