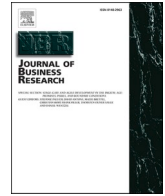




Contents lists available at ScienceDirect

Journal of Business Research

journal homepage: [www.elsevier.com/locate/jbusres](http://www.elsevier.com/locate/jbusres)

## Does seeing bad make you do good? How witnessing retail transgressions influence responses to cause marketing offers

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### ARTICLE INFO

#### Keywords:

Consumer transgressions  
Moral identity  
Cause marketing  
Self-affirmation

### ABSTRACT

Can witnessing another individual commit a marketplace transgression (e.g., shoplifting) influence a consumer's responsiveness to cause marketing (CM) offers? Four experiments demonstrate that consumers respond more favorably to CM offers as a means of atoning for another's transgression. This vicarious moral compensation effect is observed only among high moral identifiers who feel psychologically close to (vs. distant from) the transgressor (studies 1 and 3), and arises in response to the identity threat they experience after witnessing the transgression (study 2). Additional findings show that this increased responsiveness to CM offers for moral compensation purposes is attenuated when consumers have an opportunity to address this threat by affirming their sense of morality (study 4). The theoretical and managerial implications of these findings are discussed, as are suggestions for future research.

### 1. Introduction

Consumers frequently witness other individuals commit moral transgressions in the marketplace (Dahm, Wentzel, Herzog, & Wiecek, 2018; Hackley et al., 2015; Reilly, 2017; Yang, Algesheimer, & Dholakia, 2017). Such transgressions range from fraudulent acts, such as forging receipts to receiving refunds for stolen goods, switching price tags, and returning used items for refunds (i.e., "wardrobing"), to outright theft in the form of shoplifting. Given that one-third of surveyed retailers report wardrobing occurrences and three-fourths report shoplifting incidents (National Retail Federation, 2017), such behaviors can hold substantial negative consequences for companies.

These statistics suggest that shoplifting represents a particularly thorny problem for firms. Retailers experience annual inventory losses from customer theft approaching \$50 billion annually (National Retail Federation, 2017), with an estimated half-million shoplifting incidents occurring daily (National Association for Shoplifting Prevention, 2019). Because firm efforts to minimize these losses can be extremely costly (e.g., greater investments in security cameras or additional staff), shoplifting can also adversely impact consumers when retailers pass these costs on in the form of higher prices (Mittal, Sarkess, & Murshed, 2008).

The prevalence of shoplifting and other immoral shopping behaviors suggests that consumers often observe other individuals commit retail

transgressions. Accordingly, the current research examines whether, when, and how seeing another person behave immorally in the marketplace might prompt consumers themselves to act more morally. In this context, imagine browsing through an assortment of chocolate bars at a store, including one featuring a cause marketing (CM) offer that donates to help preserve rainforests with every purchase. As you think about which item to buy, you notice another customer discretely pocket some candy and walk away. Does observing this transgression increase or decrease the odds of your buying the brand featuring the CM offer (i.e., the CM product)? What factors shape your likelihood of making such a purchase? And what psychological mechanisms underlie these effects?

Across four studies, we show that observing another person's transgression can make consumers more likely to purchase CM products as a form of vicarious moral compensation, whereby individuals atone for others' transgressions by behaving morally themselves. As we subsequently discuss, the potential for this moral compensation to emerge is contingent upon three factors: 1) the observer must be high (vs. low) in moral identity and therefore view morality as central to his or her sense of self; 2) the transgression must be committed by a psychologically close (vs. distant) other in order to induce a threat to the observer's moral identity; and 3) a CM offer must be available to enable the observer to address this threat through vicarious moral compensation.

Examining whether seeing another individual's transgression can

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<https://doi.org/10.1016/j.jbusres.2020.10.020>

Received 22 September 2019; Received in revised form 6 October 2020; Accepted 9 October 2020

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improve consumers' responses to CM products reflect a growing reliance on CM strategies by retailers to increase store traffic and sales (Hessekiel, 2011; Thau, 2009). In this regard, firms annually invest more than \$2 billion dollars on CM strategies (IEG Sponsorship Report, 2018), and nearly two-thirds of consumers' spending decisions are based on a company's stance on social issues (Edelman, 2018).

Given the relative importance of both shoplifting and cause marketing in the marketplace, investigating the confluence of these two factors can yield findings with meaningful theoretical and managerial implications. For instance, extant work has examined how the effectiveness of cause marketing may be contingent on characteristics associated with the consumer (Grolleau, Ibanez, & Lavoie, 2016; Winterich & Barone, 2011), the cause (Mendini, Peter, & Gibbert, 2018; Pracejus & Olsen, 2004), and the company/product (Joo, Miller, & Fink, 2019; Koschate-Fischer, Stefan, & Hoyer, 2012). Research that has considered the potential for CM purchases to be shaped by others' actions has focused on moral consistency effects, whereby observing another's benevolence can positively affect consumer decisions to behave prosocially (Freeman, Aquino, & McFerran, 2009; Schnall, Roper, & Fessler, 2010). In this context, the current work is the first to consider how witnessing another individual "doing bad" (i.e., committing a moral transgression) can actually spur consumers to "do good" (i.e., purchase CM products).

Our research also adds to findings showing that witnessing immoral actions can evoke vicarious moral compensation (Gino, Gu, & Zhong, 2009) in several ways. First, we examine the potential for vicarious moral compensation to arise in contexts involving market-relevant transgressions (e.g., shoplifting) and target behaviors (e.g., CM purchases). In addition to its implications for ecological validity and generalizability, this offers a platform for generating new insight into mechanisms underlying how another individual's immoral behavior might influence one's own decisions. Specifically, we show that seeing a marketplace transgression evokes a threat to the observer's moral identity, which in turn triggers moral compensation tendencies that increase intentions to purchase CM products.

In this vein, we show that whether consumers morally compensate for another's transgression depends not only on the degree to which individuals identify with, or perceive a sense of psychological closeness to, the transgressor (Gino & Galinsky, 2012; Newman & Brucks, 2018), but also on a variable that has yet to receive much attention in this literature: moral identity. Though research has shown moral compensation to be particularly likely in the presence of other (third-party) onlookers (Gino et al., 2009), we demonstrate that such effects can also arise in the absence of others when the observer is high in moral identity. In providing such findings, the current work documents the role of a moderator (moral identity) and a mediator (moral identity threat) that are novel to the transgression literature. We further show that affording consumers a chance to address this threat in other ways (e.g., via self-affirmation) can mitigate the need for vicarious moral compensation.

Results from our research also reveal contingencies related to when high moral identifiers may become more likely to act morally by purchasing products that create charitable donations. As noted earlier, these individuals are shown to engage in such behaviors, but only under certain conditions (i.e., when the transgression is committed by a psychologically close versus distant other) and when alternative means of addressing this identity threat (e.g., via self-affirmation) are not available. As such, these findings show that moral compensation is not a general characteristic of high moral identifiers, but rather is employed selectively by these individuals to address salient identity-related threats.

Finally, our findings hold implications for managers and retailers by highlighting important considerations that can mitigate losses associated with consumer transgressions like shoplifting. The availability of CM products in high-theft areas can offer observers a means of atoning for such transgressions. Moreover, given that consumers are willing to pay a premium for products associated with CM offers (Barone,

Miyazaki, & Taylor, 2000), sales of CM products generate additional resources that can offset retailers' shoplifting losses. These strategies may prove particularly beneficial for retail outlets that experience high levels of theft (e.g., convenience and drug stores), for in-store locations containing products prone to being shoplifted (e.g., health and beauty products, apparel), and during periods associated with high levels of shoplifting (e.g., holiday seasons; Clarke & Petrossian, 2013).

The remainder of the paper is structured as follows. First, we review research examining how witnessing immoral actions can prompt vicarious moral compensation. Second, we explain both *how* and *when* moral identity can shape the likelihood of moral compensation based on the degree to which another's transgression presents an identity threat to the observer. We then develop several hypotheses that are tested across a series of four experiments. Finally, we discuss the implications our research holds for both the cause marketing and vicarious moral compensation literatures and conclude with suggestions for future research.

## 2. Theoretical development

Research examining the effects of observing others' immoral behaviors on one's own actions has often relied on the concept of psychological closeness, which arises when one individual identifies with another. This perceived closeness or connection between individuals can occur via common group membership based on demographics (e.g., age and gender; Tajfel & Turner, 1986), or through superficial similarities involving shared names and birthdays (Cialdini & DeNicholas, 1989; Pelham, Carvallo, & Jones, 2005). Psychological closeness can manifest in perceptions of self-other overlap, such that one's sense of self includes the identities and characteristics of others (Aron & Aron, 1986).

Because psychological closeness engenders individuals to vicariously experience others' actions and feelings as their own (Gino & Galinsky, 2012; Norton, Monin, Cooper, & Hogg, 2003), it can prompt feelings of personal responsibility that trigger motivations to atone for another's immoral behaviors. Evidence regarding this possibility is provided by Gino et al. (2009), who found that participants allocated fewer financial resources to a research partner in a dictator game after witnessing a psychologically close individual behave selfishly when no other onlookers were present. However, observing the same selfish behavior in the presence of onlookers induced participants to engage in moral compensation by allocating more resources to their partners. Presumably, this presence of onlookers made the moral consequences associated with the transgression salient, prompting participants to engage in behaviors that helped compensate for the other person's immoral actions.

An interesting question yet to be addressed in this literature is whether vicarious moral compensation can also arise under conditions involving only the observer and transgressor, that is, in the absence of any onlookers. To provide insight into this issue, the current research examines whether vicarious moral compensation can occur in the absence of onlookers among consumers for whom morality represents a central aspect of their identity (i.e., high moral identifiers). Accordingly, we next develop the possibility that the moral consequences associated with a psychologically close other's transgression may be salient for high moral identifiers even when no onlookers are present. Findings of this nature are important, given their ability to significantly broaden the range of contexts in which vicarious moral compensation might occur in the marketplace. Further, implicating moral identity as a potential determinant of vicarious moral compensation also offers the opportunity to examine underlying mechanisms (e.g., those based on moral identity threat) that are novel to the transgression literature.

### 2.1. The role of moral identity in vicarious moral compensation

Moral identity is defined as "a self conception organized around a set of moral traits" (Aquino & Reed, 2002, p. 1424) and represents the

degree to which individuals view being moral as an important part of their self-concept (Hardy & Carlo, 2005; Reynolds & Ceranic, 2007). Moral identity can guide an individual towards morally-consistent actions (Gino & Galinsky, 2012; Reynolds & Ceranic, 2007), including prosocial behaviors (Aquino & Reed, 2002; Reed, Aquino, & Levy, 2007).

Such effects are most likely to arise when moral identities are salient (Markus & Wurf, 1987; Oyserman, 2009; Winterich, Mittal, & Aquino, 2013), which can occur when individuals encounter something that threatens their sense of morality (Ellemers, Spears, & Doosje, 2002; Reed & Aquino, 2003; Van Vugt & Hart, 2004). Although these identity threats can be experienced when one has personally engaged in immoral behaviors (Jordan, Leliveld, & Tenbrunsel, 2015; Mulder & Aquino, 2013), they can also be vicariously experienced by witnessing the immoral actions of psychologically close others (Bénabou & Tirole, 2011; Gino & Galinsky, 2012). In the latter instance—which represents the focus of the present inquiry—individuals may formulate “coping” strategies (Ellemers et al., 2002; Nisan, 1991) that include engaging in moral compensation to address the threat to their identity (Gino et al., 2009; Zhong & Liljenquist, 2006). Importantly, these tendencies should be most likely for high moral identifiers, who are particularly sensitive to threats associated with their ideal moral self (Blasi, 1993).

Thus, high moral identifiers should be especially motivated to compensate for a psychologically close other’s transgression in order to repair their threatened moral identities. In the present research context, seeing another consumer’s transgression should make high (vs. low) moral identifiers more likely to engage in vicarious moral compensation by purchasing CM products. This increased responsiveness of high moral identifiers to CM products should be limited to transgressions that are committed by psychologically close (vs. distant) others. Because vicarious moral compensation is presumed to arise as a means of addressing the identity threat these individuals experience in response to witnessing another’s moral failures, these effects should be mediated by perceptions of identity threat. Based on the preceding discussion, we offer the following hypotheses:

**H1.** Observing a transgression will increase responsiveness to CM products for high (vs. low) moral identifiers, but only for transgressions committed by psychologically close (vs. distant) others.

**H2.** The effect of moral identity on responsiveness to a CM product will be mediated by perceived moral identity threat.

## 2.2. The role of self-affirmation

Thus far, we have focused on the potential for consumers to purchase CM products as a means of addressing the moral identity threat they experience after seeing another individual’s marketplace transgression. Importantly, individuals may be able to resolve such threats via other means, for example, by engaging in self-affirmation, that is, by affirming important values, such as one’s morality (Steele, 1988; White & Argo, 2009). If observing another’s transgression threatens one’s moral identity, then engaging in self-affirmation (e.g., reflecting on a prior good deed) to restore this identity should reduce the need to purchase CM products for moral compensation purposes. More formally, we hypothesize that:

**H3.** The effect of moral identity on responsiveness to a CM product will be attenuated when consumers have the opportunity to engage in self-affirmation.

We test this theoretical framework across four experiments. Studies 1 and 3 support our theorizing by showing that the responsiveness of moral identifiers to CM products arises in the context of seeing a psychologically close (vs. distant) consumer commit a transgression (H1). Study 2 confirms the proposed mediational role of moral identity threat (H2). A final study provides further evidence of this mechanism by demonstrating that engaging in self-affirmation can mitigate the identity

threat experienced after observing another’s transgression, thereby reducing the appeal of CM products to high moral identifiers (H3).

Across all experiments, target sample sizes were predetermined as a function of a set period of time. Consistent with experimental research conducted on similar retail-related phenomena (Pons, Giroux, Mourali, & Zins, 2016; van Gils & Horton, 2019), scenario-based methodologies were used to evaluate our theorizing; relevant study manipulations and measures are detailed in the Appendix. In addition, we report data exclusions based on removing participants who failed attention checks employed in our studies.

## 3. Study 1

### 3.1. Method

Four hundred and twenty-eight MTurk workers ( $M_{age} = 34$  years,  $SD = 11.82$ ; 48% male) participated in a study that included two manipulated factors (transgressor closeness: close vs. distant; CM: absent vs. present) and a measured factor (moral identity internalization subscale, continuous). Participants first reported their gender, along with selecting both their most and least favorite basketball teams. These responses were used to assign individuals to a psychological close (distant) condition in which the transgressor was portrayed to be of the same (opposite) gender and as a supporter of the participant’s most (least) favorite basketball team. A pretest with one hundred and three mTurk workers ( $M_{age} = 34$  years,  $SD = 9.65$ ; 43% male) confirmed that participants in the psychologically close (distant) conditions perceived a greater (lesser) degree of overlap between their identity and that of the other shopper ( $M_{close} = 3.64$ ,  $M_{distant} = 2.72$ ;  $F(1, 101) = 12.01$ ,  $p = .001$ , Cohen’s  $D = 0.69$ ; Aron, Aron, & Smollan, 1992). A second one-way ANOVA involving measures assessing participants’ perceived similarity with the other fan (Fishbach, Henderson, & Koo, 2011,  $\alpha = 0.90$ ) also revealed greater identification in the high ( $M = 4.70$ ) versus low ( $M = 3.53$ ) psychological closeness condition ( $F(1, 101) = 22.37$ ,  $p < .0001$ , Cohen’s  $D = 0.94$ ).

Participants in the main study were then informed they would take part in several unrelated studies. They first completed the symbolic ( $\alpha = 0.87$ ) and internalized ( $\alpha = 0.85$ ) moral identity sub-scales (Aquino & Reed, 2002), which were embedded among other measures (belief in a just world - BJW, [Dalbert, 2009]) unrelated to the study in order to reduce potential demand effects. The symbolization dimension of moral identity reflects a propensity to exhibit morality in public that can be observed by others, while the internalization dimension involves a tendency to engage in moral behaviors even in private. Although these two dimensions can be positively correlated (Winterich, Mittal, et al., 2013), they have been shown to exert differential effects. For instance, high moral identity symbolization (internalization) may be particularly predictive of moral behaviors that do (do not) involve recognition (Winterich, Aquino, Mittal, & Swartz, 2013; Winterich, Mittal, et al., 2013). Given our focus on identifying moral compensation in the absence of third-party observers, we anticipate that H1’s prediction of stronger CM responses among high moral identifiers will be supported using the internalization versus the symbolization sub-scale of the moral identity measure.

In the next study phase, participants read the scenario referenced above, in which they were asked to imagine observing another consumer commit a moral transgression (i.e., stealing a product from a store). After completing several reading comprehension measures that served as filler questions, participants moved on to an ostensibly unrelated study requiring them to evaluate a granola bar that was shown either in the presence or absence of a CM offer. The CM absent (i.e., control) condition was incorporated into the study design to ensure that any preference observed for CM offers reflected high moral identifiers compensating for another’s transgression, rather than an elevated preference for all products, including those without CM offers. Finally, participants indicated their intentions to purchase the granola bar. Forty

participants who failed an attention check were removed (see Appendix A), resulting in a final sample of three hundred and eighty-eight participants.

### 3.2. Results

To test **H1**, we conducted a regression with intentions as the dependent variable and psychological closeness (low = 0, high = 1), CM offer (absent = 0, present = 1), internalized moral identity (mean-centered), and their interaction as independent variables. The analysis yielded a marginally significant effect of moral identity ( $b = 0.15$ ,  $t = 1.89$ ,  $p = .06$ ), with high (vs. low) moral identifiers expressing greater intentions for the granola bar. More critically, a significant interaction among the three independent variables emerged ( $b = 0.71$ ,  $t = 2.28$ ,  $p = .02$ ). To further explore this interaction, we tested for moral identity  $\times$  CM offer interactions in the high and low transgressor identification conditions separately (see Fig. 1a and Fig. 1b).

Consistent with **H1**, a significant internalized moral identity  $\times$  CM interaction was detected when the transgressor was perceived to be psychologically close ( $b = 0.57$ ,  $t = 2.54$ ,  $p = .01$ ) versus distant ( $b = -0.14$ ,  $t = -0.66$ ,  $p = .51$ ). We therefore conducted follow-up analyses in the psychologically close condition that examined purchase intentions within each CM condition. When a CM offer was present, high moral identifiers expressed stronger intentions than did low moral identifiers ( $b = 0.46$ ,  $t = 2.95$ ,  $p = .004$ ). However, in the CM absent condition, no difference in intentions was observed among high and low moral identifiers ( $b = -0.11$ ,  $t = -0.68$ ,  $p = .50$ ). Floodlight analysis using Johnson-Neyman tests revealed significant CM effects on intentions at internalized moral identity scores greater than 0.93 ( $b_{JN} = 0.61$ ,  $SE = 0.31$ ,  $p = .05$ ) and lower than  $-1.65$  ( $b_{JN} = -0.85$ ,  $SE = 0.43$ ,  $p = .05$ ). Thus, participants high in moral identity (above 0.93) reported higher intentions when a CM offer was present, while those low in moral identity (below  $-1.65$ ) reported lower intentions when a CM offer was present.

To provide a more refined test of **H1**, we tested for the effect of symbolic moral identity, which we anticipated would be less relevant in contexts (such as the ones examined here) where out-group members are not present. Consistent with our expectations, the transgressor closeness  $\times$  CM  $\times$  symbolic moral identity interaction was not significant ( $b = 0.36$ ,  $t = 1.39$ ,  $p = .17$ ). Consequently, only the internalization moral identity sub-scale is used and reported in the remaining studies.

### 3.3. Discussion

Findings from study 1 support **H1**'s prediction that high (vs. low) moral identifiers prefer CM offers after witnessing a marketplace

transgression, provided that the transgression is committed by a psychologically close other. Critically, this effect was not observed for high and low moral identifiers in a condition lacking the CM offer required for vicarious moral compensation. Also confirming our framework were analyses documenting the ability of the internalization versus symbolization dimension of moral identity to predict responses to the CM offer. This finding aligns with our theorizing insofar as in the absence of others, consumers' internalized (vs. symbolic) moral identity should determine their sensitivity to another individual's transgression.

Study 2 builds upon these initial findings by providing mediational evidence implicating moral identity threat in delineating the process underlying these compensation effects (**H2**). In doing so, study 2 focuses on conditions associated with our core effect, namely, those involving (1) transgressions committed by psychologically close others and (2) the presence of a CM offer. Study 2 also includes a no transgression control condition to address a potential ambiguity associated with our earlier studies. In particular, the inclusion of this control condition allows us to rule out the possibility that the increased preference for CM products exhibited by high moral identifiers arises because these individuals generally feel strongly about supporting CM causes, rather than as a response to the threat they experience after witnessing a psychologically close other's transgression.

## 4. Study 2

### 4.1. Method

One hundred and ninety MTurk workers ( $M_{age} = 39$  years,  $SD = 12.73$ ; 57% male) participated in this study, which included a manipulated factor (moral transgression: present vs. absent [control]) and a measured factor (internalized moral identity subscale, continuous). Similar to study 1, participants first selected their favorite sports team (basketball/football), which was used to manipulate the close psychological distance of the target actor in the scenario.

Participants were randomly assigned to a moral transgression condition. In the moral transgression present condition, participants imagined observing a psychologically close other commit a transgression by pocketing money that was dropped by another individual; in the moral transgression absent (control) condition, participants imagined that this other individual notified the attendant of the dropped money.

After completing several filler questions, participants responded to two identity threat measures assessing the degree to which they felt their "sense of morality" and "sense of integrity" were being threatened (1 = strongly disagree, 7 = strongly agree). They then moved on to an ostensibly unrelated study requiring them to evaluate a granola bar featuring a CM offer and then indicated their purchase intentions for this

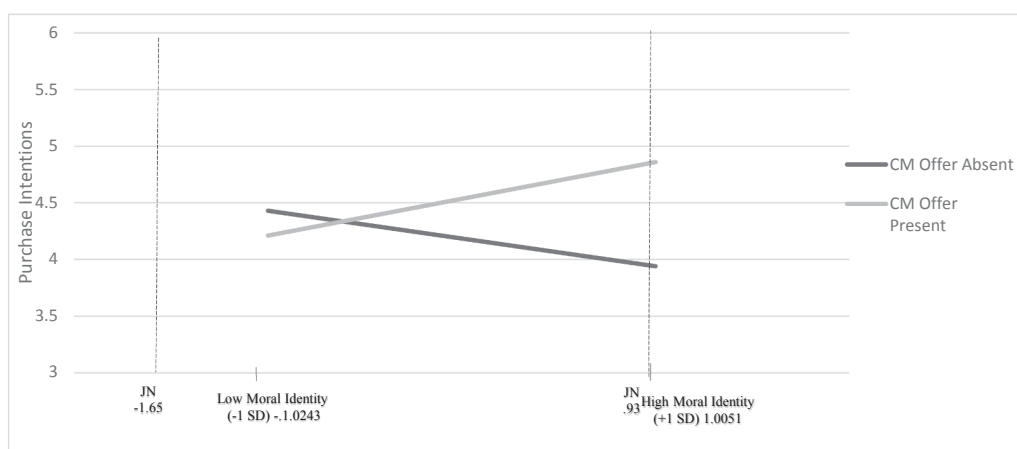


Fig. 1a. Study 1: Effect of moral identity on purchase intentions as function of presence of a CM offer and a psychologically close transgressor.



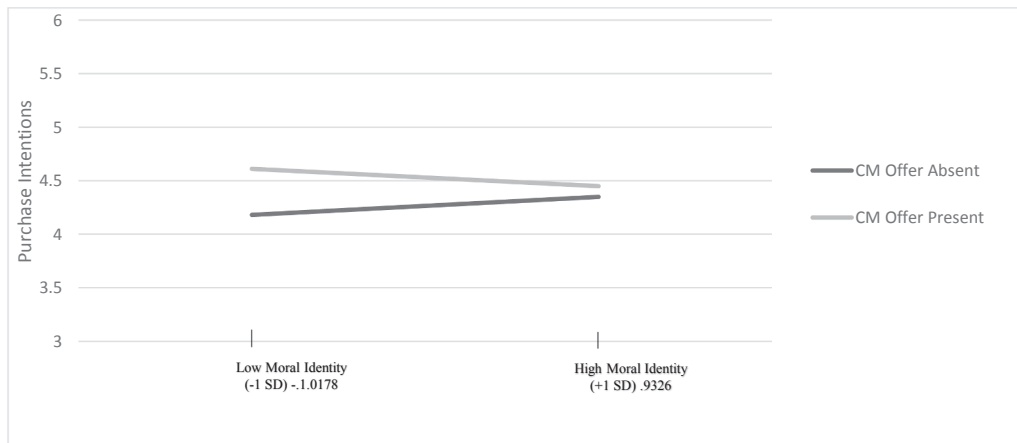


Fig. 1b. Study 1: Effect of moral identity on purchase intentions as function of presence of a CM offer and a psychologically distant transgressor.

product. Lastly, participants completed the internalized moral identity measure ( $\alpha = 0.90$ ), before completing final demographic information and being debriefed. Eight participants were removed for failing an attention check (see Appendix B), leaving one hundred and eighty-two participants.

## 4.2. Results

### 4.2.1. Purchase intentions

A regression analysis with purchase intentions as the dependent variable, and moral transgression (absent/control = 0, present = 1), moral identity (mean-centered), and their interactions as independent variables yielded a simple effect of internalized moral identity ( $b = 0.31$ ,  $t = 3.19$ ,  $p = .002$ ). More importantly, a significant transgression  $\times$  moral identity interaction emerged from the analysis ( $b = 0.49$ ,  $t = 2.52$ ,  $p = .01$ ; see Fig. 2).

Relative comparisons revealed that when the other's action involved a moral transgression that should threaten one's identity and induce moral compensation, stronger intentions to buy the CM product were observed for high versus low moral identifiers ( $b = 0.55$ ,  $t = 4.98$ ,  $p < .001$ ). These results replicate findings from study 1 (H1). In contrast, no difference in intentions was observed among high and low identifiers ( $b = 0.06$ ,  $t = 0.36$ ,  $p = .72$ ) in the control condition, where the absence of a moral transgression likely failed to trigger an identity threat, precluding the need for vicarious moral compensation. Johnson-Neyman tests further indicated that the effect of CM condition was significant for those with internalized moral identity scores (mean-centered) higher than 0.29 ( $b_{JN} = 0.53$ ,  $SE = 0.17$ ,  $p = .05$ ). Specifically, high moral identifiers (above 0.29) reported greater purchase intentions for the CM offer after observing another's action that did (vs. did not) involve a moral transgression.

### 4.2.2. Mediating role of identity threat

To explore the mediational role of identity threat (H2), an analysis using PROCESS Model 8 (Hayes, 2018) was conducted with purchase intentions as the dependent variable; moral transgression, moral identity (mean-centered), and their interaction as independent variables; and moral identity threat ( $r = 0.89$ ,  $p < .0001$ ) as the mediator. The results revealed a significant effect of the mediator on intentions ( $b = 0.39$ ,  $t = 5.44$ ,  $p < .001$ ), and the inclusion of moral identity as a mediator rendered the transgression  $\times$  moral identity interaction not significant ( $b = 0.24$ ,  $t = 1.28$ ,  $p = .20$ ). Bootstrap analysis showed that the indirect effect of the highest order interaction with moral identity threat as the mediator was significant ( $b = 0.25$ ,  $SE = 0.10$ , 95% CI = [0.0983, 0.4743]), supporting H2.

Further supporting our framework, the increased feeling of moral identity threat was found to mediate in the transgression present

condition ( $b = 0.12$ ,  $SE = 0.05$ , 95% CI = [0.0243, 0.2088]), demonstrating that high moral identifiers exhibited stronger purchase intentions due to an elevated sense of moral identity threat. The analysis also showed that a decreased feeling of threat mediated in the transgression absent condition ( $b = -0.14$ ,  $SE = 0.08$ , 95% CI = [-0.3293, -0.0208]). We speculate that this latter effect arose because when high moral identifiers witnessed another's action that did not hold a moral consequence, their moral identity was not threatened, lessening their need to purchase CM products for compensation purposes.

## 4.3. Discussion

In addition to replicating study 1's findings in the transgression present conditions, study 2's transgression absent (control) condition provided a means of addressing an alternative account for results from study 1. Importantly, the similar purchase intentions provided by low and high moral identifiers in the control condition rule out the potential for our findings to reflect a general predisposition to respond favorably to CM offers among high moral identifiers and, in doing so, offer stronger support for our framework. Study 2 also provides mediational evidence implicating the role of moral identity threat in accounting for the moral compensation effects observed among high moral identifiers.

As noted, our theorizing suggests that consumers will morally compensate for another individual's marketplace transgression based on the confluence of three factors: 1) the observer must be high (vs. low) in moral identity; 2) the transgression must be committed by a psychologically close (vs. distant) other; and 3) the CM offer must be available to afford an opportunity for vicarious moral compensation. The studies presented to this point, however, have not provided a full test of this theorizing because they have either held the presence of the transgression (study 1) and/or the psychological closeness of the transgressor (study 2) constant.

To offer a more comprehensive examination of our framework, study 3 manipulates the absence/presence of a transgression, the psychological closeness of the transgressor, and participants' moral identity as between-subjects factors, and treats the absence/presence of a cause marketing offer as a within-subjects factor (i.e., presenting participants with two products, one shown with, and one without, a cause marketing offer). Our theorizing predicts more favorable evaluations of the cause marketing product under conditions where a transgression has been committed by a psychologically-close other among high versus low moral identifiers (H1). In providing such a demonstration, study 3 employs a different moral transgression (i.e., seeing another consumer switch a price tag for a product with a lower price tag from another product) and product category (i.e., bottled water) than used in our earlier studies.

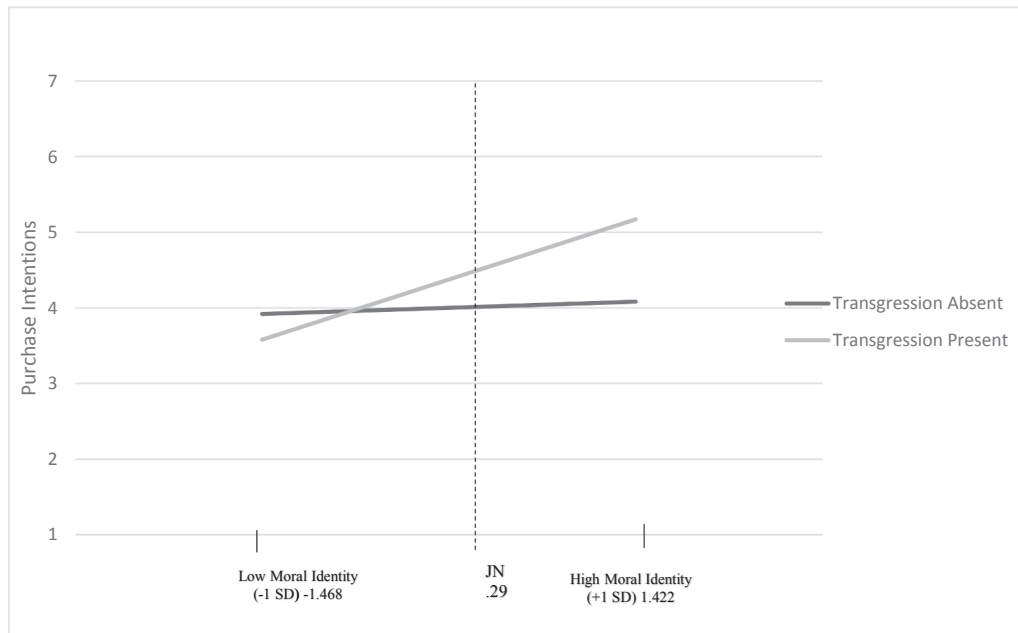


Fig. 2. Study 2: Effect of moral identity on CM offer purchase intentions as function of the presence of a transgression.

## 5. Study 3

### 5.1. Method

Four hundred and twenty-two MTurk participants ( $M_{\text{age}} = 39$  years,  $SD = 12.5$ ; 54% male) completed this study, which manipulated moral transgression (control vs. present), psychological distance (distant vs. close), and moral identity (prime absent/control vs. prime present) as between-subjects factors and treated CM offer (absent, present) as a within-subjects factor. As in our prior studies, to create the manipulation of psychological distance, participants initially selected both their most and least favorite teams within a given professional sport. Participants were then randomly assigned to a moral identity condition that was manipulated with a writing task. Those in the moral identity prime condition were asked to think about a list of 10 words associated with moral identity (e.g. caring, honest, kind) and to write a paragraph on why they felt it was important to embody and engage in actions reflecting these traits (adapted from Aquino, Reed, Thau, & Freeman, 2007). Conversely, participants in the control condition were asked to think and write about their typical day.

As in study 2, participants then read a scenario in which either a psychologically close-(vs. distant-) other did (vs. did not) commit a transgression within a retail setting (seeing another individual switch a higher price tag for one product with a lower price tag from another product). Following several filler questions, participants viewed two bottled water brands (Jana Springs and Peri Cove).<sup>2</sup> We varied whether the CM offer was associated with Jana Springs or Peri Cove, and the order in which the two brands was presented was counter-balanced. Participants indicated their relative preference between the two bottled water brands on a nine-point scale (1 = brand displayed on left, 9 = brand displayed on right); responses for this item were recoded such that higher numbers reflected greater preferences for the bottled water brand featuring the CM offer. Lastly, participants completed final demographic information and were debriefed.

Given the moral identity prime was induced via a writing task,

<sup>2</sup> A pretest with seventy-five MTurk participants ( $M_{\text{age}} = 41$  years, 50% male) indicated that the two bottled water brands did not vary in terms of perceived quality or familiarity ( $p$ 's > 0.40).

thirteen non-native English speaking participants were excluded from the study<sup>3</sup> (Irmak, Wakslak, & Trope, 2013; Kristofferson, White, & Peloza, 2014). Additionally, twenty-five participants were removed for failing an attention check embedded in the study (see Appendix C), leaving three hundred and eighty-four participants in the analyses.

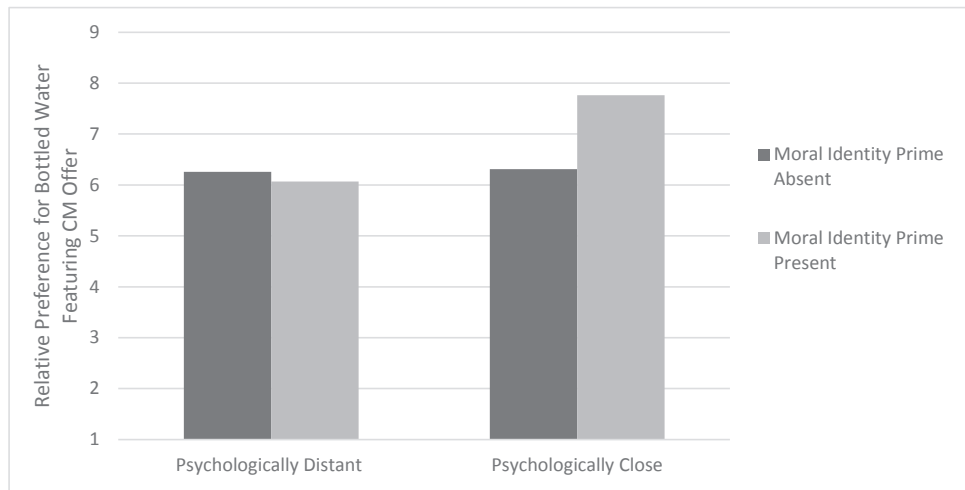
### 5.2. Results

An ANOVA on bottled water preference as the dependent variable and psychological distance (distant, close), transgression (absent, present), moral identity prime (absent/control, present) and their interactions as independent variables, yielded a marginally significant moral identity prime  $\times$  transgression interaction ( $F(1, 376) = 2.91, p = .09$ ) and a significant psychological distance  $\times$  transgression interaction ( $F(1, 376) = 7.31, p = .02$ ).

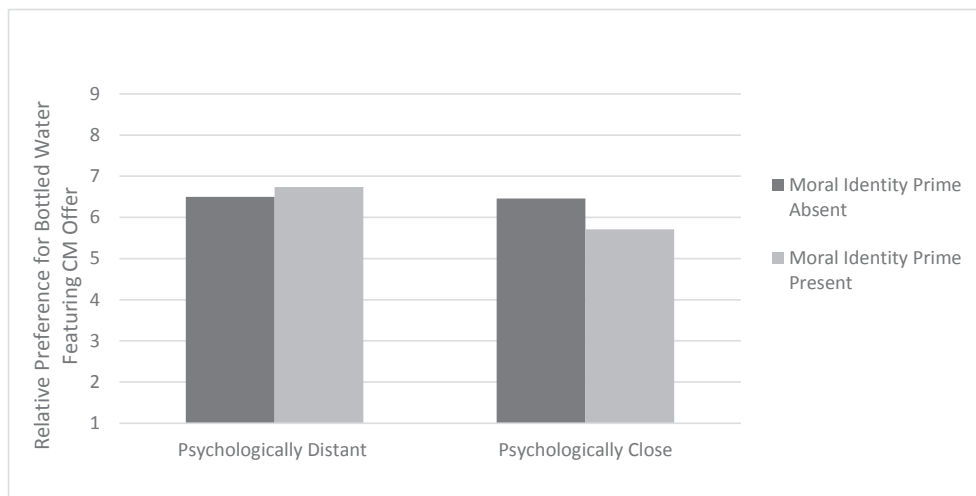
More critical to our theorizing, a significant 3-way interaction emerged from the analysis ( $F(1, 376) = 6.37, p = .01$ ). According to our framework, vicarious moral compensation (as evidenced by stronger preferences for CM products) should occur 1) in the presence (vs. absence) of a transgression, 2) committed by a psychologically-close (vs. -distant) other, and 3) among high (vs. low) moral identifiers. Accordingly, to further explore this interaction, we tested for moral identity  $\times$  psychological distance interactions in the transgression absent versus present conditions separately (see Fig. 3a and Fig. 3b).

Within the transgression present condition, the analysis revealed a marginally significant effect of moral identity prime ( $F(1, 183) = 3.16, p = .08$ ) and a significant effect of psychological distance ( $F(1, 183) = 5.88, p = .02$ ). More importantly, a significant psychological distance  $\times$  moral identity prime interaction emerged ( $F(1, 183) = 5.21, p = .02$ ). Replicating our previous results (H1), when the transgressor was psychologically close, greater preferences for the bottled water brand with the CM offer were observed among participants in the moral identity prime present ( $M = 7.76, SD = 1.59$ ) versus absent ( $M = 6.31, SD =$

<sup>3</sup> An analysis including the non-native English speaking participants yielded similar findings for the psychological closeness  $\times$  transgression  $\times$  moral identity prime interaction ( $F(1, 397) = 4.36, p = .04$ ) and the key contrast examining moral identity differences in the presence of a transgression committed by a psychologically-close other ( $F(1,187) = 3.48, p = .06$ ).



**Fig. 3a.** Study 3: Effect of moral identity on preference for product featuring a CM offer as function of the psychological distance of the target, in the presence of a transgression.



**Fig. 3b.** Study 3: Effect of moral identity on preference for product featuring a CM offer as function of the psychological distance of the target, in the absence of a transgression.

2.20) conditions ( $F(1, 183) = 8.02, p = .005$ , Cohen's  $D = 0.76$ ). Also as expected, no differences in preferences were observed between moral identity prime conditions when the transgressor was psychologically distant ( $M_{\text{Prime Present}} = 6.07, SD = 2.99$  vs.  $M_{\text{Prime Absent}} = 6.26, SD = 2.69$ ;  $F(1, 183) = 0.14, p = .71$ , Cohen's  $D = 0.07$ ).

Replicating the control condition from study 2, within the transgression absent condition, a psychological distance  $\times$  moral identity prime interaction failed to emerge ( $F(1, 193) = 1.74, p = .19$ ). When the other shopper was psychologically close, no differences in preferences for the bottled water brand featuring the CM offer emerged among those in the moral identity prime present (vs. absent) conditions ( $M = 6.46, SD = 2.65$  vs.  $M = 5.71, SD = 2.56$ , respectively;  $F(1, 193) = 2.03, p = .16$ , Cohen's  $D = 0.29$ ). Further, in the psychologically distant condition, participants expressed no differences in preferences for the bottled water between moral identity prime conditions ( $M_{\text{Prime Present}} = 6.74, SD = 2.68$  vs.  $M_{\text{Prime Absent}} = 6.5, SD = 2.63$ ;  $F(1, 193) = 0.20, p = .66$ , Cohen's  $D = 0.09$ ).

### 5.3. Discussion

To this point, we have replicated the core effect predicted in **H1** (i.e., more favorable evaluations of products with CM offers by high moral

identifiers who observe a transgression committed by a psychologically-close other) in studies 1–3 and have provided mediational evidence of the identity threat mechanism predicted in **H2** (study 2). To complement these latter findings, study 4 employs a mediation by moderation design (Spencer, Zanna, & Fong, 2005) to garner additional evidence of the mechanism presumed to underlie our effects. Our theorizing specifies that high moral identifiers will respond favorably to CM offers as a means of addressing threats to their identity caused by witnessing another's moral transgression. If so, then providing consumers with an alternative way to resolve this moral identity threat via self-affirmation should reduce the perceived utility of CM offers for moral compensation purposes, thereby attenuating the attractiveness of CM products for high moral identifiers (**H3**).

## 6. Study 4

### 6.1. Method

Two hundred and fifty-one MTurk workers ( $M_{\text{age}} = 35$  years,  $SD = 10.39$ ; 55% male) participated in this study, which involved one manipulated factor (self-affirmation task: absent vs. present) and one measured factor (moral identity, continuous). Similar to our prior

studies, participants initially selected their favorite team within a given professional sport to allow for the manipulation of close psychological distance. After completing the internalized moral identity measure ( $\alpha = 0.75$ ) embedded alongside several filler measures (BJW [Dalbert, 2009]; power [Anderson, John, Keltner, & Krings, 2001]), participants read a scenario in which a psychologically close other committed a moral transgression by shoplifting. Next, participants were randomly assigned to a self-affirmation (control) condition where they wrote about a time they did something good (their typical daily routine) (McQueen & Klein, 2006). Participants then evaluated a product that featured a CM offer and indicated their purchase intentions. Twenty-one participants were removed for failing an attention check (see Appendix D), resulting in two hundred and thirty participants.

## 6.2. Results

**H3** was tested via a regression that included purchase intentions as the dependent variable and self-affirmation task (0 = absent, 1 = present), internalized moral identity (mean-centered), and their interaction as predictors. The expected self-affirmation task  $\times$  moral identity interaction was significant ( $b = -0.65$ ,  $t = -2.79$ ,  $p = .006$ ; see Fig. 4).

Replicating our earlier results, when the self-affirmation task was absent (i.e., when there was no alternative means by which participants could restore their moral identity), high moral identifiers expressed more favorable purchase intentions for the CM offer than did low moral identifiers ( $b = 0.45$ ,  $t = 2.84$ ,  $p = .005$ ). However, extending our previous findings and supporting **H3**, when participants had the opportunity to address the identity threat through self-affirmation, no difference

in intentions was observed for high and low moral identifiers ( $b = -0.20$ ,  $t = -1.18$ ,  $p = .24$ ). Johnson-Neyman tests further revealed that the significant effects on purchase intentions were found at internalized moral identity scores greater than 0.89 ( $b_{JN} = -0.59$ ,  $SE = 0.30$ ,  $p = .05$ ) and lower than  $-0.93$  ( $b_{JN} = 0.60$ ,  $SE = 0.31$ ,  $p = .05$ ). Specifically, high moral identifiers (above 0.89) reported greater purchase intentions for the CM offer when an affirmation task was absent, while low moral identifiers (below  $-0.93$ ) indicated lower purchase intentions when the affirmation task was absent.

## 6.3. Discussion

These results support **H3** and suggest that moral restoration through self-affirmation alleviates the need that high moral identifiers would otherwise feel to compensate for another's transgression. These results also provide additional support for the process underlying these effects, as self-affirmation served to reduce the threat high moral identifiers experience after witnessing a transgression, thereby reducing their need to engage in moral compensation by purchasing CM products.

## 7. General discussion

The current research investigated how witnessing another's moral transgression can shape a consumer's inclination to purchase CM products. Results from a series of studies demonstrate that observing transgressions committed by psychologically close individuals can threaten one's moral identity. In response to this threat, high (vs. low) moral identifiers became more likely to engage in vicarious moral

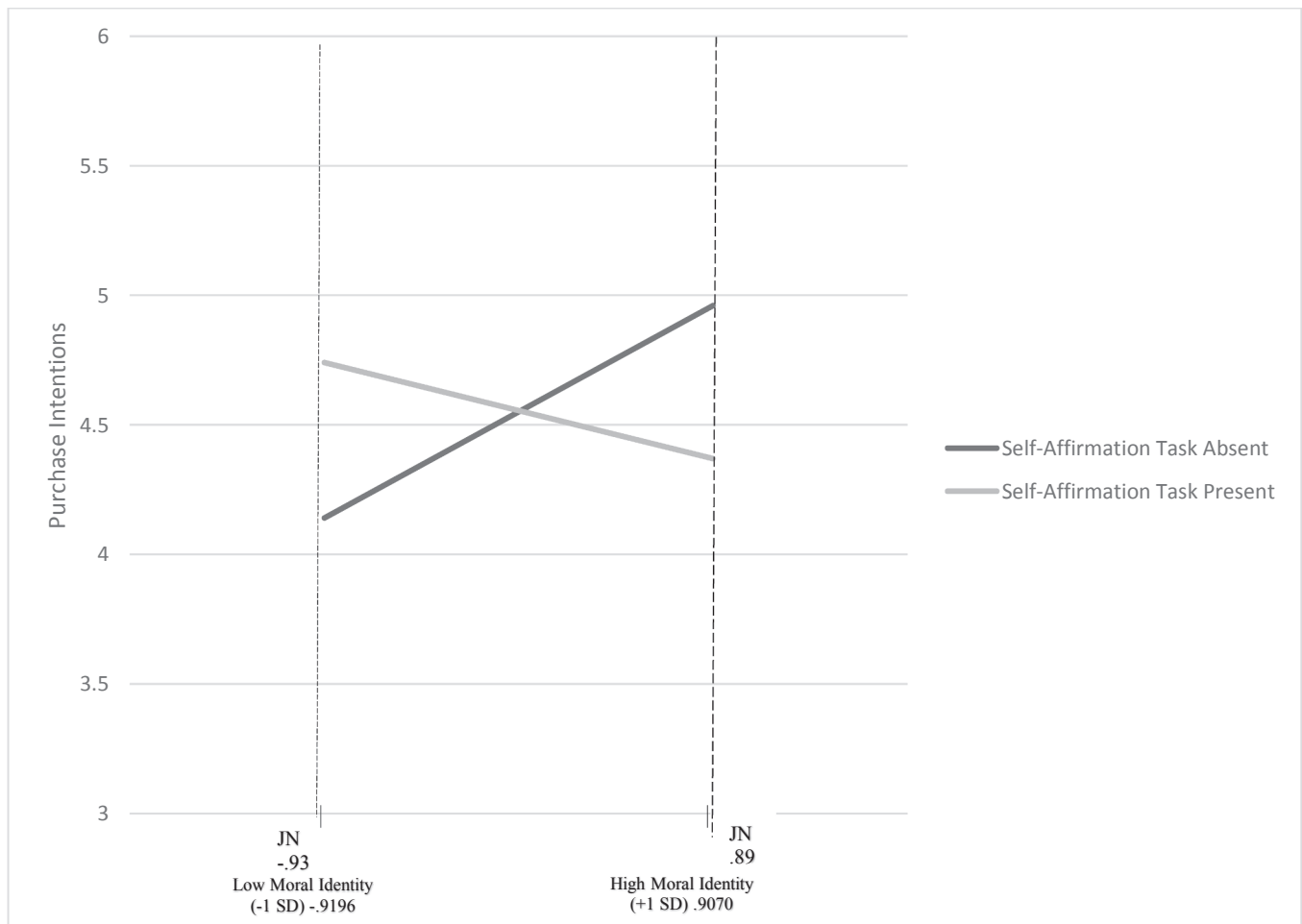


Fig. 4. Study 4: Effect of moral identity on CM offer purchase intentions as function of availability of self-affirmation task.



compensation, as manifested in an increased responsiveness to CM offers. Importantly, high moral identifiers did not exhibit these more favorable responses under conditions which lacked (1) the transgression needed to induce moral identity threat, (2) the degree of psychological closeness required for this vicarious threat to occur, or (3) the CM offer that enables vicarious moral compensation.

These findings provide a nuanced look at moral compensation by demonstrating that such effects emerge only among high (vs. low) moral identifiers and in response to transgressions committed by psychologically close (vs. distant) others. Several studies also implicate the role of identity threat theorized to account for this form of moral compensation. In addition to measurement-based mediation (study 2), evidence of this process was shown through findings establishing mediation by moderation. Specifically, study 4's results show that vicarious moral compensation was less likely to materialize when participants had already addressed this identity threat via self-affirmation.

### 7.1. Theoretical implications

Prior research on moral transgressions indicates that individuals are likely to exhibit moral compensation in the presence of others (Gino et al., 2009). The current investigation complements and extends such findings by examining whether vicarious moral compensation can also arise in the absence of any onlookers based on a consumer's internalized moral identity. Beyond broadening the conditions in which moral compensation might arise in the marketplace, examining the potential for this compensation to occur under such conditions also offered an opportunity for identifying moderators and mediators novel to the transgression literature. In particular, consumers' tendencies to engage in vicarious moral compensation were shown to be most pronounced among high moral identifiers, but only in response to transgressions committed by psychologically close others.

Our findings also support a threat-based account of moral compensation by documenting contingencies regarding when such effects will occur. Based on our theorizing, observing a psychologically close other's transgression should be particularly threatening to high moral identifiers, prompting moral compensation tendencies involving an increased receptivity to CM products. Consistent with this account, vicarious moral compensation failed to emerge under conditions when this threat had been addressed through self-affirmation (study 4). Such results add to the measurement-based mediation provided in study 2 to afford insight into a new mechanism underlying vicarious moral compensation beyond the guilt-based process revealed by earlier work (Gino et al., 2009; Newman & Brucks, 2018).

These results also provide new insights into the manner in which moral identity shapes consumer response in the marketplace. We show that vicarious moral compensation occurs only among high moral identifiers who observe psychologically close (vs. distant) others commit a transgression. Documenting this boundary condition is important, given that one might assume consumers high in moral identity will always be likely to behave prosocially by favoring CM offers associated with charities. In contrast, our findings show that moral compensation is not generally characteristic of high moral identifiers but, rather, a tactic they apply selectively to address identity-related threats they are experiencing. Further, though the internalization and symbolization dimensions of moral identity can be positively correlated (Winterich, Mittal, et al., 2013), symbolic moral identities can be more predictive of moral behaviors that involve public recognition (Winterich, Aquino, et al., 2013; Winterich, Mittal, et al., 2013). Given our focus on contexts involving the absence of third-party observers, we anticipated and found that vicarious moral compensation was predicted by variations in consumers' internal (vs. symbolic) moral identity.

Finally, our results contribute to the cause marketing literature on several fronts. Though previous research has focused on consumer characteristics related to CM effectiveness (Grolleau et al., 2016; Winterich & Barone, 2011), little attention has been paid to the influence

that *other consumers* might exert on another individual's CM purchase decisions. The research that does exist shows that observing others' moral (i.e., charitable) acts can increase benevolent behavior, producing evidence of moral consistency (Freeman et al., 2009; Schnall et al., 2010). Extending this work, our findings are the first to show that merely observing another person's *immoral* actions can induce consumers to restore their moral balance by "doing good" via the purchase of CM products.

### 7.2. Marketing implications

Although existing research (Gino et al., 2009) suggests the presence of moral compensation in other domains (e.g., cheating), whether such effects also characterize consumers' retail choices has yet to be examined. Nor has the potential for moral compensation to increase consumer receptivity to CM offers been investigated. To the contrary, the presence of others has often been shown to exert a negative effect on consumers in the retail space (Dahm et al., 2018; Esmark, Noble, & Breazeale, 2017). Relative to such findings, the current research shows that the moral discomfort consumers experience after observing others' transgressions can engender positive retail effects, specifically, an increased responsiveness to CM offers.

These findings have important implications for managers and retailers dealing with shoplifting and inventory losses. One obvious way for retailers to address such issues is to have greater security and employee presence in store areas in which shoplifting is particularly rampant. However, these interventions are both costly to firms and invasive to customers, and have the potential to backfire (via reduced purchase) when they are perceived as violating customers' privacy concerns (Esmark et al., 2017). A less intrusive means of offsetting inventory losses arising from shoplifting involves the conspicuous presentation of CM products. Visibly displaying offers that connect product sales and charitable donations may possibly serve to make shoppers' moral identities salient to directly reduce the amount of shoplifting that occurs, an interesting question for future research to explore.

More related to the current research, results that connect observing others' transgressions to vicarious moral compensation suggest an indirect way in which the availability of CM offers can offset inventory losses, namely, the increased purchases of CM products that often command higher prices and offer retailers higher margins. Thus, managers should ensure that products tied to charitable donations are amply placed in retail stores plagued by high shoplifting rates (e.g., convenience and drug stores) and in-store locations containing products that are often stolen (e.g., health and beauty aids; Clarke & Petrossian, 2013). These strategies may also be particularly effective at times of the year (e.g., holiday seasons) associated with increased inventory shrinkage (Clarke & Petrossian, 2013).

### 7.3. Limitations and future research

A number of avenues exist for future investigations. First, research should determine the degree to which our findings generalize to additional types of marketplace transgressions (e.g., wardrobing and other forms of retail fraud) beyond those examined here (i.e. shoplifting, price switching, and pocketing money dropped by another shopper). Research is also needed exploring how a consumer's response to CM offers is shaped by her/his own moral failings. Given that high moral identifiers are motivated to compensate for their own immoral actions (Jordan, Mullen, & Murningham, 2011), such work could investigate if consumers exhibit stronger preferences for CM offers when they commit a transgression versus seeing a similar other do so.

Given that the marketplace transgressions studied here represent violations of social or moral norms, research examining how consumers differ culturally on the tight-loose distinction (Gelfand, Nishii, & Raver, 2006; Li, Gordon, & Gelfand, 2017) may be relevant to consider. "Tight" cultures display a strict adherence to clearly defined norms, while

“loose” cultures allow for more flexibility within less clearly defined norms (Torelli & Rodas, 2017; Triandis, 1995). Future research should consider whether moral compensation effects of the type documented are more likely to arise for consumers with tight (vs. loose) cultural orientations. It would similarly be of interest to determine if high moral identifiers who hold relatively loose orientations may not only be immune to moral compensation but might also exhibit moral licensing effects (Sachdeva, Iliev, & Medin, 2009) in the form of a reduced receptivity to CM offers.

Also, results from study 4 show that the vicarious moral compensation resulting in increased CM response can become attenuated when the identity threat experienced in response to seeing another consumer transgression can be addressed through the opportunity to engage in self-affirmation. In this light, it may be worthwhile to consider factors that increase the likelihood that such effects may arise. For example, consumers who are interdependent (vs. independent) in orientation are likely to be more attuned to the behaviors of others and to how such actions might affect one’s own sense of self (Markus & Kitayama, 1991; Oyserman, 2009; Shavitt, Torelli, & Wong, 2009). As a consequence, high moral identifiers who are interdependent-minded seem more apt to experience identity threat in response to observing another’s transgression, making them more susceptible to vicarious moral compensation.

Such effects should likewise be more pronounced for individuals who are highly attentive to social comparison information (Bearden & Rose, 1990), likely to engage in social comparisons (Gibbons & Buunk, 1999), or who have tendencies to engage in self-monitoring (Gangestad & Snyder, 2000). Similarly, vicarious moral compensation may also be shaped by construal level, that is, whether one’s focus is more global versus local in nature (Ng & Batra, 2017). Given their relationship to collectivist (vs. individualist) concerns (Stillman, Fujita, Sheldon, & Trope, 2018), global construals should be more likely to sensitize consumers to the immoral actions of others, thereby creating an increased potential for vicarious moral compensation in general, and also in the particular manifestation (more favorable CM response) we examined here.

Morality in the retail space is becoming an increasingly important issue in the literature. This is particularly true in light of consumers becoming more conscious of firms’ corporate social responsibility strategies, including their CM efforts. In this context, our research offers a deeper understanding of factors that influence consumers’ responsiveness to CM offers by identifying conditions under which their moral identity is threatened by observing another person’s wrongdoing. Given the pervasive nature of identity-based influences on consumer behavior (Oyserman, 2009; Shavitt et al., 2009), we hope the current findings provide an impetus for further investigations in this area.

Appendix A

Study 1

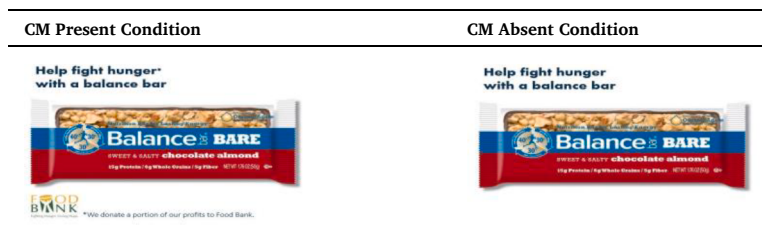
Psychologically Close Transgressor Condition (Female)

Imagine that a friend gave you tickets to (Selected favorite professional basketball team) versus (Selected least favorite professional basketball team) game. You stop at a local store to find a new team shirt to wear to the game. Because it’s game day, the store is extremely busy with other basketball fans buying gear to wear to the game. As you are looking at the various t-shirts on display, you notice another to (Selected favorite professional basketball team) fan, discretely slip a shirt into his backpack that she did not pay for.

Psychologically Distant Transgressor Condition (Female)

Imagine that a friend gave you tickets to (Selected favorite professional basketball team) versus (Selected least favorite professional basketball team) game. You stop at a local store to find a new team shirt to wear to the game. Because it’s game day, the store is extremely busy with other basketball fans buying gear to wear to the game. As you are looking at the various t-shirts on display, you notice a (Selected least favorite professional basketball team) fan, discretely slip a shirt into his backpack that he did not pay for.

CM Manipulation:



Main Dependent variable:

How likely would you be to purchase the product? (1 = Not at all, 7 = Very much)

Attention Check:

Please review the colors listed in this set: red, green, blue, orange, and yellow. What position is blue in this set? (1–7)

Appendix B

Study 2

No Transgression Condition

Imagine that a friend gave you tickets to (Selected favorite professional basketball team) versus (Selected least favorite professional basketball team) game. As you are walking towards the arena, you notice another individual drop some money on the ground as they are pulling their phone out of their pocket. A moment later, another fan wearing a (Selected favorite professional basketball team) jersey, who was walking behind that individual, alerts the attendant of the dropped cash and then enters the arena.

Measures

Moral Identity Threat: (1 = strongly disagree, 7 = strongly agree)

- I felt as though my sense of morality was being threatened.

2. I felt as though my sense of integrity was being threatened

**Main Dependent Variable:**

How likely would you be to purchase the product? (1 = Not at all, 7 = Very much)

**Attention Check:**

Please select the third option listed in the following set.

**Appendix C**

**Study 3**

**Moral Identity Prime Present Condition**

Please take a few moments to think about each of the following words:

Caring, Compassionate, Fair, Friendly, Generous, Helpful, Hardworking, Honest, Kind.

In the box below, write a paragraph on **WHY** you feel it is important for **YOU** to embody and engage in actions that reflect these traits.

**Moral Identity Prime Absent Condition**

Please think of your typical daily routine. In the box below, please spend the next sixty seconds writing about your routine.

**Psychologically Close Transgressor Condition**

Imagine that a friend gave you tickets to (*Selected favorite professional football team*) versus (*Selected least favorite professional football team*) game. You stop at a local store to find a new team shirt to wear to the game. Because it's game day, the store is extremely busy with other fans buying gear to wear to the game. **As you are looking at the various t-shirts on display, you notice another (*Selected favorite professional football team*) fan choose a t-shirt and swap out its price tag with one showing a much lower price before going to the register to pay.**

**Psychologically Distant Non-Transgressor Condition**

Imagine that a friend gave you tickets to (*Selected least favorite professional football team*) versus (*Selected favorite professional football team*) game. You stop at a local store to find a new team shirt to wear to the game. Because it's game day, the store is extremely busy with other fans buying gear to wear to the game. **As you are looking at the various t-shirts on display, you notice another (*Selected least favorite professional football team*) fan choose a t-shirt before going to the register to pay.**

**Example of Bottled Water Stimuli:**



**Main Dependent Variable:**

Please indicate which bottled water you would prefer to purchase:

Strongly prefer Peri Cove | Strongly prefer Jana Springs (9-point scale)

**Attention Check:**

Please review the colors listed in this set: red, green, blue, orange, and yellow. What position is orange in this set? (1–7)

**Appendix D**

**Study 4**

**Main Dependent Variable:**

How likely would you be to purchase the product? (1 = Not at all, 7 = Very much)

**Attention Check:**

Why were you in the store? (1 = To waste time before the game, 2 = To ask for directions, 3 = To find a restroom, 4 = To buy a new team shirt)

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