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Challenges & projections of digital marketing in smart cities

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Abstract

With the thrill in globalization, the world is witnessing a greater challenge in the diverse facets of smart cities. Even though smart city is a designation given to a city that incorporates information and communication technologies (ICT) to enhance the quality and performance of urban services such as energy, transportation and utilities in order to reduce resource consumption, wastage and overall costs to increase operational efficiency, share information with the public and improve both the quality of government services and citizen welfare. In the current scenario of globalization, the smart cities have not only become digital but people in the smart cities also are getting converted themselves to the digital era. Individuals are not only consuming digital content on a daily basis but also companies and the business world in general have recognized the importance of getting digital in smart cities. In the smart cities, the most significant parameter of business progress happens to be attracting their stake holders by designing irreplaceable advertisements or advertising strategies through digital media. Digital marketing on the other hand can be defined as an umbrella term for the marketing of products or services using digital technologies, mainly on the Internet, but also including mobile phones, display advertising and any other digital medium. The concept of digital marketing has become a fashion in the companies to promote their products and services. While marketers with positive experiences would tend to believe that digital marketing works and some would disagree in rural India, but one would be sure that magnitude of its impact is increasing in rural market, when compared to urban and other markets. This paper studies and establishes the impact of digital marketing in smart cities. The study also probes into the learning of confront & prospects of digital marketing in smart cities. Through research and analysis, the paper emerges some points which can be used as a blue print criterion for smart cities. As the paper is the foundation brick of the impact of digital marketing in smart cities, the paper also ends with few insights on impact of digital marketing to be considered for smart cities.

Keywords: Digital marketing, globalization, technology, customers & smart cities

Introduction

Digital marketing can be defined as an umbrella term for the marketing of products or services using digital technologies, mainly on the Internet, but also including mobile phones, display advertising, and any other digital medium. The concept of digital marketing has become a fashion in the companies to promote their products and services. Digital marketing is the promotion of products or brands via one or more forms of electronic media and differs from traditional marketing in that it involves the use of channels and methods that enable an organization to analyze marketing campaigns and understand what is working and what isn't – typically in real time. Digital marketers monitor things like what is being viewed, how often and for how long, sales conversions, what content works and doesn't work, etc. While the Internet is, perhaps, the channel most closely associated with digital marketing, others include wireless text messaging, mobile instant messaging, mobile apps, podcasts, electronic billboards, digital television and radio channels, etc.

Importance of Digital Marketing

Digital media is so pervasive that consumers have access to information any time and any place they want it. Gone are the days when the messages people got about your products or services came from you and consisted of only what you wanted them to know. Digital media is an ever-growing source of entertainment, news, shopping and social interaction, and consumers are now exposed not just to what your company says about your brand, but what

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the media, friends, relatives, peers, etc., are saying as well. And they are more likely to believe them than you. People want brands they can trust, companies that know them, communications that are personalized and relevant, and offers tailored to their needs and preferences. Digital marketing and its associated channels are important – but not to the exclusion of all else. It's not enough to just know your customers; you must know them better than anybody else so you can communicate with them where, when and how they are most receptive to your message. To do that, we need a consolidated view of customer preferences and expectations across all channels – Web, social media, mobile, direct mail, point of sale, etc. Marketers can use this information to create and anticipate consistent, coordinated customer experiences that will move customers along in the buying cycle. The deeper your insight into customer behaviour and preferences, the more likely you are to engage them in lucrative interactions. Digital marketing is catapulting past analogue. People are consuming more digital content daily – using their smart phones, desktops computers, laptops, tablets, and more. The thing is, companies need to recognize that they need to alter their marketing strategies to adapt to this. Digital marketing is also more eco- friendly than more traditional forms of marketing. There is no need for any materials to be consumed which means that there is less harm done to the environment to get the name of your business out there. Your business is immediately responsible for sustainability. Today, your digital footprint is much more important than the physical footprint of your business.

The Importance of Digital Marketing in the current scenario

Whether it is product or a service, we just can't underestimate the power of digital marketing. The current age where we live, it is fully dedicated to digital media and so when you are marketing or advertising then you must not forget that there has to be online marketing too.

What makes a difference?

Almost everyone would use the online and social media these days. Also, there have been many people who would just like surfing and checking what's on the web. Thus, you can see that almost everyone would come online once a day at least. In fact, some people stay online whole day. Keeping these facts in mind, you just can't leave digital marketing alone when it comes to marketing the product or service.

Why Digital Marketing is Important for Business

The world is quickly becoming digital. People are consuming digital content on a daily basis. Companies and the business world in general are starting to recognize the importance of getting digital and it is essential that marketing departments adapt quickly to the new circumstances and actively hire professionals in the field of digital marketing. Digital marketing is extremely important, not only because of its rapid growth but also because it is essentially the future of marketing. Soon all other traditional marketing forms will disappear as digital marketing will replace them altogether. While some generations will no doubt lament the loss of paper newspapers, books and old-fashioned communication methods, new generations who have grown up with internet and mobile phones are already embracing the brave new world of digital consumption.

Digital marketing methods are faster, more practical and versatile than the old traditional ones. Technology has put business in the digital age.

Some of the most common forms of digital marketing are:

- Website (SEO content)
- Blogs
- Internet banner ads
- Online video content
- Pay-per-click advertising
- Email marketing
- Social media marketing (Facebook, LinkedIn, Twitter, etc.)
- Mobile marketing (SMS, MMS, etc.)

Key reasons of using digital marketing:

- More affordable than traditional marketing. An e-mail or a social media campaign can transmit the same message to customers for less money than a TV-Ad or a newspaper one. Moreover, social media campaigns can reach a wider audience in any part of the world.
- Easier to track results. With a wide range of analytics and data we are able to analyze our own marketing campaigns and find out how the campaign performed and how it can be improved. Of course, you can get this data for traditional marketing campaigns but a digital campaign will allow you to measure the success in real time, giving you the advantage of planning more effectively and making changes almost instantly.
- The number of consumers. Traditional marketing has lost a huge number of consumers. Most people read their newspapers on their iPad or some type of tablet. You need to develop your marketing and embrace the digital age.

Advantages & Disadvantages of Digital Marketing

Advantages

- Advertisement on the internet is cheaper than (Low cost) the print advertisement. It is a two-way communication between sales person and the potential customer which takes people to the company website. It has a much wider reach.
- It helps in spreading the business worldwide, with no geographical barriers, making it accessible from one country to another via Internet.
- It is a 24X7 (365 days) open store where people are welcome to shop anytime from anywhere. This further directs the potential customer towards the company website.
- Internet makes the product reach much easier; while researching or getting accurate information on a product. It also adds value by adding a point of reference and a touch of individualized customer service.
- It also helps in creating credibility and gain trust and confidence of the customers. Many people use internet for the pre-purchase research so that they can find themselves a particular product which meets up to their requirements.
- It also helps in updating the subscribers through a fast mode of e-mails. Visitors get up-to-date information on each visit.
- In case of information sensitive business such as a law firm, newspaper or online magazine, or a newsletter,

you can deliver the products directly to the customers online.

- Increased ability to measure and collect data.

Disadvantages of Online Marketing

- Easier to have out dated information on internet, update timing is a critical issue here.
- Many web visitors expect something for free. Do you have something to offer free?
- There is a lot of competition in the market and by the time visitor reaches the product they have already gone through many links and got the required product. Unless they find what, they are looking for quickly.
- There are many pros and cons of internet marketing. It's important to consider each when creating internet marketing strategy.

Smart City

A smart city is an urban area that uses different types of electronic data collection sensors to supply information which is used to manage assets and resources efficiently. This includes data collected from citizens, devices, and assets that is processed and analyzed to monitor and manage traffic and transportation systems, power plants, water supply networks, waste management, law enforcement, information systems, schools, libraries, hospitals, and other community services. The smart city concept integrates information and communication technology (ICT), and various physical devices connected to the network (the Internet of things or IoT) to optimize the efficiency of city operations and services and connect to citizens. Smart city technology allows city officials to interact directly with both community and city infrastructure and to monitor what is happening in the city and how the city is evolving. ICT is used to enhance quality, performance and interactivity of urban services, to reduce costs and resource consumption and to increase contact between citizens and government. Smart city applications are developed to manage urban flows and allow for real-time responses. A smart city may therefore be more prepared to respond to challenges than one with a simple "transactional" relationship with its citizens.

Confronts & Prospects of Digital Marketing in Smart Cities:

Confronts of digital marketing in Smart Cities:

1. **Standard of living:** Although the cities have attained the status of "Smart", the number of people below the poverty line is more in such cities. Thus, such people of the smart cities are still yet to purchase smart phones or computers with internet access. Accordingly digital marketing is also weak and marketing strategies have to be different from those used with e-technology.
2. **Literacy levels:** E-advertising media has less utility compared to the other media of advertisements because of the literacy level in smart cities is not the same; thus, leading to a problem of communication.
3. **Communication Problems:** Facilities such as internet, telephone, fax and telegram are extremely good in smart cities. Quick communication is the need of the hour for smooth conduct of business, but it continues to be a far cry in smart cities due to lack of literacy rate in internet related systems. The literacy rate related to digital marketing is rather low and consumer's

behaviour in these areas is traditional, which may be a problem for effective communication.

4. **Traditional Life:** Nevertheless, smart cities are developed or developing, Life is still governed by customs and traditions and people do not easily adapt new practices. For example, even rich and educated class of people do not use digital media for shopping.
5. **Buying Decisions:** Consumers are cautious in buying and decisions are slow and delayed. They like to give a trial and only after being personally satisfied, do they buy the product, and sometimes they wait for other people to use the new product which are launched by the company, if the product has good feedback from those people who has used it then only most of the people like to go and buy that product and get satisfied.
6. **Social and cultural challenges:** The cybercafé model has not worked in many smart cities due to socio-cultural issues.
7. **Cultural Factors:** Culture is a system of shared values, beliefs and perceptions that influence the behaviour of consumers. There are different groups based on religion, caste, occupation, income, age, education and politics and each group exerts influence on the behaviour of people in villages through which people are not savvy with technology.
8. **Many languages and diversity in culture:** Factors like cultural congruence (similarity), different behaviour and language of the respective areas make it difficult to handle the customers. Traits among the sales force are required to match the various requirements of these specific areas. This factor is strongly not assisting digital marketing in smart cities.
9. **Distribution and logistics:** Infrastructure continues to be the biggest challenge in smart cities. Moreover, the lack of space and inefficient distribution network prevents penetration of products/services into smart cities. Although, the distribution chain is very well organized but requires a large number of mediators, which in turn increases the cost and creates administrative problems. Due to lack of proper infrastructure, manufacturers are reluctant (unwilling) to open outlets in these smart cities, but they are mainly dependent on dealers, who are easily available in smart cities. This is a challenge to the marketers.
10. **Seasonal Demand:** The demand or buying capacity is not stable in digital marketing as compared to the common market. Demand for goods in common markets mainly depends upon circumstances like rainfall and agriculture. Therefore, constant efforts have to be made for digital marketing strategies, so that consumer should buy or sell only through online marketing.
11. **Transportation:** Transportation is one of the biggest challenges in smart cities. As far as transportation is concerned, about 50% of smart cities are connected by national highways and railways. But, during monsoon the smart cities which are located in hilly terrains get isolated as the roads of such cities become bumpy and patchy, and the roads become unserviceable. However, the rest of the smart cities have a proper road linkage which makes physical distribution a smooth task. The smart cities located in hilly terrains that make it difficult to connect them through roads. Most marketers use tractors or bullock carts in hilly areas to distribute their

products. Warehousing is another major problem in hilly areas, as there is hardly any organized agency to look after the storage issue. The services rendered by central warehousing corporation and state warehousing corporations are limited only to urban and suburban areas.

Prospects of digital marketing in Smart Cities:

1. **Rapid Transformation:** In the last 20 years, 40% villages have been connected by road, in next 10 years another 30% would be getting connected. More than 90% villages are electrified, though only 44% rural homes have electric connections. This rapid growth implies that even the rural India is in the state of getting transformed to digital India at the earliest.
2. **Improved Telecommunication facility:** The cell phone density has gone up by 300% in the last 10 years; every 1000+ population is having cell phone and is accessing internet on their cell phone.
3. **Rising ICT Literacy Level:** The ICT literacy level has improved from 36% to 59% and shall reach 100% at the earliest.
4. **Large Population:** The population is large in smart cities and its growth rate is also high. Despite the rural urban migration, the smart cities continue to be the place of living majority of Indian youths.
5. **Increasing Income:** Because of the growing cities there has been constant increase in the income of residents of smart cities, the improved results shown by the companies, industries and organizations are paying extremely worthy rental charges to the residential owners who have provided their land on rental basis.
6. **More Loyal Consumers:** Consumer before buying something they think hundred times, they check out all the features of the product and also the price of the product. And they always ask their effectiveness or feedback of the product. After doing all this they again think many times to buy a single product, but once the consumer feels that they are getting more benefits from the product than the price paid by them, consumer will always remain loyal to that product and it will be very difficult for the competitors to break that loyalty.

Conclusion

Indian market is undoubtedly complex but there are some simple truths that we need to accept. The consumers are very value-conscious. They may or may not have purchasing power, but they can make a difference to the company's growth if concentrated. Gone were the days when a consumer had to go to a nearby town or city to buy a branded product. The growing power of the consumer is an opportunity for the companies to flock to the markets. Gandhi ji believed that India's future markets will have a significant contribution in the India's economy.

Thus, looking at the confronts and the prospects of digital marketing in smart cities, which markets offer to the marketers, it can be said that the future is very promising for those who can understand the dynamics of digital marketing in smart cities and exploit them to their best advantage.

A radical change in attitudes of marketers towards the vibrant and burgeoning (growing) markets is called for, so they can successfully impress on the 230 million consumers spread over approximately hundreds of smart cities in India.

Any starting venture in Indian market must have to look into these aspects and after that, schedule their next steps, because one-step wrong from their side can ruin their whole brand image in other parts of the country also.

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