

Why Australian Asset Management Firms Are Failing Customers and Shareholders

A Readability Analysis of the Websites of Australia's Top Asset Management Firms

CONTENTS

- 3. Executive Summary
- 7. Key Findings
- 13. Conclusions
- 15. Index & Data
- 17. About VisibleThread

“I’d rather lose money than trust.”

- ROBERT BOSCH, Founder of Bosch GmbH

Trust is the bedrock of the financial services industry. You won’t find it on a balance sheet or an annual report. But without trust, Australia’s asset management sector would fail. Trust is the cornerstone of finance industry brands. Few in leadership would disagree. One of the most influential figures in finance, J.P. Morgan, famously once said: “Money equals business, which equals power, which comes from character and trust.” Clear communication is a foundation for building trust. And yet, Australia’s asset management sector appears to invite uncertainty and doubt with the materials they produce.

Experts recommend writing at an 8th grade level to communicate clearly with the public. Do you think Australia’s Asset Management firms follow this standard? Asset management firm websites contain a lot of information that customers need. But, if website content is poorly written, prospects may perceive greater risk. Clients become frustrated when they can't understand the information they need to make decisions. Poor communication threatens customer satisfaction and growth.

EXECUTIVE SUMMARY

All industries struggle with content quality, but finance is among the worst offenders. The causes are many:

- Industry employees overestimate the average customer's sophistication.
- Subject matter experts are knowledgeable, but many are poor writers.
- Pressure to sell products encourages vague descriptions of offerings to broaden their appeal.
- Content creators may assume complex content is desirable because that's what they encounter elsewhere.
- There is a preconception that regulations and compliance matters must be complex.

“Money equals business, which equals power, which comes from character and trust.” – J.P. MORGAN, Founder of J.P. Morgan & Co.

EXECUTIVE SUMMARY

Australia benefits when the financial sector is strong. Events that weaken trust in the sector threaten the economy. With the global financial crisis in recent memory, scrutiny remains high. In 2017, the Governor-General of the Commonwealth of Australia established The Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry. Their [initial report](#) illustrates a great focus on finance industry communication. Firms that turn a blind eye to public scrutiny of communications are courting risk.

So, what is the quality of the content on Australia's asset management websites? In October 2018, VisibleThread conducted a website readability analysis of Australia's major asset management firms.

“Firms that turn a blind eye to public scrutiny of communications are courting risk.”

This research report assesses the clarity of written content. We scanned 40+ websites of the country's largest firms. We required a 50-page-minimum sample from each web site. Our team excluded sites with small sample sizes. In the end, we measured clarity on 39 sites using these four dimensions:

- **Readability** – How readable is the content? A score of 60 or above is ideal. Anything below 50 is unacceptable, even for brands with sophisticated customers.
- **Passive Language** – Active language communicates clearly. What proportion of sentences are passive? 4% or less is ideal.
- **Long Sentences** – What proportion of all sentences are too long? 5% or less across all content is ideal.
- **Word Complexity Density** – How many complex, hard-to-understand words does the content contain? The lower the score, the better.

These four measures often determine how well people understand what they read. In Australia, roughly half of the population struggles to read and write proficiently¹. If you believe there are potential customers in that half, simplifying content is a must.

1. <http://www.abs.gov.au/AUSSTATS/abs@.nsf/Lookup/4102.0Chapter6102008>

KEY FINDINGS

KEY FINDINGS

TOP PERFORMERS

Out of 39 websites, we ranked 5 as Top Performers based on our Clear Writing Index scores. In an index, we measure top performers against their peers. The top performing firms averaged 44 for readability, a full 9 points higher than the overall average. However, from a governance standpoint, these are not ideal scores. Likewise, the Top 5 scored markedly better than peers for passive voice and long sentence use. Not one site met recommended levels for any of the index metrics.

1. [Prudential Finance](#) ranked 1st overall on stronger passive voice and complex word density.
2. [QBE](#) ranked high in several categories, but lost the top position due to poor complex word levels. The firm was in the Top 5 for all other metrics.
3. [T. Rowe Price](#) had strong scores across all measures except for the one that cost it a higher ranking. The firm ranked in the bottom 5 firms (34th overall) for complex word use.
4. [Colonial First State](#) had stronger readability and passive voice scores, but fell down the ranking due to long sentence and complex word use.
5. [Lendlease Investment Management](#) ranked high for readability and minimal use of long sentences. Higher levels of passive voice (23rd overall) cost the firm higher ranking.



KEY FINDINGS

WORST PERFORMERS

We rank Worst Performers based on Clear Writing Index scores—the Worst 5 Performers according to our research are:

35. [BlackRock](#)

36. [AMG](#)

37. [Vontobel Asset Management](#)

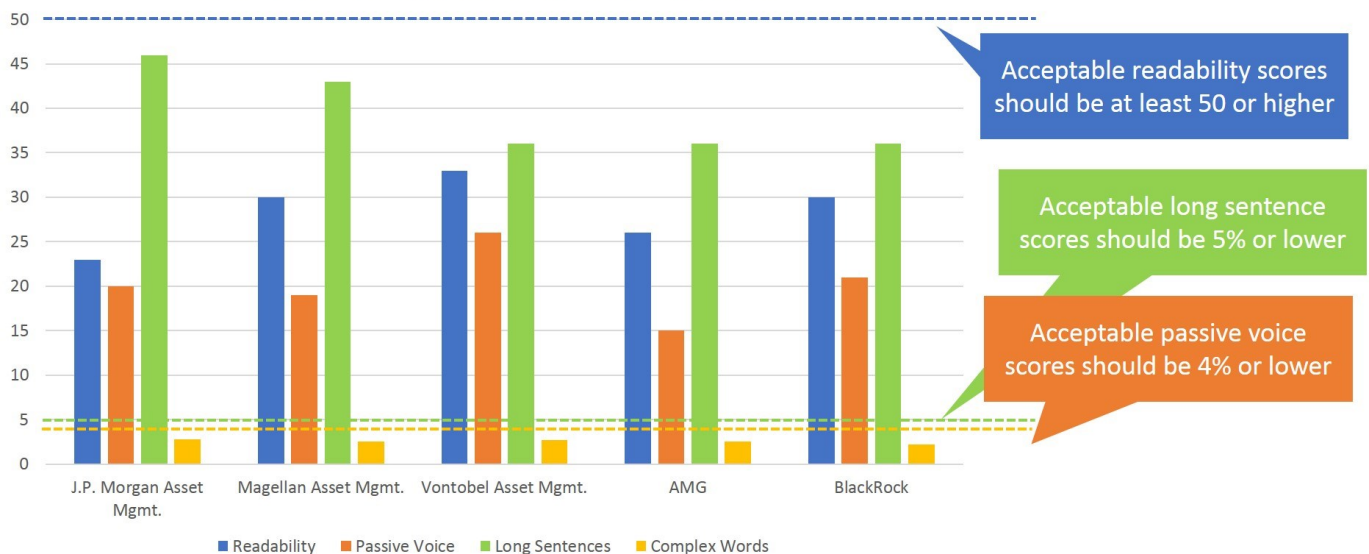
38. [Magellan Asset Management](#)

39. [J.P. Morgan Asset Management](#)

Factors making these the worst performers were:

- **Poor readability:** Companies in this category have an average readability score of 28.4. This is more than 20 points lower than the minimum acceptable score of 50.
- **Frequent use of passive voice:** content from the worst performers used passive voice 20% of the time. Experts recommend clear content use passive voice no more than 4% of the time.
- **Abuse of long sentences:** Firms ranked as Worst Performers used long sentences on an average of 39%. That's more than 7x higher than the recommended level of 5%.

Australia Asset Management Website Quality:
Worst Performers Relative to Industry Benchmarks



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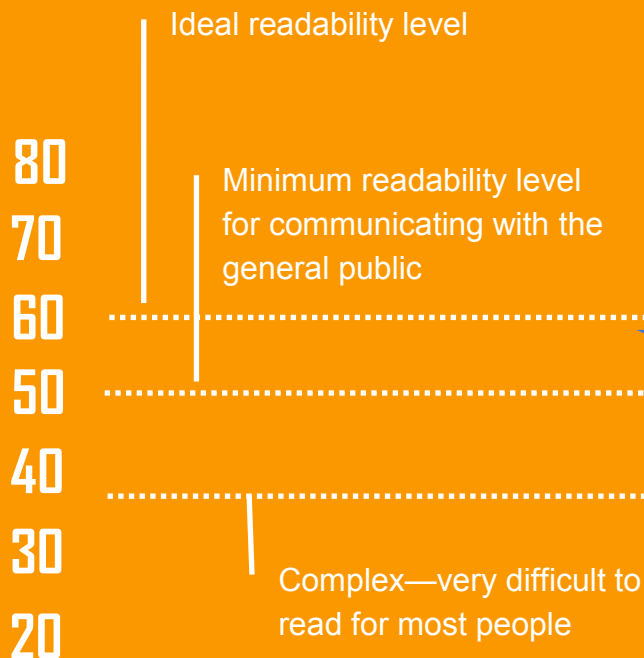
KEY FINDINGS

READABILITY

Higher readability scores mean a text is easier to read. The average readability score for the websites we analysed was 35.33. As a group, these sites fell way short of recommended guidelines for readability. The recommended score for readability when working with the general public is at least 50, with above 60 being ideal. Not one site in our index met recommended levels. [BT Investment Management](#) came the closest to an acceptable score at 49.

“The biggest problem in communication is the illusion that it has taken place.”

– George Bernard Shaw



35.33

The average readability score of an Australian asset management firm's web content

KEY FINDINGS

PASSIVE VOICE

Australia's asset management firms struggle when it comes to passive voice. Passive voice makes content harder to read. Content creators should aim for less than 4% of their content to contain passive phrasing. The sites in our survey averaged 13% - 3x the ideal level. As was the case with Readability, not one firm met recommended levels for passive voice.

13%

The average level of passive voice found by VisibleThread's study

5x

Australia's Asset Management companies use long sentences in 28% of copy - 5 times the recommended frequency

LONG SENTENCES

Content on asset management firm websites were littered with long sentences. When we cram more words in a sentence, people have a harder time understanding the meaning. Complex subject matter is compounded by wordy copy. Content is easier to read if we break concepts down into simpler sentences or present them in bullet form. Asset management firms used long sentences 28% of the time – more than five times the recommended level of 5%. Our analysis shows clearly that this is the weakest link in the asset management firms web content. The top scoring site was still more than 3x ideal levels.

COMPLEX WORDS

Content is harder to read if we use big, complex words. Some people may not be able to understand the content at all if complex words appear frequently. The asset management websites used complex words 2.6 times for every hundred words on average. In comparison to other industries, this is not a bad score. However, we've noted in the past that financial industry jargon is often not listed in complex word dictionaries. And, a quick scan of the sample text shows the content is littered with jargon. Opting for simpler word choices makes content easier to understand across the general population.



CONCLUSIONS

KEY TAKEAWAYS

Following are some observations about what the numbers mean and what firms can do about it.

Individual Firms Have an Opportunity to Differentiate Themselves:

Readability levels are very low industry-wide. It wouldn't require a lot of effort for any one firm to sharpen the competitive edge of its content. In this environment, even small efforts to improve content quality will show immediate results. Content style is as much a reflection of company culture as anything else. Change of this type can be highly political. So, executive endorsement of content quality initiatives makes transformation easier.

Asset Management Firms Can Improve Customer Engagement:

Providing clients and prospects with better content helps them identify relevant services. Customer expectations and satisfaction are easier to manage if written messages are clear and concise. Improving readability, eliminating passive voice and reducing long sentences helps customers better understand services and risks. Better quality content improves customer trust and their perceptions of value.

Reduced Costs, Higher Revenues and Better Compliance:

Asset management firms could lower costs if they make it easier for people to find what they need. Fewer calls to managers and support lines result from simplified content. Customers invest more quickly and have fewer questions when they're well informed. Firms expend fewer resources dealing with informed customers.

INDEX & DATA

DETAILED RESULTS TABLE

We show the full detailed table below. Each score in the index is colour-coded green to red. Green indicates best, red indicates worst.

Colour-coding helps us to understand sites where one or two specific scores may be dragging down the overall ranking. Flagging specific areas (for instance, passive language) pinpoints areas for improvement.

VisibleThread		Australia Asset Management – Q4, 2018				Readability		Passive		Long		Complex		Num Pages	Num Words
Rank	URL	Score	Rank	Score	Rank	Score	Rank	Score	Rank	Score	Rank				
1	Prudential Finance	43	6	7%	2	21%	6	16%	4	93182					
2	QBE	44	5	9%	4	18%	1	2.6%	24	93573					
3	T. Rowe Price	46	3	9%	5	18%	2	3.0%	34	387596					
4	Colonial FirstState	46	3	10%	11	25%	15	2.5%	23	117070					
5	Lendlease Investment Management	41	7	12%	23	23%	9	2.1%	14	122621					
6	IFM Investors	33	26	9%	6	24%	13	2.0%	12	35605					
7	MetLife Investment Management	47	2	11%	15	19%	3	4.5%	38	26478					
8	Goodman Group	34	24	10%	10	27%	22	1.5%	3	48908					
9	Sura Asset Management	19	38	6%	1	26%	20	1.2%	1	179372					
10	NAB Asset Management	40	10	12%	22	24%	14	2.2%	15	84135					
11	GPT Group	40	10	18%	32	23%	12	1.9%	8	102586					
11	BNY Mellon Investment Management	38	17	12%	19	20%	5	2.4%	21	184021					
11	Goldman Sachs Asset Management Int.	34	24	8%	3	30%	25	1.9%	10	84054					
14	AMP Capital	40	10	14%	25	30%	27	1.6%	5	154329					
14	Franklin Templeton	36	20	11%	17	28%	24	1.7%	6	254356					
16	Legg Mason	39	15	11%	14	22%	8	4.2%	35	19617					
16	AllianceBernstein	37	18	11%	12	30%	26	2.2%	16	26215					
18	Deutsche Asset Management	40	10	13%	24	42%	37	1.4%	2	122983					
19	Platinum Asset Management	41	7	15%	29	31%	28	1.9%	11	282186					
20	Macquarie Group	37	18	10%	9	26%	17	3.0%	33	165112					
21	Charter Hall	40	10	11%	13	28%	23	2.9%	32	38735					
22	Perpetual	36	20	11%	16	19%	4	9.3%	39	120029					
22	Challenger	39	15	12%	20	26%	18	2.6%	26	53571					
24	BT Investment Management	49	1	15%	27	25%	16	4.2%	36	178911					
25	Northern Trust Asset Management	31	30	10%	8	21%	7	4.3%	37	100914					
26	State Street Global Advisors	41	7	14%	26	26%	19	2.9%	31	201718					
27	Artisan Partners	30	31	20%	36	23%	10	2.0%	13	158490					
28	Oaktree Capital Management	33	26	10%	7	34%	30	2.9%	30	44010					
29	Natisis Global Asset Management	32	29	11%	18	33%	29	2.2%	18	109465					
30	QIC	35	23	18%	31	36%	35	1.8%	7	150701					
31	DEXUS Property Group	23	36	12%	21	23%	11	2.8%	29	183041					
32	Fidelity Investments	6	39	16%	30	27%	21	1.9%	9	290391					
33	Vanguard Asset Management	36	20	18%	33	34%	32	2.3%	19	244276					
34	Wellington Management International	30	31	19%	34	34%	31	2.4%	20	260866					
35	BlackRock	30	31	21%	38	36%	33	2.2%	17	662800					
36	AMG	26	35	15%	28	36%	36	2.5%	22	38237					
37	Vontobel Asset Management	33	26	26%	39	36%	34	2.7%	27	426528					
38	Magellan Asset Management	30	31	19%	35	43%	38	2.6%	25	485477					
39	J.P. Morgan Asset Management	23	36	20%	37	46%	39	2.8%	28	85246					

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ABOUT US

ABOUT VISIBLETHREAD

VisibleThread provides content analysis solutions for web, digital and communication professionals.

Our solutions help embed plain language programs in large commercial and government organisations, and automate the reviewing and editing process.

Our solutions allow customers to:

- Analyse thousands of documents and complete websites in minutes
- Support Plain Language programs across the entire organization
- Identify risky and complex language with objective metrics for content creators
- Show executives how their Plain Language programs are performing
- Automatically tracking all content improvement in easy to use dashboards
- Flag compliance issues

For corporate teams, government agencies and non-profits, our solutions make review teams **40% more efficient** and increase sales and marketing conversions.

If you have any questions, or would like a specific report, email:

info@visiblethread.com

For questions on the metrics or methodology, email:

support@visiblethread.com

METRICS & FORMULAS

We calculated the report based on four metrics. Each metric contributes to the final score which ranks the organisations best to worst. The metrics are:

METRIC	FORMULA
<p>READABILITY</p> <p>Readability ranges from 1 to 100. 100 is the top mark. If communicating with citizens, aim for at least 50.</p> <p>This is based on the Flesch Reading Ease Index.</p>	<p>$(206.835 - (1.015 \times \text{Average Sentence Length}) - (84.6 \times \text{Average Syllables per Word}))$</p>
<p>PASSIVE VOICE</p> <p>The % rating is the proportion of sentences containing passive voice. Passive language is where the subject of a sentence is acted on by the verb. For example:</p> <p>"Quality is monitored" vs. "We monitor quality"</p> <p>If you use active voice, you will increase clarity and strength. You will also flush out the 'actor', i.e. who did the action?</p> <p>To communicate clearly keep passive voice to 4% or less in communication.</p> <p>This benchmark is based on the cohort analysis of billions of words and documents from VisibleThread customers over the past 5 years.</p>	<p>$(\text{Passive Sentences} / \text{Total Sentences} * 100)$</p>
<p>LONG SENTENCES</p> <p>The % rating is the proportion of sentences that are longer than 25 words. Long sentences mask multiple concepts. Splitting up these sentences will result in a clearer message.</p> <p>Keep long sentences to 5% or less in communication.</p> <p>This benchmark is based on the cohort analysis of billions of words and documents from VisibleThread customers over the past 5 years.</p>	<p>$(\text{Long Sentences} / \text{Total Sentences} * 100)$</p>
<p>COMPLEX WORD DENSITY</p> <p>The density rating is the proportion of complex words relative to the total word count. This scan looks for complex words/phrases based on federal guidelines. See here for the list scanned.</p> <p>Replacing complex words with simpler words helps your readers concentrate on your content. This is why we recommend 1% or less complex language in communications.</p> <p>This benchmark is based on the cohort analysis of billions of words and documents from VisibleThread customers over the past 5 years.</p>	<p>$(\text{Complex Words} / \text{Total Words} * 100)$</p>

FLESCH-KINCAID READING EASE TEST

Score	School level	Notes
100 – 90	5 th grade	Very easy to read. Easily understood by an average
90 – 80	6 th grade	Easy to read. Conversational English for consumers.
80 – 70	7 th grade	Fairly easy to read.
70 – 60	8 th & 9 th grade	Plain English. Easily understood by 13- to 15-year-old
60 – 50	10 th to 12 th grade	Fairly difficult to read.

GET YOUR READABILITY SCORE

Interested in how your firm's content measures up?

For a competitive review or specific website analysis, email us.

email: info@visiblethread.com