

CONCEPTUALIZING THE GROWTH OF DIGITAL MARKETING IN BANKING INDUSTRY

AHSAN SUHAIL FAROOQI

Research Scholar, Dept. of Management,

Sri Satya Sai University of Technology & Medical Sciences,

Sehore, Bhopal-Indore Road, MadhyaPradesh, India

Dr. Rajesh Sharma

Research Guide, Dept. of Management,

Sri Satya Sai University of Technology & Medical Sciences,

Sehore, Bhopal Indore Road, Madhya Pradesh, India

Abstract

The digitization personified in services improves total factor productivity, efficiency, spillover effects, transparency and accountability. For example, digital payment systems provided flexibility and transparency. This change was boosted by rising competition among public sector, private sector and foreign banks. Commercial banks started moving towards digital marketing to retain their customers. Recent development has been occurring in Indian provincial banks to build the quantity of single window tasks to keep away from the badgering of various windows for their saving money activities. The country banks are taking parcel of activities to change the state of mind of their clients. This paper will give bits of knowledge to banks about the effect of advanced endeavors received by Indian Banks to improve the client experience and view of managing an account benefits in India.

Keywords: Digitization, Commercial, Payments, Productivity, Customers

Introduction

Today's society is characterized by digitalization in many different ways and it affects companies across most industries. The Swedish national encyclopaedias definition of digitalization by Lindholm (2019), is originally the process of converting analog information to a digital representation. Nowadays however, digitalization has a broader meaning and is more about the society's digital transition (Lindholm, 2019). Digitalization has become an important part to integrate into companies' business models, and according to BearingPoint (2018, p.35), it is vital for most companies to make digitalization a part of their offerings and internal processes. Several industries are affected by the digitalization, including the banking industry which is facing a new reality with new technologies and changed customer behavior. Even though digitalization has rapidly changed the banking industry and the environment they work in, the banking industry still struggle with adapting to their customers' digital demand.

The importance of digitalization in the banking industry has been highlighted in the study Understanding Financial Consumers in the Digital Era, where the customers' needs in the digital era were explored. The customers expect value adding, custom-made, and personalized services that support their financial goals (CGI Group Inc., 2014). It was not until the 1970s that the efficiency of the banks' production processes through automatization began (Swedish Bankers' Association, 2016). It is the technical development that drives digitalization, combined with the regulatory changes and the ever-changing customer behaviors. The introduction of Internet banks in the late 1990s, the later development of banking applications in smartphones, and the recent digital development of the whole Swedish society have caused the Swedish customers to become an important part in the banks' digitalization process (Swedish Bankers' Association, 2016). As an outcome of the rapid digitalization process, banks are forced to change their traditional banking business models, and those who are willing to change will be able to score the benefits (Olanrewaju, 2013). Banks' must, therefore, prepare

for this business model adjustment as changes will come, whether or not the banks are ready for it (Olanrewaju, 2013). According to the Swedish Bankers' Association (2016), the new banking business model approach is a consequence of the digitalization as customers change their behavior and adopt more digital banking habits. Even if digitalization is a rapidly changing phenomenon that has been commonly known in the banking industry for some time, it was not until recent years that it became a frequent topic in the public debate.

Literature Review

Chetanya Singh (2019) Digital marketing is an umbrella term for all online marketing efforts by an organization. Businesses use Google search option, own and others websites, emails and various social media platforms to connect with consumers. This study aims to identify the impact of digital marketing effectiveness on sales performance, take insights from customer responses, identify gaps and give recommendations, which will boost sales productivity. Sales performance or productivity increase through retaining existing customers as well as acquiring new ones. In this study retention, approach is considered as retaining new customers is less costly and less time consuming than acquiring new ones. The major issue that is focused on this study is sales performance of the bank. The mode of increasing the sales is via digital marketing. This problem has effects on current practices and business. Low income results in low profit, which in turn means dividend paid to shareholders is less. This also means retained earnings are low which in turn implies that capital available for investment in new businesses and reinvestment in existing businesses and less. Inefficient use of digital marketing potential could mean lost sales. In this digital era, customers as well as potential customers may switch to competitors if they are unsatisfied with digital marketing of the bank. However, out of the two factors identified, only website and emails effectiveness have significant impact on sales effectiveness.

Guzal A. Bekmurodova (2019) This article describes how commercial banks use digital marketing technology. The purpose of the research is to study effective methods of digital marketing technologies in commercial banks of Uzbekistan. However, the following problems in the provision of remote banking services by commercial banks in our country affect the quality of commercial banks' services such as non-delivery of banking services to consumers of bank services with effective use of marketing technologies Actual segmentation of the client base by static and dynamic attributes Increase in sales due to the preparation of personal offers and marketing campaigns in various communication channels Increasing control over sales performance due to relevant marketing analytics.

Fute, W &Lyimo, B. J. (2019)The purpose of this study was to assess the influence of digital marketing on performance of banking industry, a case of Barclays Bank, Tanzania. The specific objectives were to determine the influence of social media marketing on the performance of the banking industry, to analyse whether the use of web solutions lead into the performance of the banking industry and to examine the usage of mobile phone marketing on the performance of the banking industry. This research employed descriptive research design because the nature of this study is to evaluate and describe the effect of digital marketing tools on performance of banking industry. Simple Random Sampling was used to select respondents and questionnaires was developed and distributed to all members who were involved in the study. Data was collected using questionnaires distributed to a sample of 100 respondents. The data was analysed through multiple regressions by using Statistical Package for Social Science (SPSS) version 25 for windows. The results from the analysis revealed that social media provide customers with personalized, location-and time-sensitive information and increase brand awareness. Also, mobile phone marketing increase level of ease of data handling and level of ease of reach-ability to client. Moreover, study findings revealed that web solutions increase ability to quickly access information through use of search engines. The study recommends that Barclays bank should fully embrace digital marketing tools and services so as to have competitive edge and improve service delivery to its customers.

B.SUDHA (2019) Business has only two functions – marketing and innovation”. – Milan Kundera To improve the customer service in the banking industry computerization was felt essential. The Reserve Bank of India in 1988 set up a Committee headed by Dr. C. Rangarajan on computerization in banks. Banks started using standalone PCs initially and then shifted to LAN (Local Area Network) connectivity. Later on banks have introduced Core Banking Solution (CBS) using Core Banking platforms such as BaNCS by TCS, FLEXCUBE by i-flex, Finacle designed by Infosys etc. The CBS enhanced customer convenience through Anywhere and Anytime Banking.

Internet Penetration in India

There is no definite mantra for success, but in the digital era „going digital“ could be a winning formula for success. Since digital technologies bring in massive productivity gains and competitive advantage, companies across sectors are aiming to ride the digital bandwagon.

Table: 1 - INTERNET USERS IN INDIA

Area	Internet Users		Total Internet Users
	Male	Female	
Rural	120 (64%)	67 (36%)	187
Urban	230 (73.5%)	83 (26.5%)	313
Total	350	150	500

Table 1 explains the digital population of India as of June 2018. According to an IAMAI, the number of internet users stood at 500 million in June 2018, the report titled „Mobile Internet in India 2017“ stated that, „young students are the most prolific users of most services“.

Digital Marketing in Banking

In order to hammer the ongoing competition and to reach the potential customers with top brand visibility, digital marketing is the gate that keeps your brand minty fresh and visibility. So, by employing digital marketing, banks can –

Social Presence: Continuous communication with the customer can help to elevate the customer experience. Online presence helps to target new customer, hold old customers and easy to build a strong image full of trust and faith. Social media is the best mode to connect with customers in new, educational and personalized ways. Social media helps the banking industry to listen to their customers and engage them in meaningful two-way conversations.

Target potential Customers: Social Media avoids the impersonal feel and helps the banking industry to have a friendlier connect with their customers always. The potential customers are available in online than anywhere else. Social media forums or network attracts bunch of customers. Banks can utilize digital data to watch clients and market trends to provide value-driven, personalized and tailored customer services to each individual client.

Track Competitors: Digitization is easy to watch the competitors“ move and key strategy. Continuous touch with a customer helps to capture customer’s interest through digital marketing.

Analyze Customer Behaviour: There is a paradigm shift in the customer pattern and behaviour. The customers have huge expectations now days, behind every successful business, there are thousands of customers. Studying customer behavior and activity helps to enhance existing products and services for better customer satisfaction.

Growth of Digital Marketing

The analysis found that Barclays bank used different strategies to achieve their customer service. However, different respondents had varied responses concerning the strategies used in the bank. Some respondents strongly agreed that such strategies are used in the bank, others agreed while some others were neutral. The study further found that others disagreed and strongly disagreed. The study findings were as presented in the table below.

Table 2: Digital Marketing Strategies used

Strategies	Strongly agree	Agree	Neutral	Disagree	Strongly Disagree
Creating a Marketing funnel	8	1	1	1	1
Per pay Clink strategy	2	6	2	1	1
Website design/development for bank	7	2	1	1	1
Email marketing for banks	7	1	2	1	1
Display advertising for banks	5	1	3	2	1
Mobile apps for banks	4	6	1	0	1
Use of SEO (Search Engine Optimization)	6	3	1	1	1

The analysis found that bank had many respondents who strongly believed that creating a marketing funnel is one of the basic strategies for achieving impact on customer service in Bank. The analysis found that 8/12 respondents believed creating a Marketing funnel helps enhance customer service. The study agreed from 6/12 that per pay click strategy is used in Bank while 7/12 strongly agree that Website design/development for bank and Email marketing for banks is effectively used in the bank. The analysis further found from 5/12 that bank uses display advertising for banks as a digital marketing strategy. The respondents agreed as indicated by 6/12 that Mobile apps for banks are importantly use by bank to enhance its customer service. Finally, 6/12 of the respondent strongly agrees that bank uses SEO (Search Engine Optimization) as a digital marketing strategy. This indicates that bank uses varied digital marketing strategies to achieve its customer service goals. The findings agree with a study by (Tarkka, 2002) that there are many reasons as to why effective digital marketing has become a necessity for banks these days. According to Tarkka, 2002, digital marketing is the marketing of the future. While the traditional methods used for advertising and promotion can still be successful in this day and age, the fact is that the world is more connected online than ever before. This is leading to an increase in digital strategies, which could one day completely replace the more 24 traditional approaches. As more consumers begin to adapt to technological devices, they will likely expect businesses to do the same.

Socioeconomics and Shifting Demographics Matter More Than Ever

Consumers around the world expect banking brands to be more meaningful and useful to them. According to the “Brand Meaningfulness Index” study from Havas Media, the majority of people worldwide say it would not matter to them if 73% of all brands disappeared. That figure jumps to 90% in the U.S. Reality Check: People — and the world they live in — are changing rapidly. Financial marketers must scramble to keep up, because there’s little margin for error. To the emergence of alternative banking providers and new technologies such as peer-to-peer lending, mobile wallets and blockchain as evidence that the market has changed significantly. Consumers are increasingly relying on secondary and non-traditional providers for financial services like loans, credit cards and investments. How could these outsiders and challenger brands?

Most Millennials are on the cusp of many of life’s major milestones, but they are hobbled by school loans. This has forced many to stay at home longer, defer marriage and put off other big decisions like starting a family, buying a home or getting a new car. They are driven by a distrust of financial institutions, and most Millennials are not particularly savvy about banking products. Unfortunately, Millennials don’t have the same purchasing power or retirement savings as other generations do, which reduces their profit potential for banking providers. Nevertheless, Millennials are raising the digital bar in banking — a fact that traditional institutions simply cannot afford to ignore. But Millennials aren’t the only demographic segment of importance. The report cautions financial marketers that they should not overlook Seniors (those born before 1946) and Baby Boomers (those born between 1946 and 1964). Cognizant says these are two of the most critical segments to financial marketers, specifically because of their exceptional purchasing power. Boomers outspend other generations by a staggering \$400 billion per year on consumer goods and services, are digitally-savvy, and are increasingly spending more time online — especially on social media — and less time watching TV. Boomers actively borrow and spend money and invest their wealth. All these changes are having a radical impact on how financial marketers build their strategic plans and allocate their budgets. To succeed in the Digital Era, Cognizant says it is critical for banks and credit unions to understand the relationship each demographic segment has with digital channels. Cognizant urges CMOs to reshape their digital marketing strategies in ways that acknowledge these demographic shifts — both among older, more profitable and brand-conscious consumers and younger, socially-aware, digitally-savvy consumers.

New Digital Capabilities Redefining the ROI of Marketing

Nearly every banking provider today understands that digital is the future, but they just aren't sure how to get there... and what it might look like when they've finally arrived. With the proliferation of both new channels and new competitors, banks and credit unions are struggling to find ways to build brand awareness, market their products effectively and raise engagement rates in ways that clearly link back to their institution's financial performance. Quantifying marketing's contribution to the bottom line has always posed challenges for financial institutions, as Cognizant points out. The ability to measure the value generated at each customer touchpoint across the entire marketing funnel has been every CMO's dream. But in the Digital Age, it's not just possible... it's a reality. Financial marketers can determine the effectiveness of their online strategies, and identify and optimize investments in profitable channels, and do so nearly in real-time. According to Cognizant, all it takes is the right mix of metrics and a strong data-driven attribution model to make sense of it all. With cross-channel and multi-device ad platforms that assign a single unique ID to each consumer, marketers can develop their own proprietary fractional attribution models. The challenge going forward, Cognizant says, will be to take action on these models and reallocate marketing spend. What is the right combination of media outlets, devices and marketing messages? This can be a daunting task, Cognizant warns.

Use of digital Marketing in Banks

Today, banks offer a wide range of long-term, long-range banking services. In particular, digital technologies such as e-banking, e-payment, e-conversion are implemented. The bank's marketing policy in the retail market includes product, pricing and marketing policies. The product policy of the bank determines the range of banking services. The development and implementation of a bank's product policy requires: clear long-term goals for the provision of services, a developed strategic policy for the promotion and marketing of banking services, a good understanding of the banking market, and a certain availability of own resources.

Banking marketing is the management activity, searching and using the bank the most profitable markets for banking products, taking into account the real needs of the clientele, using basic marketing methods to achieve maximum profit. Each modern bank, striving to gain a leading position in the market, is developing its marketing policy. Banking marketing can be defined as a strategy for identifying and researching the needs and preferences of the company in the services of the bank for commercial use. The bank's marketing policy in the retail market includes product, pricing and marketing policies. The implementation of retail projects is planned to be carried out in several stages: studying the market and customer needs, creating the infrastructure and technological base for a product or group of products, and starting mass sales of the product. At the heart of modern banking marketing is a strategy to maximize customer satisfaction, which, in turn, leads to a significant increase in the profitability of banks.

Recently, there has been a need to increase the strategic and organizational role of banking marketing, which is based on the effective use of new information technology. Banks spend considerable money on adapting and optimizing the distribution and marketing networks of banking products and services to new customer needs. The visible results of these efforts are the new automated equipment of bank branches, the development of various forms of remote servicing, etc. E-business began its development precisely with commercial banks, when an electronic digital signature appeared, which formed the basis of electronic banking.

E-banking is becoming increasingly popular and competitive compared to traditional banking. This is facilitated by the advantages that this type of banking provides not only to the bank's customers, but also to the bank itself. On the one hand, a commercial bank can increase its profitability and competitiveness by increasing the number of e-banking services, up to a complete transition to e-banking. So, there are completely electronic banks (Net-Only Banks), which do not have a single office except the central one.

Conclusion

Modern era is an era of innovations; hence Banking Sector is no exception to this era". The major driver of Banking Industry is the retention of customers. The digital transformation in the banking forces the banking sector to undertake digital marketing strategy. As the digital transformation redefines banking business, we got a lot of innovative products and services, „Any Time, Any Where“, thanks to digitization. Digital marketing

promotes the banking products and services at a very low cost. The study found that digital marketing is critical to the customer service at Barclays bank through staff entitled with the responsibility to handle the clients and to the expected customer service levels. The analysis found that 56% of the respondent enumerated digital marketing as very important on customer service at Barclays bank, while 26% indicated that digital marketing is important. However, 10% indicated that digital marketing is less important in customer service while 8% indicated that digital marketing is completely not important in enhancing customer service at Barclays bank. This agrees with a study by Carter, et al (2007) that with the emergence and continued development of new technology and the internet, banks can now choose from a plethora of tools for promoting their market share. These new digital marketing tactics are giving banks the chance to expand their marketing efforts like never before by reaching out to larger audiences, creating more relevant and engaging content, and pinpointing exactly what customers want from their firms.

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