

# **Facebook Marketing Analytics of an Automotive Company: A Study of Mercedes-Benz Slovakia**

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Bachelor Thesis for Obtaining the Degree

Bachelor of Science (BSc) in

International Management

Submitted to Mr. Daniel Leung

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*Vienna, Austria, 17 June 2016*

## Affidavit

I hereby affirm that this Bachelor's Thesis represents my own written work and that I have used no sources and aids other than those indicated. All passages quoted from publications or paraphrased from these sources are properly cited and attributed.

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## **Abstract**

Integrating social media and particularly social networking sites in marketing and advertising is a relatively young but nevertheless a complex topic with many aspects to explore and analyze. This study investigates how Mercedes-Benz Slovakia uses Facebook's marketing functions by conducting interviews with the informants who are responsible for social media communication and sales in the studied company. Furthermore, using mean comparison tests to analyze metrics extracted from the fan page of Mercedes-Benz Slovakia, it evaluates the company's Facebook marketing efficacy and especially the behavioral reactions of the fans. This study is expected to draw conclusions and provide recommendations that can help the company to improve its marketing efficacy not only on Facebook, but on other social media platforms in general. During the research, it is confirmed that Facebook is a good choice for social media communication on the Slovak market and also that in spite of the efficient way of utilization, there is still room for improvement for the company on the field of Facebook marketing. Additionally, the study identifies possible topics for the future research of social media marketing operations of Mercedes-Benz Slovakia as well as topics for academic researchers.

*Keywords: Mercedes-Benz Slovakia, Facebook, marketing, advertising, social media*

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## List of Abbreviations

**ACQ** – Acquisitions

**B2B** – Business-to-Business

**B2C** – Business-to-Customer

**CPA** – Cost-Per-Acquisition

**CPC** – Cost-Per-Click

**CRM** – Customer Relationship Management

**FB** – Facebook

**FBfB** – Facebook for Business

**IPO** – Initial Public Offering

**MAU** – Monthly Active User

**MB** – Mercedes-Benz

**MBSK** – Mercedes-Benz Slovakia

**MNC** – Multinational Corporation

**NGCC** – New Generation Compact Cars

**PPC** – Pay-per-click

**ROI** – Return on Investment



# **1. Introduction**

## **1.1. Introduction and Background**

The last decade brought a boom and a rapid growth of the popularity of social media with people. For instance, the amount of monthly active users (MAUs) on Facebook linearly increased from around 200 million in Q1 2009 to more than 1.2 billion in Q4 2013 (Protalinski, 2014). Therefore, it was only a matter of time until businesses discovered the potential hidden in these platforms with millions of daily users who can potentially be converted to customers. Social networks like Facebook, Twitter, Instagram and Pinterest became prominent channels of two-way communication between the companies and their stakeholders (Hughes, 2013). Nowadays, there is hardly a company, no matter the size, that is not present on at least one of the major social media platforms, not only to communicate its new products, services, job openings and planned events, but also to receive feedback from their customers or fans (Beard, 2014).

As illustrated in Figure 1, according to Social Media Examiner's 2014 survey (as cited in Richter, 2014) with more than 2800 respondents, social media are being heavily used by marketers to deliver timely content and stay in touch with customers and fans. The results show that most of the major social networks are being used for marketing purposes, such as product promotion, provision of feedback or customer sentiment analysis. Business-to-Business (B2B) marketers prefer Facebook, Twitter and LinkedIn, while in the Business-to-Customer (B2C) marketing environment, YouTube prevails over LinkedIn. Considering that Facebook (FB) is the most embraced platform by B2C and B2B marketers (97 percent and 89 percent, respectively) (ibid.), it is possible to claim that there is an unquestionable tendency of marketers to use this particular social network for the purposes of marketing and advertising (ibid.).

The automotive industry is no exception to this trend. All major and minor vehicle producers on the market have acknowledged and embraced FB to communicate a positive brand image to and inform their customers and fans their latest portfolio additions, future plans and special events. Despite the absence of a valid proof, it is safe to say that not doing so would mean giving an advantage to the competitors, thus significantly losing sales (Bennett, 2012) – an undesirable outcome for any company.

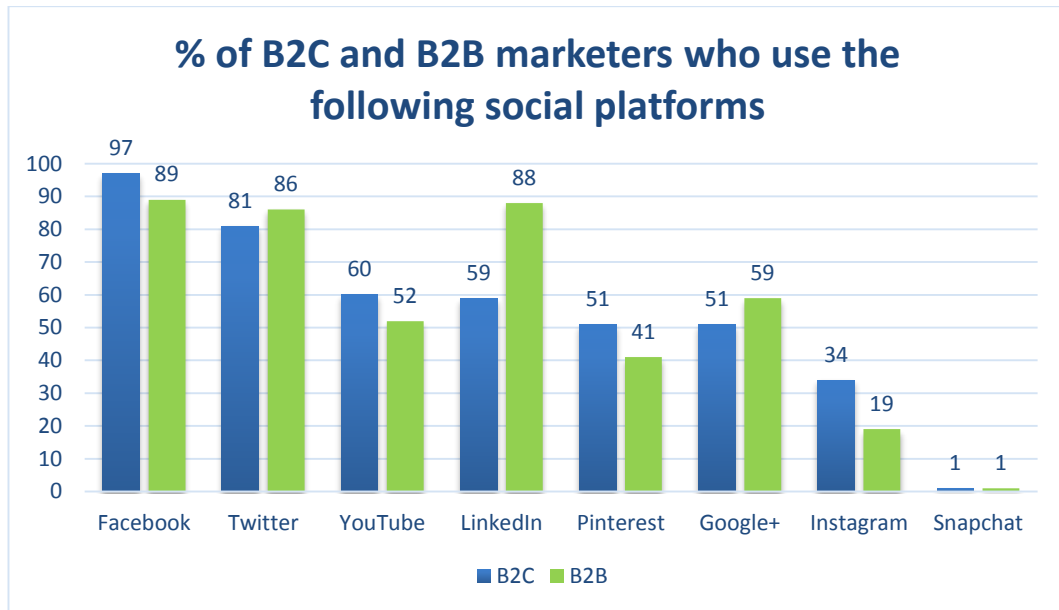


Figure 1: How Marketers Use Social Media (Richter, 2014)

## 1.2. Problem Definition

The question is, how companies may correctly utilize social media, in order to achieve desired (and possibly even better) results while clearly communicating the brand image and values. Answering this question is not easy and requires a certain level of expertise and knowledge, including insights into marketing processes, as well as into customer psychology. For this reason, many companies employ designated social media managers, usually members of the marketing department. Quesenberry (2016) argues, that the importance of social media is nowadays so significant, that companies should have separate departments for dealing with the company's relations on social networks. One of the responsibilities of social media managers is to develop and follow strategies and guidelines of the company's online presence (Kruse Control Inc., 2016). These guidelines are usually based on the studies concerning the analysis of fan pages and fan interactions.

Certainly, a significant amount of studies about utilization of social media for marketing purposes has been conducted. The available literature generally focuses on industries such as tourism (Berbegal-Mirabent, Cañabate, Lebherz, & Sabate, 2014), retail (de Vries, Gensler, & Leeflang, 2012) or hospitality and

gastronomy (Kwok & Yu, 2013). Comparatively, studies focusing on the automotive industry are scarce. Some industry studies are conducted but they are usually conducted directly by the automotive producers for internal purposes, and are rarely published. Another aspect of the problem is that there is a lack of studies covering both the automotive industry and the Slovak market, where Mercedes-Benz Slovakia (MBSK) operates. Although Ondrušová (2013) describes the Slovak automotive market and the types of marketing communication within this industry, she does not discuss the specifics of marketing on any social network in particular. On the contrary, Michl (2012) discusses the efficacy of Facebook advertising in the automotive industry but uses the Czech market for his analysis.

### **1.3. Objectives of the Study**

As it is further explained in the third chapter of this study, MBSK's main area of social network presence is on Facebook (Majláth, 2016). MBSK's Facebook fan page came into existence in July 2010, with the goal of providing a place for the Slovak Mercedes-Benz fans to receive news about activities and news of Mercedes-Benz as a brand, and the Slovak Mercedes-Benz as a dealership (ibid.). Therefore, the focus of this study lies on the analysis of data extracted from this social networking website. Hence, all assumptions, analyses and recommendations in this study are based exclusively on the usage of FB.

To be specific, the primary aim of this study is to observe how MBSK utilizes its FB fan page and to analyze how FB users behave in reaction to the content posted to this fan page. This is done by:

- Exploring the influence of brand post characteristics on MBSK's brand page popularity and engagement
- Investigating the Facebook marketing efficacy in customer conversion
- Comparing the efficacy of paid and organic advertisement on Facebook

The ultimate objective of this study is to provide a set of suggestions for improvement of Facebook marketing methods employed by MBSK. Therefore, the research is expected to be beneficial for Mercedes-Benz Slovakia, possibly other Mercedes-Benz branches, and other parties who intend to embrace marketing on social media in general and on Facebook in particular.

#### **1.4. Structure of the Study**

This study consists of seven chapters. The first chapter defines the problem and the aims of the study. Chapter 2 contains an overview of Facebook's history and features. Furthermore, in order to possibly identify the direction of research and further research gaps it describes FB's marketing and advertising tools, as well as a review of the cases of FB's application by vehicle producers for advertising purposes.

In the third chapter, the reader becomes acquainted with the history, market position and brand image of Mercedes-Benz, with the activities of MBSK, and with the ways it utilizes the social media, Facebook in particular. In chapter 4, the pre-research assumptions are drawn, followed by description of data collection and analysis. In the fifth chapter, both the qualitative and quantitative findings of the study are presented and analyzed. The sixth chapter features implications drawn from the findings, whereas the seventh and last chapter provides an overall conclusion of the research, the limitations and the suggestions for the future research.

## **2. Literature Review**

### **2.1. Facebook**

#### **2.1.1. Overview of Facebook**

Facebook is an online social network and due to its popularity, a phenomenon of the 21<sup>st</sup> century (Knight, 2014). Originally a project of Mark Zuckerberg, a young student of the Harvard University, intended as a communication network of Harvard's students, it was released in February 2004 (Philips, 2007). The original idea behind the project was the creation of an online social platform for Harvard students and alumni. However, the concept of creating an online profile to communicate with friends, gained huge popularity and very quickly spread across other universities and educational institutions, eventually becoming available to the non-academic public in September 2006 (ibid.).

From a legal perspective, Facebook, Inc. operates as a public company. It held its initial public offering (IPO) on the 18<sup>th</sup> of May 2012, with 421,233,615 shares priced 38 US dollars per share (Facebook, 2012). Listed on NASDAQ under the symbol FB (Nasdaq, n.d.), the company's current price per share is US\$117.35 meaning that in just four years, FB's share value has tripled (if inflation and other external factors are neglected) (Google Finance, 2016). If the marketing capitalization at the time of FB's IPO (ca. US\$16 billion) is compared to the current value (US\$332.46 billion) (ibid.), a massive company growth is revealed, that does not seem to cease in the long run.

Thanks to its size and resources, Facebook was able to easily acquire other companies to get access to their concepts, technologies, users, or other strategic advantages. The most notable cases are the acquisition of Instagram and WhatsApp. Instagram, a social network focused on sharing snapshots of one's life, became a part of FB in April 2012 for the sum of 1 billion US dollars, making it FB's largest transaction so far (Raice & Ante, 2012). Facebook then used the Instagram platform for integration with its own photo sharing system, as well as with its advertisement system, and most importantly, for the support of the mobile device engagement of both networks' users. (ibid.)

The latter, WhatsApp, is a mobile chat application which was purchased by FB in October 2014 for US\$22 billion with the goal of "bringing more connectivity and

utility to the world by delivering core internet services efficiently and affordably” (Zolfagharifard & Woollaston, 2014).

As of March 2016, counting in all its subsidiaries, FB employs more than 13000 employees in 14 US offices, 36 international offices and 5 data centers (Facebook, 2016a). Approximately 96% of FB’s revenue is generated from advertising (D’Onfro, 2016).

### **2.1.2. User Base**

Originally targeted at college and high school students, Facebook is now available for usage to anyone older than 13 years of age with a valid e-mail address (Facebook, 2015b), making its users base excessive. As of Q1 2016, the number of monthly active users, i.e. users who log in at least once in a month, is 1,654 billion, as shown in Figure 2 (Facebook, 2016b). In spite of the fact that there is a distinctive trend of a further growth of the Facebook user base, there are voices of skepticism to be found. For example, an article by Cannarella and Spechler (2014) presents a theory that Facebook will lose 80% of its members by the end of 2017. This assumption is based on an epidemiological model of bubonic plague, where an epidemic occurs, if the infection rate exceeds the recovery rate. In this context, people migrate to Facebook because they get “infected” by other users, meaning that the social pressure is the infectivity in this scenario. However, the recovery rate eventually exceeds the infection rate and the disease is no longer an imminent threat.

Translated to the Facebook case, this means that the social network might eventually lose its members, as they will abandon it due to previously unforeseen events. The authors successfully tested and validated this model on the data from Myspace, a social network popular in the first decade of the 21<sup>st</sup> century. Myspace was founded in 2003 and quickly gained popularity until it reached its peak in 2007 with around 300 million users, then suffered a dramatic user base decrease. However, by the year 2011, it was almost completely abandoned (Garside, 2014). The similarity of Myspace and Facebook is very noticeable, however, as Lamberson (2014) correctly pointed out, Cannarella’s and Spechler’s model does not take into the account, that the key factor that made users abandon Myspace was actually Facebook itself. Therefore, his assumption is that Facebook will not perish unless surpassed by another social media alternative (Lamberson, 2014).

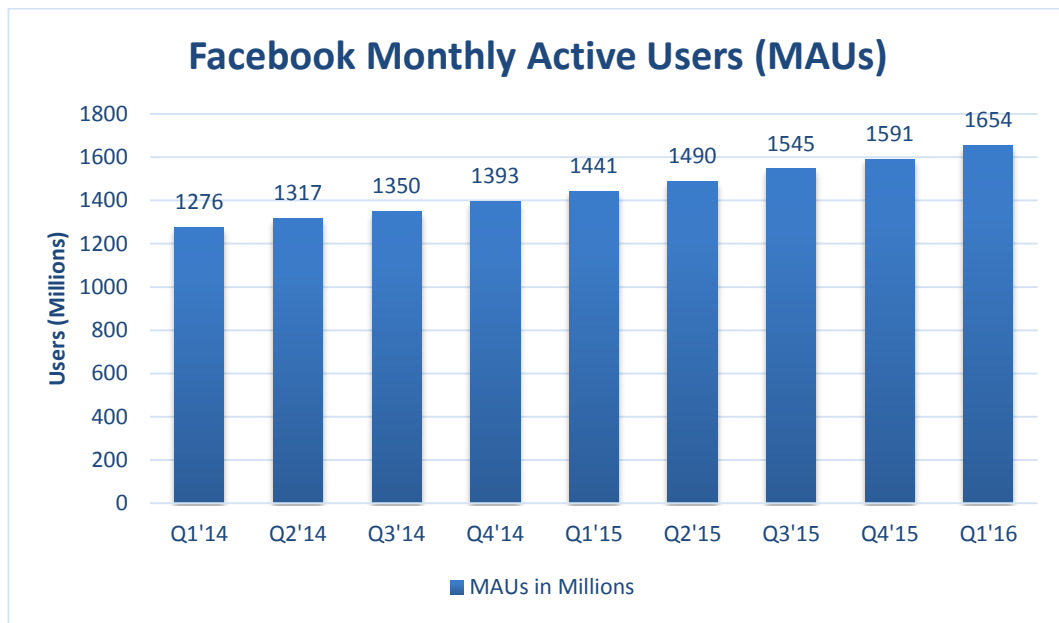


Figure 2: FB Monthly Active Users (MAUs) in Millions (Facebook, 2016b, p. 5)

Therefore, with the currently increasing numbers of FB users, with its efforts of extensive integration into the web and smart devices and without any successful competitor, it can be expected that the social network will keep on growing and expanding its features at least in the near future. This assumption relies on the fact that there is an increasing trend of around one billion people logged in on a daily basis, as opposed to a time period of two years ago, when the number was only 802 million (Facebook, 2016b).

Through further inspection of *Facebook Q1 2016 Results Slides* (2016b), another significant fact is revealed. As shown in Figure 3, 894 million of users are monthly active only on mobile devices. In contrast to the 1,654 billion of MAUs overall, it means that around 54 percent users are mobile-only. Compared to Q1 2015, where the ratio was only 40.32 percent (581 million mobile-only MAUs and 1,441 billion MAUs overall) and Q1 2014 with the mobile-only percentage being only 26.72 percent (341 mobile-only MAUs and 1,276 MAUs overall), it is clear that mobile-only users are becoming a prevalent part of Facebook demographics. This is further supported, by the fact that out of 2016 Q1s 1,654 billion MAUs, 91 percent (1,508 billion) are monthly active both on computers and on mobile devices (Facebook, 2016b). The trend of mobile device usage in favor of traditional

electronic devices is therefore clearly recognizable and should not be neglected or overlooked during analyses of FB statistics.

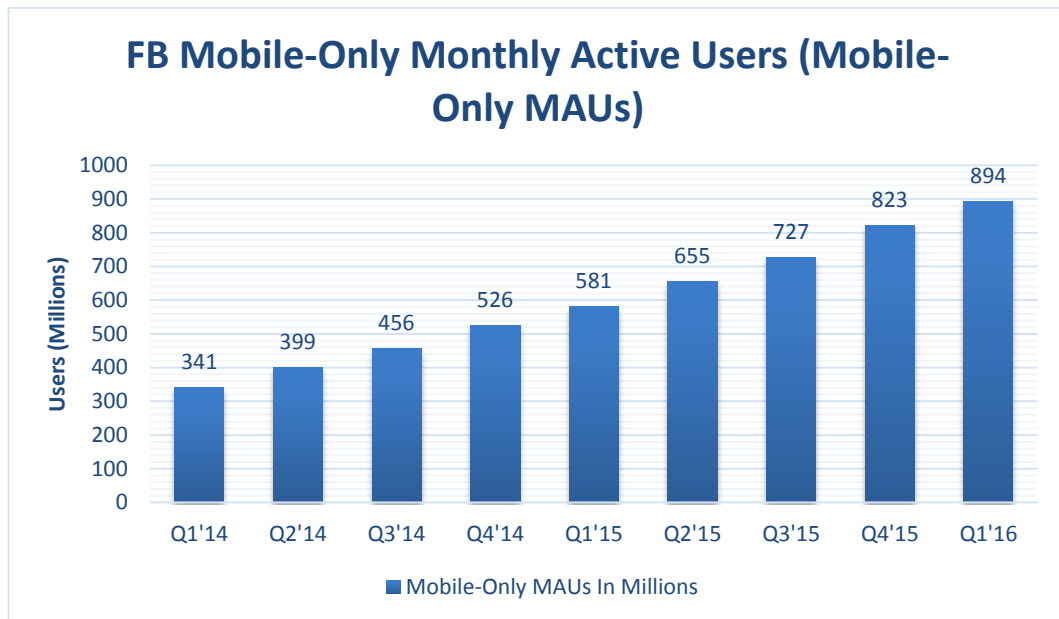


Figure 3: FB Mobile-Only Monthly Active Users (Facebook, 2016b, p. 7)

While there is no official data on demographics provided directly by FB, a survey conducted by the Duggan (2015) indicates at least the approximate demographics sample of Facebook. Out of 1,907 asked internet users (Duggan, 2015, p. 3), 72 percent are also registered on Facebook. The prevalent gender are females, where 77 percent of them actively use this social network, whereas only 66 percent of the asked male Internet users are present on FB as well. The age group of 18-29 years of age is represented by 82 percent of the respondents, which is the largest age group present on the social network. Other age groups (30-49, 50-64) are present on Facebook in significant amounts (79 and 64 percent, respectively). Surprisingly, 48 percent of seniors (aged 65+) are present on FB as well. Given the fact that these age groups generally share skeptical attitudes and difficulties in adopting new technologies (Pew Research Center, 2014, p. 3), this is a remarkable result. In the study, the highest attained education is divided in three groups – “High school graduate or less”, “Some college” and “College+”. In each of these groups, approximately 70 percent of the asked users are registered on FB. Almost the same applies for income categorization, where the groups “<US\$30,000/year”, “US\$30,000-49,999/year” and “US\$50,000-74,999/year” have as well values



around 70 percent, with the only significant outlier being the last group “US\$75,000+” represented by 78 percent of the users (Duggan, 2015). This survey provides demographic insights which might be helpful not only in the further recognition of the FB user base, but also for FB marketers in determination of target audiences.

### **2.1.3. Features**

As a platform for social communication, throughout the years of its existence, Facebook went through countless visual and functional changes. In its current state, it offers a plethora of features. In this overview, the most important ones are enumerated and briefly explained.

- **Profile, Friends and Groups**

The quintessential function of FB is to create one’s virtual profile, using which, it is possible to connect to other users. After sending (and accepting) a friendship request by both profiles, a “friendship” is established. The connected individuals can then communicate and share content. People can also create and join groups to limit the access to their mutual communication and find others with similar interests.

- **Content Sharing**

Users can create posts and share them with friends or with the public. This includes pictures, videos, shared website links or applications created within the FB framework. Other users can then “like”, comment on and share these posts, creating a real-time organic communication hub. Each post has an audience setting, to limit the viewers only to friends, or on the contrary, make it public to everyone.

- **News Feed**

Facebook’s News Feed is the most important part of the social network. Here, users’ content is displayed in real-time to be interacted with. While the majority of posts are ordered chronologically, with the newest ones being the first, an algorithm is employed by Facebook to calculate how interesting a post might be to a particular user. It determines the relevancy, frequency and placement of the post on one’s timeline (Luckerson, 2015).

The News Feed is very important to marketers, as it is one of the major locations where sponsored content can be placed.

- **Messenger**

Facebook offers a way of communication via instant messaging. The designated area on the right side of the screen shows users who are currently online (i.e. signed in on Facebook while having their device connected to the Internet). After choosing the recipient, a small window appears at the bottom of the screen, allowing the user to send an instant message, about which the recipient will be notified immediately, given he or she is online.

- **Like Button and Reactions**

The like button under a post (Figure 4) is the quintessential feature of Facebook. It represents a simple way to react to a post that is considered interesting by a user. It is also a very important measurement for determining the post engagement both because of its simplicity and the ease of expression in quantitative terms. Recently, FB introduced variations to the like button, which include more symbols, e.g. smiling emoji (a happy face) to help the users express a wider range of positive emotions (Stinston, 2016).

- **Web Integration**

A set of tools for developers and website builders is provided by FB. Websites rich on content can include social media plugins next to their content their users are then able to like and share it. This way, a much wider audience is reached. Another web integration function is logging in using FB credentials, a function that renders the necessity of creating a separate account on a particular website obsolete.

- **Smart and Mobile Devices Integration**

Facebook is becoming aware of the increasing share of mobile usage (Facebook, 2016b) and incorporates its applications to the mobile and smart devices. FB applications can nowadays be found preinstalled in smartphones, tablets, Smart TVs and even cars, resulting in an increase of the user base and a convenient way of using the social network on a daily basis.

- **Fan Pages**

While FB profiles are intended for individuals, with a limited amount of friends, fan pages are designed for organizations and public personalities to create a self-promotion space on Facebook. In this case, the users do not become “friends” with a fan page, but instead express their sympathies by “liking” the webpage, which is essentially a form of subscription to the fan page feed. Fan pages can represent virtually anyone, from large MNCs to small local businesses, from politicians and celebrities to FB bloggers. A fan page owner can communicate with the individuals who liked his or her page by posting content and engaging in conversations, place advertisement and sponsored content and receive feedback on his or her activities. From the marketing perspective, fan pages are the most crucial element of Facebook.

For the sake of simplicity and relevance, this feature overview does not contain in-depth descriptions and analyses, but instead only provides some very brief pieces of information about the functionality of these basic components of FB. As it is with every other technology, correct utilization is preceded by understanding and adoption of the concepts. Due to this reason, it is very important for aspiring Facebook marketers to learn the correct and appropriate ways of communication on this social channel and to identify possible marketing opportunities (Smarty, 2015).



*Figure 4: Facebook Like Button (Klapper, 2015)*

#### **2.1.4. Marketing and Advertising on Facebook**

Social media changed the way of marketing dynamics and made the consumers an active element of marketing communication. Instead of passively receiving the communicated messages, social media empowers people to contribute and share information with the expectation of a quick accomplishment of this process (Demoss, 2014). While some argue that traditional media is obsolete due to its low cost efficiency, delay of information delivery and limited audience reach (Schooley, n.d.), others disagree with this opinion and claim that traditional media is simply in a transition phase, adjusting to the status quo and still should be taken into consideration, especially by creating media mixes (Coyne, 2015). However, it is an indisputable fact, that in comparison to traditional ways, social media marketing provides several advantages. Notable examples are two-way communication with the customer, instant feedback, significantly wider target audience and a variety of metrics, which allow to measure the efficacy of the advertisement ad hoc (Fita, 2012; Demoss 2014). Baharun and Kormin (2015) claim that with preparation and application of correct strategies, social media is very beneficial to businesses. They also identify motivators for the companies to engage with social media. These include relatively low costs of promotion, development of relationships with customers, brand awareness creation and sustaining, and virality of reach, where the audience is reached geometrically in a very short time (Baharun & Kormin, 2015).

As it is indicated in surveys, Facebook is the leading social network utilized by marketers (Richter, 2014). To support them, it provides a marketing and advertising platform Facebook for Business (FBfB), that aims to help with increasing sales, generating leads and raising brand awareness (Facebook for

Business, n.d.-d). Aside from posting content and interacting with fans on a fan page, marketers can utilize the advertisement system, known also as Facebook Ads (Facebook for Business, n.d.-a). It allows to create advertising campaigns, determine the target audience based on numerous factors such as location, demographics, interest and behavioral patterns (Facebook for Business, n.d.-f), and place the sponsored content into predetermined places on the Facebook website, such as the users News Feed or its mobile version equivalent, or the right panel displayed only on desktop computers (Facebook for Business, n.d.). The largest possible advertisement placement on FB is the Logout Experience, a page that appears after logging out from the social network and only includes two elements, one of them being the advertisement that occupies the majority of user's screen (Irvine-Broque, 2012).

Facebook Ads can have several aims, ranging from gathering more fans for a fan page to website conversions, where customers fulfill certain action, such as signing up to a newsletter or purchasing a product (Facebook for Business, n.d.-b). In order to grasp consumers' attention, the advertisements usually feature graphical designs. Because the imagery can be considered inappropriate or contain motives that might be considered insulting, Facebook has developed policies and guidelines for publishing the advertisement (Facebook, 2015a). Prior to publication, every campaign is examined by designated Facebook employees. If it depicts, for example, sexually, racially or religiously insulting motives, or misleads the consumer, it is not allowed to be published (ibid.). Facebook Ads is a complex system with its own terminology, which is important to learn in order to understand what can be accomplished by utilization of this platform. Table 1 provides an excerpt from the Facebook Ads Glossary, with some important terms briefly described (Facebook for Business, n.d.-e).

FBfB is further adjusted to provide solutions for users from different industries. Tools for automotive marketers include video ads, custom audiences, remarketing, identification of audiences (Facebook for Business, n.d.-c) and target rating point buying, a way of extending a TV campaign to Facebook with the goal of incrementing and further improving the target audience reach. TV advertisements complemented by Facebook Video Ads then contribute to increased ad memorability and brand linkage (Facebook for Business, 2015).

Brettel et al. (2015, p. 170) claim that Facebook advertising has a significant impact on sales, especially in long run. For marketers, long-term contribution generation and fan base expansion by increasing the number of fans' likes are recommended to increase the effect of advertisement. However, if the goal is to accomplish immediate sales, focus should be put on page views featuring content that motivates customers to buy impulsively (ibid., p. 171).

Term	Description
Budget	The spending limit for each Ad set
Campaign	The superior level structure of a FB Ad
Clicks	The total number of clicks on a specific advertisement
Conversions	A customer-completed action
CPC (Cost per Click)	The amount charged for each interaction with an advertisement
CTR (Click-Through Rate)	The total number of clicks divided by the total number of impressions
Lead Generation	Building up of customer interest in a product or services. Can be done for example by letting the customer fill out a form with their contact information.
Objective	The goal of the ad campaign, usually quantified in terms of engagement or conversions

*Table 1: Facebook Ads Glossary (excerpt) (Facebook for Business, n.d.-e)*

While Facebook advertising might seem as an ideal way of brand and product promotion, it is important to mention that it is facing certain risks. According to D'Onfro (2016), FB voiced concerns about technologies that prevent the ads from displaying. The company stated that ad blockers pose a threat with a minor but still noticeable impact on the ad revenue, especially on PCs. This essentially means that marketers efforts may fail to some extent, as the advertisement they paid for will not reach the audience, deteriorating their return on investment. Robinson (2013) mentions the possibility of unintentionally offending the audience on a much

larger scale than any other traditional media would. Inappropriate campaign design combined with the virality of social networks spreading negative word-of-mouth can have disastrous consequences for customers' relations and loyalty (Robinson, 2013). Some examples would be discussed in chapter 2.2.3.

#### **2.1.5. Facebook Analytics and Content Efficacy Measuring**

To draw conclusions and implications, it is necessary to assess the performance of the posted content on a fan page. Expressing and comparing certain value requires their measurement by certain metrics. A metric can be defined as a system for measuring that expresses static and dynamic characteristics with the help of quantification (Farris, Bendle, Pfeifer, & Reibstein, 2006). In order to help users to measure performance of their pages and the posted content, FB provides Facebook Insights, the free analytical tools designed for assessment of FB pages and advertisement (Cleary, 2016). It contains an extensive metrics framework and real-time analytics of the impressions, responses and behavioral patterns of the users. Facebook Insights give an overview of fan interaction and can thus be beneficial to the page administrators/editors (Borthakur, et al., 2011). Because of these reasons, they are only available to these people and concealed from fans or other non-related users.

There is a large number of Facebook Insights efficacy measures, focusing on various aspects of the fan page, such as Page likes, Post reach and Engagement (Cleary, 2016). Their respective measurement and computation is dependent on the analyzed aspects. It is difficult to identify the most important metrics, as the available literature does not reach any general consensus. Ernoult (2013) claims that the most important figures to track are Fan Reach, Organic reach, Engagement, Talking About This, Click-Through Rate and Negative Feedback. Other authors include for example New Likes (Rydefalk, 2013) and Page Views (Loomer, 2012). To make the terminology comprehensive, the most often mentioned Facebook metrics are summarized and described in Table 2.

Metric	Description
Reach	Amount of unique people that see the posted content
Engagement	Activity of people expressed by the amount of post likes, comments and shares
Impressions	Determines how many times was the content displayed overall
Page Likes	Number of fans who subscribed to the page by pressing the Page Like button
Page Views	All page displays, both to fans and non-fans
Negative feedback	Sum of negative actions, such as hiding a specific post, hiding all future posts from a page, “unliking” it or reporting it as spam.

*Table 2: Facebook Insights Metrics (Ernault, 2013; Cleary, 2016)*

In some cases, the raw output numbers are meaningless on their own. Therefore, another ways of analysis must be derived from the figures, for instance, comparing two figures in a ratio (Loomer, 2013). As an example, it is possible to choose an individual post and compare its Reach and Engagement values. If hypothetically, post A reached 50,000 users and 5,000 exhibited some form of engagement, the engagement ratio is 10 percent. Compared to post B with 60,000 reaches and 5,000 engagements (8.33 percent), post A shows better performance in terms of engagement rate. Through derived analytical methods, a broader, more comprehensive overview of the fan page content can be obtained.

The efficacy of Facebook Ads is measured in a similar manner, although a slightly different approach is required. While many of the metrics, such as Impression, Reach and Engagement remain the same, there are some, that are specific only to advertisement. These include Clicks, CTR (Click-Through Rate), CPC (Cost per Click) and Conversions (Pelletreau, 2015), described in the previous subchapter, in Table 1. As the advertisement is paid, an additional aspect to consider is efficacy in terms of the amount of financial resources spent on it. Therefore, an adequate metric in this case is Return on Investment (ROI). However, Hoffman and Fodor (2010, p. 42) emphasize that social ROI is different than traditional ROI. Instead of “measuring the marketing investment and calculating the returns in terms of customer response”, it should be considered, what motivates customers to engage with the social media and the ROI should be then calculated based on their



investments to the brand (Hoffman & Fodor, 2010). Gotter (2015) provides a guideline for measuring social ROI. Ad campaign investments should be compared to the sales figures and based upon criteria set prior to the beginning of the campaign, their success should be evaluated. Campaigns with strong ROI should then be rerun and the weaker ones eliminated or adjusted.

It should be kept in mind that despite the large list of metrics, that provide accurate figures, the outcomes can be distorted. For example, Guha, Cheng and Francis (2010) point out the fact that even if the characteristics of certain consumer groups are identical, they can receive different advertisement. This is caused by high levels of noise, caused by technical and temporal factors. Therefore, a proper and thorough design of an ad campaign is important, in order to minimize the risk of data bias.

## **2.2. Automotive Companies on Facebook**

### **2.2.1. Motivation for Facebook Utilization**

There is a number of reasons for marketers to engage in FB marketing. First and foremost, as it was mentioned earlier, Facebook is the world's largest social network with more than one seventh of the population present on it on a monthly basis (Facebook, 2016b), rendering it a very important modern marketing frontier for the car producers. A 2014 CMO Council's report describes the potential held by the social media in general by providing the results of a number of surveys conducted within the automotive industry. Thirty-eight percent of consumers intend to consult social media in their next car purchase and 23 percent communicated their recent purchase experience there. Almost 85 percent of buyers are on Facebook, while one quarter of them have used the social network as a resource for the decision making and the purchase process (CMO Council, 2014). This clearly shows that Facebook is becoming one of the prevalent intermediaries in the process of purchasing a new vehicle, especially popular with the millennials, who will contribute to 40 percent of the new car purchases in the following decade (ibid.).

### **2.2.2. Case Studies – Success Stories**

- **Mercedes-Benz Portugal**

In 2012, the goal of the Portugal branch of Mercedes-Benz was to increase the brand awareness, especially with the release of the new A-Class, a compact urban car targeted at younger customers. With a video showcasing the A-Class, Mercedes-Benz Portugal managed to grasp the attention of 1.5 million Portuguese Facebook users that interacted with the video by watching, sharing or commenting it. Furthermore, the video was featured on the Facebook Logout Experience page, the largest video block available on the web site, contributing to 54,000 views from the Logout Experience alone. The buzz generated by the campaign significantly impacted the online search trends, where the volume of search for MB A-Class was highest since 2005 (the A-Class had several preceding versions) (Facebook, n.d.-c).

- **Mercedes-Benz USA**

One of the goals of Mercedes-Benz USA in 2014/2015 was to promote the compact SUV GLA-Class on the US market. To increase awareness among young buyers and redirect them to the GLA-Class website, for the first time, MB USA combined the features of FB and Instagram with the theme “#thingsorganizedneatly”, where users would take a picture of objects of everyday use organized in interesting, eye-pleasing ways. Together with that, the brand ambassadors and photographers were asked to answer the question “What would you pack in your GLA?” by providing a picture of neatly arranged things on a custom GLA-Class cargo mat. The idea behind this was to promote the versatility and cargo size of the GLA-Class (Instagram, 2015). Then on the Facebook page that represented the car and its features, links to the GLA website were placed. The whole campaign became popular with the young users of both Facebook and Instagram, resulting in a 580 percent increase of the GLA website visits (compared to the control group, not exposed to the advertisement at all). Furthermore, people who were only exposed to the branding ads across FB and Instagram and had no further call-to-action prompt to click through to the GLA website, generated 54% more clicks to the website than members of the control group did (Facebook for Business, 2014).

- **BMW UK**

Unlike the majority of brands, the British branch of BMW did not use FB as a tool for raising brand awareness, but to directly increase in-store sales. The goal was to get FB users to enquire about test drives and request a brochure. By updating and redesigning the legacy, time-consuming web forms on its website and using of specialized lead advertisement and CRM solutions provided by FB, BMW UK was able to increase the volume of leads by 280 percent and reduce the cost per lead by 56 percent (Facebook, n.d.-a).

### **2.2.3. Case Studies – Failure Stories**

- **General Motors**

Days before Facebook's IPO in May 2012, General Motors announced a withdrawal from the Facebook advertising system, claiming that investing \$10 million into paid advertisements did not yield desirable results and that the effectiveness of the Facebook advertisement system is questionable (Muller, 2012). However, the car maker was subsequently criticized for purposely making these statements days before the IPO, as well as for simply running a poorly designed campaign during which "they spent a lot of time optimizing for their pages rather than influencing the friends of fans". (Hamilton, 2012) This argument was further supported by the success stories of competing car companies, such as Kia, Ford and Mazda which advertised in a similar timeframe (ibid.).

- **Volkswagen**

One factor to consider when communicating on Facebook is that the communication is two-way, meaning that users can also voice their concerns, while other users are able to see it. In this particular case, by the end of the year 2011, Volkswagen social media representatives published a post wishing a Happy New Year 2012, with a message trying to involve the users by asking them for their opinions on possible company improvements for the next year. However, shortly before that, there was a wave of criticism against Volkswagen due to its anti-climate policies. This particular post provoked Greenpeace, which encouraged its fans to comment on the post, pointing out this issue. Volkswagen's Facebook page became quickly flooded by negative and hateful comments, which were

simply ignored and later deleted by the Volkswagen's Facebook fan page's administrators. Completely disregarding both the concerned fans (or haters) and the climate impact was a critical strike for Volkswagen reputation. This case became one of the "traditional" examples of an incorrect resolution of a social media marketing crisis (Burton, Kulumbeg, Schwindl, & Zuegg, 2015).

#### **2.2.4. Case Studies Summary**

As it is illustrated by these case studies, Facebook marketing can be a helpful tool if used creatively and correctly, but also a problematic burden if utilized without proper preparation and planning. The case study of MB USA shows that combining the power of FB with another social network can deliver unprecedented results. Furthermore, the BMW case study is a proof that clever utilization of FB's tools leads to achievement of advanced goals, such as the direct customer conversion. On the other side, the example of Volkswagen shows that it is important to maintain a good image as due to the unpredictable nature of FB's population's reaction, in some cases even a well meant message or statement can backfire. As it is difficult to find any negative case studies after 2012, it might be concluded that marketers became more skilled in the utilization of FB and are able to avoid rookie mistakes. It is safe to say that thorough planning and analyses of goals, budget, communication and demographics are imperative to designing a successful Facebook advertisement campaign.

### **3. Mercedes-Benz Slovakia**

#### **3.1. Mercedes-Benz as a Brand**

Mercedes-Benz is a global automotive manufacturer with a long history and a broad portfolio consisting of several vehicle types ranging from personal cars to trucks. In order to understand the marketing communication of MB, it is important to clarify the brand's properties and attributes. This subchapter therefore serves as a brief introduction of the brand.

### 3.1.1. Brand History and Overview

While the actual history of Mercedes-Benz started already in the year 1886 with Karl Benz's motorized three-wheeled vehicle patent deposition, it was not until the 29<sup>th</sup> of June 1926 in German Stuttgart, when the companies *Daimler Motoren Gesellschaft* and *Benz & Cie* merged and formed *Daimler-Benz AG* and the brand Mercedes-Benz, with its distinctive three-pointed star logo depicted in Figure 5. This emblem represents Gottlieb Daimler's vision of universal mobility "on land, water and air" and became an inseparable symbol of MB vehicles (Sannia, 2010). During its existence, the company Daimler, the owner of the Mercedes-Benz brand, underwent numerous changes, mergers and acquisitions. In 1990, Daimler acquired AMG, a German tuning company specializing on performance improvement of MB cars since 1967 (Mercedes-AMG, n.d.). This acquisition opened the door to the AMG versions of MB vehicles, which, unlike the comfort-oriented base models, are optimized for handling and performance. In the company's recent history, the most important milestone was the strategic merger with the concern Chrysler in 1995, that resulted in the establishment of DaimlerChrysler AG with a vision of a world-leading automotive group (Daimler AG, n.d.-a). This merger meant realignment in the strategies of both Daimler and Chrysler, with many new models being developed and numerous new subsidiaries being established. However, after changes in management and reassessment of market prospects, in 2007, the concern was dissolved and with the consent of approximately 99 percent shareholders, the company was subsequently renamed to Daimler AG (ibid.).

Today, Daimler AG operates with five business units – Mercedes-Benz Cars, Mercedes-Benz Vans, Daimler Trucks, Daimler Buses and Daimler Financial Services (Daimler AG, n.d.-b). The company's mission is to "shape the future of mobility in a safe and sustainable manner- with trendsetting technologies, outstanding products and made-to-measure services" (Daimler AG, n.d.-d). This mission statement corresponds with the image of Mercedes-Benz as an automotive technological innovator. In the past, MB introduced a plethora of today's cars standard features that dramatically increased comfort and safety of the passengers. Examples include the first implementation of a diesel engine into a passenger car, crumple zones, ESP (electronic stability program) and many more innovations (Mercedes-Benz USA, n.d.) that are nowadays perceived as a standard in vehicle comfort and safety. Nowadays, Mercedes-Benz is envisioning

the future and adhering to its principles by the active development of systems and technologies that support car autonomy and crash-less driving, connectivity and efficiency, while providing maximum driving comfort to its customers (Daimler AG, 2016b).



*Figure 5: Mercedes-Benz Logo and Slogan*

### **3.1.2. Portfolio**

The portfolio of MB is wide and includes also trucks, vans and buses. However, due to the limited scope of this study, only the perspective of MB's luxury personal cars market segment will be taken into the consideration for all further analyses and discussions.

Seventeen personal car models (including two models of Smart, a sub-brand of MB producing urban microcars) are currently offered by the company, while many of these models have different chassis constructions (e.g. convertible, sedan, estate all being a variation of one model), adding up to around 30 possible model variations. These models range from compact urban cars through midsize sedans and SUVs to luxurious coupes and powerful grand tourers (Daimler AG, 2016a).

The customer is therefore not limited in choice, as along with a broad spectrum of models, a wide variety of their motorization is offered by MB. There are different engines, both in terms of fuel (petrol, diesel, electricity, liquefied gas and hybrid) and power output, as well as drive options (rear-wheel, front-wheel, all-wheel). Mercedes-Benz is also known for the high customizability and personalization of its models, especially in the higher price levels.

### 3.1.3. Positioning and Targeting

Positioning is very important in determining the way of marketing communication. Based on the company objectives (Daimler AG, n.d.-c) and the slogan “The best or nothing”, Mercedes-Benz identifies itself as a technological innovator in the automotive industry and a producer of high-quality luxury and sports cars. These attributes are communicated via distinctive advertising campaigns, that often deliver confident or ironical one-sentence statements, often containing a non-offensive claim of superiority of MB above the competition, supported by minimalistic visuals or alternatively, an emotional depiction of a particular vehicle.

Traditionally, the customer base targeted by MB consists of middle-aged and older wealthy customers, both males and females. However, this presents only a rather narrow target market, rendering the customer perception of the brand to be for “old and rich people” (Sorin, 2015). To change this perception, in 2012, a new line of the so-called New Generation Compact Cars (NGCC) has been introduced by MB to appeal to younger customers. This segment features smaller and relatively cheaper cars, and based on the sales figures, appears to be very successful (PTI, 2015).

### 3.1.4. Competition and SWOT Analysis

From the traditionalist point of view, the competitors of Mercedes-Benz are automotive manufacturers producing vehicles within the luxury/executive/sport segments. The classical competition for Mercedes-Benz are the companies BMW and Audi, both from Germany, both operating in the premium vehicles segment, and both employing the latest technologies in the automotive industry in order to surpass the competition and create the pinnacle of automobilism. Furthermore, due to globalization, in terms of competition, MB is threatened by other global players, such as the American Cadillac, the Japanese Lexus and Infiniti, the British Jaguar and others (Team, 2014) enumerated in the left column of Table 3.

<b>Traditional</b>	<b>Technological</b>
--------------------	----------------------

<ul style="list-style-type: none"> <li>• Audi</li> <li>• BMW</li> <li>• Cadillac</li> <li>• Infiniti</li> <li>• Jaguar</li> <li>• Lexus</li> <li>• Porsche</li> <li>• Volvo</li> </ul>	<ul style="list-style-type: none"> <li>• Apple</li> <li>• Google</li> <li>• Audi</li> <li>• BMW</li> <li>• Ford</li> <li>• Volvo</li> <li>• Tesla</li> </ul>
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*Table 3: Competitors of Mercedes-Benz*

However, in recent years, the trend among car manufacturers is the development of car autonomy to the point where cars would not require any intervention from the driver at all (LeBeau, 2014). While the traditional automobile makers started developing own concepts of autonomous vehicles, the attractiveness of a previously unexplored industry area also grasped the attention of large tech companies, which are trying to develop their own versions of driverless cars, to diversify their portfolios. With their virtually unlimited budgets, Google and Apple are involved in an ongoing in-house development of such cars (Hotten, 2015). Together with other producers (see Table 3) participating in the research and production of such vehicles, these companies possibly pose a threat to MB in terms of technological competition.

The SWOT (Strengths, Weaknesses, Opportunities and Threats) analysis of MB provides a more in-depth overview of the company. Table 2 identifies some of the brand's most important SWOT elements. Mercedes-Benz belongs to one of the most recognized brands in the world (Interbrand, n.d.) and is often regarded as a leading innovator in the area of automotive technology (Mercedes-Benz USA, n.d.). The brand suffers from weaknesses like operations in a highly competitive market (refer to Table 4) and relatively high maintenance costs.

The opportunities section of the MB SWOT analysis contains more elements. The first is emphasis on sustainability by improving the fuel efficiency of their combustion engines, as well as the development of alternative energy sources for the vehicles, such as electricity, fuel cells and natural gas (Daimler AG, 2016b). Another important opportunity is the increasing demand for luxury cars, especially on the Chinese market (Haleem, 2016). The brand is currently threatened namely



by the ever-stricter environmental policies enforcing lower emissions, imposed on cars by the governments around the world. To comply with these policies, expensive new technologies have to be developed and implemented, presenting a financial burden to the company (The Data Team, 2016). One more factor to consider when enumerating the threats is the current political situation, where, for example, it is forbidden for Western companies to export to the Russian market, resulting in a significant loss of sales (Automotive News Europe, 2016).

Strengths	Weaknesses
<ul style="list-style-type: none"> <li>• Patents on safety features and technological innovations</li> <li>• Lack of capital constraints</li> <li>• Strong brand recognition</li> <li>• High resale value</li> <li>• Perceived as expensive among the customers (<i>also a weakness</i>)</li> </ul>	<ul style="list-style-type: none"> <li>• High maintenance and service costs (if not under warranty anymore)</li> <li>• Highly competitive market</li> <li>• Perceived as expensive among the customers (<i>also a strength</i>)</li> </ul>
Opportunities	Threats
<ul style="list-style-type: none"> <li>• Development of alternative fuels</li> <li>• Increasing demand for luxury cars</li> <li>• Cooperation with other concerns (i.e. Renault-Nissan)</li> <li>• Production quality</li> </ul>	<ul style="list-style-type: none"> <li>• Stricter government policies concerning environment</li> <li>• Political situation (e.g. sanctions against Russia)</li> </ul>

Table 4: Mercedes-Benz SWOT Matrix

### 3.2. Presence on the Slovak Market

After the Velvet Revolution in 1989, where the regime in Czechoslovakia was non-violently overthrown and subsequently converted to a parliamentary republic, many new opportunities became available to entrepreneurs with the market as a tabula rasa. On the 24<sup>th</sup> of October 1990, the company Motor-Car Wiesenthal & Co, spol. s r.o., a precursor legal entity of Mercedes-Benz Slovakia was established in Bratislava, the capital of Slovakia, as the first retailer of the Mercedes-Benz brand in the country. (Mercedes-Benz Slovakia, n.d.) Later, after the dissolution of Czechoslovakia into two separate republics, Wiesenthal & Co, spol. s r.o. became the sole distributor of MB vehicles for the newly arisen Slovak Republic, fully

confirmed in July 1995 by signing the contract about the brand representation with Mercedes-Benz AG Stuttgart (ibid.). After organizational changes and several phases of company renaming, namely due to the fusion of the concerns Daimler and Chrysler (mentioned in chapter 3.1.1.), and its subsequent dissolution, Mercedes-Benz Slovakia s.r.o. came into existence on the 4<sup>th</sup> of December 2007, as it is known today. Since April 2015, the company is wholly owned by the German Daimler AG (ibid.). Taking all transformations into consideration, Mercedes-Benz has been officially present on the Slovak market for more than 25 years.

The brand Mercedes-Benz has a stable position on the Slovak market. According to ZAP SK (as cited in Môciková, 2016), in the year 2015, 2,507 Mercedes-Benz cars were sold, meaning - in comparison to the 77,968 sold cars overall in Slovakia - that MBSK has a share of 3.21 percent on the Slovak automotive market. Compared to 2014, when 2,351 cars MB cars were sold (72,237 overall), it is an increase of 6.64 percent. As of 2015, the brand Mercedes-Benz is the 12<sup>th</sup> best-selling car brand in Slovakia. Although the market share is not particularly large, in context of the highly fragmented automotive market in Slovakia and the higher pricing of the MB vehicles, it is an outstanding result.

MBSK reaches out to the customer in numerous ways. The company utilizes all modes of advertising, ranging from print media, through television commercials to social media presence (Klepáč, 2016). Furthermore, many events such as roadshows, off-road drives and veteran car owner meetups are organized by the company and its regional subsidiaries, for the customers to test drive the cars and have a feeling of being privileged to belong into a community of MB drivers.

### **3.3. Social Media Utilization**

The Slovak MB branch is currently officially present on Facebook, Google+, Twitter, LinkedIn and YouTube. While the first named social media channel is the most active one, the others serve merely as a support or are completely dormant. This is namely due to the popularity of Facebook among the Slovaks, as supported by the study about the social networks usage in Slovakia conducted by Velšic (2012), where 49% of the 1135 respondents stated that they have an account on Facebook, rendering this social network most popular in the Slovak Republic.

Aside from the official MBSK fan pages, each of the fourteen local dealerships located in cities around Slovakia is allowed to have its own social media

representative pages. Many of them are therefore present on other platforms, for instance on Instagram, where content revolving around their own activities, irrelevant to other MBSK dealerships, is posted to stay in touch with the local customers (Majláth, 2016).

## **4. Methodology**

MBSK is aware of the rising social media marketing importance and seeks ways to improve its efficacy. In order to help achieving this result, it is necessary to gather two critical pieces of information. The first task is to identify the Facebook utilization goals and strategies set by the company, which is imperative to designing a successful campaign (Syme, 2015). Hence, for the qualitative part of this study, several interviews will be conducted to gain insights into the company's decision making at this level.

The second part of data analysis includes a quantitative research based on the analysis of past Facebook usage data that aims to confirm or deny the initial assumptions. Furthermore, it should provide a foundation to draw conclusions, whether there is room for improvement in the current way of utilization of this social network by MBSK. The data used were extracted from Facebook Insights of the

MBSK FB fan page. Sources also include internal documents that cover the values of a FB Ads campaign metrics, as well as car sales volume in the second half of 2015. Although the reasons were discussed in chapter 3, it is important to once again mention the fact, that due to the limitations of this study, only the segment of personal cars and the B2C sector are investigated in the current study.

## 4.1. Propositions

Prior to the analysis of both qualitative and quantitative data, a set of propositions were postulated to be testified in the current study. These include:

***Proposition 1:*** *Paid posts generally have higher reach and engagement figures than those of organic posts*

***Proposition 2:*** *Posts with video generally have higher engagement figures than those of posts with a static picture*

***Proposition 3:*** *The engagement rate between organic posts containing a question and organic posts without one is significantly different*

These three propositions were consequently refuted or not refuted upon reviewing the findings of the quantitative analysis.

## 4.2. Data Collection and Analysis

### 4.2.1. Qualitative data

The qualitative part of this study is reliant on primary data obtained from personal interviews with the employees of MBSK who are able to provide useful or insider information of the studied company. Two interviews were conducted to understand the actual utilization of FB by the company as well as its ultimate goals in FB marketing. The semi-structured interview approach was selected for both interviews. Cohen and Crabtree (2006) characterize a semi-structured interview as a formal interview with the interview guide, that can “follow topical trajectories in the conversation that may stray from the guide when he or she feels this is appropriate”. This approach is believed to be appropriate, as the planned interviews include an initial set of questions (see Table 5) and then continue with probing questions, attempting to obtain additional information that might be

beneficial for achieving the research objective and understanding the research topic.

The persons selected and asked to participate in the interview are:

- Mgr. Andrej Majláth, the administrator and content editor of the FB fan page of MBSK
- Ing. Juraj Klepáč, the sales director of Motor-Car Bratislava, s.r.o., the regional branch of MBSK in Bratislava

These people are considered to be the key information providers. Mr. Majláth is personally responsible for managing the fan page and its content. He could provide information relating to the history and the significant events of the page, the strategies he is using to create and edit compelling content and various situations he must resolve on a daily basis. Mr. Klepáč, as the head of sales, is expected to provide insights pertinent to customer base and sales pattern of the vehicles, in addition to some messages that are being communicated on FB to the fans and customers of MBSK.

The information extracted from these interviews will serve as a reference material to observe adherence, or on the contrary, deviation from the company goals based on the results of the quantitative analysis. Furthermore, it will be used to refine the recommendations and implications drawn from the quantitative part.

Questions for Mr. Majláth	Questions for Mr. Klepáč
<ul style="list-style-type: none"> <li>• What are the FB communication goals?</li> <li>• What are the MBSK fan page's demographics?</li> <li>• Do any organizational social media communication guidelines exist?</li> <li>• Which strategies do you embrace for the MBSK fan page?</li> <li>• Is it worth spending financial resources on Facebook Ads?</li> </ul>	<ul style="list-style-type: none"> <li>• What is the average car sales volume?</li> <li>• Have there been any recent outliers?</li> <li>• If yes, what caused them?</li> <li>• In your opinion, is there any impact of Facebook advertising on the car sales volume?</li> <li>• Is it possible to identify any seasonality patterns?</li> </ul>

*Table 5: Interview Questions*

#### **4.2.2. Quantitative data**

The quantitative analysis is based mostly on secondary data extracted from Facebook Insights. The dataset includes information of all 359 entries posted on the MBSK Facebook fan page in the year 2015. A plethora of information was included, including but not limited to the date and time of posting, the feedback from fans and the reach and engagement values.

To better understand the efficacy of automotive advertising via Facebook, the timeframe of the analyzed posts was limited. Only those entries posting between 29<sup>th</sup> of August 2015 and 30<sup>th</sup> of December 2015 were analyzed, rendering the amount of observed units to 124. The reason behind this choice is that between the 28<sup>th</sup> of September and the 30<sup>th</sup> of November, an advertisement campaign promoting a new financial product of MBSK was running. One of the goals of the findings is to assess how successful that particular campaign was and to find a relationship between social media behavioral patterns of the fan page fans and the campaign success. As two months is a relatively short time period with a limited informative value, the timeframe of the research is extended by one month before and after the campaign, effectively rendering the observation length to exactly 124 days.

Further observations will attempt:

- To testify the first proposition, the engagement and reach matrices of paid and organic content were compared by the method of independent samples t-test. To this test, only those entries posted from 29<sup>th</sup> of August 2015 to 30<sup>th</sup> of December 2015 were used, limiting the observed units to 124.
- To testify the second proposition, the reach and engagement figures generated by organic posts with photo and those with video were analyzed using the independent samples t-test. This analysis further excluded boosted posts as well as messages containing only text or links, rendering the amount of observed units to 115.

- To testify the third proposition, another independent samples t-test was conducted to compare the engagement figures of organic posts that include a question and those that do not. To this test, only those entries posted from 29<sup>th</sup> of August to 30<sup>th</sup> of December were analyzed with the exception of the paid posts, leaving 118 units to be observed.

In addition, the frequency of external referrers was observed. External referrers are “clicks to Facebook business page from an external website” (Kuglin, 2012). Facebook Insights keep track of them and provide an amount on a daily basis. For the purpose of this study, four groups – Facebook, Mercedes-Benz Pages, Search engines and Other - will be created and compared between organic posts within the timeframe (58) of the New Generation Compact Cars (NGCC) campaign and organic posts outside of this campaign (57).

## 5. Findings

### 5.1. Qualitative Findings

#### 5.1.1. Social Media Administration

The interview conducted with Mr. Andrej Majláth revealed several interesting and important facts about the utilization of social media by MBSK. The question of social media usage shows that for instance, the Twitter profile of MBSK only has 646 followers (as of June 12, 2016) and there is limited or even no interaction with the messages at all. The tweets are therefore set to be generated automatically, mirroring the content posted on FB with links to the respective posts on the MBSK FB fan page. Another example, Instagram, is deemed inefficient because of the way how messages are supposed to be communicated there. Mr. Majláth thinks that Instagram posts should give the followers some added value, such as “behind-the-scenes” pictures, which MBSK is incapable of delivering on a regular basis without repeating the content motives. Therefore, as it was already mentioned several times throughout this study, the primary channel for communication with the Slovak fans of the brand is Facebook, as it is the most popular social network in Slovakia (Velšic, 2012). According to Mr. Majláth, other online social networks simply do not have the potential to bring the desired effect of interaction with the Slovak public.

The MBSK FB fan page currently has more than 49000 fans, making it the fifth largest automotive brand Facebook Page in Slovakia. The pages of the competitors in segment, BMW Slovakia and Audi Slovakia have approximately 138000 and 51400 fans, respectively. Despite their numbers are higher, Mr. Majláth claims that the engagement ratio is highest on the MBSK page. He refers to one of the metrics, “People Talking About This (PTAT)” which describes people who like, comment on and share content from a fan page. Although this metric is now obsolete due to one of the recent FB updates and is not displayed anymore, Mr. Majláth claims that the ratio of PTAT to Page Likes used to be highest among the three competing brands, rendering MBSK’s page the most active in terms of user engagement, proving that the content there was most compelling among the three fan pages.



In the discussion on gender ratio of their fans, Mr. Majláth says that even though the majority of fans are males, the percentage of female fans is very significant, in spite of the fact that cars are usually a topic with a tendency to be found appealing by men. The high share of female fans can be credited to the positive image of the brand, as well as to the appealing products, which females find attractive. As for the age groups, the fan base consists mostly of younger people from 18 to 30, but there are also many middle-aged fans. To some extent, this is a reflection of the actual market, where middle-aged, wealthy customers represent a significant share of MB car purchases.

To the question regarding the posting strategy, Mr. Majláth answers that his inspiration was the fan page of Mercedes-Benz Netherlands. In the beginning, he would post rather long and wordy messages, often without a pictures. However, upon some research, he realized that people have a tendency to react more to visual stimuli with less text. Mirroring the style of the Dutch MB fan page, he started communicating with the customers by posting compelling, visually attractive pictures of the Mercedes-Benz vehicles. These photographs are always accompanied by a short comment that includes a confident statement in accordance with the MB advertising techniques described in chapter 3.1.3. or asks a question that encourages the users to engage with the post. The motive of these messages is usually focusing on the pleasure of driving a Mercedes-Benz car. This strategy has proven itself as very successful in increasing the engagement rates.

Mostly it is content from the official portfolio of the brand or occasionally from unofficial resources that is used to create posts. As it was already mentioned in chapter 3.3., local dealerships have their own social media pages where their local content is posted. This includes information about events organized by the dealership, “behind-the-scenes” pictures and other content relevant to local fans or customers. The idea behind this is to keep the main page clean and representative. Unless there is a nation-wide event or a special promotion applicable to every Mercedes-Benz dealership in Slovakia, there is no reason to spam the fans with regional content that might be deemed irrelevant by the majority of the fans.

Direct communication with the fans on the page is selective. In the beginning, the direct messages were utilized to make it possible for the fans to obtain information or voice their opinions. However, the increasing amount of automatically generated

spam and various messages containing irrelevant questions or hateful comments towards the brand forced the social media manager to disable the direct message functionality. The fans can currently only post directly on the wall, where, depending on the type of their post, feedback from the page administrator is given. For example, a customer who is complaining or asking for help regarding the vehicle maintenance is redirected to the appropriate company department, where the issue is consequently resolved.

### **5.1.2. Facebook Campaigns**

It was decided that a new financial product, operating leasing, would be promoted via Facebook. With this mode of leasing, the customer pays a fixed amount of money for a fixed time, and in return, he or she is allowed to use a car for that time period. The difference between operating and financial leasing is that once the time period is over, the customer returns the car to the car dealer. Due to the relatively low price of the models, the NGCC line was chosen to be initially featured in the campaign. Another reason is that these model are targeted on younger customers, therefore, FB was considered to be a right choice of an advertising medium.

Photographs of the NGCC cars accompanied by a short introductory message and a link to a webpage test drive form were posted randomly during the duration of the campaign, from the 28<sup>th</sup> of September to the 30<sup>th</sup> of November. The goal was to acquire new leads – people who click on a post, land on a predetermined webpage and fill out a test drive inquiry web form. The campaign was targeted as follows:

- Location: Slovakia
- Age: 25-40
- Gender: Males and Females
- Interests: BMW, Audi, MB and several other car companies

This way, Mr. Majláth ensured that the reached audience would not include only Mercedes-Benz fans, but also people interested in other car brands, who might be considering choosing a new car and might find the offer of MBSK attractive. A budget of 1500€ was estimated for a group of Pay-per-click (PPC) advertisement. Within the time range of the campaign, the PPC advertisements proved themselves rather inefficient with the Cost per Acquisition (CPA) rate close to 80 euros. During the PPC campaign, Mr. Majláth also tried a different approach. He

created one photo post with a link and a compelling message and targeted it solely at MBSK fans and dedicated additional 400 euros to “boost” this post. This action resulted in a significant improvement of the whole campaign, with 95 acquisitions and the CPA ratio of 4.21 and a massive reach of 229,671 impressions of only one post. Furthermore, with 3645 likes, 51 comments and 102 shares, the engagement figure was highest among all content posted in 2015 by MBSK. It appears that in this case, it was better to target at the fans directly, as the audience was narrower and more likely to respond. The exact statistical figures for the NGCC Campaign are shown below, in Table 6.

Advertisement	Impressions	Clicks	CPC	ACQ	CPA
FB PPC	307,745	12,840	0.12	19	78.947
FB Boost	229,671	10,937	0.04	95	4.2105
<b>Total/Average</b>	<b>537,416</b>	<b>23,777</b>	<b>0.08</b>	<b>114</b>	<b>41579</b>

*Table 6: NGCC Campaign – Statistics (Majláth, 2016)*

Mr. Majláth also describes how he resolved a minor social media crisis. In the beginning, there was a picture of a CLA-Class posted along with a message asking the fans for their suggestion of what should be done with the car. The idea in the comment with most likes would then be made into a video. Unexpectedly, a fan came up with an idea of sinking the car in a river and unfortunately, this idea was the most liked one, presumably because people wanted to see, if MBSK will really keep up its promise, even if it means sacrificing an expensive vehicle. Of course, this was not a possibility, but to save brand’s reputation, Mr. Majláth sought help of a company specializing in promotional videos and together, they made a video of fake sinking the CLA-Class. He then decided to post this short film and once he recognized the potential after seeing the engagement figure, he “boosted” it – supported the reach of the post by monetary means. This video post became viral and was shared 864 times, liked almost 1500 times and commented on exactly 90 times. With a relatively small effort, he managed to gain numerous new fans for the page in a short time and save the reputation of the company without any significant financial losses. This example illustrates not only how much caution is

needed while communicating with fans, but also how a crisis can be smartly averted and turned into a benefit.

### **5.1.3. Impact on the Sales**

Mr. Klepáč says that it is very difficult to directly link the influence of social media with car sales because of two reasons. Firstly, purchasing a car is a process requiring high involvement, where the potential customers exhibit complex buying behavior. There are many factors to consider when buying a car, and simply seeing an advertisement on a social network is most likely not going to immediately persuade the customer to purchase one. Secondly, it is the fact that the consumer is simultaneously exposed to various sources of the same advertising, such as television, radio and print media. It is close to impossible to estimate the origin of a customer without asking directly, and even if done so, the person will probably not remember where he or she saw the advertisement. Despite these reasons, he considers social media to be an influential element of the customers' decision making process. He supports this claim by pointing out the NGCC campaign described in the previous section. According to him, the campaign helped to increase the interest of customers in the operative leasing program and the compact car model line. There was a noticeable difference of test drive inquiries during and after the activity of the Facebook campaign and once it ended, the customers' interest deteriorated. However, this may also be attributed to the fact that it was the period of the New Year, and the people were not eager to get cars in the beginning of the years.

Upon questioning this possibility, Mr. Klepáč further agreed that it might be possible, but also claimed that there are no significant seasonality patterns that would influence the sales. In the past, there were some clearly identifiable regularities. For example, in January to March, hardly any cars were sold, mostly due to the fact that it is the last quarter of the fiscal year in Slovakia and people are submitting their tax declarations. Afterwards, the sales would culminate in the early summer, fall again in the autumn period and peak before Holidays. However, after the financial crisis in 2008, people started to approach their finances with more caution and all established seasonality patterns disappeared. As for the regular sales, there is no direct link proving the influence of social media nor was there any particular campaign promoting and tracking such sales.

## **5.2. Quantitative Findings**

### **5.2.1. Reach and Engagement: Paid vs. Organic**

Tests clearly confirm the first proposition. In spite of the claims of inefficiency of Facebook advertising (Muller, 2012), the independent samples t-test with 124 posts reveals that paid posts have a significantly higher reach than the organic. The test outcomes (see Appendix A) reveal that there is an increase of approximately ten times in average reach and another gain of more than 380 percent. Based on these values, it is safe to say that investing into Facebook Ads and boosted posts yields expected results and should be considered when a marketer is trying to utilize social media for communication with potential customers.

### **5.2.2. Reach and Engagement: Photo vs. Video**

The second proposition has to be refuted based on the results of the independent samples t-test (see Appendix B). The values of Levene's test indicate that there is no assumption of equal variances and the t-test itself then presents a probability value of 0.000 in both cases. Ultimately, this means that the second postulate was incorrect and that on the contrary, organic posts with static pictures generate higher figures of both reach and engagement than organic posts containing a video.

### **5.2.3. Engagement: Questions in Posts**

The outcome of the third independent samples t-test has shown that there is no significant difference between the engagement levels of organic posts that contain a question and posts that do not. The tables in Appendix C show a p-value of 0.774 which implies that the differences happen merely by an accident. Rejection of this proposition is further supported by the fact that the mean engagement value of the first group is 1326.7, whereas the second group's value is 1447.02. Even just by seeing these two numbers, it is clear that there is almost no difference in engagement.

### **5.2.4. External Referrers**

The last observation shows a difference between the external referrer sources within the timeframe of the NGCC campaign and outside of it (Table 7). In the first case, there was a larger traffic incoming from various Mercedes-Benz Slovakia

pages and subpages, as well as from various search engines. Otherwise, FB subpages and other web locations were the most prominent sources of the traffic origin. It is important to say that there is an important outlier. The Search engine sources are very low and can indicate a neglected search engine optimization. Overall, it seems that the largest amount of traffic comes from other web sources that mention the FB page of MBSK, possibly caused by other forms of advertisement, such as word-of-mouth and online banners placed on various webpages not related to FB nor MBSK.

Post	N	FB & subpages	MBSK pages	Search engines	Others
Within campaign	58	0	53	27	71
Outside of the campaign	57	24	40	9	115

*Table 7: External Referrers Frequency*

## 6. Implications and Recommendations

The outcomes of the qualitative analysis imply that advertising on Facebook is beneficial to a company if proper planning is done prior to the launch of a campaign. Furthermore, experience shows that the social media is nowadays a very significant marketing channel that should not be neglected, as it can noticeably impact the sales, both negatively and positively.

The quantitative datasets and their analyses show that paid Facebook advertisement generates higher reach and engagement. It therefore makes sense to invest in it, if the target is to reach a broader audience. Furthermore, the study has shown that the organic photo posts generate higher engagement than videos. This implies that MBSK should continue posting such posts, unless there is a need to specifically communicate a message via a video. Moreover, it has been proven that there is no significant difference in the message posted, as the engagement levels with posts containing questions are very similar to the other group. Last but not least, the external referrers analysis revealed that the MBSK FB fan page should improve its search engine optimization, as the traffic coming from search engines is relatively low to other sources.

Not only the findings, but also the literature review gives numerous suggestions for improvement of the current FB usage. This social network became a prevalent communication channel for the marketers who must base their campaign designs on several factors, target audience being one of the most important. On FB, the most active users are youngsters, with age ranging from 18 to 29 (Duggan, 2015). Moreover, there is also an ongoing significant shift from desktop to mobile devices (Facebook, 2016b). Therefore, marketing campaigns on FB should be created with these two aspects in mind – they should be attractive for the young audiences and adjusted for mobile users.

The MBSK FB fan page should also gather more fans, to broaden the potential customer reach and to remain competitive. It is recommended to invest more resources in fan acquisition for the page. While it is difficult to determine the required size of the investment, as it depends on the target amount of fans, previous studies indicate that in general the cost should be significantly outweighed by return on investment.

Furthermore, the case of the viral video clearly proves the interest of people in similar types of campaigns. Therefore, efforts should be made to design and develop advertisement that tells stories, spreads virally and grasp the audience's attention geometrically, with the help of the positive word-of-mouth. To achieve this, it might be helpful to study new, more interactive methods of Facebook advertisement, such as TRP buying or development of an app that might be linked with the MBSK fan page.

Last but not least, it is important to keep in mind that even such a massive and complex platform might at some point face the problem of unexpectedly losing its user base, just as it happened with Myspace (refer to chapter 2.1.1.). Social media marketers should therefore count with such eventuality and be ready to swiftly move their activities to a different platform.

## **7. Conclusion**

### **7.1. Summary**

The aim of this study was to analyze how Mercedes-Benz Slovakia utilizes Facebook for marketing purposes and to provide recommendations for the improvement of communication with fans, as well as to find topics of the future research. Throughout the study, it is clearly confirmed that Facebook is the most suitable social media platform for the Slovak online audience. While the way that MBSK communicates on it is in general very efficient, there is still room for improvement. Nowadays, customers are active participants of the market chain and because of the unlimited access to information, it is crucial to deliver them unprecedented marketing experience. Social media are very dynamic in the aspect of innovation and regularly introduce new ways of marketing and advertisement. It is therefore imperative that the marketers keep up with the latest trends in order to attract the customers and gain a competitive edge over other players in the industry.

### **7.2. Limitations**

It is important to mention that limitations apply to certain aspects of the outcomes of this study. The first limitation of this research is based on the fact, that the research focus is put on only a single case study analyzing a relatively short time



period, causing a possible distortion of results due to external factors. More case studies with longer observation periods should be conducted to exclude externalities and validate the results of this study. Furthermore, as the research is conducted only on the Slovak market, the recommendations might become irrelevant when set in another market environment.

The study is further limited in its scope. As it is mentioned in the third chapter, a large variety of vehicles is offered by Mercedes-Benz to different types of customers. However, this research only discusses the segment of personal cars in the B2C sector. Social media communication in other segments and other settings has its unique characteristics and must therefore be approached differently. Another limitation of this study is the fact, that the Facebook Insights data sheets were combined manually, and despite all efforts, it is impossible to exclude the risk of human error in conduction of this process.

### **7.3. Future research directions**

Social media marketing is a very young but highly interesting topic with a plethora of questions yet to be answered. Based on the information obtained from the literature review, it might be interesting to focus the further social-media related research on observation and maximizing of the social ROI. This can possibly be achieved by setting up certain quantitative goals (e.g. sales volume) and experimenting with various advertising scenarios to determine the most efficient way of social ROI maximization. Furthermore, deeper studies of the social media marketing practices and Facebook marketing tools are recommended. Last, but not least, academic researchers might develop efforts in analyzing the tendencies of the social network users to embrace mobile devices as their primary access to the social media and its influence on the delivery of information by marketers.

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## Appendices

### Appendix A

Reach and Engagement: Paid vs. Organic

**Group Statistics**

	PAID	N	Mean	Std. Deviation	Std. Error Mean
Lifetime Post Total Reach	Organic	118	11093,13	6417,371	590,767
	Paid	6	109806,83	50696,365	20696,704
Lifetime Engaged Users	Organic	118	1423,57	749,438	68,991
	Paid	6	5458,83	2825,630	1153,559

**Independent Samples Test**

		Levene's Test for Equality of Variances		t-test for Equality of Means
		F	Sig.	t
Lifetime Post Total Reach	Equal variances assumed	80,658	,000	-19,600
	Equal variances not assumed			-4,768
Lifetime Engaged Users	Equal variances assumed	53,447	,000	-10,362
	Equal variances not assumed			-3,492

**Independent Samples Test**

		t-test for Equality of Means		
		df	Sig. (2-tailed)	Mean Difference
Lifetime Post Total Reach	Equal variances assumed	122	,000	-98713,706
	Equal variances not assumed	5,008	,005	-98713,706
Lifetime Engaged Users	Equal variances assumed	122	,000	-4035,266
	Equal variances not assumed	5,036	,017	-4035,266

## Appendix B

Reach and Engagement: Photo vs. Video

**Group Statistics**

Type	N	Mean	Std. Deviation	Std. Error Mean
Lifetime Post Total Reach 1	113	11102,18	6388,504	600,980
2	2	6297,00	69,296	49,000
Lifetime Engaged Users 1	113	1467,84	731,670	68,830
2	2	204,50	34,648	24,500

**Independent Samples Test**

		Levene's Test for Equality of Variances		t-test for Equality of Means
		F	Sig.	t
Lifetime Post Total Reach	Equal variances assumed	1,679	,198	1,059
	Equal variances not assumed			7,969
Lifetime Engaged Users	Equal variances assumed	1,858	,176	2,431
	Equal variances not assumed			17,292

**Independent Samples Test**

		t-test for Equality of Means		
		df	Sig. (2-tailed)	Mean Difference
Lifetime Post Total Reach	Equal variances assumed	113	,292	4805,177
	Equal variances not assumed	112,935	,000	4805,177
Lifetime Engaged Users	Equal variances assumed	113	,017	1263,341
	Equal variances not assumed	50,815	,000	1263,341

## Appendix C

Engagement: Questions in Posts

### Group Statistics

	Question	N	Mean	Std. Deviation	Std. Error Mean
Lifetime Engaged Users	Question	23	1326,70	675,671	140,887
	No Question	95	1447,02	767,713	78,766

### Independent Samples Test

		Levene's Test for Equality of Variances		t-test for Equality of Means
		F	Sig.	t
Lifetime Engaged Users	Equal variances assumed	,083	,774	-,689
	Equal variances not assumed			-,745

### Independent Samples Test

		t-test for Equality of Means		
		df	Sig. (2-tailed)	Mean Difference
Lifetime Engaged Users	Equal variances assumed	116	,492	-120,325
	Equal variances not assumed	37,055	,461	-120,325