

"Impact of Social Media Marketing on Customer Engagement in Indian Banks."

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Social Media Marketing, Customer Engagement, Indian Banks, Digital Marketing, Social Media Strategy, Online Customer Interaction, Banking Industry, Customer Relationship Management, Digital Engagement, Digital Communication.

ABSTRACT

The Indian banking industry contributes significantly to the country's GDP. However, the sector is highly competitive and frequently faces challenges due to various changes, including technical advancements. Research on the impact of social media usage on banks' performance is still lacking. The primary objective of this research is to ascertain, through consumer feedback, how social media elements (emotional connection, visibility, security, and awareness) impact customer engagement, customer happiness, and customer retention in the banking industry.

A questionnaire was used in an empirical investigation to gather the opinions of 115 clients and Tests of statistical significance showed a high relationship between customer happiness and retention as well as between emotional connection, visibility, security, and awareness and customer involvement.

Introduction

Users of all age groups are highly represented in the social world, notably on the big four: Facebook, LinkedIn, Twitter, and YouTube. The number of active social media users is growing quickly. More people, from all demographics, are turning to online resources, like social media, to help them make financial or investing decisions.

Banks are creatively utilising their social media platforms to engage with clients, inform them, and strengthen their connections. Banks are becoming more approachable and pleasant members of the society thanks to social media tweets and feeds, which have helped them go from being faceless institutions. The banks may now more easily and cheaply reach a big and quickly expanding socially linked audience thanks to social media.

Social media is a valuable tool for banks, which can be used for many activities, some of which are:

- Marketing of products and services
- Community engagement
- Brand awareness
- Deepening customer relationships
- Attracting new customers
- Customer service
- Recruitment

Although social media marketing is still in its infancy, it can help banks be more approachable, forge tighter bonds with clients, and provide more specialised goods and services. In order to comprehend customer preferences, develop customer relationships, and offer individualised customer experiences, social media marketing has emerged as a critical option.

Social media can be a potent tool for increasing demand and spreading brand awareness. In the past, banks advertised in newspapers, had live events, sent direct emails, and used other outbound media channels. However, social media may be employed by banks for relatively little money.

Platforms can be used to establish a two-way dialogue with clients. In a time of disruption, the Bank's capacity to maximise client value by utilising social media channels for product and service marketing to both current and new customers is essential to its survival. Predictive analysis can be used by banks to target client communications and only present them with pertinent banking services and goods. CRM can be used in conjunction with customer analytics to segment customers based on a variety of factors (such as demographics, lifecycle stages, occupations, lifestyles, behaviours, risk exposure, etc.) and then assign the best product offerings for each category.

Customers are likely to use social media in the next three to five years, thus banks cannot afford to ignore them.

The Social Media Advantage and Leveraging Opportunities for Growth:

Social media is used by businesses to promote their goods, build their brands, engage with their target audience, and expand their clientele. Social media analytics is the study of social media and blog data to help in decision-making for businesses. A company can increase brand awareness and expand its consumer base with the use of social networking. Social media optimization (SMO) is a technique that websites can employ to attract new and engaging users. Social media platforms provide businesses the opportunity to engage with their clientele while simultaneously gathering insights that can be applied to improve processes and operations.

Social media's broad usage has given banks more opportunities to communicate with customers, receive prompt feedback, and improve the caliber of services (Hansen et al., 2018; Shaikh and Karjaluoto, 2018). Retail bankers have more opportunities to educate and excite their clients because social media is collaborative, participative, and engaging (Mitic and Kapoulas, 2012; Durkin et al., 2015).

A customer engagement strategy is a means by which a firm uses its numerous communication activities to establish a connection with its customers. Customer involvement is critical for businesses to thrive in today's technologically connected world. The ensuing paragraphs offer a brief overview of the literature on customer interaction:

Customer engagement behaviors (CEBs) were first proposed by Doorn and colleagues (2010). We defined CEBs as the behavioral expressions that consumers make for a brand or company when they are not motivated to make a purchase. Word-of-mouth (WOM) activity, recommendations, assisting other clients, blogging, writing reviews, and even taking part in legal programs were among the many actions that were considered CEBs. The authors created a conceptual model that illustrates the causes and effects of CEBs on enterprises, consumers, and society. They also discussed how customers' perceptions of commitment and trust differ from these.

Khan & Inbaraj (2014) assert that mobile apps are essential for keeping customers' attention. Modern technology has given the concepts of business-client communication and client engagement new significance. Examples of these include smartphones, tablets, online networking platforms, mobile apps, and data breakthroughs. Many utilities are developing mobile solutions for their clients to improve assignment levels. For instance, customers may now access information such as bill statements and self-service features like the ability to pay their bills while they're on the go thanks to apps installed on modern devices like smartphones.

Utility administration software's main convenience benefit is enjoyed by the user. The complaint procedure has gotten easier to follow over time. Making a complaint via a mobile app is now quite easy.

As per Awareness Inc. (2011), there exist eleven strategies to enhance client involvement. Getting clients involved has several advantages. For example, you can increase brand awareness, learn more about your customers, and learn more about your competitors. Considering the aforementioned, you can create and solicit input on innovative marketing techniques to communicate with prospective customers more effectively in the future. If you want to take advantage of these benefits, you should be prepared to engage your audience with a range of engaging strategies that are advantageous to your clients.

In their 2012 study, Patterson et al. examined the function of consumer engagement in services. They looked at the idea of consumer involvement, which could add to our understanding of service loyalty. Four components make up customer engagement: energy, immersion, devotion, and interaction.

Wei et al. (2013) looked specifically at customer engagement behaviors related to user-generated hotel reviews. They examined how hotel management dealt with CEBs and how prospective guests perceived them. The examination of an exploratory study's data reveals that customers' fundamental CEBs change in accordance with their goals and that ideal assessments are valued more highly by positive CEBs than by negative CEBs. The specificity of responses and the valence of CEBs were found to be the main motivation drivers for administrative responses to CEBs. The appropriateness of specific administration responses was deemed to be greater than general reactions to subpar CEBs. This survey suggests that companies provide more approachable ways to encourage customer involvement initiatives.

Bolton (2011) examined the challenges and opportunities businesses have when it comes to client engagement. The primary goal of this article was to elucidate the assessment and management of customer engagement, as well as the relationships between popular managerial metrics and concepts such as customer value, brand equity, quality, satisfaction, trust, and loyalty.

Social media offers many functional benefits for the banking sector, some of which are discussed as under:

Online community for consumer engagement

Thanks to social media, banks may now interact and communicate with a larger audience by expanding their reach and footprint. It's important that the banking sector, which is associated with finance, money, and safeguarding the growth and security of this money in drab and repetitive work environments, can now use social media to show off their humanitarian side. One type of organization that can facilitate the development of relationships through participation and reciprocity is a bank. Banks are able to include homogeneous groups of their clients in online discussions. By providing financial advice and information about products and services, promptly responding to consumer inquiries and comments, and upholding integrity, banks may create hospitable and superior virtual environments.

Relationship Banking

Financial, relational, and structural relationships are the three sorts of bonds that banks can build with their clients through social media.

Financial bonds suggest a financial meaning. These are the outcomes of certain interactions when the parties involved profit economically, such as when a customer thinks his business with a bank is profitable. A customer and the bank have established a financial relationship when the customer makes a fixed deposit with the bank and is happy with the interest rate or receives a house loan at a lower rate. The expansion of these financial bonds will be aided by effective social media efforts that highlight the advantages of such advantageous products.

Relational ties are built on interpersonal interactions and social connections, and they last as long as there is social support, friendship, and trust. These connections can be made by understanding the demands of the consumer and communicating with him frequently to make sure he gets what he wants easily. A well-thought-out social media strategy can help create a psychological bond between a bank and its customers, giving them the impression that their financial partner is trustworthy and loyal.

When a bank creates an integrated platform to offer banking and other lifestyle services through its business partners, structural linkages are created between the bank and the consumer. Higher rates of customer retention follow naturally from the creation of a structural relationship between the Bank and the customer. Higher client wallet share, greater loyalty, and a stronger brand link between the bank and the consumer are all products of long-term, sustainable relationships. Another illustration of a structural relationship is customers who follow their banking partner's social media account.

Creating a brand identity for banks

Through their social media presence and interactions, banks can use social media to reflect their brand. Customers develop a strong, wide-ranging brand awareness as a result of the constancy of the messages and updates. Money and trust go hand in hand, and banks are all about the money. Customers have a lasting impression of banks that can convey an image of a sensitive, considerate, and caring business. Banks can also build a solid customer base by emphasising the psychological and functional characteristics that set one brand apart from another. For instance, a bank that promotes client centricity can develop all of its social media material from the perspective of the consumer, emphasising specific benefits to the needs of customers, along with various

Communicate

Social media can be used by banks as a tactical tool to distribute creative content to their clientele. This can include targeted marketing campaigns for banking services (savings and current accounts, mobile banking apps, digital loan products, credit card bill payment, investment, and insurance services, etc.) or general economic content (budgeting infographic, financial planning objectives, managing fixed deposits, mobile banking tips, helpful guides to digital loan products, etc.). A strong social media content strategy can help to boost customer confidence in the bank and its ability to fulfil their banking needs by portraying the bank as informed and responsive to customer needs.

Segmentation, Targeting and Marketing:

Social media may be used by banks as a marketing tool for two things: acquiring new customers and segmenting and targeting existing ones. Social media posts trigger conversations between the bank and prospective or existing clients. These exchanges take the shape of textual content, which may be examined to get market intelligence and understand more about how customers think. You can use the research's findings to segment your customer base. For any homogeneous customer group that can be established, various targeting strategies can be applied. Information about investing life savings to get the best returns may be provided to senior citizens.

Customer acquisition through social media

Customer acquisition is the process of attracting new clients by persuading them to buy the goods or services of a business. This can be accomplished by emphasising the benefits of the brand, its goods and services, or both. Banks can utilise social media to grow their clientele by producing relevant material to promote their goods and services, investment services, and wealth management services. Building content around holidays, celebrations, and neighbourhood events would also be beneficial, and featuring real client endorsements will enhance the bank's trustworthiness and improve its public image.

Improving Customer Service

Although important parts of customer service, phone and email have some limits. Customers demand more immediate responses to their queries and concerns than they get on the phone, which requires a lot of staff work. Another tool with a lot of potential for providing prompt and effective customer care is social networking. Particularly during a crisis like the present COVID-19 outbreak, a strong social media presence enables banks to meet clients' short-term requirements in a way that improves long-term connections.

Some of the best practices that can improve customer service are:

Use direct messaging to communicate with customers: Many Millennials already favoured social media and online messaging as their primary contact channels before the pandemic. More people are interacting online due to social distance, and more of them are using Facebook and other social media platforms for direct messaging.

Respond as soon as you can: Effective customer service entails prompt responses, therefore how quickly banks interact with customers on social media counts a lot. Customers frequently post questions, praises, and complaints on social media, so it's critical to answer as soon as possible with details that will help them feel valued and heard.

Banks can break down significant financial information in a way that is simple for anyone to understand in order to convey in advance about important news. For instance, the COVID-19 stimulus package still raises a lot of concerns and questions. Many consumers have been concerned about how stimulus packages may affect their current debts. Banks should be prepared for these inquiries and take the initiative to establish themselves as the go-to resource for explaining these complicated topics.

Remember the fundamentals: Banks must continue provide consumers with essential information about the institution's operations while working to respond swiftly and educate them about financial difficulties, especially since this information is likely to alter during the epidemic. In this uncertain moment, it is more crucial than ever for banks to be there for their customers, and with so few other options, social media provides a flexible instrument for doing so.

OBJECTIVES OF THE STUDY

The objectives of the study were to:

- 1) Study the Indian Banks' presence on social media
- 2) Study the best practices, strategies, and marketing initiatives being adopted by Banks in marketing through social media.
- 3) Suggest measures for optimizing the social media platform for effective marketing of products and services of the Bank.

RESEARCH METHODOLOGY

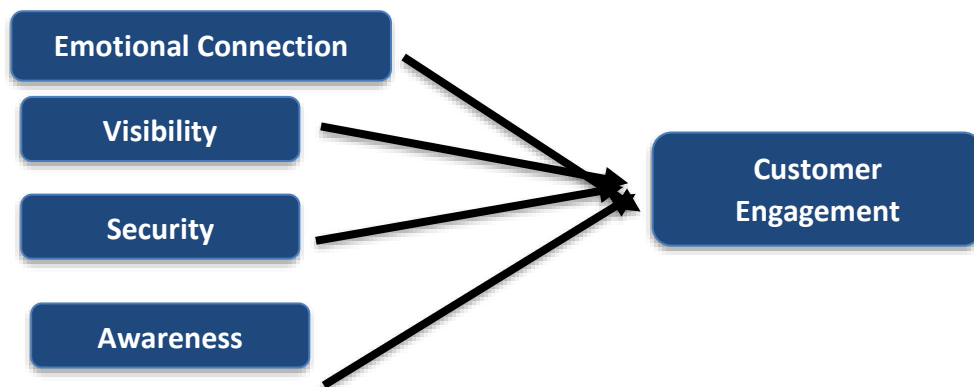
- The study was exploratory in nature and warranted the use of different methodologies and different sources of data:
- The study was based on both Primary as well as Secondary Research
- Analyses were based on both quantitative and qualitative Research methodologies
- Feedback from customers was collected through online channels
- Feedback obtained through questionnaires and interactions were analysed using appropriate statistical tools
- Secondary sources were scanned for studying the best practises and challenges faced in marketing through social media platforms
- Sample was spread across the Circles covering metro, urban, semi-urban and rural areas

Sampling Techniques and Sample Size

- **Sampling Technique:** The study is based on non-probability convenient sampling given the wide spread of the target population. The Customer feedback was obtained with the help of questionnaire administered online.
- **Sample Size:** Questionnaires were designed for data collection on the same was obtained through online channels. The sample units used in the study are as follows:

Respondents	Sample Units
Customers	115

Theoretical Model



Hypothesis

H1	Customers engagement increase when they feel emotional connection
H2	Customers engage with the banks which are more visible
H3	Security plays a significant role in customers engagement
H4	Awareness increase customer's engagement with bank.

DATA ANALYSIS

Introduction

Data analysis is done in order to obtain usable and useful information from the collected data. Basic objective of data analysis is to describe and summarise data, to identify relationships between variables, to compare variables and to forecast outcomes. Data analysis helps in determining the conclusions, significance, and implications of the relationships and comparison. The findings as revealed from the analysis of the same are included in this chapter.

Frequency and Percentage of Demographic Factors

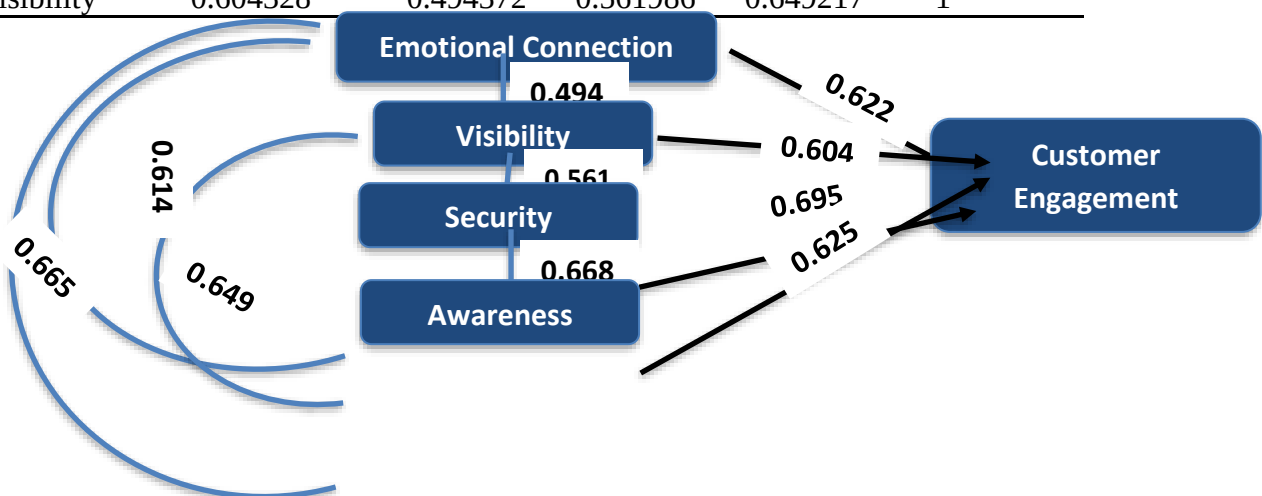
Factors related to the samples' demographics were examined in order to comprehend the clients. These are the key elements since they aid in figuring out the customer's preferences and the pattern of service usage. The common consensus is that a customer's gender, income, age, education, and marital status may or may not have a major impact on their consumption behavior. To determine the customer's preferences, the online replies they provided regarding the demographic variables influencing usage were tallied and examined.

Correlation

The main purpose of this analysis is to know to what extent is the Customer Engagement is correlated with the Four independent variables and what are those measures that should be taken based on the results obtained with using Excel.

Using Excel for finding correlation we have come to the following results:

	Engagement	EC	Security	Awareness	Visibility
Engagement	1				
EC	0.622075	1			
Security	0.695575	0.614182	1		
Awareness	0.625998	0.665694	0.668563	1	
Visibility	0.604328	0.494372	0.561986	0.649217	1



Multiple Regression Analysis

Customer engagement is the dependent variable in our study, and the following are the independent variables: Emotional Bonding, Transparency, Safety, and Vigilance

We obtained the regression equation after first presenting the data that were required for the investigation. In order to show the percentage of the total variance that can be explained by the independent variables, we computed the coefficient of determination.

The primary goal of this analysis is to determine the degree to which the four independent factors affect Customer Engagement and what actions should be made in light of the findings using Excel.

In the situation of multiple regression, we have arrived at the following conclusions using Microsoft Excel:

	Coefficients	Standard Error	t Stat	P-value
Intercept	0.61445	0.266566	2.305057	0.02304
EC	0.228074	0.086021	2.651385	0.0092
Security	0.328408	0.07673	4.280073	4.01E-05
Awareness	0.068513	0.097088	0.705679	0.48188
Visibility	0.221573	0.078077	2.837887	0.005409

Based on the nonstandard coefficients we obtain the regression equation:

$$y = 0.61445 + 0.22807 x_1 + 0.32840 x_2 + 0.06851 x_3 + 0.22157 x_4$$

where, x_1 = Emotional Connection, x_2 = Security, x_3 = Awareness, x_4 = Visibility.
Dependent Variable = Customer Engagement

From the above table we can say that, all the variables are playing significant role in this model of predicting Customer Engagement except Awareness as it's p-value is greater than 0.05.

Therefore, we choose all those variables having p-value less than 0.05.

Consequently, Emotional Connection ($p = 0.0092$), Security ($p = 0.00001$) and Visibility ($p = 0.005$) are all significant predictors of Customer Engagement.

ANOVA

	<i>df</i>	<i>SS</i>	<i>MS</i>	<i>F</i>	<i>Significance F</i>
Regression	3	59.70184	19.90061	52.73462	2.89E-21
Residual	111	41.88838	0.377373		
Total	114	101.5902			

	Coefficients	Standard Error	t Stat	P-value
Intercept	0.632596	0.264722	2.389661	0.018549
EC	0.251256	0.079321	3.167569	0.001986
Security	0.345555	0.072616	4.758663	5.91E-06
Visibility	0.24327	0.071605	3.397387	0.000945

From above table we obtain final model:

$$y = 0.6325 + 0.2512 x_1 + 0.3455 x_2 + 0.2432 x_3$$

where, x_1 = Emotional Connection, x_2 = Security, x_3 = Visibility.

Regression Statistics	Multiple R	R Square	Adjusted R Square	Standard Error	Observations
	0.766598	0.587673	0.576529	0.614307	115

The coefficient of determination R Square indicating the percent of how much of the total variance is explained by the independent variable is 58.76%.

The Significance F is less than 0.05 showing that overall model is significant to our data

This implies,

H1	Customers engagement increase when they feel emotional connection	True
H2	Customers engage with the banks which are more visible	True
H3	Security plays a significant role in customers engagement	True
H4	Awareness increase customers engagement with bank.	Null

CONCLUSIONS AND RECOMMENDATIONS

Customers prefer to communicate with their bank through a variety of channels, and social media banking is just one of many options. Customers can see and interact with their bank or potential bank several times per month, week, or even per day because to social media's increased relationships and built-on touch points. Banks also have the chance to forge genuine connections through branding, client satisfaction, and value-added content because to social media's personal character. Additionally, banks can position themselves as customer-centric organisations by responding to questions and complaints from customers on social media chat. The banks may now more easily and cheaply reach a big and quickly expanding socially linked audience thanks to social media.

In light of the severe competition in the banking sector, the paper covers the present engagement levels and promotional actions carried out on the Bank's social media platforms and emphasises the necessity to sustain and further increase the engagement level and marketing efforts. The research also covers the approaches and best practises used globally in social media marketing. Customers were given questionnaires to complete in order to provide input on ideas for raising customer engagement levels and for optimising the Bank's social media marketing of its products and services

Limitations of the research

Every research project has time, budgetary, and other constraints. There are a few restrictions in the current study as well, listed below:

1. The validity of the main data serves as the foundation for this investigation. The population from which the sample units were drawn included multidimensional characteristics typical of a sizable group.
2. The study may be biased because it relies on respondents' opinions from questionnaires.
4. Since several significant factors may have been left out of the questionnaire, the analysis and interpretation may be comprehensive.
5. A random process is used to choose the samples.

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