

# Social Media Marketing Evolution

## A Strategic Imperative

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# Executive Summary

Consumers' use of social media continues to grow. The number of platforms makes it an even more viable option to communicate professionally, socially, and as a means for developing relationships.

Research shows credit unions are adopting these social media platforms to better reach their members with products and services. In order to be effective, strategy that incorporates social media into the marketing of financial products and services is important. With strategy, social media has the potential to be an increasingly effective marketing tool.

**The use of social media for marketing is challenging because it is very fluid. The change is constant, and since it is a conversation, responsiveness requires a commitment of resources.**

Currently, credit unions' focus is on building awareness and relationship with their members. Although the ultimate goal may be to increase purchase, a primary advantage today is to communicate, to listen as well as provide information. By building the relationship with their members using social media, these credit unions will continue to develop their competitive advantage in the marketplace.

The use of social media for marketing is challenging because it is very fluid. The change is constant, and since it is a conversation, responsiveness requires a commitment of resources. Credit unions are learning as they go in building their social media presence. It is an interactive process.

Ten years ago, social media use was just beginning, and most Internet users were not aware of it as an option. Today, more than two-thirds of online adults are using social networking sites. Social media adoption is based on this consumer use, with businesses trying to figure out how to integrate it effectively into the shopping and purchase process.

These credit unions begin with listening to the market. A relatively high percentage of credit unions start the conversation by adopting Facebook as a platform. With greater experience, additional platforms are incorporated, including LinkedIn and YouTube.

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Credit unions need to understand consumer use of multiple platforms to be able to best integrate. Social media listening by credit unions continues to grow and this will help to evolve the marketing.

Small percentages of credit unions rate their expertise as being high. Correspondingly, there is room for improvement in the success of meeting their goals. Significant numbers of the credit unions surveyed see their use as exploratory and aren't clear on the financial implications yet. Therefore, social media use is in its earliest stage with the focus on getting the experience. It is time for adoption, experimentation and further investment. These credit unions see the further investment as being important to being competitive in the marketplace.

Continued social media growth shows its relevance to consumers. However, their proliferation complicates delivery. Achieving goals means identifying which platforms to use, how to use them effectively, and how to integrate with other marketing and channels. This proliferation and consumer use makes strategy development necessary to ensuring success.

Strategy ensures the flexibility to address social media's dynamic use. It will facilitate integration with other marketing tools and channels. In order to support future investment required, planning skill is an asset. Investment is tied to sales, and tactics that improve marketing such as targeting. Without strategy, risks increase over time. These risks are related to miscommunication, inappropriate use of platforms that don't fit the market and not identifying the connections that improve profitability, ultimately wasting resources. Social media is here to stay. First came the Internet, and this further evolution demands a strategy that fits its use, and changes with the times. Social media builds relationships and for business, relationship is a foundation for growth and profitability.

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# Introduction:

Social media is one of many marketing tools credit unions can use to communicate with members. However, social media has the potential to be more personal and engaging compared to other communication alternatives. Whereas marketing generally broadcasts messages about a product and service, social media provides the opportunity for a two-way conversation. Branding is immediate and fluid. On a daily basis, messages can vary and interaction with customers is continuous. Customers can communicate and react to the messages about the brand in ways that weren't possible a decade ago.

Social media is about listening - listening to your customers to better understand how your organization is viewed and its messages received. By better understanding how the organization is being perceived, it is more likely to evolve in a way that better meets the market's needs. Organizations have never had this type of feedback before. However this input increases responsibility as well, because the feedback is public - the exposure is greater. Customers can view the comments and join in the communication.

A credit union's social media journey began not that long ago, and is driven by the proliferation of platforms and the marketplace's ever-increasing use. Consumer experimentation with social media brought about experimentation by business aimed at increasing their visibility. Social media has the potential to impact business models. On the Internet, traffic equals money. By 2007, 12 years into the Web era, online advertising had reached \$14.6 billion in the United States alone. Business models will need to shift to address the demands of social media. (Source: Socialnomics - How Social Media Transforms the Way We Live and Do Business, Erik Qualman, 2009) Currently, though, organizations are establishing a social media identity. The goal is to establish a presence; a persona that interacts with the market.

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For example, consumers create their Facebook personas with what they post. Each social media platform adopted (LinkedIn, Twitter, YouTube, etc.) then adds to this presence. For consumers, their postings can complement but also provide even seemingly contradictory information. Social media underscores the complexity of the lives that we are living. The information provided can be a mix of fact and fiction - who we are and who we would like to be.

Organizations, too, are developing their social media presence. Their messages through these channels create the entity that they try to manage. However, unlike the consumers, most organizations have a presence through other channels, such as print, radio and TV. How their social media presence blends in with their presence through other mediums is a challenge that needs to be addressed. If there isn't integration, this may create confusion rather than meaning. The multi-channel communications needs to be managed effectively.

Because of the increasing complexity and the potential for confusion and contradiction, a strategy is important in being able to provide messages that have greater relevance to brand. Communications are so fluid, that having a direction, can be useful - it is the difference between being proactive versus reactive. Spontaneity is grounded in "self" awareness.

Beyond this identity creation, greater attention to marketing and delivery are logical next steps. How does social media impact and facilitate a sale? These steps include the "promotions" of products and services as well as the transaction itself, delivery and even service. However, branding and awareness from a social media perspective needs to be firmly in place in order to market effectively. Also taking a strong marketing program via traditional channels and putting it in place via social media probably won't work. Social

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As social media options grow, the ability to find niches in the market also increases. Business will need to harness this potential by customizing its messages.

media operates differently; it is important to really understand the marketing and servicing potential to be able to be effective. Given the many other transaction options via the Internet, organizations have yet to define social media's position successfully relative to these other options.

Organizations are putting resources into developing that social media presence. As social media options grow, the ability to find niches in the market also increases. Business will need to harness this potential by customizing its messages. With the increases in use, and consumer demand for a voice, organizations will be experimenting to test its potential. Credit unions are in the initial stages of developing social media. The vast majority of credit unions interviewed for this study will be enhancing their social media strategy in 2013. They are investing their time to figure out how to use social media effectively.

This white paper summarizes the use of social media and credit union marketing strategies related to these uses. It shows evidence for an evolution and how strategy can play an important role in increasing effectiveness. Because they have started to use social media, these credit unions see its importance, but their expertise is just developing. They use multiple platforms, and use them for a variety of reasons. This white paper is primarily based on 2012 research conducted by the Blackstone Group, a marketing research firm, for CUNA Mutual Group and CUNA and Affiliates.<sup>1</sup> It surveyed leaders from 160 credit unions. These credit union executives are members of the CUNA Marketing Council and/or the CUNA Lending Council. Seventy-nine percent of those surveyed identified their primary responsibility as marketing.

### **The paper is divided into five sections.**

#### ***Section One: Consumer Use of Social Media***

Consumer increasing use of social media drives the search for its effectiveness. Networking by all generations encourages further development by credit unions.

<sup>1</sup> All statistics in the white paper are from this research study unless identified otherwise.

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### **Section Two: Social Media Goals - Benefits of Its Use**

This section discusses credit union goals and the current benefits that they are receiving from the use of social media. Marketing is responsible for its building and execution.

### **Section Three: Credit Union Experience**

Social media is in its early stages of development so these credit unions are relatively new to it. Profiles provide a comparative tool on use and experience. Overall though, regardless of experience, credit unions currently are more likely to be using social media for branding than for product promotion.

### **Section Four: Future Directions**

Credit unions plan to further invest in social media - their focus continues to be branding and awareness in the near term. This section emphasizes the commitment of these credit unions to the further development and growth of social media as part of their marketing mix.

### **Section Five: A Strategic Imperative**

Currently, credit unions are expanding the number of platforms being used. Strategy that integrates it with other more traditional media and marketing goals needs to be refined. Strategy positively impacts the effectiveness, and further growth makes this an imperative.

## **Section One: Consumer Use of Social Media**

Consumer adoption of social media drives the search for effective ways of growing relationship and sales. Ten years ago, social media was in its infancy, and most Internet users didn't know it existed. Although blogging started to take off in the late 1990s - it wasn't until MySpace and LinkedIn that significant numbers took notice. Since then, we have seen a proliferation of platforms. Facebook followed shortly after, and then there was Twitter and Tumblr. Later arrivals (2009-2011) include Pinterest, FourSquare, Instagram, and Google +. Today, all age groups enjoy the benefits of using social media.

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Gender and age impact use. Users are more likely to be female (75 percent compared to 63 percent of men) and young adults.

Social media has captured our attention because it is consumer driven. We provide the content and engage others to build it out. It is a social trend in which people use technologies to get the things they need from each other, rather than from traditional institutions like corporations. (Source: *Groundswell - Winning in a World Transformed by Social Technologies*, Charlene Li and Josh Bernoff, Forrester Research, Inc., 2008) Consumers “publish” their own information and attempt to connect with others on topics of their interest. According to Pew Research Center (August 2012), 69 percent of online adults use social networking sites. The following percentages are using the different social networking sites:

### Social Media Use (Online Adults)

	Percentage
Facebook	66%
LinkedIn	20%
Twitter	16%
Pinterest	12%
Instagram	12%

Source: Pew Research Center, 2012

Gender and age impact use. Users are more likely to be female (75 percent compared to 63 percent of men) and young adults (Pew Research Center, 2012). Social networking has increased greatly since 2005. For example, only 9 percent of young adults used social

### Social Media Use (Age Impact)

	Percentage
Adults 18 – 29 Years Old	92%
Adults 30 – 49 Years Old	73%
Adults 50 – 64 Years Old	57%
Adults 65+ Years Old	38%

Source: Pew Research Center, 2012

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networking in 2005. Between 2005 and 2006, the use of social networking sites among young adult internet users jumped to 49 percent. Even Baby Boomers, slower to adopt, have increased their networking. Wider adoption increases the viability of social media as a means of marketing products and services. Generation X and Baby Boomers have the purchasing power to galvanize the development.

Today, social is mobile. Smart phones now comprise about half of mobile phone users, which through the use of apps positively impacts social platform use. As mobile grabs hold in conjunction with social, it expands the networking possibilities. In 2011, 20 percent of social networkers accessed their social account from a phone in a given month, up from just 11 percent who did so in 2009, an increase of 85 percent (*Experian Marketing Services, 2011*).

Social media is taking hold because it meets needs. We are primarily using it to stay in touch with current friends and family members. Research shows there is downstream traffic from visiting the social networking site. Following social networking, among many other activities, 16 percent go to search engines, 7 percent shopping and classifieds and 2 percent to a bank site (*Source: The Social Media Consumer Trend and Benchmark Report, Experian Marketing Services, 2011*). An analysis conducted by Experian Hitwise reveals that 60 percent of brands that sent out an email with the word "Facebook" in the subject line averaged a 27 percent increase in traffic to their website the week following the email deployment (*Experian Marketing Services, 2011*).

Consumers look to peers for recommendations on products, service and the companies that deliver. In the future, the overall achievement of individuals and companies will be based on their social media success. (*Source: Socialnomics - How Social Media Transforms the Way We Live and Do Business, Erik Qualman, 2009*). Regarding attitudes toward advertising and promotion, research shows 26 percent have liked a social ad after seeing it and 15 percent have shared, with 14 percent actually purchasing a product. (*Source: State of the Media- The Social Media Report, Nielsen and NM Incite, 2012*) Word-of-mouth enhances. Twenty six percent are more likely to pay attention to an ad that has been posted by one of their social network acquaintances (*Nielsen and NM Incite, 2012*).

Social media is then an ideal platform for influencers to spread their ideas and purchase power. Research by Nielsen and NM Incite (*2012*) shows about half of active social media users compliment brands as well as express concerns or complaints. Consumer-created reviews/ratings are a source for information about product/service value, price and product quality. Relatively high percentages of active social networkers hear about others' experiences (*70 percent*), learn more about brands and products (*65 percent*) and share money incentives (*47 percent*) (*Nielsen and NM Incite, 2012*).

Social media is taking hold because it meets needs. Consumers look to peers for recommendations on products, service and companies that deliver.

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In the research, credit unions were asked about their attitudes toward social media. With 82 percent of these credit unions saying social media will help their credit union build strong member relationships, they see value in it as a tool.

Customer service via social media is being called social care. Customers can choose when and where to ask questions as well as give voice to issues and complaints. Social media is blurring the line between marketing and service. On average, 47 percent of social media users engage in social care. One in three prefers social care to contacting a company by phone (*Nielsen and NM Incite, 2012*).

Social media is very new to the marketing mix. And it is no wonder business is interested in this proliferation of platforms and widespread adoption. Social media is primarily being used by consumers to develop relationships. Business wants into this as well. Relationship can be a foundation for other promotional activities. Active networkers will expect their business partners to be using social media. For them, it is another channel to access information. However, consumers and business are relatively new to it, and current use reflects that. For business, their social media skills need to address their customer needs. Given that, their use will impact the bottom line. But how it does, isn't as clear at this time.

## Section Two: Social Media Goals - Benefits of Its Use

In the research, credit unions were asked about their attitudes toward social media. With 82 percent of these credit unions saying social media will help their credit union build strong member relationships, they see value in it as a tool. Changes in the marketplace influence development of social media by credit unions as a means of marketing products and services. Due to an increase in consumer use of these tools, credit unions see a marketing potential. Social media engages and connects its users. Given a way to translate this engagement, possibilities exist to communicate more interactively with members.

**Social Media Attitudes.** These credit unions see social media use as a competitive advantage. Seventy-seven percent say financial service providers will greatly increase their use in social media in the next few years, and 63 percent say their primary competitors are making use of social media for marketing. A slight majority (*55 percent*) even see early adoption of social media for marketing as being important. Early adoption can enhance competitiveness. For the research, these credit unions elected to participate because of their social media use, and therefore may be more proactive than average.

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Marketers have long struggled with measuring the effectiveness of their programs. How a particular networking event, advertisement or tactic impacts sales can be difficult to measure. (Source: *UnMarketing - Stop Marketing. Start Engaging.*, Scott Stratten, 2010) Social media is no exception. Its relatively new arrival means measurement will be an issue. Close to sixty percent say their credit union is pursuing social media marketing strategies more to experiment and learn about what can be done. A similar percentage (61 percent) says the financial returns on social media marketing are unclear - their primary ROI from social media marketing is listening to their members.

Although the measurement of marketing effectiveness is a challenge, marketers are determined to better assess, and the priorities for some do include ROI measurement. Slightly more than half (53 percent) say further development of a specific set of metrics to measure social media results is a next step for their credit union.

Therefore, adoption of social media is in its earliest stages. A good number of those interviewed see its use as exploratory. They are increasing their expertise because of market need, the competition, potential for engagement, and building their relationships with members. Social media fits the credit union vision in that it's member-focused, the goal being member value, advocacy and support. According to Forrester Research, Inc., members see their credit union as an advocate for their needs. Sixty-nine percent say their credit union is more likely to do what's best for them, not just its own bottom line. (Source: *"Customer Advocacy 2011: How Customers Rate US Banks, Investment Firms and Insurers"*, Forrester Research, March 8, 2011)

**Social Media Goals and Benefits.** Credit unions were asked about the primary goal of their social media program. Of those credit unions that have established goals for the program, about one third of respondents say increasing brand equity or value (35 percent) or improving sentiment and/or engagement (34 percent) is the primary goal of their social media strategy. Other goals, increasing web traffic (7 percent) and boosting product sales (6 percent) account for very small percentages.

Social media fits the credit union vision in that it's member-focused, the goal being member value, advocacy and support.

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By targeting demographic audiences, credit unions may be able to decrease costs and boost sales over the long run.

Social media has multiple benefits. When asked about the benefits of social media, not surprisingly, most (86 percent) indicate increased awareness. Slightly more than two-thirds (68 percent) cite increased engagement. Although about half (48 percent) see it as a means of reaching demographic audiences, very small percentages see it as decreasing costs (14 percent) or boosting product sales (10 percent).

These benefits reflect the goals as well as how social media is currently being used in the marketplace. By targeting demographic audiences, credit unions may be able to decrease costs and boost sales over the long run. Nearly two in five (37 percent) credit unions say they are targeting social media to specific demographic markets, their primary target being, not surprisingly, young adults ages 18 to 29 (83 percent). If these capabilities are developed, then being able to segment messages, has been shown to increase efficiency, reducing costs, and well as effectiveness in boosting sales because of the ability to reach the right audience for the products.

The type of measures used reflects social media goals and development stage. Three quarters (75 percent) of credit unions measure effectiveness based on numbers of fans/followers as a percent of members. More than half measure social media effectiveness based on mentions/comments (59 percent) and posts (55 percent) with one third using positive member feedback. Small percentages use enquires (11 percent), sentiment analysis (7 percent), ROI (5 percent) and revenue (3 percent).

Credit union goals are about developing brand equity and creating awareness. Their ROI is listening to their members, and developing the relationship. To some degree, they are recognizing the benefits related to the goals.

### Section Three: Credit Union Experience

Overall, social media marketing is in its early stages of development; these credit unions are relatively new to it. Their organization around it, as well as their use and experience reflect that.

**Current Investment Levels.** About 60 percent have been using social media from 1 to 3 years, or an estimated average of 2.2 years. Only 4 percent of respondents say that they have been using social media five years or more. Regarding investment, the average hours per week spent maintaining social media is 5.2. Only 27 percent say they have a separate social media budget.

Most respondents (87 percent) indicate social media responsibility resides primarily in the marketing departments of their credit unions. Regarding working with outside agencies, 9 percent work with social media agencies and 3 percent work with interactive agencies. Their level of expertise (self-rated) reflects experience. Only 12 percent give their credit union a high rating (7 or 6 on a 7-point scale) on expertise.

**Social Media Use.** Regarding platforms, credit unions are most likely to be using Facebook (94 percent), Twitter (58 percent) and doing web analytics (55 percent) and social media listening (44 percent) than using other social media tools.

Overall, social media marketing is in its early stages of development; credit unions are relatively new to it. Their organization around it, as well as their use and experience reflect that.

### Social Media Tools and Platforms in 2012

	Percentage
Facebook	94%
Twitter	58%
Web Analytics	55%
Social Media Listening	44%
YouTube	40%
LinkedIn	36%
Blogs	19%
Podcasts	7%

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Social media is primarily being used to provide credit union news, alerts, education and information as well as build credit union awareness.

Overall, social listening and web analytics are the social media “elders”. Given that development is based on an understanding of its use, the listening predating implementation makes sense. Credit union reasons for using these social media platforms reflect their goals. Regarding their uses, these credit unions are primarily using social media to provide credit union news, alerts, education and information (91 percent). High percentages are also using it to build credit union awareness (90 percent), and promote credit union events (88 percent). Their focus is providing education, information and communication.

At this point, product marketing plays a strong but secondary role to overall relationship management. Close to two-thirds (63 percent) are promoting products and services and somewhat more than half (56 percent) are using social media for marketing campaigns to draw customers via special offerings or rates.

Finally, relatively small percentages are using social media transactionally - providing customer service (33 percent) or supporting sales (26 percent).

**Overall Effectiveness.** Credit union self-ratings of effectiveness look similar to their ratings of expertise reflecting experience and development stage. As shown, their primary goals are related to awareness and engagement. Given these goals, the credit unions surveyed definitely see room for improvement. Only 9 percent rate themselves as being “highly” successful in meeting these goals (on a 7-point scale rated a 7 or 6). High ratings on building awareness (16 percent) and building relationships (10 percent) look much the same. These credit unions feel social media is important, and are in an exploratory stage of development, their ratings on effectiveness show they are trying to find the right approach to its use.

**Social Media Evolution.** Within the last five years, consumer use of social media has grown significantly. In general, business adoption is based on harnessing this growth. Creativity and inventiveness are important to recognizing this opportunity. A definitive way to implement that guarantees success has not been developed. Over time, as experience grows, this expertise will help in integrating social media most effectively. At this point,

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these credit unions may be the early adopters blazing the trail for others. As time goes on, pathways to success may be better defined. However, today credit unions are taking initial steps. Credit unions can use this information in plotting their course, remembering that social media is dynamic, and the best strategy in the future, may not be the steps taken in the past.

The research assessed social media use based on years of experience or use. Social media use is defined platform adoption such as Facebook, Twitter, YouTube, LinkedIn, etc. Beginners are those with less than one year with using Social Media (*19 percent*). Intermediate are those that are 1 to 3 years into using the platforms (*59 percent*), and those that are Advanced in number of years using social media have over 3 years of experience (*22 percent*).

- **Beginners:** As expected, beginners take their initial steps with listening and analytics.

Regarding platforms, it's Facebook that has the highest percentage of users overall, and it is what credit unions are most likely to be starting out with today.

Overall, blogging has a relatively small percentage adopting compared to other platforms, but a faster start that quickly levels out. Although the percentage of beginners with Twitter is relatively high compared to other platforms, with more experience, use continues to grow. Podcasts are not on the list of platforms being used by those with less than one year of experience.

- **Intermediate:** For those categorized as intermediate, LinkedIn and YouTube see the biggest hits. Facebook and Twitter continue to be strong, and Podcasts first appear on the scene.
- **Advanced:** The advanced in years are differentiated from those with less experience by a lift in Twitter and YouTube use. Podcasts appear there to stay, but still at a relatively low level of penetration. After seeing somewhat of a dip in intermediate, social media listening continues its growth, which will help with furthering development.

Credit unions just starting out with social media rely on listening and analytics to help inform their choices.

Although higher percentages of credit unions are focusing on branding and awareness with their social media efforts, a significant percentage is using social media for product promotion. These credit unions are more likely to be using it to promote consumer loans and checking or savings accounts.

Credit unions that are advanced also tend to be larger in asset size. Investment increases with experience. As expected, those in the beginner and intermediate levels spend less than those that are advanced.

Social Media Evolution (Based on Years Experience)

	Beginner	Intermediate	Advanced
Facebook	89%	95%	100%
Twitter	46%	55%	83%
LinkedIn	17%	41%	40%
YouTube	14%	40%	70%
Blogs	20%	18%	23%
Podcasts	0%	8%	10%
Social Media Listening	43%	38%	63%
Web Analytics	63%	47%	70%

Credit unions are gathering experience with these platforms, their goals and use doesn't seem to differentiate by years with social media. Beginners as well as the advanced are focusing on awareness and communication, with similar percentages interested in promoting products, and their support. Further development of social media places a greater emphasis on strategy and measurement. Current focus is getting set up with the platforms, with current resources, and very little outsourcing.

**Product Promotion.** Although higher percentages of credit unions are focusing on branding and awareness with their social media efforts, a significant percentage is using social media for product promotion. These credit unions are more likely to be using it to promote consumer loans (82 percent) and checking or savings accounts (63 percent). The percentages drop for mortgage loans (49 percent) and investments (11 percent).

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When asked about reasons for promoting lending products (*consumer and mortgage*), increasing awareness (*43 percent*) and boosting product sales (*43 percent*) were most frequently mentioned. Although product sales is not being viewed at this time as a primary goal of social media or as a primary benefit, it stands equal to awareness when it comes to product promotions. Therefore, boosting product sales is definitely on the radar of these credit unions. Reasons were varied for not promoting lending products using social media. The highest percentages say compliance issues (*24 percent*), difficulty in doing (*21 percent*), lack of time (*13 percent*) and priority (*13 percent*).

Credit unions definitely see room for improvement in lending product promotion. Only 6 percent rate their credit union's success as high (*on a 7-point scale a rating of 7 or 6*). Credit unions want to boost product sales but a small percentage is realizing these benefits right now.

#### **Section Four: Future Directions**

The consumer market is embracing social media. Due to its widespread use, in particular by the Generation Y demographic, these credit unions are developing their capabilities. However, its newness to the market creates a learning curve. Credit unions are exploring its use, and the industry doesn't have best practices to necessarily share as the pathway to success. In that respect, they are no different than other financial providers as well as other industries. However, because of its market relevance, these credit unions see its importance and are responding to its challenges.

When asked about barriers to increasing value of social media activities, most (*83 percent*) cite insufficient staff and time as the biggest barrier preventing their credit unions from getting more value from social media activities. It is also harder to invest because of the inability or difficulty with measuring success (*54 percent*). Primary measures appear to be fairly soft. Across industries, all are struggling to put measures in place to try to optimize its use. Credit unions see other barriers, including lack of budget (*31 percent*), compliance or legal issues (*30 percent*) and lack of experience and training (*28 percent*).

Although the barriers are significant and the level of success relatively low, these credit unions are committed to social media. Nearly three in five (*58 percent*) of these credit

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More than three quarters of credit unions are developing/enhancing their social media strategy. In 2013, the focus will continue to be creating awareness.

unions say their investment will increase. Only 1 percent says it will decrease, with the rest saying it will remain the same. Those earlier into its use are more likely to say that their investment will increase.

**Social Media Plans.** More than three quarters (77 percent) of credit unions are developing/enhancing their social media strategy. In 2013, the focus will continue to be creating awareness (89 percent). Top priorities are activities that will promote the credit union and build engagements.

Seventy-five percent want to foster word of mouth. According to Li and Bernoff, word of mouth succeeds because it's believable, it's self-reinforcing and self-spreading (Source: *Groundswell - Winning in a World Transformed by Social Technologies, 2008*.) It requires consumer participation, so credit unions need their members' engagement to do this.

As seen in 2012, significant percentages will also be promoting products (70 percent) and developing marketing campaigns (55 percent). As expected based on current uses, lower

### Social Media Uses in 2013

	Percentage
To increase CU awareness	89%
To support community relations	78%
To foster word-of-mouth marketing	75%
For public relations	74%
To promote CU products/service	70%
To increase member loyalty	63%
For marketing campaigns	55%
To provide customer service	46%
For innovation	37%
To increase market share/sales	35%
For market research	25%
To provide consumer reviews	23%

percentages cite sales and service. Innovation and market research are also not among the primary uses. With innovation, these relationships will increase the chances of developing what members want. The information being provided by these members will help to deliver the products and services that meet their needs. Therefore with an increased level of engagement, there is also the potential to innovate more effectively.

Credit unions promoting products will continue to invest in marketing consumer loans (73 percent) and checking or savings accounts (61 percent) with mortgage loans (51 percent) and then investments being secondary (12 percent).

Regarding platforms, more than half of those investing in social media will be using Facebook (87 percent), mobile apps (74 percent), Twitter (66 percent), and YouTube (61 percent).

Customer service though in the form of social care may need more attention and 2013 plans suggest growth in this area. Social media builds relationships online. It allows organizations to form a “self” that can engage with the customer.

### Social Media Tools and Platforms in 2013

	Percentage
Facebook	87%
Mobile Apps	74%
Twitter	66%
YouTube	61%
Social Media Analytics	48%
LinkedIn	39%
Blogs	29%
Google+	24%
Podcasts	13%

Credit union future plans don't show significant change from their 2012 activities. Similar types of priorities are in place. ROI measurements though desired may be more long range in their making. The research shows greater emphasis on awareness and engagement than on transactions. However, the potential for change to social media and consumer use suggests social media is somewhat a moving target, so trying to fully integrate sales and

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Credit union emphasis on marketing and sales is evolving. Social media becomes a marketing tool that needs to be integrated with other media.

customer service may not be as practical at this point. Customer service though in the form of social care may need more attention and 2013 plans suggest growth in this area. Social media builds relationships online. It allows organizations to form a “self” that can engage with the customer. These relationships enhance ROI. (Source: *UnMarketing - Stop Marketing. Start Engaging.*, Scott Stratten, 2010)

The research shows the importance of development. Social media has the potential to change the marketing mix, and how credit unions as well as other financial providers and industries relate to consumers. Currently experience is not as much of an issue as it could be at some point in the future. It will become one, as consumers continue to figure out how to use social media to their advantage.

### Section Five: A Strategic Imperative

Social media platforms are multiplying emphasizing their consumer relevance, but also those increased numbers create complexity and complications in developing and maintaining. Issues related to goals include: identifying which ones to use, how to use them effectively, and how to integrate with other channels. These are all strategic questions. Answers to these questions will help to make the resources spent more effective. This planning facilitates measurement. In addition, NCUA and the bank regulators recently proposed guidance for credit unions using social media, to ensure that they abide by proper consumer rules and regulations, limiting potential legal risks. This makes for a more complex picture as well. Strategy plays an important role in ensuring success.

**Strategy ensures flexibility in a changing marketplace.** Organizations are struggling to figure out how to use social media as a tool to build relationships and sales. Currently, use seems to be primarily explorative, but as time goes on exploration will bring with it expertise that can augment any planning. However, because of the dramatic changes taking place now, flexibility continues to be important. Ongoing change will be necessary to address consumer needs. The use of digital technology will increase the demand for nontraditional delivery methods.

Strategy integrates social media with other channels. The research shows credit union use of social platforms is growing. Credit unions continue to develop their social media skills.

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They recognize they have a way to go. They also recognize the potential. Credit union emphasis on marketing and sales is evolving. Social media becomes a marketing tool that needs to be integrated with other media. Platform proliferation in itself will necessitate the need to make choices, and strategy serves as a guide.

**Strategy manages investment.** The research shows that investment is likely to increase over time for many credit unions. Exploratory can be step by step with minimal increments in investment. However, as investment increases and with marketplace changes, management of that investment becomes an imperative. Social media use is evolving with its role potentially expanding. In order to be competitive, credit unions may need to incrementally increase their investment in these tools. Use of outside resources may be necessary. When asked about social media tools in 2013, 5 percent volunteered (without probing) that they would be hiring a social media agency. Being able to monitor this investment and its benefits positively impacts results.

**Strategy recognizes the sales potential.** Current emphasis seems to be more on brand equity and awareness. These goals can be rather nebulous in their measurement. As the investment increases, though, so will the expectations regarding sales. Although about two thirds say they are using social media for product promotions, the tie to sales is weak. Sales planning that includes a social media component is a next step that will be driven by the necessity for efficiencies and concerns about the bottom line. According to Li and Bernoff, there needs to be a three-year outlook of where to take the organization, regarding the kind of conversations. The technologies may change and the messages, but there should be a relationship vision. *(Source: Groundswell - Winning in a World Transformed by Social Technologies, 2008)*

**Strategy facilitates target marketing and related planning.** Social media has different uses by different segments. Being able to understand these uses, and integrate that into promotions has its advantages to increase effectiveness. Although the focus is more likely to be young adults, significant percentages of all age groups use this media. As time goes on, with the proliferation of platforms, it will become increasingly important to understand the market, and be able to select platforms and develop messages to address those uses. Target marketing involves understanding the reach, and knowing how to continually make changes to speak to that market.

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**Without strategy, risk of a poor social media fit increases.** First of all, if the social media messages don't tie to brand, it results in miscommunication that may actually negatively impact other marketing. Second, the social media platform selection that doesn't recognize who is using the platform and their uses can miss the target, and waste resources. Finally, building awareness and relationship are important goals, but the search for the sales connection, increases the ability to invest and build. Those who manage to make this happen have a competitive advantage. Strategy decreases risk.

**To be strategic, social media has to become more than just a sideline.** It needs to be integrated into the organization as any other marketing and operations. Structurally it needs to have its place, and be managed similarly to other efforts. Social media isn't going to go away, and its emphasis can only increase. Therefore, not giving it the attention means that early adoption may not provide the advantage that it could be. Only making changes based on that knowledge will improve results.

The research shows social media use does grow over time. Beginners start out using certain platforms, and with experience, they augment the platforms that they are using. Overall, social media and digital technology are in the initial stages of development. Current focus is on platform development rather than its integration. As experience deepens, strategy evolves as well. Despite the lack of RIO and other barriers such as resources, credit unions continue to develop. Credit unions acknowledge the importance of a strategy, and the impact strategy has on effectiveness.

Social media effectiveness depends on how well it integrates with the other more traditional media. Marketing success has always been difficult to measure. However, if social media isn't integrated, a positive measurable impact becomes more difficult to realize. Marketing strategy is undergoing sweeping changes, and there is no wave to ride - meaning to be swept along with it won't necessarily yield the desired results. The only way to take advantage of this media, is to be able to recognize it as an expertise to be developed and enhanced. As consumers' expectations increase, credit unions want to be ready to deliver. From all indicators, social media needs to be smartly addressed to maintain and grow market share. With marketing, the job has been talking to customers but with social media, the job is about listening as well. According to Li and Bernoff, the best listeners will end up the smartest. (*Source: Groundswell - Winning in a World Transformed by Social Technologies, 2008.*)

If you have any questions or comments about this study or anything else related to our Voice of Customer program, please feel free to contact, Andrea Gabel, Market Research Manager, at **800.356.2644** or **Andrea.Gabel@cunamutual.com**.

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