



## Journal of Services Marketing

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To cite this document:

Jiyoung Hwang, Jay Kandampully, (2015) "Embracing CSR in pro-social relationship marketing program: understanding driving forces of positive consumer responses", Journal of Services Marketing, Vol. 29 Issue: 5, pp.344-353, <https://doi.org/10.1108/JSM-04-2014-0118>

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# Embracing CSR in pro-social relationship marketing program: understanding driving forces of positive consumer responses

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## Abstract

**Purpose** – This purpose of this article is to identify important factors that influence consumers' responses to pro-social loyalty programs (pro-social LPs). These positive marketing programs reflect represent an emerging phenomenon in relationship marketing associated with companies' corporate social responsibility (CSR).

**Design/methodology/approach** – The test of the proposed model relied on data from 350 US consumers, obtained through web-based experiments. Data analysis was performed using structural equation modeling.

**Findings** – The results showed that consumers' CSR-driven cognition (CSR beliefs) and reciprocal emotion (feeling of gratitude) enhance their attitudes toward pro-social LPs and increased participation intentions. The perceived value of pro-social LPs also improved consumer attitudes and participation intentions.

**Practical implications** – Pro-social LPs offer a noteworthy approach to relationship marketing that benefits both service providers that engage in CSR and society overall.

**Originality/value** – This study contributes to the literature on LP and CSR by investigating the roles of CSR-driven cognition, reciprocal emotion and value perception in explaining consumers' responses to an innovative approach of LPs and pro-social LPs.

**Keywords** Gratitude, Perceived value, Attitude, Emotion, Pro-social loyalty program

**Paper type** Research paper

## Introduction

Loyalty programs (LPs) are a conventional customer relationship marketing strategy that aims to build and enhance long-term customer relationships (Berry, 1983). An emerging trend in LPs is the emergence of LPs that reflect a firm's commitment to corporate social responsibility (CSR) and contribute to the well-being of society. We define this type of LPs as *pro-social LPs*. Characteristics of pro-social LPs include encouraging consumers' purchases of socially responsible products through reward schemes of the LP. An example of pro-social LPs is Duane Reade's FlexRewards program that offers double points on purchases of eco-friendly/organic products while offering one point for all other purchases. Under the Starbucks "Shared Planet" campaign, every time consumers swipe a company-issued point card for the purchase of selected products, Starbucks donates 5 cents to Conservation International to save the environment. The current research focuses on pro-social LP, an emerging trend

in relationship marketing area, in an effort to identify the central drivers of consumers' positive responses and behavioral intentions.

When evaluating a firm's offerings such as LPs, consumers use tangible and intangible cues associated with the firm, as well as the characteristics of the offering itself. To date, companies' CSR has been found to play as an intangible evaluation cue influencing consumers' evaluations of a company and its products (Chabowski *et al.*, 2011; Gupta and Pirsch, 2008; Schramm-Klein *et al.*, 2013). Increasing attention to CSR reflects modern reevaluations of the existing consumption culture and marketing approaches, which suggest that companies that seek to encourage more buying and more production have lowered the quality of life and environmental sustainability for future generations. In response, governments, organizations and consumers increasingly seek better consumption approaches, leading companies to take more socially responsible actions. For these reasons, companies have started showing their explicate endorsement of CSR in many aspects of their businesses (Target's Corporate Social Responsibility Report, 2012; Walmart's Global Responsibility Report, 2013).

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Journal of Services Marketing  
29/5 (2015) 344–353  
© Emerald Group Publishing Limited [ISSN 0887-6045]  
[DOI 10.1108/JSM-04-2014-0118]

Received 2 April 2014  
Revised 8 August 2014  
19 January 2015  
Accepted 28 January 2015

The positive link between companies' CSR and consumers' responses to firms' offering has been generally supported in the literature. Consumers' awareness of firms' commitment to, or negligence of, CSR influences their responses to the firm (Chabowski *et al.*, 2011; Barone *et al.*, 2007; Sen and Bhattacharya, 2001; Wagner *et al.*, 2009) and the firm's performance (Schramm-Klein *et al.*, 2013). Also, consumers express favorable attitudes toward socially responsible companies and are willing to pay premium prices for products marketed by those companies (Ellen *et al.*, 2006; Sen *et al.*, 2006). Moreover, consumers' perceptions of a firm's CSR activities and their perceived credibility of those activities affect their loyalty and purchasing behavior (Schramm-Klein *et al.*, 2013). Previous research also identifies mediating factors, such as congruence or fit between organizations and sponsoring activities (Barone *et al.*, 2007; Menon and Kahn, 2003) and benefit salience of CSR activities (Yoon *et al.*, 2006).

To sum up, there are a large number of studies that examine the impact of CSR in general. Surprisingly, only little is known about the effect of CSR on consumers' responses to pro-social LPs, an important trend in the context of CSR and relationship marketing. To the best of our knowledge, the mechanism underlying consumers' perception and their responses to pro-social LPs is missing in the literature.

To fill the aforementioned research gap, this study proposes a conceptual framework that identifies the effect of service firms' CSR as the driving forces of consumers' responses to pro-social LPs. Drawing upon associative network theory (Collins and Loftus, 1975) and cognitive hierarchy model (Homer and Kahle, 1988), we propose consumers' perceptions at the firm level (i.e. CSR-driven cognition and reciprocal emotion) and at the firm's offering level (i.e. value perception of pro-social LPs) as the forces driving consumers' responses to pro-social LPs. As one of the initial attempts to focusing on pro-social LPs, this research offers valuable insights into CSR and relationship marketing of service firms. Regarding practical significance, pro-social LPs can be effective for developing long-term relationships with consumers who exhibit increasing attention and positive responses to firms' CSR and ethical consumption (Schramm-Klein *et al.*, 2013). Implementing pro-social LPs can help service firms avoid the limitation of conventional LPs (we will elaborate this in the following section). Overall, given the positive link between firms' CSR and pro-social LPs and their increasing importance in service industry, it is timely to investigate influential factors for consumers' positive perception and behavioral intention.

We begin with a review of extant literature on CSR and LPs, and the importance of pro-social LPs. After we outline our conceptual framework, we propose several hypotheses and detail our study methodology. Then we present the research findings, discussion and managerial implications.

## Literature review

### CSR and embracing CSR

CSR can be defined as a corporation's voluntary social initiatives over and beyond its legal obligations, in an effort to enhance the overall well-being of society (Schuler and Cording, 2006). CSR is:

[...] an extension of firms' efforts to foster effective corporate governance, which ensures the sustainability of firms via sound business practices that promote accountability, information transparency, and corporate philanthropy (Cai *et al.*, 2012, p. 467).

The CSR concept is not new but the concept has undergone fluctuations in popularity, since Bowen's (1953) early advocacy of CSR (Maignan and Ferrell, 2004), meanings, and overlapping conceptualizations, such that integrating existing definitions can be difficult. In general though, CSR involves economic, legal, ethical and philanthropic dimensions (Carroll, 1999), focused on the community, environment, employees, customers and suppliers (Spiller, 2000).

As discussed earlier, consumers exhibit positive responses to firms that have strong market recognition of CSR, expressed as the form of favorable attitude and willingness to pay premium prices (Ellen *et al.*, 2006, Sen *et al.*, 2006) and their loyalty and purchasing behavior (Schramm-Klein *et al.*, 2013) among others. Increasing recent attention to CSR aligns with the growing acknowledgement that companies' actions have powerful impacts on various stakeholders such as shareholders, employees, consumers and environment. Considering such powerful impacts, companies that seem to neglect their responsibilities, such as with respect to unfair treatment of their employees or harmful effects on the environment, are considered "socially irresponsible". On the other hand, when consumers are skeptical about firms' motives, such skepticism adversely influences firms' brand equity and thus impacting consumers' resilience to negative information about the firm (Skarmas and Leonidou, 2013). Overall, the findings of previous studies support that embracing CSR in business operation has become a critical consideration in today's business.

Adopting CSR however can be challenging for the firm, due to the fact that CSR practices often require more than just goodwill. From a company perspective, enhancing mutual benefits and ensuring their own success thus is critical, but finding strategic, viable ways to exhibit responsibility without sacrificing financial profitability also seems contradictory.

### LPs and pro-social LPs

In this context, pro-social LPs can be a valuable option for companies' adoption of CSR and effective implementation of LPs. Also, implementing pro-social LPs would be "productive" and "effective", given the limitations of conventional LPs after a long time use in various fields for the development of long-term relationship with customers. According to Colloquy, a LP-focus research firm, the average number of US LP memberships have grown to 21.9 per household (Tuttle, 2013). Various retailers including airlines, hotel chains, spas, grocery retailers, department stores and fashion retailers have offered LPs because of several benefits to organizations. First, LPs allow companies to legally accumulate customer information and also they encourage customers' repeated store visits and more purchases (Bolton *et al.*, 2006). Second, LPs offering monetary incentives can develop financial bonds with consumers. Third, LPs can help the development of social bonds in that consumers can feel being special and important to a specific organization (Hennig-Thurau *et al.*, 2002).

At the onset, one of the primary goals of LPs and membership-based rewards programs focuses on customer

loyalty building (Kumar and Shah, 2004; Yi and Jeon, 2003). Researchers contend that successfully implemented LPs increase customer loyalty by enhancing customer satisfaction and value-perception associated with making continuous purchases (Yi and Jeon, 2003). Recently, researchers have delineated the roles of specific loyalty associated with LPs. For instance, *Evanschitzky et al.* (2012) show that LP program loyalty and store loyalty generate different impact on consumer behavior, as LP program loyalty is more important for consumers' purchase behavior while store loyalty predicts consumers' store choice and store preference.

Notably, due to the proliferation of LPs that have very similar reward schemes, it has become more difficult to differentiate one LP from another (Yi and Jeon, 2003). Consequently, companies often fail to build long-term oriented relationship through LPs, which has caused the emergence of doubts about the effectiveness of LPs (Bellizzi and Bristol, 2004; Liu, 2007). Statistics show that in the USA, the number of LP memberships consumers join has increased, but active LP memberships (i.e. LPs that are actually used by consumers) remain as low as 9.5, out of 21.9 on average (Tuttle, 2013). Moreover, in the supermarket retail industry, the membership actually has decreased from 173.7 million in 2010 to 172.4 million in 2012, according to Colloquy. These trends rationalize that retailers such as Albertsons and Jewel-Osco announced their elimination of LPs in 2013.

Under the challenging circumstances surrounding LPs, companies may need to provide LPs that communicate higher value to customers in addition to monetary incentives (Meyer-Waarden, 2007). This is because monetary incentives will not be able to provide sustainable competitive differentiation in the market. Pro-social LPs convey companies' contribution to the well-being of society through their implementation of such LPs. Thus, pro-social LPs encompass symbolic values (e.g. making contribution to other people/society through pro-social LPs), as well as monetary rewards, which can help firms' differentiation in consumers' mind. In other words, the monetary incentives of pro-social LPs (e.g. redeemable points) and the social bonds (e.g. sense of community, shared values or enhanced emotional feeling or gratitude) can boost consumers' positive perceptions and their evaluations of pro-social LPs. To sum up, firms' CSR and the implementation of pro-social LPs can generate synergic effects in enhancing consumers' cognitive and effective perceptions regarding the firm and their relationship marketing programs. Pro-social LPs itself can be a visible and sustainable approach that overcomes the limitation of conventional LPs. We therefore seek to identify factors that encourage consumers' participation in pro-social LPs.

## Hypotheses development

### CSR-driven firm perceptions as endorsing cues

We classify consumers' CSR-driven perceptions as cognitive (i.e. CSR beliefs) and emotional (i.e. gratitude toward the firm), to capture the impact of CSR more comprehensively than previous studies that focus solely on the cognitive aspects (Romani *et al.*, 2012). Accordingly, we propose that CSR-driven perceptions serve as the cognitive and emotional bases of consumer attitudes toward pro-social LPs. Then

consumers' positive value perceptions of and attitude toward pro-social LPs increase their intentions to participate.

For service firms, such as retailers, individual stores actualize the retail brand and provide a testing ground, where consumer behavior may reflect perceptions of CSR. Consumers perceive CSR as a meaningful attribute of a retail brand's image and indicator of the firm's moral identity (Bhattacharya and Sen, 2003; Gupta and Pirsch, 2008). Companies that embrace CSR can engender positive cognitive perceptions of and beliefs about the firm (Barone *et al.*, 2007; Sen and Bhattacharya, 2001; Wagner *et al.*, 2009).

In addition, CSR can elicit emotional perceptions, such as feelings of gratitude. Gratitude is reciprocal, emotional appreciation produced in social exchanges, with two dimensions: affective (i.e. feeling of gratitude) and behavioral (i.e. reciprocal or pro-social behaviors). Previous marketing studies affirm that feelings of gratitude may develop when consumers recognize a firm's efforts toward consumers (McCullough *et al.*, 2001; Morales, 2005; Palmatier *et al.*, 2009), including CSR commitments (Romani *et al.*, 2012). These findings suggest that because of their societal contribution, consumers appreciate such efforts by firms.

For our study, building upon the associative network theory, we propose consumers' learning about the service firm's CSR to be an informational node, which influences the development of a subsequent informational node when consumers learn about the company's pro-social LP. This effect is based on the core nature of CSR and pro-social LP (i.e. for the overall well-being of society, going beyond the firm's legal obligations) (Collins and Loftus, 1975). Similarly, consumers' recognition of the service firm's CSR should evoke a feeling of gratitude toward the firm, which spills over to the consumers' attitude toward the firm's pro-social LP, because of the commonality between CSR and pro-social aspects of the LP. Together, we propose that consumers' CSR beliefs and gratitude, at a firm level, serve as evaluative cues that influence consumers' attitudes toward the firm's pro-social LP:

- H1. Consumers' beliefs about a service firm's CSR positively influence their attitudes toward the firm's pro-social LP.
- H2. Consumers' feelings of gratitude for a service firm's CSR positively influence their attitudes toward the firm's pro-social LP.

### Value perception of pro-social LP

Consumers are value driven (Levy, 1999). Perceived value perceptions reflect consumers' overall assessments of the benefits and sacrifices involved in service exchanges (Zeithaml, 1988) or the ratio between quality and price (Monroe, 1990). These perception arise not only subsequent to a purchase but also in the pre-purchase stage (Woodruff, 1997), such that it differs from satisfaction, which arises only in the post-purchase/use period (Oliver, 1981).

Previous research indicates enhanced value perceptions concerning LPs. For instance, Mimouni-Chaabane and Volle (2010) show that monetary savings, exploration, entertainment and recognition are important for consumers' value perception of LPs (i.e. conventional LPs), whereas social

benefits do not influence consumers' value perception. However, no prior research tests value perception regarding pro-social LPs and how it affects consumers' participation intention. In this study, we predict a value–attitude–behavioral intention relationship that is consistent with Homer and Kahle's (1988) cognitive hierarchy model. In the casual model, we propose a hierarchy among different cognitions, from more abstract to more concrete, that affect focal behaviors. Consumers' perceptions of pro-social LPs based on reward schemes and the social value of the LP thus enhance consumers' attitudes toward the LPs. Furthermore, value should have a direct impact on behaviors. If consumers positively assess the value of pro-social LPs, both their attitudes and their intentions to participate in the LP should increase. We consider both symbolic/emotional values and the monetary value associated with a pro-social LP (e.g. rewards for consumers, company's contribution to society), reflecting the acknowledgement that value perceptions depend on evaluations of various aspects, beyond the ratio between price and quality (Sweeney and Soutar, 2001). In addition, we note that whereas Homer and Kahle (1988) find support for a significant impact of value on a specific attitude, but no direct influence of value on behavior, other studies suggest that perceived value is an important predictor of behavioral intentions (Chen and Dubinsky, 2003; Zeithaml, 1988). Therefore, the following is posited:

H3. Consumers' perceived value of a pro-social LP improves their attitude toward the LP.

H4. Consumers' perceived value of a pro-social LP increases their intention to participate in the LP.

Consistent with the theory of reasoned action (Fishbein and Ajzen, 1975), positive attitudes toward a pro-social LP should enhance consumers' intentions to participate in it. This attitude–intention relationship has received support in various study contexts, including CSR research (Du *et al.*, 2007; Madrigal, 2001; Oreg and Katz-Gerro, 2006). For example, Oreg and Katz-Gerro (2006) find that individual attitudes toward the environment (i.e. environmental concern, perceived threat) affect behavioral intentions (i.e. willingness to sacrifice). For our study, if consumers form a positive attitude toward a pro-social LP, their intention to participate in the LP should increase. Formally, we propose:

H5. Positive consumer attitudes toward a pro-social LP increase intentions to participate in the LP.

Considering the possible confounding effects of consumer factors for determining consumers' intention to participate in a pro-social LP, we also include age and familiarity with pro-social LPs as control variables.

## Research methods

### Stimuli

The data collection was undertaken through scenario-based web experiments. The study design was a single-factor (CSR) between-subject design with a control group. The scenarios contained information about a hypothetical grocery retailer and its CSR commitment, followed by an advertisement for

the company's pro-social LP. The grocery retailer category was chosen given active implementation of LP programs in the industry. First, the instruction explained that the subject would encounter information from *Consumer Reports*. *Consumer Reports*, as a neutral information source, should minimize information source effects on consumers' interpretation of the given information (Yoon *et al.*, 2006).

Specifically, the information first presented a grocery retailer's overall scope of business. CSR information discussed the retailer's overall CSR commitment regarding common aspects of CSR: economic, legal, ethical and discretionary business activities (Carroll, 1979), together with environmental responsibility. With this comprehensive approach, we avoided differential consumer responses due to individual-level difference in support for a specific dimension of CSR (Sen and Bhattacharya, 2001). Then, the advertisement of pro-social LP that included the description and the member benefits was shown to the subject (e.g. one point for every dollar spent for product purchase, double points for the purchase of organic and eco-friendly products, company's donation of 0.1 per cent of profit from the sales of organic and eco-friendly products to Global Conservation Fund).

### Pretest and pilot test

A pretest ( $n = 40$ ) with students at a large Midwestern university was conducted, to ensure the internal consistency of the measurement items and believability of scenarios ("Completely Unbelievable"/"Completely Believable", seven-point Likert scale). The result showed that internal consistency of measurement items was satisfactory but the scenario believability was rated differently between the control group and the experimental group. Thus, some revision was made to the scenario that was used for a pilot test. The pilot test used student sample ( $n = 62$ ) to examine manipulation effect (i.e. CSR commitment) (11-point scale,  $-5$  to  $5$ ). The result showed it was successfully manipulated in terms of CSR as subjects in the positive CSR condition rated higher on the CSR-driven positivity of the scenario ( $M_{\text{positive}} = 3.19$ , vs.  $M_{\text{control}} = 2.13$ ,  $t(60) = 2.96$ ,  $p = 0.002$ ). The scenario was perceived believable for both groups ( $M_{\text{positive}} = 4.77$ , vs.  $M_{\text{control}} = 5.06$ , n.s.). Accordingly, we used the stimuli for the main study.

### Procedure for main study

The sample of the main study was 350 general consumers ( $n = 175$  per condition) in the USA who were recruited through a global research firm. We used a general consumer sample to enhance the generalizability of the findings. The instructions informed participants that the research sought to understand consumers' responses to a retailer's new LP. Participants were randomly assigned to either the control or the positive conditions. At the beginning of the experiment, a welcome message appeared, and then company information about a retailer appeared, along with an advertisement of the firm's pro-social LP.

In the control condition, subjects received overall information about the company's business except for its CSR commitment, followed by the information about its new pro-social LP. On the other hand, subjects in the experiment

condition received all information including the company's CSR commitment. Therefore, the only difference between the control and the experiment groups was the presence of CSR commitment information. After the dependent and independent variable measures, the experiment ended with questions about the participants' demographics.

### Measurement

We adapted the measurement items from previous literature. For CSR belief, we used three items from Wagner *et al.* (2009) (e.g. "In my opinion, Store X is a socially responsible company"). Three items from Palmatier *et al.* (2009) measured subjects' felt gratitude toward the firm (e.g. "I feel grateful for the efforts that Store X makes"). The measure of value perceptions of the pro-social LP contained six items adapted from Sweeney and Soutar (2001) and Yi and Jeon (2003) (e.g. "Eco-sumer loyalty program is one that I would enjoy"). For attitude toward pro-social LP, we used four items from Folkes and Kamins (1999) (e.g. "Unfavorable" vs. "Favorable"). Finally, three items from Mohr *et al.* (2001) measured subjects' participation intentions toward the pro-social LP (e.g. "Very unlikely" vs. "Very likely"). All constructs used seven-point Likert-type scales, except for demographic information.

## Results

### Sample characteristics

Most participants in the main study were women (60.3 per cent), aged 27–45 years ( $M = 40.47$  years) and white (78.0 per cent). The largest groups reported some college education or an associate degree (40.6 per cent) and a household income of \$35,000–\$99,999.

### Manipulation check

Manipulation of the hypothetical companies' CSR also was successful as the positive information group reported significantly higher CSR beliefs than the control group ( $M_{\text{positive}} = 5.90$  vs.  $M_{\text{control}} = 5.12$ ,  $t = 5.59$ ,  $p < 0.001$ ). Also, as shown in Table II, the positive information group exhibited significantly higher scores on other study construct than the control group (CSR belief, gratitude, value perception, pro-social LP attitude, participation intention).

### Hypotheses testing

#### Structural model

Structural equation modeling (SEM) with the maximum likelihood estimation method using AMOS 18 supported the data analysis of the treatment group. First, we validated the measurement model with a confirmatory factor analysis (CFA), along with an exploratory factor analysis. The fit was not acceptable:  $\chi^2_{(142)} = 400.333$ ,  $p < 0.001$ , confirmatory fit index (CFI) = 0.94, Tucker-Lewis index (TLI) = 0.92, normed fit index (NFI) = 0.91, root mean square error of approximation (RMSEA) = 0.102 [0.091, 0.114]. After deleting two items due to cross-loadings and an unacceptable factor loading, the model fit was acceptable:  $\chi^2_{(122)} = 245.185$ ,  $p < 0.001$ , CFI = 0.97, TLI = 0.96, NFI = 0.94, RMSEA = 0.076 [0.062, 0.090].

#### Measurement validation

Before specifying the overall structure model, we confirmed the internal consistency, discriminant validity and convergent validity of the measurement items of the treatment group. As we show in Table I, the internal consistencies were confirmed by the Cronbach's alpha values (0.83–0.96) and composite reliability (0.84–0.96), which were greater than conventional cutoffs (0.70). In Table II, we note that the average variance extracted indicated discriminant validity, in that all the values were greater than the squared correlation coefficients between the constructs (Fornell and Larcker, 1981). The path coefficient estimated loadings in the CFA, with one exception (LP participation intention 3), displayed significant, high loadings, greater than 0.70, in support of convergent validity (Anderson and Gerbing, 1988). These results confirmed internal consistency and unidimensionality (Fornell and Larcker, 1981).

#### Structural model and the result of hypotheses testing

Then, the structural model assessed with SEM showed an acceptable model fit ( $\chi^2_{(139)} = 274.022$ ,  $p < 0.001$ , CFI = 0.97, TLI = 0.96, NFI = 0.93, RMSEA = 0.075 [0.062, 0.088]). All proposed relationships were supported in the model with two control variables (Figure 1). Specifically, we found that CSR affected beliefs about ( $H1$ ,  $\gamma = 0.41$ ,  $p < 0.001$ ) and feelings of gratitude toward ( $H2$ ,  $\gamma = 0.32$ ,  $p < 0.001$ ) a retailer. In support of  $H3$  and  $H4$ , the perceived value of pro-social LPs improved consumers' attitude toward ( $\beta = 0.24$ ,  $p = 0.009$ ) and intention to participate ( $\beta = 0.49$ ,  $p < 0.001$ ) in the pro-social LP. Finally, we postulated that attitude would had a positive impact on behavioral intention and found that attitude toward a pro-social LP enhanced intentions to participate ( $\beta = 0.39$ ,  $p < 0.001$ ), in support of  $H5$ . The control variables (age and familiarity with pro-social LPs) had no significant effects on intention to participate ( $\beta = 0.03$ ,  $\beta = -0.02$ , respectively, n.s.). Thus, the results supported our model, demonstrating spillover effects and confirming the hierarchy model of cognition in the context of a service firm's CSR and pro-social LP.

## Discussion and theoretical implications

Using an emerging relationship marketing approach that integrates companies' positive marketing efforts, pro-social LPs, this study seeks to identify interrelationships among consumers' reactions to service firms' CSR and their pro-social LPs. With data from a sample of general USA consumers, this research empirically demonstrates that service providers' CSR elicits consumers' cognitive perception and emotions toward the firm, which then attract favorable consumer reactions to pro-social LPs. Furthermore, we find a hierarchy among consumers' cognitions (i.e. value, attitude, intention) in a positive marketing context. These findings offer insights for practitioners related to pro-social LPs, which is an emerging trend for relationship marketing, and regarding the importance of CSR in a practical setting.

Specifically, the findings affirm that consumers' perceptions driven by firms' CSR exert cognitive associations with firms' relationship marketing (i.e. pro-social LP) and influence consumers' attitudes toward the company's pro-social LPs even further. Moreover, this

Table I Measurement items and construct validity

Measurement items	Factor loading	Item-total correlation	% of explained variance	Cronbach's $\alpha$	Composite reliability
<b>CSR belief</b>					
In my opinion, Store X is a socially responsible company	0.91	0.88	88.83	0.94	0.91
In my opinion, Store X is concerned with improving the well-being of society	0.91	0.88			
In my opinion, Store X behaves ethically	0.93	0.87			
<b>Feeling of gratitude</b>					
I feel grateful for the efforts that Store X makes	0.94	0.90	91.58	0.95	0.93
I feel thankful for the efforts that Store X makes	0.94	0.92			
I feel appreciative of the efforts that Store X makes	0.91	0.89			
<b>Value perception of pro-social LP</b>					
Eco-sumer loyalty program is one that I would enjoy	0.89	0.86	78.71	0.93	0.85
Eco-sumer loyalty program would make me want to use it	0.89	0.88			
Eco-sumer loyalty program would make me feel good	0.94	0.88			
Eco-sumer loyalty program has high cash value	0.72	0.67			
It is highly likely to get the proposed rewards	n.a <sup>a</sup>	n.a <sup>a</sup>			
The proposed rewards are what I have wanted	0.84	0.80			
<b>Attitude toward pro-social LP</b>					
Unfavorable, favorable	n.a <sup>a</sup>	n.a <sup>a</sup>	93.30	0.96	0.96
Good, bad (r)	0.95	0.91			
Dislike, like	0.97	0.92			
Negative, positive	0.97	0.94			
<b>Participation intention in pro-social LP</b>					
Very unlikely, very likely	0.95	0.768	77.01	0.83	0.84
Impossible, possible	0.97	0.799			
Certain, no chance (r)	0.56	0.547			

Notes: <sup>a</sup>Value perception 5 and LP attitude 1 were excluded in SEM analysis due to cross loadings and low factor loading; (r): reverse-coded item

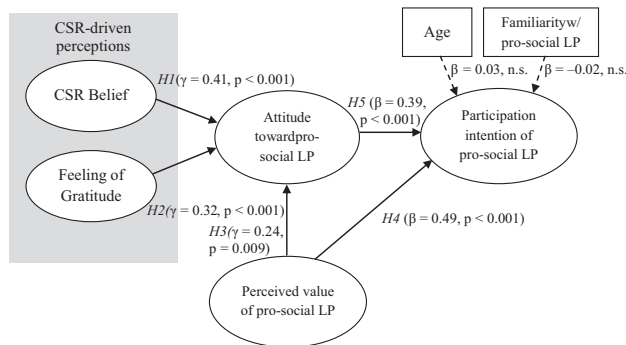
Table II Means and discriminant validity

Constructs	CSR belief	Gratitude	Value perception	Pro-social LP attitude	Pro-social LP participation intention	Mean	T-tests (df = 348)
CSR belief	<b>0.84</b>	0.53	0.52	0.62	0.46	$M_{\text{positive}} = 5.90$ $M_{\text{control}} = 5.12$	$t = 5.59$ ( $p < 0.001$ )
Gratitude		<b>0.87</b>	0.67	0.61	0.50	$M_{\text{positive}} = 5.66$ $M_{\text{control}} = 4.92$	$t = 5.23$ ( $p < 0.001$ )
Value perception of pro-social LP			<b>0.74</b>	0.64	0.69	$M_{\text{positive}} = 5.49$ $M_{\text{control}} = 4.81$	$t = 5.05$ ( $p < 0.001$ )
Attitude toward pro-social LP				<b>0.93</b>	0.62	$M_{\text{positive}} = 5.98$ $M_{\text{control}} = 5.26$	$t = 5.60$ ( $p < 0.001$ )
Participation intention in pro-social LP					<b>0.72</b>	$M_{\text{positive}} = 5.88$ $M_{\text{control}} = 5.10$	$t = 5.14$ ( $p < 0.001$ )

Notes: Diagonals = average variance extracted (AVE) by each construct; upper diagonals = squared correlation coefficients between constructs; discriminant validities are confirmed as AVE exceed squared correlation coefficients

research successfully identifies consumer emotion (i.e. consumers' feelings of gratitude) as an important predictor of positive consumer responses to pro-social LPs. It shows that consumers' felt gratitude developed from the learning of a firm's good deeds enhances their attitudes toward the firm's pro-social LP. The incorporation of consumer emotion (i.e. feeling of gratitude) and the significant effects are theoretically important, in that the main focus of previous CSR research has been cognitive responses such as firm beliefs and firm evaluation (Chabowski *et al.*, 2011;

Wagner *et al.*, 2009), but it has largely neglected the role of consumer emotion such as the feeling of gratitude (Romani *et al.*, 2012). Our findings offer empirical evidence in support of previous research that has indicated a positive impact of felt gratitude on pro-social behaviors (Emmons, 2004; Morales, 2005; Palmatier *et al.*, 2009), as manifested in consumers' reactions to pro-social marketing programs. That is, consumers' exposure to publicity about service firms' CSR evokes their cognitive and emotional perceptions of the firm; more important, those perceptions

**Figure 1** Conceptual framework and hypothesis testing results

**Notes:** Age and familiarity with pro-social LP are control variables; model fit is acceptable;  $\chi^2(139) = 274.022$ ;  $p < 0.001$ ; CFI = 0.97; TLI = 0.96; RMSEA = 0.075 [0.062, 0.088]

further affect consumers' responses to service firms' relationship marketing programs that reflect companies' societal considerations.

Consistent with a cognitive hierarchy model (Homer and Kahle, 1988), we demonstrate a casual sequence of value, attitude and participation in invoking intention toward pro-social LPs. That is, more abstract cognition (i.e. value) affects more concrete cognition (i.e. attitude). The direct effect of value on behavioral intentions extends the cognitive hierarchy model; in this sense, it contributes to prior literature by illustrating a mediating role of attitude and the causal sequence for the hierarchical impact of cognitions.

The findings regarding the value perception of pro-social LPs also deserve further attention. LPs are a common relationship marketing tool for many service companies, and even more so retail companies. However, while there has been some growth in the LP membership across industries, the retail industry has experienced a reduced LP membership in the USA, due to consumers' perception of little value for joining conventional LPs (Tuttle, 2013). Therefore, focusing on pro-social LPs, this study delves into the role of value perception on improving consumers' participation intention in pro-social LPs. We not only adopt a typical view on value perception, a monetary value perspective, such as the ratio between the price consumers pay and the quality they receive (Zeithaml, 1988) but we also include the symbolic/emotional values of pro-social LPs, which capture comprehensive value perceptions of pro-social LPs. The characteristics of pro-social LPs also should be differentiated from those of conventional LPs, in that the ultimate values provided by reward schemes offered through pro-social LPs go beyond monetary rewards. The result confirms that these value perceptions foster consumers' intent to participate in pro-social LPs. That is, consumers perceive this symbolic/emotional value (i.e. pro-social LPs make consumers feel good), as well as the monetary value, which engenders positive attitudes and enhanced participation intentions.

### Managerial implications

This study provides several managerial insights. First, pro-social LPs can be valuable to the differentiation of service firms' LPs in

modern business environments in which companies often confront demands to incorporate CSR, as well as the need to devise more effective LPs in response to seemingly ineffective, identical, conventional LPs. As noted earlier, because LPs have been implemented by so many service firms with the very similar reward scheme, differentiating any single program is difficult, limiting the effectiveness of similar LPs across industries (Yi and Jeon, 2003). It also explains reduced consumer participations in retailers' LPs in recent years (Tuttle, 2013). Furthermore, depending only on an offer of monetary rewards to LP members is an unsustainable solution for retaining customers, because companies cannot afford such costs in the long run. Other than monetary incentives, companies need some way to provide value (Meyer-Waarden, 2007). Pro-social LPs deserve attention, because they offer symbolic values (e.g. making contributions to society through participation in pro-social LPs), which can be effective in differentiating service firms that offer them and thus in building customer relationships.

Second, consumers' participation in pro-social LPs depends on the perceived value of the pro-social LP and the consumers' firm perceptions, which are driven by the firm's CSR. When diverse service firms implement various pro-social LPs, the reward schemes should become more diverse as well. Overall, marketers should recognize the practical value of CSR adoption and pro-social LPs. Noting the significance of consumers' participation in relationship marketing programs, such as pro-social LPs, we recommend that managers monitor consumers' emotional responses and communicate about both the economic and symbolic value of pro-social LPs.

### Limitations and suggestions for further studies

Some of the limitations of this study suggest directions for further research. Although demonstrating a holistic model is valuable, including moderating variables (e.g. consumers' personal values, such as interests in ethical consumption) could clarify our understanding of consumers' dynamic perceptions and responses to CSR and pro-social LPs. In the past, global issues such as global warming and CSR have received attention from various stakeholders, including consumers. As this attention has increased, consumer empowerment in consumption contexts has increased too, resulting in growing numbers of ethical consumers (Shaw *et al.*, 2006), who carefully consider the consequence of their consumption behaviors and engage in activities to benefit overall societal well-being, as well as personal benefit. Previous research already suggests the effect of consumers' personal values on their choices. For example, Dickson (2000) finds that personal values have a significant impact on the choice of purchasing clothes with no-sweatshop labels. In line with our proposed model, ethical consumers might be more sensitive to CSR information that elicits a greater emotional appreciation of firms' CSR efforts than less ethical consumers would be. They also might perceive greater value when they learn of pro-social LPs offered by service firms. Research thus should incorporate personal values, along with value perceptions of pro-social LPs, to identify how these factors interact.

Next, in the current study, we used a scenario about a firm's overall CSR commitment similar to many other CSR studies (Wagner *et al.*, 2009) to test the effect of CSR on consumers' felt gratitude. This impact however may differ depending on the



types of CSR initiatives (e.g. sponsorship, cause-related marketing or pure donation) or the specific area of CSR initiatives (e.g. economical, legal, ethical or environmental) because not all consumers react to CSR to the same extent. In other words, differential CSR actions undertaken by service firms may evoke differential felt gratitude. As an extension of this study, it would be valuable to identify possible variation of the effects on gratitude with respect to differential CSR initiatives.

In addition, our study design reflects the primary purposes of pro-social LPs, namely, to promote mutual benefits for consumers, firms and society. The design of the pro-social LP used in this study reflected real-world and observed practices by retailers, but these programs also might involve a variety of reward schemes, and their differences likely influence consumers' value perceptions. Consumers might be required to take more action than just purchasing to prompt contributions in other types of pro-social LPs; the timing of rewards to non-profit organizations also might be immediate or delayed (Yi and Jeon, 2003). Further research should include several reward schemes of pro-social LPs to test our proposed model further.

Finally, research could investigate specific dimensions of value perceptions, rather than the simplified implementation we used in this study. Value perceptions might pertain to social, emotional, functional, epistemic (i.e. novelty) or conditional (i.e. situational effect) values, and the relative importance of the various value dimensions is often situational (Sheth *et al.*, 1991). In a context involving positive marketing for mutual benefits, symbolic and emotional values may be more influential in determining consumers' long-term participation in pro-social LPs than functional or conditional values. This conjecture should be tested further; insights from such tests could advance understanding of effective approaches to positive marketing.

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