Here's the Deal with SOCIAL MEDIA

WHILE NOT EXACTLY COOKIE-CUTTER, there used to be a fairly standard protocol when announcing a big merger or acquisition. Hand an exclusive to a journalist and, in return, you'd know when the news would break and you'd have some say in the initial coverage. Largely because of social media, that approach – to put it generously – is far from ironclad, or sufficient.

Today, more than one in four deals are first reported on Twitter, while absolutely every deal faces challenges that are magnified, and often created, by social media: leaked information, non-stop commentary, rumors that spread with viral ease, soundbites shared without context.

It's difficult for some to shake the dated notion that social media is essentially a place for teens and Millennials to post their selfies and share their cat videos. That may have been true five years ago, but today search engines and social channels are just as important as traditional outlets for M&A.

Not only do these channels present an opportunity when used correctly, they create huge risks when they're ignored. If a billion-dollar deal goes sideways because investors get spooked by what's on social media – an entirely preventable situation – the break-up fee alone can be significant, not to mention the reputational hit.

Teens and Millennials are definitely active on social media – but so are business executives, politicians, and investors. Almost 200 CEOs joined Facebook as a business leadership platform in 2016. A Brunswick survey of global buy/sell-side investors found that 90 percent of respondents said they actively use social media to investigate investment decisions. One in three Bloomberg Terminal users access social media through their machines.

AIG's **JIM WELLS** and Brunswick's **MIKE KREMPASKY** argue that a digital strategy for M&A is no longer simply nice to have, but rather an essential requirement

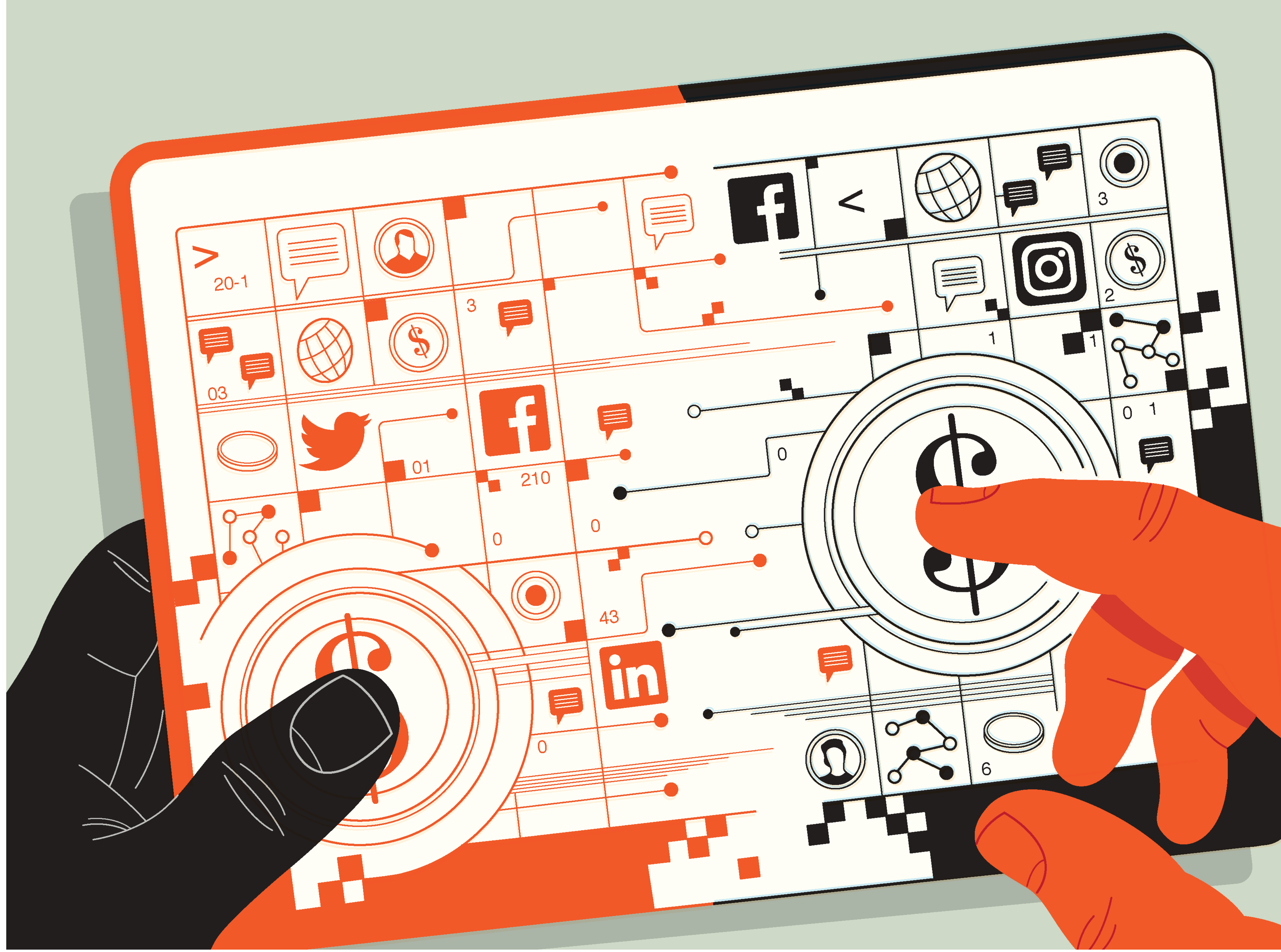

ILLUSTRATION: HARRY CAMPBELL

While a lot of the conversation surrounding M&A today focuses on how much the landscape has changed – and without question, a great deal has – it's important to recognize what remains the same: what stakeholders think of a deal can affect whether the transaction is approved or rejected, and influence whether it lives up to its proponents' promises or down to its critics' expectations. Today, there's simply no more cost-effective, efficient way to connect with all of these stakeholders – from investors to regulators, customers to employees – than through search engines and social channels.

One obvious reason search engines and social media are so important is their outsized reach. Business news on Facebook reaches five times more people than the top 10 financial outlets *combined*, including Bloomberg, CNN Money, *The Wall Street Journal*, *FT*, and Yahoo! Finance.

For those new to digital media, these numbers might remind some of the pitch that billboard salespeople used to make, counting every driver (and some passengers!) on the highway as a potential customer. But the billboard metaphor falters in a few important ways. In fact, a growing percentage of these online audiences are actively using digital channels to search and find news

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about businesses, organizations, and politicians. In other words, rather than just happening to drive by these heavily trafficked billboards, a growing number of people are heading out looking for them.

PEW’s most recent survey found that two-thirds of US adults get their news from social media. The Reuters Institute’s 2017 “Digital News Report” surveyed 36 markets across five continents and found that nearly half of respondents used Facebook for news. Increasingly, these digital platforms are even where people first encounter traditional media: Facebook is the No. 1 referral site to the *FT*. Google “directs 10 billion clicks a month” to publishers and traditional media outlets, according to *The Economist*.

Crucially, not only are people looking for news on social media, they’re also viewing that news as credible. A recent report by Echelon Insights and Hart Research found that adults under the age of 49 trusted news shared by their friends more than news shared from outside outlets. Some have argued that this trust exists even when our friends don’t share the news with us – simply seeing content alongside a newsfeed full of people and companies we’ve chosen to follow, the argument goes, primes us to view the content as trustworthy.

Unlike their print predecessors, big-name digital platforms not only boast massive audiences, they also allow you to target these audiences with surgical precision. Companies can segment the different groups they’re trying to reach – by job title, by geography, by online search history, among a host of other criteria – and then reach each group with a tailored message. Even more, companies can compare exactly how many people saw the content versus how many clicked on it; they can analyze how long people spent with the material and track whether they shared it – along with a dashboard of other data points. That’s a bit of an upgrade from printing a full-page ad and hoping readers don’t skip over it.

Social media’s effectiveness won’t come as a shock to many Chief Communications Officers. They don’t need to be convinced of the need for a social media strategy, they want guidance on how to make it sophisticated and cutting edge. Here’s how they can.

First, there is no one-size-fits-all solution. Every deal has a different set of stakeholders, and every market has a different level of social media penetration. No single platform will reach everyone you want, and it’s unlikely a single message will resonate with all stakeholders. Typically, you need a coordinated approach across multiple networks in multiple markets – and obviously, you need compelling content to share.

One of the most effective digital approaches for M&A is a highly targeted paid campaign, where companies select the stakeholders they want to reach, create the content they want them to see, and pay so their content shows up in newsfeeds or search results. This is great for delivering messages at critical points in the deal process, and is available on all major social networks.

These campaigns work because the platforms have tied their business model so closely to the success of their advertisers. When it comes to reach, targeting, and optimizing your messages, all of the algorithms, databases, and feeds are at your service.

The cost of these efforts will vary according to the level of interest in your transaction – you’ll only pay when your audience sees or engages with your content. But your total investment will always be a rounding error compared to the value of your deal or the resources you’re willing to invest to get to closing.

An ideal platform for targeted paid campaigns is Google. The site remains a first stop for inquisitive investors and reaches people actively raising their hand for your information – 70 percent of buy/sell-side investors use Google to research deals and 48 percent make decisions based on what these results show, according to Brunswick Insight.

For example, if you searched “Alaska Airlines and Virgin America” when the deal closed in December 2016, the top result was a paid ad. That ad took you to a deal site, which explained the benefits of the transaction. In other words, the first thing consumers or investors interested in the company’s future saw on Google drove them to the acquirer’s story.

With the world’s largest and richest professional network, LinkedIn can provide a powerful solution for deal communications. Add the reach of Facebook and the immediate media impact of Twitter and you’ve got an extraordinary recipe for success.

When Reckitt Benckiser bought baby formula manufacturer Mead Johnson in February 2017, RB CEO Rakesh Kapoor took to LinkedIn to make the business case for the deal directly to investors and employees of both companies around the world. As the news broke, Kapoor was able to reach those employees directly in a professional context and make sure they had the most important information immediately.

The company then repackaged information from the deal sites and used paid targeting on Facebook and Twitter to reach media, customers and other stakeholders in every significant geography relevant to the transaction. The comments and responses were overwhelmingly positive, suggesting key stakeholders were receptive to the messages.

This, at their core, is what digital platforms do better than any other communications tool today: remove the distance and filters that often stand between companies and their stakeholders, and allow businesses to tell their own stories in their own words.

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DIGITAL DEFENSE AGAINST ACTIVISTS

AS DIFFICULT AS THIS MAY BE, imagine that an activist investor is clamoring for change at your company. And now imagine knowing weeks before the decisive vote what shareholders thought of the proposed changes and how likely they were to support them.

How much would you pay for that information? How would that influence your approach leading up to the vote, and determine what you’d be willing to negotiate?

It sounds far-fetched, but a targeted social media campaign can help businesses glean precisely that kind of insight.

Through a digital campaign, a company can reach a meaningful sample size of its institutional and retail investors. Then, the business can analyze investors’ reactions to its messages on key issues, getting a sense of shareholder sentiment weeks before a vote – sentiment that can even be measured by the seemingly light-hearted emojis investors use.

No, really. Emojis. Not just smiles or “likes,” but angry faces, hands clapping, or head scratching

question marks. Believe it or not, this data is not only reliable but allows for much more sophisticated analysis of an audience’s response – an audience that includes professional investors. A recent survey by Brunswick Insight found that 90 percent of buy/sell-side investors used social media to investigate investments.

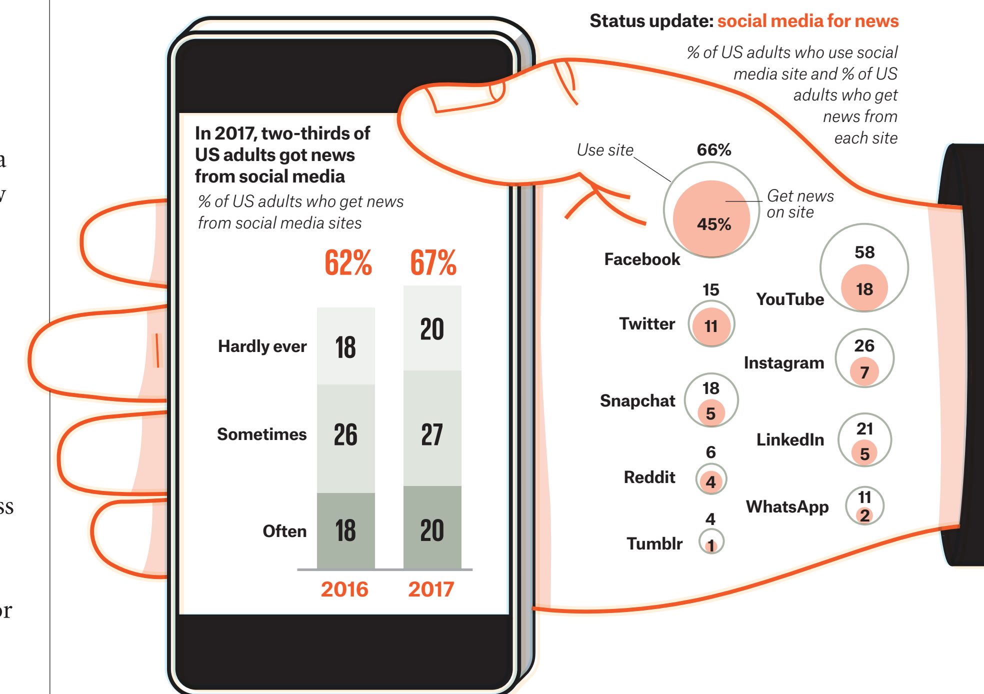
Businesses can use these digital tools to ward off activist challenges in advance, and be better informed about how key proxy votes are likely to go. A digital campaign against activists often calls for a coordinated approach across multiple platforms. LinkedIn might be best for reaching institutional shareholders. Placing ads on Google search can direct investors to a proxy microsite and answer questions your shareholders are asking. Targeted ads on Facebook can get your message into the newsfeeds of retail shareholders and employees. Display ads can appear alongside top-tier news coverage.

There are legal concerns when opening this new front in the battle against activists. Safeguards need to be in place so companies don’t provide material information to shareholders. Businesses that are transparent about what type of information they plan to disclose, and publicize what they plan to disclose and where they plan to do so, should be in the clear.

Having a social media strategy doesn’t guarantee victory in an activist fight – but that’s because these battles aren’t won on any media, social or otherwise. Digital channels simply offer companies a way to tell their side of the story with a precision and reach that wasn’t possible before.

ILLUSTRATIONS: HARRY CAMPBELL

SOCIAL MEDIA as a NEWS SOURCE



Source: Pew Research Center

90 PERCENT of global buy/sell-side investors use social media to investigate investment decisions

Source: Brunswick Insight