

Benevolence can boost buying at the luxury counter

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If buying a Rolex is a guilt-inducing extravagance, would the knowledge that a portion of the price is donated to Save the Children ease one's conscience and smooth the sale? New research seems to indicate that it will, upending common wisdom among luxury retailers that such tactical marketing actions - co-branding with charity at the point of sale - are too risky.

In "Gilt and Guilt: Should Luxury and Charity Partner at the Point of Sale?" Marketing Professors Henrik Hagtvedt, of Boston College's Carroll School of Management, and Vanessa M. Patrick, of the C.T. Bauer College of Business, University of Houston, showed that upscale brands might wish to give cause-related marketing at the retail level a second look.

With a nod toward cause-related marketing as it's typically used for burnishing corporate image, the authors designed a series of experiments to investigate the influence of point-of-sale, cause-related communications on consumers' intention to purchase luxury versus value brands, focusing on guilt reduction as a motivating factor. In one, participants were presented with a retail scenario where they were at a shopping mall in front of a Godiva store and an M&Ms store and given a sum of money that would cover either just the Godiva product or the M&Ms plus a pen and highlighter. One set of participants saw the Godiva store with a World Wildlife Fund poster in the window, another without. More participants chose the Godiva chocolate over the value brand when the charity was advertised than they did when it wasn't.

The assuaging of guilt related to luxury purchases was explored further in a Rolex versus Timex study, and the role cause-related marketing can play in upselling customers in a study that involved value jean versus upscale jeans.

In all studies, the authors reported, an association with charity increased the tendency for consumers to choose the premium brand over the value brand. "This can be a viable strategy in [luxury](#) marketing," they assert. "Our findings suggest that cause-related communications may be used successfully in a retail setting to assuage guilt among customers who are looking for an excuse to indulge...balancing such tactics with overall considerations of brand image."

Provided by New York University

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