



# GUIDE

November 2010

## Facebook and Twitter: what IROs need to know

Understanding Facebook and Twitter

Getting started

Crafting a social media policy

Online IR in a crisis

Reaching tomorrow's investors

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# Understanding Facebook and Twitter

A year or two ago, Facebook and Twitter still seemed like the punch line to a joke, part of a teenager's world of 'friends' and sentiments endorsed with a thumbs-up icon. By 2010, it was clear that publicly traded companies needed to understand and use social media, both in good times and bad.

BP learnt this lesson the hard way: while it was trying to stem the biggest oil spill in history, the company's efforts were spoofed by someone 'tweeting' from @BPGlobalPR in May. The Twitter account advertised fake sales of blackened shrimp at BP stores and touted a relief concert headlined by Muddy Waters. As of late September 2010, BP's real Twitter account had 18,000 followers while the fake account had more than 10 times that many.

All companies need loyal customers and investors in a crisis. But perhaps the most compelling argument for engaging with shareholders and other interested parties through Facebook and

Twitter is that it makes key audiences feel like part of a community. Rather than presenting cold columns of financial results, IROs and other executives emerge as human beings who listen to – and engage with – shareholders.

A loyal base of investors and other stakeholders can furnish early feedback about how a given message is being received, and they become champions in both good times and bad.

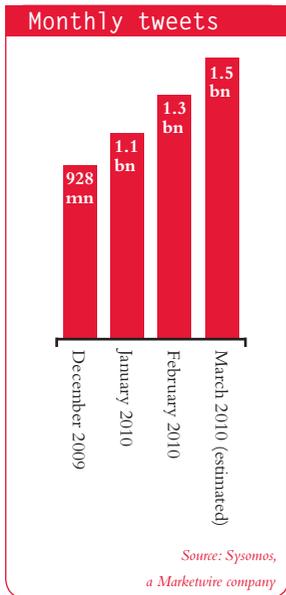
## What are Facebook and Twitter?

Twitter's defining characteristic is brevity: users are confined to messages of no more than 140 characters, so exchanges often happen rapid-fire, and the medium has the potential to generate misunderstandings. IROs may find Twitter challenging because they don't have room to explain themselves fully. Firms can, however, provide an informal message on Twitter and link to a lengthier explanation on the company's IR site.

As the BPGlobalPR story

illustrates, Twitter is an excellent medium for satire. In a *New York Times* article about the BP spoof tweets, Noam Cohen writes: ‘Spin (or if you prefer, nuance) can be hard to execute in 140-character bursts, but mockery comes in perfect Twitter morsels. Brevity is the soul of sarcasm.’

That said, Twitter can provide an excellent starting point to the

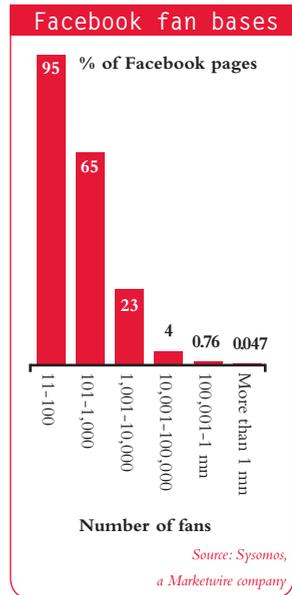


social media space: companies can use it to search for their name and find out what’s being said about them without making any announcements.

In late March 2010, individuals worldwide were sending approximately 53 mn tweets a day, a 30 percent increase in usage in just four months, according to a survey conducted by Sysomos, a Marketwire company.

Facebook boasts equally impressive stats. Market research firm comScore reports that Facebook attracted 130 mn unique visitors in May 2010, making it the most popular social network in a raft of countries, including the US, the UK and Canada. According to a *New Yorker* profile of Facebook founder Mark Zuckerberg in September, at least one in every 14 people on the planet has a Facebook account.

In 2007 Facebook introduced Facebook Pages, user profiles for brands. ‘Many IROs like that Facebook lets them express the company’s personality more fully,’



says Paolina Milana, executive vice president of marketing, media and editorial operations for Marketwire. She notes that personality is expressed not just in terms of the amount of content one posts, but also in terms of the community sharing a common thread, which is shown through individuals’ respective and connected pages on Facebook. ●



# Fishing where the fish are

Do your homework to get the most out of social media

**E**arly adopters of Facebook and Twitter have been technology companies and those with a strong consumer brand. Social media also hold unique appeal for firms with ‘green’ or sustainable missions because communities embracing these goals tend to have embraced Facebook and Twitter.

First, find out what sources of information your investors are reading. If they’re using Twitter and Facebook to glean news and make investment decisions, these are probably important channels to pursue. Next, look to your peer group: if competitors and best-of-breed companies are reaching shareholders through social media, you might want to try it, too.

Some noted leaders in the social media space include Cisco, Dell, IBM and Intel. BMC Software, headquartered in Houston, live tweets its earnings announcements, and Garmin, the Olathe, Kansas-based maker of GPS systems, has a dedicated IR Twitter account through GarminStock.

Most companies find getting started on Facebook and Twitter isn’t particularly expensive, but it does require considerable employee time. Those companies succeeding in social media, therefore, usually have at least one individual dedicated to the effort.

One challenge is resisting the urge to rush headlong into social media without having anything meaningful to contribute. It’s also important to have a social media strategy that clearly states your goals and objectives (see *Crafting a social media policy: a checklist*, opposite). Some companies have Facebook pages where the information is old or formulaic; outdated or lackluster content can be more damaging than no presence at all.

## Finding your voice

Analysts and institutional investors may want to talk EBITA and cash flows, but those visiting you on Facebook and Twitter are hoping for a glimpse of your human side.

How you convey your message is every bit as important

as the message itself. Without the benefit of inflection, facial expressions and body language, an IRO needs to project warmth and a welcoming attitude. Striking the right tone is vital: coming off as preachy is a definite no-no. Instead, the most successful companies strike a tone that is direct, honest and conversational.

Some companies find their voice by commenting on an issue outside their own specific niches. Nigel Dessau, chief marketing officer at AMD, writes a regular blog column as the 'Three Minute Mentor'. In this role, he is not touting his company but establishing himself as a credible, personable professional.

Although savvy companies try to cultivate a number of social media evangelists, the corporate tone should be relatively consistent throughout an organization. This is yet another reason why designating one individual to orchestrate all your company's IR efforts on Facebook and Twitter makes good sense. ●

## Crafting a social media policy: a checklist

Ideally, an IR department will create and disseminate a social media policy. Here are some items to consider:

- **Determine who speaks on behalf of your company.** It's best if the individual is dedicated to this role exclusively.
- **Establish a system for approving content before it's posted.** Some companies want marketing, PR, IR and legal to vet all comments before they're published.
- **Consider how to provide disclaimers.** IR press releases usually come with safe-harbor language or other boilerplate disclaimers about forward-looking information. Twitter doesn't give an IRO room for such legal niceties.
- **Discuss how 'celebratory' the tone should be.** IR professionals may want to tout positive developments on Facebook and Twitter but this could prove problematic: they need to be careful they're not making predictive remarks about performance.
- **Think through how you link to third-party content.** Linking might be construed as an endorsement or viewed as a breach of objectivity if the company doesn't link to negative reports as well as positive ones.
- **Assess your own corporate comfort levels.** Some companies simply aren't ready to converse on Twitter because they fear selective disclosure or have privacy concerns. Engaging on Facebook and Twitter isn't necessarily right for all IR departments.



# Q&A with Timothy Carey



Timothy Carey is managing director of digital media at ICR, a Connecticut-based IR and financial communications firm. He helps companies navigate the creation of social media programs

How have Facebook and Twitter changed the IR landscape?

They have increased the number of ways firms can reach out to their stakeholders. They should not be the official outlets for disclosure at this point, but they provide a platform to reach and extend your communications efforts to shareholders, customers and partners.

Companies are building robust IR sites. Using Facebook and Twitter helps drive stakeholders back to a company's investor relations site, which is really key as many companies are building their sites to be the central point for all stakeholder and customer-focused information.

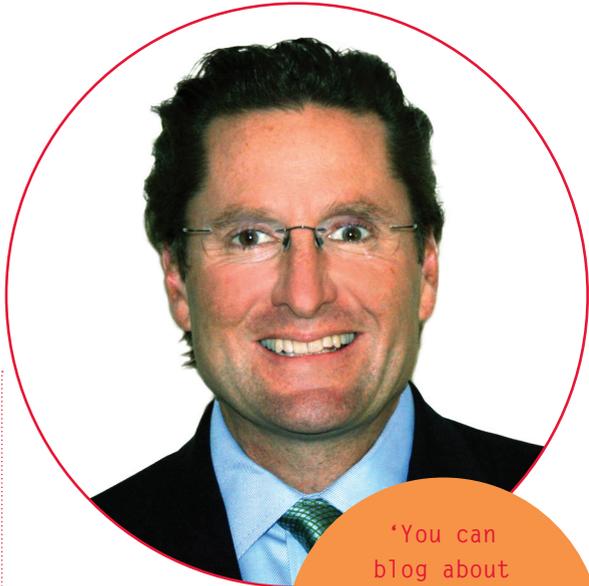
How might one get started with social media?

You want to see what your peers are doing, or look at some industry leaders. This research can be done fairly easily online, but you don't

want to go on Facebook and Twitter simply because everyone else is there; there has to be a corporate or business reason to try social media. You don't want to be putting up information on these sites that's not relevant or that people will find uninteresting. Twitter is not a strategy; Facebook is not a strategy. An app is not a strategy. These are tools within a strategy.

How do you start to attract followers on Facebook and Twitter?

You can blog about your press release and tweet about your blog – it can be circular. If you're using multiple communications tools, they start complementing each other. The message must stay consistent, though, and you want to drive people back to the IR or corporate site, which is where you've put a lot of investment and you really want people to be. You want a good, content-rich centralized IR site that's interesting and regularly updated. Assuming



you have that, you can use social media as lures to bring people to the site itself.

### What are the no-nos on Facebook and Twitter?

You want to avoid anything that's controversial or violates disclosure policies. The same rules apply to social media as anywhere else. If it's not appropriate to appear on the front page of the *New York Times*, you don't want it on your Facebook site.

### There have been fake Facebook sites, lampooning companies. How should an IRO respond to something like that?

You need to communicate that you don't endorse the [fake] site. If it's extreme, you might need to issue a press release saying that a certain site isn't yours. You could use traditional methods to do this, such as your website and press releases. You might also want to set up a site that *is* official, and communicate from there.

### Do Facebook and Twitter have a different tone from other more traditional investor relations communications?

You can build a voice and a personality on Facebook and Twitter. If it's done well, people respect that it's not typical corporate statements but a person speaking on behalf of a company. People definitely relate to that. If you're trying to build an audience, you can't just put up press releases. Social media are a communications tool; they become organic.

### Facebook and Twitter are here today, but what's coming down the road?

There will be expanded tools and new applications for these platforms.

'You can blog about your press release and tweet about your blog - it can be circular'

To my mind the key is leveraging social media as a means of referral about a company or product, or for tracking direct feedback from stakeholders.

We tend to trust people we're linked to on Facebook, Twitter, and LinkedIn; you're much more likely to trust advice from a known circle. So we'll see more tools and options for both connecting social networks and breaking out these networks based on specific characteristics, especially when it comes to recommending a product or company. ●

# When social media really count

When disaster strikes, every defense strategy has value

Heather Armstrong was so annoyed by the poor service she received when her Maytag washing machine broke that she advised her million-plus Twitter followers never to buy from Maytag again, according to an article in the July-August 2010 *Harvard Business Review*. If something like this happens, precisely how should a company respond?

Fortunately, technology is providing a host of new tools for monitoring online social media conversations. Free applications, such as Google Alerts, can 'ping' an IRO whenever a specific keyword appears. Companies such as Marketwire's Sysomos take it a step further, providing not just awareness tools, but also the analytics and business intelligence IROs need to make use of what they learn and incorporate it into their overall communication and social media strategies. The more sophisticated systems can even track comments made in foreign languages and provide instant

translations. Thorough monitoring lets companies turn the tide before a negative comment takes on too much weight and power.

In addition, IROs are realizing that tracking tools can be used in innovative ways. Some can assess whether most comments are negative or positive, thereby gauging sentiment and noting any shifts. Companies can even determine the demographics of people making certain comments.

## Crisis strategies

Sometimes IROs must answer for an individual employee's missteps. When Dave Carroll witnessed a United Airlines baggage handler carelessly tossing his guitar, he wrote a clever song entitled *United breaks guitars* and posted it on YouTube. The song went viral and had received more than 9.1 mn hits by late September 2010.

Social media experts say a witty-yet-disgruntled customer presents special risks in the rapid-fire Twitter and Facebook worlds. But this scenario also presents

opportunities for firms creative enough to seize them, says Paolina Milana, executive vice president of marketing, media and editorial operations for Marketwire. She suggests United might have sponsored a contest, offering a cash prize to the passenger who could best encapsulate a positive experience on United in an original song.

In reality, though, most companies facing a major crisis avoid social media like the plague. BP's IR team said it preferred traditional means of communication for the Gulf oil spill. Ditto for Toyota: when a problem with faulty gas pedals in some of its vehicles provoked rounds of embarrassing recalls, the Japanese-based company did not use Facebook or Twitter to engage with investors.

An IRO who needs to open a Twitter or Facebook account in the midst of a corporate crisis admittedly faces a major hurdle. But crises – especially those that surface on YouTube or Twitter – seem to demand a social media

response. Forward-thinking IR professionals should consider how to tailor their crisis communication plans for just such an event.

Most experts agree the best way to counter a social media crisis is to begin building a community of

goodwill in boon times. If you've cultivated a fan base early, your Facebook fans and Twitter followers may rush to your defense. And letting advocates speak on your behalf is a very attractive option for a company facing mounting criticism. ●

### A social media glossary

- **Bit.ly:** a free service that condenses long URLs to make them easier to share on Twitter.
- **Comment:** a response to a message on a social network. This is the primary form of two-way communications on the web, but some companies restrict comments if they include profanity or are particularly abusive.
- **Flickr:** a web-based photo and video storage site.
- **Hashtag:** a tag used on Twitter to annotate a message. It's a number sign (#) preceding a word or phrase that indicates a message is related to an event or trend.
- **Like:** a Facebook action. Users click the 'Like' button to indicate approval.
- **Permalink:** an address or URL of a particular post within a blog or website.
- **SlideShare:** an online social network for sharing presentations and documents.
- **Social bookmarking:** a means of sharing interesting items. Social bookmarking sites like Digg, Delicious, Reddit and StumbleUpon help drive additional traffic to Twitter or Facebook accounts.
- **YouTube:** a video-sharing website.

# Succeeding with social media

In such a crowded world, you need to make your presence felt

The ‘if you build it, they will come’ mind set simply doesn’t work in the social media world. Companies attract followings primarily because they generate interesting, relevant content.

Investors and other stakeholders are wary of companies whose main purpose is generating revenue; they vastly prefer a company with an authentic voice, one that has entered the Facebook and Twitter realms in order to better know its investors.

In other words, an IRO’s real goal should be engaging in two-way communications. Investors want to hear you speak with candor and directness and, when a problem is voiced, they want to feel that a real human being is listening and responding.

## Right foot forward

Tony Hsieh, CEO of online shoe store Zappos, has more than 1.7 mn followers on Twitter. What’s more, roughly 450 of Zappos’ 1,400 employees are on Twitter

and make videos that are displayed on Facebook. In a ZDNet case study published in June 2009, Tom Steinert-Threlkeld likens Zappos’ strategy to a modern-day Tupperware party, where people invite friends into their homes to shop – and have a good time while doing so.

‘Zappos keeps inviting potential customers into its home to show off its own good times,’ writes Steinert-Threlkeld. ‘Then it waits for you to buy something – not because you like the firm, but because you like its people.’

## Driving traffic

Some simple tricks may get your social media content more attention. A September 2010 study carried out by Vitruve, a social marketing consulting company, finds that Facebook posts accompanied by images get the most fan response, and posts made before noon get 65 percent more engagement than posts made later in the day. It also finds that items posted on Fridays receive more attention

than posts on other weekdays.

Companies debuting on Facebook or Twitter should begin by leveraging traditional channels, announcing the move in a press release. The company should also add its Facebook and Twitter links to its investor relations website so that visitors know they can find more information there.

Next, ask corporate bloggers in your organization or the industry at large to direct readers to the company's Facebook or Twitter pages. If those bloggers tweet about your corporate debut, all the better.

### Influential friends

Recently, companies have begun offering tools – such as Klout – for gauging an individual or company's influence in the social media sphere. Tweeters earn Klout scores of 0 to 100 based on a range of criteria, with higher scores suggesting wider reach and greater influence. Studying how Klout scores work is one way to gain the inside track.

Experts anticipate that participating in Facebook and Twitter will become easier and less time-consuming. Companies will have more opportunities to cut and paste code from content used elsewhere. Twitter and Facebook users will also be able to post and publish information from a wider array of applications than at present – individuals are already tweeting from their mobile phones, for example.

### Honing the message

Just as the ads that pop up on Google screens are so relevant that Google almost seems to be reading the user's mind, many agree that the same types of highly targeted advertising will soon appear on Twitter and Facebook.

While both networks already incorporate advertising elements, 'Facebook and Twitter communities are almost certain to be infused with more advertising messages in the future,' predicts Paolina Milana, Marketwire's executive vice president of marketing,

media and editorial operations.

For an IRO, Facebook and Twitter might someday be new avenues for reaching a retail investor audience. Today, almost everyone agrees the recommendations of friends carry far more weight than those of salespeople.

If a Facebook member's investments were to become known to people within that individual's network, for example, perhaps those friends would be interested in making similar stock purchases. For investor relations, the notion that a community of like-minded individuals might effortlessly be brought to the investment table is very alluring indeed.

One of the main reasons for joining the social media world, however, is to prepare for an online future, whatever that might hold. Nowadays, an investor relations department with no web presence would look archaic. Lacking a Twitter or Facebook presence doesn't yet carry the same stigma – but it may do before very long. ●



# Sponsor's statement

Marketwire advances the way the world communicates by electronically delivering news and information to traditional, new and social media audiences, including newspapers, magazines, databases, analyst terminals, online portals, blogs, and more. Marketwire maximizes the power of its clients' communications by leveraging the latest in search engine optimization, multimedia, social media, monitoring and new technologies.

Sysomos, a Marketwire company, provides unparalleled business intelligence for social media through advanced monitoring and analytics.

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