DIGITAL
DIVIDEND

Marketing Trends and Forecast
for the Digital India 2018

#Digital2018
OctaneResearch.in

OR
Octane Research

TABLE OF CONTENTS

Associate Research Partners

IMPACT

Jatin Modi
CEO, FrogIdeas

While AI and technology driven experiential marketing will certainly come to the fore, I think 2018 will also see the rise of the sophisticated marketer. Someone who is able to understand attribution, discuss ROI and map customer journeys/behaviors better. There has been no better time to get our basics right. This is where the Octane research report will come in handy. For the invaluable insights and its ability to understand the Indian marketing industry's challenges and opportunities, there is no better report than this one.

Rajesh Kumar Jindal
Head of Audience, Industry & Digital Marketing, Asia Pacific Japan, SAP

The scale has already tipped across the board and the need of the hour is for marketers to re-architect their craft, while retaining their essence as business managers. Resources like the Octane's Annual Digital Marketing research helps marketers know, learn, iterate fast to stay close to the consumer to earn their loyalty.

Sairee Chahal
Founder & CEO, Sheroes

India Internet much like net neutrality stands to make a few leaps ahead of its global peers. As more and more number of people use the internet for the first time, we are bound to break some barriers and set a few India first trends. It is an opportunity. We should continue to invest in it. Octane's Annual State of the Online Marketing India Reports have been my reckoner for a few years and I am happy to begin my year with a bird's eye view of trends in the industry. Very empowering and educative. Get your copy.

Subhrangshu Neogi
Director : Group Marketing & Brand, Religare

Digital and the mobile internet specifically has revolutionized how we Indians lead our lives and run our businesses to solve genuine customer problems. Forward looking enablers such as Octane have been on the forefront as proactive catalysts to not just create a vibrant ecosystem but also to energize all relevant stakeholders within this community. I have personally found their reports to be specifically relevant, useful and insightful to provide meaningful directions and enable business decisions. I congratulate them on the great work done so far and do sincerely hope that they continue to break new ground in the future.

INTRODUCTION
Digital Marketing Outlook India 2018

EXECUTIVE SUMMARY

Digital Dividend
Annual State of Online Marketing in India

The time to harness dividends has come. We've all heard of the impressive numbers, the inflating digital marketing spends, the readiness for growth but where are the dividends? The year gone by marked the mainstreaming of progressive digital marketing technologies and a momentous shift in the Indian economy, opening up doors for a digital marketing surge and putting India Marketers in a very sweet spot. We do live in interesting Digital Marketing times.

This year's rendition 'Digital Dividend, 2018' can be broadly categorized into three sections.The first part builds on industry analysis to understand contemporary digital marketing trends and forecasts, extending over last year's synthesis by encompassing India Marketer's outlook on newer technologies like Bots and Cross Channel, along with their take on foreseeable challenges in the coming year. The second part provides a concise snapshot of the year on year technology relevance journey of Email as a digital marketing channel. Lastly, the report concludes with a few succinct recommendations aimed at providing a quick counsel for the times ahead.

The consumer market in India is gravitating towards digital nativity and now seeks a higher "value based appetite". As you progress on the report, this recurring theme would continue to strike relevance, emphasizing on the need to be contextually correct as the key to drive rewards from a multitude of digital possibilities that modern day marketers are blessed with.

We at ValueFirst like to identify ourselves as value creators and as Octane diffuses within us, we embark on the journey to seek answers to questions which perplex marketers, uncover insights that can resolve challenges and offer synthesis which can be the cornerstone towards digital marketing success. We hope this resource provides you a portrait of the "Mindshare of Marketers", inspiring intelligent conversations across channels that drive dividends.

We extend our gratitude to the 350+ India Marketers who contributed to this study by offering a fair share of their thought space, time and experience along with our industry associations who facilitated this collaboration. This year Octane Research marks 8 years of successful industry analysis and we would take this opportunity to thank the 2200+ marketers who helped us build this convivial community over the years.

We would love to hear your thoughts on this report. Please reach out to us on research@octane.in or provide your feedback on this survey link https://www.surveymonkey.com/r/Digital18

Sincerely,

Jayati Baweja
Marketing Manager
Corporate Marketing, ValueFirst
jayati.baweja@vfirst.com

#Digital2018

For the previous editions of the report and other Digital Marketing Research projects, please visit octaneresearch.in

PREFACE

It's raining gains

With disruption being the name of the game, India witnessed Reliance Jio convert data from a pricey and finite commodity, to an abundant and ubiquitous reality. Incumbents followed and India arrived at the cusp of a digital revolution. This contagious spread lead to many data forecasts falling short, with Jio consumers alone reportedly lapping up 1.1million TB of data a month. Data became the new oil and the Indian smartphone market grew by over (23%) year on year pipping USA to become the world's second biggest smartphone market just very recently. Come today, India is the fastest growing economy, all set to become the fourth largest in the world.

Home to a predominantly millennial population with rising awareness and incomes, India will continue to be an early adopter of technology but a recent thrust of cheap smartphones in India has paved the way for the digitally disempowered population to be available as a target audience for the e-marketing brigade. The result? Favorable demographics and content consumption at its peak, making India a ripe marketing playfield to guarantee digital dividends.

The opportunity however comes bundled in with a challenge. As this wave of change is bound to transform the preferences of many TGs, newer audience segments are on the block with different consumer behaviours, spending patterns and aspirations complicating the contemporary marketing ecosystem further. A market story could be expected to appeal to a rural, semi urban and cosmopolitan member of the respective TGs making 'batch and blast' a thing in prehistoric times and 'spray and pray' plain wishful thinking.

This is where we need to pause, revisit the roots of marketing, understand the fundamentals of digital consumption and leverage the greater visibility that data driven marketing offers. Marketers today have access to progressive tools that use data to create experiences which lead to more data allowing them to reskill, innovate and evolve to deliver more value. Different TGs are progressing differently towards technology and though the industry is abuzz with the latest trends, data driven marketing is the best practice that can lead marketers to the threshold of success.

Octane Research has been analyzing and anticipating the evolving nature of the market for 8 years now. This year's edition will help reaching the 'mindshare of marketers' by providing underlying marketing motivations that define trends and set benchmarks. We have tried to provide a distinction of the data basis customer focus and sector to make this report a navigation manual for India specific decision making within organizations.

TOP 8 HIGHLIGHTS

1. Customer Acquisition and Engagement

Customer acquisition remains the primary marketing goal for (70%) India Marketers in 2018. Social Media updates (50%) and Email marketing (31%) were deemed the most engaging channels.

2. Top Marketing Activities for 2018

(69%) B2B marketers vote website based marketing as their primary e-marketing activity, while for (76%) B2C marketers Social Media marketing remains the most preferred form of digital marketing.

3. Digital Channel delivering the Best ROI

Email Marketing (28%) was deemed the best performing digital marketing channel guaranteeing the highest ROI for each 1 rupee invested, followed closely by Paid Search (24%).

4. Calculating ROI

The Last click (24%) and the First click (20%) attribution models are the most widely used attribution models by India Marketers. Technology limitations (54%) followed by lack of knowledge (35%) are the biggest challenges while performing attribution.

5. Content Marketing

(70%) India Marketers use content marketing as an effective medium to get more visibility to the brand while (54%) leverage it to engage newer audiences.

Social Media updates (70%) and Blogs & Newsletters (66%) were the most popular form of content deployment initiatives.

6. Increase in Digital Marketing investment in 2018

Eying a massive opportunity in Social channels, (64%) of India Marketers are willing to allocate a higher budget share to Social Media Marketing while (55%) intend to increase their spend on the Website development/ Update in the coming year.

7. Outlook for Future Technologies

Cross Channel automation platforms , Big Data analysis and Chatbots are the three most promising marketing technologies for the India Marketer in 2018.

8. Challenges for 2018

Justifying revenue impact of high Social Media spends and proving RoI on Digital Marketing are the top challenges for the India Marketer in the coming year.

RESEARCH METHODOLOGY

This year's study," The Annual State of Online Marketing" was a result of a collaborative rigour with an underlying curiosity to know how digital marketing can be more rewarding for a business. In this quest of knowledge, we reached out to marketing practitioners and decision makers across the country via online links, offline forms and face-to-face meetings.

Additionally, we enjoyed the assistance of our esteemed partners and industry associations - DMAasia, RAI (Retailers Association of India), IAMAI (Internet and Mobile Association of India), Digital Vidya and CMAI (Communication Multimedia and Infrastructure), to reach a more diversified industry base through their deep rooted network resulting in an active participation of over 350+ marketing professionals.

Such extensive support from the marketing community makes 'Digital Dividend, India 2018: Marketing Trends and Forecast', one of the most comprehensive studies of the Indian digital marketing ecosystem.

We have modelled the study into four parts:

1. Mindshare of Marketer :
   India Marketer's take on various digital marketing initiatives along with a future outlook towards adoption of more progressive technologies.

2. Digital Marketing Trends :
   Trending data on the evolution of digital marketing interactions and impact from 2013 to 2017 + 2018.

3. Email Marketing Forecast and Trends:
   A year on year benchmarking on the relevance journey of email as a medium of digital marketing.

4. Recommendations for the future of Online Marketing in India.

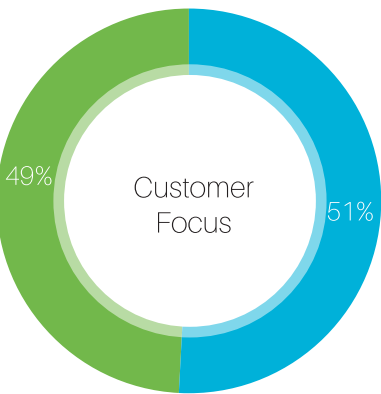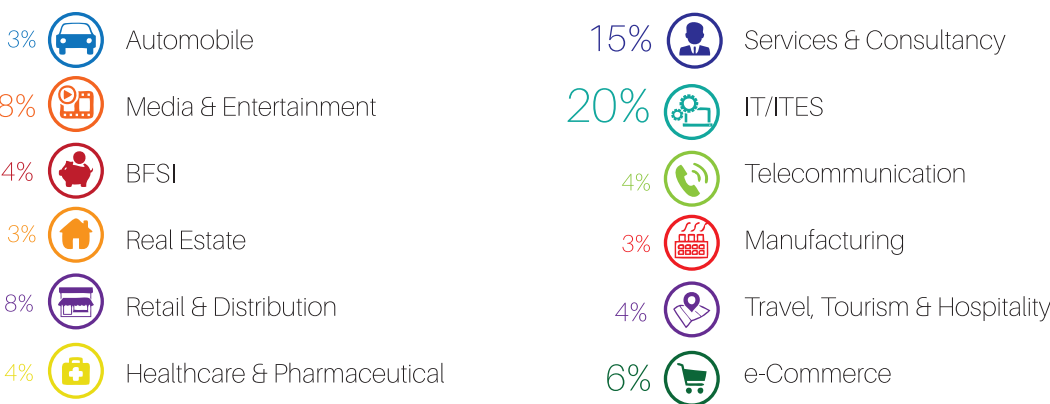**We modelled the survey questions on the following lines:**

o What is the modern day digital marketing budget overview?

o What, in the opinion of India Marketers are the broad marketing goals and to what extent does digital marketing help in achieving these?

o Which marketing channels have inspired confidence within marketers and generated a revenue impact on business?

o Which attribution models do marketers prefer for calculating ROI and what challenges do they face while attempting to do it?

o How is content marketing deployed and how does it help marketers achieve their goals?

o What according to India Marketers are the requisite skills to be an effective marketer in the modern digital world?

o Which new tech areas do India Marketers plan to invest in the coming financial year?
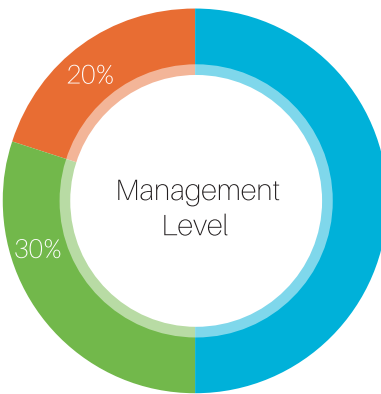
RESEARCH PARTICIPANTS

This year's study was made insightful through the active participation of 350+ industry professionals serving as CEOs, CMOs, CDOs, Founders, Directors, Marketing heads , Managers and Digital strategists from a plethora of sectors across India. (51%) of the said professionals identified their organizations as largely B2B companies while the remaining (49%) classified theirs as predominantly B2C.

Close to (50%) of the respondents could be categorized as top level management with (54%) of the represented organizations reporting revenues of over INR 100 crore annually.
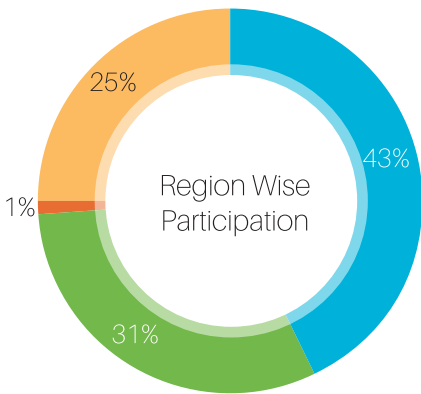
The industries that we covered during the research and their participation percentage are:

3%	Automobile	15%	Services & Consultancy	
8%	Media & Entertainment	20%	IT/ITES	
4%	BFSI	4%	Telecommunication	
3%	Real Estate	3%	Manufacturing	
8%	Retail & Distribution	4%	Travel, Tourism & Hospitality	
4%	Healthcare & Pharmaceutical	6%	e-Commerce	

Customer Focus
- 49%
- 51%

Graph No. 1

Management Level
- 20%
- 30%

Graph No. 2

Region Wise Participation
- 25%
- 43%
- 1%
- 31%

Graph No. 3

- ○ Largely to Businesses (B2B)
- ○ Predominantly to Consumers (B2C)

- ○ Top Level
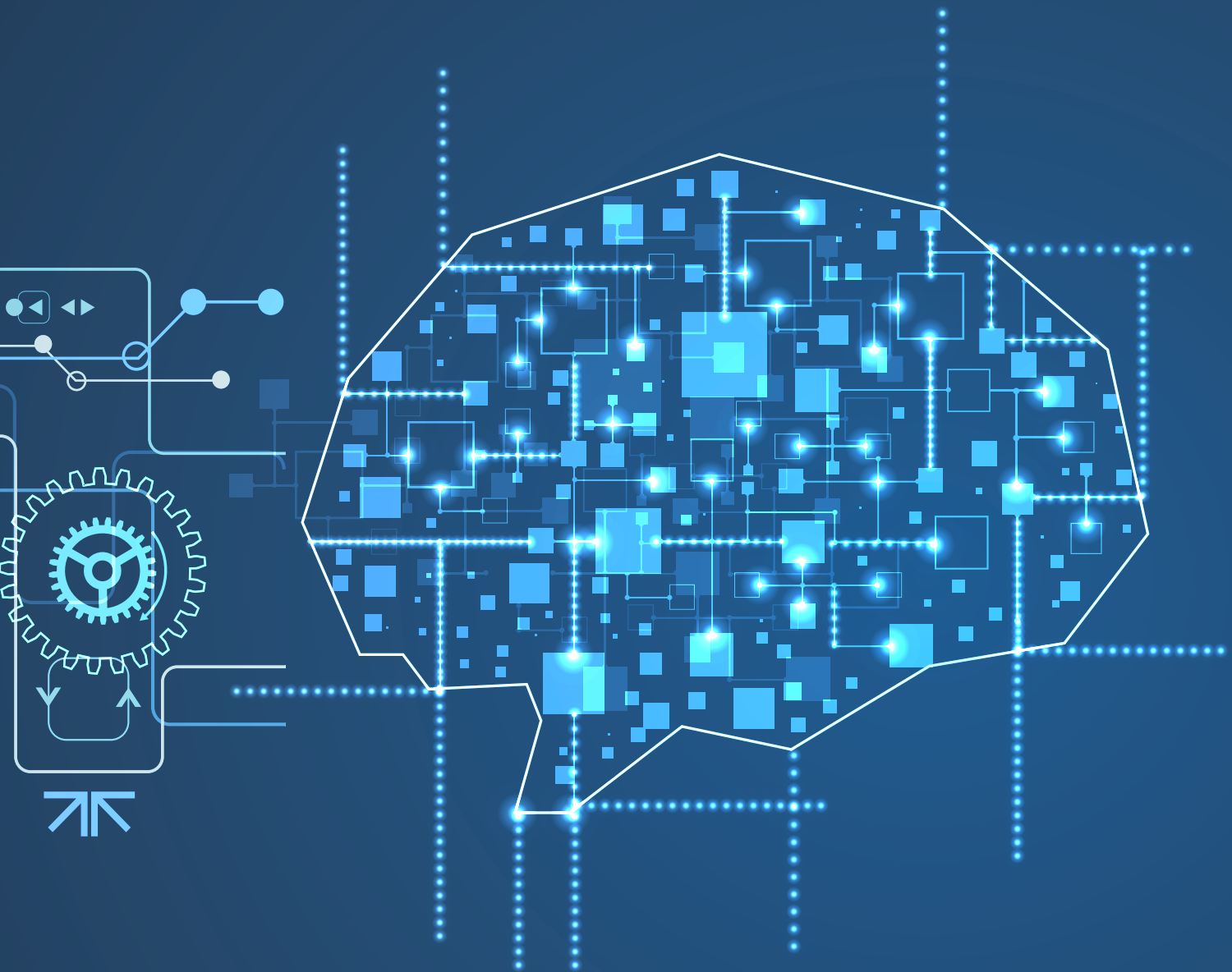- ○ Mid Level
- ○ Junior Level

- ○ North
- ○ South
- ○ East
- ○ West

ABP न्यूज़	Accentiv' Edenred	accenture	ACCOR HOTELS	ADITYA BIRLA GROUP	Adobe
AEGIS	AIRCEL	amazon	AO Smith	Apollo HOSPITALS	AVAYA
92.7 big fm suno sunao. life banao!	BigStylist STAY HOME, BEAUTIFUL!	BLACKBERRYS	Bloomberg	Cognizant	Cornerstone realize your potential
croma The Electronics Megastore	cvent	Dabur Celebrate Life!	DELL	Deloitte.	Dentsu webchutney
EarlySalary.com	Edelman	EMC²	eroslabs	EXIDE Life Insurance	Extramarks
EY Building a better working world	FAIRCENT.com EVERY ₹ COUNTS	Flipkart	future group	genpact Transformation Happens Here	girnarSOFT CREATING BUSINESS VALUE THROUGH TECHNOLOGY
GITANJALI TRUST FOREVER	gsk GlaxoSmithKline Consumer Healthcare	Godrej	groupm	hathway	HCL
Hi. HEXAWARE	hp	HSBC	HT Media	HyperCITY Something Fresh every day FOOD HOME FASHION	IBM
idea	INDIQUBE GROW YOUR BUSINESS	InfoCepts	isobar	ISUZU NEVER STOP	ITM Group of Institutions

MINDSHARE OF MARKETERS

MINDSHARE OF MARKETERS

1. Primary Marketing Goal for 2018:

All sectors have the unanimous primary goal of new customer acquisition averaging at (70%) followed by Customer retention (14%) and Brand awareness (13%).
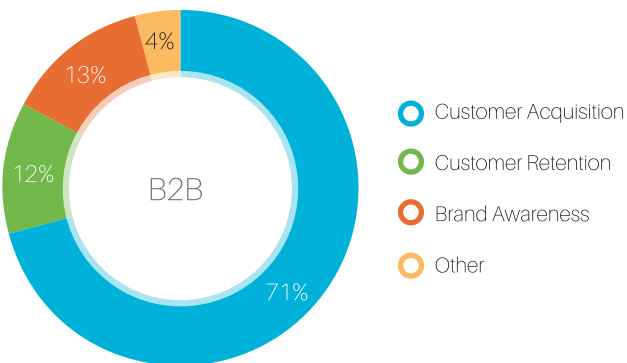
💡 The Automobile Industry has the highest focus on acquisition with (86%) marketers listing it as their primary marketing objective.
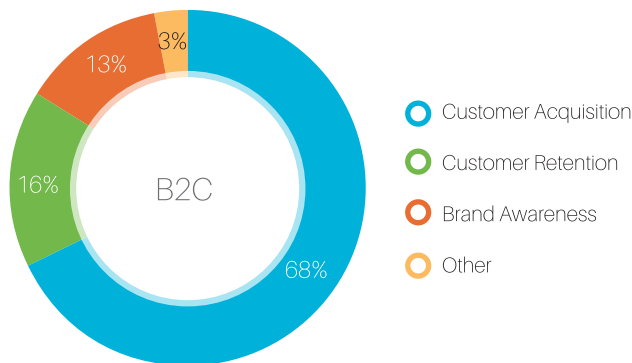
💡 Retail: The focus on customer retention decreased from (63%) in 2017 to (26%) in 2018 with acquisition becoming the primary goal.

What is your primary marketing goal for 2018?

B2B

- Customer Acquisition — 71%
- Customer Retention — 12%
- Brand Awareness — 13%
- Other — 4%

Graph No. 4

B2C

- Customer Acquisition — 68%
- Customer Retention — 16%
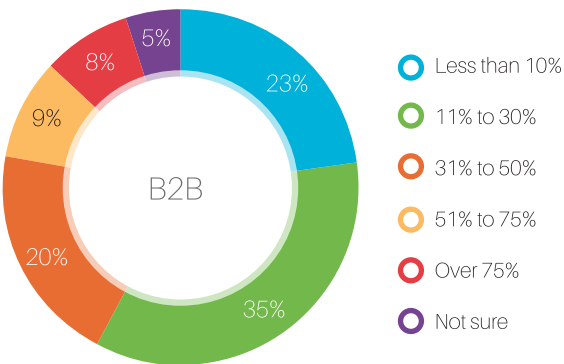- Brand Awareness — 13%
- Other — 3%

Graph No. 5

2. Digital Marketing Budget 2017:

(41%) B2C marketers allocated more than (30%) budget to online marketing activities while for B2B, the number was (35%).
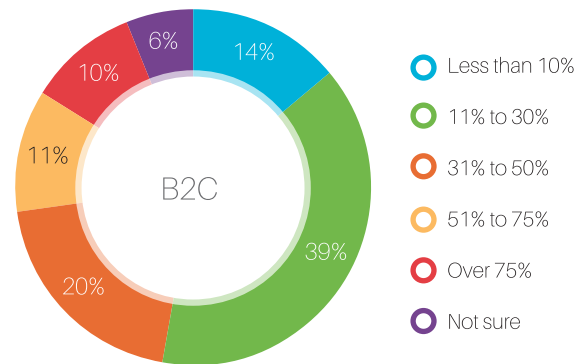
💡 Telecom: (42%) of the total marketing budget was engaged for performing digital marketing activities.

For 2017, approximately what percentage of your marketing budget was allocated to Digital Marketing activities?

B2B

- Less than 10% — 23%
- 11% to 30% — 35%
- 31% to 50% — 20%
- 51% to 75% — 9%
- Over 75% — 8%
- Not sure — 5%

Graph No. 6

B2C

- Less than 10% — 14%
- 11% to 30% — 39%
- 31% to 50% — 20%
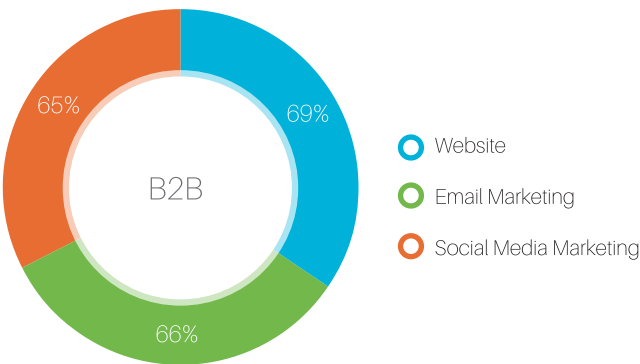- 51% to 75% — 11%
- Over 75% — 10%
- Not sure — 6%

Graph No. 7

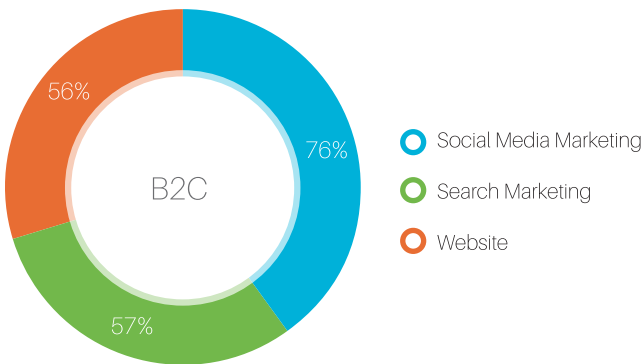### 3. Top three primary Marketing Activities in 2017:

Social Media Marketing was the most extensively performed marketing activity averaging at (70%) across sectors.

Website based marketing saw an increase of (14%) in 2017. In our experience this hints towards optimisation of search performance.

Which of the following were your primary online marketing activities in 2017?

B2B

65% 69% 66%

- ○ Website
- ○ Email Marketing
- ○ Social Media Marketing

Graph No. 8

B2C

56% 76% 57%

- ○ Social Media Marketing
- ○ Search Marketing
- ○ Website

Graph No. 9

Industry Winners

Social Media Marketing - 95%

Retail & Distribution

Email Marketing - 88%

BFSI

Social Media Marketing - 75%

E-commerce

Website - 67%

Telecommunication

Social Media Marketing - 66%

Services & Consulting

Social Media Marketing - 65%
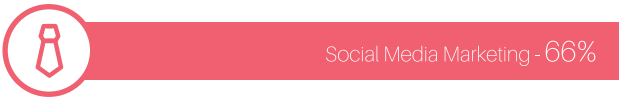
Media & Entertainment

Graph No. 10

4. Online Budget Increase for 2018:

For organizations with revenue upto INR 100 crore, (17%) suggest they are considering a budget increase of about (20%) and (7%) forecast their online marketing spend to increase by more than (50%).

> BFSI: (25%) plan on increasing their online budget spend by over (50%).

What is your likely increase in online marketing budget for 2018?

- Less than 5%
- 6% to 10%
- 11% to 20%
- 21% to 50%
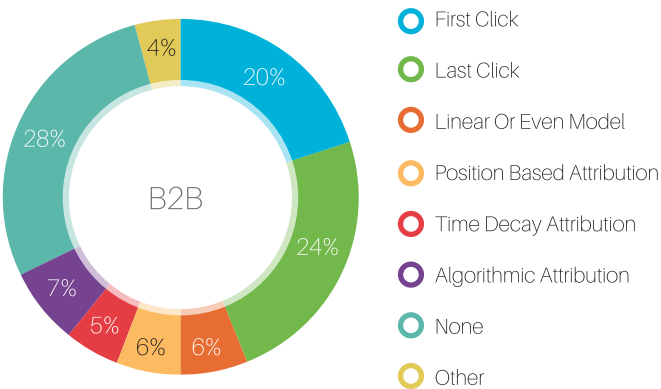- Over 51%
- Dont know
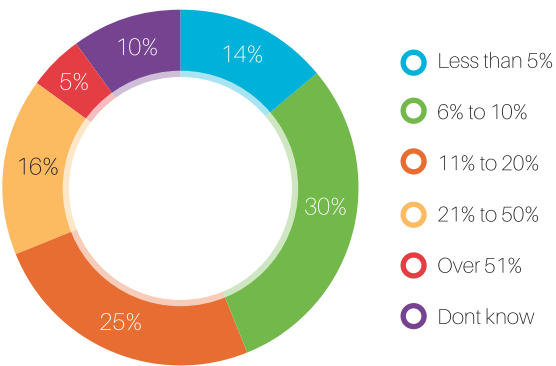
Graph No. 11

5. Understanding ROI:

Attribution models call for marketers to allocate appropriate credit to each touchpoint the prospect interacts within their respective buyer's journey online before conversion.

The Last Click (24%) and the First Click (20%) attribution models are most widely used by India Marketers.

> Automobile Industry has the lowest use of attribution models with (40%) marketers not using any form of ROI attribution.

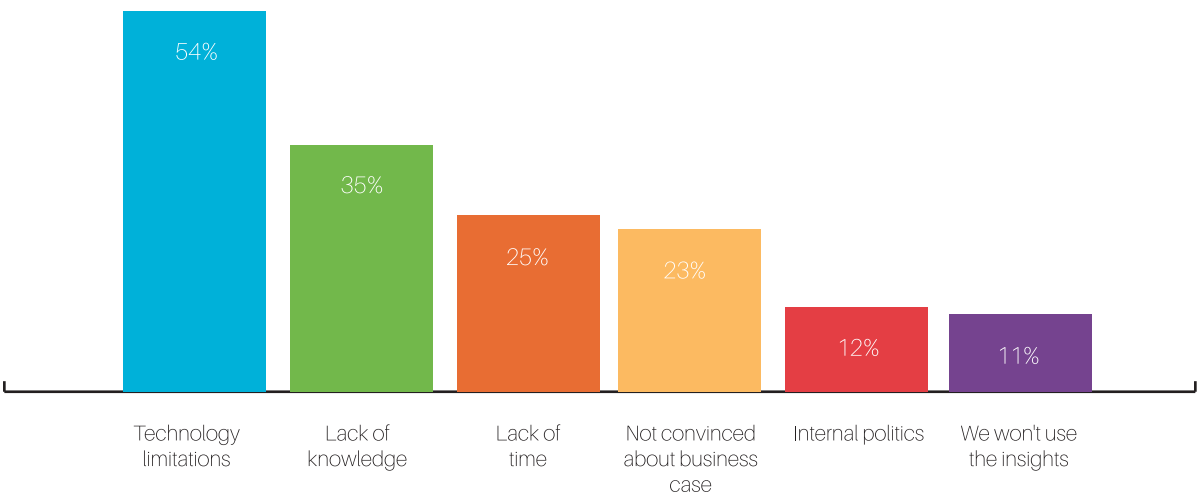For calculating ROI, which attribution model do you use?

- First Click
- Last Click
- Linear Or Even Model
- Position Based Attribution
- Time Decay Attribution
- Algorithmic Attribution
- None
- Other

Graph No. 12

6. Challenges in Attribution:

A high number of (28%) India Marketers do not use any form of RoI attribution. The biggest challenges while performing attribution being Technology limitations (54%) and Lack of knowledge (35%).

What are your biggest hurdles while attempting marketing attribution?

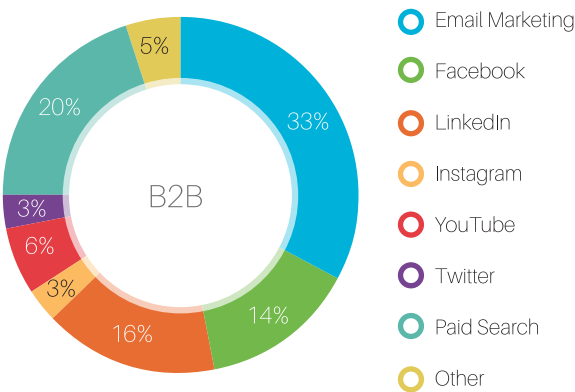|	
54%	Technology limitations
35%	Lack of knowledge
25%	Lack of time
23%	Not convinced about business case
12%	Internal politics
11%	We won't use the insights

Graph No. 13

7. Digital Marketing Channel generating the Best RoI:

Digital marketing can guarantee an accurate measurement of RoI by mapping variables that influence the buyer's journey. This can answer the question that is pivotal to marketers: Which channels translate the maximum consumer value to commercial value?
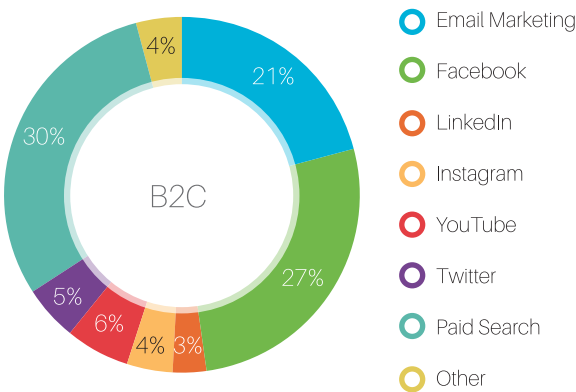
For the year 2017, Email marketing (28%) and Paid search (24%) were the top RoI generators for marketers.

IT Sector: (64%) qualified YouTube as the highest RoI generator.

For each 1 rupee of marketing investment, which digital channel offers the highest measurable revenue impact for your business?

B2B

- Email Marketing — 33%
- Facebook — 14%
- LinkedIn — 16%
- Instagram — 3%
- YouTube — 6%
- Twitter — 3%
- Paid Search — 20%
- Other — 5%

Graph No. 14

B2C

- Email Marketing — 21%
- Facebook — 27%
- LinkedIn — 3%
- Instagram — 4%
- YouTube — 6%
- Twitter — 5%
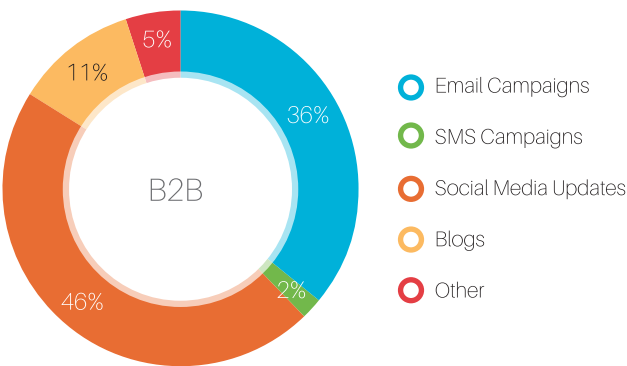- Paid Search — 30%
- Other — 4%

Graph No. 15

8. Scaling up engagement:

In sync with last year's trend, Marketers are still visibly enamoured by Social Media & Email as their champions for driving engagement.
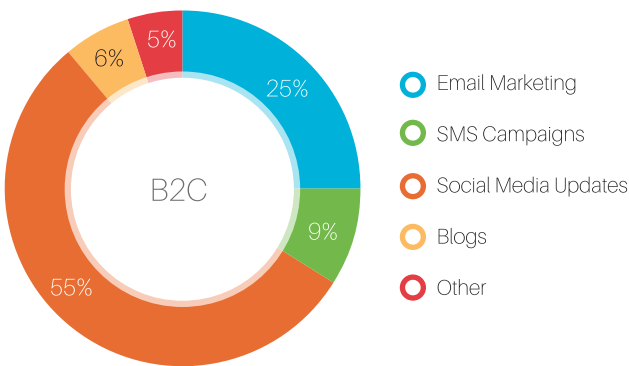
An exception to the trend, for BFSI, (50%) voted Email Marketing as the most engaging channel.

Which digital channel gives you maximum customer engagement?

B2B

- Email Campaigns
- SMS Campaigns
- Social Media Updates
- Blogs
- Other

36%
2%
46%
11%
5%

Graph No. 16

B2C

- Email Marketing
- SMS Campaigns
- Social Media Updates
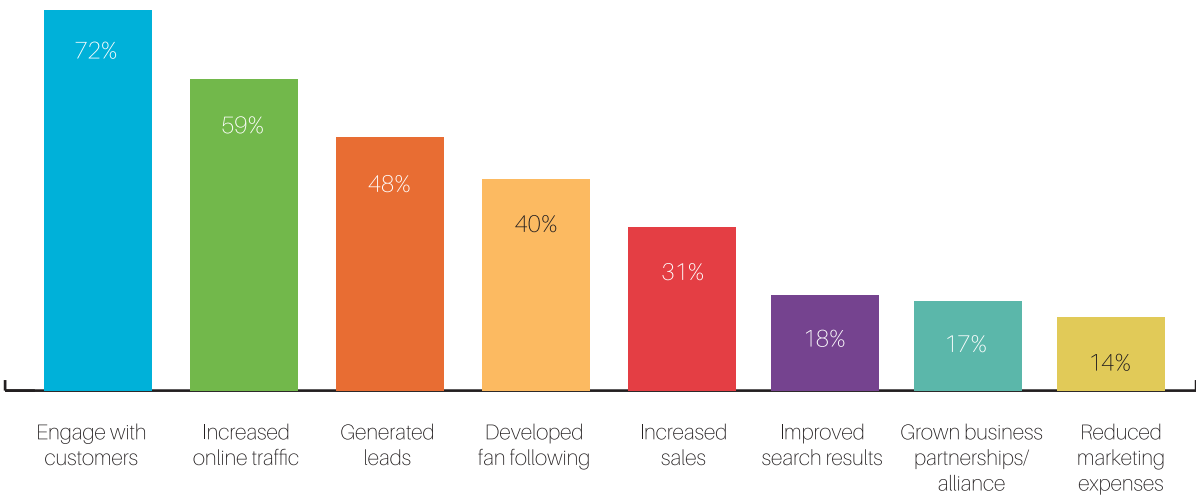- Blogs
- Other

25%
9%
55%
6%
5%

Graph No. 17

9. Effect of Social Media on Marketing efforts:

Social Media has been rated extremely effective in driving engagement with customers by (72%) and increasing online traffic by (59%) India Marketers.

Services & Consulting: (58%) believe that Social Media is effective in lead generation.

How has social media marketing benefitted your marketing efforts?

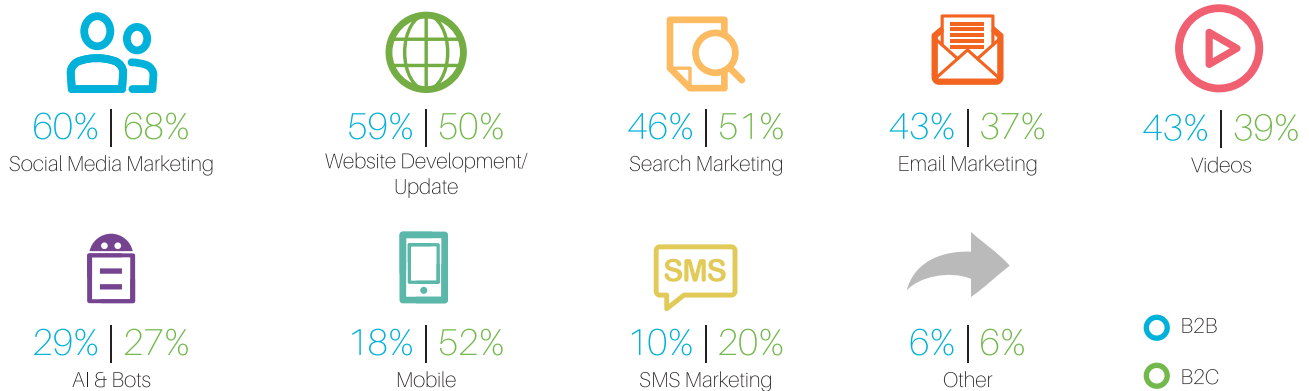|	
72%	Engage with customers
59%	Increased online traffic
48%	Generated leads
40%	Developed fan following
31%	Increased sales
18%	Improved search results
17%	Grown business partnerships/ alliance
14%	Reduced marketing expenses

Graph No. 18

10. Digital Marketing activities likely to increase in 2018:

Social Media Marketing (64%) and Website Development/Update (55%) will see a surge in capturing the India Marketer's attention and budget in 2018.

With most social media networks implementing the 'pay to play' algorithms for higher monetisation, the past year has seen a unanimous hue and cry about the compromised organic Social Media reach.

Still eying a massive opportunity in Social Channels, India Marketers are willing to allocate the biggest share of the pie for such media initiatives to reach the vicinity of their target audience.

Which of the following online marketing activities will see an increase of your marketing investment in 2018?

60%	68%	59%	50%	46%	51%	43%	37%	43%	39%
Social Media Marketing		Website Development/ Update		Search Marketing		Email Marketing		Videos	

29%	27%	18%	52%	10%	20%	6%	6%	
AI & Bots		Mobile		SMS Marketing		Other		

○ B2B
○ B2C

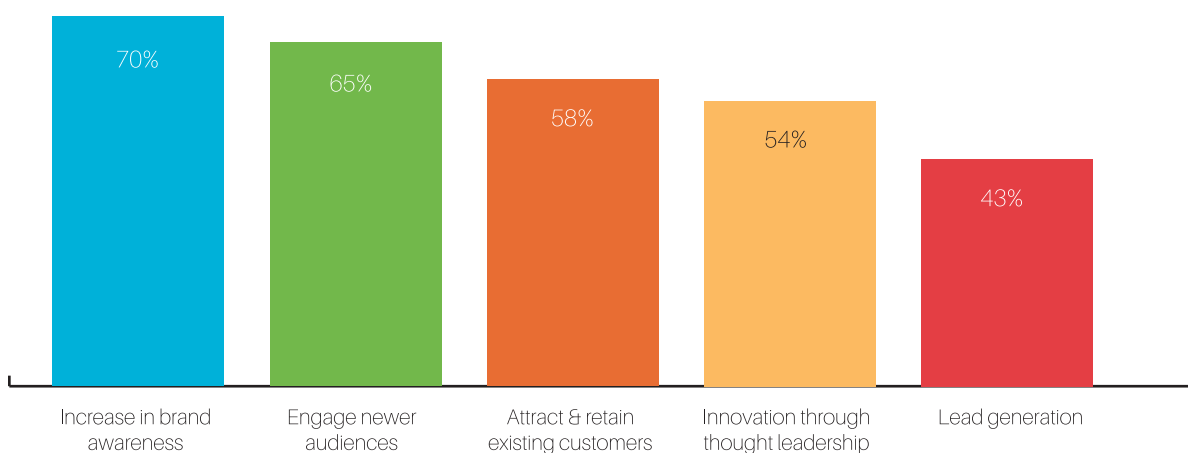Graph No. 19

11. Content is King:

A strategic content marketing approach to create contextual conversations with the customers can help meet an organization's marketing goals.

(70%) India Marketers upvote content marketing as an effective medium to get more visibility to the brand and (65%) say its effective in engaging newer audiences.

> Retail: (69%) believe that Content Marketing helps attract and retain existing customers.
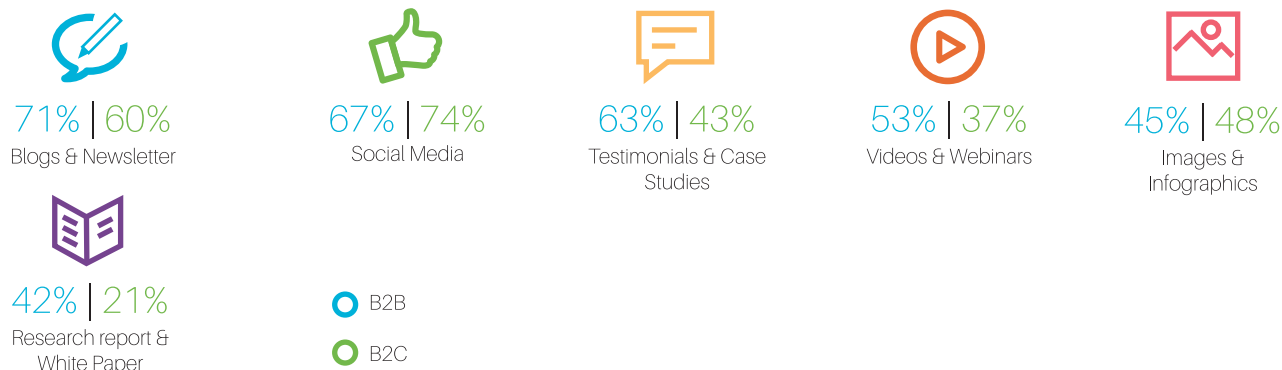
Content Marketing helps you in?

70%	65%	58%	54%	43%
Increase in brand awareness	Engage newer audiences	Attract & retain existing customers	Innovation through thought leadership	Lead generation

Graph No. 20

12. Effective Content Marketing tools:

With the overpopulation of content, generation of increasingly interactive, engaging and personalized content will dominate the content marketing space in 2018.

Deployment of content over Social Media (70%) and Blogs & Newsletters (66%) gained popularity. Content sharing over Videos and webinars witnessed an increase of (5%) from last year, however not eliciting the same level of enthusiasm from India Marketers as it gathers from marketers globally.

How do you deploy content marketing for your business?

71% | 60%
Blogs & Newsletter

67% | 74%
Social Media

63% | 43%
Testimonials & Case Studies

53% | 37%
Videos & Webinars

45% | 48%
Images & Infographics

42% | 21%
Research report & White Paper

○ B2B
○ B2C

Graph No. 21
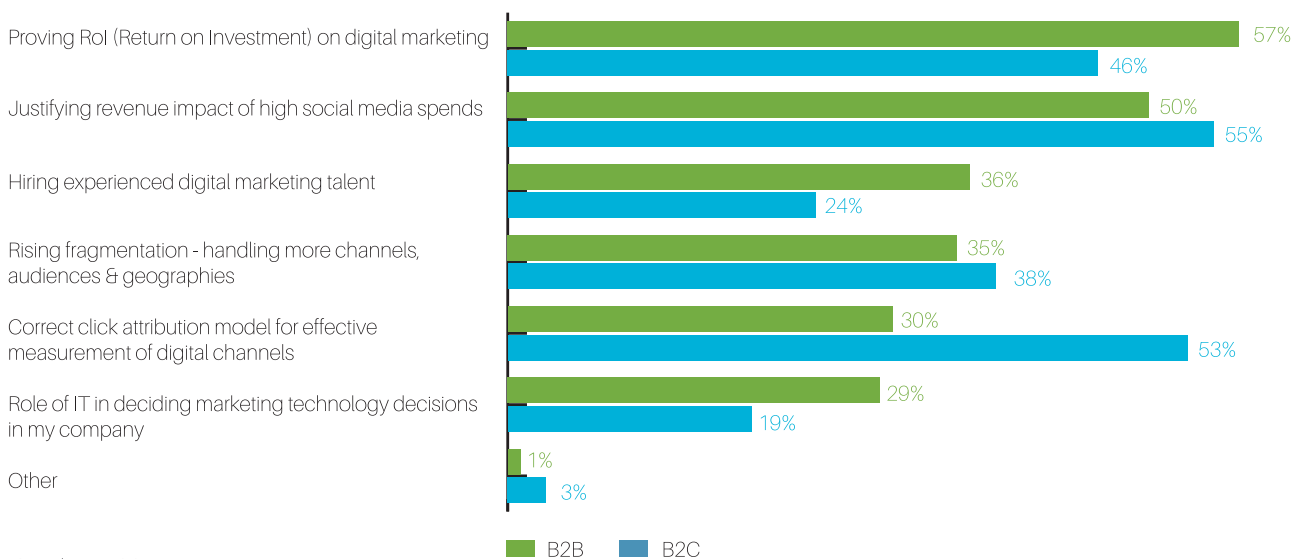
13. Modern day Marketing Challenges:

Justifying revenue impact of high social media spends (52%) and proving RoI on digital marketing (52%) have been identified as key challenges.

Measuring the RoI has remained a top marketing challenge YoY, but it continues to be a vital way for marketers to understand the effectiveness of marketing initiatives.

Healthcare: (43%) label deployment of the correct click attribution model for effective measurement of digital channels as a top challenge.

What are the online marketing challenges that you foresee in 2018?

Challenge	B2B	B2C
Proving RoI (Return on Investment) on digital marketing	57%	46%
Justifying revenue impact of high social media spends	50%	55%
Hiring experienced digital marketing talent	36%	24%
Rising fragmentation - handling more channels, audiences & geographies	35%	38%
Correct click attribution model for effective measurement of digital channels	30%	53%
Role of IT in deciding marketing technology decisions in my company	29%	19%
Other	1%	3%

■ B2B   ■ B2C

Graph No. 22

14. Outlook on New Technologies:

Consumer behavior is getting increasingly complex and businesses are responding by being radicalized through technology.

Marketers are faced by a growing view of the consumer behavior and their presence across multiple Cross Channel marketing automation platforms (71%). Big Data Analysis (59%) and Chatbots (45%) are also promising for theIndia Marketer in 2018.

IT: (65%) plan to invest in a Cross Channel Engagement Platform in 2018.

What new tech areas/marketing projects do you plan to invest in 2018?

71%	59%	48%	45%	33%
Cross Channel marketing automation	Big Data tools & analysis	Single unified customer view across systems & channels	AI & Bots	Local language content

21%	20%	6%
AR & VR	IoT Marketing	Wearables

Graph No. 23

15. AI & Bots:

To solve customer queries intelligently, there is a global accelerating shift towards chatbots, betting big on AI for delivering personalized, on demand content.

India Marketers are likely to deploy chatbots to amplify brand engagement through personalized experiences (64%) and increase sales conversions on e-commerce sites (58%).

BFSI: (86%) believe chatbots will generate qualified leads.

How are AI & Chatbots most likely to help online marketers in India?

	B2B	B2C
Increase brand engagement through personalized experience	63%	64%
Increase sales conversion on ecommerce sites	62%	53%
Better consumer research & understanding of audiences	45%	38%
Generate qualified leads	44%	51%
Better customer service like payment collection	42%	48%
Better product search & configuration	40%	31%
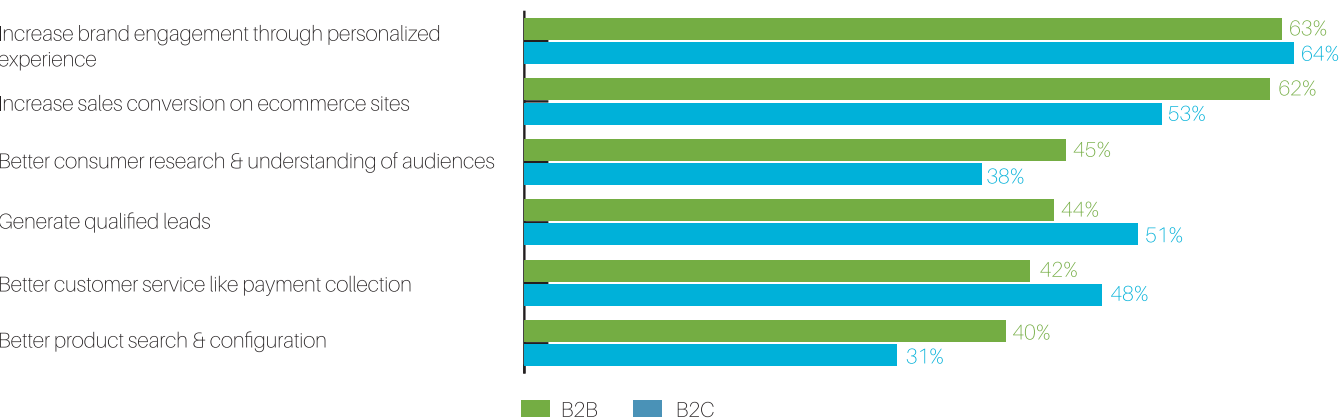
Graph No. 24

16. Best use of AI enabled Chatbots:

Using chatbots for process automation can improve customer experience along with ensuring significant YoY savings.

Though in its nascent stages, the AI & Chatbot revolution has seen heavy investment by India Marketers betting on a future 'bot monetization'.

E-commerce: (70%) marketers believe chatbots can help qualify sales leads.

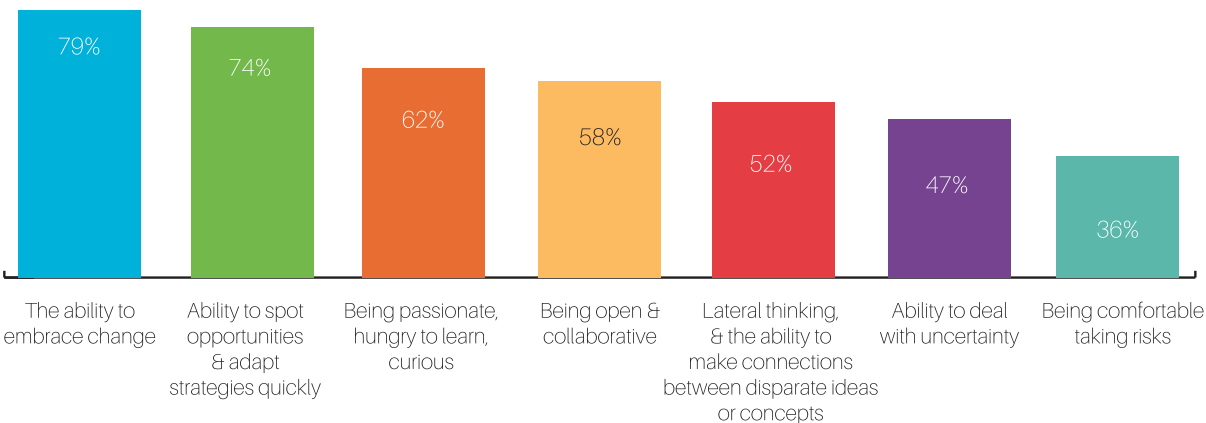How do you think India Marketers can best use AI enabled Chatbots

62%
Increase brand engagement through enhanced & personalized experiences

49%
Gain consumer insights

48%
Qualify sales leads

45%
Assisted buying on e-commerce websites

39%
Improve customer service like process payments etc.

Graph No. 25

17. Crucial Skills to be an Effective Marketer:

From the proliferation of cheap smartphones and data to the advent of AI & Bots, the digital marketing landscape in India is constantly transforming, putting marketers on a never ending learning curve.

Reciprocating this thought, (79%) India Marketers stress on the ability to embrace change and leverage it as a success tool to be the most sought after skill in a modern day marketer.

How important would you say the following softer skills or behaviours are to being an effective marketer in the modern digital world?
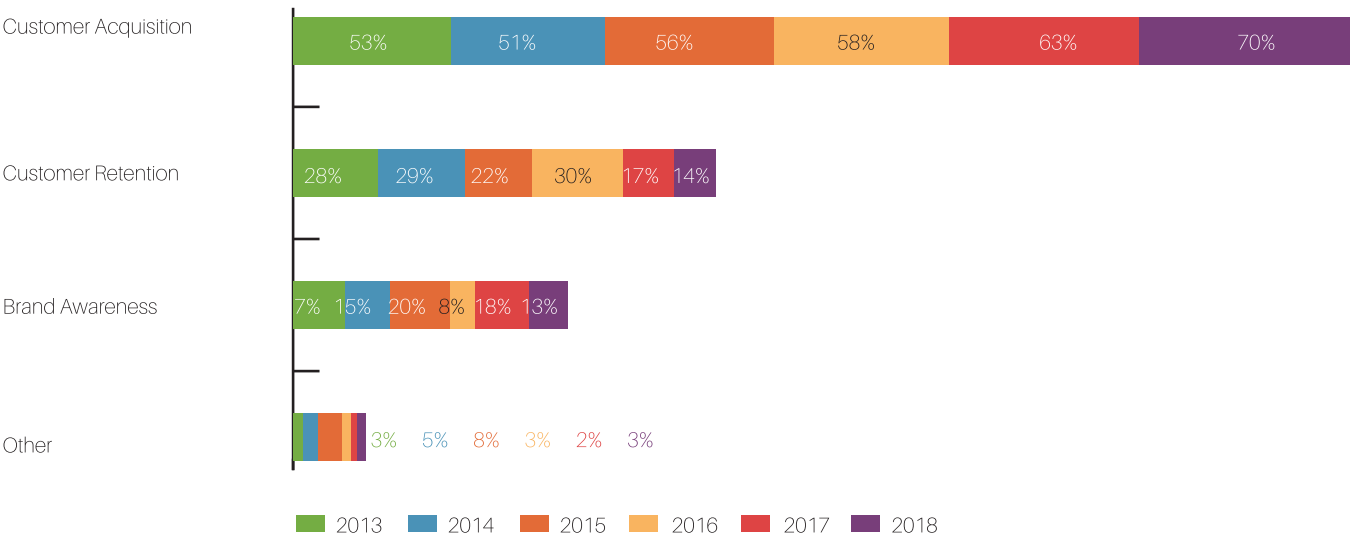
The ability to embrace change	Ability to spot opportunities & adapt strategies quickly	Being passionate, hungry to learn, curious	Being open & collaborative	Lateral thinking, & the ability to make connections between disparate ideas or concepts	Ability to deal with uncertainty	Being comfortable taking risks
79%	74%	62%	58%	52%	47%	36%

Graph No. 26

DIGITAL MARKETING TRENDS 2018

1. Primary Marketing Goal for 2018:

For 2018, Customer Acquisition soared to (70%) as the primary marketing goal for marketers followed by Customer Retention (14%) while Brand Awareness saw a (5%) decrease over the last year.

What is your primary marketing goal for 2018?

Customer Acquisition	53% 51% 56% 58% 63% 70%	
Customer Retention	28% 29% 22% 30% 17% 14%	
Brand Awareness	7% 15% 20% 8% 18% 13%	
Other	3% 5% 8% 3% 2% 3%	

Legend: 2013 | 2014 | 2015 | 2016 | 2017 | 2018

Graph No. 27

2. Marketing Budget Clearance:

(57%) India Marketers believe that the final go ahead for a company's marketing budget rests with the CEO.

> BFSI: (75%) think that CEOs takes a final call on the marketing spends of their organizations highlighting the highest reliance on CEOs as compared to any other sector.

For your company's marketing plans/budgets, who holds the final clearance authority?

1% 3% 9%

31% 57%

- CEO
- CMO
- CTO
- CFO
- Other
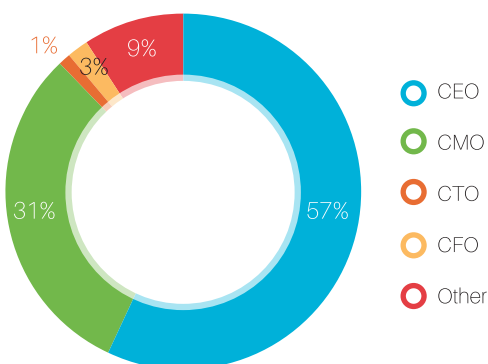
Graph No. 28

3. Maximising Customer Engagement in 2018:

While marketers vouch for Social Media updates to drive customer engagement, the preference for Email campaign usage for the coming year has seen an increase by (10%).

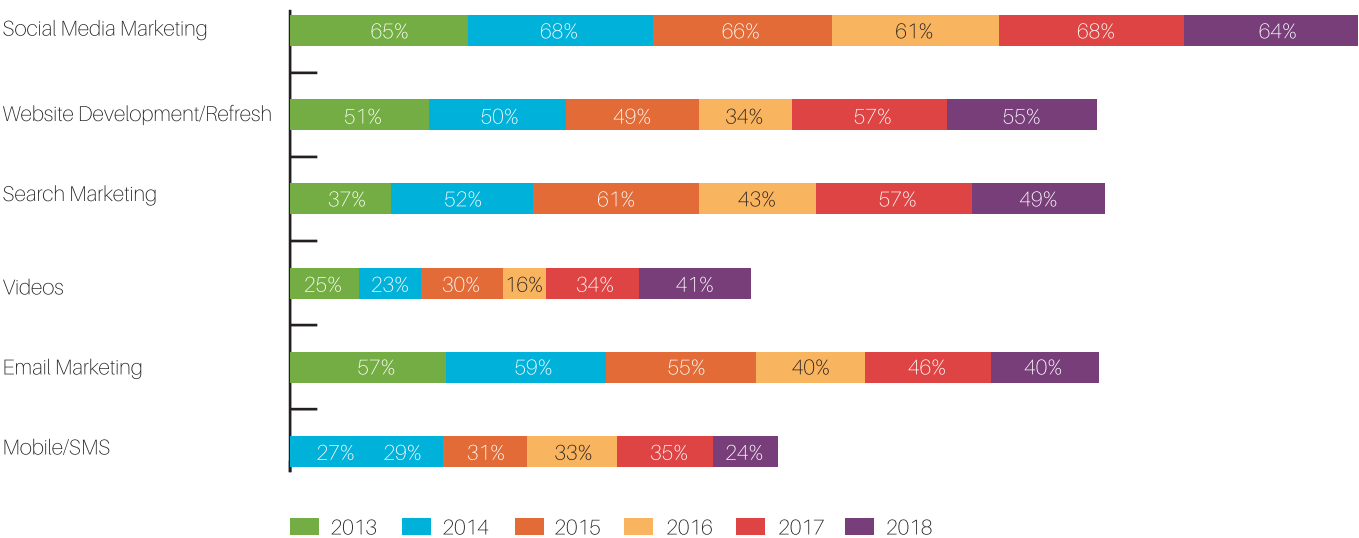Which digital channel gives you maximum customer engagement?

	2013	2014	2015	2016	2017	2018
Email Campaigns (promotions, updates etc.)	37%	35%	34%	46%	40%	50%
Social Media Updates	28%	35%	33%	30%	32%	31%
Blogs	3%	5%	8%	11%	10%	9%
SMS Campaigns (promotions, updates etc.)	10%	5%	10%	8%	14%	5%
Other	10%	10%	4%	7%	4%	5%
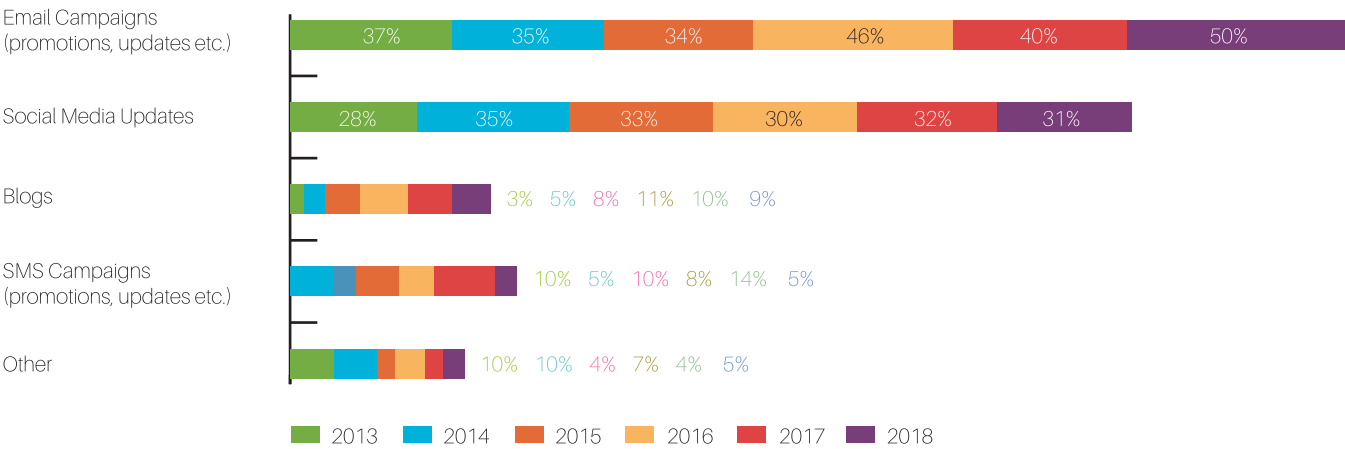
Graph No. 29

4. Increase in Marketing Investment 2018:

While search marketing witnessed a decrease of (8%), Social Media Marketing and Website Development will continue to attract a high budget investment from India Marketers.

However it is interesting to note that though Social Media has a higher favourability as the driver of customer engagement as compared to last year, the budget allocation for the same has decreased by (4%).

Which of the following online marketing activities will see an increase of your marketing investment in 2018?

	2013	2014	2015	2016	2017	2018
Social Media Marketing	65%	68%	66%	61%	68%	64%
Website Development/Refresh	51%	50%	49%	34%	57%	55%
Search Marketing	37%	52%	61%	43%	57%	49%
Videos	25%	23%	30%	16%	34%	41%
Email Marketing	57%	59%	55%	40%	46%	40%
Mobile/SMS		27%	29%	31%	33%	35%	24%

Graph No. 30

5. Effective Content Marketing tools:

Content is all about compounding returns and this fact has successfully built up cognizance in the past couple of years. Keeping in sync with the growing customer appetite for value rich and contextual content, Testimonials and Case studies have gained prominence within marketers with an increase of (8%) along with Research Reports and White Papers seeing an elevation of (5%).
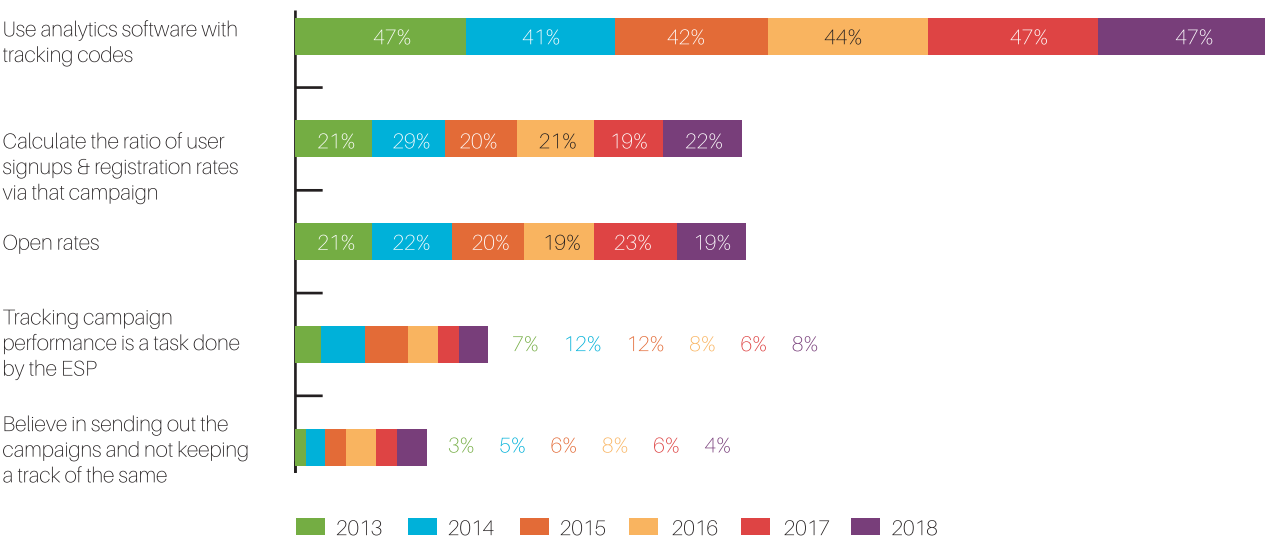
How do you deploy content marketing for your business?

	2016	2017	2018
Social Media	57%	65%	70%
Blogs & Newsletters	57%	68%	66%
Testimonials & Case Studies	36%	47%	55%
Images & Infographics	40%	47%	46%
Videos & Webinars	57%	41%	46%
Research report & Whitepaper	13%	27%	32%
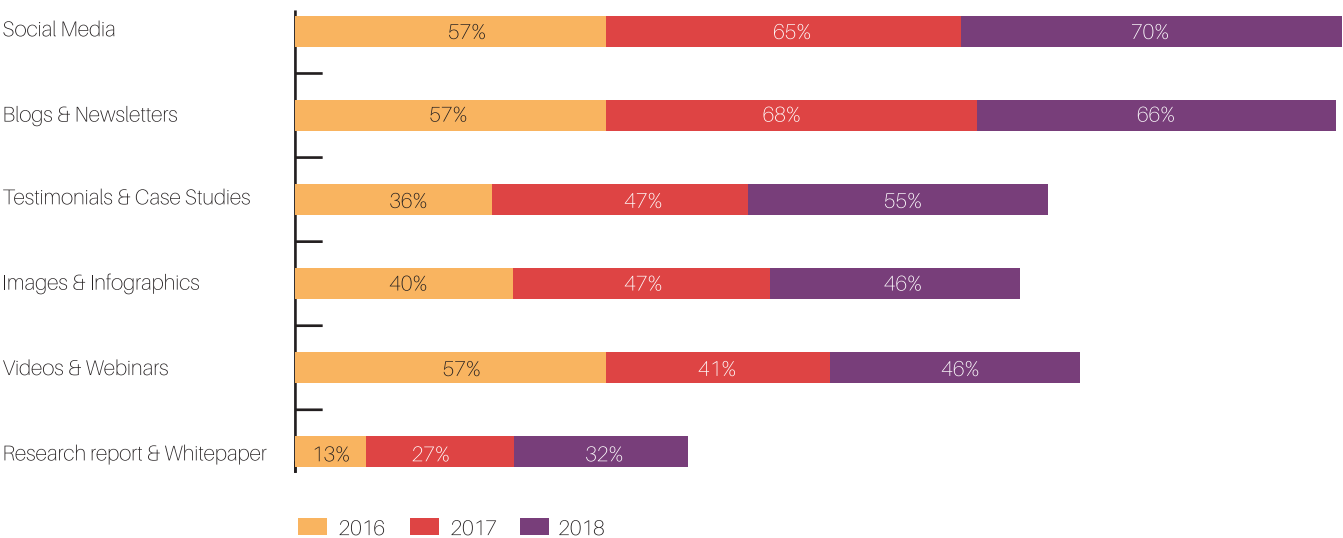
Graph No. 31

6. Tracking campaign success:

Usage of analytics software is the most preferred form of tracking campaign success (47%) followed by calculating the ratio of user signups & registration rates (22%) and monitoring open rates (19%)

How do you keep track of your campaign's success?

	2013	2014	2015	2016	2017	2018
Use analytics software with tracking codes	47%	41%	42%	44%	47%	47%
Calculate the ratio of user signups & registration rates via that campaign	21%	29%	20%	21%	19%	22%
Open rates	21%	22%	20%	19%	23%	19%
Tracking campaign performance is a task done by the ESP	7%	12%	12%	8%	6%	8%
Believe in sending out the campaigns and not keeping a track of the same	3%	5%	6%	8%	6%	4%

Graph No. 32

EMAIL MARKETING
TRENDS & FORECAST

Email Marketing Trends & Forecast 2018

1. Driving sales through Email Marketing:

Email continues to be hailed as one of the top performing maneuvers in marketing technology by India Marketers, pushing ahead of Social and Search in terms of conversions.

(34%) attribute more than (11%) of their sales to email marketing initiatives.

> Telecom: (25%) attribute greater than (30%) of total sales to email marketing.

Approximately what proportion of your total sales can you attribute to the email marketing channel?

B2B
50% — 26% — 8% — 4% — 2% — 10%

Less than 10%
11% to 30%
31% to 50%
51% to 75%
Over 75%
Never Tracked

Graph No. 33

B2C
58% — 20% — 5% — 1% — 0% — 16%

Less than 10%
11% to 30%
31% to 50%
51% to 75%
Over 75%
Never Tracked
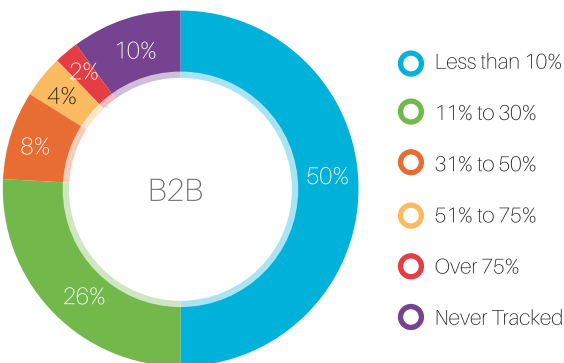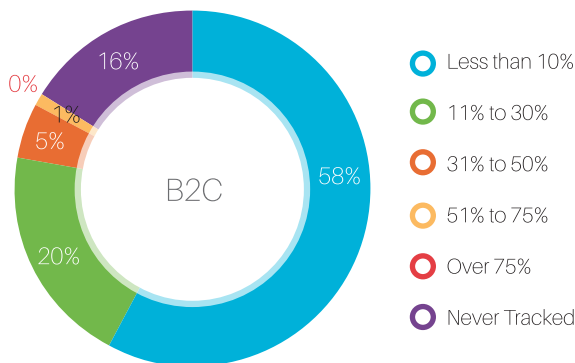
Graph No. 34

2. Email Marketing Challenges in 2017:

Acquiring new email addresses (44%) and elevating Click Through Rates and conversions (42%) were the biggest pain areas for India Marketers in 2017.

> For Real Estate, (80%) say reaching out to the target audience was the biggest bottleneck while undertaking email marketing initiatives.

What were the biggest challenges with your 2017 Email marketing programs?

53% | 31%
Increasing Click-Through-Rate & Conversion Rates

45% | 42%
Acquiring new email addresses

36% | 44%
Inbox deliverability

29% | 32%
Inadequate segmentation

27% | 32%
Email marketing automation with cross channel marketing

24% | 40%
Reaching out to the target audience

16% | 20%
Integrating with current CRM

8% | 16%
Technical depth of knowledge/support

○ B2B
○ B2C
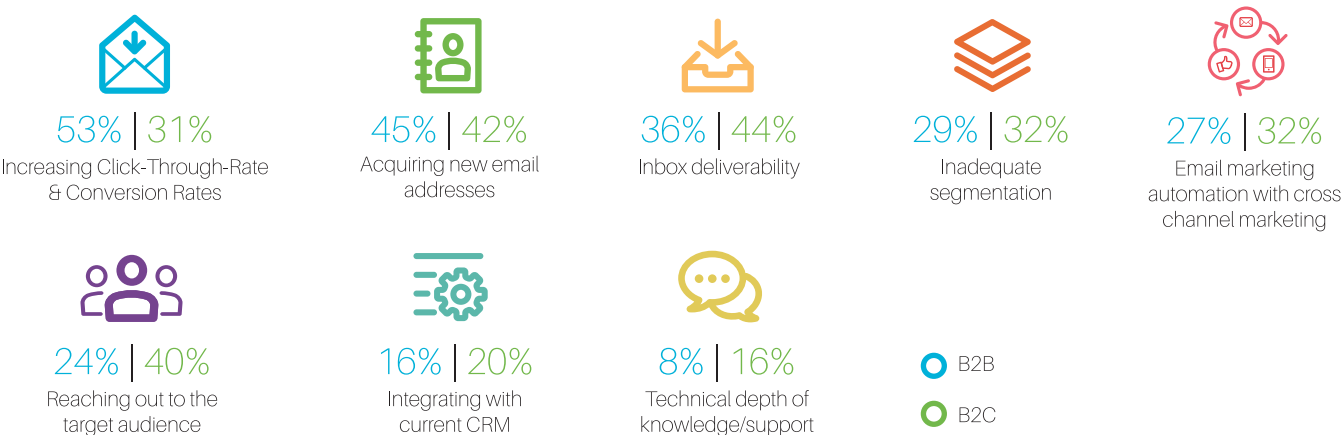
Graph No. 35

3. Budget allocation towards Email Marketing:

Email Marketing continues to occupy a fair share of the India marketer's budget as it has consistently proved to be a highly profitable business development medium YoY.

E-commerce: (47%) allocated (11% - 30%) of their total budget to email related activities.

What percentage of your digital marketing budget in 2018 will be ear- marked for Email marketing?

B2B

- 46% Less than 10%
- 29% 11% to 30%
- 11% 31% to 50%
- 3% 51% to 75%
- 2% Over 75%
- 9% Don't Know

Graph No. 36

B2C

- 56% Less than 10%
- 25% 11% to 30%
- 7% 31% to 50%
- 1% 51% to 75%
- 0% Over 75%
- 11% Don't know
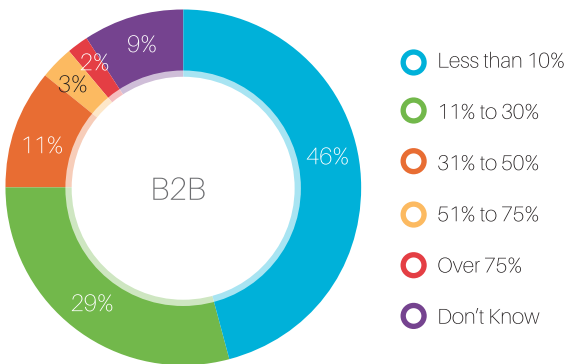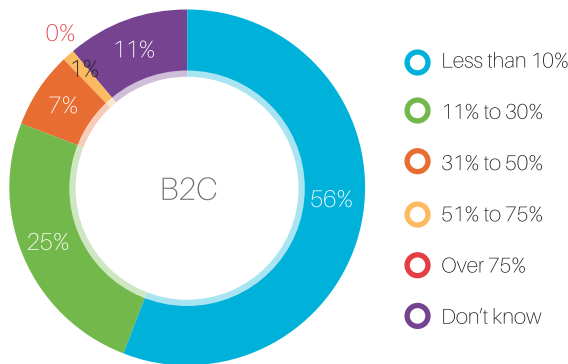
Graph No. 37

4. Top three Primary Marketing Activities:

While Social Media Marketing remained the preferred marketing channel for India marketers, Email continues to be a winner with an increase over last year.

Which of the following were your primary online marketing activities?

Activity	2013	2014	2015	2016	2017	2018
Social Media Marketing	26%	25%	26%	66%	66%	71%
Website(s)	20%	29%	26%	66%	66%	71%
Email Marketing	31%	27%	26%	53%	56%	57%
Search Marketing	19%	24%	20%	52%	54%	45%
Videos	3%	2%	1%	27%	20%	32%
Mobile/SMS Marketing	2%	8%	4%	45%	26%	31%
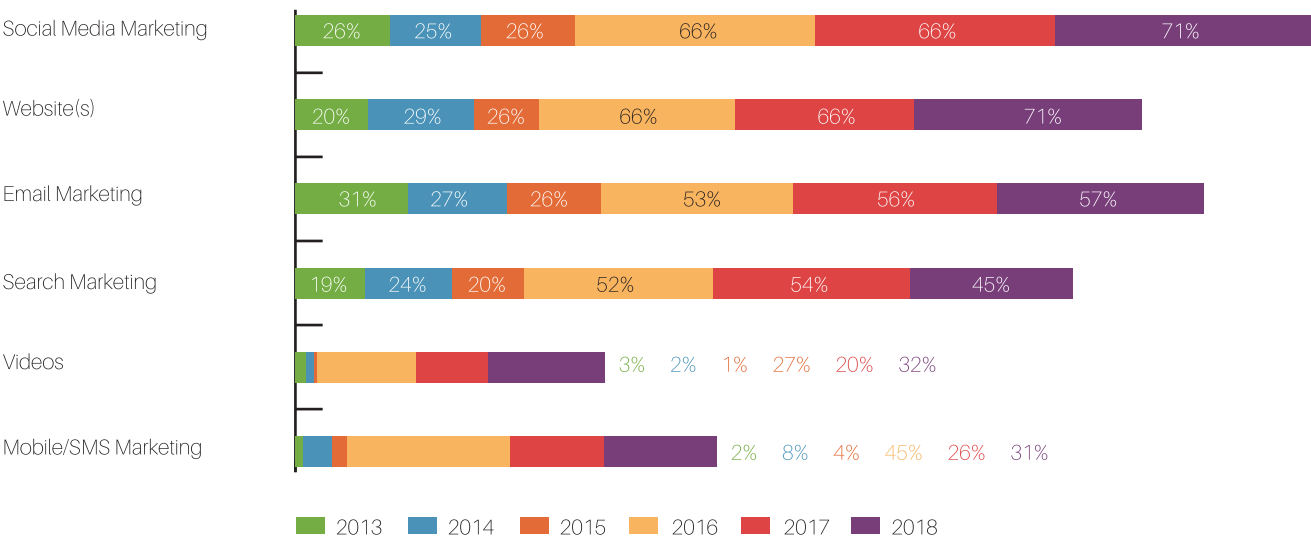
Graph No. 38

5. Email Marketing Effectiveness:

A clear majority of India Marketers across sectors rate email marketing as an effective channel for goal realization.

Automobile Industry: (60%) rate email marketing as Very effective.

How effective were your Email marketing programs for 2017 in meeting your goals?
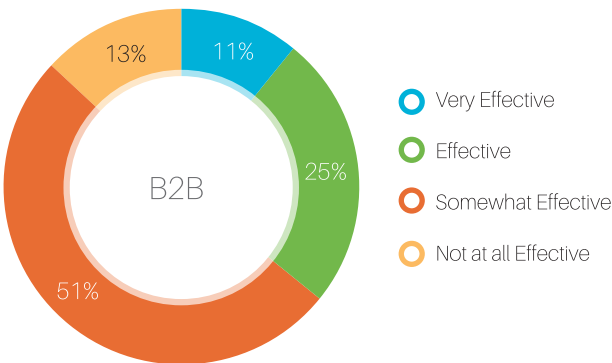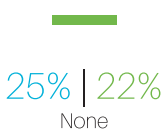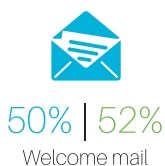

Graph No. 39
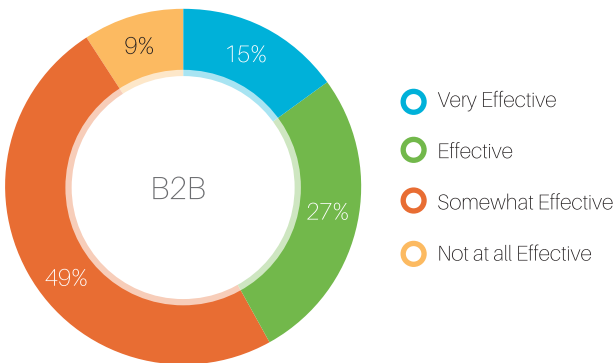
Graph No. 40

6. Special programs to engage customers:

Shooting out welcome emails is the most widely used email communication form; with (51%) marketers preferring to engage with users through meaningful communication at the very first post opt-in touchpoint.

To scale up engagement, (33%) B2C marketers share Discount coupons and (21%) B2B marketers deploy progressive profiling via preference centre emails.

What special program do you have for new signups/registrations?

| 50% | 52% | 25% | 22% | 22% | 20% | 21% | 11% | 14% | 21% |
| Welcome mail | None | Standard system generated results | Progressive profiling via preference centre emails | A defined 60 day program |

| 11% | 33% | 7% | 3% | 5% | 14% | | |
| Discount coupon | Other | Cart abandonment programs | ● B2B ● B2C |
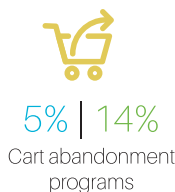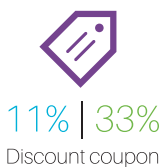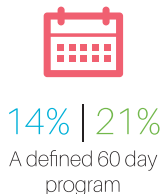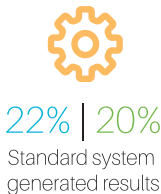
Graph No. 41

7. Open Rate and Click Through Rate for Email Campaigns:

A good Open Rate is indicative of the subject line striking relevance with the customer while the Click Through Rate can provide a measure of the content relatability.

(70%) India Marketers reported an Open Rate greater than (5%) for their email campaigns.

For your Email marketing campaigns in 2017, what was the average open rate and average click through rate?
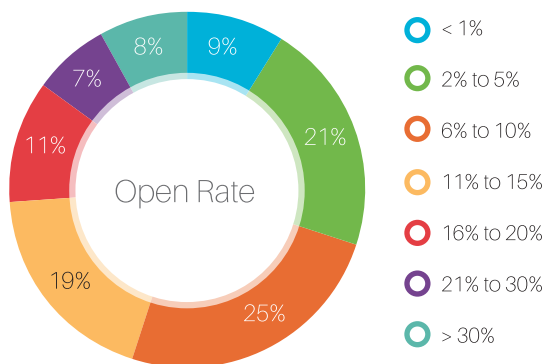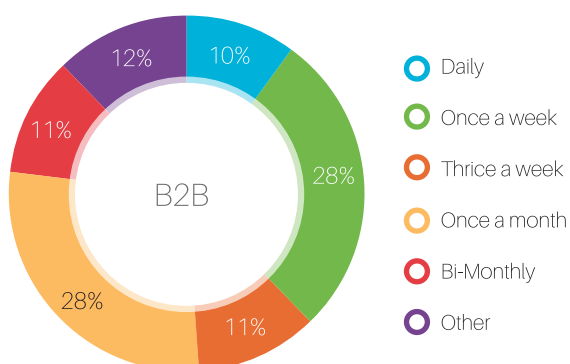

Graph No. 42
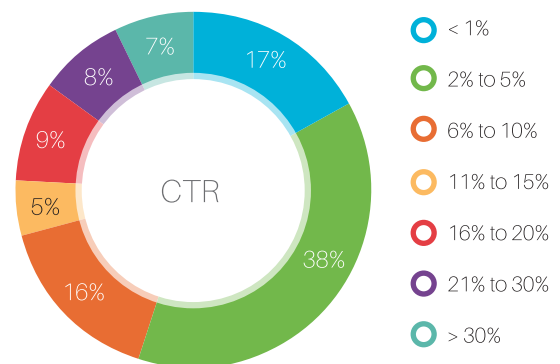
Graph No. 43

8. Ideal Email/SMS campaign frequency:

Assessing the optimum Email/SMS frequency is crucial as marketers are treading between 'over emailing' which can up the number of unsubscribers and 'under emailing' which can cause disengagement.

Considering each organization's unique marketing objectives and subscriber base, batch testing and analyzing impact can be the key in deriving the magic number.

For BFSI, which has a majority of marketers identifying email marketing as the primary digital marketing activity, (43%) say they send out email campaigns once a week.

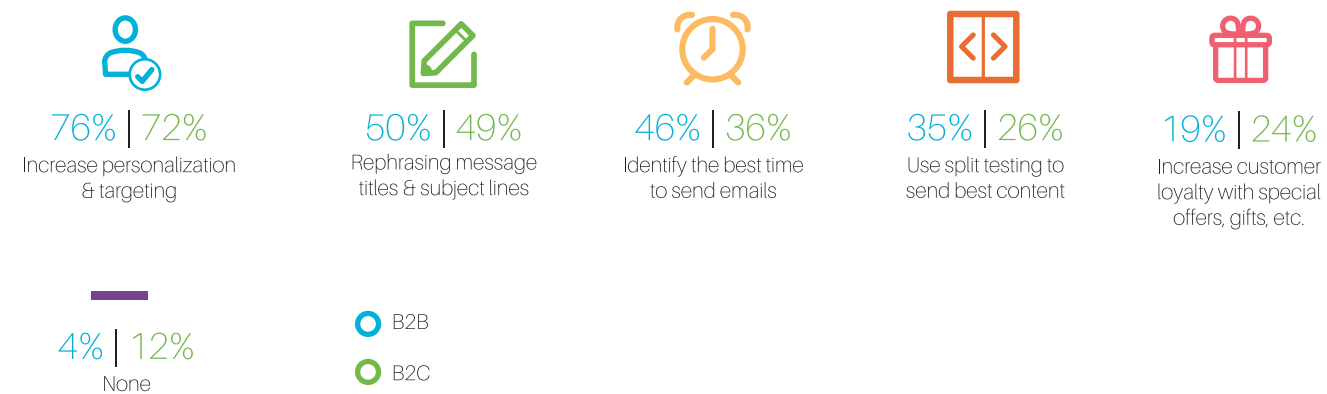How often do you send Email/SMS campaigns?

Graph No. 44
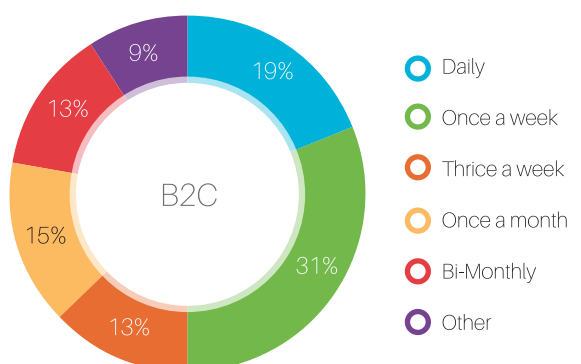
Graph No. 45

9. Reducing Spam Complaints and Inbox Clutter:

Increasing Personalization & Targeting (74%) and Rephrasing Message Titles and Subject Lines (50%) are the most widely used practices to combat spam complaints.

This is affirmative of the growing awareness that "Spray and Pray" strategies have ceased to work and customer attention can only be captured through highly personalized and targeted content.

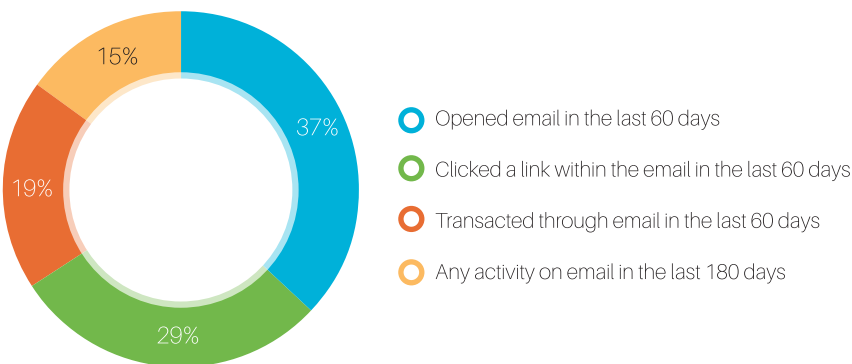What Email activities are you implementing to reduce the effects of spam complaints and inbox clutter?

76% | 72%
Increase personalization
& targeting

50% | 49%
Rephrasing message
titles & subject lines

46% | 36%
Identify the best time
to send emails

35% | 26%
Use split testing to
send best content

19% | 24%
Increase customer
loyalty with special
offers, gifts, etc.

4% | 12%
None

○ B2B
○ B2C

Graph No. 46

10. Defining Active Subscriber base:

(37%) identify an active subscriber as a user who opened an email in the past 60 days.

'Preference center email' is a great way to re-engage semi-active subscribers before they go dormant.

Which of your Email subscribers do you call as 'Active' Subscribers?

○ Opened email in the last 60 days
○ Clicked a link within the email in the last 60 days
○ Transacted through email in the last 60 days
○ Any activity on email in the last 180 days

Graph No. 47

11. What percentage of your audience is Inactive:

(31%) of respondents indicate that more than (40%) of their email subscriber base is inactive, indicating a (10%) decrease from 2017.

Healthcare & Pharmaceutical: (34%) believe that more than (60%) of their database is dormant.

What percentage of your email subscriber database is inactive (no response in the last 6 months) to your email campaigns?


- Less than 5%
- 6% to 20%
- 21% to 40%
- 41% to 60%
- 61% to 80%
- Over 80%
- Don't know
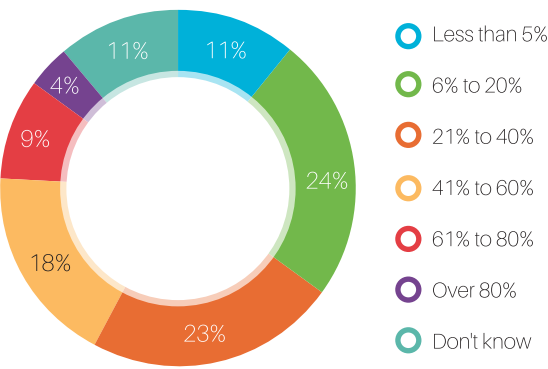
Graph No. 48

12. Email Domain of the Subscribers in 2017:

India Marketers received the biggest share of their subscriber base through Gmail (78%), followed by Corporate IDs (43%).

The share of customers subscribing through corporate IDs has seen an increase of (13%) over the last year.

From which of the following domains do you receive the highest percentage of subscribers?
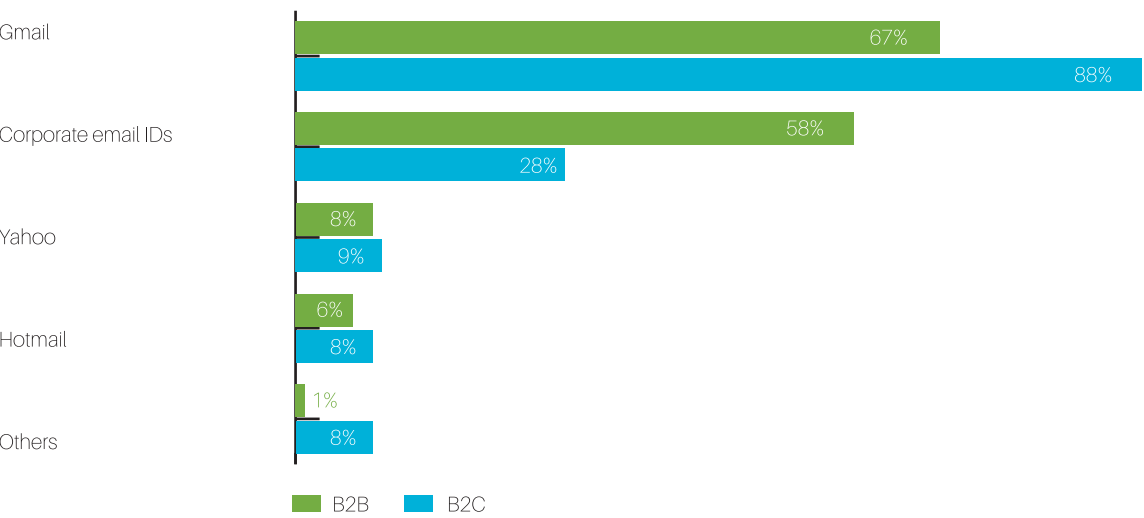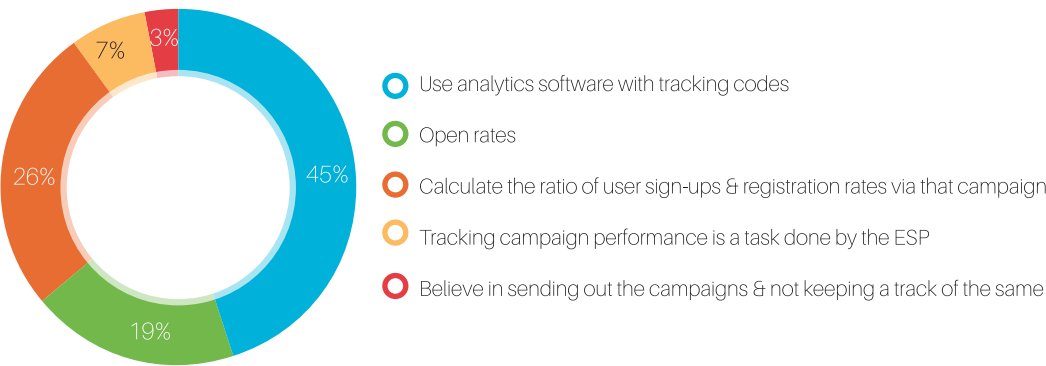

Graph No. 49

13. Understanding Email campaign success :

Email Marketing is one of the most measurable marketing initiatives allowing for a micro level tracking of user behavior, providing valuable insights that can be leveraged for a more evolved email marketing strategy.

(45%) India Marketers deploy Analytics softwares with tracking codes as the most popular form of tracking email campaigns.

Telecom: (60%) calculate the Ratio of User Sign-ups & Registration as a measure of campaign success.

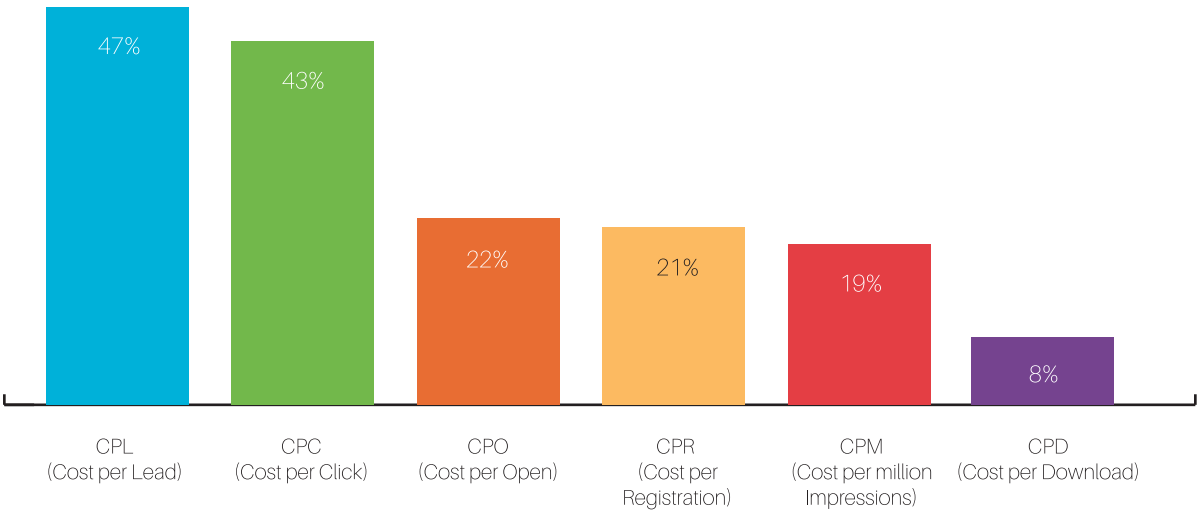How do you keep track of your campaign's success?

- Use analytics software with tracking codes
- Open rates
- Calculate the ratio of user sign-ups & registration rates via that campaign
- Tracking campaign performance is a task done by the ESP
- Believe in sending out the campaigns & not keeping a track of the same

Graph No. 50

14. Performance Marketing metrics for affiliate Email Marketing in 2017:

Cost per Lead (CPL) and Cost per Click (CPC) continue to be the most popular performance marketing metrics for India Marketers.

Retail: (46%) use Cost Per Million impressions (CPM) as the primary performance metric.

What are the performance marketing metrics that you deploy for your affiliate email marketing campaigns?
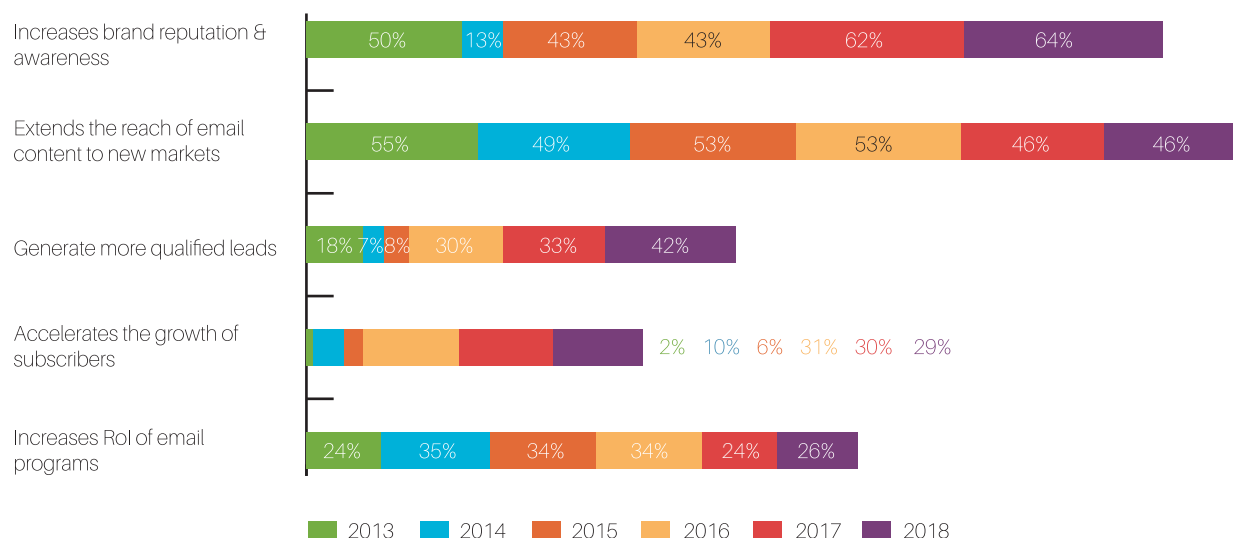

CPL (Cost per Lead)	CPC (Cost per Click)	CPO (Cost per Open)	CPR (Cost per Registration)	CPM (Cost per million Impressions)	CPD (Cost per Download)
47%	43%	22%	21%	19%	8%

Graph No. 51

EMAIL MARKETING TRENDS 2018

1. Social Media influence over Email Marketing:

Mirroring last year's trend, India Marketers attribute social media for an increased brand awareness (64%) and outreach of email content to newer markets (46%). A (9%) up vote for generating more qualified leads can be attributed to relevant information sharing on social media which moves the prospect from the awareness stage to the interest stage in the marketing funnel.
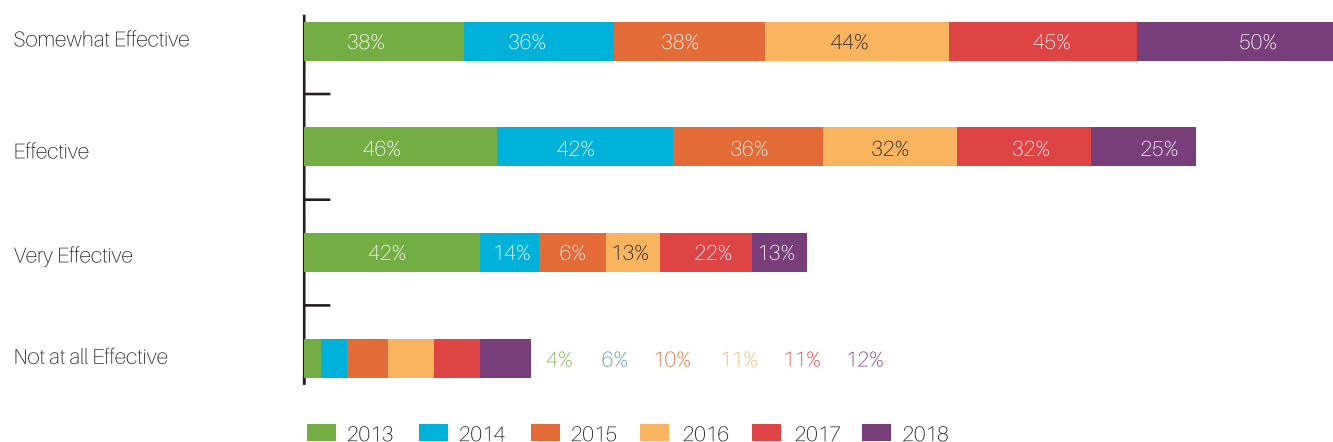
How do you think Social Media influences Email Marketing?

Category	2013	2014	2015	2016	2017	2018
Increases brand reputation & awareness	50%	13%	43%	43%	62%	64%
Extends the reach of email content to new markets	55%	49%	53%	53%	46%	46%
Generate more qualified leads	18%	7%	8%	30%	33%	42%
Accelerates the growth of subscribers	2%	10%	6%	31%	30%	29%
Increases RoI of email programs	24%	35%	34%	34%	24%	26%

Graph No. 52

2. Effectiveness of Email Marketing Programs:

Email has consistently been rated as one of the most successful marketing mediums over the years. (88%) India Marketers believe that their email marketing programs were effective in meeting their marketing objectives for the year 2017.

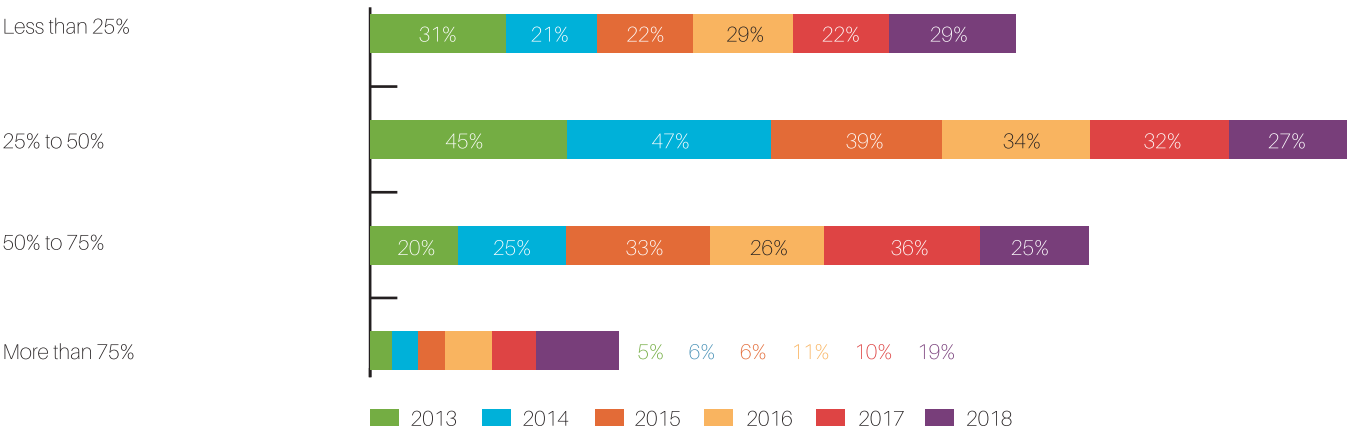How effective were your Email marketing programs in meeting your goals?

Category	2013	2014	2015	2016	2017	2018
Somewhat Effective	38%	36%	38%	44%	45%	50%
Effective	46%	42%	36%	32%	32%	25%
Very Effective	42%	14%	6%	13%	22%	13%
Not at all Effective	4%	6%	10%	11%	11%	12%

Graph No. 53

3. Email viewed on Mobile Devices:

According to the Litmus 'State of Email', the average global mobile email view rate is (54%). It is interesting to note that (44%) of India Marketers believe that more than half the emails will be viewed on mobile devices in the coming year, highlighting the need for a 'mobile first' approach.

In your opinion, what will be the percentage of Email marketing that will be viewed on mobile devices over the next 12 months?
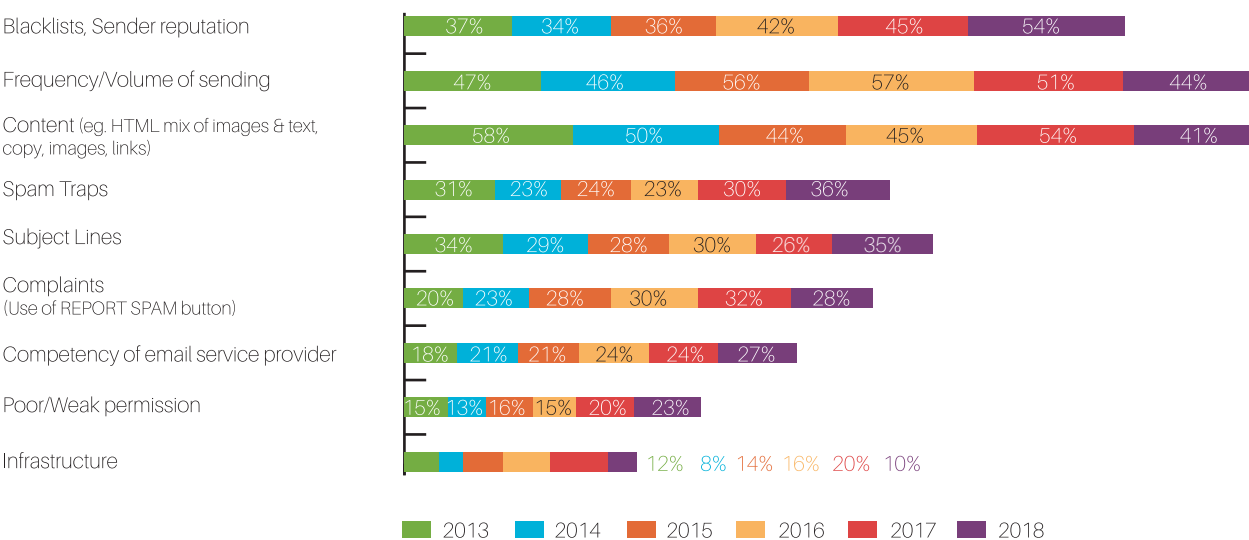
	2013	2014	2015	2016	2017	2018
Less than 25%	31%	21%	22%	29%	22%	29%
25% to 50%	45%	47%	39%	34%	32%	27%
50% to 75%	20%	25%	33%	26%	36%	25%
More than 75%	5%	6%	6%	11%	10%	19%

Graph No. 54

4. Top factors impacting Inbox Delivery Rate:

With the wave of inbound marketing sweeping the marketing ecosystem, India Marketers have shown an increased awareness of the importance of ethical email practices, with (54%) up voting Blacklists & Sender Reputation as the most crucial factor affecting Inbox deliverability rate.

ProTip: Double opt-in email communication can help you stay clear of frivolous sign-ups and spambots ensuring better results with respect to every engagement metric.

Which are the most important factors that impact your inbox delivery rates?

	2013	2014	2015	2016	2017	2018
Blacklists, Sender reputation	37%	34%	36%	42%	45%	54%
Frequency/Volume of sending	47%	46%	56%	57%	51%	44%
Content (eg. HTML mix of images & text, copy, images, links)	58%	50%	44%	45%	54%	41%
Spam Traps	31%	23%	24%	23%	30%	36%
Subject Lines	34%	29%	28%	30%	26%	35%
Complaints (Use of REPORT SPAM button)	20%	23%	28%	30%	32%	28%
Competency of email service provider	18%	21%	21%	24%	24%	27%
Poor/Weak permission	15%	13%	16%	15%	20%	23%
Infrastructure	12%	8%	14%	16%	20%	10%

Graph No. 55

5. Email Marketing practices that Reduce Spam Rates:

India Marketers chose Increased Personalisation & Targeting (74%) and Rephrasing message titles and subject lines (50%) as the key activities to ensure that customers find their emails contextual and engaging.

What Email activities are you implementing to reduce the effects of spam complaints and inbox clutter?
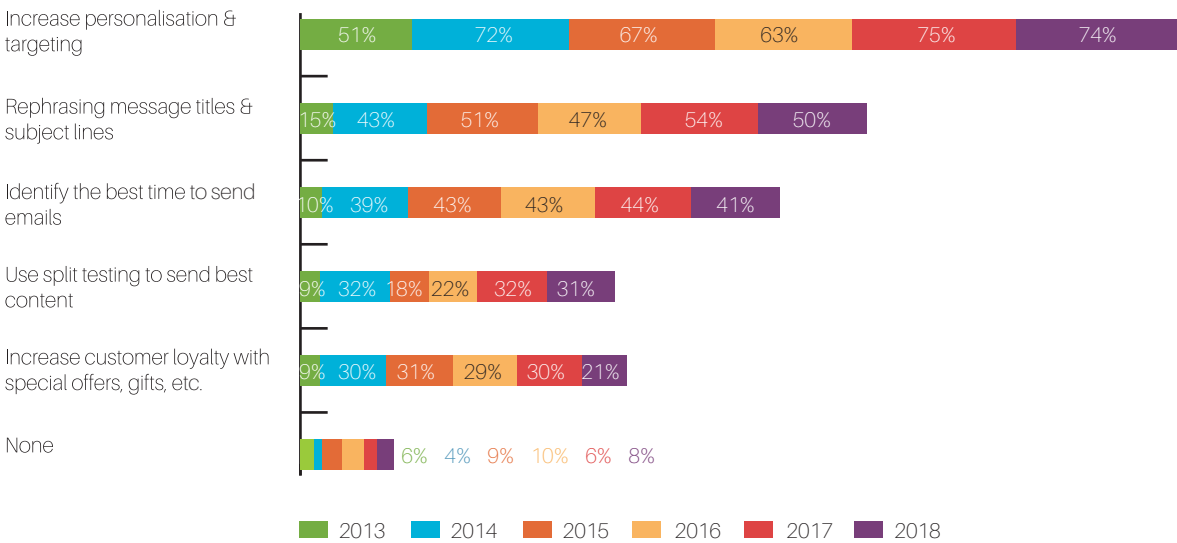
Graph No. 56

6. Email Marketing Segmentation Techniques:

It's established that email marketing RoI comes f rom segmented, targeted, and triggered campaigns.
India marketers plan to implement Interest Based Preferences (54%) and Recent Open and Click Activity (47%) as the top segmentation techniques for 2018 to resonate right.

Which of the following segmentation techniques do you plan to implement in CY'18 for Email marketing campaigns?
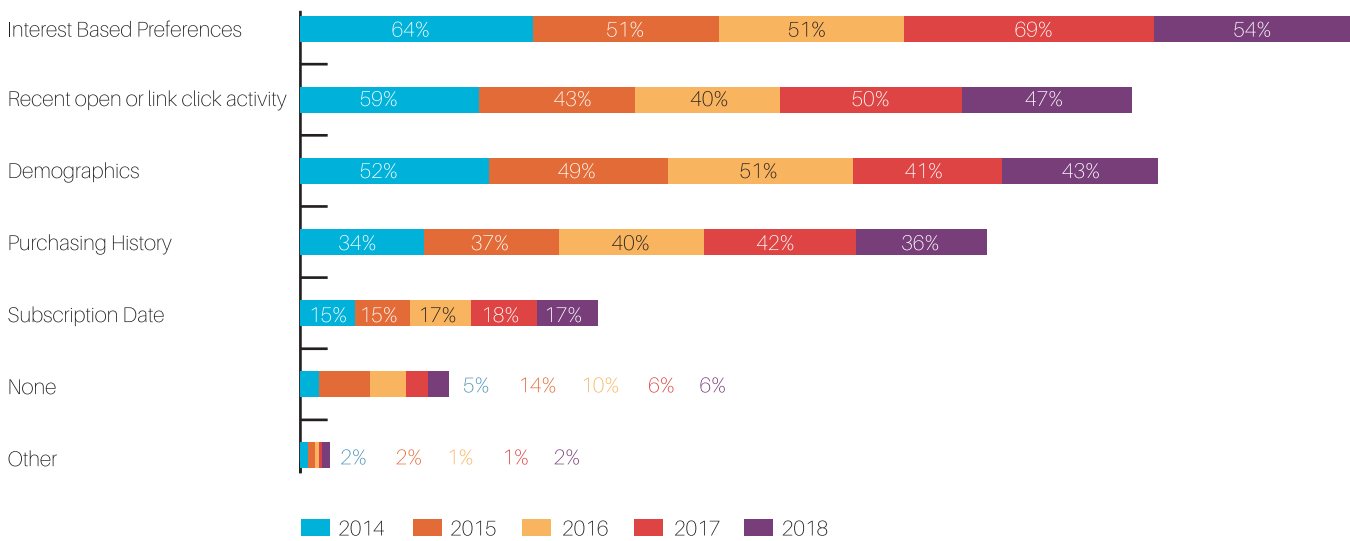
Graph No. 57

7. Effectiveness of Behavioural Targeting:

Generic email campaigns that aren't aligned to customer journey may contribute to promotional saturation leading to less conversion.

India Marketers believe that ensuring a one to one Customer Experience through the use of Behavioural Targeting scales up the impact that email marketing generates. (52%) consider Behavioural Targeting to be pivotal in ensuring their email campaign's success.

Do you think behavioural targeting (sending messages based on subscriber's actions like opens, clicks, etc.) can increase Email marketing effectiveness?

Category	2013	2014	2015	2016	2017	2018
It can result in significant increase in effectiveness of email marketing	53%	57%	58%	51%	58%	52%
It can result in moderate increase in effectiveness of email marketing	34%	30%	28%	36%	23%	35%
I don't see the effectiveness of behavioural targeting	6%	6%	5%	4%	5%	5%
Not sure	7%	8%	9%	9%	14%	
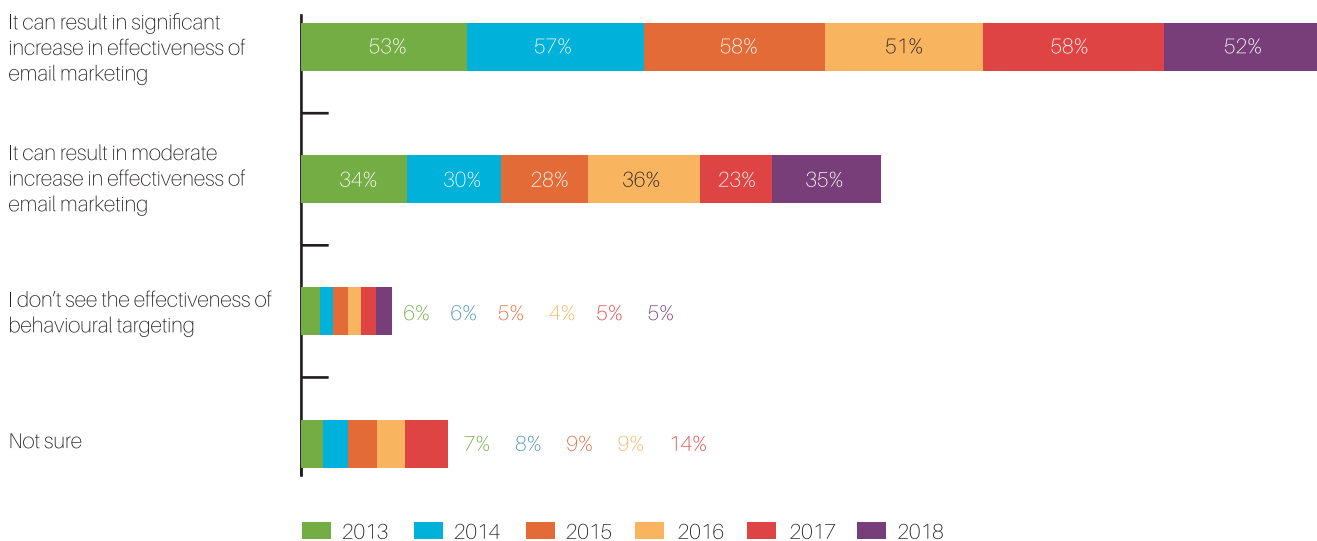
Graph No. 58

8. Marketing Budget for Email Marketing

(27%) India Marketers allocate up to (30%) of their marketing budget for email marketing. One reason for the email marketing budget being rationalized as compared to last year could be the precedence of quality emails over quantity emails.

What is the percentage of online budget for Email Marketing?

Category	2013	2014	2015	2016	2017	2018
Less than 10%	42%	31%	33%	42%	38%	51%
11% to 30%	26%	29%	32%	30%	31%	27%
31% to 50%	11%	19%	11%	20%	3%	9%
51% to 75%	6%	7%	4%	2%	1%	2%
Over 75%	3%	7%	1%	2%	12%	1%
Don't Know	12%	7%	19%	15%	15%	10%
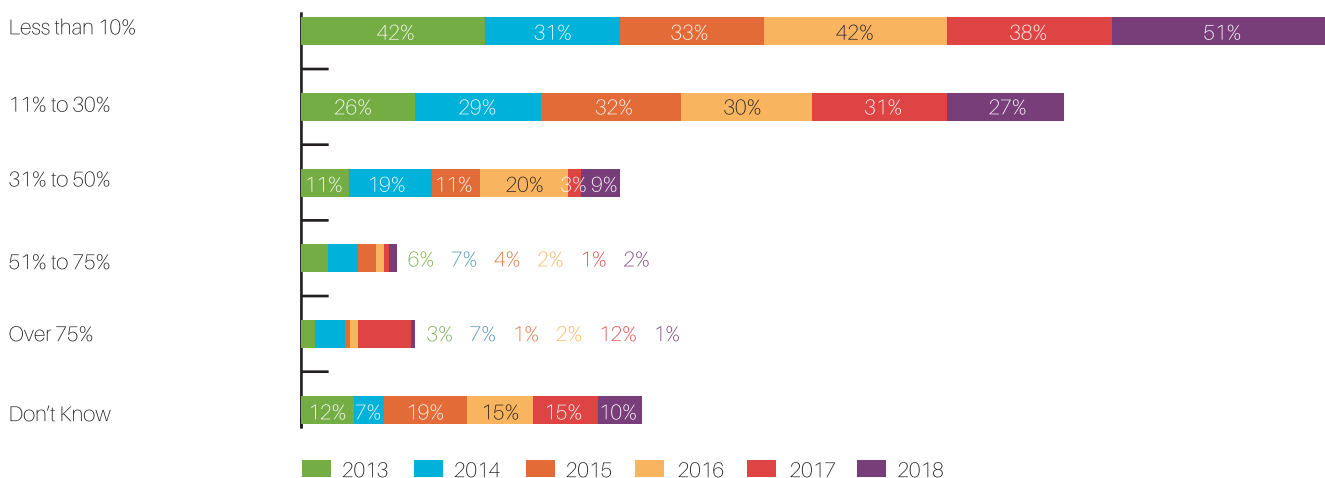
Graph No. 59

RECOMMENDATIONS

1. Measure your ROI measure:
India Marketers are slowing on 'closing the loop', with (28%) marketers not performing any kind of attribution and a significant majority identifying successful RoI attribution as the top challenge for the coming year. While First Click & Last Click models are the more preferred forms of attribution, creating a full path attribution model is considered to be a dark art. To get an accurate measure of RoI, it is crucial to create a customized model encompassing all the touchpoints that contribute to the bottom line by both assisting and converting, allowing for a more intelligent analysis of efforts and budgets across channels.

2. Get geared up for AI and Chatbots:
Intelligence has gone artificial with chatbots poised to become the new way of life for marketers in India. Interacting with prospects on increased touchpoints, chatbots promise highly customized content delivery, affordably. With AI being the most recent catchphrase of modern day marketing and chatbots still delving in infancy in the India marketing context, a cognizance of exactly which bit of the marketing funnel do you intend to impact through a chatbot, can help ensure a successful bot to business integration. Chatbot platforms like SURBO can architect strategic & customized AI based solutions to materialize chatbot marketing goals.

3. Get Email Agile:
Personalization and targeting have been rated as the most definitive practice to redefine equations for a higher relevance and revenue, yet for a sizable share of marketers, email personalization ends with <enter name>. 'Email Agility' can kick-start next- gen personalization to elevate content relevance to a higher level. Marketers can respond to each recipient's constantly shifting attributes like location and consumer behaviour through real time content optimization in their emails. Email marketing has been rated YoY as one of the top generators of ROI across sectors and a higher budget allocation towards tools assuring campaign effectiveness will lead to significant long term gains.

4. Tread the thin line between 'Mobile adaptive' and 'Mobile only':
The demonetization led perfect storm pushed India to become an official 'Mobile First' market. Though the marginalization of laptops isn't a recent development and mobile affliction has been building up for years, for a majority of marketers the default strategy remains 'mobile adaptive'. The other extreme of progressive marketers are succumbing to overwhelming figures and pressure to incorporate the new best practice, creating an experience output that is predominantly 'mobile only'. The key to a lasting brand recall is to traverse on the thin line connecting devices across the buyer's journey and create consistent device agnostic experiences through a holistic 'journey first' marketing approach.

5. Get over the Social Reach apocalypse:
With an escalating YoY social media spend and ever transforming social algorithms, leading brands towards a compromised organic reach, dwindling lead generation and subatomic conversions; providing a quantifiable justification of its impact remains a key challenge for India Marketers. While Social Media should continue to be leveraged as a channel touching upon brand values and other intangibles, the brand focus should shift on a more integrated cross channel play across channels like Email, SMS & IVR that guarantee a complete digital ownership. Strategies taking a more long term view to drive creation of more value led and resonating content ready to engage users over the right channel, at the right time will be sure to scale up conversions.

REFERENCES

A Better Way to Calculate the ROI of Your Marketing Investment
https://hbr.org/2015/11/a-better-way-to-calculate-the-roi-of-your-marketing-investment

Digital by Default: Marketing Trends and Forecast
https://www.octane.in/research/pdf-report/report-2017.pdf

Digital Opportunity 2017
http://www.ey.com/Publication/vwLUAssets/EY-digital-opportunity/$FILE/EY-digital-opportunity.pdf

The Connected Consumer
https://www.tetrapak.com/about/newsarchive/the-connected-consumer

Indian Chatbot Industry Outlook
http://surbo.io/blog/?p=861

India overtakes US to become second largest smartphone market
https://www.canalys.com/newsroom/india-overtakes-us-become-second-largest-smartphone-market

Is email Marketing Inbound or Outbound?
https://blog.hubspot.com/blog/tabid/6307/bid/5526/is-email-marketing-inbound-or-outbound.aspx

Mobile Consumer India 2017
http://octaneresearch.in/wp-content/uploads/2017/03/IMUE2017.pdf

The Ultimate Mobile email Statistics Overview
https://www.emailmonday.com/mobile-email-usage-statistics/

Top Considerations for Mastering Digital Marketing ROI
http://www.teletech.com/resources/articles/top-considerations-mastering-digital-marketing-roi#.Wiy0eUqWbIU

80% of Businesses want Chatbots by 2020
http://www.businessinsider.com/80-of-businesses-want-chatbots-by-2020-2016-12?IR=T

2017 State of Email Report
https://litmus.com/lp/state-of-email-2017

RECAP
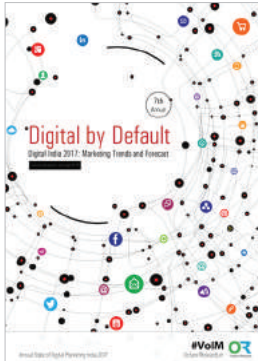
Digital by Default
7th Edition 2017

Digital India 2016
6th Edition 2016
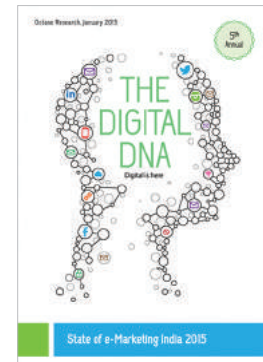
The Digital DNA
5th Edition 2015

Igniting Engagement
4th Edition 2014

Spark The Surge
3rd Edition 2013

Gearing up for Growth
2nd Edition 2012

Annual India e-Marketing
1st Edition 2011

A special note of thanks for our Chief Designer Hemant Sharma who has been a part of this stupendous journey over 8 insightful years.

To view the entire range of work undertaken by Octane Research, please visit Octane Research: Octaneresearch.in

NOTES

RESEARCH TEAM

MARKETING:

Shweta Bahl

Vice President - Digital Media
t : @shwetaBahl
linkedin.com/in/shwetabahl

Jayati Baweja

Marketing Manager
t : @Jayati_Baweja
linkedin.com/in/jayatibaweja

Priyanka Sharma

Assistant Digital Marketing Manager
t : @priyankashrma01
linkedin.com/in/priyankasharma8

DESIGN:

Hemant Sharma

Chief Designer
t : @hemantshandily
linkedin.com/in/hemantshandilya

Akanksha Madaan

Senior Creative Designer
t : @akankshamadaan
linkedin.com/in/akankshamadaan

Saleem Khan

Web Designer
t : @saleemkhan213
linkedin.com/in/saleem-khan

Priyanka Bhadoria

Creative Designer
t : @priyankabhria
linkedin.com/in/priyanka-bhadoria

RESEARCH OUTREACH:

Anoop Bhargav

Business Manager⹂South India
t : @anoopbhargav
linkedin.com/in/anoopbhargav

Suvradeep Acharjee

Manager Sales
t : @deep2312
linkedin.com/in/suvradeep

Akshita Khurana

Manager Executive
t : @akshita002
linkedin.com/in/akshita-khurana002

About Octane Research - OR
Octane Research

Octane Research has established itself as the definitive research authority in India on how marketers and consumers are engaging through digital channels like Social Media, Email Marketing, Search, Mobile, SMS and the Web. Analyzing data from hundreds of sources and running into billions of touch points every year (in India alone), Octane Research provides rich insights and the perfect context for India Marketers to move towards smart strategic planning, tactical decision-making and increasing business effectiveness for their digital campaigns.

To have a look at the entire range of work undertaken by Octane Research, please visit octaneresearch.in

Associate Research Partners 2018

DMAasia Knowledge that transforms   **IAMAI** Internet And Mobile Association Of India   **rai** RETAILERS ASSOCIATION OF INDIA   **Digital Vidya**   **CMAI**

About ValueFirst - :) ValueFirst
Intelligent Conversations Across Channels

Founded in 2003, ValueFirst is a B2B company connecting enterprises to consumers, enabling intelligent conversations across channels. We empower 4Bn interactions per month & offer the following :

· Communication Platform as a Service: Cloud based platform/APIs for SMS, Voice, Email, Data & Authentication

· Cross Channel Communication Platform: Marketing automation platform integrating channels of SMS, Email, Voice and Social Media

· AI Driven Conversation Platform: Build, host & manage intelligent Natural Language Processing enabled Bots

Driven by 300+ passionate employees serving a diversified customer base across BFSI, E-commerce, Retail, IT Software, Manufacturing, Internet, Automobile, Government sector, Education, Travel, Media, Exchange houses, Hospitality, Healthcare, Consumer verticals, etc.

f /ValueFirstDigital/   **🐦** @VFDigital   **in** /company/valuefirst-digital-media-pvt-ltd-

:) **ValueFirst**
Intelligent Conversations Across Channels

Octane Marketing Private Limited was acquired by ValueFirst Digital Media Private Limited in April, 2017 and is since a subsidiary thereof.

Materials published in this report are protected by Indian and International copyright laws. Reproduction and distribution of content of this report without the permission of Octane Marketing Private Limited is prohibited.