

HOW WE ARE TEMPTED INTO DEBT: EMOTIONAL APPEALS IN LOAN ADVERTISING IN UK NEWSPAPERS

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ABSTRACT

The purpose of this study is to examine the use of emotional appeals in loan advertisements and compare it to the use of emotional appeals in savings advertisements. A content analysis of 304 advertisements from nine UK newspapers revealed that the most frequently used emotional appeals in loan advertisements are the following positive emotional appeals: relief, security, and excitement. The use of negative emotional appeals such as guilt, fear, and sorrow was sporadic. Loan advertisements featured more appeals than savings advertisements. Further research will focus on analysing tag lines and images featured in the sample advertisements, and exploring consumers' responses to, and their understanding of emotional appeals in those advertisements.

INTRODUCTION

When compared to levels of debt in other similar European economies, the UK personal debt remains one of the highest in Europe (OECD, 2014). The Money Charity (2015) reported that 54 properties are repossessed every day while net lending to individuals in the UK increased by £110m a day since 2013. Average consumer credit borrowing was £3,342 per UK adult in November 2014 and the average total debt per household – including mortgages – was £55,384. The Money Charity reported debt as the second largest advice category (behind benefits) with 394,562 queries made in 2013. Although it was a 16% decrease relative to the same period of the previous year, it still represented 28% of all problems dealt with between July and September 2013 (The Money Charity, 2014).

A number of factors influence such high levels of household debt, including the more positive attitude to being in debt in the UK. In turn, this more relaxed attitude towards borrowing is also influenced by several factors, including media and advertising. Advertising has been shown to instigate cultural change and change of attitudes and has been restricted for some products where consumers are seen as more vulnerable subjects (e.g. advertising to children), or for products that are seen as harmful (e.g. cigarettes). Scholars have argued that advertising transfers meaning from the advertiser to the consumer and advertising practitioners are therefore seen as 'cultural change agents'. Advertising is often called the most influential institution of socialisation in a modern consumer society (McCracken, 1986). If this is the case, it is important to understand which meanings are transferred through advertising images from the advertiser to the consumer. Recently, the Advertising Standards Authority has initiated efforts to review and restrict advertising for loans, and especially pay day loans accusing advertisers of practices that lead to 'normalising debt'. Although there is some anecdotal evidence suggesting images that normalise debt have been presented in advertisements (Debt Advice, 2013), there is no systematic study reporting on these issues in the UK. The majority of published studies in the area of loans

advertising were conducted in the US. UK based studies centre mostly on students' attitudes toward debt (e.g. O'Loughlin and Szmigin, 2006) and not on the analysis of the content of advertisements for such services.

In order to address this gap, this study examines how financial services providers use emotional appeals in print advertisements. We are interested identifying emotional appeals used in advertisements for loans and if they differ from the appeals used in advertisements for savings.

LITERATURE REVIEW

Pollay & Gallagher (1990) described advertisements as a professionally conceived, and developed communication displays which are persuasive by intent and design. Creative decisions are made about these advertisements with the aim of persuading prospective consumers to take action. Appeals are incorporated into advertisements in forms of text and images to attract consumers' attention and provide information about the brand. Advertising appeals provide the basis for attracting the attention or interest of consumers and/or influencing their feelings toward a product or service (Kinneer, Bernhardt, and Krentler, 1995). Mishra (2009) argued that advertising appeals give a reason to buy a product. An appeal is the main central message in an advertising message which needs to be unique and give positive impression about the product to the target audience, presenting something which attracts consumers and develops interest in them.

Financial services have been generally classified as utilitarian services (Albers-Millers and Stafford, 1999), they are functional in nature and decisions regarding them are based on rational needs (Farquhar and Meidan, 2010). Utilitarian services are examples of goal-oriented consumption that is mainly driven by the desire to meet a basic need or to accomplish a functional task (Hirschman and Holbrook, 1982).

Therefore, an advertising strategy that provides relevant information regarding key attributes, features, benefits, or advantages of the focal service provision has been suggested (Mittal 1999). For the functional and utilitarian benefit of financial services, customers will find information such as cost; convenience and performance presented in the advert useful (Crow et al 2005). Though rational appeals have been deemed suitable for advertising financial services, it will be important also to find out if banks are creating emotional appeals to attract prospective customers. Given the high levels of personal debt in the UK and the low levels of savings, it is reasonable to ask if consumers are really making rational decisions, and if perhaps advertisers and consumers are led by emotional rather than rational factors.

Emotional stimuli should be included in advertisements in order to serve an underlying purchase or usage motivation (Percy, 2003), and that the emotional energy affects brand attitude. This stimulus can be in form of the advertising colour (Lichtle, 2007), image (Small and Verrochi, 2009) or positioning within the media context (Janssens and De Pelsmacker, 2005).

Emotions have been found to influence affective response to an advertisement and attitude to brand; they play a crucial role in decision making when consumers can feel emotionally attached to the advert (Batra and Ray, 1986, Edell and Burke 1987). Emotional appeals in advertising have been shown to affect customers' reactions to advertisements, to enhance their attention and to affect brand attitudes (Panda et al 2013).

Advertising financial services in print media

Newspapers may be considered a better option for advertising financial services, giving the opportunity of using long copy and allowing consumers take their time to read it compared to TV. With this in mind, it is expected that financial services advertisers will comply fully with Financial Services Authority regulations and provide the necessary information for the advertisements. Some lenders have highlighted the difficulties and practicality in providing so much relevant information during a thirty-second radio or TV advertisement, which also identifies print media as a better avenue to provide the key information prospective customers need to consider before making a financial decision.

Based on the discussed ideas, the paper focuses on the following **research question**: what are the emotional appeals that the different types of UK banks use in print advertisements for loans and savings? What are the differences and similarities?

In order to answer this question, the study employs content analysis of newspaper advertisements, the method and coding framework are described in the next section.

Methodology

Content analysis is a technique for an objective, systematic and quantitative description of the manifest content of communication, it is a research technique for making replicable and valid inferences from the data to their context. This is arguably one of the most suitable methods for analysing advertisements as used by various other researchers (Taylor and Lee, 1994; Karande et al. 2006; Kim et al. 2009; Belch and Belch, 2013). Kassarian (1977) argued that it is the best method for providing "a scientific, quantitative, and generalizable description of communications content" (page number for quotations).

Content analysis requires coding systems that enable the researcher to observe the content of communication and categorise them, in order to observe trends and frequencies to make comparison and deduce meaning. Content analysis is an effective research method because it provides data that is empirical, systematic and objective (Chan and Cheng, 2012).

Coding Framework

Following the suggestion by Mortimer (2000), a literature review was conducted in order to source a list of criteria used for coding the advertisements. In total, 15 emotional appeals were included in the final framework based on the works of Hetsroni (2000), Moriarty (1991), Fowles (1994) and Pollay (1983). These 15 appeals were divided into two appeal types: positive emotional appeals and negative emotional appeals. In addition to these appeals, several other factors were included in the coding framework such as: product category (loans and savings). The final coding framework is presented in table 1.

Table 1: Coding framework.

| Variable | Description | Categories |
|-------------------|-------------------------------------|----------------------------|
| Emotional appeals | Adventure (Escape, Freedom) | Positive emotional appeals |
| | Affiliation | |
| | Beauty (Aesthetics/Ornamental) | |
| | Excitement (Humour, Happiness, Joy) | |
| | Family (Nurture) | |
| | Popular | |
| | Relief (Relaxation) | |

| | | |
|---------|--------------------------------|----------------------------|
| | Secure | |
| | Sex | |
| | Status (Pride and Achievement) | |
| | Traditional (Nostalgia) | |
| | Youth | |
| | Fear (Danger, Embracement) | Negative emotional appeals |
| | Guilt | |
| | Sorrow (Grief, Suffering) | |
| Product | Credit Cards | Loans |
| | Mortgages | |
| | Personal loans | |
| | Overdraft facilities | |
| | Savings Accounts | Savings |
| | Insurance | |
| | Current Account | Unclassified |
| | Foreign Exchange/ Travel | |

Two coders of different genders, born and raised in UK served as the coders, independent of each other and coded all the advertisements for this study. Each of the coders were offered training and code books with operational definition of the emotional appeals to be identified and other variables within the coding sheet.

Sampling

Nine UK Newspapers divided into the frequently used categories of “quality (The Guardian, Daily Telegraph and The Times),” “mid-market” (Daily Express, Daily Mail and Metro) and “popular” (The Sun, Daily Mirror and Daily Star) papers, on the basis of their readership profile, styles of presentation, and level of reporting and commentary were examined for twelve consecutive months from April 2013 - March 2014 for this analysis to control for seasonal differences. Repeated instances of the advertisements in the same size, and in the same newspapers, were excluded. In total, 1272 advertisements for financial services (Table 2) were selected from the newspaper sample.

Results

The research problem of the present study focuses on the use of emotional appeals in print advertisements for loans and savings. In total, 1272 advertisements for financial services were selected from the newspaper sample. Out of these, 662 advertisements for loans and savings were examined for the presence of emotional appeals. The emotional appeals presented in these adverts were identified through an assessment of the visual and copy (headlines and subheadings) presentation. 60 advertisements were also randomly selected for calculating the inter coder reliability check, each coder was instructed to evaluate each advertisement independently, after this exercise, the differences were discussed and the adjusted scores were analysed to provide more clarification about the exercise. After the initial coding, it was found that 304 (46%) advertisements featured an emotional appeal and they were retained for further

content analysis. The remainder of the sample, 358 adverts (54%) did not contain an emotional appeal. The most frequently advertised product was mortgages (56.6%) followed by personal loans (15.8%) and savings (15.1%). Table 3 presents the product categories of the final sample. Overall, there were more loans advertisements than savings advertisements.

Table 2: Initial sample characteristics.

| Product | No. of adverts | % |
|--------------------------|-----------------------|------------|
| Current Account | 586 | 46 |
| Mortgages | 350 | 27.5 |
| Personal loans | 158 | 12.4 |
| Savings Account | 88 | 6.9 |
| Credit Card | 26 | 2 |
| Foreign Exchange/ Travel | 24 | 1.9 |
| Insurance | 20 | 1.6 |
| Overdraft facilities | 20 | 1.6 |
| Total | 1272 | 100 |

Table 2: Final sample of advertisements featuring emotional appeals.

| Product | No. of adverts | % |
|----------------------|-----------------------|--------------|
| Mortgages | 172 | 56.6 |
| Personal loans | 48 | 15.8 |
| Savings Account | 48 | 15.8 |
| Insurance | 20 | 6.6 |
| Credit Card | 12 | 3.9 |
| Overdraft facilities | 4 | 1.3 |
| Total | 304 | 100.0 |

Initial analysis of the results demonstrated that positive appeals were used in 100% of savings advertisements (62 adverts), and in 95.4% (231) of loans advertisements suggesting that advertisers prefer using positive emotional appeals when promoting these services (Table 3). Fisher’s exact test (.129; ns) confirmed that the use of positive and negative appeals was similar across loans and services. Further analysis revealed that the most often used appeals were: relief (63.4%), secure (52.3%), and excitement (42.6%). Table 4 shows the detailed overview of the use of the 15 emotional appeals in the combined sample.

Table 3: Use of positive and negative emotional appeals.

| Product category | No. of adverts | Primary appeal | |
|-------------------------|-----------------------|-----------------------|-----------------|
| | | Negative | Positive |
| Loans | 242 | 11 | 231 |

| | | | |
|--------------|------------|-----------|------------|
| Savings | 62 | 0 | 62 |
| Total | 304 | 11 | 293 |

Table 4: Use of emotional appeals in the combined sample.

| Appeal | No. of adverts | % |
|-------------|----------------|------|
| Relief | 189 | 63.4 |
| Secure | 156 | 52.3 |
| Excitement | 127 | 42.6 |
| Adventure | 93 | 31.2 |
| Fear | 61 | 20.5 |
| Family | 58 | 19.5 |
| Status | 57 | 19.1 |
| Guilt | 51 | 17.1 |
| Affiliation | 40 | 13.4 |
| Popular | 36 | 12.1 |
| Beauty | 26 | 8.7 |
| Youth | 15 | 5 |
| Sex | 2 | 0.7 |
| Sorrow | 2 | 0.7 |
| Traditional | 2 | 0.7 |

Table 5 presents the use of emotional appeals in loans and savings advertisements. There are some significant differences in the use of appeals between loans and savings advertisements. When looking at the most used appeals, three appeals: relief, secure, excitement were used most often in savings advertisements. Loan advertisements featured a wider range of appeals: in addition to relief, secure and excitement, the adverts also featured status, guilt, fear, family, affiliation and adventure. These differences may suggest that advertisers try to convince consumers to get into debt by presenting debt as something that will improve their status (loans – 21%, savings – 9.6%); to experience an adventure (loans – 35.9%, savings – 9.6%), or to belong somewhere (affiliation). However, fear and guilt appeals were more often used in loan advertisements than in savings advertisements.

Table 5: Use of appeals by product group.

| Appeal | Loans N=242 | | Savings N=62 | | χ^2 | P |
|-------------|----------------|------|----------------|------|----------|------|
| | No. of adverts | % | No. of adverts | % | | |
| Adventure | 87 | 35.9 | 6 | 9.6 | 16.045 | .000 |
| Affiliation | 40 | 16.5 | 0 | 0 | 11.801 | .001 |
| Beauty | 18 | 7.4 | 8 | 1.95 | 1.885 | .170 |
| Excitement | 107 | 44.2 | 20 | 32.2 | 2.901 | .089 |
| Family | 54 | 22.3 | 4 | 6.4 | 8.044 | .005 |
| Fear | 59 | 24.3 | 2 | 3.2 | 13.770 | .000 |
| Guilt | 51 | 21.0 | 0 | 0 | 15.700 | .000 |
| Popular | 34 | 14.0 | 2 | 3.2 | 5.539 | .019 |

| | | | | | | |
|-------------|-----|------|----|------|-------|------|
| Relief | 151 | 62.3 | 38 | 61.2 | .026 | .873 |
| Secure | 126 | 52 | 30 | 48.3 | .267 | .605 |
| Sex | 2 | 0.8 | 0 | 0 | .516 | .473 |
| Sorrow | 2 | 0.8 | 0 | 0 | .516 | .473 |
| Status | 51 | 21.0 | 6 | 9.6 | 4.208 | .040 |
| Traditional | 2 | 0.8 | 0 | 0 | .516 | .473 |
| Youth | 15 | 6.19 | 0 | 0 | 4.042 | .044 |

Discussion, conclusion and future research

The objective of this research was to examine the use of emotional appeals in selected financial services advertisements, namely advertisements for loans and savings. The findings provide an image, albeit limited, of how advertisers in the UK use emotions to tempt consumers to either borrow or save money.

First, we found that advertisers use predominantly positive emotional appeals such as ‘relief’, ‘secure’, ‘excitement’, and ‘adventure’ for both loans and savings advertisements. Negative appeals such as ‘sorrow’, ‘guilt’, ‘fear’ were used occasionally. Some appeals, such as ‘guilt’, ‘sex’, ‘affiliation’, ‘sorrow’, ‘youth’, and ‘traditional’ were not used at all in loans advertisements.

Probably the most important implication of this study is that loans advertisements used mainly positive emotional appeals: relief, secure and excitement were the most frequently used emotions to advertise loans. This may indicate that advertisers emphasise only the positive aspects of using loans: providing relief or security, or excitement. For example, one of the adverts using ‘excitement’ appeal convinces consumers that: “It’s great to be able to borrow money to enjoy a dream holiday, new car or home. And if You borrow well, you can enjoy those things sooner rather than later” (Image A1). Indeed, non-governmental organisations have been discussing the issue of advertisements being responsible for ‘normalising debt’. For example, The Citizens Advice Bureau, has tried to encourage the public to report irresponsible or misleading pay day loans advertisements and there have been efforts to put much stricter regulations on such advertisements (CAB, 2015). However, taking into account that out of 662 advertisements for loans and savings were collected, and only 304 (less than 50%) featured emotional appeals, the issues of normalising debt or portraying it in a positive light would need to be investigated further. Therefore, we plan to conduct a detailed analysis of tag lines and images used in those adverts. In addition, it would be important to content analyse advertisements from other media, such as TV or radio to gain a broader and more detailed picture of such advertisements. In addition, the next step of this study look at consumers’ responses and understanding of those emotional appeals. It is proposed that a series of semi-structured interviews will be conducted with consumers. In addition, it would be important to study if consumers also assign the same values to loans and savings that advertisers use – this would help answer the question whether meaning transfer happens.

This study should be viewed within its own limitations. The study focused only on newspaper advertisements, and it may be that TV advertisements are better suited to convey emotional appeals. Therefore including a wider range of media: magazines for print advertisements and TV commercials will provide a more complete image of the use of emotional appeals.

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