Instant, Quick and Immediate Decision:
Marketing Communication Strategies of UK Payday Loans Lenders.

Poster presented by Emmanuel Mogaji at the University of Greenwich 2018 ECR Poster Competition

When you see

wonga

What comes to mind?

Background

UK households are among most indebted in major western countries as it £200bn consumer debt is deemed unsustainable (Treanor, 2018). With the backdrop of the Brexit vote, this is posing a challenge to the government, unsecured credit – such as credit cards and payday loans is growing by 11%, almost £80 million a day, the fastest rate of growth for 15 years (PWC, 2018), climbing to a record high of more than £205bn (Inman, 2018). Coupled with austerity measures, people seek ways to meet pressing demands among which is payday loans.

Payday Loans are small, single-payment loan that is repayable on the borrower's next payday. This is considered a form of High-Cost Short Term Credit (HCSTC) in the UK. Customers often take out multiple loans over time and many use more than one lender.

For specific reasons, this study focuses online presence of UK payday loan lenders.

- Previous studies has focused predominantly on the well-established pay day loans industry in the United States
- Physical stores for payday loans no longer appearing on the high street
- Prospective borrowers have to go online to get their loans,
- Print and TV are seldom used, it is a regulated market, online activities and especially their websites offers the best platform to advertise.
- Google has placed global ban on payday loan adverts

This study empirically establish the advertising strategies of payday loans lenders, through qualitative thematic analysis; gaining insight into payday loan lenders' advertising strategies on their websites and how they are making their offers appealing and enticing to prospective customers.

Methodology

- Thematic analysis of Payday Loans wbsite using NVivo10, a qualitative content analysis tool for thematic analysis.

- Textual and visual content payday loans lender websites were extracted for analysis.

- 'Payday Loan' was used as keywords on Google search, 100 websites were saved as PDF and imported into NviVo for analysis.

- The six phases of analysis established by Braun and Clarke (2006) were adopted for the data analysis.

Findings

Don't mind the high intrerest rate or your credit rating, the money is readily avaialable for you.

Get it with ease
Borrowers are assured that they can get an instant, quick and immediate decision for the loans – in about 10 minutes, they can have the loan in their account, Even over the weekend or during bad weather.

Technology driven
They take pride in fast online application processes. Some argued they have come to disrupt the industry. Using auto decisioning tools, decision on loan applications are made without the need for human interaction

A better lender
They often portray themselves as a better lender. There highlight customers' feedback, comparison with others and awards to justify why they are a better lender.

Available Money
The better lender often flaunts their ability to provide the money the customers wants. Perhaps irrespetive of the amount they needed, it often appear that can get it. Which can be quite reassuring.

No Credit Check
Lenders seem to offer an appealing offer which may be attractive to those with bad credit. Payday loans lender often indicate that they do not do credit check, suggesting no implication on their credit file.

Implications

- With the vast amount of payday loan providers available online, all presenting compelling messages, people are being tempted into more debts.

- It is important to educate prospective customers that it can affect their credit file, especially for those who have not borrowed a payday loan before and considering it as an option.

- There is need to further regulate the industry with regards to the amount they can offer and how often they can provide the loan.

- Warning should alway appears on the websites, at least every time there is a reminder. As a responsible lender, there should be an emphasis on proper credit check and not just affordability checks.

References

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