IS SOCIAL MEDIA (REALLY) PAYING OFF FOR YOUR BANK?

Techniques to help you figure out what's working, what's not

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By Steven J. Ramirez, CEO of Beyond the Arc, Inc.

As the financial industry continues to experience a time of great change and evolution, the use of social media has shifted from an optional communication outlet to a business necessity.

Utilizing social media, such as Facebook, Twitter, and blogs, can strengthen customer relationships for today's banks by providing a more "humanized" method of communication between the customer and bank employees.

As more banks create an online social media presence, knowing how to measure the impact and return on investment of the program grows critical. Developing a social media strategy is a much-needed step in the right direction, but banks often fail to build-in ways to measure and analyze the effectiveness of a social media campaign.

Going beyond clicks

In order to accurately determine the ROI of a social media program, banks should use available data to determine their overall visibility online. By following four steps, banks can accurately measure the value of social media efforts and determine whether adjustments need to be made moving forward.

Step 1: Evaluate the current social media environment.

In order to begin measuring the effectiveness of a given social media strategy, banks must first evaluate the current situation. What social media outlets are you currently using? Who in the bank is in charge of each outlet? Do you have adequate resources to support your social media strategy? Should there be any adjustments required, banks should identify those first before beginning to measure ROI.

A key question: Can current processes effectively reach the bank's set business objectives?

On average, banks using social media should be aligning their efforts with three key business objectives:

- • Customer acquisition: Interacting with loyal consumers to obtain new customers and increase loan portfolios.

- • Community engagement: Creating positive customer relationships by engaging member participation (i.e. customer incentives).

- • Customer service: Addressing customer questions or complaints with an urgency online.

Step 2: Benchmarking social media performance using sentiment analysis.

When banks move forward with a social media strategy, they must understand the value of social media benchmarking to define key performance indicators, which can shape the future strategy of a given social channel.

Once any adjustments have been made, banks should begin looking into what customers are saying on each social media channel to evaluate their efforts.

While banks can glean important information from unsolicited comments, there is also a lot of "noise" that has to be filtered to gain an accurate measure of online sentiment. Filtering out the "noise" will prove increasingly important to ROI.

As the volume of raw social media data continues to rise, banks can use automated sentiment analysis to monitor and measure social media and actionable business intelligence. This allows banks to understand how people view the bank's brands and products, identify key influencers, and respond to consumers accordingly, if they choose.

Banks can leverage text-mining tools to monitor negative and positive conversations while tracking spikes in sentiment analysis.

Using this method, you can:

- • Measure your performance against your competitors and identify shifts in sentiment.

- • Gain actionable insights and improve brand awareness and company reputation.

- • Identify positive and negative conversations around your brand to measure, inform, and assess your digital strategy.

- • Engage key influencers to reinforce desired messages.

Over time these social media metrics will provide a system to measure your progress, prove value, make adjustments, and maximize return.

Step 3: Develop insights and take action.

One of the most significant areas for sentiment analysis, and social media monitoring in general, is bridging the gap between insight and action. By analyzing social networking data, banks can identify emerging issues and gain customer insight. Leveraging social media data can be used to define future strategies and repeatable processes to improve customer experience.

Key areas to evaluate when targeting emerging issues include:

- • Customer experience problems. Emerging issues are usually characterized by a sharp increase in negative comments.

Using insights gathered from in-depth analytics can help companies quickly identify a spike in negative customer experience ... and take action. Once issues have been defined, companies can fix problems before they affect a large number of customers.

- • Potential risks. Some customer comments might require further investigation. Usually, these issues are related to security breaches or regulatory and legal compliance. The potential security risk to a bank's customers and its brand categorizes it as an emerging issue. Accordingly, certain themes should be categorized into a degree of "risk," so a high volume of negative comments is not the only sentiment.

Internal customer feedback and social media both provide widespread information for banks about their competitors and products. Companies can monitor data to determine what their competitors are doing right and wrong and which strategies work. When competitors falter, a business can benefit from the opportunity almost immediately.

Step 4: ROI Metrics: Track your success.

One of the biggest challenges for companies using social media is determining what to measure. Once companies begin tracking their social media efforts and implement new actions based on gathered insights, they are typically searching for optimization. Social media success is determined by how it achieves company goals and objectives.

In order to effectively evaluate this, banks should develop a measurement framework that relates to business goals:

1. How many comments do you have on different types of posts? Sentiment levels?

2. Have influential bloggers commented and linked?

3. Has website traffic increased?

4. How many new records have been added to your customer database?

5. What growth of platforms have you experienced?

6. Has revenue increased since employing social media?

The most valuable metrics won't be the same company-to-company, as social media marketing, company objectives, and experience and focus all vary. The key is developing a unique set of metrics that best fit a bank's business objectives and effectively measure social media's ROI.

It is becoming increasingly difficult to justify the return on investment that a company makes when proactively using social media. Keep in mind that no specific metric is proof of social media success, but evaluated as a whole, there are some sound indicators of how a company's social media efforts are paying off. Text-mining tools and sentiment analysis give a bank directional insight, which will prove the value of social media and, if employed successfully, benefit the bank.

About the author

Steven J. Ramirez is CEO of Beyond the Arc, Inc., a customer experience and advanced analytics firm helps 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.