Identifying the benefits of social media within large financial institutions in South Africa

A thesis submitted in fulfilment of the requirements for the Master's degree in Information Management

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ABSTRACT

An investigation into the benefits of Social media within large financial institutions

In recent years, the information systems / information technology industry has been one of the most fast growing industries. Regularly, existing technologies are being upgraded and new technologies are being introduced within the industry. For these reasons, business institutions have to stay abreast with market trends and understand what the market is doing. Since the inceptions of social media, a relatively new phenomenon within industry, institutions have to get on board in terms of using these technologies simply because of what the customers are doing.

The augmentation of social media applications within business has proved valuable in the sense that institutions are capitalising on what the customers are really saying. Social media applications take many forms and in this particular paper, the benefits of social media within large financial institution will be analysed. The main aim is to identify the benefits of social media platforms and how large financial institutions are benefiting from these revolutionary communication mediums.

In order to fully conceptualise the nature of this research study, it takes the form of a literature review at first, followed by empirical field research. Thereafter the research study uses case study methodology where interviews and survey questionnaires were used to make an in depth analysis of the benefits related to the financial companies. The outcomes of the study showed that there are many benefits of social media within financial institutions. The findings suggest that social media has the ability to enhance the brand, increase customer satisfaction as well as boost business services through innovation.

Apart from this study adding to the existing body of knowledge, it could potentially create awareness of the benefits (if any) to financial industries and other industries as well and therefore could be advantageous. In essence, the study outcome could contribute to the improvement of current businesses.

Key Words: Social Media, Web 1.0, Web 2.0, Social networking sites, Internet forums, Blogs,Wikis, Video sharing, Online communities

DECLARATION

I, Robert van der Ross, hereby declare that "**Identifying the benefits of social media within large financial institution in South Africa**" is my own original work, that it has not been submitted before for any degree or examination in any other university, and that all the sources I have used or quoted have been indicated and acknowledged by way of complete references.

Signed: Date:

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1. INTRODUCTION TO THE STUDY

1.1 Introduction

The emergence of social media has created a new found energy in society. It has created a platform for people to engage and share personal information with others as well as finding out what is happening in our family, friends and colleagues' lives. The ability to constantly want to know what others are doing, where they are doing it and how they are doing it is far too intriguing to ignore. This growing phenomenon within social circles has become very popular through the years. Its popularity has seen the emergence of social media applications being implemented in many industries, thus, it has become an important factor within business practices.

The financial industry is one of many industries that is widely regulated by internal and external environments. The fact that organisations are dealing with customers' personal wealth makes it somewhat difficult to implement social media within business especially if it is not done correctly. To a large degree, organisations are fearful of leaking confidential information and making it go viral. However, despite the reluctance of financial industries implementing social media, there are a number of positive aspects which businesses can foresee through the effective implementation of social media. The potential discovery of sound business benefits motivated the researcher to investigate the benefits of social media within financial organisations as well as discovering the value proposition that it brings.

1.2 Background

The "emergence of Internet-based social media has started a new kind of conversation among consumers and companies, challenging traditional ideas about marketing and brand management while creating new opportunities for organisations to understand customers and connect with them instantly" (Harvard business review analytic services, 2010).This new type of conversation forms part of a very important communication tool that bridges the gap of face to face communication as well as one way communication (media broadcasts information for public consumption) (Merril, Latham, Santalesa, Navetta, 2011). Communication is no longer just one-to-one, or one-to-many, but many-to-many (Barnard, 2010) The exponential growth of social media, from Facebook, Twitter, LinkedIn, YouTube and blogs offer organisations the opportunity to join a conversation with many customers around the world.

Social media platforms have spread worldwide at an exponential rate and it can be said that many businesses, organisations and industries have been caught out of their "comfort zones". "Social media is a driving force in the field of communication and not only is it getting larger, the phenomenon is changing the way business is marketing its products and communicating with its target audience" (Mayes, 2011).

Because of the fast growing development of social media; businesses are being caught out of their comfort zones and as social media platforms are becoming the driving force of communication in business, many businesses still fail to understand the advantages which results from it. Merril, Latham, Santalesa, Navetta, 2011 list some advantages:

- "Social networking sites encourage businesses to change their traditional marketing strategies and focus on talking with - not at - prospects and clients, with the goal of developing and 'deepening the relationship'";

- "When prospects grow to "know, like, and trust" a company, through interacting with their representatives on social networking sites, therefore they are much more likely to do business with that company";

- The public strongly associates themselves with a specific institution when they feel a connection and have direct communication to express themselves;

- The ability to monitor the brand and public perception through real time monitoring;

- Branded "Fan" Pages on Social Networking Sites (to establish a social media presence – on Facebook, Twitter, YouTube, and LinkedIn);

- Relatively quick response times to manage the brand reputation with regards to negative brand perception (social media is ideal for countering negative viral news about a company);

- Information disclosure - Public Broadcast is an effective way to reach large audiences efficiently and effectively;
- Employment practices – the Human resource departments are increasing using social media with regards to employing prospective employees and promoting current employees; and

- Customer service and feedback – the ability to communicate products and service information as well as harnessing information from consumers. Facebook and twitter are common feedback tools.

Many companies within an array of industries did not immediately join the revolution of social media. Instead, they spent large amounts of time observing from the side lines (Merrill, Latham, Santaleja, Navetta, 2011). A notable fact is that "businesses are finding new ways to have competitive advantage therefore businesses actively gather information about their competitors through social media sites, and analyse that information to gain a competitive advantage" (Merril et al, 2011). The organisations that learn how to harness this technology and integrate it into their marketing plans, marketing research, sales efforts, training programs, customer support, and product development will be the leaders of the future (Barnard, 2010). With this modern way of connecting with a market; we have to ask the question: Do businesses and more particularly, large financial institutions; understand the benefits of social media within its market? The study continues to answer this question by firstly identifying the problem on which the research is based.
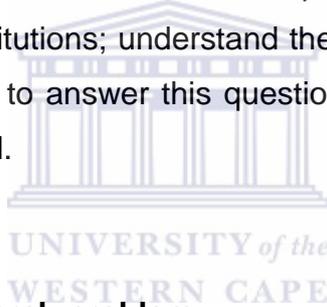
1.3 Statement of the research problem

There are reports in scholarly literature that provides general benefits of how large financial organisations in South Africa can benefit from the usage of social media. These journal articles are referenced throughout the study illustrate social media and the benefits to general organisations; however, this research aims to identify core benefits through the implementation of social media. Should there be new discoveries; the research aims to elaborate on them.

1.4 Research question and sub-questions

Based on the afore-mentioned problem statement, the main research question is formulated as:

How do large financial institutions in South Africa benefit from using social media?

In order to answer the main question, it is important to answer to the following sub-questions:

1. How effective is social media as an application in business?
2. How has social media bridged the relationship gap between the business and the customers?
3. How has the customer service experience improved through the use of social media?
4. How have the various social media platforms helped the institutions improve the business?
5. Can social media attract more customers?
6. Can social media be used to attract customers faster than traditional marketing mechanism?
7. How can social media be used to improve the product and service offering?

1.5 Research objectives

The main objective of this study is to explore possible ways of deriving benefits from the use of social media by a large financial institution in South Africa.
Additional objectives of this research are:
1. Explore an effective application of social media in organisations;
2. Determine what organisational functions can be positively affected by using social media;
3. To ascertain whether the customer service experience can be improved through the use of social media; and
4. To identify the social media platforms that can help a large financial organisation in South Africa improve its business.

1.6 Preliminary review of literature

1.6.1 Introduction

The development of the internet has seen rapid transformation not only in the way we communicate with friends and family but in the way organisations conduct business. These developments have made it possible for businesses to harness the benefits of

Information and Communication Technology (ICT) that are cost efficient as well as reaching current and new consumers in a simple fashion (Zhenga, Caldwella, Harlanda, Powellb, Woerndlb & Xub, 2004).

Several researchers such as Chanda and Zoarski, leading consulting firms including Accenture, as well as well as research publications such as Finsights (2011), have conducted extensive analysis into the transformation of social media and the ability to be leveraged into business practice. However, many have not particularly focused on the benefits in financial organisations.

In this section, a brief background will be given into the transformation from traditional marketing to social media marketing, web 1.0 to web 2.0 technology, social media as well as a closer inspection at the banking sector with in the financial industry.

1.6.2 Traditional marketing communication to social media marketing

Effective communication for marketing is a critical domain within the business, as it is used to convey important information to the market segments and build long term relationships (Gopalakrishan Nair & Subramaniam, 2012). Traditional marketing tactics are still considered to be important today, but social media tactics need to be discussed at strategic levels of the business (Jantsch, 2013). Although traditional marketing communication (TMC) is still prominent in marketing communication; social media networks have revolutionised the way customers and businesses communicate (Gopalakrishan Nair & Subramaniam, 2012). The transformation from one way type communication (media outlets disseminates information for public usage) to social media marketing offers a more interactive experience to both customers and the company itself (Merril et al, 2011).

Combining these concepts of the literature reviewed, it can be said that institutions are changing the communications medium from business to customer; to a platform that creates more engagement between the institution and the customer. Despite Gopalakrishan Nair and Subramaniam (2012) stating that traditional marketing mechanisms is an important communications tool within the marketing field, it has not been abandoned entirely since the inception of social media. Creating a platform that engages both the customers and the institutions creates a venue that enables a conversations rather than merely the business speaking 'at' the customer.

1.6.3 From web 1.0 to web 2.0 technology

"The early World Wide Web (web 1.0) has demonstrated a powerful capability to connect clinicians, patients and materials" (Kamel Boulos & Wheelert, 2007). According to Getting (2007) web1.0 technology could be considered as the 'read only' web, which meant that it only allows users to search for information and read it. On web 1.0, a user could visit websites to acquire information, interact with web content and make a purchase, but was unable to modify them (Mulero, 2012). There was little in the form of user interaction or content distribution (Getting, 2007). Getting continues to say that this type of communication is what website owners wanted, as it was aimed to establish an online presence and make information available to anyone at any time.

The second inclination of the web (web 2.0) has in turn been called the 'social web', "because, in contrast to web 1.0, its content can be more easily generated and published by users and the collective intelligence of users encourage more democratic use" (Kamel Boulos & Wheelert, 2007). Web 2.0 is more commonly associated with web applications that facilitate interactive communication sharing (Enders, Hungenberg, Denker, and Mauch, 2008). Examples of web 2.0 technology include social networking sites, blogs, video sharing sites, hosted services, web applications to mention a few (Mulero, 2012).

Merril et al (2011), says that social media offers a two way interactive communication experience. Social media falls under the category of web 2.0 technology and users are able to interact instantly with various other consumers or the originators of the proffered information. "Web 2.0 encourages a more human approach to interactivity on the web"; better support group interaction and foster a great sense of community in the social environment (Minocha, 2009). The afore-mentioned group interaction and sense of community as well as the greater interactivity between the users may enhance business relationships. The stimulation of ideas and information sharing not only with other users, but the originators of the proffered information allows people to feel more connected with the company.

There are many differences between web 1.0 and web 2.0 technology as it was outlined in the literature above. However, despite these differences, many websites that incorporates web 2.0 characteristics also incorporate web 1.0 characteristics (Mulero, 2011). This indicates that many companies feel that despite the rise in the modern technologies of web 2.0 development, there's still room for incorporating the web 1.0

technologies into their business structures. The collaborative uses of web 1.0 and web 2.0 technologies provide an indication that using only one source of technology may not be as effective if the institutions want to create a platform that encourages engagement. The use of web 2.0 technologies enables this function and social media platforms fall in this bracket.

1.6.4 Social media

Social media is online tools that facilitate online relationships (Golden, 2011). It involves online natural and general conversations between people about topics of mutual interest (Ramsunder, 2011). It also involves knowledge and information sharing, and with particular reference to business, it may sometimes involve decision making (Evans, 2010).

Social media is an imperative public relations and marketing tool for businesses to utilise in their business practice (Mayes, 2011). This public relations and marketing tool allows businesses to engage with its target audience at a deeper level. Social media has taken over rapidly in the way businesses operate and engage with customers, transforming from one way communication, to a marketing channel where businesses are able to directly converse with their clients as well as attracting new clients (Merril et al, 2011). A few definitions are listed below:

Social media resembles central online communities, where users can engage with other people who share similar thoughts (Dutkiewicz and Frass, 2008). Safko and Brake and Weinberg have crafted some definitions of social media as well as its main purposes. Safko and Brake (2009) observes that social media "*refers to activities, practices and behaviours among communities who gather online to share information, knowledge and opinions using conventional media*". Weinberg (2009) notes that social media "*relates to the sharing of information, experiences and perspectives throughout community-orientated websites*".

According to Golden, 2011, Social media should be viewed as a marketing tool for one's business. Evans, 2010, continues to say that it presents companies with an opportunity to access information which may affect the relationship building between business and its customers as well as maintaining the feedback loop to customers. The focus of social media within business is to essentially talk 'with' and not 'at' clients and prospective clients to develop a deeper relationship between the two parties (Merril *et al*, 2011).

Merril et al (2011) continues by saying that this deeper relationship will lead to prospects such as 'KNOW', 'LIKE' and 'TRUST', and in turn will lead prospective clients to eventually conduct business with the company. "Social media has promoted consumer to consumer communication and has made it possible for consumers and brands to interact with each other enabling connectivity" (Mangold & Faulds, 2009).

It can be noted, that the above literature illustrates that social media creates a far deeper relationship between the institutions and the customers. It narrows the relationship gap through regular and effective communication. The internet has transformed its key touch points between the customer and the institution, thus creating a platform where customers can engage with each other and not only with the institution.

Social media offers the two-way interactive communication experience (Merril *et al*, 2011). Businesses and its consumers can interact daily on a different level. According to Merrill et al (2011)*,* the opportunity to interact with anyone, at any place and at whatever time is too hard to ignore. It therefore gives both customers and business people a platform to air the opinions and share their views via these cyber communities.

In a social media marketing report, Stelzner (2011), found that marketers claim that social media was a necessary tool within business. Stelzner further noted that the five most popular social networking platforms are Facebook, Linkedin, Blogs, Twitter and YouTube.

A list a social media platforms have been defined by Jantsch (2013) & Mayfield (2011) below:

Facebook: Facebook is one of the most popular social media sites. Mayfield, 2011 describes Facebook as a platform that allows people to build personal web pages and connect and communicate with friends.

Linkedin: It is often described as one of the largest online communities for business professionals. It is a more focused business participation than many other social networks and is a great place to network and do research on a specific organisation and opportunities.

Blogs: Blogs are online journal entries where participants are able to share their thoughts and ideas. It often allows users to comment on journal entries.

Twitter: Twitter is also a form of microblogging where information is disseminated in short sharp bursts (140 characters or less) and is uploaded through online mobile networks. Twitter is the "what are you doing right now" kind of micro-blogging that lets other people know what you are doing.

YouTube: This platform allows users to upload and share videos with fellow community members.

The above social media applications are common tools used in the public domain. All of these applications can be accessed through some form of technological equipment. Its ease of access and user friendly nature make these tools extremely popular. Because of its popularity within industries, it is critical for businesses to communicate using the same platforms. It is therefore important for businesses to ascertain which platforms are being used by their market segments and how best to implement them within their business. This can be gauged based on analysing trends with the market segment and around the world.

According to Trevor Neethling of the Business day, "Africa has 140-million internet users, of which only 38-million are on Facebook alone". These numbers show us that businesses could potentially be identified via the internet and more particularly, social media.

Social networking sites offer businesses the major benefit of analysing public perception of its brand and products. Through these various platforms, business parties can immediately respond to the negative or positive feedback in a more efficient and effective manner.

1.6.5 Financial organisation

In South Africa, a large majority of its leading banks have taken the fore in social media advertising. Capitec bank is one of many financial organisations who have incorporated social media into its strategy. Charl Nel (2011), explains that Capitec Bank's social

media strategy is an important touch-point with clients and future clients as it offers the opportunity to engage in a two-way conversation visible to many others who may be considering using their brand. He goes on to say that Capitec's social media pages on Facebook gives the business an opportunity to have sales discussions with their clients and also, follow up on discussions that express a need for product or service complaint. In an article by Accenture, 2011, it indicated that a vast majority of financial service institutions will dedicate funds for social media initiatives. With social media's growing presence in the world and more particularly, the business domain, these funds towards social media was bound to happen. Customers have various expectations from various retailers from seeking advice, new offers or something else entirely and therefore, it is no different that customers have a list of expectations from their banks in their participation through social media channels (Accenture, 2011). Meeting customer expectations regularly can be challenging at times, however, many businesses and financial institutions aim is to meet these expectations. Most notably, expectations may vary depending on the market, however, a strategy needs to be implemented to cater for a wide variety of needs and expectations.

"Whatever businesses' strategy may be or whatever a bank's ultimate goal is; enhancing its brand, reducing costs, increasing customer satisfaction, boosting innovation, or driving revenue, social media can be a valuable" in everyday business (Accenture, 2011).

Currently, out of South Africa's five leading banking institutions (Standard bank, FNB, ABSA, Nedbank & Capitec), all of them make use of social media in some form or another which includes Facebook, Twitter, and YouTube.

These financial institutions have implemented social media because they may have significant benefit from these online tools. Capitec bank has already seen these benefits of using social media and therefore other large financial institutions could potentially see the benefits as well.

This research is advantageous to various sectors, and not limiting itself to the financial sector. It is part of this research study's aim to identify these business benefits and possibly elaborate on new discoveries. A methodical research design an methodology will be used to identify these benefits and potentially demonstrate new discoveries of which institutions can improve the business functionality.

1.7   Research design and methodology

A methodology is a system of methods that the researcher will use to conduct the research. The research study aims to gather sufficient information from two financial institutions to critically analyse the information. Using more than a single institution, the researcher can compare the respective institutions base the research on sufficient evidence. With this explanation, this research study will focus on using a case study methodology. According to Becker (1970), a case study refers to a detailed analysis of an individual case supposing that "one can properly acquire knowledge on the phenomenon from an intensive exploration of a single case". In order to gather enough qualitative information about the topic, the research study aims to analyse two financial organisations to gain a comprehensive understanding of the benefits of social media in large financial organisations. The analysis of the data will be performed throughout the duration of the study.

1.7.1 Research design
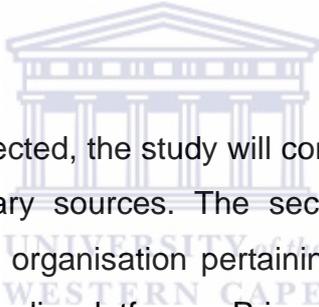
Based on the methodology selected, the study will comprise three phases including both primary sources and secondary sources. The secondary sources include available documentation of the financial organisation pertaining to social media, journal articles and information from social media platforms. Primary information includes interviews, questionnaires and direct observations. Conducting both interview questions and survey questions allows the researcher to receive a more holistic view of the benefits of social media within the organisation. The interview questions will be asked at higher level management who incorporates the social media strategy within the business. There are 10 interview questions of which, many questions will cover more than one question as the interview progresses. The survey questionnaire is focused at the active user/s of social media within the company. This provides the researcher with a lower level view of social media and how the user is actually using it within the business. The survey questionnaire will also be used to draw on the users overall usage patterns of social media on a personal capacity as well as a business capacity.

The three phases of the study are listed below:

Phase1: Literature review – existing literature will be analysed and will continuously be updated with new publications throughout the study. This will aid the development of a questionnaire.

Phase 2: This is the data collection phase. Collection of the data will take the form of interviews, questionnaires, direct observation.

Phase 3: The final phase will be the analysis and the interpretation of the data. The findings of this study will be analysed qualitatively in order to add to the existing knowledge in the area of social media within large financial organisations.

1.8   Ethical considerations

Scientific research invariably involves the studying of beings in one form or the other. This research study involves the acquisition of information provided by various financial institutions where the information is provided is on the basis of mutual trust. It is therefore essential for me (the researcher) to protect the rights, interests and sensitivities of those who participate. These are:

- The right to privacy (including the right to refuse to participate in the research).

- The right to anonymity and confidentiality: Participants names will at no point be mentioned in the research study.

- The right to full disclosure about the research (informed consent).

- The right not to be harmed in any manner (physically, psychologically or emotionally).

It is hereby confirmed that I undertake and adhere to the afore-mentioned. At no stage will any data and information used for this research study be used outside the contexts of academic purposes at the University of the Western Cape, nor will it be used for other purposes (see appendix C for information sheet)

1.9 Delineation of the research

As this case study will investigate the use of social media in two large financial institutions in South Africa, the generalisation of the results of this research will be inevitably limited.

1.10 Chapter outline

The tentative chapter outline for the thesis is shown below:

1. Introduction
2. Literature review of the benefits of social media in business
3. Research design and methodology
4. Presentation and findings
5. Recommendation
6.   Summary and Conclusion
7.   References
8.   Appendices

1.11   Contribution to the body of knowledge

This research regarding the understanding of how social media can benefit a financial organisation can be useful in two ways:

1   academically, it will add new understandings of this topic with specific reference how social media can be a direct benefit;
2   practically, it can help managers and business leaders to understand how to successfully manage the use of social media in their organisation.

1.12   Chapter summary

This chapter briefly highlighted and outlined the nature of the research study. The chapter illustrated the research problem, research question and sub – questions were presented. Additionally, the chapter aimed to provide brief context to social media and set out the research design and methodology as the bases of the study. Furthermore, ethical considerations, delineation of the research, chapter outline and the contribution this research will make to the existing body of knowledge were presented within chapter 1.

CHAPTER 2: LITERATURE REVIEW

2.1 Introduction

The following chapter provides a background into the financial industry, conceptualising social networks and understanding the components thereof. Key concepts are related to this study through the discussion of the existing literature in the field of social media will also be discussed in depth. The chapter aims to define the financial industry relating particularly to the banking and insurance industries. Subsequently, the chapter also aims to define social media whereby it illustrates the evolution of the World Wide Web as well as introducing the relevant social media in a South African Context. Additionally, this chapter introduces the relevant social media platforms which is going to be used as the basis of this study to analyse the benefits of Social Media within large financial organisations, but also the impact that these platforms have on business. New technologies can have a positive impact on the business, however, the potential benefits of these new technologies aren't well understood, partly due to lack of empirical research on organisations (Martin & van Bavel, 2013). As such, the aim of this study is to identify the benefits which could be leveraged by institutions to improve their business functioning and business process. In this chapter, the financial environment in which the research will be discussed, conceptualising social networks and understanding the components thereof.

2.2 Background

The rapid growth of the internet on a global scale has significantly transformed the way businesses communicate internally (with other employees) and externally (with customers). Social platforms afford organisations the ability to communicate better with their staff and to market their products more effectively to potential customers (Swartz, 2010). "Social media technologies are widely believed to offer business and governmental organisations a powerful means to improve their communications, processes and ultimately, performance" (Andriole, 2010). Internet growth has made it possible for businesses to harness the benefits of Information and Communication Technology (ICT) that are cost efficient as well as reaching current and new customers in a simple fashion (Zhenga, Caldwella, Harlanda, Powell, Woerndlb & Xub, 2004).Social Media has changed the way people communicate and interact with one another as users become greater contributors in the communication process

(Constantinides and Fountain, 2008). A notable trend is developing between companies and individuals is that more people are more inclined to share their experiences (Alfred's, 2014). Various platforms including Facebook, Twitter, Linkendin, mobile applications such as Whatsapp and BBM as well as multiple other applications have created a channel for consumers to network and collaborate with one another (Patricios, 2008). Patricios continues to say that the social media collaboration and the constant conversation between customers has the ability to build trust within the customer network, which in turn, can create opportunities for businesses. The use of social networks, as a business tool is becoming more prevalent in the business operations and companies are continuing to explore various ways in which to optimise social media in utilizing its potential benefits to harness competitive advantage (Swartz, 2010). According to Gordon Geldenhuys, Head of Online Reputation Management at Acceleration Media in an article entitled 'SA company social media survival guide', 2014, "digital properties have gone unnoticed for a very long time, and its only of late, and once companies have adopted more and more digital software that they find themselves valuing digital properties a lot more". With the above literature, it can be said that institutions cultivate collaboration in the workplace. It creates an environment where employees are able to share knowledge, skills and resources with suppliers and stakeholders but also create a deeper understanding of their colleagues. These platforms also engages stakeholders to proactively work with other business areas which in turn encourages cross-functional interaction and cooperation. Although, social media creates opportunities for collaboration within the workplace, a key aspect within this study will ascertain the collaboration between the business and the customer. The constant communication interchange creates the collaborative culture between the business and the customer for relationships to prosper. A social networking site mentioned within this study creates a central point for collaboration to take place

Social network sites (SNS's) such as Facebook, Twitter, Linkedin, YouTube provide users the opportunity to "present themselves, articulate their social networks and establish and maintain connections with others" (Ellison, Steinfield, Lampe, 2007,). Communication amongst customers plays a pivotal role in business organisations as it is used to provide information about the products and services to the market and subsequently build long term customer relationships (Gopalakrishan, Nair & Subramaniam, 2012). Geldenhuys (2014) says that in today's world customers are ever connected, always on, and highly opinionated on the move. He continues by saying that

the customer today, now understands that they have the bargaining power over many companies and know how to use it. Because of this power, customers have the advantage of making more informed decisions to ensure if their needs or expectations have been met. The presence of internet used sites and more particularly, SMN's has transformed business relationships with customers and the respective institution. (Gopalakrishan, Nair & Subramaniam, 2012). It has transformed marketing and public relations spaces and also changed the way businesses think about customer relationships and brand management (Wronski, 2014). Through the rapid evolution of web technology and advertising, customers feel part of the advertising experience through frequent engagement either directly with the business or with other customers. Businesses have now moved away from the conventional read only web technology as well as traditional advertising mediums that spoke purely "to" their customers and in turn moved to an environment that engages the stakeholders in a positive via social media platforms. Industry experts have flung the above literature around and have discovered new ideas, however, because of the nature of this research study, it is important to gain insight to the South Africa's financial industry.

2.3. Defining the Financial Industry in South Africa

The South African market is seen as an emerging market compared to what is happening globally, however, according to the Government online (2012), the banking sector is perceived in a different light as it is ranked amongst the top 10 in the world. The above mentioned creates an understanding that South Africa has the potential to be great, therefore, consumers have the ability to take advantage of this growing market. (Lumley, 2012).

At the end of December 2010, there were 33 banking institutions within South Africa which were reporting data to the bank supervision department of the South African Reserve bank (South African Government online, 2013). These 33 institutions comprised 12 locally controlled, 6 foreign controlled, 13 registered branches and two mutual banks. According to the South African Government Online, 2013, there are four major banks which dominate the South African banking sector. These banks include ABSA Bank Ltd, The Standard Bank of South Africa Ltd, FirstRand Bank Ltd and Nedbank Ltd.

"Mainstream media such as television, radio and print have been the primary channel for financial institutions to convey information to the potential customers due to its mass access and recollection while internet based Social media has emerged as a supporting media to mainstream media due to scalability, interactive features and feedback mechanism" (Jain, Banerjea, Punater, 2012). Social media used in the financial services industry has progressed as more financial institutions realise that it is a natural component of the business. (Chanda & Zaorski, 2013). Chanda and Zaorski (2013), continue by saying that as a highly regulated industry, the financial services sector has been slower than other corporate sectors to adopt social media for business purposes. Despite these regulatory measures, financial organisations should be proactive enough to implement these technologies within their business strategies. Implementing social media tools and aligning it with the business strategy, could possibly impact the business in a positive manner should the correct platforms be used to track the performance of the networks on the business. Following these statement, social media monitoring tools can play an important role within industry and institutions.

One of South Africa's leading banks has introduced social media monitoring tools and decreased the cost thereof, while boosting the customer service productivity levels by 20% (News24, 2014). Predictive analytics solutions, is a means of improving the customer experience and provide more responsive real-time services. These tools have the ability of improving the social media within the business. Nedbank partnered with Olrac spSolutions to develop a predictive modelling solution that integrates social media analytics into the banks systems (News24, 2014). The integration allows many key decision makers to delve deep into real time information of social media information through flexible dashboards (News24, 2014). The real time information provides the marketing team an important view regarding the feelings and sentiment and satisfaction of their customers in order to deliver quality serves and quality products.

In an article titled, '*Banks save money on social media monitoring',* (News24, 2014), "Nedbank claims that it recognises the importance of social media as a marketing tool, actively reaching out to their customers through Facebook, Linkedin and Twitter, as well as through blogs and customer forums."

Engaging with customers on a more interpersonal level bridges the communication gap and gives the customers a feeling of being a key stakeholder in the business. It allows the customers the opportunity of exercising their stakeholder power and being

somewhat a part of the business's decision making processes. Alfreds (2014) suggests, "By improving the social media analytics capabilities, the business is engaging with their customers on a one to one basis, to address and anticipate their needs more cohesively" (News24, 2014). Although, this may seem as if the business is losing significant power, it is quite the contrary. By engaging customer on a one basis, it deepens the relationship between the business and their respective customers, but also, it provides a significant cohesiveness between the customers themselves in discussing the business's product and service offering via the social media platform which is defined in the in the following section. With a thorough understanding of the financial industry in South Africa, it is relevant to define social media to illustrate how these applications fit into business practice.

2.4 Defining social media

In recent times the emergence of social media has started a new kind of conversation among consumers and companies. This new conversation now "challenges the traditional ideas of marketing and brand management while creating new opportunities for organisations to understand customers and how to connect with them instantly" (The Harvard business review analytic services, 2010). Researchers have crafted many definitions around social media and many have also attempted to classify social media accordingly. The classification of social media takes two forms. The first is the technology orientated form and the other being the user orientated form (Barnard, 2010). Barnard continues, saying that the technology orientated form focuses on the technology and the design thereof that enables the creation of social media, while on the other hand, the user orientated classification focuses on the user as a social media enabler. Within Social media, the users of these applications will enable conversations through marketing and public relations. The experiences between the business users and customers (enablers) combined with the effective implementation the technology (Facebook, Twitter, LinkedIn and other applications) creates engagement practices between the necessary parties.

Boyde (2006) and Ellison (2007) defines social media as a web based service that gives individuals the opportunity to create a public or private profile within an enclosed system, to identify and declare connections with other individuals and groups and view and navigate through a list of other connections made by others within the same system.

These connections may vary depending on which social media connection is used. Breakenridge (2008) says that "social media encompasses all the online technologies that people collaborate on, including their experiences and opinions as well as sharing different perspectives". Within the financial services industry and businesses in general, a significant amount knowledge sharing takes place in a business. This is done through internal communication via the business's intranet. Employees are able to engage with each other constantly through e-mail communication to enable knowledge sharing as well as skills and resources with all the necessary stakeholders. Whereas before, employees were only able to communicate with their immediate stakeholders, now through these channels, employees are able to proactively work with other areas of the business.

Safko (2010), says that social media is "the media we use to be social". Safko (2010) refers the term social as the "instinctual needs we humans have to connect with other humans, whereas, the term "media" refers to technologies we use 'to make those connections. (Blossom, 2009) defines social media as

> "*Any highly scalable and accessible communication technology or technique that enables any individual to influence groups of other individuals easily".*

Kaplan and Haenlein) defines social media as

> "*A group of Internet based applications that build on the ideological and technological foundations of Web 2.0, and that allows the creation and exchange of User Generated Content."*

And finally, Scott (2011) says that since social media is such an important concept today, it is misunderstood at times. He defines social media as

> "*Social media provides a way people share ideas, content, thoughts and relationships online. Social media differ from so-called mainstream media that anyone can create, comment on and add to social media content. Social media can tackle the form of text, audio, video, images and communities."*

In order for us to understand social media, it is important to have an understanding of web2.0 which will be discussed later in this chapter.

"Social networking sites are sites that are driven by user participation and user generated content" (Tredinnick, 2006). It provides a wide variety of ways for users to become more involved in organisations (Waters, Burnett, Lamm & Lucas, 2009). Waters

et al (2009) continues by saying that he found social media a useful tool as he found that management used it to streamline its business functions, interact with a business's client base as well as create awareness about their products and service. The interaction with the business's client base is one that is very different to traditional mechanism. Before, there was no interaction, therefore, the communication was intended to speak 'at' the customer and not 'with' the customer. The gap between business to consumers and a relationship that is even more critical to the consumers themselves; consumers to consumers has significantly reduced as social media platforms become more and more accessible. Platforms such as Twitter, Linkedin and Facebook makes business more accessible, more personable and enables them to maintain long term connections, (News 24,2013).

Social Media in general demonstrates a variety of information sources in addition to the published content itself such as non-content information in the form of "links between items and explicit quality ratings from members of the community" (Agichtein, Castillo, Donato, Gionis, Mishne, 2008).

Numerous characteristics distinguish today's 'digital social media interaction' from other types of social media conversations. According to Smith, Wollan & Zhou, 2011, the digital social media interaction separates itself from other conversations by:

1. Enabling one to many or many to many conversations (peer to peer conversations)

2. Content is created and posted by the creators of the content

3. It is accessible from any location and can be accessed through 'real time'

4. It is public and transparent

Giving the exposure of this communication tool via the internet today, it's evident that many people have been caught in the centre of this revolutionary business tool. With these social media interactions, it is evident that there is a broad diverse ecology of users using social media sites globally.

With the broad diverse ecology of social media globally today, we have to consider some of the popular social media networking sites. A subset of social media is "social networking", a term Scott (2011), uses to refer how people interact on social sites like Facebook, Twitter, Linkedin, MySpace and other sites. Social media's high accessibility as well as its high scalability, has seen considerable growth in these popular networking sites. According to Smith, Wollan and Zhou, 2011, "Facebook topped 500 million users

worldwide in 2010 and is currently growing at a rate of 500 000 new users per day". Twitter on the other hand claims 316 million users, while Linkedin and MySpace have 60 million and 57 million users respectively (Smith, Wollan & Zhou, 2011). This is quite significant as many of the financial organisations' customers are actively participating on social media on a personal and business level. It would be particularly beneficial to the business to target the market who are actively engaging on the platforms to engage in a particular conversation. With the user numbers on various sites, the businesses audience is growing exponentially. With afore mentioned, financial organisations have to ascertain whether it will be viable to implement and engage through social media platforms.

In short, social media has and is busy changing the way people interact with their peers and businesses today. It has transformed one way monologues into collaborative interactions, conducted via the internet (Smith, Wollan & Zhou, 2011). Smith, Wollan & Zhou (2011) continues by saying that social media's "democratizing information and knowledge as peer to peer interaction becomes more dominant". The peer to peer interaction does not limit itself to a select few, rather, it involves everyone, and with the rise of the mobile web and the rapid increase of the mobile phone taking over from the desktop computer as the number one source of technology to use these applications. It is clear that social media creates an opportunity of knowledge sharing through multiple platforms. The opportunities to engage through centralised domain, yet at the same time, being decentralised from businesses and other users can create further benefits. Through the social media's global presence, it can provide prospects for customers and institutions to make discoveries on aspects outside the country. Customers in other parts of the world are able to share relevant experiences despite the fact that they are engaging in vastly different economic environment. This suggests that social media seeks to narrow the gap between people that has been created by technology, globalization, time and geography (Newton, 2014). Keith Fenner suggests in a News24 article (2013) titled "*Social media can help sales*", social media brings a new dynamic to an institution. Fenner continues, saying that, this dynamic and those wanting to be a part of a new generation of industry leaders should invest in Social corporate responsibility management. Social corporate responsibility is the process for "monitoring, engaging in and managing conversations and relationships with existing or prospective customers and influencers across social media" (Fin24, 2013). Customers want to be heard and inevitably feel important to the business, therefore, it is critical for institutions to take cognisance of what the public is saying in their conversations. Reluctance to manage

conversations could be detrimental to reputability of the company as customers have the ability of influencing other customers negatively. The importance of satisfying customer needs is an important aspect of business as this would encourage customers to continue supporting the business in terms financial trust.

In all market segments, customers expect their customer needs to be satisfied. This is what draws potential customers to the organisation and what sets businesses apart from one another. "Banks are embracing Web 2.0 technologies – Social Applications, podcasts and widgets – to meet these customer demands in a better way" (Finsights, 2011).

The following diagram illustrates the change of communication from Traditional to a new communication platform.
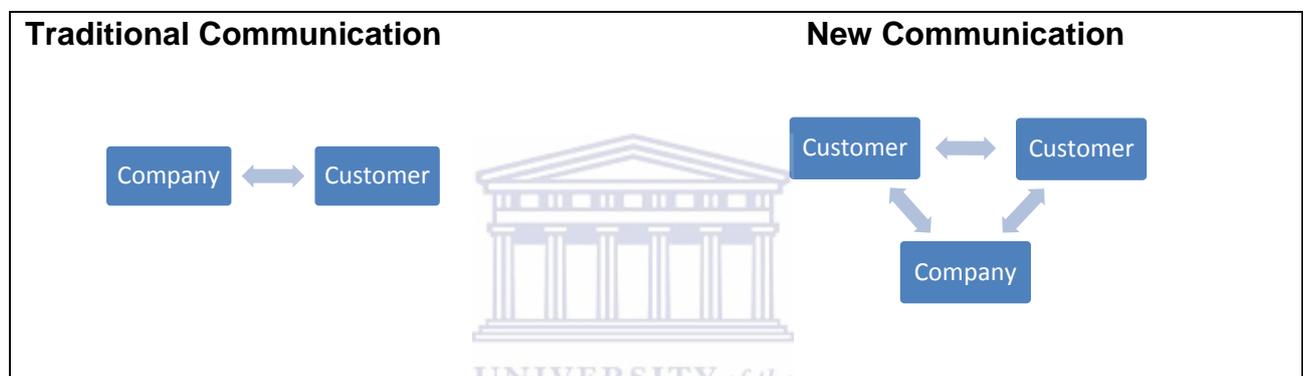
Figure 1: Traditional communication vs New communication (Finsights, 2011)

The traditional Communication diagram (left image) specifically speaks at the target audience eliminating the possibility of collaboration. The image on the right describes the new communication technologies such as social media which is able to be used via the web 2.0 technology encourages not only between the business and the consumer, but more importantly, the consumers themselves. In order to better understand the background of these two communication channels, it is important to understand the internet; how it started, and how it has revolutionised. Within the next paragraph, a comprehensive understanding is given into the evolution of the web. Understanding this evolution is important as it provides a description as to how marketing practices have changed and how institutions have revolutionised communication with the public.

2.5 Evolution from Web 1.0 to Web 2.0

The conceptualisation of the computer and the emergence of internet technologies have revolutionised the World Wide Web. What was merely a read only interface for customers to read what was been advertised has transformed to a read-write platform where customer are able to actively engage in the customer experience. The next section provides a detailed understanding of how these technologies emerged, and how it has been transformed. The evolvement from traditional communication to modern communication will be better understood through the understanding of the World Wide Web. This transformation played a significant role in the way stakeholders communicate today.

2.5.1 The creation of web 1.0

"*The World Wide Web (commonly known as the web) is not synonymous with the internet but is the most prominent part of the internet that can be defined as a techno-social system to interact humans based on technological networks*" (Aghaei, Nematbakhsh, Farsani, 2012). Web 1.0 was created by Sir Tim Berners-Lee in 1989, thereby, bringing in a notable shift in the way people communicated (Barnard, 2010). Aghaei et al (2012) says that a "*techno-social system refers to a system that enhances human cognition, communication and co-operation where cognition is the prerequisite to communicate and the precondition to co-operate*". In simple terms, they need each other for it both to be effective.

In order to further grasp the concept of social media, it is important to understand where web 1.0 started, and how it transformed the way we communicate via the internet across business functioning. Before the coming of the web, companies across various fields could attract attention to their product offering by either buying advertising space or getting a third party media outlet to cover them (Scott, 2012). Overtime, these trends have changed and transcended to the web 1.0 environment. The key was for companies to develop relationships directly with their customers using web enabled tools (Scott, 2012). The impact the web had a massive role to play within many industries. Individual and organisations' communication habits were greatly influenced by the speed, accessibility and unique new networking possibility of the internet (Barnard, 2010). The main focus of the web 1.0 technology was for websites to get the attention of their target audience in in a one-way communication form (Scott, 2012). In many respects, Web 1.0,

was a tool used to target the masses the masses. The element of engagement was not considered and that point in time where customers only had the ability if reading what they saw in front of them. Businesses had sole input as to what was published via the web and the end user only had the ability to read it. This one way communication mechanism isolated the two parties to wherever they are in the world, enabling a small communication margin.

Historically, this was seen as an effective communication mechanism to the masses. Businesses found it valuable to market and disseminate information to large audiences. This one too many communication channel appealed to businesses as their main objective was to merely get the message across to the audience. Taking cognisance of what the audience was saying is something that was not evident at the time.

Much progress has been done to the web; specifically to technology (Agei et al, 2012). According to Burners-lee (1998), web 1.0 was the first generation of the web and can be considered as the read only web and also, a system of cognition. Web 1.0 operated more like a business broadcaster where they were able to use the platform to advertise high content data to the audience via mass media. Web 1.0 platforms gave individuals with the relevant knowledge and means to technology, the opportunity to give feedback to public relations practitioners nearly instantaneously. It also gave individuals the opportunity to cater to a wide selection of niche audiences, thus, giving consumers a much greater range of choice in terms of their mass media consumption habits. The early web provided limited user interaction or content contributions and only allowed users to search for relevant information and read it (Agei et al, 2012). Castells (2002) and Van Dijk (2006) cite the introduction of the "information age" as an "Information Technology Revolution" of the modern age. Flew (2008) on the other hand describes web 1.0 as the catalyst for the internets' rise into public and global communications media. The web 1.0 is essentially a web page created for a large amount of readers and as a result, people are able to retrieve information by going directly to the source, thus, the WWW or what is also called web 1.0 is a system of interlinked, hypertext documents accessed via the internet (Naik & Shivalingaiah, 2008). This technology was effective during the initial stages of web development because the idea was to spread a message to the masses. It was not seen as a communication enabler as this only came about during the latter years through the emergence of web 2.0 technology.

Although Web 1.0 technology was seen to be instrumental in disseminating information to the masses, it failed to garner any feedback to the business itself. According to Agei

et al (2012), web 1.0's goal was to publish information to anyone at any time. Businesses tended to have the philosophy to broadcast a message in a specific location, where the customers and potential customers had the ability to read it at any point. It was a 'one stop' media platform for people to read information pertaining to the business with the prospect of later connecting with the company through more personal channels. Web 1.0 was a 'one stop' media platform for people to read information pertaining to the business with the prospect of later connecting with the company through more personal channels

Scott, 2012, lists a few points as to how business used web 1.0 techniques to spread a message across the web

1. Marketing meant advertising and branding

2. It appealed to the masses

3. It was a one way communication mechanism: Business to customer (B2C)

(Scott, 2012)

Flew (2008) and Castells (2002) listed a few unique features of web 1.0 which initiated its rise to popularity:

- The multimedia capability was introduced to the internet. Video, audio, graphics were all integrated into websites and viewed through web browsers (Flew, 2008)

- Web 1.0 was based on hypertext principles which allowed users access to a wide array of information on the internet (Flew, 2008)

- Hypertext principles gave rise to the creation of web browsers as this gave users easier access to information via these sites (Flew, 2008). Today, these web browsers include Google and Yahoo (Castells, 2002)

- When Hypertext Transfer Protocol (HTTP) and Hypertext Markup Language (HTML) were created by developers it allowed the developers to write source code for the World Wide Web. The creation of the Uniform Resource Locater (URL) was another breakthrough by the World Wide Web (Castells, 2002)

The population of internet users eventually increased as the popularity saw a meteoric rise in internet usage. Because of this, modern day functioning such as e-mail, Instant Messaging (IM) became a part of people's everyday functioning. Barnard (2010) says that the communication platforms soon moved on to discussion boards which created a platform for the audience to debate topics of their interest. These discussion board stimulated conversations.

According to Van Dijk (2006) and Castells (2007) the mid 1990's was described as the creation of the network society enabled by multiple social, political, cultural and economic networks.

A few years later, in the early 2000's the internet usage dipped by many users globally in what O'Reilly (2005), Flew (2009) & Breakenridge (2008) called the "dot.com crash". They continued by saying that this had signalled an end of the web 1.0 era and the start of what is now called the web 2.0 era. The selling of products and services was no longer good enough in the web 1.0 era as technology began to revolutionise. Companies had to find ways of directly engaging with their customers on a personal basis, (News 24, 2014). This brought about the emergence of the Web 2.0 era. This area is what revolutionised the Technology space even more, paying more attention to the engagement of people through the internet. Previously, web 1.0 played an enormous focus on one way communication from the business to the consumer, web 2.0, emphasised a different focus. This enabled consumers to play an active participatory role not only with the business, but also with fellow customers as well.

Web 1.0 certainly played an important role in terms of broadcasting important information to the masses. It appealed to both businesses and the public as institutions felt that this as an easy way to get the customer's attention. It created a brand awareness through its marketing and PR practices as well as slowly gained leads into attracting potential customers. Despite this, the communication was still not enough for businesses. This gave rise to the new phenomenon, Web 2.0 technologies.

2.5.2 From web 1.0 to web 2.0

The development and evolution of Web 2.0 following the "dot.com" has not only changed the way individuals and organisations use the internet, but also, it has considerably impacted the way business professionals can reach their customers and represent those organisations (Barnard, 2010). Dale Dougherty, Vice president of

O'Reilly media describes web 2.0 as the read-write web where the technologies allow assembling and managing large global crowds with similar interests (O'Reilly, 2005). The newly introduced ability to contribute to "content and interact with other web users has dramatically changed the landscape of the web in a short time" (Naik & Shivalingaiah, 2008). The definitions above illustrate that the communication medium has definitely changed the touch points between the business and the public which were previously non-existent.

According to Kaplan & Haenlein (2010) web 2.0 is used to describe the shift in the creation and publication of content for the internet by individuals to a new setting where all users now have the ability to create, modify and publish content online in a "participatory and collaborative fashion". O'Reilly (2006) defines web 2.0 as the business revolution which uses the internet as a platform and builds applications that harness network effects to get better as more and more people use the applications Pervaje (1993), provides a list of technologies that facilitated the creation of web 2.0 includes:

- Really simple syndication (RSS) – a form of push technology

- Adobe Flash used to stream audio and video footage

Based on Pervaje's list of technologies that are used to facilitate the creation of web 2.0, customers were now able to receive information which they perceived as relevant to their needs. Customers had the ability to tailor their RSS feeds according what they wanted, reducing unnecessary blurb that was not needed. Using audio visual footage also created a level of newness as businesses were able to display visual representations to the customers through digital video footage.

Pervaje (1993) says that web 2.0 technology enabled the creation of User Generated content (UGC). This enabled the users of social media to actively publish information that represented personal view points. Customers were able to share their experiences in a collaborative way. This ties in with Paticios' statement of creating constant conversations between customers themselves and the institution. According to Heng, Meyer & Stobbe (2007) in a study cited, *"The implications of web 2.0 for Financial institutions: Be a driver, not a passenger"*, web 2.0 is not completely a new technological innovation. Heng et al continue, saying that the offers of social media such as Flickr, Myspace, Linkedin, Wikipedia, YouTube and Facebook, the web 2.0 merely documents the realisation that the internet was always a social forum for people to exchange opinions and experiences and never just a digital space. The researcher particularly

agrees with the above statement because human social interactions take place regularly in our daily lives. People seek to communicate and engage with each other sharing thoughts and experiences with others. For this reason, the researcher is of the same belief that social media is not particularly new. The only new concept is that it creates a central meeting ground for customers to share their views, thoughts and opinions. This has changed public views and their acceptance to engage with other communities via online platforms.

Through public views, web 2.0 technology has influenced public behaviours through revolutionary technology. Weblogs (blogs), social bookmarking, wikis, podcasts, RSS feeds (and other forms of 'many to many' publishing), social software, web API's and online web services are a few of the existing technologies that provides significant enhancements over read only websites (Naik & Shivalingaiah, 2008). These platforms play a significant role in the social media space today and more particularly; social media in business environment. Network creation through these platforms engages people on a new level, one very different during the web 1.0 generation. Customers are able to converse with one another through more efficient and effective channels to harness and leverage information from the business and other customers alike. The development of social media channels during this revolutionary era created deeper and more meaningful relationships between the business and the consumer and the consumers themselves. These relationships can be considered to be integrated with one another as all the necessary stakeholders such as the enablers (Customers or the technology) encompass social media applications. The representation below illustrates the link between Web 2.0 that inevitably creates as social media information system.
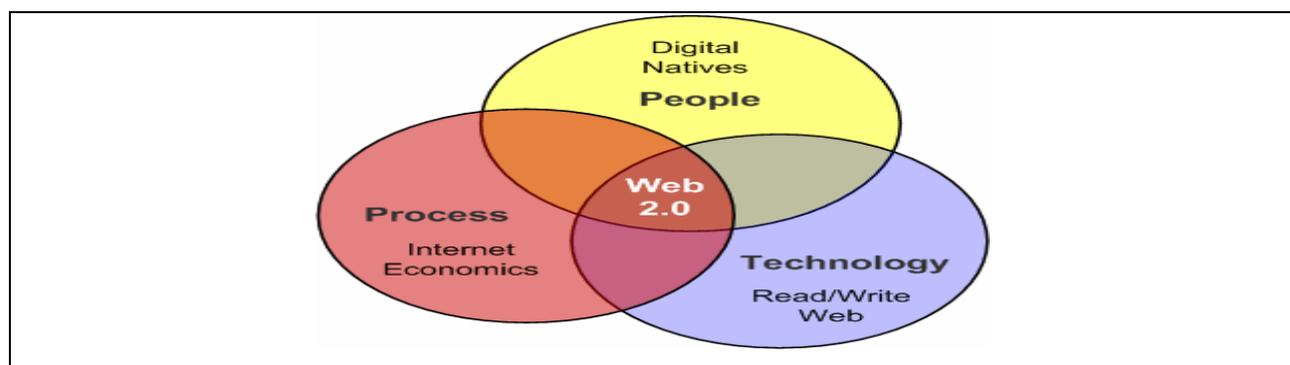
Figure 2: Web 2.0 (O'Reilly, 2005)

The afore-mentioned definitions suggest that it is evident that much of web 2.0 qualities centre on the changing position of the web user. Comparing the two web technologies, that of web 1.0 and web 2.0, web 2.0 users are more knowledgeable of developing

applications, more comfortable with experimentation of the web and more importantly, more likely to ignore information that is irrelevant (Barnard, 2010). Naik & Shivalingaiah (2008), says that users of web 2.0 have more interaction with each other and business organisations with less control thereof.

Table 1: A comparison of web 1.0 and web 2.0 (Aghaei et al. 2012)

Web 1.0	Web 2.0
Reading	Reading & Writing
Companies	Communities
Client-Server	Peer to Peer
Owning	Sharing
Web Forms	Web Applications
Dial Up	Broadband
Hardware Costs	Bandwidth Costs
Lectures	Conversations
Advertising	Word of Mouth
Service sold over the web	Web Services
Information portals	Platforms

Table 1: Web 1.0 vs Web 2.0

The above table represents the transition of web 1.0 to web 2.0 technology. The literature previously stated that web 1.0 was one dimensional in the sense that it disseminated information to the masses. Very little collaboration took place as marketing advertisements were broadcasted with the hope of customers contacting the business through more personal channels such as a physical walk in or a telephonic conversation. Web 2.0 collaborates and engages with the target audience far better with the inception of new found technologies. Understanding this continuum, financial institutions and many other industries constantly find ways of improving their service offering to their customers. Web 2.0 technologies fits the profile as it is able to incorporate customers' views and opinions through more collaborative channels. Businesses have since reverted from speaking 'at' customers and progressed to speaking 'with' their customers to make them feel part of the business experience.

In essence, web 2.0 technology has changed the way customers gather information regarding business products and services. It has become a two way communication channel where customers are able to engage with the business. It has become the forefront of information gathering. The discovery of interactive applications such as blogs, wikis, online diaries, social networks (Facebook, Linkedin etc) has made the collaborative processes of information sharing and information gathering a lot easier for

the end user to discuss the latest news. According to Smith, Wollan & Zhou (2011), "social media is now dramatically influencing traditional business-to-consumer models and is well on its way to changing business-to-business models". Financial institutions are beginning to realise that they need to position Web 2.0 applications to differentiate themselves for customers and to gain traction in on their segment reach (Heng, Meyer & Stobbe, 2007).

The primary function of social networking is participation rather than publishing as in web 1.0 (Mason & Rennie, 2008). Because social network has a large participation of users and the distribution of information, it is predominantly, user generated. There are numerous benefits of user generated content in many spheres of personal use as well as education.

- Users have the necessary tools to actively engage with communities about their experiences rather than merely accepting content

- User content is refreshed continuously by other users, therefore, content never remains the same as expert input

- Many of the tools on Social Network support collaborative work, thereby, allowing users the skills of harnessing information from other users (C2C).

"Shared community spaces and inter-group communication are a massive part of what excites young people" and therefore could contribute to users' persistence in wanting to harness information from others (Mason & Rennie, 2008).One of the Key lessons of the Web 2.0 era is one very important fact: Users add Value! (Mason & Romie,2008). The users play a pivotal role in the makeup of your social network platform. Without them, it will not exist. Value adding is an aspect that any business needs to understand and take advantage of. The people, processes and technologies all need to add value in order for the information system to enable success. Value creation will be elaborated on later in the research as it will be used within Osterwalder and Pigneur's Business Canvas Model. The aforementioned literature have been generalised in a global context, therefore, it is important for the research to pay particular relevance to a South African context. Within the next paragraph, the research describes social media and how it is used in a South African workspace.

2.6 Social media in South Africa

Globally social media is a growing concept. As much as the phenomenon has taken the world by storm it has equally impacted South Africa on a lifestyle and personal front. In modern society, it's virtually impossible to walk into a coffee shop, mall, or airport and not notice the amount of people engaging with friends and family via social media. It is equally evident at business level as well. Social media is therefore making its presence felt across many businesses with the intention to advertise and market their products and services on social networks.

In an article entitled, "Corporate SA wakes up to social media", (News 24, 2012), technology market researchers World Wide Worx and information analysts, Fuseware, published the South African Social Media Landscape (2012) study and exhibited that 95% of major corporations which they surveyed have some form of social media strategy directed at their consumers. Despite these figures which were drawn, Arthur Goldstuck, the head of World Wide Worx, believe that many financial institutions are still hesitant in adopting social media, and are still feeling their way. As social media is a relatively recent phenomenon in business, it is a case of entering the unknown. Businesses are more inclined to continue with the tried and tested processes compared to implementing a communication channel completely different to the traditional communication mediums. It many ways, it is difficult to break a fixed structure especially when a completely new strategy is implemented. Relationships change as well as the way employees communicate with each other both internally and externally.

Social media in South Africa has crossed the barriers of age, the urban/rural divide as well as the relationship gap between people (Social media landscape report, 2014). The relationship barrier between businesses and consumer (B2C), business to business (B2B) as well as consumer to consumer (C2C) which significantly reduced through the inception of social media because it has created a significant presence in the South African community today. Synonymously, large corporate organisations have also woken up to the inception and utilization of social media in their companies as they have followed the footsteps of their customers (Social media landscape report, 2014). "Companies should use social media to engage with customers individually rather than as simply another marketing channel", (News24, 2014). This creates a deeper relationship between the business and the customers and inherently builds a level of trust between them. Through this, the relationship gap is narrowed as businesses are able to communicate with the customers and visa versa. These web 2.0 applications

have not only infiltrated the consumer environment, but it also engrossed its way into business practices, which swiftly became and industry standard (Mills, 2010).

2.7 Implementation of social media in South Africa

Over time, institutions have realised that they were trailing behind when it came down to the implementation of social media and therefore, soon after, started augmenting these applications. Businesses have jumped onto this marketing channel, driving brand awareness and content online (Alfreds, 2013). This has enhanced the business practice to discover opportunities of social media's potential to the business. The popularity of social media tended to increase rapidly, and became extremely popular among the consumers. Social media has become a relevant strategic tool to many companies of various sizes in different economic industries within South Africa (Mills, 2010). The increase in popularity in South Africa created an opening where organisations could capitalise and claim competitive advantage over their counterparts. Although, in many cases, social media is a platform where users use it to voice their concerns about bad experiences of which may have far-reaching consequences to the company, it is important for companies to earn their customers' loyalty, (News 24, 2014). The impact that social media has from a relationship building perspective is one that is clearly notable in the literature. It brings people closer together where they could not have been. From a financial institution perspective, relationship building is pivotal especially when dealing with the financial wellbeing of the customers. In a study completed by Accenture, 2011, it was noted that companies could take advantage of social media within their organisations through the applications' low cost, ease of use and its scalability not only on finding new ways of engaging with its customers but also new ways of acquiring new customers, as well as soliciting ideas of new products and services from other users. In line with what is stated, businesses have to firstly ascertain what social media's key role will be. Although, institutions do have the ability to take advantage of the applications many uses, it may not all be beneficial if it is not line with the business strategy. The integration of social media with business process, institutions are "able to foster communities and engage conversations that will build meaningful relationships, so that existing customers keep coming back and new customers coming in", (Fenner, 2013).

It is evident that people are the centre points of driving this communication channel. Businesses have the ability to engage with the customers and customers have the ability to engage with the business. What is even more interesting, is that through social media,

customers have the ability to engage and harness information pertaining to the businesses products and services as well as discussing experiences. This is a notable change in the way business and customers now communicate. The ability for customers to make more informed decisions about the businesses offering shows a shift in power. This shift has now moved from the business advertising and luring potential customers to their business, to a point where customers are able to harness information from other stakeholders to decide whether to do business with a specific company or not.

2.8 Social media and its shift of power

Through recent years, we have seen a steady shift in power from businesses to the consumer. Before, organisations had the lone ability of communicating via non-digital and traditional communication channels to aid their advertising, public relations and sales campaigns. The "fundamental shift in power is taking place globally within the media and advertising space that is effecting industries that used to dominate the businesses' marketing and public relations industries(Safko, 2010). It has seen consumers no longer accepting that they are at the end of the 'conveyer belt,' by "simply accepting marketing messages companies push out into the marketplace and passively waiting at the company's mercy when giving feedback or lodging a complaint" (Smith, Wollan & Zhou, 2011). Consumers now want to play a more active role in the entire process. Social media provides this opportunity to shift the power balance simply because it gives the customers a bigger voice and a wider reach. Historically, with web 1.0 technologies, customers never had this opportunity. The emergence of web 2.0 technology and the integration of social media within business, customers have the power to influence other customers' buying decisions as well as changing the mind-set of the institution themselves.

From sales and marketing perspective, the development of new products and services to the delivery of those services as well as delivery customer feedback to the company, customers have the need and urge to be involved on various levels of the business. The customers' active role has engaged them at a deeper level of the business and as such created a different client-business relationship. Social media provides a powerful and centralised place for consumers to share their views about the companies' brand, thus, enabling consumers to 'call out' companies not meeting the customer expectations (Smith, Wollan & Zhou, 2011). "The fundamental shift in power is shifting the power of corporate messaging, the power of the news agencies, and the power of the ad

agencies into the hands of the cyber-citizens" (Safko, 2010). The shift in power now ultimately lies in the hands in the consumer as they have the ability to change the thinking of the company based on their inherent views and ideas.

Essentially, these new mechanisms of engaging customer's through social media has given customers improved power over businesses, hence, the shift in power. Social media has equalized the landscape and companies had to accept that their social media properties were controlled by consumers (News 24, 2014). Although, it may seem that this shift in power in the hands of the customer is seen as a negative aspect in a business organisations point of view, it is quite the contrary. The ability for businesses to use social media as a fundamental driver of its business efforts within the various department deepens the customer relationships by allowing them to participate with the company. This significantly improves business functionality from a relationship building point of view. Businesses are no longer the sole driver of media and advertising as in the case of traditional marketing. Customers are now at the core of all engagement activities and have the power to influence business functionality through their influence on social media communities.

2.9 The effect of social media on business functions

Companies within various industries should use social media to engage with customers individually rather than simply another marketing channel (Alfreds, 2013). Companies should not just merely use social media as another marketing channel to communicate information to their customers. The transition from Web 1.0 to Web 2.0 encourages collaboration between businesses and its customers, creating a deeper and more meaningful relationship.

Geldenhuys says in the News 24 article, that social media, as a marketing channel, should appeal to an informed consumer who may not have brand loyalty. Today's customer is ever connected, always online, highly opinionated and on the move. Geldenhuys, states that has totally shifted the balance of power, saying " that customers now have the power, and they know how to use it".

Today, customers have the ability to voice their experiences through these social media platforms. It has far reaching consequences to the company. "Customers have a voice and it is loud and far reaching, and in order to earn their loyalty, you need to earn their trust" (Alfreds, 2014). Through the regular active engagement, it is necessary to build

the longstanding relationships that the business needs to build itself from. This happens over a period of time and is dependent on the interactions had on the platforms. The impact that many of these platforms have on a customer relationship perspective has a direct relationship on the marketing and public relationships functionality of the business.

The scope and functioning of business differ considerably depending on the various departments of the business. Understandably, every department within the organisation plays a different role in order to carry out its functionality in an efficient and effective manner. Social media plays a role on many of these areas. However, according to Smith, Wollan & Zhou (2011), while all functions of the business are impacted by social media, some are more directly affected than others.
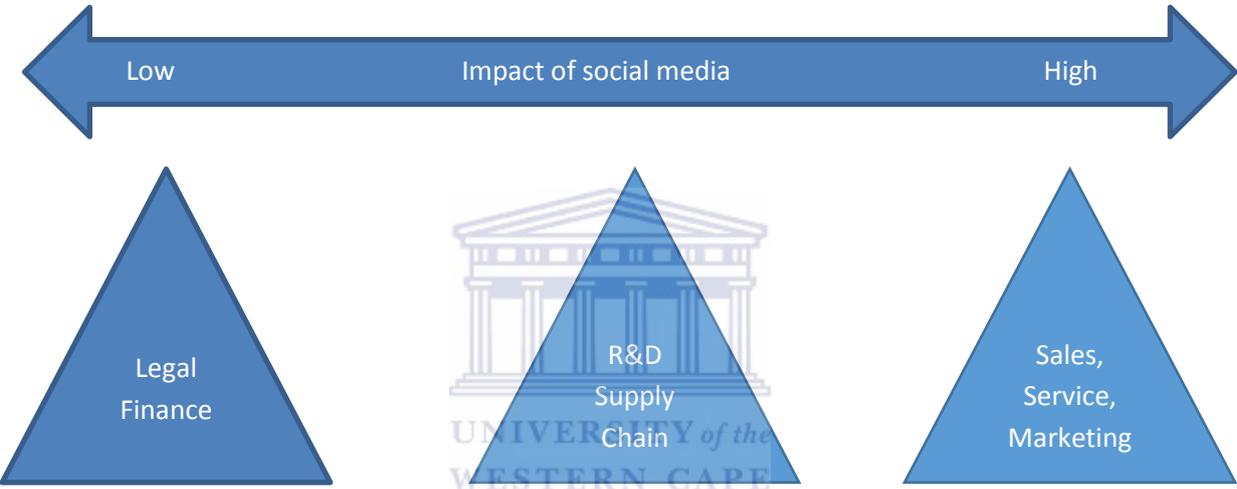
Figure 3: Social media impact on departments (Smith, Wollan & Zhou 2011)

Smith, Wollan & Zhou, (2011), explains figure as legal finance being least affected by social media and research and development and supply chain experience a moderate impact. On the other side of the spectrum, IT, sales, marketing, service and human resource environments experiences a higher impact that the rest. Within these functions, one of the key stakeholders are the customers and therefore should be the area that is impacted most. Within all the departments, sales, marketing, services and human resources, communication as the focal point. Businesses need to communicate with the customer to market their products as well as the customer needing a service offering from the business. According to Smith, Wollan and Zhou (2011), this is not a surprise as these are front office functions and the most significant impact on the front office is that social media will prove to offer an enhanced customer experience. Within a financial service environment, marketing and sales teams are largely responsible for communicating with the external environments. It is preferable that the research study

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focuses on the same departments to identify key benefits. Within a sales, marketing and service departments, customers play a key role and with the integration of social media within these business functions

2.10 Social media within Marketing and Human Resources

Kirtis & Karahan, (2011), states that social media is a very important tool in the marketing environment. The authors also stated that financial consultants also used Facebook which comprised large social networks where as in other departments such as Human Resources, Linkedin was used for recruitment purposes. According to Edward, Malthouse, Haelein, Skiera, Wege and Zhang (2013), an emerging component within the marketing field is the dissemination of content that creates engagement. This means that the external market is able to collaborate with other people within the audience who received the content as well. From an engagement point of view, social media covers this aspect as online communities are able to engage with one another with respect to the content that has been published. Different concepts can be experienced within Human Resources fields of business.

The screening of candidates via social media is one of the first steps in the recruitment process today. According to Steinman & Hawkins (2010), the viral feature of social media is perfect for the business environment. Additionally, within the Human Resources department, social media is playing an increasingly prominent role in how organisations attract employees (Smith, Wollan & Zhou, 2011). Smith et al, (2011), continue by stating that prospective candidates use social media to get a composite picture of an organisation to determine the prospective fit for the company. Just as prospective candidates search social media to determine the prospective fit for the company, companies implement the same principle when recruiting potential employees. Companies use social media applications like Linkedin to find and vet candidates (Which requires people in the Human Resources function who are adept at incorporating social media searches into their overall recruiting process) (Smith et al, 2011). Based on what has been conceptualised within the Marketing and Human Resources space, opportunities could be manifested through the implementation of social media.

2.11 Social media opportunities

A review of current literature of social media within institutions and the use of these platforms identifies a number of opportunities to the business, which can be classified as 1) benefiting internal operation, 2) customer engagement activities, 3) external party activities (Martin. A, van Bavel. R, 2013).

1. Internal operations

    - Improved recruitment processes
    - Improved knowledge management
    - Improved internal processes

 2. Customer engagement

    - Improved marketing, effective branding, brand loyalty

    - Analysing customer data more effectively

    - Personalizing marketing activities based on customer needs and wants

    - Improved customer services and support

    - Product development

3. External partners

    - Access to external information and information sharing

    - Improved collaborations and innovation opportunities

    - New market opportunities

(Martin & van Bavel, 2013)

According to Majchrzak, Cherbakov & Ive (2009) the benefits of social networking are determined not by the sole use of social media applications itself, but by how these platforms can create and harness value for the institution.

2.12 Influence of social media

Social media impacts the business in many ways both internally and externally. Organisations across industries and sectors are well on their way of enhancing their performance using social media tools (Weber, 2011). The power if social media has a significant impact on the way financial services conduct business; this can have a transformational impact in their corporate thinking and marketing capabilities (Finsights, 2011). When implemented correctly, applying appropriate strategies and aligning it with business strategy, social media has the potential to offer significant opportunities to organisations. As a business tool it is currently a very exciting prospect, and also holds great future possibilities if it is implemented and maintained properly (Swartz, 2010). Media tools enable businesses to significantly accelerate their ability to launch new brands, incrementally strengthen customer relationships and drive revenues from existing customers and new local/global markets. (Smith, Wollan & Zhou, 2011).

Social media is also been used to grow new revenues from the current customer base – finding opportunities among existing customers to provide new products or services or to augment those already offered (Smith, Wollan & Zhou, 2011). Because of the relationships that the organisation has with its customers, their communities alerts them to problems with their products, services and operations, share their knowledge and introduce their customers and potential customers to their organisation and their products and services (Weber, 2011). Weber continues by saying that social media assists customers in purchase decisions and helps them drive ongoing satisfaction from their selections. The influence of social media on financial institutions is far more pronounces than originally thought. The underlying factors of many platforms mentioned in this study and its ability to grow the customer experience and overall development of business functions

Banks have also realised that social media is an efficient and effective tool to attract and retain existing customers. (Finsights, 2011). Through the relevant marketing mediums, businesses can easily attract customers to the company. The difficulty is retaining them over a lengthy period of time. Through social media, financial institutions need to be put a key emphasis ethical operations and building relationships based on a trust element. Once a customer trusts a business and the way that it conducts itself, relationships grow deeper creating customer retention.

Another opportunity for financial companies is the ability to energise and engage its employee base Smith *et al* (2011). As many employees have private social networking

accounts, they have the ability to expand on the promotional activities on the business brand via their personal accounts. It is a natural extension of the company to encourage employees to use that position to serve as fans and facilitators (Smith *et al,* 2011).The preceding opportunities are embodies into what Smith *et al,* (2011), calls "consumer activism". Smith explains that consumer activism takes place when social media is used in the correct way to engage its customers. In return, customers will be an extension of its sales force and customer service organization.

Social media also has significant influence on real time marketing. Financial institutions could benefit in this regard. According to Scott (2011), explains that real time means that information is broadcasted efficiently and effectively within minutes. Scott (2011), continues to explain that real time is when people watch what is happening on social networks such as Twitter, Facebook and YouTube and cleverly engage themselves in the conversation being held. Within a financial service environment, this will equate to a customer, or a group of customers who are active users on the businesses social media sites to actively participate with the discussions about a specific topic as the event transpires. There are many conversations that can take place though these mediums. Recently, South Africa have experienced events that could potentially influence the financial wellness of institution and customers alike. Environmental influences such as mining strikes, interest rate hikes, inflation rates as well as world news creates conversations on social platforms. Based on an article on News24, June 13, South Africa seeks urgent intervention to reposition the mining industry in order to become more attractive for foreign investments which in turn will be a more meaningful to job creation. Having this up to date information is only one of the many events that take place both locally and internationally that may have an impact on the market. The opportunity for financial organisations to take advantage of social network applications like RSS feeds is far too important to overlook. The ability for these companies to search their real-time newsfeeds and analyse these markets will be one of the tools for these companies to gain competitive advantage over their competitors.

South African businesses and general public have an advantage by keeping abreast with market news and financial indicators using applications like Facebook, Twitter and other means of social communication. These applications allows customer to stay up to date with what happening around the world. Using a specific tool such as Really Simple Syndication, financial companies have the ability to be notified about current market news and what is impacting the markets on a global level. Questions such as "Who's the

president meeting today?" Have unrests in the Middle East led to disruptions in the energy markets? What's happening in the United States of America? China? The United Kingdom?" (Scott, 2011). These questions are all to be asked as they play a pivotal role in what's happening in the economy today. As these financial institutions go through the data and news, these companies are ready to commit sums of money when the time is right (Scott, 2011).

Consequently, the conversations within online communities creates a venue for B2C and C2C engagement. With that being said, customers have the ability to make more informed decisions based on the content which is relayed to them via online feeds. Along with customers making more informed decisions, business could also benefit in terms of decision making. Effective decision making could impact on the overall economic development of the institution

2.13 Social media return on investment

Within any organisation, measuring the return on Investment (ROI) is an important aspect of the business. Trying to distinguish the return on investment on a product or service as it is relatively easy through distinguishing profit margins. However, in a social media discipline, it's not that easy. For companies to measure the ROI to attract and retain customers has never been easy (Smith et al, 2011). The fact that the implementation of social media in business campaigns does not see immediate rewards, businesses often question whether the increase in sales is a direct relation to the advertising campaigns or the sales activities (Smith et al, 2011). To determining a monetary figure with regards to social media's return on investment, could be quite complex. Discovering tangible benefits within a financial setting could be considered as complex. Intelligent metric systems and tools need to be in place to quantify ROI to the business.

According to Webber (2011), there are two basic metrics which can be used for ongoing optimization and sustainment: activation and business metrics. Webber continues to explain that both these methods are effective when used together as the activation metrics tell you how effectively you are aggregating and engaging the audience, business metrics measure the ROI.

"ROI in the social media realm can also be measured in terms of driving traffic to the firm's website, increased online chatter regarding the firm's brands or products, an

uptick in e-mail registrations, or an increased awareness of a firm's identity, expertise, and role in the marketplace relative to its competitors" (Zaorski, 2013)

Webber (2011), breaks these metrics down, describing data reach, engagement metrics and sentiment.

Reach describes how well social tools are reaching your target audience. The metrics will include

1. Number of users reached

2. Number of visitors

3. Number of page views

4. Content viewed

Engagement metrics will address the question of how customers are engaging with the brand. Engagement metrics will include:

1. Time spent

2. Registrations

3. Reviews

4. Downloads and viral forwards

Business metrics will include the changes in customers and potential customer's attitude and behaviour. They consist of:

1. Brand and product awareness

2. Brand affinity

3. Brand perception

4. Purchase intent

    Webber (2011)

As technology continues to evolve, companies will be able to use the integrated measurement dashboard to view performance of their social media initiatives across an array of channels – the company website, Facebook, Twitter, Google+, Linkedin, YouTube and other social environments, and link this information to behaviours such as

registration and purchases (Webber, 2011). Despite there not being specific monetary value in terms of ROI on social media implementation, the research would justify that social media is measured on engagement points. In this regard, financial institutions should measure applications such as Facebook, Twitter, Linkedin, Youtube, Blogs and other applications on data reach, engagement reach and sentiment.

Many applications have been iterated through the course of the research study. The internet hosts an array of social media applications; many of them are too many to mention. Within the next paragraph, it is important to define and provide context to some of the most common social media applications in business environments.

2.14 Types of social networks

Social media applications are available to businesses in a variety of forms, hence its popularity (Comm, 2010). Social networking sites make it easy for people and business to create a profile of themselves, and use it to form a virtual network combining their offline friends and online friends (Scott, 2011). These applications are particularly widespread, hence, there are many different ways of creating and sharing content (Comm, 2010, pg 9). According to Smith et al (2011) ,organisations do not naturally gravitate towards social media, as senior leadership are least likely to use and therefore understand social media potential. The following paragraph aims to introduce popular social media applications used within businesses today and how these applications are used to recognise opportunities and benefits.

2.14.1 Facebook

Facebook was founded by Mark Zuckerberg in 2004 and was initially used as a social media medium for students to get acquainted (Safko, 2010). The site connects members via a 'friend request', and only once you approve the friend request, your profile remains private (Scott, 2011). Facebook, one of the most widely used social media applications in the world today is an online tool for businesses to engage with customers and communities directly. (Scott, 2011). Facebook promotes communication within various social networks via a customisable user interface and a variety of compatible applications to further personalize the experience (Safko, 2010). Safko continues by explaining that users of Facebook create pages based on their personal preferences;

add others to their network categories and share events, pictures, videos and experiences. In a business context, Facebook have potential uses across the many departments. Depending on the organisations business strategy, Facebook can be implemented to align itself with the business processes.. Safko, (2011) suggests that Facebook can be used in business environments for networking, locating business needs as a method of intercompany communication, as a platform to organise and track events, and as a medium to provide updates between organisations and departments. According to Safko (2011), Facebook can be used to promote new products and services through digital broadcasting or a performer through word of mouth. It is used and a key communication touchpoint between the business and customers (Scott 2011).

Facebook has varied uses within the business, therefore, businesses are dependent to distinguish ist functionality based on the business strategy. Institutions use dedicated Facebook pages to include their views and opinions on current financial markets and the global economy amongst other things (Weber, 2011). Companies are able to post messages via a status on their wall so that whichever users are following that particular page, they have the ability to engage in the conversation and provide both positive and negative feedback.

These views illustrate that as a corporate tool, Facebook is not a stand-alone service used in an organisation. It is integrated with other social networking applications and can be crafted to serve other functions within the businesses such as in the customer services tool or to generate a wider customer base.

2.14.2 Twitter

Twitter was founded by programmers Evan Williams, Jack Dorsey and Biz Stone in July 2006 (Comm, 2010). It is a social media medium specifically used to enhance communication (Safko, 2010). As Twitters social nature, it is a service to friends, family, co-workers and businesses to communicate via shot messages (Scott, 2011). The Twitter service has piles of additional tools and add-ons, which extends its use, but at its core, Twitter, is a communications service that allows the user to describe what they are doing in 140 characters (Comm, 2010). A particular company within the businesses field found Twitter to be a tool that allows it to take moment to moment pulse of one of its key stakeholder communities; Its worldwide customer base (Weber, 2011).

"Businesses have been using Twitter as a free marketing research service for feedback on products and service" (Safko, 2010). It is also used to provide updates to its customer base. Companies have found that being on twitter, helped them monitor the responses of important stakeholders in real time (Comm, 2010). There are many financial companies in South Africa that have active Twitter accounts, particularly, in the banking industry. They use their account to disseminate information in short bursts in order to customers to communicate new products and service and to keep them up to date regarding global economic matters. Many corporate professionals today find very little time to read long articles which pertain to them. Their hectic schedules create a need to receive relevant information which they can read on the move. The speed of twitter means that that you can send or update your twitter feed from relatively anywhere and have lots of people read it if they are a follower (People who subscribe to their twitter feed) of yours (Comm, 2010). Because of its broadcast-like nature of microblogging, millions of customers can receive information from company instantaneously (Scott, 2011). Through this, corporate professionals benefit using this tool by not only engaging with communities that share similar interests, but also enhances knowledge without the ability to read extensive extracts.
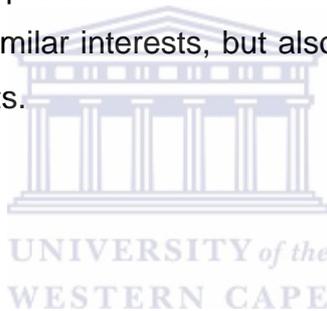
2. 14.3 Linkedin

Linkedin defines itself as an online application tool for business professionals representing 150 industries (Safko, 2010). Professionals use the application to exchange information, ideas and opportunities (Scott, 2011). Scott further explains that a profile helps you find current and former colleagues and helps you create more connections by inviting trusted professionals to join your Linkedin network. Webber (2011) explains that Linkedin develops leads and the connections made and maintained through alumni networks build business development opportunities. This is valuable in from a business perspective. To expand ones network it is important to form relationships and create leads with people that share common views relating to similar topics. Institutions are able to engage with the connections that they have created to share experiences and interests. According to Safko (2010), the core purpose of Linkedin is to provide an online professional contact database of its members, and to allow them to connect their profiles and people they trust. Safko continues by saying that the members of Linkedin use it to find jobs and business opportunities in response to recommendations from a contact. This could potentially be seen as a screening process

within human resource departments to pre scan potential candidates for prospective employment. Safko (2010) supports this statement saying that employees can list job opportunities as well as search potential candidates and job seekers to review the personal profile in order to harness more information which leads to better decision making.

2.14.4 Blogs

Derived from Web log, the term blog simply means an online journal. Jantsch (2013) and Mayfield (2008), describes a blog as online Journals which allow users to share their views and thoughts through journal entries. Blogs combine personal opinions with links to other related websites, blogs and other online articles (Mason & Renie, 2008). The web log (original name), "is maintained by an individual with regular entries or posts that include commentary, thoughts and ideas, may contain photos, graphics, audio, or video" (Safko, 2010).

Blogs give individuals and institutions a platform to express themselves highly personal and controllable manner as well as a tool to disseminate information relatively quickly under your own name (Gillin, 2009). Mason and Rennie (2008) states that ability for other users to leave comments on blog messages means that themed discussions can be built up very quickly and supporting information (other web articles, images etc.) can be shared with people who have similar interests. This could potentially influence customer views in a C2C context. Although, not embedded in financial institutions core business process, blogs can be seen as a platform for customers to express themselves with regards to industry matters. This engages communities into conversations of common interest where they can share positive or negative company experiences.

Within a marketing and PR space, companies are aware of blogs and are monitoring what's being said about their company and products. (Scott, 2011). "Business blogs are used for internal communication to employees, or designed to be used by the public" (Safko, 2010). Additionally, according to Lon Safko, blogs used for sales, marketing, branding, and public relations and engaging with customers and prospective customers are known as corporate blogs. As there are many advantages which relate to blogs in the financial environment, there are also disadvantages associated with this platform as well. The strength of a blog is its sense of intimacy and relationship that it has built with its customer over time. Due to this, relationships between the writers and the readers

may strengthen over time. However, relationships may be damaging if the writer publishes information that may be misleading and not suited to the customers' needs. It is therefore important for publishers of blog content to clearly understand what the readers what and cater to their wants and needs.

2. 14.5 YouTube

YouTube is an online video sharing site that allows users to upload and share video footage through websites (Safko, 2010). This is one of the widely growing technologies as people are able to convey information through video broadcasting. Despite the fact that its introduction is not considered to be revolutionizing, effect and impact of its usage is huge (Pelcova', 2010).

Sharing clips which are topical and sending links to company websites or other social media pages have become strategic ways of luring potential customers into gaining more information about the institution. For some people, Youtube could be classified as an entertainment source to view video footage. Anyone can upload video content for others to view. Within business environments, Youtube is used as a Marketing tool to feed content to their target audience. Organisations also have other ways of marketing their products and service via this platform. Safko, 2008, describes the Video Ads as a mechanism where organisations can market products, services or other entertainment options.

Some customers prefer to watch video footage to get a message than to read long articles. Often, there are links that are published on other social media sites, or the company website that directs users to Youtube or any other information source. Since Youtubes inception, it has developed into a powerful communication source to the general (Pelcova', 2010). This has essentially infiltrated many environments including that of the financial industry. Currently, there is an enormous amount of video content footage on Youtube has impacted business on a marketing, advertising and a knowledge sharing front. Additionally, it has helped the external environment as an information source to gain insights to business developments.

2.14.6 Really Simple Syndication (RSS)

Really simple syndication (RSS), is a set of web feed formats used to publish frequently updated content such as blog and wiki entries, news headlines and podcasts (Mason & Rennie, 2008). It is a way to feed all your content through a single feed (Safko, 2010). The value of RSS feeds is that they make it possible for people to keep up to date with their favourite communication channel and website through an automated manner rather having to check them manually every time. An RSS feed is like a form of a newspaper or a magazine. Everything that you need has the ability to be housed under one communication channel. This saves time for customers particularly. Most of the time, customers are registered to multiple channels for information sourcing. Whether it is, YouTube, websites, Twitter or other platforms, they have the ability to subscribe to that RSS feed to be housed in a central location. The benefit of RSS answers the question of how to filter a large amount of information and on the web (Mason & Rennie, 2008). This application may be more advantageous to customers than the business themselves. Ultimately, financial institutions aim is to satisfy customer needs and making things easier for them. Providing content to customers, they have the ability to select content that they would like to view. Having the RSS functionality made available to other applications, makes the business's information more accessible to their customers in an efficient and effective manner. "Because applications such as browsers and operating systems increasingly support RSS, the technology has the potential to become the primary vehicle through which users interact with the internet" (Mason & Rennie, 2008). Again, the inception of web 2.0 technologies have supported the use of RSS technologies whereby users are able to mould the content to what they feel is necessary. In this light, customers can engage with communities regarding particular articles and therefore share ideas and experiences. This allows customers to get the views of others to make more informed business decisions

2.14.7 Instant Messaging

Instant messaging (IM) is a simple form of synchronous online communication, allowing two or more computer users to communicate across a network connection (Mason & Rennie, 2008). These applications allow you the ability to stay connected with your contacts in order to share, connect and make conversations with them. The primary medium of Instant Messaging (Whatsapp, Mxit and BBM) is text, though as other web

2.0 tools, progressive convergence has led to some IM networks providing facilities for audio and video. (Mason & Rennie, 2008).

Instant messaging is largely used internally for knowledge sharing. Employees are able to communicate with one another to share information, knowledge and opinions. Martin and Bavel (2013) have previous stated that social media tools such as instant messages tools (BBM, Whatsapp and e-mail) can improve internal operations through improved knowledge management and improving internal processes. Social media largely benefits institutions through improved business functions by enhancing the business processes.

2. 14.8 Photo sharing

"Photo sharing is the publishing or transfer of a user's digital photos online, thus enabling user to share them with others whether publicly or privately" (Mason & Rennie, 2008). The authors continue by saying that the photo sharing functionality is provided through both websites and applications that facilitate the upload and display of images. Flickr is currently one of the most popular sites for photo sharing and, like other web 2.0 applications, has added features from other tools to make the online community platform (Mason & Rennie, 2008).

It has the ability to be used concurrently with members of weblog communities as it is a simple tool to upload images to various subject matter (Mason & Rennie, 2008). Although, photo sharing may seem as a mechanism or application largely used in social circles to upload images of events and special occasions, they can be used quite extensively in business contexts as well. Business have the opportunities to use these techniques of photo sharing to share images of their products and services, tech support, employees, assembly lines, and inventory and a happy customer (Safko, 2010). As many of the social networking platforms are integrated, photo sharing can be used collaboratively with other platforms such as Facebook for example. In can be an important feature within the business to provide visual content of the business processes that are followed to deliver quality products and services. Instagram is another common photo sharing tool that is used collaboratively with Facebook. Users are able to upload their digital images of current event for their customers to view.

2. 14.9 Video Messaging

There are a range of tools that business may use for video conferencing and file sharing amongst groups of people on the web matter (Mason & Rennie, 2008). One very common and popular video messaging application used not only by business corporations but in social circles as well is Skype. It is the easiest way to start building your social media portfolio (Safko, 2010). Video messaging has characteristics of desktop video conferencing, of white boarding, of instant messaging, of Voice over IP (VOIP) and of streaming video matter (Mason & Rennie, 2008).

It is a cost effective way of bridging the relationship of international partnerships to life as it relies on a webcam matter (Mason & Rennie, 2008). The ability for business people to video conference is time saving and creates a better presence for people who are unable to be physically present at one location. A significant advantage of Skype and other video messaging applications such as Facetime (iPhones), is that they have the functionality of working with several mobile applications, so users can Skype away from the computer (Safko, 2010). In today's faced paced environment, corporate professionals are unable to attend meetings or interviews purely because of their physical location. Skype tends to narrow the communication gap by being able to have visual live visual representation of the person/people that they are communicating with.

Mobile handsets today have been manufactured to accommodate these types of applications. One of the major benefits of Skype is that with all real time technologies, its communications offer immediacy and the opportunity for real time feedback (Mason & Rennie, 2008). Mobile technologies today does not only apply to Skype, but many other applications that are available on the internet today.

2.14.10 Customer engagement platforms

With many technological avenues available to customers today customer engagement platforms have become an ideal touch point for customers to share their thoughts and experiences about products and services. Hello Peter is one of many engagement platforms for customers to share their thoughts in a centralised location. It has become a notable trend that businesses need to monitor platforms like Hello Peter to monitor what customers are saying about the company, particularly when customers are giving negative reviews. According to Jugwanth and Vigar-Ellis (2013), Hello Peter allows customers to post their complaints or compliments on the platform. On many occasions,

negative reviews are posted by customers when they have had negative experience. According to Sabharwa, Soch and Kaur (2010), customer service has an impact on customer loyalty and therefore perceptions are difficult to change. It is therefore important for businesses to consistently offer exceptional service to their customers regularly, however, negative experiences are sometimes encountered. When customers experience negatively, they often air their views to inform others. Whatever it may be, businesses need to act swiftly to these customer concerns to avoid any damage to their reputations. In a financial context, as in any other industry, customers experience displeasure with products and services regularly. There aren't many businesses that can say that all their customers are happy. It is an important factor to regular monitor these sites to minimise any impacts towards the brand reputation. This will aid a reduction in negative perceptions of the customer brand and also provide a platform to manage the institutions brand reputation.

2.15 Mobile applications

Social media applications are able to attract massive brands and within South Africa, as a developing market, has much potential for growth, particularly as the cost of Smartphones declines (Alfreds, 2013). Swart, the CEO of Mxit, states that Mxit, along with so many other mobile applications has a massive opportunity for a mobile social network that operates in the vortex of cheaper mobile devices, massive desire for connection and a need for education and entertainment (Alfred, 2013)

Both social networking and instant messaging apps are dominant in downloads for smartphones and tablets (Wronski, 2014). Today many people in South Africa have access smartphones. With these devices, you have the ability to download social media applications as well as instant messaging applications. According to the Social media Landscape Report (2014), WhatsApp instant messaging (IM) app is used by a least 10,6 million South African adults on their phone. Within the same study, Facebook remains the most dominant social network on phones, with 9 Million South Africans using it on their mobile devices at the end of 2013.

Applications such as Mxit (25%), (BBM (21%), Twitter (20%), are all key applications used by South African society as it continues to grow and reach audience far and wide (World Wide Worx, 2014).

Social media engages with mobile and web-based technologies to create interactive platforms in which individuals and communities are able to share, co-create, discuss and modify user generated content (Keitzmann, Hermkens, McCarthy, Sylvestre, 2011). As a preferred platform, mobile phones are surpassing that of personal computers for social networking (Smith, Wollan & Zhou, 2011). Regularly today, we see the release of new mobile technologies with new and improved applications, setting them apart from previous versions and models. Not only are these smart phones easily accessible to the ordinary citizen, it is uncommon for many people in South Africa not to own a mobile smart phone. Basically, the smartphone has taken over the functionality of our usual laptop and personal computers for home use. People are now able to access applications from anywhere at any time and has made it simpler to conduct business or stay abreast with world economic events. Smartphone technology has basically transformed the way we communicate with businesses and each other. Although mobile applications provide significant opportunities to business and financial institutions today, it is important to take cognisance of their limitations and drawbacks as well. Discussed in the next paragraph, the research study briefly outlines these limitations for further insight.

2.16 Social media challenges

In many technological fields, applications through these social media platforms pose significant benefits to businesses and the broader society. In saying this, they also have their challenges. Many critics of social media express their concerns about trust, reliability and believability in relation to the move away from the printed word to the more ephemeral digital word (Poster, 1990).

If content is created by users of different systems (e.g. podcasts, blogs, wikis, chat systems and other social networking platforms), it could be difficult to track all the changes and also where all the information is (Mason & Rennie, 2008). Weller (2007) has argued that the "design features of the internet-particularly its capacity for robust, decentralized open communication – have been transformed into recognisably social features of the system, and that these have particular importance for the way online" communities function (Weller, 2007). As a result, decentralised open communication could serve as a threat to the business. If these platforms are not managed properly, it can potentially impact the institution in a negative capacity. The institution's reputation brand management and customer relationships can be impacted in the sense that

customers do not trust the institution. It is therefore important for the businesses to manage in order to protect their image from a reputational management point of view. Despite the balance of power been shifted to that of the customer, it is important for financial institutions to effectively manage them and what they are saying as this could potential be detrimental to the long term success of the business. In light of this, an effective way of managing the customer relationships and market segments, a modelled framework can by structured within the company to enhance their overall performance. In turn, new opportunities may potentially be discovered by identifying challenges and capitalising on them.

2.17   Business Canvas Model

"A business model can be defined as the architecture and mechanisms of the actual value creation created by an organisation" (Xavier Pavie, Eva Hsu, Hanns Justus Tillman Rodle, Raquel Orozco Tapia, 2013, Pg 9). Barbara Diehl & Dr Maria Nikolou, 2013 defines a business model describes the rationale of how an organization creates, delivers and captures value. "*The essence of a business model is in defining the manner by which the enterprise delivers value to customers, entices customers to pay for value, and converts those payments to profit.*" (Business Dictionary, 2013). According to Osterwalder, business models are *"the rationale of how an organization creates, delivers and captures value."* (Osterwalder & Pigneur, 2010).

The concept of social media uses as a marketing and communication tool will be discussed within this research study. Based on the Business Canvas Model by Osterwalder & Pigneur (2010), attention will be given to the financial service institutions and how the model is used within the respective institutions.

Key Partners	Key Activities	Value Proposition	Customer Relationships	Customer Segments
Key Partners Who are our Key Partners? Who are our Key Suppliers? Which Key Resources are we acquiring from partners? Which Key Activities do partners perform?	**Key Activities** What Key Activities do our Value Propositions require? Our Distribution Channels? Customer Relationships? Revenue streams? **Key Resources** What Key Resources do our Value Propositions require? Our Distribution Channels? Customer Relationships? Revenue Streams?	**Value Proposition** What value do we deliver to the customer? Which one of our customer's problems are we helping to solve? What bundles of products and services are we offering to each Customer Segment? Which customer needs are we satisfying?	**Customer Relationships** What type of relationship does each of our Customer Segments expect us to establish and maintain with them? Which ones have we established? How are they integrated with the rest of our business model? How costly are they? **Channels** Through which Channels do our Customer Segments want to be reached? How are we reaching them now? How are our Channels integrated? Which ones work best? Which ones are most cost-efficient? How are we integrating them with customer routines?	**Customer Segments** For whom are we creating value? Who are our most important customers?
Cost Structure What are the most important costs inherent in our business model? Which Key Resources are most expensive? Which Key Activities are most expensive?			**Revenue Streams** For what value are our customers really willing to pay? For what do they currently pay? How are they currently paying? How would they prefer to pay? How much does each Revenue Stream contribute to overall revenues?	

Figure 4: Business Canvas Model (Osterwalder & Pigneur, 2010)

Barbara Diehl & Dr Maria Nikolou, 2013, says that the business model needs to be simple, relevant and intuitively understandable for it to be implemented into the company. The authors continue, by illustrating that business models need to cover four main areas of business:

- Offer
- Customers
- Infrastructure
- Financial Viability

These four areas are further broken down into 9 areas illustrated in the Business Canvas Model. Alexander Osterwalder & Yves Pigneur (2010), describes the areas as follows:

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1. **Customer segments** – Grouping customers into distinct groups with similar interests and behaviours with common;

2. **Value propositions** – satisfying customer needs that in turn creates value;

3. **Channels** – Delivery of value to customers through communication, distribution and   sales;

4. **Customer relationships** – An efficient and effective way the institutions communicates with is customers;

5. **Revenue streams** – the successful delivery of value proposition to the customers;

6. **Key resources** – Assets required to support the afore-mentioned elements;

7. **Key activities** – Activities performed to implement the afore-mentioned elements;

8. **Key partnerships** – External resources that the activities need; and

9. **Cost structure** – How much the afore mentioned costs

 Alexander Osterwalder, Business model generation, 2010

Given the considerations and the literature studied, it can be said that among the all the business models, the Business Canvas Model showed crucial as a base for this research study. It embraces all the factors mentioned within the literature review, and is further used to answer the main research question: "*Identifying the benefits of social media within large financial institution in South Africa".*

2.18 Literature review summary

Chapter two discussed the reviewed literature as well as the introduction of the theoretical framework which will serve as a basis for this research study to identify the benefits of social media within financial organisation. These factors will be later linked to the framework as well as the identified business benefits. The process which helped the researcher answer the "*identifying the benefits of social media within large financial organisations*" through an attempt to find answers to the research sub-questions:

1. How effective is social media as an application in business?
2. How has social media bridged the relationship gap between the business and the customers?

3. How has the customer service experience improved through the use of social media?

4. How has the various social media platforms helped the institutions improve the business?

5. Can social media attract more customers?

6. Can social media be used for attracting customers faster than traditional marketing mechanism?

7. How can social media be used to improve the product and service offering?

As the reviewed literature mainly represents information from other organisations and other countries, it was necessary to test the theoretical literature in an empirical manner at financial institutions. The test was conducted at two financial organisations selecting the most appropriate research method, which is identified in chapter 3 of this research study. The research method in chapter 3 guided the research study in the process of collecting and analysing the data further in this research study.

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CHAPTER 3: RESEARCH DESIGN AND METHODOLOGY

3.1 Introduction

Research methodology is a systematic approach to that expands on existing knowledge by finding facts relating to a specific topic (Howard and Sharp, 1983). This chapter aims to introduce the research design as well as the methodology for the exploration of this study. Yin (1989), explains that research design is the process to "ensure the evidence obtained enables the researcher to answer the initial questions of the research as unambiguously as possible". To obtain relevant evidence in a research study, the researcher has to identify the specific type of research design in order to answer the research questions which were initially set out at the beginning of the research study. The research design also sets out to describe some phenomena of relevance to the research study (Plaaitjies, 2011). When designing a research question, what needs to be asked is; given the research question, what evidence is needed to answer the research question in a convincing manner? The central question pertaining to this research paper is "How do large financial institutions in South Africa benefit from using Social media?" The central research question would provide a base for the research design.

The main objective of this research study is to explore possible ways of deriving benefits from the use of social media within large financial institutions in South Africa. Furthermore, this research study aims to explore the effective use of social media within the two financial organisations; what organisational functions are positively affected by the use of social media, finding out the customer experience improvement as well as ascertaining how social media platforms can help these organisations improve their business functioning.

This chapter also aims to explain how data collection techniques, by means of questionnaire and interview were used to investigate the phenomena of identifying the benefits of social media within large financial organisations.

3.2 Methodology

A methodology is a system of methods that the researcher will use to conduct the basis of the research in question. This research study is predominantly qualitative in nature, but a quantitative element has also been implemented (Wimmer & Dominick, 2011).

According to Leedy and Ormrod (2005), more can be learnt by using both qualitative and quantitative methodologies than when only one approach is used. In this sense, the quantitative notion will be used to support what the qualitative data collection. Some case studies go beyond being a type of qualitative research, by using a mix of quantitative and qualitative evidence (Yin, 2009). The study engages with a descriptive analysis of the views of social media management and employees that actively use social media at the institutions. Additionally, the research study also delivers exploratory research into the identified benefits of social media within financial institutions.

In this qualitative research, the investigation reflects the environment in which the financial institutions conduct their everyday operations. These are the views of top level managers that oversee the implementation of social media practice. This approach has helped the researcher to understand how social media is used within the institutions by analysing the data collected. The marketing departments within both institutions served as the sample of this study. The reason this particular department was chose was because social media teams fall within this department.

Descriptive research is particularly useful in this research study as it assists in describing the environment in which these financial institutions operate. Within descriptive studies, Hopkins (1998) says that the environment is analysed as it is, therefore no attempt was made to change the behaviour or the conditions. By applying descriptive research, the main research question and sub questions in 1.11 can be described and analysed.

3.2.1 Exploratory research

This study is exploratory in nature as it conducts the research into analysing the benefits of social media within large financial organisations. Although there are many literature readings available that describes social media opportunities within financial institutions, they have not expressed these opportunities as core benefits to the financial industry.

Through the exploration of the study, its fundamental aim is to identify the benefits of social media at both Company A and Company B and hopefully, through the findings, these businesses can somewhat improve their business functioning.

The exploratory research will provide information and insight to the topic as the researcher prepares for larger research such as the use of Interviews, questionnaires,

and drawing upon the businesses existing documentation and reports (MK 450 Notes, Exploratory Research). With the afore-mentioned, this research study has taken a case study approach as it mainly adopts a qualitative approach to the investigation. The study will also incorporate a quantitative interpretation to the study regarding the analysis of certain social media sites and platforms regarding their user base. According to Yin (1994), "qualitative research assumes an interpretive approach to data, within their context and considers the subjective meaning that people bring to the situation."

3.3 Case study analysis

The term case study is not used in the standard way; at face value, its usage can be misleading because there is a sense in which all research investigates (Lewis-Beck, Bryman, Liao, 2004). It is used to provide an in depth understanding of an issue in a live setting. A few definitions have been designed by previous researchers below:

As described by Hammersley (1992), as distinct from experiment or survey, "it involves the investigation of a relatively small number of naturally occurring cases". Numerous definitions have been crafted by various researchers. Additionally to the previous definitions relating to case study methodology, Bill Gillham (2000) defines a case study as "a unit of human activity embedded in the real world which can only be studied or understood in context; which exists in the here and now." Case study methodology should be implemented when (1) the research study aims to answer 'how' and 'why' questions (see 1.11), (2) the environment cannot be manipulated, (3) the research study needs to have a background on the research phenomenon as it provides relevancy to the study; or (4) the margins are not clearly defined with regards to the research phenomenon and the context (Yin 2003).

Case studies can also be defined as being single- or multiple-case studies (Yin, 2009). By contrast, large amounts of information data can be collected about one or more cases through case studies. (Lewis-Beck et al, 2004). According to Yin (2003), in order for comparisons to be drawn, cases need to be carefully chosen to predict analyse the different results. For the purpose of this research, multiple case studies were analysed, namely, that of *Company A* and *Company B.* A case study is one that investigates to answer the specific research question of "How large financial institutions in South Africa can benefit from the use of social media". Yin (2003) adds that multiple cases can either predict similar or contrasting results. A case study methodology was chosen for this

research study because it wanted to identify how financial institutions benefit from the effective use of social media by analysing contrasting results. Case study methodology was best suited for this research study because in order to answer the main research question, it was important to understand the background before the case could be considered.

"The term case study is also often taken to carry implications for the kind of data that are collected and perhaps for how they are analysed" (Lewis-Beck et al, 2004). Lewis-Beck et al, continue by saying that case studies imply the collection of unstructured data, as well as qualitative analysis of that data. This is particularly relevant in this research study as it aims to analyse the uses of social media within financial organisations and analysing the findings from a qualitative point of view. For some writers, case study methodology is only about the choices of the case study; for others, it constitutes the complete package including that of the mode of data collection, the type of data collected and the way that the data is analysed (Orthwaite & Turner 2007). He further writes that as a package, a case study by definition is inherently associated with a qualitative approach.

Yin (1994) noted that these criticisms have a sense of prejudice against case study approach in business research. The main criticism according to Yin (1994) was that it lacked objectivity and accuracy which are two features which are normally aligned with qualitative research. (Lewis-Beck et al, 2004) asks the question if the aim is "to produce the account of each case from an external or research point of view, one that may contradict the views of people involved?" Or is it solely to describe each case with its unique characteristics? Yin (1994) says, that by stating this criticism of objectivity within case study research, he argues that the situation does not include the face that bias may infiltrate into any other method of research. Every case study researcher must work hard to investigate in order to report evidence that is fair (Yin, 2009). In saying this, the data collections will be analysed objectively based on the current literature available. The data will be criticised and dealt without bias as the study aims to identify potential benefits of social media.

Despite the criticisms previously listed, case study has its advantages. Meridith (1998), and a document titled 'The advantages of Cast study methodology' (2009) have listed some of those advantages below.

1. The research problem will be studied in the institutions' natural setting and relevant theory will be generated from understanding the available literature and the actual investigation.

2. It is a good method to study rare because it challenges theoretical assumptions.

3. This case study will focus on the questions pertaining around 'what' 'how' and 'why' as it will give a full insight to what the real benefits are within financial institutions in South Africa.

4. The case study will be detailed and its investigation will lead to benefits and factors that are largely unknown to the business environment as the phenomenon is fairly new in this context.

5. It may be hard to generalise from a single case, therefore, this research study will do an extensive research findings on two financial institutions.

By paying particular attention to the afore-mentioned advantages of case study methodology, it is relevant to use this methodology within this study. Social media is and will be analysed in its natural setting as both business and customers are engaging on these platforms on a daily basis. This phenomenon is a key touch point between business and the external environment and one that can be studied in its current setting. Additionally, the research articles that have been published, the theoretical assumptions can be challenged. Through these arguments, the potential benefits of social media within financial organisations can be identified. Based on Meridith's final point, the research study will investigate two financial organisations as it may be hard to generalise points from a single case.

3.3.1 Qualitative research

An Introduction to Qualitative research (2004) refers to qualitative research as a form of scientific research that consists of an investigation that:

1. Seeks to answer a question
2. Uses select measures to systematically answer the research question
3. Gathers evidence
4. Identifies findings that are lie beyond the boundaries of what the study set out to investigate.

Qualitative research is an effective way of gathering data about the respondents' values, opinions, behaviours and social contexts (Introduction to Qualitative research 2004). Within this research study, a qualitative research approach is adopted for the basis of this research. The specific methods used in this assignment are noted in section 3.5. As qualitative research is largely open ended, the ability for respondents to elaborate their responses in detail is a key factor for using the method in the research document.

The questionnaire was designed to support the qualitative data collected via primary sourcing. The response categories were largely closed-ended (there are a few open ended questions) in order to get meaningful responses from the respondents. Within the questionnaire, the aim of the data was to support the existing literature in addition to the interview process. This design is important because it incorporated multiple sources of evidence including questionnaires, interviews and direct observations to identify the reasons as to how financial institutions can benefit from social media (Yin 2009).

In this qualitative notion, the researcher reflects the situation towards the benefits of social media in large financial organisations by highlighting the views and experiences of the managers and employees in relation to the application of these platforms within the business.

3.4 Pilot study

Pilot studies are used in research works in order to develop, adapt and check the feasibility of techniques or to check how big the sample needs to be. According to Hopkins (1998), to gauge the final sample size, the same sampling procedure and techniques should be used in the pilot study as used in the case study.

For this research study titled 'An investigation into the benefits of social media within large financial institutions', a pilot study was conducted in order to measure the reliability of the interview and survey questionnaire. The questionnaire was also conducted to assess the wording of the questions for it to be easily read as well as the time allocations for answering the questions. As previously noted by Babbie (2010) & Dominick (2011), questionnaires do "not take into account which questions would be most appropriate for most respondents, inappropriate wording or placing of questions can bias results". It is therefore necessary for the pilot study to be conducted in order to develop questions, adapt and check the feasibility of the questions in the questionnaire where necessary.

Both the interview questions were tested against the social media manager and his assistant at *Company X*. There were only two people within the business that are responsible for managing the social media precence. The reason for the test was to develop a questionnaire that was clear and concise and also free from any ambiguity. In line with the case study methodology, the pilot study served to gain context with regards to the research phenomenon in order to answer the questions set out in this research study. It was particularly important to understand the quality of the data because case study methodology could not have been implemented effectively within *Company A and B* if the researcher did not pilot the study in a real life context.

The pilot study was also used to ascertain whether the questions were phrased correctly so that the respondents were clear in terms of answering the questions. At the completion of the pilot study, certain questions were made clearer to enable a better understanding of the question being asked.

The aim of the survey was to:

1. Gain understanding and insight of employees that actively use social media;

2. For organisations to be able to address staff issues with regards to social media and help improve social media for the businesses benefit; and

3. To assess the knowledge of the staff members and the use of social media in their environment.

The survey will be handed to all the employees who are actively involved in the usage of social media within *Company A* and *Company B* as well as those employees who have clearly indicated that they are willing to take part in the study. This will be used to support the data based on the interviews.

3.5 Population and Sample

For the purpose of this study, it is not relevant to interview, observe and survey everyone within *Company A* and *Company B*, also called, the population. The study will focus on a sample group within the respective companies which will therefore represent a larger group or population.

Both financial organisations selected will be situated within the Western Cape, Cape Town region and it will serve as the data collection point for the research study. The

marketing departments and/or the public relations department within both *Company A* and *Company B* will be selected as the basis of the research sample.

The choice of the two firms will be based on their role within South Africa's financial industry. Both companies should be well renowned businesses as well as key role players within the industry. Both Company A and Company B should have a large customer base, hence, their large market share in the South African industry. The information used for this study will be semi-readily available due to the proximity of both companies.

Twenty one employees from *Company A and B* took part in the study and included all those that are actively involved in using social media in some capacity within the marketing and/or public relations departments. The selection of the marketing departments and/or public relations department within the financial organisation is because it plays a pivotal role in the data collection process. The reason being is that social media and the marketing of the company, its brand, products and services, engagements with its clientele is likely to operate under this bracket. If any other department/s is/are relevant for this study, it will be taken into consideration.
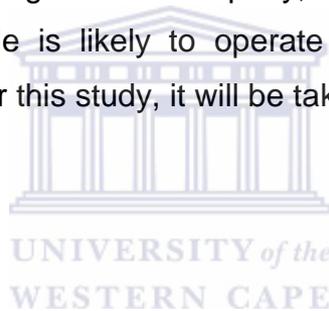
3.6 Data Collection

"The social nature of information systems has led to many information systems researchers to adopt research approaches that focus primarily on human interpretations and meaning" (Walsham, 1995).

There are numerous data collection principles aligned with case study analysis. There are six sources of evidence that can be expressed if three key core principles are followed (Yin 2009). These three "principles are relevant to all six and when used properly can deal with the problems of establishing the construct validity and reliability of the case study evidence" (Yin, 2009).

Principle 1: Multiple sources of evidence

The basis of this research study will rely on questionnaires, existing company reports and documentation, archived records of social media as well as interviews.

Triangulation as a rationale, will be a major strength of the case study data collection process as it provides the opportunity to use multiple sources of data collection

techniques. The most important advantage for using triangulation is the processes of corroboration between the necessary companies being researched.

Principle 2: Creating a data study database

This documentation will consist of two separate collections:

1. The data base

2. The report of the investigator in whichever form used.

The case study database being used to corroborate the data analysed from Company A and Company B, will markedly increase the reliability of the entire case study (Yin, 2009). The database will largely consist of documents provided by the organisations as well as case study notes which will be archived during the interviews, observations and document analysis.

Case study documents will also be used and collected during the course of the study as provided by Company A and Company B.

Tabular material will also be used during the data collection process of this study. It will be used to analyse the customer base on social media via the different platforms in order to compare the organisations' customer base against each other.

A relevant feature of the database will be in the form of narratives as well. As the interviews will be a series of open ended questions, it is important to keep record of these interviews. The entire set of answers will be considered as part of the customer database.

3. Maintain a chain of evidence

Maintaining a chain of evidence increases the reliability of information gathered along with triangulation (Yin, 2009). Throughout the research assignment, there is a direct flow maintaining a chain of evidence. Initially, the research questions as well as sub questions were set out in chapter 1, and the discovery of these questions will be addressed in chapter 3 and the findings will be addressed in chapter 4. All the evidence collected will be stored in the case study database for future reference.

According to Yin, 1994, there are 6 data collection techniques:

Six sources of data collection:

- Documents (letters, agendas, progress reports)

- Archival records (Service records, organizational charts, budgets etc.)

- Interviews (typically open-ended, but also focused, structured & surveys are possible)

- Direct observations (formal or casual; useful to have multiple observers)

- Participant observation (assuming a role in the situation & getting an inside view of the events)

- Physical artefacts

Two main sources of data collection techniques will be used to collect the data for the research study; namely interview and surveys. As previously stated, the survey was used as a qualitative measure to support the data collected during the interview. Interviews were seen as the primary source of data collection as high level management were able to answer the questions with particular relevance to their specific company. Should additional data collection sources be used, it will be mentioned further in this research study.

According to Yin, 1994, it is vital for researchers to understand all the data collection sources despite the fact that all the methods may not be used. The research study at hand will focus on both formal and informal interviews as it will be the main source of data collection, in collaboration with questionnaires, existing documents and reports, archived records to support the main source.

The data collection process will take place over a suitable period to adequately distinguish the benefits of social media within Company A, and Company B.

3.6.1 Interviews

A structured interview is the interaction between the researcher and the respondent, where the researcher has a general plan of enquiry (Babbie, 2010). The main advantage of a structured interview is the amount of information that you can yield from it (Leedy & Ormrod, 2005, Wimmer & Dominick, 2011). According to Wimmer and Dominick (2011) interviews can be influenced by biasness because the interviewee has the ability to analyse the interviewers' attitude and behaviour towards the interview. As mentioned earlier in this chapter, the research study aims to negate the cause of bias, hence,

categorising the interview questions under seven main functions and limiting the interview to ten questions.

The focus for this particular interview was on the respective social media managers who either actively used social media or played an active role in incorporating social media within the business. These department managers answered the interview questions whereas the employees answered the survey questionnaire (See Appendix B).

Sub-questions	Interview Questions
How effective is social media as an application in business?	1. How important is it to use social media in the financial industry? 2. Social media is used for various reasons across a wide array of departments; how is the tool used within your specific company?
How has social media bridged the relationship gap between the business and the customers:	3. How has social media influenced the relationship between the customer and the business? 4. Is it advantageous for the customers to communicate with each other to gather information regarding business products and services?
How has the customer service experience improved through the use of social media?	5. Has social media positively brought about change in the way the organisation communicates with its customers? 6. Are your customers involved in the development of new products and services?
How has the various social media platforms helped the institutions improve the business?	7. Has social media helped improve the various business functions in a positive manner? If so, please explain which functions and how it was improved.
Can social media attract more customers?	8. Have your customers and potential customers buying behaviour changed significantly through the use of social media?
Can social media be used to attract customers faster than traditional marketing mechanism?	9. Social media allows you to attract customers on a broad scale, therefore, based on your company experience; is this done faster than traditional marketing?
How can social media be used to improve the product and service offering?	10. Through information gathering, are your social media users able to help develop products and services?

 Table 2: Sub – questions (Source: Author)

The table above represents the relationship between the survey questionnaire and the sub questions set out at the beginning of the research. A qualitative approach was used to analyse the semi structured interviews (above) and to identify general trends to

organise the data accordingly (Leedy & Ormrod, 2005). The interview questions aimed to answer the research questions illustrated in the table above.

3.6.2 Surveys

"Questionnaires offer objective an means of collecting information about people's knowledge, beliefs, attitudes and behaviour" (Boynton & Greenhalgh, 2004). They are used to collect large quantities of data about different information from participants of a larger group. (Du Plooy, 2009). There are many advantages which may exist in the utilisation of survey questionnaires. Babbie (2010) and Wimmer & Dominick (2011), discuss that surveys can help collect data and characteristics from a larger group of people and it can be used to investigate problems as well as identify benefits in a realistic setting.

Babbie (2010) and Wimmer & Dominick (2011) also notes that the biggest disadvantage of a questionnaire is that it does not take into account which questions would be most appropriate for many respondents, inappropriate wording or placing of questions which can bias results or the response rates. The selection of employees (respondents) and the focus of the questionnaire did not pose any issues as it was evident of the research project. Care was taken with regards to the grammar to minimise bias (See Appendix C).

According to Du Plooy (2009), a self-administered questionnaire is a survey tool filled in by respondents without the assistance of anyone else. For the purposes of this study, a self-administered questionnaire was designed to gather self-reported data from employees at *Company A* and *Company B* about their knowledge and usage of social media within the financial organisation. The questionnaire was designed to elicit responses from employees within a large financial organisation in order to answer the research questions. Additionally, the survey is designed to help determine the use and interaction of social media users on the companies' dedicated social media platforms as well as determine how it is used and for what purposes it is used at Company A and Company B respectively.

The questionnaire will be conducted in a hard copy format, where the respondents will be allowed to complete and return it to the researcher.

Questionnaires can cause a variety of responses. According to Martin and Guerin, (2006), the responses include:

1. Objectives / multiple choice responses

2. Fill in the blank

3. Essays

4. Responses as a continuum as strongly agree and strongly disagree

The survey questionnaire associated with the research study combines a variety of response types as illustrated in the questionnaire in Appendix B. The questionnaire utilised in this study was designed in a manner that was easily understandable; fairly easy to read, and relatively quick to complete (estimated time: 20 minutes). The questionnaire comprises 10 questions about the knowledge and utilisation of social media within the financial organisation.

3.6.4 Direct Observations

Because the case study has partially been taken place in its natural setting, there is a direct opportunity for direct observation (Yin, 2009). The observation of *Company A* and *Company B's* natural setting will therefore be the social media platforms which are being utilised within the company. Direct observations were not only limited to the two companies as the research study made a comparative analysis to the industry and how they were utilising these applications. Through these observations, the researcher is able to gather and analyse the behaviours of both the employees of the company as well as the users of social media on the companies' profile.

3.7 Organisational Validity

Martin and Guerin (2006), refers to organisational validity as the situation where the researchers outcomes are generalised to the wider commune beyond the research community. The nature of the case study has been noted as a two case study method. Because of this, the research increases its level of reliability of the information gathered. Through two cases being studied, the generalisation of the research study can prove to be valid. The information gathered in this research study has the potential of benefiting other financial organisations and role players in other industries as well.

3.8 Grounded theory Methodology

Grounded theory is a research method that seeks to expand on existent data that is systematically collated and analysed. (Avison, Fitgereld, Pries-Heje, 2005). "Grounded theory is also an inductive theory discovery methodology that allows the researcher to develop a theoretical account of general features of a topic, while simultaneously grounding the account in empirical observation or data" (Martin & Turner, 1986). The grounded theory suggests that within this methodical approach, there should be regular interchange between data collection and data analysis. The reason for using grounded theory as a methodology is because it is particularly useful in the developing context based explanations and descriptions and the emergence of theory of the phenomenon under study (Avison, Fitgereld, Pries-Heje, 2005). Huehls (2005) believes that grounded theory method reverses the order of empirical research in that the hypothesis generation is followed by the data collection and the theories can be generated by qualitative data.

According to Strauss & Corbin (2013), "grounded theory may be generated initially from data, or, if existing (grounded), theories seem to be appropriate to the area of investigation, then these may be elaborated and modified as incoming data or meticulously played against them."

For the purposes of this research study, a grounded theory was used as it is based on the case study development from qualitative and quantitative data. As previously stated in the grounded theory methodology briefing, it has a continuous interplay between data collection and data analysis. It is through this reasoning that grounded theory methodologies constant comparison method was deployed in order to recognise patterns which may emerge from the interviewees' responses as well as the respondents' questionnaires. These emerging patterns will be linked strongly to the reviewed literature.

Various literature was consulted, reviewed and analysed not only to familiarise the researcher with the topic, but to form the basic foundations of knowledge to complete the study. The data which was collected and analysed will form the results of the main research question which is 'how large financial institutions in South Africa can benefit from using social media'.

The data collection process was in the form of interviews, questionnaires and existing documentation which was made available by Company A and Company B, as well as direct observations of the organisations social media platforms. As Yin (2009) previously

described, that because a case is being studied in its natural setting, there is an opportunity for direct observation. The ability to monitor and analyse both companies presence on a social media landscape was the ideal way to observe the organisations functioning and application of the tools in an effective manner.

Earlier, Glaser & Strauss (1967) mentioned that grounded theory was a method based on theoretical principles and the analysis thereof. The explanation of the analysis would therefore follow linking it to the theoretical principles. Within this research assignment, pattern observation was clearly evident as the reviewed literature was overlapped with the collected data.

3.9 Ethical considerations

Ethical clearance was obtained from the University of the Western Cape. The researcher received permission to conduct the study in Cape Town, South Africa at Company A, and Company B. The participants of the research were sought from the outset and will also be informed that their participation is completely voluntary and that anytime during the duration of the study, they will be allowed to withdraw. The participants within Company A and Company B were assured of the anonymity and that any information obtained from them will be handled confidentially and that the information will only be used for the reasons of this research study.

3.10 Chapter summary

This chapter provides a detailed outline of the research design and methodology of the research assignment. The research study, as previously noted is exploratory in nature, as the researcher aims to explore the potential benefits of social media in large financial organisations. The population sample was focused on a selected group which represented a larger sample. Numerous data collection techniques were also used which aimed to extract enough information from Company A and Company B. The techniques included that of, interviews, questionnaires, direct observations as well as existing documents pertaining to social media. Because there is a constant interplay with data collection and data analysis as well as the emergence of theory of this particular phenomenon, grounded theory was used. Yins data collection principle was used extensively within the research assignment as it is aligned with case study analysis.

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These principles included using multiple sources of evidence, creating a data study database as well as maintaining a chain of evidence. A pilot study was also conducted prior to the actual investigation in order to iron out dark areas regarding the questionnaires.

CHAPTER 4 – PRESENTATION AND FINDINGS

4.1 Introduction

This following chapter provides a detailed representation and a discussion into the findings in this particular study. The chapter identifies the benefits of the main research question: *'An investigation into the benefits of social media within financial institutions in South Africa.'* Particular attention was paid to answer the sub questions mentioned at the outset of the research study, namely:

In order to answer the main question, it is of equal importance to find answers to the following sub-questions:

- How effective is the application of social media in business?
- Has social media bridged the gap between businesses and their customers?
- Can the customer service experience improve through the use of social media?
- How have the various social media platforms helped the institution to improve its business?
- Can social media be used for attracting more customers?
- Can social media be used for attracting customers faster than traditional marketing mechanisms?
- Can social media be used to improve the product and service offering?

These sub questions were generally answered during the duration of the research study by firstly reviewing the existing literature in order to identify the existent uses of social media within financial institutions and then identifying the benefits of social media within financial institutions based on the exploratory research. Secondly, the theoretical findings were also tested in the empirical field, i.e. the theoretical findings were linked to the two financial institutions in South Africa (*Company A* and *Company B*).

4.2 Market research

The literature review accounted for five core social media benefits which were identified in chapter 2. Using social media as a tool benefits institutions on many fronts including that of 1) Customer Relationship Management, 2) Lead Generation, 3) Customer Feedback, 4) Brand Management and 5) developing products and service. Prevalent within the academic research findings, it would be of value to support these benefits by analysing the market and their uses of social media.

The table below represents secondary market research of which the researcher gathered via social media platforms. The aim was to identify five core benefits from the respective financial institutions within industry and corroborate the secondary data with that of the primary data.

4.2.1 Industry observation

	Customer Relationship management	Lead Generation	Customer Feedback	Brand Management	Developing products and service
Company A	√	x	√	√	x
Company B	√	√	√	√	x
Company C	√	√	√	√	x
Company D	√	x	√	√	x
Company E	√	√	√	√	x
Company F	√	x	√	√	x
Company G	√	√	√	√	x
Company E	√	√	√	√	x

Table 3: secondary data analysis (Source: Author)

As mentioned in 4.2, Social media's five core benefits within the financial industry are:

- Customer Relationship Management tool
- Lead Generation tool
- Customer Feedback tool
- Brand Management tool
- Products and service development tool

Subsequent to identifying these core benefits, the interview questions and questionnaires were conducted to ascertain if the above tools could potentially benefit financial institutions through the implementation of social media. Further in this chapter,

the study will seek to elaborate on these benefits and relate it to *Company A* and *Company B.*

4.3 Case subject: Company A

Company A is a financial institution based in Cape Town, South Africa. For the scope of the research study, the sample was limited to the Cape Town based office. Two employees were interviewed of the social media team, namely, the digital channels specialist and the social media community manager. Additional to the interview, 11 employees availed themselves to answer the survey questionnaire. The study was limited to the employees that engage and manage the institutions social media presence. The questionnaire was distributed via email to employees that actively monitor or have played a role in monitoring *Company A's* social media presence in the customer service team. The digital channels specialist and the social media community manager work collaboratively in order to effectively implement social media as a corporate tool within the business. 11 respondents served as the sample group for the research study. Within *Company A*, particular emphasis was given to the institutions social media presence to build on the businesses current uses because they are in the adoption phase of social media implementation. It is the responsibility of the digital channel specialist and the social media community manager to grow this space within the next 3 years.

4.4 Case subject: Company B

Company B is a financial institutions based in Cape Town, South Africa. *Company B* has various offices throughout South Africa and has been in existence for 170 years. The sample was limited to the Cape Town office as this was not only the central hub of their digital operations, but also more practical for the research study to be conducted. The interview was conducted with the head of digital marketing and it was limited primarily to the manager because of the availability of the entire social media team. On an alternative date, the questionnaire was emailed to employees who actively uses social media in the digital marketing team. Ten respondents served as the sample size for *Company B* within the research study. The head of digital marketing oversees many of the businesses daily operations of social media including monitoring, service

management, customer services as well as digital marketing which ultimately integrates conventional radio, TV and print ads with the digital social media presence.

4.5 Benefits of social media in financial institutions

4.5.1 Social media effectiveness

Company A:

Interviewer Q1: How important is social media in the financial industry?

Interviewee Q1: "*Social media is effective when dealing with high volumes of social media data relating to complaints queries and requests. It is effective in the customer service front as it allows the business to respond to complaints and queries quicker than their competitors. Additionally, it is also important in the financial industry as it helps the business focus on what the customer is saying.***"**

Interviewer Q2: How is social media used within the company?

Interviewee Q2: "*Social media is used as a customer service and a sales channel within the company. The Human resources also use social media extensively through the recruitment of new employees. Hello Peter, Facebook, Twitter are common communication channels that customers use for customer complaints and queries. The social media team will effectively monitor the social media pages and then flag any issues to the CRM team who essentially takes care of the investigation and the resolution. In future, we would like to integrate social media further with more business functions.***"**

Social media is largely in its adoption phase at *Company A*. At present, it is largely used in the Customer Services division of the business as a channel to resolve complaints, queries/requests, disputes as well as a few compliments. It is also used as a sales channel to communicate with the external market.

Staying up to date with current trends is a key aspect of any institution. *Company A's* competitors are increasingly using these platforms. The more the industry will use it, the more important it becomes. *Company A* will in time start implementing social media

applications to the rest of the business as these tools become increasingly important to the industry.

Social media platforms are used extensively as a customer service tool. This enables the business to address any customer related complaints or queries efficiently and effectively. The response time plays an important role in terms of how efficient the business is when responding to the customers. The response time is generally between 2 to 5 minutes compared to many competitors within the industry which responds between 1 to 48 hours. The employees working with the social media community manager monitor these applications from their workstations. The survey questionnaire supports this as 73% strongly agreed and 17% agreed to social media being able to create a platform to easily monitor public perception. According to Wright and Hinson (2008), social media can be used as a monitoring tool as the institution and its customers are increasingly aware of monitoring the conversation rates on social media and provide timely responses.

The ability for the company to identify a complaint or query, resolve it, and respond to customers faster than their competitors, provides a significant amount of competitive advantage.

According to the institution, it is important to identify critical issues and flag them when necessary. As part of the internal structure, a key role in identifying the effectiveness of social media is having the ability to regularly monitor *Company A's* social media presence and flag issues with the Customer Relationship Management (CRM) team. The CRM team will thereafter investigate the issues and resolve it as efficiently as possible. Hello Peter is a popular media platform for customers to voice the opinions or concerns especially from a service perspective. Within *Company A*, the ability to flag potentially damaging comments which may tarnish the brands reputation is minimised due to a swift online response time. Social media in this sense has assisted with monitoring the brand and the market as five employees agreed with this statement. Dealing with relatively high volumes of data via the online space suggests that the team members need to be online regularly, if not constantly. Should a potential damning issue arise; customers usually engage with other customers, which could potentially tarnish the brand, therefore, the ability to provide a relatively quick response, improves service delivery and customer satisfaction. The employees have a similar belief as 73% strongly agreed with social media providing the platform to answer customer queries quickly and easily.

Although the institutions are still restricted to their social media uses, they still prefer customers to use the call centre as a primary touch point in terms of all related queries. Despite *Company A* being in the early engagement phase of social media, it is important to mention the customer lifestyle. The modern lifestyle revolves around mobile technology as customers feel that it is important to contact and connect with companies through these platforms. Social media could potentially provide opportunities within a product development environment particularly when the institution listens and understands what the customer is saying. Through technology and customer lifestyles, customers are able to become increasingly vocal and post information via the relevant platform to voice issues of concern. In turn, it is important for *Company A* to use this feedback by listening and understanding the conversations via these platforms and take the necessary action. The business would monitor this feedback by identifying the number of useful comments (45% agreed) and ideas that customer have posted via the social media channel and take cognisance thereof.

From a sales perspective, content is used moderately via social media platforms as the business has a set model (discussed further in this chapter) for disseminating product and services information to their customers and potential customers. Although this is infused within the business strategy, respondents strongly agree (45%) that social media can create future revenue opportunities. Additionally, because social media is not infused within the institutions strategy, it limits its online presence to only using the platform to answer customer service complaints, queries/requests and compliments.

Company B:

Interviewer Q1: How important is social media in the financial industry?

Interviewee Q1*: "Social media is very important in a financial industry from a word of mouth point of view. Positive and negative experienced through word of mouth. Through social media, e-word of mouth has given customers a bigger voice to express themselves and to be heard. It is very important to take cognisance of social media in the above sense."*

Interviewer Q2: How is social media used within the company?

Interviewee Q2: "*It is used in a customer services environment and a social media marketing environment. The Human Resources department also uses applications such*

as Linkedin for social profiling during recruitment processes. The company uses 5-7 core tools to enable their social media capability including social monitoring software, customer complaints management software, social marketing software and other software which could not be disclosed at this point."

The effective implementation of social media within *Company B* is greater than *Company A*. *Company B* has based their effectiveness on a sound business strategy which they have developed according to the core business functions. Before social media was prevalent as it is today, customers and potential customers shared their views and opinions through traditional word of mouth. Customers use to share both their positive and negative experiences with people they encountered. Over time, social media has provided the customers with a bigger voice and an even bigger audience. According to Smith, Wollan and Zhou, 2011, social media provides a powerful yet centralised place for consumers to share their views and opinions about the company brand, thus, enabling consumers to single out companies when their expectations are not being met. As a result of this, this it is imperative for businesses to take cognisance of social media from a word of mouth perspective. Within a financial services environment, the level of trust has a much bigger premium with regard to the institutions customers and their product and service offering. The level of trust plays a substantial role, especially from a reputational management point of view. *Company B* places important premiums on trust, therefore social media channels are critical areas within the business that have the ability to either gain or lose trust from their customers. The employees agreed (80%) that social media is effective in the sense that it increases the level of trust among customers and potential customers. Generally, all financial institutions need to ensure that the trust and confidence of the consumers which is either developed or eroded needs to be engaged with via the social media platforms.

The level of trust that *Company B* has received has built a credible reputation as a financial service provider with their customers. *Company B* has built this level of trust between the business and its customers over a 170 year period, hence their credible reputation.

From a social media effectiveness point of view, (1) word of mouth, (2) trust and (3) reputational management are critical areas that need to be managed. By ensuring that these three areas are effectively executed and managed, it can potentially ensure Company B's long term success.

4.5.2 Bridging the relationship gap

Company A:

Interviewer Q3: How has social media influenced the relationship between the customer and the business?

Interviewee Q3: "*The relationship will depend entirely on the individual and the demographic. There are definitely differences with walk in customers (walk in/telephone) and those that uses social media. It is the role of the social media community manager to rekindle the relationships so that the business can develop a better relationships with the customers.*"

Interviewer Q4: Is it advantageous for the customers to communicate with each other regarding products and services?

Interviewee Q4: "*Inevitably, customer to customer conversations is something that the business cannot control, however, we are able to monitor what the customers are saying and use this as an opportunity to gather information.*"
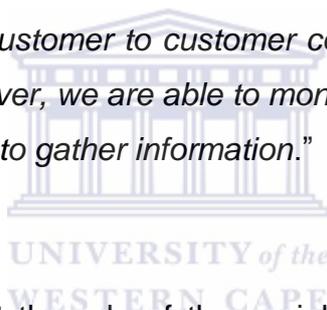
The interviewee indicated that the role of the social media community manager is to rekindle the relationship between the business and the way they are portrayed in the market place. Social media is a key touch point in terms of rekindling the relationship through effective communication. For the business to rekindle these relationships it has to use the correct channels to keep the customers well informed about new products or service, or the dissemination of customer data advice. Based on the survey questionnaire, 100% of the respondents both strongly agreed and agreed that social media has the ability to build stronger relationships with its market segment.

Company A's customer base and demographic plays a very important role in determining the communication medium used within the institution. Personal loans (>150 000) are targeted at 23 – 59 year olds and the social media demographic is between mid 20's and early 40's. There are notable differences between customers engaging with the company on social media compared to a customer voicing his/her opinion or concerns via a social media platform. Through company research, as well as the interviewees response, the older demographic (>40) would prefer to engage with the

business through physical walk in or using the customer service contact centre. According to the interviewees, this is primarily due to the technological abilities of the older generation compared to a younger generation. Irrespective of the demographic, or the platform used to engage with customers, they still prefer personal attention from the company at large.

As previously stated, Hello Peter is a common social media tool used by customers to express their experiences with the institution. This is a relatively open ended demographic. The response time and escalation to the CRM team is relatively fast so that the business has the opportunity to rectify any cases of wrong doing. In a digital space, it is imperative that the business does not alienate the customer by relying solely on social media and digital channels. The correct blend of interpersonal relationships is important and this is the key interface of any relationship. Despite respondents feeling that social media has the potential to reduce personal interactions (73%) with the business and the customer, social media is effective in a financial institution when the business understands how to communicate with the different customer demographics.

Peer to peer communication mediums also bridge the relationship gap and potentially benefit customers by leveraging off other customer experiences. Social media provides the platform to stimulate conversations with customers especially through word of mouth. Providing customers with a platform to generate information of business products and services allows customers to make more informed decisions before conducting any business with the institution.

Company A is relatively small compared to many financial institutions in South Africa. They have been around for a number of years and despite having a very large customer base, they feel that it is only necessary to communicate with their audience via SMS, telephone and snail mail packs. The interviewees have the view that it is important to use the correct digital channels to disseminate data rather than just as a relationship building tool. In many financial service institutions, the financial advisor will play an important role in terms of building a good relationship with customers. The trusted business advisor will have access to the client's personal content. The importance of having a business advisor outweighs that of the digital space. However, having the correct blend of communication mechanisms would prove to be even more beneficial rather than only using a single communication mechanism. Initially, the business may welcome a prospective customer to the company to complete a business transaction. All the relevant documentation is presented as well as an opportunity to physically meet the

trusted advisor that will be handling the customers finance. This is the first point of building a successful relationship between the business and a customer. Once the initial face to face engagement is concluded, the ability to constantly update the customer about their personal financial growth and other financial opportunities relevant to them will be determined by how well the institution manages the customer via the social media and digital presence. This deepens the relationship between the two parties however, as previously stated; it has to be the correct blend between a social media interaction and an interpersonal interaction.

Company B:

Interviewer Q3: How has social media influenced the relationship between the customer and the business?

Interviewee Q3: "*Because customers entrust the company with their finances and professional advice, the business has an expectation to operate in an ethical manner. This creates a certain expectation of the brand. Understanding this leads to an element of trust. This is one of the critical components that leads to bridging the relationship gap.*"
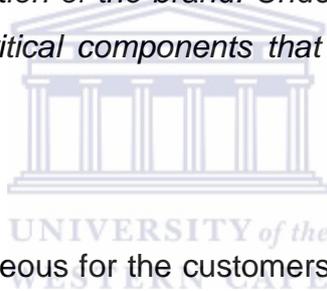
Interviewer Q4: Is it advantageous for the customers to communicate with one another regarding products and services?

Interviewee Q4: "*Communication through e-word of mouth boils down to peer to peer communication going viral. This can be in the form of feedback, positive sentiment and engagement rates. Should we as a business follow these conversations from accountable and trustworthy sources, it will benefit the business.*"

 In a financial services environment, customers largely rely on the trust and ethical practices of the company they are conducting business with. Customers entrust the business with their finances as well as providing sound financial advice.

The interviewee indicates that it is important to understand the market place and how it acts on certain aspects such as social media, ethical practices or how the business handles service queries. These acts conducted by customers themselves are in essence customers taking some form of ownership of the brand and setting their expectations of

the brand. Following these acts, the more ethical the brand is expected to be, the more the brand needs to represent a positive environment; the more the market expects from the business. Understanding this continuum is critical to understanding that in bridging the relationship gap between business and its customers, trust is a crucial component.

Company B has a very integrated approach of incorporating social media across the business. Communicating with customers via social media platforms and with the public's lifestyles revolving around mobile communications technology, this mode of communication takes place more regularly in some form or another. Despite the regular communication, this does not justify that it bridges the relationship gap.

The interviewee explains that trust is a critical component that bridges the relationship gap between the business and their customers. The element of trust is a natural progression that the business will develop through time if they practise ethically and meet the expectations of their customers. The employees are of the same opinion when speaking of trust. 100% of the respondents both agreed and strongly agreed that social media increases the level of trust with customers and potential customers. They believe that when implemented effectively, increased trust levels can be experienced with customers and potential customers, however, the business has to operate ethically to experience this relationship level.

4.5.3 Customer service experience

Company A:

Interviewer Q5: Has social media positively brought about change in the way the organisation communicates with its customers?

Interviewee Q5: "*We can see positivity with regard to our resolution times. This has helped us develop a better relationship with our customers because of improved service levels. We would also like to improve these service levels even more by moving away from generic customer response to more personalized responses to the customer.*"

Interviewer Q6: Do customers influence product development?

Interviewee Q6: "*At this stage, customer feedback is monitored via social media platforms but it does not influence product development.*"

The customer service experience is an aspect of business that plays an essential part of the relationship between the customer and the institution. The relationship built over time has the ability to develop into an element of trust. The customer experience is an important ingredient in terms of the foundation of developing relationships and trust. Over time, the company has paid more attention to their social media presence. The more focus they put on social media platforms, improvements were shown in respect to the response time to the customers. On many occasions, employees deal with angry and emotional customers who feel that they have been treated improperly in some form or another. This impacts on the way that they view the business in future. Efficient response times can assist the business with significant improvements in terms of the experiences that the customer receives. The interviewees accept that the business is always going to receive customer complaints or queries; however, they envision a change in sentiment in future. They would like to see a change from complaints to compliments with the intention of these sentiments being measurable.

The business believes that each complaint or query is unique and therefore the customers need to be treated in a unique manner. Although, social media is still in its adoption phase, it does not mean that *Company A*, is not looking to handle their complaints and queries in a unique manner. At the time of the interview, the interviewees suggested that they, along with many of their competitors, are still using generic responses. The institution believes that this does not create the personal relationship that needs to be developed between the two parties. In turn, the business is currently investigating the possibility of moving away from the generic copy and paste responses to more personalised the responses. These queries and complaints create a sense of opportunity within the business to provide the customer with positive feedback. Many queries need to be dealt with in a sensitive manner. The business believes that because every complaint and query is unique, the customer therefore deserves a unique response. The interpersonal response does not only improve the customer experience in a very unique manner, but also betters the relationship and ultimately, deepens the level of trust. This is a level most businesses would like to create with their customers.

Overall, the business needs to focus a large amount of time and energy on the customer experience and also, value customer input. It is also necessary for *Company A* to manage their brand reputation. This needs to be controlled by the business through satisfying customer experiences, to influence customer's opinions and view of the brand.

Company B:

Interviewer Q5: Has social media positively brought about change in the way the organisation communicates with its customers?

Interviewee Q5: "*We have received a substantial increase in terms of feedback through social media channels. At present, the institution experiences a lot of customer queries, existing customers making inquiries through our social media spaces.*"

Interviewer Q6: Do customers influence product development?

Interviewee Q6: "*Customers are not actively involved, however, we value and listen to their feedback.*"

The experience of the customers plays a very big role in terms of customer retention and the ability to positively attract customers. The experience gained ties in very closely with the element of trust and ethical practices within the institution. *Company B* receives many queries via social media platforms pertaining to either products, services or simply, the experiences the customer received when dealing with the institution. Existing customers make enquiries as well as many complaints and are dealt with via social media platforms.

Since the deployment of social media within *Company B*, they have noticed a substantial increase in the amount of social media activity from the various social media channels. The customer experience ties in with many other areas including trust and response times.

Based on the research investigation, *Company B,* again puts a large emphasis on trust and ethical practices when dealing with the customers and customer experiences. It is believed, that through ethical operations, it could potentially lead to positive customer engagements and experiences. Social media is a means of enhancing the customer experiences through multiple channels but is not the only contributing factor to improve these experiences.

4.5.4 Business improvement

Company A:

Interviewer Q7: Has social media improved various business functions?

Interviewee Q7: "*We have seen business improvement through customer feedback and response times within customer services. On a sales front, we publish sales content via social media spaces. We are able to keep customers informed about debit dates and other important information. In this regard, the business has communicated better with our customers by developing better relationships. We see an opportunity to develop a strategy around customer support in future.***"**

Company A is a growing organisation and ideally, they would like to implement social media and integrate it with the entire business. The research study identified earlier that the institution is in the adoption stage of implementing social media in the business. It is not a driver of all the core functions, however it is generally used as a supporting tool for customer services and a sales channel in order to continuously build the brand.

Using social media specifically as a customer service tool, *Company A* has seen significant business improvement specifically at customer relationship and service areas. Communications touch points are changing so rapidly between the business and the customer that it is important for business to positively engage with the audience through the various communications platforms. In today's ever changing environment, it is important to take note of what customers are saying, but also monitoring public perception when relating to their product and service offering.

With regards to the survey questionnaire, the employees indicated that social media has numerous benefits within the financial institution on both the customer services front and a sales front. One of the most notable observations on a customer services front is that 64% of the respondents strongly agreed and 36% agreed when answering whether social media is used to improve customer services and generate feedback to the business. Although, social media is not infused within the business strategy, 46% of the respondents agree that social media is being used to launch new products and services on a sales front.

Through the successful implementation and use of social media at *Company A*, the business has been gaining a lot more traction in terms of their brand. The fact the

customers are using the platform to voice their concerns or to air the views indicates that the business is able to improve not only by listening to what their customers are saying, but also using the query as an opportunity to better their service offering. Despite the fact that social media is not the core driver of the business from a brand awareness and brand building perspective, it is seen as an essential tool because of the way the two role players interact with one another.

Company B:

Interviewer Q7: Has social media improved various business functions?

Interviewee Q7: "*It has helped the business to become more agile in terms of customer service enquiry and how we manage customer service levels. It has also helped improve our response times to the customer. We have understood how to build better relationships and understood the value in terms of what the customer is looking for through customer feedback.*"

Business improvement is notable within *Company B*, as a result of the business becoming more agile in terms of customer service inquiry, increased customer response times, improved customer understanding and significant trust relationships. A distinct improvement lies in the institution's business strategy being agile in terms of customer service inquiry. Due to the market being unpredictable at times, the business needs to be flexible with their approach towards the market. Staying up to date and current with market trends entails that the business needs to stay in tune with the customers ever changing needs.

Customers have certain expectations in terms of the way that they would like to be managed from a relationship point of view. Having positive customer experiences enhances this relationship, especially through a customer services channel. As mentioned previously within the study and more particular reference with *Company B*, customers have a greater voice through social media. These social media channels are used by the customers to voice their concerns and opinions of the brand via multiple platforms for other customers to view as well. This can tarnish the brands reputation at a rapid rate should the business not capitalise on these interactions fast enough. Social media has been beneficial in this sense as employees deduce that the platforms can easily monitor public perception as well as monitor the brand and the market. *Company B* has improved its business processes through its customer service levels and improved response times to their customers. Identifying queries and responding to those

queries efficiently and effectively is a means of improving business functionality. *Company B* has a response time of <1 hour to attend to all social media queries. This not only enhances the customer experience by attending to their responses, but also helps the company manage their reputation.

As a result of customer services response times and managing their brand reputation, social media has also ensured that the business improves the understanding of their customers by improving the relationship with their market. This has in turn narrowed the relationship gap between business and customer. In turn, this has been channelled through the business understanding what the customers are saying and what they are actually looking for. This ties in with the respondents' feedback by 60% strongly agreeing and 40% agreeing with social media increasing customer engagement and positive customer experiences

In summary, financial institutions see business improvement in many ways, such as basic time improvement in response times, reputation management and monitoring public perception. These benefits are experienced through the businesses strategy being agile in the customer services environment as well as the institutions ethical operations. The important aspect from a business point of view is to use that feedback from the customer, understand it (what is the customer actually saying?), and provide the customer with a positive experience which will result in further business improvement.

4.5.5 Attracting more customers and services

Company A:

Interviewer Q8: Have customers and potential customers behaviour changed through social media?

Interviewee Q8: "*Social media has not really attracted new customers. A few people have applied through social media and a few leads have been generated though social media advertising. Through these leads via social media advertising, the response rates are low but the approval rates have been pretty high.***"**

The study found that there has not yet been a positive influence in the ability to attract new customers, irrespective of only introducing social media at a customer services level. Although, through company market research, a fraction of people have applied for

loans and insurance through social media, however, a large amount of feedback received on social media relating to customer service relates to issues such as customers wanting to unsubscribe to certain marketing features. The survey questions suggest the opposite as 55% of the respondents agreed that social media is used to increase the customer base. Despite the restricted use of social media at *Company A*, the interviewees confirmed that it has the potential to change clients and potential buyers' behaviour, especially if the business is looking for foreign investment. In light of this, social media is not particularly used to extend its global reach. Additionally, employees strongly disagreed that social media entices users to use the business products and services. It is merely a platform to advertise sales content.

Social media advertising contributes a very small percentage (less than 1%) of business practice compared to other digital advertising (*Company A*, 2015). The business strongly relies on SMS, mail packs and emails. Through these communications mediums, the business is able to conduct the necessary bureaucratic checks to determine status acceptance of the customers' loan and also, how much the customer is able to qualify for. Although, the business has generated very few leads in terms of advertising, the response rates and approval rates are pretty low. The process of attracting new customers for *Company A* remains a set strategy as it advertises purely through SMS, mail packs and emails. Through this process, customers will decide whether they would like to apply for a loan.

Should customers wish to apply for a loan, the following steps are taken by the institution,

Advertise	• SMS • Mail Packs • Email
Application	• Office • Online
Decison	• Finacial credit profile
Accept/Decline	• Based on credit profile
Recieve loan	
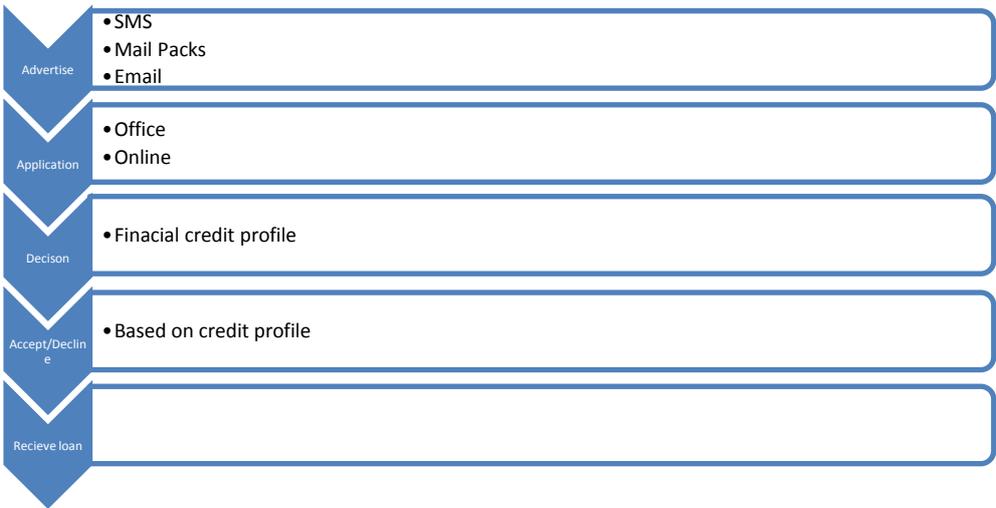
Table 4: 'Company A' application process (Source: Author)

Once social media is more embedded in the strategy and infused in more of the business divisions, the business could potentially see an opportunity to change the buying behaviour of customers through the social media efforts. The business will begin by looking at the social media content, and how they can harness that content to target existing and potential customers through information that that is current and relevant to the audience

Company B:

Interviewer Q8: Have customers and potential customers behaviour changed through social media?

Interviewee Q8: "*As a lead generation mechanism, social media has attracted more customers, however there is not definitive data to tangibly improve sales or new customer acquisition. It has not significantly changed buying behaviour, but it has improved the brand by engaging on social media.*"

The research study revealed that *Company B* uses social media as a lead generation tool along with other forms within marketing. Other forms of marketing include newspapers, radio, television as well as email. Despite social media being used as this lead generation mechanism, there is no definitive data to support the notion that it has improved the selling of products and services as well as the business on a whole.

What would lead to a sale from *Company B's* perspective, is the area in the business where customers engage on social media with the relevant intermediaries, and the intermediaries reach out to the customers via telephone or email. This would lead to attracting new customers and potentially, a sale as well. In this regard, social media has not tangibly attracted potential customers, however, from a social media marketing point of view, it has improved the brand awareness and customer engagement. With this being said, the business is unable to see specific examples where noticeable increases were seen in customer acquisition.

4.5.6   Social Media vs traditional marketing

Company A:

Interviewer Q9: Can the business attract customers faster through social media than traditional marketing?

Interviewee Q9: *"Social media and traditional marketing are well connected. We do not use T.V, radio and print ads. We use mail packs, SMS, and email as a form of advertising to the market. Our business model has not changed in 20 years. A big issue we are experiencing is that our market does not know who we are. They think that we are scam artists. A lot of work needs to be done in terms of advertising and positioning our brand."*

It is widely noted through the research process that social media and traditional marketing are integrated. The business understands their target audience and tries to market and advertise according to their target audience. The study found that *Company A*, does not advertise 'above the line' (T.V, radio and print ads). The unfortunate result is that the customers don't really know who *Company A* is despite being around for 20 years. The interviewees believe that there is a lot of work to be done in terms of creating brand awareness, building trust and understanding. Another unfortunate aspect to mention is that the business relies largely on mail packs, e-mail and SMS. This hinders their opportunities of vigorously targeting their market segment with the communication channels suited to their needs. The business uses moderate levels of advertising via social media platforms via Facebook, Twitter, Linkedin and Google +. This is also used for the dissemination of market related and company information. The business only uses moderate levels of social media advertising have been used. The interviewees believe that this is an aspect that they would like to review so that the brand can be repositioned through digital marketing and advertising. An increase in the institution's digital advertising space would essentially see opportunities in attracting prospective customers in the external market.

Despite the business not using traditional marketing mechanisms and relying largely on what their business model has identified for the past 20 years, the interviewees reiterated that they would like to move into a more integrated environment. Knowing the demographics and how they would interact with the business; is a critical step to identifying a communication mechanism to use and to positively engage with them. The older generation would prefer traditional forms of advertising such as print and

broadcast, however, the younger generation would prefer a digital environment. According to the interviewees "*The business understands the direction in which they would like to move into in terms of advertising and it is important to align it to our business strategy*". Looking at the target audience and targeting a younger generation, the business sees themselves targeting customers through flash text; short sharp burst of information that customers can read on the go in between meetings with little time and effort. The researcher identified that the business sees a significant change in marketing mechanisms in future. It is understood, that using social media can attract customers a lot quicker. The challenge would be trying to balance the use of marketing mechanisms to cater for everyone. The figure below represents that of an integrated marketing approach where the social media and traditional marketing mechanisms should not be used in isolation. It should be used in an integrated manner so that financial institutions are able to optimise benefits.
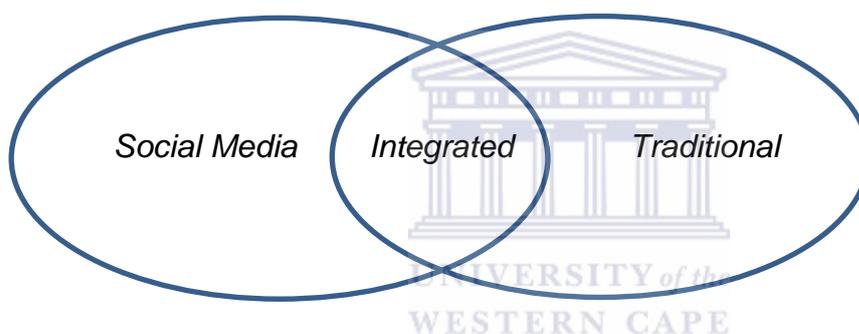
Figure 5: An integrated marketing approach (Source: Author)

Company B:

Interviewer Q9: Can the business attract customers faster through social media than traditional marketing?

Interviewee Q9: "*Integrated communication marketing strategy means that the strategy comes first and then the medium. Every marketing strategy that the business implements has to integrate social media. In terms of the two mediums, social media strategies take longer to formulate compared to traditional marketing. However, traditional marketing production time is quicker than social media.*"

The research findings illustrated that social media is integrated into the existing marketing strategy where you have the traditional forms of marketing such as conventional television, radio and print ads and some other form of marketing supporting it. Social media is central to the institution's marketing operations. The research

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suggests that integrated communications marketing means that the strategy comes first and then the communication medium. That being said, every strategy that the business implements, integrates social media.

Because of the social media-centred business strategy, the business does not see it being efficient nor effective to market its products or services using only traditional marketing mechanisms or only social media. The business also doesn't see social media as a platform to tap into later once the product or service has been marketed already. Social media is integrated marketing where the business would have traditional marketing mechanisms such as print media, and it being supported digitally via social media channels. Figure 2 (above) supports this as it illustrates the integrated manner in which social media and traditional mechanisms used alongside one another.

The research study suggests that both forms of marketing should be used during a marketing campaign. Marketing exclusively through social media slows the production time unlike traditional marketing. This means that the strategies used to integrate social media into marketing campaigns takes a lot longer to formulate therefore, the platform alone does not attract customers faster as a stand-alone communication mechanism.

4.5.7 Developing products and Service

Company A:

Interviewer Q10: Are social media users able to develop products and services?

Interviewee Q10: "*At this stage, customers are not able to develop products and services at the company. We are hoping to get to that point in future, but for now, we are merely listening to what customers are saying. The business is also reluctant to use social profiling at this stage to determine who qualifies for financial support. In time, conversation monitoring will be investigated to influence the development of products and service.*"

The study found that the institutions feedback does not majorly impact the development of products and services. Because social media is not embedded in every facet of the business, the business believes that this is not a major priority at this point. Based on the business strategy, a structured risk grading system is used when it comes to providing loans and insurance. At this stage, the research study confirmed that the

business will not sway from their current processes according to the customers' social profile.

According to company research, certain competitors are basing the customers' risk gradient of loans and insurance on the social profile. Previously, businesses would have had a standard risk gradient profile to determine the loan amount or interest rate a customer would receive. With social media expanding exponentially in various business sectors, social profiling is conducted, and whether the customer associates themselves with a large amount of degenerates, the risk or interest rate will be considerably higher compared to a potential customer who associates themselves with a professional crowd. This directly impacts the businesses product and service offered to their customers. Should a customer associate themselves largely with a group of degenerates, depending on their risk grading, their loan amount could potentially be a lot smaller with a higher interest rate. The customer who associates themselves with a professional crowd may have a converse experience. He/she may potentially be accepted for a larger loan amount with a lower interest rate. In essence, social profiling can influence the development of a product and service offering to existing and potential customers. Through the research, the study and the business is able to see the value within industry that social media plays in developing product and service.

In future, as social media becomes more embedded in *Company A's* business functioning, social media could potentially start building customers' risk scores and play a much bigger impact in determining who is able to receive a loan, the size of the loan as well as the interest rate. Despite conversation monitoring not significantly influencing the product development at this stage, *Company A,* sees this as an opportunity in future. Through thorough investigation and listening to conversations on social media, the opportunity to leverage information will be sustainable in the long run.

Company B:

Interviewer Q10: Are social media users able to develop products and services?

Interviewee Q10: "*The areas of joint product development is not a big area within the business at this stage. The reason for this is that there is no formal mechanism for feeding the data to the product development team. The business believes that this can be achieved once this mechanisms is developed. Also, customers would need a deep*

understanding of financial products and services to positively contribute to product development."

As with *Company A, Company B* does not involve the customers in the development of products and services. The area of joint product development is not a major priority to the business at this stage. The research study concluded that the reason for not incorporating customers in the development of products and services is that the mechanism for feeding data to the product development teams in non-existent because there is no formal structure in place to achieve these tasks.

The interviewee believes that the way to achieve these integrated systems is to create a mechanism in which customer feedback is channelled to product development. For customers to positively contribute to the product development process, they will need a very deep understanding of the industry, markets as well as the businesses products and services.

4.6 Social media benefits

Based on the research investigation, the study identified 5 core benefits in which financial institutions are able to benefit from the successful usage and implementation of social media applications. Fundamentally, these five areas improve the overall effectiveness of the business.

4.6.1 Customer Relationship management tool

Customer relationship management creates an environment to attract, retain and grow the businesses customer base. According to Patil (2009), customer relationship is customer centred, that is, the customer is put at the centre of all information that is relevant to the necessary people who the information is disseminated to. In this approach, institutions focus majority of their energies on the customer. This in turn builds stronger customer relationships. Social media supports the relationship building process as institutions now have the ability to connect with customers directly. This is supported by what is stated in chapter 2 stating that the gap between business to consumers (B2C) as well as the consumer to consumer (C2C) relationship has reduced through social media platforms becoming more and more accessible. Applications such as Twitter, Linkedin and Facebook have become largely accessible and personal that it enables

businesses to develop long term relationships, (News24, 2013). "Social media fundamentally alters the state of the online communication towards a dialogue among web users as well as organisations and their target group" (Patil, 2009). Through continuous engagement and customer activity via digital communities, institutions are able to grow relationships to one that is meaningful through marketing, sales and customer services. Facebook, Twitter, Linkedin, Youtube, Hello Peter could potentially be seen as a powerful means to improve communications and performance from a CRM point of view (Andriole, 2010). Although, *Company B* uses social media for more functions across the business, both companies are actively benefiting from social media as a CRM tool to continuously build customer relationships. Within this relationship, customers play an equal and important role in building relationships as the business looks for interactions and suggestions as long as they are relevant and viable. Through the CRM process, institutions are able to experience wider customer reaches, differentiated offerings and lower costs.

Social media	CRM Process	Benefits
• Customer engagement • Customer activity • Community	• Marketing • Sales • Services	• Wider reach • Differentiated offerings • Lower costs

Figure 6: Customer Relationship Management (Patil, 2009)

Despite the above diagram, all the processes aren't fundamentally instilled in both *Company A* and *Company B*. The main benefits for both companies are that that through the social media and CRM process, *Company A* and *B* can experience wider customer reaches whilst at the same time identifying opportunities to differentiate its product offering.

4.6.2 Lead generation tool

Using social media is particularly effective as a lead generation mechanism. The important aspect to identify when generating leads is to identify what the institutions' market segment is and how to effectively communicate with the market segment. Within the literature review, Smith et al (2011), stated that tools such as Facebook, MySpace, Linkedin and Twitter, as well as other internet channels have attracted huge customer

audiences on a global scale. Within the financial industry, institutions deal with a wide demographic in terms of customer age groups. It is important for business to use the correct communication channels to reach their target market. Facebook and Twitter are common communication platforms to create conversations with the target audience. *Company A* has tended to steer clear from generating leads through social media, however, the business does have the ability to move in that particular direction. Although, 55% of respondents within *Company A* suggested that social media has the ability to increase the customer base, 45% disagreed with the statement. The findings exhibit mixed reviews of *Company A* that despite the institutions have using the platforms for lead generation, it has the capacity to generate leads. *Company B* on the other hand, uses more social media platforms to market their products and services via multiple platforms with enticing content in a user friendly form. From the research analysis, *Company B* also disseminates content to its customers in short sharp burst to create conversation with the target audience. As a tool, *Company B* uses social media slightly better as it is more infused in its business strategy, therefore, the functionality and uses of social media vary from *Company A* and *Company B.*

The lead generation benefit identified above is supported by what is stated in chapter 2 that financial institutions have realised that social media is an effective tool to attract and retain customers through the relevant marketing mechanisms, (Finsights, 2011). Additionally, it was also stated in the literature that financial institutions should create leads through an element of trust. This is supported by *Company B's* business practice that prides themselves in building sound relationships through trust and ethical practices.

4.6.3 Customer Feedback tool

The evolution of the internet as well as ever changing customer behaviours have seen customer service contact centres reposition its model from conventional call centres to multimedia contact centres. (Frost & Sullivan, 2014). Social media has helped this fundamental shift to improve the businesses response and resolution times to satisfy the needs of the customer.

Based on the research findings within *Company A* and *Company B* as well as the market research conducted on *Company C,D,E,F, G and H*, all the respective companies use social media as a customer feedback tool to enhance their customer

service environment. Both the market research and the investigation of the two financial companies suggest that Facebook, Twitter and Hello Peter are common social media applications to generate feedback. Customers no longer only want to accept marketing messages that institutions push out without being able to provide feedback (Smith, Wollan & Zhou, 2011). *Company A* and *Company B,* are of same belief that social media benefits the company if queries and complaints are addressed efficiently and effectively. Both institutions response times are relatively quick so that they also have the ability to deal with negative feedback promptly. This impacts the business in a positive manner as the institutions have an opportunity to protect its brand reputation. Additionally, using social media as a customer feedback tool, leading financial institutions also recognise the importance of customer to customer (C2C) communications (Frost & Sullivan, 2014). Based on all the relevant communication channels, the institutions in this study encourage and monitor feedback either via direct communication, or via customer to customer communication on applications such as Facebook and Twitter. According to (Frost & Sullivan, 2014), customer feedback has the ability to drive business value for sales, marketing, and product development functions within the institutions. Frost and Sullivan (2014), continue to say that "the ability to monitor and extract customer intelligence from social media customer activity and interactions will be a key competitive differentiator for organisations."

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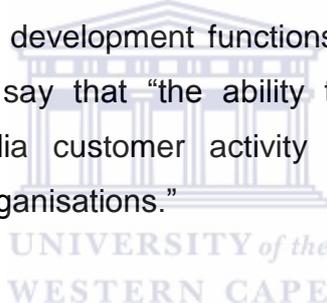
4.6.4 Brand Management tool

As communication channels are the means of many institutions to reach, notify and engage with the audience, it is important for companies to understand what the market is saying about the brand. It has been noted previously within this research study that social media has transformed the marketing and public relations space and changed the way brands think about customer relationships and brand management (Wronski, 2014). Social media platforms provides a highly public and a powerful venue for consumers to speak and voice their concerns about institutions and their brand, thus, enabling consumers to 'call out' companies when they are not performing up to the customers' expectations (Smith, Wollan & Zhou, 2011). Through this, it is imperative for companies to understand the market and what the customers are saying and using that feedback to protect the brand and their brand reputation. Within *Company A*, despite the limited advertising channels compares to *Company B*, both institutions have an important function in protecting their brand reputation. Company A deals largely with social media

on a customer feedback front and deals with many queries and complaints, customers provide negative feedback that may tarnish the image of the brand. Through social media, this feedback spreads rapidly. Despite what has been noted within both companies, the respective institutions have jumped onto this marketing channel, driving brand awareness and content online (Alfreds, 2013).

Social media provides important feedback to the business in order to refocus certain aspects that need to be refocused. Although, customers air their opinions directly to the business, in a consumer to business manner, their opinions and comments stimulates conversation with the business other customers. These conversations can also be called "e-word of mouth" (Electronic word of mouth). E-word of mouth represents social media engagements via the platforms. The interviewees, questionnaires and market research strongly suggests that social media positively improves customer engagement and customer experiences in this manner. These interactions between the business and the customer builds stronger relationships and inevitably increases the level of trust between business and customers. By continuously building on these processes, social media contributed to the brand management of the institutions investigated, and the industry at large.

4.6.5 Developing products and service

It is evident, that through the data collected, the contribution of social media applications on the development of products and services is not something that plays a major role. "Social networking offers a unique ability for established financial institutions to think fresh and redesign or enhance their offerings to attract customers across engagement" (Surty & Kona, 2011). *Company B* previously stated that this does not apply within the company because there is no mechanism to channel the social media data to product development teams. Despite the lack of application of this process, the business can instantly refine or develop products or service based on customer feedback or market activity (Scott, 2011). "Businesses have been using Twitter as a free marketing research service for feedback on products and service" (Safko, 2010). Financial institutions have the ability to use Twitter, along with other applications such as Facebook, Google+ and Linkedin to continually conduct market research for feedback. These applications can harness and create value for the institutions (Smith et al, 2011) In order for this to work, a mechanism needs to be developed in this regard. Institutions like *Company A and B* need to pose the relevant questions to their target audience and find a way of

harnessing critical company information that can aid joint product development. Despite that this is noted as a benefit to financial institutions, based on the data collected as well as the market research, this opportunity has not been augmented by many institutions in the South African financial industry.

4.7 Chapter summary

The aim of chapter 4 was to present, illustrate and discuss the research findings of the respective companies. It brought about answering the main research question which was *"identifying the benefits of social media in financial institutions in South Africa".*

Based on the research literature and the research findings, the research study suggested that there are many basic benefits of social media within large financial institutions. In certain instances, social media was not a direct cause of generating these benefits, however, it impacted the above categories indirectly. Ultimately the business needs to be responsible, trustworthy, and sustain a level of integrity with the customers in order to build long term customer relationships. Based on the afore-mentioned, financial institutions can experience improvements within the company.

With the benefits being mentioned within this chapter, it cannot be assumed that all of the potential benefits listed are direct benefits to the company. In certain instances, there is no data to tangibly prove that the statements are actual benefits. In a few areas, social media influences the benefits through positive engagement, trust, and reputational management. In this regard, these benefits can prove valuable to the financial institutions long term success.

CHAPTER 5 – RECOMMENDATION

5.1 Introduction

The previous chapter outlined five core benefits of social media within financial institutions in South Africa. Although, the sole purpose of this research study was to identify the benefits of social media within financial institutions in South Africa, an opportunity within the development of products and services can be explored. According to Surti & Kona (2011) the growth of social networking offers several opportunities for financial institutions – viral marketing, co-creation of products and services with consumers, providing self-help and self-service through online forums. The aim of this chapter aims to explain the elements which could positively impact the development of products and services within the industry. In this way, businesses are able to add value to their current product and service offering, whilst at the same time, gaining competitive advantage.

5.2 Developing products and services through social media

With financial institutions not having much of a choice today but to listen and join their customers as they advance with the implementation and usage of social networking, it is important for financial institutions to understand the potential which can be offered through social networking and more importantly, how institutions can leverage the opportunities available to design new products and services (Surti & Kona (2011). Through social media, financial institutions are able to harness important feedback from the market through multiple platforms and taking the relevant feedback on board. Social media and its influence on product development is not a process that can be established overnight, however, it has the ability to continuously redefine the relationship that businesses have with their existing customers and potential customers. (Surti & Kona, 2011) explains that once financial institutions understand the scope of financial social networks, they will have a better chance of adapting themselves to the demands of a rapidly changing technological area. Numerous advantages can be noted through the institutions understanding of financial networks. (Surti & Kona, 2011), claim these elements to be:

1. A network which keeps on growing
2. The ability to analyse and monitor social interactions and social behaviours.
3. Instant feedback, communication and reaction

The establishment of Social media platforms has the ability to provide customers with the above access. In turn, they are able to play an active role in contributing relevant information to the future development of products and service. It is important for the institutions to listen to customer feedback on the relevant financial sector topics so that the business can make more informed decisions. Currently, the two institutions that the research study is based on, as well as the direct observations that was conducted use social media largely as a customer service tool. However, in saying this, despite listening closely to what customers have been saying, the institutions have not been actively using the tool to facilitate the development of future products and services. For institutions to gain considerable competitive advantage within industry, providing customers the ability to co-create products and services could pose significant benefits to the company. For this to happen, it needs to be infused in the business strategy and an appropriate business model has to be used to incorporate all the necessary tools to reap rewards.

A business model is a source of constant innovation and internal improvement, and if it is used from the initial organisational life cycles stages, it has the opportunity to develop an intrinsic power, increasing the value creation of the new venture and improving the profit system (Trimi, Berbagal- Mirabent, 2012). The documents concentrates on the applicability of Oswerwalder & Pigneur's Business Canvas Model framework as the basis of this study. According to Osterwalder & Pigneur (2003), a business model has proven to be a vital tool to understand the mechanism through which institutions capture value. Through the different concepts of available literature reviewed, the Business Canvas Model seemed to be appropriate because the tool facilitates and understands the institutions from an integrated point of view. The Business Canvas Model is composed of nine elements of which it can be broken down further into four main elements:

1. Infrastructure
    2. Offered benefits
    3. Customers
    4. Financial structure

The nine elements of Osterwalder & Pigneur's Business Canvas Model are:
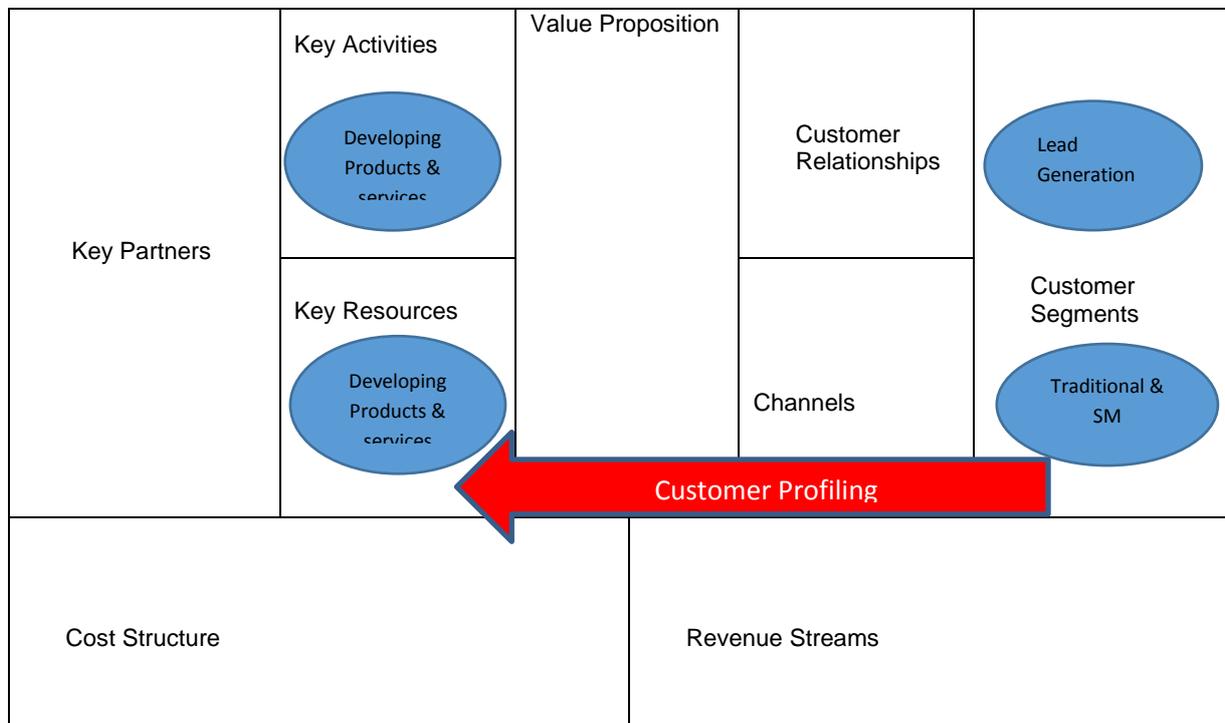
Figure 7: Business Canvas Model

The discussion proposed in this chapter, concentrates on the use of Osterwalder & Pigneurs Business Canvas Model as a framework to identify the opportunity to get customers involved in the co-creation of products and services.

All of Osterwalder & Pigneur (2009) key building blocks may not play a key role in the development of products and services, however, the next part of this chapter will aim to outline the important steps that businesses need to take when using the Business Canvas Model to harness value out of the co-creation of products and services. These elements are discussed below:

5.2.1   Customer Relationships

Customer relationship are relationships the business has with a specific customer segment (Osterwalder & Pigneur ,2009). Businesses should take ownership of this relationship to develop long lasting bonds with the customer segment to aid a successful business.

The research study suggests that *Company A* is driven by a fairly weak customer acquisition strategy compared to *Company B*. During the interview process, it was stated that *Company A* has not changed its business model in the past 20 years, relying largely on mail packs, e-mails and SMS's to disseminate key information to their customers. Very little focus is given to that of social media. *Company B*

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experiences significant challenges in this regard because they struggle in the sense that their customers do not know who they really are. Although, *Company A*, understands who their target market is, they still have to instil sound marketing strategies to target their market in a meaningful way.

Company B's situation in terms of customer relationships is quite the contrary. Due to the company size and its existence, significant attention is given to develop sound customer relationships. Over time, the business has built relationships based on trust and ethical business practice. The survey population supports this statement as 20% strongly agree and 80% agree with social media increasing the level of trust with the customers and potential customers. Based on the customer profile, the older market would prefer to develop a relationship through personal and dedicated assistance. A younger, more technologically savvy target market would prefer an automated process that suites their lifestyle. Social media ties in with their profile as communication and engagement is decentralised compared to the older demographic.

5.2.2 Customer Segments

According to Osterwalder & Pigneur (2009), customer segments aims to identify a group of people which the institution aims to serve and conduct business with. Without customers, institutions stand no chance of surviving, therefore, the customer group plays a very important role within the business. Within both financial institutions, the demographic is quite diverse in terms of an age population. Previously, in chapter 4, the research discovered that a younger demographic would prefer to communicate via digital and telephonic platforms compared to an older demographic who would prefer a walk in visit. Because of this, it is important that both institutions understand their market segment and how to efficiently target them in terms of disseminating data and keeping customers informed. It was also noted that during the analysis phase of both institutions, it is important to recognise who the audience is, and effectively, how to target them. This is simply because both segments have varying needs and problems (Osterwalder & Pigneur (2009).

The above mentioned statements tie in with a key social media benefit of using the applications as a lead generation mechanism. The importance of identifying

the market segment and communicating with them through a channel most conducive to their needs plays a substantial role in communicating with the market, but also understanding the market a lot better.

Company B has a large customer segment because their business and their market is a lot bigger as well as their business. Having a diverse demographic allows them the opportunity to communicate via traditional advertising mechanisms as well as digital communication. Through the data analysis "*everything that the business implements has to integrate social media*". Both forms of marketing is essential to use during advertising campaigns, as well as an engagement tool because the entire demographic will be inclusive; a younger audience, and an older audience. Previously within this research study, the use of social media in the financial industry has progressed because an increasing number of financial firms discover that social media platforms is a natural complement to their business (Chanda & Zaorski, 2013).

5.2.3 Customer Profiling

Profiling is the act of using data to describe or profile a group of customers or prospects (Scridon, M, 2008). Customer profiling is exactly this as businesses are able to draw data which is specific to the customer segment. Customer profiling is not part of the makeup of Osterwalder and Pigneur's Business Canvas Model, however, through customer relationships and understanding the market segment, social profiling has the opportunity to provide significant benefits to a financial institution. Customer social profiling can be done on all social media platforms where the business is able to research the customer. Combining different platforms like Facebook, Twiiter, Google+ and Linkedin provides an opportunity to better understand the customer in a social environment.

It has been noted that within the market segment, it is important for the business to understand the market so that they can communicate efficiently and effectively with them based on their needs. The expansion of social media and its presence within the financial industry, institutions are able to make more informed decisions in terms of who is eligible for loans and the amount of interest they need to pay through effective social media profiling. The important aspect of customer

profiling is that institutions have to understand their market segment and their customers.

With this being said and social media being used predominantly by a younger audience, customer profiling may only be more effective when profiling the younger generation. Although, not directly related to the statement, the survey questionnaire supports this statement as 100% of the users of social media within the institutions are under the age of 40. Through improved customer profiling through these social media channels leads directly to the key resources pointed out in the Business Canvas Model.

5.2.4 Key Resources

According to Osterwalder & Pigneur (2009), "key resources are important assets to make the model work as it allows the enterprise to create and offer a value proposition, reach markets, maintain relationships with customers segments and earn resources". With the definition of key resources through Osterwalder and Pigneur, it is important to mention that an information system encompasses people, processed and technology.

This above information system's statement ties in well with key resources. Through the use of social media, a system will only be operational if there is a process, the technology to support the process and more importantly, the people to use the technology and enable process. Key resources can be physical, intellectual, human or financial (Osterwalder & Pigneur (2009). Within this building block, social media would comprise the physical key resource as institutions need a hardware as well as the software applications to implement this function into the company. Together with understanding customer segment and the demographic, key resources play a critical role in identifying which social media application should be used to target which groups of customers. Based on the survey feedback, both institutions are able to harness information from Facebook, Twitter, LinkedIn, Google+, Youtube as well as Hello Peter. The study has already described important benefits such using applications as a feedback tool. The main aim for businesses is to listen to the conversations that customers are having; and leveraging critical outcomes out of these conversations. This is done via the multiple social media networks as well as employing the necessary people

to identify these conversations through constant monitoring. Additionally, having employees with the necessary skill set and intellectual property allows for the information system to be completed. Based on the investigation, 100% of the respondents were either average, advanced or expert users of social media within the institution. This enhances the key resources within the Business Canvas Model.

With the identification of customer segments and the attraction of new customers through lead generation, it is important to have the correct blend of resources to back up customer segments. Having this blend can lead to what Osterwalder and Pigneur call key activities within the business model.

5.2.5 Key Activities

Key activities are important activities within the process or model that needs to be executed to make the model function. These are critical components and process those needs make the model work. As with "key resources, key activities are required to create and offer value proposition, reach markets, maintain customer relationships and earn revenues" (Osterwalder & Pigneur (2009). Using the information harnessed from customer relationships and the segmentation phase and through information digressed from key resources, institutions are able to filter through the important feedback on social media and transfer that into production. Based on the level of responses, 21 respondents from both *Company A* and *Company B* agreed and strongly agreed that social media is a means of retrieving valuable information from customers. This data is a valuable input mechanism for enhancing current products and services and also developing future products and services.

According to (Surty & Kona, 2011), once financial institutions start integrating with customers, they get access to:

- A dynamic network which continuously expands (or shrinks)
- The ability to record, monitor and analyse social interactions, personal preferences and behaviour.
- Instant feedback and reaction – instant communication from any device.

The illustration below, depicts a detailed process of financial institutions either enhancing or developing new products and service. The process comprises five stages; 1) Test Market, 2) Product Design, 3) Launch, 4) Maturity and 5) Ideation which is elaborated on below:

Test Market • Build a community and use their feedback to enhance current products and services

Product Design • This phase is driven by the customers within the market segment, regulatory requirements, intellectual property and organizational boundaries. these elements would drive product modifications as well as the development of new products and services

Launch • Social media should be integrated with traditional media at the launching of new products and services - the goal should generate leads as well as referrals even though the prospective customer does not want to buy.

Maturity • Extend the life cycle of the product to avoid premature death by monitoring customer preferances and build communities through online forums

Ideation • Use social media networks to harvest ideas and for feedback on ideas. ideation can be particiaptive and rewarding

Figure 8: Process development of products and services (Finsights, 2011)

Target Market: Although the institutions within the research study do not actively use social media to develop products and services, the figure above could lead to financial institutions taking an active step to developing or modifying existing products and services. Through social media, institutions are able to use the customer feedback to enhance their products and service offerings. This requires the businesses to listen to what customers are saying, engage with them in oder to harness critical information from these conversations

Product Design: Based on customer feedback and positive engagement, institutions are able to harness information and design the product and service according to regulatory requirements, intellectual property infringements, and organisational boundaries. Customers need to have an in depth knowledge of the industry and the business will assist customers in tailoring their products and service offerings accordingly based on the above restrictions.

Launch: Once the product and service is designed or enhanced, institutions have the opportunity to launch their products and services. As with the companies investigated,

the launch of products and services is done in an integrated manner with traditional marketing mechanisms as well as social media. The launch of these products and services has the ability generate leads via social media and create awareness through e-WOM. It becomes a talking point for customers to create conversations either through customer to business (C2B) or customer to customer (C2C).

Maturity: Should the institution feel that the product or service is coming to the end of its lifecycle, new ideas have to be considered. The way to distinguish this would be through customer engagement and conversation monitoring on the online forums.

Ideation: At the ideation phase, customers need to be creative within boundaries to think of new products and services that can add significant value to the business.

According to (Surty & Kona, 2011), "consumers believe in creating and buying products that are built on co-creation methods, thereby bringing in the wisdom of brains across a larger set of consumers and developers". Although, this is something fairly new within the financial industry, social media will soon become a driver of products and services.

Social media: The Co-creation process to develop products and service

Figure 9: Development of new products and services (Source: Author)

The figure above represents a detailed process as to how customers can play a co-creation role in the development of products and service. Through the implementation of social media, institutions are able to extract information through customer feedback, conversation monitoring and actively participating in these online communities. Based on the research findings, all of the respondents from both *Company A* and *Company B* strongly agreed (33%) and agreed (77%) that social media creates a platform to easily monitor public perception. This ties in with the figure B at the target market phase that encourages the institution to monitor customer feedback.

In the modern age, social profiling is more prevalent in terms of recruitment of prospective employees. Within chapter 2, Smith, Wollan & Zhou (2011) stated that the human resources department of financial companies are playing increasingly prominent roles in how institutions attract employees. It is becoming a means of common practice in many organisations. Social media applications such as Facebook, Twitter and Linkedin are used as screening mechanisms to profile candidates based on his/her risk gradient. In saying this, companies will be reluctant to recruit candidates that will be classified as risky because they associate themselves with the improper crowd or an improper lifestyle compared to a candidate that has a more professional surrounding. Within a financial services environment, customers who are classified to be risky according to his/her profile are likely to be rejected for a loan application or would incur higher interest rates. On the contrary, a customer with a more professional surrounding will be offered a loan amount with a lower interest rate.

5.2.6   Value Proposition

Value proposition describes the bundle of products and services that create value for a specific customer segment (Osterwalder & Pigneur, 2009). The business will also tailor its product and service offering according to the needs and wants of the market segment. Osterwalder & Pigneur (2009), state that value proposition creates value for the customer segment through a distinct mix of elements catering to that segment. In turn, through the formation of customer relationships, identifying market segments as well as identifying key resources and key activities, financial institutions are able to create business value through customized products that are tailored to that of the customer's needs and wants. The area of joint product development not only provides considerable value to the customer, but could prove pivotal in terms of gaining competitive advantage.

5.3   Chapter summary

The research investigation saw the initial objective of identifying benefits of social media within financial organisations. In line with this, the two respective companies did not have an effective model in place to co-create products and services with their customers. Although, the adoption of social media in institutions is relatively slow, using social media to develop products and services could provide a significant competitive advantage. According to Finsights (2011), internet banking and mobile banking has taken time to gain wider customer acceptance and bank adoption. In turn, this will potentially provide social networking driven products the platform to flourish. As depicted with the use of the Business Canvas Model, the development of products and services has the ability to flourish through a business model such as this one.

Within this recommendation, the research study discussed product development based on customer feedback, conversation monitoring and continuous engagement through social platforms. Despite recommending financial institutions to incorporate the Business Canvas Model to assist with the development of products and services within financial institutions, further investigations could be conducted. This could significantly contribute to further academic literature and future research findings.

CHAPTER 6: SUMMARY AND CONCLUSION

6.1 Introduction

The aim of the research study was to investigate the potential benefits of social media within two financial institutions. As a result of the research study, it was evident that there are many benefits that financial institutions leverage from the successful implementation of social media. It is evident that these benefits clearly exist, however, the study took a general approach and touched on some of the more important benefits financial institutions experienced. Additionally, the study also expended on one of the benefits that South African institutions could capitalise on to improve their service offering and ultimately gain competitive advantage. It is therefore important to recognise the research study as only a small portion of the social media space operating in the financial industry.

The aim of the final chapter is to provide an overall summary of the research study and to highlight the main benefits of social media within financial institutions. Additionally, the research chapter will also summarise the co-creation element of developing products and services of which financial institutions may find advantage over the competitors. Once the overall summary has been presented, the studies recommendation will be presented followed by an opportunity to conduct future research.
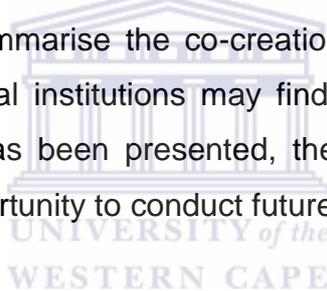
6.2 Summary of this study

The main objective of the study was to explore possible ways of deriving benefits from the use of social media by large financial institutions in South Africa. Additional objectives of the research study were:

1. To explore an effective application of social media in organisations.

2. To determine what organisational functions can be positively affected by using social media.

3. To find out if the customer service experience can be improved through the use of social media.

4. To identify the social media platforms that can help a large financial organisation in South Africa to   improve its business.

The above objectives were achieved by initially reviewing the relevant literature available and identifying the potential benefits of social media within financial institutions in South Africa. Subsequent to the available literature, the study was then tested in two financial institutions in South Africa; *Company A* and *Company B*.

The objectives were achieved by combining both the literature review findings with the investigation at the actual interview and survey questionnaire that aimed to identify the potential benefits in South African financial institutions.

Preceding the above research objectives, the main research question was *"An investigation into the benefits of Social media within large financial institutions".* The purpose for choosing this research study was that not only is social media a growing global phenomenon, but it is also a reluctant communication medium for business to implement considering the potential impacts that it has on the business.

Based on the literature findings, there are many benefits associated with social media within financial institutions. These benefits are not limited to other sectors of business as well. From this perspective and not limiting itself to other business sectors, the research study could potentially contribute towards an academic front as it will add new understandings to the topic, and practically, it could potentially help managers and business leaders to understand how to successfully manage the use of social media within industry and institutions.

Academic literature pertaining to the social media was consulted and five distinct benefits were examined to determine the potential benefits thereof within large financial institutions which were:

- Customer Relationship Management tool

- Lead generation tool

- Customer Feedback tool

- Brand Management tool

- Developing products and services

The research study's exploratory nature, conducted research into analysing the benefits of social media in large financial institutions in South Africa. Previously, there has not

been significant discoveries within investigations regarding these benefits of social media. Additionally, the qualitative research method used, involved case study methodology as defined and illustrated in chapter 3. It was particularly useful to use the case study approach as it allowed the researcher to gain a better understanding of the business benefits of social media within a financial setting. Although the research study took a grounded theory approach, it lead to the discovery of a relatively new opportunity which financial institutions are able to take advantage of. The discovery of the co-creation of financial products and services can potentially be a key factor when differentiating the institutions product and service offering.

Social media applications were analysed in its natural setting as both business and customers were engaging with these platforms on a daily basis. This phenomenon is a key touch point between business and the external environment and one that can be studied in its current setting. Additionally, a number of research articles have been published, however, the theoretical assumptions of these articles can be challenged. Through these arguments, the potential benefits of social media within financial organisations were identified. According to Meridith (1998), the study researched two financial organisations as it was hard to generalise points from a single case. The research conducted took place in Cape Town, South Africa which was represented by *Company A* and *Company B.*

The data collection process consisted of two main sources for the research study; namely, interviews and questionnaires. Both the interviews and the questionnaires were focused at participants who were available at the time of the interview and those that played an active role within social media at the financial institution. Market research was used briefly during this research investigation as it tried to analyse what the main functions were for which the competitors were using social media.

The data collection findings were presented in chapter 4 of the research study. The findings were based on current literature in collaboration with the responses given in the interview, the survey questionnaire as well as the secondary research.

Following this, the potential benefits of social media in financial institutions were identified which addressed the main research question within the research study. The outcomes of the study recognised that depending on the core uses of social media within the businesses' core functions, the businesses may realise various benefits. Despite social media playing an integral part in the financial institutions, the findings

suggested that social media should be integrated with the business strategy in order for the business to foresee long term success.

Additionally, in spite of setting out eight groupings in terms of how social media could potentially benefit financial institutions, all the enlisted benefits were not directly related to social media applications. In certain instances, social media benefited financial institutions indirectly and when used in an integrated manner along with other core business functions, further benefits can be identified.

6.3 Limitations of the study

Minor limitations were encountered during the duration of the research study. Despite these limitations, it did not impact the nature of the research study. Additionally, the outcomes of the research findings based at *Company A* and *Company B* were generalised based on the characteristics of the institution. In saying this, the findings may potentially be used within other institutions in the financial industry. These findings can be viewed as general benefits to many industries not limiting itself to the financial industry alone. The findings presented in chapter 4 can be understood in a manner of appearance. The study revealed various limitations particularly through the data collection period which include:

- At the outset, the survey questionnaire intended to analyse the study from a quantitative perspective. Due to the nature of the survey questionnaire, the researcher reverted from the quantitative analysis used it as qualitative analysis to support the finding presented during the interview as well as through market research. At the same time, case study methodology was maintained through the research.

- Social media applications were fairly limited within the institutions. Fewer simpler resources were implemented in either company as the applications focused on the institutions direct needs. Although, it was initially assumed that more applications were used within institutions, they assessed which applications were conducive to their business operation. Applications such as blogs, wikis, Mxit, BBM and Pinterest were not used at all at the respective institutions.

Despite these limitations within the study, it did not impact the reliability and validity of the research findings. Compared to the enormity of social media applications across the internet, it was discovered that institutions only used a fraction of them. As the research

aimed to explore the case, the research study reduced the exploration of social applications to the most common applications used in these institutions. The study suggests that social media is an area that cannot be overlooked by businesses today. Sustainable business strategies have to be put in place to integrate the relevant platforms within all the relative departments with financial institutions.

6.4 Conclusion and recommendations

Globally, the financial industry is one of the biggest and most lucrative industries, therefore, organisations need to find efficient and effective ways to engage with current and potential customers. The modern era post the implementation of web 2.0 technologies, along with the exposure to these relatively new applications, end users became more exposed to social media and in turn, became more technologically savvy. Customers continue to grow within the social media space which is why it is imperative for financial Institutions to stay abreast with these new trends. The ability for all businesses to harness knowledge from the surrounding environment is a key pillar to building a sustainable and successful business.

The challenge for financial industries is to find significant reasons to engage with social media (Chanda & Zaorski, 2013). Ideally businesses need to understand the key benefits of these applications before implementing them in the business environment. Once understood, institutions are able to build these platforms into their strategy, however, goals need to be established beforehand to determine the value proposition. This is one of the key aspects that financial service companies need to take cognisance of before implementing a social media strategy. In other words, what should the company be doing to get maximum rewards out of social media?

Establishing a key social media strategy that is in line with the overall business objective is a critical point for any financial institution who has the intention of building social media into its business process. Because the external environment is changing continuously, institutions need to be knowledgeable and wary of what their customers are saying and doing and how they are going about doing it. In saying this, it is important to understand and recognise Osterwalder and Pigneur's Business Canvas Model, to distinguish the true benefits of social media within a financial environment.

Through the successful implementation of the Business Canvas Model, financial institutions are able to benefit from social media as a:

1. Customer Relationship management tool - This will allow the businesses to attract, retain and grow its existing customer base and grow stronger relationships through a more market and customer centred approach. Within both institutions, customers add significant value in building a successful company. Within the literature review and the discoveries made in the investigation, social media assists in building long term customer relationships.

2. Lead generation tool – By identifying customer relationships and communicating with the customer segment through the most effective social media channels, financial institutions are able to create conversations either through business to customers (B2C) or through customer to customer (C2C) sharing. The conversations create key touch points and engagements with the customers. The findings presented in chapter 4 stipulated that although there isn't any tangible evidence to prove that social media can generate customer leads, it has however helped the business significantly with regards to engaging with customers and connecting with them.

3. Customer Feedback tool – This is the most common tool used in financial institution and business in general. Through efficient and effective response and resolutions, and the ability of the institution to be transparent with the customer creates a better customer experience. The research findings suggest that customer experiences as well as improved business functions can result from the effective use of social media as a customer feedback tool.

4. Brand management tool – through social media, it is important for the institution to understand their customers and the customer segment. More importantly, it is of significant value for the institution to understand what the customer is saying and engage with the audience to create transparency. As mentioned in chapter 4 the ability for institutions to engage with customers through resolving disputes or through knowledge sharing, allows the business to protect its brand image to ensure long term success.

5. Developing products and service. Relative to the research study, the respective institutions have not augmented the process of co-creating products and services. Technology constraints was the cause of data not being able to feed into the product development teams. The study suggests that through the use of the Business Canvas Model in chapter 5, opportunities can be discovered to through the co creation of products and services to gain competitive advantage. Within

the chapter 5, a detailed process was given to illustrate that institutions are able to effectively implement and exploit the area of joint product development.

Analysing both *Company A* and *Company B*, it is evident that *Company B* uses social media on a far bigger scale within their institution. With this in mind, the relative uses of social media remain fairly consistent across both companies. *Company A* on the other hand uses social media to its full capacity. However, the business needs to make significant inroads in terms of integrating the social media strategy into the greater business.

In conclusion, the internet, digital space and more particularly, social media is a phenomenon that is continually changing. Technological environments are evolving regularly and it is the responsibility of role players to stay abreast with developments in rapidly growing industries. From a business perspective, it is important for businesses and industries to adapt their approaches so ensure the efficient and effective management of social media practice in order for them to realise benefits. The realisation of these benefits could also potentially lead to business growth in an economical sense. Inevitably, the aim of any business is to grow profit margins. The effective implementation of social media will enhance economic prosperity.

This study accounted for the analysis of the five core benefits of social media as well as a few additional benefits which were analysed based on the nature of the research findings. These are not all the benefits that could be attributed to all financial institutions. Future research studies of this nature could potentially account for additional benefits within industries with more in depth analyses. As time elapses, and the more open businesses are to successfully implement these platforms into the entire business, future social media research studies could extrapolate additional benefits in other departments or industries.

Within this final chapter, the study outlines the benefits of social media within large financial institutions and also focuses on the underlying purposes of these communication tools within the businesses.

6.5 Recommendations for further research

This research aimed at identifying and understanding how social media can benefit a financial institution can be beneficial in various ways. On an academic front, it can add to the existing body of knowledge pertaining to social media within financial organisations.

Additionally, from a practical perspective, to gain a further understanding into the effectiveness of social media within financial institutions, future research studies could potentially focus more attention on one of two applications that are extensively used within financial institutions. The research study has the potential to help business managers and business leaders increase their understanding of key applications in order to grow the business.

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Appendix A: Interview Questionnaire

University of the Western Cape
Respice Prospice

The purpose of these interview questions which is aimed at higher level management is to identify the benefits of social media within financial institutions in South Africa.

Interview questions

Groups	Interview Questions
Social media effectiveness	1. How important is it to use social media in the financial industry? 2. Social media is used for various reasons across a wide array of departments; how is the tool used within your specific company?
Bridging the relationship gap	3. How has social media influenced the relationship between the customer and the business? 4. Is it advantageous for the customers to communicate with each other to gather information regarding business products and services?
Customer service experience	5. Has social media positively brought about change in the way the organisation communicates with its customers? 6. Are your customers involved in the development of new products and services?
Business improvement	7. Has social media helped improve the various business functions in a positive manner? If so, please explain which functions and how it was improved.
Attracting more customers	8. Have your customers and potential customers buying behaviour changed significantly through the use of social media?
Social media vs Traditional marketing	9. Social media allows you to attract customers on a broad scale, therefore, based on your company experience, is this done faster than traditional marketing?
Developing products and service?	10. Through information gathering, are your social media users able to help develop products and services?

Appendix B: Survey Questionnaire

University of the Western Cape
Respice Prospice

The purpose of this questionnaire is to identify the benefits of social media within financial institutions in South Africa

The questionnaire was composed from validated survey questionnaires and reviewed literature which have been conducted on companies using social media. The responses that you give may prove valuable in determining the potential benefits of social media within financial institutions. Please complete all the questions with the appropriate marking symbol. This should require about 15 min of your time. You will remain anonymous and you answers will be handled confidentially.

1.   Demographical Data   (Please mark with an 'X')

Age	18-30	31-40	41-50	51-60	61-70

Gender	Male		Female	

Race	Black	Coloured	White	Indian	Other

Home Language	English	Afrikaans	IsiNdebele	IsiXhoza	IsiZulu	Other

Questions 2 and 3 are aimed at determining the respondents' capability of using social media. Social media is a means of interaction amoung people where information and ideas can be created, shared and exchanged in virtual communities and networks.

2. Which social media application/s does the company use?(Please mark with an 'X')

Facebook		Mxit	
Twitter		BBM	
Linkedin		Pinterest	
Google+		RSS feeds	
Youtube		Other	
Blogs (Blogspot, Blogger)			
Wikis (Wikipedia)			

*If you selected other, please list which application/s are used:

1. ....
2. ....
3. ....
4. ....
5. …………………………………………………………………..

3. **How would you describe your ability in respect to the various levels of social media usage? Mark and 'X' next to the level that best describes you**

1	Unfamiliar	I have no experience with social media
2	Newcomer	I have attempted to use social media, but I still require help on a regular basis.
3	Beginner	I am to perform basic functions on a limited number of social media applications.
4	Average	I demonstrate a general competency in a number of social media applications
5	Advanced	I have acquired the ability to competently use a broad spectrum of social media applications.
6	Expert	I am proficient in using a wide variety of social media applications

4. **The following questions are aimed to determine how often you access social media in the business environment for work related purposes. Mark <u>one</u> appropriate level with an 'X' for each statement.**

Social media is accessed.....?

SA=Strongly Agree(1)	A= Agree(2)	D=Disagree (3)	SD=Strongly Disagree(4)	NO=No Opinion(5)

	SA	A	D	SD	NO
Daily from my workstation at work	1	2	3	4	5
Approximately 10 hours per week	1	2	3	4	5
On my mobile phone	1	2	3	4	5
On a computer at home	1	2	3	4	5

5. **The following statements describe the way you feel about social media in your financial organisation. Select <u>one</u> appropriate answer by marking an 'X' for each statement**

SA=Strongly Agree(1)	A= Agree(2)	D=Disagree (3)	SD=Strongly Disagree(4)	NO=No Opinion(5)

	SA	A	D	SD	NO
1. Social media is useful in financial institutions.	1	2	3	4	5
2. It is a means of retrieving valuable information for the organisation	1	2	3	4	5
3. The opportunity to use social media in the work environment is exciting	1	2	3	4	5
4. Using social media can be time consuming	1	2	3	4	5
5. I leant to use social media on my own	1	2	3	4	5
6. Using social media reduces the personal interaction with customers	1	2	3	4	5
7. I can connect with more clients through social media	1	2	3	4	5
8. Social media is a necessary tool in a financial setting	1	2	3	4	5

6. **Please indicate your level of support that you are receiving from your organisation regarding the use of social media. Please select *one* appropriate answer by marking an 'X' for each statement**

SA=Strongly Agree(1)	A= Agree(2)	D=Disagree (3)	SD=Strongly Disagree(4)	NO=No Opinion(5)

	SA	A	D	SD	NO
1. Management provides social media support.	1	2	3	4	5
2. Management provides in-house social media training.	1	2	3	4	5
3. The organisation provides external social media training.	1	2	3	4	5
4. I regularly have access to technological equipment to use social media in the organisation.	1	2	3	4	5

7. The following questions are related to how the company effectively uses its social media platforms in the work environment.

Social media is used to....? Select <u>one</u> appropriate answer with an 'X' for each statement.

SA=Strongly Agree(1)	A= Agree(2)	D=Disagree (3)	SD=Strongly Disagree(4)	NO=No Opinion(5)

	SA	A	D	SD	NO
1. Answer customer queries quickly and easily.	1	2	3	4	5
2. Communicate product and service development with customers.	1	2	3	4	5
3. Create a platform to easily monitor public perception.	1	2	3	4	5
4. Improve customer service and generate feedback to the business.	1	2	3	4	5
5. Better communicate with suppliers.	1	2	3	4	5
6. Improve the relationship with business partners.	1	2	3	4	5
7. To harness information from competitors.	1	2	3	4	5
8. Stimulate conversation with customers and potential customers.	1	2	3	4	5
9. Increase customer engagement and positive customer experiences.	1	2	3	4	5
10. Increase the customer base	1	2	3	4	5
11. Create new revenue opportunities	1	2	3	4	5
12. Increase the level of trust with the customers and potential customers	1	2	3	4	5
13. To launch new products and services	1	2	3	4	5
14. Build stronger relationships with its customers	1	2	3	4	5
15. Advertise and market products and service alongside traditional communication (Newspaper, T.V, Radio etc)	1	2	3	4	5
16. Extend the global reach of the brand	1	2	3	4	5

SA=Strongly Agree(1)	A= Agree(2)	D=Disagree (3)	SD=Strongly Disagree(4)	NO=No Opinion(5)

	SA	A	D	SD	NO
17. Get customers involved in the development of new products and services.	1	2	3	4	5
18. Monitor the brand and the market	1	2	3	4	5
19. Reduce the cost of marketing and advertising	1	2	3	4	5
20. Entice users of social media to the use the businesses products and services.	1	2	3	4	5
21. Enhance employee engagement	1	2	3	4	5

8. **Do the following statements represent the way the organisation measures the effective use of social media as a tool. Please select <u>one</u> level of agreement or disagreement for each statement.**

   Social media is measured through....?

SA=Strongly Agree(1)	A= Agree(2)	D=Disagree (3)	SD=Strongly Disagree(4)	NO=No Opinion(5)

	SA	A	D	SD	NO
1. Conversation rates	1	2	3	4	5
2. Posting frequency	1	2	3	4	5
3. The number of pages viewed	1	2	3	4	5
4. Frequency of visits	1	2	3	4	5
5. Service costs	1	2	3	4	5
6. Brand Awareness	1	2	3	4	5
7. The number of users	1	2	3	4	5

	SA	A	D	SD	NO
SA=Strongly Agree(1)	A= Agree(2)	D=Disagree (3)	SD=Strongly Disagree(4)	NO=No Opinion(5)

	SA	A	D	SD	NO
User growth rates	1	2	3	4	5
The number of useful comments and ideas	1	2	3	4	5
Return on Investment	1	2	3	4	5

Please indicate if there are <u>any other ways</u> in which the company measures the effective use of social media.

1. ....
2. ....
3. ....
4. ....
5. ....

9. **Please select the factors which may negatively impact the effectiveness of social media within the company. Select <u>one</u> appropriate answer by marking an 'X' for each statement.**

SA=Strongly Agree(1)	A= Agree(2)	D=Disagree (3)	SD=Strongly Disagree(4)	NO=No Opinion(5)

	SA	A	D	SD	NO
1. Customers are resistant to use social media	1	2	3	4	5
2. Lack of time to manage the online communities	1	2	3	4	5
3. Lack of customer participation	1	2	3	4	5
4. Lack of social media management	1	2	3	4	5
5. Difficult to regularly attract new customers	1	2	3	4	5
6. Lack of qualified personnel to regularly manage initiatives	1	2	3	4	5
7. Unwillingness of customers to give feedback	1	2	3	4	5
8. Internet security issues	1	2	3	4	5

Please indicate if there are <u>any other factors</u> which may negatively influence the effective use of social media within the company

1. ....
2. ....
3. ....
4. ....
5. ……………………………………………………………………………

10.   The following open ended questions aim to get further insight from the respondent on the improvement of social media within the company.

Can social media be used in other departments within the organisation?	Yes	No

If **yes**, please state which other department/s social media can be used within the organisation.

1. ....
2. ....
3. ....
4. ....
5. ....

Are there other social media applications that the organisation could use to improve the business functioning?	Yes	No

If **yes**, please list at least **one** other social media application that can be used within the organisation.

1. ....
2. ....
3. ....
4. ....
5. ....

If you have any additional comments you wish to make, please feel free to add them here.

....
....
....
....

Appendix C: Information Sheet

University of the Western Cape

Respice Prospice

Department of Information Systems
Faculty of Economic and Management Science
Bellville
7530
South Africa

Information Sheet

My name is Robert van der Ross. I am completing a Masters degree at the University of the Western Cape in Information Management. For this degree I must conduct a study that is entitled 'An investigation into the benefits of social media within financial institutions in South Africa.'

I can be contacted on 073 418 4513 or 2753106@myuwc.ac.za. My co-supervisor is Dr. Johan Breytenbach at the Department of Information Systems, University of the Western Cape. He can be contacted at 021-959 2416 or jbreytenbach@uwc.ac.za if you need to confirm my study.

To get the information I need for this study, I will be speaking to various people who oversees the usage of social media within the company. The project has a strong focus in identifying the benefits of social media in financial institutions.

To identify these benefits, I would like to interview you about the implementation and usage of social media within the company. The interview will take approximately 60 minutes to complete. This information sheet is for you to keep so that you can be aware of the purpose of the interview. With your signature below you show you understand the purpose of the interview.

Yours faithfully

Robert van der Ross

Signature of Participant: _____

Date: _____

Appendix D: Consent Form

University of the Western Cape
Respice Prospice

Department of Information Systems
Faculty of Economic and Management Science
Bellville
7530
South Africa

Consent Form

My name is Robert van der Ross. I am completing a Masters degree at the University of the Western Cape in Information Management. For this degree I must conduct a study that is entitled 'An investigation into the benefits of social media within financial institutions in South Africa.'

I can be contacted on 073 418 4513 or 2753106@myuwc.ac.za. My co supervisor is Dr Johan Breytenbach in the Economic and Management Science Faculty, University of the Western Cape. He can be contacted on 021-959 2416 or jbreytenbach@uwc.ac.za.

I_____ (Full name of participant) hereby confirm that I understand that the interview is for a research project and that the information I give will be used towards a Master's degree and other academic publications.

I consent to participating in the research project. I understand that I am at liberty to withdraw from the project at any time, should I so desire.

I also understand that my identity will be kept secret unless I give my express consent in writing. I also understand that all potentially harmful information I give will be kept confidential unless I consent expressly to it being used in public.

I understand that the findings of the research will be available to me upon request.

Signature of Participant: _____

Date: _____

Appendix E: Turnitin reference page

turnitin

Digital Receipt

This receipt acknowledges that Turnitin received your paper. Below you will find the receipt information regarding your submission.

The first page of your submissions is displayed below.

Submission author:	Robert van der Ross
Assignment title:	Masters Thesis
Submission title:	Masters - Thesis - Robert vd Ross
File name:	THESIS_-_COMPLETE_-_21_NOV...
File size:	342.74K
Page count:	119
Word count:	40,584
Character count:	225,755
Submission date:	24-Nov-2015 08:16AM
Submission ID:	584359265

ABSTRACT

An Investigation into the benefits of Social media within large financial institutions

In recent years, the information systems / information technology industry has been one of the most fast growing industries. Regularly, existing technologies are being upgraded and new technologies are being introduced within the industry. For these reasons, business institutions have to stay abreast with market trends and understand what the market is doing. Since the inceptions of social media, a relatively new phenomenon within industry, institutions have to get on board in terms of using these technologies simply because of what the customers are doing.

The augmentation of social media applications within business has proved valuable in the sense that institutions are capitalising on what the customers are really saying. Social media applications take many forms and in this particular paper, the benefits of social media within large financial institution will be analysed. The main aim is to identify the benefits of social media platforms and how large financial institutions are benefiting from these revolutionary communication mediums.

In order to fully conceptualise the nature of this research study, it takes the form of a literature review at first, followed by empirical field research. Thereafter the research study uses case study methodology where interviews and survey questionnaires were used to make an in depth analysis of the benefits related to the financial companies. The outcomes of the study showed that there are many benefits of social media within financial institutions. The findings suggest that social media has the ability to enhance the brand, increase customer satisfaction as well as boost business services through innovation.

Apart from this study adding to the existing body of knowledge, it could potentially create awareness of the benefits (if any) to financial industries and other industries as well and therefore could be advantageous. In essence, the study outcome could contribute to the improvement of current businesses.

Key Words: Social Media, Web 1.0, Web 2.0, Social networking sites, Internet forums, Blogs Wikis, Video sharing, Online communities.