

Managing Loyalty in The Automotive Industry: The Impact of Social Media on the Purchase Cycle

A Master's Thesis Submitted for the degree of
“Master of Business Administration”

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I would like to mention how thankful I am for the support of my family, friends and my country – Saudi Arabia.

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Affidavit

I, **LUGEEN BIN MAHFOOZ**, hereby declare

1. that I am the sole author of the present Master's Thesis, "Managing Loyalty in The Automotive Industry: The Impact of Social Media on the Sale Cycle", 79 pages, bound, and that I have not used any source or tool other than those referenced or any other illicit aid or tool, and

2. that I have not prior to this date submitted this Master's Thesis as an examination paper in any form in Austria or abroad.

Vienna, 26.9.2015

Signature

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Abstract

This study examines the impact of social networks on brand loyalty when consumers are considering purchasing a new road vehicle, and how social networks influence the processes of purchase and consumers' attitudes and perceptions towards the brand. The process of purchasing a new car has changed with the widespread use of social media, which has begun to influence purchase intentions, so that the sale cycle of the automotive industry is evolving. The findings of this study suggest that the perceptions of friends and families discussed on social media networks have become more influential for potential consumers when compared to traditional forms of commercial marketing, so that person-to-person marketing has become an important new phenomenon that needs to be recognised by vehicle manufacturers and dealers. Dean (2013) argues that the purchase intentions of potential consumers can influence what type of car and where they would purchase this from, so that marketing needs to be a mix of strategies where social media is a central element. This thesis intends to investigate how the automotive industry manages the concept of customer loyalty, which should fill a gap in knowledge for this industry and present better understanding. The research will also focus on the market in Jeddah, Saudi Arabia to reveal the influence of loyalty and advocacy and how these could be maximised, as well as analyse social media strategies that have been successful. The expected results of this study should demonstrate the importance of social media for vehicle manufacturers and dealers and its influence on the process of consumers' purchasing intentions. The researcher believes that the findings of this thesis should provide valuable guidance for car dealers in Saudi Arabia to adopt a better model for the sale cycle that will be more effective in achieving improved sales of vehicles.

Key Words: Sale Cycle-Social Media-Loyalty-customer Loyalty

1 Introduction

To achieve organizational success, companies have increasingly focused on the concept of customer loyalty, as loyal customers are perceived to be an important factor for the automotive industry. This fact is particularly true during times of global economic stagnation when sales are under increased pressure from competitors. Therefore, many companies in the automotive industry have identified that resources need to be used efficiently and effectively, and that there should be a focus on strategies that produce a viable impact, and customer loyalty has increasingly become an important strategic focus that is critical to address increased competition in the industry.

The automotive industry is different from other industries involved in manufacturing consumer products that often have replacement cycles that are more frequent, as consumers tend to purchase new road vehicles after long periods involving several years. This period of time can range anywhere between 3 years to 15 years. As a result of this long-term replacement cycle, automotive manufacturers face the potential of their consumers purchasing another brand of road vehicle from a competitor company. Therefore, automotive manufacturers need to maintain a continuing focus on customer loyalty to overcome a potential reduction of their customer base (Zetu, 2010). Different companies achieve that differently as some relay on bonus offers on their services while others apply buyback credits and loyalty paradigms.

According to Kelsey (2011), the impact of social media and social networking is an important factor that influences purchase intentions for all types of industries producing consumer products and services even though these are not directly connected to social networks. It was not that there is an increasing demands on social media for material about cars and the latest offers (Kelsey, 2011).

1.1 Outline of the Thesis

This thesis will begin by discussing how sale cycles operate and examine what role social media could have. Therefore, we want to gauge and assess the effect of

social media based on statistical analysis. We have limited our research focus on customers in Jeddah, Saudi Arabia. We particularly want to determine the impact of social media channels such as Facebook and Twitter within the automotive industry by understanding their impact on consumer loyalty perceptions and their purchase decision making. We then present our method, conduct the surveys, collect data and outline how we arrived at the results. Recommendations are also made based on the results.

The research methodology, tools and data gathering techniques will also be presented later along with analysis and conclusions.

1.2 Research Aim

The ultimate goal of this study is to understand the customer loyalty within the automotive industry and how they are impacted by social media. Based on the findings, we will develop recommendations and suggestions which can help in advancing the understanding of this area.

The results should also help future investigators and highlights areas of potential future work in this area and in depth.

1.3 Problems Definition

To achieve the indicated research aims, three research questions have been formulated shown below that need to be answered:

- **Research question one:** Within the context of Jeddah, Saudi Arabia, which social media strategy would be the most successful in enhancing brand loyalty and advocacy, as well as appealing to potential consumers?
- **Researches question two:** What evidence is required for vehicle manufacturers and dealerships to provide proof that social media should be used in the sale cycle process for cars?
- **Research question three:** What guidance could be offered to car dealers in Saudi Arabia to encourage them to improve their purchase model?

2 The Purchase Cycle Concept

The field of biology provides the origin of the concept of a cycle, as living organisms present a pattern of being born, developing with age, maturing and finally dying, which inspires industry life cycles and product life cycles in the field of commerce and business. Therefore, the concept of a cycle can be applied to industries and products over time, as this often appropriately describes their development that is similar to life cycles. However, the classifications of industry life cycles and product life cycles that are applicable to commercial organisations and business are usually defined as stages that introduce, grow, mature and decline elements of a project, product or service.

The automobile industry often applies different marketing strategies for car sales, such as when older models of cars need to be cleared before new models are introduced, when compared to marketing strategies for newly developed cars that have greater fuel efficiency. This is all in addition to the traditional marketing strategies of offering discounts, lower financing rate, lower lease rate, easier financial conditions, and discounts on certain models and also the offering of certain features and car options.

This represents the life cycle that can be applied to a car as an industry product, so that the four stages would involve introducing a new model of car, growing the sales of this new design car, the mature stage when this car is widely known by customers, and finally the decline stage when sales of this car are reduced. Therefore, the level of sales for a car product would differ according to each of these stages. Car dealers and car manufacturers would want high levels of sales at each of these stages, but during the life cycles of cars, the sales techniques adopted often noticeably change.

2.1 Introduction of New Car Models

Car manufacturers and car dealers promote attractive design elements of a new model car during this stage, so that its features are intended to be prominent in the automotive market. For instance, these features could include speed, technology to facilitate parking, compact size, fuel efficiency or voice recognition software.

Marketing strategies at this stage often focus on consumers perceived to be wealthier than other groups in society, as a new car would be often sold at its most expensive level, as the product offers features that are novel and unique for potential customers and also early adopters exist in the market and are willing to pay a premium for the new car features.

The introduction of hybrid cars in the automotive industry represented the tactics of marketing that focused on celebrating consumers' choice of the car to support environmental issues, and promoted the importance of fuel efficiency for new cars. Therefore, high prices could be demanded by car manufacturers and car dealers that would contribute to the design and development of any new technology incorporated within new cars, which is based on successfully implementing these marketing tactics.

The figure bellow is an example of how Mercedes Benz promotes the all-new 2015 CLA Mercedes Benz sport vehicle. The focus is on the new partial LED lighting on the head and also the sporty looks of the vehicle. Also, the ad shows that this car is designed to be driven in city and in populated areas.



Figure 1: Mercedes Benz promotion for a new vehicle

(Source: Mercedes Benz Canada, 2015)

2.2 Growth

During the next stage, car dealers and manufacturers attempt to market this car model to a wider range of potential customers, so that the number of cars sold in this stage of the cycle is enhanced by different marketing tactics during this stage, other car dealers and car manufacturers enter the market to present competition for new customers, and a product is generally sold in greater numbers. The marketing focus for car manufacturers in this stage places less importance on the features of the product, and raises the profile of brand awareness and brand differentiation.

Therefore, during the introduction stage, customers that are persuaded to purchase a new car have to wait for it to be delivered, but in the growth stage car dealers already have these cars on display, and market strategies suggest to customers that this car model is already popular. However, car dealers face competition from other car manufacturers' products that could offer features that are similar, so cash-back incentives and other rebates could be offered, because the main selling tactic is price in this stage.

The following two figures show rebates ads by Toyota US, to expand their sales and offer rebates to growth customer segments namely college graduates and military staff and members.



Figure 2: Toyota rebate to college grads

(Source: Toyota USA, 2015)



Figure 3: Toyota rebate to military staff

(Source: Toyota USA, 2015)

2.3 Maturity

This stage presents a market that is saturated with car products that are similar due to many other competitors targeting potential customers, so that aggressive competition in this part of the sales cycle contributes to sales growth that is slower. Saxena suggests that marketing strategies to increase sales in this stage tend to focus on the tactics of product promotion and competitive pricing, so that the critical issues of brand repositioning and market segmentation now become important strategies. These marketing strategies often result in extensive use of television advertising to promote the car to potential single customers, or as a car that is suitable for customers with families. The following shows an image shown by a car add comparing different brands for a similar car class. Prices are used to lure new customers.



Figure 4: Comparative car ad strategy

(Source: BusinessNews, 2015)

2.4 Decline

At this stage, other car models are being highlighted by the car manufacturer or competitor manufacturers, so that there is a declining interest in customers purchasing these cars, as other cars offer better features. Car manufacturers and car dealers usually need to clear stocks of this car model before new models are introduced in future months, so that at this final stage of the sales cycle, the price of these cars is reduced significantly. Furthermore, as per local tax regulations, any unsold cars at the end of the season will be subject to taxation and hence, this gives dealers more motivation to offer cash-back offers or any other promotional discounts to move car out of the dealership [1].

The following figures shows a promotion by Mazda manufacturing offering a cash rebate on clearing older vehicle models.



Figure 5: Older Mazda clearance rebate

(Source: Mazda USA, 2014)

2.5 The New Automotive Purchase Cycle

When customers have purchased a service or product, their experiences are likely to inform their opinions. This opinion and impression, especially the initial impression, would be discussed through social media with strangers, family members and friends, and these opinions based on experiences are likely to have a significant

impact on the decisions of others to purchase this service or product. Also, consumer opinion about customer service and maintenance experience with the seller is very important. Therefore, the interaction of customers with others through online reviews of products, social media and blogs that is defined as consumer-driven marketing contrasts with the traditional marketing strategies of car manufacturers and car dealers.

Consumer-driven marketing has influenced the automotive industry, which has developed a new automotive purchase cycle that also has four stages of a cycle. In this new cycle, customers first consider purchasing a new car, and then move to the next stage of evaluating positive and negative factors that could be involved. The following stage would be to purchase the car. The final stage of this cycle is perhaps the most significant stages as happy buyers will ultimately go out and speak with others to share their pleasant experiences about their new car.

. Unless a consumer purchases a car, a sale is not closed. It is all about the consumer pulling their wallet and paying for the car or signing its financial and lease contract, upon agreement.



Figure 6: Purchase Cycle

(Source: The Rise of Loyalty Advocacy and Influence Social Media and A New Purchase Cycle, 2012)

2.5.1 Consider

At the consideration stage of this newly developed cycle, potential customers

consider the options that are open to them in terms of their budget and the range of cars available within this budget. At this stage, the processes of consideration adopted by potential customers tend to remain in a fluid state, so building brand awareness is critically important for car manufacturers and car dealers. During this consideration stage, potential customers could base final purchase decisions on initial considerations, as these could grow during this stage, as a result of aggressive marketing strategies from different companies that offer wide ranges of choice of cars.

Although brand awareness for potential customers might not play a critical role during the consideration stage, this factor could still be important during a later stage. However, at the consider stage, brand awareness and brand options for a specific car brand have three times the potential to encourage the interest of potential customers than car brands that are insufficiently promoted (Harvard Business Review, "Branding in the Digital Age," December 2010). These findings suggest that it is critically important for car manufacturers and car dealers to promote brand awareness to attract interest of potential customers in the consider stage of the cycle, even though brand awareness could also have an impact at a later stage for potential customers.

2.5.2 Evaluate

Potential customers move to the evaluation stage when they collect more information to help their decision making through visits to car dealers, telephone calls, online sources of information and printed articles. During the evaluate stage, a study (McKinsey, 2012) suggests that information collected by potential customers from car dealers and car manufacturers has less impact than information collected from other customers who have purchased the product and is described as touch points. This information could be gathered through first-hand experience or simply by reading blogs and product reviews online which has become very viable in recent years.

Family members and friends are shown to have a strong influence on potential customers, and research findings indicate that around 45% of potential customers tend to ask for recommendations from family members or friends (IBM

Global Business Services, “From Social Media to Social CRM: Reinventing the Customer Relationship”).

In a study of potential car purchasers, the findings show that during the consider stage, these potential customers identify 3.8 brands on average, and during the evaluate stage they tend to add a further 2.2 brands (McKinsey Quarterly, “The Consumer Decision Journey”). Car manufacturers need to maintain their focus on brand awareness during this stage, as other brand competitors can achieve significant influence at a later part of this purchase process, so that the touch points for potential customers when they examine the car and interact with staff at car dealers are closely connected to final decisions about purchase. This study found that 76% of potential purchasers of cars that had visited a car dealer or car purchasers commented that their final purchase decision had been influenced or would be likely to be influenced by a visit to a car dealer. This highlights the critical importance of the experience of potential customers when they visit a car dealer during this stage. This is the very reason why dealership tend to offer extensive training programs to staff and also offer commission-based salaries and bonus incentives based on sales over various periods of time.

2.5.3 Purchase

Following the experience of purchasing a new car, this is likely to determine the relationship between the customer, dealer and manufacturer of the car. When the experience of customers is positive after purchasing a car, it is likely that car brand loyalty or car dealer loyalty will be developed, and these customers would be more likely to continue using the car dealer and car manufacturer. Moreover, customers would come back to the dealership, post purchase, to complete their required scheduled maintenance services. Usually, service revenues are quite large to dealership and hence they are motivated to maintain this source.

. However, there is little likelihood that customers would remain loyal to the brand or dealership if they have a negative experience. It is during this stage that the perceptions of customers are clearly established before they move the final and most important stage of interact.

2.5.4 Interact

A loyalty loop is established that is defined as an important secondary cycle when purchase decisions have been made by customers in this stage. The loyalty loop is included below.



Figure 7: Loyalty Loop

(Source: The Rise of Loyalty Advocacy and Influence Social Media and A New Purchase Cycle, 2012)

Happy customers can be the ones who market for the product and be champions to others. This can be very powerful, as they can simply impact other's buying decisions by sharing their experiences. In the future, some customers could decide to repurchase the same brand of car without consideration of competitor brands, so that they create a bond. At this interact stage, customers with positive experiences could become advocates, and using social media websites and other outlets, customer reviews and blogs specifically endorse a brand manufacturer or a car dealer, which has the potential of influencing prospective purchasers of new cars positively. This is rather a significant element within the automotive industry. Purchase of new cars could be strongly influenced by the factor of consumer-to-consumer advocacy, as the first consider stage of other potential customers is likely to include the brands recommended by friends, families and strangers [2].

2.6 Social Media within the Global Automotive Market

Social media is essentially a communication tool, which allows users to share visual and audio material among each other.

According to a study by Globenewswire (2011), when considering the purchase of a new car, social media networks are often used to find information about car dealers, car models and car brands that should be considered or rejected based on comments, likes and status updates, which play a role that is expanding and significant for prospective car purchasers. These findings highlight the significant influence of advocacy between customers and potential customers of cars, and recommend that car manufacturers and dealers need to engage closely with purchasers, but particularly following the purchase stage, when customers should be developing a bond with their new car and are sharing their opinions and perceptions through social media networks about their purchase experience and their new car performance.

The above assertion is also true to many other industries especially consumer items. This ability to influence and refer encouraged the development of new business models like eBay, Amazon and Alibaba, where consumer feedback is used to promote the seller or their new products. Social media is then used to circulate seller profiles and product features.

Professional marketing analysts are likely to recommend the tactic of using social media networks to reach out to potential customers, but there is more to consider than promoting brand awareness with advertising on popular social media websites. The optimum experience from the perspective of the brand would be that customers feel comfortable having engagement with the brand during all stages of the purchase cycle. Customers or potential customers seek to know if a company wants them to remain a customer, whether after purchase or when considering purchase, and social media channels could respond to these issues in various ways. The consumer just needs to Google few key words and look for product reviews and relevant blog content.

At present, the social media sites that are widely used by businesses are Twitter Instagram and Facebook. It is critically important for companies and brands to establish a presence. Social media networks enable companies to interact directly

with customers and potential customers, as well as adopting this format as a medium for advertising. Customers and potential customers often perceive that companies are more accessible and open by communicating via social media sites, as they can provide feedback about the company directly. Although positive feedback is welcomed by companies, negative feedback is also valuable as companies have opportunities to respond to negative feedback.

2.6.1 Statistics on Social Media Use

In a study to investigate how social media could influence the processes of car purchase, GfK Automotive Research, DriverSide and Dealer.com (2012) surveyed around two thousand respondents in the USA who had plans to purchase a new car or who had purchased a new car within the previous year. Findings revealed that Facebook was used by 84% of these respondents, and 27% of respondents specifically used Facebook when they planned to purchase a new car to collect information and opinions. Therefore, during 2012 in the USA, 9.1 million cars were sold, and 2.4 million of these car sales were due to social media influences, based on a generalisation of the findings of this study. This data is significant, as the combined sales of Toyota and Ford in the USA in 2010 was 2.4 million sales, and reveals the potential commercial opportunity for car manufacturers and car dealers when using Facebook as a marketing strategy.

This study reports that advocacy between customers and potential customers is a very strong influence on purchasing intentions for new cars based on the strong influence of social media networks. Forty-one per cent of respondents that used social media commented that they would consider a post that suggested a model or brand was good. Six per cent of respondents said that they would no longer consider a model or brand if they read a negative post. When asked about car dealers, the responses showed a similar positive effect, where a post that recommended a car dealer, 28% of responded that they would consider this recommendation, and if a negative comment was noted in a post, 3% of respondents claimed they would not consider this car dealer.

These findings also show that potential customers could be influenced negatively and positively when they read posts on social media written by family

members and friends. Sixty-five per cent of respondents who were Facebook members used information from this network when considering purchasing a new car, and reported that a favourable opinion regarding a car or brand from a friend would influence their intention to purchase positively. In contrast, 59% of respondents said that their opinion of a car or brand would be negative if they read a critical comment from a friend in a post.

Another study by Nielsen (2014) reports that to attract customers to purchase new cars, online platforms offer critically important opportunities for car manufacturers and car dealers. Findings show that 65% of respondents from across the world thought that car brand websites were helpful when potential customers were considering purchase, but 73% of respondents from Russia found this information useful. This study reports that 41% of respondents from around the world thought product review website were helpful, and 38% of respondents thought dealership websites and third party information websites were helpful. Across European countries, 34% of respondents thought social media channels were helpful, but 73% of respondents from Russia thought they were helpful. 23% of those who responded indicated the usefulness of a website and video materials when purchasing a product.

2.7 Summary

This chapter has discussed the traditional sales cycle where the cycle of a product follows the stages of introduction, growth, maturity and decline. The use of social media channels has also discussed a revised cycle that should be considered by car manufacturers and car dealers that applies a new cycle for car products that also has four stages of consideration, evaluation, purchase and interaction. Therefore, car manufacturers and car dealers need to consider social media as a marketing strategy to target potential customers that plan to purchase a new car. The findings of previous studies discussed earlier indicate that many people use social media to gain information when considering the purchase of a new car. Therefore, social media channels help potential customers who plan to purchase a new car to find relevant information about car models and brands that they could consider, as well as identifying car dealers that are recommended by friends and family members.

3 Current Situation of Social Media's Impact in Saudi Arabia

This chapter discussed the current state of social media use and statistics in the Saudi Arabia automotive market with emphasis on the major social medial channels such as Facebook, Twitter and Instagram. The chapter also emphasise the cases of various car dealerships in Saudi Arabia such as Nissan, Toyota and Hyundai and highlights the purchase cycle of the Saudi consumer.

3.1 The Saudi Car Market

Saudi Arabia is rapidly becoming the automotive hub of the Middle East, despite its traditional reputation as being rich in reserves of gas and oil. Rich natural resources, government support and a pro-business culture are some of the factors for the rapid international and regional involvement in the automotive sector (us-sabc.org, 2015). Current studies and figures indicates that Saudi Arabia is rather the single largest importer of automobiles and replacement parts in the Middle East. Their share is about 40% of all nations in the Middle East, which is huge.

Sales of new vehicles are likely to rise by 6.7 per cent each year, with one million sales by 2020. The Saudi vehicle market demonstrates a growing demand for lower priced, smaller cars resulting from a rapidly growing middle class, despite high-end models previously dominating the market. The country's growing young population is driving the demand for cars, together with increasing levels of disposable income, as well as increased investment from the private and public sectors. Youths love to acquired news cars, or be able to add sporting features and models to their car collections.

One of the strategies that Saudi Arabian followed to diversify its economy and move its revenue dependence from oil revenues to other industries, the government encouraged and promoted the establishment of OEM manufacturing facilities, which can create a lot of jobs as well. This could be the first step in establishing and actual automotive industry (us-sabc.org, 2015).

.A number of vehicle manufacturers view the Saudi car market as one with the greatest potential in the region, leading to plans for future growth in the Middle East. The Saudi International Motor Show, which is based in Jeddah, demonstrates the

increasing importance of the Saudi market, together with increased competition between established as well as new brands (arabnews.com, 2013). The show attracts many international brands and large number of visitors.

In order to capitalise upon this newly established industry, it is important for companies trading within the Saudi market to be clear about their goals and, most importantly, the needs of their potential customers. As with most developing economies, the Saudi consumer is becoming smarter, and requires value for money, as well as a supportive after-sales service. Social media player a role in this. It is no longer a viable option to sell vehicles in bulk at discounted prices, since Saudi consumers are now looking for companies that will offer reliable and good quality service and maintenance facilities, together with easy availability of spare parts (arabnews.com, 2013).

Regional managers of international automotive companies often exhibit and visit Saudi Arabia to stay in touch and continue to understand the needs of the growing Saudi consumer base.

Other companies focus upon enlarging the infrastructure and facilities offered by dealers. All companies are aware increasing sales potential in all segments of the market, and wish to be part of it. 3 elements contributed to the increasing attention on the Saudi market. These include a proportionally larger number of luxury cars sold, high rate of growth and the volume of the market when compared to other regional markets (arabnews.com, 2013).

Let's not forget that Saudi Arabia has the largest GDP and also population in the region as the population consists of 19 million Saudi citizens and another 8 million people of foreign workers and residents. Interestingly, The median age of the Saudi citizen is only 26 years while 64% of all citizens are under the age of 60.

Market penetration within the vehicle market is also relatively low by international standards and disposable incomes are increasing (arabnews.com, 2013).

In the first half of 2013, the market expanded by eleven per cent, and it is anticipated that sales will exceed half a million vehicles in 2014. However, individual manufacturers find difficulties in coping with the rapid demand for vehicles since the market is price sensitive, competition is high, low brand loyalty and the market is price-sensitive. New entrants from China have succeeded in

capturing a large share of the market in recent years, with Geely having a vehicle in the top ten best sellers in Saudi Arabia.

Saudi Arabia, as such, offer a great potential for consumer growth. Recent figures indicated that over 400 thousands vehicles were sold in the first 6 months of 2014 alone. This is a 5.7% increase over the same period in the previous years.

One website in Saudi Arabia, Motory.com, revealed that Toyota came first in the number of sales, despite a number of recalls of its products, selling 150,000 vehicles, which was a 35 per cent share of the market. This was followed by Hyundai, selling around 72,000 vehicles during the first half of the year, which represents a 17.5 per cent share of the market. Nissan were in third place, selling around 33,000 vehicles, which is an 8 per cent share of the market (arabianbusiness.com, 2014).

Saudi Arabia is the largest market for car sales in the region, and despite discouraging economic conditions, has continued to grow. Due to socio-political factors, sales may cools down in the latest half of the year however (Motory.com, 2014).

But this slowdown will subside soon later however. In a region where official economic data, such as gross domestic product, is often delayed and unreliable car sales data is an important indicator of business activity. Official industry-wide numbers are not readily available, since the above average incomes of consumers, together with very low, petrol prices that are government subsidised. Sales of vehicles tend to be skewed towards large sport utility vehicles (SUVs) and upmarket brands when compared to many Asian markets and Europe (arabianbusiness.com, 2014). New brands are however being accounted for in more recent data and analyst reports.

The researcher will focus on these top three companies and study their dealership networks that are based in the west of Saudi Arabia. The following are the dealerships we intend to examine:

- **Toyota:** Abdullateef Jameel
- **Hyundai:** Naghi
- **Nissan:** Al-Essa

3.2 The Toyota Car Company

Toyota currently manufactures a wide range of vehicles across the world. Toyota built a great reputation upon their manufacturing and commercialization of the first mass-market hybrid vehicles. Since the founding of the company, Toyota has attempted to contribute to a more prosperous society through the manufacture of its vehicles, focusing upon the production of vehicles and sales (Toyota-global.com, 2015).

3.3 Toyota Abdul Latif Jameel

The founder, Abdul Latif Jameel, began the company in 1945 with a philosophy of the client being the “first guest”. This principle of a firm approach and vision remained to form the cornerstone of the company that currently bears his name, Aleomodrick. From the early beginnings of the company, the importance of providing a personal means of transport for Saudi people was recognised. Prior to paved roads being constructed, Abdul Latif Jameel recognised how important SUV 4x4 vehicles would be for his customers, allowing people to move easily on all roads in the country. The first order of vehicles began a lifetime of cooperation with Toyota. In 1955, the Abdul Latif Jameel Company became the authorised Toyota distributor of vehicles in Saudi Arabia, which remains to the present time.

In 2015, the Abdul Latif Jameel Company celebrated sixty years of cooperation with Toyota. The company continues to work successfully in providing facilities and services for Toyota customers, and its support is offered through an extensive network of sales points and maintenance centres that are strategically distributed throughout the country (Toyota.com, 2015).

The following figures show the Abdul Latif Jameel Toyota Dealership in Saudi Arabia.



Figure 8: Abdul Latif Jameel Toyota Lexus Dealership in Saudi Arabia

(Source: Toyota Saudi Arabia, 2015)

3.4 The Hyundai Car Company

The Hyundai Motor Company was founded in 1967, and leads the Hyundai Motor Group, which encompasses an innovative business structure that circulates resources from molten iron to completed vehicles. The company has eight manufacturing centres, together with seven design and technical centres worldwide. Hyundai sold 4.96 million vehicles globally in 2014 and employs around 100,000 workers worldwide. This company was well known for its leaderships in clean technology as they recently offered the ix35, which is the world's first hydrogen-powered vehicle (i.e. Fuel Cell).

The monthly forum is designed to share and explore knowledge, experience, ideas and values to enhance brand communication with Hyundai customers. Around 30 Hyundai customers and enthusiasts, who were joined by celebrities and media personalities to discuss a wide range of topics with customers at the flagship showroom, which has already been visited by more than 150,000 people since its opening in May last year (globalpr.hyundai, 2015).

Recently, Hyundai Motors, as inspired by Dane, Ronni Abergel, is employing the Human Library to have better connections with clients. The company's EVP, Wong Hong Chose once said "Our pledge to offer the best service for customers will always be our priority, and we hope to live up to this commitment in many ways at our Hyundai Motor studio Seoul showroom. Human Library is another important step in enriching and expanding our interaction with customers" (Globalpr.hyundai, 2015).

IQS, now in its 29th year, serves as the industry benchmark for the quality of new-vehicles, measured at 90 days of ownership. Research indicates that Tucson and Accent owners reported fewer problems with their vehicles than any other small SUV or small car (globalpr.hyundai, 2015).

"Small SUVs and small cars are some of the most popular vehicles on the road today and nearly every automaker has products that compete in these segments, giving consumers many options to choose from," said Mircea Gradu, executive director, engineering and quality, Hyundai Motor America. "Both the Accent and Tucson were ranked highest in their crowded segments for high quality, which provides owners peace of mind when it comes to an important financial purchase" (globalpr.hyundai, 2015).

Hyundai had four models ranking in the top two in their segments, including awards for Tucson and Accent, and second place for Elantra and Santa Fe models. The Hyundai overall score was 95 problems per 100 vehicles, which has 17 problems less than the average in the industry average (globalpr.hyundai, 2015).

It is notable to say that this company finish among the 4 top consumer brands in 4 seasons. This is based on surveyed of over 84 thousand customers in 2015.

The study is based on a 233-question survey, which provides manufacturers with information to identify problems and to improve their products (globalpr.hyundai, 2015).

3.5 The Alnaghi Hyundai Motor Company

Mohammed Yousuf Naghi Motors began in 1989, later becoming known as Allojerin. For decades, the company has sold prominent and exclusive vehicles and the authorised distributor for a collection of the finest and most popular brands. Mohammed Yusuf Naghi Motors was selected to exclusively represent Jaguar and

Land Rover, which are two of the world's leading luxury car brands, in the country. High quality service is provided to customers through a distinctive network of showrooms and service centres in Jeddah and Riyadh. The company intends to develop this network to other cities in the country (Hyundai Saudi Arabia, 2015).

Mohammad Yousuf Naghi Motors - Jaguar and Land Rover are confident that they provide both high quality products and high-level services at competitive prices, which often exceed the expectations of their customers. The maintenance and after-sales service phases are considered as source of corporate success. Mohammed Yousuf Naghi Motors provides high levels of maintenance, by well-trained certified technicians, using the latest technologies and highest technical standards. A comprehensive range of spare parts and accessories, insurance and financing are also offered to customers. This dealerships has performed very well and in 1994, it was in fact selected as the exclusive agents in the region for both sales and vehicle maintenance service.

Mohammed Yousuf Naghi is also the first company to offer Hyundai car rental services, as well flexible credit terms. The company has expanded its network of branches to Mecca, Medina, Yanbu, Jizan, Tabuk, Taif, Khamis Mushayt, Abha, Bisha, Najran, in addition to a number of the sales outlets in Jeddah (Hyundai Saudi Arabia, 2015).



Figure 9: Unveiling a new Hyundai Vehicle model at the Alnaghi dealership in Saudi Arabia

(Source: YallaMotor, 2013)

3.6 The Nissan Car Company

"The power comes from inside" is the phrase indoctrinated into every Nissan employee. This company distinguishes itself by associated itself with the strength of clients. Products are not created by companies, since it is people who provide services and resolve problems and issues if and when they occur (Nissan global.com, 2015).

As with all car companies, Nissan deals with major developments that are changing the global automotive industry. One such change is a shift in demographics, whereby the world's population is expanding from a current 6.7 billion people to a projected total of around 9 billion by 2050. An increase in the world's population will inevitably lead to a demand for more cars and also larger model diversity. Currently, there are 600 million vehicles worldwide, yet by 2050, industry predictions reveal that there will be around 2.5 billion vehicles on the roads

(Nissan global.com, 2015).

The question is asked, where would the growth likely be? The emerging markets are likely to be the rising middle classes all over the world, where the car is viewed as an important status symbol; one of personal achievement and freedom. The growing numbers of new motorists will seek affordable vehicles that offer these benefits (Nissan global.com, 2015). Also, the demand for more luxurious and sport cars will open the door for new market segments in the region.

The growing demand for a cleaner environment is another very important factor. Car manufacturers are increasing their efforts to design products that offer greater fuel efficiency, together with reduced CO₂ emissions, which will include are more efficient and cleaner funning gasoline-fuelled engines, hybrid vehicles, cleaner diesel running vehicles, together with electric and fuel cell vehicles (Nissan global.com, 2015).

Nissan is currently adjusting to the changing requirements of the modern world, which customers will want for many years. Electric and fuel cell vehicles are particularly attractive propositions, as well as vehicles that fun-to-drive, cars with the benefit of zero emissions. Cars that are best described, as “global entry” will make the availability of cars more accessible to all. Innovative technological advances are being made that that are good for the environment, as well as improving safety, enhancing performance, as well as greater satisfaction with their products (Nissan global.com, 2015).

3.7 Alissa Nissan Company

This company was founded by the late, Sheikh Abdul Latif Al-Issa, in the 1950s. He predicted that Saudi Arabia would become the main commercial centre in the region and decided to transfer its operation to the county’s capital, Riyadh. Since that time, Alissa was able to reinforce its position among the leading companies in the sales and service and auto finance companies in Saudi Arabia (Alissa Nissan, 2015).

The philosophy of the company is based upon the principle that since consumers prefer the automotive distributor to be based in Saudi Arabia, the goal is

well as the necessity of having good tyres, since their lifespan is often compromised by the excessive heat (expatarrivals.com, 2015).

English-speaking staff are usually provided by dealers, and vehicles are provided with a warranty, which provides additional peace of mind for the purchaser. Finance is usually available for expats through local and regional banks and financial institutions and also through their employer allowance or private backers. Furthermore, a range of companies is available in order to select the best rates. Finance facilities usually include payments for insurance, and it is important that expats consider a range of options before committing to a deal. As with most things in Saudi Arabia, most things are negotiable, when dealing with the right person (expatarrivals.com, 2015).

Expats who wish drive to other GCC will require written permission from the police, as well as their sponsor before being able to take financed vehicles out of the country, since the bank retains ownership of the vehicle until all the payments are made. Those vehicles that are paid for in cash or with a personal loan from a bank loan or financial institution credit will belong to the purchaser (expatarrivals.com, 2015).

3.9 The Purchase Cycle in Saudi Arabia

The purchase of a vehicle is the second biggest financial decision for most people and before this important decision is made, many people turn to technology to help them come to a decision. A purchase process can be divided into five steps as in the figure below (arabnews.com, 2015).

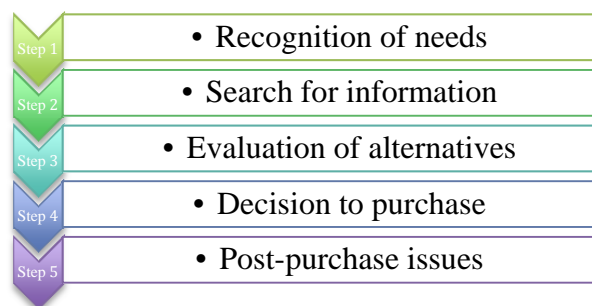


Figure 11: Purchase Process Steps

(Source: arabnews.com, 2015)

All advanced automotive brands wish to be part of all five steps to encourage the consumer to evaluate and consider their products.

The requirement for a car usually arises from one of three reasons: functional need, social need or possibly the need for change. Brand advertising is important at this point in the search. Advertising can be targeted to segments of audience more efficiently in digital advertising than in traditional advertising. Similarly, the effect of advertising messages can be real-time measured, which allows the marketing campaign to be fine-tuned to achieve the best results. Tracking and flexibility provided within digital formats make advertising more effective (arabnews.com, 2015).

Consumers are looking for solid, reliable information and advice that will allow them to make the right choice during the information search and alternatives valuation stages of the Consumer Buying Decision Process; this is particularly important during the search for high end products, such as cars. At this point, tactical advertising may be appropriate. The launch of new models, new features and discounts draw the attention of buyers at this stage of the product search. Recent research in Saudi Arabia reveals that consumers search for information about vehicles before making a decision on at least three different online websites that are car-related.

For instance, one popular car listings website for new and used vehicles, Abi Sayara (www.abisayara.com), saw an increase of 56 per cent in online traffic during May (2015) with many consumers looking for their next car online. This and similar websites list many thousands of cars for sale, with Abi Sayara alone representing more than 300 dealers and 14,000 cars listed for sale, together with price comparisons, car data and features displayed online. The listings are updated weekly to ensure that the inventory of cars is refreshed, which saves potential customers time, as well as sufficient information to make a purchase decision (arabnews.com, 2015).

The Deloitte Global Act Consumer Study (2014) revealed that 60 to 70 per cent of consumers spend 10 or more hours researching their next car purchase online, with 50 to 60 per cent of consumers considering three or four potential brands to purchase; 20-30% of consumers consider 5 distinct brands at least. Researching

means reading blogs posts, watching videos of the car being driven, reading product reviews and learning about other car owners. It is clearly good business practice for car makers and dealerships to have good online visibility before purchase decisions are made. In fact, during early 2015, advertisers of vehicles spent 23.6 million Saudi Riyal (SAR) in digital advertising based on Dubai based OOX Monitor (arabnews.com, 2015).

Despite the number of car sales increasing rapidly, less than five per cent of car advertising in Saudi Arabia is digital, compared with 30-50 per cent share of digital advertising in Europe and North America. Of the SR23.6 million spent, on digital advertising 46 per cent was spent by the three largest online advertisers: Nissan, General Motors and Ford. As a result of this investment, Nissan sales have grown by 141.7 per cent in Saudi Arabia and 18.1 per cent in the Middle East (arabnews.com, 2015).

One area that requires most improvement is that of the dealers taking “Post Purchase Behaviour”, which is the final stage of the purchase process, more seriously. It is at this point where affinity and loyalty are built with consumers, recommended to friends and colleagues, and when confidence in the final purchase decision is established (arabnews.com, 2015). How the car is serviced and maintained at the dealership is part of this behaviour.

3.10 Summary

This chapter discussed the rapid development of the car market within Saudi Arabia, and its developing relationship with international car manufacturers. The country is the largest importer of cars and parts in the Middle East, due to a rapidly growing middle class, a youthful population and greater disposable income. The result is more demands for economic vehicles.

Market penetration within the vehicle market is relatively low by international standards, and the Saudi car market has the greatest potential for growth in the region. Major manufacturers, such as Toyota, Hyundai and Nissan are competing to seek a place in the rapidly developing and lucrative market. They are expanding their infrastructure and facilities through a network of experienced dealers to satisfy

growing demand for quality, service and reliability from both residents and expats alike.

In the next chapter, we focus on studying the social media and its impact in Saudi Arabia. We emphasize on the impact on consumers and new car buyers however.

4 Social Media in Saudi Arabia

Having talked about the automotive industry, the purchase cycle and other dynamics, and also specifically talking about the Saudi Arabian automotive industry and consumer behaviour, it is now important to talk about social media. This will help us pave the ground to answer our researcher questions, verify hypotheses and discuss findings.

Statistics reveal social network penetration in Saudi Arabia. The most popular social network was WhatsApp, with a 22 per cent penetration rate. Facebook came second with 21% while Twitter is with 19% of total users (statista.com, 2015).

The researcher will narrow the social media field to only Facebook, Instagram and Twitter, since these had the highest use within Saudi Arabia during the 4th quarter of 2014.

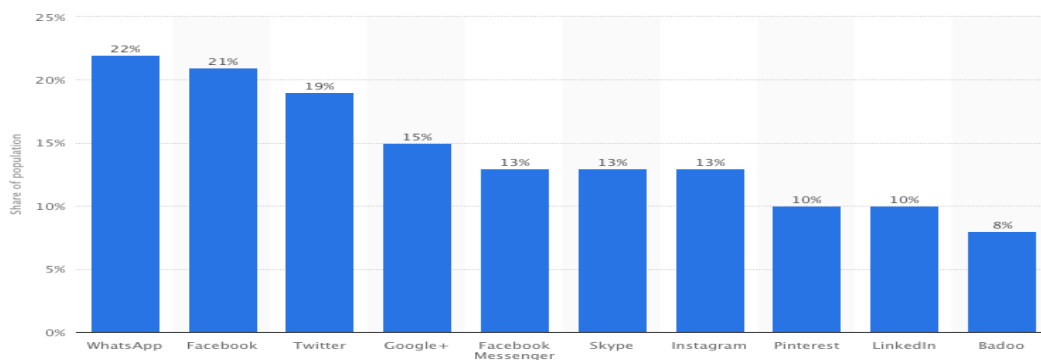


Figure 12: Social media use in Saudi Arabia

(Source: Penetration of leading social networks in Saudi Arabia as of 4th quarter 2014)

4.1 Facebook

Facebook is an American owned company, which enables users to create

personal profiles, add friends, exchange messages, post photos and status updates, as well as receiving notifications when others update their profiles. In addition, users may join common-interest user groups, organised school, college, and workplace. There is a paid for option available that enables promotion of Facebook pages. The Like button feature allows users to express their appreciation of content, including status updates, comments, photos, and advertisements. Facebook is excellent when it comes to starting a conversation, sharing responses to a post or asking a question. For individuals, Facebook offers personal connections, with peak use outside of working hours, or for businesses by building and maintaining relationships with customers, together with brand promotions. Facebook may be considered as suitable for all types of online content, including advertisements and events.

The following figure shows the basic elements and features of a Facebook user profile. The figure after shows the Facebook page for Mercedes Benz of Indian with over 1 million likes.

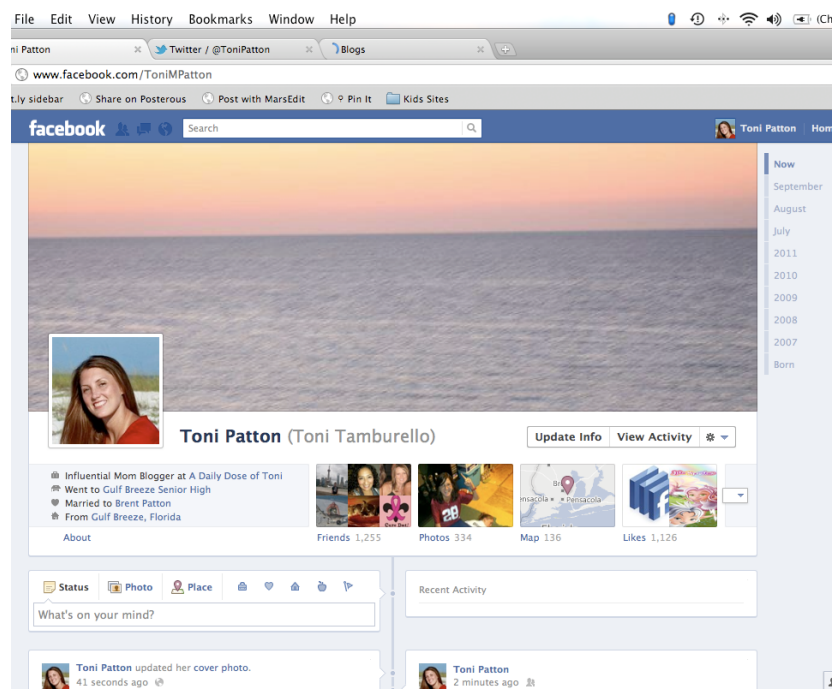


Figure 13: Elements and features of a Facebook profile page

(Source: Facebook, 2015)



Figure 14: Mercedes Benz Facebook page

(Source: Facebook, 2015)

4.2 Twitter

Twitter is another American owned online social networking and micro-blogging platform. This social media channel allows for short posts of 140 characters or less, and hence, the poster really needs to think of the best way to compress their feelings and experience in a short way. Posters can also Tweet media content in addition to text.

Typical usage of the service is by individuals and businesses for conversations, and as well as an interactive marketing communication tool based on dynamics posts and interactions. The following figure shows the Twitter page for Honda with followers and car images.



Figure 15: Honda Twitter page

(Source: Twitter, 2015)

4.3 Instagram

It is a very popular social media channel, which is mainly dedicated for photo and videos sharing. Users interact by posting photos, liking other's photos and commenting on their photos. Users can create profiles and connect/follow others. Recently, companies started using Instagram extensively to advertise their products and services. Instagram is very suitable for advertisement and marketing because it is all about photos and graphics, which is perhaps the best way to demonstrate the uniqueness and features of products.

The following figures shows the Instagram page for BMW with hundreds of thousands of followers.

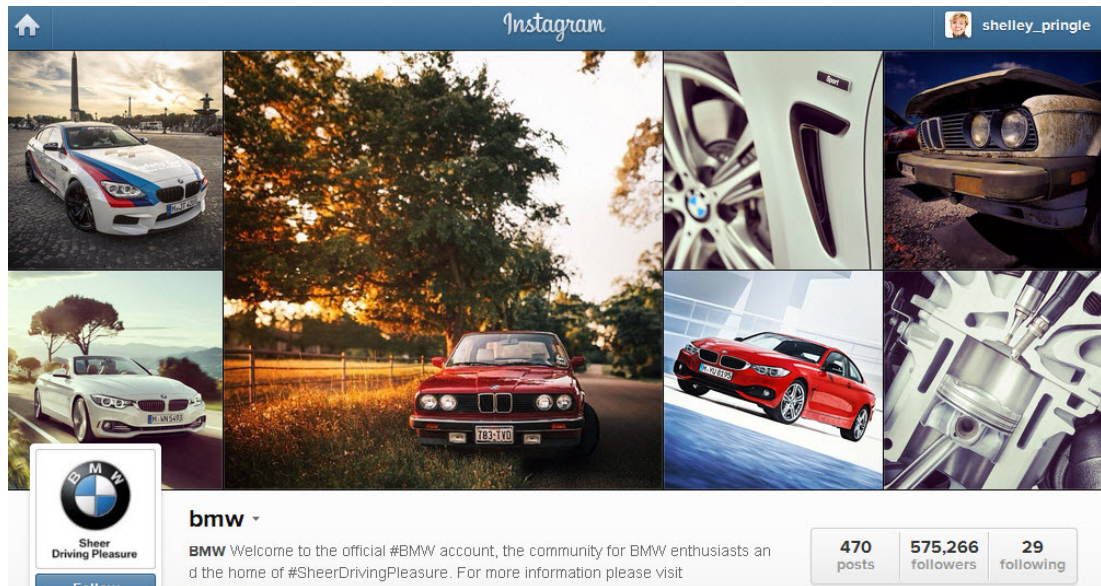


Figure 16: BMW Instagram page

(Source: Instagram, 2015)

4.4 Measuring Customers Interact with Dealer's Pages on Social Media

The following table shows the number of people following the three main dealers on Facebook and Twitter. However, as can be seen, only one company is represented on Facebook (statista.com, 2015).

Note that Instagram is relatively new to the business and marketing space in Saudi Arabia and hence, followers numbers are still at infancy but are increasing rapidly.

DEALERS	Facebook	Twitter	Instagram
Toyota (ALJ)	-	385K	
Hyundai (NAGHI)	407K	5817	1775
Nissan (ALESSA)	-	30	

Table 1: Number of followers of car dealers social media accounts in Saudi Arabia

4.5 Brand Loyalty

David C. Edelman (Harvard Business Review, 2010) commented that consumers are connecting with brands in ways not controlled by the brand. In view of this development, traditional marketing strategies and structures should be re-evaluated, since some may now be considered as obsolete (marketingprofs.com, 2012).

Edelman's article also referred to the research carried out by Court and others (McKinsey Report, 2009) referring to the traditional consumers who could be regarded as systematic in product selection, fulfilled by narrowing down choices before making a final selection. 'The Consumer Decision Journey' outlined pre and post-purchase dynamics, which include: enjoy, advocate and bond (marketingprofs.com, 2012).



Figure 17: The consumer decision journey

(Source: How to Create a Social Loyalty Loop, 2012)

The 'Consumer Decision Journey' provides opportunities for a brand to influence its consumers before, during, as well as after purchase. Social networking could, therefore, be an ideal vehicle to embrace this theory (marketingprofs.com, 2012).

This Journey evolved over the years, and with contributions by many, to formulate the Social Loyalty Loop, which highlights the importance and dynamics of loyalty. This creates a potentially powerful social loyalty loop that may continue to enhance brand loyalty (marketingprofs.com, 2012).

4.6 Developing a Social Loyalty Loop

The following demonstrate the ways and stages of the social loyalty process with focus on the automotive industry.

1. Share and Engagement Experiences - Brand Consideration

It is unlikely that friends share ads on social networks, although there may be exceptions for those that are amusing, intriguing or particularly well-constructed, which may “go viral”. Most users and account holders on various social media channels consider sharing overtly promotional messages as spam. However, some fans might share advertisements that encourage feedback. One example of this could prior to the purchase of a car, which often can be seen as a shared social experience on social media platforms. One campaign for Hyundai cars encouraged fans to “design their dream car” by selecting from a variety of given options, such as colour, until they had the complete picture of the car they were considering (marketingprofs.com, 2012). Also, users can share a story about their purchase process or new item usage experience. This is an indirect way of sharing an ad which all marketers hope for.

Fans might then consider sharing the design of their dream car with friends to gather opinions. In the process of sharing that dream car design, the consumer will have explicitly told friends that a Hyundai is being considered for purchase, which may encourage other friends to make the same choice. In the manner described, the purchase consideration is passed on, and a recommendation has been shared (marketingprofs.com, 2012).

Sharing with photos and videos is most powerful because it demonstrate the use case of the new item.

2. Helping friends and colleagues to share the message - Brand Advocacy

Advocacy can be the most powerful impetus to buy a product. A recent study by Sociable Labs revealed that nearly two-thirds of online shoppers have read product-related comments from Facebook friends. Those can indirectly induce users to engage and re-share.

One interesting approach was by a Belgian brewery that launched a new beer exclusively on social channels, in which the company encouraged its fans to invite friends on Facebook to enjoy one of their beers together. For instance, when you invite your friend for a drink, it is a guest to engage in social actions as on Facebook. In addition, fans who participated were entered into a draw for a chance to win an invitation to a neighbourhood party, which further stimulated engagement.

3. Giving fans something fun to do – Brand Enjoyment

Giving the brand something iconic and noticeable that could be used by fans is another approach used by marketers. In a recent photo campaign for a new movie, fans were encouraged to draw a large yellow moustache on the photo to share with friends in order to prompt a commentary. The point of the exercise was to place the brand into a conversation among friends and that makes it a lot more appealing to share and interact.

4. Cultivating regular, relevant, shareable content – Brand Building

Creating an online commentary full of engaging, sharable social actions and events is thought to create an on-going 'Social Loyalty Loop'. One example of this was a fitness magazine testing fans' 'Fitness IQ' by posing daily fitness-related questions. The momentum was continued with a Facebook campaign, asking fans to answer a series of questions that might identify the kind of traveller that they might be. Such an initiative by the magazine demonstrate the power of creating something relevant that fans would wish to share with friends, creating a conversation whereby the brand is a participant.

Social networks, such as Facebook, Instagram and Twitter, together with Pinterest and Instagram, can be very powerful when used correctly, and companies should look carefully at how social networks fit into their overall plans for marketing. Through a clear definition of its goals, including brand awareness, acquisition and monetisation, and linking into overarching business goals, brands can reap the rewards from social networking by engaging consumers in a rewarding loop of loyalty.

4.7 Summary

The purchase of a vehicle is the second biggest financial decision for most people, who require reliable information and advice before making their decision. Targeted brand advertising through digital media can successfully draw the attention of potential buyers to new models, new features and discounts. Social networks, such as Facebook, Twitter and others, can be very powerful tools for marketing and enhancing brand loyalty and should be considered within a company's overall marketing strategy.

5 Research Methodology

This chapter discusses the method used and how the relevant data was identified, operationalized and collected. First, we need justify the choice of method, then state the elements of the survey. We also further specify the sample of surveyed participants and then explain how we collected, filtered, processed and analyzed the data form participants.

5.1 Choice of Method

We employ a hypothetical deductive research approach which can be demonstrated in four key and distinct steps. First of all, research questions with testable hypotheses are formulated. Then, forecasts and predictions are made for these hypotheses. Later, to validate the hypotheses and assess the predictions, experiments or empirical analysis are employed. Fourth, if the experiments show that the predictions are correct, then the hypotheses are confirmed, if not then the hypotheses are disconfirmed (Gripsrud et al, 2007).

To achieve the above prescription, and in the lights to the current subject matter, it was decided that is was most suitable to use a quantitative research method. By utilizing a quantitative approach, the chosen hypotheses could be confirmed or disconfirmed through statistical analysis.

5.2 Research Apparatus/Design

A self-administered, web-based questionnaire was primarily used to collected data that is needed to verify hypotheses. This questionnaire was sent to the relevant subjects by phones (Whatsaap) and Facebook. We should justify that choice with the many advantages of an online survey as participants have the freedom to fill out the questionnaire when they have the time to do so. Also, data gathering can be performed much quicker and participant identity remains anonymous (Cooper & Schindler, 2010). Respondents who are unfamiliar with responding surveys on the Internet may not be willing to participate.

Another problem is that some respondents are usually flooded with phones and can decide to ignore the invitation. Though it is hard to tell if the participant actually understood the survey questions very well and without bias (Cooper & Schindler, 2010). All respondents received the same standardized questions. Most of the data collected from the questionnaire was operationalized using scales. Perceptive questions were operationalized by using scales. This made it possible to process the data quantitatively so that the developed hypotheses could be tested with the use of statistical tools.

5.2.1 Questionnaire Questions

The following are the questions, which were asked during the survey grouped in different sections:

- **[Q1] Participant age (Multiple Choices):**
This will help us understand the maturity stage of the participant and if they fall within the age zone capable of making a new vehicle purchase decision. Although not decisive, it can still be useful in our analysis.
- **[Q2] Current participant car ownership (Multiple Choices):**
To understand if the participants already has a car and what brand is it. The highlighted choices here are Nissan, Toyota, Hyundai and Others. This may also help us if the customer exhibits any brand loyalty, and that can be deduced with the results of later questions which ask about participant's willingness to buy a new car, and which brand.
- **[Q3] Participant intention to buy a new car within the next year (Yes/No):**
To know if the participant intends to buy a new car within the next year. This information is very useful when combined with the answers from previous questions and allows us to forecast their purchase cycle stage and also customer brand loyalty.

- **[Q4] Participant car interest (Multiple Choices):**

For those who indicated that they want to buy a new car in the previous question, a list of car brands such as Nissan, Toyota, Hyundai and Others are given as choices for the participants to choose from.

- **[Q5] Whether the participant recommended their new car dealership to others (Yes/No):**

The answer helps answer whether the participants felt the urge recommend the dealership where they recently bought their new car. Answers to this question may help us forecast customer happiness with their dealership and whether they felt comfortable talking about it in front of others using social media or personally.

- **[Q6] Whether the participants used social media to learn about the experience new car owners had with their cars (Yes/No):**

The answer of this question tells us a lot. First it tells that the participants care about social media and use it as a source of information. Also, it tells us whether the participants (potential new car buyer) are willing to take into account the experience of others when making a decision about buying a new car. Also, it tells us whether the participants trust social media and find it reliable for an important matter.

- **[Q7] Which social media the participant has read (Multiple Choices):**

The answer to this question builds on the answer from the question before. For those who indicated that they read social media to learn about new car owner experience, they need to indicate which social media channel they used; whether it is Facebook, Twitter, both. This tells us which social media is best trusted by the participants. Also, it tells us if the users prefer one media over another for this kind of information.

- **[Q8] Whether the participant used social media to locate a car dealership (Yes/No):**

This tell us if the participants relies and utilized social media to locate businesses, especially car dealerships. Also, it tells us whether the participants might be interested in learning about the car dealership online and through social media, and what previous customers might have said about the particular car dealership.

- **[Q9] Which social media the participant has used to locate a new car dealership (Multiple Choices):**

The participants who said yes in the above questions, are then asked to specific which social media channels they used, whether it is Facebook, Twitter to both.

- **[Q10] The participant is asked whether they used social media to describe their experience with buying a new car (Yes/No):**

Here, the participant indicates whether they care to use social media to share their experience about the purchase of a new car. It tells us a lot about whether participants finds it worthwhile to share experience with others and whether they think social media is the appropriate channel to do so and broadcast their opinions to others.

- **[Q11] Which social media the participant has used to share their experience (Multiple Choices):**

For those participants who answer yes in the above questions, they are asked to indicate which social media they have relied on to share their experience about their new car; whether it is Facebook, Twitter or both. This might also tell us how important each social media channel is to the user and where do they think their shared experience will be heard the most achieve maximum exposure.

- **[Q12] What car features does the participant consider when buying a new car (Multiple Choices)**

This tell us what features does the participant (potential new car buyer) prefers to have in their new car. Such features include design, comfort, engine, capacity, interior design, etc. Combined with answers about the participant's age, we will be able to tell what different users prefer to see in a new car and whether social is indeed most relevant in learning about this feature.

- **[Q13] Whether the participant read and used social media to learn about the latest offers, discounts, promotions and campaigns about new cars (Yes/No):**

This tells us a lot about the participant's willingness to rely on social media when buying a new car and whether they care about reading and learning about the latest car offers. It also tells us whether potential new car buyers care about the marketing campaigns conducted by car dealerships on digital media.

- **[Q14] Which social media the participant used in learning about new car offers (Multiple Choices):**

This tells us which social media channels the participant finds most trustworthy in learning about new car offers by car dealership, as this is an important decision for them. Potential answers include Facebook, Twitter or both.

- **[Q15] Whether the participant (new car owner) thought the new car dealership where they bought their new car understood their needs after the purchase (Yes/No):**

This tells us a lot about the participant perception of how the dealership reacted to their needs and whether the dealership maintained good relationship with the new car owner, post purchase. This tell us a lot about the customer's happiness with the dealership and satisfaction with their service and customer relationship.

- **[Q16] Whether the participant would buy another car from the same dealership they bought their current car from (Multiple Choices):**

This tells us whether the participant can be a repeat customer and make another purchase from the same dealership from which they bought their current car. This says a lot about the level of customer satisfaction with the current brand and that they would trust the dealership to make another purchase.

- **[Q17] Participant car interest (Multiple Choices):**

Whether the participant is happy and satisfied with the after-sale services by the car dealership where they bought their current car. This has to do with customer satisfaction and happiness with post-purchase services by the dealership.

5.3 Survey Participants and Distribution

The data that was collected for research consists of primary data. The primary data was collected electronically from respondents who are using WhatsApp and Facebook. Answers were later exported directly and analyzed. The participants were of diverse demographics and were mainly my friends, who in turn distributed the survey to their friends. Participants were mainly in Jeddah and Makkah cities in Saudi Arabia.

The questionnaire that was used (as fully included in **Appendix A**) was developed and distributed using an electronic survey tool called SurveyMonkey. SurveyMonkey is mainly used for internet based surveys and makes it easy to export data and make charts, which were the programs used for data analysis.

Before being able to collect data, a large effort had to be put into retrieving responses from relevant respondents. We, therefore, worked on gathering people contacts manually through website browsing and contacting relevant organizations like NCB bank and many other organizations. We also attempted to gather e-mails of customers from car dealerships but were faced with obstacles with regards to privacy and confidentiality.

The collection of data was conducted in two steps: an initial pool of questionnaires was sent out through Surveymonky to people. In the WhatsApp invitation, any person who is owning a car or wants to buy a new one within a year were suitable to answer the survey. The purpose of the questionnaire was stated along with a guarantee of absolute anonymity. As Innovation Jeddah city wanted a high response rate on this survey, substantial effort was put into increasing the response rate. Two message reminders over two weeks were sent out to make sure that that people see the invitation and response to it.

In total, 300 person responded; it is unclear what the response rate is because we are not exactly sure how many people actually received the invitation directly from us or from those who responded to the initial survey invitation. A timeline of responses can be found in [Appendix B](#). We have a feeling that the response rate was small and a potential contributing factor to the low response rate was the lack of time to contact each potential respondent by phone to remind. With more resources in place, it would have been appropriate to also distribute the survey on paper by traditional mail.

5.4 Data Filtering

In order to ensure quality, all responses were examined in detail after the data collection was completed. Another challenge with the sample was missing data. Some respondents had submitted the questionnaire without responding to all questions. With advanced settings and filtering tools in SurveyMonkey, we are able to exclude those results. Some of these were contacted but most were removed from the sample. Most stated that they could not reply because they did not remember to respond after seeing the invitation, or found the information too sensitive to share with others.

5.5 Hypotheses Formulation

Before we formulate our research hypotheses, we remember that this research aimed to answer the following questions:

1. *Within the context of Jeddah, Saudi Arabia, which social media strategy would be the most successful in enhancing brand loyalty and advocacy, as well as appealing to potential consumers?*
2. *What evidence is required for vehicle manufacturers and dealerships to provide proof that social media should be used in the sale cycle process for cars?*
3. *What guidance could be offered to car dealers in Saudi Arabia to encourage them to improve their purchase model?*

In answering question the above questions, we hypothesize the following:

- [H1] Dealership customers recommend dealerships to others through social media
- [H2] The majority of those who were happy with post-purchase services by the dealership would be their next car from the same dealership
- [H3] The majority of those who were happy with post-purchase services by the dealership where they bought their car would recommend the dealership to others through social media
- [H4] The majority of those who intend to buy a new car soon have used social media to learn about the experiences of car owners of the same car
- [H5] Twitter is the most popular social media channel for consumers
- [H6] The majority of those who intend to buy a new car soon used social media to learn about the latest offers and price discounts for new cars
- [H7] Brand loyalty among Saudi Arabian automobile consumers is generally low

5.6 Statistical Analysis

This questionnaire examines the influence of social media on consumers' decisions and intentions to buy an automobile. This also examines how dealers could ensure consumer loyalty to their brand or to them by meeting consumers' needs within social media.

This thesis utilizes mainly one statistical method for data analysis regression analysis. Regression analysis is used to test the established hypotheses.

Regression analysis describes and evaluates the relationships between a given dependent variable and one or more independent variables. Earlier research focusing on similar subjects has found significant results using regression analysis (e.g. Peng & Luo, 2000; Musteen et al, 2010). One can therefore assume that regression is an appropriate statistical method in order to confirm or disconfirm the chosen hypotheses.

To conduct regression analysis that can teste and validate our hypothesis, we first outline the dependent and independent variables for our hypotheses. The following table indicates the variables:

Hypothesis	Dependent Variable	Independent Variable
[H1]	N/A	
[H2]	Customer will repeat purchase	Customer happiness with dealership service
[H3]	Customer will recommend dealership	Customer happiness with dealership service
[H4]	N/A	
[H5]	N/A	
[H6]	N/A	
[H7]	Car type the participant intends to purchase	Current car type

Table 2: Variable for each tested hypothesis

To validate H2, regression analysis is conducted to see the relationship between participants' answers to questions Q16 and Q17 of the questionnaire. The results are:

<i>Regression Statistics</i>	
Multiple R	0.93065595
R Square	0.8661205
Adjusted R	0.86271914

Square	
Standard Error	1.12937956
Observations	295

The above R square value of 0.8661205 shows strong relationship between the two variables, and hence this validates our hypothesis [H2] which states that costumer's buying decision is mainly based on their perception of their dealership's post-purchase service.

As for [H3], out of the 122 participants who indicated their happiness with the dealership post service, 76.23% indicated they would recommend the dealership they bought their car from to other friends through social media. On the other hand, out of the 93 participants who indicated their dissatisfaction with their dealership post-purchase eservice, 52.69% indicated they wouldn't recommend the dealership to others. While these results tell us that participant recommendation would primarily depend on their happiness with the dealership service, overall, 58.02% of the 293 who completed the survey indicated they would recommend the dealership. [H3] is therefore validated. [H1] is also validated with this results as the majority of participants recommend their dealerships to others through social media.

As for [H4], it is indeed found that out of the 154 participants that intend to buy a new car within the coming years (answered Yes to Q3 in the questionnaire), 54.55% have used social media to learn about the experiences of car owners of the same car. Therefore, the hypotheses is validated.

As for [H5], it was found that the most widely used social media was Twitter. 35.51% used it for learning about a new car, 42.39% have used it to find a dealership location and as many as 29.17% have used Twitter to describe their experience about their dealership service and impression on social media.

As for [H6], 64.94% of those who intend to buy a new car soon used social media to learn about the latest offers and price discounts for new cars and that validates our hypothesis and Twitter was again the most widely used social media to search for offers.

As for [H7], we could conclude, to a relatively good accuracy, the participant (car customer) brand loyalty by comparing which car they intend to buy (answer to questionnaire Q4) to their current car brand (answer to questionnaire Q2). Both

questions allow the participant to choose from Toyota, Hyundai, and Nissan or specify another brand. The regression statistics are calculated and shown below:

SUMMARY OUTPUT

<i>Regression Statistics</i>	
Multiple R	0.569704
R Square	0.324563
Adjusted R Square	0.318715
Standard Error	1.001639
Observations	172

A low R square value indicates that only a small number of current car owners intend to buy a new car of the same brand and that most of them intend to change the brand.

5.7 Research Limitations

The following are the key limitations of this research project:

- The data is gathered through online questionnaires that may or may not be as accurate
- The examined car brand choices is limited
- The survey doesn't differentiate economy or luxury car seekers, and the results may be different. Potentially, luxury car owners can be more brand loyal
- The research only focused on Twitter and Facebook social media tools
- The research did not include in-person interviews with certain sample of participants
- The research did not include dealership owners and didn't learn about the dealership and marketer perspective

6 Conclusions

This chapter will elaborate on the results from the analysis and compare them to the established hypothesis and research questions. It will also elaborate on other findings that were discovered during the analysis. In addition, directions for future research on similar topics will be discussed.

The key finding of this researcher is that car brand loyalty is relatively weak in Saudi Arabia. Consumers seem interested in changing their car brand. Also, most participants said they used social media when searching for dealership, reading about a previous experience and also would like to share their own experiences about cars on social media.

Also, the majority of car owners who were satisfied with their dealership post-purchase service would recommend the dealership to others.

Furthermore, most participants would like to learn about car offers and prices discounts of new cars before purchasing a vehicle and they prefer to learn about that through social media.

Overall, the research answered the key questions as follows, and based on the validated hypotheses:

1. Within the context of Jeddah, Saudi Arabia, which social media strategy would be the most successful in enhancing brand loyalty and advocacy, as well as appealing to potential consumers?

Based on the literature review, we think that dealerships should focus on populating their social media pages with appropriate marketing campaigns and also offer discounts and reviews about new products. The survey questionnaire indicated that most consumers would like to learn about products and new car offers online and hence, dealerships should respond to that.

Also, dealerships needs to take post-purchase services more seriously as many of them indicated their dissatisfaction with post-purchase service. Those who were happy with post-purchase services were more likely to recommend the dealership to others.

2. What evidence is required for vehicle manufacturers and dealerships to provide proof that social media should be used in the sale cycle process for cars?

Answers to many questions in the survey indicated that participants use social media and that is how we validated [H6]

3. What guidance could be offered to car dealers in Saudi Arabia to encourage them to improve their purchase model?

There is no qualitative answer in the survey which can help answer this question but generally speaking, it seems that consumer brand loyalty depends almost entirely on post-purchase services. Further surveys and research need to be conducted to provide a more qualitative answer.

7 Suggestions for Future Research

The research aimed at answering broad and general questions which primarily allowed us to learn about consumer's impressions, thoughts of using social media and how useful they found it. However, the chosen method doesn't yield any specific findings or feedback that can help marketers and dealerships improve their sales model or marketing process.

Perhaps, further researcher could include in-person interview with dealerships and marketing agents to learn about their current marketing and sales process. Then, a survey can be designed which can ask about more details of the process and also allow for answers and conclusions that can help marketers and dealership improve their sale and marketing process and even reengineer it. Marketers and dealerships want to know how to reduce the cost of their marketing and sales models and also how to increase customer retention and satisfaction. They want to learn how they can improve their agents' performance and ability to offer quality service. Also, potential applications of information technology and management information systems may need to be investigated as it may help in improving and reengineering the sales process, and hence increase brand loyalty.

As such, a future researcher methodology may include studying the dealership's organization structure and more details about their current sales and marketing model.

Appendix A: Survey Outline:

This questionnaire examines the influence of social media on consumers' decisions and intentions to buy a new automobile. This also examines how dealers could ensure consumer loyalty to their brand (OEM) or to dealers themselves by meeting consumers' needs within social media.

يفحص الاستبيان مدى تأثير وسائل التواصل الاجتماعي على قرار العميل ونيتته لشراء سيارة جديدة. بالإضافة إلى أنه يفحص أيضاً كيف للوكيل أن يضمن ولاء عملائه سواء للشركة الأم أو للوكيل نفسه من خلال تفهم احتياجات العميل عن طريق وسائل التواصل الاجتماعي

1. Age:

العمر

- ☐ أقل من ٢٥ سنة - under 25 years
- ☒ من ٢٥ إلى ٣٠ سنة - 25-30 years
- ☒ من ٣١ إلى ٣٥ سنة - 31-35 years
- ☐ من ٣٦ إلى ٤٠ سنة - 36-40 years
- ☐ أكثر من ٤٠ سنة - over 40 years

2. The Car I own is a:

أنا أمتلك سيارة

- ☐ تويوتا - Toyota
- ☐ هونداي - Hyundai
- ☐ نيسان - Nissan
- ☐ أخرى ... يرجى التحديد... Other, please specify...

3. I intend to buy a new car within one year.

لدي النية لشراء سيارة خلال سنة

- ☐ نعم - Yes
- ☐ لا - No

4. If Yes... please **indicate** the car brand that interests you most.

إذا كانت الاجابة بنعم برجاء اختيار نوع السيارة المفضلة لديك

- ☐ Toyota - تويوتا
- ☐ Hyundai - هيونداي
- ☐ Nissan - نيسان
- ☐ Other, please specify... أخرى... برجاء التحديد

5. I have recommended the dealership where I bought my new car to others personally or through social media.

لقد قمت بتوصية الآخرين بالتعامل مع نفس الوكيل الذي قمت بشراء سيارتي منه

- ☐ Yes - نعم
- ☐ No - لا

6. I have used social media to learn about the experiences of others who have bought a new car.

استخدمت وسائل التواصل الاجتماعي لمعرفة تجارب الآخرين في شراء السيارات

- ☐ Yes - نعم
- ☐ No - لا

7. If Yes... Please choose.

إذا كانت اجابتك بنعم برجاء الاختيار

- ☐ Facebook - فيسبوك
- ☐ Twitter - تويتر
- ☐ Both - الاثنين معاً

8. I have used social media to find a car dealership.

استخدمت وسائل التواصل الاجتماعي للبحث عن وكيل

- ☐ Yes - نعم
- ☐ No - لا

9. If Yes... Please choose.

إذا كانت اجابتك بنعم برجاء الاختيار

- ☐ Facebook - فيس بوك
- ☐ Twitter - تويتر
- ☐ Both - الاثنين معاً

10. I have used social media to describe my experience of purchasing a new car.

استخدمت وسائل التواصل الاجتماعي لوصف تجربتي الشخصية في شراء السيارة

- ☐ Yes - نعم
- ☐ No - لا

11. If Yes... Please choose.

إذا كانت اجابتك بنعم برجاء الاختيار

- ☐ Facebook - فيس بوك
- ☐ Twitter - تويتر
- ☐ Both - الاثنين معاً

12. Which features of cars you prefer.

ماهي الموصفات المفضلة لديك عند شراء سيارة جديدة

- ☐ Design - الشكل الخارجي
- ☐ Engine - المحرك
- ☐ Comfort - الراحة
- ☐ Capacity - السعة
- ☐ interior Design - التصميم الداخلي
- ☐ Other, please specify... يرجى التحديد...

13. I use social media to have a continual info about new offers, prices and Campaigns.

استخدم وسائل التواصل الاجتماعي لمعرفة العروض الجديدة والأسعار والحملات الاعلانية الجديدة

- ☐ Yes - نعم
- ☐ No - لا

14. If yes... Please Choose.

إذا كانت اجابتك بنعم برجاء الاختيار

- ☐ Facebook - فيس بوك
- ☐ Twitter - تويتر
- ☐ Both - الاثنين معاً

15. I did not feel the car dealer understood my needs after I had purchased my new car.

أشعر بأن الوكيل لم يفهم احتياجاتي عندما اشتريت السيارة

- ☐ Yes the dealer did not understood my needs ، نعم، الوكيل لم يفهم احتياجاتي
- ☐ No the dealer understood my needs - لا، الوكيل تفهم احتياجاتي

16. I would buy the same car brand from the same dealer in the future.

في المستقبل، من الممكن أن أعيد عملية الشراء لنفس الشركة من نفس الوكيل

- ☐ Strongly Agree - أوافق بشدة
- ☐ Agree - أوافق
- ☐ Neutral - محايد
- ☐ Disagree - غير موافق
- ☐ Strongly Disagree - غير موافق بشدة
- ☐ Not Applicable - غير مطابق

17. I am satisfied with the after sales service provided by the car dealership.

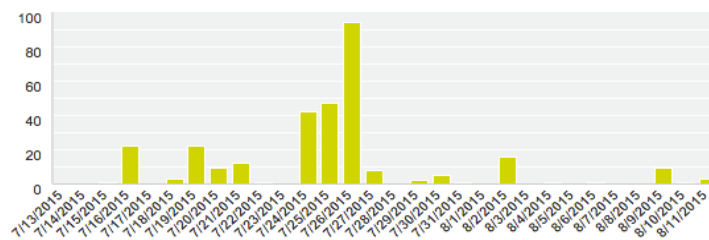
أنا راضٍ عن خدمة ما بعد البيع المقدمة من قبل الوكيل

- ☐ Strongly agree - أوافق بشدة
- ☐ Agree - أوافق
- ☐ Neutral - محايد
- ☐ Disagree - غير موافق
- ☐ Strongly Disagree - غير موافق بشدة
- ☐ Not Applicable - غير مطابق

Appendix B: Survey responses by date

Responses Volume

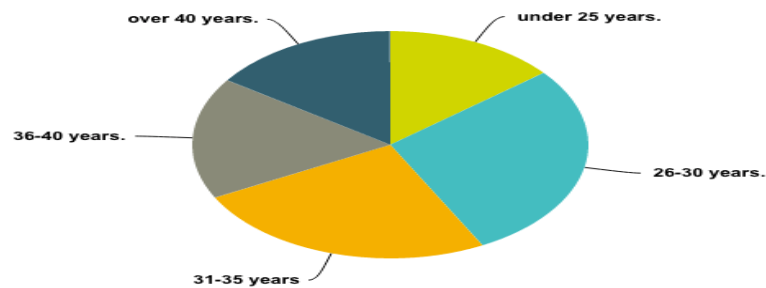
7/13/2015 - 8/11/2015



Appendix C: Charts Analysis:

Age:

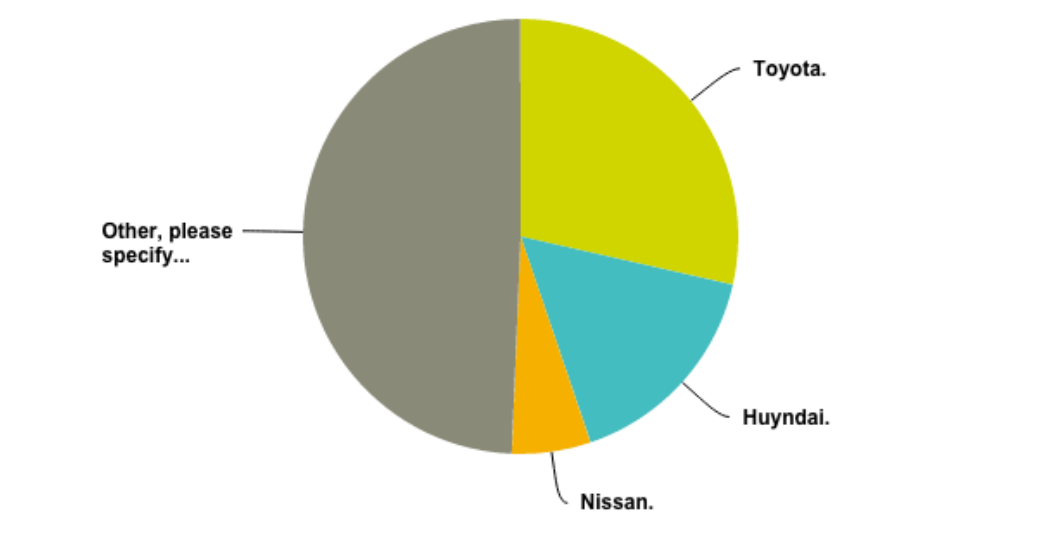
Answered: 156 Skipped: 0



Answer Choices	Responses	
under 25 years.	14.10%	22
26-30 years.	28.21%	44
31-35 years	25.00%	39
36-40 years.	17.31%	27
over 40 years.	15.38%	24
Total		156

The Car I own is a:

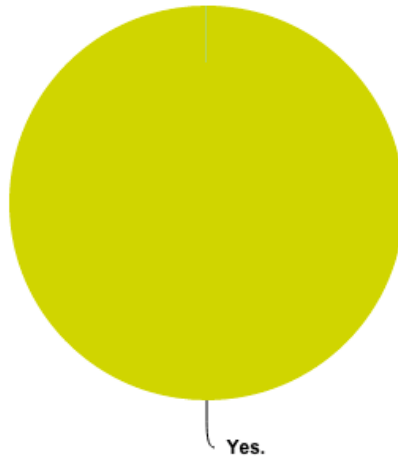
Answered: 154 Skipped: 2



Answer Choices	Responses	
▼ Toyota.	28.57%	44
▼ Hyundai.	16.23%	25
▼ Nissan.	5.84%	9
▼ Other, please specify... Responses	49.35%	76
Total		154

I intend to buy a new car within one year.

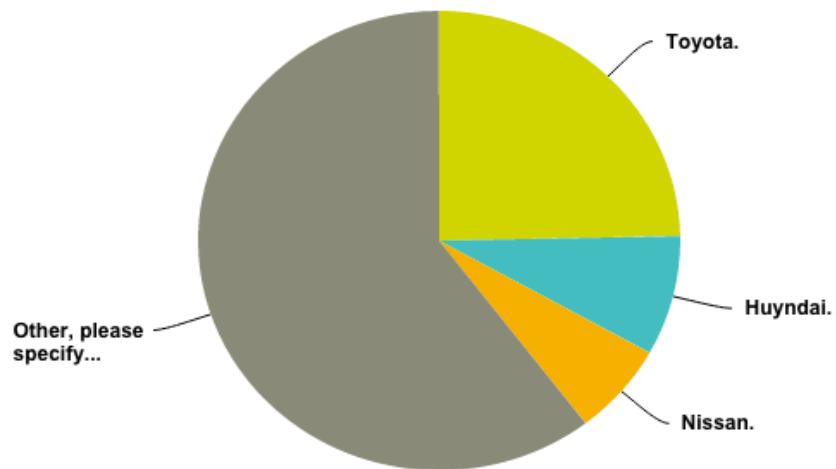
Answered: 156 Skipped: 0



Answer Choices	Responses	
Yes.	100.00%	156
No.	0.00%	0
Total		156

If Yes... please indicate the car brand that interests you most.

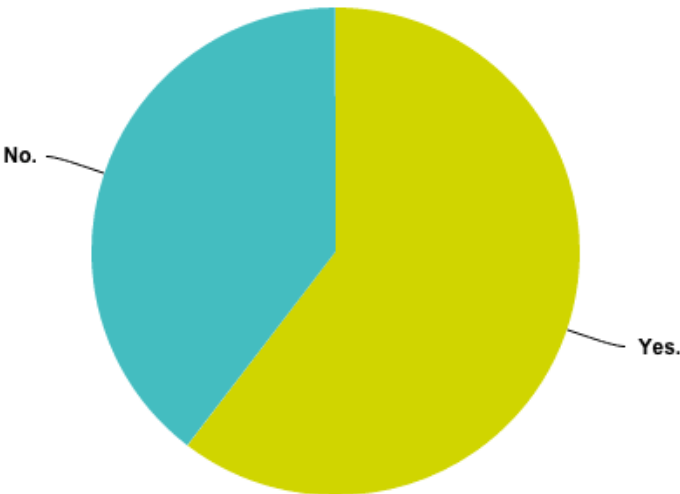
Answered: 154 Skipped: 2



Answer Choices	Responses	
▼ Toyota.	24.68%	38
▼ Hyundai.	8.44%	13
▼ Nissan.	6.49%	10
▼ Other, please specify... Responses	60.39%	93
Total		154

I have recommended the dealership where I bought my new car to others personally or through social media.

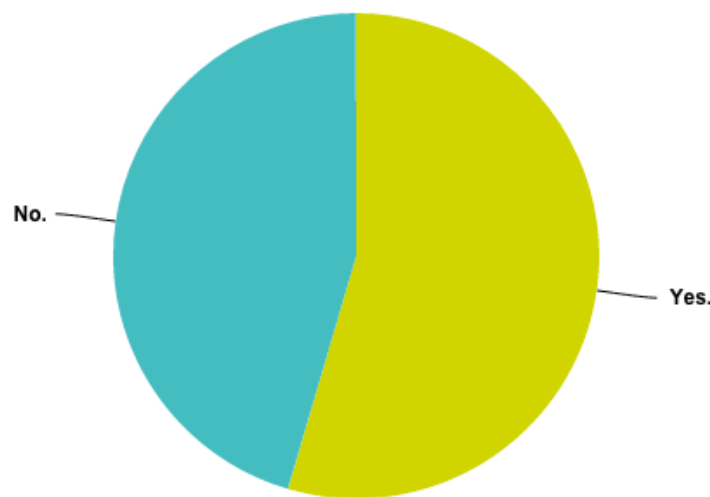
Answered: 154 Skipped: 2



Answer Choices	Responses	
Yes.	60.39%	93
No.	39.61%	61
Total	154	

I have used social media to learn about the experiences of others who have bought a new car.

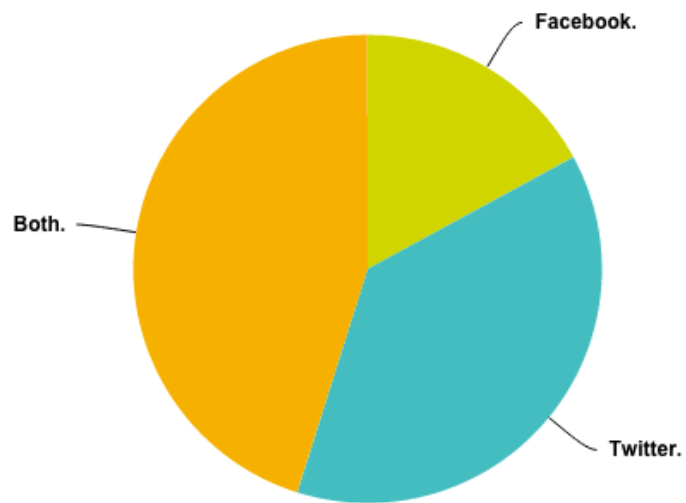
Answered: 154 Skipped: 2



Answer Choices	Responses	
Yes.	54.55%	84
No.	45.45%	70
Total		154

If Yes... Please choose.

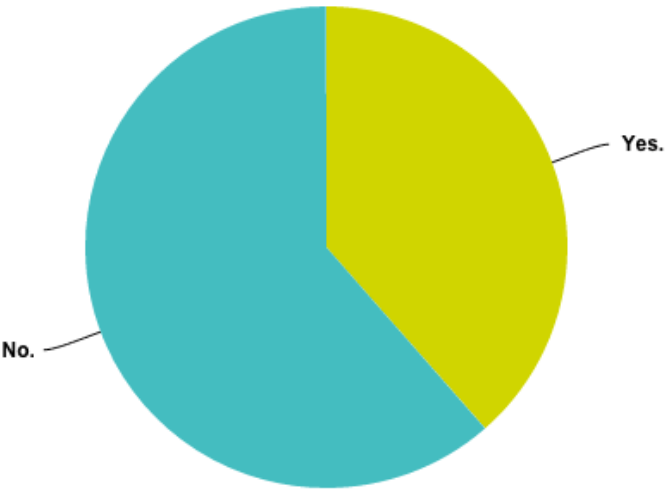
Answered: 82 Skipped: 74



Answer Choices	Responses
Facebook.	17.07%
Twitter.	37.80%
Both.	45.12%
Total	82

I have used social media to find a car dealership.

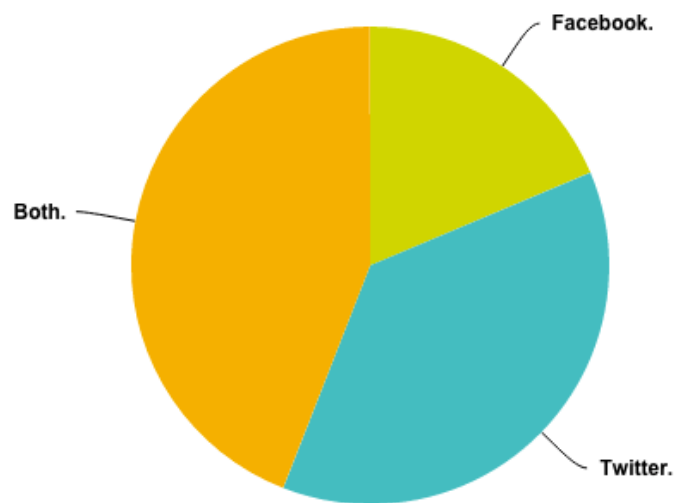
Answered: 153 Skipped: 3



Answer Choices	Responses	
Yes.	38.56%	59
No.	61.44%	94
Total	153	

If Yes... Please choose.

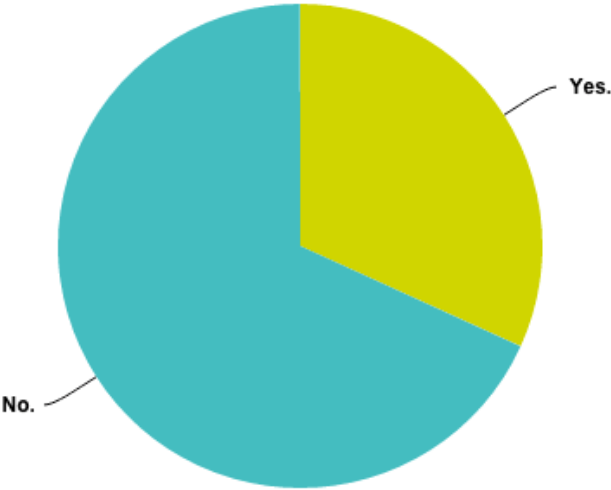
Answered: 59 Skipped: 97



Answer Choices	Responses
Facebook.	18.64% 11
Twitter.	37.29% 22
Both.	44.07% 26
Total	59

I have used social media to describe my experience of purchasing a new car.

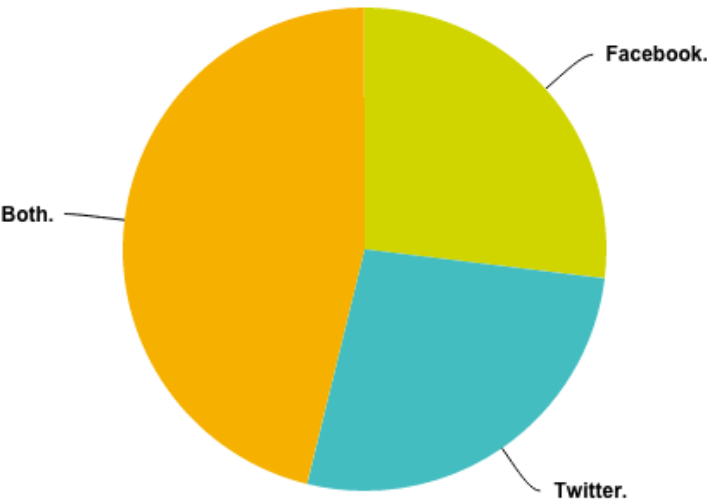
Answered: 154 Skipped: 2



Answer Choices	Responses	
Yes.	31.82%	49
No.	68.18%	105
Total		154

If Yes... Please choose.

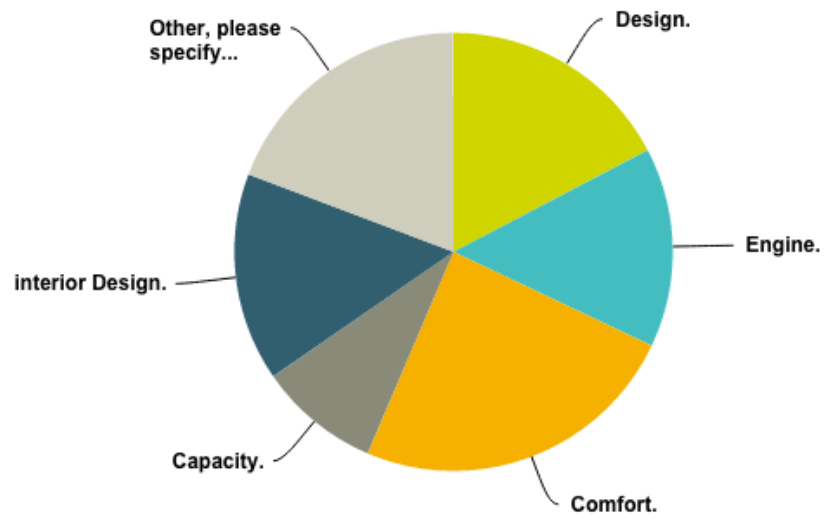
Answered: 52 Skipped: 104



Answer Choices	Responses	
Facebook.	26.92%	14
Twitter.	26.92%	14
Both.	46.15%	24
Total	52	

Which features of cars you prefer.

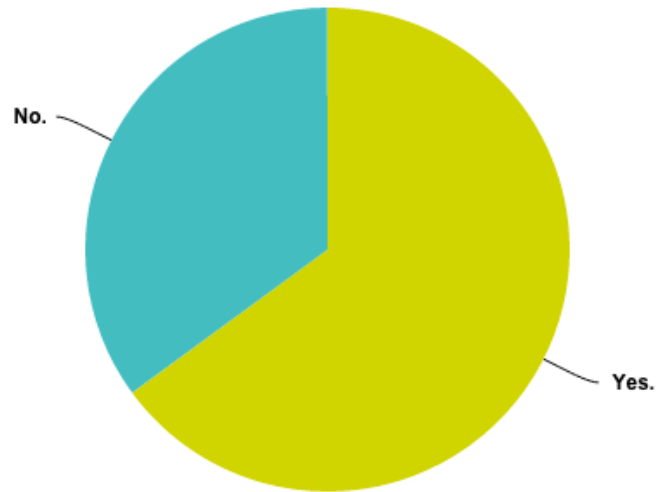
Answered: 156 Skipped: 0



Answer Choices	Responses	
▼ Design.	17.31%	27
▼ Engine.	14.74%	23
▼ Comfort.	24.36%	38
▼ Capacity.	8.97%	14
▼ interior Design.	15.38%	24
▼ Other, please specify... Responses	19.23%	30
Total		156

I use social media to have a continual info about new offers, prices and Campaigns.

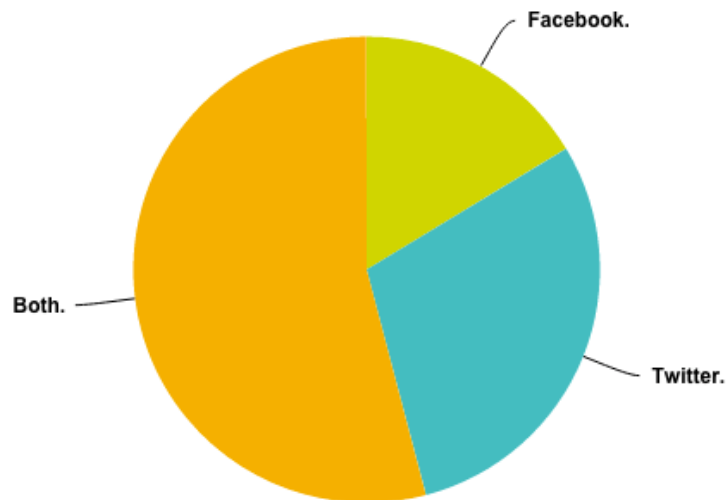
Answered: 154 Skipped: 2



Answer Choices	Responses	
Yes.	64.94%	100
No.	35.06%	54
Total		154

If yes... Please Choose.

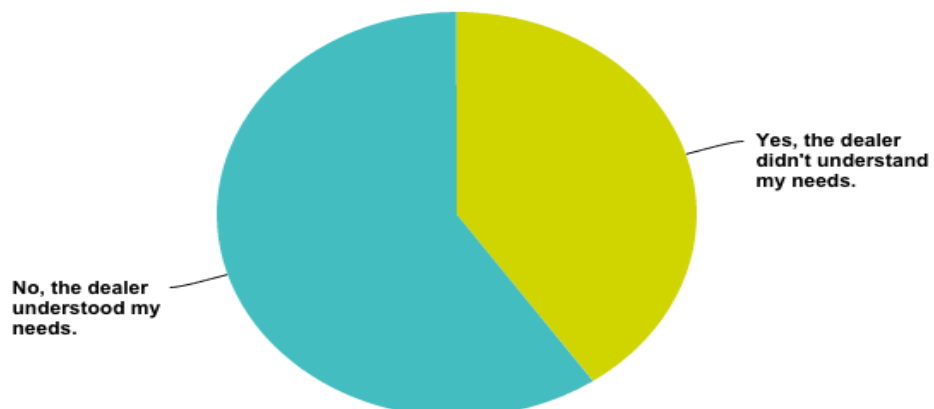
Answered: 98 Skipped: 58



Answer Choices	Responses	
▼ Facebook.	16.33%	16
▼ Twitter.	29.59%	29
▼ Both.	54.08%	53
Total		98

I did not feel the car dealer understood my needs after I had purchased my new car.

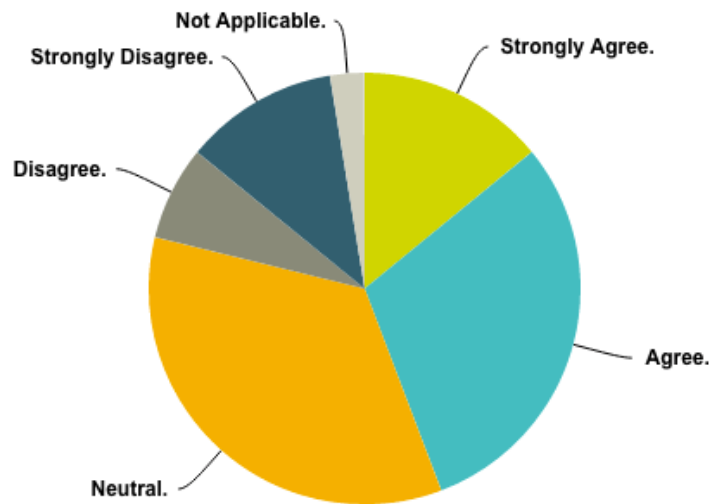
Answered: 151 Skipped: 5



Answer Choices	Responses	
▼ Yes, the dealer didn't understand my needs.	40.40%	61
▼ No, the dealer understood my needs.	59.60%	90
Total		151

I would buy the same car brand from the same dealer in the future.

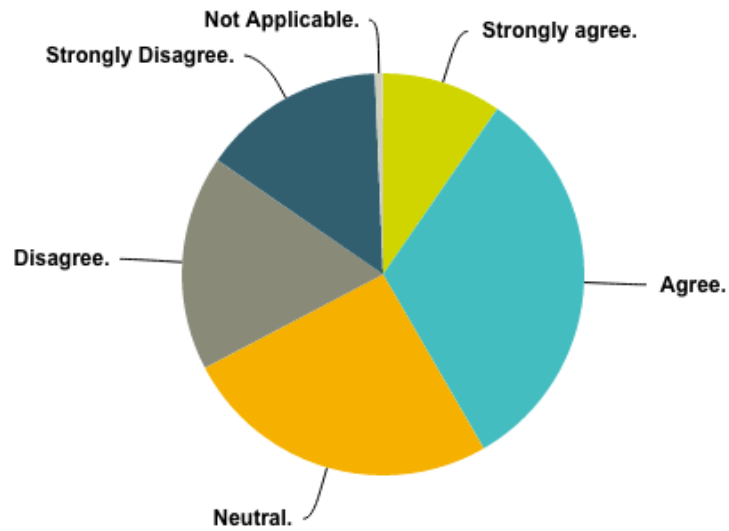
Answered: 156 Skipped: 0



Answer Choices	Responses	
Strongly Agree.	14.10%	22
Agree.	30.13%	47
Neutral.	34.62%	54
Disagree.	7.05%	11
Strongly Disagree.	11.54%	18
Not Applicable.	2.56%	4
Total		156

I am satisfied with the after sales service provided by the car dealership.

Answered: 156 Skipped: 0



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