

Aligning **investor communications** to the drivers of share price

The Challenge

Our client had suspected a link between media activity and share price but was unable to prove or quantify this.

Proving, profiling and quantifying that link could potentially deliver significant benefits to the business.

The Approach

Precise Value had been undertaking media analysis for the client for some time. That meant a customised analysis framework existed together with a detailed history of results. This phase one work was already designed to feed into advanced analysis, making preparation easy. However, a significant innovation step was required before the full value could be realised.

The innovation came in structuring the analysis approach. Firstly, industry-wide effects were identified after careful selection of likely indicators. Advanced statistics were then applied to build a series of regression models. These were tested for accuracy and refined several times to maximise their explanatory power.

Mathematical results of the regression were then interpreted. This involved separating share price value drivers into the groups of company controllable and environmental.

The Outcomes

The key outcomes of this work were to:

- Uncover the controllable and uncontrollable factors driving share price;
- Quantify the strength of each factor;
- Identify which channels and communications favour greater influence on share price;
- Suggest more effective resource allocation with true-ROI metrics;

The Benefits

This advanced analysis delivered several benefits to the client's business:

- Proved the role of IR in concrete business outcomes;

- Identified specific events and messages that deliver greater influence over share price;
- Suggested compelling evidence of where to focus resources for the best effect;
- Helped to facilitate very powerful strategic planning.

THE RESULT

Precise Value was able to deliver deep insights into what Precise Value was able to prove with a known certainty that for the client organisation:

Media represented one-quarter (¼)* of the controllable factors driving share price movement.

This proves the significant effect of communications on a key business outcome. It further justifies the status of communications professionals and enhances their budgets.

* Note: These results should not be generalised as they are specific to the context of each organisation.

Going Further

This analysis approach can be extended to encompass most IR activities, including events. Precise has developed structured approaches to capture each of these communications channels. This capture then feeds detailed analysis for valuable insight.

Extending analysis to each competitor enables mapping of their communications landscape – uncovering the drivers of their share price. Such knowledge brings a new dimension to strategic planning. That planning holds the potential to create significant new value.

The Precise approach can similarly be applied to interim business outcomes like brand equity or market share.

About Precise Value

Established in 1999, Precise Value specialises in premium quality communications analysis services for Blue Chip clients. We apply best-practice techniques to profile opportunities and quantify results in concrete business outcomes.