Effectiveness of environmental claims for bank advertising

Kara Chan
_Hong Kong Baptist University_, karachan@hkbu.edu.hk

Fei Fan

Follow this and additional works at: [https://repository.hkbu.edu.hk/hkbu_staff_publication](https://repository.hkbu.edu.hk/hkbu_staff_publication)

This document is the authors' final version of the published article.

**APA Citation**
Chan, K., & Fan, F. (2013). Effectiveness of environmental claims for bank advertising. _The 12th International Conference on Research in Advertising (ICORIA),_ 25-25. Retrieved from [https://repository.hkbu.edu.hk/hkbu_staff_publication/3913](https://repository.hkbu.edu.hk/hkbu_staff_publication/3913)

This Conference Paper is brought to you for free and open access by HKBU Institutional Repository. It has been accepted for inclusion in HKBU Staff Publication by an authorized administrator of HKBU Institutional Repository. For more information, please contact repository@hkbu.edu.hk.
Effectiveness of environmental claims for bank advertising

Kara Chan & Fei Fan

ICORIA conference
Zagreb, Croatia
June 27 – 29, 2013
Background of study

- Consumers are more aware of the impact of their consumption on the environment
- Companies are using environmental advertising to build reputation, address issue of corporate social responsibility, and to increase purchase intentions
Research questions

- When an advertiser considers using corporate green advertising, which environmental issue should be featured?
- Is featuring a global issue more effective than featuring a local issue?
Research questions

- Will a well-known company benefit more from environmental advertising or a less-known company benefits more from environmental advertising?
- What is the difference in consumers’ response to environmental advertisements using substantive or associative claims?
Factors affecting effectiveness of environmental ads

- Type of environmental claims: substantive or associative claims
- Image of the source country
- Corporate image of the advertiser (green or not green)
- Audience’ environmental concern
Method

- Experimental design
- $2 \times 2 \times 2$ factorial design
  (bank’s brand, environmental issue, and environment claim)
- University student sample
- Data collected at classroom setting with voluntary participation
- March 2012
Why choose banks?

- Bank and insurance service in the top ad spending category in HK, for both 2010 and 2011
- Bank is a mass oriented service
Selecting 2 banks

- HSBC: top-spending advertiser in the banking sector, with a spend of 38 million Hong Kong dollars on corporate advertising
- Bank of Communications: spent 22 million Hong Kong dollars in 2011 on corporate advertising (admanGo, 2011)
Environmental issue

- Global warming
- Air pollution in Hong Kong
Substantive claim

- Global warming: how the bank replaced 100 items of its central air conditioning system and reduced electricity consumption by 8 percent.
- Air pollution in HK: how the bank fights air pollution in Hong Kong by planting 2000 trees. The initiative was able to help absorb over 120 tons of carbon dioxide and offer oxygen for 4000 persons per year.
Associative claim

- Global warming: the bank cultivated the most eco-friendly solution for its energy projects
- Air pollution in HK: the bank encouraged personal change in lifestyle and participation in planting trees in Hong Kong
Bank of Communication strives for a better future

Bank of Communication has an unwavering commitment to sustainable development, which strives to unify economic, environmental and social concerns on a global basis. There are many ways a bank can participate in fighting global warming and supporting low carbon life. Bank of Communication’s team of experts cultivates the most eco-friendly solution for each project of energy purchase and usage to prevent global warming. We do this, because as a responsible corporate citizen, delivering a better future with a conscience matters more.
HSBC strives for a better future

HSBC has an unwavering commitment to sustainable development, which strives to unify economic, environmental and social concerns on a local basis. There are many ways a bank can participate in fighting air pollution in Hong Kong. Last year, we planted 2,000 trees at two country parks at Sai Kung and Tai Po. This initiative can help absorb over 120 tons of carbon dioxide, and offer oxygen sufficient for 4,000 people each year. We do this, because as a responsible corporate citizen, delivering a better future with a conscience matters more.
Pilot study

- Test on four undergraduate students on clarity of words
Questionnaires

- 8 sets of questionnaires
- Each questionnaire contained one of the eight possible combinations of $2 \times 2 \times 2$ design
Measurements: Environmental concern

- 5-point Likert scale (2 items)
- “I’m really concerned about global warming/air pollution in Hong Kong”
- Cronbach alpha=0.71
Aad

- 7-point semantic scale (7 items)
- Trustworthy/not trustworthy; convincing/non-convincing; positive/negative; creative/dull; favorable/unfavorable; meaningful/meaningless; highly relevant for me/not relevant for me
- Alpha=0.92
Brand image

- 7-point semantic scale (5 items)
- familiar/unfamiliar, green/non-green, reliable/not reliable, high end/low end, and modern/traditional
- Alpha=0.84
Ad effect

- 5-point Likert scale (2 items)
- (1) “After reading the advertisement, I have a more positive attitude toward the bank.”
- (2) “After reading the advertisement, I’m likely to open an account with the bank.”
- Cronbach alpha=0.70
Findings: sample profile

- Final sample size: 195
- 76%: female; 24%: male
- 50% undergrad; 50% postgrad;
- 68% from HK; 32% from mainland China
MANOVA results  

**DV**: Aad; BI; AE, **IV**: bank; issue; claim

(a) Multivariate analysis (MANOVA)

<table>
<thead>
<tr>
<th>Variable</th>
<th>Statistics assessing multivariate difference</th>
<th>$F$-value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bank</td>
<td>Pillai’s Trace</td>
<td>19.77***</td>
</tr>
<tr>
<td></td>
<td>Wilks’ Lambda</td>
<td>19.77***</td>
</tr>
<tr>
<td></td>
<td>Hotelling’s Trace</td>
<td>19.77***</td>
</tr>
<tr>
<td></td>
<td>Roy’s Largest Root</td>
<td>19.77***</td>
</tr>
<tr>
<td>Environmental issue</td>
<td>Pillai’s Trace</td>
<td>3.02*</td>
</tr>
<tr>
<td></td>
<td>Wilks’ Lambda</td>
<td>3.02*</td>
</tr>
<tr>
<td></td>
<td>Hotelling’s Trace</td>
<td>3.02*</td>
</tr>
<tr>
<td></td>
<td>Roy’s Largest Root</td>
<td>3.02*</td>
</tr>
<tr>
<td>Environmental claim</td>
<td>Pillai’s Trace</td>
<td>2.37</td>
</tr>
<tr>
<td></td>
<td>Wilks’ Lambda</td>
<td>2.37</td>
</tr>
<tr>
<td></td>
<td>Hotelling’s Trace</td>
<td>2.37</td>
</tr>
<tr>
<td></td>
<td>Roy’s Largest Root</td>
<td>2.37</td>
</tr>
</tbody>
</table>
ANOVA results 1

\[ F (1, 187) = 47.73, \ p < 0.001, \ \eta^2_p = 0.20 \]
ANOVA results 2

\[ F(1, 187) = 8.44, \ p = 0.004, \ \eta^2p = 0.04 \]
ANOVA results 3

Ad effect

\[ F (1, 187) = 4.06, \ p < 0.05, \ \eta^2_p = 0.02 \]
<table>
<thead>
<tr>
<th>Predictor</th>
<th>AAd Step 1</th>
<th>AAd Step 2</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$\beta$</td>
<td>$t$</td>
</tr>
<tr>
<td>Con</td>
<td>0.24</td>
<td>3.45**</td>
</tr>
<tr>
<td>Bank</td>
<td>0.03</td>
<td>0.43</td>
</tr>
<tr>
<td>EI</td>
<td>0.19</td>
<td>2.71**</td>
</tr>
<tr>
<td>EC</td>
<td>0.08</td>
<td>1.11</td>
</tr>
<tr>
<td>Con X Bank</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Con X EI</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Con X EC</td>
<td></td>
<td></td>
</tr>
<tr>
<td>$R^2$</td>
<td>0.11</td>
<td></td>
</tr>
<tr>
<td>$\Delta R^2$</td>
<td>0.11</td>
<td></td>
</tr>
</tbody>
</table>

Environmental concern of participants (Con); Environmental issue (EI): air pollution in Hong Kong = 0, global warming = 1; attitudes towards the advertisement (Aad)
Marketing implications

- Bank advertisers should select environmental issues that are perceived as having high impact on the environment among their prime target customers.
- Should employ substantive claims that can illustrate their environmental contribution in specific and concrete ways.
Marketing implications

- Advertising effect is not affected by brand names.
- Less well-known bank advertisers can also benefit from environmental advertising.
- Small and medium-sized banks should consider employing environmental advertising in establishing a favorable image among their current and potential consumers.
limitations

- laboratory setting, may not represent how consumers respond to environmental advertising when these ads are placed in the commercial media
- convenient sample: limitation of generalizing
Q&A