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Theme: Advertising, Consumer Debt and Media Literacy

For decades, Americans have been the primary consumers in the global economy. And as consumers, we have been used to a wide variety of options for spending, including (if not especially) installment and revolving credit. Now, in the aftermath of the global financial crisis of 2008-2009, U.S. consumers are in retreat.

But, as a recent *Newsweek* article reveals, some Americans are already beginning to feel ‘frugality fatigue.’ Maria Diaz, a 30-year-old cocktail waitress in Las Vegas who was forced to move in with her mother and stepfather, was ready for a break from economic restraint: “I keep waiting for things to get better and they just don’t. After a while, I just decided. . . I need some new clothes. I’m going to get them. My mama’s not happy, but I don’t care. You stop spending and you stop living” (Theil, et al, “The Urge to Splurge,” *Newsweek*, December 6, 2010).

The United States has had a long tradition of thrift since the colonial era, a tradition which was described most famously by Max Weber in his *The Protestant Ethic and the Spirit of Capitalism*. American advertising has mounted a serious challenge to that tradition, however. Barely more than a century old, advertising has arguably become one of our most influential social institutions, and its *raison d’être* is to persuade Americans to adopt an ethic of consumption. If Maria Diaz associates spending with living, advertisers will always be there to affirm her feeling with messages like “Life takes Visa.”

Consumers may benefit from media literacy training, but that’s hardly the end of the matter. All of us are affected by advertising because consumerism has become so deeply woven into the fabric of our culture. If a marketing focus group of women is asked why they shop, their answers will be most commonly framed in terms of rationality and efficiency. The influence of consumerism will be denied. But if those same participants are encouraged to remember their first experiences with shopping, the great majority of recollections will center around shopping as a social outlet—an opportunity to reconnect with life (Rapaille, *The Culture Code*, p. 158). For the majority of us, spending is still living.

In this issue of Connections, we show how Americans have been “sold” on debt. We discuss how increased access to consumer credit in the 1980s converged with trends in “aspirational” spending, and illuminate the role which advertising has played as consumers increasingly relied on credit in the opening decade of the 21st century. In a second research article, we discuss recent trends away from “reasons-why” advertising (based on product features or performance) towards delivery of product-based experiences. These new forms of advertising enhance the likelihood of emotional purchasing decisions, and new media genres and technologies help to make that advertising even more attractive for consumers. In our resources section, we list recommended sources which can help you better understand the connections between advertising and debt, and we discuss the implications of new rulemaking

by the FCC which could make it possible for schools receiving E-rate funding to allow student access to social media.

And did you ever consider that for-profit advertisers are not the only ones who go to great lengths to attract the attention of audiences? In our MediaLit Moment, your students will have the chance to analyze the 'call to action' and creative media techniques that one non-profit organization used to attract support for its cause.

Research Highlights

“We Think You Deserve More Credit!”: How American Consumers Have Been Sold on Debt

In 2008, with a home in foreclosure, \$34,000 in credit card debt, and a credit rating in ruins, Diane McCleod received a credit card offer with an envelope bearing an inscription in bold type: “We think you deserve more credit!” The “pre-qualified” Salute Visa Gold Card issued by Urban Bank Trust offered a credit line of \$300--with \$150 in annual fees (Morgenson, “Given A Shovel, Digging Deeper Into Debt,” *New York Times*, July 20, 2008).

How did Americans come to rely on credit, and why did banks decide to continue extending it? The first step in the process was the development of a post-industrial economy in the United States in the decades after World War II. The financial services industry became a mainstay of the economy, and consumer debt became one of its cornerstones. With the creation of asset-backed securities, such as the mortgage-backed security invented by Fannie Mae in 1981, an entire market for consumer debt was created as well (Hyman, “The Making of Debtor Nation,” *Chronicle of Higher Education*, March 18, 2011).

These recent changes have shaped the behavior and fates of many American consumers. At one time, actually being repaid by borrowers was crucial to lenders. Now, when that debt is packaged into securities and sold to investors, repayment of the loans takes on less importance to lenders than the fees and charges generated when loans are made. For Diane McCleod, that meant that she could be approved for a variety of credit cards, lines of credit, mortgages and home equity loans, but end up paying more than 40% of her pretax income on interest payments and thousands more in fees (Morgenson, op. cit.).

Consumer demand for credit also began to increase in the 1980s. In her book *The Overspent American*, Juliet Schor, a lecturer in Economics at Harvard, argues that a specific constellation of factors contributed to that increased appetite for credit. Median incomes for wage-earners began to stagnate in the 1970s (a widely reported trend), and Schor argues that many of these workers accessed credit to make up for the shortfall in their income. Schor also argues that the widening gap between median and high wage earners motivated the use of credit for ‘aspirational’ spending; and Schor argues that the media made its contribution as well. Where American workers had once compared themselves with people they knew (like the ‘Joneses’ next door), they were now exposed to a dizzying array of wealthier individuals and groups whom they could emulate and admire. To back several of her claims, Schor conducted a formal survey study with employees at a major telecommunications company. Analysis of responses included a finding that television viewing was tied to decreased savings—at an average rate of \$208 per viewing hour.

And, finally, banks didn’t just offer new financial products in the 1980s, they changed their advertising strategies to make personal loans appear like something consumers could simply

reach for in the store. According to Barbara Lippert, an advertising critic for *Adweek*, “Banking started using consumer advertising techniques more like a department store than like a bank. It was a real change in direction” (Story, “Home Equity Frenzy Was a Bank Ad Come True,” *New York Times*, August 15, 2008).

Home equity loans are a good case in point. Not long ago, such loans, which used to be known as second mortgages, were considered the borrowing of last resort. Today, their image has been transformed by ad campaigns from banks. One of those was Citicorp’s “Live Richly” campaign. Designed by Fallon Worldwide in 1999, it cost \$1 billion from 2001 to 2006, and helped persuade hundreds of thousands of Citi customers to borrow against their homes. As one of the ads proclaimed: “There’s got to be at least \$25,000 hidden in your house. We can help you find it.” (ibid).

Advertising certainly played a role in the deterioration of Diane McCleod’s finances. In 2006, a major surgical procedure compelled her to remain at home for several weeks. Says McCleod, “Eight weeks in bed by yourself is very dangerous when you have a TV and a credit card. QVC was my friend” (Morgenson, op. cit.). Whether it’s clicking away on internet shopping sites, the nicer-than-yours middle class homes on “Modern Family,” or bank ads which encourage consumers to view credit as a tangible asset, media play a significant role in ‘selling’ us on debt. As various debt crises continue to play out at individual, national and global levels, it’s clear that media literacy is not only an essential skill for full participation in a democracy -- it’s foundational to our economic security as well.

The Advertising Makeover

Around the same time that the United States was moving from a manufacturing to a services and finance economy, something interesting happened in American advertising. In addition to selling a product, advertising began to sell product and brand experiences.

The initial design and marketing of Chrysler’s 2000 PT Cruiser is a good example. Rather than asking potential customers about the features they would like to see in a new sedan, Chrysler attempted to tap into their most deeply held emotions and beliefs. A psychoanalyst was brought in to lead a focus group study. He plied them with comfortable pillows, soothing music and open-ended questions, bringing them into a semi-hypnotic state as they shared their most memorable experiences with automobiles. Clotaire Rapaille, the analyst hired to conduct this group, reports his findings in his book *The Culture Code*: “Americans want cars that are distinctive, that will not be mistaken for any other kind of car on the road, and that trigger memories of Sunday drives, the freedom of getting behind the wheel for the first time, and the excitement of youthful passion” (p.26).

The vehicle that Chrysler produced had gas mileage and safety ratings that were no better than any number of sedans, and was no more reliable. But the PT Cruiser was perceived to be unusual, aggressive and sexy. And it enjoyed one of the most successful releases of that decade.

Can a small kitchen appliance inspire the same level of emotional investment? The answer is yes, if the advertiser has 30 minutes and a studio audience at its disposal. In 1998 Ron Popeil, founder of Ronco Inventions, launched his first infomercial for his Showtime Rotisserie Grill. Utilitarian virtues are advertised: cook-at-once meals, ease of use and cleanup, quality and craftsmanship of the product; but the essential message is delivered through demonstrations and testimonials from members of the audience. The audience applauds at all the demonstrations, by Ron, by professional chefs, by ordinary customers, affirming that you, too, can become a cooking 'hero' to your many guests at home. As Pamela Danziger writes in her book *Why People Buy Things They Don't Need*, "Ronco knows how to play to consumer fantasies. . .the 30-minute infomercial. . .provides a tutorial in how to position a mundane small appliance that cooks chicken, the most mundane of meats, as a means to transform your life from drab, dull, and ordinary into one that is more fulfilling, rewarding and satisfying" (p.30).

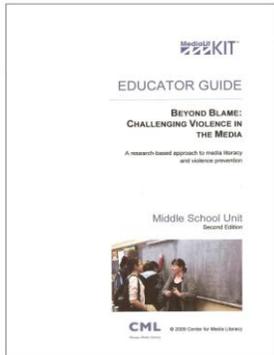
According to Danziger, consumers often craft anticipatory fantasies about the products they are about to acquire. New media can also prime consumers for these kinds of fantasies. eBay, for example, offers an online and offline community which many users find far more attractive than traditional Internet retail sites. As Stuart Vyse writes in *Going Broke: Why Americans Can't Hold On To Their Money*, "Unlike Amazon, eBay is the kind of experience that generates water cooler conversations" (p.198). eBay auctions can spur the excitement of a sporting competition, and those who win an auction can relive the thrill of victory by recounting the unfolding of the contest.

Many enthusiasts of eBay auctions will also speak of the skill and savvy required to win coveted items at bargain prices. However, recent studies suggest that these users are holding on to cherished beliefs not entirely in alignment with the facts. In 2006, two UC Berkeley economists conducted a study entirely within eBay and showed that auction participants often overbid. They recorded the outcomes of 166 auctions for a single board game, Cashflow 101 (a game which teaches finance and accounting skills) and compared the results to the available Buy It Now price from other eBay sellers. When comparative shipping costs were considered, fully 72 percent of the auctions produced prices higher than the Buy It Now price. The Buy It Now sellers were also more highly rated than the sellers for the timed auctions (Vyse, p.200).

Why didn't bidders pay attention to the advantage of Buy It Now offers for the same product? For all the rational explanations that bidders can give for participation in eBay auctions, those explanations are still rationalizations for an intensely felt emotional attachment to the auction process itself. In other words, the pleasure of the shopping and purchasing experience may loom larger in the mind of the consumer than the cost and utility of the product.

But wait, there's more! If we buy products for the fulfillment and self-improvement they seem to offer, that excitement wears off at some point (Psychologists call this process "adaptation"), and, as Danziger points out, we start dreaming again about the self-transformation which the purchase of new products can bring. And that can be a recipe for indebtedness, if not financial disaster.

Finally, if the branded fantasies offered up in the Showtime Rotisserie infomercial seem laughable to you, have you ever thought about what you might be able to do with that newer, more powerful computer at home? In a consumer society in which 'experiential' advertising has become common, media literacy education remains an urgent priority—not only for our youth, but for ourselves as well.



Beyond Blame Selected as a High Quality Curriculum by CA Department of Education

In September, the California Department of Education selected CML's *Beyond Blame: Challenging Violence in the Media* as a high quality curriculum for both in-class and after school programs. In turn, *Beyond Blame* has been included in the lending libraries of both the California Healthy Kids Resource Center and the California After School Resource Center. For more information, visit www.medialit.org, www.californiahealthykids.org, or www.californiaafterschool.org



Maps that Stretch Minds CONTEST

A unique consortium of map publishers and media literacy educators are offering an opportunity this school year to get teachers and students thinking about how we see the world around us. **ODTmaps.com** and **Worldmapper.org** have teamed up with several organizations and advocacy groups to encourage the sharing of educational strategies using innovative world maps. This contest is for map lovers of all kinds - instructors, individuals and institutions. ALL can enter and tell why they love the maps that have helped them see the world from a broader perspective. For contest details, go to www.odtmaps.com. No entry fee.

CONSORTIUM for MEDIA LITERACY

Uniting for Development

www.consortiumformedia literacy.org

About Us...

The Consortium for Media Literacy addresses the role of global media through the advocacy, research and design of media literacy education for youth, educators and parents.

The Consortium focuses on K-12 grade youth and their parents and communities. The research efforts include nutrition and health education, body image/sexuality, safety and responsibility in media by consumers and creators of products. The Consortium is building a body of research, interventions and communication that demonstrate scientifically that media literacy is an effective intervention strategy in addressing critical issues for youth.

Resources for Media Literacy

Teaching Tip: Ask your students to name some of their favorite advertisements and make a list on the board. Choose a few and find the clips for a later class time. After showing the ads, ask students if it's the creative techniques or the product itself that they admire? And can they separate the two? Celebrity endorsements are good choices for prompting class discussion.

FCC Clarifies Position on Social Media Use in Schools

In August, the FCC issued a Report and Order clarifying a number of its requirements for schools receiving E-rate funds, and specifically addresses the requirements of the Children's Internet Protection Act of 2008 for schools receiving these funds. CIPA requires that Internet safety policy at schools include blocking or other measures to protect students against exposure to obscene, pornographic or otherwise harmful content online; and, most importantly, CIPA requires that schools include provisions in their safety policies for educating students about appropriate online behavior.

In practice, the great majority of schools have blocked access to social media sites for fear of violating CIPA provisions regarding harmful content, and, as the FCC report notes, a 2009 audit by the Universal Service Administrative Company, which administers the E-rate program, found that a school violated CIPA requirements for the very reason that it allowed access to Facebook and MySpace. The audit seems to be the main impetus for the FCC report. In its clarification, the FCC responds:

"Although it is possible that certain individual Facebook or MySpace pages could potentially contain material harmful to minors, we do not find that these websites are *per se* 'harmful to minors' or fall into one of the categories that schools and libraries must block" (p.8). And in a move that is even more heartening for media literacy educators, the FCC cites the finding of the US Department of Education (in its 2010 National Educational Technology Plan) that social networking sites have the potential to support student learning.

The authors of the Report and Order also assert, "Declaring such sites categorically harmful to minors would be inconsistent with CIPA's focus on "educating minors about appropriate online behavior. . ." (ibid). In other words, the FCC is suggesting that schools should consider the option of allowing student access to social media at school—where teachers and other adults will have the chance to help them learn the ethics of participation in a digital age.

Two other items from the report are worthy of mention:

- 1) By July 2012, school boards receiving E-rate funds must certify that schools in their districts have updated their Internet safety policies to include provisions for educating students about appropriate behavior online.
- 2) The FCC has received many inquiries about regarding the potential application of CIPA requirements to the use of mobile devices owned by students when those devices are used in

a school or library to obtain Internet access that has been funded by E-rate. The FCC intends to seek public comment in a separate proceeding.

To access this report, visit www.fcc.gov, look for “Commission Documents” in the “Business & Licensing” bar on the top menu, then “Schools and Libraries Universal Service Support Mechanism.” This Report and Order was issued on August 11.

Resources: Advertising, Consumer Debt and Media Literacy

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Med!aLit Moments

More Than a Price Tag

We're so used to advertising, and it comes in so many forms, that we sometimes forget that all commercial messages are asking us to do something. Regardless of whether it's stated or not, all commercials leave us with the message "Buy this product now!" The messages in public service campaigns, by contrast, usually leave little to the imagination. We need to stop smoking, or take action to stop drunk driving. In this MediaLit Moment, your students will have the chance to discover how the 'call to action' in a public service announcement can be communicated in a variety of ways.

Ask students to interpret the values, lifestyles and beliefs in a PSA delivered in an unconventional format

AHA!: Even a price tag can send a message!

Key Question #4: What values, lifestyles and points of view are represented in, or omitted from, this message?

Core Concept#4: Media have embedded values and points of view

Key Question #2: What creative techniques are used to attract my attention?

Core Concept #2: Media messages are constructed using a creative language with its own rules

Grade Level: 7-9

Materials: high speed internet connection, computer, projection screen

Activity: Have students watch a PSA created by UNICEF for one of its campaigns against child labor. You'll find the PSA at the following link:

http://www.youtube.com/watch?v=JQCo0_RvuZk

The initial frames of this video show what looks like a sneaker with a price tag attached. But the price tag is actually a small flip book. As the pages of the flip book are turned, the bar code transforms into an image of a child gluing the sole of a shoe. The final two pages read "The real price is paid by others," and "Stop Child Labor," followed by the UNICEF logo and website address.

Play this video for students at least one more time, then ask for their reactions to the PSA. As discussion progresses, work with Key Question #4 and ask, "From UNICEF's point of view, what do regular price tags leave out that potential buyers should know about?"

You might need to briefly explain why child labor has become a cause for concern: in many countries outside the United States and Western Europe, young children work alongside adults in factories under poor working conditions, receive subsistence pay (or may receive no pay at all), while the shoes and other products they make are sold at a substantial profit.

Discuss UNICEF's call to action. What might UNICEF like potential buyers of these shoes to do in response to this message?

If you get the chance, work with Key Question #2 as well. Explain that these flip books were given to groups of activists who entered shoe stores and quietly replaced regular price tags on shoes with these books. Ask, why do you think UNICEF would focus on price tags to attract attention to their message?

The Five Core Concepts and Five Key Questions of media literacy were developed as part of the Center for Media Literacy's MediaLit Kit™ and Questions/TIPS (Q/TIPS)™ framework. Used with permission, © 2002-2011, Center for Media Literacy, <http://www.medialit.com>