

THE GREAT INVESTMENT CONTENT PARADOX

**Putting imagination, energy and purpose into
investment content**

A Communications and Content paper

TABLE OF CONTENTS

INTRODUCTION	4
READABILITY AND READING AGE	5
THE READING AGE OF INVESTMENT CONTENT AUDIENCES	6
HOW READABLE IS UK INVESTMENT CONTENT?	8
AN ACADEMIC BIAS	11
PUTTING READABILITY TO WORK	14
ABOUT THE RESEARCH	15
ABOUT THE AUTHOR	16

Reading length: 19 minutes | Reading age: 14 years

IN SUMMARY

Investment content isn't as readable as it could be. And that's both an engagement challenge and a commercial opportunity for the investment management industry.

We analysed 54 blogs, papers and other written items from award-winning businesses for ease of reading – also known as readability – and found two things:

1. Content can be too complex

Most investment content overestimates the average reading level of its audiences.

A large proportion overshoots significantly – being more complex than even academic papers – while a small portion undershoots reader levels and is very easy to read.

2. Content is not always targeted

There's no discernable correlation between readability and the labels pinned to items of investment content, such as 'professional clients only' or 'individual investors'.

Intuitively, it might be assumed that simpler items would be aimed at individual investors and more technical ones at those who invest for a living. But we found that sometimes they are and sometimes they aren't.

In our research we were looking for fairly low scores – ideally a reading age of 14.8 – because that's the level at which the most successful parts of the financial media tend to sit.

We think the financial media is the most appropriate benchmark for investment content. When the latter achieves higher scores that means it's more complex. You might have noticed above that this paper itself has about the right reading age – but more on all this later.

So, if a large proportion of investment content is hard to read there's a huge opportunity to make it significantly more readable.

This can provide a boost to engagement, trust, reputation – and commercial performance.

INTRODUCTION

There's a paradox right at the heart of investment communications.

Companies who manage other people's money are staffed with some of the brightest talent available. And they're not short of interesting ideas.

But some of these firms struggle to express those ideas with imagination, energy and purpose. And this has a negative effect on client engagement.

According to our analysis, it's because much of the material achieves poor readability scores.

In other words, the material is often too complex for the audience it aims to help.

In fact, the Communications and Content analysis found that content from a group of award-winning investment businesses has more in common with academic papers than it does the financial media.

It's fair to say that academic papers are non-commercial documents, created for peer review with limited circulation. They're not written to engage a broader audience of experts and lay people.

The financial media is a highly commercial model, designed to inform, educate, influence and, sometimes, entertain – irrespective of the reader's knowledge levels.

We think the financial media is a more appropriate average benchmark for investment content than academic papers. It's a proven method of engaging with (and influencing) people.

So there's a huge and significant opportunity to make investment content far more readable – and, in the process, boost engagement, credibility and reputation.

We analysed readability because it plays to human nature: someone will be more likely to grasp an idea expressed with simplicity than complexity.

At Communications and Content, we've developed a model to help companies create content and thought leadership that meets their audience readability capabilities – irrespective of how complex the underlying ideas are.

We call it the [Style Spectrum](#).

In this paper we explain readability and reading ages, why all this matters and we outline how to improve readability.

Our expert contributor Charlie Corbett, award-winning business author, financial journalist and founder of The Plain Speaking Institute, also busts a few myths along the way.

We hope you find it useful.

“Our analysis shows that much investment content is too complex for the audience it's meant to help”

“There's a significant opportunity to make investment content far more readable”

READABILITY AND READING AGE

Readability

/ri də b l ti/

noun: the quality of being easily understood – and / or enjoyable to read

A simple sentence is more readable than a complex one.

This is courteous as well as intuitive. A writer who respects their reader will try to make their material as easy as possible to read.

Readability can be measured in different ways.

One of the simplest is to measure word and sentence length. There are several free tools that do this – and one is the Automatic Readability Checker¹, which is the basis for the research published here.

These tools provide readability scores – which are usually aligned to an academic cohort or year group – and a reading age.

Our research focuses mainly on the latter of these metrics – because what really matters to us is whether investment content is aimed at the correct reading age for its audience.

In the UK, the average UK reading age is said to be between nine and 11 years old. The Sun newspaper is aimed at this reading age – but then so is most UK Government web content².

But would a nine year old read a Government website? And should they read The Sun? Of course not – but that's not the point.

Reading age is a technical measurement used in schools and elsewhere to assess literacy. It looks at when a human being's acquired vocabulary starts to plateau. This can easily start at age nine. It doesn't really matter that people pick up new words and drop old ones beyond that age.

We believe creators of investment content should keep the dial on or around 14.8 years – which is the financial media reading age.

A lower reading age brings content closer to the UK consumer average of 9-11.

Higher than 14.8 starts to approach academic levels of complexity and difficulty for the reader.



1. <http://www.readabilityformulas.com/free-readability-formula-tests.php>

2. <https://www.gov.uk/guidance/content-design/writing-for-gov-uk#how-people-read>



THE READING AGE OF INVESTMENT CONTENT AUDIENCES



UK business audiences are said to have an average reading age of 14 – or at least that’s the assumption of the creators of business-facing government websites.

This broadly tallies with the UK financial and investment media.

Their articles are written for a slightly higher reading age of 14.8, according to Communications and Content analysis. More specifically:

- The Financial Times has a reading age of 15.5 years
- The Economist’s Buttonwood columns 11
- Business articles published on [thetimes.co.uk](https://www.thetimes.co.uk) 14 and
- Articles on [IPE.com](https://www.ipe.com) 16.8.

We’re using the financial media as a benchmark for investment content readability and reading ages for two reasons.

First, professional clients tend to read the financial media to keep on top of news and developments.

A selector of bond funds or strategies might read the Financial Times, the excellent www.bondvigilantes.com, some trade magazines and perhaps an economic report or two. A private investor might drop the last two but add in The Economist.

“The financial media is the best benchmark for investment content readability”

Second, investment companies want to be on that reading list, so they can influence perceptions and decisions. Otherwise, why focus time, effort and budget on publishing content?

In the absence of detailed research into the subject, it seems clear to us that investment content that aims for an average reading age of 14.8 would have the best possible chance of appealing to its audience.

Transcript quality

So important is clarity in communications that some companies use it to make money.

The U.S. firm Los Angeles Capital is just one of a growing number of fund management businesses to use readability analysis to help its professionals make investment decisions.

They scan the transcripts of their conference calls with company management teams. When they find companies expressing simple messages with clarity they view this as a positive sign – allocating investments accordingly.

And when they see verbosity, opacity, complexity, jargon, long-winded explanations and other signs of unreadability, it sets off alarm bells – because this tells them the company management teams have something to hide.

Readability matters.



HOW READABLE IS UK INVESTMENT CONTENT?

Back to our analysis – and the research findings.

We assembled four samples of written material and put them through the readability checker – looking for reading age scores that match the investment content audience.

We found that the average investment content reading age score is almost the same as the Bank of England one, and far closer to the academic score than the financial media one.

	Average reading age (years) ³
Financial media	14.8
Investment content	18.3
Bank of England speeches	18.2
Academic papers	20.7

3. <http://www.readabilityformulas.com/free-readability-formula-tests.php>

“INVESTMENT CONTENT IS CLOSER TO THE ACADEMIC SCORE THAN THE FINANCIAL MEDIA.”

The first of our samples is a selection of 18 recent articles on the main financial media websites that investment business clients would probably read⁴.

Next we looked at 54 items of **investment content from 18 award-winning companies**⁵, split across institutional, intermediary and private client audiences. By definition, these are best-in-class businesses.

Then we looked at **academic papers covering investment issues, published by EDHEC**, the renowned business school⁶.

And we added in recent **speeches by senior Bank of England staff**⁷.

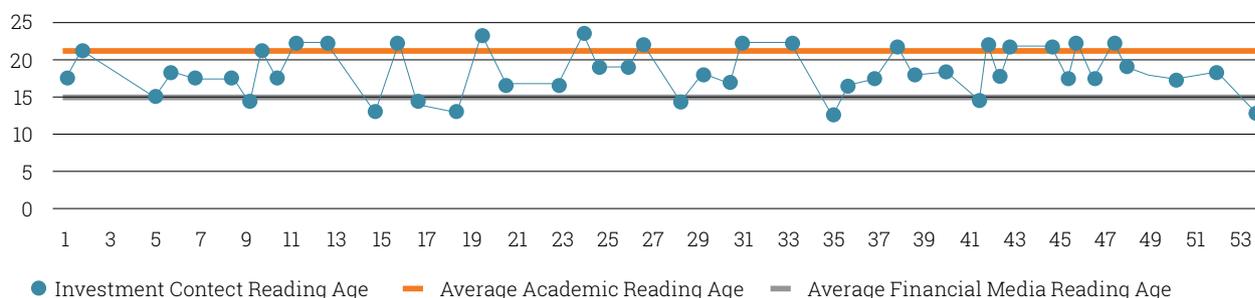
The following charts below illustrate the research findings in a little more detail, stripping out the Bank of England control.

They include both readability and reading ages. We think the main thing to remember is that the higher the number, the more unreadable the material – relative to average audience capabilities.

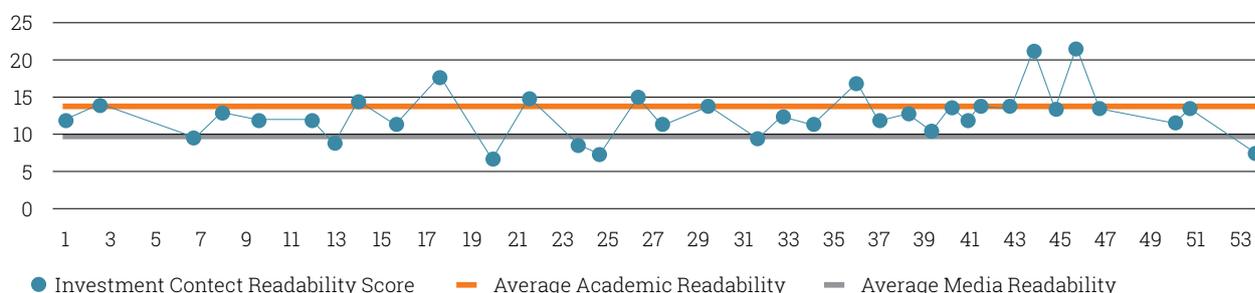
The flat lines are averages, while the varied blue points represent scores for each of the 54 items of investment content.

“THE ORANGE LINE IS WHEN HARD WORK REALLY KICKS IN FOR THE READER”

Investment Content Reading Ages are Closer to Academic Reading Ages than Media Reading Ages



Investment Content Readability Scores are Also Closer to Academic than Media Readability Scores



4. The Financial Times, thetimes.co.uk, The Economist and IPE.com

5. 18 companies picked up one or more awards at the 2019 Fund Manager of the Year Awards on 27 June 2019 (Invesco, Lindsell Train, Waverton, BlackRock, Amati, Man GLG, Baillie Gifford, PineBridge, PIMCO, Barings, Morgan Stanley, Royal London, Premier, Pictet, L&G, JP Morgan, TwentyFour, Schroders). Company names stated as they appear on <http://www.fmya.com/static/finalists>.

6. EDHEC Business School

7. On 13 and 4 September and 23 August 2019, see <https://www.bankofengland.co.uk/news/speeches>

If investment businesses want their content to be as readable as the financial media then we suggest the best way to look at the chart is to see the grey line at the bottom, the media score, as a benchmark.

The orange line, the average academic score, can be seen as an upper risk limit – perhaps the point at which the hard work for the reader really starts to kick in.

The blue lines in the charts above clearly show variance in their readability – and reading ages.

Looking more closely at the individual scores of these 54 items, there's a fairly consistent lean towards academic rather than media numbers:

• **A third of items (18/54) scored at or above the academic scores (readability of 14.0 and reading age of 20.7 respectively)**

- These came from 11 companies.
- Two companies, interestingly both owned by banks, have 'academic-only' readability – despite some of this material being aimed at private investors.

• **About one in six items (9/54) achieved a financial media score or lower (9.8 and 14.8).**

- These came from eight companies.
- No company achieved a "media or less" score for all of its content – and only one company achieved this with two in three of their tested items.
- None of these items was specifically aimed at a private investor audience – they are broadly aimed at institutional or wholesale audiences.

Moreover, we can't find a consistent correlation between content readability / reading age and audience.

Firstly, no item aimed at private investor audiences achieved a media score – they all hit much higher scores, suggesting more complexity, with average readability of 14.4 and average reading age of 19.4.

Secondly, material with an 'institutional' label scored across the spectrum. There were 13 items in our survey with this label and six of them achieved an academic score but the rest hit reading age levels right across the board – from 22 down to 12, which is well below the financial media level.

In the main there's no notable pattern of readability / reading age and readership label – 'institutional', 'wholesale', 'individual', 'intermediary' or 'professional'.

This is particularly interesting because it's reasonable to assume that, say, private investors might want simpler material and professional clients might read more complex items (and that some of those professional clients might be academics or hold Ph.Ds)

When we looked at the 27 items of material that achieves scores between the academic and media average we found that:

- The average reading age is 17.6 – closer to the media score (14.8) than the academic one (20.7).
- The average readability score of this subset is 12.0 – about halfway between the media score than the academic one.

We've also anonymised our findings as much as we can because we're here to help – not call anyone out.

And we also don't know the full context behind each item.

AN ACADEMIC BIAS

Why does so much investment content lean more towards the academic ideal and less towards the media one?

It's pretty clear that, in some investment management companies, there's a school of thought that academic level communications are always best.

"The cleverer we show ourselves to be," goes the thinking, "people will think better of us and trust us more."

In some cases that says something about the culture of the firm in question.

In others it indicates a proportion of readers are actual academics, who will be positively engaged by this approach.

Other companies with content sitting at or near academic levels of readability may have limited resource to triage or challenge 'raw' content from their subject matter experts.

Fund managers and other investors can be quite forceful about how their ideas should be expressed.

That's understandable.

They've already argued for the idea with peers and in challenging investment committees.

But we think that's the exact moment an idea should be handed to professional communicators – people who can work with empathy and sensitivity to marry the intellectual component of the idea with the emotional needs of the audience.

After all, it's the clients who are most affected by the idea.

"Professional communicators work with empathy and sensitivity to simplify complex ideas, without reducing their gravitas"

BUSTING THE THOUGHT LEADERSHIP MYTHS

— BY CHARLIE CORBETT, FOUNDER OF THE PLAIN SPEAKING INSTITUTE

MYTH 1: Length equals intellectual ballast.

Untrue. The very best thought-leadership articles and white papers are the ones that articulate a clear message, or messages, in the shortest way possible. When you set out to write an article or white paper, pose a question to your reader and then set about answering that question in the shortest, clearest way possible. For example: how can oil and gas companies convert to renewables in a decade? Here are five ways. Less is always more. Be sparing in your verbiage and keep religiously to your point. In the words of Mark Twain: "I'm sorry I wrote you such a long letter. I didn't have time to write a short one."

MYTH 2: Using technical language and jargon lends credibility.

No, it doesn't. Saying something credible lends credibility. Using long words, buzzwords and technical language will only put the reader off – no matter how intellectual they are. The cleverest people are the ones who can articulate the most complex ideas in a way that is easy for everybody to understand. Use short words and short sentences. Your job is to be clear, and to get your point across, and not to sound clever.

MYTH 3: You must take an academic tone.

Why? It makes life much harder for the reader. And if you make life tough for the reader, they'll stop reading. And render all your hard work and research null and void. The best way to keep people reading is to write like you are explaining something to an intelligent friend. That is, in a way that is human – with all the normal rhythms and cadences of everyday speech - but also plain and simple. The best and most engaging writers simply write as they speak. Did you commence this day with a high-temperature caffeinated beverage, or did you just get up and have a cup of tea?

MYTH 4: People read articles and white papers in full.

Despite the effort that goes in to writing them, few people will read thought-leadership articles or white papers in full. They will either give up one-third of the way through, or scan it looking for shortcuts to the conclusion. It's a sad fact of life. Always bear this in mind when you start to write. Make sure to get the most important information across at the start. And take every opportunity to summarise your findings. Don't start with your aims and methodology, start with your most interesting finding and work on from there. This will make people want to read on.

Charlie Corbett is a former financial journalist, financial communications specialist and author of the award-winning book, *The Art of Plain Speaking*. He won the Plain English Campaign's Communicator of the Year 2018 and is the founder of The Plain Speaking Institute.

THE COMMUNICATIONS & CONTENT STYLE SPECTRUM

High empiricism

High complexity

Low readability

Low accessibility

Low empiricism

Low complexity

High readability

High accessibility

◀ **ACADEMIC**

MEDIA

MARKETING ▶

#01

THE ACADEMIC STYLE

Focus on the idea

A form of expression that defines the intellectual boundaries of a discipline or area of expertise. It is characterised by formality, use of third-person, the research problem under investigation and precise word choice.

Designed to convey agreed meaning about complex ideas to experts for peer review.

#02

THE MEDIA STYLE

Focus on the reader

The presentation of a topic in the round. Often drawing on a range of sources, it emphasises readability, accessibility and the needs of the reader.

Designed to create rapport, build trust and promote reputation.

#03

THE MARKETING STYLE

Focus on the sale

Communication that conveys the commercial benefits of a product or service. It typically accentuates simplicity over complexity and is closely aligned to the commercial needs of the selling organisation.

Designed to convert readers into customers.

PUTTING READABILITY TO WORK

There's a huge opportunity to achieve lower (and therefore better) readability scores for investment content aimed at institutional, intermediary and individual audiences.

It doesn't involve dumbing down – and it doesn't require anyone to challenge a fund manager's good ideas.

But, if companies get this right then their content can achieve all the benefits that can accrue from more effective communications.

At Communications and Content we have a model that's realistically aligned with the way investment management businesses work. We don't just strip out long words and make sentences shorter.

We take qualitative and quantitative measurements of client materials and plot them on the style spectrum. Then we use this holistic view to work out what the optimum mix of materials – and styles – should be, depending on the audience.

We developed it because we take a holistic view of what our clients create, across all channels.

We think it important to look at brand, messaging, corporate positioning, product communications, client communications, RFPs and media and influencer communications in the round.

But we also use the style spectrum to help a director of marketing, corporate communications or business development determine whether they want their content to focus on the idea, the reader or the sale – or a combination of the above.

For example, a new fund will probably have a factsheet, a 'reasons to buy' leaflet and some RFP text. Both of these will probably sit closer to the marketing end of the style spectrum.

There might also be a 'case for' paper, created internally or with a credible third party, which is more technical.

And there could also be educational materials explaining why this opportunity has emerged or why it's been unjustly overlooked. These can be multimedia materials, in the media style.

Such a suite of materials, with low readability scores, gives anyone who might form an opinion about the new product, and the company behind it, multiple entry points.

An overworked academic may prefer the shorter piece, a young and aspirational consultant a more challenging one.

The **Communications and Content** style spectrum can ensure that existing and future content, thought leadership and sales materials all work in concert to deliver messages in a coherent and complementary way.

"We take a holistic view of communications."

"The style spectrum can ensure materials deliver messages on a coherent and complementary way."

ABOUT THE RESEARCH

In August and September 2019 we copied and pasted articles from public websites and fed the text into the Automatic Readability Checker. It produces scores for a range of different readability formulae and the one we used is the Automated Readability Index, because it's pretty simple. See here for more details: <http://www.readabilityformulas.com/free-readability-formula-tests.php>.

When lengthy tables appeared in any article, we deleted them from the text we tested to achieve a truer score for word and sentence length and complexity.

But we didn't delete the numerous instances of mathematical formulae from the academic papers because it would have been too time consuming. Ironically, these formulae tend to deliver overall improved readability scores, because the readability algorithm simply sees short words. So it's likely the academic papers are more unreadable than our analysis indicates.

The investment content section comprised of three easily found or clearly promoted articles from each of Invesco, Lindsell Train, Waverton, BlackRock, Amati, Man GLG, Baillie Gifford, PineBridge, PIMCO, Barings, Morgan Stanley, Royal London, Premier, Pictet, L&G, JP Morgan, TwentyFour, Schrodgers – all because they won awards at the Fund Manager of the Year Awards in 2019 (see <http://www.fmya.com/static/finalists>). It seems pretty clear to us that this selection represents high quality in fund management at the time of research.

The media section comprised of 18 articles relevant to the investment management industry, from the Financial Times (Lex, the FTfm supplement, and by Gillian Tett), from the Buttonwood columns in The Economist, the business section of www.thetimes.co.uk and from the investment features section of IPE.com.

The academic section is just three papers, all published on the EDHEC business school website (<https://www.edhec.edu/en/publications>):

- Assets' correlation implications for portfolio insurance strategies performance
- Factor investing in fixed-income - cross-sectional and time-series momentum in sovereign bond markets
- 2019 global infrastructure investor survey

The Bank of England speeches are as follows, available at <https://www.bankofengland.co.uk/news/speeches>:

- Andrew Hauser: Run Lola run! The good, the bad and the ugly of FX market fragmentation – and what to do about it
- Donald Kohn: Stress tests and the countercyclical capital buffer: the U.K. experience
- Mark Carney: The Growing Challenges for Monetary Policy in the current International Monetary and Financial System

Disclaimer: we used the same algorithm for every item – and we're confident this consistency has created comparable scores. Other free or paid-for readability checkers and formulae might produce slightly different results.

ABOUT THE AUTHOR



David Butcher is a financial communications professional. He has 23 years of experience at leading consultancies and blue-chip investment businesses – including Fidelity International and M&G Investments.

He is Managing Director and founder of Communications And Content. He blogs regularly on communications issues affecting investment businesses and financial services more broadly.

He lives in Sussex and is married with two children.

ABOUT COMMUNICATIONS AND CONTENT

We're a young and fast growing marketing consultancy specialising in thought leadership and corporate communications for investment and financial brands.

We launched in 2017 but can draw on a deep experience stretching back to the late 1990s.

We offer strategic advice and tactical implementation to create stories that help investment and financial brands engage more effectively with their audiences.

David Butcher runs the business but he draws on a wide range of highly regarded experts, such as Charlie Corbett, to create bespoke teams for client retainers and projects.

CONTACT US

If you'd like to discuss how readable – and effective – your company's content is then we'd be happy to help.

We don't just look at the written word. We can support almost every aspect of your external communications, from RFPs to corporate positioning, via public relations, corporate communications and thought leadership.

Give us a call.

+44 (0)7834 350101

