RHT Communications
& Investor Relations


# How Different is the PESO Framework in Investor Relations

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Public Relations (PR) guru Gini Dietrich first introduced the relationship between the different forms of media, summarised as the PESO framework in her book Spin Sucks in 2014. She depicts the PESO framework as four overlapping circles of the four forms of media, namely, Paid, Earned, Shared and Owned; hence PESO.

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Ever since, industry practitioners have been using the PESO framework as a planning tool not just for PR but for marketing as well. The PESO framework arose as a product of the evolution and transformation in the media landscape over the last decade, in particular the rising use of mobile devices, speed of data connectivity and the rising influence of social media.

The PESO framework has become a useful tool for organisations to plan the use of different forms of media to achieve their goals and to execute integrated campaigns. The value of the framework lies in understanding the different forms of media, identifying the overlapping areas between the deferent forms, maximising the opportunities for dissemination, promotion and amplification of the identified key messages, work, the strengths and weaknesses of the difference media forms in relation with the campaign objectives can be analysed and identified, and thus practitioners can better decide and calibrate the use of these difference forms of media.

Despite being relatively young, the PESO framework has proven its worth in the PR and marketing industry. This initial success prompts more to ponder how the PESO may be applied to similar fields in communications, and how different the PESOs might be; hence, this topic: how different is the PESO framework in Investor Relations (IR).

IR is commonly regarded as a specialised sub-discipline of PR, that portion that covers financial communication around how a public-listed company communicates with investors, shareholders, government authorities and regulators, and the financial and investment community. Unlike regular PR, IR has significantly more regulatory requirements owing to the financial regulatory requirements mandated by the authorities. IR's target audience is also more specific and generally viewed as more sophisticated.

In PR, Paid media is simply the media that you pay for, which includes all advertisements, advertorials, sponsored posts on social media, sponsored Tweets and Instagram posts, and lead generation. Earned media is viewed as the traditional PR, i.e. media relations. Relatively new, Shared media is the contents that a company shares with its followers on social media channels, while Owned media refers to a company's content channels which comprises website, customer and employee testimonials, reviews, videos and podcasts.

In IR, the same definitions apply, albeit with the addition of channels that are unique to IR industry itself. One of these is the research notes that are published by the sell-side for their clients on the buy-side. Often, these notes will also reach the media and got published. In certain instances, these analyst reports are paid research reports. Also, some sell-side analysts show their notes to the public-listed company prior to publication to check for factual accuracy in their reports. These practices invite questions on trustworthiness of these reports.

IR has evolved in recent years to reflect the importance of digital communications, changing corporate structures, increased regulations and disclosure requirements, among other trends. Today we can find entire television networks that do nothing but analyse and rate public-listed companies based on reports coming from internal and external sources. Besides, there are also thousands of equity investment-focused websites, business sections and social media outlets.

In IR, Paid media now consist of paid research reports and notes by equity analysts, paid investment bloggers on top of the Paid media in PR. Search and social media algorithms can be throttled to increase the reach of content. The IR officers have a high level of control outcomes because the research reports and notes will reach the right buy-side audience and also because of the planning and predictive analytics of social media.

Earned media remained largely the traditional financial media, and also include independent research reports and notes by equity analysts. IR officers pitch press releases or stories to these third parties such as an analyst, investment websites or financial journalist who repurpose content for their own audiences. Although there is limited level of control over outcomes, earned media offer the highest level of trustworthiness to the target audience.

Shared media are most social forms of media and also include messaging platforms such as WhatsApp and WeChat. The IR officers can have a moderate level of control over outcomes. Social media has become an important aspect of an IR strategy today. Stakeholders are increasingly turning to public-listed companies' social networks for information. Social media provides retail and institutional investors quick access to FAQs, showcase content, and share other vital decision-making information. It also offers public-listed companies real-time performance analysis, an incredibly targeted reach, and lower advertisement costs. Social media is not just part of an IR strategy; it has become an essential part of the IR communication cycle.

Owned media describes any content and channel over which the public-listed companies have complete control. This includes websites, email, marketing communication collateral, podcasts and apps. If a public-listed company has successfully built a wide community with its stakeholders, investors and shareholders, Owned media can be highly effective, and offer a high level of control over outcomes.

An important insight discerned from the PESO framework is the overlap areas between the different forms of media. A good IR strategy includes tactics for engagement in the four categories and the spaces in between. By embracing the PESO framework, IR officers can now get out of the norm of using media relations as their only IR strategy and perhaps even gain a greater influence on the entire IR outcome and reach towards the target audience. This should then lead and translate to more effective IR campaigns, better investors and stakeholders engagement, and achievement of the set IR objectives.