



CRM and Luxury:
Effects of campaign manipulations
on customers' behaviors and
perceptions

Anna Giulia Ventura

Dissertation written under the supervision of Professor Sérgio
Moreira

Dissertation submitted in partial fulfilment of requirements for the
MSc in International Management, at the Universidade Católica
Portuguesa, 03/01/2024.

Abstract

With growing customer demand for corporate social responsibility and more ethical businesses, luxury brands are faced with the trade-off between luxuriousness and sustainability. This research wants to understand if cause-related marketing could be a viable CSR initiative and what constitutes an effective campaign. The effects of a CRM campaign on customers' behaviors and perceptions are studied by proposing different scenarios to respondents in an online survey. The survey investigated customers' purchase intentions, willingness to pay, perception of quality and luxuriousness, and level of guilt in response to different manipulation on a CRM campaign (namely, on price, presence of CRM, luxury or non-luxury context, and alignment). Data were analyzed through independent samples t-tests and descriptive statistics. The findings suggest that CRM is a valid option for luxury brands that could bring about positive effects on the brand, the partner NPO and the customers. The research found customers are more prone to buy products that are linked with charity donations and an aligned CRM initiative positively influences their willingness to pay. The study aims to enrich existing literature and provide guidance for an effective CRM campaign.

Title: CRM and Luxury: Effects of campaign manipulations on customers' behaviors and perceptions.

Author: Anna Giulia Ventura

Keywords: Cause-Related Marketing, Luxury industry, Purchase Intention, Willingness to Pay, Guilt, Alignment.

Resumo

Com a crescente exigência dos clientes em matéria de responsabilidade social das empresas e de empresas mais éticas, as marcas de luxo vêm-se confrontadas com o compromisso entre luxo e sustentabilidade. Esta investigação pretende compreender se o marketing relacionado com causas pode ser uma iniciativa de RSE viável e o que constitui uma campanha eficaz. Os efeitos de uma campanha de RSE nos comportamentos e percepções dos clientes são estudados através da proposta de diferentes cenários aos inquiridos num inquérito em linha. O inquérito investigou as intenções de compra dos clientes, a sua disponibilidade para pagar, a percepção da qualidade e do luxo e o nível de culpa em resposta a diferentes manipulações de uma campanha de CRM (nomeadamente, o preço, a presença de CRM, o contexto de luxo ou não luxo e o alinhamento). Os dados são depois estudados com testes t de amostras independentes e estatísticas descritivas. Os resultados sugerem que o CRM é uma opção válida para as marcas de luxo que pode ter efeitos positivos para a marca, para a organização sem fins lucrativos parceira e para os clientes. A investigação revelou que os clientes são mais propensos a comprar produtos que estão associados a donativos de caridade e que uma iniciativa de CRM alinhada influencia positivamente a sua disponibilidade para pagar. O estudo tem como objectivo enriquecer a literatura existente e fornecer orientações para uma campanha de CRM eficaz.

Título: CRM e Luxo: Efeitos da manipulação de campanhas nos comportamentos e percepções dos clientes.

Autor: Anna Giulia Ventura

Palavras-chave: Cause-Related Marketing, indústria do luxo, intenção de compra, vontade de pagar, culpa, alinhamento.

Acknowledgments

First, I would like to thank Professor Sérgio Moreira, who has accepted my ideas from the beginning and has guided and supported me through this process. Your expert feedback was invaluable.

I would like to thank my parents for teaching me the value of education and giving me the chance to study abroad. Your unwavering support from kindergarten up until my Master has made me the student and, more importantly, the person I am today. Thank you for teaching me the most important life lessons: work hard, be kind, compassionate and always stay humble.

I would also like to thank my siblings, Francesca and Giovanni, for always being there, each in his or her own way. Bibi for hugging me tight and making me see the positive when I was crying about a bad exam grade. Gio, thank you for the support you gave me in your own way. I couldn't be prouder of being your big sister and couldn't be happier to have you two in my life.

Thank you to my Zia Paola, without your academic and personal help I quite literally would not have been here today. Thank you for always being present in our lives, for teaching us the importance of following your passions wherever they take you, and how to always be resiliente, whatever life throws at you.

Last but not least, I would like to thank my friends from all over the world, each of you are an integral part of my life. I would especially like to thank Federica, for being there for me since kindergarten; Ros, for always listening to me whether it was for an exam or for anything else; Nino, for listening to all my doubts and complaints even if you had a thesis to write; Irene, for being my biggest rock since we were in highschool. I couldn't do life without all of you.

Table of Contents

1. INTRODUCTION.....	7
2. LITERATURE REVIEW.....	10
2.1 – THE LUXURY INDUSTRY	10
2.1.1 – Definition of luxury	10
2.1.2 – Who are the luxury customers.....	11
2.2 – CORPORATE SOCIAL RESPONSIBILITY (CSR).....	11
2.2.1 – CSR: advantages and disadvantages	12
2.3 – CAUSE-RELATED MARKETING (CRM)	13
2.3.1 – Different types of CRM initiatives.....	14
2.3.2 – Advantages and disadvantages of CRM in the luxury industry	14
2.4 – LUXURY AND CSR: PARADOX OR ALIGNMENT?.....	16
3. RESEARCH QUESTION	18
4. METHODOLOGY.....	20
4.1 – RESEARCH METHODS.....	20
4.2 – SAMPLE	20
4.3 – THE AVERAGE RESPONDENT.....	21
4.4 – STRUCTURE OF THE SURVEY	22
4.5 – MEASURES	26
4.6 – DATA ANALYSIS	27
5. RESULTS.....	29
5.1 - TESTING OF HYPOTHESIS ONE	29
5.2 - TESTING OF HYPOTHESIS TWO	30
5.3 - TESTING OF HYPOTHESIS THREE	32
5.4 - TESTING OF HYPOTHESIS FOUR	34
5.5 - OTHER INTERESTING FINDINGS	36
5.5.1 - Univariate Descriptive Statistics of Consumer Buying Behavior.....	36
5.5.2 - Univariate Descriptive Statistics of Ethical Consumption	37
5.5.3 - Univariate Descriptive Statistics of Luxury and CSR Perception	37
5.5.4 - Univariate Descriptive Statistics of Perception of CRM Initiatives	38
5.5.5 - Perception of Quality in the Presence of CRM.....	38
6. CONCLUSIONS AND LIMITATIONS	40
6.1 – MAIN FINDINGS	40
6.2 – THEORETICAL IMPLICATIONS.....	42
6.3 – MANAGERIAL IMPLICATIONS	43
6.4 - LIMITATIONS AND FUTURE RESEARCH	45
7. REFERENCES.....	47
8. APPENDIX.....	53
APPENDIX A – FULL SURVEY	53
APPENDIX B – EXAMPLE OF STIMULUS MANIPULATIONS.....	62

LIST OF ABBREVIATIONS

CRM – Cause-Related Marketing

CSR – Corporate Social Responsibility

NPO – Non-Profit Organization

CRM AL – Cause-Related Marketing with alignment

CRM NOAL – Cause-Related Marketing without alignment

HP – High price

LP – Low price

1. Introduction

The general attention on Corporate Social Responsibility has been rising, as concerns for the environment have been growing since the Coronavirus pandemic (World Economic Forum, 2021). The need to go beyond profit-making and actively contribute to the well-being of society is an important business strategy for more and more industries, including the luxury industry. Indeed, luxury brands have been under scrutiny from the public and the media alike to increase their CSR initiatives, given their enormous resources and their leading role in many industries. Moreover, recent data has shown that more luxury customers are Millennials, who usually seek more responsible and sustainable products (Bendell & Keanthous, 2007).

Many critics consider the luxury concept to be too diametrical opposite to that of CSR to be able to conciliate the two, the so-called luxury-CSR paradox. Even so, with a thorough analysis of both definitions, we found some overlapping concepts. For example, for a brand to be perceived as luxury, the product must be objectively high quality and durable, with the products being inherited through generations (Kapferer, 2010), which perfectly aligns with sustainability's need to reduce overproduction and waste. Moreover, another important concept in the luxury industry is scarcity, which helps with the problem of waste. This alignment with sustainable values does not stop here and can be traced down the whole supply chain, encompassing everything from the packaging to the artisans creating the products (Kapferer, 2010). Thus, the question should not be whether luxury firms should engage in CSR initiatives but how they should do it.

One powerful strategy could be cause-related marketing, as studies show that other CSR initiatives, like the use of recycled materials, negatively impacted the perception of luxuriousness and quality (Achabou & Dekhili, 2013). Furthermore, CRM could be a successful strategy for luxury brands as it might help reduce the guilt usually associated with hedonic purchases (Strahilevitz & Myers, 2002). CRM could also be a better strategy to adapt to the changing customer base for luxury brands, indeed, research by Nielsen found that customers under the age of 40 prefer to donate through where they shop, instead of donating directly to the charity. Consequently, luxury brands should consider CRM initiatives to satisfy their customers' demands better.

This research aims to explore how to develop an effective CRM campaign for all the parties involved (namely, NPOs, luxury brands, and customers) basing the study on customers'

perceptions and behaviors. More specifically, the effect of CRM and brand-product alignment on purchase intention, the level of guilt, and the perception of quality and luxuriousness is the focus of this research.

Numerous studies have analyzed the success factors of CRM in different industries (Payne & Frow, 2005; Campbell, 2003) but fewer studies focus on the luxury industry. Thus, this research centers on the luxury sector, which has different values from other industries. Moreover, previous studies focus on a corporate perspective, thus, the present research analyses consumers' behaviors and perceptions. Furthermore, Ross III et al. (1992) highlighted that customer responses to a CRM campaign have not been thoroughly researched. Focusing on the customers' side can improve the campaign's success rate. Indeed, according to Baker (2003), all three parties involved in the CRM initiative must perceive the campaign as beneficial for it to be successful. Strahilevitz (1999) conducted a study on the impact of donation magnitude on CRM success, but the donation alignment with the brand or product has not been thoroughly researched. The presence of alignment can help the campaign be more genuine, which in turn can lead to an improved brand image (Kahneman & Knetsch, 1992).

A study on critical success factors of a CRM campaign can help luxury brands to better tailor their efforts to their customers' needs. In return, a winning CRM initiative can lead to wider support of the brand, better brand recall and recognition, enhanced brand value, improved relationships with customers, and increased purchase intentions (Smith & Alcorn, 1991; Sheikh & Beise-Zee, 2011; Ross et al. 1992). For the NPO, a successful campaign can lead to wider awareness of their cause, considerable donations, and the potential acquisition of new donors. CRM proves to be a win-win strategy for the three parties involved.

An online survey is carried out to test the research question to collect primary data. The online form was deemed most appropriate because of the possibility to reach a wider population in a brief period (Saunders et al., 2009).

This research is structured as follows. In the second chapter, a review of the significant, existing literature will be carried out. The luxury, CRM, and CSR concepts will be comprehensively examined and ultimately integrated into a conciliated conceptual framework. The third chapter will describe the methodology employed to test the research's hypotheses, encompassing an outline of the research questions, the chosen method of analysis, a description of the sample obtained, and the specific scales used in each section of the survey. The fourth chapter will

describe the data analysis process and the results obtained from the statistical tests. The fifth chapter will summarize the results, which will then be linked to managerial and theoretical implications. Lastly, the possible limitations and future research paths will be discussed, thus concluding the research.

2. Literature Review

This section aims to clearly define the concepts of luxury, corporate social responsibility, and cause-related marketing and how these three notions can be linked to each other.

The luxury industry has often been regarded as antithetical to the concept of CSR and sustainability, nevertheless, luxury customers are evolving and are increasingly asking for more responsible brands. In the first section, the luxury concept is extensively analyzed together with its customers. Afterward, the theme of CSR and CRM are discussed, ending with a discussion about potential areas of overlap between the three concepts.

2.1 – The luxury industry

2.1.1 – Definition of luxury

The concept of luxury, even if widely understood by people, does not have a universally accepted definition. The word itself comes from the Latin word “luxus”, which means “extravagance”, and “excess”. Indeed, many scholars, such as Amatulli et al. (2021) and Wong and Dhanesh (2017), still use the same words today to describe the concept of luxury. However, nowadays, there are a variety of definitions of the term with numerous inconsistencies, so much so that Heine (2012) stated “there is above all a consensus in business literature that there is actually no consensus about the definition of luxury products and brands”. Ultimately, the disparate definitions of the concept of luxury stem from the fact that luxury is a relative concept. Indeed, whether a brand is considered luxurious mainly depends on the customer’s evaluation of said brand (Ko et al., 2019) and on what is deemed necessary (Sombart, 1914).

In their research on luxury brands, Ko et al. (2019) and Kapferer (2015) were able to identify several characteristics that can increase the likelihood of the brand being considered luxurious.

Based on the aforementioned studies, a luxury brand offers a product or service that is:

1. A high-quality product or service;
2. Produced in limited quantities, scarce;
3. Very prestigious because of its use of its heritage of craftsmanship and artisanship;
4. Priced at a price level exceeding the product’s functional value;
5. Capable of creating an emotional connection with the consumer;
6. Hedonic.

It is relevant to mention the profound effect of luxury on society and the deriving sociological issues. In fact, luxury has traditionally always been a cause of social stratification and a strong influence on the allocation of wealth.

2.1.2 – Who are the luxury customers

After stating the whole concept of luxury mainly depends on the customer's perception, it is useful to briefly describe who the luxury customers are and what are the motivations that lead to the purchase.

Even though the target market for luxury brands can be diverse and segmented, the assumption can be made that it is a materialistic niche. A materialistic consumer, according to Richins & Dawson (1992), values possessions, in particular status-enhancing possession, such as luxury products. The target market could be further divided since not all materialistic consumers buy luxury products for the same reasons. In fact, customers could be driven to purchase by “interpersonal” motivations (concerning external factors, such as societal approval) or by more “personal” motivations (related to internal incentives, such as positive emotions linked to the hedonic purchase) (Dubois & Laurent, 1995).

Following the aforementioned division, customers that follow interpersonal motivations can be brought to a luxury purchase to signal wealth, status, and power to others. It is a theory called conspicuous consumption which was first described by Veblen (1899).

On the other hand, customers who value more personal factors can be described by the self-concept theory, according to which consumers seek luxury items to enhance their self-concept (Shukla & Purani, 2012).

Overlapping both sides are other theories describing the reasons behind a luxury purchase. A significant one to mention is the social comparison theory, which posits that certain customers use luxury brands to conform to social standards (Wiedemann et al., 2009) and to increase their self-satisfaction (Mandel et al., 2006).

Lastly, Belk (1988) theorized that luxury consumption can be linked to the concept of extended self, which means that customers alter their identities of themselves based on the possession of luxury items.

2.2 – Corporate Social Responsibility (CSR)

With the rise of capitalism and globalization, the power of many corporations on society and the environment has grown to unprecedented levels. This growing influence together with climate change and other environmental and societal crises has led many researchers to the

conclusion that corporations too need to be held accountable for their impact on society and the environment, thus coming to the creation of the concepts of CSR and the triple bottom line.

The concept that firms might have some responsibilities that went beyond making profits has been circulating for centuries, nonetheless, its relevance was not central until the 1960s. Indeed, a book was published by H.R. Bowen as early as 1953 titled “Social Responsibilities of the Businessman”, where corporate philanthropy and other similar ideas were suggested.

Considering the multitude of definitions of CSR, for the purpose of this research, CSR will be described as “achieving commercial success in ways that honor ethical values and respect people, communities, and the natural environment” (White, 2006, p.6), as it underlies the importance for corporations to go above mere profits.

Another relevant concept to define is that of the triple bottom line. In 1994, John Elkington introduced the concept of a triple bottom line to measure sustainable business performance. The triple bottom line groups three concepts that should guide corporations to more sustainable development (Boer, 2013). The idea is that businesses should also consider their social and environmental impact along with their financial performance, or, more succinctly, “people, planet, profit” (Elkington, 1997).

2.2.1 – CSR: advantages and disadvantages

Nowadays, there is an increasing amount of pressure from both consumers (Batat, 2022; Chen and Petersen, 2022; Humphreys, 2014; Spielmann, Dobscha & Shrum, 2023) and investors (Lee, Raschke & Krishen, 2022) to implement CSR strategies and luxury firms are no exception. Especially after the COVID-19 crisis, statistics show an increased amount of interest and concern from the public about the environment and socially conscious brands (World Economic Forum, 2021). The pandemic was an effective example of the importance of CSR, as a study done by BlackRock showed 81% of purpose-driven companies outperformed their counterparts in 2020, despite the market downturn.

However, not all arguments are in favor of CSR and its importance for corporations. In fact, Friedman (1962) states that “the only responsibility of business is to maximize profits of owners and shareholders” and McGuire (1963) argued that social responsibilities were beyond the economic and legal obligations of businesses. Later, it was claimed that business managers might not have the necessary skills and expertise to make effective socially oriented decisions

(Davis, 1973), essentially stating that social responsibilities were unrelated to a businessman's "proper aim" (Hayek, 1969).

In contrast, literature defends the idea that CSR practices can benefit the company as they positively influence customers, society, and other stakeholders (Mohr et al. 2001).

Whether CSR makes a company more profitable is still not clear, as most of the benefits associated with CSR are intangible. Some researchers have found a positive link between CSR initiatives and the financial performance of the firm because of the reduction of capital constraints (Cheng et al., 2014), the rise in corporate reputation (Singh, & Misra, 2021), and many other factors. Nevertheless, there are studies connecting CSR to negative financial performance (Friedman, 1970; Lioui, & Sharma, 2012), so Koch & Starks (2021) posit that the problem is still unresolved and further research is required.

Analyzing CSR effects beyond the firm, CSR efforts have positive effects on customers too, such as an increase in positive attitudes toward the firm (Sen, & Bhattacharya, 2001) and an increase in sales and purchase intentions (Green & Peloza, 2011).

2.3 – Cause-Related Marketing (CRM)

A CSR strategy inside a corporation can be carried out at different levels, such as human resources management, operations, or marketing. One example of the latter is Cause-Related Marketing (CRM). CRM is about "using marketing money, techniques, and strategies to support worthwhile causes whilst at the same time building the business" (Adkins, 1999).

CRM can also be explained as a partnership between a firm and a Non-Profit Organization (NPO) where fundraising for the cause's benefit is linked to purchasing the firm's products or services (Varadarajan, & Menon, 1988).

Albeit CRM involves a contribution system aimed at supporting a charity, it is not primarily driven by philanthropic or altruistic motives (Strahilevitz, 1999). Instead, CRM primarily functions as a marketing strategy, usually considered to be an efficient one, where all three parties involved stand to win (Silva, & Martins, 2017).

The effectiveness of a CRM campaign can be influenced by a variety of factors. First, it is necessary to have a clear fit between the firm and the supported cause (Barone, Norman, & Miyazaki, 2007), but also among the product and the chosen NPO (Zdravkovic, Magnusson, & Stanley, 2010). Indeed, a greater perceived fit usually results in more positive consumers' evaluations of the campaign (Barone, Norman, & Miyazaki, 2007).

Another relevant factor for a successful campaign is the perceived motivation behind the CRM initiative, whether it is executed for egoistic motives or altruistic, intrinsic or extrinsic (Bendapudi, & Singh, 1996). Indeed, the positive impact of CRM on perceived product performance is attenuated whenever consumers perceive that the company's intentions are guided by self-interest (Blair, & Chernev, 2015).

Lastly, Müller et al, (2014) illustrate the importance for the success of the campaign of donation size, donation framing (monetary, in-kind, mixed), and the presence of a clear financial trade-off.

2.3.1 – Different types of CRM initiatives

There are numerous CRM strategies that can be divided into: donation-linked, product-linked, and cause-related marketing events (Lee, & Johnson, 2018; Kim et al., 2022).

In the case of a donation-linked campaign, the company donates to a cause of its choosing and then encourages customers to follow suit. For example, Gucci is a partner of “Chime for Change” and urges its luxury customers to donate to the charity too.

With product-linked CRM, a limited-edition collection is released where part of its profits is then given to charity. One example could be the partnership between Bvlgari and Save The Children. The luxury brand introduced a limited-edition line devoting part of its profits to supporting children in need.

Lastly, when a brand opts for a CRM event, it organizes an event where guests participate in a specific activity (i.e., Michael Kors' “Watch Hunger Stop” where customers were asked to design a digital T-shirt). The symbolic participation of customers is then matched with actual donations from the brand to a charity.

2.3.2 – Advantages and disadvantages of CRM in the luxury industry

A successful CRM campaign, as previously mentioned, yields benefit for the company, the NPO and the consumer, therefore, it is crucial to comprehend the potential advantages that each party stands to gain.

Firstly, as regards the company, CRM can be a cheaper marketing strategy as the donation for the chosen cause is usually restricted to a percentage of the profits or to a limited number of products. For example, in the “Donate Your Words” campaign run by Cadbury Dairy Milk in partnership with Age UK, only 30 pence for each bar of chocolate sold was donated to the cause: a meaningful help for the charity but a small price for Cadbury Dairy Milk.

Furthermore, the pro-social behavior of the company can enhance its image in the customers' minds and create purchasing incentives (Smith & Alcorn, 1991), thus leading to an increase in purchase intention.

Additionally, Sheikh & Beise-Zee (2011) demonstrate the link between CRM and different positive spillover effects on the company, namely: an increase in customer awareness of the brand, wider support of the firm, and better brand recall and recognition.

When undertaking a CRM initiative, the firm will be able to enhance its brand value and improve its relationship with customers (Ross et al., 1992), which can lead to a gain in revenue (Berglind & Nakata, 2005).

More recently, it has been demonstrated that CRM can facilitate upselling, especially for luxury brands, as the partnership aids in guilt reduction (Hagtvedt & Patrick, 2016).

On the other hand, however, the company's image can be damaged if the CRM campaign is perceived as not genuine. This effect is referred to as warm glow and was studied by Kahneman & Knetsch (1992). If the brand image is ruined, it is harder, if not impossible, for a company to build and maintain long-term customer relationships, which are essential for financial success and growth in the long term (Keiningham et al., 2008).

When analyzing the NPOs perspective, the advantages are clear. Indeed, the charity will be able to collect significant donations, potentially even more than with traditional forms of fundraising (Boenigk, & Schuchardt, 2014).

According to Basil & Herr (2003), when a well-known luxury brand partners with a lesser-known NPO, luxury customers anchor their attitude on both partners, increasing the NPO's visibility. Moreover, given the wide reach and influence of some luxury brands, charities can broaden the awareness of the cause, without having to spend additional resources on marketing campaigns (Bhattacharya, & Sen, 2011).

Finally, another positive effect of luxury-NPO partnerships can be the acquisition of new donors. The particular benefit has been studied by Boenigk & Schuchardt (2014); indeed, their research proved an increased interest in the charity from the brand's luxury customers. This curiosity often turned into considerable donations, given the means of luxury customers.

On the other hand, NPO might face some negative effects correlated to their decision to partner with a luxury brand. Firstly, some stakeholders might disapprove of what the luxury industry stands for and, thus, manifest a negative attitude towards the initiative (Herman, & Rendina, 2001). The perceived misalignment of values might also lead stakeholders to reduce their

identification with the non-profit (Elsbach, & Bhattacharya, 2001), which will lessen their loyalty, their job performance and so much more (Carr et al., 2019).

2.4 – Luxury and CSR: paradox or alignment?

Recent data has shown that so-called “Millennials” currently make up one-third of all luxury customers in 2019 and the number is expected to double before 2024 (Thomsen et al., 2020). Hence, the requests of luxury customers are evolving, frequently asking businesses for more “convincing answers to questions of environmental and social responsibility” (Bendell, & Keanthous, 2007).

When analyzing the definitions of CSR and luxury, the two concepts might appear as diametrical opposites. Luxury suggests overconsumption, social stratification, hedonism, and extravagance (Janssen et al., 2017), while CSR advocates for equality, environmental protection, and moderation; all antithetical ideas. Nevertheless, luxury products need to be of superior quality to justify their premium prices. These products are made with excellent materials, have a long production time, and are carefully crafted by artisans, all concepts that agree with CSR. Additionally, Kapferer (2010) argues that luxury items should be timeless and durable, inherited through generations, which perfectly aligns with sustainability’s need to reduce overproduction and general waste.

Further alignment can be found along the whole supply chain, as luxury brands pride themselves in carefully selecting their artisans conciliating with safe working conditions and ethical responsibilities towards workers (Kapferer, 2010). Even the packaging of luxury items can be more sustainable than that of its counterpart as cheap, plastic packaging are not in line with the lavish experience they want to promote.

Another area of accordance is highlighted by Han et al. (2016). The concept of scarcity is fundamental in the luxury business model, which is also in accordance with CSR’s view on mass production and waste of resources.

Based on these overlapping areas, it can be concluded that CSR and luxury are not to be considered contradictory concepts. Nonetheless, not all CSR initiatives agree with luxury’s business model. For example, Achabou & Dekhili (2013) found that recycled materials were negatively impacting the customers’ perception of luxury items, as they did not find them to be rare or high-quality. Moreover, a study found that luxury products were considered less desirable when marked as sustainable products (Voyer & Beckham, 2014). These results, together with Strahilevitz & Myers's (2002) idea that hedonic products (such as luxury

products) create guilt in customers that can be offset by charity donations, lead this research toward the analysis of CRM as a form of CSR in the luxury industry.

3. Research Question

Theoretically speaking, CRM seems to be a profitable and effective strategy for luxury brands. However, there is a lack of research on the effects of CRM on customers in the luxury industry and how alignment influences customers' perceptions and behaviors. Thus, this research aims to study how customers' behaviors and perceptions of a luxury product change in relation to different manipulations of a CRM campaign.

The research question is divided into four hypotheses:

1. Hypothesis 1 – CRM increases the willingness to pay.
2. Hypothesis 2 – CRM helps to alleviate the sense of guilt linked with a luxury purchase.
3. Hypothesis 3 – The willingness to buy a product is positively influenced by the alignment (or fit) between chosen charity and the product or brand.
4. Hypothesis 4 – The presence of a CRM initiative does not negatively influence the consumer's perception of luxury.

The hypotheses and main research question are based on existing literature and previous studies. The first hypothesis is based on the findings of Smith, & Alcorn (1991) and Koschate-Fischer et al. (2012). These studies, however, focused more on the relationship between donation size and willingness to pay. This research aims to find a connection between CRM and willingness to pay without the influence of donation size. I believe that, given the premium prices of luxury items, the portion of profits donated to charity should not influence willingness to pay, since any percentage of a high price is a considerable help.

For the second hypothesis, the effects of CRM campaigns in a luxury context on guilt are examined. The link between guilt and hedonic consumption¹ was tested by many scholars (Hagtvedt & Patrick, 2016; Kivetz & Simonson, 2002) but a study of the effects of linking prosocial behavior with a hedonic item was missing.

Furthermore, based off various research on the negative effects of perceived egoism in CRM campaigns (Bendapudi, & Singh, 1996; Bailr, & Charnev, 2015), I decided to test whether the alignment between the brand or product and the partner NPO would influence the willingness to buy. Indeed, my third hypothesis aims to see if brand/product – NPO fit can help the

¹ Hedonic consumption refers to the act of buying and using a product or a service that is designed to provide pleasure and enjoyment, rather than being solely functional. Hedonic consumption is often associated with experiences that evoke feelings of happiness, such as the purchase of a luxury item, a sweet treat, or a relaxing vacation (Hirschman & Holbrook, 1982).

campaign be perceived as genuine and led by altruistic motives, thus helping with a “warm glow feeling” and willingness to buy.

Lastly, the fourth hypothesis tests whether a product would still be considered luxurious even when associated with a CRM initiative. Some CSR initiatives were decreasing the product’s luxury status, such as the use of recycled materials in the making of the product (Achabou & Dekhili, 2013). Hence, to create a successful CRM campaign, the consumer’s perception of the luxury product should not be affected by the association with a charity.

4. Methodology

The forthcoming chapter will explain the methods employed to answer the research question, along with the procedures, the sample, and the variables used.

4.1 – Research Methods

To answer the research question and the four hypotheses, primary data was collected through a self-administered, online survey. The following data collection method was preferred to better observe the interaction between variables.

The questionnaire was developed using the web-platform Qualtrics. The online form was chosen to reach a significant number of respondents in a short-term period (Saunders et al., 2009). Moreover, the choice of a self-administered survey was made to reduce the possibility of socially desirable answers from the respondents (Dillman, 2007). To limit any possible bias, an element of randomization was added to the survey. The survey was shared online through email and was posted on the main social media platforms.

4.2 – Sample

The data was collected through an online survey that was completed by 180 people (the total number of respondents was 214, however, 34 surveys were not taken into consideration for the analysis as they were left unfinished). The data collection process was finished within 14 days between the 26th of April and the 9th of May 2023.

To reduce the presence of bias, the survey was posted on different social media platforms (namely, Instagram, LinkedIn, and Facebook) that reached a diverse group of people. Indeed, the participants were composed mainly of people between the ages of 21 and 24 with 25.57% respondents, and, with the same percentage, of people between 25 and 30 years of age. Another peak was in the 50 to 60 years of age with 20.45% of the participants belonging to said range. The sample was predominantly female, with 57.95% of respondents being female and 37.50% being male (there was a collective of 4.54% responses that chose the option “Prefer not to say” or “Non-binary/ third gender”). Most of the respondents were working full-time (46.59%), while 11.36% were working but only part-time. Of the participants, 23.86% were students at the time of the survey. A minor percentage of the respondents were unemployed or looking for work (3.98%), while the rest, 14.20%, were either “A homemaker or stay-at-home parent”, “Retired” or “Other”.

The total number of completed surveys collected, compared to the number of incomplete surveys, was deemed an acceptable threshold to be able to conclude, given the online nature of said survey (Saunders et al., 2009).

4.3 – The average respondent

The research centers on the effects of prosocial behaviors in the luxury industry, however, not all individuals are materialistic or believe in the effectiveness of donations so their answers might be conditioned by their own beliefs and preferences. Thus, it is important to study the behaviors and beliefs of the average respondent. To do so, five parameters were created:

1. Charitable behavior – the average answer to “Do you or anyone in your family donate regularly to a charity?” and “Have you ever made a donation to a charity” were taken into consideration.
2. Ethical consumption (Theory) – an average was made taking into consideration the theoretical support each respondent would give to a responsible business when no financial trade-off was mentioned.
3. Ethical consumption (Practice) – the average propensity of participants to pay premium prices for more sustainable products.
4. Sustainable intentions – how much individuals take into consideration the environmental impact and other social activities of the brand before buying.
5. Luxury consumption – a scale is created to associate a numerical value to each brand.

The scale is as follows:

- a. Nike, Zara, Uniqlo, H&M, and Mango are associated with 1
- b. Calvin Klein and Ralph Laurent with 3
- c. Chanel, Louis Vuitton, Gucci, Balenciaga, Jimmy Choo, and Hermès with 5.

The results lead to an average respondent who has the characteristics summarized in the graph below:

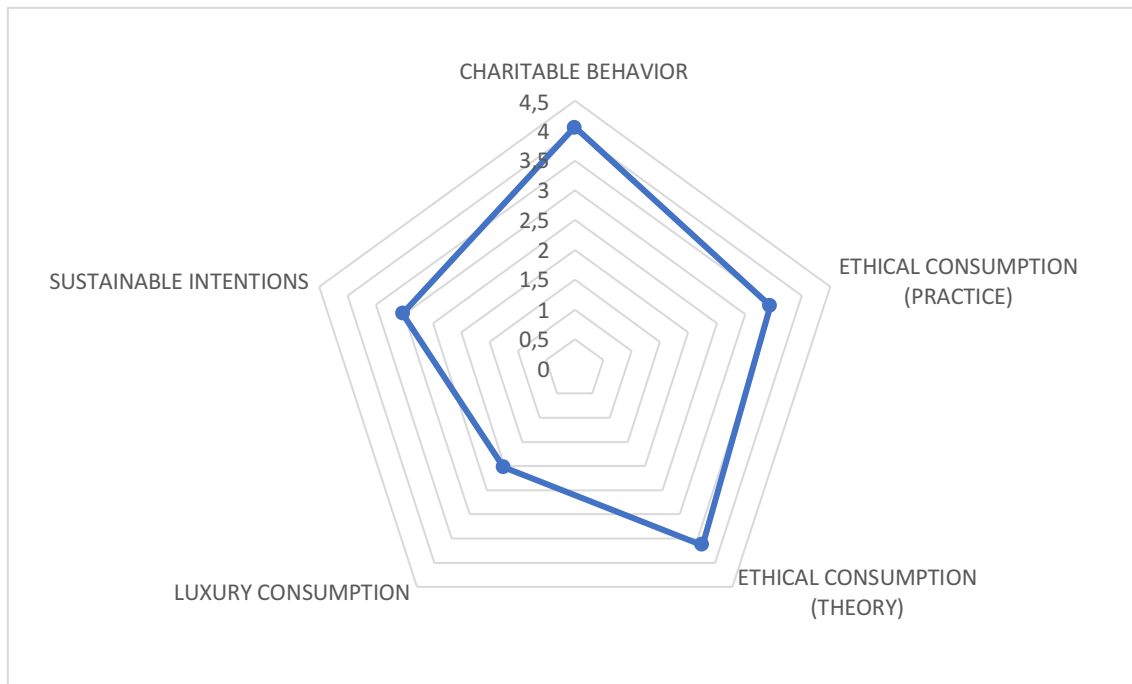


Figure 1 - Average respondent

It can already be inferred that the sample obtained might not perfectly mirror the behaviors of habitual luxury customers. Indeed, a mean of 2.03 was scored in the “Luxury Consumption” category, which means that the average respondent in the survey is not a habitual luxury consumer.

4.4 – Structure of the survey

The survey was structured into two main parts which were then divided into subchapters. The first main part asked the recipient to answer some questions to gauge their beliefs and behaviors towards different, more theoretical matters, such as their buying behaviors and their charitable habits. In the second part, each participant was presented with a different stimulus that was randomly assigned by the platform from a pool of 60 scenarios and was then asked to answer a set of questions on the image they saw. Next follows an in-depth analysis of each sub-chapter:

Demographics

The first subsection aims to collect data about the participants to better understand the population being discussed in the survey. This part is fundamental to interpreting and contextualizing the survey’s findings. The details collected are discussed in thorough detail in the Sample section above.

Consumer buying behavior

This second section intends to collect behavioral variables with rating questions. Behavioral variables consist of data on what participants did in the past, usually do now, or are planning to do in the future (Dillman, 2007). Rating questions, on the other hand, ask respondents how strongly they either agree or disagree using the Likert-type rating scale. For this research, a five-point Likert-type rating scale was used (1 – Strongly disagree, 2 – Somewhat disagree, 3 – Neither agree nor disagree, 4 – Somewhat agree, 5 – Strongly agree).

The purpose of these questions was to examine the importance for clients of different attributes of the product. By analyzing the answers, it is possible to discern people who are interested in responsible businesses and luxury brands. This distinction is important as it might explain why the same individuals responded in a certain way when presented with the final stimulus. At first, participants are asked to choose between an assortment of luxury and non-luxury brands that best described their buying habits. Afterward, individuals are asked to rate the importance of the following attributes: price, attributes (materials, color, performance, packaging, etc...), aesthetic, brand name, brand history, quality, brand's CSR initiatives, environmental impact, and "Made In" information.

Giving habits

This section analyzes the giving habits of the individual and his or her family. Again, the questions aim to collect behavioral variables.

This subchapter helps to understand what qualities characterize each respondent, whether he or she possesses more self-enhancement values or self-transcendence values. As conceptualized by Torelli, Monga & Kaikati (2012), self-enhancement values are those usually associated with luxury customers, for instance, excess, superficiality, and extravagance, while self-transcendence values represent altruism, equality, and other prosocial behaviors. The luxury – CSR paradox (or lack of paradox) was widely discussed before, hence, being part of one set of values is not mutually exclusive but it might give a different perspective on the individual's response to the stimulus. Indeed, someone who has, or whose family has, self-transcendent values might be positively influenced by CRM campaigns.

Ethical consumption

This subchapter can be further divided into ethical consumption behaviors and ethical consumption perceptions. Here, the goal of the statements is to collect opinion variables. As characterized by Dillman (2007), opinion variables register how participants feel about a topic

or what they believe to be true or false. As in the Consumer buying behavior section, a five-point Likert-style rating scale was used.

The first part asks the respondents about their theoretical willingness to pay more for CSR activities in general and how they feel about certain statements on CSR to better understand if they are positively influenced by CSR initiatives or if they do not care about responsible businesses and will not pay premium prices for a greener alternative. The questions are adjusted from Ghazzawi et al. (2016).

In the second part, individuals are asked their opinions on the motives behind CRM campaigns. This subsection is important to understand if customers perceive the “warm glow” effect (Kahneman & Knetsch, 1992) when considering CRM initiatives or if they, even theoretically, believe corporations to be led by egoistic motives. The questions were adapted from Ellen, Webb & Mohr's (2006) study.

Scenarios

Every respondent is shown a different stimulus randomly selected from a pool of 60 scenarios. Each scenario is diversely manipulating the respondent, either presenting a luxury item without CRM, with CRM but without alignment between the product/brand and the charity, or with CRM and with product/brand fit with the charity. Alignment between the product/brand and the cause can be described as the presence of similarities between the characteristics of the product and the characteristics of the cause. For example, a diamond bracelet from Bvlgari supporting the Fair Trade of diamonds can be considered aligned as the cause is clearly connected with the product. One example of misalignment could be a pair of Jimmy Choo heels, which are typically bought by women, supporting a research fund for prostate cancer, a cause typically concerning a male audience. The same three options are also crafted for non-luxury products.

For each of the 6 categories, the scenarios were further divided into two options: high price or low price. For each of the twelve categories, five products were chosen from five different brands, so the total number of scenarios is 60. Of course, the five brands in the luxury category are different from the five brands in the non-luxury category. Table 1 below aims to exemplify the division.

Table 1 - Stimuli organization

	Luxury Item			Non-luxury Item		
High price	No CRM item with high price	CRM with alignment between product and charity with high price	CRM without alignment with high price	No CRM item with high price	CRM with alignment between product and charity with high price	CRM without alignment with high price
Low price	No CRM item with low price	CRM with alignment between product and charity with low price	CRM without alignment with low price	No CRM item with low price	CRM with alignment between product and charity with low price	CRM without alignment with low price

All the scenarios have products from existing brands to be able to see the effect of a brand's name on the product's perception. However, the scenarios presenting the higher-priced option have the actual prices for the products shown on the brands' websites. Otherwise, the real prices are lowered by 50€, 100€, 200€ or 250€ in the luxury options or 10€, 20€ or 60€ in the non-luxury options. Each scenario presents the brand name, a picture of the product, and a brief description of the product and the CRM initiative (if one is present).

BULGARI
Silver bracelet made with Fair Trade diamonds
(400€)



Figure 2 - Example of stimulus presented to respondents in the survey

A complete example of the manipulations in each scenario can be seen in Appendix B.

After being presented with the stimulus, each respondent is asked to answer some questions imagining a context where they had unlimited funds. The first question tests his or her purchase intention. Afterward, some questions are asked to study his or her perception of the luxuriousness, sustainability, and quality of the product to be able to test whether the presence of CRM influenced the perception. The scales for these questions were adapted from Putrevu & Lord (1994) and Pancer et al. (2017). Another question verifies the level of guilt associated with the purchase.

Lastly, a set of questions about luxury and CSR is presented to the reader. The questions are adjusted from a study conducted for the Boston Consulting Group Luxury Outlook 2022 and their goal is to understand the customer's perception toward the luxury-CSR paradox.

The full survey is available in Appendix A.

4.5 – Measures

To test the research's hypotheses, the independent variables are the presence of a CRM initiative, a CRM initiative that is aligned with the product/brand, and the belonging to a luxury context. The dependent variables are evaluated after the participants are shown the experimental manipulations.

The first dependent variable is the willingness to pay which is assessed with the following question "In a scenario where you have sufficient financial means to purchase luxury brands regularly, how likely are you to buy the product either for you or as a gift?" and a 5-point Likert-

type scale (1 – Strongly Disagree; 5 – Strongly Agree). The question aims to test the relationship between the first independent variable, i.e. presence of a CRM initiative, and the customer’s willingness to pay, but it also aims to analyze the interaction between the customer’s WTP and the alignment of the CRM initiative with the product/brand.

Afterward, the effect of CRM initiatives on the feeling of guilt is tested. Indeed, the second dependent variable is guilt associated with the purchase, which is measured by a 5-point Likert-type scale (1 – Not at all; 5 – A great deal).

The third dependent variable is the perceived luxury of the item, which is tested with a five-point Likert-type scale (1 – Strongly Disagree; 5 – Strongly Agree). This dependent variable will be studied in correlation with the presence of CRM to test the study’s fourth hypothesis.

Lastly, the perceived prosocial behavior of the brand is tested by asking for the agreement of the respondent to the following statement “The brand is a socially responsible brand” and using a 5-point Likert-type scale (1 – Strongly Disagree; 5 – Strongly Agree).

The full survey can be seen in Appendix A.

4.6 – Data Analysis

Before analyzing the data collected from the survey, some small adjustments had to be made. First, the dataset was studied to eliminate any incomplete answers. Afterward, the questions were all recoded to represent a number from 1 to 5, instead of “Strongly Disagree” to “Strongly Agree” or other Likert-scale answers.

Different methods of analysis were used to test the research hypotheses and to make further inferences based on the data collected from the surveys. The independent samples t-test was used to check for a statistical difference between the means of two independent groups (Goss-Sampson, 2020). Ahead of the t-tests, the following assumptions were validated (Goss-Sampson, 2020):

- i. Both groups must be independent of each other²
- ii. The Levene’s test of Equality of Variances has to be statistically insignificant, which would mean the variances of the dependent variables are equal in both groups;
- iii. The Mann-Whitney U test is used in place of Shapiro-Wilk as it had statistical significance in the present dataset.

² The assumption is usually validated because of the way the study was structured.

When more than two scenarios had to be compared, the one-way analysis of variance (ANOVA) was used. ANOVA testing compares the means of three or more groups (Goss-Sampson, 2020) and it can be performed if the independent variable is categorical while the dependent variable is continuous. To further analyze the dataset, descriptive statistics were used, usually analyzing the means, minimum and maximum values, skewness, kurtosis, frequency, and distribution plots.

All the tests were carried out using JASP. JASP, an acronym for Jeffrey's Amazing Statistics Program, is a free, open-source statistics package developed by a team of researchers at the University of Amsterdam (Goss-Sampson, 2020).

5. Results

5.1 - Testing of Hypothesis One

H₁ = CRM increases the willingness to pay.

The first hypothesis was tested by comparing the answers of respondents who were presented with the CRM scenario to the answers of the ones who got a scenario without CRM. Then, a further comparison was made between the respondents presented with a scenario where CRM was present, and the product had a higher price versus no CRM and higher prices. The same comparison was also made between the options with lower prices. These considerations were based on independent samples t-test analysis and further analyzed with descriptive statistics.

As a first step, it is interesting to see the effects of a CRM campaign on the purchase intention of individuals. The first analysis is on the purchase intention to test whether it is influenced by the presence of CRM, afterward, the variable of price is introduced to test the effects on willingness to pay.

A t-test is run on the willingness to buy with grouping variable CRM or NO CRM. The hypotheses for the test are as follows:

H_0 = the means from the CRM group and the non-CRM group are equal

H_1 = the means from the CRM group and the non-CRM group are not equal

The t-test showed that there isn't a significant difference between the willingness to buy of people with CRM options and that of people without the CRM option ($U = 3998$; $p\text{-value} = 0.146$). However, there is a slight difference between the two means. Indeed, the mean for the scenarios with CRM is 3.09 ($SD = 1.33$) while the mean for the scenarios without CRM is 2.82 ($SD = 1.17$).

To further investigate the influence of a CRM campaign on purchase intention, the same data set was studied with descriptive statistics. The results show that, even though the difference between the two means is not too significant, there still is a difference that seems to prove that CRM does influence the willingness to buy of the respondents. By studying the distribution of the data, it was found that 33.33% of respondents in the NO CRM group chose the "4 - Somewhat agree" option and only 3.33% chose the "5 - Strongly agree" option, whilst, in the CRM group, the respective numbers were 35.59% for "4 - Somewhat agree" and 13.60% for "5 - Strongly agree".

The fact that a CRM initiative drives customers' purchase intentions is in line with the findings from Green and Pelozo's (2011) study.

Up until this point, the results obtained seem to validate the theory that CRM has a positive effect on purchase intention. The hypothesis states that CRM positively influences willingness to pay, so another independent t-test is run comparing a situation with higher prices and the presence of CRM (from now on referred to as CRM HP) with a situation with higher prices but without CRM (from now on referred to as NO CRM HP). Once again, the assumptions are validated so the test can be run with the hypotheses being:

H_0 = There is not a significant difference between the means of the CRM HP group and the non-CRM HP group.

H_1 = There is a significant difference between the means of the CRM HP group and the non-CRM HP group.

The t-test showed that there isn't a significant difference between the willingness to pay higher prices in the presence or absence of CRM (p-value = 0.469). Once more, the respective means are not vastly different, but they are not equal with the mean of CRM HP being 3.00 (SD = 1.24) and the other being 2.80 (SD = 1.19). When running the same kind of test in a scenario where the prices are lower, the results are very similar. Indeed, the null hypothesis cannot be rejected as the p-value is equal to 0.248 and the mean of the CRM LP group is 3.18 (SD = 1.42), which is higher than the mean of the CRM HP group (mean = 3.00; SD = 1.24).

Considering the results and the limitations given by the size of the sample and the design³, it can be inferred that the presence of a CRM campaign does influence purchase intentions, however, it does not seem to result in higher willingness to pay. Indeed, customers were more prone to buy the option that had a CRM initiative linked to the purchase, but they still opted for the lower priced item. Thus, the first hypothesis is not entirely validated.

5.2 - Testing of Hypothesis Two

H_2 = CRM helps to alleviate the sense of guilt linked with a luxury purchase.

The second hypothesis was tested by comparing the level of guilt in a scenario where a CRM campaign is present to the level of guilt in a scenario where a CRM campaign is absent. Both

³ More details on the limitations and how they influenced the results can be found in Chapter 6.4.

scenarios are set in a luxury context. The independent samples t-test was chosen, and the three assumptions are verified⁴.

The hypotheses for the test are as follows:

H_0 = There is not a significant difference between the means of the CRM group and the non-CRM group.

H_1 = There is a significant difference between the means of the CRM group and the non-CRM group.

The test showed that there is not any significant difference between the means of the two groups since the p-value equals 0.143. Nonetheless, the descriptive plot and the means do show a difference in the level of guilt in a CRM versus a NO CRM situation.

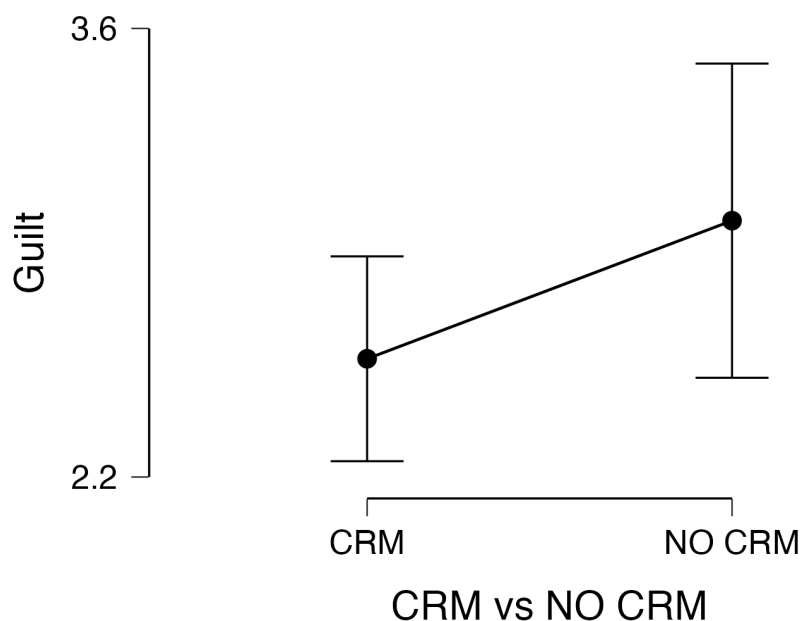


Figure 2 - Level of guilt associated with a CRM versus NO CRM situation

From the graph and the data regarding the two means, it can be inferred that the presence of a CRM initiative lowers the level of guilt associated with a luxury purchase. Indeed, the mean for the CRM group is 2.57 (SD = 1.22) and for the NO CRM group is 3.00 (SD = 1.31), showing a higher level of guilt associated with the non-sustainable option.

To further prove the hypothesis, the descriptive statistics of the luxury context were studied. The distribution of guilt in a situation where CRM is present has a positive skewness of 0.289 which means that the results are clustered around the lower values of the Likert scale. On the other hand, the NO CRM scenario has a total of 33.33% of answers registered in the lower part

⁴ The three conditions are briefly explained in Chapter 4.6.

of the scale, with more than half of respondents feeling higher levels of guilt associated with their purchase.

To test if the same effect on guilt is associated exclusively with luxury purchases, the non-luxury scenario is taken into consideration. Generally, higher levels of guilt are associated with the luxury scenario, in line with the studies conducted by Hagtvedt & Patrick (2016) and Kivetz & Simonson (2002), so it could be significant to understand if the same effect is registered in lower guilt purchases.

The t-test can be performed as the assumptions are verified. The p-value (0.828) leads to an acceptance of the null hypothesis, which means that there is no statistically significant difference between the CRM and NO CRM groups in a non-luxury context. There is a 0.05 difference between the two groups, which could mean that the level of guilt is generally lower when purchasing non-luxury items, so the presence of a CRM campaign does not have a significant impact on guilt.

Thus, it can be inferred that the level of guilt associated with a luxury purchase is indeed lowered by the presence of a CRM initiative in this study. Usually, higher levels of guilt are associated with luxury purchases (Botti & McGill, 2011) but prosocial behaviors are linked with a reduction of the feeling of guilt (Basil et al., 2008). The results obtained, although non-statistically significant, still suggest that combining prosocial behaviors with a luxury purchase can offset the feeling of guilt.

5.3 - Testing of Hypothesis Three

H₃ = The willingness to buy a product is positively influenced by the alignment (or fit) between the chosen charity and the product or brand.

The first step in testing the third hypothesis is to look at the means of three scenarios: NO CRM campaign present (NO CRM), a CRM campaign with alignment (CRM AL), and a CRM campaign without alignment (CRM NOAL). The luxury and non-luxury groups are considered together, as luxury products tend to always have higher prices than non-luxury, so the choice of a lower-priced item might only be driven by the too-extravagant prices of luxury. Three different t-tests are performed for each scenario described above with grouping variable high-price (HP) versus low-price (LP). When the t-tests proved not significant, the descriptive statistics were taken into consideration.

The means indicate that purchase intention is higher in the presence of alignment, independently of the price. Indeed, the means are as follows:

6. CRM AL:
 - General: 3.00 (SD = 1.45)
 - HP: 3.10 (SD = 1.37)
 - LP: 2.90 (SD = 1.54)
7. CRM NOAL:
 - General: 3.19 (SD = 1.21)
 - HP: 2.90 (SD = 1.11)
 - LP: 3.47 (SD = 1.25)
8. NO CRM:
 - General: 2.82 (SD = 1.17)
 - HP: 2.80 (SD = 1.19)
 - LP: 2.83 (SD = 1.18)

At first glance, it can be concluded that alignment does not influence purchase intention. The general mean of CRM AL is higher than that of NO CRM, but it is slightly lower than the mean of CRM NOAL. However, it can be inferred that the willingness to pay of customers decreases if there is a misfit between the chosen charity and the product/brand. Indeed, in the HP situation, the highest mean is registered in the CRM AL scenario with the means of CRM NOAL HP and NO CRM HP being almost equal.

The effect on WTP is more pronounced in the CRM NOAL group. Indeed, it is the only scenario where the t-test shows statistically significant results (p -value = 0.048, $U = 310.5$), resulting in the rejection of the null hypothesis⁵. If there is a statistically significant difference between the two means and the mean of the LP group is higher, it can be inferred that, in the absence of alignment, customers are not willing to pay premium prices. This result, together with the infinitesimal difference between the HP and LP options in the presence of alignment, suggests that product-cause fit might drive willingness to pay.

It can be concluded that purchase intention is influenced by the presence of a CRM campaign, but alignment does not seem to have a noticeable effect on purchase intention. However, the alignment between the chosen cause and the product/brand seems to increase the willingness to

⁵ The null hypothesis states there is no significant difference between the mean of the HP group and that of the LP group.

pay of customers, who do not have a strong preference for the lower-priced items in the CRM AL situation but do have a strong preference for the lower-priced items in the CRM NOAL and NO CRM scenarios. These results can be linked to the results of the first hypothesis reaching the conclusion that the mere presence of CRM can influence purchase intention, while alignment is needed to drive willingness to pay.

5.4 - Testing of Hypothesis Four

H₄ = The presence of a CRM initiative does not negatively influence the consumer's perception of luxury.

To analyze if CRM influences the consumer's perception of luxury, another t-test is performed. The test does not take into consideration the non-luxury scenario as it might create false results. A non-luxury product might not be considered luxurious not because of the presence of a CRM campaign but because of other variables (namely, the brand is well-known and not considered a luxury brand).

The assumptions were validated, and the null hypothesis and the alternative hypothesis were the following:

H₀ = There is not a significant difference between the means of the luxury CRM group and the luxury NO CRM group.

H₁ = There is a significant difference between the means of the luxury CRM group and the luxury NO CRM group.

The test yielded a p-value of 0.277, therefore, the null hypothesis is validated, suggesting there is not a significant difference between the two means. However, the effect size is minimal (0.137) but present and the descriptive plot suggests that a higher perception of luxury is correlated with the presence of CRM. The descriptive plot is as follows:

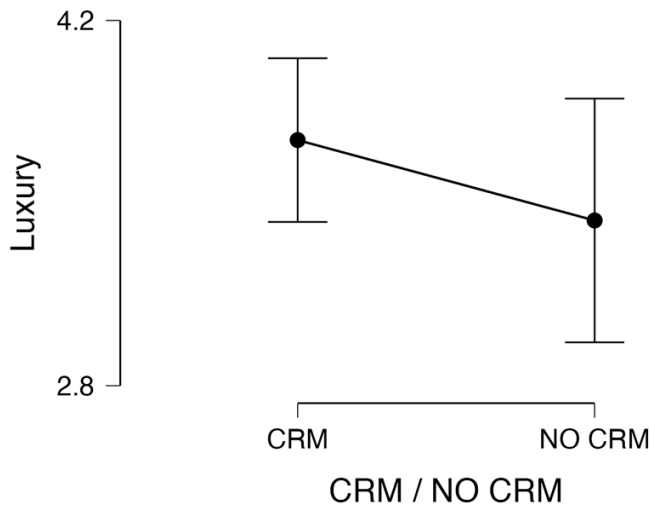


Figure 3 - Descriptive plot of the perception of luxury in a CRM versus NO CRM situation

Further analysis suggests that the fourth hypothesis might be considered valid. Indeed, the mean for the CRM group is equal to 3.741 (SD = 1.19) while the mean for the NO CRM group is 3.433 (SD = 1.25), a slightly lower value that suggests the presence of some effect on perception. Moreover, the frequency table highlights that no respondents in the CRM group selected the option “1 – Strongly disagree” when asked if the product was luxurious, while the same situation was not registered in the NO CRM group. Furthermore, both groups show a negative skewness, but the value is more significant in the CRM group⁶. In the CRM scenario, a total of 61.02% of answers were registered in the upper part of the Likert scale, while only 23.73% are in the lower section. On the other hand, in the NO CRM group, a total of 30% of answers were collected in the lower half of the scale.

The data analyzed up until this point seem to prove that a partnership between a non-profit organization and a luxury brand does not have strong, negative effects on the perception of luxury.

As Kapferer (2015) postulated, a product is considered luxurious when it is sold at premium prices, so it is relevant to add the effects of price to the analysis to test if the perception of luxury is still present when the prices are lower.

For this specific situation, another t-test was performed. The results seem to be aligned with the fourth hypothesis. The mean for the perception of luxury is higher in the presence of a CRM campaign even when the prices are lower (respectively, the means are 3.47 (SD = 1.17) for the

⁶ The two values are -0.375 for the CRM group and -0.121 for the NO CRM group.

CRM LP option and 3.20 (SD = 1.21) for the NO CRM LP option). The descriptive plot clearly shows how the CRM option is perceived as luxurious in both low-price and high-price options.

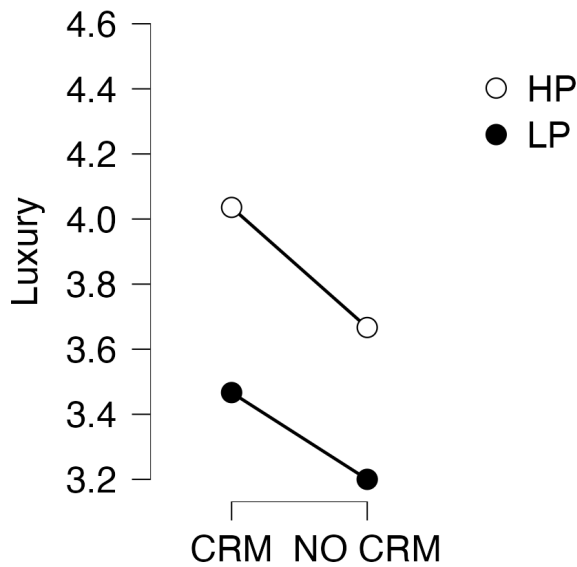


Figure 4 - Descriptive plot of the perception of luxury with the effects of prices

It must be stated that price does influence the perception as the high-price option is generally considered more luxurious than the lower-priced option. Nonetheless, in both high-priced and low-priced situations the perception of luxury is higher when a CRM campaign is present, suggesting that the fourth hypothesis can be considered valid.

5.5 - Other interesting findings

5.5.1 - Univariate Descriptive Statistics of Consumer Buying Behavior

The results below are the data collected from the question of what people tend to take into consideration before buying a product.

To understand which attribute people cared about the most, the means can be taken into consideration. Participants deem aesthetics to be the most important feature of a product (mean = 4.40, SD = 0.99), closely followed by price (mean = 4.29, SD = 0.80) and quality (mean = 4.28, SD = 0.98). The attributes people cared about the least when considering which product to buy were the brand's history (mean = 2.60, SD = 1.19) and the brand's CSR initiatives (mean = 2.68, SD = 1.00). The lack of interest in CSR initiatives promoted by the brand could be explained by missing knowledge of the acronym. Indeed, a brief explanation of the acronym was given before asking the question, however, few people spent more than a couple of seconds on the page, not enough time to read the definition. Most people seem to give a moderate amount of importance to the product's environmental impact (mean = 3.19, SD = 1.06) and the product's country of origin (mean = 3.16, SD = 1.20).

Further investigating the data, an analysis of the distributions can be done. When analyzing the skewness, it is detected that environmental impact and “Made In” information have a negative skewness, which indicates results are clustered around the higher values of the Likert scale. Indeed, even if the relevance for the participants doesn’t seem to be relevant when considering the means, it is revealed to be important when analyzing the distribution of the results.

Another important result is the minimum for the “Price” category. Indeed, nobody answered with “1 – Strongly disagree” when asked about the price, which, in light of our research, means that companies should take into consideration price when planning a CRM campaign. It must be said that these results are not specifically about the luxury industry, as participants are asked about their general consumption habits.

5.5.2 - Univariate Descriptive Statistics of Ethical Consumption

A similar analysis can be done on ethical consumption. In this section, respondents were asked about their willingness to pay premium prices for sustainability and their perception of CSR initiatives. Again, the analysis starts with the means. All four variables have means that cluster around the middle value, but participants tend to place more importance on the statement “Social Activities (such as donations to charity, certified good labor conditions, fairtrade participation, etc...) positively influence your perception of a brand” with a mean of 3.85 (SD = 0.98). All four variables have a negatively skewed distribution, confirming the ever-growing importance of sustainability and responsible businesses.

It is relevant to note that when asked if they were willing to pay premium prices to support a charity or to help the environment most answers were registered in the “4 – Somewhat agree” value: 41.95% for the charity and 45.40 % for the environment. These values are relevant because they indicate a theoretical willingness to pay that is positively influenced by CRM. A stress must be put on the word “theoretical” because of the attitude-behavior gap, where customers declare their willingness to pay premium prices for more sustainable items but then fall short on their promises in the marketplace (Bray et al, 2011).

5.5.3 - Univariate Descriptive Statistics of Luxury and CSR Perception

Some results are worth reporting when analyzing the descriptive statistics of the variables related to the perception of luxury’s involvement in CSR.

First, by looking at the variables' means, it is evident that most people believe luxury brands must give back to society given their premium prices (mean of 3.67, SD = 1.27) but they also believe their CRM initiatives to be driven by the need for publicity (mean of 3.63, SD = 1.09). These results mean that luxury brands should engage in prosocial behaviors but must clearly communicate their genuine intentions. To further confirm the need for luxury brands to be more responsible, a total of 65.85% of respondents believed that luxury brands are not doing enough for the environment and society at large.

Another confirmation of the effectiveness of CRM in the luxury world was given by the statement "Luxury brands must help non-profit organizations by donating part of their profits to them", where a total of 45.73% of answers were clustered in the top half of the Likert scale (only 28.05% of respondents did not agree with the statement).

5.5.4 - Univariate Descriptive Statistics of Perception of CRM Initiatives

When asked about the motives behind a partnership between an NPO and a for-profit organization, most people tend to perceive an increase in profits as the main motivation (mean of 4.01, SD = 1.08), closely followed by the need to meet stockholders' and customers' expectations (mean of 3.75, SD = 1.00 and 3.72, SD = 1.05 respectively).

It is interesting to note that many respondents believe that the owners of the for-profit chose to engage in CRM because they believe in the supported cause (genuine motives). Indeed, a total of 43.35% of answers were registered in the upper part of the Likert scale and the distribution has negative skewness. The support of the owners can increase the perception of a genuine and altruistic CRM campaign, which is crucial for customers' support and an improved brand image.

5.5.5 - Perception of Quality in the Presence of CRM

According to Kepferer (2015), for a product to be considered luxurious, it must be of high quality. Unfortunately, Achabou & Dekhili (2013) found that other CSR initiatives, such as the introduction of recycled materials, led customers to believe the products to be less luxurious because of the lower perceived quality. Thus, it is relevant to study the perception of quality when a CRM initiative is proposed to test whether it has similar effects as recycled materials.

T-testing is used to conduct the analysis where the two hypotheses are as follows:

H_0 = There is not a significant difference between the means of the luxury CRM group and the luxury NO CRM group.

H_1 = There is a significant difference between the means of the luxury CRM group and the luxury NO CRM group.

The null hypothesis must be accepted as the p-value is not significant (0.337), but the effect size is 0.12 which invites further analysis. There is a minor difference between the two means that proves CRM does not influence the perception of quality as the CRM group has a higher mean (3.66, SD = 0.87) compared to the NO CRM group (3.57, SD = 0.77). Moreover, when analyzing the descriptive statistics, the NO CRM group has a positive skewness while the CRM group has a negative one, further proving that CRM does not negatively influence the perception of quality.

6. Conclusions and Limitations

In this chapter, the main conclusions of the study will be drawn and linked to existing literature. Furthermore, the limitations and future research prompts will be outlined.

The aim of this research was to test the effectiveness of CRM in a luxury context by taking into consideration what effects the presence of a CRM campaign with different manipulations had on customers' behaviors and perceptions. The study is relevant as there is a lack of research on the customers' perspective, especially in a luxury context, in the current literature. Research on the critical success factors of a CRM campaign can help the three parties involved (namely, the NPO, the luxury brand, and the customers) gain the most benefits⁷.

An online survey was conducted to collect primary data.

6.1 – Main findings

It is important to preface the discussion of the results by addressing the lack of statistically significant results. The reasons behind the lack of significance do not invalidate the results, they just mean that the effects observed are small, important but small.

First, the sample size is far too small for the kind of testing needed. The study design should've been tested using a factorial ANOVA, but the sampled size per cell within this design was too small (n~10 per cell). The use of the t-test allowed to aggregate across condition but still it did not provide the needed statistical power.

Indeed, statistical power is particularly important in this design because the manipulation used in the scenarios is very subtle, mainly operating under the line of consciousness. Consequently, the correlated effects on customers' behaviors are small. Being able to detect an effect with such subliminal manipulations means that, if replicated in a store, the effects will be vastly significant.

Even without statistically significant results, we were able to identify patterns that are relevant to the topic in question through descriptive statistics.

The presence of a CRM campaign increases purchase intention.

The analysis of the test of the first hypothesis leads to the conclusion that, in this research, the presence of CRM influences the purchase intention of customers. The respective distributions

⁷ Refer to Chapter 2.3.2 – Advantages and disadvantages of CRM in the luxury industry.

show most people expressing their intention to buy the CRM item while the same cannot be said about the NO CRM option.

These results are in line with numerous studies that suggest a company's prosocial behaviors lead to an increase in purchase intentions (Hou et al., 2008; Fries et al., 2009; Yang and Li, 2007). Nonetheless, none of the existing studies are related to luxury products. The distinction is important because the typical luxury customer is materialistic, valuing possessions and status over equality and moderation (both characteristics of prosocial behaviors (White et al., 2019)). Thus, it is relevant to detect a positive influence of CRM on willingness to buy in a situation where more materialistic customers are involved.

The level of guilt associated with luxury purchases can be decreased with a CRM campaign.

Testing for the second hypothesis led to the conclusion that a decrease in guilt is associated with the presence of CRM. Guilt is reduced when there is a CRM campaign even in a non-luxury context, however, the effects were more relevant in the presence of a luxury item. These results further prove that CSR and luxury are not a paradox. Indeed, the presence of altruistic behaviors does not clash with the hedonic item, rather it facilitates the customer's purchase.

Alignment between the chosen cause and brand or product increases the willingness to pay.

The first hypothesis tested if the mere presence of CRM increased WTP. However, the results suggested that to drive the willingness to pay, the CRM campaign had to show product/cause fit.

The results can be interpreted with the warm glow theory postulated by Kahneman & Knetsch (1992). For companies, alignment is a way to show the authenticity behind the campaign. An authentic campaign positively influences brand image, which leads to a better brand image and financial growth in the long term (Keiningham et al., 2008). A better brand image does drive willingness to pay, as studied by Anselmsson et al. (2014). However, their study focused on food brands, this research seemingly extended its validity to luxury items.

Based on this research, some product/cause fit that generated a higher willingness to pay were the following. First, a t-shirt designed by Isabel Marant in support of Breast Cancer Awareness, possibly because the female-founded brand is easily aligned with a primarily female concern, like breast cancer. Another example is a diamond bracelet by Bvlgari in partnership with Fair Trade Diamonds, again, the link between the product and the cause is evident, creating a sense of alignment.

The introduction of CRM does not negatively influence the perception of luxury and quality.

Some critics suggest that the introduction of CSR in a luxury context can influence the luxuriousness of the product. Indeed, in Achabou & Dekhili's (2013) study the introduction of recycled materials led to worse customers' perceptions of luxury items and in Voyer & Beckham's (2014) study products labeled "sustainable" were perceived as less desirable.

These results show that CRM can be a valid alternative to other CSR initiatives without the negative effects on luxury and quality perception. Indeed, customers' perception of luxuriousness did not waver with the introduction of a CRM initiative, registering a small increase in its mean. The same effect was recorded with customers' perception of quality.

Again, the results can help the misconception of a luxury-CSR paradox, since the perception of luxury is unaffected by the partnership with an NPO.

A CRM campaign in the luxury industry can find great support from customers.

This conclusion can be drawn because 71.95% of respondents believed luxury companies owed part of their profits to charities, which seems to suggest that a CRM campaign would be widely approved and supported by customers. Furthermore, 65.85% of people were asking for more prosocial behaviors from luxury companies, which could mean further support for a CRM initiative. Moreover, a total of 65.85% of respondents agreed that luxury brands are currently not doing enough for the environment and society, further confirming the hypothesis that a CRM campaign from a luxury brand will be positively received by customers.

6.2 – Theoretical Implications

This research adds to the existing literature on CRM in many ways.

First, the effects of a CRM initiative on customers' behaviors are studied in a luxury context. Previous literature has done some research by mainly taking into consideration other industries (Payne & Frow, 2005; Campbell, 2003), while this study tests the validity of some CRM assumptions on luxury customers. It is important to have a dedicated study on the luxury sector as it is led by different values and rules, so the validity of previous research is not certain.

Previous studies seldom focused their attention on customers' perceptions and behaviors, mainly taking into consideration the corporate side (Strahilevitz, 1999; Wymer & Samu, 2009) or the NPO side (Boenigk & Schuchardt, 2014). A detailed study on the perceptions and

reactions of customers to different manipulations of a CRM campaign in the luxury industry was missing. This study started to bridge the research gap by mainly taking into consideration the customer side. Of course, the results do impact the decisions of managers and NPOs, as customers' reactions to different variables should guide future CRM efforts. Nonetheless, the focus of the study is still on customers' behaviors.

The theme of previous studies is how one or a couple of specific CRM manipulations influence a singular customer behavior. For example, Strahilevitz (1999) studied the effects of donation magnitude on willingness to pay; or Grau & Folse (2007) postulated the relationship between donation proximity and message framing with participation intentions of customers. This research aims to consider different manipulations (namely on price, alignment, and presence of CRM) and their effects on various customer behaviors (namely, willingness to pay, purchase intention, level of guilt, and perception of quality and luxuriousness), to have a more comprehensive understanding of what constitutes an effective CRM campaign.

Lastly, the effects of a CRM initiative in a luxury context on the perception of quality and luxuriousness was not yet researched. There are various studies on other sustainable initiatives and their effectiveness in a luxury context, such as Achabou & Dekhili's (2013) research on recycled materials or Voyer & Beckham's (2014) study on luxury products labeled "sustainable". However, research on CRM and its effects on luxury perception was lacking. The present research aimed to discover if CRM was a valid alternative to more mainstream CSR initiatives that were proved to negatively impact the luxury item.

6.3 – Managerial Implications

Our findings should generally help luxury managers to better build their CRM campaigns.

The relevance of CRM to incentivize purchases should push managers to invest in CRM initiatives. As mentioned before⁸, the positive effect of CRM on purchase intentions was already known, however, CRM seems to have a positive impact in the luxury industry too. Thus, luxury managers should invest in a partnership with an NPO as a marketing and CSR initiative. With CRM, the luxury company would satisfy ethical consumers who are asking for

⁸ Chapter 4.1

more responsible luxury brands, drive purchase intentions, and save resources because of the low expenses needed for a CRM campaign.

The implementation of a luxury brand-NPO partnership also results in lower levels of guilt associated with the luxury purchase. These results should be an ulterior incentive for luxury managers to choose CRM. Indeed, hedonic items are usually linked to higher levels of guilt, which might prevent some customers from going through with the purchase. The presence of prosocial behaviors can offset the feeling of guilt, encouraging the purchase.

When designing a CRM campaign, luxury managers should take into consideration the effect of the campaign's alignment on WTP. This study suggests that product/cause fit increase the willingness to pay of customers. Thus, the brand should study its customers and their values to better identify a suitable cause. The survey discovered that customers perceived CRM initiatives as a way for brands to increase their profits, which can ruin the brand's image as profit-making is not considered an altruistic motivation⁹. It is crucial for luxury managers to clearly communicate the genuine intentions behind their partnership with an NPO. When brands are already well-known and have a positive brand image, customers tend to be less skeptical (Szykman et al., 1997). In this case, the brand should keep communicating transparently and customers will be prone to find alignment. For lesser-known brands, managers should start with intensive, transparent communication and the CRM campaign needs to be extremely credible and genuine.

It is important to mention that customers considered price as the second most important attribute when considering a purchase. Luxury brands already use premium prices, thus, even if a well-fit CRM campaign drives WTP, managers should still be mindful of the price. Indeed, this research found that the mere presence of a CRM campaign does not drive willingness to pay, only an aligned one. It is difficult to predict if customers will perceive the alignment and too-extravagant pricing might just drive customers away.

Lastly, it should be mentioned that customers expect luxury companies to be more prosocial, as they perceive a general lack of social responsibility in the luxury industry. Thus, not

⁹ As stated by Kahneman & Knetsch (1992), the CRM campaign needs to be perceived as genuine, altruistic to be successful.

implementing CRM initiatives might backfire as the negative attitudes toward luxury brands can worsen and long-term financial gains can be lost (Keiningham et al., 2008).

All being considered, luxury brands would only benefit from a partnership with an NPO. Their brand image will improve, and customers will be more inclined to buy and, with a well-communicated campaign, more inclined to spend. The quality and luxuriousness of the items will not be compromised, and the campaign only requires minimal resources. With a better-designed initiative, customers and NPOs can reap the full benefits¹⁰ of the partnership too.

6.4 - Limitations and Future Research

As briefly mentioned before, the sample size and the design of the manipulations caused a lack of statistically significant results. With more appropriate resources, a wider sample size could be reached, and more statistically meaningful results could be found. Furthermore, the manipulations led to small effects on customer behaviors because the different scenarios presented infinitesimal changes. If the manipulations were to be reproduced in a shop, the results should be more important, given the fact that they were already present in a fictitious situation.

Another limitation of the present study was that the average customer did not represent the typical luxury customer. Indeed, respondents averaged 2.03 out of 5 in the category “Luxury Consumption”. A further study where only habitual luxury customers from a store are interviewed could present new, interesting insights.

The method used to collect data can also be a limitation of the study. Online surveys need to be short to keep the readers’ attention, which prevented us from introducing more than one scenario to each respondent. Moreover, it is not known whether respondents actually read each question or casually assigned each answer. A proposed solution could be one-on-one interviews or a focus group, not only to have the respondents’ full attention but also to collect more in-depth answers, as another limitation of surveys is the inability to collect detailed answers.

The so-called “attitude-behavior gap” (Bray et al, 2011) can be another limitation. Studies found that consumers are hesitant to buy sustainable products in the marketplace, with 30% of

¹⁰ Refer to Chapter 2.3.2 for the advantages of CRM.

customers claiming to be ethical consumers but only 3% of market shares reached by sustainable products (Cowe & Williams, 2000). A further path for researchers could be a study conducted in a shop with actual consumers, analyzing their behaviors in relation to CRM items. A less theoretical study might uncover more truthful answers.

Lastly, buying a luxury product should be an experience (Kapferer, 2015), something that cannot be replicated through a computer screen. The same can be said about a CRM campaign, they appeal to the emotional side of the customers and should provoke emotional responses. In this study, the products were presented to people through a picture with a brief sentence explaining the partner charity, so no real emotions were aroused. New studies could be conducted using a brief video instead of pictures to better engage the emotional response and see its effects on customers' behaviors.

7. References

- Achabou, M.A., & Dekhili, S. (2013). Luxury and sustainable development: Is there a match? *Journal of Business Research*, 66(10), 1896 – 1903. <https://doi.org/10.1016/j.jbusres.2013.02.011>
- Adkins, S. (1999). *Cause Related Marketing: Who Cares Wins*. Routledge.
- Amatulli, C., De Angelis, M., & Donato, C. (2021). The Atypicality of Sustainable Luxury Products. *Psychology & Marketing*, 38(11), 1990 – 2005. <https://doi.org/10.1002/mar.21559>
- Barone, M.J., Norman, A.T., & Miyazaki, A.D. (2007). Consumer response to retailer use of cause-related marketing: Is more fit better? *Journal of Retailing*, 83(4), 437 – 445. <http://dx.doi.org/10.1016/j.jretai.2007.03.006>
- Basil, D.Z., Ridgway, N.M. and Basil, M.D. (2008), “Guilt and giving: a process model of empathy and efficacy”, *Psychology and Marketing*, Vol. 25 No. 1, pp. 1-23.
- Belk, R.W. (1988). Possessions and the Extended Self. *Journal of Consumer Research*, 15(2), 139 – 168. <https://doi.org/10.1086/209154>
- Bendapudi, N., Singh, S.N., & Bendapudi, V. (1996). Enhancing Helping Behavior: An Integrative Framework for Promotion Planning. *Journal of Marketing*, 60(3), 33 – 49. <http://dx.doi.org/10.2307/1251840>
- Bendell, J., & Kleanthous, A. (2007). *Deeper luxury: Quality and style when the world matters*. WWF-UK.
- Berglind, M., & Nakata, C. (2005). Cause-related marketing: More buck than bang? *Business Horizons*, 48(5), 443–453. <https://doi.org/10.1016/j.bushor.2005.04.008>
- Blair, S., Chernev, A. (2015). Doing Well by Doing Good: The Benevolent Halo of Corporate Social Responsibility. *Journal of Consumer Research*. 41(6), 1412 – 1425. <https://doi.org/10.1086/680089>

- Boenigk, S., & Schuchardt, V. (2014). Nonprofit Collaboration With Luxury Brands: Positive and Negative Effects for Cause-Related Marketing. *Nonprofit and Voluntary Sector Quarterly*. 44(4), 708 – 733. <https://doi.org/10.1177/0899764014551280>
- Boer, P. (2013). Assessing sustainability and social responsibility in higher education assessment frameworks explained. In S. Caeiro (Ed.). Sustainability assessment tools in higher education institutions.
- Botti, S. and McGill, A.L. (2011), “The locus of choice: personal causality and satisfaction with hedonic and utilitarian decisions”, *Journal of Consumer Research*, Vol. 37 No. 4, pp. 1065-1078.
- Carr, E.W., Reece, A., Kellerman, G.R., & Robchaux, A. (2019) The Value of Belonging at Work. *Harvard Business Review*.
- Cheng, B., Ioannou, I., & Serafeim, G. (2014). *CORPORATE SOCIAL RESPONSIBILITY AND ACCESS TO FINANCE*. 23(May 2011), 1–23. <https://doi.org/10.1002/smj>
- Davis, K. (1973). The case for and against business assumption of social responsibilities. *Academy of Management Journal*, June, 312– 322.
- Dubois, B., Laurent, G. (1995). Luxury Possessions and Practices: an Empirical Scale. *European Advances in Consumer Research Volume 2*. 69 – 77.
- Elkington, J. (1997), *Cannibals with Forks: The Triple Bottom Line of 21st Century Business*. Capstone, Oxford.
- Ellen, P.S., Webb, D.J., & Mohr, L.A. (2006). Building corporate associations: Consumer attributions for corporate socially responsible programs. *Journal of the Academy of Marketing Science*, 34(2), 147 – 157. <https://doi.org/10.1177/0092070305284976>
- Ellen, P.S., Deborah J. Webb, and Lois A. Mohr (2006), “Building Corporate Associations: Consumer Attributions for Corporate Socially Responsible Programs,” *Journal of the Academy of Marketing Science*, 34 (2), 147-157

- Elsbach, K.D., & Bhattacharya, C.B. (2001). Defining who you are by what you're not: Organizational disidentification and the National Rifle Association. *Organizational Science*, 12, 393 – 413. <https://psycnet.apa.org/doi/10.1287/orsc.12.4.393.10638>
- Fries, A. J., Gedenk, K. & Völckner, F. (2009). Success drivers of cause related marketing. In Proceedings of the European Marketing Academy Conference EMAC 2009. Nantes: Frankreich.
- Goss-Sampson, M. (2020). Statistical Analysis in Jasp: a guide for Students. 10.6084/m9.figshare.9980744
- Grau, S. L., & Folse, J. (2007). Cause-related marketing (CRM): the influence of donation proximity and message-framing cues on the less-involved consumer. *Journal of Advertising*, 36(4), 19–33.
- Green, T., & Peloza, J. (2011). How does corporate social responsibility create value for consumers? *Journal of Consumer Marketing*, 28(1), 48–56. <https://doi.org/10.1108/073637611111101949>
- Hagtvedt, H., & Patrick, V.M. (2016). Gilt and guilt: Should luxury and charity partner at the point of sale? *Journal of Retailing*, 92(1), 56 – 64. <http://dx.doi.org/10.1016/j.jretai.2015.07.004>
- Hayek, F.A. (1969). The corporation in a democratic society: in whose interest ought it and will it be run? In H. Ansoff (ed.), *Business Strategy*. Harmondsworth: Penguin Books, p. 225.
- Heine, K. (2012). The Concept of Luxury Brands. www.conceptofluxurybrands.com
- Herman, R.D., & Rendina, D. (2001). Donor reactions to commercial activities of nonprofit organizations: An American case study. *Voluntas*. 12, 157 – 169. <https://doi.org/10.1023/A:1011238719394>
- Hou, J., Du, L., & Li, J. (2008). Cause's attributes influencing consumer's purchasing intention: empirical evidence from China. *Asia Pacific Journal of Marketing and Logistics*, 20(4), 363–380

- Kahneman, D., Knetsch, J.L. (1992). Valuing public goods: The purchase of moral satisfaction. *Journal of Environmental Economics and Management*, 22(1992), 57 – 70. [https://doi.org/10.1016/0095-0696\(92\)90019-S](https://doi.org/10.1016/0095-0696(92)90019-S)
- Kapferer, J. (2015). *Kapferer on Luxury: How Luxury Brands Can Grow Yet Remain Rare*. London: Kogan Page Publishers.
- Keiningham, T.L., Aksoy, L., Cooil, B., & Andreassen, T.W. (2008). Linking customer loyalty to growth. *MIT Sloan Management Review*, 49(4), 51 - 57.
- Kivetz, R., Simonson, I. (2002). Self-control for the Righteous: Toward a Theory of Precommitment to Indulgence. *Journal of Consumer Research*, 29(2), 199 – 217. <https://doi.org/10.1086/341571>
- Ko, E., Costello, J.P., & Taylor, C.R. (2019). What is a luxury brand? A new definition and review of the literature. *Journal of Business Research*. 99, 405 – 413. <https://doi.org/10.1016/j.jbusres.2017.08.023>
- Mandel, N., Petrova, P.K., Cialdini, R.B. (2006). Images of Success and the Preference for Luxury Brands. *Journal of Consumer Psychology*, 16(1), 57 – 69. https://doi.org/10.1207/s15327663jcp1601_8
- McGuire, J. (1963). *Business and Society*. New York: McGraw-Hill.
- Müller, S.S., Fries, A.J., & Gedenk, K. (2014). How much to give? – The effect of donation size on tactical and strategic success in cause-related marketing. *International Journal of Research in Marketing*. 31(2), 178 – 191. <https://doi.org/10.1016/j.ijresmar.2013.09.005>
- Reips, U. (2002). Standards for Internet-Based Experimenting. *Experimental Psychology*, 49(4), 243–256.
- Richins, M.L., Dawson, S. (1992). A consumer values orientation for materialism and its measurement: Scale development and validation. *Journal of Consumer Research*, 19(3), 303 – 316. <https://psycnet.apa.org/doi/10.1086/209304>

- Ross III, J. K., Patterson, L. T., & Stutts, M. A. (1992). Consumer Perceptions of Organizations. *Journal of the Academy of Marketing Science*, 20(1), 93–97. <https://doi.org/10.1007/s11434-014-0458-4>
- Saunders, M. L., Lewis, P., & Thornhill, A. (2009). *Research Methods for Business Students*. Pearson Education Limited (Vol. 5th).
- Sen, S., & Bhattacharya, C. B. (2001). Does Doing Good Always Lead to Doing Better? Consumer Reactions to Corporate Social Responsibility. *Journal of Marketing Research*. <https://doi.org/10.1509/jmkr.38.2.225.18838>
- Singh, K., & Misra, M. (2021). Linking Corporate Social Responsibility (CSR) and Organizational Performance: the moderating effect of corporate reputation. *European Research on Management and Business Economics*, 27(1). <https://doi.org/10.1016/j.iedeen.2020.100139>
- Silva, S. C. e, & Martins, C. C. (2017). The relevance of cause-related marketing to post-purchase guilt alleviation. *International Review on Public and Nonprofit Marketing*, 14(4), 475–494. <https://doi.org/10.1007/s12208-017-0183-1>
- Sheikh, S. ur R., & Beise-Zee, R. (2011). Corporate social responsibility or cause-related marketing? The role of cause specificity of CSR. *Journal of Marketing Research*. 28(1), 27 – 39. <http://dx.doi.org/10.1108/07363761111101921>
- Shukla, P., & Purani, K. (2012). Comparing the importance of luxury value perceptions in cross-national contexts. *Journal of Business Research*, 65(10), 1417 – 1424. <https://doi.org/10.1016/j.jbusres.2011.10.007>
- Smith, S.M., Alcorn, D.S. (1991). Cause marketing: a new direction in the marketing of corporate responsibility. *Journal of Consumer Marketing*. 8(3), 19 – 35. <https://doi.org/10.1108/07363769110035054>
- Sombart, W. (1914). *Love, luxury and capitalisms: About the formation of the modern world out of wastefulness*. München: Deutscher Taschenbuch Verlag.
- Strahilevitz, M. (1999). The Effects of Product Type and Donation Magnitude on Willingness to Pay More for a Charity-Linked Brand. *Journal of Consumer Psychology*, 8(3), 215–241. https://doi.org/10.1207/s15327663jcp0803_02

- Varadarajan, P.R., & Menon, A. (1988). Cause-Related Marketing: A Coalignment of Marketing Strategy and Corporate Philanthropy. *Journal of Marketing*, 52(3), 58-74. <https://doi.org/10.2307/1251450>
- Veblen, T. (1899). *The Theory of the Leisure Class: An Economic Study of Institutions*. Macmillan.
- Voyer, B.G., & Bechkam, D. (2014). Can sustainability be luxurious? A mixed-method investigation of implicit and explicit attitudes towards sustainable luxury consumption. *Advances in consumer research*, 245 – 250.
- White, A. (2006). Business Brief: Intangibles and CSR. *Business for Social Responsibility*, 1– 10. Retrieved from http://bsr.org/reports/BSR_AW_Intangibles-CSR.pdf
- White, K., Habib, R., & Hardisty, D.J. (2019). How to SHIFT Consumer Behaviors to be More Sustainable: A Literature Review and Guiding Framework. *Journal of Marketing*, 83(3), 22 – 49. <https://doi.org/10.1177/0022242919825649>
- Wiedmann, K.P., Hennigs, N., Siebels, A. (2007). Measuring consumers' luxury value perception: A cross-cultural framework. *Academy of Marketing Science Review*, 7(7).
- Yang, D. J., & Li, H. J. (2007). A study of consumers' attitudes toward the methods employed by an enterprise for charitable acts: cause-related marketing vs sponsorship. *Asian Journal of Management and Humanity Science*, 2(4), 14–35.
- Zdravkovic, S., Magnusson, P., & Stanley, S.M. (2010). Dimensions of fit between a brand and a social cause and their influence on attitudes. *International Journal of Research in Marketing*, 27(2), 151 – 160. <http://dx.doi.org/10.1016/j.ijresmar.2010.01.005>

8. Appendix

Appendix A – Full survey

Start of Block: Informed Consent

Instruction Dear participant,

My name is **Anna Giulia Ventura** and I am a Master's student at Católica Lisbon School of Business & Economics.

The following survey is to study the effectiveness and alignment of **non-profit partnerships with luxury brands** and it is an important part of the research I am conducting for my **Master's Thesis**. Your participation would be **invaluable** for my research.

Please know that your answers are **anonymous** and will only be used for research purposes.

If you have any questions regarding the study, please feel free to contact me at the following email address: **s-agventura@ucp.pt**

Your help is much appreciated!

By clicking "Agree" I confirm that my data can be recorded and used for the indicated research purpose of this survey.

Agree (1)

Disagree (2)

End of Block: Informed Consent

Start of Block: Demographics

D1 How old are you?

- 18 - 20 (1)
 - 21 - 24 (2)
 - 25 - 30 (3)
 - 31 - 35 (4)
 - 36 - 40 (5)
 - 40 - 50 (6)
 - 50 - 60 (7)
 - 60+ (8)
-

D2 Which of the following best describes your gender?

- Male (1)
 - Female (2)
 - Non-binary / third gender (3)
 - Prefer not to say (4)
-

D3 What best describes your employment status over the last three months?

- Working full-time (1)
- Working part-time (2)
- Unemployed and looking for work (3)
- A homemaker or stay-at-home parent (4)
- Student (5)
- Retired (6)
- Other (7)

End of Block: Demographics

Start of Block: Background Info

Q35 The following questions will be about luxury and Corporate social responsibility.

Corporate social responsibility (CSR) refers to the idea that companies have a responsibility to benefit society, the environment, and their stakeholders, in addition to making a profit.

One possible way of being more socially responsible could be engaging in cause-related marketing. **Cause-related marketing** (CRM) means that a company partners with a nonprofit organization or social cause. In a CRM campaign, the company vows to donate a portion of its profits, or a set amount per product sold, to the chosen cause or charity.

End of Block: Background Info

Start of Block: CONSUMER BUYING BEHAVIOR

CBB1 Which of the following brands have you recently purchased from:

- ZARA (1)
- Chanel (2)
- Uniqlo (3)
- Louis Vuitton (4)
- Mango (5)
- Gucci (6)
- H&M (7)
- Balenciaga (8)
- Nike (9)
- Calvin Klein (10)

CBB2 Which of the following brands will you consider buying from:

- ZARA (1)
- Gucci (2)
- Chanel (3)
- H&M (4)
- Balenciaga (5)
- Calvin Klein (6)
- Ralph Lauren (7)
- Uniqlo (8)
- Jimmy Choo (9)
- Hermès (10)

CBB3 Before buying a product, do you usually take into consideration:

	1 Strongly disagree (1)	2 - Somewhat disagree (2)	3 - Neither agree nor disagree (3)	4 - Somewhat agree (4)	5 - Strongly agree (5)
Price (1)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Attributes (material, color, performance, packaging, etc...) (2)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Aesthetic (3)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Brand name (4)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Brand history (5)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Quality (6)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Brand's CSR initiatives (7)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Environmental impact (8)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
"Made in" information (9)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

End of Block: CONSUMER BUYING BEHAVIOR

Start of Block: GIVING HABITS

GH1 Do you or anyone in your family donate regularly to a charity?

- Yes (1)
 - Maybe (2)
 - No (3)
-

GH2 Have you ever made a donation to a charity?

Yes (1)

No (2)

End of Block: GIVING HABITS

Start of Block: ETHICAL CONSUMPTION

EC1 To what extent do you agree with the following statements?

	1 - Strongly disagree (1)	2 - Somewhat disagree (2)	3 - Neither agree nor disagree (3)	4 - Somewhat agree (4)	5 - Strongly agree (5)
Social Activities (such as donations to charity, certified good labor conditions, fairtrade participation, gender equality initiatives, inclusion etc) positively influence your perception of a brand (1)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
When there is a choice, you always choose the product that has the lowest environmental impact (2)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
You are willing to pay premium prices for products that support a charity or cause you believe in (3)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
You are willing to pay premium prices for products that help to protect the environment (4)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>



EC2 Imagine a partnership between a corporation and a non-profit organization (NPO), in your opinion, which are the motives behind the collaboration?

	1 - Strongly disagree (1)	2 - Somewhat disagree (2)	3 - Neither agree nor disagree (3)	4 - Somewhat agree (4)	5 - Strongly agree (5)
They feel society in general (i.e., consumers) expect it (1)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
They feel their stockholders expect it (2)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
They want to make it easier for consumers who care about the cause to support it (3)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
They feel morally obligated to help (4)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
They hope to increase profits (5)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
The owners believe in the cause (6)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

End of Block: ETHICAL CONSUMPTION

Start of Block: SCENARIOS INSTRUCTIONS

SI Next you will be presented an image with a product, the brand's name and its price tag. Please, spend a couple of seconds exploring the image. Afterwards, you will be asked to answer some questions about the image.

End of Block: SCENARIOS INSTRUCTIONS

Start of Block: PURCHASE INTENTION

PI1 In a scenario where you have sufficient financial means to purchase luxury brands on a regular basis, how likely are you to buy the product either for you or as a gift?

- Extremely unlikely (1)
- Somewhat unlikely (2)
- Neither likely nor unlikely (3)
- Somewhat likely (4)
- Extremely likely (5)

End of Block: PURCHASE INTENTION

Start of Block: PERCEIVED CSR AND QUALITY

PCQ1 Do you believe the product to be a good quality product?

- Definitely not (1)
- Probably not (2)
- Might or might not (3)
- Probably yes (4)
- Definitely yes (5)

PCQ2 The brand is a socially responsible brand

- Strongly disagree (1)
- Somewhat disagree (2)
- Neither agree nor disagree (3)
- Somewhat agree (4)
- Strongly agree (5)

PCQ3 The product is luxurious

- Strongly disagree (1)
 - Somewhat disagree (2)
 - Neither agree nor disagree (3)
 - Somewhat agree (4)
 - Strongly agree (5)
-

PCQ4 How guilty do you feel with this purchase?

- Not at all (1)
- A little (2)
- A moderate amount (3)
- A lot (4)
- A great deal (5)

End of Block: PERCEIVED CSR AND QUALITY

Start of Block: LUXURY AND CSR PERCEPTION

LCP1 To what extent do you agree with the following statements?

	1 - Strongly disagree (1)	2 - Somewhat disagree (2)	3 - Neither agree nor disagree (3)	4 - Somewhat agree (4)	5 - Strongly agree (5)
Luxury brands have an obligation to give back to charities given their premium prices (1)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Luxury brands are doing enough for the environment and society at large (2)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Luxury brands have an obligation to help nonprofit organizations by donating part of their profits to them (4)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
If a luxury brand partnered with a homeless shelter, it would feel hypocritical and I would not support the brand (5)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
A luxury brand would partner with a non-profit organization only to get more publicity (7)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

End of Block: LUXURY AND CSR PERCEPTION

BULGARI
Silver bracelet in partnership with Save The
Children
(590€)



Figure 1 - Scenario with CRM without alignment and high-price

BULGARI
Silver bracelet in partnership with Save The
Children
(400€)



Figure 2 - Scenario with CRM without alignment and low-price

BULGARI
Silver bracelet
(590€)



Figure 3 - Scenario without CRM and high-price

BULGARI
Silver bracelet
(400€)



Figure 4 - Scenario without CRM and low-price

BULGARI
Silver bracelet made with Fair Trade diamonds
(590€)



Figure 5 - Scenario with CRM with alignment with high-price

BULGARI
Silver bracelet made with Fair Trade diamonds
(400€)



Figure 6 - Scenario with CRM with alignment and low-price