

Gilt and Guilt: Should Luxury and Charity Partner at the Point of Sale?

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Available online 15 August 2015

Abstract

If luxury retail strategy aims to generate awe rather than community, while charities convey community rather than awe, should luxury and charity partner at the point of sale? This research suggests that an association with charity at the point of sale can increase choice of (Study 1) and purchase intent toward (Study 2) a luxury brand and can facilitate upselling to a luxury (vs. value) store brand (Study 3). Further, it implicates guilt reduction as the underlying process mechanism (Studies 2 and 3). Managerial and retailing implications for cause-related marketing of luxury (vs. value) brands are discussed.

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Keywords: Luxury; Charity; Guilt; Cause-related marketing; Retailing; Upselling

Luxury brands often partner with charities, and these cause-related marketing (CM) efforts are increasingly becoming a central aspect of brand strategy (Koschate-Fischer, Stefan, and Hoyer 2012; Lamb 2011). However, while some research has documented favorable consumer responses to CM (Arora and Henderson 2007; Folse, Niedrich, and Grau 2010; Lafferty, Goldsmith, and Hult 2004; Porter and Kramer 2002; Varadarajan and Menon 1988; White and Peloza 2009; Winterich and Barone 2011), other research has shown that consumers respond unfavorably to a perceived disconnect between luxury brand concepts (which promote self-enhancement) and corporate social responsibility (CSR) initiatives (which suggest self-transcendence; Torelli, Monga, and Kaikati 2012). Given the increasing engagement of luxury brands with CM initiatives, we therefore ask whether CM efforts should be made salient at the point of sale and constitute part of a luxury brand's retail strategy.

A common intuition among brand managers appears to be an emphatic “no.” Indeed, retail stores from Chanel to Dior consistently focus on core brand qualities (referred to in the luxury industry as brand DNA) and not on tactical marketing actions

such as co-branding with a charity. Even when CM is part of brand strategy, it appears that these efforts are rarely mentioned at the point of sale (especially for cobranding arrangements in which a corporate or product brand is linked with an existing cause-related organization³; Hoeffler and Keller 2002). Perhaps this is based on the idea that luxury retailing should establish brand legitimacy (Arnold, Kozinets, and Handelman 2001) and use a transformational appeal based on charisma, art, and magic (Dion and Arnould 2011; Hollenbeck, Peters, and Zinkhan 2008; Naylor et al. 2008), reflecting the philosophy that “retail luxury is producer rather than consumer oriented and seeks to generate awe rather than community” (Dion and Arnould 2011, p. 502).

The current research indicates that collaborations between charity and luxury can nonetheless be fruitful. Clearly, a charity claim that is communicated as being central to the luxury brand (e.g., Rolex as a champion of social justice; Torelli, Monga, and Kaikati 2012) might cause disfluency and negatively impact the luxury brand concept. The cohesiveness and clarity of a luxury brand's image, communicated in contexts such as advertising,

³ Hoeffler and Keller (2002) identify three different strategies for branding a corporate societal marketing program: creating a self-branded cause program (e.g., the Avon breast cancer crusade), cobranding with an existing cause-related organization (e.g., American Airlines and the Komen Foundation), or a hybrid approach where the firm partners with an existing cause but explicitly brands the program that partners with this cause (e.g., the American Express “Charge Against Hunger” campaign). The current research focuses on the second strategy (i.e., cobranding arrangements), at the point of sale in a retail setting.

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contribute to brand equity (Keller 1993). However, collaborations with charities can be communicated in different contexts and in different ways to favorably influence consumer response (Baxendale, Macdonald, and Wilson 2015). The context we focus on in the current work is purchase at the point of sale. We surmise that at this late stage of the decision cycle, consumers are likely to view information about collaboration with charity as a reason to buy or not buy, more so than as input to evaluate the luxury brand concept. In other words, consumers encountering this information at the point of sale are likely to use this information as a choice heuristic rather than as a fit criterion in brand evaluation. In this research, we theorize and empirically illustrate that collaboration between luxury and charity brands communicated at the point of sale can favorably influence consumers' decision to purchase the luxury brand by assuaging the guilt associated with luxury consumption. In other words, the collaboration with charity allows consumers the license to indulge in the luxury brand they desire to purchase.

Guilt associated with luxury consumption is pervasive (Kivetz and Simonson 2002); 47 percent of American consumers report feeling guilty about it (Synovate 2010). Relatedly, prior research has linked charitable donations to the promotion of frivolous and hedonic products (Small and Simonsohn 2007; Strahilevitz and Myers 1998), if not to luxury brands per se. In this research, we build especially on the work by Strahilevitz and Myers (1998; Strahilevitz 1999), who investigated charity donations as incentives to purchase "frivolous luxuries" (e.g., hot fudge sundaes, bags of M&Ms, or dinner at a French restaurant) versus "practical necessities" (e.g., required textbooks, bottle of correction fluid, or six-month supply of toothpaste). These authors suggest that charitable giving might reduce the guilt associated with such consumption, although they did not investigate this notion. Following their suggestion, we here explicitly hypothesize and empirically investigate the mediating role of guilt reduction in the influence of charity appeals on purchase intent. Further, rather than focusing on different product categories, as Strahilevitz and Myers (1998) did, we here investigate the influence of charity appeals on purchase intent toward luxury versus value brands within the same product categories (e.g., Godiva vs. M&Ms for chocolate, a hedonic product category). This also implies that guilt reduction may play a differential role in purchase intent toward products within the same category, depending on the extent to which they are perceived as luxurious.

CM and Luxury at the Point of Sale

CM links product sales to support of a cause such as a charity (Varadarajan and Menon 1988). Firms in numerous industries, ranging from financial services to consumer packaged goods, connect in this manner to various social causes, such as cancer research or children in need (Koschate-Fischer, Stefan, and Hoyer 2012). CM campaigns often encourage positive consumer attitudes toward firms or brands, as well as increase purchase intent toward their products (Robinson, Irmak, and Jayachandran 2012). Although consumers may realize that the firm usually benefits from these campaigns, they tend to regard

it as a form of corporate social responsibility (Folse, Niedrich, and Grau 2010; Webb and Mohr 1998).

Prior research suggests that frivolous and hedonic products benefit from CM more than practical and functional ones do (Small and Simonsohn 2007; Strahilevitz 1999; Strahilevitz and Myers 1998). It has also been proposed that consumers who purchase products in the context of CM campaigns derive benefits from two possible sources: from the consumption of the product itself and from the good feelings associated with helping a cause (Robinson, Irmak, and Jayachandran 2012; Strahilevitz and Myers 1998). CM has thus become a key component of brand strategy, including luxury brands, but how CM gets implemented in a retail setting is considerably less explored, especially from a consumer's point of view.

Prior work on CM in the retail setting has focused primarily on mainstream value brands (e.g., Target) and has suggested that success of CM efforts at the point of sale depends on factors such as the fit between the retailer and the cause, the perceptions of retailer motives in supporting the cause, and the affinity consumers hold for the particular cause (Barone, Norman, and Miyazaki 2007). Beyond these variables, however, much remains to be investigated regarding if, when, and how CM at the point of sale influences purchase intent, especially for luxury (vs. value) brands.

Luxury brands and luxury retail outlets are characterized by aesthetic and hedonic appeals (Dion and Arnould 2011; Hagtvedt and Patrick 2009). Luxury environments are designed to connect with consumers on an emotional level (Kapferer 1997; Nueno and Quelch 1998) and successfully immerse consumers in the story world of the luxury brand (Patrick, Prokopec, and Arnold 2014). As observed by Dion and Arnould (2011), luxury retail strategy is producer oriented and focuses on the brand and its unique heritage to create a sense of awe in consumers. Notably, these authors specifically emphasize that community associations have little place in luxury retail. This suggests that CM efforts are incompatible with luxury retail strategy.

However, while self-indulgent pleasure is a hallmark of luxury consumption (Hagtvedt and Patrick 2009; Vigneron and Johnson 2004), so is the experience of guilt (Khan and Dhar 2006; Kivetz and Simonson 2002). We base our theorizing on the notion that the influence of CM on luxury purchase intent depends on this internal conflict between pleasure and guilt. This conflict is especially pertinent at the point of sale, where the act of purchasing is salient. As discussed, luxury retail settings are therefore carefully designed to focus on the luxury brand's promise of pleasure (Hagtvedt and Patrick 2009), to establish brand legitimacy (Arnold, Kozinets, and Handelman 2001) and create an esthetic brand ideology (Dion and Arnould 2011; Hollenbeck, Peters, and Zinkhan 2008). Nonetheless, consumers often feel guilty about pleasurable consumption, and they seem especially likely to do so if this consumption involves expensive products, since such products could be perceived as wasteful. Indeed, such consumption could be interpreted as transgressing a moral standard (Tangney et al. 1996). In these situations, consumers often seek out opportunities to justify the indulgence – a license to consume (Khan and Dhar 2006; Kivetz and Simonson

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