The Pennsylvania State University

The Graduate School

The Mary Jean and Frank P. Smeal College of Business

THREE ESSAYS ON THE ROLE OF IDEALS AND MORALITY IN CONSUMER DECISIONS

A Dissertation in

Business Administration

by

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Submitted in Partial Fulfillment
of the Requirements
for the Degree of

Doctor of Philosophy

May 2014

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ABSTRACT

Consumers' desire to be their ideal self or communicate their ideal self-images to others generates various motivations affecting their decisions. Importantly, consumers' concerns with morality often motivate or regulate their pursuit of their ideal self. Building on these ideas, three essays demonstrate the important role of ideals and morality in different consumer decision contexts.

In the first essay, I explore how consumers with high moral identity respond to donation requests from charities. Though moral identity tends to have a positive effect on prosocial behavior, moral identity decreases donations to charity recipients who are responsible for their plight due to perceived injustice of donating to these recipients. However, donations to these recipients can be enhanced when individuals with high moral identity recall their own moral failings and feel empathy for the recipients.

In the second essay, I explore how consumers make price decisions in Pay-What-You Want pricing schemes. Consumers generally have strong self-interest motivation to save money when they can set their own price, but their concerns with being fair to the seller or communicating ideal social images of prestige and wealth to other consumers constrain their self-interest seeking and lead them to offer higher prices to the seller.

In the third essay, I propose that social benefits of conspicuous consumption will not accrue when money spent on conspicuous consumption is acquired without adequate effort of one's own and is thereby perceived to be unfair. Especially when consumers place greater value on justice, they evaluate another person who engages in conspicuous consumption using money acquired without fair effort more negatively. These evaluations also carry over to consumers' attitude toward the particular brand used as a conspicuous signal.

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ACKNOWLEDGMENTS

I would like to express my deepest gratitude for those without whom this dissertation would not have been possible. First and foremost, I would like to thank my co-advisors Hans Baumgartner and Karen Page Winterich for their tireless and endless guidance and support. Words cannot express my heartfelt thanks to them. I had the privilege of having two great mentors while meeting one such great mentor is not easy for many others. Since the day one in my Ph.D. program, I have been extremely fortunate to work with Hans, who has always inspired me with his knowledge, insights, and critical ability as well as his modest and generous minds. I cannot thank Karen enough for inspiring me with her insights, energy, and passion for research and supporting me with the trust she placed in me when I lost my confidence.

I am also indebted to my committee members and others who provided help with this work. I would like to thank Meg Meloy for her warm and loving encouragement and mentoring. I sincerely appreciate Bill Ross for his invaluable support and guidance. I am grateful to Linda Trevino for sharing valuable ideas and knowledge to improve this research. I also would like to thank Rik Pieters for the opportunity to work with him and learn from him. I am also grateful to other members of the Smeal Marketing faculty who provided helpful feedback for this work and lab RAs who have helped me with data collections.

I appreciate Lisa Bolton for being an excellent Ph.D. coordinator who has always been willing to give me helpful advice during the Ph.D. program. Many thanks to former and current Ph.D. students of the Marketing Ph.D. program who have been my good friends in the past five years. I appreciate the research support from the Frank P. and Mary Jean Smeal Endowment Fund, Jerome E. Scott Memorial Scholarship, Smeal Small Research Grants, and awards from Fordham Pricing Center Doctoral Dissertation Competition and Society for Consumer

Psychology Doctoral Dissertation Competition. Also, I would like to thank Stephanie Ironside, Terra Ingram, Elyse Pasquariello, and Lacey Rigg for their administrative support.

I would like to express my great thanks and love to my family and friends. I thank my parents for their unconditional love, constant encouragement, and prayers. They have been my biggest supporter throughout my life. I also thank my brother, my sister-in-law, and my best friends whose confidence in me has always cheered me along the way. I am also grateful to my parents-in-law for their support and understanding. Finally, I would like to dedicate my dissertation to my husband, Ho-Sung Rhee, who has always been standing by me throughout this Ph.D. journey. I met him in my first year at the Pennsylvania State University, and he has given me great support through my worst days and shared happiness and joy with me through my best days since then. Without his love and support, I would not have been able to go through this difficult yet rewarding journey.

Chapter 1

INTRODUCTION

1.1 Consumers' Ideals, Morality, and Decisions

Consumers' decisions are influenced by their motivation to be one's ideal self. Qualities of the ideal self can be defined by the individual's personal goals and ideals (Baumeister 1991). For instance, some people value extrinsic life goals such as being financially successful and socially reputable, whereas others value intrinsic life goals such as having meaningful relationships with others or being helpful to the community. These different life goals and ideals influence the formation of their ideal self (Kasser and Ryan 1996). Though people have varying perceptions about their ideal self, their desire to believe that they are the people they would like to be generally motivates them to focus on the meanings of their behaviors and leads them to behave consistently with their ideal self-concept in both private and public situations. This is because the self is defined not only in terms of the private self, which is based on "cognitions that involve traits, states, or behaviors of the person," but also in terms of the public self, which is "the generalized other's view of the self" (Triandis 1989, p. 507).

The purpose of this dissertation is to explore how consumers' desire to be their ideal self affects motivations concerning both consumers' private self and the public self, and influences consumers' various private and social consumption decisions. The decisions I explore include not only privately made donation decisions (Essay 1) but also publicly made price decisions (Essay 2) and conspicuous consumption behavior to enhance one's social image (Essay 3).

In engaging in behavior to achieve ideals and goals in private and public situations, one's moral beliefs also play an important role. Most people consider moral values either as a part of their ideals that they proactively pursue or as the basis of inhibitory, self-regulatory processes to prevent them from engaging in negative behavior (Bandura 2001). Thus, individuals' pursuits of ideals are often motivated by or regulated by their moral reasoning, which includes moral judgment of the rightness or wrongness of behavior based on their standards of morality (Bandura 2001). Specifically, in my dissertation, I explore how consumers' moral identity motivates or deters donations through moral motivations of empathy and justice (Essay 1). I also explore how morality works as a constraint on consumers' pursuit of other ideals such as self-interest seeking and prestige seeking (Essays 2 and 3) (figure 1.1).

In all three essays, consumers' morality is often manifested as justice, albeit in different consumption contexts. Justice is concerned with doing the right thing to protect the rights of individuals. Justice is governed by the principle of entitlement—a belief that people or entities are entitled to a particular outcome based on who they are or what they did (Lerner 1987). Thus, entitlement is the key element of issues of social justice such as human rights, deservingness, fairness, equity, reciprocity, justice of outcomes and procedures (Lerner 1987; Feather 1999). Upholding the principle of entitlement is regarded as the right thing to do and violating this principle is perceived as unjust (Lerner 2003). In my first dissertation essay, justice concerns deter consumers' donations to charity recipients who are responsible for immoral behaviors that caused their plight, because these recipients are not perceived to be entitled to the positive outcome of donations (Feather 1996, 1999). In the second essay, fairness, which is an aspect of justice concerns, leads a consumer to pay a higher price to a seller based on the belief that the seller is entitled to a certain level of profit (Kahneman, Knetch, and Thaler 1986). In the third essay, concerns regarding justice lead consumers to perceive that conspicuous consumption does not generate social benefits when conspicuous products are acquired without a purchaser's own effort, because it is an outcome the purchaser is not entitled to. Next, I will present a brief overview of the three essays.

1.2 Overview of Three Essays

The first essay entitled, "I'm Moral, but I Won't Help You: When and Why Moral Identity Does Not Motivate Charitable Giving," explores how consumers who consider being a moral person as an important part of their self-concept (i.e., those who have high moral identity (Aquino and Reed 2002)) would respond to donation requests from charities that support socially stigmatized individuals such as AIDS patients, the homeless, or drug addicts, who are often perceived to be responsible for their problems. Moral identity has been theorized to increase charitable giving because giving is a moral behavior that is consistent with one's moral identity (Reed and Aquino 2003; Reed, Aquino, and Levy 2007; Winterich, Mittal, and Ross 2009). However, this essay demonstrates that moral identity does not only induce benevolence and empathy for others but also stimulates judgments about morality of others in certain situations. Moral identity motivates charitable giving through empathy when charity recipients are not perceived to be responsible for their plight. In contrast, moral identity decreases charitable giving when charity recipients are perceived to be responsible for their plight due to the perceived injustice of donating to these recipients. I further suggest that recalling one's own past immoral behavior will stimulate empathy for recipients who are responsible for their plight and reinstate the positive effect of moral identity on charitable giving.

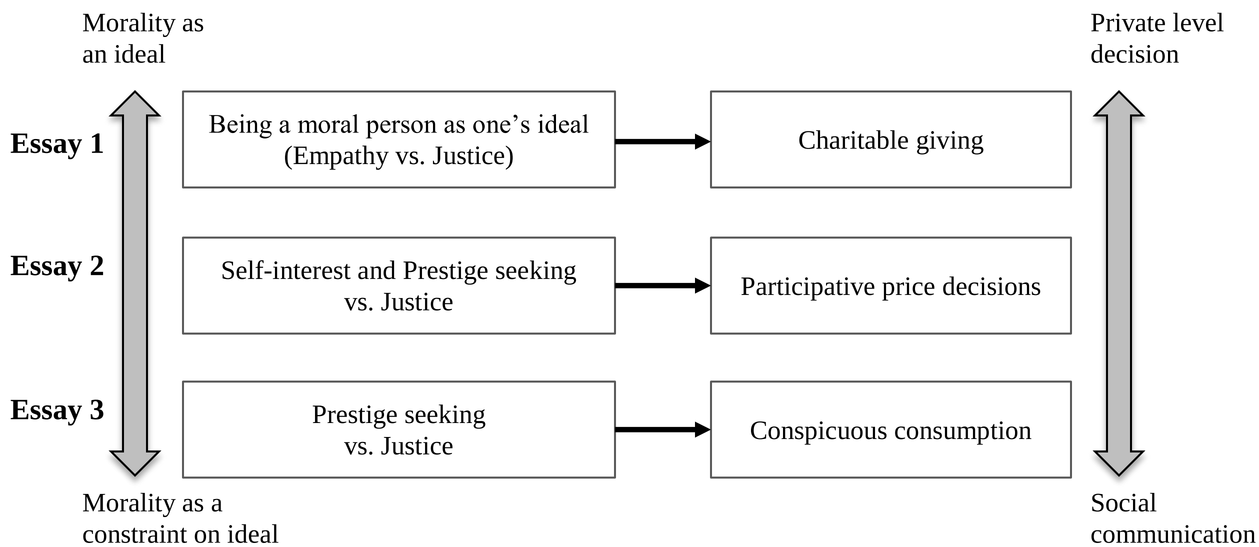
The second essay, "Why Don't You Pay as Little as Possible?: Constraints on Consumers' Self-Interest Seeking in Participative Pricing," explores how consumers make price decisions when they are given a chance to pay as much or as little as they wish to pay for a product (i.e., in

Pay-What-You Want pricing schemes). Previous participative pricing research focused on the motivations of consumers to set a particular price that emanate from their transaction with the seller, but I propose to also consider the motivations due to other consumers in the purchase context. Consumers generally have strong self-interest motivation to save money when they can set their own price, but their concerns with being fair by engaging in other-oriented behavior or communicating ideal social images of prestige and wealth to others constrain their self-interest seeking and lead them to offer higher prices to the seller. Also, the price that the focal consumer is willing to pay can increase or decrease depending on the social signals that the focal consumer receives from or wants to send to other consumers when fairness concerns are not salient, but the price that the focal consumer is willing to pay does not change depending on the social signals from other consumers and is uniformly high when fairness concerns are salient. These results demonstrate the importance of fairness, which precedes consumers' self-interest or prestige seeking.

In the third essay, "Did You Earn It? The Role of Monetary Fairness in Conspicuous Consumption," I explore the role of fairness of money in consumers' conspicuous consumption. Conspicuous consumption is a strategic, symbolic activity to communicate positive self-images of status and prestige to others, which has many known social benefits (Griskevicius et al. 2007; Nelissen and Meijers 2011; Scott, Mende, and Bolton 2013). However, I propose that these social benefits will not accrue when money spent on conspicuous consumption is acquired without adequate effort of one's own and thereby perceived to be unfair. Especially when consumers place high importance on justice, they evaluate another person who engages in conspicuous consumption through money acquired without adequate effort negatively, because conspicuous consumption loses its prestige signaling value. Furthermore, consumers who have formed an unfavorable attitude toward a consumer who engages in conspicuous consumption using unfair money also more negatively evaluate the particular brand used as a conspicuous signal, particularly if they place high value on justice.

These three essays suggest that consumers' desire to match their private and public self with their ideal self affects consumers' various consumption decisions in private and social situations. That is, consumers consider maintaining a positive self-concept and communicating positive self-images to others when they make consumption decisions based on their ideals. Importantly, these essays suggest that consumers' concerns about upholding the moral principle of justice often influence their pursuit of ideals. This dissertation makes theoretical contributions to the literatures in identity, social influence, justice motives in consumer behavior, charitable giving, price decisions and conspicuous consumption by recognizing the importance of consumers' motivations to pursue ideal self-identity and moral motivations. Next, I present my three essays.

Figure 1.1 Dissertation Overview



Chapter 2

ESSAY 1: "I'M MORAL, BUT I WON'T HELP YOU"

WHEN AND WHY MORAL IDENTITY DOES NOT MOTIVATE CHARITABLE GIVING

2.1 Introduction

With an increasing number of charitable organizations and over $200 billion donated to charitable causes by individuals each year in the United States alone (Giving USA 2012), consumers are inundated with donation requests for charities supporting an array of causes. For instance, UNICEF raises funds for starving children, while UNAIDS raises funds for AIDS patients. There are numerous charities, such as UNAIDS, whose recipients may be perceived as responsible for their plight (hereafter I use recipient responsibility to refer to perceptions of charity recipients' responsibility for their plight). For example, the plight of AIDS patients, the homeless, or drug addicts is often attributed to their own negative behaviors (Weiner, Perry, and Magnusson 1988), although such plight can also be caused by external factors or social problems that have been reproduced and retained by the economic system and social structure (Fee and Kriger 1993; Fischer and Breakey 1991). How does recipient responsibility influence donation decisions of consumers who are generally more charitable based on their propensity to engage in moral behavior?

Research has focused on examining persuasive strategies in donation appeals (Fraser, Hite, and Saucer 1988; Shang, Reed, and Croson 2008; Small and Verrochi 2009; White and Peloza 2009) as well as individual donor characteristics motivating consumer donations (Reed, Aquino, and Levy 2007; Winterich, Mittal, and Ross 2009). However, most of this research has focused on support for "good" charity recipients (e.g., those perceived as deserving of aid) without considering the implications of variations in recipients for donation behavior (see Smith et al. 2013 for an exception). The limited research regarding charity recipients has tended to focus on the presentation of recipients in terms of number or unit (e.g., a single identifiable victim, statistical victims, victims that are perceived as entitative; Kogut and Ritov 2007; Small, Loewenstein, and Slovic 2007; Smith et al. 2013). Yet, as consumers have limited financial resources to allocate to charitable giving, they may evaluate the deservingness of the recipients before making donations (Bekkers and Wiepking 2011). This research proposes a new framework to understand when and why consumers engage in charitable giving by considering the characteristics of not only the consumer, but also the charity recipients.

Among the various factors that may impact charitable giving, such as identity congruency with a previous donor (Shang et al. 2008) and agency-communion orientation (Winterich et al. 2009), research has found moral identity—the extent to which moral traits (e.g., fair, just, kind, compassionate) are experienced as a central part of one's overall self-concept (Aquino et al. 2009; Aquino and Reed 2002)—to be a strong predictor of charitable giving (Reed and Aquino 2003; Reed et al. 2007; Winterich et al. 2009; Winterich, Mittal, and Aquino 2013). Moral identity is theorized to increase charitable giving because giving is a moral behavior that is consistent with one's moral identity (Aquino and Reed 2002). However, will moral identity always increase giving regardless of the charity recipients? What will happen when recipient responsibility comes into question?

I theorize and empirically demonstrate that higher moral identity does not unconditionally increase charitable giving when the beneficiaries are perceived as responsible for their plight.

Instead, moral identity decreases donations to recipients who are responsible for their plight. More importantly, I propose empathy and justice are the distinct mechanisms underlying these effects. Specifically, I suggest: 1) empathy mediates the positive effect of moral identity on donations to recipients who are not responsible for their plight, and 2) justice mediates the negative effect of moral identity on donations to recipients who are responsible for their plight. Notably, I demonstrate that the positive effect of moral identity on charitable giving can be reinstated for recipients who are responsible for their plight when consideration of consumers' own past immoral behavior evokes empathy for the charity recipients.

This research makes theoretical contributions to the charitable giving and moral identity literature as well as offering important insights regarding the role of moral identity and recipient responsibility on charitable giving for marketers of charitable organizations. The present research extends existing work on charitable giving (Shang et al. 2008; Small et al. 2007; White and Peloza 2009; Winterich at al. 2009) by suggesting that charity recipients should be considered as an important factor affecting consumers' donation decisions. More specifically, though the moral identity literature may suggest to academics and practitioners alike that moral identity increases charitable giving, I demonstrate that the positive effect of moral identity is reversed when charity recipients are perceived as responsible for their plight.

I also contribute to the moral identity, empathy, and perceived responsibility literature by exploring the independent roles of empathy and justice as underlying processes of the joint effect of moral identity and recipient responsibility. Demonstrating that the positive effect of moral identity on donations occurs through empathy whereas moral identity decreases charitable giving through perceptions of justice enhances our knowledge of the process mechanisms. Importantly, I demonstrate consideration of donors' own moral failings as a novel means of evoking empathy and motivating charitable giving even when recipients are responsible for their plight. This situational stimulation of empathy, through consideration of one's own moral failings, is particularly influential for those with higher moral identity. I next briefly review the literature on moral identity and recipient responsibility.

2.2 The Joint Impact of Moral Identity and Recipient Responsibility on Charitable Giving

Moral identity represents an individual's broad associative cognitive network of related moral traits (e.g., being kind), feelings (e.g., concern for others), and behaviors (e.g., helping others; Aquino and Reed 2002). Within this associative network, the strength of these moral associations reflects the degree to which a person's moral identity is chronically important (e.g., whether a person cares about being a person who has these traits, feelings, and behaviors in general). Thus, an individual who is characterized by high moral identity would likely have more thoughts, both in quantity and speed, regarding moral traits such as fairness and generosity as well as goals and behaviors of helping others. To be sure, this conceptualization does not indicate that an individual with low moral identity does not have any associations with moral traits or behaviors, but simply that their associative cognitive network is not as chronically strong as someone with a higher moral identity. Of particular relevance to this research, moral identity has been found to be a strong predictor of charitable giving, even when the donation recipient is in an out-group (Reed and Aquino 2003; Winterich et al. 2009). For instance, Reed and Aquino (2003) demonstrated that individuals who are higher in moral identity expand the circle of moral regard to others and are more supportive of relief efforts to out-group members than individuals who are lower in moral identity. However, I seek to determine whether moral identity unconditionally increases charitable giving. Specifically, I consider that recipient responsibility will interact with moral identity to impact charitable giving.

Schlenker et al. (1994, 635) suggested that “responsibility is the adhesive that connects an actor to an event and to relevant prescriptions that should govern conduct; thus responsibility provides a basis for judgment and sanctioning.” That is, if a person produces an action that leads to an outcome, the person is perceived as responsible for the action and the outcome (Feather 1996, 1999). Much of the perceived responsibility literature focuses on negative outcomes connecting the issues of responsibility to blameworthiness (Feather 1999). Focusing on negatively valued outcomes, Shaver (1985, 66) defined responsibility as “a judgment made about the moral accountability of a person of normal capacities, which judgment usually but not always involves a causal connection between the person being judged and some morally disapproved action or event.” Consistent with this conceptualization, I focus specifically on the negative outcome for which charity recipients are seeking aid and define recipient responsibility as the extent to which a recipient is perceived as accountable for a morally disapproved action that has resulted in the outcome (i.e., plight leading to need for assistance).

Research has demonstrated that people are less willing to provide support or aid to those in need when recipients are judged as personally responsible for their problems (Barnes, Ickes, and Kidd 1979; Farwell and Weiner 2000; Henry, Reyna, and Weiner 2004; Skitka and Tetlock 1992; Weiner 1993). For example, Reyna et al. (2005) demonstrated that perceptions of responsibility affect support for affirmative action to help the social group (e.g. Blacks). Similarly, Weiner et al. (1988) found that people were less willing to help a stigmatized person when the onset of the stigma was controllable by the person (e.g., AIDS and drug abuse vs. Alzheimer’s disease and blindness which were perceived as onset-uncontrollable). Nonetheless, charities support recipients whose plight may be attributed to morally disapproved actions for which the recipient is responsible. When donors receive donation requests from charities supporting AIDS patients, the homeless, or drug addicts, some donors may perceive that the plight arose from external factors for which the recipients were not responsible (e.g., AIDS through blood transfusion, homeless due to physical disabilities, or addiction due to genetic vulnerability. In contrast, others may perceive that the plight was caused by the charity recipients' immoral actions (e.g., AIDS through unprotected sex among HIV patients or sharing needles among drug users, homeless due to laziness or addiction due to illegal drug abuse). Considering this, how will recipient responsibility and moral identity jointly impact charitable giving?

Given that moral identity can increase concern for a larger segment of humanity and charitable giving (Hart, Atkins, and Ford 1998; Reed and Aquino 2003; Winterich et al. 2009), there is reason to believe that a person with higher moral identity will be more likely to aid charity recipients who are responsible for their plight than a person with lower moral identity. On the other hand, higher moral identity may not result in the expansion of moral regard to others who are responsible for morally disapproved behavior. Notably, there is a negative relationship between moral identity and negatively valued behaviors such as unethical or antisocial behaviors (Sage, Kavussanu, and Duda 2006; Shao, Aquino, and Freeman 2008 for a review). Individuals who place high importance on morality may be more critical of the negative behavior of others, especially when the behavior is violating moral principles. Indeed, moral identity predicted condemnation of others' negative behaviors (Wiltermuth, Monin, and Chow 2010) and revenge for those who mistreated others in the presence of a negative reciprocity norm (Barclay, Whiteside, and Aquino 2013). Given the extent to which moral identity does not support morally disapproved behaviors, I propose the positive effect of moral identity on charitable giving will be limited to those who are not responsible for their plight. Since individuals with higher moral identity may even condemn or take revenge on others who violate moral principles, I propose that moral identity will decrease charitable giving if charity recipients are responsible for a morally disapproved behavior. In such a case, charitable giving may not be seen as a moral action; as such, moral identity will decrease rather than increase charitable giving. Taken together, I propose that moral identity and recipient responsibility will result in a two-way interaction as follows:

H1: Recipient responsibility and moral identity will jointly impact charitable giving such that moral identity will increase donations to recipients whose perceived responsibility for their plight is low. In contrast, moral identity will decrease donations to recipients whose perceived responsibility for their plight is high.

2.3 The Mediating Role of Empathy and Justice

In addition to examining this joint effect, I seek to understand *why* moral identity increases versus decreases donations to recipients depending on recipient responsibility. I suggest empathy and justice as multiple mediators underlying this effect. Specifically, moral identity motivates or deters charitable giving based on the salience of empathy and perceptions of justice.

Empathy and justice, which are two distinct constructs, both serve as motivations for moral behaviors such as charitable giving (Bagozzi and Moor 1994; Batson et al. 1995; Eisenberg and Miller 1987; Hoffman 1990, 2000; Kohlberg 1976). Empathy regards the extent to which the donor feels compassionate about the particular target in the setting (i.e., donation recipient; Hoffman 2000). Perceived justice of donating, while also pertaining to the target, regards a judgment about a particular action to the target (i.e., the act of donating) based on the target's deservingness of a particular outcome (i.e., improved welfare) resulting from the action (i.e., donating), rather than a feeling toward the target (Lerner 1987; Feather 1999). Moreover, the ultimate goal of empathy is to increase the welfare of the target for whom empathy is felt, which is different from the goal of upholding a moral principle of justice (Batson et al. 1995). Thus, engaging in an altruistic behavior based on feelings of empathy is sometimes in conflict with acting in accordance with justice (Batson et al. 1995).

I suggest the salience of empathy versus justice concerns will differ with recipient responsibility, impacting charitable giving. For instance, in considering donating to recipients who are responsible for their plight through immoral behavior, feelings of empathy may suggest one should engage in charitable giving, but salient concerns regarding the injustice of donating may deter donations. In contrast, in the case of low recipient responsibility, empathy and justice concerns should both be favorable to charitable giving, with empathy being a more salient driver. Since moral identity represents the strength of moral associations, both empathetic and justice concerns should be more accessible and thereby more influential in donation decisions for people with higher moral identity (Aquino and Reed 2002). I detail this theorizing next.

2.3.1 The Role of Empathy

Eisenberg and Miller (1987, 91) define empathy as "an affective state that stems from the apprehension of another's emotional state or condition." De Waal (2008, 281) defines empathy in more cognitive terms, suggesting three criteria for empathy: "empathy is the capacity to 1) be affected by and share the emotional state of another, 2) assess the reasons for the other's state, and 3) identify with the other, adopting his or her perspective." Consistent with both the affective and cognitive components of empathy, research finds that empathy motivates helping behavior (Batson 1987; Coke, Batson, and McDavis 1978; Eisenberg and Miller 1987).

I suggest that consumers with higher moral identity generally feel more empathy for others since empathy is the feeling and ability that is consistent with most consumers' sense of a moral person (Reed et al. 2007). Specifically, given that moral identity expands boundaries toward others including out-groups (Hart et al. 1998; Reed and Aquino 2003) and increases expansiveness toward others (Winterich et al. 2009), those with higher moral identity tend to have greater identification and perspective taking (Aquino and Reed 2002), which are the basis of empathy (Coke et al. 1978; Davis et al. 1996). Thus, moral identity should increase empathy. Indeed, moral identity and empathy are positively correlated (Detert, Trevinõ, and Sweitzer 2008). Moreover, since empathy motivates moral behavior (Batson 1987; Eisenberg and Miller 1987), consumers with higher moral identity are more likely to engage in charitable giving for the others with whom they empathize. Notably, I theorize that empathy will underlie the positive effect of moral identity on donations when recipients are not responsible for their plight since other moral concerns regarding donations (i.e., injustice) will not be salient when recipient responsibility is low. Thus, empathy will mediate the positive effect of moral identity on donations for recipients with low responsibility.

While I theorize that empathy motivates charitable giving and is greater among those with higher moral identity than those with lower moral identity, I propose that consumers with higher moral identity may also have other moral concerns, particularly when recipients are perceived as responsible for morally disapproved behavior. Specifically, I suggest that consideration of high recipient responsibility raises justice concerns, stimulating people with high moral identity to place more weight on perceived justice of donating, suppressing feelings of empathy that might otherwise motivate charitable donations.

2.3.2 The Role of Justice

Perceived responsibility affects judgments of the justice of an outcome (Feather 1996, 1999; Reyna et al. 2005). That is, when a person is responsible for a morally disapproved behavior, a negative outcome is considered more just than a positive outcome. For example, people evaluate a penalty (i.e., negative outcome) as more just when an offender's perceived responsibility for the offense is high (Feather 1996). Thus, when charity recipients are personally responsible for morally disapproved behavior that caused their plight, consumers may perceive that providing a positive outcome (i.e., support from donors) to the recipients is unjust. Similar to the feeling of empathy as consistent with consumers' perception of a moral person, justice is also consistent with one's sense of moral self (Aquino and Reed 2002) and is one of five key moral foundations (Graham et al. 2011), which is an integral part of one's moral development (Kohlberg 1976). As such, when an action may be unjust, justice concerns should become highly accessible for consumers (Skarlicki, van Jaarsveld, and Walker 2008).

When making a donation decision, I suggest that consumers with high moral identity will generally be more focused on empathetic concerns toward recipients without considering the justice of donating (Eisenberg and Miller 1987). However, when considering donating to charity recipients who are perceived as responsible for their plight, the recipients' responsibility may increase the salience of the justice of donating (Feather 1996). Notably, Batson et al. (1995) suggested that when empathy and justice are in conflict, individuals tend to act in accordance with justice unless they are induced to feel empathy in a given situation. Thus, when considering donating to those with high responsibility for their plight, consumers with higher moral identity will tend to focus on the injustice of donating, rather than felt empathy as when recipients are not responsible for their plight, which will decrease donations relative to those with lower moral identity.

To summarize, I propose that both empathy and justice will mediate the joint effect of moral identity and recipient responsibility on charitable giving. Both feelings of empathy and judgments of justice are more accessible for consumers with higher moral identity (Aquino and Reed 2002; Reed et al. 2007), but recipient responsibility will impact the extent to which each of these moral sentiments guides charitable giving. When recipient responsibility is low, justice concerns are not salient and empathy is greater among those with high moral identity, increasing donations. In contrast, when recipient responsibility is high, justice concerns become salient and donating is perceived to be less just among those with higher moral identity, decreasing donations. Taken together, empathy, rather than justice, will be the primary driver of the positive effect of moral identity on donations to charity recipients with low responsibility, but under high recipient responsibility justice will drive the negative effect of moral identity on donations. Thus, empathy and justice of donating will mediate the joint effect of moral identity and recipient responsibility on charitable giving such that:

H2: Empathy will mediate the positive effect of moral identity on charitable giving when recipient responsibility is low.

H3: Justice of donating will mediate the negative effect of moral identity on charitable giving when recipient responsibility is high.

I next present a series of four studies. Study 1 tests hypothesis 1 by examining actual monetary donation allocation. Study 2 provides further support for hypothesis 1 and tests the role of empathy and justice as theorized in hypotheses 2 and 3 to provide insight into the process through which moral identity affects charitable giving. Study 3 increases the internal validity of our findings by using temporarily activated moral identity and provides additional support for hypotheses 2 and 3. Finally, I propose hypothesis 4, in which I suggest that making salient one's own moral failings can reinstate the positive effect of moral identity on charitable giving regardless of recipient responsibility, and test it in study 4.

2.4 Study 1

The objective of study 1 was to test hypothesis 1 regarding whether moral identity and recipient responsibility jointly impact charitable giving. I examined actual monetary donations to a real nonprofit organization, ACHC (Association of Community Health Centers). All participant donations were donated to ACHC.

2.4.1 Method and Measures

Participants and Design. A total of 91 participants completed a study with a 2 (moral identity: low vs. high) × 2 (recipient responsibility: low vs. high) between-subjects design with moral identity measured continuously. Participants were mostly undergraduates (n = 75) but also included graduate students (n = 4), university staff (n = 6), and one unspecified. To decrease noise and increase reliability of data by screening for participants who were not reading and following instructions, I included an instructional manipulation check question asking participants to provide a certain answer (e.g., "Not at all") to the question (Oppenheimer, Meyvis, and Davidenko 2009). Five participants who failed to correctly respond to the question were eliminated from the dataset, leaving a total of 86 participants in the final dataset (males =

38, females = 30, unanswered = 18). The focal two-way interaction is significant without excluding these participants ($p < .005$).

Procedure. At the beginning of the study session, participants were provided with two white envelopes. One of the envelopes was labeled “Compensation” and contained their compensation for participating in the study. The other envelope was labeled “Donation.” Participants were given compensation in one-dollar bills so they could easily allocate any portion of their compensation as a donation (Lee and Shrum 2012). To ensure that donations were not dependent on the magnitude of expected compensation or “bonus” money, some participants received five dollars for compensation and some participants received six dollars ($5 compensation + $1 bonus). Then participants were instructed that they would be given an opportunity to donate to a nonprofit organization. After reading the description about a nonprofit organization, ACHC, participants indicated how much they would donate to ACHC and placed their donation in the “Donation” envelope. After the donation allocation, participants responded to a manipulation check regarding recipient responsibility and completed the moral identity scale. At the end of the research session, all participants put their donation envelope in a donation box. Participants were instructed to do so even if their envelope was empty (i.e., made no donation) to preserve anonymity of their donation allocation decision.

Responsibility Manipulation. Participants read a general description about ACHC: “This non-profit organization supports the largest network of community health centers in the state. Community health centers provide medical treatment for patients who are unable to afford the necessary medical treatment for serious illnesses and diseases. The majority of the patients community health centers serve are individuals who…”. This description ended with either “have been working hard at multiple low-wage jobs but are unable to obtain medical insurance due to poor benefits and economic conditions” (low responsibility) or “do not have medical insurance because they do not hold a steady job due to their drug and alcohol abuse or gambling addiction” (high responsibility).

Donation Allocation. Participants could make a donation ranging from \$0 to \$5 or \$0 to \$6 depending on their payment. Since the actual dollar amount could differ with their total compensation (\$5 or \$6), the dependent variable is the proportion of compensation donated.

Manipulation Check. Participants answered an item, “To what extent do you think the patients are responsible for their problem?” on a 7-point scale (1 = not at all to 7 = very much).

Moral Identity. Moral identity was measured with the five internalization items from Aquino and Reed’s (2002) Self-Importance of Moral Identity scale ($\alpha = .82$). Participants were presented with a list of moral traits (e.g., caring, compassionate, kind) and then responded to the five statements (1 = strongly disagree to 7 = strongly agree). Sample statements include, “It would make me feel good to be a person who has these characteristics” and “Being someone who has these characteristics is an important part of who I am.” The list of moral traits activates a broader associative network of related traits that form one’s moral identity, which is not specific to the listed traits (Aquino and Reed 2002).

Both symbolization and internalization dimensions of moral identity were measured in our studies, but using the internalization dimension was more appropriate for the purpose of this research. Specifically, internalization reflects the degree to which moral traits are central to one’s self-concept and is found to be a more robust predictor of private charitable giving that is the focus of this research (Aquino et al. 2011; Aquino and Reed 2002; Reed and Aquino 2003; Reed et al. 2007; Winterich et al. 2009; Winterich et al. 2013). Symbolization is associated with expression of moral identity in public situations, and, consistent with our expectations, was not significant in our studies.

Additional Measures. To ensure that our manipulation of recipient responsibility did not alter other perceptions that might impact donations, perceived need of recipients was measured by one item, “To what extent are the patients in need of financial support?” (1 = not at all to 7 = very much). Severity of the cause was also assessed with one item, “To what extent do you think this charity supports a serious problem?” (1 = not at all to 7 = very much).

2.4.2 Results and Discussion

Manipulation Check. Regression analysis using recipient responsibility condition (low = -1, high = 1), moral identity (mean-centered), and the interaction term as the independent variables and perceived responsibility as the dependent variable revealed a significant main effect of recipient responsibility condition on perceived responsibility ($\beta = .42$, $t(81) = 2.90$, $p < .005$). Recipients in the high responsibility condition were perceived as more responsible for their problem ($M = 4.87$) than recipients in the low responsibility condition ($M = 4.02$). There was no effect of moral identity ($\beta = -.13$, $t(81) = -.81$, $p > .40$). The interaction was marginally significant ($\beta = -.32$, $t(80) = -1.95$, $p = .06$). Thus, the manipulation worked substantially as intended. Because of the marginally significant interaction effect, I conducted an additional study (n = 89) to check the robustness of the responsibility manipulation. There was only a significant effect of responsibility condition ($\beta = .71$, t(85) = 4.69, $p < .0001$). No other effects were significant ($p > .30$). Moreover, perceived responsibility was only affected by the responsibility condition in subsequent studies, so I concluded that the marginally significant interaction was a statistical anomaly.

Donation Allocation. Regression analysis was performed using moral identity, recipient responsibility, and the interaction term as the independent variables, and the proportion of dollar amount donated as the dependent variable. There was no significant effect of moral identity on donation allocation (β =.01, $t(82) = .53$, $p > .50$). There was a significant effect of recipient responsibility on donation allocation ($\beta = -.05$, $t(82) = -2.23$, $p < .05$) such that participants donated more when the recipients were low in responsibility ($M = .36$) compared to when the recipients were high in responsibility ($M = .27$), which is consistent with past research (Weiner 1993). Importantly, there was a significant two-way interaction of moral identity and recipient responsibility condition on donation allocation ($\beta = -.08$, $t(82) = -3.34$, $p = .001$). Specifically, moral identity increased donations to recipients whose responsibility was low ($\beta = .09$, $t(82) = 2.66$, $p < .01$; $M_{(-1SD)}$ =.28 vs. $M_{(+1SD)}$ =.44), whereas moral identity decreased donations to recipients whose responsibility was high ($\beta = -.07$, $t(82) = -2.04$, $p < .05$; $M_{(-1SD)}$ =.32 vs. $M_{(+1SD)}$ =.20), supporting hypothesis 1 (figure 2.1). I also conducted a regression analysis with the amount donated as the dependent variable and logistic regression analysis with the dependent variable coded for any donation amount (1) versus no donation (0). The interaction of moral identity and recipient responsibility was replicated in both analyses ($\beta = -.35$, $t(82) = -.36$, $p < .005$; $\beta = .52$, Wald $\chi^2 = 3.84$, $p < .05$).

To account for possible alternative explanations, I reran this analysis including gender and occupation of the participants as covariates despite the fact that I did not expect these covariates to have effects. Neither gender nor occupation had any significant main or interaction effects (ps > .10). Including these variables did not dilute the interaction of interest either. Thus, I excluded these variables from our analysis in this study and all subsequent studies. Including the total compensation as a control variable also did not have an effect ($p > .10$) nor did it change our results (two-way interaction $p = .005$). I also conducted analyses to account for potential concerns about whether our manipulation of recipient responsibility affected perceived need of the recipients or cause severity. There was a positive effect of moral identity on perceived need of the recipients ($p < .05$), but neither recipient responsibility nor the interaction between moral identity and recipient responsibility was significant (ps > .30). Neither main effects of moral identity ($p > .10$) and recipient responsibility ($p > .20$) nor their interaction ($p > .80$) impacted perceptions of cause severity. Including these variables as covariates did not dilute the two-way interaction ($p < .001$).

Discussion. The results of study 1 provide support for our theorizing that moral identity interacts with recipient responsibility to impact charitable giving. If the charity recipients are responsible for their plight, then those with higher moral identity donate *less* than those with lower moral identity. In contrast, if the recipients are not responsible for their plight, moral identity increases donations, consistent with past research. Importantly, this two-way interaction of moral identity and recipients' responsibility is demonstrated with actual monetary donation to a real non-profit organization. I proposed that this effect occurred through feelings of empathy and judgments about justice of donating. In study 2, we test these predictions.

2.5 Study 2

In this study, in addition to testing hypothesis 1, I sought to gain insight into the process through which the positive effect of moral identity on charitable giving is reversed for recipients who are responsible for their plight. Specifically, I tested hypotheses 2 and 3, which predicted that empathy and justice simultaneously mediate the two-way interaction on charitable giving.

2.5.1 Method and Measures

Participants and Design. A total of 172 undergraduates at a U.S. university participated in this study. The study was a 2 (moral identity: low vs. high) × 2 (recipient responsibility: low vs. high) between-subjects design with moral identity measured as a continuous variable. Nine participants who failed an instructional manipulation check were eliminated from the dataset, leaving 163 participants (males = 76, females = 74, unanswered = 13). Retaining these participants does not substantially change the results (two-way interaction: $p < .05$).

Procedure. Similar to the description of ACHC used in study 1, participants read a description of a Community Health Clinic: "This facility provides medical treatment for patients who are unable to afford the necessary medical treatment for serious diseases. The majority of the patients this clinic serves are individuals who do not have medical insurance because they do not hold a steady job…". This description ended with one of the following: "due to massive layoffs during economic recession" (low responsibility) or "due to their drug and alcohol abuse" (high responsibility). After reading the description, participants indicated their donation likelihood, empathy toward the recipients, perceptions about justice of donating, and recipient responsibility manipulation check. I randomized the order of empathy and justice of donating measures. Last, participants responded to the moral identity scale used in study 1 ($\alpha = .84$).

Donation Likelihood. Participants answered, "How likely would you be to donate to this charity?" on a seven-point scale ranging from 1 (very unlikely) to 7 (very likely).

Empathy. Empathy was measured by six empathy emotion adjectives: sympathetic, warm, compassionate, softhearted, tender, and moved. Regarding these emotions, participants answered, "When you think about the patients, to what degree do you feel the following emotions?" (Batson 1987) on a seven-point scale (1 = not at all to 7 = very much). Responses were averaged and combined to form a single measure of empathetic emotion ($\alpha = .95$).

Justice of Donating. Participants responded to two items: "I should support these patients to be fair" and "I should donate to these patients to be just." (1 = not at all to 7 = very much; $r = .85$, $p < .0001$; van Prooijen, van den Bos, and Wilke 2002)

Manipulation Check. In addition to the item used in study 1, participants answered, "To what extent do you think the patients had control over encountering this problem?" (1 = not at all to 7 = very much; $r = .81$, $p < .0001$).

2.5.2 Results and Discussion

Manipulation Check. I performed a regression analysis using measured moral identity (mean-centered), recipient responsibility condition (low = -1, high = 1) and the two-way interaction term as the independent variables and perceived responsibility as the dependent variable. Results revealed only a significant main effect of recipient responsibility on perceived responsibility ($F(1, 159) = 67.93$, $p < .0001$). Specifically, perceived responsibility was higher in the high responsibility than in the low responsibility condition ($M_{high} = 5.27$ vs. $M_{low} = 3.47$; $t(159) = 8.24$, $p < .0001$). The manipulation of recipient responsibility worked as intended.

Donation Likelihood. Regression analysis was performed using moral identity (mean-centered), recipient responsibility (low = -1, high = 1) and the two-way interaction term as the independent variables and donation likelihood as the dependent variable. There was no significant effect of moral identity on donation likelihood ($\beta = -.06$, $t(159) = -.54$, $p > .50$). There was a significant effect of recipient responsibility ($\beta = -.60$, $t(159) = -5.72$, $p < .0001$; $M_{low} = 4.74$, $M_{high} = 3.54$). More importantly, these effects were qualified by a two-way interaction of moral identity and recipient responsibility on donation likelihood ($\beta = -.33$, $t(159) = -2.96$, $p < .005$).

Specifically, moral identity marginally increased donation likelihood in the low responsibility condition ($\beta = .27$; $t(159) = 1.65$, $p < .10$; $M_{(-1SD)} = 4.48$ vs. $M_{(+1SD)} = 4.99$). In contrast, moral identity decreased donation likelihood in the high responsibility condition ($\beta = -.39$; $t(159) = -2.57$, $p = .01$; $M_{(-1SD)} = 3.91$ vs. $M_{(+1SD)} = 3.17$). These results support hypothesis 1 and replicate the results of study 1 (figure 2.2).

Mediating Role of Empathy and Justice. I sought to test hypotheses 2 and 3 regarding the mediating role of empathy and justice. First, I verified that the moral identity, empathy, and justice of donating constructs loaded on three different factors through an exploratory factor analysis (eigenvalues > 1; Kaiser 1960). Then, to examine whether the interaction of moral identity and recipient responsibility affects donation likelihood through empathy and justice, I conducted a bootstrapping analysis for mediated moderation using empathy and justice as multiple mediators (Process Model 8; Hayes 2012). The two-way interaction was mediated by empathetic emotion and perceived justice of donating as the 95% confidence interval (CI) for the higher-order interaction did not include zero (Empathy *ab* = -.18, 95% CI = -.34 to -.06; Justice *ab* = -.06, 95% CI = -.16 to -.01). I further examined the indirect effects by responsibility condition. In the low responsibility condition, mediation through empathetic emotion was significant (*ab* = .27, 95% CI = .11 to .53) but mediation through justice of donating was not significant (*ab* = .06, 95% CI = -.01 to .18). This pattern supports hypothesis 2. In the high responsibility condition, mediation through empathetic emotion was not significant (*ab* = -.09, 95% CI = -.27 to .06), but mediation through justice of donating was significant (*ab* = -.07, 95% CI = -.19 to -.004), supporting hypothesis 3. Thus, moral identity increased empathy for recipients with low plight responsibility, increasing charitable giving. However, for recipients with high plight responsibility, moral identity decreased perceived justice of donating, mediating the negative effect of moral identity on charitable giving.

Discussion. These results further support the interaction effect of moral identity and recipient responsibility on charitable giving as proposed in hypothesis 1. More importantly, these results provide insight into the process via empathy and justice through which moral identity and recipient responsibility affect charitable giving. Specifically, I show that moral identity motivates charitable giving through empathy when recipients have low responsibility for their plight, whereas moral identity leads to lower charitable giving through justice perceptions as donating to charity recipients is perceived as unjust when the recipients have high responsibility for their plight, supporting hypotheses 2 and 3.

2.6 Study 3

Study 3 has three objectives. First, I temporarily activate moral identity rather than measuring it to enhance internal validity as well as practical implications since organizations could seek to elicit moral identity through persuasive messages (Choi and Winterich 2013). Second, I provide additional support for the role of empathy and justice. Third, I sought to increase generalizability of the findings by using a different charitable cause.

2.6.1 Method and Measures

Participants and Design. A total of 151 undergraduates at a U.S. university participated in a study with a 2 (moral identity prime: low vs. high) × 2 (recipient responsibility: low vs. high) between-subjects design. Consistent with earlier studies, I excluded seven participants who failed an instructional manipulation check, leaving 144 participants in the dataset for analysis (47% males). The two-way interaction remains significant ($p < .01$) when I retain these participants.

Procedure and Measures. Participants were first instructed to complete a writing task for a moral identity prime (adapted from Aquino et al. 2011; Reed et al. 2007). In the high moral identity condition, participants were asked to examine nine words related to moral traits (e.g., caring, compassionate, fair, friendly, generous) from the moral identity scale (Aquino and Reed 2002) and then write about why they would like to have these characteristics and why being a person with these characteristics is important to them. In the low moral identity prime condition, participants examined neutral words (e.g., campus, class, couch, TV, computer) and wrote about their typical day and their typical evening as a student.

After the writing task, participants were directed to the second part of the study. A description about the Warm for Winter charity was provided: “This charity helps low-income individuals by providing basic clothing such as pants, shirts, socks, and coats. The charity relies on monetary donations and clothing drives to provide clothing to these people in need. A recent survey indicated that a lot of people this charity supports cannot afford such clothing because they…” This general description was followed by specific descriptions of charity recipients for each responsibility condition: “can only find low-wage jobs for which each paycheck barely covers rent and food (low responsibility)” or “spend their money to purchase cigarette, alcohol, or illegal substances (high responsibility).” After reading the description, participants indicated their donation likelihood on a seven-point scale ranging from 1 (very unlikely) to 7 (very likely) as in study 2. Next, participants responded to the same six items of empathy ($\alpha = .94$) and the same two items assessing perceived justice ($r = .74$, $p < .0001$) used in study 2. Then, participants responded to the same two responsibility manipulation check items used in study 2 ($r = .76$, $p < .0001$).

2.6.2 Results and Discussion

Manipulation Check. An ANOVA was performed using moral identity prime and recipient responsibility condition as the independent variables and perceived responsibility as the dependent variable. Only a main effect of recipient responsibility condition on perceived responsibility was significant ($F(1, 140) = 17.79$, $p < .0001$; $M_{low} = 3.99$ vs. $M_{high} = 5.03$). Manipulation of recipient responsibility worked as intended, consistent with previous studies.

Donation Likelihood. An ANOVA was performed using moral identity prime, recipient responsibility, and their interaction as the independent variables and donation likelihood as the dependent variable. There was no significant effect of moral identity prime on donation likelihood ($F(1, 140) = .09$, $p > .70$), but there was a significant effect of recipient responsibility ($F(1, 140) = 50.93$, $p < .0001$). Importantly, there was a significant two-way interaction of moral identity prime and recipient responsibility on donation likelihood ($F(1, 140) = 8.39$, $p < .005$). When recipient responsibility was low, donation likelihood was marginally higher in the moral identity prime condition ($M_{moral\ identity} = 5.41$ vs. $M_{neutral} = 4.66$; $t(140) = 1.76$, $p = .08$). Importantly, when recipient responsibility was high, donation likelihood was significantly lower in the moral identity prime condition compared to the neutral condition ($M_{moral\ identity} = 2.49$ vs. $M_{neutral} = 3.42$; $t(140) = -2.36$, $p < .05$) (figure 2.3).

Mediating Role of Empathy and Justice. I examined whether empathy and justice underlie the joint effect of moral identity (neutral = -1, moral identity = 1) and recipient responsibility (low = -1, high = 1) on donation likelihood. As in study 2, I conducted a bootstrapping analysis for mediated moderation using empathy and justice as multiple mediators (Process Model 8;

Hayes 2012). The two-way interaction was significantly mediated by empathetic emotion and perceived justice (Empathy *ab* = -.18, 95% CI = -.36 to -.02; Justice *ab* = -.08, 95% CI = -.19 to -.02). In the low responsibility condition, conditional indirect effects revealed that empathy was marginally significant (*ab* = .11, 90% CI = .01 to .41) but justice was not significant (*ab* = .07, 95% CI = -.03 to .19). In the high responsibility condition, the indirect effect via justice was significant (*ab* = -.10, 95% CI = -.23 to -.01) but the indirect effect via empathy was not significant (*ab* = -.16, 95% CI = -.40 to .06). These results support hypotheses 2 and 3.

Discussion. These results demonstrate that the hypothesized effect of moral identity and recipient responsibility on charitable giving holds even when moral identity is manipulated rather than measured, which enhances the internal validity and practical implications of this work for non-profit organizations. I acknowledge that the positive effect of moral identity on charitable giving and the corresponding mediation through empathy is marginally significant in this study, which may be due to a weaker effect of the moral identity prime than measured moral identity. This study also provides additional support that empathy and justice work as multiple mediators of the interactive effect of moral identity and recipient responsibility. Specifically, moral identity increases donations when charity recipients are not responsible for their plight through empathy, whereas moral identity decreases donations when recipients are responsible for their plight because giving is perceived to be more unjust. Given this, it is important to understand how marketers of charitable organizations can reinstate the positive effect of moral identity on charitable giving even for recipients whose perceived responsibility is high. Thus, I now theorize and demonstrate how consumers with high moral identity may be motivated to donate to recipients who are responsible for their plight.

2.7 Immorality Salience Can Increase Charitable Giving

I have theorized and demonstrated that consumers with higher moral identity have lower donations to recipients who are perceived as responsible for their plight due to justice concerns while the positive effect of moral identity occurs through empathy. Drawing from this pattern, I propose that increasing the salience of empathy when recipients are responsible for their plight should reduce the salience of justice concerns and lead consumers with higher moral identity to increase charitable giving.

Since I have suggested that empathy is less salient when recipients are responsible for their plight due to consumers' greater focus on justice concerns, it is important to consider whether stimulating empathy can alleviate the focus on justice concerns. As discussed earlier, Batson et al. (1995) suggested that individuals act based on justice when empathy and justice are in conflict, but if they are stimulated to feel empathy, they should engage in altruistic behavior based on empathy. Thus, I seek to induce such a situation in which empathy will positively influence consumers' charitable giving, regardless of recipient responsibility.

I propose that reminding consumers about their own moral failings can enable those with high moral identity, who are generally more prone to empathy, to recognize their empathy for the recipients who are responsible for their plight. Levy, Freitas, and Salovey (2002) suggested that when individuals perceive themselves as more similar to others, they are more likely to take the perspective of others, empathize with others, and help others of diverse social groups. It may be hard for consumers with high moral identity to recognize empathy for recipients responsible for their plight because these consumers do not perceive themselves as engaging in behaviors that are immoral. However, if consumers realize that they too have committed immoral behaviors and recognize the similarity between themselves and the charity recipients who are responsible for their plight, consumers with high moral identity should more easily take the perspective of others, which is a key component of empathy (De Waal 2008). Perspective taking will further increase perceived overlap between oneself and the target of perspective taking and change the representation of the target to be even more similar to the self (Davis et al. 1996; Galinsky and Moskowitz 2000). Importantly, perceiving similarity between the self and others and taking the perspective of others increases empathy directed to the other person as well as the altruistic motivation to help the other (Batson, Early, and Salvarani 1997; Coke et al. 1978).

Notably, I propose that this strategy will be stronger for consumers with higher moral identity. This rationale is supported by Aquino et al. (2011), who find that individuals with higher moral identity are more influenced by situational factors that stimulate the experience of emotions (i.e., moral elevation) leading to altruistic behavior. Specifically, when individuals were exposed to others' acts of uncommon moral goodness, individuals with high moral identity experienced a higher degree of moral elevation, a feeling of warmth and expansion that is accompanied by inspiration toward acts of uncommon moral goodness, compared to those with low moral identity (Aquino et al. 2011). Moreover, as stated earlier, empathy is a moral emotion, which is positively correlated with moral identity (Detert et al. 2008). Therefore, consumers with high moral identity will be more susceptible to situational factors stimulating empathy.

Thus, when immorality is made salient via recall of one's own moral failings, consumers with higher moral identity should have greater feelings of empathy toward charity recipients. That is, immorality salience will lead consumers with higher moral identity to perceive their feelings of empathy to be more relevant, thereby increasing their likelihood to engage in charitable giving compared to those with lower moral identity regardless of the perceived responsibility of the charity recipients.

H4: The effect of moral identity and recipient responsibility on charitable giving will depend on the salience of the consumers' own immorality such that moral identity will increase donations to recipients regardless of their perceived responsibility when consumers' own immorality is salient. In contrast, moral identity will increase (decrease) donations to those whose perceived responsibility is low (high) when consumers' immorality is not salient.

2.8 Study 4

The objective of study 4 was to test whether reminding consumers of their own moral failings can reinstate the positive effect of moral identity on charitable giving to recipients with high responsibility for their plight, as theorized in hypothesis 4. I also used a different charity to enhance generalizability.

2.8.1 Method and Measures

Participants and Design. A total of 216 undergraduates at a U.S. university participated in the study. The study was a 2 (moral identity: low vs. high) × 2 (recipient plight responsibility: low vs. high) × 2 (immorality salience: salient vs. neutral) between-subjects design with moral identity measured as a continuous variable. Twelve participants who failed an instructional manipulation check as well as seven participants who did not complete the writing task were excluded. Thus, we retain 197 responses for analysis (males = 81, females = 110, unanswered = 6). I note that the seven participants who did not complete the writing task were in the immorality salience condition. Although I sought to exclude all participants that did not complete the writing task, applying the same rule across conditions, only participants in the immorality salience condition failed to complete the writing task. Given the sensitive nature of the task in this condition relative to the neutral writing task, I believe that 6% of participants in this condition (3% overall) choosing not to complete the task is reasonable. If I retain these participants, the results do not change substantially and the focal interaction remains significant (p = .05).

Procedure. Participants were informed they would be participating in several short unrelated tasks during the research session. First, participants completed a writing task for immorality salience (or neutral), described next. Then, they were directed to the second task regarding charitable giving in which they read either a low or high responsibility description of an AIDS charity, detailed later. Participants then indicated their donation likelihood on a 7-point scale (1 = very unlikely to 7 = very likely). Next, participants completed the same six items of empathetic emotion used in previous studies along with one additional item self-reporting their level of empathy: “To what extent do you empathize with these AIDS patients? (1 = not at all to 7 = very much) (α = .93). Last, they completed the moral identity scale (α = .81). Since moral identity was measured at the end, I performed an ANOVA using immorality salience and recipient responsibility condition as the independent variables and moral identity as the dependent variable to ensure that moral identity was not affected by the manipulations in this study. There was no significant effect of immorality salience ($F(1, 193) = .36$, $p > .50$), recipient responsibility ($F(1, 193) = .99$, $p > .30$) or the two-way interaction ($F(1, 193) = 1.39$, $p > .20$) on moral identity.

Immorality Salience. To elicit immorality salience, I adapted Zhong and Liljenquist’s (2006) writing task. The writing task was described as assessing researchers’ interest in college students’ everyday experiences and behaviors. In the immorality salience condition, participants were asked to take some time and recall an unethical behavior that they committed in the past. They were asked to describe in detail the particular behavior in a few sentences (e.g., when it was, what situation it was, what you did), following Zhong and Liljenquist (2006). In the neutral condition, participants were asked to think about their typical evening routine and describe in detail the things that they normally do in the evening in a few sentences.

Recipient Responsibility. I used a different charity description regarding AIDS patients to manipulate recipient responsibility in this study. All participants read: “This charity supports patients who suffer from AIDS and are unable to afford appropriate medical treatments due to financial circumstances. These patients were infected with this life-threatening disease…” This statement ended with either “from donor organs they received that had HIV or through birth by a mother who had HIV” (low responsibility condition) or “by engaging in unprotected sex or sharing needles for drug injection with other HIV patients” (high responsibility condition).

Pretest. I tested the effectiveness of the immorality salience and recipient responsibility manipulations in a pretest (N = 131 undergraduates). In the pretest, participants completed the moral identity scale at the beginning of the study session ($\alpha = .78$). After 20 minutes of unrelated tasks, participants completed the immorality salience (or neutral) writing task and indicated the difficulty of the writing task with two items: “The writing task was difficult” and “The writing task took me a lot of effort” (1 = not at all to 5 = to a great extent) ($r = .77$, $p < .0001$). Then, participants read either the high or low responsibility description of the AIDS charity used in the main study and responded to two responsibility manipulation check items ($r = .81$, $p < .0001$). Participants also responded to the question: “While completing your writing task, how much did you feel you are:” for three items on a 7-point bipolar scale (ethical/unethical, moral/immoral and pure/impure). These three items were combined to form a single measure of participants’ perceived immorality ($\alpha = .85$). In addition, participants indicated how guilty they felt while completing the writing task (1 = not at all to 7 = very much).

First, I examined if it was harder for consumers with higher moral identity to recall their immoral actions from the past since it may reduce practical implications of this method if this is the case. Regression analysis using moral identity (mean-centered), immorality salience condition (neutral = -1, immorality salience = 1), and the interaction term as independent variables and difficulty of the writing task as the dependent variable was performed. A significant main effect of immorality salience condition revealed that the immorality salience writing task was more difficult than the neutral writing task ($\beta = .42$, $t(123) = 5.44$, $p < .0001$). However, there was not a significant effect of moral identity on perceived difficulty ($\beta = -.15$, $t(123) = -1.65$, $p = .10$) nor was there an interaction between moral identity and the immorality salience condition ($\beta = .08$, $t(123) = .91$, $p > .30$). Thus, recalling immoral actions was not any more difficult for consumers with higher moral identity.

Then, I assessed the extent to which the writing tasks differed in making immorality salient. As expected, a regression analysis using moral identity, recipient responsibility (low = -1, high = 1), immorality salience condition, and all possible interactions as independent variables and immorality perceptions as the dependent variable revealed a significant main effect of immorality salience condition on perceived immorality ($\beta = .64$, $t(115) = 6.63$, $p < .0001$). Perceived immorality was higher in the immorality salience condition ($M = 3.85$) than in the neutral condition ($M = 2.57$). Importantly, perceived immorality was not influenced by moral identity, recipient responsibility, or any interactions. Immorality salience prime also produced feelings of guilt, but the level of guilt was not affected by moral identity, recipient responsibility, or any of the interactions (ps > .50). Thus, the immorality salience prime was effective and the effectiveness did not differ by moral identity. Therefore, I can rule out a potential alternative explanation that individuals with high moral identity may be more likely to feel moral impurity by recalling their own immorality and engage in moral behavior to restore their moral purity (Zhong and Liljenquist 2006).

Lastly, I sought to ensure that the new recipient responsibility manipulation for the AIDS charity worked as intended and that the immorality salience prime did not influence the recipient responsibility manipulation. I performed a regression analysis using moral identity, recipient responsibility, immorality salience condition, and all possible interactions as independent variables and perceptions of charity recipients' responsibility as the dependent variable. Only the main effect of recipient responsibility condition on perceived responsibility was significant (β = 1.04, $t(120) = 7.10$, $p < .0001$) with higher responsibility perceptions in the high versus low recipient responsibility condition (M = 5.00 vs. 2.90). No other main effect or interaction was significant, indicating that immorality salience did not impact perceptions of recipient responsibility. Thus, the pretest confirmed the effectiveness of the immorality salience prime and the recipient responsibility manipulation used in the main study.

2.8.2 Results and Discussion

Donation Likelihood. I performed regression analysis using donation likelihood as the dependent variable and moral identity, recipient responsibility (low = -1, high = 1), immorality salience (neutral = -1, immorality salience = 1), and all possible interactions as the independent variables. There was a significant effect of moral identity (β = .34, $t(189) = 2.86$, $p < .01$) and recipient responsibility (β = -.52, $t(189) = -5.17$, $p < .0001$) such that participants donated more to recipients who were low versus high in responsibility (M = 5.29 vs. 4.26). The effect of immorality salience was marginally significant (β = .18, $t(189) = 1.76$, $p = .08$). The two-way interaction of recipient responsibility and moral identity was significant (β = -.39, $t(189) = -3.23$, $p < .005$), consistent with our earlier studies. The two-way interaction of moral identity and immorality salience was marginally significant (β = .20, $t(189) = 1.69$, $p = .09$) and the two-way interaction between recipient responsibility and immorality salience was not significant (β = -.004, t(189) = -.04, $p > .90$). Importantly, the hypothesized three-way interaction of moral identity, recipient responsibility, and immorality salience on donation likelihood was significant (β = .26, $t(189) = 2.16$, $p < .05$).

In the neutral condition, the two-way interaction between moral identity and recipient responsibility was significant (β = -.65, $t(189) = -3.50$, $p < .001$). Specifically, moral identity increased donations to recipients whose responsibility was low (β = .79, $t(189) = 3.10$, $p < .005$; $M_{(-1SD)} = 4.46$ vs. $M_{(+1SD)} = 5.80$) but decreased donations to recipients whose responsibility was high (β = -.51, $t(189) = -1.89$, $p = .06$; $M_{(-1SD)} = 4.52$ vs. $M_{(+1SD)} = 3.64$), replicating our previous findings. In the immorality salience condition, the two-way interaction between moral identity and recipient responsibility was not significant (β = -.13, $t(189) = -.83$, $p > .40$). Moral identity increased donations to recipients whose responsibility was low (β = .68, $t(189) = 2.88$, $p < .005$; $M_{(-1SD)} = 4.91$ vs. $M_{(+1SD)} = 6.01$) and to recipients whose responsibility was high (β = .42, $t(189) = 2.11$, $p < .05$; $M_{(-1SD)} = 4.08$ vs. $M_{(+1SD)} = 4.80$). These results are consistent with hypothesis 4.

In addition, participants with high moral identity donated more to recipients whose responsibility was high in the immorality salience condition ($M = 4.80$) than in the neutral condition ($M = 3.64$; $p < .01$). This is consistent with our prediction that those with higher moral identity, when primed with immorality salience, have more salient empathy for those who are responsible for their plight such that in this case, moral identity leads to more charitable behavior. In contrast, participants with low moral identity did not donate more to recipients whose responsibility was high in the immorality salience condition ($M = 4.08$) than in the neutral condition (*M* = 4.52; $p > .20$), which is consistent with the empathy elicitation being stronger for those with higher moral identity (Aquino et al. 2011). See figure 2.4 for results.

Mediating Role of Empathy. Given empathy was the process underlying the positive effect of moral identity on charitable giving in earlier studies, I tested whether salience of one's own immorality increased donation intentions to charity recipients whose perceived responsibility was high through empathy. I conducted this analysis using Hayes' process macro (Model 8; Hayes 2012). In the neutral condition, the two-way interaction between moral identity and recipient responsibility was mediated by empathy (*ab* = -.15, 95% CI = -.40 to -.01). Specifically, in the low responsibility condition, the positive effect of moral identity on donation likelihood was mediated by empathy (*ab* = .17, 90% CI = .002 to .38). In the high responsibility condition, empathy did not mediate the relationship between moral identity and donation likelihood (*ab* = -.14, 95% CI = -.43 to .01), supporting hypothesis 2 and consistent with earlier studies.

In the immorality salience condition, given there was no significant two-way interaction between moral identity and recipient responsibility, I conducted an indirect effects test for the main effect of moral identity on donations controlling for recipient responsibility (Model 4). The positive effect of moral identity on donations was mediated by empathy (*ab* = .26, 95% CI = .11 to .45). Specifically, moral identity increased empathy ($\beta = .44$, $p < .005$) and empathy increased donation likelihood ($\beta = .58$, $p < .0001$).

Discussion. This study demonstrates that the two-way interaction of moral identity and recipient responsibility on donation likelihood is moderated by consumers' immorality salience, as proposed in hypothesis 4. Specifically, when consumers' moral failings are made salient, moral identity increases donations regardless of recipient responsibility, but when immorality is not salient, the effect of moral identity is conditional on the recipient responsibility, consistent with previous studies. Additionally, this study shows that immorality salience motivates charitable giving of consumers with higher moral identity by stimulating empathy.

2.9 General Discussion

This research builds on the growing literature on charitable giving by demonstrating that, depending on the responsibility of the charity recipients for their plight, donations may not be perceived as moral behavior. As such, I show that contrary to the existing literature on moral identity and charitable giving, consumers whose moral identity is central to their self-concept are *less* likely to engage in charitable giving when charity recipients are responsible for their plight. The studies reported in this article demonstrate that consumers with high moral identity take into account the perceived responsibility of charity recipients in their donation decisions. I also find that the joint effect of moral identity and recipient responsibility on charitable giving is driven by empathy and justice such that moral identity increases empathy for charity recipients with low perceived responsibility but not for recipients with high perceived responsibility due to a focus on perceived injustice of donations. Importantly, I demonstrate that when consumers with high moral identity recall their own moral failings, they engage in charitable giving based on enhanced empathy for the recipients regardless of recipient responsibility.

Theoretical Contributions. These findings add to the literature on charitable giving, empathy, and moral identity as well as effects of perceived responsibility, which has not explored the joint impact of moral identity and recipient responsibility on charitable giving. Despite the growing body of work on charitable giving in consumer research (Fennis et al. 2009; Winterich et al. 2013; Zhou et al. 2012), only limited research has focused on characteristics of the charity recipients (Smith et al. 2013). In existing research, moral identity has often been found to increase consumers' tendency to engage in charitable giving as a moral behavior, but research has not considered to what extent this factor motivating donations may be affected by the type of charity recipients involved. This research offers insights into a boundary condition of the effect of moral identity such that when recipients are responsible for their plight, moral identity decreases rather than increases donations.

More importantly, the theorizing and empirical demonstration of the mechanisms underlying the joint effect of moral identity and recipient responsibility make contributions to the literature in empathy, moral identity, and perceived responsibility. Building on the research by Batson et al. (1995), which suggested that empathy and justice may be independent motives, we make a unique contribution by demonstrating two different paths (i.e., empathy and justice) that underlie donation decisions. When recipients are responsible for their plight, perceived injustice tends to increase with moral identity, decreasing donations. However, the elicitation of empathy through immorality salience can enhance charitable giving even for these recipients with high responsibility. These insights regarding the underlying process via empathy and justice add to existing research regarding the mechanisms through which moral identity impacts charitable giving such as inclusion of others in the self (Winterich et al. 2009) and the state of moral elevation (Aquino et al. 2011). Demonstrating that recalling of one's own moral failings evokes empathy for others who are responsible for immoral behavior also contributes to literature in empathy, perspective taking, and perceived responsibility. At a broader level, the findings that eliciting empathy can overcome the effect of justice concerns in donation decisions for charity recipients responsible for their plight contribute to the literature recognizing the importance of affect (vs. cognitions) in consumers' charitable giving (Bagozzi and Moore 1994; Batson et al. 1995; Fisher et al. 2008; Small et al. 2007; Small and Verrochi 2009; Zhou et al. 2012).

This research also extends Aquino et al.'s (2011) findings, which showed that individuals with high moral identity may be more susceptible than others to experiencing a state of moral elevation. I demonstrate that individuals with higher moral identity are also more susceptible than others to experiencing empathy based on the perceived similarity of the target of empathy and themselves. These findings may imply that individuals with high moral identity are those who are more susceptible to experiencing emotions that motivate altruistic desires and helping behavior, although sometimes acting based on these emotions may be inconsistent with their justice perceptions.

Practical Implications. Consumers have limited financial resources to donate, and, thus, charities compete to attract donors' support. I demonstrate that charities supporting beneficiaries who are perceived as responsible for their plight may have a difficult time attracting donations. I acknowledge that charities do not tend to highlight the responsibility of their recipients for morally disapproved behaviors, but believe that consumers tend to perceive recipients to be responsible. In an additional study not reported in this paper, I find that even when the cause of recipient plight is unspecified, the positive effect of moral identity on donations is attenuated, likely due to consumers' inferences about recipient responsibility. Thus, charitable organizations or for-profit organizations engaging in cause-related marketing may need to be cautious when describing causes and beneficiaries that they support in their advertising and fund-raising campaigns, particularly if the recipients could be perceived as responsible for their plight and thus undeserving of donations. In such cases, organizations need to be sure to specify or imply low responsibility of their recipients in their charitable appeals or, alternatively, seek to elicit empathy to be most effective in their fund-raising.

Marketers for these charitable organizations need to recognize that drawing upon consumers' moral identity may not always benefit their donation solicitation efforts, particularly when they are seeking aid for recipients responsible for their plight. Specifically, emphasizing the moral principle of justice may lead consumers to withhold donations to recipients with high plight responsibility. Therefore, making a broader spectrum of morality (e.g., including both justice and empathy) salient in donation appeals may lead to negative consequences. Instead, marketers should specifically focus on moral values of empathy and benevolence. Nonprofit marketers should also consider that consumers with higher moral identity are more susceptible to situational stimulation of empathy, which increases donations. As such, they may consider using donation appeals that stimulate empathy in their marketing communications as in study 4. While such donation appeals are likely to be effective at soliciting donations regardless of recipient responsibility (Bagozzi and Moore 1994; Fisher, Vandenbosch, and Antia 2008; Zhou et al. 2012), they should be particularly beneficial when beneficiaries may be perceived as responsible for their plight.

Limitations and Future Research. Given past research on the positive effect of moral identity on charitable giving (Reed and Aquino 2003; Winterich et al. 2009), it is important to note that in studies 2 and 3 the positive effect of moral identity on donations to recipients who are not responsible for their plight was only marginally significant. One possibility for this weaker effect relative to past literature is that specifying low recipient responsibility positively influenced donations of consumers with lower moral identity, weakening the positive effect of moral identity, as evidenced by the main effect of perceived responsibility in these studies and previous research (Farwell and Weiner 2000; Henry et al. 2004). Importantly, I consistently demonstrated the negative effect of moral identity on donations to recipients with high plight responsibility, which is a main contribution of the current research.

Since perceived responsibility for the plight is a focal variable in this research, I only examined situations in which there is a direct causal link between the recipients' immoral behavior and their plight, consistent with the definition of perceived responsibility by Shaver (1985). Since donors would not typically be aware of a charity recipient's immoral behavior that is unrelated to the recipient's plight, I did not explore situations in which recipients committed immoral behavior that is irrelevant to their plight. However, future research can explore whether these effects remain when the immorality of the recipient is unrelated to the reason for the plight. For instance, the negative effect of moral identity on charitable giving may be attenuated for recipients who have committed an immoral behavior that is not associated with their plight.

In study 4, I demonstrated a condition in which the negative effect of moral identity on donations to recipients who are responsible for their plight is reversed through situational stimulations of empathy. Future research can explore different ways to reverse this negative effect of moral identity on donations. For example, it may be possible to prime consumers to define morality primarily based on empathy and forgiveness rather than justice or integrity. It may also be possible to prime consumers with a religious mindset, which may lead them to focus on forgiveness and benevolence for the less deserving.

The current research focuses on monetary donations, but research has demonstrated that the value of time and money can be different for individuals who are high in moral identity (Reed et al. 2007). Thus, charitable giving involving money may be different from other prosocial behaviors requiring time (Liu and Aaker 2008; Mogilner and Aaker 2009). Future research can examine whether these effects remain for other prosocial behaviors. Future research should also consider other boundary conditions of the positive association between moral identity and prosocial behaviors given the limited work in this area.

Conclusion. Contrary to the consistently positive relationship between moral identity and charitable giving established in the literature, we show that higher moral identity does not unconditionally lead to greater charitable giving. Instead, the positive effect of moral identity on charitable giving is conditioned on recipient responsibility due to greater focus on justice concerns. However, I suggest that consumers with higher moral identity still have a greater potential to donate to recipients who are responsible for their plight than those with lower moral identity, because they are more susceptible to situational factors that evoke empathy. There are many stigmatized groups of people in society who are in need of aid but may be perceived as responsible for their plight. This research provides important implications for nonprofit marketers who are seeking to help these people in dark corners.

Figure 2.1

Study 1: Monetary Donation to ACHC

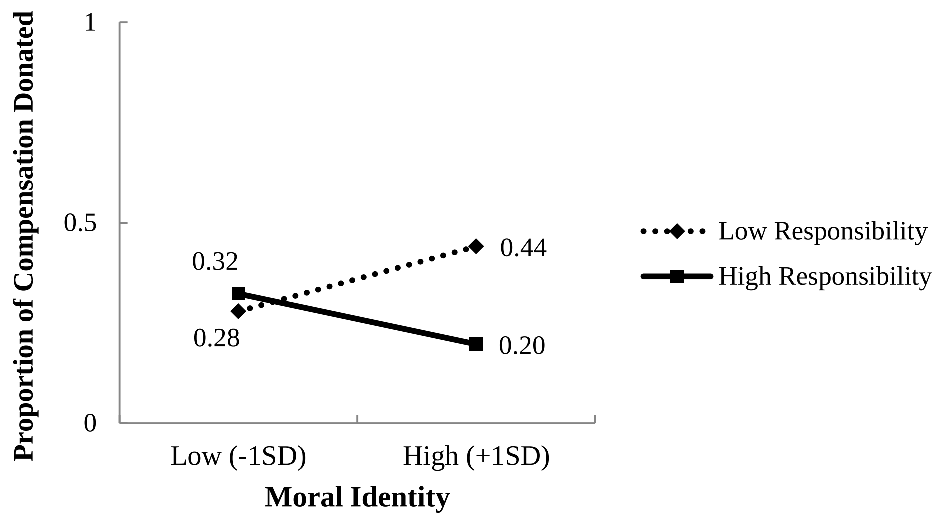


Figure 2.2

Study 2: Donation Likelihood to Community Health Clinic

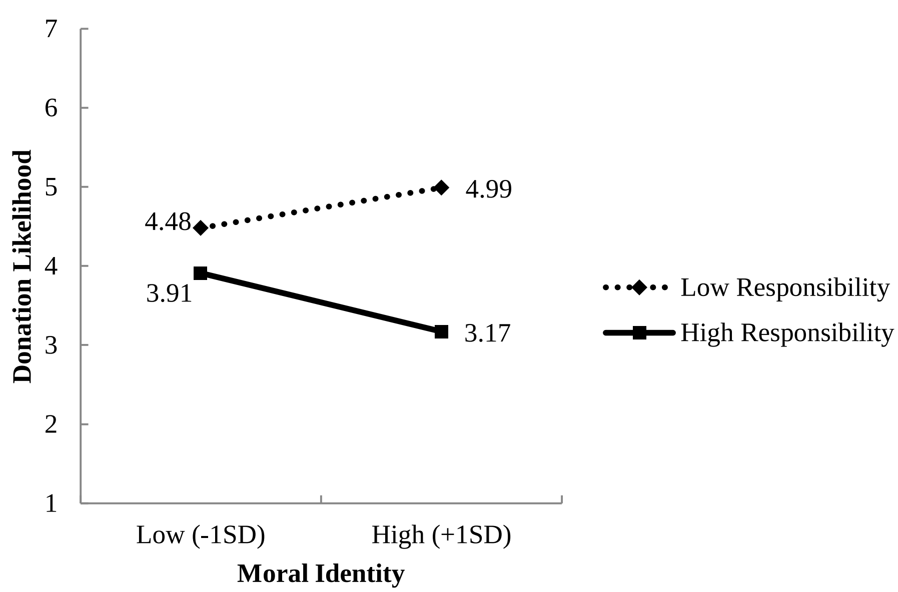
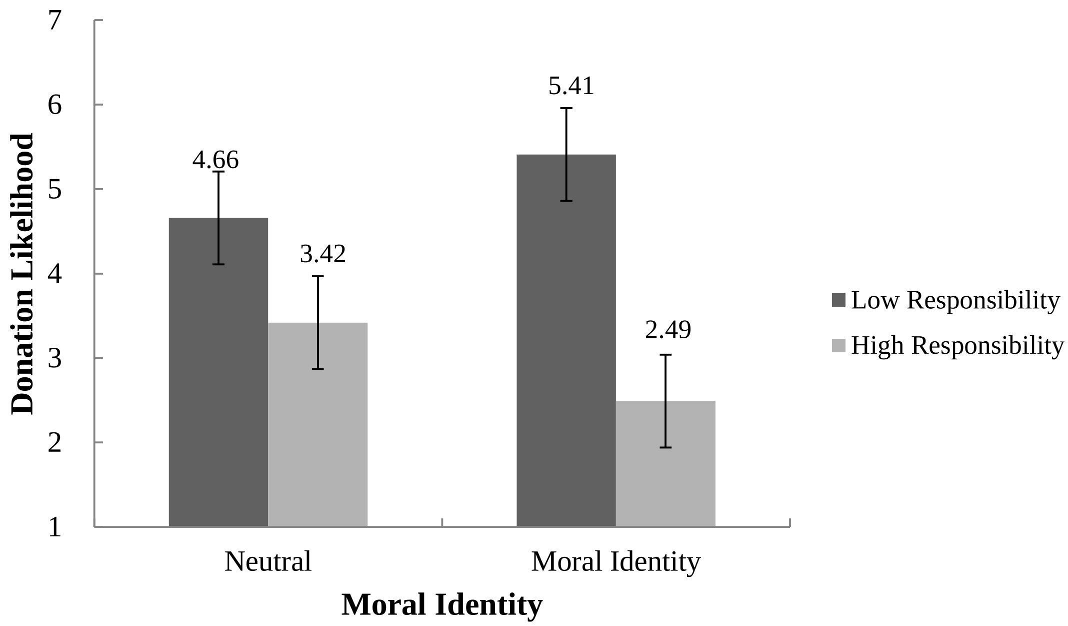


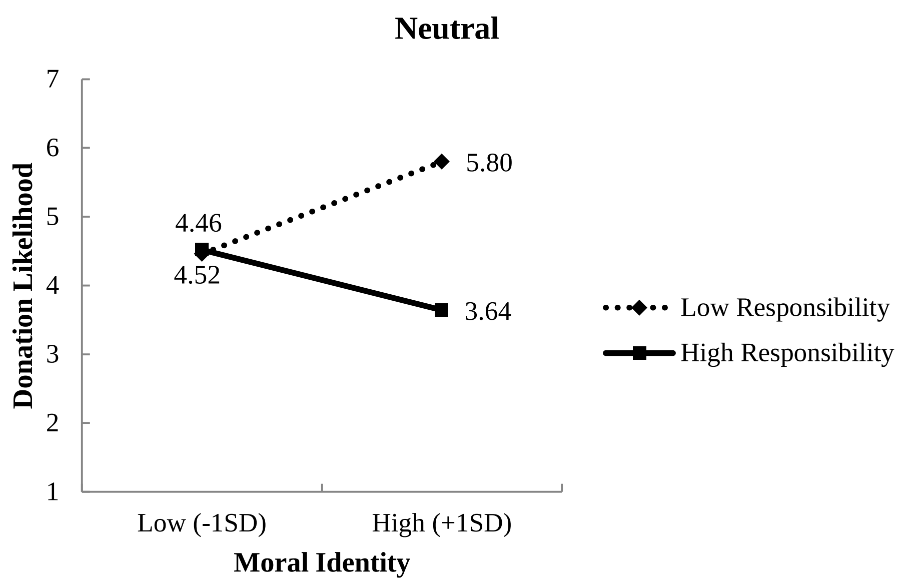
Figure 2.3
Study 3: Donation Likelihood to Warm for Winter Charity

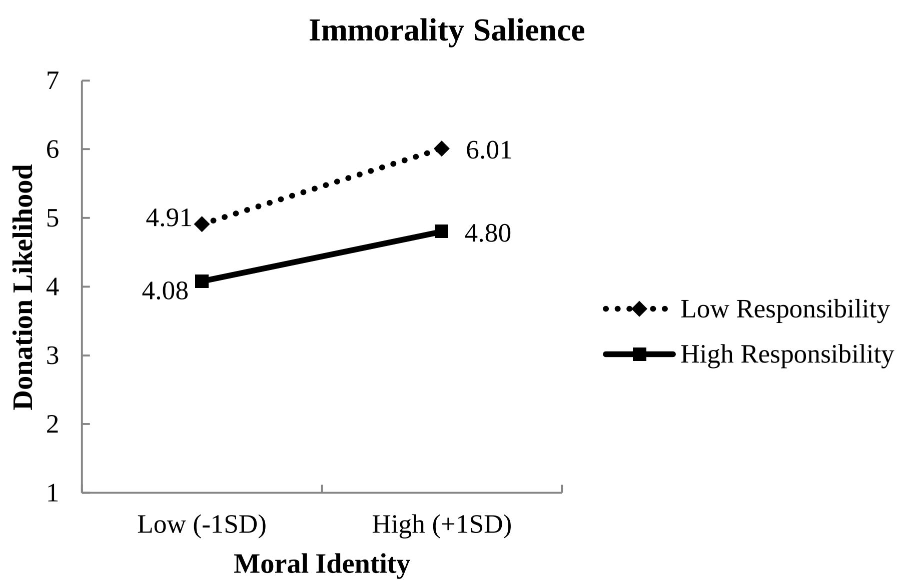


Note. Error bars indicate confidence intervals.

Figure 2.4

Study 4: Donation Likelihood to AIDS Association





Chapter 3

ESSAY 2: “WHY DON’T YOU PAY AS LITTLE AS POSSIBLE?” CONSTRAINTS ON CONSUMERS’ SELF-INTEREST SEEKING IN PARTICIPATIVE PRICING

3.1 Introduction

Suppose that you are at a café to get a cup of tea. The café allows you to pay as much or as little as you wish to pay. How much would you choose to pay for a cup of tea? How much would you care about providing a fair return to the seller? Would the price you offer for the tea differ if you were with someone you’d like to get to know better or if the other person paid a certain price first?

Although the seller usually sets prices, several pricing strategies delegate some control over prices to the consumer. These include auctions and reverse auctions as well as Name-Your-Own-Price and Pay-What-You-Want systems. Kim, Natter, and Spann (2009) refer to these as participative pricing mechanisms, because consumers participate in price setting. This research examines how consumers make price decisions in Pay-What-You-Want (PWYW) situations, although the findings may also have implications for participative payment contexts more generally. With PWYW pricing, consumers have complete control over prices and can pay as much or as little as they want for a product or service. Sometimes the seller provides a minimum price to be paid or a suggested price, but mostly consumers are free to choose their own price (including zero). In 2007 the rock band Radiohead was successful in marketing its album, “In Rainbows,” using PWYW pricing. Since then, restaurants, online music services, movie theaters, and museums around the world have experimented with or adopted this pricing strategy. For instance, the bakery and restaurant chain Panera Bread Co. has three PWYW stores running since 2010 and is planning to expand the model.

PWYW pricing is a kind of dictator game, which was developed in behavioral economics research, in which one player (the allocator or dictator) is asked to divide an amount of money (e.g., $10) between another player (the recipient) and him- or herself. If the allocator were solely motivated by self-interest seeking, he or she should assign nothing to the other player. However, prior research has shown that a concern with fairness, equity, reciprocity, and other-regarding behavior leads many players to offer a positive (and sometimes equal) share of the total pie to the other player (Forsythe et al. 1994; Hoffman, McCabe, and Smith 1996; Kahneman, Knetsch, and Thaler 1986; List 2007).

Likewise, social motivations, including fairness, are an important factor influencing consumers' PWYW pricing decisions. Prior research has explored what motivates consumers to pay a nonzero amount, and under which conditions PWYW pricing can be a profitable strategy for companies (Chen, Koenigsberg, and Zhang 2009; Fernandez and Nahata 2009; Gneezy et al. 2010; Isaac, Lightle, and Norton 2010; Kim et al. 2009; Mak, Zwick, and Rao 2010; Regner 2010; Riener and Traxler 2011). Although much of this research reports theoretical analyses, there is empirical evidence that fairness toward the seller and satisfaction with the service, and possibly altruism and loyalty, increase the price paid, whereas price consciousness reduces it (Kim et al. 2009); reciprocity and guilt increase voluntary payments (Regner 2010); promises by the seller to contribute some of the revenue to a charitable cause have a positive effect on price offers (Gneezy et al. 2010); and self-image concerns about wanting to be fair are an important influence on whether consumers take advantage of a PWYW opportunity and how much they will pay (Gneezy et al., 2012). In general, these results confirm that various social motivations associated with “being a good person” increase the amount paid in PWYW situations.

The present research builds on this prior work in the following ways. Although the literature has considered motivations other than self-interest seeking as influences on price offers, the emphasis has been on the motivations emanating from the transaction between the focal consumer and the seller. However, a consumer’s willingness to pay may also be affected by the presence of other consumers who are not directly involved in the specific transaction with the seller but who are present during it, and by characteristics of the transactions that other consumer are engaged in with the seller. I believe that the role of other consumers is crucial because PWYW pricing schemes are frequently offered in contexts where consumption occurs with other consumers, such as in movie theaters, museums, or restaurants, or where social communication about the consumption is common such as in music or software downloads. I examine the role played by (1) the relationship between the focal consumer and other consumers, and (2) the transactions between other consumers and the seller when these transactions precede the transaction of the target consumer. I test the notion that other consumers can generate social pressure to manage a favorable impression and display a desired image of prestige, status, and wealth, thereby encouraging the focal consumer to offer a higher price to the seller. I also investigate the influence of social norms activated by other consumers’ transactions with the seller. That is, the focal consumer may observe the price paid by another consumer, which may guide the consumer’s own price decision.

In addition, and extending prior research on PWYW pricing, I consider the interplay between the potentially conflicting motivations emanating from the interactions between the focal consumer, the seller, and other consumers. For example, what happens when a concern with fairness leads the consumer to offer a higher price, but the low price offer of another person creates a countervailing norm that reinforces self-interest seeking? Even when the motives influencing a consumer's willingness to pay are not in conflict (convergent), will their effect be additive (e.g., fairness and impression management independently increase the price paid) or interactive (once the fairness motive is satisfied, impression management has no further influence on the price paid)? Empirical studies will try to answer these questions and show that price decisions in PWYW situations are governed by multiple motives that affect the price paid in intricate ways. Understanding the balance of the motivations provides new theoretical insights and may guide managerial decisions in PWYW situations.

The next section describes my framework. It specifies the three dyadic relationships between the focal consumer, seller and other consumers, and the motivations and social norms that govern these relationships. Then three sets of studies demonstrate the interplay between the motivations governing the dyadic relationships. A summary of the findings and implications for marketing practice is provided.

3.2 Conceptual Framework

3.2.1 Motives Governing Price Decisions in PWYW Contexts

Figure 3.1 depicts my conceptual model of the factors influencing consumers' price decisions in PWYW situations. Three types of relationships are relevant. Of most immediate interest is the exchange relationship between the focal consumer and the seller. The transaction price is usually fixed in consumer markets, although the consumer may sometimes be able to get a small price concession from the seller (e.g., by taking advantage of a coupon or rebate, or negotiating a discount). In the PWYW scenario, consumers have complete control over the price paid, and would pay nothing if they were solely motivated by economic self-interest seeking. Traditional economic theory predicts that a rational individual will pay as little as possible for a given benefit in order to maximize his or her utility. Since price is usually perceived as a sacrifice (Monroe 1973; Lichtenstein, Ridgway, and Netemeyer 1993) and does not function as a signal of quality in the PWYW context (product quality is independent of the price paid), consumers should generally prefer to offer very low prices in an effort to further their own self-interest.

However, there is a countervailing motivation to be fair to the transaction partner, which constrains economic self-interest. Fairness is generally regarded as one of five universal moral foundations that collectively "regulate selfishness and make social life possible" (Haidt and Kesebir 2010, 800; also Haidt and Graham 2007). Even under conditions that would favor pure self-interest seeking, economic research has documented the importance of fairness, in terms of inequity aversion (Bolton and Ockenfels 2000; Fehr and Schmidt 1999), reciprocity (Rabin 1993), and altruism (Levine 1998).

In the PWYW context, the finding that consumers generally pay more than zero has been partly attributed to fairness (Chen et al. 2009; Regner 2010). Kim et al. (2009) found that those who paid more for various PWYW services were more likely to agree with the statement that the price paid was fair to the seller. My framework therefore assumes that fairness is an important motivation governing the interaction between the focal consumer and the seller, and that fairness will have a countervailing influence on the self-interest seeking that would otherwise lead to very low price offers in PWYW situations.

In addition to the focal transaction, the relationship between the focal consumer and other consumers has to be considered as well. Social influence has been shown to be an important determinant of behavior in general (Cialdini and Goldstein 2004) and of price-related behavior in particular (Lichtenstein et al. 1993). I propose that the presence of certain other consumers may stimulate prestige seeking, that is, attempts to signal status and wealth, which may lead to paying a higher price (Lichtenstein et al. 1993). Prior research has shown how prestige sensitivity can influence discount purchases (Sengupta, Dahl, and Gorn 2002) and coupon redemption (Argo and Main 2008; Ashworth, Darke, and Schaller 2005). Yet, such impression-motivated concerns have not been studied in PWYW situations. In the proposed framework, prestige sensitivity is assumed to be the primary motivation emanating from the relationship between the focal consumer and (certain) other consumers. I propose that the focal consumer may use a higher price offer as a signal to prevent a negative image of cheapness and stinginess (Ashworth et al. 2005) and to signal financial wealth and status (Griskevicius et al. 2007; Kasser and Ryan 1996; Kenrick et al. 2001; Singh 1995). However, as discussed in more detail below, there are important boundary conditions for this type of influence, because high prices are not always an appropriate strategy to manage a desirable social impression.

In contrast to the usual transactions where prices are fixed, the PWYW context holds substantial uncertainty for the consumer about how to choose an appropriate price. In order to cope with this uncertainty, the consumer may rely on cues from the environment to determine the price to be paid to the seller. The price offered by another person is likely to be a particularly salient signal. That is, if another consumer pays a low (high) price to the seller, the focal consumer may offer a similarly low (high) price. This can occur in one of two ways (Kallgren, Reno, and Cialdini 2000). First, the focal consumer may simply follow the descriptive norm established by the other person's behavior (i.e., what others normally do) and use it as a convenient decisional shortcut to arrive at an appropriate course of action. Second, the focal consumer may conform to an injunctive social norm (i.e., what one should do) in order to gain social approval or avoid disapproval. This is particularly likely when a person has a high need to belong and wants to form a social bond with the other person (Baumeister and Leary 1995). Based on this, this research adds the interaction between other consumers and the seller as the third relationship that exerts an influence on the focal consumer’s price decision. In particular, I focus on the communication value that the prices offered by other consumers have on the focal consumers’ own price decisions.

3.2.2 The Interplay of Multiple Motives: Predictions

The predictions for each of the individual motivations arising from the three types of relationships are straightforward. Yet, the multiple motivations in combination may perhaps have contradictory influences on consumers’ price decisions. On the one hand, self-interest seeking should push consumers’ willingness to pay toward zero. Furthermore, self-interest seeking will be reinforced when the consumer observes another consumer paying a low price first. On the other hand, fairness, prestige sensitivity, and other consumers’ high price offers should increase people’s willingness to pay. I expect that, in general, consumers will take advantage of being given control over prices by paying less than the suggested regular price (reflecting self-interest seeking), but that they will not pursue their maximum self-interest and offer a price significantly greater than zero (reflecting various social motivations). I also anticipate that prices will vary depending on which particular motivations are salient in a given situation, and I report three sets of studies that examine the effect of various combinations of motives on price decisions.

The first study (study 1) investigates a situation in which fairness to the seller and prestige sensitivity vis-à-vis other consumers are stimulated. With regard to fairness, I propose that when the focal consumer is socially close to (vs. distant from) the seller, the consumer will be concerned about being fair to the seller, which will result in higher price offers compared to the case where economic self-interest is the primary motivation. For example, when the consumer has repeated interactions with the seller leading to an ongoing relationship, the distance to the seller is reduced. In such a case, the exchange between the consumer and the seller takes on characteristics of a social exchange, which is distinct from a purely economic exchange based on rational calculations of self-interest (Fiske 1992; Heyman and Ariely 2004), and fairness concerns should push the price offered up (Austin 1980; Hoffman et al. 1996; Loewenstein, Thompson, and Bazerman 1996; Shapiro 1975). I predict that when consumers are socially close to the seller, they will offer higher prices motivated by the desire to provide a fair return to the seller.

With regard to prestige sensitivity, I predict that the presence of another consumer who stimulates impression motivation will increase the price offered by the focal consumer. Shopping in the presence of other consumers versus shopping alone encourages consumers to favor higher-priced products under certain circumstances. For example, Argo, Dahl, and Manchanda (2005) observed that consumers tended to avoid the cheapest and lowest quality product in the presence of other shoppers. Similarly, Kurt, Inman, and Argo (2011) demonstrated that agency-oriented consumers (males) and those high in self-monitoring tended to spend more when they were shopping with others. I suggest that in the pricing context, the presence of certain other consumers may increase prestige sensitivity for impression management. In contrast to previous research, which has investigated situations in which consumers are shopping alone versus shopping with others, I compare situations in which consumers are shopping in the presence of various types of other consumers who stimulate different levels of impression motivation. This provides a stronger test of the influence of other consumers on the prices paid and enables me to more clearly attribute differences in willingness to pay to variation in impression motivation and prestige sensitivity.

In particular, the presence of unfamiliar others with whom the focal consumer would like to develop a stronger relationship (e.g. a new friend, a date) can heighten people's impression motivation (Leary and Kowalski 1990). This will, in turn, stimulate prestige sensitivity and lead to higher price offers, since the consumer can communicate positive traits (status, wealth, prominence) to other consumers by paying a higher price (Lichtenstein et al. 1993).

It is not evident what will happen when both fairness to the seller and impression motivation vis-à-vis another consumer are simultaneously salient. Since economic self-interest will decrease people's willingness to pay, the social motivations of fairness and prestige sensitivity may not additively increase price. When consumers seek a balance in the transaction with the seller, either a small social distance to the seller or the presence of another consumer who stimulates impression motivation may increase the price paid relative to the situation in which neither social motivation is present. The combined effect of both variables will then not increase prices further. Furthermore, there is reason to speculate that fairness may have the more prominent role here. The relationship between the consumer and the seller is most directly relevant to the transaction and fairness has characteristics of a universal, moral precept (Wilson 1993). Therefore, one may expect that fairness will be the primary motivation influencing price decisions when both fairness and impression motivation are simultaneously present and that prestige sensitivity will have no (or a much smaller) influence on the price paid when fairness concerns are salient.

Studies 2a and 2b examine under which circumstances prestige sensitivity is seen as an appropriate impression management strategy. In general, consumers who are motivated to make a favorable impression on another person are expected to exhibit prestige sensitivity because financial success, wealth, and social status are generally desirable (Kasser and Ryan 1996), and wealthy individuals are considered to be more attractive than less wealthy individuals (Griskevicius et al. 2007; Kenrick et al. 2001; Singh 1995). However, demonstrating one's ability to pay higher prices is not the only way to create a favorable impression and, importantly, the value of prestige sensitivity as an impression management tactic depends on the specific values held by the other person whom one wishes to impress. In particular, if the focal consumer infers that the other person may not value extrinsic goals related to financial success, wealth, and social status, or if the other person's price decisions reflect a lack of concern with prestige sensitivity (e.g., the other consumer offers a low price first), the effect of impression motivation on prestige sensitivity and willingness to pay should be diminished. Thus, fairness is expected to universally raise the price offered relative to a situation governed by pure economic self-interest seeking. Yet, the influence of other consumers depends on inferences about the motivations of these other consumers based on the social norms established by other consumers, and may accordingly increase or decrease the price offered.

The final study 3 investigates the influences on the focal consumer's price decision emanating from each of the three dyadic relationships (fairness, prestige sensitivity, and the social norm established by another person's price offer). Based on prior findings that consumers find it acceptable for a firm to raise prices when profits are threatened (Bolton, Warlop, and Alba 2003), I reasoned that concern for the seller's welfare would be higher when consumers believe that the seller's business was not very profitable. That is, when the seller is perceived to be relatively low (high) in profitability, consumers should be more (less) strongly concerned with fairness.

As in study 1, I expected that greater prestige sensitivity would lead to higher price offers when consumers were not concerned with being fair. However, when fairness was salient, consumers' willingness to pay should be uniformly high regardless of impression motivation. I also hypothesized an interaction between fairness (profitability of the seller) and price paid by the other consumer. When consumers believe that the seller's business is profitable and the motivation to be fair to the seller is therefore not salient, the price decision should be consistent with the other person's price offer. That is, the focal consumer should pay a relatively low price when the other person pays a low price and a relatively high price when the other person pays the suggested regular price. The other person's price offer may serve either as a descriptive norm, which facilitates efficient decision making in an uncertain environment, or as an injunctive norm, which people conform to in order to gain approval or avoid disapproval. In contrast, when fairness concerns are salient (i.e., when the seller's business is not very profitable), consumers are expected not to conform to others' low price offers and the price paid should be relatively high regardless of the other person's behavior. Similar to the situation in which fairness is in conflict with prestige sensitivity, fairness is thought to be a stronger motivation than conformity to social norms since it is more directly relevant to the distribution of utility in the focal transaction between the buyer and the seller and also because it has characteristics of a moral precept as discussed earlier.

I do not expect that conformity with others' behavior will depend on whether or not the other consumer is someone whom one wishes to impress (e.g., a date or a close friend in study 3) because adherence to either a descriptive or injunctive norm is not a function of impression motivation (i.e., no interaction between the other person's price offer and type of other consumer is hypothesized). Conformity is encouraged by people's need to belong, fit in, and maintain social bonds in interpersonal relationships, which applies to both dates and close friends. Similarly, I do not expect that the interaction between profitability of the seller and the other person's price offer will depend on whether the other person is a date or close friend (i.e., there should be no three-way interaction), because consumers should conform to both a date's and a close friend's behavior when fairness is not salient, and fairness should dominate the motivation to adhere to social norms regardless of whether the other person is a date or a close friend.

3.3 Study 1

Study 1 simulates a situation in which the social motivations of fairness to the seller and prestige sensitivity vis-à-vis other consumers counterbalance self-interest seeking and interactively influence the price decision.

3.3.1 Pretest

To pretest the manipulation of impression motivation, 165 participants (59% males) were assigned to one of the three experimental conditions (type of other consumer: close friend, admired friend, or date). They were presented with a description of the other consumer depending on their gender. For example, a date was described as an opposite-gender friend whom participants had met recently and would like to get to know better, whereas a close friend was described as a same-gender friend whom they had known for a long time. An admired friend was described as a same-gender friend whom participants would like to get to know better and would like to model themselves after. They then completed an item measuring impression motivation: "I wanted to make a good impression on my friend" (1 = not at all to 7 = very much).

An ANOVA using type of other consumer and gender of the participant as independent variables and impression motivation as the dependent variable revealed a significant main effect of type of other consumer ($F(2, 159) = 47.73$, $p < .0001$). A date generated stronger impression motivation ($M = 5.33$) than an admired friend ($M = 4.23$; $t(159) = 2.97$, $p < .005$) or a close friend ($M = 2.24$; $t(159) = 9.06$, $p < .0001$). Furthermore, an admired friend ($M = 4.23$) generated stronger impression motivation than a close friend ($M = 2.24$, $t(159) = 6.59$, $p < .0001$). Neither the effect of gender ($F(1, 159) = 1.65$, $p > .20$) nor the interaction between gender and type of other consumer ($F(2, 159) = .54$, $p > .50$) was significant. These results confirm that both a date and an admired friend stimulated stronger impression motivation than a close friend. Based on the findings of this pretest, I manipulated type of other consumer as a date versus a close friend in studies 1, 2a, and 3 and as an admired friend versus a close friend in study 2b.

3.3.2 Method

Participants and Design. A total of 261 undergraduate students were randomly assigned to the four conditions of a 2 (type of other consumer: date vs. close friend) × 2 (social distance to the seller: small vs. large) between-participant design. I deleted three outliers with excessively high prices (prices = 20, 100, and 150) based on a Mahalanobis outlier analysis ($p = .0002$). I also deleted 24 respondents who failed to answer correctly to an attention check item, leaving 234 responses (56% males) in the final dataset. Including these 24 responses did not change the results dramatically (i.e., the interaction was still significant; $F(1, 254) = 6.49$, $p = .01$). However, eliminating these responses helped improve the effect of the manipulations and the pattern of the results.

Procedure. Participants read a scenario in which they went to a used bookstore with either a date or a close friend. A date or a close friend was described as in the pretest, except that the gender of the date or close friend was not specified in this study. In the small social distance condition, participants read that at the checkout counter, they recognized that the cashier was a fellow classmate at university who mentioned that he was helping his parents run the bookstore. In the large social distance condition, no further description was provided about the cashier. In both conditions, the cashier explained that the regular price of the book that participants were going to buy was $8, but that the bookstore had recently started offering PWYW pricing on books below $10 (see the appendix for details). Participants were then asked to indicate the specific amount they were willing to pay for the book. After that, participants completed a series of questions about prestige sensitivity, fairness, and the manipulation of social distance, as described below.

3.3.3 Measures

Fairness. Fairness was measured with two items: "I wanted to pay a price that was fair to the bookstore" and "I wanted to pay a price that would provide a fair return for the bookstore" (1 = completely disagree to 7= completely agree; α = .93).

Prestige Sensitivity. Prestige sensitivity stimulated by the other consumer was measured by three items: "I wanted to pay a price that was high enough to show the friend I was with/my date that I wasn't cheap," "I wanted to pay an amount that was sufficient to show my ability to afford things to my friend I was shopping with/date" and "I wanted to offer a price that was high enough to avoid looking stingy to my friend I was shopping with/date" (1 = completely disagree to 7= completely agree; α = .94). Similar items were used to measure prestige sensitivity engendered by the cashier, but there were no significant effects, so I did not consider this variable further.

Manipulation Check for Social Distance. Ninety-six percent of participants in the small social distance condition correctly indicated that the cashier was their classmate from university and 91% participants in the large social distance condition correctly indicated that the cashier was someone they did not know.

3.3.4 Results

Price Paid. As expected, the price offered was significantly greater than zero but lower than the regular price, \$8, in all conditions. Economic self-interest was thus apparent in all conditions, although it was not strong enough to result in a price of zero. An ANOVA with price paid as the dependent variable and type of other consumer and social distance to the seller as independent variables yielded a marginally significant main effect of type of other consumer ($F(1, 230) = 3.57$, $p = .06$) and a significant main effect of social distance ($F(1, 230) = 21.09$, $p < .0001$), such that participants paid a higher price when the distance was small ($M = 6.81$) versus large ($M = 5.46$). Importantly, the interaction between type of other consumer and social distance to the seller was significant ($F(1, 230) = 9.18$, $p < .005$). The interaction revealed that when participants were socially distant from the seller, they offered a significantly higher price when they were with a date ($M = 6.18$) than with a close friend ($M = 4.73$; $t(230) = 3.54$, $p < .001$). In contrast, when participants were socially close to the seller, participants offered a relatively high price in general, which did not differ between the date condition ($M = 6.65$) and the close friend condition ($M = 6.98$; $t(230) = -.80$, $p > .40$). Also, when participants were with a close friend, a small social distance increased the price paid ($M = 6.98$) compared to a large social distance ($M = 4.73$; $t(230) = 5.44$, $p < .0001$). However, when participants were with a date, the price paid was generally high and the same in the small ($M = 6.65$) and the large ($M = 6.18$) social distance conditions ($t(230) = 1.10$, $p > .20$) (see figure 3.2-a).

Mediation Analysis. I used the condition in which participants were with a close friend and socially distant from the seller as the baseline condition, and examined which motivations led to higher prices in the other three conditions compared to this condition. Specifically, I tested the indirect effects via fairness toward the seller and prestige sensitivity vis-à-vis the other consumer, comparing each of the three conditions to the baseline condition (Preacher and Hayes 2004). First, when the social distance to the seller was large (i.e., when fairness motivation was not salient), the positive effect of a date versus a close friend on price paid was mediated by prestige sensitivity. That is, the indirect effect via prestige sensitivity was significant (95% Bootstrap CI = .04 to 1.55, not overlapping zero), but the indirect effect via fairness was not significant (95% CI = -.27 to .61). Second, when participants were with a close friend (i.e., when prestige sensitivity was not salient), the positive effect of a small social distance to the seller on price paid was mediated by fairness. That is, the indirect effect via fairness was significant (95% CI = .23 to 1.31), whereas the indirect effect via prestige sensitivity was not significant (95% CI = -.29 to .38). Third, the combined effect of a small social distance to the seller and the presence of a date (i.e., when both fairness and prestige sensitivity were salient) on price paid was mediated by fairness. The indirect effect via fairness was significant (95% CI = .30 to 1.33), but the indirect effect via prestige sensitivity stimulated by the other consumer was not significant (95% CI = -.54 to .72) (see table 3.1-a for detailed results).

The results support the predictions with regard to the effects of self-interest seeking, fairness to the seller and prestige sensitivity vis-à-vis other consumers on consumers' price decisions. In particular, when fairness and prestige sensitivity were both salient, the combined effect of both motivations was sub-additive, presumably because consumers were still motivated by economic self-interest. Furthermore, fairness was the primary motivation leading to higher prices in this case, perhaps because fairness is more directly relevant to the transaction, or because it has characteristics of a moral precept (Wilson 1993).

3.4 Study 2a

This study tests the idea that the specific values held by the other consumer can signal whether or not paying a relatively high price is seen as an appropriate means of creating a favorable impression. If the other person is affluent and leads a materialistic lifestyle, the general social norm that prestige sensitivity is a desirable trait is reinforced and the consumer may feel pressure to offer a price that is higher than the price that would be chosen if only economic self-interest were salient. In contrast, if the other person signals that he or she is not motivated by economic status and leads a frugal lifestyle, the consumer may infer that the general social norm concerning the value of prestige sensitivity does not apply in this situation and there should be less pressure to offer a price that is higher than the price implied by economic self-interest.

3.4.1 Method and Measures

Participants and Design. A total of 190 undergraduate students were randomly assigned to one of the conditions of a 2 (type of other consumer: date vs. best friend) × 2 (lifestyle of the other consumer: materialistic vs. frugal) between-participant design, or a control condition in which there was no salient social pressure. The responses of three participants who indicated that they paid the price for two tickets were deleted, leaving 187 responses (51% males) in the final dataset.

Procedure and Measures. Participants read a scenario in which they met either a date or their best friend for lunch at a restaurant. In the scenario, participants had a conversation with the other person during lunch, and this conversation revealed the other person's lifestyle. For example, the materialistic person enjoyed shopping at upscale department stores and had plans to go on a luxury cruise. The frugal person enjoyed shopping at discount outlets and was saving money to go on a camping trip. Participants then read that after lunch they went to an art museum with their date or best friend. Participants in the alone (control) condition did not see the part of the scenario describing that they had a conversation with another person during lunch. The scenario in the alone condition explained that they went to an art museum by themselves. At the ticket counter, the cashier told them that the regular student price of a ticket was $12, but that on this day they could pay as much as they wished to pay.

After indicating the specific amount they were willing to pay for their art museum ticket, participants responded to three items measuring prestige sensitivity similar to the items used in study 1 ($\alpha = .86$). Finally, participants responded to four true-false questions (true = 0, false = 1) measuring the perceived frugality of the other person, which served as a check of the lifestyle manipulation. The questions included “Your friend enjoys shopping at upscale designer stores.” and “Your friend was planning to go on a luxury cruise during spring break.” The four items were combined to form a scale of perceived frugality of the other consumer, ranging from 0 to 4 ($\alpha = .93$).

3.4.2 Results

Manipulation Check for Lifestyle. For the four conditions in which participants were with another consumer, I conducted an ANOVA using type of other consumer and lifestyle of the other consumer as independent variables and the perceived frugality of the other consumer’s lifestyle as the dependent variable. The lifestyle manipulation had a significant effect on perceived frugality ($F(1, 145) = 254.08$, $p < .0001$) such that the frugal lifestyle was perceived as more frugal ($M = 3.35$) than the materialistic lifestyle ($M = .49$). No other effects were significant. Thus, the manipulation of the other consumer’s lifestyle was successful.

Price Paid. The mean prices offered were significantly higher than zero but lower than the regular suggested price in all conditions. I then conducted a one-way ANOVA with price paid as the dependent variable and experimental condition as the independent variable, which yielded a main effect of experimental condition on price paid ($F(4, 182) = 3.64$, $p < .01$). The mean price offered in the presence of a materialistic date ($M = 8.39$) was significantly higher than the price paid in the presence of a frugal date ($M = 6.49$; $t(182) = 2.06$, $p < .05$), a materialistic best friend ($M = 6.22$; $t(182) = 2.35$, $p < .05$), a frugal best friend ($M = 5.35$; $t(182) = 3.29$, $p < .005$), or in the alone condition ($M = 5.37$; $t(182) = 3.29$, $p < .005$). There were no significant differences between the frugal date, materialistic best friend, frugal best friend and alone conditions ($F(3, 145) = .76$, $p > .5$). Also, the mean price in the materialistic date condition was significantly higher than the average of all the other conditions ($F(1, 182) = 12.15$, $p < .001$). A mediation analysis revealed that the difference in the price paid between the materialistic date condition and the other conditions was due to higher prestige sensitivity in the materialistic date condition. That is, the indirect effect via prestige sensitivity was significant (95% bootstrap CI = .28 to 1.54).

Study 2a demonstrated the predicted effects of self-interest seeking and prestige sensitivity on consumers' price decisions. Additionally, study 2a revealed the role of social signals as a boundary condition on the effect of prestige sensitivity. A social signal indicating the other person's frugal lifestyle (vs. materialistic lifestyle) attenuated the social pressure to pay a higher price in the presence of a date. That is, a frugal date did not increase prestige sensitivity and the price paid significantly compared to the materialistic best friend, frugal best friend, or alone conditions. Also, participants were not motivated to pay a higher price even though their best friend had a materialistic lifestyle, because they did not need to make a good impression on their best friend.

3.5 Study 2b

This study tests the idea that the price decision of the other person can signal whether or not paying a higher price is desirable in a given situation. Specifically, if the other person offers a relatively low price to the seller first, deviating from the general social norm, the social pressure to pay a higher price based on prestige sensitivity should be diminished (Ratner and Kahn 2002). Alternatively, it is possible that the social pressure to conform to the low price paid by the other person prompts the consumer to pay a low price as well, because a norm of paying a low price may become the salient norm in this situation (Kallgren et al. 2000). This study uses a different type of other consumer who generates prestige sensitivity—a same-gender admired friend rather than a date.

3.5.1 Method and Measures

Participants and Design. A total of 178 undergraduate students were randomly assigned to one of the four conditions of a 2 (type of other consumer: admired friend vs. best friend) × 2 (order of payment: participant pays first vs. other person pays a low price first) between-participant design. Eleven respondents who indicated they paid for two tickets were eliminated, leaving a total of 167 responses (55% males) in the final dataset. If all responses were analyzed, the results were similar to the results reported here, but the two-way interaction was only marginally significant ($F(1, 177) = 3.59$, $p = .06$).

Procedure and Measures. An art museum scenario similar to study 2a was used in this study as well. Participants read that they went to an art museum with either a friend whom they admired or their best friend. In the scenario, the regular student price of a ticket was $12, but participants could pay as much as they wished to pay. Following this, depending on the order of payment condition, participants either stated how much they were willing to pay or they indicated their price offer after hearing that the other consumer paid $4 first. Participants then completed questions about prestige sensitivity measured with the same three items used in study 2a ($\alpha = .82$). About 95% of the participants in the paying after the other person paid $4 conditions indicated correctly that the other consumer paid $4 first, and about 87% of the participants in the paying first condition indicated correctly that they paid first.

3.5.2 Results

Price Paid. The mean prices offered were significantly greater than zero, but lower than the regular suggested price ($12) in all four conditions. An ANOVA was conducted using price paid as the dependent variable and type of other consumer and order of payment as independent variables. This analysis produced significant main effects for type of other consumer ($F(1, 163) = 4.62$, $p < .05$) and order of payment ($F(1, 163) = 7.51$, $p < .01$). Importantly, the interaction between type of other consumer and order of payment was also significant ($F(1, 163) = 4.07$, $p < .05$). The interaction revealed that when participants had to pay first, the price offered in the presence of an admired friend ($M = 7.39$) was significantly higher than the price paid in the presence of one's best friend ($M = 5.15$; $t(163) = 2.90$, $p < .005$). In contrast, when participants paid after the other person paid $4, the price paid in the presence of an admired friend ($M = 4.84$) was not significantly higher than the price paid in the presence of one's best friend ($M = 4.77$; $t(163) = 0.94$, $p > .5$). Also, when participants were with an admired friend, the price paid was significantly higher in the paying first condition ($M = 7.39$) than in the paying after the other paid $4 condition ($M = 4.84$; $t(163) = 3.40$, $p < .001$). In contrast, when respondents were with their best friend, there was no significant difference between the paying first condition (M = 5.15) and the other paid $4 condition ($M$ = 4.77; $t(163) = .51$, $p > .5$) (see figure 3.2-b).

Mediation Analysis. Separate indirect effect tests were conducted for the two order of payment conditions to examine the process underlying the positive effect of an admired friend on price paid. Mediation should occur only when participants paid first and the presence of an admired friend led to a higher price. As expected, the indirect effect via prestige sensitivity was significant when participants paid first (95% bootstrap CI = .26 to 2.43), but not when the other consumer paid $4 first (95% CI = -.04 to .65) (table 3.1-b).

Study 2b again demonstrated the predicted effects of self-interest seeking, prestige sensitivity, and social signals. Specifically, both studies 2a and 2b demonstrate that participants generally have self-interest concerns and pay less than the suggested price of a product. However, the presence of certain other consumers who generate impression motivation (e.g., date, admired friend) can lead to a higher price through prestige sensitivity. The positive effect of prestige sensitivity on price paid is attenuated when social signals indicate the appropriateness of paying a lower price and diminish the effect of prestige sensitivity.

3.6 STUDY 3

Study 3 investigates the simultaneous influence of motivations governing all three dyadic relationships—fairness (profitability of the seller), prestige sensitivity, and the social norm established by another person's price offer—on price decisions in PWYW situations.

3.6.1 Method and Measures

Participants and Design. A total of 276 undergraduate students were randomly assigned to the eight conditions of a 2 (type of other consumer: date vs. close friend) × 2 (profitability of the seller: high vs. low) × 2 (price paid by the other consumer: low vs. high) between-participant design. I deleted 5 outliers who paid excessively high price (prices = 30.8, 50, 95, 100, and 200) based on a Mahalanobis outlier analysis (p = .0002), leaving 271 responses (52% males) in the final dataset.

Procedure and Measures. I used a bookstore scenario similar to the one used in study 1 except for changes due to different manipulations. Participants were asked to imagine that they went to a used bookstore with a date or a close friend. The scenario described that both the participant and their friend selected books and that they approached the checkout counter together. At the checkout counter, the cashier explained that the price of each book was $8, but they could pay what they wished because the books were below $10.

In the high profitability condition, participants read that they had worked at a used bookstore for a while and that they knew that used bookstores were generally quite profitable and that they were not affected by economic recessions. In the low profitability condition, participants instead read that they knew that used bookstores were generally not very profitable and many have had difficulties staying in business. Then, the other consumer either paid a relatively low price, $3, or the full price, $8, before participants made a decision about how much they themselves wanted to pay.

Following this, participants completed a series of questions about fairness, prestige sensitivity and conformity. I used the same three items for prestige sensitivity (α =.95) and the same two items for fairness (α =.91) as in study 1. Conformity was measured by two items: “I wanted to offer a price that was similar to what my friend paid” and “I wanted to conform to what my friend paid” (1 = completely disagree to 7 = completely agree; α = .87).

3.6.2 Results

Manipulation Check. About 97% of the participants in the "other consumer paid a high price" condition indicated correctly that the other consumer paid \$8, and about 95% of the participants in the "other person paid a low price" condition indicated correctly that the other consumer paid \$3. The effectiveness of the perceived profitability manipulation was ascertained in a pretest with 35 people, in which no information about the other person's payment was provided. Everybody in the low profitability condition indicated correctly that the bookstore was not profitable, and about 88% of the participants in the high profitability condition indicated correctly that the bookstore was profitable.

Price Paid. The mean prices offered were significantly greater than zero and less than or equal to the regular price in all conditions. An ANOVA was conducted using price paid as the dependent variable and type of other consumer, profitability of the seller, and price paid by the other consumer as the independent variables. This analysis revealed no significant main effect of type of other person ($F(1, 263) = 2.79$, $p = .1$). However, there was a significant main effect of profitability of the seller ($F(1, 263) = 10.92$, $p < .005$), such that the price paid was higher in the low profitability condition ($M = 6.50$) than in the high profitability condition ($M = 5.68$). There was also a main effect of the other consumer's price offer on price paid ($F(1, 263) = 36.76$, $p < .0001$), such that a high price paid by the other person led to a higher price ($M = 6.84$) than another person's low price ($M = 5.34$).

Importantly, two two-way interactions were significant: the interaction between type of other consumer and profitability of the seller ($F(1, 263) = 8.92$, $p < .005$) and the interaction between profitability and the other consumer's price offer ($F(1, 263) = 18.23$, $p < .0001$). With regard to the first interaction, when the seller was profitable, the price paid in the presence of a date ($M = 6.25$) was higher than the price paid in the presence of a close friend ($M = 5.10$, t(263)

= 3.24, $p < .005$). However, when the seller was not profitable, price offers were generally high and the price paid in the presence of a date ($M = 6.33$) was no different from the price paid in the presence of a close friend ($M = 6.65$; $t(263) = -.95$, $p > .3$) (see figure 3.2-c). This result is consistent with the findings from study 1.

With regard to the second interaction, when the other consumer paid a low price first, participants offered a similarly low price in the high profitability condition ($M = 4.40$), but the price paid was significantly higher in the low profitability condition ($M = 6.27$; $t(263) = 5.32$, $p < .0001$). When participants paid after the other consumer offered a high price first, the price paid was generally high and did not differ between the high profitability ($M = 6.96$) and low profitability ($M = 6.72$; $t(263) = .69$, $p > .4$) conditions (see figure 3.2-d). Thus, consumers generally paid a relatively high price when the other person paid a high price first. However, consumers did not conform to the low price offer of the other person when fairness motivation was salient. They only paid a relatively low price following a low price offer by the other person when fairness motivation was not salient.

Mediation Analysis. I first performed a mediation analysis to examine the process through which the two-way interaction between type of other consumer and profitability of the seller came about. Two separate indirect effect tests for the high profitability conditions and the low profitability conditions were conducted. I expected that the positive effect of a date on price paid, controlling for the other person's price, would be mediated by prestige sensitivity in the high profitability conditions, but not in the low profitability conditions. As expected, the indirect effect via prestige sensitivity was significant in the high profitability conditions (95% bootstrap CI = .03 to .70), but not in the low profitability conditions (95% CI = -.34 to .41). This result is a conceptual replication of the findings of study 1.

I then examined the process underlying the two-way interaction between profitability of the seller and the other consumer's price offer. I performed two separate indirect effect tests for the "other consumer paid a low price" and the "other consumer paid a high price" conditions using conformity and fairness as mediators. In the "other consumer paid a low price" conditions, the positive effect of low profitability of the seller on price paid, controlling for type of other consumer, was mediated by increased fairness and decreased conformity. The indirect effects via fairness (95% CI = .12 to .92) and conformity (95% CI = .12 to .76) were both significant. In contrast, in the "other consumer paid a high price" conditions, there was no effect of profitability of the seller on price paid, so the indirect effects via fairness (95% CI = -.41 to .34) or conformity (95% CI = -.18 to .08) were not significant (see table 3.1-c).

These results replicate the effect of self-interest seeking on price decisions (studies 1, 2a, and 2b), and the combined effect of prestige sensitivity and fairness on price decisions (study 1). The results also support the predictions with regard to the interplay between impression motivation, fairness and conformity to social signals. Consumers often conform to social norms established by others' behavior (i.e., how much another consumer pays to the seller) regardless of whether or not the other consumer generates strong impression motivation. However, there is an important boundary on the influence of social norms signaled by other consumers. When situational cues make fairness concerns salient, the motivation to conform to another person's low price offer is diminished. Surprisingly, the desire to be fair to the exchange partner is stronger than the threat of social disapproval engendered by not following the other person's behavior.

3.7 General Discussion

How much do consumers pay for products and services in Pay-What-You-Want (PWYW) schemes, and which motivations influence their price decisions? Studies in this research demonstrate that consumers are likely to take advantage of Pay-What-You-Want pricing opportunities by paying less than the suggested price based on their economic self-interest. However, consumers' concerns for fairness to the seller and prestige sensitivity vis-à-vis other consumers often lead them to offer a price that is higher than what they would pay if they did not have these concerns. Social signals from other consumers also play an important role in generating conformity motivation and increasing or decreasing price offers. In particular, social signals indicating the appropriateness of paying a low price diminished prestige sensitivity vis-à-vis other consumers and led consumers to offer a lower price (studies 2a and 2b). Importantly, fairness is more powerful than prestige sensitivity or conformity to social signals. Fairness played a major role in price decisions when the concerns with fairness and prestige sensitivity were both salient (studies 1 and 3). Even if a social signal indicated that paying a low price was deemed appropriate by the other consumer, the focal consumers did not conform to that low price when paying a low price would threaten the seller's profits. Thus, conformity rather than fairness was attenuated when conforming to a specific social norm suggested by another consumer competed with fairness (study 3).

In combination, the studies illustrate the remarkably immutable effects of the focal consumers' motivation to be fair in the transaction with the seller. They also reveal that the price that the focal consumer is willing to pay can increase or decrease depending on the social signals that the focal consumer receives from or wants to send to the other consumer when fairness concerns are not salient. This indicates the importance of accounting for the triadic relationships between the focal consumers, the seller, and other consumers to understand and predict consumers' price decisions in PWYW schemes.

Theoretical Contributions. This research extends knowledge about price decisions when consumers are given an opportunity to control the final price of a product or service. Specifically, I demonstrate the importance of social motivations in consumers' price decisions. Past research on participative pricing mechanisms focused on the motivations based on the focal transaction between the consumer and the seller and did not consider how possible social influences based on the interaction with other consumers or other consumers' interaction with the seller can affect consumers' price decisions. This research suggests that consumers consider their relationship with other consumers and social norms signaled by other consumers along with their transaction with the seller in making price decisions.

More generally, this research contributes to the literature examining fairness in economic decisions. Though research has demonstrated the importance of fairness motivation in economic activities as a constraint on sellers' profit-seeking (Kahneman et al. 1986), how a third party not involved in the focal transaction can lead to higher payoffs for the transaction partner and constrain one's self-interest has not been examined. Surprisingly, I demonstrate that consumers' egoistic prestige motivation to communicate a positive social image to other consumers can result in higher payoffs for the seller. This research also contributes to a better understanding of consumers' perceptions of price fairness. The price fairness literature has examined how consumers assess the fairness of prices determined by the seller (Bolton et al. 2003). Yet, it has not examined how consumers incorporate fairness in their price decision-making when they themselves have control power over the price. This research demonstrates how the effect of fairness can be reinforced and how fairness interactively influences consumers' price decisions along with other motivations and social norms. Additionally, this research contributes to the literature on interpersonal influence on price decisions, about which relatively little is known. It showed how the effects of different types of others and specific social norms signaled by others can influence price decisions.

Practical Implications. This research suggests that marketers should be careful in allowing consumers to exert control over prices. For instance, in adopting the Pay-What-You-Want pricing strategy (even when providing price guidelines), marketers need to be careful because consumers actually would like to take advantage of the opportunity to set their own prices by paying less than the price suggested by marketers. However, marketers of social consumption products may obtain benefits by employing participative pricing schemes or allowing consumers to have control over prices in other ways, provided that they can stimulate consumers shopping with others to be more prestige sensitive. Also, if marketers can make use of situational factors that can increase concerns for fairness, they may benefit from allowing consumers to exert control over price. The studies suggest that fairness, when stimulated by situational factors, can exert an important upward push on consumers' price decisions. Moreover, studies 1 and 3 demonstrated that fairness could be stronger than other motivations such as prestige sensitivity or conformity to social norms once it was made salient. Thus, marketers are encouraged to adopt strategies that enhance fairness.

Limitations. This research only investigated consumers' price decisions in terms of their intentions rather than their behavior in a real retail environment. Though lab studies in this research enabled me to gain insights into the interplay of different motivations and the psychological mechanisms underlying the effects, future research can further establish the effects with real pricing decisions. Additionally, future research can explore motivations for price decisions not investigated in this study such as altruism for non-profit organizations as some of the marketers who use participative pricing operate as a charity or use charitable appeals (Gneezy et al. 2010).

To understand price decisions of consumers when they are given control over prices, it is important to consider both their social and their economic motivation jointly. Social motivations such as fairness toward the seller and prestige sensitivity directed to other consumers can be reinforced by contextual factors and promote higher prices, constraining consumers' self-interest maximization. However, the effect of prestige sensitivity can be attenuated by specific social norms activated by other consumers. In contrast, fairness to the seller cannot be easily attenuated by social norms signaled by other consumers once it is made salient in a given situation.

Figure 3.1
Motivations for Consumers' Price Decisions in PWYW Situations

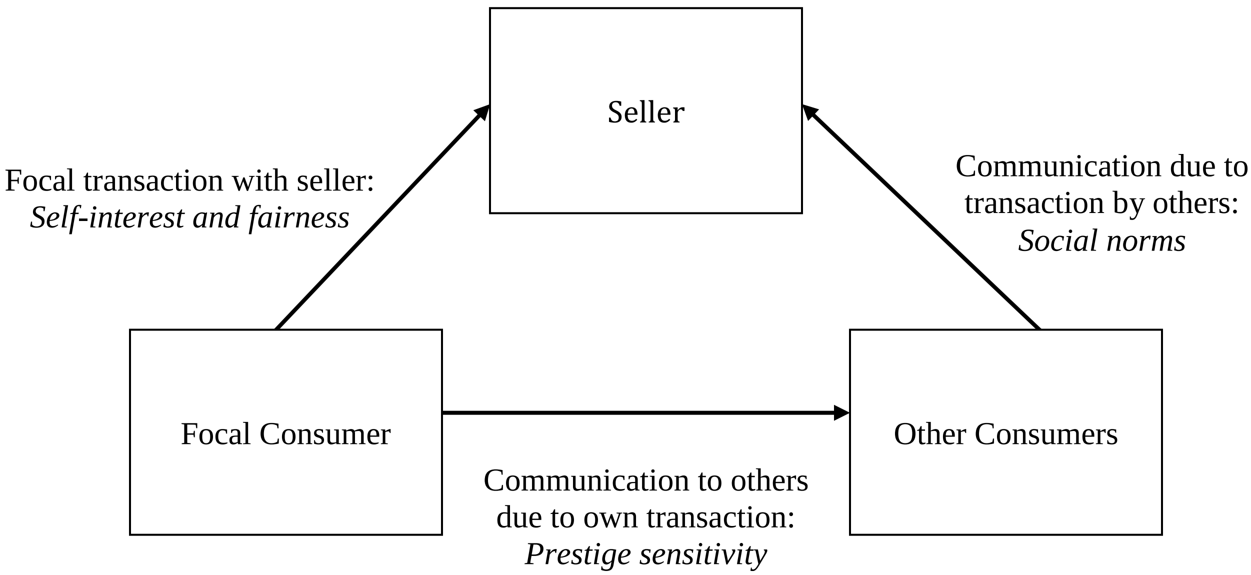
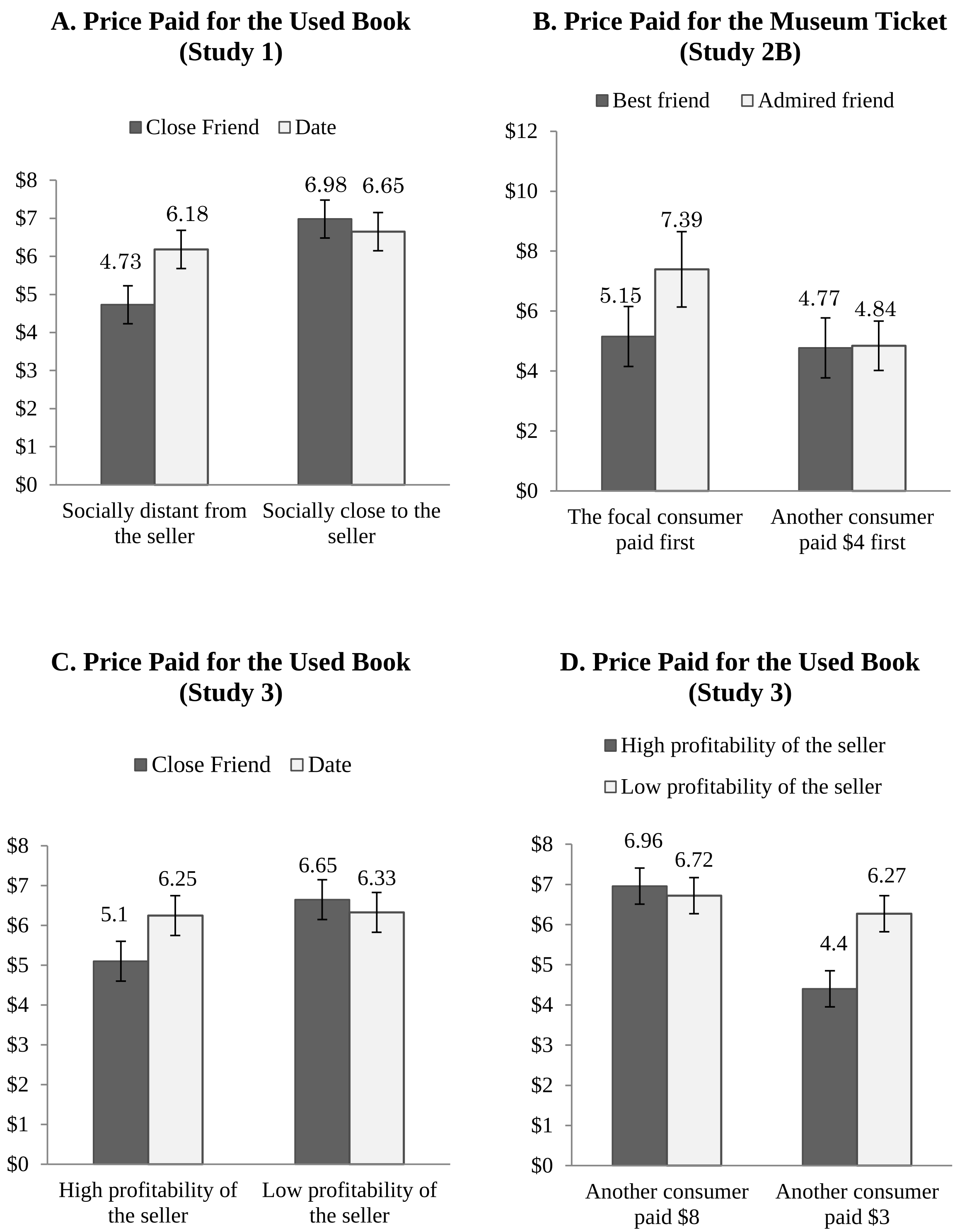


Figure 3.2
Price Paid in Different Studies



Note. Error bars represent confidence intervals.

Table 3.1
Mediation Analyses

A. Mediation Effects on Price Setting by Prestige Sensitivity and Fairness (Study 1)

		Regression coefficient (β)		
IV	Mediator	IV to Mediator (a path)	Mediator to Price (b path)	IV to Price (c path (c' path))
Effect of a date	Prestige sensitivity	2.60***	.30*	1.45** (.55)
	Fairness	.18	.78***	
Effect of small social distance	Prestige sensitivity	1.05***	.06	2.25*** (1.52***)
	Fairness	.79**	.85***	
Combined effect of a date and small distance	Prestige sensitivity	2.32***	< .01	1.92*** (1.17**)
	Fairness	.79**	.94***	

B. Mediation Effects on Price Setting by Prestige Sensitivity and Fairness (Study 2b)

		Regression coefficient (β)		
Condition	Mediator	Admired friend to Mediator (a path)	Mediator to Price (b path)	Admired friend to Price (c path (c' path))
Paying first	Prestige sensitivity	1.39***	.89**	2.23* (1.00)
Paying after the other person paid $4	Prestige sensitivity	.65*	.31	.07 (-.13)

C. Mediation Analysis for the Interaction Effect Between Profitability and the Other Consumer's Price Offer (Study 3)

		Regression coefficient (β)		
Condition	Mediator	Low profitability to Mediator (a path)	Mediator to Price (b path)	Low profitability to Price (c path (c' path))
Other consumer paid a low price	Conformity	-1.11***	-.32***	1.92*** (1.09**)
	Fairness	.78**	.60***	
Other consumer paid a high price	Conformity	-.24	.67***	-.19 (-.14)
	Fairness	-.01	.16*	

Note. * = $p < .05$, ** = $p < .01$, *** = $p < .001$.

Chapter 4

ESSAY 3: "DID YOU EARN IT?"

THE ROLE OF MONETARY FAIRNESS IN CONSPICUOUS CONSUMPTION

4.1 Introduction

Consumers who are motivated to present themselves in a socially desirable manner often choose to display images of higher status and wealth through conspicuous consumption (e.g., Griskevicius et al. 2007; Nelissen and Meijers 2011). Signals of status and wealth are regarded as reflections of one's power, personal ability and competence (Rucker and Galisnky 2009; Christopher and Schlenker 2000; Scott, Mende, and Bolton 2013), and people who engage in conspicuous consumption expect to improve their social position and be favored and respected by others (Nelissen and Meijers 2011). In the present work, however, I question whether conspicuous signals of status will always shape one's social image positively and in a desirable way. Specifically, will conspicuous consumption have its social benefits even when conspicuous products are purchased with money or wealth acquired without adequate effort of one's own?

Imagine that Jennifer purchased a *Louis Vuitton* Artsy handbag that costs $1,840, using money she received from her parents without having to work to earn it. If Monica, a friend of Jennifer, noticed that purchase, will Monica perceive her positively and infer that Jennifer is prestigious and competent? Will it matter whether or not Monica regards justice as an important value?

Although research has studied the role of justice motivation in the marketplace, past research focused on studying fairness issues with regards to customer satisfaction toward fair (vs. unfair) sellers in the context of buyer-seller interactions (Bolton, Warlop and Alba 2003; Bolton and Alba 2006; Buchan, Croson, Johnson 2004; Campbell 1999; Gershoff, Kivetz, and Keinan 2012; Haws and Bearden 2006; Hui et al. 2004; Huppertz, Arenson, Evans 1979). In the present work, I study the effects of monetary fairness—defined as the extent to which the means of acquiring money justify the deservedness of the money—on individuals' perceptions of other consumers' conspicuous consumption and attitude formation. Recent actions against economic inequality (e.g., the Occupy movement) imply that people may devalue the status and wealth of others if they perceive them as unfair. Our basic premise is that conspicuous consumption will not generate positive social benefits if a consumer obtained conspicuous products using money acquired without fair effort, especially when people who evaluate this consumer place great value on justice in making moral judgments.

I study the impact of monetary fairness and individual differences in value of justice on social evaluations based on conspicuous consumption. I demonstrate that conspicuous consumption using money acquired without appropriate input does not lead to positive social evaluations, particularly when evaluators consider justice as an important value in making moral judgments. In addition, I study the underlying process of the interactive effect of monetary fairness and value placed on justice on these social evaluations. I show that individuals do not infer prestige or competence based on conspicuous consumption when it is obtained with money acquired without fair input. Moreover, I show that consideration of the monetary fairness of a target consumer's conspicuous consumption can have a carryover effect on consumers' attitude toward the particular luxury brand that is used as a conspicuous signal by the target consumer.

4.2 Conspicuous Consumption as a Signal of Prestige

Costly signaling theory suggests that individuals often engage in costly behaviors that involve a great amount of resources as a way of signaling positive information about themselves to others in society (Nelissen and Meijers 2011). Conspicuous consumption, the act of spending money to display one's wealth and status, is a kind of costly signal, which has several benefits in social interactions (Veblen 1899/1994). Because conspicuous consumption is only available to those who have sufficient financial resources to spend on pricey products, conspicuous consumption displays wealth and positive characteristics that are related to the ability to generate wealth such as power, competence, intelligence, and success (Bagwell and Bernheim 1996; Han, Nunes and Drèze 2010; Mazzocco et el. 2012).

Financial success or wealth is considered an important value of life and aspiration of individuals (Kasser and Ryan 1996). People are evaluated to be more competent, conscientious, ambitious, intelligent, self-disciplined, cultured and successful, and considered to have a more desirable lifestyle, when they are perceived to be wealthy (Christopher and Schlenker 2000; Rucker and Galisnky 2009; Scott et al. 2013). People who signal status via conspicuous consumption are more successful in inducing compliance from others with their requests and are perceived to be more suitable for a job (Nelissen and Meijers 2011). Individuals who are wealthy or financially successful are also perceived to be more attractive as a romantic partner (Griskevicius et al. 2007; Kenrick et al. 2001; Singh 1995; Sundie et al. 2011). Purchasing luxury products also serves as a means to boost one's self-esteem and express one's identity (Belk 1988; Berger and Heath 2007).

Because of these various benefits, consumers choose to display images of wealth and status through conspicuous consumption in order to be perceived and evaluated positively by others. For instance, they spend on pricey luxury brand cars, purses, watches, or shoes, believing that these products will help them signal desired social images to others and make them more attractive to others (Griskevicius et al. 2007; Han, Nunes, and Drèze 2010; Mazzocco et al. 2012; Wang and Griskevicius 2013).

4.3 The Joint Effect of Monetary Fairness and Value of Justice on Social Evaluations Based on Conspicuous Consumption

Veblen’s theory of conspicuous consumption was based on the evolution of a leisure class who could acquire, exploit and accumulate a surplus produced by the working class without having to work for it (Veblen 1899/1994; Trigg 2001). The members of the leisure class were those who had the financial ability to spend lavishly and also enough time to enjoy extensive leisure activities instead of having to work for living. According to Veblen, inherited wealth is more prestigious than wealth acquired by the possessor’s own effort because it further distances the possessor from those who are required to work to earn a living (Veblen 1899/1994; Trigg 2001). Hard work and effort exerted for monetary gain are not a requirement for conspicuous signals to function properly. However, in this research, I suggest that this argument may not be true from a justice point of view in today’s society, because money obtained without one’s own effort can be perceived as unfair and this perception of injustice may negate the positive effect of conspicuous consumption.

I propose that the social benefits of conspicuous consumption will not be accrued when conspicuous consumption occurs through money obtained without one’s own fair effort, especially when people evaluating the target consumer place high importance on justice in making moral judgments. Justice is an important universal social value, which affects moral judgments such that justice is perceived to be morally right and injustice is perceived to be morally wrong (Haidt and Kesebir 2010). Justice is governed by the belief that people are entitled to a particular outcome based on their action and attributes, and violating this belief will be perceived as unjust (Lerner and Miller 1978; Lerner 1987, 2003). As the equity principle (Adams 1963) suggests, financial resources can be perceived as undeserved and thereby unjust if a person has not exerted adequate effort to acquire the financial resources. For instance, inherited property or wealth determined by birth is considered less fair than wealth acquired through one's own effort (Haidt and Graham 2007). Thus, when people are aware that others spend conspicuously and try to advance their social position using money acquired without their own effort, this conspicuous consumption may heighten perceptions of social inequality and people may perceive others engaging in such behavior negatively.

While justice is a universal value, there is evidence that individuals differ in how much emphasis they place on justice in making moral judgments (Graham et al. 2011). For example, political liberals are more concerned with fairness than political conservatives (Haidt and Graham 2007). I hypothesize that these individual differences in value placed on justice will moderate the effect of monetary fairness on evaluations of a target consumer's conspicuous consumption. To summarize, individuals who place great importance on justice may be more critical of those who engage in conspicuous consumption using money acquired without adequate effort, because conspicuous consumption—a means of advancing one's social position and status above others—highlights social hierarchy and inequality. Thus, I predict a two-way interaction effect between monetary fairness and value of justice on consumers' attitudes toward others who purchase conspicuous products.

H1: Attitudes toward a target consumer will be more negative when the consumer purchased a conspicuous product using money acquired without (vs. with) the consumer’s own effort, particularly if evaluators put a high value on justice.

4.4 The Mediating Role of Prestige Perceptions

The rationale underlying this prediction is that conspicuous consumption will lose its major social benefit of signaling prestige and competence when it is considered unfair. Research has suggested that consumers’ attitudes toward a target who engages in conspicuous consumption can be negative when evaluators place importance on warmth-relevant qualities of an individual (e.g., being helpful, unselfish, or caring), because conspicuous consumption reduces the target’s inferred warmth (Christopher and Schlenker 2000; Scott et al. 2010). In contrast, conspicuous consumption has generally been found to be positively associated with inferred competence of those who engage in conspicuous consumption (Christopher and Schlenker 2000; Scott et al. 2010). In the current work, however, I suggest that negative evaluations of consumers can occur through perceptions of reduced competence and prestige when they spend money obtained without their own effort conspicuously.

I propose that consumers who engage in conspicuous consumption using money obtained without appropriate effort will not be perceived as having high prestige, because it can be regarded as an undeserved outcome for the consumer who did not exert fair effort to earn it according to the justice principle (Lerner 1987). Since positive images resulting from conspicuous consumption are generally based on perceptions regarding personal qualities that generate wealth and status (e.g., competence, success, power) (Christopher and Schlenker 2000), people will not evaluate others positively when the value of the prestige signal is called into question. Particularly people who place high importance on justice will be more likely to perceive the negative impact of money acquired without adequate effort on the perceived prestige of a consumer who engages in conspicuous consumption. In sum, I predict that perceived prestige of the target consumer will mediate the joint effect of monetary fairness and value placed on justice by the perceiver on attitudes toward the target consumer's conspicuous consumption.

H2: Perceptions about a target consumer's prestige will mediate the interactive effect of monetary fairness and value placed on justice on evaluators' attitude toward the target consumer based on the target's conspicuous consumption.

4.5 Carryover Effect of Monetary Fairness and Value of Justice on Brand Attitude

I have theorized that a consumer will more negatively evaluate a target consumer who engages in conspicuous consumption using money acquired without adequate effort, especially when the evaluator places high importance on justice. Moreover, I propose that consumers' attitude toward the particular luxury brand displayed by the target consumer will also be affected by the perceived monetary fairness of conspicuous consumption and consumers' value placed on justice. Specifically, I suggest that the focal consumer will have a more negative attitude toward a brand displayed by a target consumer who acquired it without adequate effort, especially when the focal consumer places greater importance on justice. Importantly, this joint effect of monetary fairness and value of justice on consumers' brand attitude will be mediated through consumers' attitude toward the target consumer who purchased the brand.

Classic advertising and marketing research has considered attitude toward the ad as an affective response mediating the effect of advertising on brand attitude (MacKenzie, Lutz, and Belch 1986; Homer 1990). Specifically, research found that using favorably perceived endorsers in advertising positively impacts consumer attitudes towards an ad and the associated brand

(Goldsmith, Lafferty, and Newell 2000; Keller 1993; Tripp, Jenson, and Carlson 1994). In contrast, negative information about an endorser of a brand can have a contaminating effect on an ad and the associated brand (Amos, Holmes, and Strutton 2008; Till and Shimp 1998). Similar to an endorser in advertising, another consumer who displays a brand can also influence the focal consumer's attitude toward the brand (Keller 1993).

A brand possessed by a consumer is part of the consumer's "extended self" representing the consumer's identity (Aaker 1999; Belk 1988; Park and John 2010). Keller (1993) suggested that brand image, which is an integral component of brand equity, is often a function of user imagery (i.e., what types of consumers use the brand). Given this link between a brand and its users' identity and imagery, consumers' attitude toward a brand can be similar to their attitude toward the target consumer who possesses the brand. In particular, consumers may perceive a strong link between the possessor's identity and a conspicuous, luxury brand, because luxury brands are often purchased by consumers who desire to express their identity and enhance their social image by connecting their image with the brand image.

Based on social influence theory, it is also possible that people may have a positive or negative attitude toward the particular brand as a way to assimilate with or dissociate themselves from the target consumer who possesses the brand product. Consumers try to identify with others who belong to an aspirational group (i.e., a group that a consumer wishes to be a part of) and distance themselves from other consumers when the other consumers belong to a dissociative group (i.e., a group that a consumer does not wish to be a part of) (Berger and Heath 2007; McFerran et al. 2010; White and Dahl 2006). Consumers' attitudes can be more favorable toward the brands used by users who belong to an aspirational group and negative toward the brands used by members of a dissociative group (Escalas and Bettman 2003; Choi and Winterich 2013).

Therefore, they might have a similarly positive attitude toward the brand when they consider the target consumer positively based on monetary fairness and value of justice. In contrast, they can form a negative attitude toward the brand to differentiate their attitude from the target consumer's attitude toward the brand, when money spent on conspicuous consumption is acquired without fair effort and when they value justice. Based on these ideas, I theorize hypotheses 3 and 4 as follows:

H3: Attitudes toward a conspicuous brand displayed by a consumer will be more negative when the consumer purchased the brand using money acquired without (vs. with) the consumer's own effort, particularly if evaluators value justice.

H4: The joint effect of monetary fairness and value placed on justice on brand attitude will be mediated by attitudes toward the consumer who displays the brand.

4.6 Study 1

The objective of study 1 is to test hypothesis 1. I expect to show that when the money spent on conspicuous consumption is not obtained through a target consumer's own fair effort, people will evaluate the target consumer negatively, particularly if they place high value on justice.

4.6.1 Method and Measures

Participants and Design. A total of 106 undergraduates participated in a study with a 2 (monetary fairness: low vs. high) × 2 (value of justice: low vs. high) between-subjects design. Individual differences in value of justice were measured as a continuous variable. To examine whether participants actually read the questions, I included an instructional manipulation check question asking them to provide a certain answer (e.g., "Strongly Disagree") (Oppenheimer, Meyvis, and Davidenko 2009). I excluded seven participants who incorrectly responded to the question, leaving a total of 99 participants in the final dataset (58% males).

Procedure. Participants were first asked to answer demographic questions including their age, gender and year in college at the beginning of the study session. Depending on their gender, they were presented with a scenario in which they saw a description about a same gender classmate (Jennifer for females and David for males) in college. They were asked to imagine that one day Jennifer (David) won SAP's Annual Marketing Plan Competition for college students and that she (he) would receive a $1,000 cash prize. In the high monetary fairness condition, Jennifer (David) won the prize because she (he) put a lot of effort into preparing her (his) submission and worked very hard. In the low monetary fairness condition, participants read that Jennifer (David) did not have to put a lot of effort into preparing her (his) submission because she (he) adapted the marketing plan that she (he) had developed for the final team project with them in a marketing class. The scenario then described that Jennifer (David) had decided to purchase a new wallet using her (his) award money. A picture of a Louis Vuitton wallet with the popular Louis Vuitton logo and patterns was presented (Appendix). After reading the scenario, participants indicated their general attitude toward the classmate, completed a monetary fairness manipulation check, and answered questions about individual differences in value placed on justice.

Attitude Toward the Target Consumer. Participants answered the following question, "After reading the scenario, what is your impression of this classmate?" Three items were used to measure general attitude toward the classmate on a 9-point bipolar scale (1 = Unfavorable/Negative/Bad to 9 = Favorable/Positive/Good; α = .98).

Manipulation Check. Participants answered a monetary fairness manipulation check: "Considering how much effort Jennifer (David) had put into the competition, the $1000 prize was deserved." (1= strongly disagree to 7 = strongly agree)

Value of Justice. I assessed individual differences in the value placed on justice based on three items from the moral foundation scale (Graham et al. 2011), measured on a seven-point scale (1= strongly disagree to 7 = strongly agree): "When the government makes laws, the number one principle should be ensuring that everyone is treated fairly", "Justice is the most important requirement for a society", and "I think it's morally wrong that rich children inherit a lot of money while poor children inherit nothing." Due to the low correlation of the third item with the index (r = -.06), I used the first two items in the analyses (α = .75).

4.6.2 Results and Discussion

Manipulation Check. Regression analysis was performed using monetary fairness (low = -1, high = 1), value of justice (mean-centered) and an interaction term as the independent variables, and perceived deservedness of the award money as the dependent variable. As expected, monetary fairness had a positive effect on perceived deservedness of money (β = 1.38, $t(95)$ = 10.41, $p < .0001$). Money was perceived to be more deserved in the high monetary fairness condition (M = 5.50) than in the low monetary fairness condition (M = 2.75). Value of justice did not have an effect (β = .16, $t(95)$ = 1.35, $p > .10$) and the two-way interaction between monetary fairness and value of justice was not significant (β = .14, $t(95)$ = 1.19, $p > .20$).

Attitude Toward the Target Consumer. I conducted regression analysis using monetary fairness (low = -1, high = 1), value of justice (mean-centered) and an interaction term as the independent variables, and general attitude toward the classmate as the dependent variable. This analysis revealed that there was a positive effect of monetary fairness on attitude toward the classmate ($\beta = 1.01$, $t(95) = 4.51$, $p < .0001$). Value of justice had no effect on evaluation of the classmate ($\beta = -.07$, $t(95) = -.37$, $p > .70$). Importantly, the interaction between value of justice and monetary fairness was marginally significant ($\beta = .39$, $t(95) = 1.93$, $p = .06$), supporting hypothesis 1. Specifically, when monetary fairness was low, value of justice marginally decreased evaluations of the classmate ($\beta =-.47$, $p = .10$), whereas value of justice did not affect evaluations of the classmate when monetary fairness was high ($\beta =.32$, $p > .20$). Money acquired without adequate effort generally led to more negative evaluations compared to money acquired through one's own effort, and this effect of monetary fairness on evaluations was greater when participants placed high importance on justice ($\beta_{(+1SD)} = 1.44$, $p < .0001$) compared to when they placed low importance on justice ($\beta_{(-1SD)}=.58$, $p = .07$) (figure 4.1).

Discussion. Study 1 demonstrates that money obtained without adequate effort leads to lower evaluations of a target consumer who engages in conspicuous consumption, especially when the evaluator places high value on justice. Consumers who value justice denigrate others' conspicuous consumption if the money spent on conspicuous products is not acquired through their own effort, consistent with hypothesis 1.

4.7 Study 2

Study 2 tests hypothesis 2 and shows a possible process underlying the effect of monetary fairness and value of justice on evaluation of other consumers who engage in conspicuous consumption demonstrated in study 1. This study uses a more natural manipulation of monetary fairness, which involves different levels of one's own effort for earning money: paycheck from work versus money from parents.

4.7.1 Method and Measures

Participants and Design. A total of 158 undergraduates (62% males) participated in the study. The study had a 2 (monetary fairness: low vs. high) × 2 (value of justice: low vs. high) between-participants design, with value of justice measured as a continuous variable.

Procedure. Participants were presented with a scenario in which they saw a description about a classmate in college. Participants imagined that one day a classmate came to class wearing a new Emporio Armani jacket that costs about $800. In the low monetary fairness condition, the classmate bought the jacket with money received from his or her parents (without doing any work to earn it). In the high monetary fairness condition, the classmate bought the jacket with money from a summer internship paycheck (which the classmate worked very hard for). After that, they indicated their attitude toward the classmate and prestige perceptions, and completed a multiple-choice question of source of money and individual differences in value of justice.

Attitude Toward the Target Consumer. The same three items used in study 1 were used to assess participants' general attitude toward the classmate (α= .95).

Perceived Prestige of the Target Consumer. Participants answered three items measuring prestige perceptions: "The classmate has high status.", "The classmate is respected." (both items from Nelissen and Meijers 2011), and "The classmate is successful." (1 = strongly disagree to 7 = strongly agree; α= .82)

Value of Justice. In addition to the three items in study 1, participants responded to the three items of the moral relevance component of the moral foundation scale. For the moral relevance component, they indicated their response to, "When you decide whether something is right or wrong, to what extent are the following considerations relevant to your thinking? 1) whether or not some people were treated differently than others, 2) whether or not someone acted unfairly, and 3) whether or not someone was denied his or her rights," based on a seven-point scale (α= .73 based on all six items).

4.7.2 Results and Discussion

Manipulation Check. About 99% of the participants in the money obtained from parents condition correctly indicated that the money was received from the classmate's parents, and about 94% of the participants in the paycheck condition correctly indicated that the money was from the classmate's paycheck.

Attitude Toward the Target Consumer. Regression analysis was run using monetary fairness (low = -1, high = 1), value of justice (mean-centered), and an interaction term as the independent variables, and attitude toward the classmate as the dependent variable. There was a significant effect of monetary fairness on attitude toward the classmate such that money acquired from the parents (vs. a paycheck) led to more negative evaluations (β = .93, $t(154) = 7.06$, $p < .0001$). There was no significant effect of value of justice on attitude toward the classmate (β = -.02, $t(154) = -.15$, $p > .80$). Importantly, the expected two-way interaction of monetary fairness and value of justice on impression of the classmate was significant (β =.51, $t(154) = 3.31$, $p < .005$). More specifically, when money was obtained from the parents, value placed on justice decreased evaluations (β =-.53, $p < .05$). In contrast, value placed on justice increased evaluations when money was acquired through paycheck (β =.48, $p < .01$). In addition, money acquired from the parents (vs. a paycheck) decreased evaluations both when participants placed high value on justice ($\beta_{(+1SD)} = 1.40$, $p < .0001$) and low value on justice ($\beta_{(-1SD)}$=.47, $p < .05$), but this effect of monetary fairness was stronger when participants placed high value on justice. This result supports hypothesis 1 (figure 4.2).

Mediation Analysis. We examined whether the interaction of monetary fairness and value of justice affected evaluations of the other consumer through prestige perceptions. There was a significant interaction between monetary fairness and value of social justice on prestige perceptions (β =.45, $p < .0001$). Money acquired from parents (vs. a paycheck) led to lower prestige perceptions when evaluators valued justice more ($\beta_{(+1SD)}$ =.79, $p < .0001$), whereas money acquired from the parents (vs. paycheck) did not affect prestige perceptions when evaluators placed less value on justice ($\beta_{(-1SD)}$ = -.03, $p > .80$). We used bootstrapping analysis for mediated moderation (Process Model 8; Hayes 2012). The two-way interaction between monetary fairness and value of justice on evaluations of the classmate was mediated by prestige perceptions (ab = .34, 95% CI = .15 to .57), supporting the hypothesis 2. The conditional indirect effect of monetary fairness on general attitudes via prestige perceptions was significant when participants placed high value on justice ($ab_{(+1SD)}$ = .60, 95% CI = .31 to .95), but not when participants placed low value on justice ($ab_{(-1SD)}$ = -.02, 95% CI = -.21 to .14 at -1SD on value of justice).

Discussion. When consumers value justice, they evaluate a target consumer negatively when the target consumer engages in conspicuous consumption through money acquired without the consumer's own effort. Importantly, this joint effect of monetary fairness and value of justice on attitudes toward the target consumer occurs because evaluators devalue the prestige signaling effort of the target consumer's conspicuous consumption when the target spends money acquired without fair effort conspicuously.

4.8 Study 3

Studies 1 and 2 demonstrated the joint effect of monetary fairness and individual differences in value of justice on individuals' attitudes toward the target consumer based on the target's conspicuous consumption. The purpose of study 3 is to test hypothesis 3 by examining the carryover effect of monetary fairness and value of justice on consumers' brand attitude. Also, study 3 examines the role of attitudes toward the target consumer as the underlying process of this effect as hypothesized in hypothesis 4. Additionally, I explore whether consumers predict similar social evaluations from others if they imagine themselves (vs. another person) as a target consumer being evaluated.

4.8.1 Method and Measures

Participants and Design. A total of 296 undergraduates (all females) participated in a study with a 2 (monetary fairness: low vs. high) × 2 (value of social justice: low vs. high) × 2 (perspective: self vs. other) between-participants design. We recruited only female participants since we used a female-specific product category (Han et al. 2010; Wang and Griskevicius 2013).

Procedure. Participants were presented with a scenario that was very similar to the scenario used in study 2 except for the product displayed as a conspicuous signal. In the other perspective condition, participants were asked to imagine a situation in which they noticed that a fellow classmate Jennifer came to class carrying a new Louis Vuitton handbag, which costs more than 1000 dollars. In the low monetary fairness condition they knew that Jennifer bought the Louis Vuitton handbag with money she received from her parents. In the high monetary fairness condition they knew that Jennifer purchased the handbag with money she received from a paycheck. In the self perspective condition, participants imagined that they themselves went to class carrying a new Louis Vuitton handbag that they bought with money from either their parents or paycheck, while a classmate of theirs, Jennifer noticed the handbag and knew about the source of money.

After reading the scenario, participants answered questions about their evaluation of Jennifer (or prediction about Jennifer's evaluation of themselves), perceived prestige of Jennifer (or Jennifer's perception about their prestige), and their attitude toward the Louis Vuitton brand after reading the scenario. Finally, they indicated their beliefs about importance of justice.

Attitude Toward the Target Consumer. The same three items from the previous studies were used to measure consumers' impression of the target consumer (1 = Unfavorable/Negative/Bad to 9 = Positive/Good/ Favorable). In the self condition, participants answered a comparable question, "Based on the scenario, what would be your classmate's impression of you? Jennifer would perceive me as..." (1 = Unfavorable/Negative/Bad to 9 = Positive/Good/ Favorable; $\alpha = .96$).

Perceived Prestige of the Target Consumer. In addition to the three items used in study 2, participants answered three more items, "The classmate is prestigious," "The classmate is competent," and "The classmate is powerful." (1 = strongly disagree to 7 = strongly agree; 6 items $\alpha = .82$) In the self perspective condition, these same items were worded as: "My classmate would see me as having high status/being respected/successful/prestigious/competent/powerful."

Attitude Toward Brand. Attitude toward the Louis Vuitton brand was measured by the following question, "After reading the scenario, what is your attitude toward Louis Vuitton brand?" (1 = Unfavorable/Negative/Bad/Dislike to 9 = Favorable/Positive/Good /Like; $\alpha = .97$) on a 9-point bipolar scale.

Value of Justice. As in study 2, participants completed the six items of moral foundation scale fairness component on a seven-point scale (6 items $\alpha = .73$).

4.8.2 Results and Discussion

Attitude Toward the Target Consumer. Regression analysis was conducted using monetary fairness (low = -1, high = 1), value of justice (mean-centered), perspective (self =-1, other = 1) and all possible interaction terms as the independent variables, and impression of the target consumer as the dependent variable. There were significant effects of monetary fairness ($\beta = 1.17$, $t(288) = 12.58$, $p < .001$), perspective ($\beta = .81$, $t(288) = 8.70$, $p < .001$), and value of justice ($\beta = -.22$, $t(288) = -1.97$, $p < .05$) on attitude toward the target consumer. Importantly, the expected two-way interaction between monetary fairness and value of justice was significant ($\beta = .27$, $t(288) = 2.43$, $p < .05$), consistent with hypothesis 1. More specifically, when money was received from parents, value of justice decreased evaluations ($\beta = -.49$, $t(288) = -3.34$, $p < .001$), whereas value of justice did not impact evaluations when money was acquired through one's own effort ($\beta = .05$, $t(288) = .30$, $p > .70$). In addition, money from parents (vs. a paycheck) negatively affected evaluations both when participants placed high value on justice ($\beta_{(+1SD)} = 1.40$, $t(288) = 10.63$, $p < .001$) and when participants placed low value on justice ($\beta_{(-1SD)} = .94$, $t(288) = 7.02$, $p < .001$), but this effect of monetary fairness was stronger when people placed high value on justice, consistent with the findings from previous studies (figure 4.3).

There was no two-way interaction between perspective and value of justice (($\beta = .11$, $t(288) = 1.00$, $p > .30$). There was an unexpected two-way interaction between monetary fairness and perspective ($\beta = .43$, $t(288) = 4.67$, $p < .001$). Participants' prediction of another person's evaluation of themselves had lower ratings than their evaluation of the other person, and this effect of perspective on evaluation was stronger when money was from a paycheck ($M_{paycheck\text{-}other} = 7.83$ vs. $M_{paycheck\text{-}self} = 5.33$, $p < .001$) than when money was from parents ($M_{parents\text{-}other} = 4.59$

vs. $M_{parents\text{-}self} = 3.85$; $p < .001$). Finally, there was no significant three-way interaction between monetary fairness, value of justice, and perspective ($\beta = -.13$, $t(288) = -1.12$, $p > .20$).

Mediation Analysis on Attitude Toward the Consumer. As in study 2, I conducted bootstrapping analysis for mediated moderation using prestige perceptions as a mediator of the joint effect of monetary fairness and value of justice on attitude toward the target consumer (Process Model 8; Hayes 2012). As expected, the interaction between monetary fairness and value of justice on attitude toward the target consumer was mediated by prestige perceptions ($ab = .08$, 95% CI = .01 to .15). The conditional indirect effect of monetary fairness on evaluations via prestige perceptions was significant both when participants placed high value on justice ($ab_{(+1SD)} = .25$, 95% CI = .13 to .37) and when participants placed low value on justice ($ab_{(-1SD)} = .12$, 95% CI = .03 to .22), but the effect was stronger when participants placed high value on justice, supporting hypothesis 2.

Attitude Toward Brand. I further tested whether monetary fairness and value of justice had a carryover effect on brand attitude (H3). Regression analysis was performed using monetary fairness (low = -1, high = 1), value of justice (mean-centered), perspective (self =-1, other = 1) and all possible interactions as the independent variables, and brand attitude as the dependent variable. Monetary fairness ($\beta = .44$, $t(288) = 4.10$, $p < .001$) and perspective ($\beta = .20$, $t(288) = 1.92$, $p = .06$) predicted attitude toward brand. Value of justice had no effect on brand attitude ($\beta = -.11$, $t(288) = -.89$, $p > .30$).

Importantly, the focal two-way interaction between monetary fairness and value of justice was significant ($\beta = .27$, $t(288) = 2.07$, $p < .05$). More specifically, when money was from parents, value of justice significantly decreased brand attitude ($\beta = .27$, $t(288) = -2.25$, $p < .05$). In contrast, when money was from a paycheck, value of justice did not influence brand attitude

(β = .15, $t(288)$ = .78, p > .40). In addition, money acquired from parents (vs. a paycheck) negatively affected brand attitude, especially when participants placed high value on justice ($\beta_{(+1SD)}$ = .66, $t(288)$ = 4.38, p < .001) compared to when participants placed low value on justice ($\beta_{(-1SD)}$ = .21, $t(288)$ = 1.38, p > .10) (figure 4.4). This result supports hypothesis 3. No other effects were significant (p > .10).

Mediation Analysis on Brand Attitude. To assess the underlying process of the joint effect of monetary fairness and value of justice on brand attitude, bootstrapping analysis for mediated moderation was performed using attitude toward the target consumer as a mediator (Process Model 8; Hayes 2012). The two-way interaction between monetary fairness and value of justice on attitude toward brand was mediated by attitude toward the target consumer (ab = .10, 95% CI = .01 to .20). Conditional indirect effect of monetary fairness on brand evaluations via attitude toward the target consumer was significant both when participants placed high value on justice ($ab_{(+1SD)}$ = .50, 95% CI = .31 to .72) and when participants placed low value on justice ($ab_{(-1SD)}$ = .33, 95% CI = .18 to .50), but the effect was stronger when participants placed high value on justice, supporting hypothesis 4.

Discussion. In study 3, I show that consumers who value justice are more likely to evaluate a target consumer as well as the brand displayed by the consumer negatively when the target consumer engages in conspicuous consumption through money acquired without her own effort (i.e., money from parents). The carryover effect of monetary fairness and value of justice on brand attitude is mediated by evaluators' attitude toward the target consumer who consumes conspicuously. Interestingly, consumers are also concerned with fairness of their own consumption, and expect similar social evaluations when they imagine themselves engaging in the conspicuous purchase behavior. Thus, predicting potential social risks and benefits of purchasing a conspicuous brand by themselves (i.e., self perspective) and evaluating another person's conspicuous consumption (i.e., other perspective) both influence subsequent attitude toward the particular brand.

4.9 General Discussion

Will conspicuous consumption always generate social benefits for consumers? Despite the well-established positive benefits of conspicuous consumption (Griskevicius et al. 2007; Han, Nunes and Drèze 2010; Mazzocco et el. 2012; Nelissen and Meijers 2011; Rucker and Galinsky 2009), the results of three studies demonstrate that consumers can evaluate other consumers who engage in conspicuous consumption negatively in certain situations. When a consumer uses money acquired without adequate effort on conspicuous consumption, conspicuous consumption no longer shapes the consumer's social image positively. Particularly, an evaluator who is more concerned with justice forms a more negative attitude toward the target consumer who displays a conspicuous product purchased through money acquired without fair effort (studies 1 and 2). Perceived prestige of the target consumer being evaluated underlies this effect (studies 2 and 3). Moreover, an evaluator who places high importance on justice evaluates the particular luxury brand conspicuously displayed by the target consumer more negatively when money is acquired without fair effort (study 3). This effect on brand attitude is mediated through consumers' attitude toward the target consumer who engages in conspicuous consumption (study 3).

Theoretical Contributions. This research contributes to the growing body of literature on conspicuous consumption and justice motives in consumer behavior (Bolton and Alba 2006; Rucker and Galisnky 2009; Scott et al. 2013; Wang and Griskevicius 2013). Past research in conspicuous consumption has focused on examining the social benefits of conspicuous consumption (Nelissen and Meijers 2011; Nunes and Drèze 2010), but little is known about the negative aspects of conspicuous consumption (Scott et al. 2013). We suggest that conspicuous consumption can highlight perceived inequality in society and generate social justice concerns, particularly when consumers spend money acquired without adequate effort conspicuously. This research further contributes to the literature by demonstrating the carryover effects of monetary fairness and value of justice on consumers' brand attitude, which is mediated through consumers' attitude toward the target consumer who displays the particular conspicuous brand.

Though past research focused on studying justice motives in the contexts of buyer-seller interactions (Bolton and Alba 2006; Buchan, Croson, Johnson 2004; Campbell 1999; Gershoff, Kivetz, and Keinan 2012; Hui et al. 2004), this research extends the literature on justice motivation by demonstrating that consumers are also concerned with fairness of other consumers' consumption and their own consumption. Specifically, when other consumers engage in conspicuous consumption using money acquired without their own effort, they denigrate the major benefit—prestige signaling effect—of others' conspicuous consumption. They also realize the potential social risks of conspicuous consumption when they imagine themselves engaging in conspicuous consumption using money acquired without fair input.

Practical Implications. This research has implications for marketers of luxury products who rely on consumers' motivation to signal positive social images of status and wealth to others by engaging in conspicuous consumption. They need to be concerned about consumers' fairness motivation and aware of the fact that consumers who place high value on justice do not infer prestige from conspicuous purchases when money spent on these purchases is perceived as having been acquired without one's own effort. Furthermore, it is important for them to understand that consumers can also denigrate the brand used as a conspicuous signal in such a case.

Limitations and Future Research. In the studies in this research, I did not explore boundary conditions of the basic joint effect of monetary fairness and value of justice on evaluations of consumers and brands. There could be moderators of the effects of monetary fairness and value of justice on attitude toward other consumers who engage in conspicuous consumption and brands used by the consumers. For instance, individual differences in beliefs in a just world can be a potential moderator (Dalbert 1999). Those who believe that the world is just may be less likely to perceive another person's wealth or monetary gain unfairly even though the other person did not earn it, because they tend to believe that what is happening in the world is just. Therefore, even though they place high importance on justice, they may not evaluate others who engage in conspicuous consumption negatively. Future work can explore this possibility.

Conclusion. In this research I show that prestige signaling through conspicuous consumption is not always socially beneficial. I demonstrate that consumers who value justice do not perceive a target consumer who engages in conspicuous consumption through money acquired without adequate effort positively. Instead, they perceive the target consumer negatively and denigrate the prestige of the consumer. Moreover, they also denigrate the particular luxury brand used by the target consumer as a conspicuous signal.

Figure 4.1
Study 1: Attitude Toward the Target Consumer

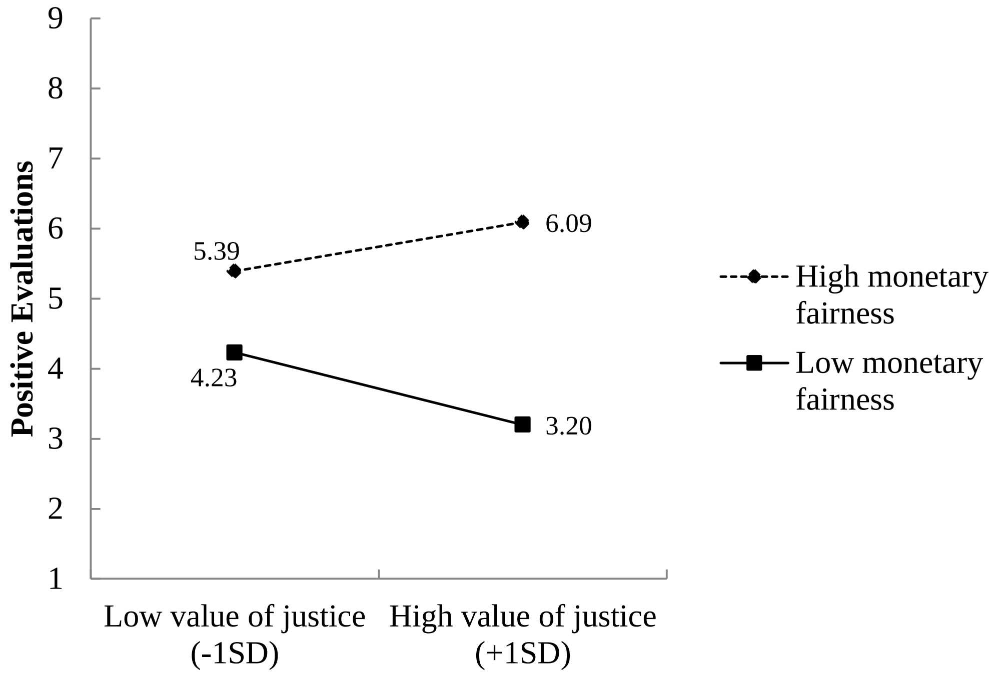


Figure 4.2
Study 2: Attitude Toward the Target Consumer

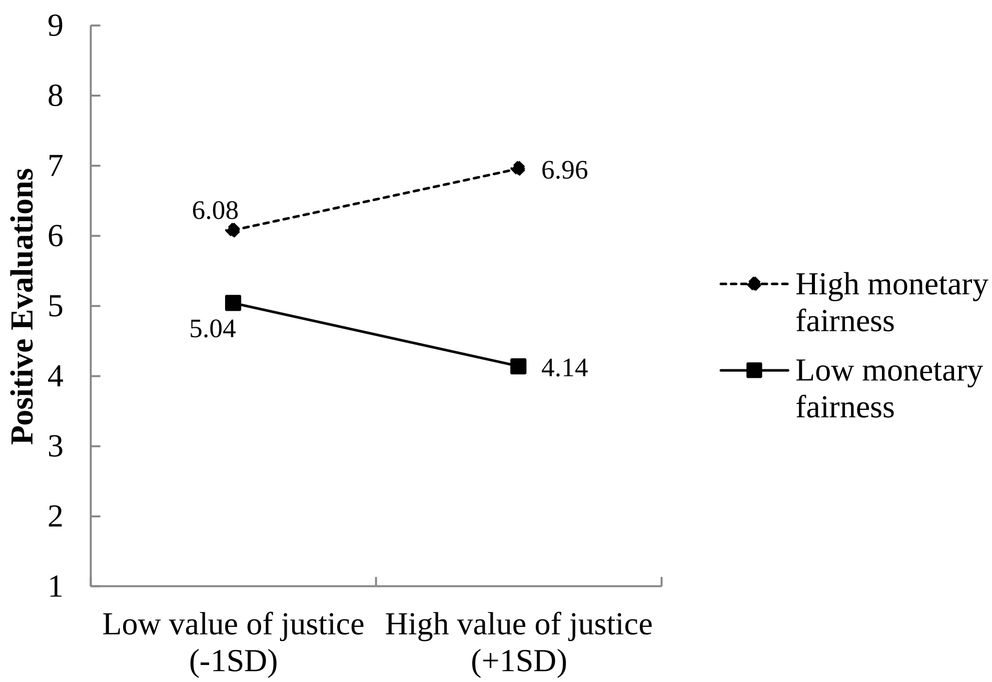


Figure 4.3
Study 3: Attitude Toward the Target Consumer

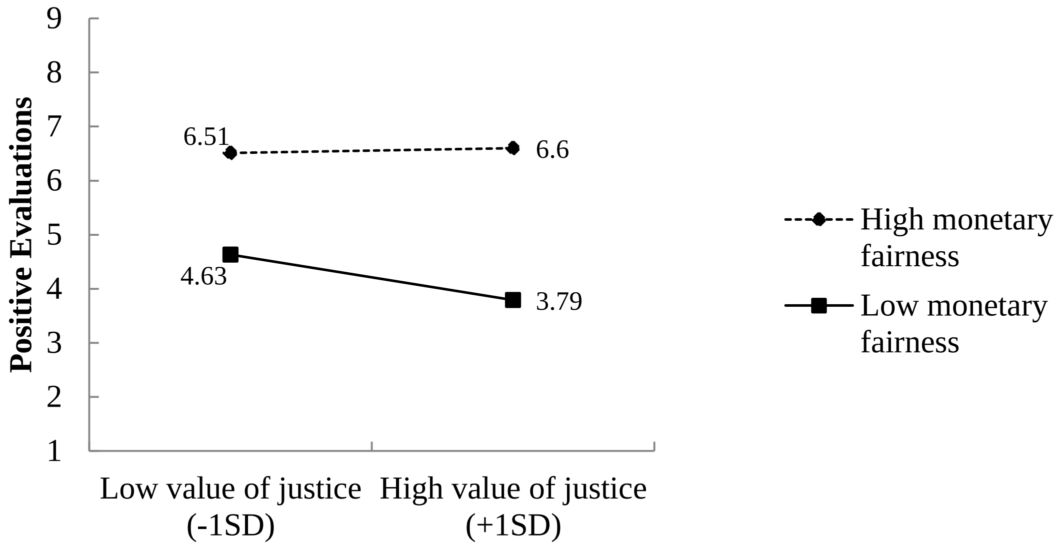
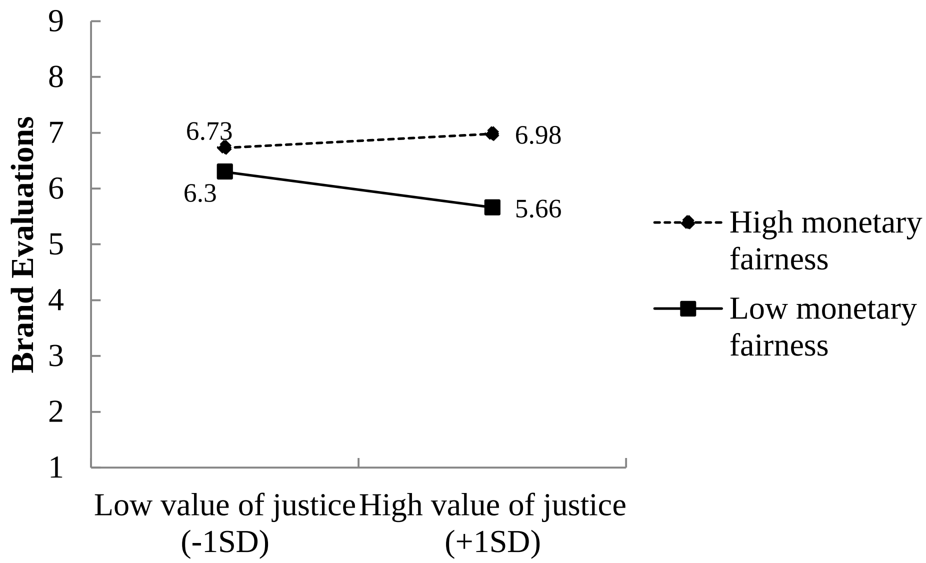


Figure 4.4
Study 3: Brand Attitude



Chapter 5

CONCLUSION

Consumers have varying perceptions about their ideal self based on their ideals and goals, and therefore their desire to be their ideal self or communicate their ideal self-images to others generates various motivations affecting consumers' decisions in private and social situations. Importantly, consumers' concerns with morality often motivate or regulate consumers' pursuit of their ideal self. Building on these ideas, three essays demonstrated the important role of ideals and morality (e.g., justice) in different consumer decision contexts such as charitable giving (Essay 1), participative pricing decisions (Essay 2) and conspicuous consumption (Essay 3).

Each dissertation essay makes several distinct theoretical and practical contributions. The first essay contributes to the moral identity, empathy, perceived responsibility, and charitable giving literatures by showing that charity recipients' perceived responsibility for their plight can reverse the established positive effect of moral identity on charitable giving. This essay also demonstrates the role of empathy and justice as underlying mechanisms of the effects and suggests ways to reinstate the positive effect of moral identity on charitable giving. Specifically, increasing salience of one's own immorality can stimulate empathy for the recipients who are perceived as responsible for their plight and reinstate the positive effect of moral identity on donations. Given that there are charities that support recipients who may be perceived as responsible for their plight, this research provides important implications for marketers of charitable organizations.

The second essay contributes to an improved understanding of consumers' participative pricing decisions by examining previously under-researched constraints on consumers' self-interest seeking, which include not only the other-oriented motivation of fairness but also the egoistic motivation of prestige sensitivity. This essay also demonstrates the interplay between the potentially conflicting motivations of self-interest seeking, fairness toward the seller, prestige sensitivity vis-à-vis other consumers, and social norms on consumers' price decisions and the processes underlying these effects. The results reported in this essay show that the price that the focal consumer is willing to pay can increase or decrease depending on the social signals that the focal consumer receives from or wants to send to other consumers when fairness concerns are not salient. This research provides important implications for marketers who are interested in adopting participative pricing schemes in addition to the theoretical contributions to literatures in price-based consumer decisions, interpersonal influence, and fairness.

The third essay contributes to literatures in conspicuous consumption and justice motives in consumer behavior and provides implications for marketers of conspicuous products by demonstrating a joint effect between monetary fairness and value of justice on consumers' judgments about conspicuous consumption. This essay demonstrates that consumers may not perceive conspicuous consumption as a signal of prestige when the money spent on conspicuous consumption is acquired without adequate effort. Importantly, consumers who value justice not only evaluate target consumers who purchase conspicuous products negatively, but also denigrate the brands that are used as conspicuous signals when money spent on conspicuous purchases is unfair.

Overall, the findings from three essays contribute to an improved understanding of the role of consumers' ideals and morality in consumer decisions. This dissertation offers significant insights to marketers and makes important contributions to the marketing literatures in identity, social influence, fairness, charitable giving, price decisions and conspicuous consumption.

APPENDIX

Essay 3: Study 1 Conspicuous Wallet

Jennifer's Wallet

David's Wallet

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2007 *B.B.A., Business Administration, Cum Laude,* Seoul National University, Korea
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WORKING PAPERS & CONFERENCE PRESENTATIONS

Lee, Saerom, Karen Page Winterich and William T. Ross (2013), "I'm Moral, But I Won't Help You: When and Why Moral Identity Does Not Motivate Charitable Giving."

- Conditionally accepted at *Journal of Consumer Research.*
- Presented at *2013 Society for Consumer Psychology Conference.*
- Presented at *2013 Haring Symposium.*

Lee, Saerom, and Margaret G. Meloy (2013), "Would You Purchase From a Seller in Alaska? The Impact of Geographic Distance on Consumers' Choice of Sellers in Online Marketplaces."

- Being revised for 2nd round review at *Journal of Marketing Research*.
- Presented at *2012 Association for Consumer Research Conference*.

Lee, Saerom, Hans Baumgartner, and Rik Pieters (2013), "Why Don't You Pay as Little as Possible?: Constraints on Consumers' Self-Interest Seeking in Participative Pricing."

- Presented at *2013 Society for Consumer Psychology Conference.*
- Presented at *2012 Behavioral Pricing Conference.*
- Earlier version presented at *2011 Association for Consumer Research Conference.*

Lee, Saerom, Hans Baumgartner, and Karen Page Winterich (2013), "Did You Earn it?: The Role of Monetary Fairness in Conspicuous Consumption.

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AWARDS AND HONORS

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