

Impact of Digitalisation of Marketing: An Analysis

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“Digital is no longer a medium, but a way of doing business”

1. Introduction

According to prominent economist J.M. Keynes, “demand creates its own supply”, which means identifying consumers demand and delivering the desired product is the core of being more competitive and attain more profitability in the market. For creating its own demand in the market, it is necessary for the products to make their presence in a differentiated and superior manner in the eyes of consumers. E- Bay in the context understood the consumers demand that they were unable to find the goods/ items which they desired, for this e- Bay created an online auction where people could have the product which they desired and was difficult for them to find in the market. So, to understand the demand through market research is most prominent for the buying and selling of products, which is called marketing. According to The American Marketing Association, “Marketing is an organisational function and a set of process for creating, communicating and delivering value to customers and for managing customer’s relationships in ways that benefit the organisation and its stakeholders”. Marketing is the way producers communicate to customers and tells about their products specification, difference from other products, uses, advantages, etc. to attract customers towards their products through innovative ways and different kinds of medium such as print media, magazines, television, internet, etc. the concept of marketing has emerged in 1950’s whose philosophy has changed over time. During the early phase marketing was product centred, means it followed “make and sell policy”, whereas now it has become consumer centred and believe in the philosophy of “sense and respond”. In the context of medium of communication, internet has created a buzz and revolutionised the marketing strategy, which can be attributed to the rapid digitalisation globally. On one side globalisation has brought all the countries under one umbrella in context of trade and business, and on the other hand, the fast internet facility and digitalisation has connected people, consumers, producers, academics and professionals from each sectors with each other. Digitalisation has also created new and innovative marketing ideas which have marked its strong presence among marketers in the process of branding and advertising their products.

Digital marketing is basically the result of technological development which created innovative methods of marketing. E- Commerce and M- commerce have developed at a rapid rate due to digitalisation and penetration of smart phones, networks and broadband even to rural areas and untapped markets. Marketing is focussed towards connecting the audience at the right place and at the right time. So, it is important to target the customers where they spend their most

of the time i.e. online. Digital marketing is a must and need for marketers to get connected to audience and communicate their product in a more effective manner and cheaply compared to other medium of communication. Digital marketing is marketing efforts which comprise the usage of electronic medium of marketing i.e. online such as e- mails, social media, search engines, etc.

2. Purpose of the Study

The study is undertaken to analyse the scope and growth opportunities of digital marketing globally and in context of India. The increase in internet penetration and cheap internet facilities has opened up new and innovative ideas of marketing through digital marketing, opening up the new dimensions of study. Immense increase in per day data usage and penetration of smart phones has made advertisers connected to their existing and potential customers more easy. The study will identify the channels and opportunities in the market for advertisers in digital marketing so that they could know the market and its scope.

3. Past Literature

Technological development have increased the power to customer through knowledge available (Urban, 2005) by new communication technologies and information, which has drastically changed the market dynamics (Porter, 2001). Thomson in 2008 advocated that the development of technology and internet based online business and social-media marketing have influenced the marketing strategies adopted by marketers presenting new opportunities, challenges and choices. The accessibility of customers to every kind of products have changed the habits of consumption and choice of goods (Ibos, Rames, & Hervas, 2008). Social media as an effective medium of communication has led the communication between consumer and producer which are essential for building brand loyalty being more effective than that of traditional way (Mangold & Faulds, 2009). Further it also helps to increase awareness about the brand among customers and brand recall (Genelius, 2011)

4. Digital Marketing

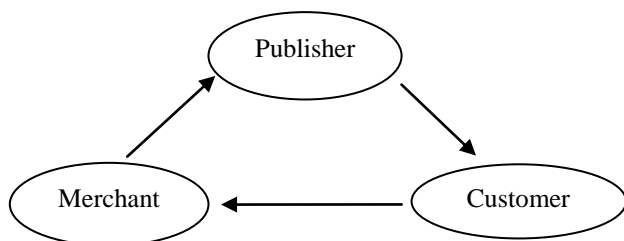
For advertisers in digital marketing it is essential to identify appropriate channel for communication which would generate awareness about their product effectively, attract consumers and boost up their sales through increased demand.

According to survey done from people on Digital Marketing, it indicates that in 2016, 34% of the countries were having digital marketing strategy, whereas, most of the advertisers and marketing personnel believe that traditional marketing is no longer sufficient to survive in the market, and digital marketing

will boost up the revenue. According to a data on didtalvidya.com, the cost of reaching 2000 audience through traditional channels such as broadcasts is \$150, newspaper is \$250, magazine is \$500 and through telegrams is \$900. Whereas, in digital marketing channel, web search costs \$50 and social networking costs \$75. So, this reveals that reaching out the target audience is cheaper than that of traditional channels of marketing. There are several digital marketing channels as discussed below:

1) Affiliate marketing

Affiliate marketing is a commission based marketing where a person sells and earns profit by promoting other person/ industry product. For example, Amazon is one of the biggest affiliate networks, where the programs let to promote the items which are sold on their platform to the interested or potential customers. The person earns a commission if the product gets purchased from the affiliate link generated by Amazon products generated to the person. So, by becoming an affiliate marketer of several products a person can earn money through promoting and selling the product to the target customer.



However, affiliate marketing is prone to risk in terms of bad affiliates who often claim commission for the product which isn't acquired actually.

2) Display Marketing

Display marketing is an online graphical advertisement which includes banners, animations, videos etc. to attract customers via. usage of devices such as desktops and smart phones. Display marketing basically aims at creating brand awareness and reaching the customers. Advertiser and publisher are the important part of display marketing, where publisher is having the responsibility of providing resources as well as website through which the campaign has to be started. Whereas, advertiser is having the responsibility of preparing promotional content of the brand through which awareness could be made effectively through conveying appropriate advertising message. Different formats of advertising through which publisher does digital marketing are banners, pop-ups, flash video, streaming video ads, content ads, etc.

However, sometimes due to congestion and over content written advertisement on a page, results in overlapping and hiding of the advertisements. It is also so annoying for the users that they use ad blockers to prevent display marketing.

3) E- mail Marketing

e- Mail marketing is away to promote and communicate existing or potential customers rapidly and cheaply. It is a kind of internet marketing which basically relies on the visual and graphical appeal. It is a cheap way of promoting and advertising their products compared to other means of

marketing technique. This means of marketing is considered more effective as 94 per cent of the internet users have an e-mail account whereas, 61 per cent uses social media.

So, it is seen that e- mail marketing is more effective than social media marketing in the sense that, in social media advertisements and post may go unseen and unclicked, whereas, in e- mail marketing it is there in the inbox list until read or deleted by the user. However, e- mail marketing along with the combination of social media through like and share button can be much more effective and sharpen the brand connection with customers.

But, e- mail marketing also becomes bothersome and irritating for the users or recipients who are new and potential customers of the product filing up their inbox.

4) Search- engine marketing

Search Engine Marketing is paying for ads on Search Engine Result Pages (SERPs). Anytime you are targeting keywords on a search engine ad, ad shows up then it is known as search engine marketing. Ads which shows up on Google, Bing and other search engines channels such as Pinterest Ads, Yahoo Gemini, etc. comprises search engine marketing. You tube Search Ads are one of the popular video and graphical advertising method which pop- ups during the videos being played on You tube.

Search engine marketing ads could be image or a video, and the advertisement which pay more for ads or have the highest quality ads appear first on the search engines.

5) Social media Marketing

Channels such as facebook, twitter, instagram, etc. where people spend their lots of time is social media where they connect with people and share their moments. When we use these channels form advertising our products, then it is known as social media marketing. These platforms have created new opportunities to the business for the industry, which was not actually created for it. Social media marketing is becoming one of the effective and popular channels of digital marketing due to increasing number of the user and the time they spend on them. The marketing is done through posting videos or images to the potential customers on the page and websites by creating groups, close communities, branded channel, influencer outreach, co- creation and customer service.

5. Digital Marketing in context of India

India's steps towards digitalisation and rapid internet penetration has created immense opportunities for the advertisers in the digital marketing channel in order to create awareness, branding and connecting to their existing and potential customers growth of digital marketing in Indi can be attributed to the revolution in the communication sector which provides low cost internet facilities to the user along with low cost smart phones. It has created about 600 million internet users in the country and an attractive market place for advertisers to market their product through digital marketing. The data given below describes the growth of internet users in India and globally creating new space in the place of digital marketing, and Indi is the country showing one of the fastest growths globally in terms of internet users.

Countries with highest numbers of Internet users (2019)

| Country | Internet users (2019) | Internet users (2000) | Internet growth (2000-2019) |
|---------------|-----------------------|-----------------------|-----------------------------|
| China | 8,29,000,000 | 22,500,000 | 3,854% |
| India | 5,60,000,000 | 5,000,000 | 11,100% |
| United States | 2,92,892,868 | 95,354,000 | 207% |
| Brazil | 1,49,057,635 | 5,000,000 | 2,881% |
| Japan | 1,18,626,672 | 47,080,000 | 152% |
| Russia | 1,92,552,842 | 3,100,000 | 3,434% |

Source: <https://www.internetworldstats.com>

The increase and growth of internet usage and users in India has also provided opportunity for digital marketers to develop and connect to their customers easily, cheaply and effectively. Increase in smart phone users in India has increased the internet penetration even in rural areas and have made people connected to each other and the world through social media networks. The internet usage and smart phone are to grow immensely in the coming 4 years according to the estimates of Ananya Bhattacharya.

The large population of the country provides immense opportunity for the producers and advertisers to make their presence in such a large market by penetrating to the untapped market, as there has been an immense increase in internet users. Digital marketing in India has experienced an impressive growth and also possess great future ahead which is evident from the data below.

Digital Advertisement Market in India

| Financial Year | Data in crores | Growth rate |
|----------------|----------------|-------------|
| 2011 | 1140 | - |
| 2012 | 1750 | 54% |
| 2013 | 2260 | 29% |
| 2014 | 2750 | 22% |
| 2015 | 3575 | 30% |

Source: IMRD International Estimates

Along with the growth of digital marketing sector in India, Indian E-commerce has also experienced growth in its size. The industry estimates show that in 2009 the E-commerce market size was \$2.5 billion which increased to \$16 billion in 2013, and is estimated to increase up to \$56 billion by 2023. So the according to the data it can be said that there has been positive impact of growth of digital marketing on online sales. According to Cisco's 13th annual Visual Networking Index by 2022, there will be 829 million smart phone users in India counting to about 60% of country's population. However just 27% of Indians were using smart phones during the last year. The predictions done by Cisco are based on the real world network usage data and the forecasts done by independent analysts.

Further Cisco says that, the increase in the usage of smart phones will increase the internet traffic in the country and estimates that by 2022 the internet will carry 646 petabytes of data daily which is about 1000TB. This prediction is 490% more than that of the 108 petabytes in 2017. Talking about the mobile data consumption on daily basis, it will increase

drastically by 3.5 GB in 2017 to about 17.5 GB in 2022. According to Sanjay Kaul in a press release, "by 2022, the smart phones data consumption will increase in 5X in India, which proves the dominance of smart phones as the communication hub for social media, video consumption, communication and business applications, as well as traditional voice".

6. Initiatives and development

India is one of the fastest growing global market in the E-commerce sector which is evident from the data that, the sector's revenue is expected to increase from US\$39 billion in 2017 to US \$120 billion in 2020 and further to \$200 billion by 2026, which is about 51% of highest growth rate globally. The development of the sector in such a rapid rate is not possible without foreign investment. In this context to increase the investment and participation of foreign investors in Indian market, government allowed 100% FDI (Foreign Direct Investment) in B2B E-commerce, and 100% FDI under automatic route is permitted in market place model of E-commerce. Consumer Internet Company and E-commerce industry received about \$7 billion during 2015 in the form of private equity and venture capital. Launch of more than 40 networks and increasing penetration of internet due to increase in smart phone usage has boomed the sector and related industries providing new opportunities to create demand, connect with customers and advertise their products through new means of communication effectively and efficiently. Government has also taken steps to create a land mark in the sector by allocating Rs. 8000 crores to BhartiNet Project in Union Budget of 2018- 2019 to provide broadband services to 1,50,000 gram panchayats.

Total Media, Digital and Mobile Internet ad Spending 2013- 19 (USD \$ Billion)

| Year | Total Media ad | Digital media Ad | Mobile internet ad |
|------|----------------|------------------|--------------------|
| 2013 | 5.56 | 0.57 | 0.03 |
| 2014 | 6.11 | 0.74 | 0.08 |
| 2015 | 6.4 | 0.94 | 0.17 |
| 2016 | 7.03 | 1.17 | 0.35 |
| 2017 | 7.49 | 1.46 | 0.59 |
| 2018 | 7.94 | 1.78 | 0.94 |
| 2019 | 8.53 | 2.17 | 1.23 |

Source: eMarketer, March 2019

The above data shows that the growth in digital media ad and mobile internet ad has been more significant than that of the total media ad spending. It is evident from the fact that there has been boom in digital marketing sector and provides immense opportunities for the advertisers.

7. Conclusion

The study undertaken describes digital marketing as a new opportunity for the advertisers in creating awareness, promoting, branding and connecting to their existing and potential customers effectively. In comparison to traditional channels of marketing, digital marketing has been proved to be cheaper, accessible, and more nearer to the audience. Digital

marketing is the demand and need of today's technical world, as people spend their most of the time being online. So, it is important for an advertiser to be at the place where their audience spend most of the time the immense growth of internet users globally and rapid growth of digital marketing has proved its importance in the sector. High speed internet at the

low cost and penetration of smart phones even in rural market has attributed lot in the development of digital marketing by connected even to the untapped rural market. In context of India, it has shown fastest internet users and digital marketing growth, and billions of investment in the sector.

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