

DIGITAL MARKETING - THE STORY SO FAR AND THE PATH AHEAD

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Abstract:

In this article, an attempt has been made to understand the roles of different media alternatives from the point of view of their role in marketing. The emphasis would be on digital media with passing references to legacy media options, wherever required. The onset of the age of internet has truly revolutionized the very concept of marketing. Cutting across geographies and industries, one can clearly see the increasing reliance on “Online” elements while taking a call on media choices to be used for marketing. There is undeniable evidence available in the market to suggest that numerous Indian organizations are utilizing digital marketing tools to gain an upper hand over their competitors and that too at a fraction of the cost that would have been incurred had they used legacy media options.

There are a host of characteristics in the online media world which give it a massive qualitative edge over traditional media formats like print, TV, radio etc. However, out of this multitude, two properties that can be recalled as most important and most prominent are: Its interactive nature and its property which enables customized content to be delivered to the consumer. There is an entire ecosystem consisting of handsets, telecom signal carriers, content providers and various downstream innovators such as app developers that are responsible for the dynamic nature of the digital media.

Marketing as a function, because of its need to reach out to masses of consumers, has always relied heavily on media. However, because of the massive cost associated with traditional media options, marketing function

always felt resource constrained. Now however, because of the extremely low cost and continuously falling marginal cost, resource constraint is not so much of a factor. It is this aspect which has enabled marketers to focus more on creative and analytical aspects of their job.

In this paper, we would, apart from other things, draw an outline of how the online media world has evolved over the years and how it has slowly edged out other media options as the preferred tool for the marketer.

Keywords: digital marketing

Objectives:

The main objective of this research is to develop an overview of what digital marketing is, various tools and technologies that enable digital marketing, when, how and why did it enter into the tool box of marketers, what is it that distinguishes it from traditional marketing, role of technology in digital marketing and changes expected in the digital marketing landscape in the foreseeable future.

Research Methodology:

The research methodology for this article has two broader components namely:

1. **Format / Presentation:** While presenting any research, a researcher has to decide how he/she is going to present his / her findings. In other words, it is about structuring of the paper. In the context of this paper, it was decided to present the paper and its findings in the format of a dynamic story where almost every single element of the matrix is changing all the time. Accordingly, the paper has been structured in such a way so as to delineate the full life-cycle of the matter in a step-by-step manner.

This way, it was possible to handle things like antecedents of the subject matter, how did it arise, why is it that has been lapped up by the practitioners, study of its various sub-systems etc. This approach meant that the concept had to be presented as a flowing story where every single step in the present was also to point to the changes that could be expected in the near future.

2. **Data gathering and analysis:** The matter to be investigated in this paper is a relatively new development in the world of marketing. Therefore, even though there is no dearth of information available on this matter on the internet, it is not so easy to get access to primary data. Given how sensitive companies are with respect to their marketing, it is very difficult for an independent researcher to get an opportunity to gather primary data from the archives of companies.

Normally, unavailability of primary data is a massive problem for any researcher. However, because of its very nature, in spite of all the secrecy sought to be imposed by companies, information about their digital marketing practices often finds its place on the internet, in one or the other database, some obscure, some not so obscure.

And, a vast army of researchers in various online communities are always subjecting the available information to various reliability tests. This way, over a period of time, even the freely available secondary data, if chosen widely, can turn out to be highly reliable and authentic. Keeping all these pros & cons in mind, it was decided to use mainly secondary data from highly reliable sources like various google databases, information released by digital advertising agencies, reports released by research bodies etc.

Some of the most prominent sources of information used in this paper are:

- Emerald information Base
- Sage information Base
- Springer information base
- Others/Reputed listed diaries

Wherever data needed to be analyzed, easily and freely available tools like excel, google data sheet etc were used. But, for most part, analysis in the context of short papers like this is all about interpretation of data for which the researcher relied upon his own analytical faculties.

Introduction:

E-Marketing aka Internet marketing is the most defining feature of modern marketing function. Ever since the dawn of the marketing function, companies and professionals have always felt the need to identify tools and processes that would enable them to reach out to the largest number of consumers in the market place at the lowest possible cost.

This apparent contradiction has been one of the defining leit-motifs in the development of marketing throughout 20th and now even in 21st Century. One of the features associated with technological developments throughout the 20th Century was the cost aspect. Before the advent of the digital media, every new technology in media space came with a heavy price tag and accordingly, its deployment too used to be invariably more expensive than the technology that it replaced e.g. radio at its prime was more expensive than print, color printing was more expensive than both radio and black and white print, similarly TV was costlier than anything that preceded it.

It is only with arrival of digital technologies in media space that one can see both a lower one time cost of deployment and a lower per unit cost of utilization. In a way, it freed up marketers from the many budgetary shackles. Now, with the same budget, marketers could reach many more consumers, do many more innovative outreach initiatives, reap the benefits of analytics and repeat the campaigns many times over.

Concept of digital marketing: At a high level, digital marketing refers to full range of marketing initiatives delivered through digital channels such as search engines, websites, social media, email, and mobile apps. By using these online media channels, marketers can do multiple activities such as advertising, product promotion, customer feedback gathering, building customer engagement, retargeting, marketig data analysis etc. In the modern age, it is not just companies that rely on digital means. Instead, consumers too rely heavily on digital means for purposes such as researching for products and services, requesting post-purchase assistance,

registering their grievances etc. In this context, it would be worthwhile to take note of certain pieces of data - for example, Google marketing insights have revealed that 48% of consumers start their inquiries on search engines, 33% look to brand websites and 26% search within mobile applications. Traditional ways by which consumers located product / service providers such as yellow pages search etc have now, for all practical purposes gone extinct. And, whatever little remains of them would vanish very quickly.

Modern day digital marketing is an enormous system of multiple channels, each with its own distinct strengths and weaknesses. To begin their journey on the digital marketing bandwagon, all that the marketers have to do is to get on-board with the full gamut of their brands. As stated above, the full spectrum of marketing activities such as advertising, product promotion, customer feedback gathering, building customer engagement, re-targeting, marketing data analysis etc can be executed very smoothly by using the relevant tools & channels out of the multitude made available by digital marketing ecosystem. Unlike previous marketing platforms, because of its features such as seamless transfer of data from one tool / channel to the other, digital marketing ecosystem enables value additions like cross-channel movement of campaigns, continuous evaluation of efficacy of individual tools for the purpose for which they are being used, real time data analysis etc.

By implementing an omni-channel digital marketing strategy, marketers can collect valuable insights into target audience behaviors while opening the door to new methods of customer engagement. Additionally, companies can expect to see an increase in retention. According to a report by Invesp, companies with strong omni-channel customer engagement strategies retain an average of 89% of their customers compared to companies with weak omni-channel programs that have a retention rate of just 33%.

As for the future of digital marketing, we can expect technological changes to continue to shape this landscape e.g. wearable devices, internet of things, further fall in price of data, availability of increased bandwidth, roll-out of 5G etc would dramatically change the way marketing would be perceived in not too distant a future. Forbes also forecasts that social media will become increasingly conversational in the B2B space, video content will be refined for search engine optimization (SEO) purposes, and email marketing will become even more personalized.

Digital Marketing Assets:

While talking about digital marketing, it is important to understand the concept of asset. A digital marketing asset is nothing else but a tool that can be deployed to achieve one or the other digital marketing objectives. Here are some of the most prominent digital marketing assets:

- 1. Websites**
- 2. Branded assets (logos, icons, acronyms, etc)**

3. **Video content (video ads, product demos, etc)**
4. **Images (info-graphics, product shots, company photos, etc)**
5. **Written content (blog posts, e-Books, product descriptions, testimonials, etc)**
6. **Online products or tools (SaaS, calculators, interactive content, etc)**
7. **Reviews**
8. **Social media pages**

As one would appreciate, this list is only indicative. Even though most digital marketing assets will fall into one of these categories, yet clever marketers are constantly coming up with new ways to reach customers online, so the list keeps changing.

Digital Marketing Strategies:

The list of digital marketing strategies is also constantly evolving, but following are some of the most common ones:

Pay-Per-Click Advertising: Pay-per-click (PPC) advertising is a form of digital marketing where the marketer pays for every user who clicks on an ad. For example, Google AdWords is the most commonly used platform for PPC advertising called which is also referred to as “paid search advertising”. Facebook Ads are another form of PPC advertising and are known by the name of “paid social media advertising”.

Paid Search Advertising: Google, Bing and Yahoo all allow you to run text ads on their Search Engine Results Pages (SERPs). Paid search advertising is one of the best ways to target potential customers who are actively searching for a product or service.

Search Engine Optimization (SEO): If you don't want to pay to show up in the SERPs, you can also use search engine optimization (SEO) to try and rank pages or blog posts on your site organically. You don't have to pay directly for every click, but getting a page to rank usually takes quite a bit of time and effort.

Paid Social Media Advertising: Most social media platforms like Facebook, Instagram, Twitter, LinkedIn, Pinterest and Snapchat will allow you to run ads on their site. Paid social media advertising is great for building awareness with audiences that might not be aware that your business, product or service exists.

Social Media Marketing: Like SEO, social media marketing is the free, organic way to use social media platforms like Facebook or Twitter to market your business. And, just like SEO, organically marketing your business on social media takes a lot more time and effort, but in the long run, it can deliver much cheaper results.

Conversion Rate Optimization (CRO): Conversion rate optimization (CRO) is the art and science of improving your online user experience. Most of the time, businesses use CRO to get more conversions (leads, chats, calls, sales, etc) out of their existing website traffic.

Content Marketing: Content marketing is another fairly broad digital marketing term. Content marketing covers any digital marketing effort that uses content assets (blog posts, infographics, eBooks, videos, etc) to build brand awareness or drive clicks, leads or sales.

Native Advertising: Native advertising is the use of paid ads that match the look, feel and function of the media format in which they appear. Native ads are often found in social media feeds, or as recommended content on a web page. Unlike display ads or banner ads, native ads don't really look like ads. They look like part of the editorial flow of the page. The key to native advertising is that it is non-disruptive - it exposes the reader to advertising content without sticking out like a sore thumb

Email Marketing: Email marketing is the oldest form of online marketing and it's still going strong. Most digital marketers use email marketing to advertise special deals, highlight content (often as part of content marketing) or promote an event.

Affiliate Marketing: Affiliate marketing is essentially paying someone else (a person or a business) to promote your products and services on their website.

As can be seen from the list above, there are a lot of different ways to market a business online, which is why many businesses either hire an agency to manage their digital marketing efforts or pay for an in-house marketing team and marketing automation software to cover their marketing needs.

History of Digital Marketing:

The term Digital Marketing was first used in the 1990s. The digital age took off with the coming of the internet and the development of the Web 1.0 platform. The Web 1.0 platform allowed users to find the information they wanted but did not allow them to share this information over the web. Up until then, marketers worldwide were still unsure of the digital platform and all the potentials inherent in them. They were not sure if their strategies would work since the internet had not yet seen widespread deployment.

However, this is not a notion cast in stone. Many people believe that roots of digital marketing go back to 1971 when Ray Tomlinson sent the very first email. That is widely regarded as a watershed moment in the history of internet since it was from then onwards that people could send and receive files through different machines. 1990s saw the birth of Archie search engine, the first program analogous to what we understand by the term 'Search Engine'. It was basically an index for FTP sites but the seeds of the concept of search engine can be said to have been laid here.

1980s also saw phenomenal rise in the storage capacity of computers. This enhanced storage capacity enabled companies to store and maintain vast volumes of customer data. Companies in the possession of such data sold such information as marketing database. The buyers could download this data on their devices, use their in-house tools to process this data and carry out marketing activities. However, the process was still very manual and hence could not really take off beyond a point.

In 1993, the first clickable banner went live, after which HotWired purchased a few banner ads for their advertising. This marked the beginning of the transition to the digital era of marketing. Because of this gradual shift, the year 1994 saw new technologies enter the digital marketplace. The very same year, Yahoo was launched. Also known as "Jerry's Guide to the World Wide Web" after its founder Jerry Yang, Yahoo received close to 1 million hits within the first year.

This prompted wholesale changes in the digital marketing space, with companies optimizing their websites to pull in higher search engine rankings. 1996 saw the launch of a couple of more search engines and tools like HotBot, LookSmart, and Alexa.

The year 1998 saw the birth of something that was to change the digital world in future but something which, at the time of its birth, was hardly taken note of. This entity born in 1998 is now popularly known as Google. This year also saw other trend setting developments such as Microsoft launching MSN search engine and Yahoo unveiling Yahoo web search.

This was a period of intense activity in the internet space. Companies were formed left, right and centre. Silicon Valley of US was buzzing with the activity of entrepreneurs incorporating companies every day, online companies seeing their valuations shot through the roof, new technology being developed to shape this evolving world of internet. However, just two years later i.e. in the year 2000, this buzzing world of internet companies suddenly came crashing down in the form of what is now known as 'dot com bubble burst'.

That bursting of the dot com bubble saw hundreds of companies disappear almost overnight. Companies that were hitherto enjoying huge valuations suddenly found themselves valued like junk. The wealth of millions of investors was completely wiped out. Infact the whole world of investing came to a standstill for some time. However, like all previous moments of hiatus, this period too did not last long. Once all the smaller search engines were obliterated, space was created for the more nimble footed, the ones with better business models to grow and become giants like Google, Microsoft, Yahoo etc.

The period from 2000 when dot com bubble crashed and 2006 when search engine traffic was recorded at 6.4 billion, the world saw some very important developments.

- 2002: Professional social media network LinkedIn was launched.
- 2003: WordPress and MySpace were launched.
- 2004: Gmail was launched. The same year Facebook went live, and Google went public.
- 2005: YouTube was launched.

After the storm of dot com bubble burst had subsided, the digital marketing world saw its first steep surge in 2006 when search engine traffic was reported to have touched 6.4 billion mark in a single month. All the companies took notice. Such was the impact of this news that even Microsoft was forced to put MSN related plans on the backburner and launch its own Live Search to compete with Google and Yahoo.

Then came Web 2.0, where people became more active participants rather than remain passive users. Web 2.0 allowed users to interact with other users and businesses. Labels like 'super information highway' began to be applied to the internet. As a result, information flow volumes –including channels utilized by digital marketers- increased manifold, and by 2004, internet advertising and marketing in the US alone brought in around \$2.9 billion.

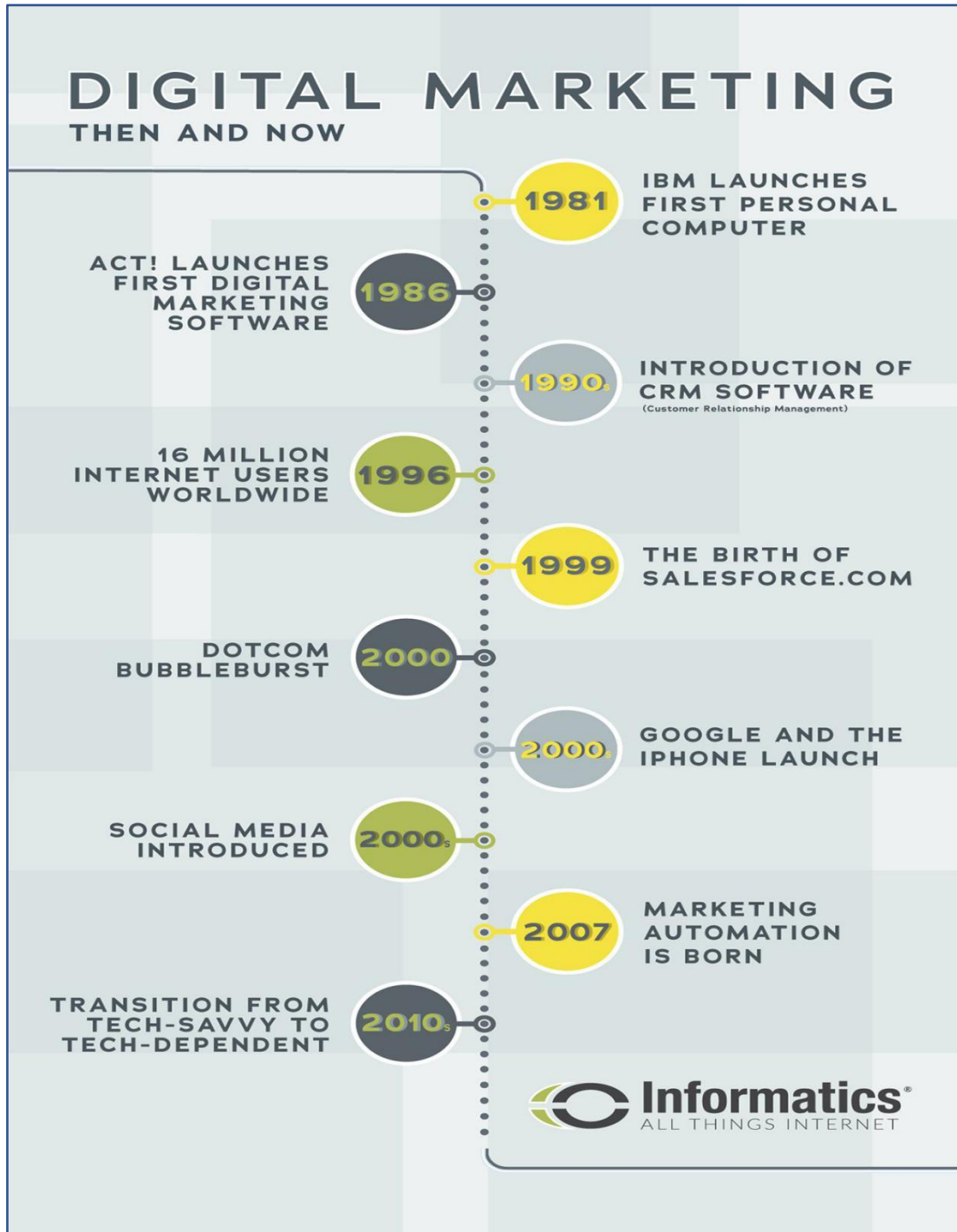
Soon, social networking sites began to emerge. MySpace was the first social networking site to arrive, soon followed by Facebook. Many companies realized that all the fresh new digital platforms were beginning to open new doors of opportunities to market their products and brands. It opened fresh avenues for business and signaled the beginning of a new chapter. With new resources, they needed new approaches to promote their brands & capitalize on the social networking platform.

The cookie was another important milestone in the digital marketing industry. Advertisers had begun to look for other ways to capitalize on the fledgling technology. One such technique was to track common browsing habits and usage patterns of frequent users of the internet so as to tailor promotions and marketing collateral to their tastes. The first cookie was designed to record user-habits. The use of the cookie has changed over the years, and cookies today are coded to offer marketers a variety of ways to collect literal user data.

Products marketed digitally are now available to customers at all times. Statistics collected by the Marketingtechblog for 2014 show that posting on social media is the top online activity in the US. The average American spends 37 minutes a day on social media. 99% of digital marketers use Facebook to market, 97% use Twitter, 69% use Pinterest and 59% use Instagram. 70% of B2C marketers have acquired customers through Facebook. 67% of Twitter users are far more likely to buy from brands that they follow on Twitter. 83.8% of luxury brands have a presence on Pinterest.

The top three social networking sites used by marketers are LinkedIn, Twitter, and Facebook.

Schematic representation of history of digital marketing:



Source: Informatics Inc

(<https://twitter.com/InformaticsInc/status/887701145816371201/photo/1>
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Conclusion:

Marketing function has well and truly entered a stage where from being just tech savvy, it has actually become tech dependent. And, as we have seen while building a picture of the history of digital marketing, ever since the birth of the age of internet, with every passing year, the extent of dependence of marketing function on technology has only increased.

And, if we take a bird's eye view of the history of digital technology in particular and even technology in general, once a process / activity becomes technology dependent, its reliance on technology only increases with passage of time.

Normal deductive reasoning tells us that technology steps into an activity / process only when it allows the possibility of better, faster, more extensive, more cost-effective and more consistent results than those that were achieved through purely manual means. And, as was postulated by great historian of science Thoman Kuhn¹, technology once developed and after its usefulness to the production process is established, experiences progress by leaps and bounds, so much so that manual human capacities to perform the same function never really catch up again.

Therefore, there is no good reason to believe that anything different is going to happen to the world of digital technology. And, in fact, based upon what can be seen in the market place today, the horizon seems to be full of such promising pieces of technology such as internet of things, 5G, super cheap data, developments in computing languages enabling the building of ever new and innovative applications, wearable devices, virtual reality, augmented reality, ability of internet to carry non-visual, non-acoustic information such as smell, touch, taste etc.

It is difficult to define exactly how the world of digital marketing would look like once all these technological initiatives are fully implemented and integrated into the production process. Just as no one in 1971, when Ray Tomlinson, for the first time in history, exchanged information over a network of two machines, could have predicted how the world of digital media would look like in 2020, it is next to impossible to exactly delineate what is going to happen in future. But, one thing is for sure, the world of digital marketing is in for some very exciting times in the not so distant future.

¹ Kuhn, Thomas S. (1996). *The Structure of Scientific Revolutions* (3rd ed.). University of Chicago Press. ISBN 978-0-226-45807-6.

Artificial Intelligence that can understand consumer preference could definitely be challenging to digital marketers, especially when they are the ones running the search engine algorithm. Machine learning has the greater potential to customize on the user's end, yet also making it more difficult for digital marketers to create an effective campaign. Also, voice search will continue to grow. Therefore, SEO strategies need to adapt to the fact that actual users speak differently from SEO targeted keywords and phrases. In other words, real people don't speak in keywords. They use natural languages when doing voice search as if they were speaking to a real person. Digital marketers need to respond to this user habit in order to ensure their SEO campaigns receive a higher rating and priority in the search engine results.

However, this does not mean that SEO is dead. This is just a clear indicator that SEO will have a significant piece of the digital marketing arsenal. It is an industry that is always changing and developing as new keywords are incorporated and the most challenging thing of digital marketing is predicting what people will search next. Finally, social media sites will continue to improve, especially with algorithms that filter out the unwanted posts. Therefore creating unique pieces of content should be the only form of marketing a brand as a whole. Only the most relevant, related and accurate information will be pushed up by Google.

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