

THE HONG KONG POLYTECHNIC UNIVERSITY DEPARTMENT OF MANAGEMENT AND MARKETING

Departmental Research Seminar



Effects of Introducing a Voluntary Carbon Offset Program on the Customer-Firm Relationship By

**Prof. Sachin Gupta
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Date : 14 Dec 2022 (WED)

Time : 9:00 – 10:30 am

Venue : Online via Zoom

Abstract

As climate change has emerged as a global challenge, a growing number of firms have developed environmental initiatives. We focus on a climate change amelioration initiative in the financial services industry – a voluntary carbon emission offset program (COP), where customers pay fees based on their estimated carbon footprint. We study how COP participation affects customers' investment balance, a key measure of the customer-firm relationship. To account for self-selection into COP membership, we use a treatment effects model with an instrumental variable that is both relevant and likely to satisfy the exclusion restriction, namely, customers' climate concern. We find that COP participation has a positive effect on customers' investment balance and the effect increases over time. To probe the underlying customer evaluation process, we analyze the role of customers' attitudes measured via two survey waves, before and after the COP launch. We find that COP participation strengthens customers' perceived empowerment (confidence in their ability to prevent climate change) and that this positive attitudinal change has an increasing effect on customers' investment balance over time. We also find that this "COP-reinforcing" mechanism does not occur through customer-based brand equity. Finally, we use a field experiment to test a communication strategy that reinforces customers' perceived empowerment to induce them to join the COP.

Prof. Sachin Gupta is Henrietta Johnson Louis Professor of Management and Professor of Marketing at the SC Johnson College of Business at Cornell University in Ithaca NY, USA.

Professor Gupta's research focuses on marketing research, healthcare, data privacy, nonprofits, and marketing analytics. His published papers have received multiple recognitions, including the American Marketing Association's Paul E. Green Award twice, in 2020 and 2003, the AMA-EBSCO Annual Award for Responsible Research in Marketing in 2020, and the O'Dell Award in 2008.

Since 2020 Professor Gupta is Editor-in-Chief of the *Journal of Marketing Research*, where he had been co-editor since 2016.

Professor Gupta has been recognized for exceptional teaching at Cornell with the Apple award and the Stephen Russell award, and at Northwestern University's Kellogg school, where he previously served on the faculty, with the Sid Levy award.

Professor Gupta has been in several academic leadership roles in his career, including Associate Dean for Academic Affairs and director of Cornell's PhD program in Management. He currently serves on the Board of Directors of the Aravind Eye Foundation, a 501 (c) 3 nonprofit that helps the Aravind Eye Care System spread its sustainable model of high quality, patient-centric eye care to India's rural populations and to other developing countries.

All interested are welcome.



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