

PRWeek

Blogs struggle to get on IR pros' radar

Keith O'Brien PR Week USA 15 May 2006

Though not invisible, investment blogs need a market-moving event for IR pros to truly take note

BloggingStocks.com, an aptly-named AOL blog devoted to covering stocks, launched with a limited focus on eight public entities, including AOL parent Time Warner.

Lest you think this is merely insider trading 2.0, BloggingStocks.com is written by freelancers who fully disclose their stock holdings and much of their coverage is currently commentary-based on what is broken by other media sources. But this is not to say that BloggingStocks.com or another competitor will not one day break the news that moves the markets or that drops a bombshell on a Fortune 500 company. IR pros, still trying to figure out how to use blogs, are finding out that blogs are also trying to figure out how to use them.

Dominic Jones, principal for IR Web site consultancy Clarity Communications, says that while IR pros are aware of blogs like BloggingStocks.com, they hold less importance to them since the content is not written by experts (though some of the bloggers have had financial careers) and is not intended for institutional investors.

"IR professionals are not taking them very seriously and won't until it's proven these blogs are influential," Jones says. "IR people have been slow to adopt any of the new technologies like RSS, which, for media relations, is standard now."

Jason Calacanis, CEO of Weblogs, Inc., which AOL acquired in 2005, assumes IR pros would initially look at these blogs as a nuisance.

"They probably think it's a bad thing because we are going to be bringing up issues that have previously been buried," Calacanis says, via e-mail. "It's going to be more work for them to keep up with these conversations. That conversation, however, is happening right now."

"But," he adds, "good IR professionals read everything related to their company."

Elizabeth Spiers, editor of Dealbreaker.com, says that while her site has not broken any serious stock-changing news, it expects to some day. She adds that client-side PR - not IR - pros have been those most assiduous about contacting her.

"It's on PR people's radar, but IR pros aren't aware of the potential and won't be until [something big] happens," she says.

Heather Sieber, VP of communications for the National Investor Relations Institute, says that the organization held a webcast in December 2005 that dealt with both the operation and reading of blogs.

Jones points to the SeekingAlpha Network, which former Morgan Stanley tech research analyst David Jackson started, as a potentially influential Web entity. Written by over 80 financial experts, there are 22 distinct Web sites in the network.

"They also offer transcripts of conference calls," Jones says, adding that "it's impossible for institutional investors to attend every conference call."

James Enck is another key blogger. He writes on his own blog EuroTelcoblog.blogspot.com and is also a member of the SeekingAlpha market.

"[BloggingStocks.com] could be a forerunner to analysts or experts blogging [on portals] in return for advertising revenue, rather than a percentage of revenue on [trades]," Jones says.

Spiers says that this can only be a good thing for IR pros. "I'm all for more intelligent writing on the subject," she notes.

But Jones says the biggest risks to IR pros from blogs don't come from external sites focused on their business, but from internal blogs by executives that might violate Reg FD, the Securities and Exchange Commission's ruling that sought to limit the practice of disclosing material nonpublic information to certain individuals.

"Someone like [Sun CEO] Jon Schwartz is an extreme risk for IR professionals," says Jones. "If Sun's lawyers weren't looking at every post before, now that he's CEO, they are. He has access to every bit of information."