

# Made in heaven or marriage from hell?

Social media and the financial sector



CICERO

London Brussels Washington Singapore

Financial Sector Communications

**Social media offers the financial services sector an opportunity to resuscitate its relationship with the public after the financial crisis... but does it have the expertise and understanding to use social media to do so?**

### **About Cicero Consulting**

Cicero is the leading provider of financial sector communications, offering global coverage from offices in London, Brussels, Washington and Singapore. Founded in 2000, Cicero offers public affairs, digital, media relations, and research services to more than 200 clients in over 20 countries around the world.

# Introduction

While many businesses have embraced social media, the relationship between the finance sector and social media holds many similarities to teenagers and sex. Many people are talking about it, a few are doing it and those that are, aren't doing it that well, with one or two exceptions.

While many businesses have embraced social media, the relationship between the financial sector and social media holds many similarities to that between teenagers and sex; many people are talking about it, a few are doing it and those that are, aren't doing it that well (with one or two exceptions).

Many say the financial sector is different to other sectors and this is why it is reluctant to engage in social media - the marketing of financial products is strictly regulated, while the financial crisis has exacerbated industry concern about a potential consumer backlash online. But these arguments can no longer be used as an excuse to curtail the activities of the financial sector in utilising social media. In other sectors, businesses are successfully and creatively utilising social media and it is fast becoming part of their communications armoury.

It is now time for the financial sector to embrace both the opportunities and challenges that social media presents. Given the turbulent years the sector has experienced and the loss of trust it has felt with consumers as a result, social media can offer the financial sector a new means by which to engage with its customers: to understand them better and slowly rebuild relationships and trust.

Our report demonstrates that there is an eagerness and real excitement within the finance sector to more fully embrace social media, with many respondents seeing it as the future of communications. However, there is a rather stark acceptance that many do not yet have the

confidence to understand, develop, implement and manage a social media strategy. For the sector to make the most of the opportunities available it must build internal capacity to embrace the opportunities that social media offers and begin to implement strategies that go beyond a Facebook page or Twitter profile by truly engaging with clients and prospects in original and creative ways. The challenge is not just for the financial services companies; the financial regulators need to evolve as well to make sense of digital communications to both protect consumers without inhibiting innovation and creativity.

Over the last few years, social media and the financial sector could have been a marriage from hell as it navigated the era of banker bashing. But looking forward the union between social media and the financial sector could be made in heaven, as social media provides the sector with a form of repentance by offering a way to communicate and engage with the public and consumers through innovative social media channels. It is now time for the financial services industry to take social media seriously.

If the sector can use social media effectively then it will provide the means to resuscitate its relationship with the public. This is an opportunity that can no longer be ignored.

**Chris Jackson**  
Head of Digital, Cicero Consulting

January 2012

# Executive summary

Social media is revolutionising the way we all communicate. Despite this the financial sector has been slow to embrace the opportunities that social media provides. Within this research report we explore and analyse current perceptions and future perspectives within the financial sector towards social media.

## **The growing role of social media in the finance sector**

- 25% of respondents felt that social media offers a new way to communicate to tomorrow's consumers.
- 57% of financial services professionals are interested in social media, saying it offered a new and interesting method of communicating.
- 41% were interested in discussions of their brand or firm occurring on social media.
- 30% of those surveyed see social media as the future of communications.
- 81% of people in the financial sector see Twitter as the most important social network for their organisation, compared to under 50% for LinkedIn and Facebook.

## **Untapped potential remains high within the financial sector**

- Nearly 60% of those working in financial services think that their industry has so far not been effective in utilising social media..
- Despite being interested in the opportunities presented by social media, 38% of respondents are concerned they are missing out due to a lack of time and resources dedicated to social media, and 13% don't know how to make the most of it.
- Less than half of the firms we surveyed said they are making effective use of social media, and a tenth are not even considering how they could do so.
- The financial sector lost trust among the public during the financial crisis. Now social media arguably offers the sector a real opportunity to rebuild its brands and trust among consumers.

## **Fears and challenges for the finance sector in using social media**

- Our research demonstrates that the financial sector holds five fears of social media: potential brand damage, compliance issues, lack of expertise, difficulty in measuring ROI and resource.
- One quarter of respondents are daunted by the volume of traffic on social media and how to monitor and manage it.
- One third of people surveyed were concerned by the development of social media because of a lack of internal understanding within their organisation to make the most of social media opportunities.
- 38% of respondents are concerned by social media because of a lack of time and resource dedicated to it

## **How the finance sector is utilising social media**

- 36% of respondent organisations are using social media to support business activity, and 11% have fully integrated it into their business strategy.
- Firms are driven towards interest in social media by their customers, with 40% saying that they are interested because their brand is discussed online.
- Spending on social media is low compared to investment in other forms of communications, 59% of firms are spending less than £50,000 per year on social media and 29% are spending nothing.

### **The role of external support**

- 40% of financial services organisations are using external advisers to help their company understand social media.
- 47% of those using external support are using them to monitor social media.
- 33% are using external support for community management.
- 40% using them to understand new developments.

### **Social media and public policy development**

- Social media is seen as a potentially useful advocacy tool, with 75% seeing it as important to the development of public policy over the next five years.
- Social media is deemed useful for influencing public policy since it can be used to speedily create a campaign, and the views of the public can be quickly accessed, gauged and shared with policy makers.

From reviewing the attitudes of those in finance, this has highlighted six necessary steps that those working in the sector should undertake when approaching social media.

### **6 steps to building a platform for success in social media**

#### **1. Understand**

At the outset of investigating the opportunity that social media offers it is paramount to research and understand how your target market want to be communicated to.

#### **2. Invest**

While social media can be a cost effective means to improve brand awareness and consumer engagement, it does involve an investment of time, resource and buy in from senior management.

#### **3. Listen**

It is essential before beginning any social media programme to listen to your target market to understand what they are saying about you online, your issues, products and competitors. This information will enable your organisation to understand your clients better and to tailor your social media strategy accordingly.

#### **4. Organise**

Social media cuts across all aspects of a business, therefore it is essential to have a dedicated team in place with senior management buy-in across the organisation.

#### **5. Experiment**

Before launching social media across your business, experiment on smaller more manageable projects to build understanding, interest and buy in across your company.

#### **6. Evaluate**

Always measure the impact of any social media activity as this will highlight areas of success and areas for improvement and aid your organisation in defining effective metrics for social media investment.

# The growth of social media

Social media has been one of the defining developments of the 21st century, with the exponential increase in use of social media revolutionising the way we all communicate with those we know, and increasingly with those we do not.

The basic principle behind social media is to enable conversations, sharing, engagement, trading and learning. These ideas are nothing new: Aristotle said that “Man is by nature a social animal”. But where social media has revolutionised this notion is in the scale and speed at which these interactions occur. Social media has created a global phenomenon by enabling collaboration on a meta scale. Men and women are now by nature social media animals.

You only have to look at the adoption of social media by the global population to see that its use is now ingrained in most people’s lives.

Take, for instance, the growth of Twitter. In 2007 people were tweeting 5,000 times a day. By 2008, that number was 300,000, and by 2009 it had grown to 2.5 million per day. In 2010, people were sending 50 million tweets per day – that equated to an impressive 600 tweets per second.<sup>1</sup>

The idea that a website originally designed to connect students at Harvard could grow in eight years to have more active users than the total population of China, would have been laughable in 2004, but today Facebook is one of the most powerful and important social networking sites. To put this in perspective, it took radio 38 years to have 50 million users; it took Facebook three years and eight months.

👍 Figure 1. The core principles of social media



**Men and women are now by nature a social media animal.**

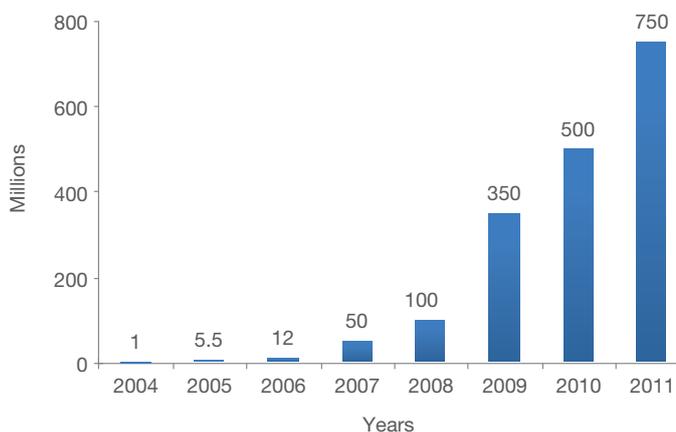
**It took the radio 38 years to have 50 million users, it took Facebook 3 years and 8 months.**

Social media platforms such as Facebook and LinkedIn will continue to grow and evolve, but the very nature of social media means that over time they are likely to decline as new social networking sites capture the interest of consumers. The rapid decline of MySpace is a case in point. One of the big unknowns of 2012 will be whether Google+ can challenge the dominance of Facebook and overtake it. Looking specifically at the financial sector our research demonstrates that Twitter at present is seen as the most important social network for the sector, but it will be interesting to see how this evolves as it embraces social media further.

However, new and different social networking platforms will evolve and will enable social networking to continue to grow in new and previously unthought of ways.

One thing we can be sure of is that social media is here to stay. The challenge now is for businesses to understand how the boom in social media will effect them, issues they are involved in and their environment. A few of the ways that social media can affect these businesses include its brand identity, its market share, and its share price.

 Figure 2. Number of active Facebook users (millions) <sup>2</sup>



# Social media and business

Social media has added a new means of contact between individuals and their friends and family. However, where it has really revolutionised relationships is between consumers and business.

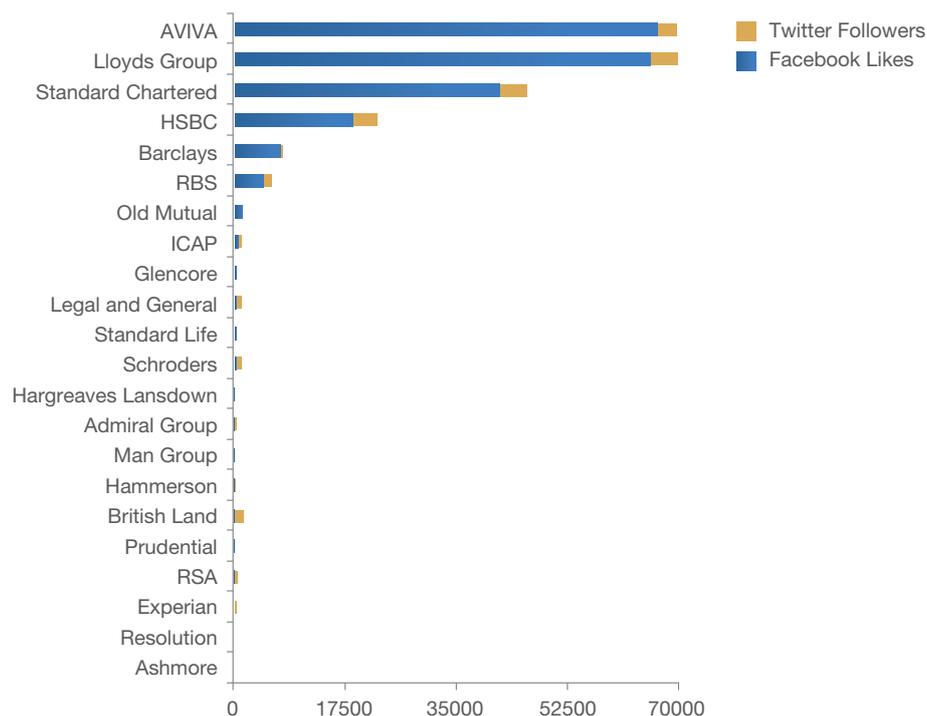
Many businesses initially saw social media as a new pasture to advertise on, but, as companies have begun to understand the principles of social media, they are now beginning to appreciate the power of social media and are going much further than just having a Facebook advert or Twitter page.

With 90% of consumers trusting a recommendation from a person they know compared to just 33% for online banner ads, the value of mobilising consumers via social media strategies should not be underestimated.<sup>3</sup> With the right strategy, companies can empower their consumers through social media campaigns to be walking brand advocates that will freely share product developments, adverts, announcements to their friends on a level that has never before been

possible. With businesses such as Coca Cola having over 30 million 'Likes' on Facebook or iTunes with 17 million 'Likes' this provides these organisations with enormous potential to market their products and engage with their consumers.

It can be enormously powerful to have your brand advocates creating a buzz about your company. On the flip side, it can be equally damaging to have disgruntled customers criticising your company's brands, business practices and operations, especially in one of the toughest marketplaces seen for decades - where household incomes have fallen for five years running.<sup>4</sup> The Blackberry server crash in October 2011, demonstrated how consumers could quickly turn to social media platforms to vent their fury at companies when

👍 Figure 3. Number of Facebook Likes and Twitter Followers for the finance firms in the FTSE100



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things go wrong. When the Blackberry server went down, Twitter was swamped by unhappy Blackberry business users making #Blackberry a trending topic on the site because of the firm's failure to fix the servers and poor customer service. As Alastair Campbell commented on Twitter to his 117,000 followers: *"My blackberry trending ought to be good news for blackberry in these techie days. But it's not. My blackberry in blackout mode. Sort pls."*

Social media has helped to put companies and people on the same level. This has revolutionised the traditional notion of B2C communications as we see the emergence of C2B communications. Businesses are no longer the sole owners of their brands; consumers through social media increasingly dictate how brands and companies are perceived. The development of social media has created the biggest and most accessible comments box, which we can all access, thanks to powerful search engines like Google and Bing.

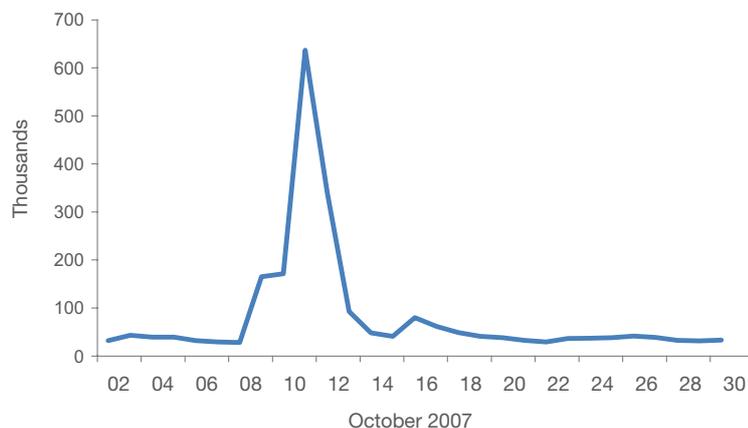
Restaurants and hotels are now being held to account on Trip Advisor, which can make or break

their business. Customers are increasingly venting their dissatisfaction on a company's Facebook wall or Twitter profile, because they know it often leads to the quick resolution of a customer complaint.

Consumers have always had the opportunity to send their feedback to businesses, but never before has it been so easy to do so. What has been most powerful is how this feedback can be seen by the world, enabling others who have experienced similar issues or hold similar concerns to add weight and volume to the criticism. To avoid any further brand damage it is now essential for companies to be aware of what is being said about them online and respond to it.

Social media poses many challenges and offers many opportunities for businesses and organisations with the success and level of adoption having varied to date. However, as social media grows and develops further, it is making it almost impossible for businesses both large and small to ignore this phenomenon and this is increasingly apparent in the financial services sector.

 **Figure 4. Volume of Twitter mentions about Blackberry in October**  
– the spike correlates to the server failure



# Social media and the financial services industry

Since 2000 social media has grown exponentially in prominence and is now firmly embedded in our lives. It now influences, informs and increasingly shapes the way we interact and engage with friends, colleagues, companies and government. Many of the early corporate adopters to social media were with the FMCG sector, with social media providing them with the opportunity to engage with their consumers through new and innovative marketing and advertising campaigns. This has helped them to further enhance their customer relationships and connect in new and different ways.

The online clothes retailer Asos is an excellent example of a company that has been able to fully integrate its sales strategy into social media. Asos has blended a variety of rich and interactive Facebook features which have kept consumers interested, while also being one of the first companies to introduce a Facebook store. Their Twitter personality has encouraged users to engage with their brand, which has seen their social media presence develop exponentially, enabling them to promote their brand to a larger online audience.

At one level you could perceive financial services firms and social media as a perfect fit. The success of a finance company is based on its ability to build client relations across the world, analyse rapidly changing vast quantities of data, and harnessing the latest technology to move ahead of the competition. All these qualities are essential when making the most of social media. However, the level of engagement and understanding of social media by the financial sector is relatively low compared to other corporate sectors. Interest and action by financial services is now on the increase, as the industry begins to see the opportunity that it presents.

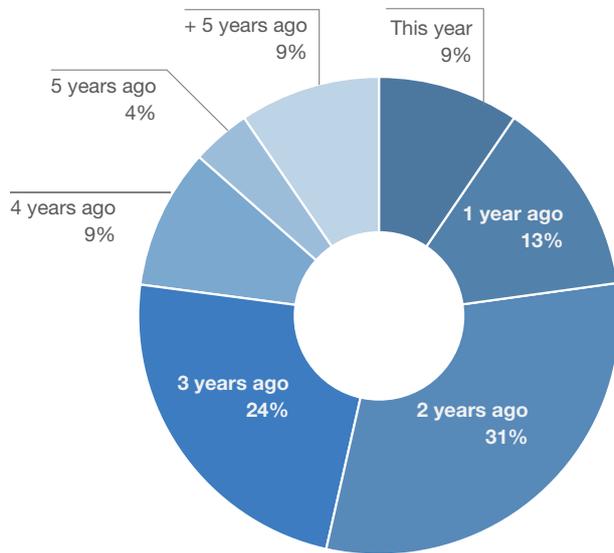
The relatively slow adoption of social media by the finance sector can be in part be down to their late arrival into social media. While consumer brands were advertising, devising and exploring the opportunities from mid-2000, this was not the case for the finance sector. Our research shows that for those working in the finance sector it was not until 2008 when the majority of financial services professionals and their organisations began to appreciate the opportunities that social media offered. To begin there was a degree of cynicism amongst some sectors of the finance industry towards social media. They viewed it as a fad and not appropriate for their target market and thus it had limited commercial use.

However, as the demographics of those using social media have changed, companies have begun to understand the potential of this platform to build communications and marketing strategies around.

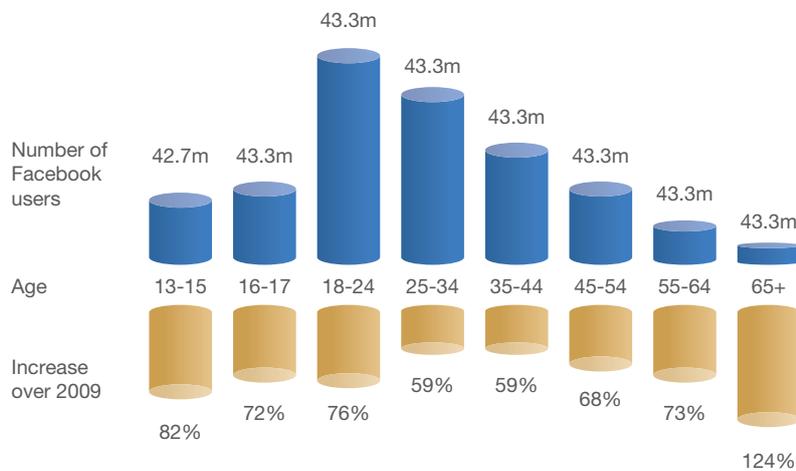
While other business sectors began to build social media strategies and fully embrace the opportunities that social media presents, the financial services was confronted by two challenges: one external and one internal.

**It wasn't until 2008 when the majority of financial services professionals and their organizations began to appreciate the opportunities that social media offered.**

👍 Figure 5. When did your organisation become aware of the potential of social media?



👍 Figure 6. Changing demographics of those using Facebook



# The external challenge

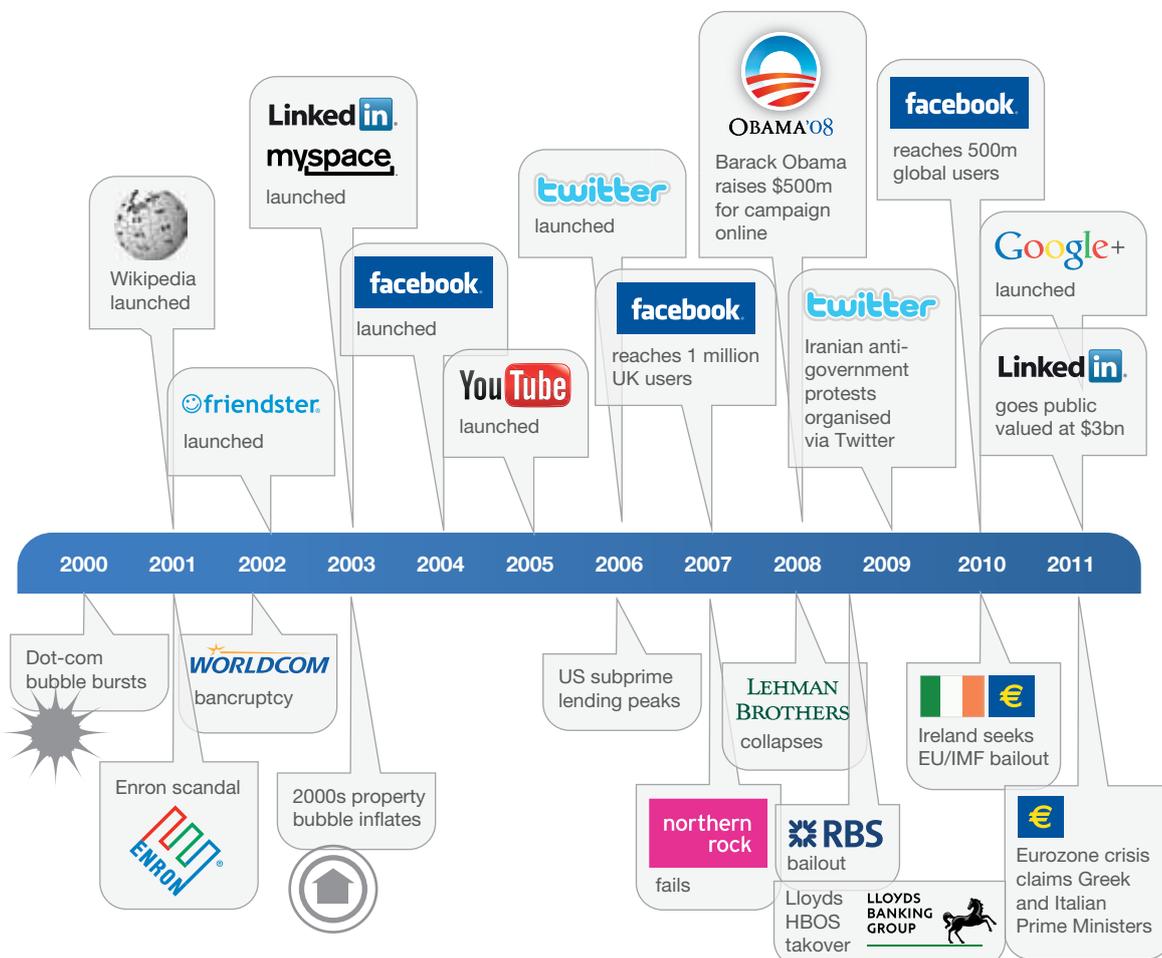
## – The financial crisis and social media

The boom in popularity of many social networking sites accelerated through 2007, this was also at a time when parts of the finance sector were under enormous strain as the credit crunch hit. The credit crunch and subsequent financial and economic crisis have caused enormous reputational damage for the financial services industry.

Social media platforms played an instrumental role in the reporting and discussions about the financial crisis, with journalists tweeting and blogging on the developments of the crisis. One of the defining moments of the UK financial crisis, was the public run on Northern Rock. This was arguably kicked off by a blog entry by the BBC business correspondent, Robert Peston. The ongoing reporting and dissemination of stories about the

financial crisis have been extremely damaging to the reputation of the financial sector among the public. The financial crisis has spectacularly damaged the level of trust that many consumers have in financial institutions. To put this in context in 1983, 90% of the public agreed that banks in Britain were well run, according to the British Social Attitudes survey. In 2009, that plunged to 19%.<sup>5</sup>

👍 Figure 7. Boom in social media whilst the finance sector goes through its toughest period



**The ease in establishing a campaign on social media and the success of similar movements in the past mean that in 2012 and beyond business and specifically the finance sector are likely to be the target of similar campaigns with the potential to cause reputational damage to organisations.**

Because of the external environment, many financial services firms were reluctant to build a social media presence at a time when not only their industry was going through fundamental change, but also public sentiment towards the financial sector was at its lowest ebb. But while many companies did not necessarily want to build their social media profile, consumers were talking about them online with the financial sector no longer having the ability to control what was being said about them, which led to further reputational damage.

Even before the financial crisis began, social networking sites were already being utilised by consumers to place pressure on financial firms. The National Union of Students claimed victory over the global banking giant HSBC after mobilising protests on Facebook. The online campaign was launched to persuade HSBC not to take away interest-free overdrafts as soon as they graduate from university. The campaign generated over 5,000 supporters and demonstrated the potential power of consumers when they collaborate on a mass scale through social media.

The growth in social media and continued difficulties that the global economy is facing have led to a number of social movements developing online and generating direct action around the world with financial organisations and multinationals often targets of public action. The example of UKUncut which started in October 2010 saw the development of a group of activists united in concerns about public spending cuts and the issue of tax avoidance that evolved into a viral campaign. In the US, the Occupy Wall Street Movement has had a similar effect, by first bringing sections of the public together online and then allowing them to take their campaign to the streets to vent their feelings about the current economic and political environment. Within both movements corporate organisations have been targeted by the movements and have arguably tainted the companies and brands that were the focus of attention.

The ease in establishing a campaign on social media and the success of similar movements in the past mean that in 2012 and beyond, business and specifically the financial sector are likely to be the target of similar campaigns with the potential to cause reputational damage to organisations. Therefore, it is essential for the finance sector and other multinationals to fully understand social media and the reputational threats it poses, so that they understand and are in step with evolving consumer attitudes.

# The internal challenge

## – The issue of compliance

It has not just been the external environment that has constrained the willingness of financial firms to enter the world of social media. Internal constraints have also served to limit the ability of the financial sector to really embrace social media. Many financial services brands and institutions have been reluctant to use social media tools because of the stringent compliance and regulations that govern the sector.

This is because many financial products and services, unlike others, are strictly regulated with detailed compliance and guidelines in terms of what organisations can say about their products. Caution principally stems from two aspects. One, because of the tight codes of data sharing for financial services brands. Because of this, external sites like Facebook and Twitter have often been banned or tightly controlled by the company firewall due to a fear of information inadvertently being leaked out. Secondly, many financial regulators' strict rules on the use of new media do not exactly encourage financial firms to engage in social media and thus using social media is seen as another compliance hurdle to overcome.

Social media moves quickly, and while regulators have made some effort to update its rules, it is difficult for a regulator not to fall behind given the time-consuming and costly nature of devising new rules.<sup>6</sup>

Internal compliance procedures and 'sign off' processes have arguably stifled the eagerness of some financial firms to engage with social media. Furthermore the rapid speed at which social media flows means that a lengthy sign off process for online engagement can mean that by the time companies come to communicate, the issue has moved on. A core tenant of social media is its fluidity - it doesn't stop and wait, meaning companies need to move fast if they want to keep pace with the conversation. With traditionally rigid compliance and regulatory structures inhibiting social media interest and development this has further held the financial services companies back.

The internal and external challenges facing the financial sector in using social media has meant that many financial firms have been reluctant to use social media as it is another area where they could fall foul of the regulator and generate potentially negative consumer reaction.

While the financial services industry has faced many challenges in understanding, responding and using social media our research with decision makers in the financial sector demonstrates that there is now an enormous appetite amongst the financial sector to make the most of social media as they overwhelmingly see the opportunity it presents to their clients and business.

👍 Figure 8. How do you address the balance?



**Social media moves quickly, and whilst the FSA has made some effort to update its rules, it is difficult for a regulator not to fall behind given the time-consuming and costly nature of devising new rules.**

# The opportunities created by social media for the finance sector

The financial sector has been slow to utilise social media as it has taken until 2008 for it to become aware of the potential of social media and a further year on top of that for companies to be actively using it by 2009, according to respondents in our survey. There is also a feeling that the finance sector has been somewhat ineffective in its use of social media to date.

Despite the challenges that social media presents to the financial services sector it is now overwhelmingly viewed as the future of communications by financial services professionals. Over 45% of people we surveyed described their organisation's outlook towards social media as excited; this compared to just 18% who said their firm was concerned by it. The reason for the level of excitement around social media is because the majority of respondents believe that social media will be more important in the next five years compared to other forms of communication. This belief stems from the view that social media will transform how companies do business as it offers more opportunities than traditional forms of communication to engage with consumers. To put this in perspective a little over 5% of respondents thought that the financial sector would remain dependent on traditional forms of communication, and a further 2% felt that social media was a fad.

It is clear that social media has revolutionised the communication strategies of many financial firms, changing the way they think and plan. While social media has changed the way many companies communicate, it has also changed the way that their customers communicate and engage with their company and brand.

One of the key reasons that financial firms are interested in social media, stems from the fact that they want to know what is being said about them online. With the development of social media monitoring tools, companies can now see where, by whom, and why they are being discussed on social media platforms. Increasingly financial firms are even using social media as a means to monitor online conversations and answer customer queries and complaints.

👍 Figure 9. What interests your organisation most about social media?



**Over 45% of people we surveyed described their organisations outlook towards social media as excited this compared to just 18% who said their firm were concerned by it.**

By monitoring conversations online, companies are now able to understand what issues their customers and wider commentators are discussing in relation to their brand. Our research showed 35% of people surveyed thought that the attraction of social media was that it was a way to develop new sources of market intelligence. A further one third of respondents said that social media provided a way to inform brand positioning and messaging, by helping them understand consumer issues and current feeling. With the right strategy of listening to social media conversations, companies can use it as the biggest and most honest focus group to which they have access.

Interestingly, while companies are eager to listen to consumer social media conversations, only one in five respondents believe that consumers respond to social media. Furthermore only 22% of respondents actually thought that their consumers expected them to have a social media presence. As more companies begin to utilise social media and it becomes the norm for the financial sector, with firms finding more creative ways to engage with customers, it is likely that consumers will become increasingly responsive to it.

Internal pressure from employees for their company to have a social media presence was low amongst respondents, with only 14% suggesting that this was a reason for their interest. The fear that competing firms will steal a march on them in the social media sphere does not seem to be a big driver of interest, as only 14% stated this as a reason to use social media. Given that just 13% of respondents in our survey believe that the financial sector has been effective in using social media, many firms may feel they don't have too much to do to catch up with recognised early adopters such as First Direct and American Express.

While the financial sector may have started slowly in the field of social media, the variety of opportunities it offers to companies when communicating to consumers has prompted interest and a desire to understand how they can make the most of this new medium. With one quarter of respondents from the sector seeing the benefits social media offers when communicating with tomorrow's consumers, it is likely that increasingly firms will use it to build relations with new consumers.

From the responses to our research it is clear that social media has transformed the communications environment for many financial services companies. Not only by changing how they communicate with customers, but also how their consumers communicate with them. As consumers become increasingly comfortable about using social media and companies begin using it more as a part of their communication strategies, it is essential for companies to listen and respond to consumer feedback.

# The challenges presented by social media to the finance sector

While our research demonstrates the excitement and interest in social media, it also displays that many companies are struggling to overcome the challenges and concern this new opportunity it creates. Our research highlighted that there are five fears about social media among those working in the financial sector.

The biggest concern that financial services organisations currently have about social media is the fear of brand damage, with over half of respondents concerned about the possibility of this occurring. This fear is exacerbated by the rapid speed and volume at which conversations occur on social media platforms. This could lead to a reputational crisis and the organisation may not feel sufficiently qualified to manage it. This is a key concern, with one quarter of respondents daunted by the volume of traffic on social media and how to monitor and manage it. The relatively recent emergence of social media means that many companies do not have the experience of dealing with a crisis when it occurs or plays out in the social media space.

**One quarter of respondents are daunted by the volume of traffic on social media and how to monitor and manage it.**

 Figure 10. The five financial sector fears of social media



One third of people surveyed were concerned by the development of social media because of a lack of understanding within their organisation to make the most of social media opportunities. A further 38% of respondents had concerns due to a lack of time and resource dedicated to social media. Our research shows that one in ten respondents were concerned about social media because they lacked the understanding to make the most of it, while 13% said that at present they do not yet know how to maximise the use of social media. The lack of experience and confidence in utilising social media is highlighted by the fact that just 8% of respondents were excited by social media because they felt they could be a market leader in this field. 28% of companies stated that they are still exploring how to make best use of social media. It is clear that while there is significant interest and excitement about social media within the finance sector, firms do not currently feel qualified or have significant internal capacity to be able to adequately manage it. Over time the financial sector will build up its understanding and experience by dealing with social media challenges and monitoring the success and failures of its competitors.

**38% of respondents are concerned about social media because they lack the sufficient time and dedicated resource.**

**21% of finance sector employees are worried about social media because of compliance issues with the regulator.**

**59% of respondents said that their firm was spending less than £50,000 per year on social media and a further 29% are spending nothing.**

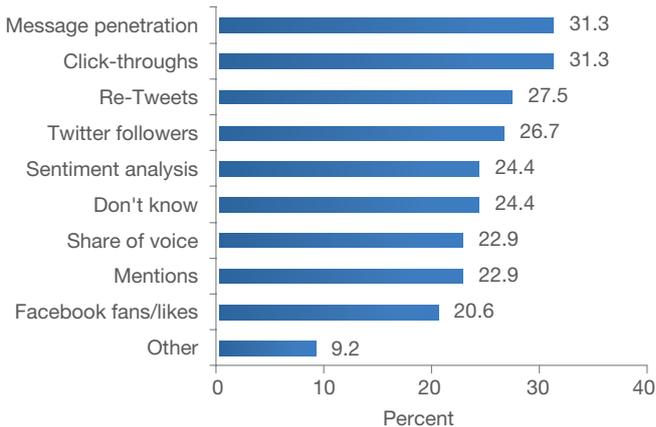
As discussed earlier, many financial services firms hold concerns over compliance, with 27% stating that social media creates issues in this area. A further 21% were worried by issues with the regulator, such as the Financial Services Authority (FSA).

The rapid emergence of social media as a business tool has meant that many companies are still attempting to understand how to make the most of, and understand the metrics for social media and the Return On Investment (ROI). The challenge now is for the financial sector to understand how to make the most of it by organising effective structures to utilise the opportunities across their business.

While 30% are excited by social media because it is deemed to be a cost effective form of marketing and advertising, there is a concern among a group of respondents that to undertake a effective social media strategy it will cost a significant amount. To date, investment in social media has been relatively small, with 59% of firms surveyed spending less than £50,000 per year on it and 29% spending nothing.

As the financial sector begins to undertake more adventurous social media strategies and embeds them into existing communication structures, this will lead to increased costs, but potentially greater rewards. In a time of stretched communication budgets, social media could prove to be a most cost effective platform. However, it is essential to understand and measure the value and importance of any new investment. For many people working in the financial sector it seems that a concern about how to measure the value of social media strategies exists, with over one third expressing this concern. When asking respondents what the best methods of measuring the success of an organisations social media strategy is there was no clear answer.

 **Figure 11. Which of the following do you feel are the best methods of measuring the success of an organisation's social media strategy? (% respondents)**

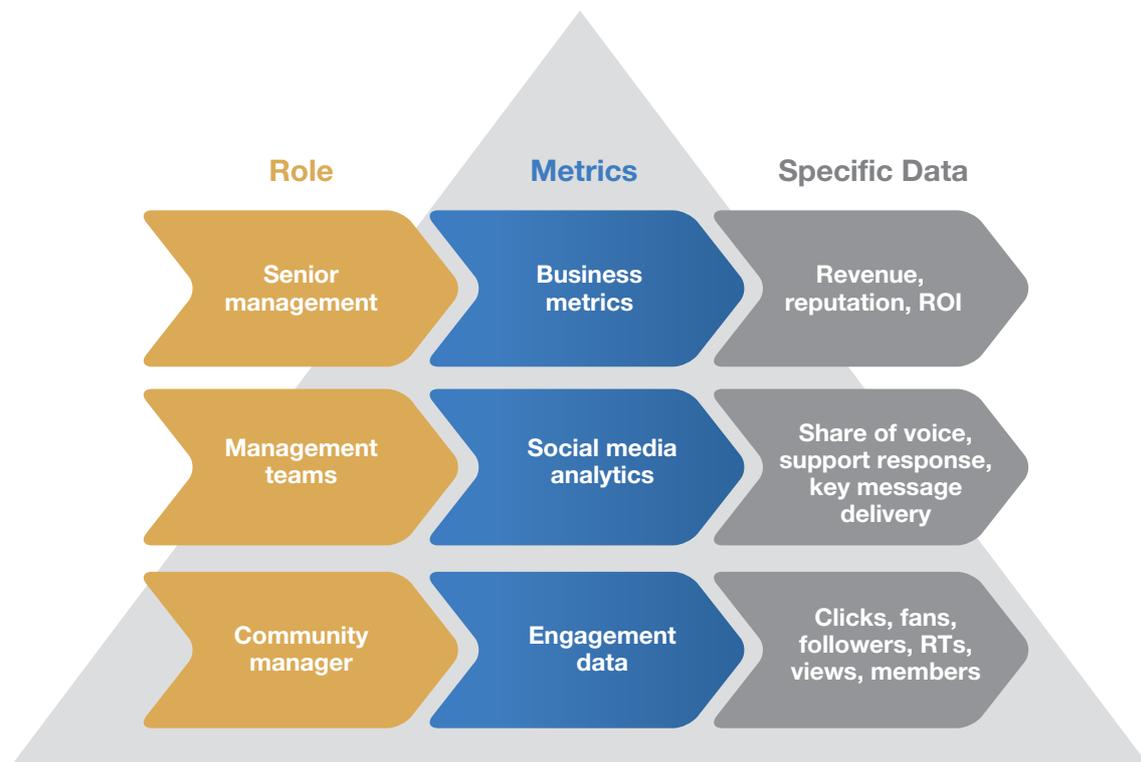


**One third of respondents are worried about how to measure the success of social media activity.**

If, as our research suggests, social media is becoming increasingly important in the financial sector for communication strategies, it will be paramount for companies to demonstrate the ROI and how this supports business objectives. It is likely that different levels of management and business divisions will have a range of performance indicators when assessing the success of a social media campaign, and the chart above shows that at present, people have extremely disparate methods of measuring this. It is important for those undertaking new strategies to understand the likely metrics that different levels of the business will be interested in. The chart “measuring social media success across the business” provides an example of how different hierarchies of a business are likely to be interested in different metrics.

It is clear that many within the financial sector still hold a range of concerns about using social media due to reputational issues or compliance issues. While this is to be expected, what is interesting is that for an industry that is normally so confident, the finance sector demonstrates a lack of confidence in making the most of the opportunities that social media provides.

 Figure 12. Measuring social media success across the business



# How the financial sector is currently using social media

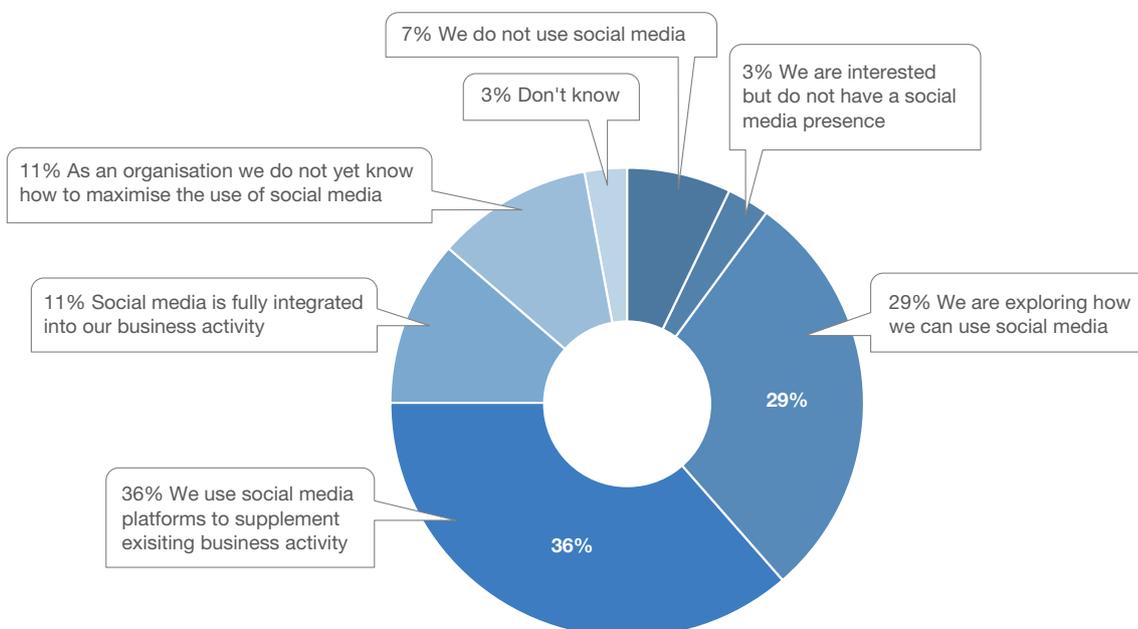
The finance sector may have been behind the curve compared to other business sectors but encouragingly 36% of those working in the financial sector state that their organisation is using social media to supplement existing business activity. A further 28% are currently exploring how they can use social media as an organisation — encouragingly just over 10% of respondents said that their organisations have fully integrated social media into their business strategies.

This emphasis on strategy is demonstrated by the fact that nearly half of firms surveyed want to have a clear online strategy in place in 12 months time, showing that the trend is certainly towards, not away from, the digital space.

The financial sector is beginning to embrace social media and is building up the internal resources to manage it as one in five respondents said that their organisation has a specific employee or team responsible for social media. Thirty percent of financial firms are managing their social media strategy out of one department, usually

the corporate affairs and PR office. The sales and marketing department also takes a role in social media as well. It is encouraging that many companies, have a lead department for social media. But for an organisation to have a successful approach to social media, it is essential that their strategy is coordinated across departments to ensure the feedback and response to it is captured and distributed to the key business units. It is worrying to see that one in ten finance professionals we interviewed said social media was managed in silos, within their organisation.

👍 Figure 13. Current social media interaction



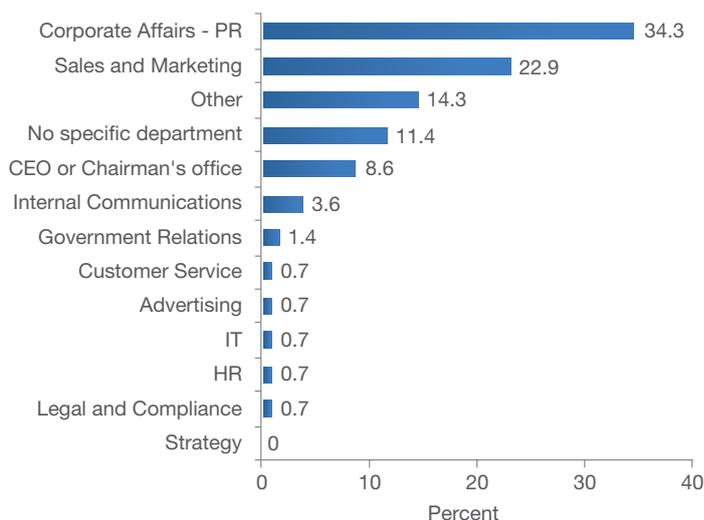
**30% of finance firms are managing their social media strategy out of one department, with this department predominately being the corporate affairs and PR office.**

Our research demonstrates that a number of organisations are taking social media seriously and are managing their social media through the CEO/Chairman's office. Like many new business ventures it is important to have senior buy-in to get projects off the ground and to drive them forward, while also ensuring quick decision-making which, is essential to social media projects.

Understanding, building and implementing a social media strategy is a significant undertaking for many organisations, especially when you consider the challenges that the sector faces in embracing social media. As discussed earlier, there is currently a knowledge gap within some financial

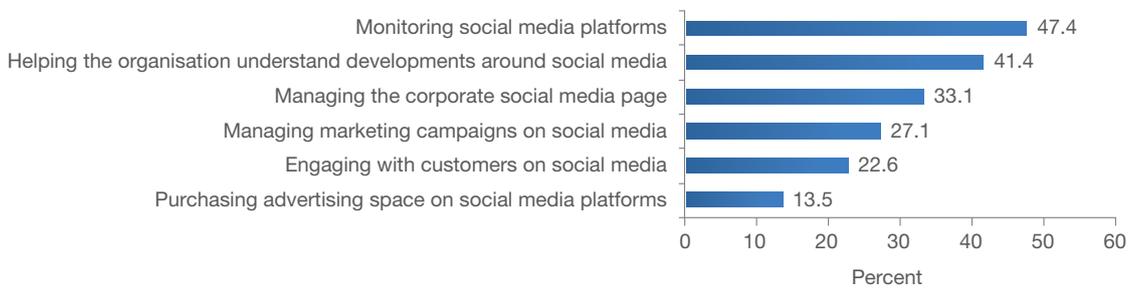
organisations to understand the opportunities and challenges that social media presents to their business. Our research displayed that over 40% of financial organisations have used external consultants to help their company understand the bigger picture. We found that 40% of financial companies developed an interest in social media because they became aware that their brands were being discussed online. This is obviously a key ongoing concern for the sector, as just under half of the individuals we surveyed said that their organisation was using external consultants to monitor and listen to social media platforms on their behalf.

 **Figure 14. Who holds responsibility for social media in your organization? (% of respondents)**



**40% of finance companies developed their interest in social media because they grew aware that their brands were being discussed online.**

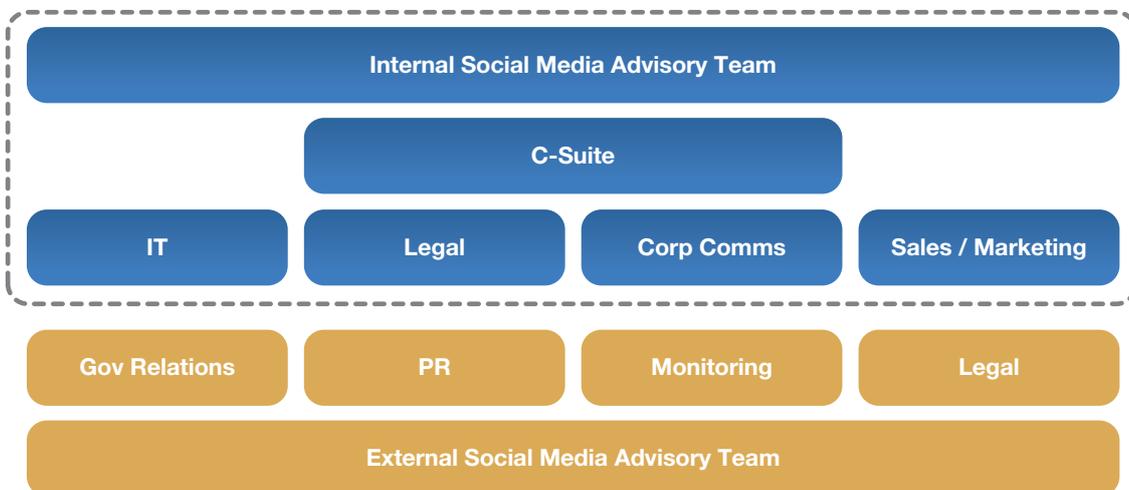
👍 Figure 15. How do external consultants support your social media strategy? (% of respondents)



While consultants are being utilised to help companies understand social media and what is being said about them online, those who already have social media strategies in place are deploying external consultants to engage with customers on social media, managing marketing campaigns and corporate social media accounts. Given the lack of experience and resources that many respondents cited in terms of using social media within their organisation, it is clear that the majority of firms are

using consultants to support their business in this field while they understand this new opportunity and the value that can be garnered by using social media within. It is essential that when building and implementing a social media strategy that external and internal advisory teams engaged in social media and affected by social media are sufficiently joined up. The chart below suggests the key business units that should be part of a organisation's social media team.

👍 Figure 16. Managing social media internally



# Social media and public policy

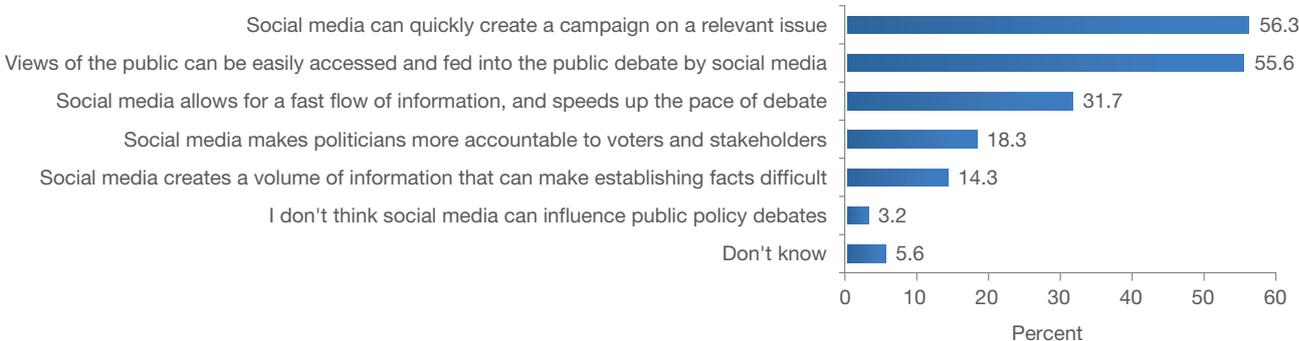
Social media has and will continue to revolutionise the relationship between business and consumers. One area where we are starting to see change is how government and citizens interact through social media. Nearly 40% of respondents in our research were interested in social media because of its ability to influence public debates. In 2011 we saw the use of social media platforms across the globe to discuss, debate and campaign on a range of political and public issues, from the Arab spring to Occupy Wall Street, UKUncut and the March for the Alternative.

Respondents to our research do not see the developments in 2011 as a one off, as 25% believes social media will be very important in the development of public policy over the next five years, while a further 50% see it as quite important. Less than 1% of respondents think it will not be important at all. Social media is seen as so important in the next five years because it is as an effective way to quickly create a campaign around an issue (55%), while it also allows for the views of the public to be quickly aggregated and fed into policy debates (56%).

A recent example of this can be seen from the campaigning by the group 38 Degrees on the selling of UK forests. The group quickly gathered over 530,000 signatures and demonstrated public opinion, which eventually helped influence the government's policy in this area. Over 30% of respondents feel that social media allows for the fast flow of information which can accelerate public debates and make the issue more pressing.

NGOs to date have been highly successful in being able to utilise social media for campaigning objectives on public policy issues. However, corporations are yet to really embrace this area. There is significant potential for organisations to use social media by mobilising constituents to help lobby the Government and their MP around a particular issue. It will be interesting to see whether the financial sector and other business sectors will be using social media as a vehicle to drive changes in public policy in future years. If appropriately engaged and mobilised this could significantly help organisations to achieve their public policy objectives.

👍 Figure 17. How does social media influence public policy? (% of respondents)



**Nearly 40% of respondents in our research were interested in social media because of its ability to influence public debates.**

# Conclusions

Our research has revealed how an increasing number of firms in the financial sector are beginning to take their heads out of the sand and explore the opportunities that social media can offer. The initial reluctance within the financial sector is beginning to fade with the sector now looking beyond the hurdle of compliance and the fear of reputational damage.

The real challenge the financial sector faces is being able to implement a social media strategy that is appropriate, effective, manageable and measurable. By taking steps into the world of social media, the sector will slowly 'learn by doing' and understand the opportunities available and overcome the initial nervousness that seems to have inhibited many companies from entering the world of social media.

Parts of the financial sector need to appreciate that firms may make mistakes and have their fingers burnt when implementing social media strategies. But without this learning experience they will struggle to harness the enormous potential that social media presents when they get it right.

The financial sector haemorrhaged trust among the public during the financial crisis. Now social media arguably offers the sector a real opportunity to rebuild its brands and trust among consumers. By embracing social media, it will become more responsive to changing consumer thoughts and feelings.

The potential that social media offers the financial sector is enormous and is only limited by the sector's creativity and bravery. For those who embrace it, there are likely to be significant benefits; from understanding their customers and target market better, to revolutionary ways of communicating and developing new relationships with customers. The challenge now for many in the sector is to build the internal understanding, appetite and ability to make the most of the untapped potential that exists.

From reviewing the attitudes of those in finance, this has highlighted six necessary steps that those working in the sector should undertake when approaching social media.

## **6 steps to building a platform for success in social media**

### **1. Understand**

At the outset of investigating the opportunity that social media offers it is paramount to research and understand how your target market want to be communicated to.

### **2. Invest**

While social media can be a cost effective means to improve brand awareness and consumer engagement, it does involve an investment of time, resource and buy in from senior management.

### **3. Listen**

It is essential before beginning any social media programme to listen to your target market to understand what they are saying about you online, your issues, products and competitors. This information will enable your organisation to understand your clients better and to tailor your social media strategy accordingly.

### **4. Organise**

Social media cuts across all aspects of a business, therefore it is essential to have a dedicated team in place with senior management buy-in across the organisation.

### **5. Experiment**

Before launching social media across your business, experiment on smaller more manageable projects to build understanding, interest and buy in across your company.

### **6. Evaluate**

Always measure the impact of any social media activity as this will highlight areas of success and areas for improvement and aid your organisation in defining effective metrics for social media investment.

# About this report

The aim of this report is to provide an analysis of current perceptions and future perspectives in the finance sector towards social media.

The research report is based on 158 online interviews with senior decision makers from the financial sector conducted in October and November 2011. Respondents worked in a variety of departments including the CEO's office, corporate communications, legal and compliance, strategy, IT and government relations. The research was global in its reach and captured perspectives of finance professionals working across UK, Continental Europe, North America, Asia and the Middle East.

The research covered individuals working in the following sectors of the financial services industry.



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### **About Cicero Consulting**

Cicero is the leading provider of financial sector communications, offering global coverage from offices in London, Brussels, Washington and Singapore. Founded in 2000, Cicero offers public affairs, digital, media relations, and research services to more than 200 clients in over 20 countries around the world.

### **About the Author**

Chris Jackson is the Head of Cicero's Digital team. He works with clients in the financial sector to help them understand the opportunities and challenges presented by new digital media. Chris has provided digital counsel and strategic advice for a range of global brands and bespoke organisations in the finance sector, devising creative engagement strategies to help clients influence and interact in the digital debate and social media conversations. In addition to providing digital strategy he also produces thought leadership reports for clients and has recently supported the launch of the global HSBC Future of Retirement report.

Chris has also successfully launched a social media campaign that reached more than half a million people across the UK, the campaign saw Chris awarded the Cosmopolitan Ultimate Man of the Year award in 2011, as well as nominated for a number of other awards.

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