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# **THE USE OF SOCIAL MEDIA IN THE POLISH RETAIL BANKING IN THE ERA OF MARKETING 3.0**

## **Introduction**

Nowadays companies rarely limit their actions to brick and mortar behaviour as professionally prepared website constitutes a truly added value and becomes something far more important, than simple “virtual visit card”. Therefore existence in dotcom e-reality, as a business of click and mortar type, with the use of Web 2.0 tools, becomes an everyday life for majority of companies. Such approach reevaluation results from fact, that combined crowdsourcing and social ideas media serve currently as the basis for co-creation and improvement of business offer. At the same time social media and Participatory Web shall be seen as a next stage of Internet evolution, from the Read Only Web approach, towards Web 3.0 and Meta Web solutions. The marketing concept transforms in a similar manner, as nowadays co-creation and interaction with the target group seem to be more important, than simple customer orientation.

This article tries to illustrate the disparity between available and implemented solutions of electronic communication within the social media and value-driven marketing 3.0 era. The basis for discussion in this regard will be constituted by research conducted among nearly 1,800 customers of 11 largest banks in Poland.

## 1. The evolution of Internet and milestones of marketing concept

A solution that dramatically changed interpersonal communication in the 20<sup>th</sup> century was implemented on October 29<sup>th</sup> in 1969, when three American universities have introduced ARPANET<sup>1</sup>. However, it is argued, that the beginning of Internet can be considered after 1989, separation of civil network from military structures. At the same time, T. Berners-Lee, considered the founder of the Internet, author of Mosaic browser and HTML language, proposed at CERN the project of hypertext documents creation, called the World Wide Web<sup>2</sup>. The real breakthrough was 25<sup>th</sup> of December 1990<sup>3</sup>, when due to the use of Internet and http protocol a connection between the server and the client was established. Simultaneously a year later the National Science Foundation withdrawn its previous prohibition on the use of the network for purely commercial purposes. All of this has contributed to exponential spread of electronic communication and initiated the era of Web 1.0. And even though the information sharing way was changed radically, including their search and graphical presentation, but the message transfer was still one-way character and remained passive, so the network was defined as “the read-only Web”. Commonly this term was used for all web sites created before the year 2001.

It was only Web 2.0, alternatively called the read-write Web 2.0, social web or participatory network<sup>4</sup>, causing a real revolution in electronic communication, made the Internet a creation functioning in its present form. The term Web 2.0 was first used in 1999, by D. DiNucci<sup>5</sup>, and this name was popularized by T. O'Reilly in 2004.<sup>6</sup> Passive form of one-way communication was replaced by a two-way dialogue and interaction. Co-creation, sharing, chance of instant reaction and exchange of opinion and thoughts, these are the benefits provided by tools of virtual community: blogs, microblogs, vlogs, podcasts, social networking sites, groups/foras/discussion lists, chats/communicators, content/creation sharing platforms, event or ranking sites<sup>7</sup>. These solutions significantly increase possibilities of communication between Internet users. It is worth, therefore, presenting figures to illustrate the difference. While in 1996 only 250 thousand of complete websites

<sup>1</sup> D. Morley, C.S. Parker: *Understanding Computers: Today and Tomorrow*. Course Technology Cengage Learning, Boston 2010, p. 322.

<sup>2</sup> W3.org: [www.w3.org](http://www.w3.org).

<sup>3</sup> L. Lambert: *The Internet. A Historical Encyclopedia*. MTM Publishing, New York 2005, pp. 16-17.

<sup>4</sup> C. Anderson: *The Long Tail. Why the Future Business is Selling Less of More*. Hyperion, New York 2006, p.5.

<sup>5</sup> D. DiNucci: *Fragmented Future*. “Print Magazine” 1999, 53, Vol. 4, p. 32.

<sup>6</sup> T. O'Reilly: <http://www.oreilly.com/web2/archive/what-is-web-20.html>.

<sup>7</sup> A. Tarabasz: *Komunikacja z klientem za pośrednictwem Internetu na przykładzie wybranych banków*, doctoral thesis WZ UŁ, unpublished materials, Łódź 2012.

were indexed and the network was used by 45 million of users, 10 years later, the network had 80 million of web pages and over a billion internauts<sup>8</sup>. They also cause that almost 25% of websites content is directly generated by Internet users in form of comments, adding photos, videos, music, ranking and recommendation systems. Due to Web 2.0 solutions we may experience collective intelligence, co-creation and crowdsourcing. This term reflects perfectly the fact of collaborative nature and giving a causative effect to previously passive users. Through full transparency of the medium, in which the information is available 24 hours a day, 7 days a week, and once posted content can exist literally forever, the Internet has become for many the first (and sometimes even the only) source of information. According to the eMarketer.com 2010 research 38% of Internet users consider, that consumers themselves, describing products on social networking sites are the most reliable source of information<sup>9</sup>.

The revolution of available technical and technological solutions, and information perception has forced changes in approach to production process, perception of product and consumers themselves. This in turn was an incentive to modify focal points of interest in the marketing concept. That is why one may search for relationship between marketing evolution and the development of the Internet as a communication channel (see Figure 1), although this shall not be done directly.

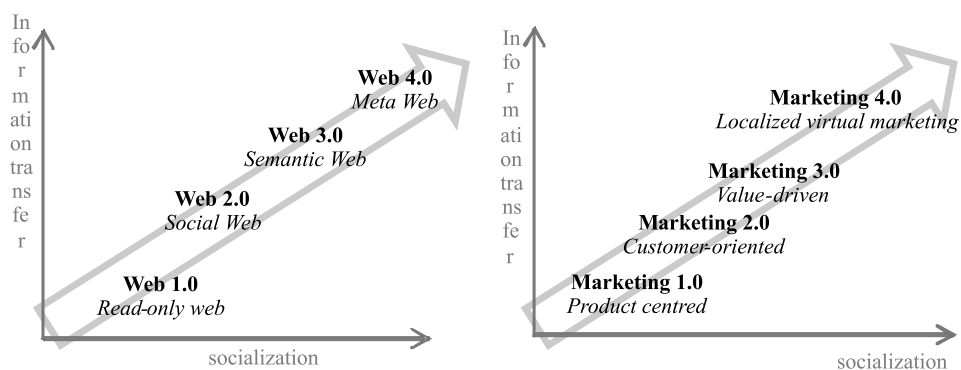


Figure 1. The evolution of Internet and marketing concepts

One has to conclude that only the concept of marketing 3.0, according to the idea of Ph. Kotler granting the buyer as a human being “not only the mind but also heart and soul”<sup>10</sup> fully covers possibilities offered by Web 2.0. Similarly, the im-

<sup>8</sup> D. Ciccarelli: [http://www.blogs.voices.com/thebiz/2006/09/web\\_20\\_definition.html](http://www.blogs.voices.com/thebiz/2006/09/web_20_definition.html).

<sup>9</sup> With sample n = 2065, research Social media around the World conducted by InSites Consulting in 2010: <http://www.slideshare.net/rmeyer52/marketing-30-3821130>.

<sup>10</sup> Ph. Kotler, H. Kartajaya, I. Setiawa: *Marketing 3.0: From Products to Customers to Human Spirit*. Wiley&Sons, Hoboken 2010, pp. 4-34.

pact of the latest available technology highlights R. Hadiansyah underlining the possibility of „collaboration and co-creation through personalized dialogue with the customer and multi-dimensional segmentation based on rational, emotional and behavioral factors”<sup>11</sup>.

Presenting chronological evolution of the marketing concept, a return to the origins of Marketing 1.0, due to its name focusing on product only, but in fact, by creation of an offer, satisfying customer needs as the most important and overarching orientation goal. It would be difficult to compare marketing orientation, even in its simplest form, with the typical product or production orientation. In turn consumer socialization and causal power of buyers increase, reflected the customer-oriented marketing 2.0 concept. As in the case of Web 2.0 solutions, customer-company communication allowed for dialogue and broke the rigid paradigm of the message sender and recipient. At this stage, foundation for the relationship one-to-one was built, period for actions of PUSH type has expired, replaced by actions of PULL character. Well the difference between subsequent stages of the marketing concept development was described by B. Borges arguing „if we characterize Marketing 1.0 as being intrusive, interruptive and a style of one-way shouting a tour customers (outbound marketing), we can characterize Marketing 2.0 as being about conversations, collaboration, communities and word of mouth (inbound marketing)”<sup>12</sup>. In such way he condenses Marketing 2.0 to two main pillars: content marketing and e-relationship building, showing the contact point between the marketing concept and idea of Web 2.0.

However, again the technological progress associated with Web 3.0 overtook evolving marketing concept. Solutions flexibility provided by social media in Web 2.0 are not treated as target ones. After 2010 the role of keyword search started to decline, and till 2020, it shall be sequentially replaced by processes of tagging, natural language search and finally a semantic search<sup>13</sup>. This is equivalent to times of intelligent search engines and entrance to the era of Web 3.0 (semantic web). This concept, basing on artificial intelligence, semantic solutions and adequate software, aims at converting present imparting knowledge system to a widely understood database model. That will allow to process the data in a variety of dimensions and identify intentions of an Internet user, basing on the context of data. But changes for Internet are envisaged even further - for 2030 and Web 4.0 – the Intelligent Web or the Meta Web, being capable of conscious rea-

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<sup>11</sup> R. Hadiansyah: <http://www.blog.djarumbeasiswaplus.org/ristandyh/nasional-workshop-marketing-30-from-product-to-customer-to-human-spirit>.

<sup>12</sup> B. Borges: *Marketing 2.0. Bridging the Gap between Seller and Buyer through Social Media Marketing*. Wheatmark, Tucson 2009, p. 25.

<sup>13</sup> Mushon.com: <http://www.mushon.com/spr09/nmrs/tag/wikipedia>.

soning. According to assumptions it will permit full merging of the human being with technology: communication and search for information through the power of the subconscious, complete remote management of all components and devices connected to the network, even treating machinery as living creatures.

Unfortunately the demand for market information was not fulfilled with its accurate supply. The Web 2.0 solutions caused data exchange within the network as well as growing self-awareness and buyers' expectations. Consumers searched for personalized products created with their cooperation, full market transparency and aimed at partner relations. Instead of listening market carefully, companies act in old-fashioned manner. They treat social media rather as another "one-way marketing tube", not putting enough attention to coherency of content and image among used channels and tools. Moreover they cannot fully deal with relationship creation with the internauts community. Declaratively willing to benefit from crowdsourcing, remain passive, ie. often preparing imprecisely targeted promotional-product offers. Such behaviour leads to facts observed by the Nielsen's agency in 2009<sup>14</sup>, where declared recommendation credibility level of friends opinion among respondents reached 90%, third-party opinion posted on the Internet was 70% and for online advertising did not exceed 40%.

Finally managers become helpless against the old paradigm. Marketers try to maximize profits, assuming that consumers buy for purely rational reasons. Moreover, they underestimate increasing role of CSR and finally mistreat the growing power of social media. The answer to these ailments appears to be previously described concept of marketing 3.0, emphasizing simultaneous communication and collaboration.

Regardless the fact, that such solution possesses elastic safety margin, an anticipatory approach shall be implemented. Therefore, a critical polemics on further embodiment of proposed below marketing 4.0 formula is worth to be undertaken (cf. Table 1). It aims not only at enabling customers to become product co-creators by debating existing solutions, but also their originators. This path leads to self-realization, co-creation, co-operation and true crowdsourcing. Finally it may result in perfect offer matching with needs of target markets, providing products exactly at the time when demand occurs and, thanks to economy of scale, the true mass customization. All this is equivalent to tailor-made offer matching needs of the buyer, delivered just-in-time and just-in-place into the hands of customers, 24 hours a day, 7 days a week.

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<sup>14</sup> R. Meyer: <http://www.slideshare.net/rmeyer52/marketing-30-3821130>.

Table 1

## The milestones of marketing concept evolution

Specification	MARKETING 1.0	MARKETING 2.0	MARKETING 3.0	MARKETING 4.0
	(product-centric)	(customer-oriented)	(value-driven)	(localized virtual marketing)
Objective	Sell products	Satisfy and retain customers	Make the world a better place	Today create the future
Enabling forces	Industrial revolution	Information technology	New wave technology	Cybernetic revolution and web 4.0
The market seen by companies	Mass buyers with physical needs	Smarter consumer with mind and heart	Whole human with mind, heart and spirit	Collective of fully conscious buyers, co-creating products
Key marketing concept	Product development	Differentiation	Values	Mass customization, JiT
Company marketing guidelines	Product specification	Corporate and product positioning	Corporate, vision and values	Values, vision, anticipation
Value propositions	Functional	Functional and emotional	Functional, emotional and spiritual	Functional, emotional-spiritual self-creative
Interaction with customers	One-to-Many transaction	One-to-One relation	Many-to-Many cooperation	Many-to-Many co-creation and cooperation

Source: Based on: Kotler Ph., Kartajaya H., Setiawa I.: *Marketing 3.0: From Products to Customers to Human Spirit*. Wiley&Sons, Hoboken 2010, p. 6

## 2. The use of social media in Polish retail banking

Unfortunately, despite the plethora of available solutions, particularly with- in the Internet and concept development (both the web- and marketing-ones) of theoretical character, their practical implementation fails very often. As prove the results of research conducted among nearly 1800 customers of 11 biggest retail banks in Poland<sup>15</sup>, actions of electronic communication within those institutions

<sup>15</sup> The research conducted between November 2010 and May 2011 was based on actions of 11 largest polish retail banks: PKO Bank Polski, Bank Pekao, Bank Zachodni WBK, ING Bank Śląski, mBank i MultiBank, Citi Handlowy, BPH, Bank Millenium, Kredyt Bank i LUKAS Bank. Apart from this the study in a form direct survey technique using multi-stage selection was held among 1789 of analysed banks. The sample was not random, as in the final stage respondents were selected by elimination. Results do not predestine to be generalized on the population. Though

reminiscent rather monologue than dialogue. Moreover, the disparity is most evident in the case of solutions in the field of social media – taking into account the multitude of available solutions in the field of social media and available marketing budgets, the forefront of Polish banking remains almost passive, or implement these solutions, but does not manage them in accurate manner.

It turns out, that among analysed institutions a clear distinction between can be find, as ones remain far much active in use of electronic communication, than the other. Such observation was based and verified by assessed bank's distinguishing features from the competition such as the use of the service banking products through the Internet, the ease of self-service via the Internet and the uniqueness of a website and advertising. In this way, surveyed institutions were divided as "the Internet-" and "non-Internet-ones". The first group included: mBank, ING Bank Śląski, MultiBank, BZ WBK and Millennium. An inventory presented in table below was create in order to illustrate the activities in this area undertaken by the analysed banks (see Table 2).

It displays disproportion between „internet” and „non-internet” banks. Institutions belonging to the second group remain relatively inactive, often limiting their actions to a minimum. In the case of banks, defined as the Internet-ones, these operations are more extensive and it does not happen, for example for their profiles on social networking sites to be dormant. It turned out that the most frequently (in 11 cases), the e-communication tools used by the banks, though differing in quality, are web pages, display and on-line PR. Each of analysed institutions provides its electronic presence in this regard. But from the quality of those channels, only websites are used in their full potential.

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results from metrical data are coherent in 99% with analogical data collected by GUS (The Main Statistical Office) in its report Społeczeństwo informacyjne w Polsce. Wyniki badań statystycznych z lat 2007-2011, GUS 2012: [www.stat.gov.pl/cps/rde/xbcr/gus/nts\\_spolecz\\_inform\\_w\\_polsce\\_2007-2011.pdf](http://www.stat.gov.pl/cps/rde/xbcr/gus/nts_spolecz_inform_w_polsce_2007-2011.pdf). This fact allows the indicate certain patterns and trends. The exact methodology for the selection of banks and customers presented in: A. Tarabasz: *Formy komunikacji elektronicznej z klientem banku (na podstawie przeprowadzonych badań)*. „Handel Wewnętrzny” 2012, Vol. 3 (May-June, part II), p. 387-395.

Table 2

## Evaluation of electronic communications tools applied in analysed banks

Tool	Bank										Total Banks in overall	
	BPH	Millennium	BZ WBK	Citi Handlowy	mBank	MultiBank	ING	Kredyt Bank	LUKAS Bank	Pekao		PKO BP
website included mimisite	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	11
SEO		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	8
SEM	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	5
display in own portal	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	9
display in external portals	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	11
mailing newsletter	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	7
Building of virtual community with:												
foras					✓				✓			2
corporate blog			✓		✓				✓		✓	3
facebook		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	9+1*
twitter					✓						✓	1+1*
blip			✓	✓	✓			✓	✓	✓	✓	4+3*
you tube		✓	✓	✓	✓			✓	✓		✓	8
other			✓		✓			✓			✓	3
on-line PR	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	11
TOTAL	4/15	9/15	13/15	9/15	15/15	9/15	13/15	7+1*/15	9/15	3+2*/15	11+2*	

other: BZ WBK: Bank Pomysłowy, nk.pl, skype; mBank: Czat, mSpołeczność, crowdsourcing, videoblog, ING Skype, video chat.

\*only profile was created \*\*verified after rebranding)



The second highest incidence features Facebook, which as a social networking site enjoys an exceptionally high popularity among the financial institutions. This seems easily to predict, due to steadily increasing number of its users, their activity level and behaviour pattern. Unfortunately, as it was previously mentioned, banks rather treat their presence there as an additional transmission channel for sales and promotion, than dialogue and product offer co-creation opportunity. Apart from this tool, other social media resources are rarely used or mishandled (inactive profiles, lack of real two-way communication with customers etc.). On that basis, a hypothesis of limited use of social media tools within Polish retail banking sector can be proven, especially when taking into account the number of available solutions in this field.

It is unquestionable weakness of these institutions - deliberately resigning from building an agreement platform with customers, not only basing on marketing 2.0 actions, but also without approach modification they cannot think about the 3.0 concept implementation. The more troubling it becomes, as it should be noted that banks using electronic communications achieve market success, as evidenced by their financial performance and leading positions in multiple rankings and reports. It can therefore be argued that supporting of e-communication, with particular emphasis on social media emerges as an important factor in building a competitive advantage against market competitors.

## Conclusion

The multitude of theoretical solutions is not always reflected in their practical implementation. Advanced level of Web 2.0 solutions and the entry into Web 3.0 era marketing underlie need for marketing 3.0 development. Even though this concept does not appear to be a definitive and target one, therefore an attempt to define possible direction of the 4.0 solution was undertaken. Briefly quoted results of research illustrate the existence of disparity between described theories and their practical application. Simultaneously they also show that the forefront of banking sector in Poland, despite its role as an investment leader in online advertising, cannot efficiently manage and exploit tools of electronic communication, in particular social media.

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## THE USE OF SOCIAL MEDIA IN THE POLISH RETAIL BANKING IN THE ERA OF MARKETING 3.0

### Summary

Currently as the basis for co-creation and improvement of business offer serves the combined idea of crowdsourcing and social media. Solutions and applications of Web 2.0 are not only a next stage of evolution in the direction of Web 3.0 and Meta Web. They be-

come rather a living proof how “future theories” become a current practice for more and more companies. The marketing concept transforms in a similar manner, as nowadays co-creation and interaction with the target group seem to be more important, than simple customer orientation. The article tries to illustrate the disparity between available and implemented solutions on the use of electronic communication tools within the social media. The basis for discussion in this regard will results presentation of research, conducted among nearly 1,800 customers of 11 largest banks in Poland.

Keywords: social media, marketing 3.0, banking sector