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Summer Playlist 2023 | Episode 6
Ted Merz, Founder, Principals Media & Former Global Head of News Product, Bloomberg

Our Summer Playlist continues this week with Ted Merz, Founder of Principals Media and the Former Global Head of News Product at Bloomberg. SmarterMarkets™ host David Greely sits down with Ted to discuss the changing nature of information in our lives and our relationship with it.

Ted Merz (00s):
So there's been this real shift of scarcity to abundance you know, the scarcity of very hard to get financial information from companies from Wall Street and now being just inundated with it and I think that's one of the most fascinating things and then that's led us to the real challenge now of knowing what's important, what to consume, how we find it and I think by and large, it's still an unsolved problem.

Announcer (22s):
Welcome to SmarterMarkets. A weekly podcast featuring the icons and entrepreneurs of technology, commodities and finance ranting on the inadequacies of our systems and riffing on ideas for how to solve them. Together, we examine the questions: are we facing a crisis of information or a crisis of trust, and will building Smarter Markets be the antidote?
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David Greely (01m 03s):
Welcome back to our Smarter Markets Summer Playlist 2023, where we're sitting down with our special guests midway through the year to talk about where we are and where we might be and need to be heading next. It's our beach reading in a podcast. I'm Dave Greely, Chief Economist at Abaxx Technologies. Our guest today is Ted Merz, Founder of Principles Media and the Former Global Head of News Product at Bloomberg. We will be discussing the changing nature of information in our lives and our relationship with it. Hello, Ted. Welcome to Smarter Markets.

Ted Merz (01m 36s):
Good morning, I'm glad to be here.

David Greely (01m 38s):
Well, we're very glad to have you here. I've been looking forward to talking with you about information. Often we talk about markets on this show, but today it's gonna be about information and how information impacts markets as well. But I really wanted to talk with you about how we create information, how we find it, how we make it accessible to people. I'm old enough that I know that in just my lifetime, I feel like I've gone through this massive transition of living in a world where information was very scarce and you had to seek it out, and sometimes it just didn't exist until now, living in a world where information is abundant and often overwhelming and I wanted to talk with you about this because your career put you right at the center of that transition. You were at Bloomberg from its earliest days and you were both an Editor and a Product Manager and I just wanted to get your perspective, you know, how did you experience a, that evolving nature of information in our lives and our relationship to it at Bloomberg?

Ted Merz (02m 43s):
Well, again, thanks for having me, and it's something I've been thinking about and working on for 30 years and to put in perspective, first, I try to remember that when I started my career, which was as a reporter in Mexico, the first year I wrote my stories on a manual typewriter. I typed them out on a manual typewriter. And now 30 years later, we have chat GPT, which is just spinning out stories based on a prompt or two. So it's sometimes we forget how much content has changed in the past few decades and one thing people I think are aware of, but the volume has also been the real big story, you know, the, the volume and the access. So when I started writing for Bloomberg originally, you know, it was a small number of people. We did like a handful of stories initially. And then, you know, you fast forward to when I left the company and we had, we were, went from publishing a few hundred stories to carrying millions of stories on

the platform and it's just such a fundamental change in the amount of information and how it's available and I think something to dive in on, but the big picture is, initially we were worried about producing and gathering information, and now we're looking at, we have too much information, we're trying to sort through and figure out what to do with it.

David Greely (03m 59s):
Yeah, and I'd love to dive into that with you because we have the, as you put it, the information problem's gone from, you know, information simply not being available and having to gather and disseminate it to now it just feels like, you know, it's lost in this blizzard, this mass of other information that may or may not be relevant to us. It feels like we're often trying to find that needle in the haystack and as an Editor and a Project Manager, how did you try to make sure that people would be able to see the big and important stories and maybe I should ask first, like, are those even the same thing like what makes a story worth writing and what makes a story worth someone seeing?

Ted Merz (04m 42s):
That's a really good question. I mean, I think traditionally we've had, you know, reporters have used their news judgment to decide what to write about. They do interviews, they read topics, they come across information, and then a lot of the role of a journalist is to determine what's significant and then how to frame it so when people read it, they understand what they're looking at and what's important. I think, you know, just going back for a minute, when in the early days in the 1990s when we were starting at Bloomberg and reporting, it was just very hard to get information and I know you know, you focus a lot on markets, so let's talk about the financial sector. If we wanted information about a company, the only source was, you know, calling the company entirely dependent on getting information from them. The second was, you know, Wall Street research and reports, which were at that point very hard to get and very restricted in access.

Ted Merz (05m 36s):
So we spent half the time trying to get people sources to give us the reports from Wall Street so that we could write up content about them. Now it's like you're on the other side of the thing where people are pushing you all kinds of content saying, please write it up. Please write it up. So there's been this real shift of scarcity to abundance, you know, the scarcity of very hard to get financial information from companies from Wall Street and now being just, you know, inundated with it and I think that's one of the most fascinating things and then that's, that's led us to the real challenge now of knowing what's important, what to consume, how we find it and I think by and large, it's still an unsolved problem. I mean, one thing I think people don't really know about the information they read and what's put out is it is still largely ranked either by the publisher, putting some kind of a tag on a story saying it's important or valuable, or it's on the front page, would be a way to do that.

Ted Merz (06m 31s):
Or it's ranked because a lot of people read it by readership, and we don't really have good algorithms yet, or good technology to determine what we should be reading and that's particularly true in finance because in the financial markets, people want things immediately you know, it's milliseconds. It's not like, like it'd be fine if you could wait a day or half a day or a few hours because then other people will read it. The story will bubble up in this sort of a trending algorithm, but if you can't wait, we don't have good mechanisms to, to determine what to read and there's kind of three ways to do that. You need to know that something is new, which, what is, what engineers called novel. Like has it ever been published before, the second is it important and third is it relevant, so breaking those down a little bit, you know, you might have a big story that is new about Kim Kardashian doing something in Hollywood, but for financial markets wouldn't be important.

Ted Merz (07m 29s):
And, you know, it's all, but by importance, I always say it's the lens of the reader a little bit, so it's important to somebody, but if we're just talking about finance for a minute and financial information, you can have things that are new but not important. And then you can have things that are new and important, but are they like, relevant to what's happening right now? And are they gonna move the stock market the price and so forth so those are the things I think it's people are still working on, but they're, they're still remarkably unsolved even, you know, when we think about all the other algorithms and technology we have.

David Greely (08m 00s):
Yeah, it's a fascinating problem, as you just said, you know, you want things to be novel, important, and market moving and if our algorithms tell us what we should be looking at based primarily on what other people like us are looking at in terms of market moving, you're already behind the market. Like, you want to know things that are gonna be important in market moving before those come

about and so I'm curious, thinking about the tools that we use to engage with information. I mean, I think many of us worry that the tools that help us engage with information and news are crafted more to hold our attention than to help us find information that's important to us that may or may not be fair. I'd love your opinion on that.

Ted Merz (08m 42s):
No, I think it's great point. That's a great point with, yeah, we should talk about that.,

David Greely (08m 47s):
But I was curious, like, how do you think about how the current generation of tools we have work and are there problems that we need new tools to solve?

Ted Merz (08m 56s):
Definitely need new tools, but talking about that, I mean, there is a disconnect between the publisher and the platforms, which oftentimes want a lot of readership and clicks because they monetize that versus the individual who is looking for a specific information, so this is particularly true on the long tail where, and in finance, you know, in finance you have lots of stories you want to read about companies, you have a portfolio of 500 companies, you care about all of them. You don't just care about Elon Musk or Apple, you know and so most of the tools we have now are driven by other people reading stories and that surface us up as important, or by an editor pushing a button and saying this is important, but those tend to be the biggest companies things that everybody's gonna read because those publishers are motivated by getting in aggregate, more clicks and readership.

Ted Merz (09m 50s):
You know, our industry it's a bit different where people care as much about that smaller company they've invested in and a news article can be immensely important for a tiny company, but it's not gonna get a lot of readership and so it doesn't get the push and so it's hard to discover. So I think, I think the fundamental problem is that there's a misalignment in the publishers want lots of clicks, and then there aren't we lack tools to try to surface up something that says, okay, there's a story about John Deere and John Deere's a relatively small company, but it's a really important story to that company, really market moving and it's important to you because you care about it in some way and we just that still does not really, the products don't really exist for that yet. People understand the problem, but for whatever reason, it's, I feel still largely unsolved.

David Greely (10m 43s):
Yeah and do you think that's a problem of, you know, the tools just paint with too broad a brush, like they're, they're calibrated just to try to reach the widest audience possible and do the consumers of news need to somehow pay for or incentivize the creation of tools that will work specifically for them?

Ted Merz (11m 02s):
It's hard to say. I mean, I think, I think that people are hoping that the extraordinary developments with AI in the last 12 months to a year, you know, year are going to help provide some kind of a breakthrough in this area because, because we previously did not have that. I mean, most of the AI applications still, you know, we've been working with AI for, you know, over a decade, and I worked with it at Bloomberg over a decade, but it was never, it was still it was still pretty limited you know, there was a lot of it, just couldn't solve very, very difficult problems. It's particularly, it couldn't find, it struggles to know what you want to see, you know, which stories you're interested, what stories are important, what stories are breaking, and what stories you should see are just, they're kind of three different problems.

Ted Merz (11m 49s):
And they're all difficult to be honest. I don't know if, if it's a question of incentives or what, what it is, but I think that's, I think the, the thing that we'll see hopefully in the next several years is major developments whereby the information that we receive is a much higher quality and much more selective. I don't know about you, but like, when I go on to Google News or I go onto Apple News and the articles that are for you for me, they're just not that relevant or, or well-selected. They're driven by things I happen to Google or I happen to search or happen to look at, or places I happen to go. Many of which I've moved on from, I don't want to keep finding out, you know, if I go to Canada for holiday, I don't want to keep getting information. I'm done. I've been there. I'm moving on. So I think people don't appreciate how bad the delivery is now on content and I think as major strides are made, people will understand that the articles they're getting are much more relevant to what they're looking for and hopefully faster.

David Greely (12m 51s):
Now, I, I've definitely found in my own news feeds, you know, there, there's that rabbit hole effect of you look at a few stories and it gives you six more just like them and sometimes it feels like you almost have to like pick a story at random just to kind of knock the algorithm out of the, the Reddit stuck in.

Ted Merz (13m 07s):
Also, you know, one of the problems I've always found was that there's, there's things which we want to click on and read, but we don't need and then there's the things we need and when you're talking about professional information, it's a real big problem. Because, again, I'll click on the Kim Kardashian story, I'll click on the Elon Musk story because he's famous and he's in the news, and it's, I don't really need to know that story professionally and so that's the danger is, and, and I think people don't appreciate this enough, is that oftentimes we read things that what we need from information is different from what we actually click on and read fundamental problem. You know, I read a lot of things I don't really need to know or don't even want to know, but it's like watching a bad movie. I don't want to, you know, I watched it. Okay. But I think people underestimate, particularly in engineer engineers will think that, oh, if I clicked on it, I means it's a vote of confidence that I like that thing or I'm endorsing it and that's, that's not true, you know, necessarily.

David Greely (14m 09s):
Yeah. So it sounds like definitely need tools that can help us with a different approach. I was curious, do we also need new types of data. There's so much data out there obviously, but, you know, is it in formats that just make it difficult for us to find what, what's important to us?

Ted Merz (14m 25s):
God, I think, I think we're on the edge of a data revolution that's, that most people don't see coming and what I mean by that is my entire professional life and working on financial information and markets, we've basically looked at the same numbers for 30 years. Non-farm payrolls, earnings per share, all of that data is for the most part gathered and published by some kind of official institution, the government or a company or an organization and it's structured and it can be processed easily, but most of it is maybe not that accurate, very delayed. So what's interesting to me is, you know, we're now in this place where a lot of individual companies have incredibly rich data, but it's not structured, it's not organized, it's not accessible with an a p i. And it may be useful for a market that people that they don't know.

Ted Merz (15m 15s):
Okay. So like, to give you good examples, Foursquare had gathered data about foot traffic in and out of Apple stores and it's high like they can predict pretty well how well the new iPhone is gonna sell based on the number of people entering the store, which is super obvious, right, but what's the point of that story, so interesting is that that data is used to be controlled by Apple. Apple used to be the only one who knew how many people came in and charged their phones and so whenever Apple felt it was appropriate or convenient, they would release that data. Certainly not real time, but, so if you can look at foot traffic in and out in real time, you can have a much faster and more accurate and independent understanding of how that is that product's gonna sell. You know, that happens with so many other things.

Ted Merz (16m 05s):
The company, there's a company called Castle, which provides most of the technology for companies to have badges for employees to swipe in and so they were sitting on this dataset where they knew how many people were in and outta offices in every city in America and that data was not particularly interesting until suddenly the pandemic hit and everybody wanted to know who's working from home, what are the occupancy rates and suddenly they were the ones with a definitive source of data, which otherwise you would've had to go to each individual building and each individual company and aggregated. So if you think about that as a paradigm, where we are now is a lot of organizations and companies have amazing data sets, which could be very predictive of the economy and of corporate earnings and all sorts of other trends, but the data's not at this point mostly organized, structured, delivered, accessible.

Ted Merz (16m 59s):
And so I think the next set, in the next five years or so, what we're gonna see is, is that's becomes more accessible and it's built into platforms and applications, and it becomes much more the kind of data that financial markets will trade off right now. They trade off what everybody has. So I think that this, this is gonna be a huge change and, you know, one of the things with content, this is going to mean more content because if you have data, it's hard to access it. The easiest way to make it accessible is to use some of the AI technology and generated automated news or automated tweets or automated textual content, which can be delivered in a way that's

then super accessible to everybody. You know, anybody can read that and say, okay, I understand that even though I didn't know about card swiping, I understand huge explosion of, I mean, the data's already there. It's already, it's exists, right? It just hasn't been harnessed.

David Greely (17m 55s):
And the data's a fascinating piece of the story, right because there's likely so much value sitting untapped in the information that companies and individuals hold that they might not realize it until, you know, someone shows them how to use it, or events come together like COVID and as you said, like, oh, suddenly the fact that we know who's going into office buildings, which normally isn't terribly interesting to the wider world, most people. Now it's very interesting because people want to know how many people are going to the office, how many people are working remotely and you know, there's like this interesting chain that we work along in markets where you, you start off with the, the publicly accessible data points that everybody knows are relevant and market moving, whether it's an earnings announcement, whether it's non-farm payrolls, whether it's inventory numbers in the commodity markets.

David Greely (18m 47s):
And then we start to work back to, okay, what can I use to get an edge? What can I use to know better than others what earnings will be or non-farm payrolls or the inventory number I remember in, in the commodities markets, you know, it started off with in natural gas it was okay, the, the number, the inventory number each week matters. Okay, can we use the weather to help predict that, right? Sure, sure. And then it was, can we start scraping websites, right, of utilities to know how much gas is flowing and then as people get better and better at that and now and can go on Bloomberg and a couple keystrokes, and you have access to all that information, that was harder. We kind of move back along this chain of predictability. And I guess the, the, the interesting question is like, as we do that, it seems like we're getting to the realms where more and more people, more and more companies will have that important valuable information and might not realize it and is there kind of a, a democratization of how do people get value for this data that they have because I think we've lived in a world where it's kind of been collected, it's been more centralized, collected and sold.

Ted Merz (19m 57s):
Absolutely. Absolutely. I mean, I think the important way to understand the, this is that the important trend here is that companies and organizations are losing control of their ability to define a narrative. So let's start at the other end of this first, which is, if I were a company, I used to be able to tell investors, here's what's going on, and I controlled the data, I controlled the narrative. I think the most important thing, going back to, you know, your, your commodities examples, you know, detecting energy flow and detecting weather and all that, is it that information now increasingly will live outside the company's ability to sort of define that narrative. Other people will have access to information that is extremely relevant and indicative of the performance of a company or an organization or a government or a city or what have you.

Ted Merz (20m 47s):
I mean, that's, I think, a good way to start when you think about it, because we just don't know who, who has that information and what will be relevant. Like, to give you an example, there's a company that organizes the pitch decks that founders send VCs Okay, so they've created a process. If you're a founder, you submit your deck, the company distributes it and so forth. But they discovered along the way that they have this metadata of how many decks are coming in each week you know, how many founders are pitching each week, how many decks are opened, how many VCs look at them, how much time they spend. So the average VC spends like two and a half minutes on a deck, and they even know how much time they spend on each slide okay, so they in aggregate, they can tell you the health of the VC market or the health of the funding market based on how much interest, how much demand, how much time.

Ted Merz (21m 42s):
They can tell you that people are spending more time on the management slide versus the, I don't know, the, the ROI slide or something and then, you know what I mean, so there's just so much rich things and they're obviously neither a VC nor a founder. They're in between. So I think that's so interesting that, you know, our ability to understand our world is just gonna deepen. It's just gonna get a lot better. But I'm not sure, we're not sure how it's, you know, who the players are gonna be. That's what I'm saying. I don't know who is gonna play that role, but I wouldn't have, if you had said to me, how do I gauge the health of the VC market, I wouldn't have told you, oh, you can, you can determine how much time they're reading the decks, you know, that's, it's fascinating.

David Greely (22m 26s):
That is really interesting. Like entrepreneurial role in going out and seeking information and then being able to get paid for the efforts. Like, I love talking technology because there's always the, the hopeful, optimistic, good part and then there's the scary dark part, So I'll

bring up the scary dark part, which is there's so much value in monitoring each of us and what we do and that's disturbing in a way. Like, I started out my career working at government agencies and there, you know, it's always aggregation was kind of the protection of privacy. You know, like, oh, if we average all this together, you can't tell who's doing what. So it's okay and I think that's kind of the mindset many people have, but the idea that, you know, people know how many keystrokes you're spending on various parts of your pitch deck, or they know that you're going into the office. and when, and you know, they can sell it. That's, you know, how do we, how do we counterbalance the, the need to have important information that can help people make good decisions versus people's privacy. Now that there, there's looks like there's an increasing financial incentives to violate that privacy and to increasingly monitor each of us.

Ted Merz (23m 42s):
I don't know. I mean it's a super good question. I don't know. I, I do think it starts with people being aware of the reality which you just voiced, which I think people by and large are not. I mean, when people ask me about that, I do a little phone trick to show them, and I've never met anybody who's been aware of this before. I'm sure many people in tech are, but you take out your phone and you go to Google Maps and you go to the timeline, you know, and you open it up and if it's defaulted on, if your timeline is on, it basically tracks where you've been at every moment and so you can you know, I, I'm like, pick a day and they pick a day I go to that day and it'll show them exactly where I was, like, it'll show me, you know, I left my house at eight 30, you can tell if I biked, I walked, or I drove where I went, and it'll identify the location on where I was.

Ted Merz (24m 37s):
It'll tell me how much time I spent there and you just, you know, so this whole thing about an, you know, yeah, anonymization, if you can tell me anonymously, people went, number of people travel from uptown to downtown, but, but there's only one person who went to downtown to the village over to the east side and back and biked part of the way and rode the other way and, and they know where I live. So they know, they know my house, they know my work, they know my, every place I eat when people see that I've never met a person. Even people are pretty sophisticated who don't completely freak out.

David Greely (25m 08s):
Yeah, yeah. I'm kind of doing that right now. I'm like, I think I need to pause for a moment and check my phone and make sure I've turned that setting off.

Ted Merz (25m 14s):
Absolutely terrifying but it's also incredibly useful. It's incredibly useful because if you ever have the question, where were you or when did I go to a restaurant or do anything, like, I have the answer. It's not ambiguous anymore and you think about our earlier, you know, when we were growing up, like, it'd be impossible for me to replicate what happened on July 18th, 1985, you know, but I could tell you last year exactly to the minute of where I was and exactly what I did and so that's, that's wild. You know, and, and you know, if you aggregate all that, you, you just know everything about everybody and trends and everything, you know, I don't what the answer is to that, but I feel like it starts with if more people tried that out, they would lose their mind..

David Greely (26m 01s):
It's absolutely, I've kinda lost mine. I don't know where to go after that. So maybe I'll shift gears because the other thing I wanted to explore is something you brought up earlier, which is once we find the information that we need information that's novel, important, market moving, if we're in the financial markets, how do we make it accessible to a human brain that is often overwhelmed with the amount of information it's expected to process every day like, how do we make all this information out there more accessible to our minds. You raised artificial intelligence. I'm curious on your thoughts on the role this may play. Does that come to the aid of human intelligence and making this accessible?

Ted Merz (26m 43s):
It's an interesting question and most of the efforts have been kind of old fashioned blocking and tackling sometimes with new tools but to give you an example, from my days at Bloomberg, there was you know, the FDA, which regulates drugs and so forth, would periodically approve a drug for a new purpose. They did so by updating their website. So nobody has time to just sit and watch the website all day but what we did, and, and even if it came up and it said, this drug is approved for a new purpose, normal humans wouldn't know what that meant. There were like a handful of analysts in the world who understood that the addressable market for that drug and the, the importance of it. So you would see something, even if you saw the news, you wouldn't know what it meant.

Ted Merz (27m 27s):
So this is a good analogy. What Bloomberg did was they built a scraper, they scraped the website. Every few seconds when a new thing popped up, they pulled it up, they read the drug, and then they matched it with databases to know that that drug's made by Merck, that drug has, you know, addressable market of $5 billion, that drug moves the needle, so on and then we wrote scripts that would say that would automatically produce a new story that said, Merck's new drug XYZ is now approved. The market is this, this is the deal, this is the deal. And all that was set up, you know, as a automated prompt. So that's a good example of like, one thing is new. How do you, how do you bring and make information accessible. I think automated news is a part of that solution combined with databases and domain expertise that help you explain what it is.

Ted Merz (28m 18s):
Because I think in the new world, there's all this data floating around that you don't know what the implication is and basically what I'm saying is that in the past, we had a very small number of analysts who would identify that, and they would've, like, they were like, you know, Brahman who brought it down from the mountain and told you here's what it is right, so that technology really democratizes the ability of more people to take advantage of a kind of decision by the FDA you know, that's one example you know, I think like websites and lots of platforms have developed a lot of good dashboards and visual cues and I mean, I think the thing Google does with, when you go to a restaurant and they give you a little, the heat bar of like how busy it normally is, and maps and all, I think are genius.

Ted Merz (29m 01s):
So, I mean, I think, but I think most of them are like solving a problem. It's just like step by step, you know, you see, you have this information, how can we get it to people. Could it be an icon, could it be some kind of text solution, what is it? So I don't think it's anything too radical, you know, it's just, it's an endless struggle with how can we get people to pay attention but now we're a little bit overwhelmed. There's, you know, you've got alerts, you've got 18 emails, you've got, so I think that's the solution of delivering it just is one by one addressing opportunity after another. I don't think there's anything magic.

David Greely (29m 40s):
Yeah. Yeah. You got all sorts of thoughts going in my head now. It's really interesting to think that right now, you know, the important information is in essence hidden in plain sight.

Ted Merz (29m 49s):
Absolutely.

David Greely (29m 50s):
Yeah. Like, it's out there if you knew to look at it. It's not that hard to find it, but you know, you got to know to look and you know, I think about it going back to when I was an analyst at Goldman, and you know, there a lot of your role is kind of understanding what's gonna be important, contextualizing it, putting it out there for clients to see and it made me wonder, like, when you think about the evolving role of information specialists in that way, you know, people that can recognize the thing that's hidden in plain sight and that's important. How involved are they in developing these tools. I think there's probably a lot of fear that they're being displaced by them, but it seems like you need people that understand what's relevant, what's important, what's market moot to be involved in crafting those tools or else, you know, probably the engineers through no fault of their own default to things like, well, if everybody else is looking at it, you should probably look at it too.

Ted Merz (30m 48s):
I don't, I don't know. I mean, to go back to something on the scary side, you wanted to talk about scary like, I do think everything's kind of in plain sight, but if someone wanted to do a deep dive on you, like when I Google you, I'll get probably the podcast, a few other little things. If I knew how to really use information, I could know everywhere you've lived I could know what your mortgage is. I could know what you paid for your house, you know, your married, divorced kids, family, like you all, that's all that's out there in different databases and it's hard to search right now, but one thought I have is that, like, so let's use that as an analogy. If, if a human went and went through all the steps of looking you up every place, they, they would, then what would they do next.

Ted Merz (31m 31s):
They would compile a report and they'd say, here's everything we know about you. you know right and there'd be some kind of, the, the output would be some summary summarized thing. So I think that's kind of where we're headed with information, where there's

all, we're in the moment right now where there's so much has been gathered, but it's all over the place and there's a small number of experts who are good at finding it, and then good at kind of aggregating and summarizing it. But it's mostly manual and the really interesting thing is gonna be as those get processized and productized and like, you can push a button and get the report here, you get a report on the person and it's got to take all that information and I use the personal example 'cause it really resonates but again, you could do the same.

Ted Merz (32m 14s):
And I think a little bit of what we see with chat GPT is that where I need a report about the Ukrainian grain situation, you know, and if done well, it could pull all that information, summarize it, and make it super accessible but I, there's a lot of work to get there again because the information's all over the place and you need, you need experts. I think you asked what's the role of the person. I still think there's tremendous gap in being a domain expert. Like being an expert in your field, I still think means a lot and will mean a lot. This is not gonna disintermediate that, but it's gonna change the way people work. You know, a hundred percent will change the way people work. And I, you know, working with engineers, when they would look at content and talk to me about what they saw there, I would see something totally different.

Ted Merz (32m 58s):
You know, and like, it, it, it depended a little bit on your knowledge base and you know, what you knew about it. I think that, I think that's still gonna be true. I don't think that changes, but I do think people communicate different. You talked about Goldman it's interesting, like, I do think on the street we're undergoing this change where, you know, if you look at research written today, by and large by Wall Street analysts, it is very similar to what was written 20, 30 years ago. In, in terms, it's like long its stance. It's more explaining the, the kind of why than where it goes. It's, it's not like TikTok, you know what I mean it's not, and I'm not saying it should be TikTok, but I feel like the consumer demand and generational shift is fast, short, visual, personal, these global forces in content that I think haven't really showed up in that kind of writing. So I do think the role of the, the expert will have to adapt to the delivery of their information in a new way. I think that's on the, I think we're on the verge of that, you know and the people who don't, you know, it's just not gonna be readable or popular, you know?

David Greely (34m 08s):
No, it, it's a fascinating question because you know, with those 30 page research reports that were a staple of the past, you know, I've kind of gotten to the point in my career where I'm like, I don't want to write them and I don't think anybody wants to read them and it's interesting because part of what those 30 pages do, it gives it establishes credibility. It lets you walk through your assumptions. It lets you crosscheck them with data and other sources. It makes you work through arguments and not just catch people with the, the snappy headline and the thing that like makes them think, oh yeah, that sounds true. So like, I'm curious 'cause like obviously I would rather watch a two minute video. You know, three might be too long, but you know, the other thing is with so much information, it's also becoming very hard to know what's true and how do you wrestle with that problem.

Ted Merz (34m 58s):
So I'll take, I'm gonna take the opposite side of that. Like this, this is a thing, how do you wrestle with what's true. This came out of like the 2016 presidential election and fake news and all that. Just as like my experience is that financial professionals are unbelievably good at knowing what's true and not true, unbelievably good. So it goes without saying that there's a ton of misinformation in the world. There's a ton of stuff that's fake, right but my experience has been anything that has like market moving, people are so incentivized to know that like, they don't get fooled very long. They really don't get fooled by and large okay. So, I mean, I know we can say, I think in the political realm, there's all kinds of stuff that has happened. It didn't happen. I find it crazy a lot of times people's views but those same people, when you tell them, like, when they, when a headline goes out that is false, there's something in their they like, that doesn't look right you know what I mean there's something that tells them.

David Greely (35m 57s):
There's a good bull detector.

Ted Merz (35m 59s):
A good, I'll give you two to two examples from his, you know, my professional experience, one was someone faked the fact that a plane hit the White House, okay And, you know, it could have been hugely market moving, but people were immediately figured out that that just didn't, that that wasn't right and then there was another one that someone put out a fake headline that the Fed had cut rates and it was like not at 215 and it was not normal and it like, didn't seem right and like people didn't, it didn't move, you know, I mean, so I'm

just saying I'm gonna give credit to the hardcore traders and portfolio managers and whatever but I think that they're really very, very careful about that and you, you also see that in there's an information move where like if something comes out on a lesser known information source, it may move a little.

Ted Merz (36m 52s):
And then if it was on Bloomberg or Reuters or something, we'd move a lot people differentiate, no matter what they tell you. People differentiate immensely on the sources and the quality of information. So I don't know if that, I think most people are like, oh, it's, there's a lot of fake news and you can't figure it out. I tend to think that when it comes to investing, people are kind of like the either their gut tells them something or they, or they investigate it very quickly. They call the company. They call somebody.

David Greely (37m 23s):
Yeah. Now, I agree with that. There's a well-honed bold detector amongst people in the financial markets and there's also an interesting thing that I've just noticed in my own families and friend circles. It seems like there's a generational aspect as well. I feel like my kids are much better at seeing through a lot of that stuff than I was initially, and certainly my, my parents' generation. I wanted to ask you, you know, as we start to wrap up, given everything we've changed in like the nature, the availability of information, I wanted to ask you a question, you know, about the future you mentioned kind of TikTok being one of the models of how we're increasingly consuming information but I wanted to get your thoughts on how you might see the forms in which we consume information and content evolving you know, how will it be different from the 30 page reports of the past. Are we moving towards shorter, snappier, more visual, or is there, you know a formats that we haven't really guessed yet?

Ted Merz (38m 24s):
If there could be new things, but I tend to think, actually no, I mean, I tend to think that I mean we've had radio, TV and print and print, whether it's in a newspaper or book or online, let's just call that print. I think we're basically, that's the way information humans, humans have ears. They have eyes, you know, like that's how they're gonna get information. For the most part, the formats, to me, the most shocking thing that people haven't really absorbed is the enormous change in format that's kind of in the last seven, 10 years. Okay. I mean, if you go back and read a New York Times article from 1900, it's recognizable to a New York Times article for 2005, 2010. They're not that different. 800 words similar. I mean, you know, it's a little bit different vernacular and feel, but basically it's the same kind of thing.

Ted Merz (39m 16s):
Okay. So in journalism and actually in a research too, we wrote and delivered very similar ways for decades and decades and decades and so I think, I think what I take away from TikTok is not that Goldman's gonna be doing TikTok research. I think it's, they extrapolate what works on TikTok, which is, it's faster, it's visual, it's shorter, a lot shorter and it's personal. Personal is a big thing. You know, in the past, Wall Street would be like, the firm thinks this, this is the firm view, you know. I don't think so anymore. I think people want to know what Jim O'Neill thinks, or Barton Big thinks, or Michael thinks, you know, they, they want to know, like for the person. So I think personal is a kind of new development that's very TikTok and you know, fast, as I said. So I think some of those are those.

Ted Merz (40m 03s):
And the other thing I think is the last one of the probably biggest is when you're talking about writing so much of research on Wall Street is like, let me tell you why the Bank of England cut rates and I think people don't care about that the way they used to. Even in the marketplace, the professional people, they're like, I think you're the expert. So you, you know, why they cut rates. I don't really care why they cut rates. Tell me what's gonna happen, what I should do about it. So there's been a, a kind of subtle shift from explain to me, you know, why Wal-Mart trades at 12 times earnings to what do I do about that you know, it's more, it's like, move from academic to I don't know, action or something. So I think, I think underneath the hood of like, you still have text and radio and TV, you've got some pretty big changes of how people actually convey what's going on and I think that's where I see the real change. You know, it's, it's just a different kind of writing. It's a different kind of communication and I think that if people don't, it's like, you know, you go back and you read Shakespeare, it's hard to read. I think if we go back and read some of the old research from the 90s, it's gonna be like, look back and be, wow, that's pretty, pretty tough sledding, you know.

David Greely (41m 18s):
So that's a lot of work. It's a lot of work.

Ted Merz (41m 21s):
It's a lot of work I don't wanna work that hard.

David Greely (41m 22s):
Everything you're saying is resonating with me. I feel like I spent the first few decades of my life being taught to write in personally in the third person and then the last few decades of my life being told that's crazy. Just right in the first person use I statements.

Ted Merz (41m 38):
Why do you, why do you think that is, like, why does that resonate more?

David Greely (41m 41s):
You know, I, it's interesting. I think when I was younger, it was almost like you were supposed to take yourself out of it and that would make it objective. Like it was about the facts. It was about the reasoning. It was about the thought process and it was seen as like more scientific objective, detached right and I think more recently, as you said, people want the authenticity. They want, tell me what you think and it's almost like it's, they're judging the veracity of what you say by their opinion of you and your reputation as opposed to having to understand the, the arguments and logic behind it and I don't know, I don't know if that's just things change over time. I don't know if it's, people are so overwhelmed they don't have time to be DIY experts in everything and it's like just let me find someone I trust. Let them tell me what they think and then let me choose whether I'm gonna act on it or not.

Ted Merz (42m 36s):
I think I, I would, I would give you one other idea, which is, I think in the past, this notion of being objective, the firm's view. The house view, whatever people thought that was the way to go and they thought if you were personal, it would be biased. But I think people, the readers got to the point where, wait a minute, like everybody's biased. Everybody's got a view I actually just want to know what your view is and that's fine. You know, I want to know this is Jim's view, or Bob's view, and I think that's, that's a real big shift. It's very subtle, but it's a big shift.

David Greely (43m 07s):
That's a great point.

Ted Merz (43m 08s):
And people, people are not, people are just, I always found readers way more sophisticated than the writers oftentimes think they are you know what I'm saying like The readers kind of know that you have an angle. They know the times is an angle. The journal has an angle and they're on, just give me, tell me what you're can tell me and I'll work it out but going through the gymnastics of pretending it's not your view. It's like the third person or something. I feel like it's just fallen out of favor and if you, I think if you put yourself in the piece, it's actually more credible because people are like, okay, I know where that person stands, you know

David Greely (43m 45s):
And I can judge them as a person.

Ted Merz (43m 46s):
I can judge them as a person. I'm capable of doing that.

David Greely (43m 50s):
One more fascinating change. Thanks. I mean, you spent so much time with us, really, really grateful for it. You've gotten, you've terrified me, you've gotten me to think. So this is really, really great. Before I let you go for this summer series, you know, we like to think of it as our beach reading in a podcast. A way to kind of open up our minds on topics we might not normally be thinking about every day and in that spirit, I've been asking each of our guests what is on their personal beach reading list this summer and so I was curious, you know, what are you reading this summer, Ted?

Ted Merz (44m 23s):
So I'll give you three books. I just finished a book, which was fabulous. It's called Migrant Chef. It's by Laura Tillman, and it's about this Mexican chef named Lalo Garcia and he is you know, famous globally. He has one of the top restaurants in Mexico City, but his life story is extraordinary and he was he came to the US illegally across the border illegally worked in, you know, picking fruit and vegetables in

the fields growing up, and then had this just unbelievable capability to make food and he became, he worked in restaurants and became a chef and there's a lot of back and forth, and he ended up back in Mexico in this exalted position but really just an amazing, amazing story.

Ted Merz (45m 21s):
The other two I'm reading now, I'm reading one called Crazy Horse and Custer by Stephen Ambrose. He's the guy who wrote a Band of Brothers and it's kind of obvious it's about Custer and Crazy Horse, but it's about the Indian Wars and the 1850s through 1880s in America and like, just great history that we probably don't learn enough in school and, and super fascinating and the other one I picked up is Dexter Filkins The Forever War, the Forever Wars, I guess about America in Afghanistan and Iraq in the last 25 years and so I kind of tend towards history as you can see, history, biography is what, what I like to read.

David Greely (46m 0s):
It's a great list. I have to head down to the library or the bookstore. Thanks so much, Ted, really appreciate you being on.

Ted Merz (46m 08s):
Great. Thanks for having me.

David Greely (46m 11s):
Thanks again to Ted Merz, Founder of Principles Media and the Former Global Head of News Product at Bloomberg. We hope you enjoyed the episode. Join us next week as we continue our summer playlist 2023 with our next special guest. We hope you'll join us.

Announcer (46m 27s):
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Announcer (47m 17s):
That concludes this week's episode of SmarterMarkets by Abaxx. For episode transcripts and additional episode information, including research, editorial, and video content, please visit smartermarkets.media. Please help more people discover the podcast by leaving a review on Apple Podcast, Spotify, YouTube, or your favorite podcast platform. SmarterMarkets is presented for informational and entertainment purposes only. The information presented on SmarterMarkets should not be construed as investment advice. Always consult a licensed investment professional before making investment decisions. The views and opinions expressed on SmarterMarkets are those of the participants and do not necessarily reflect those of the show's hosts or producer. SmarterMarkets, its hosts, guests, employees, and producer, Abaxx Technologies, shall not be held liable for losses resulting from investment decisions based on informational viewpoints presented on SmarterMarkets. Thank you for listening, and please join us again next week.