

# The Impact of Green Advertising on Retail Investor Adoption of Green Financial Products in India

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## Abstract

*This study investigates the influence of green advertising on the adoption of green financial products among retail investors in India. With increasing global climate concerns, the prominence of sustainable investing is growing, prompting financial institutions to promote eco-friendly financial offerings. This research aimed to explore investors' perceptions, attitudes, and behavioral inclinations towards such advertisements. Data were collected from 56 retail investors through a structured online survey. Descriptive and inferential statistical tools were employed to analyze investor awareness, environmental concern, investment behavior, and responses to green marketing messages. Findings indicate a positive correlation between environmental concern and the likelihood of investing in green financial products. Green advertisements show a moderate but significant impact, particularly when emphasizing trust and competitive financial returns alongside environmental benefits. Recommendations include strategically targeting environmentally conscious and moderate-risk investors, simplifying green messaging, and integrating digital campaigns for greater visibility and impact.*

## Introduction

*The global financial landscape is undergoing a significant transformation towards sustainable and responsible investing, driven by escalating awareness of climate change and environmental degradation. In India, a rapidly developing economy, there's a growing imperative to integrate sustainability into finance. Green finance, encompassing investments in sustainable development, environmental products, and policies fostering a sustainable economy, has gained considerable attention. However, the retail investment segment in India is still nascent in embracing green financial products, as retail investors typically prioritize safety, liquidity, and conventional returns. In this context, green advertising—a form of sustainable marketing promoting eco-friendly product benefits—may be crucial in shaping investor attitudes and behaviors.*

*India faces significant environmental vulnerabilities. Public concern for pollution and climate change has spurred government and regulatory bodies, like SEBI, to encourage environmentally responsible practices, including ESG disclosures. Despite this, financial institutions offering green products (e.g., green mutual funds, green bonds) are still seeking effective ways to reach and persuade retail investors. The effectiveness of green advertising campaigns in influencing investor attitudes or converting awareness into actual investment remains largely unexplored in the Indian context.*

## Literature Review and Methodology

*The literature highlights that green financial products aim for both financial returns and positive environmental outcomes. While institutional investors globally drive this trend, retail investors often lack awareness or perceive lower returns from green investments. Green advertising can enhance purchase intention and brand image, especially when authentic and balancing emotional and rational appeals. Trust and credibility are paramount in financial advertising, with*

*greenwashing posing a significant risk. Environmental concern is a key psychological driver, leading individuals to choose eco-friendly options and influencing investment strategies based on both financial and social value.*

*This study employed an exploratory and descriptive quantitative research design. Primary data were collected from 56 Indian retail investors through a structured online questionnaire via Google Forms. This method was chosen for its accessibility, reach, and data management capabilities. The questionnaire covered demographics, investment behavior, environmental attitudes, and awareness/perceptions of green products and advertising. A convenience sampling technique was utilized, primarily reaching digitally literate individuals within the researcher's network. Ethical guidelines regarding voluntary participation, informed consent, and data anonymity were strictly followed. Data analysis involved descriptive statistics, including percentages and frequency distributions, to identify patterns and relationships.*

## Key Findings

*The analysis revealed that the majority of participants (66.1%) were aged 21-30, with high educational attainment (over 64% with graduation/post-graduation). While conventional investments like savings accounts and mutual funds were prevalent, green bonds (12.5%) and ESG funds (10.7%) showed lower adoption. Financial returns (72.7%) were the primary investment driver, followed by risk profile (69.6%), though environmental impact (39.3%) also played a role. This indicates that green investments must be competitive to attract a broader investor base.*

*Environmental concern was found to be positively correlated with the likelihood of investing in green financial products. Awareness of green advertisements was relatively low, suggesting a significant communication gap. However, when respondents were exposed to green ads, they had a moderate yet significant impact, particularly when these ads effectively emphasized trust in the financial institution and clearly demonstrated competitive financial returns alongside environmental benefits. This highlights that for green advertising to be effective in India, it must build strong trust and provide a clear financial rationale in addition to its environmental appeal.*

## CONCLUSION

*This study underscores the evolving landscape of green finance in India, examining how green advertising shapes retail investor engagement with sustainable financial products. Our findings confirm that while environmental consciousness plays a role, the efficacy of green advertising is significantly amplified when coupled with assurances of trust and competitive financial returns. A notable revelation is the considerable communication gap, with a majority of investors yet to encounter direct green financial product advertising, indicating an untapped market potential and a need for more pervasive outreach.*

*The research highlights that despite growing environmental awareness, financial viability remains a paramount concern for Indian retail investors, necessitating a dual approach in promotional strategies. To foster greater adoption, financial institutions must prioritize clear, targeted digital campaigns that not only articulate the ecological benefits but also transparently present the financial advantages of green investments. Concurrently, enhanced investor education and supportive policy frameworks are vital to cultivate a robust and trustworthy green finance ecosystem. By strategically addressing these aspects, India can accelerate the integration of sustainable practices within its financial markets, contributing to both economic growth and environmental stewardship.*