

How Investors Became Consumers

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Abstract

Advertising for investment products has changed over the past 50 years. Ads initially targeted investors as defined in standard finance: that is, as fact-seeking utility maximizers. Ad portrayals gradually changed to target consumers, defined as people pursuing diverse life projects. Verbal and factual appeals were supplanted by rhetorical, figurative, pictorial, and narrative appeals. Standard finance views such advertising as problematic, because it may be deceitful and misleading. Perspectives drawn from strategic marketing, in conjunction with behavioral finance, and also Consumer Culture Theory, help to explain why mutual fund ads violate expectations from finance. A macromarketing perspective goes further, explaining investment advertising as a historically situated human action subject to social forces. Finally, a societal marketing perspective uncovers moralistic underpinnings in the critique of mutual fund ads.

Keywords

financial advertising, deceptive advertising, visual imagery, metaphor, rhetoric, advertising history, hedonic consumption, macromarketing

... the full flavor of losing important money cannot be conveyed through literature ... Nor can any description that I might offer here even approximate what it feels like to lose a real chunk of money that you used to own.

Fred Schwed, Jr. ([1940] 1995), *Where are the Customer's Yachts?* (p. 70)

Standard finance describes investors as rational, and views ads for investment products as information for investors deciding where to put their money. These investors benefit from facts about the return, risk, cost and terms offered—anything a utility maximizer might need to know.

By contrast, from a marketing perspective investment ads have the same purpose as other advertising: to promote the brand and move the product. Whether stockbroker, bank, or soap, branding is imperative. Like services generally, investments are intangible (Lovelock 1983), and hence, investment advertising may use tangible cues to promote the brand, such as vivid pictures, poetic and metaphorical language, strong emotions, or cultural symbols.

The managerial or micromarketing approach is inclusive: all legal means of promotion will be considered. Marketers expect *advertisers* to behave as utility maximizers who capably pursue their own self-interest. Since the advent of consumer research in the later 1960s (Kassarjian and Goodstein 2010), however, marketers do not expect ordinary *consumers* to behave only as rational economic actors optimizing price-quality trade-offs. Hedonic and non-utilitarian motives may be primary (Holbrook and Hirschman 1982). Consumers are cultural beings as likely to seek identity as utility from their purchases (Arnould and Thompson 2005).

By contrast, the standard finance account of advertising is exclusionary: if it is not factual information that can help an investor to choose rationally, it does not belong in an ad. In standard finance,¹ every investment product within each asset class is an undifferentiated commodity with the same expected risk and return. Stocks are stocks, bonds are bonds, and there can be no brand differentiation in terms of return or risk. Hence, branding cannot be a benefit for investment products in the way that it can be for soap.

Unfortunately, when actual ads have been gathered and analyzed, these violate expectations from standard finance, with irrational, poetic, and other kinds of expressive appeals supplanting the factual information needed for rational choice (Huhmann and Bhattacharyya 2005; Mullainathan, Schwartzstein, and Shleifer 2008). The response in finance scholarship has been condemnatory, where it has not been perplexed (Barber, Odean, and Zheng 2005; Gallaher, Kaniel, and Starks 2008; Jain and Wu 2000; Koehler and Mercer 2009; Solomon, Soltes, and Sosyura 2014). Why do investment advertisers attempt to lead investors into error? Why do investors act so dumb (Frazzini and Lamont 2008)?

The first wave in behavioral finance arose to address the perplexity (Shefrin and Statman 1984). Consistent with research elsewhere in social psychology (Kahneman 2011), and contrary

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to the expectations of standard finance, initial work in behavioral finance showed that investors did not always behave as utility maximizers, but instead behaved in seemingly irrational ways (Barber, Odean, and Zheng 2005). Investors choosing how to invest thousands of dollars made the same cognitive errors as ordinary people making low stakes everyday decisions.

Early behavioral finance, however, did not change the condemnatory stance toward advertising. Investors might be fallible and easily distracted, but this did not justify advertisers piling on and exploiting investors' irrational tendencies. This irrationalist strain in behavioral finance made investor errors understandable and predictable, but preserved them as errors. For instance, Mullainathan, Schwartzstein, and Shleifer (2008) examined ads in *Money* and found many to be incitements to "coarse thinking," which occurs when "a piece of data that might carry objective weight in one situation is brought to bear on another, where it is uninformative" (p. 4). An example would be a mutual fund ad that depicts a doctor or police officer to convey that the investment is safe or protected against risk. Mullainathan, Schwartzstein, and Shleifer (2008) decry coarse thinking as a cognitive failing, and treat it as an example of how mutual fund advertising gulls investors to their detriment.

A consumer researcher might respond that coarse thinking is a pejorative term that prejudices the issue, and thus would prefer a more neutral descriptor such as analogic or metaphorical thinking (Gregan-Paxton and John 1997; McQuarrie and Mick 1996). Metaphor and analogy are just two of the alternative ways that consumers make sense of the marketplace. For marketers, metaphor is one way to position a brand in an intangible services category. By contrast, finance theorists see metaphorical depictions as a coarsened violation of economic rationality, a trap and a snare for unwary investors.

Viewed from a macromarketing perspective, this rebuttal from marketing becomes problematic: the amount at stake when investing is so much greater than in most everyday decisions. An off-brand detergent that fails to leave clothes smelling fresh is a disappointment, but only a few dollars will have been wasted. Conversely, \$100,000 in a 401(k) account, rolled over to a high fee IRA, and invested in a high load fund whose return is dragged down by rapid churn, may quickly sink to \$50,000 or less, and devastate a retirement plan.

From a macromarketing perspective, we can ask whether marketing scholarship, under a managerial perspective, has granted too much latitude to mutual funds and other investment advertisers (Hovland and Wilcox 1989). Must advertising to investors, given the amounts at stake and the havoc that can be wreaked by a faulty heuristic, be held to a higher standard than advertising for soap? Under this view, it would be standard finance, and its condemnatory view of mutual fund advertising, that best serves consumer well-being. Investments can be sold like soap, using branding and all the tricks of the trade developed there, but ought not to be.

However, the debate includes a third party, sometimes referred to as the second wave in behavioral finance (Statman

2004, 2010) or, alternatively, as the normalcy approach. Normalcy behavioral finance defines utility broadly. Investors are normal people, and normally, people have many goals—it is not all about the money. If investors are normal people with multiple goals, who connect their investing activity with the remainder of their lives, then the content of mutual fund advertising is not going to be limited to factual information about returns and risk.

Returning to a macromarketing perspective, branded mutual funds, which promote themselves broadly in terms of life goals, may indeed cost investors money. But a behavioral finance scholar will argue that the quote from Schwed with which we began is the exception not the rule. Most mutual fund investors are not swindled; rather, they pay an extra 50 or 100 basis points a year, and—the crux of the argument—get commensurate non-monetary utility in return. To condemn mutual fund advertisers for building brands by crafting ads that are pleasurable for normal people to peruse, and making brand promises that link investing to normal life, is the sort of thing that got Plato in trouble in *The Republic*. Shall we banish poetry as lies?

Mutual fund advertising is controversial, and a multi-party argument rages. The micromarketing perspective argues that investment providers perform a financial service for which they should earn a return, which requires branding. Allowing free markets to flourish without hindrance, whether for stocks or for soap, creates wealth, which benefits everyone.

The irrationalist strain in behavioral finance, joined with standard finance, argues that investors are more vulnerable than consumers of soap. Real harm results if powerful advertisers use their wiles on ordinary consumers (Stern 1992), who, alas, are cognitively frail. Societal well-being requires that financial advertisers convey only factual information in plain speech.

The newer normalcy strain in behavioral finance rejects the view of ordinary consumers as incapable of seeking their own self-interest—as they define it—within the investing sphere. If consumers willingly pay extra for their preferred brand of soap, then there is no reason not to pay extra for their preferred brand of investment. Money isn't everything. The second wave in behavioral finance makes common cause with the expanded definition of the consumer seen in papers such as Arnould and Thompson (2005), Brakus, Schmitt, and Zanantonello (2009), Fournier (1998), Holbrook (2000), Holbrook and Hirschman (1982), and Penaloza and Barnhart (2011), where purchases are not optimized price-quality trade-offs, but diversely motivated accessories to life goals, aids to the pursuit of identity, relationship, and experience.

In all these perspectives, expectations are fixed over time. None takes a historical stance on how advertising of investment products might have changed. A macromarketing perspective, by contrast, supposes that marketing action is situated in history (Hollander et al. 2005), and that the meaning of investing, or any consumer good, may change. For example, Humphreys (2010) showed how gambling changed its meaning in the latter half of the 20th century to become more positive. Earlier Pollay (1985) showed that even something as straightforward as the

use of pictures in ads showed a long term trend. Historians have likewise argued that social change can be glimpsed in advertising, with the type of appeal used varying systematically over time (Belk and Pollay 1985; Leiss, Kline, and Jhally 2005; Marchand 1985).

Apart from this historical work in advertising, which argues for directional change in some circumstances, particular reasons lead us to expect significant change in *financial* advertising during the 1960-2010 period from which we sampled magazine ads. From very small beginnings, engagement with investing exploded over this period. Three themes summarize developments in the United States investment marketplace from 1960 onward: expanded participation, proliferating options, and intensified promotion. The number of stock market investors increased from a few million in 1960 to over half the adults in the country, and the amount invested from billions to trillions of dollars (Fink 2011). The number of mutual funds—the primary vehicle through which the mass-market consumer owns stock and other investments—increased from less than two hundred to many thousands (Fink 2011). The number of advertisements for investment products multiplied many-fold. In sum, by late in the period more people received more messages about a greater variety of investment opportunities than ever before (Nocera 1994). The period saw development of a mass market for minimally differentiated, constantly proliferating investment products.

It seems unlikely that advertising content did not also change. However, to date studies of investment advertising have used only short, recent time periods, making it impossible to assess whether there has been change, or which of the contending views best captures what occurs in investment advertising, now and before.

Research Questions

We collected a fifty year sample of ads for investment products to address the following questions.

1. Is there a distinctive pattern to advertising appeals for investment products?

Because marketing mutual funds does not differ in principle from marketing soap, the managerial perspective expects to see no distinctive pattern. By contrast, standard finance hopes to see ads focused on return, risks, costs, and terms. The irrationalist strain in behavioral finance agrees about the topic of ads, but expects that headlines and other prominent parts of the ad may be crafted to produce a misleading impression of outsized returns for little risk (Statman 2010).

The normalcy strain in behavioral finance joins consumer research in expecting that narrow utilitarian appeals focused on monetary gain will be rare. The consumer researcher also does not expect to see much hucksterism, because consumers are sophisticated and experienced market participants. The second wave behavioral finance scholar and the consumer culture theorist join in expecting mutual fund ads to be full of pictures,

to be fictive and emotional, and to use the poetic resources of the language to link mundane investment products to strivings for identity, success, and love—in other words, to be sold like soap.

2. Are there patterns within investment advertising, as when one product category, such as mutual funds, uses different appeals relative to other investment categories, such as life insurance?

Although mutual funds offer a financial service, same as stockbrokers, banks and insurance, the latter categories were much older and better-established at the beginning of the sampling period. Also, putting money in a stock fund may be closer to pure investment—money put to work to make more of itself—than opening a bank account, which might serve multiple purposes. Similarly, life insurance, although surely an investment of funds, is subject to different legal treatment, which suggests appeals for it may also differ.

3. Is there a pattern over time in advertising appeals?

As noted, the audience for investment advertising changed radically in composition and size over the period. Consistent with a macromarketing perspective, the answers to either of the first two research questions may differ at different points in time.

The following sections begin with a description of how we sampled ads, followed by a rhetorical analysis of selected instances. In Study 2 a content analysis of the total sample is presented, which allows for a quantification and test of the patterns identified in the rhetorical analysis.

Study I: Rhetorical Analysis of Ads over Time

Sample

We collected ads that appeared from 1960 to 2010 in *Forbes* magazine (through 1971) and then in *Money* magazine from the time it began publication (1972–2010). *Money* is the publication used in most of the prior literature on advertising appeals to investors (e.g., Huhmann and Bhattacharyya 2005; Mullainathan, Schwartzstein, and Shleifer 2008), inasmuch as during much of this period, it represented the leading investing publication directed at a mass audience (Nocera 1994). We collected magazine ads rather than newspaper ads (e.g., the *Wall Street Journal*) because among media vehicles, magazine ads offer more scope for pictorial persuasion due to superior color reproduction, and more opportunities for indirect appeals and brand building, since, unlike newspapers, magazines may be retained for months.

Periodization is a fraught subject in any historical account (Hollander et al. 2005), and beginning points tend to be arbitrary. We selected 1960 as a starting date to capture the 1960s boom, when investing first began to diffuse to a mass market (Nocera 1994). This date places the beginning of the sample approximately 15 years into the period of post-war

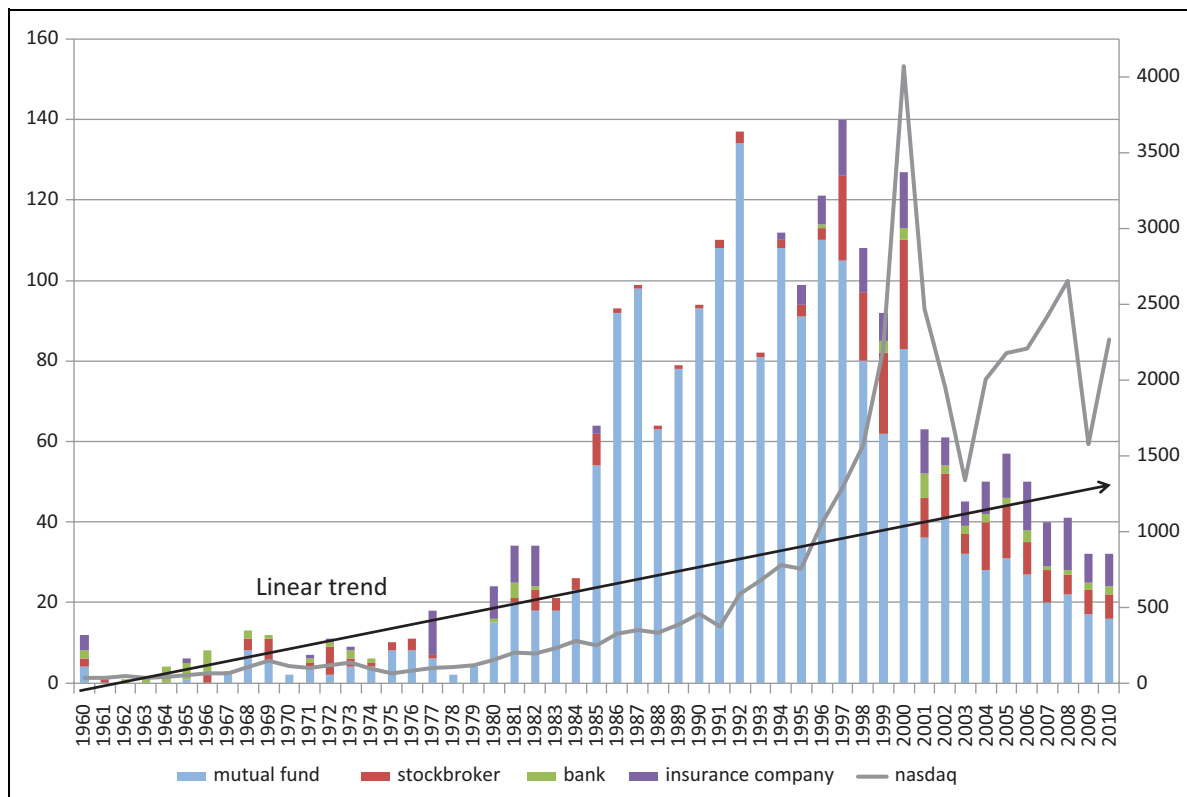


Figure 1. Incidence of ads, by investment product category over time, relative to stock market returns.

affluence in the United States, and well after the stock market had recovered all the ground lost in the Great Depression. The ending date of December 2010 is approximately 21 months after the stock market bottomed in March 2009, following the worst plunge since the Great Depression, but is an arbitrary reflection of when this research was first conceived.

One possible approach to periodizing an account of investment advertising is to focus on turning points in the markets (Hollander et al., p. 37). It is conventional to speak of bull and bear markets, booms and busts, crash and bottom. However since markets are always in motion, finding a useful set of boundaries, within a fifty-year span that begins and ends at arbitrary points, remains a matter of art and judgment. Based on our reading of market history, and of the development of investing as a mass market (Nocera 1994), we selected a set of stock market peaks and bottoms as the basic boundaries for our periods. These are named in the headings that organize the results, and each period is briefly introduced after being named.

There was one additional turning point during these fifty years. Fink (2011, p. 100) states: “for most of mutual funds’ history, it was illegal for mutual funds to advertise.” However, Fink goes on to acknowledge that there was “a limited statutory exception for a tombstone advertisement.” This limited exception was expanded by the Securities and Exchange Commission in the early 1970s, but until late 1979 the SEC continued to prohibit any advertisement relating to past performance or implying achievement of investment objectives. Before 1980 mutual fund advertising had to meet the standards of a

legal prospectus; after this point, funds were free to talk about pretty much anything, including the high returns received by past investors. Accordingly, we expect that there may be differences in the content of fund advertising after this hinge, independent of other trends.

Ads were collected for 1) mutual funds; 2) stockbrokers; 3) banks; and 4) life insurance and annuities. Ads appearing in these magazines for non-investment products were not included. The goal was to examine only ads which, directly or indirectly, ask the reader to invest funds with the ad sponsor. Mutual funds dominate the total, accounting for 79% of the sample. The incidence of ads for other products varied over time, as seen in Figure 1, and the total number of ads increased greatly in the late middle of the time period.

Where possible, three issues per year, spaced approximately equally, were sampled (only one issue each could be obtained in 1978 and 1979). This four-month gap was designed to minimize the number of repeated executions. All ads for investment products ¼ page or larger were collected and product category, ad size and the presence and size of a picture were tabulated. The authors performed Study 1. As explained below, a pair of research assistants coded Study 2 ads for additional properties, as explained below. A total of 2372 ads were available for analysis.

Rhetorical Text Analysis

We analyzed the rhetorical devices found in these ads, and took a qualitative approach to historical understanding (Jones and

Shaw 2006; Witkowski and Jones 2006). In addition to the rhetorical figures studied by McQuarrie and Mick (1996, 1999) and Phillips and McQuarrie (2002, 2004), we examined ethos and appellation.

Ethos covers inferences about the message source, which in advertising will typically be the brand. Every message, in addition to being about its topic, is also about its source. Every message provides a raw feedstock for inferences about who delivered this message and with what intent. Ethos can refer to motivation, personality, social position, taste or anything else that can be attributed to a person. Rhetorical analysis can reveal the ethos likely to be inferred for the advertiser, as readily as the claims likely to be inferred for the product.

Williamson (1981), drawing on Althusser (2006), French structuralism (Foucault 1980) and semiotics (Eco 1984), introduced appellation to describe how every advertisement calls out to its intended audience—hails the consumer as a passerby. Just as every message has a source, every message is addressed to a particular audience, names that audience, and instructs as to who should approach this message, and how. This naming is not separate from the claiming which is the ostensible purpose of an ad. From a rhetorical perspective, every mass-media message, in being broadcast to an uncompelled audience, is addressed as well as sourced.

A message offers an identity to anyone willing to take the proffered name. Appellation forms the subject of the viewer: to engage this text, you have to be this person (Foucault 1980). Appellation can offer an identity not previously carried by the consumer. It can call out to a sober, thrifty person of means, invite a speculator to take a fling, or name a caring father who provides for his children. Appellation can be more or less explicit, as when a headline begins with “You,” or otherwise makes its topic the investor rather than the investment. A picture of the investor provides a more explicit appellation than a chart of investment returns, which nonetheless appellates implicitly, by calling out to a data-oriented person.

Procedure

The authors reviewed each ad beginning with the earliest and proceeding through the most recent. Each headline was assessed for the type of appeal being used: whether it was primarily a rational appeal, consistent with standard finance, discussing return, risk or cost; or whether it represented some other kind of appeal. The picture, if present, was analyzed for style: was it a simple illustration of people, or did it introduce metaphorical, fictive, or fantastical elements?

Once all ads had been reviewed, elements that changed over time were identified. Ads from each time period were selected to illustrate these changes, and are included here to serve the same function as quotes from interviews in ethnographic studies: to provide representative instances of the changes seen. The statistical assessment of patterns, over time and across product categories, is deferred to Study 2.

The 1960s & 1970s: From Just the Facts through Boom and Bust

During the 1960s, the post-war economic and market recovery reached the boom stage by 1966–67, when stocks attained an inflation-adjusted peak that was not exceeded until after 1980. The phrases “go-go years” and “guns and butter” date to this epoch. The nominal market peak was late 1972, followed by the worst market decline since 1929. By the late 1970s, *Business Week* could publish a famous cover story asking whether stock investing was dead.


Ads from the earliest portion of this period tend to conform to a rational, utilitarian model in which the primary purpose of the ad is to provide market information to the prospective investor: facts about return, risk, costs and terms. Figure 2, for a bank, provides a good example.

The ad shows a simplified balance sheet and a list of board members. The bulk of the ad consists of financial numbers and names. No rhetorical device is used nor is any emotional appeal made. There is no invitation to coarse thinking. This ad could be a page drawn from a prospectus or other legal filing. Ethos and appellation are limited; the ethos, to the extent one is present, is that of a bank examiner, laying out the facts of the bank’s condition; the reader is appellated only as someone who peruses financial statements. Likewise, WA-Figure A² advertises a savings account. The headline consists simply of the interest rate offered, and the body copy provides strictly utilitarian information about government insurance and the terms of the offer. In these ads the ethos is one of “just the facts” or “numbers don’t lie”. The reader is appellated as one who scrutinizes the numbers to allocate his funds optimally.

An ad for Metropolitan Life Insurance is different (Figure 3). This ad is dominated by its large picture, and this picture is metaphorical, emotional, and almost allegorical, a kind of parable. It captures a frozen drama—if Mother does not manage to retrieve that oar, she and the kids are probably sunk. But if she is not both fortunate and careful, her action in simply reaching for that oar could well tip them over. This pictorial metaphor is richly layered and allusive: mother and children are “at sea,” “up a creek without a paddle,” “storm-tossed,” and “in fading light.”

Expressive elements also appear in the headline, with its metaphor of reaching the shore, and the gratuitous rhyme with “oar.” Visual elements re-appear in the logo, with its (literally) shining tower. The rays of light from the tower echo those from the word “security” placed in the setting sun position on the horizon. The mythic element of rays of light, an advertising motif that was old by the 1920s, is extensively discussed in Marchand (1985). No numbers or financial data appear anywhere in the body copy, which confines itself to evoking the plight of a family that has lost its breadwinner, and personifying the solution as “your Metropolitan Man.” Only the barest rudiments of a utilitarian appeal are present (“reach the shore,” attain “security”).

The point of including this insurance ad from February 1960 is to demonstrate that neither Photoshop nor any other



FIRST NATIONAL CITY BANK

STATEMENT OF CONDITION AS OF JUNE 30, 1962

ASSETS		LIABILITIES	
Cash and Due from Banks	\$1,927,691,547	Deposits	\$8,023,006,462
United States Government Obligations	1,725,774,852	Liability on Acceptances	154,677,874
State and Municipal Securities	731,014,150	Foreign Funds Borrowed	1,966,600
Other Securities	109,534,200	Bills Payable	90,683,450
Loans	4,385,067,112	Items in Transit with Overseas Branches	8,618,088
Customers' Acceptance Liability	150,934,440	Reserves:	
Federal Reserve Bank Stock	19,649,850	Unearned Income	43,682,103
International Banking Corporation	7,000,000	Taxes and Accrued Expenses	72,534,648
Bank Premises, Furniture and Equipment	113,568,714	Dividend	9,550,872
Other Assets	25,875,150	Shareholders' Equity:	
Total	\$9,196,110,015	Capital	\$254,689,920
		(12,734,496 shares—\$20 par)	
		Surplus	400,304,000
		Undivided Profits	136,395,998
		Total	\$9,196,110,015

The Capital Funds of the Bank's Trust Affiliate, First National City Trust Company, total \$24,866,188.
Figures of Overseas Branches are as of June 23. United States Government obligations and other assets carried at \$834,910,646 are pledged to secure public and trust deposits and for other purposes required or permitted by law.
Member Federal Deposit Insurance Corporation.

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†Member Trust Advisory Board

178 Branches, Offices and Affiliates Throughout the World • 91 in the New York Metropolitan Area • 87 in 30 Countries Overseas

Our 150th Anniversary Year

Figure 2. An almost purely rational, factual bank ad from the 1960s (*Forbes*, April 15, 1962).

technology that emerged over the past 50 years is required to construct an expressive, emotional, fictive, figurative ad for a financial product. A hand-drawn illustration sufficed.³ Figure 3, juxtaposed against Figure 2 above and Figures 4 and 5 below, establishes that throughout the five decade period under examination, and even before, advertisers of investment products have always had the choice whether to make utilitarian or expressive appeals, and whether to elaborate the visual portion of the advertisement or confine themselves to the use

of verbal and numerical elements. Neither kind of appeal was ever mandated by external or technological contingencies.

In contrast to the Metropolitan Life ad, and consistent with Figure 2, during the early 1960s advertisements for mutual funds and stockbrokers mostly restricted themselves to verbal and numerical elements. Figure 4, for T. Rowe Price, is factual and descriptive, with selected numerical data, and a list of the names and titles of its executives. The only departure from a strictly utilitarian and factual presentation is the mild



Could your family reach the shore with only one oar?

When a man dies, his family cannot suddenly develop half an appetite, purchase half a pair of shoes, make do with half an education.

They cannot live in part of a house, pay part of a doctor bill, drive a piece of a car, any more than they can row a boat with only one oar.

What part of your present income would your family get? What part would your Social Security, insurance and other assets provide?

What minimum income would your family require for food, housing, clothing, utilities, health and education—to live the way you want them to?

The answers to all of your questions are as close as your telephone. Your Metropolitan Man can help you compute your family's unique and special needs.

And he can help you provide for them with individually tailored protection.

And you'll be happy to learn how much protection your family can have—and you can afford—with a thoughtful program worked out by an expert.

Your Metropolitan Man is equipped with the widest assortment of policies in Metropolitan's history with the newest and most flexible provisions and benefits. There was never a better time. Call him now.

Metropolitan Life
INSURANCE COMPANY[®]
A MUTUAL COMPANY
1 MADISON AVE., NEW YORK 10, N. Y.

THE LIGHT THAT NEVER FAILS

Figure 3. A fictive, figurative, pictorial ad that predates modern graphics technology (*Forbes*, February 1, 1960).

antanaclasis (a rhetorical figure in which the same word is used in two different senses, here growth stocks, the category, versus the growing assets under management at T. Rowe Price) of the headline. Most mutual fund ads in the 1960s and 1970s took this utilitarian approach, limited to naming the funds offered, and offering some descriptive information about the fund management company.

Figure 5 shows a somewhat later ad for a savings bank. The headline is as utilitarian and rationally pertinent as can be envisioned: “Best Possible Returns.” What is new is the addition of two visual elements, including a photograph of a man standing

by a desk and a piece of paper with three percentages written on it. To describe the photo in this way, however, doesn't begin to do justice to it, or explain why the advertiser was willing to spend approximately 40% more to expand the ad to include this picture. The man is of a certain age (receding hairline), and located in a particular social milieu (the suit, the suggestion of a skyscraper window). He holds reading glasses, with hand to chin—an image of thoughtfulness at a moment of decision, or alternatively, a stance of care and concern: What is the right thing to do here? The viewer is appellated as a successful man of means who faces a challenging decision about where to put

*Growing
with Growth*

For twenty-two years "Growth through Management and Research" has been the guiding principle of T. Rowe Price and Associates, Inc. We have pioneered in featuring Growth Stocks in our investment recommendations.

We serve Corporations, Individuals, Trust Estates, and Endowment, Mutual, Pension and Profit Sharing Funds in fifty states, the District of Columbia, and twenty-three foreign countries.

Growth Of Funds Under Our Supervision	
1937	\$ 744,404
1942	6,650,815
1947	37,839,274
1952	95,783,100
1957	240,495,177
1959	370,329,684

T. Rowe Price and Associates, Inc.
INVESTMENT RESEARCH AND COUNSEL

<p>T. Rowe Price, President Charles W. Shaeffer, Executive Vice President Walter H. Kidd, Executive Vice President John B. Ramsay, Jr., Executive Vice President E. Kirkhede Miller, Jr., Vice President Gordon P. Baird, Vice President</p>	<p>Loring A. Cover, Jr., Assistant Vice President John D. Hanson, Assistant Vice President William D. Waxter III, Assistant Vice President Isabella P. Craig, Secretary Dorothy B. Krug, Assistant Secretary Marie Walper, Treasurer</p>
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Ten Light StreetBaltimore 2, Maryland

Figure 4. A verbal, factual mutual fund ad supplemented by a rhetorical figure (*Forbes*, June 1, 1960).

his money. The headline, combined with the progression of percentages, which grow figuratively and literally larger, supply the answer: you place your savings where they will earn the best possible return. An entirely rational course of action (given the government guarantee that these savings will be risk-free) is here reinforced by means that are symbolic rather than propositional, connotative rather than denotative.

Stockbroker ads, here at the height of the go-go years (Nocera 1994), were more thoroughly transformed by this point, as seen in Figure 6 and WA-Figure B. In each case there is a large photo that depicts the investor, not the advertiser. The photos are both expressive, offering a somewhat quizzical smile of pleasure in Figure 6, and in WA-Figure B, the slumped shoulders of exclusion and insignificance, the feeling of being banished, on the outside looking in. An entirely new attribute for an investment provider is invented: "Bache-ability," punning on "bankability," but otherwise unconnected to risk or reward. Each of the photos provides a rich ground for socio-cultural inferences about the investor at whom they are aimed: the kind of person who would wear that sort of hunting vest and cap, and have access to property with that stone wall. The ad is

Best possible returns

- ✓ on funds insured to \$110,000
- ✓ in one account name
- ✓ with one-check convenience
- ✓ for corporations or individuals

Many companies and individuals have discovered that the most convenient way for them to earn top returns on insured savings/investment funds is to take advantage of a unique opportunity offered by 11 insured California savings and loan associations. Current high annual rates range from 4.6% to 4.8%...and each association has accounts insured up to \$10,000 by a permanent agency of the United States Government. By simply sending one check to Edward L. Johnson—who is president of Financial Federation, owner of the 11 associations—funds will be forwarded to one or more of the 11 associations. Distribution will be made to the associations paying the highest earnings, with up to \$10,000 at each association permitting a total of \$110,000 insured in one account name. Our current Savings/Investment Portfolio shows how you will earn the best return possible on any amount up to \$110,000...insured in one account name...with one-check convenience. You may make one check to "Edward L. Johnson for 11 S & L Assns." or make checks to individual associations in amounts you wish and mail in one envelope to address below. Add or withdraw with convenient flexibility. No brokerage or service fee. Earnings compounded quarterly...we guarantee funds received by 10th of any month earn from 1st.

COMBINED ASSETS OVER A HALF-BILLION DOLLARS

Atlantic Savings, Los Angeles • Coachella Valley Savings, Palm Springs • Community Savings, Donipole • La Balfona Savings, Culver City • Lassen Savings, Chico • Midvalley Savings, Marysville • Palomar Savings, Escondido • Presidential Savings, San Gabriel • Sequoia Savings, Fresno • Sierra Savings, San Bernardino • Silver Gate Savings, San Diego. All associations are members of Federal Home Loan Bank System with accounts insured by Federal Savings and Loan Insurance Corp.

For detailed information, write for our Savings/Investment Portfolio
Edward L. Johnson For 11 Insured Savings and Loan Assns.
DEPT. 78 • 615 S. FLOWER AT WILSHIRE BLVD., LOS ANGELES 17, CALIF.

Figure 5. An early instance of a picture supplementing a utilitarian appeal (*Forbes*, February 1, 1963).

no longer a pitch *for* an investment, but a pitch *to* an investor, by a brand.

By contrast, mutual fund ads do not change during the late 1960s (WA-Figure C). The ad is purely verbal: it states the balance of risk and reward to be had from each fund, mentions some terms of the offer, and that is all. No coarse thinking is called for or likely to occur.

To summarize findings from these early ads, ads to investors from a variety of financial service providers tended to be factual and utilitarian in focus, with the exception of ads for life insurance, which then, as now, were often expressive, figurative, and stylized. For banks, the 1960s saw some introduction of expressive and figurative elements, but primarily as add-ons


Ten years from today this man expects to retire on a comfortable income.

Ask him about Bache-ability.

Bache-ability can make an important difference to the man who looks ahead to active, enjoyable years of retirement...and is willing to take reasonable investment risks to achieve it. During the years of your peak earning power, it offers guidance in building a sound investment program. After retirement, it can provide the kind of watchfulness needed to keep income up and risk down.

What is Bache-ability? It's the total experience, knowledge and research of one of the nation's oldest and largest investment firms...applied to your personal goals.

For an investment program designed to meet your specific needs...whether you're looking ahead to retirement now, or to profitable participation in more immediate opportunities...put Bache-ability to work for you. And put a Bache Representative to work for you too. Simply phone or visit our nearest office.



BACHE & Co
Incorporated
Member: All Leading Exchanges
Founded 1879

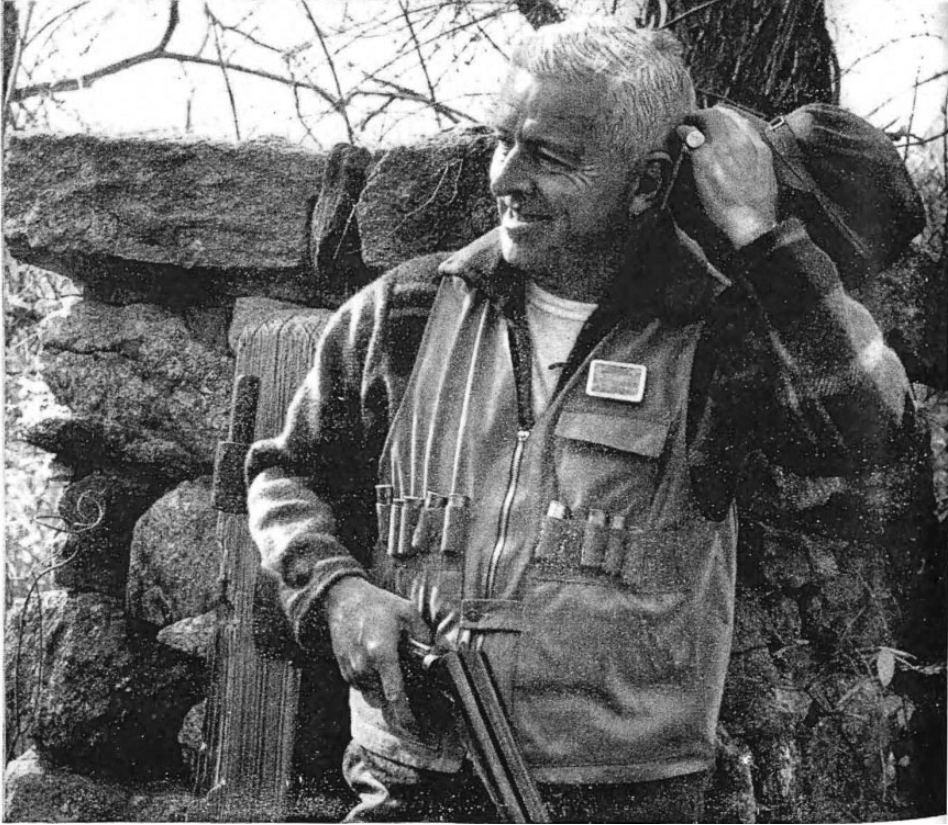


Figure 6. A very early pictorial and fictive ad for a stockbroker (*Forbes*, December 15, 1966).

to the standard utilitarian appeal. For brokers the transformation was more thorough in selected cases, with user-focused and pictorial advertising beginning to supplant strictly factual description. But mutual fund ads remained unaffected by these changes, even during the go-go years at the height of the 1960s.

Later, by the end of the 1970s, we see ads for insurance companies and banks that have completed the transition from an almost purely verbal and utilitarian approach, to a predominantly expressive approach in which the visual element

eclipses the verbal element and there may be no or little utilitarian argumentation. An ad by Equitable Life (Figure 7) uses a photograph, rather than the drawing in Figure 3, but like that drawing, this photograph is fictive and idealized, down to the bow-tied youngster with the gulping expression, the benevolent apron-wearing grandmother, the antique radio cabinet, and the cornucopia of food spread out for the young visitor. The offering, an investment in whole life that will require a literally life-long contribution of substantial funds each year, is nowhere



Nobody Else Like You Service.
We stole the idea from your grandmother.

You never had to ask for anything at grandma's. It was always there. And most of the time, more than you wanted. Even to this day she can't do enough for you.

At The Equitable, our whole approach to life insurance is built around the same idea.

We call it Nobody Else Like You

Service. Here's why.

When an Equitable Agent plans your insurance program, he or she plans it around your specific needs and goals. Nobody else's.

And when you buy insurance from The Equitable, you'll always have an Equitable Agent available

to answer your questions. And help you plan for your family's needs. Even if you move.

We call that a lifetime of Equitable service. It's based on the same feelings your grandma has about you. And your family.

Please thank her for us. She gave us a great idea.

Nobody Else Like You Service
The Equitable Life Assurance Society of the United States, N.Y., N.Y.

Figure 7. A fantastic, fictive and pictorial ad from an insurance firm (*Money*, November 1977).

evident in the picture, which nonetheless occupies almost $\frac{3}{4}$ of the page. As with the Bache-ability of Figure 6, this ad again features a distinctive neologism, "Nobody Else Like You Service," now with the playful follow up, "We stole the idea from your grandmother." No information in the text explains either the return or the risk of this investment. But to describe it as coarse thinking does not seem to do the ad justice—the reader is not being asked to view the investment as a grandmotherly kind of offering. Rather, a fantasy of inexhaustible love and support is on offer. This investment offers more than financial rewards. It will not be the last to do so.

About this time, a multi-execution campaign for Manufacturers Hanover bank moves in the same visual and expressive

direction as the Equitable life insurance ads. Each execution consists of a two page full color spread—reflecting an enormously greater expenditure than seen in the fractional page, black and white, savings and loan ads from the 1960s. One of these pictures consists of nothing but a white crane in a green marsh, depicted in the style of Monet. Another consists of a rooftop view of a European village; another of a snow covered alpine scene with a town below. Each headline consists of a personification with an ellipsis: The Naturists . . . , The Generators . . . , The Geobankers . . . , with scant body copy. A tag line appears beneath the bank's name: "The financial source. Worldwide." Strictly speaking, the tagline is meaningless (source of what, exactly?), and offers no information to investors.

If these ads had appeared in a *Forbes* or a *Business Week*, they might be categorized as part of the bank's corporate image campaign aimed at executives, and not as ads aimed at investors deciding where to place their savings. But these ads ran in *Money*, a magazine directed at individuals, and appeared in the midst of ads for brokers, insurance companies, and mutual funds, while surrounded by editorial matter such as "Amateur investors who outperform the pros" (February 1977). The gap between these ads and the bank ad in Figure 2 is notable. Here the reader is appellated as a worldly wise connoisseur who will recognize the Monet touches in the one image, or who might actually have visited that European locale in another. He does not need to see a financial statement or an interest rate; he needs to acquire an image of the bank's brand—and the pictures that makes up the ad provide a direct experience of this brand (Brakus, Schmitt, and Zanantonello 2009).

Stockbroker ads in the 1970s sometimes moved in an expressive direction, but sometimes stuck with mostly rational and verbal appeals. Likewise, most mutual fund ads remained almost completely verbal and utilitarian, with few moving in the pictorial and expressive direction seen in the other financial categories. WA-Figure D shows the limit of movement. Here the visual clichés of the eyeglasses and the cluttered desk express a stance of concern, of wanting to do the right thing, along with a willingness to study the facts and wade into the details. But the body copy remains utilitarian, concentrated on issues of return and risk.

To summarize this initial twenty-year period, early ads, and especially ads for mutual funds, conform to the expectations of standard finance that ads for investments should provide factual information. Early on, however, ads for other financial services, especially life insurance, show evidence of branding, most notably in figurative and evocative pictures.

1980 to 1994: Markets, and Mutual Fund Advertising, Take Off

As noted earlier, mutual fund advertising begins anew in the 1980s, with SEC restrictions relaxed. In the markets, inflation and interest rates peaked about 1981, and a multi-decade bond rally began, followed by the beginning of a great bull market in stocks in 1982. The liberalization of IRA plans dates to this era, along with the great shift from defined benefit plans, where employers did the investing, to 401(k) plans, where tens of millions of individuals became investors. A mass market for investment products came into being and matured (Nocera 1994).

Given the new legal freedom to advertise facts about performance, it is no surprise to find many mutual funds in the 1980s continuing to advertise in a relatively factual manner, in rough keeping with the dictates of finance theory. For some years into the 1980s, mutual fund advertising remained predominately verbal rather than visual, utilitarian rather than expressive, and focused on facts about risk and return. The contrast with the more expressive and pictorial ads already seen for insurers and other categories is noticeable.

This is also the great age of decontextualized and potentially misleading performance claims, of the sort expected in first wave behavioral finance. Mutual fund families expanded into multiple offerings, and then cherry-picked which funds to advertise based on which had the best performance records of the moment. Superlatives abound: "best ___ fund," "the leader in ___," where the blank is filled in by whatever asset category was coming off a good stretch: growth, value, small, or international. A sample of fund advertising confined to this time period would show little evidence of the phenomena expected by normalcy behavioral finance and consumer research, and much to satisfy the expectations of standard finance and first wave behavioral finance. Ads mostly talk about the money that investors could make.

Exceptions soon begin to appear, however. An ad for the Nuveen Tax Exempt Bond Fund devotes an entire page to a photo of a middle-aged couple in tennis attire, holding rackets, along with three close-up photos of the woman, lined up as if stills from a video, who now wears a business suit, and is captured speaking expressively (WA-Figure E). There are also two testimonials from the woman. The first quote is highly unusual in talking about spending rather than earning or gaining or saving. Only the body copy sticks to a conventional appeal in terms of maximizing after-tax return on a risk-minimized savings vehicle. In short, this ad is a branded appeal that positions the investment offered as both the accoutrement of a lifestyle (enjoyed by the sort of married couple who would own tennis whites), and a means to enjoy that lifestyle. This ad is among the most expressive yet seen for the mutual fund category.

Figure 8 and WA-Figure F show two ads for the Franklin U.S. Government Securities fund. In both, the Franklin brand trades heavily on its namesake, using a large picture and multiple quotes from Poor Richard in WA-Figure F, and then adopting this image as part of the brand's logo in Figure 8. The logo image, which will appear on all subsequent Franklin fund ads for many years, is reminiscent of the portrayal of Franklin on the \$100 banknote—a subtle means of associating the brand with both money and big money. Where WA-Figure F trades on a mix of nostalgia and thrift as a homely virtue, Figure 8 shows a just-married couple, tossed rice still in the air, suffused with joy. Both these mutual fund ads are far more expressive than those seen earlier; moreover, the emotion expressed in Figure 8 is novel for the financial category: money has never before meant joy, nor has investing ever before been linked to marital bliss. Of course, more ordinary consumer products, such as soap, have been linked to such intangible and remote outcomes of product use for many decades (Marchand 1985).

By the mid-1980s, then, a few ads for mutual funds had progressed most of the way toward more contemporary styles of appeal, by using expressive photographic imagery, rhetoricized headlines, and copy that explicitly appellates the consumer as much as describes the investment. A notable example is seen in Figure 9, an ad for Kemper Total Return fund. This ad introduces a staple of more contemporary ads: the picture that captures an event, or freezes an ongoing narrative, together with a



Now two-career couples can share more than marital bliss.

Franklin U.S. Government Securities Fund

They can share investment goals. Indeed, it's a wise partnership that sets aside a certain amount from each partner's income for investment purposes.

Couples seeking a high level of current income *and* credit safety should consider the Franklin U.S. Government Securities Fund because it invests in high-yielding "Ginnie Maes." While Fund shares are subject to market fluctuation, the "Ginnie Maes" themselves are guaranteed by the U.S. Government as to prompt payment of principal and interest. In periods of declining interest rates, early repayment of "Ginnie Maes" will cause the Fund's yield to decline. Conversely, early repayment of "Ginnie Maes" in a rising interest rate environment will cause the Fund's yield to rise.

Ask for a free prospectus.

It could be your first step toward a very wise partnership.



FRANKLIN
Franklin U.S. Government Securities Fund
777 Mariners Island Blvd., San Mateo, CA 94404-1585

Please send me a prospectus containing more complete information, including charges and expenses. I will read it carefully before I invest or send money.

I am also interested in Franklin's:
 IRA
 Business Retirement Plan. (Includes Keogh.)

Name _____
 Address _____
 City/State/Zip _____ M886

CALL 1-800-255-7710 EXT. 968
 Member \$23 Billion Franklin Group of Funds

Figure 8. An early instance of a pictorial and expressive mutual fund ad (*Money*, August 1986).

headline that makes the picture-story into a parable. It appears that tennis at the Country Club has been rained out, but the protagonist remains quite happy because he has turned lemons into lemonade by treating his rained-out match as an opportunity to make an investment. His youth, vigor and happiness contrast with the hunched-over misery of the waiter in his drenched uniform of servitude, left out in the rain (perhaps because of his ignorance of investing?). The antithesis in the picture is amplified by the antithesis of the headline. The overall parable

concerns the contrast between the good fortune of the clever investor and the misery of those ignorant of what the Kemper brand has to offer.

These ads are still the exception rather than the rule, however, with most ads for mutual funds in this period sticking with a purely rational appeal based on risk and return. Figure 10, an ad for Fidelity, a leader in stock fund advertising then as now, is representative. It has no photo, no wordplay, no explicit appellation of the consumer, and no logo. Expressive elements are



There's never a bad time to make a good investment.

Good investment opportunities come in all economic climates. Rain or shine. What's important is that they're good investments... managed by professionals and designed to meet your investment objectives. If you're not sure where to find a good investment, ask about Kemper Total Return Fund, one of the Kemper Family of Mutual Funds. In addition to its outstanding past performance record,

this investment offers the flexibility of a portfolio of common stocks, bonds and money market instruments adjusted to meet changing market conditions. And it's managed by the investment professionals at Kemper Financial Services, Inc., a name you know and can trust. Call the toll-free number below for free information on Kemper Total Return Fund right now.

Kemper Total Return Fund
17.56%
compound annual return*

Kemper. The name alone says something about the investment.

Call toll free 1-800-842-9000, ext. 92

Call for a free prospectus containing more complete information, including management fees and expenses. Read it carefully before you invest or send money. The Fund's return and net asset value fluctuate.

*Compound annual return for the 10-year period ended 12/31/85 is based on changes in net asset value, with all income and capital gain dividends reinvested, compounded in accordance with a formula set forth in the Fund's Statement of Additional Information, and after adjustment for the maximum 6.5% sales charge. Of the 17.56% compound annual return, 8.87% was attributable to income and short-term capital gain dividend reinvestment, 5.39% to long-term capital gain dividend reinvestment, and 3.28% to appreciation of initial investment. During the 10-year period, the annual rate of total return computed at net asset value ranged from +41.5% in 1980 to -1.1% in 1984. The period was one of fluctuating common stock prices. Future performance is not guaranteed.

Kemper Mutual Funds **KEMPER GROUP**

Kemper Financial Services, Inc., 120 S. LaSalle St. Chicago, IL 60603

Figure 9. An early narrative and fictive appeal (Money, August 1986).

virtually absent. The ad exclusively contains information on risk, return, and terms, cunningly selected to make this fund and, by extension, the fund company appear superior.

Utilitarian ads for stock funds proliferate toward the end of the 1980s, and become extremely numerous in the early 1990s. These ads by and large conform to the template seen

in Figure 10. The typical stock fund ad contains no photo, names the fund in the headline, and features carefully couched but rationally relevant claims about performance, risk, and terms in the ad text. There may or may not be a visual element, but if present it is most likely be a chart or diagram, or an emblem or visual device—a stylized globe, for instance, if the

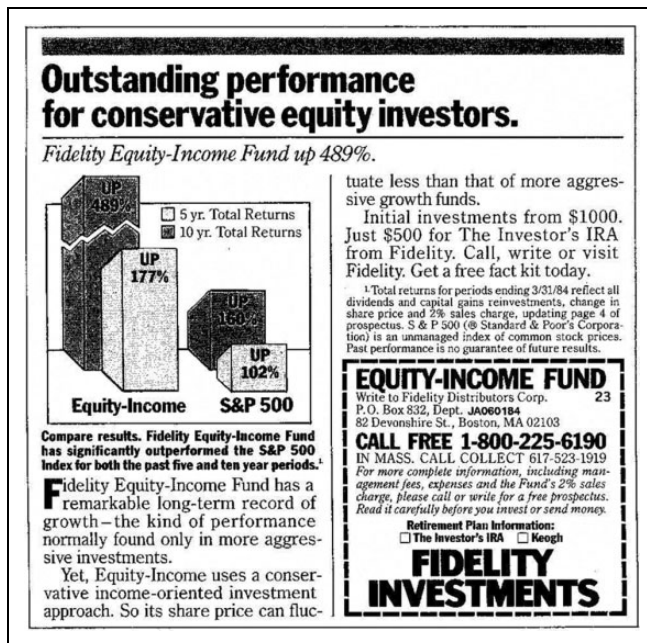


Figure 10. A brand promise with explicit appellation (*Money*, June 1984).

fund invests in international stocks. Dozens of such ads appear in our sample through 1994. Only very rarely in this time frame does a stock fund ad go as far along the expressive, metaphorical, and allegorical route as the Kemper ad in Figure 9.

Two gradual changes during the 1986-1994 period represent departures from the utilitarian template laid out above. First, all major fund companies had introduced a logo by the end of the 1980s. In the majority of cases the logo is figurative and carries associations suitable to promoting the brand, like the Franklin logo in Figure 8. Vanguard introduces its sailing ship with rigging, Fidelity its shining pyramid top (compare the image on the back of a \$1 bill), Twentieth Century (renamed American Century after 2000) its bountiful tree, T. Rowe Price its doughty ram, Scudder its sailor in Sou'wester rain hat, Van Kampen its lighthouse, and so on. No utilitarian or rational justification can be made for the inclusion of these visual metaphors as part of the brand mark identifying the investment manager. It can even be argued that appealing visual devices such as these are an impediment to the rational consideration of where best to invest one's funds. But neither does it seem accurate to describe these logos as coarse thinking. Rather they call on the visual intelligence and semiotic acuity of the investor, cueing up allusions such as "stay the course" for Vanguard, or the "shining city on a hill" for Boston-based Fidelity, or protection on the storm-tossed seas of investing for Scudder.

The second change is more subtle, and not necessarily incompatible with an overall utilitarian appeal. Particularly in their headlines, stock fund ads from the later 1980s and early 1990s begin to make *brand promises*. These claims represent a departure because the topic is no longer the investment and its properties, but the investment's sponsor—the fund

management company—and its capacities. An initial small step in this direction took the form of firms citing their rank or rating according to one or another metric. In one example, Fidelity trumpets its performance over the preceding year, claims to have the "#1 Overseas Fund" and footnotes Lipper. In another, T. Rowe Price gives its raw performance figure as a total return, without rank or citation, but goes further in claiming "proven international expertise" for the brand. Each of these gambits becomes common as the later 1980s give way to the early 1990s. But we do not at this juncture see the even more expressive pictorial and emotional appeals already common among banks and insurance companies. For mutual funds, these expressive appeals will not increase until the late 1990s and 2000s.

The 1990s Boom: Widespread Diffusion of Contemporary Appeals

After hiccups in 1987 and in the early 1990s, one of the greatest bull runs in the history of stock investing began in 1995 and ran through early 2000. At the time it was called the "dot.com boom," since many of the individual stocks that soared the most were Internet start-ups. The S&P 500 returned in excess of 20% per year, over and over, and the NASDAQ zoomed 86% in 1999. During this period fund advertising transforms into the sort of expressive, figurative, and pictorial phenomena expected by both second wave behavioral finance and consumer research. But this transformation only slowly gathered steam.

The early boom years. By this point, a dozen years after the beginning of the great 1982-2000 bull market, numerous funds had very strong performance records over a seemingly long period. With the number of investors steadily increasing, and flows into funds increasing accordingly (Fink 2011), these funds had every incentive to advertise these performance records, and they did. WA-Figures G and H for PBHG and Alliance Capital are illustrative. These contain data-rich tables and large headlines trumpeting the sponsor's successful track record. This richness of numerical data, and the use of tables and charts, is common early in the boom years. Figure 11 shows an ad for T. Rowe Price that includes a graph of the efficient frontier for allocations across domestic and international funds, a type of graph closely associated with Markowitz (1968) and the origins of Modern Portfolio Theory, and one now found in every introductory Finance textbook. These ads cannot easily be dismissed as a violation of the dictates of finance theory, nor are they obvious instances of the sort of hucksterism decried in first wave behavioral finance.

From one perspective, then, the early boom years saw continued use of rational appeals based on performance and risk, with these claims given detailed factual support by means of numbers, tables, and charts. But the PBHG, Alliance, and T. Rowe Price examples are actually somewhat unusual in being purely textual and diagrammatic. More common in this period is an ad that includes performance metrics, but that also devotes

LARGEST INTERNATIONAL NO-LOAD MANAGER

Expand the borders of your investment portfolio.

Since many of the world's fastest-growing economies continue to be found overseas, investing in foreign stocks can enhance long-term growth potential. In addition, diversification abroad can help balance the overall volatility of a domestic portfolio. This is because foreign markets tend to move independently of the U.S. and of one another, allowing strong performance in one to offset lower returns in another.


This doesn't mean that foreign investments aren't as risky as domestic ones. In fact, foreign stocks alone are often riskier due to factors such as currency fluctuations, the volatility of emerging markets, and limited geographic focus. However, as the chart shows, combined with U.S. investments—even in small percentages—foreign holdings can actually help reduce risk and enhance overall performance.

A world of experience, a world of opportunity. At T. Rowe Price, we've been helping people benefit from investing in foreign markets for over 15 years. In 1979, T. Rowe Price joined forces with Robert Fleming Holdings, Ltd., one of the world's oldest and most successful international investment advisers, to form Rowe Price-Fleming. Today, we are America's largest international no-load manager.** Rowe Price-Fleming manages in excess of \$21 billion in foreign stock and bond assets and serves as investment adviser to our family of foreign funds. Our eight foreign equity funds employ both growth and aggressive growth strategies and offer you the option of diversifying in the world at large, a specific region, or a single country, depending on your risk tolerance and long-term goals.


To learn more about how T. Rowe Price can help you take advantage of the greater opportunity a well-diversified portfolio can offer, call 1-800-541-6158. Minimum investment is \$2,500 (\$1,000 for IRAs). 100% no load.

How foreign stocks benefit a domestic portfolio*

Call 24 hours for a free report and prospectus
1-800-541-6158



Global Stock Fund • International Stock Fund • International Discovery Fund • European Stock Fund
New Asia Fund • Japan Fund • Latin America Fund • Emerging Markets Stock Fund

Invest With Confidence
T. Rowe Price 

*Percentages indicate the amount of international stocks, represented by the Europe, Australia, Far East Index (EAFE), added to a domestic portfolio consisting of S&P 500 stocks. Sources: Foreign stocks—Morgan Stanley Capital EAFE Index (Europe, Australia, Far East); U.S. stocks—Standard & Poor's 500 Index. Chart is for illustrative purposes only and does not represent an investment in or the performance of any T. Rowe Price fund. Individual investors cannot invest in the EAFE or S&P 500 Index. Past performance cannot guarantee future results. Standard deviation is a risk statistic that measures the range of performances within which investment returns have varied over a period of time. The measure is used to determine the extent of volatility among investments. **Strategic Insight Simfund. Request a prospectus with more complete information, including management fees and other charges and expenses. Read it carefully before you invest or send money.
T. Rowe Price Investment Services, Inc., Distributor. EPR029161

Figure 11. A mostly rational appeal supported by a scientific diagram (Money, February 1996).

space to a picture, generally intended to provide metaphorical support, and that may also include a playful or figurative headline. Along with a data table, a Janus ad includes a porthole showing stormy seas, and a headline that figuratively implies that the investor may be feeling sick about the volatility of international investments (WA-Figure I). The focus of the ad, then, is as much on the investor's emotional reactions to risk, as on the fund's promise of a less risky alternative. Likewise, a CGM ad shows a fencer, epee held aloft in triumph, next to its

performance figures; the picture of the fencer occupies as much space as the data table (WA-Figure J).

The other kind of visual support that appears frequently during this period is a picture of the fund's manager. This may reflect the cult of the star manager that began with Peter Lynch at Fidelity (Nocera 1994), or it may be a response to an early dictum that emerged from research on the marketing of services versus products—the idea that it behooves an *intangible* service to put *tangible* cues in its advertising (Lovelock 1983).

A close-up photo of the fund manager, looking sharp, capable, hard-charging, or whatever brand ethos may be desired, fits the bill. The two ads in WA-Figures K and L, for Neuberger Berman and Robertson Stephenson, are representative. From a rational finance perspective, a photo of the individual who proposes to manage one's funds cannot contain any information relevant to making an investment decision. Conversely, from the standpoint of branding an intangible service within an increasingly crowded category, a photo of a person, toward whom the investor might make positive attributions (dedicated, trustworthy, competent), might be quite helpful. This tactic of featuring the fund's manager in a prominent photograph continues for years following its appearance early in the boom period (there were also a few such examples in stockbroker ads during the 1960s boom).

Another trend that becomes more visible as the boom continues is the use of emotional appeals. Some of these are calm and positive, while others are more aggressive: "Don't let high commissions bite your assets," proclaims a discount brokerage, juxtaposed against a picture of a snarling dog, teeth bared and ready to take a bite out of the investor's rear end.

Still somewhat uncommon in the early years of the boom are picture dominant compositions in which the bulk of the ad is taken up by a photograph with no obvious relationship to investing, return, risk, or cost. But such ads do begin to appear: for instance, an ad for Berger funds fills most of the page with a beautiful picture of the green Irish seacoast—to advertise their partnering with an Irish firm to offer an international fund (note that on stock traders' monitors, rising stocks are presented in green). Another from American Century funds, a two page spread, consumes the entire left page with a picture of the shoe and pants leg of a man flat on his back. Only when the first line of the body copy is read does the meaning of the picture become clear: "Help me, I'm working and I can't get up." The ad puns on a pop culture reference from that era (i.e., "help me, I've fallen and can't get up"). The copy goes on to explain the importance of retirement investing for ordinary working people seeking to get ahead. This kind of picture-heavy ad, inviting and even requiring interpretive effort from the reader, is still not very common in the early years of the boom. But the occasional appearance of such appeals in 1997 signals a trend that will mount in importance over the next few years; and a large gap now separates the appeals used in the American Century ad from those seen in the T. Rowe Price and Loomis Sayles ads of the 1960s and 1970s.

The later boom years. Here the number of ads in *Money* magazine devoted to investment products climbed at a rate that recalls the increase in the NASDAQ itself, peaking with the market (Figure 1). At this juncture expressive, picture-heavy, fictive and even figurative ads proliferate. Illustrations become metaphorical and polyvalent, and may show elaborately staged stunts, or be infused with narrative elements. Some headlines no longer even mention return, risk, or cost and instead offer an aspirational image for investing, rather than describe the

investment product offered, and position the brand rather than provide market information.

A kind of picture now appears that might best be described as brash, cheeky, or even bordering on scornful, in which the advertiser essentially razzes the investor. The message in these ads takes the form of an imperative to the effect of, "get your act together, or you'll be left behind." In Figure 12, Consecoco pictures a fountain in a city square. A snorkel is visible and a wet-suited arm reaches out of the fountain to drop coins in a pail. The headline reads "How do you plan on funding your retirement?" Other ads in the Consecoco campaign use the same headline, combined variously with a picture of an elderly woman at the door, dressed incongruously as a girl scout selling cookies, or a young bride at a hospital bedside, evidently about to marry the old man hooked up to an oxygen tank, just before he expires.

Other ads for other sponsors, also in this scornful vein, occur at this time. WA-Figure M, a two-page spread for the Evergreen funds, devotes the left page to a full length portrait of a tattooed hipster with shaped goatee smoking a cigar and wearing a beret. The headline on the right page delivers the punch line: "Pardon us, but have you fallen victim to the latest investment trends as well?" E*TRADE shows a tired-looking older man, in overcoat and suit, on the subway heading home after dark and asks, "If your broker is so great, how come he's still working?" Morgan Stanley shows four elderly women on a bench in lush garden, with most of the other page devoted to the headline, "There are lots of sound investment strategies. Gossip isn't one of them."

These brash ads are notable in several respects. First, they demand an enormous amount of interpretive effort on the part of the viewer. They virtually compel the reader to fill in the narrative that led a man to snorkel for coins in a fountain, or an elderly lady to dress up in a Girl Scout uniform. The mode of persuasion is highly indirect and rooted in the picture. Only the application of a great deal of tacit cultural knowledge permits these representations to be understood as an appeal to invest in this company's funds rather than some other. Understanding these ads is not a function of ratiocination so much as cultural embeddedness. Investing, one might say, has evolved akin to a consumption subculture (Schouten and McAlexander 1995). Individuals embedded in that culture have no difficulty understanding the visual references, such as the connection of old ladies gossiping → hot stock tips → ineffective investing strategies, or the idea that a fountain may contain a large sum of money in the form of coins tossed in by those making a wish. Yet, this form of understanding is not the same as that allowing one to appreciate the import of the efficient frontier graphed in Figure 11. There is nothing rational about the persuasive work done by these pictorial ads.

One more form of advertising evident during the late boom is, if anything, even more striking than those thus far reviewed. Consider the intimate portrait of the couple, shown lying in bed together in Figure 13, with the headline "Imagine rolling over and saying 'that was better than investing'." This provocative ad implies that only a rare sexual congress would be as

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How do you plan on funding your retirement?

They're called the golden years. But without smart financial planning they can feel more like nickel or copper. At Conseco, we offer a wide variety of annuities and mutual funds that can help you keep your head above water. For more information, call toll-free 1-877-CONSECO, or visit our Web site at www.conseco.com.

INSURANCE INVESTMENTS LENDING

CONSECO.
Step up.™

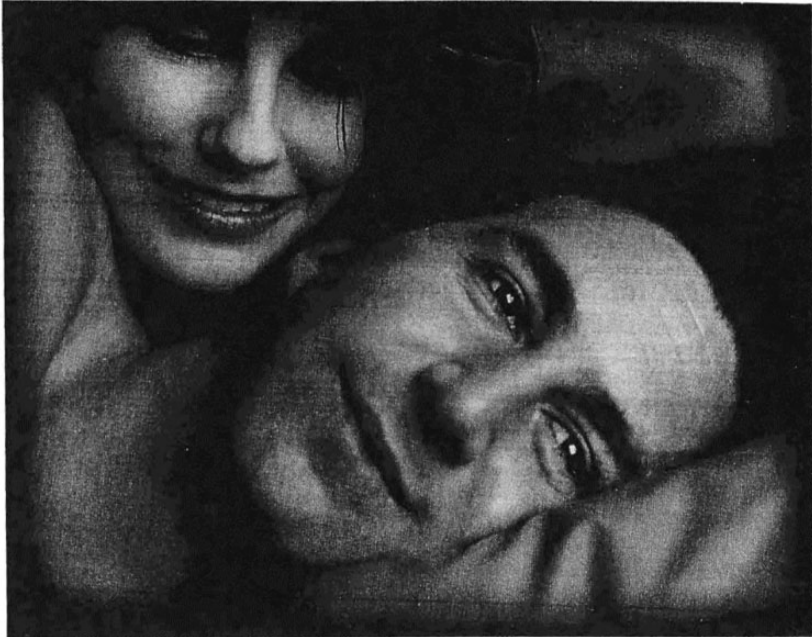
Figure 12. A cheeky ad from the boom that challenges investors (*Money*, May 1999).

pleasurable as investing via this online broker. However, it is not alone in representing investing as a supremely pleasurable and satisfying activity, at the pinnacle of life's delights. Other ads of the era show a honeymooning couple, or a father holding his child aloft, all depicting how the investor will feel if s/he invests with the sponsor.

Pictures during this period are not only expressive, or suggestive of a narrative, but metaphorical as well. WA-Figure

N shows a young girl about 4-5 years of age, with inflated life preserver around her waist, contemplating whether to jump off the dock into the lake. Morgan Stanley makes the metaphor explicit with dotted lines: the investor is the vulnerable child, Morgan Stanley is the life preserver—and to invest is to take a plunge into deep water. In WA-Figure O, a standard summer backyard scene—young boy in bathing suit, pool, beach ball—is punned with the label: “The palace grounds. The prince. The

Imagine rolling over and saying,
"that was better than investing."



Ah, the pleasures of online investing. At E*TRADE®, we enhance the experience with market insights directly off the street and Smart Alerts that keep tabs on your investments. We even provide stocks tips from Standard & Poor's. Trades start as low as \$4.95 with active investor rebate. Just call 1-800-ETRADE-1 or visit etrade.com.

And find out how good it can be.

17

It's time for
E*TRADE™

ad keyword: etrade. Rebate applies only to trades in excess of 75 per calendar quarter. \$4.95 for listed market orders, \$9.95 for Nasdaq and limit orders. E*TRADE rebates the difference between actual commission paid and discounted commission each month within two weeks of month-end. Trades 1-27 per quarter are \$4.95 for listed market orders. Nasdaq, limit and stop orders are \$9.95. © 2000 E*TRADE Securities, Inc. All rights reserved. Member NASD/SIF. E*TRADE is a registered trademark of E*TRADE Securities, Inc. All other trademarks are properties of their respective owners. System response and account access times may vary due to market conditions, system performance, and other factors.

Figure 13. An ad using emotion and hyperbole (*Money*, June 2000).

royal ball." Investing success and the pleasures of family life are one and the same. Even so staid a firm as Vanguard departs from its more conventional text and data heavy ads, running a full-page ad in which almost the entire page is taken up by a picture of ship's rigging on the high seas, with the playful headline, "Before you set sail, you should know the ropes" (WA-Figure P).

One can also see in this Vanguard ad an instance of a trend in which the brand logo, once a small emblem occupying less than a square inch of space at the bottom of the ad, swells to

take over almost the entire ad. In addition to Vanguard's sailing ship, the Dreyfus lion looms ever larger in ads of this period, while the T. Rowe Price ram takes over the ad in WA-Figure Q. Logo becomes totem in these ads, an emotionally invested, symbolically fraught representation of what the investor, who is now a consumer, might hope to obtain from these fund companies: fortitude, courage, hardiness. Vanguard, Dreyfus, and T. Rowe Price now approach the investor as brands with distinct personalities (Aaker 1997), more than as purveyors of investment products.

The 2000s: Bust, Recovery, Crash, and Slow Revival

The bull market that began in 1982 is generally perceived to have ended in 2000. Crosscurrents, volatility, and downward lurches characterized 2001, up until the terrorist attack of 9/11, when a severe bear market took hold. After March 2003, a multi-year recovery then took some market indexes above their old highs by late 2007. As 2008 proceeded, the stock market began a new plunge, bottoming in March 2009, after enduring the most severe decline since the Great Depression. “Shell-shocked” appears as good a phrase as any to describe investors as this research got underway in 2011-12. Most never imagined that stocks could decline by 50% twice in a decade and did not believe there to be a historical precedent (Siegel 2007). The hit to investor mood and sentiment may explain the precipitous drop in ad count after 2000, as seen in Figure 1.

In what follows, we examine in succession the fallback evident in 2002-03 ads, the return to a more expressive and even ebullient style in 2005-07, the renewed sobriety of ads in 2008-09, and the tentative recovery of sentiment in 2010.

The post-2000 bust. Ads from this era tend to emphasize risk rather than reward. An ad for Janus mutual funds in WA-Figure R is illustrated only by a standard formula for calculating volatility, with the headline, “The new math at Janus.” Pictures do not disappear but become more focused and hard-hitting. An ad for Strong Money Market funds shows a faucet with a thin stream of water and asks, “Has your money fund yield slowed to a trickle?” One for Franklin Tax Free Income funds shows a stack of currency on a table, with bills blowing out the open window one by one, and with the headline, “A lot can happen between making your money and keeping it.” A T. Rowe Price ad shows the yellow diamond road sign for curvy road ahead and proclaims, “Markets twist. Markets turn. Bond funds can help smooth out the ride.” Loss and the risk of loss are themes in this period. Pictures are present, but small—about 2-3 inches square in these examples—and provide a visual reiteration for verbally stated claims, rather than a fictive, narrative or metaphorical expansion.

The ethos of advertising in this era switches away from the brash, cheeky, or giddy to the sober and stern. A friendly but firm older gentleman looks out from ads for the discount broker TD Waterhouse and proclaims variously, “Homework always comes before success. In the dictionary and in the stock market,” or “You can’t plan for tomorrow if you don’t know where your money is today.” In WA-Figure S another stern older gentleman, the actual portfolio manager in this case, shot in very tight close up to emphasize the steel-rimmed glasses and the grim set of his mouth, proclaims “Return on invested capital is the essential measure of value.” An almost moralistic tone crops up in ads from this period. The ethos is that of a responsible friend addressing the investor as if he were a drunk sobering up from a bender. American Century devotes half the page to a black and white photo of a peanut butter sandwich on a paper plate, labels it “American Values,” and devotes the body

copy to a description of how the firm’s founder has this sandwich for lunch every day, and takes care to re-use the paper sack in which it was brought to work—evidently, an exemplar of thrift and sobriety.

As variously seen in the metaphoricity of the American Century ad and the persistence of pictures, ads in this era by no means revert all the way to the purely rational, verbal and utilitarian approach seen decades ago. What changes is the nature of the appeal, the tone of the message, and the ethos of the speaker. More emotional, figurative, pictorial appeals do not so much disappear as become less common. Interestingly, several of these appellate the investor as a parent. In WA-Figure T Fidelity shows three pre-pubescent girls in bathing suits in an expansive backyard, one squirting the others with a hose, and the headline, “Yes, we do manage a Federal tax-free college savings program for your precious little tax deductions.” The metonym (substituting tax deduction for child) captures the manner of speaking of a certain kind of successful male head of household, someone who could more easily celebrate the value of children as tax deductions than as beloved family members. The ad hails the reader as a financially savvy but emotionally constricted individual, worldly wise but a little weary.

In Figure 14, also from Fidelity, the headline states, “The idea isn’t to retire with the most retirement accounts. It’s to retire with the most money.” The picture is of a smiling older man on an expansive lawn edged with a stone balustrade, ocean in the near distance, conversing with a young girl. The scene is of settled and secure wealth. In point of fact, very, very few individuals will acquire such property by means of effective investing in tax-sheltered retirement accounts. That kind of Hamptons or Nantucket property is either inherited, or captured by a select few on Wall Street. The picture is fantastical and bears no relationship to the prospects of the average *Money* magazine reader. It is a fantasy of wealth. Yet the ethos in both headlines remains blunt and no-nonsense, despite the evocative pictures.

Recovery. In ads from 2005-2007, from after the recovery was well under way up until its peak, we see a return to more upbeat appeals, including the occasional more brash or aggressive gambit. In early 2005 the Edward Jones brokerage firm ran a two page spread of a man on a city street, perhaps in front of the stock exchange, cell phone to ear, wearing a nice suit—except for the missing pants, so that he stands there in his boxer shorts (WA-Figure U). The headline reads, “Having an incomplete investment strategy doesn’t make much sense either.”

Expressive ads with a wish fulfillment theme now return. In an ad for John Hancock, a white haired man stands in front of a large, newer beachfront house, presumably his, holding a rod and reel; an inset black and white photo, blurred with age, shows a young boy with a cheap fishing pole at the beach. The headline reads, “You once made a promise to yourself about the future.” An ad for Prudential shows a baby elephant sheltered beneath a mother elephant, labeled respectively “growth” and “protection.” A multi-execution campaign for Marsico funds uses warmly lit, soft-focus photography of



**THE IDEA ISN'T TO RETIRE WITH THE MOST RETIREMENT ACCOUNTS.
IT'S TO RETIRE WITH THE MOST MONEY.**

3

Consolidate and take control of your future. Fidelity Rollover Express[®] is an easy, simple way to put yourself in charge of your retirement savings. To work with an experienced retirement consultant, call, click, or visit Fidelity today. Because you're not just invested. You're **personally invested**.SM

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EASY ROLLOVER PROCESS
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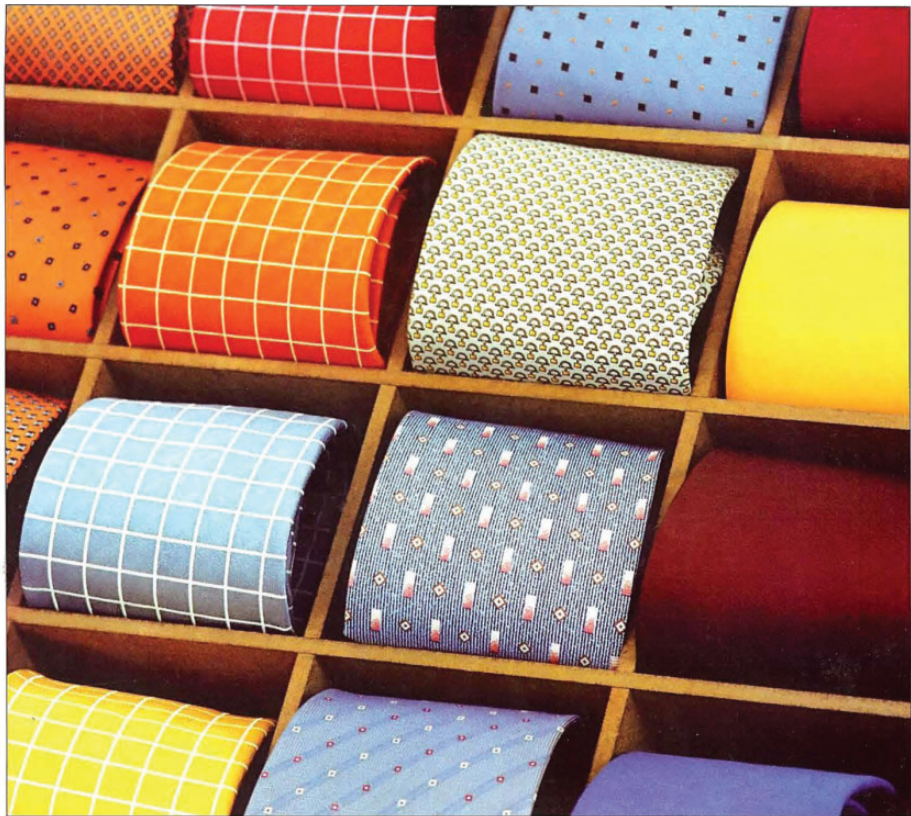
327744

Figure 14. Investing as fantasy and wish fulfillment (*Money*, January 2003).

family scenes: an extended family at the dinner buffet in their luxurious mountain lodge; a father putting a sleepy child to bed; an older husband and wife watching the limo take their just-married child away (WA-Figure V). In each of these executions an electronic stock ticker substitutes a life goal for one ticker symbol. The ads equate investing success with some of the warmest and most intimate moments of life. This is investing as fantasy and wish fulfillment, not ratiocination.

A final trend is toward increasing metaphoricity in the pictures, in which the structure of the image carries the message, and away from what might be called simple illustrations, in which the picture simply provides a visual anchor echoing the verbal claims. A good example is the multi-execution campaign by the A. G. Edwards brokerage firm, which features a giant size egg, representing the investor's "nest egg." In one, a piece of construction equipment, a Bearcat front-loader,


9



With Vanguard, choosing the right investments can be easier than getting dressed.

Low-cost investing made simpler | Choices can be overwhelming – especially when creating a portfolio. As a leader of low-cost fund investing for 30 years, Vanguard knows that a simpler approach to investing may be better. Every investor should ask a few key questions, then focus on just a few funds. Consider a handful of funds that can meet the needs of most investors at vanguard.com/handful. For more information on other funds, visit www.vanguard.com.

Connect with us® > vanguard.com/handful > 800-357-8643



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Figure 15. Investments presented as brightly colored fashion items (*Money*, January 2008).

dwarfed by the egg, moves or lifts it; in another execution, the nest egg is tied down by ropes, evoking Gulliver among the Lilliputians. In an ad for Franklin Mutual Shares fund, the picture consists of nothing but magnified small candies, while the headline reads, “You see a little known candy. We see a sweet deal.” Body copy explains that the manufacturer of the candy is the kind of overlooked investment opportunity that this fund specializes in finding. Visually similar is the ad in Figure 15 for Vanguard, which shows nothing but a series of brightly colored men’s ties, displayed folded as they might be found in a fine department store.

The headline reads, “With Vanguard, choosing the right investments can be easier than getting dressed.” What is

striking about both ads are the rich, saturated colors, which take full advantage of a key strength of magazines among print media. This is investment as bauble, a brightly colored object to be consumed like candy or a silk tie.

2008-2009 crash. From late 2007 through March 2009, the US stock market declined about 57%. The magazine covers tell the story: the December 2008 *Money* issue leads with “Make your money safe,” and shows a fist from a suit of armor tightly grasping a bundle of currency. “Rescue your retirement,” in bright red ink, leads the March 2009 cover, which also shows a (nest) egg wearing band aids. Inside the, ad topics switch

**Okay. Your investments hit a bump in the road.
How do you get over it?**



Investing is a very emotional topic. Especially these days. It's hard to wrap your head around the meteoric fall of the markets. But once the shock wears off, you might be ready to try something new. State Street would like to suggest a precise direction.

MDY With over 80 SPDR® ETFs, we can help you match your investments to any investment strategy. So if, for example, you want the middle of the market, the SPDR® S&P MidCap 400™ ETF gives you the precise middle of the market. Nothing more. Nothing less. When you're ready to pick yourself up and brush yourself off, check out statestreetspdrs.com/mdy. We can help you turn that stumbling block into a stepping stone.

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STATE STREET GLOBAL ADVISORS

Precise in a world that isn't.™

 **STATE STREET.**

LISTED Before investing, carefully consider the funds' investment objectives, risks, charges and expenses. To obtain a prospectus, which contains this and other important information, call 1.866.787.2257. Read it carefully.
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Figure 16. An emotional and humorous ad from after the stock market plunge (*Money*, July 2009).

from stock funds that might soar, to fixed rate annuities that promise a safe albeit limited return. The tone is grim. Prudential advertises the RetirementRedZone.com with a two page ad bordered in blood red and the headline, "I'm anxious about retiring in a market like this," issuing from the silhouette of a woman attempting to meditate. For TD Ameritrade brokers, a man shaving stares back at himself in the bathroom mirror. The somewhat bitter headline reads, "They say I should save

\$3000 a month for retirement? Great. I'll just stop paying all my bills." Times are hard.

Although the volume of advertising ticks down, and the tone changes, the overall secular trend toward more visual appeals remains intact; and, of course, ads that evoke negative emotions are no less expressive than those that evoke positive emotions. Among the more dramatic is the ad in Figure 16 for an Exchange Traded Fund (ETF) offered by State Street, showing

a couple standing outside of their car to gaze at a glowing meteor that has crushed the roadway and blocked their passage. “Okay. Your investments hit a bump in the road. How do you get over it?” The ethos of the headline is very sensible and pragmatic, but the disjunction between its studied understatement (calling a meteor a bump in the road is the rhetorical figure of litotes) and the pictured scene is risible. And the glowing meteor looks evil and menacing, a fine metaphor for how many investors felt about market events in late 2008.

Another ad for this ETF appears in WA-Figure W. It features a cloyingly cute scene of three kangaroos playing, a smaller one in the middle being both cuffed and hugged by a larger one. The headline reads, “If the middle is so boring, why is everyone so happy there?” The body copy continues, in Rodney Dangerfield style, to play on “middle”: middle of the road, middle of nowhere, middle age. The importance of this ad is that it is impossible to subsume under the category of coarse thinking. This is not a case of an actor wearing a police uniform and drawing inappropriately on that authority to recommend an investment as safe or protected, as in Mullainathan, Schwartzstein, and Shleifer (2008). Kangaroos bring no authority. Kangaroos do not offer the investor a role model. Midcap stock indexes don’t jump around like kangaroos. But kangaroos do offer wonderfully cute eye candy when photographed as here, drawing and holding the reader’s attention. And they do express an emotion of carefree joy, an emotion not much felt by investors at this junction. Last, but not least, the photograph powerfully and memorably conveys the quite abstract idea of middle; which, in terms of capitalization size, is the key factor differentiating this investment from other offerings.

Partial recovery, 2010 and after. The stock market bounced hard off its low in March 2009, and rose again in 2010, when our sample ends, without coming close to its old highs. The expectation for advertising, then, is that however expressive, emotional, and pictorial, the tone of the message will remain more sober and careful.

WA-Figure X, for Vanguard, devotes almost the entire ad to a picture of a vintage BMW sport car up on blocks in what appears to be a homeowner’s garage. Engine parts, tools, and spray paint are visible. The headline puns on the picture of the BMW up on blocks as a metaphor for a retirement account that is going nowhere. Vanguard, the brand sponsor, simultaneously puns, verbs, and trademarks itself in the second part of the headline: “Starting it up again is Vanguarding™” (this execution is one instance in a multi-execution campaign that turns on this punning effort at branding, and that echoes the Bacheability ads of the late 1960s).

WA-Figure Y, for the SPDR brand of exchange traded funds, advertises an ETF comprised of the 30 stocks that make up the Dow Jones Industrials, the reference point for blue chip (big, established) stocks. An expressive picture of immigrants getting off the boat, the Statue of Liberty in the background, possessions carried on their back, is accompanied by the headline: “Invest in America. Your grandparents did.” The theme is similar to the Vanguard ad: you, the investor, are appellated as

down but not out. A restoration, and a recovery to new highs, is possible, just as your grandparents endured hardships to gain a better life in America.

Discussion

The rhetorical text analysis reveals a substantial change in the nature of the advertising directed at investors over the 1960-2010 period, from a focus on verbally stated propositions about return and risk to expressive visual representations. We also saw a difference in the appeals used, between mutual funds on the one hand, which most definitely are investments, and banks, brokers and above all life insurance firms, which although they also call for investment, have perhaps been more ready to act as, and adopt an ethos appropriate to, financial services promoting their brand. The text analysis further suggests the presence of both a long term trend toward appellating investors as consumers, and also important fluctuations around, and even occasional retreats from, the long term trend, as a consequence of shifts in market sentiment.

The inherent shortcoming of any text analysis of a large corpus of ads is the inability to test for trends and for differences across product categories, or even be certain that perceived trends are actually present. Given the greatly increased frequency in the rate of advertisements per year seen in Figure 1, the text analyst can never be certain whether he or she has mistaken an increased *count* of expressive ads in later years for a shift in the *proportion* of ads that are not utilitarian. As the key strength of a content analysis is the ability to test for trends, changes in trend, and category differences, in Study 2 we supplement the rhetorical analysis with a content analysis of the same sample of ads (cf. McQuarrie and Phillips 2008).

The content analysis tests for differences in the incidence of rational versus non-rational appeals. The tests consider, respectively, (1) product category differences with respect to mutual funds as a baseline; (2) trends over time, that is, increases or decreases in the odds that a text property will be present; and (3) cyclicity, which refers to fluctuations around the long term trend line, as in the case of the stock market itself, which features both a linear trend component that points up, and important deflections, as when stocks fall.

Study 2: Content Analysis and Trend Validation

Ad Coding

Two MBA student research assistants coded the ads, with disagreements resolved by discussion, and inter-rater reliabilities as stated below.

Dependent variables. Ad headlines were coded for the presence of a rational appeal (defined as simple naming, or information about performance, risk, or cost; percent agreement for these four elements averaged 82%), in conjunction with the absence of any non-rational appeal (about 36% of the sample was coded

as exclusively rational). Non-rational appeals, identified by examining headlines and pictures, included the use of metaphor, puns, and other wordplay; emotional appeals; and fantastic or fictive pictures (percent agreement for these averaged 87%). About 24% of the sample contained one or more of these non-rational elements. Headlines were also coded for substitutes or replacements for strictly rational claims about return and risk: a brand promise, or an explicit appellation of the reader (percent agreement 73% and 70%, respectively). These were present in 21% and 33% of the sample, with substantial overlap. In addition, an estimate of pictorial weight was obtained by multiplying the proportion of the ad occupied by the picture (1/4, 1/2, 3/4, all) by the size of the ad (1/4 page, 1/2 page, 1 page, 2 pages), with ads lacking a picture given the score of zero (diagrams counted as pictures). Pictures allow inferences but do not make claims in the way that verbal statements can, so pictorial weight provides an index of the extent to which ads may be departing from standard finance dictates.

Independent variables. Dummy variables for the stockbroker, bank, and insurance categories were created. Ads were grouped by calendar year to capture any linear trend over time. To capture cyclic factors (exuberance or despair associated with bull and bear markets respectively), the closing value of the NASDAQ at the end of the preceding year was collected (prior to the advent of the NASDAQ in 1971, we used the index of returns on the bottom half of stocks by capitalization compiled by the Center for Research on Securities Prices at the University of Chicago). The NASDAQ, while not the best index for the market as a whole, has long been a focus of individual investors speculating with discretionary funds. The NASDAQ variable has two notable non-linear elements: it soars far above a linear trend line during the great bull market of the 1990s, and then plunges and fluctuates after that point (see Figure 1).

Analysis. Logistic regression was used to examine the proportion of ads showing rational and non-rational elements, and an OLS regression was used to examine changes in pictorial weight. Dummy variables for product categories are entered first, then calendar year to estimate the linear trend, and then the NASDAQ variable as a test for cyclicalities tied to market sentiment.

Findings

Descriptive information is given in Figure 1 and Table 1. The count of ads per year and the incidence of products other than mutual funds varies greatly, confirming the importance of expressing the dependent variables as proportions and means rather than counts, and of including dummy variables for product category to clarify trends over time.

Rational headlines and non-rational appeals. Relative to mutual funds, which make up the bulk of the sample, banks, stockbrokers, and insurance companies were significantly less likely to use a strictly rational headline, and significantly more likely to include non-rational appeals in their ads (Table 2). When

first introduced into the regression, calendar year had a highly significant negative (positive) coefficient, showing a decline (increase) over time in rational (irrational) appeals. However, the coefficient for year became non-significant following the introduction of the NASDAQ variable, which has a highly significant coefficient in both regressions. We interpret this result to mean that the NASDAQ variable, with its dramatic acceleration in the 1990s, and fall off in the 2000s, better maps the temporal pattern of both the decline of rational headlines, and the increase in irrational appeals, relative to a simple linear trend as captured by calendar year. The coefficients for the NASDAQ support the intuition from the text analysis that there has been both a long term change in the nature of the appeals directed at investors, and cyclic fluctuation, corresponding to whether the stock market is up or down.

Other departures from rational claims. The regression results for pictorial weight parallel those for irrational appeals. Banks, stockbrokers, and insurance companies were more likely to devote a large amount of the magazine page to a picture. There was a strong linear trend toward more use of larger pictures over time, and there was also evidence of a nonlinear trend (Table 2).

Brand promises and explicit appellation of the reader show a somewhat different pattern of results. We again see effects for product category, and strong evidence for a linear trend over time. Here, however, the NASDAQ variable failed to offer a significant increment in prediction. As can be seen from Table 1, the increase in these types of appeal is more monotonic; brand promises and reader appellation continue to increase throughout the period.

Post-1980 cross-check. The data are extremely sparse for some of the first 20 years in the sample, and there was also a significant regulatory change affecting mutual fund advertising after 1979 (Fink 2011). We were concerned that in combination, these factors might have spuriously inflated the reported trend effects. Hence, we re-ran all the regressions using only 1980-2010 data, but saw little change in the findings.

Discussion

The trends quantified in the content analysis are consistent with those uncovered in the rhetorical text analysis: over time, advertisers of investment products began to approach the audience of these ads more as complexly motivated consumers, and less as the fact-focused utility maximizers of standard finance. Use of non-rational and pictorial appeals also appears to be sensitive to bull and bear periods, with reliance on these alternatives increasing in bullish climes and falling off in bearish times. We interpret the product category effects as evidence that stock brokers, banks and insurance companies understood earlier and more completely than mutual funds that the target of their advertising was a consumer of financial services, more than an investor making a rational calculation of return against risk.

Table 1. Incidence (Mean) by Year for Five Different Types of Appeal.

Year	Ad count	Rational headlines	Non-Rational elements	Picture weight (M)	Brand promise	Explicit appellation
1960	12	5	3	0.146		5
1961	1	1		0		
1962	1	1		0		
1963	1	1		0		
1964	4	3	2	0		
1965	6	3	2	0.021	2	2
1966	8	5		0.227	3	2
1967	3	3	1	0.083		
1968	13	9	1	0.163	3	1
1969	12	4	2	0.208	3	5
1970	2	2		0		
1971	7	4	2	0.250		
1972	11	4	1	0.102	3	4
1973	9	2	1	0.194		4
1974	6	2	1	0.125	1	2
1975	10	3	1	0	2	3
1976	11	1	2	0	1	6
1977	18	6	6	0.250	8	9
1978	2	2		0.125		
1979	4	2	3	0.188		1
1980	24	10	10	0.234	7	12
1981	34	16	14	0.158	6	13
1982	34	16	12	0.213	4	11
1983	21	12	6	0.113	3	4
1984	26	10	8	0.115	6	7
1985	64	24	11	0.076	14	17
1986	93	49	9	0.050	5	21
1987	99	47	14	0.063	18	31
1988	64	43	4	0.029	4	10
1989	79	44	13	0.043	14	11
1990	94	57	4	0.048	12	19
1991	110	75	9	0.044	7	22
1992	137	71	13	0.095	12	30
1993	82	32	13	0.123	14	29
1994	112	46	14	0.137	25	36
1995	99	43	10	0.152	11	32
1996	121	45	26	0.157	15	37
1997	140	33	33	0.242	31	67
1998	108	22	31	0.260	30	40
1999	92	18	26	0.255	38	35
2000	127	16	57	0.403	33	58
2001	63	5	26	0.409	18	35
2002	61	9	26	0.379	17	20
2003	45	10	24	0.456	21	19
2004	50	10	19	0.425	11	25
2005	57	11	28	0.419	14	19
2006	50	9	28	0.413	13	20
2007	40	6	22	0.425	12	18
2008	41	4	25	0.384	17	12
2009	32	5	13	0.383	14	11
2010	32	5	6	0.227	20	15
Total	2372	866	582	0.198	492	780

General Discussion

We showed systematic differences over time and across product category in the appeals directed at investors via magazine advertisements. Initially the ethos of these ads was very much

in keeping with the normative stance of standard finance: branding was vestigial and ads tacitly appellated the reader as a diligent and conscientious investor concerned to learn about return, risk, costs, and terms. As decades passed, mutual fund regulation relaxed, and the great stock market boom of

Table 2. Regression Results for Five Different Types of Appeals.

Predictors	Dependent variables									
	Rational appeal only		Any non-rational appeal		Picture weight		Brand promise substituted		Explicit appellation	
	B	Wald	B	Wald	B	t	B	Wald	B	Wald
1. Product category and year										
Insurance	-1.14	31.7***	1.31	68.8***	0.24	11.7***	0.45	7.8**	1.11	53.3***
Stockbrokers	-1.10	36.1***	0.56	13.2***	0.18	9.6***	0.70	20.3***	0.58	17.0***
Banks	-0.93	8.8**	1.47	26.2***	0.24	6.6***	1.18	16.7***	0.27	0.9
Calendar year	-0.063	133.1***	0.049	67.0***	0.01	15.2***	0.043	47.3***	0.020	15.8***
2. Add NASDAQ										
	-0.00064	45.4***	0.00038	33.2***	0.000067	8.1***	0.00011	2.5	0.00019	9.1**

Note: The picture-weight regression was OLS, the other four were logistic regressions. In the first regression run on each dependent variable, three dummy variables distinguishing insurance, stockbroker and bank ads from mutual fund ads were entered, along with the calendar year the ad appeared. In the second run, the value of the NASDAQ index (which comprises smaller and more volatile stocks) was added and tested for significance. When significant, the NASDAQ beta coefficient indicates some degree of non-linearity in the trend for the dependent variable (the coefficient for calendar year provides a measure of the strength and direction of the linear trend).

* $p \leq .05$; ** $p \leq .01$; *** $p \leq .001$.

1982-2000 gathered steam, rational and informative headlines increasingly gave way to metaphorical headlines that made brand promises, or explicitly hailed the investor as a consumer of one stripe or another. As the boom crested, pictures swelled to fill the page, and transitioned from simple illustrations to figurative, fictive, fantastic images. Investors more and more were approached as consumers who seek diverse non-monetary benefits.

How did investment advertising come to be so discrepant from expectations in standard finance? Finance ignores the role of investment *providers* as coequal actors in the advertising encounter. The investor/consumer is granted agency but the investment source is not. The error that results is to approach the advertisement as a clear glass window onto an inert object—the investment and its rationally ascertainable properties. Under this view, the task of the advertisement is to provide a transparent view of the investment (Scott 1994). Anything that is not information concerning return, risk, costs, and terms is so much grime on the glass.

By contrast, viewed from a micromarketing perspective enriched by consumer research, any ad must be a culturally shaped act of communication between two agents: the mutual fund enterprise that rationally seeks its self-interest by offering for sale a branded financial service, and the consumer who seeks his or her own self-interest, however he or she defines it, using all normal human capacities. Once investment providers are taken to be agents, competing to offer a parity product (soap is soap, stock funds are stock funds), promotional differentiation offers one route to competitive success. Promotional differentiation requires branding; branding requires positioning; positioning requires presenting something other than the at-parity characteristics of the investment provided.

This promotional imperative produces brand promises and explicit appellation of the consumer delivered by figurative, fictive, and pictorial means. These promises and appellations attempt to appeal to real consumers, who, as the normalcy strain in behavioral finance understands, are complex multifaceted beings who have a vast repertoire of culturally provided

means to make sense of themselves, the choices they face, and how these choices intersect with their life projects. Economic rationality is simply one element of the complete cultural toolkit available to consumers. Accordingly, once investors become consumers of branded investments, they can draw on much more than a rational calculation of return and risk.

Macromarketing Perspective

The fact remains that giving up 50 basis points a year on a stock market investment, assuming a yearly IRA contribution of \$5000 and decades of compounding, will ultimately produce a shortfall of tens of thousands of dollars, relative to investing in the lowest cost index fund, as Bogle (2005) and Malkiel (2007) advocate (example calculations are in McQuarrie 2009). In the investment marketplace, the pleasure of purchasing an artfully branded product can cost investors real money. Does this threaten social welfare sufficiently, to depart from the free market model that governs most legal products (Hovland and Wilcox 1989), and argue for a return to a stricter regulatory regime in financial advertising?

First, consider the following thought experiment. Assume a four-person, bi-gender household at the income level where \$5000 could comfortably be put into an IRA each year. Now consider this family's likely weekly budget for soap: hand soap, face soap, hair soap, beard soap, dish soap, clothes soap, and floor soap. It may be more than \$50 per week—much of which is spent on branding. If this family would forego branding in its soap purchases, and invest the funds saved, they too would be thousands of dollars better off at the time of retirement.

Few consumer theorists would expect a family to run the numbers to see whether they would be financially better off with or without their expenditure on soap branding. Yet there is no shortage of financial economists who want to tell *investors* exactly that about their branded investments. But if we are to bar branding expenditure in the investment domain, as a waste of funds, how can we endorse the branding of soaps and

snacks? Money is fungible. Money saved on soap can contribute to retirement security just as much as money saved on investment fees.

Any consumer would be better off if they were more frugal in their spending, and thrifty with dollars saved. According to the sociologist Max Weber, it was the willingness of a certain group of Calvinists to strive for perfect frugality, and to place thrift above all, that launched modern capitalism (Campbell 1987). In this sense the standard finance view, in which monetary utility must be the only utility of concern to investors, and must always be perfected, can be seen as a normative account of what investors *should* do, rather than a positive account of how normal people behave. What appeared to be the pinnacle of Enlightenment Rationalism—the advocacy, in finance, that a rational investor will care only about achieving a suitable conjunction of risk and reward—emerges as a moralistic view, a decree about the proper life goal of the investor. The line of descent runs back through the Puritans all the way to Plato. This tradition has never accepted the value of the verbal poetry or visual artistry seen in recent investment advertising.

In this article we challenge the view, seen especially in the irrationalist strain within behavioral finance, that ordinary investors represent an inexplicable and faintly horrifying case of dumb money, duped by the clever wiles of crafty advertisers (Stern 1992). This reduces to a moralistic argument against branding in general, and against the ordinary consumer's freedom to define utility as he or she sees fit, while investing as elsewhere. That moralistic argument is not without proponents, and may have merit, but investing can represent no special case within it. Spending on brands cannot be bad in finance, but good in soap. We live in a consumer society (Campbell 1987; Low and Fullerton 1994), and to invest by patronizing a financial services provider, is just as much consumption as to purchase hope in the cosmetics store.

A macromarketing stance on investment advertising views it as historically situated and subject to change. All the other perspectives considered herein are universalistic, and assume an unchanging investor or consumer whose behavior is subject to invariant laws. It is easy enough to maintain an invariant perspective if one examines a sample of ads drawn from a limited time interval, as had been the case with prior studies on ads in *Money*: a ten year span for Mullainathan, Schwartzstein, and Shleifer (2008), and two years for Huhmann and Bhattacharyya (2005). To detect real changes in marketing practice requires a sample that spans decades. We found investment advertising to change radically over the 50 years studied. There may be other branding phenomena where significant change over time can be identified, were a macromarketing perspective to be more widely adopted.

Limitations and Future Research

The data are thin early in the time period studied. As a consequence, the increased thickness of the data, in terms of the count of ads, is correlated with the hypothesized trend toward more brand promises and more diverse benefits. Had we cast

a wider net early in the study, we might have found more diverse appeals in earlier ads. Our scrutiny of other publications early in the period made this contention seem implausible; but it remains a risk. A related limitation is that we only studied ads, even though a much larger corpus of reading material addressed to investors is available, whose examination might have suggested still other changes in the acculturation of investors (Gallaher, Kaniel, and Starks 2008; Kaniel, Starks, and Vasudevan 2007). A third limitation is that our data are relatively coarse grained. Hence, we could not track the immediate effects of events like the 1987 stock market crash, or link changes in ad appeals to the precise top or bottom of a market, or to any world event. A final limitation is the use of only two coders, broad coding categories, and a weak measure of interrater reliability.

Similarly, the regression analyses used to test for patterns were rudimentary. We did not attempt a true time series analysis, but used calendar year as a proxy for the effects of time and the NASDAQ index as a proxy for waxing and waning investor sentiment. Although we judged the NASDAQ to be the best choice of market index, because it has been the focus of speculative trading by ordinary investors, future research might consider alternative market indexes, or even measure investor sentiment more directly. Future statistical analyses could also consider a broader set of predictors and a more detailed analysis of interactions as well as main effects.

In terms of future research, over the next 50 years some emerging nations will probably experience the same proliferation of investment opportunities as did the U.S. did in the past 50 years. The time course of investment advertising in these emerging markets may offer analogues against which the observations presented here can be cross-checked.

Finally, an alternative approach to the history of investment advertising would be to study specific firms. Fidelity, Vanguard, and others were present from the beginnings of the explosion in fund advertising after 1980. These firms built their brands from a vestigial device for identification to richly endowed symbols over decades, and it might be insightful to examine the time course of these developments company by company. Also, we intuited during the qualitative analysis that the wildest extremes of fictive and pictorial advertising seemed to come from marginal players. Hypotheses from the Industrial Organization literature might be pursued to examine whether new entrants and at-risk competitors take a different approach to advertising as compared to more well-established firms.

Conclusion

Investors today must consume financial services to invest money at all—there is no unmediated access to the market except via a mutual fund, broker, bank, insurance firm, or other money manager. These firms must compete for funds, and this competition forces branding to occur, with appeals to consumer values and aspirations. This can only be a moral failing if branding, and appeals to intangibles, are bad in *all* the categories where the price of branding affects the cost to consumers.

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Notes

1. Standard finance is a term of art in finance scholarship, parallel to classical economics. It refers to perspectives that predate behavioral finance, and that exclude behavioral considerations in accounting for what investors do.
2. WA-Figures are in the Web Appendix that accompanies this article.
3. For a much earlier insurance ad where the picture is also fictive, metaphorical and expressive, see Marchand (1985, p. 268).

Supplemental Material

The online [appendices/data supplements/etc] are available at <http://jmk.sagepub.com/supplemental>.

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