

Ignore social media at your peril

If a customer called your bank and left a message saying she had a problem, wouldn't you call back? If a customer sent an email saying he wanted more information about a savings account offer, wouldn't you reply?

Then if a customer told all her friends on Facebook that your online banking site was running slow, wouldn't you (1) check to see if or why the site was slow and (2) respond to the customer, over Facebook, directly?

It seems a no-brainer but it turns out this is more complicated than it appears. Nevertheless, Gartner, the information technology research and advisory company, recently issued a report that claims: "By 2014, organizations that refuse to communicate with customers by social media will face the same level of wrath from customers as those that ignore today's basic expectation that they will respond to emails and phone calls." It actually might be largely true right now. Consider that the Consumer Financial Protection Bureau is monitoring social media sites for complaints and encouraging consumers to file complaints about their experiences with financial services companies on CFPB's own site.

But read on, there's more. The report also says, "For organizations that use social media to promote their products, responding to inquiries via social media channels will be the new minimum level of response expected."

Failure to do so can be severe. "The dissatisfaction stemming from failure to respond via social channels can lead to up to a 15% increase in churn rate for existing customers," says Carol Rozwell, vice president and analyst at Gartner. "It's crucial that organizations implement approaches to handling social media now. The effort involved in addressing social media commentary is not good cause to ignore relevant comments or solvable issues."

In other words, it doesn't matter if it is a pain in the neck to (1) learn the ins and outs of Facebook, LinkedIn, and Twitter and (2) actually participate in all these online lines of communication; it's becoming part of doing business.

Sure, one's immediate response might be similar to what a father says in a recent car commercial: "Oh, that's hippie talk." But the response in the commercial is also true: "It's called technology, dad."

Banks are waking up to this. "We're definitely seeing where our customer financial institutions are very keen on monitoring social media," says John Gordon, executive vice president, FIS, in a conversation with Tech Topics. It goes two ways, he says, in the sense that not only do the banks respond to customers, but the bank pushes out offers, communications, and other messages through its social media channels.

But Gordon focuses on damage control. "We've seen stories where a single consumer complaint [on social media] yielded double-digit account closures in a matter of a week. It's very important that if there are fulfillment issues, if there are trends taking place that need to be responded to, either through a channel or advertising or notification, that the infrastructure be very nimble."

In the same way, Tom Berdan, vice president of product placement at Harland Financial Services, notes that banks need to brace for the fact that many of the Facebook and other channel comments are likely to be "harsh." "The whole

social media [channel] has both positive and negative impacts. The financial institution needs to have a strategy that embodies how it is going to react to that criticism," he says.

With hundreds or thousands of customers to keep track of, however, it's tough just to know when criticism occurs or who does it, or whether the criticism is even legitimate. These analysts note that it is not unheard-of for competitors to lodge complaints surreptitiously, just to cause trouble. These analysts and others observe that many banks just don't have the resources in-house to cope. Their answer, of course, goes back to: "It's called technology, dad."

Third-party providers are starting to address the situation. Just recently, Bazaarvoice and Booz & Co. partnered to help clients, as they said, "prioritize opportunities and implement best practices for advertising, promotions, product innovation, and customer experience across web, mobile, and social channels."

Says Erin Nelson, CMO at Bazaarvoice, "Social data is a gold mine being used by companies to increase sales, improve customer service, and enhance brand reputation, among many other benefits. The brands who are customer-centric will be the survivors."

And Matthew Egol, partner at Booz & Co., adds: "The fundamental task of marketing today is managing the connections among consumers and between consumers and brands, at every scale from individual contact to millions of people... This can occur only when marketers tap into social data for deeper insights that enable them to make sense of feedback, respond effectively, and ultimately understand consumers' emotional experience with their brand."

Sounds like more "hippie talk," but it's true. On this note, it's worth mentioning that ABA conducted a telephone briefing in August entitled, "Social Media and the UDAAP Impact." Part of addressed "using social media to control UDAAP risks: using customer comments and complaints to your advantage." "UDAAP," for the uninitiated, refers to "unfair, deceptive and abusive acts and practices." (An audio CD of the briefing is available. See the link below for more information.)

Gartner's Rozwell puts it in perspective: "We urge organizations to do three things. First, participate-it's important that organizations don't let a fear of someone saying something bad about them stop them from participating in social media. Second, don't assume all comments require the same level of attention-develop an appropriate response for the different types of interaction your business faces. Third, plan for an increase in social commentary and adapt communications practices to cope-this will require changes to job descriptions, performance metrics, and business processes."

Take heart. It really wasn't so long ago, when email was invented, that banks had to figure out what that was all about.

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Source used in this article include:

Gartner Predicts That Refusing to Communicate by Social Media Will Be as Harmful to Companies as Ignoring Phone Calls or Emails Is Today

Bazaarvoice and Booz & Company Partner to Unlock Digital Insights for Global Brands

ABA Telephone Briefing on Social Media and the UDAAP Impact

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