

Q1 2019

Investing in the Digital Age

*Media's Role in the Institutional Investor
Engagement Journey*

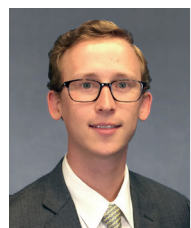


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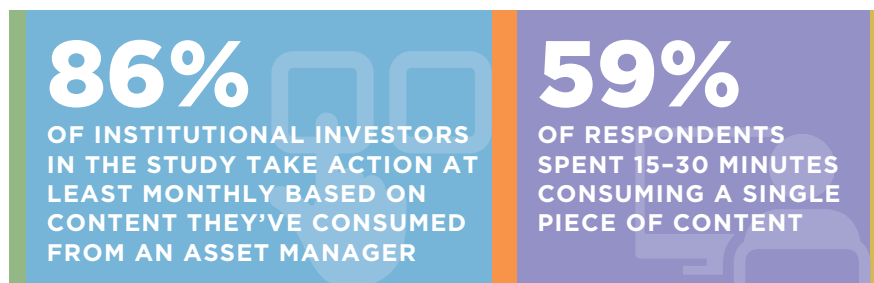
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Executive Summary

When selecting an asset manager to partner with, institutional investors rank trust in the brand higher than even the ability to achieve high returns. This demonstrates that while technology is dramatically changing investing, people still gravitate toward working with partners they can trust over time. For asset managers, achieving the position of "trusted advisor" is no easy task. It requires a multifaceted approach and engagement with a potential partner throughout their buyer's journey. Providing insightful and relevant content in an easily accessible format is one way a manager can stand out. Data from this study highlights how institutional investors are increasingly consuming and using content via digital and social media:

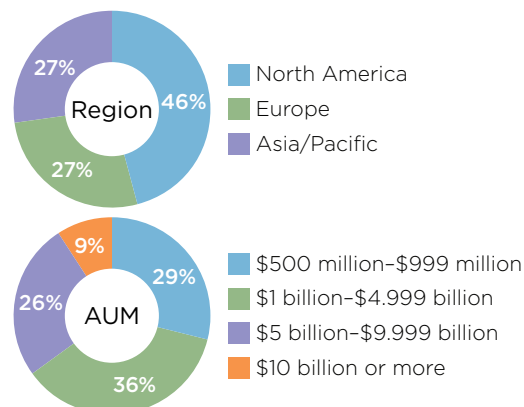
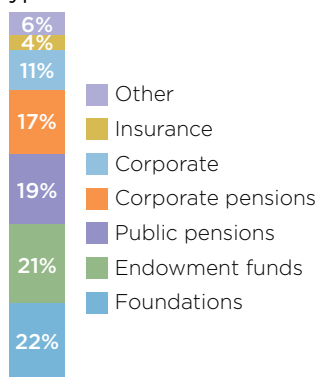
- **86%** of investors say they take action on content they receive, with 41% doing so at least weekly.
- **63%** of institutional investors now consume social media while less than half regularly consume finance-specific trade publications.
- **68%** of investors used social media to research asset management firms in 2018, up from 36% in our 2015 study.
- **59%** of respondents spent on average 15-30 minutes reading a single piece of content, showing that long-form content still works.

METHODOLOGY

Greenwich Associates interviewed 277 institutional investors between August and November 2018. Located in North America, Europe and Asia, these senior investment professionals at pensions, endowments, foundations, and unions discussed their habits and views regarding the use of media in the investment process and its impact on investment decisions.

RESPONDENTS

Type of Institution



Introduction

Information bombards us in our daily lives, giving us more choices than ever before. Institutional investors—those managing investment decisions for pension funds, foundations and unions—also face overwhelming choice when determining which asset manager would best assist them in achieving their investment goals. As such, sifting through the tremendous amount of information available to help find the right long-term investment partner is a growing challenge.

Ultimately, the large and increasingly diverse asset manager ecosystem and its wide range of investments allows investors to better achieve their objectives of higher returns and reduced risk, often at a lower cost. But for marketers looking to promote their asset management solutions in this very crowded field, understanding the role that news and social media plays in institutions' investment selection process is increasingly crucial.

Asset managers looking to gain investors' attention and win their business must seek consistent, sequential engagement throughout the buyer's journey. Our research examines that journey through conversations with nearly 300 institutional investors around the world, revealing the content and channels that most resonate with them at each stage of the often long and complex process of making new investment decisions. Notably, investors are looking for deep, insightful and relevant content from a trusted brand with individual experts, and are ever more frequently finding it via social media.

In today's crowded marketplace, conducting effective research is paramount for institutional investors working to achieve long-term investment goals. The challenge is how to sift through increasingly large volumes of research, news and other content to find information that is relevant, trusted and up-to-date. Pension funds, endowments, foundations, and others managing money—as well as those advising them, such as investment consultants—are therefore having to work even harder to understand true market risks, potential returns and the impact of macroeconomic events on their portfolios.

While this market research is a critical part of the investing process, the research conducted to select a manager—with whom a fund will entrust its money—impacts the flow of assets around the world even more.

Like market research, manager research includes a deep examination of investment strategies, past performance, fees, and other traditional metrics synonymous with investment selection. But unlike market research, it also digs into firm cultural, individual personalities and brand reputation. Institutional investors looking to choose a new manager for some or all of their portfolio are not simply identifying a new investment, but also establishing a new relationship.

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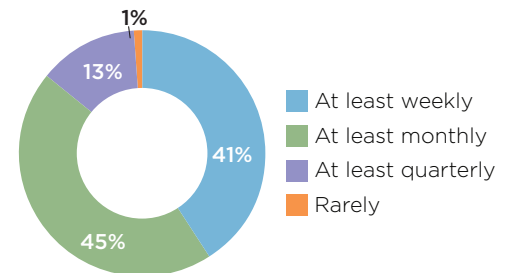
From a marketer’s perspective, the ever-increasing level of “noise” makes it very important to consider the customer’s journey throughout the manager selection process. To ensure the asset manager’s message isn’t missed, all content must have a clear purpose. It should be delivered in the preferred format and reach the end consumer through the most appropriate channel.

The importance of breaking through to the intended audience and ensuring that institutional investors engage with content is underlined by the fact that 86% of investors say they take action on content they receive, with 41% doing so at least weekly.

With that in mind, how institutional investors gather the information needed to make these decisions has undergone a major transformation in the last decade. *Institutional Investing in the Digital Age*, our first study in 2015, showed the growing importance of social media in the investing process, with 80% of investors using social media at work.

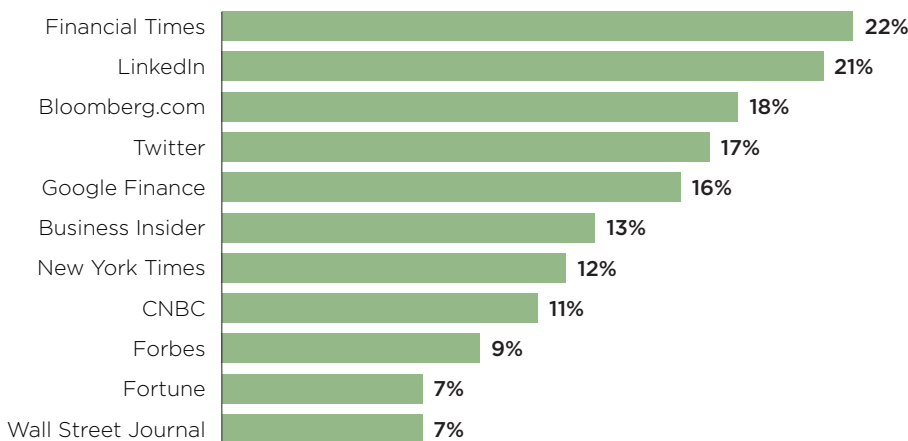
Nearly four years on, close to 300 new interviews conducted with senior investment professionals in the fourth quarter of 2018 show not only that social media is with us to stay, but that the lines between social and traditional media are increasingly blurring. Case in point: Institutional investors now consume social media more commonly than finance-specific trade publications, with 63% consuming the former, and less than half regularly utilizing the latter. Furthermore, LinkedIn is now in the same league as the Financial Times as a source of deep subject matter education.

HOW OFTEN INSTITUTIONAL INVESTORS TAKE ACTION BASED ON CONTENT PROVIDED BY AN ASSET MANAGER



Note: Based on 277 respondents.
Source: Greenwich Associates 2018 The Role of Digital & Social Media in the Investing Process Study

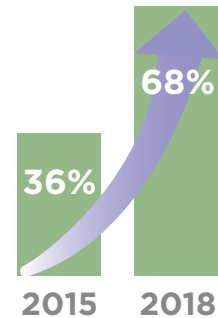
BEST MEDIA SOURCE FOR DEEP SUBJECT MATTER EDUCATION



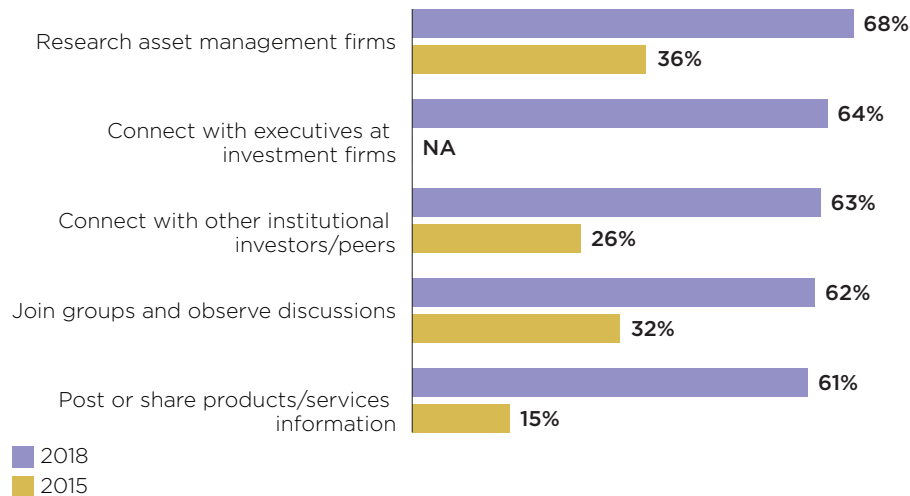
Note: Based on 277 respondents.
Source: Greenwich Associates 2018 The Role of Digital & Social Media in the Investing Process Study

The study also reveals that social media is increasingly preferred over more traditional media for connecting with individuals, engaging in group discussions and doing firm-specific research. More specifically, 68% of investors used social media to research asset management firms in 2018, up from 36% in our 2015 study. Further, 63% said they used social media to connect with their peers, compared to only 25% three years ago. Lastly, the percentage engaging in group discussions nearly doubled in the same timeframe, from 32% in 2015 to 61% in 2018.

Investors using social media to research asset managers



TOP 5 REASONS INSTITUTIONAL INVESTORS TURN TO SOCIAL MEDIA AND/OR NEWS MEDIA



Note: Based on 277 respondents.

Source: Greenwich Associates 2018 The Role of Digital & Social Media in the Investing Process Study

And while traditional news media remains the top choice for keeping up with market events, investors' trust in news sources—even those with decades-old brands—is no longer assumed. Data from [previous Greenwich Associates research](#)¹ found that institutional investors trust the traditional news media less than the government, financial services and technology companies. This translates into investors that are more aware than ever about where they get their news and market information.



¹ The Next Generation of Trust, 2018, in conjunction with the CFA Institute. <https://www.greenwich.com/institutional-investing/next-generation-trust>

Mapping the Investor's Journey



Successful marketing depends on presenting institutional investors with the right content at the right time. This means having a clear understanding of investors' requirements at different stages of their investment selection journey. Of course, conducting the research necessary to support manager selection is not a unified process. Rather, it includes a number of different stages, each of which brings a distinct set of information needs:

- **Stage 1: Awareness** The institutional investor identifies the need to invest with a new manager.

Information needs: News in press and specialist media, thought leadership, industry events, relevant social media, advertising.

- **Stage 2: Interest** The investor researches the market to identify possible investment vehicles and/or businesses.

Information needs: Performance and price, information on brand culture and philosophy, profile of individual fund managers, suitability of product offerings and fund strategy.

- **Stage 3: Evaluation** The investor shortlists possible investment routes and conducts detailed qualitative and quantitative analysis.

Information needs: In-depth information for detailed due diligence, face-to-face meeting, detailed proposal and pitch meeting.

- **Stage 4: Conversion** The investor chooses an investment route and is onboarded.

Information needs: Onboarding process, regulatory disclosures, contractual and operational arrangements

- **Stage 5: Relationship strengthening** The investor seeks validation of their decision and the ongoing relationship, with the potential to consider the investment route for further investment if performance and cost criteria are met.

Information needs: Thought leadership, investment advice, educational content, account servicing, reporting, opportunity to provide feedback on service



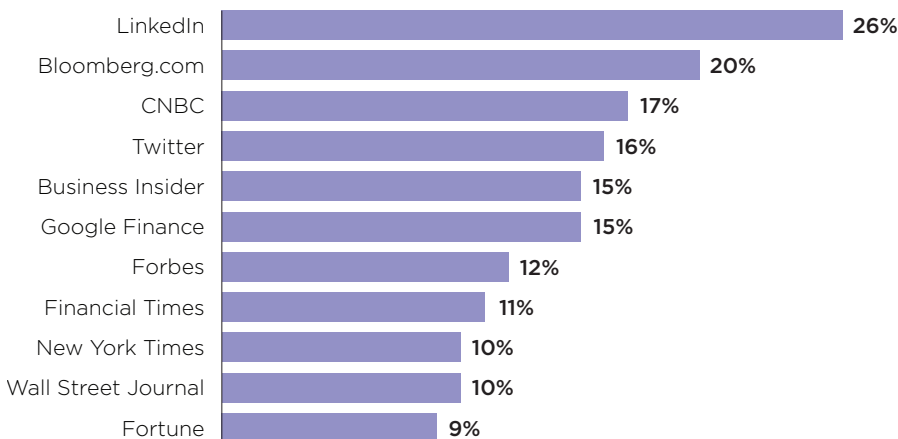
Stage 1: Awareness—Finding News You Can Use

Institutional investors seek out new asset managers for a variety of reasons, from concern that existing managers are failing to hit benchmarks to the reallocation of assets in response to changing market conditions. By contrast, asset managers or hedge funds often look for new investment vehicles as a result of cash inflows from new or existing investors.

Hitting a predefined benchmark is, of course, quite easy to measure, but tracking changing market conditions and their impact on how the portfolio is invested requires access to a diverse set of information and views. Investors can now tap into an incredible number of information sources, including traditional financial news media such as Bloomberg, the Financial Times and the Wall Street Journal, as well as social media platforms such as LinkedIn and Twitter. The importance of these social media platforms has grown not only because of their ability to aggregate traditional news sources, but also because of their own unique content and users' ability to interact with, not simply consume, the news.

LinkedIn is the most thought-of provider of personalized market information.

BEST MEDIA SOURCE FOR DISTRIBUTING OR COMMENTING ON MARKET UPDATES

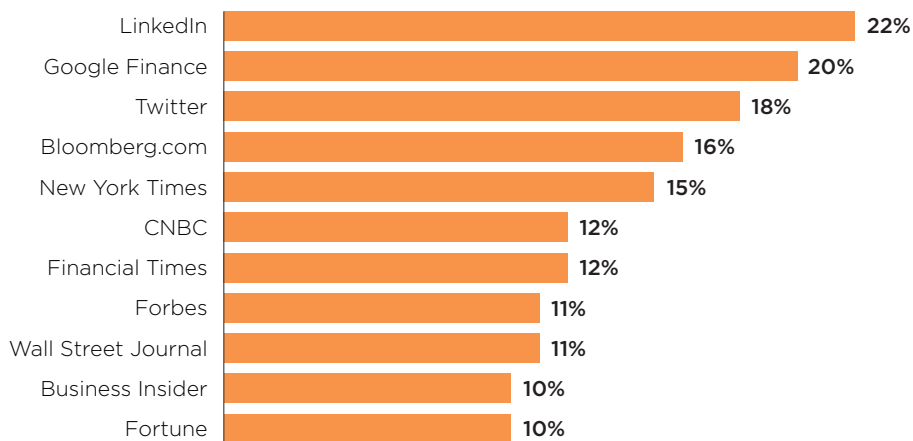


Note: Based on 277 respondents.

Source: Greenwich Associates 2018 The Role of Digital & Social Media in the Investing Process Study

This trend speaks to the importance of personalization for institutional investors. Sifting through high volumes of content to access the most impactful and/or relevant information is both challenging and time-consuming. Platforms that help filter and personalize content are therefore highly valued. Indeed, more than a quarter of the survey's respondents (26%) regarded relevant and tailored news as the most valuable type of content provided by asset managers. Non-traditional media excelled in this area, with LinkedIn the most thought-of provider of personalized market information. Google and Twitter were also named; however, the more anonymous nature of those platforms somewhat restricts their ability to tailor a user's news feed.

BEST MEDIA SOURCE FOR PROVIDING THE MOST PERSONALIZED NEWS CONTENT



Note: Based on 277 respondents.

Source: Greenwich Associates 2018 The Role of Digital & Social Media in the Investing Process Study

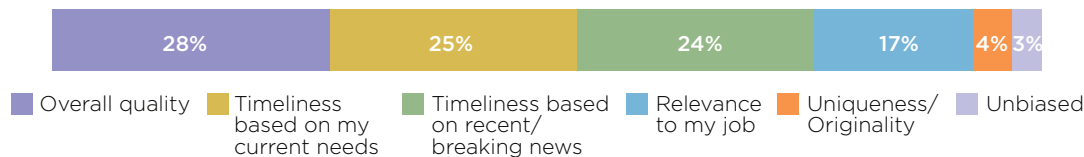
Stage 2: Interest—Researching the Options

With the need for a new manager confirmed, the next step is for the investor to research the market in more detail and identify investment vehicles that could meet their needs. This requires in-depth information on individual fund managers and their product offerings, cultures and philosophies.

Clearly, different investors will value different attributes more than others, but there are several hallmarks of successful content that hold greater weight for most: quality, suitability and timeliness.

- **Content attributes.** Twenty percent of investors cited quality of published research/content as the most important factor in hiring an asset manager. Timeliness based on “my current needs” (25%) and “recent/breaking news” (24%) were also highly valued. Today’s markets can change quickly, so the best research keeps up with, or ideally ahead of, those shifts.

MOST IMPORTANT ASPECTS OF CONTENT PROVIDED BY ASSET MANAGERS

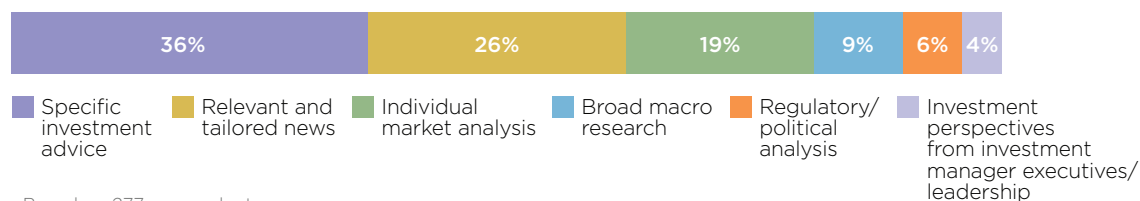


Note: Based on 277 respondents. May not total 100% due to rounding.

Source: Greenwich Associates 2018 The Role of Digital & Social Media in the Investing Process Study

- **Types of content.** Respondents were also asked about which types of content they valued. The survey found that 36% were seeking specific investment advice, while a quarter (26%) were looking for relevant and tailored news. By comparison, few prioritized broad macro research (9%) or regulatory/political analysis (6%). Underlining the importance of personalized content, specific advice and tailored news were valued above more general content.

MOST VALUABLE TYPE OF CONTENT PROVIDED BY ASSET MANAGERS

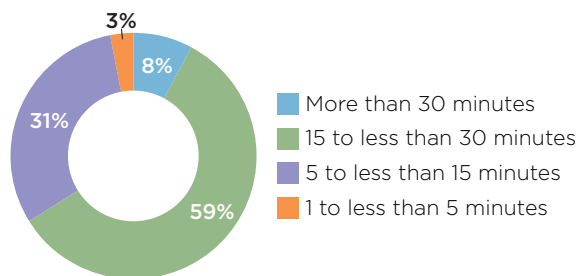


Note: Based on 277 respondents.

Source: Greenwich Associates 2018 The Role of Digital & Social Media in the Investing Process Study

- **Content length.** An important consideration related to accessibility is the amount of time investors take to consume content. The survey found that 59% of respondents spent on average 15–30 minutes reading a single piece of content—surprisingly long in this era of clickbait headlines and punchy blog posts. This offers strong evidence that the well-reported shortening of people’s attention spans does not hold for this audience when the right content is delivered in the appropriate context.

AVERAGE LENGTH OF TIME SPENT CONSUMING A PIECE OF CONTENT FROM AN ASSET MANAGER



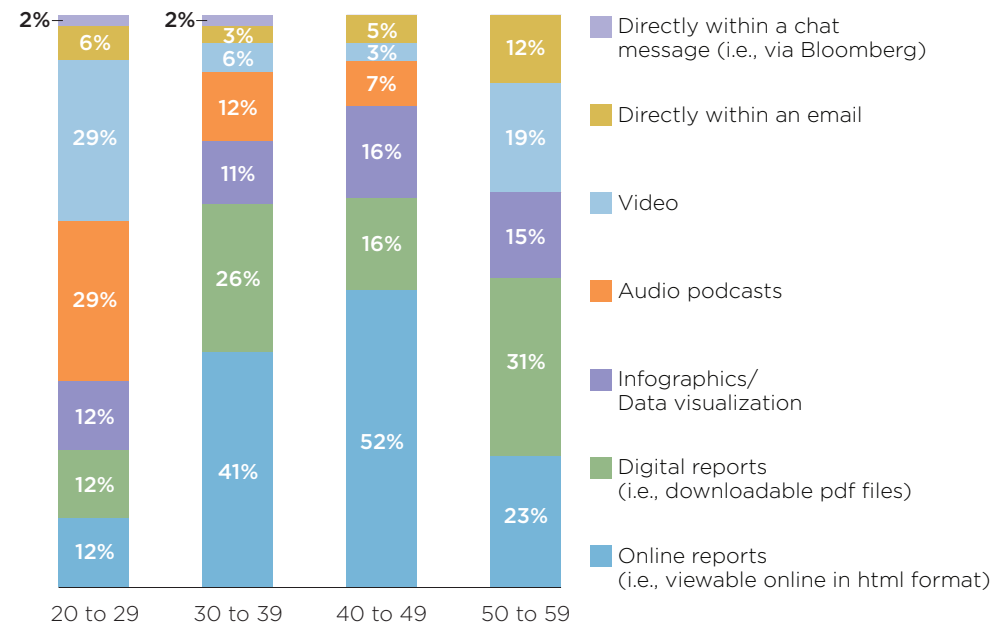
Note: Based on 277 respondents.

Source: Greenwich Associates 2018 The Role of Digital & Social Media in the Investing Process Study

- **Content format.** The report formats preferred by institutional investors expand on this theme. Online reports are now preferred by 40%, which reflects both the improved user experience of reading on a screen (i.e., bigger, clearer, less glare, easier to share, etc.) and many people’s habit of reading work-related content out of the office, whether at home or on the road.

While podcasts and video content are becoming more important, the survey suggested that we are still in the early days when it comes to institutional investors using these formats to learn about investment opportunities: only 10% selected audio podcasts and 8% video. That said, participants in their 20s—the millennials—did prefer podcasts and video over other written formats, and these are likely the same individuals who will run portfolios in the coming years.

PREFERRED FORMAT FOR ASSET MANAGER RESEARCH BY AGE



Note: Based on 277 respondents. May not total 100% due to rounding.
Source: Greenwich Associates 2018 The Role of Digital & Social Media in the Investing Process Study

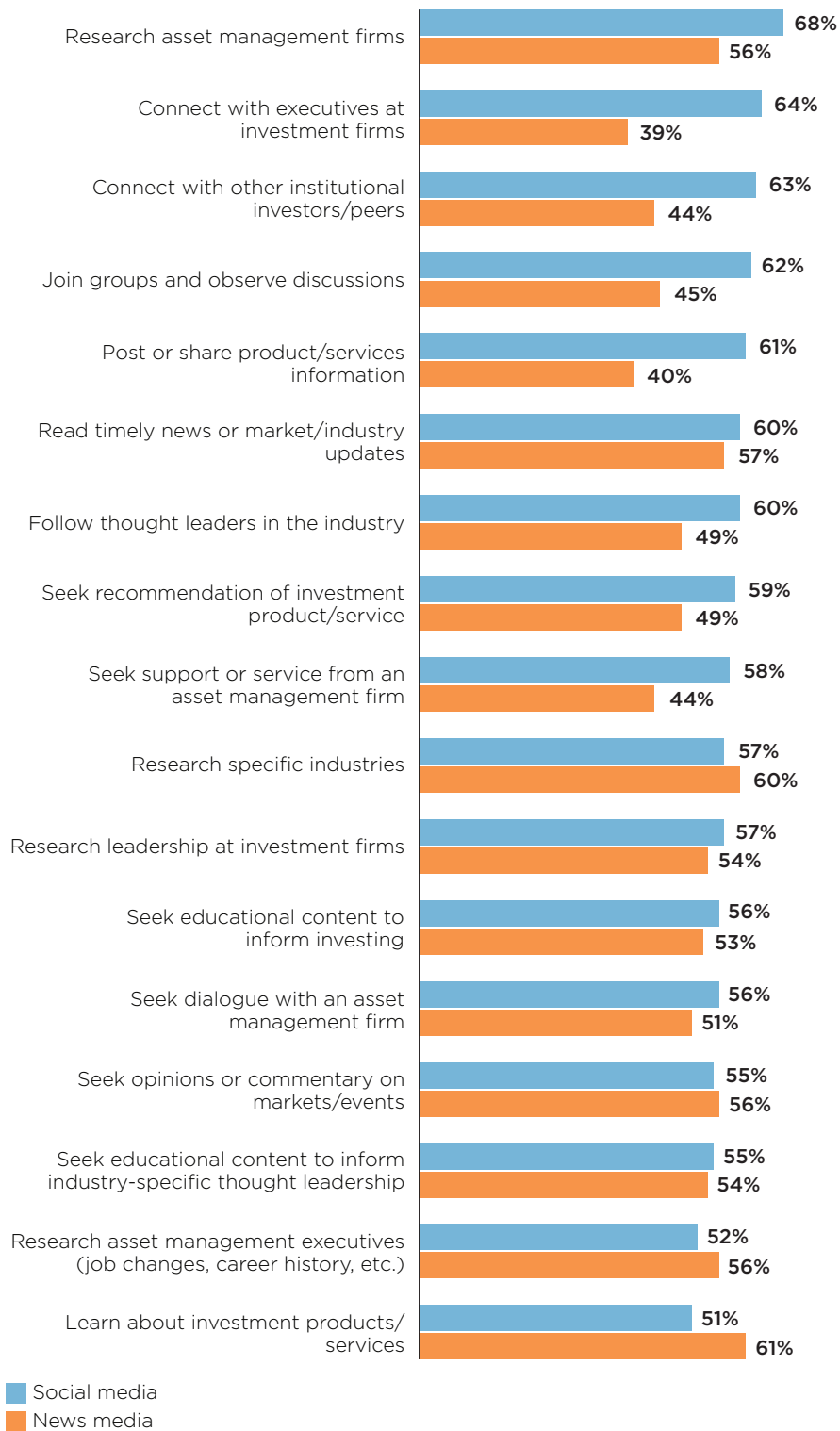
Stage 3: Evaluation—Creating a Shortlist

Once it is clear that a new asset manager is needed, the institutional investor must narrow down the list of potential firms right for the job. While investors in the study were more likely to use traditional news media to learn broadly about investment products, 68% used social media to research specific asset management firms.

Furthermore, 58% of the investors noted that information they learned via social media prompted them to discuss it with their investment consultants, who have a major influence on where assets are allocated. In comparison, only 49% had been prompted to do the same by information learned via news media.

68% of investors in the study used social media to research specific asset management firms.

REASONS INSTITUTIONAL INVESTORS TURN TO SOCIAL MEDIA OR NEWS MEDIA



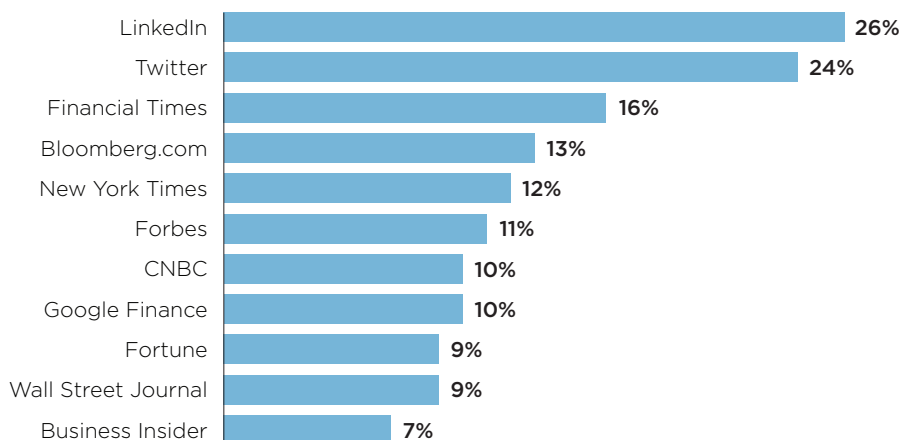
Note: Based on 277 respondents.

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Social media is king when it comes to keeping track of individuals, with LinkedIn unsurprisingly in the top spot. It is common practice for professionals to check each other's LinkedIn profiles before entering a meeting and to keep track of those they have a professional interest in. The world of institutional investing is no different, with 64% of study participants using social media to connect with the portfolio managers and other executives at those firms. For instance, investors may keep track of favorite portfolio managers in case they switch firms or change roles.

This ability to “follow” key professional contacts also reinforces the importance of content posted from a trusted source. As such, if your LinkedIn profile was your resume in 2009, in 2019 it's a broad view into your entire professional life.

BEST MEDIA SOURCE FOR KEEPING TRACK OF INDIVIDUALS (JOB CHANGES, ETC.)



Note: Based on 277 respondents.

Source: Greenwich Associates 2018 The Role of Digital & Social Media in the Investing Process Study

Stage 4: Conversion—Making a Choice

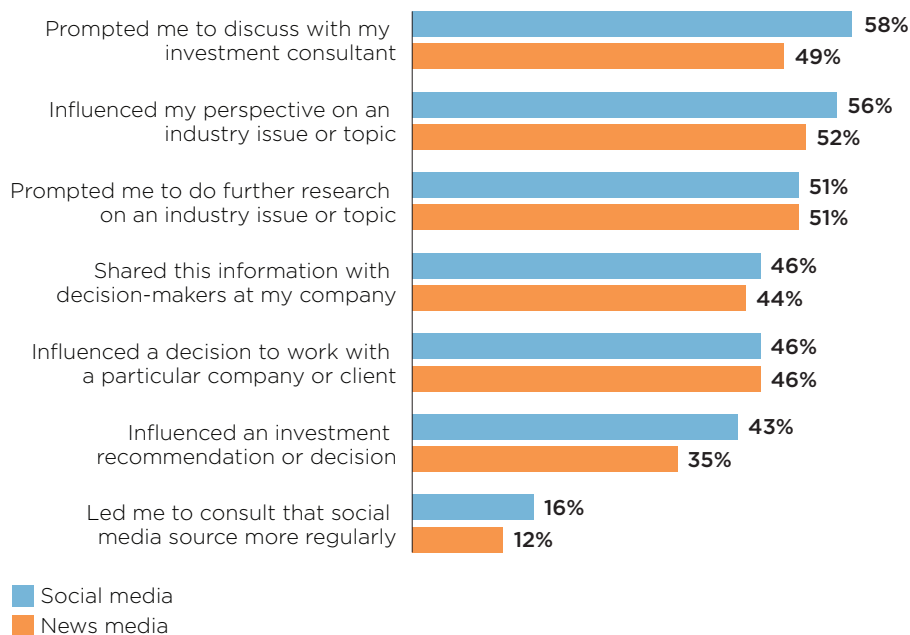
A big pension fund isn't going to allocate millions of dollars based on a single piece of research from an asset manager, of course. However, a track record of high quality, timely and relevant content will help ensure that an asset manager is top of mind and, consequently, invited to the table when a major decision is being made.

Once again, social media proved key at this final stage. Forty-three percent of investors participating in the study said that information learned via social media had influenced an investment recommendation or decision, compared to 35% based on information learned via news media. Meanwhile, information from social and news media was equally likely to influence a decision to work with a particular company or client.

If your LinkedIn profile was your resume in 2009, in 2019 it's a broad view into your entire professional life.

43%
of investors in the study said that information learned via social media had influenced an investment recommendation or decision

INSTITUTIONAL INVESTORS DRIVEN TO ACTION AS A RESULT OF INFORMATION LEARNED FROM MEDIA SOURCES

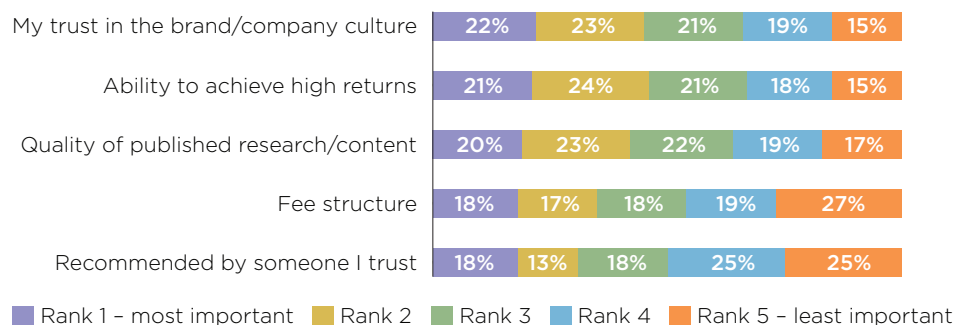


Note: Based on 275 respondents.

Source: Greenwich Associates 2018 The Role of Digital & Social Media in the Investing Process Study

Overall, trust in the brand bested even the ability to achieve high returns as the single most important factor when hiring an asset manager. (Trust in the brand/company culture was ranked first by 22% of respondents, compared to 21% who thought high returns were most important.) This indicates that investment returns on their own are not a sufficient metric. Investing is about finding the greatest return while taking the least amount of risk. And partnering with a highly trusted asset management firm with a well-documented track record is a big part of the risk reduction equation.

MOST IMPORTANT FACTORS FOR HIRING AN ASSET MANAGER



Note: Based on 277 respondents. May not total 100% due to rounding.

Source: Greenwich Associates 2018 The Role of Digital & Social Media in the Investing Process Study

Despite the market's continued move toward more automation and electronification, the emphasis on brand and company culture also demonstrates the human element that still exists in the manager selection process. Knowing your counterparties personally and understanding their philosophies and drives matters today as much as it ever has.

With brands, returns and individuals well researched and understood, the investor can choose the best asset manager for the current situation.

Stage 5: Relationship Strengthening—Service and Support

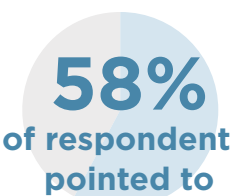
With the new relationship established, the investor's focus will once again shift to the ongoing examination of market news and research from a variety of sources. The winning asset manager should—and often does—provide greater access to content created by their portfolio management and analyst teams. They should also work with their new client to understand the best ways to deliver that information beyond calls and personal emails. For instance, 58% of respondents pointed to social media as a way to seek support and/or service from their asset manager.

And this takes us back to Stage 1 of the investor's journey—awareness. In today's markets, long-term relationships with clients are not guaranteed. Investors now demand not only performance from their asset managers but also their continued action as a real partner in the investment process. From the asset manager's perspective, in many cases this requires a high-touch, direct relationship with their client. But it also involves staying relevant in the eyes of that client, which means being seen as a respected public voice in market conversations and maintaining an active dialog in the social media community.

Engaging Next-Gen Institutional Investors

While investment consultants continue to play a role in helping big pension and endowment funds sort through the complex web of investment options, every aspect of institutional finance is seeing a huge move toward self-service. Whether that means traders using electronic trading tools or a pension fund manager researching investment options on their own to supplement conversations with a consultant, targeting tailored information directly at the decision-maker is smart business practice.

Investors now demand not only performance from their asset managers but also their continued action as a real partner in the investment process.



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The media landscape is evolving in parallel, with the lines between news media and social media continuing to blur. While at times the latter aggregates the former, social media often comes with its own unique, high-caliber content that keeps the user engaged and on the platform. Meanwhile, aspects of social media are being emulated by traditional media businesses—which are increasingly working to create “communities” where reading habits and user comments can drive further engagement. However, when it comes to two-way engagement and personalization, social media platforms have an innate advantage.

Conclusion

Asset managers trying to make themselves heard in a sea of voices have much to gain by understanding and taking advantage of the evolving media landscape as it pertains to institutional investors. Of course, an asset manager’s ability to achieve their investment goals is still paramount. But with the plethora of quality asset managers now competing in the institutional space, managers need to work harder than ever to stand out from the crowd.

Asset manager marketers must therefore ensure they are building a trusted brand—both for the firm and for the individuals within it. They must also create quality, in-depth content that leverages their unique, individual, expert voices to gain the attention of their potential clients. Investors may not allocate large sums of money based solely on individual pieces of research, thought leadership or market analysis, but there is no doubt that consistent and structured engagement via high-quality content—including long-form thought leadership—is playing an increasingly large role in establishing trust that can lead to those big allocations.

In the end, finding the right audience and making investors feel like the content they are consuming was made just for them can drive new relationships, and ultimately new investments.

Asset manager marketers must therefore ensure they are building a trusted brand—both for the firm and for the individuals within it.

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The data reported in this document reflect solely the views reported to Greenwich Associates by the research participants. Interviewees may be asked about their use of and demand for financial products and services and about investment practices in relevant financial markets. Greenwich Associates compiles the data received, conducts statistical analysis and reviews for presentation purposes in order to produce the final results. Unless otherwise indicated, any opinions or market observations made are strictly our own.

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