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WHAT'S ADVERTISING CONTENT WORTH? EVIDENCE FROM A CONSUMER CREDIT MARKETING FIELD EXPERIMENT*

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Firms spend billions of dollars developing advertising content, yet there is little field evidence on how much or how it affects demand. We analyze a direct mail field experiment in South Africa implemented by a consumer lender that randomized advertising content, loan price, and loan offer deadlines simultaneously. We find that advertising content significantly affects demand. Although it was difficult to predict *ex ante* which specific advertising features would matter most in this context, the features that do matter have large effects. Showing fewer example loans, not suggesting a particular use for the loan, or including a photo of an attractive woman increases loan demand by about as much as a 25% reduction in the interest rate. The evidence also suggests that advertising content persuades by appealing "peripherally" to intuition rather than reason. Although the advertising content effects point to an important role for persuasion and related psychology, our deadline results do not support the psychological prediction that shorter deadlines may help overcome time-management problems; instead, demand strongly increases with longer deadlines.

I. INTRODUCTION

Firms spend billions of dollars each year on advertising consumer products to influence demand. Economic theories emphasize the informational content of advertising: Stigler (1987, p. 243), for example, writes that "advertising may be defined as the provision of information about the availability and quality of a commodity." But advertisers also spend resources trying to

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