

Wooing Gen-Y Customers: Social Media and Gamification in Banking

Abstract

We live in a highly connected world today. In the wake of the internet boom, a completely new way of interacting, collaborating, and doing business has emerged. Real-time transactions, 24x7 operations, and business continuity have become critical factors for success. The changing technology landscape has also provided organizations with two key tools to engage with customers: social media and gamification. Social media enables easier communication with customers; gamification takes customer engagement a step further and immerses customers in the product or service by leveraging the psychology and mechanics of games.

No longer just buzz words, these tools are slowly but surely becoming a necessity, pushing companies across industries to redefine and reinvent themselves. Organizations across industries are leveraging these technologies to get the most out of them. In industries like aviation, telecom, and especially fast-moving consumer goods (FMCG), organizations are leveraging gamification to ensure customer loyalty.

For the banking, financial services, and insurance (BFSI) industry, which focuses predominantly on managing risks, this requires organizations to step out of their comfort zones and align with the Gen Y. We're already seeing banking apps for opening and managing accounts, and seamless investment applications for mobile devices. Such initiatives are going to dive deeper and mature with time.

This paper explores how BFSI organizations can leverage social media and gamification to build new customer relationships and strengthen existing ones. It also suggests ways for organizations to devise a social media strategy for effective use of these emerging technologies.

The Digital Revolution: A Whole New World

It wouldn't be an exaggeration to say that the Digital Revolution has the power to reshape the future, just as the Industrial Revolution did in the eighteenth century. Technological breakthroughs have led to the development of smartphones, tablets, wearable devices, and more. In many industries like retail, aviation, telecom, and FMCG, organizations are leveraging gamification to ensure customer loyalty. However, social media and gamification remain largely underutilized by banks and financial institutions. Many banks do use social media for faster customer communication, but they are yet to explore its full potential. Social media can help develop or refocus a brand, by building and maintaining brand awareness and customer affinity. It can help the organization engage customers directly and indirectly, and help in developing competencies and ensuring effective communication.

Gen Y customers don't always respond to traditional marketing tactics. They need something that's interactive, engaging, and can hold their attention. This is where gamification comes in. Gamification refers to the use of game mechanics in non-game activities, like marketing initiatives, to incentivize and motivate customers. Gamer engagement techniques are used to shape customer needs and desires and align them with the product or service. Gamification can also be a very strong loyalty management tool.

Changing Gears: Key Trends Impacting the BFSI Industry

It is time for BFSI organizations to reassess and reshape their business models to suit the more empowered and connected customer. Here are a few trends that are accelerating the change and pushing them to think beyond the ordinary.

The Empowered Customer

The boom in e-commerce has empowered customers to use the internet as a channel for browsing, shopping, making transactions, and sometimes, even for earning revenues. With high internet speeds and secure online transactions, a larger number of customers are now banking from the comfort of their homes, and demanding a more interactive online experience. An increasing number of customers are also forming forums and groups to discuss and share their experiences with each other. In fact, online word-of-mouth or advocacy from customers has become the fastest way to make or break a product or service. The combination of social media and mobile devices allows opinions to be shared and proliferated in seconds. With so much power at the tip of their fingers, customers are demanding specialized products and services 'whenever and wherever they want'.

Entry of Non-Traditional Players

Competition is heating up with a massive surge in the number of non-traditional entrants into the industry – this includes telecom, retail, and healthcare companies among others. Crowdfunding sites and peer-to-peer payment methods are offering stiff competition to banks and financial institutions. Large retailers have entered the financial services market, tapping into their existing massive customer base. Retail giants and telecom companies are engaging customers through social media and gamification, inducing them to accept peer-to-peer payments through recharge packs, loyalty programs, and cross-selling of products. This is gradually reducing the need for banks and financial services in these industries. Other than this, organizations across industries are targeting the unbanked sector by leveraging their reach, driving up expectations, and eliminating the need for traditional methods of banking.

Channel Integration

Today's customers are better connected with each other. Every new service or product usually goes through a number of social review circles online. Elaborate discussions on features (pros and cons), comparative value, and customer experiences are shared. These impact the brand value.

Customers exercise their increased power by being more assertive in their demands, along with expecting faster and greater interaction. Also, customers no longer rely on banking at the branch. New channels like online, mobile, and ATMs, have empowered customers, who are now demanding tailored products and services. For banks, this means delivering a unified and consistent experience across channels. Such channel integration will not only increase customer satisfaction but also provide opportunities for cross-selling and up-selling.

Web technologies such as podcasts, micro blogs, social media, and mobile applications have made information and communication more free flowing. Customer to customer (C2C) and customer to business (C2B) communications have reached a level where customers are now driving innovation.

These trends are pushing banks to think beyond pushing products and enabling transactions, to finding new ways to engage customers, earn their trust, build relationships, drive advocacy, and empower entire communities. Banks need to develop new business models and realign their objectives with the evolving industry landscape.

Listening When It Matters Most: Leveraging Social Media and Gamification

It is evident that banks and financial institutions have no choice but to adapt and respond to these changes or risk being left behind. We offer some steps to craft social media strategies and specific social business models, and utilize web technologies as channels to implement those strategies.

Banks need to track relevant interactions between customers to understand their needs and preferences through social listening. This helps them develop new products that **give the customers exactly what they want**. They also need to utilize new channels for improved customer interaction. For instance, social networking sites can help build virtual branch banking, where customers can communicate with bank employees in real time.

Leveraging social media can also help banks **strengthen customer relationships**. For example, banks can maintain dedicated dispute resolution accounts on Twitter and Facebook, where customers can post complaints and queries and be immediately assisted by bank employees. This of course requires **constant monitoring and tracking of social media** forums and communities.

Banks can strengthen customer relationships through engagement tools like gamification. Through the use of gamified apps that **motivate customers**, banks can **drive more traffic** and, in turn, transactions through their site.

A simple example is the use of online activities where customers earn points for transacting through the bank website. These points can be redeemed for purchasing products and services online. A major global bank in Latin America launched a Facebook app and attracted 37,000 users vying for 28 prizes (iPads, cell phones, concert tickets, etc.)¹ The key is to make the online activities interesting as well as ensure that the products that can be purchased are popular with the target customer segment.

In another instance, a major Indian bank utilized a combination of social media and gamification to re-invent a recurring deposit (RD) account.² Unlike other RDs, this product allows the account holder the flexibility to choose how much and when to save, and yet offers the same interests as a fixed deposit account. The bank also gamified the process by allowing the customer to set goals for the account. Customers can share these goals on Facebook, and friends and family can contribute to them. This 'game' drove customer satisfaction for the bank in India.

Banks can use **online channels to educate customers** in order to help them make informed decisions regarding their products and services. For example, YouTube videos or podcasts can demonstrate new services or tweets can inform customers about a new regulation and its impact.

Banks can also more easily **target a specific audience**. For example, an exclusive channel on YouTube can educate small businesses about best practices and strategies for success that will in turn drive them to learn more about the bank's products and services.

From Strategy to Reality: Five Must-dos for Banks

Having the right social media and gamification strategy is just the start. Building the right ecosystem and having resources in place is equally important. Here are the top five critical success factors:

1. **Effective social media strategy:** Dedicated and specialized personnel should design and implement the social media strategy in line with organizational goals. They must also identify the optimum channels to implement these strategies.
2. **Continuous monitoring of the web:** A team needs to be committed to keep track of relevant online events, customer (both potential and existing) conversations, complaints, and conflicts. This will ensure banks are able to capture opportunities and address issues in real-time.
3. **Communication and interaction** with the target customer: It is important to educate customers about the dos and don'ts of participating in banking-related public forums (customer review groups and rating circles). This can reduce the risks associated with online transactions and engagement for both customers and banks. Queries and problems also need to be resolved immediately, while ensuring **constant, steady, and clear** communication with specific customer groups as and when required.
4. Investment in social analytics, social listening, social network analysis, web monitoring, and **social intelligence:** Social media sites can provide a lot of customer data through their profile pages. This data can be used to design targeted initiatives for specific demographic segments. Gathering market intelligence helps banks strategize better to enter new markets and increase success in existing ones.
5. Developing **products in line with social strategies** and objectives: Gamification can be used as a loyalty management tool to engage customers in a controlled 'gamified' environment and influence them to act or react in a desired way.

[1] Visible Banking, Christophe Langlois, 'BBVA Game App on Facebook Attracts 37,000 Users in 2 Months', September 2012, accessed July 2014, <http://www.visiblebanking.com/bbva-game-app-facebook-attracts-37000-users-gamification>

[2] ICICI Bank, iWish – The flexible recurring deposit, accessed July 2014, www.icicibank.com/Personal-Banking/account-deposit/iwish/index.page

Banks Need 'Social Gamification'

Change is the new usual. It's what keeps companies fresh and relevant for their customers. More importantly, it's about exploring uncharted territory and discovering new opportunities. For the BFSI industry, social media and gamification can open up possibilities beyond traditional marketing communication and customer relationship management.

We see many possibilities of applying them in banking, and organizations must quickly adapt and adopt. What matters most is how deeply these tools can be explored by banks and what new uses can be made of them. As opposed to a piecemeal approach, these tools must be embedded into the core of the product development, marketing, and customer engagement strategy. It is not enough for banks to extend their strategies and systems to accommodate social media; they need to re-imagine customer engagement.

Only banks that have dived deeper to incorporate social media in their overall corporate strategy and have specific social media strategies in place will pioneer the next revolution in the Digital Age. Companies across industries have entered the digital race when it comes to leveraging social media and gamification.

How long will it take for banks to catch up?

About the Author

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