

IR **GUIDE** NUMBER 6

magazine



New web trends – social media and SEO

Social media's new foothold

Understanding corporate blogs and social bookmarking

How SEO can get your IR news noticed

New media going forward

AN EDUCATIONAL SUPPLEMENT TO IR MAGAZINE



Understanding social media

Are blogs fair disclosure?

Jonathan Schwartz is not only CEO of Sun Microsystems, he's also a well-known blogger (www.blogs.sun.com/jonathan). Last year he asked the SEC to change Regulation FD so that Sun and others could announce material news on their company websites.

Although the SEC didn't agree, its chairman, Christopher Cox, did post a positive comment last November on Schwartz's blog, raising the profile of corporate blogs considerably.

A March 2007 online survey of CIRI members conducted by Marketwire found that one in four IROs at companies without corporate blogs think a blog could enhance shareholder dialogue. However, 55 percent of those IROs oppose corporate blogs. They worry about a lack of control over potentially negative, false or misleading commentary, and they are concerned about liability and disclosure risks.

But corporate blogs are not really so radical. No matter how freewheeling they purport to be, they still pass through the same legal and disclosure vetting process as press releases or other official documents.

As the web evolves, it's no longer safe to assume your investors are getting their information just from mainstream media. They may be browsing sites like Digg or Reddit, which rate news items by how many clicks they receive, to find out how others are prioritizing top stories of the day. If you're a tech company, a specialized social media site like Technorati may be more influential than the *Wall Street Journal*.

In the past wire services and newspapers culled the most important stories, researched and wrote them as articles that were then professionally edited, and presented to a paying audience. Today people can extract or 'pull' exactly the information they want from a wildly uneven but up-to-the-minute collection of information on the web.

Pull models are unforgiving, though. If your press release doesn't appear high in the search engine results, your announcement may be lost. What's more, many popular social media sites aggregate rankings that tell users what other readers consider high-quality information. Even the *New York Times* has begun to rate its 10 most popular articles on its website. The mechanisms of such rankings must be understood if you want your news to get noticed.

What's striking about social media sites is that instead of sending information to a passive audience they

act as a starting point for dialogue with online participants. Conversation is in, authoritative opinions are out.

The rise of social media

The online encyclopedia, Wikipedia, defines social media as 'the online technologies and practices that people use to share content, opinions, insights, experiences, perspectives and media.' Popular social media tools include message boards, podcasts, social bookmark sites, blogs and wikis (collaborative websites that are edited by users). In short, social media are community-driven, online information exchanges.

Growth in social media has been phenomenal. According to Alexa Internet, nine of the top 20 US sites are social media sites: Blogger, Digg, YouTube, Wikipedia, MySpace, Flickr, Facebook, CraigsList and Orkut.

What's more, 39 percent of online Americans, around 57 mn people, read blogs, according to the Pew Internet & American Life Project. And a study by Redboots, a consulting firm that helps companies increase their internet traffic, found that 77 percent of people consider blogs a good way to get information on a company.

A recent Marketwire study of IR blogging habits found 33 percent of the mega-caps surveyed have a blog. And 87 percent of the 114 respondents are open to the idea of posting content including product/service announcements, earnings releases and M&A



Top 10 social networking sites

| | |
|-------------------|------------------|
| MySpace | AOL Hometown |
| Blogger | Yahoo! |
| Classmates Online | MSN Spaces |
| YouTube | SixApart Typepad |
| MSN Groups | Xanga.com |

Source: Nielsen/NetRatings

developments on a corporate blog as long as they continue to retain control of the content.

A new role for IR

For decades IROs have served as stewards of financial filings, preserving a company's reputation and preventing any embarrassing regulatory glitches. Social media offer IROs a new role, letting them promote their company's financial performance by bringing results to a wider audience.

By learning to use online tools, IROs can present analyst days or earnings releases in formats investors like best. Blogging, social bookmarking and search engine optimization (SEO) can all help ensure your IR message gets attention.

As a technology company, Cisco Systems' IR has embraced all types of new media, from podcasting to corporate blogging to initial ventures into virtual worlds. 'We want to reach more outlets with our story,' says Jeanette Gibson, director of corporate communications and new media.

In August 2006 Cisco podcast its first earnings call and logged an additional 6,000 downloads in the first three days. It then began placing its monthly tech talks on its IR site, while making 10 to 15-minute highlights available as podcasts. Cisco recently started posting its earnings releases on one of its four islands in Second Life, an online virtual world.

Cisco's blogging activities show its commitment to new media. At first, Gibson says, the company fretted about letting the public comment on every issue, however sensitive. 'We hunkered down and expected a lot of bad stuff to happen, but it didn't,' she says. In fact, Cisco found, 'the conversations are very targeted.'

Gibson believes blogs are useful for setting the record straight. When Yahoo!, Google and Cisco were accused of modifying their routers so the Chinese government could restrict information, Cisco posted its congressional testimony denying the allegation on its public blog. 'The reporters never went to public relations, they read our blog.'

Gibson warns that blogging isn't for everyone. It's best for firms comfortable with open debate. But she believes IROs should familiarize themselves with blogs because 'what's being mentioned can hit your reputation.' It's also important to have policies in place governing new media 'because you're legally responsible for information you're giving out.'

Learn by example

Here are a few social media sites worth exploring:

- ❖ **TechCrunch** (www.techcrunch.com). A positive write-up from TechCrunch, a blog chronicling web start-ups, usually spurs calls from venture capitalists.
- ❖ **Dogpile** (www.dogpile.com). Described as 'the best search engines piled into one', this site consolidates results from different search engines.
- ❖ **Wikipedia** (www.wikipedia.com). Wikipedia is a user-generated encyclopedia with nearly 2 mn articles in English. Is your company listed? If so, what's being said about it? Correcting false or outdated information on Wikipedia makes sense because all users are welcome to edit content.
- ❖ **YouTube** (www.youtube.com). Anyone can post videos on this site. Should your most recent analyst day be available here?
- ❖ **MySpace** (www.myspace.com). This site exemplifies the social network concept: certain demographic or psychographic types come together to interact with one another.



Courting the new media

Reaching the blogosphere

Communicating with bloggers isn't the same as communicating with traditional media outlets. If bloggers sense you're pushing unwelcome or biased information on them, they may get testy and turn against you.

Step one is to know your bloggers. Blogs are idiosyncratic. Reading the same few on a regular basis will soon give you a sense of their preoccupations and the type of story they gravitate toward.

Instead of 'pushing' news to bloggers, consider your interactions a conversation. So you might email a blogger with an interesting news item, even if it doesn't directly relate to your company.

Contrary to conventional wisdom, bloggers are receptive to mainstream news sources. According to a June 2007 survey by Marketwire, 66 percent of bloggers request press releases from newswires, a number that continues to grow. The study also found that 39 percent of bloggers prefer press releases in multi-media format.

Investors eagerly ferreting out information about your company may sound like a gift. However, the gift comes with strings attached. Social communities tend to respond poorly to overt marketing efforts. They prize independence and sometimes their assessment of your company and its performance may not be to your liking.

Today's bloggers want to evaluate whether stocks are good buys or not, but their methods for doing so aren't orthodox. For an IRO trained in dealing with financial analysts and large institutional investors, communicating with social media outlets requires an entirely different mindset.

Read the blogs

In 2005 someone called Rahodeb entered Yahoo! Finance and opined that no company would buy Wild Oats at its price of around \$8 a share. Rahodeb turned out to be the online pseudonym for Jack Mackey, CEO of Whole Foods, who offered to buy Wild Oats for \$18.50 a share a year later.

This incident provoked a firestorm of controversy about blogs. Was Mackey trying to manipulate Wild Oats' stock price to get a better price? Or was he simply playing devil's advocate and having a little fun? The SEC is investigating Mackey's communications to determine whether he broke any securities laws.

If a blogger discusses your organization and the blog is highly

rated on social media sites like Technorati or del.icio.us, all of a sudden a casual remark can assume a life of its own. IROs need to begin monitoring what's being said on the better-trafficked blogs.

When venturing into the blogosphere for the first time, begin with blogs dedicated to a subject you know well. Blogs exploring your industry, the IR profession or the corporate blogs of direct competitors are all good places to start.

Firing back?

Clearly contributing to blogs anonymously is risky. But should an IRO who notices something unfavorable or untrue being said about his company set the record straight? In principle, deciding whether to respond to blog rumors or innuendo is similar to deciding whether to respond to other types of market rumors. However, some of the particulars are different. It's important to incorporate provisions for countering rumors on blogs into your general communications policies. The main difference between blog rumors and other forms of rumor is that the sentiments expressed in blogs tend to spread unusually rapidly. Instead of having days to act, you may have only hours.

As with any rumor, offense is the best defense. Using the latest social media to keep investors informed may prevent false impressions from forming in the first place.



Regulatory requirements

Does a corporate website or blog satisfy Reg FD?

Strongly support

26.32%

Somewhat support

13.16%

Neither oppose nor support

36.84%

Somewhat oppose

15.79%

Strongly oppose

4.39%

Didn't answer

3.51%

Source: Marketwire

The social media release

In 2006 Shift Communications published a template companies can use for transforming their traditional press releases into social media releases. This provides all the necessary links and content for a press release to be used by the new social media outlets.

A social media release doesn't mimic a news story like a traditional press release. Instead it provides the components, or raw ingredients, necessary for putting together a story in almost any format.

The most salient facts in a social media release appear as a series of bullets. These are then supplemented by a section of quotations from senior executives. The release also provides

multimedia elements, such as the company's logo, a headshot of the principal, and a PDF version of all the key materials. Social media earnings releases may also contain links to analyst calls as podcasts, and perhaps a video of a new product. And downloadable PDFs of the most recent annual report or PowerPoint presentations now find a home in the social media release.

The social media release also features links to del.icio.us pages and to really simple syndication (RSS) feeds for more information and updated coverage. Various 'Technorati Tags' are also included, so that your news can be viewed at this site.

To see a social media release, visit <http://www.shiftcomm.com/Web20Releases/52/5232006.html>.

To blog or not to blog?

Reasons for having a corporate blog

Disseminate information quickly

27.27%

Post own content without an intermediary

26.57%

Direct tie to company website/better branding

20.28%

Cost savings

16.78%

Demonstrate technological leadership

9.09%

Source: Marketwire

Social bookmarking

For over a decade the internet has featured sites where people can share their favorite online bookmarks. In fact, 28 percent of users have tagged online content via social bookmarking sites, according to the Pew Internet & American Life Project.

Today sites such as Reddit, Digg and Newsvine apply the social bookmarking concept to news items. Other sites, such as del.icio.us, Diigo, Furl and StumbleUpon, bring a wider range of web discoveries to light. They are places where visitors can happen upon great web content because others happened upon the same content first – and took the time to share it.

How can public companies get their content noticed by the individuals publishing the most popular social bookmarking sites? One way is by providing direct links to those sites.

On the web, content is still king. If you can create an IR site with information that appeals to bloggers and other arbiters of net excellence, you'll be rewarded in the new online meritocracy.

SEO for IROs

Opening a social media newsroom

Unlike a traditional newsroom, a social media newsroom is interactive. It enables a company's various audiences to access and subscribe to any amount of a company's official content sources. It also facilitates direct conversations with investors and other individuals about news releases on a company's official website.

Ideally, the social media newsroom will be the repository for everything that's being publicly said about your company. The newsroom tracks all comments made by spokespeople on external blogs. And it links directly to media coverage, which can be added to Technorati by pushing a designated button. The social media newsroom even includes a social bookmarking corner where blogs and mainstream media links can be found.

Shift Communications started a free, downloadable social media template in February 2007. To explore this, go to www.shiftcomm.com/downloads/Social-Media-Newsroom-presentation.pdf.

Most people turn to search engines to find the online information they want. According to the Pew Internet & American Life Project, 38 mn Americans use search engines each day, making it the most popular online activity after email. Nielson/NetRatings and Media Metrix arrives at similar findings: almost 85 percent of internet users use search engines to find new websites, and one in every 28 pages viewed is a search results page.

SEO – a set of methods aimed at improving the visibility of a web document or website in search engine rankings – is perhaps the best way to get your earnings and other press releases noticed.

A few basics

Recognizing the importance of SEO, many newswires are helping companies optimize their press releases during the submission process.

Here are some tips:

- ❖ **Pay attention to keywords.** Keywords are the terms individuals type into a search engine to identify web destinations. When you're deciding on keywords, think of terms that are specific, preferably either buzzwords or industry terms. What's more, try to select keywords that will differentiate you from competitors.
- ❖ **Think placement.** The more prominently keywords appear on

the initial pages of an online document, the better. Consider building specific landing pages for your major keywords. This ensures that searchers arrive at the precise part of your site they want to see and aren't put off by having to click through pages and pages of irrelevant information.

- ❖ **Include metatags.** Metatags are special HTML 'tags' which provide additional information about a web page. A number of search engines use metatags to catalog pages more accurately.
- ❖ **Consider keyword density.** Experts suggest optimizing your press release with no more than three keywords or keyword phrases. Also important is keyword density, or the percentage of keywords contained within a given document. Ideally, aim for a keyword density of 2 percent to 8 percent.
- ❖ **Use hyperlinks.** If you aim to highlight a certain set of earnings results, it is useful to hyperlink the keywords for that section and then attach the relevant IR URL.
- ❖ **Polish your content.** Search engine spiders, which seek out and rank web materials, reward strong content. If your content is poorly written, rarely updated or irrelevant, don't expect your pages to rank high on search engine results. SEO may sound like an insurmountable task given the proliferation of search engines. The good news,



however, is that optimizing a document works for all the major search engines from Google to Yahoo! to Search Engine Tracker.

Some dos and don'ts:

- ❖ **Do make your navigation user-friendly.** While it may seem clever or attention-getting to assign cutesy titles to content, doing so may alienate readers who don't recognize what they're looking for. The sole aim of a navigation system should be to make web users' lives easier.
- ❖ **Do review your design.** Make sure your site is clean and visually appealing. If you have large graphics and poorly designed frames that load slowly, search engine spiders may be blocked from visiting your site. Also, if users can't quickly find what they want on your site, they'll simply move on.
- ❖ **Don't stoop to nasty tricks.** Some SEO techniques are considered unethical and are frowned upon by search engine spiders. Although practices like keyword stuffing (putting keywords everywhere) or invisible text may elevate your site's ranking in the short term, in the long run these actions backfire. Search engine spiders are becoming increasingly adept at identifying 'black hat SEO techniques' and banning these sites for questionable practices.
- ❖ **Don't rest on your laurels.** SEO is

an ongoing process. Keep improving your keywords and strengthening your content.

- ❖ **Don't reinvent the wheel.** Techniques for SEO and communicating through social media are probably already being successfully employed elsewhere in your company. Many PR departments have embraced search engine optimization and may be able to share valuable advice.

SEO checklist

- ❖ Identify your key audiences for the press release.
- ❖ Do keyword research. Write your press release around the keywords.
- ❖ Determine up to three keywords or key phrases. Use Overture for help.
- ❖ Use Wordtracker to find all combinations bearing any relation to your business, service or product.
- ❖ Include keywords at the beginning of the headline.
- ❖ Place keywords in the subhead beneath the headline.
- ❖ Place keywords in subheads within the body of the press release.
- ❖ Sprinkle subheads in the copy.
- ❖ Aim for a keyword density of between 2 percent and 8 percent.
- ❖ Add hyperlinks to help people find related content.

Source: Marketwire

The right tools

As soon as the concept of SEO was born, a new cadre of professionals capable of working this particular brand of wizardry sprang up and began charging hefty fees to optimize web documents. But SEO is something you can do yourself with the proper tools.

- ❖ **Overture Keyword Selector.** This tells you how many times a given term was entered into search engines within the past month. It also lists related searches that include your proposed term, and it generates a list of variations on a phrase that you might consider.
- ❖ **Wordtracker.** Competitive analysis tools like this can help you find keywords your potential investors use but your competitors don't know.
- ❖ **Live Keyword Analysis Tool.** This free tool automatically calculates keyword density for any document you generate.
- ❖ **HitsLink.** This gives real-time statistics on who visits your site, the keywords they use to find you, how they navigate your site, and whether or not they have transacted any business on it.



Where we're headed

Sponsor's statement

As the only fully integrated North American global newswire, Marketwire is a full-service partner to IROs seeking premier distribution, media management, multimedia and monitoring solutions. We deliver your news to the global-financial community and are recognized by the SEC, the Toronto Stock Exchange and the UK's Financial Services Authority. Let our experienced teams help with accurate, quick turnarounds for all your releases, EDGAR, SEDAR and UK filings, and XBRL conversions.

Marketwire offers innovative products and services, including social media, SEO, Dashboard Mobile Financial, News Dashboard coverage reports, exclusive access to networks such as the Canadian Press Wire Network, Easy IR, and more – to help IR professionals maximize their effectiveness, while ensuring accuracy and best practice.

As with mainstream media, developing contacts with social media opinion-makers takes time. Because efforts to get your news picked up by bloggers or social bookmarking sites may backfire, a good strategy is to strengthen your communications in general. Strong content, easy navigability, and press releases and IR sites tailored to social media outlets are more likely to gain favor over time.

As you make early forays into new online media outlets, be sure to test results. At the end of the day, the best way to measure success is by regularly experimenting with your ranking in the search engines. If last year's earnings release was buried on the fourth page of Google's search results for your industry and this year it's the third item, progress has been made.

Rethinking communications

Just as public companies are starting to grasp the power of social media, so are shareholder activists and other organizations whose agenda may be

different from yours. Much recent attention has been paid to hedge funds, some of which flourish by pursuing activist campaigns. At the end of 2006 there were around 9,500 hedge funds worldwide, with some \$1.4 tn in assets under management. Activist funds have been increasingly successful at achieving their ends. In a recent study by Thomson Financial, hedge fund managers leading activist campaigns secured at least one of their goals 45 percent of the time.

Expect the debate about your company's fortunes to become even more heated as hedge funds and other groups enter the space and air their ideas too. And as the new dialogue grows stronger and louder, public companies will have to consider how to respond.

Social media sites allow their founders' ideas to be tested against public opinion, wherever that leads. Are companies brave enough to disseminate truly interactive press releases, inviting open commentary on their announcements? Will IROs ever entertain a legitimate two-way dialogue on their sites?

So where will the rise of social media lead? Most experts believe it won't entirely usurp traditional distribution systems. There will always be room for intermediaries and mainstream media. Yet it's crucial for companies to understand and hone the communications tools necessary for succeeding in this new arena.

For more information

 200 North Sepulveda Boulevard, Suite 1050, El Segundo, CA 90245
 Thom Brodeur, SVP of strategy and development
 +1 310 765 3248 / +1 800 774 9473
 tbrodeur@marketwire.com
 www.marketwire.com



marketwire