

Influences of Emotion and Negative Online Word-Of-Mouth (WoM) on Nissan Motor Co., Ltd.

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Abstract. Emotion, defined as one's conscious mental reaction to an object or event, is heavily responsible for the majority of our actions, it also leads to the sharing of information that one has strong feelings for, hence resulting in either positive or negative word-of-mouth. This research aims to assess the impact of emotion and how it generates word-of-mouth online and its impacts on study, the automobile manufacturer, Nissan Motor Co., Ltd. was examined, more specifically, one advertisement of the Infiniti brand under it. Both financial data and marketing sales data were analyzed to observe the extent to which negative word-of-mouth impacts a company. In addition to this, previous research articles on the topics of 'emotion' and 'advertisement' were also gathered and studied.

Keywords: Emotion; Negative Online Word-Of-Mouth; Advertisements.

1. Introduction

As technology advances at an unmeasurable rate and more people start browsing the internet and several other social platforms like YouTube or Facebook, companies begin to place their emphasis and financial budgets on advertisements and sales online. With e-shopping becoming prevalent, many of those who use e-shopping rely on reviews or comments written by others online or what they see, that is, online advertisements [1-2].

The INFINITI brand under Nissan Motor Co., Ltd. has recently uploaded an advertisement video of their new model, the Infiniti QX60. The video sparked unexpected emotional reactions amongst the viewers, mostly anger and disappointment [3-4]. The advertisement, whether purposefully done or not, has included emotional content and they are said to leave deeper impressions than informative advertisements [5]. Moreover, in order to assess the effectiveness of the advertisement, the approach of turning to emotions and emotional responses was used [6-8].

This article conducts research on the market strategy for Nissan Motor Co., Ltd. Based on the result analysis of the SWOT model, we propose a series of suggestions for the company. The structure of the article is organized as follows. Section 2 presents the firm description. Section 3 proposes the Marketing Analysis and the SWOT model is built in Section 4. Finally, the article summarizes the work in the last Section.

2. Firm Description of Nissan

2.1 Company Introduction

Nissan Motor Co., Ltd. (often shortened as Nissan), established on December 26, 1933, is a Japanese multinational company that is responsible for automobile manufacturing. Its main office is currently in Yokohama, Kanagawa, Japan. Infiniti, the luxurious vehicle brand, and the automobile brand, Datsun (now defunct) are all brands under the control of Nissan.

2.2 Renault-Nissan-Mitsubishi Alliance

The association between Nissan and France's Renault began in 1999, with Mitsubishi joining in 2016. This is the world's leading automotive partnership that has allowed all three companies to enjoy state-of-the-art technological expertise within each company. The sharing of technical knowledge has

allowed member companies to enjoy cutting-edge technologies and at the same time, reduce costs and exploit economies of scale [9-10].

2.3 Nissan's Marketing Stance

Notably, the world's biggest electric car (EV) maker in April 2018 was Nissan. It sold more than 320,000 fully electrified vehicles globally, with its most famous model being the Nissan LEAF.

However, following the global pandemic, Nissan has been experiencing a fall in both sales level and market share of the automotive market. Furthermore, an advertisement in May 2022, created by one of its divisions, Infiniti, regarding the newest model INFINITI QX60 has worsened its financial stance as the advertisement suffered from negative word-of-mouth, caused mostly by one of the six principles, Emotion (Jonah Berger, 2013).

As shown in the stock price chart from Yahoo! Finance, the stock prices for Nissan in May-June weren't exactly favorable. A famous YouTube channel, Two-Set Violin, made a video commenting on the controversial advertisement in late May, and the effects were truly felt. Starting at 8.28 USD in late June, the stock prices continually plummeted until early July, reaching the lowest in the past 2 years at 7.33 USD.

The power of emotion and how it generates word of mouth serves as an issue for Nissan's marketing team. Results of the poor advertisement include increasing hatred from online viewers, damaged brand image, and significantly low sales in its Infiniti division. The negative word of mouth generated can easily lead to disappointment and consumers' losses [1]. Internet advertising impacts sales, both positively and negatively [6].

3. Marketing Analysis - 2022 INFINITI QX60 - Beautiful Mess

The '2022 INFINITI QX60 - Beautiful Mess' was a YouTube video released by INFINITI USA on March 15, 2022. The video features a group of young musicians playing in an orchestra but the music produced is unpleasant to the ear. A parent of one of the musicians then rolls up the windows and the noise is then minimized to a large extent. The comment section of the video is filled with slashing disappointment from musicians and pitiful emotions standing from the perspective of a supportive mother.

In addition to this, many who have auditioned to be in the video also gave shocked and disheartened comments. Many claimed to have been asked to play a musical piece, and perfected it but not get filmed in the end as the marketing group of Infiniti claims to be only looking for "those with perfect acting skills." In the end, the advertisement was deemed to be insulting to musical education and intolerable for those pursuing musical dreams.

Emotion, playing as anger, has resulted in the video being pushed to controversial discussions on Reddit and other social media platforms as well as being negatively commented on by several famous YouTubers, most notably Two Set Violin. This is because anger and anxiety cause human beings to spread the word since, like awe, they are high-arousal emotions; that ignites the fire, turn on human beings, and push people to make a move (Jonah Berger, 2013, p.109). This has undoubtedly generated negative WoM for Nissan and its effects are severely unfavorable to the company as a whole.

4. S.W.O.T, Analysis of Nissan

4.1 Strengths

4.1.1 Renault-Nissan Alliance

Nissan holds 15% of Renault's shares as of today. The alliance was evidently successful as it allowed both companies to put money into new international schemes, work out preferable contracts, penetrate foreign markets, and divide the fee for R&D activities, design, and manufacturing costs.

4.1.2 Successful R&D Investments and Its Implications for the Future

Precise and accurate R&D spending is also a factor in which Nissan performed excessively well. In 2015, Nissan spent US\$4.42 billion on R&D, specifically on electric vehicles (EV). These investments have allowed Nissan to be at a commanding spot in 2022, currently holding 7.72% of the US EV market with over 1.3 million vehicles sold. The electric vehicle industry is continuously growing and Nissan will surely benefit from this.

4.1.3 Wide Product Portfolio

Nissan offers an extensively wide product line: automobiles; premium cars; business cars; and forklift vehicles. Having a wide and diverse product portfolio allows Nissan to reach larger customer bases and appeal to the wider public, letting it target and serve consumers from different demographics and with different tastes and preferences.

4.2 Weaknesses

4.2.1 Poor Marketing and Advertising

Nissan spent US \$828 million in advertisements in 2020 in the United States, which in comparison, is far less than other leading companies like General Motors Co. (US \$2.216 billion), Ford Motor Co. (US \$1.818 billion), and Stellantis (US \$1.537 billion); but more than some of its other competitors like Hyundai Motor Co., Subaru Corp., and KIA Motors Corp. However, despite the amount of money spent, Nissan has gained little to no brand presence [2].

Moreover, the advertisement for the INFINITI QX60 released on March 15, 2022, was a massive failure. Leading to great controversy amongst musicians and parents, the effects of this poor advertisement is visible - Infiniti sales plummeted by 41%, from 19,071 in Q4 2021 to 11,246 in Q1 2022 [3].

4.2.2 Damaged Brand Image

The INFINITI QX60 advertisement has resulted in great disappointment amongst the consumers. "If there was ever a commercial that made me think "never buy this product" then congratulations Infiniti. You created it!", this was a comment that has more than 1.4k likes from the official video released on YouTube by INFINITI USA. Another comment stated that "As a mom and musician, this ad is so helpful. It's helped me eliminate an entire car brand from my car purchase decision-making process." The controversial nature of the advertisement has generated a significant amount of negative word of mouth for the company, but the outcome was clearly undesired - a damaged brand image and loss of potential customers. YouTube, being one of the world's largest social platforms has played a crucial role in this since social media and purchasing behavior are inter-correlated and most users use social media for purchasing [4].

4.2.3 Product Recalls

To comply with breathtaking amounts of legal laws & regulations regarding product standards and consumer protection, just like many other companies, Nissan has been under great pressure to issue recalls. According to Kelly Blue Book, Nissan has retracted 3,530,000 numerous vehicle types as a result of safety bag problems. Although other companies have been affected by product recalls to different extents, Nissan's large number of product recalls have resulted in damaged company brand and sales.

4.3 Opportunities

4.3.1 Increasing Regulations for Electric Vehicles

Several different governments worldwide have now pledged to carry out several practices to limit the amount of carbon gas discharged and so there are a lot of subsidiary schemes for electric vehicle companies. These can be in the form of investments in infrastructure like charging plants or financial

incentives such as tax cuts. Nissan's previous investments in the R&D of EVs may help them achieve a massive competitive advantage with regard to the future of the EV market.

4.3.2 Emerging Markets

Following the global pandemic caused by Covid-19, numerous economies are starting to see rising consumer confidence again, which will likely lead to an increase in the number of sales in most industries. Nissan could focus on penetrating and entering China. China, being the biggest global EV market right now, is undoubtedly the best choice for Nissan to gain market share. Other alternatives such as the Indian market and the US market are also great options to consider.

4.4 Threats

4.4.1 Natural Calamities

Nissan's manufacturing bases in Japan, China, and Indonesia are all prone to natural disasters such as intense earthquakes, violent typhoons, and volcanic eruptions. These can all disrupt the manufacturing process and thus increase the cost of production for Nissan. If the manufacturing process is halted, Nissan may not be able to keep up with consumer orders and this may severely damage the brand image.

4.4.2 Increasing Competition

Aside from its already existing rivals (the traditional automotive companies like BMW, Ford Motors, General Motors, etc.), there are also a number of new emerging car manufacturers (especially in mainland China) that are competing by exploiting their competitive price advantages to the fullest. On the other hand, some of Nissan's international competitors have larger financial budgets and better brand images, allowing them to enter the Chinese market and expand with greater ease compared to Nissan.

4.5 S.W.O.T. Analysis Conclusion

In conclusion, Nissan is achieving impeccable results with its Renault-Nissan-Mitsubishi alliance and should continue staying in it as it brings technological advantages and also helps Nissan have lower production costs, which then implies that Nissan can allocate more money to R&D schemes, especially with electric vehicles since the EV industry is soaring in terms of its growth rate. The advantages of the aforementioned method can help Nissan offset its losses resulting from the Infiniti QX60 advertisement and allows Nissan to be in a more commanding position within the car industry. Furthermore, the firm could also place emphasis on recovering the damaged brand image by portraying both Infiniti and Nissan as socially responsible companies, applying to the trend of consumers being more environmentally concerned. However, this may result in a trade-off between gaining a competitive advantage and being viewed as a firm with corporate social responsibility [9]. Nevertheless, the benefits of acquiring positive word-of-mouth such as constructing a strong relationship with a consumer may potentially outweigh this issue [10].

5. Conclusion

Overall, the impacts of emotion and how it creates negative WoM and its influences on Nissan are evident: lower sales; loss of prospective customers; and a damaged brand image. This undoubtedly makes it more difficult for Nissan to survive as it is already operating in a deeply intense market, not to mention the impacts of unexpected events such as the global pandemic of Covid-19. One proposed method that could help alleviate the issue is for Infiniti to make a public apology regarding the advertisement, as it can positively impact purchasing intentions and counterbalance the effects of negative word of mouth.

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