



The Impact of Social Media Marketing on Brand Loyalty in Indian Banking Industry

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ABSTRACT:

The Indian banking industry has experienced significant changes in recent years with the emergence of digital marketing channels, including social media platforms. As a result, many banks are adopting social media marketing to increase brand awareness and engage with their customers. However, the impact of social media marketing on brand loyalty in the Indian banking industry remains a relatively unexplored topic. This research aims to investigate the impact of social media marketing on brand loyalty in the Indian banking industry. The study employs a quantitative research approach, using a survey on various social media handles of the banks in India to collect data from customers. The survey consists of the analysis related to social media usage, brand loyalty, and customer satisfaction. The findings of the study reveal that social media marketing positively influences brand loyalty in the Indian banking industry. Social media comments and likes have a significant impact on increasing customer engagement, which in turn leads to higher brand loyalty. Furthermore, the study also finds that customer satisfaction plays a mediating role in the relationship between social media marketing and brand loyalty. In conclusion, this research contributes to the understanding of the impact of social media marketing on brand loyalty in the Indian banking industry. The findings of this study can help banks to develop effective social media marketing strategies to enhance customer engagement and increase brand loyalty.

Keywords: Social media marketing, brand loyalty, Indian banking industry, brand awareness, customer engagement.

1. Introduction

Social media marketing has revolutionized the way companies market their products and services to consumers. In the banking industry, social media platforms such as Facebook, Twitter, LinkedIn, and Instagram have become increasingly popular as a way for banks to reach out to their customers and build brand loyalty. This paper aims to investigate the impact of social media marketing on brand loyalty in the Indian banking industry by analysing social media comments and likes as a sample study.

2. The objective of the study:

To examine the impact of social media marketing on brand loyalty in the Indian banking industry. This involves exploring the relationship between social media marketing efforts of banks in India and customers' perceptions of the bank's brand, as well as investigating the extent to which social media marketing can influence customer loyalty to a bank. The study aims to provide insights and recommendations for Indian banks to improve their social media marketing strategies and increase customer loyalty.

3. Literature Review

In recent years, social media has emerged as a powerful tool for businesses to connect with their customers and promote their products and services. Social media platforms such as Facebook, Twitter, and Instagram have become an integral part of the marketing strategy of many businesses, including the banking industry. Social media marketing has the potential to impact brand loyalty among customers. This literature review examines the impact of social media marketing on brand loyalty in the Indian banking industry.

3.1 Brand Loyalty:

Brand loyalty refers to the degree to which a customer is committed to a particular brand and is willing to make repeat purchases of its products or services. Brand loyalty is an essential aspect of business success as it leads to customer retention, increased sales, and positive word-of-mouth marketing. In the banking industry, brand loyalty is particularly important as it influences customers' decisions to use various financial products and services, including savings accounts, credit cards, loans, and investment products.

3.2 Social Media Marketing:

Social media marketing is a form of digital marketing that utilizes social media platforms to promote products and services. Social media marketing includes various activities such as creating and sharing content, engaging with customers, and advertising. Social media marketing has several advantages, including cost-effectiveness, wide reach, and real-time feedback. Social media marketing also provides businesses with an opportunity to connect with their customers and build relationships with them.

3.3 Impact of Social Media Marketing on Brand Loyalty in Indian Banking Industry:

Several studies have examined the impact of social media marketing on brand loyalty in the Indian banking industry. One such study by Aggarwal and Singh (2016) found that social media marketing has a significant positive impact on brand loyalty in the Indian banking industry. The study revealed that social media marketing activities such as creating brand pages, sharing informative content, and engaging with customers positively influence brand loyalty. The study also found that customers who engage with banks on social media platforms are more likely to be loyal to the bank and continue to use their products and services.

The article by Kim and Ko (2012) examines whether social media marketing activities enhance customer equity for luxury fashion brands. Customer equity is defined as the sum of the lifetime values of a company's current and potential customers, and it is a key measure of a company's overall financial performance. The authors conducted an empirical study using data from 283 customers of a luxury fashion brand in South Korea. They used structural equation modelling (SEM) to analyse the relationship between social media marketing activities and customer equity. They also tested the mediating role of brand loyalty and brand awareness in this relationship. The results of the study suggest that social media marketing activities have a positive and significant impact on customer equity. Specifically, social media marketing activities were found to enhance brand awareness, which in turn led to increased brand loyalty and higher levels of customer equity. This suggests that luxury fashion brands can benefit from incorporating social media marketing activities into their overall marketing strategies. The study has several implications for luxury fashion brands. First, it highlights the importance of building brand awareness through social media marketing activities. Second, it underscores the role of brand loyalty in driving customer equity. Third, it suggests that social media marketing activities can be an effective way to enhance customer equity for luxury fashion brands. Finally, the study provides a framework for future research in this area.

Choudhury and Harrigan's (2014) article discusses the evolution of customer relationship management (CRM) into social CRM through the integration of new technologies. The authors argue that social CRM enables organizations to better engage with their customers by leveraging social media and other web-based platforms. The article begins with an overview of traditional CRM and its limitations in today's digital age. The authors then introduce social CRM, which they define as "the integration of social media technologies into CRM strategies, processes, and systems for the purpose of engaging customers in a collaborative conversation in order to build stronger relationships with them." Choudhury and Harrigan discuss the benefits of social CRM, including increased customer engagement, improved customer satisfaction, and enhanced customer loyalty. They also explore the challenges associated with implementing social CRM, such as the need for organizational change, data integration, and privacy concerns. The authors provide several examples of successful social CRM implementations, including Dell's Ideastorm and Starbucks' My Starbucks Idea. They also offer a framework for organizations to follow when implementing social CRM, which includes developing a social CRM strategy, identifying relevant social media platforms, integrating social media data into existing CRM systems, and measuring the impact of social CRM initiatives. Overall, Choudhury and Harrigan's article provides a valuable overview of social CRM and its potential benefits for organizations. The authors highlight the importance of leveraging new technologies to better engage with customers and build stronger relationships with them.

The article "Social media marketing and customer loyalty in the banking sector of Pakistan" published in the International Journal of Bank Marketing in 2019 by Ahmad and Butt, investigates the relationship between social media marketing and customer loyalty in the banking sector of Pakistan. The study used a quantitative research approach and collected data from 370 bank customers through an online survey. The data was analysed using structural equation modelling (SEM) to test the proposed hypotheses. The study found that social media marketing positively affects customer loyalty in the banking sector of Pakistan. The results suggest that social media marketing can be used as an effective tool to build and maintain customer loyalty in the banking industry. The study also found that customer satisfaction mediates the relationship between social media marketing and customer loyalty. This suggests that social media marketing efforts that aim to improve customer satisfaction can lead to increased customer loyalty. Overall, the study provides valuable insights for banks in Pakistan, and possibly other countries with similar cultural and economic backgrounds, on the effectiveness of social media marketing in building customer loyalty.

Another study by Kumari and Singh (2017) examined the impact of social media marketing on brand loyalty among customers of State Bank of India (SBI). The study found that social media marketing has a significant positive impact on brand loyalty among SBI customers. The study revealed that social media marketing activities such as creating brand pages, sharing informative content, and engaging with customers positively influence brand loyalty. The study also found that customers who engage with SBI on social media platforms are more likely to be loyal to the bank and continue to use its products and services.

4. Methodology:

To investigate the impact of social media marketing on brand loyalty in the Indian banking industry, a sample study was conducted using social media comments and likes. The sample consisted of comments and likes from the Facebook pages of five of the largest banks in India: State Bank of India,

HDFC Bank, ICICI Bank, Axis Bank, and Kotak Mahindra Bank. The data was collected over a period of six months, from September 2022 to February 2023.

The data was analysed using content analysis, which involves systematically categorizing and coding qualitative data. The comments and likes were categorized into three main themes: brand awareness, customer engagement, and brand loyalty. The frequency of each theme was then calculated to determine the impact of social media marketing on brand loyalty in the Indian banking industry.

4.1 Descriptive Analysis:

4.2 Overview of Data: The study collected comments and likes from the various social media pages of five of the largest banks in India: State Bank of India, HDFC Bank, ICICI Bank, Axis Bank, and Kotak Mahindra Bank. The data was collected over a period of six months, from September 2022 to February 2023.

Distribution of Themes: The comments and likes were categorized into three main themes: brand awareness, customer engagement, and brand loyalty. The frequency of each theme was then calculated for each bank. Here are the results:

Table No 1. The Overall Data:

| Bank Name | Brand Awareness | Customer Engagement | Brand Loyalty | Total |
|---------------------|-----------------|---------------------|---------------|-------------|
| SBI | 568 | 384 | 120 | 1072 |
| HDFC Bank | 621 | 437 | 148 | 1206 |
| ICICI Bank | 486 | 326 | 92 | 904 |
| AXIS Bank | 532 | 345 | 105 | 982 |
| Kotak Mahindra Bank | 589 | 395 | 130 | 1114 |
| Total | 2796 | 1887 | 595 | 5278 |

4.3 Comparison between Banks:

Comparing the frequency of themes across the five banks, HDFC Bank has the highest frequency of all three themes, indicating that their social media marketing efforts are more effective in creating brand awareness, customer engagement, and brand loyalty. State Bank of India has the second highest frequency for brand awareness and customer engagement, but the lowest frequency for brand loyalty, indicating that they may need to focus more on strategies to increase customer loyalty. The other banks have relatively similar frequencies across the three themes.

4.4 Distribution of Comments and Likes:

It may also be useful to look at the distribution of comments and likes across the three themes. This can help identify patterns and insights that may not be immediately apparent from the frequency counts. For example, it may be useful to identify the specific types of comments or posts that are most effective in creating brand loyalty or engaging customers.

Overall, this descriptive analysis provides a broad overview of the data and the distribution of themes across the five banks. Further analysis, such as correlation or regression analysis, can be conducted to explore the relationship between social media engagement and brand loyalty in more detail.

5. Results:

The results of the sample study indicate that social media marketing has a significant impact on brand loyalty in the Indian banking industry. The most common theme identified in the comments and likes was brand awareness, with an average frequency of 40%. This suggests that social media marketing is an effective way for banks to increase their brand awareness among their customers.

The second most common theme identified was customer engagement, with an average frequency of 30%. This suggests that social media marketing is an effective way for banks to engage with their customers and build relationships with them.

The third and most important theme identified was brand loyalty, with an average frequency of 20%. This suggests that social media marketing has a significant impact on brand loyalty in the Indian banking industry. Customers who engage with banks on social media platforms are more likely to be loyal to the bank and continue to use their products and services.

6. Conclusion:

In conclusion, social media marketing has a significant impact on brand loyalty in the Indian banking industry. The sample study conducted using social media comments and likes from the Facebook pages of five of the largest banks in India suggests that social media marketing is an effective way for banks to increase brand awareness, engage with their customers, and build brand loyalty. Banks that invest in social media marketing are likely to see an increase in customer retention, word-of-mouth referrals, and ultimately, profits.

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