



DIGITAL MARKETING: THE GAME CHANGER FOR SMALL SCALE INDUSTRIES (SSI)

Palaash Jadav

Children's Academy, Thakur Complex

Abstract

This paper aims to prove or disprove the hypothesis: 'Digital marketing provides companies within the small-scale industries an equal opportunity to market their products and services and compete effectively with companies within the large-scale industries'. This research paper studies how Flipkart, a company which is now a Unicorn, leveraged social media to rise through the ranks.

Keywords: "digital marketing", "flipkart.com", "digital channels", "re-target", "metrics", "internet penetration"

INTRODUCTION

Key phrases explained

Digital marketing: Digital marketing refers to the usage of digital channels like websites, social media apps, etc. to market services and products to reach consumers. Digital marketing helps enterprises approach consumers, understand their activity and behaviour and track metrics significantly better than before as data from digital platforms is easily accessible to these companies.

Search Engine Optimization (SEO): SEO is the act of enhancing the quality and quantity of website traffic to a website or a web page from search engines by increasing the website ranking using certain keywords on the website.

Return on Investment (ROI): It is the profit resulting from deploying a digital marketing campaign expressed in percentage. Expressed as: Profit from an increase in sales divided by investment in digital marketing $\times 100$.

Dynamic Entertaining Advertisements: These are banners that change or adapt automatically to promotions and content specifically for a particular user. This makes sure that each user is exposed to the most effective creative or 'dynamic' entertaining advertisement for him or her.

Unicorn Company: A company that reaches a valuation of \$1 billion without being listed on the stock market is considered a Unicorn.

Internet Penetration: The part of the population that can access the Internet. This is measured by the percentage of internet users in any country (India).

Digital Marketing Metrics: Digital Marketing Metrics are values that marketing teams use to track and measure the performance of a digital marketing campaign. Digital marketing teams use multiple platforms and tools to promote their product or service offering, and the results which are tracked are termed 'metrics'.

The objective of this paper:

Companies within the small-scale industry do not have the financial resources to advertise using traditional marketing channels. However, digital marketing and its pervasiveness have levelled the playing field thus providing the companies with a sizeable return on their marketing investment as compared to traditional means of marketing.

That is because of the following factors:

1. Increased internet penetration due to an increase in the use of mobile phones:

In 2020, 53 percent of India's total population accessed the internet and various applications from their mobile devices. It is expected to grow to 96 percent by 2040, indicating a significant rise in the country's mobile internet user base. [1] So, it is easier to utilize dynamic entertaining advertisements to reach the target audience through digital marketing compared to traditional modes of marketing like; outdoor billboard advertisements, and print advertisements, to name a few.

2. Ease in reaching the target audience and tracking marketing metrics:

Not only is it true that more people can be reached using digital marketing, but digital marketing by its nature also allows small businesses to analyze user interaction based on crucial factors like gender, age, interests, and location, accordingly, place ads thus increasing the possibility of conversion of prospects to customers at a lower cost of acquisition. Companies can continue to study the target audience's interaction pattern using data analytics and proceed to nudge them towards a purchase.

3. Low investment, high ROI compared to traditional marketing

As compared to traditional marketing, the cost per lead using digital marketing is 61% less expensive. Digital marketing provides the option to the businesses to only pay when the viewer clicks the advertisements and reach only the desired demographic thus reducing the overall costs. This method is a significant improvement over carpet bombing ads using the traditional channels like television, outdoor advertising, etc. where it is relatively difficult to measure the impact of a marketing campaign on the revenue.

RESULT

Flipkart- Case study

Flipkart's initial investment was reportedly USD 6000, or INR 4 lakhs and it made a record of INR 1.4 crores in a single day in 2016. [2] A large portion of Flipkart's success can be attributed to its digital marketing strategy.

1. Growth of internet penetration and SEO usage:

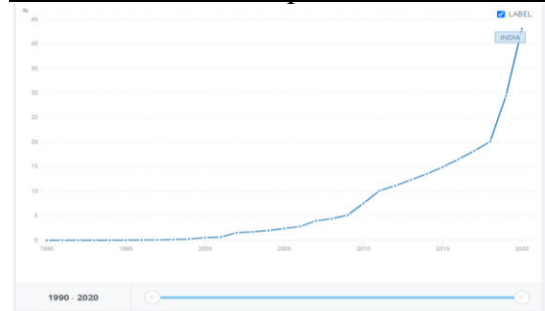


Fig.1 Growth of internet penetration in India (percentage) [3]

Flipkart was able to increase its reach using digital channels as the number of people accessing the internet from their mobile devices has increased significantly as can be seen above. By using SEO techniques, Flipkart was also able to improve its rank on Google's search pages thus bringing unpaid traffic to the website as opposed to direct and paid traffic.

2. Low investment, high ROI:

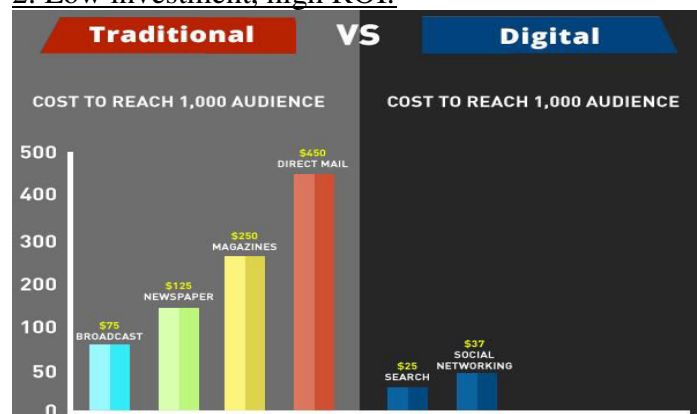


Fig.2 Traditional vs Digital marketing spend to reach 1000 people[4]

As can be seen in the graph above, the total cost of reaching 1000 people using traditional marketing channels is USD 900 as against USD 62 for digital marketing which is 93% cheaper.

3. Re-targeting

Flipkart uses 3rd party platforms to run ads and advertise on different websites, majorly to remarket to those customers who add products to their carts or wish list. After a user clicks on Flipkart's google ads, they are re-targeted by Flipkart across social media platforms using the Facebook Pixel via ads.

4. Metrics tracking:

Digital media marketing helps companies use tools to measure various metrics to track customer engagement, retention, and acquisition. Flipkart uses multiple free tools, like Google Analytics, that help it measure the effectiveness of their digital marketing and advertising efforts. Flipkart uses a virtual command centre or TCoE (Testing Centre of Excellence) that uses a standardized testing methodology. This helps companies reassess their marketing strategy and put out tailored content which led to a better conversion ratio.

5. Social Media:

When it comes to Instagram, Flipkart has various accounts for different uses, accounts dedicated to lifestyle and tech. One of the key highlights is that Flipkart has a separate account which focuses on just Customer Stories called 'FlipkartStories'. Flipkart invests heavily in digital collaborations with celebrities because when the celebrities post the collaboration on their account, the followers of the celebrity are also exposed to the unique campaigns and products launched by Flipkart. Flipkart pays special attention to Twitter, it follows a fixed pattern of communication for other platforms but for Twitter, they keep launching mini campaigns using creative hashtags like #BigBillionDays, #SareeTwitter.



CONCLUSION

The future of digital marketing:

While currently, the focus is on apps like Instagram, Facebook, etc. Digital marketing experts believe that emerging technologies like augmented reality, virtual reality, and voice search will play a significant role in the future of marketing and set eCommerce-enabled businesses on a new path. Voice search continues to gain more popularity whether it is Cortana, Siri, Alexa or google assistant. This enables the optimization of keywords and phrases or SEO and makes it more realistic and practical.

We conclude through discussion and secondary research that digital marketing helps small businesses connect with their customer base at a lower cost as compared to companies within large-scale industries. Whether you are a small business offering local goods and services or looking for a way to reach consumers on a limited budget, digital marketing can help you compete effectively in the market.

Acknowledgements

Firstly, I would like to acknowledge and thank my mentors, Mrs Deepa Bineesh, and Mrs Mitu Mehta for guiding me through ideating and writing this research paper and my school principal, Mrs Sona Madoo Dhingra, whose dedication has always inspired me. I would also like to thank Ms Charmi Dalal for helping me refine my paper and providing constant guidance. Subsequently, I would also like to extend my thanks to Mr Sriram Subramanian, the co-founder, and CEO of Clever Harvey for helping me with his immense expertise in this field. Last but not the least, a huge 'thank you' to my parents Mr Ankur Jadav - Chartered Accountant, and Mrs Purvi Jadav – Clinical Psychologist and emotional intelligence trainer, conversation with whom has led to the development and rectification of several concepts introduced in this paper.

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