A LITERATURE REVIEW STUDY ON PHYGITAL (PHYSICAL+DIGITAL) MARKETING PRACTICES RELATED TO RETAIL CREDIT GROWTH IN PUBLIC SECTOR BANKS

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ABSTRACT
The article is about a study of literature which looks into the act of marketing in physical and digital form. It explores how technology has had an impact on retail credit growth in public sector banks. The main objective of this article is to provide an insight on Phygital marketing practices related to retail credit growth in public sector banks, by conducting a systematic review of literature. The review of literature is based on a definition of Phygital marketing practices related to retail credit growth in public sector banks. Phygital marketing practices have been shown to have a positive impact on retail credit growth in public sector banks. The use of digital channels has made it easier for banks to reach a wider audience, resulting in increased customer acquisition. The convenience of digital channels has also led to higher customer retention rates. The integration of physical branches with digital channels has provided customers with a personalized banking experience, resulting in higher customer satisfaction levels.
Keywords: Phygital Marketing, Retail Credit Growth, Public Sector Banks, Digital Channels, Physical Branches, Customer Satisfaction.

Introduction

The rapid advancement of technology has brought about a major shift in the way businesses operate. The integration of physical and digital elements to enhance customer experience has given rise to the concept of Phygital marketing. In the banking industry, Phygital marketing practices have gained significant attention as banks strive to attract and retain customers, improve customer engagement, and boost growth. This literature review aims to explore the use of Phygital marketing practices in public sector banks to drive retail credit growth. The review will provide an overview of the current state of Phygital marketing practices and their impact on retail credit growth. The review will also highlight the key drivers and challenges associated with the adoption of these practices.

Phygital marketing practices involve the integration of physical and digital elements to create a seamless customer experience. In the banking industry, these practices include the use of digital channels such as mobile apps, online banking, and social media, along with physical branches and ATMs. The aim is to provide customers with a seamless banking experience by combining the convenience of digital channels with the personalized services offered by physical branches.

Phygital marketing practices have been shown to have a positive impact on retail credit growth in public sector banks. The use of digital channels has made it easier for banks to reach a wider audience, resulting in increased customer acquisition. The convenience of digital channels has also led to higher customer retention rates. The integration of physical branches with digital channels has provided customers with a personalized banking experience, resulting in higher customer satisfaction levels.

The adoption of phygital marketing practices in public sector banks is driven by several factors. One of the key drivers is the increasing demand for personalized banking services. Customers today expect a seamless banking experience that combines the convenience of digital channels with the personalized services offered by physical branches. Another driver is the increasing competition in the banking industry. With the entry of new players such as fintech startups, public sector banks are under pressure to adopt innovative marketing practices to attract and retain customers. However, the adoption of phygital marketing practices is not without its challenges. One of the key challenges is the need for significant investment in technology and infrastructure. Public sector banks must invest in digital channels and upgrade their physical branches to provide a seamless banking experience. Another challenge is the need to address security concerns associated with digital channels. Public sector banks must ensure that their digital channels are secure and protected against cyber threats.

Phygital marketing practices have become increasingly important in the banking industry as public sector banks strive to attract and retain customers and drive retail credit growth. The integration of physical and digital elements has provided customers with a seamless banking experience, resulting in higher customer satisfaction levels. While the adoption of these practices is not without its challenges, the benefits are clear. As the banking industry continues to evolve, public sector banks must continue to invest in phygital marketing practices to stay competitive and meet the evolving needs of their customers.

Retail credit growth refers to the increase in the number of customers taking out loans for personal use. In Public Sector Banks, retail credit growth is seen as an important driver of revenue growth, as it represents a significant portion of the banks' lending portfolios. According to a study by Roy et al. (2019), Public Sector Banks in India have seen a significant increase in retail credit growth in recent years, with many banks adopting Phygital Marketing practices to support this growth.

Objectives of the study

1. To perform a review of literature on the impact of phygital marketing practices.
2. Through the review of literature, assess the impact of phygital marketing on retail credit growth in public sector banks.
3. To analyse the gaps in the current literature and gain new insights about the research topic from previous studies.

Review of Literature

Impact of phygital marketing practices

Bora, Shah (2016) have discussed the concept of phygital marketing and its impact on customer experience. The authors have stated that phygital marketing is a dynamic process of integrating physical and digital in a way which adds value for the customers across all channels of interaction. The findings of the study suggest that Phygital marketing can be used to create a customer-centric marketing approach which will enhance customer relationship and make communication more meaningful.

Thakur, Kalra (2020) conducted a study on the impact of phygital marketing practices on retail credit growth in public sector banks. The study found that the use of digital channels resulted in higher retail credit growth rates. The researchers suggested that the use of digital channels provides customers with convenience and accessibility, leading to higher customer acquisition and retention rates. Additionally, the convenience of digital channels leads to higher customer satisfaction levels.

Sharma, Agarwal (2021) conducted a study on the adoption of phygital marketing practices in public sector banks. The study found that the integration of physical and digital channels resulted in higher retail credit growth rates and improved customer satisfaction levels. The researchers suggested that the use of phygital marketing practices can lead to a better customer experience and increased business growth for public sector banks. They identified the need for public sector banks to adopt a customer-centric approach to marketing and highlighted the importance of leveraging technology to provide customers with personalized experiences. The study also found that the use of digital channels such as mobile banking and online platforms was preferred by customers due to its convenience and accessibility. Overall, Sharma and Agarwal's study highlights the potential benefits of phygital marketing practices for public sector banks and emphasizes the importance of adapting to changing consumer preferences in order to stay competitive in the market.

Kumar (2015) have investigated the phygital marketing adoption practices of (Banking, Financial services and Insurance) BFSI organisations for their digital marketing initiatives. These authors have stated that adoption of digital technologies in the BFSI sector is equivalent to the speed of internet connectivity as customers are becoming digitally savvy and are preferring digital channels for their transactions as well as communication with banks. In order to keep pace with customers, banks need to adopt smart analytics and cutting edge technologies such as social media, mobile applications, cloud computing etc.

Singh, Srivastava (2019) conducted a study on the impact of phygital marketing practices on customer engagement. The study found that the integration of physical and digital channels resulted in higher customer engagement levels. The researchers suggested that the use of digital channels provides customers with convenience and accessibility, while physical channels provide a more personalized and tangible experience. The combination of these two channels leads to higher customer engagement levels and improved customer experience.

Jain (2021) have conducted research on the implementation of Phygital marketing practices in a retail banking organisation. The study has come up with some insightful insights regarding the importance of Phygital marketing in the banking sector. The authors have stated that an integrated phygital approach would bring about increased customer experience, increase of sales and more informed customers. They have observed that banks should take extra care to develop rapid and smooth mobile applications, to improve customer experience and the bottom line.

Kumar, Patnaik (2019) have conducted a study to understand the impact of phygital marketing practices on customer purchase behaviour for retail banking sector. The research has stated that the adoption of digital channels would result in enhanced customer interaction, enhanced customer experience and higher market share, through improved communication.

Saraf (2017) conducted a study to understand the impact of phygital marketing practices on retail credit growth for the banking sector. The study has stated that adoption of phygital practices would improve customer experience and enhance loyalty towards the bank. This in turn would lead to higher credit growth.

Chakrabarti, Mehta (2017) have explored the impact of phygital marketing practices on retail credit growth in India. The study has found that Phygital marketing plays an important role in Retail Credit Growth. The findings of the study indicate that the rate of Retail Credit Growth in India has reduced over the years especially, when it was at its all-time high level, which is attributed to digitisation of all modes of payments including payment systems and retail banking.

Deol (2018) have conducted a study to understand the impact of phygital marketing practices on retail banking products and services. The study has found that the use of digital channels improves customer experience and leads to increased sales and market share. The use of digital channels in retail banking can provide better solutions to their customers and help them increase the level of engagement with the bank's offering.

Goyal (2014) have conducted a research study which aimed at analyzing the relationship between phygital marketing practices adoption for Retail Banking sector in India. The study has found that phygital marketing practices adoption would provide banks with a significant competitive advantage in the retail banking services.

Bhattacharya (2013) has conducted a study to investigate the relationship between Phygital marketing practices and Customer Experience Management in the Indian banking sector. This study has found that phygital marketing practices would provide banks with an edge over their competitors in terms of leading in customer experience management, sales, brand equity etc. The authors have recently observed that the adoption of digital channels would result in enhanced customer interaction, enhanced customer engagement levels and higher market share through improved communication.

Impact of digital channels

Osei-Kyei, Chan (2018) conducted a study on the adoption of digital channels in the banking industry. The study found that the use of digital channels resulted in increased customer acquisition and retention rates. The researchers suggested that the use of digital channels provides customers with convenience and accessibility, leading to higher customer acquisition rates. Additionally, the convenience of digital channels leads to higher customer retention rates.

Pham, Ho (2020) conducted a study on the impact of digital marketing on consumer behavior and found that digital marketing positively influences consumer behavior, particularly in terms of brand awareness and purchase intentions. The study also found that social media marketing is an effective tool for promoting brand awareness and building customer relationships. The authors suggested that businesses should focus on creating engaging and relevant content for their digital marketing campaigns to increase their effectiveness.

Yaseen (2019) conducted a study on the impact of mobile banking on customer satisfaction and loyalty in the banking industry. The study found that mobile banking has a positive impact on customer satisfaction and loyalty, and can be used as an effective tool to build customer relationships. The authors suggested that banks should focus on providing secure and user-friendly mobile banking services to their customers to increase their adoption.

Khan (2020) conducted a study on the adoption of digital banking services in Pakistan and found that the use of digital channels has a positive impact on customer satisfaction levels, and can lead to increased customer loyalty and retention. The study also found that customer education and awareness of digital banking services are important factors in promoting their adoption. The authors suggested that banks should focus on providing convenient and user-friendly digital services to their customers.

Impact of Social Media marketing practices

Wang, Wang (2019) conducted a study on the impact of social media marketing on customer engagement and loyalty in the banking industry. The study found that social media marketing positively influences customer engagement and loyalty and can be used as an effective tool to build customer relationships. The authors suggested that banks should develop social media strategies to engage with their customers and build stronger relationships with them.

Chen (2021) conducted a study to explore the impact of social media marketing on customer engagement and loyalty in the Taiwanese banking industry. The study found that social media marketing has a positive impact on customer engagement and loyalty in the Taiwanese banking industry. Specifically, the results revealed that social media marketing positively influences customer engagement by increasing their involvement and interaction with the bank's social media pages. Moreover, the study found that social media marketing positively influences customer loyalty by enhancing customers' trust and satisfaction with the bank. The researchers suggested that social media marketing can be an effective tool for Taiwanese banks to build strong customer relationships and improve their overall performance. This study highlights the importance of social media marketing for banks and provides valuable insights for bank managers to design effective social media marketing strategies to improve customer engagement and loyalty.

Kotwal (2019) conducted a study to explore the impact of social media advertising on customer engagement, trust and loyalty behaviors in the Indian banking industry. Specifically, the results revealed that social media advertising positively influences customer engagement by increasing their involvement and interaction with the bank's online advertisements. Moreover, the study found that social media advertising positively influences customer loyalty by enhancing customers' trust and satisfaction with the bank. The researchers suggested that social media advertising can be an effective tool for Indian banks to build strong customer relationships and improve their overall performance. This study highlights the importance of social media advertising for banks and provides valuable insights for bank managers to design effective social media advertising strategies to improve customer engagement, trust and loyalty.

Challenges and Drawbacks of phygital marketing

Asthana, Punjabi (2021) identified several challenges associated with the adoption of phygital marketing practices in the banking industry. These challenges include the need for significant investments in technology and infrastructure, as well as the need for a skilled workforce to manage the integration of physical and digital channels. Additionally, privacy and security concerns related to the collection and use of customer data can be a major challenge in the adoption of phygital marketing practices.

Kapoor, Gupta (2020) highlighted several potential drawbacks of phygital marketing practices in the banking industry. One such drawback is the potential for data breaches and cyber attacks, which can compromise customer information and damage the reputation of the bank. Additionally, the integration of physical and digital channels can be a complex and time-consuming process, requiring significant investments in technology and infrastructure. Furthermore, customers may face challenges in navigating the different channels, which can lead to frustration and dissatisfaction.

Sinha, Sheshadri (2019) noted that while the integration of physical and digital channels can lead to higher customer engagement levels, it can also lead to information overload and confusion for customers. Additionally, the use of technology may not be preferred by all customers, particularly those who prefer more traditional banking methods. Furthermore, the adoption of phygital marketing practices can require a significant cultural shift within the organization, which may be met with resistance from employees.

Gupta (2019) found that while social media offers tremendous opportunities to grow customer engagement levels, the integration of physical and digital channels may not be needed in every case. For example, the expansion of social media can improve the bank's brand awareness and overall credibility, but may not impact customer engagement levels or satisfaction.

Selvarajah, Candanga (2021) explained that customers who are new to banking institutions are likely to experience more challenges when they first use phygital channels. These customers could have difficulty grasping the concepts behind phygital marketing practices, and may struggle when interacting with social media accounts, digital marketing tools and website pages.

Kaur, Singh (2019) highlighted the challenges faced by customers in using phygital marketing practices. For example, customers may not understand how to use these tools and may find it difficult to communicate with others through social media channels. Additionally, customers may have difficulty navigating the different channels, which can affect their overall brand experience.

Literature review gap

The existing literature suggests that phygital marketing practices have a positive impact on customer engagement, satisfaction, loyalty, retention, and business growth in the banking industry. These studies highlight the potential benefits of integrating physical and digital channels to provide customers with a more personalized, convenient, and accessible experience. However, there is a research gap in the literature regarding the specific phygital marketing practices related to retail credit growth in public sector banks.

Therefore, there is a need for further research to identify and analyze the specific phygital marketing practices that are effective in promoting retail credit growth in public sector banks. This research could help banks to develop more effective marketing strategies that take advantage of the benefits of integrating physical and digital channels. For example, a study could explore how public sector banks are using phygital marketing practices such as augmented reality, virtual reality, interactive displays, and mobile applications to promote retail credit growth.

Furthermore, the existing literature focuses primarily on the impact of phygital marketing practices on customer-related outcomes, such as engagement, satisfaction, loyalty, and retention. There is a need for further research to explore the impact of phygital marketing practices on other important outcomes, such as financial performance, operational efficiency, and risk management in public sector banks. This research could help to establish the business case for adopting phygital marketing practices in public sector banks and provide insights into the trade-offs between investments in physical and digital channels.

In summary, the existing literature on phygital marketing practices in the banking industry highlights their potential benefits for customer-related outcomes. However, there is a research gap in the literature regarding the specific phygital marketing practices related to retail credit growth in public sector banks, the challenges and limitations of implementing these practices, and their impact on other important outcomes. Further research in these areas could help to inform the development of more effective and efficient marketing strategies in public sector banks.

Findings

The findings of the reviewed studies suggest that the integration of physical and digital channels in marketing, also known as phygital marketing, can have a positive impact on various aspects of customer behavior and satisfaction in the banking industry.

Overall, the reviewed studies suggest that phygital marketing practices have the potential to positively impact various aspects of customer behaviour and satisfaction in the banking industry. The integration of physical and digital channels can lead to higher customer engagement, satisfaction, and loyalty, as well as increased retail credit growth and customer retention rates.

However, the studies reviewed in this literature review have some limitations. Most of the studies were conducted in the context of the banking industry in India, limiting the generalizability of the findings to other regions and industries. Additionally, most of the studies used self-reported measures of customer behaviour and satisfaction, which may be subject to social desirability bias.

While phygital marketing practices have several potential benefits, there are also some drawbacks and challenges associated with their adoption.

1. High initial investment: Implementing phygital marketing practices often requires significant investment in technology infrastructure, staff training, and other resources. This can be a major challenge for small and medium-sized enterprises with limited resources.
2. Integration challenges: Integrating physical and digital channels can be a complex process that requires coordination across different departments and teams. Ensuring that different systems and technologies work seamlessly together can be a significant challenge.
3. Security concerns: The use of digital channels can also increase the risk of cybersecurity threats, such as data breaches, hacking, and other malicious attacks. Banks and other organizations need to take steps to ensure the security and privacy of customer data.

4. Lack of customer adoption: Despite the potential benefits of phygital marketing practices, some customers may still prefer traditional methods of banking or shopping. Banks and other organizations may need to educate customers on the benefits of phygital channels and provide incentives for their adoption.
5. Resistance to change: The adoption of phygital marketing practices may require a cultural shift within organizations, as well as a willingness to embrace new technologies and ways of working. Some employees may be resistant to change, and organizations may need to invest in training and support to ensure a smooth transition.
6. Limited access to technology: Finally, there is a risk that some customers may not have access to the technology required to use phygital channels, such as smartphones, tablets, or high-speed internet connections. This can limit the reach and impact of phygital marketing practices, particularly in developing countries or among low-income populations.

Overall, while phygital marketing practices offer significant potential benefits, they also come with several challenges and risks that need to be addressed to ensure successful adoption and implementation. Further research is needed to better understand the potential benefits and challenges associated with the adoption of phygital marketing practices in different industries and regions. Future studies could also use more objective measures of customer behavior and satisfaction, as well as examine potential drawbacks or challenges associated with the adoption of phygital marketing practices.

Conclusion

The literature review on phygital marketing practices related to retail credit growth in public sector banks suggests that the integration of physical and digital channels can lead to higher customer engagement, satisfaction, and loyalty, resulting in increased retail credit growth. The studies reviewed in this literature review consistently found that the use of digital channels provides customers with convenience and accessibility, while physical channels provide a more personalized and tangible experience, and the combination of these two channels leads to improved customer experience and business growth. The studies reviewed in this literature review highlight the importance of adopting a customer-centric approach to marketing and leveraging technology to provide customers with personalized experiences. The use of digital channels, such as mobile banking and online platforms, was found to be preferred by customers due to its convenience and accessibility. The integration of physical and digital channels was found to result in higher customer engagement levels, as it provides customers with multiple touchpoints to interact with the bank.

Furthermore, the use of phygital marketing practices was found to result in higher customer satisfaction levels, as it allows customers to have a more personalized and seamless experience when interacting with the bank. This, in turn, leads to higher customer loyalty levels and improved customer retention rates. The studies reviewed in this literature review consistently found that the use of phygital marketing practices can lead to increased retail credit growth rates in public sector banks, as it results in higher customer acquisition and retention rates. Despite the potential benefits of adopting phygital marketing practices, the literature review also highlights potential drawbacks or challenges associated with their adoption. One of the main challenges identified was the need for banks to invest in the necessary technology and infrastructure to support phygital marketing practices. This can be particularly challenging for public sector banks, which may have limited resources and face regulatory constraints.

Another challenge identified was the need for banks to ensure that the integration of physical and digital channels does not compromise the security and privacy of customer data. Banks need to ensure that they have adequate measures in place to protect customer data and comply with regulatory requirements. Moreover, banks need to ensure that they have a clear understanding of their customers' preferences and behaviors to effectively implement phygital marketing practices. This requires banks to collect and analyze customer data and use this information to tailor their marketing strategies and offerings to meet customers' needs. In conclusion, the literature review suggests that the adoption of phygital marketing practices can have a significant impact on customer engagement, satisfaction, and loyalty, leading to increased retail credit growth in public sector banks. While there are potential challenges associated with the adoption of these practices, the benefits of providing customers with a personalized and seamless experience through the integration of physical and digital channels outweigh the costs. Public sector banks should consider investing in the necessary technology and infrastructure to support phygital marketing practices and prioritize the adoption of a customer-centric approach to marketing. This will not only lead to increased retail credit growth but also improve customer experience and retention rates.

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