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CONSUMER PERCEPTIONS OF GREEN CAUSE-RELATED MARKETING (CRM) PRICE FAIRNESS

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Eun Kyoo Kim

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The dissertation of Ellen Eun Kyoo Kim was reviewed and approved* by the following:

Anna S. Mattila
Professor of Hospitality Management
Professor in Charge of Graduate Programs in Hotel, Restaurant and
Institutional Management
Dissertation Advisor
Chair of Committee

Daniel Mount
Associate Professor of Hospitality Management

Breffni Noone
Assstant Professor of Hospitality Management

Lisa E. Bolton
Professor of Marketing

*Signatures are on file in the Graduate School.

Abstract

Many firms employ Cause-Related Marketing (CRM) strategies that link product sales to the support of a charity to generate positive brand images. The global objective of the present research is to examine consumer perceptions of price fairness in response to CRM pricing. This dissertation addresses two issues related to consumer perceptions of CRM price fairness. First, this research investigates how relationship norms influence consumer price fairness perceptions when a company's decision to support a green cause results in higher prices than the competition. Second, this research investigates the effects of relationship norms and perceived benefit of CRM on consumer perceptions of price fairness.

This research was conducted in two parts. The empirical investigation of Study I included one pretest and one main study. The proposed hypotheses were tested by experimentally manipulating the relationship norms and the presence of a price trade-off, and measuring consumer price fairness perceptions. The results support the hypothesis that the effect of a CRM price trade-off on perceived price fairness is moderated by relationship norms. The results indicate that relationship type only affects CRM price fairness perceptions when there is a price trade-off.

The objective of Study II was to examine how salience of CRM benefit to either the company or the consumer and consumer-company relationship type affect consumer perceptions of CRM price fairness. The results support the hypothesis such that when the benefit to a company is salient, consumers in communal relationships perceive CRM pricing as less fair and are more likely to prefer and stay at a hotel with CRM than those in exchange relationships. On the other hand, when the benefit to consumers is salient, consumers in exchange relationships perceive CRM pricing as less fair and are more likely to prefer and

stay at a hotel without CRM than those in communal relationships. Overall, the findings of both Study I and Study II show that relationship type is a significant factor affecting consumer perceptions of CRM price fairness.

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Chapter 1.

Introduction

Many firms employ Cause-Related Marketing (CRM) strategies that link product sales to the support of a charity to generate positive brand images (Barone, Norman, & Miyazaki, 2007). For example, the Marriott Corporation engages in building homes globally through an affiliation with Habitat for Humanity International (www.marriott.com). By adding a donation amount to the invoice at check-out, the hotel encourages its customers to be involved in fundraising efforts for Habitat. These types of CRM initiatives – linking purchases with charitable donations – are actively adopted by various firms; however, the current literature is silent with respect to how consumers react to such CRM pricing. In particular, consumer perceptions of CRM price fairness are unknown. Thus, this study focuses on consumer perceptions of CRM price fairness, specifically in the realm of "green" cause-related marketing, since environmental causes remain highly popular due to increasing ecological expectations of society (Anderson & Bateman, 2000; Bansal, 2003).

A growing number of customers seek environmentally-friendly brands, leading firms to differentiate green benefits for competitive advantages in the marketplace. As a result, hospitality marketers have begun to adopt green marketing strategies. For example, Kimpton hotels implemented its green initiatives by bundling hotel rooms with promised contributions to charity and posted the following announcement on the corporate website: "Staying at Kimpton hotels supports the Nature Conservancy - $10 of your daily room rate goes to The Nature Conservancy" (www.kimptonhotels.com). How do consumers respond to this type of CRM pricing? Do consumers perceive "green pricing" to be fair? Fairness is a judgment that evaluates whether an outcome or a process is reasonable, acceptable, or just (Bolton, Warlop,

& Alba, 2003). Understanding consumer perceptions of price fairness in response to green marketing will help marketers devise strategies to better appeal to consumers.

This dissertation examines how consumers react to “green pricing”; that is, CRM pricing associated with environmental sustainability initiatives in the hospitality industry. Specifically, the current study is interested in pricing practices whereby marketers “earmark” a portion of the price paid by consumers to support sustainability initiatives or environmental causes, a practice referred to as “CRM pricing.” This research investigates consumer perceptions of price fairness in response to green pricing, including the impact of relationship norms and perceived benefit of CRM on price fairness perceptions. Relationship norms distinguish between two relationship types: communal and exchange. Individuals in communal relationships tend to care for each other’s welfare, whereas those in exchange relationships do not feel a special responsibility for the needs of others. CRM can benefit both companies and consumers. However, the benefit of CRM can be more salient to one party or the other. The present study examines the moderating effect of CRM benefit salience (company versus consumer) on the impact of relationship norms on price fairness perceptions.

Statement of Purpose and Research Questions

The global objective of the present research is to examine consumer perceptions of price fairness in response to CRM pricing. This dissertation addresses two issues related to consumer perceptions of CRM price fairness. First, this research investigates how relationship norms influence consumer price fairness perceptions when a company’s decision to support a green cause results in higher prices than the competition. Relationship norms have been used to distinguish between two relationship types: exchange relationships and communal relationships (Clark & Mills, 1979, 1993; Mills & Clark, 1982). Individuals in exchange relationships are concerned with the net balance of inputs and outputs, whereas individuals in communal relationships show general concern for each party's welfare. Communal (versus exchange) norms are likely to be consistent with CRM. Thus, I propose that consumers in communal relationships are more likely than those in exchange relationships to perceive green pricing as fair when there is a price trade-off associated with CRM. Second, this research investigates the effects of relationship norms and perceived benefit of CRM on consumer perceptions of price fairness. Although CRM can benefit both a company and consumers, the benefit to a company can be more salient or vice versa. It can be perceived by consumers that the company engages in CRM because of genuine concern for the consumer's welfare or to benefit the company by increasing sales through CRM. I propose that relationship norms and perceived benefit of CRM jointly influence perceptions of price fairness. CRM pricing that focuses on a company's financial benefits may be regarded as more fair by consumers in exchange relationships than those in communal relationships. On the other hand, CRM pricing that focuses more on consumer welfare can be seen as more fair by consumers in communal relationships than those in exchange relationships.

Research Contributions

Theoretical contributions. The research questions raised in the present research are of both theoretical and practical significance. This research contributes to the current CRM and price fairness research in several ways. First, this study adds to the CRM literature by examining the impact of green CRM pricing on price fairness perceptions. Second, this study examines the effect of two relationship types (exchange and communal relationships) on perceived fairness of CRM pricing. The use of promised donations to charity as a purchase incentive has been widely used in the hospitality industry and the practices by numerous hospitality firms reflect the view that CRM can be an effective marketing strategy. However, marketing literature has paid little attention to the factors that influence the effectiveness of CRM. Furthermore, literature on pricing practices related to CRM is limited and consumer perceptions of such pricing practices are unknown. CRM can be seen as a pricing strategy since it contributes to a cause by engaging consumers in revenue producing transactions with the firm. This study distinguishes CRM as a pricing strategy and examines the impact of relationship norms on perceptions of price fairness in response to CRM practices. Marketing literature suggests that consumers use norms of interpersonal relationships as a guideline when assessing firms' marketing actions. This research examines the impact of norm violation/conformity on consumer perceptions of price fairness in the CRM context.

Third, prior CRM studies suggest that positive non-financial motivations behind CRM lead to positive consumer perceptions and financial motivations lead to negative consumer perceptions (Barone et al., 2000, 2007; Carvalho et al., 2010). In other words, if a firm engages in CRM in order to increase sales, then consumers are likely to assess the firm's action negatively. However, this study suggests that the effect of CRM benefit salience on perceptions of price fairness is moderated by the type of relationship consumers have with a firm. Although prior studies imply that firms should not overtly pursue increased sales through CRM, I propose that pursuing increased revenues is not always perceived negatively by consumers.

Managerial contributions. Research indicates that companies are increasingly gaining competitive advantage by employing cause-related marketing. There is evidence that consumers differentiate firms based on their levels of corporate social responsibility. However, firms do not seem to have an understanding of how to engage in CRM effectively. Social responsibility perceptions affect brand image, consumer intentions to patronize retailers, and a company financial performance (Luo & Bhattacharya, 2006). Accordingly, the hospitality industry has become actively engaged in such activities in various ways (Lee & Heo, 2009; McGehee et al., 2009). Despite active engagement of hospitality firms in CRM, consumer reactions to such initiatives are not widely understood. As CRM always involves consumers, it is critical to understand how consumers perceive CRM pricing. This study provides guidance for hospitality firms on how to effectively implement a CRM pricing strategy.

Several streams of research are relevant to understanding consumer perceptions of price fairness in response to CRM initiatives. The following chapter provides a review of the literature related to CRM, price fairness and relationship norms. The theoretical framework and research hypotheses are also presented.

Chapter 2.

Literature Review

Cause-Related Marketing (CRM) can be defined as the corporate practice of linking product purchases with donations to charity (Varadarajan & Menon, 1988). CRM can be explained in the context of corporate social responsibility (CSR) where CSR is defined as a company's obligation to exert a positive impact and minimize its negative impact on society (Pride & Ferrell, 2006). The present research is particularly interested in green CRM, since sustainability concerns are central to CSR (Aras & Crowther, 2009). CSR for environmental sustainability is linked to long-term success and even survival. In the hospitality industry, firms such as Starwood, Hilton, Kimpton and Carlson hotels have launched global environmental sustainability programs and publish green guides on their corporate websites. Recent studies stress the importance of CSR activities in the hospitality industry (Holcomb et al., 2007; Jones et al., 2006; McGehee et al., 2009). This following section discusses CSR and reviews theoretical work on CRM.

Corporate Social Responsibility (CSR)

CSR is broadly viewed as a firm's responsibility to protect and improve the welfare of society (Staples, 2004). Firms are expected to practice CSR activities through various business and social actions (Sen & Bhattacharya, 2001; Turban & Greening, 1997) and to address consumers' social concerns (Yoon & Gürhan-Canli, 2006). CSR activities have become increasingly popular among American corporations (Nan & Heo, 2007). Over the past several decades, definitions of CSR have changed dramatically along with how people perceive the relationship between business and society (Lantos, 2001). Business ethics was not a main focus or a major issue for business practitioners prior to the 1960s, at which point businesses began to be seen as engaging in activities that were potentially unfavorable to society (Lantos, 2001). The concept of CSR started to emerge in the 1960s and the definition evolved from a sole focus on profit (Friedman, 1962) to exceeding economic and legal requirements (McGuire, 1963), to assuming responsibility in a number of problem areas (Hay, Gray, & Gates, 1976) to giving based on social responsiveness (Ackerman & Bauer, 1976). Now, firms are expected to be contributing members of society and to practice "corporate citizenship" (Carroll, 2000, p. 187). Firms engage in CSR through various initiatives such as philanthropy, cause-related marketing, employee volunteerism, and other new programs (Lichtenstein et al., 2004). Corporate support of social causes has even emerged as a popular and viable marketing tool (Larson et al., 2008; Simmons & Becker-Olsen, 2006). In today's competitive business environment, firms must realize the need for corporate social responsibility, and redefine their positions in society (Lafferty & Goldsmith, 2005; Smith et al., 2010).

Types of CSR. Based on evolving conceptualizations, Carroll (1979) proposed four categories of CSR – economic, legal, ethical, and discretionary. Economic responsibility is concerned with a firm's responsibility "to produce goods and services that society wants and to sell them at a profit" (Carroll, 1979, p. 500). Legal responsibility requires business "to fulfill its economic mission within the framework of legal requirements" (Carroll, 1979, p. 500). Ethical responsibility is going beyond legal duties and being just, right, and fair. Discretionary (or volitional) responsibility refers to engagement in "social roles not mandated, not required by law, and not even generally expected of businesses in an ethical sense" (Carroll, 1979, p. 500).

Discretionary CSR can be also defined as philanthropic, altruistic, or humanitarian (Lantos, 2001). Lantos (2001) defines altruistic/humanitarian CSR as a firm's interest in "doing good for society regardless of its impact on the bottom line" (Lantos, 2001, p. 600).

Economic and legal CSR can be defined as conditions or obligations rather than responsibilities for firms. Moreover, with climbing societal expectations in terms of business ethics today, ethical responsibility is perceived as required rather than expected by the public. Lately, CSR is more concerned with a firm's responsibility to go beyond legal/ethical requirements or duties, and maximize beneficial impact on society (Bloom & Gundlach, 2001).

Lantos (2001) also identified different types of CSR based on the nature (required versus optional) and purpose of CSR: ethical CSR, altruistic CSR, and strategic CSR. Ethical CSR represents a minimal level of social responsibility that goes beyond economic and legal duties. Lantos (2001) argued that ethical CSR is morally mandatory, and firms should avoid social harms even at the risk of their benefits. Altruistic (humanitarian, philanthropic) CSR is similar to discretionary CSR defined by Carroll (1979) and focuses on contributing to the common good even if the costs of such activities sacrifice company profits. Strategic CSR addresses similar responsibilities, but with the company's benefit. This type of CSR creates a win-win situation for organizations, consumers, and the public, and thus has grown popular among firms. Expenditures on strategic CSR activities are viewed as investments with promising financial returns that enhances corporate image. However, it is still not clear whether the firms engaging in strategic CSR outperform or underperform other firms (McWilliams & Siegel 2001; Trevino & Nelson, 1999)

Effects of CSR. Firms engage in CSR not only to fulfill their responsibilities but also to meet their self-interests by increasing competitiveness and enhancing financial performance (Bansal & Roth, 2000; Drumwright, 1994; Klassen & McLaughlin, 1996; Pava & Krausz, 1996; Russo & Fouts, 1997). Prior marketing studies show that CSR has a positive influence on consumers' product and brand evaluations, brand choices, and brand recommendations (Brown & Dacin, 1997; Drumwright, 1994; Handelman & Arnold, 1999; Osterhus, 1997; Sen & Bhattacharya, 2001). For example, Murray and Vogel (1997) showed that managers prefer doing business with companies engaged in CSR. In a study on company ethics, Crey and Ross (1997) showed how ethics have a positive effect on consumer purchasing decisions and company evaluations. Other studies found a positive association between a company's CSR record and consumer evaluations of the company and its products (Brown & Dacin, 1997; Sen & Bhattacharya, 2001). Sen and Bhattacharya (2001) found that positive effects of CSR on company evaluations are mediated by consumer-company congruence and moderated by consumer support of the CSR domain.

Building on this literature, Carvalho et al. (2010) examined consumer responses to CSR accompanied by a price increase. Using a hypothetical scenario describing a company that practices CSR and charges more than competing stores, the authors investigated the effect of CSR perceptions on consumer behavioral intentions (purchase, complaint and switching intentions). Their study revealed that the extent to which consumers perceive a company to be socially responsible influences consumer behavioral intentions, and this effect is mediated by consumer perceptions of price fairness and feelings of personal satisfaction. Their study suggests that if firms are perceived to be socially responsible, consumers perceive product prices to be fair even if they are more expensive than the competition. However, their study was limited to the effect of how firms are *perceived*. The current study is interested in consumer perceptions of price fairness when purchases are directly linked to charitable donations. Engaging in CRM can be conceptually distinguished from simply "being perceived as socially responsible." CRM initiatives may signal to consumers that a firm is socially responsible; however, CRM initiatives that directly link purchases with donations (i.e., a donation is aligned to the price consumers pay) (Varadarajan & Menon, 1988), may be more relevant to price fairness perceptions. Since CRM can be used as a pricing strategy, it is important to understand how consumers react to it to ensure that desired outcomes are achieved.

Cause-Related Marketing (CRM) and Related Theoretical Constructs

Within the concept of CSR, CRM is a specific marketing strategy that links product sales to the support of a charity to create and maintain favorable brand images (Barone, Norman, & Miyazaki, 2007; Strahilevitz, 1999). Firms promise to donate a portion of their revenues/profits to a social cause when consumers purchase certain products/services (Nan & Heo, 2007). Therefore, CRM is directly linked to consumer purchases. CRM is mainly focused on two objectives: to support a social cause and to improve firm performance (Varadarajan & Menon, 1988). Firms aim to generate funds for the cause by encouraging consumers to engage in revenue-producing activities (Varadarajan & Menon, 1988). The literature demonstrates the effects of CRM on a variety of factors such as consumer choice (Barone, Miyazaki, & Taylor, 2000), consumer purchase decisions (Webb & Mohr, 1998), and consumer attitudes towards CRM (Barnes, 1992) and the company (Webb & Mohr, 1998). Strahilevitz (1999) showed that under some conditions a majority of participants actually preferred to pay the full price and have the company make a donation to a good cause rather than receive a discount on the offer when the donation and corresponding price differences were relatively small. In another study, Strahilevitz and Myer (1998) discovered that participants chose to donate to a charity more often than they chose equivalent cash incentives. Prior studies also identified some boundary conditions and several variables that moderate the effects of CRM on consumer choice behavior such as donation magnitude (Strahilevitz, 1999), product type (Strahilevitz, 1999; Strahilevitz & Meyer, 1998), perceived motive of CRM (Barone et al., 2000), fit between brand and cause (Barone et al., 2007;

Gupta & Pirsch, 2006; Pracejus & Olsen, 2004), and brand consciousness (Nan & Heo, 2007) The moderating effects of these variables are described in more detail in the following sections (see Table 1).

Moderating effects of donation magnitude. Strahilevitz (1999) suggested that donation magnitude has a moderating effect on CRM outcomes in terms of consumer choice behavior. He argued that consumers make trade-offs between feeling good about giving more and feeling bad about paying more when making charitable donations, and that there may be some kind of "feeling good" threshold for consumers. This argument was based on Strahilevitz's (1993) observation that participants opted for donations with relatively small amounts more than with relatively large amounts when they were asked to choose between receiving money and having the same amount donated to charity. Based on this notion, Strahilevitz (1999) hypothesized that charity incentives are more likely to be chosen over monetary incentives of equivalent amounts when the incentive magnitude is relatively small and the overall price is held constant. Through an experiment in the context of retailing, he discovered that when subjects are asked to choose between a donation and a price discount of an equivalent amount, they were more likely to choose the brand offering a CRM donation over a brand offering an equivalent discount when the donation or discount amount were relatively small (e.g., 5% of the price) than when the amounts were relatively large (e.g., 50% of the price).

Adding to this stream of research, Folse et al. (2010) investigated the effects of purchase quantity and donation amount on consumer perceptions of a firm and a firm's participation intentions in the context of retailing. The researchers hypothesized that expanding the purchase quantity linked to CRM (e.g., increasing purchase requirements to more than a single item) would negatively influence consumer perceptions of the firm;

likewise, high donation amounts would be interpreted as the firm's commitment to the cause, thus should positively influence consumer perceptions (Folse et al., 2010). Through empirical studies, they found that increasing purchase quantity negatively affects consumer perceptions of a firm's CRM intentions, and increasing the donation amount positively influences consumer perceptions of a firm's CRM participation intentions. They also found that the effects are mediated by consumer inferences regarding the firm's motive to engage in CRM (Folse et al., 2010).

Moderating effects of product type. Brand preference and product choice are also influenced by product type (i.e., frivolous versus practical products). Strahilevitz and Myers (1998) were among the first to examine the effect of product type on consumer choice behavior in the context of CRM. They argued that hedonic, pleasure-oriented consumption is "motivated mainly by the desire for sensual pleasure, fantasy and fun (e.g., the consumption of a hot fudge sundae or a week in the Bahamas" (p. 436). On the other hand, utilitarian, goal-oriented consumption is "motivated mainly by the desire to fill a basic need or accomplish a functional task (e.g., the consumption of a bottle of dishwashing liquid or a box of trash bags)" (p. 436). They argued that purchasing frivolous products is more pleasure-oriented than goal-oriented, which can induce feelings of guilt likely to enhance altruistic behavior (Berkowitz, 1972; Cunningham et al., 1980), thus encouraging charitable donations. Through experiments in the context of retailing, they discovered that donations to charity are preferred to monetary incentives when bundled with frivolous products versus practical products, and such bundles (with frivolous products) enhance brand preference and actual purchases. In an experimental study, Strahilevitz (1999) found that subjects in the frivolous product condition chose the brand with CRM more often than subjects in the practical product condition; however, there was an interaction effect related to product type and magnitude of donation amount on consumer choice behavior. The effect of product type on CRM effectiveness discovered by Strahilevitz & Myers (1998) is likely to occur only when the donation magnitude is relatively large.

Moderating effects of perceived motive and price/quality trade-offs. Barone et al. (2000) also suggested a boundary condition, supporting the idea that consumers are not always willing to choose a brand offering CRM. They argued that consumer perceptions of a company's motivations to engage in CRM can influence consumer choice behavior. Consumers are often skeptical of a company's motivation for engaging in CRM (Webb & Mohr, 1998), suggesting that perceived motives behind a company's CRM efforts may be a key determinant of CRM effects. In an experimental study in the context of general retailing, Barone et al. (2000) discovered that when there are no performance differences across products, positive perceptions about a firm's motivation for engaging in CRM enhances brand choice. They also suggested that product price or quality can influence the moderating effect of perceived company motive on consumer choices when heterogeneity exists among brands. They argued that the size of the trade-offs consumers make between a company's support of social causes and lower performance or higher price of the product can affect the degree to which brand choice is affected by perceived motivation. In an experimental study, they discovered consumers choose brands with a perceived positive motivation more often when performance or price trade-offs are small; however, when performance or price trade-offs are large, the effects of perceived motivation on brand choice are no longer observed, indicating an interaction effect of perceived motivation and performance/price trade-offs on consumer choice behavior (Barone et al., 2000).

Ellen et al. (2000) investigated similar concepts (i.e., the effects of perceived effort and commitment) in grocery store settings. They argued that when a firm is perceived as expending more effort in the implementation of CRM and being more committed to the cause, consumers will evaluate its CRM activity more positively. Empirical studies partially supported their argument. They manipulated effort with donation type (donating products versus cash) and commitment by the company donation matching. The results revealed that participants preferred the firm that donated products (versus cash), but commitment did not have a significant impact on consumer evaluations.

Dean (2004) also investigated the effects of donation type (conditional or unconditional based on firm revenue) and reputation of the firm (firms described as either scrupulous, average, or irresponsible in the discharge of their social responsibility), concepts that are similar to perceived firm motivation. Dean (2004) argued that a firm described as irresponsible engaging in CRM may not be perceived positively by consumers due to a contrast effect: charitable donations are perceived as out of character for irresponsible firms. Additionally, Dean (2004) argued that CRM donations lead to negative consumer responses because they are perceived as being motivated by self-interest rather than altruism. Empirical studies in the context of shoe sales supported these arguments, and also revealed that type of donation and reputation of the firm interact with each other such that irresponsible firms are not affected by type of donation, average firms enhance their image through unconditional donation (versus CRM), and scrupulous firms are negatively affected by CRM (Dean, 2004).

Similarly, Basil and Herr (2006) examined the effects of pre-existing organizational attitudes on consumer responses to CRM alliances. Based on balance theory (Heider, 1946, 1958), they argued that consumer attitudes toward CRM alliances consist of attitudes toward the firm, the charity, and the paring of the two (Basil & Herr, 2006). Based on this notion, they hypothesized that pre-existing consumer attitudes toward a firm and a charity interact with each other such that attitudes toward an alliance are more positive when both pre-existing attitudes are balanced and positive. Their arguments were supported through an empirical study conducted in a general retailing context (Basil & Herr, 2006).

Moderating effects of brand/cause fit. Several studies also suggest that brand/cause fit can influence the effects of CRM. For example, Ellen et al. (2000) examined the effect of donation congruency with a retailer's core business along with the effect of the donation situation (disaster versus ongoing cause). They argued that high levels of congruency can cause consumers to infer that the company makes a profit from CRM, thus negatively affecting consumer evaluations (Ellen et al., 2000). However, this argument was not supported by their empirical study. Ellen et al. (2000) also posited that CRM causes related to natural disasters would lead to more favorable consumer reactions compared to general ongoing causes, because consumers may perceive altruistic motives behind CRM. Study findings confirmed that CRM benefiting a disaster situation is evaluated more positively than CRM associated with ongoing causes.

On the other hand, Pracejus and Olsen (2004) investigated the role of fit between brand and CRM cause on consumer choice when the cause is well liked, and found that brand/cause fit intensifies the effects of CRM. Their argument was based on the brand extension literature which suggests that extension brands similar to the original brands are more favorably evaluated (Aaker & Keller, 1990, 1993). In other words, the fit between the extension brand and original brand influences consumer evaluations. Additionally, a high fit between a spokesperson and a product leads to a more favorable product attitude (Kamins & Gupta, 1994). Based on this notion, Pracejus and Olsen (2004) developed the idea that brand/cause fit substantially amplifies the effects of CRM on consumer choice. The authors conducted an experimental study with two product categories – theme parks and luxury hotels. By employing discrete choice analysis, they calculated the magnitude of CRM impact both in terms of market share and trade-offs with price. They discovered that fit between brand and cause positively influences choice in such a way that donation to a high brand/cause fit charity increases the value compared to a low brand/cause fit charity (Pracejus & Olsen, 2004).

Gupta and Pirsch (2006) also support the effects of brand/cause fit on CRM outcomes. They investigated the effects of company/cause fit on attitude toward the brand/cause alliance and consumer purchase intentions. They argued that a greater company/cause fit would result in a more favorable response to the alliance. In a field study using a hospital as a target company, they discovered that greater company/cause fit leads to more favorable consumer attitude toward the fit, and greater consumer attitude toward the company/cause fit leads to higher purchase intention (Gupta & Pirsch, 2006). Gupta and Pirsch (2006) also investigated the moderating effects of consumer identification with both the company and the cause on the effects of company/cause fit. They argued that the fit between company and consumer character enhances consumer willingness to purchase the product associated with CRM (Gupta & Pirsch, 2006). Their argument was based on prior studies on employee relationships within work organizations and social identity theory (Ashforth & Mael, 1989; Bergami & Bagozzi, 2000; Dutton et al., 1994; Kristof, 1996), which suggest that employee-organization fit positively influences employee commitment to the organization. Additionally, consumers develop relationships not only with products but also with organizations, which may lead them to identify with such organizations even without having formal relationships. Based on this notion, Gupta and Pirsch (2006) argued that company-customer congruence would moderate the effect of attitude toward company-cause fit on customer purchase intentions for the sponsored product. Additionally, they suggested that companies communicate identity messages to their customers by choosing a particular cause that symbolizes their values, and such identification can translate to donating behaviors by consumers (Gupta & Pirsch, 2006). They also argued that cause-customer fit can moderate the effect of attitude towards the company-cause fit on consumers' purchase intentions (Gupta & Pirsch, 2006). Gupta & Pirsch (2006) conducted two experimental studies and only one study supported their hypotheses that a) positive effect of attitude towards the company-cause fit on purchase intention is stronger when customer-company congruence is high (versus low), and b) positive effect of attitude towards company-cause fit on purchase intention is stronger when the customer-cause congruence is high (versus low).

Building on this stream of research, Barone et al. (2007) also investigated the impact of retailer-cause fit on consumer evaluations of CRM strategies in the context of pharmaceutical products and also explored potential relationship moderators (e.g., perceived company motives, consumer affinity for the cause). When consumer perceptions regarding strategic CRM motivation are positive, consumer responses to the brand are likely to be favorable, while negative perceptions can lead to unfavorable responses (Barone et al., 2000). Therefore, suspicions (negative perceptions) about a firm's motives are likely to reduce the effects of brand/cause fit. The study revealed that the effects of company/cause fit are moderated by how consumers perceive a firm's motive for engaging in CRM. The results of the study indicate that when consumers attribute a positive motive, the fit between brand and cause enhances evaluations; however, when consumers perceive that a firm's motivation to engage in CRM is negative (i.e, firms engage in CRM mainly to increase sales), the brand/cause fit is no longer effective. Additionally, Barone et al. (2000) investigated the moderating role of consumer affinity for the cause, which the authors identified as consumer attitudes toward the cause. They argued that consumers with favorable attitudes toward the cause would be likely to evaluate CRM efforts favorably regardless of the level of brand/cause fit. Therefore, brand/cause fit would be effective for consumers who have moderately negative or neutral attitudes toward the cause; however, when consumers already have favorable attitudes toward the cause, the fit between brand and the cause no longer would be effective. The results of their experimental study revealed that brand/cause fit has little effect when consumer attitudes toward the cause are favorable; however, brand/cause fit has a significantly positive effect when consumer attitudes toward the cause are unfavorable.

Nan and Heo (2007), on the other hand, investigated the moderating role of consumers' brand consciousness on the effects of brand/cause fit. Brand consciousness can be explained as the degree to which an individual consumer is oriented toward purchasing well-known branded products (Shim & Gehrt, 1996; Sproles & Kendall, 1986). Brand consciousness is based on the notion that the brand reflects the consumer's own personality. Nan and Heo (2007) argued that individuals with high brand consciousness are likely to be highly conscious regarding the user image a brand conveys. Therefore, if a brand image is positive and unambiguous, individuals with high brand consciousness would be likely to hold a positive attitude toward a brand while ambiguous brands could engender high risks in adopting the brand for these consumers. On the other hand, those with low brand consciousness might not pay much attention to the image a brand conveys, making them less sensitive to ambiguity in brand-user image. Based on this argument, they hypothesized that the impact of brand/cause fit on company evaluations would be more pronounced for individuals with high brand consciousness. Through an experiment in the context of orange juice sales, they discovered that those with high brand consciousness were affected by brand/cause fit; however, those with low brand consciousness were not influenced by the brand/cause fit. More specifically, individuals with high brand consciousness had significantly positive attitudes toward the brand when the brand/cause fit was high (versus low) (Nan & Heo, 2007).

Similarly, Grau and Folse (2007) examined the effect of donation proximity. Donation proximity represents the distance between the donation activity and the consumer (Varadarajan & Menon, 1988). Based on signaling theory and social impact theory, the authors hypothesized that CRM with a locally (versus national) targeted donation would lead to greater campaign attitudes and participation intentions. Signaling theory (Spence, 1974) suggests that cues provide consumers with tangible information; thus, locally targeted donations signal a greater and more tangible offer to consumers. Social impact theory (Latane & Bourgeois, 2001) also suggests that the impact of sources located in the same social space is more influential than the impact of sources outside the same social space. Through empirical studies in the context of calcium supplement sales, Grau and Folse (2007) revealed that CRM with local (versus national) causes resulted in more positive attitudes.

Simmons and Becker-Olsen (2006) investigated a similar concept in a general CSR context (not CRM) in which a company engaged in a social sponsorship. They investigated the effect of fit between a firm and a sponsored cause on clarity of positioning and attitudes toward the sponsorship. Through an empirical study in the context of general retailing such as pet food and sporting goods, they discovered that when fit is low (versus high), clarity of positioning is lower, and more unfavorable attitudes toward the sponsorship are generated.

Lafferty and Goldsmith (2005), on the other hand, investigated the effect of cause-brand alliances on attitude for both the cause and the brand as a consequence of the cause-brand alliance. Based on information integration theory, which suggests that prior attitudes are integrated with the new information provided by the alliance, they hypothesized that attitudes toward both the cause and brand would be higher after exposure to the alliance than before exposure to the alliance. They also hypothesized a moderating effect of familiarity of the cause: a highly familiar cause would not yield substantial changes in attitudes since existing attitudes toward the cause would be strong already. Their hypotheses were supported through empirical studies in the context of general retailing such as canned soup and bottled water (Lafferty & Goldsmith, 2005).

Adding to this stream of research, Lafferty (2009) examined the effect of relative importance of a cause on attitudes and purchase intent, and the moderating effect of familiarity with the brand. The empirical study revealed that cause importance positively influences attitudes and purchase intentions for unfamiliar brands, but not for familiar brands. The study also investigated the moderating effect of brand familiarity on the relationship between brand-cause fit and attitudes toward the brand and the company and purchase intentions. Surprisingly Lafferty (2009) found that fit did not have an effect on attitudes toward the brand, attitudes toward the company, or purchase intentions for either the familiar or unfamiliar brand, suggesting that for an unfamiliar brand, importance of the cause may be a more relevant criterion. However, for a familiar brand, either perception of fit or relative importance of a cause may not be relevant.

Overall, the aforementioned studies indicate that CRM has a positive impact on choice, and magnitude of the donation amount, product type, perceived motive, price, product quality and brand-cause fit moderate this effect. These studies examined how a marketing strategy related to a social cause can influence consumer behavior. Thus, CRM was perceived more as a marketing or as an advertising strategy that is linked to a social cause. Among these studies, only one study (Pracejus & Olsen, 2004) was conducted in the services setting and the rest were conducted in general retail settings. How consumers react to CRM linked to physical goods can be different from CRM associated with services. Tangibility is a major difference between physical goods and services, and it plays an important role in determining how consumers evaluate a company's marketing actions (Martin-Ruiz et al., 2008). Services are more difficult to evaluate compared to physical goods (Zeithaml, 1981); thus, linking services to a donation can make evaluation more difficult. Despite these differences between services and physical goods, limited studies have examined how consumers react to CRM, especially perceptions of price fairness.

In the proposed study, CRM is perceived as both a marketing strategy and a *pricing strategy* associated with a social cause. CRM can be explained as a way of bundling products/services with a donation to a charity. In other words, CRM is seen as a portion of the total price donated to a cause. The following section discusses CRM as a form of pricing.

Table 1. Summary of Studies on CRM

Authors (year)	**Moderating effect**	**Context**	**Key findings**
Strahilevitz (1999)	Donation magnitude	Retailing (e.g., textbooks, movie pass, etc.)	Charity incentives are preferred over monetary incentives of equivalent amounts when the incentive magnitude is relatively small.
Strahilevitz & Myers (1998)	Product type	Retailing (e.g., laundry detergent, ice cream, etc.)	Charity incentives are preferred to monetary incentives when bundled with frivolous products versus practical products.
Ellen et al. (2000)	Brand/cause congruency, donation situation, effort, and commitment	Retailing (grocery stores)	CRM related to disasters (versus general causes) leads to more favorable consumer evaluations. When the company is perceived as expending more effort in its implementation, consumers evaluate CRM more positively. There is no significant effect of brand/cause congruency and perceived commitment on consumer evaluations of CRM.
Barone et al. (2000)	Perceived motive	General retailing	Positively perceived CRM motivation enhances brand choice.
Pracejus & Olsen (2004)	Brand/cause fit	Theme parks, hotels	Fit between brand/cause positively influences choice.
Dean (2004)	Type of donation, reputation of the firm	Retailing (shoe company)	Type of donation and reputation of the firm interact with each other such that irresponsible firms were not affected by type of donation, average firm enhanced its image through unconditional donation (versus CRM), and scrupulous firm was negatively affected by CRM.
Lafferty & Goldsmith (2005)	Brand-cause alliance	Retailing (bottled water, canned soup)	Attitudes toward both the cause and brand are higher after exposure to the alliance than before exposure to the alliance. Familiarity of the cause moderate the effect of brand-cause alliance on attitude change.
Basil & Herr (2006)	Pre-existing attitudes toward the firm and the charity	General retailing	Consumers' pre-existing attitudes toward the firm and the charity interact with each other such that attitudes toward the alliance are more positive when both pre-existing attitudes are balanced and positive.
Gupta & Pirsch (2006)	Company/cause fit	Hospital	Positive effect of attitude towards the company-cause fit on purchase intention is stronger when customer-company congruence is high and when the customer-cause congruence is high.

Barone et al. (2007)	Retailer/cause fit	Pharmaceutical products	Brand/cause fit has little effect when consumers' attitudes toward the cause are favorable, however, has a significantly positive effect when consumers' attitudes toward the cause are unfavorable.
Nan &Heo (2007)	Consumer brand consciousness, brand/cause fit	Orange juice	Individuals with high brand consciousness showed significantly high attitudes toward the brand when the brand/cause fit was high.
Grau & Folse (2007)	Donation proximity	Calcium supplement	CRM with a locally (versus national) targeted donation led to greater campaign attitudes and participation intentions.
Lafferty (2009)	Relative importance of a cause, brand/cause fit, familiarity with brand	Retailing (e.g., shampoo)	Importance of the cause positively influences attitudes and purchase intention only for an unfamiliar brand but not for a familiar brand. Fit does not have an effect on attitudes, or purchase intentions for either the familiar or unfamiliar brand.
Folse et al. (2010)	Purchase quantity, donation amount	Retailing	Increasing purchase quantity negatively affects consumer perceptions of the firm's CRM intentions, and increasing the donation amount positively influences consumer perceptions of the firms' CRM participation intentions. These effects are mediated by consumer inferences regarding the firm's motive to engage in CRM.

CRM as a pricing strategy. The use of promised donations to charity as a purchase incentive has become quite common in the market (Strahilevitz, 1999) and practices by a number of companies reflect the view that linking purchases with charitable donations can be an effective marketing tool (Strahilevitz & Myers, 1998). Interestingly, however, the marketing literature has paid scant attention to the factors that influence the effectiveness of this approach. Furthermore, literature on pricing practices related to CRM is limited and consumer perceptions on such pricing practices are unknown. CRM contributes to a cause by engaging customers in "revenue producing transactions with the firm" (Varandarajan & Menon, 1988, p. 60). In other words, CRM can be seen as a pricing strategy. CRM is added to the total price as either a dollar amount or as a percentage of sales/profits. Although prior research on pricing practices associated with CRM is limited, research on donation estimation is relevant. For example, Strahilevitz (1999) discovered that when a discount/donation amount is large, consumers tend to choose a discount (especially for practical products) and when it is small, consumers tend to choose a donation. Pracejus, Olsen, and Brown (2003) also found that variation in presentation of how the donation amount is presented (e.g., $X of the price, X% of the price, X% of the profits, "a portion" of the proceeds) leads to considerable differences in consumer estimates of donation amounts that, in turn, affect choice behavior. They also examined consumer confusion associated with a donation amount and found that the donation amount as a percentage of profit as opposed to percentage of price leads to extensive confusion and overestimation of the amount being donated (Pracejus, Olsen, & Brown, 2003).

Chang (2008) investigated the effects of donation framing, product price and related interactions on CRM. The study revealed that charity incentives in absolute dollar amounts are more effective than those expressed as a percentage of sales prices. Chang (2008) also found that a donation amount framed as an absolute dollar value is more effective than as a percentage for low-priced products, and the opposite is true for high-priced items.

Winterich and Barone (2011) investigated consumer preferences when there is a choice between a discount and a charitable donation. They examined how social identification and self-construal affect consumer preferences for discounts versus donations. Through experimental studies, they discovered that when consumer-cause fit is high, self-construal affects promotion evaluation such that interdependent consumers prefer donations and independent consumers prefer discounts (Winterich & Barone, 2011).

Empirical studies on pricing practices associated with CRM are limited to formatting issues, donation amounts, and impact on consumer *choices*, mainly in physical goods contexts. Little is known regarding consumer perceptions of CRM price fairness, especially in the context of services. To fill this gap in the literature, this study identifies CRM as a price strategy and seeks to understand how fair consumers perceive CRM pricing to be. Price fairness literature reveals that not all costs are perceived to be fair or appropriate. Some costs may improve consumer perceptions of price fairness, while others may decrease fairness perceptions. Green pricing involves costs that are generally motivated by a positive and justifiable reason, thus it is expected to positively influence price fairness perceptions, as well as return intention. The following section discusses price fairness and reviews theoretical work on price fairness perceptions.

Price Fairness Perceptions

Fairness has been defined as a judgment of whether an outcome and/or the process involved in achieving an outcome are reasonable, acceptable, or just (Bolton, Warlop, & Alba, 2003). Price fairness perceptions can be explained by a consumer's subjective sense that evaluates a price as right, just, or legitimate (Campbell, 2007), and these perceptions affect consumer behaviors which, in turn, influence firm profits (Campbell, 1999; Kahneman, Knetsch, & Thaler, 1986a, b). A growing body of research is dedicated to understanding price fairness perceptions. Overall, many factors contribute to consumer perceptions of price fairness.

Price Fairness and Related Theoretical Constructs

The principle of dual entitlement. Kahneman, Knetsch, and Thaler (1986a, b) identified several conditions in which a price is perceived as fair or unfair, signaling the existence of community norms and standards for setting fair prices. Their proposed concept of the principle of dual entitlement suggests that perceived unfairness results from a price increase (a violation of the reference price) if a firm benefits from the price increase (a violation of the reference profit); however, when the firm's existing level of profit remains constant, the price increase is perceived to be fair. In other words, a price increase that leads to increased firm profits is perceived as unfair. This concept suggests that price fairness is assessed by consumers' inferences of relative profit (Kahneman et al., 1986a, b). Adding to this notion, Campbell (1999) revealed that inferred motive for a firm's price increase influences perceptions of price fairness such that when consumers infer the motive to be negative (positive), price is perceived as unfair (fair).

The role of cognition and affect. Research on price fairness has been concentrated mostly on the role of cognition. The principle of dual entitlement suggests that price fairness perceptions are influenced by consumer inferences of relative profit (Kahneman et al., 1986a, b). The firm's inferred motive for pricing strategy also affects how consumers perceive price (Campbell, 1999). The act of inferring is a cognitive process that is used to assess price fairness. Also, the idea that consumers evaluate multiple references – prior prices, competitor prices, and firm costs – to evaluate fairness (Bolton, Warlop, & Alba, 2003) supports the role of cognition in price fairness perceptions. Although research has mainly focused on cognition, it has been proposed that affect is also relevant to price fairness (Xia, Monroe, & Cox, 2004; Campbell, 2007). Xia, Monroe, and Cox (2004) proposed that negative emotions such as guilt are related to advantaged price inequality whereas disappointment or anger are generated from disadvantaged price inequality. Campbell (2007) empirically examined the influence of affect on price fairness and discovered that affect is an important antecedent of fairness perceptions. This research focuses on consumer perceptions of CRM price fairness at the pre-purchase stage, and thus does not investigate the moderating effect of affect that can emerge during service experiences due to service failure or recovery. However, future studies can examine potentially interesting effects of affect on consumer responses to CRM pricing at the post-purchase stage.

Comparative transactions. The concept of the principle of dual entitlement implies that price fairness is evaluated based on a reference transaction, which is influenced by price and other conditions of the sale. Xia, Monroe, and Cox (2004) argued that price fairness perceptions are most likely to be developed based on comparative transactions that involve different parties. They proposed that consumers perceive price fairness based on different transaction characteristics such as product, terms of sale, time and seller. They also proposed that degree of transaction similarity significantly influences price fairness perceptions. Social comparison theory has identified “similar others” as the most important comparison target because of its salience (Major, 1994). However, “similar others” may not be always available as comparative references, therefore self-self comparisons as well as self-different consumer comparisons are common (Xia et al., 2004). Haws and Bearden (2006) supported the idea by empirically testing the effects of transaction characteristics – different consumers, times, sellers and price setters – in dynamic pricing circumstances, and revealed that differences between consumers result in the greatest perceptions of price unfairness and lowest overall satisfaction. Through empirical studies, they also discovered that consumers show higher fairness perceptions and satisfaction when they take a part in the price-setting process, except when they receive a good deal. Additionally, price changes within short periods of time are perceived as being more unfair than changes over a more extended time period (Haws & Bearden, 2006).

Price fairness perceptions in services. Although most research has examined price fairness perceptions in physical goods contexts, a few studies have examined price fairness perceptions in services contexts. Many service industries such as airline, hotel, and rental car companies have adopted revenue management practices, also known as yield management (Carroll & Grimes, 1995; Hanks, Noland, & Cross, 1992; Kimes & Wirtz, 2003; Smith, Leimkuhler, & Darrow, 1992). Revenue management is the application of information systems and pricing strategies that sets prices according to predicted demand levels. The application of revenue management is more actively used for services compared to physical goods because revenue management is most effective when applied to operations with relatively fixed capacity, variable and uncertain demand, perishable inventory, high fixed cost structure, and varying customer price sensitivity (Kimes & Wirtz, 2003). This type of pricing structure distinguishes relatively more dynamic pricing of services from fixed pricing used for general physical goods. As a result, consumer responses to pricing in services can be different from responses to the prices of physical goods. More specifically, consumers may view the demand-based pricing and dynamic pricing associated with revenue management as price discrimination, and thus perceive them as unfair. Furthermore, consumers may perceive peak-demand prices as higher than their reference prices or even perceive regular prices as higher than their reference prices if they are used to low-demand prices (Kimes & Wirtz, 2003), resulting in negative price fairness perceptions.

Additionally, how consumers evaluate price fairness for service transactions can be different from physical goods because services are difficult to evaluate prior to purchase and even following purchase (Seiders & Berry, 1998; Zeithaml, 1981). The nature of the product evaluated is different between services and goods (Martin-Ruiz et al., 2008). Bolton and Alba (2006) found that an increase in service prices is perceived as fairer than an increase in goods prices when a price increase is not aligned to cost, and they attributed this to a lack of salient reference points for services. Adding to this stream, Martin-Ruiz et al. (2008) found that tangibility plays a significant role as consumers evaluate a company's estimated profits, estimated value of the product, and competitors' products. The authors also found that consumers lack cues for comparing services, especially at the pre-purchase stage, and thus show stronger reactions to price unfairness perceptions. They suggest that a consumer's ability to estimate profits and value is limited for services, and therefore, consumers of services seek fair trade more than consumers of goods.

Previous experiences and general knowledge. Consumers may consider more than a particular transaction and make inferences based on their previous experiences through repeated transactions. A prior positive experience may lead a consumer to assume that a price increase occurs for legitimate reasons when the reason for the price increase is actually unknown (Xia et al., 2004), suggesting that buyer-seller relationships and trust based on prior experiences with a brand influence consumer price fairness perceptions.

Consumers may rely on their general knowledge or beliefs about sellers' practices to adjust their judgments of price fairness (Xia et al., 2004). It is noteworthy that consumer perceptions of price fairness that are primarily unfair may positively change when the pricing becomes accepted by most people (Kahneman et al., 1986b). For example, dynamic pricing by the airline industry or revenue management by the hotel industry are gradually being accepted by consumers, generating positive perceptions of such pricing practices (Kimes, 1994; Kimes & Wirtz, 2003).

Price fairness perceptions associated with costs. A perception that a price is unfair results not only from a perceived higher price but also from a consumer's understanding of why the higher price was set (Xia et al., 2004). The principle of dual entitlement, equity theory and procedural justice theory all indicate that knowing why a certain price is set may influence perceptions of price fairness. Research has shown that such information may include procedures or processes that lead to the observed price (Xia et al., 2004). For example, a price increase may be caused by an increase in costs. However, with services, it is difficult to provide comprehensible information regarding why a certain price is set due to characteristics such as intangibility (Shoemaker & Mattila, 2009). Therefore, procedures that lead to a price increase may seem more ambiguous to consumers when services are compared to manufactured goods. Additionally, the type of cost and whether sellers have control over the costs may influence the degree of perceived unfairness (Xia et al., 2004). The principle of dual entitlement suggests that firms are entitled to raise prices in the face of increased costs (Kahneman, Knetsch, & Thaler, 1986b). However, not all costs are perceived to be fair or appropriate, and some costs may improve consumer perceptions of price fairness while others may decrease price fairness perceptions (Bolton, Warlop, & Alba, 2003).

The seller's cost plays an important role in a consumer's assessment of whether a price or price increase is acceptable or fair (Bolton, Warlop, and Alba, 2003). When buyers believe that sellers have increased prices to take advantage of an increase in demand or a scarcity of supply without a corresponding increase in costs, they will perceive new higher prices as unfair (Frey & Pommerehne, 1993; Kahneman, Knetsch, & Thaler 1986a; Urbany, Madden & Dickson, 1989). However, an unavoidable increase in a firm's costs may make a price increase acceptable (Kahneman, Knetsch, & Thaler, 1986a). Buyers will perceive a disadvantaged price inequality as more unfair if they perceive that a seller profits from a buyer's loss. For example, consumers consider a price increase for snow shovels the morning after a snowstorm as unfair, but consider an increase in grocery prices after an equivalent increase in wholesale prices as fair (Frey & Pommerehne, 1993; Kahneman, Knetsch, & Thaler 1986b). Making the seller's costs salient reduces consumer estimates of a firm's profit margin, thereby decreasing perceptions of price unfairness (Bolton, Warlop, & Alba, 2003). For example, the cueing of labor costs reduces profit estimates, and making the costs of labor explicit leads to extracting the costs from profit (Bolton, Warlop, & Alba, 2003). Detailed cueing prompts a more accurate assessment of costs and profits (Bolton, Warlop, & Alba, 2003). However, not all costs are equally legitimate. Price increases that result from managerially influenced cost increases are perceived as less fair than are externally caused cost increases (Vaidynathan & Aggarwal, 2003). Costs related to CRM are external and for a social cause. If costs related to CRM are perceived as fair, then increasing their salience should increase perceived fairness. On the other hand, if costs related to CRM are perceived as unfair, then CRM pricing could backfire and reduce fairness perceptions.

This dissertation proposes that consumer perceptions of CRM pricing fairness are affected by the type of relationship norms that govern the relationship consumers have with the firm. The following section discusses relationship norms and reviews theoretical work on two (communal and exchange) relationship types.

Norms of Communal and Exchange Relationships

This research examines the moderating role of relationship norms on the relationship between CRM pricing and perceived price fairness. Social relationship theory suggests that relationships possess norms of behavior that guide individual evaluations of personal relationships (Clark & Waddell, 1985). In the field of marketing, norms can be defined as individual expectations of the behavior of others in a given context (Jap & Ganesan, 2000). A norm's function is to guide and control human behavior (Macneil, 1980) and also to indicate the harmony of both parties' interests (Ouchi, 1980; Nohria & Ghosal, 1990). When applied to consumer-brand relationships, relationship norms also guide consumer attitudes toward a firm or a firm's practices, as well as consumer behaviors.

Marketing literature has shown that consumers bring a brand alive by giving it quasi-human qualities. For example, Fournier (1998) illustrated a broad range of social relationships that consumers use to describe their interactions with brands. McGill (1998) pointed out that people ascribe qualities of animism to objects, suggesting that products also have souls and intent. Building on this notion, this study suggests that consumer-brand relationship norms impact consumer perceptions of price fairness in reaction to green pricing.

Communal versus exchange norms. Prior research on interpersonal relationships has used norms of behavior to distinguish between two relationship types: exchange relationships and communal relationships (Clark & Mills, 1979, 1993; Mills & Clark, 1982). Clark and Mills (1979) were the first to identify the two relationship types in interpersonal relationships. They distinguished the two relationships based on how individuals give benefits to one another, which was rooted in the distinction between social and economic exchange identified by Goffman (1961).

An exchange relationship is based on the notion of economic exchange. However, in interpersonal relationships, many benefits exchanged by people do not necessarily involve money or monetary value; a benefit can be identified by the person giving or receiving it (Clark & Mills, 1979). In an exchange relationship, members do not feel a special responsibility for the needs of the other. Helping others or requesting help from others is less likely. Receiving a benefit creates a debt or obligation to return an equivalent benefit soon afterward. Accordingly, providing benefits to someone generates the expectation of receiving a benefit in return (Clark & Mills, 1979).

A communal relationship is similar to the concept of social exchange because giving and receiving benefits are social in interpersonal relationships. Relationships between family members are a typical example of such relationships (Clark & Mills, 1979). In a communal relationship, members follow the “norm of mutual responsiveness” (Pruitt, 1972). They show general concern for each other’s welfare and feel a special responsibility for the needs of others. Helping others or requesting help from others is more likely. Receiving a benefit from another person does not necessarily generate an obligation to return an equivalent benefit (Clark & Mills, 1979).

Although there are also exchanges of benefits in a communal relationship, the rules or norms of giving and receiving benefits are different from those in an exchange relationship. The benefits given and received in a communal relationship are not considered to be an exchange. Clark and Mills (1979) argued that these two types of relationships are distinguished based on the rules concerning the giving and receiving of benefits, not on the specific benefits given or received. Several studies investigated the distinction of the two types of relationships in various contexts. Support for distinction between communal and exchange relationships have been provided by series of empirical studies in the social psychology literature (see Table 2).

The effects of relationship norms in interpersonal relationships. Based on the distinction between exchange and communal relationships, Clark and Mills (1979) argued that giving a benefit is likely to decrease interpersonal attraction if it is inconsistent with the type of relationship an individual has with the other person involved. Therefore, giving a benefit in response to receiving a benefit is consistent with exchange relationship, generating greater attraction. However, giving and receiving benefits is inconsistent with communal relationships, and therefore leads to lower attraction. To test the hypothesis, they conducted two experimental studies. The first study manipulated the desire for an exchange/communal relationship by using married males as the subjects and using an attractive woman as the other. The experiment was based on the assumption that people desire communal relationships with attractive others, however exchange relationships are desired when the attractive others are not available (i.e., married). The subjects were informed that the other (i.e., the attractive woman) was either unmarried (communal condition) or married (exchange condition). When a communal relationship was desired (when the woman is not married), a benefit in response to prior aid decreased attraction towards the woman, whereas when an exchange relationship was desired (when the woman is married), a benefit after an aid increased liking for the other. The second study used female college students as subjects and manipulated the relationships by telling each subject that the other person was a woman with a child who lived far from the university and had nothing in common with the subject (exchange condition) or a woman new to the university who had a lot in common with the subject (communal condition). The results were similar to the first study, such that a request for a benefit from the other person after the subject was aided led to great attraction toward the other in an exchange condition whereas a request for a benefit from the other person after helping the subject decreased attraction.

Following the same distinction between communal and exchange relationships, Clark (1984) investigated record keeping behaviors in two types of relationships. They argued that members in exchange relationships are likely to keep track of their inputs into joint tasks because they need to allocate benefits in proportion to those inputs. On the other hand, members in communal relationships are not likely to keep track of inputs since they are not interested in distributing rewards based on the inputs; instead they are likely to distribute the rewards according to needs of the members. They conducted an experimental study which involved locating and circling number sequences in a large matrix. Record keeping behaviors were identified by observing whether the subject used a pen of the same or of a different color from the pen used by their partner since the same color makes the inputs obscured and different pen makes the inputs clear. The study discovered that people in an exchange relationship keep track of their inputs and outputs into joint tasks when there is a reward. (Individuals in an exchange relationship distinguished their inputs from the other person's inputs.) On the other hand, the proportion of communal subjects keeping track of their inputs (choosing a different color pen) was significantly lower.

Following Clark and Mills' (1979) study, Clark and Waddell (1985) examined how relationship norms influence perceptions of exploitation as well as attraction. Although a similar concept was tested by Clark and Mills (1979), Clark and Waddell (1985) argued that a decrease in general attraction does not necessarily indicate feelings of injustice. They discussed the concept of relationship norms in their study and suggested that social behavior is governed by distinct norms in different types of relationships, and accordingly behaviors can be considered unjust in one relationship, but be considered perfectly acceptable in another at the same time. A communal norm is when a request for a favor with no offer of repayment is considered perfectly appropriate, and doing so does not break the norm nor result in feelings of exploitation. On the other hand, an exchange norm implies that one should not feel any obligation for another's welfare and benefits are given as repayments for specific benefits received in the past or with the expectation of receiving repayment in the future. They conducted an experimental study by manipulating expectations for communal and exchange relationships. The results support the hypothesis and indicate that failure to offer repayment for a favor increases perceptions of exploitation and decreases attraction when exchange norms are expected, however, not when communal norms are expected.

Based on Clark and Waddell's (1985) findings that keeping track of individual inputs into joint tasks is necessary for exchange relationships but not for communal relationships, Clark, Mills, and Powell (1986) suggested that a different type of monitoring might be expected in communal but not in exchange relationships. They argued that communal norms require members to keep track of the needs of others. They investigated the degree to which a person is likely to keep track of another's needs as a function of a) type of relationships and b) the likelihood of the other person reciprocating in kind. They argued that keeping track of the needs of others in communal relationships does not depend on whether the other can reciprocate in kind, because people give benefits in response to needs. However, keeping track of needs in an exchange relationship depends on whether there is an opportunity for the other to reciprocate in kind because people do not feel a special obligation to respond to others' needs. Through experimental studies, they discovered that keeping track of others' needs is greater for people seeking a communal (versus exchange) relationship when there is no opportunity for the other to reciprocate in kind. Additionally, the results showed that individuals in an exchange relationship keep track of another's needs more when there is opportunity for the other to reciprocate in kind (Clark, Mills, & Powell, 1986).

Building on this concept, Clark, Mills, and Cocoran (1989) tested whether people keep track of needs and inputs when the other is a friend versus a stranger. They hypothesized the needs of a friend would be kept track of more than those of a stranger, and that the inputs of a friend would be kept track of less than those of a stranger. An experimental study was conducted to test the hypothesis. Tracking of needs and inputs were measured by how many times subjects looked at lights. A change in the lights indicated another person's need for help in the "needs" condition and a substantial contribution to a joint task in the "inputs" condition. The results reveal that subjects look at the "needs" lights significantly more and "inputs" lights significantly less when the other is a friend than a stranger (Clark, Mills, & Cocoran, 1989). Overall, these studies support the distinction between communal and exchange relationships and support the idea that distinct norms govern the giving and receiving of benefits in communal and exchange relationships.

Table 2. Summary of Studies on Relationship Norms

Authors (year)	Relationship tested	Results	
		Communal	**Exchange**
Clark & Mills (1979)	The effects of exchange/communal relationship on interpersonal attraction	- A benefit in response to prior aid decreased attraction - A request for a benefit after aiding the subject decreased attraction	- A benefit in response to prior aid increased attraction - A request for a benefit after aiding the subject increased attraction
Clark (1984)	The effects of exchange/communal relationship on record keeping behavior	- Not likely to keep track of their inputs and outputs	- Likely to keep track of their inputs and outputs
Clark & Waddell (1985)	The effects of exchange/communal norms on perceptions of exploitation and attraction	- Failure to offer repayment for a favor increases perceptions of exploitation and decreases attraction	- Failure to offer repayment for a favor does not increase perceptions of exploitation nor decrease attraction
Clark, Mills, Powell (1986)	The effects of exchange/communal relationship on keeping track of needs behavior	- Keeping track of needs does not depend on whether there is an opportunity for the other to reciprocate in kind	- Keeping track of needs depends on whether there is an opportunity for the other to reciprocate in kind
Clark, Mills, & Corcoran (1989)	The effects of type of relationships (friend versus stranger) on whether people keep track of needs and inputs	(The other is a friend) - Keep track of a friend's needs but not inputs	(The other is a stranger) - Keep track of a stranger's inputs but not needs

Effects of relationship norms in consumer-brand relationships. Prior literature has shown that consumers give brands quasi-human qualities. Brands are perceived as human characters (Levy, 1985; Plummer, 1985), and consumers consistently assign personality qualities to brands and inanimate brand objects (Aaker, 1997). Additionally, Fournier (1998) has illustrated numerous social relationships that consumers use to describe their interactions with brands. Marketing literature has noted that consumers differ not only in how they perceive brands but also in how they relate to brands (Aggarwal, 2004; Fournier, 1998). Aggarwal (2004) also suggested that individuals form relationships with brands and others similarly. Likewise, the concept of relationship norms identified in interpersonal relationships has been translated to consumer-company/brand relationships. Relationships carry certain norms that guide individuals' relationships and influence how they evaluate such relationships (Clark & Waddell, 1985). Using this framework, Aggarwal (2004) suggested that social relationships are used as guidelines for consumer-brand relationships, and identified relationship norms as one of the guidelines that govern consumer attitudes and behaviors. For example, a consumer who feels close to a certain brand might expect things that he/she would expect from a close friend such as caring for his/her welfare and interests. Aggarwal (2009) argued that the key to understanding consumer-brand relationships is identifying the norms that govern such relationships. Consumers refer to norms underlying particular social relationships when they start to see a brand as a relationship partner. Several studies in marketing literature support this notion that relationship norms exist in consumer-brand relationships (see Table 3) and such norms not only influence consumer behavior but also affect the underlying processes experienced by consumers (Aggarwal, 2009).

Aggarwal (2004) also investigated the effects of relationship norms on consumer attitudes and behaviors. The author argued that if the brand violated the norms of a relationship then the brand would be negatively evaluated, and that conforming to norms would lead to positive evaluations of the brand. The author conducted three experimental studies to support the idea that relationship norms guide consumer evaluations regarding the brand and its actions. The first study was conducted in the context of banking services and the relationships were manipulated using hypothetical scenarios. Participant reactions to being charged a fee or no fee for a special service were examined. Demanding a fee in response to a customer's request for help may violate the norms of a communal relationship. However, this practice conforms to the norms of an exchange relationship. The results revealed that participants in a communal relationship evaluated the brand and its actions more positively compared to participants in an exchange relationship when no fee was charged than when a fee was charged. The second study investigated how the firm's action of offering a comparable or non-comparable benefit for receiving help from a customer is evaluated in the context of health clubs. The results reveal that subjects in the exchange (versus communal) condition evaluated the brand and its actions more positively when a comparable benefit was offered. However, the results were only marginally significant. The third study investigated the mediating role of relationship norms and tested whether brand evaluations were influenced by the degree of norm violation. The author tested the effects of timing for return requests for help (immediate versus delayed) on brand evaluation in the context of coffee shops. The findings revealed not only the fact that consumer responses depend on the type of relationship norms but also that norm violation mediates the effect of relationship type on brand evaluation. Overall, all three studies support the notion that relationship norms influence brand evaluations.

Aggarwal and Law (2005) suggested that relationship norms also moderate how consumers process information. This was based on prior research which suggested that people in exchange relationships are more likely to keep track of their partners' inputs rather than needs (Clark, 1984), indicating that the aspects of information that people focus on may depend on relationship types. Accordingly, they argued that consumers in exchange relationships are likely to focus on inputs and outcomes and will thus pay attention to details about the brand. This is also based on the notion that norms of an exchange relationship prompt more attention to detailed information, since consumers in exchange relationships are interested in what they get versus what they pay. However, communal consumers do not look for an immediate quid pro quo, thus holistic information processing is used to consider overall brand benefits rather than focusing on details. Aggarwal and Law (2005) conducted three experimental studies to test their propositions. The first study was in the context of near versus far product extensions. The results showed that people in communal relationships process information at a higher level of abstraction. Therefore, they perceive far product extension as being similar to the original product and positively evaluate the extensions. On the other hand, people in exchange relationships process information at a lower level of abstraction, and thus observe greater differences between the extension and the original products. This leads to a less positive evaluation of product extensions. The second study employed memory measures to directly examine differences in information processing in the context of clothing stores. Participants were presented with both concrete and abstract brand information. The results showed that individuals in exchange (versus communal) conditions were more likely to accept correct concrete information and less likely to accept incorrect concrete information. However, for abstract information, there was no difference between the subjects in communal and exchange conditions. Overall, they discovered that relationship norms influence the level of abstraction at which consumers process brand information.

Aggarwal and Zhang (2006) applied the concept of relationship norms to consumer loss aversion. They argued that relationship norms lead consumers to treat gains and losses differently by changing consumer cognitive perspectives. Their argument was based on the notion that people in exchange relationships are more concerned with the net balance of inputs and outcomes, since individuals in exchange relationships evaluate what is received based on what one gives (Clark & Mills, 1993). Individuals governed by exchange norms are likely to compute the net gains and losses from transactions instead of treating them separately. Aggarwal and Zhang (2006) argued that combining losses and gains together is likely to result in a weaker degree of loss aversion because the value function of losses (versus gains) is steeper. On the other hand, individuals in communal relationships are not likely to match inputs with outcomes since doing so violates the relationship norm. Therefore, they are likely to avoid comparing what they get to what they give up and are unlikely to compute the net gains and losses. As a result, people with communal norms will evaluate losses separately from gains, which is likely to result in a stronger degree of loss aversion. The authors conducted an experimental study, manipulating communal and exchange relationships and adding a control group. The results showed that relationship norms moderate consumer loss aversion such that communal norms increase the degree of consumer loss aversion. However, the control group and exchange conditions showed no difference, suggesting that differences between communal and exchange conditions are largely driven by communal norms rather than exchange norms.

Aggarwal and Botti (2007) investigated the influence of relationship norms on consumer satisfaction based on the distinction between communal and exchange relationships, and compared consumer responses to self-chosen outcomes with marketer-chosen outcomes. When a marketer makes the choice, people in communal relationships are likely to assume that the marketer acted in the best interest of the consumer, resulting in higher satisfaction. On the other hand, people in exchange relationships are likely to assume that marketers are motivated by their own interests, resulting in lower satisfaction. The results of an experimental study revealed that individuals in exchange relationships experience lower satisfaction when a marketer makes the product choice (versus them), whereas the satisfaction levels of people in communal relationships are not influenced by who makes the choice (Aggarwal & Botti, 2007). Further, the results found that the interaction effect of relationship type and choice (self-made versus marketer-made) is mediated by individual expectations related to a marketer's motivation, suggesting that inferred attributions drive the differences (Aggarwal & Botti, 2007).

Aggarwal (2008) also studied the effects of relationship norms, distributive fairness and interactional fairness on consumer brand evaluations. The author tested the effects of relationship norms in the context of an interaction between a consumer and a marketer to examine the moderating effect of relationship norms on the interactive effects of distributive and interactional fairness. Based on the notion that distributive fairness is positively correlated with interactional fairness, the author suggested that under low distributive fairness, relationship norms are likely to play a role in responses to aspects of interactional fairness. However, when distributive fairness is relatively high (i.e., when the outcome is fair), how consumers are treated may not have as much influence on their attitudes or behavior. The author argued that when the outcome is not fair (i.e., low distributive fairness), consumers in communal relationships are likely to perceive that the brand does not possess enough care for consumers (violating the relationship norms), especially when interactional fairness is low. When interactional fairness is high, low distributive fairness would reassure the genuine concern for consumers in a communal relationship, conforming to the norm. On the other hand, consumers in exchange relationships are likely to focus more on distributive fairness since the outcome is the focus of quid pro quo – what is received is evaluated in terms of what one gives up. Aggarwal (2008) conducted experimental studies and confirmed the three-way interaction hypothesis among relationship norms, distributive fairness, and interaction fairness such that under low distributive fairness, communal (versus exchange) norms lead to more positive brand evaluations when accompanied by high (versus low) interactional fairness. The aforementioned studies are summarized in Table 3.

Table 3. Summary of Studies on Relationship Norms in Consumer-Brand Relationships

Author (year)	**Context**	**Key findings**
Aggarwal (2004)	Banking services, health clubs, coffee shops	If the brand violates the norms of a relationship then the brand is negatively evaluated and conforming to the norms leads to positive evaluations of the brand.
Aggarwal & Law (2005)	Cola and chewing gum manufacturers, clothing stores, pens	Relationship norms moderate how consumers process information: consumers in exchange relationships focus on inputs and outcomes and thus pay attention to details about the brand while communal consumers process information about the overall brand benefits through holistic processing.
Aggarwal & Zhang (2006)	Coffee mugs	Relationship norms lead consumers to treat gains and losses differently by changing consumers' cognitive perspectives: Individuals governed by exchange norms compute the net gains and losses from a transaction whereas individuals with communal norms are unlikely to compute the net gains and losses.
Aggarwal & Botti (2007)	Bookstore	Individuals in an exchange relationship experience lower satisfaction when the marketer (versus the self) makes the product choice, whereas whether the choice is made by the marketer or the self does not influence the satisfaction level of people in a communal relationship.
Aggarwal (2008)	Take-out restaurant, coffee cup	Under low distributive fairness, communal (versus exchange) norms lead to a more positive brand evaluations when accompanied by high (versus low) interactional fairness.

Relationship norms versus loyalty constructs. Relationship norms may be similar to other loyalty related constructs such as affective commitment and emotional bonding, based on the notion that these constructs are associated with consumer-brand relationships and emerge from the concepts of interpersonal relationships. However, the concept of relationship norms is theoretically different from other loyalty related constructs.

One of the most important differences between the role of relationship norms and loyalty related constructs is the fact that relationship norms serve as guidelines for consumers. When applied to consumer-brand relationships, relationship norms guide consumer attitudes toward a firm or a firm's practices, as well as consumer behaviors. On the other hand, loyalty related constructs relate to consumer preferences toward a brand (Tam, Wood, & Ji, 2009). Affective commitment and emotional bonding are based on affect or emotions rather than on norms or beliefs. Affective commitment represents consumer desires to maintain valuable relationships with the brand (Mooreman, Zaltman, & Deshpande, 1992), and emotional attachment to the brand (Mattila, 2001), suggesting that it is based more on affect or emotions rather than norms or beliefs. Also, it can be argued that affective commitment or emotional bonding is an affective aspect of brand-consumer relationships whereas relationship norms are cognitive aspects.

It is important to note that when loyalty exists, preferences and attitudes toward the brand are already formed. Whereas relationship norms guide consumers to form attitudes and exist without a prior relationship with a brand, loyalty related constructs are based on current and prior experience with a brand. Brand loyalty reflects a favorable attitude and evaluation that is based on strong bonds and attachment that promote a repeatedly favorable brand response (Oliver, 1997), indicating that it is difficult to develop loyalty or affective commitment without any prior experience with the brand. Additionally, Jacoby and Chestnut

(1978) define brand loyalty as a function of psychological processes exhibited over time. On the other hand, relationship norms are the guidelines consumers use, which are more similar to general knowledge or beliefs rather than emotions or affect. When faced with new social situations, people apply the norms that are salient to the situation to learn what is considered appropriate (Cialdini & Trost, 1998). Similarly, in consumer-brand relationships, norms can emerge even without having prior relationship with the brand. Relationship norms identified in the psychology and marketing literature are mainly concerned with the norms governing giving and receiving behaviors. Studies have focused on whether norms lead individuals to keep track of inputs and outputs or to care about others' needs. On the other hand, loyalty related constructs are more of an outcome of the relationship with the brand, suggesting that relationship norms and loyalty related constructs emerge from conceptually different theoretical streams.

Additionally, loyalty-related constructs typically emerge from the competitive market. Jacoby and Chestnut (1978) argued that loyalty is a biased behavioral consumer response with respect to one or more alternatives out of a set of such brands. Therefore, other competing brands are involved when assessing loyalty. A consumer may be loyal to Brand A over Brands B or C, meaning the concept of loyalty may arise from a competitive marketplace. However, relationship norms are more concerned with general thoughts regarding the relationship rather than a specific relationship with a brand over another brand, therefore, no comparison is involved.

There may be some similarities between relationship norms and loyalty related constructs to a certain extent. Exchange norms lead to careful cost-benefit evaluation, with a strong focus on keeping track of inputs and outputs, while communal norms lead to mutual support and cooperation, transcending emphasis on self-interest alone (Aggarwal, 2009). It is possible to argue that affective commitment and emotional bonding can be observed more frequently in communal relationships, especially since communal relationships are similar to relationships with friends or family (Clark & Mills, 1979). However, both relationships can emerge while being loyal as well as being non-loyal to the brand. For example, a loyal customer can engage in a careful cost-benefit evaluation. Although affectively committed to the brand, a loyal customer can still focus on inputs and outputs and be driven by exchange norms. Therefore, it is difficult to argue that the two constructs – relationship norms and loyalty related constructs – are conceptually similar. Even among loyal customers, norms that are salient to each customer may differ.

Research Hypotheses

Based on the notion that relationship norms exist in consumer-brand relationships, this study suggests that relationship norms moderate consumer perceptions of price fairness associated with CRM initiatives. This study first investigates how relationship norms influence consumer price fairness perceptions when there is a trade-off between a company's support for a social cause and higher price than the competition.

When the competing company has the same price, consumers in both exchange and communal relationships may respond favorably to CRM efforts since there will be no trade-offs. In a communal relationship, the norm is one of caring and concern for others. Consumers expect firms to show general concern for consumer welfare, and to feel a special responsibility for the needs of consumers. CRM efforts are consistent with communal norms, thus consumers in communal relationships are likely to respond favorably to CRM efforts. In addition, consumers in exchange relationships may not respond negatively to CRM efforts since the inputs and outputs of the monetary exchange with the firm are not influenced by CRM efforts. Although CRM may not bring any extra outputs to consumers, CRM efforts do not increase the price consumers pay in this condition. Consumers in an exchange relationship may compare the price with the competing company and realize that there is no price trade-off and that CRM does not influence the pursuit of self-interest for consumers.

On the other hand, when there is trade-off due to CRM in the form of a price increase, consumers in exchange relationships may perceive CRM pricing as unfair compared to those in communal relationships. Green CRM is a way for firms to express their concern for consumer welfare and signal a sense of responsibility to protect the environment consumers live in, consistent with communal norms. Consumers in communal relationships are similar to loyal customers with regard to the fact that they care about the other party and are willing to forego their own interests for the retailer (Crosby & Taylor, 1983; Gilliand and Bello, 2002). Literature suggests that loyal customers are more likely to focus on long-term benefits than non-loyal customers (Doney & Cannon, 1997; Ganesan, 1994; Morgan & Hunt, 1994). Similarly, consumers in communal relationships are likely to react favorably to the long-term benefits that CRM pricing brings to consumers and society, and may not perceive the price disadvantage caused by CRM as unfair. On the other hand, similar to non-loyal customers, consumers in exchange relationships may be less likely to focus on long-term benefits. Consumers in exchange relationships are likely to perceive the price disadvantage caused by CRM pricing as unfair since the inputs and outputs of the transaction may not seem balanced compared to the price offered by the competing company. Therefore, CRM pricing violates exchange norms where each party is expected to pursue its own self-interest and the exchange is based on the value for money. Additionally, individuals in an exchange relationship prefer to receive benefits that are comparable to those given by them to their relationship partner (Clark, 1981). Consumers in exchange relationships focus more on the inputs and outputs of their monetary exchanges with firms and may prefer immediate and comparable reciprocation of benefits for the prices they pay. Unfortunately, however, CRM is arguably distant and non-comparable.

Accordingly, it is predicted that:

H1a: When CRM does not cause a price trade-off (i.e., the competing company offers the same price as the company with CRM), price fairness perceptions will not differ between consumers in exchange relationships and those in communal relationships.

H1b: When CRM causes price trade-off (i.e., the competing company offers lower price compared to the company with CRM), consumers in exchange relationships are likely to show significantly lower price fairness perceptions compared to those in communal relationships.

Chapter 3.

Study I: Effects of Relationship Norms on Perceptions of CRM Price Fairness

The primary purpose of Study I was to examine effects of relationship norms on perceived price fairness in the presence of a price trade-off between a company's support for a social cause and a higher price than the competition. A pretest was conducted to check manipulation effectiveness for relationship norms (communal versus exchange). In the main study, relationship norms and price trade-offs were experimentally manipulated using scenarios in the hotel context.

Pretest

Participants. Participants for the pretest were undergraduate students who were recruited via email. A recruitment email was sent out to a total of 105 students and 70 students volunteered to participate in the study, resulting in a response rate of 66.7%. Of the respondents, 66 out of 70 completed the Internet-based survey. In terms of gender, 46.7% of the participants were male while 53.3% were female. The average age of the participants was 21 years, with ages ranging from 19 to 34 years.

Procedures. Participants were randomly assigned to either the communal or the exchange condition. They were first presented with a short scenario describing a situation in which they needed to search for a hotel for a personal trip, then they were exposed to a description that triggered either exchange or communal relationships (see Table 4). After reading the scenario, they were asked to respond to several questions.

Table 4. Relationship Norm Scenarios

Relationship Norm	**Scenario**
Communal	You believe that the primary goal of hotel companies should be to look out for the welfare of customers. You expect hotels to take a personal interest in you and to provide a memorable experience.
Exchange	You believe that the primary goal of hotel companies should be to provide good value for money to customers. You expect hotels to be efficient and offer you deals that are of great value.

Measures. Aggarwal's (2004) measures were modified to create five bipolar questions on a seven-point scale to assess the effectiveness of relationship manipulations such that higher scores reflected higher exchange norms (see Table 5). These five items were combined to create a Relationship Norm Scale (Cronbach's α: 0.89). It was expected that those in the exchange (versus communal) condition would have significantly higher scores on the Relationship Norm Scale.

Table 5. Relationship Norm Scale

We are interested in your views about how hotels should act (i.e., not how they actually act, but how they should). In your opinion, hotels should focus more on...

Creating warm feelings in customers……	……Providing service in order to get business
Displaying caring toward customers……	……Providing good value for the money
Treating customers like they are special……	……Giving customers their money's worth

If you were to imagine that a hotel company is like another person, then a hotel is more like...

A close friend……	……A business person
A family member……	……A merchant

Results. The results show that the manipulation was effective, with significantly higher scores in the exchange (versus communal) condition ($Mean_{exchange}$ = 4.54 and $Mean_{communal}$ = 2.84; $t[64] = 6.43$, $p < 0.001$). Those in the exchange condition indicated that a hotel is more like a business person and a merchant, and that hotels should focus more on providing service in order to get business, providing good value for the money, and providing customers with their money's worth. On the other hand, those in the communal condition indicated that a hotel is more like a close friend and a family member, and that hotels should focus more on creating warm feelings in customers, displaying caring toward customers, and treating customers like they are special. Additionally, one-sample t-tests were performed to compare the means of each condition to the midpoint of the scale (i.e., 4). The one-sample t-test for the communal group showed that the Relationship Norm Scale for the communal condition was significantly different from the midpoint ($n = 34$, $t[33] = 6.43$, $p < 0.001$). Likewise, the sample t-test for the exchange group showed that the Relationship Norm Scale for the exchange condition was significantly different from the midpoint ($n = 32$, $t[31] = 2.78$, $p < 0.01$).

Overall, the results suggest that the manipulations of Relationship Type were successful. Based on this scenario, the experimental stimuli for the main study were developed. The methods and results for the main study are presented in the following sections.

Methods

Experiment design. A two-by-two experimental design was used for the main study, with relationship norms (communal versus exchange) and price trade-offs (price disadvantage versus price equality) as the between participants conditions, and manipulation of both relationship norms and price trade-offs. Participants were randomly assigned to one of the four experimental conditions.

Participants. Participants for the main study were undergraduate students who were recruited via class announcement. A total of 168 students (59.7% male) participated in the online study and received bonus course credit for their participation. A total of 163 out of 168 participants completed the survey and contributed usable data for the study.

Procedures. Participants were randomly assigned to one of the four experimental conditions. They were first asked to imagine a situation in which they were going on a personal trip and needed to search for a hotel in the area. Next, they were presented with a description that triggered either exchange or communal relationship norms, similar to the pretest. Finally, they were presented with two hotels (Hotel ABC and Hotel XYZ) in the area that were similar in terms of location, quality, ratings, and reviews, but only one of them (Hotel ABC) donated 5% of its room revenues toward environmental causes (see Appendix A). Participants were asked to respond to several questions after reading the scenario.

Measures. Perceived Price Fairness for the two hotels was measured using three bipolar questions on a seven-point scale (see Table 6). Higher scores reflected that participants perceived the pricing of the hotel with CRM (i.e., Hotel ABC) as being more fair than the competing company (i.e., Hotel XYZ). Effect size was measured via partial eta-squared (partial η^2), in which small, medium and large effects were operationalized as 0.01, 0.06, and 0.14, respectively (Stevens, 1992).

Table 6. Price Fairness Measures

Please indicate how fair these prices are:	
XYZ is more fair……	……ABC is more fair
XYZ is more reasonable……	……ABC is more reasonable
XYZ is more just……	……ABC is more just

*Cronbach's $\alpha = 0.955$.

Results

ANOVA results reveal an interaction effect of Relationship Norms and Price Trade-offs on perceived Price Fairness ($F[1,159] = 4.40$, $p < 0.05$, see Tables 7 and 8, and Figure 1).

The effect size was 0.026, which is relatively small (Stevens, 1992). Planned contrasts indicate that when a competing company offers the same price, consumers in communal and exchange relationships are indifferent in terms of price fairness perceptions ($M_{communal} = 4.72$, $M_{exchange} = 4.68$, $t[80] = 0.206$, $p = 0.837$), supporting H1a. One-sample t-tests comparing the means of perceived Price Fairness with the midpoint (i.e., 4) also reveal that consumers in both relationship types show price fairness perceptions for CRM pricing to be more positive (i.e., the room rate of ABC hotel) than those for non-CRM pricing (i.e., the room rate of XYZ hotel) (Exchange: $n = 41$, $t[40] = 5.01$, $p < 0.001$; Communal: $n = 41$, $t[40] = 5.06$, $p < 0.001$).

However, when a competing company offers a lower room rate, consumers in communal and exchange relationships have significantly different price fairness perceptions ($t[79] = 2.809$, $p < 0.01$), such that those in exchange (versus communal) relationships perceive the room rate of the competing hotel as being more fair than the room rate of the hotel donating $5 to a cause ($M_{communal} = 4.33$, $M_{exchange} = 3.63$), supporting H1b. Additionally, one-sample t-tests were conducted to compare the means of perceived price fairness of each relationship type with the midpoint (i.e., 4). The results reveal that consumers in communal relationships perceive CRM pricing to be more fair than non-CRM pricing ($n = 39$, $t[38] = 1.79$, $p = 0.08$). On the other hand, consumers in exchange relationships perceive non-CRM pricing to be more fair than CRM pricing ($n = 42$, $t[41] = -0.20$, $p < 0.05$).

Table 7. ANOVA Results for Price Fairness

Source	Type III Sum of Squares	df	Mean Square	F	Sig.	Partial η^2
Corrected Model	32.212	3	10.737	10.502	.000	.165
Intercept	3067.357	1	3067.357	3000.088	.000	.950
Relationship Norms	5.551	1	5.551	5.430	.021	.033
Price Trade-Off	21.544	1	21.544	21.071	.000	.117
Relationship Norm * Price Trade-Off	4.396	1	4.396	4.300	.040	.026
Error	162.565	159	1.022			
Total	3258.444	163				
Corrected Total	194.777	162				

R^2 = 0.165 (Adjusted R^2 = 0.150)

Table 8. Means and Standard Errors for Price Fairness

	Price Trade-Off					
	Price Disadvantage			Price Equality		
Relationship Norms	Mean	Std. Err	N	Mean	Std. Err	N
Exchange	3.627	.156	42	4.683	.158	41
Communal	4.325	.162	39	4.724	.158	41

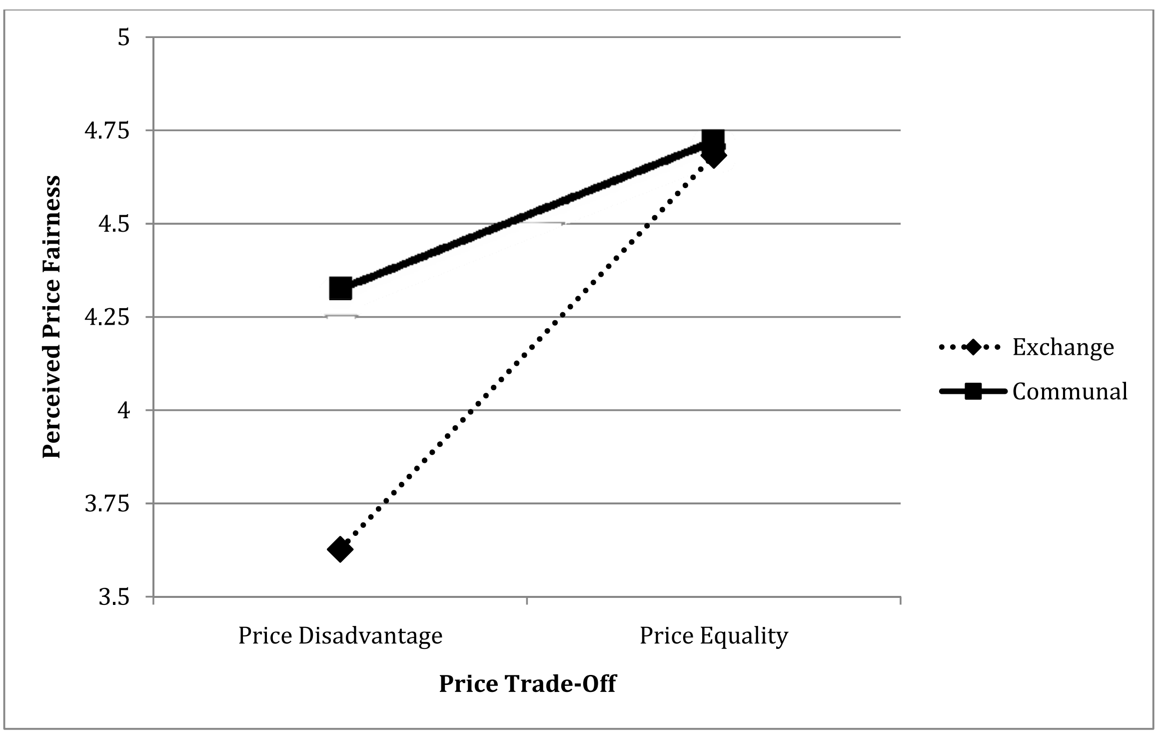

Figure 1. Interaction effect of Relationship Norms and Price Trade-offs on Price Fairness.

Discussion

Study I provides support for the hypotheses; when there was a price trade-off due to CRM (i.e., the competing company offered a lower price than the company employing CRM), consumers in exchange relationships were more likely to perceive the CRM price as being unfair than consumers in communal relationships. However, when there was no price trade-off, consumers in exchange and communal relationships did not respond differently to CRM pricing, indicating that relationship type may only impact price fairness perceptions when there is a price trade-off. The results indicate that when a competitor's price is the same as that of a company employing CRM, consumers in exchange relationships are not necessarily unfavorable towards CRM pricing since the net balance of inputs versus outputs does not change compared to the competing company. Therefore, in this case, relationship type (communal versus exchange) does not influence how consumers perceive CRM pricing.

However, when a competing company offers a cheaper room rate, consumers in exchange relationships suddenly react to CRM pricing, since monetary inputs and outputs seem out of balance. The results show that exchange consumers perceive a room rate that is $5 cheaper to be more fair than the room rate that includes $5 donation to a green cause. On the other hand, consumers in communal relationships have more favorable attitudes towards CRM pricing despite the presence of a price trade-off because CRM efforts show concern for consumer welfare. Consumers in communal relationships are not as sensitive to CRM price trade-offs since they are less likely to focus on inputs and outputs. This causes consumers in communal relationships to perceive CRM pricing as being more fair compared to those in exchange relationships.

CRM literature suggests that consumer perceptions of corporate motivations behind CRM activities can influence consumer choice (Barone et al., 2000). Consumers are usually skeptical about whether a company's support of a social cause is designed to support the cause to benefit the company (Webb & Mohr, 1998). Consequently, the same CRM activity can generate different interpretations of a company's motivation behind CRM (Elsbach & Sutton, 1992). A few studies have shown that consumer interpretations of corporate motivations for CSR can influence consumer choices and evaluations (Barone et al., 2000; 2007; Carvalho et al., 2010). Prior findings suggest that more positive perceptions of firm motivations result in stronger fit-evaluation effects (i.e., retailer-cause fit has a greater effect on consumer evaluations when consumers attribute a positive motive to CRM efforts). Additionally, CRM motivation is positively related to consumer choice when moderate trade-offs exist (Barone et al., 2000). When there is no trade-off or when large trade-offs are required, then CRM motivation no longer has a strong impact on consumer behavior (Barone et al., 2000). A study by Carvalho et al. (2010) supports this notion, indicating that positive perceptions of CSR lead to positive price fairness perceptions. The findings of these studies suggest that positive perceptions of CRM motivations lead to positive outcomes (stronger fit-evaluation effect, increased consumer choice, and positive price fairness perceptions) and negative perceptions of CRM motivations (i.e., to increase sales) may lead to negative outcomes (i.e., weaker fit-evaluation effect, decreased consumer choice, and negative price fairness perceptions). Although consumers in general may favor firms that are truly committed to a social cause, consumer perceptions of CRM benefits to a firm may depend on the relationship norms governing the relationship between the firm and the consumer.

Marketing literature suggests that marketing actions that are inconsistent with relationship norms lead to negative evaluations of a company (e.g., Aggarwal, 2004). If it is perceived that a firm engages in CRM in order to benefit the consumer by improving the consumer's welfare, its actions and CRM pricing would be consistent with communal norms.

This may cause consumers in communal relationships to respond more positively to CRM pricing. For the same reason, when the benefit to the company is perceived as being more salient, consumers in a communal relationship may respond negatively to CRM pricing since a firm's action to benefit itself violates the communal norm. On the other hand, unlike consumers in communal relationships, consumers in exchange relationships may respond more positively when CRM activities are oriented toward a company's benefit, since a company's action may seem consistent with exchange norms. Accordingly, it is hypothesized that:

H2a: When the benefit of CRM to company is salient, consumers in exchange relationships will perceive CRM pricing as being more fair than those in communal relationships.

H2b: When the benefit of CRM to consumers is salient, consumers in communal relationships will perceive CRM pricing as being more fair than those in exchange relationships.

Chapter 4.

Study II: The Moderating Effect of Benefit of CRM on the Relationship between Relationship Norms and Perceived CRM Price Fairness

Thus far, our findings demonstrate that, under the condition where the competition's price is lower than the price offered by the firm with CRM, consumers in exchange relationships perceive the price to be unfair compared to consumers in communal relationships. CRM is usually regarded as a way for firms to express their caring for consumer welfare, which is not consistent with exchange norms, causing consumers in exchange relationships to perceive CRM pricing as unfair, especially when CRM causes a trade-off in the form of a price increase. However, if CRM is perceived as a pursuit of self-interest (i.e., the company engages in CRM in order to financially benefit through increased revenues), CRM pricing may be more consistent with exchange norms and consumers in exchange relationships might perceive CRM pricing as more fair then those in communal relationships. In other words, if the company is engaging in CRM in order to receive something in return, and CRM efforts are motivated by the company's own interests, consumers in exchange (versus communal) relationships will perceive CRM as being more consistent with exchange norms, thus responding more positively to CRM pricing than their counterparts in communal relationships. The main objective of Study II is to demonstrate that the effect of relationship norms on consumer perceptions of CRM price fairness is moderated by whether the benefit of CRM is oriented toward consumer welfare or company self-interest.

The objective of the main study was to empirically test the hypothesized moderating effect of Benefit of CRM on the relationship between Relationship Norms and consumer Price Fairness Perceptions. Relationship Norms and Benefit of CRM were experimentally manipulated using scenarios in the hotel context. Consumer responses such as Perceived Price Fairness and Preference were measured. Unlike Study I, Relationship Type was manipulated by priming either communal or exchange norms through a brief description of a social interaction. A pretest was conducted to examine the effectiveness of the manipulation of Relationship Norms. Following the pretest, the main experiment of Study II was conducted by using a three-by-three experimental design and manipulating Relationship Norms (communal/exchange/control) and Benefit of CRM (company/customer/control).

Pretest

Participants. A total of 71 undergraduate students (52.9% female) participated in the pretest. Participants were randomly assigned to either the communal or the exchange condition.

Procedures. A brief description of a social interaction was used to prime communal and exchange norms (Aggarwal & Law, 2005). Participants first read a brief description of their interaction with another person intended to prime either the exchange relationship or communal relationship norms (see Appendix B). To strengthen the manipulation, participants were asked to respond to an open-ended question that required them to assume the role of the person described in the scenario and decide how to split a lunch bill with a friend. Next, they were asked to respond to a series of manipulation check questions.

Measures. The open-ended question as to how to split a lunch bill with a friend served as a manipulation check (Aggarwal & Zhang, 2006). Following Aggarwal & Zhang (2006), the responses were coded on a seven-point scale. Lower numbers indicated an exchange-oriented response (e.g., pay for only what each person ate separately) and higher numbers indicated a communal-oriented response (e.g., pay for the friend's lunch, too). When participants indicated that the bill would be split equally (an action that is consistent with both communal and exchange relationship norms), the midpoint score of four was given. Some of the answers given by participants were ambiguous, thus a seven-point scale coding was appropriate. For example, if a participant indicated that "Chris would either pay for only what she had or split the bill in half" then the midpoint score between 1 and 4 was given (i.e., 2.5). Two graduate students who were blind to these conditions coded the answers.

In addition, participants were asked to complete a 13-item main manipulation check questionnaire adapted from Clark (1986). Seven of the scale items tapped into exchange norms and were combined into a Net Exchange score. The remaining six items tapped into communal norms and were combined into a Net Communal score (see Table 9). High (low) ratings on the Net Exchange score and low (high) ratings on the Net Communal score would be consistent with the manipulation of exchange (communal) norms. To control for a potential influence of affect experienced by the scenarios, participants were also asked to complete the 20-item PANAS scale (Watson, Clark, & Tellegen, 1988) to assess participant levels of positive and negative affect (see Table 10).

Table 9. Net Communal/Exchange Scores

Exchange (Cronbach's α: .85)	Communal (Cronbach's α: .78)
You don't bother to keep track of benefits given to others.*	You enjoy responding to others' needs.
You would resent it if someone asked for a repayment.*	You like doing things just to please others.
You would resent it if someone offered you repayment for a favor.*	You want to do things for others.
In a relationship with others, it is best to keep things as even as possible.	You would like others to respond to your needs.
If other people help you, you would feel the need to pay back immediately.	You tell others about your troubles.
If you received something valuable from others, you would immediately return something comparable.	It is best not to get involved in others'needs.*
If you gave something of value to others, you would expect them to return it soon afterwards.	

*Reverse coded.

Table 10. PANAS Scale

Positive Affect (Cronbach's α: 0.93)	Negative Affect (Cronbach's α: 0.95)
Interested	Distressed
Excited	Upset
Strong	Guilty
Enthusiastic	Scared
Proud	Hostile
Alert	Irritable
Inspired	Ashamed
Determined	Nervous
Attentive	Jittery
Active	Afraid

Results. For the open-ended questions, two graduate students who were blind to these conditions coded the answers separately (Cohen's Kappa coefficient = 0.76). The results of the open-ended question show that the manipulation was effective, with the score being significantly higher in the communal (versus exchange) condition ($M_{communal}$ = 4.73, $M_{exchange}$ = 3.09; $t[69] = 3.90$, $p < 0.001$).

An analysis of the 13-item questionnaire shows that the manipulation was successful. Participants in the communal condition had significantly higher net communal scores than their exchange counterparts ($M_{communal}$ = 5.70 and $M_{exchange}$ = 4.92; $t[69] = 4.78$, $p < 0.001$). Additionally, participants in the exchange condition scored significantly higher on net exchange than those in the communal condition ($M_{exchange}$ = 5.30 and $M_{communal}$ = 3.84; $t[69] = 9.26$, $p < 0.001$).

Finally, the PANAS scale showed no significant effect of Relationship Type on positive affect and negative affect between the two conditions (PA: $M_{communal}$ = 2.94 and $M_{exchange}$ = 3.42, $t[68] = 1.63$, $p = 0.11$; NA: $M_{communal}$ = 2.77 and $M_{exchange}$ = 2.49, $t[68] = 0.92$, $p = 0.36$). Overall, the results confirm the success of this manipulation.

Discussion. Overall, the results suggest that the manipulations of Relationship Type were successful. The same priming method was used to manipulate Relationship Norms in the main study. The methods and results for the main study are presented in the following sections.

Methods

Experimental design. This experiment employed a three-by-three between subjects design, while manipulating Relationship Norms (communal/exchange/control) and Benefit of CRM (company/customer/control). Participants were randomly assigned to one of the nine experimental conditions.

Participants. A total of 375 participants were recruited through Amazon Mechanical Turk (www.mturk.com) in exchange for $1.00 compensation and 370 surveys were determined usable (see Table 11). Of these 44.6% were female, and the participants were between the ages of 20 and 65 (see Table 12).

Table 11. Number of Observations per Condition

	Relationship Norms			
	Communal	Exchange	Control	Total
Benefit of CRM				
Company	38	39	46	123
Customer	38	37	42	117
Control	40	42	48	130
Total	116	118	136	370

Table 12. Participant Demographics

	N	%
Age (N = 339)		
20s	144	38.9
30s	110	29.7
40s	53	14.3
50s	27	7.3
60s+	5	1.4
Education (N = 367)		
High school or less	16	4.3
Some college	70	18.3
College	162	43.8
Graduate school	119	32.2
Income (N = 369)		
Less than $20,000	124	33.5
$20,000 - $39,999	102	27.8
$40,000 - $59,999	76	20.5
$60,000 - $79,999	46	12.4
$80,000 - $99,999	8	2.2
$100,000 or more	12	3.2
Ethnicity (N = 370)		
Caucasian American	142	38.4
African American	42	11.4
Hispanic American	34	9.2
Asian American	85	23.0
American Indian or Alaskan Native	23	6.2
Native Hawaiian or Other Pacific Islander	5	1.4
Other	39	10.5

Procedures. Similar to the pretest, participants were randomly assigned to one of the nine conditions. Participants were first asked to read a brief description of a social interaction between two people intended to prime either exchange relationship or communal relationship norms. To strengthen the manipulation, participants were encouraged to assume the role of the person described in the scenario and then answer an open-ended question on how to split a lunch bill with a friend, similar to the pretest. Participants in the communal condition were presented with a description priming communal relationship norms and those in the exchange condition were presented with a description priming exchange relationship norms (see

Appendix B). Participants in the control condition read no scenario nor did they complete the open-ended question. Next, similar to Study I, participants were asked to complete a presumably unrelated study. They were asked to imagine a situation where they were going on a personal trip and needed to search for a hotel in the area. They were presented with two hotels in the area that were similar in terms of location, quality, ratings, and reviews. One hotel practicing CRM had a room rate of $100 and donated $5.00 (5% of its room revenues) toward environmental causes, and the other hotel had a room rate of $95, but did not practice CRM. Benefit was manipulated by indicating that the hotel with green CRM supports environmental causes either because the hotel benefitted financially through increased revenues (benefit to the company) or because the hotel had a sincere commitment to the welfare of its customers and the environment (benefit to the customer) (see Appendix C). Participants in the control group were not presented with either statement regarding the benefit of CRM.

Dependent variables. Similar to Study I, Perceived Price Fairness of the two hotels was measured using three bipolar questions (Cronbach's $\alpha = 0.857$) on a seven-point scale (see Table 13). Higher scores reflected that participants perceived the pricing of the hotel with CRM (i.e., Hotel ABC) to be more fair than the competing company (i.e, Hotel XYZ). In addition, Preference was measured using three bipolar questions (Cronbach's $\alpha = 0.838$) on a seven-point scale asking the participants which hotel they were likely to prefer, stay in, and recommend to others (see Table 13) such that higher scores reflected more positive answers towards Hotel ABC. Principal component analysis (PCA) using Varimax rotation was conducted to confirm the distinctiveness of the two dependent variables. The results confirm that Price Fairness and Preference are two distinct factors accounting for 77.26% of total variance of the items (Kaiser-Meyer's MSA was 0.86 and the Bartlett test of sphericity was significant at 0.001). The correlation between the two variables was 0.616. Effect size was measured via partial eta-squared (partial η^2), in which small, medium and large effects were operationalized as 0.01, 0.06, and 0.14, respectively (Stevens, 1992).

Table 13. Dependent Variables

Price Fairness	*Please indicate how fair these prices are:		
		XYZ is more fair....	….ABC is more fair
		XYZ is more reasonable….	….ABC is more reasonable
		XYZ is more just….	….ABC is more just
Preference	*Which hotel do you prefer?		
		Strongly prefer XYZ….	….Strongly prefer ABC
	*Which hotel are you more likely to stay in?		
		Definitely stay at XYZ….	….Definitely stay at ABC
	*Which hotel would you recommend to others?		
		Recommend XYZ….	….Recommend ABC

Manipulation check measures. Similar to the pretest, the open-ended question as to how to split a lunch bill with a friend served as a manipulation check. The responses were coded on a seven-point scale. Lower numbers were given for an exchange-oriented response (e.g., pay for only what each person ate) and higher numbers were given for a communal response (e.g., pay for the friend's lunch, too). When the participants indicated that the bill should be split equally (an action that is consistent with both communal and exchange relationship norms), the midpoint score of four was given. Two graduate students who were blind to these conditions coded the answers.

Additionally, similar to the Study I pretest, participants were asked to answer five bipolar items (Cronbach's α: 0.74) on a seven-point scale adapted from Aggarwal (2004) to confirm the effectiveness of relationship type manipulation. Lower numbers indicated a communal-oriented response (e.g., create warm feelings, treat customers special, a close friend, family member) and higher numbers indicated an exchange-oriented response (e.g., provide good value for money, provide customers money's worth, a business person, a merchant). These five items were combined to create Relationship Norm Scale (see Table 4).

Lastly, two additional items were added as a manipulation check for Benefit of CRM. First, respondents were asked whether the hotel with CRM was concerned about customer welfare and the environment on a seven-point Likert scale (Benefit to Customer). Second, participants were asked whether the hotel with CRM financially benefitted from its support of these causes on a seven-point Likert scale (Benefit to Company). Later, a Benefit of CRM Scale was created by taking Benefit to Customer minus Benefit to Company such that a positive score (i.e., above 0) indicated that the benefit of CRM was more customer-oriented and a negative score (i.e., below 0) indicated that the benefit of CRM was more company-oriented. Those in the Benefit to Customer condition were expected to have significantly higher scores compared to those in the Benefit to Company condition.

Manipulation checks for Relationship Norms. Two graduate students who were blind to these conditions coded the answers to the open-ended question separately (Cohen's Kappa coefficient = 0.78). The results of the open-ended question show that the manipulation was effective, with the score being significantly higher in the communal condition (N = 111) than in the exchange condition (N = 107) ($M_{communal} = 5.55$, $M_{exchange} = 3.55$; $t[216] = 6.87$, $p < 0.001$).

A three-by-three ANOVA was conducted on the Relationship Norm Scale and the results indicate that the manipulation of relationship type was effective (see Table 14). ANOVA revealed a main effect of manipulated Relationship Norms on the Relationship Norm Scale ($F[2,361] = 9.41$, $p < 0.001$) such that participants in the exchange condition reported that a hotel company was more exchange-oriented and those in the communal condition reported that it was more communal-oriented (see Table 15). The mean Relationship Norm score for the exchange condition ($M_{exchange} = 4.58$) was significantly higher than the means for the communal ($M_{communal} = 3.67$) and control ($M_{control} = 4.07$) conditions and the mean for the communal condition was significantly lower than both the exchange and control conditions. Neither the main effect of Benefit of CRM nor the interaction effect was significant. Additionally, one-sample t-tests were conducted to compare the means of the Relationship Norm Scale for each condition to the midpoint (i.e., 4). The results reveal that the manipulation was successful. The Relationship Norm mean for the communal condition was significantly lower than the midpoint of 4 ($n = 116$, $t[115] = -1.98$, $p < 0.05$) and the mean of exchange condition was significantly higher than the midpoint of 4 ($n = 118$, $t[117]= 4.01$, $p < 0.001$). The mean for the control condition, however, was not significantly different from the midpoint ($n = 136$, $t[135] = 0.63$, $p = 0.529$).

Table 14. ANOVA Results for the Relationship Norm Manipulation Check

Source	Type III Sum of Squares	df	Mean Square	F	Sig.
Corrected Model	65.253	8	8.157	3.118	.0202
Intercept	6195.438	1	6195.438	2367.962	.000
Relationship Norms	49.216	2	24.608	9.405	.000
Benefit of CRM	.057	2	.028	.011	.989
Relationship Norm * Benefit of CRM	17.828	4	4.457	1.604	.149
Error	944.506	361	2.616		
Total	7252.440	370			
Corrected Total	1009.759	369			

Table 15. Means and Standard Errors for the Relationship Norm Scale

Relationship Norms	Mean	Std. Error
Communal	3.665 a	.150
Control	4.073 b	.139
Exchange	4.581 c	.149

Note. For Holm's sequential bonferroni post hoc comparisons within columns, means with no upper case subscript in common differ at $p < 0.05$.

Manipulation checks for Benefit of CRM. A Benefit of CRM Scale was created by calculating the difference between the Benefit to Customer Scale and the Benefit to Company Scale (i.e., Benefit to Customer – Benefit to Company). A three-by-three ANOVA was conducted on Benefit of CRM score and the results show that the manipulation of Benefit of CRM was effective. ANOVA revealed a main effect of manipulated Benefit of CRM ($F[2,361] = 16.39$, $p < 0.001$) such that participants in the Benefit to Customer Salient ($M_{customer} = 0.96$) condition reported higher scores than those in the control ($M_{control} = -0.01$) and Benefit to Company Salient conditions ($M_{company} = -0.93$) and those in the Benefit to Company Salient condition reported significantly lower scores than those in the control and Benefit to Customer Salient conditions (see Tables 16 and 17). Neither the main effect of Relationship Norms nor the interaction effect was significant.

Table 16. ANOVA Results for Benefit to Customer

Source	Type III Sum of Squares	df	Mean Square	F	Sig.
Corrected Model	264.322	8	33.040	5.081	.000
Intercept	.009	1	.009	.001	.970
Benefit of CRM	213.119	2	106.560	16.387	.000
Relationship Norms	12.380	2	6.190	.952	.387
Benefit of CRM * Relationship Norm	41.213	4	10.303	1.584	.178
Error	2347.523	361	6.503		
Total	2612.018	370			
Corrected Total	2611.845	369			

Table 17. Means and Standard Errors for the Benefit to Customer Scale

Manipulated Benefit of CRM	Mean	Std. Error
Customer	.958 a	.236
Control	-.932 b	.224
Company	-.011 c	.231

Note. For Holm's sequential Bonferroni post hoc comparisons within columns, means with no upper case subscript in common differ at $p < 0.05$.

Results

A three-by-three MANOVA was conducted on Price Fairness and Preference. The analysis reveals a significant interaction effect of Relationship Norms x Benefit of CRM (Wilks' Lambda = 0.87, $F[16, 1094] = 3.30$, $p < 0.001$, see Table 18). Accordingly, univariate analysis for each dependent variable was conducted.

Table 18. MANOVA Results (Wilks' Lambda)

Effect	Value	F	Hypothesis df	Error df	Sig.	Partial η^2
Intercept	.093	1759.239	2	360	.000	.907
Benefit of CRM	.962	3.514	4	720	.007	.019
Relationship Norms	.982	1.654	4	720	.159	.009
Benefit of CRM * Relationship Norms	.887	5.546	8	720	.000	.058

Price Fairness. A three-by-three ANOVA confirms the interaction effect of Relationship Norm X Benefit of CRM on Perceived Price Fairness with a relatively high effect size of 0.112 (Stevens, 1992) ($F[4,361] = 11.35$, $p < 0.001$, see Tables 19 and 20, and Figure 2). The results of planned contrasts reveal that when Benefit to Company is salient, consumers in communal ($M_{communal} = 3.16$) versus exchange ($M_{exchange} = 4.34$) relationships perceive CRM pricing to be significantly less fair ($t[120] = 4.174$, $p < 0.001$), supporting H2a. Price Fairness perceptions in the control condition ($M_{control} = 3.77$) are significantly different from those in the exchange condition ($t[120] = 2.118$, $p < 0.05$) and communal condition ($t[120] = 2.237$, $p < 0.05$). On the other hand, when the Benefit to Customer is salient, consumers in exchange ($M_{exchange} = 3.51$) versus communal ($M_{communal} = 5.33$) relationships perceive CRM pricing to be significantly less fair ($t[114] = 5.669$, $p < 0.001$), supporting H2b. Additionally, participants in the control condition ($M_{control} = 4.44$) are significantly different from those in the exchange condition ($t[114] = 2.945$, $p < 0.01$) and communal condition ($t[114] = 2.882$, $p < 0.001$). When the benefit of CRM is not indicated (control condition), the results are similar to the Benefit to Customer Salient condition ($t[127] = 1.995$, $p < 0.05$) such that those in the exchange condition ($M_{exchange} = 3.81$) perceive CRM pricing to be significantly less fair than those in the communal condition ($M_{communal} = 4.48$). This is also consistent with the results of Study I, once again supporting H1b. On the other hand, when exchange/communal norms are not primed (control condition), price fairness perceptions are not significantly different from the exchange ($t[127] = 1.163$, $p = 0.247$) nor the communal condition ($t[127] = 0.911$, $p = 0.364$).

Table 19. ANOVA Results for Price Fairness

Source	Type III Sum of Squares	df	Mean Square	F	Sig.	Partial η^2
Corrected Model	125.790	8	15.724	8.160	.000	.153
Intercept	6214.346	1	6214.346	3225.135	.000	.899
Benefit of CRM	27.349	2	13.675	7.097	.001	.038
Relationship Norms	11.041	2	5.521	2.865	.058	.016
Benefit of CRM * Relationship Norm	87.508	4	21.877	11.354	.000	.112
Error	695.592	361	1.927			
Total	7076.667	370				
Corrected Total	821.383	369				

Note. $R^2 = 0.153$ (Adjusted $R^2 = 0.138$).

Table 20. Means and Standard Errors for Perceived Price Fairness

	Benefit of CRM					
	Company		Control		Customer	
Relationship Norms	Mean	Std. Err	Mean	Std. Err	Mean	Std. Err
Communal	3.158	.225	4.475	.205	5.333	.225
Control	3.768	.205	4.181	.200	4.437	.214
Exchange	4.342	.222	3.810	.214	3.514	.228

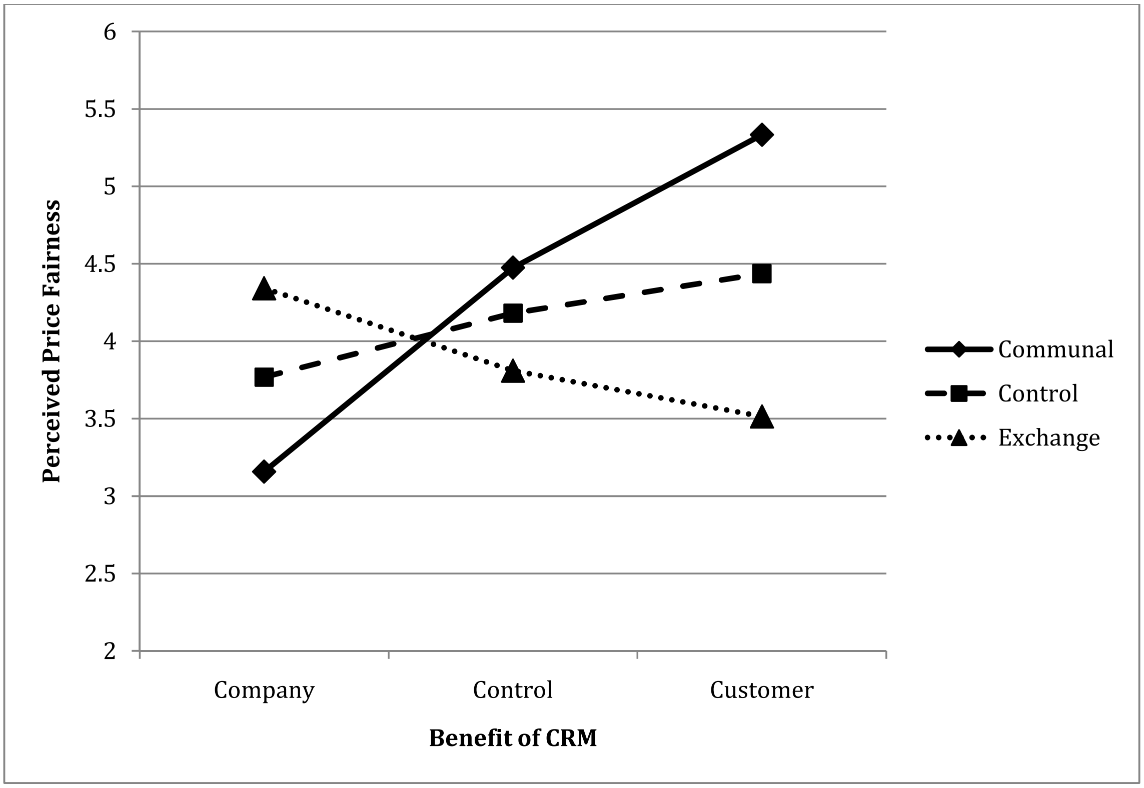

Figure 2. Interaction effect of Relationship Norms x Benefit of CRM on Price Fairness

Preference. Three-by-three ANOVAs also confirm interaction effects of Relationship Norm x Benefit of CRM on Preference (See Tables 21 and 22, and Figure 3). The pattern of results for preference is very similar to that of Price Fairness. Planned contrasts reveal that when Benefit to Company is salient, consumers in communal versus exchange relationships are less likely to prefer the hotel with CRM (i.e., ABC hotel) ($t[120] = 2.459$, $p < 0.05$). When Relationship Norms are not primed (control condition), consumer preference is indifferent from neither communal ($t[120] = 1.234$, $p = 0.220$) nor exchange condition ($t[120] = 1.332$, $p = 0.185$). On the other hand, when Benefit to Customer is salient, customers in communal relationships versus exchange relationships are more likely to prefer the hotel with CRM (i.e., ABC hotel) ($t[114] = 3.978$, $p < 0.001$). The control condition for Relationship Norms results in significantly lower Price Fairness than the communal condition ($t[114] = 2.139$, $p < 0.05$) and higher Price Fairness than the exchange condition ($t[114] = 1.951$, $p = 0.054$). When the benefit of CRM is not indicated (control condition), the results are similar to the Benefit to Company Salient condition such that those in the exchange condition are significantly less likely to prefer the hotel with CRM (i.e., ABC hotel) than those in the communal condition ($t[127] = 1.782$, $p = 0.077$). The control condition for Relationship Norms is not significantly different from either the communal ($t[127] = 0.939$, $p = 0.350$) or the exchange condition ($t[127] = 0.912$, $p = 0.364$). .

Table 21. ANOVA Results for Preference

Source	Type III Sum of Squares	df	Mean Square	F	Sig.	Partial η^2
Corrected Model	77.541	8	9.693	3.445	.001	.071
Intercept	6227.513	1	6227.513	2213.732	.000	.860
Benefit of CRM	12.996	2	6.498	2.310	.101	.013
Relationship Norms	12.986	2	6.493	2.308	.101	.013
Benefit of CRM * Relationship Norm	51.546	4	12.887	4.581	.001	.048
Error	1015.539	361	2.813			
Total	7359.333	370				
Corrected Total	1093.080	369				

Note. $R^2 = 0.071$ (Adjusted $R^2 = 0.050$).

Table 22. Means and Standard Errors for Preference

	Benefit of CRM					
	Company		Control		Customer	
Relationship Norms	Mean	Std. Err	Mean	Std. Err	Mean	Std. Err
Communal	3.465	.272	4.550	.265	5.061	.272
Control	3.855	.247	4.160	.242	4.302	.259
Exchange	4.274	.269	3.786	.259	3.604	.276

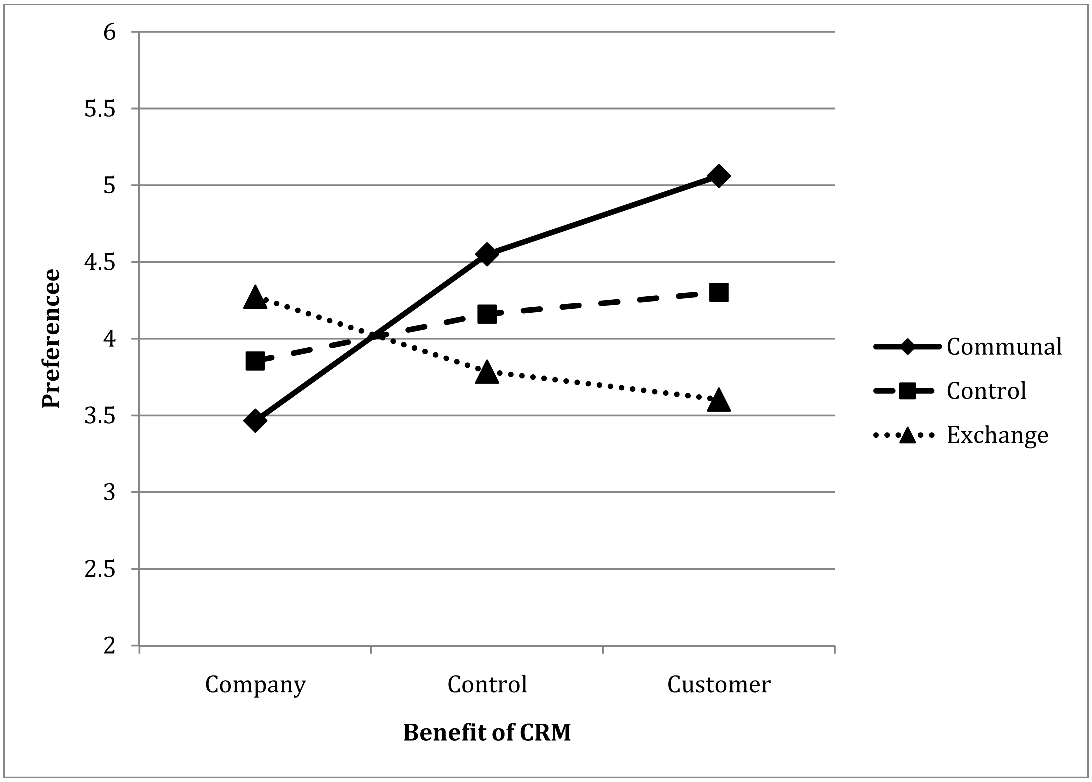

Figure 3. Interaction effect of Relationship Norms x Benefit of CRM on Preference

Discussion

The objective of this study was to demonstrate the interplay between relationship type and Benefit of CRM (i.e., whether the benefit of CRM is oriented toward consumer welfare or the company's self-interest) on consumer perceptions of CRM price fairness. The results of Study II support the hypotheses by revealing that Benefit of CRM and Relationship Type jointly influence consumer price fairness perceptions.

A large body of price fairness literature suggests that consumer assessments of corporate motives for higher prices play a major role affecting perceptions of price fairness (Bolton & Alba, 2006; Bolton et al., 2003; Xia et al., 2004). Assessment takes place when consumers evaluate the intentions, motives, and causes behind the price increases through information provided by the firm and/or their own inferences (Campbell, 1999; Vaidyanathan & Aggarwal, 2003). This rationale is consistent with findings revealing that the norms governing relationships between consumers and companies influence how consumers evaluate price fairness. The results of Study II also indicate that consumers in exchange relationships are not always price sensitive. They respond favorably to CRM pricing with a price trade-off if the pricing practices are consistent with exchange norms. When a higher price is motivated by a cause that is consistent with the norm, consumers perceive the higher price to be significantly less unfair than when the cause violates the norm. The results demonstrate that consumer perceptions of price fairness vary directly with the extent to which they perceive the firm's CRM pricing to be consistent with the relationship norm.

Managers describe their motives for engaging in CRM as mixed – serving both economic and social objectives (Drumwright, 1996). However, they believe that consumers are naïve and simplistic in their judgments about CSR initiatives (Drumwright, 1996) and suppose that consumers perceive CSR as either serving financial purposes or showing genuine social concerns. Although the act of supporting a social initiative may seem to be a public serving action, prior studies suggest that consumers hold intuitive beliefs that social initiatives are primarily motivated by corporate self-interest (Speed & Thompson, 2000; Webb & Mohr, 1998). Few consumers actually believe that firms that engage in CSR initiatives solely to benefit society for noble and virtuous purposes (Lantos, 2001). Extant research on CSR efforts takes a similar view, measuring motives along continuums such as self-serving to society-serving, profit-motivated to socially-motivated, or firm-serving to public-serving (e.g., Barone et al., 2000; Becker-Olsen et al., 2006; Forehand & Grier, 2003; Lichtenstein et al., 2004). The current research also shows that consumers do not perceive Benefit of CRM to the company or the consumer to be mutually exclusive. When Benefit to

Company and Benefit to Consumer were measured for manipulation check, although the results varied significantly across conditions, the means for each measure were relatively high for all conditions (above the midpoint of 4) showing that participants perceived CRM to benefit both the company and consumers to a certain extent. However, the findings of this research show that benefits that are more salient to consumers may influence how consumers evaluate such CRM initiatives.

It is worthy to note that these findings are inconsistent with prior CRM studies that suggest that if company's motivation to engage in CRM is negative (i.e., to increase sales), consumers react negatively to CRM efforts. Our results reveal that not all consumers react negatively to CRM efforts that benefit a company. In fact, consumers in exchange relationships perceived a company's CRM pricing strategy in efforts to receive financial benefits as fair. When the Benefit of CRM to the company was salient, participants in the exchange condition perceived CRM pricing as more fair than those in the communal condition, and when the Benefit of CRM to the consumer was salient, participants in the communal condition perceived CRM pricing as more fair than those in the exchange condition. Participants in the control condition were either similar to those in the exchange condition or right in the middle between exchange and communal conditions, and the results were also very similar for Preference.

It is difficult to argue that the control condition led to similar outcomes as the communal condition or exchange conditions. Although the results show that participants in the control condition did not react significantly differently from those in the exchange condition when the Benefit of CRM to the company was salient, it is also noteworthy that the pattern of the results in the control condition is similar to that of communal condition. The slope in Figure 2 shows that, similar to participants in the communal condition, those in the control condition reacted more favorably to CRM pricing when the benefit was oriented toward consumer welfare versus the company's own interest. This suggests that neither exchange norms nor communal norms can be used as default values, and differences across communal and exchange norms are driven by relationship types responding differently than the "average." However, the mean difference across two CRM benefit conditions shown by those in communal relationships is larger than the mean difference shown by those in exchange relationships. Mean difference in price fairness perceptions for benefit oriented toward the company versus consumer for the communal condition was 2.175 and for the exchange condition it was 0.828. Also the slopes in Figure 2 show that the slope for the communal condition is steeper than the slope for the exchange condition. This suggests that those in communal relationships are more sensitive and react more severely to the salience of CRM benefits toward consumers or the company. In summary, Study II supports the premise that consumer perceptions of CRM pricing are jointly affected by whether the benefit of CRM is oriented toward the company or consumers and the relationship norms that govern the relationship between the firm and its consumers.

Chapter 5.

Discussion and Implications

This chapter includes four sections. The first section consists of a general discussion of the results of Study I and Study II. In the second section, theoretical contributions of this research are discussed. In the third section, managerial implications of the findings are presented. Lastly, this chapter concludes with limitations of the research and suggestions for future research.

General Discussion

This research adds to our knowledge of an increasingly popular pricing strategy that links product purchases to charitable donations. In particular, this research offers an initial inquiry into how relationship type may influence consumer perceptions of CRM price fairness.

The objective of Study I was to investigate the effect of relationship norms on consumer perceptions of CRM price fairness when there is a trade-off between a company's support for a social cause and higher price compared to a competing company. The empirical investigation of Study I included one pretest and one main study. The pretest was conducted to ensure that the stimuli used to manipulate relationship type (communal/exchange) were effective. In the main study, the proposed hypotheses were tested by experimentally manipulating the relationship norms and the presence of a price trade-off, and measuring consumer price fairness perceptions.

The results support the hypothesis that the effect of a CRM price trade-off on perceived price fairness is moderated by relationship norms. The results indicate that relationship type only affects CRM price fairness perceptions when there is a price trade-off. When there is a price trade-off caused by CRM, consumers in exchange relationships perceive CRM pricing as unfair compared to those in communal relationships, suggesting that consumers in exchange relationships do not perceive a higher price related to CRM as fair. The findings demonstrate that consumers in communal relationships tend to be more forgiving of a price increase and are willing to forego their own interests for a cause. Overall, the findings reveal that relationship norms significantly moderate how consumers respond to CRM pricing in the presence of a price trade-off.

The objective of Study II was to examine the effect of salience of CRM benefit toward company/consumer and relationship type on consumer perceptions of CRM price fairness. Study II also included one pretest and one main study. The pretest was conducted to test the effectiveness of priming stimuli used to manipulate the relationship type. In the main study, relationship type and benefit of CRM were manipulated and price fairness and preference were measured.

The results support the hypothesis such that when the benefit to a company is salient, consumers in communal relationships perceive CRM pricing as less fair and are more likely to prefer and stay at a hotel with CRM than those in exchange relationships. On the other hand, when the benefit to consumers is salient, consumers in exchange relationships perceive CRM pricing as less fair and are more likely to prefer and stay at a hotel without CRM than those in communal relationships. Overall, the findings of both Study I and Study II show that relationship type is a significant factor affecting consumer perceptions of CRM price fairness.

Theoretical Contributions

This research makes several important contributions to marketing literature. First, this research provides an initial inquiry into the effect of CRM on price fairness perceptions and adds to the limited literature on pricing practices related to CRM. Literature on CRM-related pricing practices is limited, and consumer responses to CRM pricing are not widely understood. CRM is a pricing strategy that directly links CSR to revenue producing consumer transactions; thus, understanding consumer perceptions of such a pricing strategy is essential. This study adds to both the price fairness and CRM literature by linking consumer price fairness perceptions to CRM pricing strategy. The findings of this research demonstrate that when there is no price trade-off, the room rate with CRM is perceived to be more fair than the room rate without CRM. It has been suggested that not all costs are perceived to be fair or appropriate (Xia et al., 2004). Some costs may improve consumer perceptions of price fairness while others may decrease fairness perceptions (Bolton, Warlop, & Alba, 2003). Procedure justice theory, equity theory, and the principle of dual entitlement all indicate that price motivations influence perceptions of price fairness. Our findings show that increasing the salience of CRM-related costs increases perceived fairness, indicating that costs related to CRM are perceived as fair.

Second, this research meaningfully contributes to our theoretical understanding of CRM by identifying relationship type as an important determinant that influences consumer perceptions of CRM price fairness. Our understanding of consumer reactions to CRM is augmented by the evidence that different relationship types are associated with how consumers evaluate CRM price fairness. The findings provide deeper insight into why consumers show different responses to CRM pricing. Consistent with prior studies (e.g., Aggarwal, 2004; Aggarwal & Law, 2005; Aggarwal & Zhang, 2006), the findings show that consumers use norms of interpersonal relationships as a guideline when assessing firms' marketing actions. This research reveals that consumer perceptions of CRM price fairness are influenced by relationship norm violation/conformity. In other words, CRM pricing practices that are consistent with consumer relationship norms with firms are perceived as fair and CRM pricing practices that violate norms are perceived as unfair. Winterich and

Barone (2011) revealed that self-construal influences consumer preferences for discount-based promotions versus donation-based promotions. Self-construal can be similar to relationship norms such that individuals who construe themselves as interdependent value group relationships and those who construe themselves as independent value individuality; therefore, interdependent consumers may react similarly to consumers in communal relationships and independent consumers may react similarly to consumers in exchange relationships.

However, self-construal can be conceptually distinguished from relationship norms in several ways. First, self-construal represents one form of social identity that reflects individual differences (Brewer & Gardner, 1996; Singelis, 1994), whereas relationship norms distinguish two types of relationship that consumers can have with a firm. Second, interdependent individuals prefer situations that provide advantages to others over themselves (Zhang & Shrum, 2009) whereas individuals in communal relationships do not always prefer situations that benefit others. Individuals in communal relationships expect the other to also show concern and to be mutually responsive (Pruitt, 1972). For example, in one study consumers in communal relationships responded negatively to being charged a fee for a special service (Aggarwal, 2004). Third, independent individuals focus on their individuality and prefer situations that benefit themselves (Barone & Roy, 2010; Brewer & Garner, 1996; Singelis, 1994). However, individuals in exchange relationships do not always prefer situations that benefit themselves because receiving a benefit creates a debt or obligation to return an equivalent benefit soon afterward. For example, in the same study mentioned above, consumers in exchange relationships did not react negatively to being charged a fee for a special service (Aggarwal, 2004).

Third, this research identified a boundary condition of price trade-off for the effect of relationship type on price fairness perceptions and revealed the interplay between price trade-offs and relationship type on consumer perceptions of CRM price fairness. Several studies on CRM have investigated the impact of price trade-offs on the effectiveness of CRM. For example, Strahilevitz and Myers (1998) discovered that charity incentives are preferred to monetary incentives when bundled with frivolous products versus practical products. Strahilevitz (1999) found that charity incentives are preferred over monetary incentives of equivalent amounts when the incentive magnitude is relatively small. Barone et al. (2000) discovered that price trade-offs and a firm's motivation to engage in CRM jointly influence consumer choice.

Adding to this stream of research, this study found that relationship type affects the impact of price trade-offs on consumer perceptions of CRM price fairness. This study builds on to the literature by discovering another boundary condition of the effect of CRM on consumer evaluation. The findings of this research demonstrate that relationship type is not a significant factor affecting consumer perceptions of CRM price fairness when there is not a price trade-off associated with CRM. However, when CRM causes an increase in price, consumer responses to CRM pricing are influenced by relationship type such that perceptions of price fairness by consumers in communal relationships are significantly higher than those of consumers in exchange relationships. The results are consistent with prior marketing studies (Aggarwal, 2004; Aggarwal & Zhang, 2006), such that consumers in exchange relationships focus on what they get versus what they pay, prefer receiving a comparable benefit, and expect an immediate return. Charitable donation does not give an immediate return and is not a comparable benefit to the price consumers pay. Thus, consumers in exchange relationships may not believe that they are getting their money's worth, and may perceive CRM pricing as unfair.

Fourth, this research revealed that relationship type and benefit of CRM jointly influence consumer perceptions of CRM price fairness. Few studies on CRM have investigated the effect of corporate motivation behind CRM activities on consumer responses. For example, Barone et al. (2000) used the term "perceived motivation" and discovered a moderating effect of a company's perceived motivation underlying CRM efforts on consumer choice. They discovered that when there is no trade-off or large trade-offs, perceived motivation (whether positive or negative) does not have a strong influence on consumer choice and behavior. However, when there are moderate trade-offs, positively perceived motivation to engage in CRM leads to higher consumer choice. Barone et al. (2007) also identified perceived motivation as a boundary condition of the effect of retailer-cause fit on consumer choice such that the effect of retailer-cause fit is greater when consumers attribute a positive motive to CRM efforts. Carvalho et al. (2010) also added to this stream of research by finding that positive perceptions of CSR lead to positive price fairness perceptions. These studies agree on the fact that positively perceived CRM efforts lead to positive outcomes and negatively perceived CRM efforts (i.e., engaging in CRM for increased sales) lead to negative outcomes. However, the findings of this research suggest that not all consumers react negatively to a firm's efforts to financially benefit from CRM. In the current study, we used the term "Benefit of CRM" and investigated the moderating role of relationship type on how consumers evaluate CRM pricing when the benefit of CRM is oriented toward the company or the consumer. The findings of this research reveal that consumer perceptions of such CRM pricing strategies are affected by the norms that govern the relationships consumers have with a firm. Additionally, the findings of this research are consistent with prior studies on relationship norms from the perspective that consumers react favorably toward corporate actions that are consistent with the relationship norm and unfavorably toward corporate actions that violate the relationship norm.

Overall, this research adds to the literature on CRM by identifying several moderating factors that influence consumer perceptions of CRM price fairness. Although CRM has been widely used by numerous firms, marketing literature has paid little attention to the factors that influence the effectiveness of CRM. Through two experimental studies, the current research contributes to an emerging stream of consumer research that investigates the effects of CRM and addresses several knowledge gaps by identifying important boundary conditions of the effect of CRM through empirical studies.

Managerial Implications

The findings of this research also provide several important managerial implications for hospitality practitioners. First, this study highlights the fact that CRM is a pricing strategy affecting consumer perceptions of price fairness. This study found that when other variables are kept constant across conditions, the presence of CRM has a significant influence on how consumers evaluate price fairness. Thus, marketers must pay close attention to consumer perceptions of price fairness when designing CRM strategies. Additionally, the findings also suggest that CRM in general leads to positive price fairness perceptions when there is no price trade-off for consumers.

Second, the findings of this research also yield some valuable suggestions for practitioners. When there is a price trade-off between a company’s support for a green cause and higher price, firms must pay close attention to the beneficiaries of CRM practices. When the benefit of CRM is oriented toward consumers, it is advised to find ways to encourage consumers to think in communal rather than in exchange terms. Likewise, when the benefit of CRM is oriented toward the company's financial health, it is wise to encourage consumers to think in exchange rather than in communal terms. If a company has already developed a communal relationship with its consumers, then it is critical to emphasize benefits of CRM to consumer welfare, which may generate more positive evaluations toward CRM pricing. Consumers in communal relationships tend to be more sensitive to the salience of CRM benefits and to react more severely to CRM practices that violate the communal norm (i.e., financially benefiting the firm through increased sales) than those in exchange relationships. When the benefit of CRM to consumers or the company is not salient, consumers tend to perceive that it is more oriented toward consumer welfare. When the direction of CRM benefit is not toward the firm, consumers in exchange relationships may not respond positively to price trade-offs associated with CRM. This effect is amplified when the benefit of CRM is oriented toward consumer welfare and not the company's self-interest, since those in exchange relationships believe in quid pro quo.

Third, the results also suggest that in the absence of any primed relationship norms, consumers show similar patterns to those in communal relationships. Although our results indicate that differences in price fairness perceptions were driven by both communal and exchange norms, when no specific relationship norms were primed, participants responded more favorably to CRM benefiting consumers than the company. The results of the control condition suggest that neither exchange norms nor communal norms can be regarded as the default. However, in general (i.e., in the absence of any specific relationship norms), consumers prefer CRM that is focused more on consumer welfare than a firm's financial benefits. One possible explanation is that in general people are turned off by a firm focusing on self-interest when there is a price trade-off. However, compared to those in communal relationships, they tend to be more forgiving of CRM practices being used to increase a firm's sales.

Lastly, the findings show that consumers in communal relationships are willing to forego a price disadvantage in support of a firm that confirms the communal norm and engages in CRM to benefit consumer welfare. However, forming a communal relationship may have consequences. The slightest self-interested action by a firm can easily stall CRM efforts and discourage consumers in communal relationships from participating in CRM practices.

Limitations and Suggestions for Future Research

There are several limitations associated with this study that must be addressed. First, this study adopted a scenario-based methodology instead of using real consumption situations. By using scenarios as stimulus material, this research focused more on internal validity and tried to avoid the lack of control that can emerge from field observations. Although the experiments were based on hypothetical scenarios, since the research was intended to investigate perceptions on pricing in the pre-purchase stage, participants may have been able to evaluate the prices offered by two hotels in a way that mimics real consumption situations.

Second, the results of the two studies are limited to only the hotel context. Both Study I and Study II examined CRM pricing in hotel settings. Therefore, price fairness perceptions were only limited to room rates. Further investigation is still needed to ensure the generalizability of the findings to other contexts. For example, similar to hotels, restaurants are increasingly engaging in CRM practices. Future research can examine how CRM practices influence restaurant customer price fairness perceptions as well as other behaviors such as tipping.

Third, the present research only focuses on CRM related to environmental sustainability. Although environmental sustainability can be seen a commonly adopted cause for CRM, individual causes may vary in terms of the extent to which they are viewed as morally correct or socially acceptable. Consumers may be more sensitive and respond differently to certain causes than others, especially when there is a price trade-off. Future research can identify the boundary conditions that are related to type of cause that influence consumer perceptions of CRM price fairness.

Lastly, this study was conducted at the pre-purchase stage and is limited to immediate consumer responses to pricing. Longitudinal studies, for example, could examine the impact of CRM pricing at different stages with time delays. Especially in services settings, there may by other variables that interact with consumer price fairness perceptions that could potentially influence the effect of CRM pricing. For example, if a consumer sees that a hotel employee engages in certain practices that harm the environment (e.g., housekeepers using toxic cleanser), consumers in communal relationships may feel betrayed and show negative responses to CRM pricing. Future studies could examine events related to service experiences that could potentially influence how consumers evaluate CRM pricing.

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Appendix A. Scenarios Used in the Pretest of Study I

You are going on a personal trip and need to search for a hotel in the area. You search online for a hotel room and find the following two hotels in the area:

Exchange Condition: You believe that the primary goal of hotel companies should be to provide good value for money to customers. You expect hotels to be efficient and offer you deals that are of great value.

Communal Condition: You believe that the primary goal of hotel companies should be to look out for the welfare of customers. You expect hotels to take a personal interest in you and provide a memorable experience.

1) XYZ HOTEL: room rate of $95 (or $100 for no price trade-off)

Hotel XYZ is a full service hotel and located in the city center. Hotel XYZ has relatively high ratings and positive reviews. Hotel XYZ has a room rate of $95 (or $100 for no price trade-off).

2) ABC HOTEL: room rate of $100

Hotel ABC is a full service hotel and located in the city center. Hotel ABC has relatively high ratings and positive reviews. Hotel ABC has a room rate of $100. Hotel ABC donates $5 out of every $100 of room revenue (5% of its room revenues) toward environmental causes.

Appendix B. Scenarios Used in the Pretest of Study II

Communal Norms:

****Please read the following scenario and complete the scenario by completing the sentence at the end. Please put yourself in Chris's position as you read the following scenario.**

Chris likes to go to movies with her friends. In fact, Chris is very close to her friends and is always there for them whenever they need her. She is caring, and is a good listener. She likes to do things for people just to please them and to show them that she cares for them. In turn, she expects her friends to be there for her when she needs them. Once she called a friend late in the evening and requested him to drive out and give her a ride home when her car got stranded. Her friend asked her to take a cab instead, since he wasn't feeling up to driving (but offered to pay the cab fare). This disappointed Chris, who would have gladly helped this friend out if he had made a similar request to her. She just couldn't imagine how someone who was a friend would not be there for her when she needed some help. The other day she had gone out with one of her dear friends for a quick lunch. When the bill came, she looked at it and decided to…: **(Please complete the sentence by putting yourself in Chris's position and imaging what she might have done.)**

Exchange Norms:

****Please read the following scenario and complete the scenario by completing the sentence at the end. Please put yourself in Chris's position as you read the following scenario.**

Chris likes to go to movies with her friends, but is careful in her interactions with them. She believes that relationships should be quid-pro-quo. In fact, she always likes to keep things as even as possible and generally keeps track of her exchanges with others. In fact, she is also very uncomfortable if others give her more than what she has been able to give them, and tries to find a way to return the favor as early as possible. When she helps other people, she generally makes a mental note and expects them to reciprocate in kind. Once she got very upset when she had lent a DVD to a friend, but her friend forgot to return the DVD to the rental store within the due date. She felt that the least her friend could do was pay the late fee that the rental store would levy on her. The other day she had gone out with one of her dear friends for a quick lunch. When the bill came, she looked at it and decided to…: **(Please complete the sentence by putting yourself in Chris's position and imaging what she might have done.)**

Appendix C. Scenarios Used in Study II

Benefit to the company:

You are going on a personal trip and need to search for a hotel in the area. You search online for a hotel room and find the following two hotels in the area:

1) XYZ HOTEL: room rate of $95

Hotel XYZ is a full service hotel and located in the city center. Hotel XYZ has relatively high ratings and positive reviews. Hotel XYZ has a room rate of $95.

2) ABC HOTEL: room rate of $100

Hotel ABC is a full service hotel and located in the city center. Hotel ABC has relatively high ratings and positive reviews. Hotel ABC has a room rate of $100. Hotel ABC donates $5 out of every $100 of room revenue (5% of its room revenues) toward environmental causes. Hotel ABC supports these causes because the hotel benefits financially through increased revenues.

Benefit to the customer:

You are going on a personal trip and need to search for a hotel in the area. You search online for a hotel room and find the following two hotels in the area:

1) XYZ HOTEL: room rate of $95

Hotel XYZ is a full service hotel and located in the city center. Hotel XYZ has relatively high ratings and positive reviews. Hotel XYZ has a room rate of $95.

2) ABC HOTEL: room rate of $100

Hotel ABC is a full service hotel and located in the city center. Hotel ABC has relatively high ratings and positive reviews. Hotel ABC has a room rate of $100. Hotel ABC donates $5 out of every $100 of room revenue (5% of its room revenues) toward environmental causes. Hotel ABC supports these causes because of the hotel's sincere commitment to the welfare of its customers and the environment.

Vita

Education

The Pennsylvania State University, University Park, Pennsylvania
Ph.D. in Hospitality Management, Aug, 2007-present (Expected Graduation: August, 2011)
Major: Marketing/Lodging Operations

University of Nevada, Las Vegas, Las Vegas, Nevada
Master of Science in Hotel Administration: May, 2007
Applied Research Topic: The Relationship between Motives to Read Electronic Word of Mouth (eWOM) and Online Buying and Communication Behavior

Kyung Hee University, Seoul, Korea
Dual Bachelor Degrees: Aug, 2004
Bachelor of Business Administration (Major: Hotel Management)
Bachelor in Japanese Interpretation (Major: Tourism Japanese Interpretation)

Refereed Journal Articles

Kim, E., Mattila, A., & Baloglu, S. Effects of gender and expertise on consumer motivation to read on-line hotel reviews. *Cornell Hospitality Quarterly* (forthcoming).

Kim, E., Kang, J., & Mattila, A. The Impact of Prevention versus Promotion Hope on CSR Activities. *The International Journal of Hospitality Management* (forthcoming).

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Teaching Experience

<u>HRIM 480</u>: Advanced Hotel Management: Spring 2010, Fall 2010, Spring 2011, Pennsylvania State University
<u>HRIM 422</u>: Hospitality Marketing: Spring 2011, Pennsylvania State University
<u>TCA 422</u>: Operational Analysis for Hospitality Management: Spring 2007, University of Nevada Las Vegas

*In Fall 2011, Ellen Eun Kyoo Kim will start her academic career at California State University, Fullerton, where she has accepted an Assitant Professor position in the Department of Management in Mihaylo College of Business and Economics.