

Digital Marketing in Nigerian Banking Industry: An Appraisal

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Abstract: The rise in digital technology and marketing has altered the way businesses are done around the globe. Banking operations and services have become ubiquitous through digital marketing and its platforms. The study appraised the adoption of digital marketing in Nigerian banking industry. The survey design was adopted in this study. 15 staff each was randomly drawn from 7 commercial banks purposively from Nigeria. Out of 105 copies of questionnaire administered, 95 responses were used for the study. Correlation and regression models were used in analyzing data obtained. Among the findings is that digital marketing significantly and positively impact on customers' patronage. The researchers recommend that banks should continue to sensitize customers on the availability of their digital marketing platforms to increase patronage, bank managers should ensure that customers get feedback on their inquiries and treat their complaints as fast as possible to sustain the customers' patronage and confidence in the bank.

Keywords: digital marketing, platform, banking, service delivery, customer patronage.

1. INTRODUCTION

The out-burst in information and communication technology in developing economy like Nigeria, have invented new ways of doing business as it transcend through all sectors of the economy. The explosion in internet connectivity has changed and is still changing the face of banking in Nigeria. The way customers interact with brands have practically changed as a result of proliferation of communication devices such as smart phones, websites, e-mail, social network sites as occasioned by technology (Oni, Shumba, and Matiza, 2014; Salawu and salawu 2007). Customer-centric banks have moved away from slow and stressful analogue operations to faster, more convenient and stress-free digital operations so as to be visible and connect with customers who are largely dwelling in the digital world. This is not optional but imperative to gain the mind-set of the customers and ensure they have a seamless experience (Onwuegbuchi, 2015). Digital marketing has taken banking beyond the arm-chair, brick and mortar operations to a realm where customers make transactions from the comfort of their homes by a push of the button (Adewoye, 2013). The diffusion of technology have made the internet an accessible channel through which banking services get to the customers regardless of the limits of time and geographical location as well as create innovative products and services and more market opportunities for both banks and customers. Businesses now broadcast their offerings to potential customers across the globe through digital marketing channels, and have the ability to analyze user interactions with their website, affording an unprecedented understanding of the needs and wants of their audience (Oni, Shumba, and Matiza, 2014).

Undoubtedly, digital marketing has become a more effective way to create deep and rewarding relationship with customers. Generally, the business of banking is that of service delivery (Adewoye, 2013), which is largely an undifferentiated product offered in a rival marketplace (Lau, Cheung, Lam, and Chu, 2013). Nevertheless, effective and efficient service delivery can make a bank more endearing to customers and distinguish the bank and its services in a competitive environment. Digital marketing help businesses to be everywhere, increase customer network, offer convenience, increase revenue, and banks can achieve excellence in their operations via its application.

Statement of the problem:

The banking system in Nigeria is riddled with many twists and turns. Despite the cashless monetary policy established by the Central Bank of Nigeria, the country is still largely a cash-based economy with substantial percentage of funds residing outside the banking sector (Oladejo and Akanbi 2012). This could probably be due to poor internet and power infrastructure, sense of insecurity in the use of digital platforms, the citizens' savvy for physical hold and touch of cash. As Nigeria aims to be among the 20 largest economies in the world by the year 2020, efficiency in bank service delivery is a critical factor and a key determinant of financial and economic development of a country which should be taken seriously. Although a considerable amount of research has been conducted on digital marketing, few of such studies are in Nigeria and less attention has been paid to the adoption of digital marketing among banks in Nigeria. Thus, this study investigates the adoption of digital marketing in Nigeria's bank industry.

Objectives of the study

The main objective of this study is to investigate the adoption of digital marketing among banks in Nigeria. Specifically, the objectives of the study are to:

- i) Examine the relationship between digital marketing operations and bank service delivery in Nigeria.
- ii) Ascertain the impact of digital marketing platforms on customers' patronage.
- iii) Identify the major challenges to the adoption of digital marketing in Nigeria's banking industry.

2. THEORETICAL FRAMEWORK

This study was anchored on two theories which were deemed very relevant to this study. These are:

- Task-Technology Fit model (TTF)
- Technology Acceptance Model (TAM).

These models have been used by researchers to investigate and explain the adoption of new computer usage or information system behaviour as evidenced in the works of Dishaw and Strong, 1999; Irick, 2008; and Narteh, 2012. According to Irick (2008), Task-Technology Fit model links technology to performance and avers that performance will be increased when a given technology provides features and support that correspond with the requirements of the task. Hence, banks will adopt digital marketing technology if better services can flow through it to customers.

Alwan and Al-Zu'bi (2016) citing Davis et al (1989) infer that Technology Acceptance Model (TAM) has its theoretical foundation in the Theory of Reasoned Action propounded by Fishbein and Ajzen (1975). TAM model is majorly influenced by two variables- perceived usefulness and perceived ease of use and thus examines the manner in which factors such as system characteristics ensure user friendliness of the technology (Narteh, 2012). It explains the variables affecting the degree of internet usage in financial services (Alwan and Al-Zu'bi, 2016; Ortega, Martinez, and Hoyos, 2006). Hence, it implies that customers will adopt any digital technology they adjudged useful.

Empirical review:

Digital marketing is the use of digital channels to promote products and services, build brand preference and interactively engage with customers in a mutual satisfactory manner. Chaffey et al, (2006) opined that digital marketing has similar meaning to "electronic marketing" and is now being increasingly adopted by Specialist Marketing Agencies. Merisavo (2003) in his study of the effects of digital marketing on customer relationship argued that digital marketing as a term is more extensive than e-marketing because it encompasses marketing via digital channels independent of the medium, be it Internet, mobile, or any other.

Harridge-March (2004), stressed that if mobile telephones, digital TV are to be used as tools with which to access the Internet, the term "Internet marketing" is not so correct, and the term "interactive marketing" or "electronic marketing" is more appropriate. However, many researchers tend to support the view of Chaffey et al, (2006) as they further assert that the terms E-Marketing, Internet Marketing and Digital Marketing can be described as synonymous. Gbadeyan and Akinyosoye, (2011) described e-marketing as the achievement of marketing objectives through the use of electronic communications technology. It is the use of banking services over electronic media by customers.

Masocha, Chiliya and Zindiye (2011) in their study of the impact of technology on competitive marketing by banks in South Africa posed that electronic marketing; the execution of delivering customer benefits and satisfaction coupled with electronic marketing resources, is growing at a high tempo. Agboola (2006) observed that some payments are now being automated and absolute volume of cash transactions have declined under the impact of electronic transaction occasioned by the adoption of ICT to the payment system especially in the developed countries. Mohammed and Siba (2009) found that with this digital banking service, customers can also access the balance and transactions on their account and carry out other financial services such as balance inquiries, interest rate inquiries, payment of bills, internet shopping, and transfer to other accounts.

Ayuba and Aliyu (2015) evaluated the impact of internet marketing on banking services in Nigeria. Eventually they found that the adoption of electronic marketing has significantly enhanced customers' banking services in Nigeria, particularly in the areas of improved patronage and on-time (effective) service delivery. They concluded that banks which embrace the powerful force of internet stand to reap immense benefit as it is the means by which they can be effective and efficient and thus, remains successful in the competitive banking industry. The finding is consistent with the study of Alafeef (2014) on the impact of e-marketing in attracting new bank customers in Saudi-Arabia.

Ng'ang'a (2015) in a study of the effect of digital marketing strategies on performance of commercial banks in Kenya discovered that the commercial banks use different digital marketing channels such as mobile apps, social media, website, online advertising, and email marketing to offer better services to their customers, communicate with international customers, avail 24 hour service platform to the customers, quick response to enquiries, increase efficiency, reduce cost of communication, improve product and price information. This reinforces the findings of Adewoye (2013) who observed that mobile banking (an aspect of digital marketing platform) improve banks service delivery in the form of transactional convenience, saving of time, quick transaction alert and cost saving. Thus customers have been able to save considerable amount of banking time with relatively lesser costs to the customers.

Oladejo and Akanbi (2012) studied banker's perception of electronic banking in Nigeria, and discovered that bankers consider 'minimize inconvenience', 'minimize cost of transactions' and 'time-saving' to be important benefits. Then 'chance of government access, 'chance of fraud' and 'lack of information security' to be vital risks associated with electronic banking. The bankers do not consider 'reduction in HR requirements' and 'improve service quality' to be important benefits and 'legal and security issues' and 'charging high costs for services' to be important risks associated with electronic banking. The researchers therefore concluded that 'minimize inconvenience' and 'government access to data' appear as the most important benefit and risk respectively while 'reduces HR requirements' and 'charges high costs for services' are the least important benefits and risk associated with electronic banking. The result tends to support the view of Kaleem and Ahmad (2008) who posit that bankers perceive electronic banking as tool for minimizing inconvenience, reducing transaction costs and saving time. In an exploratory study on the adoption of electronic banking in Nigeria, Aliyu, Younus, and Tasmin (2012) observed that awareness is the most important factor and security is seen as the least important and ease of use and reluctant to change are not important factors in influencing consumers adoption rate.

Digital marketing platforms:

Drilling through the details of e-marketing, contemporary practitioners are of the view that numerous tools are available to banks for digitalization of their operations. Some of them are reviewed below.

Social media:

Kaplan and Haenlein (2010) define social media as "a group of Internet based applications that build on the ideological and technological foundations of Web 2.0, and allow the creation and exchange of user generated content. Social media platforms have become a popular means of communication and interaction. It is heavily utilized by consumers as evidenced by the geometric growth of social media platforms such as Facebook, YouTube, Twitter, LinkedIn, etc and the rising use of social media platforms by organizations as a means of increasing brand awareness and communicating directly with target consumers. Social Media is proven to be a powerful tool for gaining customer and for communicating with potential and existing ones. It allows banks to reach end-consumers at comparably low cost and higher level of efficiency than can be achieved with more traditional communication tools (Kirakosyan, 2014). Digital marketing through the social networks impact on the turnover of firms in a positive way (Oni, Shumba, and Matiza, 2014).

Kaplan and Haenlein (2011) cited by Roumieh and Garg (2014) indicated that there is no more powerful form of marketing than a recommendation, which is why social media platforms which can be used on a near instantaneous basis to spread the word quickly and effectively. Thus, social media is a vital marketing channel for reaching potential customers and changed the way in which people learn about and ultimately choose products and services (Phelan, Chen, and Haney, 2013).

Mobile phones:

Digital marketing operations in the banking industry are facilitated through mobile phone services. Banking services such as balance enquiry, funds transfer, bill payment, and transaction history can be executed through the customer’s mobile phone (Agwu and Carter, 2014). Mobile subscribers and network operators have provided an opportunity for banks to deliver their services to both the banked and unbanked customers. Although mobile banking seems to have become popular especially among traders in the urban areas of Nigeria, Dikit, Shringarpure, and Pathan, (2012) however suggest that mobile network operators should be tied up with banks in order to provide the services at a cheaper rate to the customers. Network congestion and Security challenge are major contributory factors that hinder the effectiveness of mobile banking service in the Nigeria banking sector. Nonetheless, Adewoye (2013) maintain that commercial banks in Nigeria that have implemented mobile banking are chalking-up some successes even with the problems that come with it.

Automated teller machines:

The Automated Teller Machine (ATM) is an interface through which banking services such as balance inquiry, cash withdrawals, funds transfer, bill payments can be consummated. The use of ATMs as a digital marketing platform has enabled bank customers to transact businesses with ease and more conveniently. ATM increases the ability to hold cash for transactionary, precautionary and speculative motives but on the other hand, ATM causes lavish spending, increased crime rate (Oduşina, 2014). At present all the commercial banks in Nigeria have set up their own ATM Networks, issue debit and credit cards to customers for easy access to their accounts.

Research Method:

The study made a survey of seven commercial banks (UBA plc, First Bank plc GTBank plc, Diamond Bank Plc, Access Bank Plc, Zenith Bank plc, and Skye Bank plc.) in Nigeria. The purposive sampling technique was used in selecting the banks. The sampling frame of this study comprised of managers and officers in the relevant departments (Customer service, operations, and marketing) of the selected banks. Fifteen (15) staff were randomly selected from each of the seven (7) selected banks. Primary data used in the study was gathered through a Likert five point scale type of questionnaire, ranging from 1= ‘strongly disagree to 5= strongly agree’. A total of 105 copies of the questionnaire were administered and distributed to the staff of the selected banks and 95 which represent a response rate of 91 percent were found useful for the purpose of the study. The questions in the questionnaire were structured around the objectives of the study. Pearson correlation statistics, regression model, and descriptive statistics were used in analyzing the data. The Statistical package for social sciences (SPSS) version 20 was used to analyze data obtained.

3. RESULTS AND DISCUSSION

All analyses were done according to the stated objectives of the study. The data gathered was analyzed and the results are as shown in the tables 1 - 5

OBJECTIVE 1: *To assess the relationship between digital marketing operations and bank service delivery in Nigeria.*

Table 1: Pearson product moment correlation analysis of the relationship between digital marketing and customer service

Correlations			
		Digital Marketing	Service Delivery
Digital Marketing	Pearson Correlation	1	.419**
	Sig. (2-tailed)		.000
	N	95	95
Service Delivery	Pearson Correlation	.419**	1
	Sig. (2-tailed)	.000	
	N	95	95

Source: Survey data, 2017

** . Correlation is significant at the 0.01 level (2-tailed)

Table 1 shows the nature of relationship existing between digital marketing and service delivery. The Pearson correlation (r) was 0.419 and significant at 1% level with $p = 0.000$. Thus, it is evident that a positive correlation exists between digital marketing operations and service delivery in the banking industry. However, the degree of the association implies a weak correlation between the variables.

OBJECTIVE 2: *To ascertain the impact of digital marketing platforms on customers' patronage.*

Table 2: Multiple Regression table showing the effect of digital marketing platforms on customer patronage

Variables	Coefficient	Std. Error	t-value	Sig
Constant	0.980	0.503	1.948	0.055
Mobile phone	0.530	0.049	10.929	0.000
ATM	0.766	0.043	18.000	0.000
Social Media	0.161	0.042	3.827	0.000
R ²	0.787			
Adjusted R ²	0.780			
F-statistic	112.327			
N	95			

Source: Survey data, 2017

Table 2 shows that digital marketing platforms (social media, ATM and Mobile phone) were all positive and significant factors affecting customer patronage. The F-value was 112.3 and significant at 1% level indicating that the model is reasonably well fitted and absolutely correct.

The result shows that the independent variables (social media, ATM, and Mobile phone) have a linear relationship with the dependent variable (customer patronage). Thus, if all the independent variables (social media, ATM, and Mobile phone) are constant at zero, customer patronage will be 0.980. Obviously, the independent variables explain only 78.7% of the variation as indicated by R-squared value (0.787). Hence, digital marketing platforms significantly and positively impact on customer patronage. This finding is consistent with that of Ayuba and Aliyu (2015) who found that the adoption of electronic marketing has significantly enhanced customers' banking services in Nigeria, particularly in the areas of improved patronage and effective service delivery. It can be further deduced that of the independent variables studied, ATM contributes most to customer patronage among other variables, followed by mobile phone while social media contributes least. This assertion is at 99% confidence level.

OBJECTIVE 3: *To identify the major challenge to the adoption of digital marketing In Nigeria's banking industry.*

Table 3: Frequency distribution showing the major factors affecting the adoption of Digital Marketing

Challenges	Frequency	Percentage
Legal Constraint	15	15.8
Security concern	45	47.4
Cost	19	20.0
Poor Network	16	16.8
Total	95	100

Source: Survey data, 2017

Table 3 presents the major factors affecting the adoption of digital marketing. In the Nigerian Banking system Responses show that 45 respondents representing 47.4% of the respondents ticked security concern, 19 respondents representing 20% indicated cost, while 16 respondents representing 16.8% selected poor network 15 respondents representing 15.8% were of the opinion that legal constraint is the major factor influencing the adoption of digital marketing. It can be observed from the table that security concern proved to be the major factor affecting the adoption of digital marketing. This finding is inconsistent with that of Aliyu, et al (2012) who observed that awareness is the most important factor and security is seen as the least important and ease of use and reluctant to change are not important factors in influencing consumers adoption rate.

4. CONCLUSION AND RECOMMENDATIONS

Banking services have well extended beyond human interface in brick and mortar in spite of the challenges facing banks in the adoption of digital marketing. The advent of digital marketing has remarkably improved service delivery in the banking operations in Nigeria. This is accentuated by the proliferation of Automated teller machines (ATM), internet banking, and the use of mobile applications in mobile phones to execute banking transactions like funds transfer, bills payments, balance inquiries, etc.

Based on the conclusion above, the following are recommended:

1. Banks should continue to sensitize customers on the availability of their digital marketing platforms to increase patronage.
2. Bank managers should ensure that customers get feedback on their inquiries and treat their complaints as fast as possible. This will sustain the customers' patronage and confidence in the bank.
3. Banks need to strengthen their synergy with service providers (internet and other network) to further improve their services.
4. The services of network experts should be engaged to reduce hacking and other forms of insecurity encountered in the use of digital marketing platforms.
5. Other aspects of the social media such as linkedin, twitter, facebook, etc which are also part of digital marketing channel can also be utilized by Banks in Nigeria in order to effectively relate with their customers.

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