

‘A STUDY OF THE GROWTH OF DIGITAL MARKETING IN INDIAN SCENARIO’

Sumit Kumar

MBA II Sem.

ISBM, SGVU

Dr. Reena Jain

Assistant Professor

ISBM, SGVU

ABSTRACT

The study examines the rapid growth and evolving landscape of digital marketing in India. As one of the world's largest and fastest-growing internet markets, India has experienced a significant shift in marketing strategies towards digital platforms. This research explores the key drivers behind this growth, including the increasing internet and smartphone penetration, changing consumer behaviour, and the impact of social media. The study also assesses the effectiveness of different digital marketing channels such as search engine optimization (SEO), social media marketing, content marketing, and email marketing. Additionally, it analyses the challenges faced by marketers in the Indian market, such as diverse languages and cultural preferences. The findings suggest that digital marketing offers immense opportunities for businesses in India to reach a wide audience and enhance customer engagement. The study concludes with recommendations for optimizing digital marketing strategies in the Indian context to capitalize on this growth and drive business success.

KEYWORDS: Digital Marketing; Digital Media; Marketing; Promotions; Digital Advertising;

INTRODUCTION

In recent years, digital marketing has experienced exponential growth in India, transforming the way businesses engage with their customers. This shift can be attributed to several factors, including the widespread adoption of smartphones, the proliferation of internet access, and the rise of social media platforms. As a result, companies across various industries are leveraging digital marketing strategies to reach a broader audience, optimize their marketing efforts, and drive business growth.

The Indian digital marketing landscape encompasses a diverse range of tactics, such as search engine optimization (SEO), social media marketing, content marketing, email marketing, and influencer marketing. These strategies enable businesses to connect with consumers on a more personal level, fostering brand loyalty and customer engagement.

Additionally, the rapid growth of digital marketing in India has been fuelled by a young, tech-savvy population and an increasingly digital economy. This trend is expected to continue as more businesses recognize the potential of digital marketing to enhance their reach and performance.

In this study, we will explore the various aspects of the growth of digital marketing in the Indian scenario, examining the key drivers behind this trend, the challenges faced by marketers, and the future outlook for digital marketing in the country. Through this analysis, we aim to provide valuable insights into how digital marketing is shaping the Indian business landscape and how companies can effectively leverage these strategies for success.

REVIEW OF LITERATURE:

Riegner (2011) found that Facebook users are over 50% more likely to recall an ad when their friends are featured in it. For instance, the percentage of consumers who use ratings and reviews to inform their decisions about online purchases increased from 12% in 2009 to 57% in 2011. Consumers increasingly consult social media as they purchase.

Kaplan and Haenlein (2010) define social media as “a group of Internet based applications that build on the ideological and technological foundations of Web 2.0, and allow the creation and exchange of user generated content.”

As Kaplan and Haenlein (2010) proposed, Web 2.0 represents a fundamental shift in how we interact with the internet. It's no longer a static collection of websites; it's a dynamic platform where content is constantly evolving through user participation. This collaborative environment empowers individuals and communities to:

- **Share:** Web 2.0 allows users to easily share information, ideas, and experiences with a global audience. This can take many forms, from blog posts and articles to photos, videos, and music.
- **Co-create:** The interactive nature of Web 2.0 fosters collaboration. Users can work together on projects, build online communities, and even create entirely new forms of content, like wikis and Wikipedia entries.
- **Discuss:** Web 2.0 encourages conversation and debate. Users can comment on blog posts, participate in online forums, and engage in real-time discussions about shared interests.
- **Modify User-Generated Content (UGC):** Web 2.0 empowers users to not only create content but also modify and improve existing content. This can be seen in platforms like Wikipedia, where users can edit and update articles based on reliable sources.

Social Media: The Engines of Web 2.0

Social media platforms are the driving force behind Web 2.0's collaborative spirit. Built on the technological foundation of Web 2.0, social media sites provide user-friendly tools for:

- **Content Creation:** Social media empowers individuals to become content creators. Users can easily publish blog posts, share photos and videos, and express themselves creatively.
- **Sharing and Distribution:** Social media makes content sharing seamless. Users can share their creations with their network of friends, followers, and communities, instantly expanding the reach of their content.

- **Interaction and Engagement:** Social media fosters two-way communication. Users can comment on other users' content, participate in discussions, and build relationships with like-minded individuals.
- **Community Building:** Social media platforms facilitate the creation of online communities based on shared interests or experiences. These communities provide a space for members to connect, support each other, and engage in meaningful discussions.

Palmer and Lewis (2009)

The meteoric rise of social media has cast a long shadow over traditional media outlets. In recent years, newspapers, television stations, and radio broadcasters have witnessed a significant decline in both readership and viewership. This erosion of popularity is often attributed to the ever-growing influence of social media platforms.

Researchers like Palmer and Lewis point to a clear correlation between the rise of social media and the challenges faced by traditional media. They argue that social media has become a powerful tool for marketing and brand management, enticing businesses to shift their advertising budgets away from traditional channels. This shift is further fueled by the current economic climate, where companies are forced to tighten their belts and prioritize cost-effective marketing strategies.

The decline of traditional media isn't solely due to competition. Social media offers a unique value proposition:

Two-way communication: Unlike the one-way communication of traditional media, social media fosters a dynamic dialogue between brands and consumers. This allows for real-time interaction, building stronger relationships and brand loyalty.

Real-time updates: Social media provides instantaneous news and information, keeping users constantly updated on breaking stories and trends. Traditional media, with its printing deadlines and broadcast schedules, struggles to compete with this immediacy.

Targeted reach: Social media platforms offer sophisticated targeting tools, allowing companies to tailor their advertising campaigns to specific demographics and interests. This level of precision is often difficult, if not impossible, to achieve with traditional media.

Lower costs: Social media marketing can be significantly cheaper compared to traditional advertising methods. This opens doors for smaller businesses and startups who may not have the budget for expensive television commercials or print ads.

However, the rise of social media isn't without its drawbacks. Issues like misinformation, echo chambers, and the fleeting nature of online content pose challenges for users seeking reliable information.

OBJECTIVE:

- 1. Assess the growth trajectory:** Analyze the growth rate and trends of digital marketing in India over a specific period, noting any key milestones or turning points.
- 2. Identify key drivers:** Examine the primary factors that have contributed to the growth of digital marketing in India, such as increased internet and smartphone penetration, changing consumer behaviour, and the rise of e-commerce.
- 3. Evaluate effectiveness:** Investigate the effectiveness of various digital marketing strategies (e.g., social media marketing, SEO, SEM, email marketing, content marketing) in terms of customer engagement, conversion rates, and return on investment.
- 4. Analyse industry adoption:** Explore how different industries in India are adopting digital marketing practices and the impact on their business performance and market competitiveness.
- 5. Study consumer behaviour:** Understand how Indian consumers interact with digital marketing channels and their preferences for different types of digital content.

6. Examine regulatory environment: Assess how laws, regulations, and policies impact digital marketing practices in India and what challenges businesses face in navigating the regulatory landscape.

7. Identify challenges and opportunities: Explore the challenges faced by businesses in implementing digital marketing strategies in India and the opportunities available for growth and innovation.

8. Forecast future trends: Predict future trends and developments in digital marketing in India based on current data and industry insights.

9. Compare global and local practices: Analyze how digital marketing practices in India compare to global standards and identify areas for improvement or adaptation.

10. Provide recommendations: Offer actionable insights and recommendations for businesses looking to enhance their digital marketing strategies in the Indian context.

DATA ANALYSIS:

From 2019 to 2021, India witnessed a significant surge in digital marketing adoption and investment. Several factors contributed to this growth:

1. Rapid Internet Penetration: India experienced a massive increase in internet users, driven by affordable smartphones and data plans. This expansion created a vast online audience for digital marketing campaigns.

2. Social media Dominance: Platforms like Facebook, Instagram, Twitter, and LinkedIn became essential channels for brand promotion, customer engagement, and lead generation. Influencer marketing also gained traction during this period.

3. E-commerce Boom: The rise of e-commerce giants like Amazon, Flipkart, and Myntra fueled demand for digital marketing services, including search engine optimization (SEO), pay-per-click (PPC) advertising, and email marketing.

4. Mobile Marketing: With the majority of internet users accessing the web through mobile devices, mobile marketing strategies such as SMS marketing, mobile apps, and location-based advertising became increasingly popular.

5. Video Content: The consumption of video content surged, leading to the rise of platforms like YouTube and TikTok as marketing channels. Brands leveraged video ads, tutorials, and storytelling to engage audiences effectively.

6. Data Analytics: Marketers embraced data-driven approaches to optimize campaigns, personalize content, and measure ROI. Tools for analytics, tracking, and attribution became indispensable for digital marketing success.

7. Regulatory Changes: The introduction of regulations like the Personal Data Protection Bill and updates to the Information Technology Act influenced digital marketing practices, particularly regarding data privacy and consent management.

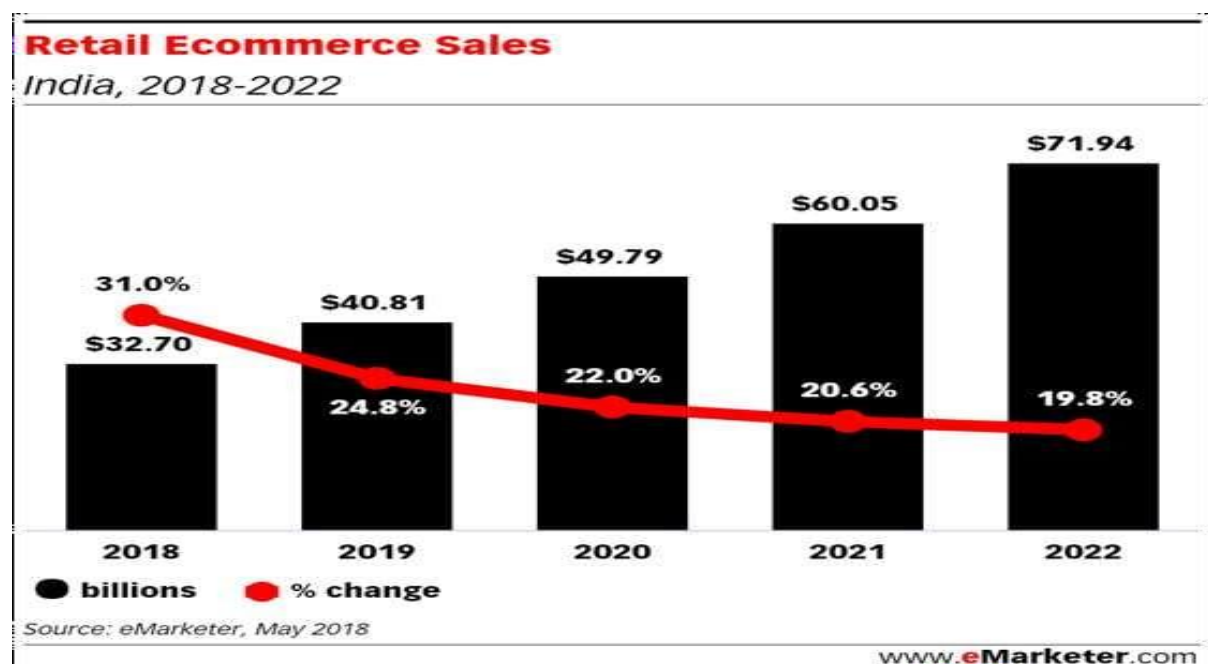
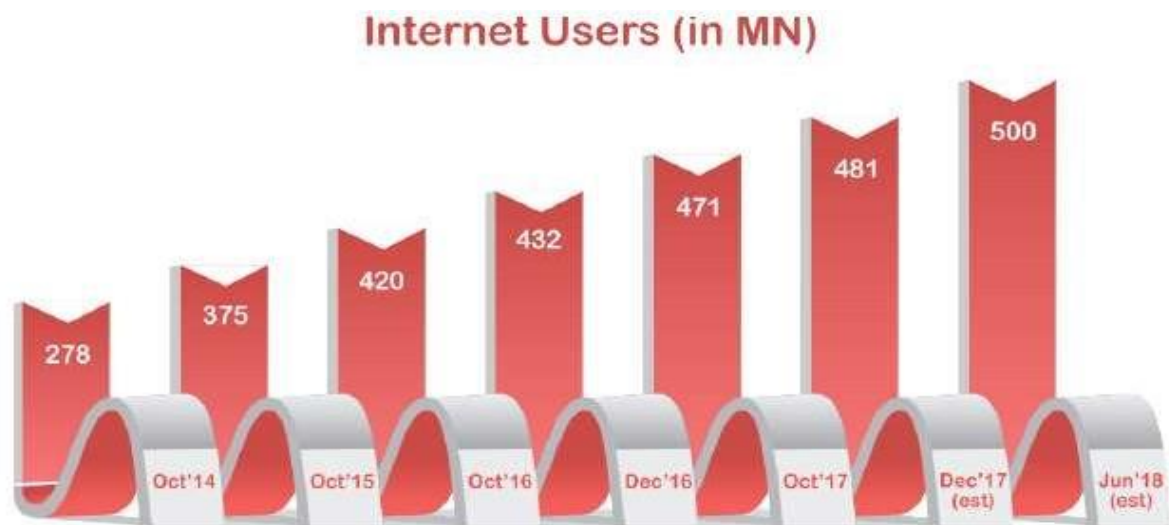


Fig. 1: Rise in Ecommerce sale in India



Source: IMAI & Kantar IMRB I-CUBE 207, All India Users Estimates, October 2017



Fig. 2: India has world's third largest internet population

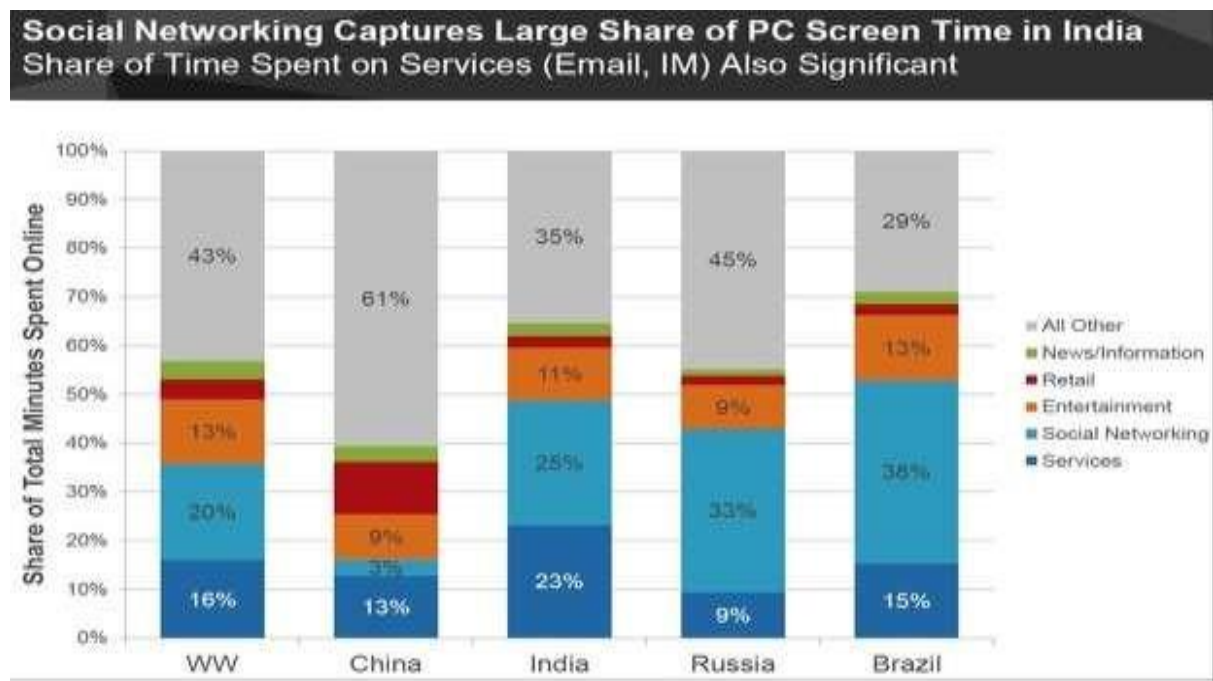


Fig. 3: Majority of screen time still captured by social media.

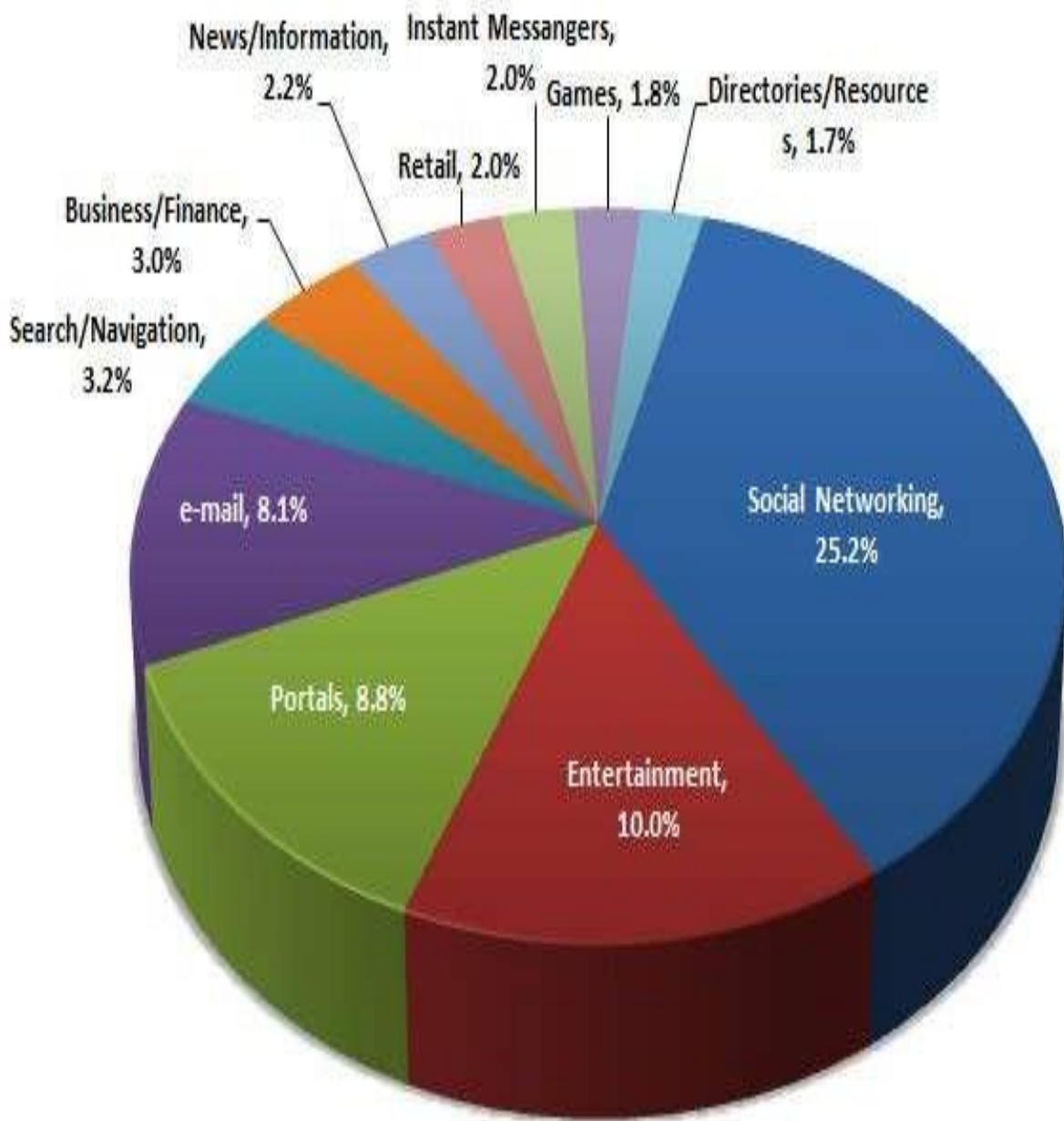


Fig. 4: Entertainment and online video continues to grow

Data Interpretation:

According to a report by IAMA and the Boston Consulting Group, India boasts one of the largest and fastest-growing populations of internet users worldwide, reaching 500 million as of June 2018 and showing no signs of slowing down.

Projections indicate that internet users in India will surpass 512 million by 2022.

The digital marketing industry, as per the Direct Marketing Association, is valued at 12046 crores.

eMarketer reports a substantial increase in mobile and tablet advertising, reaching \$59 billion in 2018.

A report in The Hindustan Times states that the digital advertising space in India is currently valued at Rs. 6000 crores, with Rs. 1600 crores attributed to video ads. Forecasts predict growth to Rs. 8100 crores by 2016. Additionally, eMarketer projects a significant rise in ecommerce sales in India, from \$14 billion in 2015 to \$71.94 billion in 2022, positioning India as the fastest-growing retail e-commerce market in the Asia-Pacific region.

The proliferation of internet access has not only expanded the scope of digital marketing in India but has also catalyzed growth in other digital sectors such as e-commerce and online advertising. Emerging trends in web usage, mobile technology, social networking, online shopping, and video consumption are reshaping the Indian digital landscape.

In 2013, India's internet user base surged to 17.6 million, experiencing a remarkable growth rate of 31%, catapulting India to the world's third-largest internet population, surpassing Japan. Mobile internet usage also witnessed exponential growth, with a 111% increase in 2012 and a 63% increase in 2013. YoY growth in the number of users stood at 28% in 2012 and 39% in 2013, with the internet user count surpassing 500 million by 2018.

The digital commerce market in India saw remarkable expansion, growing from Rs. 8,146 crores in December 2007 to Rs. 62,967 crores by December 2013. Notably, the segment experienced a 35% growth between December 2011 and December 2012, followed by a 33% growth between December 2012 and December 2013.

60% of Indian web users engage with online retail sites, with the majority residing in non-metro cities. Consumer durables, apparel, accessories, books, beauty, and personal care products are the top categories, driving over 50% of sales in these segments.

Social networking is immensely popular in India, with 86% of web users visiting social networking sites. Facebook leads the pack, with users spending an average of 214 minutes on the platform. The number of Facebook visitors has increased by 28% in the last year, with 59,642,000 users accessing the platform via PC. LinkedIn follows as the second most popular social network, while Pinterest and Tumblr emerge as the fastest-growing networks.

Findings and Suggestions

1. Increasing Internet Penetration: The widespread availability of affordable internet services, including 4G and broadband, has made it easier for Indian consumers to access the internet. As a result, there has been a sharp rise in the number of active internet users in the country.

2. Mobile-First Approach: India is a mobile-first market, with a large proportion of internet users accessing the web through smartphones. This has made mobile advertising a key part of digital marketing strategies.

3. Social Media Adoption: Platforms like Facebook, Instagram, Twitter, and YouTube have a massive user base in India. Brands leverage these platforms for targeted advertising and to engage with consumers.

4. E-commerce Boom: The growth of e-commerce platforms such as Amazon, Flipkart, and others has led to an increase in online shopping, which in turn drives demand for digital marketing services.

5. Digital Payments: Initiatives like UPI and the growth of digital wallets have facilitated online transactions, making it easier for consumers to shop online and for brands to offer digital marketing promotions.

6. Government Initiatives: Programs such as "Digital India" have played a role in promoting the adoption of digital technologies across various sectors, including marketing.

7. COVID-19 Pandemic: The pandemic accelerated the shift to online channels as businesses and consumers adapted to new norms, further boosting digital marketing activities.

CONCLUSION

The growth of digital marketing in India has seen remarkable acceleration in recent years, driven by widespread internet access, increasing smartphone penetration, and a burgeoning middle class. Indian businesses, from small startups to large corporations, are leveraging digital marketing strategies to reach and engage with their target audiences in new and innovative ways. Social media platforms and e-commerce channels have become crucial marketing tools, offering businesses the opportunity to build brand awareness and foster customer relationships. The digital marketing landscape in India is poised for further expansion as technology evolves and more businesses adopt data-driven strategies. This growth presents opportunities for marketers to connect with diverse audiences and drive sustainable business growth in the Indian market.

REFERENCES

1. Industry Reports: Reports from industry bodies like the Internet and Mobile Association of India (IAMAI) and the Confederation of Indian Industry (CII) offer insights into the growth of digital marketing in India.

2. **Market Research Reports:** Companies like Kantar, Nielsen, and Forrester provide comprehensive reports on digital marketing trends in India.
3. **Government Publications:** Publications and data from the Indian Ministry of Electronics and Information Technology (Meity) offer useful statistics on internet and technology adoption.
4. **Academic Journals:** Research papers from Indian academic institutions on digital marketing trends and impacts in the Indian context.
5. **News Articles:** Reputable news outlets such as The Economic Times, Business Standard, and The Times of India cover developments in the Indian digital marketing landscape.