

Social marketing tips for financial institutions

By Ronald Ladouceur

Does restoring consumers' trust start with engaging them on Twitter and Facebook?

A number of consumer brands have proven that well-constructed social marketing strategies are effective ways to gather intelligence, drive engagement and generate sales. But as the rise of social media coincided with an historic decline in consumers' confidence in banks, many financial institutions have been burned by their attempts at social marketing.

That's not to say consumers don't expect financial institutions to have a social media presence—or that they can't equally benefit from social marketing strategies. From March 22-26, Media Logic surveyed the social media efforts of 35 U.S. financial institutions and, based upon the findings, has provided the financial services industry some tips to make the plunge into social marketing less scary and more successful.

Think strategies, not tactics

Social marketing is still too often discussed as a set of platforms. "What are we doing on Facebook?" "What are we doing with Twitter?" "Should we launch a blog?" But Facebook, Twitter, blogs and other social platforms are just means to an end.

To get a better handle on social media, both why it works so well sometimes and fails so spectacularly others, it is important to stop thinking in terms of platforms and start thinking in terms of strategies.

Don't be scared

As with e-mail and the Web-based marketing before it, it has taken a little time and a few mistakes for the rules of social marketing to emerge. A rumor has emerged that to engage in social media is to cede control of your message to the mob.

That is simply not the case.

Although it is true that picking the wrong social strategy can get an institution into trouble, understanding and pursuing the right strategy is now easy to do. To construct a solid—and safe—strategy, all you need to do is follow one important rule...

The community rule

With very few exceptions, social marketing strategies only work when they connect with a "community"—a reasonably large affinity group defined either by geography, elective association, mutual aid or support of a social cause.

Small financial service institutions, such as credit unions and hometown banks or institutions dedicated to serving tightly defined groups, are generally accepted as members of a community. There is a sense that the institution and the individuals it serves are locked in a mutually dependent, peer relationship.

Larger institutions are not typically considered part of a natural or voluntary community. To work around this problem, they need to sponsor or create natural or voluntary communities, separate from their general brand and products, before they engage in social marketing.

Selecting the right forum for your institution

Brand engagement forums are defined as any general "open for comment" forum dedicated to the brand and its products in general. These forums are built to facilitate an open conversation between a brand and its customers, partners and prospects.

Example: [USAA Facebook Page](#)

News feeds are “closed to comment,” one-way communication streams created by closing down the feedback options of social platforms. News feeds are a common social fallback strategy for financial organizations that are simply too big to be accepted as members of a community in the manner that local credit unions can be.

Example: [Barclays Wealth Twitter Feed](#)

Sponsorships are forums built or funded by the brand, but not directly managed. Sponsorships are a solid, low-risk strategy for any institution. To reap maximum benefit, institutions should take care in sponsoring events that support the brand’s mission and values.

Example: [Bank of America’s Chicago Marathon Facebook Page](#)

Reputation management forums are usually Twitter-based operations that assign customer service resources to continuously monitor social space for negative mentions and customer complaints, and to make semi-public show of addressing the issues identified.

Example: [TD Bank’s Twitter](#)

Special interest forums are typically multi-platform efforts focused on generating interaction around a topic or theme that has a general social benefit. Special interest forums could represent the future of brand marketing, allowing the sponsoring institution to create or attract a community around a topic of the institution’s choice. By providing a forum dedicated to a brand-related topic of community interest rather than the bank or its products, special interest forums avoid some of the pitfalls of brand engagement forums.

Example: [Sun Trust’s “Live Solid” Facebook page](#)

Social promotions are time-limited contests or simple invitations to engage and share, designed to build the follower and direct marketing base and ideally generate a viral marketing effect. Successful social promotions work for the same reason that all successful social strategies work: They appeal to a natural or voluntary community, but in this case the community is the one that surrounds the participant.

Example: [Chase Community Giving Facebook Page](#)

Final thoughts

As social media becomes a crucial component of promotional marketing, financial institutions will be forced to address the challenges presented by social technologies and social expectations. The lessons learned here should allow all institutions to begin to address the conceptual and organizational changes necessary to begin their move toward the larger goal of integrated social-centric, or “conversation-centric” marketing.

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The stats
Media Logic surveyed 35 U.S.-based financial institutions. Here are the highlights:
Facebook: Twenty-seven of the 35 institutions had Facebook pages, but only 16 had active corporate pages. Seven have used Facebook to promote social promotions or other special campaigns.
Twitter: Twenty-five of the 35 institutions had Twitter feeds; all but four had 500-plus followers. The Twitter accounts represent a mix of customer service, special promotions and corporate communication.
Blogs: Fifteen of the 35 institutions published at least one blog; six institutions published more than one blog.

Only eight institutions utilized other platforms, such as YouTube or MySpace, in their social media efforts.

Seven financial institutions that Media Logic scanned were not using social media channels at the time: Commerce Bank; Comerica Bank; GE Money USA; Independent Community Bankers of America (ICBA); M&T Bank; Regions Bank; and State Employees' Credit Union (SECU).