

## Impact of Digital Marketing on Indian Economy

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### Abstract

The emergence of digitization followed by proliferation of e-commerce has a significant effect on the efficiency and socio-economic standard of the society. Evolution of technology and associated information and knowledge help establish society's creation limit and way of life which are decisive to the economic growth of the country (Pohjola, 2001)[1]. Being a worldwide concept, digitization has a noticeable effect on economic growth and employment of any country. In an investigation, digitization index has been linked to higher growth and employment with increasing returns to scale. Human capital is a key component to the effect of digitization.

**Keywords:** e-Commerce, Economic, Employment, Society & Digitalization

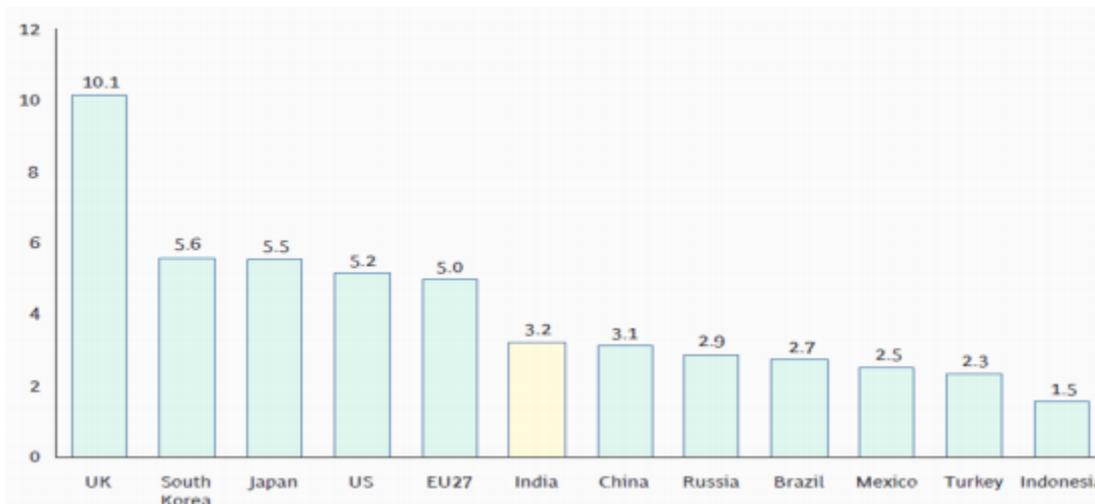
### Introduction:

To take advantage of e-commerce business, there must be a proper business model and additionally other strategies, so the business is sustainable and provides economic growth (Mafe and Blas, 2006)[2]. Domestic policies regarding telecommunication, money-related services and conveyance and delivery would provide contributions for e-commerce trade-related negotiations. Researchers demonstrate developing economies have more possibilities of picking up advantages of e-commerce than the developed economies as developing economies have a wider scope of reducing inefficiencies and increase generation. Indian economy has seen the unprecedented growth of e-commerce over the most recent five years. Increasing internet penetration, fast technology appropriation and high sale of technical gadgets like smart phones, tablets, etc., have led to an attractive online customer base. Digitization has gotten social change the life of regular Indians. The present government has taken up an initiative called "Digital India" for modernization of the society that will connect every corner of the nation. However, the effect of digitization at large scale level in the Indian economy is yet to be revealed. With the enormous benefits of digitization come political challenges for the policymakers to set the stage for seamless digitization. Studies reveal that use of the internet by Indian SMEs would fetch 32% more revenue and 37% higher employment.

Year	Production (Rs. Billion)		Growth	
	Electronic hardware	Computer software	Total	(% increase over previous year)
2003-04	438.0	744.9	1182.9	21.9
2004-05	505.0	1019.2	1524.2	28.9
2005-06	565.6	1337.0	1903.0	24.9
2006-07	660.0	1780.0	2440.0	28.3
2007-08	844.1	2114.1	2958.2	21.2
2008-09	946.9	2735.3	3682.2	24.5

**Table 1: Trend in production & growth of the Hardware & Computer Software Sector**

The objective of the paper is to seek answers to how digitization is fostering economic growth of the nations, what is the commitment of internet and e-commerce towards the GDP of a country, what type of employment opportunities are created by digitization and e-commerce specifically and how these opportunities could be leveraged in India. Digitization, from a societal perspective, has been defined as "the economic and social change triggered by the massive selection of digital technologies to generate, process, share and execute information" (Katz, Koutroumpis, and Callorda, 2014)[3]. It is emerging to be the key economic driver of recent time as it provides economic growth and helps in work creation. A few years back when the world economy was lazy, digitization boosted it with \$193 billion yields and was able to create 6 million employments around the globe. This report 10% increase in digitization score of any nation would acquire 0.75% growth its GDP per capita. Other studies affirm that its effect is 4.7 times more than the average effect of 0.16% on the per capita GDP for broadband deployment. The world economy has been changed since the development of information and communications technology (ICT). The significant segment of the business world has been transformed to e-business with the emotional penetration of internet and its acceptance by the backend store network partners and end consumers. E-commerce or E-business can be referred to be the movement that happens inside the electronic market (Turban, Lee, King, and Chung, 2000)[4]. Different researchers have explored the benefits of ICT in the business arena. Enhancement of efficiency alongside cost reduction, improvement in business performance and responsiveness and increased competitiveness are among the few shelters of ICT that has been prominently visible in e-commerce since a decade ago.



**Figure 1: Internet Contribution to GDP (Total GDP 2013 estimate (%))**

The economy can derive three folded benefits from e-commerce regarding firms, prices and profitability (Terzi, 2011)[5]. E-commerce companies have mastered the craft of electronic exchanges and overcome the inefficiencies of coordination among store network partners to optimize their operation and streamlined their generation process by consolidating outsiders to become more competitive. The empirical evidence on price gives a mixed review of high and low price elasticity of demand. It has been discovered that development of ICT provides sustainable escalation inefficiency. Studies found that commitment of ICT towards the economic growth of OECD countries rose from 0.5% to 0.9% in the late 90s and grew consistently over the years. Australia, Finland in the United States followed the most extreme effect of ICT, and Canada In a report of a research firm McKinsey it has been found in large economies internet represents around 3.4% of GDP on average. These economies constitute 70% of the world economy. Internet utilization and expenditure is observed to be more than farming sector if considered as a separate sector. The worldwide commitment of Internet equals the GDP of India). From several types of research, it has been discovered that United States could improve work efficiency and capital with the help of ICT. In an empirical investigation, it was found that development of e-commerce of China let the development of Chinese coordination's industry. Both these industries together like this contributed to the economic growth of the nation (. Another empirical research studied B2B e-commerce and GDP of U.S., Japan, India Germany, Britain, and France to discover 0.25% yearly increase in GDP in every one of these countries for B2B e-commerce. Another research proposed from minuscule indicate that with the capacity reduce exchange cost and improve economic efficiency; e-commerce can contribute to economic growth. In 2002 Cisco Systems examine showed that fame of e-commerce resulted in average profitability growth of 2.1% from 1.2% in the US in between 1995 to 2000. Again in EU, e-commerce helped efficiency grew from 0.3% to 1.7% in the period 2000-2010.

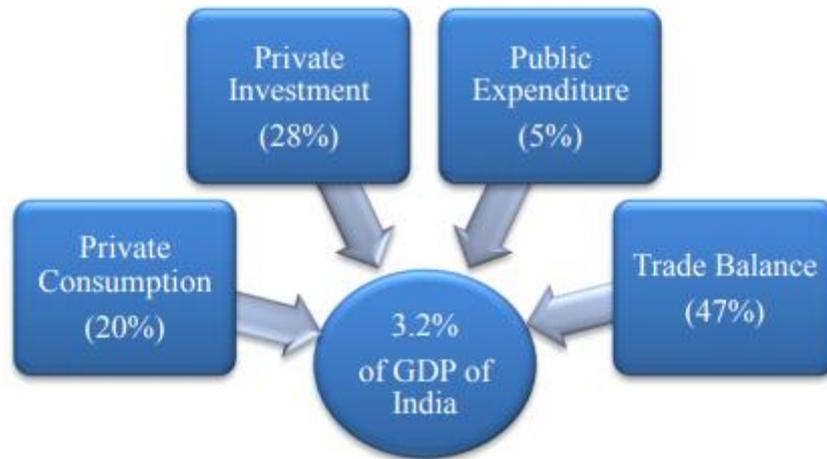
### **Effect of Digitization: E-commerce boom and Employment opportunities**

Both developed and developing economies are reaping benefits for digitization. Researchers say developed countries are exchanging higher economic benefits from digitization; in spite of the fact that activity creation is more in the developing countries. The developed countries have measurable effects on growth for digitization as they depend on domestic utilization making non-tradable sectors critical. However, they outsource lower skilled work to emerging markets for cheaper work.

Developing countries, then again, focus more on exports and tradable sectors. Along these lines, for them picks up come from the effect of digitization on employment rather than from its influence on growth. The 6 million occupations that were created by the digitization effects were observed to be 94% from emerging economies and 6% from North America and Western Europe. E-commerce provides an open door for direct and indirect employment on the one hand and on other, it is likewise responsible for work losses. ICT related employment would be boosted as demands for computers and information system managers, computer system investigators, computer engineers, computer bolster specialists, database directors, computer scientists and computer programmers would increase. Notwithstanding this craftsman and commercial specialists, designers and writers and editors would likewise be in demand. The Internet has been able to create 3.6 million employees in the United States. This is more than the workforce engaged in agriculture and development combined in the nation. In a European Commission press release, it mentions that 500000 occupations were created in the US in most recent five years for the development of the mobile application and IT related. The digital wave has equally influenced English business. The digital space is creating more employment in India than they can fill it. With the flourishing digital ecosystem, Indian has been able to employ 1.46 million people in digital companies. What's more, it has been forecasted that digital employment would develop by 5.4% by 2020. An extensive investigation in France showed that 2.6 occupations are created on every activity destroyed by the internet. Breaking down 15 years, the report found that 1.2 million occupations were created by the internet and there was lost 5, 00,000 employment. In India, a developing nation, where e-commerce is at a nascent stage generated 50000 employments. As the e-commerce industry expands in India, opportunities are increasing for web designers, coordination's personnel, and affiliated services. Indian Ministry of Communications Technology quoted in 2012 e-commerce has created 12000 employments for the nation. As the e-commerce rise steeply there, 60% of the employment advertised online comes from the e-commerce category. In a press release by Indian Commission, it is mentioned that online business is expected to contribute to 20% growth and net occupation creation for the Indian Union. In 2013 there were 650,000 websites of B2C online shops in Europe and was expected to develop by 15-20% based on the present online penetration. It has been estimated this would create 2 million occupations directly and indirectly. With the growth of digital industries, the demand for digital abilities would likewise increase. Companies would be paying special mind to coders, web developers, item managers and information scientists who might be steering the business to develop. There would likewise be a requirement for online marketing managers, item developers, and user-experience experts moreover. Constant development and creative speculation would be required for confronting the challenges of the digital business world. Potential of India's SME markets is depicted in the accompanying figure.

### **Implications and suggested strategies for Digitization of Indian Economy**

Digitization of the economy is the future. There is no looking back on that. In order to make the economic growth move through an upward trajectory, it is important for the government, business fraternity, education system and the people to realize that embracing the changing technology would help the country and its people to grow and remain competitive. Studies show that in last five years internet contributed 21% to the economic growth of the matured economy. However internet's contribution toward GDP growth of India was 5%.



**Figure 2: Components of Internet contribution to GDP**

Universally, usage of the internet was found to develop businesses crosswise over sectors in double the speed compared to the nonusers. SME Enterprises that use internet were able to create more employment and earned more revenue. Higher penetration of internet has a complex effect on any nation's economy. Its effect principally moves around two components: utilization and expenditure and supply. The utilization and spending is the usage by people, companies, and government. The supply side includes the industries like telecommunication, hardware manufacturers, software and services that shape the internet world. The utilization and expenditure side of internet affect in India is exhibited in the above figure. The trade balance is the most extreme supporter of the GDP which involves business over the internet. This provides an open door for the Indian economy to earn more revenue by expanding exports and lift economic growth which thus would create employment opportunities. Open expenditure towards internet spending is relatively low as compared to the mature digital markets of the world.

e-commerce	17
Advertising and classified	0.8
Online content	0.3
Device	12
Connectivity	5.6
Private infrastructure	22
Government spending	1.4

**Table 2: impact of internet of GDP of India**

The improvement of supply side would help in increasing the economic output. Research firm McKinsey created McKinsey Internet Supply Leadership Index to understand how countries contribute to the global internet ecosystem. The four sub-indices help understand the overall framework of internet business of a country.

### **Digital Marketing in Indian Context**

Digital Marketing is any marketing items or services, which involves electronic devices. It can be both online and offline. As indicated by the institute of direct marketing "the use of internet and related

digital information and correspondence technologies to achieve marketing objectives." According to CAM Foundation – "Digital Marketing is a wide discipline, uniting all types of marketing that operates through electronic devices – online, on mobile, on-screen. Over the years, digital marketing has developed enormously, and it continues to do as such." Search Engine Optimization, Search Engine Marketing or Pay per Click Advertising, Social Media Marketing, Content Marketing, Mobile Marketing, Web Analytics, Marketing Automation, and Content Writing and Rate Optimization are the prominent and most-demanded areas in digital marketing. It is the creative use of management information system (MIS) and technology which underpins customer's interaction with e-marketers. Marketers need to use technology and information and instinct to set brands and get opportunities. E-Commerce has unleashed the revolution which is changing the method of working together. In 1997 U.S. govt. allowed the use of the internet by commercial association. This gave impetus to a better approach for directing trade and commerce. In 2015 e-commerce activities get help up with fast expansion, a variety of battle, deals based user obtaining and the sky is the limit from there. This move in e-commerce becomes more noticeable with higher concentrate on consumer knowledge and retention, improvement in experience, and depth of assortment over an ever wider range of categories. E-commerce players are concentrating on retention on existing customers and securing of new users. To enhance unwaveringness of customers towards e-commerce as a category they are differentiating in leveraging information and assortment trends to at long last move towards one to one marketing principle. Customers are rewarded for their faithfulness with better experience crosswise over delivery, evaluating, exclusive offer and return policies Early e-commerce trainers, and adopters have understood and experienced the immense benefit of e-commerce. Therefore companies are downsizing broad communications advertising description of e-commerce targeted early realists and adopters. Primary digital stage, for example, Google, Facebook, Twitter, YouTube, etc. are taking off more advertiser-friendly items that are enabling smaller also large players to market with high efficiency to early adopters. This is increasing digital marketing spending. Due to development of digital media coupled e-commerce players system is moving from application download and visit metrics to user metrics instead. The investment made so far to generate early adopters of e-commerce are pivoting into targeting late adopters through regional and vernacular offline media. Advertisers have at last accepted that there will be the end of the long type of advertisement and branded content will rise. Digital video advertising even started issuing advisories requesting that consumers keep edit length short. The brand is experimenting, to a large extent, with expressing them through digital and youth content. This has driven wider choices of content, sharper entertainment recommendations, an increase in the advanced cell viewership dividend. Sustained advertiser investment depends on how quick the emerging digital content industry embraces scientific measurement instrument. Advancements in the core items are generating an enormous effect on user procurement and retention due to digital store and service experience. The players who are delivering increasing more consumer-friendly items and service improvement are increasing more.

## **Conclusion**

Due to technologies advancement at an exponential rate, the marketing worldview has shifted to newer more customer and content-centric approaches being delivered on the digital stage. Customary marketing like advertising, advertising, marking and corporate communications, lead generation, etc. extensively relies on television, radio, telephone, and print media and telephone as a delivery medium. In spite of that modern marketing techniques leverage the power of the Internet

and web-based social networking to reach to a more targeted set of audience. Modern marketing techniques provide sound marketing stage with the capacity to reach a large number of customers. Businesses which invest heavily on just on digital marketing as their marketing delivery instrument can significantly hurt their overall marketing success.

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