



COMPARATIVE STUDY OF ROI'S OF DIFFERENT DIGITAL MARKETING CHANNELS

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Abstract

Digital marketing is rapidly growing industry in the present era and people are advertising on digital media but they are unaware about the return they get back on their investment. The tremendous growth that digital marketing has shown cannot be matched up with any other strategy hence the digital marketing is taking over the traditional advertising. So this study is undertaken to compare the various digital marketing channels i.e. (social media marketing, E-mail marketing, website marketing) and find which media generates higher return on investment and which is the best media to invest.

The main objective is to study the role of digital marketing at an enterprise level, understand the various digital marketing channels, mainly to find the ROI for different digital marketing channels.

There was the need for the study to know the present online market position, also the main need for the study was to understand which digital marketing channels generates higher return on the investment and which would be the best media for investment in future.

We have used 3 digital marketing channels for our study those are social media marketing, website marketing, E-mail marketing. The budget used to find the return on investment is Rs.1000/- then the ROI is calculated and hence the digital marketing channel which generates higher return on investment is calculated.

Key words: Digital Marketing, ROI

INTRODUCTION

Digital marketing is a strategy for the promotion of goods or services via digital technologies, especially the internet, but also mobile phones, display advertising, and any other electronic platform.

The evolution of digital marketing since the 1990s and 2000s has altered how brands and businesses use technology and digital marketing for marketing. Digital marketing campaigns are becoming more common as digital platforms are increasingly integrated into marketing plans and people use digital devices instead of visiting physical stores. The term 'digital marketing' was first used in the 1990s, but digital marketing has roots in the mid-1980s when the Soft Ad Group, now Channel Net, developed advertising campaigns for automobile companies, wherein people would send in reader reply cards found in magazines and receive in return floppy disks that contained multimedia content promoting various cars and offering free test drives.

Digital marketing became more sophisticated in the 2000s and 2010s, and the proliferation of devices capable of accessing digital media has led to significant growth in digital advertising statistics produced in 2012 and 2013.

Digital marketing is also known as 'online marketing,' 'internet marketing,' or 'web marketing.' The term "digital marketing" has gained popularity in recent years, particularly in certain countries. In the United States, 'online marketing' is still used, while 'web marketing' is used in Italy, but in the United Kingdom and around the world, 'digital marketing' has become the most common term, especially since 2013.

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REVIEW OF LITERATURE

Digital marketing is the promotion of brands through digital distribution channels such as the internet, mobile devices, and other interactive channels. The primary benefit of this type of advertising is its low cost model. Through various digital marketing techniques, the main goal is to promote brands, build preference, engage with customers, and increase sales. It is embodied by a diverse range of service, product, and brand marketing tactics, the majority of which rely on the Internet as a primary promotional medium, in addition to mobile and traditional TV and radio.

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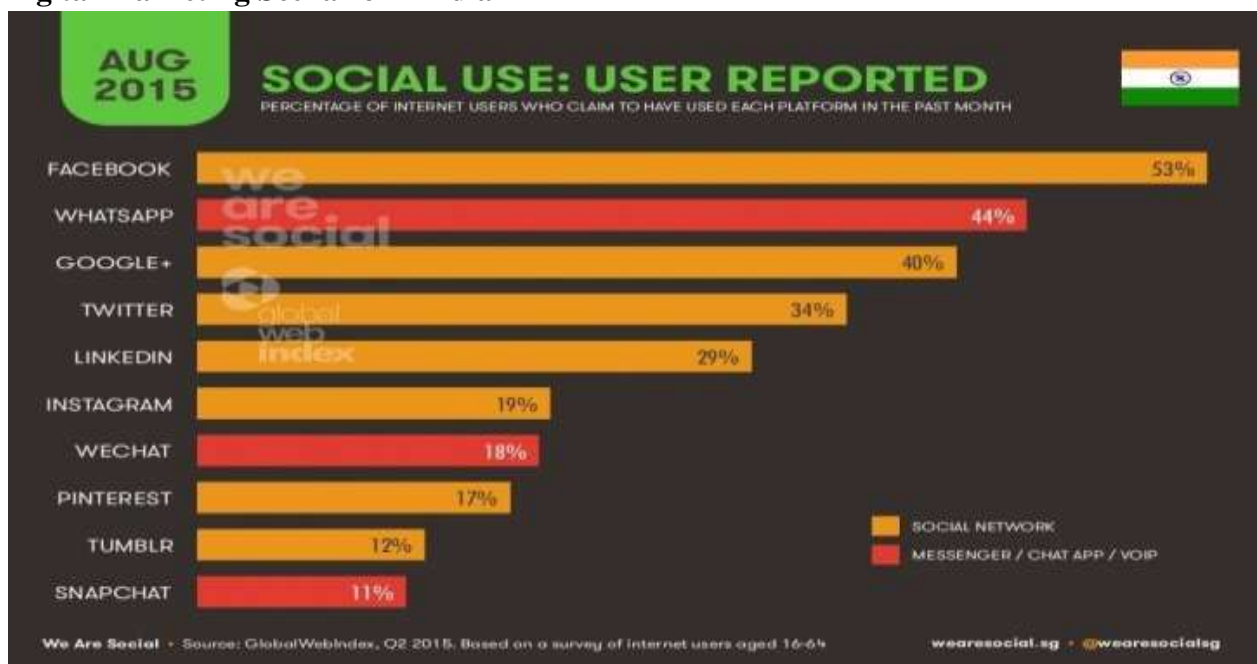
advertising is its low cost model. Through various digital marketing techniques, the main goal is to promote brands, build preference, engage with customers, and increase sales. It is embodied by a diverse range of service, product, and brand marketing tactics, the majority of which rely on the Internet as a primary promotional medium, in addition to mobile and traditional TV and radio.

Digital marketing became more sophisticated in the 2000s and the 2010s, and the proliferation of devices able to access digital media has led to great growth of digital advertising statistics produced in 2012 and 2013 showed that digital marketing was still a growing field.

In the USA 'online marketing' is still prevalent, in Italy is referred as 'web marketing' but in the UK and worldwide, 'digital marketing' has become the most common term, especially after the year 2013.

Digital media growth is estimated at 4.5 trillion online ads served annually with digital media spend at 48% growth in 2010.

Digital Marketing Scenario in India



India is the world's 3rd largest internet population. After the proliferation of Internet, Marketing strategy has taken an off root to reach out to the public. The tremendous growth that digital marketing has shown cannot be match up with any other strategy. Looking up to the current scenario in India, people here are not only aware of Internet but are employing it for various purposes in life. Thus, there's a booming internet marketing industry in India.

1. India has seen a 20x growth in search queries in the last 5 years
2. India is the 5th Largest nation in term of YouTube users

3. On an average, Indian's spend around 16 hours a week online, which completely overshadowed Television. People start more time on internet rather than watching TV.
4. The Indian Online advertising market is growing fast at the rate of 50% per year and it was reported to cross 1000 crores in 2010.
5. India has nearly 950 mobile subscribers and at least 50 million subscribers have internet enables mobile phones.
6. The number of websites in India is more than 90 million while that of Facebook profiles is more than 500 million.
7. Every day over 8 million inbound and 12 billion outbound messages are sent via whatsapp.

Besides, online retail in India is on rise as 60% percent of web users in the country visit online retail sites. Using mobile internet and many more other factors account for a growing digital marketing industry in India. When all other industries in India are struggling with 10 to 12 %, digital marketing industry is booming high with 30% growth rate.

OPPORTUNITIES FOR DIGITAL MARKETING

Being a marketer is more challenging than ever before:

It's a changing world for marketers in the US, 80% of whom agree that their priorities have altered in the last three years. But it's not just priorities that have changed.

Marketers' biggest challenge is proving return on investment:

Less than one in five (19%) feel confident in the accuracy of their ROI measurements. On average, marketers use five metrics to measure ROI, which suggests that there is no simple solution to proving the value of marketing activities.

Thought leadership is the number one priority for US B2B marketers:

The top priorities are thought leadership, customer relationships and brand awareness. Unlike their counterparts in the UK, US marketers put thought leadership before the customer. And 74% feel that they are being asked to tackle objectives beyond the traditional province of marketing.

Digital marketing is allocated 42% of total marketing budget:

Digital is an important element of the marketing mix, with over two fifths (42%) of the total budget. However, 84% of respondents say they are doing more with less, which suggests that although objectives, audiences and territories are expanding, budgets and resources are not. This could perhaps be a symptom of the struggle to prove ROI.

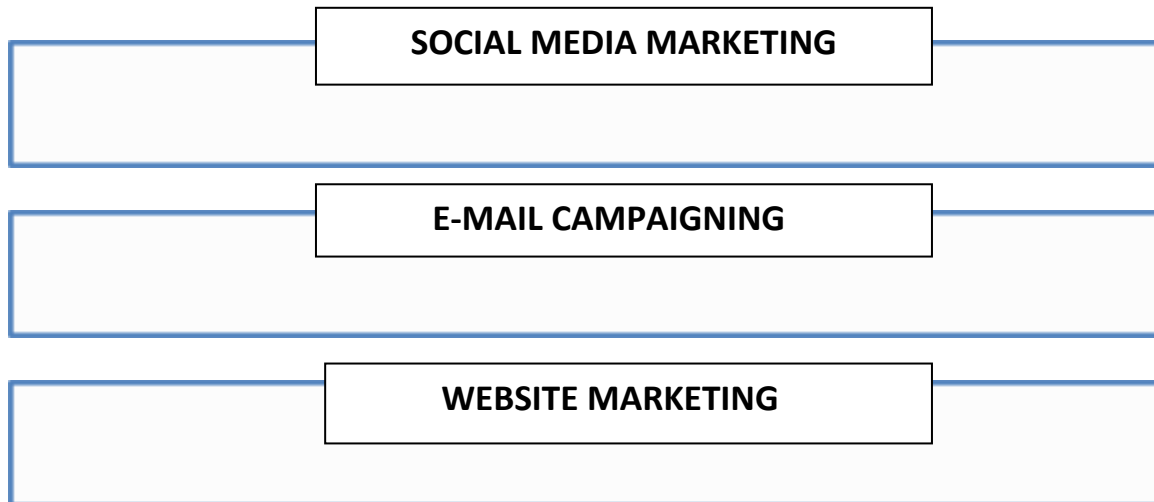
Digital channels provide key opportunities to meet business goals:

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Almost all marketers (95%) have started using a wider range of digital channels in the last three years. Websites and email are still the favorite channels for effectiveness and share of budget. Online video, social media and SEO are the ‘bargain’ channels, as they’re effective but take up a relatively smaller share of budget. Marketers are less convinced about the effectiveness of mobile, and investment is low (only 4% of digital marketing budgets).

DIGITAL MARKETING CHANNELS



1. SOCIAL MEDIA MARKETING

Facebook:



Facebook is a popular free social networking website that allows registered users to create profiles, upload photos and video, send messages and keep in touch with friends, family and colleagues

Objectives for Facebook ads:

- Page must be promoted, People should visit your site
- Conversation at your site must increase
- Increase engagement on the apps
- Collect leads for the business ,Increase brand awareness
- Get video views, web click

Twitter



Twitter is a free social networking micro blogging service that allows registered members to broadcast short posts called *tweets*. Twitter members can broadcast tweets and follow other users' tweets by using multiple platforms and devices.

Objectives for twitter

- App engagements
- Followers
- Lead generations
- Tweet engagements
- Web clicks

Youtube



YouTube is a global video-sharing website headquartered in San Bruno, California, United States. The service was created by three former PayPal employees in February 2005. In November 2006, it was bought by Google for US\$1.65 billion. YouTube now operates as one of Google's subsidiaries

Objectives for YouTube

- Reaching wider audience
- Attracting visitors to your website
- Seeking feedback

Instagram



Instagram is an online mobile photo-sharing, video-sharing, and social networking service that enables its users to take pictures and videos, and share them either publicly or privately on the app, as well as through a variety of other social networking platforms

Objectives for instagram

- Clicks to websites
- Web conversation
- Mobile app install
- Mobile app engagements
- Video views

Pinterest:



Pinterest is a web and mobile application company that operates a photo sharing website. Users can upload, save, sort, and manage images—known as pins—and other media content (e.g., videos) through collections known as pinboards. Pinterest acts as a personalized media platform.

Objectives for pinterest

- Clicks to Website
- Website Conversions
- Page Post Engagement
- Page Likes
- App Installs
- App Engagement
- In-store Offer claims
- Event Response

LinkedIn



It is a business-oriented social networking service. Founded in December 14, 2002 and launched on May 5, 2003, it is mainly used for professional networking

Objectives for LinkedIn

- Raise brand awareness
- Generate and accelerate leads
- Target right people

2. WEBSITE MARKETING:



Website marketing is using the Internet to advertise, communicate and sell goods and services. On an advanced level, website marketing is known as Search Engine Optimization (SEO), which is the use of targeted keywords,

Objectives for website:

- Build brand loyalty
- Increase website traffic
- Generate sales
- Build a social media following
- Improve customer convenience

3 .EMAIL MARKETING



Email marketing is directly marketing a commercial message to a group of people using email. In its broadest sense, every email sent to a potential or current customer could be considered email marketing. It usually involves using email to send ads, request business, or solicit sales or donations, and is meant to build loyalty, trust, or brand awareness. Email marketing can be done to either sold lists or a current customer database.

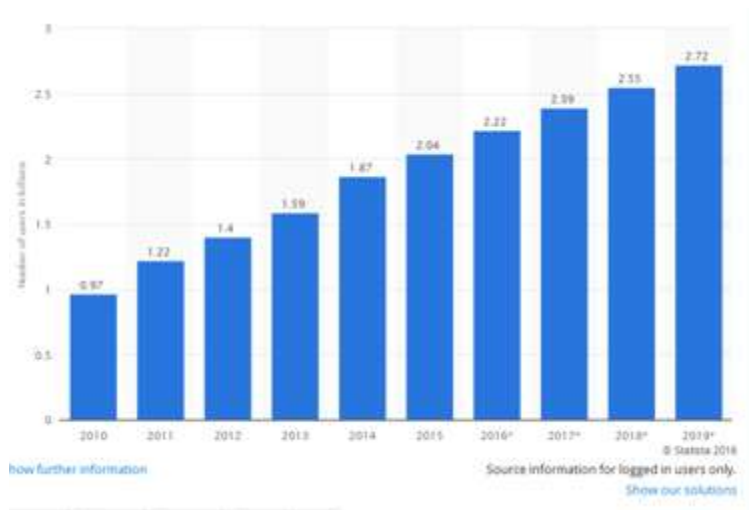
Objectives for Email marketing

- Spreading the Word
- User Reviews
- **New customer acquisition**
- **Building brand awareness**
- **Providing better service**

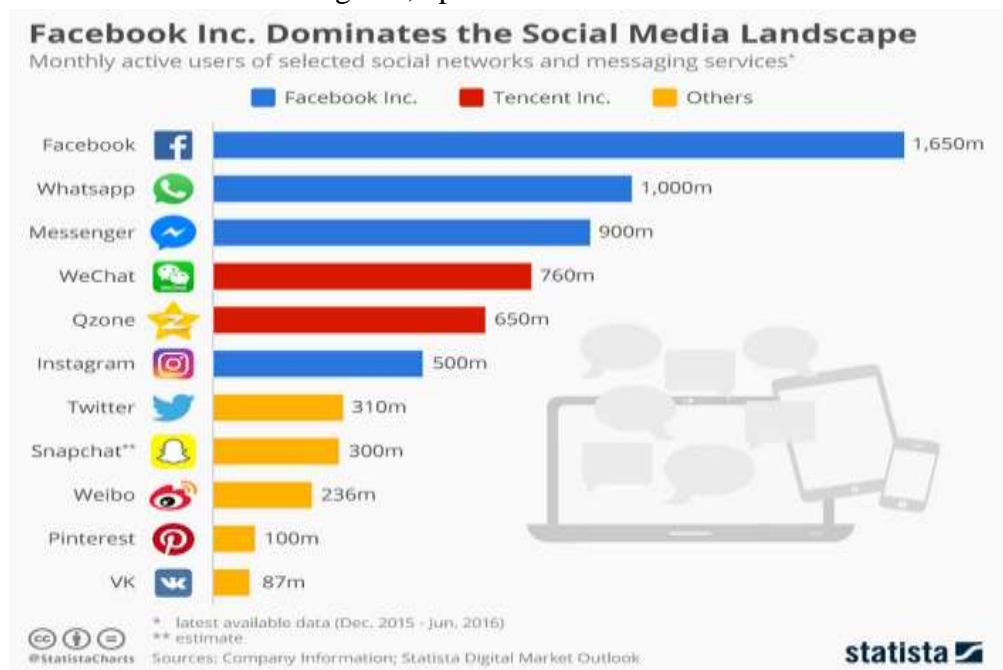
Comparison of digital marketing channels.

Social media marketing	Website marketing	Email marketing
Social media has become a formidable marketing tool allowing varied businesses to influence a much larger audience easily, conveniently and effectively but the strategies and techniques used are of equal importance	Web marketing refers to a broad category of advertising that takes many different forms, but generally involves any marketing activity conducted online	Email marketing has its undeniably notable benefits, something that every internet marketer cannot live without! Statistics reveal that 95% of internet users have access to email than any kind of social website combines
social media also provides an instant connection between the company and its customers allowing first-hand discussion with the people concerned through Twitter, Facebook and other social networks, easily disseminating information in	Convenience Internet marketing enables you to be open for business around the clock without worrying about store opening hours or overtime payments for staff	It has the numbers and the wide reach, Mailing lists are easier to create and maintain as well as progress and feedback are tracked easily and quickly.

leaps and bounds		
Social media marketing campaigns can be very cost effective and the success of every campaign will result to customer satisfaction, increase in sales and increase in brand awareness and in turn, garner more quality traffic and correspondingly high ranks on search engines	It is Extremely targetable, it can be optimized website copy, adverts or social media effort for any niche taking into account demographics, psychographics, location and more.	There is quality in every email since the recipients are already expectant of the said content in the email, therefore strengthening surety and guarantee in email- marketing.
Social media is a dialogue. Post a tweet on Twitter or update your status on Facebook, and people will respond. What you intended as a quick advert has become a customer service conversation with dozens.	Repeat exposure to customers increases likelihood of a purchase	Email Lists Are Easily Segmented and Email Delivers Only One Kind of Response
Social media marketing reaches to all the people on social networking sites.	You can sell goods in any part of the country without setting up local outlets, widening your target market. You can also build an export business without opening a network of distributors in different countries.	E-mail marketing reaches only particular people for whom the mail is sent
reating a brand identity and positive brand association And Improving communication and interaction with key audiences	Marketing products on the website costs less than marketing them through a physical retail outlet. You do not have the recurring costs of property rental and maintenance	Email campaigns see 50-100 times the click rates than Facebook and Twitter.
Social media helps reach the ads to large number of people.	website highlighted the link between social networking and online revenue growth	It usually involves using email to send ads, request business, or solicit sales or donations, and is meant to build loyalty, trust, brand awareness.



This statistic shows the number of social network users worldwide from 2010 to 2015 with projections until 2019. In 2018, it is estimated that there will be around 2.55 billion social network users around the globe, up from 1.87 billion in 2014.



This statistic provides information on the most popular networks worldwide as of April 2016, ranked by number of active accounts. Market leader Facebook was the first social network to surpass 1 billion registered accounts and currently sits at 1.59 billion monthly active users. Eighth-ranked photo-sharing app Instagram had over 500 million monthly active accounts. Social media plays an important role in how consumers discover, research, and share information about brands and products. In fact 60 percent of consumers researching products through multiple online sources learned about a specific brand or retailer through social networking sites. Active social media users are more likely to read product reviews online, and 3 out of 5 create their own reviews of products and services. Women are more likely than men to tell others about products that they like (81% of females vs. 72% of males). Overall, consumer-generated reviews and product ratings are the most preferred sources of product information among social media users.

Objectives of the study

Digital marketing play a very vital role in promoting of brands using digital distribution channels. People are advertising on digital media but they are unaware about the return they get back on their investment. So to create awareness among the people the study is conducted aiming on different objectives. The main objectives of the study are:

- To study the role of digital marketing at an enterprise level.
- To understand the ROI for the digital marketing channels.
- To study the different kinds of digital marketing channels.

Limitations of the study

- Still the internet is considered as a source of information gathering for the majority of customers. Many people are there who still prefer the live interaction when they buy. This may deter customers from buying if you have a small business with one location.
- Digital marketing may not be appropriate for certain products.
- In Digital marketing reputation of the company can be damaged by negative feedback.
- Digital marketing is not yet embraced by all the people.

Research Instrument:

- As the research conducted was observatory there was no questionnaire and hence no sample size or data interpretation was done.
- Secondary data is collected from already existing sources in organization brochures & websites. To meet the objectives, the study used qualitative research. Data was collected through secondary sources. Secondary sources were websites, books, and internet and company data.

OBSERVATION AND CALCULATION

I. Social media marketing

1. Facebook

No of reach =282

ROI= Return/ investment* 100

ROI= 282/1000 *100= 0.28.2*100

ROI% = 28.2%

From the above calculation it was observed that 22% of the Facebook marketing reach the people and gives the good return on investment.

2. Twitter

No of hits=18

ROI= Return/ investment* 100

ROI=18/1000= 0.018 *100

ROI %=1.8%

From the above calculation it was observed that 0.8% of twitter marketing reach the people and gives very less return on investment

3. LinkedIn

No of leads= 99

ROI= Return/ investment* 100

ROI=90/1000=0.099*100

ROI%= 9.9%

From the above calculation it was observed that 0.90% of linkedin marketing reach the people and gives very less return on investment.

4. YouTube

No of web click=5

ROI= Return/ investment* 100

ROI=5/1000=0.005*100

ROI=0.5%

From the above calculation it was observed that 0.20% of YouTube marketing reach the people and gives very less return on investment.

5. Instagram

No of reach =140

ROI= Return/ investment* 100

ROI= 140/1000 *100= 0.140*100

ROI% = 14%

From the above calculation it was observed that 9.40% of Instagram marketing reach the people and gives return on investment

6. Pinterest

No of web clicks=111

ROI= Return/ investment* 100

ROI= 111/1000 *100= 0.11*100

ROI% = 11%

From the above calculation it was observed that 11% of the pinterest marketing reach the people and gives good return on investment.

I. E-mail marketing

No of reach=56962

ROI= Return/ investment* 100

ROI= 56962/1000 *100= 56.962

ROI%= 56.96%

From the above calculation it was observed that 56.90% of the Email marketing reaches the people and gives the maximum return on investment.

II. Website marketing

No of web clicks=20

ROI= Return/ investment* 100

ROI=20 /1000 *100= 0.02*100

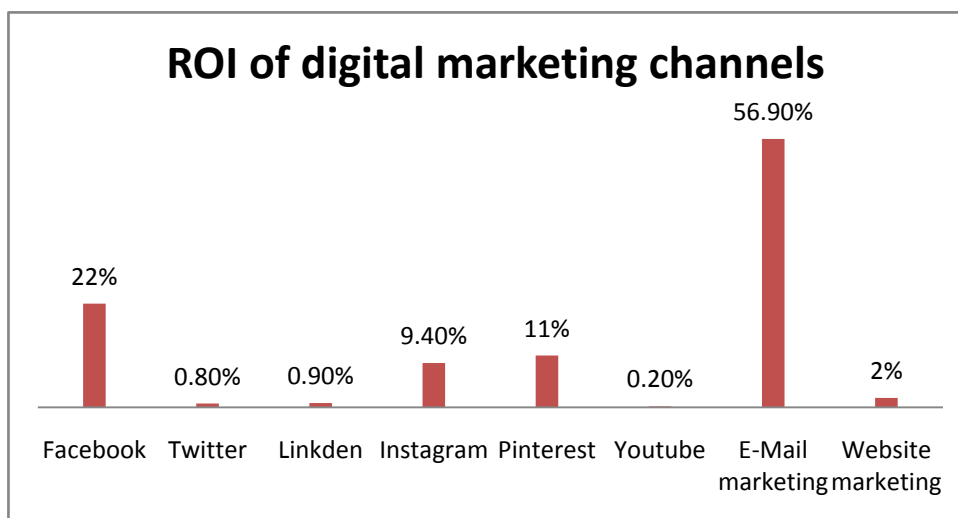
ROI%=2%

From the above calculation it was observed that 2% of website marketing reach the people and gives return on investment

By the above calculation it can be said that E-mail marketing generates higher return on investment when compared with others with other digital marketing channels. Because E-mail marketing targets the right people and increases brand awareness, it is cost effective as well as it is easily measurable.

Tabulation

S.NO	Digital marketing channel	ROI %
1	Facebook	28.2%
2	Twitter	1.8%
3	Instagram	14%
4	Pinterest	11%
5	LinkedIn	9.9%
6	YouTube	0.5%
7	Email marketing	56.96%
8	Website marketing	2%



CONCLUSION

From the study it is observed that digital marketing is rapidly growing industry and marketers are adding on-line channels to find, reach, communicate, and sell. It is observed that marketing has many greater advantages like it is afforded by both small and large firms. There is no real limit on advertising space in contrast to print and broadcast media; information access and retrieval are fast, compared to overnight mail. And the site can be visited by anyone from any place in the world.

In this study return on investment is measured for different digital marketing channels and it can be said that E-mail marketing can reach lot of people and gives the good return on investment, as well as progress and feedback are tracked easily and quickly.

Other digital marketing channels like Facebook, twitter, linkden, Instagram, Pinterest, YouTube and website are also growing as the advertising cost is less with more efficiency when compared to traditional marketing.

The report concludes that internet has opened up new avenues for reaching the consumer. It is true that there is never a fixed way or strategy that a marketer can use to market its products and services on the internet where internet is the platform for creative thinking which can take the company reach new heights. Thus we can say that marketing has not changed its shape. It is the same, unpredictable, unusual and creative field that needs constant change and open inputs that can work wonders for the company

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