The Benefits & Risks of Social Media
for Financial Communications

In this guidance report we recap disclosure milestones since the dawn of the commercial Internet, assess the risks associated with disclosure via today's social channels, and discuss the many ways today's financial communicators can expand the visibility and impact of issued news via these same social channels.

A Business Wire Guidance Report

Business Wire
A Berkshire Hathaway Company

The Benefits and Risks of Social Media for Financial Communications

In 2000 the SEC enacted RegFD requiring companies to provide equal access to material news for all market participants.

Change is the only constant.

Financial communications have changed dramatically since the dawn of the commercial Internet. And we're not done yet. In this research report, we review the history of financial disclosure, assess the risks associated with disclosure via today's social channels, and discuss the wide range of ways today's financial communicators can expand the visibility and impact of issued news via these same social channels.

We detail 12 ways to use social media to enhance news visibility and protect your brand. We also offer 12 reasons why social networks do not work for material disclosure.

Regulation Fair Disclosure and the end of the 15-minute delay

Up until 2000, press releases issued over commercial newswires were distributed to the exchanges, major financial newswires and media first, and then distributed en masse 15 minutes later to analysts, investor systems and websites. This 15-minute lead provided reporters time to review the company's press release and determine if and what to report.

In 2000 the SEC enacted Regulation Fair Disclosure (RegFD) requiring companies to provide simultaneous, equal access to material information for all market participants, and recognized the Internet as a growing investment tool. That same year, a fake press release for publicly traded Emulex was issued over InternetWire (now MarketWired) and redistributed by Bloomberg, triggering the mass selling of the stock resulting in a $2.2 billion loss of market capitalization before the company, its exchange or Bloomberg could react. Immediately afterwards Business Wire, followed by other commercial newswires, ended the 15-minute delay to financial analysts and websites.

Business Wire
A Berkshire Hathaway Company

There are many ways to use social media to enhance the news distribution and sharing process. Material disclosure is not one of them.

Ongoing SEC Guidance

Since then, the SEC has kept a close eye on the role the Internet plays in the news distribution, sharing and consumption process. In 2008, the SEC noted that, given the general public's almost universal access to the Internet and understanding of company websites, companies could utilize their websites as disclosure vehicles as long as investors and interested parties were informed ahead of time. Initially embraced by a handful of companies, this practice never achieved widespread adoption. Communicators found this practice didn't adequately reach investors and often limited much needed media coverage.

Source: mfauscette.com

In April 2013, the SEC announced social channels to be acceptable channels for material disclosure vehicles, again, if participating companies alerted interested parties in advance. Social media advocates believe this decision is forward-thinking and a solid fit for the way people communicate today. Most professional communicators and investment firms are more skeptical and have not adopted the use of social media channels as a sole method for disclosure.

Realistic Limitations to Social Media as Disclosure Platforms

The ongoing concerns regarding the use of social media for disclosure of material news are numerous. The revenue model of leading social media channels is based on advertising. As such, platforms such as Facebook and Twitter regularly adjust algorithms that impact how, when and where content is displayed to drive revenues based on a better, more customized user experience. Simply put, while an IRO can place news on these networks, it lacks the ability or authority to ensure its posted or tweeted material news is displayed equally to all followers. Because of this uneven access to content, relying solely on social media for material news may exacerbate the interpreting and sharing of misinformation, ultimately creating a more volatile stock price.

BusinessWire®
A Berkshire Hathaway Company

There are thousands of social networks. The proliferation of social media channels and the speed with which they often gain or fall out of favor puts IROs, reporters, analysts and other market participants in a situation in which they would be required to track multiple channels for each stock and be aware of when a company adds or drops channels from their disclosure list.

Managing multiple social channels and sifting through non-relevant content is often done through RSS and third-party content management tools like Tweetdeck. These tools ping sites in intervals to find new content. The frequency and timing of those site queries vary based on many factors, including whether the user is actively using the tool at any given time – Hootsuite goes into "sleep mode" after a period of inactivity, for example.

These factors impact when a user is alerted to new content. Here's an example: material news is posted to a social channel at precisely 2:00:00 pm. One RSS reader visits the channel at 1:59:59 and then again at 2:00:03 while another visits at 2:00:01. The second reader served the news to the subscriber two seconds faster than the first reader. For markets that move at sub-second speed, that type of advantage is unacceptable to companies committed to full, fair and simultaneous disclosure.

Lastly, it is important to note the role of social network mobile experiences that often provide only a snapshot of available news, not all of the content, further providing different news distribution experiences for each user.

We discuss these and other additional risks for material disclosure via social media channels in the second half of this report.

Big Opportunities to Use Social Media to Enhance Reach and Transparency

While we've outlined some of the risks of using social media for material news disclosure, there are many opportunities for IROs to use social media successfully to amplify their communications reach and engagement. The SEC's guidance provides cover for public companies to use social media as additive channels to reach investors and engage with them in ways that enhance transparency.

Social media provides IROs with an opportunity to enhance financial communications with messaging tailored to the preferences of specific audience and social platforms. In the 12 points that follow, we offer guidance on building an effective, successful investor relations social media program that involves listening, learning, engaging, message adoption and measuring.

Through listening you can find where conversations are occuring about your brand and protect your organization from potential crisis.

12 Ways to Use Social Media to Enhance News Visibility and Protect Your Brand

Social media networks are ideal for increasing company awareness, message sharing and initiating engagement between your key constituents and your organization.

Here are 12 of our favorite ways public companies today are integrating social tools to enhance their communications and increase ROI.

1. Listen and adjust:

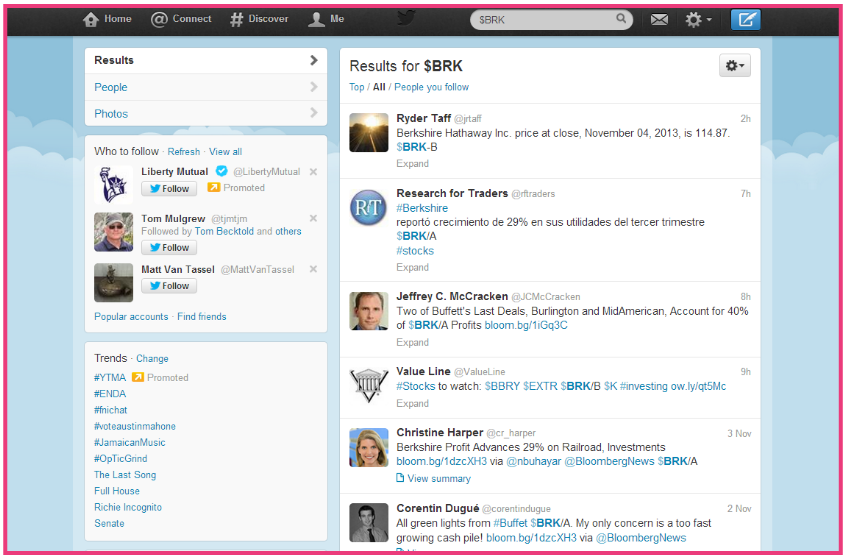
Analysts—especially buy-side analysts—use social networks to find out what people, including your employees, customers, brand fans, frenemies and competitors, are saying about you, your product, your reputation and company. It is incredible what they can glean and how these tidbits affect their view of your company.

Today's news consumption and sharing has changed. Now, news, whether positive or negative, often begins on social platforms, including blogs, Twitter, Reddit and more. From there, online news sources and analysts who monitor channels pick up the information and amplify it, increasing the likelihood that trade media, national media and investors share and react to it. The best way for communications professionals to utilize social media is to first listen to how your company and messaging are perceived and shared online. Find out what people are saying about your company, what misconceptions need to be rectified, which message points are resonating and which are not, and use this information for future message clarification programs.

Through listening you can find where conversations are occurring about your brand and protect your organization from potential crisis. Impactful rumors, for example, begin in social media (platforms and blogs), and if left unaddressed directly or indirectly through social responses, blogs or press releases, may bubble up to more traditional news channels.

2. Monitoring in three easy steps:

a. Every social network has a search field. Use it to search your company name. On Twitter, search your stock symbol preceded by a dollar sign (ex. $BRK) to see what is being said about your company from an investor's perspective.



b. Broaden your search to include alternative spellings of your company name, names of senior leadership, product and service offerings, competitors, and industry groups, as well as any short-term and ongoing crisis terms that may be associated with your brand.

c. Monitor what employees are saying as well. Tweets about slow sales during heavy holiday retail sales could cause an investor to get nervous. Make sure your company has a strong social media policy and guidelines ensuring that even the most casual tweet doesn't impact your stock price.

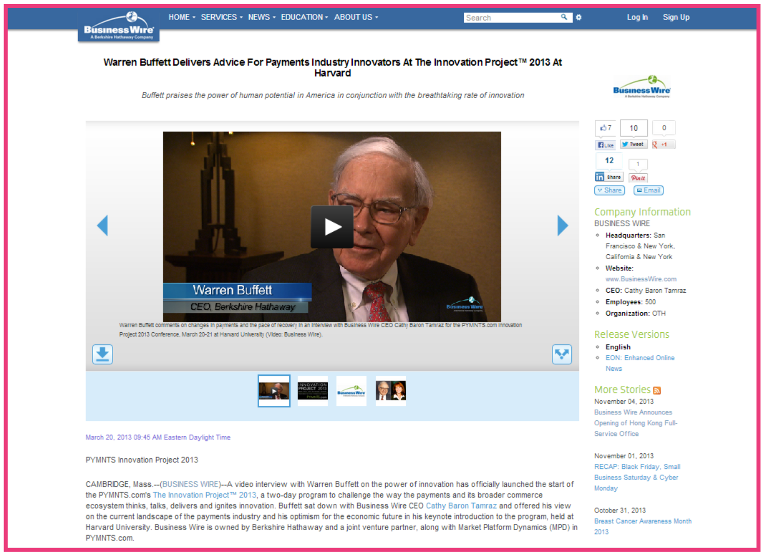
Once you have an efficient monitoring program, initiate proactive communications to increase company goodwill and broad adoption of key messages.

Once you have an efficient monitoring program, initiate proactive communications to increase company goodwill and broad adoption of key messages.

A Berkshire Hathaway Company

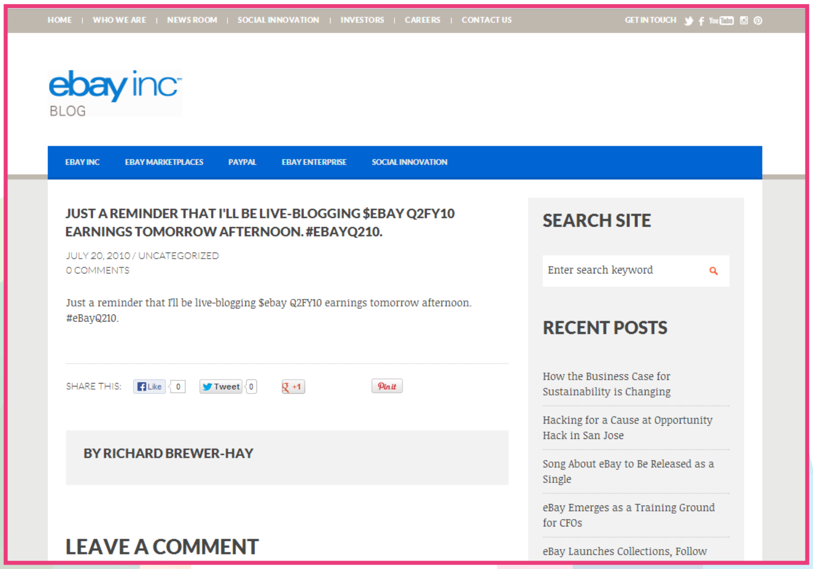
3. Think visually:

Reporters, analysts and social networks alike put high worth on multimedia, product images, senior leadership photos, Q&A videos or even a video summary of quarterly earnings led by the CEO, all of which can dramatically enhance your news. It's also one of the easiest ways to increase connections between a company and target audience. Not only does multimedia increase viewership and news sharing, it also drives deeper company-to-consumer and company-to-analyst relationships by humanizing your brand.



4. Give it context, blog about it:

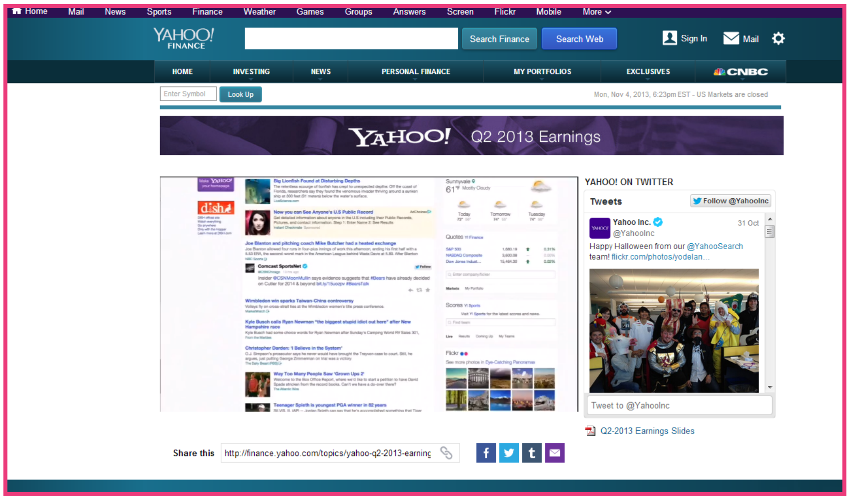
One of the best uses for corporate blogs is to provide additional context to issued news. Blogs perfectly showcase the "why" of your story. In fact, blogs that anticipate and answer predicted media and analyst questions help reporters provide better news coverage, further company-approved message permeation, and decrease market confusion and stock volatility. We recommend posting the blog as soon as the press release crosses the wire, sharing this across social channels and referring interested parties to it for easy use.



5. Give it context, include video:

Create a video version of your blog and share embed links with key reporters and analysts. Today's news outlets crave video content, as it both engages readers and increases the time the reader spends on their website (positively impacting advertising revenue opportunities). Analysts like the opportunity to see as well as hear from senior management. And *consumers love video*, viewing billions of hours of short- and long-form video on desktops, tablets and mobile phones each day. Of course, just like the blog, this content continues to drive message penetration.

- **Consider real-time video streaming your call:** Since analysts want to personally interact with your senior team, consider adding a live video feed to your quarterly call. Adopted by Yahoo! and others, this enhanced communication method has received rave reviews from media and analysts alike.



6. Live tweet your events and earnings:

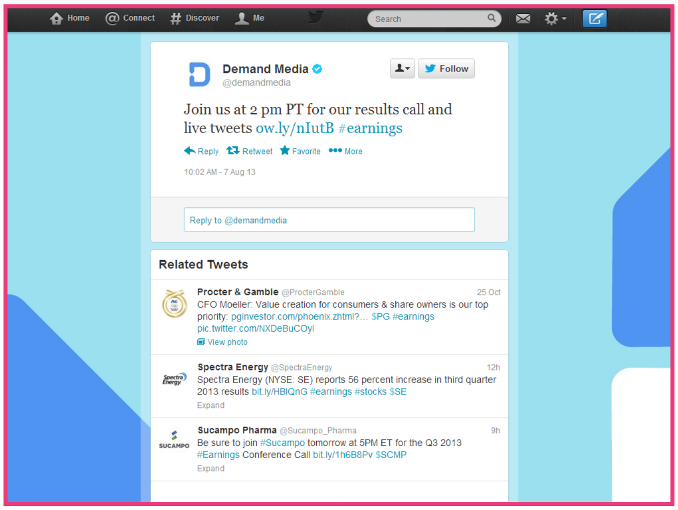
One of the best ways to use Twitter as a news-sharing tool is to live tweet earnings calls, events or breaking news. Draft tweets based on key elements of your press release and tweet them out with links back to your news throughout your earnings call. Include created multimedia to drive even higher engagement and sharing. Then monitor the Twitter conversation during the call, passing key questions to management and sharing a response in real-time.

- **Tip:** To reduce internal approval and turnaround time, consider drafting your blog posts and live tweets at the same time as you craft your press release.

7. Share news socially:

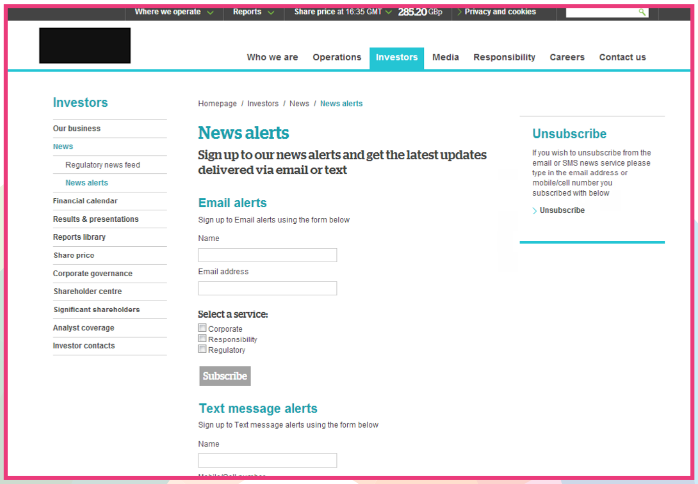
Once your news has been issued on the wire and posted to your website, share it across your own social channels. Consider sending pre-approved tweets to coworkers and relevant company partners, as appropriate, to increase the overall reach and visibility of your news.

- **Tip:** If you have not yet added social sharing buttons to your company newsroom, do so immediately. Give people who visit your site—your company's "fans"—the tools to share your information with their own audience.



8. Share via mobile and email:

As more and more consumers and investors adopt a mobile-first lifestyle, traditional sharing tools such as email and text messages are proving more and more successful. Provide opt-in text or email delivery options for your press releases via your company website, and allow fans to choose how they want to receive your news. Increase word of mouth promotion of your company by including social sharing tools within these delivery methods, allowing your most aligned audiences to share your company news across their own social channels.



Business Wire
A Berkshire Hathaway Company

Take control of your social media message while encouraging company fans to share your news.

9. Increase third party social sharing:

Take control of your social media message while encouraging company fans to share your news. Organizations like Dell, Disney and PRSA-Austin include *Tweet this* links in their press releases to make it easy for readers to share key highlights with great success.

- **Identify and own the channels you use for investor relations**: Follow SEC and legal guidance when disclosing which social platforms you'll use in your communications program. Ensure that those official channels are controlled by the company, not an individual at your company. For example, if you establish a Twitter feed for your CEO, your social media policy should stipulate that the company owns the account and the followers if the CEO leaves. It should also detail the type of content approved for each channel to avoid cluttering feeds with content that is not investor-focused or so general it causes analysts and investors to react unexpectedly. Finally, create secure passwords for each account and change them regularly. Make sure you know who to contact to reset and reclaim an account in the event it is hacked. It is better to plan ahead then to be scrambling to gather this information during a crisis.
- **Tip**: Also make sure that your newswire provider includes social sharing tools in the distribution of your release. This is a vital part of triggering social sharing.

10. Consider paid placements:

Looking to ensure very wide visibility of your news? Consider supplementing your press release outreach with paid Sponsored Tweets or LinkedIn, Facebook and Pinterest promoted stories. Why not syndicate key coverage via advertising mediums such as dlvr.it or Outbrain? These services and networks provide excellent visibility options to targeted audiences for a reasonable fee.

BusinessWire®
A Berkshire Hathaway Company

A commercial newswire guarantees your release and approved messaging is distributed to thousands of analysts, reporters and brand fans at one time.

11. Be consistent in how you share good and bad news:

In this respect, social media is no different than any other communications channel for investor relations—consistency is critical. Social channels are ripe for rumor creation when users are forced to find and share negative news themselves. If you commit to using a social media channel, do so regularly. Share both positive and negative news in the same manner. Live tweeting an earnings call when you've had a stellar quarter and then going silent on Twitter during a poor quarter does more damage than not engaging at all. If you choose to discontinue using a social platform, communicate that in the same manner you did to announce its use, and post that information on the channel.

12. Use broad news distribution:

Utilize a commercial newswire to guarantee your full-text press release, featuring approved company messaging, simultaneously reaches reporters, analysts, investors and interested online parties.

- While there are many ways to reach key media and analysts individually, using a commercial wire service is the easiest possible way to put your news into the hands of thousands of brand fans. With Business Wire, for example, your approved company news is simultaneously delivered directly into the editorial systems and online properties of financial wires, news media and investor terminals. Your news is also posted to thousands of websites, all fully searchable, ensuring a significantly higher rate of approved messaging discovery and sharing by brand fans including media, analysts, employees, customers and consumers alike.

Following the above steps provides you the broadest visibility, adoption and sharing of your company news and message, while protecting your brand and reputation on these fast-moving channels.

Business Wire
A Berkshire Hathaway Company

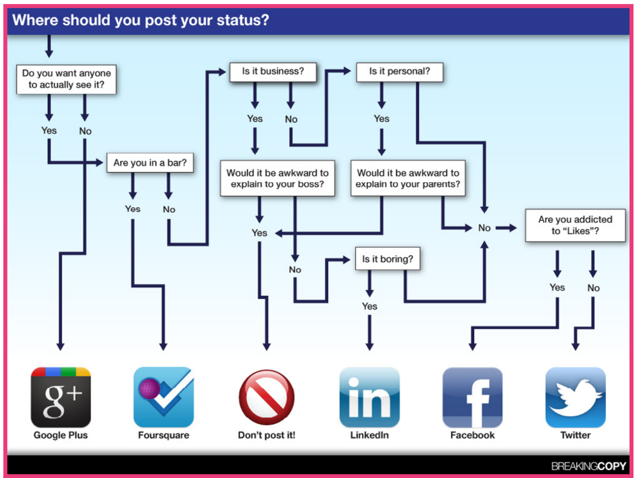
12 Reasons Why Social Networks Don't Work For Material Disclosure

As you can see, there is a real, legitimate place for social media tools and platforms in the financial news distribution process—but not for stand alone material disclosure. Social networks are bad platforms for disclosure for one core reason—they simply do not provide simultaneous, broad access to the news. These platforms were not designed to be financial or material disclosure networks but rather advertising-based, content sharing, connectors. For example, some social media networks focus on just sharing text or images or video, others utilize algorithms that modify post visibility—directly contradicting the SEC's initial goal of providing timely, full and fair access to material news.

Here are 12 roadblocks to adoption of social media platforms for material disclosure:

1. The news may not fit the platform:

Each social network has its own personality and fulfills different end-user needs and desires, most of which are not aligned with the average public companies' investor relations objectives. Facebook, for example, is an excellent recommendation engine. Pinterest is an inspirational website and Twitter is a continually scrolling, information-sharing tool. None of these sites are utilized by the average user as legitimate investment forums. While platforms like [Stockr]() and [StockTwits]() do bring active social discussions on stocks, their limited audience and password requirements mean they are more appropriate as additive channels for engagement.

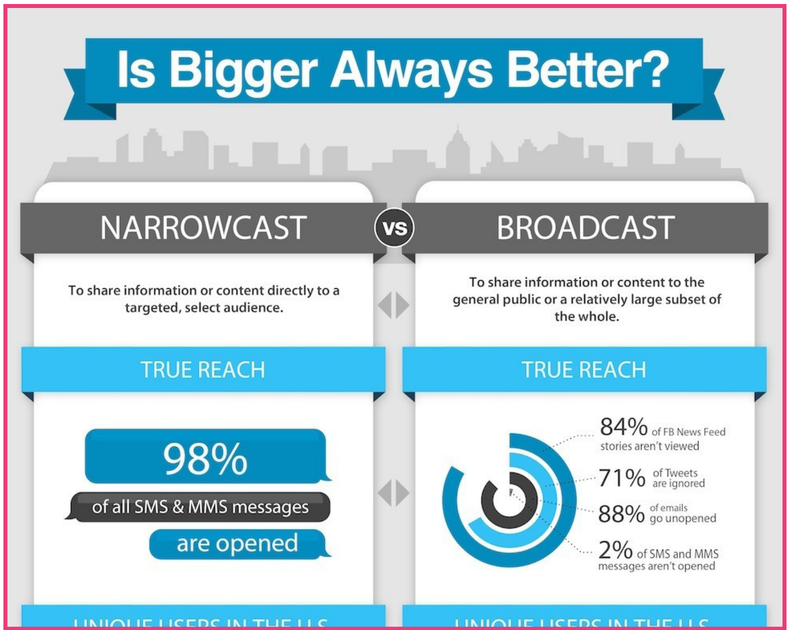


Source: Breaking Copy

2. Limiting potential media coverage:

Most companies today want to see their news spread across the web like wildfire. But viral sharing of content is very rare. Unless truly impactful, shocking, surprising or delightful, company news distributed first by social platforms rarely results in significant mainstream media coverage, a key component of meaningful information sharing and something only provided by a commercial newswire service. Corporate social media updates are less impactful than corporate coverage in the New York Times, Fast Company, Motley Fool or a local Business Journal.

3. Lack of visibility of tweets, Facebook posts and other social updates:



Source: Mogreet

As noted in *this infographic,* many company updates are simply not seen by page friends and followers. 84% of Facebook newsfeed stories are never seen and 71% of tweets are ignored. This lack of visibility directly affects the success of social network disclosure posts and ensures little or no subsequent media coverage.

4. Manipulated news visibility:

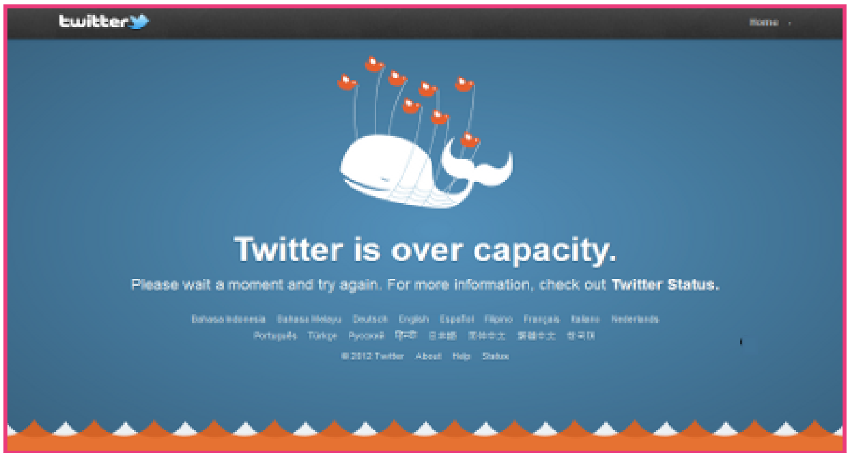
Every social network has the technology and ability to change the placement and visibility of a user's tweets and updates. Twitter, Facebook, and other networks are monetized by advertising. Algorithms are designed to customize the news served to each individual user based on their own personal interactions on that same platform. Algorithms, paid tweets, sponsored stories and trends all increase the visibility of "popular" news and take valuable visibility away from non-paid corporate updates and posts.

5. Limited mobile visibility of tweets:

In February 2013, [Twitter changed the search results for mobile]() users to provide a better search experience, weighting results on relationship and impact. While tweets can easily be found by going to the company page, there is no guarantee they will be found by searching by name, ticker or key phrase at any given time. This directly impacts the chance of news being found or seen on a mobile device.

6. Potential platform volatility:

Every social network is subject to system maintenance, volume issues or even potentially being hacked or suffering a denial-of-service (DoS) attack. In a DoS attack, an attacker attempts to prevent legitimate users from accessing information or services. When you choose to disclose over a single social network or even a handful, you put yourself, and your company's material news, at the mercy of a network only a few years old and in the crosshairs of hackers from around the globe.



Source: Twitter

7. The old game of telephone:

When news is shared across social networks, people frequently include their own opinion before resharing. This leads to the real possibility of message alteration (on Twitter, these changes are frequently noted with an "MT"—modified tweet), which may impact perception of both the news issued and the company itself. Rumors spread quickly on social networks; once misinformation is shared, the company must focus on message correction or risk stock instability.

8. Fake tweets:

In 2013, the *[Associated Press' Twitter account was hacked]* and a false tweet was sent out referencing a bombing at the White House, injuring President Obama. AP caught this hack quickly, but not before it was retweeted 1,849 times, and caused the Dow Jones industrial average to drop more than 140 points. Given the reality of fake tweets, how are consumers supposed to know if your update is legitimate or not? How quickly can a stock price be halted if false news impacts trading? Public companies that rely on Twitter as their primary disclosure point must be prepared for hacking attempts that could result in fake news being shared and acted upon, resulting in stock volatility. Having your authorized press releases and news available on a range of authoritative channels provides reporters and investors with a quick way to verify the legitimacy of an item posted or shared through social media.

Source: Associated Press

9. Lack of access to social networks:

A 2011 *study* of corporate CIOs shows that 31% of companies did not allow access to social networks during work hours, directly limiting access to real-time breaking news. As the *New York Times* noted in 2012, financial institutions continue to struggle with providing institutional investors, analysts and traders access to these channels. Many analysts utilize mobile devices (as noted above, mobile content is not the same as desktop content) to access these networks, therefore only seeing a fraction of the content being shared.

10. Lack of immediate access to full-text:

Social channels often do not allow for very much text. This means a company must state the impact of their news in as little as 140 characters and include a link to the full text. This 2-step process may change the meaning of your news, forcing you to focus on one detail vs. another, leading to misunderstanding of what you are trying to say. It may also decrease potential visibility of the full story and delay access to the news for institutional investors, analysts and traders.

BusinessWire
A Berkshire Hathaway Company

While many buy-side analysts use social networks as research tools, most social site user demographics don't match with investment audiences.

11. The impact of delayed access to news:

In the summer of 2013, Thomson Reuters was exposed for allowing traders to access key information milliseconds before the rest of the financial community, providing the fortunate few who paid a premium an advanced opportunity to take advantage of selective information. *CNBC* notes that within seconds, hundreds of millions of dollars in trades can be completed. It is for this precise reason that social networks do not create a level-playing field for investors. Social networks are unable to confirm equal visibility of news and tweets to all of your followers, making it very easy for trades to be made by some before the news has fully been authenticated or disseminated.

12. By the way, who actually uses social networks?:

While many buy-side analysts use social networks as research tools (as we discussed earlier), most social site user demographics don't match with investment audiences. *Pew Internet* notes that, of Americans who utilize social networks, only 16% have a Twitter account, while 67% use Facebook. Companies must determine which network is most reflective of their target audiences.

Who uses social networking sites

% of internet users within each group who use social networking sites

	All internet users (n=1,895)	72%
a	Men (n=874)	70
b	Women (n=1,021)	74
	Race/ethnicity	
a	White, Non-Hispanic (n=1,331)	70
b	Black, Non-Hispanic (n=207)	75
c	Hispanic (n=196)	80[a]
	Age	
a	18-29 (n=395)	89[bcd]
b	30-49 (n=542)	78[cd]
c	50-64 (n=553)	60[d]
d	65+ (n=356)	43
	Education level	
a	No high school diploma (n=99)	67
b	High school grad (n=473)	72
c	Some College (n=517)	73
d	College + (n=790)	72
	Annual household income	
a	Less than $30,000/yr (n=417)	75
b	$30,000-$49,999 (n=320)	72
c	$50,000-$74,999 (n=279)	74
d	$75,000+ (n=559)	71
	Urbanity	
a	Urban (n=649)	74
b	Suburban (n=893)	71
c	Rural (n=351)	69

Source: Pew Research Center's Internet & American Life Project Spring Tracking Survey, April 17 – May 19, 2013. N=1,895 adult internet users ages 18+. Interviews were conducted in English and Spanish and on landline and cell phones. The margin of error for results based on all internet users is +/- 2.5 percentage points.
Note: Percentages marked with a superscript letter (e.g., [a]) indicate a statistically significant difference between that row and the row designated by that superscript letter, among categories of each demographic characteristic (e.g. age).

Source: Pew Internet

As you can see, while there are numerous ways today's communications professionals can easily use social media channels to increase awareness and engagement with the company and their news, these same opportunities present significant challenges when used solely for disclosure purposes. Utilizing tools that broaden the reach of material news provides a company higher media coverage, increased social sharing and amplified awareness within key and secondary constituents.

Interested in learning more about how social media platforms are changing the way public and private companies share news and content? Email *me* and let's chat!

Reported by: Serena Ehrlich
Director of Social & Evolving Media, Business Wire

Business Wire
12100 Wilshire Blvd., Ste. 780
Los Angeles, CA 90025
310.820.9473
serena.ehrlich@businesswire.com
Twitter: @serena