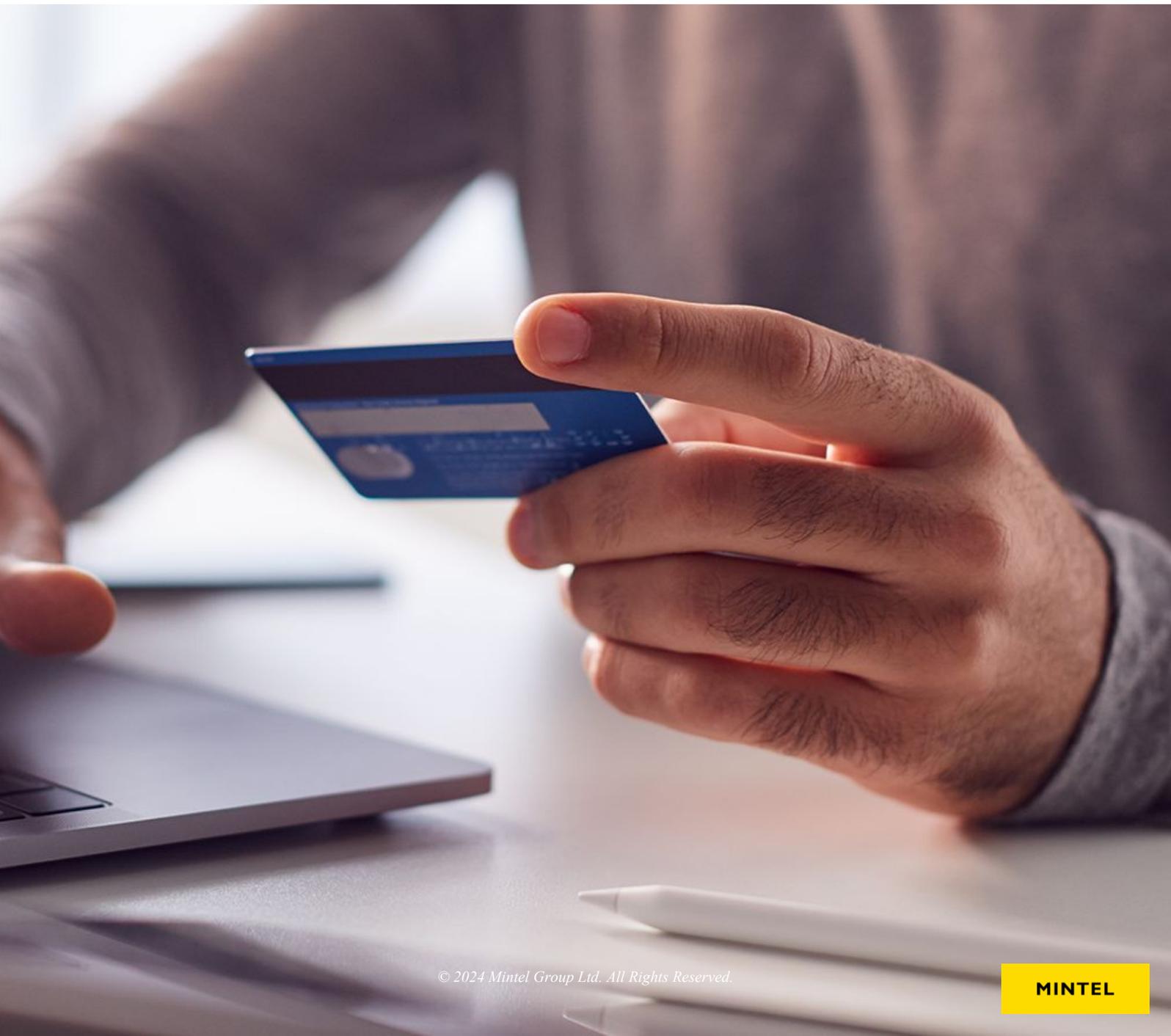


CONSUMER ATTITUDES TOWARDS ADVERTISING IN FINANCIAL SERVICES – UK – 2024

While many challenges persist, financial providers have opportunities to reassure consumers and create stronger connections through advertising.



Stefania Apostol, Senior
Financial Services Analyst



Consumer Attitudes Towards Advertising In Financial Services - UK - 2024

This report looks at the following areas:

- Analysis of advertising spend and the channels used for above-the-line advertising campaigns.
- Consumers' exposure to financial services advertising and actions taken after seeing adverts.
- Consumer expectations of and attitudes towards financial services adverts.
- Perceptions of advertising channels.
- Overview of advertising initiatives.



While many challenges persist, financial providers have opportunities to reassure consumers and create stronger connections through advertising.

Overview

Amid the cost of living crisis, most financial providers adjusted advertising expenditures. However, continuing to communicate with consumers and adopting the right tone remains important to create and maintain customer relationships and offer comfort during uncertain times.

Despite providers' efforts to create advertisements that appeal to people's needs, desires and emotions, 62% of Brits say they rarely see adverts for financial products or services that resonate with them, rising to 75% among over-65s. This suggests that financial services brands looking to engage people in this cohort have to ensure that advertising portrays them as rounded human beings, reflecting the diversity of their lifestyles, needs and desires.

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While only 41% of people say they would be happy to receive personalised adverts based on their online activities, this sentiment is significantly higher among younger age groups. In part, this is due to their familiarity and comfort with digital platforms. At the same time, they often appreciate the relevance and convenience offered by targeted ads, viewing them as informative rather than an intrusion.

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Report Content



EXECUTIVE SUMMARY

Key issues covered in this Report

- Overview

Opportunities for the financial services industry

- The cost of living crisis offers an opportunity to reassure consumers
- Create more genuine connections with older consumers
- Both digital and traditional advertising channels have their unique strengths

Market dynamics and outlook

- Advertising expenditure on financial services declines in 2022/23
 - Graph 1: total above-the-line, online display and direct mail advertising expenditure on financial services, 2018/19-22/23
- General insurance continues to dominate adspend, while TV is still the most popular channel
- Lloyds Bank is the largest advertiser
 - Graph 2: top 15 above-the-line, online display and direct mail advertisers on financial services, 2022/23

What consumers want and why

- Mass-market financial products adverts are the most likely to be remembered
- TV is the dominant place where people recall seeing adverts for financial products or services
 - Graph 3: advertising channel exposure, 2023
- 40% took action after seeing an advert for a financial product or service
- Advertisements for financial products have to perform multiple functions
- Financial services adverts are failing to resonate with older consumers
- Traditional channels are seen as more trustworthy than digital ones

Advertising and marketing trends

- Financial services providers are adapting brands in a competitive landscape
- Lloyds Bank leverages the iconic black horse in its brand campaign
- Nationwide's Conversations series focuses on the impact of the cost of living crisis
- The FCA and ASA partnered with Love Island star Sharon Gaffka to help educate fin-fluencers

MARKET DYNAMICS

Market size

- Advertising expenditure on financial services declines in 2022/23...

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- Graph 4: total above-the-line, online display and direct mail advertising expenditure on financial services, 2018/19-22/23
- ...as economic turmoil impacts marketing budgets
 - Graph 5: monthly above-the-line, online display and direct mail advertising expenditure on financial services, 2019-23
- Finance ranks third among top advertising sectors
 - Graph 6: total above-the-line, online display and direct mail advertising expenditure, by category, 2022/23

Market segmentation

- General insurance continues to dominate adspend in financial services...
 - Graph 7: total above-the-line, online display and direct mail advertising expenditure on financial services, by category – percentage, 2021/22-22/23
- ...despite a 21% decline in expenditure
 - Graph 8: total above-the-line, online display and direct mail advertising expenditure on financial services, by category – value, 2021/22-22/23
- Financial services brands focus on brand building
- Personal banking is one of the few categories that bucked the trend, with providers increasing adspend

Channels to market

- TV continues to dominate...
 - Graph 9: total above-the-line, online display and direct mail advertising expenditure on financial services, by media type, 2020/21-22/23
- ...but digital gains ground

Leading advertisers

- Lloyds Bank is the largest advertiser
 - Graph 10: top 15 above-the-line, online display and direct mail advertisers on financial services, 2021/22-22/23
- Price comparison websites focus on TV
 - Graph 11: top 5 leading advertisers on above-the-line, online display and direct mail advertising expenditure on financial services, by media type, 2022/23
- Compare the Market adds a wombat to its long-standing Meerkat advertisements
- Chase shifts focus to digital advertising
 - Graph 12: Chase's advertising expenditure on above-the-line, online display and direct mail, by media type, 2021/22-22/23

Macro-economic factors

- Economic output has stagnated since the cost of living crisis began
 - Graph 13: GDP*, 2021-23
- Inflation is still affecting consumers' finances
 - Graph 14: CPI inflation rate, 2021-23
- Consumer sentiment: the recovery is continuing...

Consumer Attitudes towards Advertising in Financial Services – UK – 2024

- Graph 15: the financial wellbeing index, 2016-23
- ...but most people are still feeling the effects of higher prices
 - Graph 16: "Have you been affected by any of these issues over the last two months? Please select all that apply.", 2023

Media trends

- Streaming video services continue to grow
 - Graph 17: current use of music and video subscriptions, 2018-23
- Video platforms introduce subscription plans with ads
- Radio remains popular, but free video streaming services are gaining ground
 - Graph 18: free media activities done in the last three months, 2018-23
- Facebook remains the most used social media platform
 - Graph 19: use of top social media platforms, 2019-23

Regulatory and legislative changes

- FCA's Consumer Duty comes into effect
- The FCA launches the InvestSmart campaign...
- ...and focuses its attention on financial promotions
- The FCA launches consultation on its guidance on financial promotions on social media
- The Online Safety Bill becomes law

WHAT CONSUMERS WANT AND WHY

Exposure to financial services advertising

- Mass-market financial products adverts are the most likely to be remembered
 - Graph 20: financial products or services seen advertised in the last 12 months, 2023
- Older adults are more likely to recall seeing insurance products...
- ...while younger ones are more likely to notice BNPL and cryptocurrency ads...
 - Graph 21: BNPL and cryptocurrency products seen advertised in the last 12 months, by age, 2023
- ...suggesting that advertisers are generally successful in finding their target audiences
 - Graph 22: mortgages and pensions products seen advertised in the last 12 months, by age, 2023
- Advertising for financial products and services is ingrained in consumers' lives
 - Graph 23: repertoire analysis of financial products or services seen advertised in the last 12 months, 2023

Advertising channel exposure

- TV is the dominant place where people recall seeing adverts for financial products or services
 - Graph 24: advertising channel exposure, 2023
- Social media adverts are skewed towards young people
 - Graph 25: advertising channel exposure – TV and social media, by age, 2023
- Most people are exposed to financial adverts through a wide range of channels

Consumer Attitudes towards Advertising in Financial Services – UK – 2024

- Graph 26: repertoire analysis of channels where financial products or services were seen advertised in the last 12 months, 2023

Actions taken after seeing an advert

- 40% took action after seeing an advert for a financial product or service
 - Graph 27: actions taken after seeing an advert for a financial product or service in the last 12 months, 2023
- Younger people are more likely to take action after seeing adverts
 - Graph 28: actions taken after seeing an advert for a financial product or service in the last 12 months, by age, 2023
- ClearScore aims to bring clarity to its users during the cost of living crisis
- Almost a quarter of those who have seen financial adverts at the cinema took out the product or service
 - Graph 29: actions taken after seeing an advert for a financial product or service in the last 12 months, by selected channels, 2023

Expectations for advertisements

- Advertisements for financial products have to perform multiple functions
 - Graph 30: expectations for advertisements for financial products or services, 2023
- Older age groups expect adverts for financial products and services to be informative
 - Graph 31: expectation for advertisements to provide information about products and services, by age, 2023
- Younger people are more inclined to expect brands to address social and environmental issues in advertising campaigns
 - Graph 32: selected expectations for advertisements for financial products or services, 2023
- Focus on education to build trust with younger consumers

Attitudes towards advertising in financial services

- Consumers are sceptical about advertisements that emphasise environmental initiatives
 - Graph 33: attitudes towards advertising in financial services, 2023
- FS adverts are failing to resonate with older consumers
- Trust in advertising accuracy divides consumers
- Around a third of consumers with struggling finances trust adverts to accurately represent products and services
- Younger people have felt more reassured by banks' advertising during the cost of living crisis...
 - Graph 34: agreement with the statement "I have felt reassured by banks' advertising during the cost of living crisis", by age groups, 2023
- ...and more open to targeted advertising
 - Graph 35: agreement with the statement "I am happy to receive personalised adverts based on my online activities", by age groups, 2023

Perceptions of advertising channels

- TV and newspapers are seen as trustworthy but boring
- TV is perceived as more trustworthy than digital channels
 - Graph 36: advertising channels described as 'trustworthy', 2023
- Digital advertising is seen as less intrusive by younger age groups

- Graph 37: social media and online advertising described as 'intrusive', by age groups, 2023

- Social media is yet to convince older age groups

ADVERTISING AND MARKETING TRENDS

Financial services providers focus on brand

- Financial services providers are adapting brands in a competitive landscape
- Nationwide reveals its new look and commits to offer 'a good way to bank'
- Lloyds Bank leverages the iconic black horse in its brand campaign
- Chase Bank focuses on building brand awareness with TV...
- ...and social media ads
- Direct Line relaunches its sound identity
- GoCompare rebrands to Go.Compare
- The AA launches a new campaign aiming to create confidence for drivers

Products and services

- Lloyds Banking Group focuses on Ready-Made Investments across social media...
- ...and TV
- Santander promotes its cashback scheme in an instalment of the 'Bank of Antandec' campaign
- HSBC plays on the 'f word' to highlight its expertise in international banking
- AXA launches 'Future You will thank you' campaign

The cost of living crisis

- Advertising has shone a light on providers' support for customers during the cost of living crisis
- Nationwide's Conversations series focuses on the impact of the cost of living crisis
- MoneySuperMarket aims to 'save Britain serious money' in its latest ad
- Barclays aims to empower its consumers to make money work for them
- Aviva seeks to help consumers solve financial puzzles

Financial education and wellbeing

- The cost of living crisis highlights the importance of financial education
- Financial services providers offer a wide range of resources to support financial wellbeing and education
- Santander promotes The Numbers Game
- Lloyds aims to help build children's confidence with Smart Start account
- Starling Bank strives to 'Make Pocket Money Equal'

Socially and environmentally responsible initiatives

- HSBC raises awareness of financial abuse with a national advertising campaign
- Starling Bank aims to change the way women are pictured with money
- Sustainability campaigns are less common...

- ...while the banking sector continues to be challenged for its potential contribution to the climate crisis

Influencers

- The FCA and ASA partnered with Love Island star Sharon Gaffka to help educate fin-fluencers
- Kia Commodore hosts 'A Little Bit Richer' podcast by Legal & General
- PensionBee launches Pension Academy video series hosted by influencer Patricia Bright
- Revolut partnered with YouTubers the Sidemen to launch limited edition cards

APPENDIX

Supplementary data

- Above-the-line, online display and direct mail advertising expenditure on general insurance
- Above-the-line, online display and direct mail advertising expenditure on brand building/services
- Above-the-line, online display and direct mail advertising expenditure on personal banking

Report scope and definitions

- Products covered in this report
- Abbreviations and terms

Methodology

- Consumer research methodology
- Correspondence analysis
- Nielsen Ad Intel Coverage

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