



Digital Advertising in FMCG Sector

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Abstract

Digital Advertising is the biggest earners in the Indian online market and is expected to grow by 24 per cent by 2020. This could be made possible by the usage of Social Media. The people who incorporate this technology can grow consistently. Frequent updation and knowledge of information need to be there in Digital Advertising so that people could get aware of your brand and be interested in it. Usage of Blockchain technology could reduce fraudulent traffics thereby food marketers must look in for the profit gained from technology investment. With some focus on upcoming technology Digital Advertising in FMCG Sector makes a huge hit among people.

Introduction:

FMCG Industry:

Fast-moving consumer goods (FMCG) sector is the 4th largest sector in Indian economy with Household and Personal Care accounting for 50 per cent of FMCG sales in India. Growing awareness is easy to access and change the lifestyles. FMCG Sector in India has recorded the market size is US\$ 52.75 billion in 2017-18 and this has been the largest contributor. In future FMCG market will also grow vastly in rural when compared to urban India. Semi-urban and rural segments grow at a rapid pace it spends 50%. By 2020, revenues of this sector would reach to US\$ 104 billion

Digital Advertising:

With digital advertising, we could reach the right people with right message at right time. There is no necessity to rely on people for Billboards, 30-second TV slot or seeing an advert.

Digital advertising, also known as Internet marketing / Internet advertising makes businesses leverage Internet technologies to deliver promotional ads to consumers. It also delivers advertisements and messages through email, social media websites, online advertising on search engines, banner ads on mobile or Web sites and affiliates programs.

Steps for digital advertising campaign

Advertisers always refer to advertising with three steps called advertising sales Funnel. Through these steps, one can track customers. The steps are:

Step 1:

Increase brand awareness:

Firstly let your target audience know the existing product or service that your company is having as awareness is essential as it introduces your product or brand to the world.

Step 2:

Get people to consider your brand:



Once people are aware of your product or service, let them start to think about it and look for more information. At this level, make the product or service recognizable among people. This makes them purchase a product which they weren't planning to buy.

Step 3:

Get people to make a purchase:

This is the final stage, people are aware of the brand and have considered the product or service to purchase either offline or online. Yet nurture new customers and get them to purchase in the future.

Why do people advertise?

Each type of business has to advertise their product for some reasons such as: to make their target audience aware of their brand, to create a buzz around their brand and to satisfy people with your product or service.

Why a firm has to consider digital advertising?

Digital advertising gives unique and useful features to a business, they are:

•Advanced targeting options –

Targeting is the most important benefit of online advertising as it gives the advertisers an ability to show their adverts only to a specific type of people. For instance, in Facebook there are over billions of active users if advertisers chose to target only a selected number of Facebook users then business adverts will be shown only to those specific set of people.

•Advert scheduling and budgeting controls –

With online advertising, one can control the schedule and budget for your adverts. Most online tools allow the advertisers to choose where and in what format do their adverts want to appear online? Digital adverts are more flexible than traditional adverts. For instance, on Facebook, one can update their adverts schedule and budget at any time.

•Advert tracking and performance metrics –

Digital advertising allows its advertisers to track the performance of their advert in real time. If the adverts are under-performing, one could turn them off. If the advert is performing well, one can increase its budget to reach more people. On Facebook, this could be done using Facebook Pixel thereby could easily understand How many have seen your advert? and How have they reacted to that?

8 Reasons on how digital advertising works for Food Companies:

1. Digital Advertising Drives Sales and ROI:

Nielsen has done 800 studies for the past 7 years which consisted of more than 300 CPG brands and 80 companies to get the correlation between online advertising and offline consumer purchases. He concluded by saying that brands will gain ROI for every dollar spent through online advertising. "Revenue / Advertising Cost = Payback".

2. Digital Advertising enhances the effectiveness of Non- Digital Media Channels:

According to a study Digital advertising not only delivers ROI but also makes other media spend and work harder. The study has also compared the difference in ROI performance between studies that have an online element and those that do not have, the results were striking – when an online element is added to media mix ROI campaign had a positive impact.

3. Digital Advertising is effective across the Entire Customer Journey

Mc Kinsey discovered that digital channels give a path to purchase a product (automotive consumer decision journey). With traditional media, brands constrain their ability to influence the prospects across the entire journey.

4. Digital Advertising drives Word of Mouth at Scale:

According to Nielsen 92% of consumers believe in recommendations (ie, Word of Mouth).

Recommendations impacts consumer purchase decision. 57% of purchase decisions are made on this.

Online shares are as valuable as in-person recommendations. 9.5% of people purchases product when shared online whereas 10.6% decides when recommended in-person.

5. Digital Creative Drives Interactive and Lifts Brands:

Another study showed that Ads with creative quality drives more than half of the sales. Creative ads add a new dimension to sight, sound and motion and with great interaction, brands are made more effective. 3 ad campaign was held to show that majority of the consumers interact more with Mobile Rating Star ad which led to brand lift after interacting. (83% had good impression towards the brand, 74% recalled the brand, 22% recalled the message and 12% recommended the brand).

6. Digital Advertising is more efficient than Traditional Media

7. Digital Advertising is essential in Reaching an Audience:

In 2013, a study was held to know the time spent on TV and digital media among adults. It revealed that the adults spend more time in Digital Media than on TV.

8. Digital Advertising is more effective

Review of Literature:

1. Author: Hsu-Hsien Chi; Pages 44-61 | published online: 01 Jul 2013

Interactive Digital Advertising vs. Virtual Brand Community

Exploratory Study of User Motivation and Social Media Marketing Responses in Taiwan

This article is all about User Motivation and Social Media Marketing. It says that there are two types of User Motivation and Social Media Marketing. User Motivation consists of Need for Social Capital and Psychological well-being while Social Media Marketing is of Interactive Digital Advertising and Virtual Brand Community. Facebook provides a target social networking website. In this study they held a survey among 502 college-aged Facebook users in Taiwan; it revealed that users responded more to Facebook advertising than Virtual Brand Communities. User motivation for online social networking had varying effects on Social Media Marketing responses. These results were the key implications in Social Media Marketing.

2. Authors: Shu-Chuan Chu & Yoojung Kim; Pages 47-75 | Published online: 07 Jan 2015

Determinants of consumer engagement in electronic word-of-mouth (eWOM) in social networking sites

This article is all about consumer engagement with e-WOM in Social Networking Sites. Majority of the marketers incorporates social media as an integral part of the promotional mix. This study examines how social relationship factors relate to e-WOM. A Conceptual Model was identified as e-WOM behaviour in Social Network Sites (SNS), later was developed and tested. The results confirm that the overall users of e-WOM are positively associated with tie strength, trust, normative and informational influence, whereas a negative relationship was with homophile. This study suggests that product-focused e-WOM in SNS is unique with necessary social implications. The implications of Social Media Regulation are further discussed in this article.

3. Authors: **Lauren I. Labrecque**; Journal of Interactive Marketing; **Volume 28, Issue 2, May 2014, Pages 134-148**
Fostering Consumer–Brand Relationships in Social Media Environments: The Role Of Parasocial Interaction

This article says that consumer expectations are amplified as brands solidify their place in social media environments thus spurs the development in technologies. Brands should understand the way to maintain the relationship, offered by social media. It is essential to have interactions with consumers to know their expectation. This research proposes Para-Social Interaction (PSI) theory also used as a theoretical lens for designing successful social media strategies. The analysis reveals that the sense of feeling that is connected with the brand is beyond the interaction and drives them into an increased feeling of loyalty and willingness to the brand. These effects may not make the consumers be aware of that brand but offer marketers with a theoretical guidance for cohesive relationships in social media environments.

4. Authors: **Christy Ashley Tracy Tuten**; First published: 11 December 2014; Cited by: 92
Creative Strategies in Social Media Marketing: An Exploratory Study of Branded Social Content and Consumer Engagement

This article employed a content analysis for the content shared by a sample of top brands in social media. The author questions, how could branded social media channels relate content as creative strategies with consumer engagement? He also suggests that brands must focus on social presence with a content that is fresh and frequent according to a past research. Through consumer participation, incentives are included later on. Thereby this study insists brands to come up with frequent updates in social media.

5. Authors: **Yuping Liu & L. J. Shrum**; Pages 53-64 | published online: 31 May 2013

What is Interactivity and is it always Such a Good Thing? Implications of Definition, Person, and Situation for the Influence of Interactivity on Advertising Effectiveness

Mostly interactivity is a good thing which changes marketing and advertising. Though it is an advantage to marketing and advertising somehow it may pose a disadvantage in some condition. In this article, the author studies the nature of interactivity and its process to determine the conditions in which interactions are useful and detrimental in an advertising context. It has provided a definition of interactivity to encompass various dimensions. In previous studies, it was found

difficult to draw conclusions on the role of interactivity thereby this article has said to focus on various dimensions of interactivity. Also, the influence of interactivity on advertising effectiveness depends on a person and situations.

6. **Authors:** Gian Fulgoni , Andrew Lipsman

Location: Journal of Advertising Research , ISSN 0021-8499, Vol. 54, No. 1, 2014 , p. 11-16

Digital game changers: how social media will help user in the age of mobile and multi-platform campaign-effective measurement.

This article examines the impact of dramatic increases in the use of mobiles. It examines the difference between the Audiences for the mobile advertising and the Marketers, do they spend for it? It revealed that the advertisers are reluctant to invest in new media. Big data was used to examine the effectiveness of using the Internet and mobile advertising.

7. **Authors: Maria Teresa Pinheiro Melo Borges Tiago José Manuel Cristóvão Veríssimo;**

Business Horizons; Volume 57, Issue 6, November–December 2014, Pages 703-708

Digital marketing and social media: Why bother?

Firms should rethink their marketing strategies in the digital age as the consumer's behavior change. A significant research says that "it is more focused on the customers rather than its firm". This study facilitates the firms to understand the benefits and inhibitors of digital marketing and social media usage. Now-a-days Internet-based marketing allows the firms to implement innovative forms of communication and content. Firms should focus on digital marketing engagement according to its benefits and digital marketing usage. To improve digital marketing engagement, marketers must focus on relationship-based interactions with their customers. This article demonstrates, how others firms have already taken up digital marketing engagement.

8. **Authors: Ginger Killian Kristy McManus;** Business Horizons, **Volume 58, Issue**

5, September–October 2015, Pages 539-549

A marketing communications approach for the digital era: Managerial guidelines for social media integration

Even though social media is the source between consumers and their brands an academic research was held to understand how social media is kept as an existing marketing communication strategy for firms? They also held interviews with managers to understand the firms approach towards incorporating social media in an existing firm. It says that the managers have categorized social platforms into four categories such as relationship management, news gathering, creativity, and entertainment. A brand personality was created in each platform such as consistency, customization, commitment, and caution as social platforms differ. The study shows how a brand manager utilizes social media as a communication strategy to understand and address individual customer needs. The authors also suggested a number of tools to guide implementation and management of social media.

9. **Author(s): Katherine Taken Smith (Management, Marketing, and Business**

Administration, Murray State University, Murray, Kentucky, USA); Journal Of Consumer Marketing, 2012; Volume 29, Issue 2 - emeraldinsight.com

Longitudinal Study Of Digital Marketing Strategies Targeting Millennials

This study is done to determine how Millennials prefer digital marketing and are they effective in influencing their behaviour? They did a study for 3 years from 2009 to 2011 among Millennials at southwest US University. It resulted that Millennials had preferences towards certain forms of online advertising. There are more effective digital marketing strategies in order to grab the attention of the Millennials. To implement it practically one should consider the preferences of the Target Audience thereby increases Repeat Visit to a Website and Encourages them to write an online review. Though online advertising has become the fastest growing advertising medium, only a small part is spent for Internet advertising by the firms. It concludes by saying that there are potential growth and value in using digital marketing when aimed at Millennials, but marketing strategies must be perceived positively for the upcoming generation.

10. Authors: **Andrew Lipsman, Graham Mudd, Mike Rich, Sean Bruich**, Journal of Advertising Research, 10.2501/JAR-52-1-040-052 Published 1 March 2012

The Power of “Like” How Brands Reach (and Influence) Fans Through Social-Media Marketing

Facebook is a dominant social networking site with numerous visitors. The authors say that the reach and frequency in social media are the brand impressions. When a post is liked by a fan immediately the friend of a fan could also view it thereby increases reach. Marketers could choose to post their information segment wise that is according to demographic and behavioural profiles. Thereby the authors conclude by saying marketers must focus on the reach of their brand through content and they must realize the ample benefit through technology.

The Growth of Digital Advertising in India:

The Indian advertising industry is expected to raise Rs 776 billion, by penetration of mobiles, according to an industry report.

Currently, social media digital ad spend 28 per cent, by search at 26 per cent, display 21 per cent and by video at 19 per cent. Videos are expected to have the highest growth at CAGR of 38 per cent. Spending on mobile is expected to grow by 49 per cent at CAGR and overtakes spending on desktops and reaches 60 per cent by 2020.

E-commerce is the biggest spender on digital media, contributes 19 per cent of digital spend, followed by FMCG at 13 per cent and telecom at 12 per cent.

As per a report, Dentsu Aegis Network-e4m Digital Report: advertising industry is currently to be Rs 559 billion and will be expected to grow at 32 per cent of compound annual growth rate (CAGR)

and would reach Rs 189 billion by 2020. "Digital media currently contributes 15 per cent of the total advertising industry but expected to reach 24 per cent of the entire market by 2020," "Some of the drivers for the growth of digital media in the near future will be video content along with engaging mobile experience, voice-based interaction, transformations in payment mechanisms, etc,".

Trends in Digital Advertising:

In recent years digital advertising has shifted from desktop to mobile. Mobile First Approach is mostly a preferable method for Digital Advertising.

The future of Digital Advertising has come with interesting advertising trends which will have a strong impact in the rest 2018 period:

Mobile First Advertising:

Mobile first advertising was found to notify consumers by taking care of their websites and digital forms of communication. Also takes care of the relationship between the brand and customers from multiple sources. The firms must craft their own strategy towards mobile devices. In 2018 two-thirds of the people uses social media through mobile devices. Millennials (the age group of 18-34) are the fastest growing consumer demographic in 2018. Their key attribute is that they have involved in digital since they were children. According to Pew Research Poll in 2015, 15% of people in the age group of 18-34 rely on smartphones for all their online activity. Thus all digital marketers could go for the adoption of Mobile-First approach through this they could hit many facets of the marketing process.

Press Play on Video Advertising:

Video ads in digital marketing convey a lot of information effectively within a short period of time. As reading taking ten minutes or longer rather spoken words take half the time and reaches effectively. According to a research Videos represent 80% of internet traffic by 2019. By these videos, 64% of the people make their buying decision by watching the video. People share more video rather than texts. Marketers could drive the game and make improvements in their performance as video ads explode. Also marketers take 80% of advantage + public attention through channels like Youtube and Facebook. When there are more reactions to Video Ads then it leads to an increase in sales. Some e-commerce marketplaces like e-bay and Amazon has said that video ads have increased buying chances over 35%.

The Next Big Thing Ad tech:

Voice search technology has taken consumer market. Amazon has sold over 20 billion Echo units also Google home has gained grounds up to 24% of market share in 2015. Also, smart hubs and visual search like



Google Lens, Pinterest Lens and Amazon's Cam will become firmly established in 2018. These products allow people to take picture of an item and then search for that item. As technologies develop there will be many more advertising opportunities.

There's an app for that:

Advertisers have a huge opportunity to place their ads through apps like Messenger and Whatsapp.

Location Based advertising in the world of now:

Geo-targeted and GPS enabled mobile devices have made it easy for digital marketers to focus their customers on where are and find the perfect time to reach out for maximum effectiveness in their campaigns. Location Based advertising tactics would be push notifications and text messaging thereby retains and engages customers.

Capturing and Guiding Micro-Moments:

There are high opportunities for brands everywhere who offers consumers, instant information upon their request. Micro-Moment is that at any instance consumer would interact with a business on a device. People use this to discover answers to questions to solve their problem. 82% of users consult their phones while shopping.66% of users consult their phones to discover something new or to know what they have seen in a TV ad.

Typing it all together:

The above is only a scratch on the surface of some of the technologies in front of the digital marketing game. Things like omni-channel marketing, out stream video chatbots and advanced marketing, automation based machine learning likely will be taking place in the year 2019.

Blockchain could be helpful for Digital Users:

Blockchain trends for the past few years, as \$2.1 billion dollars is been forecasted and people would invest in the technology by 2018. While people have shifted their eyes and investments on blockchain as digital currencies like Bitcoin. Blockchain technology could be incorporated in financial terms that is by advertisers and advertising agencies. Investing in blockchain technology for digital advertising would change the world landscape.

Why is Blockchain so Important?

Companies could use this technology to secure their relevant information as there are numerous duplicated networks of computers and updated regularly.

This technology could make the whole data process safer and less likely to be hacked.

A New Payout Process for Advertisers

For advertisers, blockchain could be used to run ads and pay distributors and publishers. Its design makes it difficult for hackers to commit fraud. Advertisers will not only be secure when paying out publishers but also could reduce fraudulent traffic.

James Hercher, an AdExchanger reporter, said that advertisers and online publishers hope that blockchain could be used for those who do wrong digital ad spaces.



While Hercher also questions that “Why blockchain is not ready for implementation?” It considers how to prevent hacking and fraudulent traffic

Challenges:

Increased Security Risk: As more information of people is been shared through online there are more possible ways to get hacked since people shop online, pay bills, submit important documents and much more.

Cluttered Marketing: This is a competitive world having billions of websites. The one question that arises from every online advertiser is that “How to make our website different from others?”

Less Focus on Keywords: In the past, keywords were like bread and butter of SEO. Finding the right keywords and using them in the right way helps the marketers get more traffic and exposure. Now keywords have become less important as Google’s algorithm change. They are used but not focused. Instead, Google’s senses the overall tone and shape of your website makes it a topical approach rather than to seek and find.

More Ad Blockers: Usage of ad blocking is a big challenge for the marketers to make the people see their ads. According to a research from Page Fair people leave the site if they are asked to disable ads.

Increased Ad Costs: Right advertising could get exposure to that company but there is a need to pay more for it as there are more competition networks like Google and Facebook are pushing up prices across the boards.

How to overcome these challenges?

Security Risk: Secure the site by using HTTPS. Create measures to reduce risk.

Cluttered Market: SEO is the only way to raise the site and also the site must have valuable and unique content. Think from the reader’s point of view and create content also provide them solutions to their problems. Make emotional appeals.

Less Focus on Keywords: Search for phrases rather than keywords. Build content for the topics rather than writing a blog for each keyword.

Ad Blockers: Marketers should not give disable option for ads instead make people watch it mandatorily.

Ad Costs: Create best ads, place them in right networks and ensure that you get maximum ROI

Conclusion:

Advertising plays a major role in promoting one’s brand. For food marketers, it is better to advertise according to consumer’s availability. Majority of the young adults are addicted to social media. A statistical data on Top Social Media Usage: Facebook has 241 million active users in India according to The Next Web contributor Simon Kemp, Google has revealed that Youtube has 225 million monthly active users on mobile phones alone, Instagram has 67 million monthly active users. Whatsapp has 1 billion users every day. According to this data social media usage is more



and certainly will be increasing day by day thereby when marketers promote their product in a creative way it would reach millions of people in a fraction of second through technology.

For instance, Unilever has increased its digital advertising spending by 40% last year, allocates 35% of U.S. budget to digital, while Procter & Gamble spends a third of U.S. advertising budget on digital media.

Digital advertising is an essential tool to promote your brand and increase recognition etc. Thereby frequent updation must be there to position your brand in the minds of people. Marketers must Stay informed, be knowledgeable, and ready to be an early adopter of the upcoming technology.

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