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# The moderating role of donation quantifiers on price fairness judgments

Patrick B. Fennell[a,*], Joshua T. Coleman[b], Andrew Kuo[c]

[a] Salisbury University, Department of Management and Marketing, 1101 Camden Ave, Salisbury, MD 21801, USA
[b] Missouri State University, Department of Marketing, 901 S. National Ave, Springfield, MO 65897, USA
[c] Louisiana State University, Department of Marketing, 2114 Business Education Complex, Baton Rouge, LA 70803, USA

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ABSTRACT

In the cause-related marketing (CM) literature, transparent communication of donation amounts (e.g., monetary donation quantifiers) has been shown to positively impact the effectiveness of CM campaigns. In practice, however, many firms communicate their donation contributions in more ambiguous terms (e.g., descriptive quantifiers). Across three studies, the authors demonstrate when using monetary quantifiers is less beneficial, due to consumers' skepticism of firm motives. Study 1 shows that the presence of a CM promotion positively affects perceptions of price fairness. Study 2 provides evidence that donation quantifier formats operate uniquely and impact price fairness through skepticism. Finally, Study 3 demonstrates ways in which practitioners can manage consumer skepticism, which affect perceptions of price fairness and ultimately purchase intent.

## 1. Introduction

Academics and practitioners alike have sought to understand how a consumer decides whether the price of an offering is reasonable. Extant research demonstrates that consumer perceptions of price fairness play an important role in how they respond to offerings (Bolton, Keh, & Alba, 2010). Prices deemed unfair may reduce purchase intentions (Blinder, 1991; Piron & Fernandez, 1995), increase negative word-of-mouth (Campbell, 1999; Ferguson, Ellen, & Bearden, 2014), and increase tendencies to complain or seek revenge (Bougie, Pieters, & Zeelenberg, 2003; Huppertz, Arenson, & Evans, 1978). As a result, understanding how consumers perceive the prices of offerings would seem important.

One way by which firms attempt to improve the attractiveness of marketplace offerings is through promotions involving charitable donations, referred to as cause-related marketing promotions (CM; Varadarajan & Menon, 1988). Much research has been conducted on charitable donations over the past three decades, and effective CM promotions can improve brand evaluations (Lafferty & Goldsmith, 2005) and reinforce consumer purchase intentions (Folse, Niedrich, & Grau, 2010). Furthermore, research has also shown when CM promotions are more and less effective (Strahilevitz & Myers, 1998). Surprisingly, despite calls for research, no investigations to date have addressed the influence of CM on price fairness perceptions (Koschate-Fischer, Huber, & Hoyer, 2016; Strahilevitz & Myers, 1998).

The current paper addresses gaps in the literature by providing process evidence of the roles that CM and firm motives play in affecting perceptions of price fairness. Three experiments provide empirical support for the premise that CM promotions play a critical role in affecting perceptions of price fairness. Study 1 demonstrates that CM promotions can increase perceptions of price fairness. Study 2 provides evidence that donation description formats affect perceptions of price fairness. In addition, this study demonstrates that consumer skepticism of firm motives is a critical antecedent of price fairness perceptions. Lastly, Study 3 identifies conditions where the elicitation of self-serving firm motives is attenuated and extends process evidence to include purchase intent.

## 2. Literature review

### 2.1. Cause-related marketing

CM is a marketing strategy in which donations to charitable causes are contingent upon consumer transactions (Varadarajan & Menon, 1988). In other words, a firm's contribution to a charitable cause follows a qualifying consumer purchase coinciding with the promotion (Pracejus, Olsen, & Brown, 2003). The presence of a donation in conjunction with the product purchase enhances the perceived utility of the offering (Andreoni, 1990). This enhanced utility is not tangible to the consumer, in that a third-party beneficiary is receiving a donation, but the positive emotions consumers gain from being at least partially responsible for a donation is referred to as a warm glow (Habel, Schons,

* Corresponding author.
*E-mail addresses:* pbfennell@salisbury.edu (P.B. Fennell), JColeman@missouristate.edu (J.T. Coleman), akuo@lsu.edu (A. Kuo).

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Alavi, & Wieseke, 2016; Taute & McQuitty, 2004). As a result, CM efforts are shown to benefit firms through enhancing brand evaluations (Du, Bhattacharya, & Sen, 2007; Moosmayer & Fuljahn, 2013; Olson & Thjomoe, 2011) and reinforcing consumer responses such as participation intentions (Folse et al., 2010).

Equity theory posits that consumers compare what they receive with what the firm receives in a given exchange (Cox, 2001; Homans, 1961; Van den Bos, Vermunt, & Wilke, 1997). That is, the ratio of inputs (i.e., costs incurred) to outputs (i.e., benefits received) of a given transaction are considered. Equity theory draws from the concept of dual entitlement, which suggests that the consumer is entitled to a fair price and the firm is entitled to a fair profit (Vaidyanathan & Aggarwal, 2003); however, consumers are not particularly accurate in their estimates of firm costs and profitability (Bolton, Warlop, & Alba, 2003). Furthermore, extant research sheds light on numerous factors that influence perceptions of price fairness, including the complexity of the price structure (Homburg, Totzek, & Krämer, 2014), attributions of price increases (Vaidyanathan & Aggarwal, 2003; Martin, Ponder, & Lueg, 2009), firm motives (Campbell, 1999), and other contextual effects such as transaction similarity (Haws & Bearden, 2006; Xia, Monroe, & Cox, 2004), consumer effort (Lastner, Fennell, Folse, Rice, & Porter, 2019; Xia, Kukar-Kinney, & Monroe, 2010), and mental budgeting (Homburg, Koschate, & Totzek, 2010). Less understood is how CM promotions affect price fairness perceptions.

Price fairness is a judgment by the consumer of the acceptability, reasonableness, or justness of the price of an offering (Bolton et al., 2003). Consumers typically operate to ensure they get what is right out of a deal (Oliver & Swan, 1989). A consumer's judgment of the fairness of an offering encompasses more than the price by including other elements of a transaction, such as estimates of the product's costs and the firm's profits (Bolton et al., 2003; Campbell, 1999). Promotional efforts not directly related to price may also influence price fairness perceptions, and with certain types of non-price promotions, customers may receive a greater outcome (i.e., increased utility) for the same investment (Schwartz, 1977). Such non-price promotional efforts may include gifts with purchases (Raghubir, 2004) and donations to charity (Varadarajan & Menon, 1988). When pairing an offering with a charitable donation through a CM promotion, consumers should perceive greater utility as a result of the donation made on their behalf while not necessarily having to pay extra for it.

By participating in a CM promotion, consumers contribute to societal need through donations that are dependent upon a purchase. The warm glow of donating through purchases can be perceived as an added utility to the offering (Habel et al., 2016). In a CM promotion, consumers are receiving utility from the product or service directly as well as the added positive associations of donating to a social cause. Per equity theory, any added utility should alter the ratio of inputs to outcomes in favor of the consumer. In essence, consumers should perceive that they are getting more for their money as the ratio of inputs to outcomes is more favorable when a CM promotion is present. This leads to our initial hypothesis:

- **H1.** When the price of an offering is held constant, the addition of a CM promotion will positively impact perceptions of price fairness.

### 2.2. Factors that affect CM assessments

#### 2.2.1. Relative price

The price of an offering is not typically evaluated in isolation, but rather consumers regularly compare the prices encountered in the marketplace with some form of referent or standard (Mazumdar, Raj, & Sinha, 2005). This referent can exist in the form of past prices retrieved from memory (Bolton et al., 2003), prices paid by other consumers (Haws & Bearden, 2006), or suggested retail prices (Lichtenstein & Bearden, 1989). Similarly, donations are not assessed in a vacuum. Given the opportunity, consumers are likely to evaluate the donation amount in absolute terms and in relation to the price of the offering. As the price of an offering increases, the same donation amount will lead to relative inequity as the benefits received (i.e., warm glow) will not be in balance with the costs incurred (i.e., price).

As a result of a comparison between price and donation, a firm's contribution to charity may become a liability if the donation amount is small relative to the offering's price (Chang, 2008). For example, a small donation amount ($1) attached to a high purchase price ($100) may seem inconsequential when compared with the same donation amount ($1) attached to a low purchase price ($10). Past research shows that small donations relative to the purchase price can lead to consumer skepticism (Grau, Garretson, & Pirsch, 2007) and hurt brand image (Müller, Fries, & Gedenk, 2014). As equity theory posits that fairness is based on the relative ratio of outputs to inputs, price is an important factor to consider when evaluating CM promotions. Thus, fairness judgments should be interpreted both in terms of the donation and the relative purchase price.

#### 2.2.2. Donation quantifiers

In general, an offering that includes a donation component should lead to greater perceptions of price fairness than an offering that does not include a donation. However, how promotional information is presented can lead to different consumer responses (Levin & Gaeth, 1988). As a result, the effectiveness of a CM promotion may be contingent upon how the donation is communicated. A CM promotion communicates an intended charitable donation through a donation quantifier, or the format in which the donation is presented (Das, Guha, Biswas, & Krishnan, 2016; Kerr & Das, 2013). Donation quantifiers are typically represented in either monetary or descriptive forms. Monetary quantifiers communicate an amount of money given for the donation (e.g., "a $1 donation") and are less confusing (Olsen, Pracejus, & Brown, 2003), as they allow consumers to more accurately assess the contribution made by the firm. Alternatively, descriptive quantifiers typically leave the consumer with less ability to determine an exact donation amount (e.g., "a contribution to world hunger") and require additional processing on the part of the consumer to estimate the contribution. Thus, the way in which a donation is communicated can influence consumers' perceptions of the relative contribution of the CM promotion.

For example, whether a donation is framed as a specific contribution in dollars, or in an equivalent amount of a nonmonetary contribution, can lead to different outcomes. Per equity theory, the ability to calculate donation amount will have a direct impact on the assessment of inputs and outcomes in a transaction (Olsen et al., 2003). Ultimately, the same donation amount presented in a different frame format will be perceived differently as an offering's price increases. Unlike monetary donations, descriptive donation quantifiers are not impacted by price to the same extent. The reason for these differences may lie in the calculability or comparability between the price of an offering and the amount donated (Olsen et al., 2003). The ability to compare apples to apples (i.e., dollar amount of price to dollar amount of donation) versus comparing apples to oranges (i.e., dollar amount of price to nonmonetary amount of donation) affords consumers a better opportunity to calculate the ratio of inputs to outputs. As a result, monetary quantifiers allow for easier calculations of donation amounts in proportion to purchase prices (Grau et al., 2007). However, a donation communicated in descriptive terms makes for a difficult comparison between price and donation. The vague nature of descriptive quantifiers means consumers will have difficulty estimating donation amounts in monetary terms. The lack of donation calculability leaves this donation format less affected by changes in prices. Thus, descriptive quantifiers may result in more favorable consumer responses when compared with monetary quantifiers.

Consider again the example of a $1 donation paired with a $10 versus a $100 offering, communicating the donation in monetary terms may not always be the optimal way to present the firm's contribution.

As the consumer evaluates the $1 donation in relation to the $100 price for the offering, the usage of a monetary quantifier may adversely affect fairness judgments. However, if a firm presents a charitable contribution via a descriptive quantifier, the perception of the contribution should be less affected by price. For example, the perceived charitable contribution of clean water may not change whether the price of the offering is $10 or $100, as the value of water is difficult to quantify and compare with the price of the offering. As such, calculating the ratio of costs to benefits is more difficult to assess with descriptive quantifiers.

Utilizing descriptive quantifiers may offer firms the opportunity to manage consumers' perceptions of the amount contributed through the promotion and appears to be a strategy used when firms are making smaller contributions (Pracejus et al., 2003). Altogether, the donation amount in relation to the purchase price, as well as how the amount is communicated, are integral factors to consider when assessing consumers' perceptions of offerings. Thus, we predict that at higher prices CM promotions with descriptive quantifiers will be considered more favorable than monetary quantifiers.

- **H2.** Increasing the price of an offering will have a greater negative impact on perceptions of price fairness when a CM promotion is communicated via a monetary versus a descriptive donation quantifier.

#### 2.2.3. Skepticism

Attribution theory (Jones & Davis, 1965; Weiner, 1985) posits that consumers evaluate stimuli, such as promotional offers, and attempt to explain the firm's motives behind the promotion. Mere support of a charitable cause does not guarantee favorable consumer responses (Barone, Miyazaki, & Taylor, 2000), as not all CM campaigns are perceived equitably, and consumers may be skeptical of a firm's motivation for engaging in CM campaigns (Dean, 2003; Ellen, Mohr, & Webb, 2000; Kuo & Rice, 2015; Webb & Mohr, 1998). Consumer cynicism about a particular CM promotion can be influenced by how the promotion is communicated to potential customers.

While transparent and straightforward price information is shown to mitigate consumer confusion (Olsen et al., 2003), this tactic is seldom used when communicating CM promotions. In fact, in their exploratory research on donation quantifiers, Grau et al. (2007) find that 75% of surveyed consumers prefer exact (i.e., monetary) donation quantifiers, whereas none prefer vague (i.e., descriptive) quantifiers. Even though ambiguous communication typically leads to consumer skepticism, reduced perceptions of fairness (Ferguson, 2014), and consumer cynicism (Kim & Lee, 2009), a content analysis of CM promotions reaveals that the amount the firm is willing to donate is more often communicated in ambiguous terms (Pracejus et al., 2003). While consumers generally prefer to know exactly how much of their purchase is going toward the donation (i.e., a monetary quantifier), the majority of charitable campaigns do not specify such information, and instead utilize a descriptive quantifier (Kerr & Das, 2013).

Thus, the donation quantifier may influence consumers' perceptions of the firm's motives behind the promotion, which ultimately affects consumer judgments such as price fairness perceptions (Campbell, 1999; Chang, 2008; Dean, 2003; Ferguson et al., 2014; Kleber, Florack, & Chladek, 2016), and ultimately, how consumers respond to marketplace offers (Friestad & Wright, 1994). Consumers may perceive the firm's motives behind the promotion to be more public-serving or firm-serving (Ellen et al., 2000; Forehand & Grier, 2003). In other words, is the firm making the donation for altruistic reasons, or is the firm simply trying to increase sales by superficially supporting a cause? Consumers have become increasingly skeptical of firms, some of whom may spend more to advertise their association with causes than they spend on actual charitable donations (Varadarajan & Menon, 1988; Yoon, Gürhan-Canli, & Schwarz, 2006). Consequently, some CM promotions may be perceived as manipulative or exploitative of the social cause in question (Dean, 2003; Polonsky & Wood, 2001). Altogether, the methods by which CM promotions are communicated can influence skepticism, which are shown to affect consumers' attitudes toward firms (Alcañiz, Cáceres, & Pérez, 2010; Dean, 2003; Rifon, Choi, Trimble, & Li, 2004) and is an important element to consider when explaining the role CM promotions have on consumer perceptions of price fairness (Campbell, 1999, 2007; Ferguson et al., 2014). Thus, we propose:

- **H3.** Skepticism mediates the interaction of price and quantifier on price fairness such that:

(a) at low prices, donation quantifier will not have an effect on perceptions of price fairness.
(b) at high prices, monetary quantifiers will result in greater skepticism, which will adversely impact perceptions of price fairness.

Contrary to the generally positive effects that CM promotions have on perceptions of price fairness, a firm's contribution to charity may become a liability if the donation is perceived as being too small relative to the offering's price. One way to combat this issue is to simply increase the donation amount; in general, higher donation amounts are perceived more positively (Dahl & Lavack, 1995). As previously discussed, using a descriptive quantifier may also serve to insulate a CM promotion from the potentially adverse effects of a relatively small contribution. When the contribution of a CM promotion is large, however, a descriptive quantifier may have the opposite effect—under such circumstances, the ambiguous nature of a descriptive quantifier should make it more difficult to accurately assess a firm's relative contribution, undercutting the benefit of a larger donation. On the other hand, the specificity of monetary donation quantifiers should allow consumers to more accurately calculate the relative contribution of a firm's donation, thereby increasing the salience of a firm's charitable motives. Consequently, as the donation amount increases, it should become easier to calculate and assess the relative contribution of a firm's donation when it is presented in a monetary (versus descriptive) frame. As such, monetary donation quantifiers will have a greater positive impact on perceptions of price fairness as a firm increases the amount of their donation relative to an offering's price.

In addition to understanding how donation amount and quantifier affect price fairness, practitioners and academicians may also be interested in examining how these perceptions ultimately influence behavior. While research suggests that fairness perceptions play an important role in consumers' purchase intent (Xia et al., 2004), favorable consumer perceptions do not necessarily affect purchase intent (Dawar & Sarvary, 1997). The investigation is expanded to explore the effects that donation amount and quantifier have on purchase intent. Taken together, the more favorable the perceived fairness of an offering, the greater the intent to purchase. Formally stated:

- **H4a.** When the price of an offering is held constant, increasing the donation amount will have a greater positive impact on purchase intent when a CM promotion is communicated via a monetary versus a descriptive donation quantifier.
- **H4b.** The effect of donation amount and quantifier on purchase intent will be serially mediated by skepticism and price fairness.

To test the hypotheses, we conduct a series of studies. Study 1 tests the effect of CM promotions on price fairness (H1). Study 2 tests the interaction effect of price and donation quantifiers on skepticism and price fairness (H2 and H3). Study 3 demonstrates ways managers can mitigate perceptions of skepticism and tests moderated sequential mediation of donation amount and donation quantifiers on skepticism, price fairness, and purchase intent (H4a and H4b). A conceptual framework integrating the three studies is provided in Appendix A.

## 3. Study 1

### 3.1. Method and design

Study 1 was conducted to evaluate whether a firm's CM efforts can increase consumers' price fairness judgments and employed a 3-cell (Monetary CM Quantifier, Descriptive CM Quantifier, Control) between-subjects design. Ninety-eight undergraduate students completed Study 1 for course credit (57% Female, $M_{age}$ = 21). Students were chosen for this study in light of recent findings that millennials are among the most ardent supporters of socially conscious companies (Gay, 2017; Landrum, 2017), and the majority of college students who participated in this study fall into the millennial generation.

Participants were randomly assigned across experimental conditions and informed that they would be evaluating new pricing strategies. A brief scenario was presented describing a local coffee shop which is planning to sell 12 oz. bags of coffee for $8.99, representative of a typical price of coffee found in the marketplace. At this point the CM manipulation was introduced. In the monetary donation quantifier condition, participants were informed that "with every bag purchased, $1 will be donated to charity." In the descriptive donation quantifier condition, participants were informed that "with every bag purchased, 1 week of clean water will be donated to those in need." A donation was not mentioned in the control condition. The manipulations were derived from actual initiatives, such as the UNICEF Tap Project, and were assessed to ensure equivalence across donation formats. Specifically, the results of a post-hoc test (N = 30) suggest that the majority of consumers estimate that $1 would provide about a week's worth of clean water ($M_{days}$ = 4.70, SD = 5.97). After reading the assigned scenario, participants responded to a measure of price fairness which consists of three 7-point semantic differential items (fair, reasonable, acceptable) adapted from extant literature (Xia et al., 2010). The items showed adequate levels of reliability ($\alpha$ = 0.94) and were averaged to form a single measure.

### 3.2. Results and discussion

Hypothesis 1 addressed the positive influence CM has on perceptions of price fairness. Independent samples t-tests were conducted on the dependent variable, price fairness. As expected, the presence of a monetary quantifier significantly enhanced perceptions of price fairness compared with the control condition ($M_{noCM}$ = 3.80, SD = 1.19; $M_{MonetaryCM}$ = 4.56, SD = 1.41), t(1, 63) = 2.37, $p$ = .021. Additionally, the presence of a descriptive quantifier significantly enhanced perceptions of price fairness compared with the control condition ($M_{DescriptiveCM}$ = 4.51, SD = 1.50), t(1, 64) = 2.15, $p$ = .035. However, there was no difference in price fairness across donation quantifiers (t(64) = 0.147, $p$ = .883). This indicated that the presence of a CM promotion, regardless of how the donation was quantified, enhanced perceptions of price fairness. In support of H1, these results suggest that a CM promotion can result in more favorable perceptions of price fairness.

While some studies have investigated the relationship between CSR efforts and consumer responses (Newman & Brucks, 2018; Yoon et al., 2006), the results of this study are novel in that this is the first research to explore the impact of a CM promotion on price fairness. Specifically, the results of Study 1 demonstrate that the presence of a CM promotion can improve perceptions of price fairness for a particular transaction. Furthermore, this study demonstrates that this effect appears to hold over varying donation quantifier frames. However, how monetary and descriptive donation quantifiers operate at various price levels, and the mechanisms by which CM influences price fairness, are still underexplored, providing the impetus for Study 2.

## 4. Study 2

### 4.1. Method and design

Study 2 was conducted to investigate the mechanism explaining the effect of price on price fairness judgments when different types of CM quantifiers are used. One hundred and twelve undergraduate students participated in Study 2 (56% female, $M_{age}$ = 22). The experiment employed a 2 (price level: low [$6.59], high [$12.99]) by 2 (CM quantifier: monetary, descriptive) between-subjects design. In the monetary quantifier condition, participants were presented with the line, "With every bag purchased, the company will donate $1 toward clean water efforts for someone in need." Alternatively, in the descriptive quantifier condition, participants were presented with the line, "With every bag purchased, the company will donate one week of clean water to someone in need." After reading the assigned scenario, participants responded to the same price fairness items used in Study 1 ($\alpha$ = 0.98), which were averaged to form a single measure. In addition, participants indicated their skepticism of the manufacturer's motivation behind promotion by responding to a semantic differential item measured on a 7-point scale (1 - intending to take advantage of customers: 7 - not intending to take advantage of customers).

### 4.2. Results

#### 4.2.1. Manipulation check

To check the effectiveness of the price manipulation, participants responded to a single-item, seven-point scale assessing price magnitude, "The price of this product is low/high." ANOVA results suggest that the price manipulation was successful ($M_{low}$ = 3.7, SD = 1.56; $M_{high}$ = 6.1, SD = 0.83), F(1, 108) = 111.55, $p$ < .001. To check the effectiveness of donation quantifier, participants responded to a single-item, seven-point scale assessing donation quantifier: "The amount of money donated is unknown/specific." ANOVA results suggest that the quantifier manipulation was successful ($M_{monetary}$ = 5.4, SD = 2.10; $M_{descriptive}$ = 3.0, SD = 2.11), F(1, 108) = 35.75, $p$ < .001. There was no significant interaction between the factors ($p$ > .10).

#### 4.2.2. Effect on price fairness and skepticism

A two-way ANOVA on price fairness with price and CM quantifier as between-subjects factors reveals a main effect of price, F(1, 111) = 64.21, $p$ < .001, and a significant interaction between the factors F(1, 111) = 7.26, $p$ = .008, on price fairness (see Fig. 1). The main effect of CM quantifier was not significant on price fairness ($p$ = .183). However a main effect of price F(1, 111) = 15.98, $p$ < .001, and a main effect of CM quantifier was found on skepticism F(1, 111) = 5.79, $p$ < .05. The main effects were qualified by a significant interaction between the factors F(1, 111) = 6.35, $p$ = .013.

To better understand the nature of the interactions, the analysis examines a full set of planned contrasts. In the low price condition, participants perceived no difference in fairness between quantifiers, ($M_{monetary}$ = 6.00, SD = 1.00; $M_{descriptive}$ = 5.64, SD = 1.40), t(1,53) = 1.08, $p$ = .28. Consistent with H2, in the high price condition, participants perceived the descriptive quantifier (M = 4.24, SD = 1.47) to be more fair than the monetary quantifier condition (M = 3.17, SD = 1.61), t(1, 55) = 2.60, $p$ = .012. Similarly, in the low price condition, participants' skepticism did not differ between quantifiers, ($M_{monetary}$ = 5.93, SD = 1.30; $M_{descriptive}$ = 5.89, SD = 1.40), t(1,53) = 0.91, $p$ = .93, but in the high price condition, the descriptive quantifier resulted in more favorable levels of skepticism (M = 5.46, SD = 1.48) than the monetary quantifier condition (M = 4.03, SD = 1.88), t(1, 55) = 3.19, $p$ = .002.

#### 4.2.3. Moderated mediation effects through skepticism

A PROCESS moderated mediation model 8 was conducted (see Fig. 2) with 5,000 bootstrap samples (Hayes, 2017). The model

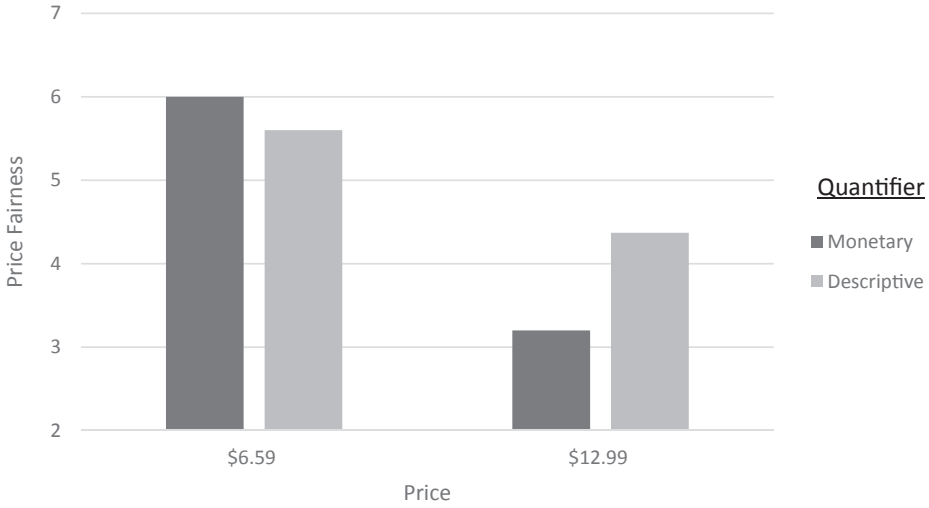



**Fig. 1.** Study 2: interactive effect of price and donation quantifier on price fairness.

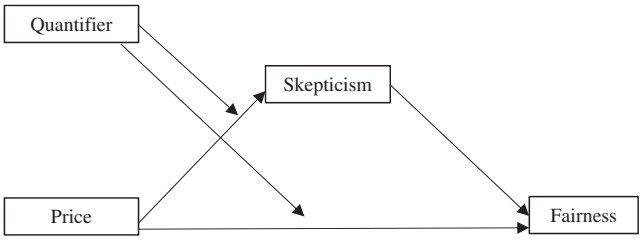



**Fig. 2.** Study 2: Moderated mediation model.

**Table 1**
Study 2: moderated mediation effects of price and donation quantifier.

| Mediation paths | Parameter estimates | Tests of significance |
|---|---|---|
| Direct effects | | |
| Price → Skepticism | −0.143 (0.14) | $p = .30$ |
| Skepticism → Price Fairness | 0.385 (0.08) | $p < .001$ |
| Price → Price Fairness | −0.413 (0.11) | $p < .001$ |
| Quantifier → Skepticism | 0.033 (0.41) | $p = .94$ |
| Quantifier → Price Fairness | 0.034 (0.34) | $p = .31$ |
| Interaction effects | | |
| Price × Quantifier → Skepticism | −0.488 (0.19) | $p = .013$ |
| Price × Quantifier → Price Fairness | −0.287 (0.16) | $p = .09$ |
| Monetary Quantifier | | |
| Bootstrapped Indirect effects | | |
| Price → Skepticism → Price Fairness | −0.243 (0.09) | CI: −0.43, −0.10 |
| Descriptive Quantifier | | |
| Bootstrapped Indirect effects | | |
| Price → Skepticism → Price Fairness | −0.055 (0.05) | CI: −0.17, 0.05 |

*Notes:* Price is coded as 0 (low) and 1 (high) and Quantifier is coded as 0 (Descriptive) and 1 (Monetary). The CIs are the bias-corrected bootstrap 95% confidence intervals.
Parameter estimates are unstandardized (standard errors in parentheses).

included price as the independent variable (0 = low, 1 = high), price fairness as the dependent variable, skepticism as the mediator, and CM quantifier as the moderating variable (0 = descriptive, 1 = monetary). As shown in Table 1, the indirect effect of Price → Skepticism → Price Fairness is significant in the monetary quantifier condition (Indirect effect (IE) = − 0.27, Boot SE = 0.09; 95% bias-corrected confidence interval ($CI_{95}$) [−0.46 to − 0.11]), but not significant in the descriptive quantifier condition ($CI_{95}$ contains zero). Furthermore, the index of moderated mediation provides evidence that the indirect effects are significantly different from one another (Index = − 0.21, ($CI_{95}$) [−0.44 to − 0.04]). This result supports H3, and suggests that, as the price of an offering increases, the presence of a monetary quantifier increases consumers' skepticism, which reduces perceived price fairness.

The findings from Study 2 offer insight to managers regarding the message framing of promotional efforts involving donations to charity. As price increases, perceptions of price fairness will inevitably decrease. However, when an offering includes a donation to charity, a descriptive quantifier acts to buffer this decrease in fairness. This effect is due to the relative comparison of a concrete, monetary donation amount appearing less substantial as price increases, whereas a more descriptive donation amount, which is more difficult to quantify and compare to the price of the offering, appears more favorable than the monetary quantifier at higher prices. The monetary donation, which appears less significant at higher prices, elicits skepticism regarding the firm's motives for offering the promotion, ultimately reducing perceptions of fairness. Thus, Study 3 seeks to extend Study 2 by investigating ways that practitioners can manage consumers' perceptions of firm motives surrounding promotional efforts. That is, at higher prices, when would a monetary quantifier not evoke consumer skepticism? Additionally, Study 3 aims to extend the causal linkages to include a more managerially relevant outcome variable, purchase intent.

## 5. Study 3

### 5.1. Method and design

Study 3 was a follow-up to the high-priced conditions of Study 2 and was conducted to investigate contexts in which managers could alter perceptions of skepticism. Two hundred and fifty-one undergraduate students participated in Study 3 (50% male; $M_{age}$ = 21). The experiment employed a 2 (CM quantifier: monetary, descriptive) by 2 (Donation: low, high) between-subjects design. The product price was held constant at $12.99, which was the high price condition from Study 2. In the monetary quantifier condition, participants were presented with the line, "With every bag purchased, the company will donate $1 ($10) to clean water efforts to someone in need." Alternatively, in the descriptive quantifier condition, participants were presented with the line, "With every bag purchased, the company will donate one week (ten weeks) of clean water to someone in need." Once again, the manipulations were assessed to ensure equivalence across donation formats. Specifically, the results of a post-hoc test (N = 30) suggest that the majority of consumers estimate that $10 would provide about two months' worth of clean water ($M_{days}$ = 70.94, SD = 63.68). After reading the assigned scenario, participants responded to the same price fairness items from Studies 1 and 2 (α = 0.91), the skepticism items

(α = 0.88; the firm's motive underlying the promotion is: intending to take advantage of customers/not intending to take advantage of customers; pure/impure; selfish/unselfish; uncaring/caring; self-serving/society-serving), and purchase likelihood items (Dodds, Monroe, & Grewal, 1991; α = 0.93), all of which were measured on a 7pt scale and averaged to form a single measure representing each construct.

### 5.2. Results

#### 5.2.1. Manipulation check

To check the effectiveness of donation quantifier, participants responded to a single-item, seven-point scale assessing donation quantifier, "The amount of money donated is unknown/specific." Participants evaluated the monetary quantifiers as being a more "specific amount" than the descriptive quantifiers, suggesting that the quantifier manipulation was successful ($M_{monetary}$ = 5.6, SD = 3.01; $M_{descriptive}$ = 3.7, SD = 2.40), F(1, 250) = 32.01, $p$ < .001. Furthermore, there was no significant interaction between donation quantifier and donation amount ($p$ > .10).

#### 5.2.2. Effect on purchase intent

A two-way ANOVA on purchase intent with donation and CM quantifier as between-subjects factors reveals a main effect of donation, F(1, 250) = 8.46, $p$ < .01, and a significant interaction between the factors F(1, 250) = 8.27, $p$ = .004 (see Table 2). The main effect of CM quantifier was not significant on purchase intent ($p$ = .193).

To better understand the nature of the interaction, the analysis examines a full set of planned contrasts. In the low donation amount condition, purchase intent was greater in the descriptive quantifier (M = 3.25, SD = 1.73) than the monetary quantifier condition (M = 2.41, SD = 1.28), t(1, 123) = 3.10, $p$ = .002. In the high donation amount condition, however, purchase intent did not differ between quantifiers ($p$ = .29), providing support for H4a.

#### 5.2.3. Moderated mediation effects through skepticism and price fairness

To test H4b, a moderated mediation analysis (PROCESS model 86) was conducted (see Fig. 3) with 5,000 bootstrap samples (Hayes, 2017). The model included donation as the independent variable (0 = low, 1 = high), purchase likelihood as the dependent variable, skepticism and price fairness as the sequential mediators, and CM quantifier as the moderating variable (0 = descriptive, 1 = monetary). As shown in Table 3, and consistent with H4b, the indirect effect of Donation → Skepticism → Price Fairness → Purchase Intent is significant in the monetary quantifier condition (IE) = 0.30, Boot SE = 0.09; ($CI_{95}$) [0.13 to 0.49]), but not significant in the descriptive quantifier condition ($CI_{95}$ contains zero). Furthermore, the index of moderated mediation provides evidence that the indirect effects are significantly different from one another (Index = − 0.35, ($CI_{95}$) [−0.61 to − 0.14]. This result suggests that, when using a monetary quantifier, an increase in donation amount decreases consumers' skepticism, which increases perceived price fairness, thereby increasing purchase intent. However, increasing the donation amount when employing a descriptive quantifier does not yield the same benefits.

**Table 2**
Panel 1: Study 2 cell means by condition.

| Price | Quantifier | |
|---|---|---|
| | **Monetary** | **Descriptive** |
| **Low** | Skepticism: 5.93 (1.30)<br>Price Fairness: 6.00 (1.00) | Skepticism: 5.89 (1.40)<br>Price Fairness: 5.64 (1.40) |
| **High** | Skepticism: 4.03 (1.88)<br>Price Fairness: 3.17 (1.61) | Skepticism: 5.46 (1.48)<br>Price Fairness: 4.24 (1.47) |

Panel 2: Study 3 cell means by condition

| Donation | Quantifier | |
|---|---|---|
| | **Monetary** | **Descriptive** |
| **Low** | Purchase Intent: 2.41 (1.27)<br>Skepticism: 4.49 (1.46)<br>Price Fairness: 3.20 (1.25) | Purchase Intent: 3.25 (1.73)<br>Skepticism: 5.30 (1.23)<br>Price Fairness: 3.90 (1.56) |
| **High** | Purchase Intent: 3.58 (1.78)<br>Skepticism: 5.46 (1.18)<br>Price Fairness: 4.25 (1.40) | Purchase Intent: 3.26 (1.56)<br>Skepticism: 5.13 (1.21)<br>Price Fairness: 3.98 (1.44) |

*Notes:* All items were measured on a 7pt. scale. Higher means on Skepticism reflect more society-serving motives (standard deviations in parentheses).

## 6. General discussion

While Study 1 displayed a positive effect of CM on perceptions of price fairness, regardless of donation quantifier, Study 2 expanded this investigation to include the influence of donation quantifiers on price fairness perceptions at varying price levels. Furthermore, Study 2 demonstrates the mechanisms by which this influence takes place. Specifically, CM promotions influence perceptions of price fairness through the mediating variable of skepticism. That is, the more positively consumers perceive a firm's motive for supporting the charitable cause of the CM promotion, the more favorable their perceptions of price fairness. Communicating the donation amount of a CM promotion in either descriptive or monetary terms affects consumers' skepticism of firm motives. Specifically, when a low donation amount is communicated in monetary terms, consumers may feel as though they are being taken advantage of. Lastly, Study 3 investigates how practitioners can manage consumer perceptions of their donation efforts. Specifically, this study provides process evidence of when a monetary quantifier may be utilized without adversely affecting consumer responses.

Building on equity theory (Cox, 2001), attribution theory (Weiner, 1985), CM (Koschate-Fischer, Stefan, & Hoyer, 2012), and price fairness literature (Habel et al., 2016), this research offers several salient theoretical contributions to retailing and consumer behavior literature. First, prior research has not examined the effects of CM promotions on price fairness perceptions. Per equity theory, ceteris paribus, CM promotions are expected to increase consumers' perceptions of fairness and purchase intent. The current research shows that, in general, the presence of a CM promotion can lead to more favorable perceptions of fairness.

Second, this research contributes to the CM literature by identifying the interactive effect of price and donation quantifier. While it is generally believed that monetary quantifiers are the preferred donation framing choice (Grau et al., 2007), our results show that this may not always be the case. For high price levels and low donation amounts, monetary donation quantifiers are actually less effective than descriptive donation quantifiers due to the ease of mental equity calculations provided by such framing formats. In terms of influencing price fairness, ambiguous donation quantifiers are more effective overall across varying price levels, but do not appear to benefit from an increase in donation amount.

Third, this investigation explores the mechanisms behind the interactive effects of price and donation quantifier on price fairness. Through the lens of attribution theory, the findings from Study 2 provide evidence that consumer skepticism of a firm's motives behind a promotion mediates the effects of price on price fairness. In particular, at higher prices, retailers' usage of monetary donation quantifiers may actually cause harm by eliciting feelings of skepticism behind the firm's reasoning for the promotion. The conditional mediation effects of skepticism and price fairness extends the CM literature. The findings from Study 3 demonstrate that skepticism and price fairness mediate consumers' purchase intent. This study shows that donation amount and donation quantifier interact to influence skepticism, and consequently, fairness perceptions and purchase intent. These results also

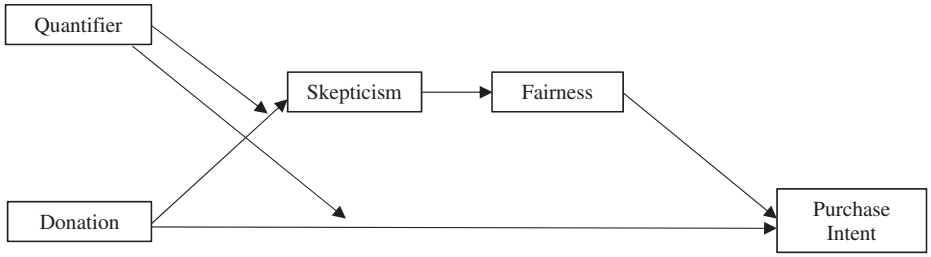



**Fig. 3.** Study 3: Moderated serial mediation model.

**Table 3**
Study 3: moderated mediation effects of donation amount and quantifier.

| Mediation paths | Parameter estimates | Tests of significance |
|---|---|---|
| Direct effects | | |
| Donation → Skepticism | 0.921 (0.23) | $p < .001$ |
| Skepticism → Price Fairness | 0.474 (0.06) | $p < .001$ |
| Skepticism → Purchase Intent | 0.231 (0.06) | $p < .001$ |
| Donation → Price Fairness | 0.391 (0.16) | $p = .019$ |
| Donation → Purchase Intent | 0.237 (0.21) | $p = .267$ |
| Quantifier → Skepticism | 0.815 (0.23) | $p < .001$ |
| Quantifier → Purchase Intent | 0.178 (0.21) | $p = .399$ |
| Interaction effects | | |
| Donation × Quantifier → Skepticism | −1.09 (0.33) | $p = .001$ |
| Donation × Quantifier → Purchase Intent | −0.247 (0.30) | $p = .406$ |
| Monetary Quantifier | | |
| Bootstrapped Indirect effects | | |
| Donation → Skepticism → Price Fairness → Purchase Intent | 0.297 (0.09) | CI: 0.49, 0.13 |
| Descriptive Quantifier | | |
| Bootstrapped Indirect effects | | |
| Donation → Skepticism → Price Fairness → Purchase Intent | −0.055 (0.07) | CI: −0.21, 0.08 |

*Notes:* Donation is coded as 0 (low) and 1 (high) and Quantifier is coded as 0 (Descriptive) and 1 (Monetary).
The CIs are the bias-corrected bootstrap 95% confidence intervals.
Parameter estimates are unstandardized (standard errors in parentheses).

provide insight into how and when monetary quantifiers might be more effective.

Fourth, the literature on probability terms and psychological uncertainty offer insight into the potential processing differences consumers may engage in when confronted with a monetary (i.e., numerical) versus descriptive (i.e., verbal or nonnumerical) quantifier. Extant research provides evidence that verbal (descriptive) quantifiers are more likely to be influenced by context (i.e., price) than would numerical (e.g., monetary) quantifiers. This is believed to occur as a result of processing differences where consumers presented with numerical information will engage in more analytical thinking versus the more intuitive reasoning that follows exposure to verbal information (Windschitl & Wells, 1996). The results of our Studies 2 and 3 find the opposite effects where numerical information (i.e., monetary quantifiers) appears to be influenced by price context and verbal information does not.

These findings provide several key managerial insights that are likely to be useful for practitioners. First, these results show that price and donation amount are important factors to take into consideration when implementing a CM promotion. Managers should carefully contemplate how consumers will view their promotional efforts so as not to stoke the flames of consumer skepticism. If a manager is considering a charitable promotion with a relatively small donation when compared to the offering's price, it might be optimal to offer a descriptive, as opposed to monetary, donation quantifier. Second, results highlight how managers can influence how their promotions are perceived. Based on the findings, practitioners offering a monetary donation quantifier with a higher priced product will benefit from increasing the donation amount to coincide with the price of the offering. If this is not an option, descriptive donation quantifiers should be considered. However, caution should be exercised as these findings may not generalize to all settings. While there are ample examples of firms donating the majority of, or even all of their proceeds to charity, such as Newman's Own, Jersey Mike's, Patagonia, and Laughing Man Coffee Company, the amount managers ultimately donate, and how that donation is communicated, should be carefully considered and taken in the context of the intended target market, the competitive environment, and the level of fit between the firm and cause in question.

## 7. Limitations and suggestions for future research

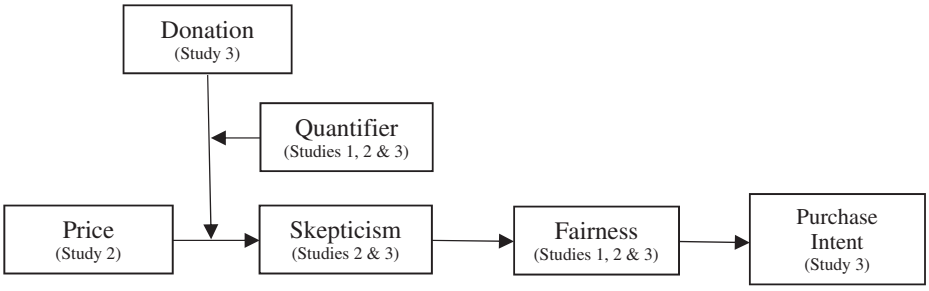
Although this study expands understanding of the role of CM donation formatting, the authors acknowledge limitations of this research and note avenues for further research. First, this research investigated the effects of short-term CM promotions on coffee products, and while there is no reason to believe the findings are exclusive to this product category, future research could explore temporal effects along with other product categories to enhance the generalizability of the findings. Specifically, while much CM research investigates the nature of relatively short term promotions, many firms are now integrating CM efforts into their business models on an ongoing basis (e.g., TOMS, Warby Parker). Additionally, it is important to examine whether certain product types, such as those with predominately hedonic or utilitarian consumption motives, will alter these findings. Past research has shown that CM promotions tend to be more effective when paired with hedonic offerings (Strahilevitz & Myers, 1998). Hence, it may be beneficial to explore the moderating effect of product types on the relative performance of donation quantifiers.

Extant literature has examined the role of product attributes on consumer responses on a variety of topics ranging from attribute relevance (Carpenter, Glazer, & Nakamoto, 1994), attribute quantity (Sela & Berger, 2012), and attribute level (Coombs & Avrunin, 1977). Specifically, Carpenter et al. (1994) find that adding attributes, even when irrelevant, increases the relative attractiveness of an offering. Similarly, Sela and Berger (2012) find that, in general, as the number of attributes increases, consumers tend to prefer hedonic products over utilitarian products. The results of these findings are consistent with equity theory which predicts that the inclusion of an additional attribute such as a CM promotion should increase the perceived utility of the offering. However, there may be limits to these effects, as extant research (Coombs & Avrunin, 1977; Dodds, 1991) suggests the possibility of a nonlinear effect of price on product evaluations that is influenced by attributes. Along these lines, as the amount of a donation increases the marginal increase in perceived benefits decreases. This could affect the ratio of costs and benefits in such a way that simply increasing the donation amount does not necessarily increase the perceived fairness of the transaction. Furthermore, since consumers satiate faster on benefits than on costs, consumers' judgments of a CM promotion may follow a non-monotonic function of the price and relative donation amount. It is also possible that these nonlinear effects would operate differently depending on donation format. Thus, while our

results did not suggest the presence of nonlinear effects, future research could consider examining potential nonlinear effects associated with changes in attributes (i.e., price, donation amount, donation frame).

Contextual factors can lead to differences between consumers' perceptions of price fairness and perceived value (Xia and Monroe, 2010). Thus, it would benefit this body of work to examine additional contextual factors that may affect the calculability of the donation quantifier, such as cognitive load and need for cognition, along with other explanatory mechanisms such as warm glow (Andreoni, 1990), which is believed to be an integral reason as to why CM promotions are successful. Furthermore, prior research demontsrates that fit between an offering and the charitable cause supported affect evaluations of the promotion (Hamlin & Wilson, 2004). Future research could investigate the moderating role of firm-cause fit and donation quantifiers on consumer responses. Additionally, while the studies used in the current investigation explore how managers can improve the performance of their promotions through increased donations, future research may consider consumers' perceived price inflation as the donation amount increases. At some point a larger donation tied to a purchase could eventually be perceived as being a donation request paired with a gift. The way these transactions are framed (i.e., a purchase paired with a donation versus a donation paired with a gift) may affect consumer responses. Lastly, while the experimental nature of this investigation affords us the opportunity to control many environmental elements, future research can extend the generalizability of these findings in a variety of ways. For example, a study comprised of actual consumers in a field setting could offer added external validity.

## Appendix A:. Integrated conceptual model




## Appendix B:. Scenarios for Study 2

| | *Monetary Quantifier* | *Descriptive Quantifier* |
|---|---|---|
| *Low Price* | Beanz, a company renowned for its uniquely roasted coffees is offering a promotion. For every 12 oz. bag of Beanz coffee you purchase, the company will donate $1 toward clean water efforts for someone in need. Offering multiple flavors sourced from some of the world's poorest countries, each bag you buy will give back to the country from which the coffee was sourced. Bear in mind that a standard, name-brand 12 oz. bag of coffee can be purchased for $5.99. Suppose that Beanz were selling each 12 oz. bag of its coffee for $6.59. | Beanz, a company renowned for its uniquely roasted coffees is offering a promotion. For every 12 oz. bag of Beanz coffee you purchase, the company will donate one week of clean water to someone in need. Offering multiple flavors sourced from some of the world's poorest countries, each bag you buy will give back to the country from which the coffee was sourced. Bear in mind that a standard, name-brand 12 oz. bag of coffee can be purchased for $5.99. Suppose that Beanz were selling each 12 oz. bag of its coffee for $6.59. |
| *High Price* | Beanz, a company renowned for its uniquely roasted coffees is offering a promotion. For every 12 oz. bag of Beanz coffee you purchase, the company will donate $1 toward clean water efforts for someone in need. Offering multiple flavors sourced from some of the world's poorest countries, each bag you buy will give back to the country from which the coffee was sourced. Bear in mind that a standard, name-brand 12 oz. bag of coffee can be purchased for $5.99. Suppose that Beanz were selling each 12 oz. bag of its coffee for $12.99. | Beanz, a company renowned for its uniquely roasted coffees is offering a promotion. For every 12 oz. bag of Beanz coffee you purchase, the company will donate one week of clean water to someone in need. Offering multiple flavors sourced from some of the world's poorest countries, each bag you buy will give back to the country from which the coffee was sourced. Bear in mind that a standard, name-brand 12 oz. bag of coffee can be purchased for $5.99. Suppose that Beanz were selling each 12 oz. bag of its coffee for $12.99. |

## Appendix C:. Scenarios for Study 3

| | *Monetary Quantifier* | *Descriptive Quantifier* |
|---|---|---|
| *Low Donation* | Beanz, a company renowned for its uniquely roasted coffees is offering a promotion. For every 12 oz. bag of Beanz coffee you purchase, the company will donate $1 toward clean water efforts for someone in need. Offering multiple flavors sourced from some of the world's poorest countries, each bag you buy will give back to the country from which the coffee was sourced. Bear in mind that a standard, name-brand 12 oz. bag of coffee can be purchased for $5.99. Suppose that Beanz were selling each 12 oz. bag of its coffee for $12.99. | Beanz, a company renowned for its uniquely roasted coffees is offering a promotion. For every 12 oz. bag of Beanz coffee you purchase, the company will donate 1 week of clean water to someone in need. Offering multiple flavors sourced from some of the world's poorest countries, each bag you buy will give back to the country from which the coffee was sourced. Bear in mind that a standard, name-brand 12 oz. bag of coffee can be purchased for $5.99. Suppose that Beanz were selling each 12 oz. bag of its coffee for $12.99. |
| *High Donation* | Beanz, a company renowned for its uniquely roasted coffees is offering a promotion. For every 12 oz. bag of Beanz coffee you purchase, the company will donate $10 toward clean water efforts for someone in need. Offering multiple flavors sourced from some of the world's poorest countries, each bag you buy will give back to the country from which the coffee was sourced. Bear in mind that a standard, name-brand 12 oz. bag of coffee can be purchased for $5.99. Suppose that Beanz were selling each 12 oz. bag of its coffee for $12.99. | Beanz, a company renowned for its uniquely roasted coffees is offering a promotion. For every 12 oz. bag of Beanz coffee you purchase, the company will donate 10 weeks of clean water to someone in need. Offering multiple flavors sourced from some of the world's poorest countries, each bag you buy will give back to the country from which the coffee was sourced. Bear in mind that a standard, name-brand 12 oz. bag of coffee can be purchased for $5.99. Suppose that Beanz were selling each 12 oz. bag of its coffee for $12.99. |

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Patrick B. Fennell is an Assistant Professor of Marketing at the Franklin P. Perdue School of Business, Salisbury University. After working in the fields of advertising and corporate communications in the consumer electronics industry, he received his Ph.D. from Louisiana State University. As an academic, Professor Fennell's primary research interests include consumers' judgments of fairness (i.e. pricing, service recoveries) and the role of technology in the marketplace. His work has been published in a variety of leading academic journals including *Journal of Business Research* and *Psychology and Marketing*.

Joshua T. Coleman is an Assistant Professor of Marketing at Missouri State University where he teaches advertising and integrated marketing communications. Josh received his Ph.D. from the University of Memphis. His primary research interests include cause-related marketing, social enterprises, and advertising.

Andrew Kuo is Associate Professor of Marketing at the E. J. Ourso College of Business, Louisiana State University. His research interests include branding, *pricing*, and new media. His work has been published in journals such as the *Journal of Consumer Research*, *Journal of Consumer Psychology*, and *Journal of Business Research*. His most recent work includes research exploring various facets of pop culture, including the consumption of video games, participation in "cosplay" culture, and consumer escapism through media. Professor Kuo also has expertise with technologies such as eye-tracking, computer-assisted facial expression analysis, and various app development platforms.