

# Is Investor Relations going social?

Everybody is talking about Social Media and how it changes the way people and companies interact, however only a few have noticed that this could transform Investor Relations especially the way companies communicate with the Retail Investor.

## What is Social Media?

We define Social Media, not only as the emergence of new user driven media, but as “a shift in how people discover, read and share news, information and content, including writing, audio, video and photos”.

## What do studies say?

1. Burson Marsteller, states that 84% of the Fortune 100 largest international companies and 89% of the European companies use at least one of the most popular Social Media platforms.
2. Internet users' adoption of Social Media worldwide is now a record high 72% or more than 940 million users.
3. Danmarks Statistik: "Befolkningens brug af Internet" states that 6 out of 10 internet users use Social Media. This translates into 2.4 million Danes. LinkedIn alone accounts for 700.000 Danes.

The data gathered from our proprietary survey shows that 25% of Danish listed companies use Social Media for Investor Relations.

## Retail Investor Segment

Our primary focus is to understand the impact of Social Media in regards to the Retail Investors. We divide these investors into three segments: Ambassadors, Passive and Potential Investors. These different types of investors all play a vital role in telling or not telling the equity story and can be targeted on the different Social Media platforms on the main Social Networks (Facebook, Twitter, LinkedIn, YouTube) and/or via Online Shareholder Communities also known as “Message Boards”.

## Social Media is too general – it is important to break it down

Social Networks are the largest Social Media and target all segments of Retail Investors.

Online Shareholder Communities or “Message Boards” are a more niche Social Media that focus only on investor relevant, up-to-date financial information about a wide range of listed companies. These Networks are targeted the “Ambassadors” which actively and independently interact, discuss and create new investor relevant content. The ambassadors carry a lot of persuasion power because they are knowledge based and highly active.

## How are Danish Companies Positioned?

The data gathered from our proprietary survey shows that 25% of Danish listed companies use Social Media for Investor Relations.

The survey results underline the fact that only a few companies have yet noticed the advantages of Social Media, when it comes to communication and dialogue with the Retail Investor segment. The survey also looked into possible explanations for the missing IR activities in the Social Media arena through factors such as:

- Lack of knowledge
- The Legal aspects
- Engagement Risk
- Costs

## Social Media facts

- 72% of all Internet users belong to at least one Social Network
- Facebook: 750 million users
- LinkedIn: 100 million users
- Twitter: 175 million users
- YouTube: 300 million users
- In Denmark: 2.4 million Danes use Social Media
- 66% of all Danish companies are using Social Media

# What will you find in this White Paper?

Most of the available studies are focused on Public Relations, or how companies can use Social Media as an advertisement tool to increase brand awareness and sales. This White Paper is one of the first to investigate the impact of Social Media on Investor Relations.

The White Paper targets publicly listed companies that are considering or already using Social Media in their Investor Relations activities.

## Why Social Media?

With the appearance of Social Media there has been a democratization of information: transforming Retail Investors from readers to publishers. Therefore Social Networks are now empowering Retail Investors to discuss stocks in real time.

## Why is it important for listed companies?

There are millions of users on each of these networks. The Top six Social Networks alone represent a staggering number of potential investors. Facebook, Twitter, LinkedIn, YouTube, Wikipedia and Slideshare combined represent a potential Retail Investor market of above 140 million Retail Investors. The main feature of these networks is the large number of users and global reach. That is a lot of investors to engage with your equity story. Additionally, Online Shareholder Communities (in the selected countries of our research) represent a more active segment for Retail Investors. They are more engaged in the discussions and debates and they possess more knowledge in comparison to users of the major Social Networks. They represent a potential market of approximately 52 million Retail Investors. That is a lot of ambassadors that could tell your story with you.

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## Mapping Social Media

We distinguish between Social Networks and Online Shareholder Communities. We view online shareholder communities, also known as "message boards" as a niche Social Media. These niche media have some of the same dynamics as well as pitfalls and advantages as the more commonly known Social Media. We explain the pros and cons of using each of these Social Networks for Investor Relations initiatives.

## Where investors go – information must follow

Our framework illustrates the transformation of Investor Relations over the recent years. It outlines the core activities within Investor Relations and how the physical activities have turned into digital footprints. Finally, our framework presents new ways of reaching Retail Investors via different Distribution Channels. These channels are the two types of Social Media: Social Networks and Online Shareholder Communities.

## Danish Survey on IR and Social Media

We conducted a survey among listed companies in Denmark and their Investor Relations activities in the Social Media arena. The survey results are presented and discussed in the White Paper.

## Case studies – Danske Bank and Novozymes

Danske Bank was nominated world's second best Investor Relations website which motivated us to research their Investor Relations portal. Through our analysis we identified that even though they do use Social Media, the chosen channels are not focusing exclusively on Investor Relations. Novozymes Investor Relations Portal uses Social Media as distribution channel for IR information. However, the content provided does not seem to be strictly oriented towards the Retail Investors.

## Best practice: BASF

In order to identify best practices we turn to BASF. All of the Social Media channels are periodically updated and fueled by relevant IR content. BASF has built an Investor Relations Social Media strategy. We look at how that strategy looks like in practice.

### How to get the White Paper?

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and we will send it to you



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