



Pondering the Internet

By Eugene Donati

Sometimes the Internet and its promise of a global village feels more like global voyeur, especially from the perspective of an investor relations officer.

Outsiders—investors, journalists, regulators, lawmakers and even curious bystanders—demand to peer ever more deeply into a corporation's dark nooks. And after Enron, can you blame them? Given that transparency is the desired goal, how come our openness sometimes feels more like nakedness and transparency feels like prurience?

Simply, it's the relative newness of the Internet that still throws us. We may be loath to admit it because we like to fancy ourselves as cutting edge. But to be fair, it's just five years or so since most companies created an IR Web site. In that brief time, the Internet has become the medium of first resort for investors and IROs alike. This is a remarkable change, with ramifications we are only beginning to comprehend.

Given that we are new at this, how should an IRO harness—or even understand—the immense communicative power of the Internet? Why do some things work on the site, others fail, and some just make investors angry? Consider a few realities that media theorists suggest will make the IR Web site experience more authentic and effective:

Reality 1: Users expect the Internet to be interactive.

The most basic interactive demand put on the Internet is electronic mail, “the lubricant that oils the system,” as futurist John Naughton said. Many of us were first introduced to the Internet in order to use e-mail. Yet a recent review of IR Web sites for the top 50 public companies in the Fortune 500 shows that 17 of the 50 do not provide investors with the capability to contact the IR department by e-mail, suggesting to the investor that the IRO doesn't want to communicate and that the site is more for the convenience of the IRO.

Reality 2: The Internet is a medium of media. The Internet is print, photography, radio, television, telephone, videophone and movies, all rolled into one. Text may remain our day-to-day workhorse, an efficient method to relay information fairly and fully. Yet the advantages of including other form on Web sites are sometimes overlooked. Streaming audio and slide show presentations are common for quarterly conference calls. Soon flash technol-

ogy, video clips and broadcast, speech synthesis, speech recognition and interactive speech will animate annual reports, FAQs and other content. The full potential of the Internet as a medium of other media is just arriving.



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Reality 3: Internet users want control and will take it, if given the choice. Prowling the Internet is like drinking from a fire hose. There's more out there than any human being could absorb in a lifetime, leaving users with two survival strategies. One is to let others do the filtering. However, the more desired choice is to allow users to be ruthlessly selective, the equivalent of turning off the tap, as Paul Levinson, professor of communications and media studies at Fordham University, noted. He added, “Electronic media . . . have focused the human penchant to lead to hunt and gather information on our own, to make our own decisions, rather than be spoon-fed by central authority.” Providing information choice on an IR Web site gives investors their desired sense of control.

Reality 4: The Internet is more than top down. Most often, IROs use the Internet as a convenient dissemination vehicle. Both NIRI's *Standards of Practice for Investor Relations* and CCH, Inc.'s *Informal Corporate Disclosure Under Federal Securities Law* see dissemination of information as a prime use of the Internet for IR. But investors often view it almost as a plaything that responds, stimulates and informs. Communication in one direction just feels incomplete to the user. Tie top-down dissemination to a lack of bottom-up interactivity and e-mail, and it's easy to see why investors become frustrated.

Reality 5: People respond better to Web sites that actually seem to come from someone. We do this with our annual reports (the chairman's letter with the smiley portrait). Yet many IR Web sites read like an “Official Pronouncement from the Office of Investor Relations,” with all the warmth that suggests. While Internet technology is making gatekeeping unnecessary in many respects, users still desire the logic of a gatekeeper, if only to add the sense of human presence. Your company will benefit if investors know that there is actually a human being on the other side of the information transaction.

Reality 6: Using the Internet is like listening to a radio story in the dark. Anyone who has listened to “A Prairie Home Companion,” the popular public radio show, can relate to Garrison Keillor’s “News From Lake Wobegon” monologue. Keillor’s stories feel like an unmediated form of touching, with images and information coming at you, seemingly out of the void, surrounding you. Media theorists say the Internet embraces in much the same way and is an experience oddly more akin to listening than to reading. No one media theorist predicted the Internet’s peculiarity to “resonate” better than did Marshall McLuhan. His work suggests that part of our intimate fascination with the Internet comes from the glowing monitor screen (to McLuhan, it was the TV screen), which transfixes users in a way that a paperbound annual report never can, for instance.

These realities of the Internet, developed by various media theorists from the work of McLuhan, might seem like fluff at a time when the old IR ways of doing things are being challenged by new, more stringent requirements for corporate governance. But we know how to regain our shine. It comes through increased transparency in reporting

and disclosure. Ideas from McLuhan and other theorists can ensure that our growing transparency is more than just a data dump on investors. As we move to increase the richness and salience of corporate data on IR Web sites, media theorists give us a new set of tools, techniques and understandings. **IR**

Eugene Donati is a managing director at Clark & Weinstock, a strategic business communications and public policy consultancy in New York and Washington. He can be reached at donati@canoe-mail.com.

RESOURCES

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