



Social Media Sharply Influences Investment Decisions According to New Study from Cogent Research

Cogent's investigation into growing use of social media reveals influence of peer groups over "official sources" such as advisors and investment firms

Washington, D.C., (May 8, 2008) – According to a study released today by Cogent Research, social media plays a rapidly growing and influential role in individual investors' financial decision-making. The research, which examines the impact of social media on investment-related decisions, reveals three primary trends:

- Investors are highly engaged in social media;
- Peer opinion influences a majority of investment decisions; and
- Social media leads investors to question the accuracy of information delivered by official sources (advisors and investment firms)

Cogent Research produced the research study, "Social Media's Impact on Personal Finance & Investing," with input from social media PR agency, SSA Public Relations. The study measures investors' involvement in social media and its influence on their investment behaviors and decisions. Cogent is presenting an overview of the data at this week's Investment Company Institute (ICI) conference.

According to Christy White, chief of operations at Cogent Research, "There's a danger to dismissing social media as too new, too emerging or too small to think about yet. Our study clearly shows that high net-worth investors have taken to social media in big numbers – and they are listening closely to what their peers have to say. Financial services firms that fail to keep up with, and engage in, this emerging media are basically putting the fate of their brand into the hands of consumers."

Regarding decisions about personal finance and investing, the Cogent Research study revealed critical data points for investment firms and advisors to digest concerning social media engagement, opinion and influence. “Our goal is not only to provide the investment management community with a better understanding of investor behavior, but to be the catalyst the industry needs to become actively engaged in social media,” said White.

“Engaging in social media is no longer a past-time of the younger generation ,” said Susan Sears, managing director of SSA Public Relations. “While individuals of all ages are now actively sharing their thoughts, ideas and opinions online, a surprising number of firms aren’t even aware of the conversations taking place in the blogosphere about their own company. Today, savvy firms that understand the power of the Internet are monitoring their online brand and reaching out through all forms of social media to educate, inform and engage their stakeholders.”

Engagement

While it’s no secret that nearly 80 percent of U.S. adults are online, the Cogent Research study reveals that:

- One out of every four U.S. online adults is engaged in social media that deals specifically with personal finance and investing.
- High net-worth online adults’ usage of social media for investing outpaces that of the general population.

Opinion

Online communities of like-minded investors are educating each other, and generating and sharing content on specific funds, products and investment firms. This information is fast becoming a trusted resource for investors.

- Although most content about personal finance and investing is favorable, roughly one-third of posts by high net-worth investors are negative.
- More than half of high net-worth investors have questioned the accuracy of information received from “official” sources due to social media, including more than a third of investors who question information from their advisors due to social media.

Influence

Social media is increasingly driving both positive and negative investment decisions.

- Nearly two-thirds of high net-worth investors say that peer-generated content they find online about personal investing and finance has an influence over their financial purchasing behaviors and decisions.
- Fifty-eight percent of high net-worth investors have increased investments while more than a third have reduced investments in a specific fund or company as a result of other consumers' opinions.

“Today’s companies can no longer sit on the sidelines when it comes to social media,” said White. “Purchasing decisions are being influenced by what investors are seeing on blogs, message boards and videos, and financial services companies will increasingly feel the impact on their bottom lines. The question firms should be asking is not “if,” but “how quickly” they can engage in social media.”

Cogent Research conducted this study among 1,000 U.S. online consumers who share or have full responsibility for household financial decisions and 1,056 U.S. online investors with \$100,000 or more in investable assets such as cash, savings, mutual funds, stocks bonds and retirement accounts. The web-based survey was conducted in April 2008.

To learn more about “Social Media’s Impact on Personal Finance & Investing,” visit Cogent Research’s website at www.cogentresearch.com.

About Cogent Research

Cogent Research helps clients gain clarity, obtain perspective, and formulate direction on critical business issues. Founded in 1996, Cogent provides custom research, syndicated research products, and evidence-based consulting to leading organizations in the financial services and life sciences industries. Through quality research, advanced analytics, and deep industry knowledge, Cogent Research delivers data-driven solutions and strategies that enable clients to better understand customers, define products, and shape market opportunities in order to increase revenues and grow the value of their products and brands. www.cogentresearch.com.

About SSA Public Relations

Founded in 1998, SSA Public Relations specializes in utilizing local and national media relations, coupled with strategic social media components, to meet its clients’ business objectives. SSA is a creative, result-orientated firm focused on developing powerful and

highly-effective communications campaigns embracing the latest tools in the industry. With offices in Phoenix and Denver, the leading-edge agency's social media programs enable clients to engage with their customers when, where and how they want to be reached. For more information on SSA Public Relations and its PR 2.0/Social Media platform, visit <http://www.gotossa.com>.

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