

“WHEN THE BANKS SAY NO, WE SAY YES!”
DECODING MORTGAGE ADVERTISEMENT APPEALS
IN A DECOUPLED HOUSING MARKET

by

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ABSTRACT

Home prices in Toronto are decoupled from incomes, with the average home now costing approximately ten times more than the average household income. Mortgage advertisements are an important communication vehicle to study, particularly in a decoupled housing market. Determining the appeals advertisers use can indicate whether consumers are being guided and informed of mortgage product options or if they are being persuaded by emotional appeals to make a major financial decision. This major research paper uses content analysis to examine advertising tactics used by mortgage lenders and brokers on Facebook and Instagram to appeal to home buyers in a decoupled market. The findings focus on three specific elements extracted from the advertisements, including the display of an interest rate, the call to action that is used, and whether the fine print is shown on the ad. These elements will determine which institutions use more persuasive or informational appeals.

Keywords: Housing Market, Decoupled, Toronto, Greater Toronto Area, Ontario, Canada, Content Analysis, Mortgage Advertisements, Lender Advertisements, Persuasive Advertisements, Informational Advertisements.

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DEDICATION

I dedicate this paper to my son Adrian: you are a never-ending source of calm and happiness, and at the same time absolute chaos. I hope you always remind me to take it easy and be a kid at heart.

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INTRODUCTION

Home prices in the Toronto housing market have seen dramatic increases over the last decade, with the average price currently ten times more than the average household income, creating what is known as a “decoupled” housing market. Decoupling in a housing market occurs when sharp increases in home prices become unaligned with household incomes, typically as a result of increased foreign investment activity in real estate (Gordon, 2020). Buying a home is often the largest financial purchase a person will make in their lifetime. However, poor financial literacy remains a significant issue, as it impedes a consumer's ability to make informed decisions. It has also been documented that consumers with poor financial literacy are more likely to have higher mortgage costs (Dobson & Poels, 2018). According to a 2018 Canadian Mortgage and Housing Corporation (CMHC) survey, more than one-third of Canadian homeowners felt they needed more information on the types of mortgages and fees associated with homeownership. Thus, mortgage advertisers have an obligation to provide accurate information to consumers in a way that establishes trust and can be easily understood.

The prevalent theme in this paper is the concern that mortgage advertisers use persuasive appeals to target consumers. Specifically, the persuasive messaging focuses on consumers taking advantage of low interest rates to purchase a home at a price that exceeds their income, creating an over-leveraged borrower. Analysing how financial institutions are advertising mortgage products and/or services in a decoupled housing market also comes into play when reviewing whether they are providing consumers with accurate, transparent information on the terms and conditions of the product. This research paper uses semiotics to analyze the elements extracted from each mortgage advertisement. The advertisements are collected on Facebook and

Instagram, having originated from both mortgage lenders and brokers, who act as third-party institutions that offer a wider selection of mortgage lenders and their products. As home prices and incomes become decoupled, first-time homebuyers are facing more difficulties with affordability and getting into the market based on home price. Thus, a low interest rate may seem like the golden ticket into home ownership. In order to advertise the appeal and the possibility of homeownership in a decoupled housing market, mortgage brokers are more frequently incorporating persuasive appeals in their social media advertisements to attract new customers. Specifically, many are advertising historically low interest rates as the main reason to buy into the market, even when home prices are at their peak. Federally regulated lenders, on the other hand, more frequently utilize informational appeals in their advertisements, by highlighting services and incentives.

Following the US housing market crash in 2008, many discussions arose regarding mortgage advertising practices and standards by financial institutions, particularly around those that advertised low "teaser" interest rates without accompanying fine print mentioning the reset rate. While the aftershock of the crash in 2008 was felt in Canada, the repercussions were not nearly as severe, particularly in terms of new regulations around mortgage advertising practices. The topic of how banks and mortgage lenders advertise mortgage products, specifically in a decoupled housing market, has not been explored at length in the Canadian context. The current housing bubbles in Canada, specifically in Toronto, and the messaging that is driving consumers to purchase homes at their highest price is also relatively new and unexplored. Because of the newness of this topic, there is limited research that examines mortgage affordability and how consumers in Toronto are being targeted through advertisements to get into an expensive housing

market simply because interest rates are historically low. Leveraging existing literature on semiotics, a historical overview, and mortgage advertising appeals will offer a basis for this research paper's findings, as well as contextualize the current market advertising conditions in Toronto.

LITERATURE REVIEW

The elements covered in this literature review include a brief historical overview of Canadian real estate and home price inflation, advertising appeals used in mortgage advertisements, a brief background on social media advertising, and, lastly, the study of semiotics as it relates to the mortgage advertising initiatives.

Historical Context – Canadian Real Estate Market

Toronto is currently the second most expensive housing market in Canada, and home prices continue to surpass income growth (Gordon, 2020). According to Gordon (2020), there is strong evidence to suggest that foreign demand and investment has played a large role in creating unaffordable housing in Toronto and Vancouver, the two most expensive markets in Canada. Gordon (2020) raises the issue from a taxation perspective by collecting data from the origination of funds used for real estate investment and whether those funds are taxed by the Canada Revenue Agency as income. In this scope, foreign ownership is described as investments made by income earned and taxed outside of Canada (Gordon, 2020). Therefore, as Gordon (2020) states, “If housing is purchased with non-local incomes, then the housing market can become decoupled from local incomes, generating affordability problems for local buyers.”

In 1986, the Government of Canada introduced the Investor Immigration Program (IIP). The primary goal of introducing the IIP was to stimulate the Canadian economy through foreign wealth (Gordon, 2020). The program was straightforward - an individual would be granted permanent residency under two conditions: they must lend the Canadian Government \$400,000 interest-free for five years and have a net worth of at least \$800,000 (Gordon, 2020). These amounts doubled in 2010. Between 2007 and 2011, 64% of foreign investors listed British

Columbia as their intended destination while 32% listed Ontario (CIC, 2014). While the program was initially introduced to stimulate the Canadian economy, data from the CIC shows this did not happen. Individuals who arrived via the IIP paid an average of \$1,400 in income tax during the first ten years of landing in Canada (Gordon, 2020). According to Gordon (2020),

“Rather than engage in the labour market or establish businesses, most investor immigrants appeared to be using the program as a way of hedging political risks in their home countries, and to the extent that investment took place, it was in real estate.”

The Investor Immigration Program was ultimately cancelled in 2014. Despite the cancellation of the program, Gordon (2020) reveals foreign ownership in Ontario and B.C. has continued to make a significant impact in housing affordability. Further, the findings from the research conducted by Gordon (2020) also reveal the high likelihood that “foreign ownership entails significant tax avoidance” in the Ontario and B.C. markets. From 2018 onward, the Canadian government has attempted interventions in order to curb rising home prices. These interventions took the form of stricter mortgage regulations that make it more difficult for a potential home buyer to qualify for a mortgage product. Despite these measures, home prices continued to reach record-breaking highs. There is currently very limited research that investigates the connection between rising home prices in Toronto and the influence of mortgage advertisements on borrowers to purchase homes that exceed their price to income ratio.

Appeals in Mortgage Advertisements

Advertisements are important communication vehicles to study, as they are “professionally conceived and developed...messages which are persuasive by intent and design” (Pollay & Gallagher, 1990). Appeals in advertisements can take various forms and engage the senses, such as seeing or hearing. Visual appeals take the form of text and images in

advertisements, while advertisements that appeal to our sense of hearing may include voice-overs or music to gain the viewer's attention (Mogaji, 2018). Because appeals are used to elicit a reaction from a consumer and influence a thought-process or decision, they are highly important devices in advertisements (Mogaji, 2018). According to Mogaji (2018), there are two common appeal classifications – rational and emotional. Rational appeals in advertisements show the features and benefits of a product or service. Advertisements that use the rational appeal “are informative, based on logic and reasons for buying the product and focus on the product's sustainability” (Mogaji, 2018). Meanwhile, advertisements with the emotional appeal utilize communication tactics with the intention of eliciting an emotional response from viewers. These ads focus specifically on feelings, desires, and emotions (Mogaji, 2018). The type of appeal that an advertiser chooses to use in an advertisement can also vary by the type of service provided by the company and the industry to which it belongs (Knight et al, 2014). Knight et al (2014) also claim that having an “understanding of the relationship between advertising appeals and types of services will be important to service advertisers and marketers.” From there, an advertiser can also gauge consumers' perceived benefits from an advertisement. For example, as Knight et al (2014) claim, “emotional benefits usually relate to consumers' underlying needs for stimulation, personal expression, social approval and self-esteem.” Analyzing which elements mortgage lenders and brokers focus on in advertisements can offer insight into which appeal is being utilized. For example, a mortgage lender that advertises a home equity line of credit with a low interest rate may choose to incorporate an image of a home being renovated, eliciting stimulation, excitement and financial freedom to redecorate a home.

Mortgage Lender Advertisements

There are multiple cues a consumer processes when looking at an advertisement, and message framing plays a large role in the desired outcome (Dobson & Poels, 2020). Message framing is an important strategy that is used to shape a consumer's decision, and it is often used to persuade a consumer (Dobson & Poels, 2020). Thus, studying how a message is framed is crucially important in understanding how it is interpreted by a consumer (Dobson & Poels, 2020). According to Dobson & Poels (2020), if a consumer misinterprets a message, the impact can lead to incorrect beliefs and attitudes being formed. In mortgage advertising, this could result in a negative outcome, such as mistrust in a lender or poor sales. Financial literacy is a global concern, and it has a "negative impact on consumers' ability to make informed decisions." (Dobson & Poels, 2020). Taking on a mortgage is a major financial decision, and it is important for brokers and lenders to advertise mortgage products in a way that fosters trust and enables sound decision-making in a consumer. Message specificity and message temporality are two framing cues a consumer processes when looking at an advertisement. Message specificity in advertisements influences a consumer's decision in favour of the advertiser. Relating specifically to mortgages, consumers seek product-specific information in an advertisement, such as an interest rate, in order to make an informed decision. According to the CMHC's 2018 mortgage consumer survey, "home buyers are deeply concerned about interest rates when buying a home, with 78% of first-time buyers and 85% of repeat buyers going online to compare interest rates." (Dobson & Poels, 2020). Meanwhile, message temporality refers to a consumer's perception of an issue in relation to time, whether the expected outcome is near or in the distant future (Myers, 2010). Further

"Construal level theory (Trope and Liberman, 2003, 2010) suggests that when the outcome has a long duration before it, decision-makers are interested in fewer details of the outcome; however, when the outcome is in the immediate future, decision makers are interested in more specifics of the outcome." (Dobson & Poels, 2020).

The use of time-sensitive elements in advertisements, such as the display of an interest rate (more so a variable rate) and the call-to-action being used, are particularly critical in determining the persuasive appeal of a mortgage advertisements. Existing literature on the topic of expensive mortgage advertising analyzes U.S. lender and bank advertisements leading up to the housing market crash in 2008. Lender advertisements for mortgages can be viewed from two angles: an informational angle or a persuasion angle (Gurun et al., 2016). Aligned with Mogaji's (2018) findings in rational appeals, the informational angle claims that lender advertisements serve to offer better products for consumers (Gurun et. al, 2016). The persuasion angle, however, paints a different picture of naïve consumers being swayed to make poor financial decisions (Gurun et al., 2016), aligning with the emotional appeals outlined by Mogaji (2018). Gurun et al. (2016) discuss advertising tactics that were employed by subprime mortgage lenders leading up the U.S. housing market crash. An example of a tactic used was promoting a low interest rate to gain consumers' interest. As Gurun et al. (2016) state, this particular tactic has the capacity to

“[lure] consumers into bad choices by focusing their attention on the introductory interest rate, fostering the impression that the (low) rate will be permanent rather than reset after the first few years.”

In the case of mortgages, advertising plays a critical role in lender activity, as it has the capacity to "encourage or prevent consumer mistakes." (Grundl et al, 2019). Grundl et al (2019) also claim that “firms exploit the behavioral biases of consumers to sell them products they don't

need or to sell them overpriced products.” As was the case after the U.S. housing market crash, lenders advertised teaser rates or potential reductions in monthly mortgage payments without highlighting costs associated with refinancing their mortgage. In response to deceptive lender advertising in the U.S., as well as several high-profile lawsuits made against lenders for false advertising, regulatory changes were implemented. The Federal Trade Commission (FTC) further elaborates that subprime borrowers were frequently the target of deceptive ads (Gurun et al, 2016).

"Deceptive ads...claimed low teaser rates and payment amounts without disclosing that the rates and payments would increase substantially after an introductory period, thus misrepresenting the rates as fixed for the full term of the loan." (Gurun et al, 2016). According to the research findings by Gurun et. al. (2016), only 0.2% of the advertisements they analyze explicitly stated the reset interest rate. Further, as Grundl et al (2019) find, monthly mortgage payment reductions advertised by lenders were mostly due to a loan term extension instead of an interest rate reduction. The results of the study conducted by Gurun et al (2016) show the refinance advertisements analyzed "are more consistent with persuasion view of advertising" where consumers entered into worse, or more expensive, mortgages where they owed more than the original loan.

Social Media Advertisements

The research conducted in this paper studies mortgage lender and broker advertisements collected from Facebook and Instagram. Because of the medium from which these advertisements are collected, it is necessary to review existing literature on the topic of social media advertising to provide a framework and a deeper understanding. In 2016, the global social network advertisement market reached nearly \$33 billion, with continuous growth projected for

the future (He et al., 2018). Social media advertisements serve an important function in understanding current economic and social climates, particularly when analyzing communication tactics used by advertisers. Because of the insight they can provide, social media ads are an important communication vehicle to study. Furthermore, when reviewing the growing number of online lenders and brokers, Buchak et al (2017) "document the increasing role of fintech nonbank lenders in the residential mortgage market." Buchak et al (2017) also argue that fintech nonbank lenders have a greater advantage, as they offer a simplified online mortgage application process. Online transactions are also more convenient for borrowers, in particular younger borrowers who are more tech-savvy and prefer online transactions. However, fintech nonbank lenders also have the capability of collecting information about borrowers who apply online, which can then be used for advertisement targeting purposes (Buchak et al, 2017).

As He et al (2018) state, a social network ad "relies on social information in generating, targeting, and delivering marketing communications." In their study, He et al (2018) utilize a semiotic approach to examine the effects of advertising on social media networks. Social network advertisements are also unique in that they are interactive in nature. While the main purpose of an ad is to deliver a particular message or promote a service, users on social networking sites also have the ability to react/like, comment on or share the posts (He et al, 2018). Social media ads, in this sense, are "more dynamically social than online advertising." (He et al, 2018). From this perspective, they can also be viewed as a form of two-way communication with user-generated content (He et al, 2018). From the perspective of advertisers, social media advertising is a highly attractive medium. Perhaps the most significant benefit of advertising on social media platforms is the breadth of monitoring and analytics tools provided

to advertisers. With media monitoring tools, advertisers have access to “quantitative metrics, such as the number of likes, shares, comments, opens, views, followers, or clicks” (Bronner et al, 2018). Using these metrics, advertisers can measure engagement (positive or negative) of their audience as well as the effectiveness of a campaign and make adjustments accordingly in real-time. This is not typically the case when advertising on other third-party platforms online where the analytics available are the ones advertising account managers provide. Eliminating the added step of connecting with account managers to retrieve vital data is a major selling point of social media advertising campaigns. Many platforms also offer A/B testing of digital campaigns, where “various colors, calls to action, background images, photos, and the like are juxtaposed to examine which option best stimulates engagement” (Bronner et al, 2018).

Literature is relatively few and far between that studies the link between different social media platforms, how users experience the different platforms, and whether advertisers plan their campaign according to platform. According to Bronner et al (2018), “if social media platforms and advertising embedded in them are engaging in similar ways so that there is a fit between them, it is more likely that this fit will result in ad evaluations that are more positive.” This can be measured using the notion of priming. Applying priming to engagement on social media, “if a social media platform is experienced as topical, priming increases the likelihood that ads embedded in the platform are also experienced in such a way.” (Bronner et al, 2018). An example of this would be if Twitter users typically view the platform as a source of information, then those advertisements that are informational by nature will be better received by audiences because there is a fit (Bronner et al, 2018). Studies conducted on the engagement of tv, radio and

newspaper advertisements reveal that the more engaged a viewer, listener or reader is to the content, the more favourable advertisement evaluations will be (Bronner et al, 2018).

Semiotic Analysis of Advertisements

Advertising has the capacity to function as a means of expressing or reinforcing cultural ideologies. Because of this, semiotic analysis offers a framework for the encoding and decoding process of an advertisement and its message (Faizan, 2019). According to Faizan (2019), “encoding...allows advertisers to deliver meaningful messages, associating the product with consumers’ lives and values.” When it comes to decoding advertisements, semiotics enables researchers to “study the hidden meanings of advertisements through analysing verbal and non-verbal signs.” (Faizan, 2019). According to Faizan (2010), studying semiotics "also includes understanding how the various sensory and emotional stimuli of a brand interact with each other or influences its targeted recipient." The messages portrayed in mortgage lender advertisements can offer insight into current real estate market conditions, particularly when close attention is paid to which signs are most prominent and the emotion elicited in the receiver. Evaluating the effectiveness of an advertisement also relies heavily on the association between a product or brand and the sensations that are presented to consumers within the ad (Bianchi, 1998). In semiotic studies, the semiotic triangle is a model depicting how symbols interact with objects, and it defines the relationship between a sign, a thought and a reference (He et al, 2018). Looking at how signs are communicated is vital, as they rely on a “shared set of meanings within a particular community and are the basis of all communication.” (He et al, 2018). Mortgage lender advertisements are unique in that they typically employ both informational and persuasive

elements to achieve a two-pronged approach of informing their target audience as well as influencing a decision, attitude or belief (Faizan, 2019).

The literature gathered for this paper helps build an initial framework for the research that is conducted, and they will be incorporated into the discussion portion for the findings. However, there are many gaps in each specific literature topic collected that inadvertently create some ambiguity, specifically in that there is no definitive equation that makes one ad fully persuasive rather than informational – or vice versa. In short, each specific literature that was reviewed does not create a one size fits all, but they can all work together to offer more meaningful insight into the topic. The topic of mortgage advertisements in the Canadian context continues to evolve at the time of this writing, which is why it is necessary to gather a wider spectrum of literature that ties back into this paper's specific themes. The closest example of the current market conditions in Toronto - in terms of literature gathered - is that of the U.S. prior to the housing market crash, and the changes in U.S. mortgage advertising regulations shed light on the problematic tactics used by advertisers. The research questions will focus on advertising-specific elements, such as the issue of including an interest rate without the fine print (terms or conditions), and whether the use of these particular elements creates an advertisement that serves a persuasive or an informational appeal. Once these findings have been identified and extracted, they will be linked to a broader discussion that incorporates the multiple ideas collected in the literature review.

RESEARCH QUESTIONS

The research questions below help to focus on the three specific elements extracted from mortgage lender and mortgage broker advertisements. These questions will help drive a discussion around what ultimately constitutes an advertisement having more of a persuasive or informational appeal.

- RQ1:* Which elements are used in mortgage advertisements that serve a persuasive appeal to a consumer?
- a)* Are interest rates displayed more often in mortgage broker advertisements than they are in lender advertisements?
 - b)* In the presence of an interest rate in an advertisement, are there accompanying fine print or terms and conditions listed?
 - c)* How often do broker advertisements incorporate the use of a persuasive call-to-action?
- RQ2:* Do mortgage brokerages more frequently incorporate persuasive appeal elements in advertisements than mortgage lenders?
- RQ3:* For the lenders/brokers that use people in their advertisements, what is the representation that is being invoked?

METHODOLOGY

This research paper uses content analysis to review three particular elements in mortgage lender and mortgage broker advertisements, specifically the display of an interest rate, the call-to-action used and the fine print – or terms and conditions. The advertisements collected and coded fit under the category of a public document that is shared by a private organization. According to Bryman and Bell (2019), advertisements are important documents to study in this case, as organizations who create and publish them typically wish to convey a certain point of view. Furthermore, the subjects that are studied in advertisements are “unobtrusive and non-reactive” (Bryman and Bell, 2019), which is particularly important when analyzing advertisements with human subjects. Using content analysis will help reveal subtle and overt communication tactics being utilized in the messaging, particularly whether a persuasive or an informational appeal is being used.

As Bryman and Bell (2019) state, content analysis can, at times, be a blend of both quantitative and qualitative research. In order to conduct a thorough quantitative content analysis, each element of the advertisement is categorized and placed into the coding sheet, with three specific elements ultimately aiding in the categorization of each advertisement appeal as persuasive or informational. While quantitative content analysis is conducted in this case by creating a coding sheet for all advertisements collected, a qualitative study is also conducted, using the science of semiotics to extract signs and symbols present in specific advertisements. For this research paper, semiotic analysis will allow for a broader understanding of the visual tactics used by each specific advertiser. Meanwhile, a quantitative analysis will offer insight into

how these visual tactics as well as the three elements mentioned previously are common or unique practices used across the entire sample.

Data Collection & Coding

The data collection method for this research paper involves collecting digital advertisements from mortgage lenders and mortgage brokerages across Facebook and Instagram. Advertisements were collected during a three-month period: March, April and May of 2021. Once a mortgage-related advertisement, or sponsored post, appeared anywhere on the platform, a screenshot was taken to later be coded in the manual. The advertisements collected and catalogued for this research paper originate strictly from mortgage lenders and mortgage brokerage firms. Therefore, each advertisement is coded as either 'mortgage lender' or 'mortgage broker.' Ultimately, a total of 43 advertisements that were published on both Facebook and Instagram were catalogued. A total of fourteen advertisements featured human subjects in them, while the remaining 30 did not. These advertisements included other objects, such as illustrations, symbols or icons. In the coding manual, one column is used to categorize each advertisement type, specifying which objects are of focus. For the advertisements that featured people in them, the main characteristic noted is the family size. The categories used for coding these advertisements are: single, couple, or couple with 1 or more children. For the ads that did not have people in them, the categories used were: illustrations, stock imagery, or symbols (such as arrows, dollar signs, or percentages). Figures 1 and 2 illustrate how each advertisement across the two platforms is broken down and catalogued by the different visual and textual elements that are extracted for analysis. The coding manual also includes a column that allows for inputting ad-specific textual characteristics, such as caption text. There is one main difference to

be noted when categorizing advertisements posted on Facebook versus those posted on Instagram, which is the “Call-to-Action Text’ category. Advertisements on Facebook include



Figure 1



Figure 2

this element, while advertisements on Instagram do not. When inputting Instagram ads in this category, a 'N/A' entry was used.

Persuasive or Informational Appeal Elements

The three most prominent features that were reviewed across all advertisements were the presence or lack of an interest rate in the image, the call-to-action button that is used, and whether the terms and conditions are present. An example of a rate display can be seen in figure 2. The coding manual allows for an input of 'yes' or 'no' for whether or not a rate is shown in the advertisement. The call-to-action button is also outlined in figures 1 and 2 in elements 4 and 3 respectively, and a selection of each type is made in the coding manual. The 'rate display' and 'call-to-action button' categories will be key in determining the advertisement's persuasive or

informational appeal, as will the presence of terms and conditions in any of the elements listed in figures 1 and 2. Because mortgage brokers work with multiple lenders, displaying an interest rate is deemed to be persuasive, as it is a time-sensitive appeal and not a promised outcome, as it may not reflect the actual rate or cost of borrowing for which a borrower is approved. Advertisements that are transparent and explicitly state the terms and conditions on the advertisement are not coded as persuasive. The 'call-to-action' button that is used is also taken into consideration when determining whether one advertisement is persuasive or information. An advertisement that uses the "Learn More" option will lean towards informational, while "Apply Now" and "Get Quote" will lean towards persuasive. A combination of these three elements will drive the ultimate persuasive or informational categorization, since looking at just one advertisement element will not be indicative of the prevalent appeal being used in the advertisement.

FINDINGS & DISCUSSION

The first section of this chapter summarizes the key findings from the broker advertisements and the lender advertisements. The summary of these findings aligns with the first research question:

RQ1: Which elements are used in mortgage advertisements that serve a persuasive appeal to a consumer?

Advertisements collected for the sample were categorized in the coding manual by financial institution, originating from either a mortgage lender or a broker. Next was the number of advertisements published by each financial institution. The next categorization areas are rate display (whether the interest rate is displayed on the advertisement), call-to-action button used, and the fine print (whether the fine print is displayed on the advertisement). Next, the advertisement is categorized as persuasive or informational appeal, based on the three categorization areas mentioned above. Lastly, the financial institution analysis addendum provides an overview of the findings.

An advertisement that displays an interest rate, uses a time-sensitive/urgent call-to-action ('Apply Now' or 'Get Quote') and does not display the fine print are labelled as persuasive. As mentioned in the literature review, the interest rate and fine print elements play a large role in determining the persuasive appeal of an advertisement, particularly for mortgage products. Mortgage advertisements must be more informational than persuasive, as it helps consumers understand what to look for in a mortgage product and, ultimately, to make better financial decisions. Out of the 43 advertisements collected, 20 were categorized as informational. Meanwhile, the remaining 23 were labelled as persuasive. Looking deeper into the elements of

these informational advertisements, only 2 used the “Apply Now” call-to-action, while the remaining 18 used “Learn More.” Furthermore, only one advertisement categorized as informational displayed an interest rate. Out of the 23 advertisements categorized as persuasive, 13 used the “Apply Now” call-to-action, 5 “Get Quote,” and 5 used “Learn More.” When looking at the interest rate display element among ads categorized as persuasive, a total of 20 ads displayed an interest rate. When analysing the differences between lenders and brokers labelled under the persuasive appeal, a total of 16 advertisements originated from brokers, and the remaining 7 originated from lenders. Under the informational appeal, only 8 advertisements originated from brokers, while the remaining 12 originated from lenders. The findings indicate that, out of the sample collected, informational advertisements more often originate from mortgage lenders, and they very rarely display an interest rate. The findings also indicate that, out of the sample collected, persuasive advertisements more often display an interest rate and originate from mortgage brokers.

Analysing the Three Advertisement Elements

The next section of this chapter aligns with the research sub-questions a, b, and c, analyzing each advertising element and how brokers and lenders use them differently.

- a) Are interest rates displayed more often in mortgage broker advertisements than they are in lender advertisements?
- b) In the presence of an interest rate in an advertisement, are there accompanying fine print or terms and conditions listed?
- c) How often do broker advertisements incorporate the use of a persuasive call-to-action?

1. Interest Rate Display

The most significant overall difference noted between lender and broker advertisements is the display of an interest rate. As indicated in table 3, 15 mortgage brokers across the sample displayed an interest rate in their advertisement, compared with only 6 lenders that included an interest rate. Table 3 also shows the breakdown of financial institutions that did not display an interest rate. Of the sample size collected, 9 mortgage brokers did not display an advertisement, compared to 13 mortgage lenders that did not. As mentioned previously in the literature review, Grundl et al (2019) found that lenders often advertised teaser rates without highlighting costs associated with refinancing. The rate that is displayed in the advertisements is not guaranteed for every applicant. While some of these advertisements include fine print that states ‘Conditions Apply’ there were no advertisements that display an interest that mention having good credit determines the eligibility for the lowest rate. Furthermore, because some of the brokers work with private lenders, they are able to set their own fees and associated costs. When factoring in fees and associated costs, the total annual percentage rate may climb as high as 9% (WoWa.ca, 2021).

While the difference between the rate display presence by financial institution type is not staggering, particularly due to the smaller sample size, these findings show that mortgage brokers more frequently displayed an interest rate in their advertisements. Because the focus of these advertisements is the interest rate, without showing the fine print and the potential for a much higher APR, it can be concluded in this research paper that mortgage brokers that display an interest rate in their advertisement are using a persuasive appeal.

2. The Fine Print

Reviewing the presence of or lack of the 'fine print' is critical when reviewing financial institution advertisements, particularly those advertising mortgages. Referring back to literature review on the topic of mortgage advertisement fine print, Motley & Perry (2009) state that it is necessary to include terms and conditions in advertisements in order for consumers "to understand the messages used by advertisers promoting home mortgage products." According to Motley & Perry's (2009) research findings, those market segments that offer the widest variety of complex mortgage products, such as subprime lenders, were least likely to advertise concrete loan information. Relating back to the issue of poor financial literacy, consumers must be provided with as much pertinent information as possible to avoid making poor financial decisions. As Motley & Perry (2009) state,

"One school of thought is based on market competition and views ads as important sources of information about products and price. Further, proponents of this perspective argue that informative advertising promotes competition. That is, ads can be educational, and they can enhance consumers' knowledge. The assumption is that an informed consumer can effectively evaluate alternative offerings and make a rational decision based upon information provided in ads. In this environment, the company that provides consumers with the most information has an advantage and will attract more customers." The US housing market crash in 2008 resulted in regulatory changes being made on mortgage advertising standards, particularly because of deceptive tactics used by advertisers toward subprime borrowers.

Out of the 19 advertisements collected for this research paper that display an interest rate, 13 (68% of the sample) do not state any terms and conditions on the advertisement. 7 of these financial institutions that display an interest rate, but no terms, are brokers, with the remaining 6

being lenders. In this near 50/50 split, there is no distinct difference between brokers and lenders when it comes to the fine print. All 6 advertisements that display an interest rate and the fine print originate from two mortgage brokers – 8Twelve and Nesto. When taking into consideration the call-to-action button that is used in these advertisements, highlighted in the next section, all 19 advertisements that display an interest rate are categorized persuasive.

3. Call to Action Button

Categorizing each advertisement by the call-to-action button that is used, the most popular one used was “Learn More.” Breaking down the call-to-action button by financial institution, table 4 shows that 12 brokers and 10 lenders used “Learn More.” When reviewing the “Apply Now” call-to-action button, there was a near perfect split, distributed among 7 brokers and 8 lenders. No advertisements originating from lenders used the “Get Quote” button, while a total of 5 brokers used this button. On their own, these findings are not solely indicative of whether the advertisement uses an informational versus persuasive. However, when reviewing the time-sensitive call-to-action buttons (“Apply Now” and “Get Quote”) coupled with the presence of the interest rate, a total of 6 brokers and 5 lenders that display an interest rate also use the “Apply Now” call-to-action. Meanwhile, a total of 5 brokers and 0 lenders that display an interest rate use the “Get Quote” call-to-action button. The findings are more relevant when taking into consideration the advertisements that do not display an interest rate, with 3 and 10 lender advertisements using “Apply Now” and “Learn More” respectively. When reviewing the findings from the broker advertisements that do not display an interest rate, a total of 8 use “Learn More” while only 1 ad uses “Apply Now.” These findings indicate that the time-sensitive call-to-action buttons, “Apply Now” and “Get Quote,” are more frequent among advertisements

that also display an interest rate, furthering the idea that these advertisements incorporate a persuasive appeal.

Analysing How People Are Represented in Mortgage Advertisements

This section aligns with research question number 3:

RQ3: For the lenders/brokers that use people in their advertisements, what is the representation that is being invoked?

The study of semiotics aids in exposing how individuals are being represented, and they ultimately help frame one aspect of the story being told by financial institutions that advertise mortgage products. In the case of real people being used in mortgage advertisements, it's necessary to look at who is being portrayed and how they are being portrayed. Using this idea, common and relevant themes are extracted to contextualize the advertisement's underlying meaning. In the case of mortgage lender advertisements, semiotics involves extracting key objects that refer to cultural trends, behavioral norms and rituals. In an overheated real estate market, there is typically a phase of "mania," which can be defined as consumers allowing emotions, rather than reason, to govern making a big financial decision, such as buying a home (Gurun et al, 2018). In this climate, consumers are receiving messages that elicit excitement and happiness, as indicated in the advertisements collected in the sample. As well, the message can also work to elicit a fear response in a consumer (missing out on the dream of homeownership or missing out on potential financial gains or returns) in order to take advantage of an economic climate (historically low interest rates) to get into the market.

The findings from the coding manual show that out of the 14 advertisements collected that have people in the images, a total of 6 originated from mortgage lenders, 5 of which were of

a couple with or without a child. The remaining 8 originated from mortgage brokers, with only 2 of these 8 featuring a couple with or without a child(ren). One common theme that is represented across all advertisements featuring a couple with or without children is the representation of a happy, smiling family. Across all 7 advertisements, the couple and/or families are smiling, surrounded by moving boxes, and standing inside or outside of their new home. According to these findings from the collected sample, mortgage lenders more often show a representation of a family in their advertisements, while mortgage brokers more often use a single person in their image. The representation of a happy family in these advertisements serves to elicit an emotional response in the customer, and that applying for a mortgage is a stress-free occasion with a happy ending (moving into a home).

In one specific scenario, illustrated in figure 3a, a family is dancing in their living room, again surrounded by moving boxes. This advertisement, originating from a mortgage lender, also prominently displays a low interest rate along with a monetary incentive. The caption below the advertisement signals a sense of urgency, promising pre-approval of a mortgage application that same day. This particular advertisement elicits excitement at the prospect of not only buying a home and having a low interest rate, but also in the simplification of the application process and same-day approval. Due to the complicated and often lengthy process of buying a home, and taking into consideration that, in many cases, it is the largest purchase an individual or couple will make in their lifetime, this particular ad utilizes a persuasive appeal rather than informational. As mentioned earlier, the advertisement elicits an emotional response in seeing a happy, nuclear family in their forever home. The sense of urgency in the caption removes the

element of thoughtful decision-making, because, according to the advertiser, you can be pre-approved for your mortgage today.

One of the most interesting advertisements collected on Facebook originates from a mortgage broker in the form of a video. The video clips are extracted and shown in figure 4. In this video, a young couple has found a home and now needs to apply for a mortgage. The accompanying text tells us that they are now presented with two options. The first option is to “go to [their] biased bank” (Homewise, 2021).

The second option is to use the lender’s service that presents them with several mortgage options. The textual representation of the bank is overt in this case, and they tell the viewer that they are biased. The physical representation of the bank in the advertisement takes the form of a white male in a suit with slicked back hair, leaning his body forward with his face in the shadows. These textual and physical representations elicit a negative emotional response, and this shadowy portrayal of a banker sends a clear message to the receiver: banks are – quite literally in this image - shady and should be avoided. This advertisement in particular serves as a good example of a persuasive ad that aims to elicit an emotional response.

momentumcreditunion Sponsored

1.99%*
5-Year
Fixed Mortgage

momentum CREDIT UNION
now you're getting somewhere

\$250 GIFT CARD*
*SUBJECT TO TERMS AND CONDITIONS

Sign Up

momentumcreditunion Make your home buying process even easier by getting pre-approved today. 1.99% on a 5-year fixed mortgage

Figure 3

Findings by Financial Institution

As illustrated in Table 1, each advertisement coded was broken down by 'financial institution type.' This table shows that the advertisements collected originated from a total of 19 financial institutions. During the data collection process, it was noted that more than one advertisement originated from some financial institutions, resulting in a higher ratio of ads to institutions. Ultimately, out of these 19 financial institutions, a total of 9 originated from mortgage brokers. The remaining 10 originated from mortgage lenders. When extracting data from the entire sample, a total of 25 advertisements originated from mortgage brokers, while the remaining 19 originated from mortgage lenders. The following list breaks down the findings from each financial institution collected in the sample.

Lenders

1. Bank of Montreal

Financial Institution Type: Lender

Number of advertisements collected: Two (2)

Rate Display: No

Call-to-action: Learn More

Fine Print: Yes

Appeal: Informational

Key Findings: Two advertisements collected from BMO were published on Facebook and Instagram. The advertising artwork was the same across both platforms, both of which highlight a \$3,500 cash-back incentive and an extended 130-day closing period (versus the standard 120 days). The call-to-action button used in both advertisements was 'Learn More,' which makes it

fall under the informational appeal. The advertisements do not overtly promise application approval. Both advertisements also clearly show the terms and conditions. The advertisements do not appear to persuade a consumer to apply for a mortgage, rather they provide information on how a mortgage with BMO offers more incentives than competitors.

2. DLC-Castle

Financial Institution Type: Lender

Number of advertisements collected: One (1)

Rate Display: No

Call-to-action: Learn More

Fine Print: No

Appeal: Informational

Key Findings: One advertisement collected from DLC-Castle appeared on Instagram as a sponsored post on the main homepage feed. This specific advertisement shows a welcome mat surrounded by moving boxes with two pairs of shoes in front of it. One pair of shoes is a pink tennis shoe, while the other pair is a hiking-style boot. The welcome mat reads "Home Sweet Home" and the text on the image reads "Dreaming of **Your First Home?** Let me help you **Navigate the Mortgage Market!**" while the text in the caption reads "Ontario Home Buyers: 6 Things you should know before getting a mortgage. Before you commit your hard earned dollars to monthly mortgage payments, consider these guidelines." The image paired with the text on the image serves to elicit an emotional response, one of longing or dreaming. However, the call-to-action button is "Learn More" and there is no rate displayed.

3. DUCA Financial Services Credit Union

Financial Institution Type: Lender

Number of advertisements collected: Two (2)

Rate Display: No

Call-to-action: Learn More

Fine Print: No

Appeal: Informational

Key Findings: Both advertisements collected from DUCA were published on Facebook, and the ad image is a representation of a young couple smiling and sharing a cup of coffee as they sit the floor of their home. They are surrounded by moving boxes. There is no text on the image, and the caption reads "Our Mobile Mortgage Specialists will come to see you!" There are no immediately evident persuasive elements in these advertisements.

4. Manulife Bank

Financial Institution Type: Lender

Number of advertisements collected: Two (2)

Rate Display: No

Call-to-action: Learn More

Fine Print: No

Appeal: Informational

Key Findings: A total of two advertisements in the sample were published by Manulife, both of which appear as static sponsored content in the main homepage feed on Instagram. The advertisements do not include any images or symbols and only contain text. The first ad text

reads "Traditional mortgages are designed to cost you money. Ours is designed to save you thousands. Manulife One." The caption for this advertisement reads "Meet Manulife One. The mortgage that you can pay down as fast as you like, potentially saving you thousands of dollars in interest over time." The second ad text reads "The less-debt-no-sweat mortgage." The caption for this advertisement reads "With Manulife One, you could save thousands with a mortgage that puts flexibility first. Now that's a different mortgage." Both advertisements use a "Learn More" call-to-action button. There is no overt element in these advertisements that are more persuasive than informational.

5. Meridian Credit Union

Financial Institution Type: Lender

Number of advertisements collected: One (1)

Rate Display: Yes

Call-to-action: Apply Now

Fine Print: No

Appeal: Persuasive

Key Findings: One advertisement from Meridian was collected, and it originated from Facebook as sponsored content appearing on the main homepage feed. The advertisement displays a 5-year 1.35% variable rate. The caption reads "Buy your dream home now with a great rate!" and the call-to-action button is "Apply Now." Because this advertisement displays a low (variable) rate and elicits a sense of urgency in applying, while telling the receiver to buy their dream home now, the ad serves more of a persuasive purpose than it does an informational purpose.

6. Momentum Credit Union

Financial Institution Type: Lender

Number of advertisements collected: One (1)

Rate Display: Yes

Call-to-action: Sign-up

Fine Print: No

Appeal: Persuasive

Key Findings: One advertisement was collected from Momentum Credit Union, and the image shows a representation of a young family (mom, dad, and two young children) dancing in a living room surrounded by moving boxes. There is a rate displayed on the image, posted at 1.99% 5-year Fixed. The advertisement also displays a cash incentive, with “\$250 gift card” shown in text. The interest rate includes an asterisk, denoting the presence of the terms and conditions. However, the fine print simply reads “Subject to terms and conditions” with no specific details on the actual approval process or the potentially higher APR that includes other fees. The caption directs consumers to get pre-approved today, eliciting a sense of urgency. While the call-to-action button is “Sign-up” there are more persuasive appeals used in this advertisement.

7. Motusbank

Financial Institution Type: Lender

Number of advertisements collected: Four (4)

Rate Display: Yes

Call-to-action: Apply Now

Fine Print: No

Appeal: Persuasive

Key Findings: A total of 4 advertisements collected in the sample were published by Motusbank, with three originating from Instagram and one from Facebook. For the Instagram advertisements, two were posted as sponsored content in the main homepage feed, while one was posted as a story. All four advertisements display interest rates and incorporate the 'Apply Now' call-to-action button. There are no terms and conditions present in any of the advertisements collected.

8. Prudent Financial Services

Financial Institution Type: Lender

Number of advertisements collected: One (1)

Rate Display: No

Call-to-action: Apply Now

Fine Print: No

Appeal: Persuasive

Key Findings: Prudent Financial is a private, unregulated lender and categorized as 'Unregulated' in the coding manual. One ad from Prudent Financial was catalogued during the data collection process. One advertisement was collected from Prudent, and it was published as an image on the main homepage feed on Instagram. Their ad includes human subjects, and it is a representation of a young couple with one child smiling in front of a house, a common theme so far in the advertisements with human subjects. The ad uses the 'Apply Now' call-to-action button, while the text on the ad reads, "Fully open 2nd mortgages up to \$250K! No credit check! No payments for 3 months – O.A.C. Put the equity in your home to work for you!" There is no interest rate

displayed, and the condition is present as an acronym – O.A.C. (On Approved Credit). However, on closer inspection, the lender advertises no credit checks while advertising no payments for 3 months, which is only available on approved credit.

9. Royal Bank of Canada

Financial Institution Type: Lender

Number of advertisements collected: Three (3)

Rate Display: No

Call-to-action: Learn More

Fine Print: No

Appeal: Informational

Key Findings: A total of three advertisements collected were published by RBC, two of which appeared as a static 'Image' in the main homepage feed on Facebook and one as a 'Story' on Instagram. The images in two advertisements show an illustrated graphic of a home, while the third ad shows a hand holding a smartphone with a prequalifying mortgage amount on the screen of the phone. The advertisements published on Facebook advertise a \$2,500 cash-back incentive, and the text in the ad states this amount can be received with eligible mortgages only. All three advertisements highlight a mortgage affordability tool, with the captions reading "See how much home you can afford in 60 seconds." RBC in this case is not advertising mortgage approval but mortgage affordability, and their call-to-action button is "Learn More." The elements in the advertisement serve more of an informational appeal to prospective homebuyers rather than persuasive.

10. TD Bank

Financial Institution Type: Lender

Number of advertisements collected: Two (2)

Rate Display: No

Call-to-action: Apply Now

Fine Print: No

Appeal: Informational

Key Findings: A total of two advertisements collected were published by TD on Facebook, appearing as sponsored content in the main homepage feed. One advertisement features human subjects, and it is a representation of a smiling father picking up his young daughter in the living room of their home. The daughter is holding a teddy bear, and there are moving boxes around them. In the background, which is slightly blurred, there appears to be another individual with their back turned in the living room. This advertisement features a cash-back incentive in the text of the ad, with the fine print visible and clear. The second TD advertisement shows an illustration of a laptop with the screen showing a check mark inside an icon of a home. The text in this advertisement reads "Now you can apply online for a **TD Mortgage Pre-Approval.**" Both advertisements use the "Apply Now" call-to-action button.

Brokers

1. 8Twelve

Financial Institution Type: Broker

Number of advertisements collected: Three (3)

Rate Display: Yes

Call-to-action: Get Quote

Fine Print: No

Appeal: Persuasive

Key Findings: Two of the advertisements collected were published on Instagram, while the other on Facebook. All three of 8Twelve's advertisements display an interest rate. The Facebook advertisement includes one person, a male smiling and looking up. The rate posted in this ad is 1.20% APR 5-year variable. The Instagram stories collected do not include human subjects. Rather, they include an illustration of a nondescript person jumping in the air, next to them is a piggy bank and a stack of coins, while slightly transparent bills are behind them. No terms and conditions are present.

2. Bridge Financial Services

Financial Institution Type: Broker

Number of advertisements collected: One (1)

Rate Display: No

Call-to-action: Apply Now

Fine Print: No

Appeal: Persuasive

Key Findings: One advertisement collected from Bridge Financial Services was published on Instagram as a sponsored post on the main homepage feed. The text on the ad is a dominant feature in red-orange colored font. The text on the advertisement reads, "You can still buy in this market." with "Need assistance with down-payment?" just below. In the background, there is an illustrated image of a home with a picket fence. The call-to-action is "Apply Now." While there

is no rate displayed, the text uses a heavy emotional appeal by offering a chance at home ownership, despite not meeting the down payment requirements. The text in this advertisement also acknowledges the housing affordability issue to the consumer, telling them that they can still buy in "this" market.

3. Butler Mortgage

Financial Institution Type: Broker

Number of advertisements collected: Two (2)

Rate Display: Yes

Call-to-action: Learn More

Fine Print: No

Appeal: Persuasive

Key Findings: The two advertisements published by Butler Mortgage both appear on Instagram as a 'Story,' both of which incorporate the use of emojis. The main focus of the advertisements is the rate. The text in the ad reads "'Mortgage Options for Everyone' (Butler Mortgage, 2021). The first sentence in the caption text is all capital letters, reading, "UPDATED LOWEST MORTGAGE RATES!" Typically, all capitals and exclamation points in digital text denote shouting or something of importance being said that needs the immediate attention of the receiver. No terms and conditions are present in the advertisement.

4. Homewise

Financial Institution Type: Broker

Number of advertisements collected: Three (3)

Rate Display: No

Call-to-action: Learn More

Fine Print: No

Appeal: Informational

Key Findings: A total of 3 advertisements were collected from Homewise. Two ads were collected from Facebook, while the last one was collected from Instagram. Regarding the Facebook ads, one ad was a static image posted as a sponsored post in the main homepage feed, while the second was a video also posted as a sponsored post in the main homepage feed. The static image shows a representation of a young woman with her arms crossed in front of a green background. The text in the ad above her reads "**Don't Settle for your bank's mortgage.** Get the best mortgage from over 30 lenders." The caption in this ad reads "We negotiate with over 30 lenders to get you the best mortgage to save you money." The call-to-action button is 'Learn More' while the accompanying call-to-action text reads "Switch to the Best Mortgage Rates." The second Facebook advertisement is a video of a young couple who has found a home and is searching for a mortgage. The last advertisement collected on Instagram was published as a story. The image shows hands typing on a laptop with fingernails that are painted bright red. The laptop is displaying the logos of 20 federally regulated lenders. The text on the image reads "Get the **best mortgage** from 30 banks & lenders. All from the comfort of your couch." The call-to-action button is 'Learn More.' While some textual characteristics of the advertisement lean towards persuasive, the overall appeal of each advertisement collected from Homewise is informational.

5. Justo

Financial Institution Type: Broker

Number of advertisements collected: One (1)

Rate Display: No

Call-to-action: Learn More

Fine Print: No

Appeal: Informational

Key Findings: One advertisement published by Justo was collected and coded, which was published on Instagram. The image is a representation of a smiling young couple with three young children. The text on the ad is a quote, reading "We found our dream home and received \$13,500 in cashback!" the text above the quote reads "Saved \$13,500." The caption for the advertisement reads "Thinking of Moving? Ever considered London, ON? Justo is the smarter way to buy or sell a home in London. We pay you to buy your dream home." This advertisement incorporates a particular client outcome, whether real or fictional. There are no apparent persuasive elements.

6. Nesto

Financial Institution Type: Broker

Number of advertisements collected: Eight (8)

Rate Display: Yes (6) No (2)

Call-to-action: Learn More (2) Apply Now (4)

Fine Print: Yes

Appeal: Informational (2) and Persuasive (4)

Key Findings: Nesto is a mortgage broker whose target audience is urban millennials in Toronto, Montreal and Vancouver. Nesto remains to have the highest percentage of advertisements across the sample size. Of the 44 advertisements collected, a total of 8 were published by nesto – representing roughly 18% of the sample. Out of nesto's 8 advertisements, two were informational, both of which were published on Facebook as sponsored content appearing on the main homepage feed. The remaining 6 of nesto's ads display an interest rate. Two advertisement captions use the same text, reading "Fixed mortgage rates are on the rise. Your life is hectic. It's difficult to find the time to plan ahead for your mortgage, but if you want to lock in a rate now and save money, then sign up for our free service! It takes just minutes and we'll give you the best rates available without any of those pesky negotiations." Another advertisement's caption reads "Looking for a mortgage in May? Take advantage of our special offer and get \$500 cash back* on top of the lowest rates around!" The ad artwork for the Instagram story advertisement reads "Today's Best Mortgage Rates" and includes the 5-year fixed and variables rates, along with a \$500 cash back incentive. The narrative in the texts elicits feelings of urgency and time-sensitivity, which perpetuate the persuasive appeal used in the advertisements.

7. Northwood Mortgage Ltd.

Financial Institution Type: Broker

Number of advertisements collected: One (1)

Rate Display: No

Call-to-action: Learn More

Fine Print: No

Appeal: Informational

Key Findings: The advertisement collected from Northwood Mortgage appeared as a static sponsored post on the main homepage feed of Facebook. This advertisement features human subjects, and the image is a representation of a young couple with one small child smiling in front of a home. There is no rate displayed on the advertisement, and the call-to-action button is 'Learn More.' No persuasive elements are apparent in this ad, and there are no details in the image or in the ad that would classify the appeal as informational.

8. Outline Financial

Financial Institution Type: Broker

Number of advertisements collected: One (1)

Rate Display: No

Call-to-action: Learn More

Fine Print: No

Appeal: Persuasive

Key Findings: The advertisement collected from Outline Financial appears as a static sponsored post on Facebook's main homepage feed. The first line of the caption is surrounded by three flame emojis, and in capitals letters it reads "ATTENTION HOME BUYERS." The image in the ad is a well decorated interior, with text that reads "HOME BUYER PROGRAM. Mortgage plus up to **\$60,000** for renovations!" There are no visible details on the terms associated with the renovation funds, such as APR, or what is required for approval. Because there are no terms or conditions listed, the advertisement's cash renovation incentive serves a persuasive appeal.

9. True North Mortgage

Financial Institution Type: Broker

Number of advertisements collected: Four (4)

Rate Display: Yes

Call-to-action: Apply Now

Fine Print: No

Appeal: Persuasive

Key Findings: A total of four advertisements were collected from True North Mortgage, all of which display an interest rate and use the "Apply Now" call-to-action button. The images in the age range from scenery to an icon of a downward facing arrow. All four advertisements use the same caption text, showcasing these four items: \$13 billions in mortgages funded, 7,500 5-star reviews, a team of salaried, non-commissioned agents, providing the best rates with unbeatable service. All the elements reviewed in True North Mortgage's advertisements are aligned with a persuasive appeal.

LIMITATIONS

Due to the short timeline and relatively condensed scope of this research paper, it was not feasible to collect a larger, more well-rounded sample size across multiple mediums. For example, radio or tv ads can provide meaningful insight into how lenders and brokers are advertising their products or services. One CIBC radio ad I heard on 680 news went something along the lines of "It's not too late to buy your dream home in Toronto. Call a CIBC mortgage specialist to learn more." Other lenders, such as Capital Direct, advertise taking out sizable home equity loans up to \$1.5 million. On this topic, another important factor to consider when collecting a larger sample size is the proper categorization of each financial lender. Some financial institutions, such as private lenders, advertise products specifically for subprime borrowers – those with poor credit, no down payment, or those who are self-employed. A larger, more well-rounded sample could potentially shed light on how subprime lenders are advertising their products and services on Facebook and Instagram. Furthermore, incorporating advertisements that also focus on home equity loans can help contextualize current market conditions even further. As the sample becomes larger, there would also be a need for more financial context in the literature review. Because this research paper is a more limited scope, the advertisements alone cannot definitively address larger financially related research questions. Furthermore, the lack of literature written on this topic in the Canadian context stood to be the biggest limitation for this research paper.

A (Relatively) Unexplored Topic in the Canadian Context

Housing affordability in Toronto is certainly an interesting topic to study, but the relatively new and developing themes of the topic make it that much more difficult to find

existing literature or research that has been conducted. One of the biggest limitations in this research paper is the fact that, at the time of this writing, hardly any research has been done on the topic. It seems to be largely unexplored, particularly when looking at Toronto, the growing gap between wages and home prices, and new mortgage regulations. Adding into the mix how mortgage brokers and lenders use appeals in their digital advertisements creates an even more barren landscape of data and existing research.

Am I finding the ads? Or are the ads finding me?

Perhaps the most curious limitation to consider is the concept of targeted advertisements based on search terms. The more I searched for mortgage-related terms and news articles, and the more I engaged with these posts (likes, bookmarks, shares), the more frequently they began to appear on my Facebook and Instagram feeds. After cataloging my collection of advertisements, I also came across one glaring commonality between many of the ads that included human subjects – they prominently displayed a family of three (a young couple with a young child). Perhaps the reason these ads stood out to me the most is the fact that my husband and I are a family of three (specifically, also a young couple with a young child). We plan to buy a home one day, but our biggest roadblock living in Toronto is affordability. Once I completed my data collection and stopped searching for these terms and engaging with these posts, the advertisements became fewer and far between. While this research does not focus on how these ads target their audiences, it is certainly interesting to make note of this potential roadblock and log for future consideration. In short, determining the target audience of Facebook and Instagram advertisements is difficult, as the researcher does not have insight into the specific parameters set by the advertisers.

CONCLUSION

The goal of this research paper was to review mortgage advertisements in order to understand how financial institutions are marketing their services and products in a decoupled housing market. Due to the issue of poor financial literacy and consumers' need for advertisements that are informative and trustworthy, advertisers have a responsibility to publish advertisements that are informative and gain a consumer's trust. There were many mistakes made in the U.S. prior to the housing market crash in 2008, particularly around deceptive mortgage advertising tactics. However, these mistakes led to necessary regulatory changes around advertising standards. Some light must be shed on this topic to apply these best advertising practices in Canadian markets.

When reviewing the top three advertising elements – interest rate display, call-to-action button, and presence of the fine print – the findings in this research paper indicate that a total of 23 advertisers – just over 53% of the sample - use persuasive appeals. While these findings are across a small sample size, they can be troublesome in an overheated market where consumers' incomes are decoupled from home prices. Specifically, these market conditions may lead to consumers making emotionally driven financial decisions without being presented with detailed loan information. Another important finding noted in this research paper is the higher ratio of mortgage brokers advertising interest rates without clearly stating the fine print. Because mortgage brokers work with several lenders, some of which may not be federally regulated, the actual cost of borrowing, or APR, does not always reflect the interest rate shown in the advertisement, nor does the messaging suggest the rate may be much higher when factoring in associated fees. Mortgage advertisers have the responsibility of providing accurate and

knowledgeable information that acts in the consumer's best interest and enables them to make an informed financial decision. It would be a stretch to say many of these advertisements collected in the sample use deceptive advertising tactics, particularly without empirical financial evidence to show consumers' negative outcomes after applying for the product. However, the findings show that the advertisements collected are questionable, particularly when taking into consideration whether the messaging does, in fact, act in the best interest for the consumer.

Table 1 – Breakdown of rate display and platform usage.

Lender	Financial Institution Type
8Twelve	Broker
BMO	Lender
Bridge Financial Services	Broker
Butler Mortgage	Broker
DLC-Castle	Lender
DUCA Financial Services Credit Union Ltd.	Lender
Homewise	Broker
Justo	Broker
Manulife Bank	Lender
Meridian Credit Union	Lender
Momentum Credit Union	Lender
Motus Bank	Lender
Nesto	Broker
Northwood Mortgages Ltd	Broker
Outline Financial	Broker
Prudent Financial Services	Lender
RBC	Lender
TD	Lender
True North Mortgage	Broker
Total	19

Table 2 – Rate Display Breakdown by Financial Institution

Financial Institution	Yes	No	Total
8Twelve	3	0	3
BMO	0	2	2
Bridge Financial Services	0	1	1
Butler Mortgage	2	0	2
DLC-Castle	0	1	1
DUCA Financial Services Credit Union Ltd.	0	2	2
Homewise	0	3	3
Justo	0	1	1
Manulife Bank	0	2	2
Meridian Credit Union	1	0	1

Momentum Credit Union	1	0	1
Motus Bank	4	0	4
Nesto	6	2	8
Northwood Mortgages Ltd	0	1	1
Outline Financial	0	1	1
Prudent Financial Services	0	1	1
RBC	0	3	3
TD	0	2	2
True North Mortgage	4	0	4
Total	21	22	43

Table 3 – Rate Display by Financial Institution Across Entire Sample

Financial Institution Type	Yes	No	Total
Broker	15	9	24
Lender	6	13	19
Total	21	22	43

Table 4 – Call-to-Action Button Across Entire Sample

Financial Institution Type	Apple Now	Get Quote	Learn More	Sign Up	Total
Broker	7	5	12	0	24
Lender	8	0	10	1	19
Total	15	5	22	1	43

Figure 4



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