

SOCIAL MEDIA AND IR: VALUE ADD OR PASSING FAD?

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A good website potentially persuades a visitor to linger and so begin to absorb the company's investment story. In this way, an effective website is critical to the IR communications strategy and, as an element of that strategy, social media can play an important part.

Social Media and IR

2009 was the year in which IR really discovered social media. Analysts and investors alike now use social media as a routine part of their research. Twitter, YouTube, Slideshare, Flickr and Facebook showed similar rates of increased adoption last year.

But, social media has inbuilt limitations. For IR professionals, social media sites, when properly used, can effectively extend a company's communication reach and foster genuine dialogue, however brief. At their core, social media sites are communication 'lite'. Users will not want to get into philosophical debates. For them, the medium is often as important as the message!

The most practical and risk-free uses of social media in IR are both as a mechanism to draw 'followers' to the company's website where they can access announcements and for receiving investor feedback, questions and comments.

To create and maintain a vibrant social media brand presence:

- Personalise your pages – upload company logo and key branding imagery
- Monitor pages regularly – daily is not too frequent if you're to keep on top of requests and negative comments
- Respond quickly to any posts or questions – in plain English, with a light touch but without flippancy
- Update content regularly – an out-of-date social media site is worse than no site at all and be prepared to commit resources to keep content such as photos and branded activities completely current
- Manage settings to advantage – ensure that only the administrator's comments and approved externally supplied material and updates are posted on the home page

The 2010 IR Communication Toolbox

So a typical IR online communication 'toolbox' for a company now may include:

1. A technically savvy website, meaning that visitors can engage with companies via strong calls to action, can download information and perform analysis way beyond the normal provision of static information.
2. A 'socially enabled' website, meaning it is at the heart of the company's online reputation. Each presence that a company maintains (Twitter, Facebook, YouTube, Flickr, etc.) should feature links that invoke its website.
3. A clear brand and message, repeated consistently across all of a company's new communications channels
4. Digital content that can be quickly and easily produced, published and recycled
5. Keywords to locate content quickly and easily
6. Quick and effective responses when a prospective investor triggers an online "call to action"
7. Data collections that can be activated swiftly to enable the company to analyse the level of engagement achieved with its online 'community'. Knowing how many people visit the web-site and what they look at is critical.

Social media is therefore not a pesky addition to a company's existing marketing and communications activities - it is a new vehicle for IR but because of its selective nature it is more valuable as a channel of interactive communication (or as 'bait' to draw the follower to the company's website) than as a communication end in itself.

Social media's value as a new communication channel is that it responds better to "engagement" than to "interruption". As a result social media sites require a company to adjust the skills mix of its team and to bring a new management focus. In return for a company's adoption of a properly resourced social media strategy, metrics on community engagement should improve markedly.

The benefit long term is that there will be a broader reach and increased frequency of company messages and ultimately, greater investor interest.

* FIRST Advisers is a Sydney based consultancy specializing in investor relations, strategic communications and governance. We partner with 94 Digital in advising clients on their social media strategy.