

# SOCIAL MEDIA AND IR: VALUE ADD OR PASSING FAD?

By First Advisers and 94 Digital\*

Listed companies seeking to incorporate social media into their communications armoury, must be mindful of the risks of selective disclosure given their legal obligation to report material information **first** through the ASX's Company Announcements Platform.

The explosion in global internet usage is one of the technological and social phenomena of the 21st century. In 2009, 90 trillion e-mail messages were sent by 1.73 billion users and there are an estimated 234 million websites and 126 million blogs<sup>1</sup>.

And yet human appetite for more information at greater speed continues to grow exponentially. In recent years the use of social media has added a further dimension to internet usage, with millions of networkers able to communicate with each other immediately, directly and wirelessly. An estimated 9.9 billion 'Tweets' were sent in 2009 alone. Perhaps counter-intuitively, **62% of social media users are aged between 25 and 54**, with 24% younger than 25 years.

So how should ASX-listed companies, strait-jacketed as they are by corporations law that requires all material information to be available to investors at the same time and through the same means (i.e. the ASX Announcements platform), address today's reality that investors now have multiple sources of information available to them?

Are there opportunities for listed companies to capitalise on investors' increasing use of social media or should 'Twitterworld' generally be avoided because of the risks of selective disclosure? As always, the answer lies somewhere in between.

1. Royal Pingdom Survey

## Investors and the internet

Given widespread connectivity, the internet, including social media, now enables companies to market their messages to a broader audience, using recycled digital content, through more channels. The internet offers both accurate targeting and an accurate measurement of engagement. Clearly, if you want to grow wings online, you need to be where your prospects are searching.

### Making company web-sites work

Whether your website is a welcoming portal or a place where visitors are buried, is critical. A good website should:

1. Be well-designed, offering up relevant information at a glance
2. Perhaps offer a video of a timely interview with the CEO commenting on market conditions
3. Provide a full set of financials that allows a shareholder or potential investor to slice and dice real time data.
4. Enable an investor survey to obtain input from investors
5. Link to all published data on the company (annual reports, business plans, etc)
6. Provide a company calendar with important meetings/dates updated

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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.