



International Journal of Applied Business and Economic Research

ISSN : 0972-7302

available at <http://www.serialsjournals.com>

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Volume 15 • Number 22 (Part 2) • 2017

Effectiveness of Digital Marketing a Descriptive Analysis

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ABSTRACT

Purpose: This article studies about the perception of Digital Marketing among the Indian youth. It also tries to showcase the effectiveness of various Digital Marketing Channels.

Design/Methodology/Approach: The survey method was used to get the responses from the customers. Total 300 customers were approached from which 250 fully filled forms were received.

Factor analysis and Descriptive analysis is used to study the perception, importance of digital marketing and various digital media channels.

Findings: From the results Social Networking Site emerges to be most effective media tool, followed by Search Engine Optimization (SEO) and Web Portals. It can be seen that Indian youth is divided over digital marketing.

Research Limitations/Implications: Future research can be conducted using different methodologies, such as interviews, focus groups discussion and expert talks to study the perception, effectiveness regarding Digital Marketing regardless of geographical boundaries.

Keywords: Digital Marketing, Effectiveness, Digital Channels.

1. INTRODUCTION

“I definitely think the move online happened much quicker and in a much bigger way than any of us had anticipated,” says Jeff Hilton, partner and co-founder of Brand Hive, Salt Lake City. Digital marketing is the use of technologies to help marketing activities in order to improve customer knowledge by matching their needs (Chaffey, 2013). Although print, TV and radio ads still are effective, only digital offers a direct means of communication with consumers while also pandering to the ways that they view digital media,

such as through cell phones and tablets. Digital Marketing is clearly experiencing the greatest growth. In an increasingly frenetic world, time has become a currency.

Digital Marketing is also denoted to as e-marketing and it takes account of digital or online advertising, which is used to deliver marketing messages to customers. Fader and Winer (2012) describes 90's decade as the e-commerce decade while the start of 21st century as the era of social commerce. IBM conducted a study which was based on the interviews of Chief Marketing Officer (CMO) to confirm the presence and role of digital marketing in present times (IBM Institute for Business Value, 2011). "Digital has made the acquisition of information, purchasing and even community/connection much more convenient and immediate," says Michael Simon, CMO for Bai Brands of Hamilton. With almost 32 billion search queries on Google and about 50 million Tweets a day, 115 million people create a huge online content (Albuquerque et. al., 2012; Zhang, Evgeniou, Padmanabhan, and Richard, 2012).

Day (2011), identified that the market disintegration is global phenomena but internet emerges one of the major force behind it. In present times, digital media channels like SNS, Video portals, Virtual Forums, Web portals etc are playing a crucial role in any marketing campaign. The Marketing Manager is spending on social media to increase the fan base for their brands which will have a positive effect on their brand's image and hence will lead to more popularity (De Vries, Gensler, and Leeftang, 2012; Dholakia and Durham, 2010). The spending on digital advertising by companies was more than \$60 billion (Lane 2008). It is possible just because of the enormous network of internet user, with their data available online and real-time sharing of their reviews, feedbacks about the products and service available. This latest development in the environment is not risk-free Moe and Schweidel (2012).

With the growing popularity of Social Networking Site especially Facebook by 2011, it was found that various brands are being followed by the 50 percent of social media users which motivates the companies to invest more on social media platform and the figure by 2011 was USD 4.3 billion (Williamson, 2011). Brand managers are not able to control the communication to create brand marketing strategies (Deighton, 2007; Fader, 2012; Moe and Schweidel, 2012).

The internet is not only used for commercial purposes of selling and buying of products and services but it is also used as a medium to stay connected with customers. It is one the most easily and convenient way to get feedback, reviews from the customers. The collected data then can be analyzed to check the demand and requirement of the target segment. The reviews are crucial for making purchase design (Godesand Silva, 2012; Kee, 2008). About 90 percent of online customers do refer to the feedback and reviews available before making the final purchase. The product is finalized after reading at least four reviews (Godesand Silva, 2012; Kee, 2008). The other side shows as the rating environment is getting mature and it has a negative impact (Moe and Schweidel, 2012; Moe and Trusov, 2011).

2. LITERATURE REVIEW

Kotler (2000) says that the most powerful and influencing tool on consumer behavior is Digital marketing. This study concentrates on the importance and effectiveness of digital marketing on the youth of India. The Internet has a great impact on decision-making process (Gay et. al., 2007). The Internet emerges to be an important platform as users from the various geographical locations are sharing their views and feedbacks (Cotte et. al., 2006). It has become an essential part of everyone's life (Sople, 2011).

Cotte et. al., (2006); Jayawardhena et. al., (2007) categorize internet users on the basis of their use i.e. Information Searching, Exploration, Shopping, and Entertainment while price-sensitive, rational, brand loyal and comfort-oriented. The Internet is the origin of digital marketing. Search engine ranks the websites, so it is the very first way to Advertise. With the launch of various search engines in 1990's the companies are doing Search Engine Optimisation to improve their ranking (Smyth 2007).

The importance of Digital marketing is now recognized everywhere. The developing economies have also realized the importance of digital marketing after the western world. To understand the customers in better manner companies are going online (Parsons, Zeisser, Waitman 1996). State of Digital Marketing Talent report (2013) founded that E-mail writing is the second most skill needed for Digital Marketing. Email being the oldest medium but it has the power to target new customers and it is quite economical also (Roberts and Zahay, 2012).

Market line (2014) projected that the worth of European advertising industry will grow up to USD 31 by 2018 at a 4.2 percent CAGR as compared to USD 25 billion in 2014. These days, consumers read blogs, review and hold online discussions about products and services they are considering to buy. They also scan YouTube videos, participate in focus forums, and tweets. They trust their peers for referrals and warnings (Giamanco and Gregoire, 2012).

The tremendous increase is seen in the customers with the rise in number of user of Social Media as it gives platform to interact, share the experiences of other users also. The other channel like Blog, Discussion groups, ratings and review forums etc. are the latest sources of information where user of different product/ services are sharing their feedbacks related to any product or service they used which directly or indirectly have an impact on the consumer decision making process before making any purchase (Mayzlinand, Yoganarasihan, 2012; Onishiand, Manchanda, 2012). So the current users are following various other customers in this journey (Lemke, Clark, and Wilson, 2011). With the increases in usage of Internet world is going digital and which is also used for various level of marketing which give edge in this competitive world. It is also getting a high attention to face the real life challenges which companies are facing in the marketing (Peter, S.H. Leeflang, Peter, C. Verhoef, Peter, Dahlström, Tjark Freundt, 2014).

With the increase in usage of internet, the role of digital media has also increased. The numbers of internet user were more than 2 billion in 2010 and it is getting doubled every year (Kaynar and Hamburger, 2008). Although not many studies are conducted in India in the field of digital marketing but this concept has seen a rapid development from last decade and it has been recognized globally. Our study is an attempt in this direction and studies the effectiveness and of various perception channels of digital marketing.

The broad objective of the paper is to study the effectiveness and perception of young consumers towards digital marketing. To achieve the objective following sub objectives has been made.

To study and identify the factors related to perception of consumers towards digital marketing.

To study the effectiveness of channels of digital marketing.

3. METHODOLOGY

The survey research design is used. It involves a self-administered questionnaire. For this Wilska's (2003) instrument to measure perceptions is used. There were 14 factors that are to be rated for user perception on the Five-point scale along with 5 question to capture demographic information. Respondents were asked

to rate the given factor in regards to Importance ranging on a 5 point scale from “Very Much Important” (1) to “Not at All Important”(5).

Sample

The questionnaire was filled in the month of March-April 2016 via Google survey forms. It was shared among 300 students of a leading North India University. The respondents were randomly picked from the university database. Total 250 completely filled form were received and used for further analysis. Youth is specially chosen for this keeping in mind their level of knowledge and interest in online activities. Studies show college students are more active in using the internet. Online customers are more educated and young in age (Mcknight et. al., 2002). Many non-statistical validity checks were performed to the implementation of the questionnaire. Constructs were taken from existing studies which address reliability and validity.

A pilot study was conducted with the sample size of 35 questionnaires. With Cronbach’s alpha reliability of the scale was measured and whose value comes to be 0.912, and it more than 0.05 which shows that questionnaire is reliable (Wilska, 2003).

Collected data was analyzed using Descriptive analysis followed by factor analysis. Descriptive analysis was done on fourteen items by calculating mean. Factor analysis was used to highlight the vital variables contributing towards perception of the customers.

4. RESULTS AND DISCUSSIONS

A. Demographics

As shown in Table 1, approximately 47% of the buyers were Female and Males were 53%, about 22% percent is from the age group of 18-24 years followed by 45 % of 25 to 34 years’ age group. The participation of people above 35 and below 18 was 1% and 22% respectively.

Table 1
Demographics

	<i>Frequency</i>	<i>Percent</i>
<i>Gender</i>		
Female	117	46.8
Male	133	53.2
<i>Age</i>		
Under 18 years	54	21.6
18 to 24 years	112	44.8
25 to 34 years	55	22
35 years and above	29	11.6
<i>Highest level of degree</i>		
Less than High school	25	10
High School	65	26
Bachelors	75	30
Masters	50	20
PhD	35	14

B. Descriptive Analysis

Table 2 represents the result of Descriptive analysis, the respondent's perception shows Digital marketing has Global reach opportunity as internet works across the borders and it helps to market the products globally followed by the positive perception towards better marketing opportunity.

Table 2
Descriptive analysis

<i>Perceptions (Digital Marketing)</i>	<i>Mean</i>
(a) Global reach	3.39
(b) Better marketing opportunities	3.25
(c) leads to better understanding of customers	3.11
(d) Mass Appeal	2.95
(e) Less initial cost and Operating cost	2.71
(f) Platform for customer's feedback	2.67
(g) Quicker results	2.46
(h) More quantifiable	2.09
(i) More customization	1.95
(j) leads to word of mouth	1.77
(k) New opportunity of promotion	1.56
(l) Helps is better revenue generation	1.45
(m) Leads to privacy issues	1.22
(n) Misrepresents	1.09

The effectiveness and perception of respondents towards digital media channel are shown in Table 3, the results shows that most effective digital media channel found to be social networking sites followed by SEO and Websites/Web portals. Surprisingly Video portals ranked on fourth in the list as now a day necessary video advertisement are on most famous video portal i.e., YouTube.

Virtual groups and communities are also quite effective as it is platform where users share their reviews and feedbacks. While the technical channel like Webcast, Pay per Click were not considered as quite effective. The Email groups were found to be least effective because of spammer and various phishing security issues.

Table 3
The effectiveness and perception of respondents towards digital media channel

<i>Digital Marketing Tools</i>	<i>Mean</i>
Social Networking Site	4.35
SEO	4.29
Websites/Web portals	4.20
Video portals	4.14
Virtual Groups	3.84
Pay-per-click	3.83
Blogs	2.90
E-Newsletters	2.83
Webcasts/Cromcasts	1.90
Email groups	1.75

C. Factor Analysis

Measuring Perceptions towards Digital Marketing

Table 4 analyses 14 items which are related to digital marketing perception. To begin with, Kaiser Criterion i.e. Eigen values (1) tested and all of them satisfied the condition. The various items are found to be coherent with certain degree level which leads to three different factors. The above analysis resulted in a final Three-factor solution, comprising 14 items, all with values greater than 0.3.

Table 4

<i>Items</i>	<i>Factors</i>		
	<i>Early Adaptors</i>	<i>Analysts</i>	<i>Laggard</i>
<i>Mean</i>	2.56	2.05	1.90
(a) Global reach	0.95		
(b) Better marketing opportunities	0.95		
(c) Leads to better understanding of customers	0.94		
(d) Mass Appeal	0.93		
(e) New opportunity of promotion	0.89		
(f) Helps is better revenue generation	0.85		
(g) Less initial cost and Operating cost		0.95	
(h) Platform for customer's feedback		0.95	
(i) Quicker results		0.95	
(j) More quantifiable		0.92	
(k) Misrepresents			0.95
(l) Leads to privacy issues			0.93
(m) More customization			0.92
(n) leads to word of mouth			0.72

From the Table 4, the three major factors that comes into the picture are “The Early adaptors”, “The Analysts” and “The Laggards”. These factors indicate towards the various categories of consumers which are affected by Digital Marketing and according customers plan to purchase.

- (a) **Early Adaptors:** The label of “Early Adopters” was given to those consumers which get easily affected by the digital marketing means that effect of Digital marketing on these people are quite high. They think it is global media with better marketing opportunities and with its help it quite easier to make consumers understand easily. This group is also impressed with the volume of audience it can easily and directly reach which has a mass impact and it leads to better marketing opportunities and more revenue generations.
- (b) **Analysts:** This label was given to all those who are looking to this new world of opportunity but they are analyzing it critically. They do the analysis before going/switching to something new or another option. The item which leads to it refers to the cost involved in terms of initial investment and operational cost which is found to lesser in terms of traditional marketing methods. They found it as a platform where they can interact with the existing users of the product/service. The results of digital marketing can be seen quickly as compared to other media.

- (c) **Laggard:** This label refers to those which lags in the adoption of the change. They look at other aspects as the majority of them refers digital marketing as a misrepresentation of the products or the facts related to it and refers to some privacy issues. They find it a way for customization.

5. CONCLUSION

From the results of the study conducted, it can be easily concluded that the Indian consumers are highly divided over Digital Marketing. They are accepting the change but still they believe the traditional ways. The Early Adopters are the one who are showing their interest and trust towards it but Analysts are still weighing its pros and cons. Laggards are still struggling to adjust to the change.

Among the various channels of Digital Marketing, Social Networking Sites are topping the list, which is supported by the fact that these sites are more popular among the youth and India is a country which is having more than 41 percent of young population (Census, 2011). Another tool which emerges as to be an important is Search Engine Optimization followed by the Web portals which are the basic source of information. With the betterment in the IT infrastructure, penetration of broadband in the country and with the improvement in education level the digitization is playing an important role and looking up to these opportunities, organizations are exploring there new path for digital marketing.

6. LIMITATION OF STUDY/FUTURE SCOPE

This study was basically concentrated on the young consumers, so further research can be done with increasing the scope in terms of the target participants. Various new methods can be followed such as focus group, interviews, expert opinion, longitudinal studies etc. from which impact on the perception of Digital marketing on the consumers in India can be studied. The future studies can be carried out across the borders to compare the perception and acceptability of digital marketing in different nations.

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