A Sociocultural Investigation of Consumer Credit and Consumer Debt

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Consumers and Credit Cards: Building “The Good Life” with Plastic Tools  David Crockett Randall L. Rose University of South Carolina
Brief Abstract: To date prior research on consumer credit has largely been limited to issues of pathology (e.g., impulse buying) and other public policy issues (e.g., high debt lifestyles, bankruptcy). More recently, consumer researchers have begun to place credit card use into a broader framework that can account for consumer credit use as a means for participation in consumer culture, and all its potential outcomes (e.g., Bernthal, Crockett, and Rose 2005). This research seeks to build on that framework by exploring the role of credit cards in lifestyle building. Specifically, it seeks to uncover the practices associated with the construction of lifestyle among people in the earliest stages of the family life cycle (i.e., Bachelor/Bachelorette, Newly Married Couples, and Full Nest I). Further, we delimit our focus to those living outside the proverbial debtors’ prison, though many consumers at these early stages of the family life cycle are likely to experience high debt levels. Our purpose in delimiting the investigation this way is to narrow the focus to relatively sustainable lifestyle building projects. It’s Not just the Money You Owe: Consumer Debt and Social Relationships  Jeff Wang Melanie Wallendorf University of Arizona
Different from traditional research on consumer debt, this paper illuminates that consumer debt is socially embedded and relationship based. We contend that debt needs to be understood beyond pure economic rationale. Drawing on young debtors in college, we use depth interviews to explore the dynamic interactions between consumer debt and debtors’ social relations. Our findings show that these young adults leverage degree of independence and obligations as they accumulate debts while negotiate meanings of responsibility as they repay their debts. A Poststructuralist View of Credit Card Advertising and Consumer Credit Card Debt Management  Nina Diamond Suzanne Fogel DePaul University
This paper views consumer credit as an ideological system that manifests itself in the commodity texts of credit card advertising, and in the narratives and practices of credit card debt revolvers. Discourse analysis is employed to investigate the promotion of credit in popular culture, and the construal of credit and credit cards by American consumers. Semiotic codes driving CitiGroup’s “Live Richly” and Mastercard’s “Priceless” campaigns are used to explore the meanings implicit in these ads, and these implied meanings are then mapped onto consumer narratives obtained from interviews with revolvers.

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**SPECIAL SESSION ABSTRACTS**

**“Consumers and Credit Cards: Building ‘The Good Life’ with Plastic Tools”**  
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In the consumption-centered quest to attain the good life it would be difficult to overstate the role played by credit cards. Yet historically, research involving credit cards has focused primarily on pathology and policy issues related to consumer pathologies such as compulsive consumption (Faber and O’Guinn 1988; O’Guinn and Faber 1989), impulsive consumption (Rook 1987), addiction (Hirschman 1992), and consumer self control (Hoch and Loewenstein 1991). This research has largely treated consumer credit either as a domain in which some other presumably more fundamental issue has been explored or an arena for policy intervention rather than theoretical development. More recently however, there is growing interest among consumer researchers in exploring the role that credit cards play in facilitating the construction of consumer lifestyles. Credit cards facilitate the acquisition of consumption lifestyle markers much more easily than any other form of money. They make immediately obtainable consumption markers whose acquisition would have been less available to the majority of the working and middle classes of previous generations. In this sense credit cards facilitate a level of participation in contemporary consumer culture that is qualitatively different from what would be possible in their absence. Consequently, the entire range of practices consumers employ to manage their lifestyles with credit cards should be of particular interest to consumer researchers (Bernthal, Crockett, and Rose 2005). Bernthal et al. (2005) opine that the theoretical import of credit cards lies in their lifestyle-facilitating capacity, not simply in their ability to boost short-term purchasing power or to stimulate pathological consumption. They present a framework of credit card practice showing how consumers use them to both build lifestyles and to signal their efforts in this regard to aspirational referents.

The framework consists of two broad, categorical lifestyle spaces, achieving lifestyles and coping lifestyles, whose boundaries are defined in part by credit card practices that facilitate or impede movement between them (de Certeau 1984). They characterize achieving lifestyles by an ability to attain various consumption-defined lifestyle objectives. However, coping lifestyles, illustrated by use of the debtors’ prison metaphor, are characterized by restricted ability to attain them. The fluid and sometimes overlapping boundaries between achieving lifestyles and the debtors’ prison are paradoxical in the sense that consumers experience them distinctively yet simultaneously through credit card practices. The framework advanced by Bernthal et al. (2005), though insightful, focuses solely on card practices that display or enhance cultural capital. This focus likely underestates the centrality of consumer credit in constructing lifestyle because it ignores the critical interplay between various forms of capital, traded off against each other in some instances but mutually reinforcing in others. Often credit card practice can determine the situated nature of this relationship by playing the lead role in translating social and cultural capital from one context into universally recognizable economic capital and ultimately into the markers that delineate lifestyle. Consequently this research further explores the relationship between credit card practice and consumer lifestyles from a social reproduction theory perspective, broadening the focus to account for the role of consumer credit in cultural, economic, and social capital formation.

To that end, in this project we investigate the role of credit cards in consumer lifestyle projects, focusing on lifestyle projects of those at the earliest stages of the traditional family life cycle (i.e., Bachelor/Bachelorette, Newly Married Couple, and Full Nest I). That is, we conduct in-depth interviews with consumers regarding credit cards and their role in facilitating the acquisition of lifestyle markers, particularly as they mark transition into and out of family life cycle stages often delineated by consumption acts (e.g., wedding, first home, first pregnancy, etc.). We include only those individuals living outside the proverbial debtors’ prison despite the fact that most consumers will experience their highest debt levels in the precise family life cycle stages highlighted in this research. Nonetheless, to generate the clearest understanding of the role of consumer credit in lifestyle construction we delimit our exploration to include only relatively stable lifestyle projects.

**“It’s Not Who You Owe That Counts: Social Relationships and Consumer Debt”**  
Jeff Wang, City University of Hong Kong  
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The current study aims to integrate consumers’ various life domains to better understand debt’s manifest and latent functions in their life projects. As some research has suggested (e.g., Manning 2000; Ritzer 1995; Sullivan, Warren, and Westbrook 1989), consumer financial behavior is socially embedded and involves many aspects of social life. Debtors interpret and negotiate meanings of debt in line with their socially constructed environment and relationships in their networks. An uncharted area of consumer debt literature is how people employ debts in their life projects. Some aspects of life domains, such as consumption, personal relationships, and career development may be closely related to one’s debt situations.

Revolving debt is both a consequence of the past and an antecedent to the future. Therefore, debt needs to be studied dynamically, including an examination of how previous and future consumption behaviors are related to debt. Similar to consumer brand relationships (cf. Fournier 1998), debt represents the dynamic life projects of consumers and their meanings may evolve over time. Peoples’ life goals grow at different stages and debt may represent peoples’ foci at certain points in time. This study aims to integrate various aspects of one’s social life to better understand the meanings of consumer debt.

We also intend to understand how personal relationships and social networks play their roles for debtors. Consumer debt is simply an individual’s independent decision or behavior but it does involve his/her ties with many other actors in the network. A study on consumer saving found that non-savers hide their financial situations from their relatives and friends (Lunt and Livingstone 1991), which indicates that social support varies upon people’s financial situations. Debt is not only related to people’s personalities and values, but is often influenced by significant others. For example, people may accumulate more debt in order to reduce obligations with someone who provides financial support. On the other hand, debt may change one’s perception of his/her position(s) in the network and propel him/her to function differently in the network. The strength of ties and breadth of the network may thus...
transform over time along with one’s debt circumstances. We assume that one’s strong ties are especially relevant to his/her debt situations.

How consumers use debts to accomplish their life projects and tasks in daily life has been unanswerable. Before and after debts incur to consumers, we need to understand how consumers choose, interpret, and negotiate various types of debts. Debts may facilitate and hamper interpersonal relationships, expand or shrink personal networks, change family and friendship relations, and generate both obligations and freedom. It thus requires an in-depth analysis of debtors in order to delve into their personal stories that influence and are influenced by their attitudes toward coping with debt.

Our approach to studying consumer debt is to explore this phenomenon by painting a holistic picture of debtors’ life domains. We make connections between consumer debts and the different phenomenon by painting a holistic picture of debtors and are influenced by their attitudes toward coping with debt. It thus requires an in-depth analysis of debtors in order to delve into their personal stories that influence and are influenced by their attitudes toward coping with debt.

Our investigation falls under the research program within Consumer Culture Theory (Arnould and Thompson 2005) called “Mass-Mediated Marketplace Ideologies and Consumers’ Interpretive Strategies”. Within this realm of inquiry, consumers are viewed as meaning-creators whose interpretations of cultural signs and symbols reflect positions on a continuum between tacit acceptance of identity and lifestyle ideals promulgated by the dominant culture via advertising and the mass media, and conscious opposition to these ideological mandates.

We adopt a poststructuralist perspective, assuming that credit-related meanings are relationally constructed by a community of interpreters and are significantly constituted by practice–actions taken within a particular social context (Holt 1997). The poststructuralist frame within which we view credit-related phenomena valorizes both the symbolic and the material, and locates ‘actors’ within a setting of power, conflict, and resistance (Elliott and Ritson 1998).

We employ discourse analysis to investigate the promotion of credit in popular culture, and the degree to which—and ways in which—constructs prevalent in credit card advertising are reflected in the household financial management narratives of consumers who revolve credit card debt. We examine the semiotic codes driving CitiGroup’s “Live Richly” and Mastercard’s “Priceless” campaigns (both of whose tag lines have entered the popular vernacular)—along with management commentary on these two campaigns from the business press to explore the meanings implicit in these ads. The implied meanings are then mapped onto consumer narratives obtained from interviews with revolvers.

Fourteen semi-structured face-to-face interviews of 90-120 minutes each and fourteen 30-minute telephone interviews were conducted with Chicago area revolvers, many of whom described their financial situations in positive terms. All informants were “Household Financial Officers” responsible for day-to-day financial decision making and bill-paying; most were women. Interview topics included thoughts and feelings regarding financial history and current financial situation, budgeting, spending and saving, credit card debt management practices, associations to the terms “credit” and “credit card”, and credit card advertising recall.

We find that these campaigns both mirror and structure consumers’ understanding of credit and revolving debt—and their day-to-day enactment of that understanding. Paradoxically, the fact that these ads incorporate implicit criticism of advertising and—with a knowing wink demean the behavior they are intended to propagate—actually enhances their consumer appeal. Allusions to sentiments pervasive within the Zeitgeist (e.g., “You have to live a little”, “Time with your family is precious”, “There are things money can’t buy”) add to the credibility and impact of the ads.

From their narratives we infer that a few consumers resist the appropriation of these sentiments by credit card marketers, sensing that the representations of credit being promulgated by these companies are false or duplicitous. Such consumers react by refusing to attend to credit card advertising, and may go so far as to cease to use—or even destroy—their cards. However, we find that the majority are re-appropriating meanings from the campaigns, and using them to make sense of their own revolving debt management practices. For example, time spent with young daughters on a new boat-purchased with a credit card is described by the purchaser of the boat as “priceless”.

We consider the implications of these findings for both consumer behavior theory and public policy. We see this work as particularly relevant and timely, in light of the planned overhaul of the country’s bankruptcy laws and rhetoric relating to the passage of this legislation by the U.S. Senate and the House of Representatives.

REFERENCES


