

**TITLE: ROLE OF DIGITAL MARKETING INITIATIVES ON
DEMOGRAPHIC PROFILE IN IMPROVING SALES WITH SPECIAL
REFERENCE TO HDFC BANK**

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ROLE OF DIGITAL MARKETING INITIATIVES ON DEMOGRAPHIC PROFILE IN IMPROVING SALES WITH SPECIAL REFERENCE TO HDFC BANK

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Abstract

Internet has dramatically changed the banking industry. Now consumers use YouTube to find answers to their financial queries, they do transactions from their smart phones, they Google best interest rates and through social media they know about a bank even before visiting that bank. With customers and prospects now present online most of the time, it is imperative for any bank to implement digital marketing strategies and make sure they are effective. This study tries to identify underlying components of digital marketing and evaluate causal relationship between digital marketing effectiveness and intention to obtain bank services. The study is conducted on customers of HDFC Bank. Sample size is 110 respondents. Non probability convenience sampling technique is used to collect the data. Reliability and factor analysis is applied to check the reliability and internal consistency of the questionnaire on digital marketing effectiveness and sales effectiveness. The data is found reliable with strong internal consistency. Two factors are identified namely official communication, through website and emails, and unofficial communication, through social networking websites. But out of the two factors identified, only website and emails effectiveness have significant impact on sales effectiveness.

Keywords; Digital Marketing, sales, HDFC Bank, Social Networking Websites, Email Marketing, Content Marketing

Introduction

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. Sales 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 worked on this project is increasing the sales 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. This study aims to identify the impact of digital marketing effectiveness on sales effectiveness, take insights from customer responses, identify gaps and give recommendations which will boost sales productivity.

Literature Review

Technological innovations lead to transition from traditional marketing to digital marketing. (Bhattacharya et.al. 2000) Balasubramanya S (2002) has studied on automation of banking sector which has started with banking reforms in eighties which is followed by Narsimhan Committee. Traditional Marketing functions are enhanced by using internet to extend the information technology. (Urban, 2004) Rajshekhara K. S. (2004) has analyzed the impact of IT in banking has experienced many changes with the passage of time. Digital marketing means integrated communication made with customers using digital technologies. (Smith, 2007). The purpose of the given research is to analyze effectiveness of digital marketing initiatives in improving sales, determine suitable methods for the bank to represent itself online and to provide suggestions on digital marketing strategy based on actual situation, theoretical and practical research results. To the best of my knowledge, there is no research done to evaluate causal relationship between digital marketing effectiveness and sales effectiveness. From similar researches it can be concluded that digital marketing do impact sales. Therefore, by improving the implementation of digital marketing, sales and sales productivity both can be improved.

Objective of the Study

Problem statement is that how can HDFC bank limited implement proper digital marketing strategies to improve sales. Income of HDFC Bank is INR 816 bn, for FY 2017, which is less than income of SBI

(INR 2,110 bn) and ICICI Bank (INR 1,1341 bn) (Source: EMIS India Banking Sector 2017/2021 Insights Industry Report) . In FY 2017, 80% of all customer transactions of the bank were performed via internet or mobile devices, compared to only 19% in FY 2007. Two variables are involved in this study namely digital marketing effectiveness, the independent variable and sales effectiveness, the dependent variable. Based on the problem following objectives have been found.

1. To analysis the impact of digital marketing on the customers.
2. To evaluate the causal relationship between effectiveness of digital marketing and intention to obtain bank services.

Hypothesis development

Based on the review of literature and objective drafted, following are the hypotheses formulated from the causes identified:

H₀₁: Digital marketing effectiveness has no significant effect on sales effectiveness

H₀₂: Website and email effectiveness has no significant effect on sales effectiveness

H₀₃: Social networking sites effectiveness has no significant effect on sales effectiveness

Methodology

The general methodology adopted for the study is Survey based. Besides, descriptive cross sectional research design is used. Descriptive study in one where information is gathered without changing the environment and cross sectional study is one where there is a one-time interaction with the unit of analysis. Target population in a research includes all those people to which researchers want to generalize the findings. Here the target population is customers of HDFC bank limited. Sampling technique used is Convenience sampling. It is a non-probability sampling techniques in which group of individuals are selected because of their proximity and closeness to a researcher. Total 110 responses are recorded of which 100 are analyzed because 10 statements are discarded because of missing fields. In this study, tool used for data collection is Structured Questionnaire. Validity test is done to ensure that questionnaire actually measures what it is intended for. Data collected is coded then processed, cleaned and tabulation done. In this study, data collected is analyzed to answer research questions by using both quantitative and qualitative data analysis techniques. Analysis is done using SPSS software package v.23. The results are presented using tables and charts. Testing of hypothesis is done by Independent sample t test and On Way ANOVA.

Results

Independent sample t test on Digital Marketing Effectiveness and Gender

F value of Levene's test for equality of variances is not significant at 0.138 level of significance. Therefore, null hypothesis is not rejected. Hence, distribution of digital marketing effectiveness for males is similar to that of females.

Table 1
Independent samples test for DME

		Levene's Test for Equality of Variances		t-test for Equality of Means			
		F	Sig.	t	df	Sig. (2-tailed)	Mean Difference
D ME	Equal variances assumed	2.240	.138	.930	98	.355	1.57936
	Equal variances not assumed			.951	96.515	.344	1.57936

T statistic is 0.930, degree of freedom is 98 and significance value is 0.355. This is much higher than our level of significance i.e. 0.05. Hence, we accept the null hypothesis. So, means are not significantly different.

Independent sample t test on sales effectiveness and gender

F value of Levene's test for equality of variances is not significant at 0.099 level of significance. Therefore, null hypothesis is not rejected. Hence, distribution of sales effectiveness for males is similar to that of females. T statistic is 0.712, degree of freedom is 98 and significance value is 0.478. This is much higher than our level of significance i.e. 0.05. Hence, we accept the null hypothesis that means are not significantly different.

Table 2 Independent Samples Test for SE

		Levene's Test for Equality of Variances		t-test for Equality of Means			
		F	Sig.	t	df	Sig. (2-tailed)	Mean Difference
S Et ot	Equal variances assumed	2.768	.099	.712	98	.478	.68176
	Equal variances not assumed			.735	97.617	.464	.68176

One way ANOVA on Digital Marketing Effectiveness and Age

Homogeneity of variances is tested by using Levene statistic. This tests whether the variance in digital marketing effectiveness score is same for all age groups. Since sig value is 0.933, we have not violated the assumption of homogeneity of variances. The assumption is tenable. Since the assumption of homogeneity of variances is tenable, we look at the ANOVA table. Since Sig value is 0.029, there is significant difference between means of the four age groups.

Table 3 Test of homogeneity of variances for DME & Age

Levene Statistic	df1	df2	Sig.
.145	3	96	.933

Table 4 ANOVA for DME & Age

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	624.819	3	208.273	3.143	.029
Within Groups	6362.091	96	66.272		
Total	6986.910	99			

One way ANOVA on Sales Effectiveness and Age

Homogeneity of variances is tested by using Levene statistic. This tests whether the variance in sales effectiveness score is same for all age groups. Since sig value is 0.546, we have not violated the assumption of homogeneity of variances. The assumption is tenable. Since the assumption of homogeneity of variances is tenable, we look at the ANOVA table. Since Sig value is 0.131, there is no significant difference between means of the four age groups.

Table 5 Homogeneity of variances for SE & Age

Levene Statistic	df1	df2	Sig.
.715	3	96	.546

Table 6 ANOVA for SE & Age

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	125.205	3	41.735	1.921	.131
Within Groups	2085.705	96	21.726		
Total	2210.910	99			

One way ANOVA on Digital Marketing Effectiveness and Occupation

Homogeneity of variances is tested by using Levene statistic. This tests whether the variance in digital marketing effectiveness score is same for all occupations. Since sig value is 0.027, we have violated the assumption of homogeneity of variances. The assumption is not tenable. Since the assumption of homogeneity of variances is not tenable, we look at the robust test of equality of means table. Since Sig value is 0.470 and 0.540 for welch test and brown forsythe test respectively, there is no significant difference between means of the occupations.

Table 7 Homogeneity of variances for DME & occupation

Levene Statistic	df1	df2	Sig.
3.183	3	96	.027

One way ANOVA on Sales Effectiveness and Occupation

Homogeneity of variances is tested by using Levene statistic. This tests whether the variance in sales effectiveness score is same for all occupations. Since sig value is 0.060, we have not violated the assumption of homogeneity of variances. The assumption is tenable. Since the assumption of homogeneity of variances is tenable, we look at the anova table. Since Sig value is 0.476, which is much higher than 0.05, there is no significant difference between means of the occupations.

Table 8 Homogeneity of variances SE & Occupation

Levene Statistic	df1	df2	Sig.
2.547	3	96	.060

Table 9 ANOVA for SE & Occupation

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	56.497	3	18.832	.839	.476
Within Groups	2154.413	96	22.442		
Total	2210.910	99			

Internal consistency reliability test for digital marketing effectiveness variable

Value of Cronbach's alpha is 0.922 which is greater than 0.700. Hence internal consistency reliability of DME variable is good. From item total statistics table it can be concluded that reliability cannot be improved by deleting any statement.

Internal consistency reliability test for sales effectiveness variable

Value of Cronbach's alpha is 0.837 which is greater than 0.700. Hence internal consistency reliability of SE variable is good. From item total statistics table it can be concluded that reliability can be improved by deleting statements 13 and 17.

Normality test for Digital Marketing Effectiveness variable

In descriptive table it can be seen that skewness is -0.462 and kurtosis is -0.271 respectively. Both are within acceptable range hence data is normally distributed. Normality tests used are 1 sample KS (Kolmogorov-Smirnov) and Shapiro Wilk. Sig value for 1 sample KS is 0.132 and for Shapiro Wilk is 0.064. Both are higher than the level of significance 0.05. Hence, null hypothesis i.e. variable is normal is not rejected. Histogram and Normal Q-Q Plot further verify this result. From Box plot it can be concluded that there are no outliers for digital marketing effectiveness variable.

Normality test for Sales Effectiveness variable

In descriptives table we can see that skewness is -0.684 and kurtosis is -0.081 respectively. Both are within acceptable range hence data is normally distributed. Normality tests used are 1 sample KS (Kolmogorov-Smirnov) and Shapiro Wilk. Sig value for 1 sample KS is 0.000 and for Shapiro Wilk is 0.001. Both are less than level of significance 0.05. Hence, null hypothesis i.e. variable is normal is rejected. From Box plot it can be concluded that respondent number 79 is an outlier.

Findings and Conclusion:

1. In terms of digital marketing, HDFC Bank goes for search engine optimization (SEO), social media platforms, email marketing, referral marketing and advertisements. Out of 18.99% of search, 98.95% is organic and remaining 1.05% is paid.
2. Talking about traffic from social networking sites, maximum traffic is from YouTube (41.13%) and minimum traffic is from twitter (2.61%).
3. Market share of HDFC bank is second largest but its Facebook page has third highest number of likes. On the other hand, likes on Facebook page of SBI and ICICI are significantly high. This shows the ineffectiveness of the bank's Facebook page. Two reasons for same can be: Either

customers of HDFC are not aware about its official Facebook page which means lack of awareness due to less promotion Or customers of HDFC don't find its Facebook page of any help or use.

4. Emails sent to customers are tailored. Also bank personnel's name is mentioned as sender. This gives it an authenticity. Similarly, emails sent to non-customers should also be personalized with recipient and sender's name to generate genuine leads.
5. Two components of DME are identified which are Official Communication (Website, Emails and Messages) and Unofficial Communication (Social Media Platforms, Facebook and Twitter)
6. Most of the customers of the bank are Corporate Personnel of the Age Group 23-39
7. Of the two factors identified, only Official Communication through Website, Emails and Messages significantly affect SE of the bank
8. The items of SE which are affected by DME are:
 - How likely is it that you will continue banking with the bank?
 - How likely is it that you will continue fulfilling all your banking requirements with the bank?
 - Do you recommend the bank to your friends and colleagues?
 - Rest items are discarded during Structural Equation Modeling
9. There is no significant difference in Digital Marketing Satisfaction in terms of Gender and Occupation
10. There is significant difference in Digital Marketing Satisfaction across different Age Groups with 30-39 age group being most satisfied, 23-29 and 40-49 being moderately satisfied and 50+ least satisfied
11. 57% of the customers are satisfied with bank's digital marketing initiatives
12. Mean rating of Satisfied and Unsatisfied Customers, on a scale of 1 to 5, for significant statements of Official Communication factor is approximately 4.

Implication of the Study

This study will help the bank in following ways:

- Improved conversion rates
- Improved retention
- Improved referral marketing
- Provide information about effectiveness of digital marketing efforts

Suggestions

1. Since Social Media Platforms, Twitter and Facebook, do not significantly affect SE variable, bank does not need to spend on them. However, bank can spend on them to build equity and value.
2. In terms of customers, there lies potential for expansion by targeting students and business people of 40+ age group
3. Information on the website should be clear, organized and comprehensible. Finding something on the website shouldn't be time consuming. Only genuine information should be provided on the website. Customer's experience with the products should match with information on the website. This can be done by using conversion rate optimization strategy (CRO). Using CRO, the website traffic generated using SEO can be converted to leads. It is an inexpensive way to make bank's website more reliable, simpler to explore; to enhance trust, create better user experience and give customer insights.
4. Prominent links to bank's social media accounts, namely instagram, Facebook, YouTube, twitter, LinkedIn and pinterest, should be present on its website. This can increase visibility of bank's pages and accounts, which means more reach, impression and engagement. Also, it is convenient for customers to find links to all official accounts at website itself.
5. Only 2% of the website's traffic is from emails (Source: <http://www.siteworthtraffic.com>). The emails sent to prospects should have quality, relevant and interesting content. Emails sent should be customized according to needs and buying propensities of clients. Content Marketing should be used with Email Marketing. Emails sent should be customized according to needs and buying propensities of clients. Also, Email Drip Campaigns can be used to give people the right information at the right time.
6. What could be improved?
 - View in browser link should be made available
 - View on website link should be present
 - Social buttons for social media engagement should be in place
 - CTA button could be more prominent
7. Besides Referral and Affiliate Marketing can also be used to increase Sales. 23.61% of the site's traffic is from links/ referrals which is low compared to 28.78% of ICICI Bank, its biggest competitor in private sector (Source: <http://www.siteworthtraffic.com>). Hence, there is room for improvement.
8. One idea is to offer discounts to existing customers to share their purchase information on their social media profile. (A study conducted by *Katherine Taken Smith* on *Digital Marketing*

Strategies that Millennial find Appealing, Motivating or just Annoying on 571 millennial indicated that if given an incentive, such as a discount or a reward, millennial will write an online product review)

9. Seven Ps of digital marketing mix:

- Product: information of products should be clearly and completely mentioned on website
- Place: addresses of various branches and ATMs of banks should be properly mentioned
- Price: actual price should be mentioned on website for transparency
- Physical evidence: Videos or pictures of branches should be posted on website
- People: bank should be digitally responsive to customer queries
- Process: step by step instructions to avail various bank services should be mentioned on website
- Promotion: social media account links should be mentioned on the website

Recommended Model

Ansoff Matrix for digital marketing strategy of HDFC bank

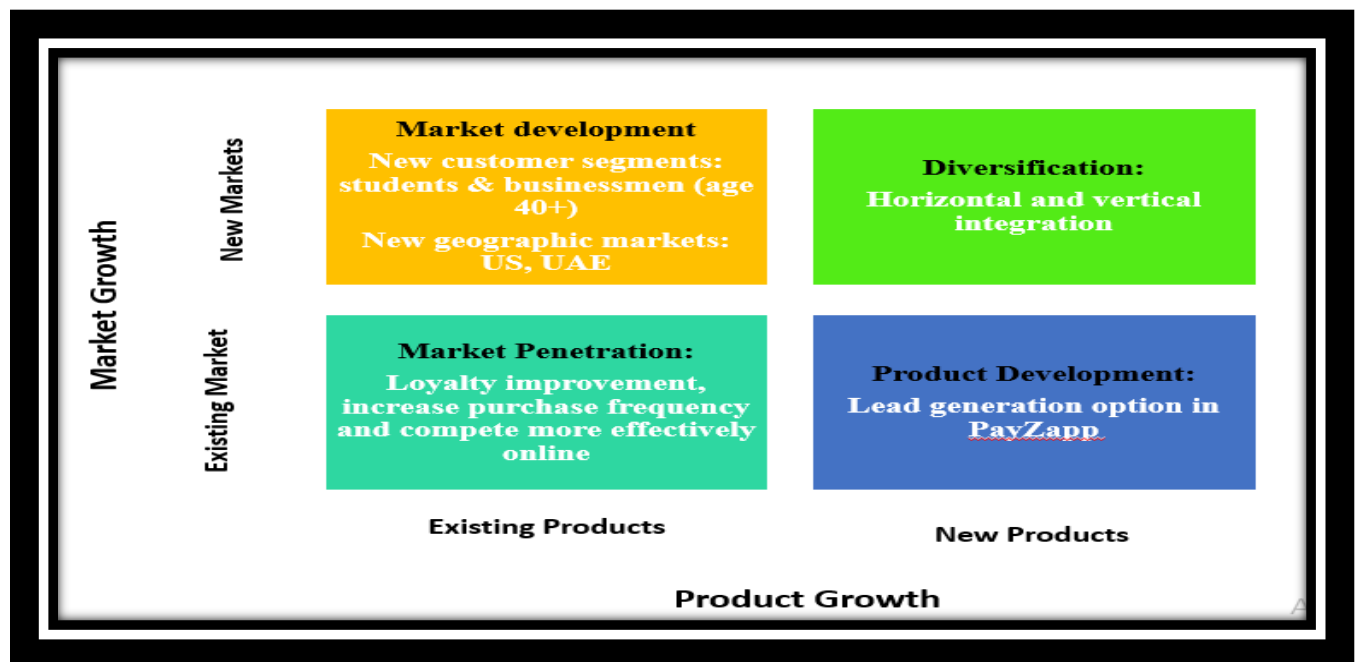


Figure 1
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