

Constructing the retail investor: performativity and power in the market for investment services

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Abstract

This paper examines retail investment as a practice performed by marketing knowledge and highlights the power effects of market devices. Using a qualitative study of retail investors in the United Kingdom, it considers the devices and discourses that structure investment behaviour. It draws attention to parallels between the precepts of the market studies programme and the Foucauldian literature of governance technologies in neo-liberal capitalism. Market devices and heterodox ways of understanding the financial market constitute investors as docile consumers of investment services. Self-discipline and confession are normalising technologies that help investors cope with difficulties and losses in the market.

Introduction

Recent developments in marketing research have begun to question some of the taken for granted assumptions of the discipline. The project of (re)writing markets into marketing (Araujo, Finch & Kjellberg, 2010:2) has critiqued marketing research for representing 'markets as passive backgrounds, against which marketers have got on with the serious business of organising sellers' exchanges with buyers'. Araujo et al. emphasise instead the practical nature of market outcomes and argue that marketing knowledge is performative. Following the innovations of Callon (1998) and MacKenzie (2006) they suggest that that markets are better understood as the collective achievements of hybrid, distributed agents negotiating transactions within frames embedded in devices, categories and markets scripts.

The mainstream of the marketing discipline has presented the liberal, or neoliberal, conception of democratic and economic freedom in terms of consumer choice, such that 'marketing is the rhetorical legitimisation that people, by being consumers may be empowered ... equated to the power to exercise choice' (Shankar, Cherrier & Canniford, 2006:1014). Power is understood as an objective property shifting from producers to rational, individual consumers. Approaching markets as collective achievements driven by market(ing) knowledge suggests that analytical focus be directed upon the 'agencements' of market action: constellations of agent and devices organized by theoretical conceptions. Market agents are no longer seen as atomised maximisers; choice should be understood as a distributed activity that depends as much upon market knowledge, infrastructures and calculative practices as it does upon the cognitive preferences of individuals. This line of argument opens up novel questions of power and governance, and parallels the contributions of critical marketing studies (Saren et al., 2007), particularly where critical studies are motivated by Michel Foucault's writing on power.

Foucault understood power as a relation between the powerful and the subject of that power. For Foucault, power is productive as well as disciplinary; it is embedded in the routines, scripts and technical knowledge employed in governing individuals. These 'technologies of government' constitute the subjectivities of those governed, whether as 'docile bodies', productive and useful members of society or as carefully classified misfits: the sick, or the insane (Foucault, 1976; 1978). Foucault's notion of 'governmentality' (Foucault, 1991), of

government through regimes of knowledge, has gained prominence through the writing of Nikolas Rose and others, particularly scholars of accounting, who explore ‘the complex of mundane programs, calculations, techniques, apparatuses, documents and procedures through which authorities seek to embody and give effect to government ambitions’ (Rose and Miller 1992:175, cited Azimont and Araujo, 2010: 96). Yet the literatures of governance and of market devices have, for the most part, run in parallel and as Azimont and Araujo point out, there is much scope for empirical exploration of the interaction between calculative devices and governance.

This paper contributes to our understanding of calculation, performativity and governance, through a qualitative study of retail (non-professional) investors in the UK, conducted between 2005 and 2007 during a prolonged stock market boom. Retail investors have been persistent source of concern for those researchers who have investigated them. De Bondt (1998:832) describes his survey of the ‘Fox Valley investors’ as ‘a sorry picture’. A substantial body of empirical work shows retail investors systematically underperforming the market (Barberis & Thaler, 2003; De Bondt, 2005; Odean, 1999; Puetz & Ruenzi). On the other hand, the growth of Internet-based investing and a vigorous investment service sector has clearly facilitated the activities of non-professional investors, leading to the phenomenon of the non-professional day trader (Preda, 2009) and technical analyst (Roscoe & Howorth, 2009), accessing the markets from their own homes. Non-professional investors have become an important, under-researched group of market participants (Vollmer, Mennicken & Preda, 2009).

This paper argues that retail investors are constructed by their interactions with the investment services market. Through products and services purchased in the consumer-oriented investment service market they come to understand the financial market in a particular way, making use of the devices on offer (software programs, magazines and reading material, investment shows and seminars) not only to decide upon investments but also to articulate a theory of the market that allows them to make sense of their activities. Retail investors define themselves in opposition to the professional finance industry, and see their activities as a means of taking control of their economic destiny and constructing a better future for themselves. As such, retail investing can be seen as one of the ‘technologies of the self’ pertinent to Foucault’s analysis of economic man under neoliberal governance (Foucault, 2008). The paper uses this analysis to strengthen links between theories of

economic governance and market devices; it also analyses retail investors as consumers, a topic largely neglected in the literature, with the exception of Mayall's (2007) study of technical analysts, and Harrington's (2007) investigation of investment clubs.

The structure of the paper is as follows. It first of all presents an overview of the literature on market devices and economic governance. It then discusses the study methodology. The fourth section presents an analysis of the devices and discourses of retail investing, under the headings: choosing to invest; formatting the calculative agencies; and discipline and confession. The paper presents a summary discussion of performance, power and retail investors, and concludes.

Literature

Araujo et al. (2010:5) offer four conceptual starting points for a study of markets: markets are practical outcomes; marketing knowledge is performative; market exchanges require framing; and market agents are hybrid collectives. These claims stem from a decade of empirical studies of markets, motivated itself by studies of the practice and production of science and technology (MacKenzie, 2009). The first claim, that markets are practical outcomes, is both axiom and methodological injunction, directing the attention of researchers to markets as sociological phenomena. I consider the remaining three below.

1) Market(ing) knowledge is performative: Central to recent studies of markets is the notion that economic performativity – that the economy (broadly understood) is embedded in and constructed by economics (Callon, 1998). Economic theories give shape to market exchange, as templates for cognitive action or embodied in material architectures and calculative devices. Claiming an intellectual lineage from Austin (1978), Butler (1990), and Barnes (1983), Callon's innovation conceptualises markets, not as things-in-themselves, but as products of the organizing and stabilizing of 'heterogeneous' (Law, 1999) material agents (Latour, 2007); markets are held together by their material and discursive arrangements (Çalışkan & Callon, 2009; 2010). The growing field of performativity research is exemplified by MacKenzie and Millo's (2003) study of options pricing theory and the Chicago Board Options Exchange. The claim that market(ing) knowledge is performative is given further substance by the second and third precepts, below.

2) Market exchanges require framing: If theories are to act as cognitive templates for market exchange, the calculative activities of such exchange require that different objects can be compared and valued, a process that involves obliterating distinctions and at the same time establishing new ones:

‘Calculating does not necessarily mean performing mathematical or even numerical operations...Calculation starts by establishing distinctions between things or states of the world, and by imagining and estimating courses of action associated with those things or with those states as well as their consequences.’ (Callon & Muniesa, 2005:1231)

Calculation is therefore dependent upon the ability to commensurate (Espeland & Stevens, 1998) and then distinguish, whether through technical theory embedded in material devices (such as carbon pricing models or online dating sites) or through mechanisms such as classification (Bowker & Leigh Starr, 1999) and ‘reactivity’ (Espeland & Sauder, 2007; Willmott, 2011). Classifications and rankings are cognitive, rather than material, frames that ‘change how people make sense of situations ... offer a generalised accounts for interpreting behaviour ... and help organise the stock of knowledge that participants routinely use’ (Espeland & Sauder, 2007:10-11).

3) Market agents are hybrid collectives: The actor-network approach understands agency as distributed across heterogeneous networks of human agents and devices inscribed with particular theory (Latour, 2007). Simple artefacts hide dense calculation (Latour, 1999), and distribute cognition (Hutchins, 1995), acting as ‘prostheses’ in the creation of a disciplined scientific or market actor (Callon, 2008). In market settings agents are offered ‘*promissions*’ (Callon, 2008:35) for economic action made viable by the changing combinations of a socio-technical network, or ‘agencement’. Scholars in marketing have begun the project of writing market devices into market(ing) theory: the importance of market devices has been demonstrated, for example, in mass retail (Cochoy, 2008; Kjelberg, 2007), industrial markets (Azimont & Araujo, 2010) and business to business marketing (Mason & Spring, 2011). In a broader context, the performativity of market devices has been demonstrated in the implementation of fishing quotas (Holm & Nielsen, 2007), educational practices (Hoskin & Macve, 1994; Walker, 2010), in consumer facing areas such as online dating (Roscoe & Chillas, 2013), mortgage lending (Vargha, 2011) and insurance (McFall, 2011), and even in ethically fraught topics such as environmental pollution (MacKenzie, 2007) and organ

markets (Roscoe, 2013b; Steiner, 2010). The eclectic nature of this material highlights the reach of the term ‘device’, most usefully understood as a thing that ‘holds together’ such that it may have objectified and singular characteristics (Callon & Muniesa, 2005).

These precepts also imply that economic agency is governed and governable (Callon, 2008), and that power asymmetries manifest themselves through disparities in calculative resources. Rankings can exercise a disciplinary function: academic journal lists, for example, reinforce the hegemony of scholarship that values homogeneity, technical excellence and conformity over innovation, novelty and critique (Willmott, 2011). Publicly available, community-driven rankings, facilitated by the Internet, create a culture of constant surveillance among those who are ranked: such websites ‘revise the boundaries of expertise’ (Jeacle & Carter, 2011; Scott & Orlikowski, 2012:36) and transform accountability into a ubiquitous disciplinary measure (Scott & Orlikowski, 2012). As Azimont and Araujo (2010) point out, the commonalities between studies of the material embeddedness of markets and of market governance are in need of empirical and theoretical elaboration. This paper argues that the same is true at the level of the governance of the individual market participant, and that Foucault’s novel understanding of the economic subject as a manifestation of ‘technologies of the self’ in neoliberal capitalism can contribute much. For Foucault, neoliberal economics sees consumption as yet another productive responsibility of the individual:

‘The man of consumption, in so far as he consumes, is a producer. What does he produce? Well, quite simply, he produces his own satisfaction. And we should think of consumption as an enterprise activity by which the individual, precisely on the basis of the capital he has at his disposal, will produce something that will be his own satisfaction’ (Foucault, 2008:226)

Foucault understands these technologies of the self as means through which the individual subject seeks to constitute herself according to a set of practices and models imposed by external authorities. Power and domination are no longer conceived of as antagonistic, but as complimentary, if oppositional, effects of the same set of power relations (McNay, 1994). From this perspective, the activities of market agents should be unpicked through a ‘genealogy of subjectification [that] needs to think of the human being as a kind of machination, a hybrid of flesh, artefact, knowledge, passion and technique.’ (Rose, 1996:153). There are, it would seem, analytic similarities between the technologies of

subjectification envisaged by Rose and the ‘agencements’ of market studies literature; yet concentrating upon the technologies of self draws attention to politics and power relations in markets, often neglected by the market studies approach. So in studies of consumption, Miller and Rose see the projects and techniques of marketing as fitting within a more general economy of subjectification in which consumption technologies establish a ‘plurality of pedagogies of everyday life, which set out, often in meticulous of banal detail, the habits of conduct which might enable one to live a life that is personally pleasurable and socially acceptable’ (Miller & Rose, 1997: 32).

Conceptualising retail investing as a technology of subjectification makes it possible to focus attention on the power effects of market devices and knowledge. This paper explores how investment service firms invoke their superior calculative expertise and ownership of market discourses to configure the individuals as active market participants. First of all, however, I discuss the study methodology.

Methodology

The intention of this project was to provide a holistic and contextualised understanding of the activities of non-professional investors that allow us to generate a plausible, trustworthy contribution to theory (Ahrens and Chapman, 2006). We therefore set out to generate a rich body of data that could provide a thick description (Lincoln and Guba, 1985) and a valid account (Dyer and Wilkins, 1991) of investor activities. The potential issues of observer bias and limitations in data access, ever present in qualitative research, were addressed through the use of comprehensive description, multiple methods and observations, allowing us to corroborate findings across methods and data sources (Lincoln and Guba, 1985; Ahrens and Chapman, 2006). Data available for analysis comprised interview transcripts, field notes, responses to the survey questionnaire, media articles, specialist online sources, and marketing materials for investor products.

Non-professional investors are difficult to access due to the isolated and often invisible nature of their occupation; qualitative studies have tended to recruit volunteers through social gatherings, public meetings (Mayall, 2006) and investment clubs (Harrington, 2007). This project took a similar approach. We visited investment seminars and shows and used a short

questionnaire to generate background data and as a means of facilitating interview requests. We attended a total of five days' of investor events. These comprised an annual, two day investor fair in London, which we visited in 2005 and 2006, with the permission of the organizer. The event attracts 5,000 or so individuals, and targets a broad base of non-professional investors. We also visited two evening seminar events organized by an online financial media company. The events were held in London, near to the financial district, and targeted non-professional investors: the first focused on 'small-cap' investing, and the second billed itself as a 'Trader's evening' with a focus on technical analysis and leveraged products. At each there was an audience of about 70 individuals.

Three full days and two evenings of attendance at these events (with time equally divided between observation and questionnaire administration) yielded 95 questionnaires, generating 21 potential interviewees. Of these, 13 individuals were finally interviewed, others failing to return calls, agreeing to speak at a time when they proved unavailable, and leaving false or out of date contact details. As a corrective to the contingent nature of the recruiting process, advertisements were posted on bulletin boards and interviewees were asked to recommend colleagues who were willing to be interviewed (a snowballing method). A further six interviewees were contacted through these methods. In total 24 interviews were conducted with 19 non-professional investors. Five investors (Anne, George, Nigel, Simon and Stewart) were interviewed a second time after an interval of six months in order to investigate emerging topics. Interviews lasted between 25 and 50 minutes. Four interviews were conducted face to face and the remainder were conducted by telephone. Telephone interviewing allowed us to interview a geographically dispersed group of interviewees and it avoided potential ethical issues involved with interviewing private individuals in their own homes. Table i presents basic data for each interviewee.

Data were analysed from an early stage in the research process through comparison and re-comparison (Boeije, 2002). Themes were identified within interviews and across interviews; thematically clustered matrices (Miles and Huberman, 1994) were built to incorporate themes from literature as well as emerging themes in the data. Themes were explored in later, more structured interviews (Glaser, 1965). Data saturation was considered to have been reached when analysis of interview and observation data contributed no new themes (Eisenhardt, 1991; Boeije, 2002); saturation was also evidenced by an increasing homogeneity of accounts, with investors detailing similar methods and articulating similar discourses of

investing, for example with stock phrases of investment activity occurring frequently in interviews. The accounts offered by investors recruited through advertisement or referral did not present any additional alternative or striking themes.

Table i: Interviewees

Pseudonym	Gender	# of interviews	Age	Investor type	Portfolio size
Albert	M	1	60 or over	S,C	£101k-£150k
Anne	F	2	60 or over	S	£201k+
Chris	M	1	50-59	C	£151k-£200k
George	M	2	40-49	S,C	£201k+
James	M	1	60 or over	S,C	£101k-£150k
Karl	M	1	30-39	S	£51k-£100k
Max	M	1	40-49	C	£50k or less
Mickey	M	2	60 or over	C	*
Mike	M	1	60 or over	S	£101k-£150k
Nigel	M	2	30-39	S,C	£201k+
Peter	M	1	30-39	S	£101k-£150k
Robert	M	2	60 or over	S,C	£51k-£100k
Simon	M	2	40-49	S,C	*
Stewart	M	2	60 or over	S	£201k+
Sunil	M	†	40-49	*	*
Terry	M	1	30-39	C	£50k or less
Tony	M	1	40-49	C	£151k-£200k
Trevor	M	1	60 or over	S	£201k+
William	M	†	50-59	*	*

* Not known † Interviews not recorded

S – Small-cap investor C - Chartist

Analysis: The discourses and devices of investment

Like all markets, financial markets are a practical, collective achievement. Financial markets must be produced, or made visible, through their material architectures: screens, telephones, and modes of calculation combine to instantiate the market (Hardie & MacKenzie, 2007; Knorr Cetina, 2005). These ‘scoping’ (Knorr Cetina, 2005) devices are inscribed with a theoretical understanding of market function and implicit in their use is the adoption of a particular set of beliefs about the ways that markets are organised. This section will explore how retail investors acquire an understanding of the financial markets – how they purchase, quite literally, this understanding through the devices that they buy in the consumer-facing investment service market. Becoming a retail investor requires an engagement with the heterodox discourses of market operation inscribed into devices for visualisation and calculation; devices construct the investor as a docile body in consumer markets, and are therefore powerful and performative. There exists also a discourse of individual economic projects, with the investor positioned *contra mundi*, responsible for his own success and failure. This discourse is inseparable from the devices and theories of market operation; altogether they perform the retail investor as an economic subject in a market rife with power differentials and calculative asymmetries.

Choosing to invest

In Foucault’s analysis of contemporary economic governance, individuals are incited to make entrepreneurial projects of themselves; this enterprise culture ‘links up a seductive ethics of the self, a powerful critique of contemporary institutional and political reality, and an apparently coherent design for the radical transformation of contemporary social arrangements’ (Rose, 1996:153). In more prosaic terms, we might say that the responsibility for economic self-direction thrust upon the individual is matched by dissatisfaction with existing arrangements and the existence of imaginative possibilities about the future. All of the above may be discovered in the self-understanding of retail investors.

A recurring theme across interviews was that the original decision to become an investor was driven by hostility to the financial services sector and investment professionals. Individuals were motivated by a desire to take control of their savings or pensions, rather than leaving

them in the hands of professionals whom they perceived as condescending, greedy, and incompetent. Robert, for example, explained his decision to transfer his retirement savings and pensions into his own hands:

‘All my pensions got rolled up into Equitable Life a couple of years ago, and I realised that I’m losing a lot of money here, and I lost confidence in the financial services industry and decided I was going to have to do something myself with what I’ve got left.’

While Anne said:

‘It irritates me that I’ve got to pay all this money to somebody to manage [my portfolio], but the answer to that is ‘Of course, well, they can do a better job than you,’ [but] they don’t always get such wonderful results.’

Max, who was ‘quite cynical’ about professionals’ performance, felt that the focus on benchmarks, even in a falling market, does not constitute ‘good stewardship’, and Mike advised that new investors avoid the professional fund managers because ‘they don’t do very well.’ Each was confident in their own ability to outsmart those who would exploit the naive investor, their rhetoric solid and commonsensical:

‘Hot air, in a word. Two words. They are very dedicated people. A broker comes on the phone to me and starts talking about why don’t I buy such and such a share, the simple answer is if it’s so darn good he would have bought it himself and he wouldn’t be telling me about it.’ (Albert)

Once established as investors, the same feelings of hostility provided an ongoing motivation, as retail investors positioned themselves in opposition to the larger players. Simon described his investing as a way of ‘outsmarting the large brokers, finding good opportunities that are likely to do really, really well but nobody knows about them, because nobody investigates them.’ And, he said, ‘It’s really satisfying’. According to Robert, the ‘small private investor’ stands against the ‘insiders’: ‘I know in theory all news is supposed to come out through the official channels but I’m not sure it does happen quite that way’. For Terry, facing the professionals is,

‘thrilling...you’ve got hundreds and hundreds of highly paid investment analysts... there’s me sitting at home... and those [analysts are] sitting there with millions of pounds of software and a couple of PhDs in mathematics and they’re still getting it wrong’.

Chris, meanwhile believed that ‘the financial markets...are manipulated quite cynically...you can actually see [the big players’] muddy footprints all over the market.’ Providers of investment services were quick to capitalise on the investors’ distrust, and to present themselves as allies in a struggle against the monolithic financial sector. The investment writer Tom Bulford – who Simon followed closely – promoted himself thus:

‘I love banking big stock market gains – especially if it’s on the blindside of other investors. Seven years ago I quit my high-flying career in the Square Mile to join a newsletter called...’

Investor stories followed a common pattern. Having made the initial choice to become an investor, they began to search for expertise in the area. Invariably, they came across the booming investment service industry which offered them wide variety of devices through which they could begin to develop and understand their investing practice. They might, for example, read magazines and books or buy audiovisual material – for Anne, the investors Chronicle was a ‘bible’ in her early days: Chris, was ‘totally self-taught’, through books and instructional videos; Terry purchased ‘fantastically expensive’ training CDs. Karl made use of a simulator, offered by one of the retail focused brokers to draw in new custom:

‘Around that time there was a computer simulation game called city comment, you invest a virtual hundred thousand pounds, so I did that and brushed up on how you invest in the stock market ... and I find I was that I was quite good at this, I wasn’t too bad at this in fact, so I decided that I would read a bit more into it and have a go at investing for myself’

Many of the interviewees attended training courses. Some, such as the free seminars I attended, were run by brokers and investment service firms as part of their marketing activities. Another model was the high tariff – costing anything up to £2500 for a weekend – course offered by a ‘market expert’, frequently in conjunction with a particular piece of software or proprietary method. Interviewees made it clear that there was a wide range of educational materials and formats available, each linked to different investing methods. In the end, Max said, the choice of approach to the market ‘went down to *personality and what you like the feel of*’ (my italics). Just as an individual’s consumption choices become bound up with their identity (Bocock, 1993; McCracken, 1988) the choice of investing equipment and style is a matter of consumption preference, personality and identity. Yet the choice of investing style is inescapably a decision as to how the market should be understood, and an

intellectual allegiance to a particular ‘tribe’ within the retail investor world. In the materials on offer at investment shows or in the pages of magazines the investor can find ‘pedagogies of life’ and ‘habits of conduct’ (Rose, 1996) for the marketplace. Does she wish to be identified as a ‘technical analyst’ or a ‘fundamentalist’, the former with its connotations of the lone scientist outsmarting the PhDs, or the latter, careful and patient, like a gardener:

‘I love messing around with tiny bits of cutting and seeing what will happen, it’s almost the same thing [as investing]. Can I get it to grow, and if it grows will it get bigger?’ (Anne)

Formatting calculative agencies

Power relations in the marketplace may be understood as calculative asymmetries and discursive relations. Both are embedded in the mundane devices employed by retail investors and constitute an agencement rich in power effects. Investment service firms are able to deploy enormous calculative resources in encouraging trading activity: the expertise collected by brokers to construct an investment screening device or a charting package is substantial and the outcome is a simplification on the basis of which retail investor can trade. In real terms, as Mickey says:

‘With a charting package it’s *dead easy* because ... I select Fibonacci, and I click once on a high point with my mouse and click once on the low point and the lines are automatically drawn...’

So, at seminars and on the stands of investment shows, the representatives of investment service firms extolled the virtues of particular practices or techniques, and manufacturers of software explained how one aspect of market function (easily detectable through their proprietary algorithm) might be harnessed to deliver endless profits. Brochures and other marketing materials contain an implicit statement of market operation, echoed in the comments of investors using these devices. The following comes from an ‘advertorial’ in a trading magazine:

‘The Delta Phenomenon states that each and every market has an innate order that it follows. This innate order makes highs and lows predictable as far into the future as you want to go. The order of the market is based on the dynamic forces of nature. The Delta Phenomenon is based on the concept of time and space. It states that turning points in the market come at certain times which it is possible to determine long in

advance. The time cycles are the result of the interaction between the sun, moon and the earth.’ (Albert, 2005:69)

Mechanisms such as the ‘Delta Phenomenon’ are made credible by a belief, clearly articulated by interviewees, in hidden organising principles in the market. Terry, a chartist links market movement to numbers found in tides, waves, pine cones, and the human body:

‘Fibonacci ratios exist everywhere, they exist in art, they exist in the human body. If you measure the distance from your shoulder to your ankles, and then you measure the distance of your arm you’ll see that that is a Fibonacci ratio, I think it’s about 1.618, or .618, or your arm is a ratio of your body.’

Yet this code is invisible to the naked eye and can only be accessed through products offered by the investment service sector. Terry has spent several thousand pounds on training CDs, charting software, and attending courses, and invested most of his spare time for nine months on testing out new methods, with the hope of becoming a full-time investor in the near future. When one method disappointed he has moved onto another, each linked to a particular ‘expert’, many of whom he has met in person on their training courses and whom he discussed by name during the interview.

Devices configure the choices available to investors by narrowing down the complexity of market information, framing, disentangling, and offering possibilities for action (Callon, 2007). They need not be as complex as Terry’s four-screen, two-computer laboratory. Stewart, for example, follows a ‘fundamentalist’, value-based (Graham, 1973) approach in his small company portfolio. Here, he explains how he uses a printed directory of AIM-listed companies to quickly screen a market numbering hundreds of companies:

‘I can rule out maybe 90% of them by just flicking over and seeing what they are doing and the names. What they are involved in and looking at the very minimal stuff [headline financial numbers and ratios]...I can see at a glance, that [many companies are] not going to interest me.’

While the chartists are motivated by a heterodox conception of market operation, fundamental or value-based investors such as Stewart and Trevor are motivated by a discourse of high returns in the small company sector. George explained:

‘I invested from a seed-cap stage [into a company] that’s gone from minimal revenues, I think this year they are going to do something like 20 or 25 million in

revenues... got a market cap of something like 60 million. So that's the success story side of things, that's what I'm trying to replicate.'

The discourse can be summed up by variants of the phrase 'elephants don't gallop' even followed by 'fleas can jump ten times their own height'. The phrase has been attributed to the famous investment guru Jim Slater and appeared with remarkable consistency in interviews and also in the investment media.

Table ii documents the occurrences of the phrase in interviews with investors, and also provides some examples of its prevalence in investment media and the promotional materials of investment service firms.

Table ii: ‘Elephants can’t jump’

Investor	Comment
Robert	‘Shares will rocket up on a very thin story. And they have got more chance of rocketing up in price...the old [saying] <i>elephants don’t gallop</i> ...if the capitalisation is only £100m it’s got a chance of doubling.’
Albert	‘The advantage of an AIM stock is that it’s much more volatile and if you get it right the volatility works in your favour, as I’ve said to you <i>elephants don’t run</i> .’
Simon	‘The thing about small-caps is, we get told a lot that they are more agile than larger companies...they can change their direction to suit current market conditions...’ (Interviewer: ‘We get told a lot? By whom?’) ‘I guess by people in the press, by people at seminars, they say <i>elephants don’t run</i> ...’
Trevor	‘I think everybody hopes that small caps are going to move quicker than big ones but sometimes they do and sometimes they don’t, there’s this phrase <i>elephants don’t gallop</i> , I mean, they can move pretty fast!’
Media source	
Citywire.co.uk ¹ <i>Citywire.co.uk is an online news service targeted at non-professional investors</i>	‘Investors who choose FTSE 250 companies over FTSE 100 companies know that <i>elephants don’t gallop</i> , says Andy Brough, manager of Schroders’ UK Mid 250 fund’
Motley Fool ² <i>Motley Fool is an online portal for non professional investors, comprising news, comment, message boards etc.</i>	‘And rationally, I know that the gains from AIM shares can substantially outstrip the losses. As investment guru Jim Slater memorably put it, <i>elephants don’t gallop</i> ’
Incademy Investor Education ³ <i>Incademy.com is a provider of investment training courses, operated by publisher Global Investor.</i>	‘ <i>Elephants don’t gallop; fleas can jump ten times their own height</i> . Therein lies the attraction of small caps’
Penny-Share-Trading.co.uk ⁴ <i>Penny-Share-Trading is an investment newsletter specialising in penny shares.</i>	‘There’s a saying.... ‘ <i>Elephants don’t run</i> ’. It’s much easier for a share to rise from, say, 6p to 20p than it is to go from £6 to £20’

¹ <http://citywire.co.uk/new-model-adviser/footsie-elephants-dont-gallop-says-brough/a248865> [accessed 16 June 2010]

² <http://www.fool.co.uk/news/investing/investing-strategy/2010/05/28/am-i-too-risk-averse.aspx> [accessed 16 June 2010]

³ http://www.incademy.com/pages/subject_index.htm?ginPtrCode=10002 [accessed 16 June 2010]

⁴ <http://penny-share-trading.co.uk/> [accessed 16 June 2010]

Even in the hunt for jumping fleas there is scope the investment service companies to enjoy a calculative arbitrage. Trevor makes extensive use of a website:

‘...it had a very very detailed way of assessing companies, not simply on the bog standard kind of fundamentals, but they used all sorts of complicated algorithms as well, heaven knows how it all works out...It is very detailed...’

Trevor’s website is takes a large universe of data (over 18,000 stocks, monitored daily) and compresses these into simple, accessible measures, often single numerical scores with important names: ‘Relative Value’ and ‘Price Earnings Growth’. The latter is not difficult to operationalize, however: ‘typically a PEG of 0.75 to 1 is good’ (Presentation at evening seminar).

Discipline and confession

Retail investors are, therefore, driven to take control of their own economic destiny by hostility to the professional financial sector. They encounter the market through a variety of investment devices, coming to understand both the operation of the market and the source of profits in terms of the heterodox market theories presented to them by the investment service industry. Devices simplify market data into accessible forms, as investment service firms exploit their superior calculative resources to generate custom. Nonetheless, expectations of easy profits, whether delivered by the ‘holy grail’ (Chris) of perfect charting indicators, or through systematically outwitting the professionals in the small company markets, sit uncomfortably with the overwhelming empirical evidence that retail investors perform less well than the rest of the market (Odean, 1999). Persisting with investment in the face of growing losses requires investors to invoke the seductive possibilities of future success, and take responsibility for market losses. The alternative would be to accept a bitter truth: that there is no easy money to be made in the markets, that there are no holy grails or magic formula, and that trading costs will soak up what little profits can be made. Investors’ continued acceptance of losses may be dependent upon a final disciplinary technology, the confession: a normalising, disciplinary device, a ritual through which the confessant unburdens themselves and is healed (Munro & Randall, 2007). ‘Since the Middle Ages at least, Western societies have established the confession as one of the main rituals we rely on for the production of truth’ (Foucault, 1978:58).

First of all, there are narratives of possibility. Terry enthused over investment and trading as a career. He compared the speed of returns to other careers, arguing that his nine months is nothing against the years spent becoming a doctor or dentist, and conjured up a vision of working from wherever he wishes. A career in trading, he said, 'gives you the ultimate freedom because all you need is an Internet connection and a computer, and you could be anywhere in the world'. There is a similar sentiment in the comments of Chris, a long-term day trader:

'I enjoy the independence, and I enjoy the potential to make good money sometime in the future when I can get on top of myself. It's very creative occupation, and also it does have the promise of a lot of money if you get it right'

Chris added: 'They say you've got to pay for your education one way or the other. I decided to pay for it by losing money in the market.' This is the hard grit of investing: expertise, determination and sacrifice are necessary components of investment success. Mickey defined himself as a serious investor, forced by redundancy to earn his living this way. He is scornful of dilettantes and hobby investors:

'A chap I know for instance said 'Yeah I think [options trading] is great fun, I really enjoy it, I put £1000-£1500 in the kitty every 18 months, it normally lasts me about 18 months' I thought 'for heaven's sake!.'

Simon and Max were using savings from previous employment to pursue investing 'careers'. For Mickey, being a professional means putting more money into the market, taking serious risks, and most of all taking investing seriously:

'I went on a two day course at Hammersmith and I only lasted one day. I just couldn't stand it any more ... there was something like 20 helpers to check you in and show you around and make sure you're having a good time and all of this rubbish, it's just hangers on who had been to this course before. I didn't find any of them were making too much money.'

While success remains elusive, investors blame themselves for letting emotion cloud their judgement. Chris spoke of the potential to 'make good money sometime in the future when I can get on top of myself'. Investors guarded against attachment to any share and were rigorous in watching the prices on their portfolios. Albert cautioned that 'One of the golden rules about it is have no sentiment whatsoever for the share you're buying. The silly statement is the share doesn't know you've bought it'. Karl spent about half an hour a day

and two hours at the weekend 'to review what happened during the week...to make sure I don't ever lose sight of what I'm doing and don't ever get cocky'. Albert too reviewed his gains and losses in price terms on a daily basis:

'Every night I work out precisely to the penny how much I have made or lost that day. Because I've found that if you take your eye off the ball a week becomes a fortnight... and that particular share has dropped 35% in a fortnight, and by then from bitter experience I know it's too late.'

Mike and Stewart both talked about investing 'rationally', while Robert talked about his 'systems' and 'databases'. Trevor said:

'Emotion does get in the way. If you can trade, or invest, without any emotion at all then you're at a big advantage to other people. If you take all the emotional baggage out of it, it's going to do you a lot of good...when it's your own money you're much more emotionally involved.'

Optimism and self-discipline notwithstanding, performance often fell below the expectations of investors. Interviews became venues for confession, normalisation, and perhaps even healing, as individuals sought to justify their continued investment activity. Mike complained:

'The investing I did for my mother and sister, they have made quite a bit of money. But being very cautious, they were in shares like Glaxo and BP, which were going up steadily and paying dividends. But my history of investing in small companies has always been a disaster.'

These investor laments were distinguished by regrets and should-haves. Robert saw a year's worth of profits wiped out by one bad trade:

'I met a bit of a reverse on that one, so my net position on the year is actually negative which is not too good... I should have sold it, but ...I kept holding it, and it went down and down and down and down'

Even George, the bullish ex-entrepreneur and hands-on investor, found his fortunes reversed on the investment that we had discussed in the first interview. A year later he told me that the shares had slid steadily and the chief executive had been removed by the major shareholder:

'It is very difficult to try and judge people when you go to these companies, it comes down to 'Do they deliver?', that's the only way you can judge anyone, you can only judge a man over a period of time, and 'Do they deliver what they say they will?'

These sentiments were shared in interviews but are typical, I suggest, of many conversations between investors, online and off-line. The meeting places provided by investment clubs and online bulletin boards (Roscoe, 2013a) serve as venues where investors can confirm their intention to participate in the market and commiserate over failure. In this sense they might also be considered as confessional, normalising technologies. For example, Albert told the story of the founder of his investment club, who wrote:

‘an open letter in the *Investors Chronicle*, and said ‘I’m retired, I’m doing this and it’s a very lonely business and I’m very, very dismayed at how badly I’m doing. If there are any fellow travellers out there who’d like to meet for lunch once a month and commiserate and chat over the stock market, please write’.

Normalising it certainly was: 60 replied and 40 attended the first meeting! Success perhaps eludes more investors than they might readily admit.

Conclusions

This paper has set out to examine retail investment as a practice performed by marketing knowledge and to highlight the power effects of market devices. It has followed the starting points Araujo et al. (2010) propose for an examination of markets: that market knowledge is performative; that market exchanges are framed; and that market agents are hybrid collectives. To consider the power effects of market devices the paper has investigated differentials of calculative resources as the basis for power relations (Callon and Muniesa, 2005) and has invoked a Foucauldian concept of ‘technologies of the self’ to interpret disciplinary regimes within the marketplace.

It is crucial to recognise that retail investors interact as much with the market for investment services as they do with the financial market itself. As research on investment professionals has shown, the financial market must be made present and visible to participants through scoping devices and technical media (Knorr Cetina, 2005). While professional investors have access to an existing infrastructure of devices and a universal grammar of financial economics, for retail investors accessing the market involves making sense of a dazzling array of consumer choices. The decision to pursue a particular kind of investing – charting or fundamental analysis – is inseparable from a decision to understand the operation of the markets in a given way, to make use of the tools and devices that best match (and embody)

that notion of market operation, and to become part of a social grouping organised around the chosen theory. These interleaved decisions are best understood as a mode of consumption as much as an intellectual exercise, driven by personality and preference. Retail investors have only occasionally been treated as consumers. Harrington (2007), for example, recognises the role of brands in dictating investment choice, with investors buying, or avoiding, stocks of firms on the basis of brand association. This paper has showed that the consumption of investment services is a crucial part of retail investment, and that investor activity should be analysed accordingly.

There can be no doubt that the marketing, market-making knowledge wielded by the investment service firms is performative and power-filled. Investment service firms deploy their reserves of capital and calculative expertise to persuade individual investors to take on particular ways of acting in the market, in order to sell them products or encourage trading commissions. The process of configuration, or performance, is complex and distributed. The docile bodies of retail investors are hybrid achievements; the discourses of investment are embedded in the devices which help individuals to come to understand and participate in the marketplace. As calculation is shared across the 'agencement', the theoretical principles upon which that calculation is enacted frame and disentangle market exchanges. Stocks become commensurable: ratios printed in a directory, scores on a website, or zigzags drawn on a price chart. The small cap investor and the chartist are productive hybrids assembled through the market power of the investment service companies.

Seen in this way, market devices, complexes of 'mundane programs, calculations, techniques, apparatuses, documents and procedures' can be understood as technologies of the self, 'pedagogies of everyday life' (Miller & Rose, 1997) for the markets, presenting individuals with idealized modes of behaviour appropriate to their chosen market identity. Power relationships in the marketplace oppositional consequences of the same relations, with investment service firms simultaneously providing modes of acting and the devices through which action can be taken and constraining the agency of market participants through these very same discourses and devices. Power differentials within these relations may be understood in terms of disparities of knowledge, superior calculative resources, or even the symbolic capital attached to individual market experts. The paper has drawn attention, however, to an additional discourse that may be characterised through Foucault's analysis of neo-liberal governance, where the economic agent, the consumer, is producer of his own

satisfaction on the basis of his own personal capitals. In this case dissatisfaction with the existing order combines with a seductive promise of personal betterment and economic freedom to encourage individuals to become investors. Once that step has been taken, narratives of self-discipline and confessional conversations serve to normalise the difficulties and losses encountered in the marketplace. Only one instance did an investor indicate that he was no longer prepared to continue. Simon eventually concluded that small company performance – the galloping elephants – was nothing more than a ‘marketing ploy’, and that he was abandoning it in favour of another strategy. He became a chartist.

Throughout this paper I have elaborated the relationship between theories of markets as collective, distributed achievements, and the flourishing literature on governance and calculation. The activities of retail investors illustrate how devices may perform calculative market agents and outcomes, and at the same time constitute these agents as productive, docile consumers. I suggest that heterodox nature of market theories inscribed into market devices greatly facilitates the exercise of power, for there is no ‘outside’ available to users unless they wish to write off the substantial sums of money and effort given over to the pursuit of a particular investing practice. It is easier for most to continue paying and subscribing than it is to give up. The ‘sorry state’ (De Bondt, 1998:832) of retail investing is a complex, technical achievement.

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