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Small but Sincere: How Firm Size and Gratitude Determine the Effectiveness of Cause Marketing Campaigns☆

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Abstract

Cause-Marketing (CM) has gained momentum in recent years, both in marketing research and practice. However, while CM aims to influence consumers on an emotional or affective level, research into the emotional and affective response to CM campaigns is scarce. The current research fills this void by showing that a CM campaign is a win–win–win strategy. Though the tangible benefits of CM campaigns go to the firm and the philanthropic cause, our perspective is novel by arguing that the consumer benefits as well, albeit intangibly; CM campaigns provide an opportunity to do good, and hence induce feelings of gratitude in consumers. However, this effect depends on several contingencies. In particular, consumers perceive greater effort by small firms, relative to large firms, that engage in CM campaigns, leading them to assess the underlying motives as more sincere and then experience stronger feelings of gratitude for the opportunity to donate. Four experiments confirm this greater CM effectiveness for small compared with large firms. In turn, this study offers substantive contributions for both marketing research and practice: It proposes a cost-effective strategy for enhancing CM effectiveness, and specifies concrete strategies for both small and large companies.

Keywords: Cause Marketing; Gratitude; Sincerity; Firm size

> *"I often wonder, when I am watching the news, or a*
> *documentary, what can I do to end all this misery?*
> *When [. . .] refugees drown, or wash ashore*
> *Saved or to be left to their own fate,*
> *with little help moving forward,*
> *then I ask myself, what can I do?"*
>
> —Amberkira (2016)

Watching or reading news that describes misery throughout the world leaves many of us feeling disempowered and helpless (Mannion 2017). In a wish to make a meaningful contribution we end up being paralyzed by a sense of powerlessness and hopelessness. "There's so much out of order. How can we begin to try to make it better?" (Bates 2014).[1]

In the current research we show that consumers experience feelings of gratitude towards companies that provide them with a concrete opportunity to do just that: to begin to try to make the world better. We focus on a specific way for firms to provide that opportunity, known as Cause Marketing (CM). CM consists of marketing activities that are characterized by "an offer from the firm to contribute a specified amount to a designated philanthropic cause while customers engage in revenue-providing exchanges" (Varadarajan and Menon 1988, p. 60). For instance, when Samsung promised to donate 1 EUR of each pink phone accessory sold to a breast cancer foundation, the company engaged in CM (Samsung 2013).

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[1] A preliminary survey that we conducted (N = 65; 43.1% male; mean age 20.9 years, $SD = 1.16$) showed that participants agreed with the statements "*When watching or reading the news, I regularly feel helpless*" and "*When watching or reading the news, I regularly feel powerless*" ($\alpha = .70$; $M = 5.09$; $SD = 1.06$; 7-point scale; one-sample t-test using the scale's mid-point as a benchmark, $t(64) = 8.34$, $p < .001$), confirming the magnitude of these feelings.

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CM has gained momentum (Lafferty, Lueth, and McCafferty 2016), prompting various positive outcomes for firms, such as image enhancement (e.g., Chernev and Blair 2015; Ross, Patterson, and Stutts 1992), differentiation (Shell 1989), and decreased price sensitivity (Arora and Henderson 2007), as well as increased sales, brand choice, and purchase intentions (Andrews et al. 2014; Barone, Miyazaki, and Taylor 2000). However, though CM aims to "influence consumers on an emotional or affective level" (Lafferty, Lueth, and McCafferty 2016, p. 952), research on its effectiveness has mainly focused on consumers' perceptions and cognition (Chang 2011), without addressing their emotional or affective responses. A few exceptions specifically address only guilt or warm glow feelings (Andrews et al. 2014; Hagtvedt and Patrick 2016; Strahilevitz and Myers 1998; Winterich and Barone 2011). We seek to fill this void by specifying how consumers benefit from CM campaigns, beyond feelings of warm glow.

Our perspective is novel by proposing that a CM campaign is a win–win–win strategy, with distinct benefits for firms, the philanthropic cause, *and* consumers. Specifically, by helping consumers make societal contributions and thus providing a means to satisfy their own social goals (Romani, Grappi, and Bagozzi 2013), CM campaigns evoke *feelings of gratitude* among consumers, especially if the campaigns involve small firms.

Theoretical Framework

Gratitude typically flows from a perception of a benefit received, due to some costly, intentional, voluntary action by another actor (McCullough et al. 2001; McCullough, Kimeldorf, and Cohen 2008). Recipients do not necessarily benefit *tangibly* from such action but can enjoy *intangible* outcomes for feelings of gratitude to arise (Fredrickson 2004; Lambert, Graham, and Fincham 2009). For instance, in response to a solution to their problem of "what can I do?", provided by a CM campaign.

Feelings of gratitude differ essentially from the more widely studied feeling of warm glow. A warm glow refers to the positive feeling enjoyed due to the mere act of making charitable donations (Andreoni 1990; Ferguson et al. 2012; Mayo and Tinsley 2009), which can be felt in anticipation of making a charitable donation or subsequent to having made such a donation (Mayo and Tinsley 2009). Unlike this positive feeling that consumers experience from the act of *giving* (Amegashie 2006; Andrews et al. 2014; Winterich, Mittal, and Aquino 2013), gratitude is a positive emotion that results from *receiving* a benefit. Koschate-Fischer, Stefan, and Hoyer (2012) highlight this distinction by defining warm glow specifically as feeling good about *oneself* as a result of giving. This more self-focused emotion differs from gratitude, which is directed toward another actor (e.g., the firm engaged in CM in this research; Andreoni 1990; Bendapudi, Singh, and Bendapudi 1996; Mayo and Tinsley 2009). If consumers feel gratitude toward a company for instance, they tend to adopt a reciprocity norm (Palmatier et al. 2009; Xie, Bagozzi, and Grønhaug 2015), which promises positive outcomes for the firm (Morales 2005). Hence, studying the role of gratitude rather than warm glow in the context of CM, provides insight into the reciprocation of consumers back to the firm-cause partnership. Lafferty, Lueth, and McCafferty (2016) called for such research. Likely more than the self-focused feeling of warm glow, gratitude may strengthen the relationship with the firm (Algoe, Haidt, and Gable 2008) and motivate to contribute to the welfare of the company (McCullough et al. 2001).

However, whether consumers experience gratitude for a company's actions depends on their perceptions of the firm's underlying motives (McCullough et al. 2001). If they are skeptical about its motives, consumers may not feel grateful for encountering a CM campaign and thus not feel compelled to reciprocate (McCullough et al. 2001; Morales 2005; Palmatier et al. 2009; Xie, Bagozzi, and Grønhaug 2015). This is in line with research that showed that the perceived sincerity of a company's underlying motives for engaging in philanthropic behavior contributed to the success of these actions (Cuypers, Koh, and Wang 2016). Combining this finding with research on gratitude, we predict that consumers mainly experience gratitude if they sense that the firms' motives for engaging in the CM campaign are sincere, with important downstream consequences for the effectiveness of the CM campaign.

Consumers make inferences about the sincerity of a firm's motives by considering the amount donated, the type of campaign, and the fit between the firm and the philanthropic cause (Cuypers, Koh, and Wang 2016). In the present research we posit that perceived sincerity, and thus the effectiveness of a CM campaign, is also influenced by *the size of the firm* conducting the campaign. Engaging in CM campaigns inevitably requires valuable resources (Cuypers, Koh, and Wang 2016) and increases costs (e.g., personnel, coordination costs; File and Prince 1998). Such demands tend to be especially challenging for small firms, which inherently suffer from limited resource availability (Lepoutre and Heene 2006). Even if small firms want to engage in CM campaigns to support a philanthropic cause, they may have no choice but to dedicate their capital to more immediate needs. Furthermore, small firms generally lack widespread visibility, so if they do undertake a CM campaign, they must invest relatively heavily in marketing expenditures to make consumers aware of their campaign (Baumann-Pauly et al. 2013; Spence, Jeurissen, and Rutherfoord 2000). Yet due to their relatively low sales volume, small firms cannot spread any cost increases over a high volume of products, as large firms can. Engaging in CM campaigns thus increases the average cost per product more for small than for large firms (McWilliams 2001). Taking these arguments together, we hypothesize that small firms, disadvantaged relative to large firms in terms of available financial and human resources to engage in charitable actions, appear to be devoting greater effort once they do undertake CM campaigns. Consumers then may use their perceptions of the effort put into the CM campaign by the firm to infer the sincerity of its underlying motives (Morales 2005). Higher levels of effort should be perceived as more sincere, signaling true societal concern and genuine intention to support the cause.

Although no research has yet empirically examined the relationship between firm size, gratitude and CM effectiveness, two studies provide preliminary support for some of the notions that we elucidate. Cuypers, Koh, and Wang (2016) show that

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life-cycle stage affects the perceived sincerity of a company's motives to engage in CM: firms in the mature stage – and hence likely with more financial resources – appeared less sincere than firms in the introductory stage – and thus likely with fewer financial resources available. Morales (2005) showed that the firm cannot be perceived as attempting to persuade consumers if their effort should evoke feelings of gratitude, thus confirming the relevance of effort and sincerity perceptions for consumer gratitude.

Overall then, we hypothesize that if small firms engaging in CM are perceived as devoting greater effort than large firms that also conduct CM campaigns, such that the perceived sincerity of their motives is greater, consumers should experience stronger gratitude for receiving an opportunity to do good from small firms. Acting on their gratitude, consumers purchase the CM product, such that CM effectiveness should be greater for small compared with large firms. We test these predictions with four experiments (see Fig. 1). In Experiment 1, we show that consumers experience stronger gratitude toward small firms engaged in CM, which translates into greater CM effectiveness in terms of actual purchase behavior for small firms. We moreover test a control condition without any information about firm size, to confirm the direction of the effects. Then in Experiment 2, we delve deeper into the reasons for the identified effects, revealing the mediating role of perceived sincerity. We also show the generalizability of our findings across hedonic and utilitarian product categories, and exclude feelings of warm glow as an alternative explanation. With Experiment 3, we demonstrate that the hypothesized effects are driven by the relatively disadvantaged position of small firms; large firms demonstrate similar outcomes if they also suffer resource constraints. Finally, Experiment 4 corroborates the findings by establishing the full conceptual model, and further contributes by identifying nongovernmental organization (NGO) size as a moderator.

Experiment 1

We started by examining the influence of firm size on CM effectiveness and the role of feelings of gratitude in this relationship, using real purchase behavior as a measure of effectiveness. The study featured a real firm and real NGO, as well as a neutral control condition without any information about firm size, to test for the direction of the effects.

Procedure

As a field study, we opened a pop-up store on the campus of a European university for a day. A research assistant, unaware of the study's hypotheses, ran the store by selling chocolates from a real brand. An informational screen in the shop informed potential customers about the chocolate company and its charitable initiative, in cooperation with a real NGO. For each chocolate sold (0.18 oz./5 g), the chocolate company promised to donate 2 cents of the 10-cent retail price to this NGO, which sought to reduce the use of child labor in the cacao industry. The information screen prominently displayed the logos of both the company and the NGO. Between the company's name and its logo, the screen listed its total profits, as either 46 or 4.6 million EUR, and number of employees, as either 480 or 48 (for big versus small firm size condition respectively; Thompson, Smith, and Hood 1993). In the control condition, no information appeared in this position on the screen. The chocolate brand had low average familiarity in the country in which we conducted the study, to ensure our manipulation could work. Every 40 min, we changed the firm size information and counterbalanced the order after a break in the morning versus the afternoon.

The behavioral measure of CM effectiveness calculated the number of chocolates each person visiting the store decided to buy. After the purchase (or decision not to buy), we asked all visitors (N = 202) to fill out a short survey. To measure feelings of gratitude, we adapted a two-item measure from Morales (2005; $\alpha = .92$): "I feel grateful toward the chocolate company for providing me this donation opportunity," and "I have appreciative feelings toward the chocolate company for providing me this donation opportunity" (1 = strongly disagree to 7 = strongly agree). Low or incongruent cause–brand fit may limit CM effectiveness (Du, Bhattacharya, and Sen 2010), so we also assessed the perceived fit between the cause and the brand ($\alpha = .90$), with three items on seven-point scales: "I feel the partnership between the chocolate company and the NGO is very incompatible/very compatible, doesn't make sense/makes sense, is not believable at all/very believable (Lafferty 2007). Finally, we checked for respondents' familiarity with the chocolate company and NGO (1 = not at all familiar to 7 = very familiar).

Results

As preliminary checks, an analysis of variance (ANOVA) with familiarity as a function of size, showed no main effect of the firm's size on familiarity with the firm ($M_{small} = 1.49$, $SD = 1.30$; $M_{big} = 1.69$, $SD = 1.32$; $M_{unknown} = 1.79$, $SD = 1.72$; $F < 1$, NS) or with the NGO ($M_{small} = 1.70$, $SD = 1.27$; $M_{big} = 1.74$, $SD = 1.27$; $M_{unknown} = 1.48$, $SD = 1.13$; $F < 1$, NS). These low average values affirmed that visitors of the store were unfamiliar with both the brand and NGO, so familiarity-based explanations could be excluded. With another ANOVA, we assessed perceived cause–brand fit as a function of firm size and found no main effect ($F < 1$, NS). Given the average values, respondents perceived high fit between the cause and the brand ($M_{small} = 6.09$, $SD = 2.52$; $M_{big} = 6.08$, $SD = 2.42$; $M_{unknown} = 6.57$, $SD = 2.37$), while different levels of cause–brand fit could not explain the identified effects.

To determine whether the effect of firm size on the number of chocolates purchased was mediated by feelings of gratitude, we first performed two ANOVAs and applied a regression equation (Kim 2013). To start, the one-way ANOVA with the number of chocolates purchased as a function of firm size revealed the predicted effect ($F(2,199) = 3.12$, $p < .05$; $\eta^2 = .03$). In line with our predictions, post hoc tests based on the least significant difference (LSD) confirmed that customers who were informed about a small firm engaging in CM purchased more chocolates ($M = 3.00$, $SD = 2.30$) than those who considered a big firm ($M = 2.18$, $SD = 1.91$; LSD $SE = .37$, $p < .05$) or a firm of unknown size ($M = 2.21$, $SD = 2.43$; LSD $SE = .39$, $p < .05$). The

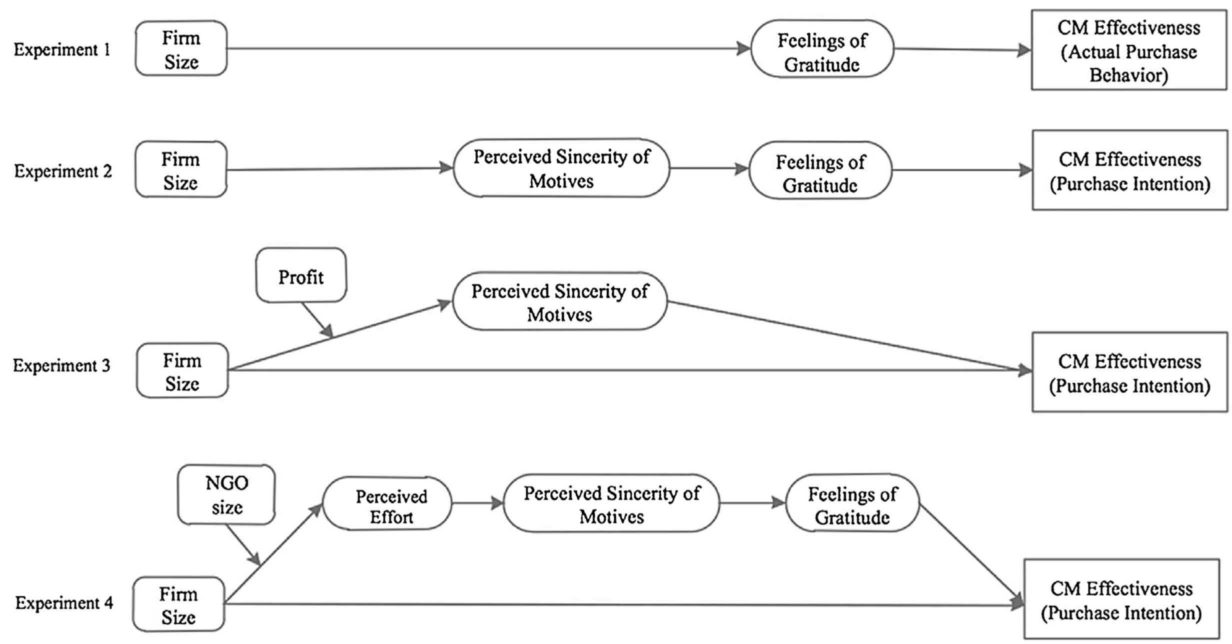

Fig. 1. Theoretical framework.

amount purchased from large or unknown sized firms did not differ (LSD *SE* = .39, NS).

A one-way ANOVA with feelings of gratitude as a function of firm size ($F(2,199) = 3.40$, $p < .05$; $\eta^2 = .03$) showed that customers in the small firm size condition experienced greater feelings of gratitude ($M = 5.39$, $SD = 1.55$) than those in the big ($M = 4.79$, $SD = 1.66$; LSD $SE = .28$, $p < .05$) or unknown ($M = 4.71$, $SD = 1.85$; LSD $SE = .30$, $p < .05$) firm size conditions. Feelings of gratitude did not differ between these latter two conditions (LSD $SE = .30$, NS). A regression analysis of gratitude on the number of chocolates purchased confirmed that the path from greater gratitude to more chocolates purchased was significant ($B = .30$, $SE = .09$, $t(200) = 3.34$, $p = .001$; $R^2 = .05$).

Continuing, in the process macro for multi-categorical mediation with bias-corrected bootstrapping and 5,000 resamples (Model 4; Hayes 2018), we relied on firm size as the independent variable (with small as the reference category), number of chocolates purchased as the dependent variable, and feelings of gratitude as a mediator. This analysis showed that the effect of firm size on the number of chocolates purchased was mediated by feelings of gratitude (95% confidence intervals: big vs. small [−.38, −.01], unknown size vs. small [−.41, −.02]; partially standardized indirect effects −.07 and −.08 respectively).[2]

Discussion

These results provided initial evidence that firm size determines CM effectiveness, by affecting feelings of gratitude. With a measure of real purchase behavior, we demonstrated that CM effectiveness is greater for small compared with big firms or firms of unknown size and that this effect is driven by feelings of gratitude among consumers. By including the control condition that did not specify the firm size, we also affirmed that the effects are driven by a firm's small size.

Experiment 2

With Experiment 2, we aimed to replicate and build on our findings by testing the proposed mediating role of perceived sincerity in the relationships among firm size, feelings of gratitude, and CM effectiveness. Greater feelings of gratitude toward small firms likely reflect consumers' greater perceptions of the firm's sincerity in engaging in CM. We also tested warm glow as an alternative explanation. Finally, the focal product was milk rather than chocolate, to affirm the generalizability of our findings across hedonic and more utilitarian product categories.

Participants, Design, and Procedure

This online study included 121 participants (36.3% male; mean age 27.3 years, $SD = 12.92$), but three participants were excluded because their native language was different from the one in which the study was conducted. The participants were recruited by undergraduate students as part of a course assignment. The study employed a single factor (firm size: control vs. big vs. small), between-participants design.

After providing informed consent, participants were randomly assigned to one of three conditions, each containing a scenario about a fictitious milk company (Lechesa). The scenarios described a milk company with total revenues of either 46 or 4.6 million Euros and 480 or 48 employees, or else provided no size information. All scenarios then described a new CM initiative by the milk producer: For each liter of milk sold at a retail

[2] Including familiarity with the firm, familiarity with the NGO and cause-brand fit (Experiments 1 and 4) or mood (Experiment 3) as covariates in the analyses reported in this research led to highly similar results and conclusions.

price of 96 cents, it would donate 5 cents (Pracejus, Olsen, and Brown 2003) to a fictitious NGO (Educa) dedicated to providing meals to children from low-income families.

We measured perceived sincerity of the company's motives by asking for participants' agreement with the following statement: "Lechesa is mainly interested in exploiting Educa for its own good rather than supporting Educa to provide meals" (1 = strongly disagree to 7 = strongly agree; reverse coded). We measured feelings of gratitude ($\alpha = .62$; Morales 2005) with the same measure from Experiment 1. As the measure of warm glow, we asked participants about their agreement with the statement, "I would feel good if I purchased this milk with the donation campaign" (Andrews et al. 2014; Taute and McQuitty 2004). Finally, as an indicator of CM effectiveness, we included a widely used measure from CM research (Lafferty, Lueth, and McCafferty 2016), namely, participants' intention to purchase the milk (1 = not at all likely to 7 = very likely).

Results

We expected that the effect of firm size on CM effectiveness would be mediated first by the perceived sincerity of motives and then by feelings of gratitude. To test for evidence of serial multiple mediation, we first performed an ANOVA and two regression equations (Kim 2013). The one-way ANOVA with perceived sincerity of motives as a function of firm size showed the predicted effect ($F(2,118) = 4.73$, $p = .01$; $\eta^2 = .07$), and post hoc tests confirmed that the motives of small firms engaging in CM appeared more sincere ($M = 4.14$, $SD = 1.54$) than those of big firms ($M = 3.21$, $SD = 1.44$; LSD $SE = .31$, $p < .01$) and firms of unknown size ($M = 3.46$, $SD = 1.28$; LSD $SE = .32$, $p < .05$). Big firms did not differ from firms of unknown size in the perceived sincerity of their motives (LSD $SE = .32$, $p = .45$). Also in line with our predictions, the regression analyses revealed both a significant path from higher perceived sincerity to greater feelings of gratitude ($B = .17$, $SE = .07$, $t(119) = 2.34$, $p < .05$; $R^2 = .04$) and a positive relationship between feelings of gratitude and purchase intentions ($B = .79$, $SE = .12$, $t(119) = 6.58$, $p < .001$; $R^2 = .27$).

We continued with testing for multi-categorical serial multiple-mediation using the Process macro for bias-corrected bootstrapping with 5,000 resamples (Model 6; Hayes 2018). We included firm size as the independent variable, purchase intentions as the dependent variable, the perceived sincerity of motives as a first mediator, and gratitude as a second mediator, and found support for our predictions on small versus big firms (95% CI: [.005, .159]; partially standardized indirect effect .03).

To test an alternative explanation of our findings based on a warm glow, we conducted another one-way ANOVA but found no main effect of firm size on warm glow feelings ($F < 1$, $p = .57$). In a multi-categorical serial multiple-mediation analysis with feelings of warm glow, rather than gratitude, as the second mediator (firm size as the independent variable, purchase intention as the dependent variable, and perceived sincerity of motives as the first mediator), we also found no significant serial multiple mediation (95% CI small vs. big firm: [−.015, .057]; partially standardized indirect effect .003). Next, to further examine our expectations that feelings of gratitude play a role in CM effectiveness that is different from warm glow, we performed two regression analyses. In the first, which included purchase intentions as dependent variable, and firm size, perceived sincerity of motives, and warm glow as predictors, the results indicated no main effect of firm size ($t < 1$; NS) but a main effect of perceived sincerity ($B = .25$, $SE = .11$, $t(117) = 2.28$, $p < .05$). That is, purchase intentions increased at higher levels of perceived sincerity. In line with previous research that indicates that warm glow motivates charitable giving (Andreoni 1990; Andrews et al. 2014; Harbaugh 1998; Mayo and Tinsley 2009), we also found a main effect of warm glow ($B = .41$, $SE = .12$, $t(117) = 3.48$, $p = .001$), so purchase intentions increased at higher levels of warm glow. In the second regression equation, we added feelings of gratitude. The results again showed no main effect of firm size ($t < 1$; NS) but a marginally significant main effect of perceived sincerity ($B = .18$, $SE = .10$, $t(116) = 1.73$, $p = .09$), a marginally significant main effect of warm glow ($B = .21$, $SE = .11$, $t(116) = 1.88$, $p = .06$), and a significant main effect of feelings of gratitude ($B = .67$, $SE = .13$, $t(116) = 5.16$, $p < .0001$). Importantly, adding feelings of gratitude significantly increased the proportion of variance explained, such that the R-squared value doubled from .15 to .31 ($\Delta R^2 = .16$, $F(1,116) = 26.60$, $p < .0001$). These results imply that even if feelings of warm glow and gratitude may overlap somewhat, gratitude has a significant influence on CM effectiveness, independent of the effect of warm glow, such that it is worth studying gratitude separately.[3]

Discussion

The results of this serial multiple-mediation analysis confirmed our expectations: Compared with large and unknown sized firms, small firms engaging in CM are perceived as more sincere when they engage in a CM initiative. As a result, consumers experience stronger feelings of gratitude toward small firms for the opportunity to do good, leading to higher purchase intentions. As an additional contribution, we showed that the findings generalize from hedonic to more utilitarian product categories. Finally, the results confirmed that feelings of warm glow cannot provide a sufficient alternative explanation for the effects.

Experiment 3

If the identified effects are driven by the relatively disadvantaged position of small firms, in terms of their available resources, similar effects should arise for large firms that are subjected to resource constraints. With Experiment 3, we therefore manipulated profit, as an indicator of the financial resources available to the firm. In line with our previous experiments, we expected that under conditions of profit, small firms appear more

[3] A principal component analysis further confirmed that gratitude and warm glow are different constructs, as the gratitude items formed a different factor than the warm glow item. Factor 1, the gratitude items, explained 57% of the variance with factor loadings of .82 and .76. Factor 2, the warm glow item, explained an additional 25% with a factor loading of .71.

sincere than large firms, but if those large firms suffer no profits and thus restricted financial resources, there should be no difference in the perceived sincerity of motives and subsequent CM effectiveness between big and small firms.

Participants, Design, and Procedure

One hundred fifty-one participants (49.7% male; mean age 39.9 years, $SD = 11.74$) took part in this study, conducted on Amazon's MTurk. The study used a 2 (firm size: big vs. small) × 2 (profit: no vs. yes) between-participants factorial design.

After providing informed consent, participants reviewed scenarios similar to those from Experiment 2, describing a CM initiative that a hypothetical milk company was about to launch. According to the randomly assigned firm size condition, the scenario described the firm as employing 480 or 48 people. For the profit manipulation, the profit condition indicated that the company earned profits (46 or 4.6 million USD for big and small firms, respectively), but the no profit condition noted that the company did not achieve any profits (0 USD for both big and small firms). We measured perceived sincerity ($\alpha = .84$) and participants' intentions to purchase the milk with similar measures. Finally, we asked participants, "How do you feel at this moment?" to assess their current moods (1 = very negative to 7 = very positive).

Results

An ANOVA with mood as a function of firm size (0 = big, 1 = small) and profit (0 = no profit, 1 = profit) showed no main effects of either firm size ($F < 1$) or profit ($F(1, 147) = 2.20$, NS), nor any interaction effect ($F < 1$, NS), so mood could not provide an alternative explanation.

An ANOVA with perceived sincerity of motives as a function of firm size and profit revealed a main effect of firm size ($F(1, 147) = 4.73$, $p < .05$; $\eta^2 = .03$) and a marginally significant main effect of profit ($F(1, 147) = 3.43$, $p = .07$; $\eta^2 = .02$). Furthermore, the predicted interaction between firm size and profit was significant ($F(1, 147) = 4.19$, $p < .05$; $\eta^2 = .03$).

In line with our previous findings, the simple main effects analyses affirmed that in the profit conditions, small firms appeared more sincere in their motives ($M = 5.91$, $SD = .87$) than big firms ($M = 5.25$, $SD = .87$; $SE = .22$, $F(1, 147) = 8.63$, $p < .01$; $\eta^2 = .06$). However, when big firms did not make a profit but still engaged in CM, they were perceived as more sincere ($M = 5.86$, $SD = .11$) than big firms that earned profits and engaged in CM ($SE = .22$; $F(1, 147) = 7.46$, $p < .01$; $\eta^2 = .05$)—equivalent to the level of perceived sincerity of small firms that did not make profits ($M = 5.88$, $SD = .99$; $F < 1$, NS). For small firms the profit manipulation did not affect the perceived sincerity of their motives ($F < 1$, NS; see Fig. 2).

When we conducted an ANOVA on purchase intentions as a function of firm size and profit, we found a marginally significant main effect of firm size ($F(1, 147) = 3.22$, $p = .08$; $\eta^2 = .02$) but no main effect of profit ($F < 1$, NS). The predicted interaction between firm size and profit was significant ($F(1, 147) = 4.31$, $p < .05$; $\eta^2 = .03$). The simple main effects analyses indicated that in the profit conditions, participants were more inclined to purchase CM products from small firms ($M = 5.89$, $SD = 1.20$; big firms $M = 5.08$, $SD = 1.42$; $F(1, 147) = 7.25$, $p < .01$; $\eta^2 = .05$), but they also expressed higher purchase intentions toward big firms earning no profit ($M = 5.68$, $SD = 1.19$) than big firms that earn profit ($F(1, 147) = 4.06$, $p < .05$; $\eta^2 = .03$), at a level similar to that for small firms ($M = 5.63$, $SD = 1.31$; $F < 1$, NS). Again, the profit manipulation did not affect purchase intentions toward small firms ($F < 1$, NS; see Fig. 3).

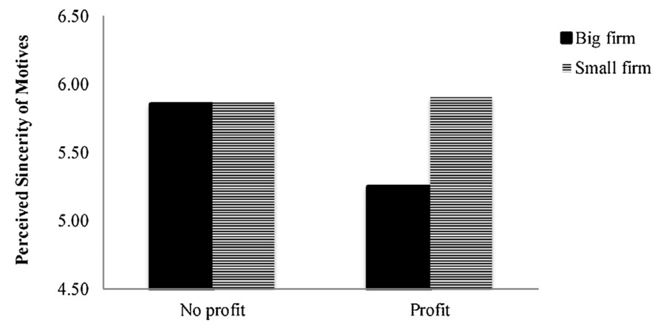

Fig. 2. Perceived sincerity of motives as a function of firm size and profit; Experiment 3.

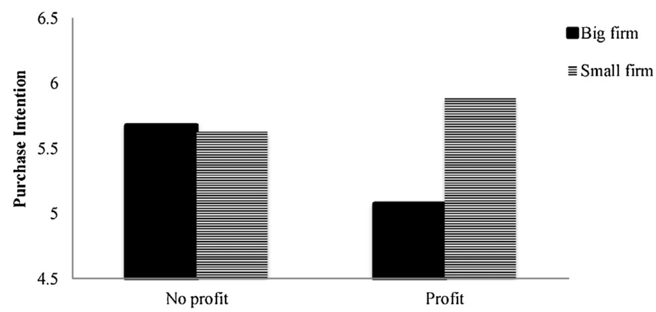

Fig. 3. Purchase intention of CM-promoted product as a function of firm size and profit; Experiment 3.

Finally, to assess whether perceived sincerity of motives mediated the impact of firm size and profit on CM effectiveness, we performed a moderated mediation analysis (Preacher, Rucker, and Hayes 2007; Zhao, Lynch, and Chen 2010). The bootstrap analysis (5,000 resamples, Process Model 8; Hayes 2018) confirmed that the influence of the firm size × profit interaction on purchase intention was mediated by the firm size × profit interaction on perceived sincerity (95% CI: [.04, 1.05]).

Discussion

For small firms, the profit manipulation (4.6 million vs. 0 USD) did not affect the perceived sincerity of their motives or consumer's purchase intentions; the 4.6 million USD profit may have been insufficient to negatively impact effort perceptions to begin with. This explanation is in accordance with our findings from Experiment 1, where the same amount of profit was used in the small firm condition. For large firms, the profit manipulation (46 million vs. 0 USD) did affect perceptions of the sincerity of their motives and purchase intentions. Failing to earn any profit significantly enhanced the perceived sincerity of these large firms' motives and thus their CM effectiveness. These results provide further evidence that the relatively disadvantaged position of small firms, in terms of financial resources available to engage in charitable actions, drives the hypothesized effects.

Experiment 4

With Experiment 4, we focused on the mediating role of perceived effort. We predicted that small firms' higher perceived sincerity reflects people's perceptions that these small firms exert more effort than big firms when they undertake CM campaigns. Moreover, the perceived effort devoted to CM campaigns may depend on the size of not just the firm itself but the NGO with which it cooperates. Setting up a charitable donation initiative requires effort (Cuypers, Koh, and Wang 2016), and this required effort might be greater if the two parties differ substantially in their sizes. For small firms, initiating a charitable initiative with a big NGO is likely more difficult (e.g., due to bureaucracy, decision making, or risk averseness), so consumers' perceptions of the effort involved should be greater for CM initiatives that feature large rather than small NGOs. For big firms, search and selection processes may require more effort if they intend to collaborate with a small NGO. Thus, we predicted a cross-over interaction between firm size and NGO size on perceptions of effort. In addition to testing this prediction, we sought to establish our entire conceptual model. That is, the second objective of Experiment 4 was to corroborate our findings by confirming the mediating roles of perceived effort, perceived sincerity, and feelings of gratitude in the relationship between firm size and CM effectiveness. Finally, we again examined warm glow as an alternative explanation, using adapted measures for gratitude and warm glow, that are in line with our conceptualizations of warm glow as the positive feeling that results from the act of *giving* versus gratitude that results from *receiving* (Amegashie 2006; Andreoni 1990; Andrews et al. 2014; Bendapudi, Singh, and Bendapudi 1996; Mayo and Tinsley 2009; Winterich, Mittal, and Aquino 2013).

Participants, Design, and Procedure

One hundred eighty-four participants (42.9% male; mean age 24.0 years, $SD = 9.34$) took part in this online study, recruited by undergraduate students as part of a course assignment. The study employed a 3 (firm size: small vs. big vs. control) × 2 (NGO size: small vs. big) between-participants factorial design.

After providing their informed consent, participants read about the CM initiative that we described in the field study of Experiment 1. A digital information leaflet informed participants about a real chocolate company and its charitable initiative in cooperation with a real NGO. In addition to the same information and manipulations provided in Experiment 1, we described the NGO as having 43 versus 430 employees.

We measured perceptions of the chocolate company's effort with the prompt, "How would you rate the effort put into the donation program by the firm?" (1 = no effort at all to 7 = a lot of effort; Yoon, Gürhan-Canli, and Schwarz 2006). We measured the perceived sincerity of its motives, asking participants about their agreement with the following statements ($\alpha = .92$): "I believe the chocolate company is: insincere/sincere; untrustworthy/trustworthy; not credible/credible." We measured gratitude explicitly stating the reception of the opportunity to do good as the reason for the emotion ($\alpha = 0.84$; Morales 2005): "I would feel grateful towards the chocolate company for receiving the opportunity to contribute to a good cause," and "I would have appreciative feelings towards the chocolate company for giving me the opportunity to contribute to a good cause." In line with warm glow being the good feeling derived from the act of giving (Amegashie 2006), we measured warm glow by asking respondents' agreement with ($\alpha = 0.87$; items adapted from Andrews et al. 2014; Taute and McQuitty 2004): "I would feel good when purchasing the chocolates with the donation campaign because I'm contributing to a good cause," and "I would feel good when purchasing the chocolates with the donation campaign because I help fighting child labor." We used the three-item measure from Singh and Cole (1993) to measure purchase intention ($\alpha = .85$): How likely is it that you will purchase the chocolates if you see them in a supermarket? (very unlikely/very likely; I would definitely not consider it/I would definitely consider it; and not at all probable/very probable)."

Finally, we gathered measures of perceived cause–brand fit (Lafferty 2007; $\alpha = .87$) and participants' familiarity with the chocolate company and the NGO, as in Experiment 1.

Results

An ANOVA with familiarity with the chocolate brand as a function of firm size, NGO size, and their interaction offered no significant effects (Fs < 1.95, NS), and neither did an ANOVA with familiarity with the NGO (Fs < 2.08, NS). Average familiarity was 2.68 ($SD = 2.08$) for the chocolate brand and 2.37 ($SD = 1.81$) for the NGO. In line with Experiment 1, participants appeared unfamiliar with the brand and NGO, so they could be ruled out as alternative explanations. The ANOVA with perceived cause–brand fit also showed no significant effects (Fs < 1.82, NS). The average level of fit was 5.48 ($SD = 2.08$). These results confirm the high perceived fit between the cause and the firm and exclude cause–brand fit as an alternative explanation.

Continuing with our main analyses, we expected that the effect of firm size on CM effectiveness would be first mediated by perceived effort, then by perceived sincerity, and finally by feelings of gratitude, and would be moderated by the size of the NGO (Fig. 1). For evidence of this moderated serial multiple-mediation, we first analyzed an ANOVA and three regression equations (Kim 2013). The ANOVA with perceived effort as a function of firm size and NGO size indicated no main effects ($F(2, 178) = 1.15$, NS and $F < 1$, NS, respectively). The predicted interaction between firm size and NGO size was significant though ($F(2, 178) = 4.38$, $p < .05$; $\eta^2 = .05$). Thus, for small firms, perceived effort was higher when the NGO was big ($M = 4.94$, $SD = 1.26$) rather than small ($M = 4.12$, $SD = 1.09$;

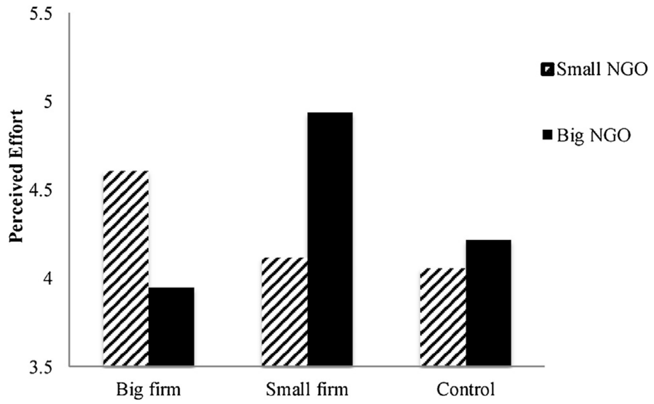

Fig. 4. Perceived effort as a function of firm size and NGO size; Experiment 4.

LSD $p < .05$). When the firm was large, its perceived effort in turn was greater with a small NGO ($M = 4.61$, $SD = 1.17$) rather than a big NGO ($M = 3.95$, $SD = 2.30$; *LSD* $p < .05$). For firms of unknown size, NGO size did not exert an effect (*LSD* NS; Fig. 4).

According to the results from the first regression, the path from higher perceived effort to higher perceived sincerity was significant ($B = .47$, $SE = .07$, $t(182) = 6.94$, $p < .001$; $R^2 = .21$). The second regression confirmed a significant path from higher perceived sincerity to greater feelings of gratitude ($B = .39$, $SE = .07$, $t(182) = 5.91$, $p < .0001$; $R^2 = .16$), and the third regression revealed the significant positive relationship between feelings of gratitude and purchase intentions ($B = .57$, $SE = .11$, $t(182) = 5.26$, $p < .001$; $R^2 = .13$). We then tested for multi-categorical moderated serial multiple-mediation using Process (Model 86 with three mediators; 5,000 resamples; Hayes 2018), with firm size as the independent variable; purchase intention as the dependent variable; perceived effort, sincerity of motives, and gratitude as mediators; and NGO size as the moderator. The results supported the predicted model for big versus small firms (95% CI: [−.13, −.003]).

We again tested for the possible impact of warm glow by repeating the moderated serial multiple-mediation analyses using feelings of warm glow instead of gratitude. The ANOVA showed no main effects of firm or NGO size, nor any interaction effect (Fs < 1.34, NS). The Process macro for multi-categorical moderated serial multiple-mediation with bias-corrected bootstrapping did not offer a significant result either (Model 86; 5,000 resamples; 95% CI big vs. small firm: [−.09, .007]).

Discussion

Whereas small firms striving for an effective CM campaign should seek to cooperate with a big NGO, big firms can enhance their CM effectiveness by selecting a small NGO. In both cases, the firms increase consumers' perceptions of the effort devoted to their CM campaign. In line with Experiment 2, we again excluded feelings of warm glow as an alternative explanation. These feelings may be important in CM contexts (e.g., Andrews et al. 2014), but we show that they do not depend on the size of the firm (or NGO) involved in the CM campaign, as feelings of gratitude are. This finding resonates with our conceptualizations of warm glow versus gratitude, as directed toward the self versus others (i.e., the firm), with gratitude therefore more likely to be dependent on firm characteristics than warm glow. Finally, in addition to identifying NGO size as a moderator of the identified effects, Experiment 4 establishes the whole conceptual model, including perceived effort, and affirms the mediating roles of perceived sincerity of motives and feelings of gratitude in the relationship between firm size and CM effectiveness.

General Discussion

Companies increasingly must respond to consumers' demands that they "do good," behave ethically, and contribute to society. To do so, they often rely on CM initiatives, which aim to influence consumers on an affective level (Lafferty, Lueth, and McCafferty 2016), yet research on the emotional responses of consumers to CM campaigns is scarce. With this research, we consider the feelings of gratitude that consumers experience in response to receiving an opportunity to contribute to philanthropy and confirm that engaging in CM campaigns can constitute a win–win–win strategy (Elkington 1994), for firms, their NGO partners, and consumers. The intangible benefit of an opportunity to contribute to a better world raises feelings of gratitude among consumers, particularly toward small firms, which then increase consumers' intentions and actual purchases of CM products. These findings, achieved across four experiments, offer several insights for research and practice.

In Experiment 1 we show that consumers experience greater feelings of gratitude towards small firms engaging in CM, translating into greater CM effectiveness in terms of actual purchase behavior for small compared to big firms or firms of unknown size. In Experiment 2 we started to unveil the underlying reasons for the identified effects by showing the mediating role of perceived sincerity of motives, and by excluding warm glow as alternative explanation. Experiment 3 demonstrates that the effects are driven by the relative disadvantaged position of small firms in terms of financial resources available to engage in CM, showing similar effects with big firms once they as well possess resource constraints. Finally, Experiment 4 corroborates the findings by establishing the entire conceptual model, including the role of perceived effort, and identifies NGO size as a moderator.

Academic Implications

We note six key contributions of this study to marketing and consumer research. First, we provide the first empirical examination of the relationship between firm size and CM effectiveness. Prior research suggested that consumers have more positive attitudes toward small firms engaged in Corporate Social Responsibility (CSR; Du, Bhattacharya, and Sen 2010; Green and Peloza 2014), but it is qualitative rather than quantitative and did not specify the actual consequences of such positive attitudes. We offer an important theoretical contribution by showing that once small firms overcome the difficulties associated with engaging in CM, their small size enhances consumers' perceptions of the sincerity of their motives and the gratitude felt, which in turn enhances CM effectiveness, with regard to both purchase intentions and actual purchase behavior.

Prior research suggested that CM promotions are more effective for unknown brands, because a social initiative should have the greatest impact on a "clean slate" in consumers' minds (Arora and Henderson 2007). Our experiments feature either fictitious firms (Experiments 2 and 3) or real firms but with low familiarity (Experiments 1 and 4). Thus, we confirm that firm size exerts an effect, beyond the influence of brand familiarity, for determining the effectiveness of CM campaigns.

Second, while various studies explore the role of perceived motives for CM campaigns (e.g., Barone, Miyazaki, and Taylor 2000; Chernev and Blair 2015; Ellen, Webb, and Mohr 2006), we contribute by identifying firm size as a determinant of the perceived sincerity of a firm's motives. The mere perception of a firm being small or resource constrained increases the perceived sincerity of its motives for participating in the CM campaign, with important downstream consequences for its effectiveness. Indeed, our research is the first to provide direct experimental evidence that CM may be more effective for small than for large firms because of the perceived sincerity of their motives.

Third, we propose and empirically demonstrate that gratitude is an important missing mediator of CM effectiveness. Few studies explicitly test the role of gratitude (Morales 2005; Palmatier et al. 2009; Pelser et al. 2015; Romani, Grappi, and Bagozzi 2013; Xie, Bagozzi, and Grønhaug 2015), and we know of no research that addresses the role of gratitude in a CM context. Rather, studies tend to highlight the impact of a warm glow feeling, but, as we are the first to demonstrate, its role in determining CM effectiveness is independent from that of gratitude. By explicating the nature of the benefits received from a CM campaign and the feelings of gratitude that result, we respond to a call by Lafferty, Lueth, and McCafferty (2016) for further research on reciprocation and feedback from consumers back to the firm-cause partnership.

Fourth, the very insight that consumers feel gratitude for receiving an opportunity to do good is novel and distinguishes gratitude in CM contexts from gratitude in other CSR settings. That is, in most CSR situations, the consumer is only indirectly involved (Barone, Norman, and Miyazaki 2007) and thus at most feels grateful for benefits to the overall population (e.g., for clean production preventing harm to the environment; Romani, Grappi, and Bagozzi 2013; Xie, Bagozzi, and Grønhaug 2015). But CM is unique in the sense that the consumer benefits directly, by receiving a concrete opportunity to do good. Thus compared with other CSR initiatives, CM offers a more straightforward, controllable strategy to evoke gratitude among consumers.

Fifth, we reveal the impacts on consumer gratitude from firm size, perceived effort, and perceived sincerity. All these concepts have been at best sparingly studied in relation to CM, despite their recognized importance in psychology, relationship marketing, and CSR research domains (Barone, Miyazaki, and Taylor 2000; Cuypers, Koh, and Wang 2016; Ellen, Webb, and Mohr 2006; Palmatier et al. 2009; Romani, Grappi, and Bagozzi 2013; Xie, Bagozzi, and Grønhaug 2015). By introducing these concepts into the CM field, we derive a theoretical framework that integrates firm size, perceived effort, perceived sincerity, feelings of gratitude, and NGO size, within a comprehensive, encompassing model of CM effectiveness. We empirically tested and found support for this framework across four experiments, with a total of 655 respondents, spanning domestic and international consumer samples, students, and more heterogeneous. We also used different indicators of firm size (i.e., revenue, profit, and number of employees), various magnitudes of donations, hedonic and more utilitarian product categories, hypothetical and real organizations, and both self-reported intentions and actual purchase behavior.

Sixth, by focusing on the perceived sincerity of the company's motives and gratitude felt by consumers, this article contributes to the growing field of research into moral emotions in the marketplace (Dahl, Honea, and Manchanda 2005; Kim and Johnson 2013; Morales 2005; Xie, Bagozzi, and Grønhaug 2015). By showing how organizations' moral behaviors and consumers' moral emotions may induce positive marketplace effects, we respond to calls for more research that addresses "the functioning of moral emotions and its under-researched contingencies" in CSR (Xie, Bagozzi, and Grønhaug 2015, p. 350), as well as calls for more "gratitude research" in the marketing sphere (Raggio and Folse 2009).

Managerial Implications

In addition to its academic relevance, this research provides insights for organizations, both small and big, that plan to engage in CM initiatives. Small firms account for the vast majority of all companies in Europe and the United States (European Commission 2015; Grover and Suominen 2014), and "customers who care" (e.g., those who are willing to pay more for products that improve others' well-being) account for 66% of the market (Nielsen 2015). Thus, we believe that there lies important managerial potential in engaging in CM strategies, and in particular for small firms.

By identifying gratitude as a key driver of CM effectiveness, we suggest a novel strategy for improving CM effectiveness. If they can highlight the amount of effort and sacrifice that they devote in their attempts to provide customers with an opportunity to do good (e.g., sharing firm and NGO size), companies can leverage feelings of gratitude and enhance the effectiveness of their CM campaigns. Leveraging feelings of gratitude likely is more cost effective than strategies that seek to induce feelings of warm glow, which generally require the companies to increase the benefit they grant to the philanthropic cause (e.g., percentage of profit donated) to amplify customers' warm glow and CM effectiveness.

Finally, our findings also reflect the sense that firms must demonstrate their sincere corporate philanthropy; only doing good with genuine motives enhances firm value (Cuypers, Koh, and Wang 2016). With this research, we identify several concrete strategies for doing so, for both small and large companies, including communicating their firm size, NGO size, or effort put into the CM initiative.

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Limitations and Further Research

We outline seven points that deserve further research and promise interesting extensions of the present work. Although the identified *effect sizes* are generally small, they are in line with conventional findings and expectations in social science research (Richard, Bond, and Stokes-Zoota 2003). They also are substantial enough to have important real-world consequences (Rosenthal 1994). Hence, we believe that the current research identified a subtle, but important phenomenon that requires consideration in CM.

Continued research may examine additional *moderators* and the minimum/maximum firm size, including other types of financial constraint than profit. For example, do the years a company has engaged in CM affect perceived effort and thus gratitude felt by consumers? Would communicating a personal connection between the CEO and the philanthropic cause (e.g., having a daughter with the same disease as the NGO tries to cure) enhance or deteriorate the perceived sincerity of the motives of big firms? Personal involvement with the cause could lead to perceptions that the company is sincerely involved or else is doing good only for its own sake. For marketing practitioners it may be interesting to examine gender as potential moderator. Would companies that engage in CM do best targeting men or women? In line with previous research showing that women are more likely to feel and express gratitude than men (Kashdan et al. 2009), we expect a more pronounced effect of firm size on CM effectiveness among women.

In Experiment 4, we show that small firms should cooperate with a big NGO, whereas big firms may do best selecting a small NGO. Further research should test this finding in greater depth, especially in relation to perceived cause–brand fit, which seems to go beyond similarities in organizational size. Our finding is in line with arguments that cause–brand fit is a complex construct (Barone, Norman, and Miyazaki 2007; Zdravkovic, Magnusson, and Stanley 2010). Further research could contribute to the debate about the importance of cause–brand fit and the possible existence of circumstances in which *in*congruency between partners is beneficial (Du, Bhattacharya, and Sen 2010).

Whether consciously or unconsciously, our research shows that consumers assess the effort devoted to CM campaigns, so ongoing research may examine whether companies can leverage effort perceptions and feelings of gratitude to enhance the effectiveness of *other* marketing instruments, such as effort devoted to creating brand communities or advertising campaigns relative to that of competitors.

We show that gratitude plays a different role than warm glow in CM effectiveness. Future research may examine in which *stages* of the consumer decision-making process these affective responses get induced. In line with the definition of gratitude that gratitude typically occurs in response to a provided benefit (McCullough et al. 2001; McCullough, Kimeldorf, and Cohen 2008), we expect feelings of gratitude to arise as soon as the opportunity to do good is provided and identified (e.g., in the identification phase). Warm glow in contrast, being the positive feeling enjoyed due to the mere act of making charitable donations (Andreoni 1990; Ferguson et al. 2012; Mayo and Tinsley 2009), may only emerge when consumers are actually (anticipating) purchasing the CM promoted product.

Another line of research should test the *long-term impacts* of CM on future donations to the cause (Krishna 2011), as well as the different effects that feelings of gratitude versus warm glow have on subsequent giving behavior. In a preliminary study, which we conducted to examine the effects of gratitude and warm glow on future donation intentions to the cause, we identified feelings of gratitude as a stronger positive predictor of future donation behavior after a CM campaign ($B = .74$, $SE = .06$, $t(200) = 12.27$, $p < .001$; $R^2 = .43$) than feelings of warm glow ($B = .66$, $SE = .07$, $t(200) = 9.82$, $p < .001$; $R^2 = .33$). Possibly because gratitude is known as an emotion that strengthens relationships (Algoe, Haidt, and Gable 2008) and motivates to contribute to the welfare of others in the future (McCullough et al. 2001). We consider this an interesting finding that future research may further explore.

Finally, our research depends on *self-reported* feelings of gratitude. Given the individual differences in awareness of and/or willingness to report emotional states (Mauss and Robinson 2009), continued research could achieve greater reliability by complementing the self-reported measures with measures of gratitude through facial expressions.

Despite these limitations, by identifying the impacts of firm size and gratitude on CM effectiveness, the current research makes an important contribution that opens new avenues for research and offers concrete suggestions for marketing managers. By communicating their effort and creating company cultures that are characterized by sincere societal concerns and a genuine intention to support the cause, firms can maximize CM's potential to induce feelings of gratitude in consumers and make their CM campaigns truly effective win–win–win strategies.

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