



**ORIGINAL RESEARCH PAPER**

**Journalism**

**DIGITAL MARKETING IN INDIA**

**KEY WORDS:**

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**ABSTRACT**

The information technology (IT) services was introduced in India in the second-half of the 1960s, but it picked up pace after the major economic reforms in India. Consumers globally have increasingly become equipped with electronic instruments such as laptops, smart phones, tablets and other data generating devices. The emergence of digital marketing in the marketing strategies of businesses is quite recent and primarily focused on acquiring more customers (Octane Research, 2015). In this Paper author writes about background of Indian Digital marketing and its emerging trends.

**1.1. Introduction**

Advancement in information and communication technology in India has transformed the marketing model. Instead of having a sales maximisation approach, businesses are increasingly adopting a more personalised and client focused marketing approach with the aid of digital media.

Traditionally, televisions, radios, telephone, and print media were used for advertising, maintaining public relations, branding and identifying target customers. The contemporary marketing strategies are heading towards digital platforms such as smart phones, apps, e-mails, and social media. Digital marketing is not only focused on targeting potential clients, it also aims to interact with them and gather useful data. In the recent years, due to a rapid increase in usage of internet, digital gadgets and social media in India, marketers have been witnessed leveraging the digital marketing potential.

**1.2. The emergence and evolution of Information Technology in India**

UNSECO defines Information Technology as "...The scientific, technological and engineering disciplines and the management of techniques used in information handling and processing; their applications; computers and their interaction with people and machines, and associated social, economic and cultural matters"

The information technology (IT) services was introduced in India in the second-half of the 1960s, but it picked up pace after the major economic reforms in India. The emergence of Software Technology Parks after the reforms became the stepping stone which made India the second largest exporter of IT services in the world. According to a report by NASSCOM, the Indian IT industry contributed approximately 9.3 percent to GDP in the year 2014-2015 and it holds about 7% of the global IT market. This industry is expected to become a \$100 million industry by the year 2025. (IBEF, 2017)

In the year 2015, the share of Indian IT outsourcing market increased by 55% globally (IBEF, 2017). The factors that have contributed to the significant development of this sector in India are cheap labour, affordable land and offices, various government relaxations and availability of Special Economic Zones.

After about two and a half decade of on-set of the industry, while the position of large players is strengthened because of their range of capabilities, a larger number of start-ups are also set to enter the industry, signifying a shift in business dynamics. The IT industry in India is transforming from being mere maintenance providers to full-fledged services, infrastructure, system integration & consulting services. (IBEF, 2017)

IT was not restricted to export; it had a significant presence in domestic businesses as well. The main was to enhance productivity

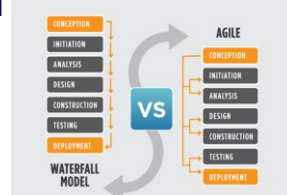
and efficiency, incorporate automation and improving processes. Also, it was earlier restricted to improving specific functions of the organisation and later used to improve various components in the value chain (Accenture, 2015). According to Porter (1985), the value chain is a composite of various primary activities such as logistics, operations, sales and marketing and services, and secondary activities such as procurement, technology development, human resource management and infrastructure.

The IT and Business Process Management (BPM) industry is experiencing a dramatic shift. The incorporation of SMAC (Social, Mobility, Analytics and Cloud) paradigm in the business model is shifting it towards digitization. (IBEF, 2017) It aimed to transform the approach of businesses towards providing value to their customers. It shifted the business model of products from the standardisation and segmented customisation to micro-segmentation and personalization (Accenture, 2015). Customisation in products allows customers to choose from an era of options, while personalisation in a system anticipates the behaviour or preferences of the customers and adjusts the products or interface automatically (Schade, 2016).

Micro-segmentation of the market aims to improve customer targeting. It involves division of customers into very small groups based on their specific combination of characteristics by tracking their actions and carefully analysing them. This allows the businesses to predict as well as record the reaction of the customers specifically concerned to their different marketing actions and their product. This not only develops a better understanding of the current customers, but also helps identify potential customers. (RADIUS, n.d.)

The IT models used while developing softwares have also evolved from waterfall models to agile models. The waterfall model is a linear approach to development of softwares, while the agile model is an iterative and interactive approach. The waterfall model sends the end product to the customer which makes changes costly, while agile approach involves customers in each stage of the product development resulting in frequent reviews and adjustments according to the feedbacks of the customers (Lotz, 2013). The agile project model helped businesses move from applications to apps which could function on platforms such as mobile phones and tabs.

**Table 1 A comparison between Waterfall project model to Agile project model**



Source: Lotz, M. (July, 2013). Waterfall vs. Agile: Which is the Right Development Methodology for Your Project? [Online image]. Retrieved from <http://www.seguetech.com/waterfall-vs-agile-methodology/>

Brady, Saren, & Tzokas (2002) recognise that there is a disconnect between an understanding of IT and its role in marketing. Studies are available that evaluate the impact of different IT measures individually in marketing. Still there is no denying that the IT component in digital marketing practices is vast. Management Information System (MIS) and technology have come to be recognised as the fields which facilitates the link between consumers, businesses and marketers on a digital format (Kaushik, 2016).

### The onset of Digital Marketing in India :

Consumers globally have increasingly become equipped with electronic instruments such as laptops, smart phones, tablets and other data generating devices. These digitized consumers are the inspiration behind the companies digitizing their marketing and business strategies. The emergence of intranet, a system of interconnected electronic devices worldwide, is the crucial force behind this development.

This global phenomenon is also reflected in India. The level of spending on devices in the IT sector can be used as a proxy variable to judge the pace of digitization in India. According to the Gartner report (2013), by 2017 the spending in IT sector will rise to US\$92.9 from US\$67.4 billion in 2013 based on the sale of digital devices, exclusively the smart phones (Accenture, 2014).

The emergence of digital marketing in the marketing strategies of businesses is quite recent and primarily focused on acquiring more customers (Octane Research, 2015). According to a study by IMAI-IMRB about 60% of the urban population appears online on various digital platforms (Times Internet and DMAasia, n.d.). In a survey conducted by Times Internet and DMAasia (n.d.) it was found that Smartphone users with pre-paid connection tend to spend 72% of their time on phone being online. The availability of 3G and 4G services has also boosted the demand for smart phones across metro cities and even Tier 2 and Tier 3 cities (Times Internet and DMAasia, n.d.). This implies that consumers can increasingly be in exposure of marketing on internet based platforms especially smart phones. This is the reason behind the substantial growth of digital industries such as digital marketing and e-commerce (Kaushik, 2016).

Vachhani (2016) defines digital marketing broadly as an online and internet based marketing or offline marketing which involves use of various virtual space and electronic interactive tools. Digital marketing can take various forms ranging from search engine optimization (SEO), search engine marketing (SEM), e-commerce marketing, content marketing, influencer marketing, campaign marketing, social media marketing and optimization, e-mails, display advertising, e-books, games, etc Channels of marketing which are offline, but still operate on digital devices also come under the ambit of digital marketing. SMS and MMS, callback, on-hold mobile ring tones, electronic billboards, in addition to digital, television and radio channels are all various forms of offline digital marketing (Vachhani, 2016).

Internet marketing has also picked up pace in India. It involves advertisement of different images, texts, logos, video and audio clips, and animations on websites, smart phones, e-mails and within apps (Singh, 2015).

There is significant variability in budget allocations of companies to digital marketing. There are companies which are spending up to 12%, while there are also companies which allocate about 50-55% of their advertising budget to digital marketing. However, the general consensus among the Chief Marketing Companies remains that digital marketing will rapidly gain more ground in future (Times Internet and DMAasia, n.d.).

According to Rajiv Kaushik, "Search Engine Optimization (SEO), Search Engine Marketing (SEM) or Pay per Click Advertising, Social Media Marketing, Content Marketing, Mobile Marketing, Web Analytics, Marketing Automation, Content Writing and Rate Optimization are the popular and most-demanded areas in digital marketing."

The survey by Times Internet and DMAasia (n.d.) reveals that even though the medium of marketing has turned digital, the three basic principles of a successful marketing campaign remain the same. These principles range are engagement with Customer, leading the market through ideas and the obtaining appropriate Returns on Investment (ROI).

Mobile apps and Websites have held a key position in the digital marketing strategy of the companies and they will continue to do so in the future for a few crucial reasons. They are central in realizing the benefits of the strategy of SEO (Search Engine Optimisation), content marketing, and other social media marketing strategies. The traffic on the website or app, the time spend on them depend on the quality of websites and mobile apps. These variables ultimately determine the number of customer leads generated for the company (Times Internet and DMAasia, n.d.).

### 1.3. Interaction between Digital Marketing and Consumers

According to a survey conducted by the Internet and Mobile Association of India (IAMAI) and Indian Market Research Bureau (IMRB) there are three key factors that led to the success of digital businesses platforms and markets in India, the convenience of anything shopping from anywhere without the need to go to markets physically and the possibility of economising on time (Devgun, R. & Agarwal, P., 2014). Consumer's trust and privacy concerns influence their behaviour towards spending decision (Mittal, 2013). Thus websites and other digital marketing forms should carefully strategise and present their ideas and products. As it is claimed that consumers tend to trust and become loyal to digital platforms that have existed for a long time in their knowledge and to which they are familiar, the marketers must enter the digital market in its nascent stage (Muthukumaran as cited in Devgun & Agarwal, 2014).

The use of digital devices by consumers allows companies capture large volumes of data which they can use strategically by processing, filtering and converting the data into meaningful information (Accenture, 2014).

IAMAI and Boston consulting group estimates that India not only has the fastest growing population of internet users, it is also the largest globally (Kaushik, 2016). The demographics of Indian population makes online digital marketing one of the cost-efficient and effective marketing strategy. It is estimated that by the year 2018, 54 percent of the internet users in the country will be aged 25 or older (Bajpai, S., Jain, N. & Samtani, K., 2015). Since this generation is the working age cohort of the population, it is likely to have the maximum disposable income. This is a lucrative business strategy for businesses as they can use digital technologies to obtain more insightful and actionable results from customer's data.

In a report by Accenture (2014) it was noted that in order to sustain its market leadership, SBI strategised to digitise its services. It recognised that its current customer base is aging and it needs to adopt digital technologies to appeal the digitally proactive young clients. In order to provide real-time experience SBI launched an entire integrated technology platform beginning with services ranging from multi-function kiosks, smart ATMs and debit card printers, instant account opening and debit card, instant of loans, and instant access to financial advisors.

As it is noted that in order to obtain information, people are increasingly inclined to approach internet (Singh, 2015) while blocking advertisements, content marketing that provides information and visuals while tacitly engaging in promotion is

going to be the preferred tool of advertisement in the coming years. It is estimated that over the coming two years, the share of Content marketing and content promotion in digital marketing will be twice the current share (Times Internet and DMAAsia, n.d.).

It is hypothesized that not only the internet users will increase, they will also diversify into containing proportionately more women and rural households (Bajpai, et al, 2015). This will require the digital marketers to revamp and redesign their marketing strategies to appeal and cater to these sections. 21% of the internet users are accessing it in Hindi, 13% in Tamil, 12% in Marathi, followed by 9% in Oriya (Octane Research, 2015). Businesses have been attentive to these changes, as can be seen in the availability of advertisements and content on digital platforms, SMS and on-hold mobile ring tones in local languages.

Digital marketing is no longer a one sided advertising approach from the seller's end. Since the incorporation of digital marketing on Social Media, this marketing strategy is establishing an interactive relationship between consumers and producers. Branding is no longer an image controlled by the marketers. (Ad Age Insights, 2010)

Café Coffee Day (CCD), an Indian café adopted the strategy of revenue generation by crowd sourcing. To revamp its image after an unfortunate event, the company used digital platforms to interact with the people, develop prototypes according to their tastes and promote their brand through ratings and reviews (Accenture, 2014). Such a digital transition from workforce dependency to crowd sourcing is being advocated by business strategy consulting companies.

Nowadays anything and anyone can become a brand ranging from products or services, writers, bloggers, tweeters, and even friends, on the basis of popularity and presence on social media such as facebook, twitter, instagram, you tube and other social media networks.

#### 1.4. The existing and expected trends in Digital Marketing

In the recent years, the number of social media users has increasing exponentially. Times Internet and DMAAsia (n.d.) conducted an interview on 115 Chief Marketing Officers (CMOs) across various companies in India and found that among all the other marketing strategies, social media marketing appears to be the most promising. It allows them to track the impact of their marketing through measureable variables such as likes and shares, it also attracts and popularises their products with the targeted customers easily and cost-effectively. Companies can research the trends on social media which helps them understand their customers.

Nowadays there are a wide range of digital communication channels which are used by the marketers to involve consumers in various marketing activities such as analysis, planning, implementation and dictating their choices while conducting research on the participants, promote their products and services and connecting the consumers with various processes of the business, compare between products before they make a final choice (Charan, 2014). Even after buying the products consumer are given the opportunity to reviews, comments, feedback and share them with others. Sharing on digital platforms replicate the 'word of mouth' marketing, that the marketers expected of consumers before the age of digital marketing.

The third annual survey conducted by CMO in partnership with Adobe and published in 2014 is a comprehensive survey which included an in-field six-month program which gathered quantitative information from 800 marketing executives and developed a Dashboard of Digital Marketing Performance of Asia Pacific countries. The survey reports that countries in which the executives who recognize and support the digital marketing showcase better adoption of this marketing strategy. It lists India as one of those countries. Availability of skilled workforce is another driver of digital marketing which India also possesses. The

widespread adoption of Digital marketing has also been facilitated by the push factor from the stakeholders of this marketing strategy all over Asia Pacific. Sales teams and channel partners were found to be crucial in pushing investment in digital marketing up from 15% to 34% in the year 2014.

With the launch of ad-blocking services and faster internet services of smart phones, the year 2016 saw a significant rise in the video content consumption and 'viralizing' of video on smart phones. In light of this development Times Internet and DMAAsia (n.d.) find that more of content marketing will be seen on digital marketing platforms.

There is also a tendency in the market towards shifting the digital marketing business of the companies from ad-agencies to their in-house content creation and advertising capacity. Many CMOs find the performance of agency-led digital advertising dissatisfactory and plan to replace them with internally generated content (Times Internet and DMAAsia, n.d.).

It is noted that 42% of the internet users access internet through mobile devices, while the rural areas have skipped the use of personal computers all-together and moved to smart phones such that 75% of the rural internet users access internet through their mobile devices. A large percentage of reservations for travelling on sites like IRCTC, Expedia and Make My Trip is through smart phones (Octane Research, 2015).

In the coming years the marketers aspire to capture data on their customers from different digital platforms, and on the basis of their analysis, synthesise their characteristics and behavioural traits and thus formulate personalised marketing experience and artificial intelligence based interaction to engage with them (Times Internet and DMAAsia, n.d.).

The future of Digital marketing in India appears promising because of the Government's support as well, aside from various other factors. The government has launched the 'India Digital Plan' which promises that 250k villages in India will have internet, all public places to have Wi-Fi and every by 2019.