

THE IMPACT OF DIGITAL MARKETING ON INCREASING CUSTOMER LOYALTY: A STUDY ON DHAKA CITY, BANGLADESH

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Abstract

Today's business market is excessively competitive to sustain as the development of digital media has changed the market situation. Firms can engage more customers within shorter period of time and customers also have multiple options to make purchase decision from diverse region. Nowadays customers think about the future repetitive purchase based on the firms' online performance especially how they try to reach customers through their digital marketing approach. They also rely on constant digital appearance of the firms and how (firms) they deal with them (customers). This paper makes an attempt to identify the effect of digital marketing on increasing customer loyalty by analyzing various factors which have been derived from literature review and questionnaire feedback. We have chosen Exploratory Factor Analysis method to find out the core factors that drive the customers to be loyal in digital market place. Findings indicate that Value added attributes have ranked top in case of increasing customer loyalty in the presence of digital marketing. Content Attribute, Customer Service Attribute and 24/7 Appearance have ranked second, third and fourth respectively in this regard.

Keywords: Impact, Digital Marketing, Customer Loyalty, Digital Channel, Bangladesh

INTRODUCTION

The utilization of digital channels so as to make stronger customer loyalty has turned into a need in today's turbulent and aggressive business market. It is being utilized more operationally, as an apparatus to maintain good communication and provide cost-effective products or services to the clients (Sin S; et. al, 2012). There are few studies that have been directed on advanced promoting and customer loyalty in Bangladesh. This concept is developing quickly and being actualized in national and global stage to acquire the new dimension in marketing function of promoting goods and services which has unfathomable effect on expanding client dedication. On the early days, advertisers gave careful consideration on value-based reward and gave less concentrate on building client loyalty. This phenomena has created a loyalty gap. As the world has transformed into digitalized where market is completely open, clients are currently more lively and associated and additionally learned than they were previously (Zarella, 2010) . Subsequently, they have empowered themselves to move their reliability promptly. In the meantime, online venders should hold profound online position, experience client surveys, observing every minute of every day media outlets together with giving criticism, value examination sites and offer loyalty programs (Gunelius, 2011).

At present, it is observed that advanced media particularly online networking like Facebook, Twitter, LinkedIn, etc have changed the clients' behaviors and recognitions emphatically. The reason behind this situation is strong customers' network with real-time customers' feedback that they have encountered. Akhtar (2011) specified that the most important role played by digital media is that, it has changed the strategy of communication among customers and marketers. Consumers usually prefer reasonable and hassle free procedure when they choose to purchase from shop or market. Hence digital marketing fulfilled their needs. Digital marketing is smarter than traditional offline marketing approaches (Jackson, 2011). Once a customer visit online shop and pick their desired item, they recall their previous purchase experience to revisit the shop in future (McKee, 2010). By any chance if they discover distraction, they never turn into loyal customers (Leggatt, 2010).

Objective of the Study

- To identify the impact of digital marketing on increasing customer loyalty.

LITERATURE REVIEW

As the technique and procedure of advanced stage in marketing segment is changing with the sequence of time, there are different ideas on digital marketing found. As indicated by (Times, 2015), digital marketing alludes to the advertising of products or services by utilizing

computerized technologies to get hold of the targeted customer or consumer. It also incorporates providing marketing services through cell phones, display advertising as well as any other digital medium in order to promote brand. Neha (2014) proposed that digital marketing is the stage which utilizes Internet and Information Technology to make expansion and change of the marketing functions. Elisabeta (2014) said the term e-marketing rather than digital marketing and characterized that it is the use of both web and intuitive innovations to create a connection amongst firms and its clients. They additionally said that e-marketing especially concentrates on giving IT empowered or interactive affiliation with their clients. As per (Fusun, 2015), electronic marketing (EM), or digital marketing is the exchange of both products and services through electronic devices and process from vender to buyer. The reason behind this scenario includes the changing role of customers regarding co-producers. Besides, value creation is becoming important these days (S. Alam, 2010). (T. Heidt, 2010) remarked that technology plays a vital role in improving the quality of services provided by the business units. (E. Mustafa, 2011) preferred to use social media marketing as of digital marketing. He characterized Social Media Marketing (SMM) as urging clients to make interchanges either through organization's web site or by its social presence. However, both platforms can be utilized too for better communication.

Customer loyalty through their engagement is considered as a standout amongst the most compelling business measurements. For digital marketing, loyalty program is a fundamental action which should be kept in mind in order to create a brand recognition in the minds of consumers. Customized communications are responsible for ensuring higher retention rates. By utilizing client information, it is possible to anticipate future offers that need to be sent to their existing customers for keeping the clients alive and tied up with the organization (Mariani, 2015).

Now a days, customers have a plenty of opportunities to engage themselves in the digital platform. Business firms additionally have different alternatives, including growing correspondence through different digital media to create wider scopes to connect with the clients in the global village. According to (Retail customer experience, 2011), it has integrated different types of marketing activities through electronic devices. One of the primary types of advanced promoting approaches known as Email marketing which incorporates conveying customized messages to the target customers on the time. Amazon, Flipkart usually deliver all sort of emails tailored to fulfill the requirements of the users. Email marketing is termed to be pillar for any kind of business trying to increase sales through internet (Retail customer experience, 2011). By this technique, it is possible to reach customers, at the same time provoke them to stick to the website (Mariani, 2015). Search Engine Optimization or SEO is considered

to be the most general type of digital marketing tools used to escalate the visibility of the website through the search engines. Techniques used in digital marketing includes on-site technical analysis, link building, content creation and blogging. According to the Search Engine Land, SEO is the process of receiving traffic from search results based on search engines. One can elevate a website to rank higher for related searches. On the other hand, Pay Per Click (PPC) is a paid version of digital marketing. Paid advertisements are generally placed above the overall search results. The cost, in fact, varies depending on the keywords that have bid on where online advertising deals in giving advertisement on others website (Safko, et.,al 2009). Social Media Marketing is one of the effective tools to manage the brand image through numerous social channels like Facebook, LinkedIn, Twitter etc. In a broader sense, it is an incredible route for the organizations keeping in mind the main goal to fulfill the objectives regardless of building brand value, achieving new clients, giving client input that will increase the number of loyal clients (Safko, et.,al 2009) . Another type of digital marketing is Viral Marketing which involves dissemination the contents' element transversely multiple channels. Some of the options may be videos on Youtube, Blogs, email marketing etc. and these are used to make sure that the content grips the concentration of the market through online communities. Text Messaging (TM) is widely used digital marketing type. With the rapid development of smartphone usage throughout the world, the reliance on fast and on time dissemination of information has increased subsequently (Web strategies, 2016). Content Marketing Institute defined another type of digital marketing generally known as content marketing as a strategic marketing method. The main focus of this method is to create, distribute of valuable and pertinent as well as reliable content for attracting and retaining new along with loyal customers (Web strategies, 2016). In addition, it is a constant procedure of communicating with clients even though if they do not purchase any products .Rather organizations should focus on utilizing content advertising techniques to ensure consistent delivery of valuable information to the customers or consumers so that they can transformed into loyal customers sooner or later (Web strategies, 2016).

RESEARCH METHODOLOGY

The nature of this research is descriptive. This paper deals with both quantitative and qualitative data. Quantitative data has been collected from primary source through conducting survey and qualitative data has been collected through secondary data sources such Internet, articles, books etc. The survey was conducted using structured questionnaires containing the 5-points Likert Scale statements. A random sample of 170 respondents who are familiar with the digital platform such as Facebook, Twitter, LinkedIn and who have knowledge about Google Adword

ads has been selected to collect primary data. To ensure a standard research output from the analysis, two questions were asked to the respondents initially to test whether they are qualified to be included in the research or not. First question was involved with social media use regularity by the respondents and another one whether the respondents followed at least one brand on social media. After getting the positive answer of these two questions, questionnaire was given to the respondents. Out of 170 respondents 57% was male and 43% female. The average age of the sample was 22. About 70% of them had undergraduate or graduate level of education. Exploratory Factor analysis has been conducted to determine whether multiple variables comprise one factor dimension. Statistical package SPSS 20.0 has been used to perform the analysis.

ANALYSIS AND FINDINGS

In this study, 10 variables have been taken into consideration. The variables are derived from reviewing the literature review. And for the factor analysis to be appropriate, the variables must have to be correlated. These variables are as follows:

V1 Relevant Content

V2 Frequent Update

V3 Quick Delivery of Goods/Service

V4 Popular Content

V5 Available Content

V6 Repetitive Purchase

V7 Personalized Notification

V8 Time Effectiveness

V9 Cost Effectiveness

V10 Prompt Feedback

Bartlett's test of sphericity has been used to test the null hypotheses that the variables in the study are not correlated. In other words, the null hypothesis states that the population correlation matrix is an identity matrix. In an identity matrix, all the diagonal terms are 1 and all off-diagonal terms are 0. The test statistic for sphericity is based on a chi-square transformation of the determinant of the correlation matrix. A large value of the test statistic will favor the rejection of the null hypotheses. If this hypothesis cannot be rejected, the appropriateness of the factors will be questioned. Another useful statistic is the Kaiser-Meyer-Olkin (KMO) measure of sampling adequacy. This index compares the magnitudes of the observed correlation coefficients to the magnitudes of the partial correlation coefficients. Small values (below 0.5) of

the KMO statistic indicate that the correlations between pairs of variables cannot be explained by other variables and that factor analysis may not be appropriate.

Table 1: KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy		.579
Bartlett's Test of Sphericity	Approx. Chi-Square	355.891
	Df	45
	Sig.	.000

Consequently, from the above table, it is apparent that factor analysis is appropriate. Here, the KMO value is .579, which is between 0.5 and 1.0, and the approximate chi-square statistic is 355.891 with 45 degrees of freedom, which is significant at the 0.05 levels. Therefore, the null hypotheses can be rejected and the alternative hypotheses that all variables are correlated to each other can be accepted. To analyze the variables ranging from V1 to V10, factor analysis has been used for data reduction. This analysis divulges the most important factors that have influence on customer loyalty.

Table 2: Total Variance Explained

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	2.430	24.296	24.296	1.896	18.896	18.896
2	2.013	20.130	44.426	1.580	15.798	34.694
3	1.210	12.096	56.522	.767	7.668	42.362
4	1.049	10.493	67.015	.589	5.894	48.256
5	.733	7.327	74.342			55.683
6	.692	6.919	81.261			62.602
7	.579	5.791	87.052			68.393
8	.513	5.133	92.184			73.526
9	.505	5.051	97.236			78.577
10	.276	2.764	100.00			81.341

Extraction Method: Principal Component Analysis.

From the above table, only 4 factors have been extracted, as cumulative percentage is greater than 57% at the very next cell and Eigen value is greater than 1.0 (it is recommended that factors with eigenvalues greater than 1.0 should be retained) that indicates the adequacy of the analysis using derived factors.

Table 3: Rotated Component Matrix

ITEMS	FACTOR			
	Value Added Attributes	Content Attributes	Customer Service Attributes	24/7 Appearance
Personalized Notification	.633			
Time Effectiveness	.557			
Cost Effectiveness	.437			
Relevant Content		.707		
Popular Content		.477		
Available Content		.421		
Quick Delivery of Goods/Services			.411	
Prompt Feedback			.402	
Frequent Update				.439
Repetitive Purchase				.570

Extraction Method: Principal Components Factoring.

a. Attempted to extract 4 factors.

More than 25 iterations required. (Convergence=.003). Extraction was terminated.

The extracted 4 factors can be interpreted in terms of the variables that load high coefficients. From the rotated component matrix table, factor 1 has high coefficients for Personalized Notification (.633), Time Effectiveness (.557), and Cost Effectiveness (.437). Thus, factor 1 can be entitled as “Value Added Attributes”. Factor 2 has high coefficients for Relevant Content (.707), Popular Content (.477) and Available Content (.421). Hence, this can be tagged as “Content Attribute”. Factor 3 has high coefficient for Brand Recognition (.411), Prompt Feedback (.402). Therefore, this factor can be named as “Customer Service Attribute”. We termed factor 4 as 24/7 Appearance which has high coefficients for Frequent Update (.439) and Repetitive Purchase (.570).

CONCLUSION

This study makes an attempt to identify the effect of digital marketing on increasing customer loyalty by analyzing various factors which have been derived from literature review and questionnaire feedback. The study discovered that four components together can explain right around 59% of the variety. There may be different components and future researchers can do additional investigation on it to discover those elements. Besides, there is an open door for both culturally diverse and cross-national review on this issue to check whether these components have any significant impact on digital marketing and customer loyalty.

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