



An Empirical Study of Impact of Digital Marketing Frauds on Customers' Online Buying Behaviour in Madhya Pradesh

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ABSTRACT

The advent of internet brought the new media and mode of communication which totally changed the communication and interaction pattern of human beings. This digital transformation also changed the process of marketing and now marketing became digital and AI Marketing. There were different types of fraud associated with traditional marketing and consumers were always susceptible for any transactions and to protect customers from such malpractices different laws were enacted by government. Now customers are facing new and varied type of fraud in the name of digital marketing around the whole world. Customers of Madhya Pradesh are also facing such problems and are susceptible and cautious in doing online transactions. Government of India has enacted various cyber laws to protect consumers from such types of fraud but consumers are not still feeling safe due to innovation of new types of fraud. The digital marketing made much easier for both customers and sellers on their part of purchasing and selling goods and services from their current position without visiting the physical market. Now the seller and customers are not able to see each other in marketing process and dependent on digital network. This brought new types of marketing fraud and consumers are losing their money. Total 150 customers are contacted out of which 140 responses are useful. Data analysis was done using Reliability Test, Frequency table and T-Test was used.

Keywords: Phishing, social engineering, UPI, Drop shipping, Chargeback, Counterfeit.

INTRODUCTION

The advent of internet brought the new media and mode of communication which totally changed the communication and interaction pattern of human beings. This digital transformation also changed the process of marketing and now marketing became digital and AI Marketing. There were different types of fraud associated with traditional marketing and consumers were susceptible for any transactions done by them and to protect customers from such malpractices different laws were enacted by government. The digital marketing made much easier for both customers and sellers on their parts of purchasing and selling goods and services from their current position without visiting the physical market. Now the seller and customers are not able to see each other in process of marketing and dependent on digital network. This brought new types of marketing fraud and consumers are losing their money. Now customers are facing new and varied type of fraud in the name of digital marketing around the whole world. Customers of Madhya Pradesh are also facing such problems and are susceptible and cautious in doing online transactions. Government of India has enacted various cyber laws to protect consumers from such types of digital fraud but consumers are not still feeling safe due to innovation of new types of fraud. There are following types of digital marketing frauds are done with the customers.

1. Phishing and social engineering (SMS\WhatsApp\Email)- are used by sending links or attachment by sending emails, whatsapp or SMS and taking personal or financial information like login or credit/debit cards detail.
2. UPI and QR Code scams- They share fake QR code and collect their UPI PIN
3. Fake online shopping websites\social media Ads- Social media platform are used to direct customers to fake websites for discounted products where customers pay for such products but get nothing

4. Digital arrest scam\Impersonation
5. Investment\crypto Frauds via digital ads- Fake digital ads are used promising high returns on investments
6. Remote access\App scams- Customers are tricked to download Any Desk or TeamViewer app to take control of their device and they stole confidential information.
7. Job\work from home scams
8. Chargeback fraud- is a bank-mandated reversal of a credit card transaction, initiated when a cardholder claims a purchase was unauthorized (due to stolen credentials or identity theft) or falsely disputes a legitimate purchase, known as "friendly fraud"
9. Refund Fraud- Customer are promised by fraudster to refund for receiving defective or not receiving products and their bank details are taken and money is withdrawn form their accounts
10. Counterfeit or fake products scam- In affiliate marketing some sellers sale counterfeit products of well-known brands
11. Drop shipping fraud- In affiliate marketing some sellers' sales products of well-known brands without storing them and claim inventories which are not there and they cancel the orders of customer when unable to fulfil.

REVIEW OF LITERATURE

Traditional marketing is done through classic strategies and tactics which are focusing on key elements of marketing such as product development, pricing, distribution, and promotion of products (Armstrong G, Adam, S, Denize S & Kotler P, 2014). The Landscape of marketing has been evolving dramatically in recent year with the rise of digital marketing. Digital marketing leverages on advanced information and communication Technologies, Particularly the Internet and mobile platforms, to promote Products and services (Desai V & Vidyapeeth B, 2019).

The buying behaviour of consumers has always been a key topic in marketing and with the rise of digital marketing new dimension of online behaviour of customers attracted new studies. The digital marketing expands access of marketing and offers a more interactive and measurable way of engaging with target consumers and also allowing for direct communication with target customers (Meerman S D, 2022). Digital platforms provide brands with the ability to communicate with consumers in real time with a more personalized and dynamic marketing experience. Brands can offer tailored messages and promotions based on consumers' personal interests and past online behaviours (Kartajaya H, Kotler P & Hooi, 2019). Thus consumers becomes from passive viewers to active participants, which marks a significant departure from traditional marketing methods (Cizmeci F & Ercan T, 2015).

The increasing use of digital technologies and online social networks has fundamentally changed the way marketer's interactions with consumers. These interactions with customers are now more relational and interactive because they are facilitated by various digital platforms, such as smartphones, social media, and mobile apps (Krishen A S, Dwivedi, Y K, Bindu N & Kumar KS, 2021). The increasing dependency on digital marketing came with big challenges of cyber security. As marketing increasingly depends on ICTs, particularly the Internet, businesses face growing risks of cyber threats and attacks, which makes information security an essential requirement (Senyapar H N D, 2024). While digital marketing platforms offer significant advantages to businesses, they also present new vulnerabilities and make them the main targets of cyber-attacks.

These vulnerabilities can lead to devastating consequences, such as financial losses, customer data exposure, and damage to brand reputation (Adleena Huzaizi A H, Ahmad Tajuddin S N A, Bahari K A, Manan K A, & Abd Mubin N N 2021). It is undeniable that cyber-attacks have become widespread globally in the information age, affecting all economic sectors, including the digital marketing sector. As businesses integrate digital marketing into their core operations, the need for robust cyber security measures has become undeniable (Akeena Huzaizi A H, Ahmad Tajuddin S N A, Bahari K A, Manan K A, & Abdmubin N N).



Digital marketing now demands comprehensive security strategies to protect personal information and sensitive customer data against cybercrime (Kumar S, Pallathadka H, & Pallathadka L K). Moreover, financial transactions, especially on e-commerce and crypto currency platforms, are frequent targets of cybercriminals, which results in millions of dollars in losses annually (Aslan O, Aktug SS, Ozkan-okay M, Yilmaz A A, & Akin E, 2023).

The Objectives of study

1. To understand the online behaviour of customers of Madhya Pradesh.
2. To know the impact of digital marketing frauds on purchasing behaviour of customers of Madhya Pradesh.
3. To know the types of digital marketing fraud and their impact on customers.

Hypothesis

H1: Customers have no different opinion on online purchasing from digital marketing due to digital frauds.

H2: Customers have no different opinion on extra benefits\greed from purchasing online products\service.

H3: Customers have no different opinion on protection by cyber laws in case of cyber fraud in Madhya Pradesh.

RESEARCH METHODOLOGY

The nature of this research study is exploratory research and its purpose was to find out different types of digital frauds and their impact on online customer behaviour of Madhya Pradesh.

Sample Design

Sample design is made to collect information from the online customers by a structured questionnaire containing total 19 questions and target population was Indore city of Madhya Pradesh and surrounding area, India. Convenience random sampling method of data collection was used to collect information from online customers.

A sample size of 140 respondents was selected from Indore city of Madhya Pradesh India.

Tools used for data collection

Primary data

The primary data was collected by a structured questionnaire of 19 questions and they were directly contacted to fill the questionnaire and helped them in case of doubts.

Secondary Data

The secondary data is collected from following source

1. Journals and Magazines
2. Website
3. Reference Books
4. Newspapers

Data Analysis

For validating the data, Crobach's Alpha Test was conducted on 14 variables

Reliability Statistics	
Cronbach's Alpha	N of Items
0.774	14

The value of Cronbach’s Alfa is greater than 0.5, which means data has good reliability and allows us to accept data for study.

Demographic Analysis

Analysis of demographic data shows that 50.7% are male and 49.3% are female respondents who are using online marketing for their purchase.

Analysis of age group data shows that 35.7% are below 25 years, 36.4% are in age group of 25 to 45 and 17.9% are in age group of 45 to 65 and 10% are in age group of above 65 years.

Analysis of education qualification data shows that 15.7% are 12th pass and below, 22.1% are graduates, 32.1% are post graduates and 30% are professionally qualified.

Analysis of marital data indicates that 67.9% are married and 32.1% are unmarried respondents.

Analysis of the Occupational data shows that 27.1% are private employees, 20% are government employees, 22.1% are retired persons and 14.3% are self-employed and 16.4% are house wives.

Analysis of income data shows that 13.6% have less than Rs. 20,000 incomes, 36.4% are below Rs. 50,000 incomes, 29.3% are below Rs. 100,000 incomes and 20.4% are above Rs. 100,000 incomes.

Population of Madhya Pradesh faced different types of Frauds shown by survey

S. No	Type of fraud	Percentage of population
1	Face loss of money	37.9%
2	Fraud links on Whatsapp\SMS	85.7%
3	Fraud QR Code scan	55%
4	Fake offer link for Malicious website	73.6%
5	Fake advertisement for high return on investment	53.6%
6	Influencing to download app for hacking	38.6%
7	Offering refund with fraud link	62.9
8	Supplied counterfeit\fake\low quality products	70%
9	Order cancelled due to non-availability of products\Drop Shipping	70%

From the above table it is clear that people of Madhya Pradesh faced various types of digital frauds in their life in last few years with the coming of online digital marketing.

Test of Hypothesis

H1: Customers have no different opinion on online purchase from digital marketing due to digital frauds

T (139) = 39.09, P=0.0

The value of $P < 0.5$ which means there is significance difference in the mean value, which means null hypothesis is rejected and customers of Madhya Pradesh have still different opinion for purchasing online due to cyber frauds.

H2: Customers have no different opinion on extra benefits\greed from purchasing online products\service.

T (139) = 42.01, P=0.0

The value of $P < 0.5$ which means there is significance difference in the mean value, which means null hypothesis is rejected and customers of Madhya Pradesh are purchasing online due to extra benefits\discount and this also trap them into digital frauds some time.

H3: Customers have no different opinion on protection by cyber laws in case of cyber fraud in Madhya Pradesh.

T (139) = 23.9, P=0.0

The value of $P < 0.5$ which means there is significance difference in the mean value, which means null hypothesis is rejected and customers of Madhya Pradesh still think that Cyber Laws are not enough\implemented to protect them from cyber frauds.

Findings Of the study

There are following facts found from this study

1. People of Madhya Pradesh purchased online due to convenience and also extra benefits and these extra benefits converted into greed which traps them into digital frauds.
2. Customers of Madhya Pradesh also faced many types of digital frauds including Fraud links, QR codes, malicious websites, counterfeits goods, Drop shipping.
3. Customers of Madhya Pradesh always have fear of digital frauds while purchasing online products\services.
4. Customers of Madhya Pradesh still think that Cyber laws and their implementation is not enough to protect them from cyber frauds.
5. Nearly 37.9% Customers of Madhya Pradesh lost their money in online frauds in some or other way which make them susceptible to use digital marketing mode for their purchase.

CONCLUSION

The beginning of internet media brought a new media and mode of communication which has totally changed the communication and interaction pattern of human beings. This digital transformation also changed the process of marketing and now marketing became digital and AI Marketing. But the new media also attracted fraudsters and they also created new types of frauds on this new media. There were different types of fraud associated with digital marketing and consumers were susceptible for any transactions and to protect customers from such malpractices different laws were enacted by government of India. Customers of Madhya Pradesh wanted to enjoy different benefits and schemes offered by sellers due to low cost distribution of products, but due to these financial benefits customers are attracted on malicious websites and unknown SMS\Whatsapp links which leads to frauds and losses of money to customers. Nearly 80% customers faced any type of frauds either committed or escaped from such frauds. Nearly 37% of Madhya Pradesh lost their money in Digital marketing frauds. Government of India have enacted various laws to protect them from frauds and government is also trying to educate customer about these laws. Customers of Madhya Pradesh have always fear of some type of frauds may occurred with them while doing online purchasing\transactions. Thus we need a comprehensive approach to deal with the digital marketing frauds in which the government of India and Madhya Pradesh, Police, Digital firms

and customers play active role to reduce digital frauds and increase the confidence of Customers to use digital mode without fear of frauds.

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