

# Social Media Marketing for Financial Products

Artur Lugmayr

EMMi Lab.

Tampere Univ. of Technology (TUT)

[www.tut.fi/emmi](http://www.tut.fi/emmi)

+358 40 821 0558

[lartur@acm.org](mailto:lartur@acm.org)

## ABSTRACT

Traditionally the general German citizen is rather critical towards investing on the stock market. Despite, more and more broker houses offer their products on the German market and are competing for the end-consumer. Social media as tool are a very obvious tool for marketing in this context. This is due to their rapid information distribution speed and direct marketing potentials of financial products to the end-consumer. Within the context of this publication solely the basic methodology, goals, and challenges of applying social media in the context of online brokerage are discussed. Thus, the main focus is to briefly outline a framework for studying the application of social media within this context.

## Categories and Subject Descriptors

K.6.0. [Management of Computing and Information Systems]: General – *economics*.

## General Terms

Management, Design, Economics, Human Factors.

## Keywords

Social media, online broker, marketing, trading, stock exchange.

## 1. INTRODUCTION

Social media in marketing are common practice today for a wide variety of products and services. Consumers engage in social media and placing advertising in social media networks is common practice. More and more consumers are emerging on financial markets and try to get lucky with online brokerage. Therefore social media are an obvious tool for online broker to promote their

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Fig. 1. Overview of the social media framework for applying social media in promoting brokers' services

Within the scope of this publication, a framework for the utilization of social media as tool for marketing, consumer management, and promotion of financial products is discussed. The main focus (as developed as scenario in [3]) of this research work is therefore on [3]:

- marketing and promotion of products from brokers to end consumers; and
- consumer analysis and evaluation of effectiveness of marketing, sales, information services of financial products.

The framework (see Figure 1) should consist of:

- social media tools and channels for marketing;
- specific requirements for financial products;
- measuring of marketing value and effectiveness; and
- information quality aspects.

## 2. POTENTIALS OF SOCIAL MEDIA FOR MARKETING AND PROMOTION

Social media are currently wide-spread and gained popularity as a tool for marketing and branding. They manifested in a wide range of tools ranging across various platforms [2]:

- collaborative networks and content creation (e.g. blogs),
- content sharing and knowledge exchange (e.g. Flickr),
- dedicated social networks (e.g. Facebook),
- virtual worlds (e.g. Second Life), and
- features and add-ons (e.g. location based services).

These tools allow a wide set of possibilities in increasing marketing value and effectiveness and combine a wide set of advantages such as [5] and [1]:

- reduced costs for advertising and information distribution;
- enable higher consumer engagement and communication;
- lower costs for branding and marketing;
- building of knowledge, learning, and instant information;
- relation friendliness and credibility;
- audience plurality and diversity; and
- propagation speed and durability.

## 3. FINANCIAL PRODUCT SPECIFICS

Marketing of financial products is a tricky and challenging task. Recent trends showed a miss-trust between banks and the end-consumer, as well as in the products as such. Many moved to manage their own portfolio, which leads into the need to acquire the essential information through various channels. However a few requirements and needs for marketing financial products could be identified:

- legal and regulatory implications;
- clear product descriptions and background information;
- consumer protection warnings;
- marketing channels;
- integration with trading platforms;
- information quality & reliability;
- timeliness; and
- clear information presentation.

## 4. DISCUSSION

Today online brokers already provide a wide set of tools for informing their clients in the form of:

- RSS newsfeeds of actual happenings;
- daily or bi-daily newsletters providing technical insights;
- technical chart analysis via online portals;

- news broadcast a-like online videos;
- online trading competitions; and
- online discussion forums and social networks

The main advantages for deploying social media in this field is simply timeliness information distributions, which rather poorly was possible via print media or any other form of old media. For the consumer, this means he is able to obtain a wide range of actual information which allows him to make his investment and trading decisions. The high degree of regulation in this field makes sure that the consumer is protected and information accuracy is guaranteed. Especially in this field private investors require a sufficient amount of timely information to succeed and still not having lost all their assets – the power of social media allows the propagation of information at high speed.

Nevertheless, for the online broker the adequate embedment of his marketing tool in new webpages allows him to directly target his advertisements to the consumer. Paired with an information or knowledge portal that provides the consumer with knowledge about his products, investment strategies, training seminars, and discussions this is a powerful tool to enable higher consumer engagement and communication.

However, social media as marketing tool in a general context are well discussed – another interesting aspect is how social media can be utilized to analyze trends on the stock exchange, as discussed in e.g. [4]. More information can be found in the poster presentation.

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