

Social Media Strategy for Investor Relations



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Introduction

Social networking allows users to connect and interact with likeminded people. While these tools were originally developed for individual use, the aspects of information sharing and instant responsiveness of social media lend itself well for corporate communications. Through social media platforms, companies can build and promote their brands, introduce new products, and learn about their customer base. Social media becomes an extension of real world communication strategies by allowing enhanced transparency and increasing interaction between companies and their stakeholders.

While some businesses refer to the risk of possible violations of securities laws, some fear brand risk resulting from the potential loss of control inherent in an interactive two-way setting and others worry about the additional time required to establish and maintain an effective social media effort, there are a number of ways for any company to incorporate social media into their strategic communication efforts. Using the medium to establish and manage shareholder communications provides opportunities for corporations to interact with the investment community, thereby obtaining valuable information while accessing an additional channel to amplify the message. By establishing a social media policy and clear guidelines, the process becomes streamlined and is easily integrated with the overall communication effort.

The most distinguished aspect of social media is its permission based nature and foundation of mutual trust. As a company cannot buy its status within social media but has to earn it, popularity through social media is considered an indication of reliability. Through social media, investor relations executives can target the right audience while maintaining a consistent image, which in turn builds shareholder loyalty and increases the return on investment of investor outreach efforts.

Benefits of Social Media in Investor Relations

Because of their format, targeting abilities, and cost structure, social media-based communication strategies are an effective extension of a company's existing investor outreach. The main benefits of social media in investor relations can be summarized in the following four principles:

The Nature of Social Media Encourages Dialogue: When disseminating a press release, a company has little means of knowing whether the message actually reached the intended audience and how it resonated with investors. Social media provides a solution by establishing two-way communications between the company and its stakeholders. Opt-in features of social media, such as a subscription to a news feed, ensure that the viewer is genuinely interested in receiving updates from the company, while the community-like structure of social media allows

the viewer to react and provide instantaneous feedback. The feedback is immensely valuable to companies, which can directly adjust their future communications to better fit the needs of the targeted investment community.

Technology Drives Greater Transparency: Electronic reporting, the growth in online financial services and the central role of the Internet in the popularization of financial communication are starting to level the playing field between institutional and retail investors. Social media may lower the barriers for obtaining information about a public company and therefore increase the transparency of the company.

Multiple Channels Reinforce the Message: Adding social media platforms to a public company's communication channels helps the company establish a broader presence with the investment community and reach new classes of investors. Social media is usually community-specific, with audiences usually remaining loyal to one or a few preferred communities. Consequently, targeting several communities simultaneously with the same message helps align the perceptions of different investors with the investment thesis. Additionally, social media helps reinforce the message already created and endorsed by the company. Tailored correctly, a comprehensive social media strategy complements a company's existing investor relations strategies.

Social Media is a High ROI Strategy: Costs for establishing a social media strategy for investor relations are negligible, as most channels are free of charge and profiles easy to set up. In contrast, the potential benefits may be unlimited: increased shareholder base, more transparent investor communications, more relevant feedback from the investment community, and improved brand perception are just some of the potential gains. On the other hand, risks related to more relaxed content and brand control are relatively low if the strategy is managed correctly. While some investor relations officers worry about social media placing additional demands on their time, the nature of communication through these new channels points to the opposite. The brevity of the message and reposted, forwarded and linked content makes social media a fast way to spread the word.

Public Companies and Social Media

According to 'Public Company Use of Social Media for Investor Relations 2011,' a study by Q4 Web Systems that reviewed 629 public companies in total, small public companies are more avid users of Twitter for investor relations compared with large companies, with 179 and 141 users respectively. Similarly, 98 smaller companies were reported using Facebook for investor relations purposes, compared with 69 large companies. Across the board, both small and large enterprises were more inclined to using social media for investor relations, as compared with mid-sized companies.

A possible explanation for this data is that while large public companies have the resources to use social media and feel inclined to use the tools available because their competitors are doing it, smaller companies are reaping the largest benefits from integrating social media into their investor relations effort. The low cost of social media, combined with the potentially large footprint and visibility create an attractive value proposition. Smaller companies are also more likely to have a vocal base of retail investors, who are the prime targets of social media.

Figure 1: Public Company Use of Social Media for IR ¹

	Large	Mid	Small
Twitter	141	97	179
Facebook	69	49	98
YouTube	60	29	50
SlideShare	31	14	36
Blogs	20	5	18

While many large public companies have discovered social media when interacting with their customers, surprisingly few use it effectively for investor relations purposes. Based on a review of the use of social media by large public companies, companies that are frontrunners when it comes to customer-focused social media remain on the fence about using the same tools for investor communication. The cautious behavior may be because of fear of breaking securities law or because the investor relations function is separated from the company's communications or marketing function. While it may be practical, even encouraged, for different departments to manage social media for different applications, all persons that utilize social media on behalf of the company are advised to communicate regularly, be aware of each other's practices and coordinate their efforts when practicable. We discuss social media from a regulatory point of view in the chapter 'Regulatory Environment.'

¹ From 'Public Company Use of Social Media for Investor Relations 2011' by Q4 Web Systems









Example 1: Ebay uses Twitter to reach out to consumers, but does not target investors



Social Media Toolbox for IR

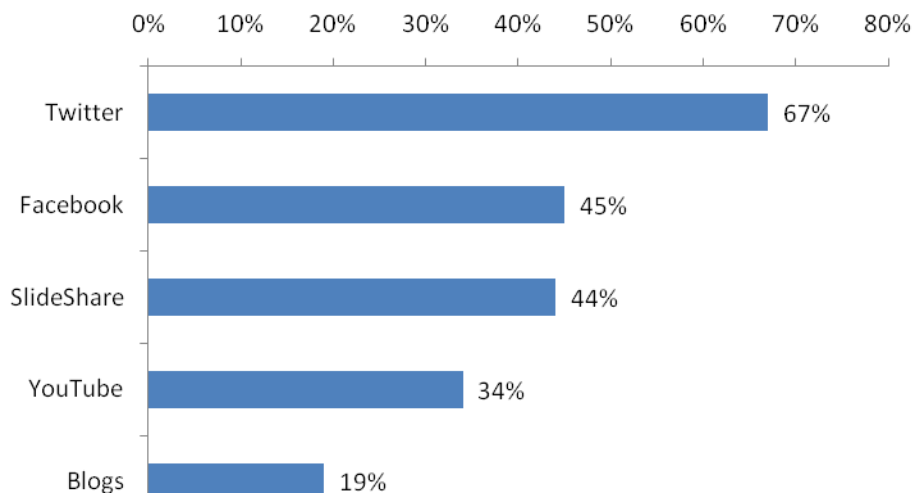
The number of social media tools available is growing and changing fast. Therefore, it is difficult to maintain a comprehensive and up-to-date list that captures the complete social media landscape. We have gathered the following list based on social media currently used by public companies.

Figure 2: Useful Tools for Investor Relations Purposes

<p>Twitter</p> 	<p>A social networking and microblogging service utilizing instant messaging, SMS or a web interface.</p>
<p>Facebook</p> 	<p>A social utility that connects people with friends and others who are interested in keeping in touch.</p>
<p>YouTube</p> 	<p>A channel that enables watching, uploading and sharing videos.</p>
<p>LinkedIn</p> 	<p>An online network that strengthens and extends an existing network of trusted contacts.</p>
<p>SlideShare</p> 	<p>A tool that offers users the ability to upload and share publicly or privately PowerPoint presentations, Word documents and Adobe PDF Portfolios.</p>
<p>Flickr</p> 	<p>An online photo management and sharing tool.</p>
<p>Blogs</p>	<p>Interactive websites with one or several authors with content displayed in reverse-chronological order.</p>
<p>Scribd</p> 	<p>A social publishing site, where participants share original writings and documents.</p>
<p>Stock Twits</p> 	<p>A sharing site that allows companies to share their information and find appropriate investors and traders, while providing a community of investors and traders information and ideas about their favorite stocks.</p>

Public companies tend to use social media tools for general marketing and branding purposes and customer communications, in addition to investor relations. In general, social media applications that target the investment community tend to be far less advanced compared with communication intended for a company's customers.

Figure 3: Share of Companies Using Social Media for IR Compared to Other Applications²



² From 'Public Company Use of Social Media for Investor Relations 2011' by Q4 Web Systems

Implementing Social Media and Web-based Tools into Investor Communication

Investors have varied investment horizons and perspectives, with distinct needs and motives that drive their investment decisions. Therefore, a successful social media strategy for investor relations offers a range of actions, from capturing the interest of the company's shareholder base to listening to investor concerns and proactively engaging with shareholders.

When implementing social media into investor communications, CCG Investor Relations suggests companies to gradually intensify interaction with shareholders.

Figure 4: Five Steps for Implementing Social Media for IR

1. Create and maintain an attractive online presence
2. Use Web-based tools to evaluate the impact of the investor relations strategy
3. Engage, share and interact with shareholders through interactive channels
4. Apply focused campaigns to target shareholders
5. Invite ideas and tailor future communications

1. Create and Maintain an Attractive Online Presence

Investors are increasingly turning to the investor relations sections of public companies' websites to assess investment opportunities. A user-friendly and comprehensive investor relations website is a determining factor in attracting and retaining retail investors. According to IR Web Report, an online investor relations resource, 90% of retail investors who use the Internet consult company websites to confirm investment ideas and decisions. In addition to helping potential investors with making an informed investment decision, a detailed investor relations website also meets the information needs of visitors that expect responsive service and ready access to information on topics such as the company's operations, corporate governance, and market environment. As an internet marketing strategy, Search Engine Optimization (SEO) is the process of improving the volume or quality of traffic to a website from search engines via "natural" (organic or algorithmic) search results. Typically, the earlier and higher up the company's website appears in the search result list, the more visitors it will receive from the search engine.

Companies with powerful websites:

Example 2: Cisco Systems
<http://investor.cisco.com/>

The screenshot shows the Cisco investor relations website. At the top, there's a search bar and a 'Worldwide [change]' link. Below is a navigation bar with tabs for Solutions, Products & Services, Ordering, Support, Training & Events, and Partner Central. The main header reads 'Investor Relations'. A prominent section titled 'Earnings Announcement' states: 'On Wednesday, August 10, 2011 Cisco held a conference call to announce its fourth quarter and fiscal year 2011 financial results.' To the right of this text is a photograph of a large, modern office building. Below the announcement is a 'Details' link. On the left side, there's a vertical menu with links for HOME, ABOUT CISCO, Investor Relations, Events & News, Financial Reporting, SEC Filings, Stock Information, Corporate Governance, Personal Investing, and Questions & Contacts. On the right side, there's a 'Related Links' section with links to Company Overview, Cisco Technologies and Solutions, News@Cisco, Acquisitions, Corporate Social Responsibility, and Analyst Relations. Below that is a 'Search IR' box and a 'Tool Box' with links to Briefcase, Twitter, Facebook, and YouTube. At the bottom, there are links for 'Annual Report 2010' and 'Cisco CSR Report 2010'.

Example 3: Microsoft
<http://www.microsoft.com/investor>

The screenshot shows the Microsoft investor relations website. At the top, there's a search bar for 'Investor Relations' and a 'bing p Web' button. Below is a navigation bar with tabs for Home, Company Information, Earnings and Financials, Annual Reports, SEC Filings, Events, Stock Information, Investor Services, Governance and Citizenship, and Contacts. The main content area features three large promotional banners: 'Enhanced Governance & Citizenship Site featuring Board of Directors Video Series', 'Introducing the Microsoft 2010 Citizenship Report Sept 30, 2010', and '2011 Financial Analyst Meeting September 14, 2011'. Below these banners is a 'NEWS' section with the headline 'Back-to-School Deals Help Shoppers Save Time This Fall'. On the left side, there's a 'Microsoft Corp (MSFT)' section with a stock price chart showing a price of 25.19. On the right side, there's an 'Announcements' section with links to 'Microsoft Reports Record Fourth-Quarter and Full-Year Results' (July 21, 2011) and 'Microsoft Declares Quarterly Dividend' (June 13, 2011). A 'Subscribe to feed' button is also present. At the bottom right, there's an 'Investor Services' section with links to Direct Stock Purchase and Dividend Reinvestment Program, Annual Reports Order Form, and Frequently Asked Questions.

Example 4: Seagate

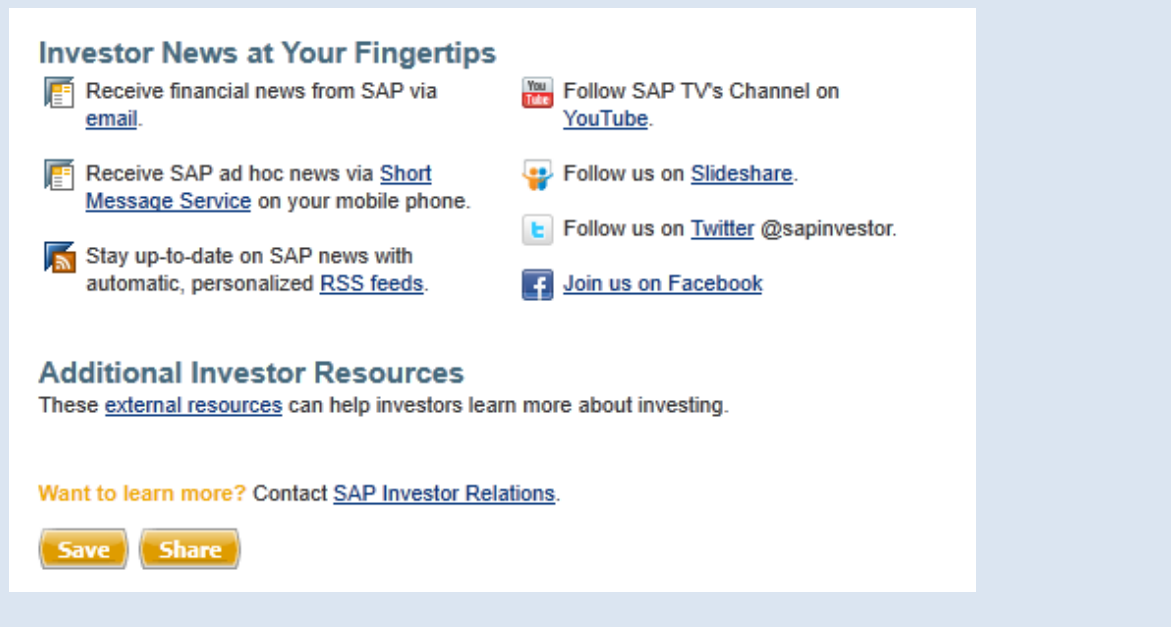
http://www.seagate.com/www/en-us/about/investor_relations



In addition to maintaining a powerful website, a company can improve its online presence through the following measures:

Enable Access: By offering several channels to access information, a company increases the probability of target investors accessing its message. We suggest incorporating E-mail alerts and RSS feeds, along with other social media channels, to the website to allow interested parties to subscribe to the company's investor communications.

Example 5: SAP lists all channels where investors can find information and interact with the company.



The screenshot shows a webpage titled "Investor News at Your Fingertips". It features several options for staying updated: receiving financial news via email, receiving ad hoc news via Short Message Service on a mobile phone, and staying up-to-date on SAP news with automatic, personalized RSS feeds. There are also social media links to follow SAP TV's Channel on YouTube, follow on Slideshare, follow on Twitter (@sapinvestor), and join on Facebook. Below these links is a section titled "Additional Investor Resources" with a link to external resources. At the bottom, there is a link to contact SAP Investor Relations and two buttons labeled "Save" and "Share".

Investor News at Your Fingertips

- Receive financial news from SAP via [email](#).
- Receive SAP ad hoc news via [Short Message Service](#) on your mobile phone.
- Stay up-to-date on SAP news with automatic, personalized [RSS feeds](#).
- Follow SAP TV's Channel on [YouTube](#).
- Follow us on [Slideshare](#).
- Follow us on [Twitter](#) @sapinvestor.
- [Join us on Facebook](#)

Additional Investor Resources
These [external resources](#) can help investors learn more about investing.

Want to learn more? Contact [SAP Investor Relations](#).

[Save](#) [Share](#)

Establish a Network: Collect all social media-related communication under a separate website that is useful for both investors and users.

Example 6: Intuit Network

Intuit has an impressive network that presents information about the company through a weekly videocast, communicates through Twitter and invites users and investors to connect through Facebook.

<http://network.intuit.com/>

Search

The Intuit Network

Serving Customers | Innovating for Impact | Living Our Values | Growing Our Company



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Intuit on Twitter

@Intuit: Hi @twittersuggests Appreciate it. Thanks for suggesting us! ^83 August 29, 2011

Articles: Growing Our Company

Build Investor Databases: Passive networks, such as e-mail lists, are only as effective as the action that they prompt. In order to build a relevant and current database of existing and potential investors, partners, and media representatives, the company is encouraged utilize

every interaction with potential stakeholders as an opportunity to collect additional information about its audience. By including a ‘subscribe here’ link on every press release and by leveraging online proxy solicitation campaigns with opt-in features, a company can obtain valuable contact details that can be used for future investor communications.

Establish a Social Media Policy: This policy is to be adapted by everyone who is utilizing social media on the company’s behalf.

Example 7: Dell’s effective social media policy

<http://content.dell.com/us/en/corp/d/corp-comm/social-media-policy.aspx>

2. Use Web-based Tools to Evaluate the Impact of the IR Program

After establishing an online presence, the company needs to extract and analyze data in order to understand how its investor relations activities resonate with the investor community. Web-based tools improve tracking of online investor relations efforts, as these allow companies to understand how potential investors access a company’s website and which topics they navigate to, follow up and monitor how an announcement is received by the investment community and track the potential origin of rumors.

Figure 4: A Selection of Tools to Help Companies Quantify their Online Presence

Type	Examples	Key data
Traffic & search analytics	<ul style="list-style-type: none"> • Google Analytics • Compete.com 	Data on the geographic location, bounce rate, visiting frequency, visiting patterns, and utilized keywords of website visitors
Alerts	<ul style="list-style-type: none"> • Google Comprehensive Alerts • Nielsen Buzzmetrics • Stocktwits 	These tools can be set up to alert each time certain content is registered by Google or another search engine or channel (such as Twitter) and may help the company monitor what is being said on the internet.
Social search engines	<ul style="list-style-type: none"> • Socialmention.com • Infegy Social Radar • Search.twitter.com 	Like traditional search engines, these tools help companies search social networking sites in order to monitor buzz.

3. Engage, Share and Interact with Shareholders through Interactive Channels

From Blogs, to micro blogs, to branded sites, there are various ways for companies to use social media to engage – and deciding where and how to engage are largely a function of the desired objectives and the needs of the intended audiences. In terms of investor relations, online engagement can take place in a variety of forms, such as a blog or an online shareholder forum. The key to success is to create an experience that the company's current and potential investor's value, thereby improving loyalty.

To improve the experience, a company must not only create compelling content that is frequently updated, but also decide how to address questions and concerns online. This begins with mapping out an engagement plan, including the rules of engagement, defining specific goals and objectives, among a host of other steps including creating an exit strategy. Some objectives utilizing social media for investor relations include establishing voice, addressing concerns, facilitating conversations, and increasing transparency.

Establish Voice: In customer-centric practices, companies think about every interaction, including online interactions as a way to build the brand and maintain voice of authority.

Establish a Facebook page to help connect with customers, investors, communities, industry organizations and other stakeholders.

Example 8: Alpha Natural Resources

Alpha Natural Resources has a well-developed Facebook page that provides updates especially on CSR related projects:

<http://www.facebook.com/pages/Alpha-Natural-Resources/144647545547292>



Another way to establish a corporate voice is to start a blog to discuss company events and industry updates.

Example 9: DellShares

Dell manages a blog called DellShares that focuses on issues that interest shareholders, such as outcomes of the analyst day, a new initiative or regulatory changes. A blog allows the company to discuss an event and its implications on the company in greater detail while also opening up for discussion by allowing readers to react and provide input.



DellShares

New insights and perspectives into Dell and the world of investor relations.

<http://en.community.dell.com/dell-blogs/dell-shares/default.aspx>

Dell's 2011 Analyst Day

 **Robert L Williams** 30 Jun 2011 7:24 AM |  2

Yesterday Dell held its 2011 Analyst Meeting in Austin, Texas. Over 150 analysts and investors attended the event and were able to hear from the executive leadership team about Dell's strategy, our solutions capabilities and Dell's differentiated go-to-market approach.

On Tuesday night, Dell executives led a solutions expo featuring Dell's enterprise solutions and services offerings. Executives walked participants through our current offerings, customer value proposition, and Dell's differentiation. The event was a great success.

Encourage various members of the management team to share their success stories. The more engaged top level management is with social media, the more impact it is likely to have.

Example 10: Richard Branson, Virgin Group Chairman has more than one million followers on Twitter

<http://twitter.com/#!/richardbranson>

The screenshot shows the Twitter profile of Richard Branson (@richardbranson). The profile includes a bio: "Founder of Virgin Group: @virgin" and a link to his website. Below the profile is a tweet from August 24th: "History repeating itself: what happened on Necker this week reminded me of what happened to Thomas Edison... virg.co/edison". The tweet has been retweeted by Rose_Ca and 100+ others. A reply from 3rhinomedia is also visible, praising Branson's attitude.

Example 11: Eric Schmidt, Executive Chairman and Former CEO of Google tweets about technology and beyond

The screenshot shows the Twitter profile of Eric Schmidt (@ericschmidt). The profile includes a bio: "Executive Chairman & former CEO" and a link to his website. Below the profile is a tweet from February 14th: "Egypt: people plus technology--what an amazing force for good". The tweet has been retweeted by hebalicious and 100+ others. Other tweets from Ivanka Trump and Eric Schmidt are also visible in the feed.

Example 12: Peter Aceto, CEO of ING Direct Canada uses Twitter to encourage employees and connect with industry leaders

The image shows a screenshot of a Twitter profile for Peter Aceto, CEO of ING Direct Canada. The profile header includes the name "Peter Aceto", the handle "@CEO_INGDIRECT", and the location "Toronto". Below the header is a "Follow" button and a text-based follow option. The main content area displays two tweets from the account. The first tweet, posted 20 hours ago, reads: "Team presenting very interesting & insightful analysis of competition, their focus & behaviour. Always know what your comp. is up to." The second tweet reads: "Observed urgency & passion from typically mellow employee." On the right side of the screenshot, a tweet from the same account is shown, which has been retweeted. The retweeted tweet contains a link: "bit.ly/qQ8FRU ING DIRECT singled out for product innovation in this FP podcast #innovation" and is dated "15 Aug via HootSuite".

Strengthen Message: Through social media channels, companies can add to their existing message to make it more compelling and approachable.

Tweet a picture of the officer speaking at an event in addition to linking to the press release
Communicate about additional coverage surrounding important events

Example 13: Qualcomm tweeted about an interview with the CEO



Example 14: Oracle and Infosys tweeted about their strategic partnership

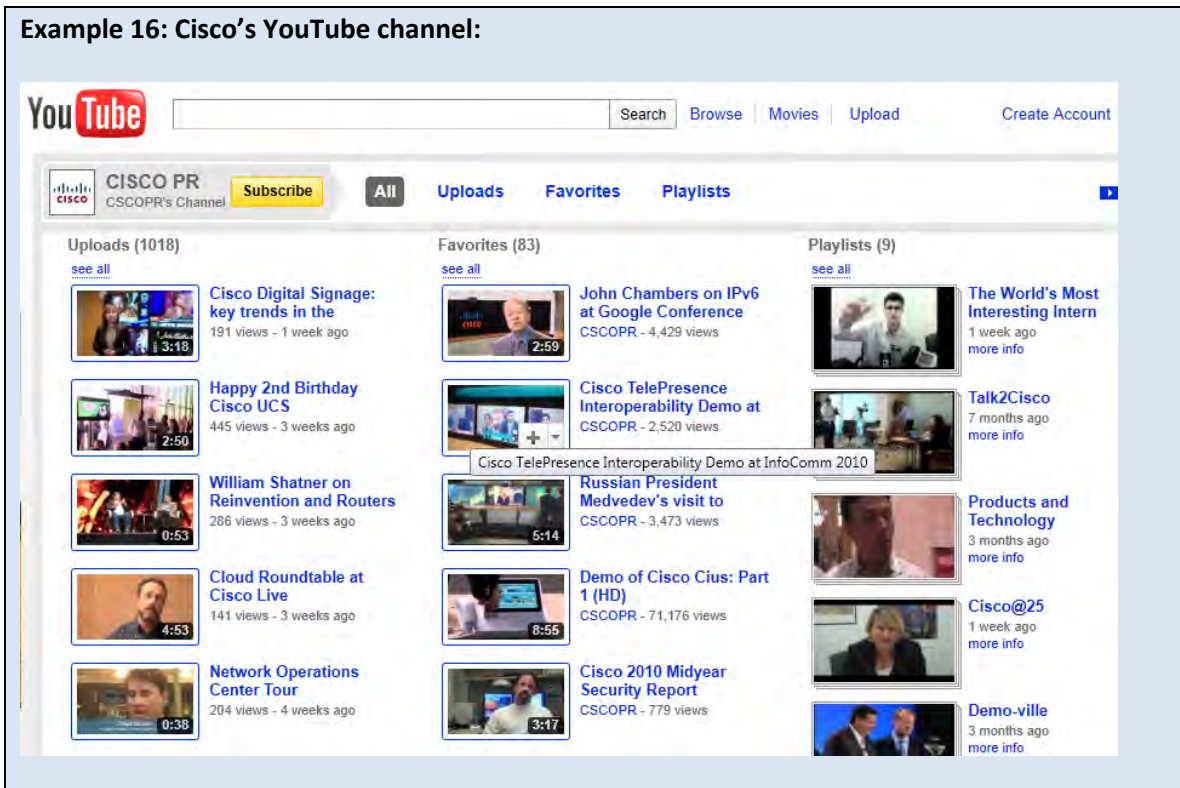


Example 15: Seagate tweeted about its agreement with Samsung by linking to an FAQ document



Use YouTube to tell your story verbally and present your message visually. A video is useful for providing a company overview, demonstrate functionality of new products and answer FAQs.

Example 16: Cisco's YouTube channel:



Example 17: Cisco's CEO and Chairman John Chambers announces an investment in Jordan over YouTube

<http://www.youtube.com/CSCOPR#p/u/25/AFnlwLz4Wpk>

Respond to Questions: A segment of the investor base may choose to ask questions online, while others might use the medium to complain. Companies must address questions online in the same manner that the address questions over the phone, responding in both good and bad times. The company is encouraged to establish participation rules for the social media platform, outlining what is acceptable and what is not and refer to these rules when removing user-generated content from its website.

Twitter followers are increasingly replying to tweets by companies, although the volumes remain small.³ Here are a couple of examples on how Twitter can be used to interact with customers and potential stakeholders.

³ From 'Public Company Use of Social Media for Investor Relations 2011' by Q4 Web Systems

Example 18: Opera Software directs customers to the right channel for support.



Facilitate Conversations: Social media should never be a one way conversation purely for promotional purposes—it should be communication among a group where investors can speak with other investors in a particular forum. In order to cultivate communication among the community while protecting the brand and maintaining accuracy of content, companies can encourage participants to register and agree to guidelines and policies before participating.

Example 19: Sybase encourages investors to ask questions on the upcoming webcast



@Sybase
Sybase

Bring your toughest mobility questions to our webcast this Wednesday. We've got answers! See [@ericylai](#)'s post for more <http://bit.ly/gkc8KR>

18 Apr via web

Example 20: CommVault invites investors to continue discussion about its products



@CommVault
CommVault

@aussielinux Thanks for the comments. Would like to discuss with you and get your take on some RPM/Linux stuff. Pls DM us, if interested

29 Apr via web

Encourage Others to Share Your Information: One of the key tenets of social media is sharing. Add a "Share This" button to your communication to allow visitors to share information that they find useful with their own networks. This will help to generate more links to your channels, thereby increasing the visibility of your company.

Remember to reciprocate. If you tag someone in your tweets, they are more likely to tag you, thereby increasing your visibility.

Example 21: AdAge tweeted information about Ford's marketing approach. Ford retweeted the news

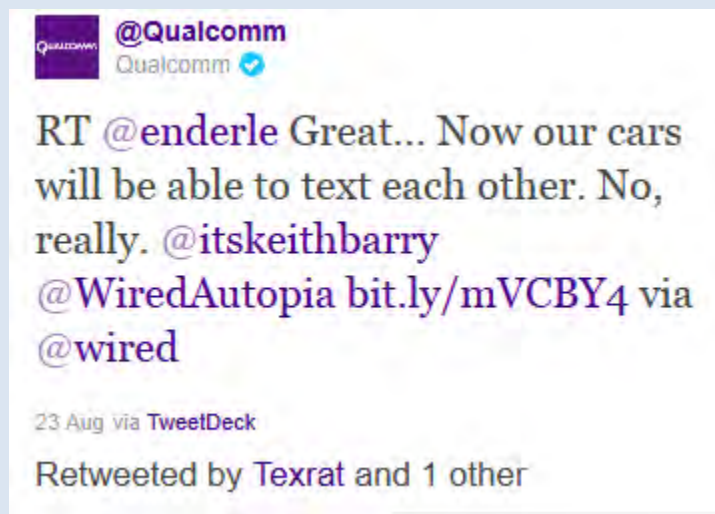


Example 22: ADP is often tagged by other industry experts



Share Related Information: In addition to having an interest in your company, investors are engaged in events related to the industry as a whole and how the company fits the bigger picture. This is a great way to add more followers to your channels, as your posts are likely to interest a broader group. Use Twitter, SlideShare and Facebook to share information about the industry and general space, such as media links, industry research, new standards and regulatory updates.

Example 23: Qualcomm shares an article in Wired Magazine that mentions its technology



Link Social Media Channels and Amplify Message: Use Twitter to direct followers to the company's YouTube channel, Facebook page or presentations on Slide Share.

Example 24: WEG Novo Mercado posted a link of their latest investor presentation on SlideShare and shared the link on Twitter



Example 25: Formation Metals announced their LinkedIn profile over Twitter



Check out Formation Metals on LinkedIn
<http://linkd.in/hZNtWH> #Linkedin
#cobalt

6 Jan via web

Sign up for StockTwits (www.stocktwits.com) to share your ideas across the financial web—including Yahoo! Finance, Bing, Reuters, and CNN Money, allow users to follow you and stay updated and discover great investors and traders by asset class, trading approach, and investing timeframe. As an official corporate account, your profile will be distinguished from the rest of the posts related to your company.

Syndicate your messages on StockTwits to other services, such as Twitter and Facebook. Moreover, Bloomberg is indexing StockTwits for its Velocity search application that pulls in message postings real-time from across the Web and uses a proprietary algorithm to detect abnormal spikes in tweeting volume related to specific public companies.

IR departments can also add their StockTwits messages on their own website by copying and pasting a widget into their website templates. This allows companies to include the disclosure on their website, which is important if the website is a recognized channel of disclosure under Reg FD.

Example 26: Ford Motors' StockTwits feed



4. Apply Focused Campaigns to Target Shareholders

While facilitating access to relevant information and information sharing is the foundation for successful implementation of social media in investor relations, sometimes companies have to reach further in order to reach its existing and potential investors. The following activities go one step further in terms of engaging the investment community:

Research Potential Shareholders: Use LinkedIn to research potential institutional holders in a particular geographic region or that focus on specific sectors.

Online Push Marketing: Intelligent, targeted, contextual information marketing accesses the right audience when they are most receptive. By offering real-time online distribution of recent news to investors who have been profiled as having a strong interest in investing in a specific industry, a company can increase the return on its online shareholder outreach efforts. This

marketing approach utilizes targeted pop up advertising that is activated when a potential investor is online researching stocks of peers.

Virtual Retail Road Shows: A real-time virtual road show allows hundreds of retail investors the same access to management that is usually available only at sponsored limited-invitation conferences, thereby leveling the playing field among different investor classes. The invitation, presentation and Q&A are all conducted online, which enables the company to reach investors across geographies and investment styles. Since no travel is involved, expenses are kept to a minimum and lengthy interruptions in management’s work schedule are avoided.

RetailInvestorConference.com offers an opportunity for retail investors to attend company presentations in a conference-like setting online. The presenting company will have access to contact details of every investor that signed up for the event and can use these to build a database.

Example 27: RetailInvestorConference.com’s conference platform



5. Invite Ideas and Tailor Future Communications

The final step for a successful implementation of a social media-based investor relations strategy is to obtain feedback from the investors and online followers.

In investor relations, companies typically anticipate potential questions or conduct a perception studies in order to poll the investment community for feedback. A more immediate way to receive feedback is to use online tools and social media networks which allow companies to proactively solicit comments and questions. For instance, requesting questions online ahead of a

conference call and then addressing those questions on the call and in writing through the FAQ section of a web site is one way to engage shareholders. Another way is to create a widget, or online application, to solicit feedback in the form of an online survey or poll. Just as a company must act on survey information to improve service and satisfaction, investor relations counselors that invite feedback must also address prevailing questions. Through these efforts, a company can receive immediate feedback, increase transparency, and improve customer loyalty, which ultimately translates to increased shareholder satisfaction.

Request Feedback: To move towards Customer-Centric IR, a company must first identify shareholder needs and concerns. Asking investors to submit questions and comments through an announcement on a social media network such as Facebook, or online through a blog, as well as possibly through an embedded poll or survey widget may invite investors.

Example 28: Microvision regularly invites the investment community to ask questions through its blog that will be discussed during its quarterly earnings calls



Respond to Feedback: If shareholders feel that they are being listened to and feel that they have a voice, shareholder relations will improve. When responding to feedback online, companies should pay attention to disclosure, using the same standards as they would use when answering questions over phone or email, thus avoiding concerns raised over selective disclosure. Companies are also encouraged to include a list of FAQs on their web site.

Investor Perception Survey: In order to assess how the message resonates throughout the investment community, a company can conduct online investor surveys through pop ups on its IR website or by contacting its database of investors directly. By conducting recurring investor perception surveys, a company can connect with its shareholder base and use the results to tailor its future investor communications.

Example 29: Microvision asks for feedback to improve its blog



Sample Strategy

Step 1: Establish Policy and Guidelines

Establish a social media policy that decides who will be responsible for building and maintaining the social media communications effort, provides guidelines regarding acceptable conduct and establishes the nature and frequency of interaction over social media.

One company might find it appropriate to have one person in charge of all social media updates and focus more on simple announcements, while other companies prefer to have more employees participate in the discussion to create well-rounded, engaged and informative interaction with all stakeholders of the company. For example, the product department can maintain a blog that focuses on informative updates to the company's product portfolio, while the marketing/communications department is in charge of announcements related to events and promotions. The investor relations department is responsible for targeting investors with the appropriate message through separate channels. The investor relations website can still consolidate all information available through all the company's social media outlets, as these provide useful information for investors who want to learn more about the company. After the responsibilities have been allocated, remember to determine who will manage social media channels in the event that the person responsible is unavailable, as unresponsiveness may be perceived as a sign that something is wrong.

Establish a crisis communication policy that incorporates social media (see 'Crisis Communication and Social Media').

Every person within the company and third party organizations that utilize social media on the company's behalf will have to adhere to the policy.

Setting up social media profiles and accounts is fast and straightforward. However, the real challenge is ensuring that social media becomes integrated with the Company's overall communications effort without posing an unnecessary strain on resources. Therefore, it is crucial that the persons responsible have clear guidelines on how and how often to use social media in order to be able to make informed autonomous decisions.

Some questions to ask before sharing information through social media:

- Is this worth sharing?
- Is this non-material or public information?

If the answer to both questions is 'yes,' the topic is social media friendly. The social media updates can then piggyback on the regular communication efforts. Once the policy and the

guidelines are in place, sharing information over social media becomes second nature. For most companies, social media updates a couple of times a week are sufficient, which requires fairly little time.

Step 2: Create

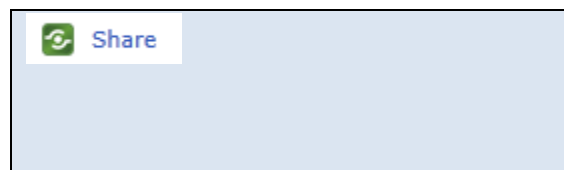
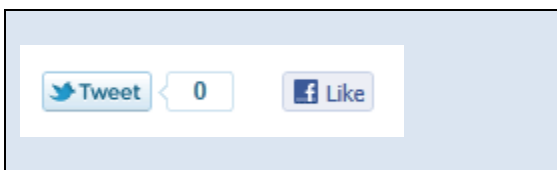
Create accounts for Twitter, Facebook, LinkedIn, SlideShare, Stock Twits and Youtube. Allocate a dedicated person or a team to manage the accounts and ensure that all information is up to date.

Step 3: Integrate

Integrate social media with the company website by adding icons that direct to the profiles or feeds.



Add "Share," "Tweet" and "Like" buttons after every news update to help engaged investors spread the word.



Step 4: Launch

Make a public announcement regarding your social media presence, listing where and how interested parties can find you and encourage your investors to follow you. Add social media information to all press releases.

Establish a pattern of communication. Every time the company has news to share, utilize multiple social media channels to amplify the news. Upload videos on YouTube and upload corporate presentations on SlideShare and share the link on Facebook and send as a tweet. Share news coverage of the company on Facebook and Twitter. Ensure that the content is fresh and relevant.

Step 5: Share

Remember to share industry news and updates over Facebook and Twitter and tag industry experts and media, as this may attract potential investors that do not yet have the company's stock on their radar screen. More links helps increase the visibility of the company's news in searches.

Encourage research reports and newsletters to include links to social media profiles to expand reach of your social media channels and make them more legitimate.

Maintain permission based following and the proper communications etiquette. Do not spam!

Step 6: Monitor

Monitor and track the number of followers per channel and adjust resources based on which channels generate the most buzz.

Step 7: Participate

Participate in a virtual conference and utilize social media to draw audience to the event. Collect contact details of all participants and utilize the lists to send out information about the company and upcoming events.

Step 8: Interact

Use Facebook, Twitter and StockTwits to actively reach out to followers, remind them about conference calls and investor conferences, ask them to submit feedback and questions and circulate surveys.

Regulatory Environment

Social media has created new challenges for the SEC in terms of creating a comprehensive set of rules to manage issues related to fair disclosure and proxy solicitation. Thus far, the SEC has not provided explicit guidance related to social media. However, in 2008 the SEC expanded the scope of Reg FD to include company websites by allowing companies to post information on their websites instead of using third-party wire services, given that the website can be considered equivalent to a wire service in terms of reaching the public.⁴ At this point, social media channels cannot be considered equivalent to wire services or even websites in terms of disseminating content. Therefore companies should only use social media as an amplifier for already properly disclosed messages and as means to reach a wider group of investors.

In 2008, the SEC announced a proxy rule amendment related to electronic shareholder forums.⁵ According to this amendment, a company or shareholder who maintains an electronic shareholder forum is only subject to liability for statements it makes and not for those posted by third parties.

It will likely take several years before the SEC has a proper regulatory framework in place for guiding the IR application of each specific social media tool. Before this happens, companies are encouraged to remain conservative and to use both the website and social media as a complement to dissemination through traditional channels.

Crisis Communication and Social Media

While the added transparency from social media might be helpful in day to day communications, the access to several different information channels may invite various PR disasters during a time of crisis.

In the event of a crisis, it is important to establish a chain of command and plan of action for everyone who communicates with the public, including users of social media, so that everyone is aware of the official response to the crisis and the timing of delivering such a response.

Maintain dialogue using social media even though you cannot provide a full response yet. Ensure investors that your company is taking the crisis seriously and will provide an update as soon as possible. Once the official response is completed, utilize all available social media channels to broadcast it. Swift, consistent and comprehensive action can turn a crisis into a positive experience.

⁴ <http://www.sec.gov/rules/interp/2008/34-58288.pdf>

⁵ <http://www.sec.gov/info/smallbus/secg/rules14a-2-17-secg.htm>



Conclusions

In a world of constant information flow where investors expect a reply within the next few seconds rather than the next few days, public companies have to go beyond the sporadic press release and quarterly earnings call to adequately meet investors' needs for information. Social media provides a platform to satisfy that appetite for tailored communication.

Social media helps integrate investor relations with the company's overall communication strategy by establishing an online voice to engage in a dialogue with the investment community. In this manner, social media acts as a megaphone that amplifies the company's brand and corporate communications. Through social media, companies can also find more customized ways to interact with their investors, who are increasingly migrating online.

For companies, the potentially most valuable aspect of social media in investor relations is the ability to obtain instantaneous feedback from shareholders that may help executives gauge the perception of the Street and understand how the company can improve the communication of its financial results and growth strategies going forward. From an investors' point of view, social media offers investors more choice regarding when, where and how to receive news from a company and opens more doors for interaction.

The key to successful application of social media strategies for investor relations are the same as for the implementation of any communication strategies. Social media works when it is used consistently, with the same attention to detail, dedication to cultivating relationships and respect for securities regulations as for any other communication platform.