A Study Into How Australian Banks Use Social Media

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A STUDY INTO HOW AUSTRALIAN BANKS USE SOCIAL MEDIA

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Abstract

Social Media is a term commonly used to describe a group of individual web based services that have grown beyond the provisioning of the capability to connect, network or blog. The popular social networking services have evolved into a 'platform' by incorporating a multitude of functionalities through an array of applications to attract millions of users. This has created a favourable environment for businesses to exploit the benefit of having access to millions of social media users by using it as a business support tool. Studies indicate that social media services are being used by businesses for engaging with the general public, enhancing customer interaction, and for crisis communications. Whilst there are many businesses who have adopted social media, others have either rejected the idea or are still unsure about how to proceed. This paper analyses the functionality of selected social media services in order to explore how Australian banks use such services strategically. It reports findings from a longitudinal study of Australian bank use of four popular social media services: Facebook, MySpace, Twitter, and YouTube.

Keywords: Social Media, Social Media Services, Australian Banks, Twitter, Facebook, MySpace, and YouTube.
1 INTRODUCTION

Increasingly, businesses are beginning to use social media sites as business support tools for increased brand recognition, low-cost promotions, and increased selling opportunities. Such business objectives can be enabled by a strategic mix of the reputation-building, knowledge sharing and presence-building capabilities (among others) of social media (Kietzmann et al., 2011).

Adoption of social media technologies by the public at large, teens as well as young adults (Lenhart et al., 2010), has created a whole new generation, identified as ‘generation C’ (the term connected, collective, consumer is used (Pankraz, 2010)) creating untapped growth opportunities for businesses. The rapidly growing use of social media strategies for business support and development is creating enormous challenges for corporate strategists who would like to reap the potential benefits of social media. Strategists seek to understand how social media are employed strategically to fulfil important goals (Kietzmann et al., 2011). This paper focuses on the use of social media in the Australian banking sector. The paper aims to understand how Australian banks are developing social media strategies in this new environment.

The following three sections provide a theoretical foundation for the study, describe the research design and present the key findings. The paper concludes with a discussion of broader issues emanating from the findings that would be helpful to businesses in formulating a social media strategy. The implications for social media theory are also discussed.

2 THEORETICAL FOUNDATION

2.1 Social Media and Social Media Services

Social Media is a term used frequently in the world of business, academia and media even though there is no universally accepted definition for the term. It is used by some analysts as a term that is virtually interchangeable with ‘web 2.0’ (Baumbach, 2009, Kamel Boulos & Wheeler, 2007). This lack of definition can lead to confusion and complexity. The unique characteristics of the ‘new web’ identified during the post tech-boom led to the creation of the term ‘web 2.0’. These characteristics included harnessing collective intelligence, crowd sourcing and blogging, end of the software release cycle, lightweight programming models and rich user experience (O’Reilly, 2007). These technologies have since evolved into social media, as well as applications such as Flash that provide a rich user experience (Minsk et al., 2007) and the continuing use of the term web 2.0 to define social media has no relevance. Hence Social Media is defined in this paper as web based services that provide space for in-depth social interaction to share, discuss and collaborate, facilitated by one or more media rich functionalities, whereas Social Media Services are individual websites that form the new social media landscape.

2.2 Prior Research on Business Use of Social Media

Research surrounding the use of social media in the business environment initially focused on information technologies that facilitate formal, structured, planned and transaction based work (Van Zyl, 2009). Such technologies were gradually replaced with informal, less structured, more spontaneous, and knowledge based tools (Fortino & Nayak, 2010).

Most of the prior research on social media use does not adopt a strategic perspective. For example, Kaplan and Heinlein (2010) conducted research to classify social media by grouping applications into categories such as collaborative projects, blogs, content communities, social networking sites and virtual social worlds. However this classification scheme does not take a strategic perspective of social media use. Best-practice case studies have been used to study business’s successful efforts to leverage social media in reaching an important audience of young customers (Hanna et al., 2011). The researchers proposed a ‘social media eco-system’ centred on the consumer. Such an eco-system emerges when marketers are able to incorporate reach, intimacy and engagement into the company’s
overall integrated marketing communication strategy through the interconnectedness of online social media and traditional media. Hanna et al. (2011) also provides insights and lessons related to the importance of integrating social media into a business’s integrated marketing communication strategy. However, their research does not classify or evaluate strategic functionalities for social media use.

There have been several key studies relating to the use of social media in the business environment that highlights the challenges associated with implementation (Culnan et al., 2010), legal and compliance matters (Devitt, 2009), productivity (Cox, 2009), customer dialog management (Gallaugher & Ransbotham, 2010), human factors (Haley, 2008), risks, security and privacy concerns (Rico et al., 2010), as well as ethical considerations (Leitch & Warren, 2011). All these studies add to knowledge about social media use but provide limited understanding about the strategic use of social media.

One functionally-oriented framework which appears promising for strategic analysis is the ‘honeycomb framework’ of Kietzmann et al. (2011) (Figure 1). This framework can be used as a tool for business decision makers to overcome a lack of understanding regarding social media functionalities (Kaplan & Haenlein, 2010). The honeycomb framework compares and contrasts the functionalities and implications of different social media services. It is based on seven functional building blocks: identity, conversations, sharing, presence, relationships, reputation, and groups that allow potential users to describe and examine a specific facet of the social media user experience and its implications on businesses. Kietzmann et al. (2011) use different shades of grey in the framework to indicate the strength of the functionality with darker levels of shading used to represent a greater functionality. The building blocks are reviewed below.

![Figure 1. The honeycomb Framework of Social Media (Kietzmann et al., 2011).](image)

The **identity** functional block represents how users describe themselves and the extent to which they agree to reveal their identities, whereas **conversations** consider the extent to which they communicate with others when using the given social media service. The **sharing** functional block represents the extent to which users distribute, accept and receive content.

The extent of visibility of a user to others using the same service is represented by the **presence** functional block and the **relationships** block represents the extent to which users can relate to other users. In the context of social media, reputation represents the extent to which a particular user can be trusted to engage in online 'social interactions' and is represented by the **reputation** functional block, whilst the **groups** block represents the extent to which users can form communities.
While existing research on social media use addresses a range of individual issues, there is still little understanding of the strategic usage by businesses of popular social media services such as Twitter, Facebook, MySpace and YouTube. Kietzmann et al.’s (2011) framework provides a useful structure with which to analyse the strategic use of social media services.

3 RESEARCH DESIGN

The primary aim of the study presented in this paper is to understand how Australian banks use social media strategically. The study was conducted by collecting data available in the public domain for four popular social media services. The collected data was analysed based on the honeycomb framework of functionalities (Figure 1) that characterise each individual social media service (Kietzmann et al., 2011). This framework was reviewed in the previous section. The research study is longitudinal and was conducted over a period of six months from September 2010 to February 2011. The study was divided into two parts; Part A (November 2010) and Part B (February 2011).

The study explored the use of popular social media services in Australian banks. It examines four of the most popular social media services, namely Facebook, MySpace, Twitter and YouTube which are briefly explained in this section. Facebook is a social media service (Chui et al., 2009), and has aligned itself as a social utility that helps people communicate more efficiently with their friends, family and co-workers. It has seen growth in its use, with numbers rising from 20 million users in May 2007 to over 500 million users in 2010 (Facebook, 2011). MySpace was one of the most popular social networking social media services before the growth of Facebook forced it to change its business model and re-position itself to target primarily Generation Y (usually defined as those born between 1977 and 1994) users (Paul, 2001). With over 150 million users, MySpace considers itself a social entertainment destination that is “powered by the passions of fans” (MySpace, 2011). Twitter is a micro-blogging site (Marwick & Boyd, 2011) with over 175 million users and has seen an 182% increase in the number of mobile users in 2010 signifying its importance as a ‘real-time time information network’ (Twitter, 2011). YouTube was one of the first online content providers to offer a video streaming media format, e.g. online video clips, and since then its popularity has grown rapidly. It is now one of the most visited social media services with the number of views exceeding 2 billion a day (YouTube, 2011).

These four social media services were considered to be the most likely ones to be used in Australian banks. Banks, as businesses, are concerned about maintaining image, service quality, customer satisfaction and loyalty (Bloemer et al., 1998, Lo Liang et al., 2010). They have the resources and capabilities required to adopt and adapt social media for their customers. With ‘Payvment’, the online ‘storefront’ established by Facebook, there is a valid business case for banks to embrace social media (Adams, 2010). Banks in the USA (Quittner, 2011) and Australia (Lohman, 2011) are also using Twitter as a tool for user engagement during crisis situations.

3.1 Scope

Due to the complex nature of the organisational structures in the Australian banking industry, the focus of this study was on banks listed by the Australian Prudential and Regulatory Authority (APRA, 2010). As a result of this, banks such as UBank (subsidiary of the National Australia Bank (NAB)), St. George Bank (merged with Westpac Bank) and Bank-West, (owned by the Commonwealth Bank of Australia (CBA)) were not considered because they were listed as separate banks in the APRA listings (2010). Also, this study was not intended to measure the level of success or failure of banks’ engaging in social media and focuses only on the banks’ strategies for using social media. To focus this research, the study centres on the banks’ use of social media for customer engagement purposes.

3.2 Method

The research was conducted based upon data gathered from the banks’ usage of selected social media services over a period of six months. In addition to real-time information available on the respective
social media services, conventional media was accessed to gather newsworthy information that may have had a potential impact on the intensity of conversations between the banks and the social media users. The following process was followed to identify the social media presence of the 12 banks listed in the APRA listings (2010):

1. Search official websites of the respective banks for the words, ‘Twitter’, ‘Facebook’, ‘MySpace’ and ‘YouTube’ to identify any links to these social media services. If found, all such links were followed and logged as the banks’ official social media presence and were later revisited in order to gather information about predefined variables for each social media service;
2. In the absence of direct links from the corporate website of the bank, search functions within the respective social media services were used. All instances that linked a bank with a particular social media service were identified and logged;
3. In situations where more than one instance of bank presence were listed on a single social media service, the discussions were monitored and assessed to identify which instance was the official presence sanctioned by that bank;
4. The first three steps were repeated every three months and the data logged.

4 FINDINGS

The findings presented in this section were based on the honeycomb framework of social media functionality (Figure 1) by Kietzmann et al. (2011) which was reviewed earlier.

The four social media services have many components which have been categorised based on the functionalities shown in the honeycomb framework. These measurable individual components are the dependent variables of the study. The results of the categorisation are recorded in Table 1.

<table>
<thead>
<tr>
<th>Service Function</th>
<th>Facebook</th>
<th>MySpace</th>
<th>Twitter</th>
<th>YouTube</th>
</tr>
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<tbody>
<tr>
<td>Identity</td>
<td>Account Name Design with Logo/Colours</td>
<td>Account Name Design with Logo/Colours</td>
<td>Account Name, Design with Logo/Colours</td>
<td>Channel Name Design with Logo/Colours</td>
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<td>Groups</td>
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<td>Forums</td>
<td>Lists</td>
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<td>Relationships</td>
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<td>Followings Followers</td>
<td>Subscribers</td>
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<td>Presence</td>
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<td>N/A</td>
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<tr>
<td>Sharing</td>
<td>Links, Video, Photo, Wall Posts</td>
<td>Status, Video, Photos, Music</td>
<td>Retweets, Tweets, @mentions</td>
<td>Uploads, video views</td>
</tr>
<tr>
<td>Conversations</td>
<td>Discussions Comments</td>
<td>Threads, Topics</td>
<td>Retweets, Tweets, @mentions</td>
<td>Subscriber &amp; viewer comments</td>
</tr>
<tr>
<td>Reputation</td>
<td>Amount of details on the profile page, contact information</td>
<td>Amount of details on the profile, contact information</td>
<td>Amount of details on the 'home page', contact information</td>
<td>Channel Design, Channel Views</td>
</tr>
</tbody>
</table>

Table 1. Mapping Social Media Service Characteristics with Social Media Functionalities

The logged data was then analysed against the functionalities in Table 1 to create individual tables for each social media service for each selected bank. Using a grey scale, each bank’s presence on respective social media service is presented with a stronger grey scale indicating stronger representation on the selected functionality. The strength was measured by the number of instances of each individual characteristic of the respective social media service, i.e. for Twitter, the strength of the conversation block of functionality was defined by the total number of Tweets, Retweets and @mentions generated by the bank.
4.1 Facebook

The results of the analysis of Australian banks’ presence on Facebook are presented in Table 2 and discussed in this section. What is immediately visible from the table is the fact that Facebook was not initially used by many banks as part of their social media strategy, but over the course of this study, the Commonwealth Bank of Australia (CBA) and the National Australia Bank (NAB) have made a concentrated effort to have a presence on Facebook by creating an identity presenting a corporate image of their respective brands. Westpac Bank, one of the first banks to have a presence on Facebook, seemed not to be overly cautious about having a single ‘identity’ as 12 of the separate Westpac branches had their own pages. Even though the Westpac Bank’s Facebook page indicates they have a social media team, it is not clear whether the Bank also has a social media strategy that governs branch pages. Its number of followers is low in comparison to the CBA and the NAB, even though the latter two banks were relatively late adopters. This may demonstrate the importance of the brand identity on social media services.

Having a larger number of followers has enabled the CBA and the NAB to engage with their customers on a regular basis on a wide range of issues. These issues may not necessarily relate to day-to-day banking and this deviation from business conversation has enhanced the richness of the conversation. Some of the issues discussed include flood disasters in Queensland and Victoria as well as the Ashes Test Cricket series. During the period of the study, both of these banks encountered failures in their Internet Banking and Automated Teller Machines (ATM) and have strategically used Facebook as a medium for sharing information about the crises. In comparison to the CBA and the NAB, Bank-West has not engaged in discussions and has failed to generate followers even though Bank-West has been present on Facebook for a longer duration than the CBA and the NAB.

All banks (except for AMP and Rural bank) have Community Pages. These pages are not managed or maintained by the bank concerned, but by users who have indirectly indicated their association with the bank, i.e. as a past or present employee in their individual user profiles. The unsanctioned community pages give no opportunity to Facebook followers to engage in a discussion. It can be concluded that the community pages do not add to the banks’ social media presence or strategy and are an anomaly.

<table>
<thead>
<tr>
<th>Bank</th>
<th>Data Collection (Nov./2010)</th>
<th>Data Collection 2 (Feb./2011)</th>
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<td>Identity</td>
<td>Groups</td>
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*Table 2. Use of Facebook functionalities by Australian-owned banks*
4.2 MySpace

With 80% of its users based in United States, it was clear that the Australian banks have not seen any potential in using the functionality of MySpace as part of their social media strategy. As a result of this, no analysis could be made of this service. This study observed instances where some Australian banks have used MySpace to advertise online with the CBA promoting its ‘Lite Master Card’ and Bank-West its ‘Personal Loans’ apparently targeting a Generation Y audience who form the majority of the users on MySpace.

MySpace has clearly lost its leadership in social networking to Facebook. A study by (Dwyer et al., 2007) attributed this to the fact that even though subjects from Facebook and MySpace expressed similar levels of concern regarding internet privacy, Facebook members were more trusting of the site and its members, and more willing to include identifying information in their profile. It also identified that MySpace members were more active in the development of new relationships. Since that study MySpace has remodelled its identity to specifically target Generation Y users, e.g. popular music (Schulten, 2010). It appears unlikely that MySpace can recapture the custom of its former clientele, however.

4.3 Twitter

Twitter has been given more prominence by banks in their social media strategy when compared with Facebook. Some banks use it as a news service (@AMP_Media) whereas others use it for generic purposes (@anzmoneymanager) as seen in Table 3. This strategy is wasteful as Twitter, unlike other social media services has all of the functionality elements identified in Figure 1. Twitter can be used productively as demonstrated by the CBA, the NAB and Westpac. All banks that are officially using Twitter to engage users have designed their respective twitter home pages to incorporate their brand image by using colours and logos, so that the users can easily identify the associated bank with these pages.

Twitter allows the establishment of relationships without engaging in continuous conversation. The Australia and New Zealand Banking Group (ANZ) is the largest bank follower of other Twitter users with 2161 followings which is equal in number to its followers. Hence having a presence on Twitter matters as much as the conversation themselves, demonstrating that it is truly an ‘information service’.

The CBA, the NAB and Westpac are very active on Twitter and engage users with continuous conversations, but the CBA and the NAB reply more often (this was measured by the number of @mentions) to users’ concerns and requests compared to other banks. This can only be done if the bank has dedicated staff managing and monitoring these social media discussions. Again, the CBA and the NAB have demonstrated how conversations using Tweets can be used effectively as mode of crisis communications when their Internet Banking or ATM systems fail. In using Twitter these two banks have found a tool to engage with users who wish to have immediate answers to their day-to-day concerns. Even though NAB has become a Twitter user relatively late (August 2010) compared to other banks, their unique organisational crisis situations have resulted in NAB becoming the leading communicator on Twitter with an average of 226 interactions (sum of Tweets, @mentions and Retweet) per month during the period of the study (see Table 3). An analysis of the conversation threads for words used in crisis situations have identified key words such as “thank*” (345 times) and “sorry” (227 times). The higher number of “thank*” than “sorry”, may be an indication that Twitter users are positive about the NAB’s reaction to crises.

Twitter is another technology where ‘fake’ profiles are prevalent even though the company has introduced ‘verified account’ statuses for users who Tweet regularly. This study has found that there

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1 Twitter identity of the AMP Bank
2 Twitter identity of the ANZ Bank
are many fake profiles with the Bank of Queensland (BOQ) (3), the CBA (3), the Suncorp (4), Bank West (2), and the Macquarie Bank (2) showing more than one profile.

The Westpac bank is using the retweet (information generated from other Twitter users) function more than any other bank. Retweets have the potential to generate a new conversation and can be used as a tool to inform others about a useful event or to refer users to material on useful websites.

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Table 3. Use of Twitter by Australian Owned Banks

Smaller banks are less active on Twitter with only a few being active or having verifiable Twitter accounts. This study found 1 (during Part A data collection) and 3 (during Part B data collection) Twitter names for Suncorp Bank which had no Tweets highlighting the possibility of the bank being inactive on Twitter or that these are fake accounts. Also, during the course of this study Suncorp (Group) released its social media policy on the official website; the only bank with a publicly visible social media policy. Meantime, Suncorp has started using Yammer (a ‘private’ social media service providing a micro-blogging service for businesses (Deering, 2010)) internally within the organisation highlighting the reluctance of some banks to use the more popular social media services.

4.4 YouTube

YouTube is the most widely used social media service among the Australian banks sampled in this study with all banks (except Suncorp and AMP) maintaining their own YouTube channels (see Table 4). Using a channel that allows sharing of media-rich content with the possibility of reaching millions of viewers could be the potential driver for its utilisation. Assessing the number of upload and channel views, the mere presence on the channel does not necessarily translate into use by viewers as the results indicate. In YouTube, acceptance by the viewers can only be measured by either ‘Upload Views’ or ‘Channel Views’ which is a vague measurement.

The number of ‘subscribers’ of the respective banks’ YouTube channel as well as the number of comments made by the subscribers who have commented about the clips are negligible when compared with the number of comments made by the general viewers who have watched the video clips uploaded by the banks. Hence the number of subscribers cannot be considered as a useful measurement of the success of the banks’ social media strategy and highlights the fact that YouTube is not suitable for creating and maintaining relationships. A useful strategy adopted by the CBA and the NAB in order to gain viewers’ and also to generate a conversation is to have the video clips posted
on their respective Facebook page or provide links to video clips using Tweets, thereby aligning multiple channels and generating more viewers from multiple sources. The results of the strategy are evident with both the CBA and the NAB dramatically increasing the number of YouTube views over the two time periods analysed in this study. It is possible that the mismatch between the subscriber views and general views is due the fact that users are increasingly being referred to YouTube clips through other social media sources. The higher number of comments made by general viewers highlights the importance of YouTube as a tool to generate conversations. Overall, The NAB banks’ YouTube channel has the most visible change in all variables with around 3 and 15 fold increases in the number of channel views, and upload views respectively, thus becoming the most effective bank in its utilisation of YouTube.

<table>
<thead>
<tr>
<th>Bank</th>
<th>Identity</th>
<th>Groups</th>
<th>Relationships</th>
<th>Presence</th>
<th>Sharing</th>
<th>Conversations</th>
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Table 4. Use of YouTube by Australian Owned Banks

5 DISCUSSION

Kietzmann et al. (2011) in explaining the reason that has led to the formulation of the honeycomb framework (Figure 1) used in this study identified the reluctance or inability on the part of many executives to develop strategies or to allocate resources to effectively engage social media. As this study has demonstrated, Kietzmann et al.’s (2011) honeycomb framework can be useful as the basis for analysis of the increasing number of social media services that have varied functionalities and capabilities and are sometimes targeted towards a specific user community. It can also be used to continuously evaluate businesses social media strategy by analysing each social media service on a regular basis to keep up with the changes in technology and to make adjustments to their overall strategy.

Overall, based on their presence on the social media services that were considered in this study, the 12 banks can be categorised into 3 categories; very active (the CBA, the NAB, and Westpac) using at least 3 of the services, partly active (the ANZ, the BOQ, Adelaide & Bendigo, and the AMP) using 1-2 social media services, and inactive (Rural, Suncorp, Members Equity, and Bank-West) with no or negligible activity on any of the public facing social media services.

With the rapidly changing social media landscape the honeycomb framework has its limitations. Indicating the strength of the functionalities is very subjective and takes into consideration only the technological value of the individual functionality possessed by each social media service.
Formulating a social media strategy based on an outcome of a technology based analysis may not provide the required business outcomes. It is also not possible to adopt universally, i.e. even if the analysis indicates Facebook is superior to Orkut (another social media service very popular in some countries), it is not prudent to include Facebook into social media portfolio of a business, if it operates primarily in Brazil where Orkut is more popular (Margolis, 2007). Hence such functionality and impact analysis need to be supported by studies similar to the one conducted with Australian banks. The functionality block termed ‘reputation’ can sometimes be misleading as correctly identified by Kietzmann et al. (2011) and realistically it can be difficult to measure as was experienced during the analysis of the information gathered in this study.

The study has identified that only the NAB has aligned its brand across all social media services which were a part of this research. The implications of not doing so was apparent when a recent news report was unable to identify the social media presence of the ANZ bank (Lee, 2011) since it uses names such as ‘anzmoneymanager’ and ‘anzgmoney’ to identify itself on different social media services. If a journalist could not locate its presence what is the likelihood of individuals or other organisations locating the desired bank?

Also, as was evident in the study, all but the CBA do not promote their social media presence on their official website. Operating in a public space, where the creation of a ‘fake’ profile is possible, it is a prudent strategy for businesses to create, promote, maintain, and protect their identity within the social media landscape. The study also demonstrated a pattern where smaller banks are very much lagging behind their larger counterparts in making their presence felt on the social media landscape. This may be due to compliance issues which are making them take a more cautious approach (Farrell, 2010). With the adoption of social media gathering momentum, continuation of such a trend would put smaller banks operating in a highly competitive environment at a major disadvantage.

The search for banks’ social media presence has come up with results showing the availability of ‘hate’ pages created by the disgruntled customers making negative comments about the bank. The study did not come across a situation where creators were able to attract more fans to their respective pages, but their presence for a long duration without respective banks taking any action to stop them could have devastating effects on the banks considering the viral nature of social media based activities. This highlights the need for banks to have a social media monitoring mechanism incorporated into their social media strategy.

6 Conclusion

Social media services are evolving rapidly by incorporating new functionalities or by seamlessly integrating with other social media services. To use them to their advantage businesses who embrace social media services need to be creative. With different social media services having their own strengths and weaknesses, banks should consider a strategy that includes more than one social media service to maximise the benefits stemming from all social media functionalities and achieve the business outcomes expected from social media.

This paper has shown the benefits of Kietzmann et al’s (2011) framework for assisting banks to understand their social media strategy. It may also be possible for a bank to develop social media strategies by exploring how other business types use social media, using the framework as the analysis tool. The framework might be used to analyse other types of businesses’ social media strategies and future research could explore this possibility.

The study has found that banks with more fans/followers also have more discussions taking place. There has been previous studies undertaken on the relationship between the followers' number and influence of micro-blogging (Wang & Jin, 2010). This study provides some insights to expand such studies into other social media services as well to identify any causal links between the number of fans/followers a business has and the content and richness of their discussions.
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