A decorative graphic on the left side of the header section, consisting of several white dashed lines that curve and end in arrowheads pointing to the right. One arrowhead is green, while the others are white.

PRIVATE EQUITY GETS ITS ARMS AROUND CONTENT MARKETING

A solid green vertical bar on the left side of the text block.

New research underscores that private equity firms recognize the importance of differentiation in raising capital, sourcing investments and hiring top talent. Many are increasingly using thought leadership to articulate a distinctive value proposition that stands out in a competitive market.

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WHEN IT COMES TO MARKETING, THE PRIVATE EQUITY INDUSTRY HAS BEEN A NOTORIOUS LAGGARD COMPARED TO MOST OTHER ASSET CLASSES.

As recently as ten years ago, industry titans such as Thomas H. Lee Partners and Apollo Management still didn't even operate corporate websites. New research, however, suggests that many of the largest sponsors are quickly getting up to speed on their external communications efforts, which is leading the more forward-thinking firms to explore how content marketing, in particular, can support their brands and create differentiation in a crowded and competitive market.

In many ways, private equity's approach to content marketing has up to now reflected the role of the asset class as patient capital, with less urgency to provide regular or frequent commentary. The fact that the industry generally targets accredited investors or institutions, and is largely inaccessible to retail investors, also eliminates the need to produce the kind of educational-driven content that is the bread and butter of more traditional asset managers. Culturally, too, many PE firms view marketing through a risk/return lens. Even as VCs have been early adopters and enthusiastic advocates of content marketing, buyout firms historically have been more unnerved by the SEC's solicitation rules and, thus, more guarded when it comes to any external outreach.

But as the industry has matured, so too has private equity’s approach to thought leadership. In a market with more than 3,500 active firms globally, many recognize that if they’re not effectively communicating a unique value proposition to key audiences – from LPs and co-investors to bankers and business owners – they will easily get lost in the crowd. The impact, beyond missed opportunities, can range from diminished or lower quality dealflow to a prospective investor base unsure how a specific fund may fit within a larger PE allocation.

It’s against this backdrop that 63% of the top 100 global private equity firms now produce at least some form of content regularly, according to new research from BackBay Communications. The level of sophistication, however, ranges from something as simple as making investor letters publicly available to creating comprehensive and integrated content campaigns that leverage multiple mediums and utilize social media to strategically reach a targeted audience.

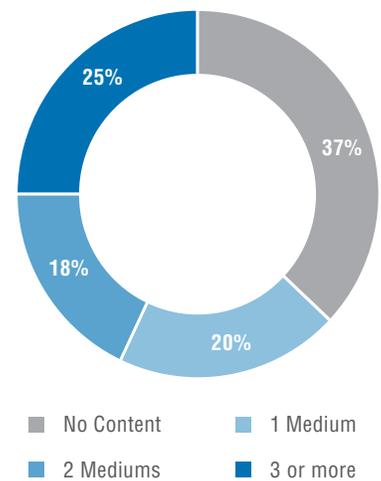
To better understand how private equity firms are using content within their marketing strategies, BackBay analyzed the types of content being produced, the mediums used, and the frequency at which thought leadership is published by the 100 largest firms identified in Private Equity International’s PEI 300 report. The study was designed to complement earlier research by BackBay, published in 2017, that studied the broader asset management landscape and found that among the 200 largest global investment firms, content marketing is nearly ubiquitous.

THE FINDINGS

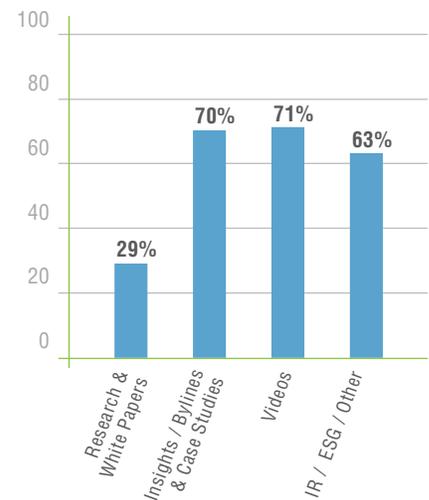
While the research shows that private equity continues to trail behind its asset management peers, the industry is not as far behind as one might expect. Of those that regularly produce thought leadership, nearly 40% are utilizing three or more mediums and content types (or 25% of the entire sample analyzed). Video, utilized by 71% of the firms producing content, proved to be the most popular medium, while nearly as many, 70%, publish regular market commentaries, byline articles or portfolio-company case studies. Nearly half, or 49% of the content producers, are creating new thought leadership on at least a quarterly basis, with 24% publishing new pieces monthly or weekly (graphic, page 3).

63% OF THE TOP 100 GLOBAL PRIVATE EQUITY FIRMS NOW PRODUCE AT LEAST SOME FORM OF CONTENT REGULARLY

PRIVATE EQUITY: NUMBER OF MEDIUMS/CONTENT TYPES UTILIZED



PRIVATE EQUITY: PREFERRED MEDIUMS/CONTENT TYPES OF THOSE PRODUCING THOUGHT LEADERSHIP



To be sure, these metrics reflect an industry growing more comfortable with transparency, marking a departure from earlier eras in which private equity firms resisted calls for a deeper level of disclosure. Fifteen years ago, for instance, the pushback against public pensions reporting fund-level performance was premised on a belief that such information was competitive in nature. Today, GPs appreciate that to stand out requires consistent effort to not only build and nurture their brands, but also to provide context – through content – that delivers transparency with the necessary nuance. And more than any other external communications strategy, content marketing allows firms to control their message to convey how they create value for the companies under their watch and how that translates into alpha for their investors.

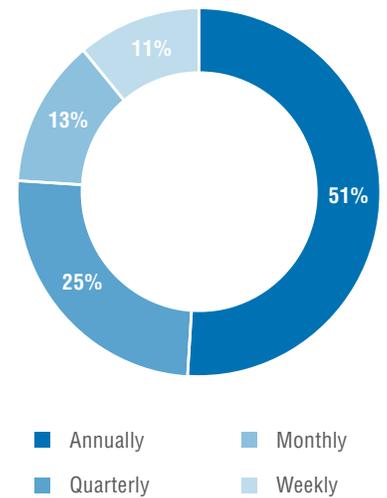
Across the larger asset management universe, the widespread adoption of content strategies was triggered by the need to rebuild trust with investors following the global financial crisis. The rapid advance of technology during the same period provided an added tailwind, allowing investment firms to disintermediate the traditional business press in producing and publishing commentary and analysis. Today, content provides a valued touch point to continually stay in front of clients and allows marketing teams to track and measure the effectiveness of campaigns through email open rates, website visits, or other metrics.

For private equity, the interest in content is a relatively new phenomenon. From a high level, the trend line traces the growth of the asset class and reflects a more pronounced need for outbound marketing to create differentiation. But the growing interest also reflects the industry’s evolution from a cottage industry driven by outsized personalities and rainmakers to an institutionalized business environment in which process and organizational capabilities matter. And just as sponsors ten years ago had to launch a website to demonstrate their viability, today content is becoming indispensable to set the right cues for business owners and LPs to highlight the depth, competencies, and engagement of the entire firm.

BENCHMARKING CONTENT PERFORMANCE

The level of sophistication among more traditional asset managers when it comes to content production and distribution

PRIVATE EQUITY: CADENCE OF CONTENT PRODUCTION OF THOSE PRODUCING THOUGHT LEADERSHIP



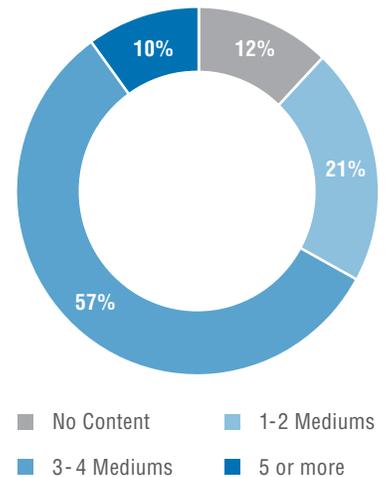
THESE METRICS
REFLECT AN INDUSTRY
GROWING MORE
COMFORTABLE WITH
TRANSPARENCY

reflects the resources at their disposal. In fact, many of the world's largest investment firms may employ teams of writers and ex-journalists whose sole function is to churn out thought leadership aligned to the specific strategy of the firm.

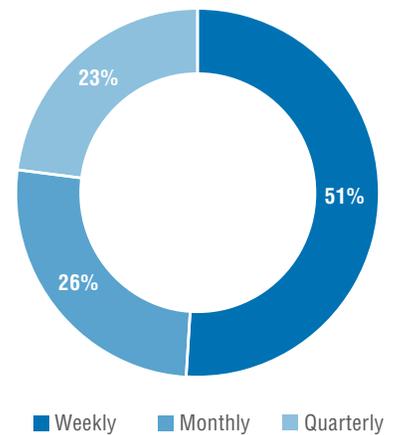
As was highlighted in BackBay's earlier research, "Feeding the Beast," 88% of the top 200 global asset managers produce content regularly, and of those creating and publishing content, over three quarters utilize three or more mediums and content types. Perhaps most telling, among the asset managers producing content, 77% follow either a weekly or monthly publishing cadence. In addition to videos, which were also the preferred medium for traditional asset managers, nearly as many produced white papers and research as well as regular and frequent commentary on the markets.

In looking at the private equity universe, however, only the very largest firms are producing content at the same pace and across as many mediums. The Carlyle Group, for instance, has taken a leadership role among PE firms in creating and publishing thought leadership. Through its "Illuminate" in-house media platform, Carlyle regularly publishes white papers, commentary, policy notes, videos, and case studies. Its monthly "ValuCast" podcast features interviews from executives across the firm, while Carlyle co-founder David Rubenstein even began working with Bloomberg two years ago to host his own eponymous talk show in which he has "peer-to-peer" conversations with many of the biggest names in finance.

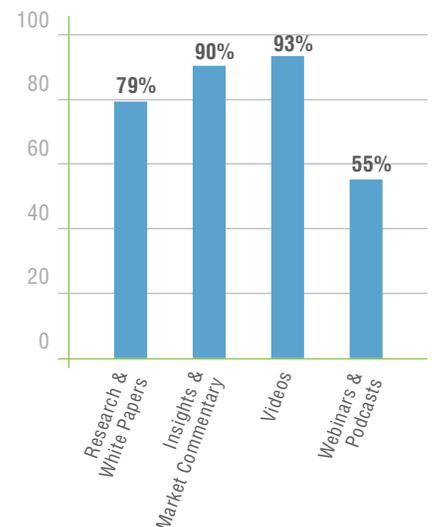
ASSET MANAGEMENT: NUMBER OF MEDIUMS/CONTENT TYPES UTILIZED



ASSET MANAGEMENT: CADENCE OF CONTENT PRODUCTION OF THOSE PRODUCING THOUGHT LEADERSHIP



ASSET MANAGEMENT: PREFERRED MEDIUMS/CONTENT TYPES OF THOSE PRODUCING THOUGHT LEADERSHIP



David Rubenstein
© Monika Flueckiger / World Economic Forum, swiss-image.ch

Bridging IR to PR through Content

Ask any sponsor what stands in the way of pursuing a more aggressive content strategy and most will say they can't find the bandwidth to plan and produce content on a regular and consistent basis. That's why so many firms that do create thought leadership, seek to leverage existing materials already being created for investor relations activities. But while many private equity firms have begun repurposing this material and making it available to a wider audience outside of their LP universe, there may be additional ways to integrate the content directly into their external communications efforts.

To take one example, Advent International publishes a 40-page recap of its annual activity, which highlights its investment theses across its sector specializations and the geographies within which the firm operates. The report, in and of itself, makes a very good impression, featuring an exceptional design in which the information is easy to consume, while outlining all of the ways the firm differentiates itself. To get the most out of the information presented, however, the high-level themes can be disaggregated and separated into their component parts to create a series of standalone thought leadership pieces.

For instance, Advent discusses its first ever investment in Peru. If this was repurposed as an independent story, the byline could present a compelling take on the investment climate in the country and highlight potential tailwinds or challenges encountered. A thought piece would also convey cues that speak to Advent's experience across Latin America and signal to sellers that the firm is active in the region. In addition to pitching the piece to third-party trade publications, it could be published on social media channels and strategically

distributed via a paid promotion on LinkedIn to CFOs in specific geographies or sectors. The piece could also be emailed as part of a digital newsletter. These are hypothetical possibilities, but speak to the ways firms can get the most out of their content.

One of the more popular themes that emerged out of our research were the efforts to articulate Environmental, Social, and Governance (ESG) considerations. This is another area being driven on the IR side of the business. More than a third of the firms producing content published some form of ESG literature, ranging from data-driven reports to "citizenship" stories that speak to how these factors influence everything from sourcing and due diligence to value creation and, ultimately, exits.

To cite another example, Apax Partners produces one of the more comprehensive sustainability reports in the industry, tracking several KPIs across each of its portfolio companies. The report provides a trove of data points that could provide a foundation for thought leadership and offers case studies that could easily be repurposed as a byline or social post. Beyond providing cues to LPs focused on ESG, content would further position Apax as a thought leader and appeal to business owners seeking help in these areas.

Following the production of quarterly and annual reports to investors, there's often a tendency to breathe a sigh of relief and put it out of mind until the next reporting cycle. However, with an extra push – or even help from a third-party content provider – firms can ensure that they're getting the most out of their investor relations effort to create a valuable bridge between IR and PR.

LEVERAGING EXISTING CONTENT

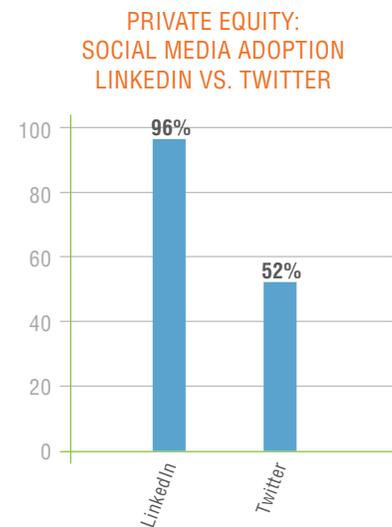
Of course, Carlyle as a public firm and with over \$200 billion of assets under management, represents an outlier that has considerably more resources to dedicate to thought leadership than most traditional partnerships. That’s not to say that firms shouldn’t look to Carlyle for best practices and to “borrow” tactics that are effective. However, far more common among those that aren’t publicly held is a strategy geared toward producing content with a longer shelf life, such as an in-depth case study or annual letter, and using those pieces to convey market views or specialized expertise. Of the firms we studied, a significant portion appeared to be leveraging content produced for other venues, such as Investor Relations or portfolio company events (see page 5).

Providence Equity Partners, for instance, posts videos capturing remarks that were made at the firm’s annual meeting and CCMP Capital also hosts videos highlighting its annual event for portfolio company CEOs. Berkshire Partners, alternatively, publishes a letter each year, outlining the firm’s activity and contextualizing how it fits within the firm’s strategy and the market environment. Berkshire also produces case studies – as do most of the firms producing content – that highlight successful investments, detailing the investment thesis, Berkshire’s role driving growth, and the outcome or exit.

Compared to Carlyle or even more-traditional asset managers, this may seem insufficient and there is certainly a lot of value that can be realized by producing content more frequently and across multiple mediums. Commentary around sector trends, for instance, can help to establish a leadership position in a particular industry, while recurring pieces from multiple team members may show the depth of expertise at a firm. But leveraging existing content provides a starting point for a thought leadership strategy, and these pieces, on their own, help inform business owners (and sellers) about the culture of the firm, its operational skillset, and its perspective on the market or areas of specialization. And even an annual publishing cadence, while not ideal, can allow firms to address broad trends, such as high purchase prices or succession planning, that may be topical and relevant to their constituencies and prospective new investors.

Just as firms are leveraging existing material from IR or portfolio company communications to build out their content

A FIRM’S VALUE PROPOSITION AND KEY DIFFERENTIATORS... ARE BEST TOLD THROUGH CUES



libraries, many are also utilizing social media to ensure they reach the largest audience possible.

To be expected, our research highlighted that among the top 100 PE firms, the consensus seemed to overwhelmingly favor LinkedIn versus Twitter in terms of those that maintain a social media presence on either of the two platforms – 96% to 52%, respectively. However, what was surprising was that anecdotally, the firms that are on Twitter tend to be more active in using the site as a distribution channel to disseminate news and content. This speaks to the different ways firms can use the various social platforms for specific needs. Again, this level of adoption trails the more traditional asset managers, but represents notable traction for the industry over time.

IDENTIFYING WHAT WORKS

The most important point for any firm devising a content strategy is that thought leadership is never promotional. It should inform, enlighten and tell a story that sticks with readers. A firm’s value proposition and key differentiators, meanwhile, are best told through cues.

Sequoia Capital, to cite an example, takes one of the more inventive approaches to thought leadership. The early- and growth-stage venture firm publishes insights categorized as “Point of Views,” detailing the drivers behind its investment philosophy. Its “Framework” pieces, on the other hand, offer best practices for growing companies with topics ranging from how to run a successful board meeting to tips to improve content marketing. (This would be an insightful read for anyone currently reading this research paper.) The takeaway, though, is that the firm doesn’t explicitly say they’re a value-added partner for startups; they demonstrate it through thought leadership that by itself adds material value and makes the same point in a way that adds credibility.

Sequoia even reinvented the executive biography. Instead of a dry listing of past employers and board affiliations, its partners share lessons learned from earlier investments and offer viewpoints in darting, concise anecdotes. The bios are far more interesting than the standard boilerplate biography, yet they convey the same information, just packaged differently. The cue – important for a VC – is that reinvention isn’t bound to technology or a business strategy.

PREFERRED SOCIAL PLATFORMS DEMOGRAPHICS & USES



500m active users

25% of all Americans

45% of all online adults
earning > \$75K/yr

**Best for professional networks /
publishing content**



328m monthly active users

21% of all Americans

30% of all online adults
earning > \$75K/yr

**Best for engaging with the
media / distribution platform**

Data from Pew Research Center,
company disclosures

THREE C'S TO IMPLEMENTATION

CADENCE

CHAMPION

COORDINATION

In BackBay's more comprehensive white paper benchmarking content marketing across the broader asset management universe, we identified the "Three C's" for firms seeking to build out their content capabilities: Cadence, Champion and Coordination. A successful content strategy will follow a consistent cadence that sets and meets the expectations of the desired target audience. Whether content is published annually, quarterly or even weekly, consistency can also create a rhythm that keeps these efforts in motion.

A content champion, meanwhile, can be the designated spokesperson, who takes ownership of the narrative being delivered and sees these efforts through to completion – think Oaktree Capital's Howard Marks. It's not that there shouldn't be collaboration, but "content by committee" rarely creates compelling commentary. At best, the unique voice and angle of the story gets blunted, but at worst, it creates a process that unravels and never gets completed without a precise vision. A common approach is for a partner or executive to work with a professional writer to create a draft, which then goes through an editorial and compliance review and is iterated along the way.

APPLYING LEVERAGE

To maximize the ROI of content, distribution strategies should incorporate:



PR PITCHES

Use the discovery process of creating content to develop themes for compelling media pitches.



SOCIAL MEDIA

Social media offers a venue to reach a mass audience or a very targeted demographic through promoted posts.



EMAIL BLASTS

Create drip campaigns to maintain ongoing communication with key constituencies in a constructive and measurable way.

Coordination, meanwhile, is critical to get the most of out of each piece of content. Thought leadership should not be created in a vacuum; it should fit within an integrated and coordinated PR and communications plan. This ensures the narrative reflects components of the firm’s value proposition and is fully leveraged across complementary mediums and channels.

A fourth “C” that is no less important is that content needs to connect with the intended audience, which requires that it is authentic, transparent and engaging. There will always be an inclination to be explicit in conveying each of the factors that make your firm unique, but this more overt messaging is best expressed through traditional advertising or marketing collateral. Successful content, on the other hand, represents a tradeoff in which the audience – with an overabundance of choices – commits their time and attention to absorb thought leadership on the promise that they will learn something new or gain a fresh perspective. When that promise is fulfilled, the payoff for the business can be significant, transcending mere awareness to influence investment decisions, build networks, and drive advocacy.

**THOUGHT LEADERSHIP
SHOULD...FIT WITHIN
AN INTEGRATED AND
COORDINATED PR AND
COMMUNICATIONS PLAN**



DRIVE SEO

Regularly post content online to create a dynamic, SEO-friendly website that, on its own, draws visitors.



PODCASTS / WEBINARS

Build on existing content through interactive media that offer a venue for thought leaders to showcase expertise.



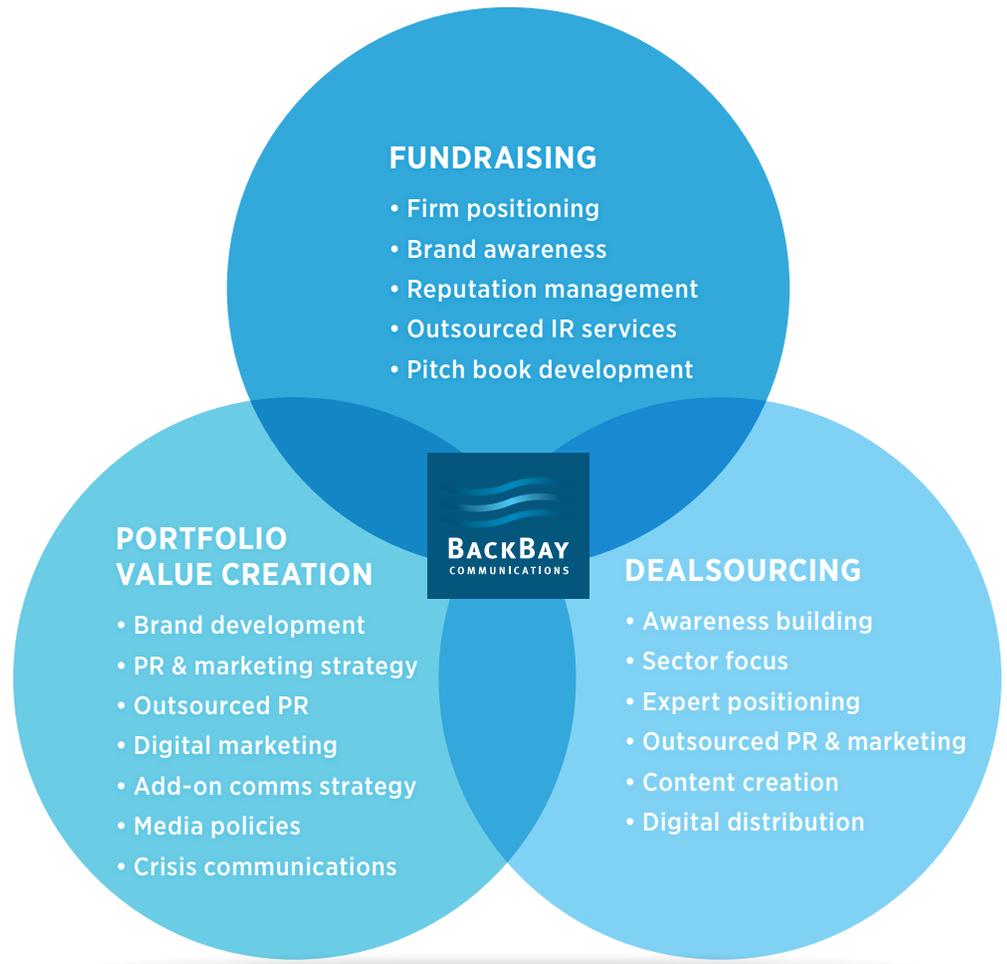
CONFERENCES / PANELS

Use timely content as collateral to stand out at conferences or serve as foundational topics on panels.

BENEFITS OF INTEGRATED CONTENT MARKETING AND PR

BackBay Communications has been working with Financial Services clients for over 10 years to help conceive, write, edit, design and leverage thought leadership as part of an integrated PR and Communications Strategy.

BackBay offers a unique combination of content and creativity. Our services include public relations, branding, website development, IR and marketing materials, videos, advertising and social media. With offices in Boston and London and international agency partnerships, BackBay serves financial services companies around the world.



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