

How to Measure Customer Engagement

Customer engagement is a connection between a consumer and an organization through various media and personal contact. The connection can be an action, reaction, or interaction with the customer that can take place either online or offline. Arguably, customer engagement is the best way to build customer loyalty.

Customer engagement is built and reinforced with every customer interaction. Engagement can be as varied as a purchase, reading a social media post, viewing an advertisement, receiving a recommendation, visiting a branch, or any exposure to a brand. Engaged customers are essential to the success of any business and financial institutions spend a lot of time and energy to recruit engaged customers.

Types of Engaged Customers

- Purchasers: Customers who pay, and continue to pay, for an organization's goods or services.
- Endorsers: Customers who refer family and friends and share brand information, especially via social media.
- Engagers: Customers who provide feedback and actively communicate which is necessary for product and brand development.
- Loyalists: Customers who stay with one brand and may also be Purchasers, Endorsers, and Engagers.

All organizations need to contend with disengaged customers and how they may affect their brand. A casually-disengaged customer does not have loyalty to a brand even if they use your goods or services. An actively-disengaged customer intentionally tries to criticize and disparage your brand. They may write negative reviews, troll your social media sites, or complain about your company to their friends and family. Both of these types of disengaged customers can be turned into engaged customers if every subsequent interaction or communication is a positive experience.

Building Customer Engagement

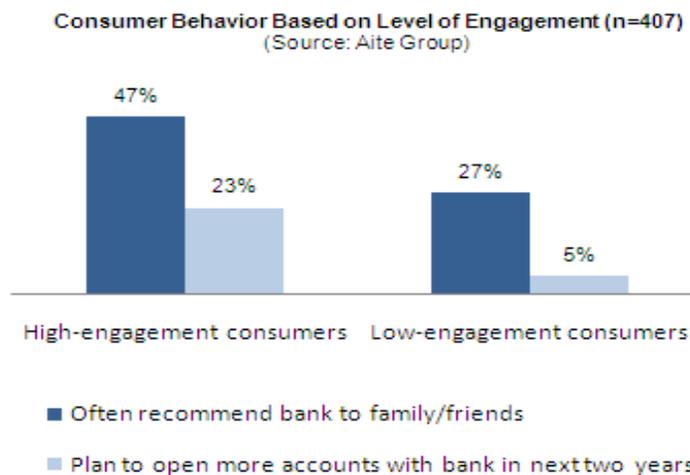
A financial institution (FI) is subject to rigorous compliance guidelines, especially in relationship to new products and services. These guidelines also apply to communications about products and promotions that are offered to the public. While it can be difficult for an FI to communicate via social media and grow their brand, it is not impossible.

[Just Jump Marketing](#) compiled the "[10 Ways to Build Customer Engagement for Financial Institutions.](#)" These communications best practices will lead to greater customer engagement for your FI and help you remain compliant.

1. Build communities through stories, interesting facts, and interactive quizzes;
2. Share content from other sources and start discussions with followers;
3. Be entertaining and informative;
4. Include visual elements and a strong call to action

5. Provide clear information so your offers stand out;
6. Make your site user friendly and easy to navigate;
7. Show FI involvement in local communities;
8. Increase engaged customers and site followers through contests;
9. Address all customer service issues no matter how they are reported (phone call, survey, social media platform, etc.)
10. Set your sight on a target audience with specific fan pages.

The [Aite Group](#) conducted a survey of 400 U.S. consumers to identify behaviors and characteristics associated with a high level of engagement with their FI. They found that “highly engaged consumers are five times more likely than other consumers to open additional accounts with their bank, and more frequently refer their bank to friends and family.”



Source Aite Group

Measuring Customer Engagement

Financial institutions utilize many metrics to determine ROI on investments, however, it is more difficult to quantify marketing ROI on customer engagement. There is no standard definition for customer engagement metrics (CEM).

Engagement is your customers’ interaction with YOU – your web content, social media accounts, phone calls, and branch visits. To determine accurate customer engagement with your FI, you need to develop comprehensive (CEM) which best fits your needs, both stated and implied, and allows you to make decisions based on the data.

There are three levels of CEM:

Basic CEM:

- Social media-provided metrics – Facebook Insights, Twitter Analytics, etc.
- Bounce Rate – the percentage of visitors who navigate away from your site after viewing only one page.

- Click-thru Rate – the percentage of people who have accessed a hyperlink to land on your site.

Advanced CEM includes the Basic CEM and the following:

- Social Media Audience Growth Rate – A positive change in the average monthly number of social media followers/subscribers signals that more people are interacting with you via social media.
- “People Talking About This” – a Facebook measure of engagement that counts the unique users who interacted directly with your brand, such as a like, share, mention, comment, attend an event, or upload an image.
- Reach – a measure of potential members who could view your messages, including those who have subscribed to your page and their online connections.

Reach = (Number of “People Talking About This”) X (Average User’s Number of Facebook friends)

- Average Engagement Rate – the percentage of an FI’s existing social media audience that performs an action on your content, such as a like, share, comment, retweet, favorite, or bookmark.
- Visitor Frequency Rate (VFR) – the percentage of referrals that come from social media. The VFR separates viewers into new and return visitors. Return visitors indicate the depth of engagement between you and your customers and the strength of your social networks.

Comprehensive CEM includes the Intermediate CEM and the following:

- The number of times customers have asked your employees for advice on financial matters.
- The number of *your* products your average customer utilizes.
- The number of ways customers interact with customer service, i.e., mobile banking, online banking, visit a branch, contact the call center, online bill pay).

The Necessity of Customer Engagement Metrics

Customer engagement metrics are a strong indication of whether your content is desirable to your target audience. They can help you determine whether you need to change strategies, modify products, or reallocate resources. They also can be used for business intelligence such as analyzing the social media efforts of your competitors. You can publicize your successes and generate new and repeat visitors.

FIs have a lot of actionable data available to them. They need to leverage the information to drive decisions about their operations and how they want to interact with their customers.