

# Digital Advertising: Smart Selling in a Smart World

Dr. Vidhi Kaul  
Asst Professor  
St Xavier's College,  
Nevta, Jaipur

## Abstract

Have you ever wondered how amazon advertises the products you intend to buy on your social media timeline? Or, why brands are increasingly launching their promotional campaigns on the YouTube? These strategies are just a proverbial tip of the iceberg of digital marketing revolution that has peaked since its fledgling steps found their way into your email inbox as spam at the turn of this millennium.

Consider this: For the first time in the history of advertising, television was thrown off its numero uno pedestal in terms of advertisement revenue generated, by digital ad-spending in 2017. In the light of increasing digital advertising, we look at how consumer behaviour has been altered by the groundbreaking promotional strategies that have created a unique ecosystem of highly personalized and interactive means of sharing product information and converting potential interest into sales.

## Objective

This paper delves into the increasing dependence of retailers of goods and services on digital marketing as a must-have tool to grab customer eyeballs for brand promotion and sales. It focuses on the emerging 'India Story' and attempts to underline why digital marketing is the go-to promotional tool for a country where accessibility to traditional mediums is restricted to only a small segment.

The paper also attempts to highlight the scope of and the platforms available for digital marketing, while underlining the unique attributes that are slowly making the conventional forms of advertising both redundant and comparatively pricey. This in effect, has had its toll on advertising revenue for the previously dominant forms of communication, including that of the newspapers, which are slowly and steadily being relegated to the shadows of this beast of a marketing tool.

## Getting attention of 'Smart People'

As of today, February 10, 2018, billionaire inventor Elon Musk fired the most powerful rockets into space with a Tesla Roadster that runs completely on batteries and is among the world's pioneering smart cars, which in near future, will eliminate the need of driver at the steering wheel. Human race has never been so close to being

symbiotically aligned with technology as today. We are constant consumers of all things tech-spun and are consciously moving away from the analog inventory.

A look around us will only confirm that. Our clunky phones have come of age and now power our everyday lives by getting our groceries, booking us a place inside movie theatres and planning our vacations as Smart Phones. We are watching our favourite shows on handheld devices when and where it suits us. The world around us has gone digital, and so has the marketing approach that fashions our choices.

Marketing strategies have till the turn of the millennium concentrated largely on two primary platforms to influence your decision on purchases: The print and the television. But technology's indefatigable sprint has offered a new revolutionary medium of drawing consumer attention: The internet. What was until now a source of channeling and exchanging communication has turned into a marketing behemoth with players willing to spend a sizeable share of their advertising budget on this medium.

The result: In 2017, global digital ad spending beat television spending hands down for the first time in an advertising coup. According to Recode, a Vox media news website, "Digital ad spending reached \$209 billion worldwide — 41 percent of the market — in 2017, while TV brought in \$178 billion — 35 percent of the market — in 2017." The results were based on the research conducted by Magna, IPG Mediabrands [1]. According to Magna projection, by 2020, digital ads shall constitute up to 50 per cent of total ad spending in the world. This era of digital advertising has thus become the defining epoch in brand promotion and consumer awareness.

### **What is Digital marketing?**

In a world where we are living extended lives on the digital medium, the advertisers have shored up on our internet-enabled devices and platforms to influence our choices in buying things. This brings us back to the drawing board to understand what is digital marketing? Simply put, the use of digital media to engage and influence purchases made by an individual or a consumer group is digital marketing. Ever since the technology requisite for broadcasting multi-media content and streaming it live has become available, marketing through digital means has gained immense traction.

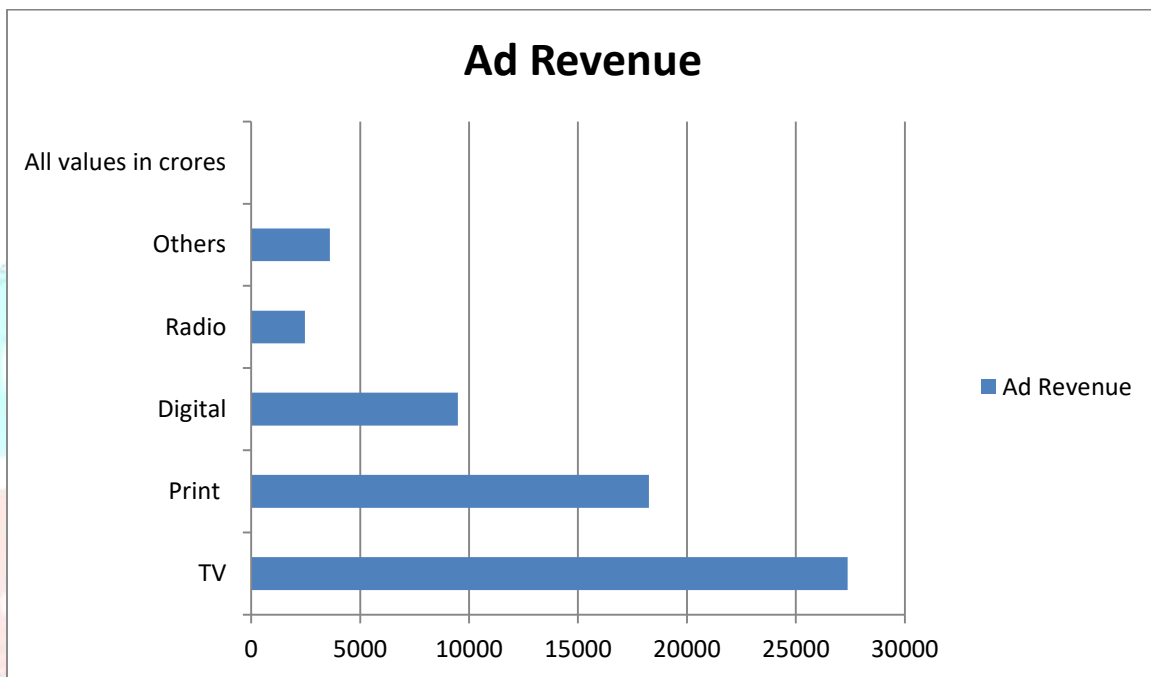
According to Scott Gardner, SEO and Content Channel Lead at Bank of America, digital marketing refers to, "engaging customers and prospects in digital channels, including mobile and social, where they are increasingly seeking information." [2]

### **Advertising market in India**

The Indian advertising industry, according to market analysts is poised to be the second fastest growing advertising market in Asia after China. A 2017 report by media buying agency GroupM had forecast a 10% year-

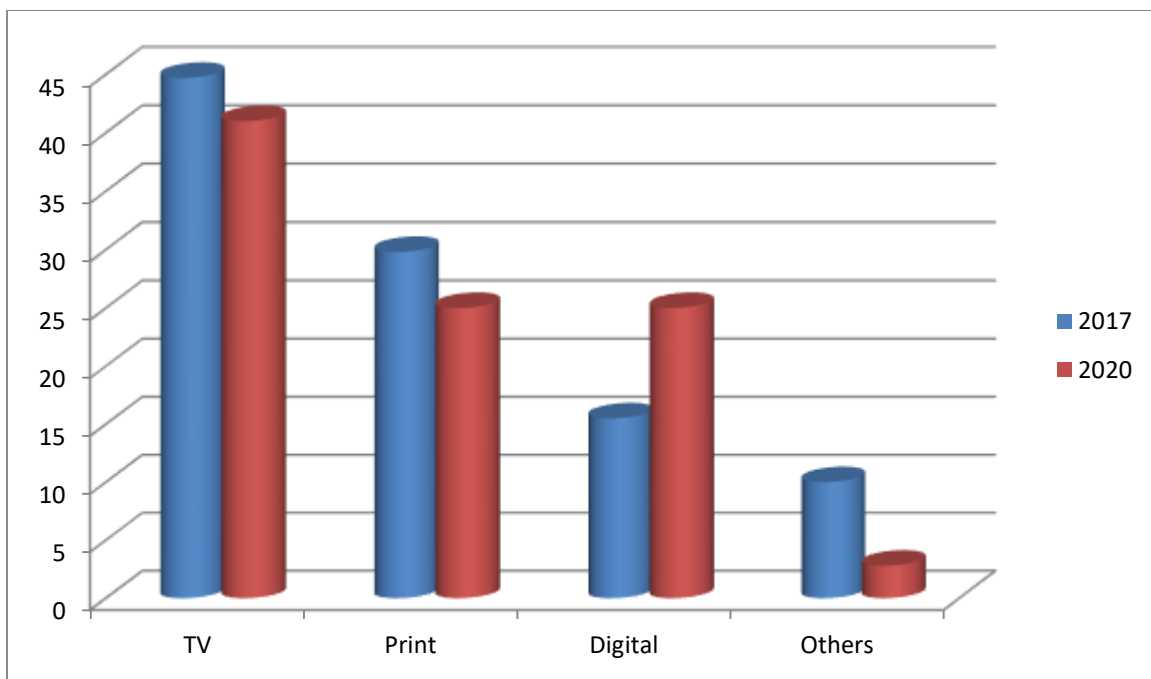
on-year growth in advertising spends in India to Rs 61,204 crore. According to IBEF, It is estimated that by 2018, the share of ad spend in India's GDP will be around 0.45 per cent [3].

Medianama.com, an online website that specializes in digital trends and news, quotes GroupM, an American media buying agency, stats to underline the “noticeable expected increase in the share of digital advertising” which is 15.5% of total ad spends in 2017 (around Rs9,490 crore) compared with Rs7,300 crore the previous year. According to the Medianama estimates, digital now accounts for the third highest category of advertising spends in India after TV (Rs 27,378 crore, 44.7% of total) and Print (Rs 18258 crore, 29.8% of total) [4].”



A Mint newspaper report, published December 11, 2017, not only confirms the GroupM findings, but also projects a widening gap in the fortunes of the different medium of advertising vis-à-vis digital campaigns by the time fiscal 2020 rolls in. Digital is projected to grow fastest in India at a rate of 25.2% annually. The report quotes India arm of Magna IPG Mediabrands to forecast a television growth rate of 12.2%, followed by radio (10%), and outdoor at (9.7%). Print will take the biggest brunt of the affiliation of advertisers with digital marketing and is expected to grow, albeit at a modest 6% [5].

By 2020, television shall continue to take the pole position with a 41% market share of advertising revenue. However, digital will grab 25% of the revenue share along with print (also 25%) to take the second spot, the Mint report states. This is a spectacularly huge spike that is fairly indicative of the global trend of digital marketing catching up with Indian advertisers.



### The India story

India is undoubtedly a lucrative market for digital advertising with its ever increasing mobile and internet user base. The digital advertisers are eyeing its vast segment of population, one that has access to mobile and is expected to switch to smart phone and become an integral part of the digital ecosystem.

### A mobile population

According to CNN tech, there are about 650 million mobile phone users in India as of 2017. Of them, just 300 million, own a smartphone. The data has been attributed to the study by technology consultancy Counterpoint Research. A 2017 study by Google and KPMG forecasts that 176 million new smartphone users will be connected to online grid over the next 5 years in India [6].

With an estimated 1 billion mobile users by 2020, it's no wonder, Reliance group's Jio decided to take the plunge into the Indian mobile market disrupting the industry and shaking up its players by bringing the data pricing to rock bottom. With industry majors like Airtel following suit, people are consuming more videos, logging more hours on social media and consuming news on the go, making India one massive playground for digital marketing. In December last year, NITI Ayog chairman Amitabh Kant took to twitter to share his enthusiasm over India becoming the world's number 1 mobile data consuming country. According to Kant, India consumes 150 crore gigabytes per month of data, which is more than the combined consumption of the other two biggies – US and China [7].

## Govt goes digital

The gravity of the digital explosion is not lost on the Indian government headed by internet-savvy prime minister Narendra Modi. He has got Google's Indian-born CEO Sunder Pichai to help implement Digital India initiative. Ongoing projects include some of the well-publicized schemes such as the smart city network, BHIM digital UPI payment app, and Aadhaar. Other services include the Direct Benefit Transfer (DBT) to beneficiaries of subsidized goods and services; eVISA for tourists and Swaccha Bharat app [8]. The Rs1.13 trillion (US\$ 16.95 billion) initiative aims for a connected economy, bag investment in manufacturing sector as a part of 'Make In India' campaign, and create jobs and self-employment opportunities.

Even the Indian Railways, the proverbial elephant slow to modernization, is planning to install 100,000 digital screens at over 2000 railway stations. This is expected to generate Rs11770 crore annually. The All India Radio (AIR) has appointed 'releaseMyAd' as a virtual agency to let advertisers book ads for all AIR's station online [3].

## The Private Party

The spur in mobile connectivity in India has got the eyeballs of major investors within India and outside its shores to invest in digital solutions. According to reports, the Times Internet Limited is slated to invest US\$ 100 million to develop a smart marketing technology for marketers to engage with 200 million digital users per month. Advertising agency J Walter Thompson has launched its global digital agency network 'Mirum' in India. It shall provide consulting services, create campaigns and platforms, facilitate study of analytics and help in innovation and product development.

## Demonetisation, a catalyst for digital advertising

Advertising, like the Sensex, is a byproduct of the market and, therefore, is greatly influenced by market sentiments. The demonetization of legal tender followed by the rollout of Goods and Services Tax (GST) has shaken up the Indian economy and has roiled businesses with short-term jolts. As a consequence, the traditional channels of advertising, branding and marketing have taken a hit as sponsors have instinctively curbed their spending.

But the continued and projected spike in the revenue of digital advertising in India as discussed earlier, provides us a cue with how advertisers have shifted their focus on a cheaper and more effective medium of retailing their products. It also heralds a new digital era in planning and executing creative campaigns. For small businesses, in particular, digital advertising has proven to be the great leveler, giving them a shot at taking on the giant rivals.



## **Unlocking the genie from the bottle: The benefits of digital advertising**

So, what are the drivers of this feverish growth spike in the digital marketing curve across the world? For the starters, it has three distinct advantages that offer it an unprecedented leverage over the conventional mediums of advertising and marketing. **It is interactive. It is personalized. It is quantifiable.** There are other drivers of its rapid growth, like ease of access, cost effectiveness, level-playing field for all businesses and global reach, which essentially revolve around these three unique qualities that have triggered a paradigm shift in the way we advertise and brand a product in the ever competitive market.

### **It talks to you (interactive medium)**

Consider this: Coca Cola has introduced the first ever drinkable commercial advertisement that promotes its coke zero product through digital mediums. The innovative ad by Ogilvy & Mather that proclaims itself “A Drinkable Commercial” has gone viral within just days of its release on the YouTube [9]. It is a wholly new way of branding specifically engineered for and by the digital platforms where consumers are goaded into getting a refill of the soda on their mobiles and other digital mediums like smart screens through an app-based interface.

Neither of the conventional mediums can play out this advertisement as they are designed to just broadcast and not interact. You cannot imagine yourself tilting your TV like the mobile to empty the digital drink. Put simply, it's a one-way street with television and newspapers where you can check out the advertisements only at the appointed hour. The online platform, on the other hand, allows you to interact with the ad, leave your remarks, play it out at your own free time or simply junk it, like on twitter and YouTube where you can ask not to be shown specific ads that irritate or offend you.

### **It understands you (highly personalized)**

The next level of interaction is personalization. What the personal computers were to the 90s, the mobile is to the new millennium. The mobile phones, now aptly rechristened as smart phones, have brought the world at your fingertips and the market at your doorstep. Every time you log onto a website or use an app, you leave your footprint on the digital medium, willingly or unwillingly, which has become a rallying point for advocates of privacy and data security. The truth is both the retailers and advertisers are in receipt of your location and buying preferences. This allows them to customize the advertisements based on your transaction history.

For instance, travel websites offer you improvised packages based on your history of searches on their websites or apps. This is how amazon, facebook and countless other companies tailor their advertisements according to your tastes and needs while you surf the internet or log into your social media account. Such a fast delivery mechanism with built-in quick response system is impossible to deliver through regular mediums.

### **You can actually count your chickens (quantifiable)**

With customer data providing an insight into customer behaviour, demographic preferences and geographical locations, real-time advertising has become an accepted reality. Advanced analytics like Google AdSense now

enable you to measure, monitor and course correct your ad campaign in real time based on the data-set of consumer information, which is highly personalized, and therefore more accurate.

By logging into consumer purchases, the digital medium gives a precise understanding of the customer interest and conversion into sales to the advertisers and retailers. This is not the case with the regular mediums where it is extremely difficult to separate interest and footfalls from actual sales. Advertisers rely on third-party surveys and customer feedback to assess the response generated by their brand campaign. With the internet-enabled mediums, this is no longer the case where every visit is accounted for and every purchase is logged into the system.

### **Cost effective**

Digital advertising is far cheaper than the going rates for 10 seconds for television commercials and newspaper advertisements. Native and SEO advertising has opened a new cost-effective way of branding, repositioning and diversifying your product with minimal entry cost. A Lyfe Marketing report claims that a small business can expose over 1,000 people to its products and services for less than \$3 using social media. While that same exposure through direct mail costs about \$57, through television ad costs about \$28 and through newspapers costs \$16 [10].

### **David can win against the Goliath**

Because of its low entry charges, digital marketing offers small businesses a level-playing field in a market where big companies muscle their way in to grab consumer eyeballs. Also, digital marketing with its customer data and analytics comes handy when you have a limited budget and wish to reach a target audience. You can modify the strategy with its rich media and content creation tools and tailor it to your needs for a branding campaign that yields a higher conversion rate and allows you to compete with the big firms. Social media presence helps you get word-of-the-mouth publicity and build consumer loyalty at the fraction of a cost charged by conventional mediums.

### **Global reach**

One of the perks of digital advertising is that it eliminates the “where” part of advertising logistics. You can be a retailer of goods or service anywhere in the connected world and reach out to the end user seated at the other end of the globe. This gives you more consumer footfalls for the committed cost leveraging your business in a global village we have come to inhabitate.

### **Going for digital marketing? Here are the mediums**

Digital marketing is evolving by the minute as we speak of the mediums that are conducive to this new beast that has swaggered into the advertising industry. We have evolved from the archaic form of digital marketing through

email and Short Message Service (SMS) to fast-paced and consumer-friendly native advertising and search engine optimization (SEO) tools in just a matter of two decades.

### **The rise and rise of mobile phone marketing**

In a world obsessed with smart phones, digital advertising has come to hinge around mobile-first policy, with advertisers now designing exclusive campaigns to target the vast network of 5 billion people connected to the internet with the mobile. According to Statista – the Statistics Portal – the number of mobile phone users was expected to reach 4.77 billion in 2017 and 5 billion by 2019, which is two-thirds of world's total population. Of this China was predicted to have over 1.4 billion mobile connections, while India was forecast to breach the one-billion barrier in 2017 [11]. This makes mobile, the go-to medium for all purposes of digital marketing.

Other digital advertising platforms include:

**Social media marketing (SMM)** is dominated by facebook and has gained traction on twitter, instagram and snapchat among others. According to Forbes, Facebook reported 47% growth in revenue to about \$17.4 billion in the first half of 2017 and mobile ads now account for 87% of its advertising revenues [12].

**Search engine marketing (SEM)**, over which Google has an unhealthy monopoly and is now being infiltrated by facebook. Google's operating profits grew by 15 percent and revenue climbed to an all-time high of \$32 billion from \$26 billion last year, says a Washington Post report dated February 1, 2018.

**Native advertising** is a tool for digital marketing that attempts to make a sale without interrupting the experience of users who are increasingly installing ad-blockers to keep annoying ad pop-ups at bay. When you scroll down your timeline on Twitter or Instagram, you find promoted tweets or photo feeds to which you don't subscribe to embedded within your customized content. The sponsor markets its product on a site disguising it as content. This is called strategic native advertising as it doesn't interrupt your flow of information and allows you to skip or indulge them within the platform's eco-system.

**Video advertising** gets you the eyeballs. It is the road ahead for the digital marketers. Video content allows brand managers to reach out to the target segment by curating real life stories, offering personalized advertisements, live video streaming in a shorter and quicker format which the customers can readily consume and make informed choices. Brands are able to understand the success metrics of a video and strategize around the data to increase their impact value.

**In-game advertising** has caught the fancy of advertisers with its high rate of conversion that feeds off the addiction of the gamers who are willing to spend or watch ads to proceed to the next level of gaming excitement. Mobile gaming turned out to be a gold mine for Indian advertisers as the number of game downloads jumped 200% between 2014 and 2016 [13].



There are others like Pay per Click (PPC) marketing, Viral marketing, Public Relations (PR) and Content Marketing [14], which offer a wide array of dynamic mediums, which you can customise to brand your products and services before a target audience for optimal sales conversion.

## Conclusion

The India story in digital advertising holds massive potential that is waiting to be exploited. The government is going hammer and tongs to create a digital infrastructure for a connected economy that augurs well for the advertising industry. There is, however, an urgent need to make people internet-enabled, which in spite of the data war between telecom companies, remains largely unfulfilled. This is primarily because of a lack of robust infrastructure that is the mainframe for a digital economy and consequently digital marketing. As per estimates, more than 900 million people in India still don't have access to basic internet in a country that is poised to be the second largest spender on advertisements.

The upside, however, is the mind-blowing mobile data consumption facilitated by an ever increasing mobile penetration in India. With half the population already on the mobile platform and a fourth equipped with smart phones, the scope for digital advertisement has never looked better. Around the world, digital advertising has started beating the mother of ad revenue spinner – television – at its own game. With projections of digital ad spending in India placing it at the second slot (Now, it stands at third) at par with print by 2020, it is the medium that cannot be ignored in a connected world, making it the inevitable, go-to business model for branding goods and services in future.

## EOM

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