ARE BANKS READY FOR PINTEREST?

Pin-based site has new spin on social media

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Pinterest, which started in 2010, describes itself as a “content-sharing service that allows members to “pin” images, videos and other objects to their [virtual] pinboard. Also includes standard social networking features ...” The images that appear on its front page represent an eclectic collection.

By Steven J. Ramirez, CEO, Beyond the Arc, Inc. See the end of this blog for more information.

There’s no doubt that Pinterest is an exciting new social media platform. Pinterest, which launched in 2010, is a pinboard-style social photo sharing website that is quickly gaining in popularity. Users create theme-based collections of images. Some of the most popular Pinterest boards revolve around events, hobbies, and sports. Companies and brands are also becoming active on Pinterest.

Similar to a blogging platform, users can browse other Pinterest boards for inspiration and “re-pin” images to their own collections and share comments. With Pinterest seeing over 11 million unique visitors a month (and growing fast!), banks may be wondering if they should start to “pin.”

What’s the potential attraction?

The Pinterest audience is enticing for banks. The average household income is over $100,000. Social media news portal Mashable also estimates that over two-thirds of the visitors are women, more than half have kids, and fewer than 5% are under age 18.

These demographics help to explain why Nordstrom, Whole Foods, and West Elm are a few of the brands that are

represented on the platform.

Ron Shevlin, senior analyst with the Aite Group, sparked a great conversation on The Financial Brand blog. His article, which was not pro-Pinterest for banks, prompts an interesting question: “Can banks capture enough of a measurable benefit from Pinterest to generate a positive ROI?”

While there will be a calculus unique to each financial institution, there are three key business drivers to consider:

1. Acquire: Will Pinterest enable my bank to attract new customers?

2. Transact: Will this social platform drive incremental revenues from cross-sell, up-sell, or “more sell”?

3. Retain: Will it help us to better understand customer preferences, meet customer needs, and build loyalty?

Why is it critical to answer these question?

Leveraging social media for customer engagement is not free and the time and resources needed to establish an effective presence quickly add up.

Financial institutions need to tailor their content, social media monitoring, and engagement strategies to reach the audience that is attracted to each social media platform. There will be an inevitable cycle of experimentation and refinement as a financial institution works to express its brand voice in these new social conversations. And there will be real costs incurred along the way.

At the moment, not enough of the benefits of using Pinterest can be quantified. Awareness and brand recognition are important, but how well can your bank measure that value? Pinterest can help your business to foster a sense of community, but is that relationship going to be strong enough to drive revenues or help reduce attrition?

Is there a downside to waiting?

However, there is a passive risk in social media if your company is too slow to establish a presence on popular social

media channels. If someone has an axe to grind, they can try to grab the name of a financial institution and post damaging content. TD Bank and Standard Bank have been proactive in mitigating that risk and protecting their brands on Pinterest (www.pinterest.com/tdbank and www.pinterest.com/standardbanks).

Neither institution has started to utilize the social platform to engage with prospects or customers, but they are ensuring that no one assumes their online identity. This is a good defensive move and something that all financial institutions should do. Be aware, however, that due to the many combinations that can be used to spoof a bank’s name (/tdbank vs. td_bank), banks should also be familiar with the customer service policies on eliminating identity fraud online.

Social media can be an effective business tool, but only if social media efforts are tied to measurable business objectives. In the case of Pinterest, it is still too soon to include this channel in your marketing efforts. Keep it on the radar, but hold onto those pins for a little while longer.

About the author

Steve Ramirez is CEO of Beyond the Arc, Inc., a management consulting firm that combines strategy consulting with advanced analytics to help financial services clients identify opportunities to differentiate themselves in the marketplace. The company’s social media data mining helps clients improve their customer experience across products, channels, and touch points.