

## Mortgage Advertising

# The Mortgage Minefield - What Consumers Really Want

With over 6,000 different mortgages on offer it is little surprise that homebuyers are confused. Yet few product providers manage to get their message across effectively. Maureen Duffy analyses the problems.

The findings from a major research project by the Newspaper Marketing Agency on mortgage advertising in national newspapers show the need to move from the status quo where ads are seen as complicated, dull and uniform to a new advertising model which understands consumers' mindsets and builds engagement and trust through relevant and accessible communications.

### How the mortgage marketplace feels to consumers

For consumers, finding the right mortgage is difficult and described by many as a minefield. Those recently involved in the process describe the stress involved as feeling fraught and drained and devoid of pleasure – emotions only alleviated once they've got the keys to their property. All in all, it's a highly charged and emotionally-led time.

This minefield exists because the mortgage marketplace looks and feels complicated. Getting a mortgage is no longer about putting on a suit and visiting your bank manager. It's much more about DIY financial advising, working the options out for yourself. Many find it either too difficult or too dull to take on, hugely time consuming and – with a growing lack of trust in providers – frustrating in that there is little reward for loyalty. All of these negative emotions are in stark contrast to the sense of excitement and achievement in actually getting a house.

Faced with a bewildering array of complex products and an enormous amount of information and data to process, consumers admit that although they do their best to decipher the market, they don't feel entirely qualified to do so. Feelings range from stress to fear to despondency and with the stakes set so high, this is one decision which fully engages a range of emotions. As one respondent put it, "it's supposed to be about

money but it's not. It's feelings, it's your lifestyle, your expectations."

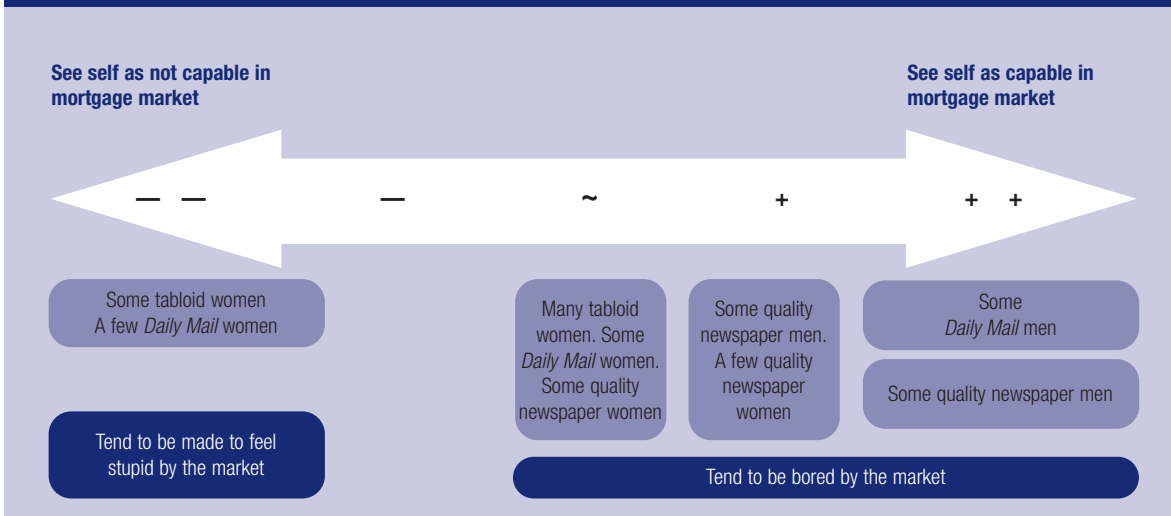
### Differing mindsets

Consumers have differing mindsets and levels of experience ranging from those who don't mind applying themselves to seek out the best deal, to others who can't cope with the amount of information and decisions to be made. They follow the same basic process of researching, comparing and contrasting and asking for recommendations but the key differences stem from how they approach the process, how much they do themselves and their motivation and reasoning behind this.

### Three main approaches emerged from the NMA research:

- **Keeping an Eye:** 17% of consumers describe themselves as market monitors. They are engaged with making and saving money and know that effort in this area will bring reward. They have a constant awareness which is increased when triggered to act.
- **Only when active:** This group (50% in quantitative research) understands that making an effort will bring benefit, and gets involved when they have to. They are emotionally led and care about factors beyond deals and rates. Trust, reassurance and service are important.
- **Reluctants:** This group (31% in quantitative research) tends to do as little as possible. They look for reassurance to proceed without having investigated all the options and mostly end up with their current provider. Emotional factors beyond the deal are hugely important.

Figure 1: Important differences by newspaper read in self confidence versus the market



The different attitudinal groups are defined by consumers' personality, previous experience, time, personal comfort and sense of capability within the market. The more capable are bored by the process - they understand that the market is complicated and that nobody is going to fully comprehend it so it's not a reflection on them. Those at the less capable end of the spectrum are more defensive and feel daunted. For this sizeable group, brands can play a powerful role (Figure 1).

**Different behaviour**

Consumers behave differently because the market engages their emotions before they start making a decision. They want that house, and to get that house they have to ask for money. This provokes uncertainty. For some, information provides them with ammunition. For others, preparation gives them comfort and

reassurance. Whether fearful or not, consumers commonly want to be informed and to feel confident.

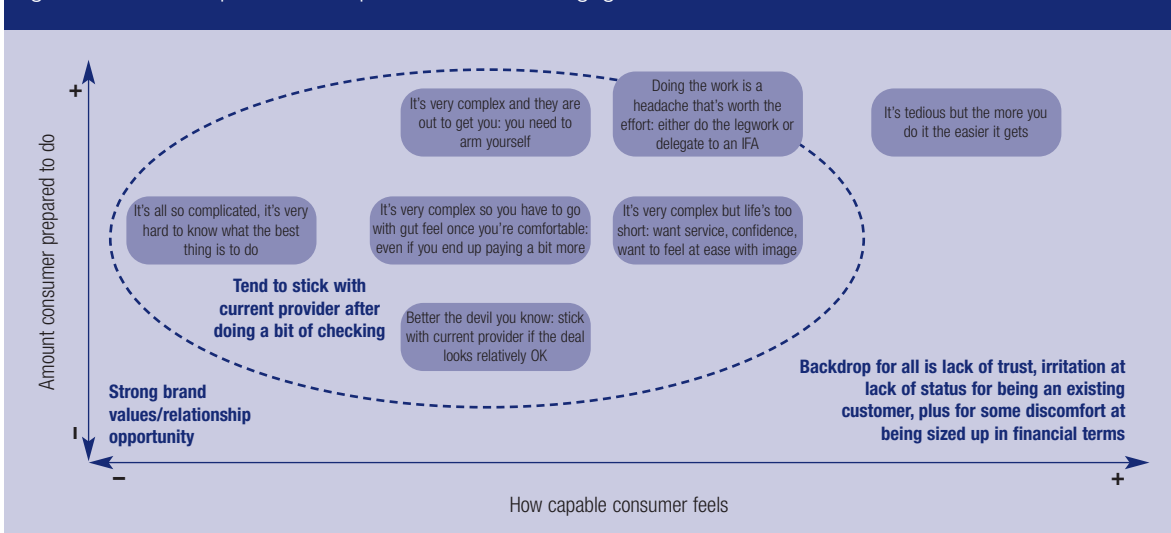
**How the decision gets made**

Across the differing groups, consumers narrow down the options to gain control over the process. With a shortlist in place, they come to a decision on differing terms. Some feel comfortable with what they have found out, others feel they cannot do anymore or agree they have reached an acceptable compromise. Communications that acknowledge all of this allow a focus on basic consumer motivations (Figure 2).

**The role of newspapers and the Internet**

Newspapers are about idea generation which makes them a fertile resource in the mortgage market and a rich context for decision-making. Consumers go to the

Figure 2: Emotional positions adopted versus the mortgage minefield



papers for advice and inspiration. They know they will be up to date and helpful and they will often cut out and keep useful nuggets of information.

For many consumers, the Internet is used from the early stages of the process and is an invaluable research tool, seen as fast, efficient and trustworthy.

Together, national newspapers and the Internet work in synergy. Newspaper ads most often send consumers to the advertised brand's website. (This is the preferred option to phoning up - consumers are reticent to talk to a pushy salesperson.) The two media work in tandem - the newspaper says, 'this is what there is' and the internet contextualizes it with competitive offers enabling them to evaluate effectively.

#### **Response to mortgage brands and advertising**

Brands are under direct threat. However, the market for brands is there because more people are daunted by the market than not. Yet surprisingly, known brands aren't the usual start points.

## **With a backdrop of distrust and confusion, the response to current mortgage advertising in national newspapers is predictably negative.**

The more confident look to beat the market, aiming to get the best deal, not necessarily searching for the best name. (But they do need to feel comfortable with the name.) In contrast, less confident, less market-literate consumers are far more comfortable opting for the known big brands – trust is very important for them. For these people, brand reassurance is important because it helps them to decide. This means most people in this group will opt for the best rate they can get with a big or well known name, rather than the best rate with a less familiar name.

In a complex marketplace, littered with homogenous products, high emotional stakes and a feeling that 'it's all down to me,' the majority of consumers look for reassurance. Brand values and personality instill confidence, helping them feel comfortable making their decision.

#### **Reaction to advertising**

With a backdrop of distrust and confusion, the response to current mortgage advertising in national newspapers is predictably negative. It feels a challenge to decode in an already challenging market place.

Respondents in NMA research questioned the uniformity of small, wordy, cluttered, black and white

ads that are hard going. Given that readers tend to scan through their newspaper - deciding what to read and what to sift out – a quick visual impression of a standard mortgage ad does not invite or interest most readers. Tonally the ads fail to draw in readers, with the small print provoking cynicism and mistrust and recessive branding worsening the issue.

#### **So what's going wrong?**

With emotions at work from the outset, consumers question the cold, technical and masculine language and the accompanying big, scary images used in mortgage ads. Not only is their newspaper an emotional read, but their decisions in the mortgage market are fuelled by warm, human feelings. The visual landscape of the ads not only doesn't reflect but actively jars with their mindset. With most mortgage advertising focusing on one thing – rates – advertisers often assume that it isn't necessary to engage visually or content-wise. However, in a newspaper, where advertising is competing with editorial, that engagement is crucial.

In addition, existing mortgage communication in newspapers makes little allowance for the capability and expectations of different readers. For example, whereas tabloid readers accept humour (if insightful), quality newspaper readers – who prefer a more professional approach – are less tolerant if it comes across as too frivolous. Without an understanding of context, advertisers largely miss the mark.

Many consumers care about a broad range of factors when choosing a mortgage such as who the provider is, what values they have, what they think of the customer, and the kind of language they use, as well as cost. However, advertisers often overlook this, focusing only on the one dimension of cost and leaving the consumer feeling alienated (Figure 3).

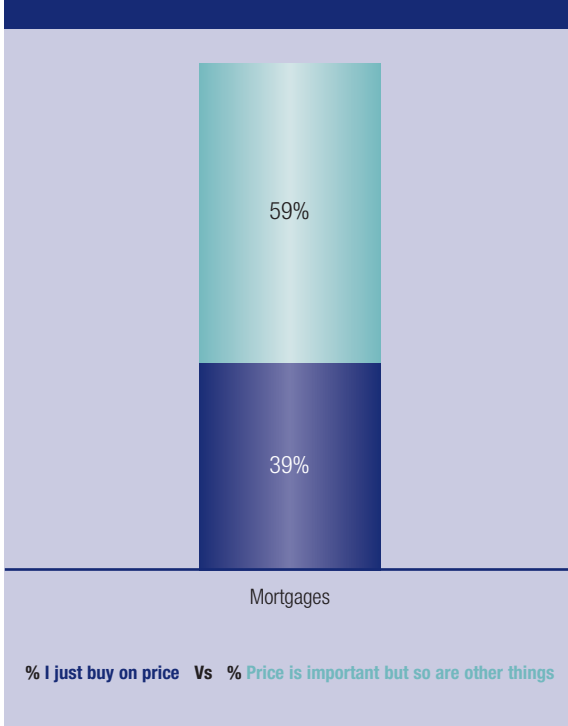
#### **What consumers want out of newspaper advertising**

All consumers share a common need for the same basic things from newspaper advertising - to be immediately clear who it's from and why it's for them. They need simplicity and strongly branded ads with a focus on end benefits. They actively welcome visual distinctiveness, impactful use of colour, imagery, interest-sparking and consistency across media.

#### **Relevant and accessible**

For a reader skimming their way through a newspaper, deciding which articles and ads to read, relevance and clarity are all important. This is especially true in the complex mortgage market. The ad must signal up front who it's from and what it's for. Only then will they take the trouble to read it. They need to assess relevance easily and rapidly in order to get the reader 'halfway there'. ING Direct was the one advertiser felt to be communicating well by all consumers.

Figure 3: Price is important but so are other factors



### Powerful branding

Impact and instant branding is crucial. Small, black and white logos, located at the bottom of number-dominated ads fail to do this. Such logos become invisible on the page and are a disconnect with the colour versions consumers carry in their heads. If the reader sees an ad that is clearly for mortgages, from a brand they know and respect, they will stop and see what is being offered.

### Dealing with the numbers

When it comes to numbers, visible, simple and well-presented figures and language work best. Readers expect and need to see rates, deals and fees as part of the communication. They need key information if they are to leave the ad feeling positive about the product's potential. Simplicity confers openness and transparency.

### Single minded and benefit led

The use of multiple executions that focus on specific product benefits is a fundamental requirement for maximising effectiveness within the newspaper context. All of the NMA's advertising effectiveness work highlights the importance of using multiple executions within a single burst.

Focusing on end benefits rather than the product descriptions is very motivating. Being insight-led breeds confidence in consumers. Again ING Direct speaks to how they are feeling – it is a headache, it is normally confusing – and signals that the advertiser understands them.

### Linkage with TV

Simply showing a still from the TV does not provide automatic recall of the TV ad in question, if the consumers have a different symbol in their head as to what that TV ad actually stands for.

However, it seemed to be the case, that where the still actually summed up the idea rather than just showing a snapshot of the ad, then the trigger is made and they understand what the advertiser is talking about.

### Connect and engage

National newspaper ads can inform, motivate and connect with consumers. To do this advertisers must acknowledge that many consumers are sceptical, confused and stressed, and seek to address this by engaging them, building trust and reassurance. Readers want to have the key facts conveyed to them straight, and so a simple, clear and consistent approach which takes this on board will make the most of the newspaper opportunity and reap rewards in return.

### Research details:

Two stages: In total 40 groups, 12 paired depths, 1,000 quantitative interviews covering mortgages, loans, insurance and credit cards sectors, plus retailers.

Mix of pre family/family, men and women, BC1 and C1C2. Regular national newspaper readers; half regular Internet users. Mortgage respondents had taken out a mortgage within the last two months and were the main decision makers. □

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Research conducted by **Davey Bioletti** with quantitative research by BMRB.

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