



REPUTATION ANALYTICS



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ComVix: measure the link between news and share price change

PRODUCT BENEFITS

- **HYBRID BETWEEN RULE-BASED NLP AND MACHINE LEARNING**
- **GRANULAR TAXONOMY OF ALMOST 500 BUSINESS EVENTS**
- **CORRELATION BETWEEN MEDIA COVERAGE AND SHARE PRICE CHANGE**
- **MOST EXTENSIVE ARCHIVE OF META-DATA FOR HISTORICAL ANALYSIS AND DATA MODELLING**

Overview

Share price is a key business metric for listed companies, and much investment is made in strategies aimed at protecting and enhancing share price. ComVix, a platform developed by Commetric, helps corporates understand the interplay between the media and share price sensitivity, enabling companies to:

- Demonstrate impact of comms strategies on share price sensitivity
- Better align efforts between IR and PR
- Unlock insight for enhanced communications planning.

Methodology

ComVix uses sophisticated NLP (Natural Language Processing) and machine learning to identify almost 500 business events (sub-drivers) across 18 categories of reputation drivers, reported in the media.

The news classification algorithm has been trained on 3.6 billion English language news articles over 10 years for 3,500 large cap companies.

While other platforms categorise entities or topics, ComVix is capable of disambiguating sentence structure to classify business events. An example of a business event would be: 'Company announces plans to shut a production facility'.

Once a business event has been detected in news, the platform models the coterminous share price movements to score the significance of the relationship between the news and the sector adjusted share price movements.

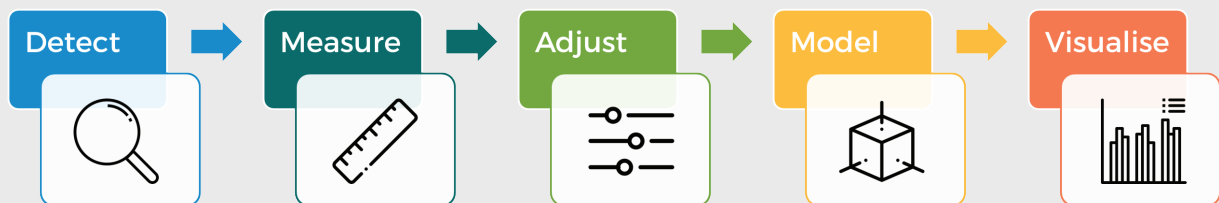
We call this 'attribution score': positive attribution scores for a business event indicate positive share price moves, whereas negative attribution scores indicate negative price moves.



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Process

- Mine news-media coverage and **detect** business events related to public companies
- **Measure** and aggregate identified business events across company and trading day.
- **Adjust** share price by sector index
- **Model** the relationship between the volume of media coverage around business events and share price movements via machine learning to derive business event attribution scores.
- **Visualise** the range of attribution scores across category types



Use cases

Ongoing monitoring and alerting.

All corporates have some level of media monitoring in place to understand newsflow. The ComVix framework enables companies to be alerted on a daily basis to those stories which investors are sensitive to, which will be especially important for Corporate Comms and Investor Relations teams.

Performance measurement.

Share price impact is perhaps the ultimate business outcome for listed companies.

The ComVix framework provides additional data points to demonstrate whether a specific comms strategy has been successful or not, and has helped to enhance and protect shareholder value. This is done either by demonstrating that investor confidence remains stable (i.e. little or no volatility in the stock) or to provide evidence that a share price movement can be attributed to a specific event or news release.

Communication prioritisation and planning.

By understanding what specific business events are driving share price sensitivity, a company can decide to emphasise or de-emphasise certain topics and events in their external and internal communications.

For instance, news related to disruption events (e.g. production facility explosions or cyberattacks) in the energy sector has been found by ComVix to have the highest negative impact on share price, indicating a need for special focus by comms teams to delicately manage messaging around such events. Furthermore, by understanding what the investor sensitivity was in relation to historic events, one can better plan for the future. A practical example would be a pharma company preparing a comms strategy around a drug withdrawal - by understanding the media reaction to previous similar events, and the associated market sensitivity and impact on share price, a more robust comms plan can be put in place to deal with the likely reaction.



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Challenge preconceptions about what affects share price, and what doesn't.

At corporate earnings and other key financial events, there is great interest, particularly from the board and key investors, in how the share price is affected. However, without ensuring that the share price movement is market adjusted, i.e. comparing it with developments on the exchange where the stock is listed, and industry adjusted, i.e. ensuring any overall industry sector share price movements are not behind the share price sensitivity, one cannot be certain of the link between the share price movement and the market reaction to corporate earnings.

Competitive intelligence.

A company might not be listed on the stock exchange; in these cases, ComVix can provide useful information about competitors and the topics and issues they are battling with in the media. Importantly, it can also help identify those topics in the competitor newsflow which investors are sensitive to.

Hence it can help with company positioning vis-a-vis competition, and a deeper understanding of how successful competitor comms strategies are impacting investor sentiment.

Enhanced collaboration between PR and IR.

PR and IR often work in silos and will benefit from further collaboration. The ComVix framework provides a highly relevant data set for both PR and IR, facilitating and enabling further alignment between these two corporate functions.

About Commetric

Commetric provides media analytics solutions that help communication and marketing professionals monitor and analyse conversations and content on social and conventional media.

Unlike many online tools, Commetric combines innovative, patented analytical technology with the knowledge of its experienced, multi-lingual analysts to provide deeper, more practical level of insight for customers who demand to know more. Commetric's award-winning solutions are used throughout the world and across industry sectors.

Award-Winning Products

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