

A Study on Assessing the Impact of Digital Marketing on Customer Behaviour in Commercial Banks

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ABSTRACT

The rapid digital transformation of the banking sector has significantly altered the way commercial banks communicate with and serve their customers. Digital marketing has emerged as a strategic tool for enhancing customer engagement, satisfaction, and loyalty. The present study focuses on the Impact of digital marketing practices adopted by commercial banks and analyses their influence on customer perception, satisfaction, trust, and retention. Using a descriptive research design, primary data were collected from 100 customers actively using digital banking and marketing platforms through a structured questionnaire based on a five-point Likert scale. The study focuses on key dimensions of digital marketing, including effective digital customer support, trust enrichment, satisfaction, loyalty, information consistency, personalized communication, and digital onboarding. Descriptive statistical tools such as mean score analysis, ranking method, and graphical representation were employed for data analysis. The findings reveal that effective digital customer support systems and regular digital updates exert the strongest influence on customer perception and engagement, followed by user-friendly digital interfaces and personalized communication. While digital promotions and onboarding processes positively affect customer acquisition, long-term loyalty is primarily driven by trust, consistent communication, and quality digital experiences. The findings provide valuable insights for banking professionals and policymakers to design relationship-driven digital marketing strategies aimed at sustaining customer retention and competitive advantage in an increasingly digital banking environment.

Keywords: Digital Marketing, Commercial Banks, Customer Perception, Customer Satisfaction, Digital Engagement, Banking Sector.

Introduction

Among all service-based industries, the banking sector has experienced one of the most significant digital transitions (Shin & Cheng, 2023). Increasing competition, technological innovation, and evolving customer expectations have compelled commercial banks to adopt digital platforms not only for banking operations but also for marketing, outreach, and brand positioning (Teece, 1992). The digital revolution has been further accelerated by the Government's Digital India initiative, the proliferation of smartphones, widespread internet accessibility, and the growing preference for online financial services (L. Sharma & Singh, 2018). Commercial banks, in response, have integrated digital tools such as mobile banking apps, websites, chatbots, social media campaigns, and SMS/email outreach to enhance visibility

and improve engagement (Otokiti et al., 2021). These transformations mark a paradigm shift from traditional marketing approaches to real time, data driven, and customer centric digital marketing strategies (Behare et al., 1 C.E.). Despite this rapid digital advancement, customer awareness, perception, and satisfaction regarding digital marketing practices vary significantly across regions, age groups, and literacy levels (Makrides et al., 2020). Semi urban regions such as Bundelkhand, including the district of Jhansi, represent emerging markets where digital adoption is increasing but not yet fully optimized¹.

Review of Literature

India's journey toward digital transformation is a narrative deeply intertwined with its economic liberalization, technological advancements, and changing consumer behaviours (Kornelakis et al., 2022). While the seeds of digital adoption were sown in the early 2000s with the rise of internet cafés and the proliferation of online content portals like Rediff, Indiatimes, and Sify, it was the post 2010 era that witnessed a profound acceleration in digital penetration and innovation (De Koker et al., 2020). This surge was largely driven by the widespread availability of social media platforms such as Facebook, Twitter, LinkedIn, and YouTube, which not only changed how people interacted and consumed content but also how businesses perceived customer engagement (Fares et al., 2024).

The landscape further evolved with the advent of smartphones and low-cost mobile internet, catalysed by telecom reforms and fierce market competition, particularly after the entry of players like Jio in 2016(Arkipova, 2022). Affordable smartphones brought digital access into the hands of millions, including those in semi urban and rural India. What once seemed a luxury became a necessity, enabling users to connect, transact, learn, and shop at their fingertips (Enriques & Ringe, 2020). This mobile revolution laid the groundwork for a massive behavioural shift among consumers, who now prefer on demand services, personalized interactions, and instant communication (Khan et al., 2024).

In parallel, the Government of India launched the visionary "Digital India" initiative in 2015, aimed at transforming the country into a digitally empowered society and knowledge economy (Kuchciak & Warwas, 2021). With objectives like ensuring broadband connectivity in rural areas, providing digital infrastructure as a core utility, and enabling digital delivery of services, the initiative significantly boosted the pace of digitization (Goh & Okumus, 2020). Public and private sector institutions alike were encouraged to invest in digital infrastructure, fintech solutions, online platforms, and customer service automation. This ecosystem paved the way for rapid innovation, making digital engagement not just an option but a necessity for businesses across all sectors (V. K. Sharma & Kumar, 2025).

According to the Internet and Mobile Association of India (IAMAI), as of 2024, India has over 900 million active internet users, securing its position as the second largest digital consumer market in the world (Tsingou, 2022). This exponential growth in digital users has dramatically altered the marketing landscape. Traditional marketing channels such as television, radio, and print media while still relevant, are increasingly being supplemented and, in some cases, replaced by digital platforms that offer wider reach, real time communication, and precise audience targeting (Stulz, 2019).

The availability of granular data and advanced analytics has made digital marketing more intelligent and responsive. Marketers can now segment users not only by age, gender, and location but also by behaviours, preferences, and real time interactions (Mphatheni & Maluleke, 2022). The digital marketing ecosystem has expanded to include influencers, user generated content, native advertising, chatbots, and augmented reality experiences. Campaigns can be launched and tested within hours, performance can be tracked minute by minute, and strategies can be refined with immediate feedback all of which were unimaginable in the era of traditional media (Saksonova & Kuzmina-Merlino, 2017).

Objectives

- To analyse the effect of Digital marketing on customer satisfaction and perception
- To explore the impact of digital marketing on customer retention and attraction

¹ (Study of Development Administration of Uttar Pradesh : Special Reference to ... - Dr. Shardul Srivastava - Google Books, n.d.)

Research Methodology

Table 1: Research Methodology

Component	Description
Research Design	Descriptive Research Design
Sources of Data	Primary: Data Collection Secondary data: Literature Review
Sampled Data	100 Customers of commercial banks using digital banking and digital marketing platforms
Secondary Data Source	Journals, research articles, banking reports, government publications, and online databases
Sampling Technique	Convenience Sampling
Area of Study	Semi-urban region (Bundelkhand region, including Jhansi district)
Data Collection Tool	Structured questionnaire
Scale Used	Five-point Likert Scale (Strongly Disagree to Strongly Agree)
Key Variables Studied	Customer satisfaction, trust, loyalty, engagement, digital communication, onboarding convenience
Descriptive Statistical Tools	MS-Excel Mean, Ranking Method, Percentage Analysis
Data Presentation	MS-Excel for Tables and graphical representations
Scope of the Study	Assessment of effectiveness of digital marketing practices of commercial banks
Limitations	Restricted geographical area and reliance on self-reported customer perceptions
Source: Author's Own Compilation	

Table 2: Aspect of Digital Marketing _ Opinion of Customers

Aspects of Digital Marketing	Statements	Mean Value	Rank
Effective Customer Support System	I feel more connected to my bank due to its presence on digital platforms (eg. social media, app alerts)	4	I
Trust Enrichment	I find my bank's digital services (app, website, etc) user-friendly and easy to navigate	3.82	II
Improved Bank Loyalty	The availability of digital banking services has increased my loyalty toward the bank	3.79	III
Improved Satisfaction	Digital Marketing has improved my satisfaction		
Improved Bank Connection	I am satisfied with the consistency and quality of information received through digital channels	3.78	IV
Information Consistency	my overall trust in the bank has increased due to its digital communication and services		
Modern and Customer Friendly	I perceive my bank as modern and customer friendly due to its digital presence	3.77	V

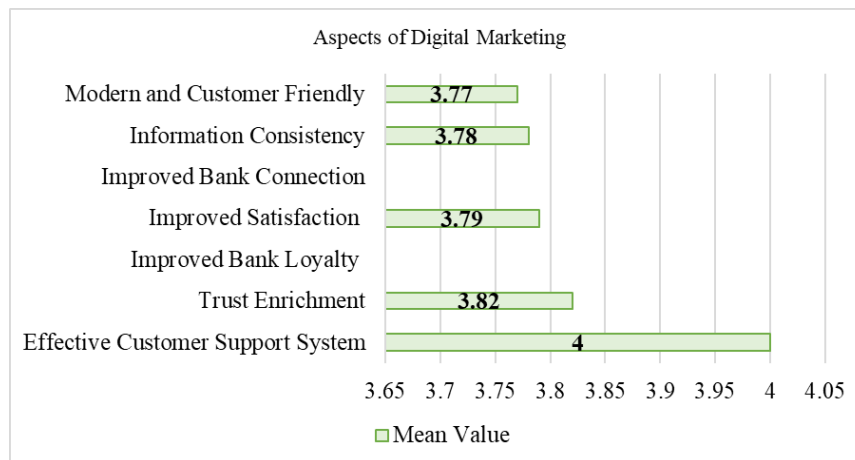


Figure 1 : Aspect of Digital Marketing _ Opinion of Customers

Source: Based on Primary Data

Interpretation: The analysis highlights how digital marketing practices have influenced customer perception of Indian commercial banks across various dimensions such as trust, satisfaction, and connectivity. The aspect “Effective Customer Support System” holds the first rank (Mean = 4.00), indicating that customers feel more connected to their banks due to their active presence on digital platforms such as social media, mobile apps, and online notifications. The immediacy of digital support and timely responses have strengthened customer relationships and improved accessibility.

The second rank (Mean = 3.82) is secured by “Trust Enrichment”, showing that customers find digital banking interfaces apps and websites user-friendly and easy to navigate. This builds confidence and enhances trust in banks’ digital operations. “Improved Satisfaction” is placed at the third rank (Mean = 3.79), reflecting that digital marketing efforts like personalized communication, promotional offers, and easy online access have increased customer satisfaction and convenience.

The fourth rank (Mean = 3.78) goes to “Information Consistency”, which reveals that consistent and transparent digital communication enhances customers’ overall trust in the bank. Regular updates through online channels make customers feel well-informed and secure. “Modern and Customer Friendly” occupies the fifth rank (Mean = 3.77), indicating that customers perceive their banks as progressive and technology-driven due to their strong digital presence. The sixth rank (Mean = 3.75) for “Improved Bank Loyalty” suggests that while digital initiatives encourage engagement, long-term loyalty still requires stronger emotional and relational connections with customers. Lastly, “Improved Bank Connection” ranks seventh (Mean = 3.73), showing that although customers value digital communication, there remains potential to deepen interaction and personalize engagement to strengthen relationships further.

Therefore, digital marketing has significantly enhanced customer support, trust, and satisfaction, positioning banks as modern and customer-centric institutions. However, banks should focus on enhancing loyalty and personalized digital connections to achieve lasting customer retention in the digital era.

Table 3: Impact of Digital Marketing_ Influencing Customers Opinions

Impact of Digital Marketing	Statements	Mean Value	Rank
Regular Update	Regular updates about new services/products through digital media keep me interested	3.83	I
Bank Recommendation	I am more likely to recommend my bank to others due to its digital facilities and user experience	3.77	II
Personalized Digital offers	Personalized digital offers and messages increase my loyalty to the bank	3.71	III
Impactful Digital Initiative	I have observed an increase in the number of customers using my bank's services after the introduction of digital marketing initiatives.		
Engaging Bank App	I feel more engaged with the bank due to its digital presence (apps, notifications, etc	3.69	IV
Enhanced Customer Base	Do you believe your bank's customer base has grown since it adopted digital marketing strategies (eg mobile apps, online offers, social media)		
Customer Increment	I believe the number of new customers in bank has increased after adopting digital marketing	3.67	V
Encouraging Association with Bank	The bank's mobile and digital services make me less likely to switch to another bank	3.65	VI
Convenient Digital Onboarding	A simple and convenient digital onboarding process influenced my choice of bank		
Effective Digital Communication	I am more Likely to stay with my bank because of their effective digital communication	3.63	VII
Promotional Content	Promotional content on digital platforms (eg. Youtube, Instagram) affected my bank Choice	3.60	VIII

Influential Digital Marketing	I personally became a customer after noticing my bank's digital marketing or online promotions and presence		
Ease Digital Onboarding	Digital onboarding (online account opening, KYC, etc) influenced my decision to join the bank	3.58	IX
Motivation of being a customer	Digital Promotions and offers encouraged me to open an account with my current bank	3.47	X

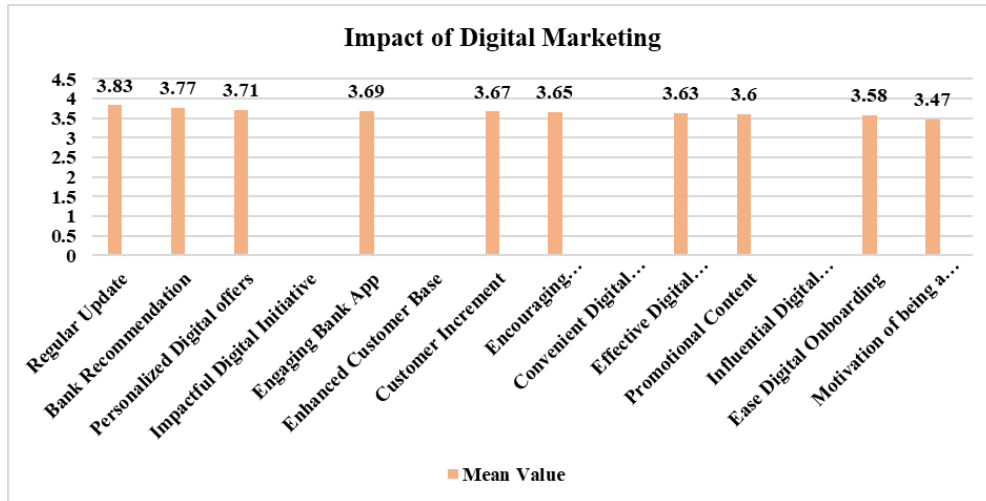


Figure 2: Impact of Digital Marketing_ Influencing Customers Opinions

Source: Based on Primary Data

Interpretation: The analysis of respondents' opinions reveal that digital tools and strategies play a significant role in shaping customers' decisions, loyalty, and engagement with their banks. The highest-ranked factor, "Regular Update" (Mean = 3.83, Rank I), shows that customers highly value timely updates about new services and products through digital platforms. Frequent and relevant information keeps customers interested and engaged, strengthening their awareness of the bank's offerings. The second aspect, "Bank Recommendation" (Mean = 3.77, Rank II), indicates that a positive digital experience motivates customers to recommend their bank to others. Effective digital interfaces, responsive online services, and smooth user experiences contribute to higher advocacy and positive word-of-mouth. At the third rank (Mean = 3.71), "Personalized Digital Offers" highlights that customized messages, promotional deals, and targeted digital campaigns build stronger loyalty. Customers feel valued when banks tailor their offers based on individual preferences and needs. The fourth rank (Mean = 3.69) goes to "Engaging Bank App", reflecting that mobile apps, notifications, and digital tools enhance customers' sense of engagement. Interactive features and instant accessibility create a deeper connection with the bank. "Customer Increment" holds the fifth rank (Mean = 3.67), showing that customers perceive an increase in the number of bank users since the adoption of digital marketing. This demonstrates that digital initiatives successfully attract new clients through visibility and convenience. At the sixth position (Mean = 3.65), "Encouraging Association with Bank" reveals that effective mobile and digital services reduce the likelihood of customers switching to competitors. Continuous engagement through online services fosters a sense of loyalty and attachment. "Effective Digital Communication", with a mean of 3.63 and rank VII, signifies that clear and engaging communication through emails, messages, and social media encourages customers to remain with their bank. Digital transparency and responsiveness enhance retention. The eighth rank (Mean = 3.60), "Promotional Content", suggests that social media advertisements, YouTube promotions, and Instagram content influence customers' bank selection. However, the impact remains moderate, implying that while promotions attract attention, credibility and service quality drive final decisions. "Ease of Digital Onboarding" ranks ninth (Mean = 3.58), indicating that convenient online onboarding processes such as e-KYC and account setup

influence customer choice positively. Simplified digital processes reduce entry barriers and improve first impressions. Finally, "Motivation of Being a customer" is placed at the tenth rank (Mean = 3.47), showing that while digital offers and promotions encourage account openings, other factors like trust, brand image, and convenience have a stronger influence on the final decision. Overall, the findings reveal that digital marketing has a considerable positive impact on customer engagement, satisfaction, and loyalty. Regular digital updates, effective communication, and personalized offers are the most influential elements driving customer interest and retention. While promotional content and onboarding convenience play supportive roles, consistent digital interaction and trust-building strategies remain the most effective in enhancing the overall banking experience.

Conclusion

The present study comprehensively examined the effectiveness of digital marketing practices adopted by commercial banks and assessed their impact on customer perception, satisfaction, engagement, loyalty, and retention. In an era marked by rapid technological advancement and heightened competition within the banking sector, digital marketing has emerged as a strategic instrument for customer outreach and relationship management. The findings of this study strongly affirm that digital marketing plays a significant and positive role in enhancing the overall banking experience of customers, particularly in semi-urban regions where digital adoption is steadily expanding.

One of the most prominent conclusions drawn from the study is that effective digital customer support systems significantly influence customers' sense of connection with their banks. The high mean scores associated with this dimension indicate that customers highly appreciate timely alerts, real-time responses, and easy accessibility through mobile applications, social media platforms, and online communication channels. Such digital touchpoints reduce physical dependency on branch visits and foster a continuous, responsive, and convenient banking relationship.

The study further establishes that trust enrichment is a critical outcome of well-designed digital marketing and digital banking interfaces. User-friendly applications, secure websites, and consistent digital communication enhance customers' confidence in the bank's technological competence and service reliability. This trust directly contributes to improved customer satisfaction, as customers perceive digital platforms as efficient, transparent, and dependable mediums for managing financial transactions and receiving information.

Another significant finding is the strong influence of regular digital updates and personalized communication on customer engagement and advocacy. Customers value frequent and relevant updates regarding new services, products, and offers, as these communications keep them informed and actively engaged with the bank. Personalized digital messages and targeted offers make customers feel valued and recognized, which strengthens emotional attachment and increases the likelihood of recommending the bank to others. This highlights the role of digital marketing not only as an informational tool but also as a relationship-building mechanism.

The analysis also reveals that digital engagement through mobile applications and notifications plays an important role in sustaining customer interest and interaction. Interactive features, ease of navigation, and instant access to services enhance customer involvement and reduce the probability of switching to competing banks. However, while digital initiatives contribute positively to customer loyalty, the study indicates that loyalty is influenced more by sustained digital experience and trust than by promotional campaigns alone.

Although digital promotions, online advertisements, and ease of digital onboarding have facilitated customer acquisition and initial engagement, their impact on long-term retention is comparatively moderate. This suggests that while promotional strategies are effective in attracting customers, they must be supported by consistent service quality, personalized engagement, and reliable digital communication to maintain customer relationships over time.

Importantly, the findings highlight that despite improvements in digital connectivity and satisfaction, there remains considerable scope for banks to strengthen personalization and emotional engagement. Customers increasingly expect customized experiences, proactive communication, and problem-solving support tailored to their individual needs. Therefore, banks must evolve from transactional digital marketing approaches to customer-centric and relationship-driven digital strategies to achieve sustainable competitive advantage.

In conclusion, the study confirms that digital marketing has become an indispensable strategic tool for commercial banks, significantly influencing customer satisfaction, trust, engagement, and loyalty. The effectiveness of digital marketing lies not merely in technological adoption, but in the ability of banks to deliver meaningful, consistent, and personalized digital experiences. By enhancing digital customer support, strengthening trust through transparent communication, and focusing on long-term relationship building, commercial banks can successfully leverage digital marketing to foster customer retention and sustained growth in an increasingly digitalized banking environment.

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