



India shuns *Remarketing*

A report by the Digital Marketing Training Institute

in association with
 **asia 360**  **BW|BUSINESSWORLD**

43% of the people say they remember being “haunted” and “followed” by products they had searched for and no, they don’t like it!

Remarketing has been touted as one of the most sophisticated algorithms in digital marketing in a long, long time, something that flipped the entire idea of marketing and instead of trying to bring the consumers to the products, it took the products to the consumers.

There seems to be just one little problem though, the consumers did not find the idea sophisticated enough.



Albert Einstein once said “Imagination is more important than knowledge”. The words have never seemed truer than now, when knowledge is only temporary and imagination has taken us places. Who would have imagined that one day products would follow us wherever we went, in the form of remarketing? All the consumer knowledge was always available; it was the sheer genius of the power of imagination that made marketing what it is today.

Digital media has seen a remarkable change in the last few years. This journey of digital media from 2 million users to 250 million users saw numerous evolutions. Across all mediums the biggest beneficiary of advertising spends today in 2014 is digital advertising, which is expected to grow by 35 per cent over last year at Rs 3,402 crore (source Group M TNY, This year next year).

A recent study conducted by IAMAI-IMRB says that the rising marketing spend in e-Commerce, among other sectors in India, will help the online ad market to grow Y-o-Y at 30% to reach INR 3575 Crores by March 2015.

20% of the digital ad spend was attributed to eCommerce and online spend on eCommerce was estimated at INR 495 Crores as of March 2014. In the current scenario, Search and Display are the two top contributors to the total Digital Advertisement expenditure in India. Search ads accounted for 38% of the overall ad spending followed by display ads which constituted 29%.

Ruling the chart of innovation and sophistication though, is a phenomenon relatively new. Marketers know it by the name of remarketing. Remarketing has changed the entire concept of marketing, from the who to the what. Thus, remarketing begins with the path to reengaging with who; by focusing on the created opportunity, or the what.

Consumers, on the other hand, have a very different idea of the entire effort being put in for remarketing. Some think they are “being haunted”, some call it “being followed”, “an invasion to their privacy”, “desperation” on the part of the sellers or even “useless”.

To help understand this dichotomy, DMTI undertook a study among a projectable sample of consumers which was focused on addressing

the habits and preferences of online shoppers. Shoppers from across India were included in the study.

The consumers are becoming more and more aware and protective of their privacy. While some respondents did say that they went back to their shopping cart on being reminded by retargeted ads, a whopping majority said they do not like being followed.

Our survey showed that while some categories like electronic consumer goods and tickets and travel have made permanent inroads into the consumer’s minds, categories that require a “touch and feel” trial before purchase, still have some good miles to cover.

People also seem to have a fascination for the brick and mortar stores for all aspirational brands. “If it’s an Apple product you are talking about, ofcourse I’ll go to the store. I’ll soak in the ambience, I’ll have the product handed over to me, and it’s a different feeling altogether. Home deliveries can never match that”, says Amrita, an IT techie based out of Bangalore.

Last, but not the least, India still prefers brick and mortar stores for their dose of retail therapy. Most of the respondents have stressed on the “experience” of shopping that they find completely unavailable online, an Experience, which can only be created by imagination and not mere knowledge. Maybe its situations like these that made Einstein say what he said.



“Shaadi se pehle aap ka bhi sirf photo hi dekha tha” said the woman (or the girl?) in the Flipkart ad and it had the entire nation laughing. What was interesting though is that it was an ad for an online portal, a new sales channel, on a traditional media, television. These were only the babysteps that would grow into giant footsteps as far as advertising of e-commerce portals are considered.

Group M, India's largest media planning and buying agency revised its forecast for growth in advertising expenditure in India for 2014 owing to the increasing spending by e-commerce companies, among other categories.

"E-commerce is definitely turning out to be the star of the year for ad spends growth," said CVL Srinivas, CEO, GroupM South Asia.

According to a report by Business Standard, E-Commerce ad spends will beat HUL's spends within a year and it's a no mean feat compared to the fact that HUL's ad budget is estimated to be in the region of Rs 2,200 crore.

The media blitzkrieg by players like Flipkart, Jabong, Myntra, OLX, and Amazon, among many others, has seen a fourfold jump in ad spends within a year. From Rs 200-300 crore last year, spends by e-commerce players have now touched Rs 1,000 crore, according to Anupriya Acharya, Group CEO, ZenithOptimedia, India. "In a year's time," she says, "spends by these players will cross the Rs 2,000-crore-mark."

From \$1.5 billion (roughly Rs 9,000 crore) last year, e-commerce as an industry now stands at \$3 billion (Rs 18,000 crore) in size and is slated to touch \$35 billion (Rs 2.1 lakh crore) by 2020, according to Technopak. Categories expected to drive traffic are fashion, accessories, lifestyle products, electronics, mobiles and groceries, says Arvind Singhal, Chairman, Technopak Advisors, a Gurgaon-based retail consultancy tracking the e-commerce industry closely.

A recent study conducted by IAMAI-IMRB says that the rising marketing spend in e-Commerce, and a few other sectors in India will help the online ad market to grow Y-o-Y at 30% to reach INR 3575 Crores by March 2015. Online ad spend has grown at a CAGR of 25% between during 2011 to 2013. With eCommerce booming in India, 20% of the digital ad spend was attributed to eCommerce.

At DMTI, we wondered whether the consumers are responding to these spends, and if they are, then is the response negative or positive?

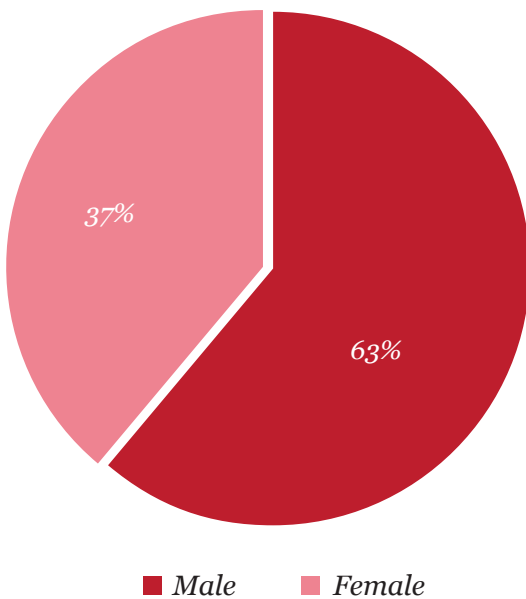


Data Collection

As our target population was people who are exposed to the internet and the experience of online shopping, we conducted an online survey to collect the data. We followed it up with in depth interviews to probe deeper into the perceptions and trends in online and offline shopping among our TG. We tried reaching out to pan India respondents and have a healthy mix of all demographics. After excluding respondents who have never shopped online, we got 1,235 responses. Of these 1,235 responses, 1,216 were deemed usable after the cleaning up processes. This was supported by 635 in depth interviews.

Demographics

Gender

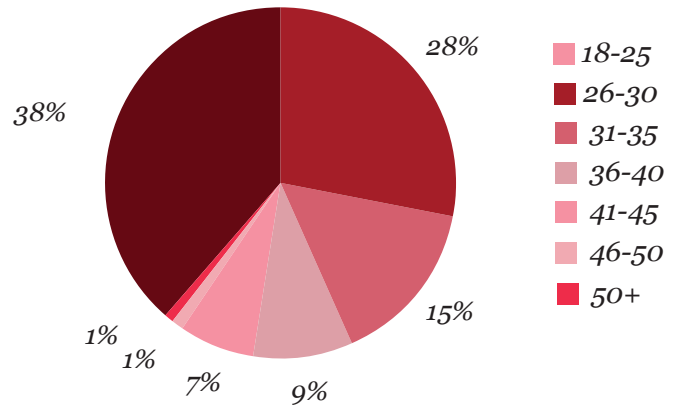


The sample had 37% female respondents and 63% of male respondents.

38% of the respondents were in the age group of 18-25 and 28% in the age group of 26-30. These two are the main segments that are very comfortable with online shopping and have adopted the online channel as just another option when it comes to purchase decisions.

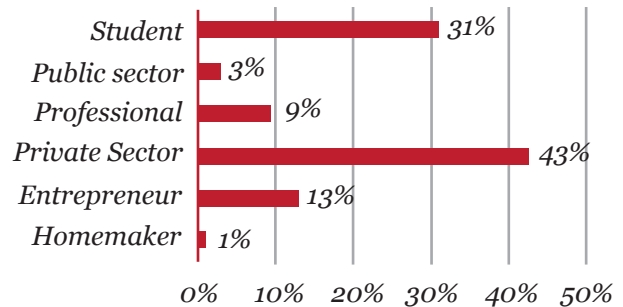
There were only 1% respondents in the age groups of 46-50 and 50+.

Age group



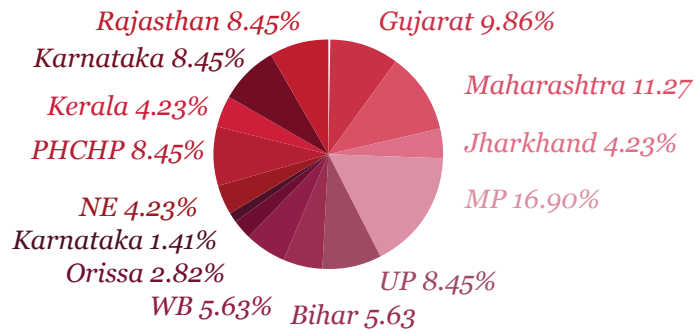
The respondents were mainly students or employed in the private sector with 31% and 43% respectively. Students cited deals and discounts and the working people cited time and convenience as the major draw online.

Profession

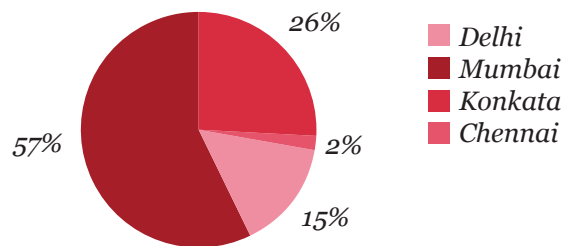


The survey has been conducted among the financially affluent segment, with a 57% of the respondents with a family income above 80,000.

Geographical Distribution of Respondents



Metro cities



The survey was carried out mainly in the metro cities with 58.5% of the respondents from the four metro cities of Mumbai, Delhi, Kolkata and Chennai. The rest of the respondents were spread out across the country to have a more uniform view of the consumer behaviour and trends

Sample Profiles

Aakansha Mittal, 23

Based out of Kolkata

She loves her Mango's and her Zara's and mind it, "shopping is not just shopping, it's SHOPPING"!! A Marwari from Kolkata, she sums up everything an Indian consumer is, well researched, fickle at times, price sensitive, quality conscious and a brand aficionado. Be it the streets of Colaba, or the high street fashion houses, costume jewelry or diamond jewelry, she knows exactly what she wants, though she is always a bit partial towards her diamonds.

Shikha, 23

Based out of Amritsar

She says she is a student, be it Business Management or life. She is very particular of her shopping though, given her "Tall and lanky" frame that requires an extra bit of attention to fits and styles! Daughter to a Punjabi food connoisseur, she is a vegetarian by choice and proud of it. Not to be seen without her Experia Z, ever, her texting skills can put anyone to shame.

Yogesh, 28

Based out of Mumbai

A digital marketer by day, a shoe collector by night, he proudly owns around 25 pairs of shoes! "I need a new pair every month, but I don't really have time that often, online is the best thing to have happened, after the shoes of course" he quips. He's been into the digital world both as a marketer and a consumer and he loved it both ways.

Sucheta, 35

Based out of Mumbai

A full fledged housewife and a mother of two kids, she says she is not much into the "FB culture". Her kids are her world and take up most of her time. Though she is consulted with for every online purchase made in the household, especially by her husband, she has rarely felt the need to venture out online. "I have never had to look for myself, my husband gets for me whatever I need, and the best ones at that". Her husband though, is an avid shopper and given the high flying job he has, online is his best bet. "I sit with him when he orders for me, but no! I

never felt like doing it myself"

Arunima, 26

Based out of Bangalore

A software techie and a diehard romantic, the main decision maker in her life is time, if time permits it she does. Only Shahrukh Khan comes second to time, in her life! Though her parents are in the medical profession, she chose to be an engineer. Based out of Bangalore, Kolkata and even Minnesota, USA at times she is the quintessential modern woman of today. Be it the SUV of her dad, the sedan of her mom or the local transport of Bangalore, she is equally comfortable in all. But if there's one thing she misses when not at home, it's her golden retriever, Dodo.

Anamika, 50

Based out of Kolkata

A homemaker and a small time entrepreneur, she has her own business of scented candles and other gift items that she supplies to five star hotels in her city, she still prefers calling herself a homemaker, "It's tougher than being a business-woman you see!" The internet was slow to enter her life, but now once it has made its inroads thanks to her children, she makes sure she uses it to the fullest, right from sourcing materials, to e-selling and e-buying, and her completely synced phone stands witness to this. "She got us iPads on our birthdays, and she did it all by herself, right from the research to the online payment, we are so proud of her" says her daughter.

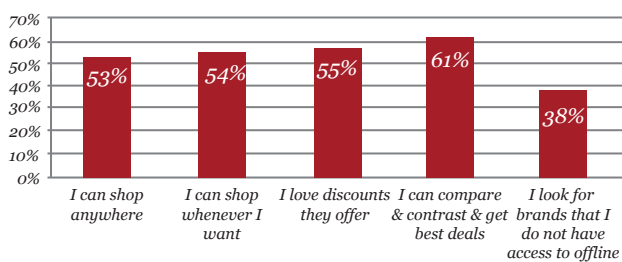
One of the biggest growth stories off late has been the e-tailing sector in India, or what is popularly known as online retailing. The size of India's e-commerce market in 2013 was around \$13 billion, according to a joint report of KPMG and Internet and Mobile Association of India (IAMAI). The online travel segment contributed over 70 percent of the total consumer e-commerce transactions last year.

India's e-commerce market grew at a staggering 88 per cent in 2013 to \$ 16 billion, riding on booming online retail trends and defying slower economic growth and spiraling inflation, according to a survey by industry body Assocham. According to the survey, India's e-commerce market, which stood at \$2.5 billion in 2009, reached \$8.5 billion in 2012 and rose 88 per cent to touch \$16 billion in 2013.

The survey estimates the country's e-commerce market to reach \$56 billion by 2023, driven by rising online retail.

However, compared to such staggering figures, India's e-commerce industry is still in a nascent stage. Online shopping accounts for less than one percent of the total shopping in the country. And the biggest drivers of online purchase, as it seems, are the deals and discounts.

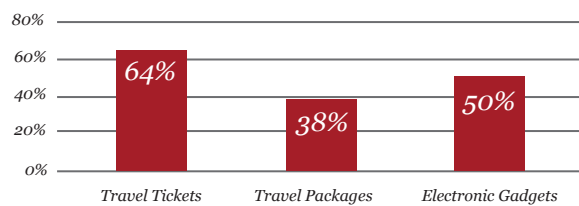
55% and 61% of the respondents look for discounts and deals online respectively. Second on the list is the convenience that online shopping has to offer.



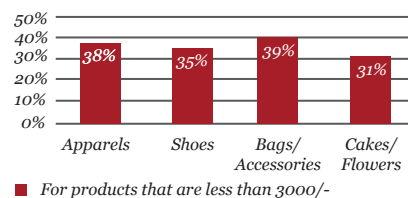
Much of the success of the e-portals can be attributed to the heavy discounts offered by them, made possible by the infusion of funds from investors. An increasing number of firms are offering more and more discounts to lure consumers and a price war may only be some time away.

When it comes to the question of spending big, Travel Tickets and Electronic Gadgets are the runaway winners driving the main chunk of the online shopping industry. People have adopted the online channel as the most preferred channel for the purchase of these goods, but again, it's mainly because of the deals and bargains available for the same. If the price is no lesser online, our respondents say they would prefer to go buy it in a store.

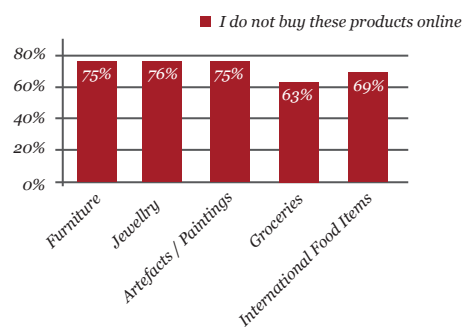
Price is not a factor



For other categories of products, price still plays an important part for the conventionally price sensitive Indian buyers. Purchase decisions for categories like apparels, shoes, accessories, online gifts etc are still ruled by the price tag. The average consumer is still not ready to splurge online.



There are again a few categories that have still not picked up with the quintessential Indian consumers, categories like groceries, jewellery, furniture and International Food Items.



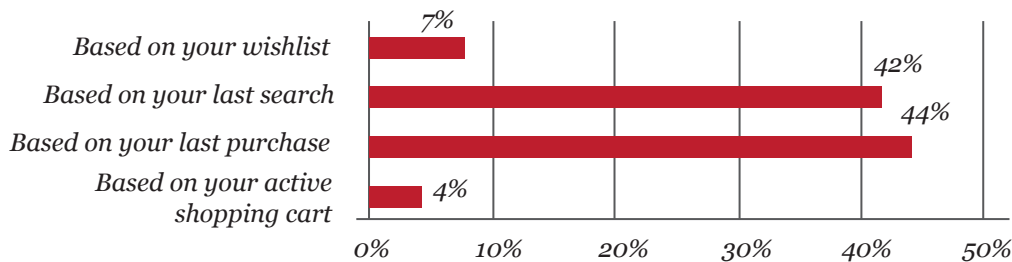
But consider this, at \$360 billion, India is the sixth largest grocery market in the world. Online grocery retail is slowly wedging itself in, and is expected to reach around 2 per cent of the expanding grocery market by 2020, creating a potential market size of around \$10 billion. People are used to either picking up the phone and ordering from their local kirana store or visiting the nearby supermarket/store for a monthly purchase of household essentials. They say grocery buying is mostly dominated by need and an urgency and even a same day delivery do not make up for the same.

Online jewellery retail too is poised to be one of the fastest growing segments in India's e-commerce market which is projected to become an \$8 billion industry in the next two years. However, the consumers still do not seem too interested in buying these things online. The current share of online sales in the \$50 billion domestic jewellery market is a minuscule 0.5% and the consumers seem not only uninterested but averse to the idea of online purchase of gold and diamonds.

There seems to be a dichotomy between what the market trends say and what the consumers have to say for themselves, and only time can say who was truer.

Following the same trend of dichotomy is the newest kid on block, remarketing. Remarketing has been touted as the most sophisticated piece of algorithm to have graced the world of digital marketing in quite some time. But it seems it's not doing a very sophisticated job of it though, with respondents calling the remarketed ads as, haunting, an invasion to privacy, and useless, among many other not-so-nice names. Almost 42% and 44% of the respondents remember being "followed" by ads based on their last search and last purchase respectively.

Remarketed Ads



Many of our respondents, during the interviews said that online is the new destination for window shopping. They spend quite a considerable amount of time looking for items, adding them to the cart and either getting a better deal somewhere else or abandoning the cart altogether. And then, "these items start following us everywhere".

"Sometimes it's good to be reminded, but then shouldn't my search behaviour tell them if I had any intention to purchase at all?" asks Prashant, a 32 years old entrepreneur from Hyderabad.

Remarketing seems to be blindly following the consumer with the products they had searched for, even once, and following them everywhere, be it with travel tickets on a news site, or apparels on an online book store. As the consumers say, their search behaviour too should be accounted for. How many times has a product been searched for is definitely a factor worth looking into. And maybe, the relevance of the landing page with respect to the products in the ad is something that needs more attention.



There is a fine line between being reminded and being irritated. How many times have we snapped back at our mother for reminding us too often? What makes the marketers believe that we will not snap back at the ads too? The way to snap back could be clearing caches, installing ad blocks or worse still, stop looking online.

The consumers today are evolving every moment. Take a teenager for example. She was born into this online generation, grown up with virtual friends on Facebook, likes texting more than striking up a conversation and knows her way through this digital maze. Is it really possible to follow her around with products and convince her to buy them if it does not fit her taste or needs? The generations today, who are the main consumers for tomorrow, are more evolved than we know. They have an attention span that can put even a goldfish to shame. They know they are the king and want an equally grand kingly treatment. And remarketing does not appeal to them, not always and definitely not everywhere.



India has been known to be a “Can’t feel, won’t buy” nation. But the growth numbers of the online shopping industry does say otherwise. The Indian consumers, though in far smaller numbers as compared to their global counterparts, are adopting this channel for purchases big and small.

Just around 12 percent of Indian population is into online transactions against more than half of their Chinese counterparts. This proportion is much higher in the developed countries like the US, where the figure is 64 percent.

“Online I buy only the brands that I am confident of or have been using for some time now”, says Deep, a 28 years old corporate communicator, based out of Delhi. This is something that has been reiterated by a considerable majority of the respondents.

Established brands may take this opportunity to increase their online footprint. Consumers are more confident buying brands they have bought and used before and brands can leverage on this familiarity to do away with the “touch and feel” constraint, especially for products priced on the higher side.

The main segment of buyers for tomorrow, we the consumers in the age group of 18-25, is the smartest set of consumers the marketers have ever met. They are smarter and more demanding than any other. They are also the main influencers for all online purchase decisions in the family, which makes them even more important as a consumer segment. They want even the smallest of things customized and personalized for them, they are bored of going through pages and pages of products, they want narrower lists and they know their way around the internet, they clean their cache before purchasing tickets, they know about remarketing and they know how to lose them or worse, block them. And they are evolving every moment. The marketers need to keep up!



- *Let's not bombard our dear consumers with ads. We can always cap the number of impressions per day. Let's keep it down to a number acceptable to the consumers and not the marketers. 57% of our respondents commented against brands that force pre-roll video ads on YouTube as a mandatory watch as well.*
- *Variety, they say, is the spice of life. Let's cater different ads and not the same ad every time for the same product. Millions of dollars spent on media but very little spent on the online creative so far. May be its time to look at online creative through a different lense altogether.*
- *Let's take the search behaviour into account too. Someone who has been on the page for ten minutes is much more likely to buy the product than someone who was there for a mere ten seconds. Let us take that into account too. 44% of our respodents suggested that their online purchase decision is often slower.*
- *If someone landed on the page of a certain product and is shown ads for a plethora of other remotely related products, chances are high it will really annoy the consumer. Let's keep it specific.*
- *Let's take some time in choosing the contextuality of the ads. If someone had looked for a personal product and you remarket them the same product on every public page like a news site or an e-ticket portal, something that they may be accessing in office or with family, chances are very high they will not look for the product again.*



Afterthoughts

Remarketing can give a marketer access to a set of data that can be smartly used to target customers with ads that suited to where they are in the purchase cycle. Simply sending them back to your homepage or showing them images of products that have just bought is a waste of your marketing dollars.

With creativity, it is possible to convert customers through remarketing. Many brands and advertisers have discovered that people respond positively to remarketing. Consumers are irritated and speak negatively of remarketing because of the way it is often used by marketers. If marketers give them data or information that will help them make better or more informed decisions, we are positive remarketing would work wonders.



A report by

DMTI (The Digital Marketing Training Institute), is one of the leading Digital Media and Marketing training providers in the country. It was founded in 2011, and since then has trained thousands of academicians, working professionals and students in Digital Marketing. Its more than an institute, it is an endeavor by the best digital marketers of India to create future digital marketers for the world.



Rashmi Putcha, CEO - DMTI

An INSEAD Alumnus & advertising professional since 2003, her expertise lies in creating & executing marketing strategies in the higher education category. “I have been planning end to end solutions for branding and student acquisition through both offline and online mediums for several educational institutions since the inception of my agency - RedEye Media” Her passion towards the education segment & the lack of skilled professionals in the Digital Media industry prompted the launch of DMTI - Digital Marketing Training Institute.



Arnab Mitra, Global Digital Strategist & MD - LIQVD Asia

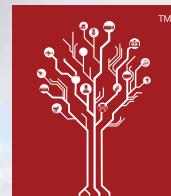
Arnab is the co-founder of LIQVD ASIA and prior to this he was the digital lead for Starcom Mediavest Group in India and had pivotal roles at Havas Media in the region. He has worked in multiple disciplines of communication, including interactive media and direct/internet marketing for over a decade. He has crafted digital strategies for clients like Samsung, RIM, General Motors, Jet Airways, Dell and Volkswagen among many others. As a latest passion the professional entrepreneur in him is focusing on investing and mentoring few nascent businesses from the region.



Srimoyee Joardar, Researcher

A student by day, a Marvel agent by night, she is an engineer by degree and a learner by profession. She is currently pursuing her PGDM from K J Somaiya Institute of Management Studies and Research, Mumbai in Marketing Communications.





DMTI

Digital Marketing Training Institute



313, Hind Service Industries Estate, Near Chaityabhoomi, Shivaji Park
Mumbai, Maharashtra, India 400028 | www.thedmti.com | research@dmty.in

in association with
Simplify **asia 360** **DIGITAL MARKET** **BWI BUSINESSWORLD**

We thank everybody who gave us their valuable time on our face-to-face meetings with them or through online responses. We hope this report will help them experience shopping in better way as our ecommerce players take notice of the observation.

Special thanks to Ms. Noor Warsia of Digital Market Asia, Mr. Annurag Batra of Business World & Mr. Bhupendra Khanal of Simplify360.

Note.: All the brand names used in this report are the registered trademarks of the respective brands. They are used basis mentions from the respondents & other secondary researches conducted by DMTI.