

How to unlock the power of data

Looking at investor relations through the lens of a business-to-business customer relations team, **Christian Bacherl** describes six investor journeys.

Institutional investors take great pride in being extremely data-driven. The financial market data industry is a multibillion dollar business for a reason. Listed companies are used to investor demands for providing data well beyond financial statements. The advent of strategies like factor and impact investing has further accentuated the market's appetite for corporate data points to drive investment decision-making. It is therefore surprising when IR teams defer to utilise readily available data about institutional portfolios and their decision-makers to improve the investor experience.

Taking a leaf out of the sales team's book

Data-driven approaches to advance customer-centric strategies were first introduced by business-to-consumer players driving sales by using their ability to learn from customer behaviour. Business-to-business (B2B) companies have since caught up by adapting their strategies to respond to their customers demanding a better experience.

Investor relations is not equity sales

While the investor journey is as central as the customer journey there are pronounced differences between B2B and investor relations.

There is no sale at the end of the process

It is about managing the relationship and putting the investor into a position to take informed decisions, but measuring success has its challenges if there is no finite point to the conversation such as the close of a deal.

IR journeys are complex and involve more individuals

Investment decisions are often taken by committees. An investment decision must pass the scrutiny of buy-side research teams, sector specialist



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Microwave communications tower.

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investors, risk experts and senior decision-makers. Assessing the touch points necessary to cover the complete chain of command can be a challenge.

Portfolio management strategies are diverse and the competition for investor attention is global

Designing an investor journey requires the understanding of its variability. The triggers to investment decisions will vary with the portfolio's objectives and constraints. Mapping a typical journey may lead to several alternative paths which investors can take.

The stakes can be very high in IR

A single fund or family of funds can easily be worth several percentage points of a company's shares outstanding. Companies go great distances to keep an important investor loyal. Losing a large investor can have a lasting impact on a company's valuation. IR teams need to understand their investor base to address the information needs with different measures that fit the investor segment. Large investors require different journey designs than smaller ones.

Transforming IR teams to improve investor engagement

Any investor-experience drive should start with an inventory of investor needs, a grouping of journeys based on profiles and their importance to investors. Any journey will have to be weighed against its potential impact to improve satisfaction, their cost to deliver, and the team's ability to follow through. The result will be unique to each company. Yet there are common factors successful IR teams tend to share.

Focus on six journeys that truly matter in IR

1. “I analyse companies which meet my investment criteria.”

In this journey, the investor decides to take an investment on the radar screen through conversations or research. The need is for enough IR support to evaluate the investment opportunity.

2. “I build an initial stake which can grow over time.”

The investor has built an initial exposure weighing risk, return opportunity and ‘soft’ factors. The need is to get multiple decision-makers aligned on a commitment.

3. “I have an overall interest/expertise in the sector.”

The decision-maker believes in the overall opportunities of the company’s market. The decision to invest will depend on the relative positioning of the company within its peer group. The need is for intense discussions on strategy and competitive edge. Product specialists may support the decision-making process.

4. “I hold an investment which represents a meaningful stake in my portfolio.”

Since the investment is already portfolio-weight or overweight this journey is all about churn prevention. It

will require the development of a solid relationship with the company’s representatives. The investor’s primary need is to remain comfortable with the investment’s risk-reward profile.

5. “I respond to a company event.”

Significant company events – good or bad – trigger the need to prioritise investor engagement and personalise the experience. Inbound requests need to be funnelled and ready-to-pull information must be aligned.

6. “I have been a past investor.”

The investor will be intimately familiar with the company’s investment profile. Knowledge of the investor’s information needs while on the sideline is critical. Activity needs to be intensified if known triggers are in reach.

Powering the journeys with data

Meeting investor needs in these six journeys characterising the institutional investor experience will deliver

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measurable benefits. External data about investor characteristics, positioning and activity combined with internal data on previous engagement and digitally generated tangible feedback will prove hugely beneficial to navigate those journeys and boost the impact of the IR team’s efforts. ■

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