



Digital Marketing: A Study on Its Problems and Prospects

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DOI:10.54741/MJAR/6.2.2026.298

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In the 21st century, digital marketing has emerged as the primary channel through which businesses engage customers, drive sales, and cultivate brand loyalty. This paper examines both the ongoing challenges and the emerging opportunities within this field. Regarding challenges, stricter data protection laws such as the GDPR and India’s DPDP Act are restricting access to third-party data and user tracking. Budgets are further impacted by ad fraud, click farms, and non-human traffic. Heavy dependence on major platforms like Google and Meta exposes brands to sudden algorithm updates that can drastically cut organic visibility. With digital spaces becoming overcrowded, audiences experience content fatigue and shorter attention spans, pushing up the cost of acquiring customers. The fast pace of innovation also demands continuous learning in areas like AI, analytics, and automation, which is difficult for small and medium enterprises. Additionally, aggressive retargeting, false information, and AI-generated deepfakes are damaging consumer trust. Nevertheless, the opportunities are significant.

The growth of social commerce, along with India’s UPI payment infrastructure, is streamlining the journey from product discovery to checkout. The paper concludes that adaptability, transparency, and ethical practices are essential. Companies that focus on zero-party data, adopt unified omnichannel tactics, and blend automation with human creativity will be best equipped to overcome present challenges and achieve sustainable growth.

Keywords: digital marketing, data privacy, artificial intelligence, omnichannel strategy

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Ishani Singha, Visiting Faculty, Department of Commerce, Ram Mohan College, Kolkata, West Bengal, India. Email: ishanisingha200@gmail.com	Singha I, Digital Marketing: A Study on Its Problems and Prospects. Manag J Adv Res. 2026;6(2):15-20. Available From https://mjar.singhpublication.com/index.php/ojs/article/view/298	

Manuscript Received 2026-03-04	Review Round 1 2026-03-19	Review Round 2	Review Round 3	Accepted 2026-04-10
Conflict of Interest None	Funding Nil	Ethical Approval Yes	Plagiarism X-checker 4.46	Note



1. Introduction

Digital marketing has fundamentally reshaped how businesses connect with consumers in the 21st century. With internet penetration exceeding 5.4 billion users globally and India alone crossing 900 million users in 2025, digital channels have become the dominant medium for customer engagement, brand building, and revenue generation. Unlike traditional marketing, digital platforms offer measurable, real-time interaction and granular targeting capabilities that have transformed marketing from a broadcast model to a dialogue.

Yet this rapid evolution brings complex challenges alongside its opportunities. Regulatory frameworks like the European Union's GDPR and India's Digital Personal Data Protection Act, 2023, have restricted third-party data access, forcing marketers to rethink tracking and personalisation strategies. Platform dominance by Google and Meta means algorithm changes can erase organic reach overnight. Meanwhile, ad fraud, content saturation, and declining consumer attention spans continue to drive up customer acquisition costs, particularly for SMEs with limited resources to keep pace with AI, automation, and analytics. The rise of deepfakes and intrusive retargeting has further eroded consumer trust. At the same time, technological innovation is unlocking new prospects. Artificial intelligence enables predictive analytics, dynamic creative optimisation, and hyper-personalisation at scale.

The deprecation of third-party cookies is accelerating a shift toward first-party data, contextual advertising, and zero-party data strategies that prioritise consent and transparency. Emerging formats, including short-form video, social commerce, voice search, AR/VR experiences, and conversational marketing on WhatsApp, are redefining the customer journey. In markets like India, the integration of UPI has collapsed the funnel from discovery to payment into a seamless flow. This paper explores the dual realities of digital marketing today. It analyses the structural problems marketers face, from privacy constraints to platform dependency, and evaluates the emerging prospects that can drive sustainable growth. Ultimately, it argues that adaptability, ethical data practices, and the integration of automation with human creativity will determine which brands thrive in an increasingly complex digital ecosystem.

2. Literature Review

According to Vishal Wadajkar, Atul Kumar, and Vinaydeep Brar (2016), digital marketing has become a genre of business. With a progressively increasing number of organisations choosing to build a brand image online and connect with the audience globally, the technical aspects of the web are also expanding. Websites, sites, marketing efforts, SEO procedures, and related practices have become deeply embedded in the technical aspects that shape one's presence online. Digital marketing is a broad umbrella under which both technical and non-technical skills are employed to achieve prominence online. The field has created a range of jobs for people to seek work and showcase their talents. Marina Ianenko, Mikhail Ianenko, Dmitriy Huhlaev, and Oksana Martynenko (2019) stated in their study that the basic concepts that characterise the problems of digital transformation of the economy identify the main directions of the transformation of trade in the digital economy, characterised by increased competition, dramatically increased opportunities for collecting and processing data using artificial intelligence, and changing consumer behaviour in the digital environment. The key problems of the development of trade enterprises are formulated: improvement of digital methods for collecting, processing, and analysing marketing information; organisation of interaction with consumers in the digital environment; automation of planning and implementation of marketing activities. Nagendra Kumar Sharma, Wen-Kuo Chen, and Kuei-Kuei Lai (2020) noted that increasing internet services, affordable costs, and a large number of smartphone users are part of a major revolution in the expansion of Information Communication Technology (ICT) in recent times. The development of ICT is helping every element of the socio-economic component. In the present business environment, the development of communication technologies is expanding the scope of digital marketing and providing benefits to every sector of the business towards providing the best products and services to their customers. Digital marketing services can be managed by in-house technical staff and also handled by a third-party digital marketing services hired by the company. According to Nilima Das (2021), one of the major goals of every business is, of course, to grow and maintain a strong and loyal client base.

That new era of digital and the infrastructure that lies beneath it define a new marketing environment, and the massive expansion in digital media has positioned the internet as one of the most important marketplaces. In India, it is difficult to establish a relationship between a customer and a virtual market. But still India is digitalising. Sheetal Kapoor (2022) highlighted that with the fast growth of digital technologies, there is a paradigm shift in the buying behaviour of Indian consumers. The key driver of progress is the internet as an electronic medium of exchange, and the growing usage of smartphones has given rise to an online marketplace in India. Accessibility, better prices, comparative analysis of products and offers available, belligerent discounts online, soaring petrol prices, a larger assortment of brand options, and hassle-free shopping are a few advantages which consumers experience while buying online. On the one hand, by engaging in e-shopping, consumers can make purchases all day long and trace the status of their merchandise; on the other hand, digital shopping poses challenges linked to cross-border operations, threats of shoddy quality, duplicates, spurious and counterfeits, predatory prices, and manipulative and unfair trade practices.

3. Objectives of the Study

The objectives of the study are as follows:

- To examine key challenges in digital marketing
- To assess new opportunities and emerging formats for sustainable growth.

4. Research Methodology

The present study is descriptive in nature and is based on the secondary sources collected from related websites, case studies, working papers, reputable journals, etc.

5. Conceptual Framework

In today's interconnected world, digital marketing has become an essential tool for businesses to reach their target audiences and achieve their goals. Whether you run an enterprise that is small-sized enterprise or manage one that stretches beyond borders across the globe, without proper knowledge of digital marketing, it will not be easy to succeed in the new marketplace.

In our blog, we will provide insights into what digital marketing is, discuss useful tips, highlight common challenges, and outline the key benefits that make it an indispensable aspect of any business strategy.

A wide range of activities such as:

- **Search Engine Optimisation (SEO):** Optimising content to rank higher on search engines like Google.
- **Social Media Marketing:** Promoting brands through platforms like Facebook, Instagram, and Twitter.
- **Email Marketing:** Sending promotional messages or newsletters to a targeted audience.
- **Content Marketing:** Creating valuable content like blogs, videos, or infographics to attract and engage customers.
- **Pay-Per-Click (PPC) Advertising:** Running ads that you pay for each time a user clicks on them.
- **Affiliate Marketing:** Partnering with individuals or businesses who promote your products in exchange for a commission.

Despite its numerous advantages, digital marketing comes with its own set of challenges. Understanding these obstacles can help you prepare and overcome them.

- **Increasing Competition:** More businesses operating on the internet have made the digital space very crowded. Competition has been made high by crowding, and people will have to be very creative, think strategically, and keep putting in effort for the presence of a business.
- **Adapting to Constant Changes:** Google or Facebook algorithms keep changing regularly, which would change the performance of your content or ads in turn. You hence need to be updated and adapt your strategy fast.
- **Generating Quality Leads:** Traffic is one thing; the question is how to convert that traffic into paying customers. In other words, I need to focus on generating leads toward quality leads, not just the kind that result in visits to my website.

- **Managing Multiple Platforms:** With the vast array of platforms available, such as social media, search engines, email, and more, managing your digital marketing efforts can be overwhelming. Using tools to automate and streamline tasks can ease the burden, but keeping everything synchronised still poses a challenge.
- **Maintaining Consistency:** That is to say, good digital marketing is all about refreshing content constantly and maintaining continued messaging and interaction with the audience. It can be quite a challenge, but very important in ensuring that your whole team delivers a consistent brand experience across all channels.
- **Measuring ROI:** While the outcomes are not very quantifiable in traditional marketing, with digital marketing, there is a wide availability of data. However, extracting actionable insights and accurate return on investment for each campaign, from the same dataset, becomes cumbersome.

Common Problems in Digital Marketing

Even though digital marketing is helpful, it has some problems too. Knowing these problems helps you deal with them.

- **Too Much Competition:** Lots of businesses are online now, so it's crowded. To stand out, you have to be creative, plan well, and keep working hard.
- **Things Keep Changing:** Google and Facebook often change how they show posts and ads. When they change, your results can change too. So you have to stay updated and change your plan quickly.
- **Getting Good Leads:** Getting people to visit your site is easy. Turning them into customers who pay is harder. You need to focus on getting the right people, not just more people.
- **Too Many Platforms:** There are so many places to market: social media, Google, email, and more. Handling all of them at once is hard. Tools can help, but keeping everything in sync is still tough.
- **Staying Consistent:** You need to post often, keep your message the same, and talk to your audience regularly. It's hard work, but your whole team must give people the same brand experience everywhere.

- **Knowing If It Worked:** Digital marketing gives you lots of numbers. But figuring out what those numbers mean and if you made money from each ad can be tricky.

6. Discussion

Findings on Key Challenges in Digital Marketing

The study finds that digital marketing faces several structural and operational challenges in the current environment. One of the major issues is the restriction on data usage due to privacy regulations such as GDPR and India's DPDP Act, which limit third-party data tracking and force companies to shift toward first-party data strategies. Another key challenge is increasing competition and content saturation. With over 6 billion global internet users and 900 million users in India, the digital space has become highly crowded, making it difficult for businesses to capture consumer attention. This has led to shorter attention spans and increased customer acquisition costs.

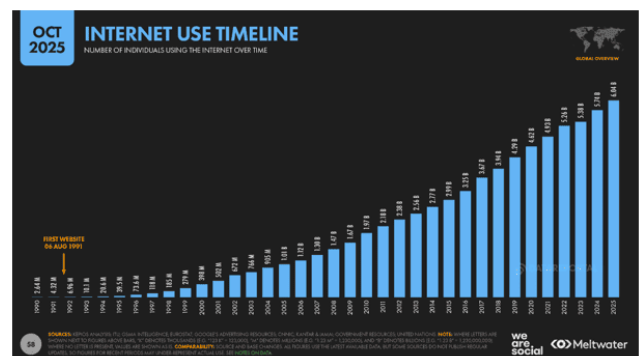


Figure 1: Digital 2026: internet users pass the 6 billion marks

Additionally, ad fraud and invalid traffic are major concerns. Industry estimates indicate that digital ad fraud losses globally exceed \$80 billion annually, significantly affecting marketing budgets. Businesses are also heavily dependent on platforms like Google and Meta, where algorithm changes can drastically reduce organic reach. Another important finding is the difficulty in measuring return on investment (ROI). Although digital marketing provides large volumes of data, extracting meaningful insights and linking them directly to performance remains complex. Furthermore, the rapid pace of technological change requires continuous upskilling in AI, analytics, and automation, which is particularly challenging for small and medium enterprises (SMEs).

Findings on Opportunities and Emerging Formats for Sustainable Growth

The study identifies significant growth opportunities driven by technology and changing consumer behaviour. One major finding is the expansion of the digital user base, with global internet users exceeding 6 billion, creating a vast market for online engagement and commerce. The rise of artificial intelligence and automation is transforming digital marketing. Reports indicate that over 80% of marketers globally are using AI tools for personalisation, predictive analytics, and campaign optimisation. This enables businesses to deliver highly targeted and efficient marketing strategies. Another major opportunity is the growth of social commerce and digital payments. In India, the adoption of UPI has revolutionised online transactions, contributing to billions of monthly transactions and enabling a seamless journey from product discovery to purchase. This has significantly improved conversion rates for online businesses.

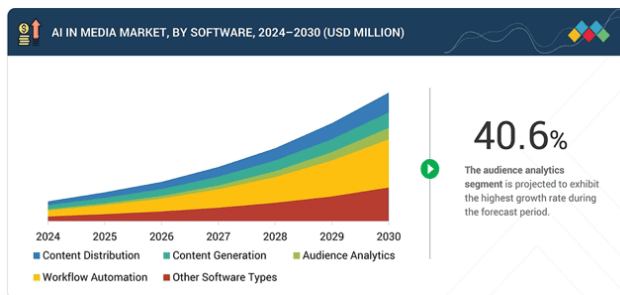


Figure 2: AI in Media Market Report 2024- 2030, By Applications, Geo, Tech

Emerging formats such as short-form video content, influencer marketing, voice search, and AR/VR experiences are also reshaping the digital landscape. These formats enhance user engagement and provide immersive brand experiences. Finally, the study highlights the importance of ethical and transparent marketing practices. The shift toward zero-party data and consent-based marketing not only complies with regulations but also helps rebuild consumer trust, which is critical for long-term sustainability.

7. Limitations of the Study

The limitations of the study are as follows:

- Based only on secondary sources, with no primary data or empirical testing of results.

- Findings may become outdated quickly, and challenges of SMEs, rural markets, and niche sectors are underrepresented.

8. Conclusion

Digital marketing has become an indispensable force in the 21st century, redefining how businesses build relationships, drive revenue, and sustain competitive advantage. This study highlights a clear duality: while marketers face mounting challenges from stricter data privacy laws, platform dependency, ad fraud, content saturation, and declining consumer trust, they are also presented with transformative opportunities through AI-driven personalisation, first-party data strategies, omnichannel integration, and emerging formats like short-form video, social commerce, and conversational marketing. The shift away from third-party cookies and toward consent-based, transparent data practices is not just a regulatory necessity but a path to rebuild user confidence. At the same time, technologies such as automation, predictive analytics, and AR/VR are enabling brands to deliver relevant, timely, and immersive experiences at scale. For markets like India, innovations such as UPI are further compressing the customer journey from discovery to purchase, creating frictionless commerce.

However, success in this environment demands more than adopting new tools. The pace of change requires continuous learning, strategic agility, and ethical stewardship. Small and medium enterprises, in particular, must balance resource constraints with the need to stay current on AI, analytics, and automation. Brands that over-rely on aggressive retargeting or fail to address misinformation and deepfakes risk further eroding the trust they seek to build. Ultimately, sustainable growth in digital marketing will depend on three pillars: adaptability to technological and regulatory shifts, transparency in data use and communication, and the integration of human creativity with automated efficiency. Companies that prioritize zero-party data, unify customer touchpoints across channels, and align performance metrics with long-term customer lifetime value will be best positioned to navigate current complexities and capitalise on prospects. Digital marketing is no longer just about reach or conversion. It is about building resilient, trust-based relationships in an ecosystem where both technology and consumer expectations evolve daily.

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