

Brunswick Digital Investor Survey

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C-Suite Execs' Imperative to Find Their Own Digital Voices with Investors

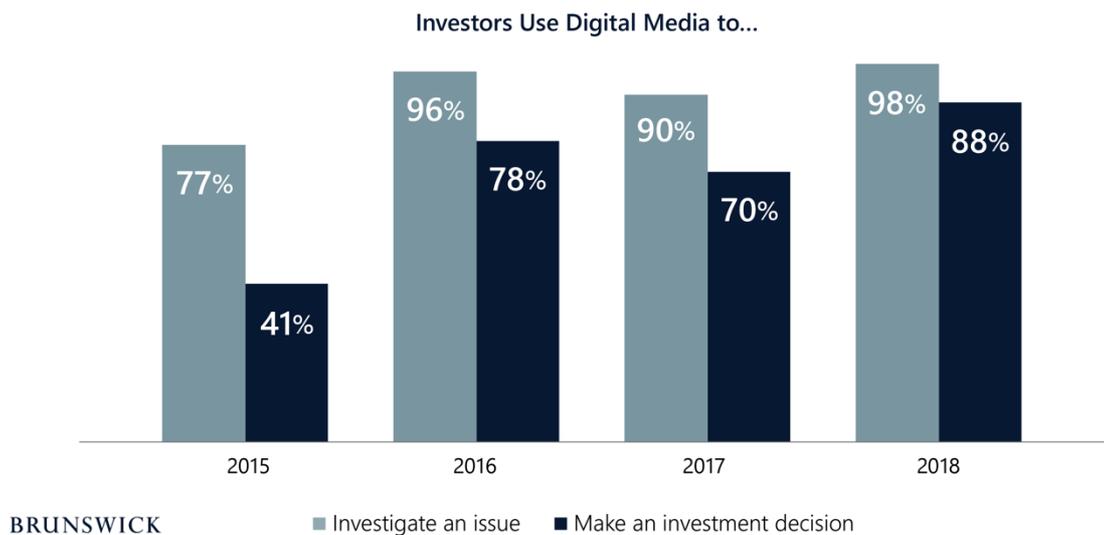
88% of Investors Make Decisions Based on Information from Digital Sources

By Marshall Manson & Noah Kristula-Green

These days, communicators are drowning in a sea of often dubious data documenting how consumers are using digital and social media platforms, but there is far less information and insight into investor behaviour. For businesses communicating during their most sensitive and complex situations, insight into how the investment community gathers and processes information is crucial for success.

Overall Trends in Digital Media Use

Digital media is ingrained in how investors conduct their research and make investment decisions



Survey of 318 buy-side investors and sell-side analysts. Survey conducted from October 23rd through November 13th, 2018.

Brunswick's *Digital Investor Survey* has been tracking digital and social media behaviour of buy-side investors and sell-side analysts around the world for a decade. It's designed to provide perspective on how this audience is consuming information online and the implications for how companies communicate.

According to this year's survey, digital usage among investors for research is now ubiquitous, with 98% reporting that they use digital sources to investigate and conduct research. Moreover, most investors (88%) are making decisions based on information they have learned online. This is up from 70% last year and represents a huge change since 2015, when only 41% made investment decisions from digital sources.

Before we turn to the details of this year's results, a note about terminology: In this report, 'digital' refers to any information source, publisher or platform that lives solely online. 'Social media platforms' refer to a subset of digital sources where users can consume, share and discuss information. Also, on methodology: the survey was conducted among 318 buy-side investors and sell-side analysts from major institutions in the U.S., UK, Europe and Asia. Fieldwork took place in October and November 2018.

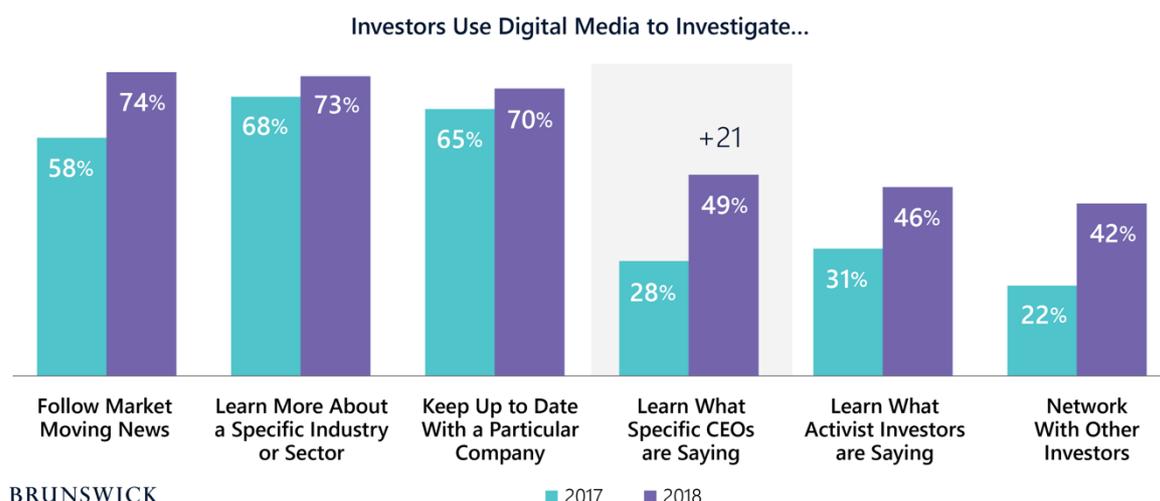
New in 2019: Investors Want to Hear from the CEO via Digital

The biggest story from this year's survey is the rapid evolution in investors' expectations for top executives. Half of investors say that they now use digital to learn what CEOs are saying, a dramatic 21 point increase over last year. That increase is especially significant among sell-side analysts, 59% of whom now say that they use digital to stay connected with CEOs.

While typical use cases like sector research, company news, and market information remain more common, the tendency of investors to rely on digital to hear directly from senior executives is particularly significant. It suggests that executives who lack a strong, personal digital profile and content strategy are creating a new communications risk. As a practical matter, building an effective individual digital profile is not just an essential component in a successful investor relations strategy, it is now a necessity for maintaining shareholder value and competing with peers that are more active in digital and social media.

Use of Digital Media Over Time

Interest in using digital media to learn what specific CEOs are saying has increased, as has interest in using digital media to network and gain investing tips



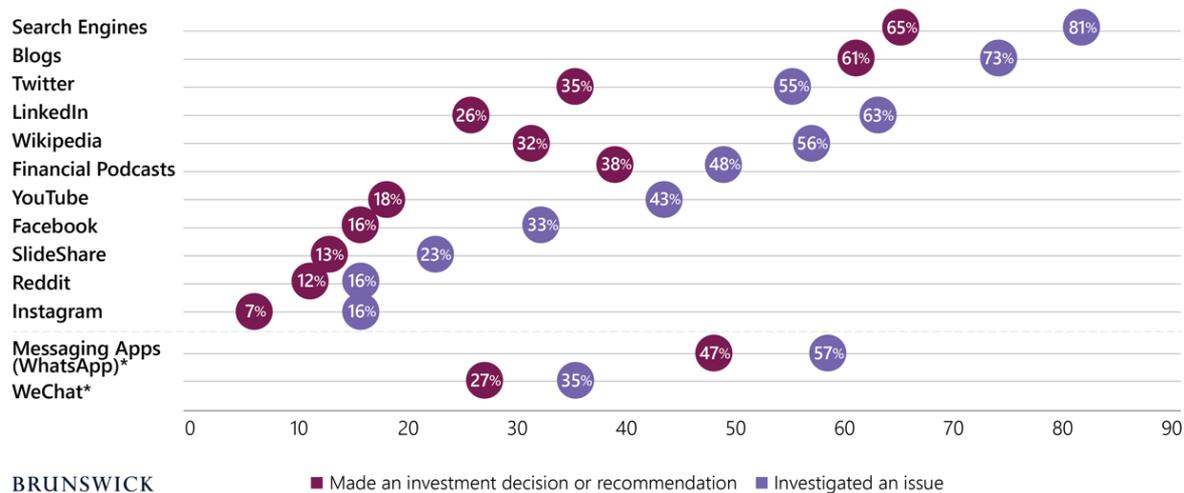
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Search and Social, Podcasts and Reddit: Range of Sources for Investors Surprisingly Broad

Search engines and online publishers like blogs remain the most used digital sources. Indeed, search represents the most used digital information source, and also the source on which investors rely most to make decisions. This suggests that corporate communicators prioritise active measures to manage their search engine performance. Reputation, as reflected through search, is too important to leave the responsibility with marketing or sales.

Leading Sources for Investors

Podcasts, Twitter, and LinkedIn emerge as important sources for investment decisions after blogs and search engines



*Results for WhatsApp and WeChat shown just for respondents in Asia
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Social media platforms are likewise important tools for investors, but certain platforms stand out as having an outsized importance.

LinkedIn remains the most important of these, with 63% of investors using the platform for research. That's understandable, given LinkedIn's reputation as the platform of choice for professionals and strong capabilities for hosting thought leadership content and ensuring that content reaches desirable target audiences including investors and employees. Twitter is the second most used social platform, with 55% investigating issues there.

Other digital information sources are also critical. 56% of investors report using Wikipedia for research. The current popularity and prominence of podcasting is also reflected in the survey with 48% of investors saying that they use financial podcasts as an information source. Podcasts also stand out as the platform with the most usage to make an actual investment decision after search engines and blogs. Podcast usage is most popular in the UK, where 66% of investors report listening to podcasts.

Younger investors and analysts use sources that older peers may scoff at, but which are increasingly integral to how investment decisions are being made. Among investors aged between 20 and 29, 44% say they have used Twitter to make an investment decision. 29% have invested based on something they learned on Whatsapp. And 20% acted based on something they learned on Reddit.

Trust for Digital Sources Compares Favourably to Traditional Sources

Investors trust what they're finding online. Though not quite at the same level as top tier financial media, trust levels for digital platforms compare favourably to other traditional publishers. For example, information from search engines is trusted on a similar footing with the BBC, The New York Times, and CNN. And the top social networking platform, LinkedIn, is more trusted than MSNBC, TechCrunch and Politico.

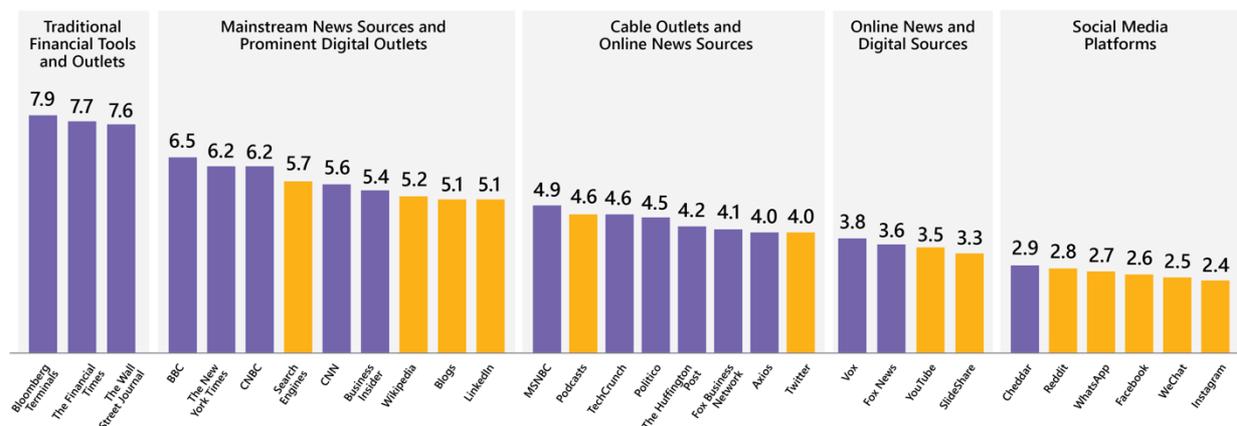
Trust in Twitter, YouTube, Reddit, and Whatsapp is lower than the largest digital platforms, but is nevertheless comparable to publishers like Axios, the Huffington Post, and Vox.

The trust data also underscores an important point: Where investors encounter your content influences how it's received. Key digital platforms like Google and Facebook are more often venues for sharing content from publishers than hosts for original content. (LinkedIn is a notable exception to this, and has more of a balance between shared and original material.) Because Google enables users to actively participate in the information discovery process, search as a channel is far more trusted than social platforms which programmatically serve information proactively.

Therefore, the priority for any business creating investor-focused content ought to be ensuring that it performs well in search and is easy to find for investors and analysts looking for information.

Trust in Platforms and Media

Search Engines, Blogs, LinkedIn, and Podcasts stand out as trusted sources relative to other media outlet



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Question: How much do you trust the following media sources to give you accurate and useful information for your work? Please rate the following sources on a 0 to 10 point scale, where 0 is the least trustworthy and 10 is the most trustworthy.

■ Mainstream Print or Broadcast Source
 ■ Digital Media Source

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Actions: Review and Refresh Digital's Role in IR, C-Suite, and Reputation

For executives and communications professionals, the take-aways from this year's Brunswick Investor Survey are unmistakable:

1. **Ensure senior executives are using digital to reach and engage investors.** Make this part of a wider effort to build digital profile for execs to reach other corporate stakeholders and employees. Review any existing activity where appropriate or establish a social media presence, carefully considering objectives, tone of voice, and a sustainable operational plan. In many countries, LinkedIn will be the first platform to consider. Depending on circumstances, other platforms like Instagram and Twitter might follow. A solid approach will deliver the benefits of digital executive profiling, but minimise resulting risks and resource demands.
2. **Expand your digital playing field.** Digital remains underutilised for investor relations, particularly among mid-cap companies. The survey data demonstrates investors' growing reliance on digital for research and decision-making. But most companies are offering only the bare minimum to investors via their own digital platforms. There is much more to do. Brunswick has developed a digital IR to-do list for investor relations and corporate communications professionals. Next, consider a broader range of digital activities. Podcasting represents an opportunity that will feel comfortable to experienced communicators and executives. Podcasters tend to be subject matter experts with real passion for their chosen topic, and they tend to go in depth, exploring an issue through a fulsome conversation. As a result, participating executives often feel comfortable in the format, even if the conversation involves substantial give and take.
3. **Look after search and reference material.** Search is a vital reflection of your company's reputation. Ensure that it is well-tended from a corporate communications perspective. At the same time, Wikipedia is a vital source of information for investors and should be considered a key platform in any digital strategy. Corporates and their agencies are banned from editing Wikipedia entries, so developing an approach to legitimate Wikipedia engagement that is compliant with the site's rules and community guidelines is essential.

Across these areas, the opportunity to reach and engage investors is significant. And, as the data shows, investors are increasingly reliant on digital channels, even as their use of the channels continues to grow and evolve. But the opportunity and necessity to leverage digital communications to reach and persuade investors is undeniable.

The focus must be on developing or optimising a digital programme that successfully serves the needs of investors and other corporate stakeholders.

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