

Data-Driven IR: 4 Ways to Increase Investor Conversion

Modern IR teams are leveraging data to measure success

BY MICHAEL STILLER AND JAMES TICKNER - NASDAQ IR INTELLIGENCE

The landscape of investor relations (IR) is shifting as technology advances. Corporate IR groups are becoming more reliant on data and analytics to drive engagement but still value direct dialogue with current and prospective investors.

While in-person meetings, such as conferences, serve an essential role in IR, new data suggests there is a slight downturn in such events among larger companies. Nasdaq's Strategic Capital Intelligence found that mega-cap companies attended two to three fewer conferences on average in 2018, compared to the year prior. Overall in-person events were down 5% for mega-cap companies and 10% large-cap companies. Meanwhile, mid- and small-cap companies' participation in market events and conference were stable year-over-year.

"Companies we speak to claim to be revisiting their use of conferences as they believe they see the same people over and over again," Michael Stiller, global co-head of Nasdaq's Strategic Capital Intelligence, and James Tickner, head of Advisory Product Development and Analytics for Nasdaq Corporate Solutions, wrote in a report titled "Data-Driven Investor Relations: Using Analytics to Measure IR Success."

As IR teams start to explore more effective ways to engage with investors, Nasdaq Strategic Capital Intelligence outlines four ways in which organizations can leverage data to help drive success.

1. Taking more control of the investor outreach process

IR teams are evaluating their approach to the investor outreach process, taking more control and becoming less dependent on third-parties.

Locating and securing capital from new shareholders was once primarily outsourced to third parties. But after certain regulations were enacted – beginning with the Regulation Fair Disclosure (Reg FD) in the early 2000s through the Markets in Financial Instruments Directive (MiFID II) in 2018 – the role of identifying potential new sources of capital has shifted more to an "in-house" activity for IR teams.

2. Pinpointing the specific investors to engage

When approaching new investors or buy-side institutions directly, it's essential to consider their unique investment processes, but IR groups should also acknowledge the new data that reveals the underlying trends to convert a potential investor or institution into a shareholder.

On average, it can take two quarters and two meetings, of which at least one is with management, to bring in a new investor into the fold. More selective stock pickers may require five meetings. But that time with investors pays off, with the average initial investment at about \$140 million, according to data from Nasdaq's Strategic Capital Intelligence.

Mega-cap companies conducted

5%

fewer in-person events overall and attended

2-3

fewer conferences

Large-cap companies conducted

10%

fewer in-person events overall

3. Sharing the narrative with investors

All corporate IR teams spend time with new potential investors, but the amount varies on the size of the company. When comparing time spent with existing shareholders and prospective shareholders, small-cap companies spend 77% of their time with prospective shareholders, while large-cap companies spend 55% of their time with new potential stakeholders.

The data illustrates that many IR teams still spend the majority of their time with potential buyers, becoming more involved with developing and sharing a company's investment story directly, even as the attitude toward investor engagement at conferences is changing.

4. Measuring success

With an intense focus on attracting new sources of capital, tracking the conversion rate can be a powerful tool for IR teams.

Data points like conversion rate have not been historically tracked, but Nasdaq's Strategic Capital Intelligence found that over the past year an increasing number of IR teams are implementing such metrics.

The average U.S. company begins 60 new investor relationships in a year, and approximately one in eight go on to become shareholders. But the most efficient and effective top quartile companies are achieving conversion rates of about one in five, according to the report by Stiller and Tickner.

[Download the whitepaper to learn more](#)

© Copyright 2019 Nasdaq, Inc. The Nasdaq logo and the Nasdaq 'ribbon' logo are the registered and unregistered trademarks, or service marks, of Nasdaq, Inc. in the U.S. and other countries. This communication being provided to you by Corporate Solutions, a business of Nasdaq, Inc. and certain of its subsidiaries (collectively, "Nasdaq"), for informational purposes only and is of general character only. None of the information herein constitutes advice, a recommendation, solicitation, invitation or inducement to buy or sell securities of any kind, or as commentary on the value of any security. Before making any investment decision, you should seek independent legal, taxation or financial advice. Nasdaq makes no representation or warranty with respect to this communication or such content and expressly disclaims any implied warranty under law. At the time of publication, the information herein was believed to be accurate, however, such information is subject to change without notice and Nasdaq makes no representation or warranty as to the correctness or completeness of the information. The information provided in this report remains, unless otherwise stated, the copyright of Nasdaq and may not be used, reproduced, published or copied, in whole or in part, in any form or for any purpose whatsoever without the express written permission of Nasdaq. This information is not directed or intended for distribution to, or use by, any citizen or resident of, or otherwise located in, any jurisdiction where such distribution or use would be contrary to any law or regulation or which would subject Nasdaq to any registration or licensing requirements or any other liability within such jurisdiction. By reviewing this document you acknowledge that neither Nasdaq nor any of its third-party providers shall under any circumstance be liable for any lost profits or lost opportunity, indirect, special, consequential, incidental, or punitive damages whatsoever, even if Nasdaq or its third-party providers have been advised of the possibility of such damages. Additionally, unless due to willful tortious misconduct or gross negligence, neither Nasdaq nor any of its third-party providers shall have any liability in tort, contract, or otherwise (and as permitted by law, product liability), to you or any third party. This disclaimer is governed by the laws of the State of New York.

1292-Q19