# Future Prospect of Digital Marketing with Reference to Online Ad Banners and DWOM in India

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## Abstract

*Digital marketing is the unified processes of constructing and maintaining customer relationships using electronic devices to establish the exchange and flow of products, and services in the market. It is marketing that bridges electronic technology with psychology in the marketplace. The intention of this study is to understand future prospect of digital marketing with reference to online ad banners and Digital word of mouth (DWOM) in the form user generated product reviews and ratings. The study in based on the analysis of current literature and statistical facts and figures available on the subject. The study reveals Digital Media Industry is standing in the midst of immense growth and moving at a speed that's way faster than any other media avenues. In this wake, it is important for Advertisers, Agencies and Ad networks to understand how this industry will shape up in the next couple of years.*

## Introduction

The Indian Advertising Industry has gone over a massive revolution with the dawn of Internet in India; brands have started adopting Digital platforms to reach out to the increasingly digital audience. Greater effectiveness and possibility of hyper targeting are the prime reasons for adoptions of Digital platforms viz. Mobile/PC among Marketers.

The new era of advertising has been largely driven by digitisation and high Internet usage over time. For most users, the Internet has become a key platform of engagement thanks to social networking, e-mails, web browsing, entertainment, etc. Since the past few years, consumers have started accommodating mobile devices as an important medium of communication and as a medium for gaining information about new/existing products/ services in the market, information on current trends, happenings, etc. Mobile devices have also become the de-facto screen for the rural population. One of the reasons behind this is that mobile phones have become highly affordable. Also, in an environment where

electricity supply is irregular, a mobile device becomes a more dependable medium than television. From the consumer's research perspective, there has been a shift in the trend from offline research to online research. The collective intelligence of online review sites and social media has allowed consumers to easily access second opinions. As consumers seek input from online sources before buying, it becomes easy for brands to attract traffic with the help of mobile advertising. Mobile advertisements have become popular as they are catchy, innovative and convey the message clearly.

**Online ad banners:**

- Revenue in the "Banner Advertising" segment amounts to US$345m in 2017.
- Revenue is expected to show an annual growth rate (CAGR 2017-2021) of 16.5 % resulting in a market volume of US$635m in 2021.
- The average revenue per Internet user currently amounts to US$0.7
- The revenue in the "Banner Advertising" segment currently corresponds to 0.01 % of the country's GDP

## Product reviews and ratings

The company provides a service to their customers, and those customers communicate their experience to the world through online medium often online reviews. These reviews contribute to the digital portfolio of every business. Your local business clients need reviews. Aside from building customer trust and helping with SEO, Google's mark up of a company or product in search can now include reviews and ratings.

More than 88% of online shoppers integrate reviews into their purchase decision. Online reviews are no joke, and there are many situations businesses need to avoid.

### Positive v/s Negative Reviews

When a company provides a service, the customer is either satisfied or dissatisfied. In the digital world today, customers often take their experience straight to the web. If the customer expresses a positive experience, the review can be enlarged on the web and social media to encourage others. But when the experience is negative, companies need to respond quickly. This needs to be done for the customer who left the review, but maybe more significantly important, for everyone else reading the reviews after. It is always a great feeling to read and hear

positive reviews of your company, but negative reviews should be considered an opportunity for the business to do better.

## Literature review:

The Indian advertising industry currently stands at INR 56,398 cr. and it grows at a rate of 14% to reach INR 64,488cr in 2017. TV and print contribute to the largest share while digital advertising contributes to 12% of the overall advertising share in India. Among industry verticals, the e-commerce sector contributes the highest proportion (25%) of its overall marketing budget towards digital media. The share of spends on digital media is expected to reach 24% by 2020 from the current 12%. The reason behind this growth will be a shift from traditional mediums to digital mediums due to greater effective and benefits of hyper-targeting. The digital advertising industry currently stands at INR 6,825 cr and is expected to grow at a CAGR of 37% to reach INR 23,795 due to an increase in consumer adoption of mobile phones as an important medium of communication along with increased Internet usage. An additional opportunity for marketers to attract a diverse audience is by including local language content because it has been observed that a large majority of the Internet users in India are most comfortable while viewing content and interacting in their respective local language. The key players in the digital advertising ecosystem are advertisers, agencies, publishers and ad networks. All of them are tightly linked to each other for the primary purpose of selling and buying of inventories. From an advertiser's perspective, there are concerns regarding the digital medium, which include the need to continuously upgrade technology, time consuming content creation, lack of content, etc. But the future of this medium looks strong with the evolution of new agencies, entry of rural consumers, audience engagement, programmatic ad buying, and other factors at play. The following are facts and figures of online ad banner and product reviews and ratings

**50 stats that show the importance of online reviews**

**1.** 92% of consumers now read online reviews vs. 88% in 2014

**2**. 40% of consumers form an opinion by reading just one to three reviews vs. 29% in 2014

**3**. Star rating is the number one factor used by consumers to judge a business

**4**. 44% say a review must be written within one month to be relevant. This

highlights the importance of decency in reviews!

**5**. 68% say positive reviews make them trust a local business more vs. 72% in 2014

**6**. 43% of consumers search a business by reviews at least one time per month vs. 38% in 2014

**7**. 60% of consumers have searched a business at least six times per year vs. 56% in 2014

**8**. There has been a considerable decrease in those that "never" search for a local business online, down from 22% to 9%, and an increase in those that search for a local business every day, up from 7% to 14%

**9**. 73% have read online reviews on a desktop

**10**. 38% have read online reviews on mobile internet vs 24% on a mobile app

**11**. 29% have read reviews on a tablet

**12**. 33% believe all local businesses should have websites designed for mobile vs. 25% in 2013

**13**. 61% are more likely to contact a local business if they have a mobile optimized site

**14**. In 2016, 13.5% of online reviews mention the words "friendly" or "rude," and 26.8% talk about the service!

**15**. 73% of consumers form an opinion by reading up to six reviews vs. 64% in 2014

**16**. 88% of consumers form an opinion by reading up to ten reviews vs. 84% in 2014. This means it's important to have a large body of reviews, as customers are reading more reviews now than in all years past.

**17**. Only 12% are prepared to read more than 10 reviews vs. 16% in 2014

**18**. 26% of consumers say it's important that a local business responds to its reviews

**19**. Only 14% of consumers would consider using a business with a one or two star rating

**20**. 57% of consumers would use a business with a three star rating

**21**. 94% of consumers would use a business with a four star rating

**22**. 51% of consumers will select a local business if it has positive reviews

**23.** 88% trust reviews as much as personal recommendations, vs. 83% in 2014

**24**. 48% will visit a company's website after reading positive reviews

**25**. 23% will visit the business premises directly after reading positive reviews

**26**. 9% of consumers will phone a business after reading positive reviews

**27**. 95% of consumers suspect censorship or faked reviews when they don't see bad scores

**28**. Reliability (27%), expertise (21%) and professionalism (18%) remain the most important attributes to consumers

**29**. More consumers are interested in "good value" than before, while less are concerned about the "expertise" of a business

**30**. Word of mouth is still the most popular method of recommendation for consumers despite a 2% drop year over year

**31**. On average, a consumer will look at over 10 information sources before making a purchase

**32**. Over half of young people aged 18 to 34 say they trust online reviews more than the opinions of friends and family

**33**. 88% of online shoppers incorporate reviews into their purchase decision

**34**. Consumers who read reviews on a smartphone are 127% more likely to buy than those who read reviews on desktops

**35**. Reviews are especially important for local searches as they influence up to 10% of the ranking

**36**. Only reviews from friends and family are trusted more than online reviews. Reviews from experts and celebrity endorsements are less trusted than online reviews

**37**. 30% of consumers assume online reviews are fake if there are no negative reviews

**38**. The three online platforms dedicated to reviews with the most global traffic are: yelp, trip advisor, foursquare

**39**. 58% of consumers said they have recently (within the past five years) began leaving more and more online reviews based upon customer service

**40**. 100% of customers who make over $150,000 annually claim to leave reviews when it comes to a poor customer service experience

**41**. Reviews of 50 or more, per product can mean a 4.6% increase in conversion rates

**42**. 63% of customers are more likely to make a purchase from a site which has user reviews

**43**. Customers are 105% more likely to purchase while visiting, when site visitors interact with both reviews and customer questions and answers, and spend 11% more than visitors who don't interact

**44**. Reviews produce an average of 18% uplift in sales

**45**. 64% of consumers would read online reviews when purchasing technology items

**46**. 68% of consumers trust reviews more when they see both good and bad scores

**47**. Between one and three bad online reviews would be enough to deter the majority (67%) of shoppers from purchasing a product or service

**48**. 86% of people will hesitate to purchase from a business that has negative online reviews

**49**. Number of reviews posted every minute by Yelp users is 26,380

**50**. If a business resolves its issue quickly and efficiently, 95% of unhappy customers return back to your business

Online reviews are increasingly important, both to consumers and businesses. Help your clients manage their online reputation and generate reviews to stay ahead of the competition. More and more consumers are adapting to consult online reviews before making any purchasing decisions. In the olden days, personal recommendations were the key to influence a buyer's decisions, but because we now live in a digital world, today these decisions are influenced by online reviews.

**Data Analysis**
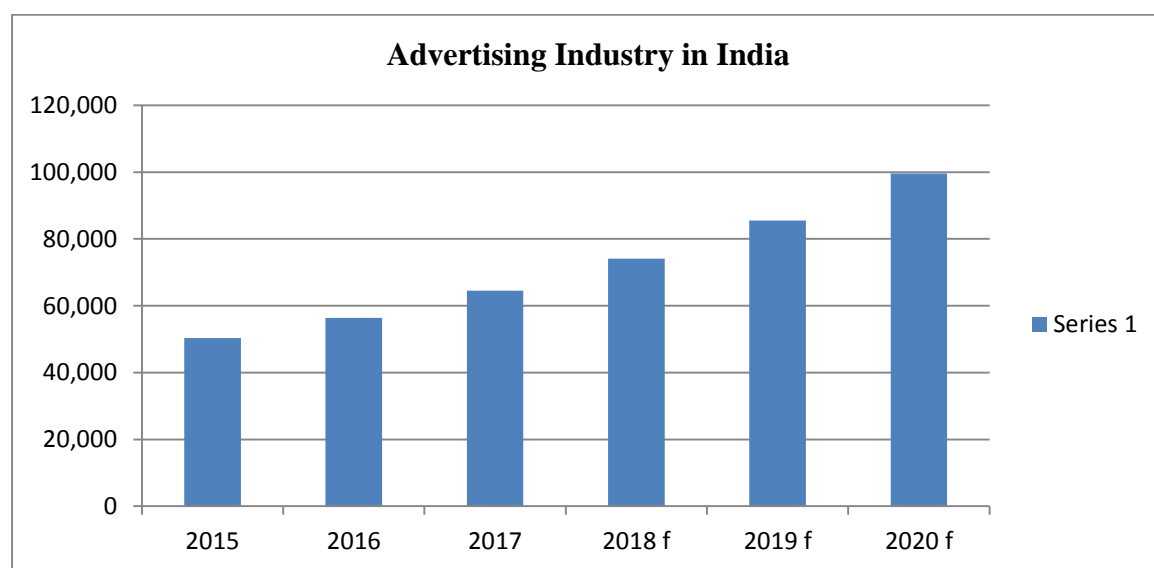
People trust online reviews as closely as personal recommendations, and as the stats have revealed, sometimes more. Online reviews play a huge role in getting customers to research a product or service, and research is the first step toward a buying decision.

## Objectives of the study

- To know the future prospect of digital marketing with reference to online ad banners and user generated product reviews and ratings in India.

## Research Methodology

This study has been carried out through the survey of current statistical reports and existing literature available on the subject.



Chart: Advertising Industry in India — Series 1, years 2015, 2016, 2017, 2018 f, 2019 f, 2020 f with values rising from ~50,000 to ~100,000.

All Figures in INR Crores - Source: Dentsu Aegis Network Estimates 2015-16

The overall advertising industry in India stood at INR 56,398 cr as of 2016. This is expected to grow by 14% to reach INR 64,488 cr by 2017 and with a CAGR of 15% to reach INR 99,595 cr by the end of 2020. A huge proportion of this growth can be recognized to the increasing penetration of internet access and smartphone ownership in India.

Digital media has been the harbinger of growth for the advertising industry in India. Every year cumulative proportion of marketing budget is being spent on digital media thanks to the increasing attraction of the consumer towards the digital experience. With the smartphone becoming more affordable, digital screens will soon become the primary source of media consumption in the Indian digital world. As indicated previously, the Indian advertising industry presently stands at INR 56,398 cr with spends on traditional accounting for 88%, while digital media spends stand at INR 6,825 cr and accounts for 12% of total ad spends. Among the various traditional media, spends on television stand at 41% with INR 22,872 cr, followed by print (36%), Out of Home (6%) and the remaining budget distributed across radio and in cinema advertising.

## Conclusion

The Indian Advertising Industry has gone through a massive revolution with the advent of Internet in India; brands have started adopting Digital platforms to reach out to the increasingly digital audience. Greater effectiveness and possibility of hyper targeting are the prime reasons for adoptions of Digital platforms viz. Mobile/PC among Marketers. It has been concluded that the digital marketing will soon dominate the traditional practices in the marketing segment.

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