



The
Marketing
of
Debt

*How
They
Get
You*

JOHN B. DINSMORE

THE MARKETING OF DEBT

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THE MARKETING OF DEBT

How They Get You

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INVESTOR IN PEOPLE

This book is dedicated to the memory of Steve Guerrier, Professor of History at James Madison University.

I am a drummer. And what made me want to become a drummer was listening to, and watching, John Bonham of Led Zeppelin. It wasn't just his formidable skill. It was his joy in doing it. And, though I was pretty sure I wouldn't be able to play as well as him, I wanted to feel that feeling, or at least something close to it.

The first time I took a history class with Steve Guerrier was a similar experience. His mastery of the topic and spellbinding storytelling lured me in. But, it was his joy in doing it, his strong connection to those around him, and the sense that he was – without a doubt – where he was supposed to be, doing what he was supposed to be doing, that made me think, “If I could do something like that. . .”

John Bonham's son became a drummer. Steve Guerrier's daughter became a historian. But, of course. When you have a front row seat to inspired performance, you seek out inspiration for yourself. It makes you want to take the stage.

I'll never be able to play drums like John Bonham nor will I ever be able to teach as well as Steve Guerrier. But I do know their joy. And I'm pretty sure I've helped others find that same joy.

For that, I am eternally grateful.

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FOREWORD: THE TRUE PURPOSE OF MARKETING

Jason Harris
Cofounder, CEO, Mekanism

Best-selling author of *The Soulful Art of Persuasion*

“Oh, that’s just marketing.”

We’ve all heard that dismissive phrase equating marketing with manipulation, empty promises, and glossy distractions. As someone who has dedicated his career to advertising, I understand the skepticism. Marketing consistently ranks shoulder-to-shoulder among the least trusted industries with its cousin, advertising. According to a recent Gallup Poll, the three least trusted professions are: car salespersons, congress people, and advertising practitioners. I have always taken offense to this characterization. So when people say “that’s just marketing,” [what they’re really saying is: “That’s just smoke and mirrors designed to separate you from your money.”](#)

But here’s the truth: This widespread cynicism about marketing doesn’t stem from what marketing is – it stems from what it has become in the hands of those who abuse it.

Think about your worst experiences as a customer. Perhaps it was that “unlimited” plan with hidden limits buried in fine print. Or that “revolutionary” [product that revolutionized nothing but your bank balance.](#) Or that “APR increase” that was printed in mouse type that you could never even read if you tried. These hit-and-run transactions leave us feeling victimized, our trust betrayed, our wallets lighter. Research shows that these negative experiences stick with us, disproportionately influencing our future purchasing decisions. Once burned, twice shy.

But what if I told you that real marketing – true marketing – is actually about creating harmony between what organizations can offer and what people genuinely need?

Harvard economist Michael Porter defines marketing as the art of creating fit between an organization and the outside world. At its core, marketing is about.

- Creating products that solve real problems.
- Making these solutions easily accessible.
- Pricing them fairly and clearly.
- Communicating their benefits honestly.

When marketing is done right, it creates a virtuous cycle. Customers find products that genuinely improve their lives. Companies build sustainable growth through repeat business rather than one-time transactions.

Look at the brands you truly love – the ones whose logos you proudly wear, whose products you enthusiastically recommend to friends. These companies aren't just selling products; they're creating relationships. They've earned your trust not through slick advertising campaigns and hidden fees but through consistent delivery of real value. They don't see you as just a wallet to be emptied.

Ethical marketing doesn't hide the risks; it helps consumers make informed decisions. It trusts that an educated customer is the best customer.

Authentic marketing stands out like a lighthouse in the fog in a world drowning in hucksterism and hollow promises. When companies demonstrate genuine empathy and understanding – when they pull back from the aggressive “always be closing” mindset and instead focus on “always be helping” – they don't just find customers. They build a long-term community.

This book is about highlighting the egregious techniques that some industries use. And it is about rediscovering marketing's true purpose: creating meaningful connections between organizations and the people they serve. It's about building businesses that don't

just survive through clever tactics but thrive through genuine value creation.

In the end, the best marketing isn't about separating people from their money – it's about connecting people with solutions, products, and services they want and need.

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ACKNOWLEDGMENTS

Writing a book is a massive undertaking full of manic moments of inspiration, self-doubt, stress, and satisfaction. There are a great many people who have helped me through the process, tolerated my ranting and procrastination, and encouraged me along the way.

First and foremost, my wife Elissa, who helped me change careers when it didn't really make sense on any level. She gave up her job, moved to a place that was not a top-10 destination for her, and worked to put me through school. All just so she didn't have to see a defeated look on my face in the morning before I headed off to job I didn't like. Twenty years in and it's still a good time. I love you.

To my boys Johnny and Owen. You amaze me, amuse me, and teach me on a daily basis.

My colleagues at Wright State University – you've made this the best job I've ever had. To Mike Urick for being a good friend and introducing me to Fiona at Emerald who agreed to publish my book. To Fiona, Yemaya, and everyone at Emerald, thanks for taking a chance on me and helping me figure out what I was doing. For a while there, it looked like I was creating 200 pages of kindling and you provided much needed guidance.

To Mom, Dad, Jim, Ellen, Hank, Liz, Mike, Ally, Minnow, Rocco, and Michael, you mean more to me than you'll ever know. To Jason Harris... from writing the foreword of this book to letting my band practice in your basement in college, you've always said yes to me, and I'm not really sure why. Thank you. Watching your success has been a lot of fun, and it couldn't have happened to a nicer guy.

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TRIPPING THE DEBT TRAP

The dangers of debt are hardly a secret. Yet, most of us fall into the debt trap at some point. Why? We *think* we understand how debt works. Research shows that almost none of us actually do.

That's a dangerous proposition. All of us will take on multiple forms of debt over the course of our adult lives. How we navigate these financial instruments will have a dramatic impact on the success, relationships, happiness, and even health of ourselves and those we love.

Why do we have such a hard time understanding debt? The truth is that we are psychologically predisposed to *mis*understanding it. All of us have biases, blind spots, and confused rationalizations that act as gremlins sabotaging the management of our personal finances. Those gremlins encourage us to underestimate the costs of debt and overestimate our ability to pay.

Marketers not only know this but embrace it. They use it to their advantage by promoting debt in a way that distracts us from understanding the risks of what they're selling. In other words, the financial industry not only sets the gremlins free but also gives them each an espresso and a massive dose of steroids.

Imagine if, despite most adults owning cars, almost nobody understood how to drive one. There would be mass carnage on the highway. Now imagine if the automobile industry was actively attempting to misinform the public about how to operate a vehicle, thinking that more crashes would help drive sales of new cars.

Madness. This is analogous to what is happening in financial services.

The good news is that:

- The automobile industry does not encourage the incompetent operation of its products;
- Society requires aspiring drivers to pass skills and knowledge tests before getting behind the wheel.

These things help protect not only the driver but also the general public. But no such precautions exist for personal finance. Despite the high stakes of managing debt, anyone with a pen and a pulse can apply for a loan – regardless if they understand what they’re doing. And some in the financial services industry are actively attempting to distract and misinform their customers to boost the bottom line. It’s a disaster for the borrower and society as a whole.

Chances are, you’ve struggled with debt at one point or another. Most of us have. For whatever reason. Maybe our eyes got bigger than our incomes when it came to making a purchase. Or maybe we just had a run of bad luck.

Whatever the case, getting in over your head with debt is an experience that is as universal as it is unpleasant. The anxiety. The self-doubt. The helplessness. Plus, clawing yourself out of debt – and staying out of it – requires constant vigilance and intense self-discipline. Even then, it may still not be enough.

This book looks at the struggles we all have in making decisions about debt and the psychology behind why we struggle. Then, we’ll examine common marketing tactics that exploit our cognitive blind spots and trick us into getting deeper in debt. Lastly, we’ll examine how we can make better financial decisions going forward.

WHY IS FINANCIAL DECISION-MAKING SO DIFFICULT?

The economist Herbert Simon coined the term “bounded rationality” about humans.¹ It’s a term that always makes me laugh. Why?

¹Simon, H. A. (1957). *Models of man; social and rational*. Wiley.

Because, despite the clinical sound of the term, its inherent meaning is that every person is at least a little dumb and/or crazy sometimes. Actually, most of the time. This means me. And it means you, too. (Sorry.)

Bounded rationality means that we have limits to our judgment and decision-making. We run into those limitations for a myriad of reasons: too much information, too little information, over-stimulation, fatigue, biases, moods, and so on. With all these limitations, it's kind of amazing that we ever make good decisions at all.

The reason why it's hard to make good decisions is that decision-making is not just about the intelligence of a person. If it were, then all of our lives – and the world in general – would be much better off. The world would be built on a foundation of mostly solid decision-making. But, it's not.

There is some amount of luck involved in making a good decision. The “luck” element means that, at the point of decision-making, the decision-maker, the information provided/available, and the decision-making environment are all in an optimal state. And that rarely happens.

There's too much to know, not enough time to learn it, too many decisions to make, and a gazillion other factors impacting our cognitive and emotional states. Maybe you didn't get enough sleep last night. Or perhaps you have incomplete information. Or maybe still, you have the right information and are in a good state of mind, but your neighbor's 22 rottweilers are barking their heads off and you just can't process with all that noise. Any of these scenarios are enough to derail your judgment and decision-making.

In the gap between what we should know in order to make a decision, and what we have the wherewithal (time, energy) to understand, we make decisions of varying quality. That, unfortunately, is life. And as a result, we all have decisions for which we'd like do-overs.

We sign up to have vegan meal kits mailed to our homes even though the only thing we hate more than cooking is eating vegetables. The infomercial persuades you to buy The Abdominizer™ even though you'd rather have your teeth pulled than do a sit-up. You agree to pay \$1,000 for undercarriage treatment on a new car despite not being sure what an undercarriage is or how (or for what) it's being

treated. It happens to all of us. We all make these silly, irrational, embarrassing, and sometimes expensive or otherwise harmful decisions. No doubt, even Albert Einstein periodically smacked himself in the forehead and thought “I’m such an idiot!” after buying something he didn’t really want or need.

The good news is that these goofy decisions aren’t a reflection of your intelligence (at least, not usually). The bad news is you’re likely to do it again. Repeatedly. But where marketers can make matters worse is when they exploit our cognitive shortcomings to produce a harmful, ruinous, or even deadly, outcome.

Many of the products we consume are vital to modern life: consumer credit, pharmaceuticals, and others. Other products or services, such as gambling or alcohol, are harmless amusements if done in moderation. But all these products have negative consequences – often severe – if misused. And the more marketers do to decrease consumers’ understanding about the inherent risks of these products, the more likely consumers are to misuse them.

That’s where this book comes in. This is your guide to understanding our natural limitations in judgment and decision-making and how marketers of debt take advantage of those limits. And, with that understanding, it should help you make better financial decisions.

A PRIMER ON READING ABOUT BEHAVIORAL RESEARCH

This book extensively cites and discusses leading peer-reviewed research on human behavior. This is not to be confused with many of the behavioral anecdotes or slogans you see in clickbait and social media. Too often we see pseudo-psychology, easy answers, and motivational mantras getting mainstream acceptance, despite their having never actually been tested. “Become rich. . . a better parent and/or spouse. . . smarter. . . taller. . . more attractive. . . with these three easy steps.” And, in reality, these things are either based on one person’s intuition or an author or publisher’s instinct that it’s something people will buy. After all, easy solutions are a lot more marketable than difficult ones.

When you hear someone offering easy solutions to difficult problems, do yourself a favor: change the channel, unfollow the account, and, above all, hold on to your wallet. That person is selling a fantasy. Changing your behavior or improving your decision-making is *hard* – always has been, always will be.

If it were easy, we'd all have six-pack abs and no family awkwardness at Thanksgiving. But, alas dear reader, we know that's not the case. Thanksgiving seems to get more awkward every year and our abs, well, the less said about those, the better. And nobody's "three easy steps" are going to change that. Sometimes you just have to eat your vegetables.

Consider this book your broccoli. And where possible, I will slather the broccoli in gooey nacho cheese to make it go down easier. We will review some of the major theories and research from psychology, economics, and marketing about our vulnerabilities in assessing debt and tie it to the marketing of loans. And, if I do my job, you'll learn a few things you didn't know before and maybe avoid making a regrettable financial decision down the road. That would be sweet.

Understand that this book avoids going down rabbit holes or doing any of the navel-gazing you associate with academia. Instead, we will discuss – in real terms – how behavioral research *often* explains our poor judgment and decision-making on debt. Then, we will look at how the marketing of debt exploits those mental blind spots and gets us deeper in hock.

At the same time, this book will avoid painting with too broad a brush. You will notice the use of qualifiers like "often," "usually," "in general," or "typically." You will also notice the words "always" or "never" are not used. Here's why: people and situations are different and complex. If you look at some of the most prominent and tested behavioral science out there, you will find that there are exceptions. Certain types of people behave one way in a situation, while other types of people behave differently.

Here's an example: later in this book, we will discuss something called "loss aversion," also known as Prospect Theory. This is a theory that has garnered its creators, Daniel Kahneman and Amos Tversky, a Nobel Prize and many other accolades. Even theories

that are offshoots of Prospect Theory, like Mental Accounting, have won Nobel Prizes.

Kahneman and Tversky are so prominent that Michael Lewis, renowned author of *The Big Short*, *The Blind Side*, and *Moneyball*, wrote a bestselling book about them called *The Undoing Project*. Looking at Google Scholar, the works of *either* Daniel Kahneman or Amos Tversky individually have been cited more than the works of Stephen Hawking and Albert Einstein *combined*. So, Prospect Theory is a big deal. And its authors are rightfully considered among the best to have ever conducted behavioral research.

Yet, a series of studies was published a few years ago saying Prospect Theory was, if you'll pardon my scientific jargon, a bunch of nonsense.² A little while after that, another series of studies was published saying that the “bunch of nonsense” paper was, in fact, a bunch of nonsense.³

More specifically, the latter paper found that Prospect Theory *is* valid, but it affects people differently depending on the individual and context. And that is the case with nearly every psychological or economic theory. People – and the situations they find themselves in – are unique. The pursuit of universal truths to human behavior is a fool's errand.

Such a scenario is not uncommon in science. The popular [mis] conception of scientific research is that a single discovery in a lab somewhere produces an unassailable truth. But the reality is that any scientific discovery is the beginning of the process, not the end. Each newly identified phenomenon will have drivers, amplifiers, and exceptions that vary according to a wide variety of factors. Isaac Newton developed a theory of gravity saying that what goes up must come down.⁴ Centuries later, Orville and Wilbur Wright found/invented an exception.

This may cause you to wonder: If there are no universal truths, why should I read this book? The answer is that this book ties

²Gal, D., & Rucker, D. D. (2018). The loss of loss aversion: Will it loom larger than its gain? *Journal of Consumer Psychology*, 28(3), 497–516.

³Mrkva, K., Johnson, E. J., Gächter, S., & Herrmann, A. (2020). Moderating loss aversion: Loss aversion has moderators, but reports of its death are greatly exaggerated. *Journal of Consumer Psychology*, 30(3), 407–428.

⁴Yes, physicists, I understand this is a massive oversimplification.

common (though – again – not universal) debt-related mistakes that people make to scientific research explaining why they make them. Some things you read about may make you think, “That’s not me.” Great! Enjoy reading about the rest of us poor suckers who *are* like that.

But some other things will ring true and make you think, “OMG, I *totally* do that,” or “I know someone who does that.” And, if that’s the case, you might pick up on some things that could help you make better choices. And, again, that would be sweet.

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