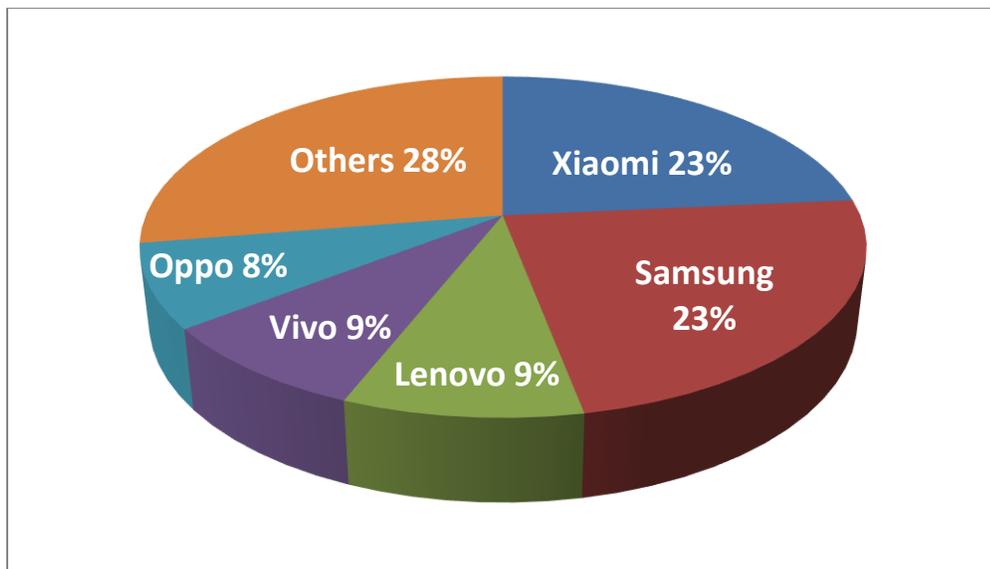


Chapter – 1

Introduction to Digital Marketing 2.0

“All one needs is a computer, a network connection, and a bright spark of initiative and creativity to create a great business.” --- Don Tapscott

Xiaomi is a privately owned Chinese electronics company headquartered in Beijing. It was founded by the Chinese entrepreneur Lei Jun on 6th April 2010. In a span of seven years, Xiaomi has become the seventh largest smartphone seller in the world in terms of market share. In India, they have captured the number one position among smartphone sellers, a position which they jointly hold with Samsung.



Source of Data: IDC

Figure-1 : Market Share of Smartphone Companies in India, 2017 Q3

Xiaomi has consistently broken all records of sales and created new benchmarks. In August 2014, Xiaomi sold 20,000 units of Mi3 model through Flipkart in 2.4 seconds. In 2015, during their fifth anniversary, they created Guinness World Record by selling 2.11 million phones in 24 hours through their E-Commerce platform Mi.com. In 2016, they sold 5,00,000 mobile phones in three days between October 1st and October 3rd on Flipkart’s E-Commerce Marketplace. On January 23, 2017, they sold more than 2.5 lakh Redmi Note 4 handsets in 10 minutes, simultaneously on Flipkart and Mi.com. All without any Print Media, Electronic Media or Point-of-Sales (POS) Ads. All without any physical dealer or retailer. All sales were done on E-Commerce Platforms like Flipkart and Mi.com.

Although, Xiaomi has recently started selling through dealers and running Ad campaigns, there are many other brands who have achieved cult status by doing viral marketing through Internet. Xiaomi used a strategy called “**Flash Sale**” to create frenzy among mobile phone buyers. A flash sale is a discount or promotion offered by an ecommerce store for a short period of time during which a limited quantity of products are sold.

The Mobile Phone Brand OnePlus followed a different strategy called ‘invite only’. You could buy the phone only if you got an invite from a registered consumer of OnePlus. The brand urged the consumers to register on their website and very soon it had strong Facebook community of over a million users and a 1.5 lakh strong community on Twitter. They have been extensively using the online platform to sell their products and currently they have more than 8,00,000 members in their user community. They have had a stellar performance in India and have sold the maximum number of smartphones in the medium budget category.

In contrast Samsung, Oppo and Vivo have been relying on traditional promotion methods like advertising on television, print and outdoor medium. Oppo paid Rs 1,079 Crores to get the sponsorship rights of the Indian Cricket Team and get visibility through cricket matches. Vivo paid Rs 2,199 Crore to get sponsorship rights of the Indian Premier League for five years. Samsung is one of the biggest advertisers across the World with a budget of \$10 billion.

But as shown in Figure-1, a heavy dose of advertising does not necessarily convert into higher sales and bigger market share. Xiaomi and OnePlus have been constantly outsmarting mobile phone companies like Apple, Samsung, Oppo, Vivo and Lenovo who have huge ad budgets and prominent brand ambassadors.

The examples of Xiaomi and OnePlus show that companies need to engage in smart marketing or what we have coined as ‘**Digital Marketing 2.0**’. The number of mobile phones sold in India has crossed the 1.2 billion mark. The number of actual mobile phone subscribers are 900 million, out of which 50% people use smartphones. The number of internet users is multiplying exponentially with Reliance Jio, Airtel and Vodafone offering dirt cheap data packs. And marketing through ‘Mobile Apps’ is generating much better response than marketing through television ads, print ads and outdoor ads.

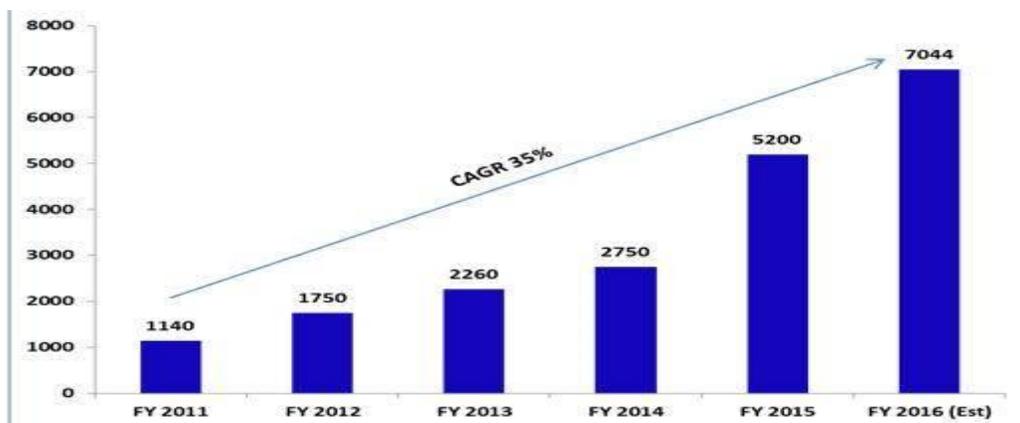
Digital Marketing, in the initial days, was pioneered by the use of Websites, E-mails and SMS (Short Message Services). This is what we call ‘**Digital Marketing 1.0**’. But now websites have been replaced by Mobile Apps, and E-mails and SMS have been replaced by WhatsApp and Facebook Messenger. People now check their e-mails only 1-3 times a day, while they check WhatsApp messages after every 15 minutes. This has now necessitated companies and markets to move from ‘Digital Marketing 1.0’ to ‘Digital Marketing 2.0’.

Today ‘Pull Marketing’ is gaining precedence over ‘Push Marketing’. Companies are using innovative strategies like ‘Missed Call Marketing’, ‘Remarketing’, ‘Digital Footmapping’, ‘On-Demand Marketing’, ‘Market Basket Analysis’, ‘Blogging’ and ‘Co-Creation’ of products and services to offer the customers exactly what they need and want and at prices that they are

comfortable to buy. An in-depth analysis of consumer buying behaviour is possible through Web Analytics, Social Media Analytics and Big Data Analytics. Once you have narrowed down on a qualified set of potential buyers, the next step of selling the product or service is quite easy.

The shift from traditional mode of advertising and promotion like Print Media, Electronic Media, Outdoor Media and Event Promotions to Digital Advertising is also happening at a rapid scale.

Most companies are now realising the potential of digital marketing and moving from offline to online digital display advertising and social media marketing campaigns. A report published by IMAI (Internet And Mobile Association of India) has pegged the digital advertising market in India at Rs 7,000 Crore. The digital advertising spend is about 12% of the total advertisement spends in the country.



Source of Data : IMAI

Figure-2: Indian Digital Advertising Market Growth (in INR Crore)

In terms of volume, E-commerce leads the digital ad spends pack with Rs 1,040 Crores, followed by Telecom and BFSI. However, a comparison of these verticals in terms of share of spends on traditional vs digital show that BFSI organizations incurred the highest share on digital advertisement spends. 40% of their overall advertising spends was on digital followed by E-Commerce, Telecom and travel.

Table-1 : Digital Marketing Ad Spends across Industry Verticals

	Traditional Ad Spend (INR cr)	Digital Ad Spend (INR Cr)	Share of Digital Spends by verticals
FMCG	14174	676	5%
Ecommerce	3010	1040	26%
Telecom	2370	780	25%
Education	2388	312	12%
Travel	1678	572	25%
BFSI	1072	728	40%
Auto	3960	540	12%
Others	11148	552	5%
Total	39800	5200	

Source of Data : IMAI

Why is Digital Marketing gaining in importance? It is because the new age buyers are hooked on to the Internet via mobile phones, tablets, laptops and desktop computers in a pervasive manner. There are an estimated 6,50,000 search queries made on Google every minute. There are over 7,00,000 status updates and 5,00,000 comments posted on Facebook every minute. There are over 65,000 Tweets and 180 million emails sent every minute. More than 700 videos are uploaded on YouTube every minute. All these active users are extremely important for the digital marketer.

Digital Marketing also gives the opportunity to the marketer of doing digital footprint mapping and search engine optimization. It also offers the marketer the opportunity to use powerful tools like Market Basket Analysis and Recommendation Engines.

Digital Footprint Mapping is the process of analyzing the buyer behaviour in E-Commerce Sites and the Digital World. We can actually know which websites have maximum traffic (visitors), the duration of the visit, whether any purchases have been made, from where the visitors have come and where they went after visiting the sites. All these functions can be mapped and analyzed using powerful tools of Web Analytics.

Search Engine Optimization (SEO) is the process of maximizing the number of visitors to a particular website by ensuring that the site remains high on the list of results returned by a search engine. This is done by using smart keywords that are likely to be picked up quickly by search engines, building relevant content in the website, conducting high powered link building campaigns and providing the accurate meta keywords and meta tags. SEO is basically a way to remain on the top of the heap in Google searches and ensure that the brand has a higher visibility than the competitors.

Recommendation Engine is a software tool that analyzes data available about a particular customer and builds algorithms to make suggestions to him/her based on his/her choices and preferences. The recommendation engine is both collaborative and memory-based. It identifies the customer based on the IP address, and throws in propositions that might interest him/her, based on the earlier interactions or transactions that the customer might have done on the site.

Market Basket Analysis (MBA) is another powerful predictive analytics tool being used by Flipkart, Amazon, Snapdeal and other online marketers to motivate the buyer to go for higher volume of purchase. This is a data modelling technique which recommends a set of products or services which has close correlation with the product or service that the customer is currently looking for or has made a purchase. For example, a customer looking for a flight ticket on Yatra.com from Delhi to Mumbai is also given offers on hotel stay and cab services in Mumbai. And often, Yatra and MakeMyTrip bundles the offer on Air Ticket + Hotel + Cab and throws in an attractive discount which becomes a tempting deal for the customer. By using Market Basket Analysis, the portal ensures that they increase the basket size of customers as well as prevent the migration of the customers to rival competitors.

All these tools and functions have made the life of digital marketer much more easier in gaining customer reach and increasing market share. Most new age companies like Amazon, Flipkart, Snapdeal, Shopclues, Paytm, Ola Cabs, Uber, Zomato and Quikr have become billion dollar companies by using the power of digital marketing. Ticket booking has also majorly moved online with dominance of players like

Yatra.com, MakeMyTrip.com, IRCTC, BookMyShow and many others. Physical retailers like Big Bazaar, Reliance and Aditya Birla More have extended their reach to online sales.

The number of Smartphone users in India has crossed 300 million. The number of Internet users in India has crossed 500 million. Many of these smartphone users and internet savvy people are in the young demographic group (15-30 Years) and are more prone to buying online. Online buying not only saves time and money, it is become attractive because of flash sales, heavy discounts cashback offers and EMI options on credit cards.

The volume of digital transactions dramatically shot up after the demonetization announcement by Prime Minister of India on 8th November, 2016. The volume of digital transactions has been clocking to the tune of \$1.9 trillion per month from November 2016 onwards. In October 2016, Flipkart sold 15.5 million units of products valued at Rs 3,000 Crore during the five day Big Billion Sale blitzkrieg. Its arch rival Amazon sold 15 million units of products during the same period. Snapdeal sold 11 million units of products during the Diwali Unbox sale. Snapdeal also saw a 40% increase in the number of women shoppers on its site, which is absolutely remarkable.

What is Digital Marketing mainly used for? Although SEO (Search Engine Optimization), PPC (Pay Per Click) and Web based Marketing still accounts for a major chunk of activities, other areas like CRO (Conversion Rate Optimization), Video Content Creation, App based marketing and Blog based marketing are fast catching up.

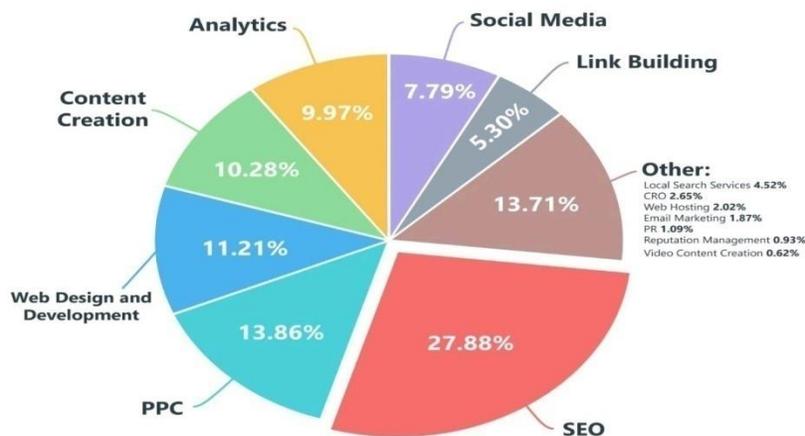


Figure-3: Use of Digital Marketing Tools

It is now well accepted that Digital Marketing has become a key component of business strategy for all organizations, big or small. Digital Marketing is playing a key role in E-Commerce Companies as well as brick-and-mortar companies. However, the challenge now is to know the correct strategies that will drive maximum returns with minimum investments. The first phase of Digital Marketing has seen companies adopting strategies like SEO (Search Engine Optimization), SEM (Search Engine marketing), SMM (Social Media Marketing) and E-Mail Marketing. The main platforms being used were Google, Facebook, YouTube and Twitter. However, now many companies are moving over to non-conventional digital marketing strategies. This involves Mobile App Marketing, Blog Marketing, Marketing with

Instagram and Pinterest, Content Marketing, Affiliate Marketing, Online Buzz Marketing and Growth Hacking. This is called **Digital Marketing 2.0**.

This book covers both the traditional modes of Digital Marketing as well as the new age tools of Digital Marketing. There are chapters on Website Planning & Creation, Search Engine Optimization (SEO), Search Engine Marketing (SEM), Social Media Marketing (SMM), E-Mail Marketing, Web Analytics and Google Tools. The new strategies of marketing has been covered in the form of chapters on Mobile App based marketing, Affiliate Marketing, Lead Generation for online business, Content Marketing, Online Buzz Marketing and Growth Hacking. We have given additional chapters on Online Reputation Management and Online Crowd Funding to help the reader get practical ideas about how to leverage the power of digital marketing tools to create an effective positioning or raise funds for his/her business through Crowd Funding. There is a chapter on Artificial Intelligence and Chatbots as they are integral to Digital marketing 2.0. The book ends with a chapter on Google Online Exam Guide for students and practitioners who want to get the Google Adword and Google Analytics Certification. We hope this book will guide the reader in becoming an expert Digital Marketer and also gain competitive advantage in the market place by using the best practices of Digital Marketing 1.0 and also Digital Marketing 2.0.

Summary:

1. Digital Marketing, in the initial days, was pioneered by the use of Websites, E-mails and SMS (Short Message Services).
2. But now websites have been replaced by Mobile Apps, and E-mails and SMS have been replaced by WhatsApp and Facebook Messenger.
3. Companies are using innovative strategies like Missed Call Marketing, Remarketing, Digital Footmapping, On-Demand Marketing, Market Basket Analysis, Content Marketing and Co-Creation.
4. The first phase of Digital Marketing has seen companies adopting strategies like SEO (Search Engine Optimization), SEM (Search Engine marketing), SMM (Social Media Marketing) and E-Mail Marketing. This is what we called '**Digital Marketing 1.0**'.
5. The main platforms being used were Google, Facebook, YouTube and Twitter.
6. Now Digital Marketing Companies are using Mobile App Marketing, Blog Marketing, Marketing with Instagram and Pinterest, Content Marketing, Affiliate Marketing, Online Buzz Marketing and Growth Hacking. This is called **Digital Marketing 2.0**.