

A Study on Investment and Return on Investment (ROI) on Social Media by Public Sector and Private Sector Banks in India

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ABSTRACT

In this digital era different strategies are adopted by the companies to market their products through different digital marketing channels like social media, Video marketing, social messaging apps, etc. As per their product requirement and population they choose one or more multimedia platforms for marketing their products. These digital marketing trends are very popular among the people and their number is increasing day-by-day. Looking at these popular means of marketing techniques banks are also no way behind from their counterparts in using social media to reach out to their customers and conduct business. This paper is an attempt to know about the use of social media techniques by two biggest banks of the country SBI (public sector) and ICICI (private sector) to reach out to their customers for their products and services. The paper tries to find out the investment made by these banks on social media and Return on Investment (ROI) of these two banks and its impact on Net income of the banks. The findings of this research will help other public and private sector banks to adopt social media strategies for their business growth and development.

Keywords: Digital marketing, Multimedia platform, Return on Investment, Social media techniques.

INTRODUCTION:

In August 2014, Government of India launched 'Digital India' campaign to make sure that government services are available to the citizens of the country electronically through internet connectivity. To be a part of this initiative the banks are also focusing on the same platform to reach out to their existing customers to enhance their services to them and for business development purposes.

India being a highly populated country it is not possible to make all services available to everyone everywhere, but digital media has solved this problem and made this possible through broadband. The country is becoming a learned based economy with just a click of mouse to connect with each other digitally or electronically. With the use of this media it has also become easy for all the banks of the country to connect with the people and provide them with 24 hours services.

One of the major advantages of digital marketing media is reduction in paper work. The banks are trying to make themselves available through electronically by connecting villages and rural areas using internet networks. Social media is helping these banks to make people aware of their various new products and schemes. India has a very huge scope for social banking due to its increasing customers on social media.

Social media users in India:

Since the dawn of the internet in the late 90's, India has also become a part of the digital world over 460 million users online in 2018 alone. It all started with Google and expanded to digital universe to social networking giants' Facebook, Twitter and others becoming a part of everyday life.

Table No 1: Number of social network users in India from 2014-2023

Year	Number of users (in Millions)
2014	106
2015	142.23
2016	168.1
2017	296.3
2018	326.1
2019	351.4
2020*	376.1
2021*	400.3
2022*	422.7
2023*	447.9

Source: statista.com * Approximate Figures estimated for the years.

The number in the above table shows the social network users in India from 2014 to 2019 and approximate figure for next four years i.e., 2020 – 2023. These figures are continuously increasing every year indicating the increase in numbers of social media users in the country. As per the recent data the active internet users are 462 million as compared to global total of 3.63 billion. Internet usage is increasing at a rate of 90% in India while the global average is just 19%. There are 430.3 million active mobile internet, 250 million active social media users and 230 million active mobile social media users. It is estimated that the number of social network users will increase in India by 376.1 million in 2020 and 447.9 million in 2023.

The statistics shows that in India the number of social media users is continuously increasing. As per the April 2019 data there are 88.51% Facebook users, 2.98% people watch YouTube, 1.55% people are on twitter, 0.145 in LinkedIn, 2.55% in instagram and 4.11% on Pinterest. India is leading in Facebook social media network as compared to their counterparts in the world.¹

Table No 2: Social Media Market Share in India for Last Five Years (in %)

	2014	2015	2016	2017	2018	2019
Facebook	80.06	95.44	95.84	96.27	83.49	87.62
Twitter	4.02	1.48	1.57	1.22	1.34	1.76
Youtube	7.42	-	-	-	9.7	3.25
Tumblr	2.81	0.59	-	-	-	-
Pinterest	1.51	0.8	0.84	1.54	2.43	4.26
Google	0.7	0.66	0.55	-	0.14	0.04
LinkedIn	-	-	0.02	0.06	0.11	0.13
Instagram	-	-	-	0.87	1.7	2.82
Other	3.48	1.03	1.18	0.04	1.2	0.12

Source: Statista.com * 2019 has approx. and estimated figure

Table- 2 gives a clear picture of different social media channels used by Indians and their market share in percentages. Facebook has the major control with very wide users range

¹Source: social media stats.com

with almost 90% and above market share on social media platform as compared to other media in the country.

About State Bank of India (SBI) and Industrial Credit and Investment Corporation of India (ICICI):

State bank of India (SBI) is the biggest and oldest government owned commercial bank of the country. The bank offers a wide range of products through their effective networks not only in India but outside the country also. The bank has over 550 million customers' and more than 750 million accounts operating through 25,000 branches, 57,000+ ATMs and 5,00,000 PoS machines as per 2018 data. The bank is accountable for one-fifth of the loans of India. It accounts for 30% of the Indian debit card market, 40 million customers' use SBI internet banking and 30 million uses mobile banking services of SBI. SBI is at the 45th position from the balance sheet perspective among the global bank as per 2018 data.

ICICI is the largest private sector bank in India by consolidated assets of Rs 11,242.81billion (US\$172.5 billion) as on 31st March, 2018. It is one of the top commercial bank of India with wide range of products and services. It has a network of 4867 branches and 14,367 ATMs across India. ICICI offers various banking facilities like; internet banking, tele banking and mobile banking along with investment banking, venture capital, asset management and life and non-life insurance. The bank spreads its wings in 18 countries across the world including UK, Canada, Russia and others. ICICI bank launched internet banking operations in 1998. ICICI bank has two social media banking channels – Pockets for Facebook and icici bank pay for twitter.

The banks are leveraging social media conveniently to have a dialogue with their customers, taking care of their grievances and needs , giving them financial advice, etc. and their customers are using their social media networks to perform various banking operations.

RESEARCH OBJECTIVES:

- To study the comparison on the use of social media by SBI & ICICI Bank
- To study the Investment and Return on Investment (ROI) on social media of the banks.
- The impact of social media on the Net Income of the Banks.

Hypothesis:

H0: Use of Social media by the banks has no impact on the Net income of the banks.

H1: Use of Social Media by the banks has positive impact on the Net Income of the Banks.

Scope of the study:

The study is restricted to two biggest banks of the country SBI (Public Sector bank) and ICICI (Private Sector bank). The present study is undertaken to highlight the social media strategies adopted by SBI and ICICI bank. A comparative study is done on the total investment made by these two biggest banks of the country in social media and their ROI. Both the banks have wide range of products and services and operate in international level too. In India, these two banks are named as Domestic- Systematically Important Banks (D-SIBs).

Research Sample and data Collection:

The data for the paper is collected for last 5 years i.e. from 2014 to 2018 from the secondary sources like; published annual reports of both the banks for the study period, banks websites, journals, magazines, etc. The period of study is sufficient to find out the investment made by these two banks in social media and their ROI.

RESEARCH METHODOLOGY:

The study is descriptive in nature. The tools used to find out the Investment and Return on investment on social media is by using the social media ROI formula for the banks. There are many social media tools used but in this study only three major social media tools used by the banks are taken; they are Facebook likes, Twitter followers and you tube views. To find the relationship between variables correlation and regression analysis is done. Average and percent are also used to make the comparison of both the bank.

LIMITATIONS:

- The banks undertaken for the study has no direct investment on social media so the investment budget is used for the study are advertisement and publicity of both the banks.
- There is no special staff handling the social media of both the banks and their marketing & IT team takes care of the social media. So it was difficult to find out number of hours spent by the staff on social media.

LITERATURE REVIEW:

There is a tremendous growth of social media for the banking sector to launch their products. The banking sector has increased their marketing and social media budget to face competition. The impact of digital marketing on Indian Rural banking system is changing the attitude of the customers (Surabhi, 2016). The customers' experience and perception of banking services and attitude is the influencing source towards the banking behavior. (Silvia, 2017) talked about social media banking models implementation in banking sector as a part of the top IT trends of the technology world and found that Banks are active on social media platforms and valuing this media not only as a means to reach out to customers but also to conduct business. (Rahman, 2017) focused on use of social media by the banks to appraise customers' suggestions and complaints. Banks can also use social media platforms to advertise the important information related to customers. All leading financial brands are now using Digital marketing to win customers and increasingly investing in digital advertising that can support more personalized messaging. (H., B.B.2018) explained the role and impact of social media on banking industry and how government is taking initiative to bring technological advancement in the banking sector in India. The social media is a fundamental trend in both social and economic life of modern society and how banks in Bulgaria are actively using different types of social media tool (Silvia, 2019). A study by (Sidorova, 2016) focused on measuring the contribution generated by social media when used for business purposes, distinguishing between metrics and methods for data collection and analysis. A performance measurement system (PMS) framework to monitor social media is theoretically derived. Return on Investment (ROI) has become the Holy Grail of social media and new ROI calculators are being created for social networking sites (Tia, 2009). The investment size and ROI appear to be related to entrepreneurial behavior (Gilinsky, Armand, 2010). A comparison of parameters governing social media ROI at an enterprise level and at the level of non-profit institution was done by (Lloret N. 2011).

What is social media return on Investment (ROI)?

The social media ROI is the sum of all social media actions that create value. The organizations' put in the time, money and resources and are interested in knowing ROI for the same. The social media strategies depend on the organization's objectives (brand awareness, Revenue, customer satisfaction, etc.). Social media ROI by revenue is calculated as:

$$\text{Social media ROI by Revenue} = \frac{\text{Revenue}}{\text{Investment (people hours, ad budget, etc)}} \times 100$$

It is not possible for all the organizations to attribute revenue directly to social media or measure its value in Rupees or dollars. In such cases to measure the success metrics like audience reach and engagements are used and not profit. So, the formula used is:

$$\text{ROI (\%)} = \frac{\text{"Profit" (In this case website visits via social media)}}{\text{Total investment (people hours, advt. budget, etc.)}} \times 100$$

Social media ROI is measured for the following reasons:

- It helps in changing the perception of the people.
- It shows the impact of social media in marketing and in other areas too.
- With the help of social media ROI, any organization can see how effectively the efforts and resources are used and when they are being wasted so that decision can be made as per the need.
- Helps in understanding the audience (what they care about, what they respond to, etc.)

DATA ANALYSIS:

Table No 3: Social media Score for the two banks SBI and ICICI

Banks	Area	Facebook Likes		Twitter Followers		You Tube Views	
		2014	2018	2014	2018	2014	2018
SBI	India	3,73,200	1,78,08,838	18,000	37,08,505	1,19,440	21,54,76,437
ICICI	India	31,00,000	55,33,236	16,800	4,77,855	17,20,243	15,29,02,649

Source: websites of the banks

The table shows a comparative score of the two banks in using their social media tools. The facebook likes of SBI has tremendously increased in 2018 as compared to ICICI bank which is showing a growth from 31,00,000 to 56,33,236 (81.71%) respectively. SBI has more number of twitter followers then ICICI bank. In you tube views ICICI was having more viewer in 2014 but in 2018 it is the SBI's YouTube viewers which are more in numbers. The data is clear indication of more customers of SBI using social media then ICICI bank.

Table No 4: Mobile banking & other technology Based services in 2017-18

Market share (in%) 2017-18		
	No. of transactions	Value of transactions
SBI Bank	19.5	16.84
ICICI Bank	9.73	17.1

Source: Annual Reports of the banks

The above table shows the market share of the two banks in mobile banking and other technology based banking services in number of transactions and value of transactions. The no. of transactions is more with SBI bank just double of ICICI bank's. transactions i.e., 19.5 % as compared to ICICI bank's 9.73% showing that the SBI bank customers frequently using and transacting by the innovative banking services compared to the ICICI banks', but the Value of transactions is more of ICICI bank (17.1%) then SBI's (16.84) showing a minor difference.

Table No 5: Total expenditure on advertisement and publicity of the two banks (Rs in Cr)

	2018		2017		2016		2015		2014	
	SBI	ICICI	SBI	ICICI	SBI	ICICI	SBI	ICICI	SBI	ICICI
Advertisement and publicity	1997	1704	600	1395	610	1145	796	953	609	758
Direct marketing agency expenses	NA	1304	NA	1108	NA	934		792	NA	575
Total operating Expenses	96154	15704	87290	14755	73717	12684	73848	11496	63369	10309

Source: Annual reports of the banks

The above table no.-5 is the expenditures made by the two banks. The banks have no direct investment on social media and it is the investment made by them on advertisement and publicity which includes social media too for both the banks. The ICICI bank also incurs direct marketing agency expenses which are not there in case of the SBI bank.

Table No 6: The percent of advertisement and publicity on total operating expenses of the banks (in %)

	2018		2017		2016		2015		2014	
	SBI	ICICI	SBI	ICICI	SBI	ICICI	SBI	ICICI	SBI	ICICI
Advertisement and Publicity	2.07	2.55	0.68	1.95	0.82	1.66	1.07	1.40	0.96	1.77
Direct marketing agency expenses	-	8.3	-	7.50	-	7.36	-	6.88	-	5.58
Total	2.07	10.85	0.68	9.45	0.82	9.02	1.07	8.28	0.96	7.35

Source: As per author’s calculation

The above table no-6 is the contribution of advertisement and Publicity and Direct marketing agency expenses on the total operating expenses of the banks. The figures show that it is very less for both the banks and they need to spend more on this as advertisement and publicity has become very important part of the business to make people aware of your business, products, brands etc. There is no separate amount spent on social media for both these banks. ICICI banks are also paying to the marketing agencies but this cost is not incurred by the SBI.

The investment in social media is investment of People hour working on social media, investment budget in advertisement and publicity, etc. In this study the budget of both the banks in Advertisement & Publicity is taken for calculation of ROI. The ICICI bank also invests in direct marketing agency services so the amount of both (Advertisement & Publicity + Direct marketing agency expenses) are added to calculate ROI which is not there in case of SBI bank. SBI banks’ investment is only on Advertisement and Publicity.

Table 7: Social media ROI as per Revenue

		Revenue (PAT) (Rs in Crores)	Advertisement & Publicity (Rs in crores)	ROI in %
2014	SBI	10891	609	17.88
	ICICI	9810.48	758	12.94
2015	SBI	13102	796	16.46
	ICICI	11175.35	953	11.73
2016	SBI	9951	609	16.34
	ICICI	9726.29	1145	8.49
2017	SBI	10484	600	17.47
	ICICI	9801.09	1395	7.03
2018	SBI	-6547	1997	-3.28
	ICICI	6777.42	1704	3.98

Source: As per Author’s calculation

The table shows the ROI as per revenue generated by the banks in last 5 years. The ratio is an indicator that higher the ratio, the greater the benefit earned. The ROI was high for both the banks but it was declining during the study period and in 2018 it is negative for SBI due to the negative revenue during that year. SBI and ICICI have made good investment in advertisement and publicity to reach to more and more customers and make them aware about their products and brand.

Table 8: ROI as per Facebook Likes

		Facebook Likes	Advertisement & Publicity (Rs in lakh)	ROI in %
2014	SBI	373200	6096	61.22
	ICICI	3100000	7589	408.49
2018	SBI	17808838	19975	891.56
	ICICI	5533236	17049	324.55

Source: As per author’s calculation

The Facebook likes of SBI bank has increased tremendously from 2014 to 2018 with an increase in ROI from 6.12% in 2014 to 89.15% in 2018. The number of Facebook users for ICICI is also showing an increase but the ROI is declining from 40.84% in 2014 to 32.45% in 2018 an indication that SBI customers are using more Facebook than the ICICI banks’ customers.

Table 9: ROI as per twitter followers

		Twitter followers	Advertisement & Publicity (Rs in lakh)	ROI in %
2014	SBI	18000	6096	2.95
	ICICI	16800	7589	2.21
2018	SBI	3708505	19975	185.66
	ICICI	477855	17049	28.03

Source: As per author’s calculation

The above table-9 is ROI as per twitter which was low in 2014 has increased in 2018 with 18.56%for SBI and 2.80 % for ICICI bank. The SBI has more twitter followers than ICICI bank but the investment made by both the banks is almost same.

Table 10: ROI as per you tube views

		Youtube Views	Advertisement & Publicity (Rs in lakh)	ROI in %
2014	SBI	119440	6096	19.59
	ICICI	1720243	7589	226.68
2018	SBI	215476437	19975	10786.77
	ICICI	152902649	17049	8968.42

Source: As per author’s calculation

The above table gives a clear picture of the increasing number of you tube viewer in the country which is very high. This number is increasing with 265 million mobile subscribers every month. The data shows that in last five year the number has increased for both the banks but it is higher in ROI with SBI the oldest bank of the county. Regression analysis shows that the P-value is greater than 0.05 significance level in both the cases indicating insufficient evidence in the sample. It cannot be concluded that a non-zero correlation exists between the variables due to lack of data available for the study.

Correlation between Net Income and Advertisement and Publicity expenses of the Banks is clear indication that it is negative correlation between the Net income and Advertisement and Publicity expenses of the SBI and ICICI bank. So, the null hypothesis H0 is accepted and alternate hypothesis H1 is rejected.

FINDINGS AND CONCLUSION:

The two pillars of the banking industry in India SBI and ICICI has shown tremendous growth in implementation and use of social media during the study period. Facebook and twitter are the two major platforms used by them to interact with the people for information and solving their queries. The ROI calculated on social media platform shows that SBI customers are more involved in social media then ICICI bank and in all the three social media tools used for the study show that SBI has high customer base on social media. Video are also very popular among the people of the country and its usage is increasing by 265 lakh subscribers per month.

The banks need to update themselves with the changing social media content, strategies and channels to connect with the customers effectively and cater their needs by offering real-time banking and other facilities. Social media ROI gives them the valuable insights of the advertisements and campaigns used by them in past and present and helps in preparing for the future. They need to invest funds for social media separately as this is becoming a very important tool for dealing with the customers and getting their feedback regarding services and products.

The study shows that there is no impact on the Net income of the banks due to social media on the banks. There is negative correlation between the variables selected for the study.

SUGGESTIONS:

- Both the banks SBI and ICICI need to make a separate fund investment for social media marketing which is not there during the study period.
- The banks need to appoint full time dedicated employees on social media to take care of social media activities and deal with the queries of the customers.
- As social media is 24X7 works and need to handle anytime from anywhere the banks should have some extra benefits for the employees who are handling social media platform and dealing with the customers queries.

RECOMMENDATIONS FOR FUTURE RESEARCHERS:

- The study is restricted to SBI and ICICI banks and researchers can do more research by taking other public sector or private sector banks.
- The comparative study can be done on various banks by taking other variables of social media.

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