



Digital Marketing: Will the Trend Increase in the Post Demonetization Period

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ABSTRACT: *The technological innovations led to the rise of digital marketing, marketing using internet and other technologies. In India, the digital marketing is in the nascent stage with most of the transactions taking place in cash. After demonetization, the surge in the digital marketing was seen. This concept paper construed by reviewing articles, news reports, journals and books discusses the aftermath of the process on retail and online shopping, how it paves the way for a new trend of digital marketing and the implications of the same on online shopping and digital payments and implications on the rural consumer.*

Keywords: *demonetization, digital payments, fad, online shopping, trend*

I. INTRODUCTION

- Paytm sees an increase of 435% in the traffic post the announcement.
- Indian bank announces the digital transaction even while buying vegetables.
- Future Group makes arrangements to make cashless payments in order to offset the impact of scrapping of rupee notes of 500 and 1000.
- A temple in Gurugram accepted cashless offerings and invited payments by digital wallets

The above examples indicate the onset of process of digital transaction wherein the major payments were made in cash. In a move towards a cashless economy, the Government encourages payment through cheques and cards.

II. THE BACKGROUND

On November 8th, 2016, in what can be said to be the audacious move, Prime Minister Sri. Narendra Modi announced the scrapping of 500 and 1000 rupee notes in order to combat the black money and fake currency. As anticipated, the sudden dearth of cash led to the emptiness in the business. Serpentine queues in the ATMs and banks saw the common public frantically exchanging the old notes with the new ones and depositing the old notes in the banks. The shift focused to more of digital, online transactions thus enhancing the payments other than cash. A new 2000 rupee note was brought into circulation as high value currency. New notes of 500 and 1000 rupees were also released in the market in the subsequent days.

III. IS DIGITAL MARKETING A FAD OR TREND

A fad is something that is in the market, rises at its peak and fades away quickly. To quote Kotler & Armstrong (2008), "a fad is a temporary period of unusually high sales driven by consumer enthusiasm and immediate product or brand popularity". "Style is a basic and distinctive mode of expression". "Fashion is a currently accepted popular style in a given field". Unlike a fad, fashion tends to grow slowly, remain popular and decline slowly. To further quote Kotler et.al. (2009), "Trends are changes which are more durable and predictable. It is observable in several market areas and is consistent with other significant indicators occurring or emerging at the same time. Hence, a trend is set to dominate a scenario for the days to come". Coming to the point of digital marketing, the proposition holds true because the drive of having a cashless economy thus ensuring transparency in the functioning of the economy in India, paved the way for the same. It can be said to be one such phenomenon that is poised for a good growth, hence it is seen more as a trend than a fad.

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IV. TREND GIVES RISE TO NEW FASHION

Fashions are popular style in a given field. It is accepted by the people simply because of the most visible and accepted mode of expressing a person in any give field. With just this proposition, it **cannot** be said that digital payments are in fashion. The economic resolution of banning the high value notes and ensuring transparency in transactions to curb black money and fake currency circulation made it obligatory for people accept digital payments. Hence it can be said that economic environment to a large extent decides the spending pattern of a person. For e.g. an auto rickshaw driver has a card swiping machine to enable payments through cards.

V. IMPACT ON THE RETAILERS

Post demonetization, retail industry took a beating in the first week of the announcements with the news of major retails shops giving a deserted look. However, with the currency inflow the situation slowly resumed to normal and it would still take time. According to Singhal of Technopak, “Some product purchases say women clothing may be deferred or postponed, but the impact is not much considering. We may lose 6-8 percent of sales of 600 billion retail sales which is insignificant”, as reported by Das (2016). To quote the author further, the groceries sales which were done mainly through cash to the extent of 80% and 20% through cards got reversed.

Goyal et.al. (2016), in their study of online marketing on buying behaviour of FMCG brands in comparison to the traditional purchase behavior, found that the consumers perceive that those companies pursuing online marketing are innovative. They posit that companies should respond to the changing trends and adopt online marketing.

To affirm the above study, to combat demonetization, offline retailers give the consumers alternate payment options to enable purchases. Kishore Biyani, the CEO of Future Group that owns Big Bazaar, said in an interview that the in urban stores 40% of the business happen through cards whereas in the smaller towns and cities, it is 25%. The company would encourage digital payments and promote debit cards and gift cards, as reported by Sharma (2016).

VI. IMPACT ON DIGITAL PAYMENTS

In 2014, cash survey was conducted amongst 1005 respondents in various demographic parameters like age, education, income, gender in rural and urban areas of Delhi and Meerut by People’s Research on India’s Consumer Economy(PRICE) and it was found that payments were still be made by cash. Even the credit card and the debit card users preferred payments by cash because the cash payments allow negotiation, spending can be controlled and is the fastest transaction method (PRICE Cash Survey, 2014). The following table shows mode of payment across different expenditures:

Table1: table showing the preferred mode of payment of expenditure items (% of households surveyed)

Expenditure types	Preferred mode of payment	
	Cash (%)	Card (%)
Rent	100	0
Fuel for vehicle	99	1
Cell phone bills, recreation	98	2
Food, beverages, electricity bills	97	3
Durables purchase	96	4
Restaurants	95	5
Groceries at stores	94	6
Tours and travels, hotel booking	93	7
Internet charges	77	23
Online shopping	39	61

Source: PRICE Cash Survey, 2014

From the table it can be inferred that of the households surveyed, the cash was the preferred mode of payment for all the major purchases, whereas 39% of households and 61% of households preferred cash and card payments respectively for online shopping. This indicates that online shopping is mainly card driven.

But because of the cash crunch post demonetization, the digital payments and online shopping has enhanced because consumers resorting to online purchases/ transactions. The major players foresee a surge in the online shopping with more of online restaurant booking, food ordering, groceries booking etc. Big Basket saw a 25% rise on the orders by new customers. Even the CoD, cash on delivery was a problem with the delivery persons not willing to accept the old notes and hence was stopped by many companies. The Ola digital wallet, Ola Money of the taxi company Ola saw a rise of about 1500% in their recharge amount. Companies like Paytm and Mobikwik posted on social media the pictures of local vegetable vendors displaying signs accepting digital payments. According to Surya, the adoption is increased, the digital payments has grown

twofold. The growth is likely to sustain rather than withering away in a few weeks because of the various government measures for a cashless transactions, the companies strategies and the change in consumer behavior. According to Punater, this is not a short term phenomenon; it would prevail in the days to come, as reported by Gupta et.al. (2016). Going by the report Pande and Memon (2016), mainly the need to make cash payments to suppliers is the main reason for business people showing indifference towards digital payments. Added to it, the consumers are unable to make digital payments with merchants around them refusing to accept digital payments for frequent purchases. Banks can set up unified payment interface apps to their customers and India Stack can be seen as a merchant acquisition drive.

VII. IMPACT ON ONLINE SHOPPING

The internet usage has seen a rise with 53% of transaction in 2013 made by digital payments out of 800 million online transactions comprising of online travel, financial services like payment of insurance premiums and taxes, bills and e-tailing. The major cities contributed to a larger share. The prime use of internet in urban India was search, online communication, social networking whereas in rural India, it was entertainment, communication, social networking (IAMAI Annual Report, 2014, pg.69). After demonetization, the online shopping with prepaid channels increased, the purchases made online were mainly food and groceries, online restaurant booking and food ordering, Gupta et.al (2016).

Table 2: table showing the number of online shoppers in India

Year	Rs. In millions
2013	20
2015	39
2018*	140
2020*	220

Source: Images Retail Bureau, 2016

Table 3: table showing the number of online shoppers as a percentage of total internet users

Year	Percentage
2013	9
2015	11
2018*	26
2020*	36

Source: Images Retail Bureau, 2016

From the above tables, it is seen that the estimated online shoppers in India is 220 million, 36% of the total internet users would engage in online shopping. But after demonetization, this figure might enhance even further.

According to IAMAI – IMRB report the mobile internet users in India were expected to be at 371 billion by June 2016. While 13% of urban mobile users use mobile internet for online shopping, in rural India, only 1% used for online shopping. Similarly, 11% of urban mobile users used for online ticketing, 0.4% of the rural users used mobiles for online ticketing (Indian Express, 2016). With the onset of demonetization, the response for online shopping using the mobile internet in the rural areas too might increase.

VIII. IMPACT ON THE RURAL CONSUMER

All said and done the rural consumer who transacts mainly in cash finds it difficult to make a card purchase. Added to this, the banks that are in the rural areas cater to more customers that of the urban areas. Mainly being a cash economy, the small and medium enterprises stand to lose in the wake of no-cash prevalence. It would take a long way for the rural consumer to adapt to the process of digital payment and those businesses that are mainly cash driven have to accept the new modes of payment. According to Agarwal, small sector moving to e-payments takes time and cannot be done within a short span of time, as reported by Sasi and Iyer (2016). Though the number of rural internet users is expected to increase from 120 million in 2015 to almost 315 million in 2020 as per the BCG report, the use of internet for online transaction is quite small. The challenges are more because of the very fact that rural consumer purchases are totally cash driven. Added to it, the use of technology, fraud and the hidden charges too pose a challenge for online marketing in the rural areas. However according to Singh of Mobikwik, “rural India forms the good potential for mobile wallet companies” Dadabhai opines, “93% of the rural India does not indulge in digital payment, hence the real potential lies there”, as told by Singh (2016).

IX. IMPLICATIONS FOR DIGITAL PAYMENTS AND ONLINE SHOPPING

- Whether agreed or not, the move results in growth in the economy with more cash accounted for and resulting in reduced inflation

- More money transactions through banks and plastic money keeps a check on the source of the money
- Indirectly helps the growth of digital marketing and banking transactions online
- The local retailers or the traditional stores have to update to the cashless transaction
- More employment opportunities seen in the fin- tech companies owing to the large consumer base

X. IMPLICATIONS FOR THE RURAL CONSUMER

- The rural consumer who mainly transacts in cash or sometimes petty cash will suffer to some extent because of this transition
- The opening of bank accounts hitherto unheard of in the rural areas takes time
- The move demands that more branches of banks be open in the rural areas

XI. CONCLUSION AND SCOPE FOR FURTHER RESEARCH

It can be seen that the demonetization has resulted in the paving the way of new trend in the transaction, i.e. online shopping and digital payments. However the scope for digital marketing is to be seen in the days to come given the internet adoption level in the country, the ease of banking operations and the mindset of the people adopting the trend. The study was confined to the impact and implications based on the secondary sources of data, mainly the news reports for want of latest information. Further empirical research can be done on the digital payments and its growth among the rural and the urban segments of the population, before and after the demonetization. Research studies on online marketing and ecommerce can be taken up in larger perspective.

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