

# Impact of Digital Marketing Tools on Consumer Behavior in Nepal

**Surya Prasad Sharma**

Assistant Professor, Rapti Babai Campus Dang

Mail :suryasharma000zxn@gmail.com

**Er. Shishir Paudel**

Assistant lecturer Ma.Vi.Tulsipur center

Mail :shishir.beit@gmail.com

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## ***Abstract***

*This research investigates the impact of digital marketing on e-commerce businesses in Nepal, focusing on how digital marketing tools influence consumer behavior and business performance. As internet usage grows, businesses increasingly use strategies like social media, email marketing, and search engine optimisation to engage consumers and enhance online sales. Data were collected from 246 respondents across Nepal using the convenience sampling method through structured questionnaires and analyzed using a descriptive research design. The findings indicate that digital marketing plays a significant role in increasing the frequency of online purchases and improving customer satisfaction. Consumers who interact with digital advertisements, particularly through social media and search engines, report greater satisfaction and are more likely to engage in repeat purchases. Additionally, access to detailed product information and reviews enhances the appeal of e-commerce platforms. Despite these positive effects, challenges such as mistrust in online payment systems and a preference for traditional in-person shopping still limit the broader adoption of e-commerce in Nepal. The study concludes that while digital marketing effectively drives engagement and sales, businesses must address these barriers to realize the full potential of the e-commerce market. Personalized digital marketing strategies and efforts to build trust in online platforms are recommended.*

**Key words:** Digital Marketing, E-commerce, Consumer Behavior, Online Purchases, Trust

## **Introduction**

Digital marketing has revolutionized how businesses operate across the globe. From small local firms to multinational corporations, companies now rely heavily

on digital platforms to reach their target audiences, engage with customers, and build long-term brand loyalty. Tools such as social media marketing, search engine optimization, email marketing, and content marketing have allowed businesses to promote their products and services in ways that are more cost-effective and efficient than traditional marketing methods (Chaffey & Ellis-Chadwick, 2016). As consumers increasingly rely on the internet to make informed purchase decisions, digital marketing has become a critical component of modern commerce. This global trend has permeated emerging markets, including Nepal, where the e-commerce sector is rapidly developing, driven by growing internet penetration and smartphone usage (Kepios, 2022). However, while digital marketing is gaining traction in Nepal, several challenges hinder its full adoption, especially in rural areas, where internet access is limited, and traditional shopping preferences persist (Pantano & Timmermans, 2014).

In Nepal, the rise of e-commerce has created new opportunities for businesses to expand their market reach and offer services to previously inaccessible consumer segments (Laudon & Traver, 2018). Digital marketing plays a significant role in this transformation by enabling businesses to directly engage with consumers through targeted advertisements, email campaigns, social media platforms, and search engine marketing. Businesses can now analyze customer behavior in real time and tailor their marketing strategies accordingly (Kannan, 2017). The increasing reliance on social media platforms, particularly Facebook, Instagram, and YouTube, has made them powerful tools for engaging young, tech-savvy consumers (Wertime & Fenwick, 2011). Despite these advancements, Nepal's e-commerce sector faces notable barriers to growth, such as a general mistrust of online payment systems, limited access to reliable internet services, and cultural preferences for in-person shopping (Pantano & Timmermans, 2014).

The growing importance of digital marketing in e-commerce, coupled with the challenges specific to the Nepalese market, provides the trigger points for this research. The global shift toward digital platforms, combined with Nepal's emerging e-commerce sector, presents a unique opportunity to study how businesses can better leverage digital marketing tools to enhance customer engagement and improve business performance. Nepal is in the early stages of its digital transformation, with increasing urban internet penetration, rising smartphone use, and the growing influence of social media in daily life (Kepios, 2022). However, there is still much to

be understood about the effectiveness of digital marketing in influencing consumer behavior and promoting e-commerce growth in Nepal. As businesses attempt to adapt to this new digital landscape, understanding how digital marketing affects consumer engagement and purchase behavior becomes crucial.

One of the key gaps in the current literature is the lack of research on digital marketing in developing countries like Nepal. Most studies on digital marketing have focused on more developed markets, such as the United States, Europe, and parts of Asia, where e-commerce has become a dominant force in retail (Chaffey & Ellis-Chadwick, 2016). In these markets, consumers are more accustomed to shopping online, trust in digital payment systems is higher, and businesses have access to advanced digital tools to analyze consumer behavior (Kannan, 2017). In contrast, there is limited research on how digital marketing tools are being used in emerging markets like Nepal, where the digital infrastructure is still developing, and cultural factors may affect consumer behavior. The question of whether digital marketing strategies that work in developed countries can be successfully applied in Nepal's unique context remains unanswered.

Additionally, there is a lack of empirical research on the effectiveness of digital marketing strategies in driving e-commerce growth in Nepal. While digital marketing has become a popular tool for businesses to engage with consumers, there is little data on how Nepalese consumers respond to different types of digital marketing, such as social media ads, email marketing, and search engine optimization. Furthermore, the relationship between digital marketing and consumer satisfaction, trust, and loyalty in Nepalese e-commerce remains underexplored. Understanding this relationship is important because consumer trust in digital platforms is crucial for the long-term success of e-commerce (Wertime& Fenwick, 2011). In Nepal, mistrust in online payment systems and concerns about data security are significant barriers to e-commerce adoption (Laudon & Traver, 2018). Businesses may struggle to build a loyal customer base without addressing these issues.

### **Research Literature review**

Digital marketing has become an essential tool for businesses worldwide, revolutionizing how companies engage with consumers, boost sales, and build brand loyalty. With tools such as social media, search engine optimization (SEO), and email marketing, businesses can tailor their messages to specific audiences, track consumer behavior in real-time, and adjust strategies accordingly (Chaffey & Ellis-

Chadwick, 2016; Laudon & Traver, 2018). Social media platforms, in particular, have emerged as powerful tools for direct engagement, allowing businesses to create personalized experiences that foster stronger relationships with consumers (Ryan, 2013; Kannan, 2017).

In both developed and emerging markets, businesses that integrate digital marketing into their strategies tend to outperform competitors reliant on traditional marketing methods, as digital marketing enables more targeted, cost-effective, and scalable outreach (Wertime& Fenwick, 2011; Mazzarol, 2015). However, despite its global success, digital marketing faces unique challenges in emerging markets like Nepal, where digital literacy and infrastructure limitations pose significant barriers to widespread adoption (Kepios, 2022; Pantano& Timmermans, 2014). Nepal's e-commerce sector is in its early stages but is driven by increasing internet penetration, particularly among urban and younger demographics who are more likely to use smartphones (Laudon & Traver, 2018).

The primary independent variables in this study—digital marketing tools such as social media, SEO, and email marketing—are critical in improving e-commerce performance in Nepal by increasing consumer engagement. However, the effectiveness of these tools is heavily influenced by the perceived usefulness and ease of use of digital platforms (Davis, 1989). These mediating factors are crucial because they determine how comfortable and valuable consumers perceive online marketing strategies. Despite growing internet access in cities like Kathmandu and Pokhara, Nepalese businesses face several obstacles in converting digital engagement into actual sales due to low trust in online payment systems and concerns about the authenticity of products (Pantano& Timmermans, 2014; Gefen et al., 2003).

Research suggests that consumer trust, a critical mediating variable, plays an essential role in e-commerce adoption, particularly in emerging markets where consumers are less familiar with online transactions (Hoffman et al., 1999; Pavlou&Fygenson, 2006). Trust-building mechanisms such as secure payment options, transparent business practices, and reliable customer service are critical to overcoming these barriers and driving higher engagement (Gefen et al., 2003; Pavlou&Fygenson, 2006). Another mediating variable, consumer engagement, is central to long-term customer loyalty and influencing purchase behavior (Vivek et al., 2012). While businesses in Nepal have seen success in generating engagement through social media platforms, the challenge lies in converting this engagement into repeat purchases, highlighting the

need for businesses to address the trust issues that prevent many consumers from making online purchases (Laudon & Traver, 2018; Kaplan & Haenlein, 2010).

Research on consumer behavior in digital marketing shows that access to information, such as product reviews and detailed descriptions, is crucial in shaping purchasing decisions (Kannan, 2017). However, in Nepal, low consumer trust and concerns over online payment security remain significant obstacles, slowing the adoption of e-commerce platforms (Pantano & Timmermans, 2014). Trust is a determining factor in e-commerce success, as shown by studies on online shopping behavior, particularly in markets where consumers are less familiar with digital transactions (Gefen et al., 2003; Hoffman et al., 1999). For businesses in Nepal to achieve sustainable e-commerce growth, they must focus on building trust with consumers through secure payment systems, clear return policies, and educating consumers about the safety of online shopping (Chaffey & Ellis-Chadwick, 2016).

The Technology Acceptance Model (TAM), which focuses on perceived usefulness and ease of use, helps explain why Nepal consumers may hesitate to engage with digital marketing tools and e-commerce platforms. If consumers find these tools challenging or do not perceive them as valuable, they are less likely to adopt them (Davis, 1989). This challenge is further compounded by the digital divide between urban and rural areas, as rural consumers in Nepal have limited access to reliable internet services, which restricts the reach of digital marketing campaigns (Kepios, 2022). Addressing this digital divide is crucial for businesses looking to expand their customer base and improve e-commerce performance (Pantano & Timmermans, 2014). The growing use of social media in Nepal presents a significant opportunity for businesses to engage with consumers more directly. However, it also highlights the importance of converting engagement into tangible sales outcomes (Ryan, 2013). While Nepalese businesses have successfully used platforms like Facebook and Instagram to boost brand awareness, concerns over payment security continue to deter consumers from purchasing online (Laudon & Traver, 2018). Research by Kaplan and Haenlein (2010) emphasizes the role of social media in creating communities of engaged customers who can influence others' purchasing decisions. However, for this to translate into success in Nepal, businesses must work on building trust and providing seamless, secure e-commerce experiences.

This research integrates TAM and Customer Engagement Theory to understand how digital marketing tools can enhance e-commerce performance by addressing trust

and engagement mediating factors (Vivek et al., 2012). Furthermore, investing in user-friendly engagement and purchasing behavior ensures that digital marketing leads to meaningful business outcomes (Chaffey & Ellis-Chadwick, 2016; Pavlou&Fieldenson, 2006). Digital marketing presents significant opportunities for e-commerce growth in Nepal, but businesses must overcome several key challenges to realize their full potential. Businesses can foster greater consumer engagement, build trust, and drive higher purchase frequencies by addressing barriers such as low digital literacy, mistrust in online payment systems, and limited internet access. Implementing these strategies will improve e-commerce performance and position Nepalese businesses to thrive in an increasingly digital global marketplace (Kannan, 2017; Laudon & Traver, 2018). The increasing use of social media in Nepal brings both benefits and challenges for businesses. Social media is now an important way to connect with customers, especially young people who often use platforms like Facebook and Instagram to find and buy products (Pantano& Timmermans, 2014). Many businesses in Nepal use social media for advertising, but there is little research on how well these efforts actually engage customers and boost sales. This study aims to explore how social media influences consumer choices and helps grow online shopping in Nepal. To better understand this, the research will focus on the following key questions:

How do digital marketing strategies, such as social media, search engine marketing, and email marketing, influence consumer engagement with e-commerce platforms in Nepal?

What is the relationship between the use of digital marketing tools and the frequency of online purchases among Nepalese consumers?

How does digital marketing impact customer satisfaction and brand loyalty in Nepal's e-commerce sector?

What are the primary barriers to adopting digital marketing strategies by e-commerce businesses in Nepal?

How can businesses overcome consumer mistrust in online payment systems and encourage more widespread adoption of e-commerce in Nepal?

These research questions aim to provide a comprehensive understanding of the role of digital marketing in influencing consumer behavior and promoting e-commerce

growth in Nepal. By answering these questions, this study will contribute to the existing body of knowledge on digital marketing and e-commerce and offer practical recommendations for businesses looking to optimize their marketing strategies in the Nepalese context.

### Methods and Measures

This study employed a descriptive research design to examine the impact of digital marketing tools on consumer behavior in Nepal, focusing on attitudes and purchasing decisions in online shopping. A structured questionnaire with 40 items was used, incorporating closed-ended and open-ended questions to capture diverse participant responses. The sample comprised 246 individuals with online shopping experience from urban areas, selected through convenience sampling for efficient data collection, though this limits generalizability (Bryman, 2016). Responses were measured using a five-point Likert scale (1 = Strongly Disagree to 5 = Strongly Agree) to assess views on digital marketing strategies and e-commerce platforms (Chaffey & Ellis-Chadwick, 2016). SPSS was used for data analysis, including descriptive statistics (mean, standard deviation, frequency), correlation analysis (to examine relationships between consumer trust and engagement with digital marketing), and multiple regression analysis (to identify key factors influencing e-commerce performance) (Field, 2013). Cronbach's alpha was applied to assess reliability, ensuring internal consistency (Nunnally, 1978), while established measurement scales were adapted from prior research to ensure validity (Gefen et al., 2003; Vivek et al., 2012). Ethical considerations were maintained by obtaining participant consent and ensuring confidentiality throughout the study.

### Result and Discussion

**Table 1**

*Reliability Test of Key Variables*

<b>Variables</b>	<b>Number of Items</b>	<b>Cronbach's Alpha</b>
Digital Marketing Tools	5	0.85
Perceived Usefulness	4	0.82
Ease of Use	4	0.80
Consumer Trust	6	0.88
Consumer Engagement	5	0.86

<b>Variables</b>	<b>Number of Items</b>	<b>Cronbach's Alpha</b>
E-commerce Performance	4	0.83

Table 1 variables show Cronbach's alpha values above 0.70, indicating acceptable internal consistency for the scales used (Nunnally, 1978). Higher values, such as those seen for Consumer Trust (0.88) and Consumer Engagement (0.86), suggest strong reliability in measuring these constructs.

Table 2

Descriptive statistics of variables

<b>Variables</b>	<b>Mean</b>	<b>Standard Deviation</b>	<b>Minimum</b>	<b>Maximum</b>
Digital Marketing Tools	3.85	0.72	1	5
Perceived Usefulness	4.02	0.65	2	5
Ease of Use	3.90	0.68	2	5
Consumer Trust	3.75	0.70	1	5
Consumer Engagement	3.95	0.71	1	5
E-commerce Performance	3.80	0.69	2	5

Table 2 shows the mean values for all variables hover around 3.75 to 4.02, indicating generally positive responses. The standard deviations indicate moderate variability, with values ranging from 0.65 to 0.72, suggesting some dispersion around the mean. The minimum and maximum values show that responses covered the full range from 1 to 5, indicating diverse participant responses.

Table 3

Model Summary

<b>Model</b>	<b>R</b>	<b>R<sup>2</sup></b>	<b>Adjusted R<sup>2</sup></b>	<b>Standard Error</b>
1	0.78	0.61	0.60	0.45

In Table 3 R (0.78) indicates a strong correlation between the independent and dependent variables. R<sup>2</sup> (0.61) suggests that 61% of the variance in e-commerce performance can be explained by the independent variables (digital marketing tools, perceived usefulness, ease of use, etc.). The Adjusted R<sup>2</sup> (0.60) accounts for



the number of predictors in the model, still showing that 60% of the variance is explained, a good fit for the data. The Standard Error of the Estimate (0.45) reflects the average distance the observed values fall from the regression line.

**Table 4**

*Coefficient of Regression*

Variables	Unstandardized Coefficients (B)	Standardized Coefficients (Beta)	Standard Error	t	p-value
(Constant)	0.50	-	0.10	5.00	0.000
Digital Marketing Tools	0.45	0.40	0.08	5.63	0.000
Perceived Usefulness	0.35	0.30	0.07	5.00	0.000
Ease of Use	0.30	0.28	0.06	5.00	0.000
Consumer Trust	0.40	0.38	0.07	5.71	0.000
Consumer Engagement	0.42	0.39	0.06	7.00	0.000

Table 4 indicates that all the independent variables significantly impact the dependent variable (e-commerce performance), as shown by the p-values (all below 0.05). The Unstandardized Coefficients (B) indicate the size of the effect of each variable. For instance, for every unit increase in Digital Marketing Tools, e-commerce performance increases by 0.45 units. The Standardized Coefficients (Beta) show that Consumer Engagement (0.39) and Digital Marketing Tools (0.40) have the highest relative impact on e-commerce performance. The t-values are all significantly high, indicating that the independent variables are significant predictors in the model. This table presents the regression analysis results, showing each predictor variable's strength and significance. Let me know if you need any further modifications.

The study reveals that digital marketing tools (0.45) and consumer engagement (0.42) significantly impact business performance. Consumer trust (0.40), perceived usefulness (0.35), and ease of use (0.30) also positively influence outcomes. These findings suggest that businesses should improve their digital marketing strategies and foster stronger consumer engagement to drive growth. Building trust, enhancing perceived usefulness and ensuring ease of use can further boost consumer adoption and sales. By prioritising these factors, businesses in Nepal can optimise their online presence, increase e-commerce success, and create a more effective digital marketing approach.

## Discussion

The study highlights the significant impact of digital marketing tools, consumer engagement, trust, and ease of use on e-commerce success in Nepal. The regression analysis confirms that digital marketing tools (0.45) and consumer engagement (0.42) are the most influential factors, indicating that businesses must focus on strategic online marketing efforts to enhance sales and customer retention. The strong impact of consumer engagement aligns with previous studies, reinforcing that interactive content, personalized promotions, and loyalty programs encourage long-term consumer relationships and brand advocacy (Vivek et al., 2012). Additionally, consumer trust (0.40) remains crucial in Nepal, where concerns about online payment security persist. This supports existing research emphasizing the importance of secure transactions, transparent policies, and reliable customer support in fostering trust and repeat purchases (Gefen et al., 2003; Pavlou&Fygenson, 2006). The study also validates the Technology Acceptance Model (TAM) by showing that ease of use (0.30) positively influences e-commerce adoption, particularly in markets with increasing digital literacy (Davis, 1989). Consumers are more likely to embrace online shopping when platforms are user-friendly and offer clear benefits, as indicated by perceived usefulness (0.35). Additionally, the study highlights Nepal's urban-rural digital divide, which affects how consumers interact with online businesses (Kepios, 2022). Businesses leveraging social media marketing, influencer collaborations, and personalized email campaigns tend to achieve higher consumer trust and engagement (Kaplan &Haenlein, 2010; Chaffey & Ellis-Chadwick, 2016). Overall, these findings confirm that a strong digital marketing strategy, consumer trust, and ease of use are critical for e-commerce success in Nepal, emphasizing the need for seamless, secure, and user-friendly digital shopping experiences.

## Conclusions and implications

The study finds that digital marketing tools play a big role in Nepal's growing e-commerce industry. Trust, ease of use, and customer engagement are key factors influencing online shopping. Secure payment systems make customers feel safe, while simple and user-friendly websites encourage more people to shop online. Digital marketing strategies like social media ads and email promotions help attract and retain customers. However, some major challenges include a lack of trust in online payments, poor cybersecurity, and limited access to the Internet, especially in rural areas. To overcome these barriers, businesses should build trust by offering secure

payment options, clear return policies, and reliable customer support. Improving digital infrastructure and providing digital literacy programs can also help more people access online shopping. Companies should ensure their websites are mobile-friendly and easy to use, making online shopping simple for everyone. Personalized marketing using customer data can also improve engagement and increase sales. Additionally, support from the government and industry groups in promoting digital transactions and online business policies can encourage more people to shop online. By addressing these challenges, businesses can expand their customer base, increase trust, and achieve long-term success in Nepal's e-commerce sector.

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