

Investor Relations Website Design Secrets

By Robert Seberger

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By: Robert Seberger,
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Individual investors are intimidated by overly complex IR sites and need simple summaries of financial data. Both individual and professional investors want the company's own story and investment vision.

Investor relations (IR) is one of the "Big Four" standard components of a corporate website (along with public relations, employment, and "About Us"). In the modern world, investors assume that they can go to www.company.com to research a current or potential investment.

While companies must provide IR information to attract and retain investors, they must also be realistic about the types of content and features that users need most. Simplicity and a coherent story about the company are better than drowning users in incomprehensible data.

User Research

To assess the usability of corporate websites' IR information, we conducted a series of user studies in four cities in the U.S. and the U.K.: New York, Boston, San Diego, and London. We chose these cities because they include both main centers of the investment business and more mainstream locations. We tested a total of 42 users: 28 individual investors and 14 professionals (institutional investors, financial analysts, and financial journalists).

We observed users as they performed investment-oriented tasks on 20 company websites, selected to cover a range of industries and countries: Allied Domecq (UK), Biogen, Ceridian, Home Depot, InFocus, Interpublic Group, Johnson & Johnson, Labor Ready, Novo Nordisk (Denmark), Pacific Sunwear of California, Palm, Pfeiffer Vacuum Technology (Germany), Rowan Companies, Royal Bank of Scotland (UK), Stora Enso (Finland), Symantec, Starbucks, Tyson Foods, UPS, and Vodafone (UK).

When asked to go to a company's website to research it as a potential investment, 40% of our test users guessed the URL, 36% used Google, and 24% used other search engines and Internet directories. This finding emphasizes the importance of having a guessable domain name and good visibility in the main search engines.

Success Rate

We asked users to find answers to nine specific IR-related questions on the websites. On average, users successfully completed 70% of these tasks.

This compares favorably with our other recent Web usability studies, which typically recorded success rates between 55% and 65%.

Not surprisingly, the professionals scored higher than the "amateurs" in this study. The average success rate for the investment professionals was 75%, whereas the average success rate for the individual investors was 67%.

Despite these relatively high scores, there is still substantial room for improvement: 35% of users couldn't get a copy of the company's latest quarterly report, and 77% couldn't find the high/low share price for an earlier quarter -- both very fundamental IR tasks.

Investment Professionals

We tested three categories of professionals: institutional investors who work for mutual funds or other companies that invest large sums; financial analysts and advisors who recommend investments to others; and journalists who write about finance for business publications or major newspapers.

All of the professional users had the same general conclusion: They would not rely on a company's own website for most finance data. Instead, they would use the specialized services that their companies subscribe to, such as Bloomberg, Reuters, and First Call. Investment professionals often rely on downloading large amounts of financial data into their own modeling tools or spreadsheets, and they prefer doing so in standardized formats from a single source so that they can easily compare multiple companies.

This does not mean that companies can ignore professionals when putting IR information on their own websites, but it does mean that companies must be resigned to having their websites play a secondary role in satisfying professionals' information needs.

Interestingly, even though professional users despised overly promotional or marketing-oriented information on company websites, they did appreciate getting the company "spin" through such things as recent CEO speeches that outlined goals and prospects. Professionals wanted management's vision of where the company was going, along with a brief company background and overview of recent news. Basically, they wanted the company's past, present, and future summarized in a way that told the story behind the numbers.

Individual Investors

Typically, private investors don't have access to professional data services, even though they often get data from their broker's website or from services like Yahoo Finance.

Individual investors are often intimidated by the vast amount of financial data available, even from these simplified services. While they expected websites to offer annual and quarterly reports, they admitted that they spent very little time reading them.

Companies can help individual investors by presenting simplified views of financial data and summarizing the highlights. Although you must offer more detailed data as well, users commented positively on websites that summarized essential stock information on a single page.

Individual investors also wanted the company to tell them a story about its potential as an investment. Key questions include:

Where does the company come from?

What is it doing now?

What are its innovation and research prospects?

What is its vision?

Note, however, that there is a difference between telling a credible, interesting, and concise story, and junking up people's browsers with superficial hype and marketing-oriented language. It's a fine line, but an important one if you want to convince investors of your company's prospects.

Standard Information Architecture

In most of our projects, we provide guidelines for interaction design and for principles of information design. We usually cannot recommend the specific website structure, nor can we specify the labels needed for navigation systems. Consider, for example, a company that sells five different kinds of X-ray machines for dentists, and a company that sells 10,000 different kinds of pumps and valves for OEMs. These two companies require very different information architectures for their website's product areas.

In contrast, shareholders and potential investors visiting a website's IR area have similar tasks, regardless of the company type. Also, the information that must be supplied to satisfy users' needs is much the same.

Because users and their tasks highly overlap for websites' IR areas, we can recommend a standard information architecture based on our research of users' information needs and navigation behavior. If all websites organized their IR information accordingly, it would be substantially easier for users to research investments.

We actually recommend three different, but related, information architectures, depending on the resources a company wants to devote to online IR. These low, medium, and high designs gradually add more features based on the priorities we derived from user research. With limited resources, it's best to focus on the features that users need most, and implement them well, rather than clutter the site with many poorly designed features.

Simple Information Design

IR areas are plagued by PDF files, probably because they're a cheap way to put annual reports online. It is indeed helpful to let users download full reports, and you can save a lot of money when people make their own printouts rather than requesting printed material by mail. But to view information online in a way that lets them rapidly understand key information, users need simpler formats that don't require them to slowly page through presentations that are optimized for print rather than interaction.

In our study, interactive stock charts were much prized, but often so difficult to manipulate that users couldn't get the overviews they wanted. To be useful to individual investors, graphing features and labels must be simplified; professionals are going to use their own high-end tools anyway.

Potential For IR on the Web

IR is a natural for the Web. Investments are all about information, as the growth of online brokerage services shows. Similarly, companies can provide many types of IR services as self-service -- at hugely reduced costs -- as long as the user interface is sufficiently easy.

Investors, both individual and professional, want more than just the data that independent services can provide. They want the company's own story and investment vision. What they don't want is to wade through complex or irrelevant information.

Balancing all this is the challenge for the IR user experience: You must provide both simplicity and vision, connect with investors without antagonizing them, and serve both professionals and people with little financial knowledge. To achieve this balance, your design must focus on users' needs.

Our company, Investor Relations Marketing, offers a variety of highly specialized services to quickly and cost effectively attract the long term, high net-worth retail and institutional investors that your company needs as shareholders.

By utilizing our services to get your company information out to the masses of stock investors, your company will receive the notice that it deserves.

Investor Relations Marketing's services are an easy and cost effective way to get your corporate communication out to the masses of stock investors.

We only utilize marketing strategies that have proven to be the most successful and resulted in achieving the highest gain in a company's stock price.

Contact us today for a free consultation at <http://www.InvestorRelationsMarketing.com>

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