

WHITE PAPER: THE CASE FOR A PERCEPTION STUDY



RIVEL RESEARCH GROUP

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Investor Insight

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Understanding the drivers of investment behaviour is a major challenge – especially when public companies seek to broaden share ownership in countries outside of their domestic equity markets. When it comes to capitalising on the world’s largest and most liquid market, the United States, the challenge is particularly relevant. How does a company build the essential knowledge base of US money managers, their investment guidelines and information-gathering preferences that can then serve as the foundation for the success of future investor communications initiatives in the United States? How does a company overcome unique differences that make the US equity markets at times seem complicated and resistant to communications strategies that may work domestically? Insight is the answer ... insight that is uncovered through careful questioning, sharp analyses and thoughtful communications planning based on implications identified by this process.

A perception study ... builds the compelling insights companies need to distinguish themselves and their investment appeals among a host of competitive alternatives available to the US portfolio manager.

A perception study is an invaluable path to this kind of intelligence and can be advantageously used by companies to gain the expertise necessary to achieve better access into complex but robust US equity markets. It is a time-tested tool (proven over the decades by both consumer marketers and political strategists) which helps build the compelling insights companies need to distinguish themselves and their investment appeals from a host of competing investment alternatives available to the US portfolio manager.

Significantly, the need for perception study insight has become stronger in light of the dramatic and accelerating change which has transformed the US investment community – two market crashes within ten years, Reg FD and the marginalisation of the sell-side, shocking examples of poor corporate governance, the rise of hedge funds, globalisation, the rocky road to economic recovery – to name just a few. What does this mean for non-US firms? How should they fine-tune their investor communications (strategies, messages, tactics) to ensure that they have maximum impact? How compelling are “offshore” investment opportunities to US investors given these critical events? Survey research helps provide reliable answers to such problematic issues and questions.

How does a perception study provide insight to IROs?

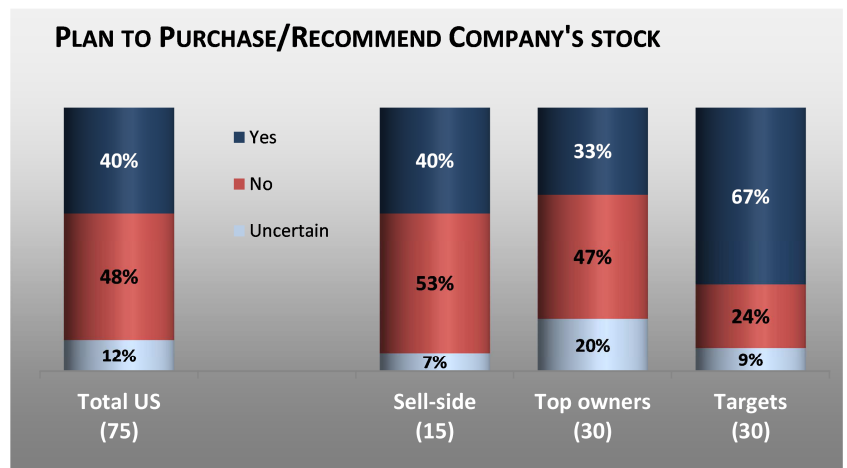
- Precise, rigorous marketing research discipline ... in a word, sound *methodology*
 - Unbiased, *representative* samples of US investment professionals as opposed to anecdotal interviews with a few select investors
 - *Confidential, impartial* in-depth interviews using seasoned executive interviewers schooled in the complexities of the US investment community
 - Asking *the right questions* that are both exacting and probing.

- *Large sample sizes* that produce both quantitative and qualitative (Why did you say that? What do you mean by that?) insights on which reliable strategic decision-making can be based. For example, this involves interviewing 20 to 25 of your top 50 shareholders as opposed to 5 or 6. Or, if US country-wide insight is required, sample sizes in excess of 100 participants are necessary ... not 30 to 35.
- *Telephone interviewing* whenever possible to avoid the pitfalls of online surveys – uncertainty if the right person is being surveyed, inability to probe for insight in a representative way (that is, getting to the silent majority as opposed to just those with an axe to grind), inability to ensure questions are understood in the manner intended.
- Robust interpretation – comprehensive, independent third-party analyses that call on years of investment community experience (and are not biased by investment banking or other IR-type consulting services/relationships)
- Sound, objective consultative advice and recommendations that are predicated on reliable, conclusive data.

What can a perception study do for IROs?

- Frame/quantify your company’s presence in the US ... how widely is it known, what is known and where the gaps are between this and what has been communicated
- Delineate strengths, weaknesses, opportunities and threats

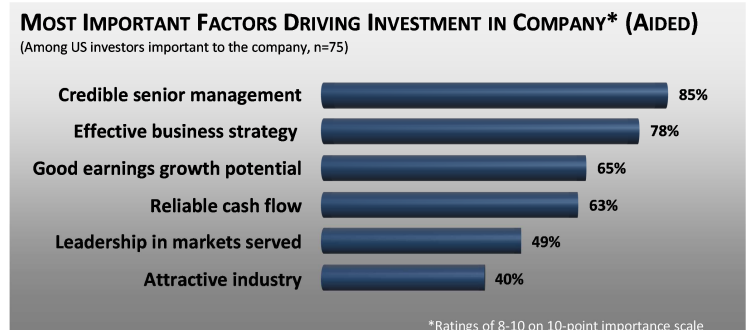
- Segment US investors into specific groups that can be targeted according to their unique interests/needs – e.g., the sell-side versus the buy-side; owners versus targets; fund managers by size of institution, investment objective or industry focus.



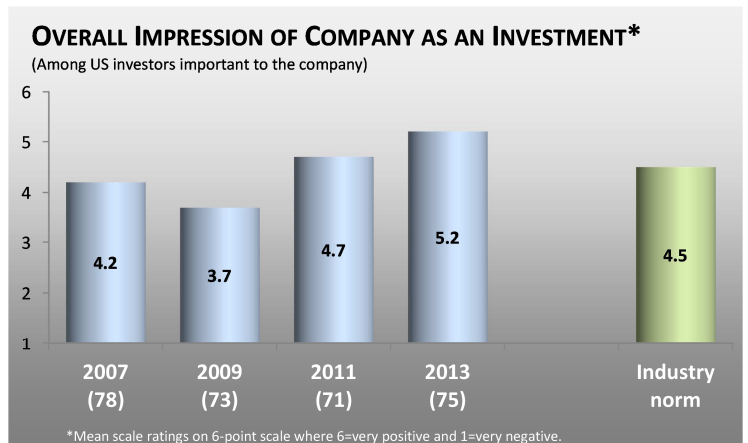
- Understand why your company may be valued above or below your peer group
- Determine whether your company’s business strategy aligns well with US investor goals.

- Identify how best to seize the attention of US investment professionals and persuade them about the merits of your company's investment appeal

- The drivers motivating US investment behaviour
- The strategic messages most likely to appeal to US investors
- The appropriate media mix to employ (face-to-face meetings, conference calls, marketing sell-side research, print media, the Internet, etc.)
- The sources of investment information of greatest value (company officers, sell-side research, in-house institutional research, etc.)
- The most promising investor audiences to target.



- Monitor how US investors' attitudes and needs are evolving (and implications for investor communications strategies/messaging) through tracking updates of benchmark studies.
- Array your company's investment appeal against that of similar companies in your space (industry or cap-size norms and standards).



Perception studies among the US investment community provide *the context* within which investor relations professionals can make informed strategic decisions. The primary goal is to develop the kind of timely, actionable insight that companies need to keep pace with today's fluid environment for investor communications, identify opportunities and help ensure that their investment appeals are better appreciated, indeed resonate, among US investment professionals.