Editorial

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The year 2015 is an exciting year for the *Journal of Financial Services Marketing*: it is 20 years since the Journal was established. Much has happened in the last 20 years in the financial services landscape, including regulatory developments, technological advancements and, of course, a major financial crisis. Throughout this volume we will be reflecting on the past and looking to what the future holds for financial services firms and consumers. In this first issue of our special 20th Anniversary volume, I am delighted to introduce seven papers covering a broad spectrum of themes from firm and consumer perspectives and from varied country contexts.

The first two papers in this issue focus on advertising effectiveness in the context of mutual fund investment. In the first paper, ‘The role of investors’ objective financial knowledge on the assessment of risk disclosures in mutual fund advertisements’, Andreas Hüsler examines the effectiveness of disclosures in mutual fund advertisements and the influence of investor knowledge. Mutual fund companies generally advertise their funds based on superior past performance. This approach has been criticized for potentially misleading investors and creating unrealistic expectations about future returns, and has led to regulatory bodies in the United States and the United Kingdom requiring disclosures in promotional material, particularly regarding the presentation of past performance data.

Advertising disclosures can take many forms, but essentially are designed to produce more informed consumers by making them aware of the risks or limitations of the information provided. However, the author argues that it is not entirely clear whether these information interventions have achieved the desired impact. The study therefore examines the role of investors’ objective

financial knowledge in processing risk disclosures in mutual fund advertisements.

Using an experimental design method, 477 investors were exposed to a mutual fund advertisement containing either a disclaimer mandated by regulatory bodies or a strongly worded warning label. The study finds that overall mandated disclaimers were ineffective in reducing investors’ return expectations and attitudes towards the advertised fund, regardless of the investors’ level of financial knowledge. In contrast, strongly worded warning labels effectively impacted the return expectations and attitudes of low-knowledge investors, but not high-knowledge investors. Essentially, high-knowledge investors were not impacted by the warning labels. This may suggest that high-knowledge investors possess strongly held beliefs that persevere even when exposed to a strongly worded warning, or that they are overconfident in their judgment. The article outlines a number of practical implications for marketers.

On a related theme, the second paper, ‘Does advertising strategy matter in influencing mutual fund purchase?’, by Dipanjan Dey, Yogesh Kumar and Rajdeep Chakraborti explores the impact of the purpose and content of advertising on investors’ intentions to purchase mutual funds. This study complements the previous paper in that it distinguishes advertising content as informational or transformational. Informational advertising strategies are based on providing factual data related to the characteristics of the offering and are designed to appeal to an individual’s need for information to support rational decision making. Transformational advertisements position a brand by the psychological characteristics of a consumer, and are designed to appeal to an individual’s affective and

emotional responses to decision making. The study also investigates the possible moderating role of gender and financial literacy on advertising strategy.

The study used an experimental approach and a purposive sample of 160 mutual fund investors based in India sourced from a brokerage firm. The sample was split so that one group was exposed to the informational advertisement and the other group to the transformational advertisement. The findings suggest that advertising strategy does influence investment intention of mutual fund investors. On the whole, the informational advertisements were found to be more useful and increased awareness levels among investors. Moreover, investors with higher financial literacy seemed to prefer informational advertisements over transformational advertisements. Additionally, the study found that females are less likely to purchase mutual funds when exposed to transformational advertisements.

The findings suggest that the managers who design advertising strategies should focus more on an informational strategy and should not rely purely on emotional aspects for selling mutual funds via their advertisements. Moreover, advertising should not seek to treat females differently from males, assuming that they are more likely to be influenced by emotional messages. The article makes a number of suggestions for future research avenues.

In the next two papers, the themes of social responsibility and ethical investing are evident. In the third paper, 'Do ethical investors want purity or effectiveness? An exploratory study on the ethical preferences of mutual fund investors', Jonas Nilsson and Joakim Sandberg examine the underlying beliefs and attitudes of investors investing in ethical investment funds. The authors note that in an effort to understand ethical investing behaviour, there have been increasing attempts made to profile the people investing in these mutual funds. A number of studies have focused on the demographic, socio-economic and/or psychographic characteristics of ethical investors. Another

stream of studies has concerned the interplay between ethical investors' ethical and financial motivations. Notwithstanding, the authors observe we still know very little about ethical investors' ethical beliefs or attitudes. Understanding the underlying beliefs and attitudes may help in profiling and targeting ethical investment strategies more effectively.

Set against this context, the authors conducted an exploratory study aimed at better understanding the ethical preferences of individuals investing in so-called ethical or socially responsible investment (SRI) profiled mutual funds. A range of questions and dilemmas were formulated to determine investors' agreement with one of two philosophical perspectives: the moral purity perspective and the moral effectiveness perspective. The study is based on 369 completed questionnaires from individuals with investments in the ethical funds offered by a major Swedish bank.

The research finds support for both perspectives from investors, but notes that investors have difficulties in choosing between them in ethical dilemmas. This confusion among investors represents a major challenge for financial institutions in setting up and managing an ethical or socially responsible investment service. More work is needed to understand how investors respond to ethical investment strategies.

In the fourth paper, 'Customer values and CSR image in the banking industry', Andrea Pérez and Ignacio Rodríguez del Bosque examine consumers' perceptions of CSR image in the banking industry. Corporate Social Responsibility (CSR) – in particular projecting a positive CSR image – has become increasingly important since the financial crisis as the industry attempts to re-build trust and confidence and demonstrate responsibility. A key question, though, is to what extent CSR strategies are leading to customers perceptions of a CSR image of the institutions they deal with. The purpose of this study was to understand the process that leads customers to construct a certain CSR image of banking institutions.

Based on a sample of 1124 customers from the Spanish banking industry, and employing a modelling approach using Structural Equation Modelling, the study explores the moderating role of two psychological characteristics – collectivism/individualism and novelty seeking/conservatism – on the formation process of CSR image.

The study finds that collectivists and novelty-seeking customers process information differently to individualists and conservative customers. They anticipate CSR image to be based on three variables: the congruence between CSR initiatives and corporate personality, the motivations for the company to implement CSR activities and corporate credibility in developing CSR initiatives. By comparison, conservative customers only evaluate company – CSR congruence and motivational attribution when constructing CSR image; the credibility of the bank in developing CSR initiatives appears to be unimportant to them. The study also reveals that company–CSR congruence and motivational attribution are more relevant for conservative than innovative customers when constructing CSR image. The article sets out a number of implications for managers.

In the fifth paper, ‘Beliefs affecting additional investment intentions of mutual fund clients’, Outi Uusitalo, Antti Pellinen, Kari Törmäkangas and Juha Munnukka examine factors affecting mutual fund investors’ investment intentions. The study takes the theory of planned behaviour as the theoretical framework, including behavioural, normative and control beliefs, and extends it to further understand the role of non-rational factors on investment intentions of mutual fund clients.

The study used empirical survey data collected from 983 clients of a mutual fund company owned by a Finnish banking group. Investors were divided into different groups based on the risk and distribution channel used, and the differences in their investment intentions were examined. The study finds that consumers’ intentions to invest in mutual funds is positively influenced by their attitude and

normative attitude towards the investment behaviour, as well as by their perceived behavioural control, which is consistent with previous research.

Additionally, the research reveals that consumers’ investment decisions are influenced more by behavioural and normative factors than by objective information-based considerations. Thus, investing is not purely a result of rational calculations of risks and returns of the investment products. This is also supported by earlier studies, which suggest that affect, beliefs and perceptions predict consumers’ investment behaviour. Differences were also found between customers using different distribution channels. In particular, clients investing via physical branch offices were seeking to be reassured by the safety of the investment, whereas internet investors were looking to obtain a good return on their investment. The article makes a number of recommendations for marketing.

In the sixth paper, ‘How behavioural science can improve financial advice services’, Ivo Vlaev, Jeroen Nieboer, Steve Martin and Paul Dolan review the evidence from behavioural sciences on the ‘broader picture’ of financial advice and explore the implications for the financial advice profession. The authors note that evidence from the behavioural sciences, notably economics and psychology, has changed the way policy makers and practitioners view expert advice to consumers. In their article the authors provide a review of the theory and use this to propose a theoretical framework based on capability, opportunity and motivation. The framework also serves a practical purpose with respect to the design of behaviour change interventions. The authors suggest various ways in which financial advisers can use the insights from behavioural science to improve the take-up and effectiveness of their advice. The authors suggest that financial advisers with a deep understanding of their influence on clients, as well as the skill to ethically and responsibly impact upon them, will have a competitive advantage in providing financial advice that corresponds to client needs,

improves client satisfaction and, ultimately, generates new business opportunities.

The final article, 'College students and credit card companies: implications of attitudes', by Shweta Singh, David Rylander, Tina Mims examines the impact of college students' attitudes towards credit cards and credit card companies on their use of credit cards. The increasing prevalence of student loans, student borrowing and debt places students in a potentially vulnerable position. In the United States new legislation has been introduced to regulate credit cards for students and offer protection. The authors argue, though, that more understanding is needed regarding the attitudes of students to credit cards and credit card companies. They argue that investigating college students' attitudes to both credit cards and credit card companies can help understand the determinants of responsible (or irresponsible) use of credit cards.

The study is based on a survey of 280 college students drawn from a single, diverse public university in the United States. The study finds evidence for a strong positive link between students' attitudes towards credit card companies and responsible credit behaviour. Two distinct groups of students are identified: one group with

a positive attitude towards credit card companies and positive credit use behaviours; one group with the opposite attitudes and behaviours.

The number of credit cards, mode of acquisition, awareness about credit card policies, reasons for using credit cards, impulsiveness and a number of student characteristics are all indicated as variables that help discriminate between the two different student groups. In essence, students with positive attitudes tend to use credit cards as a convenient method of payment and are more likely to check their credit card statements regularly, find billing errors and be aware of credit card policies. Students with more negative attitudes had a tendency to use credit cards primarily as a means to borrow money and to buy things when cash is low. Findings indicate more responsible use and more favourable attitudes by graduate students compared with undergraduate students, which may be linked to experience. The findings suggest implications for both higher education institutions and credit card firms.

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