

PUBLIC ENGAGEMENT STRATEGIES IN THE AUTOMOTIVE INDUSTRY: THE CASE OF ROMANIA

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Abstract: The generalized crisis triggered by the COVID-19 pandemic crisis forced an accelerated adoption of online communication and virtual formats for events, replacing the traditional flow of social, economic, and political life. The automotive industry as a major driver of innovation in the economic field was among the first sectors to replace the old way tactics of offline engagement with customers with social media solutions, promoted via multiple channels. The paper aims to provide an overview of the public engagement strategies employed by Romanian automotive industry in 2020-2021. Data are collected through content analysis of the major automotive retailers and are supplemented with information obtained from communication strategists in the field. The experience of virtual engagement is here to stay, and there are signs are that the strategy will carry out in the “new normal” period, once the restrictions on in-person contact are over.

Keywords: engagement strategy; automotive industry; COVID-19; dialogic communication; social media.

1. Introduction

Automotive industry, which is estimated to contribute to global GDP roughly with 3 %, is perceived as a major industrial, innovative, economic force worldwide. At the beginning of 2020 the European Automobile Manufacturers Association (ACEA) estimated that the industry provided work to 14.6 million Europeans and accounted for 8.5% of total manufacturing jobs in the region, being the pillar of the European economy (Hojdik, 2021). More than 18.5 million vehicles were ‘made in Europe’ in 2019, representing 20% of global vehicle production (ACEA, 2020). The perceived challenges resided in managing the impact of technological affordances, such as self-driving or autonomous vehicles, transformation from IC based engines to electric drivetrains, the growing use of AI and connected cars, while dealing with the drainage of fossil fuels, shortages in raw materials to produce electronic components, the reluctance of customers to replace old cars with new models, reflected by stalls in sales registered in 2018-2019. In sum, the industry perceived significant turbulence due primarily to changes in markets, regulatory requirements, and technologies (Schulze et al., 2015; Kompala et al., 2015). The outbreak of the COVID-19 in early 2020 put an immense pressure on the industry. Not only that the lockdowns during several months put on hold mobility, but the social isolation, remote work and education, and the economic crisis brought additional challenges to the collapse of markets and the fragile socio-technical system (Wang and Wells, 2020). According to figures published by the Association of European Automobile Manufacturers (ACEA), 2020 marked the deepest recession since the Second World War, with car registrations at European Union level decreasing by -20.6% compared to the previous year. For many in this industry, survival has since become the main

challenge, which has led to a series of changes, adaptations, all applied dynamically. To counteract the negative evolutions prior to 2020 and to find new strategies to ensure the recovery of the sector innovation was called upon once more, in the form of adaptive promotional and sales strategies, alongside with advocacy campaigns and interventions in the supply chains and in the *modus operandi* of the sector. The distribution and service networks already felt that the massive migration of customers to online services and diversified needs called for new strategies. The health crisis of 2020 accelerated the need to change, to cope with the abrupt shifts in consumption, both on the car side and on sales. Adaptation meant pragmatism, flexibility, inventiveness, but also diminished commercial margin. At the peak of the crisis, Tesla highly profile CEO Elon Musk disbanded the company's PR department, showing that promotion can be steered in alternative ways, by resorting to the direct communication facilitated by digital platforms (Bradford, 2021). Tesla chose to sell vehicles exclusively through digital retailing, removing dealers from the purchase chain and explicitly courting the customers as being directly in touch with the manufacturer. However, this radical turn was not followed by the industry and the outcome of such decisions is still to be seen.

In sales, importers and car dealers were faced with an unexpected acceleration of the sales process, due to the implementation of digital solutions and a better targeted strategy. The social isolation period imposed in spring 2020 meant for automotive retail activity the total closure of showrooms and the limitation of the activity of service. Once the lockdown period was over, in the third trimester of 2020, car dealers had to manage oversized stocks, but also to target a customer profile less frequently encountered until then. This new customer was digitally savvy and incredibly open to online purchases.

This paper focuses on the analysis of key changes that occurred in the promotion and sales strategies, in Romania, building upon the experience of 2020. Out of the complex issues pertaining to the analysis of the automotive market (Edu et al., 2013), the research aims to focus only on the communication aspects. Two main research questions were defined:

- RO1: What adaptive changes occurred in the communication strategy developed by the Romanian automotive industry during the public health crisis (COVID-19 pandemic) in 2020?
- RO2: Is human factor (salesperson) still relevant in times of accelerated digitization?

2. Methods

Automotive enterprises publish their business strategies by means of official annual reports, press releases and internal documents, which are not available to the public. Therefore, data collection can be done through monitoring the visible outcomes of the strategies, which can offer rich information on the sector. The research team chose to adopt a qualitative analysis approach, by monitoring the social media channels employed by car sales departments for the Romanian market (2020), and by analysing Romanian car sales events. However, change cannot be assessed with accuracy without resorting to the human factor. Therefore, the monitoring and the analysis were supplemented with personal observation carried out by Eugen Cocea, as part of his editorial work at the specialized automotive online magazine, 24auto.ro, and, to ensure

a more objective and balanced approach, interviews with top executives in charge of communication were carried out. Ionuț Bodea (Managing Director at 2BCman Think Team), Alexandru Șeremet (director of communication at BMW Group Romania), and Marcel Dumitru (Škoda's team leader at the importer Porsche Romania) graciously agreed to share their views on the topic and contribute to the insight into the shift registered in the automotive sales domain. The interviews were conducted in January-February 2021 in Romanian. Relevant excerpts from these interviews were translated into English for the purpose of the present research and quoted in the relevant contexts.

3. Results and discussion

At the outbreak of the pandemic, online communication was not a *terra incognita* for the auto industry. In the previous decade, automotive sales teams have developed their own promotion mechanisms, and even came up with innovative solutions, mixing digital affordances with in-person communication situations. Online configurators, 3D technology views, and detailed customer relations management (CRM) platforms were already familiar tools. The habitual, pre-crisis "standard" purchase process (simplified for the purpose of this presentation) started with the potential buyer's wide online documentation, followed by a visit to the dealer for product testing (drive test), the end being marked by price negotiation, face to face. Various dealers proposed their versions of "driving through the customer's mind" (Deloitte, 2014), but basically the loop contained online solutions (in the phase of documentation), digital tools (price simulators, 3D technology views, etc.) and physical contact with the car model and with the dealer. Prior to the pandemic, optimistic estimations for 2020 prognosed that one third of the customers would consider buying a car online (Ashokkumar and Sethuraman, 2018), but the buying funnels resembled the traditional flows very much (Kotler and Keller, 2010).

Asked to comment on the impact of the COVID-19 related crisis on Romanian automotive retail, Ionuț Bodea (Managing Director at 2BCman Think Team) pointed to statistics that "indicate a clear slowdown in sales growth by up to -55% and an effective sales reduction by 46%. It is also interesting to see how businesses that sell their own products have also suffered a reduction in online sales or growth rates, while marketplaces have encountered a spectacular growth." A strategic realignment was achieved, which targeted immediate outcome and even survival, as major objectives, at the expense of elaborate, often sophisticated constructions in the image-promotion area. Alexandru Șeremet, director of communication at BMW Group Romania, described the change as follows: "We found ourselves in the situation of not having time to experiment, to search for new territories. We needed efficient, verified solutions. Image-making was no longer of maximum interest, the focus moving towards generating leads. This shift resulted in a different communication behavior, specific to the current situation, much more pragmatic, more goal-oriented". In his turn, Marcel Dumitru, Škoda's team leader at the importer Porsche Romania, commented: "The biggest attempt was to get back to the volumes of sales, at least at the level of the previous year. It was all supposed to happen at an accelerated pace after May 2020 (when the lockdown was replaced by the state-of-alert situation). Behind this success lies a new approach, adapted to the new context, as Marcel Dumitru explains: "We focused on online communication. In parallel, I also went on the channels face-to-face (caravans), respecting all safety measures. We felt we had to be physically close to our clients. Our showrooms have been always opened, with a very short break-up period, in some cases a maximum of two weeks. I

have always monitored the frequency of customer visits in showrooms to know in real time the market reaction along several parameters, including regional preferences".

The lockdown during the second trimester of 2020 and the COVID-19 related safety measures, among which social isolation, remote work and hygiene measures affected the planned calendars of events and the allocation of budgets. Most showrooms remained closed either because of the restrictions, or due to consumers' the fear of infection. Product testing was quickly replaced, in most cases, with information in the online environment. Suddenly, events have become extremely important notions for customers and especially for distributors. The latter were required to digitize leads (understood in sales as an individual or organization with an interest in what the company is selling, the interest being expressed by sharing contact information, like an email ID, a phone number, or even a social media handle) and follow-up generation processes. It was the moment of the inauguration in the car trade of terms that until then seemed incompatible with this domain: click & collect or purchase 100% online. Data-driven marketing strategies grew in importance and the orientation towards the bottom line, i.e., closing the deal became paramount.

The hardest negative corrections in the promotional budgets fell on the part of contracts with print media and with outdoor advertising. The winners were obviously part of the online environment, but local players are failing to get consistent percentages of the allocated budgets. The major social networks (Facebook, Instagram, and LinkedIn, along with Google services (search, display, My Business, Ads and YouTube platform) absorbed most of the financial effort allocated. In the case of television contracts, no major changes occurred. However, television is under siege, challenged by a la carte formats, online contents and, more recently, by video streaming services. At the same time, PR activities were put on hold, with some notable exceptions. Alexandru Șeremet commented on the topic as follows: "Although many of my colleagues, my counterparts from other European countries, have considered it not elegant and ethical to carry out such activities at a time when the pandemic has ended many lives, we felt that we should continue. We have remained active and open in this regard [PR], but everything has unfolded on a whole new level." In the case of Škoda Romania, the crisis period was even fertile and resulted in the production of an online series, called "Discussions between 4 wheels" (a pun-upon-words, alluding to the tete-a-tete discussion that in Romanian is referred to as a four eyes meeting) and consisting of several episodes, broadcasted exclusively online (Facebook, YouTube). The central idea of the campaign was to invite VIP guests to participate in "trials", aimed at popularizing Škoda models. "We already function extremely well in the online medium. We adapted our messages and tried new approaches, like the series *Discussions between 4 wheels*," said Marcel Dumitru.

Ionuț Bodea sees the pandemic as "an important catalyst for the propagation of many changes at the level of large players of the communication market, who have readjusted their approach at the level of user segments, introduced new regulations and have significantly changed the way they interact with the final customer. Successive changes made by the giants of the online communication market, Facebook, and Google, which have implemented new algorithms for indexing and placing organic and paid content, have made it very short and radical to reduce the distance between online sales platforms and tools and end users. They have thus greatly reduced the role of intermediaries in these markets, but they have also accelerated strongly in the direction

of control of personal data, giving more and more control of the users over their personal data in the digital space”.

Promotional channels have their own balance of advantages and disadvantages that stretch over the online ones as well. The most important asset of online channels is the "quantifiable return", highly appreciated by marketers. It allows for a swift comparison between the financial effort undertaken to trigger the sale and the sale results. The sales funnel is relatively easy to analyze, since the transition from leads to finalized sales is assessed through the conversion rate and adds value to communication initiatives in the form of generated leads. The shortcomings of the medium also need to be acknowledged: the online market is very fragmented, and cost of a valid lead remain high.

Table 1 sums up the advantages and disadvantages of the new communicational style.

Advantages	Disadvantages
<ul style="list-style-type: none"> • easy generation of leads • quantifiable return • targeted market 	<ul style="list-style-type: none"> • low conversion rate • fragmented market • the high cost of a lead

Table 1. Pros and cons of the new online communication strategies

Lead generation campaigns are currently the most important promotional tools for the Romanian car market. For most brands, these campaigns are carried out at national level by important players. Volvo is an eloquent example of this trend. On the other hand, the brands at the top of the sales charts fight for volumes and have, in parallel with the importers' campaigns, area-wide lead generation platforms built by distributors. Volkswagen and Škoda dealers in Cluj, Brasov, Constanta and Timișoara are just a few examples for this strategy. The balance sheet of the importer Škoda in Romania shows a decrease in the total number of leads was -10% throughout 2020, compared to the previous year, which "represents an acceptable decrease", according to Marcel Dumitru.

Instances of online communication solutions, collected in 2020, are rendered below, illustrating the new style of communication in the Romanian car retail. The dominant model is to make full use of the Facebook accounts, existing prior to the crisis period. Also, new sales platforms were developed, to replace the physical retail centers, the choice in tools being left at the discretion of regional retailers, who understood better the specificity of each market. As Hawkins et al. so eloquently put it, "All marketing decisions are based on assumptions and knowledge of consumer behaviour." (Hawkins et al., 2007).



Figure 1. Online sales promotion initiated by Škoda Romania on Facebook
 Source: <https://www.facebook.com/ŠKODA.ro/videos/3534930073234290/>



Figure 2. Škoda online configurator, promoted via Facebook
Source: <https://www.facebook.com/ŠKODA.ro/posts/3797992400217057>

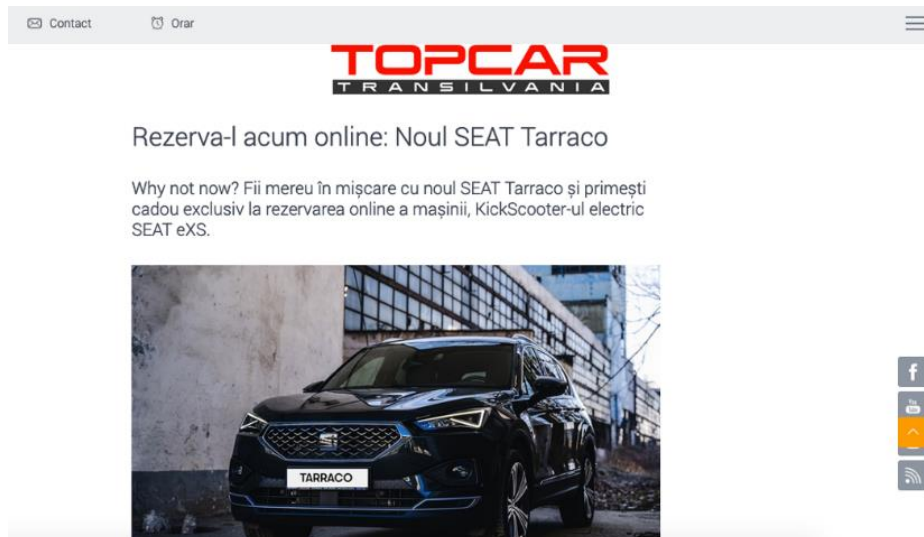


Figure 3. Online booking platform for a new Seat model (Tocar Transilvania)
Source: <https://www.topcar-seat.ro/masini-noi/noul-seat-tarraco>



Figure 4. Online sales promotion initiated by Dacia on Facebook
Source: <https://www.facebook.com/DaciaRomania/posts/4083730298309423>



Figure 5. Audience figures of the "Four Wheel Talks" series, initiated by Škoda Romania

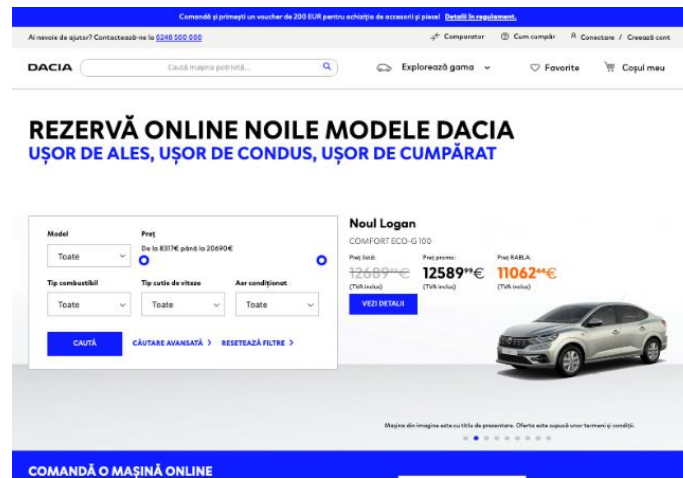


Figure 6. Online sales platform developed by Dacia
Source: <https://vanzari.dacia.ro/>



Figure 7. Post to promote BMW sales through the Rabla Program (a Romanian government-financed car scrappage program) on Facebook
Source: <https://fb.watch/4duNFAerQU/>

To sum up, the monitoring of the innovative methods for online promotion and sales, supplemented with examples provided by the interviewees highlighted four instances: the production of a video series with guests, following the TV live talk shows (Discussions between 4 wheels, employed by Škoda Romania), the Click & collect sales model (promoted by Dacia Romania in their campaign “cars for a fair price”), developing a pre-booking platform (Topcar Cluj), and stimulating the replacement of old cars, by appealing to the government-financed scrappage programs.

The predictions for 2021 and beyond are carefully formulated. ACEA predicts a 10% increase in the European market, with the industry following an upward trajectory from the second half of 2021 but depending on the success of the vaccination campaign. Among the priorities of the companies, both those from Romania, as well as at the European level, over the next two years, Ionuț Bodea anticipated that there will be “a channeling of efforts to digitize businesses and workflows (over 85% of companies). Statistics show that 82% of companies are considering diversifying and expanding their product and activity portfolio, and more than 39% of companies will focus their communication effort on upholding local communities and sustainability”.

In the current context of steering car sales to the online environment, many practitioners wonder whether human dealers remain necessary and whether the traditional distribution networks are there to stay. The concern is fueled by the fact that some European car dealers experiment with partnering with major commercial networks. In France, for example, the new Citroën Ami model was sold in the Fnac-Darty store network, and the Renault Group has launched in previews the first Dacia electric, the Spring model, at Leclerc supermarkets, with a special offer for rental and car sharing. In Germany, the Lidl discounter sells cars for the second year in a row through its own online platform, specially developed for this purpose (24auto.ro). The dynamic online automotive trading environment is recovering from the crisis, but distributors do not share an optimistic view of their future. The most voiced fear is that they could be reduced to simple delivery and repair for online sold cars, directly by manufacturers. On the other hand, car-purchasing is highly emotional (Desmet et al., 2000) and at this point it cannot be entirely handed over to artificial intelligence. Most customers will continue to visit distribution networks to admire their future vehicle, to test it, to discover it and to be able to compare, before making the purchase decision. In addition, the online order does not allow negotiation. A discount, a free option or even a slightly better price for the old car - to be sold or exchanged for a new one – require human presence. Finally, marketers know very well that an online configurator, however complex, cannot replace a good salesperson, who is not just a command recorder, but a professional who has the flair to know what a customer can afford and convince him to fall in love with a small gadget, which he does not otherwise need and which he had not even thought about.

4. Conclusions

Research showed that the automotive sector once again remained as a forerunner for innovation. The isolationism of the lockdown period is likely to induce multiple social and practical problems, one year monitoring being a timespan too short to fully assess the changes in mobility, production and sales strategies, consumers behavior, etc. Transition processes require time for their full impact to become apparent. However, the research showed that the crisis period accelerated the adoption of a highly pragmatic

communication behavior, monetizing efforts and measuring success by the finalized purchases numbers. Efficient, verified solutions were preferred over experimentation. Also, the generation of leads has become the most important promotional tool for the Romanian car market. The above considerations do not offer a complete picture of the communication field in the automotive industry but can be considered a suitable starting point for developing new, adaptive communication strategies. The authors of this research acknowledge the inherent limitations: a larger pool of interviewed specialists might have offered other examples or instances, not present in the current paper. Also, an extensive content analysis of social media channels, used for promoting car sales could complete the picture. Further research also needs to address some pressing questions such as the following:

- Are the distribution networks threatened by online sales?
- Will dealers be downgraded to merely delivery and repair functions?
- In the case of an emotional and expensive product, such as a vehicle, how risky is the purchase decision bypassing the user experience (such as the drive test)?
- Will the final negotiation, expert advice or the seller's flair be replaced by artificial intelligence (AI) and the online environment?
- What are the most adequate business strategies, that can secure the sustainability of the automotive sector?

Despite open questions, the authors of this paper believe the research has methodological, professional, and practical implications. In terms of methods of analysis, mixing social media monitoring, direct observation and expert interviews offer the possibility to obtain a clearer image of the analyzed topic. In terms of professional implications, business communication programs should enrich their case studies with lessons learned from the pandemic-stricken reality, such as the one presented in this paper. Finally, communication practitioners may find useful suggestions for their activity, in developing stronger, resilient strategies, to overcome unexpected disruptions such as the one brought by the COVID-19 pandemic in early 2020 and prepare engagement strategies with the digitally savvy consumers, to satisfy their appetite not only for the purchase itself, but also for engagement with the product and service supplier via innovative communication strategies.

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