

# Impact of Digitilization on Consumer Marketing in India

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**Abstract**—“Since Covid-19, the digital marketing landscape has changed considerably in India. I have written this paper with the objective of understanding how companies have changed their approach to consumer marketing post the pandemic, with a special emphasis on the Indian ecosystem. This paper first examines the channels for consumer marketing, followed by the tools, future trends, evolution of consumer marketing, as well as a particular focus on various factors that affect the Indian ecosystem”.

## EXECUTIVE SUMMARY

The digital marketing landscape has been rapidly evolving with the advances in technology. Channels used to promote have evolved from traditional means such as television to newer platforms of social media, such as Whatsapp, Facebook, Instagram, and so on.

I have explored the various tools companies currently use to reach end users as well as for building their e-commerce presence. Further, this research paper explores the future trends in the consumer marketing landscape with the global trend towards eliminating third party cookies as governments are placing a greater emphasis on data privacy and consent.

Subsequently, this paper explores the evolution of e-commerce, role of websites in promoting consumer marketing, as well as evolving consumer decision making.

Further, this paper explores the impact of big data on consumer marketing. Additionally, this paper explores market segmentation, in terms of behavioral, demographic and in terms of marketing.

In conclusion, this research paper explores the Indian ecosystem in detail. The analysis will focus on-

- i. Mobile Connectivity Factors
- ii. Factors affecting digital growth
- iii. Population Statistics
- iv. Platform and device Usage
- v. Platforms for Brand Discovery

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## 1. CONSUMER MARKETING OVERVIEW

Consumer Marketing is the sales of goods and services to individuals for their personal use and promoting these goods and services through various marketing strategies, including consumer data for personalized experiences. Further, in terms of brand messaging, it needs to make customers feel good about their purchase, instead of focusing on Return on Investment (ROI), which is the main focus for B2B customers. Moreover, it is important to understand current brand perception. Businesses can conduct a 'brand sentimental analysis' to understand and fine tune the image of the brand. Using artificial intelligence, marketing teams can build and implement a strategy based on the type of emotional resonance a particular brand has with customers.

Moreover, consumer marketing targets both consumer brands/B2C brands as well as business brands/B2B brands. The main difference between the two is that B2C brands are more emotional and sentimental driven in their marketing approach than business to business brands. Another difference between the two is scale of operations. In consumer marketing, marketers typically speak directly to a single decision maker, who decides on a particular purchase. However, in B2B marketing, a sales team usually deals with multiple people with varying roles and responsibilities within the company, and not a particular decision maker.

In terms of platforms used to promote the brand, platforms can include both traditional channels such as television as well as newer platforms such as social media, Youtube, streaming services, email and mobile apps.

### 1.1 CHANNELS TO PROMOTE CONSUMER MARKETING

**Influencer Marketing:** This channel includes influencer marketing and micro influencer marketing. Influencer marketing entails paying active social media users, having a large number of followers, to endorse the brand. Furthermore, even though micro influencers have a smaller follower base, micro influencers can have a significant influence on a particular niche.

**Referral Initiatives:** Referral programs are implemented to reward current customers for bringing new clients. Therefore, referral programs can bring in new customers for the business through various strategies:

- Sending targeted emails
- Leveraging Social Media
- Setting up a Rewards Program
- Reward Referrers and provide exciting incentives
- Encourage User-Friendly Content

**Events:** Companies can host events for clients. Customers are likely to remain connected with the business if invited for events like conferences or webinars, which build brand loyalty over the long term.

**Customer Reviews:** Reviews or testimonials provided by clients regarding their experience with a product or service can enhance a business's reputation and attract new clients.

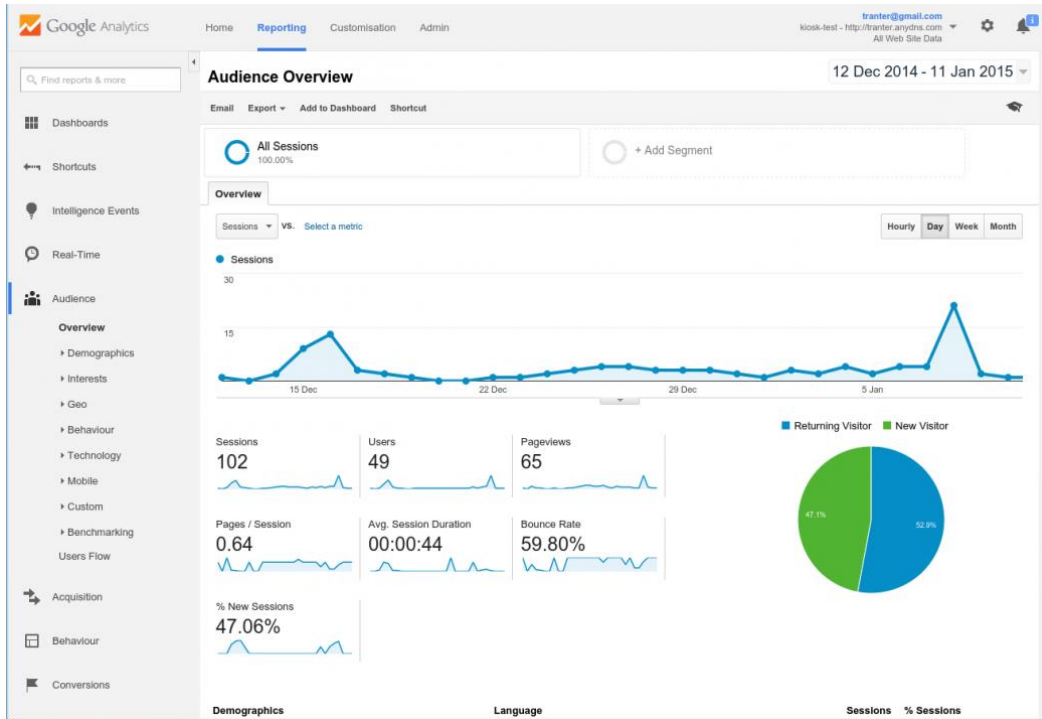
**Social Media:** Engaging with the existing customer base can help create a personal link between the business and customers. Regular communication is key.

**Newsletters:** Newsletters keep customers informed about certain schemes and offers, as well as the latest product or service innovations. This serves to increase sales and brand reach.

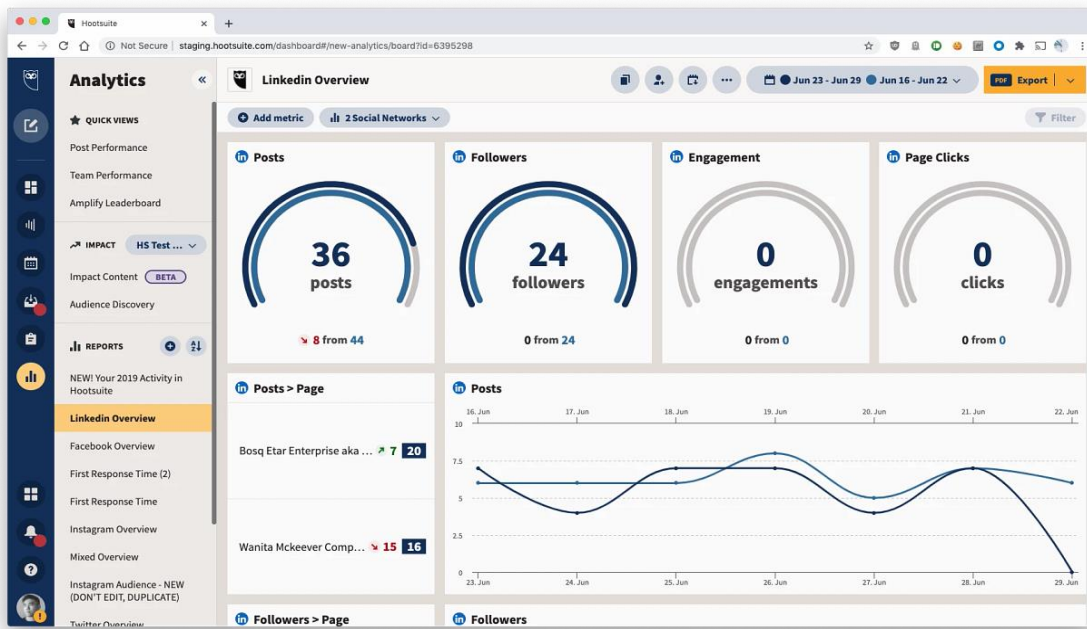
## 2. CONSUMER MARKETING TOOLS

There are various tools that businesses can use for consumer marketing, which are discussed in detail below:

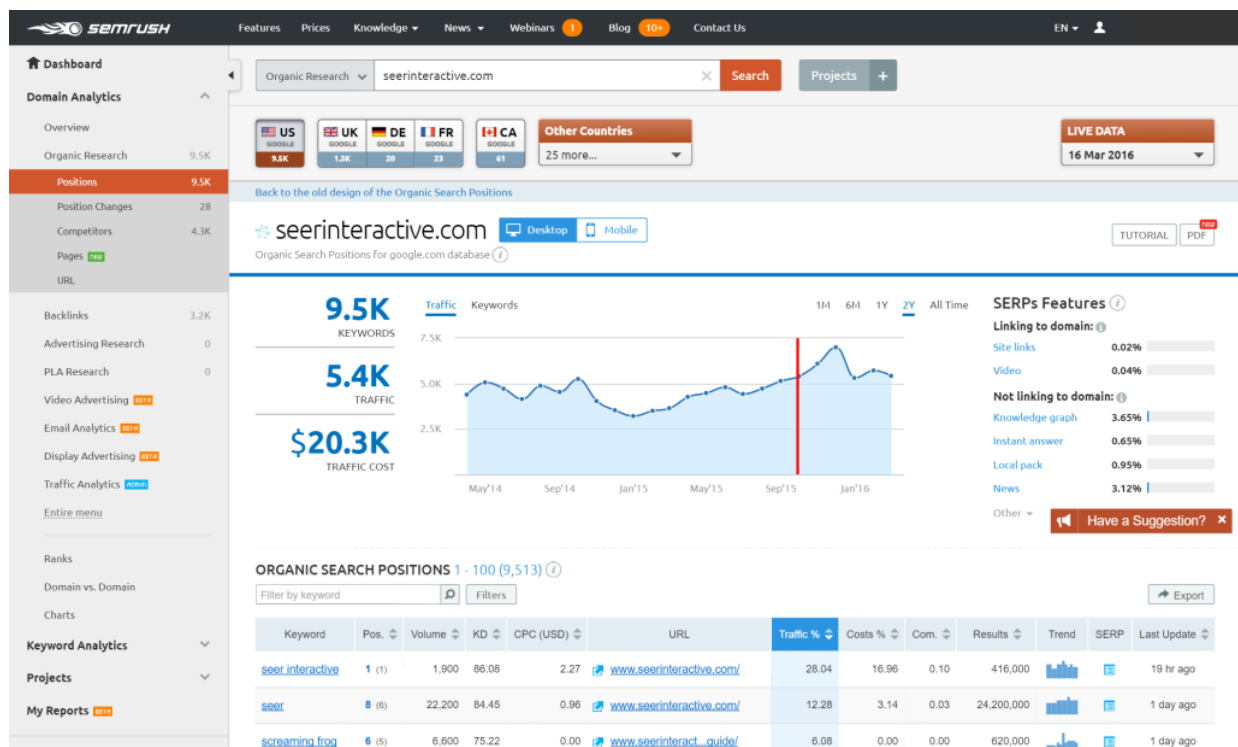
- **Google Analytics:** This tool is used for overlooking traffic on the website as well as other platforms. It is an effective tool for consumer marketing and Google analytics is the most widely used analytics platform in the world. Further, the main USP of Google analytics is to help analyze returning and new customers on a company's website. This could include understanding acquisition reports, demographic and target market data in terms of audience reports, as well as behavior reports in the form of average time spent on a page data as well as analyzing conversion reports.



- Hootsuite: The company is the world's first social media management platform. Various tools offered through this platform can help manage a company's social media ads as well as optimize content. Companies can also measure ROI, curate their content and even manage team members. The Hootsuite planner helps companies map out campaigns, fill in any gaps related to content, and collaborate efficiently. Moreover, the Hootsuite Inbox tool helps companies monitor messages from different networks in a single view. Another tool is Hootsuite Analytics, which helps companies understand the perception of their brands, as well as getting an overview of millions of online conversations. Lastly, the Hootsuite impact tool helps calculate the real return on social media investments, and the customizable dashboards feature user friendly graphs, tables, and KPI summaries, important for investors and stakeholders.



- Hubspot: It is a CRM <sup>1</sup>platform that includes all the tools required for sales, marketing and content management. The platform has various features, such as marketing, sales, customer service, CMS and an operations platform. The marketing software includes marketing automation tools, SEO, video hosting, blog and content creation, as well as an analytics dashboard. Further, the sales tool includes sales automation, e signatures, predictive lead scoring, email sequencing and customizable reports. In addition, the service hub includes customer feedback, video creation as well as various other tools to help simplify large amounts of data better. The CMS hub is a content management software which helps developers create personalized content for their clients. Lastly, the operations Hub helps businesses clean large amounts of data and automate business processes. Features include programmable automation, workflow extensions, and team management tools.
- SEMrush: SEO tool that enables marketers to improve search engine ratings. Works best for blogs and white papers because it uses specific keywords that target your audience. It can supercharge anyone's content marketing strategy because it is an easy to use platform. Further, the various tools offered by the company include competitor analysis, content marketing, local SEO, social media management, content optimization, content creation and distribution, as well as rank tracking.



- Marketo: This has a reputation for being the software bundle/ leader that's perfect for SMB's, or small to medium businesses. The various tools offered include sales insights, website personalization, account profiling, advanced BI analytics<sup>2</sup>, predictive content, as well as advanced journey analytics.

### 3. FUTURE TRENDS IN CONSUMER MARKETING

- One of the biggest changes is the elimination of cookies, currently the primary method for gaining user data. Brands have been using cookies to track customer behavior online and create personalized experiences. Without cookies, gathering that data that enables personalized customer experiences becomes more difficult.

<sup>1</sup> CRM is a tool that stands for 'Customer Relationship Management' and is a software system that eliminates the need for spreadsheets, databases, and various applications that many businesses use to track client data. However, CRM software's are not designed to help with backend operations like production, warehousing, shipping, engineering or finance.

<sup>2</sup> BI analytics stands for business intelligence analytics. It helps businesses in making productive use of data collected from business operations, assisting them in improving performance, exploring new opportunities, identify challenges and gaining new insights to improve the decision-making process.

- An alternative option is to shift to a consent- based model for gathering customer data. It will be up to the brand to convince end users that sharing data will make experiences more valuable.
- Movement towards influencers: The movement towards influencers is being accelerated with retail and consumer-oriented firms allocating 10-15% of their marketing budgets for targeting influencers. Similarly, nano influencers with following between 10,000-50,000 are likely to partner with brands as they are perceived as being reachable and economical. The current year, 2022 is a crucial year to perfect targeted communication as Google plans to phase out third party cookies by 2023 which might affect targeted advertising.
- Facing backlash: With the increase in Gen Z customers, consumers will expect leading brands to take a stance on controversial social issues. As a result, a greater number of brands will speak about taboo topics such as mental health, work life balance, toxic work culture and the great resignation. The golden rule for companies is to avoid taking a stand on political and religious topics.
- The future of consumer marketing relies on technology. Consumer marketing will be the forever type of marketing that continues to flourish and make room for improvement over time. Previous approaches like third party link submissions, unnecessarily flooding content with hyperlinks<sup>3</sup> or backlinks<sup>4</sup> would not perform as well as they used to. Adaptation of AI and hundreds of upgrades in data search queries, especially with Google, have created a sophisticated digital landscape.

### 3.1 ELIMINATION OF THIRD PARTY COOKIES

Users are demanding greater privacy-including transparency and control over how their data is used, and therefore the web ecosystem needs to evolve to meet the increasing demands. While Firefox and Safari have already phased out third party cookies, Google is gradually making the change to ensure that this change doesn't destroy the online advertising business. Although Chrome isn't the first browser to phase out third party cookies, it is the largest by market share. In late 2019, Chrome accounted for more than 56% of the web browser market. Chrome also accounts for more than half of all global web traffic. Meanwhile, Safari and Firefox, which have blocked third party cookies since 2013, come in a distant second and third place.

Furthermore, Google is pushing its plan to eliminate third party cookies from its chrome browser. Google started the privacy sandbox initiative<sup>5</sup> aiming at developing privacy preserving alternatives to third party cookies and cross site tracking. However, Google isn't banning all cookies: First party cookies that track basic data about a website are still safe.

A first party cookie is a code that gets generated and stored on a website visitor's computer by default when they visit a site. The cookie is often used for user experience as it is responsible for remembering passwords, basic data about visitors and other preferences. Through first party cookies, companies can learn about what a user did while visiting a website, see how often they visit it, and gain other analytics to develop an effective marketing strategy. However, it is not possible to see data related to the visitor's behavior on other websites that aren't affiliated with your domain.

Further, marketers could see the cookie phase out coming. Recently, governments around the world have been investigating and cracking down on data privacy issues. In October 2019, Europe's highest court ruled that users in the EU must actively consent to all analytical cookies when they log on to a website, hence the move to eliminate third party cookies is not unexpected.

### 3.2 ALTERNATIVES TO THIRD PARTY COOKIES

Even though first party cookies serve as an alternative to third party data, marketers can use tracking technologies like device fingerprints and contextual targeting that do not rely on data.

- Device fingerprints: These can mimic third party cookies. A device fingerprint starts working as soon as a user visits a website, and the tracker-usually Java Script code-collects device information useful for understanding a consumer's tracking behavior
- Contextual marketing: This is a future proof method since it doesn't require information from users. Contextual ads match the website's content using keywords and topics. Further, contextual analytics often use AI and natural language processing, technologies which help marketers provide more targeted ads to consumers.
- Google Topics: The topics API groups users anonymously by interest, based on websites visited recently. Topics let marketers continue to serve targeted ads.

<sup>3</sup> A Hyperlink is an element in an HTML document that links to either another portion of a document or to another document. Hyperlinks are usually colored purple or blue.

<sup>4</sup> Backlinks are links from one website to a page on another website. Google and the major search engines consider backlinks 'votes' for a particular page. Pages with a high number of backlinks tend to have high search engine rankings.

<sup>5</sup> The Privacy Sandbox initiative aims at creating technologies that both protect people's privacy online and give businesses tools to build successful companies. The privacy sandbox reduces cross site and cross app tracking while helping to keep online content and services free of cost.

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#### **4. EVOLUTION OF E COMMERCE AND CONSUMER BEHAVIOR**

E commerce platforms are online marketplaces where consumers can buy products without travelling to physical stores, enabling the process to be flexible and economical.

Further, the growth prospects of e-commerce platforms is further driven by consumer involvement and engagement. A customer marketing strategy focuses on consumer senses, emotions, ideas, and behaviors depicted through online interactions. Moreover, unlike traditional marketing, e commerce has evolved and enabled consumers to access necessary information about companies, product offerings, and business practices from customer reviews and recommendations.

##### **4.1 ROLE OF WEBSITES IN E COMMERCE AND CONSUMER BEHAVIOR**

Companies should ensure that websites are user friendly, and that language, positioning, and the overall viewing experience is user friendly. Technology advancements such as social media, search engines, voice over IP technologies<sup>6</sup>, and various other features have enabled innovations that enhance interactivity and personalization of consumer experiences. Additionally, e commerce eliminates geographical barriers to facilitate global trade and reduced transaction costs.

E-commerce websites play a significant role in connecting small and medium sized businesses to global markets. Due to limited financial resources, SMEs are constrained to regional markets whereas MNCs have global offices and multiple sales and distribution channels.

Further, cross border e commerce enables online imports where consumers in a particular can purchase products from other countries by means of cheaper imports.

##### **4.2 CONSUMER BEHAVIOR AND PURCHASE DECISIONS**

The internet allows consumers to compare product prices, view reviews and recommendations, and search for products. Further, e commerce platforms include features that allow two-way communication with consumers to provide support and resources regarding products. Consumer databases can enable personalization/customization by tracking viewing history and various other habits.

In addition, e commerce websites are adopting augmented reality (AR) to improve consumer experience and influence purchase intentions. AR creates a technology enabled visual experience allowing consumers to view and experience the targeted product.

Another trend has been the online to offline (O2O) e-commerce model. Some consumers use e-commerce to source product data, including prices and features, whereas a majority visit offline stores for the actual purchase of the product or service. In summary, adopting the O2O model can help tap offline and online buyers by enabling widespread information access through both online and offline channels.

##### **4.3 USE OF BIG DATA IN CONSUMER MARKETING**

E-commerce companies use big data<sup>7</sup> to improve decision outcomes, product quality, performance, and operations that create a competitive advantage. With big data, firms gather and analyze customer data to customize and personalize products and services to match product quality with customer demands. In addition, it enables marketers to study patterns and project future changes.

Further, companies are adopting recommender systems to provide personalization. Recommender systems (RS) improve consumer experiences by improving navigation and easy access to products and services. RS increase revenues and enhances a company's marketing techniques since consumers are guided towards specific products or services.

#### **5. CONSUMER MARKET SEGMENTATION**

It is important to understand the various ways of segmenting the overall market keeping in mind the digital and global environment.

**Demographic Segmentation:** Demographic factors include age, gender, marital status, family income, education, religion, race. Such differences influence individual behavior, psychology, needs. Therefore, marketers need to create content that addresses the concerns of each group. In addition, age significantly influences online consumer behaviors. For example, millenials make up the largest consumer group in the e-commerce marketplace, and possess a substantial purchasing power. However, brand loyalty is limited due to increasingly changing preferences and choices, challenging organizational attempts to achieve customer retention.

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<sup>6</sup> Voice Over IP technologies allow a user to make voice calls using a broadband internet connection instead of a regular phone line. It has many names, including online phone system, cloud based phone system, virtual calling tool, etc.

<sup>7</sup> Big data is larger, complex data sets, especially from new data sources. These sources are so large that traditional data processing software cannot manage them. However, these massive data sets can be used to address business problems that could not be tackled earlier.

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**Behavioral Segmentation:** Behavior can be segmented into two types-access intensity and time. Access intensity refers to the frequency of an individual's internet access. Further, internet users can be classified as light, medium or heavy users based on the amount of time spent online within a specified duration. Light users spend minimal time online and use fewer social networking sites than medium and heavy internet users. Further, heavy internet users spend a lot of time online, therefore having more engagements and potential to target.

**Marketing Content Segmentation:** Marketing content is key in communicating an organization's values and influencing purchasing decisions. Various factors included in marketing content are originality, relevance, timeliness, simplicity, and call to action. Further, big data technologies can be used to gather and analyze consumer and marketing information to compare demands and expectations with the company's performance. In summary, marketers can identify performance gaps and implement strategies to create relevant information tools that build consumer engagement

## 6. INDIAN DIGITAL ECOSYSTEM

In order to understand the impact of digitalization on the consumer marketing ecosystem in India, it is important to understand various factors. Factors include the digital landscape, Indian cellular market, population and literacy rates, population split by age, device usage, web traffic usage by device, browser, various sources of brand discovery as well as preferred social media platforms.

### 6.1 MOBILE CONNECTIVITY FACTORS

- Cellular Mobile Connections-1.14 Billion (81.3% of Population)
- Number of Cellular Mobile Phone Connections compared with total population: 81.3%
- Year on Year change in number of cellular mobile connections: +3.1%
- Share of Cellular Mobile Connections that are Broadband: 77.1%
- Active Social Media Users (33.4% of Population)
- Internet Users (47% of Population, +5.4% Year on Year)

### 6.2 DIGITAL GROWTH OVERVIEW

- Total Population: +1% Year on Year Change (13 Million Users Added)
- Cellular Mobile Connections: +3.1% Year on Year Change (34 Million Users Added)
- Internet Users: +5.4% Year on Year Change (34 Million Users Added)
- Active Social Media Users: +4.2% Year on Year Change (19 Million Users Added)

### 6.3 POPULATION ESSENTIALS

- Total Population: 1.4 Billion
- Female Population: 48%
- Male Population: 52%
- Median Age of Population: 29
- Overall Literacy (Adults Aged 15+): 74.4%
- Female Literacy: 65.8%
- Male Literacy: 82.4%

### 6.4 POPULATION BY AGE

POPULATION AGE	% OF TOTAL POPULATION
1. Aged 0-4	8
2. Aged 5-12	13
3. Aged 13-17	9
4. Aged 18-24	12
5. Aged 25-34	17
6. Aged 35-44	14
7. Aged 45-54	11
8. Aged 55-64	8
9. Aged 65+	8

(Source: Digital 2022 Global Overview Report)

From the table above, it is clear that 42% of the Indian population is below the age of 25, therefore the potential to target the youth of the country is immense.

## 6.5 DEVICE USAGE

DEVICE TYPE	% OF USERS
1. Any Kind of Mobile Phone	97
2. Smart Phone	87
3. Laptop or Computer	56
4. Tablet Device	24
5. Tv streaming device	17

(Source: Digital 2022 Global Overview Report)

## 6.6 TIME SPENT ON VARIOUS PLATFORMS

DAILY TIME SPENT ON VARIOUS PLATFORMS	HOURS
1. Time Spent on Internet	7 hours, 19 minutes
2. Time Spent Watching Television	3 hours, 11 minutes
3. Time Spent Using Social Media	2 hours, 36 minutes
4. Time Spent Listening to Broadcast	43 minutes

(Source: Digital 2022 Global Overview Report)

From the table above, it is clear that users spend approximately one-third of their day on the internet (7 Hours, 19 Mins). Therefore, businesses can effectively use consumer marketing to target both individuals and businesses to maximize impact.

## 6.7 ACCESS TO INTERNET IN THE CONTEXT OF OTHER LIFE ESSENTIALS, AS A % OF POPULATION

1. Use the Internet	47
2. Access to Electricity	98
3. Access to Drinking Water	91
4. Access to Sanitation	71
5. Earn less than USD 3.2/Day	62

(Source: Digital 2022 Global Overview Report)

## 6.8 SHARE OF WEB TRAFFIC BY DEVICE

DEVICE TYPE	% OF TOTAL USERS
1. Mobile Phones	76
2. Laptops and Desktop Computers	24
3. Tablet Device	0.4

(Source: Digital 2022 Global Overview Report)

The table above clearly demonstrates that 76% of device owners use mobile phones, whereas only 24% use laptops and desktop computers. Therefore, it is evident that consumer marketing needs to be mobile friendly.

## 6.8 SHARE OF WEB TRAFFIC BY BROWSER

BROWSER TYPE	% OF TOTAL
1. Chrome	87
2. Safari	3
3. Microsoft Edge	1
4. Firefox	2
5. Samsung Internet	2
6. Opera	3
7. UC Browser	3

(Source: Digital 2022 Global Overview Report)

In India, Chrome is the most widely used browser, accounting for 87% of the total browser traffic. Therefore, the gradual elimination of third party cookies would significantly change the way companies would need to target businesses as well as individuals.



SEARCH ENGINE TYPE	MARKET SHARE (%)
1. Google	99
2. Bing	1
3. Baidu	0.1
4. Yahoo	0.3
5. Yandex	0.01
6. Duckduck Go	0.05

(Source: Digital 2022 Global Overview Report)

Google has a monopoly on the search engine usage, accounting for 99% of overall search engine traffic.

### 6.9 FAVORITE SOCIAL MEDIA PLATFORMS

PLATFORM	% OF USERS
1. Instagram	31
2. Whatsapp	26
3. Facebook	16
4. Telegram	5
5. Pinterest	2
6. Snapchat	2
7. Facebook Messenger	2
8. Twitter	2
9. LinkedIn	2

(Source: Digital 2022 Global Overview Report)

In India, Instagram, Whatsapp and Facebook make up approximately 75% of the total market share in terms of preferred social media platforms.

### SOURCES OF BRAND DISCOVERY

SOURCE	% OF TOTAL
1. TV Advertisements	35
2. Search Engines	35
3. Social Media Ads	33
4. Offline Retail Sites	31
5. TV Shows and Films	30
6. Website Advertisements	28
7. Brand Websites	28
8. Ads in Mobile Apps	27
9. Customer Review Sites	24
10. Print Ads	24
11. Social Media Comments	23
12. Word of Mouth	23
13. Online Videos	22
14. Reviews from Expert Bloggers	21
15. Music Streaming Ads	20

(Source: Digital 2022 Global Overview Report)

### VALUE OF DIGITAL ADVERTISING MARKET

1. Classifieds	101 Mn USD
2. Video Ads	696 Mn USD
3. Banner Ads	1 Bn USD
4. Search Ads	869 Mn USD
TOTAL	2.7 Bn USD

(Source: Digital 2022 Global Overview Report)

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Classified advertisements are placed in newspapers, online sources and other periodicals, valued at a little over a 100 Mn USD. Further, Video ads are a 700 Mn USD market.

## **7. CONCLUSION**

Technological advancements have led to the digitization of information and non- information products, encouraging firms to recreate their marketing strategy. Online businesses facilitate a consumer marketing strategy that is interaction and information based to enhance efficiency, experiences and satisfaction.

For example, online businesses make use of design features that ensure responsiveness, clarity, consistency and concision to increase engagement. Websites and social networking sites used together enable increased connectivity and interactivity.

Further, e commerce integrates IT and big data technologies to increase personalization of customer experience. In addition, data analytical tools enable companies and marketers to track and analyze consumer behaviors and their implications on purchasing decisions. In conclusion, in the current global business environment, understanding consumer perspectives and needs is critical in ensuring the success of e commerce businesses.

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