

# A Conceptual Paper on Social Media Engagement and Customer Retention for a Financial Services Agency

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**Abstract**— In today's rapidly evolving digital landscape, social media platforms have become indispensable for businesses aiming to enhance customer engagement and cultivate brand loyalty. This conceptual paper explores strategies for improving customer engagement through social media, with a particular focus on Alpha Group, a financial services agency. Utilizing the Attention, Interest, Desire, Action (AIDA) Model as a theoretical framework, the study examines key challenges faced by the agency in leveraging social media to engage with customers. Issues such as low engagement on platforms like Facebook and Instagram are identified, attributed to gaps in digital marketing expertise and content management. Social media marketing can be seen as a closed-loop system where feedback from user interactions continuously informs and refines marketing strategies, fostering a symbiotic relationship between businesses and consumers. Through a comprehensive literature review and the creation of a conceptual model, this paper proposes targeted interventions to address these challenges and boost customer engagement. The insights provided are intended to enrich both academic discourse and practical applications in social media marketing, specifically within the financial services sector. Future research should test the proposed model across different business contexts and investigate the long-term impact of customer engagement strategies on brand performance.

**Keywords**—Social Media Marketing, AIDA model, financial services agency

## I. INTRODUCTION

### A. Background of Research Company

Alpha Group, founded in January 2016, is a financial services agency headquartered in Johor Bahru, Malaysia. Initially operating under the umbrella of Manulife, the agency's primary focus was on providing insurance and unit trust services to clients across multiple regions, including Johor, Melaka, Penang, and Kuala Lumpur. Over the years, ALPHA Group has expanded its operations and relocated to a more strategically positioned office that offers enhanced facilities, such as private meeting spaces and improved office equipment, to better serve its growing clientele.

Despite its strong presence in the traditional financial services market, Alpha Group has encountered significant challenges in adapting to the digital era. To address the digital marketing skill gap, the company needs to implement targeted training modules. Proposed modules include Meta Courses for social media advertising, Google Analytics for performance

tracking, and customized workshops focusing on content creation and regulatory compliance in the financial sector. The swift rise of social media platforms such as Facebook and Instagram has transformed the way businesses engage with their customers. These platforms provide unprecedented opportunities for real time communication, brand development, and enhanced customer interaction. However, Alpha Group has struggled to effectively harness these platforms to strengthen its online presence and connect with both existing and potential clients. As competition in the financial services industry intensifies, particularly in the digital arena, it is crucial for Alpha Group to integrate social media into its marketing strategy to maintain its competitive edge and ensure sustainable growth.

### B. Problem Statement

In today's digital age, where social media is a pivotal force in marketing and customer engagement, Alpha Group faces a significant challenge with its limited presence on platforms such as Facebook and Instagram. The agency's reliance on traditional marketing methods, including face-to-face interactions and offline strategies, has not successfully transitioned to the online realm. This disconnect has created a notable disparity between Alpha Group's potential to engage with a wider audience and its current digital performance. Additionally, the highly regulated nature of the financial services industry imposes constraints on social media use. The proposed strategies need to integrate compliance checks and ensure that content aligns with financial regulations, such as the Malaysian Securities Commission guidelines.

A critical issue is the organization's lack of expertise in digital marketing. Both management and staff lack the necessary skills to effectively manage and optimize social media content, resulting in generic and uninspiring posts that fail to captivate the target audience. Moreover, the absence of a feedback-driven closed-loop system to monitor and improve content based on customer interactions has prevented continuous optimization of their social media strategy. Furthermore, managing user-generated content (UGC) requires strict adherence to data privacy regulations such as the Personal Data Protection Act 2010 (PDPA). Implementing clear guidelines for UGC approval and anonymization protocols can help mitigate privacy risks

while maintaining compliance. This has also hindered the creation of a symbiotic relationship between Alpha Group and its customers, where mutual value and engagement could be cultivated.

These challenges are exacerbated by the growing competition within the financial services sector, where rivals are swiftly adopting digital tools to enhance customer engagement. Without a strong social media presence, Alpha Group risks falling behind competitors and missing out on crucial opportunities to attract and retain customers. Addressing these social media deficiencies is essential for improving the agency's marketing effectiveness and securing long-term success in an increasingly digital marketplace.

## II. LITERATURE REVIEW

### A. Previous and contemporary studies

Social media has fundamentally transformed how businesses engage with customers, offering platforms for direct communication, brand building, and interactive engagement. The influence of social media on marketing has been extensively studied across various sectors, including financial services. Social media marketing is defined as the strategic use of platforms such as Facebook, Instagram, and Twitter to promote products, interact with customers, and boost brand awareness [1].

Research has shown that customer engagement on social media is crucial for fostering long-term relationships and enhancing brand loyalty. Platform-specific strategies play a significant role in optimizing engagement. For example, Instagram Stories and Reels can be effective for delivering quick financial tips and client success stories, while LinkedIn can be leveraged for professional networking, sharing in-depth financial insights, and attracting B2B clients. Engagement is often measured through metrics such as likes, shares, comments, and the depth of interaction with brand content. The AIDA model, which stands for Attention, Interest, Desire, and Action, continues to be a valuable framework for understanding customer engagement in digital marketing [2]. This model provides a systematic approach to attracting customers' attention, generating interest, creating a desire for the product, and ultimately encouraging them to take action.

Social media marketing can also be conceptualized as a closed-loop system, where continuous feedback from user interactions informs and refines future strategies. This feedback-driven approach fosters a symbiotic relationship between businesses and consumers, leading to more personalized and effective marketing efforts. Despite the benefits of social media, many businesses, particularly small and medium-sized enterprises (SMEs) in the financial sector, find it challenging to effectively utilize these platforms due to stringent regulatory requirements. Compliance with financial regulations, such as anti-money laundering (AML) policies and customer data protection laws, complicates content creation and user-generated content (UGC) management, making it necessary to develop specialized strategies to navigate these challenges. SMEs frequently lack the expertise and resources needed to execute successful social media strategies [3]. This difficulty is particularly pronounced in the financial services industry, where traditional marketing approaches prevail and there is a

notable gap in digital literacy among business owners and staff.

Another important aspect highlighted in recent studies is user-generated content (UGC). UGC, which encompasses reviews, testimonials, and content created by customers, is crucial for building trust and credibility [4]. UGC is often viewed as more authentic and can significantly impact other customers' purchasing decisions. However, managing UGC in highly regulated industries like financial services presents challenges, as businesses must balance compliance with industry standards while ensuring transparency. Moreover, it is important to measure customer engagement to assess the effectiveness of social media strategies [5]. In their study of the Malaysian hotel industry, they found that businesses often lack the tools and expertise to accurately evaluate their social media performance. This issue is also relevant for financial services agencies, where understanding customer behavior and preferences is key to delivering personalized services and staying competitive.

### B. Conceptual Model

To address the challenges faced by financial services agencies in leveraging social media, this paper proposes a conceptual model based on the AIDA framework. The AIDA model has been widely used in marketing to guide the process of customer engagement, from attracting initial attention to driving actionable outcomes [6]. In the context of financial services, this model can be adapted to focus on specific strategies that enhance customer engagement on social media platforms.

The proposed conceptual model integrates the AIDA framework with additional factors relevant to the financial services industry. The model emphasizes the importance of building trust and credibility through authentic content, such as UGC, while also addressing regulatory concerns. Effective UGC management requires clear policies for data privacy compliance, including adherence to the Personal Data Protection Act 2010 (PDPA). Implementing approval workflows, content moderation, and anonymization protocols can help mitigate privacy risks and ensure compliance with industry regulations. The model includes the following key components:

1. **Attention:** Enhancing the visibility of the financial services agency through targeted social media campaigns, high-quality content, and strategic partnerships.
2. **Interest:** Creating engaging and informative content that addresses the specific financial needs and concerns of the target audience, such as investment advice, insurance options, and financial planning.
3. **Desire:** Building trust and credibility by showcasing customer testimonials, success stories, and expert opinions. UGC plays a vital role in this stage, as it provides authentic perspectives from real customers.
4. **Action:** Encouraging customers to engage with the agency through clear calls-to-action, such as signing up for consultations, requesting quotes, or participating in financial literacy programs.

This conceptual model provides a structured approach for financial services agencies to enhance customer engagement

on social media while ensuring compliance with industry regulations. By integrating the AIDA framework with industry-specific considerations, the model offers a comprehensive strategy for leveraging social media in a highly competitive market.

### C. Intervention Plan and Implications

The successful implementation of the proposed conceptual model requires a well-structured intervention plan. This plan should focus on addressing the internal and external challenges identified in the problem statement, such as improving digital literacy, enhancing content quality, and optimizing social media strategies. By incorporating a closed-loop system approach, where customer feedback and engagement metrics are continuously analyzed, the agency can create a dynamic feedback loop to inform and refine its social media strategies, fostering a symbiotic relationship with its customers.

The intervention plan can be structured into the following key steps:

1. **Training and Skill Development:** The first step is to enhance the digital marketing skills of the management and staff. This includes training on social media tools, content creation, and analytics. Offering workshops and online courses, such as Meta Blueprint Courses, can help bridge the knowledge gap and empower employees to effectively manage social media platforms.
2. **Content Strategy Development:** Developing a content strategy that aligns with the AIDA model is essential. This involves creating content calendars, identifying key themes, and ensuring consistency in messaging. The focus should be on producing high-quality content that resonates with the target audience, such as financial tips, success stories, and expert insights.
3. **UGC Management:** Encouraging and managing UGC is crucial for building authenticity and trust. This can be achieved by creating platforms for customer reviews, testimonials, and interactive content, while ensuring that all content complies with regulatory standards.
4. **Monitoring and Evaluation:** Implementing tools to monitor and evaluate the effectiveness of the social media strategy is critical. Using metrics such as engagement rates, click-through rates, and customer feedback, the agency can assess the success of the interventions and make necessary adjustments.
5. **Continuous Improvement:** Social media strategies should be dynamic and adaptable. Regularly reviewing the performance of social media campaigns and staying updated with industry trends will allow the agency to continuously improve its approach and maintain a competitive edge.

The implications of this intervention plan are significant for both the academic and practical realms. Academically, it contributes to the understanding of how the AIDA model can be applied in the financial services industry, particularly in the context of social media marketing. Practically, it provides a roadmap for financial services agencies to enhance their

customer engagement and improve their overall marketing effectiveness. By addressing both the internal challenges of digital literacy and the external demands of regulatory compliance, this intervention plan offers a holistic solution to the complex challenges faced by financial services agencies in the digital age.

## III. METHODOLOGY

### A. Research Design

The research design for this study focuses on evaluating the effectiveness of social media strategies in enhancing customer engagement within the financial services sector, specifically targeting Alpha Group. A mixed-method approach is utilized, integrating both qualitative and quantitative methodologies to provide a comprehensive understanding of the research problem. The study is structured around the AIDA model, which serves as a framework for analyzing the stages of customer engagement across social media platforms.

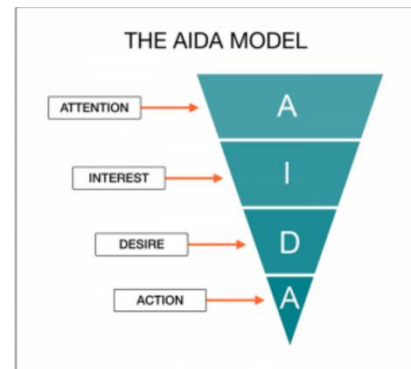


Figure 1 AIDA Model

This study employs a descriptive research design to explore the "what," "where," "when," and "why" of customer engagement on social media platforms, with a particular focus on Alpha Group's Facebook presence. The aim is to gain a deep understanding of the factors influencing customer engagement. A qualitative approach is chosen for its effectiveness in addressing complex and sensitive issues, using rich, detailed data gathered through semi-structured interviews and focus group discussions.

In the first phase, semi-structured interviews will be conducted with Alpha Group's founder to gain insights into the challenges and opportunities related to the agency's social media strategies. The second phase will involve a focus group discussion with two advisors and one manager to evaluate the effectiveness of the interventions designed to enhance customer engagement.

By utilizing qualitative methods, the study seeks to provide a comprehensive understanding of participants' motivations, beliefs, and behaviors, allowing for informed decision-making and the development of strategies to improve customer engagement. The descriptive research design ensures that the study captures detailed aspects of the phenomena under investigation, guiding both data collection and analysis to yield meaningful and actionable insights.



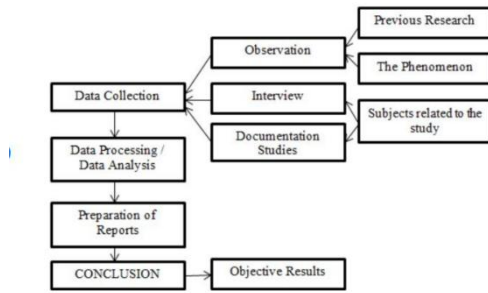


Figure 2 The flow of the descriptive of qualitative research design [7]

### B. Research Methods

The research is divided into three phases. The first phase involves a thorough literature review to understand the existing theories and findings related to social media marketing and customer engagement. This is followed by qualitative analysis, including interviews with the agency's management and focus group discussions with key stakeholders, such as sales advisors and marketing staff. This qualitative phase aims to identify the root causes of low customer engagement on social media platforms and to develop tailored intervention strategies. The insights gained from this phase inform the design of the subsequent quantitative survey. The third phase is quantitative, where a questionnaire survey is conducted to gather empirical data on customer perceptions and behaviors.

#### 1. Literature research method

The literature research method is utilized in the initial phase of the study to establish a robust theoretical foundation. This involves a thorough review of existing literature on social media marketing, customer engagement, and the application of the AIDA model across various industries, with a particular emphasis on financial services.

The review focuses on key theories related to customer engagement, such as the AIDA model, and evaluates how these models have been applied in previous studies. It also examines concepts like UGC and its impact on building trust and credibility on social media platforms [4]. The literature review synthesizes findings from previous research on the effectiveness of social media strategies in different sectors, highlighting both the challenges and opportunities associated with using social media for customer engagement [7].

Additionally, the review identifies gaps in the literature, especially concerning the application of social media strategies within the financial services sector. This identification helps position the current research within the broader academic context and underscores the need for the study. Furthermore, insights from the literature review inform the development of the study's conceptual framework, based on the AIDA model, which guides the design of the questionnaire and the overall research process.

#### 2. Questionnaire survey method

The second phase of the study involves the use of a structured questionnaire survey to collect quantitative data from both existing and potential customers of SRA505 Group. The questionnaire is designed to measure customer perceptions, attitudes, and behaviours related to the agency's social media presence and engagement efforts. The survey is

structured around the four stages of the AIDA model. The survey uses a Likert scale (ranging from 1 to 5) to capture respondents' levels of agreement or disagreement with various statements. This allows for the quantification of attitudes and behaviours, facilitating a more detailed analysis of the factors influencing customer engagement.

#### 3. Quantitative analysis

The quantitative data obtained from the questionnaire survey will be analyzed using statistical software such as SPSS Statistics. The analysis will include descriptive statistics, correlation analysis, and regression analysis to identify key predictors of customer engagement. Additionally, a comparative analysis of engagement rates and customer retention before and after the implementation of social media strategies will be conducted to measure the ROI. Reliability will be assessed using Cronbach's Alpha, and factor analysis will ensure construct validity. The analysis will begin with descriptive statistics to summarize respondents' demographic characteristics and offer a snapshot of their responses. To ensure internal consistency, Cronbach's Alpha will be used to test reliability, while factor analysis assesses the construct validity of the questionnaire.

Next, correlation analysis will next be conducted to examine relationships between variables, such as the link between content quality (Interest) and customer engagement (Action). Regression analysis will be employed to identify key predictors of customer engagement on social media platforms, revealing which factors—such as Attention and Desire—most significantly influence customer behavior.

If relevant, a comparative analysis will be then performed to assess engagement levels before and after the implementation of social media strategies. This comparison helps measure the impact of the interventions and provides actionable insights for optimizing future strategies.

The results of the quantitative analysis will be used to validate the conceptual model proposed in the study and to provide evidence-based recommendations for Alpha Group to optimize its social media strategies. The research findings will also contribute to the broader understanding of how financial services agencies can leverage social media to enhance customer engagement.

### IV. CONCLUSION

This conceptual paper has explored the critical role of social media in enhancing customer engagement within the financial services sector, with a particular focus on Alpha Group. To ensure the practical applicability and effectiveness of the proposed conceptual model, a pilot study is recommended. Conducting a pilot study will provide empirical evidence to validate the interventions and strategies before broader implementation, thereby enhancing the model's credibility and relevance.

The study has emphasized the importance of integrating effective social media strategies, such as those guided by the AIDA model, to attract, engage, and retain customers in a competitive digital landscape. Furthermore, the strategies proposed take into account industry-specific challenges, such as compliance with financial regulations and data privacy concerns. Implementing clear guidelines for user-generated content (UGC) management and privacy protection measures

will help financial services agencies navigate these regulatory hurdles effectively.

By analyzing the challenges faced by Alpha Group, including limited digital marketing expertise and content management capabilities, this paper has highlighted the need for targeted interventions to bridge these gaps. The effectiveness of these interventions can be measured through quantifiable outcomes, such as increases in engagement rates, customer retention, customer acquisition costs (CAC), and customer lifetime value (CLV). These metrics will provide a clear understanding of the Return on Investment (ROI) and help justify the adoption of the proposed strategies.

The findings of this study offer valuable insights for both academic discourse and practical applications in social media marketing, particularly within the financial services sector. While the study focuses on Alpha Group, the proposed model and strategies can be adapted for other financial services firms and industries. By considering variations in firm size, target audiences, and regulatory environments, these insights provide a flexible framework for enhancing customer engagement across diverse contexts.

Future research should explore the long-term impact of these social media engagement strategies on brand performance and customer loyalty. Longitudinal studies could provide deeper insights into how sustained social media efforts influence customer relationships, trust, and overall business growth.

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