

Press Release (June 13, 2012)

Financial communication and social media: University of Leipzig releases global benchmark study in Seattle / Index-based analysis of 190 corporations in the United States, United Kingdom, Germany, France and Japan

With the prevailing Euro crisis and upcoming signs of a new economic downturn, investors, analysts, business media and other stakeholder within the financial community act within an atmosphere of high uncertainty. Information and rumors are triggered by a myriad of discussions on the internet and social web. Companies listed on the stock market cannot ignore this highly volatile situation. Many of them engage in a digital dialogue to (re-) build reputation and gain trust on the virtual battlefields of opinion. Researchers from the University of Leipzig have analyzed the state of financial communications on the social web in an empirical study that compares activities of corporations and their investor relations departments in the most important markets worldwide: US, UK, Germany France, and Japan. Findings were presented for the first time at the annual conference of the National Investor Relations Institute (NIRI) in Seattle, Washington (USA), attended by professionals from more than 30 countries. The full report of the study is now available for free on the internet at www.slideshare.net/communicationmanagement.

The research focused on 190 global corporations including the 150 largest companies listed on DJIA (Dow Jones Industrial Average, USA), FTSE (Financial Times London Stock Exchange Index, UK), CAC (Cotation Assistée en Continu quarante, France), DAX (Deutscher Aktien-Index, Germany), NIKKEI (Nihon Keizai Shimbun Index, Japan), the top 10 companies in regard to market cap, and the top 10 companies in regard to performance of the US mid- and small-cap indices Russell Midcap and Russell 2000. Content analysis embraced investor relations websites as well as the use of Twitter, StockTwits, Facebook, Google+, YouTube, Flickr, SlideShare, Scribd, LinkedIn, Xing, and Retail Investor Conferences for financial communications. International differences in usage patterns show culture-specific relationships with shareholders and other financial market participants. Comparison with previous studies reveals recent developments in the field, for example a more active use of social media and integration of new tools, the emergence of a dialogue and relationship building approach, and the use of mobile applications among international large-cap companies.

Companies listed in all stock market indices implement social media on their IR websites. External social media platforms remain less employed, but are on the rise compared to previous years. On the IR website, RSS feeds and webcasts remain on top, among external platforms, Twitter and LinkedIn experience most popularity. The research exposes that German large-caps have caught up and perform on the same level as US large-caps in regard to social media activities or even outperform in the field of mobile applications. US large-caps lead the field within dialogic online investor relations. UK and French corporations improved their engagement, Japanese large-caps are least active within the sample. Online and social media activities of corporations listed in the US indices Russell Midcap and Russell 2000 top Japanese large-caps, but are still below those of US blue chips. Mobility as an important service feature with growing demand among investors is not yet accounted for by most large-caps globally. Yet, best practices already show the possibilities for corporate mobile services.

Dialogue and relationship building are increasingly recognized as the next level in online financial communications. However, only a few companies use a dialogic approach by now. They provide tools with feedback options on their investor relations website or they use external social media platforms to answer user comments and handle criticism openly. "Starting a real dialogue with shareholders and other members of the financial community on the web is demanding and does not only require new technical platforms, but resources, structures, a strategic approach and especially the company's willingness and ability to listen and participate in conversations," comments Professor Ansgar Zerfass from Leipzig University, a specialist in corporate communications. Kristin Koehler, project leader for the study at the University of Leipzig, adds: "Communication style will also be of importance: an argumentative rather than informative or even persuasive communication style serves as a precondition for relationship building. Online conversations are challenging for financial departments that have to obey disclosure policies. However, it is established practice to deal with institutional investors and analysts offline in one-on-ones or other personal meetings. Investor relations has the expertise in conversations in which non-disclosed information is not intended to be communicated. These experiences have to be transferred to online communications."

About the University of Leipzig:

The Institute of Communication and Media Science, Department of Communication Management and Public Relations, at the University of Leipzig in Germany is a recognized leader in corporate communications research and education in Europe. More than 70 academic books, 300 journal articles and chapters, and numerous empirical studies have been published by the professors and researchers. The master program in communication management offered by the institute is currently ranked number one in Germany. Research in the field of financial communications and investor relations is conducted on a national as well as international level and comprises empirical studies dealing with topics like online communications and social media in investor relations, state of the profession and institutionalization, stakeholder management, as well as theoretical considerations that combine communication science and management research.

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