



Digital Marketing of Banking Products: The Role of Brand Image and Promotion in Shaping Customer Loyalty at BRI in Medan City

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ABSTRACT

Digital transformation has significantly reshaped marketing strategies in the banking sector. This study examines the effect of Digital Marketing on Customer Loyalty, with Brand Image and Promotion as mediating variables, in the context of Bank Rakyat Indonesia (BRI) in Medan City. A quantitative explanatory research design was employed using a sample of 100 banking customers selected through purposive sampling. Data were analyzed using Structural Equation Modeling–Partial Least Squares (SEM-PLS). The results indicate that Digital Marketing significantly influences Brand Image, Promotion, and Customer Loyalty. Furthermore, Brand Image and Promotion partially mediate the relationship between Digital Marketing and Customer Loyalty. The structural model explains 63% of the variance in Customer Loyalty. The findings highlight the strategic role of integrated digital marketing initiatives in strengthening brand perception and enhancing long-term customer loyalty in the banking industry.

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1. INTRODUCTION

Digital transformation has become a central phenomenon in modern banking product marketing strategies. In the digital era, banks no longer compete solely through physical branch networks but also through digital marketing channels to attract, retain, and enhance customer loyalty. Digital marketing strategies encompass the utilization of social media, email marketing, online content, and digital advertising to expand communication reach and improve real-time interaction with customers. Empirical studies indicate that the implementation of digital marketing can foster stronger customer engagement, accelerate information dissemination, and enhance long-term customer loyalty when integrated with appropriate marketing strategies. [1]

In this context, Bank Rakyat Indonesia (BRI) offers a wide range of banking products and services that increasingly rely on digital marketing to reach customers. These products include savings and

transaction accounts such as BRItAma, Simpedes, and BritAma Junio; lending products such as Kredit Usaha Rakyat (KUR), BRIGuna, and micro-loans for SMEs; as well as digital services such as BRImo (BRI mobile banking), internet banking, QRIS payment services, and BRI debit/credit card services. The variety of these products requires effective digital communication strategies so that customers not only understand product features but also develop trust and long-term commitment to the bank.

One of the critical aspects of banking service marketing is the development of brand image. Brand image refers to customers' perceptions of a financial institution based on their experiences, communication exposure, and brand recognition in the marketplace. This aspect is particularly crucial in the banking sector due to the intangible nature of financial services, where consumer decisions are more influenced by perceptions and brand image than by tangible product attributes. Previous studies have also demonstrated that brand image and promotional activities significantly influence customer loyalty across various service sectors, including financial services. [2]

Digital promotion constitutes an integral component of digital marketing strategies, involving persuasive communication aimed at attracting attention, enhancing brand awareness, and influencing customers' decisions to select and use banking products. In BRI's case, promotional activities may include campaigns related to BRImo usage benefits, cashback programs, KUR loan promotion, and special offers for savings, transaction, and digital payment services. The combination of a strong brand image and effective promotional strategies is believed to reinforce customer loyalty, which is essential for sustaining competitiveness in the increasingly dynamic banking industry.

Although numerous studies have examined digital marketing and brand image in retail and e-commerce sectors, research within the banking sector—particularly studies linking digital marketing, brand image, promotion, and customer loyalty—remains relatively limited. Therefore, empirical investigation in the banking context, such as BRI in Medan City, is necessary. [3]

Bank Rakyat Indonesia (BRI), as one of the largest banks in Indonesia, has implemented various digital marketing strategies to reach its customers. However, challenges remain regarding how digital marketing and digital promotional strategies shape brand image and influence customer loyalty in local markets such as Medan City. This study is expected to contribute academically to the marketing literature while also providing practical implications for bank management in formulating effective digital marketing strategies to sustain and enhance customer loyalty. [4]

2. METHOD

This study employs a quantitative approach with an explanatory research design. This approach aims to examine the causal relationships among digital marketing, brand image, promotion, and customer loyalty.

The type of data used in this study is primary data collected directly from respondents through the distribution of structured questionnaires. The research instrument was developed using a five-point Likert scale (1 = strongly disagree to 5 = strongly agree) to measure respondents' perceptions of each indicator of the research variables. The variables in this study consist of:

- a. Independent variable: Digital Marketing
- b. Mediating variables: Brand Image and Promotion
- c. Dependent variable: Customer Loyalty

Data analysis was conducted using multiple linear regression analysis to examine both partial and simultaneous effects among variables. Prior to hypothesis testing, validity and reliability tests were performed, along with classical assumption tests (normality, multicollinearity, and heteroscedasticity) to ensure the appropriateness and robustness of the research model.

This study aims to analyze the effect of Digital Marketing on Customer Loyalty by considering the mediating roles of Brand Image and Promotion. In the banking context, effective digital marketing

strategies are expected to shape customers' perceptions of the bank's brand and enhance the effectiveness of promotional activities conducted through digital channels.

Digital marketing acts as an initial stimulus influencing how customers perceive the bank's reputation, credibility, and professionalism (brand image). In addition, digital marketing strengthens promotional activities by delivering information in a fast, interactive, and persuasive manner.

A positive brand image enhances customer trust and emotional attachment to the bank, which ultimately leads to customer loyalty. Likewise, effective promotional strategies increase product usage intention, transaction frequency, and long-term commitment to banking services. Thus, the relationships among variables in this study can be described as follows:

1. Digital Marketing → Brand Image
2. Digital Marketing → Promotion
3. Brand Image → Customer Loyalty
4. Promotion → Customer Loyalty
5. Digital Marketing → Customer Loyalty
6. Digital Marketing → Customer Loyalty through Brand Image and Promotion

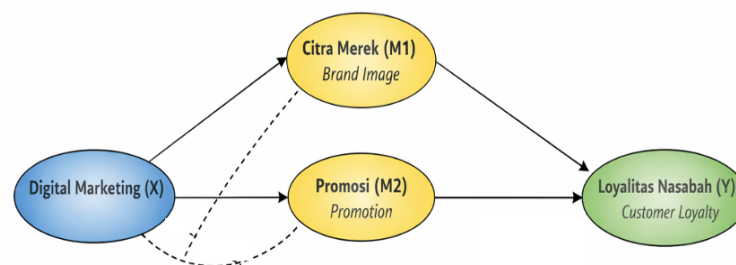


Figure 1. Framework

3. RESULTS AND DISCUSSION

Based on the conceptual framework, the research hypotheses are formulated as follows:

- H1: Digital Marketing has a positive and significant effect on Brand Image.
- H2: Digital Marketing has a positive and significant effect on Promotion.
- H3: Digital Marketing has a positive and significant effect on Customer Loyalty.
- H4: Brand Image has a positive and significant effect on Customer Loyalty.
- H5: Promotion has a positive and significant effect on Customer Loyalty.
- H6: Digital Marketing has a positive and significant effect on Customer Loyalty through Brand Image as a mediating variable.
- H7: Digital Marketing has a positive and significant effect on Customer Loyalty through Promotion as a mediating variable.

The structural model was analyzed using the SEM-PLS approach with a sample of 100 respondents. The measurement model evaluation indicated satisfactory results. All indicator loadings exceeded 0.70, confirming convergent validity. The Average Variance Extracted (AVE) values for all constructs were above 0.50, while Composite Reliability (CR) and Cronbach's Alpha values exceeded 0.70, indicating adequate reliability and internal consistency, consistent with recommended thresholds in SEM-PLS literature [5], [6].

The structural model evaluation showed that Digital Marketing significantly influenced Brand Image ($\beta = 0.68$, $t = 8.45$, $p < 0.001$) and Promotion ($\beta = 0.72$, $t = 9.12$, $p < 0.001$). Furthermore, Digital Marketing had a direct positive effect on Customer Loyalty ($\beta = 0.29$, $t = 2.85$, $p < 0.01$). Brand Image significantly affected Customer Loyalty ($\beta = 0.34$, $t = 3.76$, $p < 0.001$), and Promotion also demonstrated a significant positive effect on Customer Loyalty ($\beta = 0.31$, $t = 3.21$, $p < 0.01$).

The R^2 value for Customer Loyalty was 0.63, indicating that 63% of the variance in Customer Loyalty is explained by Digital Marketing, Brand Image, and Promotion. This suggests a substantial explanatory power of the model [5].

Mediation analysis using bootstrapping procedures revealed that Brand Image and Promotion partially mediated the relationship between Digital Marketing and Customer Loyalty. The indirect effect through Brand Image ($\beta = 0.23$, $p < 0.01$) and through Promotion ($\beta = 0.22$, $p < 0.01$) were both significant, indicating complementary partial mediation.

The findings demonstrate that Digital Marketing plays a pivotal role in shaping Brand Image and Promotion effectiveness in the banking sector. This supports prior research indicating that digital engagement strategies enhance brand perception and strengthen customer relationships [6], Effective digital marketing activities such as interactive social media content, personalized communication, and online campaigns contribute to improved brand credibility and trust. [7].

The significant relationship between Brand Image and Customer Loyalty confirms that intangible service sectors like banking rely heavily on perceptual factors and trust formation. This result aligns with branding theory, which emphasizes that strong brand equity fosters long-term loyalty [8]. Customers who perceive BRI as reputable and professional are more likely to maintain long-term relationships.

Similarly, the positive effect of Promotion on Customer Loyalty indicates that well-designed digital promotional campaigns increase customer engagement and usage intention. This finding is consistent with recent empirical studies showing that digital promotional intensity positively influences loyalty behavior in financial services [9].

The mediation results highlight that Digital Marketing does not only directly influence Customer Loyalty but also exerts indirect effects through Brand Image and Promotion. This confirms the integrated marketing communication perspective, where digital strategies strengthen brand equity and promotional effectiveness, which ultimately enhance loyalty [10].

Overall, the results suggest that banking institutions should not treat digital marketing as a mere communication tool but as a strategic instrument for brand building and long-term relationship management. [11]. The findings contribute to the growing literature on digital marketing effectiveness in the financial services sector, particularly in emerging markets. [12].

4. CONCLUSION

This study confirms that digital marketing plays a strategic role in strengthening customer loyalty toward BRI in Medan City. The empirical findings demonstrate that digital marketing activities such as social media communication, online advertising, digital content distribution, and interactive engagement contribute significantly to customer loyalty. In the context of increasingly competitive banking services, where customer interaction is shifting rapidly from conventional channels to digital platforms, digital marketing becomes an essential instrument not only to attract customers but also to sustain long term relationships. Moreover, the use of SEM-PLS in this study is considered appropriate for moderate sample sizes, supporting the robustness of the findings within the methodological scope of the research [13].

Furthermore, this study provides evidence that Brand Image and Promotion serve as key mediating mechanisms in explaining how digital marketing influences customer loyalty. The results indicate that digital marketing strengthens customer loyalty indirectly by first improving customers' perceptions of BRI's credibility and reputation and by enhancing the effectiveness of promotional communication. This implies that customers are more likely to remain loyal when they perceive BRI as a trustworthy and professional financial institution and when promotional strategies are delivered persuasively and consistently. In other words, digital marketing becomes more impactful when it does

not merely function as a communication tool but also reinforces positive perceptions and emotional attachment to the brand.

In addition, the results highlight that customer loyalty toward BRI is strongly supported by the long established trust in BRI's banking products and services. Products such as BRIItAma and Simpedes, as well as digital services such as BRIImo, have gained customer confidence due to their accessibility, reliability, and relevance to everyday banking needs. Likewise, financing products such as KUR and BRIGuna reinforce customer attachment by offering practical benefits that align with the financial needs of micro-entrepreneurs, employees, and the wider community. This established product credibility strengthens BRI's Brand Image and increases the effectiveness of Promotion, which ultimately encourages customers to continue using BRI services, maintain their banking relationships, and recommend BRI to others. Therefore, the findings suggest that customer loyalty is shaped not only by digital marketing communication but also by the consistency between marketing messages and customers' actual experiences in using BRI's products and services.

Despite its contributions, this study has several limitations that should be acknowledged. First, the study used a relatively limited sample size of 100 respondents and focused only on a single local market, Medan City. While SEM-PLS is suitable for moderate sample sizes [13], the findings may not fully represent customer behavior across different regions in Indonesia. Therefore, future research should involve larger samples and broader geographical coverage to enhance external validity. Expanding the study across multiple cities or provinces, or conducting cross country comparisons, would provide deeper insights into how digital marketing effectiveness differs across socio economic, cultural, and technological contexts.

Second, this study focused primarily on Digital Marketing, Brand Image, Promotion, and Customer Loyalty, without including other relevant constructs such as customer satisfaction, trust, perceived value, perceived risk, and digital service quality. Recent studies emphasize that digital trust and service quality are critical determinants of loyalty behavior in financial services [14]. Therefore, future research should integrate these constructs to develop a more comprehensive model explaining customer loyalty formation in digital banking environments [15]. Including these variables would allow researchers to better understand the psychological and behavioral mechanisms underlying customer retention in banking services.

Third, the cross sectional research design limits the ability to capture dynamic behavioral changes over time. Digital marketing strategies and customer engagement evolve rapidly due to technological innovation. Longitudinal studies are recommended to observe changes in customer perceptions and loyalty behavior over time, particularly as artificial intelligence, personalization algorithms, and fintech collaborations increasingly shape digital banking experiences [16]. This approach would strengthen the understanding of how digital marketing effectiveness changes in response to new technologies and evolving customer expectations.

Fourth, the study relies solely on self-reported survey data, which may introduce response bias or common method variance. Future research may adopt mixed method approaches, combining survey data with qualitative interviews, behavioral transaction data, or experimental designs to enhance methodological rigor. Additionally, advanced analytical approaches such as multi group analysis or moderation testing could provide deeper insights into demographic or generational differences in digital banking behavior [17]. Such approaches would also strengthen the practical implications for banks in designing more targeted digital marketing strategies for different customer segments.

Finally, although this study confirms the mediating roles of Brand Image and Promotion, future research could explore moderating variables such as digital literacy, technology readiness, and customer experience orientation. Investigating these moderating effects would contribute to a more nuanced understanding of how digital marketing strategies influence customer loyalty in increasingly technology-driven financial ecosystems. Overall, this study contributes both theoretically and

practically by confirming that customer loyalty in the banking sector is shaped by the integration of digital marketing strategies, strong brand image, and effective promotional communication, supported by trusted and credible banking products. The findings suggest that BRI should continue optimizing its digital marketing initiatives while ensuring that promotional strategies remain consistent with its established brand identity and product reliability. Strengthening these elements simultaneously is essential for sustaining customer loyalty and maintaining competitiveness in the increasingly dynamic digital banking landscape.

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