SOCIALISED MEDIA – IS IT TIME TO GET ENGAGED?

Duncan Hart believes financial services companies ignore the bloggers at their peril. Their rapidly growing influence and potential to damage or enhance a brand makes it essential for companies to engage with this new communications channel.

There has been much discussion recently about the rise and influence of social media. Consumer driven and user-generated content continues its rapid growth across the Internet and has increasing influence in traditional media and business. TIME magazine doesn't award its prestigious "Person of the Year" award to the consumer if the balance of power hasn't begun to shift towards the individual in a serious way.

The rise of the blogger, the growing relevance and popularity of social networking sites such as MySpace, content-sharing portals such as YouTube and MMORPGs (Massively Multi-user Online Role Playing Games) such as Second Life, are concepts that force us to re-think where consumer influences originate and how new beliefs gain momentum.

A company's profile and prominence in this new, informal word-of-mouth environment will have an increasing impact on its brand and overall corporate reputation, which are vital to maintain, especially in the highly competitive financial services sector. It is no longer feasible for companies to bury their heads in the sand and ignore the expanding conversations online in the hope that they will disappear.

Neither is it possible to ignore the speed with which customers are able to create the strength in sentiment, and numbers, required to address what were previously seen as insurmountable challenges. The democratisation of the Internet has delivered a powerful blow which is shifting the ownership of the brand and what it means to the collective consumer consciousness.

Take, for example, the current debate over bank charges and mortgage exit fees. While these issues will undoubtedly have troubled people on an individual basis for some time, their complaints have made little headway – until now. Although the regulators – the Financial Services Authority and the Office of Fair Trading – have instigated investigations into these areas of the banks' and mortgage lenders' activities in the context of the Unfair Terms in Consumer Contracts legislation, over recent months and weeks there has been a groundswell of opinion driven in no small part by a number of Internet forums, where thousands of people have downloaded proforma letters, shared their experiences and celebrated successes over their banking foes.

This growing weight of consumer opinion has caused the debate to transfer quickly to the traditional, mainstream media, with significant results. What's more, financial journalists hungry for stories are actively seeking out social media networks as inspiration for campaigning-style copy – a trend that will grow and could even influence the media's attitude towards personal finance providers, according to one prominent freelance journalist.

"In the main, the money sections are insufficiently investigative and fail to probe and question providers enough. The result is an absence of hard-hitting, campaigning journalism and far too easy a ride for the companies," said the journalist, who for perhaps obvious reasons, asked not to be named. "This could well start to change with the rise of blogging, which is making customer sentiment far more prominent and accessible, raising interesting questions about sharp practices, with which to challenge the banks."

Few financial services providers have yet to enter this realm or begun to consider the potential implications for their businesses, let alone the opportunities. Yet they need to do so, as the influence of this new media is growing daily, as witnessed by the fees and charges debate mentioned above.

Leadership for a financial services player in this realm is still wide-open. Understanding how global online consumer conversations happen is the first step. The second is to consider what is possible, and, most importantly, what is legal for a financial services company to undertake to develop its socialised brand – both from an organisation's marketing perspective as well as addressing potentially libellous and brand-damaging rumours and claims.

What are socialised media networks?

Socialised media networks are Internet-based, self-selecting groups of commentators who post, distribute and adapt content on collectively-controlled sites, potentially reaching vast numbers of consumers and developing global online conversations. These conversations are enhanced by the very technology they are utilising – connecting and linking to content that is, if merited, ultimately appropriated, ranked, rated, manipulated and finally disseminated virally, through either proactive promotion, by word-of-mouth, or reactive consumption (through subscription technologies such as RSS readers and email alerts).

Socialised media differs from mainstream media in that often there is no one person in overall editorial control. Content is often unregulated and therefore has no restrictions on how it can be used and is consequently manipulated by networks for their own purposes – a point that goes some way to explaining the financial services industry's lack of engagement to date. Significantly, the main difference between mainstream media and socialised media networks is that content is not distributed, or 'pushed', through specific channels, but is instead accessed or selected through networks. It is this dissemination of information that is proving a headache to organisations used to being in control of the message.

Mainstream media is rapidly moving towards becoming more socialised, especially when it is online, as it integrates new technology tools and features allowing consumer interaction with its stories. Users are usually able to comment more freely on these websites and site holders can monitor response themes, gauge trends and hopefully, predict how future company news will be received. As mainstream media slowly transitions to socialised media in order to survive, more will evolve into the online space and interest in user-generated content will become more popular among individuals, rather than being told what to read and when to consume news.

The online universe

There's no doubt about it, technology is yet again to blame for giving marketers, PR advisers and advertising consultants sleepless nights. There has been a quiet revolution brewing. With Technorati tracking well over 60 million blog sites and its growth continuing, technology is truly empowering consumers and customers alike. For financial services companies, the Internet first meant a sparkling new website espousing the benefits of their own products. This was soon followed by the advent of the price comparison sites, several of which have subsequently developed a feisty offline presence, positioning themselves as industry commentators and people's champions in territory once occupied solely by the Consumers' Association (now Which?).

More recently still, the growth of socialised media networks has created the ability to complain and lobby in a very visible manner. On one website alone, a single discussion board inviting people to share their success and failures in relation to bank charges has received more than 396,000 hits. A more recent thread focusing on mortgage fees has mobilised a huge army of homeowners who have seized the opportunity to demand refunds for past exit payments. Translating swiftly to the money sections of the national press, the issue has culminated in the regulator, the Financial Services Authority, challenging providers to charge the original exit fees in place when customers signed up, or to justify the increases.

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What does this mean for the brand?

In the same way that media is changing to be more network-centric, the ownership of brand is shifting out of the control of the organisation. Brands are now judged by the socialised media audience as the sum of the trust, integrity and delivery of what the organisation says it will do, when assessed against what it has actually done.

A socially aware brand will understand that the network is increasingly in control of its reputation and will enter into a constructive dialogue with all parts of the 'engaged community'. It is worth noting here that social media discussions need not flow in just one direction. Negative stories need not dominate the agenda. What's to stop a financial services company developing a forum to discuss and improve financial literacy or demonstrate its commitment to responsible lending?

Furthermore, the honesty and immediacy of contributions should not be overlooked, even when it is hard to swallow! Monitored closely, the rapid development of negative themes can itself provide highly valuable information and the opportunity to implement equally rapid rebuttal or restitution, both in the online and offline customer worlds.

Where to begin?

Performing an audit of external communications strategies, tactics and outputs across the organisation will provide an overview of how it is perceived in the socialised media environment. Accessing data from analysts such as Hitwise (http://www.hitwise.com) and Envisional (http://www.envisional.com) can provide daily insights into how millions of people around the globe interact with websites in numerous industries and will also reveal what is being said about brands. This overview of Internet usage data will help in planning, implementing and reporting on online branding, search marketing, content strategies and online partnerships.

Gathering information on the online community's engagement with your brand is therefore the first step to take. This will reveal brand or product mentions occurring over a period of time in social media as well as online search requests. This insight will allow comparisons to be made between the prevailing views and perceptions of your own brand or product against those of your competitors, to build an understanding of consumer sentiment and the reasons behind it. In times of crisis, this monitoring can take place hourly to provide constantly updated snapshots of rapidly changing viewpoints – and the degree to which your crisis communications and actions are influencing the debate.

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Proactive outreach, target content creation

Like traditional PR, proactive outreach to bloggers, podcasters and other influential commentators requires a deep understanding of those base content creators who have an active interest in your brands or products, leading to the creation of carefully tailored materials. This may mean inviting them to review a new banking package, post their thoughts and begin an ongoing discussion and debate, with the aim of generating word of mouth traction. Once identified, particular audiences can be targeted as a group – for example providing RSS feeds for automatic updating of exclusive information, briefings with senior executives, site visits for exclusive behind-the-scenes information, and also competitions.

In addition, development of a blog's long-term strategy and goals is important to ensure its content complements other forms of 'push' information. At the same time, an organisation's blogging protocols should be developed – for example agreeing topic boundaries and maintaining transparency by publishing bloggers' true identities.

In developing these, reference should be made to the Chartered Institute of Public Relations' (CIPR) recently published Social Media Guidelines, which reiterate the importance of maintaining best practice and staying on the right side of the law in the online environment, as in offline activities. They also say that the rulebook should not be completely disregarded – a point which is illustrated by the high-profile exposure of a number of fake blogs, which only succeed in securing the ire of the genuine blogging community.

In conclusion

An organisation's profile in the new socialised media environment will have a huge impact on individual brands, overall corporate reputation and, perhaps most importantly of all, the bottom line.

The rules of engagement in this arena are different to the traditional media, are constantly evolving and will continue to do so as the social media networks themselves evolve, grow and mature. What's clear is that financial services companies cannot ignore the blogosphere's increasing influence, the growing strength of the consumer and the power of word-of-mouth marketing.

In-house communications teams must not fear this new media – but must instead reach out and embrace this brave new world. Keeping a close eye on the blogs, content sharing sites and other forums relevant to your particular business will ensure it is in touch with its customers – however unpalatable some of these views may be at first sight! Understanding their views and creating carefully targeted campaigns to influence socialised media networks will give you the opportunity to begin correcting misconceptions, stimulate constructive discussion and change people's minds. ☐

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Event

Social Media – is it time to engage?

2 April 2007, 18.00–21.00

Would you like to learn more about this issue and continue the debate with other members of The Financial Services Forum?

Duncan Hart and his colleague, Justin Hayward, will be exploring these issues in more detail at this Forum event.

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