

## CASE STUDY

### Financial products - Attaining market leadership

Contracts for difference (CFDs) can be a complex financial product. They are most appropriate for informed investors who understand the leverage involved and the breadth of markets the products can cover. Globally, and in Australia, the market among CFD providers is competitive.



IG Markets is the Australian subsidiary of the world's largest leveraged equities group, IG Group plc, which is a FTSE 250 company. It was the first CFD provider to enter the Australian market but maintained a low profile preferring to focus on growing its business. While a competitor invested significant resources to secure a substantial market share, IG Markets sought to peg this lead back by increasing awareness of its competitive advantage. To maximise its quest to become market leader, IG Markets sought our help to create a media profile as a key element in implementing its strategy.

#### *Challenge*

There were several challenges in seeking a market profile. Among them were that many journalists and editors in the media did not see CFDs as a mainstream product or considered them risky, while market commentary on CFDs was principally the province of IG's main rival.

#### *Strategy*

Our strategy was to assist IG become better known to the media, both personally and in written material distributed to the media. The intention was to increase information flow with a view to establishing positions across regular media mentions and thought leadership coverage.

#### *Implementation*

With a focus on the eastern states, media interviews with key writers on investment topics were implemented in Sydney and Melbourne. We established a targeted media database which lifted frequency of IG Markets' inclusion among market commentators. We also developed news flow and established a variety of topics on which news releases could be distributed. Included among news release content was the context of risk management with a view to positioning IG Markets as a responsible product provider. Information for the media also included alerts to the investing opportunities that CFDs provided. We also established media opportunities for thought leadership material for publication, positioning IG in the forefront of its sector.

#### *Results*

Market research shows IG Markets closing the gap substantially as it approaches market leadership. Our input has helped deliver a considerably higher media profile and the elevation of market presence has been a major contributor to the success of IG Markets' business strategy.





# Direct access makes a difference

**Derivatives**  
Stephen Calder

**W**hether your CFD provider hedges the contracts directly on the related exchange, or makes its own position and hedges part of the net position internally, makes a significant

market maker will stick to a price it has quoted when, in a fast-moving market, prices change suddenly. Many CFD traders also question how the provider goes about hedging, and whether it involves internal hedging — in which clients who want to sell are matched with those who want to buy the stock. This leaves open the possibility that the provider

preferable price and execution benefits price and improved transparency risk — because every trade is fully hedged and the provider doesn't take the opposite side. So successful have they been that one of the largest traditional market maker providers, IG Markets, has found that potential clients,

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## CFDs a bear essential for no IG Markets traders

**W**ith the world as their oyster and CFDs as their main vehicle, a growing number of traders have been Hectic overnight trading on overseas markets is keeping many Australian traders active at night

Closing the media gap

**IG Markets 推出中文差價合約 CFD交易服務**

IG Markets 推出中文差價合約 CFD 交易服務，為本地投資者提供一個以本地語言表示的市場，並提供全面的中文市場分析、新聞、圖表、策略、教學、客戶服務及市場資訊。



## Equity market volatility is good, says CFD pr

**Blair Speedy**  
Derivatives

INVESTOR appetite for risky off-market derivative investment products has not been diminished by falls in the equity market, chief executive of

clients like to trade news stories, so volatility stimulates client activity and new client recruitment," he said. The benchmark S&P/ASX 200 index has fallen by 14.5 per cent since the start of the calendar year, including a one-day dive of 7 per cent on January 22. "If there was a market crash of 30 per cent, a 30 per cent fall in

form a view on," Mr Howkins said. IG has about \$450 million of CFDs on issue in Australia and more than \$3 billion worldwide. The corporate regulator has demeritised CFDs, as "like borrowing to gamble", and warns investors that they carry enormous risks that could cost them well in excess of their original investment. Both the Australian Securities and Investments Commission and the federal Government are examining rules covering CFDs, which include the US market. "We've seen regulation — it keeps the industry," he said. But he sought to reduce the risks of CFDs, which borrow up to 95 per cent of their upside exposure to a 5 per cent fall. "You could see an unnecessary loss as long as you're active investor," he said. IG offers a range of products to help manage losses.

Westbrook Communications is Australia's leading independent financial public relations firm.

Our team comprises senior people with backgrounds in journalism and the investment markets, giving us an edge in advice on communication of business information.

Our years of experience enable us to advise companies on communication with the media, investors and the investment community.

Crucial to this is guidance on the content of what is said and the how and when to maximise its value.

With our input your company can achieve the positioning and recognition it deserves.

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