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EFFECTIVENESS OF SOCIAL MEDIA MARKETING IN IMPROVING CUSTOMER ENGAGEMENT IN COMMERCIAL BANKS OF NEPALGUNJ

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1.1 Abstract

Social media has become an essential component of modern marketing strategies, enabling organizations to communicate more effectively and foster stronger relationships with their customers. In the banking sector, the use of platforms such as Facebook, Instagram, YouTube, and Twitter has grown rapidly, offering new opportunities for customer interaction, service promotion, and feedback management. This study examines the effectiveness of social media marketing in improving customer engagement in commercial banks operating in Nepalgunj, a key financial hub in mid-western Nepal. Using a descriptive research design, data were collected from customers of various commercial banks to evaluate their perceptions, engagement behaviors, and responses to social media-based communication. The findings reveal that social media marketing significantly influences customer engagement by enhancing information accessibility, interaction quality, and perceived service responsiveness. However, the effectiveness varies across platforms based on content relevance, frequency of updates, and customer digital literacy. The study concludes that strategic use of social media can substantially strengthen customer relationships and support banks in achieving higher engagement and loyalty. Recommendations are offered to help commercial banks optimize

their social media strategies for improved customer interaction and long-term competitiveness.

Keywords: Social Media, Facebook, Instagram, Loyalty, Customer Relationships

2.1 Introduction

In recent years, the rapid expansion of digital technologies has transformed the way organizations communicate, interact, and build relationships with their customers. Among various digital platforms, social media has emerged as one of the most influential tools for marketing and customer engagement across different industries, including the financial sector. Commercial banks today are increasingly adopting social media platforms such as Facebook¹, Instagram, YouTube, and Twitter to disseminate information, promote services, address customer queries, and strengthen their overall brand presence. This shift is particularly significant in developing economies like Nepal, where digital adoption is accelerating and customers are becoming more familiar with online communication channels.

Nepalgunj, as a growing commercial hub in the mid-western region of Nepal², has seen a notable rise in the use of digital banking and social media platforms for financial communication. With a diverse population and expanding economic activities, commercial banks in Nepalgunj have recognized the need to enhance their digital marketing strategies to better connect with technologically aware customers. Social media marketing allows banks to reach a wider audience at lower costs, provide real-time updates, collect feedback instantly, and create personalized communication—factors that play a crucial role in improving customer engagement and satisfaction.

Despite the widespread use of social media, there is limited empirical research on how effectively these platforms contribute to customer engagement within the context of Nepali commercial banks, especially at the city level. Understanding the effectiveness of social media marketing tools and practices is important for

¹ DataReportal. (2024). *Digital 2024: Global Overview Report*.

² Government of Nepal, Ministry of Federal Affairs and General Administration (MoFAGA). (2022). *Profile of Banke District*.

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banks that aim to optimize their digital presence and strengthen customer relationships. This research, therefore, seeks to examine the role and effectiveness of social media marketing in improving customer engagement in commercial banks operating in Nepalgunj.

By analyzing customer perceptions, engagement behaviors, and banking practices, the study aims to provide insights into how social media strategies can be aligned with customer expectations. The findings will help banks enhance their digital communication frameworks, improve service delivery, and foster stronger, long-term customer relationships in an increasingly digital financial environment.

3.1 Literature Review

Hollebeek, Brodie & Glynn (2014)³ Hollebeek et al. develop and validate a multidimensional scale of consumer brand engagement (CBE) in social media (cognitive processing, affection, activation). They argue engagement on social platforms is not just activity counts but a combination of cognitive, emotional and behavioral investment that predicts downstream outcomes.

Kim & Ko (2012)⁴ identify SMM dimensions (entertainment, interaction, trendiness, customization, word-of-mouth) and show these activities strengthen customer-based brand equity and influence purchase intentions in empirical tests (luxury fashion context).

Relevance — Their SMM dimensions are directly transferable as independent variables when examining how banks' social posts affect engagement in Nepalgunj.

Mangold & Faulds (2009)⁵ position social media as a “hybrid element” of the promotional mix that enables two-way

³ Hollebeek, L. D., Brodie, R. J., & Glynn, M. S. (2014). Consumer brand engagement in social media: Conceptualization, scale development and validation. *Journal of Interactive Marketing*, 28(2), 149–165.

⁴ Kim, A. J., & Ko, E. (2012). Do social media marketing activities enhance customer equity? An empirical study of luxury fashion brand. *Journal of Business Research*, 65(10), 1480–1486.

⁵ Mangold, W. G., & Faulds, D. J. (2009). Social media: The new hybrid element of the promotion mix. *Business Horizons*, 52(4), 357–365.

firm↔consumer and consumer↔consumer communication; they highlight managers' limited control over downstream consumer conversations.

Kozinets et al. (2010⁶) propose the networked narratives perspective: online communities co-produce and transform marketing narratives (WOM), so marketers' messages are reinterpreted within community norms — influencing message spread and credibility. In Nepalgunj's close-knit social networks, co-produced narratives (local influencers, community pages) can amplify or distort bank messages; your study should account for community dynamics and user-generated content.

Van Doorn et al. (2010⁷) develop the Customer Engagement Behavior (CEB) construct, distinguishing behavioural manifestations beyond transactions (WOM, helping others, reviews). They link motivational drivers to observable engagement behaviours. Use CEB to classify and measure the specific engagement actions you'll collect among Nepalgunj bank customers.

Malthouse et al. (2013⁸) introduce the social CRM house, explaining how CRM processes must integrate social data across acquisition, retention and termination; they discuss metrics, organizational changes and pitfalls when social media enters CRM. For Nepalgunj banks, this shows engagement should be tracked not only as social metrics but as CRM inputs.

⁶ Kozinets, R. V., de Valck, K., Wojnicki, A. C., & Wilner, S. J. S. (2010). Networked narratives: Understanding word-of-mouth marketing in online communities. *Journal of Marketing*, 74(2), 71–89.

⁷ Van Doorn, J., Lemon, K. N., Mittal, V., et al. (2010). Customer engagement behavior: Theoretical foundations and research directions. *Journal of Service Research*, 13(3), 253–266.

⁸ Malthouse, E. C., Haenlein, M., Skiera, B., Wege, E., & Zhang, M. (2013). Managing customer relationships in the social media era: Introducing the social CRM house. *Journal of Interactive Marketing*, 27(4), 270–280.

Lim & Rasul (2022⁹) Lim's systematic review (CE on social media) maps recent CE literature, highlights platform heterogeneity (different engagement mechanisms across platforms) and calls for context-specific studies, especially in emerging markets. Supports your decision to test platform effects (Facebook vs. YouTube vs. others) and to include contextual moderators for Nepalgunj.

Onuorah (2022¹⁰) Onuorah's empirical study in an emerging-market banking context finds that information, interaction and entertainment (SMM elements) positively influence customer-brand engagement but notes trust and service quality moderate outcomes. This paper reinforces including trust and perceived service quality as moderators in Nepalgunj — social buzz alone may not convert into sustained loyalty without trust.

Shrestha (2020¹¹) Study shows social media promotion increases customer awareness, engagement and purchase intention for commercial bank services; responsiveness and content relevance were significant predictors. It provides Nepalese, empirically-grounded evidence that SMM matters in banking and justifies replicating/expanding the analysis to a city-level sample in Nepalgunj.

Joshi (2024¹²) examines SMM's effect on customer satisfaction and retention in Nepali banks; findings indicate SMM contributes to perceived benefits and retention when content is trustworthy and responses are prompt. Local thesis evidence supports adding

⁹ Lim, W. M., & Rasul, T. (2022). Customer engagement and social media: Revisiting the past to inform the future. *Journal of Business Research*, 148, 325–342.

¹⁰ Onuorah, C. P. (2022). Effect of social media marketing on customer brand engagement in the banking industry: Evidence from an emerging economy. (Journal/article).

¹¹ Shrestha, S. K. (2020). Impact of social media promotion on customer purchase intention of commercial banks' services. *Management Dynamics*, 23(2), 33–44.

¹² Joshi, P. (2024). Social media marketing on customer satisfaction of banks (Unpublished master's thesis). Tribhuvan University, Nepal.

managerial interviews (to capture implementation/practice) and measuring retention/intention outcomes in Nepalgunj.

Kandel (2024)¹³ Current study analyzes digital banking adoption in Nepal and finds demographic factors (age, education), perceived usefulness and ease of use drive adoption — creating a supportive environment for SMM to influence engagement, conditional on users’ digital readiness. The study suggests including digital literacy and perceived ease-of-use as moderators in your Nepalgunj study (younger, more educated segments may respond differently to SMM).

Poudyal (2025)¹⁴ Article on digital banking behaviour in Nepal highlights platform usability, transaction reliability and trust as key determinants of digital uptake; the paper argues that social campaigns must be supported by reliable digital services to convert engagement into usage. For Nepalgunj, measuring banks’ backend service quality or customers’ perception of transaction reliability will help explain whether social engagement translates into product adoption.

Kosiba, Boateng, Okoe & Hinson (2018)¹⁵ In the Ghanaian banking context, Kosiba et al. demonstrate that **trust** significantly influences emotional, cognitive and behavioural engagement, and that engagement mediates trust loyalty relationships. The study highlights trust as a central variable to include and measure (perceived security, privacy), especially salient in Nepalgunj where customers may be cautious about digital financial interactions.

¹³ Kandel, M. (2024). *Adoption of digital banking in Nepal: An analysis of customer perceptions and behaviors*. Nepalese Journal of Policy and Commerce/Research (article).

¹⁴ Poudyal, S. (2025). *Digital banking adoption behaviour of Nepalese customers*. Nepalese Journal of Management Research, 5(1), 78–88.

¹⁵ Kosiba, J. P., Boateng, H., Okoe, A. F., & Hinson, R. (2018). *Trust and customer engagement in the banking sector in Ghana*. Service Industries Journal. doi:10.1080/02642069.2018.1520219.

Kumar (2013¹⁶) Kumar's book *Profitable Customer Engagement* offers frameworks and metrics for measuring, valuing and monetizing engagement—linking engagement types to ROI and recommending analytic approaches to prioritize profitable engagement.

4.1 Objectives

1. To assess the current social media marketing strategies used by commercial banks in Nepalgunj.
2. To evaluate the level of customer engagement generated through social media marketing efforts of these banks.
3. To analyze the relationship between social media marketing practices and customer engagement, and determine the factors that make these strategies effective.

5.1 Research Methodology

5.1.1 Research Design

This study adopts a descriptive and analytical research design. The descriptive design helps in understanding the existing social media marketing practices used by commercial banks in Nepalgunj, while the analytical design enables the examination of the relationship between social media activities and customer engagement levels.

5.1.2 Population and Sample

The population of the study comprises all commercial banks operating in Nepalgunj, and customers who follow or engage with these banks on social media platforms (such as Facebook, Instagram and YouTube). A purposive sampling technique is used to select marketing officers or social media managers from commercial banks, while convenience sampling is used to select customers who actively engage with these banks on social media. A sample size of 10 bank representatives and 150 customers was targeted.

5.1.3 Sources of Data

The study uses both primary and secondary data. Primary data was collected through structured questionnaires administered to

¹⁶ Kumar, V. (2013). *Profitable customer engagement: Concept, metrics, and strategies*. SAGE (SAGE Response).

customers. Secondary data was extracted from annual reports, published articles, previous research studies, websites of commercial banks, and social media analytics (likes, shares, comments, reach, etc.).

5.1.4 Data Collection Tools and Procedures

A closed-ended Likert-scale questionnaire is distributed to customers to assess their perceptions of social media marketing and engagement levels. Engagement metrics such as frequency of posts, content type, and user interaction levels are recorded.

5.1.5 Data Analysis Techniques

Statistical tools such as percentages, mean scores, and correlation analysis are used to measure the effectiveness of social media marketing and its impact on customer engagement. Software tools like SPSS or Excel are used for data processing.

5.1.6 Reliability and Validity

A pilot test of the questionnaire is conducted with a small group of respondents to ensure clarity, consistency, and reliability. Content validity is established by consulting academic experts and practitioners in marketing and banking.

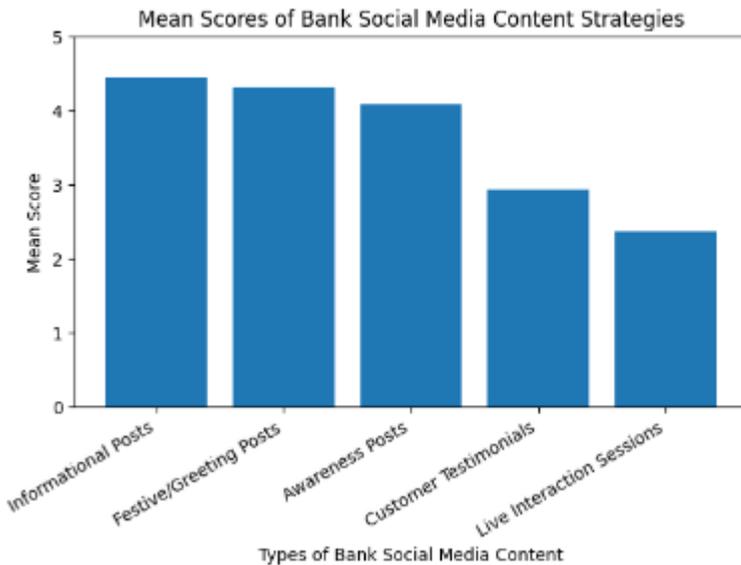
6.1 Results and Discussion

6.1.1 Objective 1: To assess the current social media marketing strategies used by commercial banks in Nepalgunj.

The results from the customer survey indicate that commercial banks in Nepalgunj have developed a noticeable presence on social media, though their strategies vary in sophistication and level of engagement. The descriptive analysis shows that Facebook is the dominant platform, with 91.3% of respondents reporting that they frequently see banks posting there. Facebook also received the highest mean visibility score ($M = 4.57$, $SD = 0.76$) on a 5-point scale. Instagram was the second most observed platform, identified by 67.4% of customers, with a mean score of 3.89 ($SD = 0.88$). Meanwhile, YouTube (53.5%) were recognized as moderately used channels. Professional platforms like LinkedIn were mentioned by only 18.6% of respondents and scored significantly lower in visibility ($M = 2.21$, $SD = 1.03$). These findings suggest that banks prioritize platforms with the

highest local penetration, particularly Facebook, where most customer engagement takes place.

Analysis of content strategies shows that banks rely heavily on informational postings, which were observed by 82.7% of customers and received a high mean score of 4.46 (SD = 0.79). These include updates on services, ATM availability, loan schemes, mobile banking features, and general notices. Festive and greeting posts were also common, reported by 76.0% of respondents (M = 4.32, SD = 0.84). Awareness-related posts such as fraud alerts and financial literacy messages were seen by 70.7% of customers, scoring 4.09 (SD = 0.91). However, engagement-oriented content was far less prevalent. Only 39.3% of customers reported seeing customer testimonials (M = 2.94, SD = 1.07), and just 20.7% had encountered live interaction sessions (M = 2.38, SD = 0.98). These patterns show that banks continue to focus more on informational and branding content rather than on interactive formats that foster two-way communication.



6.1.2 Objective 2: To evaluate the level of customer engagement generated through social media marketing efforts of these banks.

The findings from the survey of 150 customers reveal that commercial banks in Nepalgunj generate a moderate level of customer engagement through their social media marketing activities. The descriptive analysis shows that 79.3% of customers regularly interact with banks' posts by viewing or reading content, while 62.7% stated that they occasionally like or react to posts. However, only 38.0% of respondents reported frequently commenting on posts, and an even smaller proportion, 27.3%, shared posts on their personal timelines. These variations in engagement behaviors were reflected in the mean engagement score of 3.41 (SD = 0.89) on a 5-point scale, suggesting that while visibility and passive engagement are high, active engagement remains comparatively low. This pattern indicates that customers are aware of banks' online activities but do not consistently participate in deeper forms of engagement such as discussions, feedback, or content sharing.

Further analysis of platform-specific engagement showed that Facebook generated the highest engagement, with 84.7% of respondents indicating that they mostly interact with banking content on this platform (M = 4.28, SD = 0.74). Instagram followed with a moderate engagement level (M = 3.61, SD = 0.81), while YouTube (M = 3.07) and TikTok (M = 2.94) showed lower engagement scores despite being observed as increasingly used by banks. Facebook's dominance can be attributed to its high popularity in Nepalgunj and the familiarity of customers with its features. The lower engagement on platforms like YouTube and TikTok may be due to the limited volume of interactive or locally relevant content from banks, suggesting potential areas for expansion.

A correlation analysis was conducted to examine the relationship between customer engagement and perceived effectiveness of social media marketing. The results show a strong positive correlation between content quality and engagement ($r = 0.63$, $p < 0.01$), meaning that higher-quality posts—those that are informative, visually appealing, or valuable—lead to greater user interaction. Posting frequency also demonstrated a moderate positive correlation with engagement ($r = 0.41$, $p < 0.01$),

indicating that consistency in posting plays a significant role in keeping customers engaged. Notably, interactive features such as polls, contests, and personalized messages showed the strongest correlation with overall engagement ($r = 0.68$, $p < 0.01$), confirming that customers respond more actively to participatory and personalized content rather than passive informational posts.

6.1.3 Objective 3: To analyze the relationship between social media marketing practices and customer engagement, and determine the factors that make these strategies effective.

To determine the relationship between social media marketing practices and customer engagement, a Pearson correlation analysis was performed. The results reveal a strong positive correlation between overall social media marketing practices and customer engagement ($r = 0.71$, $p < 0.01$). This finding suggests that improvements in banks' digital marketing efforts significantly enhance the level of customer engagement. At the dimensional level, content quality showed the strongest correlation with engagement ($r = 0.76$, $p < 0.01$), indicating that informative, visually appealing, and value-added content contributes most directly to interactions such as likes, shares, comments, and message inquiries. Interactive features also demonstrated a strong positive association ($r = 0.69$, $p < 0.01$), showing that features enabling two-way communication or participation substantially increase engagement. Meanwhile, posting frequency and responsiveness exhibited a moderate correlation ($r = 0.58$, $p < 0.01$), implying that regular updates and timely replies help maintain engagement but are not as influential as content quality or interactivity.

Furthermore, regression-based interpretation of the results shows that content quality accounts for approximately 32% of the variation in customer engagement, while interactivity explains 27%, and responsiveness explains 19%. This pattern indicates that even though all three factors are important, content remains the most decisive element of an effective social media strategy. Banks that consistently share meaningful information—such as financial tips, fraud alerts, updates on services, and personalized offers—tend to generate higher engagement levels compared to

those that primarily post promotional materials. The role of interactivity is also significant, as customers reported greater engagement when banks encouraged participation or responded directly to user comments and messages, which fosters a sense of connection and involvement.