

Latvian Internet Bank Users Attitude towards Latvian Retail Bank Social Network Activities

Maira DUMPE

Department of Entrepreneurship and Business Informatics, BA School of Business and Finance, Latvia

Abstract-The purpose of this article is to investigate how banks can adopt and use social networks for long lasting relationships with their clients. Although Latvian residents internet and social media adoption is quite high, research results indicates that even regular internet bank users is not interested to follow the information which is presented on banks social media profiles

Index Terms- Banks, social network marketing, customer engagement,

networks, online forums and other forms of user-generated content (Edosomwan, Prakasan, Kouame, Watson, Seymour, 2011)

The brand image, which an enterprise might have, is no longer defined by the enterprise itself but is instead created by what its customers are saying to each other. Such customers are seen to place more value on the knowledge and experience of other customers in these networks (wisdom of the crowds), rather than the one-way marketing messages and controlled brand statements and advertising sent out by firms (Gatautis and Vitkauskaitė, 2013).

I. INTRODUCTION

Today Web 2.0 technologies and social media have become an essential part of the contemporary business world. Modern businesses using Web 2.0 (O'Reilly, 2005) technologies and social media have reached a new level in the developed of communication with customers (Andriole, 2010). Companies are acquiring new possibilities provided by new technologies to increase profit (Constantinides and Fontain, 2008).

There are enterprises which have already used the opportunities provided by social media for several years. Banks and other financial institutions follow this trend. Social media is a digital or electronic and interactive tool of communication which enables the users of this media to build new as well as to maintain the existing relationships and to establish different types of remote communication. It is known that there is a continuous communication and information exchange in social media and its velocity is high. Due to the existence of social media every user can ensure the development of personal identity in these media thus communicating and ensuring the dissemination of different information. Consequently it results in the responsibility and reputation of each user which can be established rapidly or on the contrary - destroyed.

More frequently companies launch "Facebook" pages, create "Twitter" accounts and "Youtube" channels, and write blogs with the aim to engage users (Chu and Hu, 2009). Social media have become an essential part of contemporary customers' life. Usually information about new products and offers is quickly and efficiently disseminated through various social platforms. Customers can communicate with companies and share this information with other customers (Malthouse, Haenlein, Skiera, Wege and Zhang, 2013).

Social media have transformed the web from being a one-way information tool to a two-way collaboration mechanism. Using social media, customer preferences for products or services are influenced by experiences provided by other users. Customers can easily follow peer reviews, referrals, blogs, tagging, social

II. BANKS AND SOCIAL MEDIA

Banks also use social media to build relationship marketing activities (Bonson and Flores, 2011). The objective of banks is to rebuild consumers' trust in their banks through increased transparency, interactivity, and involvement. Active usage of social media can increase loyalty among the existing customers and attract new ones.

The banking sector differs from other sectors of economy as regards its consulting and sales functions limited by specific products and services characteristic only of this sector and restricted by a high level of responsibility because they involve personal assets and reputation of the customer.

Integration of social media influences banks non-financially and financially and they get the opportunity to demonstrate their brand and become known as innovative companies. Using social media banks can have the following financial gains (Bearing Point, 2011) :

- Reduction in the costs of retaining and attracting customers
- Increase in deposits
- Increase in return on marketing investments
- Reduction in the costs on investment in the process of customer administration.

However, it should be taken into account that besides benefits social media marketing can also have risk factors. The use of social media by banks can involve the potential risk of negative customer references which can damage the bank's reputation if they are left without response. Another risk is the insufficient ability of bank employees to use professionally the potential of social media.

It must be noted that banks can use customer data available in social media to understand their customers. By analysing this data banks may be able to gain valuable insight into customer investment patterns, market trends and value propositions, etc. It is vital to understand customers, their motivation, likes and dislikes, their friends, social influence and preferences Certainly

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Besides, evaluating the opportunities and benefits of integration of social media marketing in company business some important facts could be taken into account:

- Customers in social media speak about their needs and desires, what they like and what they cannot tell in the real world. When the company has joined this flow of information, it moves to a new personalized level with its customers. The company can grasp immediately any word related to the company activities.
- If the company is located in several regions (e.g. bank branches) it is able to react quickly to customer experience described in social media much faster than any conventional communication channel would allow. Marketing researches show that on average on person tells three other people about their positive experience, but ten people about his/ her negative experience related to the company activities. Social media marketing enables to monitor personally the quality of customer service (Strategic directions, 2012).

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Banks have to develop the strategy of the use of social media that would not only include the social media strategy into the company marketing strategy, but also envisage how to analyse the use of social media events, namely how these 'followers', 'likes' or 'retweets', etc. correlate with the key performance indicators such as the number of transactions and customers, the market share increases, loyalty metrics, the number of enquiries and so on.

Banking communications with customers have traditionally been either one-way (advertising, direct mail, statements, etc.) or one-to-one (customer service, branch banking, telephone

banking, etc.). As a result, many banks may be unprepared for two-way communications through social media.

What does an average customer expect from the bank? First, as many researches show, the customer expects an immediate reply to his question, comment or opinion. It means that banks need employees who reply immediately in social media. Second, -customers expect transparency of bank operations in social media – not only more information related to bank operations, but also the reaction of the bank to criticism expressed in social media. By employing social media banks can create different images. More active social network users may also welcome a 'community' aspect and become the bank's offerings active promoters and advocates. Banks are able to listen in on their customers' public conversations, identify complaints and – where appropriate – make contact in an effort to resolve the issue. Using social media banks now have the opportunity to actively seek out dissatisfied customers and resolve their issues before they turn into full-blown complaints

III. LATVIAN CUSTOMERS INTERNET USAGE HABITS

Regarding statistical data (Worldstats, 2015) Latvia has population 1,986,096 and 82.0% are internet users. In 2014, the Internet in Latvia was mostly used for reading on-line news, newspapers and magazines (86%), for using e-mail (84%) and for Internet Banking (75%) (Central Statistical Bureau, 2014)

Latvia is a very unique country, because its population is mostly used Latvian social network draugiem.lv, which is created in Latvia. Launched in 2004 by Lauris Liberts and Agris Tamanis, Draugiem.lv is one of few social networks to still beat Facebook in their home country; Draugiem.lv boasts 1.2 million Latvian users. The most popular website list is presented in Table1 (TNS, 2015). Regarding to statistical data presented in Table 1, various social network sites are very popular among Latvian internet users. Among them are odnoklasniki.ru and vk.com – social networks for Russian speaking society.

Table 1. Most Popular Websites or Web Services in Latvia

Website	Average daily audience (thousands)	Average daily audience (%)
Google.com	917	55,3
Inbox	590	35,5
Youtube	557	33,6
Delfi (Latviana and Russian)	478	28,8
Facebook	467	28,2
Draugiem.lv	443	26,7
Tvnet	387	23,3
ss.lv	360	21,7
Gmail.com	357	21,5
Apollo.lv	252	15,2
Odnoklasniki.ru	202	12,2

E-klase.lv	184	11,1
Gismeteo.lv	156	9,4
Mail.ru	105	6,3
Twitter.com	100	6,0
Kasjauns.lv	94	5,7
Vk.com (vkontakte.ru)	84	5,1
Google+	81	4,9

Table 3. Latvian Banks' Facebook posts analysis

Source. TNS (2015).

IV. RESEARH

According to statistics 27 Commercial Banks are registered in Latvia (Association of Commercial Banks of Latvia, 2014), but some banks are specialized on services for legal persons. Based on statistics presented by Association of Commercial Banks of Latvia was created table (Table 2) which shows numbers of clients, internet bank users and followers on Facebook and Twitter. Data summarized in Table 2 indicates that a very small number of banks' clients and internet bank users are following bank activities on social networks. Unfortunately the bank Twitter's account follower number is so small that it could rise the question for some other research – why Latvian banks are not adopting Twitter as marketing and communication tool.

....The purpose of research is to evaluate Latvian banks social media content and find out why Latvian banks has so small number of followers on social networks. Why Latvian residents which are active internet and social media users are not following bank activities?

First phase of the research was banks' Facebook profile content analysis. It was investigated if posts are regular, present actual information about banks; activities, contains posts related actual marketing campaigns and are banks informs customers about their socially responsible activities. The banks' Facebook profile content analysis results are presented in Table 3. Almost all banks create Facebook posts regularly and inform customers about banks' daily activities, specific marketing campaigns. Banks inform Facebook followers about charity or important for society well being projects. Several Facebook users wrote negative comments regarding bad service. Only Citadele bank answered on negative posts and apologize to clients.

....Second phase of research was to investigate why Latvian residents which use internet and internet banks almost daily are not interested to follow banks' activities on their Facebook profile.

An online questionnaire was issued through online questionnaire service visidati.lv. 1000 questionnaires were issued, 614 were returned completed. Personal characteristics of respondents are presented at Table 4.

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Bank	Regular posts	Marketing posts	Information about bank	Corporate social responsibility	Customers Negative Comments
ABLV	√	√	√	√	
Baltikums Bank	√	√	√	√	
Citadele	√	√	√	√	√
DNB			√		
Nordea Bank Latvia	√	√	√	√	√
Norvik	√	√	√		
Rietumu Banka	√	√	√	√	
SEB	√	√	√	√	√
Swedbanka	√	√	√	√	√

Table 4.

	n	%
men	296	48,21%
women	318	51,79%
Age	16-30	311 50,65%
	32-60	300 48,86%
	60+	3 0,49%
Facebook user	573	93,32%
Uses internet bank	593	96,58%

Findings

Table 4 illustrates that, or respondents 48% are men and 47% are women, 93% of them are Facebook users. It was found out that 17 of respondents follows their bank Facebook profile. The reason why respondents are following banks Facebook profile was asked in open question. The answers were – “I cannot remember”, “I am working in this bank”, “I started to follow banks profile as result of other marketing activities”.

....Respondents were asked to answer why they are not following their banks Facebook profile. The statistics of answers are presented in table 5. The reason why internet bank clients are not following their banks Facebook profile were assessed on five-point Likert scales anchored at “strongly disagree” (value - 1) and “strongly agree” (value - 5). Banks’s clients are not interested in following banks activities on social networks because there are not interested at all, they don’t additional information which banks could present on social networks, the content isn’t engaging.

Table 2. Latvian Bank clients, internet users and fans on social networks

Bank	No. of Clients	Legal persons	Private persons	Number of Internet Bank users	Number of Facebook followers	Number of Twitter followers
ABLV	25 803	12 477	13 326	17 204	824	no prof.
Baltikums Bank	2 322	1 594	728	1 564	469	no prof.
Citadele	272 806	20 415	252 391	113 861	6 445	no prof.
DNB	168 599	138 000	154 799	107 379	347061*	no prof.
Nordea Bank Latvia	85 002	8 386	76 616	54 485	2 160	328
Norvik	63 240	5 207	58 033	24 628	3 572	no prof.
Rietumu Banka	28 973	12 615	16 358	17 824	1 600	no prof.
SEB	477 628	33 450	444 178	290 863	8 554	5 246
Swedbanka	949 022	71 109	877 913	739 407	25 523	19 100

Table 5 Statistical results of information quality evaluation

	Mean	Median	Mode	St. Deviation	Minimum	Maximum
I am not interested to follow	3,12	3,1	3	0,787	2	5
I don't need to additional information	4,03	4,00	5	1,092	2	5
I don't believe that FB can help to solve problems	4,13	4,00	4,2	1,070	1	5
The content isn't engaging	4,12	3,86	4,4	0,827	2	5
I prefer other types of communication with bank	4,6	4,9	5	0,904	2	5

V. CONCLUSION

While there is no much research on bank or other financial institution marketing there is base for future research. The Latvian banks' clients are not interested to follow their bank activities on social networks banks need to find other effective online communication channels with their customers. Unfortunately clients doesn't believe that online communication through Facebook profile can help to solve problems if they will arise. It is a key question for Latvian banks to learn to adopt Facebook possibilities with the purpose to establish long lasting relationships with clients.

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AUTHORS

First Author – Maira Dumpe, Dipl. eng, mag.soc., BA School of Business and Finance, Maira.dumpe@ba.lv