



## CASE STUDY: PERCEPTION ANALYTICS

Gathering Investment Community Feedback to Understand the **Drivers of Stagnant Share Price Performance** and **Catalysts to Improve Investment Appeal**

[www.ipreo.com](http://www.ipreo.com)

## SECTOR:

Consumer Goods

## EXCHANGE:

NYSE

## MARKET CAP:

Large Cap

# INTRODUCTION

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Ipreo's client suffered from stagnant share price performance over a two-year period despite significant marketing and management travel, demonstrated progress on its strategic initiatives, and improved financial performance over the same timeframe. The Company's management team had grown frustrated with the lack of connection between their perceived execution and the investment community's receptiveness to the stock.

The Company's objective was to measure broader market sentiment in order to better understand the perception of the company and management, issues or concerns depressing valuation, and catalysts to improve investment appeal. With the goal of conducting an independent assessment of buy- and sell-side perceptions, The Company selected Ipreo to conduct a thorough analysis of investment community sentiment and design a forward-looking communication strategy.

# IPREO'S APPROACH

In order to target a well-rounded, global population, Ipreo used current ownership data and The Company's meeting records to identify knowledgeable analysts and key portfolio managers who were close to the investment story and had recently engaged with The Company's executives and IR team. Ipreo gathered equal-weighted feedback across regions from a mix of underweight and overweight shareholders, recent buyers and sellers, potential investors, and covering sell-side analysts with varying ratings to ensure unbiased findings.

With the goal of covering the most pressing issues and topics relating to The Company's investment story, Ipreo created an open-ended questionnaire that allowed participants to freely discuss the following questions:



How has the market's perception of The Company evolved over time?



Are The Company's near- and long-term targets appropriate and achievable?



What are the most important strategic drivers of future growth?



What are the most compelling factors for investing in The Company?



What are The Company's competitive advantages versus other names in the sector?



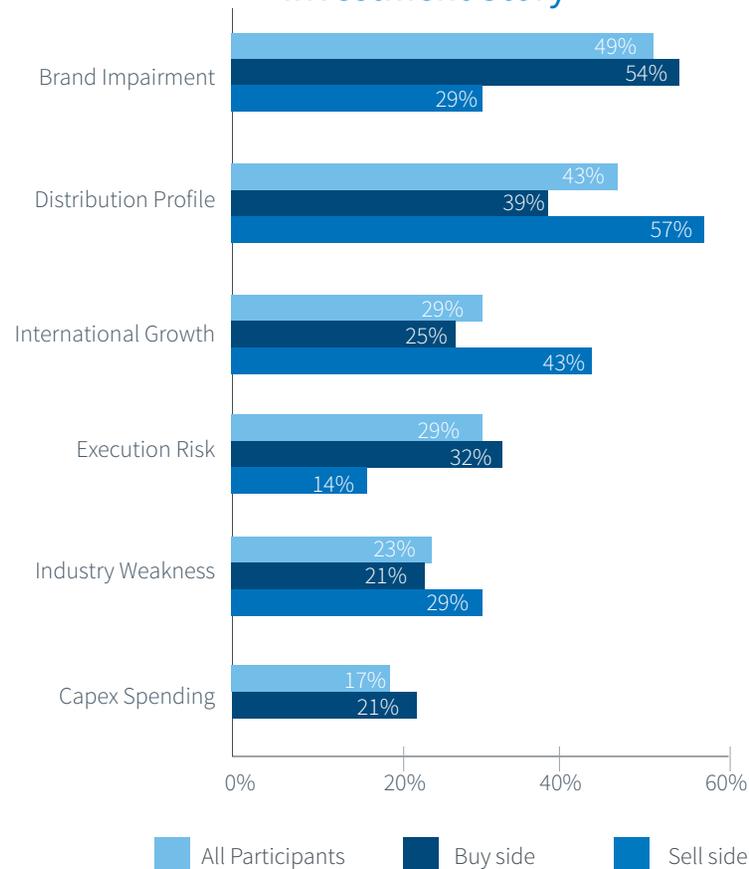
How can The Company attract more investors to the stock?

# STUDY RESULTS

After analyzing the feedback from 30 in-depth telephone interviews, the study revealed:

- 1** Investors and analysts candidly offer several areas of concern, most notably, that The Company is meeting its sales targets by pushing product through discount distribution channels.
- 2** Study respondents worry about domestic industry weakness and question The Company's ability to grow its footprint in international markets.
- 3** The most pressing overhang on the perception of The Company and attractiveness of the stock is the questionable long-term viability of the brand strength in current markets and new international markets.
- 4** The Company's management team receives above-average ratings compared to peers and the broader market across most categories, however, it receives the lowest rating for its earnings call format because the prepared remarks are too long and limit Q&A opportunities.

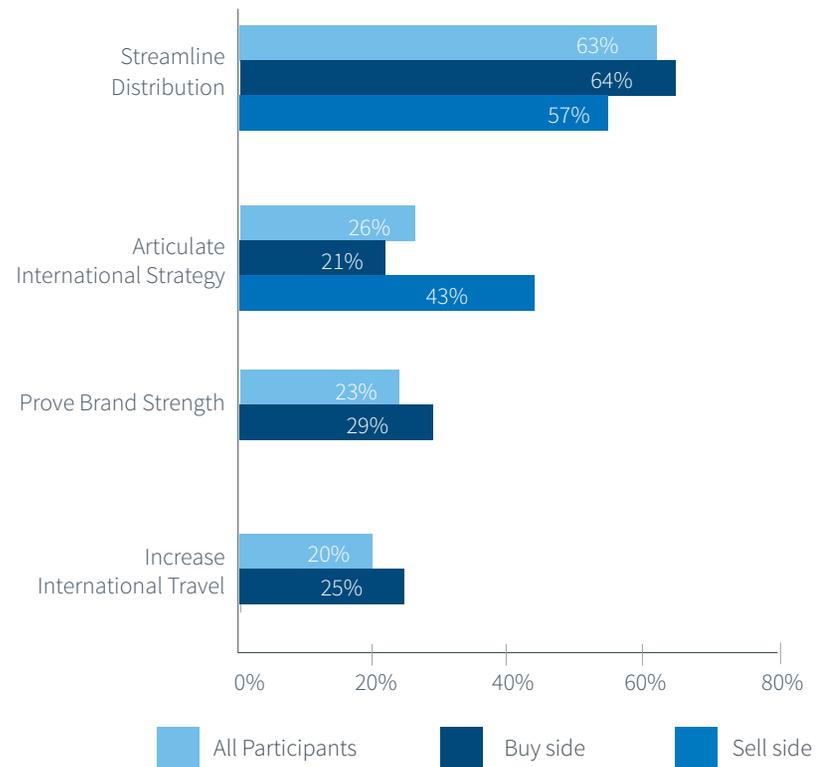
## Key Concerns with the Strategy and Investment Story



# STUDY RESULTS

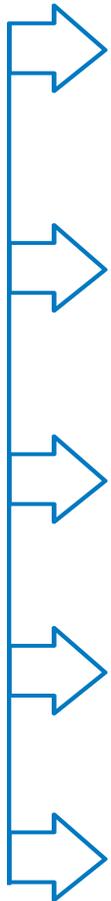
- 5** The greatest catalyst to attract investors to the stock is altering the distribution mix away from discounted channels and toward full-price retail stores.
- 6** Recent sellers and potential investors require clear communication around the international expansion strategy and demonstrated proof of the brand's strength in order to invest in the stock.
- 7** Respondents believe that European investors may become more interested in the stock as brand recognition grows in international markets.

Catalysts to Attract Investors to the Stock



# IMPLEMENTATION

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Ipreo presented the key findings to the CEO, CFO, and IR team in order to provide an unbiased analysis of the findings and consultation on the key takeaways.

The Company articulated its approach to closing discount distribution channels in select markets and presented data-driven evidence on its ability to negate outlet product cannibalization.

Management communicated the roadmap for international expansion and presented sales guidance ranges based on analysis of comparable products, brands, and markets.

The Company scheduled a European roadshow to increase the market's exposure to the breadth of the management team and communicate the long-term upside of the investment case.

IR changed the format of its earnings call by focusing its commentary on key quarterly variations, allotting more time for Q&A, and including a FAQ page with its quarterly release.

# CLIENT TESTIMONIAL

“ Ipreo’s perception study provided us with the intelligence and data needed to alter our marketing approach and ultimately garner new investors into our stock. My management team was very convinced that they understood what investors thought about the company and stock, and it was not until the study revealed some unique misperceptions that our organization was able to tailor our communication style to address these gaps and regain investor conviction. My management team loved the detail within the transcriptions and we were all impressed by Ipreo’s ability to get people to be so forthcoming during their interviews. We now regularly read up on these transcripts before having meetings to refresh on market sentiment and make sure that we communicate on all the key points.

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## IPREO SERVICES USED

- ▶ Perception Studies
- ▶ BD Corporate
- ▶ Global Markets Intelligence

## FOR MORE INFORMATION ABOUT THIS STUDY CONTACT

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