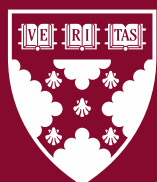


Working Paper 24-073

Investor Influence on Media Coverage: Evidence from Venture Capital-Backed Startups

Brian K. Baik
Albert Shin



**Harvard
Business
School**

Investor Influence on Media Coverage: Evidence from Venture Capital-Backed Startups

Brian K. Baik
Harvard Business School

Albert Shin
Harvard Business School

Working Paper 24-073

Copyright © 2024 by Brian K. Baik and Albert Shin.

Working papers are in draft form. This working paper is distributed for purposes of comment and discussion only. It may not be reproduced without permission of the copyright holder. Copies of working papers are available from the author.

Funding for this research was provided in part by Harvard Business School.

Investor Influence on Media Coverage: Evidence from Venture Capital-Backed Startups*

Brian K. Baik
Harvard Business School, D³ Institute

Albert Shin
Harvard Business School

May 2024

Abstract

We examine the role of investors on the media coverage of their private firm investments. Specifically, we survey VC investors and find that 78% of the respondents take active steps to increase their portfolio companies' media coverage. The survey results also demonstrate that increased media coverage supports the companies with better recognition and branding and provides benefits to diverse stakeholders. We extend the survey results using empirical tests. Both active VC monitoring and VC reputation are related to stronger effects. Overall, our findings emphasize the role of investors in media coverage decisions of private firms.

JEL Codes: G23; G24; M13; M40

Keywords: Venture capital; Entrepreneurship; Media; Journalism; Information

*We thank Shai Bernstein, Michael Clement, Mike Ewens, Susanna Gallani, Nick Guest, Jonas Heese, Donghyeok Jang (discussant), Johan Karlsen, Danny Kim, Kyoungyong Kim, SP Kothari, Josh Lerner, Suzie Noh, Marcel Olbert, Geoffrey Pears (discussant), Jedson Pinto (discussant), Antoinette Schoar, Eric So, Eugene Soltes, Florin Vasvari, Rodrigo Verdi, Yong Zhang (discussant), and seminar participants at Frankfurt School of Finance and Management, Harvard Business School, AAA Annual Meeting, EFA Annual Meeting, Hawai'i Accounting Research Conference, MIT Asia Conference, MIT Finance Lunch, and the Virtual Inter-Finance PhD Seminar for helpful suggestions. We appreciate Ye-Joon Chung, Amy Huang, Kelsey Koo, Kael Kordonowy, and Michael Wong for excellent research assistance. All errors are our own. We gratefully acknowledge financial support from Harvard Business School. Corresponding Author Email: bbaik@hbs.edu.

1 Introduction

Financial media plays an important role in disseminating information and enhancing the awareness of various stakeholders. Given its importance, recent academic research has studied how various stakeholders can influence media choices in certain firms and events (Engelberg, 2018). For example, media coverage is thought to be influenced by local advertisers (Gurun and Butler, 2012; Reuter and Zitzewitz, 2006), by firm managers before major corporate events (Ahern and Sosyura, 2014; J. Kim et al., 2020), and by investors (Dyck et al., 2008). Investors, however, could also attempt to increase media coverage for more effective information diffusion, which could entail various capital market outcomes by enhancing information dissemination.¹ In this paper, our innovation is to highlight the role of investors on the media coverage of their private firm investments, with the objective of disseminating information about their investments.

To study our research question, we focus on the media coverage of US private companies (startups) backed by venture capital investors (VCs). This setting is appealing for two reasons. First, startups often have a limited reputation to receive any significant coverage from the media. This provides an opportunity for investors to strive to increase that coverage. Second, because private companies in the US are not required to disclose financial statement information, the expected benefits of media coverage and information dissemination is larger than in settings with public disclosure requirements. Such coverage can serve as a primary channel for current and potential stakeholders, such as potential employees, customers, and investors, to evaluate and learn about the company.

VCs have the ability to improve media coverage of their portfolio companies in two ways. First, VCs can actively influence company policies and actions. For example, they may help “professionalize” their portfolio firms by facilitating key hires or leveraging their board positions to adopt company policies that could help the media access the company more effectively (Gompers et al., 2020; Hellmann and Puri, 2002). For example,

¹see Barber and Odean (2008), Miller and Skinner (2015), and Blankespoor et al. (2020) for a review.

VCs can either hire public relations (PR) firms or use their in-house PR experts to enhance media coverage of their portfolio companies². Second, VCs may influence portfolio companies' media coverage through a passive channel by leveraging their reputation. Media outlets may believe that such private companies in which VCs have invested may have high potential and may choose to cover the company earlier on (e.g., [Lee and Wahal, 2004](#); [Megginson and Weiss, 1991](#)). Furthermore, media outlets care about reputation and quality in making coverage decisions and allotting editorial space. While not directly related to investors, [Rees et al. \(2015\)](#) find that the media coverage of financial analyst reports are positively tied with analyst quality.

In addition to these two channels of influence, VC firms have incentives to increase portfolio company media coverage, as better media coverage could be related to various benefits. Portfolio companies may experience a better probability of attracting follow-on financing rounds or even improving exit financing outcomes, consistent with evidence suggested in public markets (e.g., [Ahern and Sosyura, 2014](#); [Engelberg and Parsons, 2011](#); [Kaniel and Parham, 2017](#); [Reuter and Zitzewitz, 2006](#); [Solomon et al., 2014](#)). They can also benefit from more media coverage by enabling the startup to be included in various stakeholders' (such as investors, potential clients, employees, and suppliers) information sets, as modeled in [Merton \(1987\)](#).

It is feasible that VCs may not be interested in increasing media coverage of their portfolio companies. First, the benefits of media *ex-ante* can be unclear and difficult to isolate and measure for private companies. Many extant studies have documented the benefits of media coverage to public companies (e.g., increased stock price or trading volume); however, this does not necessarily apply in settings without a quoted market price, such as startups. Potential investors and stakeholders of startups often have alternate sources of information about the startup; therefore, media coverage may not be necessary. Second, the media may focus on the negative aspects of the company, which may

²See, for example, <https://www.nytimes.com/2012/07/23/business/venture-capital-firms-once-discreet-learn-the-promotional-game.html>

exacerbate information asymmetry between the firm and potential investors and stakeholders. Indeed, [Niessner and So \(2018\)](#) showed that the media is much more likely to cover negative performance events than positive ones and provide negative slants on firms ([Baloria and Heese, 2018](#)); in such a scenario, startups (and the VCs) may prefer less media coverage. Finally, VCs may deflect media coverage of early stage startups due to the existence of proprietary costs from firm disclosures ([Verrecchia, 1983](#)); in fact, [Bernard \(2016\)](#) suggest that private companies (especially financially constrained ones) avoid financial statement disclosures, because the disclosures could result in product predation. Similarly, [Aghamolla and Thakor \(2022\)](#) show that mandatory project disclosure requirement regulation in the pharmaceutical industry induced firms to go public because the benefits of staying private disappeared from the requirement.

We take two approaches to test our research question. First, we conduct a global survey of VC investors to understand whether, why, and how VC investors increase media coverage of their portfolio companies. A key advantage of using a survey is that we obtain interesting insights from the VC investors, which would not have been tested empirically, as well as the motivations behind the decision to increase (or not) portfolio company media coverage. Second, motivated by the survey results, we conduct empirical tests to further validate responses from the investors.

Through the survey, we present 289 responses from VC investors around the world. The survey is designed to investigate (1) whether VC investors make efforts to increase portfolio company media coverage and (2) why (or why not) they take such actions. Consistent with our prediction, the survey demonstrates that VCs actively strive to improve their portfolio company's media coverage. Specifically, approximately 78% of the respondents indicated that they at least sometimes actively take measures to increase their portfolio company's media coverage.³ Furthermore, the survey reveals various strategies and actions that VC firms leverage to increase portfolio company media coverage. Notably,

³Even excluding the answer "sometimes," 63% of the responses indicate they either "often" or "always" take measures to increase portfolio company media.

more than half of the respondents (among those who answered they take measures to increase portfolio company media) reported that they answer communications from journalists, issue press releases on VC firm websites or directly from the portfolio company, and organize media interviews. In terms of the news outlets investors prefer, 71% select industry-specific news outlets (e.g., TechCrunch) as their choice.

We also asked VC investors about their rationale for taking active approaches to improve coverage. VCs claimed to leverage media not just to boost branding and awareness of their portfolio companies (mean score of 6.05 out of 7), but also to provide information to potential clients and suppliers who are searching for these companies (mean score of 5.85 out of 7). The benefit also flows to hiring talent (mean score of 5.82 out of 7), which is consistent with findings from [J. D. Kim and Pergler \(2023\)](#) and [Bryan et al. \(2023\)](#) that firm information is an important source for hiring quality employees. Furthermore, the responses suggest that increased media coverage affects stakeholders beyond current or potential investors. Collectively, the responses are consistent with the role of the media as an information dissemination channel, as it enhances company awareness. Interestingly, investors who rarely or never take steps to increase media coverage respond that portfolio company quality is most important for the company's success.

In terms of company characteristics, our respondents claimed to prioritize media coverage for B2B companies (rather than B2C) and earlier-stage companies (i.e., seed/early stages), where reputation is most limited. They also indicated that VCs tend to focus on boosting media presence for successful companies rather than those that are struggling. This suggests that VCs prioritize maximizing returns from their successful investments rather than trying to mislead potential investors about the condition of their less successful portfolio companies.

Finally, the survey suggests that VC investors with more monitoring (based on the level of interactions with the portfolio company) tend to prioritize media more than investors with less monitoring. More specifically, among investors who meet with their

portfolio companies at least once a month, 84% report taking steps to enhance their portfolio companies' media presence. In contrast, only 69% of investors who meet with their portfolio companies once a quarter reported doing so. This supports the claim that VC monitoring could be an important driver behind increased media coverage.

Next, we empirically test claims the majority of VCs made by using Ravenpack news coverage data from year 2004 to 2018. We look at venture-backed companies to examine whether media coverage of private companies improves around VC-financing events. Testing our hypotheses empirically raises a significant challenge due to endogeneity concerns. Specifically, VCs may select companies with the potential to grow substantially, immediately before their exponential growth. Furthermore, it is difficult to select control firms that never receive VC funding because we are unable to identify the "true" universe of startup firms (that never receive VC funding).⁴ To reduce this concern, we carefully select a group of VC-backed companies that may have similar characteristics with the portfolio company. For each treated VC-portfolio company-investment round, we select a set of control companies that received an investment from the same VC but at a different point in time. These control companies are also expected to show strong growth, therefore attenuating the concern that the VCs may be selecting into companies with high growth potential. We then stack the control companies and conduct our regression analyses (i.e., "stacked regressions"), following the suggestions from [Baker et al. \(2022\)](#). Ultimately, our regression compares the treated company's number of news articles (as the dependent variable), post-VC investment, to the control company-round's news articles during the same calendar time period. We employ Poisson pseudo-maximum-likelihood (PPML) regressions because we use counts (i.e., the number of media articles) as the dependent variable (see [Cohn et al., 2022](#)).

Our main PPML regressions suggest a significant increase in the number of news arti-

⁴More specifically, because private firms are not required to disclose any information publicly, we are not able to capture which firms exist in the first place. In addition, private firms that do not receive funding have different characteristics from VC-backed startups; therefore, they would not be a suitable comparison.

cles after a VC invests in a portfolio company. Economically, we observe a 19.0% increase in the number of news articles post-VC investment. In other words, treated companies experience about 2.7 more articles than the control group post-VC investment. The increase is stronger for positive news (which exhibits 21.7% increase). Overall, the results are consistent with our prediction that VC firms may alter media coverage of the portfolio companies. We find weaker effects for negative news. The absence of pre-trends in our results reduces concerns about reverse causality, whereby portfolio companies that show a higher number of news articles are more likely to receive VC investment *and* the quantity of articles grows further.

We present several tests to attenuate concerns with our findings. First, we document that the results are similar when we use non-VC-backed companies in the same industry as control firms. The results reduce the concern that our main results are driven by choosing control firms that are also VC-backed at some point in their life-cycle. Second, we show that the results are robust when we use the ratio of the number of articles to the number of unique events that are covered each quarter as the dependent variable. This addresses the concern that our findings are from the VCs creating more events worthy of media coverage. Third, to mitigate concerns that some of our treatment startups have received VC investment already, we restrict our sample to first-round VC investments and find consistent results.

Next, we test ways to explain the mechanisms behind our findings, examining whether company-initiated (i.e., press releases; newswire services) or non company-initiated news increase post-VC investment. An increase in company-initiated news is consistent with the notion that companies actively manage media by disclosing more news to the public, because such news articles typically contain no additional analyses beyond the firm's press releases ([Ahern and Sosyura, 2014](#)). On the other hand, an increase in non-company-initiated news aligns with the passive effect VCs bring by their reputation; indeed, journalists that follow certain VC firms might naturally increase coverage of the portfolio

companies once the VC firm invests in them. Our results suggest that, while we observe both company-initiated and non-company-initiated news increase for overall news, we find a stronger (approximately 50.8% stronger economic magnitude) increase for company-initiated news.

Subsequently, we use the cross-sectional variation in our data to examine from where the effect is driven. First, we examine whether the effects are highlighted for VC firms that receive more attention from the media. Intuitively, portfolio companies invested by VC firms that are covered by media more frequently, are more likely to receive more media coverage than other startups. To capture this concept, we exploit the Midas List, an annual ranking on individuals in the VC industry issued by Forbes. Forbes ranks the top 100 VC individuals based on recent 5-year portfolio company performance.⁵ We test if improved media coverage exists through the passive channel, specifically in the form of higher reputation. We also test if portfolio companies that have investors from VC firms that were listed in the annual Forbes Midas List have stronger media coverage. We find that the results for *non-company-initiated* news is stronger for Midas List VC portfolio companies, although they do not exhibit incremental effects for company-initiated news. This result is consistent with our conjecture that the portfolio companies of VC firms with greater media attention are more likely to receive coverage from journalists. Second, we find highlighted effects for earlier stage companies (rounds 1 and 2), particularly for positive news. This result is consistent with the notion that portfolio companies with relatively scarce information demonstrate the largest media increase.

The quantity of articles may not be the only effect the VC investment associates with the portfolio company. The articles may have a different *tone* once the VC invests. Whereas the quantity of articles may increase post-VC investment, journalists may scrutinize the portfolio companies in much more detail and be critical of them (e.g., [Call et al., 2022](#);

⁵Specifically, the performance is based on exits of more than \$200 million or current companies that are valued at more than \$400 million ([Forbes, 2023](#)). We argue that the ranking is a measure that combines VC quality with attention from the media.

Guest, 2021; Heese et al., 2022). Conversely, some VCs may attempt to release articles in a more favorable manner than the actual underlying event in an attempt to bias stakeholder perceptions. To investigate this idea, we examine the *sentiment* of the news articles released pre- and post-VC investment. Specifically, we transition to the article-level sample, which contains various information on the articles released pre- and post-VC investment and exploit RavenPack's proprietary composite sentiment score (CSS), which measures the tone of each article. We test whether the article sentiment, relative to the event sentiment, changes post-VC investment. Our results indicate that for non-company-initiated articles, the sentiment decreases relative to the underlying event, mainly for positive event articles. This is consistent with previous literature that journalists scrutinize companies more.

We contribute to three streams of academic literature. First, we contribute to the nascent literature of understanding the incentives and influences behind media coverage decisions of firms (e.g., Ahern and Sosyura, 2014; Dai et al., 2015; Dyck et al., 2008; Gurun and Butler, 2012; Miller, 2006; Reuter and Zitzewitz, 2006). Because media coverage is an equilibrium outcome resulting from various incentives, understanding mechanisms that can influence the coverage decision is an important step (Engelberg, 2018; Mullainathan and Shleifer, 2005). Furthermore, understanding the interactions of capital market participants and the media is an important topic to investigate (Miller and Skinner, 2015). Our innovation is to highlight the role of VC investors in media coverage decisions of private firms, as well as the interactions between investors and the media.

Second, we contribute to the literature on the role of the media as a dissemination mechanism, by demonstrating the mechanism in a private market setting, as well as the benefits. Prior studies (e.g., Blankespoor et al., 2018; Bushee et al., 2010; Drake et al., 2014; Engelberg and Parsons, 2011; Kaniel and Parham, 2017; Twedt, 2016) have focused on pricing and market-related activities in the larger public market domain. Our innovation, however, is that we demonstrate the mechanism and the benefits flow to private firms

early in their life-cycle. Specifically, we document various forms of the benefits from the dissemination, such as additional VC financing benefits, as well as positive reactions from diverse, non-investor stakeholders (e.g., clients, suppliers, and employees).

Finally, we add to the literature on the value-add of VCs to their investments, which suggests that VCs contribute more than just investment capital to their portfolio companies. Prior research has shown that VCs help their portfolio companies by facilitating key hires or leveraging their board positions to adopt company policies that could help the media access the company more effectively (Gompers et al., 2020; Hellmann and Puri, 2002). Our survey addresses other direct ways VCs help their portfolio firms in the context of media relations. Additionally, we demonstrate the existence of passive benefits from VC investment (via a reputation channel). Bernstein et al. (2022) examined this in the context of labor markets and find that prospective employees positively respond to VC quality. Our paper extends such passive benefits in the context of media that companies invested by reputable VCs demonstrate greater increases in media coverage, and increased media coverage is associated with better awareness and stakeholder perception.

Our paper proceeds as follows. Section 2 discusses the survey design. Section 3 shares the survey results. Section 4 discusses our data, sample selection, and research design. Section 5 examines the results of our empirical tests. Lastly, section 6 concludes the study.

2 Survey design and delivery

Our survey is primarily designed to understand (1) whether VCs take actions to increase their portfolio companies media coverage and (2) the reasons behind their responses. In doing so, our goal is to validate our hypothesis and to understand the potential benefits and mechanisms of their actions. Using an initial draft, we circulated our questions to academics and survey experts for comments. After finalizing the survey questions and obtaining IRB approval from Harvard University, we designed and administered the sur-

vey via Qualtrics. The final survey has 21 questions and is reported in Figure IA1.

To deliver the survey, we collected a sample of VC investors and their email addresses from Preqin, which contains information on 40,295 VC investors globally. For each individual, we sent a personalized link to the survey. An example copy of the solicitation email is reported in Figure IA2. Among these individuals, we obtained a total of 666 VC investor responses, recording a response rate of 1.65%. While the response rate is lower than comparable studies that survey VC investors,⁶ we take comfort in that our raw number of initial responses (666) are comparable, as we have delivered the survey to a broader sample (For comparison, Gompers et al. (2016) reported responses from 79 private equity investors, and Gompers et al. (2020) reported 885 VC investor responses.).

Among these responses, we dropped 309 responses from the main manuscript results because we use different wording for the answer choices in the first wave of the survey.⁷ The results using all responses are similar to the reported main results in the paper. For example, approximately 65% of the responses are still recorded as an investor taking measures to increase portfolio company media coverage, suggesting that the different wording of the answer choices does not affect the overall survey outcomes. The specific questions and answer distributions can be found in Figure IA3.

One potential concern with our approach to identify VC investors is that some responses may not have been from VC investors (e.g., Gompers et al., 2020). To attenuate this issue, we added screening questions to filter out and ultimately discard 68 responses. These screening questions ask (1) if the individual works for a VC fund that invests in startup companies and (2) whether the individual's role in the VC fund is investing in startups.

⁶For example, Gompers et al. (2020) reported an overall rate of 8.3%.

⁷Specifically, our answer choices for the main choices were "Not important at all," "slightly important," "moderately important," "very important," and "extremely important" for the main question. Another version used dichotomous "Yes" and "No" choices.

3 Survey results

3.1 Main survey results

We begin our survey by asking the respondents whether they take measures to increase media coverage of their portfolio companies. There are five possible answers for the question: “never,” “rarely,” “sometimes,” “often,” and “always.” Figure 1 reports the results. Of the 289 responses, we find that 78.2% (226 responses) answered at least sometimes, consistent with our hypothesis. Although the most frequent answer is “sometimes,” even when we exclude this answer, 63% of the respondents answered “often” or “always.” In addition, in a pilot version of our survey, we asked a group of VC investors in Singapore the same question but using a Yes/No answer. Similar to the main results, 68% of all respondents (prior to dropping the responses from the first wave) answered “Yes.”

3.2 How do VC investors increase media?

To further investigate the mechanisms that drive VC investors to increase media coverage of their portfolio companies, we ask two questions. First, we asked how the VC investors are able to increase the portfolio companies’ media coverage. In this question, we asked the respondents to select all that apply to them. The results are presented in Figure 3.

The most common method VC investors claimed to use is responding to inbound emails and calls from journalists, as 173 of the respondents indicated. In addition, VCs also claimed to release PR reports and announcements on VC firm websites (168 responses), which suggests that VC firm websites could be another medium to announce information regarding investments. The next two most frequent methods are to organize media interviews with the portfolio company management and to issue press releases directly from the portfolio company. These two methods support the claim that VC investors take an active approach in increasing portfolio company media.

Second, we asked which types of media outlets the VC investors use to disseminate

media. Figure 4 displays the results. Overwhelmingly, 178 of 250 respondents answered industry-specific media, such as TechCrunch, to be the most important outlet. Only 46 respondents selected national news (such as the *Wall Street Journal*) and 26 respondents select local news (such as *the Boston Globe*), respectively. This is consistent with the argument that VC investors target media articles to a specific group, such as potential stakeholders (e.g., investors or industry insiders such as clients and suppliers), rather than to the general public.

3.3 Why do VC investors increase (not increase) portfolio company media coverage?

Next, we investigate potential incentives regarding why VC investors take (or do not take) steps to increase portfolio company media coverage. For the respondents that answered “sometimes”, “often”, and “always” to the main question, we asked why they take steps to increase portfolio company media coverage. If a respondent answered either “rarely”, or “never”, we assume they do not take measures to increase portfolio company media, and we questioned why the respondents do not take measures to increase media coverage. This bifurcated questioning approach follows the methodology used in previous survey studies with VCs such as [Denes et al. \(Forthcoming\)](#). For both questions, we suggested several potential reasons and ask the respondents to rank each option using a 1-7 Likert scale.

Figure 2 Panel A plots the mean Likert scale for each option of the question regarding why investors take measures to increase media coverage and offers several interesting insights. First, the respondents who take steps to increase portfolio company media coverage claimed that they mainly do so to enhance the company’s brand and awareness. The mean score for this response is 6.05 out of 7, recording the highest value among the options. This is consistent with the argument that the media can be one of the ways in which to generate attention and awareness of the portfolio company.

The second most important factor drawn from the responses is that other stakeholders, such as suppliers or potential clients of the company, search articles about portfolio companies (mean value of 5.85). Corroborating this response, the third highest response shows that increased media can help attract better talent into the portfolio companies. These two responses are consistent with the argument that media coverage is not only important for investors or management, but also for other stakeholders.

A comment from one of the respondents provides more context on these three points: "Overall, increased media coverage helps awareness, which can pave the way for better direct response marketing. It also can attract inbound interest from suppliers, potential customers, investors, and employees." Increased media coverage can also help the portfolio companies raise subsequent financing rounds, as noted by the fourth highest response (mean of 5.66). This is consistent with [Baik et al. \(2024\)](#) that showed increased information can contribute to the probability of receiving VC investments. Other factors, including exit value, revenue, or VC fundraising seem to be less important than the four reasons discussed thus far.

Panel B of [Figure 2](#) plots why investors do not take any measures to increase media coverage. Based on the responses, the two most important reasons were that (1) portfolio companies are responsible for handling media articles (mean value of 6.00), that (2) focusing on the portfolio companies' core product/service is a much more important driver of portfolio company success (5.92), and that (3) potential investors in the company have other sources to obtain information about the portfolio (5.32). These responses are consistent with our null hypothesis that media coverage may not be a first-order factor to maximize VC investment returns.

Conversely, the proprietary cost hypothesis does not seem to be relatively important in suppressing media coverage according to the responses (mean score of 3.42). An explanation for this result could be that, because VC and portfolio company-initiated media in some sense is voluntary, there is little risk of the media leaking proprietary informa-

tion. In addition, the low score (mean 3.73) on “there are journalists that follow my VC firm who will write about my portfolio company even if I do not take any measures” is at odds with the non-company-initiated article results in section 5.4; an explanation may be that these non-company-initiated articles may be focused entirely on high reputation VC investors, which we also find in our empirical results discussed further in Section 5.5.1.

3.4 VC monitoring

We also provide cross-sectional results by examining VC investor-level variation, which enhances our insights on the mechanism behind the results. To do so, we exploit investor-variation by exploiting the level of VC monitoring. First, we partition our sample into those who responded that they meet with the portfolio companies at least once a month and those who meet every quarter.⁸ Then, we report the results of our main question using these sub-samples in Figure 6. Panel A reports the responses from investors that meet with the portfolio companies at least once a month; Panel B reports the responses from investors that meet once a quarter. The figure reveals that the group that meets more frequently also takes more frequent measures than those that meet less frequently. Specifically, while Panel A reports that 84.0% of the respondents at least sometimes take measures to increase portfolio company media coverage, Panel B shows that approximately 59.5% take proactive measures to do so. This result is consistent with the monitoring role of VCs documented in previous literature, specifically that investor monitoring is an important factor for various VC-backed startup outcomes (e.g., [Bernstein et al., 2016](#); [Hellmann and Puri, 2002](#)).

⁸Technically, we presented five choices for this question: 2-3 times a week, once a week, 2-3 times a month, and once a month. Our results are qualitatively similar even if the results are presented to exploit all of these options.

3.5 Portfolio company-level variation

It is also important to understand which portfolio companies the VCs are more likely to exert efforts to increase media coverage. In Figure 6, we ask which types of portfolio companies the VC investors are more likely to increase media coverage. Panels A, B, C, and D divide the selections into customer base (i.e., B2C vs. B2B); portfolio company stage (seed, early, expansion, later)⁹; the timing of the portfolio company's fundraising; and whether the company is struggling/not struggling to raise future VC financing, respectively.

Panel A demonstrates that VCs prioritize B2B companies for increased media coverage, which is consistent with the high response score regarding other stakeholders of the portfolio company being an important audience for its media. This result reinforces the argument that portfolio company media articles are targeted to a specific group rather than to the general public.

In Panel B, we find that early stage investments are most important (108 responses) for increased media coverage (consistent with our empirical results in Table 7), which demonstrate an increased magnitude for early VC rounds. This is consistent with the notion that startups with a lower reputation can benefit more from increased media coverage.

Panel C shows a split in terms of VCs with portfolio companies that have recently raised VC funding or that are raising funding within six months. While there is a slight preference for helping companies that are planning to fundraise soon, there is no significantly discernible difference.

Meanwhile, Panel D shows that VC investors favor "successful" companies (i.e., those that do not have problems raising additional funding, 140 responses) than portfolio companies that are struggling (98 responses). This result is consistent with findings in the literature that VC investors focus on maximizing returns from successful investments, rather than maximizing returns across all portfolio companies. Moreover, the result is

⁹Note that these classifications are formally defined by the National Venture Capital Association (NVCA).

consistent with VCs focusing their media efforts into more successful startups than into struggling, unsuccessful startups, where the VCs attempt to mislead potential investors by embellishing struggling portfolio companies.

4 Empirics: Data, sample selection and research design

4.1 Data

We obtain a list of startup fundraising rounds in the United States from Pitchbook. The database contains the following information on global private equity/venture capital (PE/VC) transactions: the company receiving the investment, the investing firm, and transaction information. Using this data and following prior studies using Ravenpack ([J. Kim et al., 2020](#); [Noh et al., 2021](#)), we took a sample from the years 2004 to 2019. Doing so (1) eliminates any effects from the dot-com bubble around 2000 and (2) accounts for RavenPack coverage dramatically increasing from 2004.

To retrieve news articles on portfolio companies, we use the RavenPack Full Edition. This dataset stores detailed article information on more than 11,600 private firms. Specifically, RavenPack records information such as event sentiment, article sentiment, article type, event type, and the press that published the article. Among the articles in RavenPack, we restrict the articles to have a relevance score of 100 (out of 100), to ensure the article itself exclusively reports on the portfolio company. Following [J. Kim et al. \(2020\)](#), we also classify each article (event) into positive/negative articles (event) by using RavenPack's composite sentiment score (event sentiment score). Specifically, we classify the event or article as positive (negative) if the score is over (under) 50 out of 100.

4.2 Sample selection

To construct our main sample, we fuzzy match each VC financing transaction from Pitchbook with RavenPack using the company’s current (and former) names. We then match news articles to a company from one year before and after each round of VC transactions. We limit our sample to one-year time frames for both the pre- and post-window to minimize overlap between subsequent rounds for the same company, because it could bias our results. Among the matched articles, we delete articles classified as “fundraising” and any articles that are issued after a firm’s exit date. We exclude articles related to fundraising as our interest lies primarily in news coverage beyond the scope of the VC financing event. We then count the number of articles published each quarter, one year before and after VC investment. If there are no articles published in a quarter, we record the observation as zero. Next, we delete any articles released 45 days before and after the VC investment date, as these periods can likely contain news articles specifically about the VC investment itself, which could confound our results on general news coverage about the companies themselves.¹⁰ The described process creates eight quarters of panel data for each VC investment round (four quarters pre-VC investment and four quarters post-VC investment).

4.3 Research design

A key challenge in testing our predictions is to alleviate the concern that the startup companies in our sample are high-quality startups that would have received media attention even without VC investment. A potential issue with event studies is that the heterogeneous treatment timings (which applies to different VC investment timings) can introduce potential biases in the estimates, as some early-treated groups are classified as a control group (Baker et al., 2022; Callaway and Sant’Anna, 2021).

¹⁰The results are similar when this “surrounding” quarter (45 days before and after surrounding the VC investment date) is included in our sample, reported in Table IA1.

To alleviate this concern, we follow suggestions from [Baker et al. \(2022\)](#) and create a stacked sample around the treated companies. Specifically, for each treated VC-portfolio company-round, we match a group of control companies, which are companies that did or will receive VC financing from the same VC firm as the treated company, but at a different time than the treated time (difference greater than one year and less than five years). This design ensures that the control companies are never treated during our sample window, alleviating concerns about having heterogeneous treatment effects.

With this sample, we examine whether the treated company-round has abnormally increased media coverage post-VC investment, compared to control company-rounds during the same time period. Specifically, we estimate the following model using a Poisson Pseudo Maximum Likelihood (PPML) regression:

$$\begin{aligned}
 Y_{i,j,k,t} = & \beta_1 Treat_{i,j,k} \times Post_{i,j,t} + \beta_2 Treat_{i,j,k} + \beta_3 Post_{i,j,t} + \beta_4 Age_{i,j,k,t} + \beta_5 Event\ Count_{i,j,k,t} \\
 & + \alpha_{i,j,k} + \alpha_{ind,y} + \alpha_{s,y}
 \end{aligned}
 \tag{1}$$

where $Y_{i,j,k,t}$ is the number of different types of news (all news, positive news, negative news, etc.); $Treat_{i,j,k}$ equals one if VC i 's portfolio company round k is a treated firm (i.e., $j = k$), and zero otherwise ($j \neq k$); $Post_{i,j,t}$ equals one if the date of a given quarter is after the treated firm's VC investment date, and zero otherwise (i.e., a control firm's $Post$ would equal one if the given date is after the *treated* firm's VC investment date). We estimate the results using a PPML regression instead of OLS to avoid any statistical biases raised in [Cohn et al. \(2022\)](#) as count data is used as the dependent variables. Our results are robust when alternative fixed effects or OLS is used, and are reported in [Table IA2](#) and [Table IA3](#), respectively.

Note that our sample and the design described in the previous section contain treated company-rounds that are already VC-backed. Variable $Post$ indicates whether an observation is after the treated company's VC financing date, not necessarily whether the

portfolio company has ever received VC financing. We include these company-rounds for two reasons. First, including them increases the power of our analyses and increase the probability of at least one VC taking steps to increase media coverage. Second, doing so should bias against our results, as the treated company’s pre-period should have higher quantity of articles as they have already received VC investment. Nonetheless, to alleviate this concern, in Table 4, Panel C we restrict our sample to round one VC investments and re-estimate Equation 1, and find robust results.

One of the most important concerns examining the number of articles is to control for the quantity of underlying events. For example, one could argue that the number of articles are increasing simply because the number of newsworthy events (e.g., new product release, new patents) have increased since the VC investment. To reduce this concern, we exploit a feature in RavenPack that specifies the event ID of each article. This enables us to count the number of unique events that occurred during the quarter and use the variable as controls. $Event\ Count_{i,j,k,t}$ captures the number of events for each portfolio company-round in each quarter. In addition, we add company age (variable $Age_{i,j,k,t}$), because older companies may naturally have better media coverage than younger firms. $\alpha_{i,j,k}$ denotes VC firm-company-round fixed effects, $\alpha_{ind,y}$ is the company k ’s industry-year fixed effects, and $\alpha_{s,y}$ is defined as company k ’s headquarter state-year fixed effects. Standard errors are clustered at the VC-company level.

5 Empirical results

5.1 Descriptive statistics

Table 1 summarizes information on the portfolio companies. Panel A shows the number of deals by headquarter state. Similar to anecdotal observations, the investments in our sample are largely centered around investments in California, followed by Massachusetts. These two states host the company headquarters of approximately 64% of our sample. In

Panel B, we present investment rounds of the VC transactions in our sample. We observe a roughly equal distribution between early and later rounds.

Table 2 reports the descriptive statistics of our sample. Panel A (Panel B) summarizes the treated VC-company-round's (control VC-company-round's) descriptive statistics. In Panel A, we observe an increase in the number of news articles across all variables. The number of all news, positive news, and negative news increase from 10.64 news articles per quarter to 17.30 post-VC investment, which is a 62.6% increase post-VC investment for these company-rounds. We also note that the distribution is generally skewed to the left, with a large number of article counts being zero (and hence another reason we use PPML regressions instead of OLS). This is plausible because media coverage for private firms in general is expected to be lower than that of public firms given the smaller company size.

Panel B displays descriptive statistics for control VC-company-rounds. We observe approximately 14.75 news articles per quarter to 21.08 post-treated company-round's VC investment. While this is also a sizeable increase, the degree of increase (i.e., 42.9% increase) is substantially smaller than that of the treated company-rounds.

5.2 Main regression results

Table 3 reports our main regression results. Columns (1), (2), and (3) present results using the total number of news, positive news, and negative news as dependent variables, respectively. Consistent with our predictions, we find a significant increase in the number of news articles for treated firms post-VC investment. Economically, for all news, we find a 19.0%¹¹ increase post-VC investment. Interestingly, the increase is centered around positive news, where the treated company-rounds experience 21.7% increase in the number of news articles. In contrast, regressions using negative news do not show a statistically significant increase compared to control company-rounds.

¹¹Interpreting the coefficient on $Treat \times Post$ of 0.174 translates to $e^{0.174} - 1 = 19.0\%$

We observe that the main effects, $Treat$ and $Post$, are statistically significant (negative and positive coefficients, respectively). The positive and significant $Post$ coefficient is consistent with the notion that our control firms are also in their startup/growth phases, similar to our treated firms. While news articles increase when combined with the main effects $Post$, the rate of increase of these types of news articles is much slower than that of the control group. On the other hand, the negative and significant $Treat$ coefficient suggests that the control firms are slightly more mature than the treated companies.

To ensure the absence of pre-trends, we examine the dynamic effects of our regressions. In Figure 7, we show the coefficient graphs of our regressions by interacting the variable $Treat$ to each quarter before and after treated company's VC investment. Panels A, B, and C present coefficients $Treat \times Relqtr$ (i.e., relative quarters from VC investment) using all news, positive news, and negative news, respectively, as dependent variables. From quarters -4 to -1 (i.e., before the investment), we do not find any statistically significant pre-trends for all news; from quarters +1 to +4 (i.e., after the investment), we find a significant increase for all news and positive news. Collectively, our results presented in this section suggest that VC investors are linked to increases in all news and positive news, as well as reductions in negative news.

5.3 Robustness

5.3.1 Alternative dependent variable

While our empirical research design controls for the number of company events that occurred each quarter, endogeneity concerns may still remain. To take this issue into account, we construct an alternative measure as the dependent variable. Specifically, we use the ratio of the number of news articles to the number of unique company events, measured each quarter ("dispersion measure"). Including this measure as a control further mitigates the endogeneity concerns that our main results simply reflect an increase

in media coverage due to an increase in the number of newsworthy events.

Table 4, Panel A presents evidence robust to the aforementioned issue. When the dispersion measure is used as the dependent variable, we observe a significant increase in the dispersion measure post-VC investment. Columns (1), (2), and (3) are the coefficients using the dispersion metrics using number of all articles, positive articles, and negative articles, respectively. The coefficients are similar to our main regression results, with the exception of the negative dispersion metric, which also shows a significant increase post-VC investment.

5.3.2 Alternative control sample

Another potential issue with our research design is the selection of the control company sample. Recall that our control companies consist of startups that either have or will have received VC financing. Although the control company characteristics may be similar to those of the treated companies in our sample, the fact that the control firms are still firms that receive VC financing may raise a concern regarding their validity. To moderate this issue, we select an alternative set of control companies and re-estimate our analyses. Specifically, we select a set of control firms that are never VC-backed (retrieved from Pitchbook data) that are in the same industry (defined by Pitchbook) and that have a company age difference of five years or less.

We re-estimate Equation 1 using the new set of control firms in Table 4, Panel B. Columns (1), (2), and (3) show the coefficients using all news, positive news, and negative news as the dependent variables, respectively. Similar to the main regressions, we find a significant increase in the number of news articles post-VC investment. The economic magnitude also increases compared to Table 3. Differing from our main regressions is that the coefficients using negative news as the dependent variable (Column (3)) is also statistically significant. We conjecture that non-VC-backed control companies do not exhibit strong growth as the control companies we use in our main research design, and

therefore we observe a significant result even for negative news.

5.3.3 Round 1 results

In addition to the aforementioned concerns, another potential issue is that many of our treated company-rounds have already received VC investment even during the pre-period. For example, for round-three investments, the treatment group had already received two rounds of VC funding. To mitigate the concern, we restrict our treated sample to round-one investments. In this setting, the treated companies would not have received any VC financing during the pre-period; therefore, we are able to test a cleaner effect of VC investments.

Table 4, Panel C reports the PPML regression results. Similar to previous tests, we find an increase in positive news and a reduction in negative news post-VC investment. The results overall validate our main result of the VC investment effect.

5.4 Company-initiated and non company-initiated news

Next, we investigate the mechanisms behind the increase in media post-VC investment. To do so, we test the different types of media that increased after the VC investment. In this subsection, we categorize each article as portfolio company-initiated and non-portfolio company-initiated news, which is identifiable in the RavenPack database using the “News Type” field. An article is classified as company-initiated if a portfolio company releases the news in the form of press releases or disclosures and as non-company-initiated for all other forms of news articles. Then, we re-estimate the main regression (Equation 1) using the number of company-initiated/non-company-initiated articles as the dependent variable. An increase in company-initiated news would suggest either the portfolio companies have more events to release as news or the companies may be increasing their marketing efforts (which may or may not be VC-induced). Conversely, non-company-initiated news would increase if VC reputation could have an effect on journal-

ists' news coverage (i.e., VCs' passive effect to portfolio companies). Indeed, reputation seems to matter for stakeholders. [Bernstein et al. \(2022\)](#) find that startups backed by high-quality VCs are more attractive to prospective job applicants. Similarly, the knowledge that a VC firm has invested in the portfolio company may naturally entice journalists following the VC. In addition, VCs with extensive networks could contact journalists with which the VCs have a relationship and solicit news coverage. Both scenarios would result in increased/decreased *non-company-initiated* news articles post-VC investment.

Table 5 presents the regression results of our tests referenced in the previous section. Columns (1)-(3) (Columns (4)-(6)) report regression results using company-initiated (non-company-initiated) news. Portfolio companies show a 18.2% increase in all non-company-initiated news, while they exhibit 28.7% increase in all company-initiated news. Although we find significant results for both company-initiated and non-company-initiated news, the magnitude of increase is relatively stronger by 57.7% for company-initiated news.

The results from this table indicate several possibilities. The increase in company-initiated news corroborates our survey results discussed in Section 3.4, which demonstrate an active channel. The significant increase in non-company-initiated news also suggests a form of reputation effect from VCs, similar to [Bernstein et al. \(2022\)](#).

5.5 Heterogeneous effects

5.5.1 Media attention on VC firms

In this section, we exploit the heterogeneity in VCs and examine whether financing from VCs that receive more attention have stronger effects. To do so, we exploit the Midas List, an annual ranking of individuals in the VC industry. Specifically, the Midas List selects the top 100 VC investors (note that these are individuals, not firms), based on the 5-year performance of the startups in which the individuals have invested. Being included in the

Midas List is a proxy of prior VC firm performance and quality. Similar to the finding in [Rees et al. \(2015\)](#) in which higher quality financial analysts receive more media coverage of their reports, the media coverage decision of certain companies may be influenced by the backing of VC firms' quality.

To test whether the VC firms included in the list have heterogeneous effects, in our main regression equation 1, we include a triple interaction term, $Treat \times Post \times Midas$, where the variable *Midas* equals one if the VC firm has at least one individual ranked in the Midas List at the year of investment, and zero otherwise. Note that we restrict our sample of VC investments from 2011 for this specific test, because the Midas List prior to 2011 uses a substantially different ranking system.

In Table 6, we find that the variable $Treat \times Post \times Midas$ is statistically insignificant across regressions that use company-initiated news as the dependent variable. This implies that the companies backed by Midas List VC firms have similar levels of increase in *company-initiated* news. Conversely, in Columns (4)-(6), where we employ non-company-initiated news as the dependent variable, $Treat \times Post \times Midas$ is positive and statistically significant across all three regressions.

Collectively, the results suggest that high-quality VC firms receive more attention from the media, as evidenced by a greater increase in non-company-initiated news post-VC investment.

5.5.2 Portfolio company stages

Our first cross-sectional analysis explores whether the increase in media coverage differs by the life-cycle and rounds of the portfolio companies. This analysis could potentially answer *when* media matters for these companies. On one hand, one could argue that earlier stage companies may benefit more from the increase in media articles, because media may help early stage portfolio companies increase awareness with consumers and potential investors. On the other hand, VCs may be motivated more to increase media

exposure for later-stage portfolio companies they approach their exit. Furthermore, earlier stage companies may have higher proprietary costs in disclosing information about themselves (e.g., [Bernard, 2016](#)), which could actually reduce media coverage for earlier stage VC investments.

To test this idea, we construct a variable *Early*, which is a dummy variable that equals one for all deals that Pitchbook codes the deal type as "Angel," "Seed," or "Early Stage VC," and zero otherwise, and interact it with $Treat \times Post$ in Equation 1. We find that early rounds are likely to see a higher number of news articles post-VC investment relative to companies receiving VC investment at later stages. This is driven by positive news as documented in Column (2). Interestingly, we find that early rounds are likely to see fewer negative news articles post-VC investment relative to companies receiving VC investment at later stages. We interpret this as evidence that the increase in media coverage is strongest for portfolio companies with the most opportunities to cover. Because these companies are expected to have the lowest media coverage pre-VC investment, it may be natural for the VCs or journalists to pay more attention to these earlier companies.

5.6 Alternative measures of media: Article sentiment

The alternative measure we use is based on the CSS as the dependent variable. According to RavenPack, "CSS is determined by examining emotionally charged words and phrases and by matching stories typically related by experts as having short-term positive or negative share price effect." In other words, an article's CSS is determined by comparing the article to a large-cap stock's price impact tied to a similar article. By examining the changes to the portfolio company's article *tone* pre- and post-VC investment, we are able to show another dimension of media management following a VC investment.

One concern with CSS may be that the score itself may be driven by the underlying event of the article. For example, if a portfolio company reached exceptional financial performance, CSS should be higher and more likely classified as a positive article. To resolve

this issue, we take into account *Event Sentiment Score* (ESS), another score provided by RavenPack that captures the positive/negative nature of the article’s underlying event. Ultimately, conditional on events with similar sentiment, we can compare the article sentiment (or tone) before and after VC investment.

To test this formally, we analyze the sentiment changes in the sample of RavenPack articles associated with a firm in our Pitchbook sample. For this test, we transition into the sample that contains all articles around -4 to +4 relative quarters since treated’s VC investment. Our unit of analysis is at the VC firm-portfolio, company-article level. After classifying each article into pre- and post-investment, we conduct the following regression:

$$\frac{CSS_{i,j,k,t}}{ESS_{i,j,k,t}} = \beta_1 Treat_{i,j,k} \times Post_{i,j,t} + \beta_2 Treat_{i,j,k} + \beta_3 Post_{i,j,t} + \beta_3 ESS_{i,j,k,t} + \beta_4 \ln(Age)_{i,j,k,t} + \alpha_{i,j} + \alpha_{ind,y} + \alpha_{s,y} + \alpha_g \quad (2)$$

where $\frac{CSS_{i,j,k,t}}{ESS_{i,j,k,t}}$ is the ratio of CSS to ESS, which captures the *article* sentiment, scaled by the *event* sentiment; $ESS_{i,j,k,t}$ is the event sentiment score, to additionally control for the event sentiments; and $\ln(Age)_{i,j,k,t}$ is the natural log of company age. Similar to the main regressions, we include VC-Company-Round, industry-year, state-year, and news group fixed effects. News group fixed effects are added to control for different news topics, which may affect the news sentiment.

Table 8 reports the regression results. Columns (1)-(3) display results for company-initiated articles, and Columns (4)-(6) display results for non-company-initiated articles. In Columns (2) and (4), we subset the analyses to positive event articles ($ESS > 50$); in Columns (3) and (6), we subset the analyses to negative event articles ($ESS < 50$). The regression coefficients suggest that, non-company-initiated articles experience a decline, mostly driven by articles covering positive events. A possible interpretation of this result is that journalists increase the level of scrutiny to the startups after VCs invest in the startups. This aligns with the findings of Call et al. (2022), who interviewed journalists

and found that they believed they monitor company activities.

Interestingly, we observe an increase in the sentiment for negative company-initiated news, post-VC investment. An interpretation could be that VC investors may attempt to release negative articles in a more positive sentiment. The result is consistent with [Baik \(2024\)](#), who finds increased earnings management for certain PE-backed portfolio companies when the PE is fundraising for a subsequent fund.

6 Conclusion

In conclusion, our study addresses the question of whether investors influence media coverage of their investments, specifically in the context of private firms. By focusing on the media coverage of VC-backed startups, we provide evidence that investors do play a significant role in shaping media quantity. This increased coverage is instrumental in providing information and generating awareness to stakeholders, thereby improving the visibility and credibility of these startups. Our analyses further highlight that both active monitoring and passive reputation could be the underlying mechanisms of these increases.

Our overall findings reveal both the role and impact of VCs on media coverage, and we make the following contributions. First, we enhance the understanding of the determinants of media coverage decisions of firms by highlighting the interplay between investor actions and media dynamics. Second, we add to the literature on the role of media as a dissemination mechanism by showing the mechanism in the private market setting. Finally, our findings highlight the active and passive value-add of VC investors to their investments.

References

- Aghamolla, C., & Thakor, R. T. (2022). Do mandatory disclosure requirements for private firms increase the propensity of going public? *Journal of Accounting Research*, 60, 755–804.
- Ahern, K. R., & Sosyura, D. (2014). Who Writes the News? Corporate Press Releases during Merger Negotiations. *Journal of Finance*, 69(1), 241–291.
- Baik, B. K. (2024). Private Equity Fund Valuation Management During Fundraising. *Harvard Business School Working Paper*, 23-013.
- Baik, B. K., Berfeld, N., & Verdi, R. S. (2024). Do public financial statements influence venture capital and private equity financing? *Working Paper*.
- Baker, A. C., Larcker, D. F., & Wang, C. C. (2022). How much should we trust staggered difference-in-differences estimates? *Journal of Financial Economics*, 144, 370–395.
- Baloria, V. P., & Heese, J. (2018). The effects of media slant on firm behavior. *Journal of Financial Economics*, 129(1), 184–202.
- Barber, B. M., & Odean, T. (2008). All that glitters: The effect of attention and news on the buying behavior of individual and institutional investors. *Review of Financial Studies*, 21(2), 785–818.
- Bernard, D. (2016). Is the risk of product market predation a cost of disclosure? *Journal of Accounting and Economics*, 62(2-3), 305–325.
- Bernstein, S., Giroud, X., & Townsend, R. R. (2016). The Impact of Venture Capital Monitoring. *Journal of Finance*, 71(4), 1591–1622.
- Bernstein, S., Mehta, K., Townsend, R., & Xu, T. (2022). Do startups benefit from their investors' reputation? evidence from a randomized field experiment. *Harvard Business School Working Paper*.
- Blankespoor, E., DeHaan, E., & Marinovic, I. (2020). Disclosure processing costs, investors' information choice, and equity market outcomes: A review. *Journal of Accounting and Economics*, 70(2-3).
- Blankespoor, E., deHaan, E., & Zhu, C. (2018). Capital market effects of media synthesis and dissemination: Evidence from robo-journalism. *Review of Accounting Studies*, 23, 1–36.
- Bryan, K. A., Hoffman, M., & Sariri, A. (2023). Information frictions and employee sorting between startups. *NBER Working Paper Series*.
- Bushee, B. J., Core, J. E., Guay, W., & Hamm, S. J. (2010). The role of the business press as an information intermediary. *Journal of Accounting Research*, 48(1), 1–19.
- Call, A. C., Emmett, S. A., Maksymov, E., & Sharp, N. Y. (2022). Meet the press: Survey evidence on financial journalists as information intermediaries. *Journal of Accounting and Economics*, 73(2-3), 101455.

- Callaway, B., & Sant'Anna, P. H. (2021). Difference-in-Differences with multiple time periods. *Journal of Econometrics*, 225(2), arXiv 1803.09015, 200–230.
- Cohn, J. B., Liu, Z., & Wardlaw, M. I. (2022). Count (and count-like) data in finance. *Journal of Financial Economics*, 146, 529–551.
- Dai, L., Parwada, J. T., & Zhang, B. (2015). The governance effect of the media's news dissemination role: Evidence from insider trading. *Journal of Accounting Research*, 53, 331–366.
- Denes, M. R., Howell, S. T., Mezzanotti, F., Wang, X., & Xu, T. (Forthcoming). Investor tax credits and entrepreneurship: Evidence from U.S. States. *Journal of Finance*.
- Drake, M. S., Guest, N. M., & Twedt, B. J. (2014). The media and mispricing: The role of the business press in the pricing of accounting information. *The Accounting Review*, 89(5), 1673–1701.
- Dyck, A., Volchkova, N., & Zingales, L. (2008). The corporate governance role of the media: Evidence from russia. *Journal of Finance*, 63, 1093–1135.
- Engelberg, J. E. (2018). Discussion of “earnings announcement promotions: A Yahoo Finance field experiment”. *Journal of Accounting and Economics*, 66(2-3), 415–418.
- Engelberg, J. E., & Parsons, C. A. (2011). The Causal Impact of Media in Financial Markets. *Journal of Finance*, 66(1), 67–97.
- Forbes. (2023). Methodology Behind The Forbes Midas List 2023: How The Data Drives The Rankings.
- Gompers, P. A., Gornall, W., Kaplan, S. N., & Strebulaev, I. A. (2020). How do venture capitalists make decisions? *Journal of Financial Economics*, 135(1), 169–190.
- Gompers, P. A., Kaplan, S. N., & Mukharlyamov, V. (2016). What do private equity firms say they do? *Journal of Financial Economics*, 121(3), 449–476.
- Guest, N. M. (2021). The Information Role of the Media in Earnings News. *Journal of Accounting Research*, 59(3), 1021–1076.
- Gurun, U. G., & Butler, A. W. (2012). Don't believe the hype: Local media slant, local advertising, and firm value. *Journal of Finance*, 67, 561–598.
- Heese, J., Pérez-Cavazos, G., & Peter, C. D. (2022). When the local newspaper leaves town: The effects of local newspaper closures on corporate misconduct. *Journal of Financial Economics*, 145(2), 445–463.
- Hellmann, T., & Puri, M. (2002). Venture capital and the professionalization of start-up firms: Empirical evidence. *Journal of Finance*, 57(1), 169–197.
- Kaniel, R., & Parham, R. (2017). WSJ Category Kings – The impact of media attention on consumer and mutual fund investment decisions. *Journal of Financial Economics*, 123(2), 337–356.

- Kim, J. D., & Pergler, M. (2023). Startup hiring through firm-driven search: Evidence from venture for america. *Working Paper*.
- Kim, J., Verdi, R. S., & Yost, B. P. (2020). Do Firms Strategically Internalize Disclosure Spillovers? Evidence from Cash-Financed M&As. *Journal of Accounting Research*.
- Lee, P. M., & Wahal, S. (2004). Grandstanding, certification and the underpricing of venture capital backed ipos. *Journal of Financial Economics*, 73(2), 375–407.
- Megginson, W. L., & Weiss, K. A. (1991). Venture capitalist certification in initial public offerings. *Journal of Finance*, 46(3).
- Merton, R. C. (1987). A Simple Model of Capital Market Equilibrium with Incomplete Information. *Journal of Finance*, 42(3), 483–510.
- Miller, G. S. (2006). The press as a watchdog for accounting fraud. *Journal of Accounting Research*, 44, 1001–1033.
- Miller, G. S., & Skinner, D. J. (2015). The evolving disclosure landscape: How changes in technology, the media, and capital markets are affecting disclosure. *Journal of Accounting Research*, 53, 221–239.
- Mullainathan, S., & Shleifer, A. (2005). The market for news. *American Economic Review*, 95(4), 1031–1053.
- Niessner, M., & So, E. C. (2018). Bad News Bearers: The Negative Tilt of Financial Press. *Working Paper*.
- Noh, S., So, E. C., & Verdi, R. S. (2021). Calendar Rotations: A New Approach for Studying the Impact of Timing using Earnings Announcements. *Journal of Financial Economics*.
- Rees, L., Sharp, N., & Twedt, B. (2015). Who’s heard on the Street? Determinants and consequences of financial analyst coverage in the business press. *Review of Accounting Studies*, 20(1), 173–209.
- Reuter, J., & Zitzewitz, E. (2006). Do ads influence editors? Advertising and bias in the financial media. *Quarterly Journal of Economics*, 121(1), 197–227.
- Solomon, D. H., Soltes, E., & Sosyura, D. (2014). Winners in the spotlight: Media coverage of fund holdings as a driver of flows. *Journal of Financial Economics*, 113(1), 53–72.
- Twedt, B. (2016). Spreading the word: Price discovery and newswire dissemination of management earnings guidance. *The Accounting Review*, 91(1), 317–346.
- Verrecchia, R. E. (1983). Discretionary disclosure. *Journal of Accounting and Economics*, 5, 179–194.

Appendix A Description of Variables

| Variable name | Definition |
|-------------------------------|---|
| <i>ESS</i> | Event sentiment score. RavenPack’s data guide definition: “A granular score between 0 and 100 that represents the news sentiment for a given entity by measuring various proxies sampled from the news.” [RavenPack] |
| <i>CSS</i> | Composite sentiment score. RavenPack’s data guide definition: “A sentiment score between 0 and 100 that represents the news sentiment of a given story by combining various sentiment analysis techniques.” [RavenPack] |
| <i>CSS/ESS</i> | CSS scaled by ESS. Captures the article sentiment relative to the underlying event. [RavenPack] |
| <i>AllNews</i> | Count of all articles relevant to a specific portfolio company. [RavenPack] |
| <i>PosNews</i> | Count of all articles relevant to a specific portfolio company that have a RavenPack CSS score above 50. [RavenPack] |
| <i>NegNews</i> | Count of all articles relevant to a specific portfolio company that have a RavenPack CSS score below 50. [RavenPack] |
| <i>Dispersion</i> | Calculated as the sum of 1 and the total number of news articles that are tied to the same event within a 1-year period. [RavenPack] |
| <i>Event Count</i> | Number of unique events that is covered by each news article. [RavenPack] |
| <i>Age</i> | Age of portfolio company calculated at time of investment since the “Company Founded Date” field. [Pitchbook] |
| <i>Midas</i> | Equals one if the VC firm had at least one individual listed in the Forbes Midas List in the given year of the investment, zero otherwise. [Forbes] |
| <i>Early</i> | Portfolio company stages at the time of the VC investment as defined by the “Company Investment Stage 1 at Round Date” field. [Pitchbook] |
| <i>Company-Initiated News</i> | News that is classified by RavenPack as “PRESS-RELEASE” for the “NEWSTYPE” field; non company-initiated news refers to all other news. [RavenPack] |
| $Post_{i,j,t}$ | Equals one if time t is after VC firm i ’s investment in treated company-round j , and zero otherwise. |
| $Treat_{j,k}$ | Equals one if company-round k is a treated company-round j , and zero otherwise. |

Figure 1: Distribution of survey responses: main question

This figure shows the responses of the question, “Overall, do you actively take measures to increase your portfolio company’s media coverage?” Responses “Sometimes”, “Often”, and “Always” are considered as the investor taking steps to increase portfolio company media.

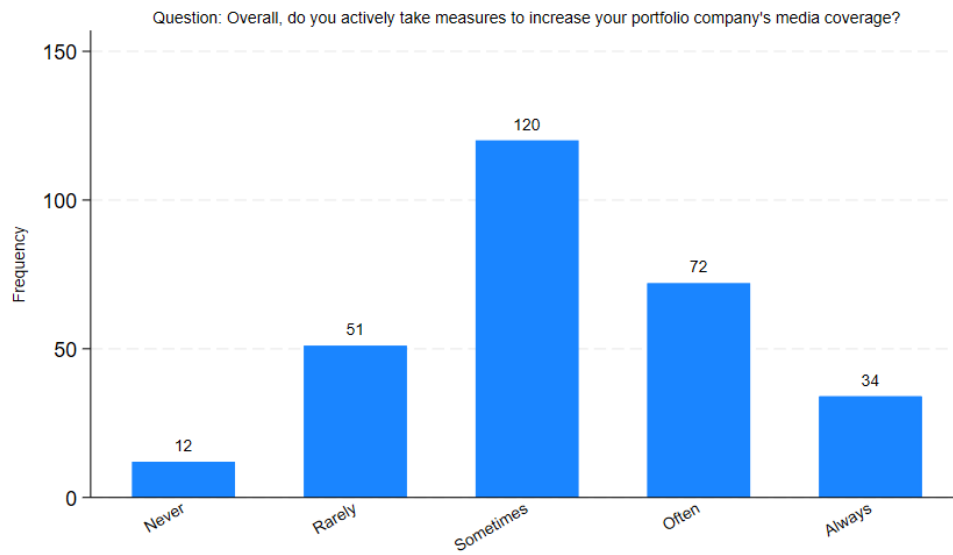
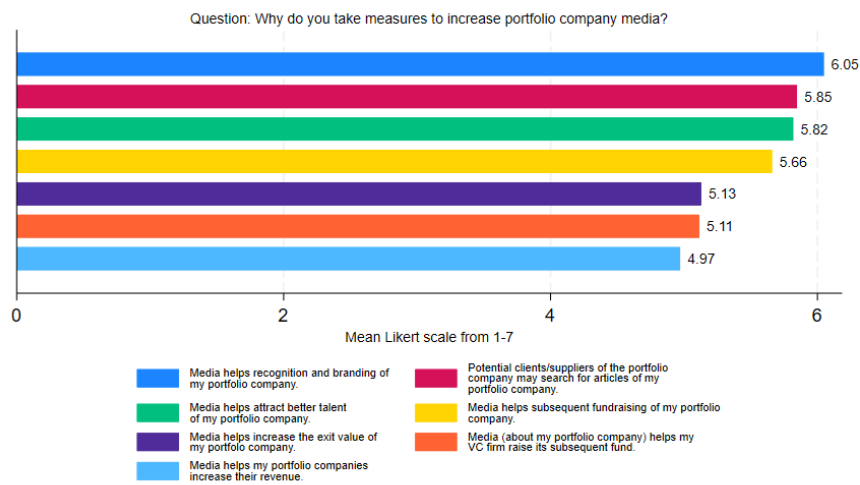


Figure 2: Distribution of survey responses: Why do VC investors increase (not increase) media coverage?

This figure presents the distribution of the responses to the question, “Below are potential reasons why you are taking measures to increase portfolio company media coverage. Please select the extent to which you agree with the following reasons.” (Panel A) and “Below are potential reasons why you are *not* taking measures to increase portfolio firm media coverage. Please select the extent to which you agree with the following reasons.” (Panel B). Those who select responses “Moderately important”, “Very important”, and “Extremely important” (“Slightly important” and “Not important at all” receive the question in Panel A (Panel B). Each bar represents the average Likert scale (from 1-7) of the importance of each factor.

Panel A: Reasons for taking steps to increase portfolio company media coverage



Panel B: Reasons for not taking steps to increase portfolio company media coverage

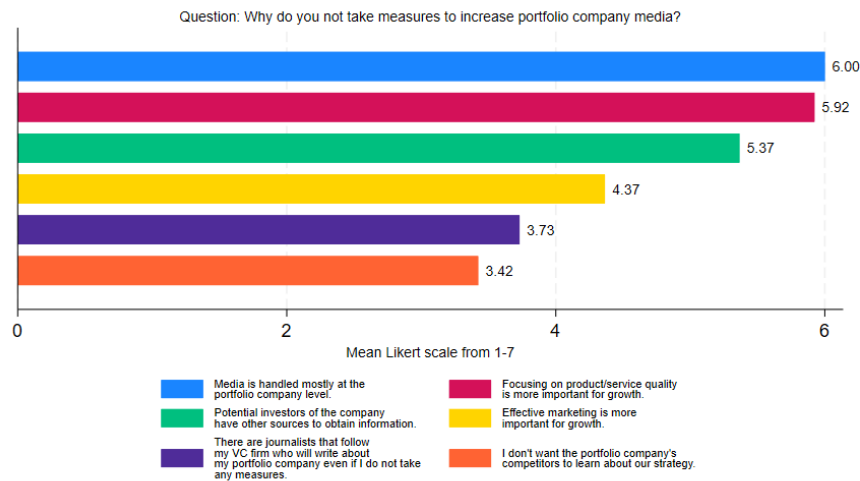


Figure 3: Distribution of survey responses: How do VC investors increase media?

This figure presents the distribution of the response to the question, “My VC firm takes proactive steps to increase my portfolio company’s media exposure.” Each bar represents the number of responses for each option.

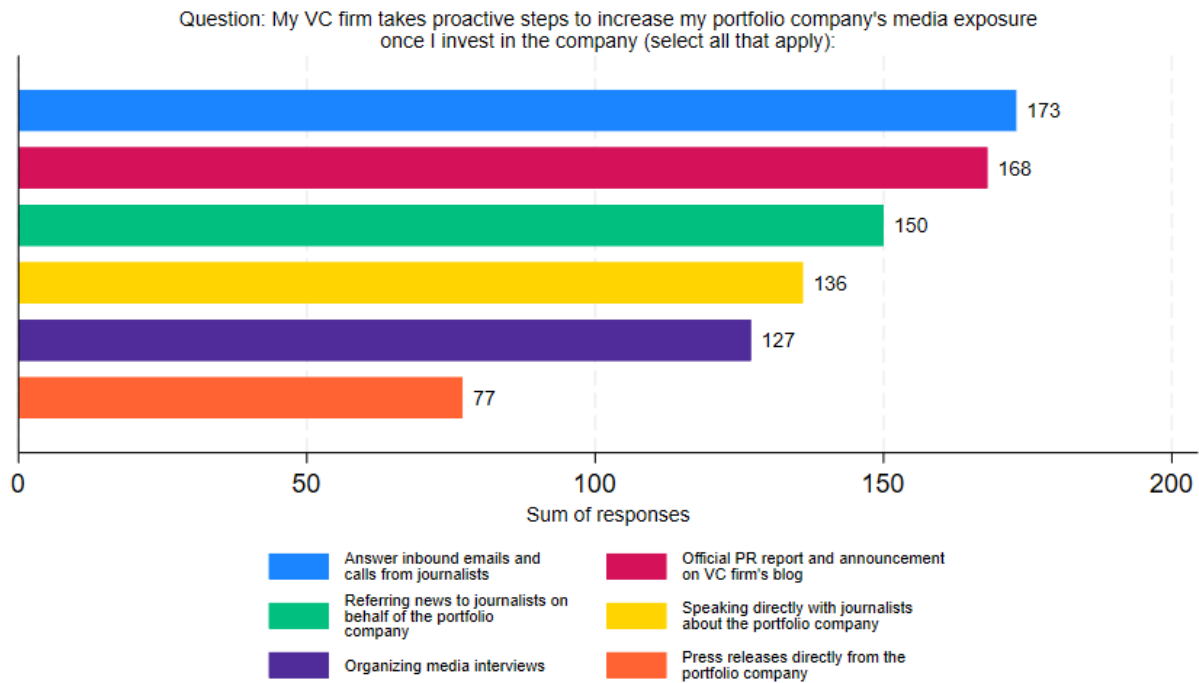


Figure 4: Distribution of survey responses - Which media do VC investors use to increase portfolio company media coverage?

This figure presents the distribution of the response to the question, “Which media outlet do you most frequently choose to disseminate media articles on portfolio companies?” The Y axis represents the number of respondents that selected a given option.

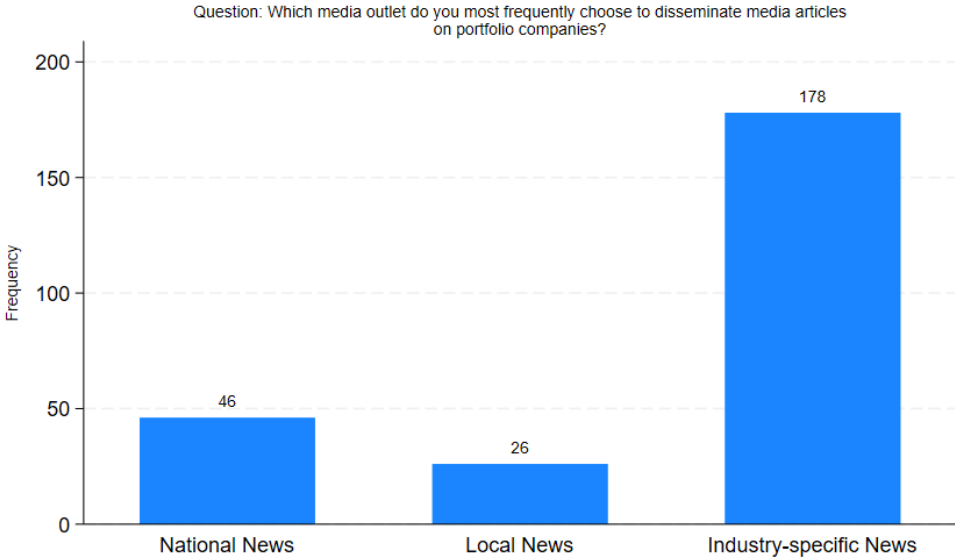


Figure 5: **Distribution of survey responses - Main question based on VC monitoring**

This figure shows the responses of the question, “Overall, do you actively take measures to increase your portfolio company’s media coverage?” after partitioning the sample into level of VC monitoring. Panel A shows the main question responses for investors that answered to meet portfolio companies at least once a month; Panel B shows the same results for investors that meet portfolio firms once a quarter.

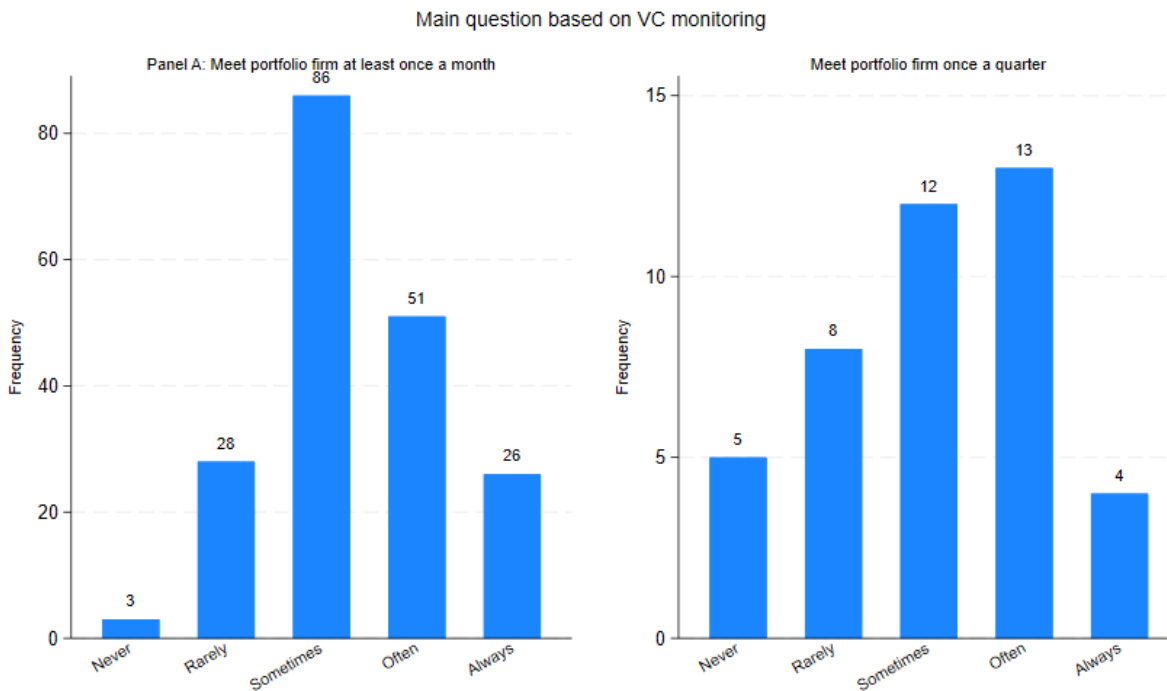


Figure 6: Distribution of survey responses - Which types of portfolio companies do you increase media more than others?

This figure presents the distribution of the response to the question, “Which types of portfolio companies are you more likely to increase their media coverage?” Panel A compares responses between B2C and B2B companies; Panel B compares across different stages of the portfolio companies (i.e., Seed, Early, Expansion, and Later stages); Panel C compares portfolio companies that just raised a VC funding against companies that are fundraising in the next 6 months; Panel D compares portfolio companies that are struggling to raise funding against companies that do not have problems raising VC funding. The Y axis represent the number of respondents that selected a given option.

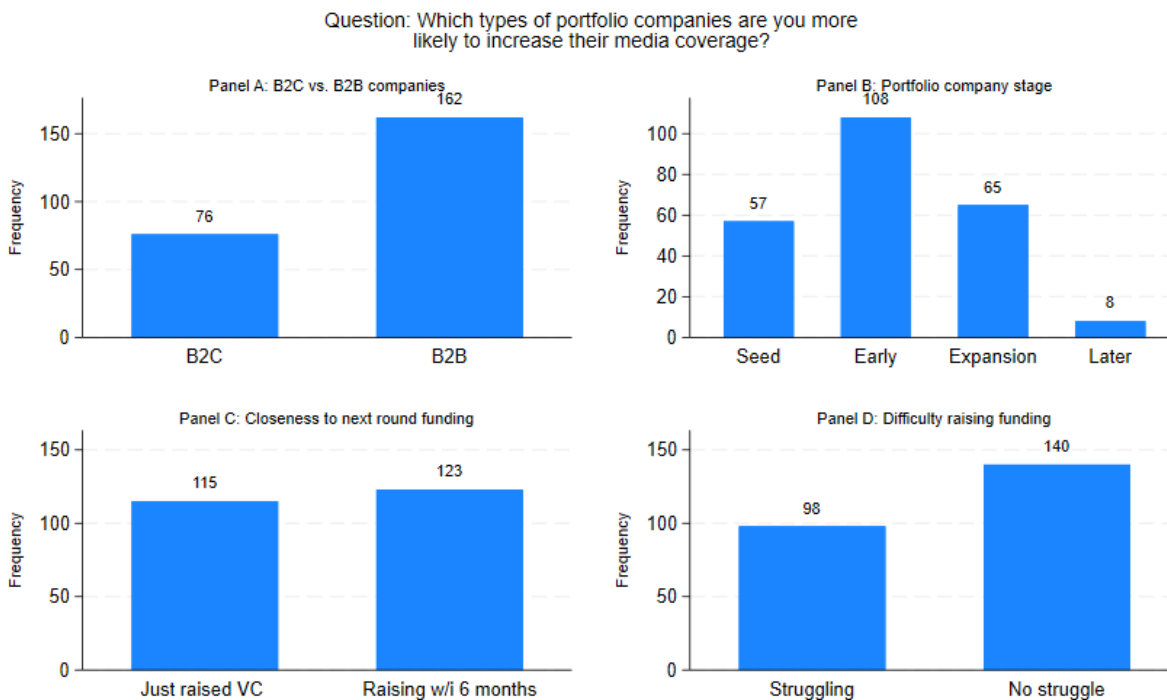
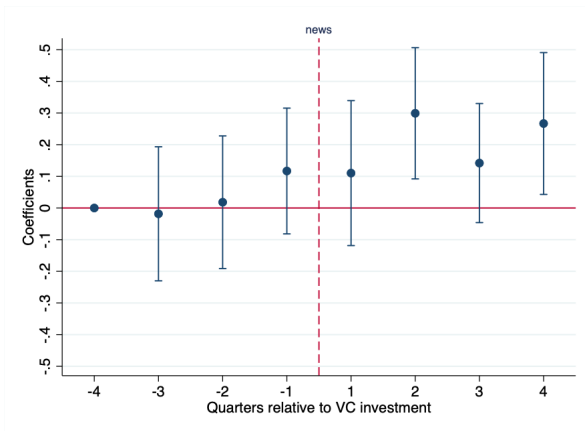


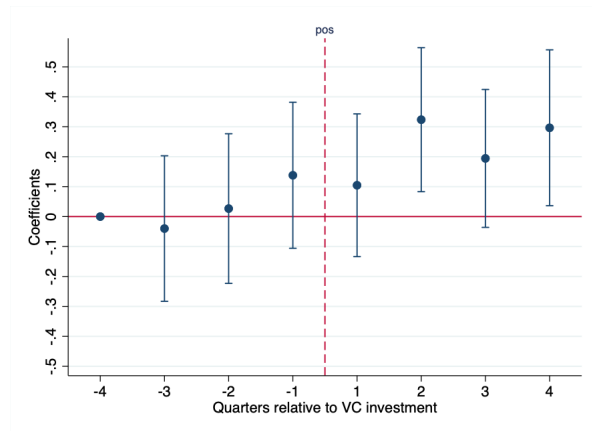
Figure 7: News articles by each quarter relative to VC investment

This figure presents the level of coefficients associated with $Treat \times RelQuarters$ (in Equation 1). The X-axis shows the quarters relative to the VC investment date; the dotted vertical red line denotes the quarter in which the VC invested in the portfolio firm. Panel A, B, and C show the results using total number of news, positive news, and negative news, respectively, as dependent variables.

Panel A: All news



Panel B: Positive news



Panel C: Negative news

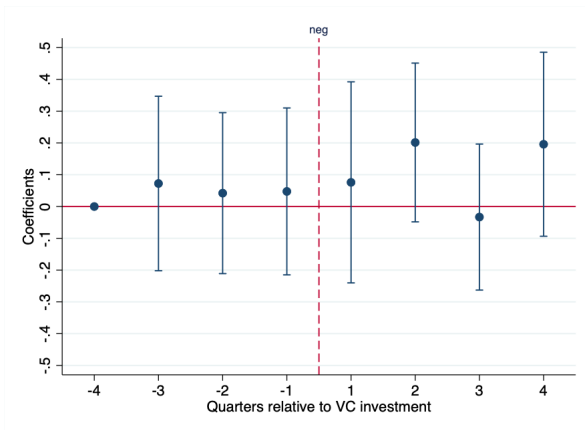


Table 1: Number of Transactions

This table reports the number of portfolio-company-rounds involved in our sample. Panel A reports this statistic by headquarter state; Panel B, by investment round.

Panel A: By state

| State | N | % |
|----------------|------|--------|
| California | 1177 | 47.94% |
| Massachusetts | 398 | 16.21% |
| North Carolina | 104 | 4.24% |
| New Jersey | 101 | 4.11% |
| Texas | 100 | 4.07% |
| Maryland | 75 | 3.05% |
| Washington | 60 | 2.44% |
| Colorado | 55 | 2.24% |
| New York | 52 | 2.12% |
| Pennsylvania | 51 | 2.08% |
| Other States | 282 | 11.49% |

Panel B: By investment round

| Round | N | % |
|-------|-----|--------|
| 1 | 255 | 10.39% |
| 2 | 391 | 15.93% |
| 3 | 541 | 22.04% |
| 4 | 568 | 23.14% |
| 5 | 372 | 15.15% |
| 6+ | 328 | 13.36% |

Table 2: **Sample Descriptive Statistics**

This table presents the descriptive statistics of our regression sample. Panel A (Panel B) shows the descriptive statistics for the treated (control) company-rounds, separated by pre-VC investment and post-VC investment. All continuous variables are winsorized at the top and bottom 1% level.

Panel A: Treated company-rounds

| Pre-VC | N | Mean | SD | p10 | p25 | p50 | p75 | p90 |
|--------------------|-------|-------|-------|-----|-----|-----|-----|-----|
| <i>AllNews</i> | 21610 | 10.64 | 41.52 | 0 | 0 | 0 | 3 | 15 |
| <i>PosNews</i> | 21610 | 7.49 | 27.45 | 0 | 0 | 0 | 3 | 12 |
| <i>NegNews</i> | 21610 | 2.54 | 14.12 | 0 | 0 | 0 | 0 | 0 |
| <i>Age</i> | 21610 | 5.68 | 3.66 | 1 | 3 | 5 | 8 | 11 |
| <i>Event Count</i> | 21610 | 3.07 | 6.82 | 1 | 1 | 1 | 3 | 5 |
| Post-VC | N | Mean | SD | p10 | p25 | p50 | p75 | p90 |
| <i>AllNews</i> | 17288 | 17.30 | 48.56 | 0 | 0 | 2 | 11 | 35 |
| <i>PosNews</i> | 17288 | 12.12 | 30.75 | 0 | 0 | 2 | 9 | 29 |
| <i>NegNews</i> | 17288 | 4.28 | 18.28 | 0 | 0 | 0 | 0 | 4 |
| <i>Age</i> | 17288 | 6.78 | 3.62 | 3 | 4 | 6 | 9 | 12 |
| <i>Event Count</i> | 17288 | 3.06 | 6.80 | 1 | 1 | 1 | 3 | 5 |

Panel B: Control company-rounds

| Pre-VC | N | Mean | SD | p10 | p25 | p50 | p75 | p90 |
|--------------------|-------|-------|-------|-----|-----|-----|-----|-----|
| <i>AllNews</i> | 68270 | 14.75 | 48.18 | 0 | 0 | 0 | 6 | 27 |
| <i>PosNews</i> | 68270 | 9.88 | 30.64 | 0 | 0 | 0 | 5 | 20 |
| <i>NegNews</i> | 68270 | 3.85 | 17.13 | 0 | 0 | 0 | 0 | 3 |
| <i>Age</i> | 68270 | 6.70 | 4.23 | 1 | 4 | 6 | 9 | 12 |
| <i>Event Count</i> | 68270 | 3.40 | 7.43 | 1 | 1 | 1 | 3 | 6 |
| Post-VC | N | Mean | SD | p10 | p25 | p50 | p75 | p90 |
| <i>AllNews</i> | 54616 | 21.08 | 57.60 | 0 | 0 | 2 | 13 | 41 |
| <i>PosNews</i> | 54616 | 14.16 | 35.96 | 0 | 0 | 2 | 10 | 32 |
| <i>NegNews</i> | 54616 | 5.51 | 21.25 | 0 | 0 | 0 | 0 | 7 |
| <i>Age</i> | 54616 | 7.78 | 4.22 | 3 | 5 | 8 | 10 | 13 |
| <i>Event Count</i> | 54616 | 3.40 | 7.43 | 1 | 1 | 1 | 3 | 6 |

Table 3: **Increase in News Post-VC Investment**

This table presents PPML regression results from Equation 1. Columns (1), (2), and (3) present results using the number of all news, positive news, and negative news as dependent variables, respectively. All variables are defined in Appendix A. All continuous variables are winsorized at the top and bottom 1% level. Standard errors are clustered at the VC-Company and Year-Quarter level and are reported in parentheses. Controls include *Age* and *Event Count*. Significance levels are indicated by *, **, *** for 10%, 5%, and 1%, respectively.

| | (1) | (2) | (3) |
|--------------|---------------------|---------------------|------------------|
| | <i>AllNews</i> | <i>PosNews</i> | <i>NegNews</i> |
| Treat × Post | 0.174*** (0.05) | 0.196*** (0.05) | 0.072 (0.07) |
| Treat | -0.110*** (0.04) | -0.124*** (0.04) | -0.001 (0.06) |
| Post | 0.052** (0.02) | 0.071*** (0.03) | 0.014 (0.04) |
| Controls | Yes | Yes | Yes |
| VC-Co-Rnd FE | Yes | Yes | Yes |
| Ind-Yr FE | Yes | Yes | Yes |
| State-Yr FE | Yes | Yes | Yes |
| Observations | 141,085 | 139,804 | 73,478 |
| Pseudo R-sq | 0.816 | 0.764 | 0.816 |
| Cluster | VC-Co, YQ | VC-Co, YQ | VC-Co, YQ |

Table 4: **Robustness Tests: Alternative Settings**

This table presents robustness tests using different settings and measures. Panel A presents results from an OLS regression similar to Equation 1, but with an alternative dependent variable: a dispersion ratio of news-to-events. Columns (1), (2), and (3) present results regressing on the number of all news, positive news, and negative news, divided by the total number of events in a given quarter, as dependent variables, respectively. Panel B presents PPML regression results from Equation 1, but with an alternative set of control companies (i.e., non-VC-backed companies). Panel C restricts our sample to round one investments and re-estimates Equation 1. Columns (1), (2), and (3) present results using the number of all news, positive news, and negative news as dependent variables, respectively. All variables are defined in Appendix A. All continuous variables are winsorized at the top and bottom 1% level. Standard errors are clustered at the VC-Company and Year-Quarter level and are reported in parentheses. Controls include *Age* and *Event Count*. Significance levels are indicated by *, **, *** for 10%, 5%, and 1%, respectively.

| Panel A: Dispersion Measure | | | |
|-------------------------------------|--------------------|--------------------|--------------------|
| | (1) | (2) | (3) |
| | <i>AllEvents</i> | <i>PosEvents</i> | <i>NegEvents</i> |
| Treat × Post | 0.610*** (0.19) | 0.431*** (0.15) | 0.065 (0.05) |
| Treat | -0.278** (0.13) | -0.221** (0.09) | -0.012 (0.04) |
| Post | 0.607*** (0.10) | 0.540*** (0.08) | 0.073*** (0.03) |
| Controls | Yes | Yes | Yes |
| VC-Co-Rnd FE | Yes | Yes | Yes |
| Ind-Yr FE | Yes | Yes | Yes |
| State-Yr FE | Yes | Yes | Yes |
| Observations | 131,081 | 131,081 | 131,081 |
| Adj. R-sq | 0.441 | 0.378 | 0.461 |
| Cluster | VC-Co, YQ | VC-Co, YQ | VC-Co, YQ |
| Panel B: Non-VC-backed firms | | | |
| | (1) | (2) | (3) |
| | <i>AllNews</i> | <i>PosNews</i> | <i>NegNews</i> |
| Treat × Post | 0.528*** (0.12) | 0.628*** (0.10) | 0.362** (0.18) |
| Post | 0.004 (0.02) | -0.012 (0.02) | 0.005 (0.04) |
| Controls | Yes | Yes | Yes |
| VC-Co-Rnd FE | Yes | Yes | Yes |
| Ind-Yr FE | Yes | Yes | Yes |
| State-Yr FE | Yes | Yes | Yes |
| Observations | 78,082 | 73,159 | 62,456 |
| Pseudo R-sq | 0.705 | 0.563 | 0.519 |
| Cluster | VC-Co, YQ | VC-Co, YQ | VC-Co, YQ |

Table 4. [Continued]

| Panel C: Round 1 only | | | |
|------------------------------|------------------|--------------------|-------------------|
| | (1) | (2) | (3) |
| | <i>AllNews</i> | <i>PosNews</i> | <i>NegNews</i> |
| Treat × Post | 0.643 (0.41) | 0.891*** (0.34) | -0.847* (0.49) |
| Treat | -0.220 (0.43) | -0.669** (0.34) | 0.799* (0.48) |
| Post | 0.043 (0.11) | 0.035 (0.12) | -0.002 (0.20) |
| Controls | Yes | Yes | Yes |
| VC-Co-Rnd FE | Yes | Yes | Yes |
| Ind-Yr FE | Yes | Yes | Yes |
| State-Yr FE | Yes | Yes | Yes |
| Observations | 8,161 | 7,967 | 2,382 |
| Pseudo R-sq | 0.765 | 0.709 | 0.721 |
| Cluster | VC-Co, YQ | VC-Co, YQ | VC-Co, YQ |

Table 5: Mechanisms - Company-Initiated News vs. Non-Company-Initiated News

This table re-estimates the main regression (Equation 1), but further categorizes the dependent variable into company-initiated (Columns (1)-(3)) and non-company-initiated status (Columns (4)-(6)). All variables are defined in Appendix A. All continuous variables are winsorized at the top and bottom 1% level. Standard errors are clustered at the VC-Company and Year-Quarter level and are reported in parentheses. Controls include *Age* and *Event Count*. Significance levels are indicated by *, **, *** for 10%, 5%, and 1%, respectively.

| | <i>Company-Initiated</i> | | | <i>Non Company-Initiated</i> | | |
|--------------|--------------------------|-----------------------|-----------------------|------------------------------|-----------------------|-----------------------|
| | (1) <i>AllNews</i> | (2) <i>PosNews</i> | (3) <i>NegNews</i> | (4) <i>AllNews</i> | (5) <i>PosNews</i> | (6) <i>NegNews</i> |
| Treat × Post | 0.252*** (0.05) | 0.242*** (0.06) | 0.082 (0.18) | 0.167*** (0.06) | 0.191*** (0.05) | 0.073 (0.07) |
| Treat | -0.106** (0.04) | -0.099** (0.05) | 0.022 (0.15) | -0.112*** (0.04) | -0.129*** (0.05) | -0.004 (0.06) |
| Post | 0.114*** (0.03) | 0.129*** (0.03) | 0.073 (0.07) | 0.039 (0.02) | 0.056** (0.03) | 0.013 (0.04) |
| Controls | Yes | Yes | Yes | Yes | Yes | Yes |
| VC-Co-Rnd FE | Yes | Yes | Yes | Yes | Yes | Yes |
| Ind-Yr FE | Yes | Yes | Yes | Yes | Yes | Yes |
| State-Yr FE | Yes | Yes | Yes | Yes | Yes | Yes |
| Observations | 132940 | 131977 | 30739 | 133579 | 131552 | 68984 |
| Pseudo R-sq | 0.395 | 0.348 | 0.240 | 0.836 | 0.792 | 0.818 |
| Cluster | VC-Co, YQ | VC-Co, YQ | VC-Co, YQ | VC-Co, YQ | VC-Co, YQ | VC-Co, YQ |

Table 6: **Midas List Investors**

This table re-estimates the main regression (Equation 1) interacted with a dummy variable, Midas, which equals 1 when the investing VC firm has at least one individual ranked in the Midas List at the year of investment, and 0 otherwise. Columns (1)-(3) (Columns (4)-(6)) present results using the number of company-initiated (non-company-initiated) news as dependent variables, respectively. All variables are defined in Appendix A. All continuous variables are winsorized at the top and bottom 1% level. Standard errors are clustered at the VC-Company and Year-Quarter level and are reported in parentheses. Controls include *Age* and *Event Count*. Significance levels are indicated by *, **, *** for 10%, 5%, and 1%, respectively.

| | <i>Company-Initiated</i> | | | <i>Non- Company-Initiated</i> | | |
|----------------------|-------------------------------|-----------------------|-----------------------|-------------------------------|-----------------------|-----------------------|
| | (1) <i>AllNews</i> | (2) <i>PosNews</i> | (3) <i>NegNews</i> | (4) <i>AllNews</i> | (5) <i>PosNews</i> | (6) <i>NegNews</i> |
| Treat × Post × Midas | 0.086 (0.11) | 0.124 (0.10) | 0.125 (0.30) | 0.252*** (0.09) | 0.263*** (0.09) | 0.266** (0.12) |
| Treat × Post | 0.330*** (0.07) | 0.353*** (0.08) | 0.132 (0.27) | 0.133** (0.07) | 0.150** (0.06) | 0.057 (0.08) |
| Post × Midas | -0.009 (0.05) | -0.031 (0.05) | 0.036 (0.09) | -0.017 (0.03) | -0.017 (0.04) | -0.039 (0.02) |
| Treat | -0.231*** (0.07) | -0.222*** (0.08) | -0.195 (0.22) | -0.076 (0.06) | -0.075 (0.06) | -0.020 (0.08) |
| Post | 0.163*** (0.05) | 0.179*** (0.05) | 0.126 (0.12) | 0.053* (0.03) | 0.077** (0.04) | 0.020 (0.04) |
| Controls | Yes | Yes | Yes | Yes | Yes | Yes |
| VC-Co-Rnd FE | Yes | Yes | Yes | Yes | Yes | Yes |
| Ind-Yr FE | Yes | Yes | Yes | Yes | Yes | Yes |
| State-Yr FE | Yes | Yes | Yes | Yes | Yes | Yes |
| Observations | 66650 | 65822 | 14588 | 73391 | 72860 | 41864 |
| Pseudo R-sq | 0.407 | 0.371 | 0.231 | 0.822 | 0.773 | 0.803 |
| Cluster | VC-Co, YQ VC-Co, YQ VC-Co, YQ | | | VC-Co, YQ VC-Co, YQ VC-Co, YQ | | |

Table 7: **Early Rounds**

This table re-estimates the main regression (Equation 1) interacted with a dummy variable, *Early*, which equals 1 when Pitchbook codes the deal type as one of the following: “Angel,” “Seed,” or “Early Stage VC,” and 0 otherwise. Columns (1)-(3) (Columns (4)-(6)) present results using the number of company-initiated (non-company-initiated) news as dependent variables, respectively. All variables are defined in Appendix A. All continuous variables are winsorized at the top and bottom 1% level. Standard errors are clustered at the VC-Company and Year-Quarter level and are reported in parentheses. Controls include *Age* and *Event Count*. Significance levels are indicated by *, **, *** for 10%, 5%, and 1%, respectively.

| | <i>Company-Initiated</i> | | | <i>Non- Company-Initiated</i> | | |
|----------------------|-------------------------------|-----------------------|-----------------------|-------------------------------|-----------------------|-----------------------|
| | (1) <i>AllNews</i> | (2) <i>PosNews</i> | (3) <i>NegNews</i> | (4) <i>AllNews</i> | (5) <i>PosNews</i> | (6) <i>NegNews</i> |
| Treat × Post × Early | 0.200* (0.11) | 0.242** (0.11) | -0.786* (0.41) | 0.244 (0.20) | 0.402** (0.18) | -0.182 (0.27) |
| Treat × Post | 0.222*** (0.05) | 0.212*** (0.06) | 0.216 (0.20) | 0.158*** (0.06) | 0.176*** (0.06) | 0.081 (0.07) |
| Treat × Early | -0.255** (0.12) | -0.251** (0.12) | 0.701** (0.31) | -0.665*** (0.20) | -0.791*** (0.19) | -0.413 (0.30) |
| Treat | -0.066 (0.05) | -0.067 (0.05) | -0.117 (0.17) | -0.075* (0.04) | -0.089* (0.05) | 0.014 (0.06) |
| Post | 0.113*** (0.03) | 0.120*** (0.03) | 0.072 (0.07) | 0.033 (0.03) | 0.047 (0.03) | 0.014 (0.04) |
| Controls | Yes | Yes | Yes | Yes | Yes | Yes |
| VC-Co-Rnd FE | Yes | Yes | Yes | Yes | Yes | Yes |
| Ind-Yr FE | Yes | Yes | Yes | Yes | Yes | Yes |
| State-Yr FE | Yes | Yes | Yes | Yes | Yes | Yes |
| Observations | 132940 | 131977 | 30739 | 133579 | 131552 | 68984 |
| Pseudo R-sq | 0.395 | 0.348 | 0.241 | 0.837 | 0.793 | 0.819 |
| Cluster | VC-Co, YQ VC-Co, YQ VC-Co, YQ | | | VC-Co, YQ VC-Co, YQ VC-Co, YQ | | |

Table 8: **Changes in Article Sentiment Pre- and Post-VC Investment**

This table presents the results of OLS regression in Equation 2. Columns (1)-(3) (Columns (4)-(6)) report regression results using company-initiated articles (non-company-initiated articles). Column (1) and (4) show results for all events; (2) and (5) for positive events ($ESS > 50$); and (3) and (6) for negative events ($ESS < 50$), respectively. All variables are defined in Appendix A. All continuous variables are winsorized at the top and bottom 1% level. Standard errors are clustered at the VC-Company and Year-Quarter level and are reported in parentheses. Controls include *Age* and *ESS*. Significance levels are indicated by *, **, *** for 10%, 5%, and 1%, respectively.

| | <i>Company-Initiated</i> | | | <i>Non- Company-Initiated</i> | | |
|---------------|--------------------------|--------------------------|--------------------------|-------------------------------|--------------------------|--------------------------|
| | (1) <i>All Events</i> | (2) <i>Pos Events</i> | (3) <i>Neg Events</i> | (4) <i>All Events</i> | (5) <i>Pos Events</i> | (6) <i>Neg Events</i> |
| Treat × Post | -0.002 (0.00) | 0.001 (0.00) | 0.019* (0.01) | -0.017*** (0.01) | -0.002** (0.00) | -0.005 (0.01) |
| Treat | 0.001 (0.00) | -0.001 (0.00) | -0.015** (0.01) | 0.010** (0.00) | 0.001 (0.00) | 0.001 (0.01) |
| Post | 0.001* (0.00) | 0.000 (0.00) | -0.007 (0.00) | 0.008** (0.00) | -0.000 (0.00) | -0.001 (0.00) |
| Controls | Yes | Yes | Yes | Yes | Yes | Yes |
| VC-Co-Rnd FE | Yes | Yes | Yes | Yes | Yes | Yes |
| Ind-Yr FE | Yes | Yes | Yes | Yes | Yes | Yes |
| State-Yr FE | Yes | Yes | Yes | Yes | Yes | Yes |
| News Group FE | Yes | Yes | Yes | Yes | Yes | Yes |
| Observations | 215434 | 180203 | 10671 | 4234892 | 2527085 | 1633326 |
| Adj. R-sq | 0.943 | 0.787 | 0.982 | 0.892 | 0.781 | 0.932 |
| Cluster | VC-Co, YQ | VC-Co, YQ | VC-Co, YQ | VC-Co, YQ | VC-Co, YQ | VC-Co, YQ |

Internet Appendix for:

Venture Capital's Influence on Startup Media Coverage

Table IA1: **Including Quarter 0**

This table re-estimates the main regression (Equation 1) including the period right around the VC investment (i.e., quarter 0). See Appendix A for variable definitions. Standard errors are clustered at the VC-Match Pair level and are reported in parentheses. Significance levels are indicated by *, **, *** for 10%, 5%, and 1% respectively.

| | (1) | (2) | (3) |
|------------------|--------------------|--------------------|------------------|
| | <i>AllNews</i> | <i>PosNews</i> | <i>NegNews</i> |
| Treat × Post | 0.146*** (0.05) | 0.157*** (0.05) | 0.094 (0.06) |
| Treat | -0.084** (0.03) | -0.084** (0.04) | -0.027 (0.05) |
| Post | 0.046* (0.02) | 0.060** (0.03) | 0.021 (0.04) |
| Include Zero Qtr | Yes | Yes | Yes |
| Controls | Yes | Yes | Yes |
| VC-Co-Rnd FE | Yes | Yes | Yes |
| Ind-Yr FE | Yes | Yes | Yes |
| State-Yr FE | Yes | Yes | Yes |
| Observations | 159141 | 157886 | 85311 |
| Pseudo R-sq | 0.817 | 0.766 | 0.816 |
| Cluster | VC-Co, YQ | VC-Co, YQ | VC-Co, YQ |

Table IA2: **Alternative fixed effects**

This table re-estimates the main regression (Equation 1) using alternative fixed effects. See Appendix A for variable definitions. Standard errors are clustered at the VC-Company and Year-Quarter level and are reported in parentheses. Significance levels are indicated by *, **, *** for 10%, 5%, and 1% respectively.

| | (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) | (9) |
|--------------|--------------------|--------------------|---------------------|--------------------|--------------------|---------------------|-------------------|------------------|---------------------|
| | <i>AllNews</i> | <i>AllNews</i> | <i>AllNews</i> | <i>PosNews</i> | <i>PosNews</i> | <i>PosNews</i> | <i>NegNews</i> | <i>NegNews</i> | <i>NegNews</i> |
| Treat × Post | 0.230*** (0.07) | 0.184*** (0.06) | 0.199*** (0.07) | 0.225*** (0.07) | 0.192*** (0.05) | 0.206*** (0.07) | 0.242** (0.10) | 0.124 (0.08) | 0.162* (0.10) |
| Treat | -0.119** (0.06) | -0.106** (0.04) | -0.239*** (0.06) | -0.118** (0.05) | -0.113** (0.05) | -0.224*** (0.06) | -0.036 (0.08) | -0.001 (0.06) | -0.227*** (0.07) |
| Post | 0.053* (0.03) | 0.057** (0.02) | 0.232*** (0.03) | 0.075** (0.03) | 0.079*** (0.03) | 0.250*** (0.03) | -0.010 (0.04) | 0.004 (0.04) | 0.221*** (0.05) |
| Controls | Yes | Yes | Yes | Yes | Yes | Yes | Yes | Yes | Yes |
| VC-Co-Rnd FE | Yes | Yes | No | Yes | Yes | No | Yes | Yes | No |
| Ind-Yr FE | No | Yes | Yes | No | Yes | Yes | No | Yes | Yes |
| State-Yr FE | Yes | No | Yes | Yes | No | Yes | Yes | No | Yes |
| Observations | 142,325 | 141,974 | 141,279 | 141,451 | 140,791 | 140,969 | 77,720 | 75,375 | 123,957 |
| Pseudo R-sq | 0.794 | 0.805 | 0.658 | 0.741 | 0.753 | 0.617 | 0.785 | 0.805 | 0.695 |
| Cluster | VC-Co, YQ | VC-Co, YQ | VC-Co, YQ | VC-Co, YQ | VC-Co, YQ | VC-Co, YQ | VC-Co, YQ | VC-Co, YQ | VC-Co, YQ |

Table IA3: OLS

This table re-estimates the main regression (Equation 1) using OLS with $\log(1+\text{news count})$ as the dependent variable. See Appendix A for variable definitions. Standard errors are clustered at the VC-Company and Year-Quarter level and are reported in parentheses. Significance levels are indicated by *, **, *** for 10%, 5%, and 1% respectively.

| | (1) | (2) | (3) |
|---------------------|--------------------|---------------------|--------------------|
| | <i>Log AllNews</i> | <i>Log PosNews</i> | <i>Log NegNews</i> |
| Treat \times Post | 0.215*** (0.04) | 0.189*** (0.04) | 0.032* (0.02) |
| Treat | -0.071** (0.03) | -0.069*** (0.03) | -0.007 (0.02) |
| Post | 0.129*** (0.02) | 0.116*** (0.02) | 0.024*** (0.01) |
| Controls | Yes | Yes | Yes |
| VC-Co-Rnd FE | Yes | Yes | Yes |
| Ind-Yr FE | Yes | Yes | Yes |
| State-Yr FE | Yes | Yes | Yes |
| Observations | 143,800 | 143,800 | 143,800 |
| Adj. R-sq | 0.632 | 0.599 | 0.700 |
| Cluster | VC-Co, YQ | VC-Co, YQ | VC-Co, YQ |

Figure IA1: Survey questions

Start of Block: Rationale

Introduction In this part of the survey, we will ask you questions about how interested and involved your VC firm is with your portfolio company's media coverage.

Q1 Overall, do you actively take measures to increase your portfolio company's media coverage?

- Never
 - Rarely
 - Sometimes
 - Often
 - Always
-

Page Break

Q2 Below are potential reasons why you are not taking measures to increase portfolio firm media coverage. Please select the extent to which you agree with the following reasons:

| | Strongly disagree | Disagree | Somewhat disagree | Neither agree nor disagree | Somewhat agree | Agree | Strongly agree |
|--|-----------------------|-----------------------|-----------------------|----------------------------|-----------------------|-----------------------|-----------------------|
| Focusing on portfolio company's product/service quality is more important for growth. | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| Other marketing strategies (e.g., advertisements) are more important for portfolio company growth. | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| Potential investors of the company have other sources to obtain information about my portfolio company. | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| I don't want the portfolio company's competitors to learn about the company's strategy. | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| Media is handled mostly at the portfolio company level. | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| There are journalists that follow my VC firm who will write about my portfolio company even if I do not take any measures. | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |

Q3 Are there any additional reasons why your VC firm does not take measures to increase the portfolio company's media coverage? Please include these below:

Page Break

Q4 Below are potential reasons why you are taking measures to increase portfolio company media coverage. Please select the extent to which you agree with the following reasons:

| | Strongly Disagree | Disagree | Somewhat disagree | Neither agree nor disagree | Somewhat agree | Agree | Strongly agree |
|---|-----------------------|-----------------------|-----------------------|----------------------------|-----------------------|-----------------------|-----------------------|
| Media helps my portfolio companies to increase their revenue | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| Media helps increase the exit value of my portfolio company | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| Media helps recognition and branding of my portfolio company | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| Potential clients or suppliers of the portfolio company may search for articles of my portfolio company | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| Media helps attract more VC investors in the subsequent fundraising round of my portfolio company | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| Media helps attract better talent of my portfolio company | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| Media (about my portfolio company) helps my VC firm raise its subsequent fund. | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |

Q5 Are there any additional reasons why your VC firm takes measures to increase the portfolio company's media coverage? Please include these below:

End of Block: Rationale

Start of Block: Timing

Q6 At what point is it important to increase your portfolio company's media exposure? Please rank each option:

| | Not important at all | Slightly important | Moderately important | Very important | Extremely important |
|--|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Immediately after my VC firm's investment | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| Anytime when my VC firm is holding the portfolio company | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| When we (the VC firm) are trying to exit the portfolio company | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| Around a new feature or product release of the portfolio company | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| Around key hires of the portfolio company | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| When my portfolio company is doing well | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| When my portfolio company is not doing well | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| When we (the VC firm) are fundraising for the subsequent fund | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |

End of Block: Timing

Start of Block: Personnel/Resources

Q7 My VC firm takes the following steps to increase my portfolio company's media exposure once I invest in the company (select all that apply):

- Answer inbound emails and calls from journalists about the portfolio company
- Official PR report and announcement on VC firm's blog
- Reach out to journalists to write articles about my portfolio company
- Organize media interviews with portfolio company management
- Persuade portfolio company to increase press releases
- Introduce PR firms to portfolio companies

Page Break

Q8 Which media outlet do you most frequently choose to disseminate media articles on portfolio companies?

- National (e.g., Wall Street Journal)
- Local (e.g., The Boston Globe, NBC Chicago)
- Industry Focus (e.g., TechCrunch)

End of Block: Personnel/Resources

Start of Block: Methods

Q9 My VC firm prioritizes in engaging with a portfolio company's media coverage when the portfolio company has the following characteristic (select the best option):

Q10 Portfolio company's customer base

- B2C
- B2B

Q11 Portfolio company development stage

- Seed
- Early
- Expansion
- Later

Q29 VC firm role in the portfolio company:

- When your VC firm is the lead investor in the portfolio company
 - When your VC firm has a board seat in the portfolio company
 - When your VC firm neither is the lead investor nor has a board seat in the portfolio company
-

Q12 Portfolio company's closeness to next round funding

- Just raised a funding round
 - Raising funding within the next 6 months
-

Q13 Portfolio company's difficulty in raising funding

- Struggling to raise subsequent VC funding round
 - Would not have trouble raising subsequent VC funding round
-

Q14 Portfolio company's difficulty in exiting

- Struggling to exit the portfolio company
- Would not have trouble exiting the portfolio company

End of Block: Methods

Start of Block: "Census Questions"

Q15 What industries does your VC firm primarily invest in?

- Financial Technology
 - E-Commerce and Direct-to-Consumer software
 - Healthcare
 - B2B Software
 - Internet Media and Social Media
 - EdTech
 - Crypto
 - Other _____
-

Q16 Which location does your VC firm focus on investing in?

- US West Coast
- US East Coast
- Other US areas
- Other North America
- South America
- Europe
- Africa
- Asia/Oceania

Page Break

Q17 How often do you meet on average with the founder/management for a given portfolio company?

- 1 time a week
- 2-3 times a week
- 2-3 times a month
- 1 time a month
- 1 time a quarter

Q18 What stage investments does your VC firm focus on?

- Seed
- Early
- Expansion
- Later

Q19 How many of your VC firm's portfolio companies have you interacted with directly in the past month?

1-4

5-8

8+

Q20 How many years have you been in the VC investing industry?

End of Block: "Census Questions"

Start of Block: Comments and Questions

Q21 (Optional) Thank you for taking the time to answer our survey. Please let us know if you have any comments about our survey below.

End of Block: Comments and Questions

Figure IA2: Solicitation email for the survey

From: Brian Baik <noreply@gemailserver.com>
Date: Wednesday, 26 April 2023 at 3:36 PM
To: [REDACTED]
Subject: [REDACTED]: Researcher Survey on VC-Funded Startups

Hello,

We are writing to let you know that we are collecting survey responses from venture capitalists, like you, who invest or oversee investment performance until May 18th 11:59 EST.

Please help us further understand the relationship between media coverage and VC-backed startups by filling out this 5-minute survey.

Follow this link to the Survey:

[Take the Survey](#)

Or copy and paste the URL below into your internet browser:

https://hbs.qualtrics.com/ife/form/SV_0NiPxIbIiV7fedg?Q_DL=RQ4DCH0BPzdl7R0_0NiPxIbIiV7fedg_CGC_24gUGMOQHBgmQYH&Q_CHL=email

All responses will be anonymized and aggregated into final survey results. If you have any questions or interest in the project, please feel free to contact me at bbaik@hbs.edu

Thank you for your time and consideration,

Brian Baik

--

Brian K. Baik

Assistant Professor of Business Administration

Harvard Business School

Morgan Hall 378

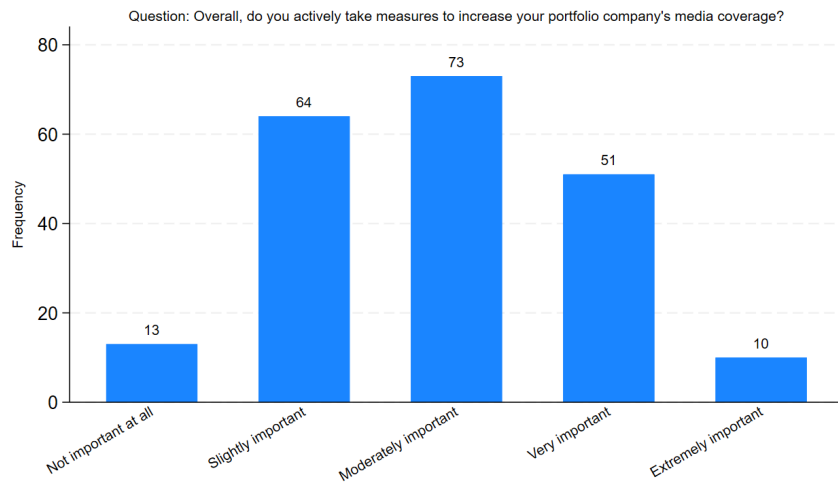
bbaik@hbs.edu | 617.496.0282

Follow the link to opt out of future emails:

[Click here to unsubscribe](#)

Figure IA3: Survey results from discarded responses

Panel A: Survey responses using different classifications (Not important-Extremely important)



Panel B: Survey responses using Yes/No

