Social media is one of the hottest topics among investor relations officers (IROs) today. To engage or not to engage is increasingly less the question than when, how and where to do so. While increasing numbers of IROs are using these tools to tell the company’s story and disclose material financial information, others say that until the investment community fully embraces social media they will remain on the sidelines.

**WHAT’S THE ISSUE?**

The creation, sharing and exchange of information and ideas through virtual communities or networks on the Internet has introduced new avenues for reaching wider investor audiences both domestically and internationally. As a result, participation in social media is expanding rapidly. While surveys affirm that investor relations (IR) professionals are not universally using social media currently, ongoing reassessment, evolving technologies and the inevitable increase in interest and participation by the investment community is rapidly changing agendas.

The SEC’s April 2013 announcement that social media, under certain circumstances, is an acceptable conduit for disclosure was a wake-up call to many IROs who may have been reluctant to jump in. There are indications that international regulatory agencies are amenable to more widespread use, as well.

The social media tools that appear to be of particular utility to IROs are Twitter, LinkedIn, Facebook and StockTwits. Engaging audiences through these and other social media requires a carefully constructed strategic plan, created in coordination with the company’s corporate communications function. The IR story must be refined and recast. Management must be educated as to the benefits and best practices. There are expenses involved and resources assigned.

**WHY SHOULD AN IRO CARE?**

Investor relations, by its nature, is a strategic communications function that is being transformed by, and must be responsive to, technological developments and trends. It is incumbent upon IROs to efficiently and transparently communicate to key audiences (institutional and retail investors, analysts, shareholders and internal constituencies) in the most effective way possible. Social media presents an opportunity for IROs to broadly and rapidly get information in front of these audiences. And even those who choose for the time being to not commit to a social media program must monitor social media channels where the company, its peers or industry are being discussed.

Done right, social media can measurably promote recognition of the company's brand, expand reach and develop loyalties, push traffic to the company’s website, spur media coverage and reinforce key messages.
IRO ACTION CHECKLIST

- Update corporate disclosure policies to acknowledge and guide employee use of social media. Then, revisit and revise these rules on an ongoing basis.
- Even if your company is not a participant at this time, monitor social media channels where the company, its peers and industry are being discussed.
- Use data mining and text analytics to measure the effectiveness of your social media program.
- Coordinate and integrate social media efforts with other areas of the company that may (or may not) be using them, particularly corporate communications.
- Keep an eye on early adopters for ideas and best practices. Recognize that if a preponderance of your peers are adopting social media as a means of distributing information, your company should probably be planning to as well.

FOR FURTHER INFORMATION

Pew Research Internet Project Social Media Update 2013: http://www.pewinternet.org/2013/12/30/social-media-update-2013/


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