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Evaluating the Determinants of Digital Marketing Channels on Consumer Buying Behavior in the Kathmandu Valley

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Abstract

This empirical study evaluates the influence of five key digital marketing channels: Search Engine Marketing (SEM), Content Marketing (CM), Social Media Marketing (SMM), Affiliate Marketing (AM), and E-mail Marketing (EM) on consumer buying behavior in Kathmandu Valley, Nepal. A quantitative descriptive and explanatory research design was adopted to collect primary survey data from 300 active digital consumers across the Kathmandu Valley using a five-point Likert scale questionnaire. Descriptive, Cronbach's alpha reliability analysis ($\alpha = 0.871$), Pearson correlation and Chi-square tests of independence were conducted to evaluate the impact of various digital marketing channels on consumer buying behavior. The study results revealed that Search Engine Marketing ($\chi 2 = 243.433$, $p < .001$), Social Media Marketing ($\chi 2 = 231.653$, $p < .001$), and Affiliate Marketing ($\chi 2 = 381.387$, $p < .001$) significantly contribute to consumer buying behavior in Kathmandu Valley, Nepal, while Content Marketing ($p = .673$) and E-mail Marketing ($p = .453$) have no notable direct influences on the behavior

of consumers in the Chi-square analysis though they showed a positive Pearson correlation. This study offers implications for marketing managers and digital strategy experts in emerging economies.

Keywords*:* Digital marketing, Consumer buying behavior, Search engine marketing, Social media marketing, Affiliate marketing, Emerging market, Nepal.

1. Introduction

The proliferation of modern technology and mobile networks has disrupted the promotion activities of firms and the buying behavior of consumers in developing countries. Digital marketing channels appear to be increasingly influential in Nepali society due to their cost-effectiveness, high-interactivity and global reach. Following the global technological advancement, the number of internet and social media users has also grown exponentially in Nepal, further complementing the rise of e-commerce activities in Kathmandu Valley, the capital city of Nepal.

Despite the extensive application of digital platforms by Nepalese firms, the specific impacts of multi-channel digital marketing strategies on consumer decision-making behavior in urban Nepal remain understudied in the literature. Understanding the consumer preferences across various digital marketing channels can help businesses meet their promotional goals and gain sustainable customers in the long run. This paper focuses on exploring the influence of key digital marketing factors on the buying behavior of consumers in Kathmandu Valley.

2. Literature Review

Digital marketing refers to the electronic methods used by organizations to promote their products or services, involving a continuous two-way communication with consumers. Consumer buying behavior (CBB) in general means the process whereby the consumer selects, purchases and evaluates products or services to satisfy their wants. Existing literature suggests that digital channels alter the traditional framework of the consumer decision-making process, which includes problem recognition, information search, alternative consideration, and post-purchase evaluation.

Nepalese researchers have highlighted the changes in audience responses to different promotional media. Thapa (2015) found that the urban audience in Nepal prefers certain types of media in relation to their age and literacy with audio-visual, and musical formats generating more engagement. In media exposure, Thapa (2023) reported that electronic and televised advertising deeply influences or modifies the lifestyle preferences and consumption behavior of the urban youths in Kathmandu. In a similar vein, Thapa (2019) noted that information availability and transparency affect the buying behavior of urban Nepalese consumers.

Empirical analyses conducted in different developing countries have also yielded divergent results regarding the role of different channels in influencing consumer buying behavior. For instance, Kaushik and Prativindhya (2019) revealed that Search Engine Marketing and Social Media Marketing significantly influence the buying decisions of the Nepalese consumers for consumer electronics. Al-Azzam and Al-Mizeed (2021) similarly argued that the use of social media and mobile platforms directly impacts purchasing choices among young consumers. However, differences emerged when the consumer

sample was segmented in regards to the channel of choice; Omar and Atteya (2020) for example, discovered that e-mail and direct digital communication were least effective at the initial stages of a purchase.

Conceptual Framework and Hypotheses:

Based on the aforementioned literature, this study hypothesized the following relationships between the five (5) independent digital marketing factors and the dependent Consumer Buying Behavior:

H_1: Search engine marketing has a positive impact on consumer buying behavior.

H_2: Content marketing has a positive impact on consumer buying behavior.

H_3: Social media marketing has a positive impact on consumer buying behavior.

H_4: Affiliate marketing has a positive impact on consumer buying behavior.

H_5: E-mail marketing has a positive impact on consumer buying behavior.

3. Materials and Methods

3.1 Design and Sample

This study employed a quantitative research design with both descriptive and explanatory components to explore the structural relationships between various digital marketing channels and consumer buying behavior. Quantitative research methods were utilized due to their objectivity, standardization, and ability to test theoretical constructs on a large-scale consumer sample.

The target population of this survey was the urban consumers who live in the Kathmandu Valley (Kathmandu, Lalitpur, Bhaktapur regions), and who actively use electronic devices, social networks, and online platforms to explore and purchase goods. Kathmandu Valley is the central economic, technological, and commercial hub of Nepal, housing the highest number of internet users, digital wallets, and e-commerce platforms in the country at the present time.

Due to the non-definitive nature of the exact number of active digital consumers in the valley, this study adopted Krejcie and Morgan's (1970) table for the estimation of sample size for finite and infinite populations. By assuming a population proportion (P) of 0.50 (which ensures the highest probability of achieving a statistically significant sample variance), a degree of accuracy (d) of 0.05, and a 95% confidence interval ($\chi 2 = 3.841$ at $df = 1$), a minimum requirement threshold of 384 respondents was set for the study with 300 – 320 being suitable for sub-urban structured surveys. A non-probability purposive and convenience sampling technique was used to ensure that the survey targets only those who have an existing knowledge and exposure to digital marketing.

The research team distributed a total of 320 structured questionnaires, using a dual mode: physical (hard copy) and electronic (Google Forms) survey approaches. Field visits occurred across the commercial centers and educational institutes of Kathmandu Valley while the electronic questionnaires were shared through email and direct messages. Out of the 320 total responses received, 20 were rejected due to

incomplete responses or duplicate entry, resulting in a final sample size of N = 300 validated active digital consumers.

3.2 Measurement Constructs

The survey document was developed following a comprehensive review of the literature in this field and included a series of structured close-ended questions categorized into distinct sections. Every key construct was measured on a standard 5-Point Likert Scale (from 1 – Strongly Disagree to 5 – Strongly Agree), designed to transform the latent concept into a quantifiable numerical metric suitable for inferential testing.

Search Engine Marketing (SEM): Measured using five (5) Likert scale items, SEM was assessed through consumer preferences on search platforms (Google, Yahoo), inclination to click on advertisements, preference of product listing ads over simple text-based ads, intent to navigate to links via the search intention, and the perception of relevance of top search results.

Content Marketing (CM): Evaluated using five (5) Likert item questions to measure the perceived accuracy of content, the inclination to watch video/YouTube and blog reviews before purchasing, the importance of verifying product credibility, and the likelihood to use blog links to visit e-commerce shops.

Social Media Marketing (SMM): Measured using five (5) dedicated Likert scale questions:

Active Usage: Frequency and active membership on big social networks (e.g., Facebook, Instagram).

Product Exploration: A consumer's willingness to explore and browse commercial products on social networks.

Price and Product Comparison: Consumer utilization of social networks to compare features, alternative choices, and prices on similar products prior to making a buying decision.

Channel Preference Versus Physical Store: The propensity to buy a product via direct links on social networks rather than visiting a physical store.

Channel Security Perception: The level of user trust and safety when making a purchase via a direct link on social networks.

Affiliate Marketing (AM): Assessed using four (4) Likert scale questions:

Blog Link Navigation: Likelihood to click on an external referral link on a third party review blog to navigate to a merchant's e-commerce shop.

Video Review Referrals: Willingness to follow the description/embedded affiliate link after watching a product review video.

Influencer Credibility: The perceived trustworthiness of a product recommendation from social media influencers and key opinion leaders.

Discount-Driven Link Navigation: The motivation for visiting a merchant's website through a promotional affiliate link (specialized discounts, coupons, or free gifts).

E-mail Marketing (EM): Assessed using four (4) Likert items assessing the likelihood to open promotional email, click on links within emails, make a repeat purchase from the same company email, and respond to personalized message elements.

Consumer Buying Behavior (CBB – Dependent Variable): Measured using five (5) items assessing the influence of information availability, time and effort-saving, digital reviews, ease of comparing price/quality, and security trust on consumer buying behavior.

3.3 Statistical Evaluation Methods

Data analysis was conducted using IBM SPSS Statistics (Version 22.0) for Windows. The analysis involved a four-step procedure:

Descriptive Statistical Analysis: Calculated the central tendency (Arithmetic Mean – M), representing the average response across the Likert items for every construct, in addition to the Standard Deviation (σ), to highlight the variance in response per item and the spread of data around the mean.

Scale Reliability and Internal Consistency: Measured using Cronbach's Alpha (α) coefficients to determine if the Likert scale items consistently captured the intended construct. Following basic psychometric standards (Nunnally & Bernstein, 1994), an alpha threshold of alpha 0.70 was set as the minimum requirement for internal consistency reliability.

Pearson Product-Moment Correlation Analysis: Calculated the bivariate Pearson Correlation Coefficients (r) at a two-tailed 1% significance level ($\alpha = 0.01$) to determine the relationships between each independent digital marketing variable (X) and the dependent variable Consumer Buying Behavior (Y).

Chi-Square ($\chi 2$) Test of Independence: Conducted non-parametric Pearson Chi-Square tests to assess the categorical relationship of the five proposed hypotheses (H_1), and formally evaluated them against the $\alpha = 0.01$ and $\alpha = 0.05$ decision rules. If $p < .01$, then H0 was rejected, providing evidence that the specific digital marketing channel has a significant impact on the consumer buying behavior of urban consumers in Nepal.

4. Data Presentation and Analysis

4.1 Demographic and Behavioral Profiles of Respondents

To comprehend the characteristics of the survey participants and determine the context of this study, the demographics and behaviors of the validated sample ($N = 300$) were analyzed across six (6) primary areas: gender, age distribution, educational qualification, occupational status, monthly income level, and digital purchasing frequency.

Gender Distribution: Out of the total 300 validated respondents, females comprised slightly more of the sample at 153 participants (51.0%) while male respondents totaled at 147 participants (49.0%). The balanced gender representation ensures that this study reflects the digital marketing perceptions and buying behavior of the Kathmandu Valley's male and female consumers.

Age Profile: The age brackets of the participants suggest that digital platform use cuts across many ages, with a large proportion of the sample representing young adults and working age groups. Specifically, respondents aged 26 – 30 years represent the largest age bracket with 105 participants (35.0%), followed by respondents aged above 30 years with 99 participants (33.0%). The younger demographics comprised 64 participants aged between 21 – 25 years (21.3%), and 32 respondents who were up to 20 years old (10.7%).

Educational Qualifications: The sample consisted of respondents with a high level of education, suggesting a decent literacy rate and an ability to understand and interpret digital marketing mechanisms. The majority of the respondents held an undergraduate or Bachelor's degree with 116 participants (38.7%), followed by the Master's degree holders with 105 participants (35.0%). Those with an up to +2 qualification (intermediate) accounted for 68 participants (22.7%), and those with a qualification more than the Master's degree totaled at 11 participants (3.7%).

Occupational Status: In terms of the occupation of the respondents, salaried job holders make up the largest segment with 150 participants (50.0%). Business owners and entrepreneurs comprised 62 participants (20.7%), students totaled at 61 participants (20.3%), and unemployed/non-working individuals represented 27 participants (9.0%). This suggests that the active online consumer base in urban Nepal is largely driven by business professionals and students.

Monthly Income Distribution: The monthly income brackets of the participants indicated diverse economic segments among the respondents. The largest single group of respondents were individuals earning less than NPR 20,000, totaling at 87 participants (29.0%), followed by those earning higher income making more than NPR 50,000 with 80 participants (26.7%). The middle income categories were divided as follows: those earning NPR 31,000 – 40,000 included 50 participants (16.7%), those earning NPR 41,000 – 50,000 included 42 participants (14.0%), and those earning NPR 21,000 – 30,000 included 41 participants (13.7%).

Digital Purchasing Frequency: Evaluation of the behavior of consumers on online shopping revealed that nearly half of the sample (148 participants) often made purchases digitally. Further, 59 participants (19.7%) very often engaged in digital purchasing, while 93 participants (31.0%) rarely made digital transactions. Overall, this suggests a deep-rooted presence of e-commerce engagement among urban consumers in the Kathmandu Valley.

4.2 Descriptive Statistics of Construct Variables

In order to determine the mean values and variance of responses across the key variables investigated, descriptive statistical values such as the arithmetic mean (M) and standard deviation (σ) were calculated for all the items formulated on a five-point Likert scale (N = 300. The descriptive statistics provide an in-depth insight into consumer attitudes towards the five independent digital marketing channels and the dependent consumer buying behavior construct.

Search Engine Marketing (SEM): In relation to search engine marketing items, it was evident that consumers made extensive use of search engines to pursue active purchase intent. Notably, the highest mean score was recorded for the item, 'I click on the link of the products that I needed' (M = 4.090, σ= 0.9993), an indicator of the strong purchase intent amongst urban respondents. On the contrary, the

lowest mean score was registered for the item, 'I click on the advertisements that grab my attention' (M = 3.417, σ = 1.1977), an indication that display and banner ads failed to elicit direct consumer response. Thus consumers were more intent on pursuing purchase options rather than engaging with advertising materials.

Content Marketing (CM): In relation to content marketing items, there was clear evidence that prior to making a purchase decision, urban consumers relied on reviews and media resources to make an informed decision. The highest mean score was recorded for the item, 'I analyze the YouTube reviews/other online reviews before buying the products' (M = 3.817, σ = 1.1047), an indicator of the extensive trust in visual media as a mechanism to gain purchase insights.

Social Media Marketing (SMM): With regards to social media marketing items, some of the highest mean scores were recorded, as was the case with the lowest mean scores, across all the variables investigated. In relation to the former, the item, 'I am an active user of Facebook or at least one social media platform' M = 4.317, σ = 0.9341) registered the highest mean score, thus revealing the extent to which urban respondents were engaged with digital social networks. On the contrary, the item, 'I feel safe and secure while shopping from the link provided in social media' (M = 3.250, σ = 1.3786), reported the lowest levels of mean scores, an indication of the extent to which transactional safety and security remained a concern for consumers using these digital networks.

Affiliate Marketing (AM): With regards to affiliate marketing items, it was apparent that a significant proportion of urban consumers engaged with blog resources to identify potential sources of purchase. In relation to the item, 'I click on the link provided in the blogs to visit related e-commerce site'(M = 3.610, σ = 1.1441), , there was evidence of extensive levels of engagement with such resources.

E-mail Marketing (EM): Overall, e-mail marketing items registered the lowest levels of descriptive statistics in comparison to the other variables investigated. The item, 'I often read the mails related about the various products/services'(M = 3.270, σ = 1.4132), (reported the highest levels of engagement with such resources. On the contrary, the item, 'I get influenced through the personalized elements included in my mails' (M = 2.963, σ = 1.3396), reported the lowest levels of descriptive statistics, which was below the neutral score of 3.0, thus indicating the limited role of e-mail engagement in influencing consumer behavior.

Consumer Buying Behavior (CBB): In relation to the dependent variable of interest, the item, 'I prefer digital marketing because of the availability of information at any time' (M = 3.920, σ = 1.2431). reported the highest levels of mean scores, thus indicating that anytime availability and access to information was a critical factor which accelerated the adoption of digital retailing in the Kathmandu Valley.

4.3 Reliability Analysis

Cronbach's Alpha (α) scores were calculated for all the variables of interest as well as the overall instrument in order to establish the reliability and internal consistency of the items included. In the Cronbach's test, a score of 0.70 and above is adequate to indicate reliability of the items used.

Overall Instrument Reliability: An overall Cronbach's score of 0.871 was registered for the entire instrument, thus indicating adequate levels of reliability across all the items used.

Construct Level Reliability Coefficients: For each of the models investigated, individual Cronbach's scores were calculated, with all the items registering above the acceptable threshold score of 0.70:

Search Engine Marketing (SEM): A Cronbach's score of 0.708 was registered for the items included.

Content Marketing (CM): A Cronbach's score of 0.736 was registered for the items included.

Social Media Marketing (SMM): A Cronbach's score of 0.723 was registered for the items included.

Affiliate Marketing (AM): A Cronbach's score of 0.761 was registered for the items included.

E-mail Marketing (EM): A Cronbach's score of 0.828 was registered for the items included.

Consumer Buying Behavior (CBB): A Cronbach's score of 0.710 was registered for the items included.

4.4 Pearson Correlation Analysis

Pearson product-moment correlation analysis was carried out in order to establish the extent to which each of the independent variables correlated with the dependent variable measured (N = 300). Across all the variables investigated, statistically significant positive correlation scores were registered at the two-tailed α =.01 significance level.

Social Media Marketing (r = .345, p = .000): A statistically significant positive correlation was registered between the independent variable of interest, Social Media Marketing, and the dependent variable, Consumer Buying Behavior. This finding implies that as consumers engaged more with digital media platforms, such as Facebook and Instagram, in pursuit of purchase intent, higher levels of buying behavior was registered.

Affiliate Marketing (r = .323, p = .000): A statistically significant positive correlation was registered between the independent variable, Affiliate Marketing, and the dependent variable, Consumer Buying Behavior. This finding implies that as active consumers engaged with blog items, such as video reviews and affiliate links, in pursuit of purchase intent, greater levels of buying behavior was elicited.

E-mail Marketing (r = .284, p = .000): A statistically significant positive correlation was registered between the independent variable, E-mail Marketing, and the dependent variable, Consumer Buying Behavior. This finding implies that as active consumers read promotional mails and received product-related information through this channel, enhanced levels of buying behavior was triggered.

Content Marketing (r = .230, p = .000): A statistically significant positive correlation was registered between the independent variable, Content Marketing, and the dependent variable, Consumer Buying Behavior. This finding implies that as active consumers accessed informational resources, such as blog items and online reviews, in pursuit of purchase intent, increased levels of buying behavior was registered.

Search Engine Marketing (r = .172, p = .000): A statistically significant positive correlation was registered between the independent variable, Search Engine Marketing, and the dependent variable, Consumer Buying Behavior. This finding implies that as active consumers engaged with search engine results and sought relevant links, enhanced levels of buying behavior was elicited.

4.5 Hypothesis Testing (Chi-Square Analysis)

Pearson's chi-square ($\chi 2$) tests of independence were carried out in order to test the formulated hypotheses ($\chi 2$, H3, H4, H5) (σ= 0.99930). The results obtained are presented below:

Search Engine Marketing (H1): $\chi 2 = 243.433$, σ= 0.99931, $p = .000$ ($p < .01$) - Supported

Content Marketing (H2): $\chi 2 = 244.364$, σ= 0.99932, $p = .673$ ($p > .05$) - Not Supported

Social Media Marketing (H3): $\chi 2 = 231.653$, σ= 0.99933, $p = .000$ ($p < .01$) - Supported

Affiliate Marketing (H4): $\chi 2 = 381.387$, σ= 0.99934, $p = .000$ ($p < .01$) - Supported

E-mail Marketing (H5): $\chi 2 = 241.935$, σ= 0.99935, $p = .453$ ($p > .05$) - Not Supported

5. Key Findings

Based on the descriptive and inferential analyses carried out on the sample data collected (σ= 0.99936), the salient results garnered from the research are as follows:

i. Significant Digital Drivers: It was evident that Social Media Marketing, Affiliate Marketing and Search Engine Marketing had a significant and positive impact on consumer buying behavior in the Kathmandu Valley.

ii. Core Demographic Profile: The analyses revealed that young adults (aged 26-30 years, comprising 35.0% of the sample) were the largest buyers. In addition, a significant proportion (50.0%) of the sample comprised of professional salaried employees.

iii. Primary Motivators for Adoption: Easy access to information (σ= 0.99937) and the ability to compare product qualities, costs and options (σ= 0.99938) were the key motivators for adopting digital retailing.

iv. Limitations of Push Channels: E-mail Marketing ($p = .453$) and long-form Content Marketing ($p = .673$) failed to have a direct and significant impact on final purchase behavior, primarily due to the excessive use and dependence on digital mail and the reluctance to engage with textual material at length.

6. Discussion

The empirical validation of the hypotheses, H_1, H_3 and H_4, is consistent with extant research on digital adoption in developing markets. The impact of Social Media Marketing ($r = .345$, $p < .001$) is in line with the findings of Thapa (2015, 2023), who asserted that visual media significantly influenced audience perceptions in the Kathmandu Valley. This is further corroborated by the high mean score recorded for the item, 'I am an active user of Facebook or at least one social media platform' σ= 0.99939, M = 3.4170), therefore indicating the extent to which visual media platforms such as Facebook and Instagram influenced consumer engagement.

The high impact recorded for Affiliate Marketing ($\chi 2 = 381.387$) highlights the growing dependence on digital word-of-mouth, in terms of product reviews and recommendations, by urban consumers. In a similar vein, the high value of impact recorded for Search Engine Marketing indicates the extent to which active search engines assisted in providing information and relevant links to consumers. In contrast, the low impact yielded by Content Marketing and E-mail Marketing can be attributed to the reluctance of

urban consumers to read long-form textual material and their skepticism towards receiving unsolicited e-mails.

7. Conclusions and Implication

7.1 Conclusion

The findings yielded by this study indicate that digital marketing channels play an increasingly critical role in influencing consumer buying behavior in the Kathmandu Valley. It was established that Social Media Marketing, Affiliate Marketing and Search Engine Marketing played a direct role in enhancing consumer buying behavior. The findings further establish that urban consumers in Nepal are increasingly reliant on digital marketing channels to make purchase decisions. As digital adoption continues to increase across Nepal, the aforementioned digital marketing channels are set to become an integral feature of the retailing landscape in the country.

7.2 Managerial Implications

Strategic Allocation of Budgets: Marketing managers should allocate greater budgets to paid social media and search engine ads, in comparison to e-mail campaigns.

Influencer & Affiliate Partnerships: Marketing managers should establish partnerships with influencers, as well as affiliate marketing platforms, to generate greater levels of consumer engagement

Enhancing Platform Security: Given the reluctance of consumers to transact through digital media platforms, due to a lack of trust and confidence, marketing managers should invest in developing trust-enhancing features on their platforms.

7.3 Future Research Directions

Further research should be carried out to establish the influence of the aforementioned variables in other economic hubs across Nepal, in addition to the Kathmandu Valley. Future researchers may also consider utilizing structural equation modeling in their analyses, in addition to considering other variables, such as the role of payment gateways, the quality of delivery services and the overall consumer experience with digital retailing platforms.

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