

Industry logs on

Social media is a growing force in the world of business and is only expected to get bigger. It's time brokers caught on to the benefits of using such media to fuel growth

BY SAMUEL DALE

Social networking began as a glorified chat room for students to upload photographs and talk to friends. Those days seem a long time ago as websites such as Twitter and Facebook have already provided the medium to bring down governments in the Middle East and fuel campaigns against companies.

The closure of the *News of the World* was caused in part by a Twitter campaign to convince advertisers to stop doing business with the paper in the wake of the phone hacking scandal.

Its power was demonstrated when Co-operative Financial Services initially declined to drop its advertisements in the Sunday paper. After a deluge of consumer complaints and other companies withdrawing their adverts the firm quickly reversed its position.

One of the nation's biggest companies, Lloyds Banking Group, was another that felt compelled to drop its *News of the World* advertising slot.

This demonstrated that even the biggest companies in the UK are finding it increasingly necessary to engage with social media. This year the number of FTSE 100 firms using Twitter has so far increased by 25%, meaning 56% now have a Twitter account, according to research by marketing firm The Group. A total of 38% have a Facebook page, up 50%, and 44% have a YouTube channel, up 12% since last December. Two-thirds of all FTSE-listed firms have some social media presence – 9% having a presence on YouTube, Twitter, Facebook and a blog.

A survey by web content management provider EPIserver shows 69% of firms have appointed or plan to appoint a social media or community manager in the next year.

The EPIserver study finds that with almost three-quarters of businesses now running online communities or hoping to do so in the next 12 months, there is a greater need for specialist knowledge of these mediums. Currently, 51% of companies' social media is managed by a marketing manager, 21% by a PR executive and 21% by someone in IT.

But 28% of businesses employ someone dedicated to social media inhouse and a further 41% said they intended to appoint one in the next year.

"These results show social media is no longer the new kid on the block," says Maria Wasing, vice-president of marketing Europe and

sales operations at EPIserver.

"But while an increasing number of businesses are embracing social media, there are areas for improvement if they are to take full advantage of these channels.

"Managing social media can be challenging and time-consuming so it's vital to put in place a dedicated team and provide the right tools to ensure multiple channels can be updated with ease."

Marketers have cited the biggest challenges of social media to be attracting members, 32%, generating content, 28%, and dealing with criticism or abuse, 27%.

A total of 44% said properly engaging with customers was their main aim. This was closely followed by the opportunity to conduct customer research, which came in at 43%, and increase customer retention, 36%.

As well as the biggest companies, government and regulators have been keen to reach consumers and voters through new mediums. Housing minister Grant Shapps is a regular tweeter of housing news, using photographs of his work and commentary on industry issues.

The Financial Services Authority has been getting in on the act too, using a YouTube channel to show people how to protect themselves against investment scams. A video guide on land banking investments was also launched last month but with only two subscribers and 716 hits, it has not proved hugely popular with the general public.

Mortgage lenders have also started using Twitter accounts to make product announcements and forge links with the industry. Coventry Building Society has just started to use Twitter but others such as Ipswich and Saffron building societies are active tweeters.

Trade bodies such as the Council of Mortgage Lenders and



Building Societies Association regularly update their Twitter pages. Michael Coogan, former director-general of the CML, used to regularly commentate on industry topics. The Association of Mortgage Intermediaries is poised to open a Twitter account following in the footsteps of its sister body, the Association of Independent Financial Advisers.

Larger brokerages, such as Coreco and Private Finance, have set up regular blogs linked to their websites.

But if you want to start using social media and haven't blogged regularly in the past, taking that first step can be daunting. Stories about Facebook contributions or Twitter updates that have been misinterpreted or poorly thought out are now a regular occurrence in newspapers (see the box overleaf by Melanie Bien, director at Private Finance).

So where does the social media virgin start? Marketing consultant Ian Giles says the best way for financial advisers to use social media is to start with their website and make it interactive and dynamic.

"This can be done by writing a blog each week and linking it to Facebook for your customers to be able to interact with you," he says. "Then you can use Twitter and Facebook to drive traffic to the site by recruiting followers and tweeting the highlights of your blogs."

"LinkedIn can also be used to take part in industry debates which raise your brand profile with lenders, networks and others. I've set up this type of thing for a few of my clients."

Giles says there are three key points to remember when using social media.

"First, it is just another channel with which to communicate with your customers and other stakeholders in your business – just like the telephone," he says.

"Second, it is here to stay so don't ignore it. And finally, content is king so if you haven't got something original to say, or a fresh perspective on other people's view, then don't say it."

Writing blogs and engaging in industry debates may be fun and attract traffic to websites, but can this increased interest be converted into new business?

Dale Jannels, managing director of All Types of Mortgages, says social media is great, but you need to put a lot of time in to it.

"The major accounts appear to be Twitter, LinkedIn and ►

Add social media to marketing mix

“Having lots of Twitter followers is only a good thing if they are relevant to your business

STUART GREGORY
DIRECTOR
LENTUNE MORTGAGE
CONSULTANCY



I first looked into social media for my business at the end of 2009. I had held a personal account on Facebook for a year or so, but when a friend suggested Twitter as a possible route for interaction with potential clients my first impression was: how on earth can you communicate in 140 characters and why would you want to?

The important thing to remember before you become involved with any social media is that the clue is in the title. Use it as media without the social element and it won't work. You cannot change the fact that people buy from people – endless tweets about how wonderful you are will not win you any followers.

I use Twitter to generate content and attract people to my website. But beware, having lots of followers is only a good thing if they are relevant to your business – the quality, not quantity, rule applies here.

Join in the discussions and you will start to see the benefits of this medium. Other people will notice your tweets and your profile will build. We've recently passed the 1,000 follower mark so we must be doing something right.

Information you provide via Twitter must be factual and informative, and utilising articles posted by other users, such as *Mortgage Strategy*, will inform your followers.

But any interaction about your services should always be directed offline. We have gained clients directly through Twitter and your followers become your own sales force.

One question I had to ask was how could I obtain my own followers? First, show an interest in others. There are search tools to help you find other members of the industry who tweet. Seek out local businesses in your area. If you follow them, they will most likely follow you and so the interaction can begin.

Once you begin to follow others, you can sit back and just watch the action. Start by monitoring some recognised news channels so you can see how it all works.

Social media isn't something you will see instant results from, but use it regularly and it will build your profile. If you feel that you don't have the time, imagine how long you can be stuck on hold waiting for a lender to take your phone call and discuss a case.

Other channels such as LinkedIn are great too because you can digitally connect with others through mutually trusted people.

You could also take advantage of LinkedIn advertising where you can place your business advertisements on the profile pages of specific businesses, job titles or regions.

Social media won't be right for everyone, but consider it as part of your marketing mix to enhance your profile. You may even enjoy it.

Skype has scope to aid business

“Firms that can link Skype to some sort of interactive mortgage software will be winners

ROBERT SINCLAIR
DIRECTOR
ASSOCIATION OF MORTGAGE
INTERMEDIARIES



Those of us with grey hair remember an era where all advertising was in newspapers and our daily work arrived in envelopes hours before we reached the office. It was a gentler time when you could plan your day, before the arrival of information technology and interactive web solutions forever changed our world.

Indeed, a recent US study has found the use of computers and the internet has changed the way the human brain remembers things. We continue to evolve as a species and as an industry we must do the same.

The Association of Mortgage Intermediaries' sister trade body, the Association of Independent Financial Advisers, has been experimenting with Twitter during the past few weeks and it is likely AMI will join this area in due course.

Many of our industry gurus already operate in this space. As a tool to direct people to information or developments, it appears to be working well and looks attractive for business-to-business communications.

As a means to direct consumers to an effective web solution or towards other electronic messages, it looks as though it could be effective.

LinkedIn already has a range of groups which aid discussion and debate on a business-to-business level and seems to work well.

On a personal level, it keeps me closer to debates. As a means of linking your clients, it has potential, but you have to accept that it will also allow them to communicate with each other about you.

From the perspective of talking to consumers, Facebook may look attractive as a means of communicating with them but, as HSBC found, dealing with a group of students who disagreed with its actions soon made that medium significantly less attractive. Firms prefer to control their messages and Facebook does not allow that.

The area that I believe has more scope is Skype. I still see mortgages as being a product where consumers want to talk to someone.

Firms that manage to link Skype technology to some form of interactive software which provides mortgage sales presentations and downloads of live Key Facts Illustrations will be a winner in due course.

The challenge is going to be ensuring that the messages are relevant. As our airwaves and inboxes are filled more and more, we have to make judgements about how much we will look at. Selecting the appropriate medium will be important for firms.

Sticking to a routine for delivery and a core consistent set of content will also build trust. By being clear about audience, timings, purpose and subject matter it is more likely to be successful.

Facebook," he says. "We have had business from all these mediums in some shape or form. Twitter is the most public and generates a lot of hits to our website. Facebook is more personal and a closed environment, but if you get the right followers this too can work for you.

"LinkedIn is more business to business, or where someone can sell themselves to new employers. We've gained new lenders from this platform and I know others have managed to get new business from here."

Jannels adds that all platforms are serious marketing tools and can be used to engage with customers.

"But every person or account is a brand, so be prepared to have what you say splashed across the front pages of a newspaper or magazine," he says.

"Also, all the platforms require you to build up followers. If you're purely a sales message machine, you'll lose people. You need to be yourself because people buy in to an individual's personality, not the data they're regurgitating."

Jannels insists social media is definitely not a fad and will be around for the long term.

"This is not the first generation – gone are the days of Myspace and Friends Reunited," he says. "The days of Twitter, Facebook and its competitors could also be numbered but you can be sure other mediums and social platforms will come along and replace them.

"Social media needs effort, time, your honesty and transparency. If you can put all those in, with an open mind, you may be able to make it work for you."

All platforms are serious marketing tools so be prepared to have what you say splashed across the front pages of a newspaper or magazine

Industry consultant Jonathan Cornell says it is possible to win new clients through Twitter but it is more about engaging and communicating with existing clients.

"Brokers can use Twitter to update followers on new products and also to communicate news and events in the industry," he says.

"They can also express their views of events and news. Followers don't necessarily have to agree but by expressing a view you are putting your head above the parapet.

"I think Twitter is easy to dip in and out of," he adds. "It is easiest to use when you are at your computer

but almost everyone has smart phones so you can post something wherever you are."

Cornell agrees social media will be part of the marketing landscape for the foreseeable future, but while it is free it does cost time.

However, Dominik Lipnicki, director at Your Mortgage Decisions, says social media is unlikely to drive business directly.

"The majority of our clients come via lead generation and in the short term I can't see social networking making a significant difference in obtaining new clients," he says.

Kit Thompson, operations director at Brightstar Financial, says it has had no direct business from social media.

"However, we're in contact with brokers through it, so it's difficult to quantify what that means in terms of business," he says.

"It's useful for raising brand awareness. We plug exclusive deals and offer teasers about what is coming up. It also links to our website and we talk to brokers through it. I have met people via Twitter who I wouldn't have known otherwise."

Lipnicki points out that Facebook has just increased the cost of advertising on it by more than 70%, which is proof of its popularity.

"Unlike journalists, the financial services industry is slow to embrace social networking, which is a shame. I find Twitter useful, especially for business to business activities," he says.

"Brokers must be proactive and be prepared to invest time in social networking, even if that means choosing only one outlet, such as Twitter or Facebook."

In a *Mortgage Strategy* straw poll conducted in August 2010, 75% of brokers reported having a website. Obviously three-quarters of

brokers operating some sort of website is great news, but there is concern about the quarter who are not engaging with the internet at all. The online medium is increasingly important to brokers' ability to promote themselves and how the mortgage market adapts will be crucial.

Google's decision to pilot a mortgage comparison website in the UK is the latest in the now established trend of consumers turning online for financial products.

Moneysupermarket.com and Unbiased.com have long challenged brokers' supremacy for an independent search of the best deals. The speed with which consumers turn online is going to be a big test for the industry and it will need to innovate.

One option suggested by Robert Sinclair, director of AMI, is to use Skype and internet video services to offer advice. Sinclair says advice is best given face-to-face and that new technologies could help keep that while embracing the internet.

Andrew Montlake, communications director at Coreco, says Skype is a good way for brokers to use the internet.

"I use Skype to speak to overseas clients," he says. "It's never going to replace face-to-face meetings because that is important but it is useful for clients who you couldn't otherwise reach.

"It's better than the telephone because if you are advising or selling it is better to have visual contact."

Innovations such as this can help brokers vie with the online comparison sites in speed and accessibility. There has already been a variety of other innovations from brokers using social media to boost business.

Montlake and Lea Karasavvas, a broker at Mortgageforce, have pioneered a networking event for the mortgage market called the Mortgageweetmeet.

The inaugural event in June was hosted at a London bar and organised entirely through the Twitter hashtag of mortgageweetmeet. Planning for the second mortgageweetmeet is underway and a sponsor is lined up.

"It's a way of meeting people in the industry who you would not normally meet," says Montlake. "There has been lots of interest and many people who couldn't make it last time are keen to attend. It has

Think before you tweet is one of the most important lessons to learn

“Many are put off as they think social media is time-consuming. But try to tweet on most days

MELANIE BIEN
DIRECTOR
PRIVATE FINANCE



The power of social media was brought home to me earlier this year when I was caught up in a Twitter furore. For those who didn't read about it – a well-known television presenter watching an interview I gave on BBC on mortgages criticised what I wore in a tweet.

It seems you can't be taken seriously when some people deem your dress to be too short.

The support I received from many people – both those I knew and strangers – confirmed I hadn't done anything wrong, but it also underlined the importance of thinking before you tweet.

The fear of putting a step wrong seems to put many people off social media. There are so many big companies without a presence on Twitter or Facebook, for example.

Yet anyone who doesn't embrace social media, whether their organisation is big or small, is missing out as well as appearing out of

given us tangible benefits in terms of business, good PR and meeting up with journalists."

Montlake adds that social media has been useful for his business.

"We've started to get mortgage enquiries and have set up a referral agreement with an estate agency to introduce business," he says. "We are meeting some interesting people and it is benefiting our business."

But he says brokers have yet to fully embrace the media and treat it as seriously as they should.

"There is a lot of apathy around social media and not many in the broker market understand how it can be used," he says. "Lots of people view it as unnecessary time-wasting, which is a shame."

Another concept was developed by brokerage Independent Mortgages Direct NE when it set up Facebook and Twitter accounts to help schoolchildren learn about finance and mortgages.

Gary Howe, broker at Independent Mortgages Direct NE, says the accounts were created by a student doing work experience at the firm and they have increased traffic to its website.

The firm uses its Twitter account to tweet news and updates on the industry and it also invited economics students to its offices and took them to local mortgage processing centres to teach them about finance. Howe says its account has raised the number of hits to its website and improved its ranking on Google searches.

Whether it's teaching youngsters or bringing the industry together, social media has changed the landscape of communications. It has rocked the business world and changed the way companies promote themselves and manage crises.

Speed of communication is more important than ever and the mortgage market has to embrace it as a serious marketing method.

As consumer-facing businesses, brokers cannot afford to sit on the sidelines while technology moves on. The opportunities and challenges it poses must be considered, even if some businesses decide it is not for them.

Whether it is Twitter, Facebook or offering advice through Skype, the internet is shaking up the financial services industry. If brokers aren't engaging with it already, now is the time to dip a toe into social media and see if it can help fuel your business. ■

touch. Brokers should engage with the different mediums because although still in relatively early stages, Twitter, Facebook and LinkedIn are already generating not just industry contacts you can connect with help you grow your business, but also clients.

And it is in this area where growth will be exponential as more and more people get involved.

It's certainly powerful. I have had many positive experiences. I have been headhunted via LinkedIn, recruited excellent staff on Twitter, promoted the business via YouTube and been found by clients who wanted to transact business on both LinkedIn and Twitter.

Facebook is next on the list – perhaps I have been slow to embrace this because I don't use it in a personal capacity – but it is increasingly clear that if your business doesn't have a Facebook page, you are being left behind.

Many people are put off because they think social media will be time-consuming and it can be if you let it. If you want to do the bare minimum, I suggest setting up a good profile on LinkedIn and trying to tweet something most days.

In terms of how much personal stuff you should include, Eve Mayer Orsburn, author of *Social Media For The CEO*, suggests a sensible strategy – 20% of what you do should aim to inform, 20% to entertain, 40% to interact and 20% to convert to business.

The key is to get started. You will need a good biography explaining who you are and what you do, plus a decent photograph for your Twitter and LinkedIn accounts.

If you have a blog, link it to both sites. Make sure you do regular updates to keep it fresh and relevant and, most of all, enjoy it.



THIS MONTH'S DECISION: **HOLD**

● *Mortgage Strategy's shadow Monetary Policy Committee has the Greek bailout, the US deficit struggle and the UK's weak growth in mind when voting for the base rate to remain on hold*



MARK HARRIS
CHIEF EXECUTIVE, SPF PRIVATE FINANCE
DECISION: **HOLD**

The economy faces considerable challenges and I do not feel the Bank of England will risk derailing any recovery by tightening policy to appease its critics. A rise in the base rate will not be a realistic possibility until inflation starts feeding through to wage settlements and logically this cannot occur until we have enjoyed a prolonged period of economic expansion resulting in firms needing to pay more to retain staff. I don't believe we will see an increase in the base rate in 2011 and the chances of a rise in 2012 are unlikely. The availability of mortgage finance will gradually improve, which will result in an increase in transactional volume over the remainder of 2011 and 2012. I vote for a hold in the base rate this month.



JOHN CUPIS
MANAGING DIRECTOR, PMS
DECISION: **HOLD**

We're stuck in a stagflation rut which is exhibiting signs of stubbornness. Despite a lower than expected result of 4.2% in the consumer prices index for June, which beat the forecast of 4.5%, growth rates look worryingly poor. In one month we have seen another Greek bailout and at the time of writing the US is struggling to agree terms for its deficit reduction. I think the US will settle what is largely a political issue but it shows that we are now living in a world that moves at two speeds. Springing upwards and onwards like Zebedee we have the Far East, Latin America and Germany. And everybody else is travelling at similar speeds to Brian the snail. Let's hope it's not just a magic roundabout.



DEV MALLE
SALES DIRECTOR, PERSONAL TOUCH FINANCIAL SERVICES
DECISION: **HOLD**

While most commentators agree public sector cuts were a necessary evil, it is clear we have entered a period that could be described as stagnant, with last quarter growth at 0.2%. Despite the extended April holidays and festivities being partially blamed, this is pretty much in line with concerns I expressed in previous rate decisions. Inflation, while above target, seems to be stemmed at 4.2% so is less of a concern. Debt-based pressures from Europe, in particular Greece, and the US are adding further problems for the UK for global transactions. So it is essential interest rates are held and the pound strengthened to bolster growth. My decision is to hold the base rate until we see sustained signs of recovery.



DAVID FINLAY
MANAGING DIRECTOR FOR MORTGAGES, BARCLAYS
DECISION: **HOLD**

There is continuing debate surrounding what will happen to monetary policy but I expect no change this month. The economy remains weak and the case for more policy support has gained momentum. With the government reluctant to deviate from its deficit reduction plan, the spotlight shines on the Bank. But it still expects inflation to rise above 5% in the autumn, raising further questions about its ability and willingness to deliver the target inflation rate of 2%. In this context it seems unlikely that the majority of MPC members will support further quantitative easing. In fact, a prolonged period of policy inertia seems likely. I vote for no change in the base rate this month.



RAY BOULGER
SENIOR TECHNICAL MANAGER, JOHN CHARCOL
DECISION: **HOLD**

The UK's economic position has weakened further over the last month and eurozone politicians continue to fiddle while the euro burns. They are either too economically illiterate to recognise the flaws in the euro unless there is also fiscal integration, which there is little appetite for, or they are playing for time to allow banks to build up more reserves to withstand the fallout from the contagion when the first full eurozone sovereign default occurs. Thankfully Labour MP Ed Balls no longer has a say in economic policy and so the UK is still seen by the markets as a safe haven for investment, driving down the yield on gilts as investors offload their holdings in Italian and Spanish bonds. I vote for a hold this month.



VIC JANNELS
CHAIRMAN, ALL TYPES OF MORTGAGES
DECISION: **HOLD**

The financial status of several countries in the eurozone, plus the potential of a US financial implosion, do not make for good reading. That said, while economic growth in the UK slowed in Q2, it is nonetheless positive and shows that while we are staring at hard times for a while yet, the long-term benefits of adhering to austerity planning should see us moving forward, albeit slowly. Financial pundits predict interest rates will remain static for many months, some say well into 2013, before we see any upward shift. It is hard to argue with their reasoning, although I feel it may become a necessity if only to redress the balance for hard-hit savers and pensioners. I vote for a hold.



MEHRDAD YOUSEFI
INDUSTRY CONSULTANT
DECISION: **HOLD**

This is the third quarter in which special factors, such as the winter weather and an extra bank holiday, have made interpretation of data difficult and have depressed economic activity. There is likely to be some bounce back but the recovery remains fragile. Figures from the British Bankers' Association showed the number of home loan approvals rose to 31,747 in June from 30,803 in May – the highest since July 2010, but still 6% lower than a year ago. Net mortgage lending grew by just £500m, its weakest pace since 1998. It is anticipated that house prices will drop modestly over the coming months as personal finances are squeezed. These factors will act as a drag on economic growth. I vote for a hold in the base rate for now.



FAHIM ANTONIAIDES
GROUP DIRECTOR, MORTGAGE CENTRE IFA
DECISION: **HOLD**

The Bank of International Settlements warns that central banks worldwide must raise rates to stave off inflation – in its opinion a prerequisite for stability. It specially singles out the Bank as having an unsustainable policy given that CPI inflation has breached its target since December 2009. But the MPC is relatively firm that without clear signs of recovery rates would hold. Given recent economic data, I estimate the base rate could be on hold until 2013. In my view, the BIS has a global perspective and one size doesn't fit all. The trouble with the UK is that it has been so credit dependant that raising the cost of debt would do more damage than inflation. I vote for a hold again this month.



PETER WILLIAMS
EXECUTIVE DIRECTOR,
INTERMEDIARY
MORTGAGE LENDERS
ASSOCIATION, AND
CHAIRMAN, SHADOW MPC
DECISION: **HOLD**

With the latest growth figures and the evidence regarding consumer spending and real incomes it is little wonder that the Bank governor recently signalled that with a continuing weak economy higher interest rates are not justified anytime soon.

So my expectations are the MPC will hold the base rate at 0.5%. The question then is whether we will get a second run of quantitative easing. There is some momentum building behind this but again do not expect this soon.

Finally there is the question of when and how rates will rise. Expectations are that it won't be until 2012 and even if we see rates start to rise the MPC has to finesse growing rate rises and growing the economy – that will be a considerable challenge. I vote for a hold this month.

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