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Social Media Marketing Activity in Western Balkan Banking Industry

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Abstract - The number of people who are using social media websites is constantly growing. Customers increasingly expect banks to offer more services via social media platforms. Recent studies confirmed that customer retention is likely to increase at banks that offer a strong social media experience. This paper explores the maturity of social media use in banking service sector with particular focus on Facebook, Twitter, YouTube and LinkedIn. Empirical data have been collected mainly through visual inspection of social media accounts of major banks in Western Balkan Countries and the results have been compared and presented. Various types of indicators for measurement of social media activity have been used: number of fans, subscribers and followers, number of video views, number of posts in last 15 days, visibility of the social media channel on the official web page, social engagement and others. Based on these and other data we made quantitative comparison and qualitative analysis of the intensity of social media use in banking industry in the region of Western Balkan Countries.

I. INTRODUCTION

According to Digital Insights blog and its social media 2014 statistics, Facebook has 1.28 billion registered monthly active users, Twitter has 255 million, and LinkedIn has 187 million, while Youtube has 1 billion total users globally. Looking closely to this statistic an interesting question is placed in front of business practitioners: Where else can you find such a large number of potential buyers at one place and having the opportunity for instant direct communication with all of them? Businesses must understand the role of information technology for their marketing strategy and its impact on shaping the global marketplace in order to survive and compete. Today technology plays vital role in peoples everyday life activities and marketers need to reshape their marketing strategies for communication and interaction with their customers. The global financial crises and economic recession from 2008 affected firms' marketing strategies and budgets. Usually companies in a period of financial crises reduce their marketing and IT budgets. But marketing function plays key role during and after financial crises for companies to remain profitable and customer responsive. Scholars (Kirtiş and Karahan, 2011) have confirmed that for both big and small firms, social media marketing as strategy compared to traditional media help to advertise products and services during and after economic crises with lower cost.

In the last two decades marketing as academic discipline and marketing activities as business practices have been changed dramatically. The main driver for such a change in the domain of marketing management is the emergence of the internet and the era of web 2.0. Several important changes occurred in the domain of contemporary marketing activities: 1. broader access to marketing media – everyone who have access to internet can distribute content with low cost not only corporations with large marketing budgets (Tuten, 2008) 2. Power shift – empowered and intelligent customers versus weaker competitive position of corporations (Porter, 2001) (Urban, 2006) 3. Higher level of interaction – old fashioned one way of communication is changed to two way direct communication (Kim and Ko, 2012).

Answering the question what can be included under term social media is not easy task. Kaplan & Haenlein (2010) indicate that often there is confusion among managers and academic researchers regarding the meaning of social media. The main question appointed by the same authors is: How social media differ from Web 2.0 and User Generated Content. They explain that Web 2.0 is representation of ideological and technological foundation while User Generated Content can be seen as sum of all ways in which people use Social Media. On the other hand social media is defined by these authors as a group of Internet-based applications that build on the ideological and technological foundations of Web 2.0, and that allow the creation and exchange of User Generated Content (Kaplan & Haenlein, 2010). In their article Kaplan and Haenlein have classified social media in the following six categories: 1) blogs, 2) collaborative projects 3) social networking sites 4) content communities 5) virtual social worlds and 6) virtual game worlds.

Banking industry cannot stay aside just watching the enormous growth of social media activity. Banks like no other organizations rely on reputation. The positive brand

awareness and banking reputation is on stake. Since the global economic and financial crises client sensitivity regarding banking service reliability and trustworthiness has become even more important. Vemuri (2010) stresses the need for bridging the gap between banking and social media use. He advocates for stronger activity of banks on social media. Dissatisfied clients spread very fast bad news on the internet through number of tweets, retweets and viral videos with million views. These interactions create negative awareness and influence the way clients make decisions.

However a research study published by Teller Vision in 2013 showed that retail banks in USA, United Kingdom, Germany, France and Australia will spend considerably less comparing to other industries on social media marketing. This study confirms manifestation of vigilance behavior by banks when it comes to marketing through social media. Banks' caution regarding social media use is influenced also by result reported that only a quarter of 3000 quizzed consumers use social media to follow and keep up-to-date with certain companies. More than three quarters of consumers are predominantly on the various platforms to keep in touch with friends and family.

The results from Global Retail Banking Digital Marketing Report in 2013 reported that amount being spent by retail banks on social media is very small and as a final remark at the end of the report a notion is mentioned that social media use by banks has reached a "plateau". Hence we can say that banks are facing with a key challenge in the use of social media in terms of opportunities and threats. This challenging situation in social media use by banks was the main driver for the authors of this paper to delve more deeply into this problem. Second main driver for the research conducted in this paper was the lack of data about social media use by banking industry in the region of Western Balkan Countries. The authors expect to contribute to the research literature by covering this research gap.

II. RESEARCH METHODOLOGY

Large amount of data have been collected in order to achieve the research goal of the study related to the main research question: How much banks from Western Balkan countries are active in use of social media platforms? The region of western Balkan countries was chosen for this research because all countries have similar level of economic development and political environment (not EU members) which makes comparison between countries more reliable. Also most of the countries (Macedonia, Serbia, Kosovo, Bosnia and Herzegovina and Montenegro) in the past were belonging to one state and all have passed through more or less similar reforms in the banking sector. Hence, banks from six western Balkan countries were included in this research study: Macedonia, Kosovo, Serbia, Bosnia and Herzegovina, Montenegro and Albania.

Regarding the methodology the authors were following consistent procedure with several steps in the process of data collection. Firstly, a list was created with all licensed banks operating in the western Balkan. To compile the list authors have used official data from national banks of all countries in the region. At the beginning the total number of banks included in the list was 107 banks. Two banks, one from Serbia and one from Montenegro have been removed from the sample because they recently received the license and they still did not start to operate. Thus a list of 105 active banks was used to conduct the research. Also it is important to mention that only privately owned retail banks were included in the sample.

Secondly, four main social media platforms have been used to collect data about banks social media activity: Facebook, YouTube, Twitter and LinkedIn. These four platforms have been chosen as a result of checking the leading platforms by use in all countries from this region. We were using Alexa as web analytics tool and its rankings of top websites in each country from western Balkan region. According to Alexa (http://www.alexa. com/topsites/countries) four social media platforms Facebook, YouTube, Twitter and LinkedIn were always rated as top websites in front of all other social media platforms in all countries, except Kosovo and Montenegro for which there were no data by Alexa rankings. Also we were following the results from two industry reports. First was the Social Media Marketing Industry Report for 2014 ranking the same four platforms as most often used from marketers (Stelzner, 2014). The second report was the First Global Retail Banking Digital Marketing Report for 2013 who was also ranking these four platforms as most often used by banks in all regions in the world.

Thirdly we made visual inspection of all banks' official websites from the sample to determine social media visibility. If we could find on the official web page link to the social media platform we were using the link to navigate our search towards the respective platform and to collect data such as: number of Facebook fans, Twitter followers, YouTube subscribers etc. If there was no any link confirming presence on some of the four social media platforms, than we were checking existence of social media account by using the official name of the bank or their official brand abbreviation in a direct search on all four selected platforms. All these data have been collected in a period of one month somewhere from the middle of November to the middle of December in year 2014.

The research goals of the study were twofold: First, this study is mainly exploratory and descriptive in its nature with a research endeavor mainly focused to depict the situation with social media use in banking sector in one region, Western Balkan Region. Second the authors are trying to make comparison between the social media presence and activity in banking industry between the countries in order to identify interesting trends and substantial differences.

III. DATA ANALYSIS AND RESULTS

In the following section we present and analyze the collected data and discuss the results. Fig. 1 shows social media presence of banks from Western Balkan Countries measured by existence of official account on a particular platform.
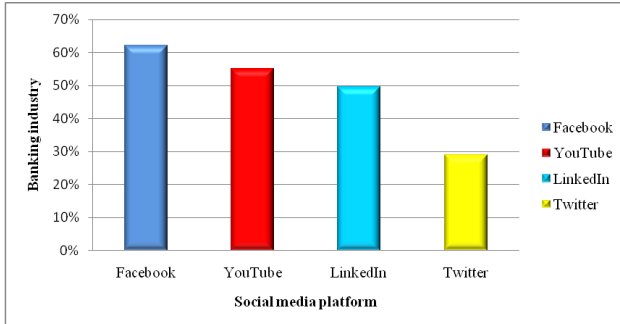

Figure 1. Social media platform presence by banks

The analysis of the results given in fig.1 shows that Facebook is the most often used platform by banks measured by existence of official bank fan page. Further are following YouTube, LinkedIn and at the end are the Twitter accounts. These results are consistent with both industry reports used in this study regarding the Facebook as most often used platform by retail banks. Slight difference exist when we compare the rest of the three platforms meaning that in the Western Balkan Countries banks are more present on YouTube comparing to Twitter and LinkedIn reported as more often used by retail banks globally.

In fig. 2 data are given about number of social media accounts, expressed as relative proportion to the number of banks in whole banking sector in a particular country. From the data on this figure we can notice that the presence of banks on certain social media platforms differs by country. Facebook is the platform most often used by banks from all countries except Macedonia. In Macedonia LinkedIn is the most often used social media platform based on number of official accounts. The second important trend easily noticeable is that YouTube and LinkdIn in all countries are more often used by banks than Twitter. But the presence of banks on YouTube and LinkedIn differs by country indicating that in Serbia, Kosovo and Montenegro, YouTube is more often used unlike in Albania, Bosnia and Herzegovina and Macedonia where LinkedIn is more often used.

Having this broad picture about banking industry presence on social media platforms in western Balkan countries, it is interesting to delve more deeply and to investigate social media activity on particular platforms beside only presence. First interesting social media metric used to compare social media activity of banking industry was number of Facebook fans, YouTube subscribers, Twitter and LinkedIn followers. In order to be able to compare the data from countries with different population and different potential for subscriptions to a particular

platform we were using relative proportion of actual users to the total population of the country.
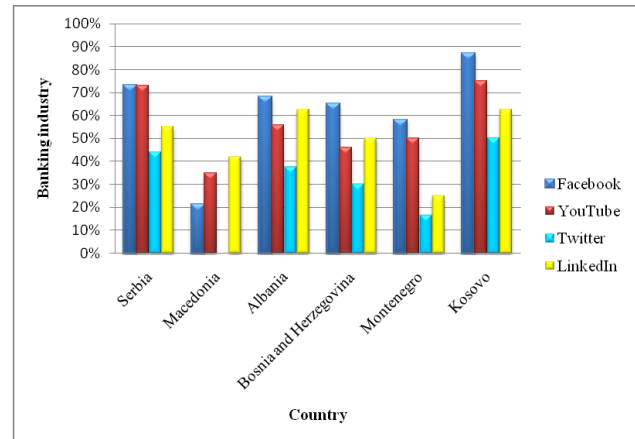

Figure 2. Social media platform presence by banks per country

Table 1 shows the percentile share of platform members in form of fans, subscribers or followers in relation to the total population of the country. The data from table 1 indicate that banks from all countries are most active on Facebook when we use Facebook fans as metric comparing to YouTube subscriptions, Twitter and LinkedIn followers. We also made visual inspection of Facebook timeline of all bank profiles for the whole region to determine the average time present on platform. The results indicate that until present moment on average banks have been present on Facebook for 1.9 years, on YouTube 1.3 years and on Twitter 0.9 years. For LinkedIn we could not determine when a profile was created and thus we have not included data for this social media platform. However data which show the length of time being on a certain social media platform are quite consistent with the number of active fans, subscribers or followers as a social media activity metric.

TABLE I. RELATIVE PROPORTION OF PLATFORM USERS TO THE TOTAL POPULATION OF THE COUNTRY

		Facebook fans	*YouTube subscribers*	*Twitter followers*	*LinkedIn followers*
1	Macedonia	2.34%	0.01%	0	0.28%
2	Serbia	9.06%	1.21%	0.4%	0.22%
3	Albania	5.50%	0.001%	0.011%	0.33%
4	Bosnia and Herzegovina	4.97%	0.004%	0.014%	0.13%
5	Montenegro	7.50%	0.007%	0.489%	0.06%
6	Kosovo	11.52%	0.019%	0.022%	0.25%

Second interesting remark can be derived by data comparison from table 1 and fig. 2, related to consistency in social media activity by country and platform. Namely, Kosovo and Serbia are the countries with the highest percentage of banks having official fan page on Facebook or official channel on YouTube. At the same time they are the two countries having largest number of Facebook fans and YouTube subscribers calculated as relative proportion to the total population of the country. On the other hand

Macedonian banking sector has the lowest number of official fun pages, measured as relative proportion to the total number of banks. Also Macedonia has the lowest average number of Facebook fans expressed relatively to the total population of the country. But this is not consistent trend for all social media platforms because data showed that although in some countries there are less official accounts on some platforms (for example YouTube, Twitter and LinkedIn) there are more subscriptions or followers. For example Montenegro banking sector has relatively lower number of Twitter accounts than Serbia but relatively more followers. Also Macedonian banking sector have lower number of YouTube official channels comparing to Albania and Bosnia and Herzegovina but relatively more subscribers. This indicates that we cannot derive straight correlation between presence on account on a particular platform and number of subscriptions for each country. The difference is a result of the various intensity with which the banks are using particular platforms in different countries. There is big disproportion in active use of social media platforms by particular banks in each country which adds value to the average scores per country.

We were also using social media visibility on the web page as metric to determine the level of platform visibility in banking sector. For this purpose we have manually inspected all bank web pages to check whether we could identify visible sign of the social platform on which the particular bank is active. The fig. 3 shows the data related to social media visibility.
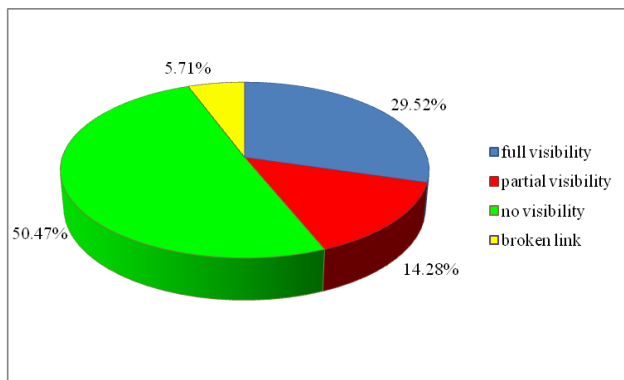

Figure 3. Social media visibility in the banking industry in the region of Western Balkan countries

To check the visibility of social media platforms on the web pages in banking industry we developed four categories: full visibility, partial visibility, no visibility and broken link. The first category full visibility means that the bank has visibly marked all social platforms on which is officially active on its own web page. The second category partial visibility means that the bank has visible links to some of the social media platforms but not to all. This means for example that the bank have official Facebook fun page but does not have visible link on its official web page which navigates the clients towards that particular platform. Third category no visibility means

that the bank does not have any visible sign of any social media platform on its official web page. And the fourth category broken link represents situation when we could identify visible sign of some social media platform but the link was not navigating towards that social media platform.

If we analyze the data presented in fig.3 we could easily notice that 50.47% of the banks have no visibility at all of social media presence on its own official websites. Around 30% (or only 29.52%) of the banks have full visibility which is closely to only one third of the whole banking sector in the region of western Balkan countries. Even if we would add the numbers of partial visibility and broken link (which summed together are closely to 20%) to the number of full visibility we would come up with the number of 50% of the banks who have been involved in providing some visibility of its own social media platform on the official web page. It is also interesting to note that from 50% of the banks who did not have visibility on the web page half (or 25%) did not have presence on any social media platform. This is also important because one fourth (or 25%) of all banks from all countries from the western Balkan region did not have presence on any of the four social media platforms included in the research of this paper. If we compare the data by country we could easily notice that Kosovo and Serbia again are two countries leading in full social media visibility on the official banking web pages. Only small number, several banks from Albania and Bosnia and Herzegovina has been classified to the category broken link (18.75% or 11.55% of the total banks in the country).
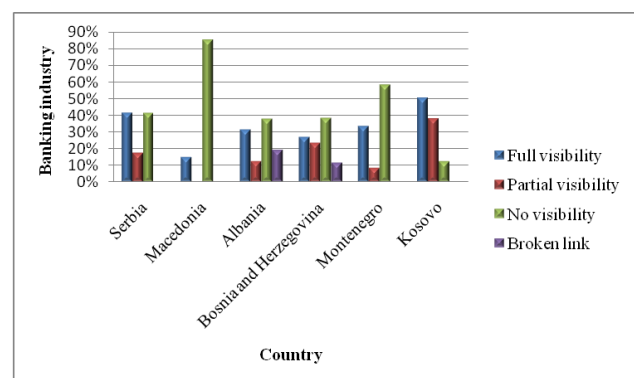

Figure 4. Social media visibility in banking industry per country

The data confirmed again that highest full visibility is present in Kosovo and Serbia, in the two countries who were scoring in the top also on the previous metrics presented in table 1 and figure 2. Macedonian banking industry was scoring very low on previous indicators of social media activity and again is at the very bottom regarding the social media visibility measurement.

In order to acquire deeper understanding of social media activity of banking industry in the region of our research interest, we also collected data for social engagement of

banks and their members on the social media platforms. For this purpose we were collecting data for:

1. Facebook – in form of Facebook posts, fans and bank comments in last 15 days;
2. YouTube – video uploads in last 3 months, total views and views of last video;
3. Twitter - number of total tweets, tweets and retweets in last 15 days;
4. LinkedIn – updates and comments in last 15 days. We have split the data in two general categories: 1) engagement of banks and 2) engagement of their social platform members. The table 2 presents the engagement of banks on four social media platforms with metrics as average number to the total number of banks in each country.

TABLE II. SOCIAL MEDIA ENGAGEMENT OF BANKS AS RELATIVE PROPORTION TO THE TOTAL NUMBER OF BANKS IN COUNTRY

		Facebook posts (last 15 days)	YouTube video uploads (last 3 months)	Twitter total tweets	LinkedIn updates (last 15 days)
1	Macedonia	1	0.14	0	0
2	Serbia	7.48	2.13	517	0.48
3	Albania	0.68	0.81	18.1	0.125
4	Bosnia and Herzegovina	4.8	4.03	53.62	0.14
5	Montenegro	3.3	0.5	118	0.16
6	Kosovo	5.87	3.75	64.25	0.625

Having the data for social engagement by banks we can easily notice again that two banking sectors from two countries Kosovo and Serbia are scoring again very high. This is again confirmation for the banking sector of these two countries as leading in using social media platforms for promoting own services. We can also confirm that Macedonian banking sector is again at the bottom of social media engagement comparing to banks from other countries in the region. Some metrics related to bank engagement (such as bank comments) have not been presented because they have been very low close to zero for all countries comparing to members comments.

TABLE III. SOCIAL ENGAGEMENT OF PLATFORM MEMBERS AS RELATIVE PROPORTION TO THE TOTAL NUMBER OF BANKS BY COUNTRY

		Facebook fans comments (last 15 days)	Total YouTube video views	Retweets by followers	LinkedIn Comments (last 15 days)
1	Macedonia	2	3898	0	0
2	Serbia	15	87933	4	0.03
3	Albania	0.625	2267	0	0
4	Bosnia and Herzegovina	63	13107	0.03	0
5	Montenegro	1.58	1992	0.58	0
6	Kosovo	33.5	29371	0	0

In table 3 data are presented for social media engagement by platform members. Interesting change for the first time appeared regarding the top two countries ranked by social media activity. Bosnia and Herzegovina appeared as most active on Facebook and YouTube regarding the platform members engagement measured by fans comments and total video views. Right behind Bosnia and Herzegovina are the two countries Kosovo and Serbia who were scoring very high in most of the metrics especially for these two platforms taking into account previously presented data.

We have also compared the data for social media activity of bank members of larger group operating under same brand in more than one country. We compared their social media metrics between banks within the group expecting to identify some common behavior regarding social media bank group policy. But we did not identify any consistency within the groups in different countries. This means that the banks which belongs to the same group and operate in different countries have presence on very different social platforms with diverse intensity. Hence they manifest different maturity in social media activity. This situation give us the knowledge that social media activity is highly decentralized between the banks within the same group and management of the group does not have social media strategy for the entire group.

In order to identify trends between certain social media metrics used in this paper we performed several bivariate Pearson correlations between social media metrics. The most significant correlation coefficients are presented bellow in the table 4.

TABLE IV. RESULTS FROM BIVARIATE CORRELATIONS

		Facebook fans	Twitter followers	LinkedIn followers	YouTube subscriptions
1	Total Assets	0.636[**]	0.415[**]	0.505[**]	0.269[**]
2	Time being on Facebook	0.365[**]	/	/	/
3	Time being on Twitter	/	0.548[**]	/	/
4	Time being on Youtube	/	/	0.056	/

[**] Correlation is significant at the level 0.01 level (2 - tailed)

* The data for total assets of banks are for year 2013 collected by publicly available financial reports from official bank web pages.

The results in table 4 shows that we have identified positive correlation between the sizes of banks measured as total assets and number of members of different social media platforms. This means that larger banks have more Facebook fans, Twitter followers, LinkedIn followers and YouTube subscriptions comparing to smaller banks. It is interesting to notice that smaller banks are not using more intensively the opportunity of social media in their competitive battle with larger banks taking into account

their smaller marketing budgets for promotion on traditional marketing media. When we analyze the data related to time having an official account on some social media platform and number of members in form of fans or followers we identified significant positive relationship for Facebook and Twitter but not for YouTube. This means that the banks that have been longer period present in the past on Facebook and Twitter have more fans and followers. This proposition was not confirmed for YouTube.

IV. RESEARCH LIMITATIONS

The research endeavor of the authors of this article was to depict the situation of social media use by banks in the region of Western Balkan Countries. Although this study has contributions, it has inherent limitations that warrant caution in interpretation of the results. First, the whole study was based on a data collected by desk research which means that data from primary sources such as surveys or interviews with banks officials were not included in the analysis. It would be interesting in future research to compare some field data with the results presented in this study. Second, the data have been collected in a single point in time which means that longitudinal trends in social media use cannot be derived from the study results. Third, subjective interpretation of the study results from the authors can be also strong limitation of the study.

V. CONCLUSION

The purpose of this research was to analyze and explore how banks from Western Balkan Countries are currently using social media for their marketing purposes, and to compare the results between the countries in order to derive some general conclusion for the whole banking sector in the region. Through the results that we have obtained from data manually collected by visual inspection of official websites and social media platforms social media marketing in banking sector in this region is still in emerging phase. The results confirmed that banks are not exploiting fully the potential of social media. The results showed that in countries with the highest participation in terms of presence on social media platforms, one-third of all banks did not have at all presence on any social medium. We also found that size of the market and the number of banks that constitute the banking sector does not play a role in boosting the social media activity of the banks. Maybe some other market characteristics play significant role in social media activity in banking industry which further needs to be investigated. In most of the rankings Serbia and Kosovo were scoring very high on social media activities and at the same time these two countries lay on the total opposite side on a continuum regarding market size. Another evidence of immature use of social media by banking industry can be found in the data showing social media visibility. More than 50% of the banks do not have any visible link for navigation towards the social media platforms, in around 5% of the cases the links were broken and in 15% of the cases not all media platforms on which the bank was active were included on the official webpage. The results were even worse when we inspected social engagement of banks and their social media members. We concluded that most of the banks are not continuously involved in communication with their clients with exception of only few of them. The results regarding the most often used platforms converged with other studies for other regions that most often used platforms by banks have been Facebook, YouTube, Twitter and LinkedIn. When we were inspecting social media visibility we could very rarely notice some other social media platform such as Google + or Instagram. We identify significant positive relationship between size of the bank and number of subscriptions to certain social media platform. This means that smaller banks do not outperform larger banks by increasing its' own population on the social media platforms. Although this is expected to a certain extent because larger banks normally would have larger number of clients, having more strong social media marketing strategy by smaller banks can help them to have influence on wider market space. Also the data showed positive relationship between time being present on a certain social media platform and number of subscriptions. This means that the banks that started earlier to be present on a particular social media platform have larger audience to influence. Taking into account the research limitations mentioned above we can conclude that maturity of social media marketing of banking sector from Western Balkan Countries is still on modest level.

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