



Journal Homepage: - www.journalijar.com
**INTERNATIONAL JOURNAL OF
 ADVANCED RESEARCH (IJAR)**

Article DOI: 10.21474/IJAR01/9873
 DOI URL: <http://dx.doi.org/10.21474/IJAR01/9873>



RESEARCH ARTICLE

IMPACTS OF DIGITAL MARKETING AMONG LOCAL COMMERCIAL BANKING INDUSTRIES IN THE PHILIPPINES.

Reneto M. Culagbang Jr.¹ and Martin Joseph P. San Diego².

1. College of Business Administration Graduate Studies Polytechnic University of the Philippines.
2. M. H. del Pilar Campus, Valencia St. near R. Magsaysay Blvd. Sta. Mesa, Manila, Philippines.

Manuscript Info

Manuscript History

Received: 08 August 2019

Final Accepted: 10 September 2019

Published: October 2019

Key words:-

Commercial Banking, Digital Marketing, Industries, Marketing Trends, Philippine Local Banks.

Abstract

Globalization in the business industry has established various challenges in the banking industry. It establishes criteria that seek to develop the business sector to promote ease and convenience for their clients and target audience. The banking industry in the Philippines has made its swift transition to carbon and paper transactions to paperless. It includes online transactions like online inquiry, transfer of funds, and digital marketing. The vast strategies in digital marketing have invited convenience and fast banking transactions. This paper employed the quantitative research and revealed that digital marketing in commercial banks have extended their reach to their audience, which increased the number of clients who can choose to buy various services and products of these banks. However, digital marketing has also reached its limit in terms of system failure and security issues. To resolve such issues, the commercial banks have strengthened their ICT systems in protection to their system and partners in the business.

Copy Right, IJAR, 2019,. All rights reserved.

Introduction:-

People around the globe have been astonished by the rapid growth of technology. In more considerable scope, technology has become pivotal in communication, education, politics, religion, and most of all in the business industry. The unceasing creation of innovative ways to make people's tasks easier through technology has enhanced the interest of many researchers across various disciplines. Consequently, from all the innovative materials that people would consider too significant is the birth of digital marketing in the field of commerce.

Digital marketing according to Kingsnorth (2019) carry out a critical role in every key business assessment from product development and pricing through to public relations and even recruitment. The presence of digital marketing in globalization today requires a strong bandwidth of the internet – the essential functioning element in the digital world. The huge concept of digital marketing involves website development, search engine optimization, and advertising (Charlesworth, 2018). What is more exciting about the concept of digital marketing is its technology that has supported the key indicators in the history of marketing since its commencement. In this sense, the impression of digital has become an applicable strategy in marketing with a number of developed models that are not only linked with online marketing, however, universal in nature, influencing more than one aspect of it. This enormous capability of technology invites more and more banks to embrace digital marketing to completely achieve the standards in globalization marketing.

Corresponding Author:-Reneto M. Culagbang Jr.

Address:-College of Business Administration Graduate Studies Polytechnic University of the Philippines

In the global trends of banking, the global financial service industry has become desegmented in the closing decade of the 20th century on account of the transformation of traditional banking institutions (Machiraju, 2008). This applies to both universal and commercial banking. This paper will focus on the latter on the impact of digital marketing on their firm or banking services. Machiraju (2008) writes that commercial banks are described as a financial institution that brings investment products like a savings account, current account, and other banking services to the individuals and corporations. These banks can provide a range of financial services to the public like accepting deposits, granting loans and advances to the customers.

Bangko Sentral ng Pilipinas identified the commercial banks here in the Philippines which include Bank of Commerce, BDO Private Bank Incorporated, Philippine Bank of Communications, Philippine Veterans Bank, Robinsons Bank Corporation, CTC Bank (Philippine Corporation), Maybank Philippines Incorporated, Rizal Commercial Banking Corporation, Security Bank Corporation, Citibank, Equitable Bank, Far East Bank and Trust Company, East West Banking Corporation, Bank of the Philippine Islands (BPI), Land Bank of the Philippines, Metropolitan Bank and Trust Company (Metrobank), Philippine Banking Corporation (PhilBank), Philippines Commercial International Bank (PCI Bank), Philippine National Bank, Solidbank Corporation, Unionbank of the Philippines, and Urban Bank (BSP, 2015).

In this view, the country today projects to be one of the most dynamic economies in Asia with Gross Domestic Product growth of 6.8% in 2017 and 6.9% in 2018. Both commercial and universal banks in the Philippines are well-established from the liquidity standpoint, and the central bank or the BSP fully adopted the Basel III's Liquidity Coverage way back in 2016 (FINASTRA, 2017).

Related Studies

The substantial literature in digital marketing roots back in the 1970s, wherein, retail banks have strongly utilized the technology to establish branch networks. From here, they added Automatic Teller Machines, call centers in the 1980s, the Internet in the 1990s and currently adding the mobile channel. Bank technology experts have realized electronic distribution makes the best part of the networking and serves to be more alluring to their clients in terms of any forms of bank transactions. Three decades ago, John Reed, the Chief Executive Officer of Citibank utters that "Banking is just bits and bytes." His notion realizes that setting and putting their banking system on the automation clearly states transformation from paper and carbon billing processes to process billions of trillions of bytes of data every day such as Visa (Skinner, 2014). Along the way, more and more banks venture on online marketing and later transform into digital marketing. The birth of various social media platforms has expanded the presence of digital marketing. The increasing broadband speed, internet usage and user expectation with over 76 percent of the world now online and more than 90 percent in many countries based on the Internet World Stats in 2018 (Kingsnort, 2019) signify that digital marketing today is no less than a basic but a necessity in electronic banking and digital marketing. In addition, the market is now amazed at mobiles which pave its way to smart and tablets have stormed the vast scene in marketing which brings changes along with its applications. Touchscreen is collective across all devices. Subsequently, there is Google the gigantic organization which owns search in most countries around the globe.

All of these are just a few from what globalization in the commerce industry could ever challenge to the growing population of local banks here in the country. In digital marketing, every product of a bank can be updated and evaluated whether it maintains to be strong over other competitors. Pricing is the second "P" which requires understanding the elasticity and competitive positioning that angles to consider about how much people can afford or willing to pay for the products or services. The 'willing to pay,' a component demands many factors such as brand value, online reviews, product quality, and others. Through digital marketing, banks can now adopt the fast savings and interest comparison, as well as, the introduction of cashback and voucher sites that can help change the behavior of their clients. Along with this, banks can take advantage of this through affiliate marketing programs. With affiliate marketing, banks can promote products through the third-party website in the altercation for paying commission or free to the website when the action is taken. The third P is the place, where banks secure their perfect location to display their products and services correctly. With the aid of digital marketing, the physical address of the bank would be easier to find through Search Engine Optimization (SEO), paid search and most other digital acquisition channels. Once someone needs to execute banking transactions, it would be easy to navigate and find the information and products that they want on a bank. Then, is the promotion. This is what most people think of when they clearly hear about marketing. This is when people think about the campaign, advertising, the display of banners

across the web page, and below-the-line marketing which is designed to communicate persons or sectors to ensure a more powerful message.

Challenges In Digital Marketing

The concept of digital marketing offers a range of opportunities and challenges in the Philippines. In the written article of Hazel del Rosario-Lee, the Managing Director of Oracle NetSuite Philippines, she looks into the challenges of digital marketing. First, consumers have become flexible to access more than ever before. Second, the clients' journey is the way in which marketing campaign facilitates the consumer's awareness of new products leading them to acquire and utilize it. Third, customers imagine having an improved experience to be unique and consistent to ensure that from product preference to the mode of delivery are worth paying for. Lastly, digital-based marketing should be able to accomplish basic deliverables such as retaining existing customers and increase of sales (Lee- del Rosario, 2019).

In contrary to these challenges are the benefits of the new-age digital market for banking. Basically, the digital era paves the way for the fastest measures in reaching the target audience. The power of social media alone signifies improvements from the usual marketing strategies like snail mail and unread electronic mails. Finding people who most likely to talk about cars, investments, savings, and loans lie on the simple click of the mouse on the web page. The preference of the people for social media over the usual marketing methods like phone and emails to answer concerns is well recognized using these various digital marketing strategies. More and more people prefer to switch their bank preferences these days due to poor customer service, other than related issues on hidden charges. With digital marketing strategies, banks are able to hold back their clients from closing their accounts due to updated services and online reports or the status of their accounts.

The accounts of the digital marketing experts stated above established the Philippines' status on digital marketing. However, it has not divulged the impact of digital marketing here in the Philippines specifically among the local banking corporation. This is why the paper intends to fill the gap to discover the impacts of the digital era in marketing using the available networks, platforms, and technologies.

Trends In Digital Marketing Of Banks

The significant changes in banking systems unceasingly provide a faster marketing function. Today, the banks and other credit union marketers are becoming agile and ready to grip changes provided by the new technologies to new channels and strategies. The transformation of the marketing communication process through technology from the client's perspective has significantly driven growth, loyalty, and profitability. The current trends in digital marketing introduce the notion of personalization. Wherein, machine learning and artificial intelligence are increasingly more efficient data analysis, operating it easier for financial marketers to provide hyperpersonalization to consumers. In relation to this, in order for the digital marketing strategies to sustain, banking corporations hire skilled financial marketers who can precisely work on the marketing technologies present in the establishment. Consequently, there are banks that would opt to use the chatbots that work as a vital component of online customer care and marketing. It basically replaces human customer service representatives who managed predictable inquiries, routine tasks or frequently asked questions. These AIs are programmed to provide a bit more engaging solutions as the logarithms learned from previous results. The advantage of chatbots is that it can be integrated with a website, an application, and even a social media platform. Furthermore, it is capable of gathering user information that can be utilized to better tailor financial marketing strategies. The range of mobile devices today can perform to obtain the financial account of every individual. Banks and credit unions in the future should be adept at how to make use of the advantages of these gadgets so that consumers could be pleased as they are always perceived to the on-the-go users.

Methodology:-

The motive of this study was to grasp the impacts of digital marketing to the commercial bank industries in the Philippines. This study adopted the quantitative research to examine the impact of digital marketing through the collection of quantifiable data in numerical forms (Ragab & Arisha, 2018). Furthermore, this paper has collected data using an adopted survey questionnaire of Banks by Rashmi Sharma (2006). The survey questionnaire was sent through google forms for respondents convenience. The current study employed the systemic random sampling in the identification of the respondents whom were personnel of various commercial banks in the country, however, their identities have to be kept for confidentiality purposes. Data were retrieved through google forms for the researcher to produce generalized findings and used the descriptive analysis to infer from the sample data on the perception of the respondent on the impact of digital marketing.

Results And Discussions:-

Based on the elicited data, respondents revealed that there is an increasing number of clients in each commercial bank each year. Data disclosed that in terms of the number of clients, approximately more than 8,000 clients (41%) opted to deal with different online transactions on their respective bank accounts. Their clients' preference to embrace e-banking started in 2001 through online services using their own websites. Though the presence of technology empowers easy transactions for banking it was found out that this hardly could win to increase the customer base in their banks. It also reflected that 52.9 % or slightly more than half of the respondents revealed that online transactions somehow satisfactorily met to improve customer service in online banking transactions. Respondents revealed that the costs due to the minimal occurrence of system failure which contributes to the anxiety of the clients, digital marketing have just displayed its limits and pitfalls.

In relation to this digital marketing here in the country, it was found to be at its strong status to provide additional services even with equivalent service charges. On the other hand, they agree that their technical customer relation managers have improved on their communication and managerial skills that play an essential role to win the clients' confidence to the services of the company. Though drawbacks exist among the financial firms, they reveal that digital marketing has improved their customer services in terms of ease in financial data retrievals like online inquiry and transfers. Paperless transactions have become an increasing option for companies or individuals who own large accounts. With the advance technology these days, personal information securities have become a huge issue in all banks. Respondents agree that their database and information and communication technology concerns are strongly secured using excellent IT security measures. Now that mobile phones and tablets have become a useful tool to continue the online transaction, each commercial bank continuously maintains information system stability 24/7. Which means no holidays with the day and night system check to avoid ICT system failures. This also ensures continuous business convenience anytime and anywhere.

Data shows that most digital marketing strategies embraced by these commercial banks were employed the various social media marketing, electronic mails marketing, search engine marketing, local search marketing, and local responsive web designs.

Conclusions:-

This study focuses on the impacts of digital marketing of commercial banks here in the Philippines. The presence of modern technology in business, specifically in the banking sector has significantly marked its competitiveness in the global industry. The existence of various social media platforms, attractive web designs, electronic banking transactions, and similar marketing strategies have an enormous impact on the Philippine banking industry. From the elicited data, respondents confirm that the range of digital marketing strategies has exactly contributed to the increase of clients in their financial firms. It also has invited to buy more services with an exchange of convenience while monitoring their investments online. Through digital marketing, respondents revealed that they have expanded their reach to every Filipino anywhere in the globe. Though various challenges were available before the technology, vast options to strengthen their ICT system security have been placed on top of its online banking security.

References:-

1. BSP. (2015). Directory of Banks and Non-Banks. Retrieved from Bangko Sentral ng Pilipinas: <http://www.bsp.gov.ph/banking/directory.asp?paging=next&Start=40&Offset=20&BankName=&Address=&InstitutionTypeID=1&submit=Find&ctr=41&i=20>
2. Charlesworth, S. (2018). Marketing goes digital. In S. Charlesworth, Digital marketing: a practical approach (pp. 26-30). New York, New York, USA: Routledge.
3. FINASTRA. (2017). Digital banking Overview in the Philippines. FINASTRA White Paper. Retrieved from https://www.finastra.com/sites/default/files/documents/2018/03/product-insight_digital-banking-overview-in-the-philippines.pdf
4. Kingsnorth, S. (2019). The foundations of digital marketing. In Digital Marketing strategy: an integrated approach to online marketing (pp. 6-26). New York, New York, USA: CPI Group (UK) Ltd. . Retrieved from <https://books.google.com.ph/books?id=yO2ODwAAQBAJ&printsec=frontcover&dq=digital+marketing&hl=en&sa=X&ved=0ahUKEwjCsqmKxovlAhVIA4gKHe4FAqWQ6AEIMDAB#v=onepage&q=digital%20marketing&f=false>

5. Lee- del Rosario, H. (2019, August 3). Marketing. Retrieved October 7, 2019, from Marketing Master Class: <https://www.marketing-interactive.com/4-challenges-that-the-philippine-digital-marketing-must-overcome-to-mature/>
6. Machiraju, H. (2008). Modern commercial banking. Daryaganj, India: New Age International (P) Limited.
7. Ragab, M. A., & Arisha, A. (2018). Research Methodology in Business: A Starter. ARROW, 5(1), 1-23. doi:doi.org/10.5430/mos.v5n1p1
8. Sharma, R. (2006). Questionnair for Banks. Retrieved from <https://shodhganga.inflibnet.ac.in/bitstream/10603/89802/2/chapter%2011.pdf>
9. Skinner, C. (2014). Digital bank: strategies to launch or become a digital bank. Singapore: Craft Print Internaional, Ltd.