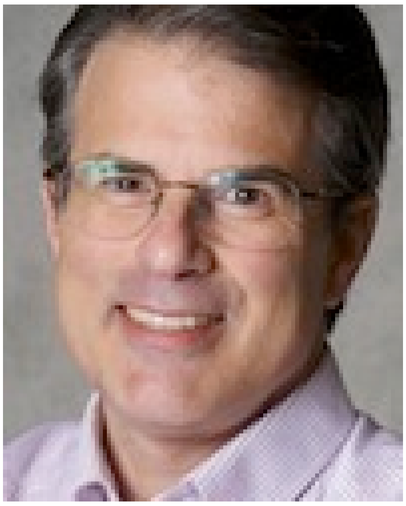
# Anecdotal Evidence: Football and Financial Ads

By Kerry Pechter Thu, Oct 20, 2016

*Watching football games lets me see TV ads for financial services companies. Last weekend, I saw funny ads from E*Trade and GEICO, and a serious ad from Northwestern Mutua. I also saw a full-page mea culpa from Wells Fargo in the NYTimes.*



It's football season so I'm catching a few games on TV, which means seeing commercials for financial service providers. **E*Trade**'s re-"tire"-ment story was the funniest of the lot. A bearded man in a cardigan, slightly resembling Julius Irving and palming a goblet of red wine, addresses the camera from his wood-paneled study, where full-size automobile tires are mounted trophy-style on the walls.

In the space of 15 seconds, he creates about eight or 10 puns using the word "tire" before recommending E*Trade as a retirement partner. If you're not prepared for it, and you like puns—which E*Trade's target audience may or may not—it's unexpectedly funny. That spot was paired with a similar one in which a tailor puns on the word "vest," as in in-"vest"-ment. There's also a Benedict Arnold spot that exploits the word "trade" (as in traitor).

For absurdity, these spots almost match GEICO's recent **Marco Polo ad**, in which the "real" 14th century Marco Polo wades into a backyard swimming pool and, speaking in Italian, tries unsuccessfully to convince kids who are busy playing "Marco Polo" that the real Marco Polo is right in front of them.

Why anybody would custody his or her retirement savings at a discount brokerage, it's difficult to say. The biggest joke of all is the one E*Trade plays on its prospects by offering a $600 reward for new signups. You must deposit between $250,000 to $499,999 at E*Trade to qualify for that reward, according to the fine print. Unfortunately, other companies have copied this type of click-bait teaser. The DOL, which now regards rollover recommendations as fiduciary acts, might frown on it.

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Pacific Life engaged in a bit of slap-water, if not slap-stick, comedy with a **commercial** during either the Arkansas-Ole Miss game or the Ohio State-Wisconsin game last Saturday. The 30-second spot featured the montage of PacLife's trademark humpback whales, breaching, fin-slapping and lob-tailing in the ocean as usual. This time, however, each emphatic slap coincided with the crash of percussion instruments in a marching band. It was an efficient, humorous merger of brand-reinforcement and football.

Northwestern Mutual's **commercial** airing last Saturday wasn't new, but it remains noteworthy for its messaging. The voice-over and graphics emphasize the point that smart retirement planning often requires the use of both investments and insurance products in combination, and that Northwestern Mutual specializes in bringing the two together. I don't know of any other retirement company that makes that pitch so explicitly. The commercial also depicts a very attractive mixed-race couple. The husband is white, the wife African American. The message may be: We're a modern, hip company; not the "Quiet Company" your father or grandfather knew.

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Inside the first section of my Sunday newspaper last weekend, I saw Wells Fargo Bank's full-page ad. The headline said, "Moving forward to make things right." This is part of the mega-bank's damage-control campaign amidst its ongoing 17-month reputational train wreck.

"We have eliminated product sales goals for our Retail Banking team members who serve customers in our bank branches and call centers…, the ad copy said in part. "We have provided full refunds to customers we have already identified and we're broadening our scope of work to find customers we may have missed."

Banking services are sticky, Americans have short memories and the strength of the Wells Fargo brand (Boomers may remember the Wells Fargo song from "The Music Man"), so the company may survive its current troubles: the resignation of CEO/chairman John Stumpf, a $185 million federal fine and a 24% decline in its stock price since mid-2015 (when the city of Los Angeles announced its action against the bank for pressuring its employees to create millions of phony new accounts for clients in order to meet aggressive sales goals).

Since the financial crisis, ownership of Wells Fargo stock has made its senior managers and others very rich. Just before the financial crisis, the stock reached a high of $30 before plunging to less than $9 in March 2009. It peaked at almost $58 in mid-July 2015, when Los Angeles announced its action.

Despite those widely publicized revelations, the bank's stock held most of its value for another year. As recently as six weeks ago, the share price was $50.55. Then came the Consumer Financial Protection Bureau's announcement of a $185 million fine in early September. Since then the price has slumped to $44.71 (as of October 14). That, added to Stumpf's unsatisfying appearance before a Senate committee, forced him to retire.

The drop in the Wells Fargo share price may or may not last, and may depend as much on the impact of the DOL fiduciary rule as on reactions to the phony accounts fiasco. But the incident exemplifies the conflict-of-interest that publicly-held companies inevitably struggle to manage. Their mandate to put shareholders' interests ahead of customers' interests can breed incentives that lead to abuse. Such conflicts may become harder to manage, and create new legal exposures, under the DOL rule.