



# Illuminate High School Business Case Competition

## Concentra Challenge – Social Media Strategy

### OVERVIEW

Participants in the *Concentra Challenge* will be given a business scenario with several variables and asked to propose a strategy and implementation plan featuring the tools and technology available on social media.

A Concentra employee will introduce the scenario to students, provide a package with background information, and give groups 90 minutes to create and present their strategy and plan.

### MISSION

Prepare a **social media strategy** for Concentra Bank supporting their business objective to attract new customers and help win market share.

### BUSINESS OBJECTIVE

Attract 50,000 customers within 18 months to Concentra Bank's new consumer banking service.

### CASE MATERIAL

#### Company Background

Concentra is a Canadian bank based in Saskatchewan, serving credit unions across Canada. The company currently serves over 85% of Canada's credit unions.

Concentra offers business solutions that help credit unions be more competitive in several ways:

- advising credit unions on how to manage their balance sheets (improve profitability and manage risk)
- lending money, in partnership with credit unions, to their members
- buying and selling mortgages and loans from credit unions and converting them into securities (equities that can be bought and sold on capital markets)
- helping credit unions launch leasing services for their members

Concentra also operates a trust company - Concentra Trust, which has been in business for over 65 years, offering registered plans (like RSPs and RESPs) for credit unions to offer their members.

Concentra summarizes their services like this:

*Concentra is the wholesale bank and trust company for Canada's credit unions. We partner with credit unions to ensure their 5 million plus members across Canada can choose competitive financial services from their local credit union.*

Concentra is proud of their long history and roots in the co-operative system. They have dreams of helping even more Canadians achieve their financial goals.

But in recent years, executives at Concentra have grown more concerned about the future of Canada's financial industry and their place in it. Concentra's market share is declining and technology seems to be leaving them behind, so the executive team has decided to enlist help planning for the future: they call you.

At your first meeting with the executives, they explain that they cannot continue along their current path. Credit unions – their main partners and clients – are merging at an alarming rate, with only 300 remaining in Canada. This erosion of Concentra's client base means that they are on borrowed time – they urgently need to find another revenue source.

But, the executives continue, there is some good news. They are still making a profit, and have quite a few competitive advantages. Concentra is one of 32 banks in Canada that operate under Canada's Bank Act<sup>1</sup>. Banking is highly regulated in Canada and bank licenses are difficult to obtain. This means there may be opportunities to win a share of the retail banking market, or to partner with a large technology or social media company interested in doing more financial services business, like lending and payments between users.

The executives also point out that they have a lot of purchasing power – they currently represent over \$33 billion in assets and have relationships with several financial partners.

With that in mind, they have decided to launch a digital bank – similar to what Tangerine Bank has done successfully – to appeal directly to consumers in Canada with low-cost financial solutions.

One of the executives explains, "We feel it's time to shift our business focus and start marketing to consumers directly, instead of just credit unions. The problem is that we don't know how to attract consumer clients! That's why we've come to you. We know you're an expert with social media and technology – can you help us think of a new way to engage with clients through social media that the other banks haven't done yet?"

## Industry Background

Banking and financial services have been changing rapidly since the early 2000s. 84% of bank CEOs globally believe that technology will completely reshape competition in their industry over the next five years. (PWC)

E-transfers, Apple pay, and online shopping have exploded in popularity in recent years, which means that use of cash is on the decline. Lower cash use and financial automation have resulted in banks closing hundreds of branches across the country. People still need to meet their bankers sometimes, but it's not enough to justify nearly as many brick-and-mortar locations.

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<sup>1</sup> There are many other types of financial institutions in Canada, including credit unions, trust, loan and insurance companies that operate under various provincial and federal regulations.

Wealth management robots (robo-advisors) have started gaining momentum. They offer lower fees than traditional wealth managers but are still mostly used by early adopters and younger clientele. They tend to be more suited to entry level investors over high wealth individuals.

Demographic changes continue to influence the makeup of advisor businesses. The percentage of assets controlled by Baby Boomers (born 1946-1965) has risen to 55% from 46% in 2014. At the other end of the spectrum, advisors have seen no growth in the percentage of assets controlled by Millennials (born 1981-1995). This 'next generation' of clients represents a paltry 2% of assets, and that percentage hasn't changed in four years (PriceMetrix).

The financial industry is seeing a shift in the way people think, toward a new concept called *financial wellness*. Instead of just focusing on how much money you can earn on your investment, financial wellness emphasizes how finances affect your life and how to live within your means in order to make the most of it.

According to PwC's 2016 Global FinTech Survey only 31% of asset wealth managers provide their clients with some form of mobile application, yet 60% feel that at least part of their business is at risk to FinTech (PWC).

There is a \$750 billion dollar intergenerational transfer of wealth on the horizon.

Reputationally, banks' trust scores have been declining rapidly as news stories emerge about their aggressive sales tactics and "profit-by-any-means" approach to business.

Bitcoin and other blockchain applications could fade in popularity, or could transform the entire world currency system. Some banks have started experimenting with blockchain as a way to offer increased security or win clients.

Interest rates are rising, putting pressure on many Canadians' finances as they attempt to plan for the future.

### Social Media Industry Background

Having a social media presence has become a necessity for businesses in every industry. Given that every customer demographic is using one or more social media platforms that organizations/brands need to be leveraging social channels to reach their audiences. . Customers use social media to find company information, receive immediate customer service, make purchases or transact in some way, and connect on a personal level.

This is great news for business. Sharing content that customers want to see has never been easier. Expert insights, product information, news, and your brand story can all be shared on social media. Additionally, customers can easily reach out to share their opinions and experiences resulting in a two-way conversation that is difficult to achieve with traditional marketing. Stronger customer relationships can be built and brand loyalty can be nurtured.

Statista reported that 87% of marketers found company exposure is increased through social media marketing. Of marketers polled, 63% said customer loyalty was a benefit of social media while 49% said growth in business partnerships was a

benefit. Furthermore, 64% of marketers indicated social media marketing generated more leads than other forms of marketing and 53% said social media improved sales.<sup>2</sup>

The established social media platforms have an impressive amount of users. Facebook boasts a total of 2.1 billion monthly active users with 68% of adults saying they use Facebook. YouTube attracts 1.5 billion monthly active users with 73% of adults using the site. Instagram has grown rapidly to 800 million monthly active users, composed primarily of millennials. Twitter has 330 million monthly active users with many influencers and opinion leaders across industries. LinkedIn is the smallest of the social media giants with 106 million monthly active users.<sup>2</sup>

Not surprisingly, many businesses have jumped on social media to communicate with their customer base and expand their reach to a broader market. In 2014, 88% of companies were using social media for marketing, and that number continues to grow.<sup>3</sup>

The various social media platforms provide their own individual set of challenges. Feeding profiles with platform appropriate content can take a significant amount of time and resources. Companies have to be constantly listen and engage on social media as 84% of consumers expect companies to respond within 24 hours.<sup>4</sup> Furthermore, social media content strategies have to be customized to the type of business, business to business (B2B) or business to consumer (B2C) and industry to be effective and impact business results.

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<sup>2</sup> Smith, A., & Anderson, M. (2018, March 1). Social Media Use in 2018. Retrieved from Pew Research Center: <http://www.pewinternet.org/2018/03/01/social-media-use-in-2018/>

<sup>3</sup> Bennett, S. (2014, October 20). *88% of Companies are Using Social Media for Marketing*. Retrieved from AdWeek: <https://www.adweek.com/digital/social-media-companies>

<sup>4</sup> Altitude. (2016, July 18). Survey Finds 84% of Consumers Expect Companies to Respond Within 24 hours After Posting on Social Media. Retrieved from Altitude: <https://www.altitude.com/about-us/newsroom/articles/survey-finds-84-of-consumers-expect-companies-to-respond-within-24-hours-after-posting-on-social-media/2484>