Marketing To Sophisticated Investors column

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Are You Misallocating Your Fund's Content Marketing Budget?

Every money management firm, from the biggest to the just established smallest, has only limited resources — time and money — to spend on marketing beyond performance reporting. Misallocate and that is time and money that cannot be recovered. Misallocate and it could cost your firm double the time and money to recover from the misspend.

Why content marketing is important

Marketing content beyond just performance reporting is important for money management firms for two key reasons. First, it provides a means of expressing the intellectual acumen of management at the investment firm to prospective and current investors. This is vital because fund performance data is but a validation of how money managers think and run their strategy implementation. Second, content marketing increases the odds of an investment firm being top-of-mind at the right time when an investor who has been conducting due diligence on them decides the time has come to pick which manager on their short list of interesting funds is worth getting their new allocation.

Sophisticated investors in their due diligence vetting of funds and their managers are looking to ascertain what a portfolio manager's investment beliefs are, as this shapes the approach managers take to investing in their asset class of choice. Also, they want to be able to understand and buy into how the portfolio manager assembles and manages his or her basket of holdings. Only with this information in hand can investors make their subjective judgement call as to whether they think a manager's returns were more likely due to skill than luck, and what differentiates them from similarly performing competitors.

Not so special delivery?

Think about what styles of content delivery your investment firm has spent its time, efforts and money on. What thought went into what you focused on and why? Have you been making and posting videos of your executives? Have you been asking prospects to log in at certain days and times to join your firm's self-hosted webinars? How much of your focus has been on putting your firm's insights and opinions in print? And did you make the most buyer-focused decisions?

Coalition Greenwich, a company that provides financial services industry strategic benchmarking and analytics, recently released its report about interviewing 173 institutional investors around the world regarding their consumption of money management firm generated content (by which they mean beyond performance reporting). Their biggest finding was, to my 37-year-old financial communications and sales marketing consulting firm, no big, new ah-ha at all. It is something we have seen time and again over the decades and have counseled clients to heed: when it comes to competing for attention and allocations from sophisticated institutional investors, the written word continues to be a more powerful educator and persuader than other alternative delivery methods.

Here is how the surveyed institutional investors responded as to how they preferred to have a money management firm's content be delivered to them:

3% — A podcast

8% — A video

17% — A webinar

79% — Written content

As Coalition Greenwich summarized, institutional investors, "choose written content above all else…other forms of content were significantly less popular". Right. As it always has been, it still is.

So, if your content marketing budget allocation of time and money has not been considerably focusing on developing and delivering written content with frequency, you should reallocate your resources to do so now. If you still have additional cash and time resources to spend on producing some webinars, go for it. And if you still have cash and time resources to spend after that, you could add portfolio manager interview videos to your content distribution vehicles.

But is the content any good?

The second related issue about which the investors were asked centered around content length. Here, I believe, the interviewers missed an important point of context that portfolio managers need to appreciate in interpreting the relevance of the survey data. It appears the only question asked was *What is your preferred length for a document written by an investment firm*? They offered four choices: under three pages, three to five pages, six to ten pages and over ten pages. Ninety-four percent checked five pages or fewer.

Left out of the questioning was the most vital of factors for sophisticated investors conducting due diligence on portfolio managers and their strategies: content quality.

In our view, the question that should have been asked first was this: *What percentage of the content marketing documents you have read over the years from a variety of money management firms have you tended to find were well written and presented quality insights into the manager's thinking?* It is our bet that the percentage reported would be low. For this reason, we believe the respondents to this multiple-choice question likely reinterpreted it to be this: *Given that the majority of money management firms do not deliver well written, thoughtful, quality beyond-the-numbers content in their content marketing documents, how many pages of average writing are you willing to read?*

If the next question posed had been *If you find yourself reading a well written document from a money management firm that presented quality insights and gave you greater insight as to how the portfolio manager thinks, would it really matter to you how many pages the document was?* we bet the answer to that would be, *No, not at all*.

Implications for your investment firm

When it comes to fundraising, smart asset allocation requires more than securities selection and weighting; it also requires thoughtful decision-making regarding time and budget dollar spends on investor outreach efforts.

Here are four things to remember:

The pen remains mightier than audio or video.

A document should not be longer nor shorter than it needs to be to communicate its points. And if more than five pages is needed to cogently communicate your insights, that's fine.

You need to be producing quality content and not simply restating what investors have already read elsewhere. This requires having (or hiring) excellent writing and editing skills and having a good perception of and perspective on how institutional investors think and what they're looking to get out of reading a money management firm's content.

Allocate your time and dollars budget prudently and thoughtfully among the content delivery vehicles at your disposal.

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About the author

Bruce Frumerman is CEO of Frumerman & Nemeth Inc., a 37-year-old financial communications and sales marketing consultancy that helps financial services firms create brand identities for their organizations and develop and implement effective new marketing strategies and programs. Frumerman & Nemeth's work has helped money management firm clients attract over $7 billion in new assets, yet they are *not* third-party marketers.

Frumerman & Nemeth is internationally recognized for its work in crafting for clients the beyond-the-numbers story of how they invest — content that investment committees actually discuss, debate and vote on behind closed doors when considering firms on a short list for potential investment. Importantly, this is required due diligence content that cannot be communicated in pitchbook format.

Frumerman & Nemeth's work also includes providing strategic consulting on product and strategy-specific branding, crafting the required strategy-specific content detail and designing and producing the marketing tools needed to make it through the two-month to two-year institutional selling cycle. Clients also employ Frumerman & Nemeth to help promote the intellectual acumen of management — helping them get speaking opportunities, write and give speeches as panelists or stand-alone speakers at industry conferences, and through media relations marketing services.

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