

Research reveals retail banks' cautious approach to social media

Study shows sector focusing much more on social media marketing but lack confidence in the effectiveness and business value of campaigns

- Retail banking had one of the highest social media marketing spends last year, but this will only increase incrementally in 2012 and 2013, according to a new international study
- Sector more cautious than others in its assessment of the importance of social media as a marketing channel, raising questions over data analysis, measurement and effectiveness
- Survey reveals risk of turning potential customers off by being too aggressive with social media marketing.

Henley-on-Thames, Oxfordshire, UK, 22 January 2013 – Well-intentioned marketers in retail banks could inadvertently turn customers off by irritating them with their online behaviour. This is the key finding of new global research into the effectiveness of social media marketing commissioned by [Pitney Bowes Software](#), a global leader in customer data, analytics, communication software and services.

The independent study, conducted by Vanson Bourne, compares social media marketing trends among marketing directors with consumer attitudes to social media marketing across Australia, France, Germany, the UK and the USA, covering seven business sectors.

The survey showed that more than seven in ten (74%) marketing directors in retail banking had seen a greater emphasis being placed on social media in their external communications. This was a significantly higher number than average (69%), and second only to the telecommunications sector (81%).

However, this growing importance is not reflected in banks' marketing spend. The research shows social media spend in retail banking, as a share of marketing budgets, will only increase incrementally over the next few years. From its peak at 16% in 2011, when banks were among the biggest spenders on social media, it is expected to climb to only 22% in 2013 -- when sectors like telecommunications will be committing over a third of their marketing budget (36%) to the new channel.

This cautious stance is also reflected in the study's other findings. More than half of marketing decision-makers in retail banking (53%) say that social media will grow in importance as it becomes more rooted in customers' lives. However, more than a third (34%) are of the opinion that it will only apply to certain areas of their organisation's markets or business units, a view shared with respondents from the utilities and insurance sectors (34% and 41% respectively).

Only just over half of marketers in retail banking (53%) are confident that their social media campaigns are effective, while less than a third rated them as not effective (31%). Only the insurance sector came out lower in terms of rating their campaigns as effective (49%).

The retail banks' caution is well-placed given that most marketers' enthusiasm is not matched by consumers' views of social media marketing. Only a quarter use social media to follow and keep up-to-date with certain companies or brands (26%), while most are predominantly on social media to keep in touch with friends and family (78%).

In this context, 'followed' brands fare relatively well. Nearly half of social media users (48%) are positive towards receiving their marketing messages. The reverse is true of communications from companies people don't follow, which 40% say they would be annoyed to receive. What is more, consumers rate unsolicited marketing ('spam') and pop-up advertisements as their worst experiences of social media marketing.

Perhaps most worryingly, 65% of consumers surveyed say that they would stop using a brand that upset or irritated them as a result of their social media behaviour.

In contrast, recommendations from online friends hold more sway: 68% said that they investigated these or even made a purchase (15%).

Companies out of touch

When it comes to interacting with brands, the research shows consumers are most interested in discount or money-saving vouchers, new products and services, and upcoming sales and events. Yet these are bottom of the list for marketers, mentioned by fewer than one in ten of those surveyed. Instead, marketing decision-makers highly rate the effectiveness of newsletters, information about the organisation's social responsibility and customer satisfaction surveys, all of which were least interesting to consumers.

Identifying which social media channels to invest in was a challenge for all marketers surveyed. While they were aligned with consumers in their emphasis on Facebook as the most popular and trusted social media site, they disagreed about the importance of other social media outlets. Beyond Facebook, marketers devote most of their remaining spend on Twitter (57%) and Google+ (51%). By contrast, consumers prefer YouTube – rated only fifth by all marketers – over Twitter and Google+.

“Retail banks have made a strong effort to become more customer centric and develop life-long relationships with their customers. It is therefore not surprising that they have been keen to jump on the social media bandwagon early on, but are now taking a step back to evaluate this new channel more thoroughly,” says Kieran Kilmartin, Marketing Director EMEA, Pitney Bowes Software. “They are well advised to do so, as our research shows that there is still a disconnect between marketers’ high expectations of social media, and the lack of desire among consumers to engage. The continued use of old-school ‘broadcast’ marketing models – which we have found across all sectors – is likely to turn people off, and at worst, trigger them ultimately to become ‘brand blockers’.”

Further retail banking statistics

- Marketing decision-makers in retail banking are split 50/50 in their confidence – or lack thereof – of being able to link social media spend with their organisation's profitability.
- The greatest challenge for retail banks is capturing and making sense of all the data being generated as the number of customer touch points increases (50%).
- This was closely followed by measuring if effective online engagement helps convert new customers, and managing the amount of time and money spent on social networks (42% each).
- Traditional communications channels still dominate, with inbound telephone calls being the most widely used in retail banking (87%).

To read the White Paper ‘Social media: contrasting the marketing and consumer perspectives’ — [download now](#)

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About the study

In August and September 2012, Vanson Bourne conducted online interviews with 300 senior marketing decision-makers working in business-to-consumer organisations across five international

markets (UK, France, Germany, Australia, USA) and seven economic sectors (Retail, Insurance, Retail Banking, Utilities, Telecoms, FMCG and the Public Sector).

The questionnaire focused on their use of social media as a marketing channel, including aspects such as marketing spend, channels used, social media tactics used, measurement and challenges associated with social media marketing.

At the same time, 3,000 adult consumers in the same regions, who use either use or have previously used social media, were interviewed online to explore corresponding areas of interest, such as which social media they are using, what they are using them for, along with their response to receiving marketing messages and providing personal information.

About Pitney Bowes Software

Pitney Bowes Software (PBS) was formerly Pitney Bowes Business Insight (PBBI).

Pitney Bowes Software provides multichannel solutions that optimise data to create relevant dialogue between organisations and their customers. These solutions enable lifetime customer relationships by integrating data management, location intelligence, sophisticated predictive analytics, rules-based decision making and cross-channel customer interaction management to increase the value of every customer communication while also delivering operational efficiencies.

Pitney Bowes Software is a wholly-owned subsidiary of Pitney Bowes Inc. (NYSE:PBI), a customer communications management technology leader. For more information, please visit www.pitneybowes.co.uk/software and www.pb.com/software.